

The meeting was held at 1:00 p.m. on Tuesday, May 10, 2011, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	George F. Ogilvie III
Vice Chairwoman	Marybel Batjer
Commissioner	Tom Collins
Commissioner	Duncan R. McCoy
Commissioner	Berlyn D. Miller
Commissioner	Mark Amodei

COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Lois Tarkanian
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DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General	Ann C. Pongracz
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COMMISSION STAFF IN ATTENDANCE

Interim Executive Director	James D. Salo
Chief of Finance and Administration	Douglas N. Beatty
Assistant Director of Engineering and Operations	Robert D. Reese
Manager, Energy Services Group	Gail A. Bates
Manager, Hydropower Program	Craig N. Pyper
Manager, Natural Resources Group	McClain L. Peterson
Hydropower Program Specialist	Michael S. Harris
Natural Resource Analyst	Jason Thiriot
Natural Resource Specialist	Kimberly E. Maloy
Senior Energy Accountant	Gail Benton
Senior Energy Accountant	Rich Sanders
Energy Accountant	Kalora Snyder
Office Manager	Judy K. Atwood
Administrative Assistant IV	Brenda Haymore
Administrative Assistant II	Carol Perone

OTHERS PRESENT; REPRESENTING

American Pacific Corporation	Jack Stonehocker
Basic Water Company	Colen Watts
Consultant	Sara A. Price, Esq.

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF MAY 10, 2011**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:13 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Interim Executive Director James Salo confirmed that the meeting was in compliance with the Open Meeting Law.

B. Approval of minutes of the April 12, 2011 meeting.

Commissioner Collins moved for approval of the minutes. The motion was seconded by Commissioner McCoy and approved by a unanimous vote of those present. Commissioner Amodei was not present for the vote.

C. Consideration of and possible action to approve a Letter Agreement Between the Colorado River Commission of Nevada and NV Energy for funding NV Energy's work related to the Commission's Balancing Authority Move to Western Area Power Administration.

Gail Bates, Energy Services Group Manager, explained that on September 14, 2010 the Commission approved a Letter Agreement Between the Colorado River Commission of Nevada (CRC) and Western Area Power Administration (Western) to prepare a cost estimate and schedule for moving certain CRC customer loads out of the NV Energy balancing area and into Western's balancing area. In order for Western to continue its work under this agreement, Western must obtain certain data and information from NV Energy.

This new Letter Agreement with NV Energy requires the advance payment of \$25,000.00 to NV Energy for it to make personnel available to attend meetings with Western, work with Western to identify the meters that define the load to be moved into the Western balancing area, provide diagrams and other information, review and comment on the work prepared by Western, and identify any further studies that may need to be conducted.

Staff recommended the Commission approve the Letter Agreement with NV Energy, and authorize the Interim Executive Director to sign the Letter Agreement on behalf of the Commission.

Chairman Ogilvie asked if this is the final sum that will be assessed to our customers.

Mrs. Bates said the amount is an estimate from NV Energy. However, those costs may change since part of the work is to identify additional studies that may be needed and to provide associated cost estimates.

Chairman Ogilvie asked if the potential for additional costs have been discussed with the Commission's customers.

Mrs. Bates said that it has been discussed.

Chairman Ogilvie asked if there were any customers in the audience that would like to speak on this issue. There were none.

Vice Chairwoman Batjer moved to approve the Letter Agreement. The motion was seconded by Commissioner Miller and approved by a unanimous vote of those present. Commissioner Amodei was not present for the vote.

D. Consideration of and possible action on ratification of the Commission's petition for leave to intervene in the Public Utilities Commission of Nevada Docket No. 11-04007 concerning NV Energy's filing of a Distribution Only Service Agreement Between the Colorado River Commission of Nevada, the City of Henderson, and NV Energy.

Mrs. Bates reminded the Commission that on March 8, 2011, it approved the Distribution Only Service (DOS) Agreement Between the Colorado River Commission of Nevada, the City of Henderson, and NV Energy. The DOS Agreement provides for the City of Henderson to purchase electric distribution service from NV Energy pursuant to rates, terms and conditions that are approved by the Public Utilities Commission of Nevada (PUCN). The City of Henderson is purchasing distribution service from NV Energy so that energy supplied by the Commission to the City of Henderson can be delivered over NV Energy's electric distribution system. On April 5, 2011, NV Energy filed the DOS Agreement with the PUCN for approval. The Commission filed a petition for leave to intervene on April 29, 2011 to protect its interests in the filing and participate as necessary in the regulatory proceedings. The deadline to intervene in the filing was May 4, 2011. The Staff recommended that the Commission ratify the intervention in PUCN Docket No. 11-04007.

Interim Executive Director Jim Salo noted that if the Commission chooses not to ratify the intervention, it could simply be withdrawn with no consequences.

Mr. Salo also pointed out that the agreement requires Public Utility Commission review to ensure that NV Energy's regulated customer base will not be indirectly subsidizing the City of Henderson.

Chairman Ogilvie asked if there were any comments or questions from the public or Commission members. There were none.

Vice Chairwoman Batjer moved to ratify the intervention in PUCN Docket No. 11-04007. The motion was seconded by Commissioner Miller and approved by a unanimous vote of those present. Commissioner Amodei was not present for the vote.

E. Consideration of and possible action to approve Amendment No. 2 to Contract No. SA-05-05 with Energized Substation Maintenance for substation insulator cleaning services with the Colorado River Commission of Nevada.

Robert Reese, Assistant Director of Engineering and Operations for the Power Delivery Group, explained that the Commission owns, operates, and maintains three 230-kV to 14.4-kV substations that comprise the Basic Substation Project. These substations serve the Commission's six customers located at the Basic Industrial Complex. The substations are exposed to various air-borne emissions because they are located in close proximity to the various chemical and metallurgical processing plants at the Basic Industrial Complex. They were designed with recognition of the environmental conditions, including the use of copper components in lieu of aluminum to prevent interaction with on-site chlorine gas. However, the presence of local contaminants does present a condition that also must be mitigated through effective preventative maintenance.

An effective preventative maintenance practice is the periodic cleaning of the substation insulators with corn cob particles and limestone. Substation insulators are used to support energized bus, conductor and equipment and are designed to prevent water from flowing over the surface of the insulator in a continuous path during a rainstorm. If contaminants are allowed to build up on an insulator, electricity will travel from the energized bus, conductor or equipment over the surface of the insulator to the underlying steel support structure resulting in a "flashover" which will produce an unscheduled interruption in electric service.

To prevent a flashover, the insulators must be cleaned twice each year. Because of the hazard involved and the unique nature of the work, cleaning of substation insulators is only performed by a handful of contractors nationwide. On June 14, 2005, the Commission entered into Contract SA-05-05 with Energized Substation Maintenance (ESM) to provide substation insulator cleaning and coating services. The contract term was extended in 2008 and has a termination date of June 30, 2011.

Mr. Reese reported that ESM has performed exceptionally well under its current contract. Therefore, Staff proposed amending Contract No. SA-05-05 with ESM by increasing the maximum aggregate cost of services by \$234,560.00 to a not-to-exceed contract amount of \$806,890.00, and extending the term of the contract for an additional three years to June 30, 2014. All other conditions of the existing contract will remain the same.

Commissioner McCoy asked whether this was specialized work that required a certain expertise or could any electrician perform this work.

Mr. Reese said that initially consideration was given to performing this work in-house, but the decision was made to hire an outside contractor. The decision took into consideration the cost of purchasing the specialized equipment necessary to perform the work, the specialized training involved, and the replacement costs and storage requirements for equipment that would only be used twice a year.

Commissioner McCoy asked what happens if the cleaning is not done properly.

Mr. Reese said a flashover would happen that would cause an unscheduled outage. Our industrial customers are voltage sensitive and the slightest fluctuation in voltage causes production lines to shut down which can cause loss of product or production time before their lines are up and running again. A flashover can also cause damage to the equipment which, depending on the amount of damage and what parts were affected, determines how long it would take to repair the damage. Longer repair times equal lack of production to our customers.

Commissioner Collins pointed out that the job looks simple, but there are a lot of components to the job and it requires a qualified person to perform the work.

Mr. Reese agreed.

Commissioner Collins moved to accept Staff's recommendation to approve the Amendment. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

F. Presentation of the Colorado River Commission of Nevada Power Delivery Group's Annual Safety Report.

Mr. Reese provided the Power Delivery Group's annual safety report. A copy is attached and made a part of the minutes. (See Attachment A.)

Mr. Reese reported that for the eleventh straight year the Commission and its Power Delivery staff have received the American Public Power Association's Safety Award recognizing continued accident-free operations. He congratulated his staff for the excellent job they do and how safely they do it. He pointed out the award covers 15,000 safe man-hours on over 100 switching operations and 78,000 miles of safe driving during the most recent year.

Mr. Reese noted the extensive safety training that all Power Delivery personnel receive. He reviewed the procedures that were required of his staff such as switching, grounding and clearance. He shared pictures of personal protective equipment and gear that is needed for those procedures and the preventative maintenance procedures that are undertaken.

Mr. Salo thanked the Commission for its continued support that allows the Power Delivery Group to have its excellent safety record. He noted that safety has always been a priority of the Commission and its previous Executive Director, George Caan.

Chairman Ogilvie complimented Mr. Reese on again receiving the safety award. He said Mr. Reese's staff makes him look good and that, in turn, makes the Commission look good. He said the Commission appreciates their efforts.

Mr. Reese thanked the Commission for its support and for providing the resources necessary to get the job done safely.

Vice Chairwoman Batjer complimented Mr. Reese on his presentation that provided an insight into all the hazards that could be encountered that could be very dangerous for the employees as well as the community. She said it gave her an appreciation for what he and his staff have achieved. She thanked the Power Delivery staff for all its efforts to operate and maintain all those facilities in such a safe manner.

Mr. Reese said he would pass these comments along to his staff.

Commissioner McCoy said an eleven year perfect safety record is phenomenal. He congratulated Mr. Reese on his leadership.

Mr. Reese again issued an open invitation to any of the Commissioners that would like a tour of the power facilities. He would be pleased to provide that tour.

Commissioner Collins said that he is a retired lineman and has toured the Commission's power facilities and can report that it has good equipment, good morale, there are no shortcuts taken. He is definitely impressed—so keep winning the awards.

G. Consideration of and possible action on the process for recruitment of an Executive Director by the Commission.

Chairman Ogilvie provided an update on the selection process for a new Executive Director. The selection panel consisted of individuals from the Commission's customers. They included:

- Delmar Leatham, General Manager of Overton Power District No. 5
- Jeff Ceccarelli, Senior Vice President, Energy Supply with NV Energy
- Bill Rinne, Director of Surface Water Resources for the Southern Nevada Water Authority
- Dennis Porter, Director of Utility Services for the City of Henderson

These gentlemen assisted in the interview process and interviewed six very impressive candidates. The comment was made by the panel that a bad selection could not be made as they were all outstanding.

The evaluation and rankings have been completed and he had hoped to present the selected candidates to the Commission at today's meeting, however, notification of all the candidates was not completed in time for that to take place. He anticipates that will be completed within the next day or two and then the finalists' names will be presented to the Commission for consideration and, hopefully, selection at its June meeting.

Commissioners are invited to individually meet with each final candidate individually, one-on-one, if they wish. The arrangements for those meetings can be arranged through Doug Beatty or Judy Atwood.

H. Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin and Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.

McClain Peterson, Manager of the Natural Resources Group, provided a report on the following:

- Storage Conditions on the Colorado River
- Precipitation in the Colorado River Basin
- Snow
- In the News
- Increase to Lake Levels
- Hydropower
- Releases—Lake Powell
- Items to Keep an Eye on
- Unregulated Inflow Into Lake Powell
- Lake Powell Daily Water Levels
- Lake Mead Daily Water Levels
- Drought & Climate
- Water Use in Southern Nevada

A copy of the report is attached and made a part of the minutes. (See Attachment B.)

I. Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

J. Comments and questions from the Commission members.

Chairman Ogilvie asked if there were any comments or questions from the Commission members. There were none.

K. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on June 14, 2011 at the Clark County Government Center, in the Commission Chambers.

L. Adjournment.

The meeting adjourned at 2:23 p.m.

James D. Salo, Interim Executive Director

APPROVED:

George F. Ogilvie, Chairman