

The meeting was held at 10:00 a.m. on Tuesday, November 13, 2007, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Vice Chairman	Ace I. Robison
Commissioner	Marybel Batjer
Commissioner	George F. Ogilvie III
Commissioner	Lois Tarkanian

COMMISSIONERS IN ATTENDANCE VIA TELECONFERENCE

Commissioner	Andrea Anderson
--------------	-----------------

COMMISSIONER NOT IN ATTENDANCE

Chairman	Jay D. Bingham
----------	----------------

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General	Jennifer Crandell
--------------------------------	-------------------

COMMISSION STAFF IN ATTENDANCE

Executive Director	George M. Caan
Energy Services Manager	Gail A. Bates
Chief of Finance and Administration	Douglas N. Beatty
Hydropower Program Manager	Craig Pyper
Environmental Program Manager	Phillip Lehr
Assistant Director of Energy Information Systems	Joe Dabrowski
Systems Coordinator	Kaleb Hall
Assistant Hydropower Program Manager	Jason Thiriot
Hydropower Program Specialist	Lisa Ray
Natural Resource Technician	Anthony Miller
Natural Resource Analyst	Nicole Everett
Natural Resource Analyst	McClain Peterson
Office Manager	Judy Atwood
Administrative Assistant IV	Brenda Haymore
Administrative Assistant II	Carol Perone

OTHERS PRESENT; REPRESENTING

Boulder City, City of	Ned Shamo
Consultant	Sara Price, Esq.
Industrial Power Customers	Jack Stonehocker

OTHERS PRESENT; REPRESENTING (continued)

Lincoln County Power District No. 1
Overton Power District No. 5
Overton Power District No. 5
Southern Nevada Water Authority
Titanium Metals Corporation

Mick Lloyd
Delmar Latham
Mendis Cooper
Sandra Reed Bottino
Ray Atkinson

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF NOVEMBER 13, 2007**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
A.	Conformance to Open Meeting Law.....	1
B.	Approval of minutes of the October 9, 2007, meeting	1
C.	Consideration of and possible action to adjust the amount of collateral the Commission's retail industrial customers are required to post pursuant to their contracts with the Commission.....	1
D.	Consideration of and possible action to adopt Colorado River Commission Resolution 2007-5, commending Phillip S. Lehr for his service to the Commission	2
E.	Briefing on the Colorado River Commission's website by the Information Systems and Technology Group.....	3
F.	Update on Nevada's Colorado River water consumption, the status of discussions regarding shortage criteria, and other developments on the Colorado River.....	3
G.	Comments and questions from the public and discussion. (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.).....	4
H.	Comments and questions from the Commission members.....	4
I.	Selection of the next possible meeting date.....	4
J.	Adjournment	5

The Colorado River Commission meeting was called to order by Vice Chairman Robison at 10:00 a.m. followed by the pledge of allegiance.

Mr. Caan noted that Commissioner Anderson was participating by telephone and verbally checked that she was connected.

Commissioner Anderson assured the Commission that she was indeed connected.

A. Conformance to Open Meeting Law.

Mr. Caan confirmed that the meeting was in compliance with the Open Meeting Law.

B. Approval of minutes of the October 9, 2007, meeting.

Commissioner Batjer moved for approval of the minutes. The motion was approved by a unanimous vote.

C. Consideration of and possible action to adjust the amount of collateral the Commission's retail industrial customers are required to post pursuant to their contracts with the Commission.

Mr. Pyper explained that NRS 538.181(2) requires that the Commission's power contractors (customers), except a federal or state agency or political subdivision, provide an indemnifying bond or other collateral approved by the Nevada State Board of Examiners "in such sum and in such manner as the Commission may require, conditioned on the full and faithful performance" of their power contracts. Accordingly, every contract by which the Commission sells power to customers affected by this statute contains provisions for collateral in the form of a surety bond, cash deposit or other approved collateral. NAC 538.744 requires the Commission to conduct an annual review of the creditworthiness of its retail industrial customers during October of each operating year. Based on that review, the Commission establishes the amount of collateral for the following year and prescribes the manner in which the customer is required to furnish collateral pursuant to its contracts with the Commission.

NAC 538.744 provides that "[i]n no case will the amount of collateral established by the Commission be less than one-fourth of the contractor's gross annual purchases" and, where necessary to protect the State from potential loss, the amount of the required collateral may be greater than this minimum. "Gross annual purchases" is defined in the regulation as "the total amount of a contractor's actual purchases of power, transmission and other related services, if any, under all its contracts with the commission, invoiced by the commission during the test period," that is, "the 12 consecutive months immediately preceding the month containing the date of review." Given the present date of review as October 1, 2007, the test period runs from October 1, 2006, through September 30, 2007.

Staff continuously monitors the stock value and credit rating of the Commission's contractors and reviews the financial press for information that may be of value in determining their credit risk. Based on its evaluation of this data, staff has concluded that the creditworthiness of these

customers warrants a recommendation that the Commission adjust the respective amounts of the contractors' required collateral to the minimum allowable by NAC 538.744.

To determine the allowable minimum collateral required of each industrial customer for Operating Year 2007, staff calculated 25 percent of that customer's Gross Annual Purchases during the test period, October 1, 2006, through September 30, 2007. The results are as follows:

	Gross Annual	Proposed Collateral	Present	Increase or Decrease
Contractor	Purchases*	25%	Collateral	of Present Collateral
	10/1/06 through 9/30/07	of previous column		
American Pacific Corporation	\$4,653,068.06	\$1,163,267.02	\$1,392,242.53	(\$228,975.52)
Basic Water Company	\$735,769.16	\$183,942.29	\$258,298.37	(\$74,356.08)
Chemical Lime Company of Arizona	\$87,935.61	\$21,983.90	\$22,877.84	(\$893.94)
Tronox, LLC	\$1,660,666.41	\$415,166.60	\$290,231.87	\$124,934.73
Pioneer Americas, L. L. C.	\$17,312,447.59	\$4,328,111.90	\$5,291,507.96	(\$963,396.06)
Titanium Metals Corporation	\$10,743,934.42	\$2,685,983.61	\$2,542,400.63	\$143,582.98
Total	\$35,193,821.25	\$8,798,455.31	\$9,797,559.20	(\$999,103.89)

*The "Gross Annual Purchase" is based on the total Monthly Invoices plus the total Parker-Davis Advance Fund Invoices and then adjusting for the following charges or credits: 1) Reversed charges for collection of Hoover Revenue Insufficiency funds. 2) Reversed 3 charges to Pioneer of approximately \$136,689 each for anticipated Collateral increase. 3) Implementation of new CRC-Pioneer contract requirement – result in credit. 4) Accounting 4th quarter interest reimbursement – Pioneer.

Mr. Pyper reported that only two customers' collateral amounts will increase—the others' will decrease.

Mr. Pyper explained that under NAC 538.744, the Commission may prescribe the manner in which a contractor is required to furnish collateral pursuant to its contracts with the Commission. Staff recommended that the Commission allow contractors with cash posted as collateral to furnish the additional required collateral in six monthly installments.

Vice Chairman Robison asked if there were any comments or questions from Commission members or the Commission's power customers. There were none.

Commissioner Tarkanian moved to approve revision of the recommended collateral amounts and the method by which cash collateral is furnished. The motion was seconded by Commissioner Batjer and approved by a unanimous vote.

D. Consideration of and possible action to adopt Colorado River Commission Resolution 2007-5, commending Phillip S. Lehr for his service to the Commission.

Mr. Caan reported that it is with great regret that he has to announce the retirement of another long-time Commission staff member. Phil Lehr has worked for the Commission for over 16 years and has been instrumental in developing an environmental program for the Commission and on behalf of the State of Nevada.

Mr. Caan read Resolution 2007-5 into the record. A copy of the resolution is attached and made a part of the minutes. (See Attachment A.)

Vice Chairman Robison thanked Phil for all the service he has provided over the years. He said that the Commission has been fortunate to have Phil as an even hand and steady voice in environmental issues especially when it affects such an important resource as the Colorado River.

Commissioner Batjer said she would like to add her great appreciation for Phil's service to the State of Nevada. She commended Phil for his incredible legacy especially in the environmental arena and thanked him personally and on behalf of the Commission.

Commissioner Tarkanian moved to approve Resolution 2007-5. The motion was seconded by Commissioner Ogilvie and approved by a unanimous vote.

Mr. Lehr thanked the Commission and Mr. Caan for their kind words. He said it has been an honor to work for the Commission and has been one of the most fulfilling periods of his life. One of the best parts of working at the Commission was the staff that he was able to associate with. He thanked the Commission for the opportunities that he had enjoyed in his 16 years with the state.

E. Briefing on the Colorado River Commission's website by the Information Systems and Technology Group.

Mr. Caan introduced the Information Systems and Technology Group, Joe Dabrowski and Kaleb Hall, who handle the Commission's technology needs.

Kaleb Hall, the Commission's Systems Coordinator, provided a real-time look at the Commission's new and improved website.

Vice Chairman Robison said he was very impressed with the website.

Mr. Caan complimented the IT group for the wonderful job they did on revamping the website. It has been given a polished, professional look.

Mr. Hall said the website was a group effort since design ideas, content and pictures were provided by Commission staff members.

F. Update on Nevada's Colorado River water consumption, the status of discussions regarding shortage criteria, and other developments on the Colorado River.

McClain Peterson provided a report on the following:

- unregulated inflow into Lake Powell
- storage conditions on the Colorado River
- Lake Mead elevation/lower basin shortage triggers
- precipitation in the Colorado River Basin

- drought conditions in the West
- seasonal drought outlook
- water use in southern Nevada

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

Mr. Caan reported that at the beginning of November, the Bureau of Reclamation published the final Environmental Impact Statement (EIS) on the shortage criteria and operations of Lake Mead and Lake Powell. It is expected that the Record of Decision for the EIS will be signed in December. The basin states are still working on some of the necessary ancillary agreements regarding shortage criteria and operations. The agreements are expected to be finalized, or nearly so, by the time the Record of Decision is issued.

Vice Chairman Robison asked if there were any questions of Mr. Peterson or Mr. Caan. There were none.

G. Comments and questions from the public and discussion. (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.)

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

H. Comments and questions from the Commission members.

Vice Chairman Robison asked Phil Lehr for his opinion on an article in the paper entitled, “Endangered Ecosystem: It’s time to restore the Colorado River.”

Mr. Lehr said that in his opinion the writer appeared to be uninformed and gave no credit to the many efforts ongoing in the Colorado River Basin. There is a tremendous amount of recovery work going on in the upper and lower basins. With regard to the matter of U.S. jurisdiction and responsibility in the Mexican Delta, that question has been asked and answered several times and yet continues to be resurrected as a U.S. responsibility. Mr. Lehr said he hopes the Bureau of Reclamation responds to this article outlining the many joint efforts that are taking place in the basin.

I. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 10:00 a.m. on January 8, 2008, at the Grant Sawyer Building.

Mr. Caan reminded the Commission that the Colorado River Water Users Association’s annual conference will take place Wednesday through Friday, December 12-14, 2007, at Caesar’s Palace. The Commission members have been registered for the event. He said the conference is an excellent opportunity to hear about the most current issues on the river and to meet various stakeholders from the other basin states.

Commissioner Ogilvie asked which day would be best to attend if one isn't able to attend the whole meeting.

Mr. Caan said that typically the most substantive discussions occur on Thursday and Friday morning.

J. Adjournment.

The meeting adjourned at 10:40 a.m.

George M. Caan, Executive Director

APPROVED:

Ace I. Robison, Vice Chairman