

The meeting was held at 11:00 a.m. on Tuesday, May 10, 2005, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman
Vice Chairman
Commissioner
Commissioner
Commissioner
Commissioner

Richard W. Bunker
Jay D. Bingham
Andrea Anderson
Ace I. Robison
Roland D. Westergard
Myrna Williams

COMMISSIONERS NOT IN ATTENDANCE

Commissioner

Oscar B. Goodman

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General

Gerald A. López

COMMISSION STAFF IN ATTENDANCE

Executive Director
Deputy Executive Director
Special Assistant to the Director
Renewable Energy Program Manager
Assistant Director of Engineering & Operations
Power Facilities Engineer
Power Facilities Communication Technician
Division Chief, Water
Natural Resource Specialist
Office Manager
Administrative Assistant II
Administrative Aid

George M. Caan
Gail A. Bates
James D. Salo
Eric Dominguez
Robert Reese
Jim Roy
Jim Bresemann
James H. Davenport
McClain Peterson
Deanna Bruno
Lisa Ray
Maggie Carrillo

OTHERS PRESENT; REPRESENTING

American Pacific Corporation
Bunker & Associates
Kummer, Kaempfer, Bonner & Renshaw
Las Vegas Review Journal
Las Vegas Valley Water District/
Southern Nevada Water Authority
Overton Power District No. 5

Jack Stonehocker
Melissa Trammell
Rose Oram
John Edwards

Sandra Reed Bottino
Delmar Leatham

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF MAY 10, 2005**

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**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF MAY 10, 2005**

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The Colorado River Commission meeting was called to order by Chairman Bunker at 11:00 a.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director George Caan confirmed that the meeting was in compliance with the Open Meeting Law.

B. Approval of the minutes of the March 8, 2005, meeting.

Commissioner Williams moved for approval of the minutes of the March 8, 2005, meeting as written. The motion was approved by a unanimous vote of those present. Commissioner Bingham was not present for this vote.

C. Consideration of and possible action on the approval of:

- 1. the "Business Accord Master Agreement by and between Sierra Pacific Resources, Nevada Power Company, the Southern Nevada Water Authority and the Colorado River Commission of Nevada"; and**
- 2. the "Administrative Services Agreement between the Colorado River Commission of Nevada and Nevada Power Company."**

Executive Director Caan stated that on February 10th of this year, the Cooperative Business Accord was signed by representatives of the Colorado River Commission of Nevada (CRC), the Southern Nevada Water Authority (SNWA) and Nevada Power Company (NPC). In March, both the CRC and SNWA approved the Cooperative Business Accord. Since that time, the parties have been working to develop the agreements necessary to implement the Accord. The first agreement is the Business Accord Master Agreement (BAMA): This agreement restates the principles of coordination, communication and cooperation among the parties, the development and approval of the various business agreements and provides for dismissal of past litigation and release of claims among the parties. The second agreement is the Administrative Services Agreement between the CRC and NPC. This agreement designates NPC as an agent for CRC to tag and schedule energy transactions as well as manage CRC's energy balancing services. CRC will pay NPC an administrative fee of \$8,000.00 per month for the service, in addition to the cost of energy used for the balancing services. This agreement replaces the current agreement with Public Service Company of New Mexico which terminates at the end of May 2005. The two other agreements needed to fully implement the business accord are the Power Exchange Agreement and a Power Purchase Confirmation Agreement. The Exchange Agreement involves the exchange of SNWA's rights at the Silverhawk power plant for a firm supply of energy from NPC. All four agreements needed to implement the Cooperative Accord have been provided to the Commission for review exactly as filed by NPC with the Nevada Public Utilities Commission and will also be on the agenda at the next SNWA board meeting. Only the

Business Accord Master Agreement and the Administrative Services Agreement are presented to the Commission for consideration and possible approval. The other two agreements do not require direct Commission action; the Commission is not a party to the Power Exchange Agreement, and the Confirmation Agreement is within the scope of existing general power purchasing authorizations of the Commission.

Commissioner Westergard referenced page 2 of the Business Accord Master Agreement, paragraph 1.06 which states that the parties agree to work to develop needed electrical facilities for SNWA's water facilities and secondly, water resources required for NPC's electric generation projects: He asked what role would the Commission be expected to play in working together to develop water resources required for NPC's electrical generation projects under the terms of this contract.

Mr. Caan replied that part of the cooperation and coordination with NPC on electrical facilities does involve the CRC, which does own substantial electrical facilities. However, the CRC would have a very small role, if any, with respect to water resources for new generation and those resources do not fall within the water resources that are part of the CRC's management authority, which is the Colorado River.

Commissioner Westergard asked if this will generate expectations or anticipation by the other parties with regard to the Commission's role.

Chairman Bunker stated that as the agency having the responsibility for the Colorado River resource and the reliance that the State of Nevada, particularly southern Nevada, has, the CRC is going to be interested in the development of water resources throughout the state as it would affect the Commission's commitment to other states who have given CRC some leeway on the Colorado River to fully develop Nevada's in-state water resources. While this is specific to NPC's electric generation projects, it should be understood in a larger context as to looking for additional water resources, in addition to NPC's electric generation projects.

Chairman Bunker asked if there were further questions of the Commission and added that according to section 1.01 the parties to this Agreement agree that a new working relationship will create significant benefits for NPC/SPR, SNWA and CRC and their customers. It was further stated that, as the scheduler and supplier of power, NPC should be involved in what CRC is doing. Should this be approved by the Commission, the benefits of the new working relationship will come to fruition to a much greater extent than it has at the present time, and that these benefits will accrue to all of the ratepayers and the customers in southern Nevada.

Jim Salo commented that the documents presented to the Commission are in draft form, unsigned and that it is likely there will be some minor, non-substantive changes and corrections before they are ready for final signature. The parties have found a few typographical errors and internal references that are to be corrected. Mr. Salo asked that if the Commission goes forward with the approval that it be understood that the Chairman

be authorized to sign a slightly different agreement once those corrections are implemented.

Chairman Bunker reiterated that there would be no material changes without coming back before the Commission; the Commission's approval would give the chairman authority to sign provided the changes are grammatical or technical, and not material.

Mr. Salo responded that was correct.

Commissioner Williams moved for approval of the Business Accord Master Agreement and the Administrative Services Agreement, and the Chairman be authorized to sign the final agreements if there are no material changes. The motion was approved by a unanimous vote.

D. Consideration of and possible action on ratification of the Colorado River Commission's intervention in Public Utilities Commission of Nevada Docket Nos. 05-4014 and 05-4015 (Consolidated), Nevada Power Company's filing of a proposed Retail Power Exchange Schedule No. RPE, and Nevada Power Company's filing of its sixth amendment to the Action Plan of its 2003-2022 Integrated Resource Plan.

Mr. Caan reported that NPC filed the previously mentioned agreements with the Public Utilities Commission (PUC) as an amendment to its Integrated Resource Plan. Petitions for leave to intervene in these dockets were due on May 4, 2005, and the CRC and SNWA intervened by that deadline. Staff asked the Commission to ratify the intervention with the notation that staff is currently working cooperatively with NPC, SNWA, the PUC staff and the Consumer Advocate to attempt to reach a stipulated resolution of the case. If an agreement is reached, the CRC and SNWA would likely withdraw their interventions. The concern is to get the subject agreements approved by the Public Utilities Commission in an expedited fashion to be effective on June 1, 2005.

Chairman Bunker asked for confirmation that SNWA, the CRC and NPC are now working in concert together to get this done.

Mr. Caan confirmed that was the case.

Commissioner Williams moved for approval. The motion was approved by a unanimous vote.

E. Consideration of and possible action on the approval of a credit guarantee made by Sempra Energy on behalf of Sempra Energy Trading Corporation in favor of the Colorado River Commission of Nevada and to authorize the Executive Director to execute similar credit guarantees going forward.

Eric Dominguez stated that staff is requesting approval of a credit guarantee offered by Sempra Energy and to grant the Executive Director authority to execute similar future

credit guarantees on an on-going basis. The credit guarantee is a mechanism that is being offered to assure that the Commission will have additional protection in the unfortunate event of a credit default by the counterparty. In the western power markets there are certain counterparties that CRC would like to transact with that are very active that may not have their own stand-alone public financial statements or a credit rating from a major credit organization such as Standard & Poor's or Moody's, but are subsidiaries of larger corporations that do. In those instances, the parent organization will be asked to issue a credit guarantee. In the case of Sempra Energy Trading Corporation, the parent company, Sempra Energy, has published financial documents, has a strong financial rating of BBB+ rated by Standard & Poor's, and is a strong financial counterparty which has agreed to guarantee the credit transactions of Sempra Energy Trading Corporation for up to \$10,000,000.00. Therefore, the CRC can be more comfortable trading with this subsidiary knowing that the financial backing of the parent company is there in the unfortunate event of a default.

Commissioner Westergard asked for confirmation that staff is satisfied with the financial standing of Sempra Energy.

Mr. Dominguez replied that staff did conduct a review of Sempra Energy and is satisfied with its financial strength.

Chairman Bunker asked that staff exercise due diligence with regard to credit agreements and requested quarterly updates on credit that has been extended.

Mr. Caan responded that it is the policy of the Commission and the SNWA that CRC only conduct business with creditworthy counterparties and that this provision will provide staff another tool to enhance the ability to do so. It is standard procedure for the energy services staff to regularly review credit extended and a report to the Commission on a quarterly basis would be provided.

Commissioner Bingham moved for approval. The motion was approved by a unanimous vote.

F. Consideration of and possible action on:

- 1. the amendment of Contract Nos. SA-02-02, SA-02-03 and SA-02-04, respectively, with PAR Electrical Contractors, Inc., Brink Electric Construction Company and Wasatch Electric for transmission and distribution system support services to extend the terms of the contracts and increase the amount that may be spent under them.**
- 2. the award of Contract No. SA-05-04 for high-voltage transmission and distribution maintenance support services.**

Chairman Bunker stated that the Commission is not prepared to take action on the award of Contract No. SA-05-04 for high-voltage transmission and distribution maintenance

support services and, therefore, this contract will be held until the next Commission meeting.

Mr. Caan responded that was correct, and that the Commission would proceed with the amendment of Contract Nos. SA-02-02, SA-02-03 and SA-02-04.

Bob Reese reported that the Power Facilities Division staff is responsible for the operation and maintenance of the Commission's high-voltage electric power transmission distribution system, which include 17 high-voltage substations and associated equipment. To manage these responsibilities effectively, in 2002 the CRC entered into three-year service support contracts respectively with PAR Electrical Contractors, Inc., SA-02-02; Brink Electric Construction Company, SA-02-03; and Wasatch Electric, SA-02-04. Over the past three years these contractors have performed support services exceptionally well. Each has provided competitive estimates for work and each has completed its work on schedule and within budget. As a result, staff recommended the Commission amend these existing service support contracts by extending their term by 36 months and increasing the not-to-exceed amount as follows: SA-02-02 with PAR Electric, increase by \$135, 480.00 to a total maximum of \$285,480.00; SA-02-03 with Brink, increase by \$100,290.00 to a total maximum of \$250,290.00; SA-02-04 with Wasatch, increase by \$30,698.00 to a total maximum of \$180,698.00. No more than \$150,000.00 will be expended under each of these contracts during the extended three-year term. These amounts are included in the operation and maintenance budgets for the Power Delivery Project and the Basic Substation Project.

Commissioner Williams moved for approval. The motion was approved by a unanimous vote.

G. Colorado River Commission Power Delivery Project Annual Safety Report and presentation of American Public Power Association's 2004 Safety Award.

Chairman Bunker commented that working with electricity is one of the most hazardous, difficult, and yet critical jobs to accomplish. This is the fifth year that the staff of the Power Delivery Project has been presented with the American Public Power Association's Safety Award. It speaks very well of Mr. Reese who is the Assistant Director of Engineering and Operations and the staff who work with him that they have been able to achieve this. Too often, nothing is heard about safety until a major catastrophe or problem occurs and reaches the media. Mr. Bunker expressed the gratitude of the Commission for the exceptional safety record, the service provided, the diligence, and the opportunity that staff takes to provide this service in a manner that the Commission can be really proud of.

Mr. Caan agreed that often times nothing is heard until something bad happens, however, the staff of the Power Delivery Project brings issues to the Commission's attention before they happen to prevent a major catastrophe or problem. Safety has been made the number one priority since CRC started building high-voltage facilities. Staff adopted the American Public Power Association's safety manual many years ago and provides to the

Commission an annual safety report to keep issues at the forefront of the Commission and elected and appointed officials. Mr. Caan noted that review of the annual report by the Commission is critical to maintaining the safety program; just as important as it was for the Director to instruct staff to adopt the safety program.

Mr. Reese and the Power Delivery Project staff were presented with the American Public Power Association's 2004 Safety Award.

Mr. Reese presented a summary of the annual safety report which is attached hereto and made part of these minutes. Mr. Reese stated that the crew at the Power Delivery Project does an extraordinary job, and as previously mentioned there are many facilities that CRC operates and maintains. The CRC has a small crew, however they are a very skilled, diligent and dedicated crew which is why staff can accomplish what they can while working safely.

H. Comments and questions from the public.

Chairman Bunker asked if there were any questions or comments. There were none.

I. Comments and questions from the Commission members.

Commissioner Westergard requested a presentation regarding the parcels of land downstream from Laughlin, possible transfer of ownership, use of the lands and possible developments and improvements. He further asked the Commission be briefed about the use of monies from the Fort Mohave Valley Development Account.

Chairman Bunker suggested that the Fort Mohave question be put on the next Commission agenda.

Mr. Caan agreed.

Chairman Bunker suggested that staff meet with Commissioner Bingham, Chairman of the Commission's Land Management Subcommittee, regarding the parcels of land downstream from Laughlin.

There were no further questions or comments.

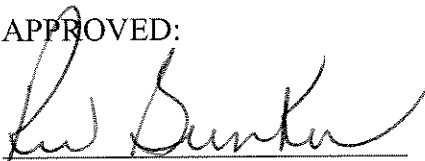
J. Next meeting date selection.

The next meeting is scheduled for Tuesday, June 14, 2005, at the Clark County Commission Chambers.

The meeting adjourned at 11:45 a.m.


George M. Caan, Executive Director

APPROVED:


Richard W. Bunker, Chairman

A collection of military medals and a compass are arranged on a light-colored surface. The medals include a red ribbon with a circular emblem, a blue ribbon with a circular emblem, and a large silver star with a central emblem. A pair of gold-rimmed glasses and a silver compass are also visible.

Colorado River Commission

Power Delivery Project

Robert Reese

Assistant Director

Engineering & Operations



Power Delivery Project Overview

- ◆ Two 230/69-kV Substations

- ◆ Newport Substation

69/4.16-KV

- ◆ Foothill
- ◆ RMPS-A
- ◆ RMPS-B

69/13.8-KV

- BPS-2
- RMWTF

- ◆ Basic Complex

230/14.4-KV

- CRC #1
- CRC #3

CRC #2

- ◆ Eastside Substation

69/4.16-KV

- ◆ 1A/1B
- ◆ 2A/2B
- ◆ IPS-1
- ◆ 2C

69/13.8-KV

- BPS-1A
- IPS-2
- 1C



Additional Responsibilities

- ◆ SNWA Owned Facilities
 - ◆ Pumping Plant #3 Switch yard
 - ◆ Pumping Plant #4 Switch yard
 - ◆ Pumping Plant #5 Switch yard
 - ◆ Pumping Plant #6 Switch yard
 - ◆ Hacienda Switch yard
 - ◆ Lamb Switch yard
 - ◆ Sloan Switch yard



Power Delivery Project

- Approximately 34 miles of 230-kV transmission lines
- Newport-Mead 230KV Line
- Eastside-Mead 230KV Line
- Newport-Eastside 230KV Line
- Approximately 5 miles of overhead 69-kV sub-transmission lines
- 49 Transformers
- 65 Power Circuit Breakers
- Approximately 10 miles of underground 69-kV transmission cable
- Total of 24 High Voltage Substations

Eastside Substation



Eastside Area



Newport Substation

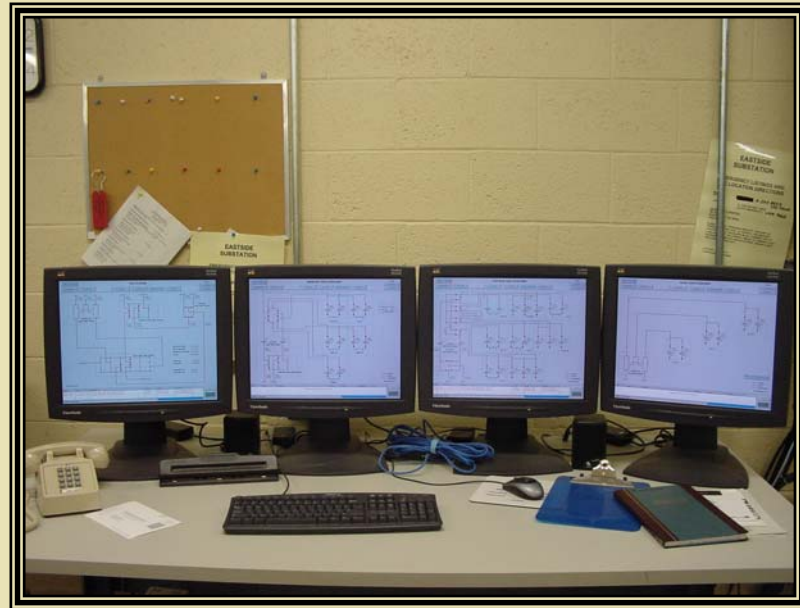
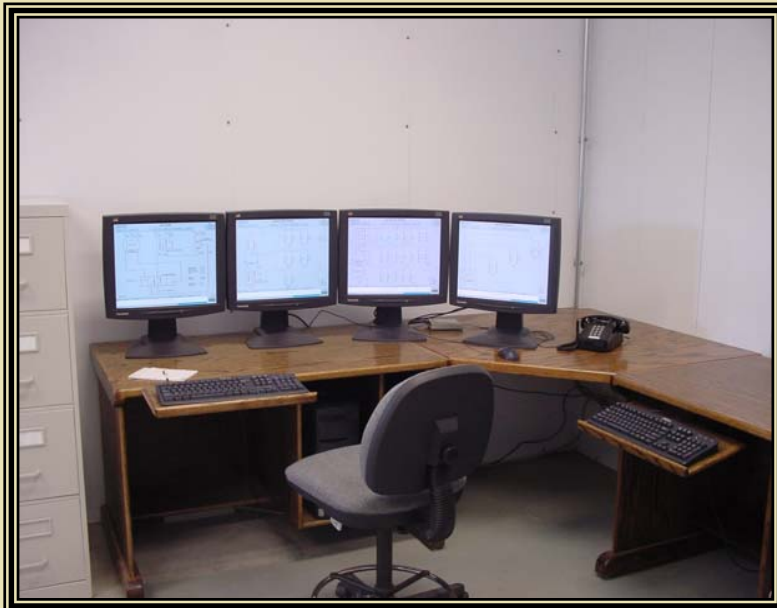


Energized in May of 1998

Newport Operation Center



Control Centers



Mead-Eastside 230-KV Line



RMPS-B Substation



RMPS-B 69/4.16KV Distribution Substation

RMPS-B Distribution Substation



- RMPS-B Substation was design in house by SNWA and CRC

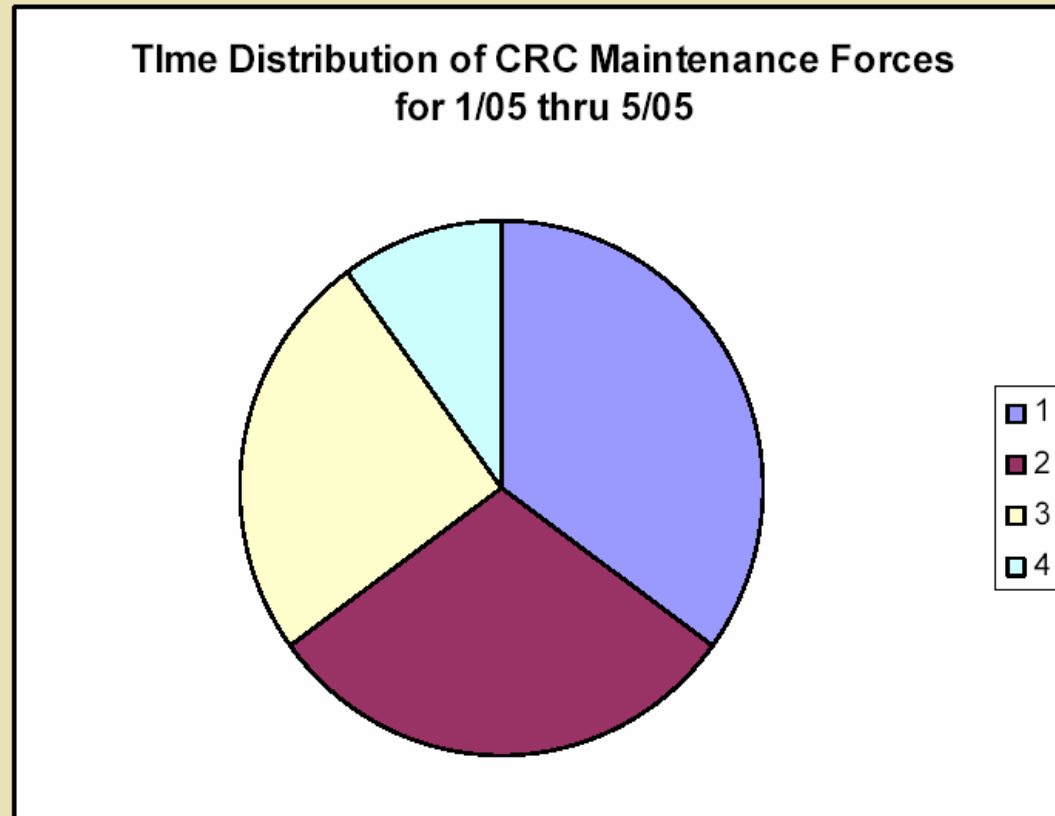


Keeping a Healthy System

- Preventative Maintenance Program
- Skilled Staff



Maintenance Schedule



Legend

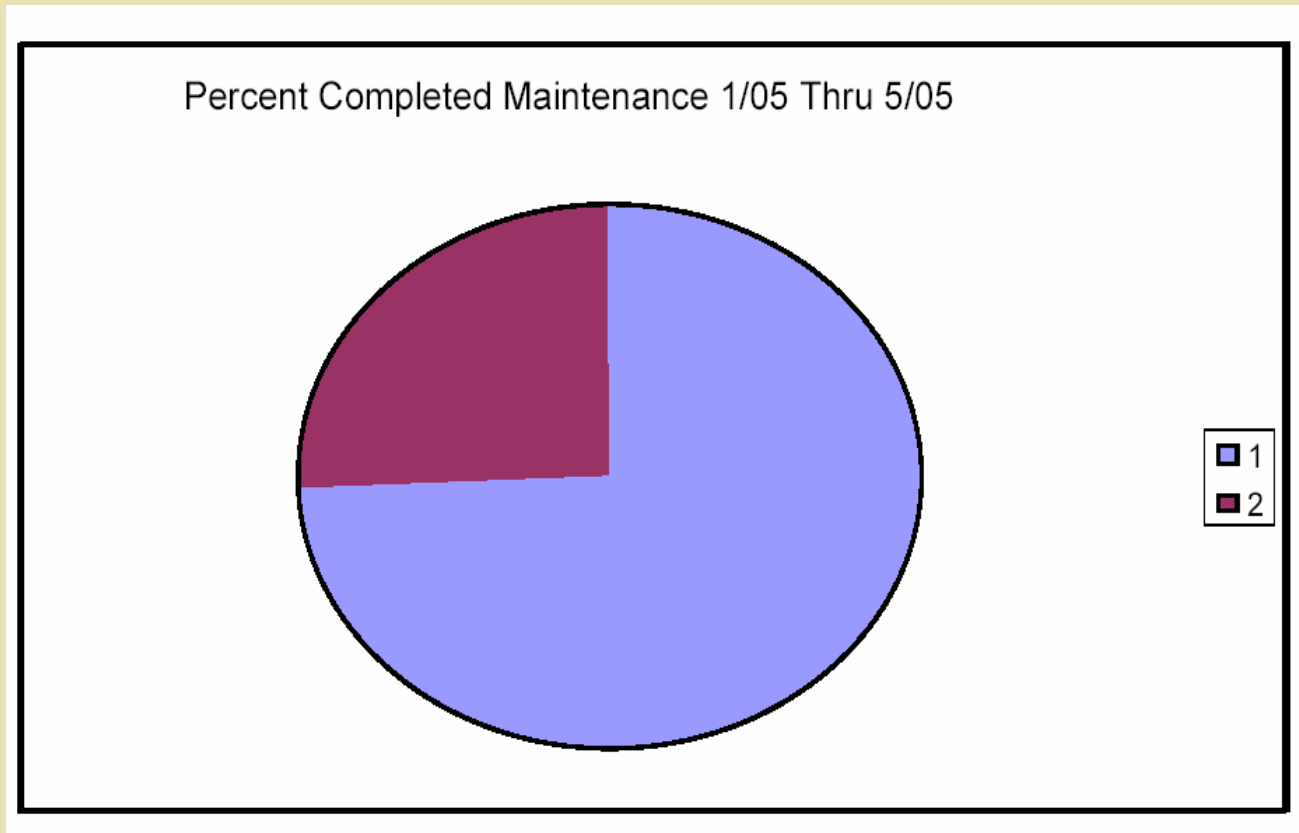
1-Scheduled Maintenance for Phase II Facilities¹ (35%)

2-Maintenance for SNWS Pumping Facilities² (30%)

3-New Construction and Technical Support of SNWA and SNWS Facilities³ (25%)

4-Training and Administrative Duties (10%)

Maintenance Activities



Legend

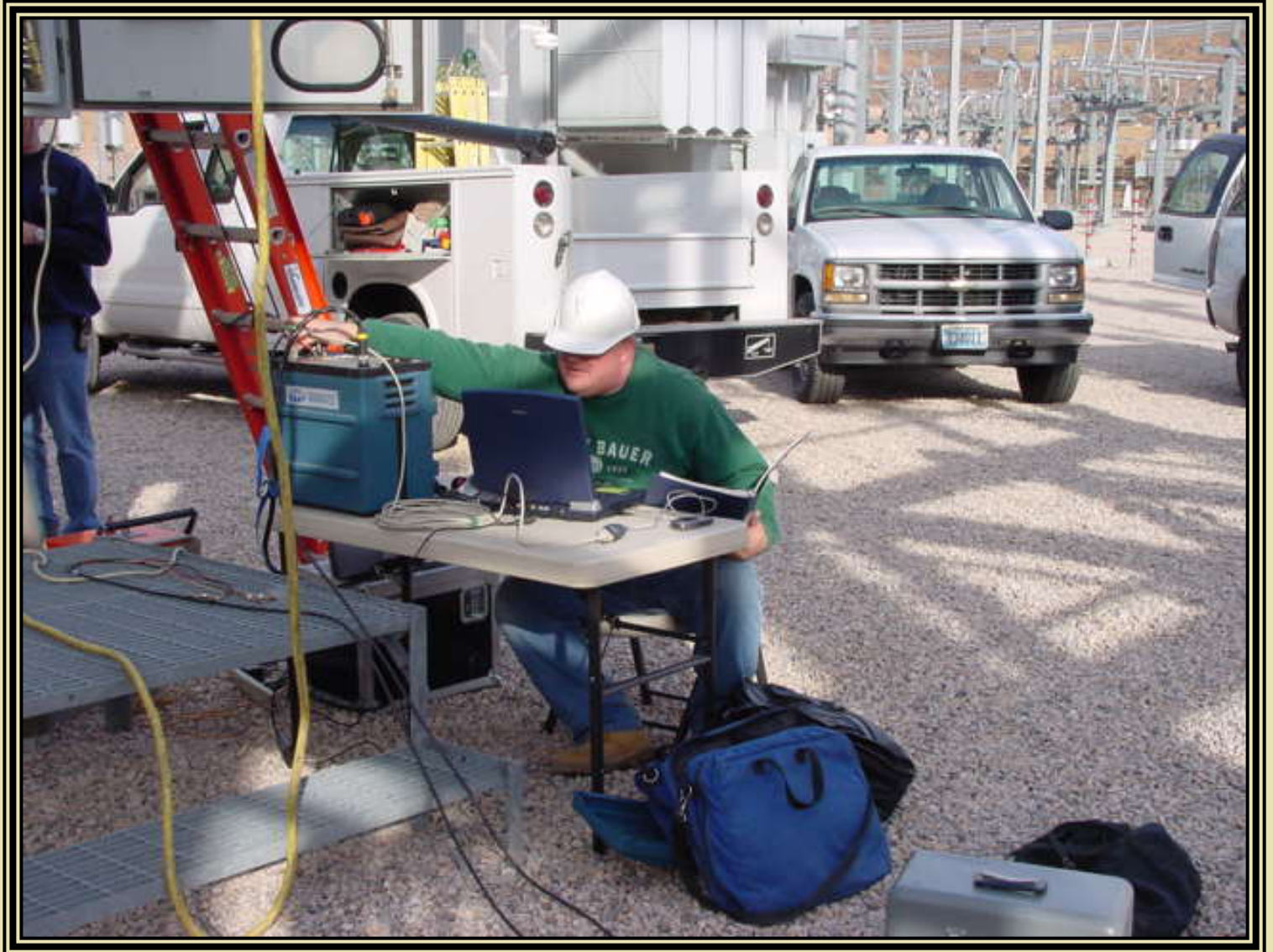
- 1-Scheduled Maintenance for Jan. 2005 thru Dec. 2005 (100%)
- 2-Completed Maintenance thru April 2005 (34%)

CRC Power Facilities is on schedule to complete scheduled maintenance for this year.

Preventative Maintenance



Preventative Maintenance





Procedures

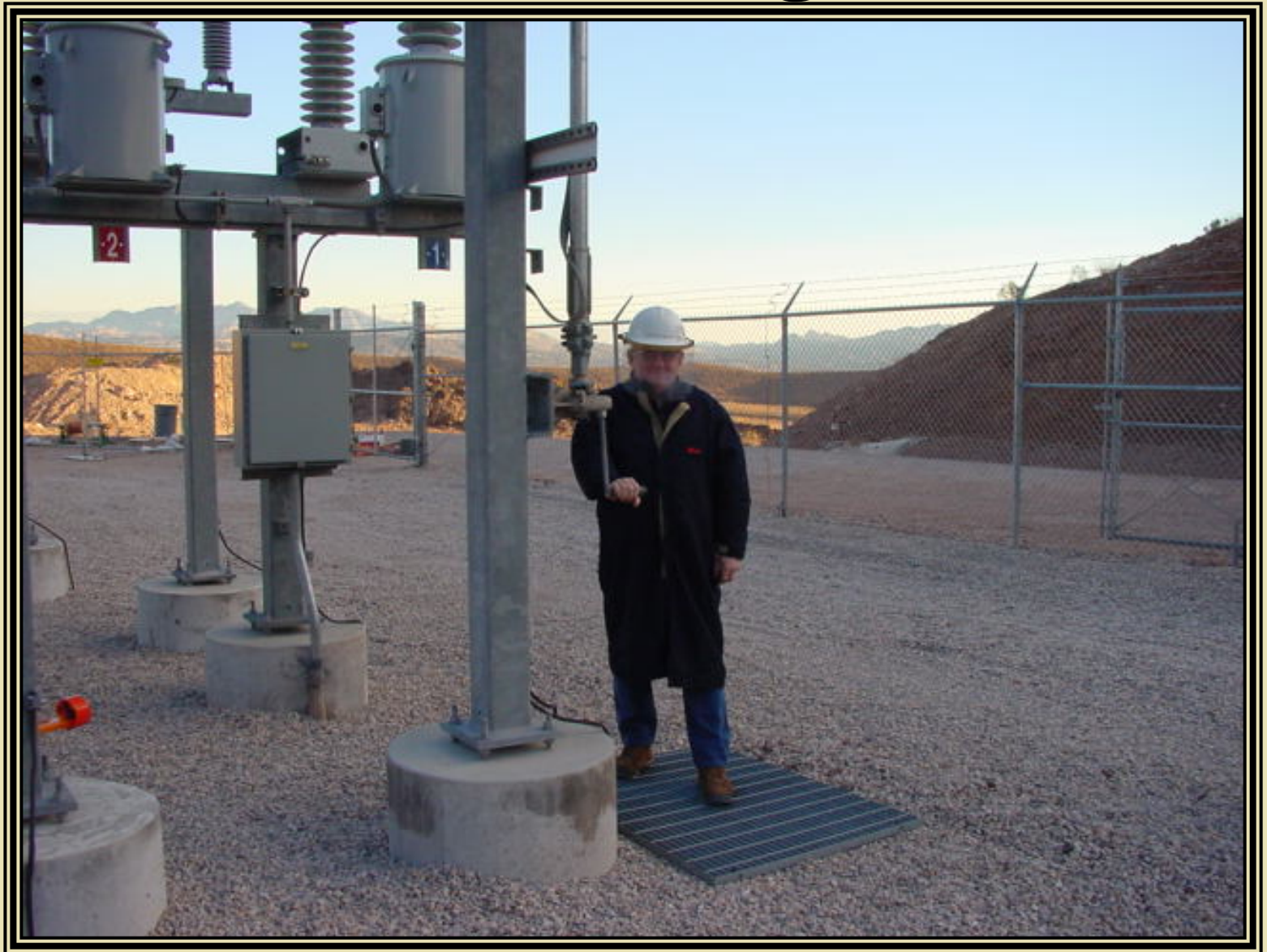
- Safety Procedures
- Switching Procedures
- Clearance Procedures
- Grounding Procedures
- Standard Operating Procedures

Switching Certification



- Colorado River Commission Certification
- Western Switching Certification

Switching



Switching Form

SWITCHING ORDER

STATION: Newport
EQUIPMENT DESIGNATION: T1
PERSON REQUESTING SWITCHING: *Bob Reese*
REASON FOR SWITCHING: *Clear for work*
OPERATION: G.S.

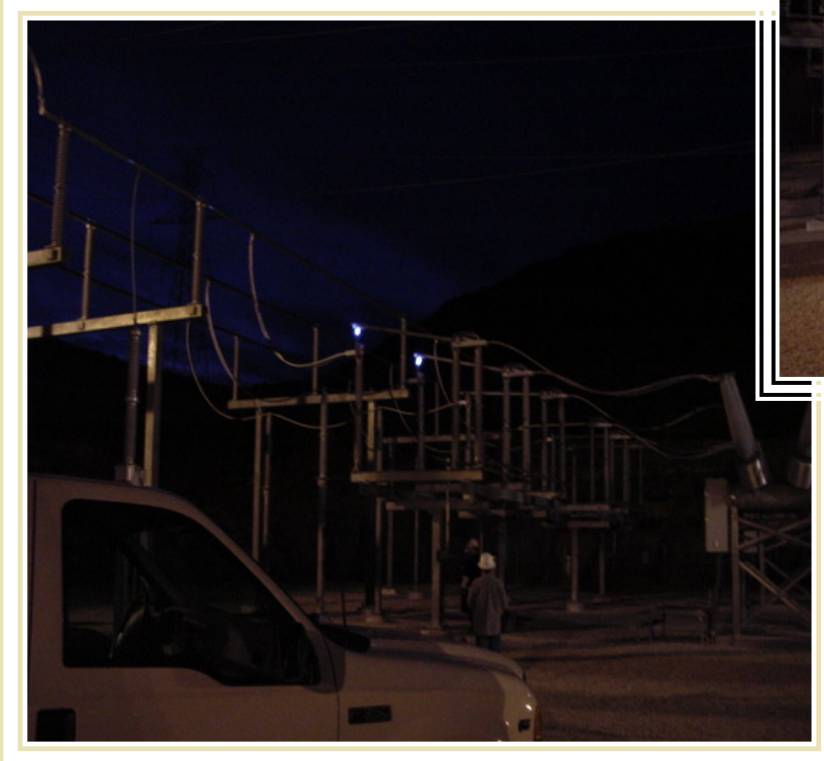
SEQUENCE: 1
DATE: 2/24/05

Checked By	
RDR	<input checked="" type="checkbox"/>
RJP	<input type="checkbox"/>
JE	<input type="checkbox"/>
JR	<input type="checkbox"/>

STEP	SWITCHING OPERATION	CHECK	TIME
1.	Put T1 and T2 on Manual and match steps		
2.	Open 69-KV PCB 21202 Via SCADA		
3.	Open 69-KV PCB 21102 Via SCADA (<i>Load off</i>)		
4.	Open 230-KV PCB 286 Via SCADA		
5.	Open 230-KV PCB 482 Via SCADA (<i>Dead Bank</i>)		
6.	Put 69-KV PCB 21102 43SC Switch to Off Position		
7.	Put 69-KV PCB 21202 43SC Switch to Off Position		
8.	Check 69-KV PCB 21202 Open		
9.	Check 69-KV PCB 21102 Open		
10.	Check 230-KV PCB 286 Open		
11.	Check 230-KV PCB 482 Open		
12.	Open 69-KV Switch 21100 Lock and tag (<i>Dead Bank</i>)		
13.	Open 230-KV MOD189, de-couple & Lock and tag		
14.	Put 69-KV PCB 21202 43SC Switch to On Position		
15.	Put 69-KV PCB 21102 43SC Switch to On Position		
16.	Close 230-KV PCB 286		
17.	Close 230-KV PCB 482		
18.	Close 69-KV PCB 21202		
19.	Close 69-KV PCB 21102		
20.	Put T2 to Independent and into Auto Mode		
21.	Issue Clearance		
22.			
23.			
24.			
25.			
26.			
27.			

SWITCH BY: _____

Switching Activities



Grounding Equipment



Grounding Equipment



A Clearance does not provide protection against occurrences such as a lightning strike, induced energy, or falling conductors from near by circuits

Grounding Equipment

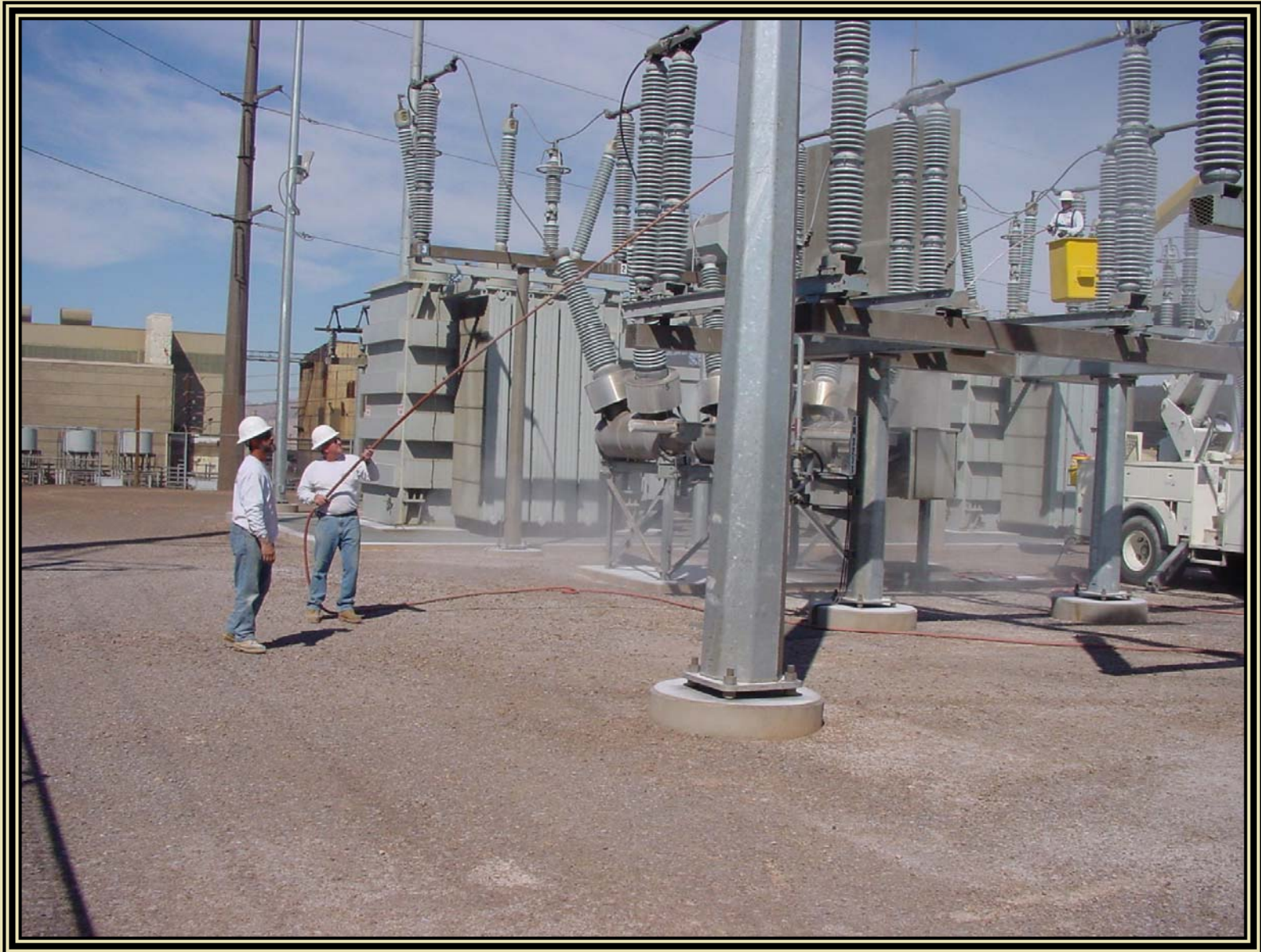
- If it isn't grounded it is not

DEAD

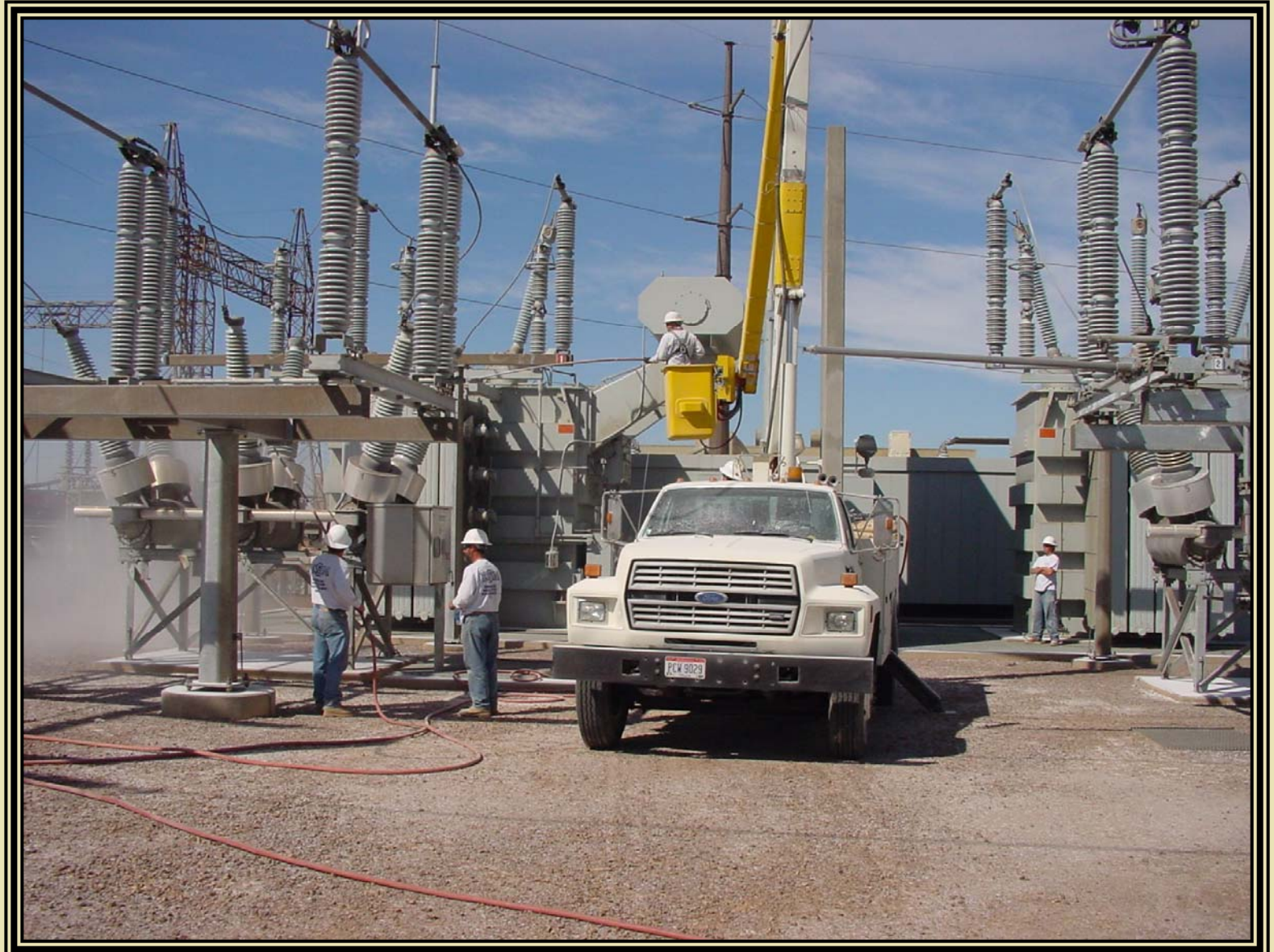


©1995 Niagara Mohawk Power Corporation

Hot Cleaning CRC #2 Substation



Hot Cleaning CRC #2 Substation





Outside Resources

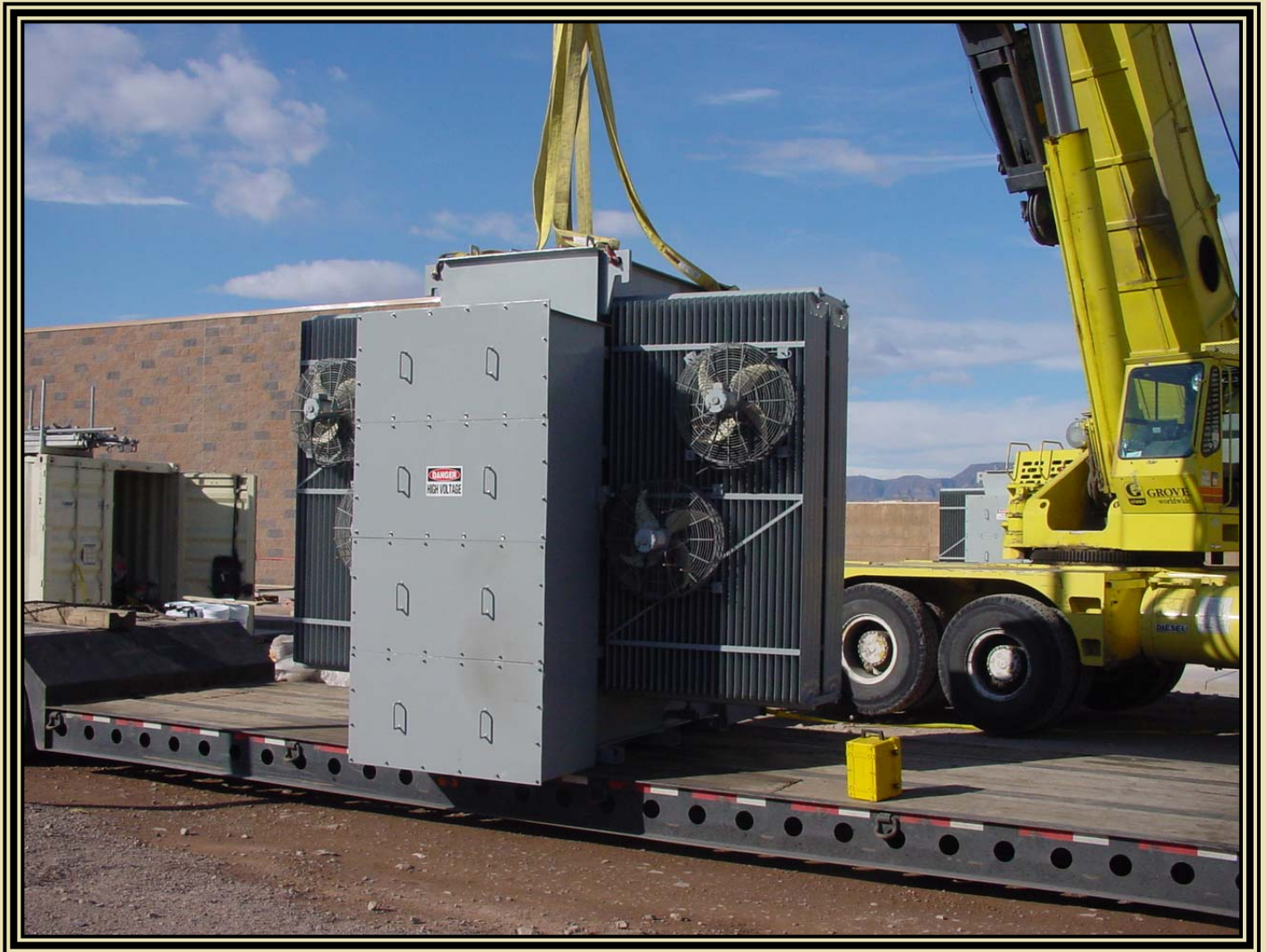
Labor Agreements

- Par Electric
- Brink Electric
- Wasatch Electric
- Nevada Power Company (Transmission Lines)

Mutual Assistance Agreements

- City of Boulder City
- Southern Nevada Water Systems

SNWS Transformer





Partnership



Safety

Priorities:

- A safe environment for our employees & the public
- Integrity and reliability of the CRC power system
- Protection of equipment
- Service to the customer





Safety Results

- ◆ 15,000 safe man-hours
- ◆ Over hundred switching operations
- ◆ 60,000 miles of safe driving
- ◆ Safety program

2004 America Public Power Association Safety Award



Safety Awards





Key Safety Points

- **ATTITUDE**
- **PROPER TRAINING**
- **COMMITMENT**



A = 1

T = 20

T = 20

I = 9

T = 20

U = 21

D = 4

E = 5

+

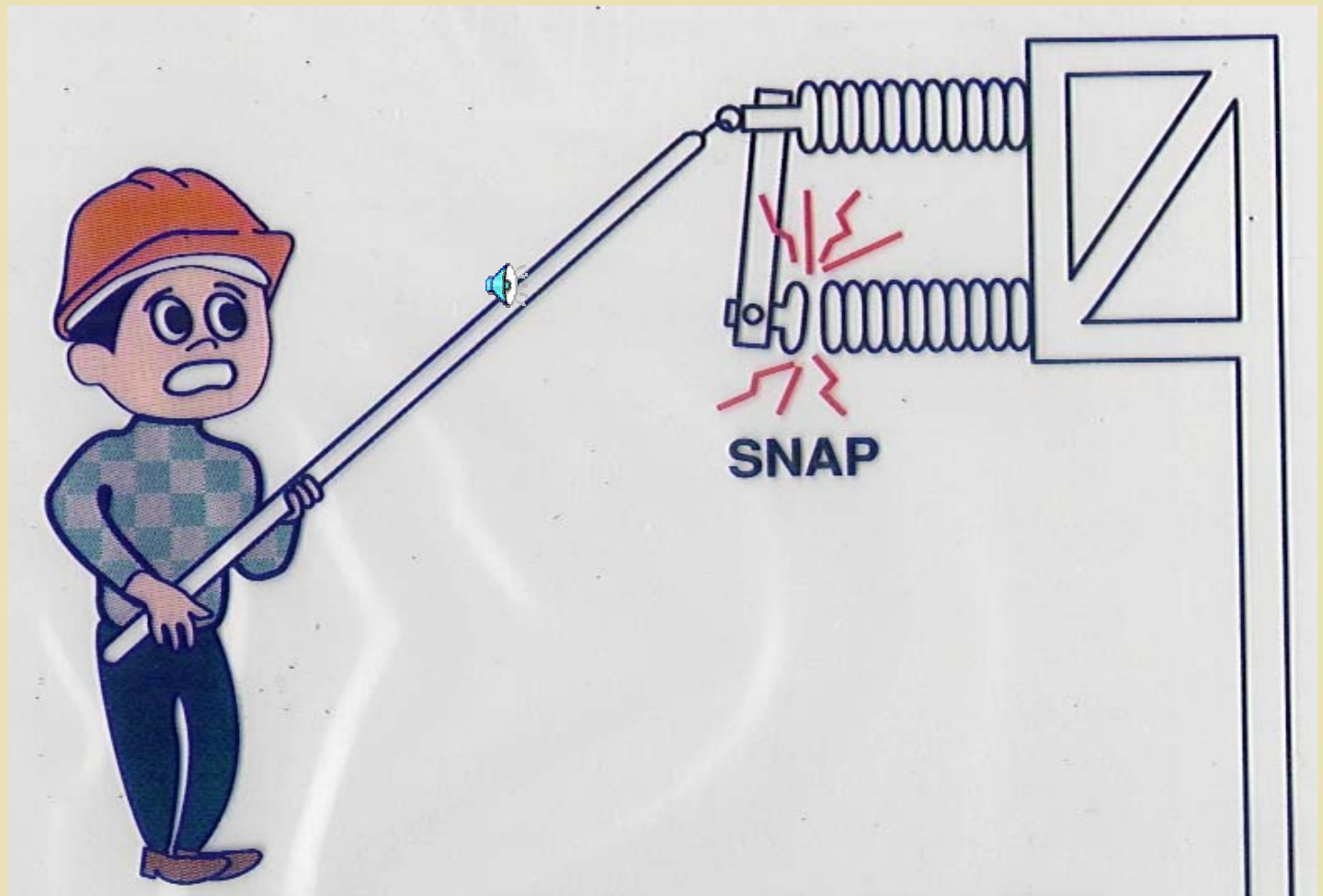
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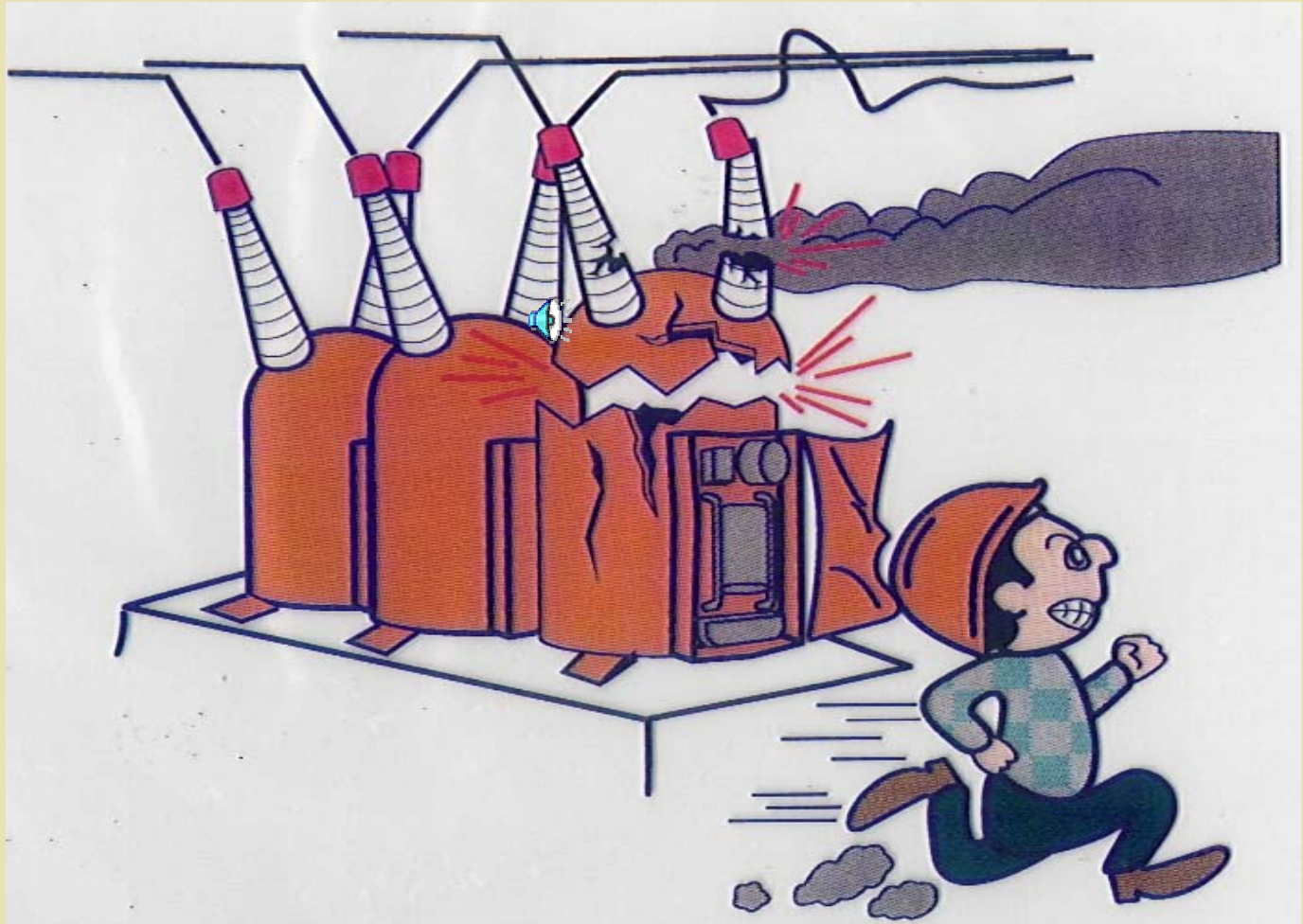


Training

- ❑ Anticipate the unexpected



Reacting to the Unexpected



Equipment Failure



LTC Failure



LTC Containment



Unforeseen Hazards



Environmental Hazards



Conclusion

- ◆ *SAFETY FIRST!*





Questions?