

The meeting was held at 10:00 a.m. on Tuesday, February 14, 2006, at the Grant Sawyer Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Vice Chairman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Jay D. Bingham
Andrea Anderson
Marybel Batjer
Shari Buck
Ace I. Robison
Myrna Williams

COMMISSIONERS NOT IN ATTENDANCE

Chairman

Richard W. Bunker

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General
Senior Deputy Attorney General

Gerald A. López
Jennifer T. Crandell

COMMISSION STAFF IN ATTENDANCE

Executive Director
Energy Services Group Manager
Manager of Regulatory and Intergovernmental Affairs
Chief, Finance and Administration
Assistant Director of Engineering and Operations
Division Chief, Water
Hydropower Program Manager
Environmental Program Manager
Natural Resources Technician
Natural Resource Specialist
Senior Energy Accountant
Program Officer II
Office Manager
Administrative Assistant II

George M. Caan
Gail A. Bates
James D. Salo
Douglas N. Beatty
Robert Reese
James H. Davenport
Craig Pyper
Phillip S. Lehr
Anthony J. Miller
Nicole Everett
Gail Benton
Lisa M. Ray
Deanna Bruno
Janet L. Nuszbaum

OTHERS PRESENT; REPRESENTING

Best in the Desert
Bunker & Associates
Colorado River Commission Consultant
Kummer, Kaempfer, Bonner, and Renshaw, Ltd.
Las Vegas Sun
Las Vegas Valley Water District/So. Nevada Water Authority
Overton Power District No. 5
PABCO Gypsum
Southern Nevada Water Authority
Southern Nevada Water Authority

Casey Folks
Melissa Trammell
Sara A. Price
Mark Alvarez
Luance Rake
Sandra Reed Bottino
Delmar Leatham
Barbara Shand
David A. Donnelly
Alison Huntley

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF FEBRUARY 14, 2006**

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 January 10, 2006, meeting.....	1
C.	Consideration of and possible action on a request from the Best in the Desert Racing Association for entry on to Colorado River Commission land near Laughlin, Nevada, to hold a motorcycle race on March 4, 2006	1-2
D.	Consideration of and possible action on a request from the Laughlin Half Marathon for entry on to Colorado River Commission land near Laughlin, Nevada, to hold a 5K running race on March 11, 2006	2-3
E.	Consideration of and possible action to approve:	
	1. an amendment of Contract No. SA-03-06 with Power Measurement USA, Inc., for maintenance support services for the Power Delivery Project, and	
	2. an amendment of the contract with Electric Utility Consultants, Inc., for electrical system, and transmission and power supply consultation services.....	3-5
F.	Consideration of and possible action to award Contract No. CRCPDP-20 for the procurement of major substation equipment for the Hacienda Substation Upgrade Project.....	5-7
G.	Consideration of and possible action to approve Amendment No. 1 to Contract No. 87-BCA-10086 with the Western Area Power Administration, which provides a 20-year extension of electric service from the Parker-Davis Project.....	7-8
H.	Update on the status of discussions regarding shortages criteria and other developments on the Colorado River.....	3

**COLORADO RIVER COMMISSION
OF NEVADA
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INDEX - continued

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
I.	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.).....	8
J.	Comments and questions from the Commission members.....	8
K.	Action to select next meeting date and adjourn.....	8

The Colorado River Commission meeting was called to order by Vice Chairman Bingham at 10:00 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 January 10, 2006, meeting.

Commissioner Williams moved for approval of the minutes of the January 10, 2006, meeting as written, Ace Robison seconded the motion, and the motion was approved by a unanimous vote of those present. Commissioner Anderson was not present for this vote.

Executive Director George Caan then asked Vice Chairman Bingham if the Commission could move Item H, which is an update on the status of discussions regarding shortages criteria and other developments on the Colorado River, to follow Item D on the agenda today.

Commissioner Williams made a motion, which was seconded by Commissioner Robison, and approved by a unanimous vote of those present. Commissioner Anderson was not present for this vote.

C. Consideration of and possible action on a request from the Best in the Desert Racing Association for entry on to Colorado River Commission land near Laughlin, Nevada, to hold a motorcycle race on March 4, 2006.

Executive Director George Caan stated that on January 24, 2006, the Best in the Desert Racing Association requested entry on to Commission land near Laughlin, Nevada, to conduct its annual motorcycle racing event, called the "Laughlin U.S. Hare Scrambles Championship," on March 4, 2006. As in previous years, a small portion of the race course runs through Commission property; the rest is located on Bureau of Land Management ("BLM") land. The entire race course uses existing motorcycle, all-terrain-vehicle or buggy courses, jeep trails, old roads, power line access roads, or sandy washes, and avoids all proposed critical desert tortoise habitat areas. The pit and spectator areas are located outside of Commission property.

In past years, the Commission has approved these annual races on the condition that the Association provide proof of:

1. compliance with BLM's policy and procedures for implementation of Section 7 of the Endangered Species Act; and
2. protection of the State of Nevada and its Colorado River Commission through an insurance policy accepting liability for any injury to person and property in the amount of \$1,000,000.

In compliance with Section 7 of the Endangered Species Act, BLM obtained from the Fish and Wildlife Service a “programmatic” Biological Opinion covering all speed-based events on BLM and Commission land in the Laughlin area. (Under a “programmatic” opinion, consultation is not required for each such event during the life of the opinion.) Apart from the desert tortoise, no other federally-listed species appears to be implicated in these events. The opinion allows for limited incidental take of desert tortoise and specifies terms and conditions required of event promoters, and is enforced by BLM.

The Association has provided a certificate of liability insurance showing the State of Nevada and its Colorado River Commission as additional insureds for combined coverage for bodily injury and property damage in the amount of \$1 million for each occurrence and in the aggregate.

The Commission has approved entry for this race each year for many years now. The Association met the conditions previously established by the Commission and we have never experienced any difficulties with this race. Commission staff recommended granting permission for this race to be held on Commission land in Laughlin, Nevada, subject to the conditions listed above.

Commissioner Williams made a motion to approve the race over Commission land, which was approved by a unanimous vote of those present. Commissioner Anderson was not present for this vote.

<p>D. Consideration of and possible action on a request from the Laughlin Half Marathon for entry on to Colorado River Commission land near Laughlin, Nevada, to hold a 5K running race on March 11, 2006.</p>

Executive Director George Caan stated that on September 14, 2005, the Laughlin Half Marathon requested entry on to Commission land near Laughlin, Nevada, to conduct a 5K running race event, called the “Laughlin Road Run,” on March 11, 2006. A small portion of the race course runs through Commission property. The entire race course uses existing trails, old roads, or power line access roads. The staging and spectator areas are located outside of Commission property.

Executive Director George Caan stated that in past years, the Commission has approved races on its property on the condition that the event sponsor provide a certificate of liability insurance showing the State of Nevada and its Colorado River Commission as an additional insured for combined coverage for bodily injury and property damage in the amount of \$1 million for each occurrence and in the aggregate. In this request S7 compliance is not required.

The required certificate of insurance has been provided by the sponsor.

Commission staff recommended granting permission for this race to be held on Commission land in Laughlin, Nevada, subject to the conditions listed above.

Commissioner Williams made a motion to approve the 5K race over Commission land, which was seconded by Commissioner Buck, and approved by a unanimous vote of those present. Commissioner Anderson was not present for this vote.

At this time, Item H was discussed, as approved earlier by the Commission members.

H. Update on the status of discussions regarding shortages criteria and other developments on the Colorado River.
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Executive Director George Caan then introduced David Donnelly, representing the Southern Nevada Water Authority, and Jim Davenport, who presented this item to the Commission.

Water Division Chief Jim Davenport introduced Barbara Shand, who is with PABCO, owner of the gypsum board factory, which is a water contractor of the Bureau of Reclamation. Mr. Davenport stated that PABCO takes just a minor amount of Colorado River water, a little less than 1,000 acre feet of water per year, and added that this is one of Nevada's older water contractors, having operated for many years here in the state.

Mr. Davenport then stated the status of the water supply in the reservoirs as of now: Lake Mead is at 59% full; Lake Powell is 46% full; and the whole system is 58% full. Lake Mead's elevation is presently at 1,140 feet above mean sea level.

He added that there has been some reporting for consumptive use in return flow credits in 2005, with a total consumptive use of 301,000 acre-feet. There is a small amount of overage that will need to be dealt with, assuming that the final amount comes out at that number. There are still some numbers that need to come in for a final report.

Commissioner Anderson arrived at the meeting at this time.

At this time, Mr. Davenport and Mr. Donnelly made a presentation on the status of the seven states negotiation and recommendation to the Secretary of Interior, a copy of which is attached hereto and made a part of the minutes.

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| E. Consideration of and possible action to approve: <ol style="list-style-type: none">1. an amendment of Contract No. SA-03-06 with Power Measurement USA, Inc., for maintenance support services for the Power Delivery Project, and2. an amendment of the contract with Electric utility Consultants, Inc., for electrical system, and transmission and power supply consultation services. |
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Item 1.

Robert Reese, Assistant Director of Engineering and Operations, reported that during the fourth quarter of 2001, CRC embarked upon a project to install a business enterprise system for the Power Delivery Project and the Basic Substation Project. The new business enterprise system, comprised of ION 8500 energy meters and ION Enterprise ® software, allows CRC and its customers who receive electric service from CRC facilities to manage the procurement of electric energy, including scheduling and accounting, more efficiently by the rapid dissemination of real-time metering data. The business enterprise system was developed, furnished and installed by Power Measurement USA, Inc. "Power Measurement". On December 9, 2003, the Commission entered into a contract with Power Measurement to provide support services for the business enterprise system. These support services included programming, troubleshooting, and modifying software and hardware associated with ION 8500 energy meters and ION Enterprise ® software as may be required from time to time for the routine operation and maintenance of these items. The current contract with Power Measurement will terminate on May 31, 2006, unless extended by the Commission.

Services under the contract are provided on an as-requested basis in detailed task authorizations developed by CRC staff. Power Measurement has performed all support services requested in a timely manner to the satisfaction of CRC staff. Given their extensive knowledge of the business enterprise system and CRC's electrical facilities, CRC staff desires to extend the contract with Power Measurement for support services for an additional term of five years. To extend the contract, CRC staff proposes to increase the not-to-exceed cost of the contract by \$150,000. The original \$75,000 not-to-exceed cost of the contract allowed for completion of all necessary support services during the original three-year term of the contract. Power Measurement is agreeable to the extension and the increase in the not-to-exceed cost of the contract. No other changes to the contract are proposed.

Item 2.

David Luttrell, as principal consultant and president of Electric Utility Consultants, Inc. ("EUC") has been providing electric system consulting services to the Commission since 1989. Services have included consultation on hydroelectric power matters, transmission service, power supply, the development of the Power Delivery Project and the Basic Substation Project, and most recently support of CRC's electric facility operation and maintenance staff. EUC is currently assisting CRC in the Hacienda Substation Upgrade Project by providing project management services. Material procurement for the Hacienda Substation Project is currently underway with construction slated to begin later this year.

The Commission's current contract with EUC will terminate on March 31, 2006, unless extended. This contract, which was entered into by the Commission and EUC on March 12, 2002, had an original not-to-exceed value of \$350,000. Support services under the contract are provided on an as-requested basis by CRC staff. Throughout the term of the

contract Mr. Luttrell has served the Commission well, providing extensive assistance to staff when needed. CRC staff desires to extend the contract with EUC for support services for an additional term of five years. To extend the contract, CRC staff proposes to increase the not-to-exceed cost of the contract by \$200,000. The original budget allowed for completion of all necessary support services during the two-year term of the original contract and during the two-year extension of the contract under the first amendment. EUC is agreeable to the extension and the increase in the not-to-exceed cost of the contract. EUC has requested an increase in the billing rate for Mr. Luttrell from \$91/hour which has been in effect since 2002 to \$98/hour for the extended five-year period. No other changes to the contract are proposed.

Commissioner Batjer made a motion for approval of renewal of the contract with Power Measurement, seconded by Commissioner Anderson, and approved by a unanimous vote of those present. Commissioners Robison and Williams were not present for this vote.

Commissioner Batjer made a motion to approve renewal of the contract with Electric Utility Consultants, Inc., seconded by Commissioner Anderson, and approved by a unanimous vote of those present. Commissioners Robison and Williams were not present for this vote.

<p>F. Consideration of and possible action to award Contract No. CRCPDP-20 for the procurement of major substation equipment for the Hacienda substation Upgrade Project.</p>
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Mr. Reese stated that the Hacienda Substation Upgrade Project (“Hacienda Upgrade”) is being undertaken in conjunction with the Southern Nevada Water Authority (“SNWA”) to refurbish and upgrade the high- and low-voltage electrical systems serving SNWA’s Hacienda Pumping Station. Under the Hacienda Upgrade, CRC is responsible for renovation work in the external supply substation, while SNWA is responsible for renovation of the electrical system internal to the pumping station. As part of the substation upgrade, CRC will be installing a second 69/4.16-kV, 20 MVA transformer bank, replacing the existing oil-filled power circuit breaker, adding state-of-the-art electronic relays, installing primary metering, installing oil containment basins around the transformers, installing a firewall between transformer banks, and extensively modifying the substation bus work. On-site construction of the Hacienda Upgrade is expected to commence in the fall of 2006. CRC is currently in the design and material procurement stages for the Project.

Over the past several months, staff has initiated activities to procure the owner-furnished material for the Project. Contract No. CRCPDP-20 has been prepared to allow purchase of the necessary power transformer, power circuit breakers and substation relay panel. The power transformer and substation relay panel were awarded by the Commission at its January 2006 meeting. The power circuit breakers were held from the January Commission meeting to allow further technical evaluation of the bids received by CRC staff.

In summary, on November 8, 2005, CRC released Contract No. CRCPDP-20 to fifteen pre-qualified vendors. By the time of bid closing on December 7, 2005, CRC had received four bids for Bid Item 402, Power Circuit Breakers. The bids for Bid Item 402 are summarized in the following table.

Contract CRCPDP-20 Bid Item 402, Power Circuit Breakers		
Bidder Name	Total Bid Price	Delivery Schedule
ENKO LLC.	\$69,350	38 Weeks
Siemens Power T&D, Inc.	\$79,800	48 Weeks
AREVA T&D, Inc.	\$67,900	40-44 Weeks
Mitsubishi Electric Power Products, Inc.	\$66,750	16-18 Weeks

Subsequent to receiving the bids, the Commission's staff evaluated the bids. The evaluation involved a multi-step process. The first step included a review of each bid to ensure compliance with the requirements of the technical specifications and contract documents. The second step involved an evaluation of each proposal in accordance with the Commission's "Procedures for Purchasing Major Electrical Equipment for the Power Delivery Project." This evaluation considered eight separate factors including price, schedule, quality, and service.

Through this review process it was determined the power circuit breakers proposed by Mitsubishi Electric Power Products, Inc. ("Mitsubishi") did not comply with the fault current interrupting capability specified for the breakers. Rather than summarily reject the bid of Mitsubishi, staff elected to re-evaluate the fault duty anticipated at the Hacienda Substation. Over the past month staff has re-calculated the expected fault duty at Hacienda Substation and has determined that although the Mitsubishi breakers would meet nominal interrupting requirements at Hacienda Substation, they would not meet requirements when considering a factor of safety nor would they allow interchangeability with other CRC breakers in the event of an emergency.

Because the Mitsubishi breakers do not meet the specified fault current interrupting capability, staff recommended the award of Contract No. CRCPDP-20, Bid Item 402, to AREVA T&D Inc., of Charleroi, Pennsylvania. The bid of AREVA T&D, Inc., totals \$67,900.00. Staff requested contract authority of \$74,690.00. The requested amount includes 10 percent for quantity adjustments and change orders.

Commissioner Anderson moved for approval, which was seconded by Commissioner Buck, and approved by a unanimous vote of those present. Commissioners Robison and Williams were not present for this vote.

G. Consideration of and possible action to approve Amendment No. 1 to Contract No. 87-BCA-10086 with the Western Area Power Administration, which provides a 20-year extension of electric service from the Parker-Davis Project.

Executive Director George Caan stated that the Colorado River Commission purchases hydroelectric power from several federal facilities on the Colorado River, including Parker and Davis dams and power plants that comprise the Parker-Davis Project (“P-DP”). CRC’s current federal contract for P-DP power expires on September 30, 2008. Since 2000, the CRC and other federal power customers have been working with the Western Area Power Administration to obtain contract extensions for this resource. On August 8, 2002, Western published in the Federal Register its decision to extend the P-DP firm power contracts for 20 years. However, beginning October 1, 2008, the amount of energy and capacity would be reduced for all existing contractors by approximately 1 percent to establish a resource pool for additional customers. Even with this reduction, the State of Nevada will remain the largest single allottee of firm P-DP power with 40,752 kilowatts (“kW”) of capacity in the winter season and 56,560 kW in the summer season, and an annual firm energy total of 264,023,616 kilowatt-hours of energy. As has been the case, a portion of this resource is withdrawable by the Bureau of Reclamation for priority project purposes upon two years’ notice.

Western also added, in the revised general power contract provisions (“GPCPs”), a provision (subsection 37.2 of the GPCP) expressly requiring the contractor to maintain its status as an entity eligible for preference in Western’s sale of federal power pursuant to Reclamation law. In view of this requirement, staff negotiated an additional provision (subsection 9.7) in the resale section of the contract, in which Western acknowledges that CRC’s renewal contracts with its industrial customers and their subsequent transfer to entities that use the power at the same physical location for substantially similar operations is consistent with both the resale and preference maintenance requirements of the contract.

The contract amendment also provides that payments for firm P-DP capacity and energy be shifted from after the month of service to before the month of service.

CRC currently re-sells resources from the Parker-Davis Project to seven contractors: Basic Water Company; Chemical Lime Company; Overton Power District; Titanium Metals Corporation; Tronox, LLC, (formerly Kerr-McGee); the Southern Nevada Water Authority; and Valley Electric Association. Renewal contracts arising from Western’s contract extension have been sent to CRC’s customers for signature and will be available for CRC consideration and action at a subsequent meeting held before May 1, 2006, the date the local renewal contracts are anticipated to take effect.

Commissioner Batjer moved for approval, which was seconded by Commissioner Anderson, and approved by a unanimous vote of those present. Commissioners Robison and Williams were not present for this vote.

Item H was discussed previously after Item D.

I. 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.

There were no comments or questions from the public.

J. Comments and questions from the Commission members.

There were no comments or questions from the Commission members.

K. Action to select next meeting date and adjourn.

The next Commission meeting is scheduled for March 14, 2006, at the Sawyer State Office Building, Suite 4412.

Commissioner Anderson made a motion to approve the next meeting date and place, which was seconded by Commissioner Batjer, and approved by a unanimous vote of those present. Commissioners Robison and Williams were not present for this vote.

The meeting adjourned at 11:08 a.m.

George M. Caan, Executive Director

APPROVED:

Jay D. Bingham, Vice Chairman