

The meeting was held at 1:00 p.m. on Tuesday, December 10, 2013 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	George F. Ogilvie III
Vice Chairman	Berlyn D. Miller
Commissioner	J. Brin Gibson
Commissioner	Duncan R. McCoy
Commissioner	Puoy K. Premsrirut

COMMISSIONERS IN ATTENDANCE VIA TELECONFERENCE

Commissioner	Steve Sisolak
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COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Bob Coffin
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SPECIAL COUNSEL, ATTORNEY GENERAL

Special Counsel, Attorney General	Ann C. Pongracz
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COMMISSION STAFF IN ATTENDANCE

Executive Director	Jayne Harkins, P.E.
Deputy 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	Gail A. Bates
Manager, Hydropower Program	Craig N. Pyper
Assistant Hydropower Program Manager	Lisa M. Ray
Hydropower Program Specialist	Dana Corkill
Natural Resource Analyst	Warren Turkett
Senior Accountant	Gail L. Benton
Senior Energy Accountant	Richard M. Sanders
Senior Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant II	Melissa Dibert
Administrative Assistant II	Carla Miguel

OTHERS PRESENT; REPRESENTING

Consultant	Sara A. Price, Esq.
Overton Power District No. 5	Mendis Cooper
Overton Power District No. 5	Terry Romero
Southern Nevada Water Authority	Jordan Bunker
JNA Consulting Group, LLC	Martin Johnson

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF DECEMBER 10, 2013**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:00 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins confirmed that the meeting was in compliance with the Open Meeting Law.

B. Comments 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 from the public. There were none.

C. For Possible Action: Approval of minutes of the November 12, 2013 meeting.

Commissioner McCoy moved for approval of the minutes. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

D. For Possible Action: Consideration of and possible action to ratify settlement agreement among Nevada Power Company and certain of its wholesale transmission customers in Federal Energy Regulatory Commission Docket No. ER13-255.

Gail A. Bates, Manager Energy Services, gave a summary presentation of the settlement agreement among Nevada Power Company and certain of its wholesale transmission customers.

The Colorado River Commission of Nevada (Commission) and certain of its customers including the Southern Nevada Water Authority (SNWA) and its member agencies (Las Vegas Valley Water District, City of Henderson, City of Las Vegas, City of North Las Vegas, and Clark County Water Reclamation District), purchase transmission and ancillary services from NV Energy, Inc. under the rates, terms, and conditions contained in NV Energy's Open Access Transmission Tariff (OATT) which is regulated by the Federal Energy Regulatory Commission (FERC).

In December of 2012, the Commission authorized staff to intervene in FERC Docket No. ER13-255 in which NV Energy sought an 84% increase in transmission and ancillary service rates in the OATT. For the past year, the Commission and SNWA staff, and outside counsel, have pursued reductions in the rate increases proposed in Docket No. ER13-255 through joint Commission/SNWA discovery, pleadings and settlement negotiations under the supervision of FERC Judge John Dring. Several parties to the case, including the Commission and SNWA, have reached a negotiated settlement which will lock in reduced transmission and ancillary service rates for 2013 and avoid further litigation costs in this proceeding.

The initial rates filed by NV Energy would have resulted in an annual increase in the SNWA and the member agencies' transmission and ancillary service costs of approximately \$2.7 million. The interventions filed by the Commission, SNWA, and other Parties resulted in FERC suspending the proposed increased rates for the maximum suspension period of five months. And, the negotiated rates in the pending settlement agreement provide for further reductions during the period of June 1, 2013 through December 31, 2013. Taken together, the initial interventions and suspension, and the proposed settlement, have reduced the SNWA and member agencies' total net increase in costs during 2013 from \$2.7 million to approximately \$650,000.

In order to finalize the settlement as soon as possible, the Commission signed the settlement agreement and NV Energy subsequently filed the offer of settlement with FERC. Staff recommended that the Commission ratify the settlement agreement in Docket No. ER13-255.

Commissioner McCoy moved for approval to ratify the settlement agreement among Nevada Power Company and certain of its wholesale transmission customers in FERC Docket No. ER13-255. The motion was seconded by Commissioner Gibson and approved by a unanimous vote.

E. *For Possible Action:* Consideration of and possible action to approve the Colorado River Commission of Nevada Hoover power Customer contracts previously executed by the affected Customers (Contractors) which agree to the repayment of their proportionate share of securities issued by the Commission to prepay Hoover power base charges, including contracts executed by Lhoist North America of Arizona, Inc., Basic Water Company, American Pacific Corporation, the City of Boulder City, Lincoln Power District No. 1, Overton Power District No. 5, and Valley Electric Association, Inc..

Ms. Harkins gave a summary of the Hoover power Customer contracts.

The Commission's Hoover power Contractors currently make payments to the Commission sufficient to pay their individual proportional shares of all capital and operations and maintenance costs at Hoover Dam. Currently a portion of the costs borne by the Commission's Hoover power Contractors is associated with reimbursing the federal Treasury for construction funds advanced to construct the Hoover Visitor Center and Hoover Airslots (Federal Reimbursement Obligation(s)). The Federal Reimbursement Obligations are payable, with interest, through 2045.

The current interest rate associated with the Federal Reimbursement Obligation associated with the Hoover Visitor Center is 8.06% and the current interest rate associated with the Federal Reimbursement Obligation associated with the Hoover Airslots is 9.84%. At these interest rates, the total cost of reimbursement for Hoover power Contractors in Nevada is approximately \$80 million through 2045.

Under current and anticipated future market conditions, the total cost of Hoover hydropower could be substantially reduced if the Contractors authorized the Commission to issue securities at substantially lower interest rates to prepay the portion of Western Area Power Administration's (Western's) base charges for Hoover power to the extent necessary to prepay and thereby extinguish Nevada's share of the Federal Reimbursement Obligations, and agreed to pay the Commission for the costs of these securities through payment of their bills from the Commission.

It is currently estimated that the total cost to the Nevada Hoover power Contractors of refinancing the Federal Reimbursement Obligations with new lower interest rate securities issued by the Commission would be approximately \$60 million, which would save these Contractors approximately \$20 million.

At the request of the Commission, the 2013 Session of the Nevada Legislature passed, and the Governor approved, Senate Bill (S.B.) 438, which authorized the Commission to borrow up to \$35,000,000 and to issue general and special obligation securities for the purpose of funding prepayment of the State's share of the Federal Reimbursement Obligations.

The United States Bureau of Reclamation (Reclamation) and Western have issued "payoff letters" which acknowledge prepayment of the debt associated with the Federal Reimbursement Obligations, and that this debt will be extinguished if all federal Hoover Contractors in Arizona, California and Nevada pay 100% of those obligations on a single date. The Commission has been working with all federal Hoover Contractors, Reclamation and Western to ensure that all the federal Hoover contractors will deposit funds on a single date to extinguish those obligations.

The Commission's Hoover power Contractors have agreed to enter into contracts under which each will pay its proportionate share of the cost of the principal and interest and related costs of the securities associated with the prepayment of the Federal Reimbursement Obligations, for the full term of the securities.

These contracts also provide that the Commission will offer contracts to be effective by October 1, 2017, under which the participating Contractors will receive allocations for Schedule A and Schedule B Hoover power in a quantity equal to or not less than 95% of the Contractor's current allocation, at cost-based rates, for a term of 50 years. The Contractor's bond repayment obligation continues regardless of whether the Contractor accepts the new Hoover Power Contract effective on October 1, 2017.

Staff has been informed that all of its Hoover power Contractors plan to sign the proposed repayment contracts, subject to final management or governing body approvals. Should any Hoover power Contractor be unable to present an executed contract consideration and possible action by the Commission at this December meeting, Staff intends to bring all such additional repayment agreements which may be executed by the affected Hoover power Contractors on a later date before the Commission for consideration and action at a future Commission meeting.

Staff recommended that the Commission approve Hoover power contracts previously executed by the affected Contractors which agree to the repayment of a proportionate share of securities to be issued by the Commission to prepay Hoover power base charges, and authorize the Executive Director to execute for the Commission those approved contracts. Staff proposed that contracts executed by Lhoist North America of Arizona, Inc., Basic Water Company, American Pacific Corporation, the City of Boulder City, Lincoln Power District No. 1, Overton Power District No. 5, and Valley Electric Association, Inc. for Commission consideration and approval on December 10, 2013; and anticipates that the remaining contracts with Nevada Power Company d/b/a NV Energy, Titanium Metals Corporation and Tronox LLC will be proposed for Commission consideration and approval on January 14, 2014; and that Southern Nevada Water Authority's contract will be proposed for Commission consideration and approval following SNWA's January board meeting.

Chairman Ogilvie asked for clarification that all of the Contractors listed in this agenda item are not actually up for approval at this time.

Ms. Harkins stated that the only contracts being voted on at this meeting are Lhoist North America of Arizona, Inc., the City of Boulder City, Lincoln Power District No. 1, and Overton Power District No. 5. The remaining contracts with Basic Water Company, American Pacific Corporation, Valley Electric Association, Inc., NV Energy, Titanium Metals Corporation, and Tronox LLC will be submitted for approval at a later date.

Commissioner McCoy moved for approval of the Hoover power Customer contracts. The motion was seconded by Commissioner Gibson and approved by a unanimous vote.

F. *For Information Only:* Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.

Warren Turkett, Natural Resource Analyst, provided a report on the following:

- Unregulated Inflow into Lake Powell
- Storage Conditions
- Lake Powell End of Month Elevations
- Lake Mead Elevation 2000 – 2014
- Lake Mead End of Month Elevation Projections
- U.S. Drought Monitor
- U.S. Monthly Drought Outlook
- Precipitation – Colorado River Basin
- Colorado Basin above Lake Powell
- Monthly Precipitation for November 2013
- Record of Precipitation Las Vegas, NV
- Clark County Regional Flood Control District Rain Gages

- Water Use in Southern Nevada
- Water Use Comparison

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

G. Comments 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 may be taken.)

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

H. Comments and questions from the Commission members.

Chairman Ogilvie asked if there were any comments or questions from the Commission members.

Commissioner Premsrirut extended thanks to Ms. Harkins and Assistant Director of Engineering and Operations Robert D. Reese for providing a tour of the Commission's Power Delivery Facilities.

I. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on Tuesday, January 14, 2014, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.

J. Adjournment.

The meeting adjourned at 1:20 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman