

The meeting was held at 10:00 a.m. on Tuesday, September 13, 2005, at the Grant Sawyer Building, 555 E. Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman
Vice Chairman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

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

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General
Senior Deputy Attorney General

Jennifer Crandell
Gerald A. López

COMMISSION STAFF IN ATTENDANCE

Acting Deputy Director and Chief, Finance & Administration
Manager of Regulatory and Intergovernmental Affairs
Energy Services Group Manager
Renewable Energy Program Manager
Assistant Director of Engineering and Operations
Division Chief, Water
Natural Resource Specialist
Natural Resource Specialist
Accountant II
Office Manager
Administrative Assistant II
Administrative Assistant II

Douglas Beatty
James D. Salo
Gail A. Bates
Eric Dominguez
Robert Reese
James H. Davenport
McClain Peterson
Nicole Everett
Gail Benton
Deanna Bruno
Brenda Haymore
Lisa Ray

OTHERS PRESENT; REPRESENTING

Bunker & Associates
Kerr-McGee Chemical LLC
Kummer, Kaempfer, Bonner & Renshaw
Las Vegas Sun

Melissa Trammell
John Holmstrom
Mark Alvarez
Launce Rake

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF SEPTEMBER 13, 2005**

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**COLORADO RIVER COMMISSION
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The Colorado River Commission meeting was called to order by Chairman Bunker at 10:00 a.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Acting Deputy Director and Chief, Finance & Administration, Douglas Beatty confirmed that the meeting was in compliance with the Open Meeting Law.

Chairman Bunker introduced newly-appointed Commissioner Marybel Batjer. Commissioner Batjer is from northern Nevada, but now resides in Las Vegas and works for Harrah's Corporation. She served as Governor Guinn's chief of staff a few years ago and brings a lot of experience to the Colorado River Commission, and the Commission is glad to have her.

Chairman Bunker also announced the reappointment of Commissioner Shari Buck. The Commission is glad to have her back and the local government experience that she brings to the Commission.

Chairman Bunker also introduced new staff member Senior Deputy Attorney General Jennifer Crandell. She has extensive experience in litigation, and the Commission welcomes her.

B. Approval of the minutes of the June 14, 2005, meeting.

Commissioner Bingham moved for approval of the minutes of the June 14, 2005, meeting as written. The motion was approved by a unanimous vote.

C. Consideration of and possible action on award of Contract No. CRCPDP-18 for the procurement of Miscellaneous Owner-Furnished Materials for the Hacienda Substation Upgrade Project.

Acting Deputy Director and Chief, Finance & Administration, Douglas Beatty informed the Commission that Executive Director George Caan was in Washington D.C. and that appropriate staff would proceed with the meeting.

Assistant Director of Engineering and Operations Robert Reese stated that, at the Southern Nevada Water Authority's ("SNWA") request, the Colorado River Commission of Nevada ("CRC") will be partnering with SNWA to upgrade the Hacienda Substation. As part of the upgrade, CRC will be responsible for installation of the 69/4.16-kV, 20 MVA transformer bank; replacement of existing oil-filled power circuit breaker; an addition of state-of-the-art electronic relays; installation of primary metering; installation of oil containment basins around the transformers; installation of a firewall between transformer banks; and extensive modification of the substation bus work. CRC is currently in the design and material procurement stages for the project. On-site construction of the project will not take place until fall of 2006. The first contract for this project, CRCPDP-18, will include the switches, voltage transformers and a variety of

high voltage bus equipment. These items can be stored at Newport Substation until they are ready to be put in place. On June 1, 2005, CRC released Contract No. CRCPDP-18 to 12 pre-qualified vendors. Staff evaluated the bids, which considered eight separate factors including price, schedule, quality and service. Staff recommended award of Contract No. CRCPDP-18 to Southern States, Incorporated, for bid item 201 for \$16,524.00; Clark Substations, LLC, for bid items 202 through 230 and 232 for \$25,365.50; and Northern Power Equipment, Incorporated, for bid items 231, 233, and 234 for \$9,820.00. The bid prices total \$51,709.50; however, staff requested \$56,880.45, which includes a 10 percent contingency for the project. This amount is included in the capital budget for the Hacienda Substation Upgrade Project. On this particular contract, everything was broken down into line items where staff could select different components from different vendors making a more competitive price structure for our customer.

Chairman Bunker asked if there were any questions from the Commission. There were none.

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

D. Consideration of and possible action on ratification of intervention in Federal Energy Regulatory Commission ("FERC") Docket No. EF05-5091-000, regarding rates for Boulder Canyon Project hydroelectric power.

Mr. James Salo asked the Commission to ratify an intervention that staff had already filed. The reason the intervention was filed without prior consent was due to time constraints imposed by the deadline for intervention. This particular filing at the Federal Energy Regulatory Commission was made by the U.S. Department of Energy to seek FERC's consent to or confirmation of the Western Area Power Administration's ("Western") new hydroelectric rates for the Boulder Canyon Project. The issue that is of the most concern to CRC and the reason that staff intervened relates to the additional security costs required for these facilities since September 11, 2001. All of the major federal hydroelectric dams have increased security since September 11, 2001, and it is understandably appropriate. The issue is who pays for that incremental cost for security. Up to this point, the additional security costs have been paid for with tax dollars from the general revenues of the country and not directly by the hydroelectric power customers through power rates. During the last round of budgets with Congress a year ago, the Bureau of Reclamation received direction from the conference committee not to pass the security costs on to the hydroelectric power customers until Congress provides direction to do so. Notwithstanding the direction from the conference committee, Reclamation and Western included the incremental security costs in the proposed new hydroelectric rates. That is what staff commented on in its motion to intervene. Who will pay for post 9-11 security costs is a political issue and ultimately will be resolved by Congress. Staff wanted to be sure that CRC would not appear to have abandoned its position by not at least reasserting the Commission's view that these costs should not be borne solely by the hydroelectric power customers. If the Commission should decline to intervene, the intervention can be withdrawn.

Chairman Bunker asked if there were any questions from the Commission. There were none.

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

E. Consideration of and possible action to approve the Commission's intervention in the case of *Consejo de Desarrollo Económico de Mexicali, A.C., Citizens United for Resources and the Environment, Desert Citizens Against Pollution v. United States, et. al.*

Mr. Beatty said that the next four items on the agenda are water-related issues and Mr. Davenport will report on them.

Mr. Davenport reported that this intervention concerns a lawsuit pertaining to the relining of the All-American Canal. The All-American Canal delivers water from Imperial Dam into the Imperial Irrigation District and the Coachella Valley Water District in southern California. In 1988, the Congress passed a law which authorized the lining of the canal. The part of the canal that goes through the sand dunes in southern California currently has no concrete lining. The water in the canal leaks underground and moves underneath the U.S./Mexican border into the Mexicali Valley south of the border. Reconstruction is just about to begin. During the period between 1988 and the present, the saved water was agreed to be transferred to the San Diego Water Authority by the Quantification Settlement Agreement signed by the California parties, and contributes to California's plan to maintain its Colorado River water use within 4.4 maf. That would result in a reduction in total consumption in California which is one of the components upon which the surplus guidelines were adopted by the Secretary of the Interior in 2002.

Commissioner Bingham asked how much water is transferred.

Mr. Davenport said that the transfer is about 100,000 acre-feet between Imperial and San Diego and grows over the course of time. The component saved from lining the canal is just a portion of that transfer. The adopted surplus guidelines, which give the Southern Nevada Water Authority the right to take surplus in a surplus year, are premised in part on the water that would be available through various sources, including the lining. There has not been a surplus year in a couple of years, but it is expected that surplus years will occur again and the right to take surplus is an important component of Nevada's growing water supply. When a party challenges the construction of the lining of the All-American Canal it has an implication to the water supply in Nevada. If it is asserted that the water which has artificially transferred to Mexico through the fact that there is not a lining in the canal is determined to be Mexico's water or a Mexican right to U.S. water, it has the effect of diminishing the firmness of the water resource in the U.S. As a state with a right in the U.S. share of the river, Nevada has a very viable and important reason to appear in the case and defend that interest. The act of Congress in 1988 that authorized the lining of the canal gave notice to the Mexican parties that the artificial leakage would be terminated. As a result, the Mexican government made a number of diplomatic

complaints to the U.S. State Department. Those processes are all undisclosed and staff has not seen the complaints or the responses filed; however, staff is aware that all of the complaints have been rejected. The official diplomatic process on the lining of the All-American Canal is complete. Notwithstanding that, private parties, including environmental groups and economic development organizations in the Mexicali Valley, have filed a lawsuit in the U.S. District Court in Las Vegas, which asks the court to enjoin the lining of the All-American Canal. There are basically two kinds of claims that are stated in the case. The first group's claims assert an interest in the water and, is a water right-type of claim; the second group of claims are environmental claims. Staff has had conversations with the plaintiffs' counsel regarding the case and reached an agreement that the plaintiffs would not object to the intervention of the State of Nevada and the Southern Nevada Water Authority in the case. Staff has not filed any substantive pleadings in the case but plans to do so soon, should the Commission approve intervention in the case.

Commissioner Anderson asked what the timetable for the lining is.

Mr. Davenport said that he doesn't believe there is any construction equipment in the field today, but it is imminent.

Commissioner Anderson stated that it is vital for the agreement between Nevada and the other states that the lining of the All-American Canal be completed, and that it is very important that Nevada intervene to try and stop the lawsuit.

Commissioner Bingham asked that where the water is flowing, if the All-American Canal was a man-made canal or if it is a natural tributary.

Mr. Davenport replied that it is a man-made canal.

Commissioner Bingham asked if there was leakage prior to the construction of the man-made canal.

Mr. Davenport said that before the construction of the All-American Canal the water flowed to the Imperial Irrigation District through the Alamo Canal. The Alamo Canal went south into Mexico, made a big turn and moved back into the U.S. One of the reasons the All-American Canal was constructed was because of concern about the security of the resource.

Commissioner Bingham asked if there was leakage occurring when the Alamo Canal was used.

Mr. Davenport said that the Alamo Canal was an unlined canal and the materials used were porous.

Commissioner Bingham asked if the plaintiffs are suggesting that the water is only being used for the environment and not for domestic uses.

Mr. Davenport said that the water is primarily used for irrigation purposes. The water is being pumped out of the ground, and in some cases the pumped water is moved through a pipe back into their irrigation canals. Staff is not aware if any of the water is being used for municipal purposes, but it is possible.

Commissioner Bingham asked if it is known how much water is being used in acre-feet.

Mr. Davenport said that this is one point that the plaintiffs do not represent clearly in their complaint. In Mexico, there is a system of water rights which are called "concessions." The nation of Mexico owns all of the water rights in Mexico pursuant to the Mexican constitution. A paper document from the Mexican government, called a "concession," entitles the use of water. The plaintiffs do not allege that they have such a document, but presuming that they do have such a document there would then be a record of the water that has been withdrawn, if the government has kept it.

Commissioner Bingham asked who the plaintiffs' counsel is.

Mr. Davenport replied that counsel for the plaintiffs are Lewis, Brisbois, Bisgaard and Smith of San Diego, and Mr. Bill Snape for the Citizens United for Resources and the Environment.

Commissioner Robison asked if Consejo de Desarrollo Económico de Mexicali, A.C., is an economic development group.

Mr. Davenport said that that is how they represent themselves in the complaint.

Commissioner Robison asked staff about the potential success of this lawsuit on the part of the plaintiffs.

Mr. Davenport replied that it was too early in the case to say, and staff wouldn't want to speculate publicly on the merits of their case.

Commissioner Robison asked if this lawsuit has any impact on the treaty interest between the U.S. and Mexico in regard to the flow of the Colorado River.

Mr. Davenport said that the treaty has a major impact on the case; however, the case has little impact on the treaty. He explained that one of the issues is whether the treaty answers all of the legal questions in the case, and whether the treaty dictates that the issues be resolved in a diplomatic forum rather than a judicial forum. There are other treaty issues, but those are early issues that are being thought about now and will be discussed with the court.

Commissioner Williams said that it seems the intervention is needed to protect the surplus agreements and that it appears that the Commission doesn't have much of a choice but to intervene.

Mr. Davenport agreed.

Commissioner Batjer asked what the actual volume of flow of water was to Mexico that existed naturally prior to the building of the Alamo Canal and the All-American Canal.

Mr. Davenport stated that before the Imperial Irrigation District, the earliest agricultural irrigation in the lower Colorado occurred between 1895 and 1902. Prior to the construction of Hoover Dam, all of the river water, some 15 to 20 maf per year flowed through Black Canyon, through Mexico and out to the Sea of Cortez. It carried large amounts of water and sediment, which created the Colorado River delta and the fill in which this seepage water now sits. The Alamo Canal was built sometime between 1890 to 1901.

Chairman Bunker said that the Commission is pleased that the lawsuit was filed in Las Vegas and that the case will be heard locally. He asked when the U.S. and Mexican treaty was signed.

Mr. Davenport said that the treaty was signed in 1944.

Chairman Bunker stated that the amount of water going into Mexico was quantified at 1.5 maf.

Mr. Davenport agreed.

Chairman Bunker indicated that there have been times when more than 1.5 maf of water flowed to Mexico, whether it was because Imperial Valley didn't take the orders and let the water flow downstream. What remains a concern is who the economic interests are in Mexico. If it is agri-business in the U.S., that will put a different slant on what is going on; however, irrespective of who that might be, the Commission doesn't have a choice but to protect Nevada's interest. One of the concerns of the Seven State forum is over who is responsible for the delivery of the 1.5 maf per year to Mexico. Whether it is an upper basin or lower basin responsibility, or if it is the position that the lower basin has taken: that it is a joint seven state responsibility. Undoubtedly, this is going to be discussed at length before final negotiations or understandings are reached on how to manage the river.

Mr. Davenport noted that the Colorado River Commission of Nevada is the statutory trustee for Nevada's share of the Colorado River resource. Given the performance of the public in Las Vegas over the last several years, its water management, water use, and its growing sensitivity to its limited water supply, it is incumbent upon the trustee to do everything possible to make sure that the resource stays as firm as possible, and an action to intervene is one of the things a trustee does to protect the resource.

Commissioner Bingham said that what remains a question of concern and importance is who the economic interests in Mexico are.

Commissioner Bunker added that staff is trying to find that out.

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

F. Consideration of and possible action to approve a personal services contract with Columbia Research Corporation to complete a study which compiles information regarding the legal regimes of major interstate river basins in the United States and includes additional river systems of the eastern and southern United States.

Mr. Davenport stated that about a year ago, the Commission approved execution of a personal services contract with Columbia Research Corporation to conduct a study collecting federal and state laws pertaining to the major interstate river systems of the United States. Over the course of the years, the law related to other river systems has been very hard to find. The work that has been done by Columbia Research Corporation to date has collected a great deal of that very hard to find information that relates both to the authorization of the legal regimes, the public works projects and the various issues that have happened in other river systems. However, work needs to continue and be moved to a position where staff is comfortable with an adequate amount of information on an adequate number of river systems in order to begin to analyze the documentation and see what staff can learn about management regimes and allocation systems that are being used in the country today. Staff recommended approval of a renewal contract with Columbia Research Corporation to complete work which was started a year ago.

Commissioner Bingham asked who was monitoring this project and if staff was satisfied with the results so far.

Mr. Davenport responded that he was monitoring the project and is very satisfied with the results.

Commissioner Anderson asked if there were any similarity with how other states manage their water, or if there are some that are very different from others.

Mr. Davenport said that this is about interstate systems rather than state management. Staff is looking at groups of federal statutes which authorize projects, such as on the Missouri, the Mississippi, and other rivers of the nation. They tend to be different rather than similar, but have comparative factors that are informative.

Commissioner Anderson added that it would be interesting to see the final result.

Commissioner Robison commented that this is a tremendously important study to complete and have available to the Commission.

Commissioner Williams asked if the study will include all of the tributaries and how they are handled, and if they include interstate or those just in-state.

Mr. Davenport said that some of the other river systems include the tributaries and others do not. For example, the Missouri and the Mississippi, one is a tributary to the other but their legal regimes are independent.

Commissioner Robison asked if this study would address those kinds of questions.

Chairman Bunker added that in the Seven States forum an interesting fact is that the states that seem to have the most knowledge have a great opportunity to help swing the debate as issues are discussed, and Jim Davenport has made genuine efforts to be sure that Nevada has as much information as possible. It is imperative that the Commission do all it can to increase the information and knowledge that staff has because ultimately hearings could take place, which is where this type of information would be useful. Some of the pertinent information that is currently being developed could help staff in the negotiation process because it would give staff an idea of what other jurisdictions are doing in regards to water issues.

Mr. Davenport further stated that the materials relating to the Colorado River, which the Commission assembled several years ago, are now in the special materials collection at the University of Nevada Las Vegas.

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

G. Consideration of and possible action to approve funding to partially support the National Academy of Sciences/National Research, Council Water Science and Technology Board study entitled "The Scientific Bases of Colorado River Basin Water Management."

Chairman Bunker stated that after further review and meeting with staff, it is suggested that the Commission hold off on approval in order to obtain better information on exactly what this organization is trying to accomplish

Commissioner Robison added that the technical capabilities of the participants are fine, but that the State of Nevada also has significant technical capabilities within the University System, and he would like UNLV and the Desert Research Institute to be a part of this study.

Mr. Davenport recommended that the Commission not go forward without being completely comfortable with the study.

Commissioner Robison suggested that the group provide a presentation to the Commission at a future meeting.

Commissioner Batjer said that what appears in the description of the purpose of the study is extremely important and goes beyond what the Commission's concerns are, and

suggested that there may be a lack of adequate technological expertise or perhaps a lack of adequate in-state technological expertise.

Mr. Davenport said that one of the issues that is prevalent in the Seven States discussion is whether the volume of water in the Colorado River, which was presumed when the Compact was negotiated, is in fact a good estimate of the amount of water in the river. Staff has 100 hundred years of data, of measurement, on record. The question has been posed whether that hundred years' of data is an accurate representation of thousands of years that the river has run. This group wants to take a technical look at the question of how one would produce a record that could be relied upon to do river management on the Colorado River system. This is a technical question, but as the Commission acknowledged, it is a political question too. The Commission needs to be comfortable with the politics of the study prior to proceeding with the funding.

Commissioner Bingham asked how the Commission could get comfortable with the politics behind the study.

Chairman Bunker said that it would be helpful if a staff member of CRC was in the oversight group, and asked if it would be possible to include others.

Commissioner Batjer asked if the appointing body was the National Research Council.

Mr. Davenport affirmed that it is.

Commissioner Williams asked if there could be a pre-conceived result, but believes the study is very important to Nevada and requested more information.

Chairman Bunker asked staff to investigate if the study is in Nevada's best interest and agreed that strengthening scientific basis of the river's management is needed, but doesn't want to get caught in a crossfire if something that the Commission funded is not going to work.

Commissioner Williams requested information on the qualifications of the Water Science and Technology Board.

Commissioner Robison asserted that the National Academy of Sciences and the National Research Council are highly credible, probably the most credible of any of the scientific organizations in the country and presumes from that, that the panel is a highly credible panel, but agreed it would be beneficial to review their qualifications and that it would be in the Commission's best interest to have representation beyond the representative from the Desert Research Institute.

Commissioner Buck asked if other states have been asked to help fund this study.

Mr. Davenport said that there was a general solicitation for support of the study.

Commissioner Buck asked if there is support from other states, and added that it seemed all of the historic information now available would be sufficient.

Mr. Davenport said that one of the major questions in evaluating the historical record of the river is whether it fits with the dendrochronological studies (tree ring studies), which looks at times prior to the historical record. This group would review that published information.

Commissioner Buck asked if the Commission has records that go as far back as 100 years and if the study will provide information that goes back farther than 100 years.

Mr. Davenport said that the Bureau of Reclamation has records that go back as far as 100 years and that the dendrochronological information would provide data that goes back beyond a hundred years.

Commissioner Anderson pointed out that the Commission is being asked to fund a portion of the study without a budget break-down and according to the documentation provided, the committee will only meet four times during the year. It was suggested that staff find out whom is getting paid and for what the funds are being used prior to funding it.

Chairman Bunker asked if there were any further discussion. There was none.

Commissioner Bingham moved to follow the recommendation of the chairman and table action on this item. The motion was approved by a unanimous vote.

H. Report on the Secretary of the Interior's policy development regarding Colorado River shortages and conjunctive management reservoirs.
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Chairman Bunker explained that the reason this item is on the agenda is because there have been several Seven States meetings in the last few months, and thought that a report to the Commission would be helpful and enlightening on some of the issues that are happening.

Mr. Davenport provided an explanation of what the Seven States meetings are prior to reporting on the shortages and conjunctive management. The Colorado River Compact creates no commission, no formal process by which the states get together; nor does any federal statute do so. The Boulder Canyon Project Act has no provision in it which provides for the states to get together; there are no regulations; there is basically no legal infrastructure for a Seven States organization. The consequence is that the states have always met through an ad hoc process. When one governor's representative feels that there is an issue that needs discussion, he contacts the others and convenes a meeting. That is the way the process still exists today. The Seven States meetings are just casual meetings of people who happen to be designated by their respective governors to attend and represent those states at the meetings. The schedules are not set in advance, the meetings basically follow from one meeting to the next, usually coincidentally located

when another conference is going on. The subject matters that are perhaps being discussed by the Secretary of the Interior or the Bureau of Reclamation, such as the annual operating plan meetings, give rise to issues about which the states feel discussion is required. One of the significant features of a system that works like this is that the individual personal relationships between the representatives of the Seven States become very important. The length of association and the length of trust become important, and the knowledge of the political realities and sensitivities of the representatives from the other states also becomes very important. The group begins to create its own collegiality and common respect. It is not a group with a formal origin and therefore people don't come and go from it by appointment in quite the same way it would as if there were formal vacancies in the Seven State process. A good example of how this collegiality and length of service becomes important is the Arizona Water Banking Agreement which Nevada structured with Arizona about a year and half ago. That is an idea which developed out of the understanding by the other states that Nevada was finding itself in a box and was going to need to develop a water resource which wasn't in the then existing legal infrastructure of the Colorado River system. That reality occurred about 15 years prior to the agreement being structured. It took a lot of changing of views about what the law is and what the law can provide, and in creation of regulations that can be tucked in and added on to the system to facilitate the development of the idea that had occurred there. Were it not for the fact that Nevada had long-standing representation in the Seven States process, working with the Arizona representatives and the representatives from the other states that transaction would have been very difficult to accomplish. The surplus guidelines arose out of the Seven States meetings and could not have been formed in the way that they were without the mutual respect and trust of the states that had participated in that discussion for some years. The states are engaged in another process now, which relates to shortage and conjunctive management of the reservoirs.

There are basically two kinds of meetings involving the Seven States: one type tends to be called the Principals' meeting, which is a meeting where Chairman Bunker and General Manager Mulroy will be present with similar persons from the other states. The second type of meeting would be a Technical Committee meeting, where engineers and lawyers look at issues, computer modeling, and use available data about the river to project forward what the likelihood of certain events might be. Those meetings are also developed a case at a time as needed to address certain issues. The Technical Committee would then report back to the Principals' meeting with a proposed action or issue to discuss, or to obtain additional direction from the principals of the Seven States.

Commissioner Anderson noticed that on the signature page of the letter addressed to the Department of the Interior that there was no representative from California, and asked if California is involved in this process.

Mr. Davenport stated that California is represented most often by Mr. Gerald Zimmerman, who is the director of the Colorado River Board of California, and sometimes by the director of the California Department of Water Resources.

Commissioner Anderson asked if these appointments are political appointments by the governor and if they change as governors change, or if they are more for expertise that they tend to stay on board.

Mr. Davenport said that they tend to be the latter, that governor's representatives tend to be individuals from other states who are in positions like the CRC chairman that are the head of a state agency with responsibility for Colorado River matters. In reference to the letter adopted by the Seven States on August 25, 2005, the letter contains the comments of the Seven States in response to the Bureau of Reclamation's request for comments on which to base the scoping of its environmental impact statement, which will be written in support of whatever shortage rule the bureau decides to adopt. There are now three submissions on this subject, the Seven States letter, the submission by the environmental groups, and the submission by the Navajo Nation. There may be others received by the bureau by the deadline which was the end of August. This letter represents a description of the discussion that occurred in the Seven States substantively on the issue of management strategies to address operations of Lake Powell and Lake Mead under low reservoir conditions. The letter described what would happen in a shortage and how the two reservoirs could be used to address drought, rather than just Lake Mead being used to address drought in the lower basin. There are a lot of big issues in the letter, some of which are easier to address under the current law of the Colorado River and others that are harder to address under that law. It is expected that the Seven States will go forward in the next several months to a year to discuss these issues to see if there is a better way that the states can respond to a shortage than what would otherwise have been possible.

Chairman Bunker emphasized the sensitivity of the issues staff is currently working on in the water area. He stated that, given the ongoing negotiations, staff should continue to be cautious about the venues in which discussion takes place, and be very guarded in the dissemination of that information. Fifteen years ago when discussions about the Arizona water bank began, had that become public information at the time it would have been controversial and probably never would have happened.

Commissioner Robison added that it was important to be aware of what the Seven States are involved in.

Chairman Bunker stated that at the last Seven States meeting, it was very challenging to get the Nevada language included in the Seven States letter. The final letter that was submitted at the time did not include the Nevada language. Nevada had to be very firm in its resolve to be sure that the letter included the Nevada language or the states would have had to send the letter to the Secretary without Nevada, which none of the other states were interested in doing. After a lot of give and take, staff was able, through the drafting process, to include the Nevada language. Jim Davenport has provided exceptional service as an authority on water and as an attorney to the State of Nevada. This is basically his language that he was able to put together at the last minute, that the other states were agreeable to and the Commission is very fortunate to have Jim in that venue.

Mr. Davenport thanked Chairman Bunker for his support in the Seven States conversations, and added that one thing that makes a lawyer's job easier is when his client backs him up, and it is invaluable to have the kind of support that the Chairman gives.

I. Notification of receipt of Government Finance Officers Association's award of the Certificate of Achievement for Excellence in Financial Reporting for the Commission's annual financial report for the fiscal year ended June 30, 2004.

Chairman Bunker stated that the Commission is very fortunate to have a very dedicated staff who works efficiently to achieve this award on an annual basis year after year. He commended Douglas Beatty on his management and leadership, and for the things that he and George Caan have accomplished to make the financial reporting of the Commission something that is respected and worthy of the award.

Mr. Beatty thanked the Commission.

J. Comments and questions from the public.

Chairman Bunker asked if there were any questions from the public. There were none.

K. Comments and questions from the Commission members.

Chairman Bunker asked there were any questions from the Commission. There were none.

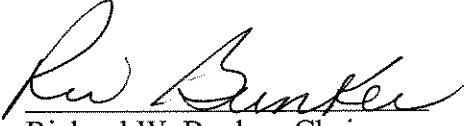
L. Next meeting date selection.

The next meeting is tentatively scheduled for Tuesday, October 11, 2005, at the Clark County Commission Chambers at 10:00 a.m.

The meeting adjourned at 11:07 a.m.


George M. Caan, Executive Director

APPROVED:


Richard W. Bunker, Chairman