

The meeting was held at 1:05 p.m. on Tuesday, September 10, 2013 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	George F. Ogilvie III
Vice Chairman	Berlyn Miller
Commissioner	J. Brin Gibson
Commissioner	Puoy K. Prensirut
Commissioner	Steve Sisolak

COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Bob Coffin
Commissioner	Duncan R. McCoy

SPECIAL COUNSEL, ATTORNEYS GENERAL

Special Counsel, Attorney General	Jennifer T. Crandell
Special Counsel, Attorney General	Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Executive Director	Jayne Harkins, P.E.
Deputy Executive Director	James D. Salo
Assistant Director of Engineering and Operations	Robert D. Reese
Manager, Energy Services	Gail A. Bates
Manager, Hydropower Program	Craig N. Pyper
Manager, Natural Resources Group	McClain L. Peterson
Assistant Hydropower Program Manager	Lisa M. Ray
Hydropower Program Specialist	Dana Corkill
Senior Accountant	Gail L. Benton
Senior Energy Accountant	Richard M. Sanders
Senior Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant IV	Brenda L. Haymore
Administrative Assistant III	Carol L. Perone
Administrative Assistant II	Gina L. Goodman

OTHERS PRESENT; REPRESENTING

Consultant	Sara A. Price, Esq.
Overton Power District No. 5	Mendis Cooper
Self	Todd Farlow
Self	Jim Hoffman
Southern Nevada Water Authority	Kathy Flanagan

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

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:05 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 and questions 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 or questions from the public. There were none.

Chairman Ogilvie welcomed the newest member of the Commission, Commissioner Puoy Premsirut.

Chairman Ogilvie tabled Agenda Items C and E until Vice Chairman Miller's arrival.

D. For Possible Action: Consideration of and possible action to approve Contract No. SA-13-02 for Materials Purchasing Services between Peak Substation Services and the Colorado River Commission of Nevada (Commission).

Assistant Director of Engineering and Operations Robert D. Reese provided a summary of the contract for Materials Purchasing Services between Peak Substation Services and the Commission.

Under Nevada State Purchasing Division guidelines, designated Power Delivery Group (PDG) Staff have the ability to purchase items costing less than \$5,000.00 from vendors with whom the Commission has established accounts. This purchasing mechanism allows the PDG to purchase small tools and items such as low voltage wire, conduit, and replacement luminaries. However, many individual items and replacement parts within the Commission's transmission system cost in excess of \$5,000.00. Relays and metering equipment typically cost between \$5,000.00 and \$30,000.00, communication modules cost between \$3,000.00 and \$10,000.00, transformer bushings cost up to \$100,000.00, tap changer controls cost approximately \$12,000.00, and replacement switches can cost between \$7,000.00 and \$15,000.00.

To provide the PDG with the ability to obtain replacement equipment and material which costs more than \$5,000.00, and to replace the previous materials purchasing contracts that are expired, a Request for Proposals (RFP) for Materials Purchasing Services was issued on July 16, 2013. The RFP was posted on the website for the Commission and the Nevada State Purchasing Division, advertised in the *Las Vegas Review-Journal* and sent to various wholesale distributors.

On the proposal opening date, August 13, 2013, two proposals were received—one from Peak Substation Services (Peak) and another from HD Supply Power Solutions, Ltd. (HD Supply). Contract No. SA-13-02 for Commission consideration under this agenda item is with Peak Substation Services. The Commission is continuing its negotiations with HD Supply.

This contract is an enabling type contract that allows the Commission's PDG to receive a quotation each time a purchase is to be made. If the Commission has contracts with multiple vendors, quotations will be solicited from each vendor and compared. The vendor offering the most favorable terms will be issued a purchase order to furnish the required items.

Under the proposed Contract No. SA-13-02, a not-to-exceed amount of \$250,000.00 has been established for a contract term of four years. Contract SA-13-02 is non-exclusive. The Commission is not obligated to purchase materials under the contract. The Commission's only financial obligation to Peak (other than for the materials provided) will be to reimburse Peak for the cost of the required performance bond. If materials are purchased by the Commission, Peak will be reimbursed for the cost of the material plus a service fee. The contract contains the Commission's standard requirements relating to performance bonds, insurance, liability, and payments.

The materials purchasing contract being considered under this agenda item is intended to serve as a means to purchase needed materials costing in excess of \$5,000.00, but is not intended as a method to purchase items for capital projects or large items such as a power transformer. Materials for capital projects and large-scale replacement purchases will continue to be brought before the Commission for consideration.

Staff recommended the Commission approve the contract with Peak Substation Services, and authorize the Executive Director to sign it on behalf of the Commission.

Commissioner Sisolak moved for approval of the contract with Peak Substation Services, and to authorize the Executive Director to sign it on behalf of the Commission. The motion was seconded by Commissioner Gibson and approved by a unanimous vote of those present. Vice Chairman Miller was not present for the vote.

<p>F. <i>For Information Only:</i> Informational Review of the Colorado River Commission of Nevada's Collateral Requirements and Procedures.</p>

Hydropower Program Manager Craig Pyper noted that in accordance with the Nevada Revised Statutes, the Commission is required to review its collateral requirements for its power customers each October. To help provide answers to questions that were raised during the 2012 review, as well as to provide information for newly appointed Commissioners, Staff provided a presentation of those collateral requirements and procedures.

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

Chairman Ogilvie asked if all the customers with collateral amounts listed within the presentation are exactly one-fourth of their gross annual purchases as required by statute.

Mr. Pyper said that is correct.

Vice Chairman Miller arrived at this time.

Chairman Ogilvie recalled that in November 2012, on the item for approval for the collateral amounts, Commissioner Coffin had questions about evaluating whether or not the amounts could be reduced. Chairman Ogilvie asked that since Commissioner Coffin could not attend the meeting today that this presentation be shared with him at another time.

Mr. Harkins replied that staff will do that.

Commissioner Sisolak stated that he assumed the cash collateral is interest-bearing.

Mr. Pyper responded, yes it is.

Commissioner Sisolak asked if the customers get the interest.

Mr. Pyper answered yes.

Commissioner Sisolak asked what the Commission invests in that is interest-bearing.

Mr. Pyper replied that the cash funds are handled by the Nevada State Treasurer's Office. Staff receives quarterly statements providing the interest earned and all disbursements are given to our customers as credits through their hydropower invoices.

Commissioner Sisolak asked for clarification that the Commission receives the interest and credits the funds back to the customers in the form of credits on their bills.

Mr. Pyper responded that is correct. It is processed quarterly.

C. For Possible Action: Approval of minutes of the August 13, 2013 meeting.

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

E. *For Possible Action: Consideration of and possible action to authorize the Executive Director to execute and deliver a Quit Claim Deed, in substantively the same form, from the Colorado River of Nevada (Commission) on behalf of the State of Nevada to Clark County, Nevada, to transfer all remaining interest in land adjacent to the Colorado River, in Laughlin, Nevada, each in compliance with the legislative directive in subsection 1 of section 11 of Chapter 427, Statutes of Nevada 2007 [Senate Bill 301 of the 74th Regular Session of the Nevada Legislature].*

Deputy Executive Director James D. Salo gave a summary outlining the Quit Claim Deed process that would transfer all remaining interest in land adjacent to the Colorado River, in Laughlin, Nevada, each in compliance with the legislative directive in subsection 1 of section 11 of Chapter 427, Statutes of Nevada 2007 [Senate Bill 301 of the 74th Regular Session of the Nevada Legislature].

Beginning in the 1960's, the Commission acquired approximately 15,000 acres of land from the federal government on behalf of the State of Nevada to be held for development or sale for development under the Fort Mohave Valley Development Law. All proceeds from the sale of portions of that land for development, beyond the amounts owed and paid to the federal government for the original land acquisition, remained in the Fort Mohave Valley Development Account to be used primarily for management and potential development of the Laughlin land. By early 2007, the Commission still retained approximately 9,000 acres with the remaining acreage having already been sold or otherwise transferred to various private and public parties to support wide-ranging development in Laughlin, including the Mohave Coal-fired power plant, commercial development, residential development, the creation of a State Park, a Boy Scout Camp, and multiple public infrastructure developments desired by Clark County and the Town of Laughlin.

The 2007 Session of the Nevada Legislature passed Senate Bill 301 (*Chapter 427, Statutes of Nevada 2007*) which directed the Commission and the Nevada Division of State Lands to transfer via Quit Claim Deeds all remaining Commission land to Clark County, and further directed the Commission to transfer all remaining funds in the Fort Mohave Development Account (approximately \$9 million) to Clark County. During June 2007, the remaining Fort Mohave Development Account funds were transferred to Clark County and both state agencies delivered Quit Claim Deeds to Clark County. Because the Division of State Lands desired to litigate a legal question in Nevada relating to the applicability of the "Public Trust Doctrine" to certain lands along the Colorado River, the legal description in the Quit Claim Deed from the Division of State Lands did not include certain acreage along the river. Thus, the two 2007 Quit Claim Deeds were not identical in scope or effect.

With this history in mind, coupled with the fact that most of the 9,000 acres had never been comprehensively surveyed in any detail, representatives of Clark County and the Commission have been discussing for some years the need to clear up the formal legal title to certain parcels of land which should have been covered by the Commission's and the Division of State Lands' 2007 Quit Claim Deeds but were not. Once the Division of

State Land's litigation was processed successfully to the Nevada Supreme Court and remanded back to the trial court, a settlement was reached and approved defining exactly which acreage along the river would be retained in state ownership through the Division of State Lands under the newly-recognized Public Trust Doctrine and which acreage would be held by Clark County.

Recent discussions between representatives of the Commission, Clark County, the Town of Laughlin and the Division of State Lands have resulted in agreement that both the Commission and the Division of State Lands should in the near future execute and deliver to Clark County supplemental Quit Claim Deeds transferring formal legal title to two specific parcels of land in Laughlin, totaling approximately 86 acres, which were erroneously omitted from the legal description in the two 2007 Quit Claim Deeds transferring approximately 9,000 acres of land to Clark County.

During the research of title records and related documents performed since 2007, a separate, unrelated parcel of land was identified under the alignment of Casino Drive in Laughlin, Nevada, for which no record could be found of any previous dedication of easement or other comparable transfer of rights from the Commission to Clark County to allow use of the land for road and utility purposes. This strip of land, approximately 8 acres, is located upstream from and is not adjacent to the two parcels discussed above.

Representatives of the Commission, Clark County, the Town of Laughlin, and the Division of State Lands agree the Quit Claim Deeds from the Commission and the Division of State Lands should be drafted to resolve the "cloud" on the title to the all three parcels of land totaling approximately 94 acres.

The proposed single Quit Claim Deed transfers both the approximately 86 acres of undeveloped land partially bordering on the Colorado River commonly known as Clark County Parcel Numbers 265-00-001-007 and 265-00-001-009 and the approximately 8.0 acres of undeveloped land within the alignment of Casino Drive commonly known as Clark County Parcel Number 264-26-000-005.

Staff recommended that the Executive Director be authorized to execute and deliver the Quit Claim Deed, in substantively the same form, from the Commission to Clark County, Nevada.

Commissioner Gibson stated for the record that he had represented one of the other parties in this matter. That representation has ended, but out of an abundance of caution Commissioner Gibson abstained from the vote.

Commissioner Sisolak stated for the record that Commissioner Gibson did a fine job representing Clark County. Unfortunately it did not come to fruition and we are all worse off because of that. It was in no fault of his representation. Commissioner Gibson did a fine job and worked hand-in-glove with Commissioner Sisolak.

Vice Chairman Miller moved to approve and authorize the Executive Director to execute and deliver the Quit Claim Deed, in substantively the same form, from the Commission to Clark County, Nevada. The motion was seconded by Commissioner Premsrirut and approved by a unanimous vote of the remaining Commissioners. Commissioner Gibson abstained from voting on this item.

G. *For Information Only:* Status update on the Colorado River Commission of Nevada's efforts to implement the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.

Mr. Pyper provided an update on Staff efforts to implement the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.

- Staff submitted comments to Western Area Power Administration (Western) addressing concerns about their criteria.
- Western has taken them under advisement and revised criteria are expected at the end of the month or early October.
- The Commission's 11 megawatt allocation process will begin after Western implementation begins.
- Staff is working on rule-making proceeding.
- Informational workshops were held with customers and potential customers.
- Staff will continue to hold workshops and hearings.
- A dedicated website has been established: www.crchoovertime.com
- Staff maintains an address database with contacts and distribution lists.
- Staff is striving to notify all the political sub-divisions, entities, cities, townships and those that might be eligible.
- Staff is working on a proposal to present to the Commission.
- Timelines are being developed for presentations for public comment and public review.

Chairman Ogilvie asked how many agencies and entities are on the Commission distribution list.

Mr. Pyper replied that although he does not have exact numbers concerning individual agencies, there are well over a hundred people on the current distribution list. The list includes some of the Commission's current customers and quite a few interested parties including public agencies. Staff has been working with several entities in a different county that are considering consolidating their different interests into possibly one load. Staff has provided the interested parties with contact information of similar entities in Arizona who have a similar association. Staff has also been in communication with four Native American Tribes in the marketing area, three of which have loads, to ensure their awareness of this ongoing process.

H. 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.

McClain Peterson, Manager, Natural Resources Group, provided a report on the following:

- Unregulated Inflow into Lake Powell
- Storage Conditions as of September 3, 2013
- Lake Powell End of Month Elevations
- Lake Mead End of Month Elevation Projections
- Precipitation – Colorado River Basin
- Lake Powell Unregulated Inflow
- 2014 Lake Powell Unregulated Inflow Scenarios as presented in Annual Operating Plan (AOP)
- 2013 AOP Lake Powell Unregulated Inflow Projections WY2013
- Monthly Precipitation for July 2013
- Record of Precipitation, Las Vegas, NV as of August 31, 2013
- Lower Basin Side Inflows - 2013
- U.S. Monthly Drought Outlook
- Water Use in Southern Nevada
- Lake Mead Temperature
- Hoover Dam Outfall Temperature

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

I. Comments and questions 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 other comments or questions from the public.

Mr. Todd Farlow, of 240 North 19th Street, Las Vegas, Nevada 89101, addressed the Commission. Mr. Farlow asked when the Commission requires reserves on their customers do they require reserve on the Commission too. Mr. Farlow asked how much money does the Commission keep back to pay the bills and is it on a monthly basis or is the Commission required to have money set aside.

Chairman Ogilvie thanked him for his comments.

Mr. Tim Hoffman, of 7735 Lofty Hill Court, Las Vegas, Nevada 89123 had a question about the status update on hydrologic conditions. Mr. Hoffman was curious to know if the decline in water consumption in the valley was due to the storm.

Chairman Ogilvie commented that he did not believe the report stated that there was a decline in water consumption.

Mr. Hoffman clarified that he understood it to mean that the decline Nevada took out of the Colorado River was combined with the large increase that Nevada puts back into the Colorado River and he may have misunderstood.

Ms. Harkins responded that there is a decrease in water consumption which is diversion less return flows, and that the return flows have gone up.

Chairman Ogilvie said that is correct.

Mr. Hoffman commented that he was wondering did we build a better sewer system. What is the root cause?

Mr. Peterson answered there are a number of reasons, including the temperature throughout the year, and Southern Nevada Water Authority (SNWA) installation of smart water meters which reduce the amount of water use. Another reason is SNWA's "Cash for Grass" program. If Nevada pulls out more grass we have more water available.

J. Comments and questions from the Commission members.

Chairman Ogilvie asked if there were any comments or questions from the Commission members. There were none.

K. Selection of the next possible meeting date.
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The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, October 8, 2013, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

Ms. Harkins introduced a new staff member, Hydropower Program Specialist Dana Corkill. Ms. Corkill has a Chemical Engineering degree and is a graduate of the University of Reno.

L. Adjournment.

The meeting adjourned at 1:47 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman