

The meeting was held at 1:30 p.m. on Tuesday, February 14, 2017, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairwoman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Puoy K. Premrirut
Marilyn Kirkpatrick
Duncan R. McCoy
Steve Sisolak
Dan H. Stewart
Cody T. Winterton

DEPUTY ATTORNEY GENERAL

Special Counsel, Attorney General

Christine Guerci-Nyhus

COMMISSION STAFF IN ATTENDANCE

Executive Director
Chief of Finance and Administration
Assistant Director of Energy Services
Assistant Director of Engineering and Operations
Assistant Hydropower Program Manager
Information Technology Systems
Natural Resource Analyst
Natural Resource Analyst
Senior Accountant
Office Manager
Administrative Assistant IV
Administrative Assistant III
Administrative Assistant II

Jayne Harkins, P.E.
Douglas N. Beatty
Gail A. Bates
Robert D. Reese
Lisa Ray
Kaleb Hall
Peggy Roefer
Warren Turkett, Ph.D.
Gail L. Benton
Judy K. Atwood
Kathryn Aguilar-Logan
Kristina Perry
Alison M. Otero

OTHERS PRESENT; REPRESENTING

Consultant, Colorado River Commission
Overton Power District No. 5
Piercy Bowler Taylor & Kern
Self

Sara A. Price, Esq.
Mendis Cooper
Corey Dalley
Becky LaGrow
Randall Ozaki
Terry Romero
Richard Bowler
Joseph P. Dabrowski and family

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF FEBRUARY 14, 2017**

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The Colorado River Commission meeting was called to order by Chairwoman Premsrirut at 1:30 p.m. followed by the Pledge of Allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins, P.E., 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 may be taken.)

Chairwoman Premsrirut asked if there were any comments from the public. There were none.

C. For Possible Action: Approval of minutes of the January 10, 2017 meeting.

Commissioner McCoy moved for approval of the minutes. The motion was seconded by Commissioner Winterton, and approved by a unanimous vote.

D. For Possible Action: Consideration of and possible action to adopt Colorado River Commission of Nevada Resolution 2017-1 commending Joseph P. Dabrowski for his service to the Colorado River Commission of Nevada (Commission).

Ms. Harkins read Colorado River Commission of Nevada Resolution 2017-1 into the record commending Joseph Dabrowski for his service to the Commission. A copy of the resolution is attached and made a part of the minutes. (See Attachment A.)

Chairwoman Premsrirut, Commissioner McCoy and Commissioner Sisolak thanked Mr. Dabrowski for his years of service to the Commission and his community. They all wished him well in his future endeavors.

Commissioner McCoy made a motion to approve Colorado River Commission of Nevada Resolution 2017-1. This was seconded by Commissioner Winterton and approved by a unanimous vote.

Mr. Dabrowski received a round of applause thanking him for his service to the Commission.

E. For Possible Action: Consideration of and possible action to approve Amendment No. 1 to the Interlocal Contract between the Commission and the Silver State Energy Association.

Gail Bates, Assistant Director of Energy Services, presented the background and recommendation for the Commissions' consideration. Staff recommended the Commission

approve Amendment No. 1 to the Interlocal Contract between the Commission and the SSEA, and authorize the Executive Director to sign the agreement on behalf of the Commission.

In 2007, the Commission, along with several of its customers, entered into a cooperative agreement to form the Silver State Energy Association (SSEA). The members of the SSEA include the Commission, the Southern Nevada Water Authority (SNWA), the City of Boulder City, Overton Power District No. 5, and Lincoln County Power District No. 1. The SSEA Board of Directors is comprised of a representative designated by each of its members.

The SSEA was formed for the purpose of jointly planning, developing, owning, and operating energy resources for its members. During Fiscal Year 2016, the SSEA purchased approximately 1.7 million megawatt hours (MWh) of energy to meet its members' electrical needs.

The SSEA does not have any employees of its own. Instead, employees of the SNWA and the Commission provide the labor needed to staff the SSEA organization. In March of 2013, the Commission approved an Interlocal contract between the Commission and SSEA pursuant to which the SSEA pays for Administrative Services provided by the Commission. The base cost of the Administrative Services provided by the Commission, which includes labor and operating expenses with current personnel, is approximately \$1.5 million annually. The contract cap contains sufficient funds to cover the cost of vacant positions and other operating expenses that may be incurred during the term of the contract. The original Interlocal contract, which expires on May 13, 2017, was for a period of four years with a not-to-exceed expenditure of \$7.0 million.

The parties to the contract, the Commission and the SSEA, wish to extend the term of the agreement for an additional four years, through May 13, 2021. The not-to-exceed cost during the total eight-year term of the contract may not exceed \$14.0 million.

Chairwoman Premsrirut asked for clarification if the SSEA parties requested this amendment or if it is the result of the contract running out. Ms. Bates responded that all of the SSEA members were informed about the amendment and that it would have to be approved by all the members after the Commission approved it.

Chairwoman Premsrirut asked if the decrease in demand for SSEA energy would impact the staffing requirements at Energy Services. Ms. Bates responded in the negative. The decrease is due to the decreased load at the Complex and does not impact the staffing requirements.

Commissioner Kirkpatrick made a motion to approve. This was seconded by Commissioner McCoy and approved by a unanimous vote.

F. <i>For Possible Action:</i> Consideration of and possible action to approve a change to the Commission's hydropower billing procedures.

Ms. Bates presented the outline for the change in the billing process with the recommendation from the Staff that the Commission adopt the change to the Commission's hydropower billing procedures as proposed.

The Staff proposes to modify its hydropower billing procedures by sending customers an estimated invoice 30 days earlier in the billing cycle. This change will allow the Commission to comply with provisions in the post-2017 Hoover contract, reduce the financial and credit risks inherent in the current process, and reduce the administrative burden on Staff. The Staff has reviewed the proposed change with its customers, held a conference call and received no objections.

Chairwoman Premsrirut asked if there was any feedback from the customers who were not present on the conference call. Ms. Bates responded in the negative. Ms. Bates stated that a 2-page summary of the proposal had been sent to every customer and there was no feedback from any of them. Chairwoman Premsrirut commended Ms. Bates and Staff on the taking feedback from the Commission and incorporating it into the new proposal.

Commissioner Sisolak asked how many customers are affected to which Ms. Bates answered, 24 including the new Hoover D customers. Commissioner Sisolak then asked how long the existing billing process had been in place to which Ms. Bates responded, since the contracts had been put into place.

Commissioner Sisolak questioned why a change in process was required at this time. Ms. Bates responded that the billing change would avoid a problem of late payments by our customers, which in turn, could create a problem for the Commission in paying its bills.

Commissioner Sisolak asked about how many instances of late payments. Doug Beatty, Chief, Finance and Administration, responded that there were 26 instances of late payments in 2016. Commissioner Sisolak asked how many customers that involved, to which Mr. Beatty responded, eight. Commissioner Sisolak asked who the eight customers were, to which Mr. Beatty responded: Tronox, Boulder City, AMPAC, Lhoist, SSEA on behalf of SNWA, Lincoln County, Valley Electric, and Basic Water. Commissioner Sisolak further asked how many of the eight are private versus public companies to which Mr. Beatty responded half are private and half are government or public.

Commissioner Sisolak asked if the Bond Council had been consulted in regards to our credit rating. Ms. Bates responded that they had not since this would not impact our credit rating negatively.

Commissioner Sisolak asked the original terms written into the contracts. Ms. Bates responded that they are the terms that were covered in her presentation. If the Commission determines that it will need working capital to implement the terms of this contract or require pre-payment or a portion of the amounts owed under this contract as authorized under NAC 538.744, Staff will present periodically a CRC working capital and/or pre-payment proposal to the Commission for action at a Commission meeting. The action had not been determined at the time of the contract signatures.

Mr. Beatty offered that this alternative is preferable to asking the State Treasurer to accelerate payments due to customer late payments. Given the trend of late payments increasing, the fear is that a large customer or more customers will be late and there will not be a cure for that.

Commissioner Kirkpatrick asked about the consequences to the late-paying customers. Are we addressing the bigger issue of why they are late? Also, what happens if this pre-payment does not work (is there a plan C)?

Christine Guerci, Special Counsel, Attorney General, added that a late payment, suspension and shut-off policy is being written and should be presented to the Commission by June/July timeframe. Ms. Bates added that currently, there is not a punitive penalty for late payments, rather only the pass-through amounts of penalties that the Commission might incur. Discussions are ongoing to assess if a punitive penalty should be included in the late payment process and what that would entail.

Chairwoman Premsrirut clarified that her understanding of the proposal is not as a cure for slow-paying customers but rather that the timing did not align of when bills were owed and when the payments were received. The purpose of the proposal is to have additional funds on hand to be able to pay the Commission bills if there are any late payments. It would minimize the risk of an adverse credit hit. Ms. Bates affirmed that the Chairwoman's assessment was correct.

Commissioner Sisolak challenged the time to pay the additional amount. Ms. Bates indicated that the customers who asked for the extended time to pay are small rural customers. Commissioner Sisolak asked how much was being required of those customers to which Mr. Beatty responded between \$10,000-\$20,000. Chairwoman Premsrirut clarified that there were only a few customers who asked for the extended time.

Commissioner Winterton clarified that the proposal is just asking for a month in advance payment. Ms. Bates agreed that the proposal would accelerate the payments by 30 days to provide more of a time cushion.

Commissioner Kirkpatrick asked when the penalty information will be presented to the Commission and how are we policing the payments before October. Ms. Bates replied that a report can be provided to the Commission prior to October.

Commissioner Sisolak asked why we do not call it a deposit. In addition, the punitive penalty should be assessed to ensure that payments are received on time. Ms. Bates responded that although it is not called a deposit, it accomplishes the same thing. It backs up the payment cycle by 30 days. Payment is required for the month that service is being provided instead of after-the-fact.

Commissioner Sisolak asked how it is fair for all the companies to be moved over to the new guidelines as opposed to just the late-paying customers. Chairwoman Premsrirut asked if there were any benefits to the customers. Ms. Bates replied that there has been no negative feedback for the change of policy.

Ms. Bates further explained that only the existing customers will be affected by the proposal. Commissioner Stewart clarified that there was no negative feedback from those existing customers. Commissioner Winterton asked how many of the existing customers were on the phone call. Ms. Bates did not have that data.

Chairwoman Premsrirut asked if the Commission could not come to an agreement, what are the consequences and next steps. Ms. Bates replied that we cannot comply with the contracts – something has to be put into place.

Commissioner Kirkpatrick asked if penalties can be put into place prior to a vote by the Commission. Ms. Bates replied that there was an obligation to take something to the Commission in February to be able to allow customers to begin paying the additional amounts by March.

Commissioner McCoy stated that the City of Boulder City issue was personnel driven, not delinquency. If Staff and Hoover customers are in agreement on this proposal, it should move forward.

Chairwoman Premsrirut requested that the penalties and default language be presented in the near future. She further stated that the Commission is not in a position to make a decision based on the information presented.

Commissioner McCoy made a motion to approve but received no second. Commissioner Sisolak made a motion to deny and this was seconded by Commissioner Kirkpatrick. The motion to deny was approved by a majority vote.

G. *For Information Only:* Presentation of the Commission’s Annual Financial Report for the Fiscal Year Ended June 30, 2016.

Ms. Harkins introduced Richard Bowler from Piercy, Bowler, Taylor & Kern, the Commission’s external auditor, who reported that the audit of the financial statement for the year ended June 30, 2016, was complete. The financial statements were fairly presented and there were no issues.

Commissioner Sisolak asked for clarification that there were no material weaknesses or substantial findings. Mr. Bowler responded that there were none.

Commissioner Sisolak made a motion for approval. The motion was seconded by Commissioner Kirkpatrick and approved by a unanimous vote. *Note: This item was for information only so no action was necessary.

Commissioner Kirkpatrick disclosed for the record that Piercy, Bowler, Taylor & Kern also handled her campaign finances but they are separate from the Commission so she did not believe there was a conflict.

H. *For Information Only:* Status Update on 2017 Legislative Session.

Ms. Harkins announced that the Commission’s biennium budget hearing would be presented on February 17, 2017, before the Joint Senate Finance and Assembly Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation. The members of the Committee are: David R. Parks (Chair), Irene Bustamante Adams, Jason Frierson, Pete Goicoechea, Heidi Swank, Robin L. Titus, Chris Edwards, Aaron D. Ford, Michael C. Sprinkle.

A hearing on Assembly Bill 11 had not been scheduled at the time of the meeting.

Staff has been asked by the Assembly Commerce and Labor – Subcommittee on Energy to present information about the Commission and the Hydropower Contracts on February 20, 2017. The subcommittee is seeking information in regards to the Energy Choice Initiative and in particular the Commission’s Hydropower contracts that are with the utilities. The assembly members are: Chris Brooks (Chair), Irene Bustamante Adams (Vice-Chair), Paul Anderson, Nelson Araujo, Jim Marchant, Sandra Jauregui, and Maggie Carlton.

I. *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, Ph.D., Natural Resource Analyst, provided a report on the following:

- Unregulated Inflow & Storage as of February 13, 2017
- U.S. Bureau of Reclamation January, 2017 Colorado River Simulation System (CRSS)
- Lake Powell Projections based on February 2017 24-Month Study
- Lake Mead Projections based on February 2017 24-Month Study
- Atmospheric River January 5-8
- Precipitation – Monthly for December, Seasonal October 2016 - December 2016
- Colorado Basin River Forecast Center
- Water Use in Southern Nevada as of January – December 2016
- Hydropower Capacity

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

Dr. Turkett reported good news for the water levels in Lake Powell and Lake Mead due to the amount of precipitation received so far this year. With the amount of precipitation in California, the water orders are being reduced which should be reflected in the Lake Mead levels in the future.

Commissioner Sisolak asked with all the precipitation in California, how much is being captured and how much is lost to the ocean?

Dr. Turkett replied that the precipitation is being monitored but did not have the answer. In his conversations with the Metropolitan Water District of Southern California, a large amount of the water was going back into the ocean. Depending on the timing, they can allow the State project to use the water, but if there are any endangered fish, they cannot use the water.

Chairwoman Premsrirut asked what level of precipitation would have to be maintained to dodge the 2018 drought levels.

Dr. Turkett stated that we are looking good for now. With both levels at Lake Powell and side inflows so far this year, we are moving in the right direction. It is highly dependent on the weather and conservation activities being implemented.

J. 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.)

Chairwoman Premsrirut asked if there were any comments from the public. There were none.

K. Comments and questions from the Commission members.

Chairwoman Premsrirut asked if there were any comments or questions from the Commission members. There were none.

L. Selection of the next possible meeting date.

The next meeting is tentatively scheduled for 1:30 p.m. on Tuesday, March 14, 2017, at the Clark County Government Center, Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

M. Adjournment.

The meeting adjourned at 2:48 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

Puoy K. Premsrirut, Chairwoman