

LCB File No. R108-06

**PROPOSED REGULATION OF THE
COLORADO RIVER COMMISSION OF NEVADA**

NOTICE OF INTENT TO ACT UPON A REGULATION

**Notice of Workshop and Hearing
for the Amendment of Certain Regulations
of the Colorado River Commission of Nevada**

The Colorado River Commission of Nevada will hold a workshop and a public hearing:

**June 13, 2006
10:00 a.m.
Sawyer State Office Building
555 East Washington Avenue, Suite 4401
Las Vegas, Nevada**

The purpose of the workshop and hearing is to solicit and hear comments from interested persons regarding the Colorado River Commission's proposed regulation amending certain provisions of NAC 538.340 to 538.740, inclusive. If no such person appears to request time to make an oral presentation, the Colorado River Commission ("CRC") may proceed immediately to act upon any written submissions.

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The need for and the purpose of the proposed regulation.

NAC 538.340 to 538.740, inclusive, governs the marketing of hydroelectric power resources belonging to the State of Nevada. The purpose of the proposed regulation is to conform the provisions of NAC 538.340 to 538.740, inclusive, to current statutory and contractual requirements and to remove obsolete provisions.

2. The terms of the proposed regulation.

Follow this Notice.

3. The estimated economic effect of the proposed regulation on the business which it is to regulate and on the public.

The proposed regulation has no economic effects—whether adverse or beneficial or immediate or long-term—on any business. Similarly, the proposed regulation has no economic effects on the public.

4. The methods used by the agency in determining the impact on a small business.

Under NRS 704.787, the Colorado River Commission of Nevada has a limited group of customers to which it can market the hydroelectric power governed by the proposed regulation. Accordingly, on April 25, 2006, CRC met with these customers to solicit and hear comments on the proposal, determine whether any of these customers are a “small business” as defined in NRS 233B.0382, and invite them to submit data or arguments to the CRC as to whether the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business. The same invitation is offered to the general public in this notice.

5. The estimated cost to the agency for enforcement of the proposed regulation.

None.

6. A description of, and citation to, any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates.

Not applicable.

7. If the regulation is required pursuant to federal law, a citation or description of the federal law.

Not applicable.

8. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

Not applicable.

9. Impact on fees.

The proposed regulation does not establish a new fee or increase an existing fee.

The general public, as well as CRC’s contractors, are invited to submit data or arguments to the CRC as to whether the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business, defined in NRS 233B.0382 as “a business conducted for profit which employs fewer than 150 full-time or part-time employees.”

Persons wishing to comment upon the proposed action of the Colorado River Commission may appear at the scheduled workshop and public hearing or may address their comments, data, views or arguments, in written form, to Mr. George M. Caan, Executive Director, Colorado River Commission of Nevada, 555 East Washington Avenue, Suite 3100, Las

Vegas, Nevada 89101-1065. Written submissions must be received by the Colorado River Commission on or before June 2, 2006.

A copy of this notice and the proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Colorado River Commission of Nevada, 555 East Washington Avenue, Suite 3100, Las Vegas, Nevada 89101-1065, and at the main public libraries in all counties, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us/>. Copies will also be available at the workshop and will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

As required by NRS 233B.0603(1)(c), the following is an exact copy of the provisions of subsection 2 of NRS 233B.064: "Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption."

The location of the workshop and hearing is accessible to the handicapped. If a sign language interpreter is needed, please telephone 486-2670 or TDD 486-2698 prior to the meeting.

THIS NOTICE OF WORKSHOP AND HEARING HAS BEEN SENT TO ALL PERSONS ON THE COMMISSION'S MAILING LIST FOR NOTICES OF MEETINGS AND HAS BEEN POSTED AT THE FOLLOWING LOCATIONS:

City of Las Vegas City Hall, 400 East Stewart Avenue, Las Vegas, NV 89101
City of North Las Vegas City Hall, 2200 Civic Center Drive, North Las Vegas, NV 89030
Clark County Government Center, 500 South Grand Central Parkway, Las Vegas, NV 89155
State of Nevada Sawyer Building, 555 East Washington Avenue, Las Vegas, NV 89101

THIS NOTICE OF WORKSHOP AND HEARING HAS BEEN FAXED AND POSTING VERIFIED AT THE FOLLOWING LOCATIONS:

City of Boulder City Hall, 401 California Avenue, Boulder City, NV 89005
City of Henderson City Hall, 240 Water Street, Henderson, NV 89015
Laughlin Chamber of Commerce, 1725 Casino Drive, Laughlin, NV 89029
Laughlin Public Library, 2840 S. Needles Highway, Laughlin, NV 89028
Laughlin Town Manager's Office, 101 Civic Way, Laughlin, NV 89029

LCB File No. R108-06

PROPOSED REGULATION OF THE COLORADO RIVER COMMISSION OF NEVADA

EXPLANATION – Matter in *bold italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-11, NRS 538.201.

Section 1. NAC 538.358 is hereby amended to read as follows:

538.358 “Operating year” means *a 12-month period that coincides with* the 12-month period *designated by federal law as a fiscal year. Until changed by federal law, the term means the period* that commences October 1 of each year, immediately following midnight of September 30 of that year, and ends at midnight of September 30 of the following year.

Sec. 2. NAC 538.410 is hereby amended to read as follows:

538.410 An applicant for an allocation of power from the commission must supply information as requested by the commission and must:

1. Be an entity to which the commission is authorized by law to sell electricity or provide transmission service or distribution service, or both;
2. Be able to receive energy from one or more of the commission's points of delivery, including, without limitation, Amargosa substation, Basic substation, Boulder City switchyard, Boulder City tap, Clark tie, Eastside substation, Mead substation or Newport substation;
3. Be able to maintain a ratio between “real power” in kilowatts and “apparent power” in kilovoltamperes (“power factor”) within at least 95 percent, if called upon to do so;
4. Meet the requirements for a program for ~~conservation and renewable energy~~ *integrated resource planning* or a similar program, however designated, set forth as a condition to the purchase of power by:
 - (a) Regulations adopted by Western pursuant to 42 U.S.C. § 7276;
 - (b) Federal statute; or
 - (c) The commission; and
5. If the applicant is an electric utility:
 - (a) Have a principal load that:
 - (1) Has a peak demand of at least 8 megawatts; and
 - (2) Is located within Western's marketing area in this state for power from the Boulder Canyon Project, Parker-Davis Project or Southern Division of the Salt Lake City Area Integrated Projects; and
 - (b) Be qualified to receive preference power under the applicable provisions of federal law relating to preference power when applying for electric power from the Parker-Davis Project or Salt Lake City Area Integrated Projects.

Sec. 3. NAC 538.500 is hereby amended to read as follows:

538.500 1. Contracts for the delivery of long-term power from the Boulder Canyon Project allocated under NAC 538.340 to 538.740, inclusive, become effective on the day they are

executed and expire on the last day of the billing period for September 2017, unless terminated before that date by the contractor or the commission in accordance with the terms of the contract.

2. Contracts for the delivery of long-term power from the Parker-Davis Project allocated under NAC 538.340 to 538.740, inclusive, become effective on the day they are executed and expire on the last day of the billing period for September ~~2007~~ 2028, unless terminated before that date by the contractor or the commission in accordance with the terms of the contract.

3. Contracts for the delivery of long-term power from the Salt Lake City Area Integrated Projects allocated under NAC 538.340 to 538.740, inclusive, become effective on the first day of the billing period for October 1989, and expire on the last day of the billing period for September ~~2004~~ 2024, unless terminated before that date by the contractor or the commission in accordance with the terms of the contract.

4. The term of contracts for short-term power will be determined by the executive director of the commission for each contract.

5. The commission will, upon the expiration of a contract described in subsection 1, ~~2 or 3,~~ offer to the contractor the right to renew the contract. This right is subject to the conditions set forth in subsection 7 of NRS 538.181 and the terms for such renewal provided in the contract.

Sec. 4. NAC 538.530 is hereby amended to read as follows:

538.530 1. Except as otherwise provided in subsection 3, each contractor shall, within 1 year after entering into a contract with the commission pursuant to NAC 538.340 to 538.740, inclusive, establish and maintain a program for ~~conservation and renewable energy~~ *integrated resource planning* or a similar program, however designated, set forth as a condition to the purchase of power by:

- (a) Regulations adopted by Western pursuant to 42 U.S.C. § 7276;
- (b) Federal statute; or
- (c) The commission.

2. When requested, the commission, with the help of Western and to the extent possible, will guide and assist the contractor in the development of its program.

3. The provisions of subsection 1 do not apply if Western accepts a program for ~~conservation and renewable energy~~ *integrated resource planning* or a similar program, however designated, established and maintained by the commission on behalf of the contractor.

Sec. 5. NAC 538.560 is hereby amended to read as follows:

538.560 Except as otherwise provided in this section, if, for 3 consecutive operating years, a retail customer does not use the full allocation of power made available to it by the commission, the commission, after notifying the contractor, may reduce its allocation to that contractor to the extent of the contractor's failure to use that full allocation. A reduction will not be made if the contractor's failure to use that full allocation is caused by the implementation of a program for ~~conservation and renewable energy~~ *integrated resource planning* or a similar program, however designated, described in NAC 538.530 and approved for the contractor by Western or the commission.

Sec. 6. NAC 538.650 is hereby amended to read as follows:

538.650 1. The points of delivery and voltages for the marketing area for the Boulder Canyon Project, Parker-Davis Project and Salt Lake City Area Integrated Projects are:

Location *Kilovolts*
Boulder Canyon Project

Mead substation *69.0*
Mead substation *230.0*

Location Kilovolts
Parker-Davis Project

Amargosa substation 138.0
~~{Basic substation} 230.0~~
~~Boulder City switchyard 69.0~~
~~Boulder City tap 230.0]~~
Clark tie 230.0
Henderson substation *230.0*
Mead substation *230.0*

~~{Location} Kilovolts~~
~~Boulder Canyon Project~~

~~Mead substation 69.0~~
~~Mead substation 230.0]~~

Location Kilovolts
Salt Lake City Area Integrated Projects

~~{Pinnacle Peak} 230.0]~~
Amargosa substation 138.0
~~{Basic substation} 230.0]~~
Boulder City tap 230.0
Clark tie 230.0
Henderson substation *230.0*
Mead substation *230.0*
Pinnacle Peak/Rogers substation *230.0*

2. Delivery will be made at designated points on Western's "Parker-Davis Project Southern Nevada Facilities" at rates of delivery not to exceed the available capability of the facilities. The designated points of delivery and Western's "Parker-Davis Project Southern Nevada Facilities" may be modified as required.

3. The designation of a point of delivery does not imply any obligation on the commission's part to furnish additional facilities or to increase the capabilities of transmission or of the transformer at the designated points. Each contractor must obtain the permission of the commission for any modification to existing facilities and alternate or additional points of

delivery. Requests for taps on Western's "Parker-Davis Project Southern Nevada Facilities" will be considered by the commission individually.

4. Any cost associated with obtaining points of delivery or voltage at other than those set forth in subsection 1 is the obligation of the contractor.

5. Power from the Boulder Canyon Project will be delivered at the Mead substation. If a contractor cannot accept delivery of power from the Boulder Canyon Project at the Mead substation, arrangements for transmission service to other points of delivery are the obligation of the contractor.

Sec. 7. NAC 538.690 is hereby amended to read as follows:

538.690 1. Pool 1 consists of a total of 377,000 kilowatts of capacity and 1,057,989,000 kilowatt-hours of energy from the following sources of the Boulder Canyon Project:

Schedule A		Schedule B	
Capacity (KW)	Energy (KWH)	Capacity (KW)	Energy (KWH)
189,000	645,989,000	188,000	412,000,000

2. This resource is reserved for allocation to the named entities as follows:

Hoover Capacity and Energy

Contractor Contractors	Schedule A		Schedule B	
	Capacity (KW)	Energy (KWH)	Capacity (KW)	Energy (KWH)
American Pacific Corp.	10,625	49,952,389	0	0
Basic Water Co.	4,827	9,738,148	0	0
Boulder City	0	0	8,500	17,870,400
Chemical Lime Co.	382	2,164,033	0	0
Kerr-McGee Chemical L.L.C.	17,649	75,561,510	0	0
Lincoln County Power District No. 1	4,828	20,726,814	21,339	77,521,529
Nevada Power Company	100,232	240,098,311	135,000	283,824,000
Overton Power District No. 5	6,507	27,936,142	13,007	20,946,270
Pioneer Americas, Inc. <i>Southern Nevada Water Authority</i>	15,207	75,200,137	0	0
Titanium Metals Corp.	21,397	113,070,710	0	0
<i>Tronox LLC</i>	<i>17,649</i>	<i>75,561,510</i>	<i>0</i>	<i>0</i>
Valley Electric Association	7,346	31,540,806	10,154	11,837,801
Totals	189,000	645,989,000	188,000	412,000,000

Sec. 8. NAC 538.700 is hereby amended to read as follows:

538.700 Pool 2 consists of power from the Parker-Davis Project in the amounts of 56,950 kilowatts of capacity and 195,964,950 kilowatt-hours of energy in the summer season and 41,010 kilowatts of capacity and 69,840,030 kilowatt-hours of energy in the winter season. This

resource is reserved for allocation as firm and withdrawable power to the named entities as follows:

Parker-Davis Capacity in KW

Contractors ¹	Summer Season			Winter Season		
	Firm	Withdrawable	Total	Firm	Withdrawable	Total
BWC	2,750	272	3,022	1,968	162	2,130
CL	218	21	239	156	13	169
[KM]	16,108	1,594	17,702	11,532	950	12,482
OPD	4,528	0	4,528	3,690	0	3,690
[PA] SNWA	8,664	857	9,521	6,202	511	6,713
TM	12,190	1,206	13,396	8,727	719	9,446
TR	16,108	1,594	17,702	11,532	950	12,482
VEA	8,542	0	8,542	6,380	0	6,380
Totals	53,000	3,950	56,950	38,655	2,355	41,010

Parker-Davis Energy in KWH

Contractors ¹	Summer Season			Winter Season			Annual
	Firm	Withdrawable	Total	Firm	Withdrawable	Total	
BWC	4,076,594	406,404	4,482,998	1,477,780	119,917	1,597,697	6,080,695
CL	905,910	90,312	996,222	328,395	26,649	355,044	1,351,266
[KM]	52,542,765	5,238,094	57,780,859	19,046,945	1,545,600	20,592,545	78,373,404
OPD	16,272,104	0	16,272,104	5,799,222	0	5,799,222	22,071,326
[PA] SNWA	31,480,365	3,138,340	34,618,705	11,411,748	926,027	12,337,775	46,956,480
TM	47,333,785	4,718,800	52,052,585	17,158,670	1,392,372	18,551,042	70,603,627
TR	52,542,765	5,238,094	57,780,859	19,046,945	1,545,600	20,592,545	78,373,404
VEA	29,761,477	0	29,761,477	10,606,705	0	10,606,705	40,368,182
Totals	182,373,000	13,591,950	195,964,950	65,829,465	4,010,565	69,840,030	265,804,980

¹Key: BWC = Basic Water Co.
 CL = Chemical Lime Co.
~~[KM]~~ = ~~Kerr McGee Chemical L.L.C.~~
 OPD = Overton Power District No. 5
~~[PA]~~SNWA = ~~[Pioneer Americas, Inc.]Southern Nevada Water Authority~~
 TM = Titanium Metals Corp.
TR = **Tronox LLC**
 VEA = Valley Electric Association

Sec. 9. NAC 538.700 is hereby amended to read as follows:

538.700 Pool 2 consists of power from the Parker-Davis Project in the amounts of ~~[56,950]~~ **56,560** kilowatts of capacity and ~~[195,964,950]~~ **194,622,960** kilowatt-hours of energy in the summer season and ~~[41,010]~~ **40,752** kilowatts of capacity and ~~[69,840,030]~~ **69,400,656** kilowatt-hours of energy in the winter season. This resource is reserved for allocation as firm and withdrawable power to the named entities as follows:

Parker-Davis Capacity in KW

Contractors ¹	Summer Season			Winter Season		
	Firm	Withdrawable	Total	Firm	Withdrawable	Total
BWC	[2,750] 2,756	[272] 245	[3,022] 3,001	[1,968] 1,972	[162] 144	[2,130] 2,116
CL	218	[21] 19	[239] 237	156	[13] 12	[169] 168
OPD	[4,528] 4,497	0	[4,528] 4,497	[3,690] 3,667	0	[3,690] 3,667
SNWA	[8,664] 8,684	[857] 772	[9,521] 9,456	[6,202] 6,216	[511] 455	[6,713] 6,671
TM	[12,190] 12,217	[1,206] 1,087	[13,396] 13,304	[8,727] 8,747	[719] 640	[9,446] 9,387
TR	[16,108] 16,144	[1,594] 1,437	[17,702] 17,581	[11,532] 11,557	[950] 846	[12,482] 12,403
VEA	[8,542] 8,484	0	[8,542] 8,484	[6,380] 6,340	0	[6,380] 6,340
Totals	53,000	[3,950] 3,560	[56,950] 56,560	38,655	[2,355] 2,097	[41,010] 40,752

Parker-Davis Energy in KWH

Contractors ¹	Summer Season			Winter Season			Annual
	Firm	Withdrawable	Total	Firm	Withdrawable	Total	
BWC	[4,076,594] 4,086,020	[406,404] 366,278	[4,482,998] 4,452,298	[1,477,780] 1,480,866	[119,917] 106,780	[1,597,697] 1,587,646	[6,080,695] 6,039,944
CL	[905,910] 908,005	[90,312] 81,395	[996,222] 989,400	[328,395] 329,081	[26,649] 23,729	[355,044] 352,810	[1,351,266] 1,342,210
OPD	[16,272,104] 16,160,671	0	[16,272,104] 16,160,671	[5,799,222] 5,762,738	0	[5,799,222] 5,762,738	[22,071,326] 21,923,409
SNWA	[31,480,365] 31,553,153	[3,138,340] 2,828,479	[34,618,705] 34,381,632	[11,411,748] 11,435,579	[926,027] 824,577	[12,337,775] 12,260,156	[46,956,480] 46,641,788
TM	[47,333,785] 47,443,230	[4,718,800] 4,252,893	[52,052,585] 51,696,123	[17,158,670] 17,194,503	[1,392,372] 1,239,832	[18,551,042] 18,434,335	[70,603,627] 70,130,458
TR	[52,542,765] 52,664,254	[5,238,094] 4,720,915	[57,780,859] 57,385,169	[19,046,945] 19,086,721	[1,545,600] 1,376,273	[20,592,545] 20,462,994	[78,373,404] 77,848,163
VEA	[29,761,477] 29,557,667	0	[29,761,477] 29,557,667	[10,606,705] 10,539,977	0	[10,606,705] 10,539,977	[40,368,182] 40,097,644
Totals	182,373,000	[13,591,950] 12,249,960	[195,964,950] 194,622,960	65,829,465	[4,010,565] 3,571,191	[69,840,030] 69,400,656	[265,804,980] 264,023,616

¹Key: BWC = Basic Water Co.
CL = Chemical Lime Co.

OPD = Overton Power District No. 5
 SNWA = Southern Nevada Water Authority
 TM = Titanium Metals Corp.
 TR = Tronox LLC
 VEA = Valley Electric Association

Sec. 10. NAC 538.730 is hereby amended to read as follows:

538.730 Pool 3 consists of power from the Salt Lake City Area Integrated Projects, at Pinnacle Peak, in the amounts of ~~[22,420]~~ **20,851** kilowatts of capacity and ~~[49,521,181]~~ **46,054,700** kilowatt-hours of energy in the summer season and ~~[29,477]~~ **27,414** kilowatts of capacity and ~~[65,603,370]~~ **61,011,134** kilowatt-hours of energy, in the winter season. This resource is reserved for allocation to the named entities as follows:

**Salt Lake City Area Integrated Projects
 Capacity and Energy**

Contractor ¹	Summer Season		Winter Season	
	Capacity(KW)	Energy(KWH)	Capacity(KW)	Energy(KWH)
AMPAC	[2,963] 2,756	[6,544,964] 6,086,817	[3,896] 3,623	[8,670,466] 8,063,533
BC	[5,953] 5,537	[13,149,150] 12,228,710	[7,827] 7,279	[17,419,386] 16,200,029
OPD	[6,752] 6,279	[14,913,533] 13,869,586	[8,877] 8,256	[19,756,759] 18,373,786
VEA	[6,752] 6,279	[14,913,534] 13,869,587	[8,877] 8,256	[19,756,759] 18,373,786
Totals	[22,420] 20,851	[49,521,181] 46,054,700	[29,477] 27,414	[65,603,370] 61,011,134

¹Key: AMPAC = American Pacific Corporation
 BC = Boulder City
 OPD = Overton Power District No. 5
 VEA = Valley Electric Association

- Sec. 11.** 1. Section 8 of this regulation expires on October 1, 2008.
 2. Section 9 of this regulation becomes effective on October 1, 2008.