

SENATE

Government Affairs Committee

Minutes of Meeting - March 7, 1977

Present: Chairman Gibson  
Senator Foote  
Senator Faiss  
Senator Gojack  
Senator Raggio  
Senator Schofield

Also Present: See Attached Register

Chairman Gibson opened the nineteenth meeting of the Government Affairs Committee at 2:00 p.m. with all members present.

SB-40

Authorizes Division of Colorado River Resources to acquire water facilities and complementary electric properties and to issue securities to finance such acquisitions. (BDR S-134)

Thomas Rice, General Manager of the Las Vegas Valley Water District, testified to the committee. See Attached written testimony and supporting documents #1.

Mr. Rice introduced the committee to Mr. James Widner and stated that he would be able to answer any questions the committee had on the material submitted for their review. Mr. Rice agreed that the second stage should be completed and after reviewing Mr. Paff's recent documents he feels that they could come to terms and work out their problems.

Chairman Gibson asked Mr. Paff if he had time to study Mr. Rice's presentation. Mr. Paff acknowledged that he had and felt that the plan was feasible.

Mr. Paff, Administrator of the Colorado River Resources, passed out his written testimony and supporting materials for the committee to consider. See Attachments 2 and 3. Mr. Paff prefaced his comments by noting that attachment 3 was prepared after receiving Mr. Rice's testimony.

Chairman Gibson stated that he would prefer that the legislature not be involved in the settlement of these plans. If the groups involved feel that there is enough agreement between you we can then process the bill and give enough time for the planning of the second stage.

Geoffrey H. Billingslea, City of Henderson, passed out his written testimony. (See Attachment #4) This was written prior to the testimony given by Mr. Rice today. If we are able to maintain the growth rate I don't think that Henderson will have any objection to the proposed plan.

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Mel Degernes, representing Boulder City, passed out copies of his written testimony (See Attachment #5). Mr. Degernes believes that the concept in Mr. Paff's testimony is feasible to them. He also commented that his testimony doesn't take into account Mr. Rice's suggestions presented today. He feels that Boulder City would be acceptable to Mr. Rice's suggestions and stated that Boulder City is hoping to remain a small community, they are not interested in a great deal of growth.

Steven Stucker representing North Las Vegas introduced himself and Mr. Larry McCutchings, Superintendent of Utilities for North Las Vegas spoke to the committee on the suggestions that Mr. Paff had prepared. Mr. Stucker wasn't able to give an opinion on Mr. Rice's statements as he was not able to get them prior to the meeting. He felt that the city would go along with the suggestions but would have to check with the city council and the City Manager before giving an opinion.

The committee discussed the possibilities of having a deadline on this issue so they could proceed. Senator Hilbrecht suggested an April 1st deadline. This was agreeable to both Mr. Rice and Mr. Paff.

AB-246

~~Provides for members of committee on group insurance to receive leave with pay from any state employment and travel expenses and subsistence allowances while on committee business.~~

Bob Gagnier, S.N.E.A., indicated that this bill came about after the committee on group insurance decided to get more input from other areas in the state. Previously the only people that attended were from Carson City.

Motion of "Do Pass" by Senator Hilbrecht, seconded by Senator Schofield. Motion carried unanimously.

SB-163

Creates office and defines duties of public guardian.  
(BDR 20-99)

Senator Bryan testified on this bill noting that this has come about due to the problem with the elderly that have no family or friend to help them with their finances and/or the estate. Under the law the public administrator does not have that responsibility. The circumstances arise in two areas; 1) person reaches a certain age in life where the person is no longer able to care for themselves (someone must undertake a petition to become a guardian for this person before that person can be transferred legally to a nursing home) 2) Persons who reach a similar age, may already

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be in a nursing home facility. Most frequently persons without family or relatives in the community are in these nursing homes. They are receiving social security checks or pensions. Presently under the law there is no provision for a person to act as guardian of the estate. What the committee considered (which goes beyond the scope of this bill) was an omnibus provision whereby the function of a public guardian and a public administrator be tied in together. This office would not be on a fee generating basis for the office holder but would be a salaried position. The fees that would be awarded by statute to a person serving in that capacity would revert to the county treasurer.

During the hearings by Judiciary the primary thrust of testimony from the counties was that they wished to make it on an optional basis. We felt that such an office could not be justified on a full time basis even in Clark County.

The fiscal note indicates that they would expect from \$45,000. to \$50,000 in the first year. There are three parts that should be served, Public Conservator, Public Guardian, and Public Administrator.

Senator Raggio noted that there is no place in the bill where the person is declared incompetent. Feels that section 7 of the bill would make any person over the age of 60 eligible to be a ward if they don't have a relative or friend.

Senator Hilbrecht suggested amending NRS 417.10 to delete some of the limitations of the administrators.

Senator Bryan indicated that the counties did not have an opinion as yet. They would not want to have an office mandated on them.

Chairman Gibson felt that the committee would hold the bill until we could look at the suggestions made today.

Chairman asked Frank Daykin if they would be able to take the limitations off the office of guardian and Mr. Daykin felt that they could do this within the confines of the constitution.

SB-277

Provides for payment of attorney's fees to party who successfully challenges validity of agency regulation on appeal to Nevada Supreme Court. (BDR 18-992)

Senator Hernstadt testified that this bill would help the claimant defray the costs when the case goes to the supreme court and the claimant is right.

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Mr. George Bennett, Secretary of the State Board of Pharmacy testified against this bill. Most of the regulations of boards, including their own, adopted are considered valid by legal counsel. Most of the regulations would not be challenged but for the "one" that might be the, cost would vary between five and ten thousand dollars. This would disrupt any boards budget. Secondly, if the litigant is able to collect why not the board or agency that is being challenged if they are proven correct in their application of the regulation in question.

Senator Hilbrecht also expressed concern that this would be an incentive for those who challenge a regulation to go all the way to the Supreme Court for a decision.

Frank Daykin indicated that Senator Dodge's bill, SB-63, was very similar in intent and appeared to be broader. (This bill was passed out of the Government Affairs Committee and re-referred to the Finance Committee due to a fiscal impact.)

There was considerable discussion on both bills and it was felt by the committee that SB-277 should be dropped.

Motion to "Indefinitely Postpone" by Senator Schofield, seconded by Senator Gojack. Motion carried unanimously.

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At this point the Chairman asked Mr. Daykin to go over with the committee changes proposed on SB-166 in a previous hearing.

Mr. Daykin stated that the first change was taking out the reference "public grounds" and using "drainage courses". They also specified that no more than one route for any public street, water course or drainage course may be made an element of the official map. If proposed route is vacated another may be adopted in its place.

Senator Hilbrecht felt that "vacated" was inappropriate, and Mr. Daykin suggested that "abandoned" might be a better choice.

Senator Raggio, noting Mrs. Sheltra's concern in the last hearing about the selection of highway alternates wondered if we could use the above language for all but the selection of highway routes. Could we use all the choices and reflect these on the official map.

The committee discussed this proposal and felt that it would be just as bad to indicate all five or six proposed routes as to just reflect one. There was also a suggestion that on proposed highway sites to not reflect any of the choices until the highway department makes a firm decision.

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Frank Daykin continued with the other amendment changes. The next change would be in Section 3. Following line 3 would read, "is to provide for notice that the hearing should be given by certified or registered mail to each owner of property within the lines of or adjoining the public street, water course or drainage course affected."

The next change was in Section 4, taking out lines 5 through 9 as they presently appear - now stating that "streets, water courses or drainage courses which appear on the proposed final map of a subdivision shall be treated as a proposed amendment to the official map. The governing body shall give the notice and hold the hearing that is required for such an amendment before approving the final map. Upon approval of reporting the final map the public streets, water courses and drainage courses shown thereon become elements of the official map." The effect of this is to require affirmative action.

Then, the amendment which takes out Section 7, states in this section (Section 6) is just to bring us down to an amendment which will go in Section 6, page 2, at the end of line 22, we would take the period and continue --"but the use of any building or land may be changed if the change does not increase the amount required to be paid for the property if it is acquired for public use. This permits what was silent before.

We have changed Section 7 and it now reads, "the reservation of any public street, water course or drainage course proposed to be enlarged or established expires by limitation one year after the proposed improvement becomes an element of the official map. The governing body may, before or after the date of expiration, by amendment, after the required notice and hearing, restore the proposed improvement to the official map as many times as the public interest may require.

Senator Hilbrecht expressed concern that the means of notice might not be clear. Felt that we should state that it would be the same type of notice mentioned in Section 4.

The committee then discussed the amendment changes and felt that the only point of contention was the type of notification and the official map routes. It was decided that they would specify that the notification was the same as in Section 4 and if the highway department had more than one choice for routes the official map will not reflect any choices.

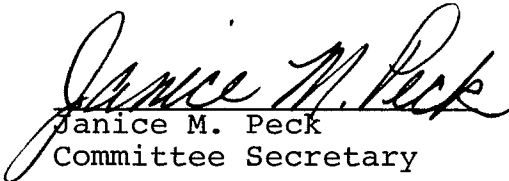
Senator Raggio asked that we hold another hearing when the property owners who are concerned with this bill can be present.

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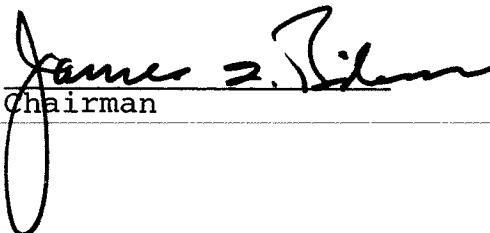
Frank Daykin stated that he would make the appropriate changes and bring them back to the committee on the next scheduled hearing of SB-166.

As there was no further business the meeting was adjourned at 4:30 p.m.

Respectfully submitted

  
Janice M. Peck  
Committee Secretary

Approved:

  
Chairman

TESTIMONY OF THOMAS R. RICE

CONCERNING SENATE BILL 40

MARCH 7, 1977

My name is Thomas R. Rice. I am the General Manager of the Las Vegas Valley Water District.

Before specifically discussing the language added to Senate Bill 40, I would like to present to the Committee some background information which I think is essential for your consideration in this matter. My background concerning the Southern Nevada Water Project and the contracts related to it extend back more than 12 years. I was hired by the Colorado River Commission specifically to work on these contracts from the days of their inception. I was involved in the drafting and redrafting of all of the contracts and all of the negotiations concerning them. My signature appears on all of those contracts.

The main issue in Second Stage contract negotiations concerns the method of repayment of capital costs for the Water Project. The repayment methodology was established in the First Stage contracts by which each entity would pay its share of capital costs based on its percentage of entitlement to the capacity of the project. That methodology is firm in those contracts. The contracts for the First Stage additionally made firm entitlements for Second Stage or additional stage capacity. These were in the form of firm options that were agreed upon by the entities. Those contracts were signed in 1967, ten years ago, and the contracts have been in operation since 1971. The contracts were approved by the Secretary of the Interior, and the Secretary's representatives sat in on most of the negotiations.

The Southern Nevada Water Project is a regional system. It was designed to serve the region of Southern Nevada encompassing the Las Vegas Valley and Boulder City. It was contemplated, as the First Stage was designed and it is written in the contracts, that there would

be additional stages, probably two or more additional stages. These additions would be added as the users' needs developed. It was not possible to foresee the direction or rate of growth of the different communities. This is an engineering consideration because it relates to water demand and the facilities to take care of that demand.

Repayment for the additional stages, as set forth in the First Stage contracts, was to be determined at the time of their construction. This is quite obvious because it was not possible to determine size, time or pattern of growth and the facilities needed to meet that growth.

The basic reason for our contract problem is simply this - there is a great difference in the ratio of participation between the First and Second Stages of the Water Project. It turns out that the Second Stage is much more costly to build than the First Stage because of the inflation of construction costs, \$467 per acre foot of entitlement for the First Stage and \$1253 per acre foot of entitlement for the Second Stage (Exhibit A). The Water District and North Las Vegas each chose to take essentially 50 percent of their entitlement in each of the two stages. The other two communities, Boulder City and Henderson, have a much larger percentage of their entitlement coming from the Second Stage. This is as a result of their own design and wish as expressed in the First Stage contracts. The truth of the matter is that it appears Henderson and Boulder City have a much larger total allocation of water than they really need. At their rates of growth, their allocations will run for a long, long time, into the next century. For example, utilizing the Water District's projected growth rate, Henderson will have water supplies from their total capacity which will extend for some 82 years (Exhibit B). No one builds facilities that far in advance. If the Second Stage were only for the needs of the Las Vegas Valley Water District, would the other entities be willing to spread costs on a combined basis? I'll bet they would not!

The First Stage of the Water Project contained several facilities which were sized for the ultimate capacity of the total project. These were the Intake Works at Saddle Island, the Main Aqueduct between the intake facilities and the Water Treatment Plant, the River Mountains



Tunnel and part of the Treatment Plant. The Water District does not get an entitlement to 75 percent of these facilities from the total project, but it signed a contract in 1967 by which it agreed to pay 75 percent of those costs. Our ultimate entitlement will only be 67 percent (Exhibit C). We have been paying that higher percentage and we have also been paying more than 80 percent of the O & M costs of those facilities. We are not asking to change or adjust that and, by the same token, no one who has benefited from our overpayment has volunteered to refund or make a change in that situation.

The disparities of location, required facilities, and projected water usage, together with the different pattern of spreading the entities' allocations of water between First and Second Stages cannot be best addressed by the combined payment method proposed by the Division of Colorado River Resources. We have voluminous figures to prove this point.

We feel that reserve funds should be treated in the same manner as capital costs.

Our experience in operating and maintaining the Southern Nevada Water System since 1971 leads us to believe that there is room for improvement in the means of accounting for and allocating some of those costs. For example, insurance, and that portion of the salaries in DCRR, are fixed and have no relationship to the amount of water handled by the Water Project. Chemicals and power, on the other hand, are variable and do relate directly to the amount of water that is put through the system. We feel that it would be better accounting practice to charge on that basis. It would not cost any more to change this accounting method, but it would make it more accurate. This is not a big issue. We just feel it is an improvement (Exhibit D).

The term Postage Stamp Rate has been used. The original intent of that term was that it applied to operation and maintenance costs, not to capital costs; the reason being that the ratio of use by any particular user mixing his alternate source of water with Project water has a profound effect on the total unit cost of water. It was the intention that the cost to deliver Project water, that is the operational costs, would be the same for everybody and the charges would be based on

the amount of water taken in any period of time by any user. Contrary to what has been stated to this committee, we do not propose doing away with the Postage Stamp Rate.

In considering operating costs of Stage 1, the Unit costs of delivering water to the various entities in terms of power used are higher for all the other entities than the Water District because they all require more pumping than the Water District does. Their delivery elevations are all higher than the District's. But we have paid on the basis set up in the contract which does not take that into account. We are not asking for an adjustment but neither has anyone offered to make any. A composite of these power costs for Stage 1 and Stage 2 requires the Water District to pay 1.4 percent more for power costs than required by the lift of water to the Water District. This translates into \$28 million over the remaining repayment period. Again, we are not asking for an adjustment. We signed a contract which requires this kind of repayment of costs.

It has been stated that the objective of having equal unit water costs for all entities can only be achieved by combined capital costs. An equal total unit cost of water considering total costs is purely hypothetical. To have a total unit cost the same for all entities would require that all entities use the same percentage of their total allocation continuously without exception for 100 percent of an entire year. Inasmuch as each entity has its own alternate source of water and will mix that source with Project water according to its own management decision on its needs, any deviation from a 100 percent utilization would cause the capital cost to be spread over a smaller amount and therefore change the total unit price. I would predict that there will never be a time when this hypothetical situation will occur (Exhibit E).

A statement was made in testimony given to you on February 21, 1977, that our proposal relative to O & M charges "changes a basic criteria established in the First Stage contract negotiations after considerable bargaining and compromises". I would hasten to point out that the DCRR proposal for combining First and Second Stage capital costs does precisely that. It pro-

poses to totally substitute a methodology of a much, much greater importance which was worked out after long and hard negotiations in the First Stage contracts.

The language proposed to be added to Senate Bill 40 has the effect of abrogating the existing valid First Stage contracts to the substantial detriment of the Water District and the 280,000 persons we serve. This impact amounts to some \$21 million and we feel is improper.

As was originally contemplated in the formulation of the Project, the capital costs for each entity for each Stage would be the same if those Stages affected each entity equally. It was not contemplated that the costs be combined by Stages.

The statement is made that Henderson and Boulder City are being required to build facilities years before their need. The decision to do that is theirs, not ours. Obviously, there is a savings in construction costs due to economy of scale and because of certain common facilities. It is not reasonable, in light of this decision by those entities, to expect the Water District to subsidize that decision. The cost of construction escalates at 8 to 10 percent per year. The cost of money today is approximately 4 3/4 percent or maybe even less; this taking into account a meld of the 3.25 percent Federal money for the Project and 6 3/4 percent for State bonds. Obviously, it is more economical to build today, but then again, that is a local decision and why should the Water District subsidize that decision.

There is a possibility of a compromise and I would suggest that serious consideration be given to following the Bureau of Reclamation procedure of charging unit prices for water which takes into account the capital repayment requirements. But I would suggest this only with the proviso that there be a total removal of the allocations of the Project capacity to all entities. Let growth be the measure of how much water an entity gets from the Project. This truly would make the Project capacities available on a regional basis with equal costs to all. If there were retention of allocations under this procedure, that would cause the faster growing entities to pay disproportionately more than the others. This is because early costs are spread over a smaller amount of water delivered and so the unit cost is higher. A fixed allocation would mean the

faster growing entity would pay the higher early costs and then because of a ceiling on their allocation not be able to utilize the capacities which spread costs over a larger base.

As you can see, the Water District is not hard and fast and unwilling to compromise. During the past eight months we have suggested several alternatives, no one has wanted to follow them or even offer an alternative of their own. We do feel, however, that if we take on a greater obligation or cost there must be some consideration given in return.

I have been requested to inform you that Mr. Broadbent does not agree with my statement to you.

COMPARISON OF CAPITAL COST REPAYMENT ALTERNATIVES  
FOR STAGE I AND STAGE II OF THE SNWS

	<u>L.V.V.W.D.</u>	<u>N.L.V.</u>	<u>HENDERSON</u>	<u>B.C.</u>	<u>N.A.F.B.</u>	<u>TOTAL</u>
<u>TAGE I</u>						
Acre-feet Allocation per year	99,200	20,000	7,000	2,000	4,000	132,200
% of Capacity	75.038%	15.129%	5.295%	1.513%	3.026%	100%
Cost per Acre-foot with Interest	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ -	-
Cost per Acre-foot without Interest	\$ 467	\$ 467	\$ 467	\$ 467	\$ -	-
<u>TAGE I</u>						
Stage I Remaining Costs (1982 to 2021)	\$ 90,499,400	\$ 18,245,900	\$ 6,385,900	\$ 1,824,300	\$ 453,000	\$ 117,408,500
Stage I Payments Made 1972 to 1981	13,525,792	2,707,225	954,777	272,693	-	17,460,487
Stage I Total Costs	<u>\$104,025,192</u>	<u>\$ 20,953,125</u>	<u>\$ 7,340,677</u>	<u>\$ 2,096,993</u>	<u>\$ 453,000</u>	<u>\$134,868,987</u>
<u>TAGE II</u>						
Acre-feet Allocation per year	100,800	20,000	33,000	13,000	-	165,800
% of Capacity	60.431%	11.9904%	19.7842%	7.7938%	-	100%
Cost per Acre-foot with Interest	\$ 2,742	\$ 2,742	\$ 2,742	\$ 2,742	\$ -	-
Cost per Acre-foot without Interest	\$ 1,253	\$ 1,253	\$ 1,253	\$ 1,253	\$ -	-
<u>TAGE II TOTAL COSTS</u>						
Federal Repayment-\$126,000,000, 3 $\frac{1}{2}$ %, 50 yr. = \$273,208,553						
State Repayment - \$83,000,000, 6-3/4%, 30 yr.=\$184,083,990						
	<u>\$276,349,544</u>	<u>\$ 54,831,153</u>	<u>\$ 90,471,564</u>	<u>\$ 35,640,282</u>	<u>\$ -</u>	<u>\$457,292,543</u>
<u>UM OF STAGE I AND STAGE II</u>	<u>\$380,374,736</u>	<u>\$ 75,784,278</u>	<u>\$ 97,812,241</u>	<u>\$ 37,737,275</u>	<u>\$ 453,000</u>	<u>\$592,161,530</u>
EIGHTED AVERAGE COST PER ACRE-FOOT WITH INTEREST	\$ 1,902	\$ 1,895	\$ 2,445	\$ 2,516	\$ -	-
EIGHTED AVERAGE COST PER ACRE-FOOT WITHOUT INTEREST	\$ 863	\$ 860	\$ 1,115	\$ 1,148	\$ -	-
<u>OMBINING STAGE I AND STAGE II</u>						
Acre-feet Allocation per year	200,000	40,000	40,000	15,000	4,000	299,000
Combined Capacity - Percent	66.8897%	13.3779%	13.3779%	5.0167%	1.3378%	100%
Combined Repayment for Stage I Costs and Stage II Costs- N.A.F.B. taken out of Costs and Spread.	67.7967%	13.5593%	13.5593%	5.0847%	-	100%
<u>OMBINED STAGE I AND STAGE II COSTS</u>	<u>\$401,400,124</u>	<u>\$ 80,271,605</u>	<u>\$ 80,271,605</u>	<u>\$ 30,103,793</u>	<u>\$ -</u>	<u>\$592,047,127</u>
COST PER ACRE-FOOT WITH INTEREST	\$ 2,007	\$ 2,007	\$ 2,007	\$ 2,007	\$ -	-
COST PER ACRE-FOOT WITHOUT INTEREST	\$ 911	\$ 911	\$ 911	\$ 911	\$ -	-
DIFFERENCE - Higher (Lower)	\$ 21,025,388	\$ 4,487,327	(\$ 17,540,636)	(\$ 7,633,482)	\$ -	-
Difference due to N.A.F.B.	5.5%	5.9%	(17.9%)	(20.2%)		

Assume Las Vegas Valley Water District growth pattern to full use at 2015 of 2.3% per year for all entities, their full use of Stage I and Stage II occurs as follows:

	<u>Growth Rate</u>	<u>Full Use In</u>	<u>Years</u>
LVVWD	2.30%	2015	39
North Las Vegas	2.30%	2028	52
Henderson	2.30%	2058	82
Boulder City	2.30%	2039	63

Growth Rate permitted by Southern Nevada Water System Stage I and Stage II and current levels of alternative sources according to each's own estimate:

LVVWD	2.30%	to	2015	then	Ø
North Las Vegas	2.19%	to	2031	then	Ø
Henderson	4.15%	to	2022	then	Ø
Boulder City	3.75%	to	2015	then	Ø

Growth Rate permitted by Southern Nevada Water System Stage I and Stage II and current levels of alternative sources if full use came at 2015 for all entities:

LVVWD	2.30%
North Las Vegas	3.10%
Henderson	4.91%
Boulder City	3.75%

If the growth rate for all entities were equalized by re-allocation of Southern Nevada Water System water, the water resource would last to 2022 for all entities, assuming a 2.3% annual compounded growth rate and current per capita use. The revised Southern Nevada Water System allocation would be as follows:

	<u>As Is</u>	<u>Revised To</u>
LVVWD	200,000 acre feet/year	238,820 acre feet/year
NLV	40,000 acre feet/year	32,240 acre feet/year
Henderson	40,000 acre feet/year	14,540 acre feet/year
B.C.	15,000 acre feet/year	9,400 acre feet/year

CAPITAL COST REPAYMENT ALTERNATIVES

EXHIBIT C

	Separate Projects						Combined Projects				VALUE					
	Stage I Repay	%	Stage II Repay	%	Total Repay	%	Repay w/o NAFB	%	Stage I Value	%	Stage II Value	%	Total Value	%		
LVVWD	\$ 46,338,691	75.0	\$126,302,159	60.4	\$172,640,850	63.7	\$182,295,350	67.3	\$ 37,053,337	60.0	\$139,618,279	66.8	\$176,671,616	65.2		
No. L.V.	\$ 9,342,477	15.1	\$ 25,059,953	12.0	\$ 34,402,430	12.7	\$ 36,458,962	13.5	\$ 10,738,283	17.4	\$ 36,427,371	17.4	\$ 47,165,654	17.4		
Henderson	\$ 3,269,868	5.3	\$ 41,348,921	19.8	\$ 44,618,789	16.5	\$ 36,458,962	13.5	\$ 6,940,123	11.2	\$ 26,536,100	12.7	\$ 33,476,223	12.4		
N.A.F.B.	\$ 1,876,154	3.1	\$ -	-	\$ 1,876,154	.7	\$ 1,876,154	.7	\$ 1,416,222	2.3	\$ 224,054	.1	\$ 1,640,276	.6		
B. C.	\$ 934,248	1.5	\$ 16,288,967	7.8	\$ 17,223,215	6.4	\$ 13,672,010	5.0	\$ 5,613,473	9.1	\$ 6,194,196	3.0	\$ 11,807,669	4.4		
	<u>\$ 61,761,438</u>		<u>\$209,000,000</u>		<u>\$270,761,438</u>		<u>\$270,761,438</u>		<u>\$ 61,761,438</u>		<u>\$209,000,000</u>		<u>\$270,761,438</u>			

March 2, 1977

SOUTHERN NEVADA WATER SYSTEM  
OPERATION AND MAINTENANCE COSTS  
CALENDAR YEAR 1976

COST DISTRIBUTION AS BILLED VS COST DISTRIBUTION BY VARIABLE AND FIXED EXPENSES

EXHIBIT D

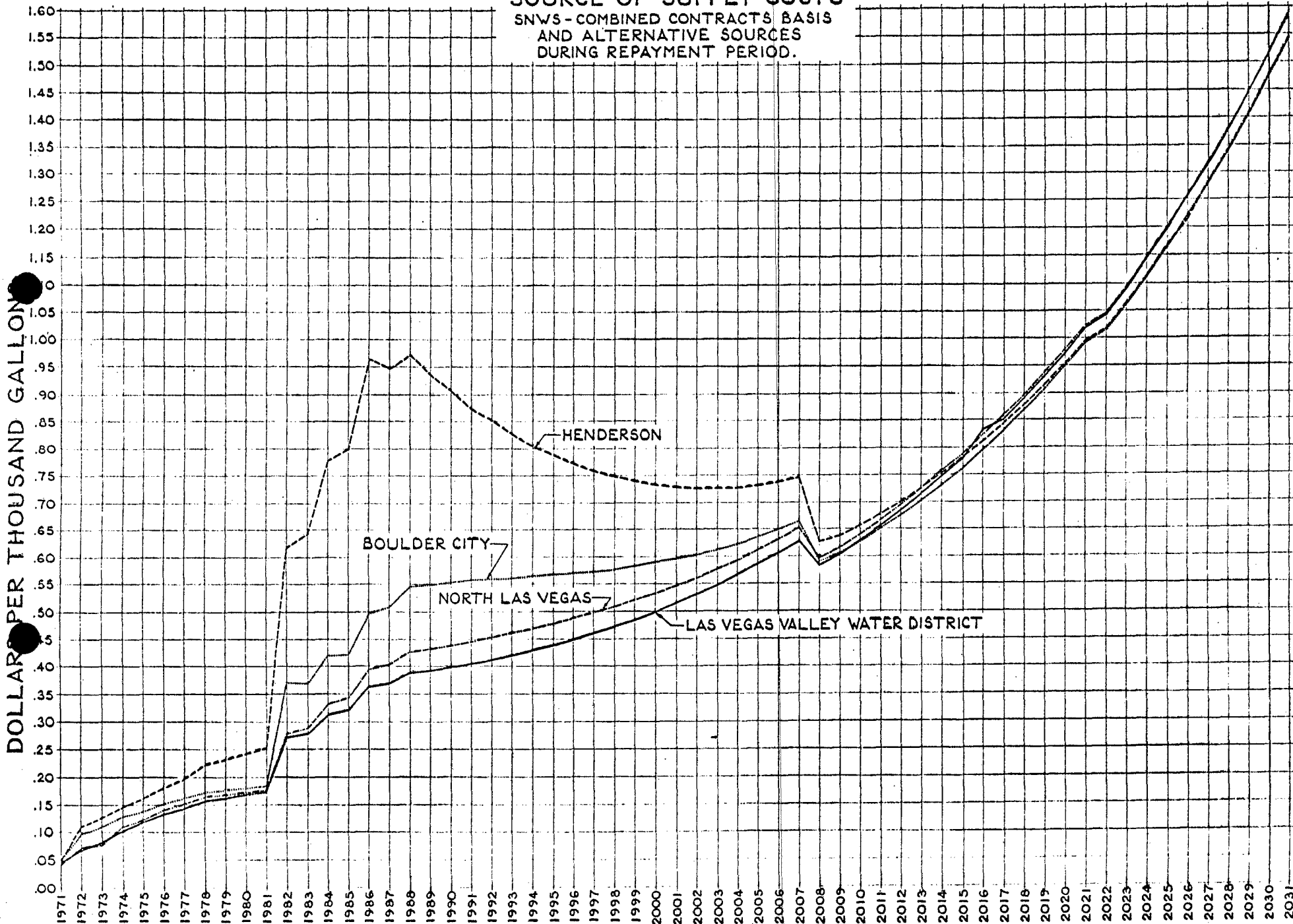
WATER CONTRACTOR	ANNUAL CONTRACTED CAPACITY ACRE-FEET 1	CONTRACTED PERCENT OF TOTAL CAPACITY 2	1976 WATER DELIVERED ACRE-FEET 3	PERCENT OF 1976 WATER DELIVERED 4	ACTUAL 1976 O & M COSTS BILLED ON BASIS OF PERCENT OF WATER DELIVERED 5	VARIABLE	FIXED	TOTAL VARIABLE AND FIXED 1976 O & M COSTS 8	DIFFERENCE IN TOTAL 1976 O & M COSTS 5 vs 8 9	PERCENT DIFFERENCE IN TOTAL 1976 O & M COSTS 8 ÷ 5 10
						1976 O & M CHEMICALS POWER AND PURCHASED WATER COSTS DISTRIBUTED ON BASIS OF PERCENT OF 1976 WATER DELIVERED 6	1976 O & M OTHER COSTS DISTRIBUTED ON BASIS OF CONTRACTED PERCENT OF TOTAL CAPACITY 7			
BOULDER CITY	2,000	1.513	2,046.9	2.85	\$ 70,609	\$ 49,624	\$ 11,140	\$ 60,764	\$ 9,845-	86.1
HENDERSON	7,000	5.295	1,895.2	2.64	65,406	45,968	38,988	84,956	19,550+	219.9
LVVWD	99,200	75.038	59,348.8	82.64	2,047,419	1,438,933	552,503	1,991,436	55,983-	97.3
NELLIS	4,000	3.026	2,060.3	2.87	71,105	49,973	22,281	72,254	1,149+	101.6
NORTH LAS VEGAS	20,000	15.129	6,465.8	9.00	222,976	156,709	111,396	268,105	45,129+	120.2
TOTALS	132,200	100.001	71,817.0	100.00	\$ 2,477,515	\$ 1,741,207	\$ 736,308	\$ 2,477,515	-0-	

March 2, 1977



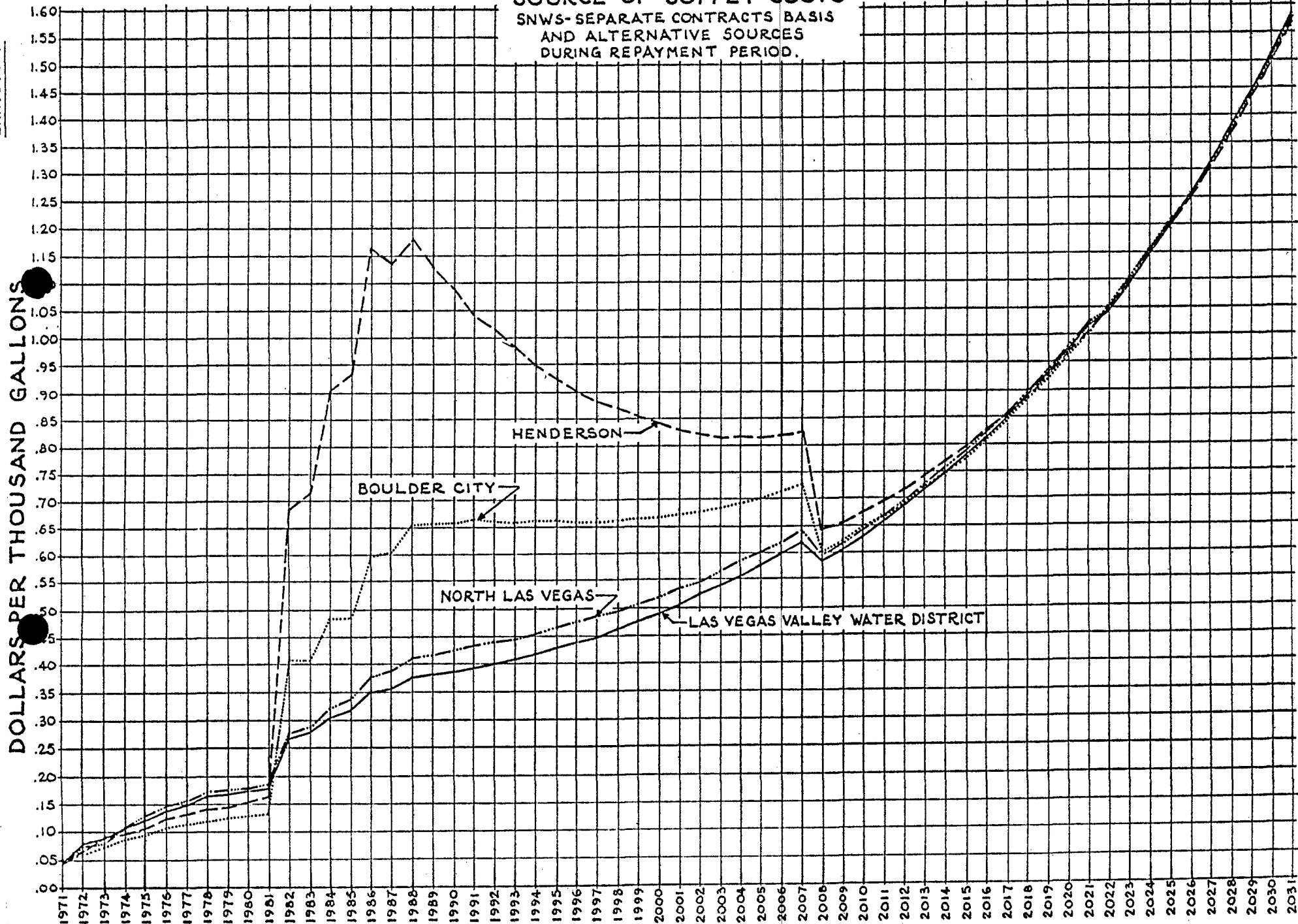
# SOURCE OF SUPPLY COSTS

SNWS - COMBINED CONTRACTS BASIS  
AND ALTERNATIVE SOURCES  
DURING REPAYMENT PERIOD.



# SOURCE OF SUPPLY COSTS

SNWS-SEPARATE CONTRACTS BASIS  
AND ALTERNATIVE SOURCES  
DURING REPAYMENT PERIOD.



TOTAL PAYMENT FOR CAPITAL COSTS  
plus  
INTEREST DURING REPAYMENT PERIOD  
and  
PRICE PER THOUSAND GALLONS

	<u>LVVWD</u>	<u>N. L. V.</u>	<u>HENDERSON</u>	<u>B. C.</u>	<u>TOTAL</u>
Gallons (M.G.)	3,067,200	507,971	332,829	172,282	4,080,282
Separate (Mil.) ¢ per KG	\$ 380.375 12.4¢	\$ 75.784 14.9¢	\$ 97.812 29.4¢	\$ 37.737 21.9¢	\$ 591.708 14.5¢
Combined ¢ per KG	\$ 401.400 13.1¢	\$ 80.271 15.8¢	\$ 80.271 24.1¢	\$ 30.104 17.5¢	\$ 592.046 14.5¢
Bureau of Reclamation #6 ¢ per KG	\$ 453.531 14.8¢	\$ 74.352	\$ 56.912 17.1¢	\$ 23.365 13.6¢	\$ 608.160 14.9¢

3/4/77

GENERAL INFORMATION ONLY -  
NOT PART OF TESTIMONY

JW 3/4/77

SEPARATE

COMBINED

STAGE I

COST \$ 61.7 MIL  
LVVWD SHARE x 75.0%  
\$ 46.3 MIL

\$ 61.7 MIL  
x 67.3%  
\$ 41.6 MIL  
(-4.7 MIL)

STAGE II

COST \$ 209.0 MIL  
LVVWD SHARE x 60.4%  
\$ 126.3 MIL

\$ 209.0 MIL  
x 67.3%  
\$ 140.7 MIL  
(+14.4 MIL)

TOTAL I+II \$ 172.6 MIL

\$ 182.3 MIL  
172.6 MIL

CAPITAL COST DIFFERENCE SEPARATE VS. COMBINED: \$ +9.7 MIL

INTEREST ON DIFFERENCE

\$ 11.3 MIL

GRAND TOTAL OF DIFFERENCE

\$ + 21.0 MIL

SEPARATE

COMBINED

STAGE I

COST  
N.L.V. SHARE

\$61.7 MIL  
x 15.1%  
\$ 9.3 MIL

\$61.7 MIL  
x 13.5%  
\$ 8.3 MIL  
(-\$1.0 MIL)

STAGE II

COST  
N.L.V. SHARE

\$209.0 MIL  
12.0%  
\$25.0

\$209.0 MIL  
13.5%  
\$28.2 MIL  
(+\$3.2 MIL)

TOTAL I + II

\$34.3

\$36.5

\$34.3

CAPITAL COST DIFFERENCE SEPARATE VS. COMBINED

\$ 2.2 MIL

INTEREST ON DIFFERENCE

2.3 MIL

GRAND TOTAL OF DIFFERENCE

\$ 4.5 MIL

SEPARATE

COMBINED

STAGE I

COST  
HENDERSON SHARE

$$\begin{array}{r}
 \$61.7 \text{ MIL} \\
 \times 5.3\% \\
 \hline
 \$ 3.3 \text{ MIL}
 \end{array}$$

$$\begin{array}{r}
 \$ 61.7 \text{ MIL} \\
 \times 13.5\% \\
 \hline
 \$ 8.3 \text{ MIL}
 \end{array}$$

STAGE II

COST  
HENDERSON SHARE

$$\begin{array}{r}
 \$ 209.0 \text{ MIL} \\
 \times 19.8\% \\
 \hline
 \$ 41.3 \text{ MIL}
 \end{array}$$

$$\begin{array}{r}
 \$ 209.0 \text{ MIL} \\
 \times 13.5\% \\
 \hline
 \$ 28.2 \text{ MIL}
 \end{array}$$

( $\$5.0 \text{ MIL}$ )

TOTAL I+II

$$\begin{array}{r}
 \$ 44.6 \text{ MIL}
 \end{array}$$

$$\begin{array}{r}
 \$ 36.5 \text{ MIL} \\
 \hline
 44.6 \text{ MIL}
 \end{array}$$

CAPITAL COST DIFFERENCE SEPARATE VS. COMBINED

$$\begin{array}{r}
 \$ - 8.1 \text{ MIL}
 \end{array}$$

INTEREST OF DIFFERENCE

$$\begin{array}{r}
 \$ 9.4 \text{ MIL}
 \end{array}$$

GRAND TOTAL OF DIFFERENCE

$$\begin{array}{r}
 \underline{\underline{\$ 17.5 \text{ MIL}}}
 \end{array}$$

SEPARATE

COMBINED

STAGE I

COST \$ 61.7 MIL  
 BOULDER CITY SHARE x 1.5%  
\$ .9 MIL

\$ 61.7 MIL  
 x 5.0%  
\$ 3.1 MIL  
 (+ \$2.2 MIL)

STAGE II

COST \$ 209.0 MIL  
 BOULDER CITY SHARE 7.8%  
\$ 16.3 MIL

\$ 209.0 MIL  
 5.0%  
\$ 10.6 MIL  
 (- \$5.7 MIL)

TOTAL I + II \$ 17.2 MIL

\$ 13.7 MIL  
\$ 17.2 MIL

CAPITAL COST DIFFERENCE SEPARATE VS. COMBINED \$ 3.5 MIL

INTEREST ON DIFFERENCE

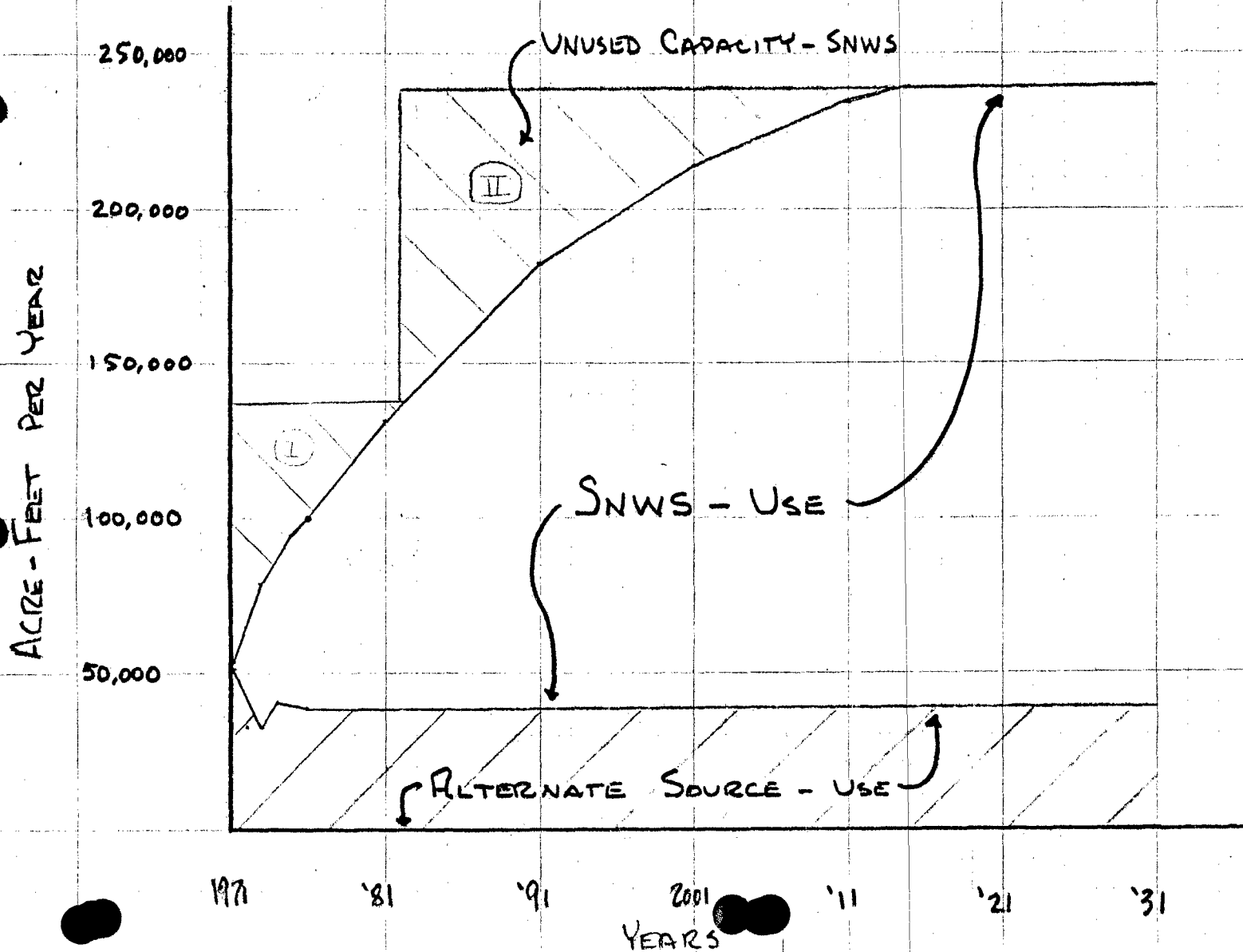
\$ 4.1 MIL

GRAND TOTAL OF DIFFERENCE

\$ 7.6 MIL

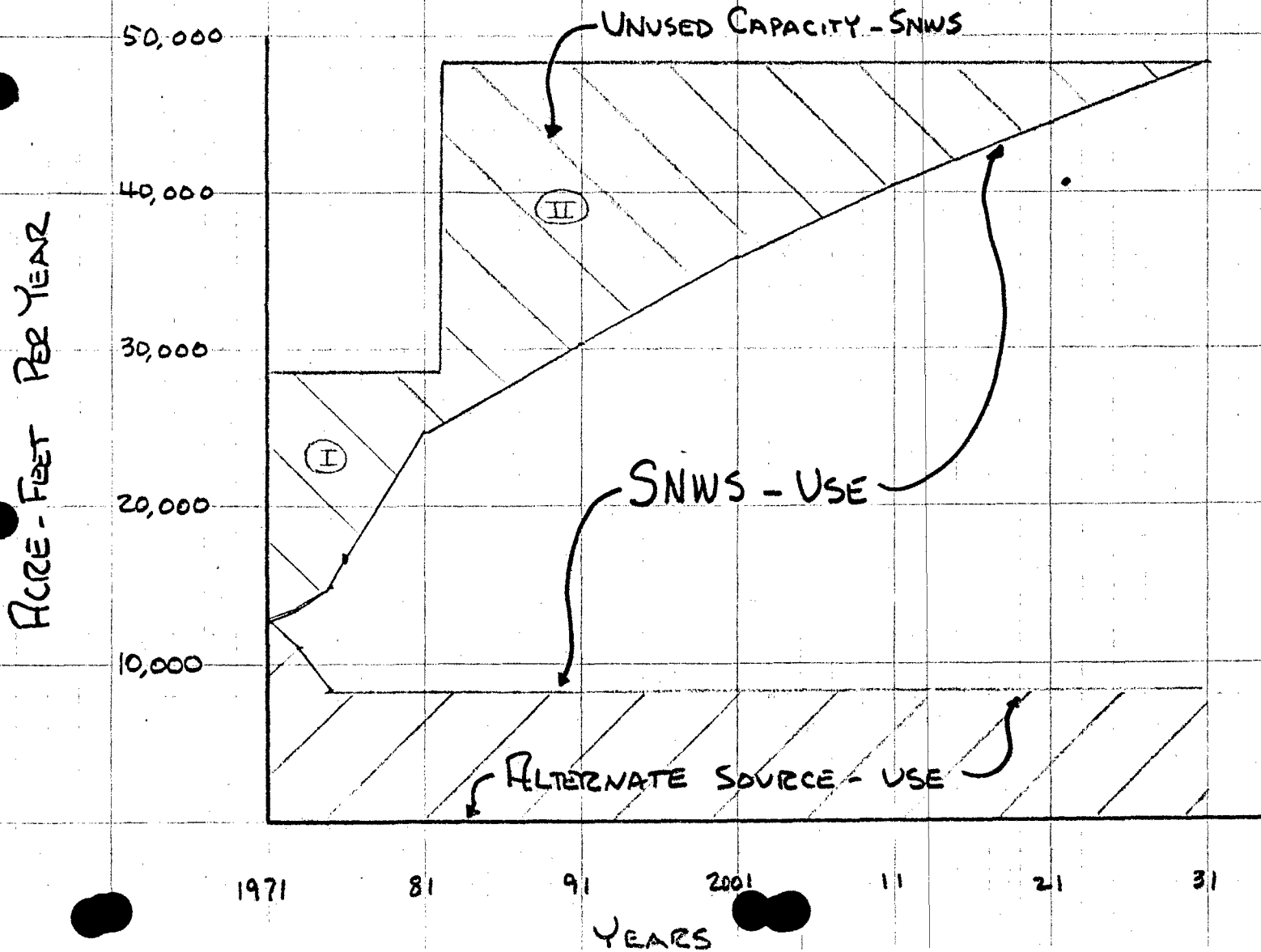
# LAS VEGAS VALLEY WATER DISTRICT

553





# NORTH LAS VEGAS



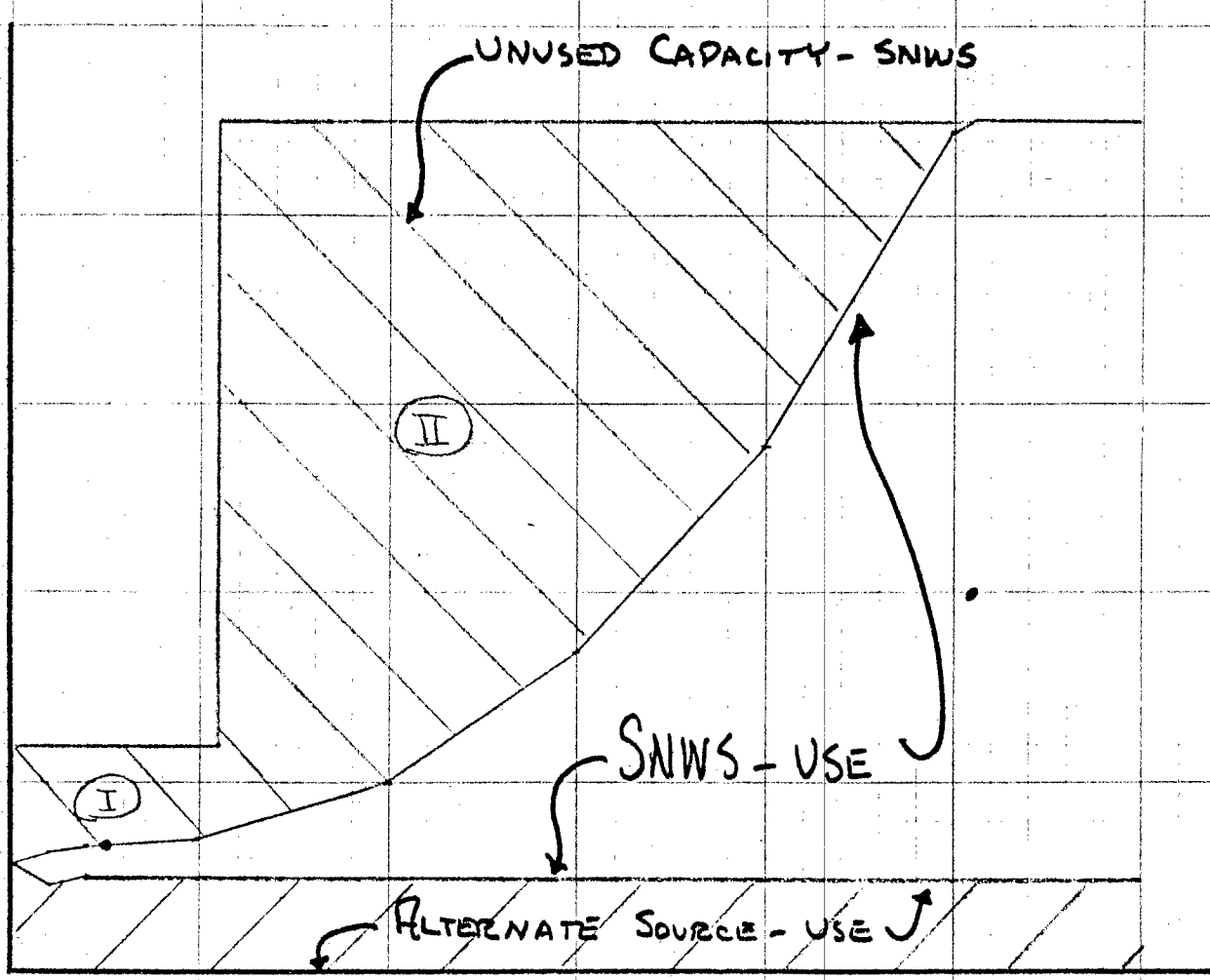
# HENDERSON

ACRE- FEET PER YEAR

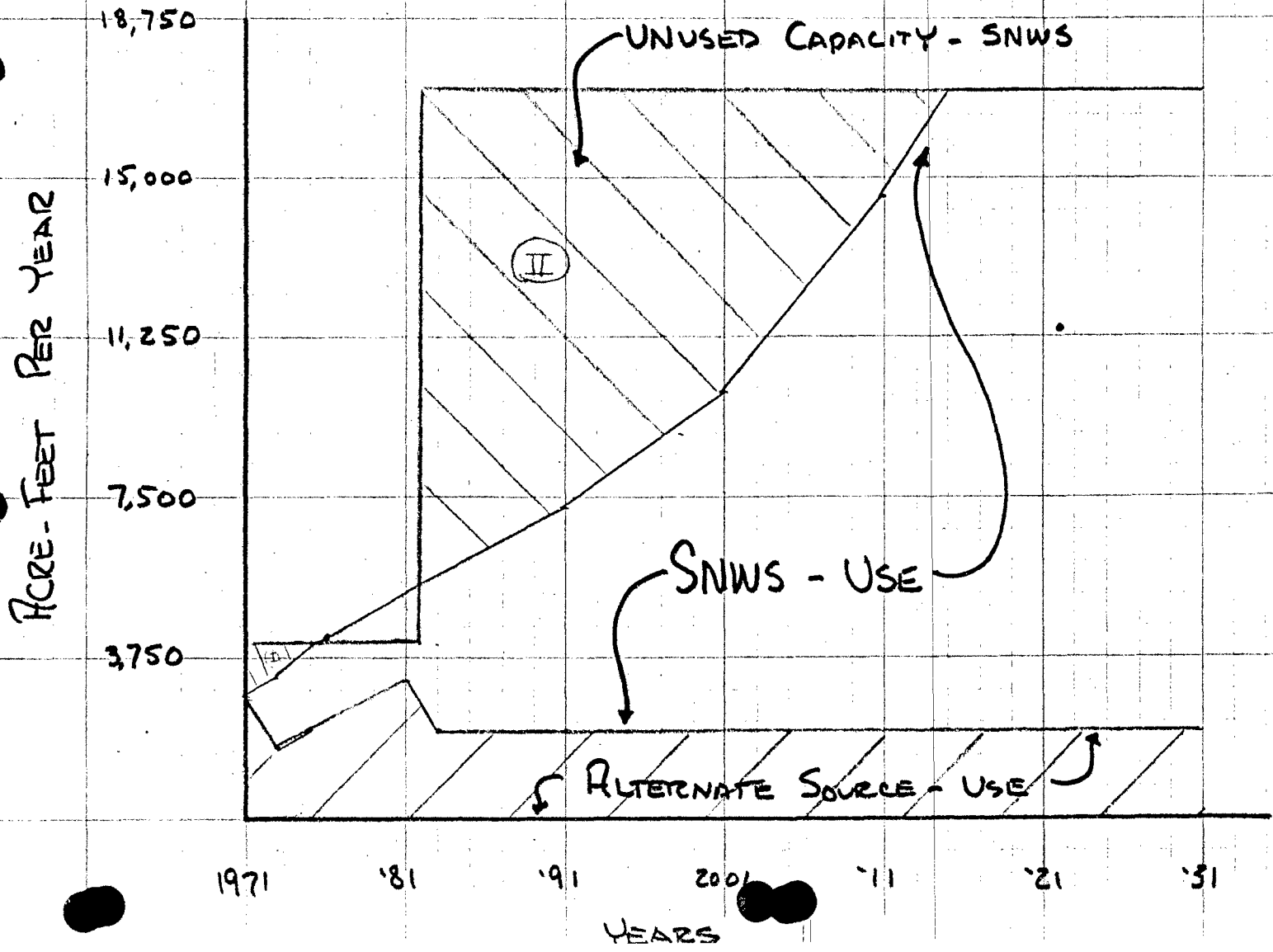
50,000  
40,000  
30,000  
20,000  
10,000

1971 '81 '91 2001 '11 '21 '31

YEARS



# BOULDER CITY



DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF COLORADO RIVER RESOURCES

Testimony regarding Senate Bill 40 - Senate Committee on  
Government Affairs March 7, 1977

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Mr. Chairman and members of the Committee, my name is Don Paff. I am the Administrator of the Division of Colorado River Resources. My testimony today supplements that which I presented at your February 21, 1977 hearing on Senate Bill 40.

We provided copies of this testimony to all Southern Nevada Water System water users on March 3. Also we mailed copies of our February 21 testimony to each water user on February 22 in accordance with your request to exchange testimony with interested or affected parties in advance of this hearing.

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In response to the Committee's comments regarding the need to provide a numeric limitation on the amount of state securities that could be used to back-up and supplement Federal funding of federal facilities, we have estimated that a maximum of \$192,500,000 authorized would be required. As we previously testified, this number is extremely difficult to estimate with accuracy. Our best estimate, which assumes full federal appropriation and use of funds authorized under Public Law 89-292,

is that approximately \$35 million of state securities will be required to supplement funding of the federal facilities. This amount does not reflect the future potential of additional federal funds through possible grant or reauthorization activities.

Attached are proposed amendments to SB-40 which incorporate the maximum estimated state securities required for supplemental and back-up to Federal funding of federal facilities. With this proposed amendment, except for numeric values, SB-40 would not change Chapter 482 as it pertains to Federal facilities.

At the previous hearing, we presented amendments to SB 40 which would establish the basic concepts for allocating capital repayment, reserve and operations and maintenance charges among the water users. (The attached amendment incorporates and supersedes the amendment proposed in our testimony of February 21, 1977.)

As we previously testified there has been extensive discussion and numeric evaluations related to alternative capital and reserve repayment methods. The two alternatives which have been extensively discussed are combining the First and Second Stage which we recommend, and separating the First and Second Stages which was recommended by representatives of the Las Vegas Valley Water District.

There is an additional concept that has been presented recently by the United States Bureau of Reclamation at the request of the President of the Las Vegas Valley Water District. This concept is based on water service which has been previously used by the Bureau of Reclamation.

For comparison of the impacts of the three concepts we have attached a table which, by percentage, summarizes the financial implication to each water user. For additional information, we have also included in the table a column identified as Cost of Facilities. This has not received any emphasis as a repayment concept but does indicate the relative percentage of cost of both the First and Second Stage facilities required to serve each water user.

In our February 21 testimony we indicated that there were legal questions before the Attorney General as to the legal ability of the Board of Directors of the Las Vegas Valley Water District to execute the contract proposed by the Division of Colorado River Resources. In a letter opinion dated February 23, 1977 addressed to the President of the Las Vegas Valley Water District, the Attorney General states:

CONCLUSION

"This office does not perceive any legal impediments to the repayment method proposed by the Division of Colorado River Resources, and does not concur with the conclusion of the District Attorney's office."

We urge your adoption of the attached amendments and request your early action so that related activities toward the initiation of construction of the Second Stage facilities can proceed. Mr. Chairman and members of the Committee, that concludes our testimony. We would be pleased to answer any questions.

ATTACHMENT to Testimony regarding Senate Bill No. 40 -  
Senate Government Affairs Committee March 7, 1977

Southern Nevada Water System  
First and Second Stage  
Separate, Combined, U.S.B.R. & Cost Capital Repayment Alternatives

Percent of total Federal and State Capital Obligation excluding  
Nellis Air Force Base

Ref: U.S.B.R. February 16, 1977  
DCRR February 2, 1977

	<u>Separate</u> <u>Repayment</u> %	<u>Combined</u> <u>Repayment</u> %	<u>U.S.B.R.</u> %	<u>Cost of</u> <u>Facilities</u> %
No. L.V.	12.7	13.6	12.2	17.5
LVVWD	63.7	67.7	74.6	65.6
Henderson	17.0	13.6	9.4	12.5
Boulder City	<u>6.6</u>	<u>5.1</u>	<u>3.8</u>	<u>4.4</u>
	100	100	100	100



PROPOSED AMENDMENTS TO SENATE BILL NO. 40

EXPLANATION - Underlined matter is new; matter in brackets [ ] is material to be deleted.

S. B. 40 is hereby amended as follows:

Sec. 3. Section 7 of the above-entitled act, being chapter 482, Statutes of Nevada 1975, at page 759, is hereby amended to read as follows:

Sec. 7. 1. The division, on the behalf and in the name of the state, acting by order of the administrator of the division, may:

(a) Acquire, hold [and improve], improve and equip the facilities;

(b) Acquire, hold, improve [and] , equip and dispose of properties appertaining to the facilities, including without limitation water and water rights, for the benefit and welfare of the people of the state;

(c) Acquire [the facilities,] , improve and equip the facilities and electric properties, wholly or in part, directly by construction contract [or otherwise,] or indirectly by contract with the Federal Government, or otherwise, or any combination thereof, as the division may from time to time determine;

(d) Borrow money and otherwise become obligated in a total principal amount of not exceeding [ \$60,000,000 ] \$55,000,000 to defray wholly or in part the cost of acquiring, improving and equipping the state facilities, and issue state securities to evidence such obligations; [and]

(e) Borrow money and otherwise become obligated [ [ ] ]  
in a total principal amount of not exceeding [ \$60,000,000 ] ]  
\$192,500,000 to defray wholly or in part the cost of  
acquiring, improving and equipping the federal facilities,  
and issue state securities to evidence such obligations [ . ] ;  
and

(f) Borrow money and otherwise become obligated in a  
total principal amount not exceeding \$5,000,000 to provide  
funds to defray wholly or in part the cost of acquiring,  
reconducting and otherwise improving and equipping  
electric properties to complement the facilities.

2. The power to issue securities [ [ ] ] hereunder in a total  
principal amount of not more than [ \$60,000,000 ] ] \$192,500,000  
under paragraph (e) of subsection 1 of this section, shall  
decrease to the extent, for the acquisition of the federal  
facilities, Congress by federal act appropriates funds, the  
Office of Management and Budget apportions funds, the Bureau  
of Reclamation allots funds, the Federal Government is obligated  
to pay earnings under contract for the construction and other  
acquisition of the federal facilities, or any part thereof,  
and the state is obligated by contract with the Federal  
Government to pay to it sums equal to such earnings and any  
incidental expenses due under such contract; but such power

to issue securities shall not be decreased because of any moneys due under such contract from the state to the Federal Government in the nature of interest charges to compensate it for moneys advanced by it until their repayment by the state.

Sec. 4. Section 8 of the above - entitled act, being chapter 482, Statutes of Nevada 1975, at page 758, is hereby amended by adding thereto new subsections 4 and 5 to Section 8, which shall immediately follow subsection 3 under said Section 8, and shall read as follows:

4. It is the intent of the legislature to ensure that all water users experience equal annual unit costs for project water delivered through the facilities authorized by chapter 268, Statutes of Nevada 1967 and chapter 482, Statutes of Nevada 1975 at such times as the users' annual water delivery ratios are equal to the maximum annual water delivery entitlement ratios; notwithstanding the realization that said unit costs will vary among users if the aforementioned ratios vary; and that internal management policies of the users may result in varying unit costs to the ultimate consumer of this project water.

5. To implement the intent of subsection 4 of this section, the division is authorized and directed to provide in all agreements executed subsequent to those agreements indicated in Subsection (2) hereunder with users of the water delivered through the facilities authorized in this act and chapter 268, Statutes of Nevada 1967, that:

(a) the cost to the division of amortizing all debt incurred pursuant to chapter 268, Statutes of Nevada 1967 shall be allocated to, and paid by, each water user in accordance with existing contracts with the General Services Administration for Nellis Air Force Base dated January 8, 1969 and with all other users dated August 25, 1967, until payments commence on the debt incurred pursuant to this act;

(b) the cost to the division of amortizing all debt incurred pursuant to chapter 268, Statutes of Nevada 1967 and this act after payments commence on the debt incurred pursuant to this act shall be allocated to, and paid by, each water user, excluding Nellis Air Force Base whose proportionate share of the federal facilities are prepaid, on the basis of the ratio that each users' total maximum annual water entitlement bears to the total of all annual water entitlements deliverable through the facilities authorized by both acts referred to in this paragraph;

(c) the cost to the division of establishing and maintaining all reserve funds required and permitted by the bond resolutions and contracts evidencing the debt incurred pursuant to chapter 268, Statutes of Nevada 1967 and this act shall be allocated to, and paid by, each water user in the same ratio and during the same periods of time as specified in subsections 5(a) and 5(b) of this act, except that Nellis Air Force Base shall not be excluded as stipulated in subsection 5(b);

(d) the annual cost to the division of operating and maintaining the facilities authorized by chapter 268, Statutes of Nevada 1967 and this act shall be allocated to, and paid by, each water user, including Nellis Air Force Base, on the basis of the ratio that each water users' annual water deliveries bears to the total annual water deliveries to all water users.

Sec. [4] 5. The title of the above-entitled act, being chapter 482, Statutes of Nevada 1975, at page 758, is hereby amended to read as follows:

An Act relating to certain water services and facilities and electric properties complementary thereto; supplementing chapter 268, Statutes of Nevada 1967; authorizing the acquisition of certain water service facilities, properties appurtenant thereto and electric

works, properties and appurtenances complementary thereto, and the issuance of bonds and other securities by the State of Nevada, acting by and through the division of Colorado River resources of the state department of conservation and natural resources; relating to the construction, other acquisition, equipment, operation, maintenance, improvement and disposal of properties appertaining to such facilities and properties; otherwise concerning such securities, facilities and properties, and revenues, taxes, pledges and liens pertaining thereto by reference to the State Securities Law; and providing other matters properly relating thereto.

Sec. [5] 6. This act shall become effective upon passage and approval.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF COLORADO RIVER RESOURCES

Supplementary

Testimony regarding Senate Bill 40 - Senate Committee on  
Government Affairs March 7, 1977

Mr. Chairman and members of the Committee, we received the testimony of Mr. Tom Rice on March 4 and have analyzed it. Although our testimony is in conflict with his for the most part, we noted that he now suggests, in broad concept, a possible additional alternative approach toward capital repayment which is in some respects similar to that provided by the Bureau of Reclamation.

Yesterday, I had conversations with Mr. Rice and Mr. Widner regarding the proposed new alternative. In view of those conversations I thought it would be appropriate that you be provided a comparative analysis to other alternatives that have been considered. The underlying assumptions of our analyses are based on those conversations and are tabulated on Attachment No. 2 entitled "WATER SERVICE ALTERNATIVE ASSUMPTIONS". The analysis is limited to the evaluation of capital repayment impacts only as indicated on Attachment No. 3 entitled "WATER SERVICE ALTERNATIVE ANALYSES".

The major conceptual difference between the previous alternatives and this alternative is that there is no specific reserved water allocation to any of the water users. Thus the cost obligation is based only on water use. This concept does combine both the First and Second Stages of the System.

The comparison of all alternatives is shown on Attachment No. 1 entitled "Comparison of Capital Repayment Alternatives". This comparison shows the highest total cost obligation by the Las Vegas Valley Water District would be under the concept Mr. Rice now proposes. This would amount, by our calculations, to be about \$64 million above the separate alternative and \$43 million above the combined alternative. In our comparison we also indicate that the Las Vegas Valley Water District and the City of Boulder City would have a slight increase in the maximum annual water from the System and the Cities of Henderson and North Las Vegas would have a decrease in their maximum annual water from the system. Our calculations indicate that based on current projections the system would be fully utilized by the year 2020.

This alternative has the advantage that in any single year the unit cost of water to each and every water user would be the same.

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Mr. Chairman and members of the Committee, based on our analyses and subject to review by the other water users, we would have no objections to following this water service alternative or the combined alternative approach to capital repayment.

This concludes our supplementary testimony. I would be pleased to answer any questions you may have.



Attachment No. 1

Southern Nevada Water System  
First and Second Stage

COMPARISON OF CAPITAL REPAYMENT ALTERNATIVES

First and Second Stage

No. L.V.	Separate % Repayment	Combined % Repayment *	U.S.B.R. %	Cost of % Facilities *	Water % Service **
No. L.V.	12.7	13.6	12.2	17.5	12.43
LVVWD	63.7	67.7	74.6	65.6	77.44
Henderson	17.0	13.6	9.4	12.5	6.14
B.C.	<u>6.6</u>	<u>5.1</u>	<u>3.8</u>	<u>4.4</u>	<u>3.99</u>
	100	100	100	100	100

\* Maximum Allocations  
First & Second Stage

No. L.V.	40,000 AF/yr
LVVWD	200,000 AF/yr
Henderson	40,000 AF/yr
B.C.	<u>15,000</u> AF/yr
	295,000 AF/yr

\*\* Estimated Maximum Allocation  
First & Second Stage

No. L.V.	35,700 AF/yr
LVVWD	204,000 AF/yr
Henderson	37,700 AF/yr
B.C.	<u>17,600</u> AF/yr
	295,000 AF/yr

Attachment No. 2

WATER SERVICE ALTERNATE ASSUMPTIONS

1. No change in the First Stage contract operations until the Second Stage is operational in 1981.
2. Capital Repayment of the First and Second Stages are combined effective 1982.
3. All costs, both O&M and capital repayment are allocated on a uniform rate to all water users based on annual water used by all water users.
4. No set allocation of water to any water user up to a combined limit of 295,000 acre feet per year.
5. No change or adjustment to the layout or capacity of the System as now set forth in the USBR Definite Plan Report.
6. Analyses based on projected demands supplied by water users, except for the Las Vegas Valley Water District and the City of Boulder City which were extrapolated past the limit of 200,000 and 15,000 acre feet per year.
7. In the year the System's total annual delivery is exhausted (295,000 acre feet per year) the allocation among water remains constant from that year and for the remainder of the repayment period, excluding Nellis Air Force Base allocation of 4,000 acre feet per year.
8. Nellis Air Force Base capital obligation for State Facilities excluded from analyses.

Attachment No. 3 **WATER SERVICE ALTERNATIVE ANALYSES**

*Southern Nevada Water Systems  
Estimated Capital Costs  
Water Service Concept  
(Gardner Billing)*

FORM 504  
REVISED 02-16-77

Year	Total Water			Boulder City		Henderson		LVUWD		North Las Vegas	
	Delivered (Case 7-2)	Capital Costs	Costs per acre-foot	Water Delivered	Capital Cost	Capital Cost	Water Delivered	Capital Cost	Water Delivered	Capital Cost	Water Delivered
1972	122700	8494000	6723	3500	242200	138200	2300	99800	676700	18000	126100
73	130000	8718500	6552	4000	273500	140200	2100	103800	738700	18400	126500
74	137300	8943000	6382	4400	304800	151900	1900	111800	820300	18800	126900
75	144600	9167500	6212	4800	336100	163600	1700	119800	911900	19200	127300
76	151900	9392000	6042	5200	367400	175300	1500	127800	1003500	19600	127700
77	159200	9616500	5872	5600	398700	187000	1300	135800	1095100	20000	128100
78	166500	9841000	5702	6000	430000	198700	1100	143800	1186700	20400	128500
79	173800	10065500	5532	6400	461300	210400	900	151800	1278300	20800	128900
80	181100	10290000	5362	6800	492600	222100	700	159800	1369900	21200	129300
81	188400	10514500	5192	7200	523900	233800	500	167800	1461500	21600	129700
82	195700	10739000	5022	7600	555200	245500	300	175800	1553100	22000	130100
83	203000	10963500	4852	8000	586500	257200	100	183800	1644700	22400	130500
84	210300	11188000	4682	8400	617800	268900	0	191800	1736300	22800	130900
85	217600	11412500	4512	8800	649100	280600	0	199800	1827900	23200	131300
86	224900	11637000	4342	9200	680400	292300	0	207800	1919500	23600	131700
87	232200	11861500	4172	9600	711700	304000	0	215800	2011100	24000	132100
88	239500	12086000	4002	10000	743000	315700	0	223800	2102700	24400	132500
89	246800	12310500	3832	10400	774300	327400	0	231800	2194300	24800	132900
90	254100	12535000	3662	10800	805600	339100	0	239800	2285900	25200	133300
91	261400	12759500	3492	11200	836900	350800	0	247800	2377500	25600	133700
92	268700	12984000	3322	11600	868200	362500	0	255800	2469100	26000	134100
93	276000	13208500	3152	12000	899500	374200	0	263800	2560700	26400	134500
94	283300	13433000	2982	12400	930800	385900	0	271800	2652300	26800	134900
95	290600	13657500	2812	12800	962100	397600	0	279800	2743900	27200	135300
96	297900	13882000	2642	13200	993400	409300	0	287800	2835500	27600	135700
97	305200	14106500	2472	13600	1024700	421000	0	295800	2927100	28000	136100
98	312500	14331000	2302	14000	1056000	432700	0	303800	3018700	28400	136500
99	319800	14555500	2132	14400	1087300	444400	0	311800	3110300	28800	136900
2000	327100	14780000	1962	14800	1118600	456100	0	319800	3201900	29200	137300
2001	224200	16325300	2212	7900	572300	766000	11300	176700	12767300	27700	201700
02	229300	16326400	2151	8400	572500	766000	12300	179900	12723300	28300	202500
03	232300	16325800	2028	8900	611900	762800	13700	181000	12727200	28900	202400
04	236500	16324900	6902	9400	628900	1014000	14700	183500	12651900	29500	202900
05	240600	16321800	6704	9900	644500	1065100	15700	185500	12584300	30100	202800
06	244700	16318700	6622	9900	661500	1115900	16700	187200	12509700	30400	203100
07	248700	16318900	6566	10300	678000	1172300	17300	188900	12441100	30800	2028500
08	251600	8971700	3547	10800	685200	677700	19000	190000	6778700	31000	1029300
09	255200	8447600	3310	11300	379400	668600	20200	192300	6365100	31400	1039300
10	259000		3262	11800	384900	701800	21500	194600	6328300	31700	1034400
11	262600		3217	12500	402000	735300	22800	195200	6279600	32100	1032600
12	266300		3172	13200	419200	767000	24100	196400	6229900	32500	1030900
13	270000		3127	13900	434900	801000	25400	197600	6182300	32900	1029200
14	273700		3086	14500	447500	836300	27100	198100	6135000	33300	1027500
15	277400		3045	15000	456000	873700	28800	200000	6090000	33700	1026200
16	280800		3028	15500	468200	911400	30300	200800	6040000	34100	1025700
17	284500		2999	16000	478900	953200	32000	201500	5991000	34500	1024300
18	288000		2933	16600	488600	994300	33900	202600	5942300	34900	1023600
19	291300		2910	17100	495900	1035300	35700	203200	5892800	35300	1023200
20	295000		2864	17600	504000	1079700	37700	204200	5842600	35700	1022800
21		8497500	2804		504000	1079700			5842600		1022800
22		5843500	1971		348700	746800			4041200		707200
23											
24											
25											
26											
27											
28											
29											
30											
2031	295000	5843500	1971	17600	348700	746800	37700	204200	4041200	35700	707200
Total	11777000	574048600	4872	547200	22723700	35257100	979600	8008400	444504100	1451500	71366300
Percent of Total	100.0	100.0	-	4.64	3.99	6.14	8.31	7.473	7.744	12.32	12.43

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WATER SERVICE ALTERNATIVE ANALYSES

Southern Nevada Water Systems  
Estimated Capital Costs  
Water Service Concept  
(Gulube Valley)



Year	Total Water			Boulder City		Henderson		LUVWD		North Las Vegas	
	Deliveries (Mgd/Day)	Capital Costs	Cost per Mgd/Day	Water Deliveries	Capital Cost	Capital Cost	Water Deliveries	Water Deliveries	Capital Cost	Water Deliveries	Capital Cost
1972	122700	8494600	6923	3500	242300	138500	2000	99200	626700	18000	1246100
73	122700	8494600	6923	4000	275300	144500	2100	105800	726100	18400	1246500
74	122700	11274300	9181	4400	362200	149100	2200	111800	720300	18500	1547600
75	149500	11752900	7864	4800	391000	187200	2300	118000	961100	19200	1563800
76	14727200	14727200	7251	4800	472300	226000	2400	122700	12087200	19600	1930800
77	15038500	15038500	7336	4900	475100	271500	2800	127400	12352700	20000	1937200
78	16270500	16270500	10131	4900	476600	334300	3300	132100	13383100	20500	2076900
79	16339600	16339600	7708	5000	470400	370700	3800	136800	13417300	21000	2059700
80	1724000	16337800	1477	5100	483300	407500	4300	141500	13410100	21500	2037600
81	172500	16336100	9217	5200	477600	451700	4900	145200	1338600	21900	2015500
82	1821000	16333700	8973	5400	484400	484400	5400	146900	13356300	22400	2009300
83	1821000	16336200	8951	5600	483700	523900	6000	152600	13323500	22900	1999700
84	1972000	16333300	8437	5800	492700	569400	6700	156300	13282500	23400	1988500
85	2017000	16334600	8083	6000	497000	604700	7300	160000	13253200	23900	1979700
86	2062000	16335000	7957	6300	510200	647800	8000	162900	13192700	24500	1984200
87	2107000	16334700	7692	6600	522700	687200	8700	165800	13134700	25100	1984400
88	2154000	16333700	7552	6900	534700	728700	9400	168700	13077600	25700	1992300
89	2201000	16333000	7352	7200	545700	773400	10200	171600	13019700	26400	2001600
90	2231000	16329400	7417	7500	556400	816100	11000	174900	12946200	27100	2010500
91	2242000	16325300	7282	7900	575300	866600	11900	176700	12867300	27700	2017100
92	2285000	16326400	7151	8300	593500	915300	12800	178900	12793100	28300	2023700
93	2323000	16325800	7028	8700	611400	962800	13700	181100	12727700	28800	2024400
94	2365000	16324400	6902	9100	628100	1014600	14700	183300	12651400	29400	2029200
95	2406000	16321900	6774	9500	644500	1065100	15700	185500	12584300	29900	2028400
96	2442000	16318600	6652	9900	661500	1115900	16700	187200	12508700	30400	2031300
97	2475000	16318900	6586	10300	678400	1172300	17800	188900	12441000	30800	2028500
98	2515000	8971700	3567	10800	385200	677700	19000	190600	6798700	31100	1109300
99	2552000	8447500	3310	11300	374000	668600	20200	192300	6365100	31400	1039300
10	259000		3262	11800	384900	701300	21500	194000	6328300	31700	1034100
11	262600		3217	12500	402100	733500	22800	195200	6279600	32100	1032700
12	266300		3172	13200	418700	767600	24200	196400	6229800	32500	1030900
13	270000		3129	13900	434700	801000	25600	197600	6182700	32900	1029400
14	273700		3086	14500	447500	836300	27100	198100	6135000	33300	1027600
15	277400		3045	15000	456800	873700	28700	200000	6090000	33700	1026200
16	280800		3008	15600	469200	911400	30300	200800	6040100	34100	1025700
17	284500		2969	16100	478000	953000	32100	201800	5991400	34500	1024300
18	288000		2933	16600	486700	994300	33900	202600	5942300	34900	1023600
19	291300		2900	17100	495900	1035300	35700	203200	5892800	35300	1023700
20	295000		2864	17600	504100	1079700	37700	204000	5842600	35700	1022400
21		8447500	2864		504100	1079700			5842600		1022400
22		5843500	1981		348700	746800			4041200		707200
23											
24											
25											
26											
27											
28											
29											
30											
2031	275000	5845500	1981	17600	348700	746800	37700	204000	4041200	35700	707200
ATD	11797700	574042600	4872	547200	22923700	35257100	979600	8804400	444504100	1451500	71366500



# CITY OF HENDERSON

CITY HALL

243 WATER STREET

702/565-8921

HENDERSON, NEVADA 89015

*Gateway to Lake Mead Resorts*

March 3, 1977

The Honorable James I. Gibson,  
Chairman  
Senate Committee on Government Affairs  
Nevada State Senate  
Carson City, Nevada 89701

Gentlemen:

The City of Henderson is vitally concerned with the Southern Nevada Water Project and the financing of Phase II as contained in Senate Bill 40. We totally support this project and desire to see the work completed to provide the needed water resources for a rapidly growing Southern Nevada.

Some issues addressed in the amendments to Senate Bill 40 do cause concern to the residents of the City of Henderson. These issues pertain to the pay-back mechanism. The imposition of additional costs to Henderson and Boulder City by separate pay-back of Phases I and II of the project is of such magnitude as to pose an undue hardship. The unit costs of water through the project in Phase II in the case of the separation of Phase I and Phase II costs are such that they would jeopardize the integrity of the Henderson water utility.

With a combined pay-back scheme, the cost remains high to Henderson residents but sufficiently lower to allow a reasonable cost to rate payers when compared to other local communities.

It is the position of the Henderson City Council that the pay-back be on a combined basis and that all operation and maintenance costs be apportioned on the basis of water used by the various contractors.

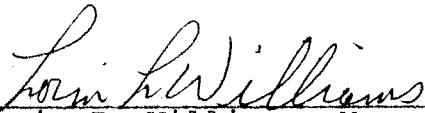
This City needs the resources provided by this project for future growth within the present sixty six square miles presently within the city limits. Resources provided by Phase II of the Southern Nevada Water Project are not necessary until a period near 1990 as presently projected. Henderson has remained quite close to its projections for utilization of Phase I allocation and anticipates this condition to continue into the future.

Continued.....

The Honorable James I. Gibson,  
Chairman  
Committee on Government Affairs  
Nevada State Senate  
Page - 2

We feel that it is not equitable for Henderson to be forced into a precarious financial situation with its water utility by the proposals as outlined by the Las Vegas Valley Water District.

Very truly yours,

  
Lorin I. Williams, Mayor

  
J. Gary Price, Councilman

  
Carlton D. Lawrence, Councilman

  
Phil Stout, Councilman

  
Lorna Kesterson, Councilwoman

CITY OF BOULDER CITY

March 7, 1977

TESTIMONY IN SUPPORT OF AMENDMENTS TO SENATE BILL 40

Gentlemen, I am Mal Degernes, City Manager of the City of Boulder City. My testimony is in support of the amendments to Senate Bill 40 as proposed by the Division of Colorado River Resources.

At the time the First Stage contracts were executed by the water users in 1967, each user specified the capacity needed in the First Stage. For Boulder City, our First Stage capacity is 2,000 acre feet. For the Second Stage, Boulder City's allocation is 13,000 acre feet for a total of 15,000 acre feet of water from the Southern Nevada Water Project.

This was Boulder City's decision based upon projections made by the Boulder City staff and City Council at that time. In Boulder City's case, based upon actual growth rates, Boulder City will not have a need for any Second Stage water until 1986. So far Boulder City has not advocated a delay in the commencement of the Second Stage, because we recognize that other water users have a more immediate requirement for additional water. So far, Boulder City has not objected to beginning repayment of its share of the Second Stage costs about four years earlier than necessary to Boulder City. We have constantly been of the opinion that the Southern Nevada Water Project was a truly regional project for Southern Nevada, and we have expected that each user would pay its equitable share of the two stages of the project. For this reason Boulder City is willing to begin repayment before it actually needs the water.

Although Boulder City will not need Second Stage water until 1986, based on the continuation of our present, actual growth rate and water use rate, the City will use its total water allocation by the year 2004. Decreases in water usage will possibly delay this point, but it is quite apparent that Boulder City's water resources will be used to capacity within thirty years.

The two stages of the project will produce 299,000 acre feet of water per year. Boulder City's share is 15,000 acre feet, or 5.017% of the water. The total cost of both stages of the project is projected to be \$601,700,000 including interest costs. For 5.017% of the water, Boulder City believes it has an obligation to pay 5.017% of these total costs, or \$30,600,000. Combining the repayments for the First and Second Stages will result in this amount as Boulder City's share.

In the event the two stages are separated as proposed by the Las Vegas Valley Water District, Boulder City would be required to repay \$39,600,000 or 6.58% of the cost for 5.017% of the water. The effect of separating the two stages for repayments is for Boulder City residents to subsidize other water users a total of \$9,000,000!

What this means to the water customer over the 50 year repayment life of the Southern Nevada Water Project is interesting. The following are average water costs:

	<u>COMBINED</u>	<u>SEPARATE</u>
Boulder City	56¢/1000 Gallons	62¢/1000 Gallons
Henderson	66¢/1000 Gallons	75¢/1000 Gallons
LVVWD	49¢/1000 Gallons	48¢/1000 Gallons
North Las Vegas	53¢/1000 Gallons	52¢/1000 Gallons

This means that by using a separate repayment schedule, Boulder City residents will pay six cents per thousand gallons additional in order to subsidize a one cent per thousand gallons reduction to the water costs for LVVWD and North Las Vegas.

Boulder City does not believe that separating the two stages of one project is proper. The two stages are interrelated, they are not separate and distinct projects. The two stages were used so that projected use would dictate actual construction. As an example although Boulder City's allocation was 2,000 acre feet in Stage One and 13,000 additional for Stage Two, the pipe line lateral serving Boulder City was constructed entirely within Phase One.

Boulder City strongly supports the amendments as proposed by the Division of Colorado River Resources. Boulder City would be forced to seriously reassess its decision to participate further in the Southern Nevada Water Project if the user contracts required it to pay more than its share of the total costs.

That concludes my testimony. I will be pleased to answer any questions you might have. Thank you.



## COMMENTS RELATIVE TO SENATE BILL 40

We have reviewed Senate Bill 40 as well as the amendments proposed by the Division of Colorado River Resources. While we agree that this matter merits immediate attention we still take issue with them relative to one of the unresolved problems; that being, just what method should be utilized for allocating capital and reserve costs.

The basic reason for our contractual concern is simply the fact that there was a great amount of disparity in the ratio of participation between the first and second stages of this water project among the participating agencies. As it turns out, it is now much more costly to build the second stage because of the inflated construction costs that are inherent in our economy. Whereas the City of North Las Vegas, as well as the Las Vegas Valley Water District, chose to take essentially 50% of their entitlement in each of the two stages, the other two communities, Henderson and Boulder City, chose to take a very small entitlement under the first stage while reserving a larger entitlement from the second stage. It is now being proposed that all of the costs associated under the contract be combined so that all receiving agencies would now pay the same amount per unit cost of water irrespective of when they receive their entitlement. Thus, our City, as well as the LVVWD, would in essence be penalized for taking a larger proportion of our share of water as a result of the first phase construction. We would submit to you that if this combined method of payment was envisioned during the early stages of

negotiations all water users should have been paying their proportionate share of the first phase contract under a proportionate total allocation ratio rather than that portion that was available under the first phase only.

The proposed combined repayment schedule does not correct the disparity in the allocation of payments that have already been made prior to the advent of the 2nd stage of this project and it would be unfair to certain participating agencies. If there is to be no re-allocation of the water available under this project in order to make the user ratios more nearly equal those developed for the first stage, the only fair method of allocating said capital costs would be to have separate contracts for each phase.

We support the position of the Division of Colorado River Resources on the other unresolved points of contention relative to this bill. We feel this legislation is essential so that the 2nd Stage of this Project can become a reality; however, as we have pointed out, the proposed combined repayment method is not fair and equitable to all participating agencies.

SENATE GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

DATE 3-7

PLEASE SIGN - EVEN IF YOU ARE NOT HERE TO TESTIFY.....

NAME	WILL YOU TESTIFY	BILL NO	REPRESENTING - - - - -
GEORGE BENNETT	YES	SB 277	STATE BD. OF PHARMACY
JAMES WIDNETZ	NO	SB 40	LAS VEGAS VALLEY WATER DIST
Thomas R. Rice	Yes	SB 40	" " " " " "
STEVE STUCKER	YES	SB 40	NORTH LA VEGAS
LARRY McCUTCHEON	YES	SB 40	" " " "
M.L. DEGERNES	YES	SB. 40	BOULDER CITY
Phil Stout	NO	SB. 40	HENDERSON -
Geoffrey H. Billingsley	Yes	SB 40	Henderson
DON PAFF	YES	SB 40	Div. Colo. River Resources
Bob Haggin	yes	AB 246	SNEA
Bill Smith	no	SB 163	AGING
Bryan Armstrong	NO		Las Vegas Sun
DAVIS E. REIL			NRTA/AARP - Nevada Joint State Legislative Committee
HOWARD BARRETT	yes	AD 246	
KAY KNISLEY			
Marie Fowl	no		Sparks
Norma M. Summfield	no		Sparks
Jan Strobel	no		Las Vegas Review Journal
Michelle S. Lund		SB 163	NRTA/AARP Nevada Joint State Legislative Committee
Bob Teller	NO	AB 246	SWEA
Sen. Bryan	Yes	SB-113	