

## DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or [library@lcb.state.nv.us](mailto:library@lcb.state.nv.us).

**SENATE COMMITTEE ON FINANCE**

**JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES  
AND TRANSPORTATION  
CLOSING REPORT**

**COLORADO RIVER COMMISSION**

THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION HAS COMPLETED ITS REVIEW OF THE BUDGET ACCOUNTS FOR THE COLORADO RIVER COMMISSION'S SECTION OF THE EXECUTIVE BUDGET AND IS RECOMMENDING THE FOLLOWING CLOSING ACTIONS.

**COLORADO RIVER COMMISSION (B/A 4490) CRC – PG 1**

THE SUBCOMMITTEE VOTED TO CLOSE THE COLORADO RIVER COMMISSION BUDGET ACCOUNT AS RECOMMENDED BY THE GOVERNOR, WITH ONE EXCEPTION. OF THE EIGHT NEW POSITIONS RECOMMENDED BY THE GOVERNOR OVER THE 2003-05 BIENNIUM, THREE POSITIONS WERE DEFERRED TO THE SECOND YEAR OF THE BIENNIUM TO MEET WORKLOAD INCREASES EXPECTED IN THE SECOND YEAR OF THE BIENNIUM. THE SUBCOMMITTEE APPROVED FUNDING FOR POTENTIAL CONTRACTS FOR RESEARCH AND DEVELOPMENT-RELATED STUDIES, AND ALSO APPROVED FUNDING TO SUPPORT THE COMMISSION'S ANTICIPATED WATER AND POWER RESEARCH ACTIVITIES ALONG THE COLORADO RIVER. THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO ELIMINATE THREE VACANT POSITIONS. ALSO, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO PURCHASE NEW COMPUTER HARDWARE AND SOFTWARE.

**POWER DELIVERY SYSTEM (B/A 4501) CRC – PG 13**

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO PROVIDE ADDITIONAL FUNDING FOR SOUTHERN NEVADA WATER AUTHORITY'S (SNWA) AND CRC'S OTHER CUSTOMERS' PROJECTED INCREASE

EXHIBIT K Senate Committee on Finance

Date: 5/15/03 Page 1 of 9

IN DEMAND FOR POWER. ADDITIONALLY, THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO FUND A PILOT PROJECT FOR RENEWABLE ENERGY RESOURCES IN COLLABORATION WITH SNWA. FUNDING FOR THE PROJECT WILL BE PROVIDED UNDER A CONTRACT WITH SNWA.

**POWER MARKETING FUND (B/A 4502) CRC – PG 17**

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO PROVIDE ADDITIONAL FUNDING TO SUPPORT THE GROWTH PROJECTED BY CRC'S HYDROPOWER CUSTOMERS FOR THE 2003-05 BIENNIUM. THE SUBCOMMITTEE ALSO APPROVED THE GOVERNOR'S RECOMMENDATION TO FUND OPERATING AND REBUILDING COSTS OF THE BASIC INDUSTRIES SUBSTATION IN HENDERSON. THE REVENUE WILL BE DERIVED THROUGH AN ADDITIONAL POWER CHARGE TO INDUSTRIAL CUSTOMERS AS AGREED UPON BY BOTH PARTIES.

Title: COLORADO RIVER COMMISSION  
Account: 296 - 4490

2003 - W02  
Wrkng Ver #2

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
<b>Revenues</b>							
BALANCE FORWARD	297,392	742,255	149.59	957	-99.87	341,573	3559206
INTER AGENCY TRANSFER	1,234,937	761,111	-38.37	1,234,937	62.25	1,234,937	
OTHER FUND	1,602,507	2,325,538	45.12	4,888,193	110.20	5,639,929	15.38
<b>Total Revenues</b>	<b>3,134,836</b>	<b>3,828,904</b>	<b>22.14</b>	<b>6,124,087</b>	<b>59.94</b>	<b>7,216,439</b>	<b>17.84</b>
<b>Expenses</b>							
Base				6,124,087	100.00	8,926,217	123.69
Maintenance						-238,156	-3.30
Enhancement						-1,471,622	-20.39
<b>Total Expenses</b>				<b>6,124,087</b>		<b>7,216,439</b>	
<b>Percentage of Base</b>							
Maintenance					% of tot.		% of tot.
Enhancement							
<b>Total FTE</b>		37.51		42.51		42.51	

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	FY 2004	FY 2005
E-275	00	2511	Adjust Bal Fwd to eliminate funding in FY 04 to defer three new positions to FY 05	0	199,883
E-720	00	2511	Adjust Balance Forward for change in expenditure	0	15,805
<b>Sub-Total</b>				<b>0</b>	<b>215,688</b>
<b>Line Item Changes to Revenues</b>				<b>0</b>	<b>215,688</b>

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	FY 2004	FY 2005
E-275	01	5000	Adjust Personnel Expense to eliminate funding in FY 04 to defer three new positions to FY 05	(199,883)	(1,200)
E-275	86	9000	Adjust Reserve to eliminate funding in FY 04 to defer three new positions to FY 05	199,883	201,083
E-720	26	7000	Adjust computer software prices	(11,350)	(11,885)
E-720	26	8000	Adjust computer hardware prices	(4,455)	(2,252)
E-720	86	9000	Adjust Reserve for change in expenditure	15,805	29,942
<b>Sub-Total</b>				<b>0</b>	<b>215,688</b>
<b>Line Item Changes to Expenditures</b>				<b>0</b>	<b>215,688</b>
<b>Total</b>				<b>0</b>	<b>0</b>

**OVERVIEW**

The CRC is responsible for acquiring, managing, and protecting Nevada's water and hydropower resources from the Colorado River for the residents of southern Nevada. This fund is supported by an administrative charge on the sale of electric power to the commission's customers and the Southern Nevada Water Authority (SNWA). Additional miscellaneous revenues are received through the sale of raw water to a number of small water users along the Colorado River.

**CLOSING ISSUES**

New Positions - (8)

## DISCUSSION OF CLOSING ISSUES

**New Positions (8) (E-275, CRC-3).** The Governor recommends the addition of eight new unclassified positions over the 2003-05 biennium to accommodate planned growth. One Assistant Director Energy Information Systems to provide senior level oversight of information and operation systems. Three Natural Resource Specialists and two Natural Resource Specialist/Technicians to accommodate the environmental and water resource programs. One Senior Power Facilities Engineer and one Senior Power Facilities Electrician to accommodate growth in the Power Delivery Project. Funding is recommended from the reserve in the amount of \$600,234 in FY 2003-04 and \$802,723 in FY 2004-05 for personnel and associated costs. The new positions have been approved by CRC's customers who will provide the funding through an additional power sales charge. **Staff has worked with the agency, and the agency has agreed to defer three of the positions recommended in the first year of the upcoming biennium to the second year (one Natural Resource Specialist and two Natural Resource Technicians).** With the Subcommittee's approval, staff will make the appropriate technical adjustments to reduce costs by approximately \$200,000 in FY 2003-04.

The Subcommittee approved funding five new positions in FY 2003-04 and deferring the hiring of three new positions to FY 2004-05.

## OTHER CLOSING ITEMS

- E-375 (CRC-4) Research & Development Contracts** - The Governor recommends \$450,000 in each fiscal year of the upcoming biennium from the reserve to fund potential contracts for environmental research and development-related studies, pursuant to NRS Chapter 538.226. Chapter 538.226 grants the CRC the authority to enter into contracts up to \$200,000 for the services of an independent contractor related to the acquisition of an interest in supplemental water. It also provides authority for the CRC to enter into contracts up to \$250,000 for studies or the implementation of projects relating to water quality, evaluation or enhancement of ecological habitat or weather modification. By statute, actual contract expenditures would be funded by the SNWA. The SNWA would not be billed unless a contract was in place.
- E-376 (CRC-4) Colorado River Basin Water & Environmental Affairs and Federal Hydropower Programs-** The Governor recommends \$401,077 in FY 2003-04 and \$405,433 FY 2004-05 from the reserve to fund out-of-state travel, contract services and operating costs for Colorado River basin water and environmental affairs programs and also federal hydropower programs. The agency indicates the funding is for continued involvement in both upper and lower basin resource activities (hydropower) and electric power activities.
- E-377 (CRC-4) Symposium and Publication** - The Governor recommends \$33,000 in each fiscal year from the reserve to fund a Colorado River Water Planning & Development Symposium and a publications project to address change in Colorado River governance and water allocation for distribution to interested communities within the Colorado River region. Participants would include state and local water officials, Greenspun College of Urban Affairs, UNLV and Southern Nevada Water Authority. The focus would be on the law of the Colorado River to raise the attention level of other states of Nevada's additional needs for resources.
- E-605 (CRC-5) Budget Reductions – Staffing** - The Governor recommends a \$330,370 reduction in the reserve over the next biennium by the elimination of three vacant, classified positions and associated costs: one Engineering Technician IV, one Registered Professional Engineer, and one Administrative Assistant I. The positions were eliminated in accordance with the Governor's budget reduction initiative.
- E-710 (CRC-5) Replacement Equipment** - The Governor recommends \$9,000 in funding from the reserve in the upcoming biennium to fund replacement equipment consisting of a fax machine, and various office furniture.
- E-720 (CRC-5) New Equipment** – The Governor recommends \$142,747 in FY 2003-04 and \$126,953 in FY 2004-05 from the reserve for equipment consisting of computer hardware and software to further develop and enhance its ISTAR internal resource tracking system. The agency uses the ISTAR system for various

internal reporting and tracking processes such as financial reporting, market research and calendar coordination. The ISTAR system provides Internet access to CRC's customers for information on power suppliers and contract pricing data up to five years into the future. **Costs have been reduced by \$15,805 in FY 2003-04 and \$14,137 in FY 2004-05 based on recent pricing from the State Purchasing Division.**

**The Subcommittee approved Other Closing Items as recommended by the Governor.**

**OTHER TECHNICAL ADJUSTMENTS**

Staff requests authority to make adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

**The Subcommittee approved Other Technical Adjustments as recommended by staff.**

Title: POWER DELIVERY SYSTEM  
Account: 502 - 4501

2003 - G01  
Governor Recommended

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
<b>Revenues</b>							
BALANCE FORWARD	676,317	609,118	-9.94	608,936	-.3		
OTHER FUND	22,587,628	87,487,708	287.33	122,439,869	39.95	132,862,348	8.51
<b>Total Revenues</b>	<b>23,263,945</b>	<b>88,096,826</b>	<b>278.68</b>	<b>123,048,805</b>	<b>39.67</b>	<b>132,862,348</b>	<b>7.98</b>
<b>Expenses</b>							
Base				23,461,182	19.07	23,461,182	17.66
Maintenance				62,528,623	50.82	52,551,166	39.55
Enhancement				37,059,000	30.12	56,850,000	42.79
<b>Total Expenses</b>				<b>123,048,805</b>		<b>132,862,348</b>	
<b>Percentage of Base</b>							
Maintenance					266.52		223.99
Enhancement					157.96		242.32

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	FY2004 Gov Rec	FY2005 Gov Rec
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	FY2004 Gov Rec	FY2005 Gov Rec
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>
<b>Total</b>				<b>0.00</b>	<b>0.00</b>

**OVERVIEW**

The Power Delivery Project Fund accounts for all of the costs associated with the Colorado River Commission's (CRC) high-voltage power delivery system for the Southern Nevada Water Authority's (SNWA) water delivery system. This project provides for a power transmission system from the Lake Mead substation at Hoover Dam to the Southern Nevada Water Authority's water treatment facility. This fund accounts for all costs of power purchases and for operation and maintenance costs associated with the project. The CRC develops annual operations budgets for the power delivery projects that are reviewed and approved by the SNWA pursuant to contract. Funding for the budget is provided through monthly billings to SNWA, in accordance with the approved operational budget. S.B. 211, approved by the 2001 Legislature, provides CRC the authority to provide energy, transmission, and distribution services to the SNWA and its member agencies (collectively known as the S.B. 211 customers) for their water and wastewater operation power needs.

**CLOSING ISSUES**

There are no major closing issues.

**OTHER CLOSING ITEMS**

1. **M-200 (CRC-14) Increased Demand for Power - SNWA** - The Governor recommends \$62.5 million in FY 2003-04 and \$52.6 million FY 2004-05 in additional power sales revenue to fund the purchase of additional power to meet the increasing needs of the SNWA. The increased power usage in this decision unit is related to the additional power required for SNWA's new water treatment facility. As the demand for water increases in

southern Nevada, more power will be needed for the purification process. This decision unit was based on SNWA's projections of its growth in power requirements over the upcoming biennium. SNWA's power usage has steadily increased over the years from approximately 25-50 megawatts in FY 1999-2000 to 110-125 megawatts in FY 2002-03. Their usage over the 2003-05 biennium is expected to grow to approximately 200 megawatts.

2. **E-351 (CRC-14) Increased Demand for Power – SB 211 Customers** - The Governor recommends \$36.9 million in FY 2003-04 and \$49.5 million in FY 2004-05 in additional power sales revenue to fund the purchase of additional power to meet the potential increase in the power demands of its S.B. 211 customers (local water organizations that are member agencies of the SNWA). The CRC indicates that the additional power sales (and purchases) may or may not be realized, since the potential increase in demand is dependent upon these customers switching from buying power from Nevada Power to buying it from CRC. This decision unit was based on usage projections provided by S.B. 211 customers.
3. **E-352 (CRC-15) Increased Demand for Power – SNWA** - The Governor recommends \$250,000 in FY 2004-05 in additional power sales revenue to fund additional power purchases for the SNWA through a third-party contract. The CRC will administer the power from the third party to SNWA.
4. **E-375 (CRC-15) Renewable Energy Project** - The Governor recommends \$150,000 in FY 2003-04 and \$7.1 million in FY 2004-05 in additional power sales revenue to fund a pilot project for renewable energy resources, which will be constructed as part of the power delivery project. The CRC, in collaboration with the SNWA, is currently investigating a number of potential energy projects such as solar projects, mini-hydroelectric projects and wind projects. The CRC further indicates that it will continue to explore viable options, with a target of choosing a project during FY 2003-04, and that engineering, design and construction should be accomplished in FY 2004-05. Funding will be provided under a contract for the project with the SNWA and/or other S.B. 211 customers.

**The Subcommittee approved Other Closing Items as recommended by the Governor.**

**OTHER TECHNICAL ADJUSTMENTS**

Staff requests authority to make adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

**The Subcommittee approved Other Technical Adjustments as recommended by staff.**



Title: POWER MARKETING FUND  
Account: 505 - 4502

2003 - G01  
Governor Recommended

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
<b>Revenues</b>							
BALANCE FORWARD	-13,063,286	40,137,090	-407.25	40,591,452	1.13	53,632,842	32.13
OTHER FUND	149,126,224	209,654,724	40.59	228,760,949	9.11	243,590,949	6.48
<b>Total Revenues</b>	<b>136,062,938</b>	<b>249,791,814</b>	<b>83.59</b>	<b>269,352,401</b>	<b>7.83</b>	<b>297,223,791</b>	<b>10.35</b>
<b>Expenses</b>							
Base				189,717,676	70.43	202,780,946	68.23
Maintenance				79,634,725	29.57	94,442,845	31.77
Enhancement							
<b>Total Expenses</b>				<b>269,352,401</b>		<b>297,223,791</b>	
<b>Percentage of Base</b>							
Maintenance					41.98		46.57
Enhancement							

**Adjustments to Revenue**

Dec Unit	Cat	GL	Description	FY2004 Gov Rec	FY2005 Gov Rec
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>

**Adjustments to Expenditures**

Dec Unit	Cat	GL	Description	FY2004 Gov Rec	FY2005 Gov Rec
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>
<b>Total</b>				<b>0.00</b>	<b>0.00</b>

**OVERVIEW**

The Power Marketing Fund account is used to record purchases and sales of power and other power marketing-related activities. This fund accounts for all power-related activities except those dedicated to the Southern Nevada Water System and S.B. 211 customers. All hydropower allocations to Nevada, administered by the Colorado River Commission (CRC), are recorded in this account. Funding is provided through monthly billings to hydropower customers.

**CLOSING ISSUES**

There are no major closing issues.

**OTHER CLOSING ITEMS**

- M-200 (CRC-18) Hydropower Purchase and Sale** - The Governor recommends \$78.9 million in FY 2003-04 and \$93.8 million FY 2004-05 in additional power sales revenue to fund the purchase of supplemental power on behalf of the CRC's hydropower customers. The agency indicates this increase is related to a projected increase in power usage and a projected increase in the cost of power.
- M-201 (CRC-18) Substation Rebuilding & Operating Costs** - The Governor recommends \$691,725 in each year of the upcoming biennium to fund operating and rebuilding costs of the Basic substation. This substation serves the industrial customers at the Basic Industries Complex in Henderson. The revenue will be derived through an additional power charge to industrial customers. The substation was the property of the federal

government until a new contract was entered into a number of years ago. Under that contract, the commission and its customers have been able to rebuild the substation and take over the operation and maintenance of the facilities. The CRC now has the responsibility to maintain and operate the substation and to buy power for the industrial complex. The substation is expected to be fully operational in FY 2003-04.

**The Subcommittee approved Other Closing Items as recommended by the Governor.**

**OTHER TECHNICAL ADJUSTMENTS**

Staff requests authority to make adjustments to assessments and cost allocations that may be necessitated by budget closings in other accounts.

**The Subcommittee approved Other Technical Adjustments as recommended by staff.**