

**SILVER STATE ENERGY ASSOCIATION
BOARD OF DIRECTORS MEETING**

**FEBRUARY 28, 2011
MINUTES**

**Call to Order
1:35 P.M.**

Grand Canyon Conference Room, Southern Nevada Water Authority
100 City Parkway, Suite 700, Las Vegas, Nevada

DIRECTORS PRESENT:

James Salo, Colorado River Commission; Philip Speight, Southern Nevada Water Authority; Rory Dwyer, City of Boulder City (present for Items 4-6); John Christian, Lincoln County Power District No. 1; Dr. Larry Moses, Overton Power District No. 5

STAFF PRESENT:

Scott Krantz, Brian Chally

CALL TO ORDER

The meeting was called to order by James Salo, who noted that the meeting was noticed and posted in accordance with the Nevada Open Meeting law.

[Agenda Items 4, 5 and 6 were taken out of order.](#)

ITEM NO.

1. APPROVAL OF AGENDA AND MINUTES OF THE MEETING OF MAY 10, 2010

ACTION: A motion was made by John Christian and seconded by Phil Speight that the agenda for the meeting and May 20, 2010 meeting minutes be approved. The motion was unanimously approved.

2. RECEIVE AND POSSIBLY ACCEPT THE ANNUAL FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2010.

Richard Bowler of Piercy Bowler Taylor & Kern gave a summary of the annual financial audit report. Copies of the Required Communications Letter were distributed to board members. The letter indicated there were no significant audit adjustments, no difficulties encountered in performing the audit, and no findings relative to internal control to report. The financial statements cover fiscal year ended June 30, 2010. The Independent Auditors' Report, an important element of the statements, indicated no irregularities with the financial activities of the Silver State Energy Association (SSEA) for that period.

FINAL ACTION: A motion was made by John Christian and seconded by Phil Speight to accept the annual financial audit report for fiscal year ended June 30, 2010. The motion was unanimously approved.

3. NOTIFICATION OF CHANGE OF THE SILVER STATE ENERGY ASSOCIATION'S ALTERNATE REPRESENTATIVE TO THE COLORADO RIVER ENERGY DISTRIBUTORS ASSOCIATION BOARD OF DIRECTORS

Scott Krantz gave official notification to board members of the intent to change the SSEA's alternate representative to the Colorado River Energy Distributors Association (CREDA) Board of Directors from Dave Luttrell to Mendis Cooper, Overton Power District No. 5. He pointed out that, as part of an item previously brought before the Board, board members authorized the SSEA Manager to make subsequent changes to SSEA's CREDA representatives with prior notice to the Board. Scott mentioned that the SSEA Working Group supports this action.

7. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE, IN SUBSTANTIALLY THE SAME FORM, A PURCHASING AND SELLING ENTITY SERVICES AGREEMENT BETWEEN THE WESTERN AREA POWER ADMINISTRATION AND THE SILVER STATE ENERGY ASSOCIATION

Scott Krantz explained the Purchasing and Selling Entity Services Agreement between the Western Area Power Administration (Western) and SSEA. It is the first agreement that enables SSEA to perform scheduling and energy balancing services under Project Services Agreement No. 3 (PSA #3). To date, of the three members that have joined PSA #3, one has submitted an application for service, Southern Nevada Water Authority (SNWA). Boulder City, in a subsequent item on today's agenda, will become a member of PSA #3 and is expected to request services as well. It is anticipated that SSEA will begin providing those services on June 1. All expenses under this agreement will be billed on a load ratio basis to all members receiving service under PSA #3, initially anticipated to be only the City of Boulder City. The annual estimated expenses of \$237,000 are projected to increase to \$364,000 annually once all other members are taking service under PSA #3.

FINAL ACTION: A motion was made by Philip Speight and seconded by John Christian to authorize the Manager to execute, in substantially the same form, a Purchasing and Selling Entity Services Agreement between the Western Area Power Administration and the Silver State Energy Association. The motion was unanimously approved.

8. CONSIDERATION OF AND POSSIBLE ACTION TO APPOINT A CHAIRMAN FOR THE RISK CONTROL COMMITTEE

Scott Krantz stated PSA #3 requires that a Risk Control Committee (RCC) be established composed of a Chairperson, the SSEA Manager, and one representative from each project member. The Board shall appoint one board member to serve as the RCC Chairperson. The RCC shall oversee the activities of the SSEA under PSA #3 to insure compliance with the

Board-adopted Energy Risk Management Policy.

John Christian nominated Jim Salo as Chairman of the RCC.

FINAL ACTION: A motion was made by John Christian and seconded by Philip Speight to appoint James Salo as the Chairman for the Risk Control Committee. The motion was unanimously approved.

9. RECEIVE ANY UPDATES FROM STAFF ON ANY ELECTRIC RESOURCES AND TRANSMISSION ISSUES ASSOCIATED WITH THE NEEDS OF, REQUIREMENTS FOR, OR IMPACTS ON THE SSEA OR ANY OF THE SSEA MEMBERS

Scott Krantz had no updates to report, but opened the floor to questions from board members. Larry Moses asked if a paper copy of the Board agenda package could be mailed to him prior to future board meetings. Scott indicated that the package would continue to be distributed electronically, but staff would make a note to send a paper copy to Dr. Moses as timely as possible to match the electronic distribution.

10. PUBLIC COMMENT

There were no speakers wishing to be heard.

[A recess was called at 2 p.m. and meeting reconvened at 2:13 p.m.](#)

4. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE AMENDMENT NO. 1 TO PROJECT SERVICES AGREEMENT NO. 2, EXTENDING THE TERM OF THE AGREEMENT FOR AN ADDITIONAL THREE YEARS

Scott Krantz stated that when Project Services Agreement No. 2 (PSA #2): Eastern Nevada Transmission Project Development Agreement was first approved, it had a three-year term. Under PSA #2, all the feasibility studies for the transmission line as well as all of the required permitting would be performed. A portion of the line routing has proved very difficult to get authorization to proceed. More time is needed to resolve this issue. The amendment will extend the agreement for three more additional years.

FINAL ACTION: A motion was made by Larry Moses and seconded by John Christian to approve Amendment No. 1 to Project Services Agreement No. 2, extending the term of the agreement for an additional three years.

5. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE THE CITY OF BOULDER CITY ENTERING INTO PROJECT SERVICES AGREEMENT NO. 3, THE POWER SUPPLY MANAGEMENT SERVICES AGREEMENT, EFFECTIVE MARCH 1, 2011

Scott Krantz indicated that the SSEA is pleased to have Boulder City request to join PSA #3. After PSA #3 was finalized, Boulder City did not sign on; however, they have since requested to become a participant. PSA #3 requires the SSEA Board approve of Boulder City becoming a member of this project. As required in the contract, they have requested the service; they

are a member in good standing of the SSEA; and they signed the agreement as an additional signatory.

Jim Salo mentioned that Boulder City requested a resolution be adopted by the SSEA Board summarizing the action taken on this item and the basis for it. After discussion, it was decided rather than doing a resolution, a formal letter from the SSEA Manager would be offered to Boulder City. A draft of that letter has been informally exchanged with Boulder City and they are comfortable with it.

FINAL ACTION: A motion was made by Larry Moses and seconded by Philip Speight to approve the City of Boulder City entering into Project Services Agreement No. 3, the Power Supply Management Services Agreement, effective March 1, 2011. The motion was unanimously approved.

6. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE SPECIFIC REQUIREMENTS FOR A ONE-TIME CONTRIBUTION BY NEW PROJECT SERVICES AGREEMENT NO. 3 SERVICE SCHEDULE LRS APPLICANTS

Scott Krantz stated that PSA #3 authorizes the SSEA Board to approve and establish specific requirements for a one-time contribution by any new project members to offset contributions made by the existing members. Since the SSEA may incur startup expenses that will initially be paid for by original project members taking service under Service Schedule LRS, new members will be charged a prorata share of those expenses based on their load ratio share. The Board is being asked to approve the SSEA charging to new members requesting service under PSA #3's Service Schedule LRS a prorata share of the startup costs based on load ratio share. Total startup costs at this time are less than \$5,000.

FINAL ACTION: A motion was made by Philip Speight and seconded by Larry Moses to approve specific requirements for a one-time contribution by new Project Services Agreement No. 3 Service Schedule LRS applicants. The motion was unanimously approved.

ADJOURN

There being no further business to come before the Board, the meeting adjourned at approximately 2:25 p.m.