

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

**DECEMBER 8, 2011
MINUTES**

**Call to Order
11:00 A.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; Mick Lloyd, Lincoln County Power District No. 1 (alternate); Dr. Larry Moses, Overton Power District No. 5; Rory Dwyer, City of Boulder City

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.

COMMENTS BY THE GENERAL PUBLIC

There were no speakers wishing to be heard.

ITEM NO.

1. APPROVAL OF AGENDA AND MINUTES OF THE MEETING OF APRIL 6, 2011

ACTION: A motion was made by Mick Lloyd and seconded by Phil Speight that the agenda for the meeting and the April 6, 2011 meeting minutes be approved. The motion was unanimously approved.

2. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE A REVISION OF EXHIBIT A TO THE PURCHASING AND SELLING ENTITY SERVICES AGREEMENT BETWEEN THE WESTERN AREA POWER ADMINISTRATION AND THE SILVER STATE ENERGY ASSOCIATION AND TO EXECUTE FUTURE REVISIONS AS NEEDED

Scott Krantz stated that the Purchasing and Selling Entity Services Agreement with Western Area Power Administration (Western) includes an Exhibit A that identifies

which of the Silver State Energy Association's (SSEA) members are going to be receiving what type of services. Lincoln County Power District No. 1 (LCPD) and Overton Power District No. 5 (OPD) both signed service agreements for the SSEA to begin providing Power Purchase and Sale Service (PPSS) services; therefore, Exhibit A needs to be amended to reflect same. The Board is also being asked to authorize the SSEA Manager to exercise future changes without further Board approval.

FINAL ACTION: A motion was made by Phil Speight and seconded by Rory Dwyer to authorize the Manager to execute a revision of Exhibit A to the Purchasing and Selling Entity Services Agreement between the Western Area Power Administration and the Silver State Energy Association and to execute future revisions as needed. The motion was unanimously approved.

3. CONSIDERATION OF AND POSSIBLE ACTION TO TO AUTHORIZE THE MANAGER TO ENTER INTO A FUTURES ACCOUNT AGREEMENT AND ASSOCIATED SUPPORTING AGREEMENTS WITH JEFFERIES BACHE, LLC TO FACILITATE THE EXECUTION OF THE ADOPTED RISK MANAGEMENT POLICY

Scott mentioned that one of the functions of providing wholesale power to SSEA members involves hedging out price exposure in the market for five years in accordance to the Risk Management Policy that was approved by the Board on April 6, 2011. It is traditionally done by purchasing physical power at a fixed price or purchasing financial hedging products that protect against future movements in the price of power. It is important that both options are in place to be able to hedge or fix the price expectations for each of the members. The set of agreements with Jefferies Bache enables the SSEA to begin doing this.

FINAL ACTION: A motion was made by Larry Moses and seconded by Mick Lloyd to authorize the Manager to enter into a Futures Account Agreement and associated supporting agreements with Jefferies Bache, LLC to facilitate the execution of the adopted Risk Management Policy. The motion was unanimously approved.

4. 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 gave an update on SSEA power supply management services. Firstly, the SSEA began serving power to Boulder City in June. Everything has gone very smoothly. From June to date, approximately \$2 million worth of energy has been delivered to Boulder City and the average price of that energy so far has been under \$45 MWh. Their future risk exposure to price movement has been hedged out for five years, establishing a certainty about what the price will be.

Secondly, LCPD and OPD executed service agreements for PPSS service, which is slightly different than the service Boulder City is receiving. Boulder City is taking Load Requirements Service (LRS), where the load requirements are more comprehensive. The PPSS service agreements that OPD and LCPD have entered into enables them to buy or sell power with the SSEA. The Exhibit A revision that was just approved will allow this to move ahead beginning January 1. SNWA requested LRS service as well and staff is in the midst of beginning that service. Because additional things need to be done before service can begin, the target effective date is expected to be April 1, 2012.

Finally, SSEA is participating in a Balancing Area (BA) switchover from NV Energy to Western. The Colorado River Commission (CRC) is contracting for that on behalf of the SSEA and CRC's other customers. Because NV Energy and Western are trying to negotiate the particulars of switching over the BA, it is not expected to happen until some time in 2013.

Jim Salo commented that the Hoover legislation has been passed by both the Senate and the House and is ready to go to the President.

5. PUBLIC COMMENT

There were no speakers wishing to be heard.

ADJOURN

There being no further business to come before the Board, the meeting adjourned at approximately 11:16 a.m.