

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

**MARCH 12, 2013  
MINUTES**

**Call to Order  
10:01 A.M.**

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

**DIRECTORS PRESENT:**

Dr. Larry Moses, Overton Power District No. 5; Rory Dwyer, City of Boulder City; Doug Beatty, Colorado River Commission; Edward Wright, Lincoln County Power District No. 1; Philip Speight, Southern Nevada Water Authority (via teleconference)

**STAFF PRESENT:**

Scott Krantz, Chuck Hauser

**CALL TO ORDER**

The meeting was called to order by Larry Moses, 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 DECEMBER 11, 2012**

**ACTION:** A motion was made by Rory Dwyer and seconded by Philip Speight that the agenda for the meeting and the December 11, 2012 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, 2012**

Staff from Piercy Bowler Taylor & Kern (PBTk) gave a summary of the annual financial audit report, which was completed for the year ended June 30, 2012. Copies were distributed to the Board prior to this meeting. PBTk provided, along with the financial statements, an unqualified opinion with respect to the audit. There were no internal control weaknesses to report.

FINAL ACTION: A motion was made by Doug Beatty and seconded by Rory Dwyer to accept the annual financial audit report for Fiscal Year ended June 30, 2012. The motion was unanimously approved.

**3. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE THE REVISED INTERLOCAL CONTRACT BETWEEN THE COLORADO RIVER COMMISSION OF NEVADA AND THE SILVER STATE ENERGY ASSOCIATION FOR ADMINISTRATIVE SERVICES**

Scott Krantz explained that this interlocal contract for administrative services was approved by the Board at the last meeting. Since that approval, the Colorado River Commission (CRC) determined there were a couple of additional changes that needed to be made in the agreement: 1) the specification of a maximum amount of costs that could be reimbursed; and 2) a change in the length of the term of the agreement to a shorter term.

FINAL ACTION: A motion was made by Phil Speight and seconded by Rory Dwyer to authorize the Manager to execute the revised interlocal contract between the Colorado River Commission of Nevada and the Silver State Energy Association for administrative services. The motion was unanimously approved.

**4. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT BETWEEN IMBUE INTERNATIONAL AND THE SILVER STATE ENERGY ASSOCIATION FOR CONSULTING SERVICES REGARDING EVALUATION AND IMPLEMENTATION OF AN ACCOUNTING INFORMATION SYSTEM**

Scott Krantz indicated that the Silver State Energy Association (SSEA) has come to the point where it could benefit from the use of an accounting system, particularly as the SSEA expands its services to include Southern Nevada Water Authority (SNWA) loads beginning in April. This professional services agreement is to engage a consultant to assist with the evaluation of accounting systems and help SSEA implement one of those systems. The maximum amount of cost will not exceed \$3,000.

Doug Beatty mentioned that in his position at the Colorado River Commission, he is familiar with SSEA financial statements. Since there have been very few transactions to this point, SSEA has been using spreadsheets exclusively. As SSEA starts to bill progressively more transactions, it will need a real accounting system to handle the increase. Nothing is being considered that is particularly expensive because SSEA is still a fairly small entity with a modest amount of transactions. This agreement will help SSEA find a system that is suitable.

FINAL ACTION: A motion was made by Doug Beatty and seconded by Rory Dwyer to authorize the Manager to execute a professional services agreement between Imbue International and the Silver State Energy Association for consulting services regarding evaluation and implementation of an accounting information system. The motion was unanimously approved.

**5. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE GUARANTY AGREEMENTS, IN SUBSTANTIALLY THE SAME FORM, WITH EACH OF SILVER STATE ENERGY ASSOCIATION'S COUNTERPARTIES**

Scott Krantz stated that before SSEA trades with different counterparties, it carries out routine credit procedures outlining what type of counterparty it can trade with and what type of credit they are required to have. A parental guaranty by the company is sometimes needed to verify their creditworthiness so that SSEA will be comfortable in trading with these counterparties. If SSEA trades energy for next year or the year after, it needs to have assurance that the counterparties are going to honor those deliveries. The SSEA would like to use this form of parental guaranty to support the trading business.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Phil Speight to authorize the Manager to execute guaranty agreements, in substantially the same form, with each of Silver State Energy Association's counterparties. The motion was unanimously approved.

**6. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE THE ICE OTC PARTICIPANT AGREEMENT TO ENABLE THE SILVER STATE ENERGY ASSOCIATION ACCESS TO AND USE OF ICE'S TRADING PLATFORM FOR TRADING PHYSICAL ENERGY COMMODITIES AND DERIVATIVE PRODUCTS WITH THE U.S. COMMODITY FUTURES TRADING COMMISSION**

Scott Krantz explained that the ICE trading platform is the industry standard for parties buying and selling financial energy products. SSEA will be using ICE to hedge its power exposure. This agreement enables SSEA to begin buying and selling financial hedge products, which is required by our Project Services Agreement No. 3: Power Supply Management Services Agreement (PSA #3) and by SSEA risk procedures. In addition, ICE, which is used across the country, is also the primary tool of energy price discovery for SSEA traders as they buy and sell.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Doug Beatty to authorize the Manager to execute the ICE OTC Participant Agreement to enable the Silver State Energy Association access to and use of ICE's trading platform for trading physical energy commodities and derivative products with the U.S. Commodity Futures Trading Commission. The motion was unanimously approved.

**7. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE AN AGREEMENT BETWEEN THE WESTERN AREA POWER ADMINISTRATION, THE COLORADO RIVER COMMISSION, AND THE SILVER STATE ENERGY ASSOCIATION FOR CAPACITY SERVICE**

Scott Krantz noted that the capacity service agreement will be very beneficial to SSEA. The City of Boulder City (Boulder City) and SNWA are participants in PSA #3, the full Load Requirements Service, and both have hydropower allocations from Hoover. In the past those allocations have been scheduled through NV Energy. No additional value or credit for the

ability to have NV Energy schedule that energy and capacity has been received. With Hoover energy capacity, additional services can be derived from the ability to schedule that energy. There are times when there is surplus capacity, but NV Energy has never acknowledged any value in that. This capacity service agreement will enable Western Area Power Administration (Western) to credit back for the usage and ability to schedule that capacity and energy on SSEA's behalf. It is projected that about \$250,000 a year will be credited on behalf of Boulder City and SNWA for that service.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Phil Speight to authorize the Manager to execute an agreement between the Western Area Power Administration, the Colorado River Commission, and the Silver State Energy Association for capacity service. The motion was unanimously approved.

**8. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE AN AGREEMENT BETWEEN THE WESTERN AREA POWER ADMINISTRATION AND THE SILVER STATE ENERGY ASSOCIATION FOR BALANCING AUTHORITY AND ANCILLARY SERVICES**

Scott Krantz restated that SSEA is switching its loads from the Balancing Authority (BA) of NV Energy to Western's BA. A BA is usually a larger regional entity that is obligated to provide all the ancillary services needed – the load following and balancing services – and it maintains the exact match between resources and loads. This BA and ancillary services agreement outlines what those services will be. This is one of the items that facilitated the credit back mechanism on the capacity services agreement. Western, a federal entity, can provide these services and does so for many others.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Doug Beatty to authorize the Manager to execute an agreement between the Western Area Power Administration and the Silver State Energy Association for balancing authority and ancillary services. 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 mentioned again that the Board has approved a lot of different agreements that set the SSEA up to become a standalone energy provider and fulfill the requirements under PSA #3. On April 1, all the loads of SNWA will begin receiving service through SSEA, a big step for the organization. It will entail more transactions and more volume of business. It will be the first time when SSEA, in its own name, will be interacting with the marketplace, buying and selling energy and financial products. It's the culmination of several years of effort to bring SSEA to this point and a big landmark achievement. Everyone is looking forward to it.

## **10. COMMENTS BY THE GENERAL PUBLIC**

There were no speakers wishing to be heard.

### **ADJOURN**

There being no further business to come before the Board, a motion was made by Rory Dwyer and seconded by Doug Beatty to adjourn the meeting at approximately 10:20 a.m.