

**OVERTON POWER DISTRICT NO. 5**  
**BOARD MEETING**

February 20, 2019

4:00 P.M.

Mesquite, Nevada

**PRESENT:** Mr. Doug Waite, Trustee  
Mr. Mike Young, Secretary / Treasurer  
Mr. Robert Bunker, Trustee  
Mr. Chad Leavitt, Trustee (by Phone)  
Mrs. Judy Metz, Chair  
Mr. Jack Nelson, Vice Chair  
Mr. Richard Jones, Trustee  
Mr. Byron Mills, Attorney

Mr. Mendis Cooper, General Manager  
Mrs. Teresa Romero, Assistant General Manager / Finance & Administration Manager  
Mr. Jon Jensen, Engineering Manager  
Mr. Bruce Hughes, Manager of Transmission & Distribution Operations  
Mrs. MeLisa Garcia, Accounting Supervisor  
Mrs. Becky LaGrow, Executive Assistant

*Note: The minutes of this meeting have been tape-recorded and will remain on file in the District's main office for a period of one-year for public examination.*

**CALL TO ORDER**

ORDER OF BUSINESS: At 4:00 p.m. Mrs. Judy Metz called the meeting of the Overton Power District No. 5 Board of Trustees to order. The agenda items were addressed in the following order:

**PUBLIC COMMENTS**

There were no public comments.

**APPROVAL OF THE MINUTES**

A motion was made by Mike Young and seconded by Bob Bunker to approve the minutes of the January 16, 2019 Board Meeting. The Board voted seven (7) ayes, zero (0) nays in approval.

**CHAIRMAN'S REPORT**

Mrs. Judy Metz had no report at this time.

**ATTORNEY'S REPORT**

Mr. Byron Mills had no report at this time.

## **MANAGER'S REPORTS**

### **• CONSTRUCTION**

Mr. Bruce Hughes reported on the two (2) unplanned and one (1) planned outage this month. The first was a system outage due to a fire on a supplier's pole with 15,991 customers affected. Bob Bunker asked if staff figured everything out, so it doesn't happen again? Bruce Hughes responded, the issues that were found were addressed and upgrades have been made to problem areas. Mike Young suggested, if possible, to think about next time loading businesses first then turn on homes later. Jon Jensen responded the decision for future outages is to split circuits to keep from overloading fuses and circuits. Mike Young stated he had received a lot of comments on how pleased everyone was with the notifications; but in the future it might be a good idea to send a message out every two hours.

The second planned outage was to replace six (6) faulty Shallbetter switches; one in Sun City and five on Pioneer Blvd from Do It Best to Eagles Landing. Crews are continuing to replace these switches as more arrive.

The third outage was Painted Hills B and E reclosures open due to circulating current during a switching procedure. There were seven hundred ninety-five (795) customers affected for up to fifteen minutes.

*Mesquite crew* - worked on Canyon Substation AMI infrastructure, Painted Hills AMI infrastructure, switch changes, double circuit upgrades at Dinosaur substation and Crest View subdivision.

*Overton crew* - worked on numerous pole replacements, transmission and distribution pole repairs, and road repairs.

*Safety Meeting* – First Aid, CPR and AED training

*Hook-ups* – twenty-eight (28) residential and four (4) commercial for both valleys.

*No Loss Time Record* - To date the record stands at 1 year, 4 months and 10 days.

### **• ENGINEERING & OPERATIONS**

Mr. Jon Jensen reported on the tasks the Engineering Department has been working on:

- *Power Requirements Study* – The final draft is in and being reviewed by staff at this time. Data requests are in and are being analyzed for the Transmission portion of the study.
- *Paiute Substation Transformer* – The project is still on schedule. Staff is still waiting for the design prints for final review.
- *Canyon Substation AMI* – The infrastructure is completed, and meters are now getting installed.
- *Painted Hills Substation* – Crews are now working to install the AMI infrastructure.
- *Freeway Crossing* – The earth moving company has completed their work. Today, the crew is restringing the wire and fiber to complete our 69-kV line loop.
- *Outage Debriefing* – There was a community EMS debriefing hosted by the City of Mesquite. It was an informative meeting discussing the improvements each organization can make. There is a plan to meet again soon to see if suggested improvements are feasible to help coordinate efforts better. Mike Young suggested sending a personal thank you to the people that helped during the outage.

- **GENERAL MANAGER**

Mr. Mendis Cooper reported on the following items:

- *Supplier Outage* – During the outage, we had great communication from NV Energy Jason, Don & Todd were a great help.
- *Switch Purchases* – Mendis has authorized the purchase of new switches to replace problem Shallbetter switches. Orders will be placed over the coming weeks until the issue is resolved using the maintenance budget.
- *Rate Design* – Terry and Mendis spoke to CFC about resuming the rate design process. The auditors are performing the annual audit this week; when that information becomes available, we will send it to CFC to plug into their cost of service model. Then we can begin to move forward with rate design.
- *New Hires* – Approximately seventy (70) applicants have applied for the groundman position; interviews will begin tomorrow.
- *Preventative Maintenance* – Preventative maintenance is something staff takes very seriously. Some of the things we do on a regular basis are line patrol, system audit, pole testing, monthly substation maintenance, annual oil testing and infrared UAS (drone) inspections. It is our goal to keep the system in healthy condition to reduce the seriousness of any outages that may occur.

Byron Mills asked if we have a mutual assistance agreement with NV Energy? Mendis responded, not at this time; after completion of the stipulation agreement, we can work on that in the future.

Mike Young commented since the alerts worked so well during the outage, it might be a good idea to remind everyone again via Facebook and the newsletter how to sign up.

- **FINANCE AND ADMINISTRATION**

Mrs. Terry Romero reported that the auditors are in the Overton office this week conducting the annual audit. Hafen, Buckner, Everitt, and Graff sent Kevin Jones and Steven Jackson; it is their first time conducting the audit; they should be done by the end of the week.

- **ACCOUNTING**

Mrs. Garcia gave the financial report for January 2019, a copy of which is on file.

## **REVIEW AND POSSIBLE APPROVAL OF THE NV ENERGY STIPULATION AND SETTLEMENT AGREEMENT**

The District entered into the Tri-Party Agreement (TPA) with Lincoln County Power District (LCPD) and Nevada Power Company (NPC) in 1989. The TPA is a Federal Energy Regulatory Commission (FERC) jurisdictional document, that governs the exchange of certain assets between the three parties and established a transmission rate calculation for OPD and LCPD.

The TPA contains a formula rate for service to OPD and LCPD that is projected and trued up annually based on various cost-of-service inputs. Over the last few years, NV Energy and OPD have engaged in discussions about various points of concern about how rates under the TPA were calculated and how certain terms of service would apply to OPD's power deliveries. During this period, NV Energy and OPD also discussed potential changes due to NV Energy's participation in the California Independent System Operator Energy Imbalance Market (CAISO-EIM). In the course of resolving those concerns, NV Energy

and OPD also discussed a mechanism to transition OPD to full Open Access Transmission Tariff (OATT) service and terminate OPD's participation in the TPA. The amendment seeks to resolve all those issues and provides for the construction of a new transmission interconnection from NV Energy's transmission system to OPD's distribution system to provide increased reliability to OPD's retail loads.

To resolve billing concerns under the existing TPA and provide a path to OATT service for OPD, NV Energy and OPD wish to enter into this Stipulation and Settlement Agreement. Once this Agreement is executed, NV Energy will make filing with the FERC for acceptance of the TPA Amendment. Mendis Cooper and Craig Silverstein of March Counsel, LLC went over the agreement with the Board and clarified all questions. Mr. Silverstein will continue to follow this agreement through the FERC process which takes approximately sixty days.

Mike Young asked what the net result of the agreement was, what will be the transmission rate? Approximately, \$2,000,000 per year or roughly \$200,000 per month.

Bob Bunker asked if the new line will be more efficient than what we have now? Mendis replied yes, we will have the second line for redundancy.

After discussion by the Board, a motion was made by Mike Young and seconded by Judy Metz to approve the NV Energy Stipulation and Settlement Agreement as presented. The Board voted seven (7) ayes and zero (0) nays in approval.

#### **REVIEW AND POSSIBLE APPROVAL OF CHANGES TO OPD-A-01.300 BOARD OF TRUSTEES POLICY**

The Board of Trustees Policy has not been updated since 2011. After an internal review, staff suggested edits were made to reflect board officer titles as shown in the Nevada Revised Statutes and additional information was added regarding the election of board officers.

A new section was added to encourage Trustees to obtain the training and certification offered by institutions in our industry. Additionally, new sections were added to clarify how Trustees may participate in certain benefits offered by the District and a section was added to describe the frequency and process used to determine board assignments and voting delegates.

After discussion and adjustments by the Board, a motion was made by Mike Young and seconded by Bob Bunker to approve OPD-A-01.300 Board of Trustees Policy as presented. The Board voted seven (7) ayes, zero (0) nays in approval.

#### **REVIEW AND POSSIBLE APPROVAL OF OPD-A-11.200 INVESTMENT POLICY AND PROCEDURE**

The current policy has not been reviewed recently and has not been changed since 2008. Staff has made minor suggested grammatical edits to the policy. Staff suggests a review of the policy in preparation for a discussion on future investment opportunities.

*After discussion by the Board, this item was tabled to a future meeting; so additional information could be attained by staff.*

#### **REVIEW AND POSSIBLE APPROVAL TO INVEST IN COOPERATIVE FINANCE CORPORATION SECURITIES**

Mrs. Terry Romero gave a presentation on current accounts and investment possibilities. The District is a 100% CFC borrower and currently utilizes services offered by CFC. In discussions with CFC representatives, staff has learned that there are opportunities to invest in CFC securities that will provide higher returns on savings than conventional banks offer. Based on the investment type, the District could

invest up to \$4,000,000 in short term securities that average returns between 2.65% and 3.15% for periods from one day to 24 months.

*After discussion by the Board, this item was tabled to a future meeting; so additional information could be attained by staff.*

### **REVIEW AND POSSIBLE APPROVAL OF EXHIBIT 1, REVISION 2 TO RENEWAL CONTRACT NO. P07-52R BETWEEN THE COLORADO RIVER COMMISSION OF NEVADA AND OPD**

During contract renewal discussions with the Colorado River Commission of Nevada (CRC) regarding the District's Salt Lake City Area Integrated Projects (SLCAIP), also known as the Colorado River Storage Project (CRSP) allocation that will expire in 2024, the District became aware of a change in the existing contract that had not been memorialized. The change, which occurred between 2006 and 2008, reduced the hydropower allocation for CRSP customers, including the District.

This agreement memorializes the changes to the CRSP contract rate of delivery (CROD) allocated to the District. This agreement and associated CROD will remain in effect until the contract expires on October 1, 2024.

The District has been working closely with CRC staff for several months to renew the District's CRSP hydropower allocation in 2024. The contract renewal preserves the same hydro power allocation shown in the exhibit that is being contemplated for approval today.

The proposed contract renewal appeared on the agenda of the February 2019 CRC board meeting. The contract renewal and the CROD were approved by CRC commissioners at the meeting. Approval of Exhibit 1 Revision 2 today, will pave the way for renewal of the SLCAIP contract between the CRC and the District in the coming months and prior to the 2024 expiration date of the current contract.

After discussion by the Board, a motion was made by Mike Young and seconded by Bob Bunker to approve Exhibit 1, Revision 2 to Renewal Contract No. P07-52R Between the Colorado River Commission of Nevada and OPD as presented. The Board voted seven (7) ayes, zero (0) nays in approval.

### **REVIEW AND POSSIBLE APPROVAL OF BUILDING EXPANSION DESIGN**

During the 2019 Capital Projects discussion at the November 2019 board meeting, an architect presented conceptual drawings for modifications to the Overton office building. The plans and drawings included an expansion of the board room and the addition of a secure operations and control area.

After discussion, the board asked the architect to remove certain conceptual elements and to expand certain conceptual elements. The revised architectural rendering was presented to the board for consideration and possible approval. The estimated impact to the District is estimated to be \$1,500,000.

Richard Jones asked about the time frame for construction? It will take approximately six (6) months to acquire the proper permitting; and six (6) to eight (8) months for the actual construction. After discussion by the Board, a motion was made by Richard Jones and seconded by Jack Nelson to approve the Building Expansion Design as presented. The Board voted seven (7) ayes, zero (0) nays in approval.

### **PUBLIC COMMENTS**

All Public Comments are recorded and available upon request.

**BOARD COMMENTS**

*Mike Young* – There was an article in the Mesquite newspapers about the installation of officers and swearing in. Also, in that article, it was pointed out that Mike Young was the only nay vote regarding the giving of scholarship; he was hurt that his name was reflected in the minutes as the only nay vote and the repercussions it caused. Mike wants it known that he does believe in scholarships but not using the rate payer’s money as a gift of scholarships. The money should be used to hire an intern where in fact, the District and the rate payer benefit and the intern learns a skill.

**APPROVAL OF NEXT MEETING DATE**

A motion was made by Mike Young and seconded by Judy Metz to approve Wednesday, March 20, 2019 as the next Board Meeting date. The meeting will be held in the Overton Office at 3:00 PM. The Board voted seven (7) ayes, zero (0) nays in approval.

**EXECUTIVE – CLOSED DOOR SESSION**

A motion was made to enter Executive Session.  
A motion was made to exit Executive Session.

**ADJOURNMENT**

The Board voted unanimously to adjourn at 5:50 PM.

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Chair

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Vice Chair

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Secretary / Treasurer