

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

May 24, 2016, 9:35 AM to 10:45 AM, Hualapai Cultural Resources Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – absent

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – present

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

1) Call to Order

In the absence of the Chairman and Vice-Chairman, Secretary Montana presided over the meeting.

2) Roll Call

3) Review and Approval of Minutes

Mr. Malin made a motion to approve the April 13, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 3-0-2.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

- i. Review BIA/Department of Interior Secretarial Election results** Mr. Davidson reviewed the election results as follows: 1) the BIA registered 84 voters, 2) of those 84 registered 47 or 56% cast a ballot making the election valid (30% turnout required to make the election valid), and 3)

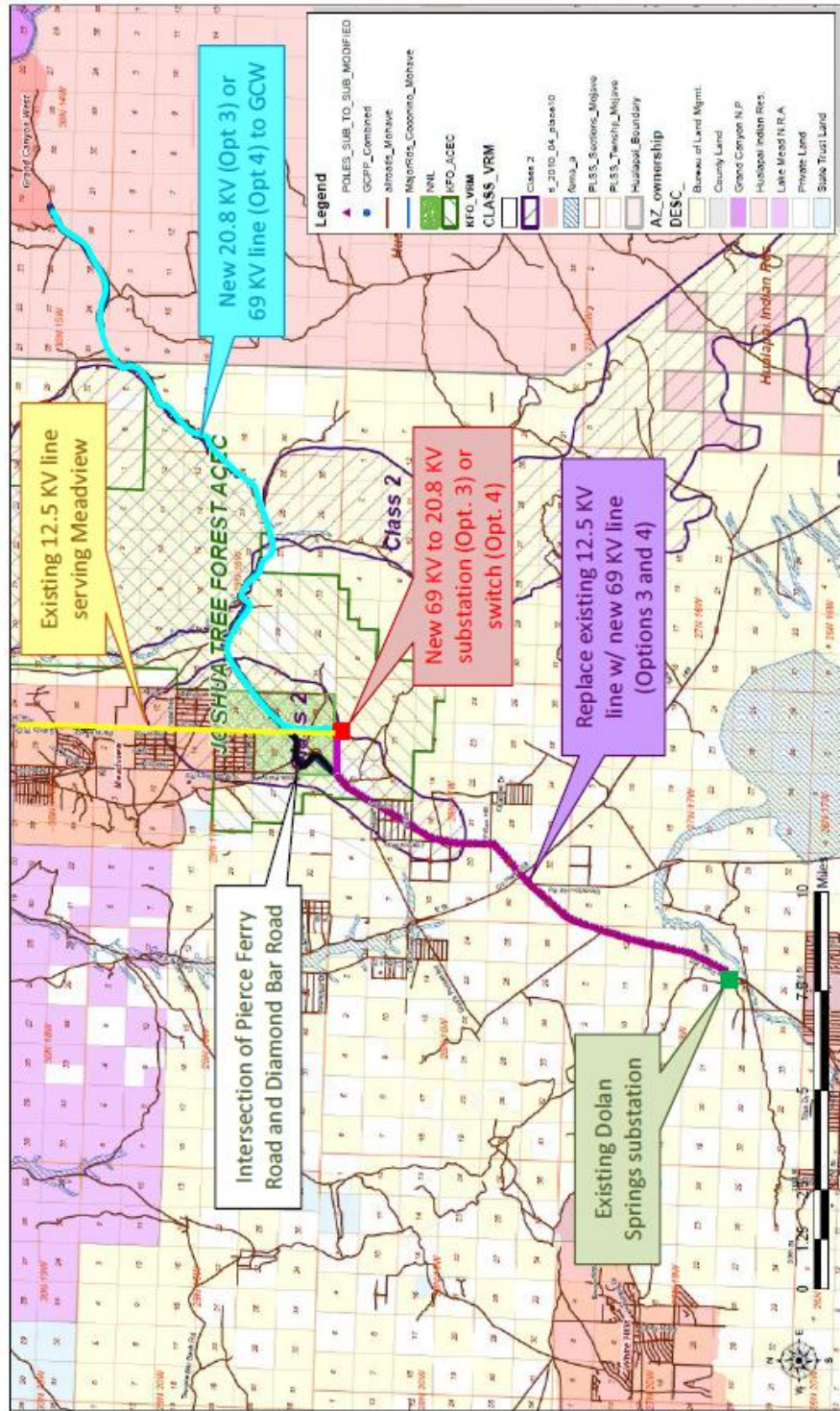
of the 47 who voted 24 said “yes” and 23 said “no” on the question to amend the Hualapai Constitution. The election results can be challenged through May 31st. The election process will conclude June 11, 2016. Mr. Davidson asked the Board if he could post a “thank you” on the HTUA’s web site. The Board approved the show of appreciation by consensus.

ii. Board’s activities and strategies in light of post-election results Mr. Davidson asked the HTUA Board, in light of the positive election results, if they would care to proceed with the loan application to USDA to build the power line to Grand Canyon West. Mr. Black advised this vote be taken after the Board discusses which power line option line option to pursue with UniSource. Mr. Black will also contact UniSource to discuss the power agreement in light of the apparent successful Secretarial Election results.

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

Mr. Davidson reviewed the existing power line along Pierce Ferry Road and the new power line proposed along Diamond Bar Road. Approximately 12.5 miles of existing 12.8 KV power line along Pierce Ferry Road is to be upgraded to 69 KV under both Option Nos. 3 and 4. The main difference is that Option No. 4 will continue the 69 KV power line all the way into the reservation to connect to the mini-grid rather than stepping down to 20.8 KV along Diamond Bar Road (see map). Mr. Navenma made a motion to pursue the cost estimates for both Option Nos. 3 and 4. Mr. Malin seconded the motion. Motion approved 3-0-2. Mr. Malin made a motion to have Mr. Davidson contact USDA regarding the loan application. Mr. Navenma seconded the motion. Motion approved 3-0-2.

Extent of Rebuild of Existing Power Line along Pierce Ferry Road and New Power Line along Diamond Bar Road



c. Western Area Power Authority Post-2017 Hoover power allocation and contracting.

i. Special meeting between Arizona tribes and Western on May 26 in Phoenix Mr. Davidson noted that tribal contractors, being somewhat disgruntled with the Schedule D contract development process, have set up a special meeting with Western this coming Thursday in Phoenix to discuss the contract to date. Firm energy has been a question. For example, if the water level at Lake Mead drops and insufficient hydropower is available, how will Western fulfill the contract obligations to its customers? Other issues include the need for tribes to pay into the Multi-Species Conservation Program, which tribes who have Colorado River water allocations feel they have already done, and the placement of forfeited Schedule D2 power, contracted by the Arizona Power Authority to non-tribal contractors, into the tribal D1 pool.

In light of these costs and the request by Western for Schedule D customers to pay their fair share of both the repayable advances (approx \$35,000 for Hualapai) and working capital costs (approx \$6,700 for Hualapai), Mr. Davidson presented a draft letter to the Secretary of the Interior and the Secretary of Energy requesting financial assistance for tribes to pay these costs. The letter was drafted by Mr. Ken Saline representing the Navajo Tribal Utility Authority. Mr. Saline is hoping that each tribal allottee will place the funding request on its letterhead and send it to the Department of Interior (DOI). Mr. Malin asked if the letter met the needs of the HTUA. Mr. Davidson said yes. Mr. Black said this request may have some chance of success in helping to ease the financial burden placed on tribes. Mr. Malin made a motion authorize Mr. Davidson to sign and send the letter to DOI. Mr. Navenma seconded the motion. Motion approved 3-0-2.

ii. Final Draft Electric Service Contract Mr. Davidson referred the Board to the 60-page, May 19, 2016, final draft of the Electric Service Contract for review and comment. The final contract should be ready for distribution to tribes within the 30 days.

d. Arizona Power Authority Post-2017 Hoover power allocation and contracting.

i. Special meeting with D2 contractors on May 25 in Tucson Mr. Davidson said he and the HTUA were invited to join a group of Arizona D1 and D2 customers who are being offered a less than

advantageous bill crediting deal from their host electric cooperatives. The goal of the meeting is to develop a strategy to get the cooperatives to increase their bill credit offer to the D1 and D2 allottees they now serve so the allottees will not suffer financial losses during the first several years of the APA contract. For Hualapai, it will take nearly ten years to see a benefit from a bill credit with MEC because of their low offer of only 2.5 cents per KWhr.¹ This monetary loss is mostly due to the tribe's payments into the Boulder Canyon Project to cover the Repayable Advances (years 1-5), Transitional Costs (first year), Lower Colorado River Basin Conservation Fund (annually decreasing over time) and the Multi-Species Conservation Program (annually increasing over time). The teleconference will be at 11:30 AM on May 25, 2016. Mr. Davidson said he will be calling in and invited other Board members to do so if they wished.

ii. Final Draft Power Sales Contract Mr. Davidson referred to the draft APA contract on the Board's packet and noted this language may be revised when the APA releases the next version of their draft power sales contract.

5) Other Matters (Planning)

a. 2025 Salt Lake City Area Integrated Projects – Requests for comments on General Power Marketing Criteria for Proposed 2025 Marketing Plan Mr. Davidson reviewed the e-mail from Parker Wicks, Public Utility Specialist for Western, and noted that not only will Colorado River Storage Project (CRSP) power not be expanded in 2025 to create a new customer pool but those contractors with existing CRSP allocations will likely be reduced in the post-2025 contract. This e-mail was in response to a formal letter sent by Western stating the same facts and Mr. Davidson's question asking if Western will be considering renewable energy (wind and solar) to supplement any loss in hydropower from the Glen Canyon Dam, the primary CRSP power source. In regard to renewables, Mr. Montana asked about building a solar power plant on the reservation, possibly in a joint venture with a third-party, in the vicinity of Red Lake on the checkerboard trust sections. Mr. Navenma noted that Arizona Public Service assisted the Hopi Tribe by offering training for linemen. Providing training was part of the electric transmission right-of-way compensation to Hopi from APS.

¹ Bill Crediting is the process whereby a Host Utility accepts Hoover Energy for the Customer's benefit and through monthly billing provides a credit to the Customer for Hoover Energy received by the Host Utility (APA's definition).

b. Lake Powell Pipeline Project – FERC application by Utah Board of Water Resources Mr.

Davidson summarized the FERC notice from the Utah Board of Water Resources (No. 12966-004) for establishing a schedule for licensing of the Lake Powell Pipe Line Project consisting of 140 miles of 69-inch diameter pipe, pumping stations and small hydro power units on the down slopes ending at the Sand Hollow Reservoir near St. George, Utah. Mr. Davidson said he added this to the agenda to demonstrate that as the upper basin states develop, less water will likely be available for the lower basin states to generate hydropower.

c. Announcements Mr. Davidson reviewed the grant application to the Bureau of Indian Affairs: Tribal Energy Development Capacity Program for a Cost of Service study for electrical services on the reservation. This study is required before the tribe obtains financing to build the power line to Grand Canyon West and before the HTUA takes over the electrical services in Peach Springs and elsewhere on the reservation. The grant may also be used to develop a tribe's renewable energy resources. Mr. Navenma suggested that Planning work with other tribal departments to locate sites for solar development including existing tribal buildings. For example, on Hopi, the Food Bank and Health Care buildings were success stories for deployment of small solar arrays. Mr. Montana encouraged we start with such public buildings in Peach Springs.

On a related matter, Mr. Navenma noted Mr. Deschene of the Office of Indian Energy (DOE) is requesting more funding for solar and other renewables to be integrated with new housing developments, including a Memorandum of Agreement with HUD for low-income housing development. The goal is to make communities more energy independent. Mr. Montana asked if wind turbines could be an option as well. Mr. Navenma asked about wind resource testing on the reservation. Mr. Davidson said the tribe began testing in 2002 and found some sites with adequate resources; however, some are sacred sites or have challenges such a high raptor populations.

6) Set time and location for next meeting

The next meeting will be held on June 24, 2016, at 9:00 AM at the Hualapai Cultural Resources Center, Peach Springs.

7) Adjourned at 10:45 AM