

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

August 23, 2016, 9:25 AM to 11:20 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – absent

Joe Montana, Vice-Chairman – absent

Jamie Navenma, Secretary – present

Steve Malin, Treasurer – present

Rory Majenty – present

Support personnel:

Kevin Davidson, Planning Director

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

Bob Becherer, P.E., TTG (via telephone)

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes

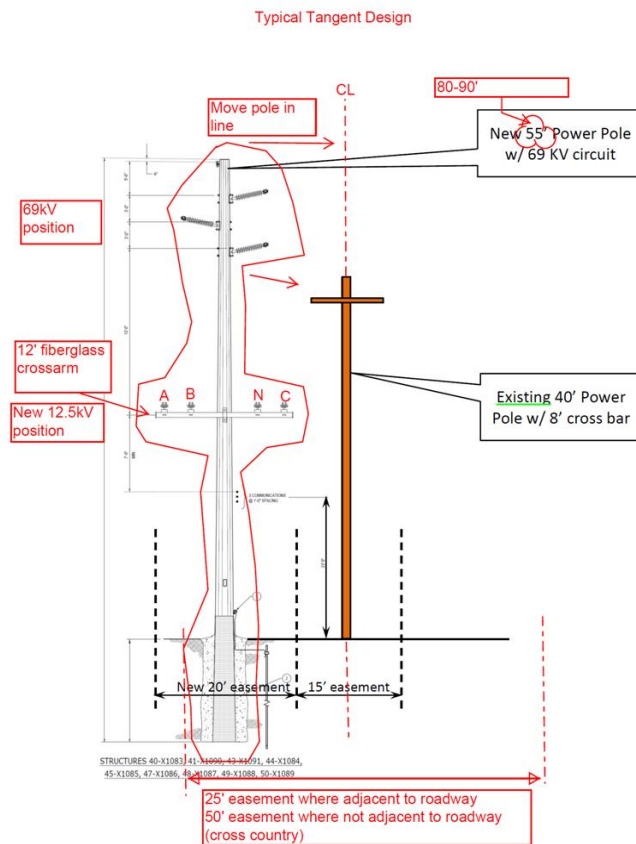
Mr. Malin made a motion to approve the July 18, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 2-0-1.

4) Project Updates

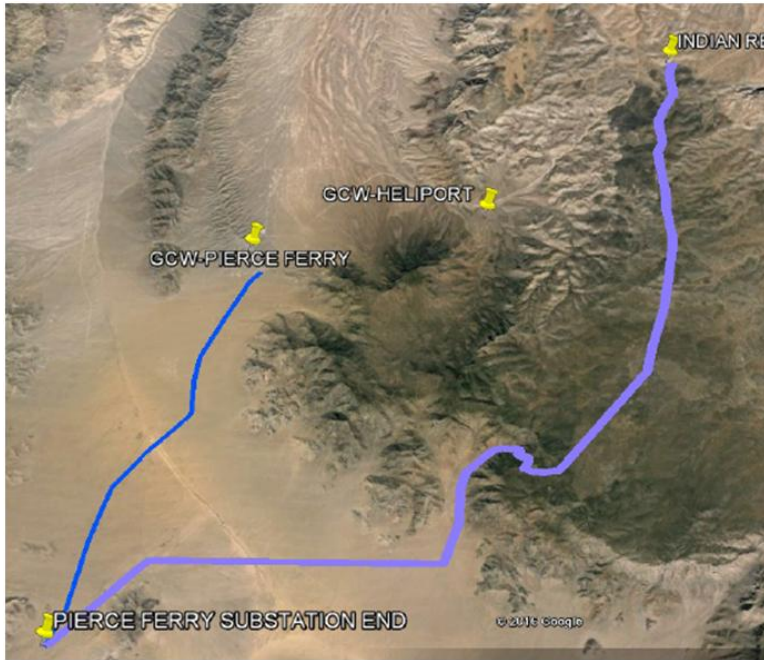
- a. Follow-up on Amendment to Hualapai Constitution** Mr. Davidson reported that at the August 6, 2016, Regular Council Meeting, the resolution to memorialize the results of the Secretarial Election was approved by unanimous vote. This formal acceptance of the amendment to Article XVI to the Hualapai Constitution should clear the way for the tribe to enter into future contracts and loans which require the tribe to grant a limited waiver of sovereign immunity.

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

i. **Routes** Mr. Davidson introduced Mr. Becherer of TTG to review the cost estimate to construct a 69 KV power line between the UniSource substation on Pierce Ferry Road and the interconnection point on Diamond Bar Road. Mr. Becherer reviewed the \$8.4 million cost estimate provided by UniSource to re-build this portion of the power line which now includes sub-contractor prices. The cost does not include the Tax Gross-Up charge of over \$5 million, all but a portion of which is refundable to the HTUA over a period of five years. Mr. Black said the Tax Gross-Up can also be paid by the HTUA in a lump sum of approximately \$1 million which is non-refundable. Mr. Becherer continued his review of the two UniSource options with the first placing the new 69 KV power line adjacent and parallel to the existing 12.5 KV power line and the second option placing the new 69 KV power poles in-line with the existing power poles. The 69 KV line is supported by 80' tall steel poles with a 12.5 KV under-build (see diagram). Should the HTUA be asked to pay costs of the bigger and more expensive power poles needed to support the 12.5 KV under-build and provide adequate vertical separation between the 12.5 KV and 69 KV circuit? Mr. Davidson asked about UniSource process to construct the in-line option. Mr. Becherer said the in-line option is slower and more costly than building a parallel line because UniSource must place the new poles in between the live electric circuits so as not to disrupt power to its customers. The advantage of the in-line, or "hot build," option is that UniSource can simply lift the existing 12.5 KV line onto the new under-build cross bar, saving over 36 miles of line (3 wires x 12 miles) which does not have to be spooled, transported and installed at another location in their service area.



Mr. Becherer next introduced two alternate routes for the 69 KV power line to Grand Canyon West. These two routes would place the electric meter at the Dolan Springs sub-station, avoid the need for the HTUA to pay UniSource the Gross-Up Tax and would cost about one-third the price of UniSource’s construction estimate of \$800,000 per mile for the re-build along Pierce Ferry Road. The first route would generally head northeast over BLM holdings and connect to Diamond Bar Road at the Diamond Bar Ranch, skirting between the Joshua Tree Forest and a Class II Visual Resource Management Area (VRM) designated by the BLM. This option does traverse fairly steep and mountainous terrain which may make it a less feasible route. The second option would journey eastward, across mostly BLM holdings north of Red Lake, then continue up Tenney Ranch Road to the Hualapai Reservation where it would connect with Buck and Doe Road and then head northward to the new substation planned near the water storage tanks (see map). The power poles through the canyon will have longer spans and stay fairly close to Tenney Ranch Road.



This route is about three miles longer than the Pierce Ferry/Diamond Bar alignment prepared by UniSource. The HTUA should meet with the BLM field office staff to see if this route raises any immediate concerns. Mr. Davidson asked how easy it would be to maintain this line over time. Mr. Becherer said the existing roadways provide adequate access. Several miles of new road must be constructed to build this option. Mr. Black asked if there were any endangered species and other concerns along the route. Mr. Becherer said the line would pass through the BLM’s Class II VRM. Mr. Davidson said the route should also be reviewed by the Hualapai Tribe’s Cultural Resources Department. To mitigate impacts, Mr. Becherer said he plans to keep the power line within the Buck and Doe Road right-of-way. Mr. Becherer plans to conduct a field

trip on August 31, 2016, so he will have a first-hand account of the route when the HTUA discusses the route with the BLM on September 6, 2016.

- ii. USDA loan application process** Mr. Becherer relayed a conversation he had with Mr. Larry McGraw, USDA Field Representative, regarding the loan application and the need for a long-range engineering plan in addition to the Construction Work Plan, Load Forecast, Long-Range Financial Forecast and NEPA documentation. Mr. Davidson said he would follow-up with Mr. McGraw on the necessary loan application requirements. Mr. Majenty asked about TTG's electronic metering option for the three generators at Grand Canyon West. Also, what are the HTUA's anticipated electric rates for customers at Grand Canyon West? Mr. Black said the construction cost of the power line, which will determine how much money the HTUA must borrow, will determine these electric rates. The rates must be sufficient to ensure enough funds are provided to the HTUA to pay the loan back and operate the electrical system.
- iii. Diamond Bar Road Studies** Mr. Davidson mentioned the special study being performed by Mohave County Public Works Department to assess the safety of Diamond Bar Road. The County finds the roadway design to be deficient if the speed limit is increased from 45 MPH to 55 MPH. The roadway was designed to the BIA standard for a 45 MPH speed limit. The County is working with Mr. Wisely, Hualapai Public Works Director, to resolve the issue.
- c. Western Area Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson said that Council voted to approve the Western Area Power Administration Electric Service Contract and Amended Restated Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy at their special meeting on August 22, 2016. Mr. Davidson also distributed the benefit arrangement offers to manage the allocation from Western submitted by Navajo Tribal Utility Authority, Southern Nevada Water Authority and the Pechanga Band of Luiseno Indians from Temecula California. Mr. Black suggested the Board make a decision on which offer to chose at the next meeting so the HTUA can transmit the benefit arrangement contract to Western in October.
- d. Arizona Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson said the Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017

Schedule D Capacity & Energy was tabled by Council pending a clarification on the use of federal court shown in Section 44 concerning arbitration for dispute resolution. Mr. Black said the APA would likely not agree to add Hualapai Tribal Court as the first step in dispute resolution but would likely accept state court.

5) Amendment to HTUA Ordinance (Planning)

Mr. Davidson noted that the Council approved the amendments to both Section 208 and 209 at their special meeting on August 22, 2016. The only change was to retain “shall” instead of adding “may” in Section 209 b) as follows: *Enforceability of Service Agreements and Special Contracts. The Board shall ~~may~~ develop a standard clause to be included in its service agreements and special contracts with customers to ensure that such contracts can be enforced in the Courts of the Hualapai Tribe.* Mr. Black said special contracts may use the limited waiver of sovereign immunity language rather than the standard clause referred to above.

6) Other Matters (Planning)

Mr. Davidson said he had been approached by a third-party developer who may be interested in constructing the power line to Grand Canyon West and then charge the HTUA a fee to wheel power over the line for a certain dollar amount per MWhr that would be sufficient to pay for the cost of constructing the power line over a set number of years. Mr. Black said utility companies are less willing to build new transmission lines in a deregulated market (reference to California Independent Service Operators), so companies are building transmission lines and charging user fees. However, electric customers on such lines may not be able to secure future capacity to meet their needs. Also, long-term costs may be higher for the HTUA if they choose this option versus building their power line in association with UniSource. Because these deals are less common in the state, Arizona does not have a Regional Transmission Organization (RTO).

Mr. Davidson reviewed the memo he presented to Council at their August 6, 2016, meeting concerning the feasibility of constructing a community-scale solar array for Peach Springs. Mohave Electric Cooperative estimates a solar array of 400 KW to 500 KW in size would produce enough electricity to be

absorbed by Peach Springs without having to export power outside of the community. The array would require three to four acres of land and should be placed in close proximity to one of MEC's 24.9 KV power lines between Nelson and Peach Springs. The 24.9 KV line extends some two miles up Diamond Creek with a split at Hualapai Way that ends at the Juvenile Detention and Rehabilitation Facility. The sizing of the array is subject to a system impact study paid for by the tribe to MEC with a \$10,000 deposit required to start the analysis. A preliminary offer by MEC to purchase power from the solar array is estimated at \$35.00 per MWhr. The expected revenue from a 500 KW solar power plant is estimated at approximately \$28,000 per year, but will lower each year as the solar arrays' output fades over time. Construction costs are likely to exceed \$1,000,000, giving a payback of more than 30 years. This makes a centralized solar array less financially feasible than distributed generation, e.g. solar panels on individual buildings which will benefit from net-metering (higher price paid by MEC for each MWhr generated by the customer).

Mr. Davidson announced there will be a solar conference in Las Vegas from September 12th to the 15th. Mr. Majenty said he would like to attend.

7) Set time and location for next meeting

The next meeting will be held on September 20, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

8) Adjourned at 11:20 AM