

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

September 24, 2015, 9:12 AM to 11:34 AM, Hualapai Cultural Resources Department

Board members:

Charles Vaughn, Chairman - present

Rory Majenty, Vice-Chairman – present

Joe Montana, Secretary – present

Steve Malin, Treasurer – present at 11:30 AM

Jamie Navenma – present at 10:15 AM

Support personnel:

Kevin Davidson, Planning Director

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

Guests:

Thomas Grover

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes

Mr. Vaughn noted that minor typographical errors need to be corrected in the minutes. Mr. Montana made a motion to approve the August 27, 2015, minutes with minor corrections. Motion seconded by Mr. Vaughn. Motion carried 3-0-2.

4) Project Updates

- a. BIA transfer of a portion of Diamond Bar Road to Mohave County.** Mr. Davidson said that the Hualapai Tribe's engineer, Mr. Wisely, P.E., is working with a consulting engineer on the drainage design to show that the new roadway's design and construction does not adversely impact

downstream properties. The Mohave County Public Works Department's engineer is also reviewing the roadway geometry and guardrail placement to determine the proper speed limits. When both of these engineering studies are complete, the roadway should be ready for transfer to Mohave County for maintenance. Mr. Vaughn asked if the Hualapai Tribe has a sufficient level of engineering knowledge to sign off on their part of the engineering exercise. Does the engineering analysis include more than just the impacts to the private properties downstream? Mr. Vaughn also said Mohave County should set the speed limit and other signage standards for the roadway. Mr. Majenty said the operations of Grand Canyon Ranch (Mr. Turner) may be impacted by the flooding. Mr. Majenty also asked if the time line for the road's engineering analysis and acceptance by Mohave County coincides with the anticipated Special Election process. Mr. Davidson estimated these engineering studies will take three to four months to complete. The time line for the special election provided Council acts in October to send the request to the BIA, would be up to seven months or sometime in early spring of 2016 before the election is held. Mr. Majenty asked if the proposed zip line by Grand Canyon Ranch crosses Diamond Bar Road. Mr. Davidson said he has not been informed of a site plan being submitted to Mohave County but will check and also ask about any policy Mohave County Public Works may have for zip lines crossing public roadways.

b. Arizona Power Authority Post-2017 Hoover power allocation contracting. Mr. Davidson reviewed the three Arizona Power Authority (APA) polices for the allocation of Hoover power as follows: 1) Bill Crediting Arrangements (Resolution No. 15-17) allows an allottee of Hoover power who cannot take the power directly the ability to have their load serving entity (utility company) provide a reduced electric bill based upon the lower cost of Hoover power. The arrangement must be approved by the APA and the allottee is still responsible for making monthly payments for Hoover power to the APA. 2) Collection and Distribution of Repayable Advances (Resolution No. 15-18) requires that new allottees repay their proportional share, based on their power allocation, cost incurred by other power contracts paid to Western Area Power Administration prior to October 1, 2017, for capital improvements made to the Hoover Dam facility. The Hualapai Tribe is a new allottee and subject to this charge. These repayable advances will paid through the power sales contract that APA has with each allottee. The payments will start on October 1, 2017, and may extend for five years. The estimated amount Hualapai will be pay is \$7,227 or \$120.48 over 60 months. 3) Transmission Service for the Post-2017 Period (Resolution No. 15-19) provides for the elimination of duplicate purchase of transmission rights on one or more transmission paths between

Hoover and the allottee's load. Those customers not requiring the APA to procure or coordinate transmission will not be charged. This would be the case for Hualapai. The APA will assist customers in obtaining transmission rights and deliver power to the Parker-Davis system. Mr. Davidson added that the APA has not adopted a benefit arrangement policy, so on September 15, 2015, he presented this request on behalf the HTUA to the APA. The benefit arrangement would be structured akin to the benefit arrangement the tribe has with the Navajo Tribal Utility Authority and allow for the partnering utility to send the Hualapai a check each month vs. lowering the utility bills of multiple tribal accounts. Mr. Vaughn asked how the Aha Macav receives power. Mr. Davidson said the Aha Macav took over MEC's service area several years ago. Mr. Black noted that condemnation of a service provider's existing utility system would be the last resort. Such action by the tribe may send the wrong signal to investors looking to do business with the tribe. Acquiring the MEC infrastructure is a long-term goal. Mr. Vaughn asked what type of training and capacity should the HTUA staff and field crews have to operate a fully functional electrical utility. Mr. Majenty asked Mr. Davidson to investigate the costs of operating the HTUA as a fully functional electrical utility. Mr. Montana concluded the discussion by asking if the HTUA could develop its own generation capabilities.

c. Meeting with Arizona Public Service (APS) negotiation team on September 15th regarding 500 KV power line. Mr. Vaughn reported that the APS negotiation team told the Hualapai negotiation team that the tribe's opening offer was too high. The Hualapai negotiation team based their multi-million dollar offer on relevant Navajo and Hopi right-of-way lease comparables whose value was estimated by the tribe's energy consultant. APS reported that the compensation paid to Hopi and Navajo was overestimated by the tribe by a factor of three to four times so the Hualapai offer to APS was much greater than what APS had expected. Mr. Vaughn also noted APS' potential option to remove the 500 KV line from the Hualapai Reservation and re-build it around the reservation's southern boundary. This demolition and reconstruction is estimated to cost some \$182 million to APS and is most likely a bluff on their part to see how Hualapai would react. Mr. Vaughn did note that if the 120 towers were taken down, the concrete foundations would make fine rip-rap to stabilize several wash banks and the like.

d. USDA, Rural Utility Service, High Energy Cost Grant to build power line along Diamond Bar Road. Mr. Davidson reviewed the USDA grant award to build a portion of the 20.8 KV power line

proposed along Diamond Bar Road to serve Grand Canyon West. The \$1,881,130 grant represents approximately 16 percent of the electrical load at Grand Canyon West that is dedicated to serving the residential units (employee housing). The 2014 grant application only allowed funding to serve residential loads; however, the grant can be used to fund the residential part of a larger energy development which serves a commercial/industrial development as well. The remaining 84% of the project costs will be made up by the tribe either through a loan or cash or a combination of both. Mr. Romano, the tribe's Washington DC lobbyist and former long-time employee of the USDA, opined that this government agency typically has a long-response time in issuing the grant agreement which will "start the clock" on grant expenditures. Once the grant agreement is signed, the USDA will usually expect some progress within the first 12 – 18 months, such as a loan application or other funding commitment to cover the remaining 84% of the power line's cost.

Mr. Majenty asked if the tribe could upgrade the power line from 20.8 KV to 69 KV to carry electricity. Mr. Romano noted that the grant application referenced the 20.8 KV line a dozen times and to change to a 69 KV line may raise some "eyebrows" at USDA. Mr. Davidson said the 20.8 KV line's carrying capacity may not be the factor limiting growth at Grand Canyon West. If the tribe cannot bring Colorado River water to the reservation, then Grand Canyon West's growth will be limited by the water supply from West Water well field. However, if the Colorado River diversion point is located on a side canyon (Tanyika) at Grand Canyon West, then more power will be required at Grand Canyon West to pump the water up 4,000 feet from the river to the plateau. Mr. Majenty noted that Walker Service Electric, an electrical contractor from Kingman, estimated the current generator set could supply just enough electricity for a 250-room resort hotel.

Mr. Vaughn asked if the tribe could implement only the residential part of the grant. Mr. Davidson replied that the grant was written in such way that it will be matched with the loan (or cash) to build the entire power line as one project. The USDA does not want to construct a partial project which may never be completed. However, some of the grant money may be released for engineering design purposes with the approval of USDA's field agent, Mr. Larry McGraw. The Board noted it would like to play an active role in future grant applications.

e. Public presentation regarding proposed amendment to the Hualapai Constitution on September 29, 2015 at Tribal Gym.

- i. **Presentation Materials** Mr. Davidson reviewed the Fact Sheet, Power Line Map and PowerPoint slides. The first two items will be hand-outs given to the attendees. In response to a community member's inquiry as to why was the HTUA not formed as a separate corporation, akin to Grand Canyon Resort Corporation, Mr. Black said the Council's desire was to have more control over the HTUA's operations. Mr. Vaughn advised that the presentation include the Council's economic development goals and how the HTUA's activities will help make these goals become a reality. Mr. Majenty said the presentation should list the short and mid-term development goals shown in the new Grand Canyon West master plan. Mr. Vaughn added that a significant number of tribal members live in the Phoenix metro area and that holding a meeting in Phoenix, possibly at the offices of the Inter-Tribal Council of Arizona, would be appropriate. The HTUA Board should obtain Council approval prior to setting up the meeting.
- ii. **Presenters** Mr. Davidson recommended that as many Board members as possible be present at the public presentation. Mr. Majenty said he will be conducting four meetings with tribal members who work for Grand Canyon Resort Corporation at Grand Canyon West on October 1st between 9:00 AM and 5:00 PM.
- iii. **Hospitality Management** Mr. Davidson said he will be ordering dinner and desert on behalf of the HTUA. Dinner will begin serving at 5:30 PM prior to the start of the 6:00 PM presentation.
- iv. **Resolution to Council** Mr. Davidson reviewed the draft resolution. Council is scheduled to consider the resolution at its regular meeting on October 1, 2015. Mr. Davidson suggested Mr. Black also attend the Council meeting to answer technical questions.

Having arrived at the conclusion of the discussion, Mr. Grover asked about the proposed language of the limited waiver to be added to the Constitution and the amendment process with the Secretary of the Interior. Mr. Vaughn reviewed the language of proposed Article XVI.3 and why it was needed to transcend the \$250,000 debt limit set in Article XVI.2. Mr. Grover emphasized the need to keep the explanation in layman's terms so as not to confuse the voters.

5) **BIA/Tribal Energy Development Capacity Building Training (Planning)**

- a. **Purchase Power Agreement training schedule for October.** Mr. Davidson said that Stinson Leonard Street can offer their training session for the Board members either October 19th or 20th.

Mr. Majenty said that he and Mr. Malin will be at a GCRC Board meeting on these two days, but that the Board may proceed with the training.

b. HTUA training schedule for October. Mr. Davidson will set up the training session for the Board members with Kanim Associates for October 26th since all Board members should be able to attend at this time.

6) Other Matters

a. Review of bids on RFP to create the HTUA web site. Mr. Davidson presented the bids received from CivicPlus, Tinhorn Consulting and Anchor Wave. The bid by CivicPlus is somewhat higher than those from Tinhorn Consulting and Anchor Wave partly because they will include the cost of hosting the site whereas the other two vendors require the HTUA to pay for a third-party host. Mr. Vaughn asked how much will the hosting service cost. Mr. Davidson said the fees should be a few hundred dollars per year based upon his discussion with the tribe's Information Technology staff. Mr. Vaughn directed the HTUA Board members to send their ranking sheets to Mr. Davidson by September 28th so he can rank them and make a recommendation to Council on October 1st. Mr. Davidson noted that the HTUA budget had only set aside \$2,250 for web development and recommended that this dollar amount be increased to cover all bids, including CivicPlus' bid of \$12,992. Mr. Majenty made a motion to transfer \$15,000 from the HTUA's Consultant budget (Labor line item of \$36,000) to the Public Outreach budget (Web Site line item of \$2,250). Mr. Montana seconded the motion. Motion passed 4-0-1.

b. Clean Power Plan and implications for renewable energy development in Arizona Mr. Davidson gave a brief review of the Clean Power Plan's (CPP) impact on electrical power generation in Arizona. The EPA has established the CPP to set carbon reduction goals in pounds of carbon dioxide emitted per mega-watt hour of power produced in each state by 2030. For Arizona, the goal is reduce from 1,552 lbs per MWhr to 1,031 pounds per MWhr by 2030, with interim step reductions through 2029. Mr. Davidson said this 34% reduction in carbon output, mostly achieved by replacing coal generation with natural gas and renewable (wind and solar) sources, will likely increase the cost of electricity in the state, especially for the electrical distribution cooperatives (MEC, etc.) who purchase about three-fourths of their power from coal generation owned by the

Arizona Electric Power Cooperative (AEPCO) that operates the Apache Generating Station in Cochise County.

c. Request for meeting with Bureau of Reclamation on NREL II/Navajo Generating Station, Post-2019 The HTUA Board directed Mr. Davidson to invite Mr. Black and Ms. Thayer to a future Board meeting.

7) Set time and location for next meeting

The next meeting will be held on October 29, 2015, starting at 9:00 AM at the Hualapai Cultural Resources Department.

8) Adjourned at 11:34 AM