

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

December 13, 2017, 9:15 AM to 10:13 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – present

Joe Montana, Vice-Chairman – present

Jamie Navenma, Secretary – absent

Bill Cyr – present via telephone

Rory Majenty – absent

Support personnel and guests:

Kevin Davidson, Planning Director

Lauren Ferrigni, Fennemore Craig (via telephone)

Patrick Black, Fennemore Craig (via telephone)

Bob Becherer, IMEG (via telephone)

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes from November 22, 2017, meeting

Mr. Cyr made a motion to approve the meeting minutes of November 22, 2017, as written. Mr.

Montana seconded the motion. Motion carried 3-0-2.

4) Project Updates

a. Proposed Power Line to Grand Canyon West

- i. Comments from UniSource on Interconnection Agreement** Mr. Davidson reported that the draft Interconnect Agreement (IA) was transmitted to UniSource on November 27, 2017. Mr. Black said he has been in contact with UniSource's legal counsel but no comments have yet

been received. Mr. Black noted that comments from UniSource may not be forthcoming until after the first of the year.

- ii. Status of contracts with prospective consultants** Mr. Davidson said he sent draft contracts last week to Taney Engineering, Tierra Right-of-Way, T&D Services+Q-Spec and Cobb Consulting for the survey, environmental review, construction work plan and long-range financial forecast, respectively, and has heard from the first three firms who are reviewing the language. Ideally, the four contracts will be ready for signature upon approval of the HTUA's FY2018 budget by tribal council in December 2017 so work can begin in late 2017.
- iii. Draft letter to private property owners along power line route** Mr. Davidson referred to the two letters in the agenda packet, the first addressed to Leonard Mardian, Pierce Ferry, LLC and the second addressed to James Rhodes, EB Acquisitions, LLC. The letters seek permission from both land owners to allow the HTUA's surveyor and environmental consultant to access the property for several hours each on two separate days in January of 2018 to conduct their reconnaissance. The letter is for Chairman Vaughn's signature with questions directed to Mr. Davidson. To conclude, the letters provide a signature line for Mr. Mardian and Mr. Rhodes to agree to the access request. Attached to the letter are two maps showing the common property corners and a detail map showing an area of 10,000 square feet that will be crossed. Mr. Davidson said this area allows for a 100-foot wide power line easement on each property in case one land owner refuses the HTUA's request. The letters met with approval of the HTUA Board by consensus and Mr. Vaughn agreed to sign both.
- iv. Hearing with Budget Committee** Mr. Davidson informed the Board that the HTUA's FY 2018 budget hearing with the Budget Committee will be on December 19th beginning at 10:00 AM and encouraged interested board members to attend to lend support for the HTUA's request. Mr. Vaughn asked about the make up the Budget Committee. Mr. Davidson replied the Chairman, Vice-Chairman, Finance Director and Grants & Contracts Officer are on the Committee; however, Council Members Bravo, S.M. Crozier and Havatone have shown an interest in the hearings in general and may attend one or more of the 24 sessions over the two-day period.

b. Cost of Service Study

- i. Progress to Date** Mr. Davidson referenced the revised 19-page study which incorporates the latest asset data from Mohave Electric Cooperative (MEC) received on November 15, 2017. The Cost of Service study will provide a revenue requirement and cost of service forecast to understand the feasibility of the HTUA purchasing Peach Springs electrical distribution assets from MEC to run a local electric distribution utility. The study shows a \$247,000 annual deficit (\$924,000 annual operations subtracted from \$687,000 annual revenue) if the HTUA were to operate the utility grid in Peach Springs and not raise existing electric rates by some 30% to make up for the revenue shortfall. Intergroup is including the loads anticipated with the water rights settlement – some 8.9 MWs of additional load between the pumping stations along the pipeline route and some 5 MWs at Grand Canyon West for the water purification system. These new loads could eliminate the revenue shortfall if the KWhr charge for these new users is raised by 1.91 cents per KWhr.

Mr. Vaughn added that the water rights settlement bill S1770 is making progress with the US Senate Committee on Indian Affairs. However, the only route presented in S1770 is the Diamond Creek option which is the most expensive to construct and operate. Other, less expensive options, should be explored as well. Mr. Davidson noted the 2014 study produced by DOWL-HKM which did look at other options, but not in as much detail.

To conclude, Mr. Davidson said that Intergroup would be amenable to having Mr. Cyr join in on Cost of Service study effort. Mr. Cyr said he would be happy to help. By consensus, the HTUA Board agreed to have Mr. Cyr participate in the finalization of the Cost of Service study.

c. Community-Scale Solar Array Feasibility Study

- i. Progress to Date and next steps** Mr. Davidson briefly reviewed the update e-mail from Mr. Mason as follows: 1) Final report detailing construction and design parameters are being finalized and will bring draft copy for our meeting with MEC, 2) Meeting with MEC on December the 20th to discuss a Power Purchase Agreement (PPA) for the off take of solar array production

of electricity, 3) Expected completion of study after MEC meeting with final analysis and proposal should be the end of January, 4) Discussion with MEC and Tribe to negotiate a price per watt and a escalation provisions over a 25 year life of the project.

- ii. **Meeting with MEC on Power Purchase Agreement** Mr. Davidson said the meeting with MEC will be on December 20th beginning at 2:00 PM at the Health Department. The PPA offer from the tribe to MEC will start at \$60/MWhr which is likely to be countered by an MEC offer of \$30/MWhr based on conversations with MEC representatives in June of this year. Mr. Davidson said if we could get the MEC offer in writing at \$30/MWhr it could be used as grist in the pending DOE application as to why the tribe needs the federal funding to make the solar array financially feasible (the Department of Energy offers up to \$1 million for energy infrastructure deployment on tribal lands such as constructing a community-scale array). Mr. Cyr advised the PPA between the tribe and MEC should have an “off-ramp” or termination clause in case the HTUA decides to buy out the MEC distribution system on the reservation. This will ensure that the solar array will not have to continue to supply MEC with electricity for what would now be an off-reservation use.

Mr. Vaughn asked about the benefit of the solar power to Peach Springs. Mr. Davidson said the site location at the Burlington Northern and Santa Fe railroad’s West Peach Springs signal can easily be connected to the 3-phase power line that crosses Highway 66 just west of Mile Post 102 and then can feed both the Buck and Doe community to the west and the Peach Springs community to the east.

d. Community Wi-Fi

- i. **Update on BIA’s investigation into AT&T’s coaxial cable and fiber optic right-of-way lease terms** Given the incomplete information the tribe has on file for the lease, Ms. Varela of BIA Realty has also contacted Mr. Luis Ortega of AT&T’s Right-of-Way Division and requested the lease documents. The information on the rights-of-way granted by tribal Resolution Nos. 36-63 and 09-89 to AT&T to place the co-axial and then fiber optic cables, respectively, do not contain the BIA approval of the right-of-way. Mr. Vaughn asked about the difference between coaxial and fiber optic technology. Mr. Davidson explained that the coaxial cable is akin to those used

for audio speakers or cable TV while a fiber optic line uses light to transmit the signal. AT&T made an offer of 50 years beginning on March 21, 1964, so the right-of-way may have expired in 2014.

As discussed in a previous meeting, it would be wise to understand the easement situation with AT&T prior becoming a customer and determining a tap point on the fiber optic line for the tribe's use. Mr. Cyr asked if the tribe could re-sale the service to other tribal users and possibly displace Frontier Communications. Mr. Davidson said that may be possible, however, AT&T does not recognize the HTUA as a competitive local exchange carrier (CLEC); only Frontier has CLEC status on the Hualapai Reservation. Another obstacle to the connection is the tribe's end use point, preferably the tribal office. The council is considering a new location for an expanded administration building so the end point location has not yet been determined. The fiber optic line does have access points every few miles along the route, so the tap location may be shifted. Mr. Vaughn asked how long the AT&T line is on the reservation. Mr. Davidson said it is about 18 miles long (17.46 miles) and lies along the north side of Highway 66.

e. Mohave Electric Cooperative

- i. Rights-of-Way on Record with BIA** Mr. Davidson referred to two tables showing grants of easements for power line rights-of-way recorded with the BIA and those not recorded with BIA. Mr. Cyr asked the difference between the two data sets because BIA seems to have a record of both. Mr. Davidson said those easements recorded have a complete set of documentation behind them while those not recorded have only partial information such an application from MEC and possibly a tribal resolution but not a final, signed grant of easement. The table of recorded easements also shows that several have expired or are nearing the end of their term. The negotiation with MEC for renewal of these easements may play a role in the acquisition of MEC's electrical distribution assets on the reservation.

Mr. Vaughn asked about the power line serving the Mountain Bell repeater station. It appears to be on Grey Mountain. For the unrecorded easements, the service line to a private home in Section 24, T25N, R10W appears to be outside of the reservation boundary. This line may have been a direct request to MEC by the land owner and done outside of the BIA process.

- ii. **Request to MEC to provide additional records of rights-of-way not on file with BIA** Mr. Cyr advised the letter to MEC not include the tables of the recorded and un-recorded grants of easement so MEC will be obligated to provide their complete set of records. Mr. Vaughn said references to the tables and maps should be deleted from the letter. The Board agreed by consensus to direct Mr. Davidson to send the revised request letter for grants of easement to MEC.

5) Other Matters (Planning)

- a. **Set-up field trip to Gila River Indian Community Utility Authority** Mr. Davidson reported that Mr. Leonard Gold, General Manager for the Gila River Indian Community Utility Authority (GRICUA), can arrange for his board meet with the HTUA board on January 24th between 9:00 AM and 11:00 AM. This meeting can be done in conjunction with the upcoming annual Arizona Tribal Energy Association (ATEA) conference in Phoenix on the following day. Mr. Cyr advised we meet with GRICUA to discuss general topics and then have a separate meeting with Mr. Gold to discuss more specific and also his experience with the Ak-Chin Electric Utility Authority. Mr. Vaughn and Mr. Cyr said they were likely to meet with GRICUA and Mr. Gold, but not attend the ATEA conference. Mr. Montana will check his calendar. Mr. Davidson said he would ask board members Navenma and Majenty on their participation.

- b. **Announcements** Merry Christmas! No other announcements.

6) Set time and location for next meeting Mr. Cyr asked if a January meeting is needed. Mr. Davidson said nothing is pressing; however, he would like to report on the status of the two feasibility studies and whether or not tribal council has approved the full budget request for the HTUA. The next meeting is set for Wednesday, January 10, 2018, at 9:00 AM at the Hualapai Health Department, Peach Springs.

7) Adjourned at 10:13 AM