

## **Hualapai Tribal Utility Authority (HTUA) Meeting Minutes**

October 29, 2015, 9:20 AM to 12:27 PM, Hualapai Cultural Resources Department

### Board members:

Charles Vaughn, Chairman - present

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – absent

### Support personnel:

Kevin Davidson, Planning Director

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

### Guests:

Melvin Hunter Jr., Bureau of Indian Affairs, Truxton Canon Agency

Richard Campos, Mohave Electric Cooperative

John Williams, Mohave Electric Cooperative

### **1) Call to Order**

### **2) Roll Call**

### **3) Review and Approval of Minutes**

Mr. Montana made a motion to approve the September 24, 2015, minutes with minor corrections.

Motion seconded by Mr. Vaughn. Motion carried 3-0-2.

### **4) Project Updates**

**a. APS negotiations on 500 KV power line, if available** Mr. Davidson said that APS has yet to respond to the tribe's request for a written proposal. The proposal should be delivered in the next few weeks, according to Ken Miller of APS.

**b. Follow-up on Amendment to Hualapai Constitution**

**i. Public presentation held on September 29, 2015 at Tribal Gym** Mr. Davidson reviewed the material presented at the public meeting including the Fact Sheet, Power Line Map and PowerPoint slides. Approximately 50 tribal members attended the public meeting with opinion on the amendment being split roughly 50/50. Mr. Vaughn asked that the HTUA members proof read amendment materials and other information placed on the tribe's website during the development of the HTUA's website.

**ii. Council meeting on October 1<sup>st</sup>** Mr. Davidson reported that the Council resolution requesting the Secretarial special election process, approved in an 8-0 vote by Council, was transited to the BIA on October 8<sup>th</sup>.

**iii. Transmittal of amendment and special election request to BIA** Mr. Hunter, who will be organizing the Secretarial election, noted that the tribe's request has been forwarded to the BIA's regional office for review. There is no time limit to review the request, but a determination should be timely. Once a positive determination is made, the BIA has 150 days to register voters and hold the election per 25 CFR, part 81. Mr. Hunter will work with Ms. Mahone from the Tribe's Enrollment Department to generate an up-to-date list of eligible voters who will be 18 years of age on the date of the election. In the case of excessive "return to sender" mailings due to incorrect names and addresses, additional public outreach should be performed. Mr. Vaughn recommended that Mr. Davidson also work with Ms. Mahone on assembling the list of eligible voters. Mr. Hunter stressed the need of the HTUA to educate the voters in advance of the election on the specifics of the ballot measure. The 2014 effort to amend the Constitution largely failed due to lack of voter education by the tribe. Mr. Hunter will send a detailed schedule of the election process to Mr. Davidson for review and for discussion at a future special meeting with the HTUA Board.

**iv. Potential public meeting in Phoenix at ITCA** Mr. Davidson said a public meeting in Phoenix, at the offices of the Inter-Tribal Council of Arizona, would be a logical venue given that

approximately 100 tribal members live in the Phoenix metro area. This meeting may be set up for December.

**v. Additional Public Outreach** Mr. Black reminded the HTUA that the Council expects additional public meetings if the amendment fails, then the HTUA may be dissolved since the \$250,000 Constitutional debt limit would preclude it from entering into contracts more than that amount. Mr. Vaughn added that failure of the amendment would also severely hamper, if not stop, other economic development activities of the tribe.

**c. Western Area Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson briefly reviewed the 10-page contractor's comment letter on Western's contracting process. This letter is a product of no less than 25 active contractor participants. Major issues discussed are 1) Western's use of BCP power because it appears Western has allocated all of Hoover's capacity to the contractors and has retained none for its own operations, 2) voting of contractors on Westerns operations, which appears to be purely advisory in nature, and 3) definitions of force majeure which may include low lake levels due to drought.

**d. Arizona Power Authority Post-2017 Hoover power allocation contracting.** Mr. Black reviewed the meeting he and Mr. Davidson had with Robert Johnson and John Underhill of APA on getting the tribe's 100 KW allocation to the reservation: The APA is open to a Bill Crediting Arrangement (Resolution No. 15-17) which 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. When asked about developing a special benefit arrangement with a third-party utility, akin to the Hualapai agreement with NTUA, the APA was less enthusiastic given the potential of the power to be sold for a profit by the third-party utility and a potential negative reaction of other APA contractors who will see this as a special advantage given to Hualapai and no other contractors. Also, the temporary nature of the benefit arrangement may also be an obstacle because these are long-term contracts. Hopefully, Hualapai will have its power line built to Grand Canyon West in the next few years so it can take the power directly.

**e. Mohave Electric Cooperative's service on Hualapai Reservation**

Mr. Campos and Mr. Williams of MEC thanked the HTUA for inviting them to the meeting. Mr. Vaughn asked what plans MEC has to improve electric service to the Hualapai Tribe and if other communities served by MEC have similar issues with service reliability. Mr. Campos said the recent power outage on October 13th could be directly attributed to storm damage. The outage on October 25<sup>th</sup> was a planned outage due to repair work by APS at its Round Valley Substation. The Round Valley substation transmits power northward to the Nelson 69 KV Substation, via a radial line, where it is then distributed to Peach Springs, the 70-mile power line along Route 18 and the lime plant operated by Lhoist, Inc. The western part of the Reservation, including the Music Mountain School and the Buck and Doe housing developments, is supplied power from the Hualapai Substation located near the Kingman Airport. To increase electric service reliability at the Nelson Substation, Mr. Campos said a second transformer is planned for the Round Valley Substation. However, this will not solve future failures on the radial line. There is an “open switch” between the Hualapai and Nelson Substations which is designed to keep at least half of the community with power in the event one substation fails. Mr. Campos continued by saying that MEC is upgrading its power line between Valle Vista and Hackberry Road (11.5 miles). These improvements should benefit service reliability on the reservation. These improvements will allow the two substations to serve each of the two service loads, as described above, if needed. In conclusion, Mr. Campos said new switches, animal guards, lightning arrestors, and fault relays at the Nelson Substation will help determine the exact location of future outages, hence decreasing the repair time.

Mr. Williams said the power lines were sized by MEC in the 1950s. Population and electric load growth has increased considerably over the past half century. With existing loads, the Hualapai and Nelson substation systems are sized appropriately but nearing reliability limits in this area. Instead of just upgrading the circuits between Valle Vista and Hackberry to meet normal forecasted load increases, MEC has elected to improve the reliability of both circuits and provide a stronger tie between these substations for the purpose mentioned previously. Mr. Vaughn noted that the lime plant, under the ownership of Chemstar, had diesel generators in the 1970s to supply its start up power needs and then it would draw from the Nelson Substation. Mr. Vaughn asked why MEC did not start these improvements on the Peach Springs end of the power line? Mr. Campos replied that utility companies start on the service side of their line rather than at the end. This approach allows

for the proper sizing of the circuit and does not leave smaller conductors in the middle that could act like a fuse.

Mr. Campos reviewed MEC's energy portfolio. The portfolio is a mix of coal (61%), hydro (5%), natural gas (31%) and renewables, such as wind and solar (3%). Most utility companies create an energy budget for peak load year to year vs. month by month. This allows the utility company to have power available to meet Arizona Corporation Commission (ACC) and Federal Energy Regulatory Commission (FERC) reliability requirements. Mr. Vaughn asked if the increase in solar energy in a utility company's portfolio is the result of legislative mandates. Mr. Campos said that MEC is working on a new 10 MW solar array and hopes to have it on line by 2018. This solar site will be in the South Mohave Valley a short distance from the new 5 MW solar array that has recently come on line. Mr. Malin asked if MEC has any additional plans for solar development. Mr. Davidson asked if MEC was on track to meet the ACC's Renewable Energy Standard and Tariff Rules of having 15% of its energy come from renewable sources by 2025. Mr. Williams said electric cooperatives such as MEC are not subject to the same percentage requirements for renewable energy production as investor-owned electric utilities such as APS and Unisource Electric. MEC's future plans, as illustrated in a hand-out provided by MEC, are to have up to eight percent of their energy derived from solar. Given that, Mr. Davidson asked if MEC would be interested in helping the tribe develop a 5 MW solar array on the reservation. The tribe may use New Market Tax Credits and also be eligible for a dollar per dollar matching grant from the Department of Energy to build the solar array provided that most of the load being served by the array is located on the Hualapai Reservation. With the tribe having access to these two forms of financing, the solar array should be less costly to develop than on similarly situated private land where these sources of funding are not available. Mr. Williams said that MEC is open to reviewing all solar proposals within its service area. The proposal may be addressed to Mr. J. Tyler Carlson, CEO of MEC.

Mr. Vaughn asked about the need for Hualapai representation on the MEC board and the election procedure. Mr. Campos referred to Ms. Gillman as MEC's main office contact for board election information. Board members are elected by members of the Cooperative. [Candidates must give notice of intent to run for a Board position in January. The election is held in June.](#) MEC has three districts, two along the Colorado River and the third covering Valle Vista, Hackberry, Valentine, Truxton, Peach Springs, Blake Ranch, Wikieup and parts in between.

Mr. Vaughn asked from what source does MEC purchase its coal power. Mr. Campos replied that MEC purchases its coal power from the Arizona Electric Power Cooperative (AEPCCO). AEPCCO also sales other sources of power such as natural gas. Solar is still the most expensive source of electric power at approximately 5 cents per KWhr; however, larger utility scale solar power plants can reduce this price to 4 cents per KWhr. By comparison, coal is at 2.5 to 3.5 cents per KWhr to purchase. Coal is a more cost stable and reliable source of power whereas natural gas prices are subject to seasonal fluctuations and hydro power may also be a variable resource given drought and environmental constraints placed on the Bureau of Reclamation's operations. Mr. Campos noted that the peak production for solar, typically high noon, is not aligned to consumer demand which occurs largely after 4:00 PM. Until energy storage technology becomes mature, solar cannot meet peak demand. Mr. Vaughn asked about converting a solar modules DC output to MEC's distribution voltage of 24.9 KV AC. Mr. Williams said the voltage is converted from DC to AC through an inverter and is then stepped via a transformer. It is less costly to step up to 24.9 KV vs. 69 KV line voltages.

In moving forward, Mr. Vaughn asked how best should MEC and the tribe handle the notification to the public of future power outages. Mr. Campos replied that MEC has a set customer telephone numbers which are called automatically; however, over three fourths of these telephone numbers are either disconnected or wrong. In the past, MEC has mailed out postcards to rate payers asking each to update their contact information. To help get the word out on the reservation, Mr. Vaughn said the HTUA can add this information to its public outreach effort. Mr. Davidson asked Mr. Campos for a copy of the post card which he can publish in the Gamyu. Mr. Williams added that automatic telephone calling during a power outage is part of the Smart Grid; information received from callers helps identify the type and location of the outage. To date, MEC has spent approximately \$12 million on creating a Smart Grid, about half of this funding has come from grants. Wide spread outages can be detected with the Smart Grid and telephone calls reporting the power outage can be used to further determine the location of the power failure.

Mr. Davidson asked how many miles of distribution line are within the MEC's CC&N within the reservation. Mr. Williams estimated some 60 miles. Given that, Mr. Davidson estimated the cost of power, if measured by the mile, would be more costly on the reservation than elsewhere with MEC's service territory. In 2014, the tribal customers paid about \$900,000 in electric bills, or

approximately \$15,000 per mile of distribution line. MEC's 2014 annual report indicates that the electric cost per mile of distribution for their entire service area is over \$50,000. Given this cost difference per mile, the HTUA would have to be run very economically to keep rates the same as those currently paid by MEC's customers.

Mr. Vaughn asked if Hualapai members could be trained as linemen. Mr. Campos said the MEC apprenticeship program requires four years with 144 hours of instruction per year. Mr. Campos added that a pre-apprenticeship program, taking only four months, may be had for about \$10,000 per student, with grant funding being an optional way to pay for the course. The course work includes electrical theory, mathematics, understanding the National Electric Code and OSHA requirements, and computer technology for the Smart Grid. Mr. Vaughn asked about the need for mathematics. Mr. Campos noted that on occasion linemen have to adjust measurements in the field, so math skills are essential to make sure things are installed correctly. Mr. Williams suggested that line construction workers, not linemen per se, may be a better option for trainees. Mr. Campos stated apprenticeship program attendees have a 75% dropout rate on average. Mr. Vaughn asked what the starting pay is for linemen. Mr. Campos said between \$26.00 and \$29.00 per hour. Apprentices earn about 70% of this amount. These pay rates are made possible by membership in the International Brotherhood of Electrical Workers (IBEW) union. Presently, MEC employs 12 linemen, three apprentices, three groundmen and seven other personnel to support field operations. To conclude, Mr. Williams noted that in all MEC has approximately 45,000 power poles on a 15 year inspection rotation so his field crew is always working on the system.

**5) Review of HTUA 2015 Budget and Plans for 2016 (Planning)** Mr. Davidson reviewed the budget and noted that Fennemore Craig's last invoice has been deducted from the HTUA's budget per the Finance Director. Mr. Davidson will discuss this with Ms. Easter in Finance. This shift of payments away from GCRC may cause the HTUA to request additional funding in 2016. Mr. Vaughn requested that the FY 2016 Budget contain additional money for web development. Mr. Davidson suggested that at least \$15,000 be requested for linemen pre-apprenticeship school training. Mr. Montana stated anyone taking the tribally-funded training course sign a five-year commitment to work for the HTUA after graduation. Mr. Vaughn suggested that if the HTUA does not have any jobs available then the trainees may be released from this obligation.

In addition, Mr Davidson will request from ITCA a meeting date in December to hold a special outreach session for tribal members living in the Phoenix metro area. For the Thanksgiving dinner in Peach Springs, Mr. Davidson will place the essence of the PowerPoint presentation onto display boards for public view.

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

**a. Feed back on HTUA training by Kanim Associates** Mr. Davidson referenced the hand out materials presented by Kanim and Associates at their HTUA training earlier in the month. No comments.

**b. Feed back on Purchase Power Agreement training by Stinson Leonard Street** Mr. Davidson referenced the hand out materials presented by Stinson Leonard Street at their HTUA training earlier in the month. No comments.

**7) Other Matters (Planning)**

**a. HTUA website development** Mr. Montana and Mr. Davidson are working with AnchorWave on mock-up design for the HTUA's new website.

**b. Preparation of Annual Report to Tribal Council per Section 110, HTUA Ordinance** Mr. Davidson will prepare a draft report for review at the next Board meeting

**c. Tentative meeting with Bureau of Reclamation on NREL II/Navajo Generating Station on 11/30/15** Mr. Davidson asked the Board if they would like to hold their next regular meeting on November 30th to coincide with Ms. Thayer's and Mr. Black's trip to Peach Springs to discuss the NREL II plan. The Board was agreeable to this meeting date.

**8) Set time and location for next meeting**

The next meeting will be held on November 30, 2015, starting at 9:00 AM at the Hualapai Cultural Resources Department.

9) **Adjourned at 12:27 PM**