

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

March 16, 2017, 9:15 AM to 11:05 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – present

Joe Montana, Vice-Chairman – present (via telephone)

Jamie Navenma, Secretary – present

Rory Majenty – absent

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore Craig (via telephone)

Lauren Ferrigni, Fennemore Craig (via telephone)

Bob Becherer, TTG (via telephone)

1) Call to Order

2) Roll Call

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

Mr. Vaughn requested the minutes be tabled until the next meeting. Meeting minutes tabled by consensus.

4) Status FY 2017 Budget Request Mr. Davidson said he has been unsuccessful in scheduling a meeting with the Finance Committee to discuss the budget appeal to allow the HTUA to hire additional consultants to help with the power line project. He did note that draws on the account have been relatively light in the first quarter with only travel expenses and the purchase of an Eaton Gateway PXM 2000 data card to monitor the generator loads at Grand Canyon West. Mr. Vaughn asked why this data card was needed. Mr. Becherer replied that the loan application to USDA requires this type of detailed information to determine electrical consumption. This detailed data will also help operations and maintenance of the system. Mr. Vaughn said the electrical load and usage projections should take into account future development which will be made possible by the pending Hualapai water rights

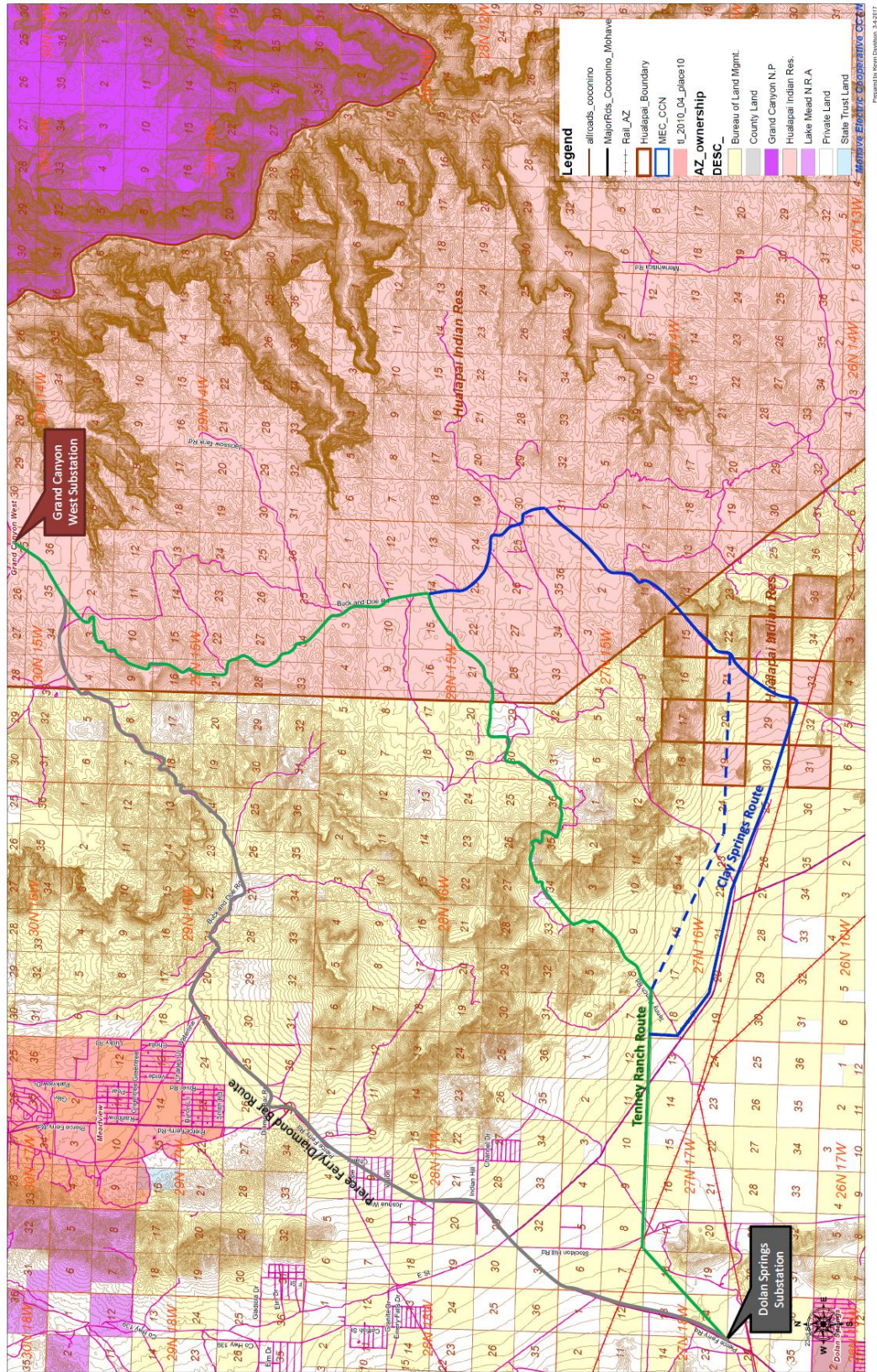
settlement. For example, a new resort hotel, residential community, golf course and support services should be considered. Mr. Becherer said he reviewed the Grand Canyon West Master Plan and estimated the power demand to be 6.5-7.0 MWs. A 2,500 HP load for the water pumping system is also anticipated in the load calculations. The current load is about 500 KW. Mr. Vaughn asked if all of the land uses shown in the master plan were accounted for in the demand calculation. Mr. Becherer recited the six major new developments (two hotels, golf course, RV park, welcome center, new residential community) and expansion of existing facilities (Skywalk, Guano Point, Western Town and airport).

5) Project Updates

a. Proposed Power Line to Grand Canyon West

- i. Procurement of consultant to perform Environmental Assessment** Mr. Davidson reviewed the draft RFP which follows the tribe's standard professional services RFP along with insight taken from UniSource's original RFP from September of 2016. Both Mr. Becherer and Ms. Darling of UNSE recommended the bid additive (Pierce Ferry/Diamond Bar route) be omitted given the extra work it may entail. The two new routes run generally east of the Dolan Springs substation to Tenney Ranch Road and up to Buck and Doe Road then north to Grand Canyon West or further east to Clay Springs Road, up to Buck and Doe Road and then north to Grand Canyon West (see map). Mr. Vaughn asked about the number of switchbacks on the routes. Mr. Becherer, having driven most of both routes, noted numerous switchbacks on Tenney Ranch Road whereas Clay Springs Road only has one significant switchback. Mr. Montana said there was a grave site and natural springs along the Clay Springs route so these areas should be avoided. Mr. Davidson said he will show the proposed power line route to the Hualapai Cultural Department to get their input. Mr. Vaughn asked how the power line would be routed and whether it would go through land depressions and the like. Mr. Becherer replied the power line would generally follow along the shoulder of the roadway; however, he would prefer to make the route as straight as possible to avoid extra guy poles and line length which will increase the construction cost. Mr. Becherer said he drove the Clay Springs route Monday and stopped 2.5 miles short of Buck and Doe Road due to poor road conditions. Mr. Vaughn also advised the consultants avoid placing the power line near grave sites and springs. Mr. Davidson said the Clay Springs Road route was suggested by Councilman Bravo at the last tribal council meeting.

69 KV Powerline Routes from Dolan Springs Substation to Grand Canyon West



- ii. **Staking of alternate routes by Certified Federal Surveyor** Mr. Davidson stated the power line route (P-Line) should be surveyed and staked prior to having the NEPA consultant walk the route and possibly wander off the alignment. Mr. Becherer recommended the P-line survey also be done before the Environmental Assessment (EA) is contracted. The P-line survey should reveal which of the alternate routes (Tenney Ranch Road or Clay Springs Road) is preferable, thereby allowing the RFP for the EA to be narrowed to focus on the preferred route and save the HTUA both time and expenses. Mr. Becherer also advised the BLM's Kingman Field Office be involved in helping to select the P-line route. Mr. Vaughn suggested Hualapai Cultural be given the alternate routes for their cursory review and also have their staff available to walk with and monitor the survey crew's work in the field.
- iii. **Right-of-Way application and Plan of Development for BLM** Mr. Davidson said he recently talked to Mr. Andy Whitefield at BLM regarding the SF-299 application for the right-of-way across BLM land and drafting the Plan of Development (POD) which describes the power line design and construction in detail. Mr. Whitefield said that now that the HTUA is creating these two documents instead of UniSource, he would assist Mr. Davidson in their development. Mr. Vaughn asked if the SF-299 must be submitted and approved prior to performing the P-Line survey. Mr. Davidson said he would inquire further with Mr. Whitefield on this topic.
- iv. **Interconnect agreement with UniSource for Dolan Springs substation** Mr. Black briefly reviewed the 75-page Large Generator Interconnection Agreement (LGIA) provided by UniSource. UniSource has yet to create a "wires-to-wires" interconnection agreement where they make a physical connection with another utility company, so the HTUA will be working with UniSource on a new type of agreement. Some of the language in Section 18 of the LGIA relates to indemnity which is problematic because the tribe does not indemnify. Also, dispute resolution is to be handled with binding arbitration via the American Arbitration Association. This language is likely to come up in the power sales and wheeling agreements between the HTUA and UniSource. This language should be cleared with tribal council prior to moving ahead with the project. Mr. Black said he will have a memo for the HTUA to review at their next board meeting prior to going to tribal council. Mr. Vaughn added that given the recent negative experience with arbitration, tribal council may not want to consider arbitration again. Mr. Black

recommended a presentation to tribal council explaining the HTUA's contracting options with UniSource. Mr. Davidson suggested the presentation to tribal council be peer-reviewed by the tribe's attorney.

Mr. Davidson asked Mr. Becherer to present his cost comparisons between electricity from the existing diesel generation and the proposed 69 KV line. Given the cost of the loan over 40 years (about \$610,000 per year), depreciation, line maintenance and UniSource's likely charge of 10 cents per KWhr, the electricity from the 69 KV line is estimated to be 42 cent per KWhr. The cost of electricity from the diesel generators with maintenance costs and the price of fuel at \$2.25 per gallon is 27 cents per KWhr. This price inversion has been caused by the steep decline in diesel fuel, the increase in the generator efficiency, and the increased cost of the power line. Mr. Becherer said that as Grand Canyon West uses more electricity and the price of diesel fuel increases over time, the two costs will converge with the 69 KV power being less expensive in the long run. Mr. Vaughn asked what the cost is expected to be to re-build the diesel generators. Mr. Becherer said he is working on the estimate with the Caterpillar representative.

b. Hydropower contracts with Western

- i. Review Draft Salt Lake City Area/Integrated Projects contract, 2024 – 2057** Mr. Black reviewed the draft contract and noted the new sections on environmental attributes (Section 13) and credit worthiness (Section 15). There is also an inconsistency in the term which creates a time gap between the start of the new contract in 2024 and the ending of the current SLCA/IP contract in late 2017. The two contracts should join seamlessly. Mr. Black advised that the HTUA request Western to add a dispute resolution clause akin to Section 20.4 of the recently concluded and well-vetted Boulder Canyon Project Electric Service Contract for Hoover power. This clause addresses sovereign immunity and litigation in a federal court of competent jurisdiction. In addition, Section 12 of the contract requires an Integrated Resource Plan (IRP) be prepared but does not offer an exemption for tribes who enter into a benefit arrangement with another utility who would typically be expected to prepare the IRP.

- ii. **Follow up on Post-2017 Hoover power allocation and contracting** Mr. Davidson said that Western is still reviewing the final benefit arrangement contract between the tribe and the Pechanga Band of Luiseno Indians from Temecula, California.

c. Community Wi-Fi

- i. **Proposed amendments to HTUA Ordinance and council action on March 4, 2017** Mr. Davidson said the Council agreed to add telecommunications to the scope of the HTUA Ordinance but not the expansion of utility services throughout the reservation and trust lands, outside of Grand Canyon West. Mr. Davidson also said the Council was concerned with the ability of the HTUA to deal in both real and personal property (Sections 203.B.5 and B.6, respectively) without a dollar cap. Mr. Davidson suggested a \$50,000 cap for each may ease council's concerns. Mr. Davidson said a special election is required to lease tribal land if the value exceeds \$50,000 (Article V.n, Hualapai Constitution). Mr. Vaughn said the \$50,000 cap on personal property would not be sufficient to purchase a service truck for a line crew. Mr. Navenma agreed and suggested the cap be raised to \$250,000. Mr. Davidson added that council must approve the HTUA's annual budget where such purchases will most likely be detailed and justified.
- ii. **Status of contract with Mural** Mr. Davidson said the attorneys for Mural are reviewing the draft contract. In addition, Mural is investigating the FCC license requirements for the 4G wireless system.

6) Other Matters (Planning)

- a. **Recap of meeting with Pechanga Band of Luiseno Indians Tribal Utility Authority** Mr. Vaughn said he was impressed by the ability and forward-looking nature of the Pechanga Tribal Utility Authority. Their use of diesel back-up generation and the creation of a condemnation ordinance to acquire Southern California Edison's distribution system was also noteworthy and could be used as a model for the HTUA to acquire MEC's infrastructure in Peach Springs. Mr. Navenma was impressed by Pechanga's efforts to train their tribal members to develop a skilled workforce and by their exceptional level of community involvement and participation in council meetings

b. Announcements Mr. Davidson noted the Cost of Service bids and Community-Scale Solar Feasibility study bids are due on March 24, 2017, and will be presented to the HTUA for evaluation shortly thereafter.

8) Set time and location for next meeting The next meeting will be held on Thursday, April 20, 2017, at 9:00 AM at the Hualapai Health Department, Peach Springs.

9) Adjourned at 11:05 AM