

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

August 6, 2015, 9:15 AM to 11:40 AM, Hualapai Cultural Resources Department

### Board members:

Charles Vaughn, Chairman - present

Rory Majenty, Vice-Chairman – present (via telephone)

Joe Montana, Secretary – absent

Steve Malin, Treasurer – present

Jamie Navenma – absent

### Support personnel:

Kevin Davidson, Planning Director

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

Lou Schmitt, P.E., TTG (via telephone)

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

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

### **2) Roll Call**

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

Motion made by Mr. Vaughn to approve the July 16, 2015, meeting minutes with minor corrections.

Motion seconded by Mr. Malin. Motion carried 3-0.

### **4) Project Updates**

**a. Update on BIA transfer of a portion of Diamond Bar Road to Mohave County (Planning)** The transfer of the BIA road right-of-way to Mohave County is pending final review by the BIA. No change of status since last meeting.

**b. Arizona Power Authority Post-2017 Hoover power allocation meeting on July 17th (Planning)**

The Hualapai application is requesting 100 KWs from the Schedule D2 power pool with points of power delivery at WAPA's Hilltop or McConnico substations in Mohave County. This will allow power to be accessed by UniSource. Mr. Davidson attended the July 17, 2015, Arizona Power Authority (APA) meeting where the APA commission adopted a fifth option, presented at the meeting, which still apportions Hualapai 100 KWs as the four previous allocation scenarios. Applicants may protest the final proposal for the next 30 days.

Mr. Black noted the contracting process with the APA is shorter than the Western contracting process and appears to be in conflict with the Western which must be concluded by October 1, 2016. The APA must have the Western contract amounts (KW) firmed up in order to complete their contracts. New customers must also pay APA reimbursable advance payments to compensate the APA for the contracting process. Mr. Black noted that the payment of reimbursable advances to the APA may be borne by a third-party in a benefit arrangement, akin to Hualapai's current arrangement with NTUA. If the HTUA pursues this option, then it is quite possible that the host utility paying the up-front costs will require a long-term contract to recoup its expenses. This would make it more difficult for the HTUA to shift from a benefit arrangement with a host utility to directly purchase power from the host utility. Mr. Davidson concluded by saying that there is also need for the APA to consider refusals of power by new allottees and then determine how to distribute that amount, if any, among the remaining customers.

**c. Western Area Power Authority Post-2017 Hoover power contract (Fennemore Craig)** Mr. Black said the new contract language is likely to include a hydrological "trigger." Once activated, it will reduce the amount of power produced by the dam. The factors used to "trigger" power reduction may be less snow or rainfall amounts, lower lake levels, etc. Mr. Black advised that Mr. Davidson take the lead on the Western contracting procedure given that he has been involved in the process for the past several months.

**d. Meeting with APS negotiation team on July 21st and 22nd discussing 500 KV line (Planning)**

On Tuesday, July 21, 2015, four members from APS, along with the tribe's attorney (Sonosky Chambers), the tribe's energy expert (Analysis Group), the Planning Director, and members of the HTUA Board (Mr. Vaughn and Mr. Malin) toured along the Eldorado-Moenkopi 500 KV transmission line between the Limestone airstrip east of Peach Springs and Grand Canyon West. After leaving Grand Canyon West,

several members of the team returned to Peach Springs via Antares Road to see the location where the 500 KV line crosses Antares Road. The 2012 BIA-funded solar feasibility study identified sites near the Limestone airstrip and just east of Antares Road to locate a utility-scale solar farm of between 20 MW and 100 MWs in size. A third potential solar site, not identified in the feasibility study, is at Plain Tank near the VORTAC (VHF Omnidirectional Radio Range Tactical Aircraft Control) site. This site offers a wide expanse of open, flat land, with little vegetation, on which to place a solar power plant.

On Wednesday, July 22<sup>nd</sup>, the negotiation team comprised of those members mentioned above and Council members Watahomigie, Pagilawa, Clark, Crozier and Imus (via telephone) met with the APS team to: 1) discuss the negotiation process and goals of each party, 2) what economic calculations should be used to determine the value of the right-of-way in 2016, 3) what type of non-monetary compensation the tribe would like from APS, 4) the NEPA and Hualapai Tribal permitting process, and 5) set a schedule for the next set of negotiation meetings.

Mr. Davidson said he asked APS to look into the possibility of constructing a substation on the 500 KV line as one of the non-monetary compensation options. This would allow the tribe to pursue one of the utility-scale solar power plants identified in the feasibility study. Mr. Froetscher of APS replied that such a study would take several years to complete; however, the possibility of constructing a substation near the Limestone Airstrip could supply a new power source to feed a new 69 KV line that could be built from the new substation some six miles southward to the existing Nelson substation, the same substation that Mohave Electric Cooperative (MEC) uses to serve Peach Springs. Such a project would cost approximately \$20 million but would allow for a tribal utility-scale solar array to be connected to the grid and provide back-up power to MEC's radial electric line which has a notorious reputation for long power outages. Mr. Davidson said Mr. Froetscher did not offer to build the project as part of the right-of-way compensation package to the tribe, but did not seem to entirely dismiss it either.

Mr. Vaughn said he had a less rosy impression of the tribe's meeting with APS. The weakness of the 2012 solar feasibility study is that it does not identify a buyer for the electricity generated from a tribal solar project. Identifying a buyer of the electricity, through a purchase power agreement (PPA), must come first to attract the investment capital. Also, APS was clear in saying that they will not be seeking a PPA since they have sufficient solar and wind projects planned in their energy portfolio to meet the Arizona Corporation Commission's renewable energy requirement of 15% by 2015. Mr. Davidson

replied that the new BIA energy capacity building grant, whose bids the HTUA Board reviewed and selected at the last meeting, will provide some training to the HTUA to seek out and acquire PPAs.

The discussion next turned to the existing and future electric load at Grand Canyon West and the proper sizing of power line along Diamond Bar Road. Mr. Davidson noted a significant comment made by Mr. Froetscher at APS was the need to build a large enough power line to allow growth at Grand Canyon West and building a 69kV line may be in the best interest of the tribe. In response to the friendly advice from APS, Mr. Schmitt said the current load at Grand Canyon West is running at approximately 500 KWs which is less than one fourth of the capacity of the current generator set (2,200 KWs). Mr. Becherer reviewed three growth and load time frames. In the 2 to 5 year period, Grand Canyon West will require 1.9 MWs, in the 5 to 10 year period this load will increase to 3.4 MWs and the 10 year plus period the load is expected to be 6.0 MWs. Given that a 20.8 KV power line can handle 6 MWs of load, it should be adequate for the ten year period. Mr. Becherer advised that the power poles and support structures be upgraded with the initial construction to allow for a heavier circuit (power line) in the future when demand exceeds 6 MWs. The upgraded poles will increase the costs of the new power line by 15% to 20%. Mr. Becherer added that the existing diesel generator plant's capacity is predicted to be exceeded in the 2 to 5 year period, if GCRC wants to keep one of the three generators on standby, to only be used if one of the other units breaks down. If the 2 to 5 year growth prediction is realistic, then building the new power line to Grand Canyon West is critical in next 2 to 5 years.

Mr. Vaughn asked if the planned residential community at Grand Canyon West was in the future load calculations. Mr. Becherer said he accounted for 25% of the residences to be built. The 10 year period includes the moderate priced hotel, the resort hotel, new airport terminal, new entrance/commercial area as well as upgrades to the existing tourist venues of Guano Point, Eagle Point and Western Town; however, the golf course has not been included. Mr. Black asked if the electric demand to pump water up from the Colorado River was in the 10-year estimate. Mr. Becherer said it was not, nor is this load in the recently adopted Master Plan for Grand Canyon West. Mr. Vaughn shed some light on why it was not included. In 2014, the Hualapai Council chose the Diamond Creek pipeline option because this option would also serve Peach Springs with water. In addition, the National Park Service objected to the Quartermaster the diversion point which is at Grand Canyon West.

Mr. Black said that building a 69 KV power line is very expensive (**estimated cost of 69 KV line is \$25 million vs. \$14 million for the 20.8 KV line**). Also, a 69 KV line is more likely to be considered a transmission line vs. the planned 20.8 KV line which is considered to be a distribution line, similar to those as you would see in town. In addition, if the Federal Energy Regulatory Commission (FERC) determines the 69KV line to be a transmission line, it must be made available for other land owners along Diamond Bar to connect to. This would include the Grand Canyon Ranch. Mr. Vaughn asked Mr. Black for a legal precedent on FERC's past determination on defining transmission lines.

Mr. Vaughn added that APS recommended a 69 KV substation be placed at the load center (Grand Canyon West). Mr. Majenty asked how the 20.8 KV line size was determined. Mr. Black replied that UniSource determined the power line's size based upon a 2011 study. Mr. Majenty said the study may be inaccurate and mostly likely outdated. Mr. Malin said the current tourist volume at Grand Canyon West, which should top one million visitors this year, is ahead of the growth projection shown in the recently adopted Master Plan which does not show one million visitors for another two to three years. Mr. Malin said the time line for growth stated in the Master Plan for Grand Canyon West should be updated. Also, APS was quite sincere in their advice to the tribe on building a larger than 20.8 KV power line to provide for future growth. Larger lines also may be more capable of handling lightning strikes. Mr. Black said the APS perspective is most likely based on APS' policy of having their customers pay for new power lines via increased electrical rates. Mr. Becherer said that resistance to lightning strikes is more a matter of the power pole's strength rather than the amount of voltage in the line and advised that stronger poles be added to the project. Mr. Majenty asked about the maintenance cost for the two sizes of power lines. Mr. Becherer replied the larger line may have more maintenance costs. Mr. Vaughn said the new power line planned along Diamond Bar Road would require additional upgrades at UniSource's Dolan Springs substation. Is it appropriate for the tribe to pay for these upgrades?

Mr. Majenty asked if the new mini-grid at Grand Canyon West, also sized at 20.8 KV, is adequate to handle the new buildings (hotels, convenience store, etc) that will be connecting to it. Mr. Becherer said the mini-grid can be reconfigured to handle the buildings as needed. Also, the mini-grid can accept power from a 69 KV power line. Mr. Becherer advised that a 69 KV line not be used as a distribution line within Grand Canyon West since it would be akin to "swatting a fly with a sledge hammer." If a 69 KV line is constructed along Diamond Bar Road, the transformer to step the power down to 20.8 KV would be built at the Reservation boundary. Mr. Schmitt said the electrical current (amperage) can be

increased to provide for more electrical loads at Grand Canyon West. Mr. Schmitt asked if this discussion on power line options could be presented to Tribal Council at a workshop.

Mr. Majenty requested an Executive Session. Motion seconded by Mr. Vaughn. Motion carried 3-0. Regular meeting reconvened in approximately 20 minutes.

**e. Special Election Process**

**i. Recap of August 6, 2015, HTUA Board meeting** Mr. Davidson briefly reviewed the last HTUA meeting and noted the Board's preference to amend the Hualapai Constitution under the guidance of Article XV to add a new section under Article XVI which would give Tribal Council the power to approve requests by various economic development entities controlled by the Tribal Council to take on debts and liabilities exceeding the current \$250,000 limitation set down in Article XVI, Section 2 (b) 1.

**ii. Review of cover letter and draft resolution to initiate Constitutional Amendment Election with Department of Interior and presentation to Council in September** Mr. Davidson reviewed the memo and resolution to be presented to Council. Mr. Vaughn requested that "Nation" be replaced with "Tribe" in the first paragraph of the resolution and that "Resolution" be replaced with "Ordinance" in language of the proposed constitutional amendment, also contained in the draft resolution. Resolutions are only for matters of temporal concern to Tribal Council whereas ordinances have a permanent effect. Mr. Majenty requested that the phrase "and its members" be placed after references to the Hualapai Tribe in paragraph two of the resolution and within the proposed constitutional amendment. Mr. Black said he will make these changes. Mr. Vaughn moved to approve these modifications to the resolution and the draft amendment. Mr. Malin seconded the motion. Motion carried 3-0.

**iii. Discussion of advocacy and fact sheet for public outreach and education for the Special Election** Mr. Davidson reviewed the draft public meeting poster and invitation letter. Mr. Davidson has attached his e-mail address to the invitation letter so he can respond to inquiries before the meeting and even send out minutes from past meetings to those who want to catch up on the HTUA's efforts. Mr. Davidson said he is also working with the Election Board to obtain the list of eligible voters to send the meeting invitation letter to. Mr. Vaughn said his GCRC e-mail address could also be added to the

notification letter. Mr. Vaughn said the wording for the Fact Sheet still needs to be simplified and he will send Mr. Davidson his revisions shortly.

Mr. Majenty recommended that rather than rush into a major public presentation, that the HTUA conduct a pilot presentation. The presentation should state objectives of the HTUA upfront and why the Constitution must be amended to meet these objectives. For example, the Hualapai Tribe needs to build a power to Grand Canyon West to meet the future electrical demand. To build the multi-million dollar power line, the Hualapai Tribal Utility Authority needs to borrow money. To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity. The waiver will allow the bank to issue the loan since it will now have collateral (power line) to secure the loan. With the power line in place, the Hualapai Tribe will save money which it can then reinvest to serve the Hualapai people. The Board agreed to hold a pilot presentation on August 27<sup>th</sup> at the Cultural Center at noon time and invite the Elders. Mr. Davidson will make arrangements for lunch to be served.

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

**a. HTUA Training schedule** The Board requested that training from Kanim Associates be conducted in September. Mr. Davidson said he will contact the consultant and request a set of dates.

**b. Purchase Power Agreement schedule** The Board requested that training from Stinson Leonard Street , LLP, be conducted in September. Mr. Davidson said he will contact the consultant and request a set of dates.

**6) Other Matters**

**a. Review of inquires from bidders on RFP for creating HTUA web site** Mr. Davidson noted that he had received a few inquiries from vendors looking to bid on the HTUA's web site. Bids are due on August 21<sup>st</sup> and will be ready for review at the next Board meeting.

**b. Ownership status of Hualapai Tribe's land holdings in Clay Springs** Mr. Davidson reviewed a recent BIA title status report which shows the nine sections of land in T27N, R15W, Gila and Salt River

Meridian, and Section 3 in T26N, R15W, GSRM, are held in trust by the federal government for the benefit of the Hualapai Tribe. This land was originally transferred by the Atchison, Topeka and Santa Fe Railroad in exchange for land within the Hualapai Reservation (Peach Springs Station). The case was adjudicated in the Arizona District of Federal Court in 1967 to quiet the title to the land.

**c. Interest from NextEra in developing a solar farm adjoining Clay Springs** Mr. Davidson briefly reviewed the updated Confidentiality Agreement signed between tribe and NextEra Energy Resources. This is an update of the Confidentiality Agreement signed in 2012 which had expired. The renewal will allow NextEra to continue their relationship with the tribe in pursuing the development of a utility-scale solar farm on the Hualapai Reservation. Mr. Vaughn noted that this may be more of a theoretical pursuit on the part of the Planning Department given that a final site has not been selected nor a buyer for the electricity identified. Mr. Davidson said he is hopeful that the negotiations with APS on the renewal of 500 KV power line right-of-way and the upcoming grant-funded training (see above) will help make this ambitious project less theoretical.

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

The next meeting will be held on August 27, 2015, starting at 11:30 AM at the Hualapai Cultural Resources Department.

**8) Adjourned at 11:40 AM**