

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

September 20, 2016, 9:25 AM to 11:00 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – absent

Joe Montana, Vice-Chairman – present

Jamie Navenma, Secretary – present

Steve Malin, Treasurer – absent

Rory Majenty – present

Support personnel:

Kevin Davidson, Planning Director

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

1) Call to Order

2) Roll Call

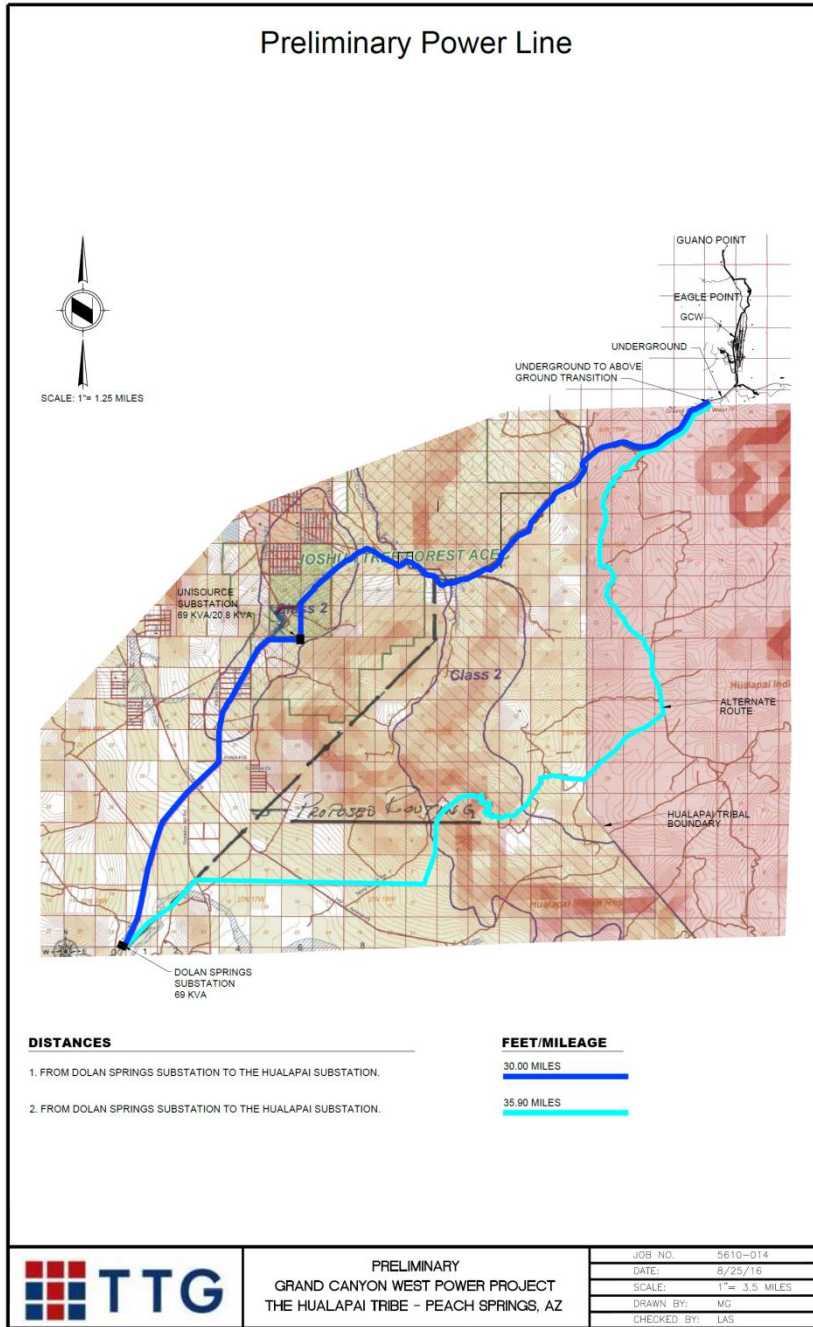
3) Review and Approval of Minutes

Mr. Majenty made a motion to approve the August 23, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 3-0-1.

4) Project Updates

a. Proposed Power Line to Grand Canyon West along Diamond Bar Road

- i. Alternate Routes** To begin Mr. Davidson recapped the September 6, 2016, meeting between himself members of the HTUA Board and Mr. Becherer. The meeting revolved around the preparation of the EA and the potential alternate route which leaves Pierce Ferry Road and Diamond Bar Road and proceeds across country to Tenny Ranch Road then onto the reservation where the power line would align with Buck and Doe Road and continue to the new substation south of Grand Canyon West (see map). Mr. Whitefield at the BLM was most helpful and has



forwarded along a right-of-way application, a sample plan of development for a similar power line (Davis-Kingman 69 KV line re-build) and a contact for the Friends of Arizona Joshua Tree Forest. The BLM's Kingman Field Office will also be working with the NEPA coordinator from the Lake Havasu Office on this project.

After the morning meeting on September 6th with the BLM, Mr. Davidson said he received a copy of the RFP for NEPA consulting services that UniSource had issued the Friday before. The consultant will be hired by

UniSource to perform the environmental assessment (EA) of the new power line. The tribe will most likely be asked to pay for most of the EA's cost. The EA may take up to a year to complete. Mr. Montana questioned the length of the EA process. The HTUA has been invited to meet with UniSource after today's meeting to discuss the RFP and the alternate power line route. The alternate route, even though a few miles longer than the original route along the paved roadways, may be a few million dollars less expensive to build. Mr. Becherer said the cost of the

Tenny Ranch Road option is approximately \$12.5 million, including just over two miles within a canyon, and is \$3 million less than the Pierce Ferry/Diamond Bar Road option. These estimates do not include the NEPA review or tax gross up costs of approximately \$5 million. The alternative route can be used by the HTUA to help negotiate the cost of the initial route along Pierce Ferry and Diamond Bar Roads. Mr. Becherer noted that the RFP describes an alternate “cold build” route on the opposite side of the roadway right-of-way. UniSource has yet to provide a cost estimate for this option which also includes a 12.5 KV under-build. Mr. Becherer added that moving the new 69 KV line just 500 feet from the Pierce Ferry Road should avoid most of the impacts to visual resources.

To begin the HTUA’s meeting with UniSource in the afternoon, Mr. Becherer advised we lead with the alternate route along Tenny Ranch Road and ask if UniSource would be willing to place a meter at the existing Dolan Springs Substation. Mr. Montana asked about the extent of the Joshua Tree National Natural Landmark (NNL). Mr. Davidson replied that the alternate route is located well south of the NNL and also the Joshua Tree Forest - Grand Wash Cliffs Area of Critical Environmental Concern (ACEC). Mr. Becherer noted that the alternate route along Tenny Ranch Road places the power poles in places where people are not expecting to encounter them. Maintenance and security of the line on the Tenny Ranch Road route will also be the tribe’s responsibility where UniSource would maintain the 12-plus miles of new power line along Pierce Ferry Road, up to the new switch located adjacent to Diamond Bar Road. Mr. Davidson asked if the gross up costs paid to UniSource upfront would be equal to the extra maintenance cost incurred by the tribe should it choose the Tenny Ranch Road route. Mr. Becherer advised that third-party contractors can be hired by the tribe to maintain the new power line and at lower cost than would be charged by UniSource. In addition, UniSource may prefer the Tenny Ranch Road option because it will reduce the number of miles of power line the utility company has to maintain.

Mr. Majenty asked if the gross up tax is applicable to tribes. This question will be put to Mr. Patrick Black of Fennemore Craig, PLC. Mr. Davidson said the gross up tax should not apply to the power line that the HTUA will own and operate beyond the UniSource metering point.

- ii. **USDA loan application process** To follow-up on the conversation Mr. Becherer had with Mr. Larry McGraw, USDA Field Representative, regarding the loan application and the need for a Long-Range engineering plan in addition to the Construction Work Plan, Load Forecast, Long-Range Financial Forecast and NEPA documentation. Mr. Davidson said he has corresponded with Mr. McGraw on the necessary loan application requirements and clarified that the Long Range engineering plan that covers at least ten years of operations is a component of the Construction Work Plan and will be created by the consultant who provides that document.

- iii. **Diamond Bar Road Studies** To revisit his report from the August 23, 2016, Board meeting, Mr. Davidson noted a special study is being performed by Mohave County Public Works Department to assess the safety of Diamond Bar Road. The County finds the roadway design to be deficient if the speed limit is increased from 45 MPH to 55 MPH. The roadway was designed to the BIA standard for a 45 MPH speed limit. The County is working with Mr. Wisely, Hualapai Public Works Director, to resolve the issue.

- b. **Western Area Power Administration Post-2017 Hoover power allocation and contracting.** Mr. Davidson said that he had just received from Western Area Power Administration the Electric Service Contract and Amended Restated Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy in the mail. Mr. Davidson next reviewed the benefit arrangement offers to manage the tribe's allocation from Western submitted by Navajo Tribal Utility Authority (NTUA), Southern Nevada Water Authority (SNWA) and the Pechanga Band of

Evaluation of Three Benefit Arrangement Offers			
Criteria	NTUA	SNWA	Pechanga
Minimum Term	10 years	20 years	10 years
Early Termination	No	No	Yes
Repayment of working capital by HTUA upon contract termination	Not in Offer	Yes	Not in Offer
HTUA will pay proportionate share of unforeseen increases in annual BCP Revenue Reqs. over 8.5%	Yes	Not in Offer	Not in Offer
Minimum aggregate	NA	1 MW	NA
Est. 10-year value	\$16,636	\$45,720	\$46,536
Est. 20-year value	\$37,436	\$91,440	\$96,396
Established Utility	Yes	Yes	No
Experience & Capacity	High	High	Unknown

Luiseno Indians from Temecula California. The Pechanga offer provides the highest value and a 10-year term with an early termination clause which the HTUA is likely to need once the power line is built to Grand Canyon West. However, the Pechanga have yet to establish their own TUA which must be done by October of 2017 to make the deal work. Both the SNWA and NTUA

have established utilities; however, the SNWA term sheet specifies a 20-year deal with no early termination provision and the NTUA offer is less than 40% of the value of the other two offers. Mr. Majenty made a motion to work with the Pechanga Band of Luiseno Indians and authorize the HTUA chairman to sign the non-binding term sheet for the benefit arrangement related to Boulder Canyon Project Power. Mr. Navenma seconded the motion. Motion approved 3-0-2.

- c. **Arizona Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson said the Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy was approved by tribal council at their September 10, 2016, Regular Council Meeting. Dispute resolution will be held in state court. On September 16, 2016, the APA held a formal signing ceremony for the new contactors; however, several allottees have refused their contracts so the re-allocation among the remaining contractors should raise the Hualapai share of the D2 electricity to 107 KWs of capacity and over 233,000 KWs of energy.

Mr. Davidson briefly reviewed the draft bill credit agreement between the HTUA and Mohave Electric Cooperative (MEC). The bill credit provides evidence to the APA that the HTUA has a transmission provider. The language allows for the HTUA to terminate the agreement upon establishing its own power line to receive the power (Section 4.2.3) and no extra charge will be levied by MEC to wheel this power in the mean time (Section 2.5). Mr. Navenma made a motion to approve the bill credit agreement with MEC and authorize the HTUA chairman to sign the agreement. Mr. Majenty seconded the motion. Motion approved 3-0-2.

5) Other Matters (Planning)

Mr. Davidson asked Mr. Majenty to review his training experience from the Solar Energy International conference held in Las Vegas on September 12th to the 15th. Mr. Majenty said the class focused on site planning, construction, metering, and energy storage for a utility-scale solar array. Placing solar arrays on building roof tops in Peach Springs seems appropriate and can be used to reduce the monthly electrical bills for residents, especially seniors. However, solar roof tiles should be avoided because their output has been less than originally estimated. Mr. Davidson noted the two new BIA-funded Home Improvement Program (HIP) residences will have modest roof-mounted solar arrays to off-set the home owner's electric bill. These will utilize conventional solar modules. Mr. Majenty also suggested that solar arrays can be deployed at Grand Canyon West to help offset some of the power load; however,

having the entirety of Grand Canyon West powered by solar would require many acres of land and a considerable amount of battery storage. The HTUA board should attend future solar conferences to learn more about these land based applications.

To continue on with the solar discussion, Mr. Davidson reviewed the proposal from Mohave Electric Cooperative on building a community-scale 500 KW solar array for Peach Springs. The array would require three to four acres of land. A preliminary offer by MEC to purchase power from the solar array is estimated at \$35.00 per MWhr. The expected revenue from a 500 KW solar power plant is estimated at approximately \$28,000 per year. Given that construction costs are likely to exceed \$1,000,000, the payback is more than 30 years. This makes a centralized solar array less financially feasible than distributed generation, e.g. solar panels on individual buildings which will benefit from net-metering (higher price paid by MEC for each MWhr generated by the customer).

Mr. Navenma discussed his experience with solar array installations at Yavapai-Apache where one fixed and two tracking arrays are in operation. Maintenance on these systems has not been an issue. The Tribal Employment Rights Office (TERO) can train tribal members to install and maintain these systems. This training can be implemented over time to build up the tribe's workforce. Could the HTUA develop a training class for electricians? Mr. Majenty asked if TERO could also set up these classes. Mr. Montana advised that TERO and the Training Center work together to develop such coursework. Mr. Navenma said that TERO has lost its funding for training, but long-term needs of the tribe must still be addressed. What is each Department's obligation to provide training? Mr. Montana advised Mohave Community College also be contacted. Such training should be developed as a two-year plan. Mr. Navenma strongly advised a proven program be selected to provide such training. This training should also include HVAC and plumbing coursework. Working with local high schools should be considered. Mr. Majenty requested the HTUA's FY 2017 budget be discussed at the October Board meeting.

6) Set time and location for next meeting

The next meeting will be held on October 18, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

7) Adjourned at 11:00 AM