

THE TOHONO O'ODHAM NATION

Testimony of
Representative Hilarion Campus
Tohono O'odham Nation Legislative Council

COMMITTEE ON NATURAL RESOURCES
Subcommittee on Water and Power Oversight Hearing
The Power Marketing Administrations: A Ratepayer Perspective
Wednesday, June 26, 2013
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Summary of Testimony

The Tohono O'odham Nation and the Western Area Power Administration ("Western") have a long standing, highly cooperative relationship. As a customer and ratepayer, the Tohono O'odham Nation purchases significant amounts of electricity from Western that is consumed across the nearly 3 million acres of the Tohono O'odham Nation reservation.¹ Western's contracts and infrastructure ensure a consistent supply of affordable power to help meet the needs of the Tohono O'odham Nation and allow the Nation to pursue economic development and renewable energy projects, and to improve its energy security and independence.

Western and the Tohono O'odham Nation are working together to improve the economic future of the Tohono O'odham by working to provide clean, reliable solar energy to consumers in the Western United States through the San Lucy Farms Solar Project. This Project is being developed on Tohono O'odham trust lands adjacent to the Western's Electrical District No. 5 ("ED5") Palo Verde Hub Project (ED5-PVH). The project is being funded by Western's Transmission Infrastructure Program, and it will rely directly on the additional transmission capacity created by ED5-PVH. The San Lucy Farm Solar Project will harvest the abundant solar resources on the Tohono O'odham Nation and create a stable, long-term revenue source that will benefit the growing Tohono O'odham population.

The Tohono O'odham Nation

The Tohono O'odham Nation is a federally recognized Indian tribe of approximately 32,000 members organized under Section 16 of the Indian Reorganization Act of 1934, 25 U.S.C. § 476. The Nation's trust and reservation land is primarily composed of four non-contiguous areas within southern and central Arizona - the Main or "Sells" Reservation, the San Xavier Reservation, Florence Village, and San Lucy Village. About half of the Nation's members live

¹As illustrated in Figure 1, the size of the Nation's reservation and its population make it one of the largest tribes in the southwest.

on reservation or trust land. The Nation operates under a three-branch system of government served by over 1,100 employees, both members and non-members. The Nation provides fire, police, health, social, and other services to its members, and combats illegal immigration and smuggling along its 75-miles of international boundary with Mexico.

The Nation has devoted significant resources to on-reservation economic development and public services, including the construction and operation of a nationally-recognized nursing care home, Head Start facilities, five recreation centers, a museum and cultural center, and a forty-seat dialysis center. The Nation has also invested heavily in public safety and justice; in recent years the Nation created its first fire department, tripled the size of its police force, and constructed and staffed the five-courtroom Tohono O’odham Justice Center. Despite these efforts, the Nation continues to lag far behind both non-Indian populations and other Arizona tribes in terms of income, life expectancy, education, quality housing, and stable family households.

Tohono O’odham Utility Authority

The Nation has chartered numerous tribal entities and enterprises providing employment and services to the Nation and its people. Among these entities is the Tohono O’odham Utility Authority (“TOUA”) established in 1970 and formerly known as the Papago Tribal Utility Authority, making the Nation one of the few tribes in the U.S. that have taken the initiative to build, own, and operate its own electric utility. TOUA provides electric, water/wastewater, telephone, cellular, propane, and internet services to thousands of governmental and residential customers and employers on the Nation’s Main and San Xavier reservations, although portions of the Nation continue to receive electric service from other public and private sources.

One of the first tribally-owned and operated electric utilities in the United States, TOUA serves numerous businesses, government buildings, schools, observatories, and residences within 56 villages throughout the Tohono O’odham Nation with power, including electricity purchased from Western. For the Nation’s government and enterprises, inexpensive, reliable energy secures basic infrastructure needs and makes possible the kind of capital improvement projects that, in decades to come, will assist the Nation meet its goals of self-sufficiency and prosperity. For the Nation’s members, inexpensive, reliable energy means one more step toward a standard of living that most Americans take for granted.

WESTERN and TOUA

Western markets and transmits power from 54 federal hydroelectric generation facilities, and markets the federal government’s 547 MW entitlement from the Navajo Generating Station in northern Arizona. TOUA began purchasing power from Western in 1987. Western’s rates are significantly lower than TOUA’s other suppliers.

Figure 3 contains the monthly federal power allocations that the Nation received in 2012 from the Salt Lake and Parker Davis projects. As Figure 3 illustrates, Western’s federal power allocations cover 22% of the total KWH load requirement of the Tohono O’odham Nation. The average cost of the federal power is \$0.01984 per KWh, compared to \$0.08643 per KWh for all

other purchase power requirements. The federal power is saving the average residential customer \$9.65 per month, based on monthly average consumption of 660 KWh. For the high proportion of our residential customers who are living below the poverty level, the federal power allocations are a significant benefit.

Recently Western held consultations with tribal leaders on proposed marketing criteria for the reallocation of power from Hoover Dam. The marketing criteria will be finalized later this summer and for the first time TOUA will be submitting an application for a Hoover power allocation. Western staff have been very proactive in sharing information on the various hydropower projects, have consulted extensively with the Nation, and have traveled to the reservation to meet the Nation's leadership and TOUA staff in order to provide an overview of the Western and to answer questions on draft power marketing criteria. TOUA also attends and participates in Parker Davis budget meetings, along with other rate payers, reviewing and voting on capital budgets and emergency repairs. Western has been a valuable resource on issues power generation, transmission and energy conservation to TOUA.

The San Lucy Farms Solar Project

The Tohono O'odham Nation has been working for several years with Western and a team of legal and financial professionals on a project to deliver solar photovoltaic renewable energy to one or more of Western's customers across Western's ED5-PVH Project. The first phase of the San Lucy Farms Project is anticipated to produce approximately 20 MW at an estimated cost of \$61,145,000 for the 100-acre facility.

The San Lucy Farms Project site is located immediately adjacent to the ED5-PHV Project, approximately 10 miles south of US Interstate 10. In addition to transmission access, the site is ideally located to take advantage of some of the highest daily sunlight volumes in the United States and unobstructed views to the south. These features of the project site will minimize land impacts and costs, ultimately passing those benefits on to Western's customers and the project participants.

The Tohono O'odham Nation began feasibility analysis in 2010 for the Project and, after consulting with Western staff, issued a Request for Proposals ("RFP") from technology vendors interested in working with the Tohono O'odham Nation. The key objective of the RFP was to compare and select proven solar photovoltaic electricity generation technologies capable of handling a 20 megawatt utility grade facility and to provide production guarantees and maintenance programs that would secure needed financing. After reviewing proposals from over 20 companies from across the United States, in April of 2010 the Tohono O'odham Nation entered into an agreement with NASDAQ-listed SunPower Corporation of Richmond, California. The Tohono O'odham Nation is working with SunPower as a technology vendor that will assist with pre-construction development activities. For more information about SunPower, see <http://us.sunpowercorp.com/>.

Over the last few years, the Tohono O'odham Nation has worked closely with Western and other US Department of Energy staff to understand the ED5-PVH Project and the opportunities provided by the Transmission Infrastructure Program or "TIP" program to expand the capacity of the existing Western transmission line. Western staff have met with the Tohono O'odham

Nation Legislative Council (the Nation's elected legislative body), participated in site visits, met with project staff, and included the Tohono O'odham Nation in training, consultation sessions and special meetings to explain Western's contracting authority, processes, and procedures.

As a result, the Tohono O'odham Nation has prepared a draft Power Purchase Agreement that is under review by Western. Western is facilitating discussions between TOUA and the Tohono O'odham Nation project staff to explore opportunities and efficiencies under TOUA's existing contracts with Western. Western has provided critical and valuable assistance, education, and support to the Tohono O'odham Nation for the San Lucy Farms Solar Project. Experienced and knowledgeable staff led by Penny Casey, Western's primary point of contact for the San Lucy Farms Project, and others at Western including Darrick Moe and all the staff at the Desert SW Region Office, and Randy Manion and staff in the Colorado Corporate Services Office, have helped the Tohono O'odham Nation understand the detailed, complicated requirements, regulations and procedures for this type of project, and Western has provided great customer service and training.

Conclusion

The Tohono O'odham Nation fully supports Western's Transmission Infrastructure Program and the similar programs and projects of Western and the U.S. Department of Energy as these programs are vital to the Nation's economic growth and its efforts to improve the quality of life of the Tohono O'odham Nation and its members. We are happy to provide more detailed information upon request.

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Figure 1. Tohono O’odham Nation lands in south central Arizona.

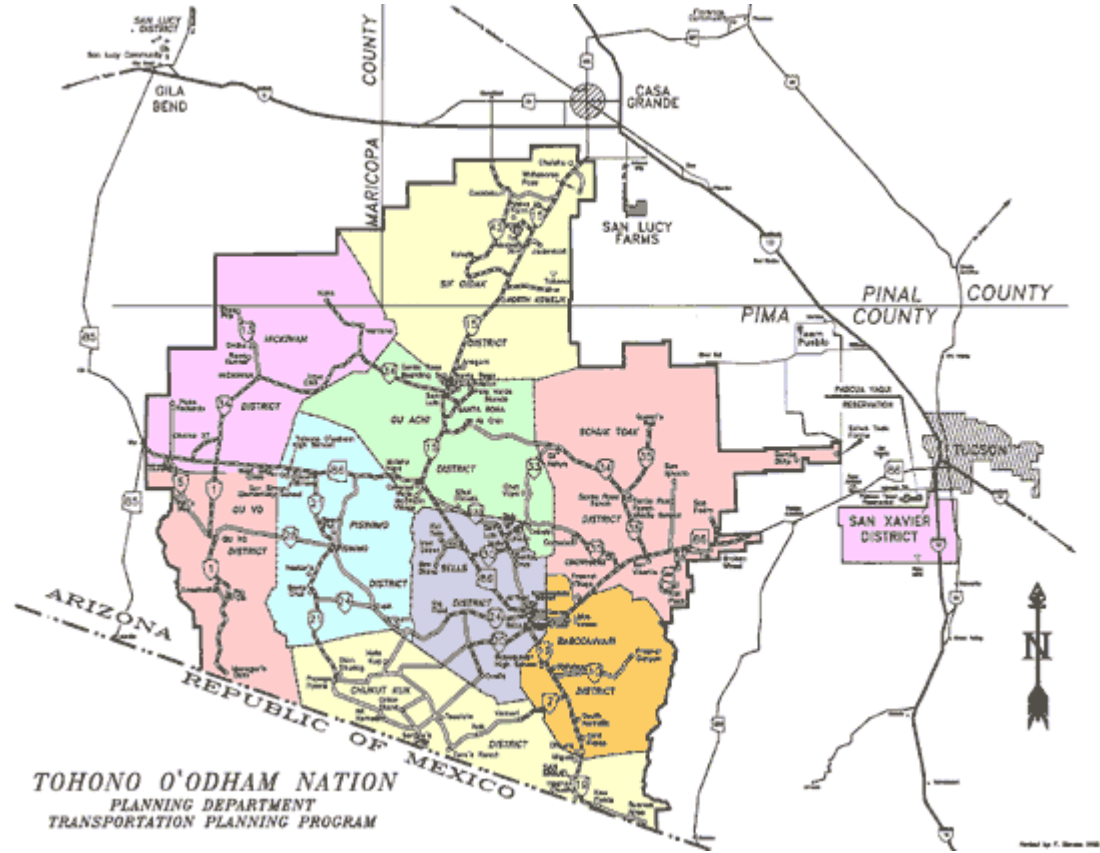


Figure 3

	SLCAIP				Parker Davis					
	KW	Rate	KWH	Rate	KW	Rate	KWH	Rate	Rate	Rate
Jan-12	3,044	\$5.18	1,683,686	\$ 0.01219	2,338	\$ 1.86	818,000	\$ 0.00424	\$	\$
Feb-12	3,044	\$5.18	1,440,775	\$ 0.01219	2,338	\$ 1.86	818,000	\$ 0.00424	\$	\$
Mar-12	3,044	\$5.18	931,571	\$ 0.01219	2,338	\$ 1.86	736,614	\$ 0.00424	\$	\$
Apr-12	3,044	\$5.18	961,290	\$ 0.01219	2,867	\$ 1.86	1,429,000	\$ 0.00424	\$	\$
May-12	1,047	\$5.18	285,461	\$ 0.01219	2,867	\$ 1.86	1,383,000	\$ 0.00424	\$	\$
Jun-12	1,047	\$5.18	295,381	\$ 0.01219	2,867	\$ 1.86	1,429,000	\$ 0.00424	\$	\$
Jul-12	1,047	\$5.18	310,886	\$ 0.01219	2,867	\$ 1.86	1,383,000	\$ 0.00424	\$	\$
Aug-12	1,047	\$ 5.18	340,267	\$ 0.01219	2,867	\$ 1.86	1,429,000	\$ 0.00424	\$	\$
Sep-12	1,047	\$5.18	342,434	\$ 0.01219	2,867	\$ 1.86	1,429,000	\$ 0.00424	\$	\$
Oct-12	1,047	\$5.18	296,606	\$ 0.01219	2,867	\$ 1.86	1,383,347	\$ 0.00424	\$	\$
Nov-12	3,044	\$5.18	906,621	\$ 0.01219	2,338	\$ 1.86	818,000	\$ 0.00424	\$	\$
Dec-12	3,044	\$5.18	927,000	\$ 0.01219	2,338	\$ 1.86	791,000	\$ 0.00424	\$	\$
	24,546		8,721,978		31,759		13,846,961		\$	\$
		\$ 127,148.28		\$ 106,321		\$ 59,072		\$ 58,711		\$ 34,3

Total Cost SLCAIP	\$ 233,469	Total Cost P/D	\$ 214,394
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	KW	KWH	Avg Cost Per KWH	Avg Cost Per KW
Total Federal Power	56,305	22,568,939	\$ 0.01984	\$ 0.08643

Total Purchase Power 104,841,488

Federal Power as Percent of Total Requirements 22%

Avg Residential Customer uses 660 kwh per month At an avg cost per kwh of \$0.13333.
 The Federal Power is saving the average residential customer \$9.65 per month.