

**Written Testimony of LoRenzo Bates
Speaker, 23rd Navajo Nation Council**

Before the

**U.S. House Committee on Natural Resources:
Subcommittee on Energy and Mineral Resources**

“The Benefits of the Navajo Generating Station to Local Economies”

April 12, 2018

Good morning Chairman and members of the subcommittee. As one sovereign to another, I thank you for inviting me to testify on behalf of the Navajo Nation and the 23rd Navajo Nation Council on this very challenging issue facing our Navajo people, the future of the Navajo Generating Station – a 2,250 megawatt coal-fired power plant located on the Navajo Nation, employing hundreds of Navajo people and utilizing Navajo coal that is critical to the stability of the Navajo Nation’s economy. The Navajo Generating Station has proven to not only benefit the Navajo Nation, but it also provides many benefits for the entire State of Arizona.

For the past 16 years I have had the honor of serving my people as an elected Council Delegate of the Navajo Nation Council and as the Speaker of the 22nd and 23rd Navajo Nation Council for the past 4 years. The Navajo Nation is comprised of approximately 350,000 Navajo citizens on over 27,000 square miles of land covering Utah, Arizona, New Mexico and Colorado. This area is subdivided into 110 Chapter governments that represent the local voice of our people and work on the local level to see to the needs of our people.

There has been no shortage of articles recently in widely read publications suggesting that the shutdown of the Navajo Generating Station and Kayenta Mine is inevitable due to current market conditions and consumer interests. The Navajo Nation is blessed with a wealth of natural fossil fuels and renewable energy resources — resources we have the right to develop, and which we have the capability to manage. NGS is an essential component of the Navajo Nation’s economy and our energy portfolio, and must remain viable for the sake of the Nation and our People.

In terms of economic figures, studies have indicated that the long-term continuation of NGS and Kayenta Mine has the potential of creating \$18 billion in economic benefits for the entire State of Arizona, and this includes \$5.9 billion in labor income and \$13 billion in Gross Navajo Nation Product. It is estimated that Kayenta Mine alone provides nearly \$670 million in direct and indirect economic benefits for regional economies on an annual basis.

The Navajo Nation, the over 800 Navajo employees of NGS and the Kayenta Mine, and their families and communities, have faced uncertainty before over the future of the plant. It is true that technological advances in renewable energy components and economies of scale have pushed solar and wind resources into more favorable market conditions and that environmentally conscience consumers are choosing these resources more and more. Despite these truths even the most environmentally friendly places have found middle ground to maintain the jobs and revenues of their citizens, and we must do the same. Maintaining a balance in the world around us is very critical, to work with our people to find common ground, and to move responsibly within the winds of change. While we fight for our Navajo work force at the Navajo Generating

Station and Kayenta Mine, we are also making strides toward a more diversified energy portfolio. The Navajo Nation recently announced the second phase of the Kayenta Solar project, which will be constructed by the Navajo Tribal Utility Authority. This will put over 50 MW of electricity into our local grid and reduce our reliance on outside sources of energy. With each one of these endeavors we are working with companies engaged in the next generation of technological advances that will assist us as a Nation to transition our use of natural resources to more economically viable and environmentally friendly markets while maintaining and growing our jobs and revenues. This is the more balanced approach to moving our people and Nation forward while providing opportunities for our educated and skilled youth to return home and operate these next generation projects.

Currently, our economy is largely based on the natural resources of our lands, which provide for the essential governmental functions of our people and represents thousands of our Nation's highest paying jobs in an economic environment plagued by over 40-percent unemployment. The Navajo Generating Station and Kayenta Mine together represent approximately 22-percent of our overall Navajo Nation general revenues, over 800 of our highest paying jobs and our local Navajo Nation Utility Authority's largest power purchaser. The adverse effects of a potential shutdown of these facilities to our Nation translates to an across the board cut of 22-percent of all revenues to each of our governmental functions, from law enforcement and fire departments to elderly and child care. Each of the Navajo Nation's 350,000 citizens or 110 Chapter governments that would be adversely effected by this potential shut down. And while we experience these devastating budget cuts, we would also be hit by an overall increase in our electric rates estimated at a 22-percent, due to the loss of our utility authority's largest customer.

While these are impacts that are difficult for us to contemplate, they are still not at the heart of what we stand to lose as a Nation of people. Our resources empower our sovereign ability to care for our people the way that only we can. What does our Sovereignty as a Nation of people really mean without the ability to serve our people? We have experienced several of our coal mines shutting down over the years, the latest loss being the Black Mesa Coal Mine. We had promises from several organizations that said they would help us replace the loss resource with more green energy resources. Once the mine shut down, they disappeared with no intention to follow through with their promises. These groups are back again with the same empty promises, and it is up to us as officials elected by our people to speak on their behalf.

Throughout this past year, my colleagues and I have traveled to the Navajo Generating Station and the Kayenta Mine to hear directly from the workers and their families who would be impacted by the potential shut down of these facilities. These travels have reinforced in our mind and heart, the importance of working to keep this vital component of our Nation together. When our Navajo families have a good source of income, they are stronger, they are stronger for their children, for their extended families and for the communities they live in.

Every time we as elected servants of our people gather in Council and Committee meetings to take action on behalf of our people, we are faced with a myriad of challenges affecting our people. From social ills, underfunded programs, to proactive measures to stimulate and diversify our economy. Amidst these challenges, I am hard pressed to think of any of our challenges that could not be fixed without strengthening the core of our Navajo families. When our families are strong, we see decreases in the myriad of social ills plaguing our Nation and we see stronger, more vibrant communities, and we as a Nation of people grow stronger as a result.

Too often we equate our Navajo Generating Station and Kayenta Mine with big business and big business men taking our resources off of Navajo, but at the heart of these operations is the Navajo working family, providing for themselves, their communities and their Nation. During our travels to meet with the workers and their families, we are often greeted with heart felt appreciation for helping to keep their jobs alive, but in truth it is we as a Nation that should be thanking these hard working Navajo families for keeping our Nation alive. Without their work, we would have more scarce revenues to meet essential governmental operations such as our elderly, children and veterans programs. The hard reality we face as a Nation today is that there is no Navajo program, Department, Branch or Chapter that will not be directly impacted by the potential shutdown of our Navajo Generating Station and Kayenta Mine.

Before I conclude my testimony, I want to thank Arizona State Representative Mark Finchem for sponsoring a bill within the Arizona State Legislature that would provide tax relief on coal production within the State of Arizona. The Navajo Nation supports this bill and we will continue to advocate for the bill to become law. For far too long, the Navajo Nation's economy has not met its full potential due largely to dual taxation. Businesses are often required to pay federal and state taxes, which deter industries from conducting business on the Navajo Nation and leads many small and large businesses to fail. For these reasons, we strongly support Representative Finchem's bill that will ultimately help our coal industry.

The world around us is changing quickly and we as a Nation require the full power of our resources to adjust to these changes to meet the ever-changing needs of our people. And so I end my testimony here today requesting your assistance and support in keeping this vital resource operating beyond 2019, working from one sovereign nation to another to ensure the basic building blocks of our sovereignty is secure.