



Timothy L. Nuvangyaoma
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April 5, 2018

Ms. Lisa Atkins
Board President
Central Arizona Water Conservation District (CAWCD)
P.O. Box 43020
Phoenix, AZ 85080-3020

Dear Ms. Atkins:

On behalf of the Hopi Tribal Council, authority delegated to me at a duly called meeting of the Hopi Tribal Council on April 4, 2018, I write to express deep concerns about the process the CAWCD board of directors is pursuing to replace power currently purchased from the Navajo Generating Station (NGS) to power the pumps needed to pump water to central and southern Arizona. This letter is being submitted because of the profound impacts it will have on the Hopi Tribe and the region if CAWCD does not adhere to its commitment to purchase power from the NGS.

Royalties from the Kayenta Mine Complex (KMC) are vital to the Hopi Tribe's economy, providing up to eighty five percent (85%) of the tribal government's annual operating budget, which includes the autonomous village allocations. As you're aware, the mine is the sole fuel provider for NGS, a baseload power plant sanctioned by the U.S. Congress to provide reliable, affordable power to the Central Arizona Project (CAP). The sole intention of the U.S. Congress was for CAP to purchase energy from NGS for a period of no less than seventy (70) years. If this intent is not fulfilled, the Hopi Tribe's economic foundation will be greatly impacted.

Decades ago, tribal leaders agreed to develop a mine and a power plant on sovereign tribal lands using tribally owned coal to generate and provide energy to pump Colorado River water to central and southern Arizona with the assurances of a sustaining revenue stream for the Hopi and Navajo people. When we agreed and entered into these promises, we expected the mine and NGS power plant, by far the largest industrial facilities in the region, respectively, to operate without interruption for at least seventy (70) years.

Premature shut down of the NGS will trigger an immediate loss of revenues for the Hopi Tribe and will result in severe curtailment of government functions. Given our government is the largest employer, we will be forced to begin laying off hundreds of our own Hopi people. Without the revenues from the mine, we face a long, difficult economic journey.

Today we are deeply concerned that the legally binding agreements we struck decades ago are being ignored, and this raises serious concern for the Hopi Tribe. The actions of the CAWCD board of directors will need to be called into question. The utility owners of NGS announced their intention to shut down the plant despite a quarter-century of useful life ahead and without a transparent stakeholder process. This in turn, has spawned an intense effort, by the stakeholders to find a new viable owner to keep the NGS plant and the KMC mine operational well beyond 2019.

This process, being led by Lazard, remains on track based on the timeframe outlined by the plant operator. Recently, Hopi leadership met with prospective investors who are engaging in advanced-staged due diligence. We understand that other potential investors remain interested, and the process continues working toward selection of a final investment group.

The Hopi Tribal Council is encouraged by Lazard's report that the NGS power plant can feasibly continue to operate beyond 2019. We also are grateful for the tremendous support and commitment from U.S. Secretary of the Interior Zinke for his dedication to work with both current and new owners of the NGS plant to keep the plant operational post 2019.

Presuming NGS remains open, we remind the CAWCD Board of your legal obligation to continue to purchase reliable power from the Navajo Generating Station to provide power for the CAP pumps.

Equally important, the CAP is financially obligated to continue to repay the loan of more than \$1,000,000,000 (one billion dollars) for the construction of the CAP to the U.S. Government. NGS is the sole vehicle the U.S. Congress designed and approved to provide power to the CAP. Excess power sold on the market is intended to repay the long-term debt owed by CAP. The sale of excess power contributes approximately \$24,000,000 (twenty-four million dollars) toward annual debt repayment costs of the amount owed by the CAP. In relation to the revenue generated by the NGS, the continued operation of NGS post 2019 will avoid premature decommissioning costs of more than \$150,000,000 (one hundred-fifty million dollars) versus capitalizing this revenue over time.

Hopi Tribal leadership considers the continued operation of NGS and the Kayenta Mine Complex post 2019 a matter of great concern. On behalf of the Hopi Tribal Council, and the authority sanctioned to me by the Hopi Tribal Council in accordance with the Constitution and By Laws of the Hopi Tribe, I respectfully demand the CAWCD board of directors to set aside the power purchase proposals that would displace the purchase of NGS power and the coal royalties generated by such purchases to the Hopi Tribe and the Navajo Nation. Honor your legal obligation to the Hopi Tribe, the Navajo Nation, and the North Eastern Region of Arizona to fulfill your 70 (seventy) year plus commitment to purchase power from the NGS, its foremost and only purpose, as approved by the U.S. Congress. We welcome your obligation to join us at the table to work collaboratively to keep the NGS plant and KMC operating post 2019 as Congress intended.

Sincerely,



Lamar Keevama
Hopi Tribal Council
Chair of the Hopi Energy and Water Team

CC: The CAWCD Board

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