



## The 21<sup>st</sup> Navajo Nation Council

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**FOR IMMEDIATE RELEASE**

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## Resources Committee accepts APS report on power plant negotiations, despite absence of two key negotiating members

**WINDOW ROCK, Ariz.** — On Friday, the Resources Committee accepted a report by the Arizona Public Service regarding the negotiation status between APS and Southern California Edison, who are among other shareholders at the Four Corners Power Plant near Farmington, N.M. At the meeting, APS officials updated the Resources Committee of the negotiations, which occurred without key members of the Navajo Nation Negotiation Team – Resources Chairman George Arthur and Division of Natural Resources Acting Director Fred White.

The Resources Committee raised several issues in the negotiation process, particularly the absence of Arthur and White at the negotiation meetings. Navajo Nation Attorney General Louise Denetsosie and Navajo Nation Minerals Department Director Aktar Zaman negotiated the agreement on behalf of the Navajo Nation Negotiation Team.

Arthur informed his committee he was not present at the last two negotiation meetings, which led to the agreement between APS and SCE. The proposed agreement allowed APS to proceed with the purchase of SCE's \$264 million ownership of Units 4 and 5 and the closure of Units 1, 2 and 3, which APS owns at 100 percent. Under the agreement, APS would purchase SCE's 48 percent share of Units 4 and 5 bringing APS ownership to 970 megawatts at the Four Corners Power Plant. The closure of Units 1, 2 and 3 is a result of strict rule making proposed by the U.S. Environmental Protection Agency's effort to reduce emissions.

Arthur also said the Navajo Nation Negotiation Team has yet to officially inform the Resources Committee, including himself of the negotiation that took place before APS and SCE issued official statements of their plans. He said he was informed of the agreement through press releases by APS and SCE.

Arthur explained that his absence from the negotiations was due in part to his presence at the week-long 2010 Fall Council Session and Nov. 4 Special Session. On Nov. 4, the Navajo Nation Council passed the Northeastern Arizona Indian Water Rights Settlement, which was sponsored by Arthur. Both Attorney General Louis Denetsosie and Aktar Zaman were well aware of Mr. Arthur's schedule and did not consider to reschedule the negotiation meetings.

In addition, the Resources Committee raised the point of Arvin Trujillo's role in the negotiating meeting because Mr. Trujillo recently left the Navajo Nation government to work for APS. He was the former Division Director of the Navajo Division of Natural Resources and was a key negotiator for the Navajo Nation Negotiation Team. Mr. Trujillo is currently the government relations manager at APS.

David Hansen, vice president of Fossil Operations with APS, informed the committee that APS will sign a contract or swear an oath that there is no practice of deception by APS employees, including Mr. Trujillo.

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Hansen further explained that the closing of the negotiations happened at 1:30 p.m. on Monday, Nov. 8 and a form of agreement was initiated Sunday, Nov. 7. "We reached an agreement with the Navajo Negotiation Team that is titled, "Principles of Agreement," Hansen added.

Hansen also said the U.S. EPA will conduct public hearings at Durango, Colo., Farmington and Shiprock, N.M. on the impacts of the agreement, and said he would talk with the EPA about conducting a meeting at Nenahnezad Chapter.

Despite Hansen's intent to conduct public hearings, the committee raised the issue as to why there are no public hearings held in the communities directly impacted such as in Nenahnezad, Upper Fruitland and Burnham Chapters.

"Holding a public hearing in Shiprock is like APS conducting a public hearing in Flagstaff, while the issue is in the Phoenix area," questioned Arthur. "What good would that hearing accomplish when the impacted communities are not informed of the agreement."

The public hearings are an effort to educate the surrounding communities on the contents of the agreement: what the closure to Units 1, 2, and 3 mean; the reduction of energy use from 2,100 megawatts to 1,540 megawatts, which would support more than a half million homes; informing the public there will be no layoffs of the 549 employees, including the 74% Navajo employee workforce; and APS' ownership of Units 4 and 5, which is expected to provide a 70 percent economic increase over the next 30 years to the Navajo Nation and 30 percent to the Farmington area, among others.

"This proposal enables us to continue to support the Navajo Nation and the Farmington area with high-quality jobs," said Mark Schiavoni, APS Senior Vice President of Fossil Generation. "Upgrades will require a lot of money. The sense of urgency lies here because the upgrade will need to start in 2012. The lease extension must be approved and if we do not get the lease agreement the plant will shut down in 2016."

The \$264 million purchase of Units 4 and 5 from SCE is dependent on the 21<sup>st</sup> Navajo Nation Council's approval of extending APS' lease agreements with the Navajo Nation, which will expire in 2016. To date, the Resources Committee has yet to approve or consider such legislation; nonetheless, the Council is scheduled to take up the matter during a Nov. 30 Special Session.

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