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**Tribal and Labor Leaders Call on CAP Board for
90-Day Pause on Power Purchase Decisions**

*Leaders Cite CAP Board's Legal and Fiduciary Duty to
Use Power Only From NGS as Affirmed by U.S. Interior*

Phoenix, June 6, 2018 – Citing a statutory and fiduciary obligation to take power only from the Navajo Generating Station (NGS), the Navajo Nation, the Hopi Tribe and the United Mine Workers of America today called on the Central Arizona Project (CAP) board for a 90-day pause on the process to purchase power from sources other than NGS.

At a rally at the capitol, hundreds of miners, power plant workers, tribal employees and families joined leaders questioning why the CAP board would rush into long-term power agreements that will harm the transition of the plant to new owners and will cost more than what NGS can deliver under new ownership. New issues raised by the U.S. Department of the Interior also call into question the CAP board's legal authority to even consider alternative power.

"We're worth 90 days," said Hopi Chairman Timothy Nuvangyaoma. "The Hopi are pleased Interior has stepped up to remind the board of the legal covenants that govern them. The bottom line is, let's slow this process down, answer important questions, and give the prospective new owners some time to deliver."

The U.S. Department of the Interior, which owns nearly 25 percent of the plant, has said it is committed to working with all parties to keep the plant operational in support of good paying tribal jobs. NGS has brought enormous economic benefits to the people of Arizona and will drive significant cost benefits under new ownership, according to the coalition.

In a recent letter from Interior¹ to the CAP board, the importance of NGS is highlighted: "While the department recognizes that many circumstances have changed since passage of the 1968 act, including enactment of the 2004 Arizona Water Settlements Act, it currently believes that the 1968 act remains the applicable governing authority and must be addressed in any decision relating to future sources of project power," Assistant Secretary Tim Petty said.

¹ Link to DOI letter

“The Navajo Nation supports a 90-day pause on the process to purchase power from sources other than NGS,” said Navajo Nation President Russell Begaye. “We should continue to work to find solutions to keep the plant operating while supporting both the Navajo economy and families.”

Based on contractual documents, no action is needed under the board’s current power proposals until September. Middle River Power continues advancing discussions with key stakeholders toward an acquisition of NGS and is quickly working to finalize the major agreements.

“Hasty decisions will put thousands of good-paying tribal jobs at risk, hurt tribal economies and tear families apart,” said United Mine Workers of America President Cecil Roberts. “We’re talking about the future of real people and real families who have given their land and energy to create quality of life for families across Arizona. Let’s use common sense, think about what’s at stake, and give this process another 90 days.”

NGS was sanctioned by Congress to power the CAP and adds reliability and resilience to the electric grid at a time when natural gas prices are fluctuating. The plant was developed on tribal lands using tribally owned coal and commissioned to run 70 years to create jobs and sustaining revenues for the Navajo and Hopi.

“NGS was built to provide power for the CAP and is the only coal plant in the United States that has ever been commissioned by Congress directly using taxpayer dollars,” said U.S. Congressman Paul Gosar. “The CAP needs to abide by the law and can’t walk away from a contract that was clearly defined by Congress. This plant has a vital role in water delivery across the state while supporting essential tribal jobs and revenues that cannot easily be replaced.”

The operations support 845 mine and power plant jobs, 350 Hopi jobs, and thousands of support jobs that are largely held by tribal people. If NGS is forced to shut down prematurely, at risk are 85 percent of the Hopi’s general fund budget and 22 percent for the Navajo.

NGS historically has been among the most highly utilized plants in the region, providing nearly \$900 million in power cost savings to the CAP over the last 15 years and is expected to deliver hundreds of millions of dollars of additional savings in the years ahead, according to energy analysts.

“Yes to NGS” is a broad coalition of tribal, labor, industry and consumer groups representing more than 100,000 U.S. businesses and organizations. Visit Yes to NGS.org, [Yes to NGS](#) on Facebook, and follow us on Twitter [@YestoNGS](https://twitter.com/YestoNGS) to learn more.

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Just 90 Days

Give Middle River Power the Opportunity to Prove They Can Deliver

The CAP staff and board have neglected to consider a number of important factors when analyzing the benefits of NGS power as the lowest cost alternative:

- **Guaranteed ~\$25 to \$35 million annual payment:** The CAP board gets a guaranteed \$25 million to \$35 million check every year from SRP until 2031 for surplus power sales as long as NGS stays open. The profit from the agreement allows CAP to pay down its taxpayer debt and avoid water rate increases. With the New NGS, the CAP board could do ever better.
- **Exposure to market volatility:** CAP staff has made a lot of assumptions about future power “savings.” Yet CAP staff used a flawed analysis to project significant power cost reductions for the foreseeable future by assuming that 2016 rates – which were historically low and a one-year anomaly – would continue indefinitely. This assumption also doesn’t consider the impact of removing 2,250 megawatts from the grid, which will cause price increases, accelerate the need for new generation and expose ratepayers to market volatility. NGS power would provide costs that are stable and predictable.
- **The “New NGS” economic model:** Middle River Power indicates their new operating strategy will enable competitively priced power that is at or below prices in the “lowest cost portfolio” option. If the board moves ahead, over 35% of CAP’s baseload needs will be contracted at prices Middle River Power can meet or beat. Why would the CAP staff expose the CAP to the risks of the market for no savings while killing thousands of jobs and billions in tribal economic benefits? The CAP board has a fiduciary responsibility to maintain the lowest costs for its ratepayers and a legal and moral responsibility to take the power.
- **Decommissioning costs accelerated:** Costs upwards of \$150 million to shutdown the plant will be accelerated, leading to higher ratepayer costs versus retaining the ability to capitalize decommissioning over time. Why not delay these costs and purchase competitively priced and dependable power from NGS?
- **NGS should be allowed to bid on all CAP power.** It is erroneous to conclude “there is plenty of room” for NGS to bid on remaining CAP power. NGS should be allowed to bid on all CAP power contracts, including all baseload power currently under consideration. No other power plant in the region is better equipped to deliver affordable baseload power than the New NGS.

There is no need for the CAP staff to rush ahead with contracts that are more expensive than what the New NGS can deliver. The wrong decision will detrimentally impact the opportunity for NGS to continue while providing no guarantee of cost savings to water users.