

Tribal Utility Formation, Challenges & Opportunities

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Why Develop a Tribal Utility?



Why Form a Tribal Utility?

- ◆ **Dissatisfaction with current electric or energy providers.**
- ◆ **Unwillingness of current providers to expand service to outlying tribal areas.**
- ◆ **Sovereignty control over energy services.**
- ◆ **Taking advantages of legal, commercial, and governmental incentives for tribal enterprises.**
- ◆ **Transmission**

Preserve Tribal Dollars



Recycle Dollars



OR



Leaky Bucket

Entity Formation



Options: Know your Goals!

- ◆ **Under which law?**
 - ◆ **Tribal Corporation formed under tribal law**
 - ◆ **Section 17 Corporation formed under federal law**
 - ◆ **Corporation or LLC formed under state law**
- ◆ **Which business style?**
 - ◆ **For Profit**
 - ◆ **Non-Profit**
 - ◆ **Both (For-Profit with a Non-Profit Subsidiary)**
- ◆ **What type of Governance?**
 - ◆ **Independent Board of Directors**
 - ◆ **Council/Committee Oversight**

Opportunities



Tribal Utility Opportunities

◆ Non-Profit Community Services

- ◆ Provide electricity or other services to tribal members or tribal facilities
- ◆ Energy Efficiency
- ◆ Support tribal energy policies & projects
- ◆ Creations of jobs
- ◆ Exercise of Sovereignty
- ◆ Separate utility business & services from tribal government.
- ◆ Regulatory issues require specialized organizations
- ◆ Geographical selection of service territory
- ◆ Federal requirements

◆ For-Profit Energy Businesses

- ◆ Develop specific projects
- ◆ Develop business & energy relationships

◆ Separation of Business from Political Functions

- ◆ Separation of Liability/Risk
 - ◆ Financial keep tribal assets secure
 - ◆ Separate Insurance, bonding, Credit lines
 - ◆ Safety
- ◆ Separation of Books, Accounts, Banks
- ◆ Clear limits of tribal investments
- ◆ Tribe gives its utility business clear authorities and limits of authority

Options for Utility Service of Reservation Loads

- 1. Tribal utility formation, acquisition of facilities and operation/management of all technical functions**
- 2. Service by existing entities, but change business approach**
 - ◆ Elect tribal members to managing boards
 - ◆ MOUs or other agreements with utilities on tribal procedures, etc
 - ◆ Increased communications and project cooperation
 - ◆ Tribal interface with State PUC if utility is regulated
- 3. Tribal contract with neighboring service provider(s), to provide certain services or to merge some service now provided by others.**
- 4. Better tribal oversight of existing service providers through tribal regulations or franchising**

Energy Efficiency

- ◆ Energy Efficiency Block Grants
- ◆ HUD Funding
- ◆ Many competitive grants
- ◆ Job Creation Program Funding
- ◆ Low Income Programs
- ◆ Weatherization Programs
- ◆ State Programs
- ◆ Utility Programs
- ◆ Industry Programs
- ◆ Green Building Programs
- ◆ A “no-brainer” for the environment!
- ◆ Saves money
- ◆ Improves comfort and safety of homes
- ◆ Provides alternative energy options
- ◆ Wise use of resources
- ◆ Creates long term good jobs
- ◆ Can cost nothing but time and organization
- ◆ Allows for utility planning
- ◆ Do new construction right
- ◆ An exercise of Indian Sovereignty!

Challenges & Issues



Utility Formation Issues

Entity formation:

- Arm of Tribal Government
- Tribal Corporation
- Section 17 Corporation

Power supply:

- BPA/WAPA as wholesale supplier
- Tribally owned power
 - Rights from dam relicensing
 - Renewables/traditional
- Other contracted resource
- Combination of above

Which loads should be served?

- Know jurisdiction of tribe to serve
- Know loads and their profiles
- Know transmission, substation and distribution details

Delivery/Transmission Contracts

- Wholesale transmission
- Distribution level contracts

Utility Formation Issues

Cost of Service

- Know prices and tariff details
- Know existing service provider policies
- Know costs of building new delivery facilities, cost to acquire existing facilities
- Know your costs of O&M
- Know financing costs and details
- Detailed economic analysis comparing current costs to projected costs

Utility Management:

- Management/Personnel
- Separate books, records
- Credit issues
- Regulatory and Reporting Issues
- Billing and payment issues
- Utility Policies

Operation and Maintenance:

- Ownership of wires, poles, equipment
- Technical jobs/tools of the trade
- Personnel training/union issues
- Safety
- Reliability
- Legal/regulatory

BPA Standards for Service

- 1) Be legally formed in accordance with local, state, Federal or tribal laws,
- 2) Own a distribution system and be ready, willing and able to take power from BPA within a reasonable period of time,
- 3) Have a general utility responsibility within the service area,
- 4) Have the financial ability to pay BPA for the Federal power it purchases,
- 5) Have adequate utility operations and structure, and
- 6) Be able to purchase power in wholesale amounts.

Case Study & History



Examples and Information

◆ Case Studies:

- ◆ Western Area Power Administration 1996 Case Study
- ◆ Umpqua Indian Utility Authority

◆ Websites

- ◆ Navajo Tribal Utility Authority See: <http://www.ntua.com/>
- ◆ Mission Valley Power: <http://missionvalleypower.org/>
- ◆ <http://www.yakamapower.com/>
- ◆ Gila River Indian Community Utility Authority:
<http://www.gricua.net/History.html>

Tribal Utilities Prior to 1996

- ◆ **Detailed case studies available in Western Area Power Administration Tribal Utility Report:**
 - ◆ Aha Macav Power Service (Fort Mohave Tribe, Arizona and California)
 - ◆ Tohono O'odham Utility Authority (Tohono O'odham Nation, Arizona)
- ◆ **Bureau of Indian Affairs Owned and Operated:**
 - ◆ Colorado River Agency Electric System (Colorado River Indian Reservation, Arizona)
 - ◆ San Carlos Indian Irrigation Project (Gila River Indian Reservation, Arizona and California; and San Carlos Apache Indian Reservation, Arizona)
- ◆ **Bureau of Indian Affairs Owned and Tribally Operated:**
 - ◆ Mission Valley Power (Salish and Kootenai Tribes on the Flathead Reservation, Montana)
- ◆ **Also Mentioned:**
 - ◆ Navajo Tribal Utility Authority (Navajo Nation, Arizona, New Mexico and Utah)

Tribal Utilities Serving Reservation Loads New Since 1996

- ◆ **Ak-Chin Indian Community Electric Utility Authority (WAPA Supplier)**
- ◆ **Gila River Indian Community Utility Authority (WAPA Supplier)**
- ◆ **Mohegan Tribal Utility Authority (Private Contracts)**
- ◆ **Umpqua Indian Utility Cooperative (BPA Supplier)**
- ◆ **Yakama Power (BPA Supplier)**

Ak-Chin Indian Community Electric Utility Authority

- ◆ Formed its utility in November of 1997 as a tribal enterprise with an appointed Board of Directors.
- ◆ It acquired utility facilities on the reservation from Arizona Public Service Company with the goal of stabilizing and controlling electric rates for utility customers and establishing tribal control over utility services.
- ◆ Current peak load is approximately 6 MW.
- ◆ Wholesale power is supplied by Western Area Power Administration.
- ◆ Operation of the utility is done by utility staff and infrastructure expansion and maintenance is done through a contract with a local electric company.
- ◆ The utility is a member of the Arizona Tribal Energy Association, the American Public Power Association, and the National Rural Electric Cooperative Association
- ◆ Since its formation, utility activities have focused on infrastructure improvements. Other renewable energy options are being evaluated.

Gila River Indian Community Utility Authority



Founded February of 1998, as a tribal enterprise, governed by a utility board.

Began serving electrical loads at the Wild Horse Pass Development Area and casino. In 2002 acquired additional facilities and constructed 69kV to 12 kV substation at the Bureau of Indian Affairs San Carlos Irrigation Project (SCIP) Lone Butte site.

The tribal utility has a pending proposal with the Bureau of Indian Affairs for management of the SCIP.

The utility acquires wholesale power from Salt River Project and from Western Area Power Administration. Power is resold under eight different published rates.

The utility has four published goals:

- 1. To own and operate the electrical distribution system serving the entire Gila River Indian Community**
- 2. To actively oversee and be directly involved in operating the electrical transmission systems located on the Gila River Indian Community**
- 3. To explore electrical generation opportunities within the community, given the community's strategic location**
- 4. To develop a plan and methodology for the allocation of CRSP preference power.**

Umpqua Indian Utility Cooperative

Began serving load October 1, 2001

Goals: Cost savings for the Cow Creek Band of Umpqua Tribe of Indians, and exercise of tribal sovereignty.

Tribe successfully negotiated with PacifiCorp for the utility facilities on tribal lands and for intermediary transmission from the BPA facilities to UIUC.

UIUC now serves approximately 3 MW of load at tribal facilities and at third party facilities operating on the reservation. Operations and maintenance is done by tribal staff and through engineering contracts. UIUC is a member of the Northwest Tribal Energy Group, and Oregon's Rural Electric Cooperative Association. UIUC also provides energy efficiency and conservation services to its customers.

Yakama Power



Signed initial contracts to purchase wholesale power and transmission from BPA in July, 2000, began serving loads in 2006.

Initially contracted with Benton County Rural Electric Association for assistance with operation and maintenance of their facilities. Yakama Power now has its own line crews and equipment, and participates in union apprenticeship and journeymen programs.

Governed by Board of Directors consists of 7 of the 14 Tribal Council Members.

Goals were Cost Savings, Sovereignty, Jobs, and Energy related development and partnerships.

Yakama Power now operates the Wapato Irrigation Project, which was built by the Bureau of Indian Affairs for seasonal irrigation, and which has 1,100 miles of canals, generators, control systems, transformers and a 34.5 kV transmission line. BIA transferred the facilities to Yakama Power in 2008.

In 2009, Yakama Power customers remain mostly tribal, including the Yakama Nation Legends Casino, the Tribal Campus, and Yakama Forest Products. Yakama Power plans eventually to serve all electric loads within the 1.4 million acre Yakama Reservation. Yakama Power's peak load is now 7MW.

Questions?

