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**Memorandum**

June 24, 2013

RECEIVED

Arizona Corporation Commission

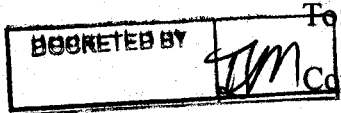
**DOCKETED**

AZ CORPORATION COMMISSION  
Docket Number: 44878-00001

**DOCKET CONTROL**

JUN 27 2013

From: 2013 JUN 27 PM 3 30



To:

Corporation Commission Members

Mike Bielecki

Re: The Navajo Nation and Arizona Power Policy

The consequences of a policy of market deregulation of Arizona's power service will have wide-ranging impacts for many in Arizona. Its impact on the Navajo Nation will be dramatic, as the policy will further compromise its market for coal extraction and power generation. These are the most significant single components of the Navajo economy today and there is no immediate replacement for these vital parts of Navajo's economy.

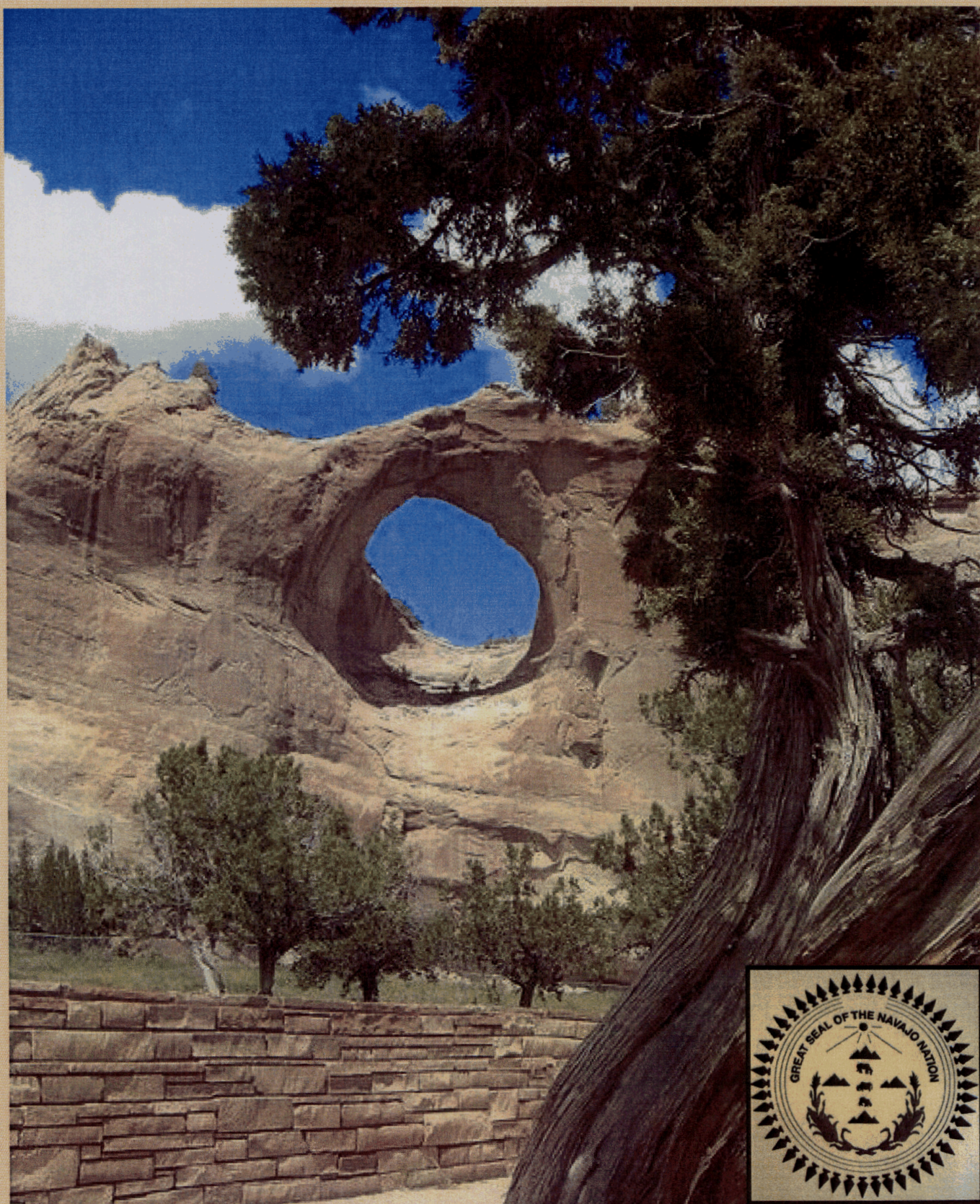
The Navajo Nation has been in discussions on becoming a partner in some of the coal activities related to the Four Corners plant on the Nation. The Corporation Commission's policy decision to formally examine deregulation will generate a roadblock for concluding these discussions, which are time sensitive. This will be a significant loss and one that will threaten the future viability of the Navajo Generating Station.

*Enclosed is a background brochure on the Navajo Nation's economy and its difficult and fragile position. I urge you to take just a few minutes to consider the facts of the Navajo economic challenge and give them serious consideration in your deliberation on whether to proceed with step one of your process of dealing with market deregulation. Such a move on the part of the Commission will have a severe negative impact in the discussions in keeping the Four Corners plant in service and compromise the future of the Navajo Generating Station as well. Obviously, these are the users for the coal mined on the Nation as well. The Nation requests this policy consideration not be pursued; its risk to the Nation is too extreme while its benefits are not clear.*

A broad based power portfolio of power generation is a security factor in the provision of steady low cost energy for the state. Dramatic change in the regulatory framework, chasing the possibility of short term cost reduction resulting in a problematic outcome in the long term is an outcome not commensurate with the possible risks to Arizona's power system. In addition, the issue of stranded costs for power generation has proven difficult to deal with in the past under earlier deregulation proposals and can be expected to continue to be so prospectively.

Thank you for your consideration of Navajo's position on this difficult this issue.





# **The Navajo Economy and Arizona Policy**



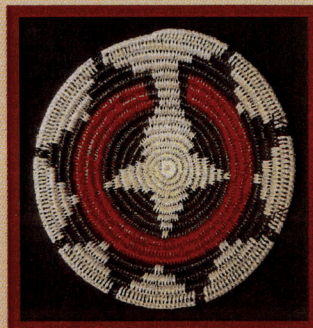
# The Navajo Economy and the Need for State Programs

## Introduction

The Navajo People, the Diné, have a long history of persevering, emerging into the 21st Century with a strong understanding of who they are, their past and culture. The land the Diné have relied on is inextricably tied to their identity, and has been the basis of their economy for most of Diné history.

As conscious as the Diné are of their culture, they have always adapted and added new forms of economic development from other peoples and cultures to provide for themselves. Now, with a young and growing population, and natural resource extraction in significant decline, in part due to Federal Regulation, the Navajo Nation is facing an economic crisis.

The facts below reflect a Nation that is struggling economically, and is seeking to adapt to the new conditions. As they address these issues they will do so without compromising their inherent sovereignty. If these conditions prevailed in the States that surround the Navajo Nation, it would be seen as a National emergency.





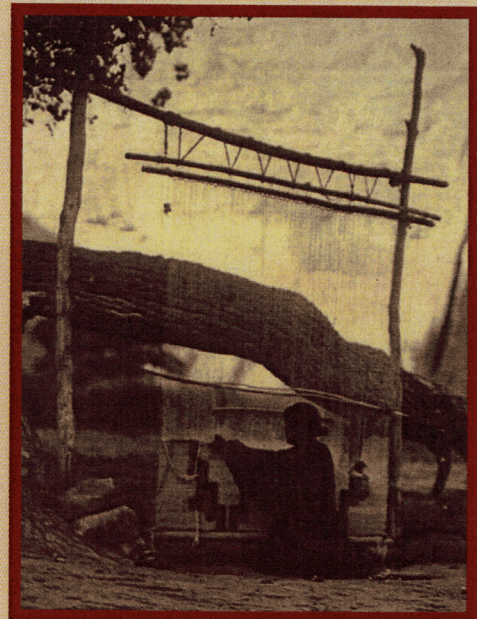
The Navajo Nation has generated a development plan to create a broad based economy including mining, energy, manufacturing, retail, tourism and gaming.

**As the Navajo's effort to generate jobs and opportunity is implemented, cutting Arizona's budgets for education, infrastructure, and health and human services will make conditions much worse and severely inhibit their ability to move forward economically.**

The Navajo Nation Council and the Executive Branch are in consensus and have passed a Formal Resolution stating that certain core programs of the State are vital for the future of the Navajo people. As large as the Navajo Nation is in Northern Arizona, its economic and social health will positively impact the entire region as well.

Navajo State Legislative Priorities, preserve vital state programs:

- Education
- Social Services
- Health Care
- Economic Development
- Public Safety
- Community Development





# The Navajo Challenge

## Navajo Population in Arizona, Large and Growing

Navajos in Arizona, 2010	212, 216
Total enrolled Tribal members,	298,000
Other Tribal Members in Arizona, 2008	120,944

Source: American Indian Population and Labor Force Report 2003. US Department of the Interior. Bureau of Indian Affairs. Office of Tribal Services and US Census Data.

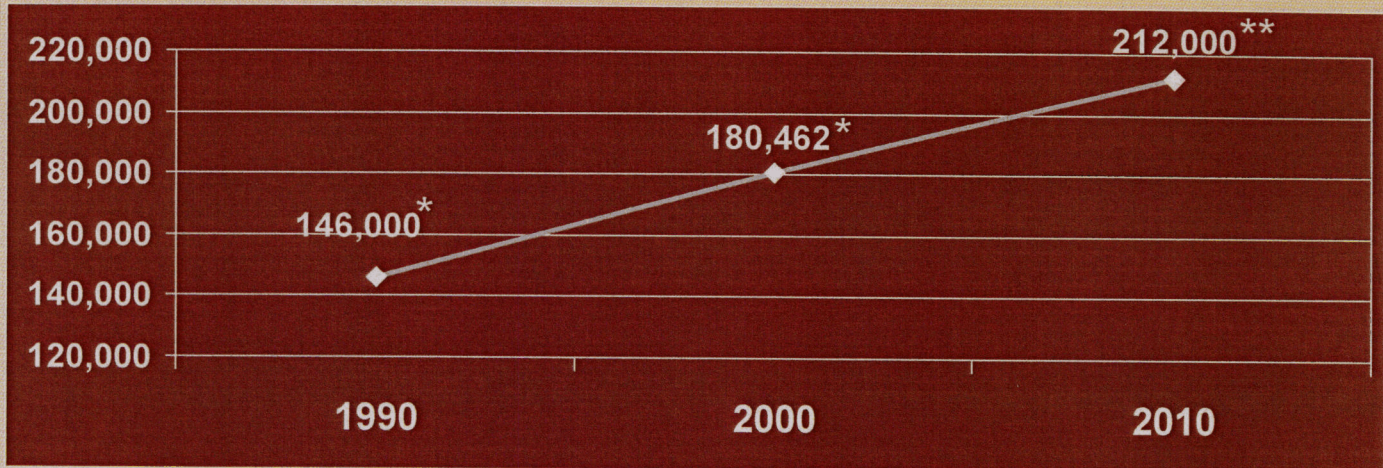
**The Navajo Nation is responsible for the future of more Native Americans than are all other Tribes in the State of Arizona combined.**





# The Navajo Challenge

## Total Navajo Population, Large and Growing



\* U S Census 2000

\*\* U S Census 1990 to 2000, actual growth rate of 1.82% annually applied to years 2001 to 2009. Nationally, a minimum of 25% of Diné live off the Nation.

## Navajo Median Age

A People

Young, and in Need of Opportunity

24.7 Median Age for all Diné

36.2 Median Age for U S population

U S Census, American Community Survey, 2004



# The Navajo Nation's Economic Crisis

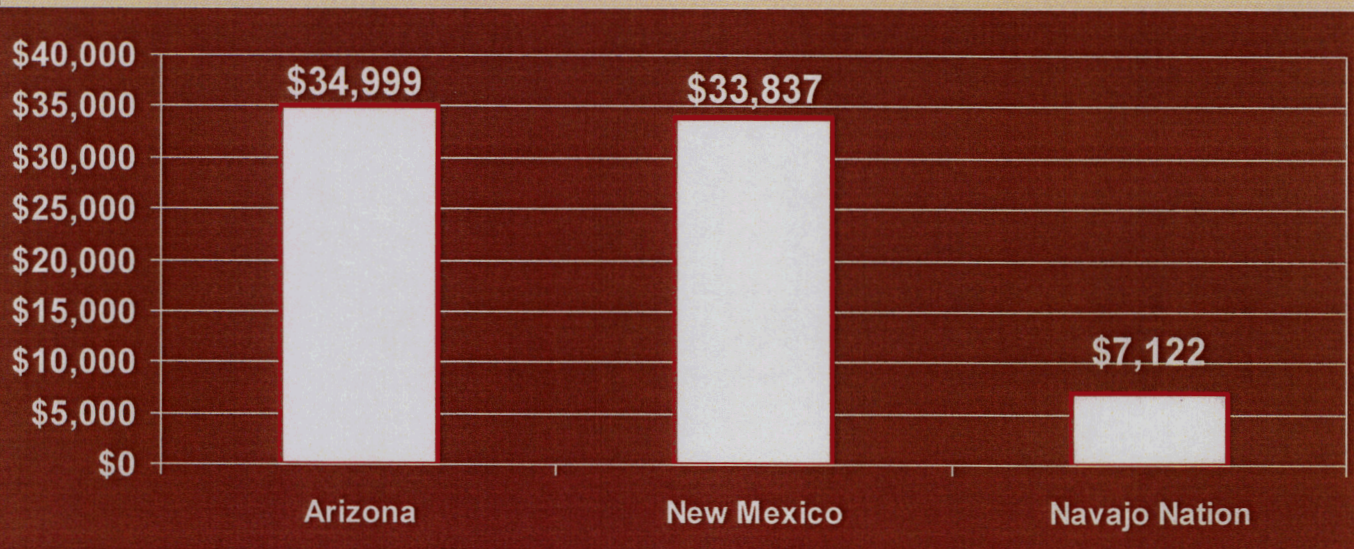
## Unemployment Rate



U S Department of Labor Bureau of Labor Statistics, 2010, Navajo Economic Development Report, Division of Economic Development

Definition: **Workforce** = those over 16, not in school, looking for work in previous six months.

## Per Capita Income 2011

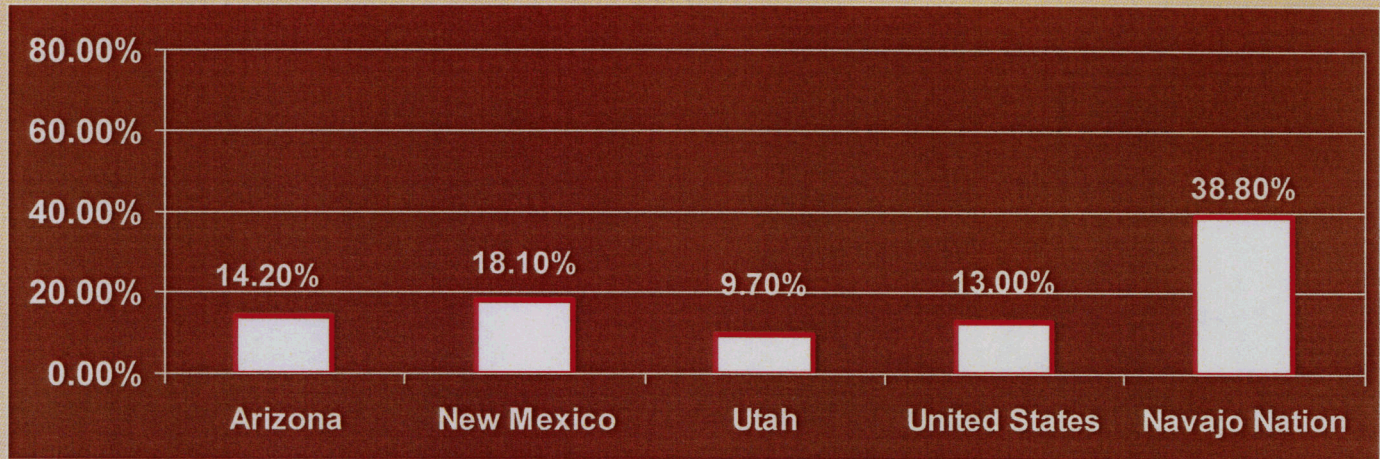


Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, First Things First Report



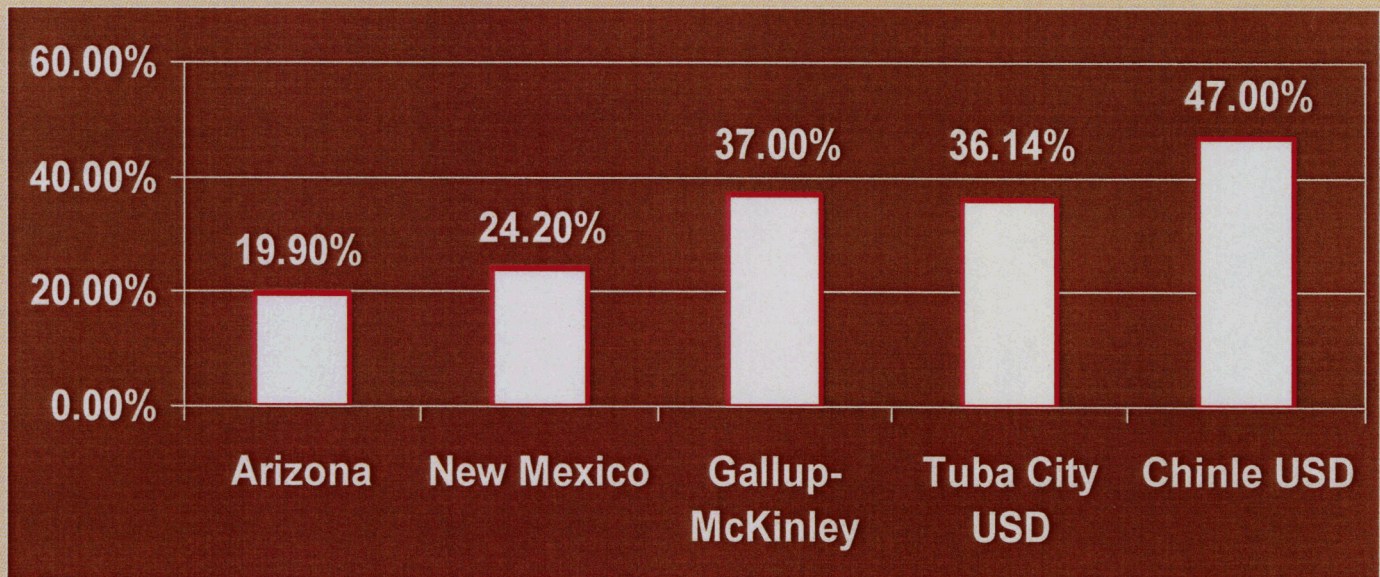
# The Navajo Nation's Economic Crisis

## Poverty Rate



U S Census American Community Survey, 2007

## Poverty Rate for Children, ages 5 to 17



U S Census, Small Areas Income and Poverty Estimates 2003 by State and school district

Definition: USD = Unified School District



# The Navajo Nation's Economic Crisis

## **Energy Development and the Navajo Budget**

The current national policy regarding the use of coal comes at a difficult time in the Navajo economy. The closing of the Mohave Generation Station has been very harmful to the Navajo people. The current threat to the Navajo Generation Station and to the construction of the Desert Rock Plant pose the possibility of devastating losses to high quality jobs within the Nation. Losses in the energy sector of the Navajo economy has also negatively impacted revenues for the Navajo Nation's Government and the basic services it provides.

***The Navajo Nation's general fund, due significantly to declines in its energy sector has been reduced. This follows several years of tough budgets. These cuts clearly inhibit Navajo's ability to build their economy.***



## **Navajo Land Development**

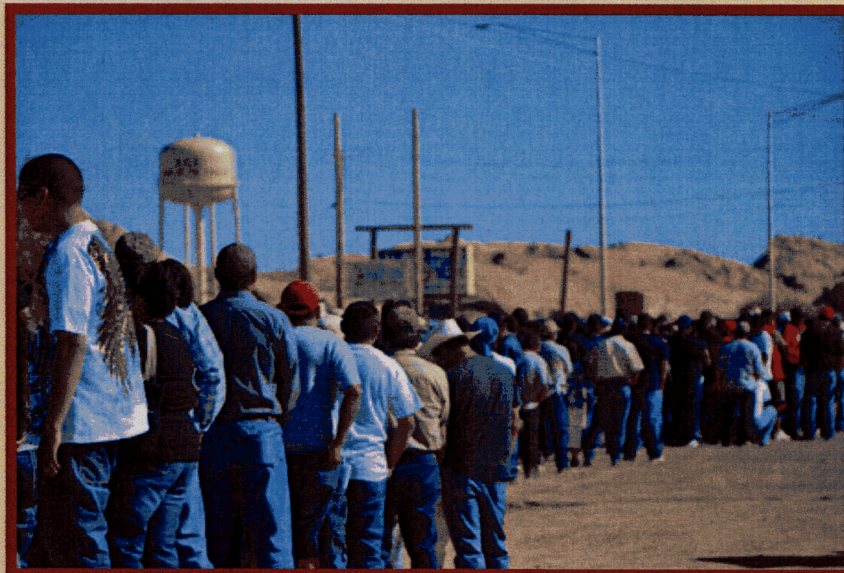
The Navajo Nation, at over 27,000 sq. miles in Arizona, is by far the largest jurisdiction of any Tribal jurisdiction in the US. The cost of stewardship and managing the lands is significant. The need for jobs is also geographically widespread.



# Navajo Nation Economic Development Plan

The Navajo Nation has a vision of developing a diverse economy. It understands that it cannot rely on any single source of income for economic development. The Nation needs jobs and Navajo efforts are to create a broad based economy in the following sectors:

- Energy Development, Coal, Oil, Gas and Wind
- Industrial Development
- Tourism
- Gaming
- Commercial Retail



*NAVAJOS FORM A LINE AT I.H.S. JOB FAIR, KAYENTA CHAPTER HOUSE 2010*



# Navajo Nation Gaming Enterprise

Economically, the prospects for Navajo Gaming facilities will be significant. The Twin Arrows Casino Resort will be soon be open 20 miles East of Flagstaff. It will require 800 or more employees from entry level to various management positions. A wide range of skills will be necessary to make the operation work. This project has been developed with wide support of the Flagstaff Community, the Governor Brewer and other leaders.

Twin Arrows will clearly benefit the broader community. Most goods and services will come from within 50 miles of the site location, including Navajo and non-Navajo vendors creating opportunities for businesses.

## **Its About Jobs**



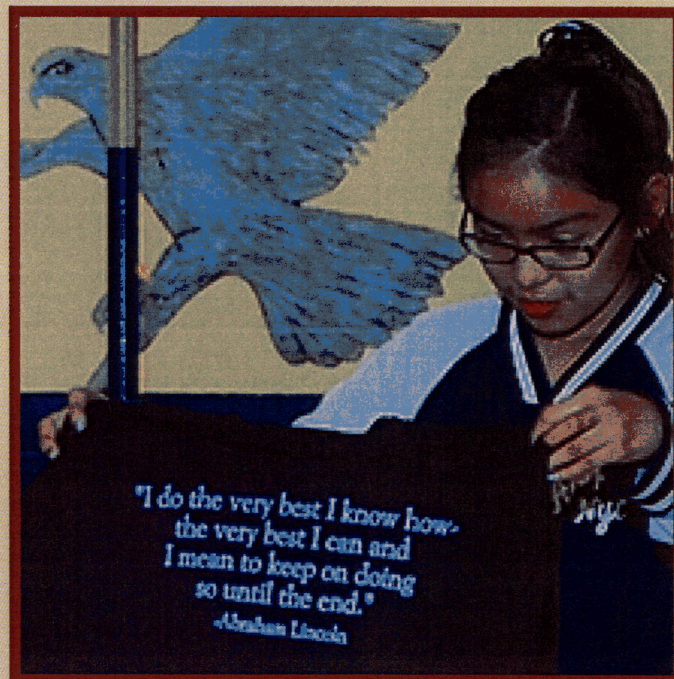


# Navajo Nation's Economic Future

The information above demonstrate some of the diverse economic development efforts the Navajo Nation is planning to ensure good jobs and a bright future in spite of the difficult circumstances today. With over 50%% unemployment, the Navajo Nation needs the understanding of Arizona's policy makers to protect and empower its ability to capitalize on all of its opportunities.

Cutting the budgets of education, health and human services, and economic development will make conditions worse and inhibit the economic growth the Nation Needs as will cuts to our energy sector.

We would also hope the Navajo Nation is considered in the economic development strategies of Arizona. An economically healthy Navajo Nation will be good for all of Arizona.






2-DAY
COMMITTEE PERIOD
Start: _____
End: _____
Signature: _____

## NABIK'YÁTI' COMMITTEE

### PROPOSED COMMITTEE RESOLUTION OF THE NAVAJO NATION

22<sup>ND</sup> NAVAJO NATION COUNCIL - FIRST YEAR, 2011

INTRODUCED BY

  
TRACKING NO. 0001-11 J. NALZE

AN ACTION

RELATING TO NAABIK' ÍYÁTI COMMITTEE; APPROVING AND ADOPTING THE  
POSITION OF THE NAVAJO NATION RELATIVE TO THE FISCAL YEAR 2012 AND  
2013 ARIZONA BUDGETS

BE IT ENACTED:

- 1) The Navajo Nation hereby finds that the health and welfare of Navajo and other persons within the Navajo Nation in the State of Arizona are significantly impacted by the provision of services by the State of Arizona.
- 2) The Navajo Nation further finds that proposed cuts to the Fiscal Year 2012 and 2013 budgets for the State of Arizona would negatively affect the provision of services by the State of Arizona to Navajo and other persons within the Navajo Nation in the State of Arizona, consequently negatively impacting the health and welfare of such persons.
- 3) The Navajo Nation finds that given the current depressed economy of the State of Arizona and the United States overall, proposed cuts to the Fiscal Year 2012 for the State of Arizona are imminent.
- 4) The Navajo Nation is concerned about the imposition of budget cuts within Fiscal Year 2012, as well as preservation of funding in crucial service areas for the Fiscal Year 2013 budget for the State of Arizona.
- 5) The 22<sup>nd</sup> Navajo Nation Council, the Office of the Speaker, and the Office of the President/Vice President take the position that cuts in the following areas would have the most negative impact and that preservation of funding allocated for services by the State of Arizona be maintained according to the following priority areas:



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- a. Education;
- b. Social Services;
- c. Health;
- d. Economic Development;
- e. Public Safety;
- f. Community Development;
- g. General Services

6) The Navajo Nation hereby authorizes the Navajo Nation Council, the Navajo Nation President, and Navajo Nation Vice President, and their designees, to advocate with the Arizona State Legislature and the State of Arizona Governor's Office for the preservation of funding in the above-referenced priority areas for Fiscal Years 2012 and 2013.