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INDIAN ENERGY SOLUTION CONFERENCE

GOLDEN NUGGET HOTEL & CASINO

LAS VEGAS, NEVADA

AUGUST 5, 2008

2:43 PM - 3:45 PM

REPORTER'S TRANSCRIPT OF PROCEEDINGS

RENEWABLE RESOURCE DEVELOPMENT

Moderator: Isaac Warren, Esq.

Chair: Roger Fragua, Jemez Pueblo, Cota Holdings

Reported by: MARY COX DANIEL, NV CCR 710
RDR, CRR, CBC, CCP

1 PROCEEDINGS

2 MR. WARREN: Let's get started.

3 My name is Isaac Warren. I'll be moderating
4 this session. We've had a last-minute replacement
5 here. Roger Fragua is going to help introduce a
6 couple of topics as well.

7 I'm a member of the Muscogee Creek Nation,
8 also fortunately, or unfortunately, happen to be an
9 attorney as well. Part of my role in my legal
10 capacity is facilitating, organizing, and developing
11 renewable energy projects. In my legal capacity, I
12 work on the corporate, finance, and structuring side
13 of the deals. And then Roger will be able to chime in
14 on more of the operational and other aspects of deal
15 structuring that he's been involved with.

16 I think the agenda goes through -- it has
17 the opening paragraph about, I think, some of the
18 topics we'd like to address. I know in speaking with
19 David Lester, part of what he is looking for is to
20 solicit your input on, with this session in
21 particular, renewable energy policy, perhaps some of
22 the barriers that you are observing and/or facing, and
23 then solicit your input on certain policy aspects you
24 would like to see either implemented or at least
25 requested, to put in kind of the omnibus policy

1 discussion that David is going to be having tomorrow
2 morning.

3 So I guess with that, Roger, was there
4 anything you'd like to say?

5 MR. FRAGUA: Sure. Good afternoon,
6 everybody.

7 As Isaac had introduced, my name is Roger
8 Fragua from Jemez Pueblo. I'm working with Cota
9 Holdings, which is not a consulting company but more
10 of a developing company helping to support the Tribes
11 as they pursue development on their own, whether it's
12 using their own energy resources for their own
13 community development or their own economic
14 development.

15 We're working right now with a number of
16 different Tribes on a number of different projects in
17 the areas of energy and telecommunications.

18 I think we're on the subject for the day of
19 this particular session if you didn't want to be in
20 the renewable energy, but this is the renewable energy
21 one, I think there are two others going on at the same
22 time. But if, in fact, you are interested in the
23 renewable session, there is a big push, as we all
24 probably -- it's hard to pick up a magazine, a
25 newspaper, or flipping through the news channels,

1 about the recognition of energy being the white-hot
2 topic right now, the price volatility of kind of
3 really kind of two phenomenons that are happening kind
4 of worldwide is, globing warming or climate change.
5 And the other one is the depleting resources of fossil
6 fuel resources. Those two converging really are
7 causing a lot of action to happen one way or another,
8 both in Indian Country and outside of Indian Country
9 kind of worldwide.

10 There are 33 states in the United States
11 that have renewable portfolio standards where the
12 State Legislature has imposed on the state utility to
13 have "X" percent of the state consumption of its
14 energy being green energy, or renewable energy. So
15 each one of the 33 states really are pursuing some
16 very similar and some very different strategies for
17 achieving the success. This is not some lofty, soft
18 goal. It actually is a state law, a state mandate
19 that these utilities have to live up to.

20 So there are examples where many of the
21 states -- especially I'm more familiar with the states
22 out west kind of settled around Indian Country --
23 where there are in excess of thousands of megawatts of
24 green power and there is no real, firm long-term
25 strategy for developing enough projects.

1 Aside from that, then you can develop all
2 the projects you'd like based on the resources that
3 you have available to you, but then transmission comes
4 into play where once we get a project developed, how
5 do we get that out into the marketplace and
6 distributed to the citizenry of that state? Because I
7 know that the transmissions are a big part of that.
8 I'm working very closely on a task force with the
9 Western Governors Association on looking at renewable
10 energy and transmission corridors, both. So the state
11 governors are actually looking at -- how do we
12 develop, since this is not some lofty visionary goal,
13 it actually is a state law, then where's the teeth?
14 How are we going to mandate this? And how are we
15 going to enforce these renewable portfolio standards
16 on these state utilities?

17 In Indian Country, we think that Indian
18 Country has a lot to offer. I think we've all heard,
19 if you were in the morning sessions, that whether the
20 number is 10 percent of America's fossil fuel
21 resources discovered or not, or 20 percent which has
22 been published in the past, it doesn't really much
23 matter. We have an enumerated amount of renewable
24 energy resources if you think about the large
25 land-based Tribes up in the Northern Plains with wind

1 that blows pretty much non-stop. You've got all the
2 solar Tribes and opportunities in the area in the
3 Southwest in the Four Corners area, and California,
4 Oregon, Washington and Idaho and other places where
5 you've got world-class wind. You've got biomass
6 resources. You've got many Tribes that have millions
7 of acres of forested lands and in the area of the
8 drought that we've seen throughout the west. Then
9 what do we do with that prescribed project, and what
10 do we do with that material? So for biomass, there is
11 a lot of opportunity. And also geothermal, if you
12 think about the very specific locations of geothermal,
13 Pyramid Lake, King's Pueblo, and others, there are
14 geothermal resources out there.

15 So thinking about the four or five different
16 renewable energy resources and laying across maps of
17 Indian Country and laying across maps of renewable
18 portfolio states and then transmission grid systems,
19 there certainly are some opportunities out there in
20 Indian Country. Well, if that's the case, then why
21 aren't we seeing all these major development projects
22 happening in Indian Country? We've got all the pieces
23 of the puzzle, so to speak. We even have access to
24 capital in some cases. So then what's the problem?
25 Why aren't we developing all these big renewable

1 energy projects either for community development?
2 Tribal populations -- I don't know if you know this --
3 are growing about 3 percent a year, or doubling every
4 25 to 30 years. With the influx of the success of
5 Indian gaming, some of our local economies -- there
6 was that Harvard report that was developed where
7 Tribes have some of the faster growing economies. We
8 still rate pretty high on the poverty scale. But in
9 terms of actual economic growth, it's a very
10 dynamic -- we're growing very, very quickly in the
11 sense of our local economies.

12 So whether we're using our own energy
13 resources for our community development or for
14 economic development exporting into renewable
15 portfolio state markets, and those kinds of things,
16 why aren't these projects happening?

17 So I think the discussion today is really to
18 try and summarize our discussion and maybe we'll see
19 it with some questions as what policy barriers need to
20 be removed? Really, are we hitting up against some
21 policy barriers where, no, Tribes, you can't do that,
22 there are jurisdictional issues, or maybe there are
23 funding issues from the Departments of Interior or
24 Energy, or other places within the Federal apparatus.

25 And then what incentives? So if we're going

1 Travis? Anybody? I don't want to put
2 anybody on the spot.

3 MS. THATCHER: Corinne Thatcher. I work
4 with a partnership called the American Indian Housing
5 Initiative with the Northern Cheyenne Tribe, and the
6 School of Engineering at Penn State University.

7 On the Northern Cheyenne Tribe on the
8 Northern Cheyenne Reservation -- I don't know if this
9 is maybe the case for some other Reservations as
10 well -- they don't really have the capacity yet to do
11 very large scale projects, whether it's wind or solar,
12 and they don't have the ideal climate for wind or
13 solar because it's very cold and it snows most of the
14 winter. But they are interested in doing more smaller
15 scale use of alternative energy for housing mostly,
16 putting solar panels on roofs and solar hot-water
17 heating systems, and that sort of thing. But there is
18 very little funding available for small-scale projects
19 or small-scale use of alternative energy. Most of it
20 is for utility scale or large-scale projects. So
21 that's been an obstacle for us, is trying to secure
22 funding just to do smaller projects and smaller uses
23 of renewable energy.

24 MR. FRAGUA: Has the Tribe looked at State
25 and Federal funding and commercial financing? Have

1 they looked at the whole gamut?

2 MS. THATCHER: Yeah. There is some State
3 funding available. But in terms of Federal, most of
4 the Federal funding is for big projects, not for just
5 using alternative energy for housing or buildings and
6 that kind of thing.

7 MR. FRAGUA: So if we're going to put that
8 into some kind of a recommendation, might it be
9 something light, tailoring scalability opportunity for
10 both small and large scale opportunities and open it
11 up to Tribes?

12 MS. THATCHER: Uh-huh.

13 MR. FRAGUA: Travis, were you going to say
14 something?

15 MR. STONE: Yeah. My name is Travis Stone.
16 I'm the Energy Resource Manager for the
17 Shoshone-Bannock Tribes up in Fort Hall, Idaho.

18 We've been working on a wind project for
19 about a year now. We've had wind testing going on for
20 about seven years. Nobody has ever moved on it until
21 they finally brought me aboard and started developing
22 this resource. Capital hasn't been the number one
23 problem. In fact, capital is just getting thrown at
24 us at all sides, people wanting to get in on this
25 resource. And how do we -- do we remain a passive

1 lessee, or do we actually take some kind of
2 partnership role? The Council decided that we wanted
3 a partnership role. So the biggest problem for us has
4 been actually the production tax credit, that there is
5 no transfer authority going on right now. In fact,
6 the PTC wasn't even extended this year. So we're kind
7 of unsure about the future of tax credits.

8 So what we're doing now is, we're trying to
9 find out -- we've got some economic modelers working
10 on some economic strategies that maybe we don't even
11 need the PTC. That's where we're going right now. In
12 fact, a lot of people are in the thought process now
13 that if you have the right borrowing capabilities, the
14 right financial partners, and the right tax exemptions
15 like Tribes do have, that actually you can get on
16 board and get a project without even utilizing or even
17 needing the PTC. In fact, sometimes it's better if
18 you don't even go that direction. So that's what
19 we're quickly finding out. It might not work with our
20 Tribe, but it does work with some Tribes around the
21 U.S. So if your Tribe is having a problem with that
22 aspect of it, you might want to take a look at maybe
23 even hire an economic modeler to do some different
24 scenarios with what makes the most sense with the
25 project on your reservation.

1 As far as solar or any of the other ones, we
2 don't really have a lot of solar potential. So until
3 there is more incentives for Northwest states or
4 something to get into solar, it's not really been a
5 big concern.

6 So I'd say, as far as policy barriers, the
7 number one problem would be that PTC is
8 non-transferable. And another one would be that the
9 tax incentives just aren't enough to get any kind of
10 Northern states to get into solar for Tribes.

11 MR. WARREN: Travis, a quick question: You
12 had mentioned that your Tribe might look into the
13 possibility of forming a Tribal utility to look into
14 these issues. Could you talk about that for a second
15 to see what you guys have investigated, or what your
16 questions are regarding how a Tribal utility could
17 help?

18 MR. STONE: Yeah. We have been in
19 discussions now actually to form a Tribal utility and
20 it also brought up the topic of telecommunications
21 utility as well. These are just some of the areas
22 that we're realizing that we're sending money out of
23 our own economic, I guess, zone right there and
24 sending it outside the Reservation boundary. So we
25 wanted to keep that money coming back to the

1 Reservation.

2 As far as any kind of problems that we've
3 faced with that, it's been regulation, has been the
4 number one problem. Forming any kind of regulation
5 authority on Reservation becomes difficult when you're
6 looking at one utility but with multiple utilities, it
7 gets very expensive. So we found that for a
8 Reservation our size, with the kind of custom base we
9 have, basically all your profits get eaten up by some
10 kind of regulatory authority. We kind of brought it
11 forth in a couple meetings that maybe the Tribes
12 need -- all the Tribes need one major Tribal Public
13 Utilities Commission in which they can -- it's almost
14 like a State utility commission where they control the
15 regulating authority for all Tribes since basically
16 we're all in the same kind of boat with land issues,
17 tax issues, right-of-way issues, and some of those
18 things. Maybe that's the way we turn.

19 MR. FRAGUA: In speaking with Travis earlier
20 about that, nationally there have been two efforts on
21 kind of a regional basis. Southern California Tribal
22 Chairmen's Association, I think, in the early '90s or
23 late '80s -- I'm trying to remember -- but they
24 actually tried to form kind of a regional -- 27 Tribes
25 tried to form a regional utility of sorts to kind of

1 share the economies, and the lawyering, and the
2 technical expertise, and whatnot. And then the All
3 Indian Pueblo Council in New Mexico, 19 Pueblos have
4 kind of considered developing an aggregated approach
5 as well. But I don't think it has to be that large
6 because sometimes that gets a little heavy in that
7 sense. But maybe two or three Tribes banding together
8 and kind of sharing make a whole lot of sense.

9 Greg, I didn't want to pick on you while
10 you're here, but I wanted to pick a little bit of your
11 experience from the Public Service Company of New
12 Mexico. Almost each state has its utility. In the
13 state of New Mexico, we're very blessed to have a good
14 utility that works with Tribes on a respectable basis
15 and actually reaches out and has people that actually
16 are seeking partnerships with Indian Tribes.

17 Greg, is there anything in terms of a
18 national policy on a federal level, between the State
19 Government and the Federal Government and the Tribal
20 Government, what would make your life easier in terms
21 of developing that 1,250 megawatts that you've got to
22 have of green power by the year 2020 --

23 MR. NELSON: Yes.

24 MR. FRAGUA: Yeah, 1,250 megawatts of green
25 power -- how are you going to get that online working

1 through all the apparatus of -- you've got the Federal
2 and State and Tribal Government? Is there something
3 that you might suggest that might make your job and
4 your life a little bit easier?

5 MR. NELSON: Before I do that, my name is
6 Greg Nelson. I'm an Executive Director of Utility
7 Services for PNM, which is Public Service of New
8 Mexico. I am responsible for generation development
9 in the company. I'm also responsible for American
10 Indian relations as well.

11 It's a very timely topic for us. We do have
12 a substantial renewable energy to comply with the
13 renewable portfolio standard. Before I address your
14 question directly, let me tell you a little bit about
15 some of the hurdles we face as a regulated utility.

16 Like it or not, if you haven't ever been a
17 regulated utility, it's tough to believe the hurdles
18 that we go through to provide power to our customers
19 and the scrutiny we get from various entities at the
20 State and Federal levels, particularly in our case
21 from our PRC, our Public Regulation Commission, which
22 determines the prudence of all of our actions,
23 determines whether we can recover costs of projects,
24 whether we can charge our ratepayers the cost of
25 service, and that sort of thing. So they certainly

1 are the largest entity we have to worry about.

2 For them, their two biggest concerns are
3 really, are we getting the lowest cost resource for
4 our customers? Energy prices are rising, as you all
5 are aware. They're going to continue to do so.
6 Renewable energy projects are very much the same. The
7 basic cost of the commodities, the steels, coppers,
8 aluminum, all those commodities are going up in price
9 and play a large role in the nuclear energy project as
10 well.

11 Another issue they worry about is the
12 long-term certainty of the project. Is that low cost
13 going to hold over the long term of the project? Is
14 that project going to be available for a 30 or 40-year
15 period for the ratepayer so they can take advantage of
16 it and help ensure long-term compliance, just not
17 near-term compliance with the RPS?

18 So those are some of the hurdles we get.
19 Unfortunately for anybody who does a project with or
20 for an electric utility, it can be an arduous process
21 because the PRC has a significant length of time that
22 they can take to determine the prudence of a project.
23 And that process is also subject to many, many
24 challenges along the way from intervenors, whether
25 it's people who are concerned for low cost electricity

1 for people on a fixed income, or people are concerned
2 about the reliability or intermittency of a reliable
3 resources. So it's an arduous process.

4 From a financial standpoint, electric
5 utilities typically shy away from ownership of
6 renewable energy projects. And in the case of solar,
7 for instance, we can't take advantage of the 30
8 percent ITC, assuming it gets renewed. So us owning
9 the project is not -- has the potential to be
10 determined to be non-prudent from a PRC standpoint
11 because it ultimately can cost the ratepayers more
12 money. So that's an issue for us.

13 Also, financial status is a key driver,
14 whether a utility has an interest in ownership of a
15 renewable energy project. For instance, our company,
16 my company, has recently been downgraded in terms of
17 its bond ratings because the PRC has not seen fit to
18 allow us to recover all of the costs of doing
19 business. So it makes it tougher for us to own a
20 renewable energy project because the cost of borrowing
21 money is far greater, the interest payments we pay,
22 which again then becomes a prudency issue for the
23 ratepayer.

24 And then sort of lastly in the key points I
25 wanted to make is, the utility traditional model is

1 that utilities own the generation technology with
2 probably one notable exception, and that's that they
3 have -- because of the prudence issues with the PRC
4 and start-up risks associated with some of the
5 renewable energy projects, we tend to be risk
6 avoidance interested with new technologies.
7 Conventional technologies we know we understand, we
8 use them all the time. So until you sort of get to
9 what DOE likes to refer to as the "nth plan" where the
10 cost bugs have been worked out, and performance bugs
11 have been worked out, utilities tend to avoid
12 ownership of new technologies.

13 What would be helpful for us? It would be
14 helpful for us if we could get the Feds and the State
15 and our PRC all to work together toward a common goal.
16 Right now, not only is it tough to get cost recovery
17 for renewable energy projects because they are more
18 expensive in general than conventional technologies,
19 even though we do have a mandate to get on our RPS
20 goals, it's tough for us to get there. Transmission
21 is very tough right now in the west as a whole and New
22 Mexico in particular.

23 We had trouble getting the PRC to allow us
24 to recover the cost of new transmission lines,
25 particularly for renewable energy projects because the

1 capacity factors are low. So that's an additional
2 hurdle. So from our standpoint, certainty from the
3 Federal Government on ITC's and PTC's moving forward
4 is going to be important because blocking in that
5 certainty for the ratepayers is substantial.

6 I think I danced around your question.

7 MR. FRAGUA: No, no. I think you answered
8 it for me. I don't know if anyone needs any
9 clarification.

10 MR. NELSON: I'd be happy to answer any
11 questions. We have an interest in working with the
12 Tribes, but we want to make it to be a project where
13 it's beneficial to everybody involved and that we
14 don't go down the regulatory hurdles and find out that
15 we've hit a roadblock instead of a hurdle. That
16 doesn't benefit anybody.

17 MR. FRAGUA: The 20 western states, I think,
18 the Public Service Company of New Mexico and New
19 Mexico have really a great, politically a great
20 climate. We have a good State utility who has an open
21 mind and open ears for Tribal partnerships. We have
22 former Secretary of Energy, now Governor Richardson.
23 We have Bingaman and Domenici both chairing, depending
24 on who is in charge of the Energy Subcommittee. So I
25 think there are some really good opportunities in New

1 Mexico to develop some templates that could be
2 replicated throughout the west. So we appreciate you
3 and what you guys do over there in New Mexico.

4 MR. NELSON: Thank you.

5 MR. FRAGUA: Are there any other Tribes that
6 have kind of the genesis of developing Tribal projects
7 that have run into some national kind of policy
8 barriers?

9 If not, we can maybe flip the question then:
10 What kind of incentives could we create? We
11 identified a couple of barriers. What about creating
12 some incentives for moving forward? You're looking at
13 capacity building at the Tribal level, training, those
14 kinds of things.

15 Greg?

16 MR. NELSON: I personally, from the
17 utility's standpoint, in New Mexico, we have an RPS
18 carveout, a technology carveout that mandates that of
19 our 20 percent renewable energy goals or targets in
20 2020, 20 percent of it has to be solar; and 20 percent
21 of it has to be wind; 10 percent has to be some other
22 renewable, whether it be biomass, geothermal, or some
23 combination; 3 percent ultimately has to be
24 distributed energy; and 47 percent has to be some
25 combination of the above. But what I don't think the

1 State has given enough attention to is the value of
2 renewable energy in terms of economic development, in
3 terms of the jobs, the skills that it brings, the
4 downstream manufacturing. I don't think they've
5 looked at the value it can bring to the utilities and
6 the Tribes by having it there, so maybe some
7 incentives that consent to development on Tribal lands
8 and fair treatment for everybody.

9 MR. FRAGUA: If you think of it, you don't
10 have to look too far back in the last five, six years
11 to look at the two departments -- Department of
12 Interior and the Department of Energy -- that, kind of
13 starting with the Clinton Administration, we used to
14 be able to say that the Department of Interior didn't
15 do energy, and that the Department of Energy didn't do
16 Indians. And that really was kind of a factual
17 situation at that time. And now we've seen kind of
18 with the changes, starting with Secretary Norton
19 taking the lead on Indian energy, that there really
20 has been a lot of stimulated interest in Indian
21 energy, much to the point where there are probably
22 over 70 different Tribes that have been funded, either
23 First Steps Grants for either feasibility or resource
24 assessments, wind anemometry and measuring solar, and
25 helping Tribes evaluate markets, and those kinds of

1 things. Those 70 different Tribes that have been
2 funded in terms of identifying resources, now the
3 departments, both Interior and Energy, are both in the
4 interest now of development. They no longer want to
5 fund after 560 Tribes, we funded 70 to look at either
6 resource assessment or some kind of feasibility study.
7 But we've already been there, done that. We don't
8 want to fund Tribes to do that kind of research
9 anymore. We want to get into hardware, right into the
10 area of development.

11 Well, as a Federal trustee, if the
12 Department of Interior and Energy are now developers,
13 who is watching them? Who is the oversight authority
14 for them as the developer? Because each of them in
15 their own way have been making great moves in the last
16 24, 12 months, 18 months to be the developer in Indian
17 Country. If that, in fact, is the case, if they're
18 the developer, then where does the capital come from?
19 And who is the deal with? We've all, in our own
20 Tribal histories, all recognize where the government
21 and industry kind of made a deal on our resources and
22 had kind of locked out the Tribe at the bargaining
23 table, and that's what we've got in the situation
24 where we're at right now, where our resources have
25 been kind of stolen fair and square or exported right

1 out of our own land. We don't have any right to it
2 except for a very small sliver of a royalty. That's
3 not what we want to try and perpetuate or try and
4 relive that again.

5 So with that then, what can Tribes do in
6 terms of advancing some kind of a policy initiative so
7 that the money actually doesn't go to the Federal
8 developer but goes to the Tribe as the Tribal
9 developer? Are there some kind of policy positions or
10 statements that some might make that would have the
11 Tribe as the developer as opposed to the government as
12 the developer?

13 Sandra?

14 MS. BEGAY-CAMPBELL: Sandra Begay-Campbell,
15 Sandia National Labs.

16 I'm a contractor to one of those Federal
17 agencies, Department of Energy. So the quandary we
18 face who implements whatever is being decided at the
19 secretary level, just what Roger said, is that it's at
20 the secretarial level or at the assistant secretary
21 level, one level below, that have decided in the last
22 year, and they've decided for next year, that in my
23 program that we run for Tribal energy, you will no
24 longer get feasibility studies, energy planning, even
25 though we have a track record just as Roger alluded

1 to. You will now do development. You will push the
2 Tribes to give them information and do development,
3 which is -- that's what we're told we have to do.

4 So we need to hear from you, through what
5 would you suggest that, if that's not the route we
6 want to go, there are routes you have to take to say,
7 no, we don't like what's happening there. I am stuck
8 at the far end that just says, okay, here's the
9 guidelines for this year, here's the guidelines for
10 next year, go forth and do that and be the developer
11 on behalf of the Federal Government as far as
12 supporting those projects.

13 As a private citizen, I have my opinions.
14 You, as Tribal representatives, are people who can
15 voice those opinions. If you don't like that move,
16 then we need to understand that because that's what we
17 on the ground that are tasked to it, are moving
18 forward with what we're being told by our Assistant
19 Secretary.

20 So I'm sort of just stating the fact of what
21 Roger just said. That mandate has been put down this
22 year. It's there for next year starting October. No
23 more feasibility studies. No more energy planning
24 grants. You will go forth and support development in
25 Indian Country.

1 At one point, it was -- give the money
2 directly to the developers and not to the Tribes. But
3 we had to go back to Congressional language for the
4 Tribal Energy Program which said, you will give this
5 funding directly to Tribes and they will choose to do
6 what they want to do with their projects. So even
7 internally, there have been interpretations of what
8 should be done with that funding.

9 This last year, we went back to
10 Congressional language and said, no, the Tribal money
11 goes directly to the Tribes. Whatever they decide to
12 do with their projects is their business. We follow
13 and try to get the funding directly to however
14 mandated by Congress. So it's just a clarification.

15 MR. FRAGUA: Thank you. Greg?

16 MR. NELSON: Another idea I had was having
17 explained some of the challenges the utilities faced
18 particularly with regards to things like the ITC and
19 regulatory structure -- when we recently did a
20 multi-utility solar study for the State of New Mexico
21 looking for the appropriate technology and what types
22 of incentives would help make the project more viable.
23 Maybe something that encouraged credible developers,
24 because quite honestly, developing a 200-megawatt
25 solar thermal facility is not for the faint of heart.

1 You've got to have some experience there and bring
2 some players to the table. So maybe something that
3 guaranteed some -- either provided loan guarantees
4 because low-cost Federal funding has a significant
5 impact on cost of that energy and of the
6 per-kilowatt-hour basis.

7 Other tax incentives to look at siting on
8 Tribal land, maybe tying it to jobs or something like
9 that might have some additional value. The two things
10 we saw that had the biggest impact on the cents per
11 kilowatt hour were things like low-cost loan
12 guarantees, actually grants was in there, and then tax
13 incentives.

14 MR. FRAGUA: Yes?

15 MR. PACE: I'm Benny Pace. I'm an attorney
16 in Houston with Kelly, Hart & Hallman. I just wanted
17 to --

18 MR. FRAGUA: Do you represent Tribes or
19 companies?

20 MR. PACE: Actually, both. I'm part
21 Cherokee. And I came up here after talking to David
22 Lester. I represent companies, I guess I should say,
23 as opposed to Tribes. But I would be willing to
24 represent Tribes being part Cherokee myself.

25 The thing that I wanted to talk about a

1 minute was wind energy. I've heard that spoken. The
2 United States uses about a quarter of our energy of
3 the world, and we produce about 1/60 of the wind
4 energy in the world. We're way behind. And I think
5 one of the things that could help us there is better
6 laws, longer laws. The production tax credits need to
7 be transferable if we want to get them on the Indian
8 Reservations. We need to be able to transfer those to
9 companies to be able to draw those funds onto the
10 reservations.

11 I went to a seminar about a year and a half
12 ago where they were talking about the energies in
13 England. The tax credits there, I believe, extended
14 to 2012 or 2017, and they were trying to get them
15 extended to 2027. And our beloved United States
16 Government does it every two years, which is just
17 totally ridiculous.

18 The larger companies need to have longer
19 laws so that they can do better tax planning so that
20 they can work it out. And there is no reason why they
21 can't be developed on the Indian Reservations. But
22 those are things I think we need to be telling
23 Congress. Everybody needs to be telling Congress,
24 whether they're on Reservations or off Reservations.

25 I just joined Kelly, Hart & Hallman. The

1 firm I was at for 13 years before that represented
2 wind coalition in Texas. And Texas -- to give you
3 just a brief background -- moved from being number two
4 in wind development to number one past California.
5 And what they've recently done -- and I'll tie this in
6 maybe to something that you'll see in a second -- but
7 what they've done in the last two or three years is,
8 the hometown I'm from is a little 10,000-people town
9 called Sweetwater. It's by Abilene out in west Texas.
10 The largest wind farm in the world is almost finished
11 out in Sweetwater. There are two counties right there
12 now that, those two counties alone produce more wind
13 than any other state after Texas and California, just
14 those two counties.

15 Everybody, I think, understands, and you
16 have to have capacity to get on that transmission
17 line. And you have to have somebody sell it to you.
18 It just happened they had the capacity available and
19 somebody to sell it to. Well, that's filling up.

20 The State of Texas went out and said, all
21 right, we want more wind, we want a double wind. 10
22 percent of all the homes in Texas are being supplied
23 their electric by wind right now. The Governor wants
24 to double that within two to three years. So they
25 went out, had public hearings, designated zones around

1 Texas where they wanted to build new wind farms. They
2 had people come in, the utilities came in, they had
3 the guarantee, and put cash up for 20 percent of what
4 it's going to take to build up there. But they had
5 the wind companies also put up 20 percent of the
6 amount of money they were going to have to spend. So
7 that's how they got wind committed to double in the
8 next three years, the wind development in Texas. It's
9 amazing what they're doing. They've outdone any other
10 state. The laws are more favorable than anywhere.

11 How do we relate that to what we're doing?
12 I don't know that they've done studies -- I've heard
13 us talking about the studies we've done on our Native
14 American Reservations -- but I don't know what they've
15 done in the way of wind studies and transmission lines
16 and the possibility of building transmission lines to
17 utilities and what available capacity we have once we
18 get to those lines. So that I know people that would
19 do that in Houston and other wind companies that I
20 have contacts with to be able to say you need to talk
21 to this Tribe, you need to talk to the Cherokee Tribe
22 back in Oklahoma. Do we have any facts, figures, or
23 is that something that's available or something that
24 we should talk about funding studies on?

25 MR. FRAGUA: It's very hard to generalize

1 about Indian Country and say "the Tribes," because
2 each one of the 560 are unique and distinct
3 sovereigns. And even within a state or a region,
4 there are many, many differences that don't allow for
5 Tribes to come together and to aggregate their
6 efforts. But I think we're starting to see where
7 their efforts were, whether there are some creative
8 abilities for Tribes to move past those differences,
9 and into some kind of strategic partnership.

10 The other thing I think is really unique
11 about Texas is, Ercon is kind of an island to itself.
12 So when you think about the national grid system and
13 how disconnected, I guess, Texas is from that big
14 apparatus, we're having a hard time -- not as
15 Indians -- as U.S. citizens, determining who is going
16 to build out the U.S. grid system, whether it's the
17 ratepayer or the taxpayer. Well, somebody just make
18 that decision, because ultimately it's going to be the
19 same people. It's going to be us paying for it one
20 way or another. Let's get on with building it. But
21 getting past those policy discussions that are
22 happening on all the regional planning councils and
23 governor associations and industry associations, that
24 has been a decade-long problem and there is no
25 solution as of yet to that problem. It's going to

1 take a national blackout, and somebody will say build
2 it, let's get going with it. But when you say
3 "building it" and "going with it," that's not going to
4 happen overnight. You have a lot of engineering, a
5 lot of planning, and a lot of construction, a lot of
6 money.

7 We're in for a world of hurt, I think. I'm
8 not Chicken Little, the sky's not falling -- but
9 Tribes have an ability to do their own internal
10 planning that's very unique because we are a sovereign
11 nation. We have our own ability to start thinking
12 strategically about what's happening nationally with
13 the grid system, and what's not happening with energy
14 development, and what can we do, as Tribal leaders who
15 are attending the conference, what can we do back at
16 home to start our community and economic development?
17 What can we do?

18 So in terms of maybe just four very quick
19 points for our recommendation might be:

20 Keep the Feds and Department of Interior,
21 Department of Energy as a trustee and not a developer.

22 Incentivize Tribe development, Tribes as
23 developers by funding Tribal capacity building through
24 national, regional organizations, so that the Tribes
25 actually can aggregate around those organizations and

1 get money through those organizations because they
2 cannot currently do that right now.

3 And then maybe double production credits or
4 green tag credit for Tribes because, as non-taxed
5 entities, those don't apply to us, then give us double
6 credit and maybe that will help create more of a level
7 playing field.

8 And then finally, extend the tax credits to
9 a 20 and 30-year cycle because if you're financing a
10 power plant at a million and a half a megawatt and
11 that's a 30-year investment, you've got to have the
12 tax credit associated. So maybe you do it on a
13 project-by-project basis associated with that
14 particular project. So if there is one 50-megawatt
15 wind farm that's been developed, that plant gets that
16 20 to 30-year lifecycle credit. And two years from
17 now, there's another solar project that's been built,
18 that one gets that lifecycle. So they're not done on
19 a year-by-year basis, they're done on a
20 project-by-project basis which might be a little
21 different strategy.

22 Chris, you had something?

23 MR. DESCHENE: Yeah. My name is Chris
24 Deschene. I work with Margie Schaff, of Schaff &
25 Clark. I'll give you a card.

1 We work for the Affiliated Tribes of
2 Northwest Indians, and we have a policy statement on
3 the table out there. But also, ATNI just formed the
4 Northwest Tribal Energy Group, and so there is another
5 handout out there that talks about legislative
6 priorities in this area. So I would encourage you to
7 pick one up.

8 In addition to what you're saying, I would
9 say that, yeah, we need the funds. The mandate is
10 already there. So that's another one. If DOI is
11 going to do their job as a trustee, then DOE should be
12 funding some of the laws that are already there.

13 I would add a fifth point saying
14 infrastructure. We need to look at the
15 interconnection issues for renewable energies. And
16 then building the alliance of support, for example, in
17 the Northern Plains, all the resources and the
18 projects up there, it's kind of like selling the
19 project at half value. Just because you can sell the
20 project facility, nobody is telling -- at least in my
21 experience -- is that the other requirement of, you
22 have to build alliance to get the power out. So that
23 needs to be discussed and however we address that,
24 that's an issue as well. But I agree with the other
25 comments that were made.

1 I would also add that there needs to be some
2 kind of examination of how the Tribes are going to
3 participate with the existing PUCs to look at the RPS
4 standards and the impacts of those because that, to
5 me, affects the partners that are coming on the Tribes
6 who have the capital and all that type of thing.

7 I think those are my basic comments so far.
8 Thanks.

9 MR. PACE: One last point: When you were
10 summing up, I think you failed to mention the transfer
11 ability of the production tax credits.

12 MR. FRAGUA: Okay. Greg?

13 MR. NELSON: There are a couple different
14 things you can do related to the tax credits. One is
15 the transfer ability. But there are financial
16 mechanisms you can build in there. If you're
17 developing it with somebody who has a tax appetite,
18 you can take that and factor your share of the equity
19 into it. So there are things you can do there.

20 As far as the tax credits, I don't know if
21 the answer is the 20 or 30-year commitment. Because
22 the way the tax credits are done now basically,
23 they're enacted for a certain period of time, and
24 projects that get online during that period of time
25 take advantage of those tax credits. But it's over a

1 limited period of time, typically a five-year period.
2 But having that certainty over, say, a 10-year window
3 so that developers can get projects going on and on
4 line.

5 The transmission issue is not just related
6 to Indian Country. It's an issue all over the west.
7 I know Dora and I, at least in this room, are involved
8 in the Western Governors' Association Western
9 Renewable Energy Zone Project, and I think ultimately
10 the goal of that project is to develop viable
11 renewable energy zones throughout the west, and then
12 identify transmission pathways from there.

13 That's all well and good. Identifying what
14 resources you have available is nice. Identifying
15 where corridors could or should be is nice. But it's
16 how you implement it after that. Transmission
17 corridors are very expensive. You generally have them
18 go between one state and another and certain states
19 aren't happy about transmission lines coming through
20 their state. Other entities aren't happy. Not all
21 Tribes are amenable to having transmission lines
22 coming across their property. BLM is an issue.
23 Cities have concerns about them.

24 So finding the right pathways that have the
25 opportunities to get permanent and built is a

1 substantial hurdle. So it's not as simple as convince
2 just the builder. It's having the authority to break
3 the logjams. For instance, I know a project, not here
4 in New Mexico, but in another state that I've dealt
5 with, and they're trying to build 300 miles of
6 transmission lines, and they actually come into
7 contact with about 10,000 landowners. Even assuming
8 that every one of those 10,000 landowners said, oh,
9 yes, I'd like a transmission line on my piece of
10 property, having the right-of-way agents to facilitate
11 it is an enormous task.

12 MR. FRAGUA: Yes.

13 MR. WARREN: So maybe a strategy is to look
14 at how to capitalize -- like she said in the first
15 comment -- it's small-scale distributed generation
16 projects as opposed to large-scale grid-dependent
17 projects.

18 MR. FRAGUA: It's going to have to be a
19 hybrid because you can't reinvent the entire grid
20 system on a micro basis.

21 MR. WARREN: Right.

22 MR. FRAGUA: But at the same time, it's a
23 very valid point, that Tribes do have that ability
24 again to think on community and economic development
25 basis within that bubble of saying we can start

1 developing kind of in-the-fence generation for Tribal
2 lands to take care of me and mine, if you will, for
3 kind of sustainable development. Tribes do have their
4 own resources. They have a distribution system there.
5 Often they have substations that have sunsetting
6 right-of-way on. So Tribes do have the ability to
7 kind of think along those terms, where a lot of towns
8 and villages and cities really don't have that
9 ability. But Tribes, because of their unique
10 sovereign status, actually do have that ability to at
11 least think that way. Whether they can actually
12 execute it or not is a whole other matter.

13 MS. NAKAFUJI: Dora Yen Nakafugi, Lawrence
14 Livermore National Labs. I'll give you a card.

15 I think the other issue that's -- you
16 mentioned the diversity of the different Tribal
17 perspectives in developing resources. There were a
18 bunch of examples given that there is wind, there's
19 geothermal, there's hydro. I think that's the other
20 thing, too, is to look at the portfolio of diverse
21 resources for the local region, because a lot of those
22 resources are local. And if they can be tapped, they
23 strengthen the whole interconnection.

24 MR. FRAGUA: Yes.

25 MS. NAKAFUJI: And they have local value

1 rather than transmitting it hundreds of miles away.
2 That begins that dialogue. One thing we noticed with
3 the WGA is they have all these Federal corridor
4 studies that are out there, but the person that owns
5 that right-of-way, which is the Tribes, aren't at the
6 table in this discussion. And so when you get to that
7 point, you need that person there, you need that Tribe
8 there, because every one of them needs to be
9 contacted. And that's not really being done, and I'm
10 not sure how to best -- as you said, it's over 500.
11 How do you best engage, because one of these plans run
12 across those issues.

13 MR. FRAGUA: I've been approached by Western
14 Governors as kind of the Indian perspective, and I
15 told them that's an uncomfortable position because I
16 can't say something on behalf of Navajo Nation or on
17 behalf of Yakama, or Shoshone-Bannock, or anybody
18 else. I can talk generally about approaching the
19 Tribes on a Tribe-by-Tribe, government-to-government
20 basis, and it's going to be tedious work, but you've
21 got to do it, and there's no way around doing it.

22 What happens is, consequently, is if you
23 look at energy maps and look at how they kind of
24 journey around Indian Country and how we're left out
25 there -- and Navajo Nation, where 65 percent is not

1 even electrified -- that's kind of what we get because
2 people don't want to talk our language with us. They
3 want to come and either build on top of us. The 1813
4 Study was looking to condemn Indian lands. There are
5 many fast ways to just deal with the Indian problem.
6 Well, we're not the Indian problem. If they thought
7 about us as an Indian resource on a respectable
8 partnership basis, I can see a lot of very positive
9 things happening out of that.

10 Back to the kind of the tax credit issues --
11 we're still subsidizing big oil. If you think about
12 the subsidies that these \$10-billion-a-quarter guys
13 have been getting for the last -- I don't know how
14 many -- quarters, they're still getting tax breaks and
15 subsidies, and we're having trouble talking about wind
16 and renewables and, well, we shouldn't ask for too
17 much because we might not get it -- it's like, in this
18 climate, we shouldn't be afraid to ask for anything
19 that we need to ask for. If the big oil is still
20 getting subsidized, why should we be embarrassed or
21 afraid to ask for anything that we think we need,
22 whether it's double or some creative approach?

23 MR. STONE: Back to Federal funding
24 priorities -- I think the First Steps program was
25 great, and that was nice to help everybody kind of

1 realize what kind of resources they had. And now
2 they're jumping into these development projects and
3 still putting the Tribes on this passive role. Okay,
4 these are the developers you can use. We'll fund the
5 developers, or fund you to hire these developers.

6 I think maybe a place where Federal funding
7 could be going is to work towards training. Idaho
8 State University is one of the number one schools now
9 in energy engineering. Out of these new programs,
10 they've built two-year tech programs, you know,
11 scholarships or grants to get Tribal members or
12 workers to be able to go to these places so the Tribes
13 can take leadership roles on development purposes and
14 actually know how to run utilities or at least know
15 how interconnection works or utilities works so
16 they'll be more informed when they go to that table,
17 be able to actually work on these wind towers, and
18 things like that. I think that was one of the steps
19 they missed is, they went right from, okay, this is
20 your resource, now let's develop it, instead of, okay,
21 here's your resource, let's train you how to develop
22 it, okay, now let's get into the development stage and
23 let's let you do the developing.

24 MR. FRAGUA: It's a little bit like moving a
25 refrigerator by yourself, where you've got to come on

1 this end and you push on the capacity building, the
2 partnership level. You've got to come over here and
3 push on this end, with the human resource development,
4 the green collar jobs and the developers. It's really
5 got to be one of these things, because you've got to
6 have enough money to be able to spread out all across
7 the sequential bouncing-ball development stages and be
8 able to push the -- advance the whole program forward
9 a little at a time. And you're never out of a job of
10 capacity building in Indian Country. You have
11 turnover in Tribal leadership. You have turnover in
12 Tribal staff. 560 Tribes -- not everybody has been at
13 the table. If you're funding 70 Tribes -- how many
14 projects did we see out of those 70 Tribes? There is
15 not one -- you can't get out of that business of the
16 Federal Government, you cannot get out of the business
17 of Tribal capacity builders.

18 MR. NELSON: There is another aspect that
19 goes beyond the training that I've tried to encourage
20 a couple of the Tribes to look into is, if renewable
21 energy really does take off, particularly in the
22 Southwest, look at solar and wind, there are some
23 synergies to reduction down here in the Southwest
24 having the solar facilities, the parts constructed
25 down here so you're not transporting across country.

1 People are building these things in Ohio. How far can
2 you get away with solar resource? And those jobs can
3 range from anything very low tech, building the
4 structures that will hold the PV ray or building the
5 structures that will hold the solar trough, all the
6 way up to looking at and manufacturing the solar
7 troughs or the central receiver tubes, working with
8 people that have that technology, siting the
9 facilities on Tribal lands. You can run the whole
10 gamut of putting together either entire pieces of the
11 ray or just individual parts. You can get as simple
12 as you want to get there or as complex. Again, it's
13 trying to partner with the people that need the
14 facilities and bring to their attention the advantages
15 you can bring to the table in terms of workforces or
16 in terms of close access to their customers, or
17 whatever.

18 I mean, Schott Solar site sited in
19 Albuquerque, but there is other people out there that
20 are going to be doing the same thing. Even people
21 that are going to make the actual PV rays themselves
22 are looking at the Southwest. So maybe some
23 incentives for manufacturing could be sited on Tribal
24 land.

25 MR. FRAGUA: We actually do have some

1 Tribes, and there is one in New Mexico that is
2 building a six-blade horizontal wind technology being
3 manufactured on Indian land. And they actually --
4 that company actually investigated going to Asia,
5 Canada, and Mexico, and they chose Indian Country
6 based on price and performance, not based on location,
7 purely based on price and performance.

8 10 years ago, approximately 10 years ago, in
9 1999, Fort Mojave Indian Tribe then-Chairperson, Nora
10 McDowell, invited Indian Country -- about 60 Tribes
11 came together at Fort Mojave Indian Tribe and crafted
12 a National Tribal Energy Vision. That was 10 years
13 ago. Simply stated, the National Tribal Energy Vision
14 at that time was, we want what everybody else has. We
15 want to have affordable, reliable sources of
16 electricity for our Indian lands and not have 65
17 percent of the Navajo Reservation without electricity.
18 We want what everybody else has.

19 A way to achieve that, they thought, was,
20 well, first of all, 25 percent just can come through
21 efficiencies, by improving and doing energy audits,
22 energy conservation, those things. Another 25 percent
23 could come -- or, actually 50 percent could come from
24 accessing Federal hydro grants because of the way the
25 dams were located just off of Indian land and the

1 illegal taking of our land and our resources that we
2 had access to, Federal hydro power. More than 50
3 percent of the Tribes since then have applied for
4 Federal hydro power discounts and have actually
5 received them. Another 25 percent can come from new
6 generation with the emphasis on renewable. So that
7 was a vision that was crafted 10 years ago.

8 Here we are now 10 years later -- well, 50
9 percent of the Tribes who have applied for those
10 Federal hydro grants received it. A lot of the Tribes
11 have done energy efficiency audits. There's eight
12 energy efficiency audits that have been conducted on
13 six different climate zones within Indian Country that
14 are on CERT's website.

15 You can see that there have been some
16 movements made toward that vision. But it's not
17 nearly enough and not nearly fast enough. We're still
18 battling the same policy barriers that we did back in
19 1999. Here they are some 10 years later. It's the
20 same policy barriers.

21 So I think it's going to be very interesting
22 to see what happens with this go-around of the new
23 policy. New policies for a new era is -- we're really
24 going to need a lot of Tribal policy advocacy. The
25 Tribes pay lobbying firms. They pay lawyers. They

1 make trips to Washington, D.C., and we're really going
2 to have to kind of get behind this because if America
3 is going to get past this energy crisis, Indian
4 Country is going to have to be involved. And we think
5 in some leadership capacity based on our resources,
6 our strategic locations, and our Tribal sovereignty,
7 that we really have a significant part of the answer
8 to what happens on a national policy level.

9 So I don't want to conclude the discussion.
10 I think we should keep the discussion moving. And I
11 think there is going to be more room for this
12 discussion. So if there is anybody else that would
13 like to have -- please don't let me have the last
14 word -- if there's anybody else that would like to
15 have the last word, please have it.

16 Gwen, you've been uncharacteristically
17 quiet.

18 MS. SALT: Gwen Salt, S-A-L-T. I can give
19 you a business card.

20 I work for NCAI. NCAI, we are really
21 actively involved with energy issues. We sit on this
22 Advisory Council on Energy with the National
23 Conference on State Legislators. And the same thing,
24 the states, when I'm listening to the Tribes,
25 basically is the same concerns the states are also

1 trying to figure out, figuring out how the renewable
2 portfolios and things that they're implementing. And
3 now I'm based in D.C. and it's like everybody has an
4 idea, but everybody just doesn't know how to get
5 there. But everybody seems to have the same concern.

6 We have been pushing this PTC, ITC
7 throughout on the Hill. I don't know how much success
8 we'll have this session. It's just one of the things
9 that everybody has a lot of ideas, but everybody
10 doesn't all agree on those ideas, for one thing or
11 another. So it's a very complex and very inundating
12 issue that's going on right now. But that's something
13 that -- it's either right now, that right now, as we
14 speak or today, on the House floor, there is a bunch
15 of Republicans who are protesting asking Speaker
16 Pelosi to come out of recess because right now this
17 month they're all in recess. Everybody is back in
18 their district campaigning. So now, just to take care
19 of the energy issues, and so forth. So should we
20 drill off the coast of Florida? Should we not? All
21 these whole different issues, like the issue of
22 renewable energy is a very hot issue.

23 But then there are a lot of technical
24 challenges against renewable. You could build all the
25 wind and power, but there is no storage. There is no

1 issue of -- how do you store the power and, say, that
2 some days it's dark and gray and cloudy, and how are
3 you going to make sure that there is constant power?

4 They were saying that all the wind power
5 that's generated in Texas only powers like 20 percent
6 of the peak hours. So they're trying to figure out,
7 say, should we power the off-peak hours at night when
8 everything is to sustain it and used? So everybody is
9 trying to figure out like even to power the thing, you
10 still have to have natural gas or some sort of other
11 resources just to power the wind and energy.

12 So there is a lot of mitigating issues that
13 everybody is trying to figure out, because some people
14 want to get away from the traditional source of
15 natural gas, oil, fossil fuels. But then at the same
16 time, everybody knows that if you're going to power
17 turbine, if you're going to do solar, you have to
18 figure out a way how are you going to power that to
19 get that energy out to the transmission line.

20 So there is this whole issue that's going on
21 right now, and I don't think anybody really has a
22 clear understanding. As much advanced technologies we
23 have are still kind of far behind. Right now
24 everybody is -- you know, just to order a turbine, you
25 are looking to a couple months even to a year wait

1 list. And it's so expensive now because of the supply
2 and demand.

3 So one of the things that a lot of Tribes
4 are looking into, and some of the Tribes are kind of
5 tinkering, is -- they're thinking about manufacturing.
6 Tribes should get into the whole idea of manufacturing
7 turbines, manufacturing solar. Then that attracts the
8 business onto the Reservation because of all the tax
9 incentives. But at the same time, you're also helping
10 with this whole solution. You may not be the
11 producers of the energy, but then you are helping with
12 the production of energy in the fact that you're
13 manufacturing the materials to produce it.

14 So it's a very complex and very difficult
15 issue that a lot of people are trying to figure out.
16 That's one of the things that CERT and NCAI, we're
17 working with to try and figure out and do a transition
18 plan, a national energy platform. And that's
19 something that we're hoping that, from this
20 conference, that we get the ideas from not just the
21 energy folks but the Tribal folks, from everybody down
22 to kind of give us an idea so we can take it to the
23 next administration so they can have an idea what the
24 issues that we're confronted with, and if there is any
25 way that they can help us.

1 That's it.

2 MR. FLORES: Kesner Flores with Cortina
3 Rancheria.

4 Along that same line, I looked at what
5 Tribes are doing. Sometimes we're purchasing, either
6 manufacturing things that are going to be obsolete --
7 wind blades, motors, panels and so forth -- because
8 you look at the technology, and even what the labs are
9 doing and other private companies, Tribes aren't
10 usually the ones that will take a risk to fund
11 projects. There are considerable projects out there.
12 It just takes a different mind-set and really
13 evaluating and having people or a resource to where
14 you can do due diligence.

15 It's just like the wind blades. The blades
16 are made of fiberglass, which then have problems with
17 breakdown, and the motors have problems with bearings
18 and wear. And this isn't a sales pitch, but I know
19 people that already have plant-based epoxy resin
20 formulas that are open on the market, or for purchase
21 and have the royalty streams for that. That's
22 where -- when we start looking at energy, it's not
23 only the production -- and I think John showed the
24 example -- it's actually finding how you can actually
25 own a percentage of all the different components to

1 the puzzle, the pieces. And that's where economic
2 corporations, if they don't get -- if they don't
3 mirror existing insufficiencies within structure of
4 how to really move and be in front of the situation
5 and to be more proactive as opposed to reactive and
6 start looking at policy and legislation very -- in
7 developing it early -- we're always, with Tribes,
8 we're always in crisis management. It's like we see
9 the housing or the energy bill going through and there
10 is no Tribal language. It's like, no, Tribes should
11 have been inserting that on their own, or even putting
12 riders in. We were thinking about this, just having
13 someone to put riders in some of the bills, because we
14 know some of them will be passed without a lot of
15 scrutiny because they need to get it done. But we
16 really need to get innovative, not only in economics,
17 but in the way that we're structured, the way that we
18 respond. And we have to go to the next generation of
19 government. It doesn't mean we leave our culture. It
20 just means we have to really be innovative in blending
21 that to make sure we meet those mandates of our people
22 and our culture.

23 But then how do we participate in the new
24 age of business? And it's the new age. You can't
25 wait days for a decision. It has to be that day,

1 within those few hours. Most economic development
2 corporations aren't set up that way. So if we want to
3 compete as Tribes, you have to be business. You can't
4 say, "I want to do business." You have to be
5 business. So it takes a little bit further.

6 There is a lot of resource out there. There
7 are a lot of companies that have new technologies that
8 are looking for it. But I know the big thing in that
9 realm is nobody wants to be first. But somebody has
10 to be. And why not be up front instead of buying
11 technology that's going to be phasing out? And then
12 what are we stuck with? We're usually stuck with a
13 company that was already on the out and we got sold
14 the pattern for -- and I say "we," the Tribe -- and so
15 then sometimes it becomes a loss as we go through it.

16 MR. FRAGUA: Well, maybe I get tired of
17 saying it, maybe you get tired of hearing it. But the
18 parallel between Indian gaming and Indian energy ought
19 to be drawn and ought to be looked at because if you
20 think about Indian gaming and its success, we just
21 surpassed conventional gaming here about three years
22 ago now. And we came really kind of from out of
23 nowhere with Indian gaming. It wasn't because the
24 institution of the industry was for us. It wasn't
25 because the U.S. Attorneys and the State Attorneys

1 were for us. It wasn't because -- I mean, everybody
2 was against us. We had to take on the Attorney
3 General. We had to take on the State Governors. We
4 had to take on the restaurant associations. We had to
5 take on the church. We had to take on the industry --
6 Steve Wynn, Donald Trump, which are not small. We had
7 to take on everybody to exercise the right for
8 economic development.

9 If we could do that, why can't we do
10 anything else to include Indian energy, which is
11 America in crisis? If we have the confidence and the
12 ability to do that, why can't we transfer that
13 confidence, and that strength, and that muscle, and
14 that sophisticated lobbying, and that creative
15 financing -- and on and on and on -- why can't we
16 transfer that to something as warm and nice and
17 necessary as energy?

18 There is not one thing in the modern economy
19 that doesn't happen without energy. We can't have
20 this meeting without energy. We didn't get here
21 without using energy. We're not going to get anywhere
22 in the future without using energy. It's necessary.
23 So I think that we have those abilities to be able to,
24 with confidence, to be able to say, yes, that's right,
25 we did do that, and we can transfer that, and we can

1 move forward.

2 So unless anybody else has anything to say,

3 I think we should probably -- timing-wise, I think

4 we've gone an hour past.

5 Thank you.

6 MR. WARREN: Thank you.

7 (Applause)

8 (Proceedings adjourned at 3:45 p.m.)

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1 CERTIFICATE OF REPORTER

2 STATE OF NEVADA)
)
3 COUNTY OF CLARK)

4 I, Mary Cox Daniel, Certified Court

5 Reporter, do hereby certify:

6 That I reported in shorthand the proceedings
7 had in the above-entitled matter at the place and date
8 indicated.

9 That I thereafter transcribed my said
10 shorthand notes into typewriting, and that the
11 typewritten transcript is a complete, true and
12 accurate transcription of my said shorthand notes.

13 IN WITNESS WHEREOF, I have set my hand in my
14 office in the County of Clark, State of Nevada this
15 12th day of August, 2008.

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MARY COX DANIEL, CCR #710

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