6-9-1988

Resources Development on Navajo: The Dineh Power Project

Donald R. Wharton

Follow this and additional works at: https://scholar.law.colorado.edu/natural-resource-development-in-indian-country

Part of the Courts Commons, Energy and Utilities Law Commons, Environmental Law Commons, Finance Commons, Indian and Aboriginal Law Commons, Indigenous Studies Commons, Land Use Law Commons, Marketing Law Commons, Natural Resource Economics Commons, Natural Resources Law Commons, Natural Resources Management and Policy Commons, Oil, Gas, and Energy Commons, Oil, Gas, and Mineral Law Commons, Property Law and Real Estate Commons, Social and Cultural Anthropology Commons, State and Local Government Law Commons, Taxation-State and Local Commons, Water Law Commons, and the Water Resource Management Commons

Citation Information


Reproduced with permission of the Getches-Wilkinson Center for Natural Resources, Energy, and the Environment (formerly the Natural Resources Law Center) at the University of Colorado Law School.

Reproduced with permission of the Getches-Wilkinson Center for Natural Resources, Energy, and the Environment (formerly the Natural Resources Law Center) at the University of Colorado Law School.
RESOURCES DEVELOPMENT ON NAVAJO:
THE DINEH POWER PROJECT

Donald R. Wharton
Assistant Attorney General for Natural Resources
Navajo Nation Department of Justice
Window Rock, Arizona

NATURAL RESOURCE DEVELOPMENT IN
INDIAN COUNTRY

Ninth Annual Summer Program
Natural Resources Law Center
University of Colorado
School of Law
June 8-10, 1988
I. INTRODUCTION

A. Summary

The proposed Dineh Power Project (the Project) is an effort by the Navajo Nation and three corporate partners to develop a 2040 mega watt (mw) coal fired thermal generating station comprised of four 510 mw units. The Project would be a market driven entrepreneurial effort based upon its own economics. As such it would not be a utility rate based effort.

The Navajo Nation participates as both a proprietor of resources and a sovereign government. In addition, because some of the resources for this project are derived from the Navajo-Hopi Settlement Act, the Navajo Nation must also manage those resources acquired for the benefit of the Navajo relocatees from the Hopi Partitioned Lands.

This presentation will describe the nature of the Navajo Nation, its concerns as both a proprietor of significant natural resources and as a sovereign government, the process adopted by the Tribe for participation in this enterprise, and the organization of the Project. In each case there will be an effort to describe the problem or concern and the Nation’s and/or Project’s approach to solution of it. There will be no attempt to catalog the array of federal or tribal laws
affecting the leasing of tribal resources as those are addressed in other presentations previously covered and contained in your materials. The exception will be where a particular law or case relates to a specific problem with which we were faced.

II. BACKGROUND

A. The Navajo Nation

The Navajo Nation is located in the Four Corners area consisting of 17,000,000 acres of land in Arizona, New Mexico and Utah. (Map 1) It has an on-reservation population of 164,000 which is increasing at a rate of 2.7% per year.

The Nation's extensive oil, gas and mineral resources are presently being developed through 700 oil and gas wells producing 5 million barrels of oil per day and 2 million cubic feet of gas per day. Four operating coal leases produce 23 million tons of coal per year. (Map 2)

The Tribe is governed by an 88 member tribal council which has 15 standing committees. (Chart 1) They represent 108 Chapters - the Navajo local unit of government, which is somewhat akin to a country. (Map 3) The administration of the government is organized under 14 tribal divisions and departments with over 300 agencies, offices, sections, programs and units employing over 4200
people. (Chart 2) The Navajo courts are split into six District Courts - five of which have separate Children's Courts. The Navajo courts handle over 12,000 cases per year. In addition, there is a 3 Judge Supreme Court, which is the court of final resort.

B. The Dineh Power Project

In 1982 the Navajo Nation selected 35,000 acres of land in northwest New Mexico pursuant to the Navajo-Hopi Settlement Act (P.L. 93-531, as amended, 25 U.S.C. §640d.1-20). These selections included lands long identified by Public Service of New Mexico (PNM) as the proposed site for the New Mexico Generating Station, a 2000 mw coal fired electric power station and adjacent coal mine. The Navajo selections appeared at first to conflict with PNM's proposed project. Talks were begun in 1983 between the Navajo Nation and PNM to seek agreement on the coal and land use. They were largely unsuccessful.

In the summer of 1984 the Tribe was approached by PNM with a proposal for a joint venture project that would include the Tribe as an equity owner. Other interested participants included Bechtel Power Corporation and General Electric Company (GE). The engineering firm of Combustion Engineering (C-E) joined the project later and GE dropped out. (Chart 3)
THE NAVAJO TRIBE
ORGANIZATIONAL CHART
Fiscal Year 1988
The proposed project would be a 2000 mw coal fired generating plant and associated coal mine located on the Navajo selected land in Northwest New Mexico. (Map 4) The power would be for export markets primarily in California and possibly Texas. The projected cost of the project would range from four to seven billion dollars.

The Project as presented would represent a fundamental departure from the traditional rate-base guaranteed approach. The concept is to build a base load power plant project entirely with private funds, the credit for which must stand on its own economics. This level of risk would require a rate of return on equity significantly higher than the conventional utility regulated rate. In addition, it must be organized to avoid application of the Public Utility Company Holding Act (PUCHA).

Fundamental to the success of the Project and its credit structure is the sale of the power through long term power purchase contracts. That is, the power must be sold before the project can be built. Indeed, the foundation of the credit structure is the power purchase contracts. These are to be supplemental by vendor completion guarantees, sponsor credit backstopping (with a cap) and sponsor equity subscriptions.

Quite clearly the Navajo Nation is not situated to either make significant cash equity contributions or to
carry extensive credit backstopping on its books. The Nation's equity position is based on the value of the contribution of essential natural resources, including:

1. 240 miles of right-of-way for transmission—without which the project could not be built;
2. 400,000 million tons of coal acquired pursuant to the Navajo-Hopi Settlement Act;
3. 37,000 acre-feet of water per year for the life of the plant (approx. 40 years); and
4. a stable and reliable labor force to run the plant and mine.

C. Preparing for Negotiations

1. Retaining Experts

In response to the proposal the Tribe immediately retained a major corporate/utility law firm (O'Melveny and Myers), a national engineering firm (R.W. Beck) and a financial banking house (Dean Witter Reynolds). We later changed banking houses and retained Wertheim Schroder and Co. and added CH2M Hill to assist on coal matters. In the early stages of the Project the Nation was assisted by Mr. Ahmed Kooros, an economist with the Council of Energy Resources Tribes (CERT).

In confronting the issues raised by this proposal three basic points emerged: (1) the proposal was consistent with the changed policy position of the Navajo
Nation in that the tribe would both require greater involvement with development of its energy resources and that it needed to participate in the developmental values of those resources; (2) that confidence in decision-making required substantial assistance from experts in the various fields to define the levels of risk involved and to provide options for minimizing and managing that risk; and (3) that the cost of such expertise would be great and may even exceed the means of the Navajo Nation relative to other calls on its cash resources.

Given the foregoing we approached our potential partners and explained that timely decision-making from the Navajo Nation would be an important factor in moving project schedules and that uncertainty about issues would foster paralysis over decisiveness. The comfort level required by tribal decision makers on Project issues would come from the production of informed analysis provided by the experts retained to serve the Navajo Nation's interests. The cost of these experts could, however, exceed the Nation's immediately available resources. It was, therefore, in the corporate participants interest to support the cost of such expertise for the Tribe in the larger context of pursuing the Dineh Project. The participants agreed and an Expense Sharing Agreement was negotiated which provided that the
four participants would share the cost of the Navajos experts equally (i.e. 25% for each participant).

2. The Expense Sharing Agreement

The Expense Sharing Agreement provided further that the corporate participants would be credited with their contribution in the ultimate accounting for capital accounts. In addition, the Navajo would not bill for efforts that were duplicative of Project work or for work on behalf of the Tribe that amounted to a mere internal validation of Project projections. Finally, the Tribe had the option to repay the corporate participants for their contributions, interest free prior to a set date, or for an agreed-upon interest rate thereafter. Should the Project fail to go forward, however, the Tribe is not obliged to repay any of the funds paid under the Expense Sharing Agreement.

3. Resources for Equity

The unique opportunity to exchange the value of the Tribe's resources for equity placed a premium on negotiating a fair value for those resources. This required an extensive analysis of their value, and in some cases a departure from past practices. In particular the methodology for valuing right-of-way was critical. (Map 5) The past practice of accepting a per rod, mile or acre valuation was abandoned as inapplicable. Where, as here,
the resource was both essential and unattainable without tribal agreement, the economic value of the resource becomes paramount. Tribally retained engineers and economists, working with tribal personnel developed a detailed assessment of the right-of-way value using the "net benefits" and "profitability" approaches.

In like manner, approaches to coal leasing and water contracting were assessed to determine the methods best suited to the highest return for the Navajo Nation and greatest benefit to the project. In each case experts were retained to determine the best result.

Separately, but integral to the process, the Nation's sovereign concerns were addressed. Indeed, the resource agreements were seen as critical vehicles for achieving contractual agreements on what would otherwise be thought to be purely regulatory issues. These include: Navajo preference in employment and contracting; taxation; mining regulation; dispute resolution; and environmental regulation. The Tribe's view of this approach is that it gave both greater definition and understanding to the exact relationship between the tribe and project on regulatory issues, and provided a contract right in addition to the basic regulatory enforcement ability of the Nation.
D. The Foundation for Proceeding - The Outline of Principles

When first approached, then Chairman of the Navajo Nation, Peterson Zah, felt it important to establish ground rules for the understanding. If some basic concepts could not be agreed upon up front, it would be pointless to proceed. All parties agreed that such an understanding was important. On August 7, 1984, an Outline of Principles was executed setting forth the basic precepts on which the consortium would proceed. Those principles include the following objectives:

1. beneficial development of Navajo resources to produce long-term economic and social benefits for the Tribe and its relocatees (under the Navajo-Hopi Settlement Act);

2. substantial long-term training and employment opportunities for the Navajo people on a preferential basis;

3. joint participation among the participants in evaluation and implementation of the ownership, planning, construction and operation of a coal fired generating station (including equal participation in all management decisions);

4. encouragement of development of a railroad to serve the project and other interests of the
participants, particularly the Navajo Nation;

5. protection of cultural and environmental resources and adherence to applicable environmental protection laws and regulations;

6. identification and mitigation of adverse impacts on Navajo residents in the project area at Project expense;

7. provision of low cost power to the southwestern region on a for profit basis;

8. acknowledgment of tribal sovereignty including taxing powers, along with agreement that the exercise of those sovereign powers would be consistent with the economic viability of the Project; and

9. a neutral forum for dispute resolution.

In addition to the objectives identified above it was understood that the equity position of the Tribe would be obtained in exchange for the contribution of the value of the Nation's natural resources - i.e., no cash equity would be required; the developmental costs of the Project would be borne by the corporate participants; direct project impacts in the local community will be managed at the expense of the Project; and organization of the Project would be accomplished such that no non-utility participant would become a holding company under PUCHA.
Finally, the Outline of Principles established an Executive Committee of representatives from the Parties. The Executive Committee's responsibility was to oversee seven (later eight) task-related subgroups who were charged with researching and reporting on the goals and time frames that must be met to accomplish the project. The Nation had equal representation on all committees and subgroups, all of which required unanimous votes to take any action.

III. ORGANIZATION OF THE PROJECT
   A. The Dineh Power Project
      1. The Joint Venture Partnership

      The Project is a joint venture partnership, the Dineh Power Project, whose members are made up of subsidiary corporations of the corporate partners and an enterprise created by the Navajo Nation. The Dineh Power Authority was created expressly for the purpose of participating as a partner in the Dineh Power Project Partnership. The partnership is managed by a Policy Committee of the partners which governs pursuant to a Project Partnership Agreement. (Chart 3) Unanimous agreement is required on all issues. The agreement defines the rights and obligations of the partners for participation and withdrawal.
2. The Dineh Service Company

The Dineh Service Company is a Delaware close corporation created to act as an agent for the Dineh Power Project Partnership. It has no assets or powers of its own apart from those delegated by agreement from time to time by the Policy Committee under the Project Partnership Agreement. The officers and employees of the Service Company were originally loaned from the partners and only recently became employees of the Service Company. The Executive Vice President of the Dineh Service Company is Mr. Elmer Lincoln, a former attorney with the office of the Navajo Attorney General and member of the Navajo Tribe.

B. The Navajo Nation's Participation as Proprietor and Sovereign

1. Proprietary

In order to participate in the Project without subjecting the Nation's treasury to unlimited liability, the Navajo Tribal Council on November 5, 1985 created the Dine' Power Authority (DPA), a quasi-governmental enterprise of the Navajo Nation. The Authority was imbued with sufficient powers to conduct all forms of business, sue and be sued, borrow money, and manage its affairs relative to participation in the Project. It was expressly prohibited from becoming a state corporation.
Creation of such entities is usually left to the Council's executive body, the Advisory Committee. However, the fact that the Navajo Tribal Council created this enterprise is one measure of the importance that the Tribe attached to the project. Moreover, the vote to establish the enterprise was unanimous.

As the partner in the Project, the DPA would negotiate directly the exchange of the value of the resource agreements for equity. The natural resources, however, are owned by the Tribe. The values to be exchanged for equity must first, therefore, be reduced to development agreements. These agreements will be in the form of leases, joint venture agreements, contracts, and rights-of-way. After negotiation of these agreements the Navajo Nation will transfer the value of the agreements to DPA.

2. Sovereign

   a. Tribal

The Tribe needed a political structure to respond to a project the size and significance of Dineh. Then Chairman Zah issued an Executive Order on February 25, 1985 creating the Navajo Paragon Generating Station Policy Board (NPGS Policy Board). It was made up of twelve members of the Navajo Tribal Council taken from key standing committees of the Council and from those
communities local to the project. On April 11, 1985 the Advisory Committee of the Tribal Council made the NPGS Policy Board a committee of the Council by the unanimous adoption of the Policy Board's Plan of Operation. It later added three members from the local community.

The function of the Policy Board is to oversee the Nation's participation in the project. Among its powers is oversight of the Tribe's enterprise, the Dine' Power Authority. In addition it monitors and provides policy direction for the Navajo Nation's participation in the Project. All but one of its 15 members are elected Tribal Council members. The membership is organized to reflect the interests of communities adjacent to the proposed project, the various standing committees of the Council concerned with resource development, and the Navajo relocatees.

b. Local Government

(1) Historical Context

The history of the local communities in relation to the proposed project is instructive. The local Navajo Chapters adjacent to the proposed project had consistently opposed development of the New Mexico Generating Station - the PNM proposed precursor to the Dineh Project. (Map 7) Their objections had uniformly been expressed in environmental and local
impact terms. Since one of the basic tenets of Navajo participation in the project was acceptance by the local communities it was critical to determine the basis for their concerns and to present to them the changes that Navajo partnership would mean.

Al Henderson Economic Consultants (AHEC), a Navajo owned firm, was retained to perform two related functions. First, Mr. Henderson was designated as the Nation's representative to the Project's Community Development and Planning Committee. Second, AHEC was commissioned to produce an evaluation of the attitudes and infrastructure needs associated with the proposed project. The findings of that study have guided the subsequent efforts related to the local communities.

(2) Findings

Mr. Henderson's group found significant opposition to the project among local people. However, the concept of tribal participation as a partner acted to soften opposition. The key concerns focused on the potential for diminishment of land base available for grazing, availability of water, extension of coal mining beyond the project area (Map 6), impacts on sacred areas adjacent to proposed mining areas, potential health hazards related to transmission lines, export of electric power in the absence of adequate availability of power to local
people, degradation of air quality, skepticism about job availability for local Navajos, and the conflicts which attend a major immigration of non-Navajo people into the area.

The report identified a willingness of local Chapters to consider the project if a number of preconditions for support could be met. Those items included: sufficient compensation for families relocated from the project area to acquire comparable or better housing and to sustain a comfortable living standard; extension of electric power at low cost; an ample supply of water to residential and agricultural areas; adequate provision for accommodating Navajo relocatees who choose to move to selected lands not on the project proper; a guarantee of Navajo preference in hiring and job training; sharing of revenues from taxation or project profits for local development; and assurances that local people and livestock are safe from any hazard high voltage power lines may present.

(3) The Approach

The NPGS Policy Board met frequently during 1985 and became conversant with nearly every aspect of the project. Based upon the conclusions and recommendations of the AHEC report Policy Board members scheduled meetings with the five Chapters adjacent to the
project area and a couple of chapters which are more remote. The purpose of these meetings was to provide a more detailed description of the project and its history and of the role the Navajo Nation would play as a partner. In addition, the Tribal Council members wanted firsthand knowledge of community concerns.

It expressly was not the purpose to obtain chapter approval at these meetings — they were informational only.

Concurrently, the Dine' Power Authority (the tribal enterprise), hired four community people to serve as liaison between the DPA and the communities. Their role is to provide a continuous channel of information to and from the communities on project development and community concerns.

Finally, the Western Network, a nonprofit organization in Santa Fe, New Mexico, was recruited to provide extensive training and information to the five adjacent Navajo communities on the impacts of project development and the formulation of community concerns in a framework that would provide the communities with the ability to carry on negotiations with both the Navajo Nation and the Project. It was important that Western Network be independent of either the project or tribal influence. They needed to be a resource entirely
responsive to meeting the communities concerns. For that reason Western Network obtained all of its funding for this effort from independent funding sources.

(4) Chapter Organization and Response

The five adjacent Navajo chapters (the Navajo local governments) each created a committee - Dineh Power Project Chapter Committees (DPPCC's) - to study the impacts (positive and negative) of the project. (Map 7) The activities of these committees were originally funded by the Dine' Power Authority but are now funded through monies made available through the project. The funding obtained through the project was part and parcel of the concept that the project pay for mitigation of community impacts. In order for the communities to be able to retain independent expertise to assist them in project assessment they needed funds. The funding provided by the project is for the purpose of obtaining from the communities their assessment of exactly what impacts they expect to face and how they want them managed and/or mitigated.

(5) The Result

The result has been a dramatic turn around in the community. The majority of people support the project very much along the same lines originally identified in the AHEC report. They are most
concerned about the creation of employment and the management of impacts on individuals. At bottom they needed much greater assurance that their concerns would be heard and taken into account. Their fear now is that the project may not go forward.

IV. OTHER ORGANIZATIONS & GOVERNMENT

A. The Environmental Community

Most segments of the environmental community were interested in various aspects of the project and the Navajo Nation's participation in it. Some segments had been working on project related issues much in advance of Navajo participation. It was necessary, therefore, to determine the nature of those concerns and how, if at all, they would or could be affected by Navajo participation. Two separate events helped define that relationship.

First, the San Juan Basin Wilderness Protection Act of 1984 (P.L. 98-603, 98 Stat. 3155, Oct. 30, 1984) involved extensive negotiations among certain segments of the environmental community, the mining companies which owned preference right lease applications (PRLAs), the State of New Mexico, the New Mexico congressional delegation and the Navajo Nation. The result of those negotiations was agreement among those who participated on the language of the San Juan wilderness legislation.
In addition, there emerged an enhanced understanding of the need for the Navajo Nation and representatives of the environmental community to continue a dialogue.

Second, the Institute for Resources Management (IRM) - a national nonprofit organization which fosters process oriented forums for disparate groups to discuss solutions to resource related concerns - organized a conference at Chaco Canyon among representatives of the Navajo Nation, the environmental community, and the energy resources development industry. The focus of the conference was Navajo economic development needs and their relationship to energy development. One product of the Chaco conference was agreement between the Navajo Nation and representatives of the environmental community to continue discussions on the proposed Dineh Project. After lengthy negotiations and communication of technical data the first meeting was held in Albuquerque, New Mexico on December 14-15, 1987. The purpose of that meeting was to present to representatives of the environmental community the complete state of the technical development of the project. The next step is to have the environmental representatives provide a response to the Navajo Nation of their concerns at this stage of the development. This process continues under the auspices of IRM.
B. **State Government**

The Navajo Nation has three basic project related concerns with the State of New Mexico. As a player in negotiations on the San Juan Basin Wilderness Protection Act, the State insisted on being assured a one-half (1/2) share of any values realized from development of the Navajo coal lands selected in New Mexico under the Navajo-Hopi Settlement Act. Since passage of the Act, some state representatives have taken the position that the State should receive values based on the higher of either actual revenues from development, or projected revenues had a federal lease been executed. The latter requires speculation on whether a bonus could have been required or values different from those actually negotiated in a lease may have been obtained in a straight Mineral Leasing Act agreement.

Separately, the Navajo Nation and the State of New Mexico have ongoing litigation over the jurisdictional boundaries in the Project area. (See, *State of New Mexico v. United States*, D.C. N.Mex. 87-1108JB; and, *Pittsburgh and Midway v. Saunders*, D.C. N.Mex. 86-1442M) At issue is whether the Navajo Nation's boundaries extend over the area included in Exec. Order No. 709 of November 9, 1907 and Exec. Order No. 744 of January 28, 1908, or whether that boundary was diminished by Exec. Order No. 1000 of
December 30, 1908. At stake is both regulatory and taxing jurisdiction. As to those lands selected by the Tribe under the Settlement Act there is no dispute. They are brought within the reservation boundaries by the Act. The unresolved issues involve contiguous tribal, Indian allottee, federal and state lands that may contain developable coal resources.

C. Federal Government

As you have already heard, the Nation faces an array of federal reviews when committing its trust resources. Although burdensome and cumbersome, those review processes are generally well known and understood. The more difficult issues, however, concern those agreements that reflect certain levels of tribal commitment but do not directly commit a trust resource. Recent federal cases have raised concern about the scope of §81 of Title 25 of the United States Code. Of concern is whether agreements like the Expense Sharing Agreement or the Project Partnership Agreement may be §81 reviewable agreements. One approach considered was to submit the agreements for review and rely on a determination by the Department of the Interior that it was not a reviewable contract subject to approval. The holding in U.S. ex rel. Shakopee Mdewakan Sioux Community v. Pan American
Management Co., 616 F.Supp. 1200 (D.C. Minn. 1985), however, gives little comfort on that score.

The comfort that creditors require (that all underlying agreements are valid and enforceable) led us to seek both review and approval whether or not clearly required by §81. The theory is that the best interests of the Tribe would be adversely affected if the failure of review and approval would have a negative influence on creditor confidence. It would, therefore, be within the United States trust responsibility to provide such review and approval even if not otherwise required. While we have not yet faced these issues with Interior, we will be submitting coal agreements that incorporate by reference certain aspects of the Project Agreement.

V. PROJECT ASSESSMENT

There continues to be the full range of goals that the Navajo Nation sought to meet in the Dineh Project. Indeed, those goals are part of the broader agenda of the Navajo Nation's economic development efforts. Clearly, employment, revenues, community infrastructure development as the more tangible goals have a higher priority than the related goals of building a stronger business reputation, expanding both understanding and organizational strength in local Navajo communities, and the development of
experienced Navajo professionals continue to be important. The Dineh Project continues to be viewed as a vehicle for achieving the full range of possibilities without unnecessarily compromising basic cultural and environmental values.

VI. CONCLUSION

The Dineh Project as a market driven project is deferred for the simple reason that the market is not yet ready for the power. The market dynamics, however, are not simple, and continued efforts to assure both a place for the Dineh Project and more broadly for Navajo energy resources, will continue.

Additionally, the experience of the Dineh Project has greatly expanded the range of opportunities that can be competently addressed by the Navajo Nation. The interconnection of the issues in the Dineh Project with co-generation, transmission, alternate fuel production and related products has exposed the Tribe to a much broader energy resource based economic agenda.

Finally, the experience with the local community has been exceptional. The willingness of local Navajo people to dedicate time, energy, personal resources and efforts to understanding and grappling with the concerns raised by the potential of a major energy project has been
extraordinary. Even more phenomenal is the open-mindedness with which they approached the project. Having once rejected the same physical plant, they were willing to sit down and reassess their views in light of the Navajo Nation's role in the project.

But most important is what we have learned from the process. Communities can and will accept projects that they understand and which they perceive will accommodate their input and concerns. The Navajo Nation can and does keep pace with those who seek in good faith to pursue mutually beneficial development. The broader agenda of those concerned about any development which affects the environment, regulatory jurisdiction or individual interest can be taken into account.

Much has been gained by the Navajo Nation's participation in the Dineh Project. We are far closer to confronting and resolving basic concerns of natural resource development that is neither dominated by federal influence nor exploitative of the Navajo people.
ERRATA

1. Page 2, lines 15 and 16, strike "day" and insert in lieu thereof "year."

2. Page 2, line 20, strike "country" and insert in lieu thereof "county."

3. Page 5, line 6, strike "400,000" and insert in lieu thereof "400."

4. Page 24, line 1, strike "continue to be important."
GLOSSARY OF SELECTED TERMS

1. **Dine' Power Authority** - An enterprise of the Navajo Nation created solely for the purpose of acting as the Nation's instrumentality in the joint venture partnership for the Dineh Power Project.

2. **Dineh Power Project Chapter Committees** - Committees created by the local Navajo Chapters to represent the Chapters on issues related to the proposed Dineh Power Project.

3. **Dineh Service Company** - A closely held corporation created by the partners in the Dineh Power Project to act as agent for the partnership in developing the Project.

4. **Enterprise** - The vehicle used by the Navajo Nation to create subsidiary entities to do business on behalf of the Nation.

5. **Expense Sharing Agreement of June 31, 1985** - The agreement among the participants that the cost of experts for the Navajo Nation would be shared equally among all parties on a reimbursable or credit for contribution basis.

6. **Navajo Chapters** - The Navajo Nation's local unit of government which has its own elected leadership and some local powers which are derived from the Navajo Tribal Council.

7. **Navajo Paragon Generating Station Policy Board** - A committee of the Navajo Tribal Council created expressly to oversee the Navajo Nation's participation in the Dineh Power Project.

8. **Navajo Relocatees** - Those Navajo people who were or are residents of those lands partitioned to the Hopi Tribe as a result of the Navajo-Hopi Settlement Act of 1974, P.L. 93-531, as amended (25 U.S.C. 640d).

9. **Outline of Principles of August 7, 1984** - The original agreement which formed the consortium of the Nation, PNM, GE, Bechtel and later Combustion Engineering to pursue investigation of the viability of the Dineh Power Project (formerly New Mexico Generating Station).

10. **Project Agreement of May 1, 1987** - The joint venture partnership agreement to provide for the development of the Dineh Power Project.
POTENTIAL BENEFITS FROM PARTNERSHIP
IN THE PROPOSED DINEH POWER PROJECT

1. **JOBS** - Up to 1200 Navajo jobs.

2. **TRAINING & EDUCATION** - Specifically designed to qualify Navajo people for the full range of jobs to become available.

3. **AVAILABILITY OF POWER** - The Navajo Nation will require 97 megawatts of purchased power in 1993.

4. **REVENUES**
   
   A. Return on Investment
      
   1. Navajo Nation
   2. Relocatees

   B. Tax on resource development

5. **INFRASTRUCTURE** - Enhanced health, educational, transportation, housing, recreational and utility facilities.

6. **DEVELOPMENT OF NAVAJO EXPERTISE** - Participation by Navajo people in the development of the Project and later on the management bodies of the businesses would greatly enhance both Navajo experience and expertise. These skills would be transferable to other efforts. Navajo would have direct input into the management of key concerns of the Nation, such as preference in hiring, and environmental and community concerns, etcetera.

7. **BUSINESS REPUTATION** - The business reputation and ability of the Nation would be significantly enhanced.
THE NAVAJO NATION
ORGANIZATIONAL CHART

THE NAVAJO TRIBAL COUNCIL

JUDICIAL BRANCH
EXECUTIVE BRANCH
LEGISLATIVE BRANCH

Tribal Divisions & Departments

Local Government
DPPCC
DPPECC

Advisory Committee
NPGS Policy Board

DPA: Dine' Power Authority
DPPECC: Dineh Power Project Executive Chapter Committee
DPPCC: Dineh Power Project Chapter Committee
HPCC: Navajo Parque Generating Station