

To: Shepherd, Ray[rayshepherd@peabodyenergy.com]
From: Cameron, Scott
Sent: 2017-02-10T13:30:17-05:00
Importance: Normal
Subject: Re: NGS article
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Thanks for sharing this with us, Ray.

Thanks,
Scott
Scott J. Cameron
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Office of the Secretary of the Interior
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On Fri, Feb 10, 2017 at 1:07 PM, Shepherd, Ray <rayshepherd@peabodyenergy.com> wrote:

Gentlemen

We are continuing to work on the data requested by Mr. Cason and will have something for you this afternoon. Also, just wanted to make sure you saw this article in the [Tucson Daily Star](#) with TEPco pushing back as a small player in the process that is not calling the shots. Most problematically, SRP reiterates that a unanimous vote by owners and agreement with the Navajo needed to extend the lease. As you know, this is not accurate. Also, no comments from SRP noting they hope to keep the plant running.

Their public comments are not making me sanguine about Monday's vote. Much appreciated.

Ray Shepherd

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http://tucson.com/business/tucson/owners-of-northern-az-coal-fired-plant-expected-to-vote/article_020f6c5c-c120-5a47-939d-f0a768f8234f.html

Owners of northern AZ coal-fired plant expected to vote on its future

□ By [David Wichner Arizona Daily Star](#)

State utility regulators have ordered Tucson Electric Power Co. to provide a report on the possible closure of the Navajo Generating Station, with a key meeting of TEP and other plant owners looming Monday.

But at an open meeting Wednesday in Tucson, the commission stopped short of ordering TEP not to act to close the coal-fired power plant on the Navajo Reservation near Page, amid doubts it had the necessary legal authority.

The Salt River Project, the plant's majority owner, is considering closing the 1970s era plant – one of Arizona's biggest producers of power as well as pollutants – because it has become uneconomical to operate in the face of cheaper natural-gas alternatives.

TEP owns a 7.5 percent stake in the power plant, which sits on land leased from the Navajo Nation.

Commissioner Andy Tobin has advocated keeping the plant open, citing the importance of the 2,250-megawatt plant to the state's generating capacity and the potential loss of about 1,000 plant and coal-mining jobs on the reservation.

"It's my belief that NGS is so huge, this decision shouldn't be unilateral, there are so many stakeholders," Tobin said at Wednesday's meeting. "We may have to be shutting it down someday, but in my view we're moving ahead much too quickly."

Tobin filed an amendment in TEP's general rate case that would prohibit TEP from agreeing to or taking any action to close Navajo and requiring the utility to file a report on the potential effects of Navajo's closure on electric rates and reliability and details of its ownership position related to a possible closure.

SRP, TEP and other plant owners are planning to meet Monday on Navajo's future, TEP acknowledged at Wednesday's Corporation Commission meeting.

Other commissioners expressed concern over Navajo's closure and general support for Tobin's effort to save the power plant.

But the five-member commission ultimately voted to drop the language prohibiting TEP from moving to close Navajo, saying that it might represent improper interference in TEP's management and be beyond the scope of the Corporation Commission's authority.

Instead, the commission required TEP to file the ownership information with a long-range generation resource plan the company is due to file April 1.

TEP President and CEO David Hutchens told the commission the issue is complex and any decisions regarding Navajo aren't being taken lightly, but as a small minority owner TEP isn't calling the shots.

“We’re a tiny participant in this whole process,” said Hutchens, adding that Tobin’s original prohibitory language could have prevented TEP from voting on a new lease extension.

Time is growing short for a decision on Navajo, Hutchens said.

As it plans its future generating resources, TEP needs to know whether the plant’s lease can be extended past 2019 by this July, he said.

Options under consideration by Navajo’s owners include asking the Navajo Nation for an extension of the current lease now set to expire Dec. 22, 2019, or keeping the plant in operation until that date before decommissioning it, SRP spokesman Scott Harelson told The Associated Press.

Navajo and Hopi tribal officials have said they want the plant’s owners to consider the impact a closure of the plant and a coal mine that supplies the plant would have on the tribes and their revenue. Each operation provides hundreds of jobs.

Harelson said he could not discuss SRP’s position but he said it would take a unanimous vote by the owners and agreement by the Navajo Nation to extend the lease.

The federal Environmental Protection Agency announced in 2014 that the plant could either shut down one of its three 750-megawatt units or reduce power generation by an equal amount by 2020 to cut haze-causing pollution at places like the Grand Canyon.

Additional emission control equipment would be needed by 2030 on the two remaining units.

Contact senior reporter David Wichner at dwichner@tucson.com or 573-4181. On Twitter: [@dwichner](https://twitter.com/dwichner)
The Associated Press contributed to this report.

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