

United States Senate Committee on Indian Affairs
Oversight Field Hearing on
"Empowering Indian Country: Coal, Jobs, and Self-Determination"
April 8, 2015

Testimony of Honorable Lorenzo Bates, Speaker of the 23rd Navajo Nation Council

Good Morning. My name is Lorenzo C. Bates, Speaker of the 23rd Navajo Nation Council currently serving in my fourth term as Council Delegate representing the communities of; Nenahnezad, Newcomb, San Juan, Tiis Tsoh Sikaad, Tse'Daa'Kaan and Upper Fruitland. I stand before you today representing these communities that are directly impacted by the coal economy as well as the Navajo Nation as a whole whose future is dependent on this natural resource.

I first want to extend my gratitude, on behalf of the Navajo Nation to Chairman Barrasso, Vice-Chairman Tester, Senator Daines and the members of the Senate Committee on Indian Affairs for holding this Oversight Field Hearing on Empowering Indian Country, as well as my brothers and sisters of the Crow Nation for hosting these very important talks.

I am currently serving in my 13th year as a Navajo Nation elected official having previously served as Chairman of the Navajo Nation Budget and finance Committee. I am deeply grateful to have this opportunity to address you here today with this past experience as my guide and the hope we as a Nation have in our future, despite the many challenges that face us as we strive to empower our Nation through Self-Determination and the natural resources given to us by the Great Creator.

The Navajo Nation is a sovereign Nation located in the Four Corners region of the United States, encompassing over 27,425 Square Miles and occupying land in the States of Utah, Arizona and New Mexico. Of the 500 recognized tribes and 318 reservations, the Navajo Nation is the largest with a population topping 300,000 and is larger in land mass than 10 of the 50 states.

The Navajo Nation Government is balanced between three branches including the Executive Branch with a President and Vice President who are elected by the Navajo people, the Legislative Branch with a Navajo Nation Council, five Standing Committees a Speaker and 24 elected Council Delegates representing 110 Navajo communities who each serve on a Committee and the Judicial Branch with a Chief Justice and Supreme Court. Of the 300 thousand members of the Navajo Nation, less than half are able to make a living on the Nation with the others choosing to move to one of the larger cities for work. Our unemployment rate is over 50% and growing with our population as economic development remains stagnate. We currently graduate over 2,000 high school graduates each year while creating an average of 40 new jobs resulting in dire circumstances. Currently, our General Funds represent 1/3 of our overall budget at \$175 million with approximately 60% of that produced from our coal

economy. The remainder of our budget is comprised of external funds from the federal government. We recently collaborated with the W.P. Carey School of Business at Arizona State University to study the economic impact of one of our two coal mines on the Navajo Nation economy. What we found is that our Peabody Coal mine together with our Navajo Generating Station will boost the Navajo Nation economy by over \$13 billion dollars over the next 25 years! That is just the economic benefits to Navajo and does not include the economic leakage enjoyed by the surrounding communities off our reservation. Our 2010 Comprehensive Economic Development Strategy uncovered the fact that 64% of every dollar generated on the Navajo Nation is spent off the reservation due to the lack of retail outlets located within our Nation.

The Navajo economy is often compared to as a third world country. Speaking before the Navajo Nation Council on January 18, 1996, Senator John McCain made the following statement:

“ . . . Each of us shares a strong commitment to promote and defend tribal sovereignty, tribal self-governance, and tribal self-sufficiency. But my friends, these things we hold dear, will wither and die unless they are watered by a strong Reservation economy that produces a decent standard of living for all our people. Unfortunately, as you well know, economic development success stories in Indian Country are still the exception and not the rule. Most Americans would be stunned to find out that the basic necessities of life they take for granted are solely lacking on the Navajo Reservation and in many other Native American communities across the Country. No other group of Americans is more economically depressed than Native Americans, and no other areas in America suffer more from inadequate infrastructure and a lack of job opportunities than do Indian Reservations and Alaska Native villages. Here at Navajo, your large land-base and membership magnify the destitution and socio-economic problems that infect much of Indian Country. In my lifetime I have been too many places around the world and have experienced many terrible living conditions. What is so shocking is that the social and economic conditions for many Navajos closely resemble those of people living in Third World countries.”

With our high unemployment rate; our lack of income, paved roads, modern housing and amenities; lower education level; our high poverty rate; give our Navajo economy such a resemblance.

The Navajo Nation has identified four main areas of focus within our Navajo Nation Energy Policy as it relates to the energy needs of the Navajo Nation, which will guide my decisions during my time as Speake of the 23rd Navajo Nation Council; first is to protect and expand upon the current jobs and revenues realized by our current energy projects located on the Navajo Nation; nest is to expand and diversify our energy portfolio and transition our energy production into alternative and renewable sources to meet the future needs of our people; another area of focus is to ensure that the Navajo people have access to residential and commercial electricity here at home and within competitive rates; last but certainly not least is to strive to keep our balance with Mother Nature and the needs of our people. With these

guiding principles the Navajo Nation will make decisions that are responsible and meet the needs of our Navajo people.

The Navajo Nation mines approximately 8 to 10 million tons of coal each year, down from 13 to 16 million tons before the U.S. EPA regulations began to take its toll on our resources and we have billions of tons more to mine to feed our Navajo economy. Additionally, we produce approximately 3,750 Megawatts of electricity sold primarily off our Nation, effectively taking advantage of hydroelectricity from the Glen Canyon Dam to meet our Nation's needs. This industry is responsible for more than 2,000 of the highest paying jobs on the Navajo Nation and better than 60% of our General Revenues. These revenues represent our ability to act as a sovereign nation and meet our own needs without a hand out to outside jurisdictions. It is unthinkable to consider what our people would do without these critical funds. In fact, our reliance on these resources has led us to invest in the purchase of our Navajo Mine from BHP this past year to gain greater control of our resources and insure the continuation of these vital funds for our future generations. This purchase was made through our Navajo Transitional Energy Company, who, as its name suggests is mandated to transition our Nation into our energy future by investing no less than 10% of its profits into alternative and renewable energy development. The consequences of the latest rounds of EPA regulations resulted in the shutdown of three of the five power generating units at the Four Corners Power Plant and the forced investment of a billion dollars in BART retrofits on the remaining two units. This in turn reduced the coal mined at our Navajo Mine while simultaneously increasing the cost of power generation. With the economies of scale lost to circumstance, the Four Corners Power Plant and the Navajo Mine were poised to discontinue operation this year if it were not for our purchase of Navajo Mine. While we are now in a position to maintain our jobs and revenues and possibly increase them from this mine, we are being threatened by additional EPA regulations and an unstable energy future. Across the United States, coal economies are feeling the pinch, but not near to the extent as the Navajo Nation, what other economy in the United States stands to lose as much? Some may call this a war on coal, but from the Navajo Nations perspective, this is a war on the Navajo economy and our ability to act as a sovereign Nation.

It is difficult enough working to meet the needs of the Navajo Nation with our current resources; I do not dare imagine the difficulty that would come with a 50% reduction in general revenues due to our coal mines shutting down! With our current budget heavily subsidized by federal funds, this scenario only increases that dependence. Many coal critics have argued that we can simply convert our power generation to natural gas and renewable energy while maintaining our jobs and revenues. Similar arguments were made when the Mohave Generating Station in Nevada shut down in 2005 cutting our coal supply through our Black Mesa Pipeline and we have yet to see any replacement jobs or revenue ten years later. The challenges of economically producing power through gas at the high elevations common on Navajo are enough to discourage the investment. Navajo is open to solar generation although it takes 10 acres per Megawatt to produce commercial power and has yet to sufficiently meet market demand. Even if these resources were possible, we would still see major economic cuts

as our coal mines would shut down which represents over 50% of our jobs and revenues realized through coal power generation.

The challenges are daunting when we look to the future of our Navajo people, our hope lies in the understanding and collaboration of the US Government to insure that the transition of our Nation's energy resources happens in an economically responsible way, considerate of the lives that are impacted by policies written by individuals who have yet to visit our Nation. We continue to request for government to government consultation that is on equal ground, cognizant of our needs and not merely a box to be checked off on yet another government form. Our hope lies in the development of alternative clean coal technologies that would effectively bridge the gap between the utilization of our coal resources and the environmental concerns of the day. We implore the US Government to work with us to develop the financial incentives necessary for investors to bring these clean coal technologies to our reservations where the need is so great, where we have a ready workforce, abundant coal resources and the infrastructure to get gasified coal products and captured carbon into the market. The Navajo Nation wants to be a part of the solution that brings the United States closer to energy independence while meeting our needs at home. We ask that the US Government respect the decisions we make with our State, tribal and regional partners in response to meeting the ever changing environmental regulations while maintaining our regional and tribal economies. When we are able to work together in a meaningful way we can find some middle ground when it comes to our financial stability as a Nation. We want to move towards self-reliance by utilizing our resources to meet our needs while reducing our dependence on external funds from the federal government.

In conclusion, I would like to reiterate the tremendous need to work together to meet the needs of our people and not to take the easy road in implementing federal standards at the peril of local tribal economies. Take the time to truly listen and understand our needs and work with us to find creative solutions to the challenges of our day. Allow us the financial incentives necessary to achieve the realization of basic necessities such as home ownership, electricity, water, access to improved roads and an education for our children so that they may be in a position to do what we are unable to. An education that will allow them to participate in the transition of our energy resources and the financial know how to compete in the worldwide marketplace.