

EPA Field Hearing comments by Mark Lewis, Director Central AZ Project

My name is Mark Lewis, and I am the senior elected Director of the Central AZ Projectⁱ, representing the 4 million people of Maricopa County. We supply water to 80% of the state of Arizona, from coal fired power plants in Northern AZ. I am not speaking for the Central AZ Project or its board, nor Salt River Project or their board.

First a bit of context: Nearly 100% of our water pumping power comes from the Coal fired power plant on the Navajo Nation in Northern AZⁱⁱ.

In simple terms, we buy coal from the Navajo Nation, Navajos run our power plants, and we spend tens of millions dollars per year with Navajo energy providers pumping water into the cities and tribal farms of central AZ. 48% of the water we pump, goes to other tribal water users. The balance of these resources goes to the 5 million people in Central Arizona.



My job is to repay the Federal government 1.6 billion dollars of irrigation systems & power plants that was built to deliver water. In short, the deal the feds made with AZ includes the use of NGS coal fired power plants until 2044. The SIP allowed us to use this resource until 2065. This arrangement is set up to satisfy the Federal Government trust responsibility to the tribesⁱⁱⁱ and it part of the CAP financing contract.



Now on to the War on Coal The EPA rules proposed on the NGS will increase the cost of water supplies to tribes and cities by 15% -33% in the next 72 months^{iv}. These regional haze rules, while well intentioned^v, will have no visible effect on the view sheds at the Grand Canyon^{vi}. So the EPA is out making rules, raising water rates and jeopardizing a billion dollar repayment to the Treasury for no visible benefit. How does this make any sense at all?

The EPA's war on coal will break the deal the Fed's and the Arizona people by shortening the life of the power plant to 2020. So, I ask the congressional delegation, if the EPA breaks the federal deal our repayment

contract for the irrigation system, by forcing the closure of the NGS, and breaks contracts on the Indian water settlements, why should I make the taxpayers of AZ repay, the feds who cannot live up to the terms of a contract. The EPA's war on coal is breaking the deal between the state and the Feds.

Energy & water users, the Tribes, Environmental NGO's and have made mitigation proposal called "Better than BART". This is a plan to install massive catalytic converters (SCRs) on the remaining 2 units at NGS^{vii}. This proposal to the EPA is not a bad deal, if we can get an additional 5 years added to the TWG proposal. A "Better than BART+ 5" proposal.

Keep in mind we still have no assurance that the EPA is going to accept the Better than BART or the Better than BART+ 5 proposal, so were all hanging limbo while we face 20% reduction in water supplies and 30% reduction in energy supplies. We need to be writing letters to the EPA to support "Better than Bart" +5 before the Oct. 4th deadline.

However, I fear this is not enough to stop the EPA's job killing agenda. We also have Radial Environmental group who took 26 million^{viii} from Chesapeake Natural Gas to kill coal. Michael Bloomberg gave them 50 million^{ix} to kill the coal industry using the SUE and SETTLE^x method of bypassing the legislative branch. This war on coal is killing us one EPA regulation at a time. And the people of AZ are paying the price for this insanity.

The EPA is not the only one in the War on Coal. The Obama Administration unilaterally proposed a massive carbon tax on AZ by Executive Order No. 12688^{xi} that will place a new coal tax on AZ coal plants of 534 million to 1.7 billion dollars based on \$63 dollar per ton. This is an absolute outrage on the taxpayers of AZ, and this represents a complete imbalance in the power of the Congressional branch and the executive branch of Government. (See the chart below)

Hopefully, the President's plan will remain grounded in win-win strategies like energy efficiency, clean coal technology development and steer clear of untenable regulations.

The power to tax carbon based coal is the power to destroy that resource. We need the house, to hold the Executive Branch in its constitutional

boundaries. Under the Origination Clause of the constitution, the house has exclusive authority levy carbon taxes on the Citizens of the United States, according to Article 7 section 1^{xii}. The president cannot raise taxes with Executive Orders.

I want to thank the Congressional Delegation, for quickly trying to fix this problem by passing the REINS Act^{xiii}, and the other blocking efforts to counter balance the Carbon Tax^{xiv} plan. You truly understand the EPA and Executive branch overreach, of these job killing EPA regulations.

We need to restore our checks and balances in an abusive Executive Branch and their rogue agencies by taking the following actions;

1. We need to expand the clean coal technologies from American Greener here in Mesa and the coal to diesel patents from FAS Fuels in Scottsdale. Both early stage coal technology companies provide energy efficiency gains to the existing coal fleets.
2. We need the house to create the “Dept. of Checking the EPA’s Math”.
3. We need a 5-year time out on all new regulations starting in Jan. 2012 to give us a chance to catch up and check the math.
4. Moreover, we need to challenge the executive branch’s grab of congressional authority to originate taxes by executive order.

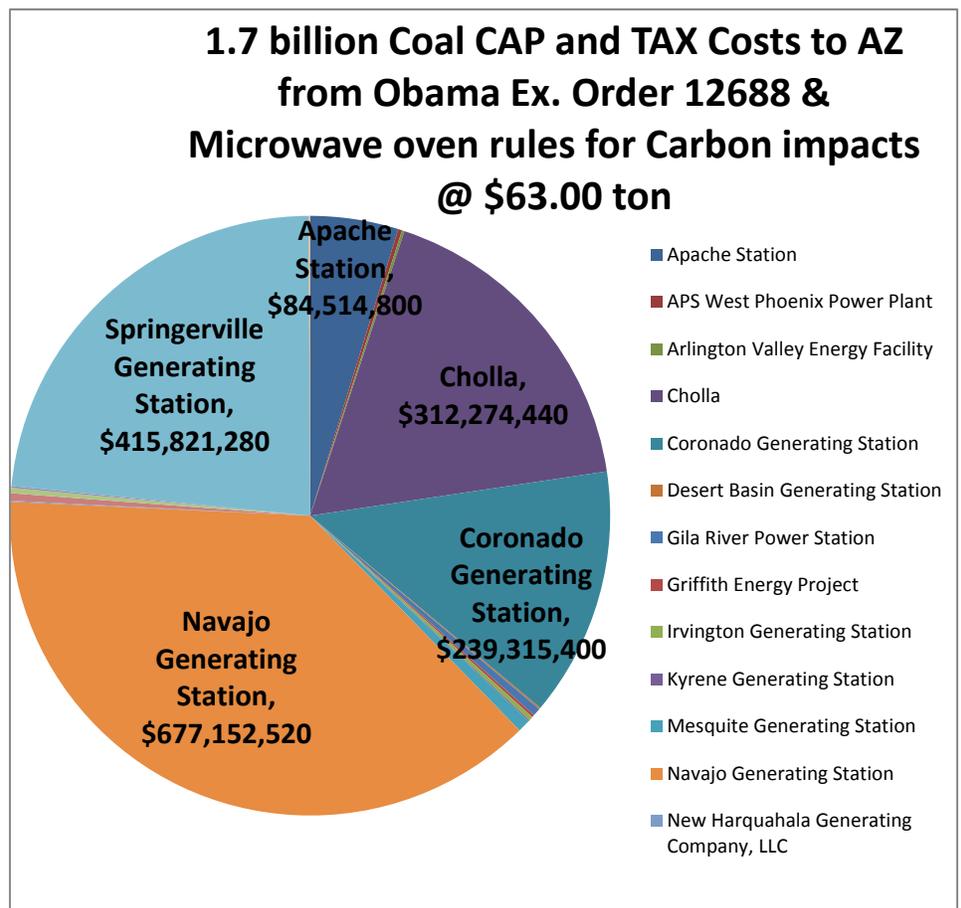
Thank you, and now I will take questions.

Mark Lewis, Director

Central AZ Project

602-499-3095

mark@marklewis.com



Additional comments:

According to a study prepared by the W.P. Carey School of Business at the Arizona State University, Arizona stands to lose approximately \$18 billion in gross state product between 2017–2044, including up to 3,400 jobs each year^{xv}, unless agreements can be reached to keep the Navajo Generating Station operating beyond 2019. We chose to close one unit of NGS, which will result in the layoffs by attrition of 130 Navajo power plant workers. Also, 30% of the coal miners at the Peabody mine in Kayenta will also lose their jobs in the next 72 months.

ⁱ <http://www.cap-az.com/index.php/board/board-committees?id=32>

ⁱⁱ http://www.capsmartenergy.com/Portals/5/Files/NGSFactSheet_Aug2012.pdf

ⁱⁱⁱ <http://es.slideshare.net/en3pro/gila-river-indian-community-and-ngs-impacts>

^{iv} <http://es.slideshare.net/en3pro/modeer-and-pearthree-cap-and-ngs>

^v <http://www.ngspower.com/timeline.aspx>

^{vi} http://energypolicy.asu.edu/wp-content/uploads/2012/03/Policies-to-Watch_Navajo-Generating-Station-Proposed-Emissions-Standards-Brief-Sheet.pdf

^{vii} <http://ngspower.com/pdfx/TWG/TWGAgreementJuly2013.pdf>

^{viii} http://www.nytimes.com/2012/02/14/science/earth/after-disclosure-of-sierra-clubs-gifts-from-gas-driller-a-roiling-debate.html?_r=0

^{ix} <http://blogs.wsj.com/washwire/2011/07/21/bloomberg-gives-sierra-club-50-million-to-fight-coal-plants/>

^x <http://www.uschamber.com/sites/default/files/reports/SUEANDSETTLERREPORT-Final.pdf>

^{xi} http://www.whitehouse.gov/sites/default/files/omb/inforeg/social_cost_of_carbon_for_ria_2013_update.pdf

^{xii} http://en.wikipedia.org/wiki/Origination_Clause

^{xiii} <http://thehill.com/blogs/floor-action/house/315177-house-sets-up-reins-act-carbon-tax-vote-for-friday>

^{xiv} <http://www.forbes.com/sites/christopherheman/2013/06/20/white-house-preps-carbon-tax-lets-call-it-obamaair/>

^{xv} <http://ngspower.com/pdfx/SRPASUNGS.pdf>