P. O. Box 52025
Phoenix, AZ 85072-2025
(602) 236-5900
www.srpnet.com

Office of Indian Energy and
Economic Development
Attention: Section 1813 ROW Study
1849 C St.,NW., Mail Stop 2749–MIB,
Washington, DC, 20240

RE: on Section 1813 of Energy Policy Act of 2005

Office of Energy and Economic Development,

Salt River Project is providing this letter is in response to a request for comment regarding Section 1813 of the Energy Policy Act of 2005 as published in the Federal Register Vol 70, No. 249 / Thursday, December 29th, 2005 / Notices.

Salt River Project provides electricity to nearly 860,000 retail customers in the Phoenix, Arizona area. It operates or participates in 11 major power plants and numerous other generating stations, including thermal, nuclear, natural gas and hydroelectric sources. In addition, Salt River Project delivers nearly 1 million acre-feet of water to a service area in central Arizona. An extensive water delivery system is maintained and operated by the Association, including reservoirs, wells, canals and irrigation laterals.

Land ownership in Arizona is distributed as follows: Private 17%; State Trust 23%; Tribal 27%; Federal Lands 33%. On a macro scale the geographic distribution of the ownership in Arizona leaves no energy corridor opportunities that can completely avoid instances of Federal and Tribal lands. Critical energy production and transportation facilities for all of Arizona are located in the Northeast corner of the state on tribal lands.

Three areas of Tribal lands are located within SRP's electrical service territory. SRP provides electrical service to Fort McDowell Yavapai Apache Indian Community; Salt River Pima Maricopa Indian Community; and portions of the Gila River Indian Community. SRP has transmission and distribution facilities located across and within these Tribal lands. SRP uses natural gas piped across Tribal lands to generate electricity in the Phoenix metropolitan area. Coal is delivered to SRP generation plants on leased railroads that cross tribal lands.

Historically, SRP has compensated for electrical right of ways on Tribal lands based on an appraisal of the land area being encumbered. The valuation is based on an "over the fence" methodology wherein property adjacent to Tribal lands is used to determine a private sale equivalent to the right of way value on the community. The majority of SRP electrical rights of ways have a term length less than 50 years and the Tribes were compensated an amount equivalent value to a full purchase of the same rights off of tribal land. Greater

compensation is paid for Tribal lands, than private lands, considering the term length and future renewal costs.

SRP is concerned about renewals of existing right of way grants on Tribal lands. Critical electric transmission corridors with fixed term right of way grants exist across Tribal lands. Transmission facilities were originally located by a complex siteing process which included involvement of Tribal leadership and the BIA. As the original right of way grants expire in the next twenty five years, it is important to develop a logical and equitable process to ensure continuity of the transmission system as it crosses Tribal lands. The existence of an operating transmission corridor should be a highly weighted factor in a renewal analysis, and balance in negotiation leverage is important to safeguard future energy delivery.

Future right of way corridors, as proposed by the Department of Energy, must be developed with input from Tribal leadership within the geographic design area. These studies should evaluate all interests and alternatives in the identification of critical energy delivery corridors. All land options, Federal, Tribal, State, and private should be evaluated to identify critical corridors. Once corridors have been identified, acquisition of rights of ways grants and easements should be based on a "life of facility need" term that allows flexibility in maintaining and operating these energy delivery systems. Compensation should be based on a pre-determined system wherein an independent appraiser concludes the value of the rights granted for the establishment of the corridor. Federal officials and Tribal leadership should have the option to use a federal schedule of grant compensation in-lieu of the described appraisal methodology. In all cases, a term of easement or grant that parallels the life of the needed facility should be the basis for corridor development.

Finally, the DOI and DOE propose to contract with a Department of Energy National Laboratory to conduct an analysis of the historical rates of compensation for pipelines crossing Indian Lands. SRP requests that the scope of this analysis be broadened to include historic compensation for electrical transmission rights of ways including electrical generation facilities located on Indian lands.

Sincerely,

John M. Felty
Supervisor Land Acquisitions
Salt River Project
Mail Station PAB 350
P.O. Box 52025
Phoenix, AZ 85072-2025