

# United States Department of the Interior



BUREAU OF RECLAMATION  
Lower Colorado Region  
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Boulder City Nevada 89005



BUREAU OF INDIAN AFFAIRS  
Bureau of Indian Affairs  
Navajo Regional Office  
P.O. Box 1060  
Gallup, NM 87301

IN REPLY REFER TO:

PXAO-1500  
2.1.4.17

October 5, 2017

Subject: Notice of Availability of the Navajo Generating Station (NGS) Extension Lease Environmental Assessment (EA) and Draft Findings of No Significance (FONSI) (Action by November 3, 2017)

Dear Interested Party:

This memorandum is to notify the interested public that an EA has been prepared for the NGS Extension Lease, which is available for public review and comment at the following websites:

<https://www.usbr.gov/lc/phoenix/reports/ngs> or <https://www.bia.gov/regional-offices/navajo/>

The Department of the Interior's Bureau of Reclamation – Lower Colorado Region and Bureau of Indian Affairs – Navajo Region (BIA) have prepared the EA, which describes potential environmental impacts resulting from Federal actions that would approve a new lease for the Navajo Generating Station and related facilities (NGS). The new lease and its interrelated agreements, are known as the Extension Lease.<sup>1</sup> Under the Extension Lease, coal combustion and power generation at NGS would cease on December 22, 2019. The Lease provides 5 years to complete retirement activities and 30 years for long-term monitoring and remediation.

The EA's evaluation of potential environmental impacts indicates implementation of the Extension Lease would not result in significant environmental impacts to the human environment when compared to the No Action alternative. Therefore, Reclamation and BIA have made preliminary determinations that a FONSI is appropriate. Prior to making final determinations, however, both Reclamation and BIA will take into consideration any relevant comments received during the public review and comment period, which ends on November 3, 2017. More information about submitting public comments is provided at the end of this notice.

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<sup>1</sup> "Extension Lease" refers to a set of interrelated agreements: Extension Lease, Memorandum of Extension Lease (action by Reclamation only), Amendment No. 1 to Existing Lease, and two Restrictive Covenants.

## BACKGROUND

NGS retirement involves many activities.<sup>2</sup> The current lease, executed in 1969, provided for a 1-year retirement period; however, the Salt River Project Agricultural Improvement and Power District (SRP), operator of NGS, has determined that current requirements would require a longer period of time to complete retirement activities, and additional time would be needed for long-term monitoring and remediation. To enable NGS operations to continue until December 2019 and retirement to begin in 2020, the Navajo Nation and SRP, on behalf of the NGS non-Federal Participants (Lessees), have agreed to the Extension Lease. Without the Extension Lease, NGS would cease operations by the end of December 2017 so that retirement could be completed by the end of 2020.

The EA considered two alternatives:

- The No Action alternative, under which retirement of the NGS would be completed no later than December 22, 2020. The plant would be shut down no later than December 2017 to allow sufficient time for SRP to complete retirement activities for the plant, related facilities, and ash (Coal Combustion Residue [CCR]) landfill. Specific facilities selected for retention by the Navajo Nation would remain. A separate agreement would need to be negotiated between the Navajo Nation and the NGS Lessees for access to certain areas in order to conduct long-term monitoring and remediation activities that must be carried out for a minimum period of 30 years once the CCR landfill has been closed, and notice of the closure has been submitted to the U.S. Environmental Protection Agency. Another separate agreement would need to be negotiated to continue operating the portions of the Southern Transmission System (STS) and Western Transmission System (WTS) that are located on Navajo Nation tribal trust lands. Without an agreement, the portions of the STS and WTS located on Navajo Nation tribal trust lands would be decommissioned and retired, and the land reclaimed and restored.
- The Proposed Action, under which retirement of the NGS would occur after December 22, 2019. Following cessation of operations on December 22, 2019, most NGS facilities would be retired, and the area restored within 5 years (specific facilities selected for retention by the Navajo Nation would remain). Long-term monitoring and remediation would occur for up to 35 years, until the end of 2054. The Proposed Action also would enable portions of the STS and WTS, which are located on Navajo Nation tribal trust lands, to continue operating (in conjunction with the remainder of the NGS Transmission System off tribal trust lands) for 35 years through the end of 2054, with one automatic option to renew for 2 years (for retirement), or another 35 years of operation and subsequent retirement. The terms of the Extension Lease also provide the Navajo

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<sup>2</sup> NGS “retirement” refers to all work that would occur on the NGS to remove facilities and restore the land including: decommissioning, dismantling, removal, reclamation, restoration, and monitoring and remediation where applicable.

Nation with an option to use up to 500 megawatts (MW) of the United States' capacity on the NGS Transmission System. To become effective, the Proposed Action requires BIA's approval of the Extension Lease (except for the Memorandum of Extension Lease) and issuance of § 323 Grants for the Navajo Nation tribal trust lands under the Extension Lease. The Proposed Action also requires Reclamation to approve the Extension Lease, and provide its consent for SRP to execute the Lease for the United States' share of NGS capacity that SRP holds, by contract, for the use and benefit of the United States.

The Proposed Action does not require a federal action related to the Kayenta Mine (KM); however, because the NGS is the sole customer of the KM, selection of the Proposed Action or the No Action alternative would affect when KM mining operations cease. Under either alternative, the KM is anticipated to operate under its existing Surface Mining Control and Reclamation Act permit to mine and supply the coal required for NGS generation until it is no longer needed.

#### PUBLIC REVIEW AND COMMENT

Reclamation and BIA are seeking public input regarding the adequacy of the EA in describing and evaluating the potential impacts of these proposed Federal decisions related to the operation of NGS through the end of December 2019, followed by retirement activities. To be most helpful, comments should be as specific as possible, and provide data and information to support statements or conclusions. Please send written comments to:

NGS Extension Lease Public Comments  
ERO Resources Corporation  
1842 Clarkson Street  
Denver, CO 80218

You also may fax your comments to ERO Resources Corporation at 303-830-1199, or send your written comments by email to [NGS-EA@eroresources.com](mailto:NGS-EA@eroresources.com). To ensure comments are considered prior to Reclamation and BIA making final determinations regarding the Extension Lease, they must be postmarked by the end of the public review and comment period on November 3, 2017.

Before including your name, address, phone number, email address, or other personal identifying information in your submittal, you should be aware that your entire comment — including your personal identifying information — may be made publicly available at any time. While you may request that we withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

If you would like a CD copy of the EA and draft FONSI, please call Ms. Alice Jenkins at the Phoenix Area Office, Reclamation, at 623-773-6251, or email her at [ajenkins@usbr.gov](mailto:ajenkins@usbr.gov).

We appreciate your interest in this project. If you have any questions regarding the information in this memorandum, please contact Mr. Sean M. Heath, Bureau of Reclamation Phoenix Area Office at 623-773-6250, or Ms. Harrilene Yazzie, Bureau of Indian Affairs-Navajo Region at 505-863-8287.

Sincerely,



**Acting For**  
Leslie A. Meyer  
Phoenix Office Area Manager  
Lower Colorado Region  
Bureau of Reclamation



Sharon Pinto  
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Navajo Region  
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