



# Saint Regis Mohawk Tribe

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### ST. REGIS MOHAWK TRIBE SCHEDULES REFERENDUM TO EXIT NATIONAL GRID SYSTEM

*Engineering and Economic Feasibility Studies Recommend Tribe Operate Own Electrical Utility*  
**AKWESASNE TERRITORY** – The St. Regis Mohawk Tribe announced today that a referendum is being scheduled for June 6, 2009 and will ask the tribal membership, “Should the St. Regis Mohawk Tribe exit the National Grid system and form a Tribal Electrical Utility?”

Economic and engineering feasibility studies commissioned by the St. Regis Mohawk Tribe are nearing completion. The studies conclude that a stand-alone Tribally-operated electrical utility is economically feasible, with the main advantages of avoiding electric distribution rate increases expected from National Grid and enhancing Tribal sovereignty. If the Tribal membership votes to exit National Grid’s system, the Tribe would establish its own electric distribution system similar to neighboring Massena, but smaller. The Tribal Council decided to schedule the referendum after reviewing the results of the study.

“We are being proactive in meeting the future energy needs of the community,” said Tribal Chief James W. Ransom. “This will give us the opportunity to deliver electricity within our territory, create jobs in the process and continue on the path of economic self-sufficiency.” The project is expected to create six to eight full time jobs and will keep revenues generated from a Tribal owned utility in the community.

The Tribe will incur an exit fee of approximately \$4.3 million if it exits immediately, along with additional costs of approximately \$13.7 million to build the stand-alone system, including constructing a sub-station and distribution system as well as facilities and equipment purchases. While the Tribe is eligible for the Bureau of Indian Affairs’ (BIA) Guaranteed Loan Program, it will be required to obtain financing through a commercial lender. The BIA then provides a 90 percent guarantee on the loan with the Tribe providing 20 percent of the loan amount. The Tribal match does not have to be monetary but could be equipment or facilities.

The studies recommend that the Tribe exit National Grid immediately and pay the approximately \$4.3 million exit fee. The Tribe would then contract with National Grid to continue to operate and maintain the electrical distribution system for up to two years to allow the Tribe time to physically separate its facilities from the National Grid system. The remaining \$13.7 million will be invested over the two-year time period it will take to complete the separation.

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“There is a chance for immediate savings for community members by operating our own electrical utility. In addition, high electrical costs hurt businesses in any community and we have a chance to address that problem,” observed Tribal Chief Barbara Lazore.

The studies indicate that a Tribal owned and operated electric system will result in lower delivery rates immediately. The Tribe is proposing that the delivery rate be lowered by 1.5 cents per kwh to all its customers. At the same time, for a two-year time period, the Tribe’s consultants recommend that a capital reserve fund be established with a contribution of 1.5 cents as well. At the end of the two-year period, it will generate an estimated one million dollars that can go towards the final purchase price of the utility. Delivery rates for the Tribal owned electrical utility will, at that point in time, be an estimated 3 cents lower per kwh than National Grid’s 2012 delivery rates.

The Tribe is modeling its effort after what the Town of Massena accomplished through their condemnation of Niagara Mohawk assets in 1981. When the Massena Electric Department (MED) was established they kept the same rates as the Niagara Mohawk Power Corporation was charging at the time. However, over the years, MED’s expenses have not risen as sharply as Niagara Mohawks. As a result today, MED customers pay significantly lower rates than National Grid customers and their system reliability is substantially better than surrounding utilities.

“Being able to control electrical distribution will help guarantee that everybody will get the electricity they need,” said Tribal Chief Monica Jacobs. “This is an important step in being able to control rates and allow the community to grow and develop.” The Tribe’s electrical needs are expected to double in the next sixteen years – from 30,000 megawatt hours in 2008 to over 60,000 megawatt hours in 2024. A mega-watt hour is a measurement of electrical supply.

The studies focused on the rates for the delivery of electricity, which is different and separate from the actual cost of generating electricity. Customers pay for both the delivery and generation of electricity. Once the Tribe exits, tribal customers will most likely not see the future delivery rate increases expected from National Grid.

The studies examined exit fees for leaving National Grid, construction costs, compared delivery rates and forecast the territory’s electrical needs. They also recommend that the operation be governed by a professional corporate board, be self-sustaining and that the Tribe develop a Tribal Utility Code.

The Tribe is also exploring finding a lower-cost supply source of electricity and has been working with the New York Power Authority to see if a newly formed Tribal Electrical Utility will be eligible for a preference power allocation from the St. Lawrence-FDR Hydroelectric Project.

The executive summary of the studies will be distributed to the Akwesasne community by direct mail. A series of public meetings will take place before the referendum vote during the tribal election in June. The first public meeting will take place on May 16, 2009 at 10:00 a.m. at the Community building.

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The St. Regis Mohawk Tribal Council is the duly elected and federally recognized government of the St. Regis Mohawk People.