

A PROPOSAL

October 16, 2010

Engagement of Bill Auberle & EN3 Professionals, LLC **For** **Facilitating Discussions and Negotiations Regarding Navajo Generating Station**

Overview

The Salt River Project (SRP) and owners of Navajo Generating Station (NGS) wish to develop a plan for the long-term future of NGS in the face of real and potential changes in ownership, environmental laws and regulations, and other significant factors. SRP has expressed its desire to develop and implement this plan in a manner to minimize policy and legal conflicts with the many entities interested in the future of NGS. These entities might be characterized as “stakeholders”, but this term fails to describe the true standing and varying level and diversity of interest of many parties. Thus, the following approaches, while general, attempt to distinguish among interests, and the likely different roles of various “stakeholders”.

Facilitated Discussions and Negotiations

EN3 Professionals, LLC, and Bill Auberle, Principal, specifically, are interested in assisting SRP and the NGS owners in the planning for NGS. The specific role of Auberle will be as an objective consultant and convener of the many interests in NGS and its future, with the explicit objective of crafting a facility plan that is acceptable to all principal interests. Such a plan will have many benefits including gaining broad public acceptance and limiting conflict and costly prolonged litigation.

The size and complexity of NGS necessarily impacts many people, businesses, governmental entities (local, state, tribal, federal), non-governmental organizations (NGOs), and others. Thus, finding a plan for the future of NGS that is widely accepted will require effective and forthright engagement. SRP has initiated informative discussions with selected interests. It is imperative that continuing discussions/negotiations be both constructive and carried out “in good faith” by all parties. As planning becomes more substantive and specific, the role of Auberle as an effective and neutral facilitator will be increasingly important. He is committed to achieving a successful outcome.

Auberle proposes a three-step process to achieve a widely accepted plan for NGS with a target completion date of early 2011. These three activities are: initial outreach to all principal interests; facilitated negotiations; presenting/selling the plan publicly.

1. Initial outreach

SRP's goal of crafting a widely acceptable NGS plan is already underway. Meetings to inform several important individuals and interests have occurred. In most, if not all, instances the target audience has agreed that the goal is a worthwhile and important pursuit. Additional outreach to many additional interests should occur as soon as feasible. Some parties predictably will be favorable to a proposed plan. Others who potentially are skeptical or adversarial will require assurance that this initiative is advancing in good faith. Beginning immediately Auberle will assist SRP with this strategy including identifying key interests, communications planning and participating in discussions toward direct negotiations, when appropriate.

2. Facilitated negotiations

Crafting the final plan will require three levels of engagement. All though not entirely sequential, these actions are:

- 2.1 Individual or very small group invitations to ascertain level of interest (where not revealed or determined in 1.); identify any predetermined objectives of the plan outcome; preferred role, if any, in negotiations; responsible individual(s); preferred frequency and means of communication; other;
- 2.2 Negotiation sessions will be held with frequency and format(s) to be determined following 2.1. It is important that this process be accepted and transparent to all interests, while protecting the substance and content until timely and agreed release.
- 2.3 Direct intervention and discussions with any individual or individual interest as required maintaining and advancing progress.

3. Presenting the plan

Following completion of the plan, it will be necessary and important to present the substance to a variety of audiences and interests in various venues. Auberle will assist with planning these needs and opportunities. At a few selected venues, it may be useful for his direct participation.

Compensation

The professional services of Bill Auberle and other professionals at EN3 Professionals, LLC will be charged per the attached fee schedule. The attached Terms and Conditions apply.

Schedule

It is our goal to complete a widely accepted plan no later than June 1, 2011. This includes all of activities 1 and 2, and perhaps 3. It is possible that some outreach activities following plan development will continue beyond June 1, 2011.



*energy
environment
engineering*

125 East Elm Avenue, Suite 101
Flagstaff, AZ 86001

3 Project: NGS Emissions Planning and Facilitation
Submitted to: Richard Hayslip, Salt River Project
2009 FEE SCHEDULE

Professional Consultation	\$175.00/hr.
Principal Engineer	\$175.00/hr.
Senior Engineer.....	\$150.00/hr.
Senior Scientist	\$125.00/hr.
Registered Engineer.....	\$100.00/hr.
Engineer-in-Training.....	\$80.00/hr.
Senior Engineering Technician, Designer	\$80.00/hr.
Engineering Technician.....	\$70.00/hr.

Clerical/Financial..... \$70.00/hr.

Miscellaneous ExpensesCost plus 15%

Mileage..... \$0.60/mile

**Per Diem \$150.00/person/day
or actual cost plus 15%**

Services related to litigation are billed at 2 times the above hourly rate. Travel time is charged at straight hourly rate. Out of town mileage charged from Flagstaff, Arizona. Overtime requested by Client is billed at 1.5 times the straight hourly rate. Rates are applicable to year 2009 and are subject to adjustment for following years.

