

Navajo Tribal Utility Authority

Navajo Nation, NM

The Navajo Tribal Utility Authority (NTUA) is an enterprise of the Navajo Nation that provides electricity, water and natural gas service to America's largest Indian reservation. Its mandate is to run a self-supporting business while providing affordable utility service to some of America's poorest families. There is constant pressure on NTUA to keep its electricity costs as low as possible because of high rates of poverty on the reservation. NTUA must make frequent capital investments to upgrade its system but can't support those upgrades through rate increases. To sustain this, NTUA must take advantage of every creative financing program available. It used New Markets Tax Credits to meet its goals.

With a \$6.4 million NMTC investment, Travois New Markets helped bring dependable electrical power to a remote region of the Navajo Nation Reservation in New Mexico. Travois filled a financing gap to help NTUA replace a 40-year-old failing electrical substation in Shiprock, N.M., and to construct a new substation to serve as a backup system in Cudeii, N.M. The total project cost was \$6.4 million. NTUA used its own fund as a leverage loan and used NTMCs to close a funding gap. The investor, U.S. Bancorp Community Development Corporation, provided nearly \$1.9 million in equity.

A substation is a small area that contains a transformer and associated electrical equipment. The equipment transfers the powerful current that runs through large lines to a less powerful current that runs through the lines connected to individual homes and businesses. The NMTC investment allowed NTUA to finance the project without raising its customers' rates and complete the project in one year instead of in phases. The substations catalyzed more than \$40 million in other economic development for the Navajo Nation. Since the investment, the following projects were able to move forward:

- Regional behavioral health center (\$16 million)
- Home for women and children (\$12.2 million)
- Chaco River Apartments (\$14 million)

CDE

Travois New Markets

Community Profile

- 37% poverty rate
- Median income 63% of AMI
- 17% unemployment rate

Project Highlights

- Infrastructure project
- Preserves quality NTUA jobs with high salary, health insurance and retirement benefits
- New capital infusion expanded NTUA service while keeping its monthly rates over \$10 below the national average
- Total Project Cost: \$6.4 million
- NMTC: \$6.4 million from Travois New Markets

