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Controversial firm gets OK to build plant

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A controversial water-development company has the go-ahead from the federal government to build a 1,100-megawatt, water-cooled power plant in Lincoln County's Tule Desert about 90 miles northeast of Las Vegas.

Vidler Water Co. received the decision Sept. 11 from the Bureau of Land Management, clearing the way for the construction of the plant. BLM officials said the company, which has partnered with Lincoln County to develop and sell water resources, could theoretically begin work on the plant in three weeks -- although significant obstacles remain.

Among them, finding a partner to back the \$650 million project and getting approval from the state to take 7,000 acre-feet of water -- more than three times what it now is allocated -- to cool the natural gas generating plant.

Dan Netcher, BLM team leader for lands and minerals in the agency's Ely field office, said the decision opened a 30-day period for an appeal.

"If there is no appeal, we will issue a right-of-way. At the end of that period, they can start building the power plant project," he said.

The right-of-way would give Vidler permission to use the land, which is owned by the BLM.

Vidler, however, has asked the BLM for further approvals, including a deal to take ownership of the land. Vidler would swap the BLM land for an equal amount of land, 640 acres, in the Pah Rah Mountain Range in Washoe County.

Vidler, with sister corporation Nevada Land and Resource Co., is the largest private landowner in Nevada. Much of that land, including the Pah Rah property, is former railroad right-of-way the company purchased to develop as part of its land and water portfolio.

Environmentalists have opposed the project, as they have the Vidler-Lincoln County partnership. The Western Land Exchange Project, an environmental group that has been sharply critical of the BLM's practices throughout Nevada and the West, has singled out the project as an example of the agency's close ties to industry.

Last year, the group also publicized the relationship between the BLM and the water company. Two of the company's employees worked out of the BLM offices in Carson City, and although they were directly paid by Vidler, their salaries would be reimbursed by the BLM through land sales or swaps.

Following criticism leveled by, among others, Sen. Harry Reid, D-Nev., the BLM said it had ended its relationship with the company.

Christopher Krupp, the Western Land Exchange Project's attorney, said the damage was already done. A large part of the environmental impact statement that opened the way for the record of decision earlier this month and for future approvals on the Toquop plant includes work by the Vidler employees, he said.

Krupp said the relationship continued although the Vidler employees moved out of the Carson City office.

"They relied on the same people," he said. "The Vidler people just changed offices."

The BLM's Netcher has a different view. He argues that the process has been aboveboard and by the numbers.

The environmental assessment and approval on the rights of way for the project were done in the Ely office without direct contact with Vidler employees, he said.

"They basically helped with the review of the documents in the Carson City office," he said. "The record of decision was written by me. The rights of way were by a realty specialist on the minerals team. The (environmental impact statement) was written by a third-party contractor."

The BLM tie is not the only issue of concern to environmentalists. Many have expressed their concern that any company would build a water-cooled energy plant in the desert, particularly as a four-year drought continues.

"It's a ridiculous proposition on its face to build a water-cooled plant in the middle of the Mojave Desert," said J.J. Straight, Las Vegas conservation organizer with the Sierra Club. "It is a very, very poor use of that resource."

"It's alarming and we'll be looking at it within the 30-day period."

Vidler Chief Operating Officer Dorothy Timian-Palmer and counsel Stephen Hartman could not be reached for comment Thursday. However, Lincoln County Manager Doug Carriger, a Vidler ally, said the project is critically important for the development of his economically starving county.

The plant and the partnership with Vidler water are "key to the economic survival of Lincoln County," he said.

"The county is facing severe financial problems in the coming years just to continue to provide a modest level of public services," Carriger said. "The construction of the power plant would allow the county to move forward and provide a foundation for the economic future."

Legislation in the last Legislature improved the prospects of a long-term Vidler-Lincoln County partnership. Two years ago, the Nevada Attorney General's office issued an opinion that questioned the legality of the partnership, in which Vidler and the county would split any profits from water development after the company had recouped its multimillion-dollar investment.

One bill that passed created the Lincoln County Water District, with the county commissioners as the district board, and gives the district the right to enter into such a partnership. Another bill gives Lincoln

County and other rural counties a boon from power plants such as the Toquop effort.

Senate Bill 475 allows any county with a population less than 100,000 to keep 100 percent of the property tax revenue, rather than sharing it with the state as in urban Clark County, Carriger said.

Clark County also received a revenue boost in the bill with a provision that allows urban counties -- Washoe and Clark -- to collect all the property tax assessment from so-called "merchant" power plants, which sell power to the highest bidder. Several such plants are coming on line in Clark County and throughout the state, in part due to a construction boom following the energy shortages of 2001.

But for Lincoln County, the legislation increases the estimated \$300,000 it would receive annually from the Toquop plant's property taxes to \$2 million, Carriger said.

Construction of the plant would triple the \$110 million in taxable property assessments in the county, Carriger said. Lincoln County is mostly owned by the BLM and that federal land is exempt from the assessments paid by business and resident landowners.

Lincoln County also hopes to make money off the sale of water from the plant. At 2001 rates, the sale of the water rights for the Toquop plant would have brought in \$23 million for Vidler and Lincoln County.

But before that money rolls into Lincoln County coffers, and before a power plant gets built, Vidler has some significant hurdles to cross.

The state engineer's office, which allocates groundwater, set the amount of water Vidler could pull from the Tule wells at 2,100 acre-feet a year, well short of the 7,000 acre-feet that Vidler would need for the full-sized plant it wants. The company can go back to the state for the rest of the water, but environmentalists and others concerned about the impact of the drawdown are likely to fight the move.

In contrast, an air-cooled plant such as those usually permitted in Southern Nevada uses about 500 acre-feet of water per year. One acre-foot is 326,000 gallons, enough for a typical family for one year.

The company also has been seeking a financial partner for the construction of the plant, which two years ago had an estimated price tag of \$650 million. Vidler originally planned to construct the plant with North Carolina-based Cogentrix, but like several other prominent energy companies, Cogentrix went bankrupt two years ago.

According to Vidler's website, the company is now working with power-generation companies to develop the plant, and the company has the ability to obtain the 7,000 acre-feet it wants "with the completion of additional studies."

Krupp, with the Western Land Exchange Project, predicted that the environmental community won't stop opposing the project. But he said the BLM is not a barrier to the project. For that agency, he said, "it's a fait accompli."

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