



ORMAL COMPLAINT

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2003 JUN -5 P 2:14

COMPLAINANT

COMPLAINT NUMBER

AZ CORP COMMISSION DOCUMENT CONTROL

ROGER AND DARLENE CHANTEL 2002-21038
10001 EAST HWY. 66 KINGMAN, AZ 86401

June 2, 2003
928 757-9755

Arizona Corporation Commission
DOCKETED

NAME OF RESPONSIBLE PARTY

ROGER CHANTEL

928 757-9755

JUN 05 2003

NAME OF UTILITY

E-01750A-03-0373

DOCKETED BY

MOHAVE ELECTRIC COOPERATIVE

Complainants allege that the utility Mohave Electric Cooperative, managing personal, legal counsels and directors, herein after referred to as (Mohave), has violated the following Mohave Electric Cooperative Service Rules and Regulations and Arizona Corporation Commission Rules and Regulations.

These are the Mohave Rules and Regulations that have been violated.

1. Adding to and the altering of the AGREEMENT FOR CONSTRUCTING ELECTRICAL FACILITIES WITHIN AN ABANDONED SUBDIVISION. (see copy)
2. Violation of Subsection 106-A 2(b)
3. " " " 106-A 3(d)
4. " " " 106-A 3(e)
5. " " " 106-A 3(g)
6. " " " 106-A 3(h)
7. " " " 106-B 1
8. " " " 106-C 1
9. " " " 106-E 1

These are the Arizona Administrative Codes Rules and Regulations that have been violated.

1. Violation of Subsection R-14-2-206 A(2)
2. " " " R-14-2-206 A(4)
3. " " " R-14-2-206 B(2)a
4. " " " R-14-2-207 A(1)
5. " " " R-14-2-207 A(2)
6. " " " R-14-2-207 A(3)
7. " " " R-14-2-207 A(4)
8. " " " R-14-2-207 B(1)a
9. " " " R-14-2-207 B(1)d
10. " " " R-14-2-207 B(1)e

- 11. “ “ “ R-14-2-207 B(1)g
- 12. “ “ “ R-14-2-207 B(1)h
- 13. “ “ “ R-14-2-207 C(1)
- 14. “ “ “ R-14-2-207 C(2)

1. Altering the Engineering Service Contract. ReBecca Grady, Darlene Chantel and Leon Banta (all individual lot owners) received an Engineering Service Contract from Mohave for engineering service on Lots 66, 108 and 109. They paid the requested fee of \$500.00 to Mohave for these three lots. Mohave then sent an AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION to my wife Darlene Chantel in which they added Lots 65, 121, 132, 133 and 134 and said the full amount of the service would be charged to the above named applicants/consumers. There is supporting evidence. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$50,000.00.

2. Mohave is misusing and abusing its right to collect engineering fees. Mohave has misrepresented their own rules and regulations; Subsection 106-A-2(a) on file with ACC clearly states that consumers are entitled to a rough estimate of the cost of installation to be paid by the said applicant. Mohave has also violated Arizona Administrative Code R14-2-207 A 2, by not informing consumers that they are entitled to a preliminary sketch and a rough estimate of the cost of installation to be paid by the applicant. In most cases, Mohave will not give an Eastern Mohave County land owner a quote on how much it will cost to have electric strung to their property, unless the requester pays Mohave \$500.00 and signs an Engineering Contract. Sometime in July of 2002 I, Roger Chantel, requested a quote from Mohave on how much it would cost to put power to a new well site. The staking technician and I estimated that the distance was less than 200 feet from Mohave's nearest pole and about 70 feet from their existing lines. I asked him how much it would cost to put power in to this well site. He said that I would have to pay \$500.00 and sign an engineering contract before Mohave could determine the cost to supply electricity. In his letter dated August 6, 2002 **Exhibit A**, he claims I would receive a detailed design of the system that they were going to install and a detailed cost estimate. **Exhibit B** is a copy of the service contract. I only wanted a preliminary sketch and rough estimate of the costs that I would be required to pay in accordance to R14-2-207 A-2. I was told that I had to pay \$500.00 and sign the service contract before I could get this rough estimate. ReBecca Grady, Darlene Chantel and Leon Banta paid Mohave \$500.00 and submitted a signed an Engineering Contract, **Exhibit C**. The only thing that the above parties received from Mohave was a letter dated October 31, 2002 stating that the "actual cost contracts that were necessary to provide service to the above-referenced location" was the consumer's obligation of \$14,389.23, yet in the very next paragraph Mohave's portion of the contract states that the cost is an estimated cost, meaning that they can add or subtract any costs, fees or errors and charge it to the consumer. It said that it was going to cost \$14, 389.23 and that they were going to construct 2009 feet of overhead electrical line, **Exhibit D** and a contract **Exhibit E** stating that consumers were to pay \$14,389.23. The customers' service meter poles have been installed since mid September 2002, which

was approximately 45 days prior to the drafting of the letter known as **Exhibit D**. If a detail engineering service design was done in the area, Mohave would have known the distance to the meter poles. The service contract was signed on October 29, 2002 by the applicants and then Steve McArthur signed the service contract October 31, 2002. **Exhibit E** is a copy of the check included with the service contract, which supports the date on the contract. It appears that it took only one day to prepare "detailed" plans, specifications and cost estimates, evidenced by **Exhibit D** dated October 31, 2002. This is approximately the same day that Mohave received the Engineering Contract, **Exhibit C**. It also appears that Mohave staff members fraudulently misused their management positions assigned them by Mohave. The abuse of over charging service contract fees and other related service is wide spread with Mohave's staff. Additional abuses are stated in a letter dated August 30, 2002 which states **"If more than one individual service applicant is involved, a separate engineering agreement and deposit is required for each proposed electric service."** This letter was signed by John Williams. This is just one of many ways that Mohave is extorting money from consumers. Mohave is also charging the consumers \$500.00 for the same services that consumers are entitled to receive free as stated in Mohave's Rules and Regulations Subsection 106 A-2(a) and in the Arizona Administrative Codes Rules and Regulations R 14-2-207 A-2. The nature of this complaint is wide spread. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$300,000.00 and also fine Steven McArthur and John H. Williams the maximum under Arizona Administrative Codes for penalties. Complainants suggest that Mohave be fined the maximum amount and that the burden of proof fall on Mohave that they are not mis-using or abusing the privilege to charge for engineering cost.

3. Violation of Arizona Administrative Code R14-2-207-A-4 requires Mohave to supply complainants with a copy of any tariffs and costs that may be required by consumers to advance funds to Mohave for service. **Exhibit D** states **"Please note that this cost estimate is for the backbone line extension to your lots. Additional funds will be required for the line extension from the back bone line to the meter poles on each lot."** We have never received any copies of tariffs telling us what drop fees, tariffs or what costs have been approved by the ACC. Mohave has designed open-end service contracts in a piece meal format, so they can add new charges as they lock in potential consumers. Once a person has paid \$10,000.00 to a \$100,000.00, they have no choice but to keep paying whatever fees Mohave requests. If the person doesn't pay, Mohave won't hook-up electricity. The question is, are Drop Fees Costs part of the line extension costs? If so, they should not be separated. If they are not part of the line extension cost, they are tariffs. As of this date the complainants have not received a copy of the tariffs on file with ACC that relate to Mohave drop fees from their back bone systems. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$100,000.00 and also fine Steven McArthur and participating management and legal counsels, the maximum under Arizona Administrative Codes for penalties, and restrict Mohave from charging said fee until documentation and approval of fees have been filed with ACC.

4. Violation of Subsection 106-A 2(b) The above named applicants/consumers paid \$500.00 to receive detailed plans, specifications and sketches showing the location and placement of service drops or service laterals as stated in this subsection 106 A 3. Mohave failed to supply this information, but instead sent a contract (Agreement For Constructing Electric Facilities Within An Abandoned Subdivision) **Exhibit E**, which included lots that the above named applicants/consumers did not request service for nor do they own. Mohave included Lots 65, 121, 132, 133 and 134 of Sunny Highland Estates Tract 1132. The applicants/consumers did not request that these lots be included in their request for service. It appears that the addition of these lots has increased the footage requirements above and beyond what the applicants/consumers agreed to in their service contract. Complainants received a breakdown of the estimated costs only after the ACC had arranged an arbitration meeting. When an individual signs a contract with a bank, contractor, the government or an insurance company, it is for a set amount and for a set of services. Mohave's contracts are open-ended. They may say an amount, but they always include Estimated Cost. This means that they can change any item in the contract at any time and the consumer is still liable for the contract. This practice violates almost all of Arizona State Contract Statutes. Let me give you an example: In Work Order #2002-551 Agreement For Constructing Electric Facilities Within An Abandoned Subdivision, **Exhibit E** the contract was for 2009 feet for a price of \$14,389.23. In Mohave's letter dated March 28, 2003, **Exhibit F** their breakdown of the \$14,389.23 clearly indicates that they are now only going to construct 1827 feet of line. They reduced the footage by 182 feet which should have reduced the price by approximately \$1,433.00. The point is that Mohave forces its customers to sign open-end contracts if a consumer is to be considered for electric. These contracts not only violate State Statutes, but since the State has granted exclusive rights of services to Mohave, these open-end contracts violate the American citizens Constitutional Rights as well. **NATURE OF RELIEF SOUGHT** Complainants are requesting that the ACC fine Mohave \$250,000.00. If Mohave violates any contract rights granted to Arizona citizens by statutes or by the United States Constitution, the fine will double and the ACC will notice Mohave that they may suspend their license to operate in the State of Arizona. Since the ACC is the issuer of the license that restricts the consumer's right to freedom of choice in their selection of utility providers, ACC has a responsibility to heavily fine any licensed utility that violates its rules and regulations.
5. Violation of Subsection 106-A 3(d). Complainants did not receive a complete description and sketch of the requested line extension as stated in this subsection. Mohave did not provide a sketch on the 2009 feet on Work Order 2002-551 until the arbitration meeting was held with complainants and Mohave. They violated this section not only once, but a second time when they changed the footage and failed to provide a sketch showing where Mohave reduced the footage. **NATURE OF RELIEF SOUGHT** Complainants are requesting that the ACC fine Mohave \$150,000.00 for failing to inform consumers of the exact location placement of the line extension and Arizona Administrative Code R14-2-207 B 1(d).

6. Violation of Subsection 106-A 3(g) The AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION **Exhibit E** clearly points out in Section II 3(e) that the applicants/consumers' lots have not been considered for eligibility for refund aid-to-construction as defined by Mohave's service Rules and Regulations, Subsection 106-C-1 This is another fact of evidence that proves that Mohave intends to discriminate against and deny rights to the applicants/consumers, yet in Section II 3(e) of the above listed contract they are granting line extension refunds to other lots in the area (lots 65, 121, 132, 133 and 134) which they have included in this agreement. This contract is not concise in its explanation of refunding. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$100,000.00 for failing to comply with Subsection 106-A 3(g) and Arizona Administrative Code R14-2-207 A.

7. Violation of Subsection 106-A 3(h). The AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION, **Exhibit E**, did not include an estimated completion date. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$100,000.00 for failing to comply with Subsection 106-A 3(h) and Arizona Administrative Code R14-2-207 b-1(h). This may seem like a small issue, but it is one of the most important of all. All of the related construction is planned around this date. It can have a major cost effect on the consumer.

8. Violation of Subsection 106-B 1 The AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION **Exhibit E** does not state whether the measurement includes secondary lines, service drops, and service laterals or what these costs will be. Subsection 106 B-1 clearly states that the measurement shall include primary and secondary lines, service drops, and service laterals. In the letter that was sent with this agreement, dated 10-31-02, **Exhibit D**, Mohave representative John H. Williams, states that these costs were not included in the above agreement. Nowhere in the contract, **Exhibit E**, or his letter, **Exhibit D**, does he state the true cost of the line extension. This is a direct violation of Subsection 106-B-1. Mohave has been informed that the applicants/consumers' utility poles have been standing and waiting for power since the middle of September 2002. Mohave has no legal reason for excluding service drops and service laterals from this agreement or any agreement they enter into with the consumer, since they were paid to do a service analogy of the existing applicants/consumers' meter poles. This is further evidence that Mohave has not conducted an on-site appraisal for the Engineering Service Contract that the applicants/consumers paid for. In #2 of this presentation of facts there is additional evidence that Mohave is not conducting valid engineering appraisals that they are charging people for. This is another fact that clearly proves that Mohave does not intend to comply with the Rules and Regulations on file with the ACC. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$200,000.00 for failing to comply with Subsection 106-B 1 and Arizona Administrative Code R14-2-207 A-3.

9. Violation of Subsection 106-C 1 The AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION **Exhibit E** does not give any provision for the 625 feet of single phase line extension to the applicants/consumers without charge. The complainants have requested line footage allowance to be added to their Engineering Contract and the AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES. The complainants base their requests on the following information, evidence, and rules and regulations. The complainants have requested for line extension footage under Subsection 106-A, B and C of Mohave Service rules and Regulations on file with the ACC. NATURE OF RELIEF SOUGHT Complainant's request that the free footed be included in there contracts.
10. Violation of Subsection 106-E 1. The AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION does not comply with Subsection 106-E 1 because it does not provide for the free footage allowed in this subsection. This contract is ambiguous, one side and promotes opportunity for Mohave to fraudulently over charge consumers that request electrical services. It appears that Mohave is directly denying the complainants footage allotment. This denial is based on the fact that Mohave has not, or will not include line footage in their Engineering Service Contracts or Agreement For Constructing Electric Facilities Contracts. Mohave's denial seems to be based on a single word "Subdivision" Complainants believe that Mohave is referring to "land subdivision". Land subdivision occurs at different times by individuals, local governments, state governments or their departments, as well as the federal government. The federal government has created a land division process that refers to Sections, Ranges, and Townships. These parcels sizes in federal land subdivisions usually range from one acre to 640 acres. State governments have their own system for describing parcels of land that have been subdivided. Different state departments may have different rules and regulations that apply at certain times of the creation of the land when it is subdivided. State, County and individuals divide land. In many cases these divisions can range from 6,000 square foot lots to a 36 acre lot. Mohave has made a number of references to subdivisions. The leading legal governing authority in this complaint is the ACC. Arizona Administrative Code R14-2-201.34 defines a "residential subdivision development" as "Any tract of land which has been divided into 4 or more contiguous lots with an average size of 1 acre or less for use for the construction of residential buildings....." The land parcels in question are larger than one acre and are not strictly used for residential construction. Some of them are used for live stock, some for investments and some for residential purposes. The point here is that the owners decide the use of their land and are entitled to line extension footage under Arizona Administrative Code R 14-2-207 C-1. Parcel map of some lots in Sunny Highland Estate Tract 1132 showing property in question **Exhibit G** clearly indicates that the average of these parcels is larger than one acre. Mohave's refusal to grant line extensions without refundable aid-to-Construction to the complainants is direct discrimination against the complainants. Mohave's own records on engineering and line extension contracts will provide additional evidence to the Commission that some consumers are offered line extensions with refundable aid-to-Construction and others are clearly discriminated against. With Mohave's open end contract policy, the

discrimination could be aimed toward where a consumer lives, what kind of structure he/she lives in or his/her economical status, etc. These are just a few areas of discrimination that Mohave practices with its open-end contract policies. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$500,000.00 for failing to comply with Subsection 106-C 1 and Arizona Administrative Code R14-2-207 C-1.

11. Mohave has violated Arizona Administrative Code R14-2-207 A-1 by failing to file in Docket Control for charges of many of its rates, fares, tolls, rentals or the alteration of any classification, contract, practice, rule or regulation that may result in any increase of cost of service. NATURE OF RELIEF SOUGHT Complainants are requesting that the ACC fine Mohave \$100,000.00 for failing to comply with Arizona Administrative Code R14-2-207 A-1. Mohave's failure to comply with this rule and regulation has caused the citizens of the State of Arizona to lose electrical revenue. The fact is Mohave's lack of compliance has reduced the ability of property owners to place dwellings and improvements on their lots. The State of Arizona has lost large amounts of sales tax revenue because of Mohave's unwillingness to comply with rules and regulations of the ACC. If consumers cannot make improvements to their property due to Mohave's failure to comply with electric line extension rules and regulations on file with the ACC, state and county loose revenue. Mohave County has experienced large property tax loss. Complainants are requesting that the ACC assess Steve McArthur, Mohave's legal counsel management, and John H. Williams the maximum penalty for each violation in accordance to Chapter 1 Article 9 40-425.

These violations are wide spread in the area serviced by Mohave. Mohave's practice of open-end contracts allows Mohave to fraudulently charge excess fees, add new charges at will, extend time for installation of service, while holding large cash amounts of consumers' money which they have use of. In fact, in some cases Mohave's intimidating ways cause consumers to fear that they may not receive their service for years or never. The open-end contracts that Mohave uses allow Mohave to practice discrimination against consumers who move here from other states.

Let's look at a few more ways that Mohave uses their open-end contracts to discriminate against the complainants. Mohave executed an AGREEMENT FOR BILLING ACTUAL COST WITH REFUNDABLE AID-TO-CONSTRUCTION (NOT IN A SUBDIVISION) OVERHEAD SYSTEM. (Work order #98268) **Exhibit H**. We are assuming that the notation "NOT IN A SUBDIVISION" refers to Arizona Administrative Code R14-2-201.34 "Residential Subdivision Development", which states, "Any tract of land which has been divided into 4 or more contiguous lots with an average size of 1 acre or less for use for the construction of residential building or permanent mobile homes for either single or multiple occupancy." The property description on this work order is Spring Valley Ranches Subdivision Lot 40-A. This lot is approximately 5 acres and complies with AAC R14-2-201.34 The Complainants' lots are also in compliance with AAC R14-2-201.34. Mohave claims that complainants' lots are in an abandoned subdivision, **EXHIBIT E**. Mohave placed the word "subdivision" on the open-end contract and then made claims that complainants have no rights to refunds. This action is direct intent to

do harm to the complainants. If Mohave is willing to supply the Commission with copies of the last two years of signed work orders, it will acquire an understanding of how Mohave uses these open-end contracts to discriminate against consumers. This work order (98268) shows how Mohave is discriminating against the complainants and other consumers by inflating the labor and material costs as high as \$7.88 per foot. The line footage in work order #98268 from the back bone to the consumers meter pole is approximately 1581 feet. The contract price for this line extension was \$6,539.15. The Consumer was rebated back \$1,957.97 on 4-01-1999. The actual cost for installing 1581 feet of electrical line was \$4,581.18 or approximately \$2.90 per foot of line installed. Mohave claims that they are providing line extensions of 1827 feet to the complainants for the price of \$14,389.23 plus additional fees not yet determined. See Exhibit E **"Additional funds will be required for the line extension from the backbone line to the meter pole on each lot"**. This fee could add \$1.00 to \$2.00 per foot. The price could be as high as \$9.88 per foot. This is over a 300% increase over a period of three years. If we look at government indexes they show that labor and products have increased only a few percent. Complainants believe this is discrimination with intent to do harm against not only the complainants, but other consumers as well. Mohave's management may make claims that line extension costs have increased, but there is no evidence it has increased over 300%. It is very clear that Mohave's management is using their power and authority to extort money from Arizona consumers and finding new ways to discriminate against them.

Here is just one of many complaints that have not reached the files of the ACC. One particular property owner filed and paid for a complete detailed engineer request for electrical service to be supplied to their property. As in most cases, Mohave collected an engineering fee and did not perform a detailed assessment of what it would take to supply electrical service to the property owner. In this property owner's application, Mohave claimed they did a detailed engineering assessment of what it would take to supply electrical service to said property. Mohave requested that the property owner give them \$50,000 plus if they wanted to have electrical service to their property. Mohave sent the consumer one of its open-end contracts and requested the full amount be paid to them before they would proceed. If the consumer wanted to have service provided, they would have to pay this amount to Mohave. The consumer wanted to build their dream house on their property, so they paid Mohave. The consumer had already paid for a detailed engineering report, so they could decide on building decisions, financial decisions and a large number of personal decisions that have to be made before one starts to build. After Mohave collected the consumers money and promised to provide electrical service and after the consumer started on their house, Mohave came to the consumer and made some kind of claims that there was right-of way problems and that they would have to file for additional right-of ways with the BLM. Mohave had the consumers \$50,000 plus, but they required the consumer to pay additional fees and told the consumer that it takes about two years to get these right-of -ways from the BLM. Mohave's open-end contracts allows for these and many other kinds of fraudulent actions to occur. Since Mohave did not perform a detailed engineering report, the consumers have their house built and still do not have electrical service to their new home.

The damages that the consumers, the State of Arizona and the County of Mohave are experiencing are extensive and are affecting all of the citizens of Arizona. With Mohave's open-end contracts the consumers are being discriminated against and are being denied electrical service. Mohave's actions are causing part of the State's financial problems by reducing sale taxes and electrical revenue taxes. Their actions are causing extensive hardships on the citizens and the government of Mohave County. When Mohave fails to provide electrical service to property owners when requested, the County loses property taxes. This reduces the operating capital of Mohave County and places hardships on county managers and the elected officials.

The issue in this complaint is not whether Mohave is violating these rules and regulations. The issue is what should the penalty be for violating these rules and regulations?

Complainant's nature of relief is that Mohave supply electric to the complainants' property in compliance with the above mentioned Mohave Service Rules and Regulations and Arizona Corporation Commission Rules and Regulations. The complainant would like to participate in drawing up the contract that would be signed for line extension.

Even though the complainants are asking for the above fines to be levied against Mohave and the above fines will not begin to cover the financial losses that the State of Arizona and Mohave County are experiencing, the ACC may elect to issue an order to comply and double the fines if Mohave fails to comply.


Complainant

6-03-03
Date

EXHIBIT A



P.O. Box 1045, Bullhead City, AZ 86430

August 6, 2002

Roger Chantel
10001 E. Hwy 66
Kingman, AZ 86401

Re: Engineering Services Contract
10001 E. Hwy 66

Dear Mr. Chantel:

In accordance with Mohave Electric Cooperative's Line Extension rules and regulations on file with the Arizona Corporation Commission, I have enclosed actual cost Engineering Services contracts for a detailed design and cost estimate for the above-named project. The Engineering Deposit amount which shall be required prior to the commencement of the engineering services to be performed is \$500.00. Mohave is a non-profit electric cooperative; this amount is for the estimated labor costs incurred during the preparation of a detailed design and cost estimate. Upon completion of the design work, a detailed cost estimate will be mailed to you; this estimate is valid for a period of sixty (60) days.

If the proposed project proceeds within six months, the engineering deposit will be credited to the estimated cost of construction and the cost of the engineering services performed will be added to the actual cost of construction. If the project fails to proceed within six months, you will be refunded that amount of the engineering services deposit which is in excess of the actual cost of the design/estimate work performed, or you will be billed that amount of the cost of design/estimate preparation which exceeds the estimated cost of the engineering services performed.

Upon receipt of the two original agreement forms (the original forms must be signed by the authorized party and attested by a witness) and a check for the Engineering Deposit, the design and estimate procedure will commence. If you have any questions or comments, please don't hesitate to call me at (928) 758-0578.

Sincerely yours,

Mohave Electric Cooperative, Inc.

Rob Frederick

Rob Frederick
Staking Technician

Enclosures: Agreements (2)

Cc: File

EXHIBIT B

Form ENGI
Page 1 of 2

Work Order No. _____

ENGINEERING SERVICES CONTRACT

DESIGN SERVICES

THIS AGREEMENT, made this _____ day of _____, 20____, between Mohave Electric Cooperative, Inc. (hereinafter called "Mohave") and

Roger Chantel

(hereinafter called the "Consumer")

for Engineering services associated with the extension of electric power lines to and/or within the following described property:

For a detailed design and cost estimate to supply electrical service to a well located at 10001 E. Hwy 66. Project is located in a portion of Section 5, Township 23 North, Range 14 West.

It is mutually agreed that:

1. The Consumer will pay Mohave for all costs incurred for any Engineering Services and estimates if no construction is started within six (6) months of the date of the receipt of the executed engineering services contract. If construction commences within six months, these costs will become part of the construction costs.
2. All engineering estimates are valid for a period of sixty (60) days; after sixty (60) days, a revised estimate will be required.
3. After six months has elapsed, Mohave will:
 - a. Refund any portion of the deposit which is in excess of the actual cost of Engineering services,
 - or
 - b. Bill the consumer that amount which is in excess of the advance deposit for Engineering services.

4. Mohave will require an advance deposit for the Engineering services in the amount of \$500.00.

Consumer Signatures

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Attestor Signature

By _____
Attestor Printed Name

Date _____

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

EXHIBIT C

Form ENG1
Page 1 of 2

Work Order No. 2002-551

ENGINEERING SERVICES CONTRACT

DESIGN SERVICES

THIS AGREEMENT, made this 29th day of Oct., 2002, between Mohave Electric Cooperative, Inc. (hereinafter called "Mohave") and

Rebecca Grady, Darlene Chantel, and Leon Banta

(hereinafter called the "Consumer")

for Engineering services associated with the extension of electric power lines to and/or within the following described property:

For a detailed design and cost estimate to provide a 14.4 kV single phase overhead electric backbone distribution line to Sunny Highlands, Tract 1132, Lots 66, 108, and 109.

It is mutually agreed that:

1. The Consumer will pay Mohave for all costs incurred for any Engineering Services and estimates if no construction is started within six (6) months of the date of the receipt of the executed engineering services contract. If construction commences within six months, these costs will become part of the construction costs.
2. All engineering estimates are valid for a period of sixty (60) days; after sixty (60) days, a revised estimate will be required.
3. After six months has elapsed, Mohave will:
 - a. Refund any portion of the deposit that is in excess of the actual cost of Engineering services,
 - or
 - b. Bill the consumer that amount which is in excess of the advance deposit for Engineering services.

4. Mohave will require an advance deposit for the Engineering services in the amount of \$500.00.

Consumer Signatures

By Rebecca Grady
Consumer Signature

By Rebecca Grady
Consumer Printed Name

By Darlene Chantel
Consumer Signature

By Darlene Chantel
Consumer Printed Name

By [Signature]
Consumer Signature

By LEON W. BARTI
Consumer Printed Name

By [Signature]
Attestor Signature

By Thomas R. Freeman
Attestor Printed Name

Date PRESUMED 10-29-02 AS WRITTEN ON PAGE 1 BY CONSUMER

Cooperative Signatures

By [Signature]
Mohave Electric Cooperative, Inc.

By Mouka Colley
Attestor

Date 10/31/02

EXHIBIT D



P.O. Box 1045, Bullhead City, AZ 86430

October 31, 2002

Darlene Chantel
10001 E. Highway 66
Kingman, AZ 86401

Re: Cost Estimate for Electric Service

Dear Ms. Chantel:

Enclosed please find actual cost contracts necessary to provide electric service to the above-referenced location.

The total estimated cost of this project is \$14,389.23. The total amount due from the customer less a \$500.00 credit for the engineering services deposit which was received on October 29, 2002 is \$13,889.23. This is the amount due for construction to proceed. This estimate is for the following work: To construct 2,009 feet of overhead electric single phase line to provide backbone electric service to Sunny Highlands, Tract 1132, Lots 65, 66, 108, 109, 121, 132, 133, 134 (8 lots total). Subdivision is located in T24N, R14W, Section 3.

Please note that this cost estimate is for the backbone line extension to your lots. Additional funds will be required for the line extension from the backbone line to the meter pole on each separate lot. Mohave has received applications for electric service from Ms. Grady (Lot 108) and Mr. Chantel (Lot 109). Mohave has not yet received an application for Mr. Banta (Lot 66).

Cost estimates for the extensions onto the lots can be completed after the meter pole location on each lot is established; please send or fax (928-763-6094) copies of the lot layout or site plan if they are available. You can also call me to arrange a field meeting to discuss the respective meter pole locations, and an estimate will be prepared shortly thereafter.

Mohave is a non-profit electric cooperative. This figure represents the estimated costs for labor and materials only. Final billing will be based on an actual cost, partially refundable aid to construction contract in accordance with Mohave's approved Line Extension Rules and Regulations on file with the Arizona Corporation Commission. This

estimate is valid for sixty (60) days.

Upon receipt of the two original agreement forms (the original forms must be signed by the authorized party and attested by a witness), payment in the applicable amount, receipt of any needed rights-of-way, this job will be released for scheduling of construction.

If you have any questions or need more information please call me at (928) 758-0580.

Sincerely yours,

Mohave Electric Cooperative, Inc.

A handwritten signature in cursive script that reads "John H. Williams". The signature is written in black ink and is positioned above the typed name and title.

John H. Williams
Line Extension Supervisor

Enclosures: Agreements (2)

cc: File

EXHIBIT E

Work Order #2002-551

Form ABAND
Page 1 of 4

AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES WITHIN AN ABANDONED SUBDIVISION

THIS AGREEMENT, made and entered into in duplicate on this _____ day of _____, 20__ by and between MOHAVE ELECTRIC COOPERATIVE, INC., an Arizona Corporation, party of the first part, (hereinafter referred to as "Mohave") and

REBECCA GRADY, DARLENE CHANTEL, AND LEON BANTA

a corporation, partnership, or individual, party of the second part (hereinafter referred to as the "Developer").

WITNESSETH:

WHEREAS, Mohave is a corporation engaged in the sale and distribution of electrical energy in portions of Mohave, Yavapai, and Coconino Counties, Arizona; and

WHEREAS, the Developer is subdividing and developing a portion of that area and it is to be served with electricity by virtue of an electric system; and

WHEREAS, it is desired by the parties hereto to enter into an agreement whereby Mohave will construct and operate such a system to service said area:

To construct 2,009 feet of overhead electric single phase line to provide backbone electric service to Sunny Highlands, Tract 1132, Lots 65, 66, 108, 109, 121, 132, 133, 134 (8 lots total). Subdivision is located in T24N, R14W, Section 3. This project is located in a portion of T24N, R14W, Section 3.

NOW THEREFORE, for and in consideration of mutual covenants and agreements hereinafter set forth, it is agreed as follows:

Mohave agrees to construct or cause to be constructed and to maintain and operate an electric system in the above described area in accordance with existing specifications and estimates upon the following terms and conditions:

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from **October 31, 2002**. The full estimated cost of construction must be paid, this agreement must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this agreement may be declared null and void at the option of Mohave.

2. The Developer will advance Mohave the full estimated cost of construction, **\$14,389.23**, in accordance with Mohave's construction practices.

At the time construction is finished, Mohave will:

- a. Return to the Developer any advance in excess of actual construction cost,
or
 - b. Bill the Developer that amount which is in excess of the estimated construction cost.
3. If an underground electric line extension is requested, then the Developer will provide all necessary conduit, trenching, backfill, vaults, and three phase transformer pads as required by Mohave without cost to Mohave. All primary and secondary conduits are to be inspected by Mohave prior to backfill, and shall be 3" Schedule 40 electrical grade PVC conduit(s).

SECTION II. REFUNDING

1. Upon completion of construction, the refunding rate and the refunding limit will be adjusted to reflect the actual cost of construction.
2. The term of this agreement is seven (7) years. Refunds will be calculated and made each six (6) months during the term of this agreement. Any advance funds remaining unrefunded at the end of the seven (7) year term will revert to Mohave as a direct contribution in aid of construction. In no case shall refunds exceed the Developer's aid-to-construction.
3. Mohave will refund a portion of the cost of construction to the Developer for each electrical consumer attached to the electric system during the term of this agreement upon the following terms and conditions:
 - a. The connection must be a permanent member/consumer as defined by Mohave.
 - b. The connection must be made to the electric system described in the guide specifications and estimate with no further capital investments required by Mohave.
 - c. Subject to the actual cost provisions herein set forth in Section II, Item 1 of this agreement, the total actual cost of construction divided by 8 lots shall be the per lot refunding rate.
 - d. The following lot(s) are not eligible for refunding: Lots 66, 108, 109. The amount equaling the per lot rate multiplied by 3 lot(s) shall be non-refundable.
 - e. A one-time service availability charge equaling the per lot rate will be made to each residential customer who establishes service on eligible lots affected by this contract. The following lot(s) are subject to this charge and are eligible for refunding: Lots 65, 121, 132, 133, 134. The amount equaling the per lot rate multiplied by 5 lot(s) shall be refundable.
4. The Developer will furnish to Mohave names and addresses of residents as they occupy individual lots during any six (6) month period for the purpose of refunds.

SECTION III. OTHER CONDITIONS

1. This estimate is based on information supplied to Mohave by the Developer. Should the plans, specifications, and/or details supplied to Mohave change, Mohave has the option of rendering this agreement null and void, or requiring the Developer to make necessary corrections at his expense.
2. All easements or rights-of-way and surveying required by Mohave will be furnished to Mohave without cost. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.
3. If an underground line extension is requested, then a detailed, referenced as-built plan of the conduit system shall be provided to Mohave upon completion of the conduit installation.
4. All construction will become the property of Mohave and will be owned, operated and maintained by Mohave, except the individual consumer's wiring, disconnect breakers or switches, and facilities on the consumer's premises.
5. Service Availability Charge: A service availability charge of 8% may be assessed subject to the % of construction criteria defined in Mohave's approved line extension rules and regulations, Sub-section 107-C, Paragraph 2.

See Page 4 of 4 for Section IV. Execution of Agreement

SECTION IV. EXECUTION OF AGREEMENT

The parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year written below.

Consumer Signatures

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Consumer Signature

By _____
Consumer Printed Name

y _____
Attestor Signature

By _____
Attestor Printed Name

Date _____

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

18801 W. WILLOW AVE
PO BOX 2283
KINGMAN AZ 86401-9735

Royal Charol 01-02
 Elizabeth D Charol
 200 E Hwy 97
 Kingman, AZ 86401

1082
91.574/1021

No 10-23-08

Pay to the order of Electric Cooperative \$ 500⁰⁰
 Five Hundred & 00/100

Elizabeth P. Charol

Royal Charol
 Elizabeth D
 200 E Hwy 97
 Kingman, AZ

1085
91.574/1021

No 11-1-08

Pay to the order of Cash \$ 50⁰⁰
 Fifty & 00/100

Elizabeth P. Charol

Royal Charol 01-02
 Elizabeth D Charol
 200 E Hwy 97
 Kingman, AZ 86401

1085
91.574/1021

No 11-1-08

Pay to the order of Cash \$ 50⁰⁰
 Fifty & 00/100

Elizabeth P. Charol

Royal Charol
 Elizabeth D
 200 E Hwy 97
 Kingman, AZ

1085
91.574/1021

No 11-1-08

Pay to the order of Cash \$ 50⁰⁰
 Fifty & 00/100

Elizabeth P. Charol

EXHIBIT F



P.O. Box 1045, Bullhead City, AZ 86430

March 28, 2003

Roger Chantel
Darlene Chantel
10001 East Highway 66
Kingman, AZ 86401
928.757.9755 TEL

Re: **ACC Complaint No. 2002-21038**
Follow-up to the Friday, March 21, 2003
Meeting at Mohave Electric Cooperative, Inc.

Dear Mr. Chantel and Mrs. Chantel:

This correspondence is in response to your request for additional information as determined in our meeting on Friday, March 21, 2003, which was attended by both of yourselves, Steve McArthur, Thomas Longtin and me.

Specifically, you requested from Mohave Electric Cooperative, Inc. (also referred to as the Cooperative) a breakdown of the cost estimate as quoted on the original Agreement for Constructing Electric Facilities within an Abandoned Subdivision (Work Order 2002-551). Secondly, you requested an estimate of the drop costs. Lastly, Mohave Electric has provided clarification on some of the terminology used in our agreement and in the rules and regulations.

I. **Breakdown of the \$14,389.23 Estimated Costs**

Material \$4,455.35

Inclusive of poles, 1/0 ACSR conductor, guy/anchors, pole top structures and appurtenances. See Exhibit A, which contains an itemized material list and break down of costs. Additionally, please note that a column for current costs has been added.

Labor \$9,933.88

Inclusive of estimated engineering and operations construction costs, indirect costs, stores, transportation, and equipment.

This is Mohave Electric's good faith estimate, which is based on expert knowledge and years of practical experience. Mohave Electric's estimates are based on maximums to allow the consumer to budget appropriately and not come up short when the job is finished. In most cases that will result in a refund of the difference between estimated costs and actual costs. It can however,

result in an invoice for the difference if Mohave Electric underestimates actual costs. Upon request, Mohave Electric will provide the consumer with a detail of actual costs when the job is completed.

II. Estimate of Drop Costs

For the secondary overhead electrical construction from backbone to meter pole.

Mohave Electric requires an agreement for new overhead electrical service and charges each customer a \$400 fee which is a deposit toward actual construction costs. This fee covers the installation of a 100 or 200 amp service drop of 80 feet or less. Actual construction costs vary depending upon the location of the meter pole and terrain. If the actual cost of construction is less than \$400, the difference is refunded; if greater than \$400, the difference is billed.

But, if the facilities required are for more than 80 feet of service wire¹, require pole(s)², and/or any other construction, engineering will provide a detailed cost estimate valid for 60 days. In this event, the consumer must execute a second set of agreements and pay the additional estimate of costs prior to commencement of construction. Upon project completion any difference between what was paid and actual costs is refunded or billed as appropriate.

If you would like to have an engineering design survey to more accurately estimate the costs, Mohave Electric can do that. The cost of the survey will run \$1,500-\$2,000, which must be paid in advance and is non-refundable if construction does not proceed. However, if you accept the detailed survey and proceed with construction the investment is incorporated into the job. In other words, both the money paid for the survey and engineering's time is credited to the actual cost of construction. This approach is an alternative to accepting Mohave Electric's cost estimate.

Further, Mohave Electric does not discourage the use of a third-party contractor. The contractor is required to comply with the rules, regulations, specifications, and standards of Rural Utility Services (RUS) and the business practices of Mohave Electric. Mohave Electric will work with the contractor in meeting these compliance standards. Further, the electrical contractor must have its work signed off by a Professional Engineer (P.E.).

III. Explanation of Terms

In the Service Rules and Regulations, Subsection 107-D it uses the term "permanent customer" and defines it to mean "a person not connected in any way to the original subdivision developer intending to reside at the lot once developed." This sentence would have been better written more clearly as, a person *who is not connected in any way to the original subdivision developer and who is intending to reside at the lot once developed.* Further, a permanent

¹ Once a service drop exceeds 160 feet, a primary line extension is usually required. Primary line extensions require individual cost estimates.

² The addition of one lift pole to a service drop project will increase the cost by \$800-\$1,000 (depending on terrain).

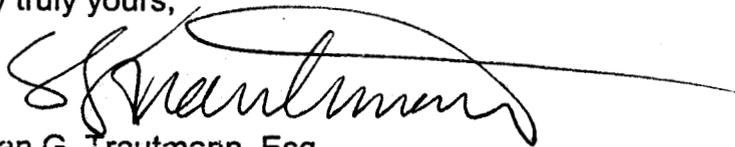
customer is a person who has qualified for service by constructing permanent improvements, such as:

1. A minimum of 400 square feet with respect to a concrete foundation with footings or a mobile home (set off its wheels and axles – motor homes, 5th wheels and travel trailers do not qualify); **and**
2. A septic tank; **and**
3. An existing meter pole.

Mohave Electric's use of the term "developer" insofar as used in this type of agreement entitles you to a refund. Mohave Electric concedes that the use of this term may have been confusing. Rule 107-D states that a person not meeting the definition of a permanent customer shall be treated as a developer under subsections 107-A, 107-B, and 107-C. Mohave Electric considers you to be a permanent customer under subsection 107-D. Your construction agreement used the word "developer" only to mean that you are subject to "by lot refunding." If Mohave Electric applied the aforementioned subsections (A, B and C) to the Sunny Highlands Estates subdivision, it would result in your having to pay more money than having your electrical construction come under subsection 107-D as written for an abandoned subdivision.

In conclusion, Mohave Electric hopes that this letter clarifies a number of issues and is helpful in your deciding as to which direction you would like to proceed. Keep in mind Mohave Electric Cooperative, Inc. is a non-profit electrical distribution facility and the consumer pays only the actual costs. So, whether the Cooperative has underestimated or overestimated the costs, the consumer will only ever pay the actual costs. If you have any questions or concerns, please don't hesitate to contact us.

Very truly yours,



Susan G. Trautmann, Esq.
Mohave Electric Cooperative, Inc.

TEL: 928.758.0556
FAX: 928.763.3315

Enclosure (Exhibit A)

Cc: File
Stephen McArthur, Comptroller
Thomas Longtin, Manager Operations and Engineering
John H. Williams, Line Extension Supervisor

Via Facsimile: *U.S. MAIL*
Linda A. Jaress, Executive Consultant III

~~602.542.2129~~

Via U.S. Mail:

Ernest G. Johnson, Director, Utilities Division
Robert Kennedy, Public Utilities Consumer Program Manager
Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, AZ 85007

EXHIBIT 'A'

MARCH 28, 2003

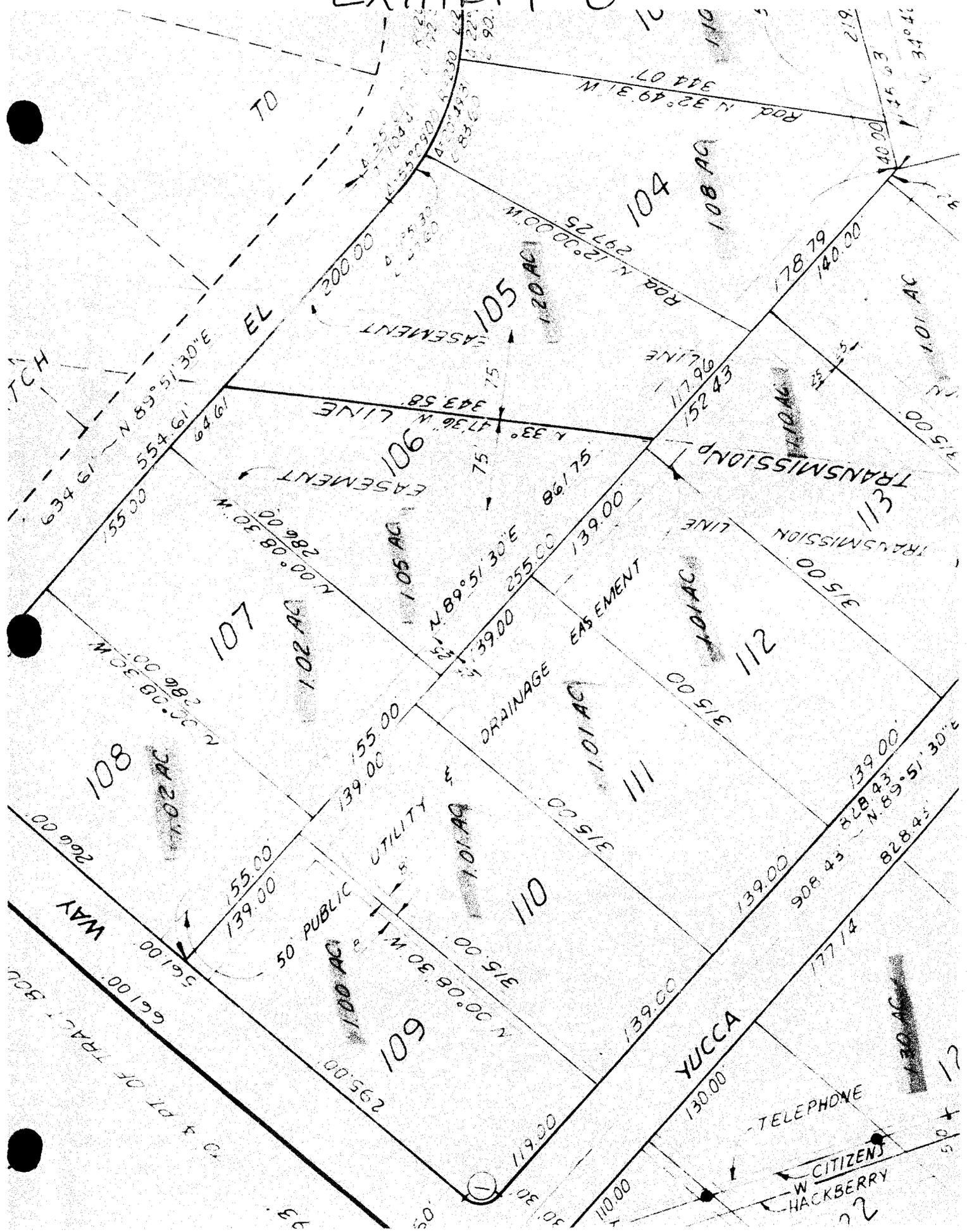
CHANTEL

WORK ORDER 2002-551

ESTIMATED MATERIAL LIST

<u>QTY</u>	<u>ITEM</u>	<u>OCT. 02</u> <u>COST</u>	<u>MAR. 03</u> <u>COST</u>
1	3 PH STRAIGHT LINE RD CROSSING	213.59	214.98
1	SINGLE PHASE TAP	64.71	64.79
1	SINGLE PHASE DOUBLE DEADEND	86.81	86.96
1	POLE TOP PIN/INSULATOR	19.26	19.23
1	LB CUTOFF CROSSARM CONST	113.64	114.80
3	STRAIGHT LINE 1 PH	79.56	80.17
9	POLE, 40 FOOT	2883.06	2920.19
5	GROUND ASSEMBLY PLATE	24.09	22.63
4	GROUND ASSEMBLY ROD	42.15	39.21
2	SINGLE DOWN GUY	59.10	55.76
2	¾ DOUBLE EYE ANCHOR	97.02	103.42
2009	ALUMINUM PRIMARY WIRE 1/0 ACSR	285.42	284.19
2009	ALUMINUM NEUTRAL WIRE 1/0 ACSR	285.42	284.19
3	STRAIGHT LINE 1 PHASE RD CROSS	158.79	159.13
1	SINGLE DEADEND 1 PHASE	42.73	42.71
	TOTAL ESTIMATED MATERIAL COST:	\$4,455.35	\$4,492.36

EXHIBIT G



TCH

TO

EL

104

108 AC

105

120 AC

106

105 AC

107

102 AC

108

102 AC

WAY

109

100 AC

110

101 AC

111

101 AC

112

YUCCA

TELEPHONE

W CITIZENS HACKBERRY

2

12

EXHIBIT H

Work Order #98268

Form OHC
Page 1 of 3

AGREEMENT FOR BILLING ACTUAL COST
WITH REFUNDABLE AID-TO-CONSTRUCTION
(NOT IN A SUBDIVISION)
OVERHEAD SYSTEM

THIS AGREEMENT, made and entered into in duplicate on this _____ day of _____ 19____, by and between MOHAVE ELECTRIC COOPERATIVE, INC. an Arizona Corporation, party of the first part. (hereinafter referred to as "Mohave") and

Rodney J. McKeon

a corporation, partnership, or individual, party of the second part (hereinafter referred to as the "Consumer").

WITNESSETH:

WHEREAS, Mohave is a corporation engaged in the sale and distribution of electrical energy in portions of Mohave, Yavapai, and Coconino Counties, Arizona and

WHEREAS, it is desired by the parties hereto to enter into an agreement whereby Mohave will construct and operate such a system to service said area:

Single phase overhead service to Parcel 40-A, Spring Valley Ranches. Section 25, T23N, R14W.

NOW THEREFORE, for and in consideration of covenants and agreements hereinafter set forth, it is agreed as follows:

Mohave agrees to construct or cause to be constructed and to maintain and operate an overhead system in the above described location in accordance with existing specifications and estimates upon the following terms and conditions:

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from June 22, 1998. If the full estimated cost of construction is not paid and this agreement not executed within that 60 (sixty) days, this agreement may be declared null and void at the option of Mohave.

2. The Consumer will advance to Mohave the full estimated cost of construction, \$6,539.35 in accordance with Mohave's construction practices.

At the time construction is finished, Mohave will:

a. Return to the Consumer any advance in excess of actual construction cost,

or

b. Bill the Consumer that amount which is in excess of the estimated construction cost.

SECTION II. REFUNDING

1. Upon completion of construction, the estimated cost on this agreement will be adjusted to reflect the actual cost of construction.

2. This is a refundable aid-to-construction as defined by Mohave's Service Rules and Regulations, Subsection 106-E.

3. The term of this agreement is five (5) years. Any advance funds remaining unrefunded at the end of the five (5) term will revert to Mohave as a direct contribution to aid of construction.

4. Refunds will be calculated and made each six (6) months during the term of this agreement. The Consumer will furnish to Mohave names and addresses of residents as they occupy individual lots during any six (6) month period for the purpose of refunds.

SECTION III. OTHER CONDITIONS

1. This estimate is based on information supplied to Mohave by the Consumer. Should the plans, specifications, and/or details supplied to Mohave change, Mohave has the option of rendering this agreement null and void, or requiring the Consumer to make the necessary corrections at his expense.

2. All easements or rights-of-way required by Mohave will be furnished to Mohave without cost.

3. All construction will become the property of Mohave and will be owned, operated and maintained by Mohave, except individual Consumer's wiring, disconnect breakers or switches and facilities on the Consumer's premises.