

OPEN MEETING ITEM

ORIGINAL



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COMMISSIONERS
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WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
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ARIZONA CORPORATION COMMISSION

22

DATE: June 8, 2004
DOCKET NO: E-01750A-03-0373
TO ALL PARTIES:

RECEIVED
2004 JUN - 8 P 12: 51
AZ CORP COMMISSION
DOCUMENT CONTROL

Enclosed please find the recommendation of Administrative Law Judge Teena Wolfe. The recommendation has been filed in the form of an Opinion and Order on:

CHANTEL v. MOHAVE ELECTRIC COOPERATIVE, INC.
(COMPLAINT)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

JUNE 17, 2004

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

JUNE 24, 2004

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

Arizona Corporation Commission

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JUN - 8 2004

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BRIAN C. McNEIL
EXECUTIVE SECRETARY

1 service territory ("Complainants"), filed a complaint with the Commission against Mohave alleging
2 that Mohave has violated several rules and regulations of the Commission. Roger Chantel is also
3 known as Dustin Chantel (Tr. at 43).

4 3. On July 2, 2003, Mohave filed a request for an extension of time to file an answer to
5 the Complaint. Complainants filed no response to the request, and on July 14, 2003, Mohave filed a
6 Motion to Dismiss which included a Response to the Complaint.

7 4. On July 24, 2003, a Procedural Order was issued setting a Pre-Hearing Conference to
8 commence on August 19, 2003, for the purpose of defining the issues, discussing the procedures
9 governing this matter and to set a hearing date.

10 5. On August 6, 2003, Complainants and Respondent jointly contacted the Hearing
11 Division to request that the Pre-Hearing Conference be continued to September 4, 2003 due to
12 scheduling conflicts. The request was granted by Procedural Order issued August 7, 2003.

13 6. On August 18, 2003, Mr. Chantel filed a letter dated August 13, 2003 requesting that
14 Complainants be allowed to "add additional evidence on the discrimination issue" to the record.
15 The letter alleged that "A large portion of Mohave's revenue comes from excessive charges levied on
16 new members asking for line extensions" and that "Mohave's management has created new fees that
17 are charged to new members." The letter further alleges that Mohave's "old members have had no
18 increases in their service [charges] in 11 or more years. New members are being charged the
19 additional operating costs. This is discrimination against new customers and members." The letter
20 requests that "If the Commission finds that Mohave has conducted any kind of discrimination, the
21 fines should be raised to 3.4 million dollars."

22 7. The Pre-Hearing Conference was held on September 4, 2003 as scheduled.
23 Complainants appeared on their own behalf and Respondent appeared through counsel. The parties
24 stated that they had not reached a settlement on the issues raised in the Complaint. Mr. Chantel
25 stated that he had reviewed Mohave's Response, and based on his review, he did not wish to
26 withdraw any of the allegations in the Complaint. The parties both stated that they would require 30-
27 45 days to prepare for the hearing, and Counsel for Respondent requested a date after October 20,
28 2004. The parties stated that they would meet and attempt to narrow the issues for hearing.

1 8. By Procedural Order issued September 8, 2003, a hearing was set to commence on
2 October 27, 2003, and the parties were ordered to exchange witness lists and copies of any exhibits
3 they intended to introduce at the hearing not later than October 17, 2003.

4 9. On October 14, 2003, a copy of a letter from Mr. Chantel to Mohave proposing
5 settlement terms was filed in this docket.

6 10. On October 17, 2003, a copy of a letter from Mohave to Mr. Chantel rejecting the
7 October 14, 2003 proposal was filed in this docket.

8 11. Also on October 17, 2003, the date on which the exchange of witness lists and copies
9 of exhibits was ordered, Mohave filed an Application for Postponement of Hearing.

10 12. On October 21, 2003, Complainants filed a Motion to Deny Postponement of Hearing.

11 13. A Procedural Order was issued on October 21, 2003 finding that good cause did not
12 exist pursuant to A.A.C. R14-3-109(Q) to continue the hearing, and ordering Mohave to serve
13 Complainants with a witness list and copies of any exhibits it intended to introduce at hearing by
14 noon on October 24, 2003.

15 14. On October 21, 2003, a Motion to Intervene in this matter was filed by Mr. Valentino
16 Ceci. On October 22, 2003, a copy of Mr. Ceci's Motion to Intervene was mailed to Respondent and
17 Complainants, with instructions to be prepared to respond to the Motion at the October 27, 2003
18 hearing.

19 15. The hearing on this matter was held as scheduled on October 27 and 28, 2003 before a
20 duly appointed Administrative Law Judge of the Commission. Complainants appeared on their own
21 behalf, and Mohave appeared through counsel.

22 16. At the hearing, prior to the taking of evidence, Mr. Ceci and Mr. Chantel argued in
23 support of Mr. Ceci's Motion to Intervene, and Mohave argued against the Motion. Mr. Ceci was not
24 granted intervention, but was informed that he could file a separate complaint against Mohave.¹

25 17. Also prior to the taking of evidence, Complainants orally requested a postponement of
26 the hearing. Mr. Chantel stated that he discovered an attempted delivery notice from FedEx at his
27

28 ¹ Complainants called Mr. Ceci as a witness at the hearing.

1 home at 2:30 p.m. October 24, 2003, indicating an attempted delivery of Respondents' List of
2 Witnesses and Exhibits at 1:25 p.m. on October 24, 2003 instead of 12:00 noon on that day as
3 required by the October 21, 2003 Procedural Order in this matter. Respondent objected to the
4 requested postponement. On examination of the Respondents' List of Witnesses and Exhibits, Mr.
5 Chantel stated that there was only one item listed in the Exhibits List that he had not previously seen.
6 Respondent withdrew that exhibit from its List of Witnesses and Exhibits, after which Mr. Chantel
7 stated that Complainants were in a position to proceed as scheduled.

8 18. Complainants presented the testimony of Roger Chantel, Ed Roling, Marie Ceci,
9 Valentino Ceci, and Darlene Chantel, and entered exhibits into the record. Complainants were
10 informed of their right to put on a rebuttal case (Tr. at 230).

11 19. Respondents presented the testimony of Mr. Thomas Longtin and entered exhibits into
12 the record.

13 20. The hearing ended after Complainants and Respondent concluded their evidentiary
14 presentations (Tr. at 405). In lieu of making closing statements, Complainants and Respondents
15 agreed to present their closing legal arguments in the form of simultaneous Closing Briefs at the
16 conclusion of the evidentiary portion of the hearing. The parties chose a filing date for the Closing
17 Briefs of December 31, 2003.

18 21. The Complaint arises from a July, 2002 request by Roger Chantel for the provision of
19 electrical power to a well site located at 10001 E. Hwy 66, Kingman, Arizona, 86401 (*see*
20 Attachments A and B to the Complaint), and from an October, 2002 request by ReBecca Grady,
21 Darlene Chantel and Leon Banta for electric service to Lots 66, 108, and 109 in Sunny Highlands
22 Estates, Tract 1132 (*see* Attachments C, D, E and F to the Complaint). Sunny Highlands Estates is
23 located in an area northeast of Kingman, on the north side of Highway 66. Mrs. Chantel testified that
24 the Complaint stems from Complainants' dissatisfaction with Mohave's cost estimate for the
25 Grady/Chantel/Banta request (Tr. at 194).

26 22. In a letter from Mohave to Complainants dated March 28, 2003, Mohave provided
27 Complainants with a breakdown of the \$14,389.23 estimated costs for the requested
28 Grady/Chantel/Banta line extension (*see* Attachment F to Complaint).

1 23. Complainants have not executed a line extension contract with Mohave in relation to
2 the Grady/Chantel/Banta request (Tr. at 162).

3 24. According to the records of the Mohave County Assessor, Roger and Elizabeth
4 Chantel, Trustees, are the landowners of record for Lots 66B, 108, and 109B in Sunny Highlands
5 Estates, Tract 1132.

6 25. Mrs. Chantel testified that ReBecca Grady and her husband John Grady are buying
7 Lots 108 and 107 in Sunny Highlands Estates, Tract 1132 from Complainants (Tr. at 205), and that
8 Leon Banta was going to purchase Lot 66 from Complainants (Tr. at 207). Complainants testified at
9 the hearing that Lot 66, which Mr. Banta requested service to, may be an unbuildable Lot (Tr. at 93,
10 171, 207).

11 26. Complainants intend to build a house on Lot 109, and to possibly reside there or sell it
12 (Tr. at 207).

13 27. In his direct testimony at the hearing, Mr. Chantel testified that he has purchased a
14 total of 23 lots in Sunny Highlands Estates, Tract 1132 from different entities (Tr. at 76). On cross-
15 examination, Mr. Chantel admitted that the Mohave County Assessor's records show him as the
16 owner of 26 parcels in Sunny Highlands Estates (Tr. at 91, 95). He testified that it is his practice to
17 sell the lots as undeveloped lots under real estate sales contracts (Tr. at 74, 95), that in many cases,
18 the individuals to whom he sells the lots apply for their own electricity, and that water is hauled to
19 most of the lots (Tr. at 74). Mr. Chantel testified that about eight of the lots he owns in Sunny
20 Highlands Estates are still available for sale (Tr. at 76, 107-108). Mrs. Chantel testified that
21 Complainants buy and sell real estate for income (Tr. at 191).

22 28.
23 When asked if he was before the Commission in order to help obtain electric service for people that
24 he has sold Lots to under real estate sales contracts, Mr. Chantel responded that he didn't know (Tr.
25 at 118).

26 **Summary of Allegations Appearing in the Complaint**

27 29. The nine page, single-spaced Complaint included numerous allegations and eleven
28

1 requests for relief.² Summarized below are the allegations and requests for relief appearing in the
 2 Complaint in Paragraphs labeled as 1 through 11:

- 3
 4 1) The Complaint alleged that Mohave altered an Engineering Services Contract by
 5 specifying that five Lots (Lots 65, 121, 132, 133 and 134) are eligible for refunding in
 6 an "Agreement for Constructing Electric Facilities Within an Abandoned Subdivision"
 7 (*see* Attachment E to the Complaint)("Unsigned Agreement"), which Mohave
 8 prepared after ReBecca Grady, Darlene Chantel and Leon Banta paid \$500 for
 9 Engineering Design Services to three Lots (Lots 66, 108, 109)(*see* Attachment C to the
 10 Complaint).

11 This Paragraph of the Complaint requested that Mohave be fined \$50,000 as a penalty.

- 12 2) The Complaint further alleged that Mohave violated Subsection 106-A(2)(a) of
 13 Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(2) by
 14 failing to prepare, without charge, one preliminary sketch and rough estimates of the
 15 cost to be paid by an applicant for a line extension to a well site located at 10001 E.
 16 Hwy 66, Kingman, Arizona, 86401. The Complaint alleged that sometime in July
 17 2002 Mr. Chantel requested a quote on how much it would cost to put power to a new
 18 well site, and that a Mohave staking technician told Mr. Chantel he would have to pay
 19 \$500 and sign an engineering design services contract before Mohave could determine
 20 the cost of the line extension to the well site.

21 This paragraph of the Complaint also alleged that Mohave is charging consumers \$500
 22 for the same services that consumers are entitled to receive at no charge pursuant to
 23 Subsection 106-A(2)(a) of Mohave's Line Extension Rules and Regulations and
 24 A.A.C. R14-2-207(A)(2).

25 This paragraph of the Complaint also alleged that after Grady/Chantel/Banta paid a
 26 \$500 advance deposit for engineering design services, Mohave provided only a cost
 27 estimate of \$14,389.23, and that Mohave stated that Grady/Chantel/Banta would be
 28 responsible for the actual costs of the requested line extension.

The Complaint also alleged in this paragraph that service meter poles have been
 installed on the Grady, Chantel and Banta properties since September 2002, and that if
 a detailed engineering design service had been performed, Mohave would have known
 the distance to the meter poles.

This Paragraph of the Complaint requested "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."

- 3) The Complaint further alleged that Mohave violated A.A.C. R14-2-207(A)(4), by

² This Findings of Fact is a summary of the allegations appearing in the Complaint. The Complaint is sprinkled throughout with allusions to fraud, extortion, and mis-use and abuse of privilege on the part of Mohave. These allusions are not direct allegations, and they are not reproduced in this summary.

1 failing to supply copies of tariffs telling Complainants what drop fees, tariffs or what
2 costs have been approved by the Commission, or a copy of the tariffs on file with the
3 Commission that relate to Mohave drop fees from backbone systems.

4 The Complaint also alleged in this paragraph that "Mohave has designed open-ended
5 service contracts in a piece meal format, so they can add new charges as they lock in
6 potential consumers."

7 This Paragraph of the Complaint requested "that the ACC fine Mohave \$100,000.00
8 and also fine Steven McArthur and participating management and legal counsels, the
9 maximum under Arizona Administrative Codes for penalties and restrict Mohave from
10 charging said fee until documentation of approval of fees have been filed with the
11 ACC."

- 12 4) The Complaint further alleged that Mohave violated Subsections 106-A(2)(b) and
13 106-A(3) of Mohave's Line Extension Rules and Regulations, in that
14 Grady/Chantel/Banta paid \$500 to receive detailed plans, specifications and sketches
15 showing the location and placement of service drops or service laterals, and Mohave
16 failed to supply this information, but instead sent the Unsigned Agreement; that the
17 Unsigned Agreement included Lots 65, 121, 132, 133 and 134 of Sunny Highlands
18 Estates Tract 1132; that Complainants did not request inclusion of these lots in their
19 request for service; and that the addition of these lots increased the footage
20 requirements above and beyond what Grady/Chantel/Banta "agreed to in their service
21 contract."

22 The Complaint also alleged in this paragraph that Mohave's contracts are open-ended;
23 that the Unsigned Agreement included a figure of 2009 feet at an estimated price of
24 \$14,389.23; that a subsequent letter dated March 28, 2003 to Roger and Darlene
25 Chantel indicated "that they are now only going to construct 1827 feet of line"; and
26 that the reduction in footage should have reduced the price estimate by approximately
27 \$1,433.

28 The Complaint also alleged in this paragraph that "Mohave forces its customers to
sign open-ended 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."

This Paragraph of the Complaint requested "that the ACC fine Mohave \$250,000.00"
and that "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."

- 5) The Complaint further alleged that Mohave violated Subsection 106-A(3)(d) of
Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(B)(1)(d), in
that Mohave did not provide Complainants with a complete description and sketch of
the requested Grady/Chantel/Banta line extension until an arbitration meeting between
Complainants and Mohave; that this violation occurred a second time when Mohave

1 changed the footage and failed to provide a sketch showing where Mohave reduced
2 the footage.

3 This Paragraph of the Complaint requested "that the ACC fine Mohave \$150,000.00
4 for failing to inform consumers of the exact location placement of the line extension
5 and Arizona Administrative Code R14-2-207(B)(1)(d)."

- 6 6) The Complaint further alleged that Mohave violated Subsection 106-A(3)(g) of
7 Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A), in that
8 the Unsigned Agreement states that Lots 66, 108, 109 "have not been considered for
9 eligibility for refund aid-to-construction as defined by Mohave's service Rules and
10 Regulations, Subsection 106-C-1"; but that the Unsigned Agreement states that
11 Mohave is granting line extension refunds to Lots 65, 121, 132, 133 and 134; and that
12 these facts prove that Mohave intends to discriminate against and deny rights to
13 Complainants.

14 The Complaint also alleged in this paragraph that that the Unsigned Agreement is not
15 concise in its explanation of refunding.

16 This Paragraph of the Complaint requested that Mohave be fined \$100,000.00.

- 17 7) The Complaint further alleged that Mohave violated Subsection 106-A(3)(h) of
18 Mohave's Line Extension Rules and Regulations, and A.A.C. R14-2-207(B)(1)(h), in
19 that the Unsigned Agreement did not include an estimated completion date.

20 The Complaint requested that Mohave be fined \$100,000.00.

- 21 8) The Complaint further alleged that Mohave violated Subsection 106-B(1) of Mohave's
22 Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(3), in that the
23 Unsigned Agreement does not state whether the measurement includes secondary
24 lines, service drops, and service laterals or what their costs will be; that neither the
25 Unsigned Agreement nor the accompanying letter state the true cost of the line
26 extension; that Mohave has been informed that utility poles have been standing on the
27 Grady/Chantel/Banta Lots since mid-September 2002; that Mohave has no legal
28 reason for excluding service drops and service laterals from the Unsigned Agreement;
that Mohave did not conduct an on-site appraisal for the Engineering Services
Contract (*see* Attachment C to the Complaint) that Grady/Chantel/Banta paid for; and
that Mohave does not intend to comply with the Rules and Regulations on file with the
Commission.

This Paragraph of the Complaint requested that Mohave be fined \$200,000.00.

- 9) The Complaint further alleged that Mohave violated Subsection 106-C(1) of Mohave's
Line Extension Rules and Regulations, in that the Unsigned Agreement does not give
any provision for the 625 feet of free footage to the Grady/Chantel/Banta Lots.

This Paragraph of the Complaint requested that 625 feet of single phase line extension
footage be included in the Grady/Chantel/Banta contract without charge.

1 10) The Complaint further alleged that Mohave violated Subsection 106-C(1) and 106-
 2 E(1) of Mohave's Line Extension Rules and Regulations, and A.A.C. R14-2-
 3 207(C)(1), because Mohave is denying Complainants' free footage allotment based on
 4 Mohave's interpretation of the word "subdivision" which Complainants believe
 5 constitutes discrimination against Complainants; that "owners decide the use of their
 6 land and are entitled to line extension footage under A.A.C. R14-2-207;" that
 7 "Mohave's own records on engineering and line extension contracts will provide
 8 additional evidence to the Commission that some consumers are offered line
 9 extensions with refundable aid-to Construction and others are clearly discriminated
 10 against;" that the average size of land parcels in Sunny Highlands Estates Tract 1132
 11 is larger than one acre; and that the Sunny Highlands Estates Tract 1132 parcels are
 12 not strictly used for residential construction, but that some are used for livestock, and
 13 some for investment purposes.

14 The Complaint also alleged in this Paragraph that the Unsigned Agreement is
 15 ambiguous, one-sided and promotes an opportunity for Mohave to overcharge
 16 consumers requesting electric service; and that "With Mohave's open-end contract
 17 policy, discrimination could be aimed toward where a consumer lives, what kind of
 18 structure he/she lives in or his/her economical status, etc."

19 This Paragraph of the Complaint requested that Mohave be fined \$500,000.00.

20 11) The Complaint further alleged that Mohave violated A.A.C. R14-2-207(A)(1), by
 21 failing to file with the Commission's Docket Control "for charges of many of its rates,
 22 fares, tolls, rentals or the alteration of any classification, contract, practice, rule or
 23 regulation that may result in any increase of cost of services."

24 The Complaint also alleged in this paragraph that Mohave's failure to comply with
 25 A.A.C. R14-2-207(A)(1) has caused Arizona citizens to lose electrical revenue; has
 26 reduced the ability of property owners to place dwellings and improvements on their
 27 lots; that Arizona has lost large amounts of sales tax revenue because of Mohave's
 28 unwillingness to comply with Commission rules; and that Mohave County has
 experienced large property tax loss.

This Paragraph of the Complaint requested that Mohave be fined \$100,000.00, and
 "that the ACC assess Steve McArthur, Mohave's legal counsel management, and John
 H. Williams the maximum penalty for each violation".

Analysis

30. A.A.C. R14-2-207(A)(1) requires electric utilities to file with the Commission a line
 extension tariff that incorporates the provisions of A.A.C. R14-2-207, and that specifically defines
 the conditions governing line extensions.

31. On March 3, 1982, Mohave filed with the Commission tariff pages entitled Service
 Rules and Regulations. On April 12, 1982, the Commission issued Tariff Approval No. 52951, a

1 copy of which is attached hereto as Exhibit A and incorporated herein by reference. The Tariff
2 Approval states that the Commission, having reviewed the Service Rules and Regulations, concluded
3 that the tariff is reasonable, fair and equitable and in compliance with Commission orders and is
4 therefore in the public interest. Effective April 1, 1982, Tariff Approval No. 52951 approved the
5 tariff pages filed on March 3, 1982, which included the Sections and Subsections as listed on Exhibit
6 A.

7 32. On October 19, 1994, Mohave filed an application requesting approval of a tariff that
8 would allow it to charge permanent customers for installation of a portion of the underground
9 backbone plant in subdivisions that have been abandoned by the developer. On December 5, 1994,
10 the Commission issued Decision No. 58886, a copy of which is attached hereto as Exhibit B and
11 incorporated herein by reference. Decision No. 58886 concluded that it was in the public interest to
12 approve the October 19, 1994 application with amendments as set forth in Findings of Fact No. 14 of
13 the Decision, and ordered Mohave to file revised tariffs consistent with the Decision within fifteen
14 days. The tariff pages approved by Decision No. 58886 consist of Subsection 107-D (1-8).

15 33. Mohave's Service Rules and Regulations ("Mohave's Rules" or "Mohave's line
16 extension rules") consist of the line extension tariff pages the Commission approved in Tariff
17 Approval No. 52951 and Decision No. 58886.

18 **Paragraph One Allegations**

19 34. The Complaint alleged that Mohave altered an Engineering Services Contract by
20 specifying that five lots (Lots 65, 121, 132, 133 and 134) are eligible for refunding in the Unsigned
21 Agreement that Mohave prepared after ReBecca Grady, Darlene Chantel and Leon Banta paid \$500
22 for Engineering Design Services to three lots (Lots 66, 108, 109)(see Attachment C to the
23 Complaint).

24 35. Respondent answered that Complainants requested electric construction to three lots
25 on August 23, 2002; that Mohave's policy and standard procedure is to charge the customer 100
26 percent for the minimal length of line extension as the "backbone," and then refund the proportionate
27 percentage of monies advanced as subsequent lot owners connect to that backbone; and that
28 Mohave's estimate of costs and preliminary sketch included all eight lots touching the backbone,

1 pursuant to 107-A, 107-B, 107-C and 107-D of Mohave's Rules.

2 36. Mr. Chantel testified at the hearing that Complainants withdrew the allegations in
3 Paragraph One of the Complaint. However, in testimony later in the hearing, Mr. Chantel stated that
4 the inclusion of Lots 65, 121, 132, 133, and 134 in the Unsigned Agreement constituted "oversizing"
5 of the line, and in their Closing Brief, Complainants continued to argue that Mohave "changed the
6 contract" to include Lots 65, 121, 132 and 134 and "increased the engineering design"
7 (Complainants' Closing Brief at 4).

8 37. Mr. Thomas Longtin, Manager of Operations and Engineering for Mohave, testified
9 on behalf of Mohave at the hearing that Mohave worked with the Commission's Utilities Division
10 Staff to develop its abandoned subdivision line extension rules, embodied in Mohave Service Rules
11 and Regulations Rule 107-D in order to deal with the problem of the 4,000 to 6,000 abandoned
12 subdivision lots in Mohave's service area (Tr. at 235). Mr. Longtin testified that application of the
13 free footage allowance in its Rule 106-C, which applies to property not within a subdivision, to every
14 abandoned lot in a broken subdivision would cost the members of Mohave in excess of \$30 million
15 (*Id.*). Mr. Longtin stated that the abandoned subdivision rule does not require a lot owner to advance
16 the funds for the entire subdivision, but only requires the lot owner to advance the funds for the bare
17 minimum that it takes to get the backbone of the system to their lot (Tr. at 236).

18 38. Mr. Longtin stated that Mohave does not oversize when building in an abandoned
19 subdivision (Tr. at 237). He stated that when Mohave begins building in an abandoned subdivision, it
20 must install the service up to a standard that, when completed, will carry and handle the load that will
21 eventually exist when the subdivision is built out (*Id.*). Mr. Longtin explained that otherwise,
22 Mohave would have to rebuild its system as the abandoned subdivision grows (*Id.*). He stated that
23 Rule 107-D allows Mohave to set poles on lot corners as the backbone is built, so that at a later date,
24 those lots can be served from those poles, and that this practice does not constitute oversizing (Tr. at
25 238).

26 39. The Unsigned Agreement properly specifies which lots could in the future connect to
27 the backbone facilities necessary to serve Lots 66, 108 and 109 (*see* Exhibit MEC-1). Under the
28 terms of the Unsigned Agreement, connections within seven years of the date the Unsigned

1 Agreement is signed of Lots 65, 121, 132, 133, and 134 to the backbone facilities necessary to serve
2 Lots 66, 108 and 109, would result in refunds to Lots 66, 108, and 109 of the proportionate
3 percentage of monies advanced for each such connection. When asked at the hearing whether he
4 understood this concept, Mr. Chantel replied that it doesn't work that way, and that he could present
5 evidence to support his position (Tr. at 60). Mr. Chantel proceeded to testify with a hypothetical
6 example, claiming that "The original guy that put up for the line extension doesn't receive one dime.
7 He doesn't receive one bit of extension money the way Mohave has the rules and regulations, and
8 that is the way they interpret it" (Tr. at 62). However, Complainants presented no evidence that
9 Mohave has ever failed to honor the refunding provisions of any line extension agreement.

10 40. Mohave did not alter an Engineering Services Contract by specifying in the Unsigned
11 Agreement that five lots (Lots 65, 121, 132, 133 and 134) are eligible for refunding. The allegations
12 in Paragraph One of the Complaint are not supported by the evidence, and this portion of the
13 Complaint should be dismissed.

14 **Paragraph Two Allegations**

15 41. Paragraph Two of the Complaint alleged that Mohave violated Subsection 106-A(2)(a)
16 of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(2) by failing to
17 prepare, without charge, one preliminary sketch and rough estimates of the cost to be paid by an
18 applicant for a line extension to a well site located at 10001 E. Hwy 66, Kingman, Arizona, 86401.
19 The Complaint alleged that sometime in July 2002, Mr. Chantel requested a quote on how much it
20 would cost to put power to a new well site, and that a Mohave staking technician told Mr. Chantel he
21 would have to pay \$500 and sign an engineering design services contract before Mohave could
22 determine the cost of the line extension to the well site.

23 42. Respondent answered that it gives preliminary cost estimates routinely at no cost; that
24 it received a written request from Mr. Chantel dated July 26, 2002 to set a meter to run power to his
25 well; that a Mohave staking technician met with Mr. Chantel at the well-site to determine whether
26 construction would qualify for line credit and to give a "verbal ballpark" of the costs of construction;
27 that pursuant to 106-A(2)(e) and 106-H(4) of Mohave's rules the request did not qualify for either
28 residential or commercial line extension credit; that therefore Respondent required Complainants to

1 proceed with an Engineering Services Contract; and that Respondent received no further
2 communication on the matter until the Complaint was filed.

3 43. On August 6, 2002, Mohave mailed a letter that included two unexecuted Engineering
4 Services Contracts to Roger Chantel for 10001 E. Hwy. 66 (*see* Attachment A to the Complaint).
5 Mr. Longtin testified on behalf of Mohave at the hearing that Mr. Chantel had been given a cost
6 estimate over the phone (Tr. at 238).

7 44. Mohave's Rule 106-A(2)(a) requires that "Upon request by an applicant for a line
8 extension, the Cooperative shall prepare without charge, one preliminary sketch and rough estimates
9 of the cost to be paid by the applicant." Mohave's Rule 106-A(2)(b) provides that "Any applicant for
10 a line extension requesting the Cooperative to prepare detailed plans, specifications, or cost estimates,
11 may be required to deposit with the Cooperative an amount equal to the estimated cost of
12 preparation." Mohave's Rule 106-A(2)(c) provides that "When the Cooperative requires an applicant
13 to advance funds for a line extension, the Cooperative will furnish the applicant with a copy of the
14 line extension agreement." Mohave's Rule 106-A(3) requires that "Each line extension agreement
15 shall at a minimum include the following information: . . . d) Description and sketch of the requested
16 line extension . . .".

17 45. While Mohave's line extension rules require it to prepare a preliminary sketch and
18 rough estimates of cost upon request, they require Mohave to furnish a sketch to the applicant only
19 when a line extension agreement is entered into. It is reasonable to require members of a cooperative
20 to pay a deposit toward the work required for the cooperative to determine the cost of a line
21 extension. Complainants did not refute Respondent's answer that a verbal ballpark estimate was
22 furnished to Mr. Chantel during the site visit, or that an estimate was provided during a telephone
23 conversation. It is reasonable to assume from the fact that Mr. Chantel did not proceed with the
24 Engineering Services Contract (*see* Attachment A to the Complaint) for a detailed design and cost
25 estimate, with a \$500 deposit toward the project's costs, that Mohave's rough estimate dissuaded Mr.
26 Chantel from proceeding with a request for the provision of electric service to the new well site.
27 Complainants have not demonstrated that Mohave violated Subsection 106-A(2)(a) of Mohave's Line
28 Extension Rules and Regulations or A.A.C. R14-2-207(A)(2).

1 46. The Second Paragraph of the Complaint also alleged that Mohave is charging
2 consumers \$500 for the same services that consumers are entitled to receive at no charge pursuant to
3 Subsection 106-A(2)(a) of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-
4 207(A)(2); that after Grady/Chantel/Banta paid a \$500 advance deposit for engineering design
5 services, Mohave provided only a cost estimate of \$14,389.23, and stated that Grady/Chantel/Banta
6 would be responsible for the actual costs of the requested line extension; that service meter poles
7 have been installed on the Grady, Chantel and Banta properties since September 2002, and that if a
8 detailed engineering design service had been performed, Mohave would have known the distance to
9 the meter poles.

10 47. Respondent answered that prior to the October 31, 2002 letter accompanying the
11 Engineering Services Contract, Mr. Chantel had requested a preliminary cost estimate for nine lots in
12 Sunny Highlands Estates, to which Mohave responded in writing with a preliminary sketch and rough
13 estimate of the cost of installation prepared at no charge; that Respondent received Complainants'
14 signed Engineering Services Contract on October 30, 2002, to which it responded the following day;
15 that the estimate of costs was detailed and as accurate as possible based on all information at hand;
16 and that the same detailed estimate was used to respond to Complainants' request for an explanation
17 of the breakdown of those costs.

18 48. ReBecca Grady, Darlene Chantel, and Leon Banta signed an Engineering Services
19 Contract with Mohave for a detailed design and cost estimate to provide a 14.4 kV single phase
20 overhead electric backbone distribution line to Sunny Highlands, Tract 1132, Lots 66, 108, and 109,
21 and dated it October 29, 2002 (*see* Attachment C to the Complaint). In that Engineering Services
22 Contract, Mohave required an advance deposit for the Engineering Services in the amount of \$500.
23 Stephen McArthur signed the Engineering Services Contract on behalf of Mohave on October 31,
24 2002.

25 49. Mrs. Chantel testified that she jointly applied to Mohave with ReBecca Grady and
26 Leon Banta for service to Lots 66, 108 and 109 because she thought it would be cheaper to jointly
27 apply in order to share the cost of Mohave's initial engineering analysis (Tr. at 208). According to
28 Mrs. Chantel, she, ReBecca Grady and Leon Banta had planned to divide equally any line extension

1 refunds from their requested line extension (Tr. at 215). When ReBecca Grady, Darlene Chantel, and
 2 Leon Banta first requested service to Lots 66B, 108, and 109B in Sunny Highlands Estates, Tract
 3 1132, Mohave sent them an Engineering Services Contract, which they all three signed and sent to
 4 Mohave with one check for \$500 (Tr. at 165). Mrs. Chantel stated that Mohave sent both the contract
 5 and the check back to them, both marked “void” and told them that they each must have an individual
 6 contract and each pay \$500 (*Id.*). Mrs. Chantel stated that Mohave also voided and sent back one
 7 check prior to that, and that she sent a total of three \$500 checks to Mohave for the joint request (Tr.
 8 at 222).

9 50. In a letter to Darlene Chantel signed by John H. Williams for Mohave, dated October
 10 31, 2002, Mohave provided a total estimated cost of \$14,389.23 for the project, and stated that with
 11 the subtraction of the \$500.00 received on October 29, 2003, \$13,889.23 was required to proceed
 12 with the project (*see* Attachment D to the Complaint). The letter stated that the estimate was for the
 13 construction of “2009 feet of overhead electric single phase line to provide backbone electric service
 14 to Sunny Highlands, Tract 1132, Lots 65, 66, 108, 109, 121, 132, 133, 134 (8 Lots total).” (*Id.*) The
 15 letter further stated: “Cost estimates for extensions onto the lots can be completed after the meter pole
 16 location on each lot is established; please send or fax copies of the lot layout or site plan if they are
 17 available. You can also call me to arrange a field meeting to discuss the respective meter pole
 18 locations, and an estimate will be prepared shortly thereafter.” (*Id.*) The letter went on to state that
 19 the estimate figure represented the estimated costs for labor and materials only; that final billing
 20 would be based on an actual cost, partially refundable aid to construction contract in accordance with
 21 Mohave’s approved Line Extension Rules and Regulations on file with the Commission, and that the
 22 estimate was valid for 60 days (*Id.*).

23 51. Two original agreement forms were included with the October 31, 2002 letter from
 24 Mohave. The forms were labeled “Agreement for Constructing Electric Facilities Within an
 25 Abandoned Subdivision” (*see* Attachment E to the Complaint)(“Unsigned Agreement”). In the
 26 Preamble, the Unsigned Agreement stated that the parties desired to “enter into an agreement
 27 whereby Mohave will construct and operate such a system to service said area: **To construct 2009**
 28 **feet of overhead electric single phase line to provide backbone electric service to Sunny**

1 **Highlands, Tract 1132, Lots 65, 66, 108, 109, 121, 132, 133, 134 (8 Lots total).**” (*Id.*) Under the
2 heading “SECTION II. REFUNDING” the Unsigned Agreement further provided that “The
3 following Lot(s) are not eligible for refunding: Lots **66, 108, 109.** The amount equaling the per lot
4 rate multiplied by **3** Lot(s) shall be non-refundable.” (*Id.*) The Unsigned Agreement stated that “a
5 one-time service availability charge equaling the per lot rate will be made to each residential
6 customer who establishes service on eligible lots affected by this contract. The following lot(s) are
7 subject to this charge and are eligible for refunding: Lots **65, 121, 132, 133, 134.** The amount
8 equaling the per lot rate multiplied by **5** lot(s) shall be refundable.” (*Id.*) The Unsigned Agreement
9 specifies that “the total actual cost of construction divided by 8 lots shall be the per lot refunding
10 rate.” (*Id.*)

11 52. Mrs. Chantel testified that in relation to the Grady/Chantel/Banta request for service,
12 Complainants did not receive a sketch of the line extension until they requested it. Mrs. Chantel
13 stated that Complainants received a sketch after an arbitration meeting they had with Mohave (Tr. at
14 157-158, 166). Mrs. Chantel testified that she did not recall any footage measurements being written
15 on the map sketch Complainants received from Mohave (Tr. at 166).

16 53. Mr. Longtin testified that Mohave sent a sketch and a preliminary cost to
17 Complainants prior to sending the Unsigned Agreement (Tr. at 243). He testified that sketches had
18 been attached to the previous line extension agreements referred to by Mrs. Chantel, which had been
19 returned with voided checks (Tr. at 247, 248). Mr. Longtin explained that the contracts had been
20 returned because they had been totally rewritten, and that Mohave could not accept them because
21 they were not “our contracts” (Tr. at 248). Mr. Longtin testified that he did not have copies of the
22 rewritten contracts (Tr. at 248).

23 54. Mohave presented Exhibit MEC-1 at the hearing. Exhibit MEC-1 is a sketch made on
24 a map of a portion of Sunny Highlands Estates. It bears a date of “Oct 31st, 2002”, and shows a “new
25 line” that would serve Lots 66, 108 and 109 of Sunny Highlands Estates. The sketch shows that Lots
26 65, 121, 132, 133 and 134 would be “lots touched by backbone line,” and also bears the words “8 lots
27 on contract” (*see* Exhibit MEC-1). No footage measurements are shown on Exhibit MEC-1.

28 55. Mr. Longtin stated that it was possible that no sketch was attached to the third line

1 extension agreement when it was sent out with the October 31, 2002 letter, but stated that a sketch
2 had been attached to the first two agreements for the same area (Tr. at 249).

3 56. At the hearing, Mohave's witness Mr. Longtin testified that a sketch on a map of a
4 portion of Sunny Highlands Estates, dated "9/23/02" showing how a "new line" would run from an
5 existing line to serve Lots 1, 2, 3, 61, 62, 107, 108, 109 and 110 of Sunny Highlands Estates was a
6 preliminary sketch of "Mr. Chantel's line extension" (Tr. at 245, *see* Exhibit MEC-2). No footage
7 measurements are shown on Exhibit MEC-2.

8 57. At the hearing, Mr. Longtin testified that on September 23, 2002, Mohave's line
9 extension supervisor, Mr. John Williams, sent a letter to ReBecca Grady giving her a preliminary
10 estimate of \$8,000 to \$10,000 for service to Lot the corner of 108 in Sunny Highlands Estates, and
11 that the September 23, 2002 letter had attached to it a preliminary sketch on the same map as the one
12 appearing in Exhibit MEC-2 attached (Tr. at 246). The map shows a "new line" to a lot with an "x"
13 on it (Lot 108), and is dated "9/23/02" (*see* Exhibit MEC-5).

14 58. The evidence does not demonstrate that Mohave is charging consumers \$500 for the
15 same services that consumers are entitled to receive at no charge pursuant to Subsection 106-A(2)(a)
16 of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(2). Rule 106-A(2)(a)
17 requires only a preliminary estimate. The existence of the preliminary sketches dated September 23,
18 2003 and October 31, 2003 (*see* Exhibits MEC-1 and MEC-2) provides evidence that preliminary
19 sketches and rough estimates for the requested line extension were prepared. The September 23,
20 2002 letter to ReBecca Grady with a preliminary estimate of \$8,000 to \$10,000 dollars for the line
21 extension to Lot 108 (*see* Exhibit MEC-5) provides additional evidence that Mohave prepared a
22 preliminary estimate at no charge as required by Mohave's Rule 106-A(2)(a).

23 59. The evidence does not support Complainants' allegation that Mohave violated its Rule
24 106-A(2)(a) of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(2) by
25 providing a cost estimate for the requested line extension of \$14,389.23, and stating that the line
26 extension applicants would be responsible for the actual costs of the requested line extension (*see*
27 Attachment D and Attachment E to the Complaint).

28 60. The evidence does not support Complainants' allegation that Mohave violated its Rule

1 106-A(2)(a) of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(2) by not
2 including the distance to the meter poles on the individual requesting lots.

3 61. The allegations appearing in Paragraph Two of the Complaint are not supported by the
4 evidence and this portion of the Complaint should be dismissed.

5 **Paragraph Three Allegations**

6 62. Paragraph Three of the Complaint alleged that Mohave violated A.A.C. R14-2-
7 207(A)(4), by failing to supply copies of tariffs telling Complainants what drop fees, tariffs or what
8 costs have been approved by the Commission, or a copy of the tariffs on file with the Commission
9 that relate to Mohave drop fees from backbone systems; and that "Mohave has designed open-ended
10 service contracts in a piece meal format, so they can add new charges as they lock in potential
11 consumers."

12 63. Respondent answered Paragraph Three of the Complaint, stating that Mohave's Rules
13 and Regulations of March 3, 1982 were filed and approved by the Commission, and that its Rule 106-
14 A(2)(c) and 103-A(1)(a) take precedent over the requirements of A.A.C. R14-2-207(A)(4).
15 Respondent answered that it invited Complainants to its offices and various copies of its Mohave's
16 Rules and Regulations were provided as requested, including copies of 107-A, 107-C and 107-D.

17 64. Respondent further answered Paragraph Three of the Complaint, stating that cost
18 estimates for a line extension into an abandoned subdivision typically are for the backbone extension
19 only, without the drop costs; that where there are multiple lot owners, each owner's share of the line
20 extension is refundable to the original developer as each subsequent landowner connects to the
21 system; that drop fee costs are not assessed to each individual lot owner until they connect; and that
22 this procedure allows for placement of drops to each lot owner's requirements and eliminates the
23 need for the developer to front any money for the drop costs.

24 65. Mr. Chantel's testimony indicated that he believes Mohave should have a "drop
25 service tariff" with conditions and specifications approved by the Commission (Tr. at 53). Mr.
26 Chantel also testified that Complainants believe that a "service drop" tariff should apply to the
27 distance from the customer's property line extending to the customer's meter pole (Tr. at 57). Mr.
28 Chantel testified that Complainants "believe that their actual portion of the line extension should be at

1 the maximum \$472.64”, but that Complainants “feel we’re allowed drop costs or aid of construction
2 which might change some of these figures slightly, depending on what the footage determination
3 turns out to be.” (Tr. at 56, 57). Mr. Chantel’s estimate is based on 1,688 feet at \$0.14 per foot (Tr. at
4 56).³ Mr. Chantel drew the \$0.14 per foot wire costs from Mohave’s letter to Complainants dated
5 March 28, 2003 (*see* Attachment F to the Complaint), in which Mohave listed, in Exhibit ‘A’ to the
6 letter, as part of the material costs estimate, 2,009 feet twice, for 4,018 feet of wire, at \$285.42
7 (October 2002 cost). Mr. Chantel’s estimates of what Mohave should charge for the line extension
8 ignores 13 items listed in addition to wire, including nine 40-foot poles at \$2,883.06 (October 2002
9 cost) or \$2,920.19 (March 2003 cost).

10 66. As Mohave’s Commission-approved line extension tariff does not include a specific
11 provision for “drop fees from backbone systems,” it would be impossible for Mohave to provide
12 Complainants with a copy of such a tariff prior to applicant’s acceptance of a line extension
13 agreement. Moreover, Mohave demonstrated a willingness to provide an estimate to Complainants
14 for the cost of extending service from the backbone to each lot. The letter to Darlene Chantel signed
15 by John H. Williams for Mohave, dated October 31, 2002, stated: “Cost estimates for extensions onto
16 the lots can be completed after the meter pole location on each lot is established; please send or fax
17 copies of the lot layout or site plan if they are available. You can also call me to arrange a field
18 meeting to discuss the respective meter pole locations, and an estimate will be prepared shortly
19 thereafter.” (*see* Attachment D to the Complaint). When questioned as to whether he responded to
20 this offer to prepare an estimate, Mr. Chantel testified that he contacted Mohave, but that he “didn’t
21 understand why we needed to arrange a field meeting because the poles were sitting in there two
22 months prior to this [October 31, 2002] letter” (Tr. at 227). He could not recall whether he had
23 arranged a field meeting to discuss the respective meter pole locations (Tr. at 228). Mr. Chantel
24 stated that he had spoken by phone with a Mohave representative in regard to the standing meter
25 poles, and that he had been upset because the meter pole footage was not documented in the initial
26 estimate for which he had paid \$500 (Tr. at 228-229). Mr. Chantel did not send or fax a copy of the
27

28 ³ The 1,680 feet figure in the transcript appears to be a typographical error.

1 lot layout or site plan for Lots 66, 108 and 109 to Mohave (Tr. at 228).

2 67. The evidence presented does not demonstrate that Mohave has violated the
3 requirements of A.A.C. R14-2-207(A)(4). This portion of the Complaint should be dismissed.

4 **Paragraph Four Allegations**

5 68. The Complaint alleged in the Fourth Paragraph that Mohave violated Subsections
6 106-A(2)(b) and 106-A(3) of Mohave's Line Extension Rules and Regulations, in that
7 Grady/Chantel/Banta paid \$500 to receive detailed plans, specifications and sketches showing the
8 location and placement of service drops or service laterals, and Mohave failed to supply this
9 information, but instead sent the Unsigned Agreement; that the Unsigned Agreement included Lots
10 65, 121, 132, 133 and 134 of Sunny Highlands Estates Tract 1132; that Complainants did not request
11 inclusion of these lots in their request for service; and that the addition of these lots increased the
12 footage requirements above and beyond what Grady/Chantel/Banta "agreed to in their service
13 contract."

14 69. Mohave did not violate its Rules 106-A(2)(b) and 106-A(3) by not including detailed
15 plans, specifications and sketches showing the location and placement of service drops or service
16 laterals in the Unsigned Agreement. As we stated in the discussion of the allegations appearing in
17 Paragraph Three of the Complaint, Mohave demonstrated a willingness to provide more detailed
18 estimates related to the cost of extending service from the backbone to each Lot, but Mr. Chantel did
19 not take advantage of Mohave's offer to arrange a field meeting, or to send or fax a copy of the lot
20 layout or site plan for the lots to Mohave.

21 70. Neither did Mohave violate its Rules 106-A(2)(b) and 106-A(3) by specifying in the
22 Unsigned Agreement that five Lots (Lots 65, 121, 132, 133 and 134) are eligible for refunding. The
23 inclusion of these lots did not increase the footage of the line extension, but instead, afforded the
24 applicants a greater opportunity to recoup their advanced funds necessary for the construction of the
25 backbone line to serve their lots. When asked at the hearing whether he understood the concept of
26 line extension refunds, Mr. Chantel's testimony expressed a belief that applicants would not be
27 eligible for refunds (Tr. at 60-62). In contrast, however, Mrs. Chantel acknowledged a general
28 understanding of refunding under a line extension agreement (Tr. at 210). She testified that she

1 understood that money was paid in advance, and that as people applied for electricity, that “the
2 person that put the money up front, would be getting some of those costs back. And I think that is a
3 great plan other than like I explained yesterday, we have no control over these lots that sit in front of
4 us for that backbone. If we had control over those lots and we were able to sell them within a seven-
5 year period and recoup the money, that would be fine” (Tr. at 210). Complainants do not own Lots
6 65, 121, 132, 133 and 134 (Tr. at 212).

7 71. Mrs. Chantel testified that Mohave “said we could get reimbursement as people
8 hooked into this line” (Tr. at 174). Mrs. Chantel expressed concern, however, that Complainants do
9 not own, and do not know who owns Lots 65, 121, 132, 133 and 134, and therefore have no control
10 over whether they will recoup their money (*Id.*). Mrs. Chantel stated that Complainants have
11 attempted to contact some of the lot owners, but have received no response, and expressed concern
12 that the Lot owners may request electric service after the seven years for refunding has elapsed (Tr. at
13 174, 175). Mrs. Chantel acknowledged that conversely, Complainants could wait for someone else in
14 the subdivision to put in the backbone, and could then be in the same position as the owners of Lots
15 65, 121, 132, 133 and 134 would be if applicants advanced the funds for the backbone (Tr. at 175),
16 but added that she had no idea how long she would have to wait for someone to take the initiative to
17 request electricity (Tr. at 176). Mrs. Chantel testified that Complainants feel they are being treated
18 unjustly and unfairly because when the line extension charge as estimated by Mohave is added to
19 their monthly rates, once electric service was available, they “would be paying four to ten times more
20 than the current Mohave customers pay at the rate they’re getting today” (Tr. at 178). She
21 acknowledged, however, that if she bought a Lot that was close to an existing backbone line, that it
22 would be much more economical to obtain electric service (Tr. at 224-225).

23 72. Mrs. Chantel testified that Mohave’s attorney explained to her in a telephone
24 conversation that she might get refunds from the requested line extension, after which the actual cost
25 might be \$10,000, and that there was a discussion about Complainants putting up a lot for collateral,
26 but that they decided against doing so (Tr. at 209). Mrs. Chantel also testified that “even if the line
27 extension only costs \$10,000 to put in, and I got \$4,000 back, I would only get \$4,000 back. I
28 wouldn’t get \$4,000 plus my interest” (Tr. at 178).

1 73. Mrs. Chantel also testified that she believes only five poles are necessary for the
2 requested line extension, and not nine poles, as called for by Mohave's estimate (Tr. at 167, 172-
3 173); that she and her husband went out and measured poles, so they know that a safe and reasonable
4 distance between poles is approximately 400 feet (Tr. at 173); and that she "can't explain why
5 [Mohave] would want to put [the poles] any closer together unless it is to take lines off of that for
6 other lots that are in front of us that we don't have any control (Tr. at 173-174). In referring to the
7 "other lots that are in front of us" Mrs. Chantel was referring to Lots 65, 121, 132, 133 and 134,
8 which Mohave listed in the Unsigned Agreement as eligible for refunding (Tr. at 174).

9 74. While the wording of the Complaint in regard to Complainants' understanding of the
10 Unsigned Agreement's refunding clauses seems to indicate that Complainants lack an understanding
11 of the concept of refunding of advances, testimony at the hearing suggested otherwise. It appears that
12 Complainants' dissatisfaction with the terms of the Unsigned Agreement stems more from the
13 required advance of funds than from a lack of understanding of the Unsigned Agreement's refunding
14 provisions.

15 75. The Complaint also alleged in the Fourth Paragraph that Mohave's contracts are open-
16 ended; that the Unsigned Agreement included a figure of 2009 feet at an estimated price of
17 \$14,389.23; that a subsequent letter dated March 28, 2003 to Roger and Darlene Chantel (*see*
18 Attachment F to the Complaint) indicated "that they are now only going to construct 1827 feet of
19 line"; and that the reduction in footage should have reduced the price estimate by approximately
20 \$1,433.

21 76. Respondent answered Paragraph Four of the Complaint, stating that all required
22 information was provided to Complainants pursuant to Mohave's Rules in a timely and responsive
23 manner with as much detail as good business practices dictate. Respondent also answered that it did
24 not change its original cost estimate from 2,009 feet to 1,827 feet, but that 1,827 feet was the distance
25 of the system, and that an additional 182 feet was to cover the distance up the poles and sag
26 requirements; and that the actual wire required is 4,018 feet for two strands of wire, such that the
27 estimated cost of the wire is just over 14 cents per foot, and not \$7.87 per foot.

28 77. Mr. Longtin testified on behalf of Mohave that "the 2,009 feet is probably wire

1 footage and the 1,800 and some feet is ground footage” (Tr. at 263); that wire footage includes “sag”
2 according to a formula; and that customers are actually charged for exactly the amount of wire that is
3 used, by weight, which is determined after completion of a job (Tr. at 264-265). Mr. Longtin also
4 testified, in discussing line extension estimates, that “Mohave Electric charges actual cost. We
5 charge no more, we make not one dime. It is a straight pass through us in labor, materials. We make,
6 the company makes nothing” (Tr. at 265). He stated that it is standard practice in the electric
7 cooperative industry to ensure that job costs are not underestimated, so that customers who are
8 obtaining loans to pay line extension advances would not be in the position of owing more money to
9 cover actual costs after completion of an extension (Tr. at 266). Mr. Longtin stated that Mohave
10 builds according to Rural Utilities Service (“RUS”) codes and specifications, with materials that
11 comply with RUS specifications and have been approved by RUS, and that Mohave must do this in
12 order to remain eligible for RUS loans (Tr. at 287-288).

13 78. We find that Mohave did not reduce the footage of its line extension estimate from
14 2,009 feet to 1,827 feet in its March 28, 2003 letter (*see* Attachment F to the Complaint). That letter
15 provided a detailed breakdown in costs of materials at Complainants’ request. The first page of the
16 letter states that the estimate is “To construct 1,827 feet of single-phase overhead electric backbone
17 system” (*Id.*). The Estimated Material List attached to the letter lists 2,009 feet of wire twice, for
18 4,018 feet of wire (*Id.*). The Unsigned Agreement specifies that the purpose of the line extension is
19 **“To construct 2009 feet of overhead electric single phase line to provide backbone electric**
20 **service to Sunny Highlands, Tract 1132, Lots 65, 66, 108, 109, 121, 132, 133, 134 (8 Lots total).”**
21 (*see* Attachment E to the Complaint).

22 79. As for Complainants’ further allegation in Paragraph Four of the Complaint that
23 “Mohave forces its customers to sign open-ended contracts if a consumer is to be considered for
24 electric. These contracts not only violate State Statutes, but since the State has granted exclusive
25 rights of services to Mohave, these open-end contracts violate the American citizens Constitutional
26 Rights as well”, we find no evidence in the record to support either the claim that Mohave’s line
27 extension agreements violate Arizona law, or that they are unconstitutional. Rule 106-A(3) of
28 Mohave’s Commission-approved line extension rules requires each line extension agreement to

1 include "A cost estimate to include materials, labor, and other costs as necessary." It is possible that
2 actual costs will differ from estimated costs, and it is proper that applicants for line extensions pay
3 actual costs incurred in the design and construction of a line extension.

4 80. The allegations in Paragraph Four of the Complaint are not supported by the evidence,
5 and this portion of the Complaint should be dismissed.

6 **Paragraph Five Allegations**

7 81. Paragraph Five of the Complaint alleged that Mohave violated Subsection 106-A(3)(d)
8 of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(B)(1)(d), in that Mohave
9 did not provide Complainants with a complete description and sketch of the requested
10 Grady/Chantel/Banta line extension until an arbitration meeting between Complainants and Mohave;
11 that this violation occurred a second time when Mohave changed the footage and failed to provide a
12 sketch showing where Mohave reduced the footage.

13 82. Respondent answered Paragraph Five of the Complaint, stating that it routinely
14 provides a sketch with a rough estimate for costs; that it provided a sketch with the first request for
15 nine lots on September 23, 2002; that it did not provide a sketch with the October 31, 2002 cost
16 estimate for electric service because its Rules and Regulations do not require giving the customer a
17 sketch in relation to the agreement for actual design and costs; that it is required to provide a sketch
18 when requested, however; and that it did provide the sketch when requested.

19 83. As discussed above in our analysis of the allegations in Paragraph Four of the
20 Complaint, we find that Mohave did not reduce the footage of its line extension estimate from 2,009
21 feet to 1,827 feet in its March 28, 2003 letter.

22 84. As stated above in our discussion of the allegations in Paragraph Two of the
23 Complaint, while Mohave's line extension rules require it to prepare a preliminary sketch and rough
24 estimates of cost upon request, they require Mohave to furnish a sketch to the applicant only when a
25 line extension agreement is entered into.

26 85. The allegations in Paragraph Five of the Complaint are not supported by the evidence,
27 and this portion of the Complaint should be dismissed.

28

1 **Paragraph Six Allegations**

2 86. The Sixth Paragraph of the Complaint further alleged that Mohave violated Subsection
3 106-A(3)(g) of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A), in that
4 the Unsigned Agreement states that Lots 66, 108, 109 "have not been considered for eligibility for
5 refund aid-to-construction as defined by Mohave's service Rules and Regulations, Subsection 106-C-
6 1"; but that the Unsigned Agreement states that Mohave is granting line extension refunds to Lots 65,
7 121, 132, 133 and 134; that these facts prove that Mohave intends to discriminate against and deny
8 rights to Complainants; and that the Unsigned Agreement is not concise in its explanation of
9 refunding.

10 87. Respondent answered that Complainants misunderstood the refunding process; that
11 pursuant to its Rule 106-E, 107-C, and 107-D (1-8), Mohave builds the backbone line to the furthest
12 Lot requested; that the requesting party is required to pay in advance for the entire length of the
13 backbone system; and that as other Lot owners touched by the backbone connect over the next seven
14 years the requesting Lot owner is entitled to a refund of the proportionate share from those connected
15 Lots.

16 88. The Unsigned Agreement specifies, on page 2 of 4, that Mohave will refund a portion
17 of the cost of construction of the line extension to Lots 66, 108, 109 for each permanent member
18 connecting to Mohave's system from Lots 65, 121, 132, 133 and 134 during the seven-year term of
19 the Unsigned Agreement. In alleging that Mohave is granting line extension refunds to Lots 65, 121,
20 132, 133 and 134, but denying refunds to Lots 66, 108, 109, the Complaint mis-states and mis-
21 interprets the Unsigned Agreement.

22 89. The Unsigned Agreement properly designates the specific lots that could in the future
23 connect to the backbone facilities necessary to serve Lots 66, 108 and 109. Under the terms of the
24 Unsigned Agreement, connections to any or all of Lots 65, 121, 132, 133, and 134, within seven
25 years of a signed Agreement, would result in refunds to Lots 66, 108, and 109 of the proportionate
26 cost of each connection made during the seven-year period. When asked at the hearing whether he
27 understood this concept, Mr. Chantel replied that it doesn't work that way, and that he could present
28 evidence to support his position (Tr. at 60). Mr. Chantel proceeded to testify with a hypothetical

1 example, claiming that “The original guy that put up for the line extension doesn’t receive one dime.
2 He doesn’t receive one bit of extension money the way Mohave has the rules and regulations, and
3 that is the way they interpret it” (Tr. at 62). However, Complainants presented no evidence that
4 Mohave has ever failed to honor the refunding provisions of a line extension agreement.

5 90. The Unsigned Agreement specifies that Lots 66, 108 and 109 are not eligible for
6 refunding. This is because Lots 66, 108 and 109 are the lots requesting the service. The Unsigned
7 Agreement specifies that Lots 66, 108 and 109 are the Lots that are eligible to receive refunding
8 resulting from member service connections by Lots 65, 121, 132, 133, and 134 during the seven year
9 term of the Unsigned Agreement. We find that the Unsigned Agreement is concise in its explanation
10 of refunding, and violates neither 106-A(3)(g) of Mohave’s rules nor A.A.C. R14-2-207(A).

11 91. As for Complainants’ allegations of discrimination on the part of Mohave,
12 Complainants have presented no evidence that Mohave has treated similarly situated applicants
13 differently or applied its Commission-approved line extension rules inconsistently. Complainants’
14 allegation that Mohave intends to discriminate against and deny rights to Complainants by means of
15 the refunding provisions of the Unsigned Agreement is completely unfounded.

16 92. The allegations appearing in Paragraph Six are not supported by the evidence and this
17 portion of the Complaint should be dismissed.

18 **Paragraph Seven Allegations**

19 93. The Seventh Paragraph of the Complaint further alleged that Mohave violated
20 Subsection 106-A(3)(h) of Mohave’s Line Extension Rules and Regulations, and A.A.C. R14-2-
21 207(B)(1)(h), in that the Unsigned Agreement did not include an estimated completion date.

22 94. Respondent answered that estimated starting and completion dates are dependent upon
23 obtaining easements, permits, construction materials, customer-provided information specific to their
24 operation, and on further dictates of the electrical distribution and construction business; and that
25 Respondent works closely with each customer so that each party may plan for the outcome in a
26 reasonable manner.

27 95. Mr. Chantel testified that when starting and completion dates are not placed in a
28 contract, it places a hardship on the customer, and sometimes results in refusal of customer loans (Tr.

1 at 66).

2 96. Mohave's Rule 107-D(2), which applies to the Grady/Chantel/Banta request, provides
3 that "Following a request by the permanent customer for extension of service, the permanent
4 customer and Cooperative will enter into a written contract which includes at a minimum the
5 information prescribed in subsection 106-A of these Rules." Mohave's Rule 106-A(3)(h) provides
6 that each line extension agreement shall at a minimum include "The Cooperative's estimated starting
7 and completion date for construction of the line extension." The Unsigned Agreement does not
8 include estimated starting and completion date for construction of the line extension. The Unsigned
9 Agreement states, on page 1, that "This estimated construction cost is valid for 60 (sixty) calendar
10 days from **October 31, 2002**. The full estimated cost of construction must be paid, this agreement
11 must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this
12 agreement may be declared null and void at the option of Mohave." No other time limitations are
13 mentioned in the Unsigned Agreement.

14 97. The Unsigned Agreement fails to comply with Mohave's Rule 106-A(3)(h), in that it
15 does not include Mohave's estimated starting and completion date for construction of the line
16 extension. The wording of the Unsigned Agreement impliedly states that Mohave contemplated an
17 estimated start date prior to 60 days after October 31, 2002, the date of the cover letter mailed with
18 the Unsigned Agreement. It is understandable that actual starting and completion dates are dependent
19 upon obtaining easements, permits, construction materials, customer-provided information specific to
20 Mohave's operation, and on further dictates of the electrical distribution and construction business.
21 The Commission expects that Respondent would work closely with each customer so that each party
22 might plan for the outcome of a line extension project in a reasonable manner, but the Commission
23 also expects Respondent to comply with its approved line extension rules. It would be proper for
24 Mohave to include in its line extension agreements, along with Mohave's estimated starting and
25 completion dates for construction, facts upon which actual starting and completion dates are
26 dependent.

27 98. The wording of the Unsigned Agreement, read together with the cover letter dated
28 October 31, 2002, indicates that Mohave contemplated an estimated start date prior to the end of

1 December, 2002. It is not reasonable that Mohave be fined \$100,000, as requested by Complainants,
2 for failure to include Mohave's estimated starting and completion date for construction of the
3 requested line extension. However, a plain reading of Mohave's Rule 106-A(3)(h) requires that line
4 extension agreements include a clearly stated estimated starting and completion date. We will
5 therefore order Mohave to amend the Unsigned Agreement to include Mohave's estimated starting
6 and completion date for construction of the line extension as originally requested by ReBecca Grady,
7 Darlene Chantel, and Leon Banta.

8 **Paragraph Eight Allegations**

9 99. The Eighth Paragraph of the Complaint alleged that Mohave violated Subsection 106-
10 (B)(1) of Mohave's Line Extension Rules and Regulations and A.A.C. R14-2-207(A)(3), in that the
11 Unsigned Agreement does not state whether the measurement includes secondary lines, service
12 drops, and service laterals or what their costs will be; that neither the Unsigned Agreement nor the
13 accompanying letter state the true cost of the line extension; that Mohave has been informed that
14 utility poles have been standing on the Grady/Chantel/Banta Lots since mid-September 2002; that
15 Mohave has no legal reason for excluding service drops and service laterals from the Unsigned
16 Agreement; that Mohave did not conduct an on-site appraisal for the Engineering Services Contract
17 (*see* Attachment C to the Complaint) that Grady/Chantel/Banta paid for; and that Mohave does not
18 intend to comply with the Rules and Regulations on file with the Commission.

19 100. Respondent answered that it routinely estimates costs from developer plat maps and
20 no field visit is required for preliminary cost estimates for line extension construction in a
21 subdivision; that in a letter dated October 31, 2002 that accompanied the agreement, Complainants
22 were informed that cost estimates for the extensions onto the lots could be completed after the meter
23 pole location on each lot was established, and stated that Complainants could call to arrange a field
24 meeting to discuss meter pole locations, after which an estimate would be prepared, but that
25 Complainants made no specific request for service drop costs at the time of estimation, so no field
26 visit was made. Respondent answered that since that time, Complainants requested an explanation of
27 Respondent's estimate of drop costs, and Respondent provided the information in a letter dated
28 March 28, 2003.

1 101. When asked whether he had contacted Mohave to arrange a field visit, Mr. Chantel
2 testified that he contacted Mohave, but that he “didn’t understand why we needed to arrange a field
3 meeting because the poles were sitting in there two months prior to this [October 31, 2002] letter”
4 (Tr. at 227). He could not recall whether he had arranged a field meeting to discuss the respective
5 meter pole locations (Tr. at 228). Mr. Chantel stated that he had spoken by phone with a Mohave
6 representative in regard to the standing meter poles, and that he had been upset because the meter
7 pole footage was not documented in the initial estimate for which he had paid \$500 (Tr. at 228-229).
8 Mr. Chantel did not send or fax a copy of the Lot layout or site plan for Lots 66, 108 and 109 to
9 Mohave (Tr. at 228).

10 102. As stated in our discussion above of the allegations in Paragraph Four, Rule 106-A(3)
11 of Mohave’s Commission-approved line extension rules requires each line extension agreement to
12 include “A cost estimate to include materials, labor, and other costs as necessary.” It is possible that
13 actual costs will differ from estimated costs, and it is proper that applicants for line extensions pay
14 actual costs incurred in the design and construction of a line extension.

15 103. Complainants did not demonstrate that Mohave does not intend to comply with the
16 Rules and Regulations on file with the Commission.

17 104. The allegations in Paragraph Eight of the Complaint are not supported by the
18 evidence, and this portion of the Complaint should be dismissed.

19 **Paragraph Nine Allegations**

20 105. The Complaint further alleged in Paragraph Nine that Mohave violated Subsection
21 106-C (1) of Mohave’s Line Extension Rules and Regulations, in that the Unsigned Agreement does
22 not give any provision for the 625 feet of free footage to the Grady/Chantel/Banta Lots.

23 106. Respondent answered that its Rule 106-C (1) allows for 625 feet of single phase line
24 extension at no charge where the property to be served is not within a subdivision. Respondent
25 answered that Sunny Highlands Estates – Tract 1132 is shown as a subdivision recorded June 6, 1972
26 on the Mohave County Assessor’s Map, Book 313, Map 46; that because this subdivision was platted
27 more than 30 years ago but never developed, it qualifies as an abandoned subdivision; and that
28 Respondent applied its rules for an abandoned subdivision to Complainants’ request for power.

1 107. Complainants did not refute the fact that Sunny Highlands Estates – Tract 1132 is
2 shown as a subdivision recorded June 6, 1972 on the Mohave County Assessor's Map, Book 313,
3 Map 46. Complainants' Exhibit C-3 shows that the subdivision map of Sunny Highlands Estates –
4 Tract 1132 was approved and accepted by the Acting Clerk of the Mohave County Board of
5 Supervisors on June 5, 1972.

6 108. Under Mohave's Commission-approved line extension rules, free footage is available
7 only for line extensions to areas not located in a subdivision.

8 109. Mohave correctly applied its Rule 107-D to the Grady/Chantel/Banta request.
9 Mohave could, in the alternative, apply its Rules 107-A through C, which apply to subdivisions, and
10 which require an applicant to advance the costs of the installation of all distribution facilities required
11 to serve the entire subdivision. Mohave's application of Rule 107-D, which applies to abandoned
12 subdivisions, is more economically advantageous to the applicants because it requires an applicant
13 only to advance the costs of the installation of the minimum backbone facilities necessary to reach
14 the applicant's property.

15 110. Under Mohave's Rules as approved by the Commission, Complainants are not entitled
16 to receive service under Mohave's Rule 106-B, C, D, and E, because Sunny Highlands Estates is a
17 recorded subdivision.

18 111. It is in the public interest that service be extended to developing areas in an orderly
19 fashion, and Mohave's Rules as approved by the Commission in Decision Nos. 52951 and 58886
20 ensure that the costs of extensions of service are borne in as fair a manner as possible.

21 112. Mohave did not violate its Rule 106-C (1) by not giving 625 feet of free footage to the
22 Grady/Chantel/Banta Lots.

23 113. The allegations in Paragraph Nine of the Complaint are not supported by the evidence,
24 and this portion of the Complaint should be dismissed.

25 **Paragraph Ten Allegations**

26 114. The Complaint further alleged in Paragraph Ten that Mohave violated Subsection 106-
27 C(1) and 106-E(1) of Mohave's Line Extension Rules and Regulations, and A.A.C. R14-2-207(C)(1),
28 because Mohave is denying Complainant's free footage allotment based on Mohave's interpretation

1 of the word "subdivision" which Complainants believe constitutes discrimination against
2 Complainants; that "owners decide the use of their land and are entitled to line extension footage
3 under A.A.C. R14-2-207;" that "Mohave's own records on engineering and line extension contracts
4 will provide additional evidence to the Commission that some consumers are offered line extensions
5 with refundable aid-to Construction and others are clearly discriminated against;" that the average
6 size of land parcels in Sunny Highlands Estates Tract 1132 is larger than one acre; and that the Sunny
7 Highlands Estates Tract 1132 parcels are not strictly used for residential construction, but that some
8 are used for livestock, and some for investment purposes.

9 115. The Complaint also alleged in Paragraph Ten that the Unsigned Agreement is
10 ambiguous, one-sided and promotes an opportunity for Mohave to overcharge consumers requesting
11 electric service; and that "With Mohave's open-end contract policy, discrimination could be aimed
12 toward where a consumer lives, what kind of structure he/she lives in or his/her economical status,
13 etc."

14 116. Respondent answered that its Rule 106-C, which allows for 625 feet of single phase
15 line extension at no charge where the property to be served is not within a subdivision, is not
16 applicable to this case, as Complainants requested power for multiple lots within Sunny Highlands
17 Estates, an abandoned subdivision.

18 117. Respondent answered that its application of its Rules to Complainants' request is in
19 full compliance with governing law. Respondent answered that Sunny Highlands Estates is a
20 recorded subdivision, which is evidence that it once was a viable subdivision as defined by A.R.S. §
21 32-2101, subject to all the restrictions for subdivisions set out by Arizona law.

22 118. At the hearing, Mr. Chantel testified that Complainants are seeking a ruling regarding
23 whether his property is located in a subdivision or not (Tr. at 80). Mr. Chantel owns property in both
24 Sunny Highlands Estates Tract 1132 and in Shadow Mountain Estates. According to Mr. Chantel,
25 Mohave claims that one of the subdivisions is entitled to "aid in construction, which is your lot line
26 adjustments, and then they come back and say, 'Well, the subdivision next to it is not entitled to it.'"
27 Mr. Chantel testified that Complainants are "just a little confused, you know, as to what we are
28 entitled to and what we are not entitled to" (*Id.*). According to Mr. Chantel, Complainants believe

1 that Mohave is telling them they are not entitled to free footage in Sunny Highlands Estates in order
2 to overcharge them and “everybody in this particular area” because Mohave needs more money to
3 cover increased operating expenses and it hasn’t raised rates (*Id.*).

4 119. Although their Complaint alleged the existence of records “in the form of Mohave’s
5 records on engineering and line extension contracts” showing that Mohave offers some consumers
6 line extensions with refundable aid-to Construction but that Mohave discriminates against other
7 consumers, Complainants did not provide any such evidence. Neither did Complainants present any
8 evidence relating to Mohave’s operating costs, and no evidence to support the allegation that Mohave
9 is overcharging customers on line extensions in order to cover operating expenses.

10 120. Complainants provided no evidence to support their claim that the Unsigned
11 Agreement is ambiguous, one-sided and promotes an opportunity for Mohave to overcharge
12 consumers requesting electric service, or their claim that “With Mohave’s open-end contract policy,
13 discrimination could be aimed toward where a consumer lives, what kind of structure he/she lives in
14 or his/her economical status, etc.”

15 121. As discussed in the analysis of Complainants’ Paragraph Nine allegations, above, we
16 find that Mohave properly determined that Sunny Highlands Estates is an abandoned subdivision, and
17 that its offer to extend service in response to the Grady/Chantel/Banta line extension request under
18 Mohave’s Rule 107-D was proper.

19 122. We agree with Mr. Chantel’s testimony that Complainants are confused as to what
20 they are entitled to and what they are not entitled to. We find that Mohave has not discriminated
21 against Complainants. We further find that the Unsigned Agreement is not ambiguous. The
22 allegations appearing in Paragraph Ten are not supported by the evidence and this portion of the
23 Complaint should be dismissed.

24 **Paragraph Eleven Allegations**

25 123. The Complaint further alleged in Paragraph Eleven that Mohave violated A.A.C. R14-
26 2-207(A)(1), by failing to file with the Commission’s Docket Control “for charges of many of its
27 rates, fares, tolls, rentals or the alteration of any classification, contract, practice, rule or regulation
28 that may result in any increase of cost of services.”

1 124. The Complaint also alleged in this paragraph that Mohave's failure to comply with
2 A.A.C. R14-2-207(A)(1) has caused Arizona citizens to lose electrical revenue; has reduced the
3 ability of property owners to place dwellings and improvements on their Lots; that Arizona has lost
4 large amounts of sales tax revenue because of Mohave's unwillingness to comply with Commission
5 rules; and that Mohave County has experienced large property tax loss.

6 125. Respondent answered that it is in full compliance with all requirements set out by all
7 its governing authorities.

8 126. The evidence did not support Complainants' allegation that Mohave violated A.A.C.
9 R14-2-207(A)(1), by failing to file with the Commission's Docket Control "for charges of many of
10 its rates, fares, tolls, rentals or the alteration of any classification, contract, practice, rule or regulation
11 that may result in any increase of cost of services."

12 127. The evidence did not support Complainants' allegation that Mohave's failure to
13 comply with A.A.C. R14-2-207(A)(1) has caused Arizona citizens to lose electrical revenue; has
14 reduced the ability of property owners to place dwellings and improvements on their Lots; that
15 Arizona has lost large amounts of sales tax revenue because of Mohave's unwillingness to comply
16 with Commission rules; and that Mohave County has experienced large property tax loss.

17 128. The allegations in Complainants Paragraph Eleven of the Complaint are not supported
18 by the evidence, and this portion of the Complaint should be dismissed.

19 **Allegations Appearing at Pages One and Two of the Complaint**

20 129. The Complaint also alleged on pages 1 and 2 that Mohave violated Subsection 106-
21 (A)(3)(e) of Mohave's Line Extension Rules and Regulations, and A.A.C. R14-2-206(A)(2), R14-2-
22 206(A)(4), R14-2-206(B)(2)(a), R14-2-207(B)(1)(a), R14-2-207(B)(1)(e), R14-2-207(B)(1)(g), and
23 R14-2-207(C)(2). These rule sections were merely listed, and Complainants did not provide a
24 description of any incidents resulting in violation of the listed rules or request relief related to these
25 alleged rule violations.⁴

26 130. The allegations of rule violations listed on pages 1 and 2 of the Complaint are not
27

28 ⁴ Complainants' Closing Brief, at page 7, also cites A.A.C. R14-2-206(B)(2)(a) and R14-2-207(C)(2), but no description of incidents or requests for relief were included at that time either.

1 supported by the evidence, and this portion of the Complaint should be dismissed.

2 **Un-numbered Paragraph Contained on Page Seven Allegations**

3 131. The Complaint further alleged in an un-numbered paragraph contained on page 7 that
4 the alleged violations in the Complaint are widespread in Mohave's service area; that Mohave's
5 practice of open-ended contracts allows Mohave to charge excess fees, add new charges at will, and
6 extend time for installation of service while holding large amounts of consumers' money; cause
7 consumers to fear that they may not receive service for years or never; and allow Mohave to practice
8 discrimination against consumers who move from other states. The first paragraph on page 9 of the
9 Complaint continues in this vein, alleging that Mohave's actions are causing part of the State's
10 financial problems by reducing sales taxes and electrical revenue taxes; and that Mohave's failure to
11 provide electrical service to property owners when requested is causing extensive hardship on the
12 citizens, government, county managers and elected officials of Mohave County by reducing county
13 tax revenue and county operating capital. Complainants did not present evidence to support the
14 allegations summarized in this Findings of Fact, and this portion of the Complaint should be
15 dismissed.

16 **Un-numbered Paragraph Beginning on Page Seven and Continuing on Page Eight Allegations**

17 132. The Complaint alleged in an un-numbered Paragraph beginning on page 7 and
18 continuing on page 8 that Respondent applied its "not in a subdivision" rules to a contract for
19 electrical construction to property located in Spring Valley Ranches, Lot 40-A in Respondent's Work
20 Order No. 98268 (*see Attachment H to the Complaint*), and argued that the request for power to the
21 property that is the subject of the Complaint should be accorded the same treatment, because both
22 Spring Valley Ranches and Sunny Highlands Estates fall under the definition of "Residential
23 subdivision development" found in A.A.C. R14-2-201(34). The Complaint alleged in this Paragraph
24 that "Mohave placed the word 'subdivision' on the open-end contract and then made claims that
25 complainants have no rights to refunds. This action is direct intent to do harm to the complainants."

26 133. Respondent answered the Paragraph beginning on page 7 and continuing on page 8 of
27 the Complaint, stating that Respondent's Work Order No. 98268 was for 5 acres in Spring Valley
28 Ranches, Parcel 40-A. Respondent answered that Parcel 40-A originally totaled 38.72 acres, which

1 is unsubdivided land as defined by A.R.S. § 32-210; that Parcel 40-A was subsequently split into 5
2 lots, which is less than the 6 lots required for the definition of a subdivision in A.R.S. § 32-2101; and
3 that in any case, Spring Valley Ranches was never a recorded subdivision and therefore did not come
4 under Respondent's rules for construction within a subdivision.

5 134. As discussed above, the Unsigned Agreement does not state that Complainants have
6 no rights to refunds. No evidence was presented that Mohave claimed Complainants had no right to
7 refunds, nor was any evidence presented to support Complainants' allegation of "direct intent to do
8 harm to the complainants" on the part of Mohave.

9 135. In the Commission's rules for Electric Utilities, A.A.C. R14-2-201(34) defines
10 "Residential subdivision development" as "Any tract of land which has been divided into four or
11 more contiguous lots with an average size of one acre or less for use for the construction of
12 residential buildings or permanent mobile homes for either single or multiple occupancy." In the
13 Commission's rules for Electric Utilities, the term "Residential subdivision development" appears
14 only in two places: in its definition, A.A.C. R14-2-201(34), and in A.A.C. R14-2-207(D). A.A.C.
15 R14-2-207(D) requires electric utilities to submit as a part of their line extension tariffs separate
16 provisions for residential subdivision developments and permanent mobile home parks. In
17 accordance with A.A.C. R14-2-207(D), Mohave submitted, as part of its line extension tariffs,
18 separate provisions for residential subdivision developments and mobile home parks. Commission
19 Decision Nos. 52951 and 58886 approved Mohave's line extension tariff rules. Under Mohave's
20 approved line extension rules, the Spring Valley Ranches Work Order No. 98268 did not fall under
21 Mohave's rules for subdivisions or its rules for abandoned subdivisions.

22 136. Complainants' argument that the line extension request represented by the Unsigned
23 Agreement, which is located in a recorded, abandoned subdivision, should be afforded the same line
24 extension treatment as the Spring Valley Ranches Parcel line extension, which is not located in a
25 recorded subdivision, is without merit. These properties are not similarly situated. No evidence was
26 presented that Mohave inconsistently applied its approved line extension rules. This portion of the
27 Complaint should be dismissed.

28

Un-numbered Paragraph Contained on Page Eight Allegations

137. The Complaint further alleged in an un-numbered Paragraph contained on page 8 that an unnamed property owner built a house and paid Respondent \$50,000; that the unnamed property owner does not yet have electrical service; that Respondent told the property owner that Respondent must request additional rights-of-way from the Bureau of Land Management; and that Respondent collected additional fees from the property owner.

138. Respondent answered the paragraph contained on page 8 of the Complaint, stating that Respondent receives numerous requests for cost estimates to provide power to land owners who have purchased or are contemplating a land purchase located in isolated and remote areas. Respondent answered that "Unfortunately, not all of these requests result in construction; many of the determinations are based on a lack of economic feasibility."

139. No evidence was presented supporting this allegation, or demonstrating its relevance to the Complaint. This portion of the Complaint should be dismissed.

Further Allegations Contained in Complainants' Letter Filed on August 18, 2003

140. On August 18, 2003, Mr. Chantel filed a letter dated August 13, 2003 requesting that Complainants be allowed to "add additional evidence on the discrimination issue" to the record. The letter alleged that "[a] large portion of Mohave's revenue comes from excessive charges levied on new members asking for line extensions" and that "Mohave's management has created new fees that are charged to new members." The letter further alleges that Mohave's "old members have had no increases in their service [charges] in 11 or more years. New members are being charged the additional operating costs. This is discrimination against new customers and members."

141. As stated previously, Complainants offered no evidence regarding Mohave's operating costs. Neither did Complainants offer evidence regarding Mohave's revenues. Complainants offered no evidence of dissimilar treatment of similarly situated individuals or of inconsistent application of its line extension rules. The allegation of discrimination is not supported by any evidence.

Further Allegations Made During the Hearing

142. At the hearing, Mr. Chantel alleged that the total cost for a line extension agreement between Mohave and Rodney J. McKeon to property located in Spring Valley Ranches Subdivision,

1 Lot 40-A in Respondent's work order No. 98268, came to \$2.94 per foot for the line extension, or
2 \$4,500 after refunding occurred (Tr. at 84). Mr. Chantel compared this cost to Mohave's quote for
3 the Grady/Chantel/Banta request, before refunding, which he states is over \$8.00 per foot (*Id.*). Mr.
4 Chantel testified that this translates to an increase of "200 percent in five years" (*Id.*), and alleged that
5 Mohave uses those increases "to supplement its operating expenses to maintain low rates for old
6 members" (*Id.*).

7 143. Mr. Chantel's comparison of the Spring Valley Ranch line extension cost to the
8 Grady/Chantel/Banta line extension cost estimates does not support a conclusion that Mohave's line
9 extension costs have increased "200 percent in five years." The Spring Valley Ranch line extension
10 mentioned by Mr. Chantel was subject to different line extension rules than the Grady/Chantel/Banta
11 request. In addition, his comparison of the costs of the two line extensions did not take into account
12 the fact that the cost Mr. Chantel quoted for the Spring Valley Ranch line extension had refunds from
13 the advance subtracted, and the cost he quoted for the Grady/Chantel/Banta request did not. And as
14 stated before, Complainants presented no evidence regarding Mohave's operating expenses.

15 144. At the hearing, Mr. Chantel alleged that Mohave has raised the cost of an engineering
16 design survey from \$500 to \$1,500 - \$2,000, as much as a 300 percent increase from 1999 to 2003
17 (Tr. at 45, 85). Mr. Chantel drew the \$1,500 - \$2,000 engineering design survey figure from a letter
18 to Complainants from Mohave dated March 28, 2003, which provided a breakdown of Mohave's
19 estimate of \$14,389.23 for the Grady/Chantel/Banta request (*see* page 2 of Attachment F to the
20 Complaint). In that letter, Mohave stated that as an alternative to accepting Mohave's cost estimates,
21 Complainants could pay in advance the cost of a non-refundable detailed engineering design survey,
22 which would run \$1,500 - \$2,000, and that if Complainants accepted the detailed engineering design
23 survey and decided to proceed with construction, the advanced costs would be credited to the actual
24 cost of construction (*Id.* at 2). Mr. Chantel drew the \$500 engineering design survey figure from the
25 Engineering Services Contract signed by him (as Dustin Chantel) and Elizabeth D. Chantel on April
26 25, 1999 and by Mohave on May 11, 1999, which represents an agreement between Dustin Shantel
27 (sic) and Mohave for engineering services associated with the extension of electric power lines to
28 and/or within Shadow Mountain Acres, Unit 3, Parcel 7c (*see* Exhibit C-2, Tr. at 44). Mr. Chantel

1 testified that Complainants paid an advance deposit for the engineering services of \$500, and that in
2 exchange, Complainants received a map showing the route Mohave proposed to provide service to
3 the requested lot (*see* Exhibit C-3, Tr. at 44).⁵

4 145. Mr. Longtin testified at the hearing that when Mohave knows that it can probably do
5 the engineering work necessary for an estimate for \$500 or less, Mohave will request a \$500 deposit,
6 but that when Mohave knows that a survey is going to take many more hours of driving and work,
7 Mohave asks for a \$1,500 - \$2,000 deposit (Tr. at 251). In either case, Mr. Longtin testified, the
8 engineering deposit is either spent in engineering or is put into the construction portion of the
9 requested job (Tr. at 252). He stated that if a customer decides not to go forward with a job, the work
10 done is subtracted out of the deposit paid, and the remainder is refunded to the customer, so that
11 Mohave is reimbursed for the work actually done (*Id.*).

12 146. A comparison of the \$500 deposit for an engineering design survey he paid for the
13 Shadow Mountain Acres Unit 3, Parcel 7C line extension request to the \$1,500 - \$2,000 deposit
14 toward the costs of the more detailed engineering design survey that Mohave offered as an alternative
15 to Complainants' acceptance of Mohave's initial cost estimates, does not support a conclusion that
16 Mohave has raised the cost of an engineering design survey from \$500 to \$1,500 - \$2,000 between
17 1999 and 2003.

18 147. When asked at the hearing whether he had any evidence to substantiate his claim that
19 Mohave's operating costs are being recovered by line extension agreements, Mr. Chantel replied only
20 that "it's general knowledge and it's on file with the Commission in the sense that every utility has
21 experienced increases in the cost of producing, supplying, and providing electricity to its customers"
22 (Tr. at 115). When asked whether he had investigated Mohave's operating costs and expenses, Mr.
23 Chantel could not verify that he had (Tr. at 115-116). Instead, he restated his belief that line
24 extensions are going up 200 percent while "general members" are not experiencing increases,⁶ and
25

26 ⁵ Mr. Chantel testified that service was not supplied to this Lot because Complainants had problems with "the actual
27 open-ended contract that they [Mohave] submitted" that Complainants and Mohave were unable to work out (Tr. at 44-
45).

28 ⁶ Mr. Chantel believes that it "might not be a bad idea" for Mohave's rates to be increased "if that's what needs to be done
so that Mohave can provide power to individuals that are handicapped or economically deprived" (Tr. at 114).

1 made the conclusory statement that “it’s very evident that what’s happening is the money is being
2 diverted into the operating costs to maintain rates for old members” (Tr. at 116).

3 148. The new allegations Complainants made during the hearing regarding Mohave
4 increasing line extension charges to cover its operating costs are not supported by the evidence.

5 **Further Requests for Relief Presented at the Hearing**

6 149. During his testimony at the hearing, Mr. Chantel requested that if the Commission
7 decides to fine Mohave, that the Commission suspend the fine in order to give Mohave time to
8 address Complainants’ allegations in a fair, just manner. We do not find that a fine is warranted;
9 therefore no suspension is necessary.

10 150. Mr. Chantel also requested during the hearing that the Commission consider giving
11 Unisource Energy the opportunity to serve in the Mohave service area. Mr. Chantel stated when
12 asked, however, that he had not personally requested service from Unisource (Tr. at 117). Mr.
13 Chantel appeared to have some familiarity with Unisource costs for line extensions, however (*see* Tr.
14 at 122), and Mrs. Chantel testified that Mr. Chantel had spoken to person at Unisource who told
15 Complainants that their charge for line extensions was \$2.70 to \$3.50 a running foot (Tr. at 177).
16 However, Complainants do not have a written estimate from Unisource (Tr. at 221).

17 151. If Unisource desires to serve customers within Mohave’s service territory, it may
18 request Commission permission to do so. The Commission is not aware of any such request.
19 Complainants’ request is therefore premature.

20 152. At the hearing, Mr. Chantel also requested that the Commission consider issuing an
21 order requiring Mohave to supply electricity to “some of the witnesses” Complainants planned to call
22 at the hearing. Complainants subsequently called Mr. Ed Roling, Mrs. Marie Ceci and Mr. Valentino
23 Ceci as witnesses.

24 153. Complainants’ witness Mr. Roling testified that he bought property located at 10140
25 E. Huntington Ave. in Kingman on September 9, 2001; that he moved to the property in the summer
26 of 2003; that he has no electrical power other than a generator; and that he understood that the seller
27 of the property, Mr. Chantel, would not provide electricity to the property (Tr. at 125-128). Mr.
28 Roling testified that when he requested service from Mohave, he was told a deposit of \$350 would be

1 necessary, plus “a whole Lot of money that I don’t have, quite frankly, and can’t afford” (Tr. at 124-
2 125). Mr. Roling testified that he is handicapped and unable to work, and believes that because
3 Mohave did not offer any assistance for him to have electricity provided to his property, that Mohave
4 has discriminated against him (Tr. at 125-128).

5 154. The records of the Mohave County Assessor show Dustin Chantel as the owner of the
6 2.07 acre parcel No. 313-35-129, with a site address of 10140 E. Huntington Ave., Kingman,
7 Arizona.

8 155. On cross-examination, Mr. Roling testified that he did not investigate the cost of
9 bringing power to his parcel at the time he made the purchase, and that he didn’t feel it was necessary
10 (Tr. at 129).

11 156. Complainants’ witness Mrs. Marie Ceci testified that she has been stressed over the
12 fact that she does not have electricity other than a generator, and that this stress exacerbates the
13 symptoms of her chronic illness (Tr. at 130).

14 157. Complainants’ witness Mr. Valentino Ceci testified to his dissatisfaction with the fact
15 that Mohave was unable to obtain easements to enable Mohave to provide a line extension at the
16 estimated cost Mohave originally quoted to the Cecis (Tr. at 132-138). Mr. Ceci testified that he
17 believes Mohave discriminated against the Cecis because his wife is disabled (Tr. at 143) and
18 believes that Mohave should bring electricity to his house at no charge (Tr. at 144, 150).

19 158. There was no demonstration at the hearing, including the testimony of the witnesses
20 called by Complainants at the hearing, that Mohave has not properly and consistently applied its
21 Commission-approved line extension rules, or that Mohave acted in a discriminatory manner in the
22 application of its Commission-approved line extension rules. There is therefore no need for the
23 Commission to order Mohave to extend service lines to supply electricity to Complainants’
24 witnesses.

25 **Further Requests for Relief Presented in Complainants’ Closing Brief**

26 159. In their Closing Brief, Complainants stated that they feel Mohave should be penalized
27 “somewhere between 1.8 million and 5.7 million.” Complainants further stated that “Mohave should
28 be ordered to install Mr. Ceci’s line extension, allow Mr. Roling to become a member and supply

1 electrical service to him when he requests it, supply the applicants with electric at a fair and just
 2 price, and grant them line extension footage” (Complainants’ Closing Brief at 8). For the reasons
 3 stated herein, it is neither necessary nor reasonable to grant the requested relief.

4 160. In their Closing Brief, Complainants stated that as the line extension rules exist, they
 5 are unfair and unjust (Complainants’ Closing Brief at 6), and offered Complainants’ “vision of how
 6 electricity should be supplied” (*Id.* at 6, 7). Complainants’ “vision” included, among other changes,
 7 the Commission having a “direct or indirect interest” in Mohave’s electricity “supply lines” (*Id.* at 7);
 8 the Commission assisting Mohave’s management “in bringing about a small rate increase” (*Id.* at 9),
 9 which “rate increase may have to be backed up by another small rate increase” (*Id.* at 10).

10 161. No evidence presented in this proceeding supports Complainants’ assertion that
 11 Mohave’s approved line extension rules are either unfair or unjust. No evidence or arguments
 12 presented in this proceeding support the consideration or adoption of Complainants’ vision of the
 13 provision of electric service in Mohave’s service territory.

14 CONCLUSIONS OF LAW

15 1. Mohave is a public service corporation within the meaning of Article XV of the
 16 Constitution and A.R.S. § 40-246.

17 2. Pursuant to A.R.S. § 40-246 and A.A.C. R14-2-406, the Commission has jurisdiction
 18 over Mohave and the Complaint herein.

19 3. Mohave’s Service Rules and Regulations, as approved by Tariff Approval No. 52951
 20 and Decision No. 58886, are lawful, in compliance with A.A.C. R14-2-207)(A)(1), and apply to all
 21 line extension requests made to Mohave.

22 ORDER

23 IT IS THEREFORE ORDERED that Mohave Electric Cooperative, Inc. shall amend the line
 24 extension agreement for its Work Order #2002-551 to include Mohave Electric Cooperative, Inc.’s
 25 estimated starting and completion dates for construction of the line extension requested by ReBecca
 26 Grady, Darlene Chantel and Leon Banta.

27 IT IS FURTHER ORDERED that Mohave shall provide Roger and Darlene Chantel with a
 28 copy of the line extension agreement, amended as ordered above, within 30 calendar days of the

1 effective date of this Decision, and shall also, within 30 calendar days of this Decision, file
2 certification that it has provided Roger and Darlene Chantel with a copy of the line extension
3 agreement amended in conformity with this Decision.

4 IT IS FURTHER ORDERED that the remainder of the Complaint, including the remaining
5 allegations appearing in the Complaint and those made during the course of the proceedings on the
6 Complaint, are hereby dismissed.

7 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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CHAIRMAN COMMISSIONER COMMISSIONER

COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2004.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR:

ROGER AND DARLENE CHANTEL vs. MOHAVE
ELECTRIC COOPERATIVE, INC.

2

3 DOCKET NO.:

E-01750A-03-0373

4

5 Roger and Darlene Chantel
10001 East Hwy, 66
Kingman, AZ 86401

6

7 Susan G. Trautmann
Mohave Electric Cooperative, Inc.
1999 Arena Drive
Bullhead City, AZ 86442

8

9 Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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BUD TIMS
CHAIRMAN
JIM WEEKS
COMMISSIONER
DIANE B. MCCARTHY
COMMISSIONER

ARIZONA CORP. COMM.
HEARING DIVISION

DOCKETED BY *dmk*

IN THE MATTER OF MOHAVE ELECTRIC)
COOPERATIVE, INC., FILING NEW)
TARIFF PAGES FOR APPROVAL BY THE)
COMMISSION.)

DOCKET NO. U-1750-82-076

TARIFF APPROVAL NO.

52951

BY THE COMMISSION:

Open Meeting

Phoenix, Arizona

Mohave Electric Cooperative, Inc., is certificated to provide electric service as a public utility in Mohave, Coconino and Yavapai Counties, Arizona and has filed the following tariff material on the service Rules and Regulations.

MOHAVE ELECTRIC COOPERATIVE, INC., (MEC)

SERVICE RULES AND REGULATIONS

- Section 100
- Subsection 100-A
- Section 101
- Subsection 101-A
- Section 102
- Subsection 102-A through 102-G
- Section 103
- Subsection 103-A through 103-D
- Section 104
- Subsection 104-A through 104-B
- Section 105
- Subsection 105-A through 105-C
- Section 106
- Subsection 106-A through 106-H
- Section 107
- Subsection 107-A through 107-C
- Section 108
- Subsection 108-A through 108-B
- Section 109
- Subsection 109-A through 109-F
- Section 110
- Subsection 110-A through 110-H

DECISION NO. _____

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Section 111
Subsection 111-A through 111-D
Section 112
Subsection 112-A through 112-C

The Commission, having reviewed the tariff pages (a copy of which is contained in the Commission tariff files), concludes that the tariff is reasonable, fair and equitable and in compliance with Commission orders and is therefore in the public interest.

THEREFORE, the tariff page(s) listed above are approved effective April 1, 1982.

APPROVED:

Bud L. CHAIRMAN

COMMISSIONER

J. W. Webb COMMISSIONER

IN WITNESS WHEREOF, I, TIMOTHY A. BARROW, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of April, 1982.

Timothy A. Barrow
TIMOTHY A. BARROW
EXECUTIVE SECRETARY

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BEFORE THE ARIZONA CORPORATION COMMISSION

MARCIA WEEKS
Chairman
RENZ D. JENNINGS
Commissioner
DALE H. MORGAN
Commissioner

IN THE MATTER OF THE APPLICATION OF)
MOHAVE ELECTRIC COOPERATIVE, INC.,)
FOR APPROVAL OF A TARIFF FOR LINE)
EXTENSIONS IN ABANDONED SUBDIVISIONS)
WITH UNDERGROUND SERVICE.)

DOCKET NO. U-1750-94-366

DECISION NO. 58884

ORDER
Arizona Corporation Commission

DOCKETED

DEC 05 1994

Open Meeting
November 30, 1994
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

DOCKETED BY 

1. Mohave Electric Cooperative, Inc. (MEC) is an Arizona corporation engaged in the business of providing electric utility service in portions of Mohave, Coconino, and Yavapai Counties, Arizona, pursuant to authority granted by the Commission.

2. On October 19, 1994, MEC filed an application requesting approval of a tariff that would allow it to charge permanent customers for installation of a portion of the underground backbone plant in subdivisions that have been abandoned by the developer.

3. On November 2, 1994, the Commission suspended the filing for thirty (30) days to allow an intervenor sufficient time to review the proposal.

4. Presently MEC is allowed to charge developers for all backbone plant needed in new subdivisions with underground service.

. . .
. . .
. . .

1 5. In MEC's service area, there are several cases in which
2 subdivisions have been developed and lots sold without backbone
3 facilities ever having been paid for and installed because the
4 developer went bankrupt and/or abandoned the subdivision.

5 6. In these instances, MEC's tariffs are unclear as to how
6 much the first customer wanting service in such a subdivision
7 should pay for the backbone plant.

8 7. The proposed tariff would apply to new customers
9 requesting service in an abandoned subdivision with underground
10 electric service.

11 8. New customers would have to pay for only that backbone
12 plant necessary to serve them that could not be installed at a
13 later date without significantly increasing the overall costs.

14 9. The customer paying for backbone plant would receive a
15 refund from other customers connecting to the plant for a period of
16 up to seven (7) years.

17 10. After seven years, all monies not refunded would be
18 considered a contribution.

19 11. This proposed tariff would also allow new customers
20 requesting service in an abandoned subdivision the option of being
21 treated as developers and paying for all backbone plant up to his
22 or her property.

23 12. Customers exercising this option would pay for all
24 backbone plant, just as would any developer, but would have a
25 refund period of five (5) years.

26 13. Staff has recommended approval of the filing.

27 . . .
28 . . .

1 14. After receiving comments from the Valle Vista Property
2 Owners Association, MEC and Staff, the following two amendments
3 should be made to the proposed tariff:

4 a. the words "who owns no more than one (1) lot in
5 such an abandoned subdivision" should be deleted at
6 the end of the second sentence of paragraph 1; and

7 b. the following new sentence should be added after
8 the first sentence of paragraph 6:

9 "Other customers requesting service in the fourth
10 through the seventh year after completion of
11 backbone facilities will also pay an additional
12 amount equal to five percent (5%) of such
13 customer's pro rata share per year, beginning in
14 year one, or portion thereof since completion of
15 the backbone facilities as a non-refundable
16 maintenance contribution."

17 CONCLUSIONS OF LAW

18 1. MEC is a public service corporation within the meaning of
19 Article XV, Section 2, of the Arizona Constitution.

20 2. The Commission has jurisdiction over MEC and over the
21 subject matter of the application.

22 3. Approval of the filing does not constitute a rate increase
23 as contemplated by A.R.S. 40-250.

24 4. The Commission, having reviewed the application, and
25 Staff's Memorandum dated November 22, 1994, concludes that it is in
26 the public interest to approve the application.

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ORDER

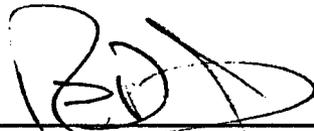
THEREFORE, IT IS ORDERED that the application of Mohave Electric Cooperative, Inc., for approval of a tariff for line extensions in abandoned subdivisions with underground service be and hereby is approved with the amendments stated in Finding of Fact No. 14.

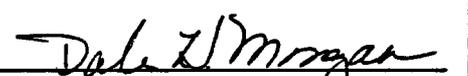
IT IS FURTHER ORDERED that Mohave Electric Cooperative file revised tariffs consistent with the provisions of this Order within fifteen days.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRMAN


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 5 day of December, 1994.


JAMES MATTHEWS
Executive Secretary

DISSENT _____

GY:SO:alw