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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

ROGER CHANTEL,

Complainant,

vs.

MOHAVE ELECTRIC COOPERATIVE, INC.

Respondent.

DOCKET NO. E-01750A-04-0929

RESPONDENT'S MOTION
FOR SUMMARY
JUDGMENT ON
COMPLAINANT'S
COMPLAINT

Respondent Mohave Electric Cooperative, Inc. (hereafter "Mohave"), by and through counsel undersigned, pursuant to Rule 56 of the Arizona Rules of Civil Procedure, applicable under Administrative Rule 14-3-101.A, hereby moves for summary judgment on the issues of: 1) whether Mohave has complied with its Commission-approved rules, regulations and procedures in its dealings with Roger Chantel, the Complainant; and 2) whether Complainant is precluded under the doctrines of *res judicata* (claim preclusion) and collateral estoppel (issue preclusion) from bringing a second Complaint (filed December 27, 2004) that alleges the same duties and breaches thereof as in his first Complaint (of 2002). For both Complaints, Mr. Chantel alleges that Mohave has failed to enter into a line extension agreement for power to Mr. Chantel's investment properties in rural locations in Mohave County, Arizona. After a hearing was conducted on the allegations of the former Complaint, ALJ Teena Wolfe ruled in favor of Mohave.

1 For this second Complaint, both parties possess all of the relevant evidence,
2 consisting primarily of exchanged correspondence and Mr. Chantel's own forms and Mohave's
3 standard forms. Based on all of the information available to the parties, reasonable individuals
4 would not differ as to the outcome were a trial or hearing to take place and such reasonable
5 individuals would arrive at the very predictable finding that Mohave has not breached or violated
6 any duty, administrative rule or procedural practice in its dealings with Mr. Chantel. This
7 Motion is more fully explained in the accompanying Memorandum of Points and Authorities and
8 is supplemented by the accompanying Statement of Facts ("SOF").

9
10 **THE CELOTEX TRILOGY, AS ADOPTED BY ARIZONA SUPREME COURT,**
11 **PROVIDES APPLICABLE STANDARD FOR A DECISION UNDER RULE 56, A.R.C.P.**

12 The Arizona Supreme Court, in adopting the U.S. Supreme Court's analysis in the
13 *Celotex Trilogy*¹, has established the applicable standard now adopted in Arizona for Rule 56
14 motions:

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16 “We hold, therefore, that although the trial judge must evaluate the evidence to
17 some extent in ruling on a motion for summary judgment, the trial judge is to
18 apply the same standards as used for a directed verdict. Either motion should be
19 granted if the facts produced in support of the claim or defense have so little
20 probative value, given the quantum of evidence required, that reasonable people
21 could not agree with the conclusion advanced by the proponent of the claim or
22 defense. Thus, assuming discovery is complete, the judge should grant summary
23 judgment if, on the state of the record, he would have to grant a motion for
24 directed verdict at trial” [cites omitted and emphasis added].

25 *Orme School v. Reeves*, 166 Ariz. 301 at 309, 802 P.2d 1000 (1991).

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¹ See, *Matsushita Electric Industrial Co. v. Zenith Radio Corp.*, 475 U.S. 574, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986); *Anderson v. Liberty Lobby*, 477 U.S. 242, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986); and *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986).

1 The foregoing test, when applied to Mr. Chantel's claims that Mohave has not
2 followed its tariffs and established practices for line extension agreements and when considered
3 under all of the tremendous evidence that supports Mohave, can only lead to the conclusion that
4 summary judgment is warranted and appropriate in favor of Mohave.
5

6 **BACKGROUND**

7 Since approximately July 2002 (*see*, Decision 67089, docketed June 29, 2004 -
8 SOF 2, Exhibit B, # 21), Mr. Chantel (apparently a real estate speculator) has been engaged in
9 attempts to alter and redraft Mohave's line extension agreement form and related forms to avoid
10 paying line extension money (*see*, Decision 67089, SOF ¶ 2, # 74). A comparison of the
11 Commission's recited facts in Decision No. 67089 and the allegations of Mr. Chantel's current
12 Complaint filed on December 27, 2004 discloses that Mr. Chantel is arguing most of the same
13 false allegations from the first Complaint in the second Complaint. Moreover, the
14 correspondence between the parties since the issuance of Decision No. 67089 (SOF ¶¶ 7 - 18)
15 reflects Mohave's repeated efforts to create a line extension agreement and complete delivery of
16 power to Mr. Chantel in a different subdivision. Mohave repeatedly advised Mr. Chantel that his
17 efforts to change the ACC-approved line extension agreement form by including his own
18 unacceptable revisions and grossly inaccurate calculations only delayed Mohave's efforts to
19 deliver electrical service to him.
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22 The real issue of whether Mohave can require a customer requesting electric
23 service and a line extension to comply with its normal, well established (and Commission-
24 approved) practices, including execution of its approved line extension agreements was
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1 previously resolved in favor of Mohave and the doctrines of *res judicata* and collateral estoppel
2 preclude Mr. Chantel from relitigating previous claims and issues already addressed in the
3 hearing on Chantel's first Complaint.
4

5 **COMMISSION'S FINDINGS OF FACT IN DECISION NUMBER 67089**

6 The Commission's Findings of Fact in Decision No. 67089 (SOF ¶ 2, Exhibit B -
7 which decided Mr. Chantel's Complaint in Mohave's favor) reflect that Mohave was vindicated
8 in every aspect of Mr. Chantel's acrimonious allegations:

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

14 **COMPLAINANT'S ALLEGATIONS IN LATEST COMPLAINT - SAME**

15 Mr. Chantel filed his second Complaint with the Commission on December 27,
16 2004. Mr. Chantel's only communication with Mohave after the Commission issued its Decision
17 No. 67089 on June 29, 2004 for the first Complaint and the filing of his second Complaint was
18 through his submission of his two non-conforming, redrafted line extension forms (SOF ¶ 4) on
19 or about December 1, 2004 and his resubmission of the same forms around December 15, 2004.
20 Mohave returned both sets of Mr. Chantel's forms to him upon receipt of the documents.
21 However, well before Mr. Chantel filed his December 27, 2005 Complaint, Mohave submitted to
22 him correspondence explaining why Mr. Chantel's self-prepared line extension agreement with
23 an incorrect amount for the cost was unacceptable. See, SOF ¶¶ 5, 7. This is categorically all
24 that had occurred before Mr. Chantel filed his Complaint. For Mr. Chantel to file his Complaint
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1 filled with acrimonious allegations only after a brief exchange of correspondence reveals his
2 intent to do exactly what he unsuccessfully attempted through his first Complaint of 2002.
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5 Mr. Chantel's second Complaint alleges the following:

6 "I filed for a line extension under the ACC R14-2-207 and MEC's line extension
7 rules, which grants the customer 625 feet of free footage. I have enclosed a copy
8 of the letter that was sent back to me denying James Rodgers and myself electric
9 service, along with the documents that I supplied to MEC requesting line
10 extension. You will find a number of areas in this letter that directly and indirectly
11 point out that we are being denied electrical service.

12 1. The letter states that they are returning all of the documents I sent in our
13 line extension request. If you will note, they sent the originals back to me. This
14 indicates to Mr. Rodgers and me that they have no intention of proceeding with
15 this line extension.

16 2. This letter claims that the forms authorized by Mr. Rodgers and myself are
17 unacceptable. This is a direct indication that MEC does not intend to supply
18 electrical power to this area under ACC R14-2-207.

19 3. If they had intentions of supplying power, they would have outlined point
20 by point what was not acceptable in the forms that were supplied to them.

21 4. Another indication that they do not intend to supply power is that they
22 voided the check that was enclosed for payment on extra wire needed to make this
23 line extension safe for the general public.

24 5. The proper procedure for line extension was established at the Arizona
25 Corporation Commission hearing inside of case 2002-21038

26 6. In general, MEC's costumers have one address to communicate with
representatives and that includes the Board of Directors of MEC. MEC's inner
staff distributes the mail to the departments. Mr. Rodgers and I are both
customers of MEC and all of the information is on file in their computers. If
MEC intended to supply power, they would have referred this request to their
Customer Service for any additional information needed to apply for a separate
meter or separate billing."

1 **RESPONSE TO COMPLAINANT’S ALLEGATIONS IN COMPLAINT**

2 As Mohave explained to him in writing (SOF ¶¶ 5, 7), Mr. Chantel’s “original”
3 documents were returned because they were his “redrafted” documents and not Mohave’s
4 original forms sent in the summer of 2004. Mr. Chantel retyped the line extension agreements
5 with his own modifications to reduce the cost to less than \$10.00 for a requested 1,500-foot line
6 extension. Mohave has never advised Mr. Chantel or acted as if it would not supply Mr. Chantel
7 with electric service. It required and continues to require Mr. Chantel to perform as all other
8 customers seeking a line extension agreement – to use and not modify Mohave’s forms, to pay
9 the costs for a line extension and to follow the customary, normal, established procedures. SOF
10 ¶¶ 5, 7, 9, 16, 18 & 19.
11

12
13 Mr. Chantel’s statements that he was not advised of the shortcomings of his
14 drafted line extension agreement are untrue. Mohave succinctly explained in writing what was
15 unacceptable in the Complainant’s redrafted forms before Mr. Chantel filed his Complaint (SOF
16 ¶ 5), as well as in later correspondence. SOF ¶¶ 7, 9, 16 & 18. One reason for not receiving the
17 discount for the first 625 feet was due to Mr. Chantel’s failure to present evidence of
18 “permanency” pursuant to Rule 106-H of Mohave’s Rules.² The return of Mr. Chantel’s check is
19 also of no issue. When a check is being returned to a customer, it is Mohave’s practice to stamp
20 the customer’s check “void” in order to avoid an accidental deposit of the funds.
21

22 Paragraph 6 of Mr. Chantel’s Complaint reveals how he will pursue any

23
24 ² Rule 106-H 4 - “When in the Cooperative’s opinion the permanent nature of the Customer’s
25 contract requirement for electric service is doubtful, the Customer shall be required to enter into a
26 with the Cooperative and shall advance the entire cost of construction, including the

1 argument, whether logical or not, for his goal of free electric service. He submits an
2 unacceptable form of line extension agreement designed to relieve him (but not the other 35,000
3 members of the Cooperative) of any of the associated line expenses. Additionally, Mr. Chantel
4 criticized Mohave's internal handling of the line extension requests. Yet, Mohave's request to
5 Mr. Chantel that he contact another department is logical. That department may have special
6 requests and concerns that could be discussed. Hence, Mohave's conduct was reasonable.

8 To sum up Mr. Chantel's second Complaint, it misrepresents: 1) what has
9 occurred since this Commission issued its Decision No. 67089; and 2) the outcome and ruling of
10 the prior proceedings that culminated in Decision No. 67089.

11 **CHRONOLOGY OF EVENTS**

12 The following highlights the correspondence/communication exchanged between
13 Mr. Chantel and Mohave from the summer of 2004 through the middle of April, 2005. There
14 were a few exchanges of correspondence between the parties after April of 2005 but they were
15 merely duplicative of the material presented in the earlier correspondence addressed herein and in
16 the Statement of Facts. Additionally, meeting notes prepared by Mohave's Comptroller and
17 Operations Manager for a conference with Mr. Chantel (in compliance with the ALJ's Procedural
18 Order of June 10, 2005 to attempt to resolve the issues) are summarized at SOF ¶ 19.

21 A discernible theme is woven into the correspondence – it underscores
22 Complainant's refusal to: 1) follow Mohave's normal simple procedures; 2) meet established
23 pre-conditions for line extension cost credits; 3) execute Mohave's normal forms without altering

24
25 transformers and associated structures.”

26

1 them; and 4) pay the normal costs necessary for the electric service requested.

2 Pursuant to Commission orders Mohave forwarded (on June 29, 2004) to Mr.
3 Chantel's a line extension agreement amended in conformity with the requirements of Decision
4 No. 67089. See SOF ¶ 3. Mr. Chantel took no further action for a line extension for this
5 particular real estate.
6

7 Mr. Chantel forwarded (on December 2, 2004) two non-conforming, redrafted line
8 extension forms (unacceptable to Mohave), other miscellaneous documents, and a check for
9 \$8.40 to cover Complainant's estimated cost for the line extension. See SOF ¶ 4.

10 Mohave returned (on December 6, 2004) the documents sent by Mr. Chantel with
11 an explanation that non-conforming, redrafted line extension agreement forms were
12 unacceptable. Further instruction was given to Mr. Chantel for procedures to follow when
13 requesting electric service. See SOF ¶ 5.
14

15 Mr. Chantel resubmitted (on or about December 16, 2004) his non-conforming,
16 redrafted line extension agreement form, apparently identical to what he had submitted earlier in
17 the month. See SOF ¶ 6.

18 Once again, Mohave returned the entire package (on December 22, 2004) of non-
19 conforming documents and explained in writing that customer-drafted line extension agreements
20 are not in conformance with Mohave's requirements and are unacceptable and customers'
21 calculations of the costs for the line extension (\$8.40) must be in conformance with Mohave
22 requirements. Once again, Mohave explained the procedure for customers to follow when
23 requesting service. See SOF ¶ 7.
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1 Mr. Chantel submitted (on or about January 5, 2005) line extension forms
2 Mohave provided in the summer of 2004 which still contained one or more of the unacceptable
3 Chantel modifications. See SOF ¶ 8.

4 Mohave returned (on January 12, 2005) the most recently submitted non-
5 complying forms and the check of \$8.40 because, as with the earlier submissions, the redrafted
6 form was unacceptable and Mr. Chantel was not following the established practices for
7 requesting electric service. See SOF ¶ 9.

8 Mohave, after having begun the processing of Mr. Chantel's request, advised Mr.
9 Chantel in writing (February 2, 2005 – See SOF ¶ 10) that since he had not installed the normally
10 required minimum permanent improvements required to qualify for the line extension line credits
11 being requested, the amount of line credit requested could not be granted until the normally
12 required minimum permanent improvements were in place. Mohave further requested Mr.
13 Chantel to inform Mohave as to the course of action he would take regarding the installing the
14 normally required minimum improvements. Mohave enclosed the appropriate contract form for
15 the requested electric service. Incidentally, the form indicates that if the customer undertakes the
16 minimum improvements within one year, the customer can still receive a credit on the first 625
17 feet of the line extension.
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21 Mr. Chantel inquired, in writing (on February 14, 2005), concerning the normally
22 required system modification fee and requested information concerning his request for electric
23 service made in December 2004. See SOF ¶ 11.

24 On March 3, 2005, Mohave repeated (through correspondence) to Mr. Chantel
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1 what had been presented in earlier correspondence about the normally required system
2 modification fee and standard line credit footage and the need for Complainant to provide
3 information on what course of action Mr. Chantel intended to take so that proper computations
4 could be made. See SOF ¶ 12.
5

6 On March 10, 2005, Mr. Chantel stated in writing he is concerned he has not
7 received a line extension agreement for the project. See SOF ¶ 13. Mohave responded to the
8 March 10, 2005 correspondence and reviews what Mohave has previously requested from Mr.
9 Chantel. Mohave encloses two standard Agreements for Constructing Electric Facilities for Mr.
10 Chantel's execution. See SOF ¶ 14.
11

12 In correspondence dated March 28, 2005, Mr. Chantel criticized Mohave's
13 Commission-approved contracts which Mohave prepared for the Mr. Chantel's circumstances.
14 Mr. Chantel sent an executed agreement and a check for \$409.83 for estimated cost of system
15 modification but fails to execute the form of agreement and fails to forward \$9,104.38 as and for
16 the necessary 1,287-foot line extension. See SOF ¶ 15.
17

18 On April 1, 2005, Mohave responded to Mr. Chantel's March 28, 2005
19 correspondence and explains the deficiencies of the March 28, 2005 letter and the absence of the
20 executed standard agreement and the failure to submit \$9,104.38. See SOF ¶ 16.
21

22 Mr. Chantel forwarded correspondence on April 8, 2005 but again fails to include
23 the standard form of construction agreement previously forwarded and fails to submit the
24 normally computed funds (by check) for the estimated costs. See SOF ¶ 17.
25

26 On April 15, 2005, Mohave responded to Mr. Chantel's April 8, 2005

1 correspondence and advised Complainant that he has not returned the second Agreement and has
2 not forwarded funds (\$9,104.38) for the construction contribution. Mohave forwards again the
3 second Agreement sent on March 21, 2005. See SOF ¶ 18.

4
5 On June 23, 2005, Mr. Chantel met with Stephen McArthur (Mohave's
6 Comptroller) and Tom Longtin (Mohave's Operations Manager) to explore a resolution to the
7 demands of Mr. Chantel. Mr. Chantel's conduct was unreasonable. He sought no resolution
8 short of a free line extension to the new parcel he was developing/preparing for sale. See SOF ¶
9 19.

10 **LEGAL ANALYSIS**

11 A. Issue and Claim Preclusion

12
13 What appears to be the only meaningful distinction between this case and the facts
14 resolved by the Commission's Decision No. 67089 (on Mr. Chantel's first Complaint) is Mr.
15 Chantel has abandoned his pursuit of a line extension agreement for a parcel in Sunny Highlands
16 Estates in Mohave County and now pursues a line extension agreement for a parcel in the Music
17 Ranches subdivision of Mohave County. Short of this distinction, Mr. Chantel's *modus operandi*
18 is identical. In contrast, Mohave's conduct has been exemplary in the face of an obstreperous
19 customer who is seeking free electric services at the expense of all other Cooperative members.
20 Accordingly, relevant legal principles of preclusion apply to this matter to preclude further time
21 and expense for Mohave and to preclude the misuse of the ALJ's and the Commission's precious
22 time and resources.
23

24 The doctrines of *res judicata* (claim preclusion) and collateral estoppel (issue
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1 preclusion) may “apply to decisions of administrative agencies acting in a quasi-judicial
2 capacity.” *Smith v. Cigna HealthPlan of Arizona*, 203 Ariz. 173 (App.Div.2 2002); *Hawkins v.*
3 *State*, 183 Ariz. 100, 900 P.2d 1236 (App. 1995). Under *res judicata*, a judgment on the merits
4 in a prior suit involving the same parties bars a second suit based on the same cause of action.
5 *Chaney Building Company v. City of Tucson*, 148 Ariz. 571, 716 P.2d 28 (1986). *Res judicata*
6 has application here because there has already been a ruling on the merits of Mr. Chantel’s
7 claims in his first Complaint of 2002 in favor of Mohave. The fact that Mr. Chantel brought the
8 second claim on different real estate investments than for the first claim does not alter the fact
9 that the claims in each Complaint revolves around false allegations of Mohave not following its
10 tariffs, rules and procedures. Moreover, collateral estoppel is also relevant
11 since it bars the relitigation between parties of issues previously resolved. The elements
12 necessary to invoke collateral estoppel are:

- 15 (1) issue is actually litigated in previous proceeding;
- 16 (2) full and fair opportunity to litigate the issue;
- 17 (3) resolution of such issue is essential to decision;
- 18 (4) valid and final decision on the merits;
- 19 (5) common identify of parties.

20 *See, Matusik v. Arizona Public Service Co.*, 141 Ariz. 1, 684 P.2d 882 (App. 1984); *Food for*
21 *Health Co., Inc. v. 3839 Joint Venture*, 129 Ariz. 103, 628 P.2d 986 (App. 1981). All of the
22 foregoing elements have been satisfied and thus, collateral estoppel precludes Mr. Chantel from
23 contending (within a relatively short period of time after previously contending) that Mohave did
24 not follow its tariffs, practices and procedures. These doctrines are invaluable for preserving the
25 resources of courts and administrative officers from litigious parties such as Mr. Chantel.
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B. Mohave Met and Exceeded All Duties Owed to Complainant

As before, in the present set of circumstances, Mohave has given a precise explanation why Mr. Chantel did not qualify for a line extension agreement (he failed to have sufficient improvements in place and failed to qualify as a permanent prospective customer) and supplied the appropriate form for Mr. Chantel to complete. Mohave's December 6, 2004 correspondence advised Mr. Chantel that his revised documents were unacceptable. Further, he was requested to contact the Customer Service Office, which he admits he did not do. Mohave's subsequent correspondence requested that Mr. Chantel contact the Customer Service Office in order to make an application for a line extension. Mr. Chantel was further advised that the Engineering Department would contact him after he completed an application for service.

In Mohave's correspondence of January 12, 2004, reference was made to Mohave's attempts to contact Mr. Chantel by telephone with instructions for Mr. Chantel being left with his wife. Mr. Chantel does not refute that fact.

Mohave gave additional guidance in its correspondence of February 2, 2005 to address Mr. Chantel's request for a line credit (minimum improvements were necessary, which Mr. Chantel opposed).

At no time during the foregoing period did Mohave ever deviate from its tariffs, practices or procedures while dealing with Mr. Chantel.

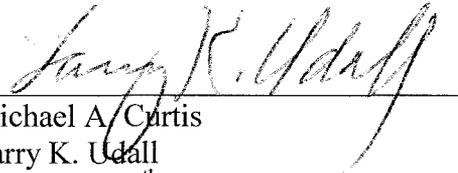
CONCLUSION

As evidenced by the correspondence attached to Mohave's Statement of Facts in support of its Motion for Summary Judgment, Mohave has now demonstrated on two occasions

1 that its conduct has been exemplary in the face of a belligerent customer bent on falsely alleging
2 misconduct with the hope of getting free electric service to his real estate investments without
3 paying for the line extension. Mr. Chantel has a well-documented pattern (for years) of
4 misconduct, false representations, and failure to follow the reasonable requests of Mohave as to
5 procedural steps. Based on the foregoing, Mohave urges the Administrative Law Judge to grant
6 summary judgment in favor of Mohave and against Mr. Chantel relative to Mr. Chantel's latest
7 Complaint because issue and claim preclusion doctrines preclude his effort to relitigate the same
8 issue in such a relatively short period of time since he lost on his first Complaint. Moreover,
9 Mohave has demonstrated that it has acted appropriately and its Motion for summary judgment
10 should also be granted under the *Orme School* test. There are no material issues of fact because
11 the communication between the parties (what little occurred before Mr. Chantel his second
12 Complaint and what subsequently followed) reflects no misconduct by Mohave.
13
14

15 RESPECTFULLY SUBMITTED this 9th day of September, 2005.

16 CURTIS, GOODWIN, SULLIVAN,
17 UDALL & SCHWAB, P.L.C.

18
19 By 

20 Michael A. Curtis
21 Larry K. Udall
22 2712 North 7th Street
23 Phoenix, Arizona 85006-1090
24 Attorneys for the Respondent Mohave
25
26

1 **Original and fifteen (15) copies of**
2 **the foregoing filed this 9th day of September, 2005 with:**

3 Docket Control Division
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 **Copies of the foregoing hand-delivered and/or mailed**
8 **this 9th day of September, 2005 to:**

9 Teena Wolfe, Administrative Law Judge
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Christopher Kempley, Chief Counsel
14 Legal Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Tim Sabo, Legal Division
19 Legal Division
20 ARIZONA CORPORATION COMMISSION
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23 Ernest Johnson, Director
24 Utilities Division
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
Phoenix, Arizona 85007

Mr. Roger Chantel
10001 East Hwy. 66
Kingman, Arizona 86401


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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
JEFF HATCH-MILLER, CHAIRMAN
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

ROGER CHANTEL,)
)
Complainant,)
)
vs.)
)
MOHAVE ELECTRIC COOPERATIVE,)
INC.)
)
Respondent.)
)

DOCKET NO. E-01750A-
04-0929

RESPONDENT'S
STATEMENT OF FACTS
IN SUPPORT OF ITS
MOTION FOR
SUMMARY JUDGMENT

Respondent Mohave Electric Cooperative, Inc., by and through counsel undersigned, hereby submits its Statement of Facts in support of its Motion for Summary Judgment. The Statement of Facts is referred to hereafter as "SOF". Mohave Electric Cooperative, Inc., is referred to hereafter as "Mohave", Complainant is referred to hereafter as either Complainant or Mr. Chantel, and Arizona Corporation Commission is referred to hereafter as "Commission".

1. In its Post-Hearing Brief filed under the Docket No. E-01750A-03-0373 for Chantel's last Complaint, Mohave outlined with great specificity how it complied with all statutory and administrative rules governing its conduct with prospective customers. See Exhibit A.

2. In its Decision No. 67089 (Exhibit B), The Commission made, *inter alia*, the following findings and conclusions:

1 “31. On March 3, 1982, Mohave filed with the Commission tariff pages entitled
2 Service Rules and Regulations. On April 12, 1982, the Commission issued Tariff
3 Approval No. 52951, a copy of which is attached here as Exhibit A and
4 incorporated herein by reference. The Tariff Approval states that the
5 Commission, having reviewed the Service Rules and Regulations, concluded that
6 the tariff is reasonable, fair and equitable and in compliance with Commission
orders and is therefore in the public interest. Effective April 1, 1982, Tariff
Approval No. 52951 approved the tariff pages filed on March 3, 1982, which
included the Sections and Subsections as listed on Exhibit A.

7 ***

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

10 ***

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

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

16 CONCLUSIONS OF LAW

17 ***

18 3. Mohave's Service Rules and Regulations, as approved by Tariff Approval
19 No. 52951 and Decision No. 58886, are lawful, in compliance with A.A.C. R14-
2-2-7(A)(1), and apply to all line extension requests made to Mohave.

20 3. On June 29, 2004, Mohave forwarded a line extension agreement amended
21 to conform to the requirements of Decision Number 67089, pursuant to Commission order. The
22 real estate to which Mr. Chantel seeks electric service is a parcel in the Music Mountain Ranches
23 subdivision, not the Sunny Highland Estates of the prior proceeding. See Exhibit C.

24 4. Mohave received from Mr. Chantel two non-conforming, redrafted line
25
26

1 extension forms (unacceptable to Mohave), other miscellaneous documents, and a check for
2 \$8.40 to cover Mr. Chantel's estimated cost for the line extension, on December 2, 2004. See
3 Exhibit D.

4
5 5. On December 6, 2004, Mohave returned to Mr. Chantel the documents he
6 submitted on December 2, 2004, with an explanation that the non-conforming, redrafted line
7 extension agreement forms he submitted were unacceptable. Additionally, Mohave provided Mr.
8 Chantel with instructions and procedures to follow when requesting electric service. See Exhibit
9 E.

10
11 6. On approximately December 16, 2004, Mr. Chantel resubmitted his non-
12 conforming, redrafted line extension agreement form, apparently identical to what he had
13 submitted earlier in the month. See Exhibit F.

14
15 7. Again, Mohave returned the entire package of non-conforming documents
16 to Mr. Chantel on December 22, 2004, and explained in writing that customers drafted line
17 extension agreements are not in conformance with Mohave's requirements and are unacceptable
18 and customers calculations of the costs for the line extension (\$8.40) must be in conformance
19 with Mohave requirements. Once again, Mohave explained the procedure for customers to
20 follow when requesting service. See Exhibit G.

21
22 8. On approximately January 5, 2005, Mr. Chantel submitted line extension
23 forms similar to what Mohave provided in the summer of 2004. Mr. Chantel's form contained
24 one or more of the unacceptable modifications. See Exhibit H.

25
26 9. On January 12, 2005, Mohave returned to Mr. Chantel his most recently

1 submitted non-complying forms and the check of \$8.40 because, as with the earlier submissions,
2 the redrafted form was unacceptable and he had not followed the established practices for
3 requesting electric service. See Exhibit I.

4
5 10. Mohave, after moving ahead and beginning the processing of Chantel's
6 request, advised Mr. Chantel in writing on February 2, 2005, that since he had not installed the
7 normally required minimum permanent improvements required to qualify for the line extension
8 line credits being requested, the amount of line credit requested could not be granted until the
9 normally- required, minimum permanent improvements were in place. Mohave further requested
10 Mr. Chantel to inform Mohave as to the course of action he would take regarding the installation
11 of normally- required, minimum improvements. Mohave enclosed the appropriate contract form
12 for the requested electric service. See Exhibit J.

13
14 11. On February 14, 2005, Mr. Chantel inquired in writing concerning the
15 normally-required system modification fee and requested information concerning his request for
16 electric service made in December 2004. See Exhibit K.

17
18 12. Mohave on March 3, 2005, repeated to Mr. Chantel through
19 correspondence what had been presented in earlier correspondence about the normally-required
20 system modification fee and standard line credit footage and the need for him to provide
21 information on what course of action Complainant intended to take so that proper computations
22 could be made. See Exhibit L.

23
24 13. In a March 10, 2005 correspondence, Mr. Chantel states he is concerned
25 he has not received a line extension agreement for the project. See Exhibit M.
26

1 14. On March 21, 2005, Mohave responds to Mr. Chantel's correspondence
2 dated March 10, 2005, and reviews what Mohave has previously requested from Mr. Chantel.
3 Mohave encloses two standard Agreements for Constructing Electric Facilities for Complainant's
4 execution. See Exhibit N.
5

6 15. In correspondence dated March 28, 2005 Mr. Chantel criticized Mohave's
7 Commission-approved contracts which Mohave prepared for the Mr. Chantel's circumstances.
8 He executed and sent one of the two an agreements and a check for \$409.83 for estimated cost of
9 system modification but failed to execute the second form of agreement and failed to forward
10 \$9,104.38 as and for the necessary 1,287-foot line extension. See Exhibit O.
11

12 16. Mohave responded on April 1, 2005 to Mr. Chantel's March 28, 2005
13 correspondence and explained the deficiencies of said correspondence and the absence of the
14 executed standard agreement and Mr. Chantel's failure to submit \$9,104.38. See Exhibit N.

15 17. On April 8, 2005, Mr. Chantel forwarded another letter but again failed to
16 include the standard form of construction agreement previously forwarded and failed to submit
17 the normally computed funds (by check) for the estimated costs. See Exhibit Q.
18

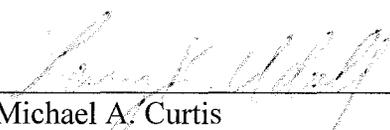
19 18. Mohave responded to Chantel's April 8, 2005 correspondence on April 15,
20 2005 and advised Mr. Chantel that he has not returned the Agreement and had not forwarded
21 funds (\$9,104.38) for the construction contribution. Mohave forwarded again the Agreement
22 sent on March 21, 2005. See Exhibit R.

23 19. On or about June 23, 2005, Mohave's Comptroller and Operations
24 Manager met with Mr. Chantel to attempt to resolve issues relating to his request for a line
25
26

1 extension agreement. Mr. Chantel made it clear in the meeting that he sought nothing less than a
2 free line extension. See Exhibit S.

3 Dated this 9th day of September, 2005.

4
5 CURTIS, GOODWIN, SULLIVAN,
6 UDALL & SCHWAB, P.L.C.

7 
8 Michael A. Curtis
9 Larry K. Udall
10 2712 North 7th Street
11 Phoenix, Arizona 85006-1090
12 Attorneys for the Respondent Mohave

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17 **this 9th day of September, 2005 to:**

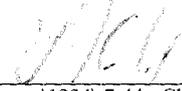
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9 Mr. Roger Chantel
10 10001 East Hwy. 66
11 Kingman, Arizona 86401

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13 _____
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AFFIDAVIT OF STEPHEN McARTHUR

STATE OF ARIZONA)
) ss.
County of Mohave)

Stephen McArthur, being first duly sworn, depose and state:

1. I am the Comptroller for Mohave Electric Cooperative, Inc., and I have considerable familiarity with Mohave Electric Cooperative's dealings with Mr. Roger Chantel and with his allegations on his purported efforts and misrepresentations over a line extension agreement. I have participated in or supervised all of Mohave's dealings with Mr. Chantel over the past few years. There is no truth in Mr. Chantel's allegations. He has his personal agenda of receiving thousands of dollars worth of services and benefits from Mohave Electric Cooperative, Inc. at no expense to him.

2. In Arizona Corporation Commission Decision 67089 (docketed June 29, 2004), Mohave Electric Cooperative, Inc. was instructed to provide Roger and Darlene Chantel with a copy of the Mohave's line extension agreement for his parcels in the Sunny Highland Estates and the form was amended as ordered in the Decision within 30 calendar days of the effective date of the Decision. Mohave was further ordered to file with the Commission certification that it had provided Roger and Darlene Chantel with a copy of the amended line extension agreement. Mohave's In-House Counsel complied with that order and filed a certification. To the best of affiant's knowledge, Mr. Chantel made no further effort to seek electric service to the parcels in Sunny Highland Estates.

3. In early December, Mr. Chantel forwarded to Mohave an unauthorized redrafted line extension agreement form apparently prepared by Mr. Chantel for electric service to lots in a subdivision known as Music Mountain Ranches which draft did not meet the requirements of Mohave, along with other documents.

4. On December 6, 2004, John Williams, Mohave's Line Extension

Supervisor, wrote Mr. Chantel explained the standard practices and proper procedure for requesting electrical service, and explained that Mr. Chantel's documents were being returned to him because his revisions to the line extension agreement form did not conform to the Mohave Electric approved forms and therefore were unacceptable. Mr. Williams explained to Mr. Chantel the proper procedure for requesting electric service was to contact the Customer Service Office.

5. In the middle of December, 2004, Mr. Chantel resubmitted his redrafted line extension form of proposal, apparently identical to what he had submitted earlier in the month. When Mohave received these new nonconforming documents, it immediately returned them to Mr. Chantel again with the written explanation that customers are not permitted to write their own line extension agreements and to unilaterally determine in writing the costs for the line extension. Once again, Mohave explained the established, universal procedure for customers requesting service.

6. In early January, Mr. Chantel submitted what appeared to be line extension forms mostly identical to those original forms Mohave provided in the summer of 2004 but containing one or more of Mr. Chantel's modifications. As with the other redrafted non-conforming forms Mr. Chantel previously submitted, these documents were returned to Mr. Chantel for being unacceptably modified.

7. In late January, Mohave, in a spirit of cooperation, nevertheless continued to review Mr. Chantel's line extension request. Mr. Williams wrote an extensive letter to Mr. Chantel (dated February 2, 2004) explaining the difficulties and expenses required for Mohave to comply with Mr. Chantel's request, particularly the requirements for line extension credits. Mr. Williams concluded his letter to Mr. Chantel by requesting him to get in touch and give

instructions on how to proceed.

8. In response to Mohave's prior letter, Mr. Chantel on February 14, 2004 inquired about the system modification fee. Mohave responded to him in writing on March 3, 2004 and explained:

"As stated in the February 2 letter, line credit footage cannot be granted until the minimum improvements to qualify for the credit are in place. You need to determine if you want to proceed with the line extension before or after the qualifying improvements are in place; once you have made that determination, contact me and I will forward the appropriate agreements. We cannot proceed with your project until you inform us of your plans; you have not yet informed us of your decision."

9. In reply, Mr. Chantel demanded execution of a line extension agreement for the project. Without following the procedure and without having made contact with the Customer Services Department asking it to go forward on his request.

10. Mohave responded (March 21, 2005) to Mr. Chantel's March 10, 2005 letter and reviewed the data and information Mohave has previously requested from him. Mohave enclosed two forms of Agreements for Constructing Electric Facilities for execution by Mr. Chantel. One form called for a payment of \$ 409.83 for the construction of necessary system modification and the other form called for a payment \$8,571.10 for 2,287 feet of line extension.

11. On March 28, 2005, Mr. Chantel responded to Mohave's prior letter and forms through correspondence criticizing Mohave's forms of contracts which Mohave prepared for Mr. Chantel's 1,287-foot line extension circumstances. Mr. Chantel executed only the first agreement (for the construction of necessary system modification) and sent it back, along with a check for \$409.83 as if this would cover all of the expenses for the line extension. He failed to execute the second agreement and to forward the costs of \$9,104.38 for the 1,287-foot line extension.

12. On April 1, 2005, Mohave responded to Mr. Chantel's March 28, 2005 letter by explaining the deficiencies in Mr. Chantel's March, 28, 2005 letter and by pointing out the absence of the second agreement form and the failure to include funds of \$9,104.38.

13. On April 8, 2005, Mr. Chantel forwarded correspondence to Mohave concerning his electric service request. Again, he failed to include the executed construction agreement and failed to submit the funds (by check) for the estimated costs. Nonetheless, Mohave responded to Mr. Chantel's April 8, 2005 correspondence and advised Mr. Chantel that he had not returned the Agreement and had not forwarded funds (\$9,104.38) for the construction contribution. On April 15, 2005, Mohave forwarded again the second Agreement sent on March 21, 2005.

14. It is my sincere opinion and belief that Mohave Electric Cooperative gave Mr. Chantel the same courteous treatment that all prospective customers of Mohave receive. Mohave has made every effort to accommodate Mr. Chantel. There is only one major problem – Mr. Chantel wants Mohave and its 30,000 plus Cooperative members to pay for his real estate investment costs in a manner wholly inconsistent with our established tariffs and practices.

15. On June 23, 2005, Mr. Longtin (Mohave's Operations Manager) and I met with Mr. Chantel to explore a better understanding of the issues and to seek a resolution. From the outset, Mr. Chantel was agitated, aggressive and argumentative. When Mr. Chantel insisted that Mohave give him a line extension at no cost to him, it was evident that the impasse could not be broken. Mohave cannot impose on its Cooperative members the cost of a free line extension for Mr. Chantel.

///

///

DATED September 9, 2005

Stephen McArthur
Stephen McArthur

SUBSCRIBED AND SWORN TO before me this 9 day of September, 2005 by

Stephen McArthur.

Sharon Sutton
Notary Public

My commission expires:

July 12, 2006

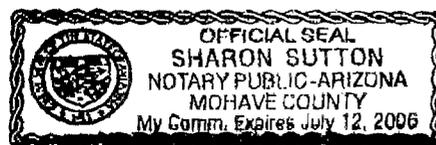


EXHIBIT A

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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DOCUMENT CONTROL

COMMISSIONERS

MARC SPITZER, Chairman

WILLIAM A. MUNDELL

JEFF HATCH-MILLER

MIKE GLEASON

KRISTIN K. MAYES

IN THE MATTER OF:

ROGER AND DARLENE CHANTEL

Complainants,

v.

MOHAVE ELECTRIC COOPERATIVE,
INC.

Respondent.

DOCKET NO.: E-01750A-03-0373

Notice of Filing

Arizona Corporation Commission

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DEC 31 2003

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RESPONDENT MOHAVE ELECTRIC COOPERATIVE, INC.'S
POST-HEARING BRIEF

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1 Respondent, Mohave Electric Cooperative, Inc. ("MEC"), through undersigned counsel,
2 hereby submits its post-hearing brief supporting dismissal of the Formal Complaint filed by
3 Roger and Darlene Chantel (Chantels), as follows.¹

4 I. INTRODUCTION

5 MEC is a non-profit electrical distribution cooperative, incorporated under the laws of
6 the State of Arizona. All of MEC's rules, regulations and tariffs are filed and have been
7 approved by the Arizona Corporation Commission ("Commission"). In addition, MEC is
8 governed by federal accounting guidelines as set out by the Rural Utilities Service, a division of
9 the United States Department of Agriculture.

10 This case was initiated by the Chantels who disagreed with the manner in which MEC
11 administered its Commission-approved line extension policy. As set forth herein, the evidence
12 in the record clearly and convincingly establishes that MEC acted properly in connection with
13 the Chantel's request for a line extension. Based upon the facts and law of this case, MEC
14 respectfully requests that the Chantels' Formal Complaint be dismissed and that the relief
15 requested therein be denied.

16 II. BACKGROUND OF THE CASE

17 MEC's service territory is located mostly in Mohave County and portions of Yavapai
18 and Coconino counties. As part of its certificated area, MEC serves parts outlying Kingman,
19 Arizona. Mr. Chantel joined MEC on March 6, 2000 and established service at 10001 E.
20 Highway 66 in Kingman, Arizona.

21 This case has a relatively long history. As far back as July 20, 1999, the Chantels
22 requested to set a meter for single-phase power to their lot in Shadow Mountain Acres, located
23 on the outskirts of Kingman (Ex. C-3, Ex. C-6, *see* MEC-VA²). Shadow Mountain Acres Unit
24 Three (Ex. C-6) was platted in 1961. Shadow Mountain Acres is "grand-fathered" as a
25 subdivision because at the time it was platted it qualified under the then-applicable state and

23 ¹ References herein are to Mohave Electric's Response "(MECR Ex. [no.])"; to the Reporter's
24 Transcript "(RT [p. no.])"; to exhibits "(Ex. [no.])"; to Mohave Electric's visual aid "(MEC-VA)". Note:
all references to MEC's Rules and Regulations may be found in Ex. MEC-12.

25 ² Mohave Electric's visual aid - 3' x 3' computer-aided drawing of all parcels owned by the
Chantels and recorded with the Mohave County Assessor (copy folded and attached).

1 county regulations as a subdivision. However, under current state law and Mohave County
2 regulations it would not qualify as a subdivision.³ A subdivision that has been “grand-fathered”
3 may require additional compliance to state laws and county permits and inspections than
4 otherwise would have been required in 1961. Thus, in response to the Chantels’ request for a
5 line extension, MEC classified the lots as “not within a subdivision” and applied MEC Rule
6 106⁴ to the request, which was more advantageous to the Chantels and entitled them (as
7 “permanent customers”) to the benefit of free line extension footage and five (5) years refunding
8 (RT 239, Ex. C-8). Otherwise, as developers, the Chantels would have been subject to different
9 line extension rules.⁵ MEC’s “rough cost estimate” for the Chantel’s request (for 13,800 feet of
10 overhead line) was \$63,360.42 and was provided to the Chantels along with a detailed
11 computer-aided drawing (Ex. C-3, C-8). Subsequently, on September 8, 1999, MEC responded
12 to another request for construction into Shadow Mountain Acres. The rough cost estimate for
13 the second request (for 16,098 feet of line) was \$72,398.39. Neither one of these estimates
14 resulted in electrical construction into Shadow Mountain Acres.

15 Thereafter, on September 4, 2002 the Chantels requested a cost estimate to nine (9) of
16 their lots in Sunny Highlands Estates (“Sunny Highlands”), located on the outskirts of Kingman
17 (*see* MEC-VA). Sunny Highlands Estates, Tract No. 1132 (Ex. C-5) was platted in 1972.⁶ In
18 the case of Sunny Highlands, the developer deserted the project prior to building out the utility

19 ³ Under today’s regulations in order for lots in a subdivision to be sold – the developer is required
20 to build out the utility infrastructure (*see* Arizona State law, ARIZ. REV. STAT. ANN. § 32-2181 (A) (8),
21 (17), (19), and (E) (West 2003) (copy attached) and *see* Mohave County Land Regulations (Revised,
22 November 2001) 5.1 (D) (5) (a-c) (copy attached).

23 ⁴ Rule 106, et. seq. is MEC’s line extension rules and it takes the place of any line extension tariff
24 (Approved for filing in Open Meeting, March 3, 1982). Rule 106-C (1) permits MEC to make without
25 charge, single-phase extensions, both overhead and underground, from its existing distribution facilities a
distance up to six hundred twenty-five (625) feet where the property served is not within a subdivision.

⁵ Rules 107-A, 107-B, and 107-C are applicable to developers for construction of distribution
facilities within a residential subdivision. The county assessor records show that the Chantels own
roughly 50% of Shadow Mountain Acres Unit Three, located in Section 27 of Township 24 North, Range
14 West (MEC-VA).

⁶ Sunny Highlands was established as a subdivision and assigned a tract number as required under
the then-applicable regulations in 1972. This subdivision is also “grand-fathered” because Arizona State
law, ARIZ. REV. STAT. ANN. § 32-2181 (A) (8), (17), (19), and (E) (West 2003) (copy attached) and
Mohave County Land Regulations (Revised, November 2001) 5.1 (D) (5) (a-c) (copy attached) now
require the utility infrastructure to be built (or assured) before any lots are sold.

1 infrastructure, thus this subdivision is termed as "abandoned." In as much as Sunny Highlands
2 is an abandoned subdivision, MEC's Rule 107-D⁷ is applicable. The lots were non-contiguous
3 throughout the west end of Sunny Highlands and encompassed the entire length of Grub Stake
4 Road from El Norte Street (on the north end) to Highway 66 (at the south end) along with four
5 (4) electric taps heading east from Grub Stake Road. A rough cost estimate (for approximately
6 4,500 feet of line) of \$35,000 - \$40,000 was sent with a preliminary sketch (Ex. MEC-2). The
7 line was not constructed; however, the Chantels continued to make additional requests for
8 different line extension configurations into Sunny Highlands.

9 The next line extension request for Sunny Highlands was made on September 7, 2002
10 through ReBecca Grady, representing Lot 108.⁸ This request was for a line extension off
11 Highway 66 along Grub Stake Road. A rough cost estimate (for approximately 1,400 feet of
12 line) of \$8,000 - \$11,000 was sent with a preliminary sketch (Ex. MEC-5). The proposed line
13 was not constructed.

14 Finally, in October 2002, the Chantels made a request for a line extension to lots 66, 108,
15 and 109 in Sunny Highlands, which is the subject of this dispute. Another rough cost estimate
16 was prepared (for 2,009 feet of line) in the amount of \$14,389.23 (Ex. C-4, C, D and E). MEC
17 received a \$500 advance deposit drawn on the Chantels' checking account for this line
18 construction estimate (Ex. C-4, E). However, the engineering services contract, at the insistence
19 of the Chantels, named two other parties in addition to the Chantels, 1) ReBecca Grady and 2)
20 Leon Banta (Ex. C-4, C & E).⁹ Accordingly, MEC drafted an "Agreement for Constructing
21 Electric Facilities within an Abandoned Subdivision" (line extension agreement). That
22 particular unsigned and unexecuted agreement (Ex. C-4, E) is the crux of the Chantels'
23 complaint.

24 The Chantels complained to the Commission regarding the wording and terms of the line
25 extension agreement and on February 26, 2003 an arbitration hearing was held in Kingman,

23 ⁷ Commission approved for filing, Decision no. 58886, effective December 5, 1994.

24 ⁸ Although the Chantels retained ownership rights, Ms. Grady was buying lots 107 and 108 (RT
25 205).

⁹ The record shows that Ms. Grady was buying Lots 107 and 108 and that Mr. Banta was going to
purchase Lot 66 (RT 205-07).

1 Arizona. Copies of pertinent MEC Rules and Regulations and a copy of the corresponding
2 preliminary sketch were provided to the Chantels at the hearing.

3 On March 2, 2003, Mr. Chantel followed up with a letter to MEC threatening to file a
4 formal complaint designed on "Gorilla Aggravation Tactics" costing MEC up to \$10 million
5 dollars. Mr. Chantel called it a "vicious event" and claimed he was "not an ordinary type of
6 individual" (Ex. MEC-17).

7 On March 3, 2003, the arbitrator handed down a decision (MECR Ex. 6) that the
8 Chantels were not entitled to free footage and further noted that MEC Rules "exist and were
9 approved by the Commission." The arbitrator further commented that, "Mr. Chantel is prone to
10 rash, accusatory, possibly libelous statements in his written communications."

11 On March 21, 2003, a meeting was held at the offices of MEC. In attendance were the
12 Chantels, MEC employees – Stephen McArthur, Thomas Longtin and MEC's in-house counsel.
13 Mr. McArthur proposed to the Chantels that, in order to facilitate the line extension, they post a
14 bond or put up realty lots and make payment arrangements over time at a low interest rate. Mr.
15 Chantel did not accept MEC's offer, instead he continued to make threats during the meeting
16 that he would cost MEC "a lot of money."

17 On March 28, 2003, MEC sent a detailed letter to the Chantels as a follow-up to the
18 March 21, 2003 meeting (Ex. MEC-8). The letter broke down the material and labor costs of
19 the original estimate, defined "permanent customer" and stated the reasons for the application of
20 MEC Rule 107-D.

21 On June 5, 2003, the Chantels filed a Formal Complaint with the Commission (Ex. C-4).

22 On June 27, 2003, Mr. Chantel attended MEC's annual meeting where he had ample
23 opportunity to discuss or challenge any rate and line extension issues, but instead chose to
24 remain silent (RT 292-93, Ex. MEC-9).

25 On September 4, 2003, a pre-hearing conference was held in this matter. The Chantels
appeared on their own behalf. At the pre-hearing conference, the Chantels stipulated that
"building out the backbone," in the context of their line extension request, was not "adding lots"
to the agreement but was the minimum construction required to bring power to a lot located
within a subdivision and further that the process provided an opportunity for refunding (RT
236). Subsequent to the pre-hearing conference, MEC sent a complete set of Rules and
Regulations to the Chantels (Ex. MEC-12).

1 On September 8, 2003, the Chantels sent a letter to MEC giving a deadline of midnight
2 on September 30, 2003 to "supply electric to the area in a fair and equitable manner" or the
3 consequences could be "unnatural" (Ex. MEC-19).

4 On October 3, 2003, the Chantels sent another letter to MEC proposing a resolution to
5 the Formal Complaint (Ex. MEC-11). They requested that payment be determined by economic
6 feasibility with no cash advance. The Chantels enclosed a map with their proposed (albeit
7 reduced) number of poles and service drops (Ex. C-7). In this proposal the Chantels admitted
8 that Sunny Highlands is an abandoned subdivision but still made a demand for free footage to
9 all three (3) lots. However, MEC Rule 107-D for abandoned subdivisions does not allow for
10 free footage for lots in abandoned subdivisions.

11 On October 13, 2003, MEC responded that under MEC Rule 107-D the Chantels were
12 not eligible to receive free line extension footage and noted that the Chantels had changed the
13 original request from lots 66, 108 and 109 to lots 65, 108, and 109 (RT 171).

14 III. APPLICABLE RULES AND REGULATIONS

15 A. Rule 106, et. seq.:

16 MEC Rule 106, et. seq.¹⁰ authorizes MEC to make, without charge, single phase
17 extensions both overhead and underground, from its existing distribution facilities a distance up
18 to six hundred twenty-five (625) feet where the property served is not within a subdivision
19 (MEC Rule 106-C (1)). Rule 106-B restricts the free footage distance to the shortest practical
20 route. Rule 106-A (2) (b) authorizes MEC to require a deposit (credited to the cost of
21 construction, otherwise nonrefundable) in the amount equal to the estimated cost of preparation
22 of detailed plans, specifications or cost estimates for a line extension request. Rule 106-A (2)
23 (b) also prevents MEC from charging the customer when MEC finds it necessary to "oversize or
24 route" the extension for the convenience of its system. MEC is authorized to take in advance,
25 non-interest bearing, refundable cash deposits in aid of construction under Rules 106-A (2) (c)
and 106-D. Further, Rule 106-D allows MEC to base those advance deposits upon its current
construction cost studies ("actual costs"). Rule 106-E gives the customer a five (5)-year
refunding for advances in aid of construction.

¹⁰ Rule 106, et. seq. are MEC's line extension rules and take the place of any line extension tariff.

1 B. Rule 106-B (1) "Service drops":

2 This Rule provides that the free footage distance may include the service drop if it is
3 within 625 feet.(106-B (1)). This clause authorizes MEC to charge when the line extension is
4 greater than 625 feet, which would include the service drop (also termed secondary service or
"on-sites").

5 C. Rules 107-A, 107-B, and 107-C:

6 The rules for electrical construction in a residential subdivision require the developer to
7 build out the entire subdivision (at least in phases). These rules provide that the developer must
8 pay the total estimated installed cost of all distribution facilities as a non-interest bearing
advance in aid of construction refundable over a three (3)-year period.

9 D. Rule 107-D:

10 In 1994, the Commission approved Rule 107-D for abandoned underground
11 subdivisions.¹¹ This rule was written with the help of the Commission Staff to provide
12 affordable line extensions to permanent customers residing in a subdivision since abandoned by
13 its developer. The Rule incorporates by reference all other provisions of MEC's rules and tariffs
14 except as specifically modified. In sum, Rule 107-D requires that the applicant only build out
15 the backbone facilities required to reach his lot; there are no footage allowances. MEC advises
16 each applicant that additional funds will be required for the line extension from the backbone
17 line to the meter pole (service drop, secondary service or on-sites).¹² Paragraph Five of Rule
18 107-D extends the non-interest bearing advance in aid-of-construction refunding period to seven
19 (7) years from three (3) years as is set out in Rule 107-C (1) (rule for developers in a subdivision
20

21 ¹¹ Under ARIZ. ADMIN. CODE R14-2-207 (E) (2003) all new construction is required to be built
22 underground except where it is not feasible. And under ARIZ. ADMIN. CODE R14-2-207 (E) (5) (d)
23 (2003) the underground requirement is effective even if the subdivision was recorded prior to the
24 effective date of the rule. This rule has been challenged and the Commission has given MEC deference in
its application – otherwise, as in this case, the Chantels may be required by the Commission rules to
construct underground utilities into Sunny Highlands.

25 ¹² It would be entirely impractical for MEC to estimate, prior to constructing the backbone, the
service drop costs of any of the lots that will add-on because the location of the structure determines the
length of the service drops and hence the costs.

1 (not abandoned)). Unless the customer is a contractor or construction agent, the applicable
2 refunding period is five (5) years as outlined in Paragraph Seven of Rule 107-D.¹³

3 E. The term "Subdivision":

4 MEC's Rules and Regulations do not specifically define "subdivision." The
5 Commission defines "residential subdivision development" as four (4) or more contiguous lots
6 of one (1) acre or less ... (see ARIZ. ADMIN. CODE R14-2-201 (34)). Mohave County cites state
7 law in their Land Division Regulations (revised November 2001), which defines subdivision as
8 six (6) or more lots ... as part of a common promotional plan – less than 36 acres in size (see
9 ARIZ. REV. STAT. § 32-2101 (54) (2003)). MEC utilizes Mohave County's definition and
10 application of "subdivision" in order to be consistent with the other non-utility applications of
11 the term in Mohave County. For example, Mohave County states that any plat map (whenever
12 established) that has been labeled a "subdivision" on the plat (Ex. C-5) is a "subdivision."
13 According to Mohave County Planning and Zoning, a subdivision remains a subdivision unless
14 the lots have been specifically struck and reverted to acreage. Additionally, subdivisions that
15 have been "grand-fathered" due to the time period in which they were platted are held to
16 different standards that may require additional permits and inspections to bring them up to
17 compliance with today's standards.

18 IV. DISCUSSION

19 The Commission should dismiss the Chantels' Formal Complaint and reject the relief
20 requested therein because MEC correctly applied Rule 107-D of its Commission-approved
21 Rules and Regulations to the Chantels' request for a line extension into an abandoned
22 subdivision. The record of this case demonstrates that the Chantels have made assertions that
23 are not only unsupported by any documents or testimony but, in fact, are refuted by their own
24 evidence.

25 ¹³ MEC applied the most advantageous clause of Rule 107-D to the Chantels by granting them the
seven (7)-year refunding period although the Chantels may qualify as a construction agent under the rule
because they are the land owners of record (or at the very least a construction agent for the purpose of
negotiating and establishing electrical service to the purchasers of their lots) for all of the lots that they
have requested power to (see MEC Rule 107-D (1)).

1 **A. MEC Properly Applied Commission-Approved Rules to the Chantels' Situation**

2 The evidence shows that the Chantels requested a line extension into Sunny Highlands.
3 Sunny Highlands was abandoned by its original developer prior to the construction of
4 "backbone" distribution facilities capable of delivering electrical facilities to each lot (RT 201,
5 Ex. MEC-11).

6 The evidence demonstrated that the Chantels are land investors in every sense of the
7 word. Although the Chantels were "confused"¹⁴ at times as how to represent themselves to the
8 Commission, the Chantels¹⁵ admitted to developing (RT 203-04), selling lots for income (RT
9 191), owning 26 lots in Sunny Highlands (RT 95, 211, Ex. MEC-4, MEC-VA), referring to their
10 "land holding[s]" all over the county (RT 119, MEC-VA), and when pressed, admitted to
11 ownership rights to 128 lots as shown by the Mohave County Assessor records (RT 118, Ex.
12 MEC-13, MEC-VA).

13 The Chantels do not deny that their main interest in pursuing their Formal Complaint
14 was to get electricity to all the lots that they have sold (RT 117-18). The vast majority of their
15 land holdings in Mohave County are located in areas with no utilities; therefore, they would
16 have a vested interest in increasing the value of their lots by getting the power put in for free or
17 at a greatly reduced rate.

18 **B. There is no Factual or Legal Basis for the Chantels' Claims**

19 The Chantels erroneously allege that MEC overestimated charges in connection with
20 their request for a line extension (RT 80, 83, 102, 186, 365, 388) because they were not given
21 free footage. In fact, the Chantels did not produce any evidence to substantiate their claim (RT
22 115). The Chantels had no evidence to support their claims that MEC's line extension costs are
23 higher than other companies (RT 221) and that any other utility or subcontractor could do the
24 same work as MEC for a lesser cost (RT 201).

25 The Chantels alleged that MEC "oversized" their line extension request. The Chantels
stipulated early on that a request for a line extension into an abandoned subdivision required

¹⁴ Mrs. Chantel referred to Banta and Grady as "buying" lots 107 & 108 and Mr. Chantel chimed in to confirm (RT 205). Mrs. Chantel said that Banta was "going to purchase" lot 66 – therefore it was not sold and the Chantels' still owned it. This testimony contradicts Mrs. Chantel's affirmative answer when asked if the lots were sold (RT 207).

¹⁵ The individual testimony of the Chantels is imputed one to the other as they appeared to be in complete agreement, often conferring, speaking in concert or over one another.

1 “building out the backbone” (constructing the minimum line extension required to bring power
2 to a lot). Building out the backbone is an advantage over being held to “developer” status,
3 which requires building out the entire subdivision. However, the backbone still requires
4 building to the (future) capacity of the subdivision.

5 The Chantels did not have any evidence to support their claim that MEC overestimated
6 the number of poles required for their line extension. On the contrary, MEC presented evidence
7 demonstrating that pole spans differ for different projects (RT 266-67).

8 The Chantels also alleged that MEC overestimated the length or distance of the
9 construction required by the requested line extension. However, at the hearing, the Chantels did
10 not have any evidence to support their allegation. On the other hand, MEC presented evidence
11 that the Chantels’ allegation stemmed from their misunderstanding of the difference in wire
12 length versus ground length (RT 263-64).

13 MEC further presented evidence that it is prudent to provide some leeway in
14 construction estimates (RT 265-66). MEC fully believes that the Chantels would have been
15 quick to complain if the estimate for the line extension they requested had been underestimated
16 and they received a bill for additional payment rather than a refund.

17 The Chantels also alleged that MEC raised its line extension costs to “make up,” in
18 revenue, amounts that it “lost” due to stable electric rates. Again, the Chantels had no evidence
19 to support their allegation. In fact, there is no direct relationship between the rates MEC charges
20 for power and line extension costs (RT 192-93). MEC charges the actual cost of construction
21 for line extensions, pursuant to Rule 106-D (1) “based upon a current construction cost study.”
22 In addition, MEC is permitted to charge additional funds for service drops (line extension from
23 the backbone line to the meter pole), pursuant to Rule 106-B (1)¹⁶ when they are not included in
24 the first 625 feet and to charge for service drops, pursuant to Rule 107-D because there is no
25 footage allowance in a subdivision. The Chantels mistakenly based their allegation on a
misbelief that the billing of actual costs caused an “open-ended” contract.

The Chantels further alleged that MEC is not providing for major expansion or for
additional development (RT 327). But the evidence in the record of this case is contrary to that
assertion. MEC presented evidence that it recently constructed 17 miles of 3-phase 14.4/24.9
kV line at a cost in excess of \$500,000 (RT 306) plus other related costs. This clearly

¹⁶ MEC requires a \$400 advance payment for service drops – difference refunded (RT 274-75).

1 demonstrates that MEC is building its system to meet future demands of the growing area
2 outlying Kingman, Arizona (*see* MEC-VA). The Chantels complained that MEC does not pay
3 interest on advance deposits. The evidence in the record reveals that MEC's practices in this
4 regard is in full compliance with Commission-approved rules that refer to the customer's "non-
5 interest bearing, refundable cash advance ..." (RT 256, Rules 106-D, 107-B, 107-D (4)). In
6 fact, advance deposits are applied to the costs of construction and are refundable, less MEC's
7 billable time spent on the request (RT 252). In connection therewith, the Chantels
8 acknowledged MEC's right to charge engineering costs (RT 199), which MEC presented
9 evidence that engineering costs vary (RT 251¹⁷) and the Chantels' did not believe that the \$500
10 paid as an advance deposit was too much (RT 200, RT 251-52).

11 The Chantels also complained that MEC is not concerned with the safety of its system
12 (RT 88). The Chantels could not present any evidence to justify such an allegation. MEC,
13 however, presented evidence of its safety programs including testimony regarding its power pole
14 inspection program (RT 284).

15 The Chantels claim that they should receive "free footage" for their line extension
16 because allegedly another MEC member, Rodney McKeon, received "free footage." The
17 Chantels argued that their situation and that of Mr. McKeon were similar – based upon their
18 interpretation of the terrain over which the line extension would travel. However, MEC
19 demonstrated at the hearing that terrain is only one of many factors in estimating line extension
20 costs. In fact, the most significant factor influencing the costs of a line extension is whether it is
21 to be located in a subdivision.¹⁸ Other determining factors include whether the customer is a
22 developer and whether the line will be constructed overhead or underground. MEC explained in
23 the record that Mr. McKeon's property is not located in a subdivision, therefore Rule 106-C
24 applied to him (RT 102-09, 268).

25 ¹⁷ Pursuant to MEC Rule 106-A (2) (b) MEC may require a deposit in the amount equal to the
estimated cost of preparation of detailed plans, specifications or cost estimates for a line extension
request. Estimates vary from \$500 to in excess of \$2,000 depending on the engineering detail of the
design survey.

¹⁸ Line extension costs are higher for subdivisions because they require poles set on lot lines (in
road rights-of-way) as opposed to just taking the shortest practical route (RT 349) (*see* Mohave County
Land Regulations (rev. Nov. 2001), 5.1 (Q) (copy attached)).

1 Also, the Chantels attempted to make the point that MEC should be providing free
2 footage and not charging at all for power in the (unrelated) cases of Mr. Ceci and Mr. Roling.
3 Mr. Ceci testified that MEC should provide all electric line extensions for free (RT 143-44, 149-
4 50). Mr. Roling, who purchased his lot in Shadow Mountain Acres from the Chantels on
5 September 9, 2001 (RT 126), alleged that MEC discriminates against handicapped people
6 because it does not discount its rates. In reality, Mr. Roling had no proof that MEC treated him
7 any differently than any other member. Mr. Roling also testified that he was aware at the time
8 of purchase that there was no power to his lot and that he did not investigate the cost of bringing
9 power to his lot (RT 128-29). Mrs. Chantel admitted selling a lot to Mr. Roling at a time when
10 the Chantels knew that it could cost in excess of \$60,000 to bring power to Shadow Mountain
11 Acres (RT 191). The Chantels further admitted that their business plan was to sell lots to
12 customers "as is" (RT 191) without ever mentioning the availability or cost of electricity.

13 The Chantels admitted that they have no experience in the electric utility industry. They
14 have no training in electrical construction or engineering (RT 192). The Chantels did however,
15 refute their own arguments and allegations by admitting that they believe that MEC would do
16 the "proper thing" (RT 188) and that everything it does must be above-board because it is
17 regulated by the Commission (RT 193) and by acknowledging that its rules and regulations are
18 approved by the Commission (RT 103).

19 C. MEC Properly Applied Commission-Approved Rule 107-D

20 The Chantels complained that MEC inconsistently applied its line extension policy for
21 subdivisions (RT 278). MEC testified that it consistently follows the Mohave County definition
22 of subdivision.¹⁹ The vast majority of MEC's members are also citizens of Mohave County.
23 Mohave County has "grand-fathered" both Shadow Mountain Acres and Sunny Highlands as
24 subdivisions (RT 278), because at the time they were platted (1961 and 1972 respectively) they,
25 in fact, qualified as subdivisions. However, under Mohave County's current rules and
26 regulations those areas would not qualify as a subdivision until the developer(s) complied with
27 Mohave County's approval process (RT 110-11). Part of the approval process is the
28 requirement that the utility infrastructure be complete before any lots in a subdivision can be
29 sold. Moreover, a subdivision is termed as "abandoned" for the purpose of determining line

¹⁹ Mohave County Land Regulations (rev. Nov. 2001) Chapter 2, p. 24 defines subdivision the same as state law, ARIZ. REV. STAT. ANN. § 32-2181 (54) (West 2003).

1 extension costs under Rule 107-D when the original developer has terminated his relationship
2 with the subdivision prior to the construction of the utility infrastructure.

3 In these situations, MEC also evaluates each subdivision with respect to current
4 subdivision regulations. Although, at the time platted, both Shadow Mountain Acres and Sunny
5 Highlands were subdivisions, they differ in that Shadow Mountain Acres would not qualify as a
6 subdivision under current land regulations and although, Sunny Highlands would qualify as a
7 subdivision, under current land regulations no lots would have changed hands without the utility
8 infrastructure complete. In both cases, MEC applied the proper Commission-approved Rule,
9 which coincidentally, was the most advantageous to the Chantels.

10 With respect to Shadow Mountain Acres, all customer requests for a line extension have
11 been estimated under Rule 106 allowing for free footage. With respect to Sunny Highlands, as
12 an "abandoned subdivision," Rule 107-D permits the customer to build out the minimum back
13 bone line to bring power to his lot(s) and not have to build the entire infrastructure and entitles
14 the customer to an extended refunding period (RT 236).

15 MEC gave the Chantels the benefit of being a "permanent customer"²⁰ (RT 242-43, Rule
16 101-A (34) & (35), Rule 106-A (2) (e), Ex. MEC-8, Ex. MEC-14) and not a developer, and not
17 within a subdivision, when it estimated the Chantels' July 2002 request for a line extension into
18 Shadow Mountain Acres. On the other hand, Rule 107-D, the abandoned subdivision rule, was
19 not written to allow for free footage. There are about 6,000 lots in abandoned subdivisions
20 throughout Mohave County. If MEC was to ignore the provisions of Rule 107-D and offer free
21 footage to the owners of those abandoned lots, MEC's members would be required to subsidize
22 over \$30 million. This would be untenable. Mr. Longtin explained that Rule 107-D was
23 developed to be a "win-win" situation for the customer and MEC (RT 236).

24 **D. MEC Has Been Diligent in its Dealings With the Chantels**

25 MEC has been diligent and acting in good faith, in all its dealing with the Chantels.
Individual employees do not have authorization to treat members differently in similar
situations, but within those parameters, MEC does try to "work with" its members (RT 304-05).
MEC responds to all requests and works all construction jobs in the order that engineering and

²⁰ A member qualifies as a permanent customer by constructing permanent improvements, such as: 1) a minimum of 400 square feet with respect to a concrete foundation with footings, or a mobile home (set off its wheels and axles – motor homes, fifth wheels and travel trailers do not qualify); and 2) a septic tank; and 3) an existing meter pole.

1 operations receives them; no preferential treatment is given to the dollar amount or the
2 individual requestor (RT 249-50). MEC has responded courteously and timely to each of the
3 Chantels demands for explanations and justifications as to its rules, regulations, policies and
4 procedures (RT 243-47) and the Chantels have acknowledged its prudence (RT 104, RT 209).

5 The record reveals, however that it is the Chantels who have been less than forthright in their
6 dealings with MEC. For example:

- 7 (i) The Chantels complained that they were not provided with a sketch of their line
8 extension request until the arbitration hearing. Yet the Chantels also stated that they
9 never informed MEC that the sketch, which accompanied all their previous requests into
10 Sunny Highlands (that the Chantels repeatedly reconfigured along Grub Stake Road),
11 was not attached to the request of October 2002 (RT 200). In fact, MEC provided a copy
12 of the sketch as soon as it was made aware of the inadvertent omission (RT 243-49).
- 13 (ii) MEC offered to arrange a field meeting so that an additional estimate for the drop costs
14 could be prepared, but the Chantels never responded to the offer or scheduled a meeting
15 (RT 228, Ex. C-4, D).
- 16 (iii) Mr. Chantel had an opportunity at the MEC annual meeting to voice his concerns to
17 other MEC members, its Board of Directors and CEO but chose not to do so (Ex. MEC-
18 9, RT 292-93).
- 19 (iv) MEC discussed alternatives to building the line extension to Sunny Highlands during
20 the March 21, 2003 meeting held with the Chantels at the offices of MEC (RT 203-04).
21 Alternative construction options were offered to the Chantels to the northwest corner of
22 Sunny Highlands and Mrs. Chantel admitted that it may even be a better way to go (RT
23 213-14), yet the Chantels did not agree to any of the options.
- 24 (v) The Chantels complained that they did not receive a copy of the MEC Rules and
25 Regulations prior to the arbitration meeting in February 2003. In fact, MEC sent, via
certified mail, on May 6, 1999, a copy of its Line Extension policy at the Chantels'
request. MEC mailed another complete set of its Rules and Regulations to the Chantels
as a follow-up to the September 4, 2003 pre-hearing conference in this case. Moreover,
MEC maintains a copy on file at its offices for public inspection and all new customers
are informed of their rights to review the information (RT 255).

1 E. The Chantels Threatened the Economic Viability of MEC

2 The Chantels have assailed the ethics of MEC (RT 318), made numerous threats to the
3 economic viability of MEC and the livelihood of its employees (RT 328-29, Ex. C-4, Ex. MEC-
4 17, and MECR Ex. 6).

5 The first such indication of Mr. Chantel's nature was displayed at the conclusion of the
6 arbitration hearing, when he made untrue statements about MEC to the hearing officer (MECR
7 Ex. 6). Then as a follow-up to arbitration, Mr. Chantel sent a threatening letter, dated March 2,
8 2003, to MEC making threats to file a formal complaint designed on "Gorilla Aggravation
9 Tactics" and costing MEC up to \$10 million dollars. Mr. Chantel called it a "vicious event" and
10 claimed he was "not an ordinary type of individual" (Ex. MEC-17). Then again, on March 21,
11 2003 at a meeting with the Chantels MEC's managers and in-house counsel, Mr. Chantel
12 warned that if MEC did not do things "his way" it could cost MEC a lot of money. On June 5,
13 2003, the Chantels filed a Formal Complaint with the Commission in which they accused MEC
14 of "extorting money from consumers" (Ex. C-4, pg. 3), charging excessive fees, adding new
15 charges at will, intimidating consumers and discriminatory practices. On September 8, 2003,
16 Mr. Chantel sent a letter to MEC setting a deadline of midnight on September 30, 2003 to
17 "supply electric to the area in a fair and equitable manner" or the consequences could be
18 "unnatural" (Ex. MEC-19). All of Mr. Chantel's threatening letters were taken seriously (RT
19 320, 329-30) as is required by state and federal homeland security officials. Mr. Chantel
20 himself said his correspondence of March 2, 2003 was a "nasty letter" and agreed with the
21 cautious approach that MEC took in reporting it to the authorities (RT 336).

22 V. CONCLUSION

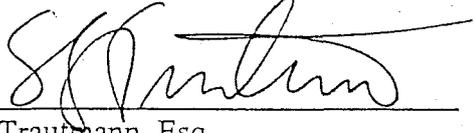
23 The allegations and claims in the Chantels' Formal Complaint are not true and are
24 unsupported by any evidence.

25 The Chantel's case against MEC is dependent upon MEC having misapplied its
Commission-approved Rules and Regulations. The Chantels failed to prove any such
wrongdoing on the part of MEC. MEC's Commission-approved Rules and Regulations do not
allow discounted fees, costs or rates to any members. Sunny Highlands is undisputedly an
abandoned subdivision. There are thousands of lots located in abandoned subdivisions. The
magnitude of applying any other rule would cost the members millions of dollars. In a non-

1 profit member-owned utility the cost-causers should be the cost payers, i.e., the members
2 constructing line extensions should bear the costs and other rate payers should not bear the costs
3 of the few who speculated on their land deals. MEC correctly applied Rule 107-D to the
4 Chantels request for a line extension into Sunny Highlands.

5 RESPECTFULLY SUBMITTED this 30th day of December 2003.

6 MOHAVE ELECTRIC COOPERATIVE, INC.

7
8 By: 
9 Susan G. Trautmann, Esq.
10 1999 Arena Drive
11 Bullhead City, Arizona 86442
12 Telephone: 928.763.4115
13 Facsimile: 928.763.3315

14 ORIGINAL SENT with 13 copies
15 this 30th day of December 2003, to:

16 COMMISSIONERS:

17 Marc Spitzer, Chairman
18 William A. Mundell
19 Jeff Hatch-Miller
20 Mike Gleason
21 Kristin K. Mayes

22 Ernest G. Johnson, Director
23 ARIZONA CORPORATION COMMISSION
24 Utilities Division
25 1200 West Washington
Phoenix, AZ 85007

Lyn Farmer, Chief Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
Utilities Division
1200 West Washington
Phoenix, AZ 85007

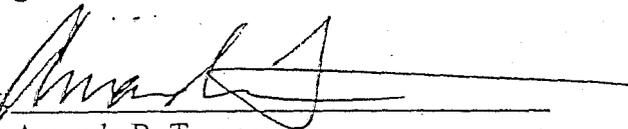
Teena Wolfe, Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
Utilities Division

1 1200 West Washington
2 Phoenix, AZ 85007

3 Christopher Kempley, Chief Counsel
4 Legal Division
5 ARIZONA CORPORATION COMMISSION
6 Utilities Division
7 1200 West Washington
8 Phoenix, AZ 85007

9 **COPIES** of the foregoing mailed
10 this 30th day of December 2003 to:

11 Roger and Darlene Chantel
12 10001 East Hwy. 66
13 Kingman, AZ 86401

14 By 

15 Amanda R. Turner
16 Public Affairs Assistant
17
18
19
20
21
22
23
24
25

EXHIBIT B

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MARC SPITZER, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 MIKE GLEASON
7 KRISTIN K. MAYES

Arizona Corporation Commission

DOCKETED

JUN 29 2004

DOCKETED BY: NR

8 IN THE MATTER OF:
9 ROGER AND DARLENE CHANTEL,
10 Complainants,
11 vs.
12 MOHAVE ELECTRIC COOPERATIVE, INC.
Respondent.

DOCKET NO. E-01750A-03-0373

DECISION NO. 67089

OPINION AND ORDER

13 DATE OF HEARING: September 4, 2003 (Pre-Hearing Conference); October
14 27 and 28, 2003.
15 PLACE OF HEARING: Phoenix, Arizona
16 ADMINISTRATIVE LAW JUDGE: Teena Wolfe
17 APPEARANCES: Roger Chantel and Darlene Chantel, in propria persona;
18 Ms. Susan G. Trautmann, on behalf of Mohave Electric
Cooperative, Inc.

19 **BY THE COMMISSION:**

20 * * * * *

21 Having considered the entire record herein and being fully advised in the premises, the
22 Commission finds, concludes, and orders that:

23 FINDINGS OF FACT

24 1. Mohave Electric Cooperative, Inc. ("Mohave") is a non-profit electric distribution
25 cooperative. Pursuant to authority granted by the Arizona Corporation Commission ("Commission"),
26 Mohave provides electric distribution service in portions of Mohave, Yavapai, and Coconino
27 Counties in Arizona.

28 2. On June 5, 2003, Roger and Elizabeth Darlene Chantel, property owners in Mohave's

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

25 Summary of Allegations Appearing in the Complaint

26 29. The nine page, single-spaced Complaint included numerous allegations and eleven
27
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 over"(Tr. at 173-174). In referring to
7 the "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 and that this violation occurred a second time when Mohave changed the footage and failed to provide
12 a 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 Acres. 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 and 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.

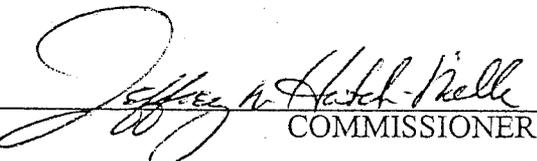
27 IT IS FURTHER ORDERED that Mohave shall provide Roger and Darlene Chantel with a
28 copy of the line extension agreement, amended as ordered above, within 30 calendar days of the

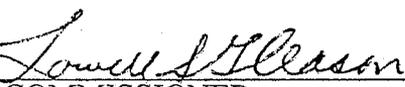
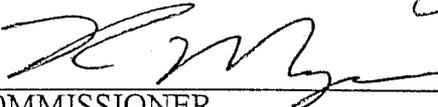
1 effective date of this Decision, and shall also, within 30 calendar days of this Decision, file
2 certification that it has provided Roger and Darlene Chantel with a copy of the line extension
3 agreement amended in conformity with this Decision.

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.

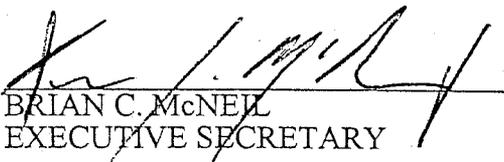
7 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

9
10   
11 CHAIRMAN COMMISSIONER COMMISSIONER

12  
13 COMMISSIONER COMMISSIONER

14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
15 Secretary of the Arizona Corporation Commission, have
16 hereunto set my hand and caused the official seal of the
17 Commission to be affixed at the Capitol, in the City of Phoenix,
18 this 29th day of June, 2004.

19 
20 BRIAN C. McNEIL
21 EXECUTIVE SECRETARY

22 DISSENT _____

23 DISSENT _____

24
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28

1 SERVICE LIST FOR:

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

2
3 DOCKET NO.:

E-01750A-03-0373

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

7 Susan G. Trautmann
8 Mohave Electric Cooperative, Inc.
9 1999 Arena Drive
10 Bullhead City, AZ 86442

11 Christopher Kempley, Chief Counsel
12 Legal Division
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
15 Phoenix, AZ 85007

16 Ernest G. Johnson, Director
17 Utilities Division
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
20 Phoenix, AZ 85007

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

RECEIVED

DOCKETED

APR 9 1982

APR 12 1982

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

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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

Jim Weeks 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

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. 58886

ORDER
Arizona Corporation Commission

Open Meeting
November 30, 1994
Phoenix, Arizona

DOCKETED

DEC 05 1994

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 . . .

DECISION NO. 67089

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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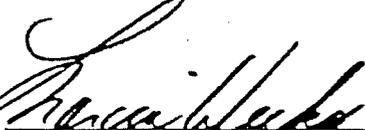
ORDER

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.

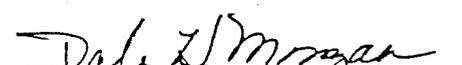
IT IS FURTHER ORDERED that Mohave Electric Cooperative file revised tariffs consistent with the provisions of this Order within fifteen days.

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

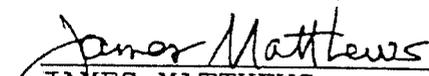
BY ORDER OF THE ARIZONA CORPORATION COMMISSION


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

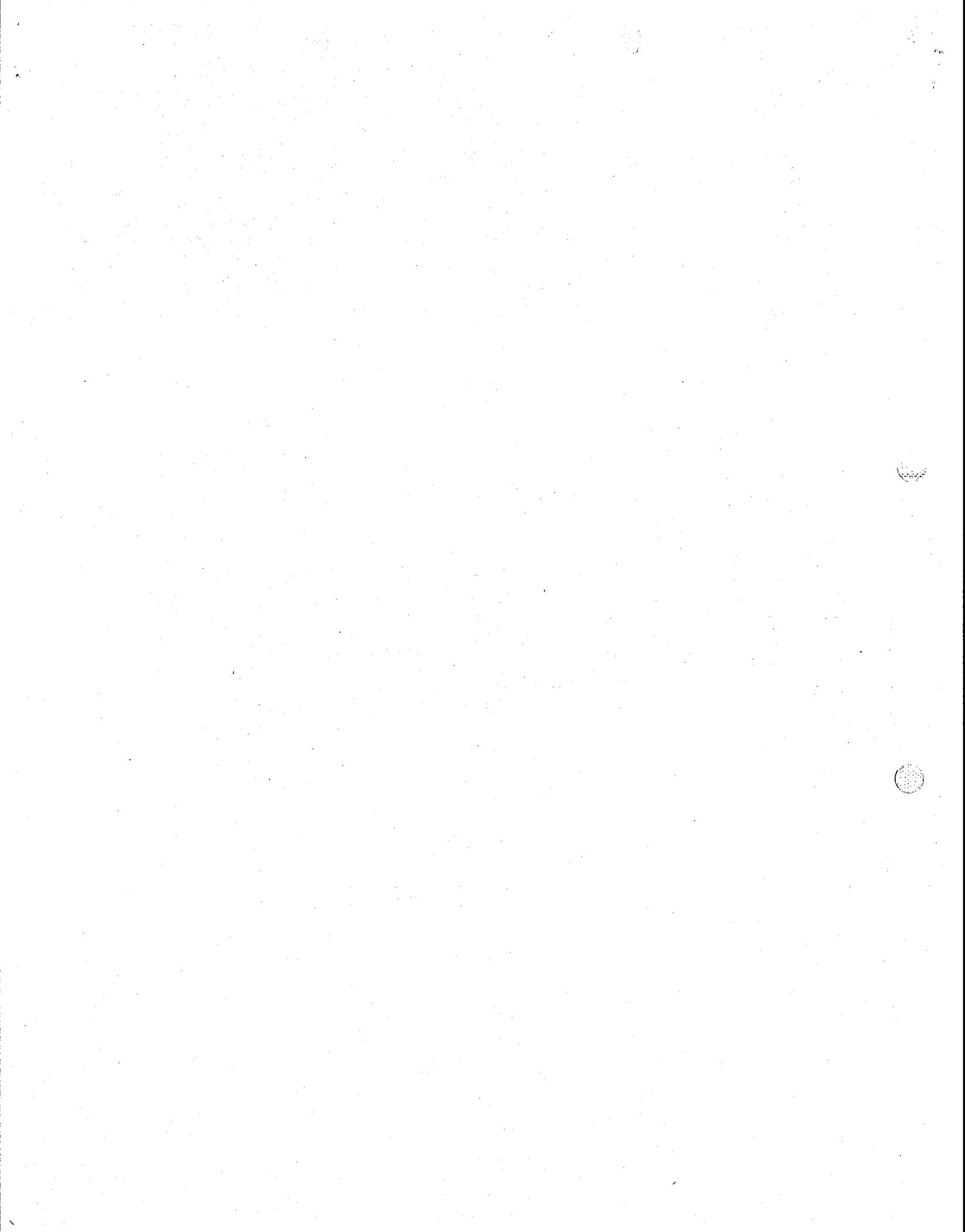


EXHIBIT C

ORIGINAL
Cover Sheet
RECEIVED

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Only

2004 JUL 19 A 11:55

AZ CORP COMMISSION
DOCUMENT CONTROL

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Only

COMPANY NAME: Mohave Electric Cooperative, Inc.
DBA (if applicable): _____
DOCKET NUMBER(s): E-01750A-03-0373 DECISION #: 67089

INSTRUCTIONS: Please choose the item that best describes the nature of the case/filing.

UTILITIES - NEW APPLICATION

- | | |
|---|--|
| <input type="checkbox"/> New CC&N | <input type="checkbox"/> Interconnection Agreement |
| <input type="checkbox"/> Extension of CC&N | <input type="checkbox"/> Rates |
| <input type="checkbox"/> Deletion of CC&N | <input type="checkbox"/> Financing |
| <input type="checkbox"/> Cancellation of CC&N | <input type="checkbox"/> Formal Complaint |
| <input type="checkbox"/> Tariff (NEW) | |
| <input type="checkbox"/> Miscellaneous - Specify: _____ | |

Arizona Corporation Commission

UTILITIES - REVISIONS/AMENDMENTS/COMPLIANCE

DOCKETED

JUL 19 2004

Application
Decision No: _____
Docket No: _____

Tariff
Promotional:
Compliance:

DOCKETED BY

MISCELLANEOUS FILINGS

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affidavit (Publication, Public Notice) | <input type="checkbox"/> Motion to Intervene |
| <input type="checkbox"/> Request/Motion | <input type="checkbox"/> Notice of Errata |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Testimony |
| <input type="checkbox"/> Exception | <input type="checkbox"/> Response / Reply |
| <input type="checkbox"/> Exhibit(s) | <input type="checkbox"/> Witness List |
| <input type="checkbox"/> Miscellaneous - Specify: <u>Respondent Mohave Electric Cooperative Inc.'s Certificate of Mailing</u> | |

Decision #: 67089

15 July 2004
Date

Susan G. Trautmann, Esq.
Print name of the person who signed the document
(i.e. Contact Person, Respondent, Attorney, Applicant, etc.)

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

2004 JUL 19 A 11: 55
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF:

ROGER AND DARLENE CHANTEL

Complainants,

v.

MOHAVE ELECTRIC COOPERATIVE,
INC.

Respondent.

DOCKET NO.: E-01750A-03-0373

Affidavit of Certificate of Mailing

Respondent, Mohave Electric Cooperative, Inc., through undersigned counsel, hereby submits its certification that it has provided Roger and Darlene Chantel with a copy of the line extension agreement amended in conformity with Decision no. 67089 as executed by the Commission on the 29th day of June 2004.

RESPECTFULLY SUBMITTED this 15 day of July 2004.

MOHAVE ELECTRIC COOPERATIVE, INC.

Arizona Corporation Commission

DOCKETED

JUL 19 2004

DOCKETED BY

By:

Susan G. Trautmann, Esq.
1999 Arena Drive
Bullhead City, Arizona 86442
Telephone: 928.763.4115
Facsimile: 928.763.3315

1 ORIGINAL SENT with 13 copies plus one with self-addressed envelope for return of docketed
copy
2 this 15th day of July 2004, to:

3 COMMISSIONERS:

4 Marc Spitzer, Chairman
5 William A. Mundell
6 Jeff Hatch-Miller
7 Mike Gleason
8 Kristin K. Mayes

9 Ernest G. Johnson, Director
10 ARIZONA CORPORATION COMMISSION
11 Utilities Division
12 1200 West Washington
13 Phoenix, AZ 85007

14 Lyn Farmer, Chief Administrative Law Judge
15 Hearing Division
16 ARIZONA CORPORATION COMMISSION
17 Utilities Division
18 1200 West Washington
19 Phoenix, AZ 85007

20 Teena Wolfe, Administrative Law Judge
21 Hearing Division
22 ARIZONA CORPORATION COMMISSION
23 Utilities Division
24 1200 West Washington
25 Phoenix, AZ 85007

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

21 COPIES of the foregoing mailed
22 this 15th day of July 2004 to:

23 Roger and Darlene Chantel
24 10001 East Hwy. 66
25 Kingman, AZ 86401

By: Colleen Gannon
Colleen Gannon
Staff Assistant

EXHIBIT D

Work Order No. _____

AGREEMENT FOR CONSTRUCTION ELECTRIC FACILITIES
WITH IN A SUBDIVISION CALL MUICE MOUNTAIN RANCHS

THIS AGREEMENT, made and entered into in duplicate on this 2nd
day of Dec, 2004 by and between MOHAVE ELECTRIC COOPERATIVE, INC.,
an Arizona Cooperation, party of the first part, (hereinafter referred to as "Mohave") and

CHAN-LAN TRUST AND JAMES RODGERS

Individual parties of the second part (hereinafter referred to as the "Customers").

WITNESSETH:

WHEREAS, Mohave is a corporation that has been granted rights by the Arizona
Corporation Commission to sell and distribute electrical energy in portions of Mohave,
Yavapai, and Coconino Counties, Arizona and

WHEREAS, the Customers are requesting jointly that their property be served by the
existing electrical system in the area in accordance to tariffs on file with the Arizona
Corporation Commission.

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

To construct 1250 feet of overhead electric single phase line to provide
electric service to portions of Parcel 33-16 of Muice Mountain Ranches found in
Book 5 of Parcel Plats, Page 45-45F at Fee No. 91-46, recorded 1-2-1991 Mohave
County Recorders. This project is located in a portion of T24N, R14W Section 33
See attachments for line extension locations and property discretions.

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

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

SECTION I. TERMS OF CONSTRUCTION

1. Notice of date construction will start shall be sent to customer within 30 days
from customers signing of this contract.

- 2. Said line extension shall be completed within 90 days of customers signing of said contract.
- 3. Customers agree to pay \$8.40 for the extra wire need to place the power pole out of the wash which may cause electrical power loses and additional expenses to the members.
- 4. Customers agree to pay any additional costs that are filed as a tariff and are on file with the Arizona Corporation Commission.

SECTION II. OTHER CONDITIONS

- 1. Mohave may choose to extend this line extension agreement beyond the agreed amount of distance for environmental, safe and sensible placement of power poles and for the general good of the Cooperative.
- 2. Mohave agrees not to shorten said line extension, and if Mohave chooses to shorten said line extension they will file supporting documents with the Arizona Corporation Commission.
- 3. Customers agree to grant any rights-of-way or easements requested by Mohave at no cost to Mohave. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.

SECTION III. EXECUTION OF AGREEMENT

IN WITNESS HEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year after written above.

By Charlene Trust
CUSTOMER
Roger Chantel Trust

By _____
MOHAVE ELECTRIC COOPERATIVE, INC.

By Ann E. Cooper
CUSTOMER

By Debbie Chantel
ATTEST:

By _____
ATTEST:

DATE 12-2-04

DATE _____

PARCEL 33-11
AREA=39.130AC

PARCEL 33-10
AREA=39.192AC

PARCEL 33-9
AREA=39.197AC

PARCEL 33-16
AREA=37.941AC

PARCEL 33-15
AREA=37.935AC

PARCEL 33-14
AREA=37.889AC

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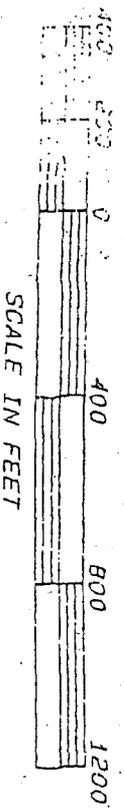
STREET

MUSIC MOUNTAIN

SECTION 4, T33N, R14W,
UNITED STATES OF AMERICA,
BUREAU OF LAND MANAGEMENT.

Pole Location (●)

ELEC. TRANS. LINE EASTERN SERVICE
150' WIDE 25' FAHON SIDE
BX 946 OF O.R. PG 742
LOCATION (R2)



15' W/8' ON	TOTAL A
TYPIC ALON	TOTAL B
TYPIC ALON	TOTAL C
TYPIC ALON	TOTAL D

SECTION 34

REVISED DEC
REVISED NOV

Work Order No. _____

AGREEMENT FOR CONSTRUCTION ELECTRIC FACILITIES
WITH IN A SUBDIVISION CALL MUICE MOUNTAIN RANCHS

THIS AGREEMENT, made and entered into in duplicate on this 2nd day of Dec, 2004 by and between MOHAVE ELECTRIC COOPERATIVE, INC., an Arizona Cooperation, party of the first part, (hereinafter referred to as "Mohave") and

CHAN-LAN TRUST AND JAMES RODGERS
Individual parties of the second part (hereinafter referred to as the "Customers").

WITNESSETH:

WHEREAS, Mohave is a corporation that has been granted rights by the Arizona Corporation Commission to sell and distribute electrical energy in portions of Mohave, Yavapai, and Coconino Counties, Arizona and

WHEREAS, the Customers are requesting jointly that their property be served by the existing electrical system in the area in accordance to tariffs on file with the Arizona Corporation Commission.

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

To construct 1250 feet of overhead electric single phase line to provide electric service to portions of Parcel 33-16 of Music Mountain Ranches found in Book 5 of Parcel Plats, Page 45-45F at Fee No. 91-46, recorded 1-2-1991 Mohave County Recorders.. This project is located in a portion of T24N, R14W Section 33 See attachments for line extension locations and property discretions.

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

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

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1. Notice of date construction will start shall be sent to customer within 30 days from customers signing of this contract.

- 2. Said line extension shall be completed within 90 days of customers signing of said contract.
- 3. Customers agree to pay \$8.40 for the extra wire need to place the power pole out of the wash which may cause electrical power loses and additional expenses to the members.
- 4. Customers agree to pay any additional costs that are filed as a tariff and are on file with the Arizona Corporation Commission.

SECTION II. OTHER CONDITIONS

- 1. Mohave may choose to extend this line extension agreement beyond the agreed amount of distance for environmental, safe and sensible placement of power poles and for the general good of the Cooperative.
- 2. Mohave agrees not to shorten said line extension, and if Mohave chooses to shorten said line extension they will file supporting documents with the Arizona Corporation Commission.
- 3. Customers agree to grant any rights-of-way or easements requested by Mohave at no cost to Mohave. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.

SECTION III. EXECUTION OF AGREEMENT

IN WITNESS HEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year after written above.

By Chau-Lan Trust
CUSTOMER
Notary Chantal Trujillo

By _____
MOHAVE ELECTRIC COOPERATIVE, INC.

By Ann E. Lopez
CUSTOMER

By Deanne Chantel
ATTEST:

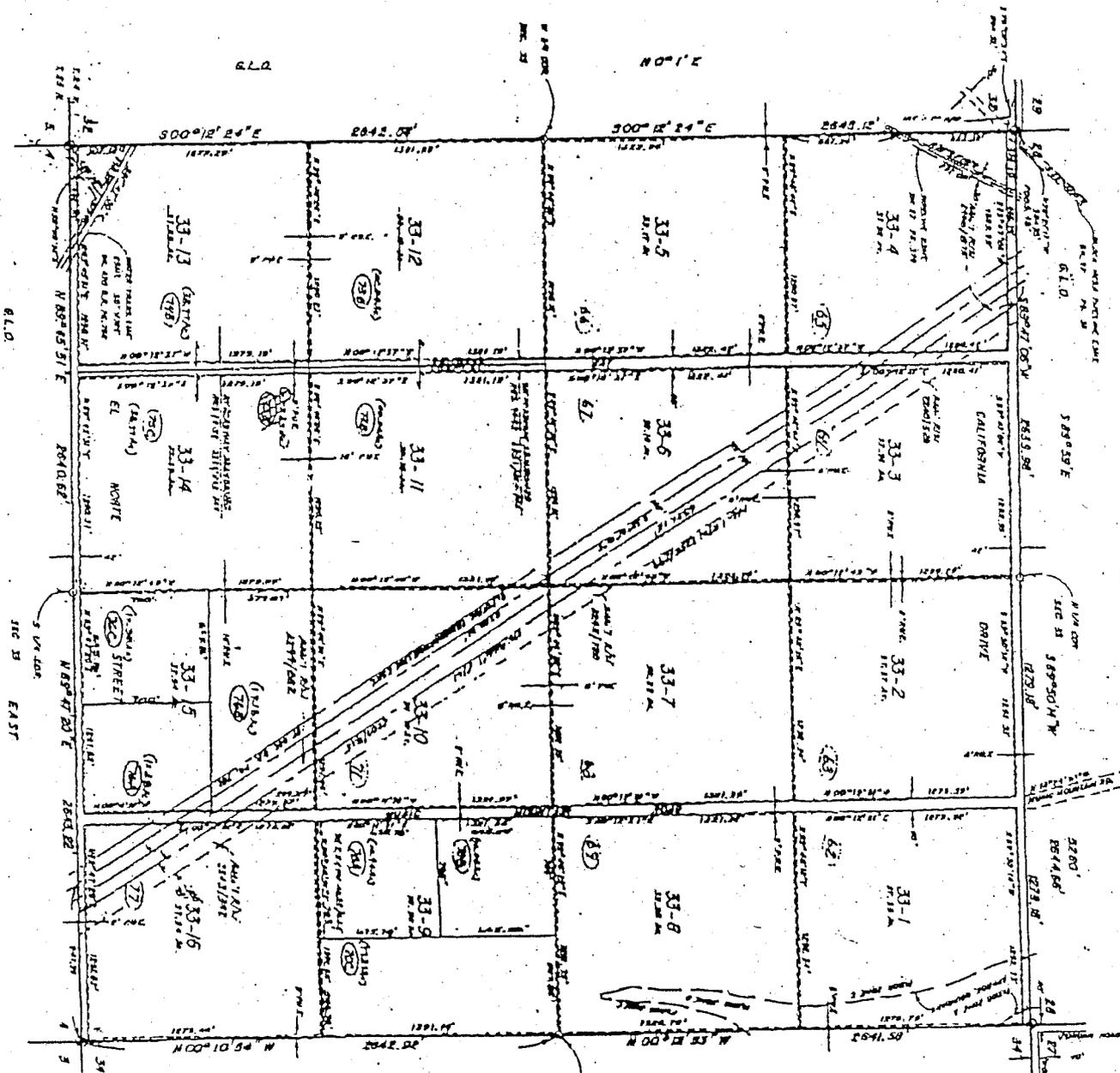
By _____
ATTEST:

DATE 12-2-04

DATE _____

24N, 14W, 33

BOOK 313
MAP 31



SEC. 9, 17, 19, 21, 29, 33, T. 24N, R. 14W
 AS REC. IN BOOK 5 OF PARCEL PLAT PAGES 45-45F
 REC. JAN. 2, 1939
 BOOK 313
 MAP 31
 FEE NR 91-46

BOOK 313
MAP 11

CHAN-LAN TRUST
 P.O. BOX 4281
 KINGMAN, AZ 86402

2377

91-547/1221

DATE 12-2-04

PAY TO THE Mohave Electric Cooperative, Inc. | \$ 8.40

Amount of \$40.00

DOLLARS

MOHAVE STATE BANK
 3737 STOCKTON HILL ROAD
 KINGMAN, ARIZONA 86401

FOR

VOID

⑆ 1 2 2 1 0 5 4 7 2 1 2 3 7 7 ⑆ 6 0 5 0 1 0 1 0 2 7 ⑆

DEPOSITOR CHECKS - DREAMSCAPES

MOHAVE COUNTY

Code 0500

6 OF 6

MAP 61

EXHIBIT E



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

December 6, 2004

Roger Chantel
P.O. Box 4281
Kingman, AZ 86402

Re: Return of Documents mailed to Mohave December 1, 2004

Dear Mr. Chantel:

Enclosed please find all of the documents you mailed to Mohave on December 1, 2004. The documents include your original cover letter, two original agreement forms authored and executed by you and James Rodgers, the unmarked map, two copies of your Warranty Deeds, and your personal check (which I have voided) in the amount of \$8.40.

The agreement forms authored by you are unacceptable, and I am unsure as to why an \$8.40 check was included.

The proper procedure to request electric service from Mohave Electric is for you (and Mr. Rodgers if he is applying for a separate meter) to contact our Customer Service Office at (928) 763-1100 to apply. Once your application is processed, Engineering will receive a copy of your request and contact you.

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

Sincerely,

Mohave Electric Cooperative, Inc.

John H. Williams
Line Extension Supervisor

Encl: Voided Check (1)
Agreement by Chantel (2)
Map (1)
Warrantee Deed copies (2)
Cover letter (1)

EXHIBIT F

Work Order No. _____

AGREEMENT FOR CONSTRUCTION ELECTRIC FACILITIES
WITH IN A SUBDIVISION CALL MUICE MOUNTAIN RANCHS

THIS AGREEMENT, made and entered into in duplicate on this 2nd
day of Dec, 2004 by and between MOHAVE ELECTRIC COOPERATIVE, INC.,
an Arizona Cooperation, party of the first part, (hereinafter referred to as "Mohave") and

CHAN-LAN TRUST AND JAMES RODGERS
Individual parties of the second part (hereinafter referred to as the "Customers").

WITNESSETH:

WHEREAS, Mohave is a corporation that has been granted rights by the Arizona
Corporation Commission to sell and distribute electrical energy in portions of Mohave,
Yavapai, and Coconino Counties, Arizona and

WHEREAS, the Customers are requesting jointly that their property be served by the
existing electrical system in the area in accordance to tariffs on file with the Arizona
Corporation Commission.

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

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electric service to portions of Parcel 33-16 of Music Mountain Ranches found in
Book 5 of Parcel Plats, Page 45-45F at Fee No. 91-46, recorded 1-2-1991 Mohave
County Recorders. This project is located in a portion of T24N, R14W Section 33
See attachments for line extension locations and property discretions.**

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SECTION III. EXECUTION OF AGREEMENT

IN WITNESS HEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year after written above.

By Char-Lee Trust
CUSTOMER
Roger Chantel Trustee

By _____
MOHAVE ELECTRIC COOPERATIVE, INC.

By Ann E. Lopez
CUSTOMER

By Deanne Chantel
ATTEST:

By _____
ATTEST:

DATE 12-2-04

DATE _____

PARCEL 33-11
AREA=39.130AC

PARCEL 33-10
AREA=39.1922AC

PARCEL 33-9
AREA=39.197AC

PARCEL 33-16
AREA=37.941AC

PARCEL 33-14
AREA=37.889AC

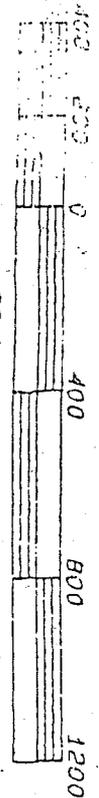
PARCEL 33-15
AREA=37.935AC

EL NORTE

STREET

MUSIC MOUNTAIN

SECTION 34



SECTION 4, T23N, R14W,
UNITED STATES OF AMERICA,
BUREAU OF LAND MANAGEMENT.

ELEC. TRANS. LINE EASTWEST
150' WIDE 75' EACH SIDE
BR 946 OF O.R., PG 742
SERVICE
LOCATION
(X)

Pole Location (o)

REVISED DEC
REVISED NOV

TYPICAL
ALONG

TYPICAL
ALONG

16' W
8' ON

TOTAL

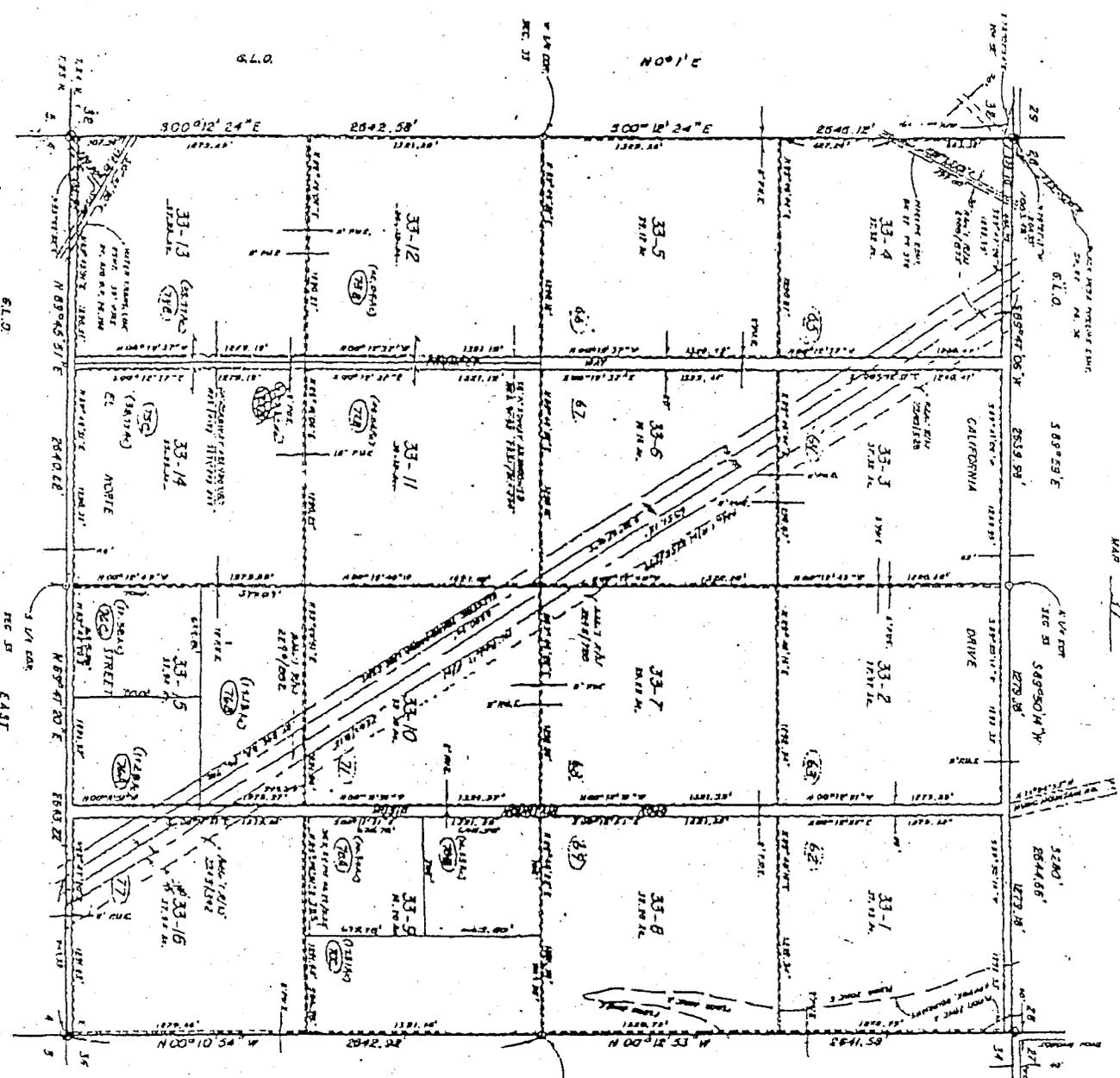
TOTAL

TOTAL

(5.)
ALL
EASEMENT

24N, 14W, 33

BOOK 313
MAP 31



SEC. 9, 17, 19, 21, 29, 33, T. 24N., R. 14W.
 AS REC. IN BOOK 5 OF PARCEL PLAT PAGES 45-45F
 REC. JAN 2, 1991
 BOOK 313
 MAP 31
 FEE NO. 91-46

CHAN-LAN TRUST
 P.O. BOX 4281
 KINGMAN, AZ 86402

2377
 91-547/1221

DATE 12-2-04

PAY TO THE Mohave Electric Cooperative, Inc. \$ 8.40

ht # 40/100

MOHAVE STATE BANK
 1737 STOCKTON HILL ROAD
 KINGMAN, AZ 86401

DOLLARS

VOID

11 22 40 54 7 21 23 7 11 6 0 5 0 1 0 1 0 2 7 11

MOHAVE COUNTY

MAP 61
 6 OF 6

Code 03120

Work Order No. _____

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WITH IN A SUBDIVISION CALL MUICE MOUNTAIN RANCHS

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By Char. L. Trust
CUSTOMER
Roger Chantel Trust

By _____
MOHAVE ELECTRIC COOPERATIVE, INC.

By Ann E. Lopez
CUSTOMER

By Naomie Chantel
ATTEST:

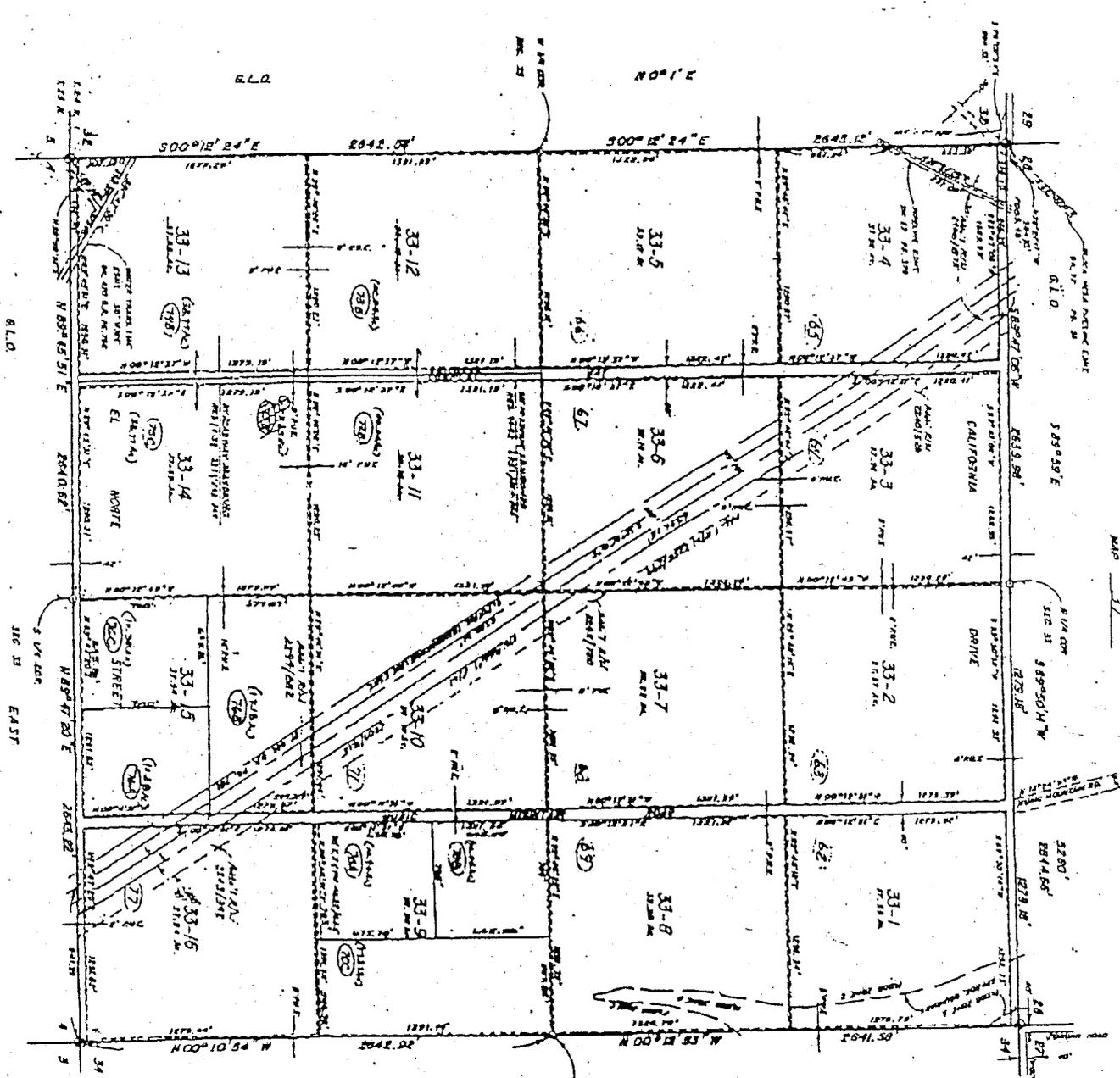
By _____
ATTEST:

DATE 12-2-04

DATE _____

24N, 14W, 33

BOOK 313
MAP 31



SEC. 9, 17, 19, 21, 29, 33, T. 24N, R. 14W
 AS REC. IN BOOK 5 OF PARCEL PLAT PAGES 45-45F
 REC. JAN. 2, 1999
 FEE NR 91-46

BOOK 313
 MAP 31

BOOK 313
 MAP 11

CHAN-LAN TRUST
 P.O. BOX 4281
 KINGMAN, AZ 86402

2377
 91-547/1221

DATE 12-2-04

PAY TO THE ORDER OF Mohave Electric Cooperative, Inc. \$ 8.40

MOHAVE STATE BANK
 3737 STOCKTON HILL ROAD
 KINGMAN, ARIZONA 86401

DOLLARS

VOID

FOR

122105472123776050101027

REPOSHY CHECKS & DRAWINGS

MOHAVE COUNTY

MAP 61
 6 OF 6
 CODE 0300

EXHIBIT G



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

December 22, 2004

Mr. Roger Chantel
10001 E. Hwy 66
Kingman, Arizona 86401

Dear Mr. Chantel:

For the second time this month, you have sent Mohave Electric a self-written line extension agreement along with a packet of other documents. As previously noted, this agreement you have written is not acceptable. The complete unacceptability of this document was the reason that packet was returned to you, along with your check. The agreement you have written apparently includes your own determination of the cost for the line extension - \$8.40. You also indicated that you had enclosed another check for \$8.40, although no check was actually enclosed this time. The packet received is being returned with this letter.

As was stated in Mohave's Line Extension Supervisor's (John Williams) letter to you, dated December 6, 2004, you cannot write your own agreements for line extension. Mohave has NOT denied you electric service - we have simply stated to you that you are expected to follow the same rules, regulations and standard procedures as all other members of the Cooperative, even though you have continued to demand extraordinary treatment on an ongoing basis for the past several years. Frankly, Mr. Chantel, you are the one making this process difficult, not Mohave.

You have indicated that you and Mr. James Rogers are requesting a line extension to two locations, and you have also indicated that the line extension will require the construction of 1,250 feet of overhead single-phase line. How you made the footage determination is unknown to me (perhaps you were provided this footage through prior communications with Mohave's Engineering Department personnel), however, if the footage you have stated is close to correct, the line extension will most assuredly be a much greater cost to you and Mr. Rogers than the \$8.50 you have claimed. Additionally, an Engineering Services Contract will be required under such circumstances prior to any field trip being made and prior to a line extension agreement being prepared by Engineering. If you are interested in a rough estimate for this line extension prior to applying for service, contact Mr. Williams (928/758-0580) directly.

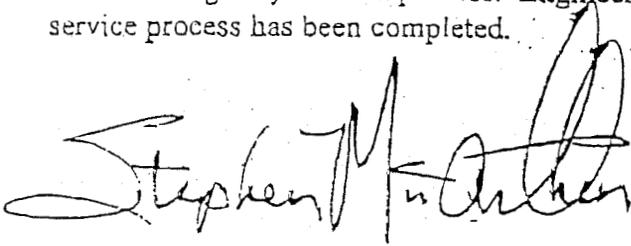
In Mr. Williams letter, he described to you the standard procedure for all consumers requesting service. This procedure requires all applicants who are ready to request service first contact the Customer Service Office (928/763-1100) to apply for service. This requirement must be met before a request for line extension is made or processed. This requirement applies to everyone - large commercial consumers, residential consumers, and even employees. Mr. Williams also described that if Mr. Rogers would be requesting a separate meter in his name, he would need to contact Customer Service separately for his service needs. After you make application, Engineering will be notified, and they will contact you or Mr. Rogers directly. Mr. Williams also gave you his direct phone number in his letter, as is listed above, in case you had any questions.

LETTER - Chantel (continued)

December 22, 2004

Page 2 of 2

As noted, we are returned your packet just received, however I am notifying the Customer Service Department to contact you at the phone number you have provided to assist you with your application for service, presuming you wish to proceed now with the standard process rather than insisting on your own process. Engineering will contact you only after this application for service process has been completed.

A handwritten signature in black ink, appearing to read "Stephen McArthur". The signature is fluid and cursive, with the first name "Stephen" being larger and more prominent than the last name "McArthur".

Stephen McArthur
Comptroller

cc: Arizona Corporation Commission
Operations and Engineering
Files

EXHIBIT H

*Not a Mohave
document 1/12/05
JM*

Work Order No. _____

FILE COPY

AGREEMENT FOR CONSTRUCTION ELECTRIC FACILITIES WITH IN A SUBDIVISION CALL MUICE MOUNTAIN RANCHS

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from customers signing of this contract.

*Not a Mohave document -
SM 1/2/05*

FILE COPY

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By Chon-Lyn Trust
CUSTOMER
Roger Chantel Trust

By _____
MOHAVE ELECTRIC COOPERATIVE, INC.

By Ann E. Cooper
CUSTOMER

By Shirley Chantel
ATTEST:

By _____
ATTEST:

DATE 12-2-04

DATE _____

EXHIBIT I



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

January 12, 2005

Mr. Roger Chantel
10001 E. Hwy 66
Kingman, Arizona 86401

Re: New Service Request

Dear Mr. Chantel:

For the third time in the last six weeks, you have sent Mohave Electric a packet of documents that include your self-written line extension agreements along with a check plus maps and other documents. The check is apparently for what you have determined your line extension costs will be, \$8.40, although the check has a notation for "extra wire." This time you have also apparently included in the packet the two forms we recently mailed to you for your use in requesting new service. Note that I use the word apparently here in describing the forms you have returned, since you have repeatedly copied Mohave's forms and altered them to suite your purposes by substituting unauthorized wording. Presuming for now that these forms you have returned are valid, the forms along with the maps and related information have been forwarded to the Customer Service office for processing, which is standard procedure. Customer Service will also check the forms you returned for invalid, missing or altered wording.

One of the two forms you returned was a Membership Application, which was completed with your name and information, although you are already a member. Since you are already a member, you do not need another Membership Application, as has been explained, unless this new application is for a partnership or some other type of joint business activity, in which case a new application could be appropriate. Customer Service and/or Engineering will contact you, since you provided only your contact information, for clarification on how you and/or Mr. Rogers wish to proceed. If Mr. Rogers is requesting a separate service for a meter in his name at this time, he will need to complete and return a separate membership form in his name. If both meters will be in your name for the time being, then the two forms you have returned could be sufficient for now. Based on to date communications from you, and the lack thereof, we presume you and Mr. Rogers intend to share the line extension agreement, but each of you will have a meter in your individual names.

The two self-written line extension agreements and your check for \$8.40 are being returned to you, just as we have done with your two previous mailings. As previously noted, this agreement you have written is not valid nor is it acceptable. The complete unacceptability of this document was the reason the original two packets were returned to you, along with your check. The agreements you have written include your own determination of the cost to you and Mr. Rogers for the line extension - \$8.40. The two agreements and your check are being returned with this letter.

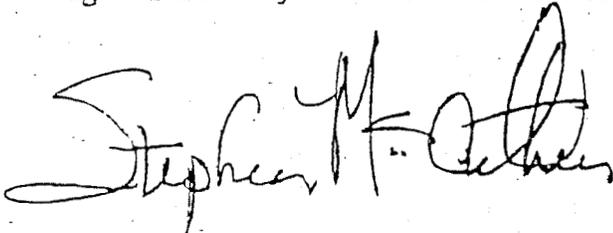
LETTER - Chantel (continued)

January 12, 2005

Page 2 of 2

As was stated in his letter to you dated December 6, 2004, John Williams, Mohave's Line Extension Supervisor, and in my letter to you dated December 22, 2004, you cannot write your own agreements for line extension. Mohave has NOT denied you electric service, nor have we attempted to impede your application for service in any way. We have simply stated to you that you are expected to follow the same rules, regulations and standard procedures as other members of the Cooperative, even though you have continued to demand extraordinary treatment on an ongoing basis for the past several years. Since you never contacted our Customer Service Department, as Mr. Williams and I both requested of you in our above referenced letters and like everyone else does who is requesting new service, Customer Service was instructed to contact you directly, to try to facilitate this matter. A Consumer Service Representative has contacted your wife several times by telephone regarding this matter. Mrs. Chantel, stating that you were out of town, asked that the required forms for requesting service be faxed to you, however, since your fax machine was repeatedly tried but was never accessible, the required forms were mailed to you on December 29, 2004. Requesting new service is a pretty straightforward process, Mr. Chantel. As stated in my last letter, you are the one making this process difficult and complex, not Mohave.

As noted, the required forms you have just returned (the New Service Request form and the Membership Application, along with your included maps and related information) have been forward to Customer Service for processing. Also as noted, the two invalid construction agreements and your check for line extension (extra wire) are again being returned to you.



Stephen McArthur
Comptroller

cc: Arizona Corporation Commission w/ construction agreement copy (1); check copy (1)
Operations and Engineering w/o copies
Files

Enclosures: construction agreements (2); check (1)

EXHIBIT J



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

February 2, 2005

Roger Chantel
Chan-Lan Trust
10001 E. Highway 66
Kingman, AZ 86401-4184

VIA Certified Mail

Re: Electric Services, Parcel 33-16, Music Mountain Ranches

Dear Mr. Chantel:

I have reviewed your project with Jerry Hardy (who met with you on your property on January 25, 2005) of our staff. The preliminary estimated cost of constructing approximately 1,287 feet of overhead electric power line (less 1,250 feet of line credit for two qualifying, permanent electric services not located within a subdivision) would be approximately \$300.00; a system modification fee of approximately \$400.00 is also required.

Mr. Hardy mentioned that you are not planning to install the septic tanks or building foundations until approximately 6 months after you execute and fund contracts with Mohave for the line extension. Mohave requires that the minimum permanent improvements exist on the property to qualify for the line extension credit prior to the commencement of electric line construction.

To qualify for the line credit, the following minimum permanent improvements need to be in place for each electric service:

1. An electric meter pole.
2. A septic tank or sewer hookup.
3. A 400 square foot minimum building foundation with footings, or a 400 square foot minimum mobile or manufactured home set up permanently off of it's axles (fifth wheel's and travel trailers do not qualify).

If you want Mohave to proceed with line construction prior to your installation of the minimum required improvements, your electric line extension would be considered a non-qualifying electric service. Under the terms of our non-qualifying contract, 100% of the estimated cost of construction would be due prior to the commencement of line construction, and the customer has one year to construct the minimum improvements to qualify as a permanent, qualifying service. The total preliminary estimated cost of the

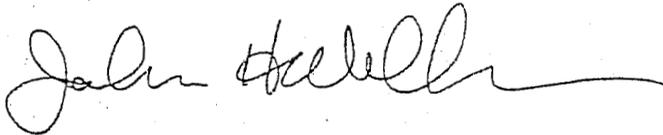
system modification and 1,287 feet of electric line (without the line credits) would be approximately \$8,600.00; that amount would be due prior to the commencement of line construction.

As you can surmise, it would be advantageous for you to plan the installation of the minimum permanent improvements required to qualify for the line extension credits prior to the commencement of electric line construction.

Please let me know how you would like to proceed; upon your request, Mohave will send you the appropriate contract.

Sincerely,

Mohave Electric Cooperative, Inc.

A handwritten signature in cursive script, appearing to read "John H. Williams", with a long horizontal flourish extending to the right.

John H. Williams
Line Extension Supervisor

Cc: Steve McArthur
Arizona Corporation Commission

Not a Mohave
document 1/12/05
JM

Work Order No. _____

FILE COPY

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WHEREAS, the Customers are requesting jointly that their property be served by the existing electrical system in the area in accordance to tariffs on file with the Arizona Corporation Commission.

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

To construct 1250 feet of overhead electric single phase line to provide electric service to portions of Parcel 33-16 of Music Mountain Ranches found in Book 5 of Parcel Plats, Page 45-45F at Fee No. 91-46, recorded 1-2-1991 Mohave County Recorders,. This project is located in a portion of T24N, R14W Section 33 See attachments for line extension locations and property discretions.

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

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

SECTION I. TERMS OF CONSTRUCTION

1. Notice of date construction will start shall be sent to customer within 30 days from customers signing of this contract.

Not a Mohave document -
SM 1/12/05

FILE COPY

2. Said line extension shall be completed within 90 days of customers signing of said contract.
3. Customers agree to pay \$8.40 for the extra wire need to place the power pole out of the wash which may cause electrical power loses and additional expenses to the members.
4. Customers agree to pay any additional costs that are filed as a tariff and are on file with the Arizona Corporation Commission.

SECTION II. OTHER CONDITIONS

1. Mohave may choose to extend this line extension agreement beyond the agreed amount of distance for environmental, safe and sensible placement of power poles and for the general good of the Cooperative.
2. Mohave agrees not to shorten said line extension, and if Mohave chooses to shorten said line extension they will file supporting documents with the Arizona Corporation Commission.
3. Customers agree to grant any rights-of-way or easements requested by Mohave at no cost to Mohave. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.

SECTION III. EXECUTION OF AGREEMENT

IN WITNESS HEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year after written above.

By Chas. L. Trust
CUSTOMER
Raymond Chantel Trust

By _____
MOHAVE ELECTRIC COOPERATIVE, INC.

By Ann E. Cooper
CUSTOMER

By Suzanne Chantel
ATTEST:

By _____
ATTEST:

DATE 12-2-04

DATE _____

Post-It® Fax Note	7671	Date	# of pages
To	STEPHEN	From	GWEN
Co./Dept.		Co.	
Phone #		Phone #	
Fax #		Fax #	

MOHAVE ELECTRIC COOPERATIVE, INC.
(Please Print All Information)

MEMBERSHIP #: 96680-

NAME: Roger Chantel SPOUSE: N/A

MAILING ADDRESS: 10001 E. Hwy 66 Kingman, AZ 86401

CITY: Kingman STATE: AZ ZIP: 86401

HOME TELEPHONE: 928 757-9755 WORK PHONE: _____

I.D.#: _____ I.D.#: _____

SOCIAL SEC.#: 565-66-0743 DRIVERS LIC.#: B13404955 STATE: AZ

EMPLOYER: Carpenter Union Local 897 CITY: Bullhead City

RESPONSIBLE PARTY (Business Accts Only): _____

SERVICE ADDRESS: 10030 N. Music Mountain Rd (B) & (C) (B&C)

ADDITIONAL INFORMATION: _____

MOHAVE ELECTRIC COOPERATIVE, INC.
Application For Membership
and Electric Service

The undersigned (hereinafter called the "Applicant") hereby applies for electric service, and agrees to purchase electric energy from Mohave Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon the following terms and conditions.

1. The Applicant will pay to the Cooperative the sum of \$5.00, which if this application is accepted by the Cooperative, will constitute the Applicant's membership fee.
2. The Applicant will, when electric energy becomes available, purchase from the Cooperative all electric energy used on the premises and will pay therefor monthly at rates to be determined from time to time in accordance with the by-laws of the Cooperative; provided, however, that the Cooperative may limit the amount of electric energy which it shall be required to furnish to the Applicant.
3. The Applicant will cause his premises to be wired in accordance with wiring specifications approved by the Cooperative, or in accordance with good wiring practices.
4. The Applicant will comply with and be bound by the provisions of the articles of incorporation, the articles of conversion, and the by-laws of the Cooperative, and such rules and regulations as may from time to time be adopted by the Cooperative.
5. The Applicant, by paying a membership fee and becoming a member, assumes no liability or responsibility for any debts or liabilities of the Cooperative, and it is expressly understood that under the law his private property is exempt from execution for any such debts or liabilities.
6. The Applicant agrees to grant at the time of filing of said application, easements of right of way across his property, for construction, use and operation of power lines necessary for the servicing of members in this area. Also, applicant shall give safe and unobstructed access at reasonable times to the premises for the purpose of reading meters, testing, repairing, relocating, removing or exchanging any or all equipment or facilities necessary to provide electric service.
7. The Applicant is hereby notified and is aware of Article VII of the Corporate by-laws regarding the disposition of revenue and receipts and non-profit operation.

Roger Chantel
ACCOUNT NAME (Print)

Roger Chantel
SIGNATURE

FILE COPY

CHAN...
 P.O. Box...
 Kingman, Arizona...

2404
91-547/1221

Jan. 4 20 05

Pay to the order of Muhave Elec \$ 8.40
 Order of Eight & 40/100 Dollars

MUHAVE STATE
 3737 Steubens Hwy
 Kingman, Arizona 86401
 (828) 892-8200

"Be I give you." John 1:127

For Extra wire Elizabeth D. Chantel

⑆ 1 2 2 1 0 5 4 7 2 1 2 4 0 1 6 0 5 0 1 0 1 0 2 7 ⑈

EXHIBIT K

COPY

February 14, 2005

Chan-Lan Trust
P. O Box 4281
Kingman, AZ 86402

Arizona Corporation Commission
DOCKETED

FEB 22 2005

DOCKETED BY 

John Williams, Line Extension Supervisor
Mohave Electric Cooperative
P.O. Box 1045
Bullhead City, AZ 86430

E-01750A-04-0929

Re: Electric Service to Parcels in 33-16 Music Mountain Ranches

Dear Mr. Williams,

I received your letter dated February 2, 2005. In your letter you mentioned that we would have to pay a system modification fee. Could you give me a complete detailed description of what a system modification fee is? I am assuming that this is some sort of new fee. If it is not a new fee, when did Mohave Electric activate this fee? Is this fee charged to every line extension? How does Mohave Electric determine what the customer should be charged for this fee?

Please note that we requested electric service in December of 2004. We have been actively pursuing the installation of electricity to these parcels for approximately three months. Your prompt attention to the above questions would be greatly appreciated.

Sincerely,



Chan-Lan Trust
Roger Chantel/Trustee

Copy sent to:

Arizona Corporation Commission
Docket No. E-01750A-04-0929

AZ CORP COMMISSION
DOCUMENT CONTROL

2005 FEB 22 P 3:36

RECEIVED

EXHIBIT L



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

March 3, 2005

Chan-Lan Trust
P.O. Box 4281
Kingman, AZ 86402

Via Certified Mail

Re: Electric Service to Parcel 33-16, Music Mountain Ranches

Dear Mr. Chantel:

In response to your February 14, 2005 letter inquiring about the system modification fee, a system modification is defined as the modifications to Mohave's existing primary overhead electric facilities that are required to facilitate the extension of new primary electric facilities from an existing primary electric line.

As an example, if it is necessary to physically retire a down guy and anchor before an existing line can be tapped and a line extension can commence, the customer, rather than the other rate payers, is required to pay for the actual cost of retiring those facilities.

The amount of the system modification fee varies according to the work required to enable a tap of Mohave's existing primary line. Each project is individually estimated based on the work required. System modifications are associated with work on primary overhead lines, and are not required when the line extension consists entirely of secondary and/or service drops from an existing primary pole.

Your letter also mentioned your request for electric service made in December 2004. My February 2, 2005 letter (cited by you in your February 14 letter) requests that you inform Mohave as to the course of action you would like to take in reference to the minimum improvements required to qualify for the line extension credit. You have not yet informed me of your plans.

As stated in the February 2 letter, line credit footage cannot be granted until the minimum improvements to qualify for the credit are in place. You need to determine if you want to proceed with the line extension before or after the qualifying improvements are in place; once you have made that determination, contact me and I will forward the appropriate agreements. We cannot proceed with your project until you inform us of your plans; you have not yet informed us of your decision.

If you have any questions or comments, please don't hesitate to call me at (928) 758-0580.

Sincerely,

Mohave Electric Cooperative, Inc.

A handwritten signature in cursive script, appearing to read "John H. Williams", followed by a horizontal line extending to the right.

John H. Williams
Line Extension Supervisor

Cc: Steve McArthur--
Arizona Corporation Commission

EXHIBIT M

March 10, 2005

Chan-Lan Trust
P. O. Box 4281
Kingman, AZ 86401

Mohave Electric Cooperative
P. O. Box 1045
Bullhead City, AZ 86430

Dear Mr. Williams,

I received your letter, dated March 3, 2005, and received on March 7, 2005. Thank you for your response.

In your February 2, 2005 letter you stated that we would have to pay a System Modification Fee of approximately \$400.00. In your letter dated March 3, 2005 you used the example of physically retiring a down guy and anchor. I am familiar with the down guy and anchor that you want to retire on this line extension. I would like to bring it to your attention that most qualified service technicians can retire this guy wire and anchor in about 15 minutes and in most cases no longer than 20 minutes. If you were charging me an hourly rate, this system modification fee averages approximately \$1,200.00 an hour for your services. I feel that is excessive and it reflects the abusive over charging of customers serviced by Mohave Electric.

It appears that your definition of a system modification fee falls under the Mohave Electric Cooperative service rule and regulations dated March 5, 1982. **Subsection 106-A-2 b "If it is necessary to oversize or route the extension for the convenience of the Cooperative's system, the additional cost of over sizing or routing the facilities shall be done at the Cooperative expense."**

The guy wire that I believe you are referring to and want to charge me \$400.00 to remove is for the Cooperative's convenience. This convenience will allow the Cooperative to choose which side of the pole they want to work from.

The underlying issues in this complaint is how Mohave Electric's Management and legal counsel are misusing their certified utility territory rights that have been granted to them by the Arizona Corporation Commission. Mohave Electric's Management and legal counsel work together to add, change and create new fees. They impose ever changing requirements and add any number of new specifications to the people that request new service from Mohave Electric Cooperative. It appears that they do this so they can have a bigger profit sharing check at the end of the year.

Mohave Electric has developed such a bad reputation and it is becoming so wide spread that some financial lenders will not approve loans in Mohave Electric's Eastern service area until they see a service contract with the proposed date of completion of service.

Our request is simple, "Please" sign and send a line extension agreement with the proposed date that we can expect service to the meter boxes that are standing and ready for service. Because Mohave Electric continues to add new fees, tariffs, conditions and specifications, we are requesting that the following statement be included on the line extension agreement. **"Mohave Electric Cooperative is licensed under the Arizona Corporation Commission and will respect and comply to the Arizona Corporation Commission's Rules and Regulations, and as an Electric Cooperative will not charge any tariff, impose any requirement, or require a customer to meet any specifications that are not written and approved and filed with the Arizona Corporation Commission."**

This line extension request is getting ready to go into the fifth month and we have not been presented with a line extension agreement. We are demanding that a signed line extension agreement with the above wording be delivered to Chan-Lan Trust at P. O. Box 4281 within ten days from the date of this letter.

Failure to provide said line extension agreement within ten days is a clear sign that shows a positive intent that Mohave Electric does not intend to supply electricity in a reasonable or timely manner. If Mohave Electric fails to provide customer with said Line Extension agreement within ten days from date of this letter, Chan-Lan Trust will request a hearing to address the following solution.

SOLUTION

The above problem has been going on for many years and it is only getting worse each year.

I am suggesting that the Commission issue an emergency referendum for the whole eastern portion of Mohave Electric's service area. The Commission should order Unisource or any other utility provider that would be willing to issue solar watt credits to take over this area. Solar watt credits are credits that a utility reimburse to a customer for the number of solar watts that the customer has in his system. If a utility was granted the right to issue solar watt credits in another provider's area it would give the customer the right to have electricity at the completion of his building project. It would give each utility time to negotiate distribution agreements. If Mohave Electric wanted to maintain their area of influence in their eastern area, they could buy these credits back at some agreed upon price. To make something like this work, the solar watt credit price would have to be around \$5.25 per watt. After this program is in place, it may be possible to assess the consumer a half cent per solar watt per year for having these credits. The idea is to combine technology with the old system, so the people can acquire the right to be

provided electricity like most other citizens have in the State of Arizona. Something has to be done in the real near future.

I am providing pictures to remind you that we have our meter poles up and we are waiting for our electrical service.

Roger Chantel

EXHIBIT N

MOHAVE

electric cooperative
A Touchstone Energy Cooperative

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

March 21, 2005

Roger Chantel
Chan-Lan Trust
P.O. Box 4281
Kingman, AZ 86401

Re: Cost Estimate for Electric Service
Music Mountain Ranches, Parcel 33-16

Dear Mr. Chantel:

I received your March 10, 2005 letter. Your letter indicates that you are concerned that Mohave has not sent you a line extension agreement for your project.

In several of my previous letters to you (mailed February 2, 2005 and March 3, 2005), I explained that you have not installed the minimum permanent improvements required to qualify for the line credits you are requesting; line credit footage cannot be granted until the minimum permanent improvements to qualify for the credit are in place. In both letters I requested that you inform Mohave as to the course of action you would like to take in reference to the minimum improvements required to qualify for the line extension credit. To date, you have not informed me of your plans.

Your March 10, 2005 letter indicates that you want Mohave to provide you with a line extension agreement. Since you have not responded to my multiple requests for your decision in regards to proceeding with construction prior to establishing permanent improvements to qualify for the line credit(s) on your property, I have completed line extension agreements for a non-qualifying electric service.

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

The total estimated cost of the system modification portion (Work Order 2005-111) of this line extension project is \$409,332. This is the amount due for construction to proceed. This estimate is for the following work: For the system modification necessary to construct 1,287 feet of overhead electric single phase line to provide 120/240 Volt electric service to Parcel 33-16, Music Mountain Ranches.

The total estimated cost of this footage line extension project (Work Order 2005-112) is \$9,104.38. This is the amount due for construction to proceed. This estimate is for the following work: To construct 1,287 feet of overhead electric single phase line to provide 120/240 Volt electric service to two non-qualifying electric services located at Music Mountain Ranches, Parcel 33-16.

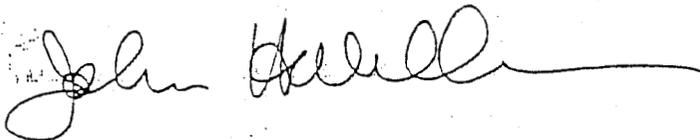
Mohave is a non-profit electric cooperative. This figure represents the estimated costs for labor and materials only. Final billing will be based on an actual cost aid to construction contract in accordance with Mohave's approved Line Extension Rules and Regulations on file with the Arizona Corporation Commission. This estimate is valid for sixty (60) days.

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

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

Sincerely yours,

Mohave Electric Cooperative, Inc.



John H. Williams
Line Extension Supervisor

Enclosures: Agreements (2 sets of 2)

cc: File
Steve McArthur
Arizona Corporation Commission

AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES

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

Roger Chantel

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

WITNESSETH:

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

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

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

To construct system modification in order to supply overhead single phase 120/240 volt to 10030 N Music Mountain Road. Project is located in a portion of T24N, R14W, Section 33.

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

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

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from March 21, 2005. The full estimated cost of construction must be paid, this agreement must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this agreement may be declared null and void at the option of Mohave.
2. The Consumer will advance Mohave the full estimated cost of construction, \$ 409.83, in accordance with Mohave's construction practices.

At the time construction is finished, Mohave will:

- a. Return to the Consumer any advance in excess of actual construction cost,
- or
- b. Bill the Consumer that amount which is in excess of the estimated construction cost.

3. If an underground electric line extension is requested, then the Consumer will provide all necessary conduit, trenching, backfill, vaults, and three phase transformer pads as required by Mohave without cost to Mohave. All primary and secondary conduits are to be inspected by Mohave prior to backfill, and shall be 3" Schedule 40 electrical grade PVC conduit(s).

SECTION II. REFUNDING

1. Upon completion of construction, the estimated cost on this agreement will be adjusted to reflect the actual cost of construction.
2. This is a non-refundable aid-to-construction as defined by Mohave's Service Rules and Regulations.

SECTION III. OTHER CONDITIONS

1. This estimate is based on information supplied to Mohave by the Consumer. Should the plans, specifications, and/or details supplied to Mohave change, Mohave has the option of rendering this agreement null and void, or requiring the Consumer to make the necessary corrections at his expense.
2. All easements or rights-of-way and surveying required by Mohave will be furnished to Mohave without cost. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.
3. When an underground line extension is requested, then a detailed, referenced as-built plan of the conduit system shall be provided to Mohave upon completion of the conduit installation.
4. All construction will become the property of Mohave and will be owned, operated and maintained by Mohave, except the individual Consumer's wiring, disconnect breakers or switches and facilities on the Consumer's premises.

SECTION IV. EXECUTION OF AGREEMENT

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

Consumer Signatures

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Attestor Signature

By _____
Attestor Printed Name

Date _____

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

Underground Overhead

Revised 11/01

AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES

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

Roger Chantal, Chan-Lan Trust

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

WITNESSETH:

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

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

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

To construct 1,287 feet of overhead electric single phase line to provide 120/240 Volt electric service to two non-qualifying electric services located at Music Mountain Ranches, Parcel 33-16. This project is located in a portion of T24N, R14W, Section 33.

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

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

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from March 21, 2005. The full estimated cost of construction must be paid, this agreement must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this agreement may be declared null and void at the option of Mohave.

2. The Developer will advance to Mohave a partially refundable non-qualifying facilities charge in the amount of \$533.00.
3. The Developer will advance to Mohave the full estimated cost of construction, \$8,571.38 as a non-refundable contribution in accordance with Mohave's construction practices.

At the time construction is finished, Mohave will:

a. Return to the Developer any contribution in excess of actual construction cost,

or

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

4. The total amount currently due from the Developer is \$9,104.38, which includes any credits for funds deposited to date. Upon payment of this amount, the project will be released for right-of-way acquisition and construction.

5. If an underground electric line is requested, the Developer will provide all conduit, trenching, backfill, vaults and three phase transformer pads as required by Mohave without cost to Mohave. All primary and secondary conduits are to be inspected by Mohave prior to backfill, and shall be 3" Schedule 40 electrical grade PVC conduit(s).

SECTION II. REFUNDING

1. Mohave will return to the Developer a portion of the non-qualifying facilities charge if a permanent electrical consumer as defined by Mohave attaches to the electric system that was installed for this agreement within (1) one year from the date of completion of construction and/or service availability upon the following terms and conditions:

a. The connection must be a permanent member/consumer as defined by Mohave.

b. The connection must be made to the electric system described in the guide specifications and estimate with no further capital investments required by Mohave.

c. The Developer will furnish Mohave with the name and address of the permanent, qualifying electrical consumer.

d. The amount of the non-qualifying facilities charge that is eligible for refunding is \$371.10.

e. The term of this agreement is one (1) year from date of completion of construction and/or service availability. Any portion of the non-qualifying facilities charge remaining unrefunded at the end of the one (1) year term will revert to Mohave as a direct contribution in aid of construction.

2. Mohave will return to the Developer the actual cost of construction for the amount of the line extension credit that would have normally been applied under the following terms and conditions:

a. If, after one (1) year from the Cooperative's receipt of the advance required for the estimated cost of the new line to be constructed, sufficient permanent improvements have not been installed on the property to qualify this installation as a permanent service, the adjusted advance shall be considered a contribution in aid of construction and shall no longer be refundable.

b. If, in the opinion of an authorized representative of the Cooperative, sufficient permanent improvements have been installed on the property to qualify as a permanent service, the amount of the line extension credit that would have normally been applied will be refunded to the customer.

SECTION III. OTHER CONDITIONS

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

2. All easements, rights-of-way and surveying required by Mohave will be furnished to Mohave without cost. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.

3. When an underground line extension is requested, a detailed, referenced as-built plan of the conduit system shall be provided to Mohave upon completion of the conduit installation.

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

SECTION IV. EXECUTION OF AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year written above.

Consumer Signatures

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Attestor Signature

By _____
Attestor Printed Name

Date _____

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

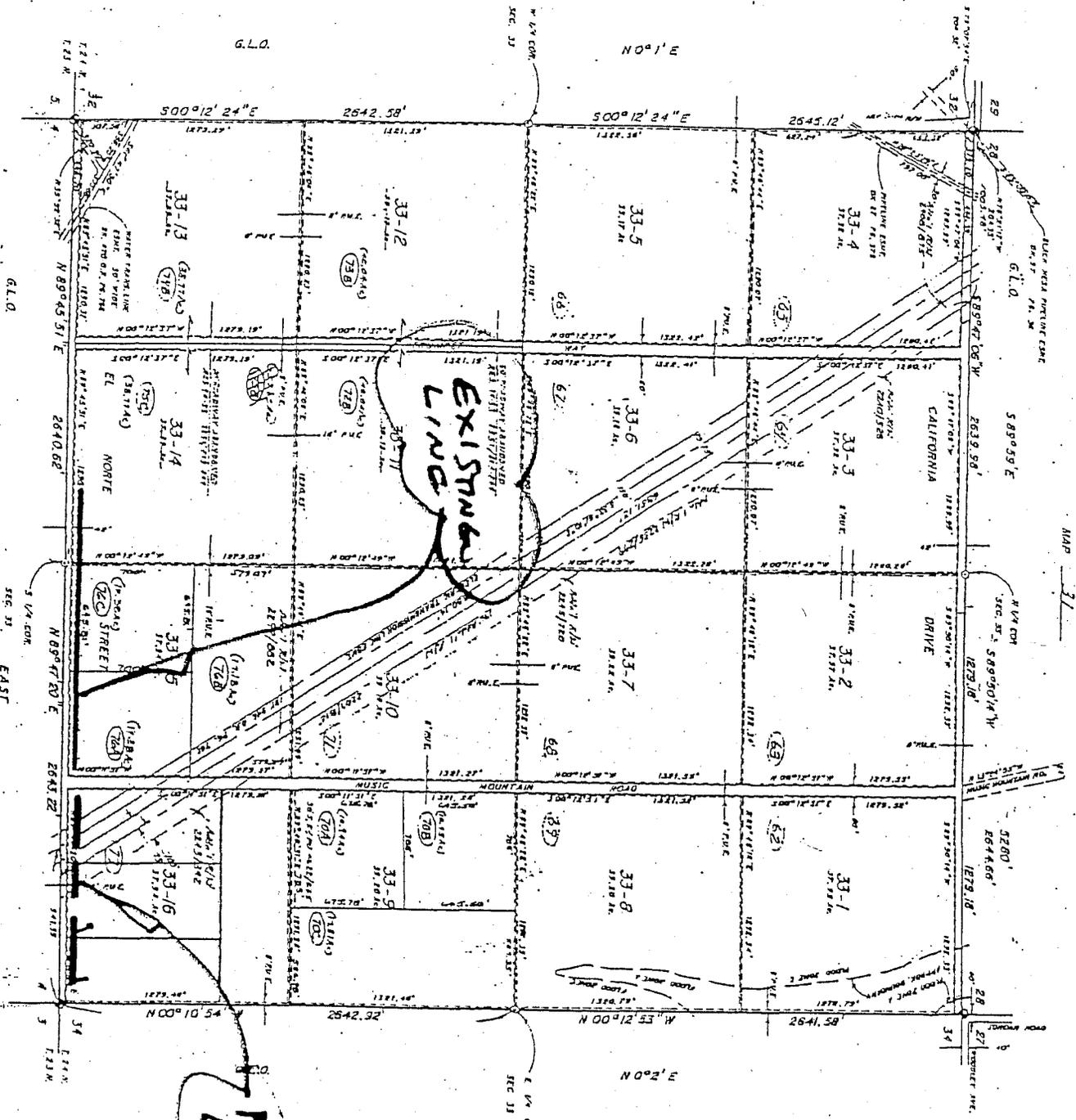
Revised 11/01

Underground Overhead

BOOK 313
MAP 31

24N, 14W, 33

SEC. 9, 17, 19, 21, 29, 33, T. 24N, R. 14W.
AS REC. IN BOOK 5 OF PARCEL PLAT PAGES 45-45F
REC. JAN. 2, 1999
BOOK 313
MAP 31
FEE No 91-46



PROPOSED LING

SCALE 1" = 600'

BOOK 313
MAP 31

MAP 61
6 OF 6
Code 0-3-20

MOHAVE COUNTY

SHEET 19 OF 19 (SHEET NUMBER)
(W/V) AND 249 OF 249
W/V - 10 N. 1/4 SEC. 31, T. 24N, R. 14W.

EXHIBIT O

March 28, 2005

Roger Chantel
10001 E. Hwy. 66
Kingman, AZ 89401

Mohave Electric Cooperative
P. O. Box 1045
Bullhead City, AZ 86430

Ref: Order #2005-111

Dear Mr. Williams,

I received your Contract for AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES on or about March 24, 2005. In reviewing your contract I found a number of areas that were a little ambiguous and unclear. I will share with you what they appear to mean.

Section I; Terms of Construction

1. The full estimated cost of construction, which is \$409.83, must be paid. Please note I have signed the contracts and placed a check for the above amount. This section seems to say that Mohave's start date is on March 21, 2005 and the estimated completion date is 60 days later. If no action is taken within 60 days Mohave may declare this agreement null and void.
2. This section appears to say that the full estimated cost is \$409.83.

Section II; Refunding

In number 2 of this agreement it refers to Mohave Services Rules and Regulations. We are assuming that this section is referring to Subsection 106-D 1, which is "The Cooperative shall make extensions in excess of the footage allowances provided for in Subsection 106-C upon receipt of the non-interest bearing, refundable cash advance in aid of construction. The total cost of such additional footage shall be based upon a current construction cost study performed by the cooperative."

There are some open ended statements in the contract, but if any concerns become apparent we can address them if they come up.

We are assuming that you are sending this contractual agreement in compliance with the Arizona Corporation Commission's Rules and Regulations, and as an Electric Cooperative you will not charge any tariff, impose any requirements, or require a customer to meet any specifications that are not written and approved and filed with the Arizona Corporation Commission."

If this is a correct assumption of this contract agreement, you do not have to respond. You can start installing the line extension. If you have some other meaning, please correct it in the contract agreement and send it to me within ten days of the above date.

I am looking forward to building a working relationship with Mohave Electric Cooperative.

Respectfully submitted,


Roger Chantel

Work Order #2005-111Form LEN1
Page 1 of 3AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES

THIS AGREEMENT, made and entered into in duplicate on this 21st day of March, 2005 by and between MOHAVE ELECTRIC COOPERATIVE, INC., an Arizona Corporation, party of the first part, (hereinafter referred to as "Mohave") and

Roger Chantal

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

WITNESSETH:

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

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

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

To construct system modification in order to supply overhead single phase 120/240 volt to 10030 N Music Mountain Road. Project is located in a portion of T24N, R14W, Section 33.

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

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

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from March 21, 2005. The full estimated cost of construction must be paid, this agreement must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this agreement may be declared null and void at the option of Mohave.
2. The Consumer will advance Mohave the full estimated cost of construction, \$ 409.83, in accordance with Mohave's construction practices.

Work Order #2005-111

Form LEN1
Page 2 of 3

At the time construction is finished, Mohave will:

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

SECTION II. REFUNDING

1. Upon completion of construction, the estimated cost on this agreement will be adjusted to reflect the actual cost of construction.
2. This is a non-refundable aid-to-construction as defined by Mohave's Service Rules and Regulations.

SECTION III. OTHER CONDITIONS

1. This estimate is based on information supplied to Mohave by the Consumer. Should the plans, specifications, and/or details supplied to Mohave change, Mohave has the option of rendering this agreement null and void, or requiring the Consumer to make the necessary corrections at his expense.
2. All easements or rights-of-way and surveying required by Mohave will be furnished to Mohave without cost. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.
3. When an underground line extension is requested, then a detailed, referenced as-built plan of the conduit system shall be provided to Mohave upon completion of the conduit installation.
4. All construction will become the property of Mohave and will be owned, operated and maintained by Mohave, except the individual Consumer's wiring, disconnect breakers or switches and facilities on the Consumer's premises.

Work Order #2005-111

Form LEN1
Page 3 of 3

SECTION IV. EXECUTION OF AGREEMENT

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

Consumer Signatures

By Roger Chantel
Consumer Signature

By Roger Chantel
Consumer Printed Name

By Darlene Chantel
Attestor Signature

By Darlene Chantel
Attestor Printed Name

Date March 28, 2005

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

Underground Overhead

Revised 11/01

Roger Chantel
Chan-lan Trust
P.O. Box 4281
Kingman, AZ 86401



AMOUNT
\$0.60

U.S. POSTAGE
PAID
KINGMAN, AZ
86401
MAR 29 '05
00031419-05
86430



Mohave Electric Cooperative
P.O. Box 1045
Bullhead City, AZ 86430

EXHIBIT P



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

April 1, 2005

Roger Chantel
Chan-Lan Trust
P.O. Box 4281
Kingman, AZ 86402

Via Certified Mail

Re: Electric Service to Parcel 33-16, Music Mountain Ranches

Dear Mr. Chantel:

On March 31, 2005 Mohave Electric Cooperative, Inc. received your March 28, 2005 letter. Your letter includes a diatribe regarding your perceived interpretation of Mohave's contracts. Please be advised that Mohave's line extension agreements speak for themselves; additions or substitutions to Mohave's agreements by a customer are not acceptable. Your letter is not to be construed as being an addition to or valid interpretation of Mohave's agreement.

Your letter included the executed agreements for the system modification (Work Order 2005-111) for your line extension; your personal check in the amount of \$409.83 for the estimated cost of the system modification was also received.

However, you failed to enclose the executed agreements and construction contribution (estimated at \$9,104.38) for the 1,287 foot line extension (Work Order 2005-112) that I sent to you on March 21, 2005. This agreement and contribution is directly related to the system modification project; simply put, one cannot be completed without the other.

As I have repeatedly explained to you, the agreements for the 1,287 feet of line and construction contribution are also required if you would like the line extension construction to commence prior to your installation of the minimum permanent improvements required to qualify for line credit(s).

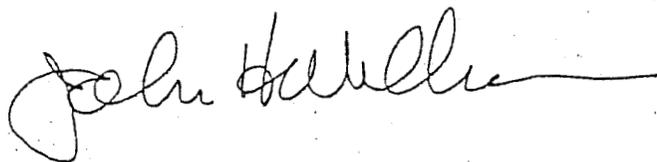
Since you have not returned the line extension agreements and construction contribution for Work Order 2005-112, I surmise that you may be working to install the minimum improvements required to qualify for the line credit(s). If that is the case, notify me and I will have a Staking Technician field verify the status of your improvements. Once the verification is made, I will send you a revised cost estimate and construction agreement for the 1,287 foot line extension. The revised agreement will include a line credit of up to 625 feet for each qualifying, permanent service.

Mohave cannot proceed on this project until you send the properly executed agreements and construction contribution for Work Order 2005-112, or notify me that you wish to pursue your second option of installing the necessary improvements to qualify for a line extension credit(s).

We look forward to working with you. If you have any questions or comments, please don't hesitate to call me at (928) 758-0580.

Sincerely,

Mohave Electric Cooperative, Inc.

A handwritten signature in cursive script, appearing to read "John H. Williams", with a long horizontal flourish extending to the right.

John H. Williams
Line Extension Supervisor

Cc: Steve McArthur
Arizona Corporation Commission

EXHIBIT Q

April 8, 2005

Roger Chantel
10001 E. Hwy. 66
Kingman, AZ 86401

Mohave Electric Cooperative
P. O. Box 1045
Bullhead City, AZ 86430

Ref: Order #2005-111

Dear Mr. Williams,

I received your letter dated April 1, 2005. You seem to be a little offended about the statement that your line extension agreement was a little ambiguous and unclear. I asked a few simple questions?

The contract that I signed states that I was to pay you \$409.83. The wording you have placed in this contract states that the amount I am responsible for is \$409.83. If Mohave Electric has some other interpretation, please write me and give me your detailed interpretation.

In the contract that I signed and submitted to you there were some dates outlined in Section 1 Terms of Construction.

I made a statement that those dates appeared to be your start dates and completion dates. If I am misunderstanding this portion of this contract, please write me and give me a full explanation of your interpretation of this portion of the contract.

Your prompt attention to my concerns will be greatly appreciated.

Sincerely,



Roger Chantel

EXHIBIT R



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

April 15, 2005

Roger Chantel
Chan-Lan Trust
P.O. Box 4281
Kingman, AZ 86402

Via Certified Mail

Re: Electric Service to Parcel 33-16, Music Mountain Ranches

Dear Mr. Chantel:

Mohave Electric Cooperative, Inc. received your April 8, 2005 letter.

Your letter did not include the executed construction agreements and \$9,104.38 construction contribution for the footage line extension (Work Order 2005-112) that are necessary for Mohave to proceed with your line extension. You may recall that these agreements and construction contribution are necessary if you would like Mohave to proceed with the line construction prior to your installation of the minimum permanent improvements needed to qualify for line credit(s).

In case you misplaced the agreements I mailed to you on March 21, 2005, I am enclosing two more copies. Please return both properly executed copies of this agreement to me along with your check in the amount of \$9,104.38.

If you have any questions or comments, please don't hesitate to call me at (928) 758-0580.

Sincerely,

Mohave Electric Cooperative, Inc.

John H. Williams
Line Extension Supervisor

Co: Steve McArthur
Arizona Corporation Commission

Encl: Agreements (2)

AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES

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

Roger Chantel, Chan-Lan Trust

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

WITNESSETH:

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

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

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

To construct 1,287 feet of overhead electric single phase line to provide 120/240 Volt electric service to two non-qualifying electric services located at Music Mountain Ranches, Parcel 33-16. This project is located in a portion of T24N, R14W, Section 33.

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

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

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from March 21, 2005. The full estimated cost of construction must be paid, this agreement must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this agreement may be declared null and void at the option of Mohave.

2. The Developer will advance to Mohave a partially refundable non-qualifying facilities charge in the amount of \$533.00.
3. The Developer will advance to Mohave the full estimated cost of construction, \$8,571.38 as a non-refundable contribution in accordance with Mohave's construction practices.

At the time construction is finished, Mohave will:

a. Return to the Developer any contribution in excess of actual construction cost,

or

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

4. The total amount currently due from the Developer is \$9,104.38, which includes any credits for funds deposited to date. Upon payment of this amount, the project will be released for right-of-way acquisition and construction.

5. If an underground electric line is requested, the Developer will provide all conduit, trenching, backfill, vaults and three phase transformer pads as required by Mohave without cost to Mohave. All primary and secondary conduits are to be inspected by Mohave prior to backfill, and shall be 3" Schedule 40 electrical grade FVC conduit(s).

SECTION II. REFUNDING

1. Mohave will return to the Developer a portion of the non-qualifying facilities charge if a permanent electrical consumer as defined by Mohave attaches to the electric system that was installed for this agreement within (1) one year from the date of completion of construction and/or service availability upon the following terms and conditions:

- a. The connection must be a permanent member/consumer as defined by Mohave.
- b. The connection must be made to the electric system described in the guide specifications and estimate with no further capital investments required by Mohave.
- c. The Developer will furnish Mohave with the name and address of the permanent, qualifying electrical consumer.

d. The amount of the non-qualifying facilities charge that is eligible for refunding is \$371.10.

e. The term of this agreement is one (1) year from date of completion of construction and/or service availability. Any portion of the non-qualifying facilities charge remaining unrefunded at the end of the one (1) year term will revert to Mohave as a direct contribution in aid of construction.

2. Mohave will return to the Developer the actual cost of construction for the amount of the line extension credit that would have normally been applied under the following terms and conditions:

a. If, after one (1) year from the Cooperative's receipt of the advance required for the estimated cost of the new line to be constructed, sufficient permanent improvements have not been installed on the property to qualify this installation as a permanent service, the adjusted advance shall be considered a contribution in aid of construction and shall no longer be refundable.

b. If, in the opinion of an authorized representative of the Cooperative, sufficient permanent improvements have been installed on the property to qualify as a permanent service, the amount of the line extension credit that would have normally been applied will be refunded to the customer.

SECTION III. OTHER CONDITIONS

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

2. All easements, rights-of-way and surveying required by Mohave will be furnished to Mohave without cost. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.

3. When an underground line extension is requested, a detailed, referenced as-built plan of the conduit system shall be provided to Mohave upon completion of the conduit installation.

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

SECTION IV. EXECUTION OF AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year written above.

Consumer Signatures

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Attestor Signature

By _____
Attestor Printed Name

Date _____

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

Revised 11/01

Underground Overhead

EXHIBIT S

Chantel Meeting Notes (continued)

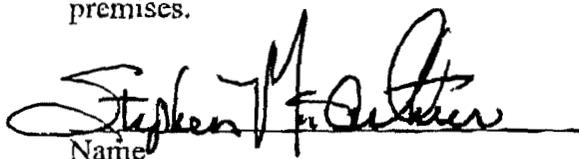
June 23, 2005

Page 2 of 2

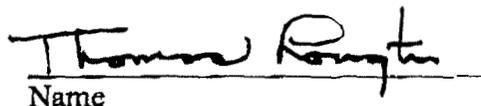
and the second to build the actual line extension. I repeated that there are two agreements, and he has signed and paid for only the agreement for the existing system modification. I noted that if he wants the line extension, he will have to sign and pay for the agreement for the line extension as well. I then noted that we were concerned because he has not made the minimum improvements to the two lots in order to qualify for line footage credit. I reminded him of the list of improvements necessary in order for him to qualify which we had sent to him, because if he really did want to live there, he would save himself a lot of money if he made those improvements - otherwise, I noted, he would not qualify for any free footage.

Mr. Chantel just sat looking at me for a moment, and then he said that we are going to have to change the way we do business. He said the way we do business was okay 20 years ago, but it did not work now. I interrupted at this point and noted that we cannot just change the way we do things, noting the changes to line extension required Commission approval. He said that is not true. He said that we changed the way we did things all the time. Tom advised him this was not correct, stating that we do not make changes like he is talking about. Chantel then said, in an angry voice, that we did make changes all the time and that all of us lied and stole from people all the time.

At this point, I advised Mr. Chantel that that was enough, that he was to leave the building, and that our conversation was through. Tom added that Mr. Chantel should leave immediately. Mr. Chantel just smiled and said he would see us soon and left the premises.


Name

June 23, 2005
Date


Name

6/23/2005
Date

Mohave Electric Cooperative, Inc.

Meeting Notes: Meeting with Roger Chantel

June 23, 2005 at 3:00 p.m.

Meeting Attendees: Roger Chantel, Tom Longtin, and Stephen McArthur

As Mr. Chantel entered the conference room where we were to have our meeting, he immediately began commenting about the weather, noting how hot it was. He repeated this several times and then asked how this weather affected electric bills. As Tom and I both began commenting on this, Tom pointed out that, while bills did go up in the hotter weather, this was because of higher usage. Mr. Chantel again commented about how hot it was here and began to ask something else about the weather, when I interrupted him and suggested we talk about what it was that he came to talk about today. He laughed at this point, and stated that the only reason he was here was because the Commission made him come.

Mr. Chantel then abruptly began talking about how Mohave discriminates in what it charges people and that some people are charged differently than others. Tom and I both objected to this comment, noting that the rates differ only by class, but people pay the same rate for the same service throughout the service area. Mr. Chantel stated that he would explain. He said Mohave charges people more who live in the Kingman area than we do the people who live in this (Bullhead City) area. Again, we noted that the rates are the same in both areas. He said this was not true because if anyone from Kingman wanted to do business with us, they had to come all the way from Kingman, and said this is not fair to make everyone come here from Kingman. I noted that most everything related to getting service could be done by phone and fax anymore. He objected and said that was not true, and that he had lots of examples. I then stated that we prefer a new consumer to come to our Service Office in Bullhead the first time they request service, to confirm who they are by reviewing their identification while they are in the office, however this is not a requirement. I stated everything regarding new service could normally be done by phone, by mail and by fax. Mr. Chantel said that was not true, again, and noted that he had lots of examples. I replied that was good, because this was something easily confirmed, and we could easily prove he is incorrect.

Several more comments on the subject of fairness were made. Tom gave some examples of how Cooperatives worked to keep things equal for members, but that some things, such as where Mr. Chantel decided to live, were beyond Mohave's control. Mr. Chantel made several more remarks that seemed to me to be intended to cause agitation. In fact, given the tone of his comments, it occurred to me at this point that perhaps Mr. Chantel's entire purpose in being here was to try to provoke us.

At this point, Tom and I both stated that the direction Mr. Chantel had tried to take this conversation was far from the subject we came to discuss, and I asked that we get back to the topic of his line extension. He agreed. I noted that he had signed one of the two construction agreements for his line extension. He stated this was correct, and that he could not sign the other because that would cancel the first contract. I noted that he was still misunderstanding the situation. I advised that there are two separate projects involved, one to modify the existing system in order to accommodate his line extension,