

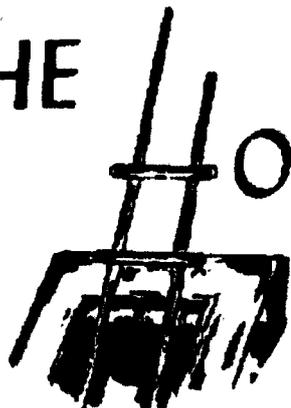
ORIGINAL

OPEN MEETING AGENDA ITEM



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THE



HOPI TRIBE

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January 9, 2008

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Commissioner Gary Pierce
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

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In Re: AOS Line Extension Tariffs, Docket Nos. E-01345A-05-0816, E-01345A-05-0826, and E-01345A-05-0827

Dear Commissioners:

In 2005, The Hopi Tribe asked the Commission for assistance with APS Service reliability on our reservation- and you responded accordingly. The ACC held an Open Meeting on Indian Lands for the first time in history when it met on the Hopi reservation at Kykotsmovi to conduct a hearing and assess service reliability on the Hopi Reservation. As we have reported before, that act by the Commission yielded positive results – APS, met with and worked with the Hopi Tribe, and invested time and money to improve the reliability of its on-reservation system. We remain indebted to the Commission for its attention and concern.

We write to you today seeking your assistance on an issue of importance to the Hopi Tribe and its people. We ask that the Commission consider the effect of a recent Commission decision – to require APS to eliminate free footage for new service connections. We have reviewed the record in the case cited above (leading to Dec. No. 69663) and believe we understand the Commission’s desire to “make growth pay for growth”.

We ask ourselves, however, whether the growth the Commission was concerned with in adopting the new policy was really the occasional new home on the Hopi Reservation.

As you know, The Hopi Tribe is located in one of the most isolated geographic areas of Arizona and has limited opportunities for economic development. In 2005, the Hopi Tribal government lost one of two of its principal sources of revenues when the Mohave Generating Station, in Laughlin Nevada, was permanently closed for its owner's failure to comply with certain environmental regulation. These revenue losses constituted one-third of the Tribe's annual operating revenues. These revenues have not been replaced and doing so will not be easy. In addition, the Hopi Tribe is the only tribe in Arizona with no-gaming compact – the Hopi people have twice voted on this issue, and both times decided that our way of life does not allow us to participate in the gaming industry, not even to 'sell' our machine allocation. We are not criticizing other tribes for their decision to enter that field; everyone in this life must follow their own path. We simply want to emphasize that the Hopi way of life is so important to us that we have turned away from the easy money offered by gaming. That way of life is made more difficult by this ACC/APS policy of requiring Hopi families to pay huge costs for new service connections- homeownership is difficult enough in a very rural area with limited economic opportunities without facing multi-thousand dollar connection fees.

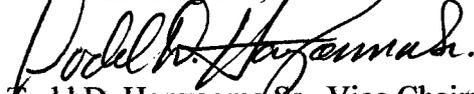
We are not in any way asking for a 'free-ride'. As we understand utility ratemaking, utilities place their facilities in service, and the customers pay rates that provide a return on the utilities' investment. When a Hopi family connects to APS, they pay rates that cover the cost of service and provide a return on APS' investment. This is as it should be. However, the average Hopi family cannot afford to pay the many thousands of dollars sometimes required to connect into the APS distribution system here on our Reservation. Average income levels on the Hopi Reservation lag far below those of the average Arizona citizen. The unemployment rate on the Hopi Reservation is 47.2 % with no reasonable prospects for dramatic improvement on the horizon.

Many people have said that three things made America a fair country – Veterans' benefits for housing and education, the Interstate highway system and Rural Electrification. The Hopi are proud of their high level of military service and appreciate the benefits veterans earn, we rely on highways to connect to the outside world; and rural electrification is often the difference between life and death on the remote open plains of Arizona's high desert.

We ask that the Commission once again hear our plea and clarify the scope of its policy for new service connections. We know from past experience that the Commissioners care about all Arizonans, and you have each been a friend to the Hopi in the past. We hope that we may count on you once again.

We request the opportunity to discuss this further with each of you.

With Kind Regards,



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