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WILLIAM A. MUNDELL  
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ORIGINAL



ARIZONA CORPORATION COMMISSION

Direct Line: (602) 542-4143  
Fax: (602) 542-0765  
E-mail: kmayes@azcc.gov

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February 4, 2008

Re: Exemptions for Hopi Reservation Land under AOS Line Extension Tariffs, Docket Nos. E-01345A-05-0816, E-01345A-05-0826 and E-01345A-05-0827

Dear Parties to the Docket:

As you are aware, pursuant to Decision No. 69663, the Commission adopted a new policy that replaces free footage for line extensions to service connections with a fee and credit structure. This requires parties to purchase footage for service connections that exceeds the \$5,000 credit limit. Additionally, pursuant to Decision No. 69663, the Commission approved a further revision to Schedule 3 in which free footage allowance would be eliminated. That provision has not yet been implemented, pending further consideration and review by the Commission.

I would like to recommend that the Commission look into the issue of exempting Native American reservations from the terms under the Schedule 3 docket, including the existing fee structure and \$5,000 credit for line extensions. Alternatively, the Commission could consider a §40-252 in order to either waive Native American reservations from the new line extension provisions, or establish a means test – to be applied statewide – by which those who cannot afford to pay the new line extension costs could be exempted from them. Some Native American reservations are located in geographically isolated areas of the state, with populations that face high unemployment and low income levels. These circumstances make service connection fees a difficult burden for many Native Americans.

To this point, we received a letter on January 16, 2008 from Todd D. Honyaoma Sr., Vice Chairman of the Hopi Tribe. In his letter, Mr. Honyaoma highlighted the importance of rural electrification to the Tribe's livelihood in the remote desert. He further explained that several Hopi families have found it difficult to afford to connect to the APS distribution system under the new terms of the Schedule 3 docket and requested that the Hopi lands be held harmless from the new provisions of Schedule 3.

I hope that the Commission can address the financial concerns of Native Americans regarding the new Schedule 3 policy and request through this letter that the question of whether Native American territories served by APS should be exempted from the proposed new Schedule 3 policy be addressed by all Parties to the docket.

Sincerely,

Kris Mayes  
Commissioner

Arizona Corporation Commission

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Parties to the Docket

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Cc: Chairman Mike Gleason  
Commissioner William A. Mundell  
Commissioner Jeff Hatch-Miller  
Commissioner Gary Pierce  
Todd D. Honyaoma, Sr., Vice Chairman, Hopi Tribe