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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE COMPLAINT OF
BUREAU OF INDIAN AFFAIRS, UNITED
STATES OF AMERICA, AGAINST
MOHAVE ELECTRIC COOPERATIVE,
INC. AS TO SERVICES TO THE
HAVASUPAI AND HUALAPAI INDIAN
RESERVATIONS.

DOCKET NO. E-01750A-05-0579

PRE-FILED DIRECT TESTIMONY OF TOM LONGTIN
ON BEHALF OF MOHAVE ELECTRIC COOPERATIVE, INC.

Arizona Corporation Commission
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1 **Q. What is your name, employer and occupation?**

2 A. My name is Tom Longtin, and I am employed by Mohave Electrical Cooperative,
3 Inc. ("Mohave"), a non-profit electrical cooperative, since 1991 as Manager of Operations
4 and Engineering.
5

6 **Q. Please describe your work experience, educational background and professional**
7 **affiliations.**

8 A. I have been in the electric utility business, and particularly the operations,
9 construction and maintenance aspects of the business for over 38 years.
10

11 **Q. Will you be sponsoring any exhibits with your direct testimony?**

12 A. Yes. I will be sponsoring the exhibits listed on the attached Exhibit List with exhibits
13 themselves following in tabbed order:

- 14 1. Mohave's formation documents.
- 15 2. June 1976 Request For Quotation.
- 16 3. Oct. 1981 Electrical Utility Contract.
- 17 4. Hualapai and Havasupai easements.
- 18 5. Decision No. 51491, issued October 22, 1980.
- 19 6. Decision No. 53174, issued August 11, 1982.
- 20 7. Photos of the Line.
- 21 8. Records indicating BIA's payment for the line by March 1991.
- 22 9. March 17, 1992 letter from Mohave to BIA.
- 23 10. April 19, 1993 letter from BIA to Mohave.
- 24 11. June 15, 1995 letter from Mohave to BIA.
- 25 12. June 6, 1996 letter from Mohave to BIA.
- 26 13. March 6, 2002 Letter from BIA to Mohave.
- 27 14. March 20, 2002 Letter from Mohave's counsel to BIA.
- 28

- 1 15. Mohave resolution related to quitclaim.
- 2 16. July 22, 2003 Notice of Mohave quitclaim and/or abandonment of line.
- 3 17. July 23, 2003 Letter from Mohave to BIA, Hualapai Nation and Havasupai
- 4 Nation.
- 5 18. August 7, 2003 Letter listing accounts.
- 6 19. September 2, 2003 Letter from BIA to Mohave.
- 7 20. September 12, 2003 Letter from BIA to Mohave.
- 8 21. November 13, 2007 Operations Protocol between Mohave, UNS Electric Inc. and
- 9 APS.
- 10

11 **Q. What is the purpose of your testimony?**

12 A. I will testify concerning operations and engineering and overhead and maintenance
13 details related to the 70-mile electrical Line (the "Line") between Mohave's Nelson
14 Substation and the Long Mesa Transformer located at the rim of the Grand Canyon prior to
15 Mohave's abandonment of the Line in July 2003, Mohave's reliance on the authority of the
16 BIA related to those operations and maintenance, the Indian Health Service and Havasupai
17 Tribe's addition and interconnection of a 13.5 mile spur line to the Line subsequent to July
18 2003, and the operations and engineering and overhead and maintenance and financial
19 effects of finding the Line to be part of Mohave's service territory.
20

21
22 **Q. Please summarize Mohave's status as a member cooperative.**

23 A. Mohave's predecessor entity was formed as a nonprofit corporation in approximately
24 July 1946. In May 1961, Mohave filed articles of conversion to become a nonprofit
25 electrical cooperative. Attached as Exhibit 1 is a copy of Mohave's articles of conversion.
26 Mohave is regulated by the Arizona Corporation Commission and has been granted a
27 Certificate of Convenience and Necessity ("CCN") to provide electrical utility service to its
28

1 members in its certificated area in northwestern Arizona, in and around Bullhead City,
2 Arizona.

3
4 **Q. How did Mohave become involved in providing electrical power to the Line?**

5 A. As has been established in the record in this case and in the stipulated facts for this
6 hearing, BIA began providing electrical power using gas powered generators to the
7 Havasupai Village at the bottom of the Grand Canyon in approximately 1965. BIA later
8 used diesel generators and electrical lines to supply electrical power to Havasupai Village.
9 By 1975, the Havasupai Tribe became increasingly dependent on electricity. In
10 approximately July 1976, BIA issued a Request for Quotation ("RFQ") to provide electrical
11 power to the Havasupai and Hualapai Reservations. Attached as Exhibit 2 is the RFQ.
12 Mohave and two other electric utilities responded to the RFQ. On approximately October 1,
13 1981, Mohave entered into Negotiated Utility Contract GS-OOS-6701 (the "Contract") with
14 the United States of American through the Administrator of the General Services
15 Administration on behalf of BIA. Attached as Exhibit 3 is the Contract. The major
16 provisions of the Contract included the following:

- 17 • Mohave would construct the 70 mile long power line from Mohave's Nelson
18 substation to the point of delivery, which was defined as the Long Mesa
19 Power Transformer on the rim of the Grand Canyon;
- 20 • Mohave initially funded the construction of the Line through a loan from the
21 Rural Electrification Administration, but BIA would reimburse Mohave for
22 the construction over time through a facilities charge;
- 23 • BIA would also pay a fee for the electrical service in addition to the facilities
24 charge;
- 25 • The Contract provided for a term of ten years from the date that Mohave made
26 electrical power available, which was to be not later than April 1, 1982;
- 27 • BIA had a right to renew the Contract for two additional 10 year periods;
- 28

- BIA and Mohave could serve the Hualapai Tribe through interconnects and line extensions from the Line.

BIA, with the consent of the Hualapai and Havasupai Tribes, granted Mohave an easement across the Hualapai and Havasupai Reservations to construct, operate and maintain the Line. Attached as Exhibit 4 are copies of those easements. Aside from those easements, Mohave never sought a license from the Commissioner of Indian Affairs, the Hualapai Tribe or the Havasupai Tribe to conduct any form of business on the Hualapai or Havasupai Reservations. Mohave also did not seek or receive a Certificate of Convenience and Necessity ("CCN") to provide electrical service on the Hualapai or Havasupai Reservations, although the Commission permitted Mohave to borrow funds and construct the Line in Decision No. 51491, issued October 22, 1980. Attached as Exhibit 5 is a Decision No. 51491. In the same Decision, the Commission recognized that the Line extended outside of Mohave's certified area. Mohave completed construction of the Line in approximately November 1981 and was delivering power through the line by April 1, 1982.

Q. Who received electrical power through the Line and how was it billed?

A. It was my understanding that the largest account on the Line has always been billed directly to the BIA at the Long Mesa Transformer end of the Line. As has been stipulated, the BIA then distributed the power over lines owned by the BIA into the Grand Canyon and Havasupai Village for use at BIA facilities on the Havasupai Reservation. The BIA resold some of the power to the Indian Health Services and to members of the Havasupai Tribe. I understand that, over the years, a number of other accounts added on to the line, including two additional Department of Interior/BIA accounts, six accounts billed to the Hualapai Tribe, a telephone tower, a ranch, a cabin, and the Bravo account. Prior to July 2003, these twelve smaller accounts received separate bills from Mohave.

1 **Q. Does Mohave consider the Line to be used and useful property and plant for**
2 **Mohave's members?**

3 A. No. The Line clearly has no use or useful property or plant characteristics for
4 Mohave's cooperative members generally, who for the most part are located more than a
5 hundred miles away from the Line. This appropriate characterization of the Line was
6 recognized by the Commission in Decision No. 53174, issued on August 11, 1982, soon
7 after Mohave began providing electrical power through the Line. Attached as Exhibit 6 is
8 Decision No. 53174. The Commission referred to the Line as a "transmission line" and
9 stated that the Line "is not used and useful, will not be used and useful, and was never
10 intended to be used and useful in the provision of service to [Mohave's] ratepayers."
11 Decision No. 53174 at 8 (emphasis added). Although the BIA in its prefiled testimony
12 attempts to characterize this finding as irrelevant and intended only for ratemaking
13 purposes, it is not so restricted in the Decision, and accurately characterizes this Line for all
14 purposes from the perspective of Mohave and its ratepayers/members.
15

16 **Q. Summarize your knowledge of the history of Mohave's involvement related to**
17 **the Line.**

18 A. The 1982 Line was constructed prior to my coming to work for Mohave. I reviewed
19 documents and engaged in management discussions with the department of finance and
20 others concerning the line and its history. It was my understanding the Havasupai and
21 Hualapai Tribes were upset about the lack of a consistent power supply by the Bureau of
22 Indian Affairs ("BIA") either from the generators at the edge of the Canyon or elsewhere on
23 the two reservations. From the written documents, the BIA, in response to the outcries of its
24 Tribal constituents, solicited from the investor owned utilities proposals to furnish Central
25 Station power at Long Mesa. See Ex. 2, June 1976 Request for Quotation.
26
27
28

1 It is my understanding that each of those proposals would have required an appropriation of
2 money to the BIA for an upfront advance in aid construction as well as a Federal Energy
3 Regulatory Commission approval of the APS or Citizens Utility or any other IOU wholesale
4 contract. The contemplated contract under the RFQ was a wholesale contract whereby the
5 BIA purchased from the IOU utility electricity under a FERC-approved rate for resale by the
6 BIA to its Indian customers. I have been led to understand the BIA could not get an
7 appropriation and wanted the selected utility to up-front the money and build the Line and
8 sell the electricity at wholesale under a contract to the BIA for resale. Mohave seemed to be
9 the only answer because it was a borrower from the Rural Electrification Administration
10 (REA) now known as RUS. My understanding is by working with Mohave to structure a
11 wholesale contract approved by the Government Services Administration (GSA), the BIA
12 convinced Mohave to secure a loan from REA to construct the line and provide power to the
13 BIA for resale to the Havasupai Tribal members in the Canyon on the understanding that
14 while the GSA would not approve a 30 year contract to allow recovery of the loan and
15 associated depreciation and expense, it would approve a 10 year contract with two 10 year
16 renewal options. At the end of the term Mohave would be required to remove the Line.

17
18 The contract for sale of electricity to the BIA was turned into a formal GSA document. Ex.
19 3, Oct. 1981 Electrical Utility Contract. Mohave received easements for the Line from the
20 BIA. See Ex. 4, Hualapai and Havasupai Easements. Mohave constructed and energized
21 the Line, which crosses 70 miles of rural and sparsely inhabited territory, prior by April
22 1982. See Ex. 7, Photos of the Line.

23
24
25 It is my understanding the Line was paid off in 1991 before the expiration of the first term
26 of the contract. See Ex. 8, March 1991 Payment Records. The financial calculations and
27 rate calculations, I am told were revised and the contract continued until the end of the term
28 in 1992 when it terminated. I understand that Commission records indicate that in the first

1 rate case after the contract was executed the inclusion of the Line in rate base was
2 recognized as improper and the Commission excluded it and found the Line to not then be
3 and to not be in the future used and useful to Mohave and its membership, although the
4 contract was recognized and the rate tariff was an approved Commission rate. Ex. 5 and 6,
5 Decisions No. 51491 and 53174. It was my understanding that the billing rates were
6 determined by the contract as well as by approved Arizona Corporation commission tariffs.
7 My information is from reading the documents and participating in management discussions
8 and negotiations, but the Financial Manager, Mr. Stephen McArthur, was the person in
9 charge of finance for Mohave and died suddenly from a stroke a few months ago.
10

11 **Q. Did BIA allow the Contract to expire after the first 10 year term?**

12 A. Yes. BIA paid off the balance of the construction costs related to the Line in March
13 1991 and never exercised its option to renew the Contract. Attached as Exhibit 8 are
14 records related to BIA's final payment of the construction costs for the line. On or about
15 March 17, 1992, Mohave sent a letter to BIA, noting that the Contract would expire on April
16 1, 1982, and asking whether BIA would seek to renew the Contract. Attached as Exhibit 9
17 is a copy of that letter. BIA never responded to that letter, never formally or informally
18 extended the Contract, and Mohave then and now considered the Contract as expired.
19

20 **Q. How was the Line operated and maintained prior to July 2003?**

21 A. As the Manager of Operations it was my understanding from the records and
22 employees that, during the first 10 year term, the contract governed, and while there were
23 occasional outages, the BIA removed the diesel generators that provided additional
24 emergency electric system reliability in the event of outages. Repairs were made in the
25 event of outages by Mohave consistent during that time with the contract which also had
26 financial and expense and reimbursement provisions (Indian Tribal taxes were the
27 responsibility of the BIA). For a period of time beginning in 1992 there was litigation and
28

1 attempts at negotiations with the BIA about either the 1982 contract with its financial
2 provisions for payment of expenses or some other type of contract arrangement with the
3 BIA. During that period of time, whenever there were outages or needs for repair to the Line
4 I was directed by Management to continue to provide needed services to the extent that
5 Mohave was able to respond. I understood that BIA contract persons reviewed the costs and
6 expenses being charged under the 1982 contract by Mohave to the BIA for expense of
7 maintaining the Line and found them reasonable and inline with other similar expenses
8 being paid in other BIA electric operations, such as the San Carlos Irrigation Project.
9

10 My understanding and instruction until about 1997 was that Mohave expected to conclude
11 an agreement with the BIA for continued power supply and for the expense of power line
12 maintenance which would recover the costs incurred by Mohave. No agreement was
13 reached. See Exhibits 10, 11, 12, 13, 14. In recent years, whenever Mohave finds that, due
14 to its limited resources, it is unable to render repair or outage assistance on the Line because
15 of its circumstances being spread out over such wide certificated area ranging from almost
16 Needles, California north to Kingman and then south along the Big Sandy River and
17 Highway 93 to Wikeiup, then the other utilities respond to the BIA and use their resources
18 to repair the Line.
19

20 It was my understanding that after the Line was paid off and then again subsequent to the
21 failure of negotiations and the removal of the billing meter to the Nelson substation (which
22 is within Mohave's Certificate of Convenience and Necessity), there was a restructuring of
23 the bill and invoice to the BIA. It was my understanding at that time Mohave regarded the
24 continued sale of electricity to the BIA for the BIA to resell as a sale to a customer within
25 the certificated service area at Commission approved rates.
26
27
28

1 Mohave continued efforts to negotiate with the BIA until 2003 when management and the
2 Board finally determined that the BIA was not interested in good faith negotiations but only
3 in forcing Mohave to assume responsibility for the Line and all connections. Consequently,
4 in 2003 Mohave abandoned to the BIA and the Tribes as they might decide among
5 themselves the Line and the facilities, including the approximately current 10-12 meters and
6 the service drops which had been operated as the agent of the BIA. See Exhibits 15, 16, 17,
7 18, 19 and 20. While Mohave continued to sell electricity at Nelson to the BIA for resale to
8 the accounts and the Indians along the Line and charged its least expensive ACC approved
9 large customer rate, Mohave stopped reading meters and giving credits.

11 As BIA has testified concerning the customers in the Canyon due to the needs of its
12 operation in the Canyon, the BIA had and has experience of reading meters and charging its
13 Indian customers for electricity. The BIA collects money from the Canyon customer Indians
14 who receive retail electric service and has a person who is able to read meters. It should not
15 have been or be difficult for the BIA to have that person read an additional 12 or fewer
16 meters and minimize its financial expense and to recover from the recipients the expense of
17 the electricity.

19 It was my understanding around 1997 that Mohave notified the BIA that Mohave, to the
20 extent it had personnel and equipment available in the event of needed repairs or system
21 interruptions it would be available to perform repairs and maintenance on the Line if
22 requested but would require the BIA to pay the costs incurred. Under my direction a form
23 of mutual aid agreement, the Operations Protocol, see Exhibit 21, was created among the
24 surrounding utilities, UniSource and Arizona Public Service and Mohave. This was a
25 protocol developed to assure the BIA and its customers that if a need for repair occurred
26 along the 70 mile Line, there was a method set up for attending to those needs as quickly as
27 possible under all the circumstances.
28

1
2 Each entity agrees to provide assistance on the condition of being paid and reimbursed for
3 expenses incurred, to the extent a request for repairs is made or there is an emergency and
4 resources not needed for a utility's own customers are available to be dispatched. The
5 protocol requires that if and when there is a need, Mohave is contacted. If Mohave is unable
6 to respond, the BIA immediately contacts UniSource, and if UniSource cannot respond, then
7 BIA contacts Arizona Public Service. Or, as the BIA has done in the past, it calls and uses
8 Sturgeon Electric (which specializes in pole line replacement or construction, such as that
9 required recently in the Canyon) or Zeus Electric.
10

11 The BIA has contracting experience with all of these entities according to its records.
12 Mohave's holding in abeyance after contract termination in 1992 its requirement for
13 payment of expenses incurred when rendering repair or other service was only during the
14 period of what was hoped to be a successful conclusion of negotiations. When Mohave
15 finally realized that the BIA was not interested in contracting again with Mohave, the 70
16 mile Line, previously declared by the ACC to not be used or useful, became surplus and
17 unnecessary for any operation of Mohave or discharge of a contract obligation. Thereafter,
18 as was the practice of APS and UniSource, Mohave sought reimbursement and payment for
19 any expense it incurred for services that it rendered at the request of the BIA.
20

21 Mohave operates with resources adequate to effectively serve and make reliable the service
22 within Mohave's Certificated far-flung and sparse service area and this is done by design.
23 Prior to contract termination in 1992, it was my understanding overhead, maintenance and
24 repairs expenses were paid by the BIA according to the contract. Often times the outages on
25 the abandoned Line outside of the Mohave Certificated area occur concurrent and
26 simultaneous with service needs critical to the health safety and welfare customers within
27 the Certificated area. Meeting the needs of members determines in large measure if and
28

1 when Mohave can allocate and commit resources to attend to the repair and service
2 restoration needs of the BIA and its customers. The same is true of APS and UniSource.

3
4 Recognition of this limitation on available resources during outages and at other times is
5 why the protocol agreement was created. It gives the BIA no less than three electric utilities
6 upon which to call to meet needs along the Line and even into the Canyon. Obviously, given
7 the vast distances that must be traveled, there are what may be perceived as delays in
8 restoration of service. Given the circumstances, the location of the Line, the distances and
9 travel time involved, and the nature of materials which might be needed, in my opinion as
10 Operations Manager, responses to the requests of the Tribes and of the BIA have been
11 remarkable timely. The BIA claim that Mohave does not immediately respond to the needs
12 of the BIA which disadvantages the retail customers of the BIA is an unacceptable claim
13 based on history, the topography and the true facts and circumstances. It also ignores the
14 fact the BIA abandoned the installation and use of its diesel generators and has refused to
15 reinstall back-up emergency diesel generators at Long Mesa to meet the needs of its
16 customers.

17
18 Mohave has always tried to schedule its resources in such a way as to be able, after meeting
19 the needs of its certificated service area customers, to respond as quickly as circumstances
20 permit to the needs of the BIA. It was for this reason that the mutual aid agreement was
21 created so that the BIA would have several electric utilities to contact for assistance in
22 response to needed repairs and outages.

23
24 In my opinion the critical failure of the BIA and breach of its duty to its customers and the
25 Tribes in this instance is the fact that once the 70 mile Line was created, rather than keep the
26 diesel generators and maintain them on the pads at Long Mesa as contingency and
27 emergency and spare electrical generating facilities in recognition of the vulnerability of the
28

1 Line and the needs in the Canyon, the BIA removed them and/or allowed them to deteriorate
2 and or for some other reason removed generator facilities which could respond to any
3 emergency outage needs of the villages in the Canyon and elsewhere.
4

5 In my opinion as an Operations Manager of a power system, the abandonment of historic
6 generation capability at Long Mesa by the BIA was a fatal flaw in the fulfillment of BIA
7 duties to the people in the Canyon and elsewhere along the Line. To abandon and refuse to
8 keep installed the diesel generators was evidence of a plan by the BIA from the earliest
9 years of the 1982 contract to walk away from its responsibility to provide reliability to meet
10 the electric needs of the Indians in the Canyon and to rely solely upon Mohave and the
11 single vulnerable 70 mile Line. This strategy became evident to me when the BIA, despite
12 notice of expiration, allowed the 1982 contract to terminate instead of sending a notice of
13 renewal as provided in the agreement. The fail-safe method of operations, which the BIA
14 should have employed, was to have kept the generators ready to be activated whenever the
15 70 mile Line service was interrupted.
16

17 In my opinion and experience as an Operations Manager it is simply inaccurate to say that
18 regular maintenance would detect damaged fuses because fuses do not fail until they
19 actually fail. Also regular maintenance does not detect a fallen pole because the service is
20 not interrupted until the pole is down. It is also an unfair accusation to say that once the
21 contract had terminated in 1992 and the BIA refused to continue its contract payments that
22 Mohave's customers were to bear the expense of vegetation management and tree removal
23 along a 70 mile Line. The BIA was capable of patrolling and requesting repairs and
24 maintenance and paying whatever utility or company responded. An example was the hiring
25 by the BIA of Asplundh Tree service and paying it to remove vegetation. This is the same
26 company used by APS, Mohave, SRP and others to do that specialized work. And it seems
27 to have willfully acted to create circumstances so that it could attack Mohave whenever an
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1 outage occur by removing and not replacing the generators at Long Mesa in an attempt to
2 persuade the Commission to make the members of Mohave pay the expense of what is a
3 BIA obligation. It would not even agree to pay the Western Area Power Administration the
4 costs incurred to administer the line and its maintenance.
5

6
7 **Q. Did Mohave ever consider that it had individual customers along the Line route**
8 **during the Contract period?**

9 A. No. When I arrived at Mohave and took over management of operations, it was my
10 understanding Mohave had not sought and did not have any intent to include the Line or
11 approximately 12 services into its certificated area. Mohave did not have authority to act on
12 the reservation except the easement. It did not seek to be qualified to transact business on
13 the reservations as an Indian Trader under Federal and Tribal law and did not have nor seek
14 Tribal authorities to go outside the 70 mile Line easement, a portion of which easement has
15 now expired. Service to the approximately 12 or so customers along the 70 mile Line had
16 been extended prior to 1991 and I was advised this had been at the instance and request and
17 under the authority of the BIA.
18

19 To my knowledge Mohave had no other authorization for the delivery of retail service on
20 the Indian reservations and had no other lawful authority to operate outside of its right-of-
21 way except as the agent of the BIA for the service drops or delivery of service off the line. It
22 was not licensed as an Indian trader by the Tribes and had no authority to transact business
23 on the reservation, and no authority from the ACC, which had found the Line to not be used
24 or useful. I was told that prior to 1992 the BIA and the Tribes requested the approximately
25 12 service drops and to my understanding and knowledge those were extended and made as
26 a BIA agent and as a courtesy to the BIA under the 1982 contract. Once the BIA determined
27 to terminate the 1982 contract and Mohave was required to remove the Line, the continued
28

1 delivery of electric service during negotiations was a good-faith effort by Mohave to enter
2 into a new contract relationship with the BIA. Continued service was not done in order to
3 extend the Mohave certificated area or its service area.
4

5 It was my understanding that the management and membership of Mohave in 1982 at the
6 outset never intended, and the Arizona Corporation Commission in its 1982 order did not
7 permit or approve delivery of retail electric service to the some 700 square miles of vacant
8 lands in the middle of two sovereign Indian nations outside the 70 mile Line easement. The
9 service after 1992 was effectively a continued delivery of wholesale service to the BIA with
10 incidental service under its agency to 12 or so customers in an effort to reach a mutually
11 agreeable new contract.
12

13 My basic job has been to continue the effective delivery of reliable electric service to the
14 now some 38,000 members of Mohave spread over the distances that I have previously
15 described. We have limited resources available to serve in our own remote areas. I am
16 aware that there was accounting treatment and some filing treatment by Mohave of the 12 or
17 so accounts along the Line but it was always my understanding from management that this
18 accounting treatment was the result of Mohave trying to keep track of what services were
19 being provided at the request of the BIA consistent with the terms of the contract prior to
20 1992 and do that for purposes of the spirit and intent of the contract along the 70 mile Line.
21 It was my understanding that certain accommodations were being made to the BIA for the
22 various 12 accounts of that were almost totally accounts belonging to the BIA and the
23 Tribes themselves, with perhaps 2 or 3 exceptions.
24

25 It should also be remembered that Mohave always continues to deliver electricity at the
26 Nelson substation to the account of the BIA. Neither the BIA nor any of its customers along
27 the 70 mile Line or in the Canyon are ever denied actual access to electricity at Nelson
28

1 substation. It should also be remembered that it is completely within the discretion of the
2 BIA to install adequate and sufficient diesel generation at the top of the Canyon to insure
3 that in the event of an outage or other emergency the Havasupai in the Canyon and
4 elsewhere will have a reliable back-up supply of electricity during emergencies
5

6 **Q. What were the facility charges that Mohave billed the BIA?**

7 A. While the calculation of the invoices was not within my expressed job scope as
8 Manager of Operations and belong to the comptroller and financial Manager, it was my
9 understanding that, after the transmission Line was paid off because the BIA wanted to
10 accelerate the repayment that was otherwise due under the contract, that various charges
11 were reconfigured and restructured in the invoices being presented to the BIA in order to
12 reflect the lesser charge. Other charges like the facilities charges remained because they
13 were set forth in the contract. Even though the contract terminated in 1992 because the BIA
14 refused to extend it, it was the intent of Mohave to continue negotiating and to try and keep
15 everything in place and to treat all of the business and financial matters in the same manner
16 in which they had previously been treated until the appropriate successor contract
17 relationship could be developed and concluded.
18

19 It was my understanding that various credits were given to the BIA because it was felt that
20 the BIA, in order to operate its own books and records, would prefer to have the
21 approximately 12 accounts paid directly to Mohave even though those accounts were
22 extended as a courtesy to and under the authority of the BIA and not pursuant to any
23 undertaking of retail responsibility (given the previously recited facts that Mohave had no
24 Corporation Commission authority or other legal authority to operate outside of the 70 mile
25 Line right-of-way except under the agency of the BIA and could be declared a trespasser
26 and be vulnerable to taxes and liabilities and damages if any of the Tribes at any point in
27 time sought to claim taxes or damages or to challenge the status of Mohave on the
28

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1 reservations). In each of the instances, unless Mohave claimed to be operating under the
2 agency and authority of the BIA, in my opinion as Manager of Operations, it was
3 completely defenseless to any Tribal action claiming Mohave was unlawfully on the
4 reservations and transacting business without appropriate licenses and consents.
5

6 **Q. From an engineering and operations perspective, did Mohave consider the Line**
7 **to be a transmission or distribution line?**

8 A. It was my understanding as the Manager of Operations that the essential function of
9 the 70-mile Line was a transmission line to deliver electricity to the BIA in order for it to
10 sell electricity to the Indians in the Canyon along its retail distribution lines. The incidental
11 service approximately 12 or fewer essentially BIA and tribal accounts was practical because
12 the actual physical voltage and facility construction of the line was such it could
13 accommodate the requested service drops without having to put in place any additional type
14 of step-down and transformation facilities and equipment.
15

16 I was led to believe from conversations and experience (with the BIA helping the Fort
17 Mojave Indian Tribe create the AhaMaCav Tribal Utility Authority) that the nature of the
18 line was constructed not only to be a transmission line to the BIA for resale of electricity but
19 also to make it easier for any subsequent Tribal Enterprise to get into the electric utility
20 business. It was always my understanding from what I was told that the BIA wanted the
21 Tribes to eventually get into the Tribal utility business and eventually wanted the Tribes to
22 be able to deliver retail electricity to themselves and others on their respective reservations.
23 It was for that reason that, when I began working for Mohave in 1991, Mohave employed
24 two tribal members who were being trained to work as linemen for when the Tribes took
25 over maintenance and control of the Line after the contract expired. The BIA could get out
26 of the electric business, stop seeking appropriations, and escape its fiduciary duty and
27
28

1 expense of delivering that service to the Indians. I say this based on what I understood to be
2 documents produced from the late 1970s and early 1980s.

3
4 My understanding over the years this was also one of the reasons why we understood the
5 contract to require that if the BIA and the Indians did not take over the Line when the
6 contract terminated (whether or not it had ever been renewed), Mohave was contractually
7 obligated to tear down and to remove the Line. This provision induced Mohave to believe
8 that ultimately the BIA intended that the Tribes own and operate the Line for service on the
9 Tribal areas.

10
11 An example of my understanding and belief is the way in which the BIA and the Tribes
12 asserted control and assumed jurisdiction and operational control over the Line and
13 cooperated with and allowed the Indian Health Service in 2003 to build, construct and
14 operate and interconnect with the 70 mile Line a new 13.5 mile line completely outside any
15 Mohave related historic easement or right of way relationship. An application, should
16 Mohave wanted one, for extension into such a remote and unpopulated area with horrendous
17 potential economic impacts and requirements was believed by Mohave to not be the type of
18 extension the Commission would permit or approve, particularly due to its adverse
19 economic impact on the certificated area members. There were in my opinion as operations
20 manager no economic justifications then or now to support a request for service are
21 expansion in this area.

22
23 Mohave does not believe that the extension of approximately 12 services as a courtesy to
24 and under the authority of the BIA prior to the BIA 1992 termination of the original contract
25 could or should be extrapolated to the economic disadvantage of Mohave's 37,000 members
26 and converted into an unfunded open-ended expense obligation to serve the entire area by
27 forcing the Mohave members to assume the unfunded expense of a BIA federal mandate.
28

1 We always considered the Line to be a contract transmission line delivering electric power
2 to the BIA for resale with incidental connection of 12 services as a courtesy to the BIA and
3 under the authority of its agency during the first 10 years. We tried to deal in good faith to
4 not interrupt service while trying to negotiate a new contract.
5

6 **Q. Do you agree with the conclusions reached by BIA witness Leonard Gold**
7 **concerning Mohave's treatment of the Line in regulatory filings?**

8 A. No. I am not a lawyer. Mr. Gold, to my knowledge is not a lawyer. In my opinion
9 neither of us can conclude the legal effects and the interpretation of the GSA BIA 1982
10 contract and the ruling in 1982 of the Arizona Corporation Commission nor the
11 interpretation of the applicable statutes, rules and regulations and regulatory filings. The
12 filings will say what they say, but the legal effect, if there is any legal effect in light of the
13 original contract and subsequent Commission orders and rules and regulations, is beyond
14 what I believe is my and Mr. Gold's areas of expertise.
15

16 In my opinion as an Operations Manager the treatment by Mohave of the Line in regulatory
17 filings without express formal federal or state or tribal recognition and approval of the
18 consequences does not affect the legal electric service relationship between Mohave and the
19 BIA and the Indians. My area of experience is in operations. Mr. Gold is a respected and
20 registered engineer. I am unaware he has legal contractual expertise or license to give a legal
21 opinion on contractual interpretation or the legal consequences of various legal filings upon
22 the relationship of persons who have entered into a formal contract.
23

24 In portions of his testimony, Mr. Gold attempts to resolve the differences in terminology
25 among words such as "power line", "transmission line" and "distribution line" but all his
26 efforts accomplish is to require the conclusion that for a correct understanding of the legal
27 contractual function of the 70 mile Line one must look to the 1982 contract and the 1982
28

1 Commission order. Physical characteristics of lines which describe their normal or typical
2 use cannot overcome what is, in this unique situation, a contractual intent of making the
3 Line a transmission Line of electricity for resale. After all, there was not going to be an
4 extension of the UniSource/Citizens service territory or the APS service territory if they had
5 been selected because, in each instance, there was going to be an approved FERC wholesale
6 contract in recognition of the intended wholesale transaction.
7

8 The fact Mohave physically constructed an adequate line for delivery of the service does not
9 allow the physical characteristics of the line to change the nature of the contract
10 relationship. In any event, the contract recognized that, if the wholesale demands of the
11 BIA exceeded a certain level, the BIA had to make facility improvements. Such would
12 never have been the case if the relationship was simply a retail customer relationship. Again,
13 the characteristics of the terminated contract control.
14

15 And, I am told, it is clear from the negotiating tactic of the BIA of filing in the Court of
16 Claims a dispute over the construction and operations costs of the line which the staff of the
17 BIA themselves would not support, that the BIA terminated the contract in 1992 in the
18 belief it could pass on to the members of Mohave the unfunded expense of the BIA's federal
19 mandate to take care of the Indians and the tribes. Mr. Gold's recitation of facts and figures
20 do not in my opinion, having built or supervised the building of power lines over 25 years,
21 cause a legal conclusion, only an engineering textbook conclusion, and this case, in my
22 opinion, not best engineering techniques or concepts.
23

24 **Q. Do you agree with the conclusions reached by BIA witness Leonard Gold as to**
25 **the engineering and operational aspect of the Line that in his view render the Line a**
26 **“distribution line”?**
27
28

1 A. Absolutely not. See my prior comments. The voltage capacity of a line does not
2 alone determine its use, especially where, as here, there is a Contract governing the use and
3 nature of the Line. Although I would agree that 24.9 kV lines are typically considered from
4 the text books distribution lines because of their use and suitability for electric service in
5 urban retail situations that label usually applies in urban settings, and is of questionable
6 application in a remote area such as the Hualapai and Havasupai Tribal lands at issue here.
7 A 24.9 kV line in a highly-developed area such as Bullhead City has different uses that a
8 24.9 kV line delivering power to a single meter at Long Mesa for BIA retail distribution in
9 non-certificated lands on a federal Indian Reservation. In my opinion it is misleading to
10 apply urban standards to this Line in this location and for this use.
11

12 It is equally misleading to attempt to use the Line Siting Committee jurisdictional provisions
13 such as A.R.S. Sec. 40-360(10) to imply that any line under 115kV must be a “distribution
14 line.” The Line Siting Committee statutes, as well as the rules of NERC and WECC
15 concern reliability and jurisdiction by authorities, and these statutes and rules do not reflect
16 legal conclusions to be drawn from contracts. Rather, the contractual mechanisms under
17 which the service was established must control the characterization of the use, together with
18 consideration of whether the utility even has a CCN or other proper legal authority to serve
19 customers in the area where it is alleged to be providing “retail service.”
20

21 Mr. Gold’s description from text books on line construction characteristics is classically
22 accurate as to the classical construction characteristics but ignores the 1982 contract which
23 by no means contemplated in my operations management opinion any relationship other
24 than a transmission sale for resale with provisions for certain service accommodation under
25 the authority of and with the consent of the BIA for so long as the contract existed (keeping
26 in mind the obligation to remove the line).
27
28

1 For several years now since 2003, Mohave has simply delivered wholesale power to the
2 BIA at the Nelson Substation, invoiced the ACC approved metered rates at that location to
3 the BIA, and the BIA, in fulfillment of its federal mandate to address and solve the health,
4 education and welfare electric service needs of the Tribes, has taken and distributed the
5 power from there. If there is a service interruption, agreements are in place to restore service
6 so long as the expense is reimbursed to the providers of the repair services. Mohave
7 continues to deliver electricity under Commission approved rates to the BIA at the Nelson
8 substation. And the BIA meter reader has an additional 12 or fewer meters to read.
9

10 **Q. Did Mohave abandon the Line in July 2003?**

11 A. Yes. The failure to conclude mutually agreeable contractual relationships after the
12 termination of the contract in 1992 despite years of efforts to conclude an agreement
13 including litigation in Federal Court confirmed in the mind of management, particularly
14 after consideration of the Arizona Corporation Commission 1982 order declaring the Line
15 not used or useful (and never to be used and useful) that the fiduciary duty of the Board and
16 management was to minimize the risk and liability to the 37,000 members of Mohave within
17 is recognized CC&N. Mohave concluded that the 70 mile Line was surplus to the needs of a
18 Cooperative without a mutually agreeable contract like the terminated 1982 contract, and
19 Management recommended abandonment. The board adopted a resolution of and
20 authorized and instructed be filed instruments of abandonment. See Ex. 14. Subsequently
21 after the Line was abandoned, the BIA and the Tribes inherited the opportunity to provide
22 themselves electric service. See Exhibits 15, 16, 17, 18. Otherwise, under the terms of the
23 original 1982 contract, Mohave was then required at the request of the BIA and Tribes to
24 remove the Line. See Ex. 3.
25

26 **Q. To your knowledge how has the Line been operated and maintained since July**
27 **2003?**
28

1 A. As I have explained, subsequent to July 2003 electricity has continued to be sold and
2 delivered to the BIA at the Nelson substation under Mohave's most favorable Arizona
3 Corporation Commission approved tariff, enabling the BIA to use and or resell and
4 distribute electricity to the approximately 12 accounts and to the Havasupai in the Canyon
5 and whatever other uses the BIA may care to make, including for instance sales to the
6 Indian Health Service and the Havasupai off the 13.5 mile line they built. And after the
7 abandonment of the line to the BIA, upon interconnection the BIA demonstrated it had
8 assumed the expense of connection and operation of the new 13.5 miles of electric service to
9 the Indian Health Service and Havasupai in fulfillment of its federal mandate, which
10 included assumption of control over the abandoned 70 mile Line and assumption of
11 financial responsibility of for capital and other costs attributable due to any current or future
12 increased load imposed on the Nelson substation, if, as and when it might occur.
13

14 **Q. How does the Operations Protocol with UNS Electric and Arizona Public**
15 **Service Company related to the Line work?**

16 A. As I have commented, whenever there is an need or incident or interruption on the
17 Line that requires attention, the BIA follows a process. In some instances BIA calls upon
18 Sturgeon Electric to rebuild lines which, by the way is what Mohave and APS and
19 UniSource would usually do in this remote area. This occurred recently in the Canyon.
20 Sometimes BIA calls Zeus Electric. Normally BIA first places a call to Mohave to
21 determine if Mohave has resources readily available to respond. Given the fact an outage in
22 the general area usually means there are outages within Mohave's certificated area, Mohave
23 may not have resources readily available. The BIA then contacts Unisource. If UniSource
24 does not have resources readily available, the BIA contacts Arizona Public Service. In each
25 instance, the participating utility requires that it be reimbursed and paid for the costs that it
26 incurs.
27
28

1 So far, use of the process and protocol and mutual aid agreement by the BIA has worked.
2 Reported incidents and outages have been responded to and outages restored to service and
3 the BIA has paid the bill from the responding utility or company. As I have noted, outages
4 on the Line must be expected from time to time, but the Line was and is well constructed
5 pursuant to federal REA standards which have proven as standards to be excellent since the
6 1930s. With the Mutual Aid agreement, the BIA is the beneficiary of having the resources
7 of 3 utilities and two experienced contractors available to respond. Will there be delays?
8 Yes. The nature of the Line and the territory are such that delays are to be expected. This
9 does not mean, if there is a delay, that there has been a failure of duty to respond
10 responsibly. As utility managers, we all respond to emergencies as best we can within our
11 physical resource constraints.

12
13 **Q. Is there any basis upon which Mohave owes a duty to reimburse the BIA for**
14 **repair services Mohave and others performed on BIA's behalf on the Line?**

15 A: In my opinion, no. After the 1992 BIA contract was terminated and there was BIA
16 refusal to renegotiate or extend the contract, in my opinion, the BIA, as a fiduciary to the
17 Indians, had the obligation (and not the 37,000 members of Mohave) of maintaining the
18 integrity of the Line and the approximately 12 pre-1992 accounts and the reliability of
19 service along that Line. In my opinion, upon assurance of reimbursed expenses, it was the
20 obligation of Mohave, as a sister utility, to deal in good faith with the BIA and to respond as
21 best it could under the circumstances to any BIA requests for aid and assistance. The BIA is
22 attempting to shift the expense it should continue to pay and to put it on the backs of the
23 Mohave members so that they pay what is actually the expense of the BIA federal mandate
24 and obligation to take care of and pay for the health, safety and welfare electric needs of the
25 Tribes, their members and the Indian Health Service.
26
27
28

1 As it has demonstrated and testified, the BIA has the money and it has the responsibility to
2 purchase and pay for the expense of the electricity and cause it to be delivered over the 70
3 mile Line and to maintain, with the help of the three utilities and the two described electric
4 service companies, the associated facilities which can and should be maintained at federal
5 expense in a condition of repair adequate to provide reliable service. That responsibility
6 should not be on the backs of Mohave's 37,000 other members within the existing CC&N.
7 Mohave delivers the electricity at the Nelson Substation and is ready and willing to help the
8 BIA on the condition it is reimbursed its expenses, the same as required by UniSource and
9 APS.
10

11 **Q. To your knowledge, have there been any changes or additions to the Line since**
12 **July 2003?**

13 A. Yes. With the permission of and assumption of control after abandonment of the 70
14 mile Line by the BIA and the Tribes, a 13.5 mile line with an unknown number of services
15 has been interconnected to the Line. The BIA and IHS and Tribes effectively assumed
16 responsibility and the expense for and control and operation of both lines and their attendant
17 facilities and customers.
18

19 **Q. Did Mohave have any involvement in planning or oversight of the 13.5 mile spur**
20 **added to the Line?**

21 A. No. The 70 mile Line and service drops had been abandoned prior to the
22 construction and interconnection by IHS and Havasupai of the 13.5 mile line. The BIA
23 electric demands on the capacity of the Nelson substation was limited by the 1982 contract.
24 In the event the BIA sought to increase electrical demands beyond the provisions of the
25 1982 contract it was required to pay for the expense of increased use and demands on
26 capacity. It now seeks to evade and avoid that responsibility and shift the expense to
27 Mohave ratepayers.
28

1
2 Upon abandonment of the 70 mile Line the Nelson and other expenses reverted back to the
3 BIA (avoiding for the Mohave members the cost shift intended by the BIA by terminating
4 the contract). All the lines belong to the BIA and Tribes and HIS as they agree among
5 themselves. The Indian Health Service built a 13.5 mile line, created a demand for
6 electricity and sought an interconnection with the 70 mile Line. Being the stewards and
7 owners of the Line and having assumed in my opinion responsibility for and operation and
8 control of the Line, the BIA and the Tribes permitted the interconnection which created an
9 additional burden on the Nelson substation. Mohave did not participate in the planning or
10 construction of the new line or the interconnection with the abandoned Line.
11

12 In my opinion Mohave had no operational or technical right to nor obligation to participate
13 in the planning or construction of the new line or the interconnection with the abandoned
14 Line. Construction and interconnection of the new line with the abandoned Line has
15 consequences upon the electrical capacity and capability of the Nelson substation for which
16 expenses the BIA and the Tribes have responsibility. This is an impact on the Mohave
17 Certificated Service Area and reliability of its electric system.
18

19 In my opinion from an operations perspective it would be inappropriate and, from a
20 management perspective, it would be an unlawful extension of Mohave's service territory
21 for it to have any responsibility for the Indian Health Service line, customers or the
22 interconnection. The BIA and the affected Tribes have assumed operation and control of
23 the abandoned 70 mile Line and the interconnected line and are responsible for the financial
24 and physical operation, repair and maintenance of that line and for the capital costs of any
25 improvements required at the Nelson substation or elsewhere.
26
27
28

1 **Q. What would be the effect on Mohave's operations and activities if the**
2 **Commission were to require it to operate and maintain the Line?**

3 A. As the Manager of Operations, without a BIA contract for reimbursement of the
4 costs of operations of the line, the cost to Mohave would be a significant burden on the
5 already burdened 37,000 plus members in the certificated area. Mohave and its members
6 would probably be without insurance for certain activities on the reservation since the
7 activities and facilities would occur and be located on lands of sovereign Tribal nations and
8 there would be no Indian Trader License or Secretary of the Interior approved Tribal
9 licenses or rights of way and there is usually no insurance for the consequences of illegal
10 acts. Moreover, one of the original easements has expired.
11

12 Without a BIA contract and new easements and Tribal authorizations, the members, instead
13 of the BIA, would be subject to whatever taxes the Tribes wanted to impose (which
14 previously were paid by the BIA and amounted to in excess of \$20,000 a year). Also,
15 Mohave would be subject to financial liability in Tribal courts and would be acting without
16 a Indian Trader License and would be operating unlawfully as a trespasser on Tribal lands
17 because there would no longer be an agency contract relationship with the BIA as the agent
18 of the Tribes. I would be required to staff and equip at the expense of the members of
19 Mohave. without the reimbursement originally provided for in the 1982 contract an
20 inherently uneconomical isolated system for delivery of electrical service which would be
21 an economic burden on the members of Mohave.
22

23 In my opinion, were a request for extension of the CC&N into this area be made to the
24 Arizona Corporation Commission, based on an economic analysis of the area and service
25 requirements and the need for advances in aid of construction and other expense
26 reimbursement provisions, which requirements would not be binding upon the Tribes or the
27 United States because of sovereign immunity, and the adverse impact on existing members
28

1 both financially and liability wise, the Commission would not authorize an extension of the
2 certificated area.

3
4 Additionally, the failure and refusal of the BIA to have maintained or to have reinstalled the
5 diesel generators at the top of Long Mesa (which originally existed at the time of the 1982
6 contract, I am told, when the Line first became operative in 1982), would continue to make
7 the service along the entire 70 mile Line including the retail service of the BIA to its
8 customers in the Canyon and to the approximately 12 meters along the Line expensive to
9 maintain. The additional unfunded expense is a transfer of a federal mandate belonging to
10 the BIA, once contractually paid by the BIA, which for years was and is now being paid by
11 the BIA which it has demonstrated it can pay with congressional approval and which now,
12 as Manager of Operations, I would be required to budget and to ask Cooperative members to
13 pay from their checkbooks to benefit the BIA and tribal related expenses.

14
15 **Q. What would be effect on Mohave if the Commission were to declare that the**
16 **Line was part of Mohave's service territory?**

17 A. I have just described some of the effect. The Commission would be ignoring the
18 sovereign Tribal jurisdiction over Tribal lands by asserting ACC jurisdiction over service to
19 the area without jurisdiction to even authorize recovery of billings due to the lack of
20 jurisdiction over activities on the reservations. Mandating the Line to be in Mohave's
21 service territory would also reverse the Commission's earlier 1982 decision that the Line
22 was not used and useful to Mohave's members and would not be used and useful to
23 Mohave's members. The Commission would be instructing Mohave to invade without the
24 authority of a separate sovereign nation which has its own laws, and to include as a part of
25 Mohave service territory with a duty to serve at retail approximately 700 square miles of
26 lands Mohave and its membership have never sought to serve, other than under the narrow
27 easement of the 1982 contract terminated by the BIA (then only as the agent of the BIA).
28

1
2 The Commission would potentially make vulnerable to the taxing, police and other
3 regulatory authority and jurisdiction of the sovereign Tribes and the federal government the
4 operation of Mohave's electrical business. The adverse economic consequences of this
5 action by the Commission, if it so orders would be an attack on the pocketbook and rights of
6 the current members. Anyone who understands the risks of doing authorized as well as
7 unauthorized business on Tribal lands must understand the tremendous potential liability to
8 the 37,000 members of Mohave. We believe our work on the reservation would probably be
9 uninsurable because the laws of the state and United States would be supplanted by the
10 Tribal laws, and we are not aware if our insurers would cover such an open ended liability
11 exposure. Even today, before we undertake work on the reservations we require tribal
12 consent to traverse portions of the reservations not within the easements for fear of being
13 declared a trespasser.
14

15 **Q. Does this complete your direct testimony?**

16 **A. Yes, it does.**
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1 ORIGINAL and 13 COPIES of the
2 foregoing were hand-delivered for
3 filing this 20th day of October, 2008 to:

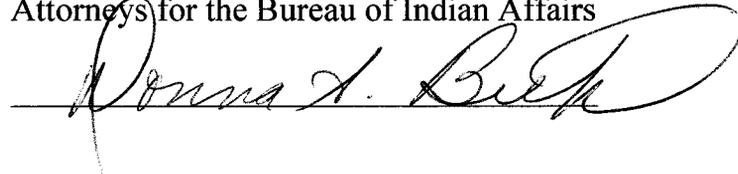
4 Docket Control
5 Arizona Corporation Commission
6 1200 W. Washington Street
7 Phoenix, AZ 85007

8 Hearing Division
9 Arizona Corporation Commission
10 1200 W. Washington
11 Phoenix, AZ 85007-2927

12 Janice M. Alward, Esq., Chief Counsel
13 Legal Division
14 Arizona Corporation Commission
15 1200 W. Washington Street
16 Phoenix, AZ 85007

17 COPY of the foregoing hand delivered this
18 20th day of October, 2008, to:

19 Mark J. Wenker, Esq.
20 U.S. Attorney's Office
21 40 N. Central Avenue, Suite 1200
22 Phoenix, AZ 85004-4408
23 Attorneys for the Bureau of Indian Affairs

24 
25
26
27
28

ARTICLES OF CONVERSION

of the

MOHAVE ELECTRIC CO-OPERATIVE, INCORPORATED

PREAMBLE

MOHAVE ELECTRIC CO-OPERATIVE, INCORPORATED, filed its Articles of Incorporation with the Arizona Corporation Commission on the 3rd day of July, 1946, as a nonprofit corporation dealing in electrical energy. In 1952 the State Legislature of the State of Arizona passed the Electrical Cooperative Act to which existing electric cooperative, nonprofit corporations might convert in the manner outlined by the Revised Statutes of Arizona. It is the purpose of these Articles of the Mohave Electric Co-operative, Incorporated, to convert into a cooperative as defined by the Electrical Cooperative Act, by the adoption of the within articles which, pursuant to law, will hereafter be deemed the Articles of Incorporation of the cooperative.

ARTICLE I

The corporation as it now exists is Mohave Electric Co-operative, Incorporated, and the present address of its principal office is Kingman, Arizona. The name of the company as a cooperative shall be Mohave Electric Co-operative, Incorporated, and the address of its principal office as a cooperative shall be Post Office Box 711, Kingman, Arizona.

ARTICLE II

This corporation was organized under the statutes of the State of Arizona providing for the incorporation of a corporation not for profit and as set forth in Section 53-408, Arizona Code annotated 1939.

ARTICLE III

The Mohave Electric Co-operative, Incorporated, elects to become a cooperative nonprofit membership corporation subject to the Electric Cooperative Act.

ARTICLE IV

The names and addresses of the directors of the cooperative are:

Russell Martin	Valentine, Arizona
N. T. Lause	Bullhead City, Arizona
Verner Evans	Sandy Route, Kingman, Arizona
James Curless	Peach Springs, Arizona
Donald J. Dilts	Valentine, Arizona
Sam Joy, Jr.	River Route, Kingman, Arizona
J. Mason Thompson	Bullhead City, Arizona
Harry L. Hofreiter	Kingman, Arizona
A. T. Bland	Wicklup, Arizona

ARTICLE V

The nature of the business of the corporation and the objects or purposes to be transacted, promoted or carried on by it are as provided in Article 10, Chapter 2, A.R.S. 1956.

ARTICLE VI

The statutory agent upon whom all notices and processes, including service of summons, may be served, shall be JOHNNIE R. RALEY of Kingman, Mohave County, Arizona.

ARTICLE VII

The corporate existence shall begin on the date these Articles are filed with the Corporation Commission and shall exist

and continue for twenty-five years thereafter, with the privilege of renewal as provided by law.

ARTICLE VIII

Section 1. Any person, firm, corporation or body politic may become a member in the corporation by:

- (a) Paying the membership fee hereinafter specified;
- (b) Agreeing to purchase from the corporation electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the articles of incorporation of the corporation and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors, provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members.

The bylaws may provide for appeal by an applicant to a meeting of the members. No person, firm, corporation or body politic may own more than one (1) membership in the corporation.

Section 2. The membership fee shall be five dollars (\$5.00), but the bylaws may provide for additional fees to be paid by members requesting more than one service connection.

IN WITNESS WHEREOF, we, as the duly elected, authorized and acting directors, have hereunto set our hands and seals as such

directors in the County of Mohave, State of Arizona, on this 17th
day of May, 1961.

Russell Martin
RUSSELL MARTIN

N. T. Lause
N. T. LAUSE

Verner Evans
VERNER EVANS

James Curless
JAMES CURLESS

Donald J. Dilts
DONALD J. DILTS

Sam Joy, Jr.
SAM JOY, JR.

J. Mason Thompson
J. MASON THOMPSON

Harry L. Hofreyter
HARRY L. HOFREYTER

A. T. Bland
A. T. BLAND

STATE OF ARIZONA }
COUNTY OF MOHAVE } ss.

On this, the 17th day of May, 1961, before me, a notary public in and for said county, presiding therein, duly commissioned and sworn, personally appeared RUSSELL MARTIN, N. T. LAUSE, VERNER EVANS, JAMES CURLESS, DONALD J. DILTS, SAM JOY, JR., J. MASON THOMPSON, HARRY L. HOFREYTER and A. T. BLAND, known to me to be the persons whose names are subscribed to the foregoing articles of conversion, as corporators and who are also names therein as directors, and each duly acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said Mohave County, the day and year in this certificate first above written.

My commission expires:

July 12 1961

Carl D. Hammond
Notary Public in and for the County
of Mohave, State of Arizona

A F F I D A V I T

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STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

RUSSELL MARTIN, being first duly sworn upon his oath,
deposes and says:

(1) That he is the President of the Mohave Electric Cooperative, Inc., and was at all times referred to herein.

(2) That he has read the foregoing Articles of Conversion and that he makes the affidavit in compliance with Section 10-776, Arizona Revised Statutes.

(3) That the Mohave Electric Cooperative, Inc., did duly comply with all of the provisions of Section 10-776, Arizona Revised Statutes, and that the Articles of Conversion which are attached hereto and made a part hereof were duly presented to a meeting of the members of the Mohave Electric Cooperative, Inc., by mailing a copy thereof to each of its members, together with a notice of the annual meeting which was held on May 17, 1961, and that the said notice of annual meeting was mailed in accordance with the law, and with the bylaws of the Mohave Electric Cooperative, Inc.

(4) That a quorum was present at the said annual meeting of May 17, 1961, and that the Articles of Conversion attached hereto were presented to the said membership and were approved by an affirmative vote of not less than two-thirds of the members voting thereon.

(5) That the said Articles of Conversion are in proper form and contain the proper recitations as required by law and were executed pursuant to Section 10-776, Arizona Revised Statutes.

(6) That this affidavit is made for the purpose of complying with the provisions of Section 10-776 and for proving that the provisions of said statute were duly complied with.

1 (7) That the Articles of Conversion attached hereto and
2 made a part hereof shall be deemed to be the Articles of Incor-
3 poration of the Mohave Electric Cooperative, Inc.

4
5 Russell Martin
6 RUSSELL MARTIN

7 Subscribed and sworn to before me this 17th day of May,
8 1961.

9
10 Carl D. Hammond
11 Notary Public

12 My commission expires:

13 July 12, 1961.
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STANDARD FORM 18, MARCH 1971
GENERAL SERVICES ADMINISTRATION
FED. PROC. REG. (41 CFR) 1-16.201

REQUEST FOR QUOTATIONS
(THIS IS NOT AN ORDER)

PAGE 1 OF 1

1. REQUEST NO. N-446	2. DATE ISSUED 6/8/76	3. REQUISITION/PURCHASE REQUEST NO.	4. CERTIFIED FOR NATIONAL DEFENSE UNDER DPS REG. 1 AND/OR DMS REG. 1 RATING:
Bureau of Indian Affairs Phoenix Area Office P. O. Box 7007 Phoenix, Arizona 85011 FOR INFORMATION CALL (Name, area code and tel. no.) (No collect calls)			6. DELIVER BY (Date)
8. TO NAME AND ADDRESS (Street, city, state, and ZIP code)			7. DELIVERY <input type="checkbox"/> FOB DESTINATION <input checked="" type="checkbox"/> OTHER (See Schedule)
			9. DESTINATION (Consignee and address including ZIP code) See Schedule
10. Furnish quotations to the issuing office on or before close of business (date) <u>7/18/76</u> . Supplies are of domestic origin unless otherwise indicated by quoter. This is a request for information, and quotations furnished are not offers. If you are unable to quote, please so indicate on this form and return it. This request does not commit the government to pay any costs incurred in the preparation or the submission of this quotation, or to procure or contract for supplies or services.			

SCHEDULE

11. ITEM NO.	12. SUPPLIES/SERVICES	13. QUANTITY	14. UNIT	15. UNIT PRICE	16. AMOUNT
	Provide electric energy to the Hualapai and Havasupai Reservation, Arizona in accordance with attached specifications, terms and conditions.				
	<i>Citizens Utilities Mr. Silva 753-2124</i>				
	<i>Chief W. W. Cunn 445-5700 Prescott (72 7800)</i>				
	<i>Jack Duffy AP'S FLAGSTAFF 774-4501 (201-1261)</i>				
	<i>P.O. Box 1329</i>				
	<i>ITAN WASHINGTON AP'S FLAGSTAFF 774-4501</i>				
	<i>Dale Tarbrington 271-7900</i>				
	<i>H Gordon Stewart V.P. Charles Rieder 703 557-8570 GSA</i>				
	<i>203/327-9900</i>				
	<i>512 after payment of 100000</i>				
	<i>Schradler Hooker 753-2124</i>				

17. PRICES QUOTED INCLUDE APPLICABLE FEDERAL, STATE, AND LOCAL TAXES.

DISCOUNT FOR PROMPT PAYMENT _____ % 10 CALENDAR DAYS _____ % 20 CALENDAR DAYS _____ % 30 CALENDAR DAYS _____ % CALENDAR DAYS

NOTE: Reverse must also be completed by the quoter.

18. ADDRESS OF QUOTER (Street, city, county, State, including ZIP code)	19. SIGNATURE OF PERSON AUTHORIZED TO SIGN QUOTATION	20. DATE OF QUOTATION
	21. SIGNER'S NAME AND TITLE (Type or print)	22. TELEPHONE NO. (Include area code)

S P E C I F I C A T I O N S

SCOPE: Electric energy is required to serve existing and future installations on the Hualapai and Havasupai Indian Reservations located north of Route 66 on and adjacent to the Supai Road, Coconino County, Arizona. Requirements consist of installation of transmission and/or distribution electrical facilities to serve residential and commercial installations located on each of the reservations in the area noted above.

EXISTING CONDITIONS: The Havasupai Indian Reservation is presently served by a diesel electric generating plant with 1300 KVA peak load capacity. Generation is 2400 volts, three phase delta, with transformation to 2400/4160 wye volts. The generating plant is located at the rim of the Grand Canyon, overlooking the Havasupai Reservation. The distribution facilities consist of overhead lines insulated for 25 KV to a riser pole in the Canyon floor. Distribution in the Canyon consists of 3-1/G25 KV XLPE concentric neutral underground cables with single phase radial feeders. At the present time, all loads are served at 120/240 volts from single phase pad mount transformers. The entire system is operated at 2400/4160 wye volts.

The power transformer at the generating plant is rated at 1000 KVA with a dual voltage primary rated 2400 volts delta, 14.4, 24.9 KV grounded wye; secondary 2400/4160 wye volts.

Installations on the Hualapai Reservation in the Frazier Wells area consist of two single phase generators rated 8 KW, and 25 KW for use during the summer months. The Hilltop area at the end of Suapi road is served by an 8KW single phase generator. There are no other electrical installations in the area to be served.

Extension of overhead lines from the Long Mesa and Supai Road Junction to the Hilltop area will only be considered as an added alternate.

REQUIREMENT: The electric utility shall make a proposal to furnish all labor and material for overhead transmission and/or distribution facilities from its (the utilities) source of supply to the Frazier Wells area, thence northeast along Supai Road to the Long Mesa Road, thence along the Long Mesa Road to the Long Mesa Generating Plant. Construction of the lines and facilities shall be in accordance with Safety Rules for the Installation and Maintenance of Electric Supply and Communication Lines, latest editions, as published by the National Bureau of Standards. Material and equipment shall meet NEMA and ASNI standards.

LOAD DATA:

1975-1976	Peak load-winter (Supai)	500 KVA
1976-1977	Peak load-winter (Supai)	650 KVA
1985	Peak load-winter (est.)(Supai)	1000 KVA
	Peak load-summer 1975 (Supai)	150 KVA
	Peak load-summer 1985 (Supai)	300 KVA
	Frazier Wells-winter 1975*	50 KVA
	Frazier Wells-summer 1975*	100 KVA

*Includes well pumping presently using LPG.

Forecasts for the area include development of the Frazier Wells area for tourism and probable permanent housing projects for the Hualapai Tribe, in addition to an existing summer youth camp.

RIGHTS-OF-WAY: The utility shall obtain all necessary rights-of-way from the Hualapai and Havasupai Tribes and rights-of-way for property belonging

to others, including property under Federal and State Jurisdiction. The Hualapai and Havasupai Tribes have passed joint resolutions requesting commercial electrical energy.

ENVIRONMENTAL IMPACT STATEMENT: The utility shall prepare an environmental impact statement for the proposed facilities and power lines.

JOINT USAGE: The Arizona Telephone Company provides telephone services to the area involved. Joint use of telephone-power facilities will be the responsibility of the utility companies concerned.

RIGHT-TO-SERVE: Construction of facilities on Indian Reservations is governed by Title 25 Code of Federal Regulations and other Public Laws passed by the U.S. Congress. Permission for the right to serve on other than Indian lands will have to be resolved by the utility with the Arizona Corporation Commission and whatever other Federal and local entities are involved.

REQUESTS FOR INFORMATION: Specific information regarding routes, topography, tribal permissions shall be addressed to Charles Pitrat, Superintendent, Truxton Canon Agency, Valentine, Arizona. Requests for technical information regarding existing facilities, loads and forecasts shall be addressed to John Artichoker, Area Director, Phoenix Area, P. O. Box 7007, Phoenix, Arizona 85011, Attention: Branch of Facility Management.

POINT OF INTERCONNECTION: The point of interconnection between the utility's facilities and the Bureau of Indian Affairs will be on the line side of the Long Mesa power transformer. Power for the Havasupai Reservation shall be metered primary. All metering facilities shall be furnished by the utility.

SPECIAL PROVISIONS:

1. A clause shall be included in the contract for maintenance of the distribution facilities from Long Mesa into the Havasupai Village to include overhead primary, underground primary, and installation and removal of distribution transformers. Maintenance shall be on an "on call" basis with payment to be cost plus overhead charges. The Bureau of Indian Affairs shall have the option of using other contractors if it is deemed in the best interests of the United States Government.
2. All facilities on the load side of the primary metering shall be under the jurisdiction of the Bureau of Indian Affairs. This shall include the Long Mesa Generating Plant and its associated equipment.
3. The Generating Plant will be utilized to provide emergency power to the Havasupai Indian Reservation in the event of power outage on the utility's system. Switching arrangements shall be provided by the utility to insure that the emergency generators shall not back-feed into the utility's system.

NEGOTIATED ELECTRIC UTILITY CONTRACT

GS-OOS-67021

The Contractor identified below agrees to sell and deliver to the UNITED STATES OF AMERICA, hereinafter referred to as the "Government," and the Government agrees to purchase and receive from the Contractor electric power and energy at the Service Location hereinafter referred to, subject to (1) the terms and conditions set forth on the face and reverse side of this page and on any continuation pages attached hereto; (2) Technical Provisions (GSA FORM 1684); and (3) Supplemental Provisions (GSA FORM 1685).

- 1. SERVICE LOCATION: The Contractor shall furnish to the Government all electric energy which the Government may request during the term of this contract up to 1500 KW for the operation of its facilities located at Hualapai and Havasupai Indian Reservations, as more fully described in Addendum No. 1.
- 2. POINT OF DELIVERY: The Contractor shall make and pay for all connections between the systems of the Contractor and the Government at the point of delivery. The point of delivery is described as follows:
Line side of Long Mesa Power Transformer, as more fully described in Addendum No. 1 and Exhibit 1.
- 3. SERVICE CHARACTERISTICS: Electric energy to be supplied hereunder shall be alternating current three (3) phase, sixty cycles, and shall be delivered at 14,4/24,9 kilo volts as normal, with allowable variation of 10 percent above or below normal. The electric energy furnished hereunder shall be metered at 24,9 kilo- volts. All as more fully described in Addendum No. 1.
- 4. CHARGE: The Contractor shall be paid for the services herein contracted for pursuant to charges described in Addendum No. 1 which is attached and made a part hereof, commencing with the period in which electricity is initially furnished hereunder and continuing until this contract is terminated, except that the minimum charge, if any, specified in said Rate Schedule(s) shall be equitably prorated for the periods in which commencement and/or termination of this contract shall occur. All as more fully described in Addendum No. 1.
- 5. TERM OF CONTRACT: The term of this contract shall be for a period of 10 year(s) from the date that the Contractor makes electricity available and the Government is ready to receive electricity from the Contractor at the Service Location. The Contractor shall make every reasonable effort to commence to deliver electricity to the Government at the Service Location not later than the 1st day of April, 1982. The Government shall, as promptly as possible, advise the Contractor of the date it will be ready to receive electricity under this contract.
- 6. SPECIAL TERMS AND CONDITIONS: If there are any Special Terms and Conditions to this contract they are attached and identified as follows: GSA Form 1684; GSA Form 1685 (Rev. 7-76);
(If none, so specify) Addendum No. 1; Exhibit 1

EXECUTION BY CONTRACTOR		EXECUTION BY GOVERNMENT	
NAME OF CONTRACTOR (Type or print)	DATE	UNITED STATES OF AMERICA	DATE
Mohave Electric Cooperative, Inc.		ACTING THROUGH THE ADMINISTRATOR OF GENERAL SERVICES	
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION		BY <u>Robert E. Geogorak</u>	
ADDRESS		TITLE	
P. O. Box 1045		<u>Contracting Officer</u>	
Bullhead City, AZ 86430			
SIGNATURE OF PERSON AUTHORIZED		THIS CONTRACT IS EXECUTED PURSUANT TO THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, 50 STAT. 377, AS AMENDED.	
BY <u>[Signature]</u>		ACCOUNTING AND APPROPRIATION DATA	
TITLE			
<u>President</u>			
INVOICE FOR PAYMENT SHOULD BE MAILED TO			

TERMS AND CONDITIONS

INVOICES.

Invoices for payment shall be prepared and submitted in duplicate unless otherwise specified by the Government. All invoices shall contain statements of the meter readings at the beginning and the ending of the billing period, meter constants, consumption during the billing period, and such other pertinent data as may be required to substantiate the billing or such other pertinent data as may be requested by the Government.

PAYMENT OF SERVICES.

a) All bills for payment of services under this contract shall be paid without penalty or interest, and the Government shall be entitled to any discounts customarily applicable to payment of bills by any customer of the Contractor.

b) For purposes of charges under the contract, any demands due to faulty operation of, or excessive or fluctuating voltage on, the Contractor's system shall not be included as part of the Government's demand.

c) Payments hereunder shall not be made in advance of services rendered. The Government shall, however, use due diligence to effect payment of all bills for services rendered under this contract within thirty (30) days from the date such bills are received.

d) Nothing herein contained shall be construed as binding the Government to expend in any one fiscal year any sum in excess of the appropriation made by Congress for that fiscal year in furtherance of the subject matter of this contract or to involve the Government in any contract or other obligation for the further expenditure of money in excess of such appropriation.

DAMAGE AND INJURY.

The Government shall in no event be liable or responsible for damage or injury to any person or property occasioned through the use or operation of the Contractor's facilities or the action of the Contractor, its employees and agents in performing under this contract.

ACCESS TO SERVICE LOCATION.

a) The Government hereby grants to the Contractor, free of any rental or similar charge, but subject to the limitations specified in this contract, a revocable permit to enter the Service Location for any proper purpose under this contract, including use of site or sites agreed upon by the parties hereto for the installation, operation, and maintenance of the facilities of the Contractor. Authorized representatives of the Contractor will be allowed access to the facilities of the Contractor and the Government at suitable times to perform the obligations of the Contractor with respect to such facilities. ~~It is expressly understood, however, that proper military or Governmental authority may limit or restrict the right of access herein granted in any manner considered by such authority to be necessary for the national security.~~

b) The Contractor shall, at its expense, obtain all rights of way and easements necessary to permit it to perform under this contract.

TECHNICAL PROVISIONS
(ELECTRIC UTILITY CONTRACT)

1. CONTRACTOR'S FACILITIES

(a) The Contractor, at its expense, shall furnish, install, operate, and maintain all facilities required to furnish electricity, as herein provided, to, and measure such electricity at, the specified delivery point.

(b) All taxes and other charges in connection with the facilities provided hereunder by the Contractor under this contract shall be for the account of and assumed by the Contractor.

2. METERS AND METRING EQUIPMENT

(a) All electricity furnished by the Contractor shall be measured by suitable metering equipment of standard manufacture, to be furnished, installed, maintained, calibrated, and read by the Contractor at its expense. In the event any meter fails to register or registers incorrectly the electricity furnished there through, the parties shall, after considering all the evidence available from the Contractor's and Government's records, agree upon the length of period during which such meter failed to register or registered incorrectly and the quantity of electricity delivered therethrough during such period and, upon agreement, an appropriate adjustment based thereon shall be made in the Government's bills. For the purpose of the preceding sentence, any meter which registers not more than two percent (2%) slow or fast shall be deemed correct.

(b) All meters shall be installed and inspected upon installation, at the expense of the Contractor, in a manner provided by the rules of the local regulatory commission for other customers of the Contractor using similar service. Subsequent inspection, periodic testing, repair and replacement of meters shall be done at the Contractor's expense in such place and manner as are also provided by the said rules of the local regulatory commission. Whenever any meter shall be found to be defective it shall be repaired or replaced immediately. Should there be no local regulatory commission rules relating thereto, installation, inspection, repair and replacement shall be done in a manner agreed to by the Government and the Contractor. The Government shall have the right to request that a special meter test be made at any time. If any test made at the Government's request discloses that the meter tested is registering correctly or within two percent (2%) of normal the Government shall bear the expense of such test. The expense of other tests shall be borne by the Contractor. In any event, at its option, the Government may, subject to arrangements satisfactory to the Contractor and at the Government's expense, have such meter or meters as it deems inaccurate tested by the National Bureau of Standards, the findings of which shall be conclusive.

(c) The Contractor, so far as possible, shall read all meters at periodic intervals of approximately thirty (30) days. All billings based on meter readings of less than twenty-six (26) days or more than thirty-five (35) days shall be prorated accordingly.

3. PUBLIC REGULATION AND CHANGE OF RATES

(a) Electricity furnished under this contract shall be subject to regulation in the manner and to the extent prescribed by any Federal, State, or local regulatory commission having jurisdiction over the supply of electricity to the Contractor's customers generally. If during the term of this contract the public regulatory commission having such jurisdiction receives for file in authorized manner rates that are higher or rates that are lower than those stipulated herein and as a replacement thereof, the Contractor agrees to continue to furnish electricity as stipulated in this contract and the Government agrees to pay for such electricity at the higher or lower rates from and after the date when such rates are made effective. If during the term of this contract the Contractor applies to any such regulatory body for a change of rates or in the type of service to be performed under this contract, a copy of such application, petition, revised schedule or tariff, or similar document will be mailed to the Contracting Officer of the Government concurrently with the filing of such document with the regulatory body.

(b) Subject to paragraph (a) of this Article, in the event the Contractor, during the term of this contract, shall make effective

any new rate schedule or amended rate schedule applicable to the class of service furnished to the Government at the Service Location which may contain a lower rate or conditions of service more favorable to the Government for such class of service, the Contractor shall make such lower rate or conditions of service available to the Government, and, unless otherwise notified in writing by the Government, the Contractor shall substitute such new rate schedule or amended rate schedule for the rate schedule then in effect hereunder for such Service Location, commencing with the billing period in which such rate schedule becomes effective.

(c) Reasonable notice shall, so far as possible, be given by the Government to the Contractor respecting any material changes proposed in the volume or characteristics of electricity required.

(d) In the event of a permanent change in the class of service furnished the Government at the Service Location, electricity shall, effective sixty (60) days after written request is made by either party or at such other time as may be agreed upon, thereafter be available to such Service Location at the lowest available rate schedule of the Contractor which is applicable to the class of service furnished following such permanent change.

(e) The Contractor hereby represents and warrants to the Government that the rate schedules available hereunder are not in excess of the lowest rate schedules now available to present and prospective customers under like conditions of service, and agrees that during the life of this contract, the Government shall continue to have available to it the lowest applicable schedule and similar conditions of service.

4. SUPPLY OF ELECTRICITY See Addendum No. 1

(a) The Contractor shall use reasonable diligence to provide a regular and uninterrupted supply of electricity at the Service Location, but shall not be liable for damages, breach of contract or otherwise, to the Government for failure, suspension, diminution, or other variations of supply occasioned by or in consequence of any cause beyond the reasonable control of the Contractor, including, but not limited to, acts of God or of the public enemy, fires, floods, earthquakes or other catastrophes, or strikes. *Provided*, that when any such failure, suspension, diminution, or variation of supply due to any such cause shall aggregate more than ten (10) consecutive hours but less than fifteen (15) consecutive days, an equitable adjustment shall be made in the rates specified in the applicable rate schedules (including minimum charges, if any); *Provided further, however*, that if any such failure, suspension, diminution, or other variations of supply occasioned by such causes shall aggregate fifteen (15) or more consecutive days, the Contractor shall suspend its billing under this contract (including the minimum charges, if any), effective with the beginning of the next ensuing billing period; *Provided, however*, that if the Government desires to use electricity in a lesser amount than the minimum provided for in this contract and the Contractor can furnish such electricity, it will be supplied and billed under the Contractor's most favorable schedule applicable to such use. If the Contractor is unable to provide a regular and uninterrupted supply of electricity at the Service Location because of any of the foregoing causes for a period of sixty (60) consecutive days or more, the Government shall have the right at any time thereafter to terminate this contract without payment by it of any charge or penalty.

(b) In the event the Government is unable to operate the Service Location in whole or in part for any cause beyond its reasonable control, including, but not limited to, acts of God or of the public enemy, fires, floods, earthquakes or other catastrophes, or strikes for a period in excess of fifteen (15) consecutive days, the Contractor shall suspend its billing under this contract (including minimum charges, if any), for a period reasonably required to replace or repair the Government facilities, or otherwise to resume regular operations, effective with the beginning of the next ensuing billing period; *Provided, however*, that if the Government desires to use electricity in a lesser amount during such period of suspension than the minimum provided for in this contract, it will be supplied and billed under the Contractor's most favorable schedule applicable to such use.

SUPPLEMENTAL PROVISIONS (UTILITY SERVICE CONTRACT)

1. DEFINITIONS

As used throughout this contract, the following terms shall have the meaning set forth below:

(a) The term "head of the agency" or "Secretary" as used herein means the Secretary, the Under Secretary, any Assistant Secretary, or any other head or assistant head of the executive or military department or other Federal agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the head of the agency or the Secretary.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer, and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes purchase orders under this contract.

2. EXAMINATION OF RECORDS BY COMPTROLLER GENERAL

(a) This clause is applicable if the amount of this contract exceeds \$2,500 and was entered into by means of negotiation, including small business restricted advertising, but is not applicable if this contract was entered into by means of formal advertising.

(b) The Contractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under this contract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Part 1-20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract.

(c) The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under the subcontract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Part 1-20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (1) purchase orders not exceeding \$2,500 and (2) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

(d) The periods of access and examination described in (b) and (c), above, for records which relate to (1) appeals under the "Disputes" clause of this contract, (2) litigation or the settlement of claims arising out of the performance of this contract, or (3) costs and expenses of this contract as to which exception has been taken by the Comptroller General or any of his duly authorized representatives, shall continue until such appeals, litigation, claims, or exceptions have been disposed of.

3. EQUAL OPPORTUNITY

(The following clause is applicable unless this contract is exempt under the rules, regulations, and orders of the Secretary of Labor (41 CFR, ch. 60).)

During the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Agency Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance. *Provided, however,* That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. CERTIFICATION OF NONSEGREGATED FACILITIES

(Applicable to (1) contracts, (2) subcontracts, and (3) agreements with applicants who are themselves performing federally assisted construction contracts, exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause.)

By the submission of this bid, the bidder, offeror, applicant, or subcontractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The bidder, offeror, applicant, or subcontractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion or national origin, because of habit, local custom, or otherwise. He further agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods) he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause that he will retain such certifications in his files; and that he will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

5. OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, or Senate or committee member, shall be admitted to any share or part of the contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

6. COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

7. CONVICT LABOR

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

8. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT—OVERTIME COMPENSATION

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) *Overtime requirements.* No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers, mechanics, apprentices, trainees, watchmen, and guards shall require or permit any laborer, mechanic, apprentice, trainee, watchman, or guard in any workweek in which he is employed on such work to work in excess of eight hours in any calendar day or in excess of forty hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer, mechanic, apprentice, trainee, watchman, or guard receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater number of overtime hours.

(b) *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the provisions of paragraph (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer, mechanic, apprentice, trainee, watchman, or guard employed in violation of the provisions of paragraph (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of his standard workweek of forty hours without payment of the overtime wages required by paragraph (a).

(c) *Withholding for unpaid wages and liquidated damages.* The Contracting Officer may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of paragraph (b).

(d) *Subcontracts.* The Contractor shall insert paragraphs (a) through (d) of this clause in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) *Records.* The Contractor shall maintain payroll records con-

tracting records for three years from the completion of the contract.

9. DISPUTES

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above. *Provided*, That nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

(c) The provisions of (a) above shall not apply to disputes which are subject to the jurisdiction of a Federal, State, or other appropriate regulatory body. The provisions of (a) above shall also be subject to the requirements of the law with respect to the rendering of utility services and the collection of regulated rates.

10. ORDER OF PRECEDENCE

To the extent of any inconsistency between the provisions of this contract and any schedule, order, or exhibit incorporated in this contract by reference or otherwise, or any of the Contractor's rules and regulations, the provisions of this contract shall control.

11. DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA

(This clause is applicable pursuant to 41 CFR 60-250 if this contract is for \$10,000 or more.)

(a) The contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veterans status in all employment practices such as the following: employment upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(b) The contractor agrees that all suitable employment openings of the contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract and including those occurring at an establishment of the contractor other than the one wherein the contract is being performed but excluding those of independently operated corporate affiliates, shall be listed at an appropriate local office of the State employment service system wherein the opening occurs. The contractor further agrees to provide such reports to such local office regarding employment openings as may be required.

State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service, but are not required to provide those reports set forth in paragraphs (d) and (e).

(c) Listing of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment source or effort and shall involve the normal obligations which attach to the placing of a bona-fide job order, including the acceptance of referrals of veterans and nonveterans. The listing of employment openings does not require the hiring of any particular job applicant or from any particular group of job applicants, and nothing herein is intended to relieve the contractor from any requirements in Executive orders or regulations regarding nondiscrimination in employment.

(d) The reports required by paragraph (b) of this clause shall include, but not be limited to, periodic reports which shall be filed at least quarterly with the appropriate local office or, where the contractor has more than one hiring location in a State, with the central office of that State employment service. Such reports shall indicate

gam era hired, and (4) the total number of disabled veterans hired. The reports should include covered veterans hired for on-the-job training under 38 U.S.C. 1787. The contractor shall submit a report within 30 days after the end of each reporting period wherein any performance is made on this contract identifying data for each hiring location. The contractor shall maintain at each hiring location copies of the reports submitted until the expiration of one year after final payment under the contract, during which time these reports and related documentation shall be made available, upon request, for examination by any authorized representatives of the contracting officer or of the Secretary of Labor. Documentation would include personnel records respecting job openings, recruitment, and placement.

(e) Whenever the contractor becomes contractually bound to the listing provisions of this clause, it shall advise the employment service system in each State where it has establishments of the name and location of each hiring location in the State. As long as the contractor is contractually bound to these provisions and has so advised the State system, there is no need to advise the State system of subsequent contracts. The contractor may advise the State system when it is no longer bound by this contract clause.

(f) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 States, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

(g) The provisions of paragraphs (b), (c), (d), and (e) of this clause do not apply to openings which the contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of his own organization or employer-union arrangement for that opening.

(h) As used in this clause: (1) "All suitable employment openings" includes, but is not limited to, openings which occur in the following job categories: production and non-production; plant and office, laborers and mechanics; supervisory and nonsupervisory; technical, and executive, administrative, and professional openings as are compensated on a salary basis of less than \$25,000 per year. This term includes full-time employment, temporary employment of more than three days' duration, and part-time employment. It does not include openings which the contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement nor openings in an educational institution which are restricted to students of that institution. Under the most compelling circumstances an employment opening may not be suitable for listing, including such situations where the needs of the Government cannot reasonably be otherwise supplied, where listing would be contrary to national security, or where the requirement of listing would otherwise not be for the best interest of the Government.

(2) "Appropriate office of the State employment service system" means the local office of the Federal/State national system of public employment offices with assigned responsibility for serving the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

(3) "Openings which the contractor proposes to fill from within his own organization" means employment openings for which no consideration will be given to persons outside the contractor's organization (including any affiliates, subsidiaries, and the parent companies) and includes any openings which the contractor proposes to fill from regularly established "recall" lists.

(4) "Openings which the contractor proposes to fill pursuant to a customary and traditional employer-union hiring arrangement" means employment openings which the contractor proposes to fill from union halls, which is part of the customary and traditional hiring relationship which exists between the contractor and representatives of his employees.

(i) The contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

(j) In the event of the contractor's non-compliance with the requirements of this clause, actions for non-compliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

(k) The contractor agrees to post in conspicuous places available to employees and applicants for employment notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notice shall state the contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era for employment, and the rights of applicants and employees.

(l) The contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding that the contractor is bound by terms of the Vietnam Era Veterans Readjustment Assistance Act, and is committed to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era.

employed by rules, regulations, or orders of the Secretary issued pursuant to the Act, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for non-compliance.

12. PAYMENT OF INTEREST ON CONTRACTORS' CLAIMS

(a) If an appeal is filed by the contractor from a final decision of the contracting officer under the disputes clause of this contract, denying a claim arising under the contract, simple interest on the amount of the claim finally determined owed by the Government shall be payable to the contractor. Such interest shall be at the rate determined by the Secretary of the Treasury pursuant to Public Law 92-41, 85 Stat. 97, from the date the contractor furnishes to the contracting officer his written appeal under the disputes clause of this contract, to the date of (1) a final judgment by a court of competent jurisdiction, or (2) making to the contractor of a supplemental agreement for execution either confirming completed negotiations between the parties, or carrying out a decision of a board of contract appeals.

(b) Notwithstanding (a), above, (1) interest shall be applied only from the date payment was due, if such date is later than the filing of appeal, and (2) interest shall not be paid for any period of time that the contracting officer determines the contractor has unduly delayed in pursuing his remedies before a board of contract appeals or a court of competent jurisdiction.

13. UTILIZATION OF MINORITY BUSINESS ENTERPRISES

(a) It is the policy of the Government that minority business enterprises shall have the maximum practicable opportunity to participate in the performance of Government contracts.

(b) The Contractor agrees to use his best efforts to carry out this policy in the award of his subcontracts to the fullest extent consistent with the efficient performance of this contract. As used in this contract, the term "minority business enterprise" means a business, at least 50 percent of which is owned by minority group members or, in case of publicly owned businesses, at least 51 percent of the stock of which is owned by minority group members. For the purposes of this definition, minority group members are Negroes, Spanish-speaking American persons, American-Orientals, American-Indians, American Eskimos, and American Aleuts. Contractors may rely on written representations by subcontractors regarding their status as minority business enterprises in lieu of an independent investigation.

14. UTILIZATION OF SMALL BUSINESS CONCERNS

(a) It is the policy of the Government as declared by the Congress that a fair proportion of the purchases and contracts for supplies and services for the Government be placed with small business concerns.

(b) The Contractor agrees to accomplish the maximum amount of subcontracting to small business concerns that the Contractor finds to be consistent with the efficient performance of this contract.

15. UTILIZATION OF LABOR SURPLUS AREA CONCERNS

(The following clause is applicable if this contract exceeds \$5,000.)

(a) It is the policy of the Government to award contracts to labor surplus area concerns that (1) have been certified by the Secretary of Labor (hereafter referred to as certified-eligible concerns with first or second preferences) regarding the employment of a proportionate number of disadvantaged individuals and have agreed to perform substantially (i) in or near sections of concentrated unemployment or underemployment or in persistent or substantial labor surplus areas or (ii) in other areas of the United States, respectively, or (2) are noncertified concerns which have agreed to perform substantially in persistent or substantial labor surplus areas, where this can be done consistent with the efficient performance of the contract and at prices no higher than are obtainable elsewhere. The Contractor agrees to use his best efforts to place his subcontracts in accordance with this policy.

(b) In complying with paragraph (a) of this clause and with paragraph (b) of the clause of this contract entitled "Utilization of Small Business Concerns" the Contractor in placing his subcontracts shall observe the following order of preference: (1) certified-eligible concerns with a first preference which are also small business concerns; (2) other certified-eligible concerns with a first preference; (3) certified-eligible concerns with a second preference which are also small business concerns; (4) other certified-eligible concerns with a second preference; (5) persistent or substantial labor surplus area concerns which are also small business concerns; (6) other persistent or

16. EMPLOYMENT OF THE HANDICAPPED

(a) The contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(b) The contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Rehabilitation Act of 1973, as amended.

(c) In the event of the contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.

(d) The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor, provided by or through the contracting officer. Such notices shall state the contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.

(e) The contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the contractor is bound by the terms of section 503 of the Act and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.

(f) The contractor will include the provisions of this clause in every subcontract or purchase order of \$2,500 or more unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 503 of the Act, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Director, Office of Federal Contract Compliance Programs, may direct to enforce such provisions, including action for noncompliance.

17. CLEAN AIR AND WATER

(Applicable only if the contract exceeds \$100,000, or the contracting officer has determined that orders under an indefinite quantity contract in any one year will exceed \$100,000, or a facility to be used has been the subject of a conviction under the Clean Air Act (42 U.S.C. 1857c-8(c)(1)) or the Federal Water Pollution Control Act (33 U.S.C. 1319(c)) and is listed by the EPA, or the contract is not otherwise exempt.)

(a) The Contractor agrees as follows:

(1) To comply with all provisions of the Clean Air Act, as amended (42 U.S.C. 1857, et seq., as amended by Public Law 91-604) and section 308 of the Federal Water Pollution Control Act (33 U.S.C. 1251, et seq., as amended by Public Law 92-500), respectively, relating to testing, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and section 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder before the award of this contract.

(2) That no portion of the work required by this prime contract will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date when this contract was awarded unless and until the contractor meets the name of such facility or facilities from such listing.

(3) To use his best efforts to comply with clean air standards and clean water standards at the facility in which the contract is being performed.

(4) To insert the substance of the provisions of this clause into any nonexempt subcontract, including this paragraph (a)(4).

(b) The terms used in this clause have the following meanings:

(1) The term "Air Act" means the Clean Air Act, as amended (42 U.S.C. 1857, et seq., as amended by Public Law 91-604).

(2) The term "Water Act" means the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251, et seq., as amended by Public Law 92-500).

(3) The term "clean air standards" means any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Air Act or Executive Order 11738, an applicable implementation plan as described in section 110(d) of the Clean Air Act (42 U.S.C. 1857c-5(d)), an approved implementation procedure or plan under section 111(c) or section 111(d), respectively, of the Air Act (42 U.S.C. 1857c-6(c) or (d)), or an approved implementation procedure under section 112(d) of the Air Act (42 U.S.C. 1857c-7(d)).

(4) The term "clean water standards" means any enforceable limitation, control, condition, prohibition, standard, or other requirement which is promulgated pursuant to the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

(5) The term "compliance" means compliance with clean air or water standards. Compliance shall also mean compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency or an air or water pollution control agency in accordance with the requirements of the Air Act or Water Act and regulations issued pursuant thereto.

(6) The term "facility" means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a contractor or subcontractor, to be utilized in the performance of a contract or subcontract. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility, except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collocated in one geographical area.

ADDENDUM NO. 1

TO

GSA CONTRACT NO. GS-C03-67021

144
MOHAVE ELECTRIC COOPERATIVE, INC., an Arizona corporation, (hereafter called "Mohave"), agrees to Contract with the UNITED STATES OF AMERICA, acting through the Administrator of the General Services Administration on behalf of the U.S. Bureau of Indian Affairs, Department of the Interior, (hereinafter called "Government"), to supply electric energy to serve existing and future residential and commercial installations on the Hualapai and Havasupai Indian Reservations located north of Route 66 on and adjacent to the Supai Road, Coconino County, Arizona. The electrical service fee is to be paid by the U. S. Bureau of Indian Affairs, Department of the Interior.

LOCATION OF PROPOSED SERVICE

Mohave shall construct a power line from its existing facilities, a distance of approximately 70 miles, to a point of termination at the line side at the Long Mesa Power transformer, which shall be the point of delivery. This transmission line and line extension shall be constructed along the right-of-way which is set forth on the existing plant marked as Exhibit "I" attached hereto.

Mohave agrees that the Government may elect to serve the Hualapai Reservation by means of other interconnects and line extensions which shall be constructed for the U. S. Government by separate agreement with Mohave, upon such terms that provide to Mohave its total investment required to make such an extension; and further provided, that such load of additional

extensions do not exceed the "maximum of demand" provided on page 3 of this Agreement.

CONSTRUCTION STANDARDS

Construction of the lines and facilities shall be in accordance with Rules for the Installation and Maintenance of Electric Supply Stations and Equipment, Part I of the National Electrical Safety Code, latest edition, as published by the Institute of Electrical and Electronic Engineers, Inc. (IEEE). Materials and equipment shall meet NEMA, ANSI and REA standards.

SERVICE CHARACTERISTICS

Electric service to be supplied shall be in the form of three-phase, 60 Hertz at a nominal voltage of 14.4/24.9 kilovolts and shall be metered at 24.9 kilovolts primary, with all metering facilities to be furnished by Mohave on the 24.9 kilovolt side of the Government substation, and metering facilities shall provide kilowatt hours, recorded kilowatt demand on a 15-minute integrated basis, recorded KVAR flow or power factor, and other information as required.

RIGHT OF ACCESS

For the purpose of constructing, inspecting, maintaining or operating the facilities, duly authorized representatives of Mohave shall have the right of ingress to and egress from the Government's premises at all reasonable times.

FACILITIES

The Government shall provide a suitable location for Mohave's metering and other facilities, in the area of the point of delivery and shall supply, install, operate and maintain the necessary sub-station and other facilities required for the receipt of electric power and energy at 24.9 kilovolts beyond the point of delivery as herein described.

A generating plant located at the rim of the Grand Canyon overlooking the Havasupai Reservation may be utilized by the Government to provide emergency power to the Havasupai Reservation in the event of a power outage on Mohave's system. Switching arrangements shall be provided by Mohave to insure that this above-referenced plant shall not backfeed into the Mohave system.

MAXIMUM DEMAND

Mohave agrees to supply or make available a minimum of 500 kW up to a maximum of 1500 kW as the Government's total capacity rights for the term of this Agreement or life of the facilities whichever is first to occur, in return for the Government's agreement to pay Mohave a monthly Facility Charge. Government agrees that its capacity rights are limited to a maximum of 1500 kW.

CONTINUITY OF SERVICE

In the supply of electricity, considering the nature of a 70 mile radial 14.4/24.9 kV distribution line, Mohave shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through act of God, Governmental authority, action of the elements, public enemy, accident, strikes, organized or unorganized interference of any kind, labor trouble, required maintenance work, inability to secure right-of-way, or any other cause beyond the reasonable control of Mohave, Mohave shall not be liable for such failure or interruption or for damages, consequential or otherwise, Mohave shall use its best efforts to give the Government reasonable notice as to any planned outages and/or duration of outages should such be known to be of longer than four hours duration.

When any such failure, suspension, diminution or variation of supply due to any such cause shall be less than fifteen (15) consecutive days, no equitable adjustment shall be made in the rates specified in the applicable rate schedules or monthly Facility Charge; provided further, however, that if any such failure, suspension, diminution, or other variations of supply occasioned by such causes shall be fifteen (15) or more consecutive days, Mohave shall suspend its billing under this Contract and an equitable adjustment shall be made in the monthly Facility Charge effective with the beginning of the next ensuing billing period. (For the purposes of this paragraph, an "equitable adjustment" is the reduction of the monthly Facility Charge by 1/30th for each additional consecutive day (beyond the fifteen (15) days mentioned above) service is not provided).

In the event the Government's distribution facilities from Long Mesa into the Havasupai Village are not operable in whole or part for any cause beyond its reasonable control, including, but not limited to, acts of God or of the public enemy, fires, floods, earthquakes or other catastrophes, or strikes for a period in excess of fifteen (15) consecutive days, Mohave shall suspend its billing under this Contract (except for monthly Facility Charge) for a period reasonable required to replace or repair the Government Facilities, or otherwise to resume regular operations.

OWNERSHIP OF FACILITIES

All facilities to be provided by or on behalf of Mohave shall be and remain its sole property. All facilities to be provided by the Government beyond the point of interconnection shall be and remain its sole property.

RESPONSIBILITY AS TO USE OF SERVICE FACILITIES

Each party shall coordinate, install and maintain compatible protective devices on its side of the interconnection to protect its system from adverse conditions on the system of the other party. The Government will exercise the diligence to operate its system in accordance

with the standards of modern practice and in a manner which will not cause any system problems, jeopardize Mohave's transmission system, or cause Mohave to make system improvements on Mohave's electric system which, in the judgment of Mohave and the Government, would not otherwise be necessary.

Mohave and the Government will each assume all responsibility on their respective sides of the point for the electric services supplied to the Government hereunder, as well as for any apparatus used in connection with such supply, including the Long Mesa Generating Plant and its associated equipment.

The Government will exercise due diligence to assure that the electrical characteristics of the load, such as deviation from sine wave or unusual short interval fluctuations in demand, shall not be such as to result in impairment of service to other customers of Mohave, or in interference with operation of telephone, television or other communication facilities. In this regard, the deviation from phase balance will be limited to a reasonable percentage of contract demand at all times.

RELOCATION OF FACILITIES

In the event the Government requires any power lines or other facilities to be moved for any reason after initial construction, Mohave agrees to relocate such facilities upon reasonable written request by the Government, the expense of such relocation shall be borne by the Government, and shall be made separate and distinct from construction costs incorporated in this Agreement.

ACQUISITION OF RIGHT-OF-WAY

Mohave shall obtain all necessary right-of-way, including property under Federal and state jurisdiction, and shall prepare an environmental report applicable for the proposed facilities and power lines.

JOINT USE OF POWER FACILITIES

Mohave understands that the Arizona Telephone Company provides telephone service to the area involved, and that joint use of telephone power facilities, where appropriate, and inductive coordination will be the responsibility of the Arizona Telephone Company and Mohave.

CONSTRUCTION COSTS

Mohave estimates that the Construction of all facilities will be as follows:

For labor and material for overhead transmission
and/or distribution facilities from Mohave's
source of supply to the Long Mesa Generating Plant:
\$1,600,000.00

Under this proposal, Mohave will provide all funds necessary for the construction of the aforementioned facilities.

FACILITIES CHARGES

For Mohave to recover costs associated with the construction and operation of facilities to make electric service available to the Government, the Government, upon verification of Mohave's cost of construction agrees to pay Mohave as a Facility Charge an annual amount equal to the sum of:

- (1) 4.44% (percent) of the lesser of the cost of construction or \$1,600,000 and/or other amount(s) concurred in by the Government Contracting Officer;
- (2) All state and local property taxes assessed against the facilities that Mohave constructs because of this contract;
- (3) The (a) operation and maintenance expenses, (b) cost of replacements less original book value of

replaced facilities and (c) cost of system improvements that Mohave constructs as a result of this Contract.

One Twelfth of the Facility Charge shall be paid each month. The first payment shall be due and payable when electric power and energy become available. Mohave consents to the Government's right and option to renew this Contract for two (2) additional ten (10) year periods.

TERMINATION PROVISIONS

If the Government does not exercise its renewal option or terminates this Contract, the Government shall pay, in U. S. currency, in a single payment, an amount equal to Mohave's undepreciated value plus facility removal costs, less salvage value, of the facilities that Mohave constructs because of this contract.

If Mohave terminates this Contract without legal cause, the Government shall be liable only for the Facility Charge payment and actual energy used up to the effective date of the termination.

If the Government shall fail to make any contract payment within fifteen (15) days after such payment is due, Mohave may discontinue service to the Government upon giving fifteen (15) days written notice to the Government of its intentions to do so; provided, however, that such discontinuance of service shall not relieve the Government of any of its obligations under this Contract.

INTERIM CONSTRUCTION ACCOUNTING

The Government Contracting Officer or his authorized representative may, at any time, have Mohave's invoice(s) or voucher(s) and/or statement of costs representing costs related to the construction of the subject facilities audited. ~~The amount of construction costs to be included in~~ the Facility Charge shall be subject to reduction for amounts included in

the related invoice(s) or voucher(s) or statement of costs which are found by the Contracting Officer or his authorized representative on the basis of audit, not to constitute allowable costs. The cost referred to herein shall be allowable, allocable and reasonable to this Contract and consistent with sound and generally accepted accounting principles.

If, at any time, Mohave has reason to believe that the total cost of the subject facilities will be greater than the estimated \$1,600,000.00, Mohave shall notify the Contracting Officer giving its revised estimate.

The Government shall not be obligated to pay Facility Charges for those facilities based on a figure in excess of the estimated \$1,600,000.00, unless and until the Contracting Officer shall notify Mohave, in writing, that such estimated cost has been increased and shall have in such notice specified the modified estimated cost. No notice, communication or representation of any person other than the Contracting Officer shall effect an increase in the \$1,600,000.00 estimated cost of facilities, regardless of the reasons for increasing said costs.

MONTHLY FACILITY CHARGES AND RATES

The Government shall pay Mohave the monthly Facility Charge and, in addition, shall pay Mohave power rates according to Mohave's Rate Schedule "L" (Large Power) marked Exhibit "2", attached. The Exhibit by this reference is incorporated herein.

Billings pertaining to both the Facility Charge and Exhibit 2 may be increased by an amount equal to the sum of applicable taxes, fees, assessments or other charges not provided for in either the Facility Charge or Exhibit 2.

USE OF SERVICE

The Government shall utilize the electric energy supplied under this Contract only in connection with the needs of the respective Indian tribes or their customers or for such other uses as may be required by the

diversification or expansion of the needs related thereto.

The Government agrees that Mohave may elect to serve the Hualapai Indian Reservation upon its own arrangements from the utility plant proposed to be constructed provided that contemplated system capacities are not unreasonably exceeded. Mohave agrees that for any extension from facilities provided by Mohave, Mohave shall credit a one-time charge of \$50.00 per connected kVA installed capacity, but not less than \$500.00, to the Government and shall deduct this amount from its next monthly billing. The Government shall have the option to waive all or any portion of any such fees.

NOTICES

All formal notices, demands or requests given or made under this Contract shall be in writing and shall be deemed properly given or made if delivered personally or sent by registered mail, certified mail or telegram to the person designated below:

NOTICE TO MOHAVE:

Mohave Electric Cooperative, Inc.

P. O. Box 1045

Bullhead City, Arizona 86430

attention: General Manager

NOTICE TO GOVERNMENT:

Assistant Area Director of Administration

Bureau of Indian Affairs

U. S. Department of Interior

P. O. Box 7007

Phoenix, Arizona 85011

APPROVALS AND CONTINGENCIES

Mohave shall obtain from state and Federal authorities or agencies as may have jurisdiction, the necessary approval of the Contract or matters with respect thereto, of all franchises, authorizations, permits, licenses, certificates of public convenience and necessity, right-of-way and orders to the extent required by law in order to enable it to perform all of its obligations hereunder. Mohave shall not be obligated to commence construction of any facilities until it has obtained all such approvals and shall have received assurance from the Government that it will be given ingress and egress rights for the construction, operation, and maintenance of said facilities.

Mohave agrees to seek a loan with an interest rate of no more than two (2) percent per annum in an amount sufficient to build the facilities Mohave constructs as a result of this contract. Mohave shall not be obligated under this contract until it has obtained such loan to be amortized over a thirty (30) year period. This Contract shall not become effective until it has been approved in writing by the Rural Electrification Administration and accepted by the Arizona Corporation Commission.

ASSIGNMENT OF AGREEMENT

This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives and assigns, of the respective parties hereto.

REGULATORY AUTHORITY

The electric services furnished under this Contract shall be subject to regulation in the manner and to the extent prescribed by any federal, state or local regulatory commission having jurisdiction over the supply of electric services to Mohave's customers generally.

Rate Schedule "L"

(Large Power)

FCG

~~Availability:~~

~~1. Available to commercial and industrial type consumers who require more than 50 KVA of transformer capacity within the utility's service area.~~

Character of Service:

1. Alternating current, single or three phase, 60 Hertz, at available primary or secondary voltages.

Net Rate/Month: (or part thereof/service)

Demand Charge: \$6.90 /KW

Energy Charge:

All KWH/Month @ \$.017 /KWH

The total demand charges/month plus the energy charges/month shall be the total charges/month.

~~Minimum Monthly Charges:~~

~~The Monthly minimum charge shall be the highest of the following:~~

- ~~1. Minimum monthly charge established in accordance with the Utility's Line Extension Policy.~~
- ~~2. Or, \$1.50 /KW/month of installed transformer capacity.~~

FCG

Metering:

~~1. The utility shall install suitable demand and power factor metering instrumentation for billing under this schedule. No consumer shall be placed on this schedule without demand metering.~~

Billing Demand:

1. The billing demand shall be the maximum kilowatt demand established by a consumer for any Fifteen (15) minute period during the billing month.

Power Factor Adjustment:

1. The utility may increase the measured KW of demand one (1) percent for each one (1) percent the power factor is less than 90%.

~~Primary Service:~~

- ~~1. Primary electric service is available at primary distribution voltages.~~
- ~~2. Primary service metered at primary voltages, the kilowatt-hour consumption shall be the metered KWH. Metered at secondary voltages, the KWH billed shall be the metered KWH plus \$1.05 to allow for transformer losses.~~

Terms of Payment:

1. The charges per month in the foregoing rate are net, and are due and payable within ten (10) days from the date on the monthly bill.

FCG

Taxes:

1. Billing under this schedule may be increased by an amount equal to the sum of applicable taxes, fees, or charges (exclusive of Ad Valorem, State and Federal Income taxes) payable by the utility and levied or assessed by a governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

Fuel & Purchased Power Cost Adjustment:

1. The utility may, if the purchased power expense is increased or decreased above or below the base power cost of \$ 02100 /KWH sold, flow through to the user such increases or decreases.

~~Terms of Service:~~

- ~~1. The consumer, rates and schedules shall be subject to the rules and regulations of the Cooperative.~~
- ~~2. The consumer's electric wiring facilities shall conform to the Cooperative's, City, State, and National Electric codes.~~
- ~~3. The consumer shall not resell or share electric service with others.~~
- ~~4. The consumer shall be allowed to consume the kilowatts (KW) or kilowatt-hours (KWH), at the applicable rate herein, for the monthly minimum charge.~~
- ~~5. Electric service under this rate schedule shall require the consumer to execute a contract.~~

FCG

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS
Truxton Canon Agency

GRANT OF EASEMENT FOR RIGHT-OF-WAY

Ownership Hualapai Tribe

Tract No. _____

KNOW ALL MEN BY THESE PRESENTS:

That the United States of America, acting by and through the Superintendent Truxton Canon Agency, Bureau of Indian Affairs, Department of the Interior, hereinafter referred to as "Grantor", under authority contained in 230 DM 1, 10 BIAM 3, 10 BIAM 11; and pursuant to the provisions of the Act of February 5, 1948 (62 Stat. 17; 25 U.S.C. 323-328), and Part 161, Title 25, Code of Federal Regulations, in consideration of one dollar (\$1.00) and other good and valuable consideration, does hereby grant to Mohave Electric Cooperative, Inc. of P.O. Box 1045, Bullhead City, AZ 86430, a cooperative authorized to do business in the State of Arizona, it's successors or assigns, hereinafter, referred to as "Grantee", a right-of-way for the following purposes, namely; to be used to construct, install, operate and maintain an electrical distribution line, along with the right to ingress thereto and egress therefrom across tribal lands of the Hualapai Indian Tribe of the Hualapai Reservation in the counties of Yavapai and Mohave and State of Arizona.

The right-of-way application herein granted shall be 50 feet in width and approximately 42.1229 miles in length, and occupying approximately 255.2904 acres, and is described as:

Beginning at Station 1137 + 00; T30N, R6W, Section 24, Thence South 55° 32' West to Station 1144 + 92; T30N, R6W, Section 24, Thence South 51° 28' West to Station 1254 + 77; T30N, R6W, Section 27, Thence South 33° 04' West to Station 1495 + 08; T29N, R6W, Section 17, Thence South 47° 04' West to Station 1554 + 82; T29N, R6W, Section 18, Thence South 58° 50' West to Station 1595 + 02; T29N, R7W, Section 24, Thence South 45° 59' West to Station 1611 + 99; T29N, R7W, Section 24, Thence South 26° 14' West to Station 1668 + 12; T29N, R7W, Section 26, Thence South 34° 35' West to Station 1762 + 02; T29N, R7W, Section 34, Thence North 86° 25' West to Station 1770 + 70; T29N, R7W, Section 34, Thence North 86° 25' West to Station 1775 + 42; T29N, R7W, Section 34, Thence South 35° 29' West to Station 1790 + 17; T28N, R7W, Section 3, Thence South 43° 34' West to Station 1830 + 17; T28N, R7W, Section 4, Thence South 61° 24' West to Station 1839 + 94; T28N, R7W, Section 4, Thence South 44° 35' West to Station 1849 + 72; T28N, R7W, Section 9, Thence South 24° 01' West to Station 1858 + 85; T28N, R7W, Section 9, Thence South 20° 34' West to Station 1867 + 10; T28N, R7W, Section 9, Thence South 7° 45' East to Station 1876 + 10; T28N, R7W, Section 9, Thence South 23° 21' West to Station 1882 + 12; T28N, R7W, Section 9, Thence South 34° 45' West to Station 1887 + 12; T28N, R7W, Section 9, Thence South 37° 51' West to Station 1896 + 40; T28N, R7W, Section 8, Thence South 34° 43' West to Station 1901 + 70; T29N, R7W, Section 8, Thence South 39° 28' West to Station 1905 + 44; T28N, R7W, Section 17, Thence South 19° 53' West to Station 1925 + 73; T28N, R7W, Section 17, Thence South 34° 34' West to Station 1937 + 75; T28N, R7W, Section 17, Thence South 34° 32' West to Station 1946 + 25; T28N, R7W, Section 17, Thence South 21° 27' West to Station 1984 + 31; T28N, R7W, Section 20, Thence South 7° 55' West to Station 1985 + 55; T28N, R7W, Section 20, Thence South 7° 55' West to Station 1988 + 21; T28N, R7W, Section 20, Thence South 35° 17' West to Station 2039 + 53; T28N, R7W, Section 30, Thence South 26° 29' West to Station 2062 + 36; T28N, R7W, Section 30, Thence South 29° 29' West to Station 2066 + 73; T28N, R7W, Section 30, Thence South 21° 48' West to Station 2100 + 68; T28N, R7W, Section 31, Thence South 31° 44' West to Station 2186 + 81; T27N, R8W, Section 1, Thence South 48° 01' West to Station 2190 + 79; T27N, R8W, Section 1, Thence South 58° 57' West to Station 2195 + 89; T27N, R8W, Section 2, Thence South 62° 13' West to Station 2204 + 39; T27N, R8W, Section 2, Thence South 39° 35' West to Station 2214 + 08; T27N, R8W, Section 2, Thence South 14° 45' West to Station 2277 + 21; T27N, R8W, Section 14, Thence South 15° 17' West to Station 2299 + 85; T27N, R8W, Section 14, Thence South 36° 59' West to Station 2315 + 81; T27N, R8W, Section 15, Thence South 36° 59' West to Station 2321 + 80; T27N, R8W, Section 15, Thence South 24° 48' West to

Station 2331 + 87; T27N, R8W, Section 15, Thence South 25° 08' West to Station 2342 + 17; T27N, R8W, Section 15, Thence South 22° 52' West to Station 2366 + 72; T27N, R8W, Section 22, Thence South 11° 32' West to Station 2379 + 46; T27N, R8W, Section 22, Thence South 4° 24' East to Station 2389 + 93; T27N, R8W, Section 22, Thence South 37° 17' West to Station 2396 + 05; T27N, R8W, Section 22, Thence South 7° 23' West to Station 2400 + 60; T27N, R8W, Section 22, Thence South 23° 18' West to Station 2405 + 06; T27N, R8W, Section 22, Thence South 22° 29' West to Station 2407 + 40; T27N, R8W, Section 22, Thence South 22° 29' West to Station 2409 + 83; T27N, R8W, Section 27, Thence South 20° 54' West to Station 2417 + 93; T27N, R8W, Section 27, Thence South 12° 09' West to Station 2455 + 77; T27N, R8W, Section 27, Thence South 25° 13' West to Station 2457 + 53; T27N, R8W, Section 27, Thence South 24° 44' West to Station 2463 + 43; T27N, R8W, Section 28, Thence South 23° 50' West to Station 2492 + 24; T27N, R8W, Section 33, Thence South 50° 09' West to Station 2505 + 39; T27N, R8W, Section 33, Thence South 87° 29' West to Station 2514 + 26; T27N, R8W, Section 33, Thence North 69° 30' West to Station 2519 + 49; T27N, R8W, Section 33, Thence North 39° 54' West to Station 2530 + 74; T27N, R8W, Section 33, Thence South 33° 23' West to Station 2542 + 87; T27N, R8W, Section 33, Thence South 34° 18' West to Station 2555 + 29; T27N, R8W, Section 32, Thence South 5° 06' East to Station 2560 + 69; T27N, R8W, Section 32, Thence South 5° 47' East to Station 2565 + 09; T27N, R8W, Section 32, Thence South 5° 03' East to Station 2574 + 16; T26N, R8W, Section 5, Thence South 7° 50' East to Station 2579 + 73; T26N, R8W, Section 5, Thence South 8° 08' East to Station 2593 + 33; T26N, R8W, Section 5, Thence South 12° 24' East to Station 2586 + 42; T26N, R8W, Section 5, Thence South 12° 24' East to Station 2595 + 51; T26N, R8W, Section 5, Thence South 28° 04' West to Station 2511 + 31; T26N, R8W, Section 5, Thence South 40° 11' West to Station 2616 + 37; T26N, R8W, Section 5, Thence South 21° 54' West to Station 2620 + 84; T26N, R8W, Section 5, Thence South 9° 04' West to Station 2629 + 49; T26N, R8W, Section 8, Thence South 18° 37' East to Station 2633 + 05; T26N, R8W, Section 8, Thence South 7° 23' West to Station 2638 + 85; T26N, R8W, Section 8, Thence South 29° 07' West to Station 2655 + 92; T26N, R8W, Section 8, Thence South 36° 31' West to Station 2669 + 55; T26N, R8W, Section 8, Thence South 44° 28' West to Station 2718 + 85; T26N, R8W, Section 18, Thence South 33° 24' West to Station 2730 + 47; T26N, R8W, Section 18, Thence South 29° 16' West to Station 2739 + 05; T26N, R8W, Section 18, Thence South 43° 28' West to Station 2746 + 30; T26N, R8W, Section 18, Thence South 40° 24' West to Station 2773 + 24; T26N, R9W, Section 24, Thence South 40° 03' West to Station 2841 + 06; T26N, R9W, Section 25, Thence South 62° 52' West to Station 2867 + 65; T26N, R9W, Section 26, Thence South 76° 14' West to Station 2877 + 05; T26N, R9W, Section 26, Thence South 69° 13' West to Station 2882 + 57; T26N, R9W, Section 26, Thence South 59° 19' West to Station 2890 + 50; T26N, R9W, Section 26, Thence South 53° 55' West to Station 2913 + 48; T26N, R9W, Section 26, Thence South 53° 27' West to Station 2932 + 20; T26N, R9W, Section 27, Thence South 43° 03' West to Station 2976 + 70; T26N, R9W, Section 34, Thence South 36° 08' West to Station 3088 + 00; T25N, R9W, Section 8, Thence South 39° 49' West to Station 3118 + 00; T25N, R9W, Section 8, Thence South 40° 46' West to Station 3160 + 10; T25N, R9W, Section 7, Thence South 38° 48' West to Station 3199 + 60; T25N, R9W, Section 18, Thence South 46° 52' West to Station 3229 + 11; T25N, R10W, Section 13, Thence South 59° 27' West to Station 3273 + 91; T25N, R10W, Section 24, Thence South 36° 54' West to Station 3321 + 03; T25N, R10W, Section 23, Thence South 30° 35' West to Station 3324 + 49; T25N, R10W, Section 26, Thence South 0° 01' West to Station 3356 + 09; T25N, R10W, Section 26, Thence South 15° 25' West to Station 3367 + 43; T25N, R10W, Section 26, G & SRBM and ending at Station 3367 + 43; as shown on the maps of definite location, attached hereto and made a part hereof, in four sheets numbered 3 thru 6 and entitled "Proposed Centerline For 14.4/24.9 KV Electric Distribution Line Across Hualapai Indian Reservation." Ties to the public survey are shown on said maps along the route of the right-of-way.

This right-of-way is subject to any prior valid existing right or adverse claim and is for a period of thirty (30) years, so long as said right-of-way shall actually be used for the purpose above specified: PROVIDED, that this right-of-way shall be terminable in whole or in part by the Grantor for any of the following causes upon a 30-day written notice and failure of the Grantee within said notice period to correct the basis of termination per 25 CFR 161.20:

- a. Failure to comply with any terms or conditions of the grant or the applicable regulations.
- b. A non-use of the right-of-way for a consecutive two-year period for the purpose for which it was granted.

- c. An abandonment of the right-of-way.
- d. Failure of Grantee, upon completion of construction, to file with the Grantor an "Affidavit of Completion" pursuant to 25 CFR 161.16.

The conditions of the this easement shall extend to and be binding upon and shall inure to the benefit of the successors and assigns of the Grantee.

In Witness whereof, Grantor has executed this Grant of Easement this 18th day of January, 1982.

UNITED STATES OF AMERICA

By: 

(Superintendent)

U.S. Department of the Interior
Bureau of Indian Affairs

STATE OF ARIZONA)
AND)
COUNTY OF MOHAVE)

ACKNOWLEDGEMENT OF GRANTING OFFICER

Before me, a Notary Public, in and for said County and State of this 18th day of JANUARY, 1982, personally appeared Paul J. Smith, Superintendent, whose name is subscribed to the foregoing "Grant of Easement" for right-of-way as Superintendent, Truxton Canon Agency, Bureau of Indian Affairs, and who acknowledged that he now is and was at the time of signing the same Superintendent of the Truxton Canon Agency, Bureau of Indian Affairs; and he personally acknowledged to me that he executed the said document in his official capacity and pursuant to authority delegated to him for the uses and purposes setforth herein.

My Comm. Expires: SEP 15 1985

[Signature]
Notary Public

My Commission Expires: _____

LEGAL DESCRIPTION

HUALAPAI INDIAN RESERVATION

Said Right-of-Way to be approximately 42.1229 miles in length, 50 feet in width, and occupying approximately 255.2904 acres, and more particularly described and shown on the map of definite location to be attached and made a part hereof.

Beginning at Station 1137 + 00; T30N, R6W, Section 24,

Thence South 55° 32' West to Station 1144 + 92;
T30N, R6W, Section 24,
Thence South 51° 28' West to Station 1264 + 77;
T30N, R6W, Section 27,
Thence South 33° 04' West to Station 1495 + 08;
T29N, R6W, Section 17,
Thence South 47° 04' West to Station 1554 + 82;
T29N, R6W, Section 18,
Thence South 58° 50' West to Station 1595 + 02;
T29N, R7W, Section 24,
Thence South 45° 59' West to Station 1611 + 99;
T29N, R7W, Section 24,
Thence South 26° 14' West to Station 1668 + 12;
T29N, R7W, Section 26,
Thence South 34° 35' West to Station 1762 + 02;
T29N, R7W, Section 34,
Thence North 86° 25' West to Station 1770 + 70;
T29N, R7W, Section 34,
Thence North 86° 25' West to Station 1775 + 42;
T29N, R7W, Section 34,
Thence South 35° 29' West to Station 1790 + 17;
T28N, R7W, Section 3,
Thence South 43° 34' West to Station 1830 + 17;
T28N, R7W, Section 4,
Thence South 61° 24' West to Station 1839 + 94;
T28N, R7W, Section 4,
Thence South 44° 35' West to Station 1849 + 72;
T28N, R7W, Section 9,
Thence South 24° 01' West to Station 1858 + 85;
T28N, R7W, Section 9,
Thence South 20° 34' West to Station 1867 + 10;
T28N, R7W, Section 9,
Thence South 7° 45' East to Station 1876 + 10;
T28N, R7W, Section 9,
Thence South 23° 21' West to Station 1882 + 12;
T28N, R7W, Section 9,
Thence South 34° 45' West to Station 1887 + 12;
T28N, R7W, Section 9,
Thence South 37° 51' West to Station 1896 + 40;
T28N, R7W, Section 8,
Thence South 34° 43' West to Station 1901 + 70;
T28N, R7W, Section 8,

Thence South 39° 28' West to Station 1905 + 44;
T28N, R7W, Section 17,
Thence South 19° 53' West to Station 1925 + 73;
T28N, R7W, Section 17,
Thence South 34° 34' West to Station 1937 + 75;
T28N, R7W, Section 17,
Thence South 34° 32' West to Station 1946 + 25;
T28N, R7W, Section 17,
Thence South 21° 27' West to Station 1984 + 31;
T28N, R7W, Section 20,
Thence South 7° 55' West to Station 1985 + 55;
T28N, R7W, Section 20,
Thence South 7° 55' West to Station 1988 + 21;
T28N, R7W, Section 20,
Thence South 35° 17' West to Station 2039 + 53;
T28N, R7W, Section 30,
Thence South 26° 29' West to Station 2062 + 36;
T28N, R7W, Section 30,
Thence South 29° 29' West to Station 2066 + 73;
T28N, R7W, Section 30,
Thence South 21° 48' West to Station 2100 + 68;
T28N, R7W, Section 31,
Thence South 31° 44' West to Station 2186 + 81;
T27N, R8W, Section 1,
Thence South 48° 01' West to Station 2190 + 79;
T27N, R8W, Section 1,
Thence South 58° 57' West to Station 2195 + 89;
T27N, R8W, Section 2,
Thence South 62° 13' West to Station 2204 + 39;
T27N, R8W, Section 2,
Thence South 39° 35' West to Station 2214 + 08;
T27N, R8W, Section 2,
Thence South 14° 45' West to Station 2277 + 21;
T27N, R8W, Section 14,
Thence South 15° 17' West to Station 2299 + 85;
T27N, R8W, Section 14,
Thence South 36° 59' West to Station 2315 + 81;
T27N, R8W, Section 15,
Thence South 36° 59' West to Station 2321 + 80;
T27N, R8W, Section 15,
Thence South 24° 48' West to Station 2331 + 87;
T27N, R8W, Section 15,
Thence South 25° 08' West to Station 2342 + 17;
T27N, R8W, Section 15,
Thence South 22° 52' West to Station 2366 + 72;
T27N, R8W, Section 22,
Thence South 11° 32' West to Station 2379 + 46;
T27N, R8W, Section 22,
Thence South 4° 24' East to Station 2389 + 93;
T27N, R8W, Section 22,
Thence South 37° 17' West to Station 2396 + 05;
T27N, R8W, Section 22,
Thence South 7° 23' West to Station 2400 + 60;
T27N, R8W, Section 22,

Thence South $23^{\circ} 18'$ West to Station 2405 + 06;
T27N, R8W, Section 22,
Thence South $22^{\circ} 29'$ West to Station 2407 + 40;
T27N, R8W, Section 22,
Thence South $22^{\circ} 29'$ West to Station 2409 + 83;
T27N, R8W, Section 27,
Thence South $20^{\circ} 54'$ West to Station 2417 + 93;
T27N, R8W, Section 27,
Thence South $12^{\circ} 09'$ West to Station 2455 + 77;
T27N, R8W, Section 27,
Thence South $25^{\circ} 13'$ West to Station 2457 + 53;
T27N, R8W, Section 27,
Thence South $24^{\circ} 44'$ West to Station 2463 + 43,
T27N, R8W, Section 28,
Thence South $23^{\circ} 50'$ West to Station 2492 + 24;
T27N, R8W, Section 33,
Thence South $50^{\circ} 09'$ West to Station 2505 + 38;
T27N, R8W, Section 33,
Thence South $87^{\circ} 29'$ West to Station 2514 + 26;
T27N, R8W, Section 33,
Thence North $68^{\circ} 30'$ West to Station 2519 + 49;
T27N, R8W, Section 33,
Thence North $39^{\circ} 54'$ West to Station 2530 + 74;
T27N, R8W, Section 33,
Thence South $33^{\circ} 23'$ West to Station 2542 + 87;
T27N, R8W, Section 33,
Thence South $34^{\circ} 18'$ West to Station 2555 + 29;
T27N, R8W, Section 32,
Thence South $5^{\circ} 06'$ East to Station 2560 + 69;
T27N, R8W, Section 32,
Thence South $5^{\circ} 47'$ East to Station 2565 + 08;
T27N, R8W, Section 32,
Thence South $5^{\circ} 03'$ East to Station 2574 + 16;
T26N, R8W, Section 5,
Thence South $7^{\circ} 50'$ East to Station 2579 + 73;
T26N, R8W, Section 5,
Thence South $8^{\circ} 08'$ East to Station 2583 + 33;
T26N, R8W, Section 5,
Thence South $12^{\circ} 24'$ East to Station 2586 + 42;
T26N, R8W, Section 5,
Thence South $12^{\circ} 24'$ East to Station 2595 + 51;
T26N, R8W, Section 5,
Thence South $28^{\circ} 04'$ West to Station 2611 + 31;
T26N, R8W, Section 5,
Thence South $40^{\circ} 11'$ West to Station 2616 + 37;
T26N, R8W, Section 5,
Thence South $21^{\circ} 54'$ West to Station 2620 + 84;
T26N, R8W, Section 5,
Thence South $9^{\circ} 04'$ West to Station 2629 + 49;
T26N, R8W, Section 8,
Thence South $18^{\circ} 37'$ East to Station 2633 + 05;
T26N, R8W, Section 8,
Thence South $7^{\circ} 23'$ West to Station 2638 + 85;
T26N, R8W, Section 8,

Thence South $28^{\circ} 07'$ West to Station 2655 + 92;
T26N, R8W, Section 8,
Thence South $36^{\circ} 31'$ West to Station 2669 + 55;
T26N, R8W, Section 8,
Thence South $44^{\circ} 28'$ West to Station 2718 + 85;
T26N, R8W, Section 18,
Thence South $33^{\circ} 24'$ West to Station 2730 + 47;
T26N, R8W, Section 18,
Thence South $29^{\circ} 16'$ West to Station 2739 + 05;
T26N, R8W, Section 18,
Thence South $43^{\circ} 28'$ West to Station 2746 + 30;
T26N, R8W, Section 18,
Thence South $40^{\circ} 24'$ West to Station 2773 + 24;
T26N, R9W, Section 24,
Thence South $40^{\circ} 03'$ West to Station 2841 + 06;
T26N, R9W, Section 25,
Thence South $62^{\circ} 52'$ West to Station 2867 + 65;
T26N, R9W, Section 26,
Thence South $76^{\circ} 14'$ West to Station 2877 + 05;
T26N, R9W, Section 26,
Thence South $69^{\circ} 13'$ West to Station 2882 + 57;
T26N, R9W, Section 26,
Thence South $59^{\circ} 19'$ West to Station 2890 + 50;
T26N, R9W, Section 26,
Thence South $53^{\circ} 55'$ West to Station 2913 + 48;
T26N, R9W, Section 26,
Thence South $53^{\circ} 27'$ West to Station 2932 + 20;
T26N, R9W, Section 27,
Thence South $43^{\circ} 03'$ West to Station 2976 + 70;
T26N, R9W, Section 34,
Thence South $36^{\circ} 08'$ West to Station 3088 + 00;
T25N, R9W, Section 8,
Thence South $39^{\circ} 49'$ West to Station 3118 + 00;
T25N, R9W, Section 8,
Thence South $40^{\circ} 46'$ West to Station 3160 + 10;
T25N, R9W, Section 7,
Thence South $38^{\circ} 48'$ West to Station 3199 + 60;
T25N, R9W, Section 18,
Thence South $46^{\circ} 52'$ West to Station 3229 + 11;
T25N, R10W, Section 13,
Thence South $59^{\circ} 27'$ West to Station 3273 + 91;
T25N, R10W, Section 24,
Thence South $36^{\circ} 54'$ West to Station 3321 + 03;
T25N, R10W, Section 23,
Thence South $30^{\circ} 35'$ West to Station 3324 + 49;
T25N, R10W, Section 26,
Thence South $0^{\circ} 01'$ West to Station 3356 + 09;
T25N, R10W, Section 26,
Thence South $15^{\circ} 25'$ West to Station 3367 + 43
T25N, R10W, Section 26, G.& SRBM and ending
at Station 3367 + 43.

RESOLUTION

At the regular meeting of the Board of Directors of the Mohave Electric Cooperative, Inc., held October 19 1979, at Kingman Arizona, County of Mohave, State of Arizona, the following resolution is adopted:

WHEREAS, Mohave Electric Cooperative, Inc., is required from time to time to secure Rights-of-Way on Indian lands, for the construction of it's electric facilities.

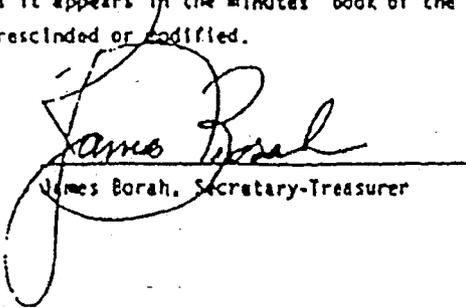
WHEREAS, Mohave Electric Cooperative, Inc. has been requested by the Indian Health service to provide Electric service to a water pumping system providing water to the residents of the Hualapai Reservation.

BE IT THEREFORE RESOLVED, that the General Manager of Mohave Electric Cooperative, Inc., be authorized to make application for all necessary Rights-of-Ways on Indian lands and further authorized to execute all necessary documents.

CERTIFICATION

I, James Borah, Secretary of the Mohave Electric Cooperative, Inc., do hereby certify that the foregoing is a true and correct copy of the resolution passed at the regular meeting of the Board of Directors of the Mohave Electric Cooperative, Inc., of Mohave County, State of Arizona, held on this 19 day of October 1979, as it appears in the minutes book of the Cooperative and that it has not been rescinded or modified.

(CORPORATE SEAL)


James Borah, Secretary-Treasurer

RESOLUTION NO. 13-75
OF THE BOARD OF DIRECTORS OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION
(A FEDERAL GOVERNMENT TRUST CORPORATION)
MESA SPRINGS, ARIZONA

- WHEREAS, the Hualapai Tribe is interested in developing the east side of their Reservation, and
 - WHEREAS, any development is dependent on some source of dependable power, water, and sewage treatment, and
 - WHEREAS, the only source of power at the present time is through Mohave Electric Cooperative, and
 - WHEREAS, the Navasupai Tribe has received an addition of 195,000 acres of land through the enactment of the "Grand Canyon bill" which creates an additional Power need if any developments are to take place at Hilltop or any other area to be developed under the terms of the act, and
 - WHEREAS, the Navasupai Tribe by enactment of Resolution No. 4-75, and accompanying letter of January 16, 1975 has requested the Mohave Electric Cooperative to provide electrical power to Supai
- AND WHEREFORE, BE IT RESOLVED that the Hualapai Tribal Council enforces the Navasupai request and further request that the line be routed across Hualapai reservation to provide electricity to the Frontier Well area.
- BE IT FURTHER RESOLVED that Hualapai Tribe will authorize granting a right-of-way across the Hualapai reservation without charge based on the length of loan not to exceed 30 years, further that a detail of easement be considered at a later date.

C E R T I F I C A T I O N

I, the undersigned, as Chairman of the Hualapai Tribal Council, hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom 6 constituting a quorum were present at a meeting held on this 23rd day of March, 1975, and that the foregoing resolution was duly adopted by the affirmative vote of 6 members pursuant to authority of Article VI, Section 1 (a) & (b) of the Revised Constitution and Bylaws of the Hualapai Tribe approved October 22, 1955.

CORPORATE SEAL:

Walter Benjamin
Chairman, Hualapai Tribe

Attest:
Margaret Fuentes
Secretary, Hualapai Tribal Council



RESOLUTION NO. 36-77
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION
(A FEDERALLY CHARTERED INDIAN CORPORATION)
PEACH SPRINGS, ARIZONA



WHEREAS, the Mohave Electric Cooperative, whose business address is P.O. Box 1045, Bullhead City, AZ 86434, is planning to construct an electric power distribution line to Supai Village for the Havasupai Tribe, and

WHEREAS, the proposed electric powerline will originate from existing distribution lines that Mohave Electric Cooperative now has installed along highway 66 and then be constructed in a northerly direction to Long Mesa on the Havasupai Reservation, and

WHEREAS, the Hualapai Tribe, when projecting tribal development plans into the future, realizes that they will need electric power sources along the Supai-Frazier Wells road (Route 18) in order to be able to implement any future developments on this part of the reservation, and

WHEREAS, the Hualapai Tribe has already indicated, by enacting Resolution No. 13-75, that they want this electric line routed across the Hualapai Reservation and will authorize granting a right-of-way without charge based on the length of the loan not to exceed thirty (30) years.

NOW, THEREFORE, BE IT RESOLVED that the Hualapai Tribe requests that the proposed electric power distribution line that Mohave Electric Cooperative is planning or construct to Supai Village be routed along the Supai-Frazier Wells road (Route 18), and the maps presented showing that the line will be constructed along route 18 as near possible.

BE IT FURTHER RESOLVED that in consideration of the advantages accruing to the Hualapai Tribe, including the availability of power to the area of Frazier Wells and the possibility of a line over to the Youth Camp and to the Fire Tower, that the Hualapai Tribe authorizes the Bureau of Indian Affairs to grant a right-of-way easement as per maps submitted for the electric power distribution line to be built by the Mohave Electric Cooperative across the Hualapai Reservation without charge, and further based on the fact that the loan shall not exceed thirty (30) years, and that the easement shall be only for the period of said loan.

Page 2
Resolution 36-77

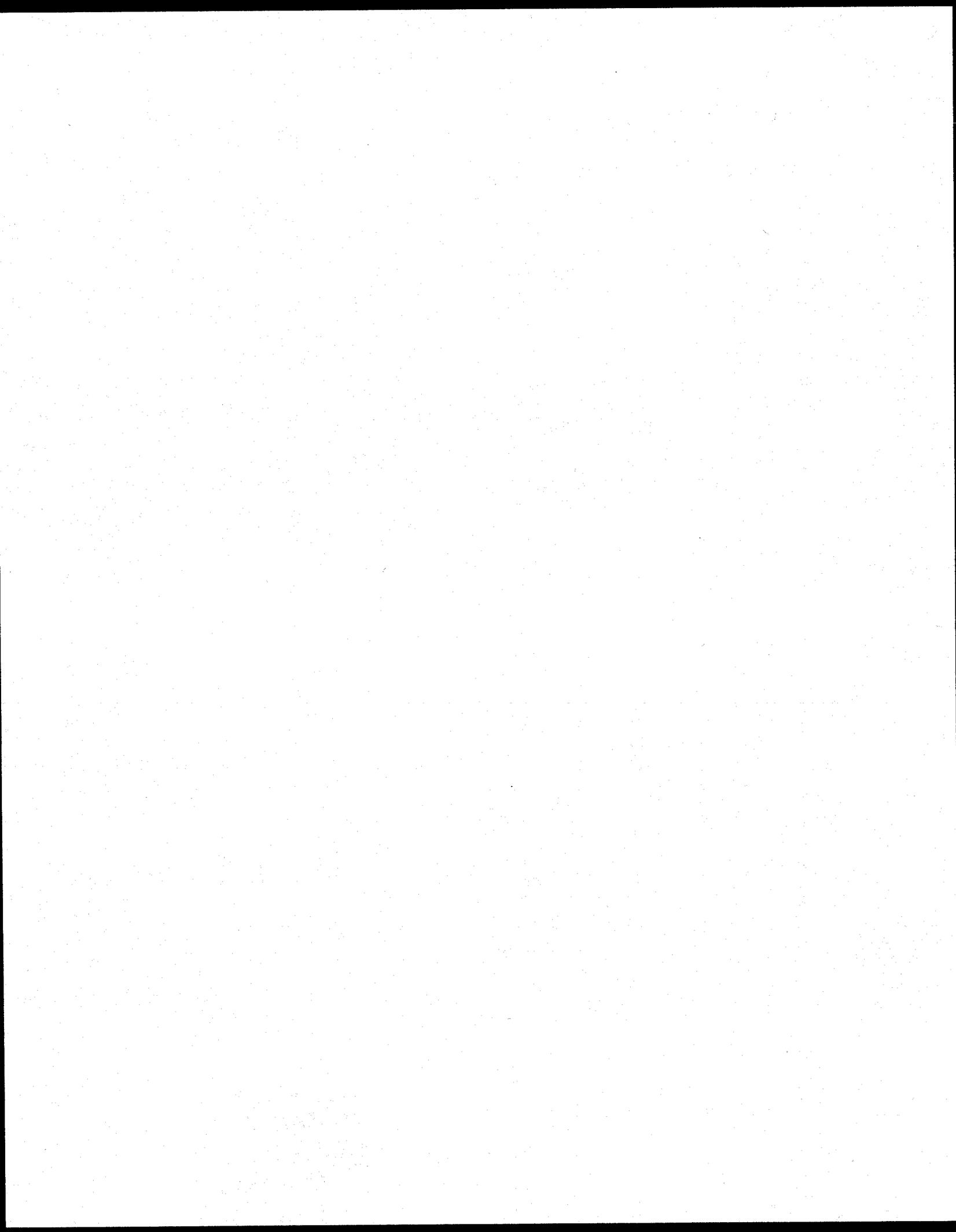
C E R T I F I C A T I O N

I, the undersigned, as Chairman of the Hualapai Tribal Council, hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) Members of whom six (6) constituting a quorum were present at a regular meeting thereof held on this 6th day of August 1977; and that the foregoing resolution was duly adopted by the affirmative vote of five (5) to zero (0) members pursuant to authority of Article VI Section I (a) (b) of the Revised Constitution and Bylaws of the Hualapai Tribe Approved October 22, 1955.

Earl Navatone
CHAIRMAN, Hualapai Tribal Council

ATTEST:

William H. Kibbey
SECRETARY, Hualapai Tribal Council



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605-1-85

BUREAU OF INDIAN AFFAIRS
ALBUQUERQUE, N.M.UNITED STATES
DEPARTMENT OF THE INTERIORBUREAU OF INDIAN AFFAIRS
Truxton Canon AgencyGRANT EASEMENT FOR RIGHT-OF-WAYOwnership Havasupai Tribe

Tract No. _____

KNOW ALL MEN BY THESE PRESENTS:

That the United States of America, acting by and through the Superintendent, Truxton Canon Agency, Bureau of Indian Affairs, Department of the Interior, hereinafter referred to as "Grantor", under authority contained in 230 DM 1, 10 BIAM 3, and 10 BIAM 11; and pursuant to the provisions of the Act of February 5, 1948 (62 Stat. 17; 25 U.S.C. 323-328), and Part 161, Title 25, Code of Federal Regulations, in consideration of one dollar (\$1.00) and other good and valuable consideration, does hereby grant to Mohave Electric Cooperative, Inc., of P. O. Box 1045, Bullhead City, Arizona 86430, a cooperative authorized to do business in the State of Arizona, its successors or assigns, hereinafter, referred to as "Grantee", a right-of-way for the following purposes, namely; to be used to construct, install, operate and maintain an electrical distribution line, along with the right to ingress thereto and egress therefrom across tribal lands of the Havasupai Indian Tribe of the Havasupai Reservation in the county of Coconino and State of Arizona.

The right-of-way application herein granted shall be 50 feet in width for a distance of 7.58 miles, to occupy approximately 45.9538 acres, and is described as:

Beginning at Station 0+00 Long Mesa which is unsurveyed: Thence South 37° 12' West to Station 17 + 40; Thence South 45° 26' West to Station 37 + 90; Thence South 19° 06' West to Station 53 + 40; Thence South 25° 35' West to Station 82 + 90 Thence South 46° 53' West to Station 107 + 40; Thence South 0° 26' West to Station 119 + 20; Thence South 20° 49' East to Station 130 + 70; Thence South 23° 34' East to Station 154 + 95; Thence South 24° 49' East to Station 176 + 05; Thence South 39° 35' West to Station 216 + 45; Thence South 21° 59' West to Station 228 + 04; Thence South 9° 26' East to Station 265 + 09; Thence South 40° 16' West to Station 315 + 01; Thence South 53° 59' West to Station 339 + 46; Thence South 15° 18' East to Station 372 + 71; Thence South 21° 27' West to Station 388 + 71; Thence South 45° 55' West to Station 400 + 35; Through Section 18, and 19, Township 32 North, Range 4 West, G & SRBM and ending at Station 400 + 35; as shown on the map of definite location, attached hereto and made a part hereof, in two sheets numbered 1 & 2 and entitled "Proposed Centerline For 14.4/24.9 KV Electric Distribution Line Across Hualapai Indian Reservation." Ties to the Public Survey are shown on said maps along the route of the right-of-way.

This right-of-way is subject to any prior valid existing right or adverse claim and is for a period of thirty (30) years so long as said right-of-way shall actually be used for the purpose above specified: PROVIDED, that this right-of-way shall be terminable in whole or in part by the Grantor for any of the following causes upon a 30-day written notice and failure of the Grantee within said notice period to correct the basis of termination per 25 CFR 169.20:

- a. Failure to comply with any terms or conditions of the grant or the applicable regulations.
- b. A non-use of the right-of-way for a consecutive two year period for the purpose of which it was granted.

- c. An abandonment of the right-of-way.
- d. Failure of Grantee, upon completion of construction, to file with the Grantor an "Affidavit of Completion" pursuant to 25 CFR 169.16.

The conditions of the easement shall extend to and be binding upon and shall inure to the benefit of the successors and assigns of the Grantee.

In Witness whereof, Grantor has executed this Grant of Easement this 14th day of December, 1984.

UNITED STATES OF AMERICA

By: [Signature]
(Superintendent).

U. S. Department of the Interior
Bureau of Indian Affairs

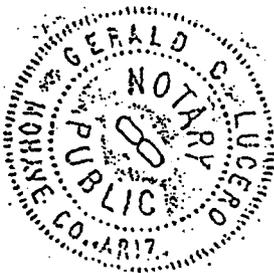
STATE OF ARIZONA)
AND)
COUNTY OF MOHAVE)

ACKNOWLEDGEMENT OF GRANTING OFFICER

Before me, a Notary Public, in and for said County and State of this
14TH day of December, 1984, personally appeared L.L.
Denson, Superintendent, whose name is sub-
scribed to the foregoing "Grant of Easement" for right-of-way as Superin-
tendent, Truxton Canon Agency, Bureau of Indian Affairs, and who acknowledged
that he now, is and was at the time of signing the same Superintendent of the
Truxton Canon Agency, Bureau of Indian Affairs; and he personally acknowledged
to me that he executed the said document in his official capacity and pur-
suant to authority delegated to him for the uses and purposes setforth herein.

Gerald C. Lucero
Notary Public

My Commission Expires: 1/21/85



BUREAU OF INDIAN AFFAIRS
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LEGAL DESCRIPTION

HAVASUPAI INDIAN RESERVATION

Said Right-of-Way to be approximately 7.5823 miles in length, 50 feet in width, and occupying approximately 45.9538 acres, and more particularly described and shown on the map of definite location to be attached and made a part hereof.

Beginning at Station 0+00 Long Mesa which is unsurveyed:

Thence South 37° 12' West to Station 17 + 40;
 Thence South 45° 26' West to Station 37 + 90;
 Thence South 19° 06' West to Station 53 + 40;
 Thence South 25° 35' West to Station 82 + 90;
 Thence South 46° 53' West to Station 107 + 40;
 Thence South 0° 26' West to Station 119 + 20;
 Thence South 20° 49' East to Station 130 + 70;
 Thence South 23° 34' East to Station 154 + 95;
 Thence South 24° 49' East to Station 176 + 05;
 Thence South 39° 35' West to Station 216 + 45;
 Thence South 21° 59' West to Station 228 + 04;
 Thence South 9° 26' East to Station 265 + 09;
 Thence South 40° 16' West to Station 315 + 01;
 Thence South 53° 59' West to Station 339 + 46;
 Thence South 15° 18' East to Station 372 + 71;
 Thence South 21° 27' West to Station 388 + 71;
 Thence South 45° 55' West to Station 400 + 35;

Through Section 18, and 19, Township 32 North, Range 4 West, G.S & R.M.
 and ending at Station 400 + 35.

RECORDS
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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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JIM WEEKS
Chairman
BUD TIMS
Commissioner
JOHN AHEARN
Commissioner

IN THE MATTER OF THE APPLICATION BY)
MOHAVE ELECTRIC COOPERATIVE, INC., A)
NON-PROFIT ARIZONA CORPORATION, FOR)
APPROVAL OF FINANCING)

DOCKET NO. U-1750-80-170

DECISION NO. 51491

OPINION AND ORDER

DATE OF HEARING: October 14, 1980

PLACE OF HEARING: Phoenix, Arizona

HEARING OFFICER: Theodore Humes

APPEARANCES: James K. Dinger, Financial Analyst, Utilities Division, on behalf
of the Arizona Corporation Commission

Charles D. Wahl, Attorney for Applicant

FINDINGS OF FACT

1. Applicant, Mohave Electric Cooperative, Inc., requests this Commission to approve additional financing in an amount not to exceed \$1,600,000, which they intend to borrow from the Rural Electrification Administration (REA).

It is contemplated that the REA loan will be for a maximum period of 35 years at two (2%) per annum interest.

2. The proceeds from the borrowings will be used for construction purposes of an electric line extension from applicant's certified area across a portion of the Hualapai and Havasupai Indian Reservation located north of Route 66 on and adjacent to the Supai Road, Coconino County, Arizona.

3. The construction and power contract shall be with the United States of America, acting through the administrator of the General Services Administration on behalf of the U. S. Bureau of Indian Affairs, Department of the Interior, to supply electric energy to serve existing and future residential and commercial installations on the Hualapai and Havasupai Indian reservations.

CONCLUSIONS OF LAW

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2 1. It is in the best interest of the consumers of Mohave Electric Cooperative, Inc.,
3 that the applicant be allowed to finance and expend the amounts proposed.

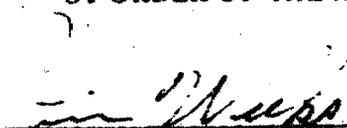
4 2. We find that such borrowings are lawful and in the public interest and that the
5 loan will not impair Mohave's ability to perform as a public utility.

6 ORDER

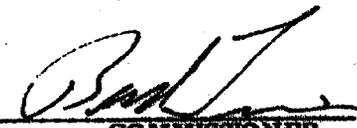
7 WHEREFORE, IT IS ORDERED: That Mohave Electric Cooperative, Inc., an Arizona
8 non-profit corporation, be and is hereby authorized to enter into long-term debt commitments
9 with the Rural Electrification Administration (REA), a Federal government agency, in the
10 amount of One Million Six Hundred Thousand Dollars (\$1,600,000), bearing interest at the
11 rate of 2.0% per annum and providing for the payment of the indebtedness within 35 years
12 after the date of execution of the loan document.

13 IT IS FURTHER ORDERED: That this Order shall be effective upon entry.

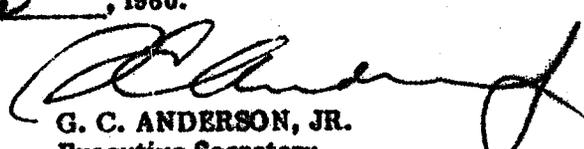
14 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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17 CHAIRMAN

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17 COMMISSIONER

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17 COMMISSIONER

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19 IN WITNESS WHEREOF, I, G. C. ANDERSON, JR.,
20 Executive Secretary, of the Arizona Corporation
21 Commission, have hereunto set my hand and caused
22 the official seal of this Commission to be affixed at
23 the Capitol, in the City of Phoenix, this 22nd day
24 of October, 1980.

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25 G. C. ANDERSON, JR.
26 Executive Secretary

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BEFORE THE ARIZONA CORPORATION COMMISSION ^{Arizona Corporation Commission}

DOCKETED

AUG 11 1982

BUD TIMS
Chairman
JIM WEEKS
Commissioner
DIANE B. McCARTHY
Commissioner

DOCKETED BY CSJ

IN THE MATTER OF THE APPLICATION OF)
MOHAVE ELECTRIC COOPERATIVE, INC., AN)
ARIZONA NON-PROFIT CORPORATION, FOR)
A PERMANENT RATE INCREASE.)

DOCKET NO. U-1750-82-002
DECISION NO. 53174
OPINION AND ORDER

DATE OF HEARING: May 26 and 27, 1982
PLACE OF HEARING: Phoenix, Arizona
HEARING OFFICER: Thomas L. Mumaw
APPEARANCES: Robert K. Corbin, The Attorney General, by Lynwood J. Evans, Assistant Attorney General, on behalf of the Arizona Corporation Commission Staff
Ronald L. Kozoman, Chief Rate Analyst, Utilities Division, on behalf of the Arizona Corporation Commission
James K. Dinger, Financial Analyst, Utilities Division, on behalf of the Arizona Corporation Commission
Charles D. Wahl, Attorney at Law, on behalf of the Applicant
Jennings, Strouss & Salmon, by Thomas J. Trimble, on behalf of Genstar Cement and Lime Company
Joseph B. Beckford, Business Manager, on behalf of Bullhead City School District No. 15
Rowland R. King, Ph.D., Superintendent, on behalf of Mohave Valley School District No. 16

BY THE COMMISSION

On January 7, 1982, Mohave Electric Cooperative, Inc. ("MEC"), filed an application with the Arizona Corporation Commission ("Commission") requesting a permanent increase in its rates and charges for electric service. MEC further requested that the Commission determine the "fair value" of its property devoted to public service and set a fair and reasonable return thereon.

MEC notified its customers of the application in accordance with ACC RM-2-105 by

1 First Class U.S. Mail and filed a certification of notice with the Commission. Applications
2 requesting leave to intervene were thereafter filed by Mohave Valley Elementary School
3 District No. 16 ("MVSD"), Genstar Cement & Lime Company ("Genstar"), and Bullhead City
4 Elementary School District No. 15 ("BCSD"). These applications were granted by procedural
5 entry prior to hearing.

6 Pursuant to the above notice, this matter came on for hearing before a duly authorized
7 Hearing Officer of the Commission at its offices in Phoenix, Arizona, on May 26 and 27,
8 1982. MEC, Genstar, and representatives of the Commission's Staff ("Staff") appeared and
9 were represented by counsel. MVSD and BCSD appeared by duly authorized officials thereof.
10 Oral and documentary evidence was adduced by MEC, Staff, Genstar, and MVSD. Public
11 statements taken in Bullhead City, Arizona, on May 24, 1982, were also transcribed and
12 made a part of the official record as were those written statements which had been sub-
13 mitted by consumers to the Commission.

14 NATURE OF MEC'S OPERATIONS

15 MEC is an Arizona nonprofit cooperative corporation engaged in providing electric
16 service to some 14,000 customers in Mohave County, Arizona, pursuant to Certificates of
17 Public Convenience and Necessity ("Certificates") granted by this Commission. MEC's
18 service territory encompasses two separate portions of Mohave County. The larger of the
19 service areas lies east of Kingman, Arizona, and is sparsely populated. The second area
20 consists of a strip of land along the Colorado River, including the communities of Riviera
21 and Bullhead City, Arizona. MEC has experienced very rapid growth in the past few years.
22 Customer growth has been at a compound rate of 10% per year. While peak load and kWh
23 sales growth have been less than the customer growth, they are still substantially above the
24 national average.

25 MEC owns no generating facilities of its own. It buys all of its power from the Arizona
26 Electric Power Cooperative ("AEPSCO"), a "G & T" electric cooperative owned, in part, by
27 MEC. The rates charged MEC by AEPSCO are also regulated by this Commission and were
28 recently established in Decision No. 53034 (May 21, 1982).

PROPOSED INCREASE

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MEC has proposed tariffs which would increase revenues by some \$1,839,473 (based on 1980-81 usage) or 14.3%. The increase would be non-uniform with residential, small commercial, and street lighting customers receiving higher percentage increases than would large commercial, large power, and the newly segregated large irrigation customers. Within these customer groups, the proposed increase is greatest for the smaller customers, although this result is somewhat ameliorated by MEC's proposed "small user" residential rate.

In addition to overall general rate level increases, MEC proposes to institute explicit charges for various items such as service establishment, meter rereading, shop meter testing, "NSF" checks, deferred payment plans, and "service availability." Increases in existing miscellaneous tariffs such as service re-establishment and reconnection, and certain meter tests are also being sought by MEC. On the other hand, MEC has proposed to begin paying 6% interest on customer deposits.

MEC's proposed tariffs contain several changes in rate design. As was noted previously, MEC has suggested a "small user" rate for those residential customers who use less than 700 kWh during each of four designated summer months. MEC has also filed tariffs for an experimental demand metered rate for large residential customers. Both tariffs would remove any kWh allowance from the increased customer charge. As proposed, this tariff would be limited to 500 customers. MEC has separated its largest irrigation customers from the present Large Power rate and has created a Large Irrigation schedule. This schedule would contain both seasonal and diurnal time-of-use features.

MEC's last rate proceeding was in 1980 (Decision No. 50900). That Docket merely restructured the existing rates and did not provide any additional base revenue to MEC. Previous to the instant application, MEC received an increase in base rates in Decision No. 47419 (October 25, 1976). Any increase in the rates charged by MEC since 1976 has been the direct result of purchased power pass-throughs and has not inured to the benefit of MEC.

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TEST YEAR

The selection of a test year, usually fairly straightforward, was complicated by the desire of both Staff and MEC to set permanent rates which would take into consideration MEC's ambitious 1982-84 construction plans. Although the year ending September 30, 1981, was initially selected by MEC as its test year, MEC included in its revenue requirements the interest and interest coverage associated with financing for property additions throughout 1982. Staff adjusted MEC's operating results and rate base to be consistent with the use of 1982 debt. The practical effect of these adjustments was the creation by Staff of a 1982 test year and a December 31, 1982, rate base. Though common elsewhere, the use of non-historical test year data marks somewhat of a departure from Arizona precedent. In this instance, there is little alternative but to accept the Staff's analysis. To utilize 1982 interest in deriving revenue requirements while ignoring 1982 operating results and investment would create a clear mismatch in data sets. On the other hand, eliminating any consideration of the prospective financing requirements for MEC in this proceeding would virtually guarantee that MEC would have to seek additional rate relief before the end of 1982. Consequently, the Commission will find 1982 to be a reasonable test year for purposes of evaluating MEC's application herein.

OPERATING INCOME

The adoption of the Staff position with regard to the selection of 1982 as the appropriate test year also requires that we accept Staff's calculation of operating income for the test period as set forth in Schedule FM-4 of Staff Ex. 6 (Revised).* In addition to using MEC's 1982 data (both actual and projected), Staff has incorporated wholesale power rates recently approved for AEPCO in Decision No. 53034. In summary, MEC's test year operating income is as follows:

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*The only difference between Staff Ex. 6 as presented at hearing and the late-filed Staff Ex. 6 (Revised) is the latter's use of actual AEPCO rates rather than Staff's proposed AEPCO rates.

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Mohave Electric Cooperative, Inc.
Operating Income Statement for the Test Year
(000's)

Operating Revenue:	<u>\$14,142</u>
Operating Expense:	
Purchased Power	\$11,327
O & M	1,645
Property Taxes	542
Other Taxes	60
Depreciation	<u>481</u>
Total Operating Expense	<u>\$14,055</u>
Operating Income	<u>87</u>
Non-Operating Income	<u>7</u>
TOTAL INCOME	<u>\$ 94</u>

RATE BASE

Both Staff and MEC offered exhibits on the original cost of MEC's property devoted to public service. Moreover, for purposes of this proceeding, MEC agreed that its original cost rate base is a reasonable proxy for "fair value." No party herein has suggested that the "fair value" of MEC's property devoted to public service would be less than original cost.

As presented in Schedule FM-2 of Staff Ex. 6 (Revised), the positions of MEC and Staff relative to the determination of rate base are:

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Mohave Electric Cooperative, Inc.

Summary of Fair Value Rate Base
(000's)

	<u>MEC Requested</u>	<u>Staff Adjustments</u>	<u>Staff Recommendations</u>
Gross Utility Plant in Service	\$14,014	\$3,402	\$17,417
Less: Accum Dep.	<u>3,583</u>	<u>569</u>	<u>4,152</u>
Net Utility Plant in Service	10,431	2,834	13,265
Plus:			
CWIP	1,688	(1,688)	0
Capital Term Certificates	0	530	530
Working Capital	1,292	(1,162)	130
Less:			
Customer Advances for Construction	<u>798</u>	<u>0</u>	<u>798</u>
TOTAL RATE BASE	<u>\$12,613</u>	<u>\$ 514</u>	<u>\$13,127</u>

The difference between Staff's net plant figures and that of MEC is attributable to the former's incorporation of 1982 net property additions. Since this adjustment included most if not all of the dollars contained in MEC's CWIP account as of September 30, 1981, Staff properly eliminated CWIP from its rate base computation.

Staff further adjusted rate base by adding MEC's investment in Capital Term Certificates. These Certificates are analogous to compensating bank balances and could be accounted for either by inclusion in rate base or by increasing the effective cost of long-term debt. There has been no objection to Staff's proposed treatment of these Certificates and it will be adopted for purposes of this proceeding.

The most significant rate base issue between Staff and MEC involves working capital. MEC has utilized the "formula" method previously accepted by this Commission. This formula, like many other such "formulas" in use throughout the country, is a variation of the old "45 day" cash working capital formula developed over 40 years ago by the Federal

1 Power Commission. Staff conducted an analysis of MEC's balance sheet as well as the
2 actual "leads" and "lags" in the receipt of revenues and the payment of expenses. The
3 "balance sheet" method and lead-lag study are generally considered to be more accurate
4 than the "formula" method, although problems in their uniform application from case to
5 case often mitigate against use of these methods and in favor of the simpler "formula."
6 In this instance, the Commission is satisfied that Staff has properly determined working
7 capital.

8 RATE OF RETURN

9 A fair and reasonable rate of return for a cooperative such as MEC does not involve
10 the same considerations as would a similar determination involving an investor owned
11 utility. All the expert witnesses agreed that return on equity (also referred to as "margins")
12 and even the nominal rate of return on rate base have little independent significance. MEC
13 requires access to the credit markets on a regular basis. This is necessary to finance both
14 projected system expansion and to refinance prior obligations as they mature. MEC's two
15 most economical sources of capital are the Rural Electrification Administration ("REA")
16 and the National Rural Utility Finance Corporation ("CFC"). REA and CFC condition these
17 loans on the attainment by the borrower of specified interest coverage ratios or TIERs.
18 The present minimum TIER requirement of REA and CFC is 1.5. However, the rate of
19 return witnesses of MEC and Staff testified that MEC should achieve more than the minimum
20 necessary level of TIER. Staff recommended that a TIER of 2.0 would be sufficient at the
21 present time, although it conceded that MEC's long-run TIER should be improved from that
22 level. MEC presented testimony that a fast-growing company such as MEC should set
23 rates based on a TIER of 3.0. A representative from CFC concluded that cooperatives
24 would face increasing competition for funds in the private market, and that their financial
25 fitness would be judged by the same criteria as investor owned utilities. In the case of MEC,
26 this would require a TIER of 2.5 to 3.0. The witness also noted that in the future, members
27 of CFC (which will be the major source of new credit for cooperative utilities) could be
28 ranked by their relative contribution to the collective TIER of CFC, and the interest rate

1 on member loans determined accordingly. At present, CFC's financial condition is such
2 that it can no longer be lenient to those members in default of their TIER requirements.
3 MEC's TIER is the lowest of the six major cooperatives in Arizona. Its TIER for 1981
4 was 1.2, and in 1980 it was only .857. Although the restructuring of rates in 1980 appeared
5 to temporarily improve MEC's financial situation, TIER for 1982 will, in the absence of rate
6 relief, be less than 1.0. Since MEC's relatively strong 1979 year could no longer be considered
7 in REA's and CFC's calculations (the average of the best two out of the three most recent
8 fiscal years), MEC would no longer be eligible for these loans. With funds barely able to
9 cover its current interest charges, any other financing would be out of the question. System
10 expansion would come to a halt and lawful obligations could not be paid when due. Notably,
11 even should MEC receive the full amount of the requested increase, TIER will not sufficiently
12 improve in 1982 to prevent a technical default by MEC with REA and CFC.

13 Under the circumstances set forth above, it is clear that MEC is in critical need of
14 rate relief. Staff has recommended rates which, in our opinion, would result in MEC
15 keeping its head barely above water for a few months before filing for the additional relief
16 which will be required. Since MEC will also be in technical default of its REA and CFC
17 obligations by the end of this year, it is necessary for MEC to convince these organizations
18 that it is on the path to long-term financial solvency. The minimum long-term TIER
19 recommended by any witness herein was 2.3. The Commission believes that this minimum
20 long-term goal can be achieved without placing an excessive burden on MEC's ratepayers.

21 One further point is relevant in this regard. MEC has included \$32,000 in interest
22 associated with a transmission line dedicated to serving the Hualapai Indian Reservation, a
23 line which presently produces no revenue. Staff has likewise included this interest in its
24 calculations of TIER. The Commission believes that both parties erred in effectively
25 asking MEC's ratepayers to pay for plant which is not used and useful, will not be used and
26 useful, and was never intended to be used and useful in the provision of electric service to
27 such ratepayers. MEC has recognized this inequity by excluding the transmission line from
28 rate base and proposing to segregate all expenses and revenues associated with the line.

1 These gestures are meaningless if ratepayers must still provide TIER coverage for this
2 investment. Therefore, the Commission will eliminate the \$32,000 interest expense from
3 the calculation of TIER and rate of return.

4 With the above adjustments, the fair and reasonable rate of return on the "fair value"
5 of MEC's property is 9.6%. This return will permit MEC to achieve a TIER slightly above
6 2.3 for the remainder of 1982 (although probably not 1.5 for the entire year) and close to 2.3
7 for 1983, based on current projections of sales, expenses, and interest. As MEC's construc-
8 tion outlays lessen in the mid 1980's, TIER should improve further or at least not signifi-
9 cantly deteriorate. Thus, MEC would achieve some stability in base rates while increasing
10 its TIER and margins to acceptable levels consistent with projected long-term growth
11 within its service territory.

12 RATE DESIGN

13 MEC has proposed several innovative rate changes in the instant proceeding. The
14 "small user" residential rate and separate large irrigation schedule are opposed by Staff.
15 Likewise, Staff has taken exception to certain aspects of MEC's commercial and large
16 power tariffs. On the other hand, Staff supports the increase in the residential customer
17 charge to \$12.00 and the elimination of all kWh from that charge. Staff also agreed with
18 the experimental demand rate for large residential customers. However, Staff did include
19 the higher customer related metering costs in the customer charge for that experimental
20 rate.

21 Both Staff and MEC based their respective rate designs on the results of a cost of
22 service ("COS") study. While these analyses differed on various details, the differences
23 were not significant. Costs are functionalized and attributed to customer (weighted and
24 unweighted), demand (coincident and non-coincident), and energy components. The trans-
25 lation of the resulting figures into electric rates is yet another matter.

26 MEC did no separate analysis to cost justify its "small user" rate. The 700 kWh limita-
27 tion applied only to summer usage even though there was no significant seasonal variation
28 in COS. MEC assumed that such small customers had higher load factors than residential

53174

1 customers as a whole but based that assumption on data developed by Arizona Public Service
2 Company ("APS"). There is little comparison between MEC and APS. Their seasonal cost
3 variations, differing service territories, and customer demography are greatly different.
4 Under MEC's proposal, the summer weekend resident of Bullhead City or Riviera would
5 receive a discount on his usage even though he might well be contributing to the system or
6 class peak and evidence a low load factor. In the absence of a more detailed study of this
7 subgroup, the Commission will not adopt the proposed "small user" rate.

8 The same conclusion applies to the proposed large irrigation rate. The seasonal differ-
9 ential does not appear to be cost justified. Moreover, the Commission is hesitant to create
10 yet another category of end use pricing. The introduction of an incentive for shifting
11 demand to off-peak periods on a diurnal basis is more properly grounded in COS principles.
12 Although MEC believes that the greatest potential for shifting is in the agricultural sector,
13 the testimony of the intervenors herein would appear to indicate the opposite. Consequently,
14 the Commission will reject the proposal to create a separate irrigation rate. However, the
15 Commission will require that MEC develop and propose an off-peak rate applicable to all
16 its large power customers within twelve months of the effective date of this Decision.

17 Staff's rate design is superior to that proposed by MEC in three major respects. Staff
18 has proposed a customer charge for every rate schedule. Staff has translated its COS study
19 directly into its rate design without significant subjective modification. Staff has utilized
20 voltage level variations while avoiding seasonal distinctions. For these reasons, the Com-
21 mission will accept Staff's rates except as necessarily modified to reflect the greater reve-
22 nue requirement found appropriate herein. Staff's rates generally favor high load factor
23 customers because Staff has included all margin requirements in the customer and demand
24 charges. While this does tend to promote earnings stability, MEC has warned that some
25 margin should also be included in the energy charge. Since most of MEC's customers are
26 not demand metered, the point is somewhat academic. However, the Commission will adjust
27 the Staff proposed rates by placing the incremental margin (above that recommended by
28 Staff) in the energy charge.

1 Although Staff did not particularly indorse MEC's miscellaneous charges (both new and
2 increased), Staff did agree that these items had a cost to MEC and should be charged to
3 those customers creating that cost. The implementation of these charges is consistent with
4 the Commission's policy of unbundling utility rates and will be approved herein.

5 Staff has also advocated a new method of calculating MEC's purchased power adjust-
6 ment charge. Rather than charging the same amount month after month and accumulating
7 the overcollections (undercollections) in a suspense account, Staff's recommendation would
8 institute a monthly adjustment formula which would be self-correcting in the succeeding
9 month. Staff's proposed adjustment clause would also tract actual purchased power costs
10 better than MEC's present procedure. The Commission has previously approved a similar
11 monthly adjustment for AEP CO, and so it is logical to adopt such a mechanism at the retail
12 distribution level. In recognition that this new type of purchased power adjuster may
13 require some careful rewording of MEC's present tariff language and the development of
14 necessary monthly estimation procedures, implementation of the Staff recommendation will
15 be delayed until MEC's January, 1983 billing cycles. At that time, any balance (deficit) in
16 MEC's purchased power "bank" will be amortized through the new purchased power adjust-
17 ment clause over the succeeding twelve month period.

18 AUTHORIZED INCREASE

19 The application of a 9.6% rate of return to MEC's "fair value" rate base produces
20 operating income of \$1,260,000. This is \$1,166,000 more than MEC's test year income.
21 Multiplying this deficiency by the agreed upon conversion factor of 1.042 results in a re-
22 quired increase of \$1,215,000 or approximately 8.6%. Since both the requested dollar and
23 percentage increase previously described were based on a different data set than the
24 revenue increase authorized herein, direct comparisons can be misleading. However, on an
25 adjusted per kWh basis, the authorized increase is approximately 60% of MEC's request.

26
27 The Commission, having considered the entire record herein and being fully advised in
28 the premises, finds, concludes and orders that:

FINDINGS OF FACT

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1. MEC is an Arizona non-profit corporation engaged in providing electric service to the public within portions of Mohave County, Arizona, pursuant to Certificates granted by this Commission.
 2. On January 7, 1982, MEC filed an application with the Commission requesting a permanent increase in its rates and charges for electric service, and that the Commission determine the "fair value" of its property devoted to public service and set a fair and reasonable rate of return thereon.
 3. Pursuant to notice, a public hearing on the application was held at the Commission's offices in Phoenix, Arizona, on May 26 and 27, 1982.
 4. For 1982, MEC's adjusted operating revenue is \$14,142,000; its adjusted operating expense is \$14,055,000; and its net income before interest expense is \$94,000.
 5. The "fair value" of MEC's property devoted to public service as of December 31, 1982, is \$13,127,000.
 6. A fair and reasonable rate of return on the "fair value" of MEC's property devoted to public service is 9.6%.
 7. An increase in operating revenue of \$1,215,000 (based on projected 1982 sales) is necessary in order to permit MEC the opportunity to earn a 9.6% rate of return on the "fair value" of its property devoted to public service.
 8. The rates and charges for electric service proposed by MEC would produce a rate of return on the "fair value" of MEC's property devoted to public service in excess of 9.6%.
 9. The rates and charges for electric service proposed by Staff and as modified herein are properly based on the cost of providing such service.
 10. The rates and charges proposed by MEC for establishment of service, re-establishment of service, reconnection of service, meter rereads, meter tests, NSF checks, deferred payment balances, and service availability (as set forth in Schedule H-3 of MEC Ex. 2) and the proposal to pay 6% interest on customer deposits will properly attribute cost (savings) responsibility (benefits) to those customers who cause such costs (savings).

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IT IS FURTHER ORDERED that Mohave Electric Cooperative, Inc., shall file an "off-peak" tariff schedule applicable to all customers served under the Large Power rate within twelve months of the effective date of this Opinion and Order.

IT IS FURTHER ORDERED that this Opinion and Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

[Signature]
CHAIRMAN

[Signature]
COMMISSIONER

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 14th day of August, 1982.

[Signature]
TIMOTHY A. BARROW
Executive Secretary



SPEED
LIMIT

NELSON MEMORIAL CEMETARY

09/27

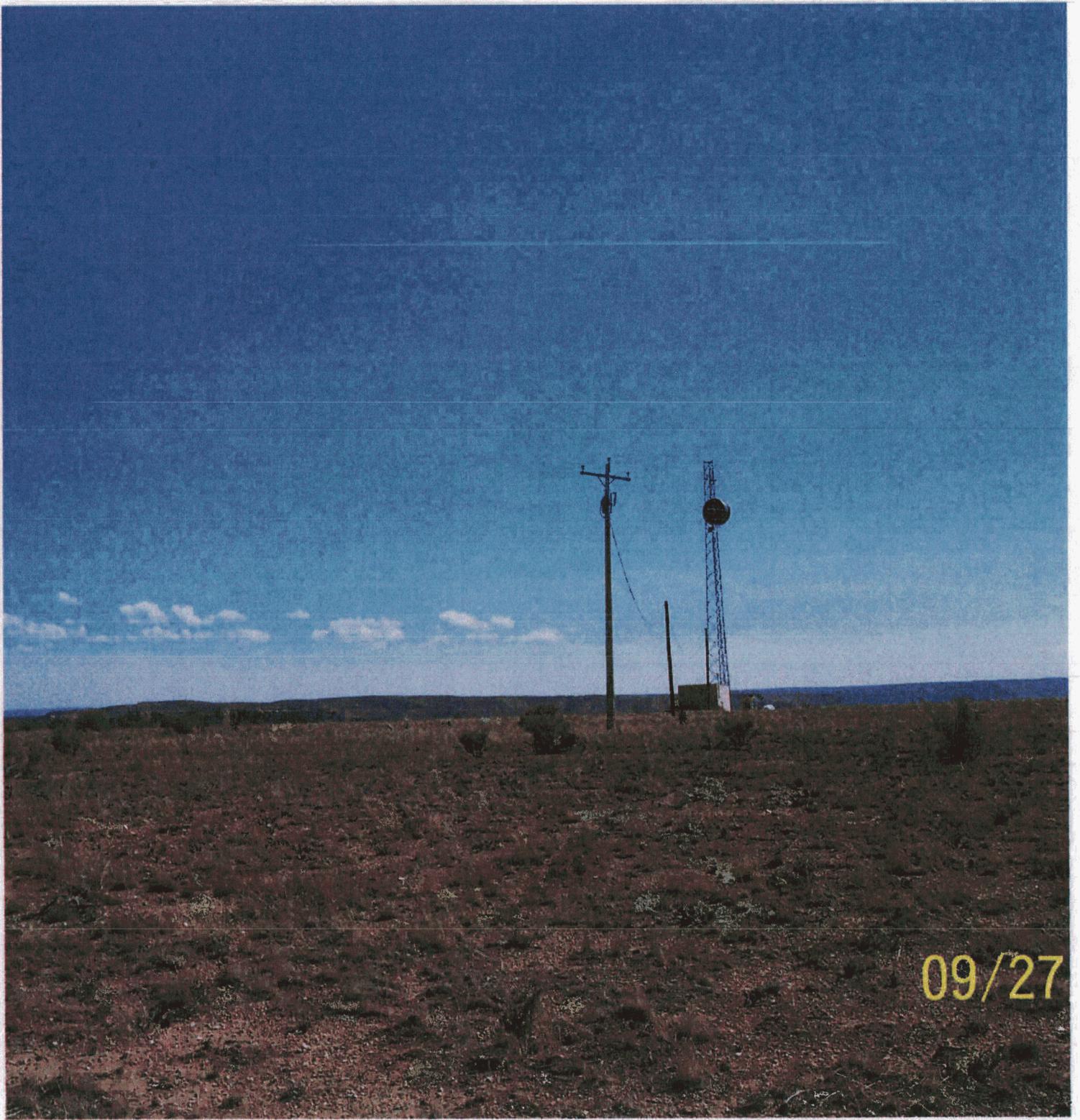




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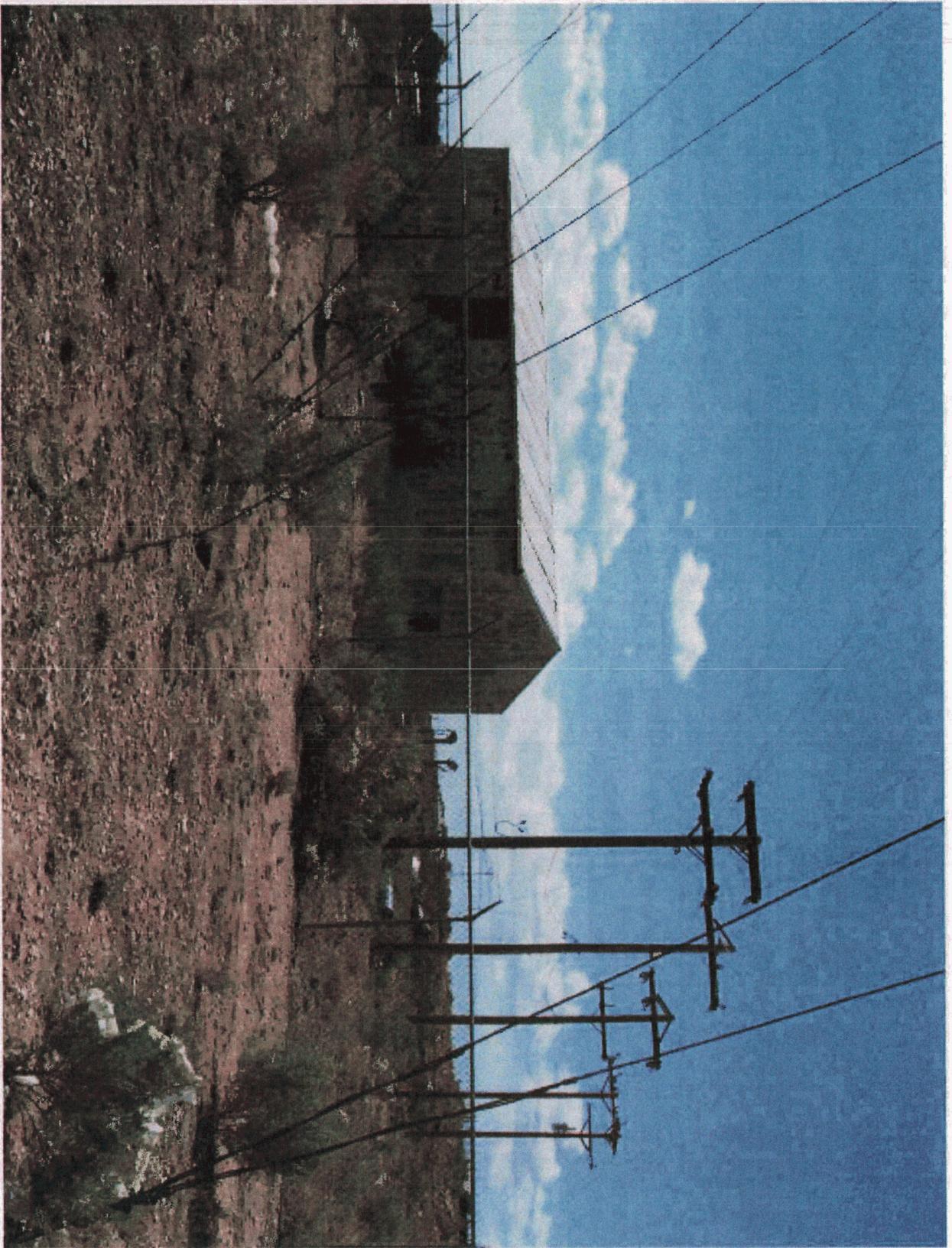


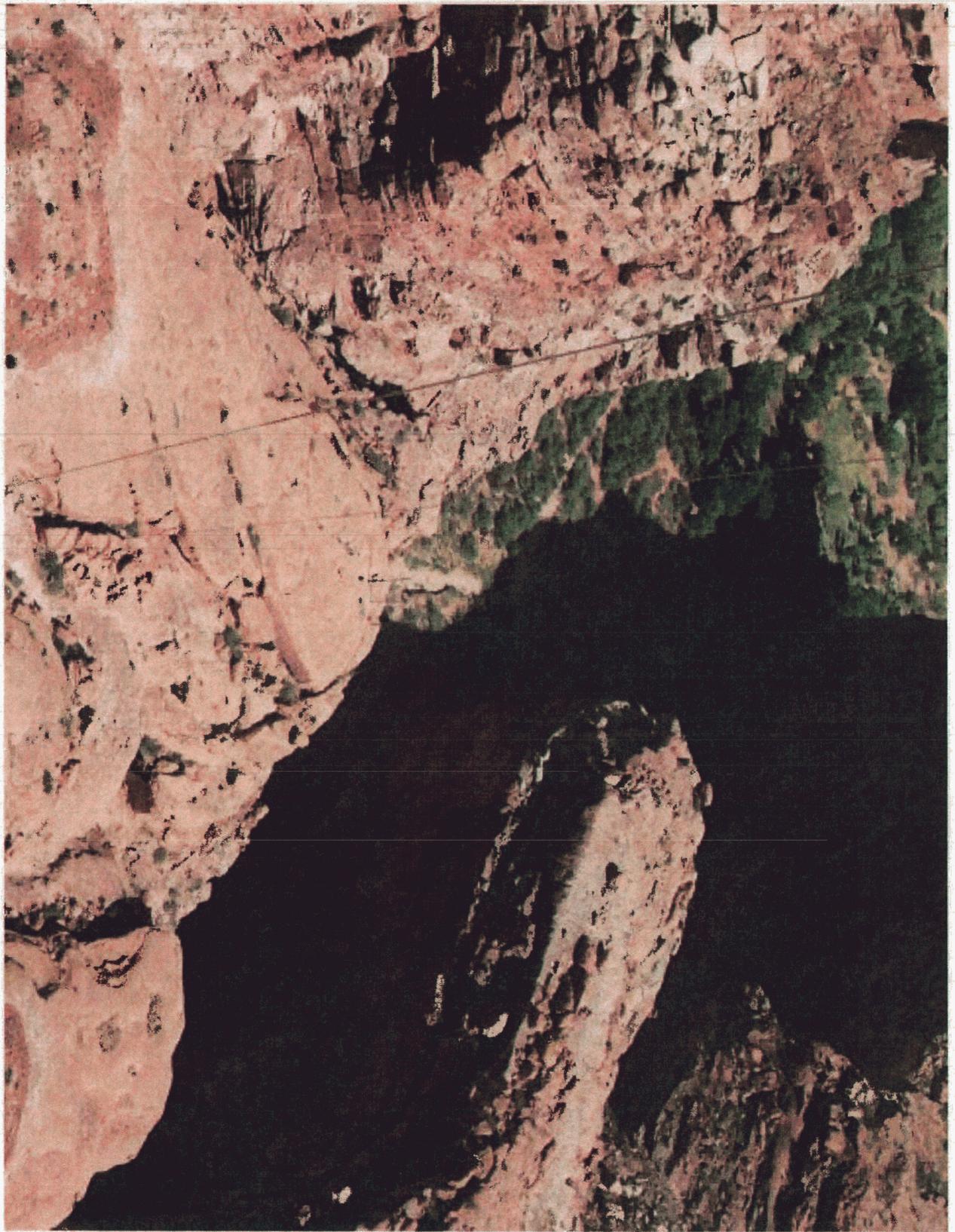
09/27











MOHAVE ELECTRIC COOPERATIVE, INC.



March 27, 1991

Bureau of Indian Affairs
Phoenix Area Office
P. O. Box 10
Phoenix, Arizona 85001
Attention: Rose Velarde

Re: GSA Contract No. GS-005-67021

Enclosed is the statement for payoff of construction cost under GSA Contract No. GSA-005-67021 as requested by the Bureau of Indian Affairs, Phoenix Area. The Payoff amount is \$923,243.92 as of March 31, 1991.

The effect of the payoff will be to remove the following part of the contract only:

FACILITIES CHARGES

- (1) 4.44% (percent) of the lesser of the cost of construction or \$1,600,000 and/or other amount(s) concurred in by the Government Contracting Officer;

The contract stays in full force and effect except that the 4.44% charge on the monthly letter billing will be eliminated. Please sign, date and return one copy of this letter to confirm agreement in this matter.

Jerald Knox 1420-3218-0692
BUREAU OF INDIAN AFFAIRS

03/29/91
Date

[Signature]
MOHAVE ELECTRIC COOPERATIVE

March 27, 1991
Date

Sincerely,

[Signature]
Jack Shilling
Manager of Engineering

ORDER FOR SUPPLIES OR SERVICES

PAGE 1 OF 1 PAGES

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

1. DATE OF ORDER 04/05/91	2. CONTRACT NO. (If any) GSA-005-67092	3. ORDER NO. PS1H5000237	4. REQUISITION/REFERENCE NO.
5. ISSUING OFFICE (Address correspondence to) U.S.D.I., BUREAU OF INDIAN AFFAIRS PHOENIX AREA OFFICE - P&S ONE NORTH FIRST STREET PHOENIX, AZ 85004		6. SHIP TO: (Consignee and address, ZIP Code) SAME AS BLOCK NO. 5, ATTN: GERALD KNOX (602) 379-6761	

7. TO: CONTRACTOR (Name, address and ZIP Code) MOHAVE ELECTRIC COOPERATIVE, INC. P. O. BOX 1045 BULLHEAD CITY, ARIZONA 86430-1045	8. TYPE OF ORDER <input type="checkbox"/> A. PURCHASE - Reference your _____ <input checked="" type="checkbox"/> B. DELIVERY - Except for billing instructions on the reverse, this delivery order is subject to instructions contained on this side only of this form and is issued subject to the terms and conditions of the above-numbered contract.
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9. ACCOUNTING AND APPROPRIATION DATA H68 -01 1 3300 6642 209 25N - \$884,243.92 H50 999 X 1131 7632 HAA 25N - \$ 39,000.00	10. REQUISITIONING OFFICE STATE AREA FACILITY MANAGEMENT
11. BUSINESS CLASSIFICATION (Check appropriate box(es)) <input checked="" type="checkbox"/> SMALL <input type="checkbox"/> OTHER THAN SMALL <input type="checkbox"/> DIS-ADVANTAGED <input type="checkbox"/> WOMEN-OWNED	12. F.O.B. POINT DESTINATION
13. PLACE OF INSPECTION AND ACCEPTANCE	14. GOVERNMENT B/L NO. N/A
15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date) 03/31/91	16. DISCOUNT TERMS NET

17. SCHEDULE (See reverse for Rejections)

ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
1.	<p>PAYOFF OF CONSTRUCTION COST UNDER GSA CONTRACT NO. GSA-005-67021.</p> <p>THE PAYOFF REMOVES THE FOLLOWING PART OF THE CONTRACT ONLY:</p> <p><u>FACILITIES CHARGES</u> (1) 4.44% (PERCENT) OF THE LESSER OF THE COST OF CONSTRUCTION OR \$1,600 AND/OR OTHER AMOUNT(S) CONCURRED IN BY THE GOVERNMENT CONTRACTING OFFICER;</p> <p>THE CONTRACT STAYS IN FULL FORCE AND EFFECT EXCEPT THAT THE 4.44% CHARGE ON THE MONTHLY LETTER BILLING WILL BE ELIMINATED.</p>	1	EA.		\$923,243.92	

18. SHIPPING POINT	19. GROSS SHIPPING WEIGHT	20. INVOICE NO.	17(H). TOT. (Cont. pages)
21. MAIL INVOICE TO: (Include ZIP Code) SAME AS BLOCK NO. 5, ATTN: PROPERTY & SUPPLY			17(I). GRAND TOTAL \$923,243.92
22. BILLING INSTRUCTIONS ON REVERSE UNITED STATES OF AMERICA BY (Signature) <i>Gerald Knox</i>		23. NAME (Typed) GERALD KNOX, 1420-3218-0692 TITLE: CONTRACTING/ORDERING OFFICER	

pc file copy

March 17, 1992

Assistant Area Director of Administration
Bureau of Indian Affairs
U. S. Department of Interior
P. O. Box 7007
Phoenix, Arizona 85011

RE: Contract GS-OOS-67021

Dear Sir:

The purpose of this letter is to request information regarding the renewal of the contract above referenced. The contract, between Mohave Electric Cooperative, Inc., hereinafter called Mohave, and the United States of America, hereinafter called Government, provides for the supply of electric energy to the Hualapai and Havasupai Indian Reservations.

According to our records, the contract will expire on April 1, 1992. The contract provisions indicate that Mohave did consent to the Government's right and option to renew this contract for two additional ten year periods. We now respectfully request you to provide Mohave with your intentions toward the renewal options. We are currently reviewing the monthly Facility Charge portion of the charges provided for in the contract, in anticipation of contract renewal.

We also again reference you to the fact that Mohave implemented new rates, as approved by the Arizona Corporation Commission, in January of 1991. Although the Large Power Rate, which was identified in the contract, did experience an increase to the approved rate established by the Commission, Mohave was successful in negotiating a separate, lower large power rate for this specific contract. While higher than the pervious rate, the contract rate is lower than it would have been had a separate rate not been established.

pc file copy

Assistant Area Director of Administration - continued

Due to the very limited time before the current contract expires, we would appreciate receiving a written response prior to March 31, 1992. If you have questions or require any additional information, please feel free to contact me.

Sincerely,

Stephen McArthur
Comptroller

cc: Mr. Robert Broz, General Manager
Mohave Electric Cooperative, Inc.

RECEIVED
PROPERTY OFFICE
SECURITY

APR 20 1 52 PM '93

Branch of Acquisition, Federal Assistance
Section IV/ Contracts & Grants/MS-211

APR 19 1993

CERTIFIED RETURN RECEIPT REQUESTED

Mr. Robert Broz, General Manager
Mohave Electric Cooperative, Inc.
P.O. Box 1045
Bullhead City, Arizona 86430

Dear Mr. Broz:

This is regarding GSA Contract No. GS-00S-67021, Negotiated Electric Utility Contract between Mohave Electric Cooperative, Inc. and the Bureau of Indian Affairs (Government).

On April 1, 1982, the Government entered into Contract No. GS-00S-67021 with Mohave Electric Cooperative, Inc. to furnish the Government all electric energy which the Government may request during the term of this contract. Said services was to supply electric energy to existing and future residential and commercial installations on the Hualapai and Havasupai Indian Reservation located in Northeastern Arizona. The term of this contract was for ten years and has since expired.

Under the Contract, the Government has the right of renewal for two additional ten year periods. The Government hereby notifies Mohave Electric of its intent to exercise this option.

Prior to exercising our option, we need to re-negotiate and amend the existing contract. The contract makes reference to construction of overhead transmission and/or distribution facilities. Construction was completed and the Government reimbursed Mohave all cost associated with the construction. Therefore, some of this language needs to be deleted.

Whereas, language in the contract relative to the monthly facility charge, allows "for Mohave to recover cost associated with the construction and operation of facilities to make electric service available to the Government, the Government upon verification of Mohave's cost of construction agrees to pay Mohave as a Facility Charge an annual amount equal to the sum of:

- (1) 4.44% (percent) or the lesser of the cost of construction or \$1,500,000 and/or other amount(s) concurred by the Government Contracting Officer;
- (2) All state and local property taxes assessed against the facilities and Mohave constructs because of this contract;

- (3) The (a) operation and maintenance expenses; (b) cost of replacement less original book value of replaced facilities and (c) cost of system improvements that Mohave constructs as a result of this contract."

Also, under provision "Interim Construction Accounting" the Government has the right to audit all construction costs related to the construction of the subject facilities.

The Government hereby notifies Mohave Electric of its intention to exercise its right under the contract to verify and audit all construction cost and monthly facility charges. This audit will be coordinated through the U.S. Department of Interior, Office of Inspector General. Mohave Electric will receive proper notification of any audit arrangements.

When the Government has obtained the audit results, the Government will propose a negotiation meeting with Mohave Electric for continued electrical services under the contract.

If you have any questions, please call the Rose Velarde, Contracting Officer, at (602) 379-6760.

Sincerely,

Rose M. Velarde
1420-3228-0793
Contracting Officer

cc: PAO Facility Manager/MS-220
Director, Facilities Management and Construction Center
Attention: Mr. Richard Crissler
Facility Manager, Truxton Canon Agency
Supt., Truxton Canon Agency
Eddie Quotskuyva, Supervisory Contract Specialist

MOHAVE

electric cooperative

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

RECEIVED
BIA - PAO
CONTRACT & GRANTS

JUN 21 8 21 AM '95

June 15, 1995

Area Director of Administration
Bureau of Indian Affairs, Phoenix Area Office
U. S. Department of the Interior
P. O. Box 10
Phoenix, Arizona 85001

RE: Contract GS-OOS-67021

Dear Sir:

According to the terms of the above referenced contract, we sent a certified letter, dated June 7, 1995, to the address specified in the contract. That letter has been returned with an indication the forwarding order has expired.

The purpose of this letter is to request information regarding the expired contract above referenced. The contract, between Mohave Electric Cooperative, Inc. (Mohave), and the United States of America, Department of Interior, Bureau of Indian Affairs (BIA), provided for the supply of electric energy to the Hualapai and Havasupai Indian Reservations.

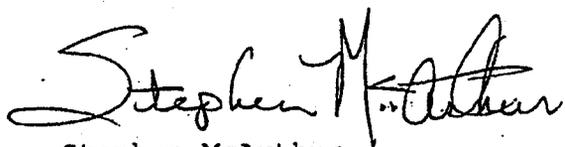
During the recent contract audit by the Office of the Inspector General, Department of the Interior, which was requested by the Phoenix office of the BIA, the audit team noted that the contract had not been renewed and was well past the renewal date of April 1, 1992. Mohave was subsequently reminded that a certified letter, as was required by the terms of the contract, was mailed to the BIA during March 1992. In that letter, Mohave requested the BIA to provide Mohave with the intentions of the BIA toward the renewal options of the contract. No response was received to that letter request. According to Mohave's records and Mohave's understanding of the contract, the contract expired on April 1, 1992. The BIA clearly declined to exercise the renewal option as was required by the agreement.

Mohave now requests the intentions of the BIA regarding the old contract and the existing service. Does the BIA now wish to discuss a new contract, since the old contract has obviously expired, or is the intent of the BIA for Mohave to cease to provide service, which was an aspect provided for in the old contract?

LETTER - Bureau of Indian Affairs
June 15, 1995
Page 2 of 2

Mohave needs to receive a written response prior to June 29, 1995. If you have questions or require any additional information, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Stephen McArthur". The signature is written in dark ink and is positioned above the printed name and title.

Stephen McArthur
Comptroller





electric cooperative

RECEIVED
BIA - PAC
CONTRACTS & GRANTS

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

JUN 19 1 40 PM '96

P. 200

200

June 6, 1996

Mr. Barry Welsh
Acting Manager
Bureau of Indian Affairs (BIA)
Phoenix Area Office
One North First Street, 4th Floor
Phoenix, Arizona 85004

Re: Line Serving BIA

Dear Mr. Welsh:

PHOENIX AREA DIRECTOR

JUN 17 11 37 AM '96

BUREAU OF INDIAN AFFAIRS
RECEIVED

We have received correspondence from the BIA regarding the expired contract between the BIA and Mohave Electric. Enclosed for your review are copies of past correspondence sent by Mohave Electric to the BIA. These two letters are specifically related to the possible renewal of the contract.

The first letter, dated March 17, 1992, and sent by certified mail as specified in the contract, notified the BIA that the contract was due to expire on April 1, 1992. Mohave Requested the BIA to provide a written response by March 31, 1992, describing the intentions of the BIA regarding any proposal for contract renewal. The second letter, dated June 15, 1995, and which was also sent by certified mail, was sent to again request information about the intentions of the BIA concerning the now expired contract. This letter requested a written response by June 29, 1995, with a description of the intentions of the BIA, and more specifically as to whether the BIA wished to discuss a new contract or if there was a desire for Mohave Electric to cease service. Neither of these letters ever received a direct response.

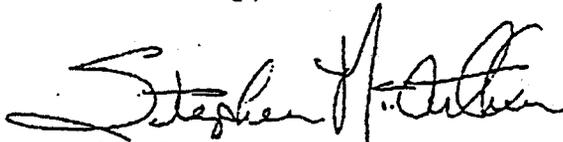
We have carefully reviewed many aspects of the expired contract and of the service itself. We recognize that the BIA reimbursed Mohave for the construction of the power line from Mohave's Nelson substation to a point near the Grand Canyon, with a length of approximately 63.3 miles, and Mohave retains ownership of this line. The review of all aspects has resulted in a determination that continuing with this service as it currently exists is not in the best interests of the members of Mohave Electric. We intend to transfer ownership of this line to the BIA. This transfer will require the relocation of the metering equipment from the present location near the Grand Canyon to a location near or at the Nelson Substation.



LETTER - Welch (continued)
June 6, 1996
Page 2 of 2

We request that you arrange for your representative to contact Mohave's Engineering Department in order to commence activities which will culminate in the orderly transfer of facilities within one hundred and twenty (120) days from today.

Sincerely,



Stephen McArthur
Comptroller

cc: Michael A. Curtis, legal counsel



United States Department of the Interior
 BUREAU OF INDIAN AFFAIRS
 WESTERN REGIONAL OFFICE
 P.O. BOX 10
 PHOENIX, ARIZONA 85001

IN REPLY
 REFER TO:
 Branch of Acquisition and
 Federal Assistance, MS-210
 602/379-6760

March 6, 2002

CERTIFIED MAIL NO. 7000 1530 0000 1277 3949
RETURN RECEIPT REQUESTED

Mr. Robert Broz, General Manager
 Mohave Electric Cooperative, Inc.
 P.O. Box 1045
 Bullhead City, Arizona 86430

Dear Mr. Broz:

Reference GSA Contract No. GS-00S-67021, Negotiated Electric Utility Contract (the Contract) between Mohave Electric Cooperative, Inc. (MEC) and the Bureau of Indian Affairs (the Government).

In accordance with the Contract, the Government exercises its option to extend the contract for a ten year period from April 1, 2002 through March 31, 2012.

The Government's exercise of its option as described above does not constitute a waiver, and the Government expressly reserves, any potential claims the Government may have concerning MEC's past and future billings and the Government's past and future payments under the Contract. Some of these potential claims were noted in the Inspector General's Audit Report No. 95-E-1045, "Review of Mohave Electric Cooperative, Inc., Calendar Year 1994 Charges Under Bureau of Indian Affairs Contract No. GS-00S-67021" (June 1995), previously provided to MEC.

The Government's understanding of the status of some of the component parts of charges and payments under the Contract are as follows:

1. Subsequent to the original making of the Contract, as of 1991, the Government paid in full to MEC the cost of the construction of the facilities built to deliver power from MEC to the Government at the line side of the Long Mesa Transformer. Accordingly, the Contract was amended through the above described conduct of MEC and the Government to delete the charge contained in the contract at Addendum No. 1, p. 6, paragraph "FACILITIES CHARGES," subparagraph "(1)".
2. No payment is owed by the Government to MEC for the charge described in the Contract at addendum No. 1, p. 6, paragraph "FACILITIES CHARGES," subparagraph "(2)" until MEC provides the Government with properly supported invoice documenting those charges.
3. No payment is owed by the Government to MEC for the charge described in the Contract at Addendum No. 1, p. 6, paragraph "FACILITIES CHARGES," subparagraph "(3)" until MEC provides

OPTIONAL FORM #8 (7-00)		# of pages ▶ 5	
FAX TRANSMITTAL			
To	Non Jackson		From
Dept./Agency		Phone #	

08/02/02 FRI 15:35 [TX/RX NO 9277]

the Government with properly supported invoices documenting those charges.

Pursuant to paragraph 2 of the Contract, MEC's point of delivery to the Government is the line side of the Long Mesa Transformer. The Government has been advised and thus suspects that MEC moved the metering device from the line side of the Long Mesa Transformer to MEC's Nelson substation. If this suspicion is substantiated, the Government objects to MEC's unilateral change in the point of metering and billing from the Nelson substation and submits that MEC is required to meter and bill the Government's use at the line side of the Long Mesa Transformer as required by the Contract.

The Government has been advised and thus suspects that MEC serves, in addition to the Government, approximately fourteen additional customers located between the Nelson substation and the line side of the Long Mesa Transformer. The Government has been advised and thus suspects that MEC deducts from the Government's monthly bill what MEC unilaterally calculates as being the electrical usage for these other fourteen MEC customers. If the Government's suspicions described are correct, the Government suspects that MEC may have charged in the past and may be now charging the Government: costs of power losses that occur in the seventy mile electrical line; costs of power losses that occur in service lines that deliver power to MEC's other fourteen customers between MEC's Nelson substation and Long Mesa; costs of any un-metered power such as jumped meters, etc. The Government expects MEC to address, under the terms of the Contract and to the Government's satisfaction, these and other issues that have arisen or that may arise during the term of the exercised option to the Contract.

The Government requests MEC to provide the Government, within thirty (30) calendar days of the date of this letter, a written explanation of MEC's monthly charges to the Government with reference to MEC's rate schedule approved by the Arizona Corporation Commission. A full explanation of how MEC calculated its charges to the Government for the most recent month is requested with particular attention to the monthly service charge; the monthly demand charge per KW; and the energy charge per KWH.

If additional information or assistance is needed, please contact this office at (602) 379-6760.

Sincerely,

(Sgd) Lloyd M. Brewer

Contracting Officer

Enclosure

cc: WRO, Regional Director
Supt., Truxton Canon Field Office
Facilities Management, Attn: Ralph Esquerra
Field Solicitor's Office, Attn: Daniel L. Jackson
Augustine Hanna, Havasupai Tribal Chairman
Daniel C. Shiel, Rothstein, Donatelli, Hughes, Dahlstrom, Schoenburg & Enfield, LLP
Louise Benson, Hualapai Tribal Chairperson

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 1
2. AMENDMENT/MODIFICATION NO. 1	3. EFFECTIVE DATE 04/01/02	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (if applicable)
6. ISSUED BY Bureau of Indian Affairs - Western Regional Office Acquisition & Federal Assistance 400 N. 5th Street, Phoenix, Az 85004 P.O. Box 10, Phoenix, Az 85001		7. ADMINISTERED BY (if other than Item 6) Renee Holly, Contract Specialist Phone: 602.379.3822 FAX: 602.379.6763	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Mohave Electric Cooperative, Inc. P.O. Box 1045 Bullhead City, Arizona 86430		(X)	9A. AMENDMENT OF SOLICITATION NO.
			9B. DATED (SEE ITEM 11)
		X	10A. MODIFICATION OF CONTRACT/ORDER NO. GS-OOS-67021
			10B. DATED (SEE ITEM 11) 04/01/82
CODE	FACILITY CODE	11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS	

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
 (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) Unilateral Modification IAW Contract Terms and Conditions

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Electric Utility Contract to Provide Electric Energy for the Operation of Government Facilities Located at Hualapai and Havasupai Indian Reservations, Arizona.

This modification is issued to exercise the Governments option to extend the contract performance period an additional 10 years in accordance with the Contract Terms and Conditions.

Performance Period - FROM: April 1, 2002 THROUGH: March 31, 2012

Except as provided herein, all terms and conditions of the document referenced in item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		15B. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Lloyd M. Brewer, Contracting Officer	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	15D. UNITED STATES OF AMERICA <i>Lloyd M. Brewer</i> (Signature of Contracting Officer)	15E. DATE SIGNED 3-5-02
(Signature of person authorized to sign)			

N 7540-01-152-6070
previous edition unusable

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA FAR (48 CFR) 53.243

14

RECEIVED

MARTINEZ & CURTIS, P.C.

Law Offices
Michael A. Curtis
Jay M. Martinez (1943-2000)
William P. Sullivan
Susan D. Goodwin
Larry K. Ukral
Anja K. Wendel
Paul R. Michaud
Kelly Y. Schwab
Phyllis L. New

2002 MAR 22 PHOENIX, ARIZONA 85006-1090

2712 North Seventh Street

Telephone (602) 248-0372
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BIA-PHX-ACQUISITIONS
AND FED ASSISTANCE

OF COUNSEL

Joseph F. Abala
Thomas Hine
C. Eugene Nash
Jeffrey A. Katz
Richard S. Allemann

REFER TO FILE NO. 1234
1234-7-19

March 20, 2002

Mr. Lloyd Brewer, Contracting Officer
U.S. Department of Interior
Bureau of Indian Affairs
Western Regional Office
Post Office Box 10
Phoenix, Arizona 85001

Re: Your Letter of March 6, 2002

Dear Mr. Brewer:

Your letter to Mohave Electric Cooperative has been referred to our offices as General Counsel for the Cooperative. Your letter refers to GSA Contract No. G8-00S-67021, Negotiated Electric Utility Contract between Mohave Electric Cooperative, Inc. and the Bureau of Indian Affairs, and requests that this specific Contract be extended through 2012. Unfortunately, that Contract expired of its own terms in 1992 when the Bureau of Indian Affairs did not seek an extension of the Contract. It no longer exists. Therefore, that Contract (no longer being in existence) is not in effect, and cannot be extended as requested.

At the present time, Mohave advises the BIA has been and is being served electric service at the Nelson Substation by Mohave under a month-to-month contract at sufferance pursuant to a rate approved by the Arizona Corporation Commission which service Mohave chose to implement at the time that the aforementioned Contract terminated in 1992. If BIA wishes to negotiate a formal written Electric Service contract to replace the contract at sufferance, Mohave would be willing to do so only through settlement negotiations connected with litigation now pending between the parties.

Mr. Lloyd Brewer, Contracting Officer
March 20, 2002
Page 2

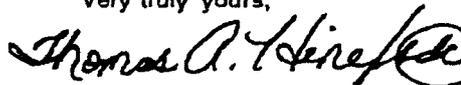
If you should have any questions or need any more information, since this account and service are in litigation please contact the following:

Thomas A. Hine, 2712 N. 7th St, Phoenix, Az 85006-1090 (602)870-1828.
Michael A. Curtis, 2712 N. 7th St, Phoenix, Az 85006-1090 (602)248-0372

With Copies to:

Robert Broz, Chief Executive Officer, Mohave Electric Cooperative, Inc.

Very truly yours,



Michael A. Curtis
Thomas A. Hine
For the Firm

cc: Robert Broz, MEC
Lane Tucker, Esq., Department of Justice

MOHAVE ELECTRIC COOPERATIVE, INC.
EXECUTIVE MINUTES
BOARD OF DIRECTORS MEETING
JUNE 26, 2003

The executive session was called to order by President Lyn R. Borah.

Present at the executive session were: Lyn R. Borah, President, John Nelssen, Vice President, Chester Moreland, Secretary, Carlos Tejada, Treasurer, Bob Allen, Steven Buck, John Elkins and Phil Sauceman. Gordon Ennes was absent.

Also present were: Robert E. Broz, Chief Executive Officer, Sharon Sutton, Administrative Assistant and Michael Curtis, General Counsel.

EXECUTIVE MINUTES MAY 21, 2003

The draft notes of the May 21, 2003 executive minutes were distributed to the board for their review. A motion was made and seconded to approve the draft notes of executive minutes as presented for filing. Motion carried. John Nelssen abstained due to absenteeism.

BIA RESOLUTION

The BIA Resolution of April 17, 2003 was reviewed. A motion was made and seconded to approve the Resolution as attached for filing. Motion carried.

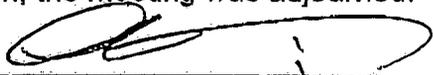
The following items were discussed by the board:

Public Affairs Manager - Discussion followed.

Nucor Corp. - Evaluating the current market conditions for non-firm power.

Evaluation forms for Robert Broz were distributed to the board with self addressed stamped return envelopes. The forms are to be mailed back to Michael Curtis by July 7th.

With no further business before executive session, the meeting was adjourned.



Lyn R. Borah, President



Chester Moreland, Secretary

RESOLUTION

Whereas, the United States Bureau of Indian Affairs ("BIA") in 1992 allowed to expire the 1982 ten (10) year contract for sale of power at wholesale to BIA over the seventy mile line (Hualapai BIA line) built for the purpose of assisting the BIA in its delivery of power at retail to the Havasupai or Supai tribe in the bottom of the Grand Canyon at Supai Village; and

Whereas, part of the contract was a provision for an option to BIA to extend the contract for an additional ten (10) years until 2002, and a final ten (10) year term until 2012 for a total of thirty (30) years; and

Whereas, the contract had provisions for the price of power sold at wholesale and also for payment of depreciation, overhead, maintenance and repairs; and

Whereas, the BIA has subsequently refused to contract for payment of overhead maintenance, depreciation and repairs; and

Whereas, the service to the BIA instituted at wholesale in 1982 was to resale by the BIA in an area outside the Mohave Electric Cooperative ("Cooperative") Arizona Corporation Commission's Certificate of Convenience and Necessity, but inside the Certificate of Citizens Electric according to the official maps of the Arizona Corporation Commission; and

Whereas, after several years of frustrated negotiations with the BIA in an attempt to secure a new contract the Cooperative could no longer justify for its members the delivery of wholesale power to BIA at any point of delivery but the Nelson Substation and could no longer justify any rate to the BIA but its Large Commercial Customer Rate; and

Whereas, the approximately 70 mile line is of no use nor value to the 30,000 members of the Cooperative, but is in fact a burden and a liability; and

Whereas, the line traverses at least two Indian reservations and no reservation has granted a right to the Cooperative to sell power at retail; and

Whereas, the Cooperative cannot operate at retail or outside its rights of way on an Indian reservation without consent of the tribes and the Secretary of Interior; and

Whereas, the Hualapai BIA line has value to the tribes upon whose lands it traverses and to the BIA which has a fiduciary duty to serve electricity, but as the result of the BIA actions the property under A.R.S. Section 40-285 is not necessary or useful to the Cooperative in the performance of its duties to the public and has no value to the Cooperative or its members,

NOW, THEREFORE, BE IT RESOLVED, having found that the property under A.R.S. Section 40-285 is not necessary or useful to the Cooperative in the performance of its duties to the public and has no value to the Cooperative or its members, authorizing the Board of Directors of the Cooperative through its officers and management to take such action as may be required to quit claim, sell or relinquish or abandon any and all property rights of the Cooperative in and to the approximately 70 mile electric line facilities or rights-of-way known as the Hualapai BIA line from Nelson Substation to its termination point; and

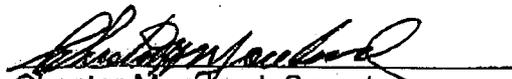
FURTHER RESOLVED, authorizing and directing the officers and management to execute any and all documents necessary to quit claim, sell or relinquish or abandon the rights of Mohave upon, in or to said line and facilities and rights-of-way and further to negotiate any possible overhead, maintenance and repair contract or agreement which Management deems in the best interests of the members; and

FURTHER RESOLVED, that as to any existing retail customer served on said line that the same be transferred to the BIA which is authorized to operate on Indian nation lands and that notice of said transfer be given to the less than twelve customers; and

FURTHER RESOLVED, that Management communicate to the Arizona Corporation Commission the fact first that this wholesale service is for the BIA re-delivery outside the service area of the Cooperative, and that second, the 30,000 members of the Cooperative are threatened with imposition of an unfair economic burden and shift of expense by the Federal Government of a trust responsibility owed by the BIA to the Indians and that the BIA intends to impose this Federal expense burden on the backs of the 30,000 members of the Cooperative.

CERTIFICATION

I, Chester Moreland, certify that I am the Secretary of the Mohave Electric Cooperative, Inc. Board of Directors. I further certify that the above is a true excerpt from the minutes of a board meeting of this Board of Directors on the 17th day of April, 2003, at which a quorum was present and that the above portion of the minutes has not been modified or rescinded.


Chester Moreland, Secretary

CONFORMED COPY _____
 FEE # 2003-60541
 DATE 7-22-03
 BOOK 4596
 PAGES 422-440

When Recorded, Return to:
 Mohave Electric Cooperative c/o
 2712 North Seventh Street
 Phoenix, Arizona 85006-1090
 Attn: Michael A. Curtis, Esq.

**NOTICE OF QUIT CLAIM, CONVEYANCE AND ASSIGNMENT OF INTEREST
 AND ABANDONMENT OF PROPERTY**

For good and valuable consideration of being customers at the Large Commercial Customer Rate of the Mohave Electric Cooperative, Inc. at the Nelson Substation, the receipt of which is hereby acknowledged, Mohave Electric Cooperative, Inc., an Arizona not-for-profit corporation, (hereinafter called "GRANTOR"), does hereby quit claim, grant, bargain and convey and abandon to the United States Department of Interior, Bureau of Indian Affairs, the Hualapai Indian Tribe, and the Havasupai Indian Tribe (hereinafter called "GRANTEES"), as their respective interests may be established or reflected in the real and personal property and fixtures (the "Premises") including power lines, meters and service drops situated in Mohave, Yavapai and Coconino Counties, Arizona, described on Exhibits "A", "B", and "C" attached hereto and by this reference incorporated herein and as illustrated in Exhibit "D", together with all tenements, appurtenances, and all estates and rights of GRANTOR in and to the Premises and the rights of reversion and reversions, remainder and remainders thereof and thereto and all right, title and interest of GRANTOR in and to all streets, roads and public places, open or proposed, and all easements, and rights-of-way, public or private, now or hereafter used in connection with the Premises and all water and water rights (whether riparian, appropriative or otherwise, and whether or not appurtenant) in or hereafter relating to or used in connection with the Premises and all reports, approvals, permits, rights, studies and contracts pertaining thereto now or hereafter in the possession or control of GRANTOR;

Furthermore, GRANTOR hereby assigns and transfers all of its rights, title and interest in any Pole Line License Agreement, attached hereto as Exhibit "C" and by reference incorporated herein, to GRANTEES, as their respective interests may be established or reflected in the Premises;

TO HAVE AND TO HOLD the same unto the GRANTEES, their successors and assigns forever as may be determined among themselves as their interests are determined.

JED 100 2777 1.01

This NOTICE OF QUIT CLAIM, CONVEYANCE AND ASSIGNMENT OF INTEREST AND ABANDONMENT, is executed voluntarily and not as a result of duress or threats of any kind, and is bona fide and not given to hinder, delay or defraud the rights of creditors or contravene the Bankruptcy Laws of the United States.

This NOTICE OF QUIT CLAIM, CONVEYANCE AND ASSIGNMENT OF INTEREST AND ABANDONMENT is not given as security for the payment or repayment of money or indebtedness, or as security of any kind or nature; and there is no agreement or understanding, oral or written, between GRANTOR and GRANTEES herein, or any other person whomsoever relative to a reconveyance of the above-described property to said GRANTOR, or to a sale or conveyance to anyone else for the benefit of GRANTOR, or to any division of any proceeds realized from said property by sale or otherwise.

The actual possession of the property herein conveyed has, by delivery of this deed, been surrendered and delivered to GRANTEES, and GRANTOR intends by this NOTICE OF QUIT CLAIM, CONVEYANCE AND ASSIGNMENT OF INTEREST AND ABANDONMENT to vest the absolute and unconditional title to said property in GRANTEES as their respective interests may be established, and forever to estop and bar GRANTOR and GRANTOR'S successors or assigns from having or claiming any right, title or interest of any nature whatsoever, either in law or in equity or in possession or an expectancy in and to said property or any part thereof.

Words and expressions used herein shall be applicable according to the contents hereof, and without regard to the number or gender of such words or expressions.

DATED this 22nd day of JULY, 2003.

MOHAVE ELECTRIC COOPERATIVE, INC.

By  Its Chief Executive Officer

EXHIBIT A

LEGAL DESCRIPTION

HUALAPAI INDIAN RESERVATION

Said Right-of-Way to be approximately 42.1229 miles in length, 50 feet in width, and occupying approximately 255.2904 acres, and more particularly described and shown on the map of definite location to be attached and made a part hereof.

Beginning at Station 1137 + 00; T30N, R6W, Section 24,

Thence South $55^{\circ} 32'$ West to Station 1144 + 92;
T30N, R6W, Section 24,
Thence South $51^{\circ} 28'$ West to Station 1256 + 77;
T30N, R6W, Section 27,
Thence South $33^{\circ} 04'$ West to Station 1495 + 08;
T29N, R6W, Section 17,
Thence South $47^{\circ} 04'$ West to Station 1554 + 82;
T29N, R6W, Section 18,
Thence South $58^{\circ} 50'$ West to Station 1595 + 02;
T29N, R7W, Section 24,
Thence South $43^{\circ} 39'$ West to Station 1611 + 99;
T29N, R7W, Section 24,
Thence South $26^{\circ} 14'$ West to Station 1668 + 12;
T29N, R7W, Section 26,
Thence South $34^{\circ} 35'$ West to Station 1762 + 02;
T29N, R7W, Section 34,
Thence North $86^{\circ} 25'$ West to Station 1770 + 70;
T29N, R7W, Section 34,
Thence North $86^{\circ} 25'$ West to Station 1775 + 42;
T29N, R7W, Section 34,
Thence South $35^{\circ} 29'$ West to Station 1790 + 17;
T28N, R7W, Section 3,
Thence South $43^{\circ} 34'$ West to Station 1830 + 17;
T28N, R7W, Section 4,
Thence South $61^{\circ} 24'$ West to Station 1839 + 94;
T28N, R7W, Section 4,
Thence South $44^{\circ} 35'$ West to Station 1849 + 72;
T28N, R7W, Section 9,
Thence South $24^{\circ} 01'$ West to Station 1853 + 85;
T28N, R7W, Section 9,
Thence South $20^{\circ} 34'$ West to Station 1867 + 10;
T28N, R7W, Section 9,
Thence South $7^{\circ} 45'$ East to Station 1876 + 10;
T28N, R7W, Section 9,
Thence South $23^{\circ} 21'$ West to Station 1882 + 12;
T28N, R7W, Section 9,
Thence South $34^{\circ} 45'$ West to Station 1887 + 12;
T28N, R7W, Section 9,
Thence South $37^{\circ} 51'$ West to Station 1896 + 40;
T28N, R7W, Section 8,
Thence South $34^{\circ} 43'$ West to Station 1901 + 70;

Thence South $39^{\circ} 22'$ West to Station 1905 + 44;
 T28N, R7W, Section 17,
 Thence South $19^{\circ} 51'$ West to Station 1923 + 73;
 T28N, R7W, Section 17,
 Thence South $34^{\circ} 34'$ West to Station 1937 + 75;
 T28N, R7W, Section 17,
 Thence South $34^{\circ} 32'$ West to Station 1946 + 25;
 T28N, R7W, Section 17,
 Thence South $21^{\circ} 27'$ West to Station 1984 + 31;
 T28N, R7W, Section 20,
 Thence South $7^{\circ} 55'$ West to Station 1985 + 55;
 T28N, R7W, Section 20,
 Thence South $7^{\circ} 55'$ West to Station 1988 + 21;
 T28N, R7W, Section 20,
 Thence South $35^{\circ} 17'$ West to Station 2039 + 53;
 T28N, R7W, Section 30,
 Thence South $26^{\circ} 29'$ West to Station 2062 + 36;
 T28N, R7W, Section 30,
 Thence South $29^{\circ} 29'$ West to Station 2066 + 73;
 T28N, R7W, Section 30,
 Thence South $21^{\circ} 48'$ West to Station 2100 + 68;
 T28N, R7W, Section 31,
 Thence South $31^{\circ} 44'$ West to Station 2186 + 81;
 T27N, R8W, Section 1,
 Thence South $48^{\circ} 01'$ West to Station 2192 + 79;
 T27N, R8W, Section 1,
 Thence South $58^{\circ} 57'$ West to Station 2195 + 89;
 T27N, R8W, Section 2,
 Thence South $62^{\circ} 13'$ West to Station 2204 + 39;
 T27N, R8W, Section 2,
 Thence South $39^{\circ} 35'$ West to Station 2214 + 03;
 T27N, R8W, Section 2,
 Thence South $14^{\circ} 45'$ West to Station 2277 + 21;
 T27N, R8W, Section 14,
 Thence South $15^{\circ} 17'$ West to Station 2299 + 85;
 T27N, R8W, Section 14,
 Thence South $36^{\circ} 59'$ West to Station 2315 + 81;
 T27N, R8W, Section 15,
 Thence South $36^{\circ} 59'$ West to Station 2321 + 80;
 T27N, R8W, Section 15,
 Thence South $24^{\circ} 48'$ West to Station 2331 + 87;
 T27N, R8W, Section 15,
 Thence South $25^{\circ} 08'$ West to Station 2342 + 17;
 T27N, R8W, Section 15,
 Thence South $22^{\circ} 52'$ West to Station 2366 + 72;
 T27N, R8W, Section 22,
 Thence South $11^{\circ} 32'$ West to Station 2379 + 46;
 T27N, R8W, Section 22,
 Thence South $4^{\circ} 24'$ East to Station 2389 + 93;
 T27N, R8W, Section 22,
 Thence South $37^{\circ} 17'$ West to Station 2396 + 05;
 T27N, R8W, Section 22,
 Thence South $7^{\circ} 23'$ West to Station 2400 + 60;
 T27N, R8W, Section 22,

Thence South $23^{\circ} 18'$ West to Station 2405 + 06;
 T27N, R8W, Section 22,
 Thence South $22^{\circ} 29'$ West to Station 2407 + 40;
 T27N, R8W, Section 22,
~~Thence South $22^{\circ} 29'$ West to Station 2409 + 53;~~
~~T27N, R8W, Section 27,~~
 Thence South $20^{\circ} 54'$ West to Station 2417 + 93;
 T27N, R8W, Section 27,
 Thence South $12^{\circ} 09'$ West to Station 2455 + 77;
 T27N, R8W, Section 27,
 Thence South $25^{\circ} 13'$ West to Station 2457 + 53;
 T27N, R8W, Section 27,
 Thence South $24^{\circ} 44'$ West to Station 2453 + 43,
 T27N, R8W, Section 28,
 Thence South $23^{\circ} 50'$ West to Station 2492 + 24;
 T27N, R8W, Section 33,
 Thence South $50^{\circ} 09'$ West to Station 2505 + 33;
 T27N, R8W, Section 33,
 Thence South $87^{\circ} 29'$ West to Station 2514 + 26;
 T27N, R8W, Section 33,
 Thence North $68^{\circ} 30'$ West to Station 2519 + 49;
 T27N, R8W, Section 33,
 Thence North $39^{\circ} 54'$ West to Station 2530 + 74;
 T27N, R8W, Section 33,
 Thence South $33^{\circ} 23'$ West to Station 2542 + 87;
 T27N, R8W, Section 33,
 Thence South $34^{\circ} 18'$ West to Station 2553 + 29;
 T27N, R8W, Section 32,
 Thence South $5^{\circ} 06'$ East to Station 2560 + 69;
 T27N, R8W, Section 32,
 Thence South $5^{\circ} 47'$ East to Station 2565 + 08;
 T27N, R8W, Section 32,
 Thence South $5^{\circ} 03'$ East to Station 2574 + 16;
 T26N, R8W, Section 5,
 Thence South $7^{\circ} 50'$ East to Station 2579 + 73;
 T26N, R8W, Section 5,
 Thence South $8^{\circ} 08'$ East to Station 2583 + 33;
 T26N, R8W, Section 5,
 Thence South $12^{\circ} 24'$ East to Station 2586 + 42;
 T26N, R8W, Section 5,
 Thence South $12^{\circ} 24'$ East to Station 2595 + 51;
 T26N, R8W, Section 5,
 Thence South $28^{\circ} 04'$ West to Station 2611 + 31;
 T26N, R8W, Section 5,
 Thence South $40^{\circ} 11'$ West to Station 2616 + 37;
 T26N, R8W, Section 5,
 Thence South $21^{\circ} 54'$ West to Station 2620 + 84;
 T26N, R8W, Section 5,
 Thence South $9^{\circ} 04'$ West to Station 2629 + 49;
 T26N, R8W, Section 8,
 Thence South $18^{\circ} 37'$ East to Station 2633 + 05;
 T26N, R8W, Section 8,
 Thence South $7^{\circ} 23'$ West to Station 2638 + 85;
 T26N, R8W, Section 8,

THENCE South 28° 07' West to Station 2555 + 92;
 T26N, R8W, Section 8,
 Thence South 36° 31' West to Station 2569 + 33;
 T26N, R8W, Section 8,
 Thence South 44° 28' West to Station 2718 + 85;
 T26N, R8W, Section 18,
 Thence South 33° 24' West to Station 2730 + 47;
 T26N, R8W, Section 18,
 Thence South 29° 16' West to Station 2739 + 05;
 T26N, R8W, Section 18,
 Thence South 43° 28' West to Station 2746 + 30;
 T26N, R8W, Section 18,
 Thence South 40° 24' West to Station 2773 + 24;
 T26N, R9W, Section 24,
 Thence South 40° 03' West to Station 2841 + 06;
 T26N, R9W, Section 25,
 Thence South 62° 52' West to Station 2867 + 65;
 T26N, R9W, Section 26,
 Thence South 76° 14' West to Station 2877 + 05;
 T26N, R9W, Section 26,
 Thence South 69° 13' West to Station 2882 + 57;
 T26N, R9W, Section 26,
 Thence South 59° 19' West to Station 2890 + 50;
 T26N, R9W, Section 26,
 Thence South 53° 55' West to Station 2913 + 48;
 T26N, R9W, Section 26,
 Thence South 53° 27' West to Station 2932 + 20;
 T26N, R9W, Section 27,
 Thence South 43° 03' West to Station 2976 + 70;
 T26N, R9W, Section 34,
 Thence South 36° 05' West to Station 3035 + 00;
 T25N, R9W, Section 8,
 Thence South 39° 49' West to Station 3118 + 00;
 T25N, R9W, Section 8,
 Thence South 40° 46' West to Station 3160 + 10;
 T25N, R9W, Section 7,
 Thence South 38° 48' West to Station 3199 + 60;
 T25N, R9W, Section 18,
 Thence South 46° 52' West to Station 3229 + 11;
 T25N, R10W, Section 13,
 Thence South 59° 27' West to Station 3273 + 91;
 T25N, R10W, Section 24,
 Thence South 36° 54' West to Station 3321 + 03;
 T25N, R10W, Section 23,
 Thence South 30° 35' West to Station 3324 + 49;
 T25N, R10W, Section 26,
 Thence South 0° 01' West to Station 3356 + 05;
 T25N, R10W, Section 25,
 Thence South 15° 25' West to Station 3367 + 43
 T25N, R10W, Section 26, C. & SREM and ending
 at Station 3367 + 43.

EXHIBIT B

LEGAL DESCRIPTION

HAVASUPAI INDIAN RESERVATION

Said Right-of-Way to be approximately 7.5823 miles in length, 50 feet in width, and occupying approximately 45.9538 acres, and more particularly described and shown on the map of definite location to be attached and made a part hereof.

Beginning at Station 0+00 Long Mesa which is unsurveyed:

Thence South $37^{\circ} 12'$ West to Station 17 + 40;
Thence South $43^{\circ} 26'$ West to Station 37 + 90;
Thence South $19^{\circ} 06'$ West to Station 53 + 40;
Thence South $25^{\circ} 35'$ West to Station 82 + 90;
Thence South $46^{\circ} 53'$ West to Station 107 + 40;
Thence South $0^{\circ} 26'$ West to Station 119 + 20;
Thence South $20^{\circ} 49'$ East to Station 130 + 70;
Thence South $23^{\circ} 34'$ East to Station 154 + 95;
Thence South $24^{\circ} 49'$ East to Station 176 + 05;
Thence South $39^{\circ} 35'$ West to Station 216 + 43;
Thence South $21^{\circ} 59'$ West to Station 228 + 04;
Thence South $9^{\circ} 26'$ East to Station 265 + 09;
Thence South $40^{\circ} 16'$ West to Station 315 + 01;
Thence South $53^{\circ} 59'$ West to Station 339 + 46;
Thence South $15^{\circ} 18'$ East to Station 372 + 71;
Thence South $21^{\circ} 27'$ West to Station 388 + 71;
Thence South $45^{\circ} 55'$ West to Station 400 + 35;

Through Section 18, and 19, Township 32 North, Range 4 West, G.S & R.M.
and ending at Station 400 + 35.

EXHIBIT C



I HEREBY CERTIFY THAT THE VARIOUS INSTRUMENTS
WAS FILED FOR RECORD IN COCHINO COUNTY
STATE OF ARIZONA

FILE NO: 12076
DOCKET: 803 PAGE 495-50
DATE: SEP 15 1980 - 2 00
REQUEST BY: Mohave Electric Coop

Five, Inc., P. O. Box 1045, Bullhead City, AZ 8

POLE LINE LICENSE AGREEMENT

THIS AGREEMENT, dated July 16, 1980 between BOQUILLAS CATTLE COMPANY, an Arizona corporation, hereinafter called "Owner", and MOHAVE ELECTRIC COOPERATIVE, INC., a corporation, hereinafter called "Licensee",

WITNESSETH THAT:

1. DESCRIPTION OF PREMISES. Owner hereby gives to Licensee a nonexclusive license, terminable as hereinafter provided, to use, for the purposes and subject to the covenants, conditions and provisions hereinafter set forth, to each and all of which the parties heraby mutually agree, the parcel or parcels of land, hereinafter called the "premises", situated in the County of Cochino, State of Arizona, described as follows:

A strip of land twenty (20.00) feet in width, lying on (10.00) feet on each side of a centerline delineated in red upon the map attached hereto and made a part hereof as Exhibit A, through Sections 24, 25, 26, 27 and 30, Township 32 North, Range 5 West, G. & S. R. M.; Sections 2, 10, 11, 12, 13, 18 and 31, Township 31 North, Range 5 West, G. & S. R. M.; Sections 4, 8, 9, 17 and 19, Township 30 North, Range 5 West, G. & S. R. M.; and Section 24, Township 30 North, Range 6 West, G. & S. R. M. together with appurtenant areas for anchorage purposes.

Should be section 21

2. CONSIDERATION. As consideration for this license, Licensee shall pay to Owner, upon execution hereof, the sum of Two Thousand Dollars (\$2,000.00).

3. USE OF PREMISES: Licensee may use the premises for the purpose of installing, operating, maintaining, repairing, replacing and removing in and along the premises a wooden or steel pole line consisting of a single line of poles, together with necessary cross arms, wires, guys and other fittings, and for no other purposes or purposes whatever. Owner reserves the right to use, and to permit others to use, the premises for any and all purposes which do not preclude such use of the Premises by Licensee and, without limiting the generality of the foregoing, reserves the right to lay, construct and install other pole lines, roads, ditches, fences, pipe lines and other facilities in, upon, across or along the premises.

4. NO WARRANTY OF TITLE-LICENSE SUBJECT TO EXISTING RIGHTS OF OTHERS. Owner makes no warranty of title whatever. The rights of Licensee hereunder are subject to all existing rights of others in the premises, whether shown of record or not.



V
ORIG
CUT 8

DOCKET 803 PAGE 498 T30N, 5W
80-004

5. TERM. Unless sooner terminated as herein provided, this license shall continue in effect for a period of twenty-five (25) years from the date hereof. Licensee may, at any time and from time to time by delivering a quitclaim deed to Owner, terminate this license as to all or any part or parts of the premises. This license shall in any event automatically terminate as to any part or parts of the premises along which Licensee shall not operate a pole line for a period of three (3) consecutive years.

6. ACCESS. Licensee shall be entitled to ingress and egress to and from the premises over adjoining lands of Owner only with the prior written consent of Owner, and Owner may, if it so desires, require that all of Licensee's operations hereunder be strictly confined to the premises. Acquiescence by Owner in passage by Licensee over adjoining lands of Owner shall in no event be construed as acquiescence in future passage over such lands. Whenever Licensee finds it necessary to make an opening in any fence of Owner now or hereafter crossing the premises, Licensee shall immediately install and thereafter maintain in such opening a gate or a cattle guard (as Owner may specify) of a type approved by Owner. All gates in fences of Owner shall be kept closed at all times except when necessarily open for actual passage.

7. INSTALLATION OF POLE LINE. The location of all poles and guys shall be subject to the prior written approval by Owner. All wire strung over or across the premises shall at all points have a clearance of at least eighteen (18) feet above the surface of the ground. All holes and other excavations made by Licensee upon the premises at any time shall be backfilled as soon as practicable and the surface of the ground restored to a contour and condition satisfactory to Owner. All trees, brush and underbrush cut by Licensee shall be promptly removed and disposed of by Licensee.

8. MAINTENANCE. Licensee shall at all times maintain the pole line in a safe and sound condition of repair and in conformity with any and all applicable laws, ordinances, rules, regulations, requirements and orders of the national, state, county or municipal governments.

9. RELOCATION. Whenever Owner by written notice to Licensee shall require that all poles and other equipment installed by Licensee be removed from the premises or any specified part thereof and relocated either temporarily or permanently (as Owner shall specify) between the same terminal points upon other land of Owner described in such notice, then Licensee shall at its own risk and expense promptly comply with such notice and restore the surface of the ground from which such removal is made to a contour and condition satisfactory to Owner. Forthwith upon the completion of any permanent relocation pursuant to such notice this license shall terminate as to the part of the premises from which the poles and other equipment are so removed, and whenever a description of the land upon which such poles and other equipment are so relocated is affixed to this instrument and duly executed by both parties, then this license and each and all of the provisions hereof shall attach and apply to such land so described.

10. TAXES. Licensee shall pay when due all taxes and assessments levied or assessed against or referable to the pole line or its rights hereunder, and Licensee shall reimburse Owner for any sums paid by Owner to protect its title from the lien of any such tax or assessment.

11. **INDEMNIFICATION.** Licensee shall use the premises at its own sole risk. If Licensee shall at any time damage or destroy any growing crop or any other pole line, fence, pipe line, ditch, road, building or other improvement or any other personal property in connection with its operations hereunder, it shall promptly pay to the owner thereof the full amount of damage thereto. Neither Owner nor any of its subsidiaries or affiliated companies shall be liable for any injury or death of any person or persons or damage to or destruction of any property arising out of or in connection with, either in whole or in part and whether directly or indirectly, the existence or use of the pole line or any operations by or on behalf of Licensee hereunder; and Licensee agrees to indemnify Owner, its subsidiaries and affiliated companies against and hold them free and harmless of any claims, demands, costs, losses, damages or liability on account of any such injury or death of any person or persons or damage to or destruction of property. Licensee shall keep the premises free of any liens arising out of Licensee's holding of this license or its operations hereunder. Licensee shall or once notify Owner of all such claims or demands or the attaching of any such lien.

12. **QUITCLAIM AND RESTORATION OF THE PREMISES UPON TERMINATION.** In the event this license shall terminate in any manner as to all or any part of the premises, such termination shall not relieve Licensee from any obligation or liability theretofore accrued hereunder, nor prejudice or in any way affect the right of Owner to enforce any rights or remedies it may have had before such termination. Upon any such termination Licensee shall promptly execute, acknowledge and deliver to Owner a good and sufficient quitclaim deed of its rights hereunder in and to the land to which such termination applies and Licensee shall at once surrender to Owner such possession as Licensee may have under this license in such land; provided, however, that immediately after such termination Licensee shall remove from such land any and all poles, wires and other equipment installed under this license in or on such land by Licensee and shall restore such land to a contour and condition satisfactory to Owner, for which purposes Licensee may enter upon such land for a period of three (3) months from and after such termination. If Licensee shall fail within such period of three (3) months to complete such removal of such poles, wires and other equipment and such restoration of such land, then all such poles, wires and other equipment remaining in or on such land shall be and become the property of Owner absolutely, and Owner at its option may leave the same in their then location or may remove them and restore the ground at the sole expense of Licensee, and in addition, if it so desires, Owner may dispose of such poles, wires and other equipment, at the sole expense of Licensee; provided, however, that if Owner should (although in no way obligated to do so) realize any proceeds from such disposition, such proceeds shall be applied to the expense of such removal, restoration and disposition, relieving Licensee of liability therefor pro tanto, and any balance after such expense is fully paid may be retained by Owner. Owner shall not be liable or in anywise responsible for any damage or loss resulting to Licensee from such removal, restoration or disposition, and Licensee shall pay to Owner upon demand the entire cost and expense to Owner of such removal, restoration and disposition, less any proceeds of such disposition.

13. **DEFAULT BY LICENSEE.** Licensee agrees that it will keep, perform and observe all the covenants, conditions and provisions of this agreement on its part to be kept, performed and observed. In addition to any other remedies available to Owner, in the event Licensee shall fail to keep, perform and observe any covenant, condition or provision of this agreement, and such failure shall continue for a period of ten (10) days after written notice thereof given by Owner to Licensee, then Owner may at its option by further written notice to Licensee, terminate this license and all rights and interest

of Licensee hereunder. Licensee shall pay upon demand all costs and expenses (including attorneys' fees in a reasonable amount) incurred by Owner to enforce any of the covenants, conditions and provisions of this agreement, or to dispossess Licensee, irrespective of whether or not court action shall be brought. All amounts of money payable by Licensee to Owner hereunder, if not paid when due, shall bear interest from due date until paid at the rate of nine percent (9%) per annum, compounded semiannually.

14. **NO WAIVER-NOTICES.** The use of paragraph headings in this agreement is solely for convenience, and they shall be wholly disregarded in the construction of this agreement. The waiver by Owner of any breach by Licensee of any provision of this agreement shall not be or be deemed to be a waiver of such provision, or a waiver of any other prior or subsequent breach thereof, or a waiver of any breach of any other provision of this agreement. Any notice or demand by either party to the other in connection with this agreement shall be deemed to be fully given or made when written and deposited in a sealed envelope in the United States mail, registered or certified and postage prepaid, and addressed to the party to whom given at the address specified opposite its signature to this agreement. Either party may change its address by giving the other party written notice of its new address as herein provided.

15. **ASSIGNMENTS.** This agreement shall bind and inure to the benefit of the respective heirs, administrators, executors, successors and assigns of the parties hereto; provided, however, the licensee shall not assign or otherwise transfer this license or any of Licensee's rights hereunder, either voluntarily or involuntarily or by operation of law, without the prior written consent of Owner, and any assignment or other transfer or attempted assignment or other transfer contrary to the provisions hereof shall be absolutely null and void and of no effect whatever. In the event of any such assignment or other transfer or attempted assignment or other transfer contrary to the provisions hereof, Owner may terminate this license at once by giving written notice to Licensee.

IN WITNESS WHEREOF, the parties have executed this instrument the day and year first hereinabove written.

Address:

P.O. Box 9380
Bakersfield, CA 93389
Attn: Property Titles

BOUQUILLAS CATTLE COMPANY

By [Signature] Vice President

and by [Signature] Assistant Secretary

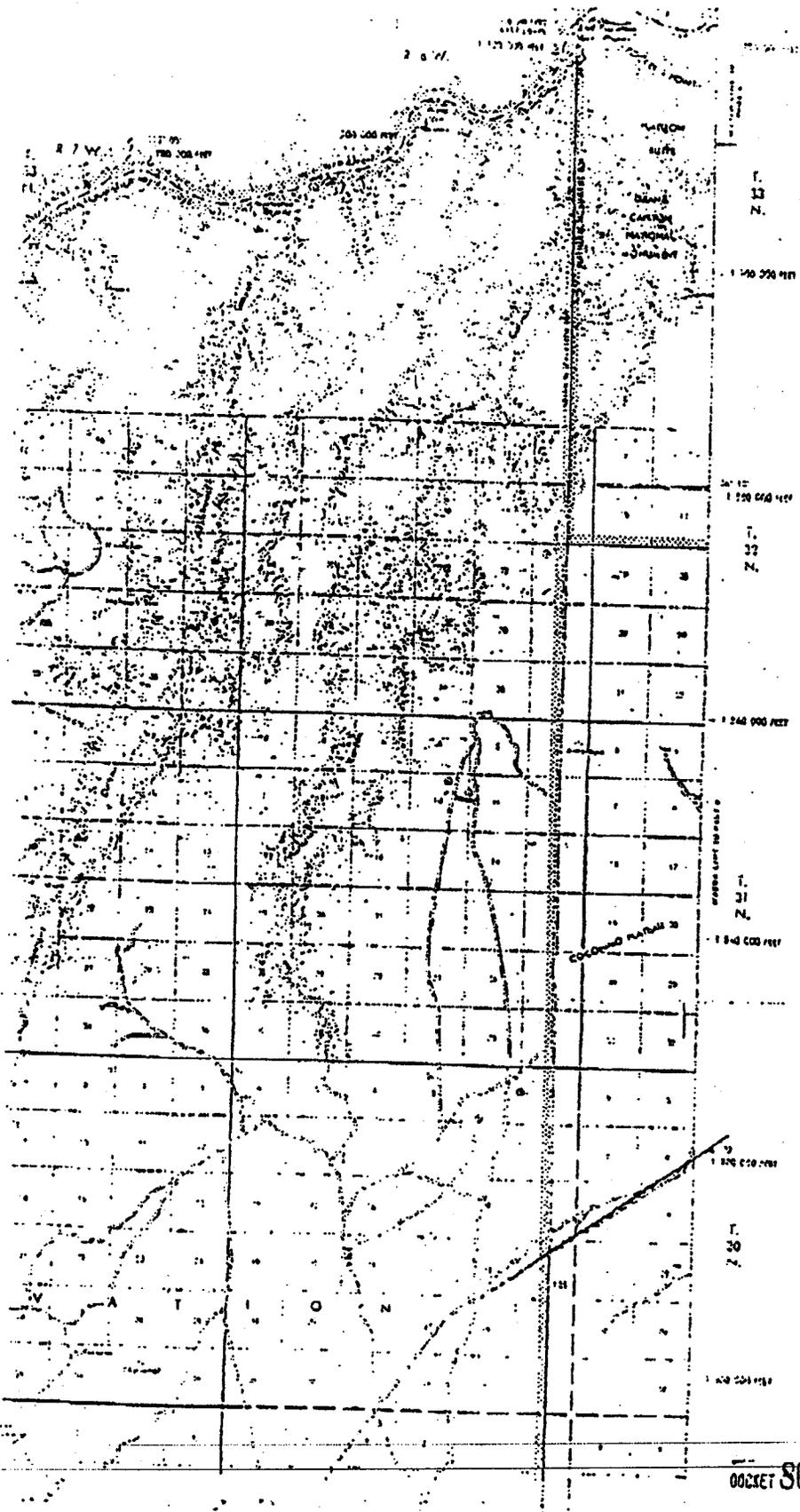
Address:

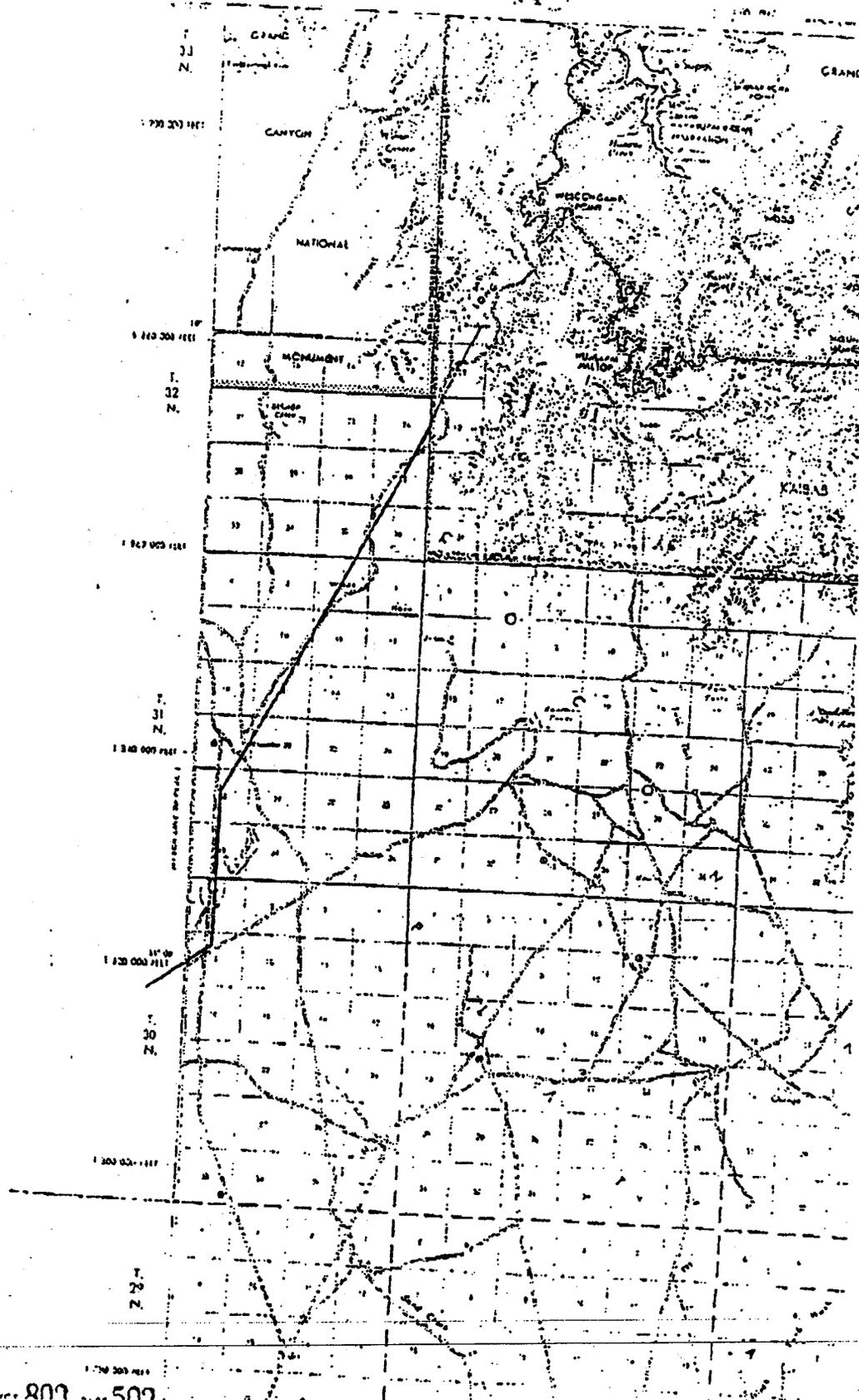
P.O. Box 1045
Dullhead City, AZ 86630

MOHAVE ELECTRIC COOPERATIVE, INC.

By [Signature] President

and by [Signature] Secretary

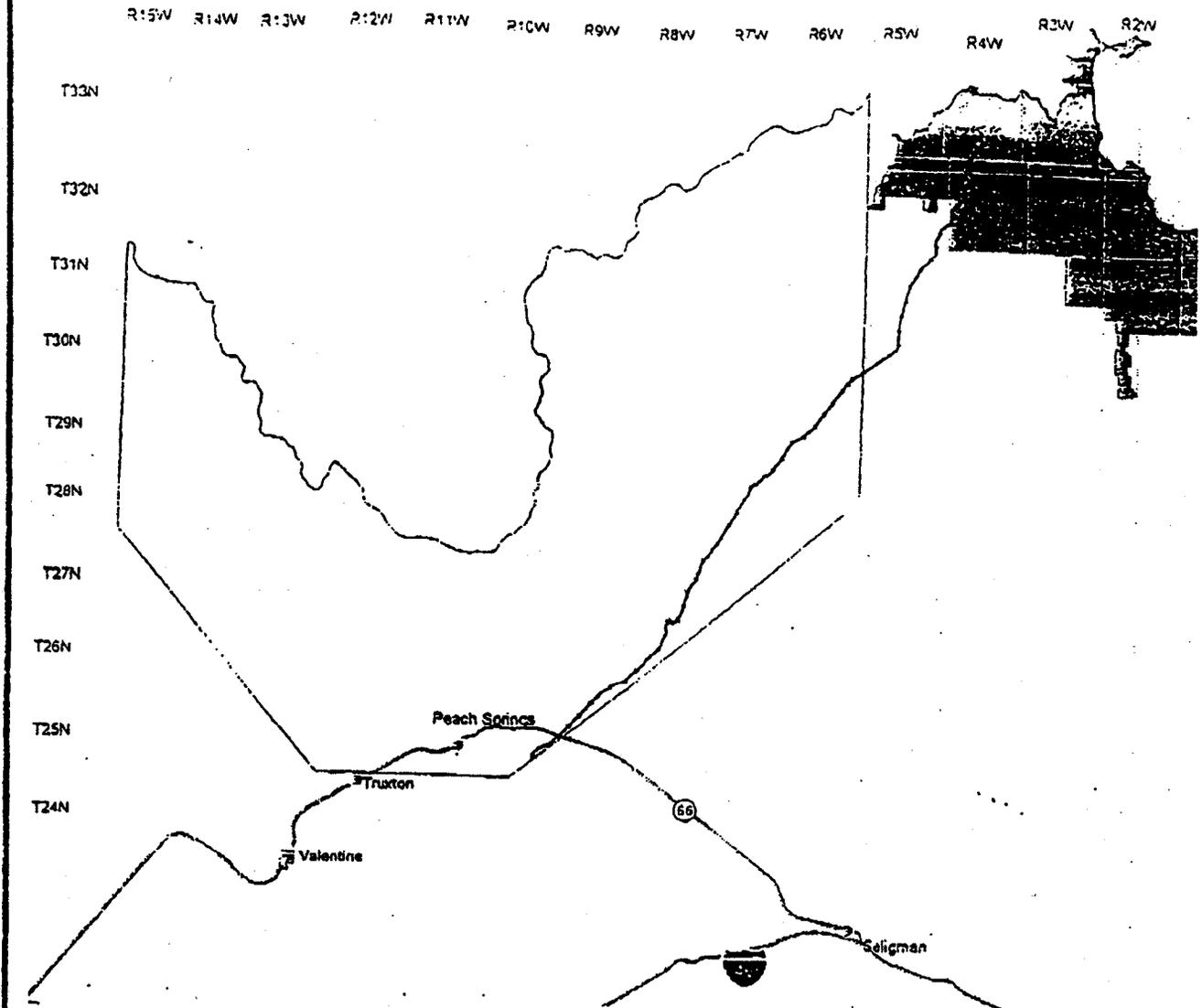




Scale 2.5 Miles

EXHIBIT D

(FOR ILLUSTRATIVE PURPOSES ONLY)



EXPLANATION

- Transmission Line RQW (Approximate)
- Major Road
- Havasupai Indian Reservation
- Hualapai Indian Reservation

Data Sources:
 Bureau of Indian Affairs
 State of Arizona
 Environmental Systems Research Institute, Inc.
 U.S. Geological Survey



5 0 5 10 15 Miles



Map of Approximate Location of Mohave Electric
 Cooperative's Transmission Line Right-of-Way,
 Havasupai and Hualapai Indian Reservations

Bureau of Indian Affairs Western Regional Office
 October 2000



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

July 23, 2003

TCIA - Department of the Interior - BIA
Truxton Canyon Agency
P. O. Box 37
Valentine, Arizona 86437

*Mychal
7/28/03*

Re: Account # 451-55; Meter No. 61-718-916

Dear Sir:

Currently, all your electricity flows over lines transferred, together with meters, to the Bureau of Indian Affairs ("BIA"), the Hualapai and Havasupai Tribes. Your retail electric service has been transferred to the BIA as the only entity authorized to deliver retail electric service to you on tribal lands. To assist in the transition, Mohave Electric will credit your account and the BIA with sixty (60) days of electric service based on your usage. The BIA will be responsible to read the meters and bill you on your future bills for electric service. You will not receive any additional bills from Mohave Electric. Also, as noted, you will be credited with the amount of your usage for the next sixty (60) days. Subsequently, the BIA will be responsible for your electric service and will invoice you for future service. There will be no service interruption. Currently, all the meters and facilities necessary to continue service uninterrupted have been transferred to the ownership and control of the BIA and the Hualapai and Havasupai tribes. The only change you will notice is that Mohave Electric will no longer read the meters, and service calls will be directed to the BIA, Truxton Canyon Agency, Valentine Arizona (phone 928/769-2286) which is experienced and already operates an existing retail electric utility service on Tribal land. In addition, you may also contact me directly with any questions you have regarding this change (phone 928/763-4115).

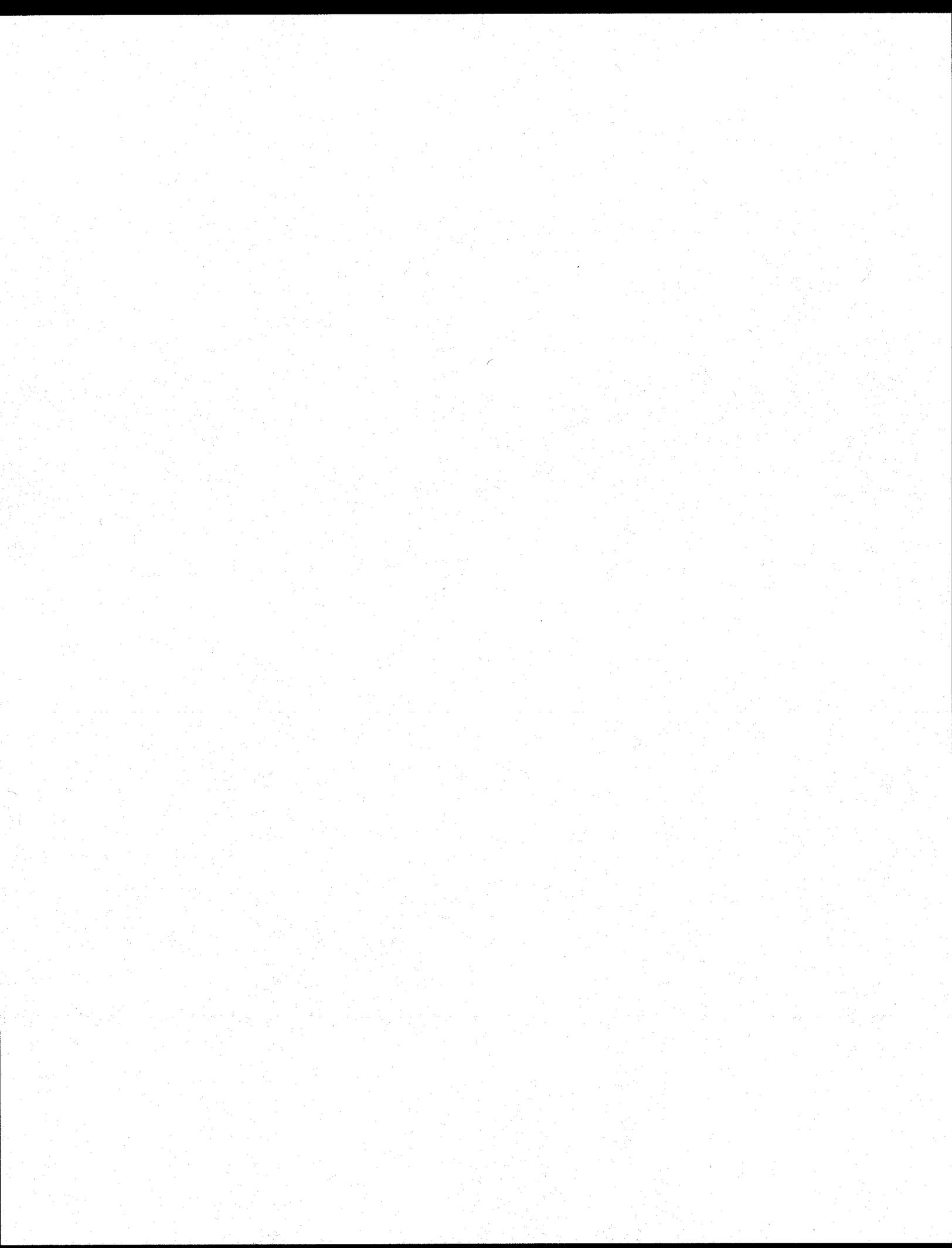
Sincerely,

Mohave Electric Cooperative

By

Stephen McArthur
Stephen McArthur, Comptroller

cc: General Counsel
Arizona Corporation Commission
File
BIA
Hualapai Tribe
Havasupai Tribe



TOTAL P. 03



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

July 23, 2003

*McArthur
7/28/03*

Department of the Interior
Truxton Canyon Agency
P. O. Box 37
Valentine, Arizona 86437

Re: Acct. # 29740-001 - Meter # 86-549-384

Dear Sir:

Currently, all your electricity flows over lines transferred, together with meters, to the Bureau of Indian Affairs ("BIA"), the Hualapai and Havasupai Tribes. Your retail electric service has been transferred to the BIA as the only entity authorized to deliver retail electric service to you on tribal lands. To assist in the transition, Mohave Electric will credit your account and the BIA with sixty (60) days of electric service based on your usage. The BIA will be responsible to read the meters and bill you on your future bills for electric service. You will not receive any additional bills from Mohave Electric. Also, as noted, you will be credited with the amount of your usage for the next sixty (60) days. Subsequently, the BIA will be responsible for your electric service and will invoice you for future service. There will be no service interruption. Currently, all the meters and facilities necessary to continue service uninterrupted have been transferred to the ownership and control of the BIA and the Hualapai and Havasupai tribes. The only change you will notice is that Mohave Electric will no longer read the meters, and service calls will be directed to the BIA, Truxton Canyon Agency, Valentine Arizona (phone 928/769-2286) which is experienced and already operates an existing retail electric utility service on Tribal land. In addition, you may also contact me directly with any questions you have regarding this change (phone 928/763-4115).

Sincerely,

Mohave Electric Cooperative

By

Stephen McArthur
Stephen McArthur, Comptroller

cc: General Counsel
Arizona Corporation Commission
File
BIA
Hualapai Tribe
Havasupai Tribe

MOHAVE



electric cooperative

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

*McNichols
8/18/03*

August 7, 2003

Ms. Louise Benson, Chairperson
Hualapai Nation
Post Office Box 179
Peach Springs, Arizona 86434

Mr. Don Watahomigie, Chairman
Havasupai Nation
Post Office Box 10
Supai, Arizona 86435

Mr. Robert R. McNichols, Superintendent
Bureau of Indian Affairs
Truxton Canyon Agency
Post Office Box 37
Valentine, Arizona 86437

RECEIVED
AUG 10 2003
BIA Truxton Canon
Valentine, AZ

Re: Description of Counts and Properties Transferred to Joint Ownerships

Dear Ladies and Gentlemen:

The following is a description of the accounts and facilities that are now owned by your entities, as your interests may be established.

The attached listings sets forth the account numbers, the name, the location, the description of the facility, the serial number and the meter number.

Very truly yours,
Mohave Electric Cooperative

By *Robert R. McNichols*
General Counsel

Enclosure: Complete List of Accounts, Facilities, and Identification of Facilities;
Copy of Quit Claim Deed

cc: Mohave Electric Cooperative (w/o Enclosure)



Account # 63626-000
Arizona Telephone Company
500' South Havasupai Tribal Electric System
near 8th pole South of H-Frame
Long Mesa Tower
Allis Chalmers 15 Kva
S/N# 3800523
Meter # 87476817

Account # 44567-003
Diamond A Ranch
Camp 16 Supai Line
Ermco 15 Kva
S/N# 59907005790
Meter # 96866745

Account # 29740-001
Department of Interior
Fire Tower - Supai Road
Thornton Tower
Westinghouse 15 Kva
S/N# 83A440266
Meter # 86549384

Account # 896-084
Hualapai Tribal Council
Hunters Building - Youth Camp
15 Kva (Plate missing)
Meter # 95245102

Account # 896-084
Hualapai Tribal Council
Lake Circulation Pump
Youth Camp Pond
B & B 10 Kva
S/N# 86NH104-026
Meter # 88058929

Account # 896-060
Hualapai Tribal Council
Frazier Wells Pump
Well #1
Howard 15 Kva
S/N# 92244-4484
Westinghouse 15 Kva
S/N# 81A271882
Meter # 93703033

Account # 896-073
Hualapai Tribal Council
Frazier Wells Pump 2
Well # 2
Ermco 15 Kva
S/N# 3924931238
Ermco 15 Kva
S/N# 3924931233
Ermco 15 Kva
S/N# 3924931257
Meter # 01365750

Account # 896-100
Hualapai Tribal Council
Water Well T28N R7W
Fish Pond
Transformers (see above)
Meter # 01684104

Account # 28135-001
Bravo, W C
Supai Line near Frazier Wells
RTE 10 Kva
SN# 4303728
Meter # 95528410

Mile Post 32
Recloser
NS5-25

Account # 451-055
TCIA - Department of Interior - BIA
Long Mesa Radio Repeater Site
Long Mesa End
Cooper 5 Kva
S/N# 9902093970
Meter # 61718916

Account # 896-027
Hualapai Tribal Council
Pump at Tank Well
Well site Nelson Road
Ermco 10 Kva
S/N# 30107311444
Meter # 97298158

Account # 44561-006
Cabin on Nelson Road
Ermco 10 Kva
SN# 30107311428
Meter # 57788387



United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
WESTERN REGIONAL OFFICE
P.O. BOX 10
PHOENIX, ARIZONA 85001

TAKE
PRIDE IN
AMERICA

RECEIVED
SEP - 3 2003
OFFICE OF THE FIELD SOLICITOR
PHOENIX, ARIZONA

IN REPLY
REFER TO:
Office of the Regional Director
(602) 379-6600
Fax: 379-4413

September 2, 2003

CERTIFIED MAIL #7001 2510 0004 6401 3244 - RETURN RECEIPT REQUESTED

Mr. Robert Broz
Chief Executive Officer
Mohave Electric Cooperative, Inc.
P.O. Box 1045
Bullhead City, Arizona 86430

RE: Mohave Electric's Nelson-Long Mesa Line

Dear Mr. Broz:

We have received Mr. Curtis' letter dated August 7, 2003, and the copy of the "Notice of Quit Claim, Conveyance and Assignment of Interest" dated July 22, 2003, enclosed with that letter by which Mohave Electric purports to quit claim, convey and assign all of its interests in the power line from the Nelson Substation to the Long Mesa Power Transformer, together with associated rights-of-way and other interests (collectively, the "Nelson-Long Mesa Line,") to the Department of the Interior, the Bureau of Indian Affairs, the Hualapai Tribe and the Havasupai Tribe.

A deed purporting to convey an interest in real property does not vest title in the grantee until it is accepted by the grantee. *Morelos v. Morelos*, 129 Ariz. 354, 356 (Ct. App. 1981), rehg. denied; *Roosevelt Savings Bank of City of New York v. State Farm Fire and Casualty Co.*, 27 Ariz. App. 522, 524 (Ct. App. 1976). Therefore, Mohave Electric's unilateral recording and attempted delivery of this quit claim deed does not convey any of Mohave Electric's interests in the Nelson-Long Mesa Line unless and until the Department and the Bureau of Indian Affairs accept it. At this time, the Department and Bureau of Indian Affairs have not yet determined whether they will or will not accept Mohave Electric's quit claim and conveyance of the Nelson-Long Mesa Line. A determination will not be made until review of the matter is completed.

Moreover, pursuant to A.R.S. § 40-285(A), as a public service corporation Mohave Electric is precluded from selling, leasing, assigning, mortgaging or otherwise disposing of its interests in the Nelson-Long Mesa Line without first securing an appropriate authorizing order from the Arizona Corporation Commission.

Therefore, Mohave Electric remains the owner of all its interests in the Nelson-Long Mesa Line at the present time. Accordingly, we fully expect that Mohave Electric will continue to provide electric power service to all customers served by the Nelson-Long Mesa Line and to the Bureau of Indian Affairs without interruption, and to operate and maintain the line and all associated facilities, in accordance Arizona law and Mohave Electric's existing obligations.

Sincerely,

WAYNE C. NORDWALL

Wayne C. Nordwall
Western Regional Director

cc: Phoenix Field Solicitor
Superintendent, Truxton Canon Field Office



United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
WESTERN REGIONAL OFFICE
P.O. BOX 10
PHOENIX, ARIZONA 85001



IN REPLY
REFER TO:

Branch of Land and Water Resources
(602) 379-6789

SEP 12 2003

VIA CERTIFIED MAIL #7000 0600 0023 5995 5492 - RETURN RECEIPT REQUESTED

Mr. Robert Broz
Chief Executive Officer
Mohave Electric Cooperative, Inc.
P.O. Box 1045
Bullhead City, AZ 86430

RE: Mohave Electric's Nelson-Long Mesa Line

Dear Mr. Broz:

This letter follows up on our letter to you dated September 2, 2003, and gives our further response to Mr. Curtis' letter dated August 7, 2003, and to the "Notice of Quit Claim, Conveyance and Assignment of Interest" dated July 22, 2003, by which Mohave Electric purports to quit claim, convey and assign all of its interests in the power line from the Nelson Substation to the Long Mesa Power Transformer, together with associated rights-of-way and other interests (collectively, the Nelson-Long Mesa Line), to the Department of the Interior (Department), the Bureau of Indian Affairs (BIA), the Hualapai Tribe and the Havasupai Tribe. In particular, our September 2, 2003, letter stated that the Department and BIA would determine whether they would or would not accept Mohave Electric's quit claim and conveyance of the Nelson-Long Mesa Line following review of the matter. That review is now complete.

The Department and the BIA have determined that they do not accept Mohave Electric's purported quit claim deed. Consequently, under Arizona law as cited in our September 2, 2003, letter, Mohave Electric's purported quit claim, conveyance and assignment of its interests in the Nelson-Long Mesa Line is void and of no effect. Therefore, Mohave Electric continues to own all interests in the Nelson-Long Mesa Line described in the purported quit claim deed.

In addition, the Department and the BIA reject Mohave Electric's attempt to disclaim all responsibility for the ongoing operation and maintenance of the Nelson-Long Mesa Line, and for the provision of electric power service to the customers and accounts served by the Line, including those identified in Mr. Curtis' August 7, 2003, letter. In addition, through the Nelson-Long Mesa Line, Mohave Electric delivers power to the BIA at Long Mesa substation on the Havasupai Reservation which the BIA in turn distributes to approximately 160 customers in

Supai Village at the bottom of the canyon. Any interruption of power service by Mohave Electric on the Nelson-Long Mesa Line would cause very serious consequences for the entire Supai Village community. Pursuant to Arizona statute A.R.S. § 40-285(A) and ongoing contractual obligations, Mohave Electric is responsible for continuing to provide uninterrupted power service to all its customers along the Nelson-Long Mesa Line and to operate and maintain the Line, which it still owns.

We understand that on or about July 23, 2003, Mohave Electric sent notices to its customer accounts on the Nelson-Long Mesa Line, including the BIA-Truxton Cañon Agency, giving the customers the erroneous information that their retail electric service had been transferred to the BIA and that, in the future, the BIA would be responsible for their electric service and for reading meters and billing customers. Because Mohave Electric continues to own and be responsible for the Nelson-Long Mesa Line, and for providing service to its customers, these statements are clearly untrue and misleading. Therefore, we must insist that Mohave Electric immediately notify all affected customers that the previous notice was incorrect and that Mohave Electric will continue to be responsible for providing their electric power, and for meter reading and billing.

The Department and the BIA are diligently reviewing the complex issues associated with the Nelson-Long Mesa Line and are dedicated to finding a resolution that will assure the future supply of reliable, affordable electric power for users on the Havasupai Reservation and Hualapai Reservation. At the present time, however, Mohave Electric has a continuing obligation to own, operate, and maintain the Nelson-Long Mesa Line and to provide electric power service to all its customers served by the line, and to the BIA at Long Mesa Power Transformer for transmission to Supai Village. If Mohave Power ceases to provide full and uninterrupted service to all customers served by the Nelson-Long Mesa Line and to the BIA, or ceases to operate and maintain the line and all associated facilities, the Department and the BIA will have no choice but to initiate proceedings before the Arizona Corporation Commission or another appropriate forum to secure Mohave Power's compliance with its existing legal and contractual duties.

Sincerely,

Wayne Nordwall
Regional Director

cc: Phoenix Field Solicitor
Superintendent, Truxton Canon Field Office

**MEC/UNSE/APS - OPERATIONS PROTOCOL
INTER-COMPANY RESPONSES TO
14.4/24.9KV LINE FROM NELSON SUBSTATION THROUGH
SUPAI VILLAGE**

Dated November 13th, 2007

Preamble: The intent of the Parties to this Operations Protocol is to provide assistance upon request to the BIA during electrical outages that occur on the Hualapai and Havasupai Reservations. The Parties also agree to consider when resources are available requests for preventive maintenance services for facilities on the reservations.

Purpose: The purpose of this protocol is to define the scope, responsibilities, and expectations of the various companies' coordinated responses to a request by the Bureau of Indian Affairs (BIA) to respond to an unplanned outage on the 14.4/24.9KV overhead electrical system from Nelson Substation to the site of the previous Long Mesa Substation including any laterals, and the BIA Havasupai overhead and underground electrical system that serves Supai Village as depicted on Attachment Exhibit A (Subject System).

For Use By: Mohave Electric, UNS Electric, Inc. and Arizona Public Service employees involved in the restoration of an unplanned outage within the Subject System.

Scope: This protocol is intended to outline the general responsibilities for each company in an effort to expedite timely restoration of electrical service on the Subject System once notified of an unplanned outage. Nothing in this protocol authorizes or requires, or should be construed to authorize or require, Arizona Public Service Company, Mohave Electric Cooperative, Inc., or UNS Electric, Inc. to act in any manner contrary to state or federal law, including but not limited to the rules, regulations and orders of the Arizona Corporation Commission. In the event there is a future conflict between the duties and obligations of the parties under this protocol and state and federal law, including and not limited to the rules, regulations and orders of the Arizona Corporation Commission, the parties shall amend such mutual aid protocol to comply with such requirements.

**Definitions
And
Acronyms:**

1. **BIA** – Bureau of Indian Affairs, Truxton Canon Agency
2. **MEC** – Mohave Electric Cooperative, Inc.
3. **UNSE** – UNS Electric, Inc.
4. **APS** – Arizona Public Service Company
5. **Load Serving Entity** – Mohave Electric Cooperative or its successor
6. **Responder** – MEC or APS or UNSE
7. **Clearance** –A Clearance is an action by a Responder to take a unit or plant equipment out of service for inspection, maintenance or repair work and to make all necessary preparations so that work can be done with safety to personnel and equipment. A Clearance guarantees that the unit of equipment will not be put into service while personnel are working on it and that no change will be made in the conditions under which the job is being done. A Clearance guarantees that the circuit or equipment will remain in the condition stated until released by the person having the Clearance. All equipment will be tagged.

8. **Visual Open** – Lines or equipment shall be considered energized at all times until a Clearance has been issued and grounds placed. All switching devices at sources of power supply shall be checked open, locked (when possible), and tagged before issuing Clearances. Grounding devices shall then be placed on lines or other equipment. All equipment will be tagged.
9. **Release of Clearance** – A "Release of Clearance" is a statement by an existing Clearance Holder releasing ownership and responsibility of that Clearance back to the recognized Load Serving Entity with the understanding that work is complete, all personnel are in the clear, and all shorts and grounds are removed.
10. **Responder(s)** – Any or all of the three (3) companies who participate in this Operations Protocol in response to and/or correction of a specific unplanned outage within the Subject System.

Facilities and Access to the Subject System:

MEC has installed a three-phase breaker and three inline switches (defined here as "Switches") to create an open point for clearance purposes. Responders may use the Switches to create a clearance open point after informing MEC Operations of the intent to do so. Once the Responder opens the Switches, it shall follow its company safety rules by locking and tagging the switches and becoming the Holder of the Clearance. No other entity is authorized to operate the locked and tagged Switches except the Holder of the Clearance.

Responsibilities

And Expectations: Requests for assistance by the BIA shall occur in the following order: 1) MEC; 2) UNSE; and 3) APS.

MEC:

1. The Load Serving Entity (MEC or its successor) for the BIA from the Nelson Substation is the single point of initial contact for the BIA (Customer) in requesting response to unplanned outages within the Subject System using the contact numbers(s) identified in Attachment "B". and is the Primary first contact for the Customer in the event of an unplanned outage.
2. When contacted and authorized by the BIA, if compatible with current workload, MEC employees will expeditiously identify the location and extent of any unplanned outage and its probable cause. When contacted and authorized by the BIA, MEC Operations personnel shall, if compatible with current workload, expeditiously patrol the Subject System to identify the outage location and probable cause, damage extent, and create a materials list of items necessary to restore power and advise BIA.
3. MEC crews will respond to the outage location in the Subject System and remedy the outage condition, if compatible with current workload, resources, and demands on the MEC system.

4. If the current workload is not compatible with responding to either locate or remedy the outage conditions and MEC employees are therefore unable to respond to determine the trouble and its location and extent within the Subject System, or if MEC crews are unable for conditions on the MEC system to respond to locate or remedy the outage conditions, MEC Operations shall as is the current practice immediately notify the BIA to notify UNSE Operations using the contact number(s) identified in Attachment "B".
5. MEC personnel when responding shall establish any safe working clearances and visual opens necessary to provide safety to personnel working within the Subject System. If required, personal protective grounds as well as other related safeguards shall be installed by MEC crews to ensure the safety of MEC crews and the public.
6. Upon completion of repairs, MEC personnel will request BIA approval and permission to re-energize the System.
7. MEC personnel shall release clearances and remove of all grounds and before re-energizing the system.
8. MEC shall track all materials provided by MEC separately from all materials, labor, and services procured by, or provided by, UNSE or APS to expeditiously affect repairs.
9. MEC personnel shall invoice the BIA for all expenses incurred by MEC.

UNSE:

1. UNSE personnel shall have access to the Switches to provide safety to personnel working within the Subject System. If required, personal protective grounds as well as other related safeguards shall be installed by UNSE crews to ensure the safety of UNSE crews and to the public.
2. Understanding when contacted by the BIA that MEC has been contacted and is unable to respond, UNSE employees, if compatible with current workload, will expeditiously identify the location and extent of any unplanned outage and its probable cause. When contacted by the BIA, UNSE Operations personnel shall, if compatible with current workload, expeditiously patrol the Subject System to identify the outage location and probable cause, damage extent, and create a materials list of items necessary to restore power and advise BIA.
3. Upon completion of repairs, UNSE personnel using the Switches or otherwise shall remove all grounds and issue Release of Clearance if necessary before re-energizing.
4. If current UNSE workload is not compatible with responding to either locate or repair the system located within the Subject System, UNSE personnel shall immediately call APS Operations at the number(s) identified in Attachment "B" who shall respond in accordance with APS/UNSE standing Mutual Assistance commitments.
5. Upon completion of repairs, UNSE personnel will request BIA approval and permission to re-energize the System.
6. UNSE personnel shall release clearance and remove of all grounds and before re-energizing the system.

7. UNSE shall invoice the BIA for all expenses incurred by UNSE.
8. UNSE personnel shall track all materials, labor, and services procured by UNSE to expeditiously affect repairs.

APS:

1. If it has been developed, when contacted by UNSE, APS personnel shall obtain from BIA or MEC or UNSE outage location, damage extent, probable cause and materials list information.
2. If contacted by UNSE to provide locating service for the Subject System's unplanned outage, APS Operations personnel shall, if compatible with current workload, expeditiously patrol the Subject System to identify the outage location, extent of the damage, and probable cause, and create a materials list of items necessary to restore power.
3. APS shall contact UNSE personnel to obtain the necessary appropriately rated equipment and materials to make repairs to the 14.4/24.9KV system. APS shall track all materials provided by UNSE separately from all materials, labor, and services procured by, or provided by, APS to expeditiously affect repairs.
4. APS crews shall expeditiously respond to and effect repairs in the Subject System. Depending upon current workload, first preference is to send a crew from the William's dock (backfilled by Flagstaff) followed by the Flagstaff, Prescott, Verde and Western docks in that order.
5. APS personnel shall have access to and control of the Switches previously described and shall establish any safe working clearances and visual opens necessary to provide safety to personnel working within the Subject System. If required, personal protective grounds as well as other related safeguards shall be installed by APS crews to ensure the safety of APS crews and the public.
6. Upon completion of repairs, APS personnel will request BIA approval and permission to re-energize the System.
7. APS personnel shall release clearance and remove all grounds before re-energizing the system.
8. APS shall invoice the BIA for all expenses incurred by APS.

Responder(s):

1. Responders shall contact BIA Facilities Manager:
 - a. to obtain permission to enter reservation lands when necessary.
 - b. to obtain for Canyon work access to the BIA's contract helicopter service should patrol, restoration or materials/equipment drop-off within the canyon be necessary.

- c. to obtain for Canyon work permission for a chartered helicopter to access Supai Nation airspace when the BIA's contract helicopter service is not adequate or is not available.
 - d. to obtain for Canyon work access to mobile equipment (e.g. backhoe) located within the canyon.
2. Once restoration activities have been completed in Canyon, APS, MEC or UNSE shall place a call to BIA-Truxton Canon Agency Facilities Manager (see number(s) in Attachment "B") to report power restoration and determine if additional outages remain for correction in Canyon. The first Responder will place the call to the BIA.

ARIZONA PUBLIC SERVICE COMPANY

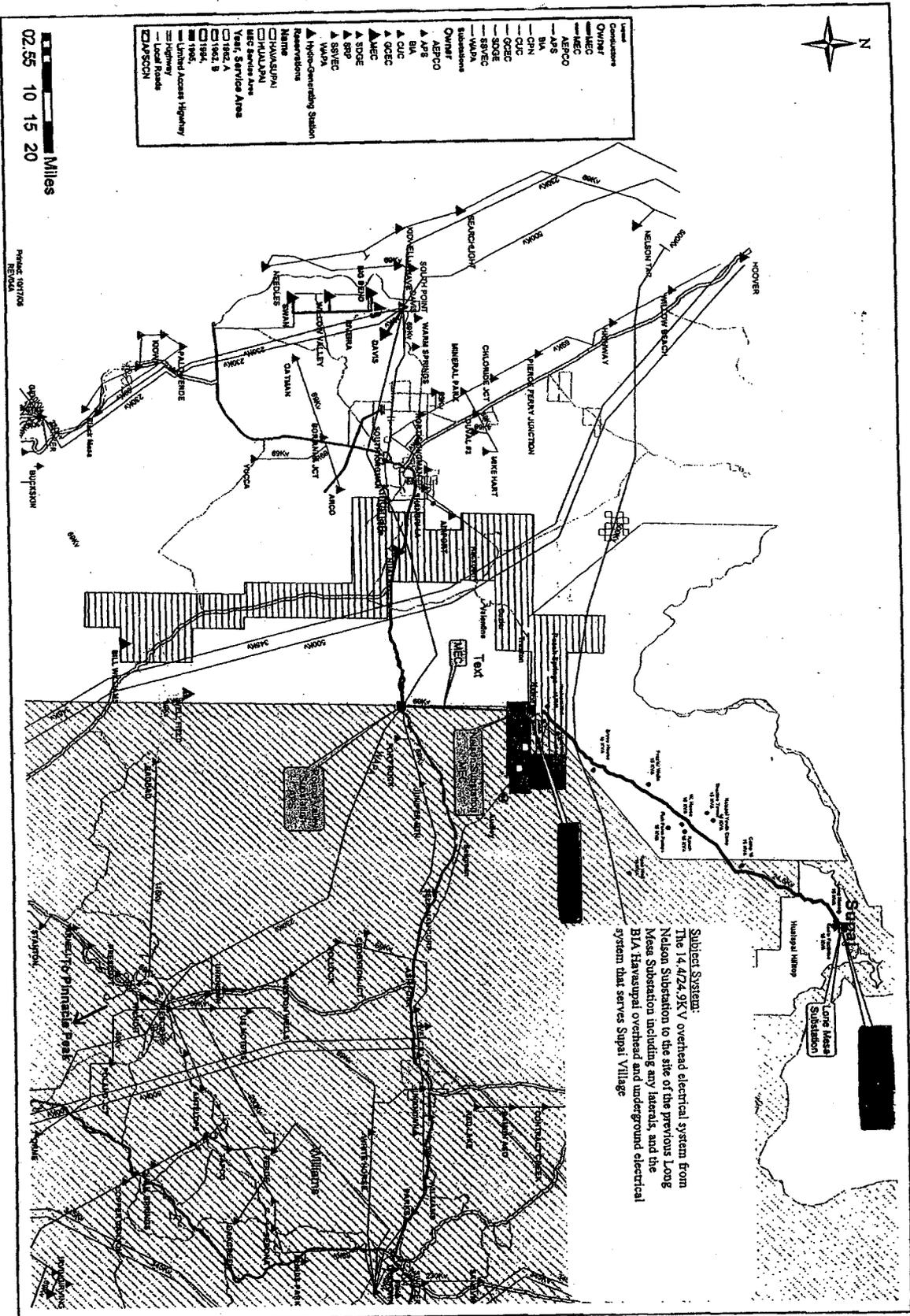
By [Signature]
Name JAN BENNETT
Its SR VP ENERGY DELIVERY

MOHAVE ELECTRIC COOPERATIVE, INC.

By [Signature]
Name Thomas Langley
Its Manager of Operations Engineering

UNS ELECTRIC, INC.

By [Signature]
Name BILL DE JULIO
Its TRANSMISSION & DISTRIBUTION MANAGER



02.55 10 15 20 Miles

