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BEFORE THE ARIZONA CORPORATION COMMISSION Arizona Corporation Commission

MIKE GLEASON, CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

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IN THE MATTER OF THE COMPLAINT
OF THE 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
SUMMARY OF JAMES WILLIAMS
TESTIMONY

The Bureau of Indian Affairs ("BIA") previously filed prepared direct testimony of James Williams which will be used at the hearing beginning November 18, 2008. The following is a summary of Mr. Williams' testimony:

The BIA has several accounts or meters along the 70 mile line (the "Line") that runs from the Nelson Substation to Long Mesa. The BIA has a meter for a fire observation tower, called the Thornton Fire Tower, located on the Hualapai Reservation. Another meter is near the end of the Line at Long Mesa for a BIA radio repeater. A third meter is at the very end of the Line at Long Mesa.

Mohave no longer reads the BIA meter at the end of the Line at Long Mesa. Mohave moved this meter to the beginning of the Line at Nelson Substation. Electricity is still delivered through Long Mesa, but no meter is read there.

The BIA uses the electricity it receives at Long Mesa in Havasupai Village at the bottom of the Havasu Canyon. The BIA has an electric line that starts at Long Mesa and goes down to Havasupai Village. Some of that electricity is used by the BIA in Havasupai Village for a BIA school, a BIA detention facility, living quarters for BIA

1 teachers and law enforcement personnel, and a BIA maintenance facility. Some
2 electricity goes to a medical clinic operated by Indian Health Services. Some electricity
3 is used by the Havasupai Tribe and its members, such as to provide lighting and air
4 conditioning to the tribal members' homes. Temperatures in Havasupai Village are
5 often over 100° in the summer so air conditioning probably consumes a lot of the
6 electricity in the Village.
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9 The BIA charges the Havasupai members for their electricity, but does not
10 receive enough from them to cover the cost of the electricity. The BIA supplies
11 electricity to the Havasupai members as part of its general goal of providing support to
12 Native Americans, not to turn a profit or break even. For instance, when the BIA pays
13 for repairs to the Line or for repairs to the electrical system in Havasupai Village, the
14 BIA does not build those expenses into what is charged to the Havasupai members.
15

16 Mohave billed the BIA for the fire tower account and the radio repeater account.
17 For the Long Mesa account or meter, Mohave billed the BIA for the electricity used.
18 Also, the BIA agreed to pay a "facility charge," which consisted of the cost of
19 construction, taxes, operation and maintenance, and depreciation of the Line. Mohave
20 billed the BIA for the facilities charges every month until March, 1997. The BIA paid
21 Mohave the entire cost to construct the Line. From April, 1982 through March, 1991,
22 the BIA made about \$450,000 in monthly construction cost payments. The BIA wanted
23 to pay-off the cost of construction, so in March, 1991, the BIA made a lump sum
24 payment of \$923,243.92, which paid off the remaining balance owing to Mohave. The
25 BIA paid Mohave \$838,615.80 for depreciation of the Line.
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1 Beginning in July, 1998, Mohave's bills to the BIA included a credit for "usage
2 billed to other meters." After Mohave moved its meter to the Nelson Substation, it billed
3 the BIA for all electricity used along the Line, including the electricity used by the
4 various customers along the Line. Mohave may have realized the BIA shouldn't have to
5 pay for electricity used by the Hualapai Tribe or the residents along the Line, so Mohave
6 credited the BIA for that electricity. The average credit for electricity used by the other
7 customers was \$377.25 per month. The last credit was given on the September, 2003
8 invoice.
9

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11 The Havasupai Tribe does not have enough living space in Havasupai Village at
12 the bottom of the Canyon, so the Tribe has planned to build some housing on the top of
13 the Canyon at an area called Bar Four. The Havasupai Tribe built an extension from
14 the Line to the Bar Four area. The BIA did not build it. The extension is connected to
15 Line, but it has not affected the Line as the Line still supplies electricity along its length,
16 just like it did before the extension was built. The BIA has never prevented Mohave
17 from gaining access to the Line.
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20 In the summer of 2003, Mohave quitclaimed the Line to the BIA, the Havasupai
21 Tribe, and the Hualapai Tribe. The BIA wrote Mohave and said it did not accept the
22 transfer.
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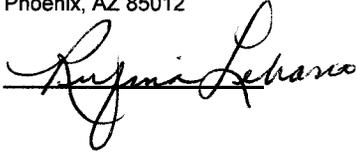
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