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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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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 LEONARD GOLD
TESTIMONY

The Bureau of Indian Affairs ("BIA") previously filed prepared direct and sur-
rebuttal testimony of Leonard Gold which will be used at the hearing beginning
November 18, 2008. The following is a summary of Mr. Gold's testimony:

Mohave Electric Cooperative ("Mohave") constructed a 70 mile from its Nelson
Substation to Long Mesa (the "Line"). The Line became operational in early 1982. The
Line always has been treated as a distribution line.

Even before Mohave built the Line, Mohave knew the Line would be a distribution
line. Mohave sub-contracted the actual construction of the Line. In Mohave's request
for bids to build the Line, Mohave specified that the project was to construct a
distribution line and specifically stated that that there would be no "transmission line
construction." Four States Electric Co., Inc. ("Four States") was the winning bidder.
Four States' proposal, which became part of the sub-contract, indicated that the entire
\$986,223.47 sub-contract price would be used to construct a distribution line and
nothing would be used to construct transmission-related facilities. Mohave's board of
directors approved the sub-contract with Four States. In its resolution, Mohave's board

1 of directors acknowledged the sub-contract was for the construction of a distribution
2 line. Mohave's board of directors did not approve the construction of a transmission
3 line.
4

5 Moreover, in its application for a \$1,600,000 loan from the Rural Electric
6 Administration ("REA") to construct the Line, Mohave represented the loan was to be
7 used to construct a distribution line. In its application to the ACC to approve that loan,
8 Mohave represented to the ACC that the loan would be used to construct a distribution
9 line and specifically indicated that transmission service would not be provided. Mohave
10 The ACC approved Mohave's application for a loan to construct a distribution line.
11

12 Post-construction, Mohave continued to treat the Line as a distribution line.
13 In both its filings with the ACC and with the REA, Mohave indicated that the Line was a
14 distribution line. As a REA borrower, Mohave must file annual statistical reports with the
15 REA. In those annual reports, Mohave treated the Line as a distribution line, not a
16 transmission line. Moreover, for at least 17 years in those same REA annual reports,
17 Mohave classified the BIA as one of its retail customers.
18

19 In 1989, Mohave filed with the ACC an application for a permanent rate increase.
20 Mohave attached a cost of service study to its application. In Mohave's cost of service
21 study, Mohave classified the Line as a distribution line.
22

23 For other several reasons, the Line is a distribution, not transmission, line. First,
24 the Line is operated at 24.9 kV, which is Mohave's normal distribution voltage level for
25 serving its other retail customers. Second, the Line falls within the definition of "electric
26 distribution facilities." A.R.S. § 40-201(6). Third, Mohave connected distribution
27 transformers to the Line and then extended the service drops from those transformers
28

1 to the end users' meter panels to record usage. Fourth, under industry standards
2 distribution lines deliver electricity to retail customers like those along the Line. Fifth, as
3 the Line has never been classified by FERC or the ACC as "electric transmission
4 facilities," it is a distribution line. A.R.S. § 40-201(11). Sixth, the Line falls within the
5 definition of "distribution lines" set forth in AAC R14-2-201(13). The Line, therefore, is a
6 distribution line and is a "line extension" from Mohave's Nelson Substation. AAC R 14-
7 2-201(22).
8

9
10 Mohave provided electrical service to 12 accounts along the Line, including two
11 personal residences. Two customers are within Mohave's certificated service area.
12 The customers along the Line, including the BIA, were Mohave's "retail electric
13 customers" as defined by A.R.S. § 40-201(21). Mohave abandoned service to their
14 retail customers.
15

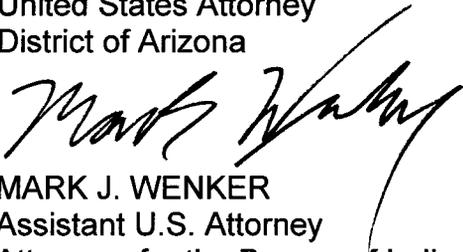
16 The Line is within Mohave's "service territory," as defined by A.R.S. § 40-
17 201(22), because Mohave extended its electric distribution facilities when it contracted
18 with the BIA to build the Line.

19 The Line was and is used and useful. Other possible sources of electricity are
20 far away. The customers along the Line have received their electricity from the Line for
21 about 25 years, so the Line was and is used and the Line was and is useful to the
22 customers. The Line also is necessary for the supply of electricity to the public because
23 it serves a remote area and with no readily available alternatives for the supply of
24 electricity.
25
26
27
28

1 The ACC staff previously concluded that Mohave violated various state laws and
2 regulations when it abandoned and quit claimed the Line without ACC approval. The
3 ACC staff reached the correct conclusion.

4
5 Respectfully submitted this 14 day of November, 2008.

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8 District of Arizona

9 
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11 Assistant U.S. Attorney
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