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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

NOTICE OF DOCKETING FULLY EXECUTED, FINAL VERSION OF THE PARTIES' "FINAL MEMORANDUM OF SETTLEMENT POINTS" AND NOTICE OF PROVIDING OVERSIZED COPY OF EXHIBIT 1 TO ALJ JIBILIAN AND COMMISSION STAFF

In accordance with prior procedural orders, Respondent Mohave Electric Cooperative, Inc. ("MEC") and Complainant Bureau of Indian Affairs, United States of America ("BIA") by and through undersigned counsel, hereby submit the final form of the parties' Final Memorandum of Settlement Points dated March 23, 2012. Please note that due to computer errors, the unsigned version of this document docketed on March 23, 2012 was inaccurate in a few respects, and the corrected version attached is fully executed and agreed as to form by counsel.

The Commission should also take notice that at the request of ALJ Jibilian, an oversized, color version of Exhibit 1 has been delivered to the Hearing Division for her use. An oversized version of the Exhibit has also been delivered to Commission Staff through its counsel, Wesley Van Cleve, at his request.

Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406
(602) 364-7000

RESPECTFULLY SUBMITTED this 9th day of April, 2012.

BRYAN CAVE LLP

By _____

Steven A. Hirsch, #006360
Rodney W. Ott, #016686
Two N. Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Attorneys for Mohave Electric Cooperative, Inc.

DENNIS K. BURKE
United States Attorney
District of Arizona

By _____ (with permission)

Mark J. Wenker
Assistant U.S. Attorney
40 N. Central Avenue, Suite 1200
Phoenix, AZ 85004-4408
Attorneys for the Bureau of Indian Affairs

ORIGINAL and 13 COPIES of the foregoing were hand-delivered for filing this 9th day of April, 2012, to:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

COPY of the foregoing hand-delivered this 9th day of April, 2012, to:

Hearing Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007-2927

Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406
(602) 364-7000

Wesley Van Cleve
Janice Alward
Legal Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

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

Cathy Tordy

Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406
(602) 364-7000

FINAL MEMORANDUM OF SETTLEMENT POINTS

The Bureau of Indian Affairs ("BIA") and Mohave Electric Cooperative, Inc. ("MEC"), by and through their undersigned counsel, memorialized certain agreement points in a Memorandum of Settlement Points docketed on July 14, 2011 in Arizona Corporation Commission ("ACC" or "Commission") Docket No. E-01750A-05-0579 (the "Complaint Proceeding") currently pending on rehearing before the Commission. On February 3, 2012, the Parties jointly docketed in the Complaint Proceedings a stipulated, proposed Recommended Opinion and Order on Rehearing ("Stip ROO") that was designed to secure a Decision on Rehearing that conforms to the Memorandum of Settlement Points and to limit the contested issues on rehearing to those listed in the Stip ROO. At the request of the Commission, as set forth in the Procedural Order entered on February 22, 2012, the Parties hereby provide the Commission with a jointly signed Final Memorandum of Settlement Points dated the 23rd day of March, 2012.

RECITALS

A. Disputes have existed between Mohave and BIA for numerous years, and the parties have litigated their issues before the Commission for more than six years since the filing of the Complaint by BIA. **[Stip ROO 177]**

B. Following the hearing and during the parties' settlement discussions, Mohave undertook an inspection of the accounts and meters along the Line, and produced a current, updated map showing those accounts and other features of the Line and attachments to the Line. This updated map, which Mohave and BIA agree accurately represents the status of the Line, related attachments, and accounts as of April, 2011, is attached hereto and incorporated herein as Exhibit 1. **[Stip ROO 134]**

C. During the post-hearing inspection of the Line and accounts, it was discovered that parties unknown had constructed a line approximately one mile in length ("1-Mile Line") from the Line to a communications tower and associated solar panels, wind turbine and generator at Long Mesa. The 1-Mile Line was energized without obtaining authority from the Commission or Mohave, and neither Mohave nor the Commission knew it had been energized until Mohave discovered the 1-Mile Line in April 2011. **[Stip ROO 174]**

D. The post-hearing inspection of the Line and accounts also revealed that many of the meters and/or meter installations to the individual retail accounts were not functioning properly and/or required alterations. **[Stip ROO 175]**

E. In the spring of 2011, BIA commenced, at its cost and after consultation with Mohave concerning the location of such facilities, installation of a TWAC system that will allow remote reading of meters located in the Havasupai Village and to monitor for outages on the 70 Mile Line. Based on Mohave's recommendation concerning the location, BIA installed the TWAC system near the Nelson Substation. **[Stip ROO 176]**

AGREEMENTS

The Parties stipulate and agree as follows:

1. Mohave shall reassume ownership of the 70-mile Line[1] but is not required to replace the meter at Long Mesa. Mohave will not own the Bar 4 Spur[2] or the 1-Mile Line. The connection of these two spur lines to the 70-mile Line will be subject to an interconnection agreement, and no further load will be added to either spur line until an interconnection agreement is in place, with the parties treating each line in accordance with the terms of the interconnection agreement negotiated as to that line. BIA agrees to be the customer for the interconnection meters at the beginning of the Bar 4 Spur and 1-Mile lines. Mohave will install a meter at the point of interconnection of each spur line to monitor use, and BIA will reimburse Mohave for the installation of each interconnection meter. **[Stip ROO 180]**

2. Mohave will respond to service calls on either spur line on a fee-for-service basis under the present operations protocol until interconnection agreements are in place. Mohave will provide BIA with a copy of the current Mohave interconnection policy and standards, as well as copies of its basic form service agreements and interconnection agreements within 30 days of the entry of the Commission's Decision on Rehearing in the Complaint Proceeding. **[Stip ROO 181]**

3. Mohave's ACC-approved Large Commercial and Industrial Service Rate will apply to the power delivered to BIA on the 70 mile Line, excluding accounts in the name of BIA for the Thornton Tower (Account #29740-001) and the Long Mesa Radio Repeater Site (Account #451-055) which will be separately billed at the applicable ACC-approved rate for such service. The remaining 10 original individual customers[3] along the Line will continue to be charged the applicable ACC-approved rates for such service. **[Stip ROO 182]**

4. Mohave will reassume its utility relationship with the original 12 customers along the Line and treat these original 12 customers as members of Mohave so long as such memberships and utility accounts are requested to be maintained and are maintained in good standing. Any new users tapping into the 70-mile Line (including any new users in addition to the original 12) may apply for and be provided service pursuant to either a service agreement (which will not be a member agreement, but will provide for "member-like" utility services) or an interconnection agreement, in the discretion of Mohave, including as to metering and meter reading. BIA agrees to assist Mohave in negotiating and entering into appropriate agreements with the new user, if the new user is the Hualapai Tribe, the Havasupai Tribe, or a member of either Tribe. Such new agreements shall be subject to the terms and conditions as set forth in the Commission's Decision on Rehearing in the Complaint Proceeding and such further terms and conditions agreed upon between Mohave and the new user. **[Stip ROO 183]**

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[1] The 70-mile Line runs from Mohave's facilities at Nelson Substation to Long Mesa. **[Stip ROO 118]**

[2] The approximately 13-mile long spur line extending from the 70-mile Line to the Bar Four area of the Havasupai Reservation. **[Stip ROO 162]**

[3] Account No. 63626-000 (Arizona Telephone Company), Account No. 44567-003 (Diamond A Ranch), Account Nos. 896-083, 896-084, 896-060, 896-073, 896-100, and 896-027 (Hualapai Tribal Council), Account No. 28135-001 (Bravo, WC), Account No. 44561-006 (Cabin on Nelson Road). **[Stip ROO 37]**

5. In addition to paying Mohave's ACC-approved Large Commercial and Industrial Service Rate, BIA will pay all reasonable overhead, maintenance and repair ("OM&R") costs on the 70-mile Line per its pro rata share of its load compared to Mohave's customers' load, as measured by new equipment ("TWAC system") that BIA is installing at BIA's cost on the Line. Until the new TWAC system is operational, the pro rata shares will be established by actual meter readings. The parties' actual load will also provide the basis for apportioning load loss among them. BIA's load shall be the total load delivered to the 70-mile Line, less the energy sold to other Mohave customers and less losses allocated to Mohave pursuant to Paragraph 20 below. Within 60 days of the entry of the Commission's Decision on Rehearing in the Complaint Proceeding Mohave shall implement meter reading and billing through the TWAC system for all 12 original accounts, or alternatively, in its discretion, Mohave may install meters not tied to the TWAC system and conduct manual reading of same and implement meter reading and billing through such meters at any time. Until Mohave implements the meter reading and billing in accordance with this provision, Mohave will continue to credit BIA $348 per month as the estimated monthly usage by the 12 original accounts in lieu of making monthly readings and billings. **[Stip ROO 184]**

6. Mohave and BIA will work together to assess the status of the 70-mile Line and will use that information to develop an initial and ongoing OM&R plan and budget, including an estimate for unplanned OM&R, so that BIA and Mohave can plan and budget for such expenses. Mohave will complete the initial OM&R plan for the 70-mile Line no later than one year after the effective date of the Commission's Decision on Rehearing in the Complaint Proceeding, and this plan will serve as the basis for undertaking the planned OM&R of the 70-mile Line. BIA agrees to plan and share with Mohave its future budgets, as available, for anticipated OM&R costs based on the OM&R plan as amended periodically by the parties. **[Stip ROO 185]**

7. Mohave and BIA each will establish a designated contact person or persons for OM&R issues and budgeting, and such persons will meet regularly as reasonably necessary to allow BIA sufficient time to plan its budget (not less than annually) and to review the annual OM&R plan with BIA to take into account the federal budget and appropriations process required of BIA. The objective of this OM&R plan is to replace and supersede the "Operations Protocol" entered into by Mohave in November 2007. **[Stip ROO 186]**

8. Mohave will work with BIA on an interconnection agreement for BIA's solar generation facilities attached to the 70-mile Line, and such agreed facilities may supplement BIA's power usage from the line in a way that reduces the load provided to BIA by Mohave on a "net metering, demand side management" basis as has been established in Mohave's ACC-approved net metering tariff. **[Stip ROO 187]**

9. Mohave agrees that BIA has 2000 kW of capacity on the Line and 1500 kW of transformer capacity at Nelson substation to serve all BIA's existing and future connected loads. Any unused capacity in either the Line or transformer connected at Nelson may be used by the other party at no additional cost, subject to the terms of the Commission's Decision on Rehearing in the Complaint Proceeding. In determining existing loads, Mohave will be responsible for the 12 original services (that is, the 2 within Mohave's CCN and 10 outside Mohave's CCN), plus the additional new customers that Mohave agrees to serve directly under a service agreement or an interconnection agreement, and the capacity required to serve those loads. **[Stip ROO 188]**

10. The cost of any increased loads from the existing capacity of the 70-mile Line shall be proportionally borne by the parties using such increased loads, as shall be determined by joint studies demonstrating the costs of such increased loads. If the Hualapai or Havasupai Tribes seek to increase the load on the 70-mile Line, BIA shall facilitate discussions between the Tribe and Mohave in order to serve the new/additional loads and apportion costs to the responsible party other than Mohave. **[Stip ROO 189]**

11. Any tribal governmental taxes, fees and assessments assessed related to the 70-mile Line within Mohave's CCN shall be the responsibility of Mohave to the extent that Mohave has customers served from the 70-mile Line within the CCN. Such tribal governmental taxes, fees and assessments may be allocated among and passed on to Mohave's customers connected to the 70-mile Line within the CCN. Any tribal governmental taxes, fees and assessments that are assessed related to the 70-mile Line outside Mohave's CCN will be apportioned between Mohave and BIA pro rata by usage and shall be allocated among and passed on to Mohave's customers connected to the 70-mile Line outside Mohave's CCN or BIA's accounts as appropriate. **[Stip ROO 190]**

12. BIA will use its best reasonable efforts to work with Mohave in applying to the Tribes for renewal of the Hualapai, Havasupai and Boquillas Ranch (Navajo) rights-of-way and grants of easement along the 70-mile Line, which will include reasonable rights of access across tribal lands to facilities and customers. **[Stip ROO 191]**

13. Concerning the Boquillas Ranch Property, Mohave agrees to seek renewal of its rights-of-way and grants of easement along the Line, including reasonable rights of access across tribal fee lands of the Navajo Nation to facilities and customers, and BIA agrees to use its best reasonable efforts to work with Mohave in this matter; however, Mohave understands that the Boquillas Ranch Property is owned by the Navajo Nation in fee and not held by the United States in trust for the Navajo Nation. **[Stip ROO 119]**

14. Concerning the Hualapai reservation easement, Mohave agrees to seek renewal of its rights-of-way and grants of easement along the Line, including reasonable rights of access across tribal lands to facilities and customers, and BIA agrees to use its best reasonable efforts to work with Mohave in this matter. **[Stip ROO 129]**

15. Concerning the Havasupai reservation easement, Mohave agrees to seek renewal of its rights-of-way and grants of easement along the Line, including reasonable rights of access across tribal lands to facilities and customers, and BIA agrees to use its best reasonable efforts to work with Mohave in this matter. **[Stip ROO 130]**

16. The parties agree that all disputed payment issues between the parties as of the date of this Memorandum have been resolved. **[Stip ROO 192]**

17. Mohave intends to construct, at its expense, a separate line to serve the two original accounts within its CCN area, and Mohave will comply with applicable Federal and tribal permitting and approval requirements in relation thereto. **[Stip ROO 193]**

18. Mohave shall continue at its expense to maintain and read the meter at the Nelson substation in order to provide a measure of the load being delivered at the front end of the 70-mile Line. **[Stip ROO 194]**

19. BIA will, at its expense, install a meter at Long Mesa in order to measure the load at the end of the 70-mile Line for purposes of billing and calculating and apportioning line loss between the parties, in conjunction with readings from the service meters either by manual reading or through the TWAC system. **[Stip ROO 195]**

20. Once net line loss is calculated, and adjustments are made for the amount of loss built into Mohave's standard rate (actual losses net the embedded loss in the rate), the parties shall share the expense of such additional losses in proportion to their use in the same manner as OM&R costs are being apportioned. **[Stip ROO 196]**

21. The Parties shall make reasonable and good faith efforts necessary to obtain a Decision on Rehearing that is consistent with the agreements they have reached, including the July 14, 2011 Memorandum of Settlement Points, the Stip ROO, and this Final Memorandum of Settlement Points. The Parties shall support and defend the terms and conditions on which they have agreed. If the Commission adopts an order approving all material terms of the Parties' agreements, the Parties will support and defend the Commission's decision before any court or regulatory agency in which it may be at issue. If the Commission should faile to issue a decision adopting all the material terms of the Parties' agreements, either Mohave or BIA may file an application for rehearing. Whether a term is material shall be left to the discretion of the party filing the application for rehearing.

IN WITNESS WHEREOF, the parties have executed this FINALMEMORANDUM OF SETTLEMENT POINTS effective as of the date of the last signature.

MOHAVE ELECTRIC COOPERATIVE, INCORPORATED

By _____

Title CEO

Date 3/23/12

THE BUREAU OF INDIAN AFFAIRS, UNITED STATES OF AMERICA

By Catherine Wilson

Acting Title: Regional Director, Western Region

Date 3/23/12

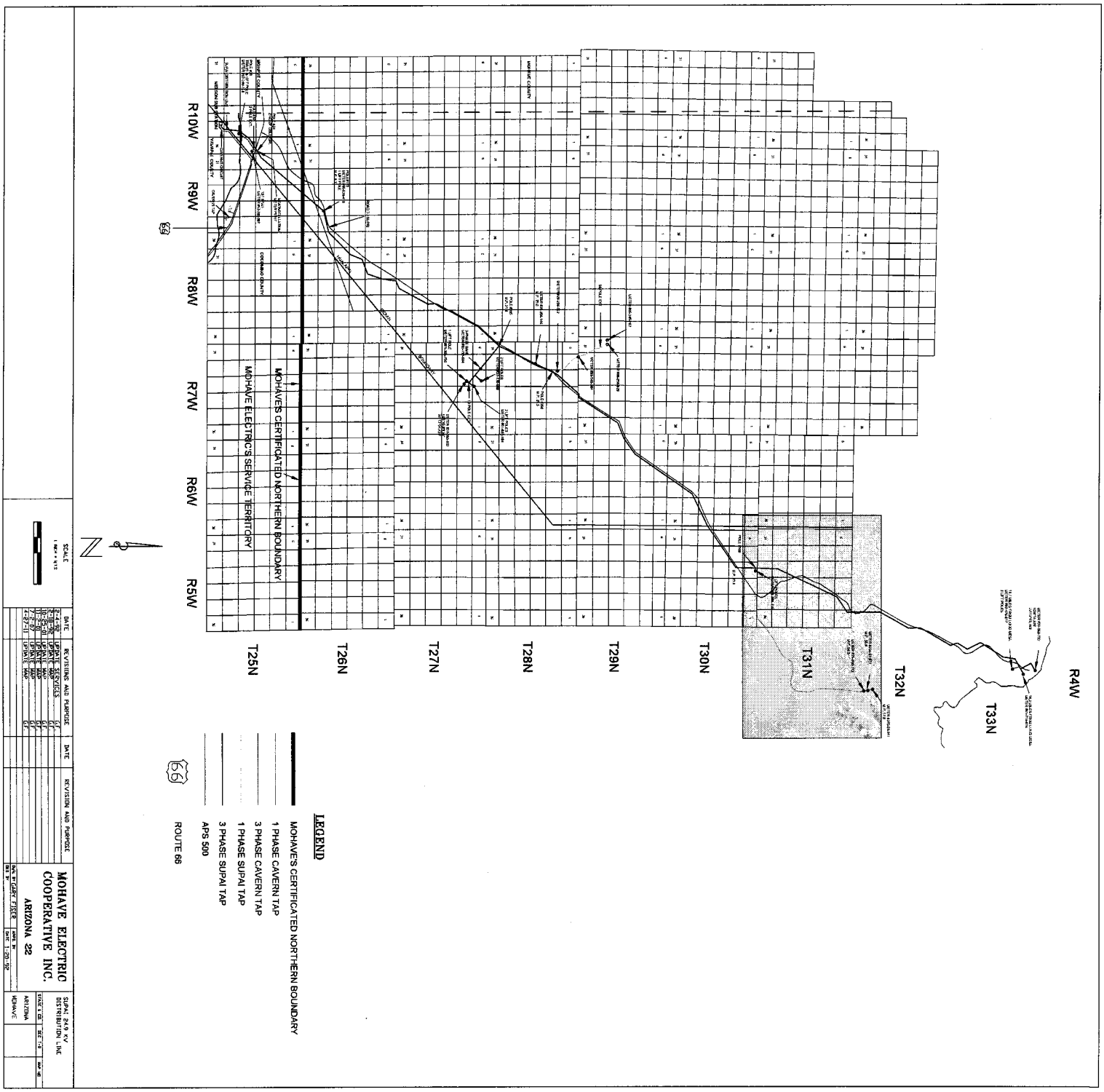
Agreed as to Form:

ANN BIRMINGHAM SCHEEL
Acting United States Attorney
District of Arizona

By: _____
MARK J. WENKER
Assistant U.S. Attorney
Attorneys for the Bureau of Indian Affairs

BRYAN CAVE LLP

By: _____
Steven A. Hirsch
Rodney W. Ott
Two North Central Avenue #2100
Phoenix, AZ 85004-4406
Attorneys for Mohave Electric
Cooperative, Inc.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MOHAVE'S CERTIFICATED NORTHERN BOUNDARY
MOHAVE ELECTRIC'S SERVICE TERRITORY
LEGEND
MOHAVE'S CERTIFICATED NORTHERN BOUNDARY
1 PHASE CAVERN TAP
3 PHASE CAVERN TAP
1 PHASE SUPAI TAP
3 PHASE SUPAI TAP
APS 500
ROUTE 66
MOHAVE ELECTRIC COOPERATIVE INC.
ARIZONA 22
SUPAI 34.5 KV DISTRIBUTION LINE

Exhibit 1