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Transcript Exhibit(s)

Docket #(s): E-01750A-05-0579

Exhibit #: C-6, R-10 thru R-25

Arizona Corporation Commission
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EXHIBIT

C-6
ADMITTED

Exhibit B

GENERAL SERVICES ADMINISTRATION
NEGOTIATED ELECTRIC UTILITY CONTRACT

CONTRACT NUMBER

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).

- 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 1,500 KW for the operation of its facilities located at Hualapai and Havasupai Indian Reservations, as more fully described in Addendum No. 1.
- 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.
- 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 kilovolts 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.
- 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.
- 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		DATE	EXECUTION BY GOVERNMENT		DATE
NAME OF CONTRACTOR (Type or print) Mohave Electric Cooperative, Inc.			UNITED STATES OF AMERICA ACTING THROUGH THE ADMINISTRATOR OF GENERAL SERVICES		
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION			BY <u>Hester G. Grogan</u>		
ADDRESS P. O. Box 1045 Bullhead City, AZ 86430			TITLE <u>Deputy Area Director,</u> (Contracting Officer)		
SIGNATURE OF PERSON AUTHORIZED <u>[Signature]</u>			THIS CONTRACT IS EXECUTED PURSUANT TO THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, 63 STAT. 377, AS AMENDED.		
TITLE PRESIDENT			ACCOUNTING AND APPROPRIATION DATA		
INVOICE FOR PAYMENT SHOULD BE MAILED TO					

TERMS AND CONDITIONS

1. 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.

2. 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.

3. 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.

4. 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

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 METERING 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 there-through 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 replaced or repaired 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. H/S E/S

(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 relevant 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 relevant 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 (f) 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):

Notice to prospective subcontractors of requirement for certifications of nonsegregated facilities.

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 resident commissioner, shall be admitted to any share or part of this 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 (c) 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-

Exhibit B-5

taining the information specified in 29 CFR 516.2(a). Such records shall be preserved hereafter 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, rider, 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 and hires 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 bonafide 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

for each hiring location (1) the number of disabled veterans of the Vietnam era hired, (2) the number of disabled veterans of the Vietnam era hired, (3) the number of disabled veterans of the Vietnam 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.

(1) 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 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.

(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.

Exhibit B-6

(m) The contractor will include the provisions of this clause in every subcontract or purchase order of \$10,000 or more unless exempted 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 noncompliance.

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) mailing 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

ent or substantial labor surplus area (as defined in section 7) small business concerns which are not labor surplus areas.

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 the requirements of section 114 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 inspection, 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 EPA eliminates 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 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-OOS-67021

MOHAVE ELECTRIC COOPERATIVE, INC., an Arizona corporation, (hereafter called "Mhove"), 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

Mhove 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 plan marked as Exhibit "I" attached hereto.

Mhove 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 Mhove, upon such terms that provide to Mhove 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 Mhave's system. Switching arrangements shall be provided by Mhave to insure that this above-referenced plant shall not backfeed into the Mhave system.

MAXIMUM DEMAND

Mhave 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 Mhave a monthly Facility Charge. Government agrees that it's 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, Mhave 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 Mhave, Mhave shall not be liable for such failure or interruption or for damages, consequential or otherwise, Mhave 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 due 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.

MOHAVE ELECTRIC COOPERATIVE, INC.

Rate Schedule "L"

(Large Power)

[Handwritten signature]

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.

[Handwritten signature]

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 /KVA/month of installed transformer capacity.

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%.

[Handwritten signature]

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. Metering at secondary voltages, the KWH billed shall be the metered KWH plus 5% (X1.05) 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.

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 any 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 \$.02106 /KWH sold, flow through to the user such increases or decreases.

[Handwritten signature]

Conditions 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.

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COMMISSIONERS

GARY PIERCE, CHAIRMAN
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED
APR - 9 2012
DOCKETED BY [Signature]

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

EXHIBIT
R-10
ADMITTED
PENGAD 800-681-6868

**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.

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

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

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RESPECTFULLY SUBMITTED this 9th day of April, 2012.

BRYAN CAVE LLP

By *St. A. Hirsch*
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 *St. A. Hirsch* (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

1 Wesley Van Cleve
2 Janice Alward
3 Legal Division
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, AZ 85007
7
8 Mark J. Wenker
9 U.S. Attorney's Office
10 40 N. Central Avenue, Suite 1200
11 Phoenix, AZ 85004-4408
12 Attorneys for the Bureau of Indian Affairs

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14 *Cathy Tardy*
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Diyall 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 Line¹ but is not required to replace the meter at Long Mesa. Mohave will not own the Bar 4 Spur² 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 customers³ 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]

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 fail 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 [Signature]
Title CEO
Date 3/23/12

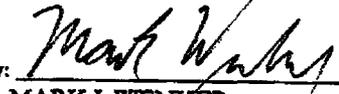
THE BUREAU OF INDIAN AFFAIRS,
UNITED STATES OF AMERICA

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

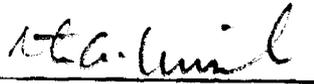
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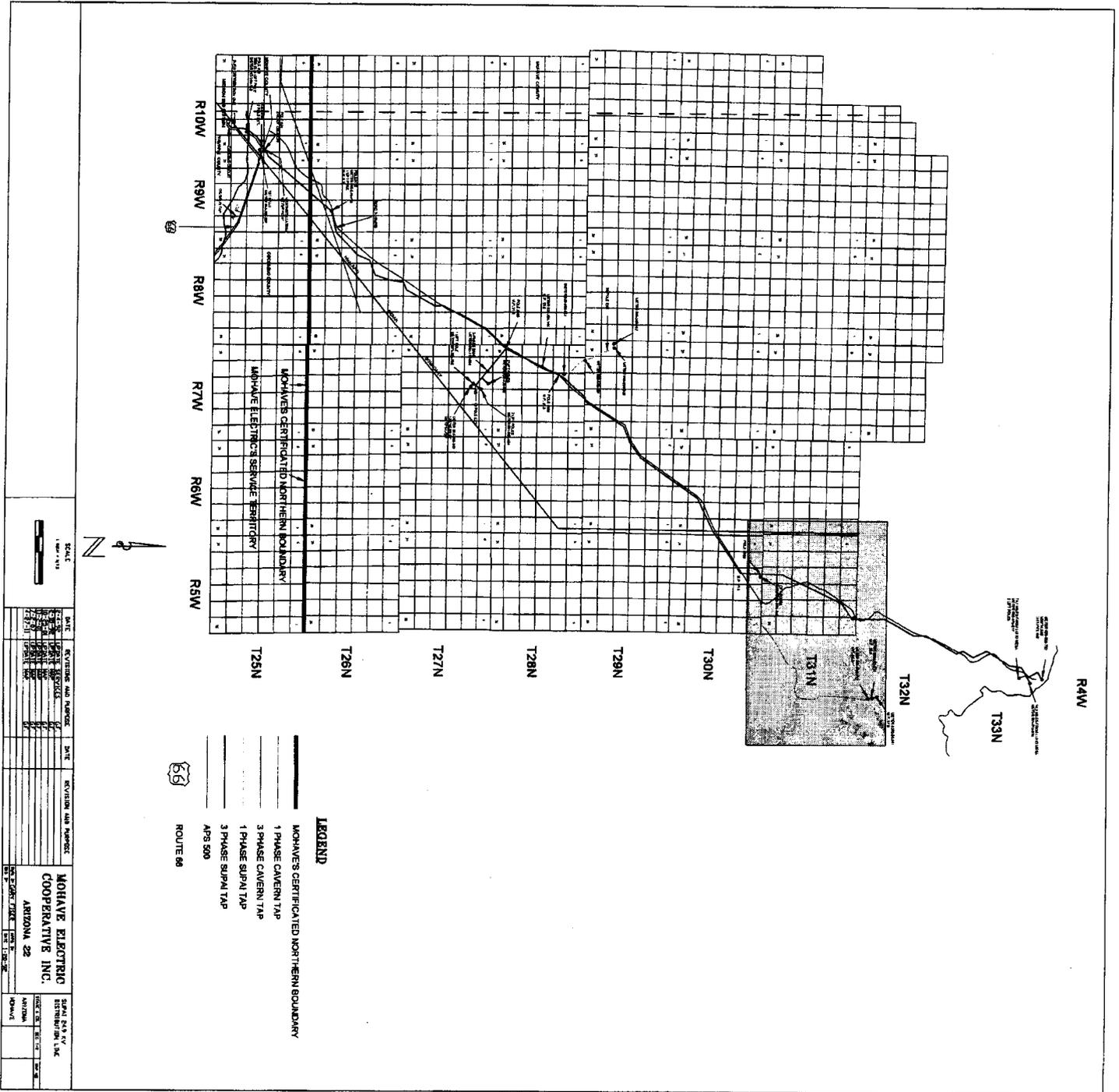
MARK J. WENKER
Assistant U.S. Attorney
Attorneys for the Bureau of Indian Affairs

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.



- LEGEND**
- MOHAVE CERTIFICATED NORTHERN BOUNDARY
 - 1 PHASE CAVERN TAP
 - 3 PHASE CAVERN TAP
 - 1 PHASE SUPAI TAP
 - 3 PHASE SUPAI TAP
 - APS 500
 - ROUTE 66

DATE	REVISION AND PURPOSE	DATE	REVISION AND PURPOSE
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MOHAVE ELECTRIC COOPERATIVE INC. ARIZONA 22

SCALE 1" = 1/4" MILE

DATE 12/1/88

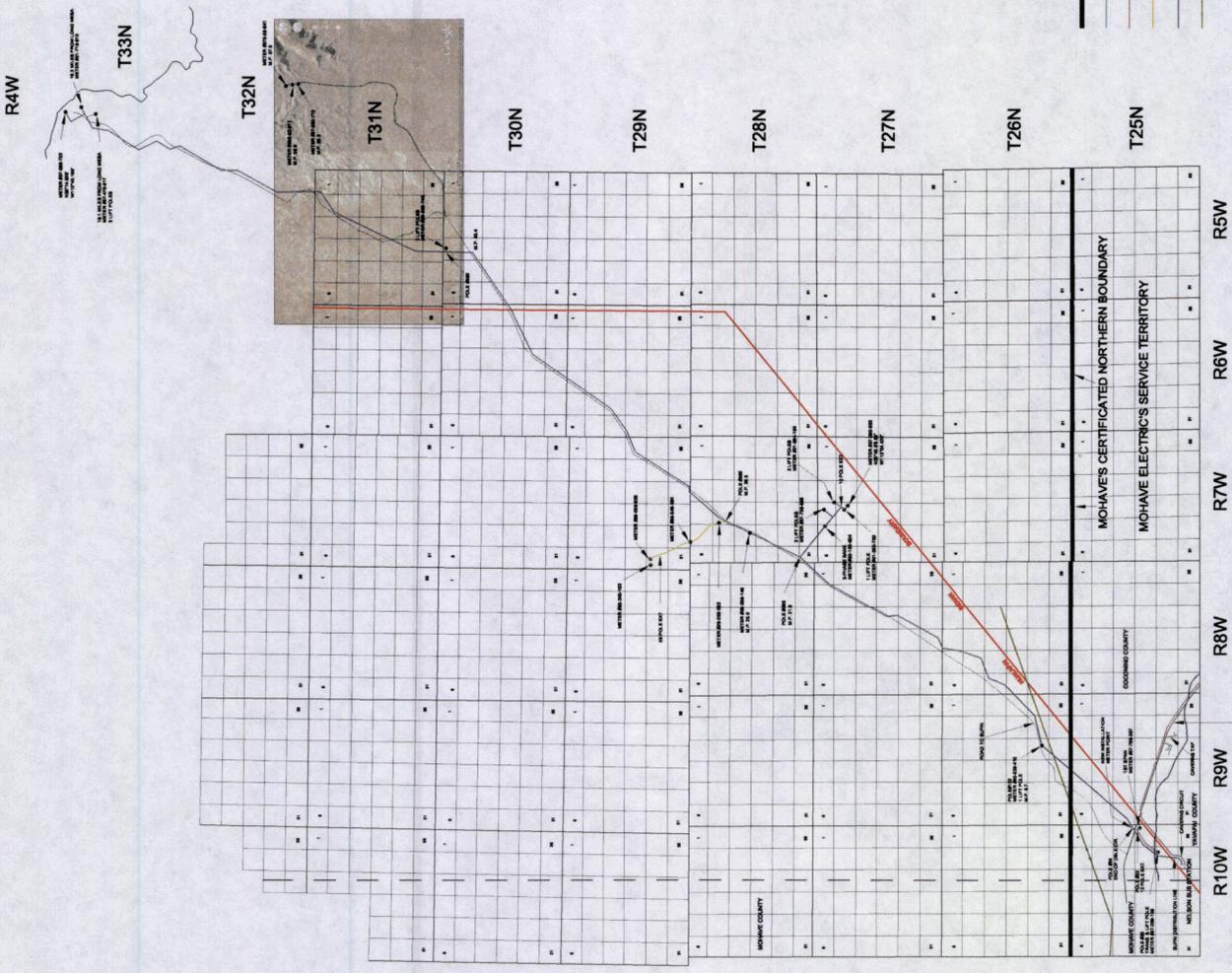
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APPROVED [Signature]

Exhibit 1

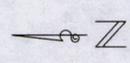
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R-11
ADMITTED

PENGAD 800-631-6989



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



DATE	REVISIONS AND PURPOSE	DATE	REVISION AND PURPOSE
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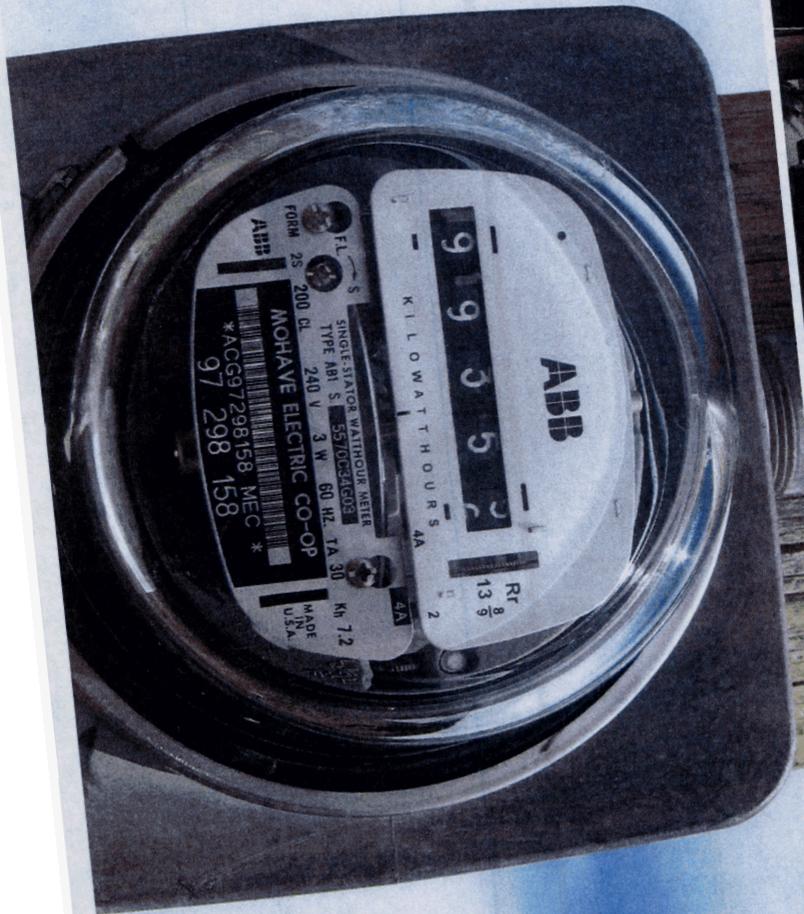
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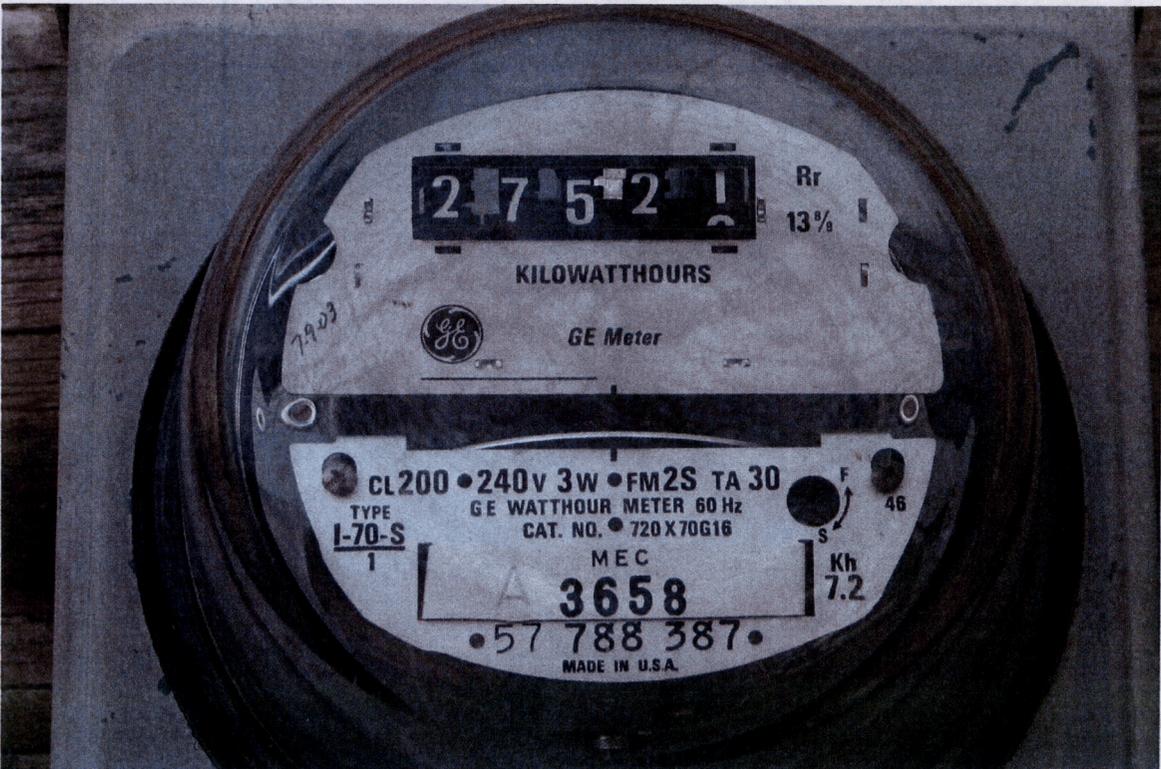
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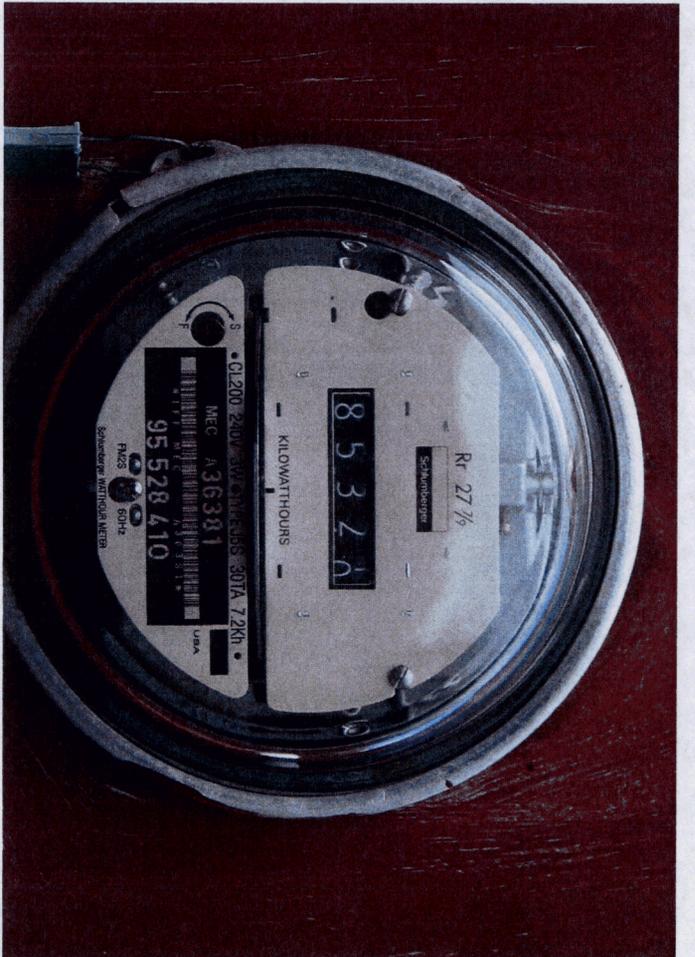
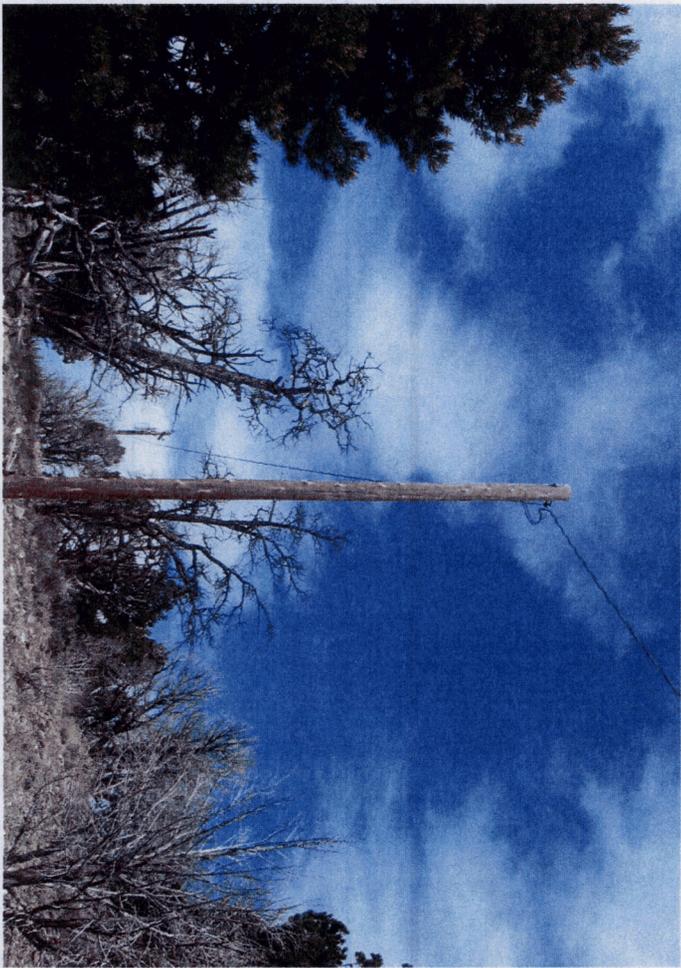
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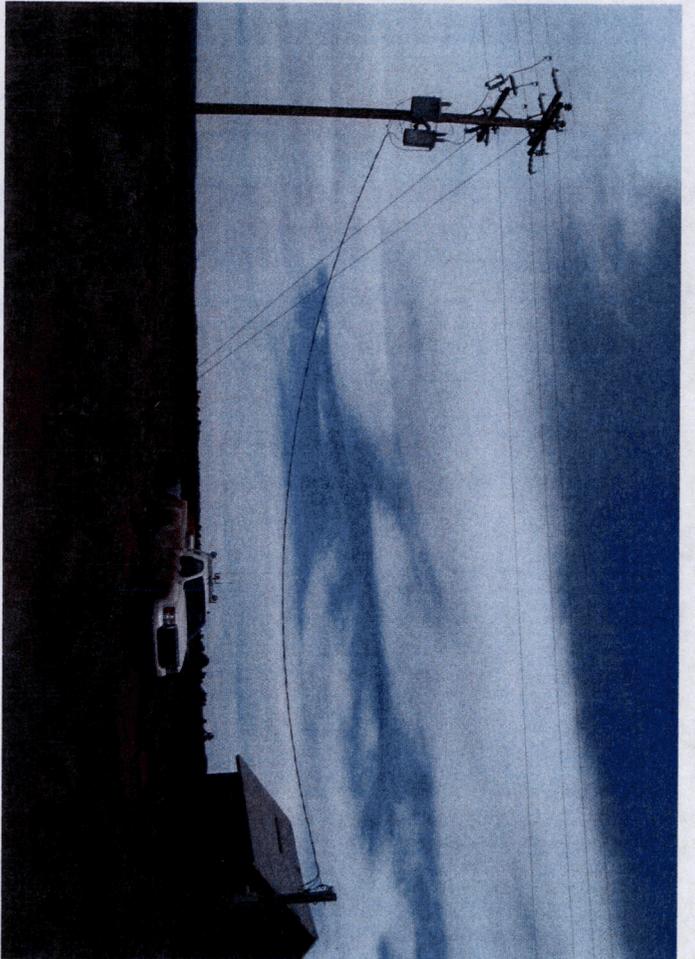
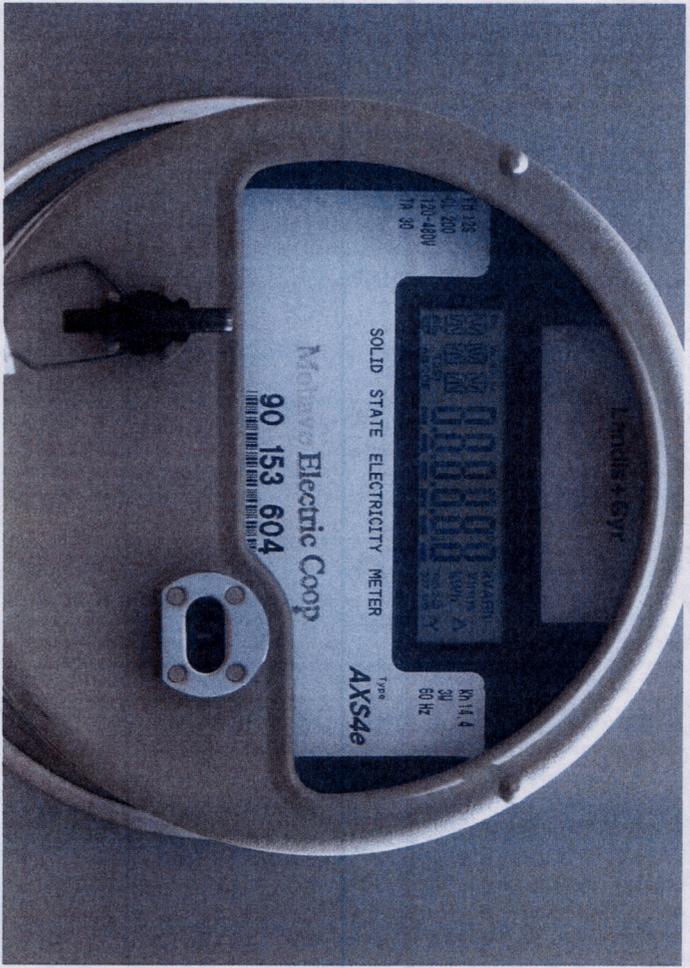
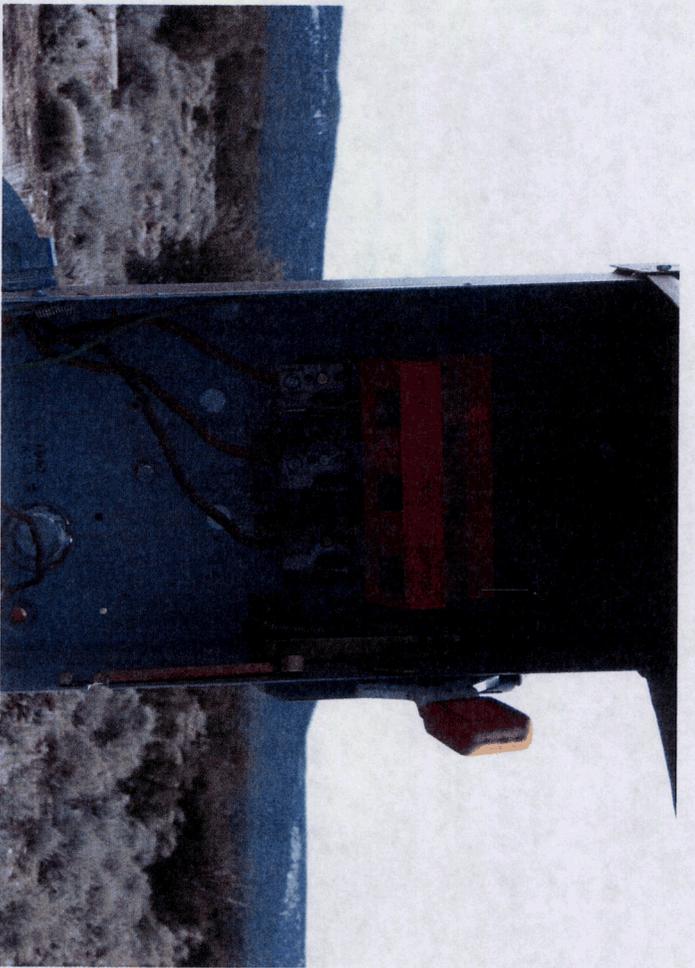
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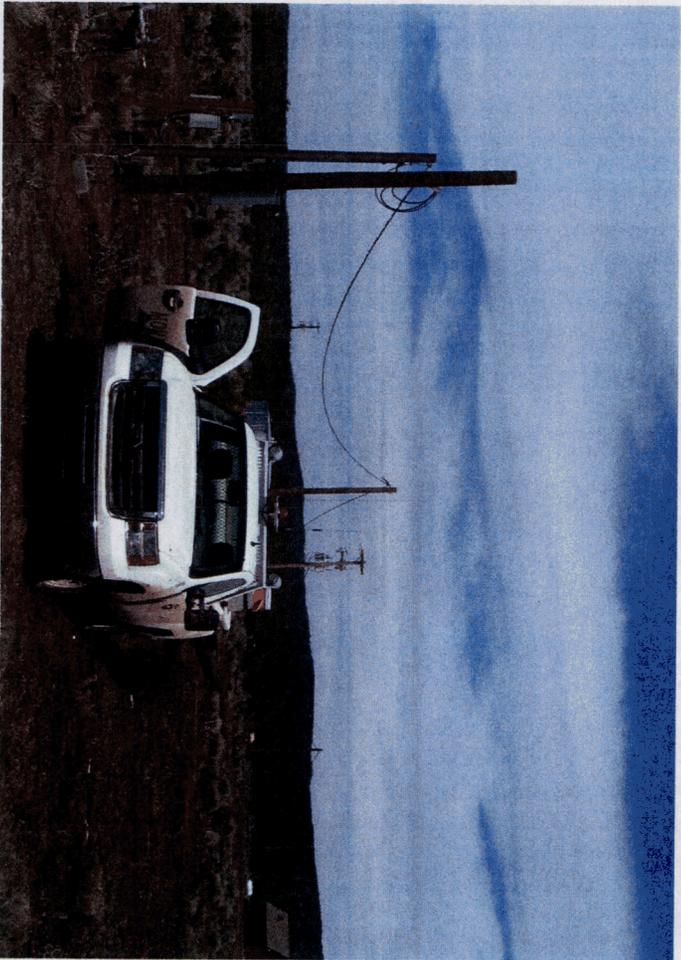
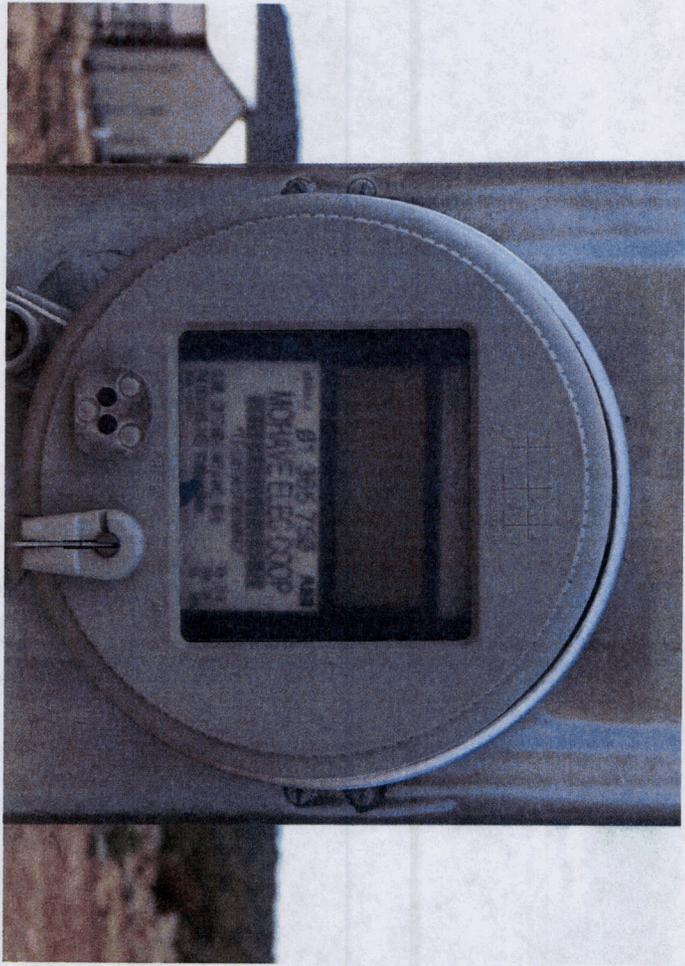
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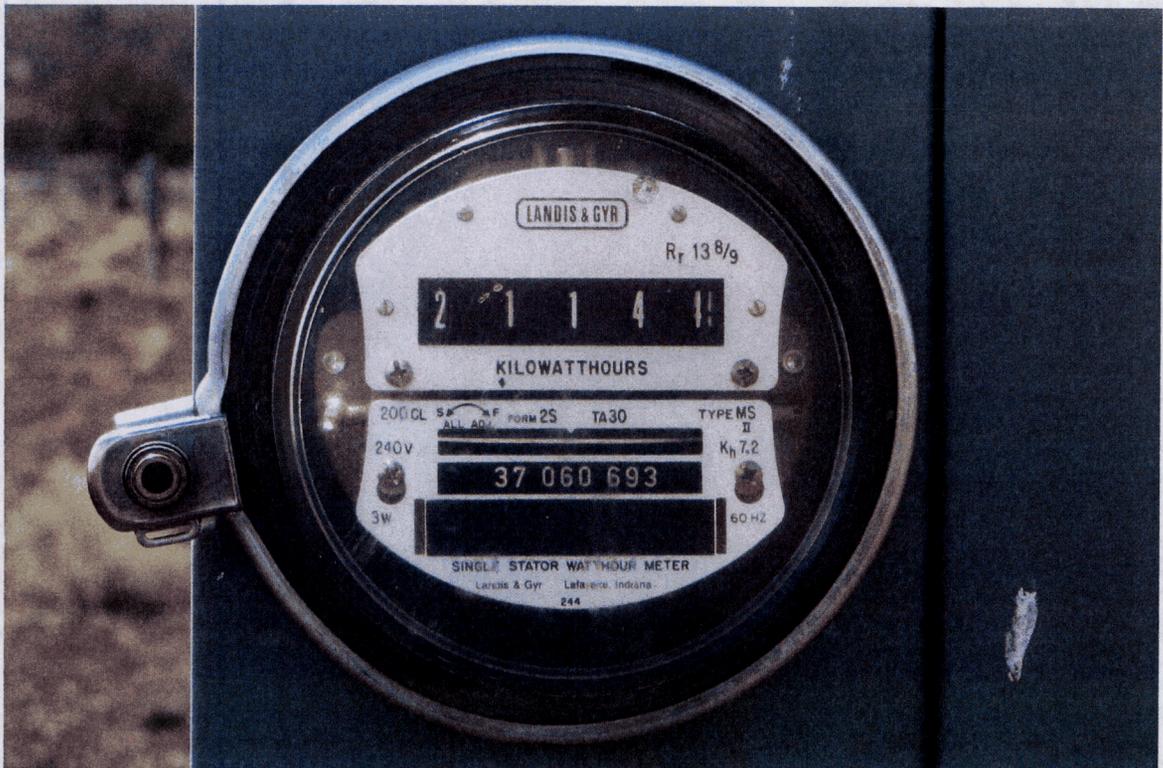
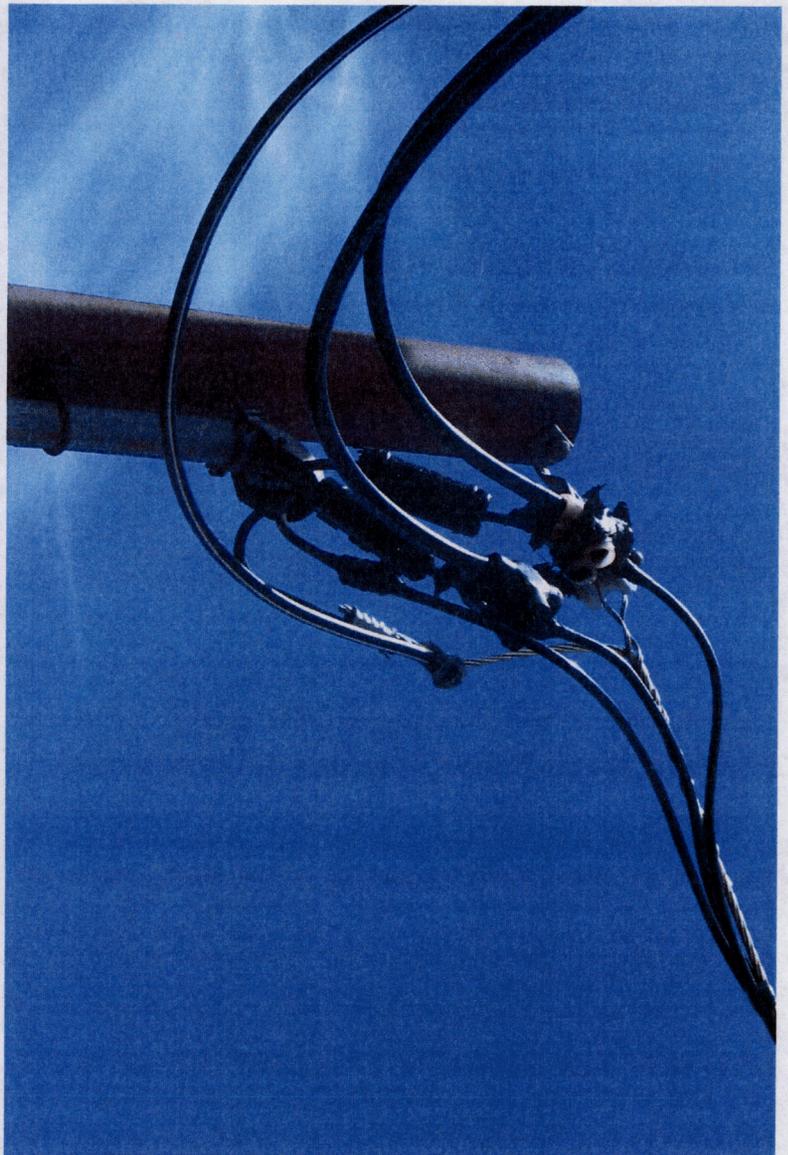
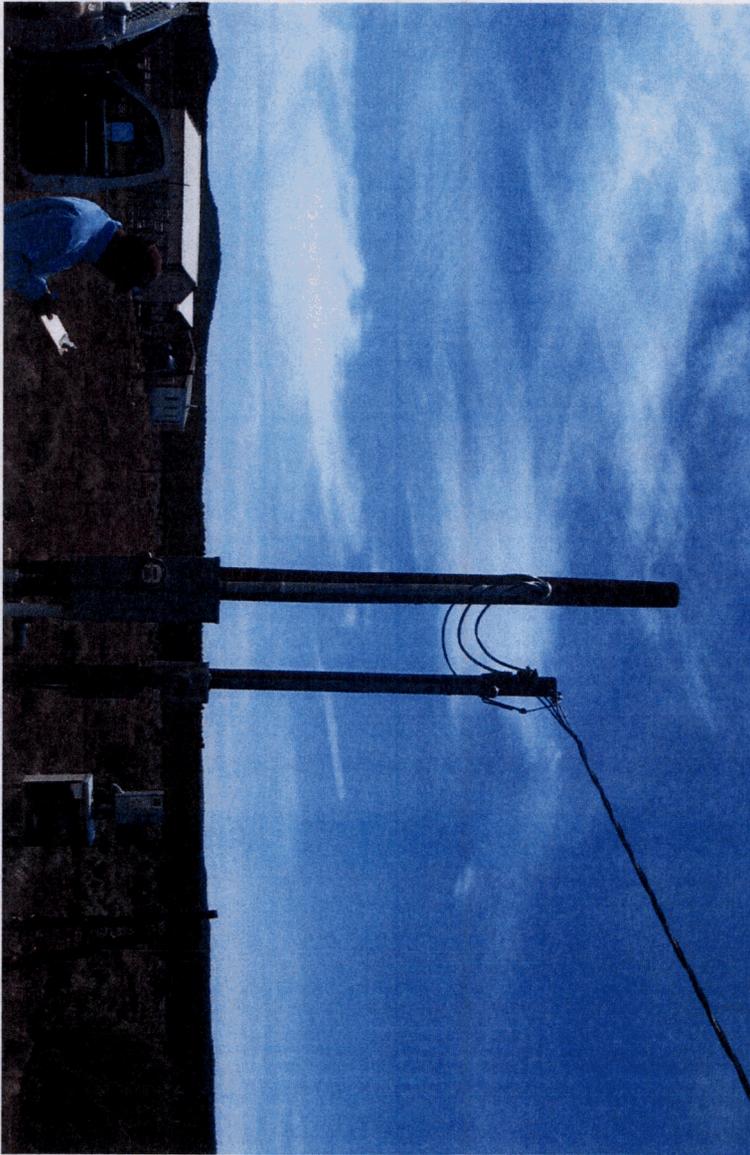


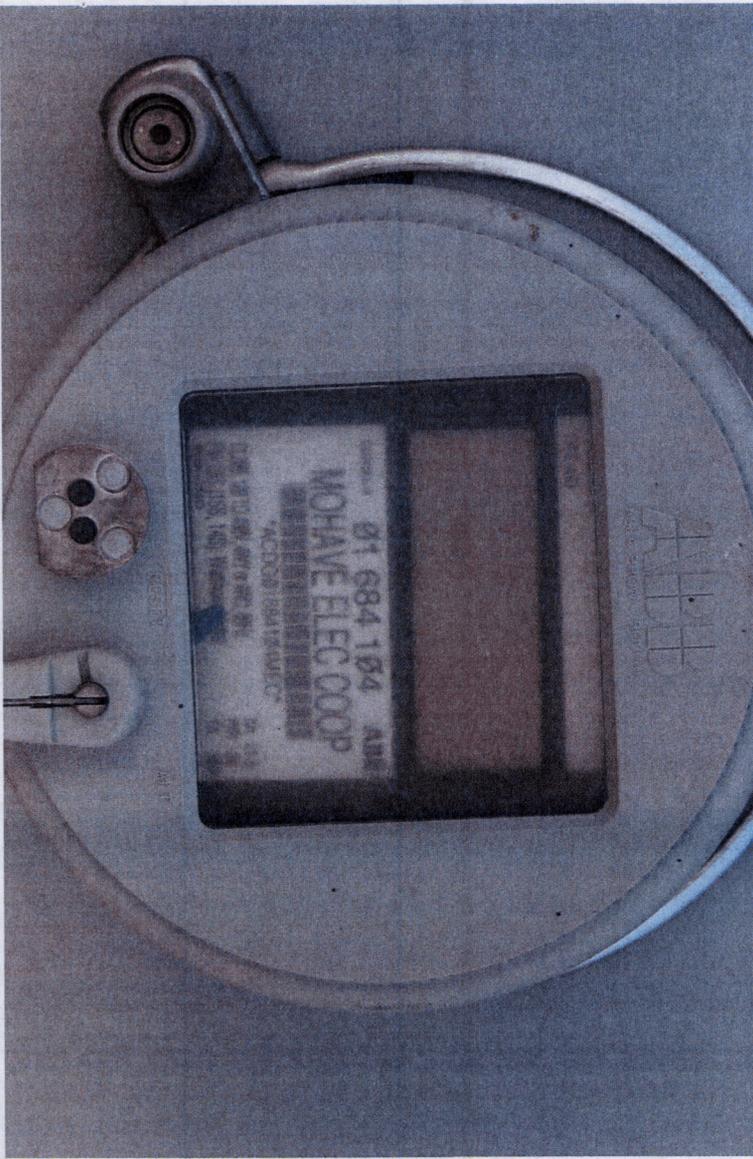


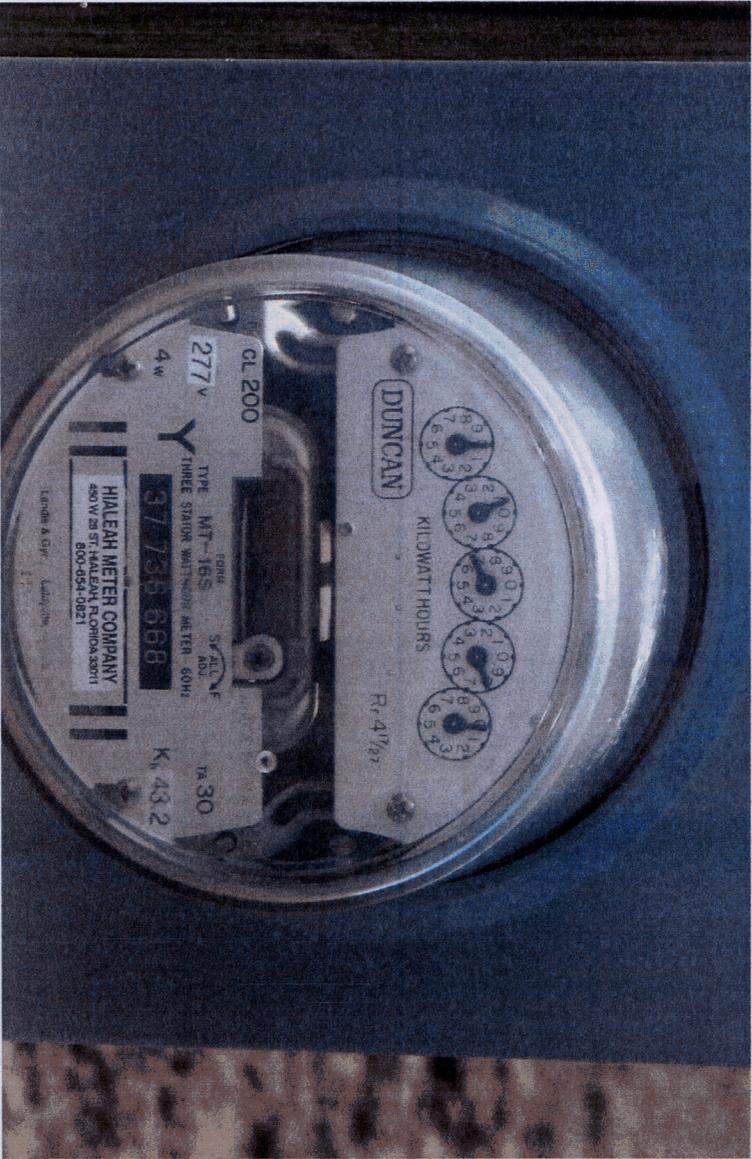


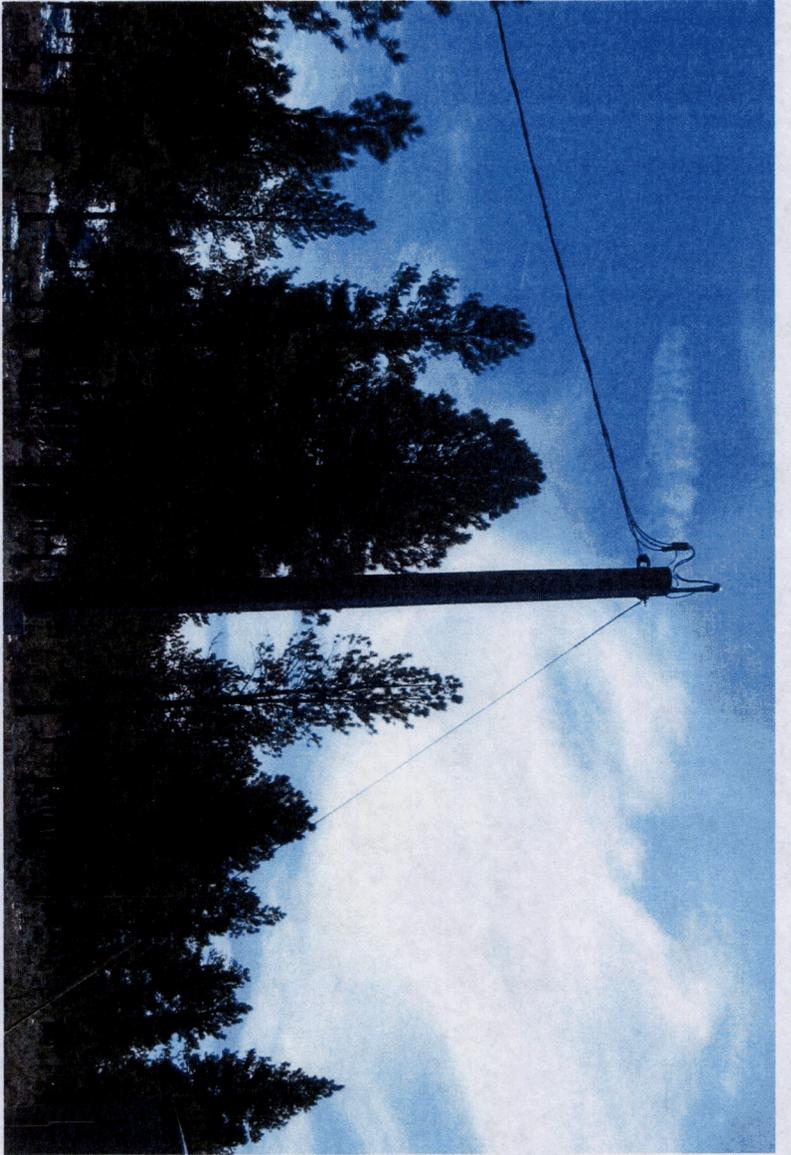


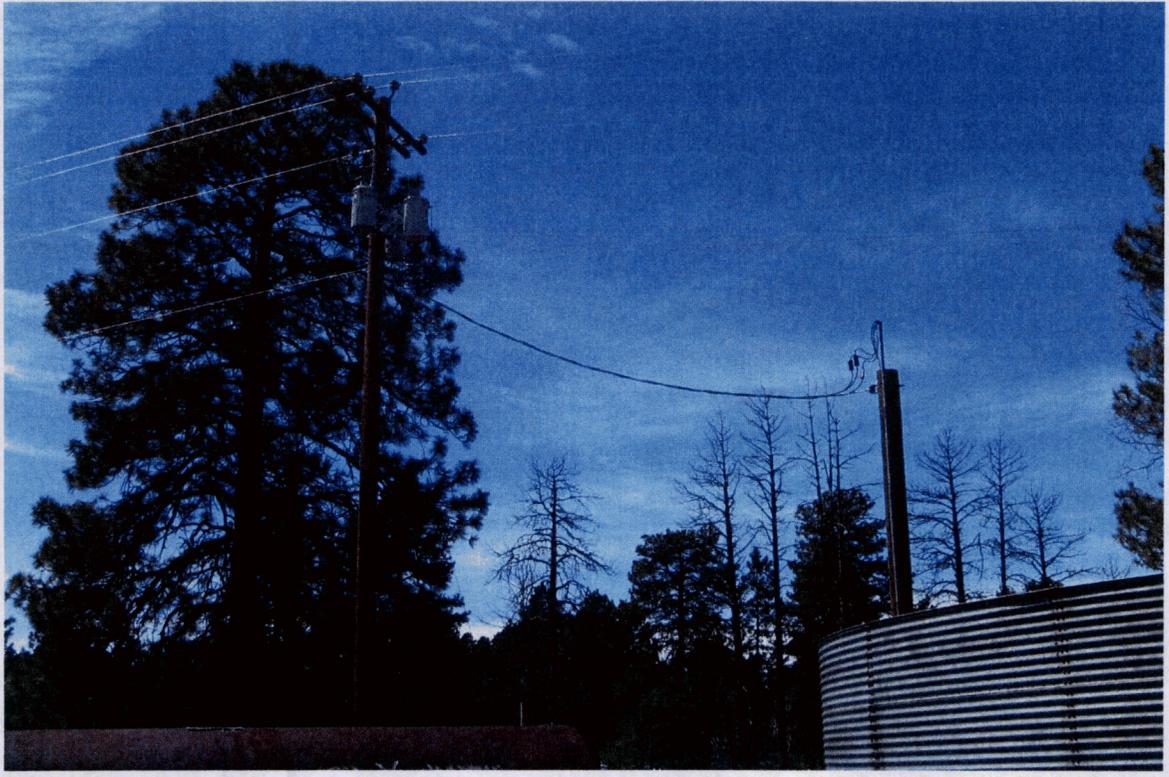
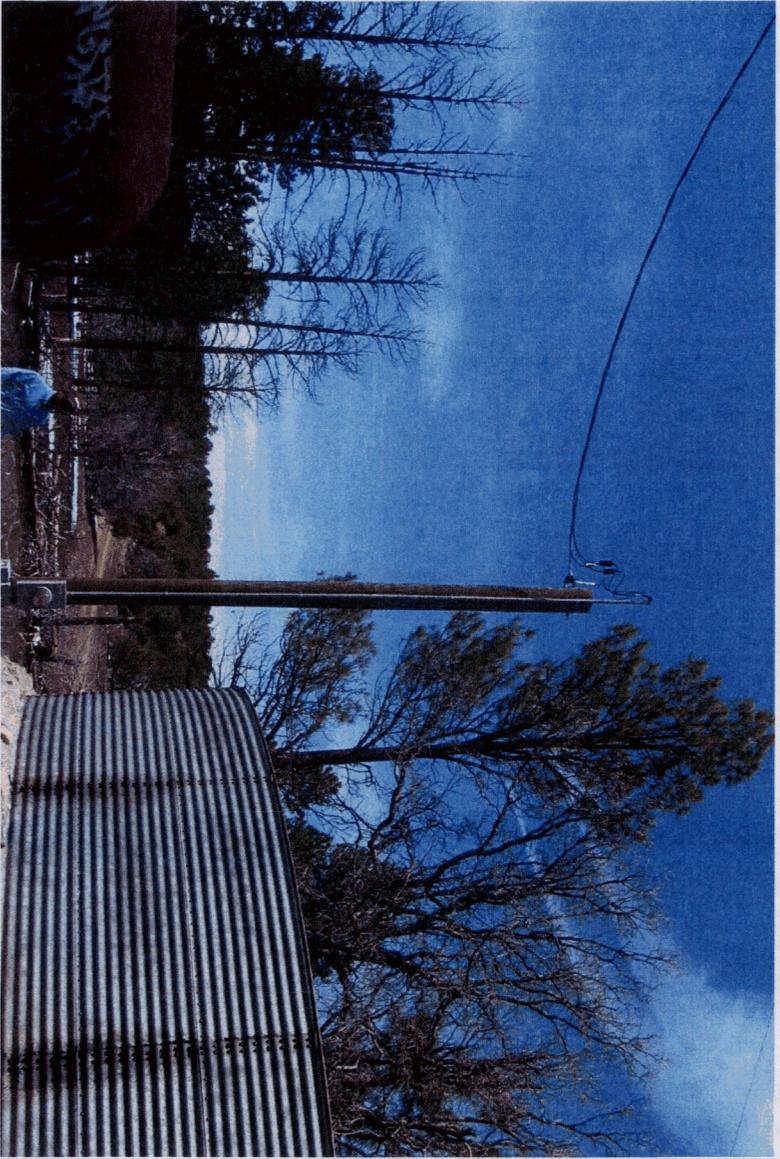
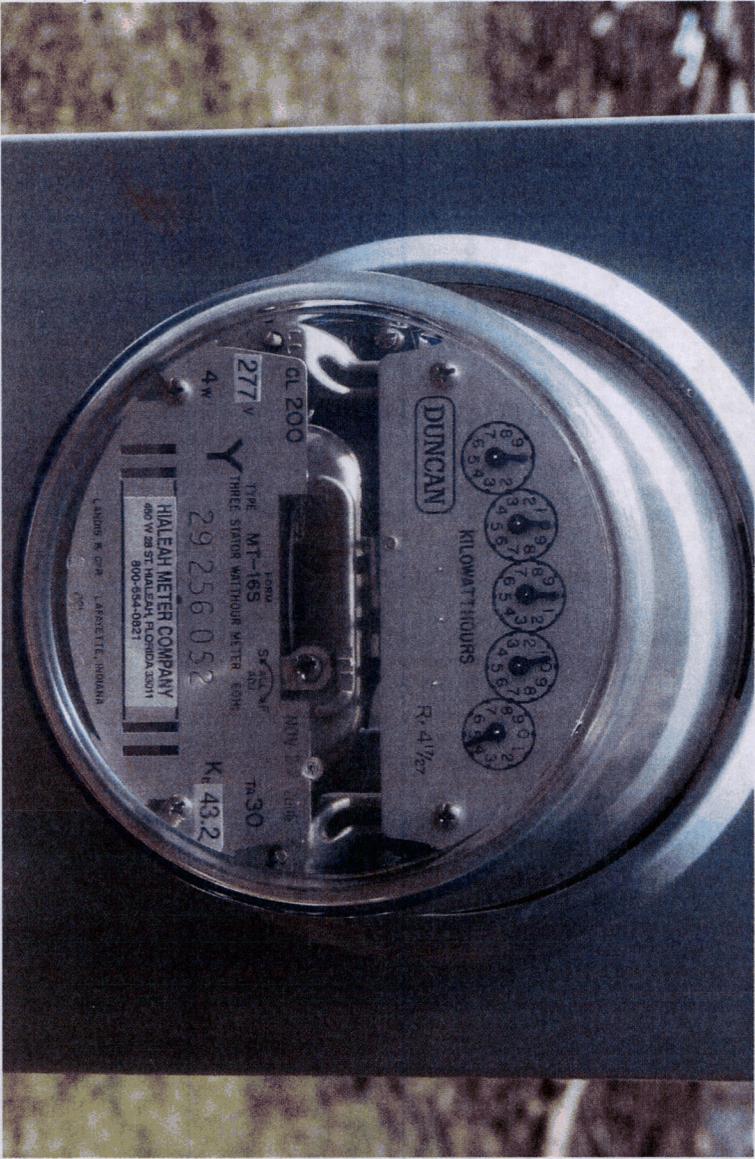


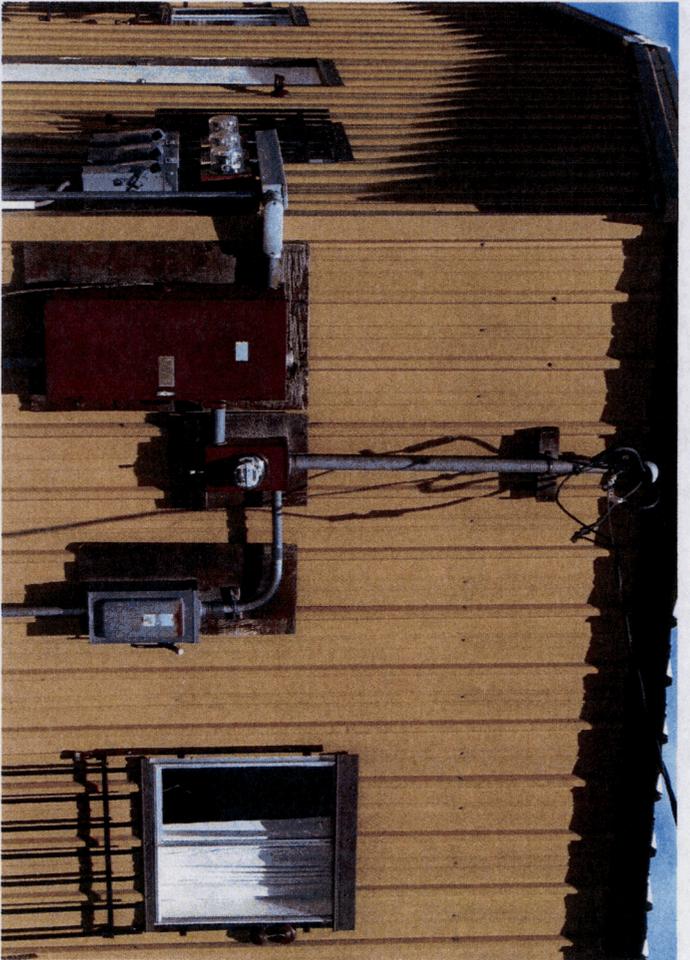
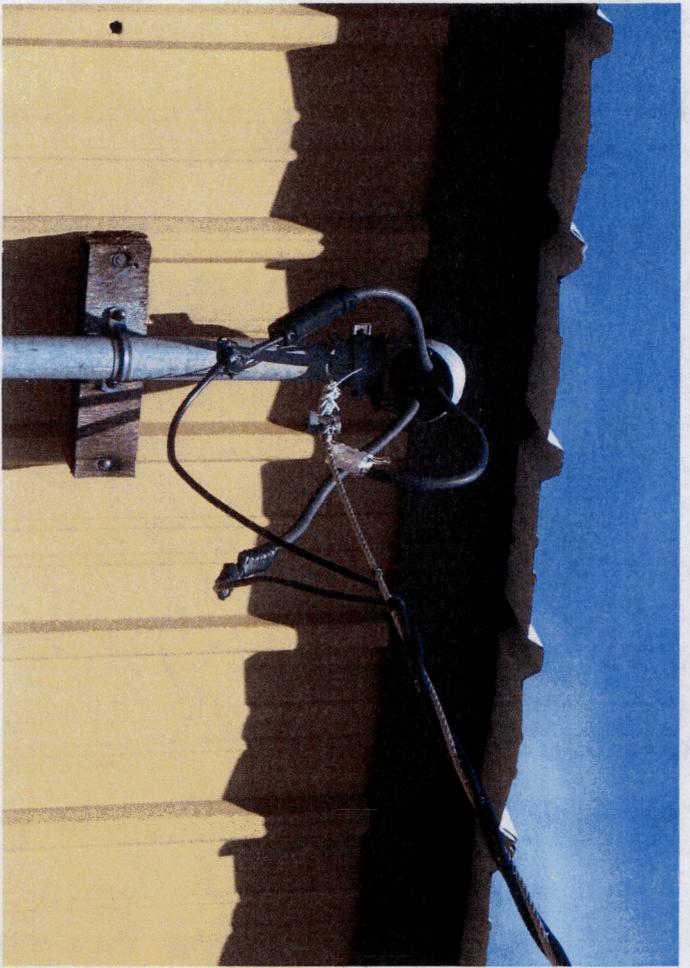
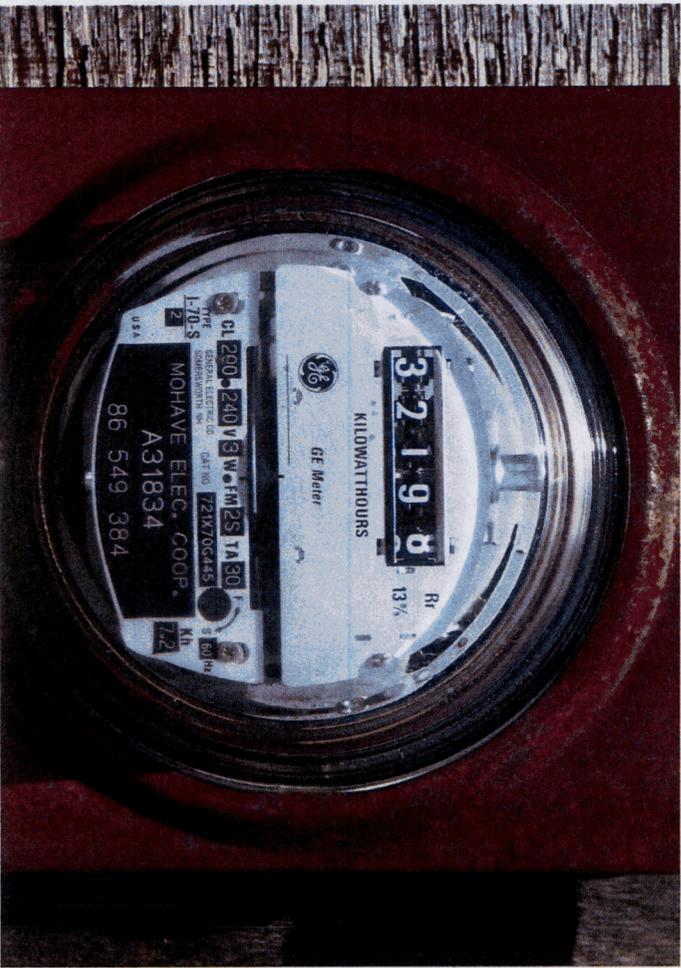


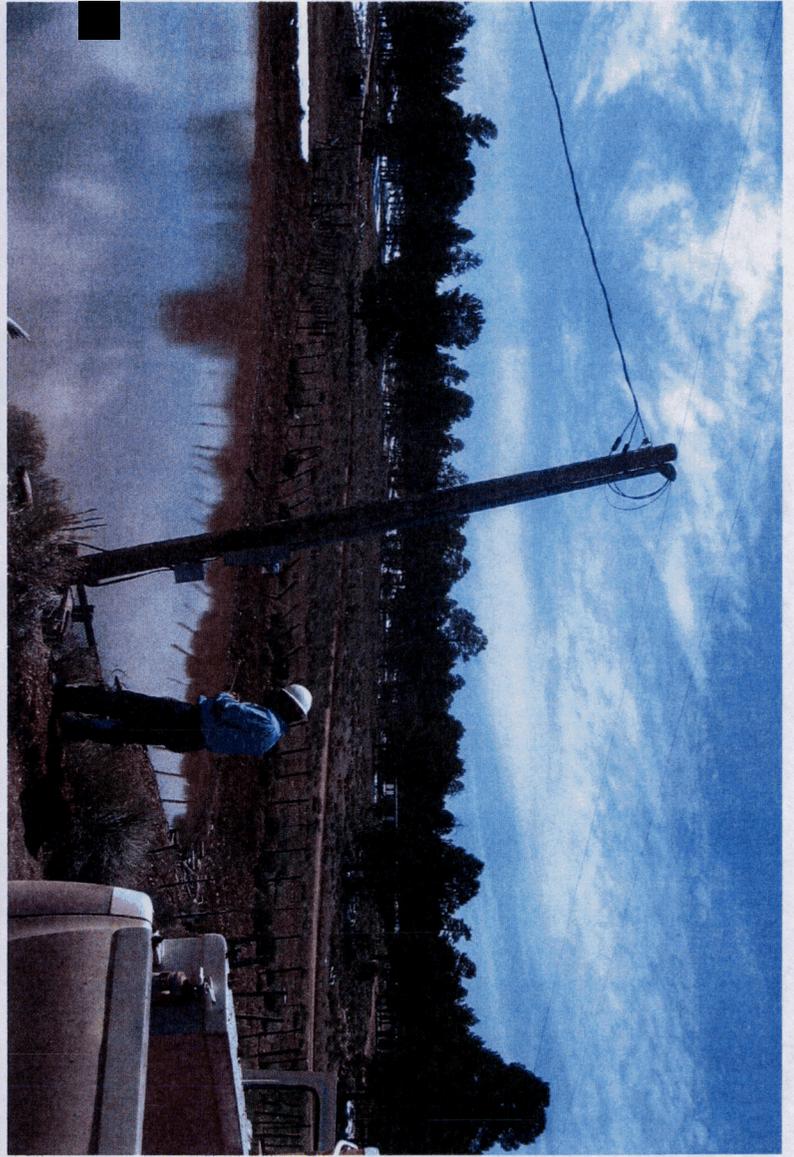
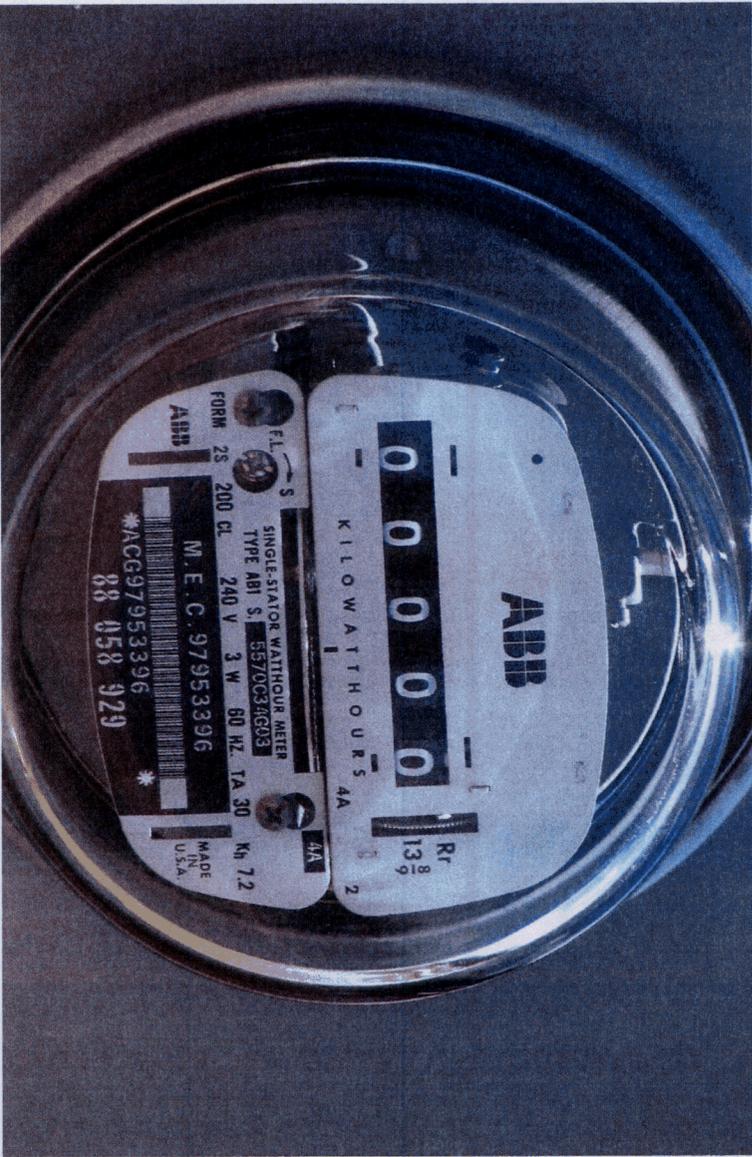


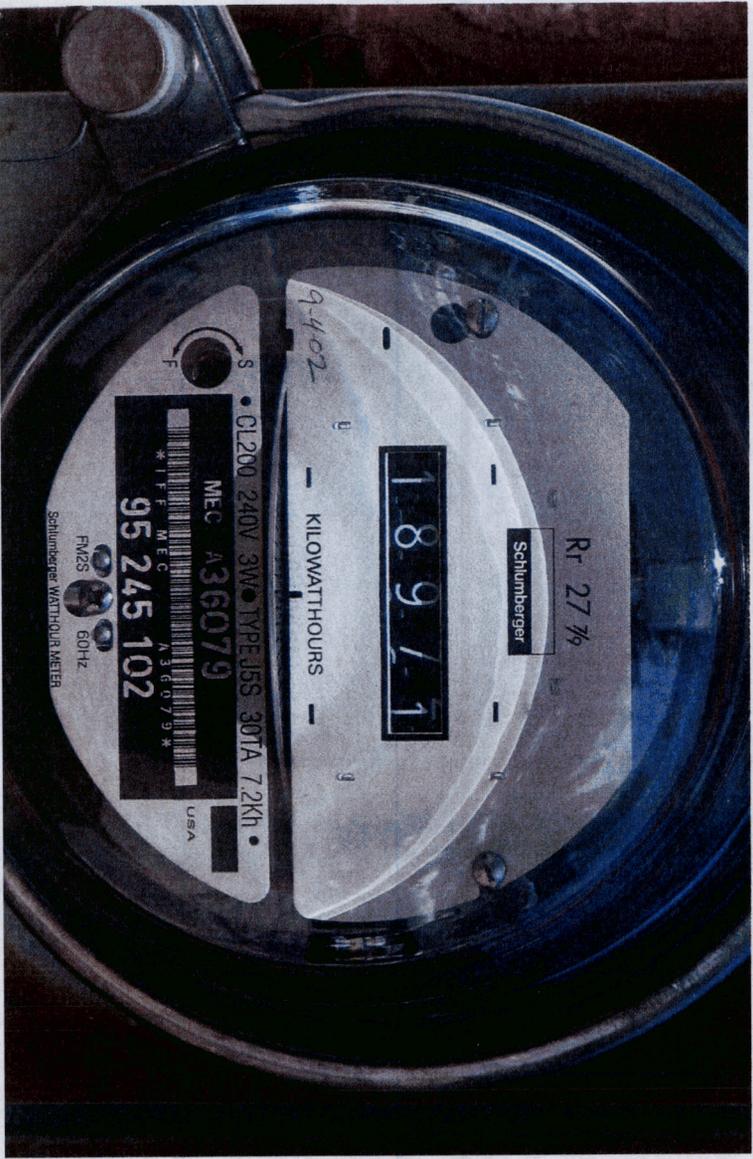


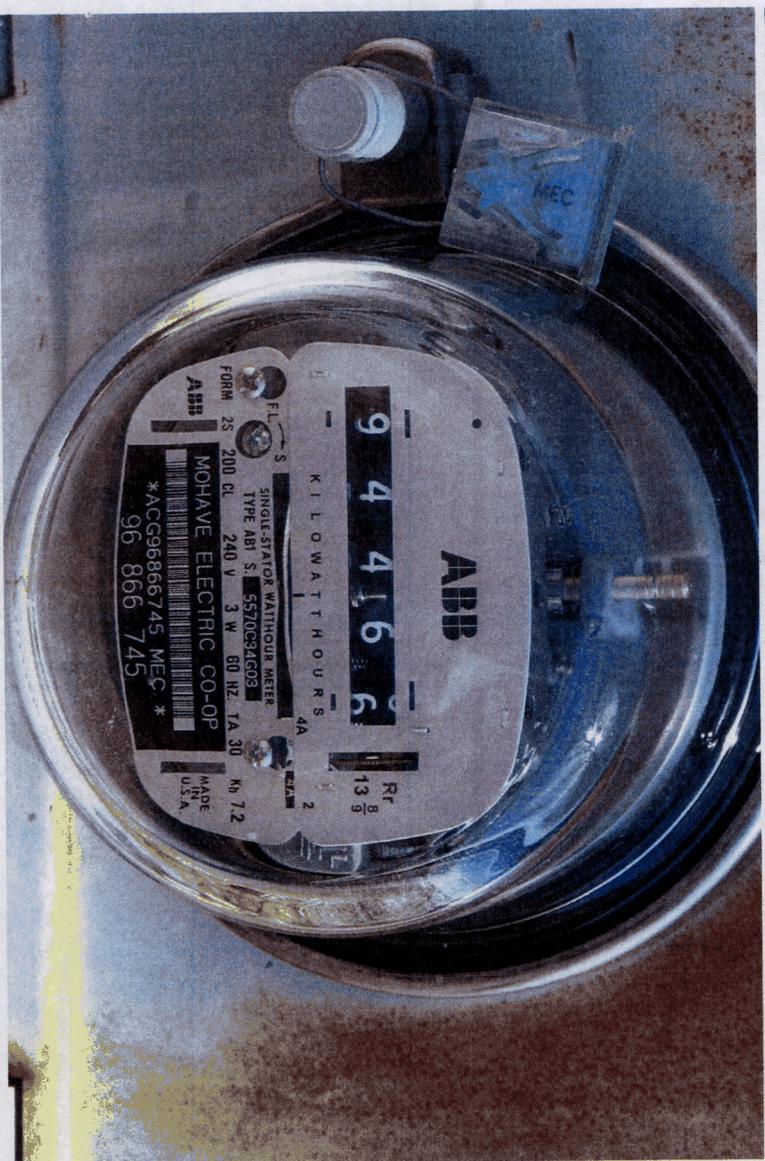


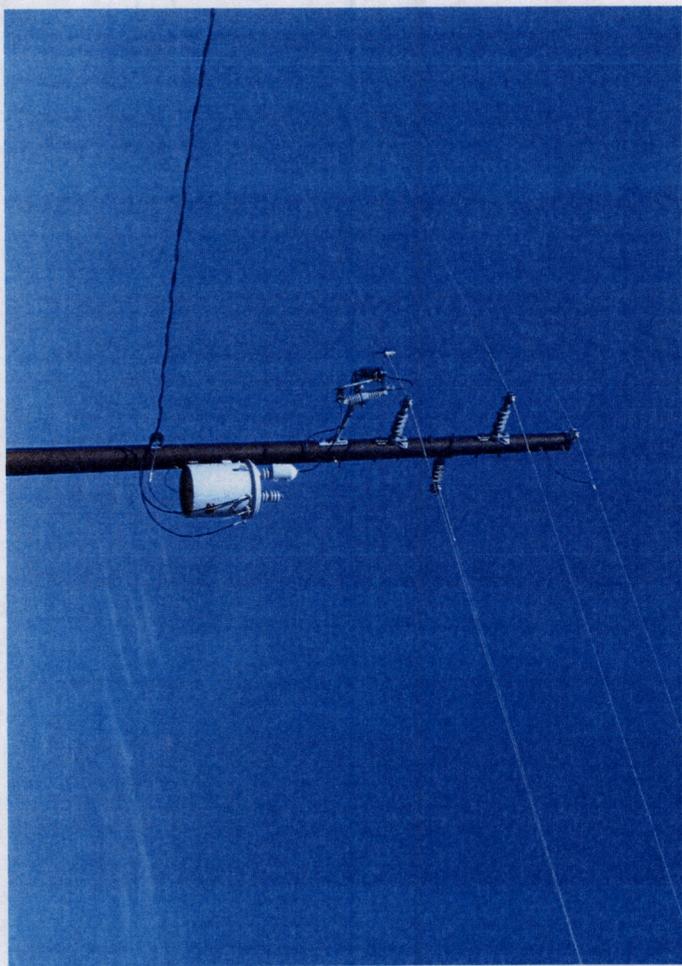
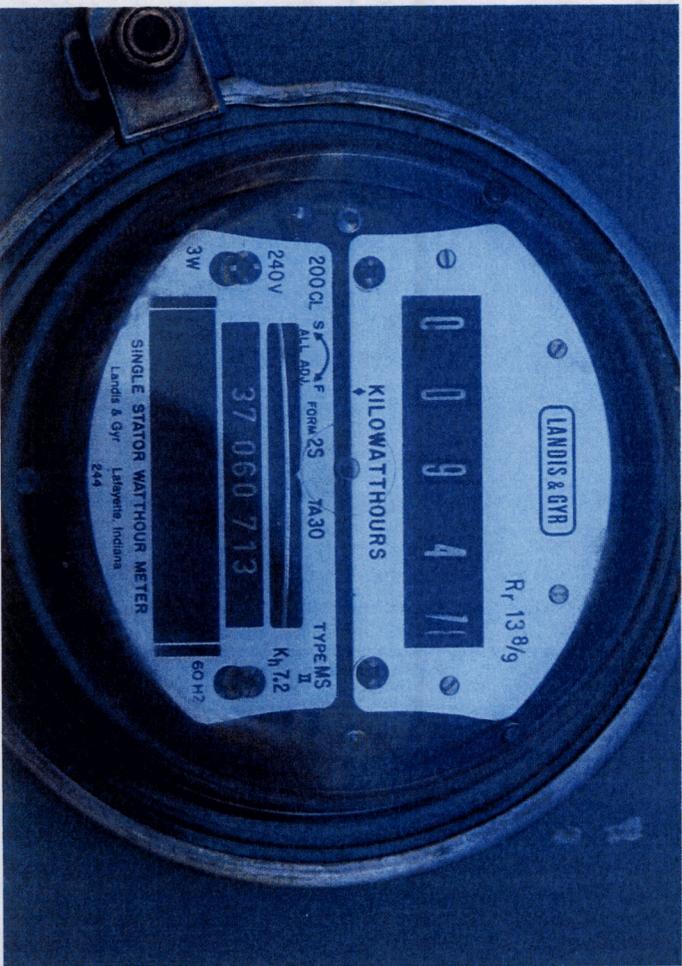
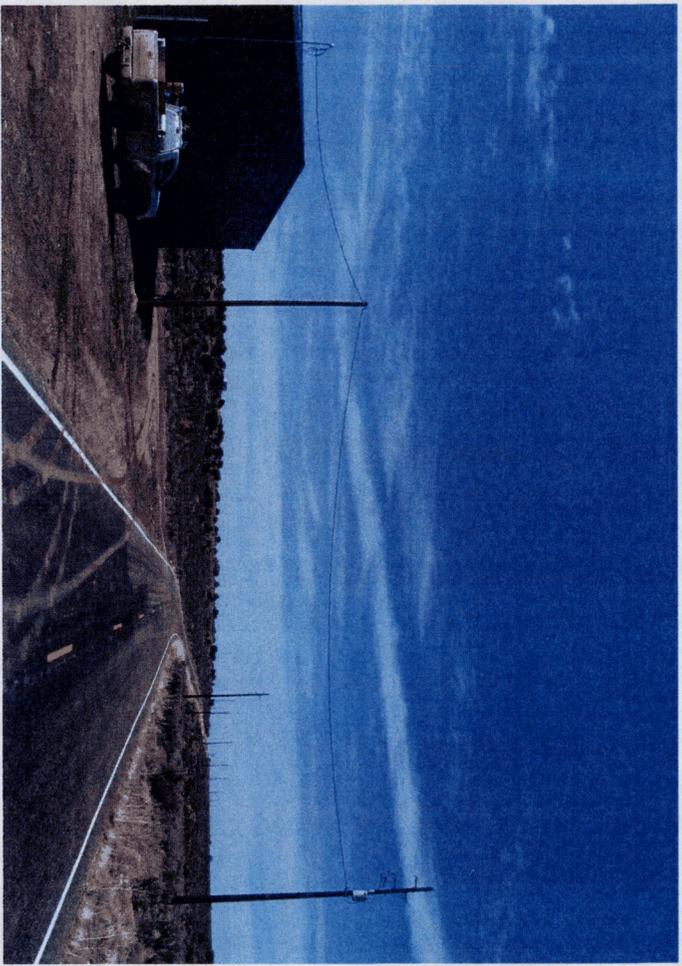
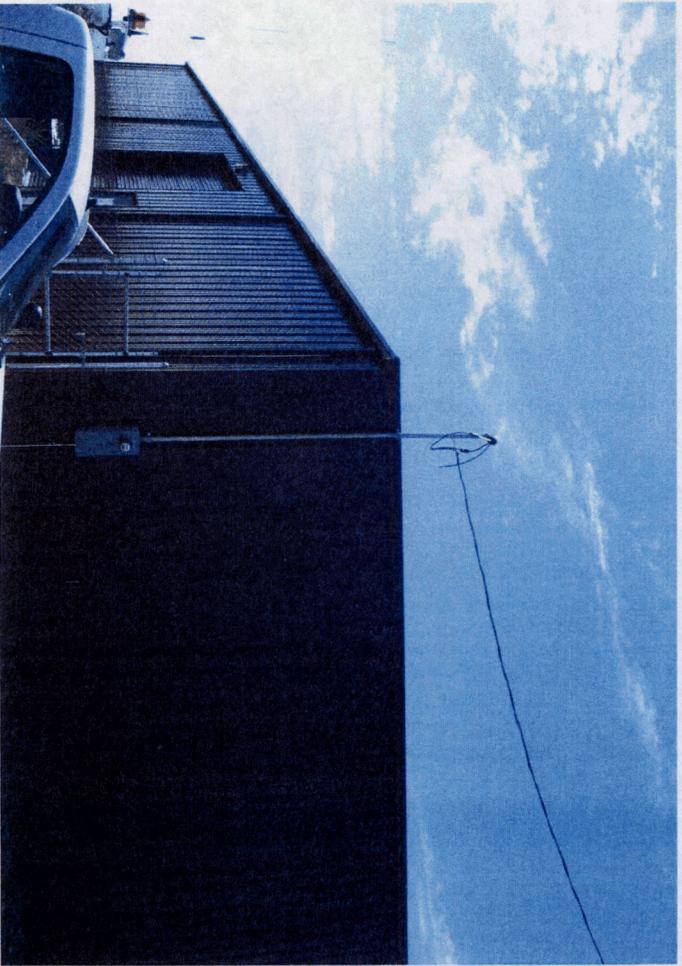


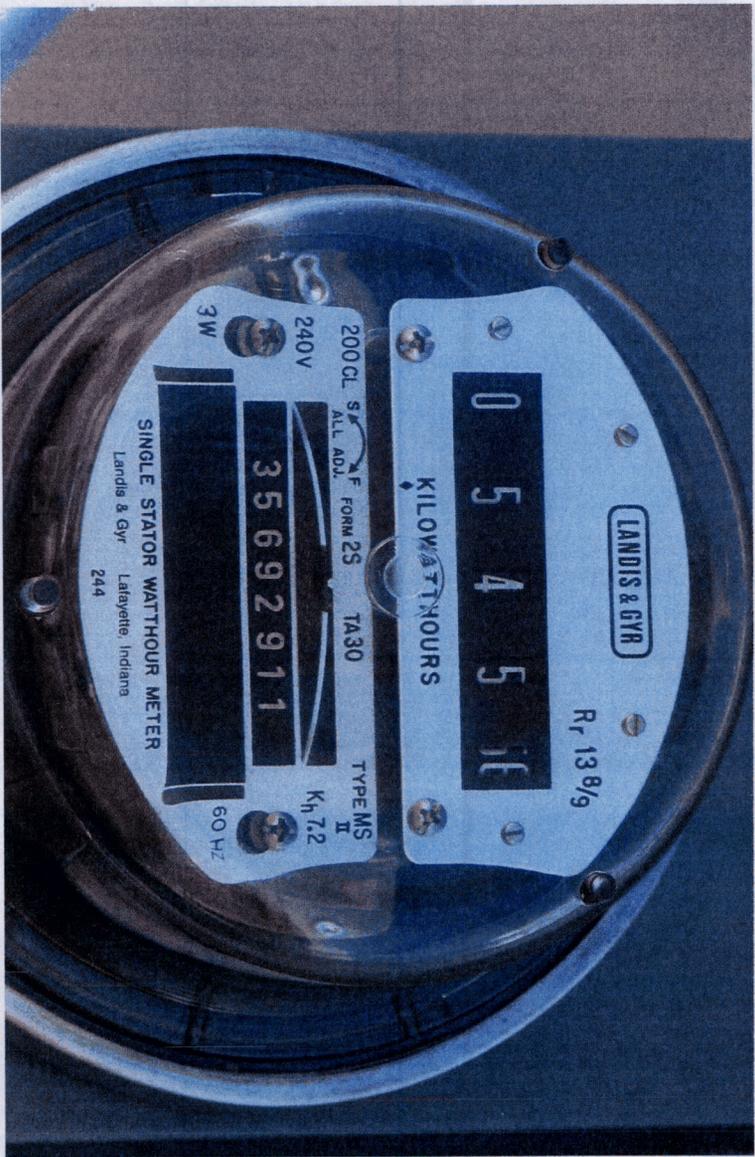


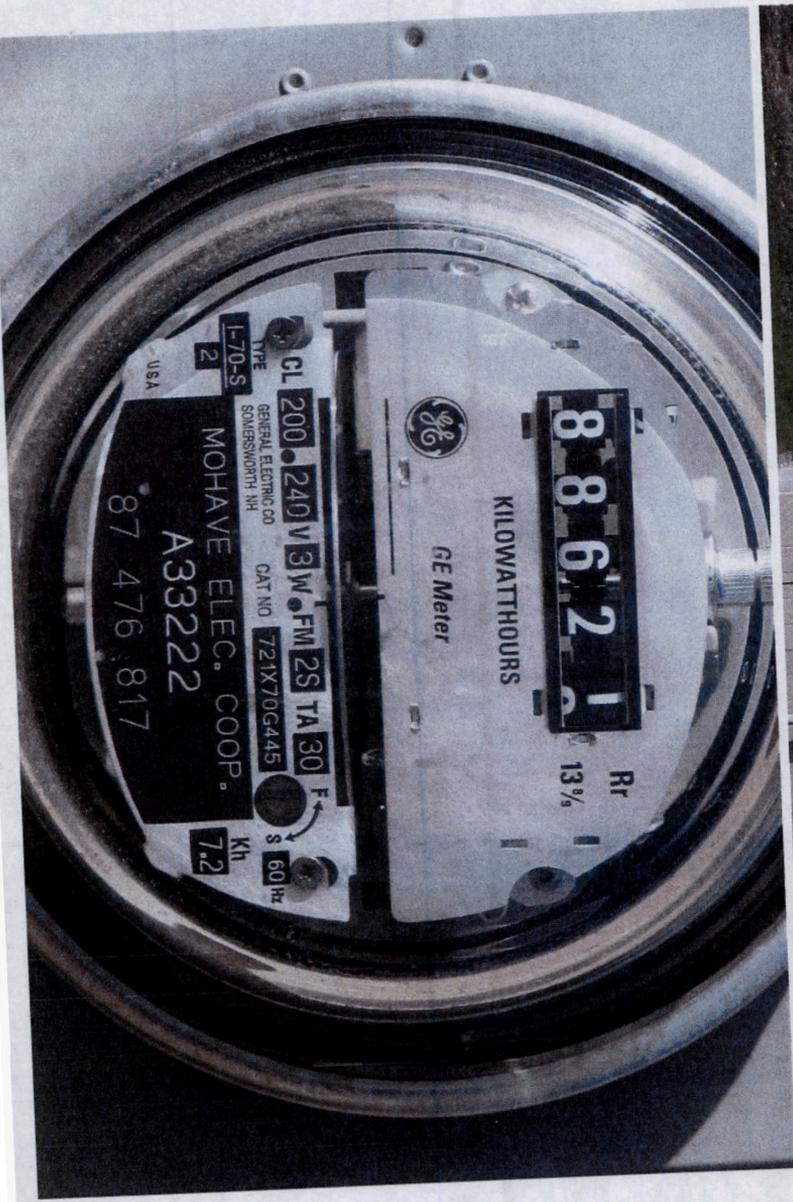


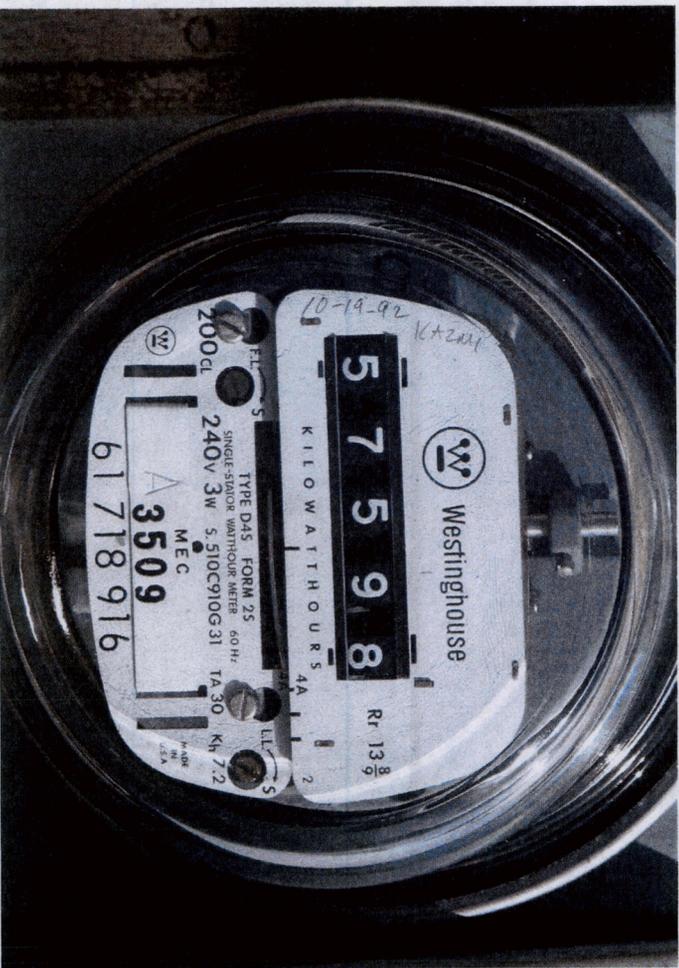
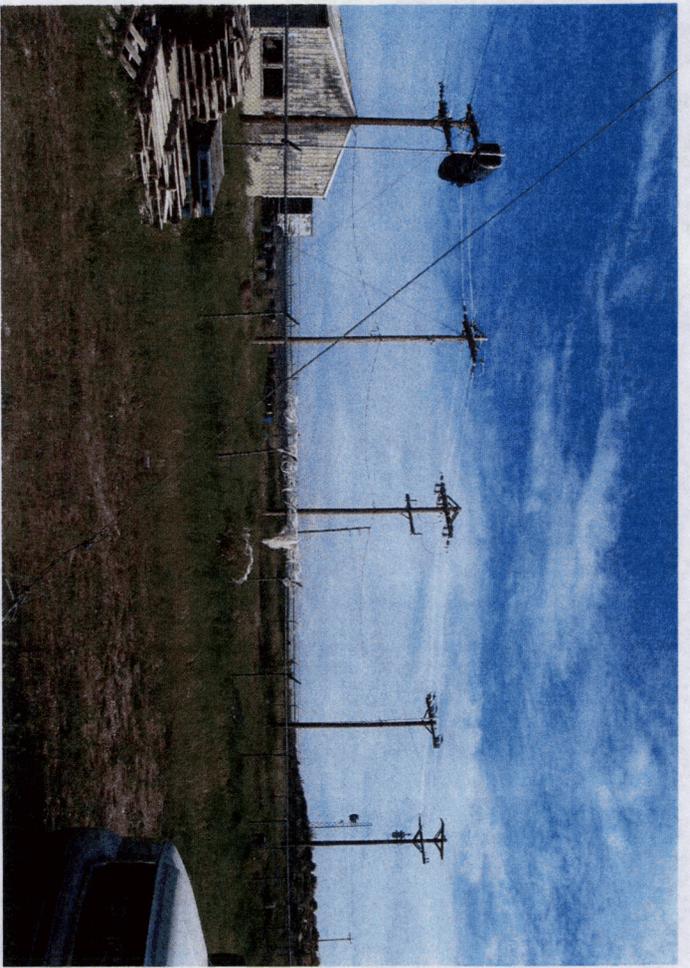


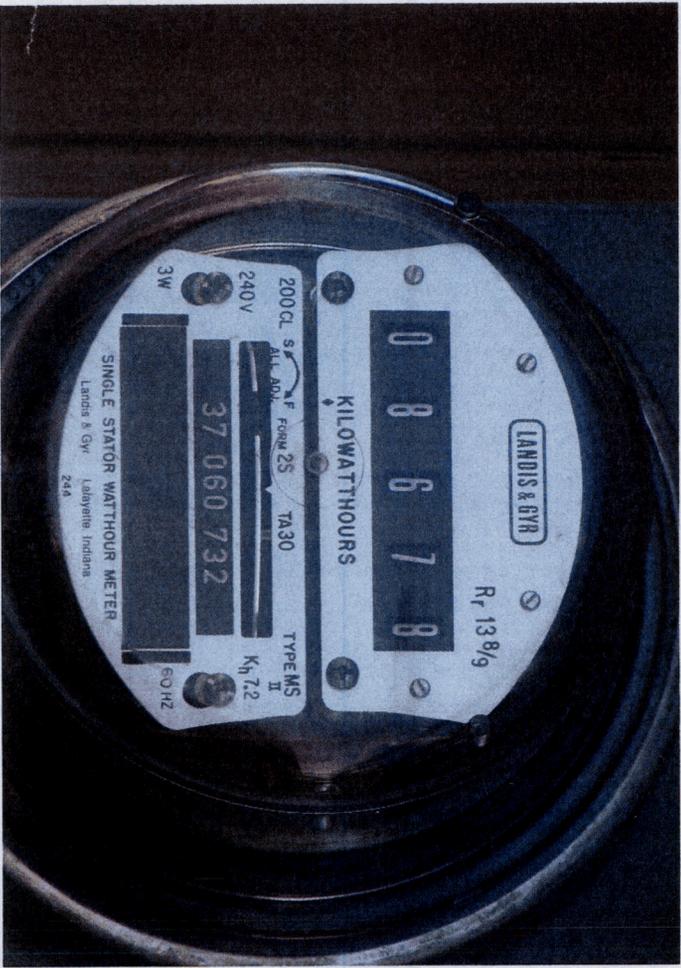










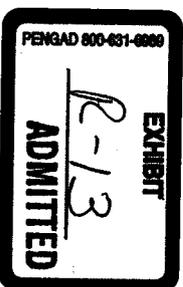


METERS ON 70-MILE LINE

LISTED ROUGHLY FROM NELSON SUBSTATION SOUTH TO NORTH¹

R-12 Photo Number	Meter Number	Source of Meter	Site Served	Last Known Account Number	Comments
1	02-089-297	MEC meter	Nelson substation		Located inside MEC's CCN, just off reservation land.
2	97-298-158	MEC meter	Hualapai Tribe water well, mile post 1.2	896-027	Located inside MEC's CCN, and on Hualapai Reservation.
3	57-788-387	MEC meter	Cesspooch residence. Mile post 0.3.	44561-006	Located inside MEC's CCN, and on Hualapai Reservation.
4	95-528-410	MEC meter	Bravo residence. Mile post 9.7	28135-001	Located outside MEC's CCN, and on Hualapai Reservation.
5	90-153-604	MEC meter	Hualapai Tribe water well at Frazier Wells, mile post 21.8	896-060?	Located outside MEC's CCN, and on Hualapai Reservation.
6	01-365-750	MEC meter	Hualapai Tribe water well at Frazier Wells, mile post 21.8	896-073?	Located outside MEC's CCN, and on Hualapai Reservation. Service in poor condition. Meter not working and cannot be read.

¹ The first two meters are located off Indian Road 19, while the remaining meters are located off Indian Road 18.



7	37-060-693	Not MEC meter; installed after abandonment by persons unknown.	Mobile home and garage at Frazier Wells, mile post 21.8	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 45.859, W113 degree 04.429. Never served by MEC.
8	01-684-104	MEC meter.	Hualapai Tribe water well, mile post 21.8	896-100?	Located outside MEC's CCN, and on Hualapai Reservation. Meter not working and cannot be read.
9	37-736-668	Not MEC meter; installed after abandonment by persons unknown.	Water lift pump, mile post 21.8	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 45.959 W113 degree 04.371. Never served by MEC.
10	29-256-146	Not MEC meter; installed after abandonment by persons unknown.	Water lift pump, mile post 25.	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 48.685 W113 degree 03.033. Never served by MEC.
11	29-256-052	Not MEC meter; installed after abandonment by persons unknown.	Water lift pump, mile post 26.5.	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 49.842 W113 degree 02.275. Never served by MEC.

12	86-549-384	MEC meter.	BIA Thornton fire tower and station, mile post 26.6	29740-001	Located outside MEC's CCN, and on Hualapai Reservation. Service is in poor condition. Three sub-meters observed.
13	88-058-929	MEC meter.	Hualapai Tribe fish hatchery/fish pond.	896-084	Located outside MEC's CCN, and on Hualapai Reservation. No use recorded. Pole falling over.
14	95-245-102	MEC meter	Hualapai Tribe youth camp/hunting lodge, mile post 26.6	896-083	Located outside MEC's CCN, and on Hualapai Reservation.
15	96-866-745	MEC meter	Boquillas/Diamond A Ranch, owned by Navajo Tribe.	44567-003	Located outside MEC's CCN, and on private land owned by the Navajo Tribe.
16	37-060-713	Not MEC meter; installed after abandonment by persons unknown.	On the 11-mile spur line, mile post 56.3.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on new Supai tap line/spur. Never served by MEC.
17	35-692-911	Not MEC meter; installed after abandonment by persons unknown.	On the 11-mile spur line, mile post 56.8.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on new Supai tap line/spur. Never served by MEC.

18	37-056-941	Not MEC meter; installed after abandonment by persons unknown.	On the 11-mile spur line, mile post 57.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on new Supai tap line/spur. Never served by MEC.
19	87-476-817	MEC meter.	Telephone tower at Long Mesa.	63626-000	Located outside MEC's CCN, and on Havasupai Reservation. Presence of unknown generator at site could raise safety issues.
20	61-718-916	MEC meter.	BIA radio tower at Long Mesa.	451-055	Located outside MEC's CCN, and on Havasupai Reservation.
21	37-060-732	Not MEC meter; installed after abandonment by persons unknown.	Communication tower at Long Mesa.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on 21-pole tap into the 70 mile line. Never served by MEC. Solar panels, wind turbine and generator at location. Existence of generator and other equipment could create safety issues.



MOHAVE ELECTRIC COOPERATIVE, INC.

**OUTLINE AND SUMMARY OF POLICIES FOR THE
INTERCONNECTION OF DISTRIBUTED RESOURCES**

**REFERENCE NO. DG 100.01
REVISED JUNE 20, 2011**

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GENERAL

Mohave Electric Cooperative, Inc. (hereinafter called "MEC" or the "Cooperative") is desirous of promoting the installation of Distributive Generation (DG) facilities utilizing, but not limited to, renewable resources such as solar, wind, and biomass energy sources and energy storage technologies. Various programs and procedures are in place to guide potential DG Owners through the application, screening, and approval process necessary to ensure a safe installation. Programs include MEC's Net Metering Service Tariff, and our Renewable Energy Standard and Tariff Plan (REST); both programs are approved by the Arizona Corporation Commission (ACC),

The purpose of this document is to serve as a summary of the programs and references for DG facilities that are available from the Cooperative, as well as the procedures required for the safe and successful interconnection of DG facilities ranging from small, single-family residential solar projects to large (up to 10 MW) generation facilities to the Cooperative's facilities.

Categories of DG Facilities:

There are several basic categories of DG facilities that are classified based on the intent of the DG Owner. These categories all assume interconnection of the DG facility to the Cooperative's, or the Cooperative's Transmission Provider's (TP), facilities:

DG Owner Intent:

1) Production of Electricity to offset Member's load.

This category is for Member's services where the production of electricity is approximately less than or equal to the amount of electricity the customer is reasonably expected to consume; these customers may be eligible for but are not required to participate in, the Net Metering Service Tariff. This category requires an Interconnection Agreement between the Cooperative and the DG Owner. These services are limited to a generating capacity of approximately 125% of the customer's connected load or, in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity. This category usually involves secondary distribution voltages of 480 Volts or less.

2) Production of Electricity for resale to the Cooperative.

This category is for DG facilities where the DG Owner intends to sell all of his production to the Cooperative. This category requires an Interconnection Agreement (IA) and a Purchase of Power Agreement (PPA) between the Cooperative and the DG Owner. This category usually involves generation output delivery voltages of 7.2 KV to 69 KV. This maximum generation capacity is limited by the IA and PPA, and is generally 10 MW or less.

3) Production of Electricity to be wheeled by Cooperative.

This category is for DG facilities where the DG Owner desires assistance from the Cooperative to get their generation production to the marketplace using the

Cooperative's facilities. This category requires an Interconnection Agreement and a wheeling agreement between the DG Owner and the Cooperative, and other TP's if required. Separate agreements between the DG Owner and TP may also be required. This category usually involves generation output delivery voltages of 7.2 KV to 69 KV. This maximum generation capacity is limited by the IA and PPA, and is generally 10 MW or less.

4) Production of Electricity to be purchased or wheeled by the Cooperative's Transmission Provider (TP).

This category is for DG facilities where the DG Owner desires to interconnect directly to the Cooperative's Transmission Provider's system. This category requires agreements between the DG Owner and the TP, as determined by the TP; the DG Owner should contact the Cooperative's TP directly. This category usually involves generation output delivery voltages of above 69 KV. This maximum generation capacity is determined by the TP.

Thresholds of Service

Net Metering Services:

DG facilities participating in the Net Metering Service Tariff must have a maximum load of less than 700 kW, and must meet the customer load and generating capacity criteria (as described previously and in the Net Metering Service Tariff) to qualify for participation in the Net Metering Service Tariff.

Other DG Facilities:

For DG Facilities not participating in the Net Metering Service Tariff, our general policy covers DG facilities with generation capacities of 10 MW or less. DG projects with generation capacities over 10 MW are reviewed on a case-by-case basis.

Applications for Interconnection

Generally, the type of application for interconnection that must be submitted and procedure that must be followed is governed by the level of generation output and the intent of the DG Owner as described in the above-named categories.

The application procedures for Net Metering customers and other DG facilities are described in our "Summary of Application Process for Distributed Generation" (Reference No. DG 100.30) and our "Distributed Generation Procedures and Guidelines Manual for Members" (Reference No. DG 100.10).

Technical Information

Net Metering Services:

Technical information for Net Metering customers regarding the minimum requirements for safe and effective operation of distributed generation facilities interconnected or paralleled with the

Cooperative's distribution system is contained in our "Net Metering Application" form (Reference No. DG 100.40) and our "Net Metering Interconnection Agreement" (Reference No. DG 100.50).

Other DG Facilities:

Technical information for Other DG facilities regarding the minimum requirements for safe and effective operation of distributed generation facilities interconnected or paralleled with the Cooperative's distribution system is contained in our "Interconnection Requirements Manual" (Reference No. DG 100.20).

Interconnection and Parallel Operation of DG Facilities

Net Metering Services:

Information regarding the responsibilities of the Cooperative and the DG Owner/Operator for the installation, operation, and maintenance of Net Metering DG facilities is contained in our "Net Metering Interconnection Agreement" (Reference No. DG 100.50).

Other DG Facilities:

Information regarding the responsibilities of the Cooperative and the DG Owner/Operator for the installation, operation, and maintenance of DG facilities NOT associated with our Net Metering Service Tariff is contained in our interconnection agreement, "Agreement for Interconnection and Parallel Operation of Distributed Generation" (Reference No. DG 100.51).

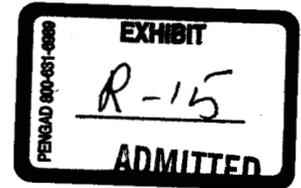
Policy Updates

This policy will be reviewed and updated every five years, or more frequently as circumstances warrant.

List of Documents Available:

<u>Name</u>	<u>Reference Number</u>
Outline and Summary of Policy for the Interconnection of Distributed Resources	DG 100.01
Distributed Generation Procedures and Guidelines Manual for Members	DG 100.10
Interconnection Requirements Manual	DG 100.20
Summary of Application Process for Distributive Generation	DG 100.30
Net Metering Application Form	DG 100.40
Application for Operation of Customer-Owned Generation Form	DG 100.41
Net Metering Interconnection Agreement	DG 100.50
Agreement for Interconnection and Parallel Operation of Distributed Generation	DG 100.51
Engineering Services Agreement – Distributive Generation	DG 100.61

MOHAVE ELECTRIC COOPERATIVE, INC.



**DISTRIBUTED GENERATION PROCEDURE
AND GUIDELINES MANUAL FOR MEMBERS**

REFERENCE NUMBER DG 100.10
Revised June 20, 2011

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GENERAL

In order to receive service from the Cooperative, a customer must join or become a "Member" of the Cooperative. Throughout this manual, customers will be referred to as "Members." For more information about the cooperative membership application process, including any applicable membership fees or deposits, see the Cooperative to request new member information. Membership may not be required if the Distributed Generation facility is interconnected to Mohave, but not located within our service area.

It is the intent of the Cooperative to allow Members to install qualifying Distributed Generation (DG) provided the Member's DG facility does not adversely affect the Cooperative, is less than 700 kW in size, and the facilities are rated to produce an amount of electricity less than or equal to the amount of electricity the Member for whom the DG is installed is reasonably expected to consume. Under the terms of our Net Metering Service Tariff, a maximum generation capacity of 125% of the connected load, or, in the absence of customer load data, generation capacity less than or equal to the customers electric service drop is permitted. In addition, all PV (Photo Voltaic) and wind projects larger than 50 KW are not covered by our approved Renewable Energy Standard and Tariff (REST) incentives and are dealt with on a case by case basis. The Net Metering Service Tariff and the REST program are approved by the Arizona Corporation Commission (ACC). The Member must conduct his/her own analysis to determine the economic benefit of DG operation.

A DG facility that is not connected to the Cooperative's system in any way is known as "stand-alone" or "isolated" DG. The Member may operate a DG facility in stand-alone or isolated fashion as long as such DG facility does not adversely affect the Cooperative's system. A DG facility connected in any way to the Cooperative's system shall be considered as in "parallel." For purposes of this Manual, a DG facility is considered operating in "parallel" anytime it is connected to the Cooperative's system in any way, even if the Member does not intend to export power. All provisions of this Manual shall apply to parallel operation of DG facilities as so defined.

This Manual is not a complete description or listing of all laws, ordinances, rules and regulations, nor is this Manual intended to be an installation or safety manual. The Member requesting to interconnect a DG facility to the Cooperative's system is responsible for and must follow, in addition to all provisions of this Manual, the Cooperative's Rules and Regulations and Tariffs for Electric Service, the Cooperative's Line Extension Policy, the Policies and Procedures of the Cooperative's power supplier where applicable, the Policies and Procedures of the Cooperative's transmission service provider where applicable, the current IEEE 1547 Standard Guide for Distributed Generation Interconnection (a copy is on file at the Cooperative for inspection along with information so the Member may obtain his/her own copy), other applicable IEEE standards (including Standard for Interconnecting Distributed Resources with Electric Power Systems, approved June 12, 2003, and IEEE 1547.1TM—Standard Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems, approved June 9, 2005), applicable ANSI standards, including ANSI C84.1 Range A, rules of the ACC and any other applicable governmental and regulatory laws, rules, ordinances or requirements. All legal, technical, financial, etc. requirements in the following sections of this Manual must be met prior to interconnection of the DG facility to the Cooperative's system.

A Member may serve all load behind the meter at the location serving the DG facility but will not

be allowed to serve multiple meters, multiple consuming facilities or multiple Members with a single DG facility or under a single DG application without prior approval by the cooperative.

Any DG facilities rated to produce an amount of electricity greater than the amount of electricity the Member for whom the DG is installed is reasonably expected to consume are not covered by this Manual and will be considered by the Cooperative on a non-discriminatory case-by-case basis.

I. DETERMINE THE CATEGORY OF A DISTRIBUTED GENERATION FACILITY

1) Connection Level Category

- a) Connected to the Cooperative's system. The Member requests and/or the Member's DG facility requires connection to the Cooperative's system. All provisions of this manual cover this category.
- b) Connected to the Cooperative's Power Supplier's system. The Member requests and/or the Member's DG facility requires connection to the Cooperative's Power Supplier's system. This manual does NOT cover this category. The Member should contact the Cooperative's Power Supplier directly.

2) Contact Persons

- a) The Cooperative's contact person for all matters related to DG interconnection when the DG output is isolated or not intended for export to the Cooperative shall be:

Name: Steve Bouman, Energy Management Department
Address: 928 Hancock Road, Bullhead City, Arizona, 86442
Phone: (928) 785-0539
Email: sbouman@mohaveelectric.com

- b) The Cooperative's contact person for all matters related to DG interconnections when the DG output is intended for power export to or wheeling by the Cooperative shall be:

Name: John Williams, Engineering Department
Address: P.O. Box 1045, Bullhead City, Arizona, 86430
Phone: (928) 758-0580
Email: jwilliams@mohaveelectric.com

- c) The Cooperative's Power Supplier's contact person for all matters related to DG interconnection shall be:

Name: Gail Casto, Southwest Transmission Cooperative, Inc.
Address: P.O. Box 2195, Benson, Arizona, 85602
Phone: (520) 586-5161
Email: gcasto@ssw.coop

3) Ownership of facilities

The Member shall either own and be solely responsible for all expense, installation, maintenance and operation of all facilities, including all power generating facilities at and beyond the point of delivery as defined in the Cooperative's tariffs, or contract with another person to finance, install, or maintain facilities on the Member's side of the meter, regardless of whether the Member takes ownership of the installed distributed generation.

4) Power Export Category

- a) Parallel – no power export: The Member operates a DG facility connected in any way to the Cooperative system but with no intention to export power.
- b) Parallel – primarily intended to be less than or equal to consumption: The Member operates a DG facility connected in any way to the Cooperative's system rated to produce an amount of electricity less than or equal to the amount of electricity the Member for whom the DG is installed is reasonably expected to consume with the intention to export excess power.
- c) Parallel – other: The Member operates a DG facility where either the power generated is intended for export only or where the DG facility is rated to produce an amount of electricity greater than the amount of electricity the Member for whom the DG is installed is reasonably expected to consume: This manual does not cover this category. The Cooperative will consider applications for service under this category on a case-by-case basis.

5) Qualifying or Non-Qualifying Category

- a) Qualifying Facilities (QF) are defined by the Public Utility Regulatory Policies Act of 1978 (PURPA). Refer to CFR Title 26, Volume 4, Sec. 292.204.
- b) The distinction between QF and Non-Qualifying Facilities (NQF) mainly deals with fuel use.
 - (1) A QF is defined as electric generation with a capacity of not more than 2 MW provided by renewable energy technology, as defined by PURPA, installed on a retail electric customer's (Member's) side of the meter. In general, this means that the DG must have as its primary energy source biomass, waste, renewable resources, geothermal resources or any combination. See PURPA for a full description.
 - (2) Solar electric equipment installed on the Member's side of the meter at a building or other facility owned or operated by an independent school district, irrespective of the level of generation capacity shall be considered as a QF, but is not covered by the provisions of the manual if greater than 700 kW.
 - (3) DG facilities not designated as QF under the provisions of PURPA will be considered NQF by the Cooperative.
- c) The Cooperative will provide interconnection for a DG facility to Members, subject to the

provisions of this Manual and all other applicable rules and regulations.

- d) The Cooperative may, subject to acceptable price, terms, and conditions, purchase power from a Member with a DG facility that is a QF, subject to the provisions of this policy and other applicable rules and regulations.
- e) The Cooperative may choose to provide interconnection and may choose to purchase power from a Member with a DG facility that is an NQF at the sole discretion of the Cooperative as determined on a non-discriminatory case-by-case basis.

II. MEMBER'S INITIAL REQUIREMENTS

1) Notification

- a) The Member must meet the requirements of all Cooperative tariffs, conditions of service, membership and other service rules and regulations in addition to the requirements in the Manual.
- b) The rated capacity of the Member's DG must not exceed the Cooperative's service capacity.
- c) Anyone owning or operating a DG facility in parallel with the Cooperative's system as defined in this manual must notify the Cooperative of the existence, location and category of the DG facility, whether the Member intends to export power to the Cooperative or not.

2) Service Request

- a) In order to interconnect a DG facility that qualifies for the Net Metering Tariff to the Cooperative's system, the Member must first submit to the Cooperative a Net Metering Application (Reference No. DG 100.40) available at the Cooperative's Energy Management Office.
- b) In order to interconnect a DG facility that does not, or is not intended to, qualify for the Net Metering Tariff to the Cooperative system, a Member must first submit to the Cooperative the "Application for Interconnection and Parallel Operation of Distributed Generation, Reference No. DG 100.41," a copy of which is included in this manual.
- c) A separate form must be submitted for each DG facility.

3) Application Fees and Engineering Deposits

A review of our application process entitled "Summary of Application Process for Distributed Generation" (Reference No. DG 100.30) is available. The Cooperative and its Power Supplier, if requested by the Cooperative, may conduct a service study, coordination study and/or utility system impact study prior to interconnection of a DG facility. See the section on Pre-Interconnection Studies that follows.

- a) DG facilities for which no pre-interconnection study fee may be charged:

- i) The Cooperative will not charge a Member a fee to conduct a pre-interconnection study for pre-certified DG units if the DG unit qualifies for service under the terms of the Net Metering Tariff and is not intended to sell Excess Generation back to the Cooperative.
- ii) In the case of DG facilities (1) not to be operated in parallel with the Cooperative's system, (2) with no intention to export power to the Cooperative and (3) that are of standard design and intended entirely as emergency or back-up power supply for the facility.

All other DG facilities may be charged to offset the costs incurred in a pre-interconnection study.

b) DG facilities for which pre-interconnection study costs may be charged:

Prior to the interconnection of a DG facility for which the costs of a pre-interconnection study may be charged, the Cooperative may require a Member to pay a deposit for the estimated costs of the pre-interconnection study.

- i) The Member shall sign an actual cost engineering agreement with the Cooperative and pay an engineering deposit based on the estimated cost of performing the design studies before the Cooperative initiates the study. The deposit amount will be based on the estimated costs of performing the pre-interconnection study; upon completion of the study the actual cost of the work performed by the Cooperative will be determined and the Member will be billed or refunded the difference between the estimated cost of the study and the actual cost of the work performed. Our "Engineering Services Agreement – Distributive Generation" form (Reference No. DG 100.61) is available from the Cooperative's Engineering Department and will be sent to you once it is determined a study is required.

III. COOPERATIVE AND POWER SUPPLIER REVIEW PROCESS

1) Pre-Interconnection Studies for Interconnection of DG

a) General

The Cooperative and/or its Power Supplier, if requested by the Cooperative, may conduct a service study, coordination study and/or utility system impact study prior to interconnection of a DG facility. In instances where the studies are deemed necessary, the scope of such studies shall be based on the characteristics of the particular DG facility to be interconnected and the Cooperative's system at the specific proposed location. By agreement between the Cooperative and the Member, studies related to interconnection of a DG facility on the Member's premises may be conducted by a qualified third party.

b) Time to complete

The conduct of the pre-interconnection studies shall take no more than four weeks.

c) Reporting

The Cooperative shall prepare written reports of the study findings and make them available to the Member.

d) Costs and Benefits

The study shall consider both the costs incurred and the benefits realized as a result of the interconnection of the distributed generation to the Cooperative's system.

e) Network service

Network service is defined as two or more Cooperative primary distribution feeder sources electrically tied together on the secondary or low voltage side to form one power source for one or more customers. The service is designed to maintain service to the customers even after the loss of one of these primary distribution feeder sources. In the event that a DG facility requests interconnection to a secondary network system, additional requirements may apply.

f) Communications

The Cooperative and the Member agree to treat knowledge gained as a result of the application and/or interconnection studies about the other party as confidential. A non-disclosure agreement may be required.

g) Liability

The Member acknowledges and agrees that any review or acceptance of such plans, specifications and other information by the Cooperative and/or its Power Supplier shall not impose any liability on the Cooperative and/or its Power Supplier and does not guarantee the adequacy of the Member's equipment or DG facility to perform its intended function. The Cooperative and its Power Supplier disclaim any expertise or special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such DG installations.

h) Non-discrimination

All applications for interconnection and parallel operation shall be processed by the Cooperative in a non-discriminatory manner. Applications will be processed in the order that they are received. It is recognized that certain applications may require minor modifications while they are being reviewed by the Cooperative. Such minor modifications to a pending application shall not require that it be considered incomplete and treated as a new or separate application.

IV. SALES TO AND PURCHASES FROM A DG FACILITY

For QF less than 700 kW and rated to produce an amount of electricity less than or equal to the amount of electricity the Member for whom the DG is installed is reasonably expected to consume:

- a) The Cooperative shall bill the Member for the energy supplied by the Cooperative during each billing period according to the Cooperative's applicable retail rate schedule.
- b) Energy supplied by the Member to the Cooperative's system exceeding on site consumption shall be purchased by the Cooperative under the terms of the Cooperative's Net Metering Tariff.
- c) Under the terms of our Net Metering Service tariff and REST programs (approved by the ACC) the Member shall sign an approved contract for interconnection service with the Cooperative.
- d) In addition to all other charges, the Cooperative may bill the Member for any additional facilities charges as determined by the Cooperative and appended to the Interconnection Agreement.
- e) The Cooperative may, at its sole discretion, as determined on a case-by-case non-discriminatory basis, purchase power from an NQF.
- f) The type of metering to be used shall provide data so the Cooperative can determine the energy supplied to the Member by the Cooperative in excess of on-site consumption and the energy supplied to the Cooperative by the Member.
- g) The Cooperative shall not be required to make any purchases that will cause the Cooperative to no longer be in compliance with any applicable contracts or power contract requirements with its power supplier(s) unless required by law or state regulation.
- i) Under the terms of the Net Metering Service Tariff and REST program, any environmental attributes such as renewable energy credits (RECs) resulting from the operation of the DG are the property of the Cooperative. The disposition of environmental attributes and RECs resulting from DG's installed under other agreements shall be governed by those agreements.

V. MEMBER'S RESPONSIBILITY PRIOR TO OPERATION

1) Line Extensions and Modifications to Cooperative Facilities

- a) If interconnection of a particular DG facility will require substantial capital upgrades to the Cooperative system, an engineering deposit and actual cost engineering agreement will be required and the Cooperative shall provide, at the expense of the Member, an estimate of the schedule and Member's cost for the upgrade. If the Member desires to proceed with the upgrade, the Member and the Cooperative will enter into a contract for

the completion, at the expense of the Member, of the upgrade.

- b) If the Cooperative concludes that an application for interconnection describes facilities that may require additional devices and operating schemes beyond those described in this manual, the Cooperative shall make those additional requirements known to the Member at the time the interconnection studies are completed.
- c) As a part of the interconnection analysis performed by the Cooperative, the Member will be provided with an estimate of any line extension or other cost to be incurred in providing electric delivery service to the Member's DG facility.
- d) Notwithstanding the Cooperative's line extension policy, the Member shall pay the full cost of construction of any transmission, substation, distribution, transformation, metering, protective, or other facilities or equipment which is required to serve the Member's DG facility.
- e) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify electric delivery systems because the Member's DG and/or the quality of power provided by the Member's DG adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.

2) Applicable Regulations

The DG facility shall be installed and operated subject to and in accordance with the terms and conditions set forth in the Cooperative's rules, regulations, bylaws, rates and tariffs, as amended from time to time, and, if applicable, approved by the Cooperative's board of directors, which are incorporated herein by reference, and in compliance with all applicable federal, state and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, the most recent IEEE Standard 1547 Guide for Distributed Generation Interconnection, applicable ANSI standards, including ANSI C84.1 Range A, the ACC, and in accordance with industry standard prudent engineering practices.

3) Liability Insurance

Net Metering Service Tariff DG Facilities

A Member participating in the Net Metering program and meeting the standards of this manual shall not be required to purchase any amount, type or classification of liability insurance the Member would not have in the absence of the DG. The Cooperative recommends, however, the Member obtain liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.

Other DG Facilities

Owner/Operators of other DG facilities not participating in the Net Metering Program may be required to obtain liability insurance (with the Cooperative as the additional insured) including contractual liability insurance covering indemnity agreements which insures the DG Owner/Operator against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the DG Owner/Operators generating equipment. The insurance policy must be from a qualified insurance agency with a B+ or better rating by "A.M. Best Company". The amount of general liability coverage required will be commercially reasonable and be determined on a case by case basis by the Cooperative.

4) Warranty

The Member must provide credible tangible proof that the DG to be interconnected has or had an original manufacturer's warranty against breakdown or undue degradation for at least five years.

5) Contracts

In order to interconnect a DG facility that qualifies for the Net Metering Tariff to the Cooperative's system, the Member must sign and deliver a Net Metering Interconnect Agreement (Reference No. DG 100.50) available at the Cooperative's Energy Management Office.

In order to interconnect a DG facility that does not, or is not intended to, qualify for the Net Metering Tariff to the Cooperative system, a Member must sign and deliver an "Agreement for Interconnection and Parallel Operation of Distributed Generation" form (Reference No. DG 100.51), a copy of which is included in this manual.

6) Initial Interconnection

The Member shall provide the Cooperative with a completed application for interconnection and parallel operation with the Cooperative system using the appropriate interconnection agreement form. The interconnection of the DG to the Cooperative system shall take place on the following schedule:

- a) For a facility qualifying under the provisions of pre-certified equipment, as certified under the provisions of the Arizona Corporation Commission (ACC), interconnection shall take place within four weeks of the Cooperative's receipt of a completed interconnection agreement.
- b) For other facilities, interconnection shall take place within six weeks of the Cooperative's receipt of a completed application, except as described in this manual.
- c) If interconnection of a particular DG facility will require substantial capital upgrades to the Cooperative system, the Cooperative shall provide the Member with an estimated of the schedule and Member's cost for the upgrade. If the Member desires to proceed with the upgrade, the Member and the Cooperative will enter into a contract for the completion of

the upgrade. The interconnection shall take place no later than two weeks following the completion of such upgrades. The Cooperative shall employ reasonable efforts to complete such system upgrades in the shortest time reasonable practical.

- d) The Cooperative shall use reasonable efforts to interconnect facilities within the time frames described in this manual. If in a particular instance the Cooperative determines that it cannot interconnect a DG facility within the time frames stated in this manual, it will notify the DG Member in writing of that fact. The notification will identify the reason or reasons interconnection could not be performed in accordance with the schedule and provide an estimated date for interconnection.
- e) The Cooperative's review process and any inspections are intended as a means to safeguard the Cooperative's facilities and personnel. The Member acknowledges and agrees that any review or acceptance of such plans, specifications and other information by the Cooperative and/or its Power Supplier shall not impose any liability on the Cooperative and/or its Power Supplier and does not guarantee the adequacy of the Member's equipment or DG facility to perform its intended function. The Cooperative and its Power Supplier disclaims any expertise or special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such DG installations.

7) Inspection and start-up

The Member shall provide the Cooperative with notice at least two weeks before the initial energizing and start-up testing of the Member's DG equipment and the Cooperative may witness the testing of any equipment and protective systems associated with the interconnection. The Member shall revise and re-submit the application with information reflecting any proposed modification that may affect the safe and reliable operation of the Cooperative system.

VI. OPERATION OF PARALLEL FACILITY

1) General

The purpose of this section is to describe the requirements and procedures for safe and effective connection and operation of DG.

- a) The Member may operate a 60 Hertz (Hz) three-phase or single-phase DG facility, in parallel with the Cooperative system pursuant to an interconnection agreement, provided that the equipment meets or exceeds the requirements of this manual.
- b) This manual describes typical interconnection requirements. Certain specific interconnection locations and conditions may require the installation and use of more sophisticated protective devices and operating schemes, especially when the facility is exporting power to the Cooperative system.

2) Pre-certified equipment

Equipment pre-certified under the provisions of the ACC may be installed on the Cooperative's

system in accordance with an approved interconnection control and protection scheme without further review of their design by the Cooperative, though the protective settings and operations shall be those specified by the Cooperative.

3) Design Considerations and Definition of Classes

Protection requirements are influenced by the size and characteristics of the parallel generator along with the nature and operational characteristics of the associated MEC system. Therefore, similar units connected to different lines could have different protection requirements based on varying load conditions, as well as on utility feeder and transformer characteristics.

a) Synchronous Units

Synchronous generators are generally capable of supplying sustained current for faults on the MEC system. These units can also supply isolated MEC load providing the load is within the units' output capability. Reclosing of the utility onto synchronous units must be blocked to prevent out-of-synch paralleling and must also be prevented from energizing a de-energized utility line. Automatic reclosing by MEC is time-delayed to allow for automatic Customer generator separation prior to utility circuit re-energization.

b) Induction Units

Induction generators are basically induction motors that are mechanically driven above synchronous speed to produce electric power. These units do not have a separate excitation system and, as such, require that their output terminals be energized with AC voltage and supplied with reactive power to develop the magnetic flux. Induction generators are therefore normally not capable of supplying sustained fault current into faults on the utility system. Such units are generally not capable of supplying isolated load when separated from the utility system; however, it is possible for an induction generator to become self-excited if a sufficient amount of capacitance exists at its output terminals. Under conditions of self-excitation, an induction generator will be capable of supplying isolated load, providing the load is within the units' output capability. In most cases when self-excitation occurs it will be accompanied by a sudden increase in terminal voltage. MEC and its other customers must be protected from out-of-phase closing and over-voltages that can occur whenever an induction generator becomes self-excited. Induction units must therefore be designed to automatically separate from the utility system upon loss of utility voltage and prior to reclosing of the utility feeder.

c) Static Inverters

Static inverters convert DC power to AC by means of electronic switching. Switching can be controlled by the AC voltage of the utility's supply system (line-commutated) or by internal electronic circuitry (forced-commutated). Line-commutated inverters are generally not capable of operating independently of the utility's AC supply system and, as such, cannot normally supply fault current or isolated loads. Forced-commutated, or self-commutated, inverters are capable of supplying fault current and load independently of the AC supply system. Any forced-commutated inverter that is to be interconnected with the utility must be specifically designed for that purpose, i.e. it must be designed to accommodate parallel interfacing and operation. Reclosing of the utility onto inverter units must be blocked to prevent out-of-synch closing and to prevent the energizing of a de-energized MEC line.

4) Definition of Generator Size Classes

The following generator size classifications are used in determining specific minimum protective requirements for distributed generation facilities. Specified ratings are for each connection to the MEC system. Customers must satisfy, in addition to the general requirements specified in this manual, the minimum relaying requirements given in this document for each generator class.

- (a) Class I -- 50 kW or less, single or three phase
- (b) Class II -- 51 kW to 300 kW, three phase
- (c) Class III -- 301 kW to 5,000 kW, three phase
- (d) Class IV -- over 5,000 kW, three phase

5) Interconnection Technical Requirements

The requirements and specifications outlined in this section are applicable to all classes of distributed generation, unless otherwise specified. The minimum protection and safety devices and other requirements imposed in the following sections are intended to provide protection for the MEC system and its other customers. They are not imposed to provide protection for the Customer's generation equipment; this is the sole responsibility of the Customer. These requirements are in addition to requirements outlined in other sections of this manual.

6) General Technical Requirements

- a) Customer is responsible for obtaining and maintaining all required permits and inspections indicating that Customer's generating facility complies with local and other applicable construction and safety codes, and making copies thereof available to MEC.
- b) Multiple generator connections on the same utility service are permitted subject to MEC approval; however, a single Disconnect Switch for the facility will be required (normally located at the service entrance section).
- c) A communication channel and tele-metering may be required, at the Customer's expense, to facilitate proper parallel operation.
- d) In the event that the generator MVA rating, or aggregate of generators ratings, exceed 50% of the expected minimum load that could be isolated with the generation, Direct Transfer Trip ("DTT") will be required at the customer's expense. In certain instances, a dedicated utility feeder may be required. One exception to the DTT requirement would be in the case for a generator that does not export power onto the distribution system, load displacement only. In this case a reverse power relay could be used to detect power flowing onto MEC system and trip the unit.
- e) For synchronous generators, the Customer shall ensure that any potential open points such as breakers, fused disconnect switches, etc, located between the generator breaker and utility service are appropriately equipped with either (1) Kirk key interlocks to prevent them from being inadvertently opened when the generator breaker is closed, or (2) contacts that will instantaneously trip the generator breaker if any such switch were opened while the generator breaker was closed. This is to prevent the opening and

subsequent (inadvertent) re-closing of such a breaker or switch onto an un-synchronized generator.

- f) In the event that the utility is required to install at Customer's expense electric meter(s) to record the output of the generator(s), Customer shall ensure that the design is such that the meter(s) are located on the utility-side of the generator breaker on a normally energized bus. Electronic meters are not designed to be de-energized for any length of time.
- g) It should be emphasized that the Customer is responsible for the design, installation, operation and maintenance and the expense thereof of all equipment for connection to the MEC system. It is also the Customer's responsibility to submit specifications and detailed plans as specified in our "Application for Operation of Customer-Owned Generation" form (Reference No. 100.41) contained in our "Distributed Generation Procedure and Guidelines Manual" (Reference No. 100.10) for the installation in writing to MEC for review and written MEC approval prior to their purchase and installation. Written approval by MEC does not indicate acceptance by other authorities.

7) Disconnect Switch

The Customer shall install and maintain a visible open, manually and gang-operated load-break disconnect switch ("Disconnect Switch") capable of being locked in a visibly "open" position by a standard MEC padlock that will completely isolate the Customer's generating facility from the MEC system. The Disconnect Switch blades, jaws and the air-gap between them shall all be clearly visible when the switch is in the "open" position. It is not acceptable to have any of the "visible open" components obscured by the switch case or an arc-shield, etc. Only switches specifically designed to provide a true "visible open" are acceptable. Such Disconnect Switch shall be installed in a place so as to provide easy and unrestricted accessibility to MEC personnel on a 24-hour basis. MEC shall have the right to lock open the Disconnect Switch without notice to the Customer when interconnected operation of the Customer's generating facility with the MEC system could adversely affect MEC system or endanger life or property, or upon termination of the Interconnect Agreement. The Disconnect Switch will normally be required to be installed at the Customer's electrical service entrance section; however it may be located in the immediate vicinity of the generator, subject to MEC approval. The Disconnect Switch must be rated for the voltage and current requirements of the generation facility, and must meet all applicable UL, ANSI and IEEE standards. The switch enclosure shall be properly grounded per the requirements of the National Electric Code (NEC).

In cases where the Disconnect Switch will be installed on a line at a voltage above 500V, MEC has specific grounding requirements that will need to be incorporated into the Disconnect Switch. Under certain circumstances (above 500V, switch located outdoors and underground fed), MEC may require the customer to install a rack-out breaker, along with a racking tool and grounding breaker, in lieu of a Disconnect Switch. In these cases, MEC will work with the Customer to determine the best option and ensure that the safety requirements are met.

8) Dedicated Transformer

Customer generators with a combined total rating of over 10 kW, as measured at the service entrance, must be isolated from other customers fed off the same utility transformer by a dedicated power transformer connecting to the utility distribution feeder. The purpose of the dedicated transformer is to ensure that the generator cannot become isolated at the secondary

voltage level with a small amount of other-customer load. It also helps to confine any voltage fluctuation or harmonics produced by the generator to the Customer's own system. MEC will specify the transformer winding connections and any grounding requirements.

9) Power Quality

In order to minimize interference on the utility system the Customer should ensure that the electrical characteristics of its load and generating equipment meet, as a minimum, the specifications promulgated in the Institute of Electrical and Electronic Engineers (IEEE) Standard 519-1992.

a) Power Factor

The power factor of the Customer's facility shall not be less than ninety-five percent (95%) lagging, but shall not be leading, unless agreed to by MEC. MEC shall also have the right to request a leading power factor of 95% to 1.

b) Current Imbalance

The current imbalance for a three-phase system as measured at the Customer's service entrance section shall not be greater than ten percent (10%) at any time.

c) Harmonics

The electrical output of the Customer's generating facility shall not contain harmonic content which may cause disturbances on or damage to MEC electrical system, or other customer's systems, such as but not limited to computer, telephone, communication and other sensitive electronic or control systems.

d) Power Fluctuations

The Customer must exercise reasonable care to assure that the electrical characteristics of its load and generating equipment, such as deviation from sine wave form or unusual short interval fluctuations in power demand or production, shall not be such as to result in impairment of service to other customers or in interference with operation of computer, telephone, television or other communication systems or facilities.

e) Voltage Flicker

The customer facilities shall not cause Voltage Flicker at the point of interconnection that exceeds generally accepted practice or MEC standards.

10) Monitoring Requirements

MEC shall have the option to install, at the customer's expense, Power Quality monitoring equipment at the customer's facility to investigate any power quality problems that may be caused by the operation of the customer's generator.

11) Voltage Requirements

Customer generating equipment must deliver at the Point of Interconnection, 60 Hertz, either single or three-phase power at one standard voltage. (normally 24,940; 14,400; 277/480; 120/240 (single phase only); or 120/208 volts as may be selected by the Customer subject to availability at the premises). Interconnections at other voltage levels will be handled on a case-by-case basis.

12) Labeling Requirements

a) Disconnect Switch

The Customer shall label the Disconnect Switch "Interconnected Utility Disconnect Switch" (or "Photovoltaic Inverter, Wind Turbine, etc, Utility Disconnect Switch", as the case may be) by means of a permanently attached placard with clearly visible and permanent letters.

b) Breaker Panels

The Customer is responsible for ensuring that all electrical devices such as panel boxes, etc., which are or can be back-fed by the Customer's generator(s) are clearly identified/labeled as such in accordance with the requirements of the National Electrical Code. MEC will assume responsibility for labeling any utility equipment.

13) Protective Relaying Requirements

- a) The Customer shall be solely responsible for properly protecting and synchronizing his generator(s) with the MEC system.
- b) Customer facility shall include a UL approved automatic interrupting device that is rated to interrupt available fault (short circuit) current. The interrupting device shall be tripped, as a minimum, by all protective devices required herein.
- c) Inherent characteristics of induction disk type voltage and frequency relays render their use unsuitable for some generator interface protection applications. Therefore, relays with definite level and timing characteristics (e.g., solid state type relays) will be necessary to meet the minimum requirements established herein.
- d) For generator classes II and above (>50 kW) that require both voltage and frequency relay protection, separate and independent voltage and frequency relays and associated trip paths to the generator breaker (automatic interrupting device) are required. This is to ensure a redundant trip function in the event of a single relay failure or out-of-tolerance condition. It is acceptable however, for the over/under ("O/U") voltage functions to be integrated into a single o/u voltage relay, and for the over/under frequency functions to be integral to a single o/u frequency relay. Multifunction relays are allowed if the relay has self test capability and the relay failure contacts are connected to trip the generator. Digital fault recorder facilities are required to be installed in the interconnecting equipment. (DFR in relays would be acceptable.)

- e) The generator protective scheme shall be of a fail-safe design such that loss of the protection scheme control power will immediately cause the generator breaker to open. The relays provided shall be equipped with MEC approved test switches to provide isolation for CT's, VT's and Outputs and to facilitate testing.

14) Minimum Relaying Requirements

- a) Class I (Single or Three Phase: 50 kW or less)

The minimum protection required is an under-voltage contactor. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.

- b) Class II (Three Phase: 51-300 kW)

1. Relays for overvoltage, undervoltage, overfrequency, and underfrequency are required.
2. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.
3. For installations interconnected to the utility through a transformer with connections that will not supply current to a ground fault on the utility system, a ground fault detector may be necessary. The utility will advise Customer of any such requirements after a preliminary review of the Customer's proposed installation.

- c) Class III (Three Phase: 301-5,000 kW)

1. For this class of installation, utility grade protection devices and equipment will be required.
2. Relays for overvoltage, undervoltage, overfrequency, and underfrequency are required. Generators in this range may require additional relays and Direct Transfer Trip. This requirement will be determined during the Interconnection Study.
3. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.
4. For installations interconnected to the utility through a transformer with connections that will not supply current to a ground fault on the utility system, a ground fault detector may be necessary. The utility will advise Customer of any such requirements after a preliminary review of the Customer's proposed installation.
5. Other equipment such as supervisory control and alarms, telemetering, and associated communications channel may be necessary. The utility will advise Customer of any communications requirements after a preliminary review of the proposed installation.

d) Class IV (Three Phase: Greater than 5,000 kW)

Note: Induction Generators or Line Commutated Inverters (LCI) in this size range are not anticipated.

1. For this class of installation, utility-grade protective devices and equipment will be required.
2. Relays for overvoltage, undervoltage, overfrequency, and underfrequency are required.
3. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.
4. A ground time overcurrent and instantaneous overcurrent relay, or for installations interconnected to the utility through a transformer with connections that will not supply current to a ground fault on the utility system, a ground fault detection scheme is required.
5. The following relays are also required:
 - (a) Voltage-controlled time overcurrent relays, one per phase
 - (b) Negative sequence time overcurrent relay
 - (c) Overexcitation relay
 - (d) Loss of excitation relay
6. Other equipment such as supervisory control and alarms, telemetering, and associated communications channel may be necessary. The utility will advise Customer of any communications requirement after a preliminary review of the proposed installation.

The minimum protective relaying requirements for parallel operation of distributed generation are summarized in the following table:

Summary of Minimum Protective Relaying Requirements

	Induction Generator/ Line Commutated Inverter	Synchronous Generator/ Forced Commutated Inverter
Class I 50 kW or less	Undervoltage contactor	Undervoltage contactor Synchronizing
Class II 51 to 300 kW	Oversvoltage, Undervoltage Overfrequency, Underfrequency	Oversvoltage, Undervoltage Overfrequency, Underfrequency Synchronizing
Class III 301 to 5,000 kW	Oversvoltage, Undervoltage Overfrequency, Underfrequency	Oversvoltage, Undervoltage Overfrequency, Underfrequency Synchronizing
Class IV Greater than 5,000 kW	No induction generators of this size anticipated	Oversvoltage, Undervoltage Overfrequency, Underfrequency Synchronizing Ground Time Overcurrent Ground Instantaneous Overcurrent Voltage-controlled Time Overcurrent Loss of Excitation Overexcitation Negative Sequence Time Overcurrent

15) Relay Settings

Voltage and frequency relays needed for minimum interface protection for all classes will have setting limits as specified below.

- a) Undervoltage relays will operate at no less than 90% of the nominal voltage level (108 volts on a 120V base) and will have a maximum time delay of 1.0 seconds.
- b) Oversvoltage relays will operate at no greater than 110% of nominal voltage (132 volts on a 120V base) and will have a maximum time delay of 1.0 seconds.
- c) Overfrequency relays will operate at no greater than 60.5 Hz and will have a maximum time delay of 0.1 seconds.
- d) Underfrequency relays will operate at no less than 59.5 Hz and have a maximum time delay of 0.1 seconds.

Additional settings for Class IV installations and/or any other relays that may be required due to unusual circumstances will be handled on an individual basis.

16) Miscellaneous Requirements

a) Facilities not identified

In the event the standards for a specific unit or facility are not set out in this manual, the Cooperative and the Member may interconnect a facility using mutually agreed upon technical standards.

b) Requirements specific to a facility paralleling for 60 cycles or less (closed transition switching)

The protective devices required for facilities 10 MW or less which parallel with the Cooperative system for 60 cycles or less are an interconnect disconnect device, a generator disconnect device, an automatic synchronizing check for generators with stand alone capability, an over-voltage trip, an under voltage trip, an over/under frequency trip, and either a ground over-voltage trip or a ground over-current trip depending on the grounding system, if required by the Cooperative.

c) Inspection and start-up

The Member shall provide the Cooperative with notice at least two weeks before the initial energizing and start-up testing of the Member's DG equipment and the Cooperative may witness the testing of any equipment and protective systems associated with the interconnection. The Member shall revise and re-submit the application with information reflecting any proposed modification that may affect the safe and reliable operation of the Cooperative system.

d) Site testing and commissioning

Testing of protection systems shall include procedures to functionally test the protective elements of the system up to and including tripping of the generator and interconnection point. Testing will verify all protective set points and relay/breaker trip timing. The Cooperative may witness the testing of installed switchgear, protection and generator. The Member is responsible for routine maintenance of the generator and control and protective equipment. The Member will maintain records of such maintenance activities, which the Cooperative may review at reasonable times. For DG systems greater than 500 kW, a log of generator operations shall be kept. At a minimum, the log shall include the date, generator time on, generator time off, and megawatt and megavar output. The Cooperative may review such logs at reasonable times.

17) Access

- a) Persons authorized by the Cooperative will have the right to enter the Member's property for purposes of testing, operating the disconnect switch, reading or testing the metering equipment, maintaining right-of-way or other DG facility equipment and/or Cooperative service requirement. Such entry onto the Member's property may be without notice.
- b) If the Member erects or maintains locked gates or other barriers, the Member will furnish

the Cooperative with convenient means to circumvent the barrier for full access for the above-mentioned reasons.

18) Liability for Injury and Damages

- a) The Member assumes full responsibility for electric energy furnished at and past the point of delivery and shall indemnify the Cooperative and/or its Power Supplier against and hold the Cooperative and/or its Power Supplier harmless from all claims for both injuries to persons, including death resulting therefrom, and damages to property occurring upon the premises owned or operated by Member arising from electric power and energy delivered by the Cooperative or in any way arising directly or indirectly from the Member's DG facility.
- b) The Cooperative and/or its Power Supplier shall not be liable for either direct or consequential damages resulting from failures, interruptions, or voltage and waveform fluctuations occasioned by causes reasonably beyond the control of the Cooperative and/or its Power Supplier including, but not limited to, acts of God or public enemy, sabotage and/or vandalism, accidents, fire, explosion, labor troubles, strikes, order of any court or judge granted in any bona fide adverse legal proceeding or action, or any order of any commission, tribunal or governmental authority having jurisdiction. ALL PROVISIONS NOTWITHSTANDING, IN NO EVENT SHALL THE COOPERATIVE BE LIABLE TO THE MEMBER FOR ANY INTEREST, LOSS OF ANTICIPATED REVENUE, EARNINGS, PROFITS, OR INCREASED EXPENSE OF OPERATIONS, LOSS BY REASON OF SHUTDOWN OR NON-OPERATION OF MEMBER'S PREMISES OR FACILITIES FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED, IN WHOLE OR PART, TO THIS AGREEMENT. The Cooperative shall not be liable in any event for consequential damages.
- c) The Member is solely responsible for insuring his/her facility complies with all applicable regulations including, but not limited to, laws, regulations, ordinances, Cooperative and Cooperative Power Supplier tariffs, policies and directives, and ACC rules, policies and directives.

19) Metering/Monitoring

- a) The Cooperative may supply, own and maintain all necessary meters and associated equipment to record energy purchases by the Member and energy exports to the Cooperative system.
- b) The Member shall supply at no cost to the Cooperative a suitable location on his or her premises for the installation of the Cooperative's meters and other equipment.
- c) The facility will be metered by one of the following methods, at the discretion of the Cooperative. The two metered values shall be separately accounted for by the Cooperative.
 - (1) Installing a single meter with two registers capable of measuring in-flow and out-flow at the point of common coupling or

(2) Installing separate meters, that measure the in-flow and the out-flow at the point of common coupling.

- d) The meter shall be read at a time or times of month determined by the Cooperative's for acquiring metering data.
- e) The Cooperative may, at its sole discretion, require the Member to pay the Cooperative any significant differential cost of the metering and monitoring equipment and installation expense beyond that that a standard Member in the same rate class would require.
- f) Meter testing shall follow the Cooperative's standard policy on metering testing and accuracy.
- g) At its sole discretion, the Cooperative may meter the facility at primary or secondary level.

20) Notice of Change in Installation

- a) The Member will notify the Cooperative in writing thirty (30) days in advance of making any change affecting the characteristics, performance, or protection of the DG facility.
- b) If any modification undertaken by the Member will create or has created conditions which may be unsafe or adversely affect the Cooperative system, the Member shall immediately correct such conditions or be subject to immediate disconnection from the Cooperative system.

21) Testing and Record Keeping

- a) The Cooperative shall maintain records concerning applications received for interconnection and parallel operation of DG facilities. Such records will include the date each application is received, documents generated in the course of processing each application, correspondence regarding each application, and the final disposition of each application.
- b) The Member will test all aspects of the protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system. The Cooperative may witness the testing.
- c) The Member will maintain records of all maintenance activities, which the Cooperative may review at reasonable times.

22) Disconnection and Reconnection of Service

- a) The Cooperative may disconnect a DG facility under the following conditions:
 - i) Expiration or termination of the interconnection agreement

Upon expiration or termination of the interconnection agreement with a Member, in

accordance with the terms of the agreement, the Cooperative may disconnect the DG facilities.

ii) Non-compliance with technical requirements

The Cooperative may disconnect a DG facility if the facility is not in compliance with the technical requirements specified in this manual. Within two business days from the time the Member notifies the Cooperative that the DG facility has been restored to compliance with the technical requirements of this manual, the Cooperative shall verify such compliance. Upon such verification, the Member in coordination with the Cooperative may reconnect the DG facility.

iii) System emergency

The Cooperative may temporarily disconnect a Member and/or a DG facility without prior written notice in cases where continued interconnection will endanger persons or property. During the forced outage of the Cooperative system, the Cooperative shall have the right to temporarily disconnect a Member and/or a DG facility to make immediate repairs on the Cooperative system. When possible, the Cooperative shall provide the Member with reasonable notice and reconnect the Member as quickly as reasonable practical.

iv) Routine maintenance, repairs and modifications

The Cooperative may disconnect a Member and/or a DG facility with seven business days prior written notice of service interruption for routine maintenance, repairs and Cooperative system modifications. The Cooperative shall reconnect the Member as quickly as reasonably possible following such service interruption.

v) Lack of approved application and interconnection agreement

The Cooperative may refuse to connect or may disconnect a DG facility if the application has not been received and approved.

23) Compliance with Laws, Rules and Tariffs

The DG installation owned and installed by the Member shall be installed and operated subject to and in accordance with the terms and conditions set forth in the Cooperative's rules, regulations, bylaws, rates and tariffs, as amended from time to time, and, if applicable, approved by the Cooperative's board of directors, which are incorporated herein by reference, and in compliance with all applicable federal, state and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, the ACC, and in accordance with industry standard prudent engineering practices.

24) Responsible Party Obligations

The Member/DG Owner/Operator, as a Responsible Party seeking interconnection of a Distributed Generation facility on the Cooperative's electrical system, must provide for the following risks and responsibilities:

- a) Responsible Party shall agree to maintain appropriate liability insurance as outlined in this manual.
- b) Responsible Party shall be responsible for the Distributed Resources compliance with all national, State, and local government requirements and electric utility standards for the safety of the public and personnel responsible for utility electric power systems operations, maintenance, and repair.
- c) Responsible Party must be responsible for the safe and effective operation and maintenance of the DG facility.
- d) Responsible Party must provide for Cooperative access to the Distributed Resources facility during normal business hours and all emergency situations.

Only Responsible Parties may apply for interconnection and the Responsible Party must demonstrate that the facility will be capably developed, constructed and operated, maintained, and repaired.

**MOHAVE ELECTRIC COOPERATIVE, INC.
ARIZONA 22 KINGMAN**

**APPLICATION FOR OPERATION
OF CUSTOMER-OWNED GENERATION**

REFERENCE NUMBER DG 100.41
Rev: June 20, 2011

MOHAVE ELECTRIC COOPERATIVE, INC.

Application for Operation of Customer-Owned Generation

This application should be completed and returned to the Cooperative Customer Service representative in order to begin processing the request. This application is used by the Cooperative to determine the required equipment configuration for the Customer interface. Every effort should be made to supply as much information as possible.

PART 1

OWNER/APPLICANT INFORMATION

MEC Account # (if applicable):

Owner/Customer

Name:

Mailing address:

City: County: State: Zip Code:

Phone Number: Representative:

Email Address: Fax Number:

PROJECT DESIGN/ENGINEERING (ARCHITECT) (as applicable)

Company:

Mailing Address:

City: County: State: Zip Code:

Phone

Number: Representative:

Email Address: Fax Number:

ELECTRICAL CONTRACTOR (as applicable)

Company:

Mailing Address:

City: County: State: Zip Code:

Phone Number: Representative:

Email Address: Fax Number:

TYPE OF GENERATOR (as applicable)

Photovoltaic Wind Microturbine

Diesel Engine Gas Engine Combustion Turbine

Other

ESTIMATED LOAD, GENERATOR RATING AND MODE OF OPERATION INFORMATION

The following information is necessary to help properly design the Cooperative customer interconnection. This information is not intended as a commitment or contract for billing purposes.

Total Site Load (kW)

Residential Commercial Industrial

Generator Rating (kW) Annual Estimated Generation (kWh)

Mode of Operation

Isolated Paralleling Power Export

DESCRIPTION OF PROPOSED INSTALLATION AND OPERATION

Give a general description of the proposed installation, including a detailed description of its planned location, the date you plan to operate the generator, the frequency with which you plan to operate it and whether you plan to operate it during on or off-peak hours.

PART 2 - (Complete all applicable items. Copy this page as required for additional generators)
SYNCHRONOUS GENERATOR DATA

Unit Number: _____ Total number of units with listed specifications on site: _____
 Manufacturer: _____
 Type: _____ Date of manufacture: _____
 Serial Number (each): _____
 Phases: Single Three R.P.M.: _____ Frequency (Hz): _____
 Rated Output (for one unit): _____ Kilowatt _____ Kilovolt-Ampere
 Rated Power Factor (%): _____ Rated Voltage (Volts): _____ Rated Amperes: _____
 Field Volts: _____ Field Amps: _____ Motoring power (kW): _____
 Synchronous Reactance (Xd): _____ % on _____ KVA base
 Transient Reactance (X'd): _____ % on _____ KVA base
 Subtransient Reactance (X'd): _____ % on _____ KVA base
 Negative Sequence Reactance (Xs): _____ % on _____ KVA base
 Zero Sequence Reactance (Xo): _____ % on _____ KVA base
 Neutral Grounding Resistor (if applicable): _____

I_2^2t or K (heating time constant): _____
 Additional information: _____

INDUCTION GENERATOR DATA

Rotor Resistance (Rr): _____ ohms Stator Resistance (Rs): _____ ohms
 Rotor Reactance (Xr): _____ ohms Stator Reactance (Xs): _____ ohms
 Magnetizing Reactance (Xm): _____ ohms Short Circuit Reactance (Xd''): _____ ohms
 Design letter: _____ Frame Size: _____
 Exciting Current: _____ Temp Rise (deg C°): _____
 Reactive Power Required: _____ Vars (no load), _____ Vars (full load)
 Additional information: _____

PRIME MOVER (Complete all applicable items)

Unit Number: _____ Type: _____
 Manufacturer: _____
 Serial Number: _____ Date of manufacture: _____
 H.P. Rated: _____ H.P. Max.: _____ Inertia Constant: _____ lb.-ft.²
 Energy Source (hydro, steam, wind, etc.) _____

.....
GENERATOR TRANSFORMER (Complete all applicable items)

TRANSFORMER (between generator and utility system)
Generator unit number: _____ Date of manufacturer: _____
Manufacturer: _____
Serial Number: _____
High Voltage: _____ KV, Connection: delta wye, Neutral solidly grounded? _____
Low Voltage: _____ KV, Connection: delta wye, Neutral solidly g rounded? _____
Transformer Impedance(Z): _____ % on _____ KVA base.
Transformer Resistance (R): _____ % on _____ KVA base.
Transformer Reactance (X): _____ % on _____ KVA base.
Neutral Grounding Resistor (if applicable): _____

.....
INVERTER DATA (if applicable)

Manufacturer: _____ Model: _____
Rated Power Factor (%): _____ Rated Voltage (Volts): _____ Rated Amperes: _____
Inverter Type (ferroresonant, step, pulse-width modulation, etc): _____

Type commutation: forced line
Harmonic Distortion: Maximum Single Harmonic (%) _____
Maximum Total Harmonic (%) _____
Note: Attach all available calculations, test reports, and oscillographic prints showing inverter output voltage and current waveforms.

.....
POWER CIRCUIT BREAKER (if applicable)

Manufacturer: _____ Model: _____
Rated Voltage (kilovolts): _____ Rated ampacity (Amperes) _____
Interrupting rating (Amperes): _____ BIL Rating: _____
Interrupting medium / insulating medium (ex. Vacuum, gas, oil) _____ / _____
Control Voltage (Closing): _____ (Volts) AC DC
Control Voltage (Tripping): _____ (Volts) AC DC Battery Charged Capacitor
Close energy: Spring Motor Hydraulic Pneumatic Other: _____
Trip energy: Spring Motor Hydraulic Pneumatic Other: _____
Bushing Current Transformers: _____ (Max. ratio) Relay Accuracy Class: _____
Multi ratio? _____ No _____ Yes: (Available taps) _____

ADDITIONAL INFORMATION

In addition to the items listed above, please attach information as specified in the Supplementary Information Sheet including a detailed one-line diagram of the proposed facility, all applicable elementary diagrams, major equipment, (generators, transformers, inverters, circuit breakers, protective relays, etc.) specifications, test reports, etc., and any other applicable drawings or documents necessary for the proper design of the interconnection. Also describe the project's planned operating mode (e.g., combined heat and power, peak shaving, etc.), and its address or grid coordinates.

END OF PART 2

SIGN OFF AREA

The customer agrees to provide the Cooperative with any additional information required to complete the interconnection. The customer shall operate his equipment within the guidelines set forth by the cooperative.

Applicant

ELECTRIC COOPERATIVE CONTACT FOR APPLICATION SUBMISSION AND FOR MORE INFORMATION:

Cooperative contact: _____
Title: _____
Address: _____

Phone: _____
Fax: _____
E-mail: _____

.....

SUPPLEMENTARY INFORMATION SHEET FOR PART 2

(Information below shall be submitted for all projects. All diagrams are to be professionally and neatly drawn. Generally, free hand drawn and illegible diagrams will not be accepted by MEC.)

- A. **Electrical One-Line Diagram:**
Provide 4 sets, including any and all revisions or changes as they are made. Diagram(s) must also include project name and address, show generator size and all protective relaying and control equipment, as well as electric service entrance and utility meter.
- B. **Electrical Three-Line Diagram:**
Provide 4 sets, including any and all revisions or changes as they are made. Diagram(s) must also include project name and address, show generator size and all protective relaying and control equipment, as well as electric service entrance and utility meter, and include all neutral and ground conductors and connections.
- C. **AC & DC Control Schematics:**
Provide 4 sets, including any and all revisions or changes as they are made, for all projects comprising rotating machinery. Diagrams must show the detailed wiring of all protective relays and control functions, and include control power source and wiring.
- D. **Detailed Map:**
Provide 4 sets of detailed maps, including any and all revisions or changes as they are made. Maps should show major cross streets and proposed plant location, and include the street address.
- E. **Site Plan:**
Provide 4 sets of site plans, including any and all revisions as they are made, showing the arrangement of the major equipment, including the electric service entrance section and utility meter, location of generator and interface equipment, and location of the Disconnect Switch. Include the street address, and location of the any lock-boxes, etc.
- F. **Testing Company:**
Provide the name of the company that will do the protective relay bench testing and the trip circuit functional tests and the anticipated start up date.
- G. **Point of Contact**
If the interconnection and start-up process is to be coordinated through a party or individual other than the Customer, provide the name, company, address and phone number of that individual or party with whom the utility is to coordinate the interconnection.

MOHAVE ELECTRIC COOPERATIVE, INC.

INTERCONNECTION REQUIREMENTS MANUAL

FOR

DISTRIBUTED GENERATION
(25 KV OR LESS)



REFERENCE NO. DG 100.20
REVISED JUNE 20, 2011

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1. INTRODUCTION

This manual specifies the minimum requirements for safe and effective operation of distributed generation interconnected (or paralleled) with the Mohave Electric Cooperative (MEC) radial distribution system. Interconnection requirements as outlined here are for those installations that will be connected to the MEC distribution system (25 kV or less) and do not backfeed onto the transmission system; installations that backfeed onto the transmission system have additional NEC requirements and will also need to comply with all applicable WSCC (Western Systems Coordinating Council), AZ-ISA (Arizona Independent Scheduling Administrator), and NERC (National Electric Reliability Council) requirements, as well as RTO (Regional Transmission Operator) requirements as applicable. Facilities that will be connected directly to a higher voltage level will be reviewed by MEC on an individual basis. Customers and MEC personnel shall use this document when planning the installation of distributed generation. Note that these requirements may not cover all details in specific cases. The Customer should discuss project plans with MEC before designing the facility or purchasing and installing equipment.

For the purpose of simplicity, the term "Customer" will be used here to refer to any distributed generator, co-generator or small power producer, even though they may not actually be purchasers of power from MEC, and includes any independent party or entity that either invests in, owns or operates a distributed generator or generation facility.

The minimum required protective relaying and/or safety devices and requirements specified in this manual, are for protecting only MEC facilities and other customer equipment from damage or disruptions caused by a fault, malfunction or improper operation of the distributed generating facility. They are also necessary to ensure the safety of utility workers and the public. Minimum protective relaying and interconnection requirements do not include additional relaying, protective or safety devices as may be required by industry and/or government codes and standards, equipment manufacturer requirements and prudent engineering design and practice to fully protect Customer's generating facility or facilities; those are the sole responsibility of the Customer.

The information contained in this manual contains general information about the interconnection requirements for customer-owned distributed generation. In addition to all applicable regulatory, technical, safety, and electrical requirements and codes, which are not contained in their entirety in this manual, Customers will also be subject to contractual and other legal requirements which are only summarized in this manual. Those regulations, requirements, contracts and other materials contain complete information concerning interconnection and govern over the general provisions in this manual.

The technical interconnection requirements outlined in this manual shall also apply to any interconnected utility owned or operated distributed generation facility.

MEC is committed to making sure that interconnection applications are handled promptly, and to do everything possible to complete the interconnection process in a safe and timely manner. At MEC, we look forward to working with you to ensure a successful generation project.

2. DEFINITIONS

The following terms, as used in this manual, shall have the meanings specified:

- 2.1 Interconnect Agreement: An agreement, together with appendices, signed between the utility and the Customer (Generating Facility) covering the terms and conditions governing the interconnection and operation of the Generating Facility with the utility.
- 2.2 Electric Supply/Purchase Agreement: The Agreement, together with Appendices, signed between MEC, our Transmission Provider (TP) (if applicable), and the Customer (Generating Facility) covering the terms and conditions under which electrical power is supplied and/or purchased to/from the utility.
- 2.3 Utility: The electric utility entity that constructs and maintains the distribution system for the delivery of power to the end-user, also referred to as the Utility Distribution Company (UDC).
- 2.4 Points(s) of Interconnection: The physical location(s) where MEC service conductors are connected to the Customer's service conductors to allow parallel operation of the Customer's Generating Facility (GF) with MEC's electric system.
- 2.5 Distributed Generator: Any type of electrical generator, static inverter or generating facility interconnected with the distribution system that (a) has the capability of being operated in electrical parallel with the MEC distribution system, or (b) can feed a customer load that can also be fed by the MEC electrical system. A distributed generator is sometimes referred to simply as "generator" in this manual.
- 2.6 Generating Facility (GF): All or part of the Customer's electrical generator(s) or inverter(s) together with all protective, safety, and associated equipment necessary to produce electric power at the Customer's facility. A GF also includes any Qualifying Facility (QF).
- 2.7 Qualifying Facility (QF): Any Cogeneration or Small Power Production Facility that meets the criteria for size, fuel use, efficiency, and ownership as promulgated in 18 CFR, Chapter I, Part 292, Subpart B of the Federal Energy Regulatory Commission's Regulations.
- 2.8 Cogeneration Facility: Any facility that sequentially produces electricity, steam or forms of useful energy (e.g., heat) from the same fuel source and which are used for industrial, commercial, heating, or cooling purposes.
- 2.9 Small Power Production Facility: A facility that uses primarily biomass, waste or renewable resources, including wind, solar, and water to produce electric power.
- 2.10 Minimum Protective Devices, Relays, and Interconnection Requirements: The minimum required protective relaying and/or safety devices or requirements specified in this manual, as may be revised from time to time, are for the purpose of protecting only MEC and its other customer facilities from damage or disruptions caused by a fault, malfunction or improper operation of the Customer's GF. Minimum Protective Relaying and Interconnection Requirements do not include

INTERCONNECTION REQUIREMENTS FOR DISTRIBUTED GENERATION

relaying, protective or safety devices as may be required by industry and/or government codes and standards, equipment manufacturing and prudent engineering design and practice to fully protect the Customer's GF or facilities; those devices are the sole responsibility of the Customer.

2.11 MEC: Mohave Electric Cooperative, Inc.

2.12 TP: MEC's Transmission Provider(s)

3. MOHAVE ELECTRIC COOPERATIVE POLICY ON CUSTOMER-OWNED GENERATION

Any Customer qualified under the Public Utility Regulatory Policies Act (PURPA) of 1978, may operate his generating equipment in parallel with the MEC radial distribution system provided the Customer provides equipment that in the judgment of MEC will:

- (a) not present any hazards to MEC personnel, other customers or the public,
- (b) minimize the possibility of damage to MEC and other customer equipment,
- (c) not adversely affect the quality of service to other customers, and
- (d) minimally hamper efforts to restore a feeder to service (specifically when a clearance is required).

In addition, the Customer will also need to comply to the satisfaction of MEC with the following:

- (a) The generating facility meets all the minimum interconnection, safety, and protection requirements outlined in this manual,
- (b) Customer signs an Interconnect Agreement, as well as an Electric Supply/Purchase Agreement, as applicable, with MEC or, if applicable, our TP or any successor supplier.
- (c) Customer complies with and is subject to all applicable service and rate schedules and requirements, rate tariffs and other applicable requirements as filed with and approved by the appropriate state regulatory body.

It is the policy of MEC to also permit customer generating equipment that does not qualify under PURPA to operate in parallel with the MEC radial distribution system provided that all of the conditions outlined above are complied with. Due to relay coordination and potential backfeed problems, MEC cannot permit any distributed generation to be connected to a network system.

The minimum protective and safety devices (relays, circuit breakers, disconnect switches, etc.) specified in this manual must be installed and placed into service before allowing parallel operation of Customer's generation facilities with the MEC system. The purpose of these devices is to isolate the Customer's generating equipment from the MEC system whenever faults or disturbances occur and for maintenance purposes. Modifications to the MEC electrical system configuration or protective equipment may also be required at the expense of the Customer in order to accommodate parallel generation.

MEC will not assume any responsibility for the protection of the Customer's generator(s), or of any other portion of the Customer's electrical equipment. The Customer is fully and solely responsible for protecting his equipment in a manner to prevent any faults or other disturbances from damaging the Customer's equipment.

The Customer must obtain to the satisfaction of MEC all required permits and inspections indicating that the Customer's generating facility complies with local and other applicable safety codes. MEC can disallow the interconnection of a Customer's generating facility if, upon review of the Customer's design, MEC determines that the proposed design is not in compliance with applicable safety codes, or is such that it could constitute a potentially unsafe or hazardous condition or threaten the reliability of the MEC system.

4. DISTRIBUTED GENERATION TYPES

Distributed generation is any type of generator or generating facility which has the potential (a) for feeding a customer load, where this load can also be fed by, or connected to, the MEC electrical distribution system, or (b) for electrically paralleling with, or for feeding power back into MEC's electrical distribution system.

Distributed generators include induction and synchronous electrical generators as well as any type of electrical inverter capable of producing A/C power. A Separate System, or Emergency or Standby Generation System, is designed so as to never electrically interconnect or operate in electrical parallel with MEC's system. A Parallel System, or Interconnected Generation System, is as any generator or generation system that can parallel, or has the potential to be paralleled via design or normal operator control, either momentarily or on a continuous basis, with MEC's system.

The Customer may elect to run his generator as a separate system with non-parallel load transfer between the two independent power systems, or he may run it in parallel with the MEC system. A description and the basic requirements for these two methods of operation are outlined below.

4.1 Separate (Isolated) System

A separate system is one in which there is no possibility of electrically connecting or operating the Customer's generation in parallel with the utility's system. The Customer's equipment must transfer load between the two power systems in an open transition or non-parallel mode. If the Customer claims a separate system, MEC may require verification that the transfer scheme meets the non-parallel requirements.

Emergency or Standby generators used to supply part or all of the Customer's load during a utility power outage must be connected to the Customer's wiring through a double throw, "break-before-make" transfer switch specifically designed and installed for that purpose. The transfer switch must be of a visible and fail-safe mechanical throw over design, which will under no circumstances allow the generator to electrically interconnect or parallel with MEC's system. The transfer switch must always disconnect the Customer's load from MEC's power system prior to connecting it to the generator. Conversely, the transfer switch must also disconnect the load from the generator prior to re-connecting it back to the MEC system. These requirements apply to both actual emergency operations as well as to testing the generator. All transfer switches and transfer schemes must be inspected and approved by the jurisdictional electrical inspection agency.

Portable generators are not designed to be connected to a building's permanent wiring system, and are not to be connected to any such wiring unless a permanent and approved transfer switch is used. Failure to use a transfer switch can result in backfeed into the MEC system – the generator voltage can backfeed through the MEC transformer and be stepped up to a very high voltage. This can pose a potentially fatal shock hazard to anyone working on the power lines or on utility equipment.

Other than the requirements outlined above in this section, MEC has no further technical interconnection requirements for a separate system.

4.2 Parallel System

A parallel, or interconnected, generator is connected to a bus common with the utility's system, and a transfer of power between the two systems is a direct result. A consequence of such interconnected operation is that the Customer's generator becomes an integral part of the utility system that must be considered in the electrical protection and operation of the utility system.

Parallel generators encompass any type of distributed generator or generating facility that can electrically parallel with, or potentially backfeed the utility system. Additionally, any generator system using a "closed transition" type transfer switch or a multi-breaker transfer scheme, or an electrical inverter that can be configured or programmed to operate in a "utility interactive mode" constitutes a potential backfeed source to the MEC system, and are classified as an interconnected generator.

MEC has specific interconnection and contractual requirements, as outlined in this manual, that must be complied with, and information that needs to be submitted for all interconnected generators. These include a "visible open" disconnect switch meeting certain requirements to isolate the Customer's system from MEC system, as well as protective relaying, metering, special rate schedules, and other safety and information requirements. The Customer will be responsible for having the generation system protective schemes tested by, in the judgment of MEC, a qualified testing/calibration company. MEC personnel will inspect the system and the Customer will be required to sign an Interconnect Agreement and, if applicable, an Electric Supply/Purchase Agreement with MEC and, if applicable, our TP. MEC does not extend "blanket approval" to any specific type of generator or generator scheme since each project is site specific and needs to be reviewed on a case-by-case basis.

With respect to the above protection objectives, it is necessary for MEC to be enabled with equipment to disconnect the parallel generator when trouble occurs. This is to:

- (a) ensure if a fault on the MEC system persists, the fault current supplied by the Customer's generator is interrupted;
- (b) prevent the possibility of reclosing into an out-of-synch isolated system composed of the utility distribution system, or a section thereof, and the Customer's generator; and
- (c) prevent reclosing into the Customer's generation system that may be out of synchronization or stalled.

The protection requirements are minimal for smaller installations, but increase as the size of the Customer's generation increases. Small installations usually ensure that the generator is small compared with the magnitude of any load with which it might be isolated. Thus, for any fault on the utility system, utility protective devices will operate and normally isolate the generation with a large amount of load, causing voltage collapse and automatic shutdown of the generator. For larger installations the probability of isolated operation is higher since the available generation may be sufficient to carry the entire load, or part thereof, of the local MEC circuit. In instances where the MEC system arrangement is such that it is possible that the generators will not always be isolated with comparatively large amounts of load, additional protection and generator shutdown schemes are required.

INTERCONNECTION REQUIREMENTS FOR DISTRIBUTED GENERATION

The Customer is solely responsible for the protection of his equipment from automatic reclosing by the utility. MEC normally applies automatic reclosing to overhead distribution circuits. When the MEC source breaker trips, the Customer must ensure that his generator is disconnected from the MEC circuit prior to automatic reclosure by MEC. The automatic reclosing time on the MEC distribution system varies from feeder to feeder. Automatic reclosing out-of-synch with the Customer's generator may cause severe damage to Customer equipment and could also pose a serious hazard to Customer or utility personnel. The design of the facilities is the Customer's responsibility and at the Customer's expense.

The Customer shall adequately design and protect the generating plant against the impact of switching operations and contingencies on MEC system. Some examples are as follows: (This is not to be considered an all encompassing list.)

1. Load rejection on the generating plant will cause overspeed and overvoltages in the Plant.
2. Self-excitation can occur where an islanded distribution system, left connected to the generating plant, represents a capacitive load in excess of the generators capability absorb it. The generating plant and MEC equipment could be damaged by the resulting overvoltage if the plant is not quickly disconnected from the distribution system.
3. Acceleration of the generation plant during faults on nearby MEC distribution Feeders could cause the plant to slip out of synchronism with MEC system.
4. Broken conductors on MEC feeder could cause high levels of negative sequence current in the customer's generator.
5. Voltage unbalance at the point of interconnection can cause negative sequence heating in the generator and/or the interconnecting transformer.

5. CUSTOMER RESPONSIBILITIES

The Customer is physically, financially and legally responsible for all facilities required to be installed solely to interconnect the Customer's generation facility to the MEC system. This includes connection, transformation, switching, protective relaying, metering and safety equipment, including a visibly-open Disconnect Switch and any other requirements as outlined in this manual or other special items specified by MEC. All such Customer facilities are to be installed by the Customer at the Customer's sole expense. In the event that in the judgment of MEC additional facilities are required to be installed on the MEC system to accommodate the Customer's generation, MEC will install such facilities at the Customer's expense. MEC may also charge the Customer for any administrative costs and/or the costs of studies required to interconnect the Customer's generation, and the Customer as a condition of the interconnection shall pay said costs.

The Customer will own and be responsible for designing, installing, operating and maintaining:

- (a) The generating facility in accordance with the requirements of all applicable electric codes, laws and governmental agencies having jurisdiction.
- (b) Control and protective devices, in addition to minimum protective relays and devices, specified in this manual, to protect its facilities from abnormal operating conditions such as, but not limited to, electric overloading, abnormal voltages, and fault currents. Such protective devices must promptly disconnect the generating facility from MEC's system in the event of a power outage on MEC system.
- (c) Interconnection facilities on the Customer's premises as may be required to deliver power from the Customer's generating facility to the MEC system at the Point of Interconnection.

A Member participating in the Net Metering program and meeting the standards of this manual shall not be required to purchase any amount, type or classification of liability insurance the Member would not have in the absence of the DG. The Cooperative recommends, however, the Member obtain liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.

Owner/Operators of other DG facilities not participating in the Net Metering Program may be required to obtain liability insurance (with the Cooperative as the additional insured) including contractual liability insurance covering indemnity agreements which insures the DG Owner/Operator against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the DG Owner/Operators generating equipment. The insurance policy must be from a qualified insurance agency with a B+ or better rating by "A.M. Best Company". The amount of general liability coverage required will be commercially reasonable and be determined on a case by case basis by the Cooperative.

All interconnected Customers will be required to sign, in addition to any other purchase, supply or other standby or special agreements as may be applicable, an Interconnect Agreement with MEC.

INTERCONNECTION REQUIREMENTS FOR DISTRIBUTED GENERATION

Customers that purchase power from, or sell power to, MEC or, if applicable, our TP will be required to sign an Electric Supply/Purchase Agreement with MEC and/or our TP as circumstance may require.

6. MUTUAL UNDERSTANDINGS

6.1 Interconnections

MEC will not install or maintain any lines or equipment on a Customer's side of the Point of Interconnection, except it may install its meter and some research equipment. Only authorized MEC employees (with credentials to identify their company affiliation) may make and energize the service connection between the MEC system and the Customer's service entrance conductors.

Normally, the interconnection will be arranged to accept only one type of standard service at one Point of Interconnection. If a Customer's generating facility requires a special type of service, or if sales to our TP will be at a different voltage level, the services will only be provided according to additional specific terms that are outlined in the Electric Supply/Purchase Agreement, applicable rate schedules, or other terms and conditions governing the service.

6.2 Easements and Rights of Way

Where an easement or right of way is required to accommodate the interconnection, the Customer must provide to MEC suitable easements or rights of way, in MEC's name, on the premises owned, leased or otherwise controlled by the Customer. If the required easement or right of way is on another's property, the Customer must obtain and provide to MEC a suitable easement or right of way, in MEC's name, at Customer's sole cost and in sufficient time to meet the Interconnect Agreement requirements. All easements or rights of way must be on terms and conditions acceptable to MEC.

6.3 Purchase Rates

Where applicable, any energy purchases from the Customer's facility will be in accordance with the applicable Electric Supply/Purchase Agreement, any changes required by law or regulation, and such applicable rates authorized by law. Generating facilities with requirements of unusual size or characteristics may require additional or special rate and contract arrangements.

6.4 Regulatory Commissions

The rates, terms or other contract provisions governing the electric power sold to a Customer by MEC are subject to the jurisdiction of the appropriate state regulatory commissions. MEC retains at all times and without restriction the right to file a unilateral application for a change in requirements, charges, classification, or service, or any rule, regulation or agreement as allowed by law.

7. DESIGN CONSIDERATIONS AND DEFINITION OF CLASSES

Protection requirements are influenced by the size and characteristics of the parallel generator along with the nature and operational characteristics of the associated MEC system. Therefore, similar units connected to different lines could have different protection requirements based on varying load conditions, as well as on utility feeder and transformer characteristics.

7.1 Synchronous Units

Synchronous generators are generally capable of supplying sustained current for faults on the MEC system. These units can also supply isolated MEC load providing the load is within the units' output capability.

Reclosing of the utility onto synchronous units must be blocked to prevent out-of-synch paralleling and must also be prevented from energizing a de-energized utility line. Automatic reclosing by MEC is time-delayed to allow for automatic Customer generator separation prior to utility circuit re-energization.

7.2 Induction Units

Induction generators are basically induction motors that are mechanically driven above synchronous speed to produce electric power. These units do not have a separate excitation system and, as such, require that their output terminals be energized with AC voltage and supplied with reactive power to develop the magnetic flux. Induction generators are therefore normally not capable of supplying sustained fault current into faults on the utility system. Such units are generally not capable of supplying isolated load when separated from the utility system; however, it is possible for an induction generator to become self-excited if a sufficient amount of capacitance exists at its output terminals. Under conditions of self-excitation, an induction generator will be capable of supplying isolated load, providing the load is within the units' output capability. In most cases when self-excitation occurs it will be accompanied by a sudden increase in terminal voltage. MEC and its other customers must be protected from out-of-phase closing and over-voltages that can occur whenever an induction generator becomes self-excited. Induction units must therefore be designed to automatically separate from the utility system upon loss of utility voltage and prior to reclosing of the utility feeder.

7.3 Static Inverters

Static inverters convert DC power to AC by means of electronic switching. Switching can be controlled by the AC voltage of the utility's supply system (line-commutated) or by internal electronic circuitry (forced-commutated). Line-commutated inverters are generally not capable of operating independently of the utility's AC supply system and, as such, cannot normally supply fault current or isolated loads. Forced-commutated, or self-commutated, inverters are capable of supplying fault current and load independently of the AC supply system. Any forced-commutated inverter that is to be interconnected with the utility must be specifically designed for that purpose, i.e. it must be designed to accommodate parallel interfacing and operation.

Reclosing of the utility onto inverter units must be blocked to prevent out-of-synch closing and to prevent the energizing of a de-energized MEC line.

7.4 Definition of Generator Size Classes

The following generator size classifications are used in determining specific minimum protective requirements for distributed generation facilities. Specified ratings are for each connection to the MEC system. Customers must satisfy, in addition to the general requirements specified in this manual, the minimum relaying requirements given in this document for each generator class.

- (a) Class I -- 50 kW or less, single or three phase
- (b) Class II -- 51 kW to 300 kW, three phase
- (c) Class III -- 301 kW to 5,000 kW, three phase
- (d) Class IV -- over 5,000 kW, three phase

8. INTERCONNECTION TECHNICAL REQUIREMENTS

The requirements and specifications outlined in this section are applicable to all classes of distributed generation, unless otherwise specified. The minimum protection and safety devices and other requirements imposed in the following sections are intended to provide protection for the MEC system and its other customers. They are not imposed to provide protection for the Customer's generation equipment; this is the sole responsibility of the Customer. These requirements are in addition to requirements outlined in other sections of this manual.

8.1 General Technical Requirements

- 8.1.1 Customer is responsible for obtaining and maintaining all required permits and inspections indicating that Customer's generating facility complies with local and other applicable construction and safety codes, and making copies thereof available to MEC.
- 8.1.2 Multiple generator connections on the same utility service are permitted subject to MEC approval; however, a single Disconnect Switch for the facility will be required (normally located at the service entrance section).
- 8.1.3 A communication channel and telemetering may be required, at the Customer's expense, to facilitate proper parallel operation.
- 8.1.4 In the event that the generator MVA rating, or aggregate of generators ratings, exceed 50% of the expected minimum load that could be isolated with the generation, Direct Transfer Trip ("DTT") will be required at the customer's expense. In certain instances, a dedicated utility feeder may be required. One exception to the DTT requirement would be in the case for a generator that does not export power onto the distribution system, load displacement only. In this case a reverse power relay could be used to detect power flowing onto MEC system and trip the unit.
- 8.1.5 For synchronous generators, the Customer shall ensure that any potential open points such as breakers, fused disconnect switches, etc, located between the generator breaker and utility service are appropriately equipped with either (1) Kirk key interlocks to prevent them from being inadvertently opened when the generator breaker is closed, or (2) contacts that will instantaneously trip the generator breaker if any such switch were opened while the generator breaker was closed.

This is to prevent the opening and subsequent (inadvertent) re-closing of such a breaker or switch onto an un-synchronized generator.
- 8.1.6 In the event that the utility is required to install at Customer's expense electric meter(s) to record the output of the generator(s), Customer shall ensure that the design is such that the meter(s) are located on the utility-side of the generator breaker on a normally energized bus. Electronic meters are not designed to be de-energized for any length of time.
- 8.1.7 It should be emphasized that the Customer is responsible for the design, installation, operation and maintenance and the expense thereof of all equipment

for connection to the MEC system. It is also the Customer's responsibility to submit specifications and detailed plans as specified in our "Application for Operation of Customer-Owned Generation" form (Reference No. 100.41) contained in our "Distributed Generation Procedure and Guidelines Manual" (Reference No. 100.10) for the installation in writing to MEC for review and written MEC approval prior to their purchase and installation. Written approval by MEC does not indicate acceptance by other authorities.

8.2 Disconnect Switch

The Customer shall install and maintain a visible open, manually and gang-operated load-break disconnect switch ("Disconnect Switch") capable of being locked in a visibly "open" position by a standard MEC padlock that will completely isolate the Customer's generating facility from the MEC system.

The Disconnect Switch blades, jaws and the air-gap between them shall all be clearly visible when the switch is in the "open" position. It is not acceptable to have any of the "visible open" components obscured by the switch case or an arc-shield, etc. Only switches specifically designed to provide a true "visible open" are acceptable.

Such Disconnect Switch shall be installed in a place so as to provide easy and unrestricted accessibility to MEC personnel on a 24-hour basis. MEC shall have the right to lock open the Disconnect Switch without notice to the Customer when interconnected operation of the Customer's generating facility with the MEC system could adversely affect MEC system or endanger life or property, or upon termination of the Interconnect Agreement.

The Disconnect Switch will normally be required to be installed at the Customer's electrical service entrance section; however it may be located in the immediate vicinity of the generator, subject to MEC approval.

The Disconnect Switch must be rated for the voltage and current requirements of the generation facility, and must meet all applicable UL, ANSI and IEEE standards. The switch enclosure shall be properly grounded per the requirements of the National Electric Code (NEC).

In cases where the Disconnect Switch will be installed on a line at a voltage above 500V, MEC has specific grounding requirements that will need to be incorporated into the Disconnect Switch. Under certain circumstances (above 500V, switch located outdoors and underground fed), MEC may require the customer to install a rack-out breaker, along with a racking tool and grounding breaker, in lieu of a Disconnect Switch. In these cases, MEC will work with the Customer to determine the best option and ensure that the safety requirements are met.

8.3 Dedicated Transformer

Customer generators with a combined total rating of over 10 kW, as measured at the service entrance, must be isolated from other customers fed off the same utility transformer by a dedicated power transformer connecting to the utility distribution feeder. The purpose of the dedicated transformer is to ensure that the generator cannot become isolated at the secondary voltage level with a small amount of other-customer load. It also helps to confine any voltage fluctuation or harmonics produced by the generator to the Customer's own system. MEC will specify the transformer winding connections and any grounding requirements.

8.4 Power Quality

In order to minimize interference on the utility system the Customer should ensure that the electrical characteristics of its load and generating equipment meet, as a minimum, the specifications promulgated in the Institute of Electrical and Electronic Engineers (IEEE) Standard 519-1992.

8.4.1 Power Factor

The power factor of the Customer's facility shall not be less than ninety-five percent (95%) lagging, but shall not be leading, unless agreed to by MEC. MEC shall also have the right to request a leading power factor of 95% to 1.

8.4.2 Current Imbalance

The current imbalance for a three-phase system as measured at the Customer's service entrance section shall not be greater than ten percent (10%) at any time.

8.4.3 Harmonics

The electrical output of the Customer's generating facility shall not contain harmonic content which may cause disturbances on or damage to MEC electrical system, or other customer's systems, such as but not limited to computer, telephone, communication and other sensitive electronic or control systems.

8.4.4 Power Fluctuations

The Customer must exercise reasonable care to assure that the electrical characteristics of its load and generating equipment, such as deviation from sine wave form or unusual short interval fluctuations in power demand or production, shall not be such as to result in impairment of service to other customers or in interference with operation of computer, telephone, television or other communication systems or facilities.

8.4.5 Voltage Flicker

The customer facilities shall not cause Voltage Flicker at the point of interconnection that exceeds generally accepted practice or MEC standards.

8.4.6 Monitoring Requirements

MEC shall have the option to install, at the customer's expense, Power Quality monitoring equipment at the customer's facility to investigate any power quality problems that may be caused by the operation of the customer's generator.

8.5 Voltage Requirements

Customer generating equipment must deliver at the Point of Interconnection, 60 Hertz, either single or three-phase power at one standard voltage. (normally 24,940; 14,400; 277/480; 120/240; or 120/208 volts as may be selected by the Customer subject to availability at the premises). Interconnections at other voltage levels will be handled on a case-by-case basis.

8.6 Labeling Requirements

8.6.1 Disconnect Switch

The Customer shall label the Disconnect Switch "Interconnected Utility Disconnect Switch" (or "Photovoltaic Inverter, Wind Turbine, etc, Utility Disconnect Switch", as the case may be) by means of a permanently attached placard with clearly visible and permanent letters.

8.6.2 Breaker Panels

The Customer is responsible for ensuring that all electrical devices such as panel boxes, etc., which are or can be back-fed by the Customer's generator(s) are clearly identified/labeled as such in accordance with the requirements of the National Electrical Code. MEC will assume responsibility for labeling any utility equipment.

8.7 Protective Relaying Requirements

8.7.1 General Requirements

8.7.1.1 The Customer shall be solely responsible for properly protecting and synchronizing his generator(s) with the MEC system.

8.7.1.2 Customer facility shall include a UL approved automatic interrupting device that is rated to interrupt available fault (short circuit) current. The interrupting device shall be tripped, as a minimum, by all protective devices required herein.

8.7.1.3 Inherent characteristics of induction disk type voltage and frequency relays render their use unsuitable for some generator interface protection applications. Therefore, relays with definite level and timing characteristics (e.g., solid state type relays) will be necessary to meet the minimum requirements established herein.

8.7.1.4 For generator classes II and above (>50 kW) that require both voltage and frequency relay protection, separate and independent voltage and frequency relays and associated trip paths to the generator breaker (automatic interrupting device) are required. This is to ensure a redundant trip function in the event of a single relay failure or out-of-tolerance condition. It is acceptable however, for the over/under ("O/U") voltage functions to be integrated into a single o/u voltage relay, and for the over/under frequency functions to be integral to a single o/u frequency relay. Multifunction relays are allowed if the relay has self test capability and the relay failure contacts are connected to trip the generator. Digital fault recorder facilities are required to be installed in the interconnecting equipment. (DFR in relays would be acceptable.)

8.7.1.5 The generator protective scheme shall be of a fail-safe design such that loss of the protection scheme control power will immediately cause the generator breaker to open. The relays provided shall be equipped with

MEC approved test switches to provide isolation for CT's, VT's and Outputs and to facilitate testing.

8.7.2 Minimum Relaying Requirements

8.7.2.1 Class I (Single or Three Phase: 50 kW or less)

1. The minimum protection required is an under-voltage contactor.
2. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.

8.7.2.2 Class II (Three Phase: 51-300 kW)

1. Relays for overvoltage, undervoltage, overfrequency, and underfrequency are required.
2. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.
3. For installations interconnected to the utility through a transformer with connections that will not supply current to a ground fault on the utility system, a ground fault detector may be necessary. The utility will advise Customer of any such requirements after a preliminary review of the Customer's proposed installation.

8.7.2.3 Class III (Three Phase: 301-5,000 kW)

1. For this class of installation, utility grade protection devices and equipment will be required.
2. Relays for overvoltage, undervoltage, overfrequency, and underfrequency are required. Generators in this range may require additional relays and Direct Transfer Trip. This requirement will be determined during the Interconnection Study.
3. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.
4. For installations interconnected to the utility through a transformer with connections that will not supply current to a ground fault on the utility system, a ground fault detector may be necessary. The utility will advise Customer of any such requirements after a preliminary review of the Customer's proposed installation.
5. Other equipment such as supervisory control and alarms, telemetering, and associated communications channel may be necessary. The

INTERCONNECTION REQUIREMENTS FOR DISTRIBUTED GENERATION

utility will advise Customer of any communications requirements after a preliminary review of the proposed installation.

8.7.2.4 Class IV (Three Phase: Greater than 5,000 kW)

Note: Induction Generators or Line Commutated Inverters (LCI) in this size range are not anticipated.

1. For this class of installation, utility-grade protective devices and equipment will be required.
2. Relays for overvoltage, undervoltage, overfrequency, and underfrequency are required.
3. For all synchronous generators and forced commutated inverters, a synchronizing scheme, either manual with synch check relay, or an automatic synchronizer is required.
4. A ground time overcurrent and instantaneous overcurrent relay, or for installations interconnected to the utility through a transformer with connections that will not supply current to a ground fault on the utility system, a ground fault detection scheme is required.
5. The following relays are also required:
 - (a) Voltage-controlled time overcurrent relays, one per phase
 - (b) Negative sequence time overcurrent relay
 - (c) Overexcitation relay
 - (d) Loss of excitation relay
6. Other equipment such as supervisory control and alarms, telemetering, and associated communications channel may be necessary. The utility will advise Customer of any communications requirement after a preliminary review of the proposed installation.

The minimum protective relaying requirements for parallel operation of distributed generation are summarized in the following table:

INTERCONNECTION REQUIREMENTS FOR DISTRIBUTED GENERATION

Summary of Minimum Protective Relaying Requirements

	Induction Generator/ Line Commutated Inverter	Synchronous Generator/ Forced Commutated Inverter
Class I 50 kW or less	Undervoltage contactor	Undervoltage contactor Synchronizing
Class II 51 to 300 kW	Overvoltage, Undervoltage Overfrequency, Underfrequency	Overvoltage, Undervoltage Overfrequency, Underfrequency Synchronizing
Class III 301 to 5,000 kW	Overvoltage, Undervoltage Overfrequency, Underfrequency	Overvoltage, Undervoltage Overfrequency, Underfrequency Synchronizing
Class IV Greater than 5,000 kW	No induction generators of this size anticipated	Overvoltage, Undervoltage Overfrequency, Underfrequency Synchronizing Ground Time Overcurrent Ground Instantaneous Overcurrent Voltage-controlled Time Overcurrent Loss of Excitation Overexcitation Negative Sequence Time Overcurrent

8.7.3 Relay Settings

Voltage and frequency relays needed for minimum interface protection for all classes will have setting limits as specified below.

8.7.3.1 Undervoltage relays will operate at no less than 90% of the nominal voltage level (108 volts on a 120V base) and will have a maximum time delay of 1.0 seconds.

8.7.3.2 Overvoltage relays will operate at no greater than 110% of nominal voltage (132 volts on a 120V base) and will have a maximum time delay of 1.0 seconds.

8.7.3.3 Overfrequency relays will operate at no greater than 60.5 Hz and will have a maximum time delay of 0.1 seconds.

8.7.3.4 Underfrequency relays will operate at no less than 59.5 Hz and have a maximum time delay of 0.1 seconds.

Additional settings for Class IV installations and/or any other relays that may be required due to unusual circumstances will be handled on an individual basis.

9. METERING REQUIREMENTS

The requirements of this section are applicable to Customers that Interconnect to the MEC system.

The Customer must provide and install at Customer's expense, and in accordance with MEC service standards, meter sockets and metering cabinets in a suitable location.

MEC will furnish, own, install and maintain all meters that register the flow of all energy from the Customer. The cost of providing and maintaining the required meters will be the responsibility of and paid by the customer upon invoicing or as specified in the Electric Supply/ Purchase Agreement.

10. APPLICATION PROCESS AND DOCUMENTATION REQUIREMENTS

Note: MEC approvals given pursuant to the review and approval process and the Interconnection Agreement shall not be construed as any warranty of, or representation regarding the safety, durability, reliability, performance or fitness of Customer's generation and service facilities, its control or protective device or the design, construction, installation or operation thereof to Customer or any third party.

- 10.1 The Customer must submit written equipment specifications and plans for the installation and operation of its generating facilities, interconnection facilities, control and protective devices and facilities for MEC review and advance written approval prior to actual equipment installation. The "Application for Operation of Customer-Owned Generation" form (Reference No. 100.41) contained in our "Distributed Generation Procedure and Guidelines Manual" (Reference No. 100.10) must be completed and all supplementary information requested therein must be provided. Customers participating in our Net Metering Services Tariff must contact our Energy Management department for the application form specific to the Net Metering program.

MEC strongly encourages each Customer to contact and work closely with MEC at the conceptual stages of the design to ensure that the project proceeds smoothly. MEC will generally require a single point of contact at MEC with which to coordinate the interconnection process.

- 10.2 In the event it is necessary for MEC to install interconnection facilities on its system (including but not limited to control or protective devices, or any other facilities), in order to accommodate or protect the Customer's generation facility or MEC equipment, MEC will inform the Customer of the cost and upon invoice the Customer must reimburse MEC for the costs incurred by MEC to the extent they exceed those normally incurred by MEC for customers who do not have self generation facilities.
- 10.3 Following MEC approval of the Customer's proposed generating facility and associated facilities, the Customer cannot remove, alter or otherwise modify or change the equipment specifications, including, without limitation, the plans, control and protective devices or settings, and in general the generating facility system configuration or any facilities appurtenant thereto. If the Customer desires to make changes or modifications, the Customer must resubmit to MEC plans describing the changes or modifications for and receive written approval by MEC. No change or modification may be made without the prior written approval of MEC.

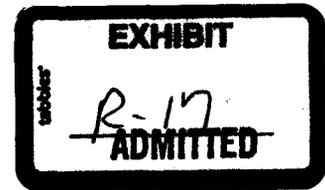
11. TESTING AND START-UP REQUIREMENTS

- 11.1 Following MEC approval of the Customer's generating facility and associated minimum interconnection requirements, the Customer shall, at a minimum, have all specified interface equipment, shutdown and associated protective devices tested and calibrated at the time of installation by qualified personnel and shall also perform functional trip testing of these relays and associated generator or inverter breaker. Calibration must include on-site bench testing of pickup and timing characteristics of the relays. Functional testing must demonstrate that each (minimum) protective relay trip function as required herein, upon a (simulated) out of tolerance input signal will trip the generator breaker, and shall also include a simulated loss of control power to demonstrate that the generator breaker will open. A trip timing test (simulated loss of voltage) will suffice for static inverters rated 50kW or less.
- 11.2 The Customer shall provide MEC with a copy of calibration and functional test results. Customer must also notify MEC in writing received by MEC at least five (5) working days in advance that such tests are to be performed and allow MEC personnel to witness such tests.
- 11.3 The Customer will be required to have a signed Interconnect Agreement with MEC, the preconditions for the effectiveness of which have been satisfied and completed and will need to provide MEC with a copy of the MEC required insurance certificate (if applicable), in a form acceptable to MEC as applicable, prior to electrically paralleling the generating facility with the MEC system.
- 11.4 The Customer will not commence interconnected operation of its generating facility until the installation has been inspected by an authorized MEC representative and final written approval is received from MEC to commence interconnected operation, which approval shall not be unreasonably withheld. The Customer shall in writing give MEC at least five (5) working days notice prior to the notice date of when initial startup is to begin. MEC will have the right to have a representative present during initial energizing and testing of the Customer's system.
- 11.5 The Customer shall have all protective devices tested by a competent testing firm at the time of installation, prior to initial interconnection, and at intervals not to exceed four (4) years by qualified test personnel. The Customer shall (i) notify MEC as to when such tests are to be performed at least five (5) working days prior to such tests and allow MEC personnel to witness the test, and (ii) provide MEC with a certified copy of the test results.

12. OPERATIONAL AND MAINTENANCE REQUIREMENTS

- 12.1 The Customer will be responsible for operating and maintaining the generator facility in accordance with the requirements of all applicable safety and electrical codes, laws and governmental agencies having jurisdiction.
- 12.2 The Customer shall protect, operate and maintain the generating facility in accordance with those practices and methods, as they are changed from time-to-time, that are commonly used in prudent engineering and electric utility operations and shall operate and maintain the generating facility lawfully in a safe manner and non-hazardous condition.
- 12.3 The Customer will allow MEC and its authorized agents access to the protective relaying and control facilities to conduct whatever startup or periodic tests MEC deems necessary. MEC will provide the Customer with advance notice of such tests, so that the Customer's representatives may be in attendance when such tests are performed.
- 12.4 In the event MEC or its authorized agents lock open the Disconnect Switch, the Customer shall not remove or tamper with such lock.
- 12.5 MEC will be allowed to install on Customer's premises any instrumentation equipment for research purposes. Such equipment shall be owned, furnished, installed and maintained by MEC.
- 12.6 MEC (including its employees, agents and representatives) shall have the right to enter the Customer's premises to (a) inspect the Customer's generating facility, protective devices, and to read or test instrumentation equipment that MEC may install, provided that as reasonably as possible, notice is given to the Customer prior to entering its premises; (b) maintain or repair MEC equipment; (c) disconnect the generating facility without notice if, in MEC's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, MEC facilities or other customers' or third parties' property and facilities from damage or interference caused by the Customer's generating facility, or improperly operating protective devices; (d) open the Disconnect Switch without notice if an operating clearance is required by MEC personnel; (e) close the Disconnect Switch upon completion of MEC work performed under an operating clearance.
- 12.7 Upon termination of the Interconnect Agreement, the Customer shall be responsible for ensuring that the Disconnect Switch is immediately opened, and that the electric conductors connecting the Customer's generator(s) to the Disconnect Switch are lifted and permanently removed, so as to preclude any possibility of interconnected operation in the future. MEC reserves the right to inspect the Customer's facility to verify that the generator is permanently disconnected.

MOHAVE ELECTRIC COOPERATIVE, INC.



**SUMMARY OF APPLICATION PROCESS FOR
DISTRIBUTED GENERATION**

**REFERENCE NUMBER DG 100.30
REVISED JULY 12, 2011**

Mohave Electric Cooperative, Inc.

Summary of Application Process for Distributive Generation

Installation and Interconnection

Your electric Cooperative seeks to provide its members and patrons with the best electric service possible, and at the lowest cost consistent with sound economy and good management. In some cases, Cooperative members and patrons may become interested in installing their own electric power generation equipment. In these cases, your Cooperative stands ready to work with you to ensure that your generation equipment is installed in a proper and safe manner, and in accordance with all applicable codes, standards, regulations, laws and insurance requirements. In most of these cases, you will also need to coordinate the installation and approval of your electric power generator with the local code inspection authority. Your Cooperative engineers and customer service representatives can also help identify the appropriate contact for this purpose.

Your distributive generation may or may not be interconnected to the Cooperative's distribution system. If you are participating in our Net Metering Service Tariff, you will be required to fill out an application form available from our Energy Management Services department. If you are not participating in our Net Metering Service Tariff, you may be required to fill out Part 1 and/or Part 2 of the application form contained in our "Distributive Generation Procedures and Guidelines Manual" (Reference No. DG 100.10); the application form is contained in the back of the manual, and is designated "Application for Operation of Customer-Owned Generation" (Reference No. DG 100.41). Find your specific situation below:

Generators Not Interconnected with the Cooperative Distribution System

You may be planning to install a generator for isolated operation, with no connection to the Cooperative distribution system.

Generator Installation (0-30 kW and not interconnected with the Cooperative Distribution System)

If you are considering installation of an emergency generator from 0-30 kW, typically running on gasoline or diesel fuel oil, you are probably not planning to interconnect your generator with the Cooperative electric power distribution system. It is important that your installation is safe to you, safe to other customers and to our utility workers. It also should not interfere with your electric Cooperative's reliable supply of electric power to your residence or other facility. To accomplish this, care must be taken to install your generator so that it will either:

- 1) Only start up to serve your entire load when you have disconnected from the electric power grid, or

- 2) You are only serving isolated loads where there is a choice of power supply (the Cooperative system or your emergency generator).

You are required to complete Part 1 of the application to notify us of your plans. We also must witness a test of your system to verify that your automatic or manual transfer switch is operating properly.

Generator Installation (greater than 30 kW and not interconnected with the Cooperative Distribution System)

Installation of larger generators within a customer facility has the potential to impact distribution system operations. If you are planning to install a large generator, you must complete Parts 1 and 2 of the attached application and submit it to us so we are aware of your plans. We will review your plans to ensure that your installation is not interconnected, and to make certain to the greatest extent possible that your installation will not endanger safety or reliability on the Cooperative's electrical distribution system. We want to make sure that your installation will not place our utility workers in any danger of electric shock. We will report back to you with our findings within 12 business days of your application.

Generators Interconnected with the Cooperative Distribution System

When installing a generator and planning to interconnect with the distribution system, we must review your plans to ensure that personnel safety and system reliability will not be compromised.

If you are interested in displacing some of your own load, or selling all of the power that you generate:

- 1) The Cooperative's Renewable Energy Standard and Tariff plan offers a Net Metering Service Tariff whereby your distributive generation can offset the electrical energy provided to you by the Cooperative.
- 2) If you are interested in selling power to the Cooperative, we will review the feasibility of your project on a case by case basis.
- 3) We are willing to wheel excess power for you; these projects are reviewed on a case by case basis.

Generator Installation and Interconnection with the Cooperative Distribution System (all generators)

Customers may wish to install their new generator and interconnect it with the Cooperative electric distribution system. The application procedure is as follows:

If you are participating in the Net Metering Service Tariff:

Contact our Energy Management Services Department for an application form. You also need to complete a Net Metering Interconnection Agreement (also available from the Energy Management Services Department).

If you are NOT participating in the Net Metering Service Tariff:

In these cases, you need to complete the "Application for Operation of Customer-Owned Generation" form (Reference No. 100.41) and may need to pay an engineering deposit (see the attached fee schedule). If your proposed generator installation is 50,000 watts or less and no power will be exported, you only need to complete Part 1 of the application¹. If your generator is more than 50,000 watts and no power will be exported, or your generator output is intended for power export to the Cooperative, you must complete Parts 1 and 2, pay a deposit, and sign an actual cost engineering services agreement for an Engineering Study. You will also need to complete an Interconnection Agreement prior to your interconnection with the Cooperative; additional documents may also be required.

An application schedule is attached. If an engineering deposit is required, you will need to sign an engineering services agreement and pay a deposit based on the estimated cost of the engineering study which needs to be performed. Submit your application to your electric Cooperative representative as indicated below and we will contact you if an engineering study is deemed necessary.

Once we receive your application, we will review your proposed generator installation. If we approve your application, we will let you know if there are special steps you need to take during the generator installation process. We may request additional information regarding your planned installation. We will also ask you to sign an interconnection agreement in which you agree to operate your generator safely, maintain the unit properly, and maintain insurance as needed. We will furnish you an advance copy of the agreement upon request.

You can give us a call at anytime during this review process to find out the status of your application. If your application is not approved for any reason, we will explain the reason and be available to discuss your plans.

As part of our application review process, we will examine the ability of the Cooperative electric distribution system to accept your new power generation unit. On certain parts of our system, we may need to replace existing equipment or add some new equipment in order to accommodate customer generation. Your Cooperative will then incur costs beyond what is normally required to operate and maintain the system to benefit all members.

To be fair to all members, you will need to pay for any system upgrades that will be needed. If this is the case for your planned generator installation, a cost estimate and actual cost construction agreement for the system upgrade will be completed. The construction agreement must be executed and the estimated cost of construction paid prior to the commencement of construction.

* * * * *

¹ If power export is planned, you must complete Parts 1 and 2 of the application.

Submit your application to your electric Cooperative representative as follows:

If your generation output is isolated from the Cooperative, or is not intended for power export to the Cooperative contact:

Cooperative contact: Steve Bouman
Title: Energy Management Specialist
Address: Mohave Electric Cooperative, Inc.
928 Hancock Road
Bullhead City, AZ 86442
Phone: (928) 758-0539
Fax: (928) 763-7357
e-mail: sbouman@mohaveelectric.com

If your generation output is intended for power export to the Cooperative contact:

Cooperative contact: John Williams
Title: Line Extension Supervisor
Address: Mohave Electric Cooperative, Inc.
P.O. Box 1045
Bullhead City, AZ 86430
Phone: (928) 758-0580
Fax: (928) 763-6094
e-mail: jwilliams@mohaveelectric.com

**Mohave Electric Cooperative, Inc.
Distributed Generation Projects**

Information Requirements and Study Fees

Information is required from the DG owner/developer to allow the Cooperative Engineering Staff to make an informed decision regarding the impact of the proposed project on the distribution system. The Cooperative also has a responsibility to make certain information readily available to the DG applicant.

The Cooperative engineering department or responsible third party employee has responsibility to evaluate the impact of a DG interconnection on the distribution system. This evaluation tends to drive the assessment of a study fee. No system impact study and no associated application fee is required when all of the following for the proposed DG are met:

- Equipment is isolated from interconnection with the Cooperative's system;
- Equipment is "pre-certified";
- Capacity is 700 kW or less and participates in the Net Metering Service Tariff program, or 50 kW or less and does not participate in Net Metering Service Tariff;
- Equipment will contribute not more than 25% of the maximum potential short circuit current of the feeder.

DG Size	Operating Characteristics	Application	Application Fee
0kW to 30 kW	Isolated	Part 1	None
>30 kW to 100kW	Isolated	Parts 1 & 2	None
Net Metering Service Customers (1 kW up to 700 kW)	Parallel Operation, Not intended for power export	Net Metering Application Form	None
Up to 50 kW, not under Net Metering Service Tariff	Parallel Operation, Not intended for power export	Parts 1 & 2	None
Over 50 kW to 700 kW, not under Net Metering Service Tariff	Parallel Operation, No power export	Parts 1 & 2, Engineering Study Required	Actual Cost Engineering Services Agreement
>700 kW to 10 MW	Power export	Parts 1 & 2, Engineering Study Required	Actual Cost Engineering Services Agreement

ORIGINAL

COMMISSIONERS

GARY PIERCE, CHAIRMAN
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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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,
INCORPORATED AS TO SERVICES TO
THE HAVASUPAI AND HUALAPAI
INDIAN RESERVATIONS.

DOCKET NO. E-01750A-05-0579

**PARTIES' JOINT SUBMISSION
OF PROPOSED SETTLEMENT
VERSION OF RECOMMENDED
OPINION AND ORDER
AND
REQUEST FOR PROCEDURAL
CONFERENCE**

BRIAR CLAY L.L.C.
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

The Bureau of Indian Affairs ("BIA") and Mohave Electric Cooperative, Inc. ("MEC"), by and through their counsel undersigned, hereby jointly submit their agreed form of a proposed Recommended Opinion and Order on Rehearing ("ROO"). This ROO contains and embodies the settlement worked out between the parties, and documents that settlement in the form of a stipulated proposed form of final order to be considered by the Administrative Law Judge and eventually the Commission. It is submitted in accordance with provisions of Procedural Orders dated July 27, 2011 and December 27, 2011, together with the parties' request for a three-day continuance of an earlier January 31, 2011 deadline in a joint filing earlier this week.

The parties were not able to reach agreement on a few specific, succinct issues, which are called out in the attached proposed ROO in underlined language. In these circumstances, the proposed non-stipulated language is clearly set forth by the party

EXHIBIT

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12-18
ADMITTED

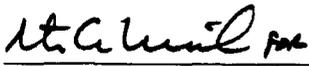
BRYAN CAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

1 proposing such language, and a footnote indicates the parties' position regarding that
2 language.

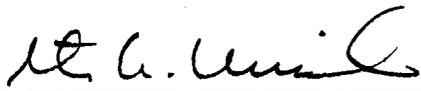
3 The parties also request that a procedural conference be set at the Commission's
4 earliest convenience to discuss the setting of a hearing regarding the settlement and the
5 small number of issues remaining for resolution.

6 RESPECTFULLY SUBMITTED this 3rd day of February, 2012.

7
8 ANN BIRMINGHAM SCHEEL
9 United States Attorney
10 District of Arizona

11 By  (with permission)
12 MARK J. WENKER
13 Assistant U.S. Attorney
14 40 N. Central Avenue, Suite 1200
15 Phoenix, Arizona 85004-4408
16 Attorneys for the Bureau of Indian Affairs

17 BRYAN CAVE LLP

18 By 
19 Steven A. Hirsch, #006360
20 Rodney W. Ott, #016686
21 Two N. Central Avenue, Suite 2200
22 Phoenix, AZ 85004-4406
23 Attorneys for Mohave Electric
24 Cooperative, Inc.

25 **ORIGINAL and 13 COPIES** of the
26 foregoing and attached proposed
27 form of ROO were hand-delivered for
28 filing this 3rd day of February, 2012, to:

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

DEIRAN LAYE, LLC
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

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COPY of the foregoing and ROO
hand-delivered this 3rd day of
February, 2012, to:

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

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

Steven M. Olea
Utilities 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



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COMMISSIONERS

GARY PIERCE, CHAIRMAN
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

 **DRAFT**

BEFORE THE ARIZONA CORPORATION COMMISSION

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

DOCKET NO. E-01750A-05-0579
DECISION NO. _____
(AMENDING DECISION NO. 72043)

**OPINION AND ORDER
ON REHEARING**

BRYAN CAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

DATE OF PROCEDURAL
CONFERENCES:

September 14, November 17, and December 13,
2005; September 7 and November 1, 2006;
July 18, August 18, November 5, and
December 19, 2008; April 3, 2009; January 25,
March 31, and July 25, 2011

DATE OF HEARING:

November 18, 19, and 20, 2008

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Teena Jibilian

APPEARANCES:

Mssrs. Michael A. Curtis, William P. Sullivan,
Larry K. Udall, and Ms. Nancy A. Mangone,
Udall, Goodwin, Sullivan, Udall & Schwab, PLC,
and Mssrs. Steven A. Hirsch, Rodney W. Ott, and
Landon W. Loveland, Bryan Cave LLP, on behalf
of Mohave Electric Cooperative, Incorporated;

Mr. Mark J. Wenker U.S. Attorney's Office behalf
of the Bureau of Indian Affairs, United States of
America; and

Mssrs. Keith A. Layton and Kevin Torrey, Staff
Attorneys, and Ms. Janice A. Alward, Assistant
Chief Counsel, Legal Division, on behalf of the
Utilities Division of the Arizona Corporation
Commission.

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ONTARIO JAMES LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 **BY THE COMMISSION:**

2 **INTRODUCTION**

3 On August 10, 2005, the Bureau of Indian Affairs, United States of America ("BIA"
4 or "Complainant") filed the above-captioned formal complaint ("Complaint") with the
5 Arizona Corporation Commission ("Commission") against Mohave Electric Cooperative,
6 Incorporated ("Mohave" or "Respondent").

7 Among other issues, the Complaint concerns an electric power line that starts at
8 Mohave's Nelson Substation and runs approximately 70 miles north, northeast, to the Long
9 Mesa Transformer, located at the rim of the Grand Canyon, Arizona ("Line"); a contract
10 entered into on October 1, 1981, by BIA and Mohave ("Contract"); and Mohave's assertion
11 that it transferred Mohave's interest in the Line to BIA, the Havasupai Tribe and the
12 Hualapai Tribe by means of a quit claim deed ("Quit Claim").¹

13
14
15 ¹ BIA's Complaint requested that the Commission enter an Order declaring:

- 16 1. Mohave shall not transfer or abandon the Line or the easement for the right of way;
- 17 2. The Line is part of Mohave's service territory;
- 18 3. The BIA is a retail customer of Mohave for receipt of electricity and electrical distribution
19 service over the Line;
- 20 4. Mohave's point of delivery of electricity and electrical distribution service to the BIA is
21 the line side of the Long Mesa Transformer;
- 22 5. Mohave shall forthwith place a meter on the Line on the line side of the Long Mesa
23 Transformer for the determination of the electricity used by the BIA;
- 24 6. Mohave shall cease charging the BIA for electricity and electrical distribution service of
25 that portion of the Line costs attributable to Mohave's approximately fourteen customers
26 rather than attributable to the BIA;
- 27 7. Mohave shall continue to provide electricity and electrical distribution service at Long
28 Mesa to the BIA under the Contract;
8. Mohave shall continue to operate, maintain, repair and replace the Line as needed;
9. Mohave's attempted quitclaim of the Line, and Mohave's easement for the right-of-way to
the BIA and the Tribes is in violation of Arizona Revised Statutes ("A.R.S.") § 40-285;
10. Mohave shall provide restitution for past BIA expenditures concerning the maintenance
and upkeep of the Line as well as past BIA payments for electricity and electrical
distribution service for the approximately fourteen non-BIA customers utilizing the Line;
and
11. [G]ranteeing the BIA such additional and further relief as is appropriate under the
circumstances.

(BIA Complaint ¶ 40.).

1 Mohave contends that the Contract ended on or about April, 1992, that it was
2 thereafter not extended, that the Contract has no relevance to the current obligations of
3 Mohave, if any, and that BIA has accepted Mohave's Quit Claim. BIA contends that for the
4 relief it is seeking from the Commission, the pertinent facts are that Mohave and BIA
5 entered into the Contract and that Mohave built the Line pursuant to the Contract. BIA
6 contends that it is immaterial to the relief sought whether the Contract is currently in effect.
7 BIA disagrees with Mohave's contention that the Contract terminated and therefore the Quit
8 Claim and abandonment of the Line was legally permitted.

9 Following a lengthy procedural history, as set forth in the Findings of Fact below, an
10 evidentiary hearing was set. Prior to the hearing, on September 5, 2008, BIA and Mohave
11 jointly filed a Stipulated Statement of Facts and Issues in Dispute ("Stipulated Facts").

12 A hearing was held on the Complaint commencing on November 18, 2008, and
13 concluding on November 20, 2008. Both Mohave and BIA made post hearing filings.

14 On May 4, 2009, BIA and Mohave filed reply closing briefs, and the matter was
15 taken under advisement.

16 In its reply closing brief, BIA requests that the Commission:

- 17 1. Find that BIA and the other customers along the line are Mohave's retail
18 customers;
- 19 2. Find that Mohave's service territory includes the area served by the Line;
- 20 3. Void Mohave's transfer of the Line;
- 21 4. Declare that Mohave owns the Line;
- 22 5. Order Mohave to operate and maintain the Line;
- 23 6. Order Mohave to relocate BIA's meter to its original location at the end of the
24 Line;
- 25 7. Order Mohave to reimburse BIA \$125,851.33, plus interest, for the repair and
26 maintenance costs on the Line that BIA has had to pay since Mohave
27 wrongfully abandoned the Line;
- 28 8. Order Mohave to reimburse BIA for the electricity that has been consumed by
Mohave's customers along the Line but was paid by BIA (\$19,140 plus
\$348/month beginning with May, 2009, plus interest); and

BRIAN CARR LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 9. Take whatever other action the Commission deems appropriate.²

2 In its reply closing brief, Mohave requests that the Commission reject the arguments
3 of BIA, deny the relief requested by BIA, find that Mohave properly abandoned the 70-mile
4 Line between Mohave's Nelson substation and Long Mesa, hold that Mohave is not longer
5 responsible for the costs associated with the abandoned Line, including operation and
6 maintenance costs,³ and dismiss the Complaint.⁴

7 On December 10, 2010, the Commission issued Decision No. 72043 in this Docket.
8 On January 18, 2011, the Commission voted to grant Mohave's December 30, 2010
9 Application for Rehearing filed pursuant to A.R.S. § 40-253 and ordered the Hearing
10 Division to conduct rehearing proceedings and prepare a Recommended Order on Rehearing
11 for the Commission's consideration. The proceedings described in Findings of Fact 97
12 through 110 below were conducted by the Hearing Division, leading to the parties jointly
13 filing on _____, 2012 a Proposed Recommended Opinion and Order on Rehearing
14 pursuant to A.A.C. R14-3-110(B) and the July 27, 2011 Procedural Order. The Hearing
15 Division docketed a Recommended Opinion and Order on Rehearing on _____,
16 2012 for the Commission's consideration and action.

17 * * * * *

18 Having considered the entire record herein and being fully advised in the premises,
19 the Commission finds, concludes, and orders that:

20 **FINDINGS OF FACT**

21 **Procedural History**

22 1. On August 10, 2005, BIA filed a Complaint with the Commission against
23 Mohave.

24 2. On August 12, 2005, the Commission's Docket Control forwarded a copy of the
25 Complaint to Mohave via Certified U.S. Mail and requested a response within 20 days.

26 ² BIA Reply Closing Argument at 46-47.

27 ³ Mohave Post-Hearing Response Brief at 1.

28 ⁴ *Id.* at 30.

BRIAN LAYNE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 3. On August 29, 2005, Mohave filed a Motion to Extend Filing Deadline,
2 indicating that counsel for BIA had consented to an extension until September 15, 2005 for
3 Mohave to file an Answer.

4 4. On August 30, 2005, a procedural order was issued extending the deadline for
5 the filing of an Answer to September 19, 2005.

6 5. On September 13, 2005, Mohave filed a Motion to Extend Answer Deadline
7 and Motion to Expedite Ruling. Therein, Mohave stated that “[b]ecause of Labor Day
8 vacations and the difficulty Mohave’s legal counsel has had in communicating with
9 members of Mohave’s management and staff for preparation of an answer” it was
10 requesting an extension of the September 19, 2005, deadline for filing an answer until ten
11 days after a ruling on a motion to dismiss, which Mohave expected to file by September 19,
12 2005. Mohave requested “clarification on whether any responsive pleading will suffice as a
13 filing on September 19, 2005.”

14 6. On September 14, 2005, a procedural order was issued setting a procedural
15 conference to be held for the purpose of discussing the issues raised in Respondent’s
16 September 13, 2005 Motion.

17 7. On September 14, 2005, the procedural conference was convened as
18 scheduled. Counsel for Complainant and Respondent appeared. Counsel for Respondent
19 stated that Respondent had “found it somewhat difficult to marshal the facts that will deal
20 with the Commission’s jurisdiction in this matter” and requested that it be allowed to file a
21 motion to dismiss pursuant to Rule 12(b)(6) of the Arizona Rules of Civil Procedure
22 (“ARCP”) prior to filing an Answer to the Complaint as required by the Commission’s
23 rules, and that Mohave be required to file an Answer only if a ruling on the motion to
24 dismiss was made in favor of BIA. Counsel for BIA correctly stated that the Commission’s
25 rule requires a consolidated answer,⁵ but that BIA was willing to accommodate Mohave’s

26 ⁵ The Commission’s rule governing the filing of answers to complaints is embodied in
27 A.A.C. R14-3-106(H), which provides as follows:

28 Answers to complaints are required and must be filed within 20 days after the date on
which the complaint is served by the Commission, unless otherwise ordered by the

BRIAR WAYS, LLC
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 need for more time to prepare its Answer. At the procedural conference, the Administrative
 2 Law Judge ("ALJ") ruled that no exception to A.A.C. R12-106(H) would be granted,
 3 because facts necessary for an Answer would likely be necessary to support a Commission
 4 ruling on any motion filed under ARCP Rule 12(b)(6). The deadline for Mohave to file its
 5 Answer and any accompanying pleadings was extended to October 5, 2005.

6 8. On October 6, 2005, Mohave filed its Answer and Motion to Dismiss.

7 9. On October 21, 2005, BIA filed its Opposition to the Motion to Dismiss.

8 10. On October 24, 2005, a procedural order was issued setting a pre-hearing
 9 conference for November 17, 2005, for the purpose of taking oral argument on the legal
 10 issues raised in Respondent's Motion to Dismiss and Complainant's Opposition to the
 11 Motion to Dismiss.

12 11. On November 1, 2005, Mohave filed a Reply to BIA's Opposition to Motion
 13 to Dismiss.

14 12. On November 10, 2005, Mohave filed a Motion to Continue the Pre-Hearing
 15 Conference Date for Oral Argument on Mohave's Motion to Dismiss. Mohave stated that
 16 its lead counsel had a schedule conflict on that date, and that counsel for BIA and Staff
 17 consented to a continuance.

18 13. On November 14, 2005, a procedural order was issued granting Mohave's
 19 requested continuance and changing the November 17, 2005 pre-hearing conference to a
 20 procedural conference to be held for the purpose of re-scheduling oral argument on the legal
 21 issues raised in Respondent's Motion to Dismiss and Complainant's Opposition to the
 22 Motion to Dismiss.

23 14. On November 17, 2005, the procedural conference convened as scheduled.
 24 Counsel for BIA, Mohave, and the Commission's Utilities Division ("Staff") appeared and
 25 discussed available dates for oral argument.

26 Commission. All answers shall be full and complete and shall admit or deny
 27 specifically and in detail each allegation of the complaint to which such answer is
 28 directed. The answer shall include a motion to dismiss if a party desires to challenge
 the sufficiency of the complaint.

1 15. On November 17, 2005, a procedural order was issued setting a pre-hearing
2 conference to commence on December 13, 2005, at 10:00 a.m., for the purpose of taking
3 oral argument on the legal issues raised in Respondent's Motion to Dismiss, Complainant's
4 Opposition to the Motion to Dismiss, and Respondent's Reply to Complainant's Opposition
5 to Motion to Dismiss.

6 16. On December 9, 2005, Mohave made a filing in Arizona Superior Court for
7 Maricopa County seeking a declaratory ruling on the validity of a 1982 contract between
8 BIA and Mohave regarding the provision of electric service to the Hualapai and Havasupai
9 Indian reservations.

10 17. On December 12, 2005, Mohave filed a Motion to Continue and Hold
11 Proceedings in Abeyance Pending Ruling by Arizona State Court. Mohave requested in the
12 Motion that the Commission refrain from making any ruling on the Complaint prior to a
13 final declaratory ruling on Mohave's December 9, 2005 state court filing. In the Motion,
14 Mohave stated that it would voluntarily continue to provide service at its Nelson Substation
15 to BIA at the Commission-approved rate in the interim period, and that in the event of an
16 emergency posing an imminent and substantial endangerment to the public health, safety
17 and welfare, Mohave agreed to respond to such emergency, provided BIA pays the cost of
18 such response.

19 18. On December 13, 2005, the Pre-Hearing Conference for taking oral argument
20 on the Motion, Opposition and Reply convened as scheduled. Appearances were entered by
21 counsel for Complainant, Respondent and Staff. During the Pre-Hearing Conference, oral
22 argument was taken from the parties on the issues raised in the Motion to Dismiss,
23 Opposition to the Motion to Dismiss, and Reply to the Opposition to the Motion to Dismiss,
24 with the exception of the issue regarding the 1982 contract, because that issue was pending
25 in Superior Court on that date. Complainant and Respondent argued in support of their
26 positions. Staff did not take a position on the merits of the Complaint.

27 19. On January 6, 2006, Mohave docketed a copy of the transcript of the
28 December 13, 2005 proceeding.

BRIAN DAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 964-7000

1 20. On February 10, 2006, Mohave filed with the Commission a Notice of
2 Removal of State Declaratory Judgment Action to the U.S. District Court. In the Notice,
3 Mohave renewed its request that the Commission refrain from making any ruling on the
4 Complaint.

5 21. On May 10, 2006, BIA filed with the Commission a Notice of Dismissal of
6 Mohave Electric's Declaratory Judgment Complaint. In the Notice, BIA stated that the
7 United States District Court for the District of Arizona had granted BIA's motion to dismiss
8 Mohave's declaratory judgment action for lack of subject matter jurisdiction, finding BIA's
9 claim of sovereign immunity applicable. BIA stated that the underlying basis for Mohave's
10 request to stay this administrative action pending resolution of a separate state declaratory
11 judgment action no longer existed and asked that Mohave's request be denied.

12 22. On August 4, 2006, a procedural order was issued. Based on a review of
13 BIA's Complaint, Mohave's Answer and Motion to Dismiss the Complaint, Mohave's
14 Reply to BIA's Opposition to the Motion to Dismiss, and the oral arguments presented by
15 the parties, the procedural order denied Mohave's October 6, 2005 request for summary
16 dismissal of the Complaint pursuant to Arizona Administrative Code ("A.A.C.") R14-3-
17 101(A), A.A.C. R14-3-106(H), and ARCP 12(B)(6) for lack of jurisdiction, failure to join
18 indispensable parties, improper forum, and failure to state a claim upon which relief can be
19 granted. The procedural order set a pre-hearing conference to be held on September 7,
20 2006, at 2:00 p.m.

21 23. On August 15, 2006, BIA filed a request for a telephonic status conference.

22 24. On August 28, 2006, a letter dated August 22, 2006, from Governor Janet
23 Napolitano to Mohave and BIA was filed in this docket. The letter expressed concern in
24 regard to recurring electrical power outages at the Supai Village, and urged Mohave and
25 BIA to resolve the issue of responsibility "for the repair and maintenance of the electrical
26 line that serves the Supai Village."

27 25. On September 5, 2006, a letter dated August 30, 2006, from Mohave to
28 Governor Janet Napolitano was filed in this docket.

1 26. On September 7, 2006, Mohave docketed copies of (1) the letter dated
2 August 22, 2006, from Governor Janet Napolitano to Mohave and BIA; and (2) the letter
3 dated August 30, 2006, from Mohave to Governor Janet Napolitano.

4 27. On September 7, 2006, a letter dated September 6, 2006, from Mohave to
5 Governor Janet Napolitano was filed in this docket.

6 28. On September 7, 2006, a pre-hearing conference was held as scheduled.
7 Mohave, BIA and Staff appeared through counsel. During the pre-hearing conference,
8 Mohave agreed to meet with Arizona Public Service Company ("APS") and UNS Electric
9 ("UNS") and Coconino County and to file, by October 9, 2006, a community response plan
10 to deal with outages, as discussed during the pre-hearing conference. BIA and Mohave
11 were informed that a settlement judge had been assigned to this case, that a settlement
12 conference would be held commencing September 26, 2006, that representatives of the
13 parties with settlement authority would be required to attend, and that a pre-settlement
14 conference filing would be due on September 21, 2006. Issues related to discovery were
15 also raised and discussed.

16 29. On September 11, 2006, a Settlement Conference Procedural Order was issued
17 scheduling a settlement conference before a settlement judge, to commence on
18 September 26, 2006, for the purpose of providing an opportunity for the parties to reach a
19 resolution without litigation. The procedural order informed the parties of specific
20 procedural requirements related to the settlement conference.

21 30. The September 11, 2006 procedural order directed Respondent to file, by
22 September 21, 2006, a discovery schedule proposal, and directed Complainant to file any
23 objections to Respondent's September 21, 2006 discovery schedule proposal by October 5,
24 2006.

25 31. The September 11, 2006 procedural order directed Mohave to file, by
26 October 9, 2006, an outage response plan as discussed during the prehearing conference.

27 32. On September 18, 2006, Mohave filed a Statement of Intent Regarding Filing
28 a Joint Assistance Plan.

BRIAN JAYE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 33. On September 18, 2006, Respondent filed a Notice of Unavailability and
2 Request to Reset Settlement Conference.

3 34. On September 20, 2006, a procedural order was issued rescheduling the
4 Settlement Conference to October 17, 2006.

5 35. On September 21, 2006, Mohave filed a Discovery Plan.

6 36. On October 5, 2006, BIA filed its Response to Mohave's Discovery Plan.

7 37. On October 10, 2006, Mohave filed a Reply to BIA's Response to Mohave's
8 Discovery Plan.

9 38. On October 10, 2006, Mohave filed a Notice of Filing Outage Response Plan.

10 39. On October 10, 2006, a letter dated October 4, 2006 from Pinnacle West
11 Capital Corporation to Governor Janet Napolitano was filed in this docket.

12 40. On October 16, 2006, BIA filed a Motion for Partial Summary Judgment and
13 Statement of Facts in Support of its Motion for Partial Summary Judgment.

14 41. On October 18, 2006, a Procedural Entry was filed by the Settlement Judge
15 assigned to this case. The Procedural Entry stated that on October 17, 2006, BIA and
16 Mohave appeared at the settlement conference and were unable to resolve the issues raised
17 by the Complaint.

18 42. On October 23, 2006, BIA filed a Motion for a Protective Order.

19 43. On October 24, 2006, a procedural order was issued scheduling a procedural
20 conference November 1, 2006, for the purpose of allowing discussion of issues raised in
21 Mohave's September 21, 2006 Proposed Discovery Plan, BIA's October 5, 2006, Response
22 to Mohave Electric's Proposed Discovery Plan, Mohave's October 10, 2006 Reply to BIA's
23 Response to Mohave's Proposed Discovery Plan, and BIA's October 23, 2006 Motion for
24 Protective Order.

25 44. On October 30, 2006, Mohave filed a Response to BIA's Request for
26 Protective Order, a Motion to Compel Discovery; a Motion to Establish a Discovery
27 Schedule; and a Motion to Suspend Time for Filing Response to BIA's Motion for Partial
28 Summary Judgment.

BRIAN WAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 45. On November 1, 2006, the procedural conference set by the October 24, 2006
2 procedural order convened as scheduled. Mohave and BIA appeared through counsel and
3 discussed issues raised in Mohave's September 21, 2006 Proposed Discovery Plan, BIA's
4 October 5, 2006, Response to Mohave Electric's Proposed Discovery Plan, Mohave's
5 October 10, 2006 Response to Mohave's Proposed Discovery Plan, BIA's October 23, 2006
6 Motion for Protective Order, Mohave's Response to BIA's Motion for Protective Order,
7 Mohave's Motion to Compel Discovery, Mohave's Motion to Establish a Discovery
8 Schedule, and Mohave's Motion to Suspend Time for Filing Response to BIA's Motion for
9 Partial Summary Judgment. At the conclusion of the procedural conference, BIA's Motion
10 for Protective Order was granted in part and denied in part, Mohave's Motion to Compel
11 was granted in part and denied in part, and Mohave's Motion to Establish a Discovery
12 Schedule was partially granted. Based on the discovery schedule established at the
13 November 1, 2006 Procedural Conference, the time for Mohave to file a response to the
14 BIA's Motion for Partial Summary Judgment was extended to March 26, 2007.

15 46. On February 5, 2007, Mohave filed an affidavit discussing Mohave's response
16 to the BIA report of an October 6-7, 2006 outage, and a copy of a November 14, 2006 letter
17 to the Secretary of the U.S. Department of the Interior.

18 47. On February 20, 2007, BIA filed copies of responses to the November 14,
19 2006 letter.

20 48. On March 27, 2007, Mohave filed its Response to BIA's Motion for Partial
21 Summary Judgment.

22 49. On April 4, 2007, Mohave filed a copy of an April 4, 2007 letter to Arizona
23 Public Service Company and Unisource Energy Corporation, which included as an
24 enclosure a Draft Community Emergency Response Plan.

25 50. On April 12, 2007, Mohave filed a Notice of Late Filing Exhibits.

26 51. On April 16, 2007, BIA filed its Reply in Support of Motion for Partial
27 Summary Judgment, its Reply Statement of Facts in Support of its Motion for Partial
28 Summary Judgment and in Response to Mohave's Statement of Disputed Facts and

BRIAR CLAY L.L.C.
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

1 Additional Facts in Response to BIA's Motion for Partial Summary Judgment, and its
2 Response to Mohave Electric's Notice of Late Filing of Exhibits.

3 52. On May 29, 2007, BIA filed a Request for Oral Argument on its Motion for
4 Partial Summary Judgment. BIA stated in its Request that its Motion has been fully briefed.

5 53. On June 7, 2007, a procedural order was issued setting a procedural
6 conference to commence on July 18, 2007, for the purpose of taking oral argument on the
7 Motion for Partial Summary Judgment filed by Complainant on October 16, 2006, and the
8 Response to the Motion for Partial Summary Judgment filed by Mohave Electric
9 Cooperative, Incorporated on March 27, 2007.

10 54. On July 9, 2007, Mohave docketed a Notice of Filing, to which was attached a
11 portion of the transcript of a March 29, 2007, Appropriations Committee Hearing; a list of
12 written questions; a copy of an email exchange between counsel for Mohave and Jan
13 Bennett, Vice President, Customer Service, Arizona Public Service Company; and a copy of
14 a permit allowing Asplundh Tree Experts, as Mohave's assignee contractor, to come on to
15 the Hualapai reservation to survey, inspect and prepare cost estimates and scope of work for
16 right-of-way tree maintenance from Mile Markers 7-30.

17 55. On July 18, 2007, a procedural conference was held as scheduled for the
18 purpose of taking oral argument on the Motion for Partial Summary Judgment filed by
19 Complainant on October 16, 2006, and the Response to the Motion for Partial Summary
20 Judgment filed by Mohave Electric Cooperative, Incorporated on March 27, 2007.
21 Complainant, Respondent and Staff appeared through counsel. Complainant and
22 Respondent made their arguments and responses, and Staff provided its position on the
23 issues of whether the line is necessary and useful to Mohave in the provision of electric
24 service to its customers, and whether Mohave requires Commission approval to abandon the
25 line.

26 56. On August 29, 2007, Bryan Cave LLP filed a Notice of Association of
27 Counsel, indicating that it had associated with existing counsel of record for Mohave in this
28 proceeding.

BRYAN CAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 57. On April 2, 2008, Mohave filed a Notice of Docketing and Request to
2 Supplement the Record. The April 2, 2008, Notice stated that Mohave, UNS Electric, Inc.,
3 and Arizona Public Service Company entered into an Operations Protocol Agreement on or
4 about November 13, 2007. A copy of the Operations Protocol Agreement was attached to
5 the April 2, 2008, Notice.

6 58. On June 23, 2008, a Procedural Order was issued denying BIA's Motion for
7 Partial Summary Judgment; setting the Complaint for hearing to commence on September 3,
8 2008; requiring BIA to make a filing in this docket amending its Complaint to reflect its
9 position regarding the effectiveness of the contract referenced in its Complaint, which was
10 entered into on October 1, 1981, by BIA and Mohave; and requiring both parties to file a list
11 of witnesses specifying which issues in the Complaint that each witness will be available to
12 address at the hearing.

13 59. On July 17, 2008, BIA docketed a Notice amending its Complaint to reflect its
14 position regarding the effectiveness of the contract referenced in its Complaint. BIA stated
15 its belief that the contract is still in effect, but that whether or not the contract is currently
16 effective is immaterial to the relief sought by BIA. The filing stated that BIA "amends its
17 prayer for relief, paragraph (G), to read: 'Mohave shall continue to provide electricity and
18 electrical distribution service at Long Mesa to the BIA as required by state laws and
19 regulations.'"

20 60. On August 1, 2008, Mohave filed a Motion for Accelerated Procedural
21 Conference to Address Pretrial Matters. Mohave's Motion requested the following: (1) that
22 BIA clarify its position on the effectiveness of the Contract; (2) that BIA answer Mohave's
23 remaining, trial-related data requests; (3) that the Commission direct the parties to meet and
24 confer and then to stipulate as to uncontested material facts; and (4) that the Commission
25 direct the parties to submit pre-filed direct and rebuttal testimony. Mohave's Motion stated
26 that counsel for BIA joined Mohave's request for an accelerated procedural conference, and
27 further stated that BIA does not yet have a position on Mohave's requests.

28 61. On August 4, 2008, BIA and Mohave filed their Witness Lists.

1 62. On August 7, 2008, a procedural order was issued scheduling a procedural
2 conference for August 18, 2008, for the purpose of addressing the requests in Mohave's
3 August 1, 2008, Motion for Accelerated Procedural Conference to Address Pretrial Matters.

4 63. On August 18, 2008, Mohave docketed a copy of an e-mail sent by counsel for
5 Mohave to the Commissioners, indicating that despite recent flooding in the vicinity of the
6 Supai Village, as of August 17, 2008, there were no reported interruptions in the electric
7 supply to BIA along the 70-mile transmission line at issue in the Complaint.

8 64. A procedural conference convened on August 18, 2008. BIA and Mohave
9 appeared through counsel and discussed procedural issues related to a hearing on the
10 Complaint, including a continuation of the September 3, 2008 hearing date.

11 65. On August 20, 2008, a procedural order was issued continuing the hearing to
12 commence on November 17, 2008, and setting associated procedural deadlines.

13 66. On August 25, 2008, Staff filed a Notice of Filing Staff's Position Regarding
14 Participation at Hearing. Staff stated its position that there was no need for Staff to
15 participate in the presentation of evidence in this matter, but that if at some point the
16 Commissioners or the Hearing Division believe that Staff's involvement is necessary, Staff
17 is willing to become involved and assist in the resolution of this matter in whatever way the
18 Commissioners or the Hearing Division find necessary.

19 67. On August 26, 2008, Mohave filed a Notice of Filing E-Mail, to which was
20 attached a copy of an e-mail sent to Commissioners regarding a temporary outage of service
21 to the Hualapai and Havasupai tribal areas due to blasting by a mining operation near a
22 Mohave substation.

23 68. On September 5, 2008, BIA and Mohave jointly filed a Stipulated Statement
24 of Facts and Issues in Dispute ("Stipulated Facts"). The 44 facts to which BIA and Mohave
25 stipulated are reproduced here:

- 26 1. Mohave is an Arizona non-profit public service corporation regulated
27 by the Arizona Corporation Commission.
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DEIAN JAYA LLP
 TWO NORTH CENTRAL AVENUE, SUITE 2200
 PHOENIX, ARIZONA 85004-4406
 (602) 364-7000

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2. BIA is an executive agency of the United States of America. Under 25 U.S.C. § 13, the BIA is authorized to provide support for the general welfare and civilization of Indians. The Havasupai and the Hualapai tribes are federally recognized Indian tribes for whom the BIA provides federal assistance.
3. BIA began providing electrical power to governmental facilities at the Havasupai Village at the bottom of the Grand Canyon, which is within the State of Arizona, by 1965 using gas powered generators. By 1971, BIA supplied electric energy to Havasupai Village by means of diesel generators and electric lines owned and operated by the BIA.
4. BIA owns and operates two electrical utilities providing retail electrical service on Indian reservations in Arizona (the San Carlos Irrigation Project Power Division and the Colorado River Irrigation Project Power Division), as well as the Flathead Irrigation Project Power Division in Montana.
5. There are no roads connecting Havasupai Village with other parts of Arizona.
6. By 1975, the Havasupai Tribe had become increasingly dependent on electricity. In January, 1975, the Havasupai Tribe passed resolution no. 4-75. Also in January, 1975, the Havasupai Tribal Chairman wrote a letter to Mohave.
7. In March, 1975, the Hualapai Tribe passed resolution no. 13-75.
8. By 1976, at least two electrical generators existed on the Hualapai reservation in the Frazier Wells area, and a third generator existed at the end of Indian Route 18.
9. From approximately 1968 to 1981, BIA studied and evaluated alternatives for securing electricity for the Havasupai and Hualapai reservations. The alternatives studied by BIA included (i) expanding the existing generators and (ii) installing a 70-mile electric line. BIA eventually chose the second option.
10. In June 1976, BIA issued a Request for Quotation ("RFQ") to "provide electric energy to the Hualapai and Havasupai reservation, Arizona in accordance with the attached specifications, terms and conditions."
11. Mohave, Arizona Public Service Company and Citizens Utilities Company responded to the RFQ.
12. Prior to 1981, no commercial or cooperative electrical power provider constructed or maintained electrical distribution or transmission facilities through which electricity was provided to Long Mesa.

BIRNBAUM & BIRNBAUM
 TWO NORTH CENTRAL AVENUE, SUITE 2200
 PHOENIX, ARIZONA 85004-4408
 (602) 364-7000

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13. On approximately October 1, 1981, Mohave entered into Negotiated Electrical Utility Contract GS-00S-67021 (the "Contract") with the United States of America acting through the Administrator of the General Services Administration and on behalf of BIA to construct a power line (the "Line") approximately 70 miles long from Mohave's existing facilities at the Nelson Substation to Long Mesa and to supply electrical energy up to 1500 KW for the operation of its facilities on the Hualapai and Havasupai reservations.
14. Mohave applied for, and received, a \$1,600,000 loan from the Rural Electrification Administration ("REA") for construction of the Line.
15. The BIA granted an easement for right-of-way across Hualapai and Havasupai reservations "to be used to construct, install, operate and maintain an electrical distribution line, along with the right to ingress thereto and egress therefrom." The Hualapai and Havasupai Tribes each consented to this grant of easement for right-of-way to Mohave.
16. Mohave completed construction of the Line in November 1981 and by the spring of 1982 was delivering electricity through the Line.
17. As a REA (now known as Rural Utilities Service) borrower, every year Mohave must file with the REA its financial and statistical data.
18. The Line is a 24.9 KV electric line.
19. Mohave supplied electricity through the Line to be used by the BIA for its facilities on the Hualapai and Havasupai reservations, by the Indian Health Services for a medical clinic, by the Hualapai Tribe and its members, and by members of the Havasupai Tribe. The BIA uses electricity supplied by the Line in Havasupai Village for a BIA school, living quarters for BIA teachers and law enforcement personnel, a BIA detention facility, and a BIA maintenance building.
20. In Decision No. 51491 (October 22, 1980), the ACC referred to the Line as "an electric line extension from [Mohave's] certified area across a portion of the Hualapai and Havasupai Indian reservation" The ACC concluded: "1. It is in the best interest of the consumers of Mohave Electric Cooperative, Inc., that the applicant be allowed to finance and expend the amounts proposed: 2. We find that such borrowings are lawful and in the public interest and that the loan will not impair Mohave's ability to perform as a public utility."
21. On January 7, 1982, before the Line became fully operational, Mohave filed a rate application, In Decision No. 53174 (August 11, 1982) the ACC stated "MEC has included \$32,000 in interest associated with a transmission line dedicated to serving the Hualapai Indian reservation,

1 a line which presently produces no income. Staff has likewise included
 2 this interest in its calculations of TIER. The Commission believes that
 3 both parties erred in effectively asking MEC's ratepayers to pay for
 4 plant which is not used and useful, will not be used and useful, and was
 5 never intended to be used and useful in the provision of electric service
 6 to such ratepayers... . Therefore, the Commission will eliminate the
 7 \$32,000 interest expense from the calculation of TIER and rate of
 8 return." Decision No. 53174 at 8-9 (emphasis in original).

6 22. In 1990, Mohave filed another rate application.⁶ As part of its
 7 application, Mohave submitted to the ACC a cost of service study for
 8 the twelve months ending July 31, 1989. In addition to the cost of
 9 service study, Mohave submitted to the ACC its REA Form 7 for the
 10 year ending December 31, 1988.

11 23. Mohave billed BIA monthly. Included on Mohave's monthly invoices
 12 was a Facility Charge, which ranged from approximately \$11,000 to
 13 approximately \$15,000 per month. Mohave billed BIA for a Facility
 14 Charge every month beginning in April, 1982 through and including
 15 February, 1997.

16 24. The total project cost for the Line was \$1,145,651.55. BIA paid
 17 Mohave the balance of the total project cost related to the Line,
 18 \$923,243.92, by approximately March, 1991.

19 25. On or about April 19, 1993, BIA wrote Mohave, stating that "The
 20 Government hereby notifies Mohave Electric of its intent to exercise"
 21 the renewal option. In the same letter, BIA stated that there was a
 22 "need to re-negotiate and amend the existing contract" because "the
 23 Government reimbursed Mohave all cost associated with the
 24 construction."

25 26. In an internal memorandum dated December 14, 1994, BIA stated that
 26 "We are approaching a fourth year without a contract for the services
 27 [provided by Mohave] as defined in the contract documents" and
 28 discussed a "request to negotiate a new contract."

29 27. On or about June 15, 1995, Mohave informed BIA that Mohave
 30 believed the Contract had expired in 1992, and requested information
 31 about BIA's intentions.

32 28. On or about June 6, 1996, Mohave informed BIA that Mohave believed
 33 that continuing the service was not in the best interests of Mohave's
 34 individual cooperative members, and that Mohave sought to transfer

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 38 ⁶ The 1990 rate application was filed in Commission Docket No. U-1750-89-231, and
 resulted in Commission issuing Decision No. 57172 (November 29, 1990).

1 the Line to BIA and move the metering equipment from Long Mesa to
2 Mohave's Nelson Substation.

3 29. On or about March 24, 1997, Mohave moved its metering equipment
4 from the Long Mesa Transformer to the Nelson Substation and began
5 metering electricity supplied through the Line at Mohave's Nelson
6 substation rather than at Long Mesa.

7 30. Beginning in July 1998, and through September 2003, Mohave credited
8 BIA for the electricity used by certain other accounts along the Line
9 based on Mohave's meter reading. After Mohave stopped giving BIA
10 credit for the electricity used by other accounts, BIA paid Mohave
11 under protest.

12 31. On or about July 31, 2001, Mohave's counsel wrote to the Western
13 Area Power Administration ("WAPA") and offered to transfer the Line
14 to WAPA. To date, WAPA has not accepted Mohave's offer.

15 32. On or about March 6, 2002, BIA wrote Mohave stating that "In
16 accordance with the Contract, the Government exercises its option to
17 extend the contract for a ten year period from April 1, 2002 through
18 March 31, 2012." BIA stated that some provisions of the Contract had
19 been amended and/or deleted.

20 33. On or about March 20, 2002, Mohave's counsel wrote BIA and stated
21 that the Contract "expired of its own terms in 1992 when the Bureau of
22 Indian Affairs did not seek an extension of the Contract. It no longer
23 exists. Therefore, that Contract (no longer being in existence) is not in
24 effect, and cannot be extended as requested." Mohave contended that,
25 since 1992, it had been serving the BIA electrical service at Mohave's
26 Nelson Substation under a month-to-month contract.

27 34. As of July 2003, Mohave provided electricity to twelve accounts along
28 the Line, including six Hualapai Tribal Council accounts, two other
Department of Interior accounts, an Arizona Telephone transmitting
tower, a ranch, and a cabin. Mohave billed these twelve accounts.
Two of those accounts, the Hualapai Pump at Tank Well and a cabin on
Nelson Road, are within Mohave's certificated area, as is
approximately the first couple of miles of the Line.

35. On or about July 22, 2003, Mohave executed a Notice of Quit Claim,
Conveyance and Assignment of Interest and Abandonment of Property
(the "Quit Claim") which stated that Mohave quitclaimed, conveyed
and abandoned the Line, meters, and service drops to the United States
Department of Interior, Bureau of Indian Affairs, the Hualapai Indian
Tribe and the Havasupai Indian Tribe as the respective interests may be
established or reflected. In the Quit Claim, Mohave also stated it

1 assigned and transferred its rights and interests in a pole license
2 agreement that Mohave had entered into with Boquillas Cattle
3 Company.

4 36. On or about July 23, 2003, Mohave's counsel wrote BIA, the Hualapai
5 Nation and the Havasupai Nation stating that the Contract had
6 terminated in 1992, that Mohave had no authority to serve outside its
7 Certificate of Convenience and Necessity ("CC&N") or tribal lands,
8 that the Line was not necessary or useful for Mohave, and that Mohave
9 had abandoned and quitclaimed the Line to BIA, the Hualapai Nation
10 and the Havasupai Nation. Mohave stated that it was willing "to
11 continu[e] to provide wholesale electrical service at its Nelson
12 substation" to BIA, the Hualapai Nation and the Havasupai Nation
13 "under its ACC approved Large Commercial Rate which is its lowest
14 tariff."

15 37. On or about August 7, 2003, Mohave's counsel wrote BIA, the
16 Hualapai Nation and the Havasupai Nation. Mohave enclosed a copy
17 of the Quit Claim and listed the "accounts and facilities that are now
18 owned by your entities, as your interests may be established." Mohave
19 included the following list of twelve accounts that were receiving
20 electrical service from Mohave along the Line:

- 21 A. Account # 63626-000
22 Arizona Telephone Company
23 500' South Havasupai Tribal Electric System
24 Near 8th pole South of H-Frame
25 Long Mesa Tower
- 26 B. Account # 44567-003
27 Diamond A Ranch
28 Camp 16 Supai Line
- C. Account # 29740-001
Department of Interior
Fire Tower – Supai Road
Thornton Tower
- D. Account # 896-083 [letter indicated #896-084]
Hualapai Tribal Council
Hunters Building – Youth Camp
- E. Account # 896-084
Hualapai Tribal Council
Lake Circulation Pump
Youth Camp Pond

BRIAR WAYS, L.L.C.
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

BRIAN DAVE LLP
 TWO NORTH CENTRAL AVENUE, SUITE 2200
 PHOENIX, ARIZONA 85004-4408
 (602) 364-7000

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- F. Account # 896-060
Hualapai Tribal Council
Frazier Wells Pump
Well #1
- G. Account # 896-073
Hualapai Tribal Council
Frazier Wells Pump 2
Well #2
- H. Account # 896-100
Hualapai Tribal Council
Water Well T28N R7w
Fish Pond
- I. Account # 28135-001
Bravo, W C
Supai Line near Frazier Wells
- J. Account # 451-055
TCIA – Department of Interior – BIA
Long Mesa Radio Repeater Site
Long Mesa End
- K. Account # 896-027
Hualapai Tribal Council
Pump at Tank Well
Well site Nelson Road
- L. Account # 44561-006
Cabin on Nelson Road

- 38. On or about September 2, 2003, BIA wrote to Mohave, stating the quitclaim is not valid until accepted by the grantee, that BIA had not decided whether it would accept Mohave’s quitclaim, that Mohave could not dispose of the Line without authorization by the ACC pursuant to A.R.S. § 40-285(A), and that “Mohave Electric remains the owner of all its interests in the Nelson-Long Mesa Line at the present time.”
- 39. On or about September 12, 2003, BIA wrote Mohave stating that BIA did not accept quitclaim of the Line, that the quitclaim was void and of no effect, that BIA received power at Long Mesa rather than the Nelson substation, and that Mohave was responsible for ongoing operation and maintenance of the Line.

- 1 40. In approximately October, 2003, construction was commenced on a
2 13.6 mile long spur from the Line to the Bar Four area of the Havasupai
3 reservation.
4 41. In the summer of 2004, ACC Chairman Marc Spitzer attempted to
5 broker a resolution. The BIA, Mohave, and others, including ACC
6 Staff, were unable to settle the matter. Christopher Kempley, ACC
7 Chief Counsel, then wrote Mohave a letter on September 8, 2004.
8 42. Between September 2004, and June 2008, BIA paid Mohave for repairs
9 and maintenance to the Line.
10 43. On or about August 10, 2005, BIA filed its Complaint against Mohave
11 with the ACC.
12 44. On or about November 13, 2007, Mohave, UNS Electric, Inc. and
13 Arizona Public Service Company entered into an Operations Protocol
14 Agreement related to maintenance and repairs for the Line.
15 69. On September 19, 2008, BIA filed the prepared direct testimony of James
16 Williams, Leonard Gold, James C. Walker, and Philip Entz.
17 70. On October 17, 2008, Mohave filed direct testimony and exhibits of Robert
18 Moeller and Thomas A. Hine.
19 71. On October 20, 2008, Mohave filed direct testimony and exhibits of Tom
20 Longtin.
21 72. On November 3, 2008, BIA filed the surrebuttal testimony of Leonard Gold.
22 73. On November 4, BIA filed its Objections to Testimony of Tom Longtin and
23 Robert Moeller.
24 74. On November 5, 2008, a prehearing conference was held as scheduled.
25 Counsel for BIA and Mohave appeared through counsel. BIA's objections to prefiled
26 testimony were heard, and the hearing was continued to commence on November 18, 2008
27 in order to accommodate the schedule of Mohave's counsel.
28 75. On November 14, 2008, BIA filed summaries of its witness' testimony.
76. An evidentiary hearing was held on the Complaint commencing on November
18, 2008 and concluding on November 20, 2008. Complainant and Respondent appeared
through counsel, made opening statements, presented witnesses and evidentiary testimony,

1 and cross-examined witnesses. At the close of the hearing, a procedural conference was set
2 for December 19, 2008, for the purpose of allowing the parties to discuss the manner and
3 timing of BIA's response to a post-hearing filing Mohave was directed to make during the
4 hearing.

5 77. On December 15, 2008, Mohave made its post-hearing filing in the form of
6 supplemental sworn testimony of Dan L. Neidlinger, and requested its admission.

7 78. A procedural conference was held as scheduled on December 19, 2008. BIA
8 stated that it had no objection to Mohave's post-hearing filing, and would be providing a
9 written response in the form of an affidavit. BIA and Mohave agreed to a procedural
10 schedule for BIA to respond to Mohave's supplemental testimony, and to a procedural
11 schedule for filing closing briefs and reply briefs.

12 79. On January 16, 2009, BIA filed supplemental sworn testimony of Leonard
13 Gold in response to the supplemental testimony of Dan Neidlinger.

14 80. On February 18, 2009; Mohave filed a Submission of Supplemental Affidavits
15 and Exhibits of Thomas Longtin.

16 81. On February 20, 2009, BIA and Mohave filed their initial closing briefs.

17 82. On March 6, 2009, BIA filed a Motion to Strike (1) Mohave's Submission of
18 Supplemental Affidavits and Exhibits and (2) Portions of Mohave's Closing Brief.

19 83. At BIA's request, a telephonic procedural conference was held on March 12,
20 2009. Mohave, BIA and Staff appeared through counsel and discussed various procedural
21 alternatives for addressing BIA's Motion. The parties agreed to continue the March 16,
22 2009 deadline for filing reply briefs to allow time for Mohave to file a Response to the
23 Motion, and for BIA to file its Reply to Mohave's Response, and to have oral argument on
24 the Motion.

25 84. On March 13, 2009, a procedural order was issued setting a procedural
26 conference for April 3, 2009, for the taking of oral argument on BIA's Motion to Strike (1)
27 Mohave's Submission of Supplemental Affidavits and Exhibits and (2) Portions of
28 Mohave's Closing. The procedural order directed Mohave to file, by March 20, 2009, a

1 Response to BIA's Motion to Strike (1) Mohave's Submission of Supplemental Affidavits
2 and Exhibits and (2) Portions of Mohave's Closing.

3 85. On April 3, 2009, the procedural conference convened as scheduled. BIA and
4 Mohave appeared through counsel and presented their arguments. The Motion to Strike was
5 denied. However, it was noted that Mohave chose to make allegations regarding one
6 incident that it stated occurred during the time the hearing was taking place, and one
7 incident that it stated occurred after the conclusion of the hearing, on February 5, 2009, by
8 means of submitting affidavits by a witness who testified at hearing, three months after the
9 alleged events, rather than to request that the hearing be continued or reopened so that Mr.
10 Longtin, the witness who submitted the affidavit, would be available for cross-examination
11 on the allegations appearing in the affidavit. BIA did not request that the hearing be
12 reopened in order to have Mr. Longtin appear and be cross-examined. BIA stated that some
13 of the witnesses who could respond to Mr. Longtin's allegations are not BIA employees,
14 such that BIA has no authority to have them appear and testify. Because the Motion to
15 Strike was denied, BIA stated that it would respond to the affidavits via submission of its
16 own affidavits, which it agreed to file by April 17, 2009, prior to the filing of reply closing
17 briefs.

18 86. On April 17, 2009, BIA filed a Notice of Filing Affidavits of: (1) Jack
19 Ehrhardt, Hualapai Tribe Director of Planning and Economic Development; (2) Don E.
20 Watahomigie, Tribal Chairman of the Havasupai Tribe; and (3) James Williams, BIA
21 Superintendent, Truxton Canyon Agency.

22 87. On May 4, 2009, BIA and Mohave filed reply closing briefs, and the matter
23 was taken under advisement.

24 88. On November 9, 2010, the Hearing Division issued a Recommended Opinion
25 and Order ("ROO") pursuant to A.A.C. R14-3-110. The Notice stated that exceptions were
26 due on or before November 18, 2010.

27 89. On November 15, 2010, Mohave requested an extension of time to file
28 exceptions to the ROO, and BIA responded on November 16, 2010.

DEIAN WAVE LLC
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

1 90. On November 17, 2010, a procedural order was issued extending the time to
2 file exceptions to the ROO to November 26, 2010.

3 91. On November 26, 2010, Mohave and BIA filed Exceptions to the ROO
4 pursuant to A.A.C. R14-3-110(B).

5 92. The Commission considered the Recommended Opinion and Order and
6 Mohave's and BIA's Exceptions at an Open Meeting on December 6, 2010.

7 93. On December 10, 2010, the Commission issued Decision No. 72043 in this
8 docket.

9 94. On December 30, 2010, Mohave timely filed an Application for a Rehearing
10 of Decision No. 72043 pursuant to A.R.S. § 40-253 ("Application for Rehearing").

11 95. On January 11, 2011, the BIA filed a response to Mohave's Application for a
12 Rehearing.

13 96. On January 18, 2011, the Commission voted to grant Mohave's Application
14 for a Rehearing. The Commission ordered the Hearing Division to issue a Procedural Order
15 scheduling a procedural conference for the purpose of setting a schedule for the rehearing
16 proceeding, and to prepare a Recommended Order on Rehearing for Commission
17 consideration.

18 97. A Procedural Order was issued on January 18, 2011, setting a procedural
19 conference on January 25, 2011.

20 98. A procedural conference was held as scheduled on January 25, 2011. BIA and
21 Mohave appeared through counsel. Mohave requested that a date not be set for rehearing
22 Decision No. 72043, as Mohave and BIA were attempting to resolve their disputed issues,
23 but that a status conference be set in 45 days, instead, at which time Mohave and BIA could
24 report on their progress in reaching a resolution of the issues Mohave raised in its December
25 30, 2010 Application for Rehearing. Counsel for BIA indicated that BIA was amenable to
26 Mohave's proposal.

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BRIAN DAVIS LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 99. On January 26, 2011, a Procedural Order was issued setting a procedural
2 status conference to commence on March 17, 2011, for the purpose of allowing BIA and
3 Mohave to provide a status update on their settlement discussions in this matter.

4 100. By Procedural Order issued March 14, 2011, the procedural status conference
5 scheduled for March 17, 2011, was continued to March 31, 2011, at the request of BIA.

6 101. A procedural status conference convened as scheduled on March 31, 2011.
7 BIA, Mohave and Staff appeared through counsel. Mohave and BIA reported that they were
8 continuing to work toward a resolution of the issues, but had not yet reached resolution, and
9 proposed that a second status conference be set 60 days in the future. BIA and Mohave
10 were encouraged to continue their efforts to settle their disputes, were informed that a
11 Procedural Oder would be issued setting a date for the rehearing, and were directed to file
12 within 10 days, either jointly or separately, their proposed procedural schedule for the
13 rehearing proceeding.

14 102. On April 15, 2011, BIA and Mohave jointly filed Proposed Procedural
15 Schedule for Rehearing.

16 103. On April 19, 2011, a Procedural Order was issued adopting BIA and
17 Mohave's proposed procedural schedule and setting a date of July 25, 2011 for the
18 Rehearing of Decision No. 72043.

19 104. On May 5, 2011, the Commission issued Decision No. 72290 in this docket.
20 Decision No. 72290 suspended the requirement of Decision No. 72043 that Mohave place a
21 meter at Long Mesa and recommence reading the meter at Long Mesa within ten days. The
22 requirement was suspended pending the rehearing process for Decision No. 72043 and until
23 further order of the Commission.

24 105. On May 20, 2011, as required by the April 19, 2011 Procedural Order, BIA
25 and Mohave jointly filed a status report on their settlement negotiations. The parties stated
26 that they were hopeful that a settlement could be reached, but that they could not at that time
27 report the terms of completed settlement. BIA and Mohave requested that the deadlines set
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1 in the April 19, 2011, Procedural Order remain in place, and stated that they would continue
2 negotiations and notify the Commission if settlement was reached.

3 106. On June 20, 2011, BIA and Mohave filed a Joint Notice of Settlement and
4 Request for a Procedural Conference. The filing stated that BIA and Mohave had reached
5 general agreement as to the terms that will form the basis of formal settlement
6 documentation. The filing further stated that additional time was needed to transform the
7 terms of agreement into formal documentation, as well as to obtain approvals of the United
8 States Department of the Interior and of Mohave's Board of Directors. BIA and Mohave
9 jointly requested that the procedural deadlines and schedule for the rehearing be vacated.

10 107. A Procedural Order was issued on June 21, 2011 granting the joint requests of
11 Mohave and BIA, vacating the rehearing set to commence on July 25, 2011, and vacating all
12 procedural filing deadlines associated with the July 25, 2011 rehearing. Mohave and BIA
13 were ordered to docket a copy of the settlement memorandum within five calendar days of
14 its signing, and a procedural conference was set for July 25, 2011.

15 108. On July 14, 2011, Mohave and BIA jointly filed their Memorandum of
16 Settlement Points as directed by the Procedural Order of June 21, 2011.

17 109. A procedural conference took place on July 25, 2011, at which time Mohave,
18 the BIA and Staff discussed procedures for documenting the settlement between Mohave
19 and BIA, including the need to consult with the tribes. Mohave and BIA were directed to
20 prepare a stipulated ROO documenting the terms of the settlement for submission the
21 Hearing Division and the Commission.

22 110. A Procedural Order issued on July 27, 2011, ordering Mohave and BIA to
23 jointly docket an executed settlement agreement and stipulation concerning specific relief
24 the parties sought to be included in a Recommended Order on Rehearing. A Procedural
25 Order issued on December 27, 2011 extending the time of the parties to jointly docket an
26 executed settlement agreement and stipulation concerning specific relief the parties sought
27 to be included in a Recommended Order on Rehearing to January 31, 2012.

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1 111. Mohave and BIA jointly docketed a Recommended Order on Rehearing on
 2 February 3, 2012 pursuant to A.A.C. R14-3-110(B), the July 27, 2011 Procedural Order, and
 3 the December 27, 2011 Procedural Order.

4 112. The Hearing Division docketed a Recommended Opinion and Order on
 5 Rehearing for the Commission's consideration and action on _____, 2012.

6 **Determinations**

7 113. In June 1976, BIA issued a Request for Quotation ("RFQ") for the provision
 8 of electric energy to the Hualapai and Havasupai Indian reservations located north of Route
 9 66 on and adjacent to the Supai Road, Coconino County, Arizona.⁷ The RFQ stated that the
 10 requirements "consist of installation of transmission and/or distribution electrical facilities
 11 to serve residential and commercial installations located on each of the reservations."⁸

12 114. Mohave, Arizona Public Service Company, and Citizens Utilities Company
 13 responded to the RFQ.⁹

14 115. On January 18, 1980, Mohave signed an REA "Cost Estimates and Loan
 15 Budget for Electric Borrowers" REA Form 740c.¹⁰

16 116. October 22, 1980, the Commission issued Decision No. 51491, authorizing
 17 Mohave to borrow \$1,600,000 from the REA to be "used for construction purposes of an
 18 electric line extension from applicant's certified area across a portion of the Hualapai and
 19 Havasupai Indian reservation located north of Route 66 on and adjacent to the Supai Road,
 20 Coconino County, Arizona" to "supply electric energy to serve existing and future
 21 residential and commercial installations on the Hualapai and Havasupai Indian
 22 reservations."

23 117. Mohave received a \$1,600,000 loan from the REA for construction of the
 24 Line.¹¹

25 ⁷ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 2.

26 ⁸ *Id.*

27 ⁹ Stipulated Facts at ¶ 11.

28 ¹⁰ Direct Testimony of BIA witness Leonard Gold (Exh. C-1) at 5and Exhibit 2.

1 118. On approximately October 1, 1981, Mohave entered into Negotiated Electrical
 2 Utility Contract GS-00S-67021, (the "Contract") with the United States of America acting
 3 through the Administrator of the General Services Administration and on behalf of BIA to
 4 construct the Line, approximately 70 miles long from Mohave's existing facilities at the
 5 Nelson Substation to Long Mesa and to supply electrical energy up to 1500 KW for the
 6 operation of its facilities on the Hualapai and Havasupai reservations.¹²

7 119. The Boquillas Ranch property lies between the Hualapai and Havasupai
 8 reservations. The easement Mohave received across the Boquillas Ranch property for the
 9 Line expired in September 2005.¹³ Mohave agrees to seek renewal of its rights-of-way and
 10 grants of easement along the Line, including reasonable rights of access across tribal lands
 11 to facilities and customers, and BIA agrees to use its best reasonable efforts to work with
 12 Mohave in this matter. [Mohave Proposed Language: If, after applying for an easement or
 13 other permission from the owner of these lands, such easement or permission is not offered
 14 and accepted on mutually agreeable terms and conditions, Mohave will have no ability to
 15 operate or maintain the Line or to read meters related to the Line related to this segment.]¹⁴

16 120. Mohave did not seek an extension of its CC&N related to the Line.¹⁵

17 121. Mohave completed construction of the Line in November 1981 and by the
 18 spring of 1982 was delivering electricity through the Line.¹⁶

22 ¹¹ Stipulated Facts at ¶ 14.

23 ¹² *Id* at ¶ 13.

24 ¹³ Exhibit attached to Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at
 25 Tab 16.

26 ¹⁴ BIA and Mohave do not have agreement on this point and submit this proposed language
 27 to the Commission for determination.

27 ¹⁵ Mohave Br. at 11.

28 ¹⁶ Stipulated Facts at ¶ 16.

1 122. When Mohave commenced the provision of service to BIA pursuant to the
2 Contract, it placed a meter at the end of the Line at Long Mesa at the rim of the Grand
3 Canyon, on the Havasupai reservation.¹⁷

4 123. From Long Mesa, an overhead electric line drops down in the Grand Canyon,
5 and is extended out to provide electricity to Havasupai Village.¹⁸ BIA uses electricity
6 supplied by the Line in Havasupai Village for a BIA school, living quarters for BIA teachers
7 and law enforcement personnel, a BIA detention facility, and a BIA maintenance building.¹⁹

8 124. About 200 residents in Havasupai Village use the electricity supplied by the
9 Line in their homes.²⁰ BIA collects fees from the users of electricity in Havasupai Village
10 based on their monthly electric power usage indicated by individual meters.²¹ BIA hired a
11 tribal member who lives in Havasupai Village to read the meters once a month.²² BIA puts
12 money collected from Havasupai Village in an account and uses it to pay Mohave for the
13 electricity.²³ If something goes wrong from Long Mesa down to Havasupai Village or
14 within Havasupai Village, BIA also calls in repair and maintenance requests as needed, to
15 Zeus Electric, UNS Electric, or Sturgeon Electric to repair the outage.²⁴

16 125. On approximately April 8, 1982, Mohave sent BIA its first invoice for the
17 Long Mesa Power Transformer account.²⁵ As agreed to by Mohave and BIA, the invoice
18
19

20 ¹⁷ Direct Testimony of BIA witness James Williams (Exh. C-4) at 3-4.

21 ¹⁸ *Id.* at 3.

22 ¹⁹ Stipulated Facts at 19.

23 ²⁰ Direct Testimony of BIA witness James C. Walker (Exh. C-3) at 3.

24 ²¹ *Id.* at 3-4.

25 ²² *Id.* at 4.

26 ²³ *Id.*

27 ²⁴ *Id.* at 4-5.

28 ²⁵ Mohave Br. at 11; Direct Testimony of BIA witness James Williams (Exh. C-4) at Exhibit 4.

BRIAN LAYNE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

1 included a "facility charge," which consisted of the cost of construction, taxes, operation
2 and maintenance, and depreciation.²⁶

3 126. On August 11, 1982, the Commission issued Decision No. 53174, which set
4 new rates for Mohave. Decision No. 53174 was based on a 1982 test year.²⁷ Decision No.
5 53174 noted that Mohave did not include the Line in rate base, and that Mohave proposed
6 segregating all expenses and revenues associated with the Line.²⁸ Decision No. 53174 also
7 eliminated \$32,000 in interest expense from the calculation of Mohave's times interest
8 earned ratio ("TIER") as rate of return.²⁹ In the discussion regarding exclusion of this
9 interest expense, Decision No. 53174 referred to the Line as "a transmission line dedicated
10 to serving the Hualapai Indian reservation, a line which presently produces no revenue."³⁰
11 The discussion in Decision No. 53174 included a discussion of the fact that Mohave had
12 included interest expense associated with the Line in its rate of return request, and that Staff
13 had included the interest in its TIER analysis. The discussion in Decision No. 53174 stated
14 that by including the interest associated with the Line in the rate of return and TIER in their
15 rate proposals, Mohave and Staff were "effectively asking MEC's ratepayers to pay for
16 plant which is not used and useful, will not be used and useful, and was never intended to be
17 used and useful in the provision of electric service to such ratepayers."³¹ Decision No.
18 53174 made no reference to the existence of retail customers served by the Line.

19 127. The Contract provided that "Mohave may elect to serve the Hualapai Indian
20 reservation upon its own arrangements from the utility plant proposed to be constructed
21 provided that contemplated system capacities are not unreasonably exceeded."³²

22 _____
23 ²⁶ Direct Testimony of BIA witness James Williams (Exh. C-4) at 6 and Exhibit 4.

24 ²⁷ Decision No. 53174 at 4.

25 ²⁸ *Id.* at 8.

26 ²⁹ *Id.* at 9.

27 ³⁰ *Id.* at 8.

28 ³¹ *Id.* at 8 (emphasis in original).

³² Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 4, 00016.

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TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4408
(602) 364-7000

1 128. BIA granted an easement for right-of-way across Hualapai and Havasupai
2 reservations "to be used to construct, install, operate and maintain an electrical distribution
3 line, along with the right to ingress thereto and egress therefrom." The Hualapai and
4 Havasupai Tribes each consented to this grant of easement for right-of-way to Mohave.³³

5 129. On January 18, 1982, BIA granted Mohave a 50-foot wide easement across
6 the Hualapai reservation for the Line for a term of 30 years, expiring in January, 2012.³⁴
7 Mohave agrees to seek renewal of its rights-of-way and grants of easement along the Line,
8 including reasonable rights of access across tribal lands to facilities and customers, and BIA
9 agrees to use its best reasonable efforts to work with Mohave in this matter. [Mohave
10 Proposed Language: If, after applying for an easement or other permission from the owner
11 of these lands, such easement or permission is not offered and accepted upon mutually
12 agreeable terms and conditions, Mohave will have no ability to operate or maintain the Line
13 or to read meters related to the Line related to this segment.]³⁵

14 130. On December 14, 1984, BIA granted Mohave a 50-foot wide easement across
15 the Havasupai reservation for the Line for a term of 30 years, expiring in December, 2014.³⁶
16 Mohave agrees to seek renewal of its rights-of-way and grants of easement along the Line,
17 including reasonable rights of access across tribal lands to facilities and customers, and BIA
18 agrees to use its best reasonable efforts to work with Mohave in this matter. [Mohave
19 Proposed Language: If, after applying for an easement or other permission from the owner
20 of these lands, such easement or permission is not offered and accepted upon mutually
21 agreeable terms and conditions, Mohave will have no ability to operate or maintain the Line
22 or to read meters related to the Line related to this segment.]³⁷

23 ³³ Stipulated Facts at ¶ 15.

24 ³⁴ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 4.

25 ³⁵ BIA and Mohave do not have agreement on this point and submit this proposed language
26 to the Commission for determination.

27 ³⁶ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 4.

28 ³⁷ BIA and Mohave do not have agreement on this point and submit this proposed language
to the Commission for determination.

1 131. After completing construction of the Line, Mohave provided service to twelve
2 retail customers using the Line. Until July 2003, Mohave individually billed those twelve
3 accounts.³⁸

4 132. Mohave did not request authority from the Commission to serve the twelve
5 individual retail customers served by the Line.³⁹

6 133. Two of the twelve accounts, the Hualapai Pump at Tank Well, and an account
7 in the name of Cesspooch for a cabin on Nelson Road on the Hualapai reservation, are
8 located within Mohave's CC&N territory.

9 134. The twelve retail accounts served by the Line include the BIA's Thornton Fire
10 Tower on the Hualapai reservation,⁴⁰ a BIA radio repeater tower on the Hualapai
11 reservation,⁴¹ six Hualapai Tribal Council accounts, including pumps, wells and a youth
12 camp (one of the wells, the Hualapai Pump at Tank Well, is located in Mohave's CC&N
13 territory),⁴² an Arizona Telephone transmitting tower near the rim of the Grand Canyon on
14 the Havasupai reservation,⁴³ an account at the Boquillas Ranch between the Hualapai and
15 Havasupai reservations,⁴⁴ an account in the name of W.C. Bravo on the Hualapai
16 reservation,⁴⁵ and an account in the name of Cesspooch for a cabin on Nelson Road on the
17 Hualapai reservation in Mohave's CC&N territory.⁴⁶ These accounts are depicted on a color
18 map attached to the Direct Testimony of BIA witness James Williams (Exh. C-4) at Exhibit
19

20 ³⁸ Stipulated Facts at ¶ 34; Mohave Br. at 14.

21 ³⁹ Mohave Br. at 13.

22 ⁴⁰ Direct Testimony of BIA witness James Williams (Exh. C-4) at 3 and Exhibit 1 (map of
23 Line).

24 ⁴¹ *Id.*

25 ⁴² Stipulated Facts at 34, Mohave Br. at 13, Direct Testimony of BIA witness James
26 Williams (Exh. C-4) at Exhibit 1 (map of Line).

27 ⁴³ Stipulated Facts at ¶ 34, Mohave Br. at 13.

28 ⁴⁴ *Id.*

⁴⁵ Mohave Br. at 14.

⁴⁶ Stipulated Facts at ¶ 34, Mohave Br. at 13.

1 1. [Mohave Proposed Language: which is attached hereto and incorporated herein as
 2 Exhibit 1, in a black and white version without the heading that appears in the Exh. C-4,
 3 Exhibit 1. Following the hearing and during the parties' settlement discussions, Mohave
 4 undertook an inspection of the accounts and meters along the Line, and produced a current,
 5 updated map showing those accounts and other features of the Line and attachments to the
 6 Line. This updated map, which Mohave and BIA agree accurately represents the status of
 7 the Line, related attachments, and accounts as of April, 2011, is attached hereto and
 8 incorporated herein as Exhibit 2].⁴⁷

9 135. Mohave's witness stated that to his understanding and knowledge the twelve
 10 service drops were "extended and made as a BIA agent and as a courtesy to the BIA under
 11 the 1982 contract."⁴⁸ The witness testified that "the continued delivery of electric service
 12 during negotiations was a good-faith effort by Mohave to enter into a new contract
 13 relationship with BIA. Continued service was not done in order to extend the Mohave
 14 certificated area or its service area."⁴⁹

15 136. From April, 1982 through March, 1991, BIA made about \$450,000 in monthly
 16 construction cost payments, and in March, 1991, made a lump sum payment of \$923,243.92,
 17 which paid off the remaining balance of the construction cost of the Line BIA owed to
 18 Mohave.⁵⁰

19 137. Mohave included as an exhibit to the Direct Testimony of Tom Longtin (Exh.
 20 R-2), at Tab 4, an unsigned document dated March 17, 1992, addressed to "Assistant Area
 21 Director of Administration, Bureau of Indian Affairs."⁵¹ The document has a handwritten

22 ⁴⁷ BIA does not stipulate to this language at this time; a legible version of Exhibit 2 will be
 23 presented at the hearing of this matter and BIA preserves its objections, if any, to that
 24 Exhibit.

25 ⁴⁸ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at 14.

26 ⁴⁹ *Id.* at 14-15

27 ⁵⁰ Direct Testimony of BIA witness James Williams (Exh. C-4) at 6; Stipulated Facts at
 1124.

28 ⁵¹ *Id.*

1 notation "pc file copy" at the top of the first of its two pages.⁵² The document states that its
 2 purpose is to request information regarding the renewal of the Contract.⁵³ On brief, Mohave
 3 asserts that "[T]he BIA failed to respond to this letter in any way, and in fact said nothing to
 4 Mohave at that time about exercising its renewal option."⁵⁴ BIA did not stipulate to the
 5 existence of, or its receipt of, a March 17, 1992 letter.

6 138. On or about April 19, 1993, BIA wrote Mohave, stating that "[t]he term of
 7 [GSA Contract No. GS-00S-67021] was for ten years and has since expired. Under the
 8 Contract. [sic] the Government has the right of renewal for two additional ten year periods.
 9 The Government hereby notifies Mohave Electric of its intent to exercise this option." In
 10 the same letter, BIA stated that "[p]rior to exercising our option, we need to re-negotiate and
 11 amend the existing contract. The contract makes reference to construction of overhead
 12 transmission and/or distribution facilities. Construction was completed and the Government
 13 reimbursed Mohave all cost associated with the construction. Therefore, some of this
 14 language needs to be deleted." In addition, BIA stated that "[T]he Government hereby
 15 notifies Mohave Electric of its intention to exercise its right under the contract to verify and
 16 audit all construction cost and monthly facility charges. This audit will be coordinated
 17 through the U.S. Department of Interior, Office of Inspector General. Mohave Electric will
 18 receive proper notification of any audit arrangements. When the Government has obtained
 19 the audit results, the government will propose a negotiation meeting with Mohave Electric
 20 for continued electrical services under the contract."⁵⁵

21
 22
 23
 24
 25 ⁵² *Id.*

26 ⁵³ *Id.*

27 ⁵⁴ Mohave Br. at 17-18.

28 ⁵⁵ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 10; Stipulated Facts at ¶ 25.

1 139. In an internal memorandum dated December 14, 1994, BIA stated that "We
2 are approaching a fourth year without a contract for the services [provided by Mohave] as
3 defined in the contract documents" and discussed a "request to negotiate a new contract."⁵⁶

4 140. On or about June 15, 1995, Mohave informed BIA that Mohave believed the
5 Contract had expired in 1992, and requested information about BIA's intentions.⁵⁷

6 141. On or about June 6, 1996, Mohave informed BIA that Mohave believed that
7 continuing the service was not in the best interests of Mohave's individual cooperative
8 members, and that Mohave sought to transfer the Line to BIA and move the metering
9 equipment from Long Mesa to Mohave's Nelson Substation.⁵⁸

10 142. On or about March 24, 1997, Mohave moved its metering equipment from the
11 Long Mesa Transformer to the Nelson Substation and began metering electricity supplied
12 through the Line at Mohave's Nelson substation rather than at Long Mesa.⁵⁹

13 143. In about March, 1997, Mohave stopped billing BIA for facilities charges.⁶⁰

14 144. Prior to 1997, Mohave sent individual bills to the retail accounts along the
15 Line.⁶¹

16 145. Beginning in July, 1998 and through October, 2003, Mohave's bills to BIA
17 included a credit for "usage billed to other meters."⁶² Mohave credited BIA for the
18 electricity used by certain other accounts along the Line based on Mohave's meter reading.⁶³

19
20 ⁵⁶ Stipulated Facts at ¶ 26.

21 ⁵⁷ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 11; Stipulated Facts
22 at ¶ 27.

23 ⁵⁸ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 12; Stipulated Facts
24 at ¶ 28.

25 ⁵⁹ Stipulated Facts at ¶ 29.

26 ⁶⁰ Direct Testimony of BIA witness James Williams (Exh. C-4) at 7; Stipulated Facts at ¶
27 23.

28 ⁶¹ Tr. at 357.

⁶² Direct Testimony of BIA witness James Williams (Exh. C-4) at 7-8 and Exhibit 6.

⁶³ Stipulated Facts at 30.

1 According to BIA's witness, after Mohave moved its meter to the Nelson Substation, it
 2 billed BIA for all electricity used along the Line, including the electricity used by the
 3 various customers along the Line, but credited BIA for electricity used by the Hualapai
 4 Tribe and residents being served along the Line.⁶⁴ BIA's witness believes that Mohave read
 5 all the meters, added up their usage, and then calculated the credit given to BIA.⁶⁵

6 146. After Mohave stopped giving BIA credit for the electricity used by other
 7 accounts, BIA paid Mohave under protest.⁶⁶

8 147. On or about March 6, 2002, BIA wrote Mohave stating that "In accordance
 9 with the Contract, the Government exercises its option to extend the contract for a ten year
 10 period from April 1, 2002 through March 31, 2012." BIA stated that some provisions of the
 11 Contract had been amended and/or deleted.⁶⁷

12 148. On or about March 20, 2002, Mohave's counsel wrote BIA and stated that the
 13 Contract "expired of its own terms in 1992 when the Bureau of Indian Affairs did not seek
 14 an extension of the Contract. It no longer exists. Therefore, that Contract (no longer being
 15 in existence) is not in effect, and cannot be extended as requested." Mohave contended that,
 16 since 1992, it had been serving BIA electrical service at Mohave's Nelson Substation under
 17 a month-to-month contract.⁶⁸

18 149. On June 26, 2003, Mohave's Board of Directors approved an April 17, 2003
 19 resolution to abandon the Line and quitclaim it to BIA and the Tribes.⁶⁹ The April 17, 2003
 20 resolution includes the following: "FURTHER RESOLVED, that as to any existing retail
 21 customer served on said line that the same be transferred to the BIA which is authorized to
 22

23 ⁶⁴ Direct Testimony of BIA witness James Williams (Exh. C-4) at 7-8.

24 ⁶⁵ *Id.* at 8.

25 ⁶⁶ Stipulated Facts at 30.

26 ⁶⁷ *Id.* at 32

27 ⁶⁸ *Id.* at 33.

28 ⁶⁹ Mohave Br. at 24, referring to Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 15.

1 operate on Indian nation lands and that notice of said transfer be given to the less than
2 twelve customers.”⁷⁰

3 150. On or about July 22, 2003, Mohave executed a Notice of Quit Claim,
4 Conveyance and Assignment of Interest and Abandonment of Property (“Quit Claim”)
5 which stated that Mohave quitclaimed, conveyed and abandoned the Line, meters, and
6 service drops to the United States Department of Interior, Bureau of Indian Affairs, the
7 Hualapai Indian Tribe and the Havasupai Indian Tribe as the respective interests may be
8 established or reflected. In the Quit Claim, Mohave also stated it assigned and transferred
9 its rights and interests in a pole license agreement that Mohave had entered into with
10 Boquillas Cattle Company.⁷¹

11 151. In letters dated July 23, 2003, Mohave informed BIA that its retail electric
12 service to BIA’s Thornton Fire Tower on the Hualapai reservation, and to the BIA radio
13 repeater tower on the Hualapai reservation “has been transferred to the BIA as the only
14 entity authorized to deliver retail electric service to you on tribal lands.”⁷²

15 ⁷⁰ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 15.

16 ⁷¹ Stipulated Facts at ¶ 35.

17 ⁷² Direct Testimony of BIA witness James Williams (Exh. C-4) at 11 and Exhibits 9 and 10;
18 direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at Tab 17. Both letters stated
19 as follows:

20 Dear Sir:

21 Currently, all your electricity flows over lines transferred, together with meters, to
22 the Bureau of Indian Affairs (“BIA”), the Hualapai and Havasupai Tribes. Your
23 retail electric service has been transferred to the BIA as the only entity authorized to
24 deliver retail electric service to you on tribal lands. To assist in the transition,
25 Mohave Electric will credit your account and the BIA with sixty (60) days of electric
26 service based on your usage. The BIA will be responsible to read the meters and bill
27 you on your future bills for electric service. You will not receive any additional bills
28 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

1 152. On or about July 23, 2003, Mohave's counsel wrote BIA, the Hualapai Nation
2 and the Havasupai Nation stating that the Contract had terminated in 1992, that Mohave had
3 no authority to serve outside its CC&N, or tribal lands, that the Line was not necessary or
4 useful for Mohave, and that Mohave had abandoned and quitclaimed the Line to BIA, the
5 Hualapai Nation and the Havasupai Nation. Mohave stated that it was willing "to continu[e]
6 to provide wholesale electrical service at its Nelson substation" to BIA, the Hualapai Nation
7 and the Havasupai Nation "under its ACC approved Large Commercial Rate which is its
8 lowest tariff."⁷³

9 153. On or about August 7, 2003, Mohave's counsel wrote BIA, the Hualapai
10 Nation and the Havasupai Nation. Mohave enclosed a copy of the Quit Claim and listed the
11 "accounts and facilities that are now owned by your entities, as your interests may be
12 established."⁷⁴

13 154. In a letter dated September 2, 2003, BIA responded to Mr. Curtis' letter dated
14 August 7, 2003 and the "Notice of Quit Claim, Conveyance and Assignment of Interest"
15 dated July 22, 2003 and enclosed with the August 7, 2003 letter.⁷⁵ The letter stated that the
16 quitclaim is not valid until accepted by the grantee, that BIA had not decided whether it
17 would accept Mohave's quitclaim, that Mohave could not dispose of the Line without
18 authorization by the ACC pursuant to A.R.S. § 40-285(A), and that "Mohave Electric
19 remains the owner of all its interests in the Nelson-Long Mesa Line at the present time."⁷⁶

21 experienced and already operates an existing retail electric utility service on Tribal
22 land. In addition, you may also contact me directly with any questions you have
23 regarding this change (phone 928/763-4115).

24 Sincerely,
25 Mohave Electric Cooperative
26 By _____

27 Stephen McArthur, Comptroller

28 ⁷³ Stipulated Facts at ¶ 36.

⁷⁴ *Id.* at 37.

⁷⁵ Direct Testimony of BIA witness James Williams (Exh. C-4) at 11 and Exhibit 7.

⁷⁶ Stipulated Facts at ¶ 38.

1 155. In a letter dated September 12, 2003, BIA gave further response to Mr. Curtis'
2 letter dated August 7, 2003 and the "Notice of Quit Claim, Conveyance and Assignment of
3 Interest" dated July 22, 2003 and enclosed with the August 7, 2003 letter.⁷⁷ The letter stated
4 that BIA did not accept quitclaim of the Line, that the Quit Claim was void and of no effect,
5 that BIA received power at Long Mesa rather than the Nelson substation, and that Mohave
6 was responsible for ongoing operation and maintenance of the Line.⁷⁸

7 156. Following its notification to BIA of the Quit Claim, Mohave stopped reading
8 meters for the twelve retail customers served by the Line and stopped issuing BIA credits
9 for usage by those meters.⁷⁹

10 157. Mohave never sought Commission approval to discontinue service to the
11 twelve customers served by the Line.

12 158. From October, 2003 through the present, Mohave has billed BIA, and BIA has
13 paid for, all electricity used by all customers along the Line.⁸⁰ BIA's witness testified that
14 BIA has not billed those customers for their usage, because BIA is not their electricity
15 supplier and has no signed agreements to provide them with electricity.⁸¹

16 159. Mohave asserts on brief that because neither BIA nor Mohave has read the
17 meters for the twelve retail accounts served by the Line since 2003, it is impossible to
18 reconstruct the amount of electricity they used.⁸² However, by totaling the billing records in
19 evidence in this matter, Mohave estimates that it issued BIA credits totaling \$27,178, for an
20 average monthly credit of \$348.⁸³

21
22
23 ⁷⁷ Direct Testimony of BIA witness James Williams (Exh. C-4) at 11 and Exhibit 8.

24 ⁷⁸ Stipulated Facts at ¶ 39.

25 ⁷⁹ Direct Testimony of Mohave witness Tom Longtin (Exh. R-2) at 10.

26 ⁸⁰ Direct Testimony of BIA witness James Williams (Exh. C-4) at 9.

27 ⁸¹ *Id.*

28 ⁸² Mohave Br. at 26, fn 6.

⁸³ Mohave Br. at 22, fn 22, and Chart of Credits, attached at Exhibit A to Mohave's Brief.

1 160. Following its notification to BIA of the Quit Claim, Mohave ceased
2 performing repair and maintenance on the Line unless requested to do so by BIA.⁸⁴

3 161. Mohave does not dispute the amount paid by BIA, but does dispute that
4 Mohave is liable for repairs or maintenance of the Line.⁸⁵

5 162. The Havasupai Tribe has plans to develop and construct housing at the top of
6 the Grand Canyon at an area called Bar Four within the Havasupai reservation.⁸⁶ In 1998,
7 the Havasupai Tribe hired UrbanTech Ltd. to obtain funding for improvements in the Bar
8 Four area.⁸⁷ Mr. Philip Entz, the president and owner of UrbanTech Ltd., wrote grant
9 applications for the Havasupai Tribe for funding from the United States Department of
10 Housing and Urban Development ("HUD") to extend electricity from the Line for
11 approximately 13 miles to the Bar Four area of the Havasupai reservation ("Bar Four
12 Spur").⁸⁸ Mr. Entz attempted to contact Mohave by telephone in about July, 1998 in regard
13 to whether Mohave would maintain the Bar Four Spur, but his calls were not returned.⁸⁹

14 163. The HUD grant application was filed in September 1998.⁹⁰ In January, 1999,
15 HUD granted the Havasupai \$550,000 to build the Bar Four Spur.⁹¹ The Havasupai paid for
16 the construction using the HUD grant funds and Havasupai general funds.⁹²

17 164. In a letter dated April 3, 2000, Mr. Entz informed Mohave that it was his
18 understanding that Mohave, as the current service provider, was mandated to provide
19

20 ⁸⁴ Mohave Br. at 26.

21 ⁸⁵ Mohave Br. at 26, fn 7.

22 ⁸⁶ Direct Testimony of BIA witness James Williams (Exh. C-4) at 9; Direct Testimony of
23 BIA witness Philip Entz (Exh. C-5) at 2.

24 ⁸⁷ Direct Testimony of BIA witness Philip Entz (Exh. C-5) at 2.

25 ⁸⁸ *Id.* at 3.

26 ⁸⁹ *Id.*

27 ⁹⁰ *Id.*

28 ⁹¹ *Id.* at 4.

⁹² *Id.* at 6.

1 maintenance and operations if the Bar Four Spur were installed to Mohave's standards.⁹³
2 The letter requested that Mohave provide a copy of the applicable standards that should be
3 forwarded to the design build utility contractor for the Bar Four Spur once selected, and that
4 Mohave also provide a letter indicating that Mohave would provide electrical service via the
5 Bar Four Spur and would appropriately maintain the line.⁹⁴

6 165. By letter from Mohave's counsel dated May 17, 2000, Mohave responded to
7 the April 3, 2000 letter from Mr. Entz.⁹⁵ In the letter Mohave: (1) asserted that Mohave has
8 no responsibility for the proposed project; (2) asserted that Mohave is not mandated to
9 provide maintenance operations to a power line not built and designed by Mohave; and
10 (3) provided some, but not all, of the reasons that the proposed design and construction were
11 not acceptable to Mohave, including that "[i]n all instances, any contractor must be under
12 Mohave's direct guidance and direct day-to-day supervision."⁹⁶ The letter concluded by
13 asserting that "Mohave Electric is not mandated to do anything much less provide
14 maintenance and operations to the Bar Four Line," and requesting that all further
15 communications be made through the offices of Mohave's counsel Martinez & Curtis,
16 P.C.⁹⁷

17 166. Mr. Entz requested that APS develop loads and preliminary specifications for
18 the Bar Four Spur, and APS did so.⁹⁸ Using the specifications developed by APS, Mr. Entz
19 prepared a bid request for design and construction, and the Havasupai Tribe requested bids
20 for the Bar Four Spur.⁹⁹ Six bids were submitted, and Southwest Energy Solutions won the
21

22 _____
23 ⁹³ *Id.* at Exhibit 1.

24 ⁹⁴ *Id.*

25 ⁹⁵ *Id.* at Exhibit 2.

26 ⁹⁶ *Id.*

27 ⁹⁷ *Id.*

28 ⁹⁸ *Id.* at 4.

⁹⁹ *Id.* at 4-5.

SEAN DAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

1 bid in June, 2000.¹⁰⁰ The Havasupai Tribe entered into a contract with Southwest Energy
 2 Solutions.¹⁰¹ Southwest Energy Solutions subcontracted with Electrical Consultants, Inc. of
 3 Tucson to do the design.¹⁰²

4 167. The Bar Four Spur runs along Indian Route 18, which is a BIA road right-of-
 5 way.¹⁰³ BIA paid for an environmental assessment for the Bar Four line extension, and
 6 reviewed pole placements for traffic safety reasons.¹⁰⁴ BIA did not approve the Havasupai
 7 Tribe's bid before it was published, and BIA was not a party to the Havasupai Tribe's
 8 contract with Southwest Energy Solutions.¹⁰⁵

9 168. In a July 9, 2003 letter to Mohave's General Manager Robert Broz, before
 10 construction began on the Bar Four Spur, Havasupai Tribal Chairman Don Watahomigie
 11 invited Mohave to participate in a preconstruction conference.¹⁰⁶ Mr. Watahomigie's letter
 12 referenced Mohave's statement in its May 17, 2000 letter that "any contractor must be under
 13 Mohave's direct guidance and direct day-to-day supervision."¹⁰⁷ Mohave did not accept the
 14 invitation.¹⁰⁸

15 169. Construction commenced on the Bar Four Spur in approximately October,
 16 2003.¹⁰⁹ Construction of the Bar Four Spur was completed in May, 2004.¹¹⁰ At the
 17 hearing, BIA's witnesses testified that they believed the Havasupai Tribe had energized the
 18

19 ¹⁰⁰ *Id.* at 5.

20 ¹⁰¹ *Id.*

21 ¹⁰² *Id.* at 6.

22 ¹⁰³ *Id.* at 5.

23 ¹⁰⁴ *Id.*

24 ¹⁰⁵ *Id.*

25 ¹⁰⁶ *Id.* at 5 and Exhibit 3.

26 ¹⁰⁷ *Id.* at Exhibit 3.

27 ¹⁰⁸ *Id.* at 5.

28 ¹⁰⁹ Stipulated Facts at ¶ 40.

¹¹⁰ Direct Testimony of BIA witness Philip Entz (Exh. C-5) at 5-6.

1 Bar Four Spur to serve the Tribe's radio repeater tower.¹¹¹ Neither the Commission nor
2 Mohave had authorized the Tribe to energize the Bar Four Spur..

3 170. In the summer of 2004, the Chairman of the Commission at the time,
4 Commissioner Marc Spitzer, attempted to broker a resolution between BIA and Mohave.
5 BIA, Mohave, and others, including ACC Staff, were unable to settle the matter.¹¹²

6 171. On September 8, 2004, the Chief Counsel of the Commission at the time,
7 Christopher Kempley, wrote Mohave a letter.¹¹³ The letter to Mohave indicated that Staff
8 believed the Line to be necessary and useful to Mohave in the provision of electric service
9 to its customers.

10 172. Between September 2004, and June 2008, BIA paid Mohave for repairs and
11 maintenance to the Line.¹¹⁴

12 173. On or about November 13, 2007, Mohave, UNS Electric, Inc. and Arizona
13 Public Service Company entered into an Operations Protocol Agreement related to
14 maintenance and repairs for the Line.¹¹⁵ BIA was not a party to the Operations Protocol
15 Agreement.

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

22

23

24 ¹¹¹ Tr. at 29, 172, 190-191, 207-208

25 ¹¹² Stipulated Facts at ¶ 41.

26 ¹¹³ *Id.*

27 ¹¹⁴ *Id.* at ¶ 42.

28 ¹¹⁵ *Id.* at ¶ 44.

1 175. The post-hearing inspection of the Line and accounts also revealed that many
2 of the meters and/or meter installations to the individual retail accounts were not functioning
3 properly and/or required alterations.

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

9 **Conclusions**

10 177. Disputes have existed between Mohave and BIA for numerous years, and the
11 parties have litigated their issues before the Commission for more than six years since the
12 filing of the Complaint by BIA.

13 178. The parties have now resolved their disputes as provided in the Memorandum
14 of Settlement Points filed in this docket on July 14, 2011.

15 179. The resolution reached by the parties is reasonable and approval by the
16 Commission is in the public interest.

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

26 181. Mohave will respond to service calls on either spur line on a fee-for-service
27 basis under the present operations protocol until interconnection agreements are in place.
28 Mohave will provide BIA with a copy of the current Mohave interconnection policy and

1 standards, as well as copies of its basic form service agreements and interconnection
2 agreements.

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

9 183. Mohave will reassume its utility relationship with the original 12 customers
10 along the Line and treat these original 12 customers as members of Mohave so long as such
11 memberships and utility accounts are requested to be maintained and are maintained in good
12 standing. Any new users tapping into the 70-mile Line (including any new users in addition
13 to the original 12) may apply for and be provided service pursuant to either a service
14 agreement (which will not be a member agreement, but will provide for "member-like"
15 utility services) or an interconnection agreement, in the discretion of Mohave, including as
16 to metering and meter reading. BIA agrees to assist Mohave in negotiating and entering into
17 appropriate agreements with the new user, if the new user is the Hualapai Tribe, the
18 Havasupai Tribe, or a member of either Tribe. Such new agreements shall be subject to the
19 terms and conditions as set forth in this Decision and such further terms and conditions
20 agreed upon between Mohave and the new user.

21 184. In addition to paying Mohave's ACC-approved Large Commercial and
22 Industrial Service Rate, BIA will pay all reasonable overhead, maintenance and repair
23 ("OM&R") costs on the 70-mile Line per its pro rata share of its load compared to Mohave's
24 customers' load, as measured by new equipment ("TWAC system") that BIA is installing at
25 BIA's cost on the Line. Until the new TWAC system is operational, the pro rata shares will
26 be established by actual meter readings. The parties' actual load will also provide the basis
27 for apportioning load loss among them. BIA's load shall be the total load delivered to the
28 70-mile Line, less the energy sold to other Mohave customers and less losses allocated to

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1 Mohave pursuant to Conclusion No. 196 below. Until new meters and BIA's new TWAC
 2 system are operational, Mohave may, at its option, continue to credit BIA \$348 per month as
 3 the estimated monthly usage by the 12 original accounts in lieu of making monthly readings
 4 and billings.

5 185. Mohave and BIA will work together to assess the status of the 70-mile Line
 6 and will use that information to develop an initial and ongoing OM&R plan and budget,
 7 including an estimate for unplanned OM&R, so that BIA and Mohave can plan and budget
 8 for such expenses. Mohave will complete the OM&R plan for the 70-mile Line no later
 9 than one year after the effective date of this Decision, and this plan will serve as the basis
 10 for undertaking the planned OM&R of the 70-mile Line. BIA agrees to plan and share with
 11 Mohave its future budgets, as available, for anticipated OM&R costs based on the OM&R
 12 plan as amended periodically by the parties.

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

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

24 188. Mohave agrees that BIA has 2000 kW of capacity on the Line and 1500 kW of
 25 transformer capacity at Nelson substation to serve all BIA's existing and future connected
 26 loads. Any unused capacity in either the Line or transformer connected at Nelson may be
 27 used by the other party at no additional cost, subject to the terms of this Decision. In
 28 determining existing loads, Mohave will be responsible for the 12 original services (that is,

1 the 2 within Mohave's CCN and 10 outside Mohave's CCN), plus the additional new
2 customers that Mohave agrees to serve directly under a service agreement or an
3 interconnection agreement, and the capacity required to serve those loads.

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

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

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

23 192. The parties agree that all disputed payment issues between the parties as of the
24 date of this Decision have been resolved.

25 193. Mohave intends to construct, at its expense, a separate line to serve the two
26 original accounts within its CCN area, and Mohave will comply with applicable Federal and
27 tribal permitting and approval requirements in relation thereto.
28

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1 194. Mohave shall continue at its expense to maintain and read the meter at the
2 Nelson substation in order to provide a measure of the load being delivered at the front end
3 of the 70-mile Line.

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

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

12 **CONCLUSIONS OF LAW**

13 1. Mohave is a public service corporation within the meaning of Article XV of
14 the Arizona Constitution, A.R.S. §§ 40-201, 40-202, 40-203, 40-243, 40-246, 40-247, 40-
15 248, 40-281, 40-282, 40-285, 40-321, 40-331, and 40-361.

16 2. Mohave is an Electric Utility within the meaning of A.A.C. R14-2-201
17 through 213.

18 3. The Commission has jurisdiction over Mohave and the subject matter of the
19 Complaint.

20 4. The subject matter of the Complaint and the determinations made thereon in
21 this Decision do not result in state regulation of an Indian tribe, interfere with the
22 reservation self-government, or implicate any right granted or reserved by federal law. BIA
23 specifically waived any jurisdiction claims on behalf of the Hualapai and Havasupai tribes
24 that it might otherwise have raised by its requests for relief in the Complaint.

25 5. Notice of this proceeding was provided as required by law.

26 6. Upon entry of this Decision, based on the agreed terms and conditions set
27 forth herein, Mohave shall become the owner and operator of the 70-mile Line.
28

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1 BIA Proposed Language: IT IS FURTHER ORDERED that Mohave may not
2 abandon the 70-Mile Line without an Order from the Commission authorizing Mohave to
3 abandon the 70-Mile Line pursuant to A.R.S. § 40-285(A).¹¹⁸

4 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall,
5 within ten days, recommence operation and maintenance of the Line to Long Mesa in
6 accordance with this Decision and the Memorandum of Settlement Points.

7 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated does
8 not own the Bar Four Spur or the 1-Mile Line, and has obligations concerning those lines
9 only as provided for in any interconnection agreements entered into by Mohave Electric
10 Cooperative concerning those lines in accordance with Mohave's interconnection policy and
11 standards.

12 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
13 respond to service calls on the Bar Four Spur and the 1-Mile Line on a fee-for-services basis
14 under the present Operations Protocol until interconnection agreements are in place.
15 Mohave shall provide BIA with a copy of the current Mohave interconnection policy and
16 standards, as well as copies of its basic form service agreements and interconnection
17 agreements, within ten days.

18 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
19 charge its Large Commercial and Industrial Service Rate for power delivered to BIA
20 through the 70-Mile Line, except that Mohave Accounts # 451-055 (Repeater Site) and #
21 29740-001 (Fire Tower) shall be separately billed at the applicable ACC-approved rate.

22 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
23 reassume its customer relationship with the original 12 accounts along the 70-Mile Line,
24 including Mohave Accounts #451-055 and 29740-001, and that Mohave Electric
25

26
27 ¹¹⁸ BIA and Mohave do not have agreement on the inclusion of this Ordering language and
28 submit the issue to the Commission for determination.

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(802) 384-7000

1 Cooperative, Incorporated shall charge each account its applicable Commission-approved
2 rate for such service.

3 IT IS FURTHER ORDERED that within 60 days Mohave shall implement meter
4 reading and billing through the TWAC system for all 12 original accounts, or alternatively,
5 in its discretion, Mohave may install meters not tied to the TWAC system and conduct
6 manual reading of same and implement meter reading and billing through such meters at
7 any time.

8 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
9 provide power to any new users along the 70-Mile Line who agree to the terms of Mohave's
10 service agreement (similar to a member agreement) or an interconnection agreement, in the
11 discretion of Mohave Electric Cooperative, Incorporated.

12 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
13 be responsible for only its pro rata share (based on the actual load of Mohave Electric
14 Cooperative, Incorporated's customers) of any reasonable operation, maintenance and repair
15 costs for the 70-Mile Line.

16 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
17 work with BIA to assess the status and condition of the 70-Mile Line and develop plans for
18 initial and ongoing operation, maintenance and repair plans and budgets.

19 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
20 designate a contact person or persons for operation, maintenance and repair issues and
21 budgeting related to the 70-Mile Line, and such person or persons shall meet regularly with
22 BIA as reasonably necessary to allow BIA to plan its budget and to review the operation,
23 maintenance and repair plan with BIA to take into the account the federal budget and
24 appropriations process required of BIA.

25 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
26 negotiate and enter into a mutually agreeable interconnection agreement with BIA for BIA's
27 solar generation facilities attached to the 70-Mile Line, under which such facilities may
28 supplement BIA's power usage and decrease the load provided by Mohave Electric

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1 Cooperative, Incorporated to BIA, pursuant to Mohave Electric Cooperative, Inc's net
2 metering tariff.

3 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
4 provide that BIA has 2000 kW capacity on the 70-Mile Line and 1500 kW transformer
5 capacity at the Nelson substation to serve all of BIA's existing and future connected loads,
6 and that any unused capacity in the either the Line or the transformer connected at Nelson
7 may be used by either party subject to the terms of their agreement.

8 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
9 be responsible for only its proportionate share of the costs of any increased loads from the
10 existing capacity of the 70-Mile Line, as determined by joint studies demonstrating the cost
11 of such increased loads.

12 IT IS FURTHER ORDERED that any tribal governmental taxes, fees and
13 assessments related to the 70-Mile Line within Mohave Electric Cooperative, Incorporated's
14 Certificate of Convenience and Necessity shall be the responsibility of Mohave Electric
15 Cooperative, Incorporated to the extent it has customers served from the 70-Mile Line
16 within its certificated area, and that such tribal governmental taxes, fees and assessments
17 may be allocated among and passed on to Mohave Electric Cooperative, Incorporated's
18 customers connected to the 70-Mile Line within its certificated area.

19 IT IS FURTHER ORDERED that any tribal governmental taxes, fees and
20 assessments related to the 70-Mile Line outside Mohave Electric Cooperative,
21 Incorporated's Certificate of Convenience and Necessity shall be apportioned between
22 Mohave Electric Cooperative, Incorporated and BIA pro rata by usage and shall be allocated
23 among and passed on to Mohave customers connected to the 70-mile Line outside Mohave's
24 certificated area or BIA's accounts as appropriate.

25 IT IS FURTHER ORDERED that BIA shall use its best reasonable efforts to work
26 with Mohave Electric Cooperative, Incorporated in applying to the Tribes for renewal of
27 rights-of-way and easements from the Havasupai and Hualapai Tribes and the Boquillas
28

1 Ranch (owned by the Navajo Tribe) for the 70-Mile Line, including reasonable rights of
2 access across tribal lands to facilities and customers.

3 IT IS FURTHER ORDERED that Mohave Electric Cooperative, Incorporated shall
4 continue at its own expense to maintain and read the meter at the Nelson substation in order
5 to provide a measure of the load delivered at the Nelson substation end of the 70-Mile Line.

6 IT IS FURTHER ORDERED that, Mohave Electric Cooperative, Incorporated shall
7 calculate the net line loss for the 70-Mile Line, including adjustments for the amount of loss
8 built into Mohave Electric Cooperative, Incorporated's standard rate (actual losses net the
9 embedded loss in the rate); and Mohave Electric Cooperative, Incorporated shall be
10 responsible for only its share of the load losses in proportion to its use of the 70-Mile Line
11 (based on the actual load of Mohave Electric Cooperative, Incorporated's customers) in the
12 same manner as operation, maintenance and repair costs are apportioned. Mohave Electric
13 Cooperative, Incorporated shall share the basis for the proposed calculation with BIA for
14 concurrence as part of the on-going operation, maintenance, and repair discussions between
15 Mohave and BIA.

16 IT IS FURTHER ORDERED that BIA's complaint against Mohave Electric
17 Cooperative, Incorporated is fully resolved by this Decision, that no issues remain for
18 resolution under that complaint, and that all parties to the complaint and this proceeding
19 shall bear their own attorney's fees, costs and expenses.
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BRIAN CAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

1 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

3  **DRAFT**

4 CHAIRMAN

COMMISSIONER

5  **DRAFT**

6 COMMISSIONER

COMMISSIONER

COMMISSIONER

7
8 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
9 Executive Director of the Arizona Corporation
10 Commission, have hereunto set my hand and caused the
11 official seal of the Commission to be affixed at the
12 Capitol, in the City of Phoenix, this ____ day of
_____, 2010.

13  **DRAFT**

14
15 ERNEST G. JOHNSON
16 EXECUTIVE DIRECTOR

17 DISSENT _____

18 DISSENT _____

19
20
21 SERVICE LIST FOR:

COMPLAINT OF THE BUREAU OF INDIAN
22 AFFAIRS, UNITED STATES OF AMERICA,
23 AGAINST MOHAVE ELECTRIC COOPERATIVE,
INCORPORATED

24 DOCKET NO.:

E-01750A-05-0579

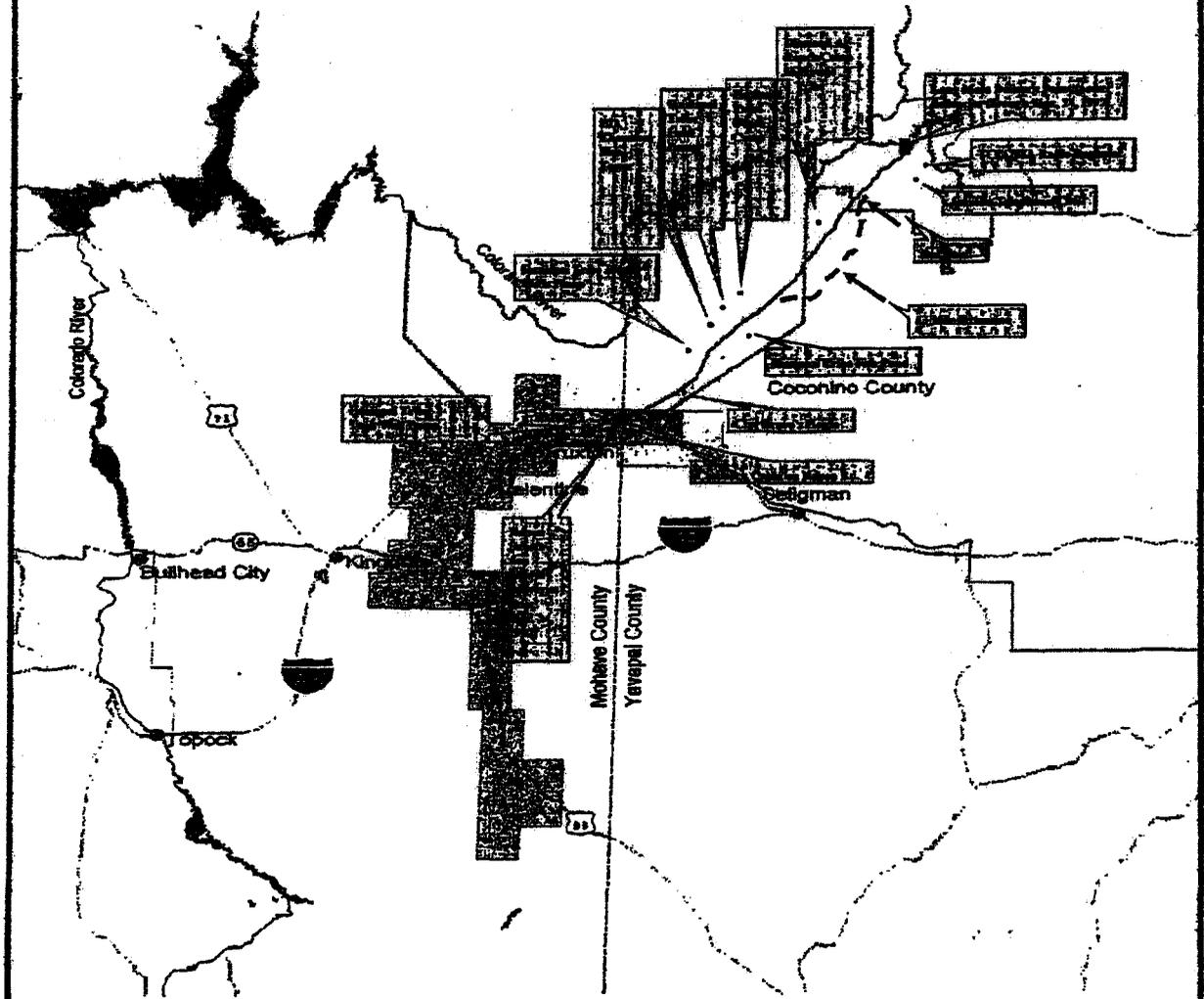
25 Steven A. Hirsch
26 Rodney W. Ott
27 BRYAN CAVE LLP
28 Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

BRYAN CAVE LLP
TWO NORTH CENTRAL AVENUE, SUITE 2200
PHOENIX, ARIZONA 85004-4406
(602) 364-7000

- 1 Mark J. Wenker
- 2 U S ATTORNEY'S OFFICE
- 3 40 North Central Avenue, Suite 1200
- 4 Phoenix, Arizona 85004-4408
- 5 Attorneys for the Bureau of Indian Affairs,
- 6 United States of America
- 7
- 8 Janice Alward, Chief Counsel
- 9 Legal Division
- 10 ARIZONA CORPORATION COMMISSION
- 11 1200 West Washington Street
- 12 Phoenix, Arizona 85007
- 13
- 14 Steven M. Olea, Director
- 15 Utilities Division
- 16 ARIZONA CORPORATION COMMISSION
- 17 1200 West Washington Street
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BRIAN JAYE LLP
 TWO NORTH CENTRAL AVENUE, SUITE 2200
 PHOENIX, ARIZONA 85004-4408
 (602) 364-7000

EXHIBIT 1



- EXPLANATION**
-  Havasupai Indian Reservation
 -  Hualapai Indian Reservation
 -  County
 -  1962 Service Area A
 -  1962 Service Area B
 -  1984 Service Area
 -  1995 Service Area

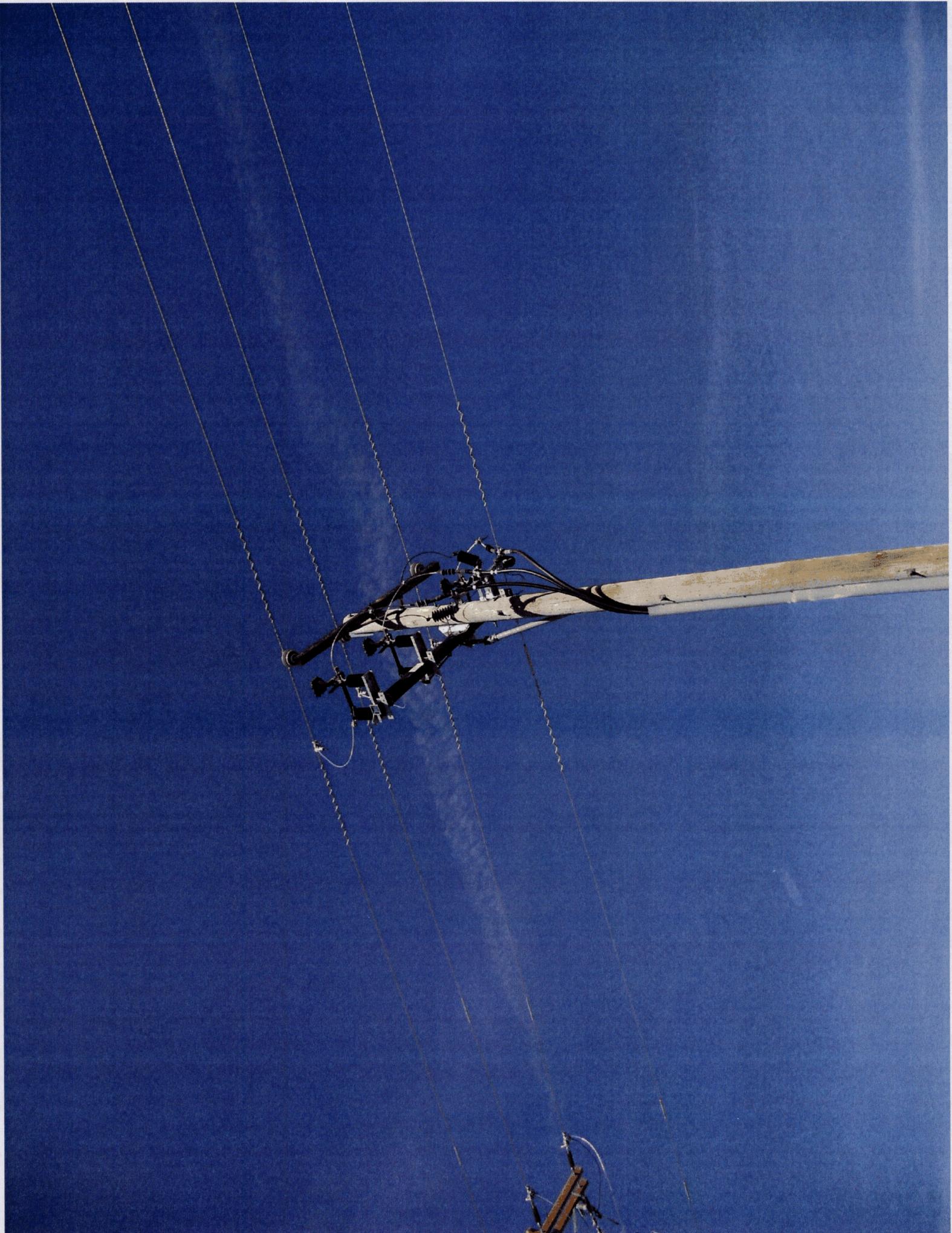


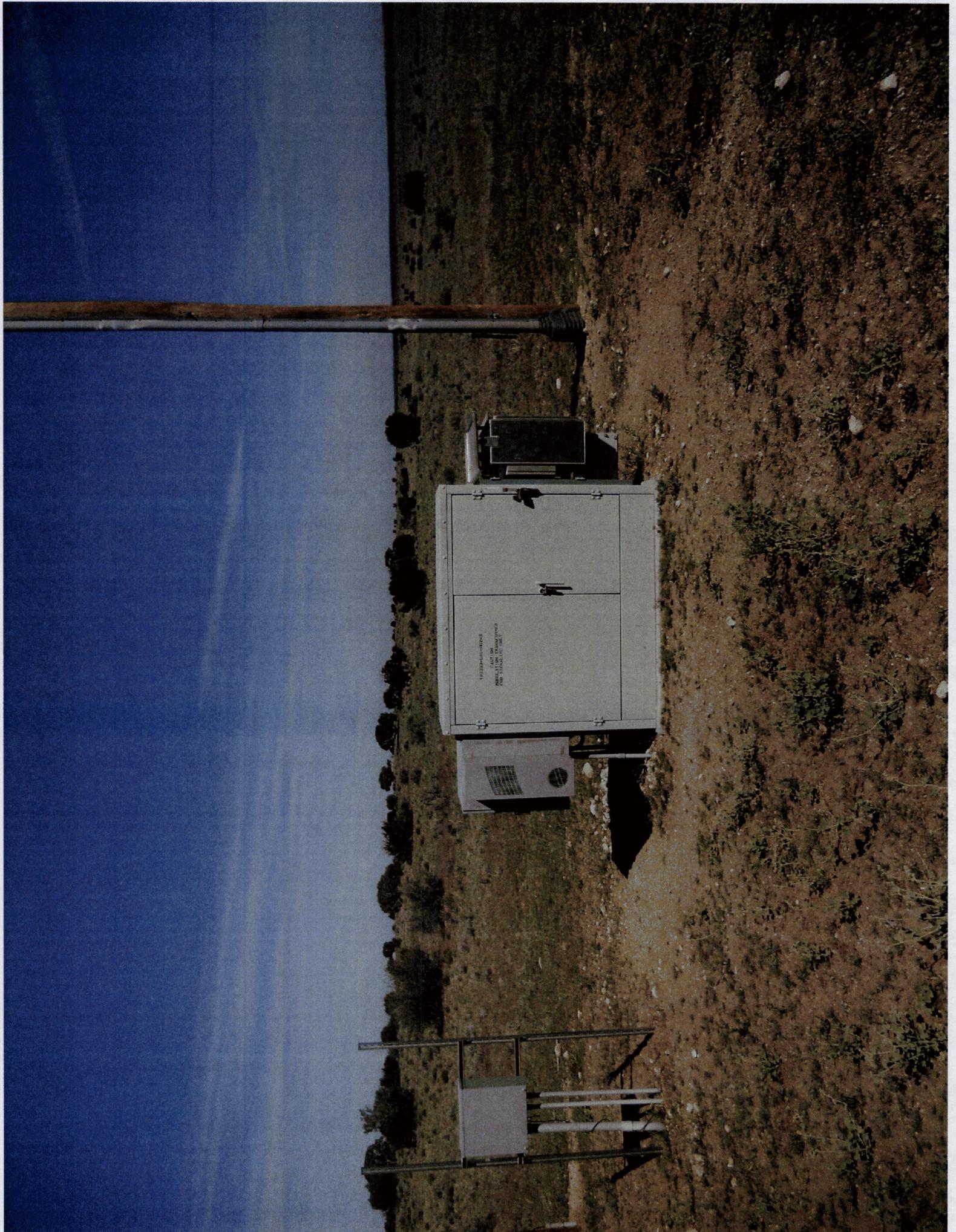
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EXHIBIT
R-19
ADMITTED

tabbles®







ST. JOHN'S UNIVERSITY
SCHOOL OF ENGINEERING
1000 UNIVERSITY AVENUE
NEW BRUNSWICK, NJ 08901
(908) 527-2000





Distribution Control Systems, Inc.

An ESCO Technologies Company

Substation Communication Equipment

1100 VAC 60HZ

Model No.

Y55700-001

Mfg. Loc.

Serial No.

0118371300

Date Code

Input Voltage

1100 VAC 60HZ

Maximum Current



1000
1000

Communication Equipment

OUTBOUND REGULATION UNIT

Model No. **Y88300-301**

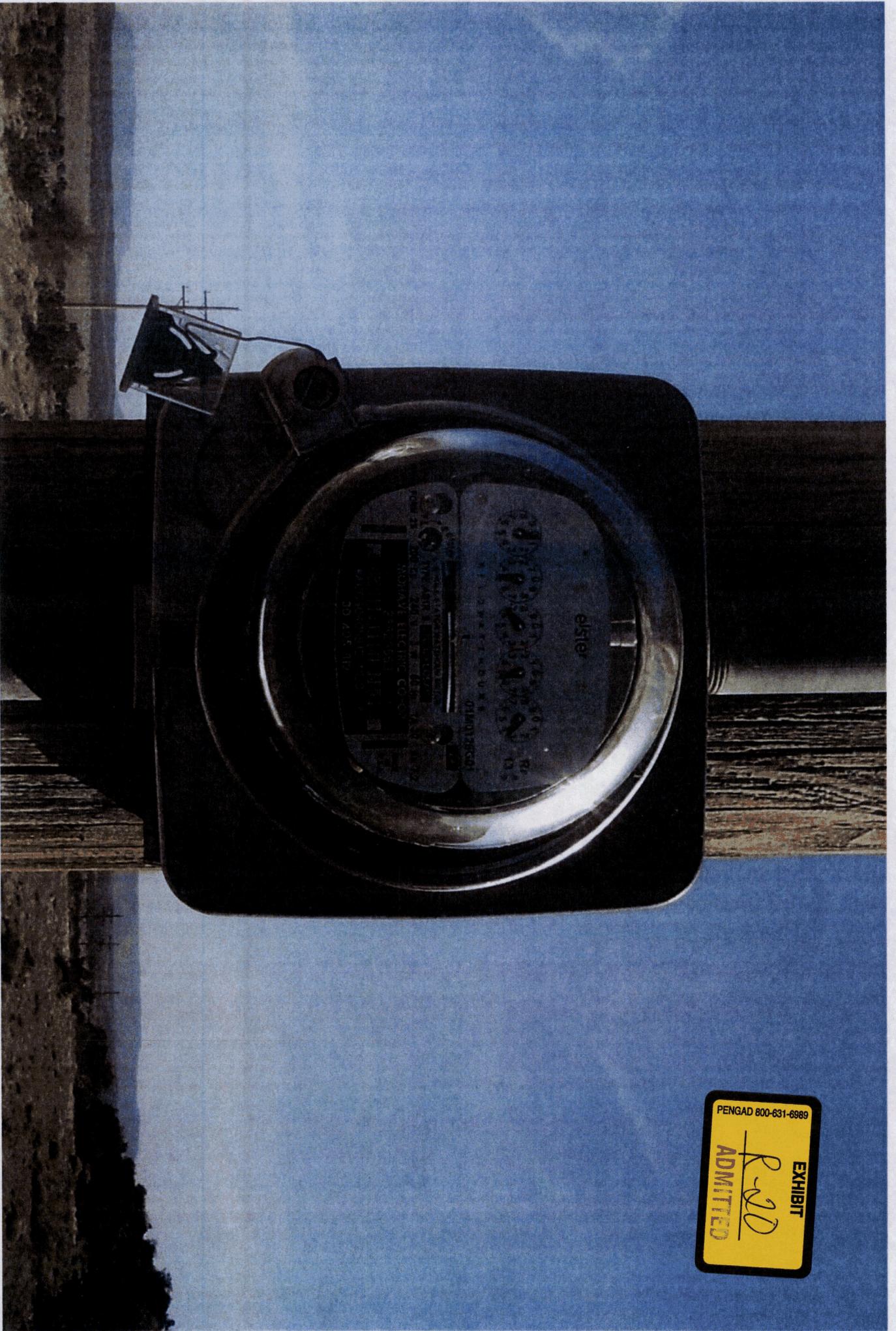
Serial No. **AY10388243D**

Input Voltage

280/277 VAC

400 AMPS RMS MAX

34A 448/0837



PENGAD 800-631-6989
EXHIBIT
K-20
ADMITTED



elster

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K I L O W A T T H O U R S 01M0126G01

2A

SINGLE-STATOR WATT-HOUR METER

TYPE AB1R S. 7C32FLCSAP

FORM 2S 200 CL 240 V 3 W 60 Hz TA 30

Kh 7.2

MADE IN U.S.A.

MOHAVE ELECTRIC CO-OP

28828578

*ACG30405837 MEC. *

30 405 837



OWNERS: ADVISE THE LOCAL UTILITY COMPANY OF ANY CHANGES IN ADDRESS OR PHONE NUMBER. THE COMPANY WILL SEND YOU A NEW METER IF NECESSARY. THE COMPANY IS NOT RESPONSIBLE FOR THE LOSS OF METER DATA.



elster

K I L O W A T T H O U R S

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SINGLE-STATOR WATT-HOUR METER

TYPE ABIR S 7C32FLCSAP

FORM 25 200 CL 240 V 3 W 60 Hz TA.30 Kh 7.2

MOHAVE ELECTRIC CO-OP

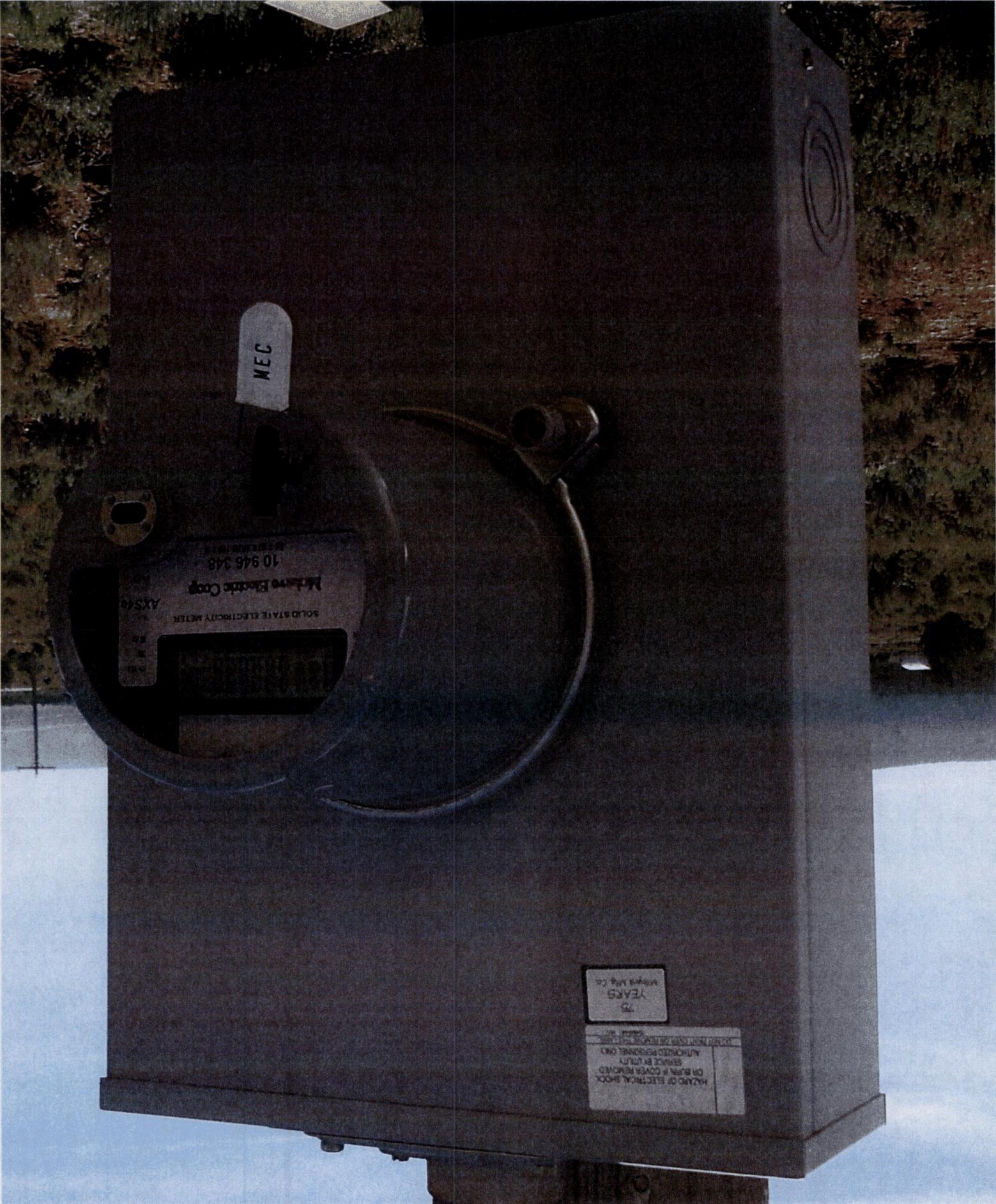
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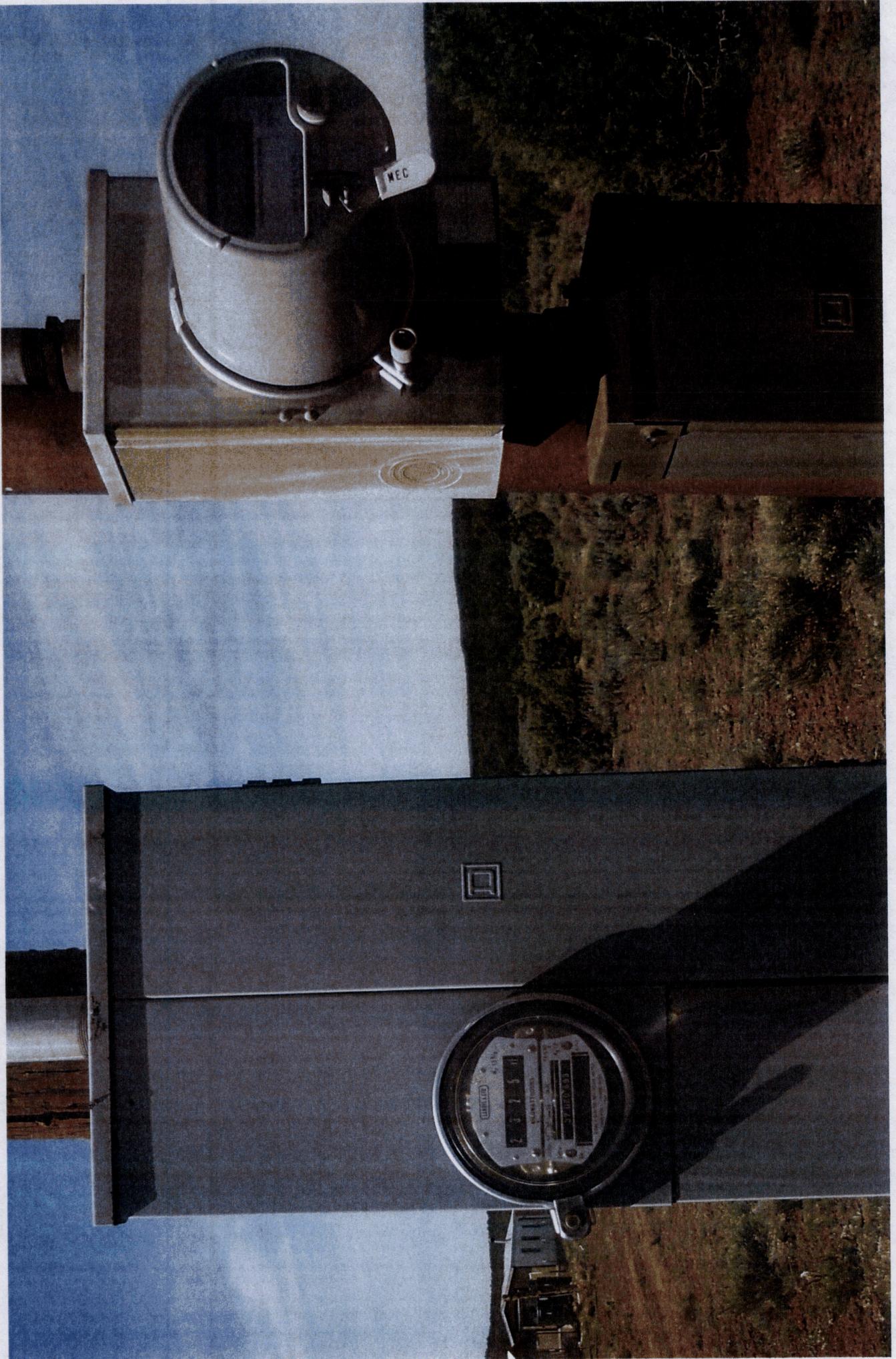


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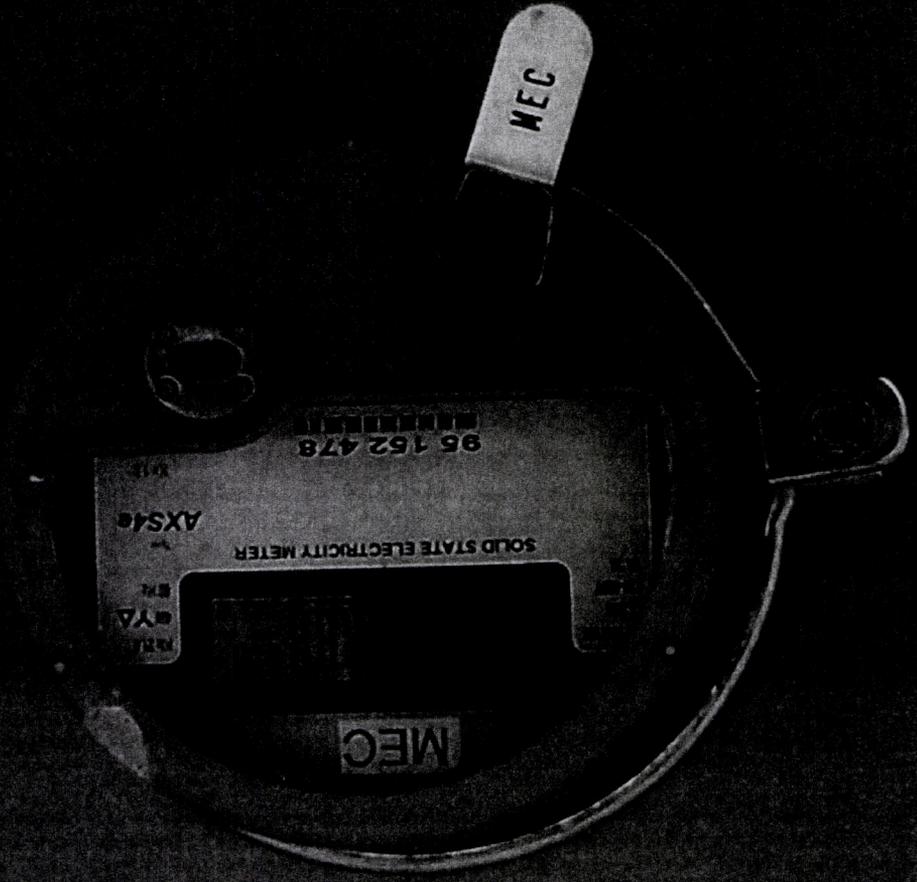
SOLID STATE ELECTRICITY METER
 AXS40
 McLain Electric Coop
 10 946 348
 REFERENCE NO.

HAZARD OF ELECTRICAL SHOCK
 OR BURN IF COVER REMOVED
 SERVICE BY UTILTY
 AUTHORIZED PERSONNEL ONLY
 LOCK REMOVAL REQUIRED FOR SERVICE
 25
 YEARS
 Winters Mfg. Co.

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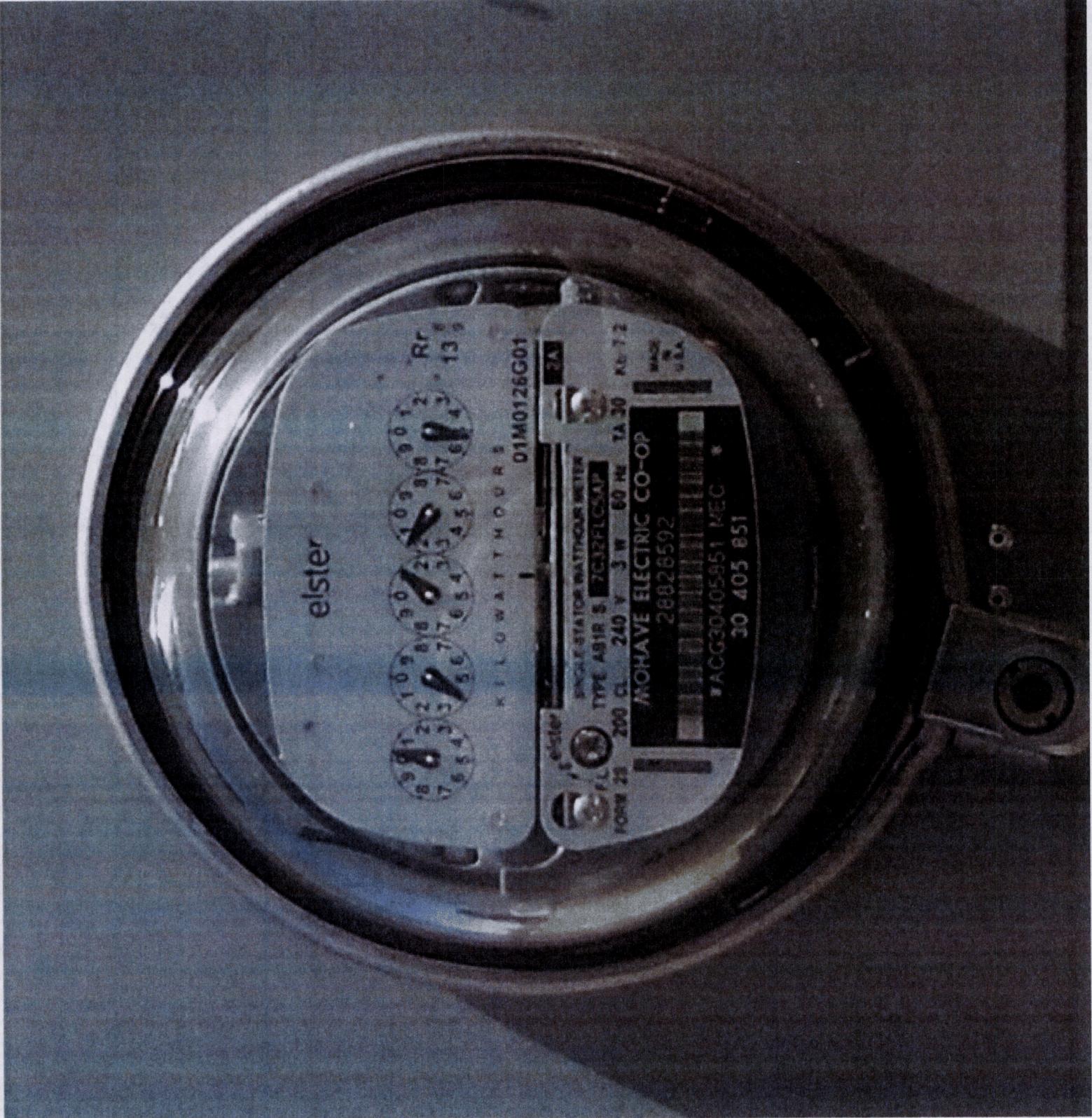


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HAZARD OF ELECTRICAL
 SHOCK OR BURN
 SERVICE BY UTILITY
 AUTHORIZED PERSONNEL ONLY
 DO NOT REMOVE THIS LABEL

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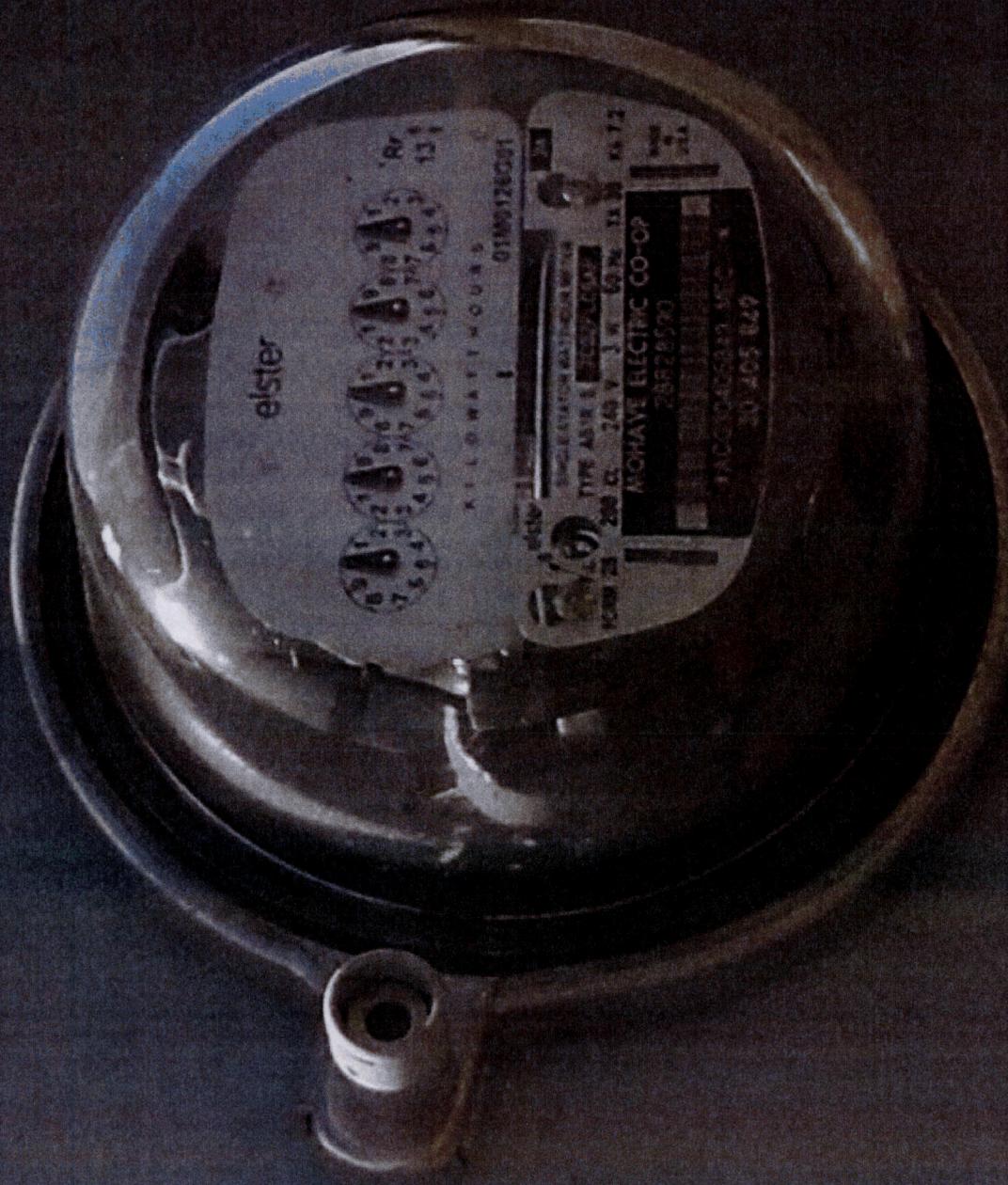
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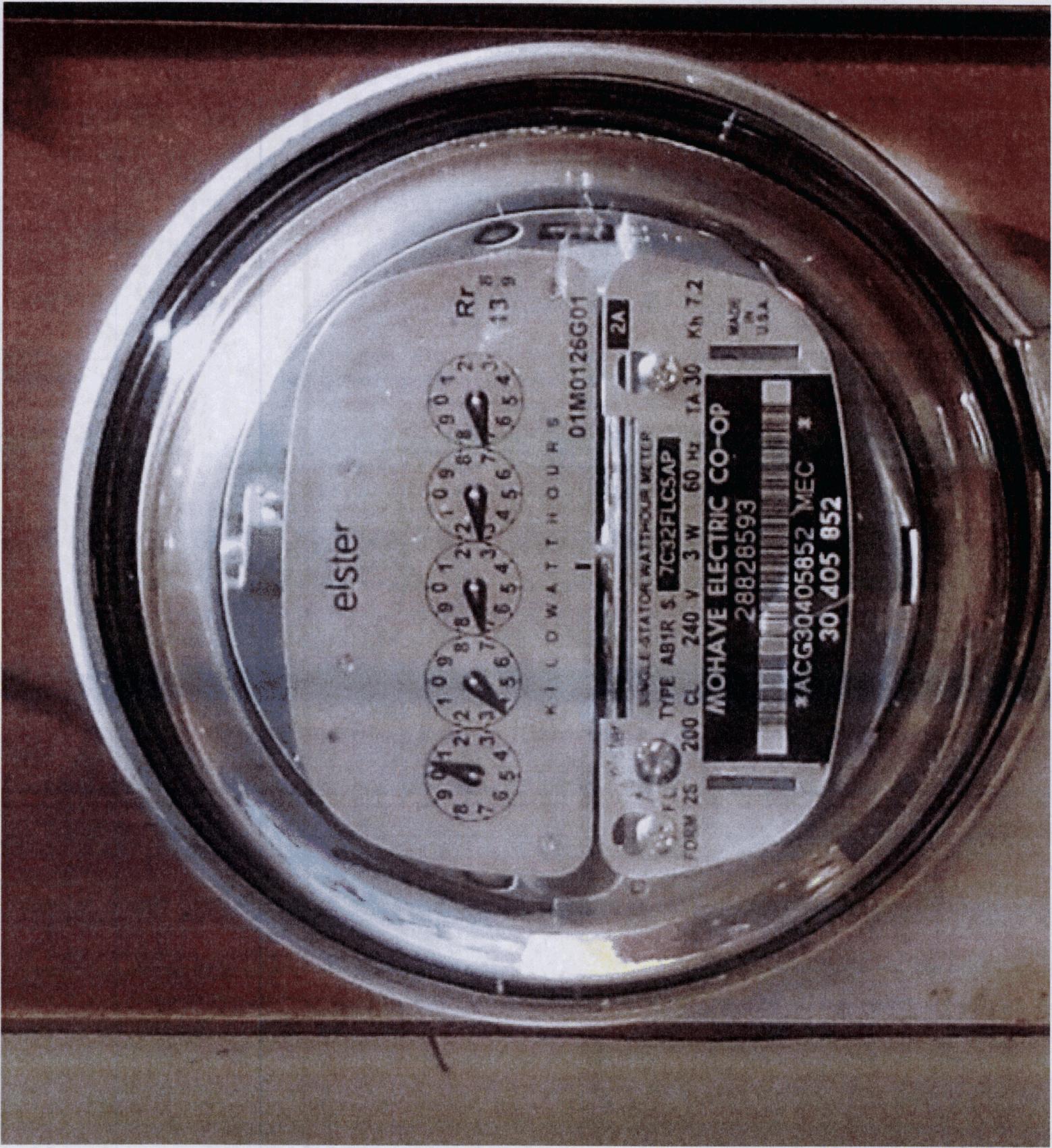
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KILOWATT HOURS
01M0126G01

elster
SINGLE-STATOR WATT-HOUR METER
TYPE AB1R S 7C32FLCSAP
FORM 28 200 CL 240 V 3 W 60 Hz TA 30 K6-7.2
MADE IN U.S.A.
MOHAVE ELECTRIC CO-OP
28828592
WACG30405951 MEC
30 405 851

7





elster

9 0 1 2 3 4 5 6 7 8 9
 8 9 0 1 2 3 4 5 6 7 8 9
 7 6 5 4 3 2 1 0 9 8 7 6 5 4 3 2 1
 6 5 4 3 2 1 0 9 8 7 6 5 4 3 2 1
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 4 3 2 1 0 9 8 7 6 5 4 3 2 1
 3 2 1 0 9 8 7 6 5 4 3 2 1
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K I L O W A T T H O U R S 01M0126G01

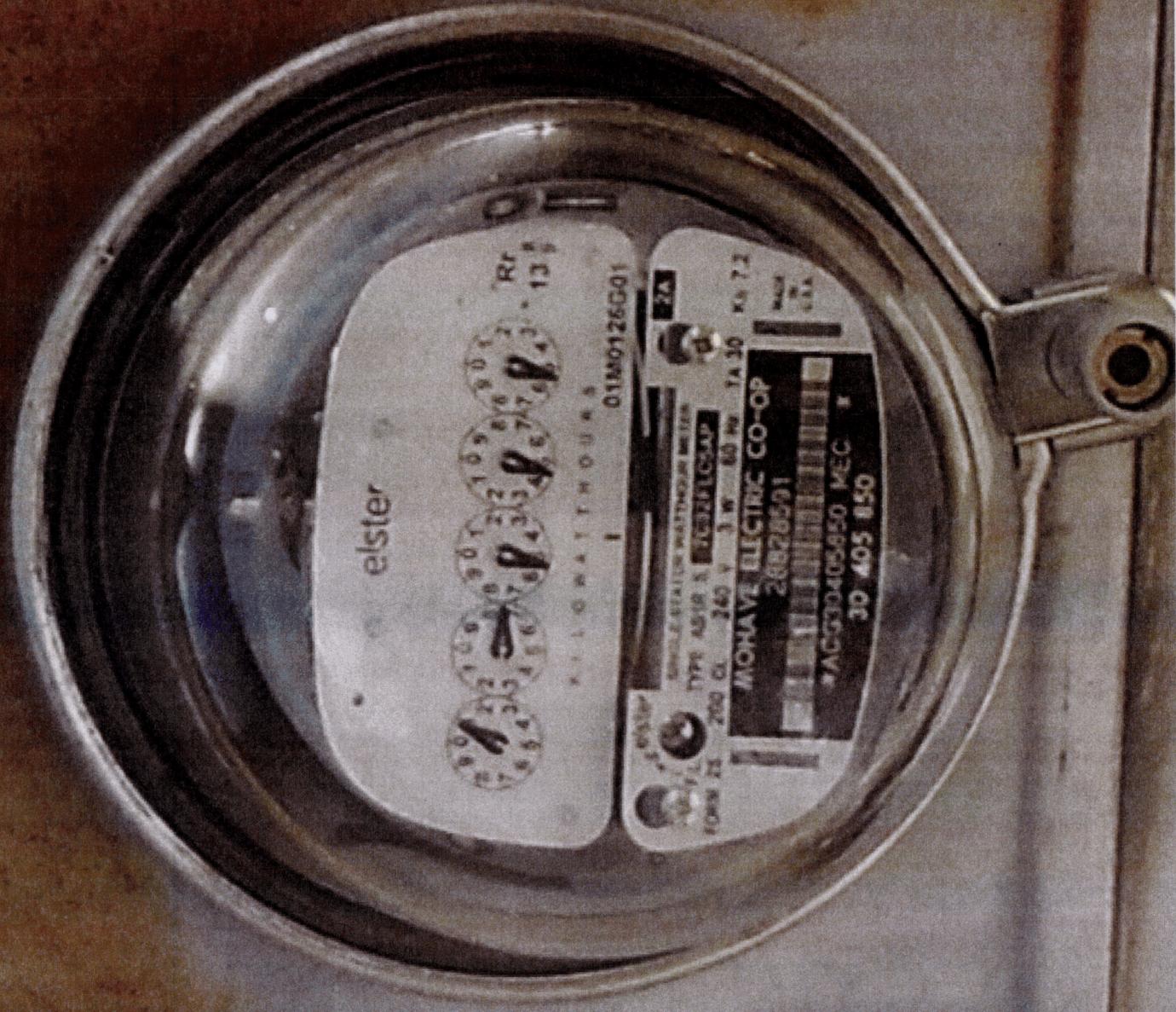
2A

SINGLE-STATOR WATT-HOUR METER
TYPE AB1R S 7C32FLCSAP

FORM 2S 200 CL 240 V 3 W 60 Hz TA 30 KWh 7.2

MOHAVE ELECTRIC CO-OP
 28828593
 *ACG30405852 MEC *
 30 405 852

MADE IN U.S.A.



elster

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REGISTERED TRADE MARK

01M0126G-01

WINDMETER

WINDMETER WEATHER METER

TYPE ASIR S TCG2FLCJAP

FORM 23 200 CL 240 V 3 W 80 Hz TA 30

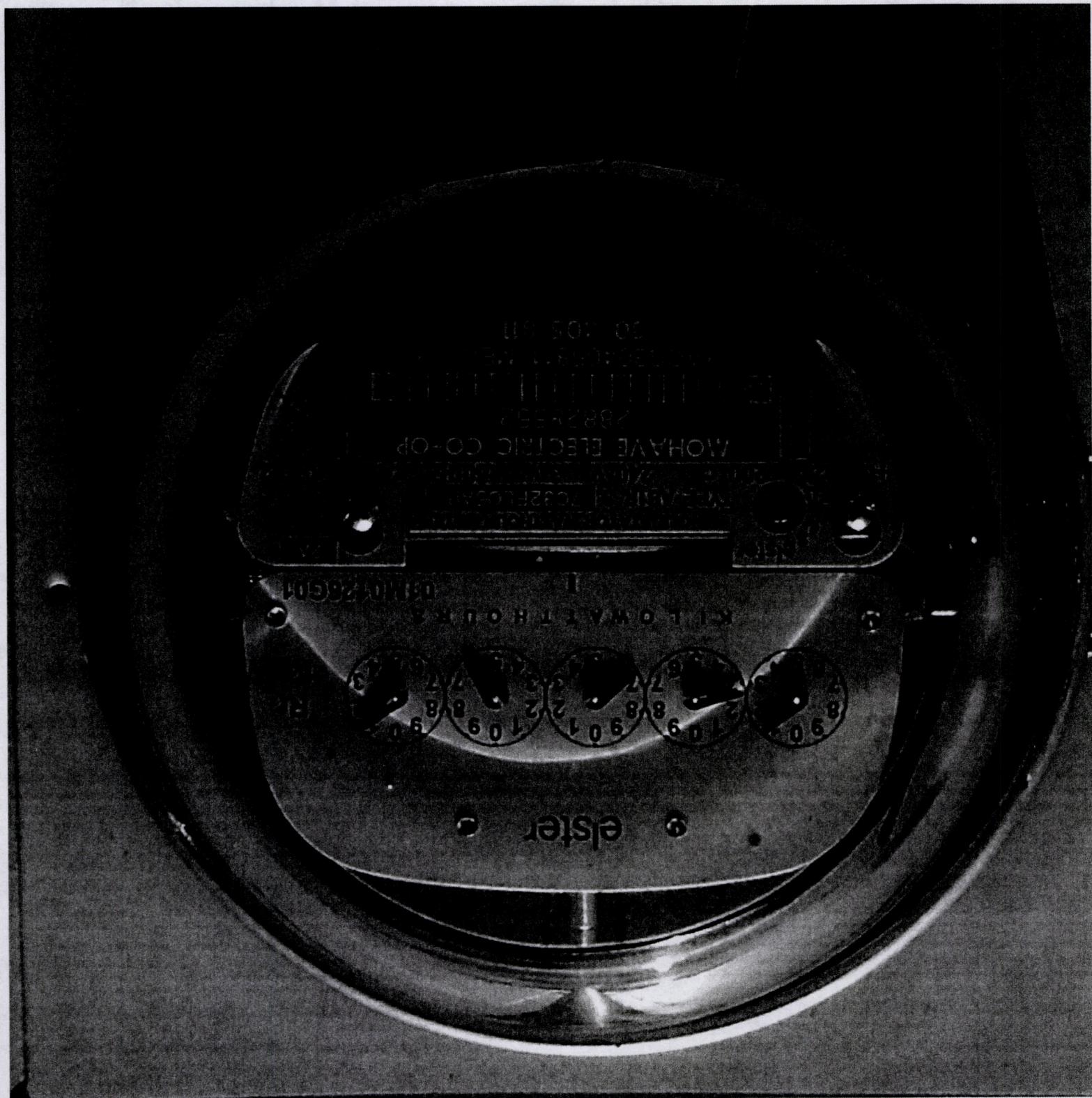
MOHAVE ELECTRIC CO-OP

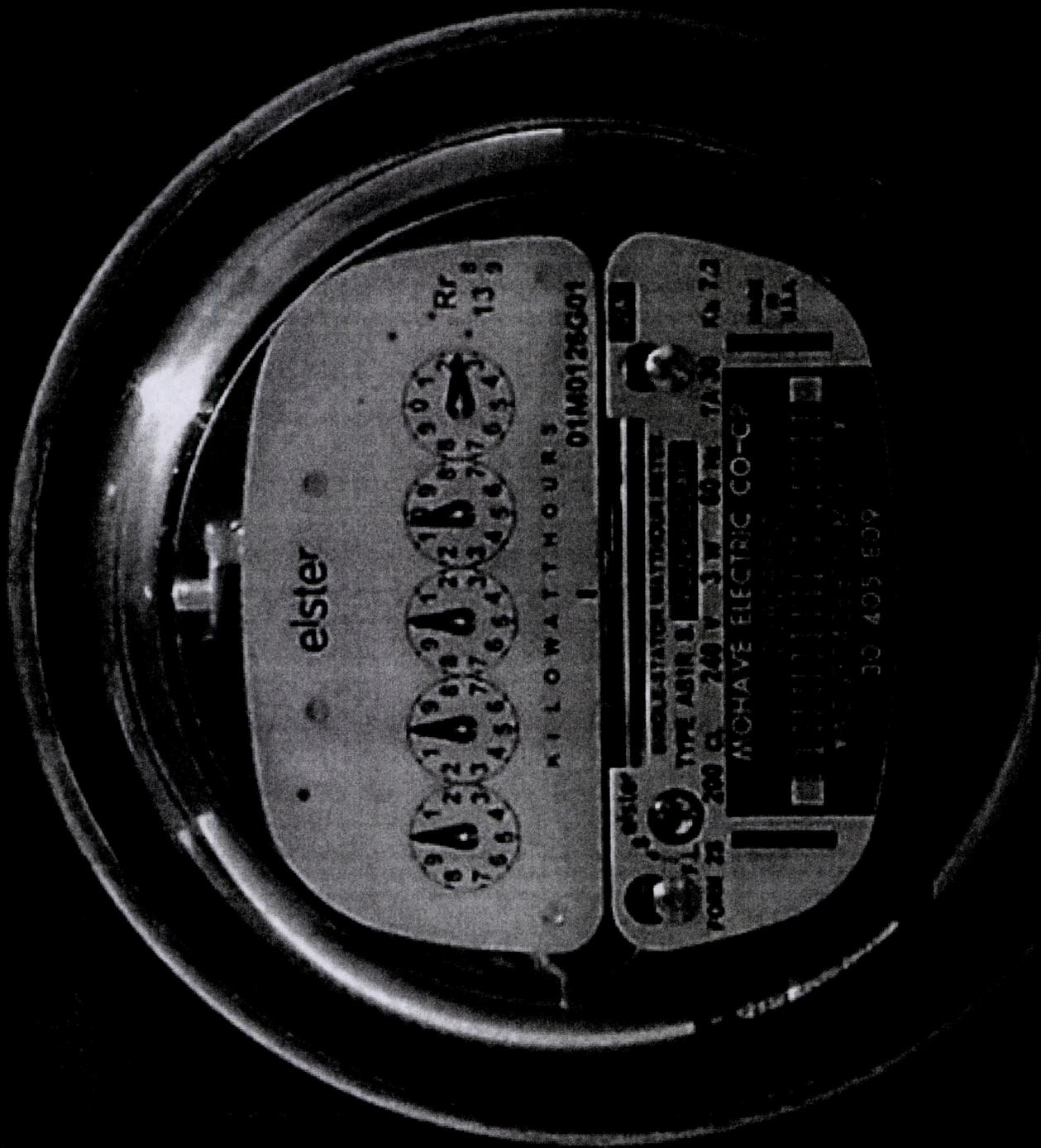
28828591

AC530405650 MEC

30 495 850

MADE IN U.S.A.





30 405 809

NEWLY-REPLACED METERS ON 70-MILE LINE

LISTED ROUGHLY FROM NELSON SUBSTATION SOUTH TO NORTH¹



R-20 Photo Number	Meter Number	Source of Meter	Site Served	Last Known Account Number	Comments
No change, so no photo	02-089-297	MEC meter	Nelson substation		Located inside MEC's CCN, just off reservation land.
1	97-298-158 (old) 30-405-812 (new)	MEC meter	Hualapai Tribe water well, mile post 1.2	896-027	Located inside MEC's CCN, and on Hualapai Reservation.
No photo available due to dog	57-788-387 (old) 30-405-837 (new)	MEC meter	Cesspooch residence. Mile post 0.3.	44561-006	Located inside MEC's CCN, and on Hualapai Reservation.
2	95-528-410 (old) 30-405-810 (new)	MEC meter	Bravo residence. Mile post 9.7	28135-001	Located outside MEC's CCN, and on Hualapai Reservation.
3	90-153-604 (old) 10-946-348 (new)	MEC meter	Hualapai Tribe water well at Frazier Wells, mile post 21.8	896-060?	Located outside MEC's CCN, and on Hualapai Reservation.

1A

¹ The first two meters are located off Indian Road 19, while the remaining meters are located off Indian Road 18.

4	01-365-750 (old) 95-152-473 (new)	MEC meter	Hualapai Tribe water well at Frazier Wells, mile post 21.8	896-073?	Located outside MEC's CCN, and on Hualapai Reservation. Service in poor condition. Meter not working and cannot be read.
No change, so no photo	37-060-693	Not MEC meter; installed after abandonment by persons unknown.	Mobile home and garage at Frazier Wells, mile post 21.8	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 45.859, W113 degree 04.429. Never served by MEC.
5	01-684-104 (old) 95-152-478 (new)	MEC meter.	Hualapai Tribe water well, mile post 21.8	896-100?	Located outside MEC's CCN, and on Hualapai Reservation. Meter not working and cannot be read.
No change, so no photo	37-736-668	Not MEC meter; installed after abandonment by persons unknown.	Water lift pump, mile post 21.8	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 45.959 W113 degree 04.371. Never served by MEC.
No change, so no photo	29-256-146	Not MEC meter; installed after abandonment by persons unknown.	Water lift pump, mile post 25.	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 48.685 W113 degree 03.033. Never served by MEC.

No change, so no photo	29-256-052	Not MEC meter; installed after abandonment by persons unknown.	Water lift pump, mile post 26.5.	None; unauthorized installation	Located outside MEC's CCN, and on Hualapai Reservation. GPS location N35 degree 49.842 W113 degree 02.275. Never served by MEC.
	86-549-384 (old) 30-405-851 (new)	MEC meter.	BIA Thornton fire tower and station, mile post 26.6	29740-001	Located outside MEC's CCN, and on Hualapai Reservation. Service is in poor condition. Three sub-meters observed.
	88-058-929 (old) 30-405-849 (new)	MEC meter.	Hualapai Tribe fish hatchery/fish pond.	896-084	Located outside MEC's CCN, and on Hualapai Reservation. No use recorded. Pole falling over.
	95-245-102 (old) 30-405-852 (new)	MEC meter	Hualapai Tribe youth camp/hunting lodge, mile post 26.6	896-083	Located outside MEC's CCN, and on Hualapai Reservation.
	96-866-745 (old) 30-405-850 (new)	MEC meter	Boguilas/Diamond A Ranch, owned by Navajo Tribe.	44567-003	Located outside MEC's CCN, and on private land owned by the Navajo Tribe.
No change, so no photo	37-060-713	Not MEC meter; installed after abandonment by persons unknown.	On the 11-mile spur line, mile post 56.3.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on new Supai tap line/spur. Never served by MEC.

No change, so no photo	35-692-911	Not MEC meter; installed after abandonment by persons unknown.	On the 11-mile spur line, mile post 56.8.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on new Suppai tap line/spur. Never served by MEC.
No change, so no photo	37-056-941	Not MEC meter; installed after abandonment by persons unknown.	On the 11-mile spur line, mile post 57.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on new Suppai tap line/spur. Never served by MEC.
10	87-476-817 (old) 30-405-811 (new)	MEC meter.	Telephone tower at Long Mesa.	63626-000	Located outside MEC's CCN, and on Havasupai Reservation. Presence of unknown generator at site could raise safety issues.
11	61-718-916 (old) 30-405-809 (new)	MEC meter.	BIA radio tower at Long Mesa.	451-055	Located outside MEC's CCN, and on Havasupai Reservation.

No change, so no photo	37-060-732	Not MEC meter; installed after abandonment by persons unknown.	Communication tower at Long Mesa.	None; unauthorized installation	Located outside MEC's CCN, and on Havasupai Reservation. Built on 21-pole tap into the 70 mile line. Never served by MEC. Solar panels, wind turbine and generator at location. Existence of generator and other equipment could create safety issues.
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MOHAVE ELECTRIC COOPERATIVE, INC
 928 Hancock Road, Bullhead City, AZ 86442
 928-763-1100 (fax) 928-763-7357



Office Use Only

Date: _____
 Deposit Fee: _____
 L/C: _____
 Account #: _____

RESIDENTIAL APPLICATION FOR NON-MEMBER ELECTRIC SERVICE
Please Print - Complete All Lines

Name _____ Spouse _____
 Mailing Address _____
 City _____ State _____ Zip _____
 Phone _____ Work Phone _____
 SS# _____ DL#/State Issued _____ / _____
 Spouse SS# _____ DL#/State Issued _____ / _____
 Employer _____ City _____ State _____
 Service Address _____
 E-mail Address _____ Connect Date _____
 Additional Information _____

FAX OR RETURN the completed and executed application to our Customer Service Office

The undersigned (hereinafter called the "Applicant") hereby applies for electric service, and agrees to purchase electric energy from Mohave Electric Cooperative, Incorporated (hereinafter called the "Cooperative") upon the following terms and conditions:

1. Applicant will pay to the Cooperative the sum of _____ dollars which, if this application is accepted by the Cooperative, will constitute the Applicant's deposit for service under the tariffs of the Cooperative and, if necessary in the opinion of the Cooperative, an amount sufficient to pay for any Cooperative incurred costs of Applicant's interconnection to the system of the Cooperative as determined by the Cooperative including and not limited to engineering, travel and construction time and materials and site inspection and interconnection cost estimate expenses pursuant to the tariffs of the Cooperative and the rules and regulations of the Arizona Corporation Commission.
2. The Applicant will, when electric energy becomes available, purchase from the Cooperative all electric energy used on the premises of the Applicant consistent with the by-laws of the Cooperative and the rules and regulations of the Arizona Corporation Commission and will pay therefore monthly at rates to be determined from time to time in accordance with Cooperative approved tariffs and the by-laws of the Cooperative; provided, however, that the Cooperative may limit the amount of electric energy which it shall be required to furnish to the Applicant.

3. The Applicant will cause its premises to be interconnected with the facilities of the Cooperative and wired in accordance with all applicable codes, standards, regulations, laws, policies, and terms and conditions of the Cooperative.
4. The Applicant will comply with and be bound by the provisions of the articles of incorporation, the articles of conversion, and the by-laws of the Cooperative, and such policies, rules and regulations as may from time to time be adopted by the Cooperative.
5. The Applicant hereby agrees to grant by this application, easements or rights of way across and under its property, for construction, use and operation of power and other lines necessary for the receipt of electricity and other services and accounts in this area. Also, Applicant shall give safe and unobstructed access at reasonable times to its premises for the purpose of reading meters, testing, repairing, relocating, removing, or exchanging any and all equipment or facilities necessary in the opinion of the Cooperative to provide electric and other service.
6. Applicant agrees by virtue of receipt of electric service from the Cooperative and this application it does not become a member of the Cooperative.

 SIGNATURE

 SPOUSE SIGNATURE

 PLEASE PRINT NAME

 PLEASE PRINT NAME



MOHAVE ELECTRIC COOPERATIVE, INC
928 Hancock Road, Bullhead City, AZ 86442
928-763-1100 (fax) 928-763-7357

Office Use Only

Date: _____

Deposit Fee: _____

Account #: _____

BUSINESS APPLICATION FOR NON-MEMBER ELECTRIC SERVICE
Please Print - Complete All Lines

Business/Name _____

Mailing Address _____

City _____ State _____ Zip _____

Phone _____ TAX ID/SS# _____

Authorized Agent/s _____

Service Address _____

E-mail Address _____ Connect Date _____

Additional Information _____

FAX OR RETURN the completed and executed application to our Customer Service Office

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2. The Applicant will, when electric energy becomes available, purchase from the Cooperative all electric energy used on the premises of the Applicant consistent with the by-laws of the Cooperative and the rules and regulations of the Arizona Corporation Commission and will pay therefore monthly at rates to be determined from time to time in accordance with Cooperative approved tariffs and the by-laws of the Cooperative; provided, however, that the Cooperative may limit the amount of electric energy which it shall be required to furnish to the Applicant.

3. The Applicant will cause its premises to be interconnected with the facilities of the Cooperative and wired in accordance with all applicable codes, standards, regulations, laws, policies, and terms and conditions of the Cooperative.

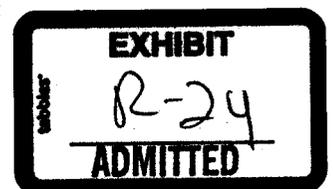
4. The Applicant will comply with and be bound by the provisions of the articles of incorporation, the articles of conversion, and the by-laws of the Cooperative, and such policies, rules and regulations as may from time to time be adopted by the Cooperative.

5. The Applicant hereby agrees to grant by this application, easements or rights of way across and under its property, for construction, use and operation of power and other lines necessary for the receipt of electricity and other services and accounts in this area. Also, Applicant shall give safe and unobstructed access at reasonable times to its premises for the purpose of reading meters, testing, repairing, relocating, removing, or exchanging any and all equipment or facilities necessary in the opinion of the Cooperative to provide electric and other service.

6. Applicant agrees by virtue of receipt of electric service from the Cooperative and this application it does not become a member of the Cooperative.

OFFICER/AUTHORIZED AGENT SIGNATURE

OFFICER/AUTHORIZED AGENT / PRINT NAME



SERVICE LINE AGREEMENT

WHEREAS, Mohave Electric Cooperative, Incorporated, its successors and assigns, hereinafter termed "MEC," is requesting to extend electrical service to Hualapai Tribe/residence (landowner name), hereinafter termed "Owner," who is the owner of a tract of land identified and described as follows:

(Provide description of work to be completed);

and

WHEREAS, the location of the service line required to serve the above-described property, and its extent, is more particularly shown and delineated on the attached plat/diagram marked "Exhibit A," which has been prepared in accordance with 25 C.F.R. 169.22(c) and which by this reference is made a part hereof; and

WHEREAS, the regulations of 25 C.F.R. 169.22 provide that an agreement shall be entered into by and between the Owner and MEC before any work by MEC may be undertaken to construct a service line across such land; and

WHEREAS, those regulations further provide that a service line shall be for the sole purpose of supplying the Owner or authorized occupant or lessee of land, including schools and churches, with telephone, water, electric power, gas, or other utilities for use on the premises by such Owner, authorized occupant, or lessee of the land;

NOW THEREFORE, it is hereby agreed that in consideration of MEC furnishing electrical service to the within-described property, the Owner hereby grants permission to MEC to construct and maintain a service line on and across the said property without the payment of any monetary compensation or damages by MEC.

Tribal Government will do all related NEPA that is required for the Service Line.

The Owner further grants permission to MEC to construct, operate, rebuild, patrol, and maintain on the above-described lands and/or in or upon all streets, roads, or highways abutting said lands, an electric system, and to cut and trim trees and shrubbery that may interfere with or threaten to endanger the operation and maintenance of said line or system. The Owner agrees that this easement shall remain clear of any obstructions which would impair vehicular access to these facilities, or which would endanger or interfere with these facilities. MEC agrees to comply with all the requirements of 25 C.F.R. 169.22.

The costs associated with any relocation of MEC's service lines or facilities, requested by the Owner, shall be the responsibility of the Owner, occupant, or lessee requesting the relocation. Any costs associated with relocation of MEC's service lines or facilities, requested by MEC, shall be the responsibility of MEC. If the relocation is required to prevent a violation of the National Electric Safety Code created by the actions of another, the relocation costs shall be paid by the party creating the violation.

The service line herein established is subject to any prior, valid, existing right and is without limitation as to tenure so long as said service line shall be actually used for the purpose above specified; PROVIDED, that this agreement may be terminated for any of the following causes upon thirty (30) days' written notice from the Secretary if within the 30-day notice period the MEC fails to correct the basis for termination:

- 1. Failure to comply with any term or condition of the agreement.



2. A nonuse of the service line for a consecutive two-year period.
3. Abandonment of the service line by MEC.

Upon termination, MEC shall have a reasonable period of time to remove MEC's service lines and facilities. MEC shall not be responsible for any restoration of the area cleared for the construction of the service line following termination.

MEC

OWNER

Date: _____

Date: _____
