

# NEW APPLICATION



0000001667



**WATERFALL ▾ ECONOMIDIS ▾ CALDWELL  
HANSHAW ▾ VILLAMANA**

A Professional Corporation

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## ORIGINAL

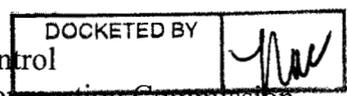
Arizona Corporation Commission

### DOCKETED

APR 19 2004

April 16, 2004

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Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

E-01461A-04-0299

RECEIVED  
2004 APR 19 A 11: 14  
AZ CORP COMMISSION  
DOCUMENT CONTROL

**Re: Trico Electric Cooperative, Inc.  
Application for Approval of Additional Borrowing**

Ladies and Gentlemen:

Enclosed is your cover sheet and the original and 13 copies of the above Application of Trico Electric Cooperative, Inc., which we are transmitting to you for filing. Also enclosed is an extra copy of the Application which we would appreciate your conforming with the docket number assigned and returning in the enclosed stamped self-addressed envelope.

Thank you.

Very truly yours,

WATERFALL ECONOMIDIS CALDWELL  
HANSHAW & VILLAMANA, P.C.

Russell E. Jones

REJ/cw  
Enclosures  
cc: Trico



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NEW APPLICATION

ORIGINAL

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2004 APR 19 A 11: 14  
AZ CORP COMMISSION  
DOCUMENT CONTROL

Russell E. Jones, SBN 000549  
D. Michael Mandig, SBN 005601  
Attorneys for Trico Electric Cooperative, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER  
Chairman  
KRISTIN K. MAYES  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
WILLIAM MUNDELL  
Commissioner  
MIKE GLEASON  
Commissioner

E-01461A-04-0299

IN THE MATTER OF THE APPLICATION  
OF TRICO ELECTRIC COOPERATIVE,  
INC., AN ARIZONA NONPROFIT  
CORPORATION, FOR AUTHORITY TO  
BORROW THE ADDITIONAL SUM OF  
\$57,992,000 FROM, OR GUARANTEED BY,  
THE UNITED STATES OF AMERICA (RUS)  
AND TO EVIDENCE SAID LOAN BY THE  
EXECUTION OF A LOAN AGREEMENT,  
PROMISSORY NOTE AND SECURITY  
DOCUMENTS REQUIRED BY THE  
LENDER.

Docket No. E-01461A-04-\_\_\_\_\_

**APPLICATION FOR APPROVAL OF  
ADDITIONAL BORROWING**

COMES NOW Applicant, TRICO ELECTRIC COOPERATIVE, INC., an Arizona  
nonprofit corporation ("Trico" or "Applicant"), and pursuant to A.R.S. §40-301, requests that the  
Arizona Corporation Commission ("Commission") enter its Order authorizing Applicant to  
borrow the sum of \$57,992,000.00 from, or guaranteed by, the United States of America through

1 the Rural Utilities Service (RUS) and to execute a loan agreement, promissory note evidencing  
2 such borrowings and such security documents as are required by the RUS.

3 Attached to this Application is the most recent financial statement of Trico Electric  
4 Cooperative, Inc. on RUS Form 7 for the month ending March 31, 2004.

5 By letter dated March 2, 2004, RUS acknowledged receipt of Trico's loan application and  
6 the Application Receipt date is February 26, 2004.

7 RUS has advised Trico that Trico qualifies for the proposed loan under the hardship  
8 provisions of the RUS loan program. RUS appropriates certain funds each year to lend qualified  
9 borrowers at a 5% rate under that program so that the entire loan request will be funded at the 5%  
10 interest rate. The funds are distributed, from RUS, on a "first come – first served" basis and any  
11 loans approved after the funds appropriated are depleted must wait until the next year's  
12 appropriations. RUS does not approve a loan, and the loan is not subject to funding, until all of  
13 the RUS requirements have been met, including but not limited to approval of the Commission.  
14 In addition, should the loan not be approved before the end of 2004, Trico would be required to  
15 be re-qualified for the hardship loan. Accordingly, it is extremely important to Trico and its  
16 consumers that the proposed loan be approved by the Commission, and submitted to RUS by  
17 November, 2004.

18 Should Trico be unable to complete the application and approval process in time, and lose  
19 its qualification for the hardship loan, it will most likely use the RUS Municipal loan program.  
20 This is a program whereby RUS loans Trico 70% of the total loan amount at RUS's then current  
21 long-term interest rate, and 30% of the money is loaned by the National Rural Utilities  
22 Cooperative Finance Corporation (CFC) at CFC's then current long-term interest rate. As of  
23 April 9, 2004, the interest rates for a 30 year loan were 4.375% for RUS and 6.7% for CFC, for a  
24 blended rate of 5.073%. Of course, the actual interest rates to be paid will be the then current  
25 interest rates at the time the money is actually drawn down. Therefore, Trico would be at the  
26 mercy of the interest rate market over the next five years, as Trico periodically draws money from

1 such loans. While the current blended rate is competitive with the hardship rate, it is most likely  
2 that interest rates will increase over the next five years and Trico could pay substantially more in  
3 interest costs by using the Municipal rate loan program. Conversely, the hardship 5% rate is  
4 locked in for the duration of the loan. It is in the best interests of Trico's members to lock in the  
5 5% hardship rate for the term of the loan.

6 Trico is one of the fastest growing electric cooperatives in the United States. Currently it  
7 serves electricity to approximately 28,959 consumers. It is anticipated that by the end of 2004,  
8 Trico will be serving electricity to approximately 30,249 consumers.

9 Applicant has not received from RUS the form of promissory note evidencing the loan  
10 from the United States of America, the loan agreement or the security documents, if any, required  
11 by the RUS in connection with the proposed loan. These documents will be prepared and  
12 transmitted to Trico when funding is actually available.

13 The difference between the amount of the additional construction work and the amount of  
14 this borrowing, \$57,992,000.00, will be provided from the Applicant's general funds and  
15 advancements and/or contributions in aid of construction pursuant to Applicant's Commission  
16 approved Line Extension Policies.

17 Applicant alleges that said borrowings are necessary and in the best interests of the  
18 Applicant and the public which it serves.

19 WHEREFORE, Applicant prays and requests that this Commission enter an Order  
20 authorizing the Applicant:

21 (a) To borrow the sum of \$57,992,000.00 from, or guaranteed by, the United States of  
22 America (RUS) at the interest rate of five percent (5%) per annum;

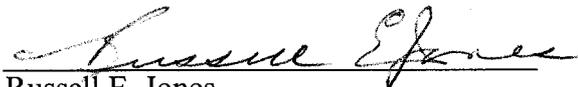
23 (b) To execute such documents in connection with such borrowings required by RUS.

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RESPECTFULLY SUBMITTED this 16 day of April, 2004.

WATERFALL ECONOMIDIS CALDWELL  
HANSHAW & VILLAMANA, P.C.

By   
Russell E. Jones  
Attorneys for Trico Electric Cooperative, Inc.

Original and 13 copies of the  
foregoing transmitted for filing this  
16 day of April, 2004, with:

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



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION	AZ0020
	PERIOD ENDED	3/2004
<b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER NAME AND ADDRESS	
	TRICO ELECTRIC COOP INC	
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.		
<i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.</i>		

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

*Silvia M Wallis*

4-15-04  
DATE

*[Signature]*

4/15/04  
DATE

USDA-RUS <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION AZ0020
	PERIOD ENDED 3/2004

INSTRUCTIONS-See RUS Bulletin 1717B-2

**Part A. Statement of Operations**

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)	Year-to-date Budget (c)	This Month (d)
1. Operating Revenue and Patronage Capital	9,225,827	10,043,629	9,726,741	3,217,573
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	5,419,478	5,870,946	5,735,188	1,942,471
4. Transmission Expense	4,205	3,828	3,828	1,276
5. Distribution Expense - Operation	963,529	1,019,556	1,120,045	400,727
6. Distribution Expense - Maintenance	329,883	316,198	342,522	125,124
7. Customer Accounts Expense	382,784	399,723	411,030	142,934
8. Customer Service and Informational Expense	33,990	35,481	61,275	12,264
9. Sales Expense	66,969	57,074	82,901	21,479
10. Administrative and General Expense	615,387	623,960	702,076	247,267
11. Total Operation & Maintenance Expense (2 thru 10)	7,816,225	8,326,766	8,458,865	2,893,542
12. Depreciation and Amortization Expense	840,018	901,824	893,076	301,729
13. Tax Expense - Property & Gross Receipts	0	0	0	0
14. Tax Expense - Other	39	( 136)	0	18
15. Interest on Long-Term Debt	722,025	837,895	803,222	280,163
16. Interest Charged to Construction - Credit	0	0	0	0
17. Interest Expense - Other	33,353	28,264	34,895	9,973
18. Other Deductions	21,304	40,902	45,006	24,229
19. Total Cost of Electric Service (11 thru 18)	9,432,964	10,135,515	10,235,064	3,509,654
20. Patronage Capital & Operating Margins (1 minus 19)	( 207,137)	( 91,886)	( 508,323)	( 292,081)
21. Non Operating Margins - Interest	26,229	25,433	18,732	6,938
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	0	0	0	0
24. Non Operating Margins - Other	6,798	11,189	( 9,787)	3,877
25. Generation and Transmission Capital Credits	0	0	0	0
26. Other Capital Credits and Patronage Dividends	9,830	15,816	0	15,816
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	( 164,280)	( 39,448)	( 499,378)	( 265,450)

**Part B. Data on Transmission and Distribution Plant**

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)
1. New Services Connected	321	487
2. Services Retired	7	10
3. Total Services in Place	30,194	32,015
4. Idle Services (Exclude Seasonal)	2,212	2,829
5. Miles Transmission	22.00	22.00
6. Miles Distribution - Overhead	1,468.00	1,495.00
7. Miles Distribution - Underground	1,233.00	1,348.00
8. Total Miles Energized (5 + 6 + 7)	2,723.00	2,865.00

## FINANCIAL AND STATISTICAL REPORT

AZ0020

3/2004

INSTRUCTIONS-See RUS Bulletin 1717B-2

## Part C. Balance Sheet

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	123,118,724	29. Memberships	0
2. Construction Work in Progress	6,587,552	30. Patronage Capital	27,396,889
3. Total Utility Plant (1 + 2)	129,706,276	31. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	26,162,816	32. Operating Margins - Current Year	( 76,069)
5. Net Utility Plant (3 - 4)	103,543,460	33. Non-Operating Margins	36,622
6. Non-Utility Property (Net)	14,471	34. Other Margins and Equities	6,687,619
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	34,045,061
8. Invest. in Assoc. Org. - Patronage Capital	4,549,652	36. Long-Term Debt - RUS (Net)	54,634,959
9. Invest. in Assoc. Org. - Other - General Funds	2,435	(Payments - Unapplied)	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,303,447	37. Long-Term Debt - RUS - Econ. Devel. (Net)	0
11. Investments in Economic Development Projects	0	38. Long-Term Debt - FFB - RUS Guaranteed	0
12. Other Investments	85,884	39. Long-Term Debt - Other - RUS Guaranteed	0
13. Special Funds	109,290	40. Long-Term Debt Other (Net)	12,543,334
14. Total Other Property & Investments (6 thru 13)	6,065,179	41. Total Long-Term Debt (36 thru 40)	67,178,293
15. Cash - General Funds	1,696,574	42. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	43. Accumulated Operating Provisions and Asset Retirement Obligations	109,290
17. Special Deposits	17,540	44. Total Other Noncurrent Liabilities (42 + 43)	109,290
18. Temporary Investments	1,600,000	45. Notes Payable	3,000,000
19. Notes Receivable (Net)	55,184	46. Accounts Payable	2,865,528
20. Accounts Receivable - Sales of Energy (Net)	2,280,076	47. Consumers Deposits	595,659
21. Accounts Receivable - Other (Net)	48,915	48. Current Maturities Long-Term Debt	2,057,180
22. Materials and Supplies - Electric & Other	2,279,902	49. Current Maturities Long-Term Debt-Economic Development	0
23. Prepayments	305,797	50. Current Maturities Capital Leases	0
24. Other Current and Accrued Assets	114,128	51. Other Current and Accrued Liabilities	2,743,290
25. Total Current and Accrued Assets (15 thru 24)	8,398,116	52. Total Current & Accrued Liabilities (45 thru 51)	11,261,657
26. Regulatory Assets	0	53. Regulatory Liabilities	0
27. Other Deferred Debits	112,153	54. Other Deferred Credits	5,527,607
28. Total Assets and Other Debits (5+14+25 thru 27)	118,118,908	55. Total Liabilities and Other Credits (35+ 41 + 44 + 52 thru 54)	118,121,908