

GALLAGHER & KENNEDY

P.A.

ATTORNEYS AT LAW

MICHAEL M. GRANT
DIRECT DIAL: (602) 530-8291
E-MAIL: MMG@GKNET.COM

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AZ CORP COMMISSION
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2575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

March 27, 2006

HAND DELIVERED

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

Re: *Compliance Filing; Decision Nos. 68490 and 68491;*
Docket Nos. E-04100A-00-0227 and E-01773A-00-0227

Dear Sir/Madam:

As required by Decision Nos. 68490 and 68491, attached is the RUS draw request and associated documentation in relation to these docket matters. Your assistance in relation to this matter is appreciated.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp
15169-1/1350901
Attachment

Original and 15 copies filed with Docket
Control this 27th day of March, 2006.

cc (w/attachment): Brian Bozzo, Utilities Division, Compliance Section (delivered)
Gary Pierson
Patrick Ledger



March 14, 2006

Mr. Victor T. Vu
Director, Power Supply Division
Rural Utilities Service
United States Department of Agriculture,
Stop 1568
1400 Independence Avenue S.W.
Washington, D.C. 20250

RE: SWTRANSCO AZ031-A-8 DRAW REQUEST

Dear Mr. Vu:

Pursuant to terms specified in Section 3 of the SWTransco AZ031-A-8 Future Advance Promissory Note, dated January 2, 2002, SWTRANSCO hereby submits for approval an Advance Request in the amount of \$1,488,000.00 with a Requested Advance date of March 27, 2006. In connection with the Advance Request, enclosed please find the following executed documents:

1. Annex A to the SWTRANSCO AZ031-A-8 New Loan Note, Form of Advance Request, dated March 14, 2006;
2. Financial Requirement & Expenditure Statement, RUS Form 595, dated March 14, 2006.

Please contact us if you have any questions or are in need of additional information. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "Donald W. Kimball". The signature is written in a cursive, flowing style.

Donald W. Kimball
President & Chief Executive Officer

Enc.

ANNEX A
TO
NEW LOAN NOTE

FORM
OF
ADVANCE REQUEST
(RUS APPROVAL REQUIRED)

ADVANCE REQUEST (RUS APPROVAL REQUIRED)

REFER TO RURAL UTILITIES SERVICE (RUS) REGULATIONS AND INSTRUCTIONS FOR A DESCRIPTION OF (1) THE OTHER FORMS AND MATERIALS THAT ARE REQUIRED IN CONNECTION WITH EACH REQUEST FOR AN ADVANCE, AND (2) THE TIME LIMITS FOR SUBMITTING THOSE FORMS AND MATERIALS AND THIS ADVANCE REQUEST TO RUS.

DIRECT ALL QUESTIONS ON HOW TO COMPLETE THIS FORM TO THE ASSIGNED CONTACT OFFICE FOR THE BORROWER:

For Electric Borrowers: Power Supply Division, RUS -- telephone no.: (202) 720-6436
Northern Regional Division, RUS -- telephone no.: (202) 720-1420
Southern Regional Division, RUS -- telephone no.: (202) 720-0848

For Telephone Borrowers: Northeast Area, RUS -- telephone no.: (202) 690-4673
Southeast Area, RUS -- telephone no.: (202) 720-0715
Northwest Area, RUS -- telephone no.: (202) 720-1025
Southwest Area, RUS -- telephone no.: (202) 720-0800

WHEN COMPLETED, DELIVER THIS ORIGINAL FORM (TOGETHER WITH ALL OTHER FORMS AND MATERIAL REQUIRED BY RUS) TO RUS AT THE ADDRESS OF THE CONTACT OFFICE INDICATED BELOW:

USDA - Rural Utilities Service

For Electric Borrowers: Stop 1568, Power Supply Division
Stop 1566, Northern Regional Division
Stop 1567, Southern Regional Division

For Telephone Borrowers: Stop 1599, Northeast Area
Stop 1596, Southeast Area
Stop 1595, Northwest Area
Stop 1597, Southwest Area

1400 Independence Avenue, S.W.
Washington, D.C. 20250

ADVANCE REQUEST

Manager
Federal Financing Bank

Reference is made to the following-described Future Advance Promissory Note (the "Note") payable to the Federal Financing Bank ("FFB"), which is guaranteed by the Rural Utilities Service ("RUS"):

Name of Borrower (the "Borrower"):

SOUTHWEST TRANSMISSION COOPERATIVE, INC. ¹

FFB Note Identifier: SWTRANS 0002 ²

The undersigned, as an authorized officer of the Borrower, hereby requests FFB to make an advance of funds ("this Advance") under, pursuant to, and in accordance with the applicable terms of the Note.

The undersigned further requests that this Advance be made as follows:

1. Requested Advance Amount: \$ 1,488,000.00 ³

2. Requested Advance Date: 03/27/2006 ⁴

3. Wire Instructions:

A. CORRESPONDENT BANK (if any) FOR PAYEE'S BANK:

Name of financial institution _____
 Address of financial institution _____
 ABA number of financial institution _____

B. PAYEE'S BANK AND ACCOUNT:

Name of financial institution BANK OF AMERICA
 Address of financial institution 6401 NORTH CAMPBELL AVE 2ND FLOOR
TUCSON AZ 85718-1396
 ABA number of financial institution 026009593
 Account name SOUTHWEST TRANSMISSION
COOPERATIVE, INC.
 Account number #4671865968
 Taxpayer ID number 86-0928374

4. Maturity Date: 12/31/2020 5

5. Principal Repayment Method:

[SELECT 1 OF THE FOLLOWING 3 METHODS FOR THE REPAYMENT OF PRINCIPAL ONLY IF THE MATURITY DATE SELECTED FOR THIS ADVANCE WILL OCCUR ON OR AFTER THE "FIRST PRINCIPAL PAYMENT DATE" SPECIFIED ON PAGE 1 OF THE NOTE.]

- "P" for the "equal principal installments" method
- "G" for "graduated principal installments" method
- "L" for the "level debt service" method

6
 L

6. Prepayment/Refinancing Privilege:

[SELECT 1 OF THE FOLLOWING 2 PAYMENT/REFINANCING PRIVILEGES ONLY IF THE MATURITY DATE SELECTED FOR THIS ADVANCE WILL OCCUR ON OR AFTER THE FIFTH ANNIVERSARY OF THE REQUESTED ADVANCE DATE.]

"M" for the "market value premium (or discount)" privilege

M

"F" for the "fixed premium" privilege

o No-Call Period Option Election:

[SELECT 1 OF THE FOLLOWING 2 NO-CALL PERIOD OPTIONS ONLY IF A "FIXED PREMIUM" PRIVILEGE IS ELECTED FOR THIS ADVANCE.]

"Y" for "yes," if the privilege is to include a 5-year no-call period

"N" for "no," if the privilege is not to include a 5-year no-call period

o Premium Option Selection:

[SELECT 1 OF THE FOLLOWING 3 PREMIUM OPTIONS ONLY IF A "FIXED PREMIUM" PRIVILEGE IS ELECTED FOR THIS ADVANCE.]

"X" for 10% premium declining over 10 years

"V" for 5% premium declining over 5 years

"P" for par (no premium)

The undersigned hereby certifies that the authority of the undersigned to execute and deliver this Advance Request on behalf of the Borrower is valid and in full force and effect on the date hereof.

SOUTHWEST TRANSMISSION
COOPERATIVE, INC.

(Name of Borrower)

By: *Donald W. Kimball*

Name: DONALD W. KIMBALL

Title: PRESIDENT & CEO

Date: 03/14/2006

**NOTICE OF RUS APPROVAL OF
ADVANCE REQUEST**

Notice is hereby given to FFB that the preceding Advance Request made by the Borrower identified therein has been approved by RUS for purposes of the Note identified therein.

**FOR ACCOUNTING
USE ONLY:**

RUS Budget
Account
Number

ADMINISTRATOR of the
RURAL UTILITIES SERVICE,
acting through his or her
duly authorized designee

By: _____

Name: _____

Title: _____

Date: _____

FINANCIAL REQUIREMENT & EXPENDITURE STATEMENT			FORM APPROVED OMB NO. 0572-0015			
TO: U.S. DEPARTMENT OF AGRICULTURE, RUS, WASHINGTON, D.C. 20250			1. BORROWER DESIGNINATION Arizona 31 Cochise (A8)			
INSTRUCTIONS - SUBMIT ORIGINAL AND TWO COPIES TO RUS, FOR DETAILED INSTRUCTIONS, SEE INSTRUCTION SHEETS & RUS BULLETIN 26-1 THIS SPACE FOR RUS USE ONLY			2. STATEMENT NO. #3		3. DATE SUBMITTED March 14, 2006	
DATE RECEIVED		REGISTER NO.	4. PERIOD ENDING (MONTH & YEAR) November-05		5. EFFECTIVE DATE OF ADJUSTED AMOUNTS	
PRIMARY BUDGET PURPOSES (1)	CONSOLIDATED LOAN BUDGET (2)	AMOUNTS APPROVED FOR ADVANCE (3)	TOTAL ADVANCE (4)	TOTAL EXPENDITURES TO DATE (5)	CASH BALANCE (6)	ADVANCE NOW REQUESTED (7)
1 DISTRIBUTION						
ADJUSTED (RUS USE ONLY)						
2 TRANSMISSION	14,000,000.00	14,000,000.00	12,503,000.00	12,503,000.00	0	1,488,000.00
ADJUSTED (RUS USE ONLY)						
3 GENERATION						
ADJUSTED (RUS USE ONLY)						
4 HEADQUARTERS FACILITIES						
ADJUSTED (RUS USE ONLY)						
5 ACQUISITIONS						
ADJUSTED (RUS USE ONLY)						
6 ALL OTHER						
ADJUSTED (RUS USE ONLY)						
CLOSED BUDGET	66,141,619.22	66,141,619.22	66,141,619.22	66,141,619.22		
ADJUSTED (RUS USE ONLY)						
UNDER STOP ORDER OR CONDITIONAL AGREEMENTS, EXCLUSIVE OF CONCURRENT LOAN STANDARD CONDITIONAL AGREEMENT						
ADJUSTED (RUS USE ONLY)						
TOTALS	80,141,619.22	80,141,619.22	78,644,619.22	78,644,619.22	0	\$1,488,000.00
ADJUSTED (RUS USE ONLY)						

BREAKDOWN OF AMOUNT UNDER STOP ORDER OR CONDITIONAL AGREEMENT AS SHOWN ABOVE			TOTAL AMOUNT OF NOTES EXECUTED		
A. DISTRIBUTION		D. HEADQUARTERS		A. RUS	3,294,761.70
B. TRANSMISSION		E. ACQUISITIONS		B. FFB	76,846,857.52
C. GENERATION		F. OTHER		C. OTHER	

STATUS OF THE A8 LOAN UNDER WHICH THIS ADVANCE IS REQUESTED (RUS LOAN DESIGNATION)				
ITEM	RUS	FFB	OTHER	TOTAL
AMOUNT OF LOAN		14,000,000.00		\$14,000,000.00
AMOUNT UNDER CONCURRENT LOAN CONTROL				
ADVANCED TO DATE		1,488,000.00		1,488,000.00

CERTIFICATION

Balance in "Cash-Construction Fund-Trustee" account (total of column 6) at the close of the period covered by this report is 0

Subject to approval of RUS, the corporation requests that total of column 7 be advanced under the loan contract. All references herein to "Loan Contract" shall include, in addition to the RUS loan contract, any Federal Financing Bank - RUS loan commitment agreement with related commitment notice and correspondence concerning loan terms and conditions. I certify that this amount is required for the purposes designated in accordance with provisions of said loan contract and that proceeds will be deposited in the "Cash-Construction Fund-Trustee" account of the **Bank of America Acct. # 4671865968** bank which is a member of the FDIC and will be disbursed only as herein specified in accordance with the provisions of said contract. I further certify that I have checked the cash balance shown on this statement in column 6 with the books and records of the corporation and said balances are true and correct and expenditures reported in Column 5 were used for the purposes and in the amounts authorized by the loan contract and previously approved Financial Requirement and Expenditure Statement.

With respect to concurrent loan funds included in this requisition, if any, the total amount of funds advanced to date under this designated concurrent loan is as shown above and this request is now made to **Federal Financing Bank** in accordance with the established procedures for Name of Lender

requisitioning and advancing funds under concurrent loans. All loan contract conditions concerning advance of funds under concurrent loans have been met.

Southwest Transmission Cooperative, Inc. P.O. Box 2195 Benson, Arizona 85602
NAME AND ADDRESS OF BORROWER

Donald Kumbal SIGNATURE **President & CEO** TITLE - AUTHORIZED CORPORATE OFFICER OR MANAGER

REQUESTED MATURITY THIS FFB OR MUNICIPAL ADVANCE (IN ACCORDANCE WITH INSTRUCTIONS ON FRONT OF WORKSHEET, SHOW REQUESTED MATURITY OF ANY FFB OR MUNICIPAL LOAN ADVANCE)

LONG TERM () SHORT TERM ()

RUS USE ONLY APPROVAL OF PAYMENT UNDER LOAN CONTRACT					
INSURANCE VERIFIED	STOP ORDERS & CONDITIONAL AGREEMENTS VERIFIED			ACCOUNT SYMBOL	
I certify that the borrower has complied with all the provisions of the Loan Contract therein required to be performed in order to obtain the payment approved under this request: that all certificates, statements, and documents; and the obligations required from the borrower in connection herewith by the provisions of said Loan Contract have been received, examined, and found to be satisfactory; and payment is approved in the total adjusted amount shown in column 7.	ITEM	STATE	NOTES BORROWER	ACCT. NO.	AMOUNT (DOLLARS)
	TOTAL				
SIGNATURE			DATE		

FINANCIAL REQUIREMENT & EXPENDITURE STATEMENT

TO: U.S. DEPARTMENT OF AGRICULTURE, RUS, WASHINGTON, D.C. 20250

INSTRUCTIONS - SUBMIT ORIGINAL AND TWO COPIES TO RUS, FOR DETAILED INSTRUCTIONS, SEE INSTRUCTION SHEETS & RUS BULLETIN 26-1

THIS SPACE FOR RUS USE ONLY

1. BORROWER DESIGNATION

Arizona 31 Cochise (A8)

2. STATEMENT NO.

#3

3. DATE SUBMITTED

March 14, 2006

4. PERIOD ENDING (MONTH & YEAR)

November-05

5. EFFECTIVE DATE OF ADJUSTED AMOUNTS

DATE RECEIVED	REGISTER NO.						
PRIMARY BUDGET PURPOSES (1)	CONSOLIDATED LOAN BUDGET (2)	AMOUNTS APPROVED FOR ADVANCE (3)	TOTAL ADVANCE (4)	TOTAL EXPENDITURES TO DATE (5)	CASH BALANCE (6)	ADVANCE NOW REQUESTED (7)	
1 DISTRIBUTION ADJUSTED (RUS USE ONLY)							
2 TRANSMISSION ADJUSTED (RUS USE ONLY)	14,000,000.00	14,000,000.00	12,503,000.00	12,503,000.00	0	1,488,000.00	
3 GENERATION ADJUSTED (RUS USE ONLY)							
4 HEADQUARTERS FACILITIES ADJUSTED (RUS USE ONLY)							
5 ACQUISITIONS ADJUSTED (RUS USE ONLY)							
6 ALL OTHER ADJUSTED (RUS USE ONLY)							
CLOSED BUDGET ADJUSTED (RUS USE ONLY)	66,141,619.22	66,141,619.22	66,141,619.22	66,141,619.22			
UNDER STOP ORDER OR CONDITIONAL AGREEMENTS, EXCLUSIVE OF CONCURRENT LOAN STANDARD CONDITIONAL AGREEMENT ADJUSTED (RUS USE ONLY)							
TOTALS ADJUSTED (RUS USE ONLY)	80,141,619.22	80,141,619.22	78,644,619.22	78,644,619.22	0	\$1,488,000.00	

BREAKDOWN OF AMOUNT UNDER STOP ORDER OR CONDITIONAL AGREEMENT AS SHOWN ABOVE

A. DISTRIBUTION _____ D. HEADQUARTERS _____
B. TRANSMISSION _____ E. ACQUISITIONS _____
C. GENERATION _____ F. OTHER _____

TOTAL AMOUNT OF NOTES EXECUTED

A. RUS _____
B. FFB _____
C. OTHER _____

STATUS OF THE **A8** LOAN UNDER WHICH THIS ADVANCE IS REQUESTED

(RUS LOAN DESIGNATION)

ITEM	RUS	FFB	OTHER	TOTAL
AMOUNT OF LOAN		14,000,000.00		\$14,000,000.00
AMOUNT UNDER CONCURRENT LOAN CONTROL				
ADVANCED TO DATE		1,488,000.00		1,488,000.00

CERTIFICATION

Balance in "Cash-Construction Fund-Trustee" account (total of column 6) at the close of the period covered by this report is 0

Subject to approval of RUS, the corporation requests that total of column 7 be advanced under the loan contract. All references herein to "Loan Contract" shall include, in addition to the RUS loan contract, any Federal Financing Bank - RUS loan commitment agreement with related commitment notice and correspondence concerning loan terms and conditions. I certify that this amount is required for the purposes designated in accordance with provisions of said loan contract and that proceeds will be deposited in the "Cash-Construction Fund-Trustee" account of the **Bank of America Acct. # 4671865968** bank which is a member of the FDIC and will be disbursed only as herein specified in accordance with the provisions of said contract. I further certify that I have checked the cash balance shown on this statement in column 6 with the books and records of the corporation and said balances are true and correct and expenditures reported in Column 5 were used for the purposes and in the amounts authorized by the loan contract and previously approved Financial Requirement and Expenditure Statement.

With respect to concurrent loan funds included in this requisition, if any, the total amount of funds advanced to date under this designated concurrent loan is as shown above and this request is now made to **Federal Financing Bank** in accordance with the established procedures for requisitioning and advancing funds under concurrent loans. All loan contract conditions concerning advance of funds under concurrent loans have been met.

Southwest Transmission Cooperative, Inc. P.O. Box 2195 Benson, Arizona 85602

Donald W. Kimball
SIGNATURE

NAME AND ADDRESS OF BORROWER

President & CEO
TITLE - AUTHORIZED CORPORATE OFFICER OR MANAGER

RUS USE ONLY

- THE ADJUSTMENTS WHICH MADE THE CHANGES SHOWN AS THE ADJUSTED AMOUNTS ABOVE ARE LISTED ON THE ENCLOSED PHOTOCOPY OF RUS FORM 605 AND REFERRED TO AS REGISTER NO. THESE CHANGES SHOULD BE RECORDED ON YOUR RECORDS.
- THERE HAVE BEEN NO BUDGET ADJUSTMENTS SINCE YOUR LAST STATEMENT WAS PROCESSED.
- THE AMOUNT REQUESTED (COLUMN 7) HAS BEEN REDUCED FOR THE FOLLOWING REASONS:

FINANCIAL REQUIREMENT & EXPENDITURE STATEMENT

TO: U.S. DEPARTMENT OF AGRICULTURE, RUS, WASHINGTON, D.C. 20250

INSTRUCTIONS - SUBMIT ORIGINAL AND TWO COPIES TO RUS, FOR
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3. DATE SUBMITTED

March 14, 2006

4. PERIOD ENDING (MONTH & YEAR)

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		1 DISTRIBUTION ADJUSTED (RUS USE ONLY)						
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		3 GENERATION ADJUSTED (RUS USE ONLY)						
		4 HEADQUARTERS FACILITIES ADJUSTED (RUS USE ONLY)						
		5 ACQUISITIONS ADJUSTED (RUS USE ONLY)						
		6 ALL OTHER ADJUSTED (RUS USE ONLY)						
		CLOSED BUDGET ADJUSTED (RUS USE ONLY)	66,141,619.22	66,141,619.22	66,141,619.22	66,141,619.22		
		UNDER STOP ORDER OR CONDITIONAL AGREEMENTS, EXCLUSIVE OF CONCURRENT LOAN STANDARD CONDITIONAL AGREEMENT ADJUSTED (RUS USE ONLY)						
		TOTALS ADJUSTED (RUS USE ONLY)	80,141,619.22	80,141,619.22	78,644,619.22	78,644,619.22	0	\$1,488,000.00

BREAKDOWN OF AMOUNT UNDER STOP ORDER OR CONDITIONAL AGREEMENT AS SHOWN ABOVE

TOTAL AMOUNT OF NOTES EXECUTED

- A. DISTRIBUTION _____
- B. TRANSMISSION _____
- C. GENERATION _____
- D. HEADQUARTERS _____
- E. ACQUISITIONS _____
- F. OTHER _____

- A. RUS _____
- B. FFB _____
- C. OTHER _____

STATUS OF THE **A8** LOAN UNDER WHICH THIS ADVANCE IS REQUESTED

(RUS LOAN DESIGNATION)

ITEM	RUS	FFB	OTHER	TOTAL
AMOUNT OF LOAN		14,000,000.00		\$14,000,000.00
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Donald W. Kimball
SIGNATURE

NAME AND ADDRESS OF BORROWER

President & CEO
TITLE - AUTHORIZED CORPORATE OFFICER OR MANAGER

RUS USE ONLY

- THE ADJUSTMENTS WHICH MADE THE CHANGES SHOWN AS THE ADJUSTED AMOUNTS ABOVE ARE LISTED ON THE ENCLOSED PHOTOCOPY OF RUS FORM 605 AND REFERRED TO AS REGISTER NO. THESE CHANGES SHOULD BE RECORDED ON YOUR RECORDS.
- THERE HAVE BEEN NO BUDGET ADJUSTMENTS SINCE YOUR LAST STATEMENT WAS PROCESSED.
- THE AMOUNT REQUESTED (COLUMN 7) HAS BEEN REDUCED FOR THE FOLLOWING REASONS: