

ORIGINAL

NEW APPLICATION



Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY	<i>[Signature]</i>
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E-01461A-07-0433

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

BEFORE THE ARIZONA CORPORATION COMMISSION

- 9 MIKE GLEASON
Chairman
- 10 KRISTIN K. MAYES
Commissioner
- 11 WILLIAM A. MUNDELL
Commissioner
- 12 JEFF HATCH-MILLER
Commissioner
- 13 GARY PIERCE
Commissioner

Docket No. E-01461A-07-_____

**APPLICATION FOR APPROVAL OF
ADDITIONAL BORROWING**

IN THE MATTER OF THE APPLICATION
OF TRICO ELECTRIC COOPERATIVE,
INC., AN ARIZONA NONPROFIT
CORPORATION, FOR AUTHORITY TO
BORROW THE ADDITIONAL SUM OF
\$58,786,000 FROM THE UNITED STATES
OF AMERICA (RDUP) AND THE
ADDITIONAL SUM OF \$25,194,000 FROM
NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION,
AND TO EVIDENCE SAID LOANS BY THE
EXECUTION OF LOAN AGREEMENTS,
PROMISSORY NOTES AND SECURITY
DOCUMENTS REQUIRED BY THE
LENDERS.

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 (1) to
borrow the sum of \$58,786,000.00 from the United States of America through the Rural

1 Development Utilities Programs (RDUP), (2) to borrow the sum of \$25,194,000.00 from National
2 Rural Utilities Cooperative Finance Corporation ("CFC") and (3) to execute loan agreements,
3 promissory notes evidencing such borrowings and such security documents as are required by the
4 lenders.

5 Attached to this Application as Exhibit "A" is the most recent financial statement of Trico
6 Electric Cooperative, Inc. on RDUP Form 7 for the month ending June 30, 2007.

7 By letter dated June 29, 2007, RDUP acknowledged receipt of Trico's loan application to
8 RDUP and the Application Receipt date is June 29, 2007. By email dated July 9, 2007, CFC
9 acknowledged receipt of Trico's loan application to CFC.

10 These loans are being made pursuant to the RDUP Municipal loan program. This is a
11 program whereby RDUP loans Trico 70% of the total loan amount at RDUP's then current long-
12 term interest rate, and 30% of the money is loaned by the CFC at CFC's then current long-term
13 interest rate. As of July 17, 2007, the interest rates for 35 year loans were 4.25% for RDUP and
14 6.85% for CFC, for a blended rate of 5.03%. However, the actual interest rates to be paid will be
15 the then current interest rates at the time the money is actually drawn down from the loans by
16 Trico.

17 The entire proceeds of the loans will be used by Trico for capital improvements as set forth
18 in RDUP form 740c attached hereto as Exhibit "B" and none of such proceeds will be used for
19 operating expenses.

20 Trico is one of the fastest growing electric distribution cooperatives in the United States.
21 Currently it serves electricity to approximately 37,300 consumers. It is anticipated that by the end
22 of 2007, Trico will be serving electricity to approximately 38,400 consumers.

23 Applicant has not received from RDUP or CFC the forms of promissory notes evidencing
24 the loans from the United States of America and CFC, the loan agreements or the security
25 documents, if any, required by the lenders in connection with the proposed loan. These documents
26

1 will be prepared and transmitted to Trico after approval of the loans by the Commission when
2 funding is actually available.

3 The difference between the amount of the additional construction work and the amount of
4 this total borrowing, \$83,980,000.00, will be provided from the Applicant's general funds and
5 advancements and/or contributions in aid of construction pursuant to Applicant's Commission
6 approved Line Extension Policies.

7 Said borrowings are necessary to provide the facilities required to provide electric service
8 to Trico's rapidly growing electric system and are in the best interests of the Applicant and the
9 public which it serves.

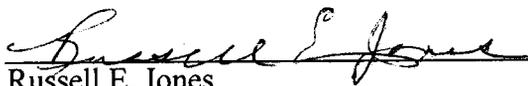
10 WHEREFORE, Applicant prays and requests that this Commission enter an Order
11 authorizing the Applicant:

12 (a) To borrow the sum of \$58,786,000.00 from the United States of America (RDUP)
13 and the additional sum of \$25,194,000.00 from CFC;

14 (b) To execute such documents in connection with such borrowings required by RDUP
15 and CFC.

16 RESPECTFULLY SUBMITTED this 20 day of July, 2007.

17 WATERFALL ECONOMIDIS CALDWELL
18 HANSHAW & VILLAMANA, P.C.

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

22 Original and 13 copies of the foregoing
23 transmitted for filing this 20th day of
24 July, 2007, with:

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



EXHIBIT A

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 6/2007

FINANCIAL AND STATISTICAL REPORT

BORROWER NAME AND ADDRESS
TRICO ELECTRIC COOP INC

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

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.

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.

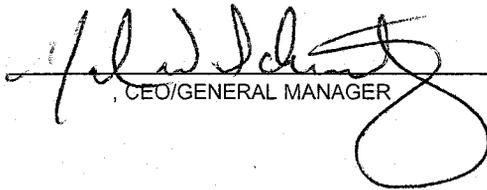
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

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.



CEO/GENERAL MANAGER

07/19/2007
DATE



ACCOUNTING SUPERVISOR

07/19/2007
DATE

FINANCIAL AND STATISTICAL REPORT

AZ0020

PERIOD ENDED

6/2007

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	28,425,014	33,437,317	32,482,572	7,359,828
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	17,434,250	21,696,101	20,408,860	5,040,298
4. Transmission Expense	6,918	21,021	21,024	3,504
5. Distribution Expense - Operation	2,184,031	2,590,760	2,614,672	586,115
6. Distribution Expense - Maintenance	770,561	849,642	839,524	222,546
7. Customer Accounts Expense	1,065,301	1,194,155	1,089,777	265,247
8. Customer Service and Informational Expense	109,730	143,807	114,504	(6,492)
9. Sales Expense	120,883	142,332	177,207	39,651
10. Administrative and General Expense	1,599,276	1,818,160	1,953,924	371,290
11. Total Operation & Maintenance Expense (2 thru 10)	23,290,950	28,455,978	27,219,492	6,522,159
12. Depreciation and Amortization Expense	2,156,261	2,457,640	2,492,731	425,662
13. Tax Expense - Property & Gross Receipts	0	0	0	0
14. Tax Expense - Other	(83)	(37)	0	(16)
15. Interest on Long-Term Debt	2,361,379	2,807,932	2,764,616	485,702
16. Interest Charged to Construction - Credit	0	0	0	0
17. Interest Expense - Other	19,466	14,586	26,370	2,432
18. Other Deductions	46,223	130,406	56,154	50,211
19. Total Cost of Electric Service (11 thru 18)	27,874,196	33,866,505	32,559,363	7,486,150
20. Patronage Capital & Operating Margins (1 minus 19)	550,818	(429,188)	(76,791)	(126,322)
21. Non Operating Margins - Interest	64,143	58,657	119,110	11,823
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	17,438	10,333	6,558	2,749
25. Generation and Transmission Capital Credits	0	0	0	0
26. Other Capital Credits and Patronage Dividends	23,168	22,640	0	4,879
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	655,567	(337,558)	48,877	(106,871)

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	2,289	957
2. Services Retired	15	21
3. Total Services in Place	37,804	39,958
4. Idle Services (Exclude Seasonal)	2,551	2,456
5. Miles Transmission	31.00	31.00
6. Miles Distribution - Overhead	1,566.00	1,580.00
7 Miles Distribution - Underground	1,698.00	1,839.00
8. Total Miles Energized (5 + 6 + 7)	3,295.00	3,450.00

USDA-RUS
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

AZ0020

PERIOD ENDED

6/2007

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part C. Balance Sheet

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	175,225,626	29. Memberships	0
2. Construction Work in Progress	8,959,593	30. Patronage Capital	31,106,831
3. Total Utility Plant (1 + 2)	184,185,219	31. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	35,117,022	32. Operating Margins - Current Year	(406,548)
5. Net Utility Plant (3 - 4)	149,068,197	33. Non-Operating Margins	68,989
6. Non-Utility Property (Net)	0	34. Other Margins and Equities	6,746,456
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	37,515,728
8. Invest. in Assoc. Org. - Patronage Capital	4,594,734	36. Long-Term Debt - RUS (Net)	104,430,095
9. Invest. in Assoc. Org. - Other - General Funds	2,435	(Payments - Unapplied)	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,189,699	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	114,071	39. Long-Term Debt - Other - RUS Guaranteed	0
13. Special Funds	121,944	40. Long-Term Debt Other (Net)	10,057,686
14. Total Other Property & Investments (6 thru 13)	6,022,883	41. Total Long-Term Debt (36 thru 40)	114,487,781
15. Cash - General Funds	1,107,195	42. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	43. Accumulated Operating Provisions and Asset Retirement	
17. Special Deposits	20,500	Obligations	121,944
18. Temporary Investments	2,200,000	44. Total Other Noncurrent Liabilities (42 + 43)	121,944
19. Notes Receivable (Net)	4,928	45. Notes Payable	0
20. Accounts Receivable - Sales of Energy (Net)	4,717,441	46. Accounts Payable	4,785,356
21. Accounts Receivable - Other (Net)	349,230	47. Consumers Deposits	1,135,366
22. Materials and Supplies - Electric & Other	5,230,413	48. Current Maturities Long-Term Debt	2,313,228
23. Prepayments	673,278	49. Current Maturities Long-Term Debt-Economic	
24. Other Current and Accrued Assets	187,793	Development	0
25. Total Current and Accrued Assets (15 thru 24)	14,490,778	50. Current Maturities Capital Leases	0
26. Regulatory Assets	0	51. Other Current and Accrued Liabilities	3,011,911
27. Other Deferred Debits	499,379	52. Total Current & Accrued Liabilities (45 thru 51)	11,245,861
28. Total Assets and Other Debits (5+14+25 thru 27)	170,081,237	53. Regulatory Liabilities	0
		54. Other Deferred Credits	6,709,923
		55. Total Liabilities and Other Credits (35+ 41 + 44 + 52 thru 54)	170,081,237

EXHIBIT B

SECTION A. COST ESTIMATES (cont.)

BORROWER'S
COST ESTIMATES

RUS USE ONLY

500 e. Substation, Switching Station, Metering Point Changes

	<u>Station Designation</u>	<u>Description of Changes</u>
501	_____	_____
502	_____	_____
503	_____	_____
504	_____	_____
505	_____	_____
506	_____	_____
507	_____	_____
508	_____	_____
509	_____	_____

\$0
0
0
0
0
0
0
0
0
0
0
0
0
\$0

Subtotal

600 f. Miscellaneous Distribution Equipment

601 (1) Transformers and Meters

Construction	<u>Transformers</u>		<u>Meters*</u>	
Underground	3909	\$8,632,096	14676	\$5,593,295
Overhead	228	\$255,682	239	\$34,860

Subtotal Code 601 . . . (included in total of all 600 codes below) .

\$14,225,391
290,542
\$14,515,933

*AMR Devices included

602 (2) Service up-grades	859,015
603 (3) Sectionalizing Equipment	552,525
604 (4) Voltage Regulators	96,914
605 (5) Capacitors and Reactors	196,608
606 (6) Replacements	4,498,166
609 (7) Street Lights	0
(8)	0
(9)	0
(10)	0
(11)	0

859,015
552,525
96,914
196,608
4,498,166
0
0
0
0
0

Subtotal ALL 600 codes

\$20,719,161

700 g. Other Distribution Items

701 (1) Engineering Fees	\$0
702 (2) Security Lights	39,667
703 (3) Reimbursement of General Funds (see attached)	0
704 (4)	0

\$0
39,667
0
0

Subtotal

\$39,667

TOTAL DISTRIBUTION.....

\$85,261,040

2. TRANSMISSION

800 a. New Line

	<u>Line Designation</u>	<u>Voltage</u>	<u>Wire Size</u>	<u>Miles</u>
800.16	Willow Springs	69kV	795	12.00
802	_____	_____	_____	_____
803	_____	_____	_____	_____
804	_____	_____	_____	_____
805	_____	_____	_____	_____
806	_____	_____	_____	_____
807	_____	_____	_____	_____
808	_____	_____	_____	_____
809	_____	_____	_____	_____
810	_____	_____	_____	_____

\$3,288,790
0
0
0
0
0
0
0
0
0
0

Total Miles..... 12.00

Subtotal From Page

Subtotal

\$3,288,790

SECTION A. COST ESTIMATES <i>(cont.)</i>		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	3. ACQUISITIONS		
1401	a. _____ Consumers _____ Miles	\$0	
1402	b. _____	0	
TOTAL ACQUISITIONS.....		\$0	
1500	4. ALL OTHER		
1501	a. _____	\$0	
1502	b. _____	0	
1503	c. _____	0	
1504	d. _____	0	
1505	e. _____	0	
TOTAL ALL OTHER.....		\$0	

SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING

1. GRAND TOTAL - ALL COSTS		\$88,549,830	
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds	\$4,570,617		
b. Materials and Special Equipment	0		
c. General Funds			
Purpose 1	\$0		
Purpose 2	\$0		
Purpose 3	\$0		
Purpose 4	\$0		
Total General Funds Applied	\$0		
d. Total Available Funds and Materials			
3. NEW FINANCING REQUESTED FOR FACILITIES		\$83,980,000	
4. RUS LOAN REQUESTED FOR FACILITIES	70%	\$58,786,000	
5. TOTAL SUPPLEMENTAL LOAN REQUESTED			
<u>National Rural Utilities Cooperative Finance Corporation</u>			
Name of Supplemental Lender			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only) ...	0%		
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES	30%	\$25,194,000	
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-40, Att. C)*			

* Identify in section A by budget purpose and separate subtotals.

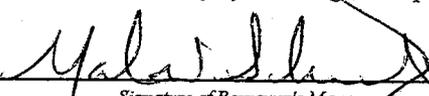
SECTION C. CERTIFICATION

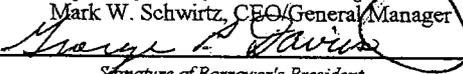
We, the undersigned, certify that:

1. Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.
2. Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.
3. The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with RUS Bulletin 20-2.

6/26/2007
Date

6/26/2007
Date


Signature of Borrower's Manager
Mark W. Schwartz, CEO/General Manager


Signature of Borrower's President
George P. Davies

TRICO ELECTRIC COOPERATIVE, INC.
Corporate Name of Borrower

GFR Initials

