

ORIGINAL



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MEMORANDUM

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TO: Docket Control

FROM: Ernest G. Johnson  
Director  
Utilities Division

DATE: OCTOBER 29, 2007

RE: STAFF REPORT FOR THE SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. APPLICATION FOR AUTHORIZATION TO INCUR DEBT TO FINANCE ITS CONSTRUCTION WORK PLAN AND FOR RELATED APPROVALS. (DOCKET NO. E-01575A-07-0446)

Attached is the Staff Report for Sulphur Springs Valley Electric Cooperative, Inc.'s application for authorization to incur debt to finance its construction work plan and for related approvals. Staff recommends approval of the proposed financing.

Any party to this procedure who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before November 12, 2007.

EGJ: PMC: kdh

Originator: Pedro M. Chaves

Arizona Corporation Commission  
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AZ CORP COMMISSION  
DOCKET CONTROL

Service List for: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.  
Docket No. E-01575A-07-0446

Mr. Bradley Carroll  
One Arizona Center  
400 East Van Buren St  
Phoenix, Arizona 85004-2202

Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

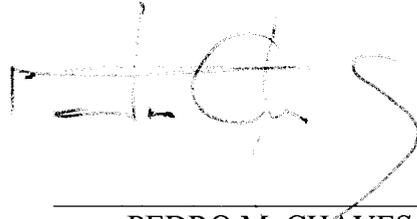
**SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.  
DOCKET NO. E-01575A-07-0446**

**APPLICATION FOR AUTHORIZATION  
TO INCUR DEBT TO FINANCE ITS  
CONSTRUCTION WORK PLAN  
AND FOR RELATED APPROVALS**

**OCTOBER 29, 2007**

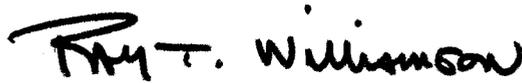
## STAFF ACKNOWLEDGMENT

The Staff Report for Sulphur Springs Valley Electric Cooperative, Inc., Docket No. E-01575A-07-0446 is the responsibility of the Staff members listed below: Pedro M. Chaves is responsible for the review and financial analysis of the Company's application. Ray Williamson is responsible for the engineering and technical analysis.



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PEDRO M. CHAVES  
PUBLIC UTILITIES ANALYST III



---

RAY WILLIAMSON  
UTILITIES ENGINEER

**EXECUTIVE SUMMARY**  
**SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**  
**DOCKET NO. E-01575A-07-0446**

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative"), an Arizona class "A" utility and non-profit cooperative with its business office in Willcox, Arizona. On July 27, 2007, SSVEC filed an application with the Arizona Corporation Commission ("Commission") for authorization to incur debt to finance its 2008-2009 construction work plan ("CWP") and for related approvals.

The Cooperative asks that the Commission authorize it to secure CWP financing in an amount not to exceed \$70.78 million through a credit facility from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to pledge, mortgage, lien and/or encumber its assets in connection with the CFC loan.

SSVEC's existing capital structure consists of 3.4 percent short term debt, 62.4 percent long term debt, and 34.2 percent equity. Issuance of the proposed debt would result in a capital structure composed of 2.4 percent short-term debt, 76.3 percent long-term debt and 21.3 percent equity by the year end 2009.

Staff's pro forma debt service coverage ratios ("DSC"), that reflect the Cooperative's projected operating income as well as depreciation and amortization for the years 2007 through 2009, show DSC results at or above 1.10. These results suggest that projected operating results are sufficient to meet all obligations.

Staff concludes that issuance of the proposed debt financing for the purposes stated in the application is within SSVEC's corporate powers, is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends that the Commission authorize SSVEC's request to obtain CWP financing through a credit facility not to exceed \$70.78 million from CFC and to pledge, mortgage, lien and/or encumber its assets in connection with the CFC loan.

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INTRODUCTION .....</b>	<b>1</b>
<b><i>PUBLIC NOTICE</i>.....</b>	<b>1</b>
<b>BACKGROUND .....</b>	<b>1</b>
<b>PURPOSE OF THE FINANCING.....</b>	<b>1</b>
<b>DESCRIPTION OF PROPOSED FINANCING.....</b>	<b>1</b>
<b>FINANCIAL ANALYSIS.....</b>	<b>2</b>
<b>TIER AND DSC .....</b>	<b>3</b>
<b>CAPITAL STRUCTURE.....</b>	<b>3</b>
<b>CONCLUSION AND RECOMMENDATIONS .....</b>	<b>4</b>

**SCHEDULES**

<b>Financial Analysis .....</b>	<b>PMC-1</b>
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**ATTACHMENTS**

<b>Engineering Report .....</b>	<b>A</b>
<b>Notice .....</b>	<b>B</b>

## **Introduction**

On July 27, 2007, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to incur debt to finance its construction work plan for 2008-2009 ("CWP") and for related approvals.

## ***Public Notice***

On September 6, 2007, the Cooperative filed an affidavit of publication verifying public notice of its financing application. The Cooperative published notice of its financing application in the *Eastern Arizona Courier* on August 26, 2007, and in the *Sierra Vista Herald/Bisbee Daily Review* and the *San Pedro Valley News-Sun* on August 29, 2007. The affidavit of publication is attached along with a copy of the Notice.

## **Background**

SSVEC is an Arizona non-profit, member-owned cooperative located in Willcox, Arizona. The Cooperative provides electric distribution service to approximately 49,000 customers in parts of Cochise, Santa Cruz, Pima and Graham Counties.

SSVEC's current rates were approved in Decision No. 58358, dated July 23, 1993.

## **Purpose of the Financing**

The Cooperative seeks to acquire the additional debt as a means of funding increased capital expenditures related to significant growth as well as the replacement and improvement of various older facilities.

## **Description of Proposed Financing**

The Cooperative asks that the Commission authorize it to secure CWP financing with a credit facility of \$70.78 million ("Credit Facility") from the National Rural Utilities Cooperative Finance Corporation ("CFC"). In addition, SSVEC asks authorization from the Commission to pledge, mortgage, lien and/or encumber its assets in connection with the CFC Credit Facility.

The Cooperative expects an interest rate not to exceed 7.5 percent. No fees are being paid to any person in connection with the issuance of the financing. The Cooperative received CFC approval for the Credit Facility on July 11, 2007.<sup>1</sup>

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<sup>1</sup> A copy of the CFC approval letter is attached as Exhibit A of the Cooperative's application.

SSVEC estimates that the \$70,780,000 loan will be drawn down at regular intervals over the two-year period covered by the CWP, as shown Table 1 below:

**Table 1**

<b>Inception Date</b>	<b>Amount Drawn</b>	<b>Maturity</b>
1/2/2008	\$9,000,000	1/2/2043
4/1/2008	9,000,000	4/1/2043
7/1/2008	9,000,000	7/1/2043
10/1/2008	8,753,933	10/1/2043
1/2/2009	9,000,000	1/2/2044
4/1/2009	9,000,000	4/1/2044
7/1/2009	9,000,000	7/1/2044
10/1/2009	8,026,067	10/1/2044
<b>Total</b>	<b>\$70,780,000</b>	

### **Engineering Analysis**

Staff's Engineering Report is attached. Staff has reviewed the CWP and finds that the list of projects is appropriate to meet both the new load growth in SSVEC's service territory and to maintain the existing distribution system in a safe and reliable manner.

Staff also finds the costs to be reasonable. Staff's conclusions should not be interpreted to imply a specific treatment for rate base or rate-making purposes in the Cooperative's future rate filings.

### **Financial Analysis**

Staff's analysis is illustrated in Schedule PMC-1. Column [A] reflects SSVEC's audited financial information for the year ended December 31, 2006. Column [B] presents 2007 pro forma financial information that modifies Column [A] to reflect the issuance of \$6.8 million of previously authorized debt<sup>2</sup>. Column [C] is Column [B] modified to reflect a \$35.75 million draw<sup>3</sup> on the Credit Facility and repayment of debt scheduled through the end of year 2007. Column [D] is Column [C] modified to reflect extension of debt repayments scheduled through the end of year 2008 and a draw of the remaining \$35.03 million<sup>4</sup>. Pro Forma operating income and depreciation and amortization (Columns [B], [C] and [D]; lines 1 and 2) reflect the Cooperative's projected figures at present rates.

<sup>2</sup> Approved by Decision No. 67223, dated September 7, 2004. Amortized over 35 years at an interest of 7.5 percent per annum.

<sup>3</sup> Amortized over 35 years at an interest of 7.5 percent per annum.

<sup>4</sup> Amortized over 35 years at an interest of 7.5 percent per annum.

### *TIER and DSC*

Times interest earned ratio ("TIER") represents the number of times earnings cover interest expense on short-term and long-term debt. A TIER greater than 1.0 means that operating income is greater than interest expense. A TIER less than 1.0 is not sustainable in the long term but does not mean that debt obligations cannot be met in the short term.

Debt service coverage ratio ("DSC") represents the number of times internally generated cash will cover required principal and interest payments on short-term and long-term debt. A DSC greater than 1.0 indicates that operating cash flow is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of funds is needed to avoid default.

Schedule PMC-1, Column [A] shows that for the year ended December 30, 2006, SSVEC had a 1.80 TIER and a 1.56 DSC. The pro forma TIER and DSC for SSVEC under the scenario described above for Column [B] are 1.63 and 1.61, respectively. The pro forma TIER and DSC for the Cooperative under the scenario described above for Column [C] are 1.27 and 1.45, respectively. The pro forma TIER and DSC for SSVEC under the scenario described above for Column [D] are 0.76 and 1.10, respectively.

As seen in Column [D], Staff's pro forma TIER for the Cooperative indicates that operating income would become insufficient to cover interest expense in 2009. More importantly, DSC results indicate that SSVEC will be able to meet all obligations with cash generated from operations.

### *Capital Structure*

At December 31, 2006, SSVEC's capital structure consisted of 3.4 percent short term debt, 62.4 percent long term debt, and 34.2 percent equity. Inclusion of previously authorized and proposed debt would result in a capital structure composed of 2.4 percent short-term debt, 76.3 percent long-term debt and 21.3 percent equity by the year end 2009 (Schedule PMC-1, Column [D]).

Staff typically recommends cooperative capital structures with a minimum of 30 percent (40 percent for investor owned utilities) equity of total capital (short-term debt plus long-term debt plus common equity) as appropriate to provide a balance of cost and financial risk for regulated utilities and ratepayers. As evident in Column [D], inclusion of the requested CFC loan results in an overly leveraged financial position. However, there is no other known immediate<sup>5</sup> option to finance the CWP.

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<sup>5</sup> In the long-term, increased rates would provide additional equity.

### **Compliance**

There are no compliance issues with Sulphur Springs Valley Electric Cooperative, Inc.

### **Conclusion and Recommendations**

Staff concludes that the estimated costs associated with the CWP appear to be reasonable.

Staff concludes that issuance of the proposed debt financing for the purposes stated by the Cooperative is within SSVEC's corporate powers, is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends that the Commission authorize SSVEC's request to obtain CWP financing through a credit facility not to exceed \$70.78 million from CFC and to pledge, mortgage, lien and/or encumber its assets in connection with the CFC loan.

Staff recommends authorizing SSVEC to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.

Staff further recommends that one copy of the executed loan documents be filed with Docket Control within 60 days of execution.

MEMORANDUM

TO: Pedro Chaves  
Public Utilities Analyst III  
Utilities Division

FROM: Ray T. Williamson *RTW*  
Utilities Engineer  
Utilities Division

DATE: October 26, 2007

RE: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.'S  
APPLICATION FOR AUTHORIZATION TO INCUR DEBT TO FINANCE ITS  
CONSTRUCTION WORK PLAN AND FOR RELATED APPROVALS (DOCKET  
NO. E-01575A-07-0446)

On July 27, 2007, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") submitted an application for authorization to assume debt in the total amount of \$70,780,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC") and the execution of loan documents in favor of the CFC. This loan will be used for the SSVEC's 2008-2009 Construction Work Plan ("CWP"). The CWP will construct additional and supplemental facilities to accommodate new and expected growth in SSVEC's service territory.

Utility Overview

SSVEC is currently a full requirements member of the Arizona Electric Power Cooperative ("AEPCO"), which is a generation cooperative that provides electricity to its member distribution cooperatives. However, SSVEC has recently announced that it intends to change to being a partial requirements member of AEPCO.

SSVEC has its principal business office in Willcox, Arizona. SSVEC is a member-owned Arizona non-profit public service corporation providing electric distribution service in portions of Santa Cruz, Cochise, Pima, and Graham Counties in southeastern Arizona.

SSVEC serves approximately 49,000 customers and has annual sales over 735,254,867 kWh.

The SSVEC 2008-2009 Construction Work Plan

The 2008-2009 Work Plan budget is shown in Table 1, as follows:

**Table No. 1 – Sulphur Springs Valley Electric Cooperative, Inc.  
 2008 – 2009 Construction Work Plan**

<b>PROJECT DESCRIPTION</b>	<b>2008</b>	<b>2009</b>	<b>TOTALS</b>
<b>1. DISTRIBUTION</b>			
New Lines (including CIAC contributions)	\$1,505,000	\$1,550,000	\$3,055,000
Major Subdivisions (Over \$100,000 each)	\$1,100,000	\$1,200,000	\$2,300,000
New Feeders and Tie Lines	\$745,000	\$3,000,000	\$3,745,000
Conversions & Line Changes	\$4,210,000	\$3,530,000	\$7,740,000
New Substations	\$4,100,000	\$3,900,000	\$8,000,000
Substation Changes	\$250,000	\$50,000	\$300,000
Misc. Distribution Items	\$6,980,000	\$7,795,000	\$14,775,000
Other Distribution Items	\$3,295,000	\$3,295,000	\$6,590,000
<b>Distribution Grand Totals</b>	<b>\$22,185,000</b>	<b>\$24,320,000</b>	<b>\$46,505,000</b>
<b>2. TRANSMISSION</b>			
New Transmission Line	\$3,250,000	\$7,670,000	\$10,920,000
New Transmission Substations & Switching Stations	\$500,000	-	\$500,000
Transmission Line Changes	\$3,625,000	\$3,825,000	\$7,450,000
Transmission Substation Changes	\$1,050,000	\$50,000	\$1,100,000
<b>Transmission Grand Totals</b>	<b>\$8,425,000</b>	<b>\$11,545,000</b>	<b>\$19,970,000</b>
<b>3. Other Projects</b>			
Communications	\$50,000	\$25,000	\$75,000
Buildings, Land Improvements	\$110,000	\$10,000	\$120,000
Distributed Generation	\$6,000,000	-	\$6,000,000
<b>Other Projects Grand Totals</b>	<b>\$6,160,000</b>	<b>\$35,000</b>	<b>\$6,195,000</b>
<b>GRAND TOTALS</b>	<b>\$36,770,000</b>	<b>\$35,900,000</b>	<b>\$72,670,000</b>

The SSVEC Construction Work Plan for 2008 and 2009 includes \$46,605,000 in distribution projects, \$19,970,000 in transmission projects and \$6,195,000 for other projects. The Construction Work Plan totals \$72,670,000. Of this amount, SSVEC has received approval for a loan from the Cooperative Finance Corporation in the sum of \$70,780,000.

#### Areas of Concern for SSVEC

The Construction Work Plan for 2008 and 2009 addresses five specific areas of concern for SSVEC and one general concern.

##### The specific areas of concern are:

1. Rapid growth from larger subdivisions such as Cottonwood and Kartchner Vistas and 5 MW of new load growth in the J6 and Mescal Lakes area have created a conductor overload of portions of the 05 feeder. Upgrades of conductor size will alleviate much of the overloading problems.
2. The R3 feeder out of Ramsey Substation serves a fast-growing area in the southern part of SSVEC's service territory. SSVEC is considering a number of options and locations for a new Miller Substation.
3. The V7 radial feeder that serves the Sonoita/Patagonia area is a source of frequent outages. The work plan includes funding for design and construction of approximately 23 miles of 69 kV sub-transmission line from Highway 90 near Huachuca City to the Sonoita area, a new 69/25 kV substation, and feeders to connect the new facilities to the existing system.
4. The Sunsites and Pearce areas have experienced a steady level of growth for a number of years. A new large subdivision in Sunsites was approved and it will contribute to the growth in the area. The work plan includes costs for land acquisition and sub-transmission rights-of-way for a new Sunsites substation. Construction of the substation will occur after the 2008-2009 work plan.

According to SSVEC's Long Range Plan, the best way to meet near-term growth in this area is to convert the H4 feeder from 12.47 kV to 25 kV.

5. The W5 feeder serves Huachuca City, Whetstone and the former Babocomari Land Grant. The Babocomari land has over 800 platted home sites. Approximately 100 homes are now built. The plan is to convert the line to 25 kV. This remains an area of concern, but SSVEC does not propose to take any immediate action in the 2008-2009 work plan.

General Area of Concern: 69 kV Sub-Transmission System

Much of the SSVEC 69 kV sub-transmission system (outside of Sierra Vista) is over 60 years old.

SSVEC, in its CWP (2008-2009), proposes to spend a fixed dollar amount of \$5.2 million for 69 kV sub-transmission system upgrades in 2008-2009 period. This assumes that a total of approximately 26 miles of sub-transmission system will be rebuilt at an average cost of \$200,000 per mile. The exact areas will be determined once SSVEC completes discussions with Southwest Transmission Cooperative about a proposed 230 kV loop through Sierra Vista to Pantano.

Finally, SSVEC proposes to fund design and construction of a new Stewart-to-Mortenson 69 kV line. The old line is not expected to remain standing for the next three to five years without significant rebuilding.

Staff Analysis and Recommendations

Staff has reviewed the SSVEC 2008-2009 Construction Work Plan and finds that the list of projects is appropriate to meet both the new load growth in SSVEC's service territory and to maintain the existing distribution system in a safe and reliable manner.

Staff also finds the costs to be reasonable. Staff's conclusions should not be interpreted to imply a specific treatment for rate base or rate making purposes in the Cooperative's future rate filings.

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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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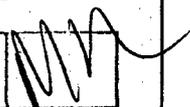
Arizona Corporation Commission

DOCKETED

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

AZ CORP COMMISSION  
DOCKET CONTROL

SEP 06 2007

DOCKETED BY 

IN THE MATTER OF THE  
APPLICATION OF SULPHUR  
SPRINGS VALLEY ELECTRIC  
COOPERATIVE, INC., AN ARIZONA  
NONPROFIT CORPORATION, FOR  
AUTHORIZATION TO INCUR DEBT  
TO FINANCE ITS CONSTRUCTION  
WORK PLAN AND FOR RELATED  
APPROVALS.

DOCKET NO. E-01575A-07-0446

**NOTICE OF FILING AFFIDAVITS  
OF PUBLICATION**

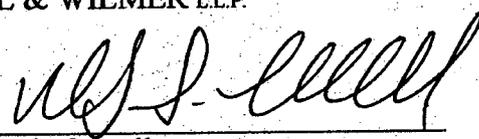
**Snell & Wilmer**  
LLP  
LAW OFFICES  
One Arizona Center, 400 E. Van Buren  
Phoenix, Arizona 85004-2202  
(602) 382-6000

Pursuant to A.R.S. §40-302.A. and in response to PMC 1.4 of Staff's First Set of Data Requests dated August 7, 2007, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits the attached Affidavits of Publication of public notice of this matter for the following newspapers of general circulation within SSVEC's service territory on the dates indicated: *Eastern Arizona Courier* (8/26/07); *Sierra Vista Herald/Bisbee Daily Review* (8/29/07); *San Pedro Valley News-Sun* (8/29/07); and *Arizona Range News* (8/29/07).

RESPECTFULLY SUBMITTED this 6th day of September, 2007.

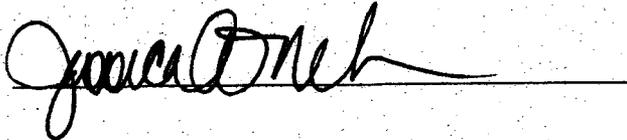
SNELL & WILMER LLP.

By



Bradley S. Carroll  
Kristoffer P. Kiefer  
One Arizona Center  
400 East Van Buren  
Phoenix, Arizona 85004-2202  
Attorneys for Sulphur Springs Valley Electric  
Cooperative, Inc.

1 ORIGINAL and 13 copies filed this  
2 6<sup>th</sup> day of September, 2007, with:  
3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington  
6 Phoenix, Arizona 85007  
7  
8 COPY of the foregoing hand-delivered  
9 this 6<sup>th</sup> day of September, 2007, to:  
10 Ernest G. Johnson, Director  
11 Utilities Division  
12 ARIZONA CORPORATION COMMISSION  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007  
15  
16 Christopher Kempley, Chief Counsel  
17 Legal Division  
18 ARIZONA CORPORATION COMMISSION  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007  
21  
22 Lyn Farmer, Chief Administrative Law Judge  
23 Hearing Division  
24 ARIZONA CORPORATION COMMISSION  
25 1200 West Washington Street  
26 Phoenix, Arizona 85007  
27  
28 Pedro M. Chaves  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007  
Robin R. Mitchell, Esq.  
Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007



**AFFIDAVIT OF PUBLICATION**

STATE OF ARIZONA )  
COUNTY OF GRAHAM )

SHERRY L. ENGLISH being first  
duly sworn, deposes and says: That (he) (she) is the Agent to the Publisher of the  
EASTERN ARIZONA COURIER newspaper printed and published bi-weekly in the  
County of Graham, State of Arizona, and of general circulation in the city of Safford,  
County of Graham, State of Arizona and elsewhere, and the hereto attached

**PUBLIC NOTICE**  
AN APPLICATION BY  
SULPHUR SPRINGS VALLEY  
ELECTRIC COOPERATIVE, INC.  
FOR AN ORDER  
AUTHORIZING IT TO INCUR  
DEBT TO FINANCE ITS  
CONSTRUCTION WORK PLAN  
AND FOR RELATED  
APPROVALS  
Sulphur Springs Valley Electric  
Cooperative, Inc. ("Applicant") has filed an  
Application with the Arizona  
Corporation Commission ("Com-  
mission") for an order authorizing  
Applicant to borrow from the  
National Rural Utilities Cooper-  
ative Finance Corporation up to  
\$70,780,000 for financing its  
Construction Work Plan associated  
with its construction activities and  
for approval to encumber related loan  
documents. The application is avail-  
able for inspection during regular  
business hours at the Office of the  
Commission in Phoenix, Arizona,  
and at the Company's offices locat-  
ed in Wilcox and Sierra Vista,  
Arizona.

Intervention in the Commission's  
proceedings in the application shall  
be permitted to any person entitled  
by law to intervene and having a  
direct substantial interest in this  
matter. Persons desiring to inter-  
vene must file a Motion to Intervene  
with the Commission which must  
be served upon Applicant and  
which, at a minimum, shall contain  
the following information:  
1. The name, address and tele-  
phone number of the proposed  
intervenor and any person upon  
whom service of documents is to be  
made if different than the intervenor.  
2. A short statement of the pro-  
posed intervenor's interest in the  
proceeding.  
3. Whether the proposed inter-  
venor desires a formal evidentiary  
hearing on the application and the  
reasons for such a hearing.  
4. A statement certifying that a  
copy of the Motion to Intervene has  
been mailed to the Applicant.  
The granting of Motions to  
Intervene shall be governed by  
A.A.C. R14-3-105; except that all  
Motions to Intervene must be filed  
on or before the 15th day after pub-  
lication of this notice.

Req: Sulphur Springs Valley  
Electric Cooperative, Inc.  
Published: August 29, 2007, in the  
Eastern Arizona Courier, Safford,  
Arizona 85546.

**PUBLIC NOTICE** SULPHE  
SPRINGS VALLEY ELEC  
COOPERATIVE ORDER TO  
AUTHORIZE DEBT TO  
FINANCE PO#3132  
was printed and published correctly in the regular and entire issue of said  
EASTERN ARIZONA COURIER for 1 issues, that the first was  
made on the 26th day of AUGUST 20 07  
and the last publication thereof was made on the 26th day of  
AUGUST 20 07

publication was made on each of the following dates, to wit:  
08/26/07

Request of **SULPHER SPRINGS VALLEY EL**  
**EASTERN ARIZONA COURIER**

By *Sherry L English*  
Subscribed sworn to before me this 26th day of AUGUST  
20 07

*Monica L Watson*  
OFFICIAL SEAL  
MONICA L WATSON  
NOTARY PUBLIC State of Arizona  
My Commission Expires 11/21/2010  
Notary Public in and for the County of Graham, State of Arizona  
My Commission Expires: *Nov. 21, 2010*





STATE OF ARIZONA )
COUNTY OF COCHISE )

AFFIDAVIT OF PUBLICATION

THERESA CLARK Theresa Clark being first
duly sworn, deposes and says: That (he) (she) is the Agent to the Publisher of the
SAN PEDRO VALLEY NEWS-SUN and or ARIZONA RANGE NEWS newspapers
printed and published weekly in the County of Cochise, State of Arizona, and of gen-
eral circulation in the city of Benson, County of Cochise, State of Arizona and else-
where, and the hereto attached

SSVEC-INCUR DEBT
TO FINANCE
CONSTRUCTION WORK
PLAN AND RELATED
APPROVALS

was printed and published correctly in the regular and entire issue of said SAN PEDRO
VALLEY NEWS-SUN and or ARIZONA RANGE NEWS for

1 issues, that the first was
made on the 29th day of AUGUST 20 07
and the last publication thereof was made on the 29th day of
AUGUST 20 07
that said publication

was made on each of the following dates, to wit:
08/29/07

Request of

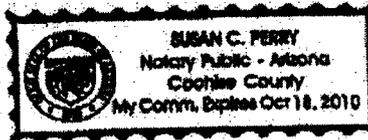
SSVEC

San Pedro Valley News-Sun
Arizona Range News

By

[Signature]

Subscribed sworn to before me this 29th day of AUGUST
20 07



Notary Public in and for the County of Cochise, State of Arizona

My Commission Expires: October 18, 2010

LEGAL NOTICE
Notice is hereby given that the Commission on the State of Arizona...
1. The Commission on the State of Arizona...
2. The Commission on the State of Arizona...
3. The Commission on the State of Arizona...
4. The Commission on the State of Arizona...