

ORIGINAL



0000078324

MEMORANDUM

30A

TO: Docket Control

FROM: Ernest G. Johnson *EA for EGJ*
Director
Utilities Division

DATE: November 1, 2007

RE: **AMENDED** 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)

On October 29, 2007, Staff docketed the Staff Report for the above referenced matter. However, Schedule PMC-1 was omitted from the filing. Attached please find Schedule PMC-1.

EGJ:PMC:kdh

Originator: Pedro M. Chaves

Arizona Corporation Commission
DOCKETED

NOV -1 2007

| | |
|-------------|-----------|
| DOCKETED BY | <i>nr</i> |
|-------------|-----------|

RECEIVED
2007 NOV -1 P 3:29
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

FINANCIAL ANALYSIS

Selected Financial Information

| | [A] ¹ <u>12/31/2006</u> | [B] ² <u>Pro Forma 2007</u> | [C] ³ <u>Pro Forma 2008</u> | [D] ⁴ <u>Pro Forma 2009</u> |
|--------------------------------------|---------------------------------------|---|---|---|
| 1 Operating Income ⁵ | \$ 8,041,706 | \$ 8,094,600 | \$ 9,708,527 | \$ 7,790,653 |
| 2 Depreciation & Amort. ⁵ | 5,728,457 | 7,032,000 | 8,068,092 | 9,071,853 |
| 3 Income Tax Expense | 0 | 0 | 0 | 0 |
| 4 | | | | |
| 5 Interest Expense | 4,460,641 | 4,969,231 | 7,640,131 | 10,239,364 |
| 6 Repayment of Principal | 4,371,089 | 4,412,681 | 4,634,600 | 5,132,807 |
| 7 | | | | |
| 8 | | | | |
| 9 TIER | | | | |
| 10 [1+3] ÷ [5] | 1.80 | 1.63 | 1.27 | 0.76 |
| 11 DSC | | | | |
| 12 [1+2+3] ÷ [5+6] | 1.56 | 1.61 | 1.45 | 1.10 |
| 13 | | | | |
| 14 | | | | |
| 15 Short-term Debt | \$4,371,089 | \$4,412,681 | \$4,634,600 | \$4,869,295 |
| 16 | | | | |
| 17 Long-term Debt | \$80,009,087 | \$86,767,495 | \$122,257,916 | \$156,785,777 |
| 18 | | | | |
| 19 Common Equity | \$43,804,076 | \$43,804,076 | \$43,804,076 | \$43,804,076 |
| 20 | | | | |
| 21 Total Capital | \$128,184,252 | \$134,984,252 | \$170,696,593 | \$205,459,148 |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |

¹ Column [A] is based on audited financial statements for the year ended December 31, 2006.
² Column [B] is Column [A] modified to reflect issuance of \$6.8 million of previously authorized debt.
³ Column [C] is Column [B] modified to reflect issuance of \$35.75 million and repayment of debt scheduled through the end of year 2007.
⁴ Column [D] is Column [C] modified to reflect extension of debt repayments scheduled through the end of year 2008 and issuance of the remaining \$35.03 million.
⁵ Pro Forma Operating Income and Depreciation & Amortization reflect the Cooperative's projected figures at present rates.