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BEFORE THE ARIZONA CORPORATION COMMISSION

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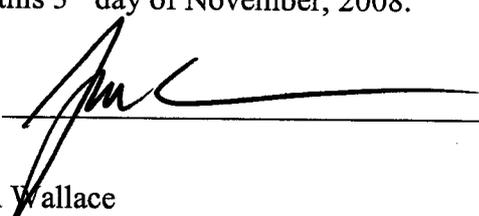
IN THE MATTER OF THE APPLICATION OF
NAVOPACHE ELECTRIC COOPERATIVE, INC.)
FOR APPROVAL OF RENEWABLE ENERGY)
STANDARD PLAN AND TARIFFS)
_____)

DOCKET NO. E-01787A-07-0576

COMPLIANCE

In compliance with Decision No. 70305, dated April 24, 2008 and the requirements listed in A.A.C. R14-2-1813.B. and 1814.B., Navopache Electric Cooperative, Inc hereby files its 2009 Renewable Energy Standard and Tariff ("REST") Implementation Plan.

RESPECTFULLY SUBMITTED this 3rd day of November, 2008.

By 

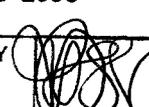
John Wallace
Grand Canyon State Electric Cooperative Assn. Inc.

Original and thirteen (13) copies filed this 3rd day of November, 2008, with:

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

Arizona Corporation Commission
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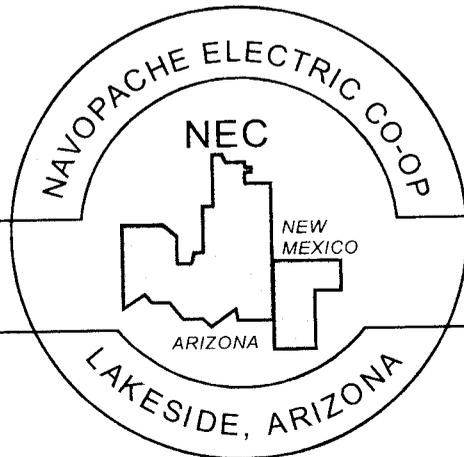
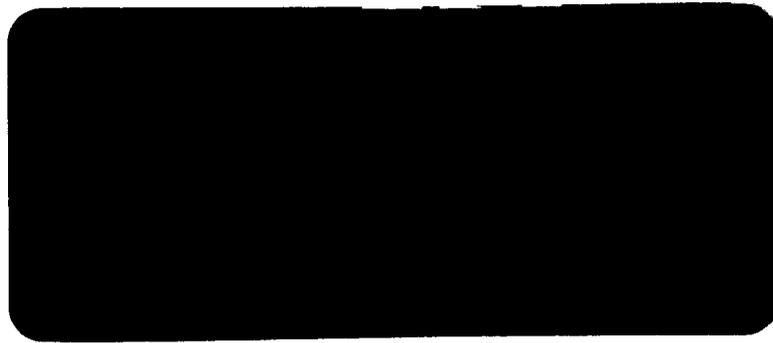
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P.O. Box 308
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NAVOPACHE ELECTRIC COOPERATIVE



NAVOPACHE ELECTRIC COOPERATIVE



October 31, 2008

2009 Renewable Energy Standard & Tariff Plan

(REST PLAN)

Submitted by Dennis W. Hughes, Chief Operating Officer

**Navopache Electric Cooperative, Inc.
1878 West White Mountain Boulevard
Lakeside, Arizona 85929**

www.navopache.org

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**NAVOPACHE ELECTRIC COOPERATIVE, INC.
RENEWABLE ENERGY STANDARD and TARIFF**

I. BACKGROUND

Navopache Electric Cooperative, Inc. (NEC) is a rural electric transmission and distribution cooperative headquartered in Lakeside, Arizona. NEC provides electric service to over 32,000 members in its 10,000 square mile service territory covering east-central Arizona and west-central New Mexico. NEC owns and operates 263 miles of 69 kv transmission lines and nearly 3,200 miles of 14.4/24.9 kv distribution lines and employees approximately 110 full-time employees. NEC is presently an "all-requirements" wholesale power customer of the Public Service Company of New Mexico (PNM). In 2007, NEC delivered 420 gigawatt hours in retail sales to its members.

On March 27, 2002, NEC management presented to its Board of Directors an Environmental Portfolio Standard Plan to achieve the requirements set forth by the Arizona Corporation Commission, (ACC), in Decision No. 62506, dated May 4, 2000, as codified in A.A.C. R14-2-1618 (EPS Rule), requiring NEC and all other Arizona Regulated Electric Service Providers to include in their retail electric sales a specified amount of electricity derived from renewable energy resources. The NEC Board of Directors approved the NEC EPS Plan and NEC filed an application on November 4, 2002 to the Rural Utilities Service (RUS) of the USDA, for loan funds in the amount of \$ 3,145,000.00 to be combined with monies collected from the Environmental Portfolio Surcharge to meet the requirements of the EPS Rule.

The RUS approved NEC's application to borrow loan funds and subsequently NEC submitted its EPS Plan to the ACC, Utilities Division. In December, 2002, the "Staff Report, Utilities Division, Arizona Corporation Commission, DOCKET NO. E-01787A-02-0822", recommended approval of NEC's request for authorization to borrow funds from the RUS. The ACC approved this authorization to borrow funds from the RUS in Decision No. 65532, dated January 23, 2003. NEC began using loan funds to further implement and enhance its EPS plan in the summer of 2003.

Navopache Electric Cooperative, Inc.

NEC has filed semi-annual and annual Environmental Portfolio Standard Compliance Reports with the Director, Utilities Division, ACC, for the years from 2001 through 2007. During this period, the NEC EPS Plan has delivered 6,871,013 kWh of non-solar renewable energy electricity and 2,362,546 kWh of solar generated electricity to its members.

These renewable energy resources were obtained through purchasing renewable energy credits from Tucson Electric Power Company, Abengoa Solar Incorporated of Lakewood, Colorado, and from generating photovoltaic installations completed by NEC. NEC presently has four photovoltaic installations producing solar electricity. Two are grid connected at NEC power distribution substations and two are distributed generation installations, i.e., located on the member's premises, serving existing loads at secondary voltages. These distributed generation installations replace a portion of the member's energy requirements previously purchased from NEC and supplied through the normal power distribution system.

II. NEC's REST PLAN

NEC will use a combination of existing infrastructure, newly executed renewable energy credit purchase agreements, distributed generation photovoltaic installations by NEC members, as well as a variety of funding sources to meet its requirement for renewable energy under the ACC's Renewable Energy Standard & Tariff Plan. NEC may install, own and operate additional grid connected renewable energy resources going forward and has entered into new agreements to purchase renewable energy credits to achieve compliance under the REST plan. NEC will be encouraging its members to install distributed generation resources and will implement a Uniform Credit Purchase Program (UCPP) that NEC has submitted to the ACC for approval. The NEC UCPP provides for incentives for both photovoltaic and wind turbine renewable energy systems.

Navopache Electric Cooperative, Inc.

Existing Infrastructure – Utility Installed Photovoltaic Resources

NEC has completed installation of four photovoltaic arrays since 2003. Two of these, Blue Ridge High School and The Town of Pinetop-Lakeside, were funded entirely by monies collected through the environmental portfolio surcharge. The other two, NEC St. Johns Substation and the NEC Springerville Area Office, were financed through loan funds from the Rural Utilities Service, USDA.

All of these installations are metered and the kWh output is reported to the ACC in NEC's Annual EPS Compliance Report. The last report submitted by NEC covered the period January – December, 2007.

The projected annual kWh output from these installations, based on historical data, is included in Exhibit "A" – Renewable Energy Resources as part of this report.

Existing Infrastructure – Member Installed Photovoltaic Resources

NEC has seven members who have chosen to install photovoltaic arrays at their residences. The installations range in size from 1 kW to 14 kW and are interconnected to the NEC power system. NEC has metered these installations with time-of-use meters which accumulate the kWh's which are delivered back to NEC. It is our intention to continue to meter these locations to comply with the guidelines adopted by the ACC to implement a net metering program in Arizona. The time of use meter accumulates the amount of energy delivered to the NEC system in a separate register. NEC will be reimbursing these members for the energy delivered to NEC, or by providing an incentive as per the proposed NEC UCPP, once approved by the ACC. The projected annual kWh output from these installations, based on historical data, is included in Exhibit "A" – Renewable Energy Resources as part of this report.

There are presently 50 NEC members who have notified NEC that they intend to install distributed generation renewable energy systems as soon as NEC has received approval of its UCPP. Based on the output of the existing NEC member installations, these new member installations are projected to produce an additional 325,000 kWh of renewable energy annually.

Navopache Electric Cooperative, Inc.

Existing Renewable Energy Credit Purchase Agreements

NEC and Abengoa Solar Incorporated of Lakewood, Colorado, formerly Industrial Solar Technology Corporation, entered into a five-year agreement in November of 2006. This agreement is part of this report and is labeled as Exhibit "B". Abengoa is the owner/operator of a solar thermal system at the Federal Correctional Institution, (FCI), in Phoenix, AZ. The system, installed in 1999, displaces electricity used for water heating at the facility.

Abengoa wishes to sell all of the Renewable Energy Credits generated from the FCI solar system to NEC to assist NEC in meeting its renewable energy requirements under the ACC Environmental Portfolio Standard adopted in 2000, and revised as the Renewable Energy Standard and Tariff in 2007. The projected annual kWh output from this installation, based on historical data, is included as Exhibit "A" – Renewable Energy Resources, as part of this report.

NEC has signed an Agreement to Purchase Renewable Energy Credits from PDM Solar, Inc., P.O. Box 36, Wausau, WI, who is developing distributed renewable energy resources at various sites within the State of Arizona. Specifically, these resources will be either "Solar Space Cooling", "Solar Space Heating", or Solar HVAC. PDM Solar will build these systems to comply with the REST Plan sections R14-2-1803 (B) (9) and R14-2-1802 (B) (10). PDM agrees to supply and NEC agrees to purchase 1,500,000 REC's in 2009 and 5,000,000 REC's per year for the following 5 years (2010-2014). The NEC / PDM purchase agreement is included as Exhibit "D" in this report.

NEC has signed an agreement for the Purchase of Renewable Energy Credits from the Solar Utilities Network (SUN) of San Rafael, California. SUN plans to build and operate a one megawatt photovoltaic array near the Sunrise Ski Resort located upon lands owned by the White Mountain Apache Tribe in Apache County, Arizona. The PV installation will be interconnected with the NEC power system and will deliver a projected 2.2 million kWh annually.

Navopache Electric Cooperative, Inc.

Upon successful completion of the Sunrise Ski Resort installation, SUN plans to build and operate an additional 5 megawatts of PV resources near the Fort Apache Timber Company located in Whiteriver, Arizona, Tribal Headquarters of the White Mountain Apache Tribe. The NEC / SUN REC Purchase Agreement is included with this report as Exhibit "E".

Additional Renewable Energy Credit Purchase Agreements

NEC has had recent discussions with a major wind energy provider regarding the location of a 100 MW wind farm within NEC's service territory. The provider has a proven track record and NEC has every reason to believe that this project has merit and that the provider is serious in their intentions.

The latest National Renewable Energy Laboratory, (NREL), Arizona 50 meter Wind Power map identifies a viable wind resource in southern Apache County which is within the NEC service territory. The wind resource is in close proximity to the existing NEC transmission system. The provider understands that a project of this magnitude will require substantial infrastructure upgrades and additions to the NEC power system to market the renewable energy resource. The provider has indicated that these factors are known to be a requirement for the development of a resource as significant as what is being proposed by them. The provider has asked for confidentiality with respect to this project until an engineering analysis and a financial analysis can be completed.

When complete, this project will have the potential to provide more renewable energy resources than all of the other existing NEC installations and renewable energy credit purchase agreements combined. It is NEC's intention to enter into a renewable energy credit purchase agreement with this provider to secure enough resources to meet NEC's requirements under the REST plan for the foreseeable future. Additionally, NEC will enter into other agreements with the vendor to allow the vendor to export the excess renewable energy produced from the NEC power system to the transmission grid of northeastern Arizona and ultimately to other markets.

Navopache Electric Cooperative, Inc.

NEC intends to enter into a renewable energy credit purchase agreement with Mr. Clifford Johnson, dba Johnson Cattle Company. Mr. Johnson owns a significant amount of property in Apache County, near the Tucson Electric Power Company Springerville Generating Station. Mr. Johnson intends to build a 315 kW photovoltaic grid-tied array and has made a proposal to NEC to purchase all of the renewable energy credits available from his project. The proposal is included in this report and is labeled Exhibit "C". Mr. Johnson will be working with Mr. Matt Hamilton, owner of Sun Pumps, a provider of solar pumping products. Mr. Hamilton is a business associate of NEC, having designed and installed all of the distributed generation photovoltaic systems for NEC members that are referenced as a renewable resource in this report.

NEC has been involved in discussions with the Town Manager of Eagar, AZ, Mr. Bill Greenwood, and with Mr. Robin Boudreau, Community Energy Program Administrator, AZ Department of Commerce. The Town of Eagar is interested in pursuing a wind energy project to be located near the NEC Round Valley Substation in Eagar. Initial plans call for a wind energy project of 3.5 MW to be constructed next to a privately owned small wood sawmill operation. The project calls for the wind energy produced to satisfy all of the electrical needs of the sawmill while the excess will be purchased by NEC.

Depending upon the outcome of a wind resource analysis, this project could be enlarged to develop a much larger resource, up to a maximum of 30 MW. The ultimate size of the project will be dependent upon the available capacity of a 69 kv transmission line which is located within a mile of the site.

Geothermal Power Project Feasibility Study Underway

In the early 1980's, NEC, in cooperation with Pan American Resources and the Sandia National Laboratory, Albuquerque, NM, investigated the possibility of developing a geothermal electricity project within its service territory. NEC envisioned a 50 MW geothermal electricity generation facility near the community of Alpine, AZ, located in southern Apache County.

Navopache Electric Cooperative, Inc.

The project was modeled after the Fenton Hill Hot Dry Rock geothermal facility developed at the Los Alamos National Laboratory in Los Alamos, NM. Today, the hot dry rock geothermal process is known as "Enhanced Geothermal System" (EGS) technology. A test well, Alpine Federal #1, was drilled to a depth of 4,500' and the resource was verified. NEC made application to the Department of Energy for federal financing to fund the project based on the findings of the test well, but the attempt was unsuccessful.

Given recent advances in technology and processes, along with our goals of advancing the development of renewable energy resources, NEC has retained the services of Black & Veatch to conduct a feasibility study to determine the economic potential of developing the geothermal resource in the NEC service territory.

Black & Veatch has retained GeothermEx, Inc., Richmand, CA, to assist with the analysis. Ryan Pletka, Black & Veatch Project Manager, issued a project status report to NEC on October 21, 2008, and the initial findings are very encouraging. GeothermEx has compiled all of the temperature gradient and heat flow data into a map for the NEC area and a reasonable margin beyond it. The heat flow map shows heat flow in units of watts per square meter. Values above 80 are considered more promising, with values above 90 and 100 representing the prospective areas. As can be seen from the map, there are good sized areas of favorable heat flow in the east-central portion of the NEC service territory, through which an NEC 69 kv transmission line is located. The GeothermEx Heat Flow Map is included as Exhibit "F" in this report. Black & Veatch indicates that the study will be complete with a recommendation by the end of 2008.

WHOLESALE POWER SUPPLY ISSUES

NEC is an "all-requirements" power customer of the Public Service Company of New Mexico, (PNM). The present contract expires July 1, 2025, however it contains a clause that allows NEC to exit the contract July 1, 2010. NEC and PNM are currently discussing new energy market conditions and contract terms to take effect in 2010 if the parties decide to extend the contract through 2025. It is important to note that the present

Navopache Electric Cooperative, Inc.

contract contains the following language which will be maintained by NEC under a contract extension, should it occur:

“For electric services rendered in AZ, NEC is subject to the jurisdiction of the ACC. The ACC’s electric competition and renewable energy resource requirements may reduce the amount of power and energy to be purchased hereunder by NEC for resale to NEC customers. NEC may be required by the ACC to obtain power and energy for NEC customers through a competitive bidding process. Further, NEC may be required by the ACC to obtain power and energy for NEC customers from renewable energy sources.”

If NEC were to develop a significant geothermal energy resource, this contract language regarding renewable energy procurement by NEC will prove to have a major impact on the relationship between NEC and PNM. A 50 MW generating station would satisfy 50% of the energy needs of the cooperative while simultaneously reducing the amount of power and energy purchased from PNM under the wholesale power contract between the two parties.

CONCLUSION & GOALS

From the data contained in Exhibit “A” – Renewable Energy Resources – 2009, a deficiency of 1,509,248 kWh in meeting the annual REST requirement is apparent. NEC has a balance of \$ 1.7 million in RUS loan funds which it is considering spending on new utility installed photovoltaic generation to help make up the shortfall in compliance. The USDA will require that the loan funds be used for this purpose as the financing was advanced to NEC specifically for photovoltaic generation.

It is NEC’s goal to provide renewable energy incentives to its members to increase the amount of participation in distributed generation installations in 2009. The NEC UCPP presently being reviewed for approval by the ACC will include incentive payments for both photovoltaic and wind turbine installations.

As soon as NEC receives a positive recommendation from Black & Veatch to develop the geothermal energy resource in its service territory, NEC will begin the process to secure financing to fund the project.

Navopache Electric Cooperative, Inc.

If this project becomes reality, which we have every reason to believe that it will, NEC will be producing enough renewable energy to satisfy its own REST requirement, and serve roughly half of its total energy requirement through base-load geothermal generation.

In its Annual EPS Compliance Report for 2007, NEC achieved a 79.13% compliance level with respect to the solar requirement and a 47.48% overall compliance level. NEC's goal is to continually improve these levels.

III. EXHIBITS



Exhibit "A"
Renewable Energy Resources – 2009

Resource	Type	Size – kW	Annual Output – kWh
NEC St. Johns Substation	Photovoltaic – Utility – Grid Connected	94	220,711
NEC Springerville Area Office	Photovoltaic – Utility – Grid Connected	114	249,715
Blue Ridge High School	Photovoltaic – Distributed Generation	50	144,376
Mountain Meadow Recreation Complex	Photovoltaic – Distributed Generation	20	43,800
NEC Member Installations	Photovoltaic / Wind Turbine – Distributed Generation	185	405,150
Johnson Cattle Company	Photovoltaic – Grid Connected	315	569,500
Abengoa Solar Corporation	Solar Thermal System	700	1,567,500
PDM Solar, Inc.	Solar Space Cooling	500	1,500,000
SUN – Solar Utilities Network	Photovoltaic – Grid Connected	1,000	2,190,000
TOTAL RESOURCES AVAILABLE		2,978	6,890,752
2009 REST REQUIREMENT			8,400,000
DEFICIENCY			1,509,248

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**Proposal to Purchase EPS Credits:
Agreement between Industrial Solar Technology Corporation and
Navopache Electric Cooperative, Inc.**

This agreement dated Nov. 6th, 2006 is between Industrial Solar Technology Corporation (IST), 4420 McIntyre Street, Golden, CO and Navopache Electric Cooperative, Inc. (Navopache) P. O. Box 308, Lakeside, Arizona 85929.

IST is the owner/operator of a solar thermal system at the Federal Correctional Institution (FCI) in Phoenix, Arizona that displaces electricity used for water heating. The solar system was installed in 1999; hence, it is eligible for the application of an early installation credit of 0.5. Thirty percent (30%) of the installed solar system was from Arizona content materials. Such content generates an extra credit multiplier of $0.5 \times 0.3 = 0.15$. Hence, the total extra credit multiplier is 0.65.

IST invoices FCI on a monthly basis for the displaced value of electricity in the manner shown in the attached invoice. The amount of electricity displaced is measured using duplicate meters. Measurement procedures and billings were approved at the onset of the project by the National Renewable Energy Laboratory. The electricity displaced is net of heat losses in distribution piping and electricity used to produce the hot water.

IST wishes to sell all the Renewable Energy Credits (REC) generated from the FCI solar system to Navopache to assist Navopache in meeting its portfolio requirements under the Arizona Corporation Commission's Environmental Portfolio Standard adopted in Decision Nos. 63364 and 63486. The proposed price of the "raw" credits without the application of the extra credit multiplier is \$0.06/kWh of displaced electricity. It is proposed to sell the credits generated during 2006 and for five years thereafter through December 31, 2011. After that time, the Agreement is renewable by mutual consent for a mutually agreed upon time frame.

Through October 31, 2006, the solar system has generated 478,696 kWh of REC. The total number of REC generated through December 31, 2006 is estimated at 570,000 kWh. On an annual basis, the REC generated will range from 800,000 to 1,100,000 kWh based on weather conditions and circumstances at the site. However, IST can make no guarantees regarding the actual number of REC generated.

Both parties agree that if the Arizona Corporation Commission eliminates the Environmental Portfolio Surcharge, (EPS), being levied by affected utilities, or modifies the EPS funding mechanism to the degree that NEC cannot meet its obligations under this Purchase Proposal solely from these funds, NEC may terminate this agreement with 60 days written notice without penalty or further obligation to IST.

Within 10 days of the end of each calendar quarter, IST proposes to deliver a "Certificate of Transfer of EPS Credits" such as that shown for REC through October 31, 2006 for payment by Navopache on a net 30 basis.

Signed:



E. Kenneth May
President
Industrial Solar Technology Corporation

Date: 11/6/06

Signed:



Dennis W. Hughes
Manager of Energy Services
Navopache Electric Cooperative, Inc.

Date: 11/2/06

Navopache Electric Cooperative, Inc.

**Proposal to Purchase EPS Credits and Power:
Agreement between Johnson Cattle Co. and
Navopache Electric Cooperative, Inc.**

This agreement dated _____, 2007 is between Johnson Cattle Co.
_____, Street, _____, Arizona and Navopache Electric Cooperative, Inc.
(Navopache) P.O. Box 308, Lakeside, Arizona 85929.

Johnson Cattle Co. proposes to install a 315 kW Photovoltaic Grid-Tie system at Johnson Cattle Co. Ranch, Springerville, Arizona in order to sell power, along with the Renewable Energy Credits (REC), to Navopache. The proposed solar system will generate an estimated 530,000 to 609,000 kWh's of REC per year, based on weather conditions and circumstances at the site. However, Johnson Cattle Co. can make no guarantees regarding the actual number of REC generated.

Johnson Cattle Co. wishes to sell all the Renewable Energy Credits REC generated from the Johnson Cattle Co. Solar Electric System to Navopache to assist Navopache in meeting its portfolio requirements under the Arizona Corporation Commission's Renewable Energy Standard and Tariff Adopted 31 October 2006 and certified 15 June 2006 by the Arizona Attorney General. The proposed price of the "raw" credits without the application of the extra credit multiplier is \$ ____ kWh of the displaced electricity. It is proposed to sell the credits generated during 2007 and for five years thereafter through _____ 2017. After that time, the Agreement is renewable by mutual consent for a mutually agreed upon time frame.

Johnson Cattle Co. further wishes to sell all power generated for the Johnson Solar System to Navopache for \$ ____ kWh. Within 10 days of the end of each calendar quarter, Johnson proposes to bill Navopache for all power generated for that quarter on a net 30 basis.

Within 10 days of the end of each calendar quarter, Johnson proposes to deliver a "Certificate of Transfer of EPS Credits" such as that shown for REC through _____ for payment by Navopache on a net 30 basis.

Signed:

Signed:

Date: _____
Clifford Johnson
Johnson Cattle Co.

Date: _____
Dennis W. Hughes
Manager Of Energy Services
Navopache Electric Cooperative, Inc.

Navopache Electric Cooperative, Inc.

Mailing Address:

PDM SOLAR, INC.
P.O. Box 36
Wausau, WI 54402-0036
(715) 574-4920



Physical Address:

PDM SOLAR, INC.
100 N. 72nd Ave.
Wausau, WI 54401

Agreement to Purchase Renewable Energy Credits
Agreement between PDM Solar, Inc. and Navopache Electric Cooperative, Inc.

This agreement dated, May 22, 2008 is between PDM Solar, Inc. (PDM), 100 North 72nd Avenue, Wausau WI and Navopache Electric Cooperative (NEC) 1878 W. White Mountain Boulevard, Lakeside, Arizona 85929.

PDM Solar, Inc. is developing "Distributed Renewable Energy Resources" at various sites within the State of Arizona. These sites will be located at a customer's premise and will displace "Conventional Energy Resources" that would otherwise be used to provide electricity to Arizona customers. Specifically these "Distributed Renewable Energy Resources" will be either "Solar Space Cooling", "Solar Space Heating", or Solar HVAC. PDM Solar will build these systems to comply with the Distributed Renewable Energy Resource guidelines established by the Arizona Corporation Commission (ACC) in R14-2-1802 (B)(9) and R14-2-1802 (B)(10).

These systems will generate distributed Renewable Energy Credits (RECs) per R14-2-1803 which can be used to satisfy the Distributed Renewable Energy Requirements established in R14-2-1805. The number of credits generated will be determined according to the methodology established in R14-2-1803 (B). One REC will be created for each 3,415 British Thermal Units of heat produced by the solar collectors for use to drive a "refrigeration machine" absent the generation of electricity or to provide space heating. The amount of heat produced will be measured using calibrated flow and temperature measurements in the supply and return loops between the solar collectors and the "refrigeration machine" or space heating system.

Per R14-2-1803 (C), PDM agrees to supply and NEC agrees to purchase RECs generated by PDM's systems to assist NEC in meeting their portfolio requirements established in R14-2-1805. PDM agrees to supply and NEC agrees to purchase 1,500,000 RECs in 2009 and 5,000,000 RECs per year for the following 5 years (2010 -2014). The price will be \$0.07 per REC. After that time, the Agreement is renewable by mutual consent for an additional 5 years, at a price to be determined at the time of renewal. In the event that the ACC amends the existing REST requirements to the extent that the RECs purchased by NEC from PDM exceed any future requirement, NEC reserves the right to transfer said RECs to a third party.

Within 10 days of the end of each calendar quarter, PDM will deliver a "Certificate of Transfer of RECs" and an invoice for the credits generated during that quarter. NEC will provide payment of the invoice on a net 30 basis.

Signed:

David M. Baker
President/CEO
PDM Solar, Inc.

Date: 5/27/08

Signed:

Dennis W. Hughes
Chief Operating Officer
Navopache Electric Cooperative, Inc.

Date: 5/22/08

Navopache Electric Cooperative, Inc.



NAVOPACHE ELECTRIC COOPERATIVE

**Agreement for the Purchase of Renewable Energy Credits
Between Navopache Electric Cooperative, Inc., and
Solar Utilities Network**

Note: This Agreement has been signed by both parties. The original executed copy resides with SUN at the time of this filing with the ACC.

This agreement, dated _____, 2008, is between Solar Utilities Network (SUN), 4340 Redwood Hwy Suite 241, San Rafael, California, 94903, and Navopache Electric Cooperative, Inc. (NEC), 1878 West White Mountain Blvd., Lakeside, Arizona, 85929.

SUN is the owner of a 1.0 Megawatt Photovoltaic (PV) Array which is interconnected to the NEC power system upon lands owned by the White Mountain Apache Tribe near the Sunrise Ski Resort. SUN wishes to sell all of the Renewable Energy Credits (RECs) generated from the PV installation to NEC to assist NEC in meeting its requirements under the Arizona Corporation Commission (ACC) Renewable Energy Standard and Tariff rules, Arizona Administrative Code (AAC) R 14-2-1801 through -1815, adopted November 14, 2006, in Decision Number 69127.

The price of the RECs will be \$ 0.15 / kWh for a period of five years from the date of this agreement. After that time, the Agreement is renewable by mutual consent for a mutually agreed upon time frame and at a price to be determined at the time of renewal. In the event that the ACC amends the existing REST requirements to the extent that the RECs purchased by NEC from SUN exceed any future requirement, NEC reserves the right to transfer said RECs to a third party. This agreement becomes null and void if SUN does not develop the renewable energy resource that it proposes to develop due to any circumstances not known at this time.

Within 10 days of the end of each calendar quarter, SUN will deliver a "Certificate of Transfer of RECs" and an invoice for the RECs generated during that quarter. NEC will provide payment of the invoice on a net 30 basis.

Signed:

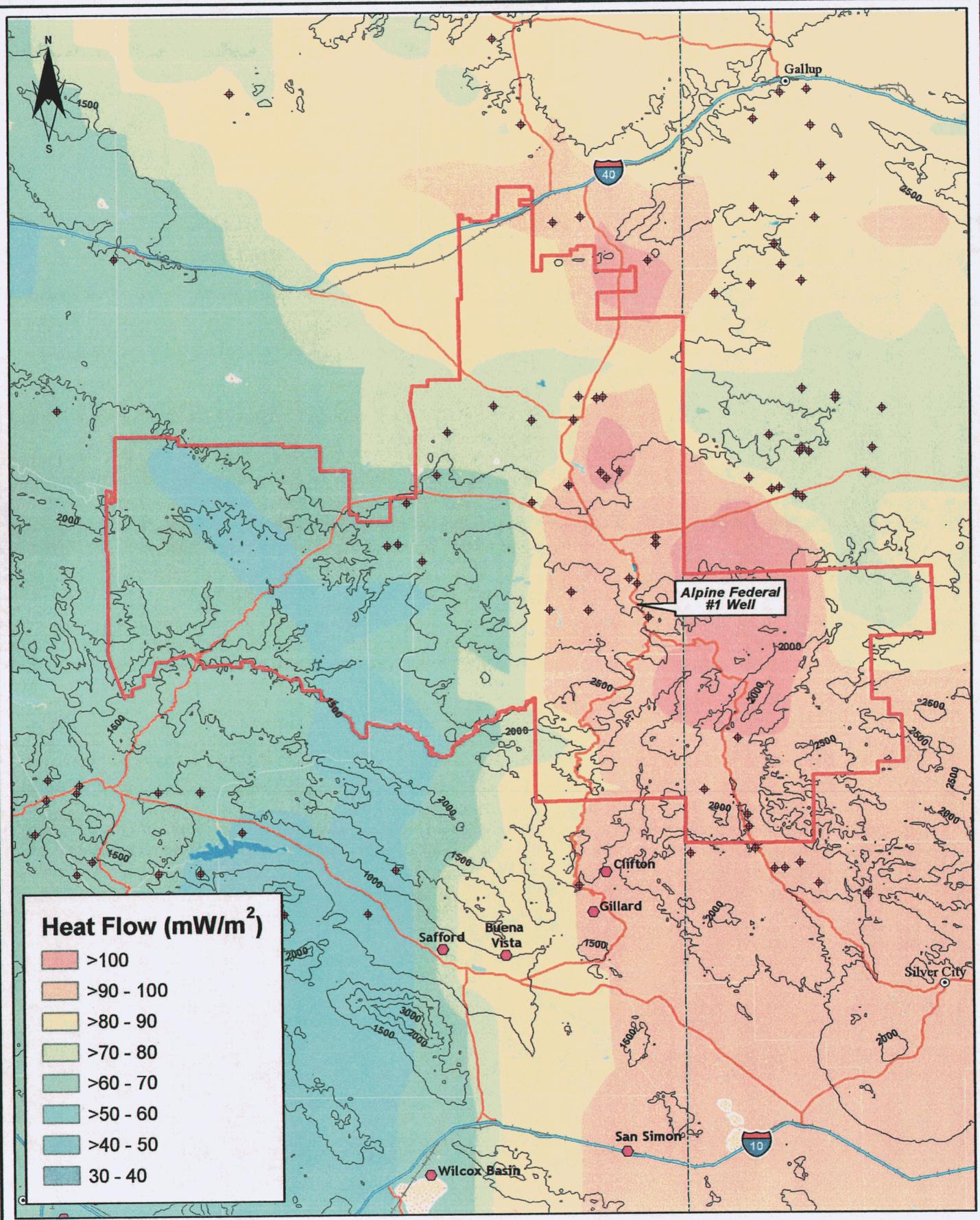
Signed:

Mark Moore, President/CEO
Solar Utilities Network

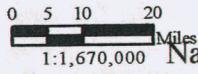

Dennis W. Hughes, COO
Navopache Electric Cooperative, Inc

Date _____

Date 6-18-08 _____



Projection: NAD83 UTM Zone 10N
 Map Date: October 17, 2008
 Elevation Contours in Feet



Navopache heat flow map
 Navopache Electric Cooperative, Inc.

GeothermEx, Inc.

IV. REST TARIFFS

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

RENEWABLE ENERGY STANDARD TARIFF

SCHEDULE NO. 9

Effective: July 1, 2008

Renewable Energy Standard ("RES") Surcharge

On all bills for governmental and agricultural customers with multiple meters, an RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of \$ 0.000875 per kilowatt-hour of retail electricity purchased by the consumer, or:

Governmental and Agricultural Customers: \$ 13 per service;

Governmental and Agricultural Customers whose metered demand is 3,000 kW or more for 3 consecutive months: \$ 39.00 per service.

In the case of unmetered services, the Load-Serving Entity shall, for the purposes of billing the RES Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

On all bills in all other tariff service categories than those listed above, an RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of \$ 0.004988 per kilowatt-hour of retail electricity purchased by the customer, or:

Residential Customers: \$ 1.05 per service;

Non-Residential Customers: \$ 39.00 per service;

Non-Residential Customers whose metered demand is 3,000 kW or more for 3 consecutive months: \$ 117.00 per service.

In the case of unmetered services, the Load-Serving Entity shall, for purposes of billing the RES Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

The RES Surcharge is in addition to all other rates and charges applicable to service to the customer.

Navopache Electric Cooperative, Inc.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

STANDARD OFFER TARIFF

VOLUNTARY RENEWABLE ENERGY PROGRAM

SCHEDULE NO. 10

Effective: For electrical usage beginning on January 1, 2008 and billed beginning with the February 1, 2008 cycle billings.

Availability

Available as an option to all residential and non-residential standard offer members of the Cooperative to participate in the cooperative's renewable energy program. Not applicable for resale, breakdown, standby or auxiliary service.

Type of Service

Available to all classes of members, regardless of service entrance size or installed infrastructure located at the member's residence or place of business.

Monthly Rate

\$ 2.00 per month for each block of 50 kWh of electric generation from renewable resources. Members electing this option may purchase one or more blocks. The rate is in addition to the otherwise applicable charges for all kWh consumed under standard offer service provided by the Cooperative.

Term

Members of the Cooperative may enroll at any time, effective at the beginning of the next billing month. Members may terminate their participation at any time by notifying the Cooperative; termination is effective at the end of the current billing month. Terminations made in conjunction with termination of all service from the Cooperative are effective at the time of such termination.

Conditions

All funds collected under this Schedule will be used solely to construct, operate, and maintain renewable energy projects carried out by the Cooperative in Arizona, including solar electric generating projects. Electric energy generated by renewable resources is blended with other energy throughout the Cooperative's distribution system. Energy delivered to members electing this option will consist of such blended energy.

Tax Adjustment

The applicable sales tax in Arizona will be added to bills where required. The cooperative is authorized to pass on to the consumers the applicable proportionate part of any taxes or government impositions, which are or may in the future be assessed on the basis of the gross revenues of the cooperative.

Terms of Payment

Billing made under this schedule will be due and payable upon receipt and past due fifteen (15) days from the date the bill is mailed. Service will be subject to disconnect in accordance with the cooperative's collection policy.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

RENEWABLE ENERGY CUSTOMER SELF-DIRECTED TARIFF

SCHEDULE NO. 11

Effective: January 1, 2008

Renewable Energy Standard ("RES") Customer Self-Directed Option

Application

The RES Customer Self-Directed Option is applicable to single and three phase service for Non-Residential Customers with multiple meters that pay more than \$ 25,000 annually in RES Surcharge funds pursuant to the Renewable Energy Standard Tariff for any number of related accounts or services within the Cooperative's service territory.

Eligible Customer

An Eligible Customer may apply to the Cooperative to receive funds to install Distributed Renewable Energy Resources. An Eligible Customer seeking to participate in this program shall submit to the Cooperative a written application that describes the Renewable Energy Resources that it proposes to install and the projected cost of the project. An Eligible Customer shall provide at least half of the funding necessary to complete the project described in its application.

An Eligible Customer shall enter into a contract with the Cooperative that specifies, at a minimum, the following information: the type of Distributed Generation ("DG") resource, its total estimated cost, kWh output, its completion date, the expected life of the DG system, a schedule of Eligible Customer expenditures and invoices for the DG system, Cooperative payments to an Eligible Customer for the DG system, and the amount of a Security Bond or Letter of Credit necessary to ensure the future operation of the Eligible Customers' DG system, metering equipment, maintenance, insurance, and related costs.

If proposed to be connected to the Cooperative's electrical system, an Eligible Customer's DG resource shall meet all of the Cooperative's DG interconnection requirements and guidelines before being connected to the Cooperative's electrical system.

All Renewable Energy Credits derived from the project, including generation and extra credit multipliers, shall be applied to satisfy the Cooperative's Annual Renewable Energy Requirement.

The funds annually received by an Eligible Customer pursuant to this tariff may not exceed the amount annually paid by the Eligible Customer pursuant to the RES Surcharge Tariff.

V. REST FUNDING FROM SURCHARGE



REST FUNDING FROM SURCHARGE

Rate Schedules	Surcharge Collection	Average \$ per Monthly Invoice
Residential	\$293,391	\$1.05
Seasonal Residential	\$142,758	\$1.05
Small Commercial	\$626,473	\$15.72
Large Commercial	\$34,143	\$15.72
Irrigation	\$6,299	\$9.54
Industrial	\$1,404	\$117.00
Current EPS Balance	\$752,965	
Total REST Funding	\$1,857,433	

USDA Loan Funds Remaining	\$1,701,775
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Total Funding Available	\$3,559,208
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REST Surcharge	\$ 0.004988/kWh
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Proposed REST Caps	
Residential	\$1.05
Commercial	\$39.00
Industrial > 3 MW	\$117.00

VI. FIVE YEAR REST BUDGET

		Navopache Electric Cooperative, Inc.						
		5-Year Renewable Energy Resource Budget						
		2009	2010	2011	2012	2013		
		Funding Available	\$3,559,208	\$2,158,429	\$2,222,650	\$1,986,871	\$1,601,092	
Resource		Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	
Photovoltaic Generation		\$1,800,000	\$0	\$0	\$0	\$0	\$0	
Distributed Renewable Energy		\$500,000	\$600,000	\$650,000	\$750,000	\$800,000	\$800,000	
Purchase Power Agreement		\$115,000	\$350,000	\$600,000	\$650,000	\$650,000	\$700,000	
Customer Self-Directed*		\$0	\$0	\$0	\$0	\$0	\$0	
RUS Loan Repayment		\$90,247	\$90,247	\$90,247	\$90,247	\$90,247	\$90,247	
	Annual Expenditure	\$2,505,247	\$1,040,247	\$1,340,247	\$1,490,247	\$1,590,247	\$1,590,247	
	Carry-Over	\$1,053,961	\$1,118,182	\$882,403	\$496,624	\$10,845	\$10,845	
*NEC has determined that there are not any cooperative members that will qualify for the Customer Self-Directed Option								
Photovoltaic Generation - Utility Owned								
Installed KW		478	478	478	478	478	478	
KWh Obtained		1,046,820	1,046,820	1,046,820	1,046,820	1,046,820	1,046,820	
Distributed Renewable Energy								
Installed KW		185	250	350	450	550	550	
KWh Obtained		405,150	547,500	766,500	985,500	1,204,500	1,204,500	
Purchase Power Agreement								
Installed KW		700	700	1,700	1,700	1,700	1,700	
KWh Obtained		2,533,000	6,533,000	8,723,000	7,190,000	7,190,000	7,190,000	
		Navopache Electric Cooperative, Inc. (20)						

VII. USDA RUS FORM 7

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 16 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 AZ0013

FINANCIAL AND STATISTICAL REPORT

PERIOD ENDED
December, 2007

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

BORROWER NAME

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.

NAVOPACHE ELEC COOP INC

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.

Perdumb

2/28/08
DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	38,160,523	39,870,133	39,915,906	3,923,653
2. Power Production Expense				
3. Cost of Purchased Power	19,306,982	20,240,895	20,357,112	2,213,141
4. Transmission Expense	98,351	145,870	199,018	44,349
5. Distribution Expense - Operation	3,233,100	2,829,209	3,316,658	292,047
6. Distribution Expense - Maintenance	1,860,728	1,774,079	2,101,980	194,541
7. Customer Accounts Expense	2,498,179	2,765,230	2,710,308	297,101
8. Customer Service and Informational Expense	301,715	312,937	384,094	53,365
9. Sales Expense	234,966	238,908	158,157	16,678
10. Administrative and General Expense	3,294,684	3,592,535	3,983,241	330,502
11. Total Operation & Maintenance Expense (2 thru 10)	30,828,705	31,899,663	33,210,568	3,441,724
12. Depreciation and Amortization Expense	2,877,961	3,018,606	3,272,140	254,932
13. Tax Expense - Property & Gross Receipts	22,154	24,766	17,020	2,046
14. Tax Expense - Other	44,203	50,961	39,421	2,175
15. Interest on Long-Term Debt	2,266,328	2,359,376	2,553,060	198,156
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	41,358	51,631	39,000	4,057
18. Other Deductions	24,890	15,787	26,000	542
19. Total Cost of Electric Service (11 thru 18)	36,105,599	37,420,790	39,157,209	3,903,632
20. Patronage Capital & Operating Margins (1 minus 19)	2,054,924	2,449,343	758,697	20,021
21. Non Operating Margins - Interest	249,650	283,619	210,000	20,274
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments				
24. Non Operating Margins - Other	(65,862)	(9,235)	(50,000)	(1,029)
25. Generation and Transmission Capital Credits				
26. Other Capital Credits and Patronage Dividends	93,235	125,086	65,000	9,089
27. Extraordinary Items				
Patronage Capital or Margins (20 thru 27)	2,331,947	2,848,813	983,697	48,355

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INSTRUCTIONS - See RUS Bulletin 1717B-2

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	1,932	1,284	5. Miles Transmission	270.00	263.00
2. Services Retired	168	163	6. Miles Distribution - Overhead	2,564.00	2,631.00
3. Total Services in Place	40,587	41,708	7. Miles Distribution - Underground	526.00	567.00
4. Idle Services (Exclude Seasonals)	2,299	2,334	8. Total Miles Energized (5 + 6 + 7)	3,360.00	3,461.00

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	103,142,448	29. Memberships.....	161,890
2. Construction Work in Progress	3,439,773	30. Patronage Capital.....	19,190,047
3. Total Utility Plant (1 + 2)	106,582,221	31. Operating Margins - Prior Years.....	(3,589,789)
4. Accum. Provision for Depreciation and Amort	43,630,411	32. Operating Margins - Current Year.....	2,574,429
5. Net Utility Plant (3 - 4)	62,951,810	33. Non-Operating Margins.....	274,384
6. Non-Utility Property (Net)	0	34. Other Margins and Equities.....	951,009
7. Investments in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34).....	19,561,970
8. Invest. in Assoc. Org. - Patronage Capital	356,739	36. Long-Term Debt - RUS (Net).....	43,597,680
9. Invest. in Assoc. Org. - Other - General Funds	127,010	37. Long-Term Debt - FFB - RUS Guaranteed.....	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	1,346,839	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects	0	39. Long-Term Debt Other (Net).....	6,545,004
12. Other Investments	35,448	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
Special Funds	0	41. Payments - Unapplied	0
Total Other Property & Investments (6 thru 13) ...	1,866,036	42. Total Long-Term Debt (36 thru 40 - 41).....	50,142,684
15. Cash - General Funds	717,836	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee	5	44. Accumulated Operating Provisions and Asset Retirement Obligations..	989,796
17. Special Deposits	241,214	45. Total Other Noncurrent Liabilities (43 + 44).....	989,796
18. Temporary Investments	8,329,125	46. Notes Payable.....	0
19. Notes Receivable (Net)	7,621	47. Accounts Payable.....	2,330,439
20. Accounts Receivable - Sales of Energy (Net)	2,768,048	48. Consumers Deposits.....	830,564
21. Accounts Receivable - Other (Net)	25,603	49. Current Maturities Long-Term Debt.....	1,872,400
22. Materials and Supplies - Electric & Other	3,242,383	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments	419,021	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets	328,773	52. Other Current and Accrued Liabilities.....	1,302,652
25. Total Current and Accrued Assets (15 thru 24)	16,079,629	53. Total Current & Accrued Liabilities (46 thru 52).....	6,336,055
26. Regulatory Assets	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits	297,476	55. Other Deferred Credits.....	4,164,446
28. Total Assets and Other Debits (5+14+25 thru 27)..	81,194,951	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	81,194,951

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PART D. NOTES TO FINANCIAL STATEMENTS

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PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	73,124,603	4,254,320	284,015		77,094,908
2. General Plant	11,304,592	290,617	140,803		11,454,406
3. Headquarters Plant	1,722,042	208,370			1,930,412
4. Intangibles	228,075				228,075
5. Transmission Plant	12,018,488				12,018,488
6. All Other Utility Plant	416,158				416,158
7. Total Utility Plant in Service (1 thru 6)	98,813,958	4,753,307	424,818		103,142,447
8. Construction Work in Progress	3,404,161	35,613			3,439,774
9. TOTAL UTILITY PLANT (7 + 8)	102,218,119	4,788,920	424,818		106,582,221

PART F. MATERIALS AND SUPPLIES

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	2,570,876	3,373,863	60,436	2,868,099	13,289	3,380	3,127,167
2. Other	69,731	197,487		153,791		1,789	115,216

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE HOURS PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	EXTREME STORM (b)	PREARRANGED (c)	ALL OTHER (d)	
Present Year	.11	.75	.13	1.03	2.02
2. Five-Year Average	.43	1.35	.07	1.05	2.90

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	110	4. Payroll - Expensed	5,213,347
2. Employee - Hours Worked - Regular Time	223,980	5. Payroll - Capitalized	1,600,344
3. Employee - Hours Worked - Overtime	12,944	6. Payroll - Other	503,944

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	0	2,654,881
	b. Special Retirements	94,736	1,469,379
	c. Total Retirements (a + b)	94,736	4,124,260
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power		
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	59,620	
	c. Total Cash Received (a + b)	59,620	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. AMOUNT DUE OVER 60 DAYS	\$ 57,546	2. AMOUNT WRITTEN OFF DURING YEAR	\$ 61,827
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Part K. kWh PURCHASED AND TOTAL COST

No	ITEM (a)	RUS USE ONLY SUPPLIER CODE (b)	kWh PURCHASED (c)	TOTAL COST (d)	AVERAGE COST (Cents/kWh) (e)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT (f)	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES (g)
1	Public Service Company of NM	15473	452,447,653	20,348,479	4.50		
2	*Adjustments	600000		(107,584)	0.00		
	Total		452,447,653	20,240,895	4.47		

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PART L. LONG-TERM LEASES

No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Arizona State Land Department	land/row	10,151
2	Chilcott ranch line	land/row	600
3	Phillip Swapp	land	1,000
4	Jeanne Hatch	land	3,600
5	Earl Properties	land	3,600
6	Jefferson Larson	land	23,700
7	Tansey Houghton	land/row	50
	Total		42,701

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PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting 9/8/2007	2. Total Number of Members 31,513	3. Number of Members Present at Meeting 218	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members 8	7. Total Amount of Fees and Expenses for Board Members \$ 168,959	8. Does Manager Have Written Contract? N

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PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	43,597,680	1,940,206	1,390,398	3,330,604
2	National Rural Utilities Cooperative Finance Corporation	6,545,004	419,170	907,461	1,326,631
3	Bank for Cooperatives				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
	Total	50,142,684	2,359,376	2,297,859	4,657,235

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PART O. POWER REQUIREMENTS DATA BASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	24,695	24,303	
	b. kWh Sold			191,096,881
	c. Revenue			18,781,880
2. Residential Sales - Seasonal	a. No. Consumers Served	11,022	11,146	
	b. kWh Sold			45,377,302
	c. Revenue			5,523,832
3. Irrigation Sales	a. No. Consumers Served	53	55	
	b. kWh Sold			7,560,131
	c. Revenue			646,379
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	3,771	3,730	
	b. kWh Sold			146,021,163
	c. Revenue			12,169,269
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	6	5	
	b. kWh Sold			29,824,272
	c. Revenue			1,813,573
6. Public Street & Highway Lighting	a. No. Consumers Served	95	95	
	b. kWh Sold			708,721
	c. Revenue			88,553
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. TOTAL No. of Consumers (lines 1a thru 9a)		39,642	39,334	
11. TOTAL kWh Sold (lines 1b thru 9b)				420,588,470
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				39,023,486
13. Other Electric Revenue				846,647
14. kWh - Own Use				1,108,435
15. TOTAL kWh Purchased				452,447,853
16. TOTAL kWh Generated				
17. Cost of Purchases and Generation				20,386,765
Interchange - kWh - Net				
19. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				88,601

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PART I. INVESTMENTS

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
2	Investments in Associated Organizations				
	CFC Patronage Capital	247,401		50,711	
	ERMCO Patronage Capital	64,938		48,590	
	NISC Patronage Capital	43,489		9,089	
	AECI Patronage Capital	545			
	Touch Stone Energy	366			
	Federated Rural Electric Insurance	126,810		16,696	
	ERMCO Membership	100			
	GCSECA Membership	100			
	CFC Capital Term Certificates		1,346,839		
	Totals	483,749	1,346,839	125,086	
4	Other Investments				
	Weatherization Loans	35,448		2,206	
	Totals	35,448		2,206	
6	Cash - General				
	Cash General - JP Morgan/Chase	156,694	100,000		
	Cash General - Wells Fargo		34,461		
	Cash General - JP Morgan/Chase - Capital Credits	1,292			
	Cash General - JP Morgan/Chase - Payroll	1,000			
	Cash General - First State		5,833		
	Cash General - JP Morgan/Chase - MRB 125	710			
	Cash General - Community First	26,945	100,000		
	Cash General - JP Morgan/Chase - Ebill	287,902			
	Cash General - Work Funds NEC		3,000		
	Totals	474,543	243,294		
7	Special Deposits				
	ACC EPS - JP Morgan/Chase	241,214			
	Totals	241,214			
8	Temporary Investments				
	Sweep Trust - JP Morgan/Chase		8,329,125		
	Totals		8,329,125		
9	Accounts and Notes Receivable - NET				
	Accounts and Notes Receivable - Net	33,225		473	
	Totals	33,225		473	
11	TOTAL INVESTMENTS (1 thru 10)	1,268,179	9,919,258	127,765	

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PART II. LOAN GUARANTEES

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	Total				
	TOTAL (Include Loan Guarantees Only)				

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PERIOD ENDED

December, 2007

Part III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT

[Total Of Included Investments (Part I, 11b) and Loan Guarantees - Loan Balance (Part II, 5d) to Total Utility Plant (Form7, Part C, Line3)]

1.19 %

PART IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
3	Employee computer loans (longest maturity date used)	10/16/2009	16,853	7,621	
4	NEC weatherization loans (longest maturity date used)	2/14/2014	63,805	35,488	
	Total		80,658	43,109	

Navopache Electric Cooperative, Inc.

P.O. Box 308

Lakeside, Arizona 85929

Telephone: (520) 368-5118