

ORIGINAL



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THIS AMENDMENT:
 _____ Passed _____ Passed as amended by _____
RECEIVED _____ Not Offered _____ Withdrawn

2009 AUG 14 P 3:16

AZ CORP COMMISSION
DOCKET CONTROL

PIERCE PROPOSED AMENDMENT # 2

DATE PREPARED: July 22, 2009

Arizona Corporation Commission

DOCKETED

AUG 14 2009

COMPANY: Sulfur Springs Valley Electric Cooperative, Inc.

DOCKET NOS: E-01575A-08-0328

DOCKETED BY

OPEN MEETING DATES: August 17, 2009

AGENDA ITEM: U-1

Page 16, Line 17

DELETE Page 16, line 17 through Page 17, line 5 and INSERT:

“After consideration of the entire record in this matter, we will adopt Staff’s adjustments to the Cooperative’s debt and equity projections. We agree that setting rates that allow the Cooperative to maintain the TIER and DSC levels required by its lender is appropriate, and that the goal of having the Cooperative reach a 30 percent equity level by approximately 2016 is reasonable, and if the Cooperative finds that it is not meeting a prudent level of equity growth, it can always file another rate case. But given the extraordinary economic climate that we are in, we find that Staff’s assumptions are prudent at this time. Thus, we will adopt Staff’s recommended revenue requirement of \$100,420,597. Based on the findings herein, SSVEC requires a revenue increase of \$7,595,316, or 8.18 percent, over Test Year revenues of \$92,825,281.

Page 18, Line 20, DELETE “approved”

Page 42, line 12, DELETE “the Cooperative’s” and REPLACE with “Staff’s”

Page 42, line 14, DELETE Findings of Fact No. 31 and REPLACE with the following:

“Operating Income of \$15,365,515, which results in Net Income of \$8,926,940, an operating TIER of 2.34, and a DSC of 2.12 would allow the Cooperative to meet its lender’s financial requirements and to rebuild its equity to a minimum of 30 percent of total capitalization in a reasonable period of time. To achieve this level of Operating Income requires total revenues of \$100,420,597, or a revenue increase of \$7,595,316, or 8.18 percent. This increase represents a return on FVRB of 11.56 percent, which is reasonable.”

Page 43, Line 4 –

DELETE “\$9.04, or 10.18 percent, from \$88.28 to \$97.82”

REPLACE with “less than approximately \$8.00, or less than approximately 9.0 percent, from \$88.78 to less than approximately \$96.82”

Conforming changes.