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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
KRISTIN K. MAYES, CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 APR 14 P 4:13

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

APR 14 2010

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF NAVOPACHE ELECTRIC
COOPERATIVE, INC. AN ARIZONA NON-
PROFIT CORPORATION, FOR APPROVAL
OF A RUS GUARANTEED FFB LOAN IN
THE AMOUNT OF \$33,231,000 TO FUND
CONSTRUCTION OF FACILITIES

DOCKET NO. E-01787A-05-0719

NAVOPACHE ELECTRIC
COOPERATIVE, INC.'S NOTICE OF
AMENDMENT TO 2005-2010 WORK
PLAN

Navopache Electric Cooperative, Inc. ("Navopache"), through its counsel undersigned, hereby files Notice of Amendment to 2005 -2010 Work Plan. A Notice of Amended Work Plan was originally filed on January 28, 2010 and inadvertently resulted in the opening of a new docket (Docket No. E-01787A-10-0030). A copy of the original filing is attached hereto as Exhibit A. Navopache, by separate request filed in that Docket, is seeking the administrative closure of that docket. This Notice is being made to correct the previous inadvertent filing and to provide supplemental information regarding the amendment made to Navopache's Rural Utility Service ("RUS") approved Work Plan for the period 2005 – 2009.

BACKGROUND

A. Work Plans and RUS Guaranteed Loans Are Inter-related.

Cooperatives file with RUS a series of comprehensive multi-year Construction Work Plans providing estimated construction costs and an overall construction program for the cooperative. Each work plan is accompanied with a request for a RUS guaranteed loan

1 with funding through the Federal Financing Bank (“FFB”) to finance the construction
2 represented by the Construction Work Plan. RUS reviews and approves the Construction
3 Work Plan and the loan application. Once approved by RUS, Arizona cooperatives then seek
4 the Arizona Corporation Commission’s (the “Commission”) review and authorization of the
5 financing. Once approved by the Commission, the loan documents are executed and the
6 cooperative seeks reimbursement for the construction costs from the loan as projects set forth
7 in the Work Plan are completed.

8 During the term of the Work Plan, the cooperative may secure RUS approval of
9 amendments to the Work Plan. RUS approval of the amendment permits the cooperative to
10 undertake the revised construction and to secure reimbursement of the construction costs from
11 the loan associated with the Work Plan. Each Work Plan is tied to a specific loan.

12 B. Decision No. 68691 Authorizes Funding for Navopache’s 2005-
13 2009 Work Plan.

14 The Commission, by Decision No. 68691, dated May 5, 2006, authorized
15 Navopache to borrow \$33,231,000 under a RUS guaranteed Federal Financing Bank (“FFB”)
16 loan related to Navopache’s RUS approved 2005 – 2009 Work Plan. A copy of Decision No.
17 68691 is attached as Exhibit B. Navopache filed the loan documents with the Commission in
18 September 2006. The loan documents restrict Navopache to a maximum of eight advances
19 and unadvanced funds automatically terminate on October 3, 2010. A copy of the letter
20 identifying these conditions of the loan is attached as Exhibit C.

21 C. Navopache is Preparing its next Work Plan.

22 Navopache is in the process of preparing a new Work Plan (encompassing the
23 period 2010 - 2014) and expects to submit the new 2010 – 2014 Work Plan to RUS for
24 approval in July 2010, with approval anticipated by the end of 2010. As noted above, the
25

1 \$33,231,000 loan cannot be used to finance the new Work Plan. It is only available to
2 reimburse Navopache for projects delineated in the 2005-2009 Work Plan, including
3 amendments approved by RUS.

4 **AMENDMENT OF THE 2005 – 2009 WORK PLAN**

5 For the reasons explained below, in 2009 Navopache requested and RUS
6 approved an amendment of Navopache's 2005 – 2009 Work Plan transferring \$7,000,000 in
7 funds from distribution facilities (Purpose 1) to headquarters facilities (Purpose 4). Under the
8 terms of the standard RUS guaranteed FFB loan documents which Navopache executed after
9 securing the Commission's authorization reflected in Decision No. 68691, Navopache may
10 secure reimbursement for construction costs it incurs in furtherance of the RUS approved
11 amended Work Plan.

12 A. Deferral of Some Distribution Projects.

13 In 2009 Navopache's management assessed the status of the construction of and
14 need for the distribution facilities included in its 2005-2009 Work Plan. As a result of the
15 assessment, it was determined that, due largely to the economic slow down in 2008 and 2009,
16 approximately \$7,000,000 worth of distribution facilities could be and should be deferred and
17 included in Navopache's 2010 – 2014 Work Plan. A listing of the affected distribution
18 projects is attached hereto as Exhibit D, together with their estimated cost and when the
19 projects are now expected to be constructed.

20 B. Need for New Operating Facilities.

21 At the same time, Navopache's management identified an immediate need to
22 develop new operation facilities, including a warehouse, meter shop, crew room, transformer
23 shop and vehicle maintenance facility at the approximate cost of \$7,000,000. Navopache's
24 existing Operation Facilities are located on leased land adjacent to Navopache's existing
25

1 headquarters' building located in Pinetop-Lakeside Arizona. The lease is revocable upon 90-
2 day written notice. Navopache has been informed that the previous owner of the leased land
3 is deceased and that the heirs are seeking to sell all or a portion of the land Navopache leases.
4 As a result, Navopache will be forced to secure new operations and equipment storage
5 facilities prior to such sale on as little as 90-days notice. Navopache has determined that its
6 need for additional administrative and operational space to meet the growing needs of its
7 service area coupled with the impending loss of at least a portion of its storage area
8 necessitates proceeding with the development of the operation facilities at this time. Failure to
9 do so would impede Navopache's ability to maintain system reliability and to adequately
10 serve its members.

11 C. Navopache Owns a Suitable Site for the New Operation Facilities.

12 Navopache already owns land which it acquired for the development of a new
13 headquarters building and operations facilities. The proposed site was acquired as part of a
14 land exchange with the City of Pinetop-Lakeside. The land previously owned by Navopache
15 is to be developed as a community park, while Navopache acquired a parcel in a planned
16 commercial zone off the Highway 260 corridor (where Navopache and most commercial
17 development is currently located). The City of Pinetop-Lakeside is desirous of developing
18 local businesses off the Highway 260 corridor and is supportive of Navopache locating its new
19 operations and equipment storage facilities, and eventually its administrative offices, in the
20 proposed location as a method of stimulating commercial development in the area and within
21 the City.

22 D. Advantages of Proceeding Now with the Construction.

23 In evaluating whether to go forward with this project during this economic
24 downturn, the NEC Board considered the ailing local construction industry, the reduction in
25

1 construction costs and the fact that the expenditure is not tied to a request for a rate increase as
2 factors that also supported proceeding now. The bid specifications for the project mandate
3 that at least 50% of the subcontractors be local businesses and provides credit for use of up to
4 70% local subcontractors.

5 E. RUS Approval of the Work Plan Amendment.

6 Based upon the foregoing, Navopache requested and RUS approved an
7 amendment to Navopache's 2005-2009 (i.e., its current) Work Plan transferring \$7,000,000
8 from distribution facilities (Purpose 1) to headquarter facilities (Purpose 4) authorizing
9 Navopache to pursue construction of the new operation facilities. Consequently, the total
10 dollars of the current financing previously approved by the Commission will not be exceeded
11 and will continue to be used to finance the 2005-2009 Work Plan, as approved by RUS. No
12 changes are necessary in the loan documents to permit the loan funds to be utilized for
13 financing the operation facilities.
14

15 **DECISION TO FILE NOTICE MADE AFTER**
16 **CONSULTATION WITH COMMISSION STAFF**

17 Navopache discussed the modification of its 2005 – 2009 Work Plan with
18 Commission Staff and various types of filings that might be filed with the Commission to
19 advise it of the RUS approved amendment. Following those discussions, Navopache prepared
20 and filed the Notice of Amended Work Plan. The purpose of the Notice is to inform the
21 Commission of the nature of the amendment to Navopache's 2005-2009 Work Plan and of
22 Navopache's intent to seek reimbursement of construction costs associated with the amended
23 Work Plan under the loan approved by Decision No. 68691. As previously noted, the
24 previously authorized loan documents will not need to be amended, the total amount of loaned
25 funds will not increase, the loan funds will still be used to finance construction under the RUS
approved 2005-2009 Work Plan, as amended, and the deferred distribution facilities are not

1 needed until after 2010, making them ineligible for funding under the approved loan. If the
2 Commission believes any other filing is necessary, please promptly so advise Navopache.

3 RESPECTFULLY SUBMITTED this 14th day of April, 2010.

4
5 CURTIS, GOODWIN, SULLIVAN
6 UDALL & SCHWAB, P.L.C.

7
8 By 

9 Michael A. Curtis
10 William P. Sullivan
11 501 East Thomas Road
12 Phoenix, Arizona 85012-3205
13 Attorneys for Navopache Electric
14 Cooperative, Inc.
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PROOF OF AND CERTIFICATE OF MAILING

I hereby certify that on this 14th day of April, 2010, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

DOCKET CONTROL
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

With a copy emailed this 14th day of April, 2010 to:

Lyn Farmer, Chief Hearing Officer
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Janice Alward, Esq.
Chief Legal Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

By Mary Walker
109-12-15-3 Pleadings, Notice of Amended Work Plan 04 08 10

EXHIBIT A

NEW APPLICATION
ORIGINAL RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION
2010 JAN 28 P 4 01

COMMISSIONERS

KRISTEN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

AZ CORP COMMISSION
DOCKET CONTROL

E-01787A-10-0030

IN THE MATTER OF THE APPLITAION OF)
NAVOPACHE ELECTRIC COOPERATIVE, INC.)
AN ARIZONA NON-PROFIT CORPORATION,)
FOR APPROVAL OF A RUS GUARANTEED)
FFB LOAN IN THE AMOUNT OF \$33,231,000)
TO FUND CONSTRUCTION OF FACILITIES)

DOCKET NO. E-01787A-09-____
NOTICE OF AMENDED
WORK PLAN

Navopache Electric Cooperative, Inc., by and through its counsel, hereby gives notice that previously Rural Utility Service (RUS) and the Commission approved (and RUS has funded) the current Navopache RUS work plan, and an amendment has been made to the above work plan using previously ACC approved dollars of the plan to fund operating facilities buildings construction required because of an expiring lease at their current location. The re-prioritizing amendment is pursuant to and with the approval of RUS, which has already made available to Navopache the funding for the Navopache work plan. The plan amendment does not change the dollar amount of the Commission approved RUS work plan loan, but only redirects \$7 million of the approved RUS loan funds to the construction of facility buildings.

RESPECTFULLY SUBMITTED this 28 day of January 2010.

CURTIS, GOODWIN, SULLIVAN
UDALL & SCHWAB, P.L.C.

By Michael A. Curtis
Michael A. Curtis
William P. Sullivan
501 East Thomas Road
Phoenix, Arizona 85012-3205
Attorneys for Navopache Electric
Cooperative, Inc.

Arizona Corporation Commission
DOCKETED
JAN 28 2010

DOCKETED BY [Signature]

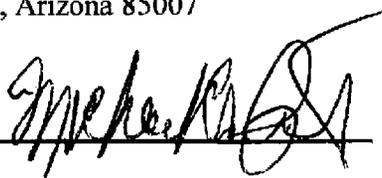
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PROOF OF AND CERTIFICATE OF MAILING

I hereby certify that on this 28 day of January 2010, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

DOCKET CONTROL
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By 

CGSUS HD: CGSUS AFS:COOPERATIVES:NEC:RUS Work Plan Amend:ACC pleadings:122109 Notice of Amended Work Plan.doc

EXHIBIT B

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

2 COMMISSIONERS

DOCKETED

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
7 KRISTIN K. MAYES

MAY 05 2006

DOCKETED BY



8 IN THE MATTER OF THE APPLICATION OF
9 NAVOPACHE ELECTRIC COOPERATIVE, INC.
10 AN ARIZONA NON-PROFIT CORPORATION,
11 FOR APPROVAL OF A RUS GUARANTEED FFB
12 LOAN IN THE AMOUNT OF \$33,231,000 TO
13 FUND THE CONSTRUCTION OF FACILITIES.

DOCKET NO. E-01787A-05-0719

DECISION NO. 68691

ORDER

14 Open Meeting
15 May 2 and 3, 2006
16 Phoenix, Arizona

17 **BY THE COMMISSION:**

18 * * * * *

19 Having considered the entire record herein and being fully advised in the premises, the
20 Commission finds, concludes, and orders that:

21 **FINDINGS OF FACT**

22 1. On October 12, 2005, Navopache Electric Cooperative, Inc., an Arizona nonprofit
23 corporation, ("Navopache" or "Company") filed an application with the Commission requesting
24 authorization to borrow \$33,231,000 from the United States of America, Rural Utilities Service
25 Guaranteed Federal Financing Bank ("RUS/FFB") to finance plant construction according to
26 Navopache's construction work plan for 2005-2008 ("Work Plan").

27 2. Navopache published notice of the Application in the December 30, 2005 edition of
28 the *White Mountain Independent*, the January 3, 2006 edition of *The Payson Roundup*, the January
11, 2006 edition of the *Arizona Silver Belt*, the February 3, 2006 edition of the *Mountain Times*, and
the February 8, 2006 edition of *The Copper Era*, all newspapers of general circulation in its service
territory.

3. On March 21, 2006, the Commission's Utilities Division Staff ("Staff") filed a Staff
Report recommending conditional approval of Navopache's Application.

1 4. Navopache is a Class "A" cooperative Arizona public service corporation providing
2 electric distribution service to approximately 30,000 member-customers in parts of Navajo, Apache,
3 Greenlee and Gila counties pursuant to authority granted by the Commission. Navopache also
4 provides electric service to member-customers in Catron County in New Mexico. Navopache does
5 not own any major electrical generating capacity, but receives its power supply under an all-
6 requirements contract with Public Service Company of New Mexico.

7 5. Staff reviewed Navopache's Work Plan. In assessing the Work Plan, Staff analyzed
8 whether the Work Plan adequately addresses the needs of the projected customer and load growth in
9 Navopache's service territory; whether the Work Plan's capital expenditures on transmission and
10 distribution infrastructure upgrades and new additions are appropriate and reasonable; and whether
11 Navopache is operating and maintaining its electric system in a reliable manner.

12 6. Based on its engineering analysis, Staff concluded that the capital projects included in
13 Navopache's Work Plan are appropriate to the projected demand of Navopache's new load growth
14 and will help ensure system reliability through the upgrades of existing electric facilities, replacement
15 of aged underground cables, and the addition of new transmission and distribution facilities. Staff
16 also concluded that the costs associated with the projects appear to be reasonable, but stated that its
17 conclusion does not imply a specific treatment for rate base or rate making purposes.

18 7. As of December 31, 2004, Navopache's capital structure consisted of approximately
19 3.7 percent short-term debt, 71.5 percent long-term debt, and 24.9 percent equity. The proposed
20 RUS/FFB debt will have the effect of decreasing the Company's short-term debt from 3.7 percent to
21 2.6 percent, and increasing its long-term debt from 71.5 percent to 82.5 percent.

22 8. Based upon Navopache's December 31, 2004 financial statement, Staff calculates
23 Navopache's current Times Interest Earned Ratio ("TIER") to be 2.33 and its Debt Service Coverage
24 ("DSC") ratio to be 1.84.¹

25 9. Based upon its pro forma adjustments to Navopache's December 31, 2004 financial

26 ¹ The TIER represents the number of times earnings will cover interest expense on long-term debt. A TIER ratio greater
27 than 1.0 means that operating income is greater than interest expense.

28 The DSC ratio represents the number of times internally generated cash will cover required principal and interest
payments on long-term debt. A DSC ratio greater than 1.0 indicates that operating cash flow is sufficient to cover debt
obligations.

1 statement, Staff estimates that issuance of the entire proposed debt amortized over 35 years, with
2 interest calculated at 5.25 percent per annum, would reduce Navopache's TIER from 2.33 to 1.06 and
3 would reduce its DSC from 1.84 to 1.13. The RUS/FFB requires that both ratios be maintained at
4 1.25.

5 10. Staff states that as of January 30, 2006, Navopache has no outstanding compliance
6 issues with the Commission.

7 11. Staff concludes that the proposed financing is consistent with sound financial
8 practices, is compatible with the public interest, and will not impair Navopache's ability to perform
9 its duty as a public service corporation, if Navopache adheres to plans to increase its equity to 30
10 percent of capital and to increase its TIER and DSC ratios to a minimum of 1.25. Staff recommends
11 the following:

12 a. that the Commission authorize Navopache's request to borrow an amount not
13 to exceed \$33,231,000 under the terms and conditions proposed and for the purposes
14 described in the application;

15 b. that Navopache be authorized to grant liens in favor of the lender as required to
16 secure the borrowings authorized;

17 c. that Navopache be authorized to engage in any transactions and to execute any
18 documents necessary to effectuate the authorizations granted;

19 d. that Navopache be ordered to file a capital plan that is satisfactory to Staff,
20 within 90 days of the decision in this matter, as a compliance item with Commission
21 Docket Control, to achieve and maintain equity at no less than 30 percent of total
22 capital;

23 e. that Navopache be ordered to file a plan that is satisfactory to Staff, within 90
24 days of the decision in this matter, as a compliance item with Commission Docket
25 Control, and adhere to the plan, to increase its TIER and DSC to a minimum of 1.25;
26 and

27 f. that Navopache be ordered to file, within 90 days of the decision in this matter,
28 with Commission Docket Control as a compliance item, one copy of executed loan

1 documents.

2 12. Staff's recommendations are reasonable and should be adopted.

3 **CONCLUSIONS OF LAW**

4 1. Navopache is a public service corporation within the meaning of Article XV of the
5 Arizona Constitution and A.R.S. §§ 40-301 and 40-302.

6 2. The Commission has jurisdiction over Navopache and the subject matter of the
7 application.

8 3. Notice of the application was given in accordance with the law.

9 4. With the conditions imposed herein, the financing approved herein is for lawful
10 purposes within Navopache's corporate powers, is compatible with the public interest, with sound
11 financial practices, and with the proper performance by Navopache of service as a public service
12 corporation, and will not impair Navopache's ability to perform that service.

13 5. The financing approved herein is for the purposes stated in the application and is
14 reasonably necessary for those purposes, and is not reasonably chargeable to operating expenses or to
15 income.

16 6. It is reasonable and in the public interest to authorize Navopache issue to long-term
17 debt authorized herein subject to the conditions recommended by Staff.

18 **ORDER**

19 IT IS THEREFORE ORDERED that Navopache Electric Cooperative, Inc. is hereby
20 authorized to borrow from the Rural Utilities Service Guaranteed Federal Financing Bank, at the rates
21 described in the application and in the March 21, 2006 Staff Report, an amount not to exceed
22 \$33,231,000, conditioned on compliance with the requirements set forth in the two following
23 Ordering Paragraphs.

24 IT IS FURTHER ORDERED that Navopache shall file within 90 days, as a compliance item
25 with Commission Docket Control, a capital plan that is satisfactory to Staff, to achieve and maintain
26 equity at no less than 30 percent of total capital.

27 IT IS FURTHER ORDERED that Navopache shall file, within 90 days, as a compliance item
28 with Commission Docket Control, a plan that is satisfactory to Staff, to increase its TIER and DSC

1 ratio to a minimum of 1.25, and shall adhere to the plan.

2 IT IS FURTHER ORDERED that Navopache Electric Cooperative, Inc. is authorized to grant
3 liens in favor of the lender as required to secure the borrowings authorized herein.

4 IT IS FURTHER ORDERED that Navopache Electric Cooperative, Inc. is authorized to
5 engage in any transaction and to execute any documents necessary to effectuate the authorization
6 granted herein.

7 IT IS FURTHER ORDERED that Navopache Electric Cooperative, Inc. shall use the
8 financing approved herein for the purposes set forth in the application.

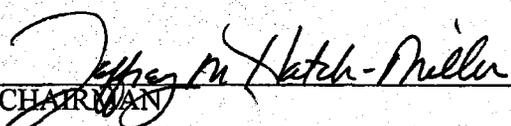
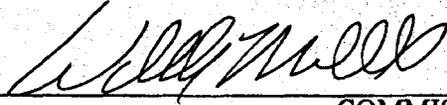
9 IT IS FURTHER ORDERED that Navopache Electric Cooperative, Inc. shall file as a
10 compliance item with Commission Docket Control, within 90 days of the funding of the new loan,
11 one copy of executed loan documents.

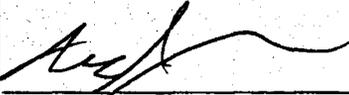
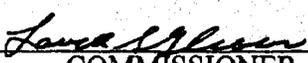
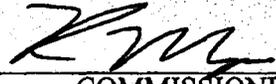
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1 IT IS FURTHER ORDERED that approval of the financing set forth herein does not
2 constitute or imply approval or disapproval by the Commission of any particular expenditure of the
3 proceeds derived thereby for purposes of establishing just and reasonable rates.

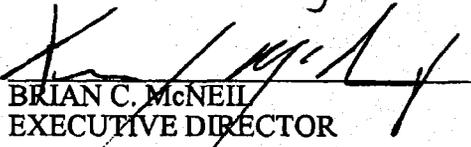
4 IT IS FURTHER ORDERED that this Decision shall become effective immediately

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7  
8 CHAIRMAN COMMISSIONER

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10 COMMISSIONER COMMISSIONER COMMISSIONER

11
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 5th day of May, 2006.

17 
18 BRIAN C. McNEIL
19 EXECUTIVE DIRECTOR

20 DISSENT _____

21 DISSENT _____

22 TW:mlj

1 SERVICE LIST FOR: NAVOPACHE ELECTRIC COOPERATIVE, INC.

2 DOCKET NO.: E-01787A-05-0719

3 Michael A. Curtis
4 William P. Sullivan
5 Larry K. Udall
6 CURTIS, GOODWIN, SULLIVAN, UDALL & SCHWAB
7 2712 North Seventh Street
8 Phoenix, AZ 85006

9 Christopher Kempley, Chief Counsel
10 Legal Division
11 ARIZONA CORPORATION COMMISSION
12 1200 West Washington Street
13 Phoenix, AZ 85007

14 Ernest G. Johnson, Director
15 Utilities Division
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, AZ 85007

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EXHIBIT C



United States Department of Agriculture
Rural Development

AUG 15 2006

Mr. Jon K. Miles
General Manager
Navopache Electric Cooperative, Inc.
1878 West White Mountain Boulevard
Lakeside, Arizona 85929

Dear Mr. Miles:

We are pleased to inform you that the Rural Utilities Service (RUS) has received all the required loan documents from Navopache Electric Cooperative, Inc., (Navopache) in connection with the "AD44" Treasury Rate loan in the amount of \$33,231,000. These loan documents constitute binding agreements between Navopache and RUS.

Navopache may now requisition loan funds in accordance with RUS' budgetary control and advance of funds procedures, and the provisions of 7 CFR 1714, *Pre-Loan Policies and Procedures for Insured Electric Loans*:

- a) No more than 8 advances of funds may be made under this RUS Treasury Rate loan;
- b) A letter from an authorized official indicating the selection of an interest rate term (minimum of one year) and your most recent Form 7, Parts A and C, shall accompany the request; and
- c) Unadvanced funds for the "AD44" loan will automatically terminate on October 3, 2010.

Please contact Linda Chinault-Keel at (202) 720-0935 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Prashant V. Patel".

for
PRASHANT V. PATEL
Chief, Operations Branch
Southern Regional Division
Utilities Programs

cc: NRUCFC

1400 Independence Ave, S.W. - Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

EXHIBIT D

EXHIBIT D

The following list of projects was taken from Navopache Electric Cooperative, Inc.'s 2005 -2009 Construction Work Plan. These projects will be carried into the next Construction Work Plan or cancelled if it is determined there are better alternative projects. The costs shown reflect the present construction costs estimates for these projects.

<u>RUS Code</u>	<u>Project Description</u>	<u>Estimated Cost</u>
200.01	Build 1.2 miles of line. Revise the original project from 477kcmil ASCR to 4/0 ACSR from Concho Sub to Concho Country Club.	\$350,000
200.02	Build 0.1 miles of line. Project has been modified from the original to include sectionalizing the two affected circuits, balancing the loads on the main feeder lines and adding line reclosers/fuses for improved reliability. This project will be completed 4th Quarter of 2010.	\$225,000
300.40	Reconductor 2.4 miles of line. This project was to be constructed in conjunction with project code 200.01 but will be cancelled with the new alternative solution.	\$150,000
400.01	Mobile substation. Modify the project to purchase a new mobile substation instead of building a mobile substation utilizing an older spare substation transformer.	\$1,700,000
500.01	Move transformer, add circuit bay. This project was to be constructed in conjunction with project code 200.01 but will be cancelled with the new alternative solution.	\$275,000
500.02	Rebuild Heber Substation. This project will be delayed for construction in the 2 nd Quarter of 2011.	\$2,200,000
500.04	Add second transformer and two additional feeder bays at Springer Mountain Substation. This project will be delayed for construction 4 th Quarter 2011.	\$650,000
500.05	Add second transformer and four additional feeder bays at Wagon Wheel Substation. This project will be delayed for construction 3 rd - 4 th Quarter of 2011.	\$1,350,000
1000.09	Coronado transformer. Fire protection was completed and a temporary oil containment was installed. The permanent oil containment structure may be installed in 2011 based on negotiations with Salt River Project on transformer ownership.	\$100,000
TOTAL		\$7,000,000