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ARIZONA CORPORATION COMMISSION
TREASURY CONTROL

Arizona Corporation Commission

DOCKETED

APR 22 2010

DOCKETED BY *mm*

**BEFORE THE ARIZONA
CORPORATION COMMISSION**

11 IN THE MATTER OF THE
 12 APPLICATION OF NAVOPACHE
 13 ELECTRIC COOPERATIVE, INC.,
 14 AN ARIZONA NON-PROFIT
 15 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

**IBEW LOCAL 387'S REPLY IN
SUPPORT OF APPLICATION TO
INTERVENE**

Oral Argument Requested

16 In its recently filed Response (p. 2), Navopache
 17 Electric Cooperative, Inc. ("Navopache") asserts that Local
 18 Union 387, International Brotherhood of Electrical Workers,
 19 AFL-CIO ("IBEW Local 387") ought to be denied intervention
 20 in this matter because "Navopache does not believe any
 21 further Commission action is necessary." Apparently,
 22 Navopache believes that it may divert \$7,000,000 from much
 23 needed, and previously Commission-approved, infrastructure¹

24
 25 ¹ The list of projects that Navopache would like to delay
 26 or cancel are set forth in Exhibit D to its so called "Notice of
 27 Amendment to 2005-2010 Work Plan" dated April 14, 2010. It is
 28 worth noting that said Notice cites no legal basis upon which
 this \$7,000,000 transfer of funds can be made without prior
 Commission approval.

1 to a new headquarters building which, arguably, does little
2 in the way of actually bolstering Navopache's ability to
3 provide safe and reliable service to its patrons. Given the
4 sacrifice asked of Navopache's employees and patrons in
5 these difficult times (see, e.g., attached Exhibit A), one
6 can only be left to wonder whether now is really an
7 appropriate time for Navopache's management to borrow so
8 much money in order to build themselves glitzy new offices
9 in Pinetop-Lakeside.

10 What is more important, Navopache's representation that
11 **it** "does not believe any further Commission action is
12 necessary" is completely belied by the plain language of
13 Decision 68691 (pp. 4-5):

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

17 ...

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

21 At no point in this docket, or anywhere else for that
22 matter, was Navopache given *carte blanche* authority by this
23 Commission to take on millions of dollars in additional debt
24 to build a new headquarters building or to, more generally
25 speaking, spend this money for purposes other than that
26 specifically delineated in its original application.
27 Indeed, Decision 68691 makes it abundantly clear that is not
28 the case. Perhaps this Commission and/or IBEW Local 387

1 v. Ballinger, 220 Ariz. 257, 262-64, ¶¶15-25, 204 P.3d 1106,
2 1111-13, ¶¶15-25 (App. 2009).

3 It is for these reasons that IBEW Local 387
4 respectfully requests that it be permitted to intervene in
5 this matter. Should said intervention be granted,
6 undersigned counsel respectfully suggests that the next
7 logical step in this case would be for the Administrative
8 Law Judge to promptly schedule a short procedural conference
9 so that the parties may discuss the best way for them to
10 address the substantive concerns raised by IBEW Local 387
11 herein in a full and prompt manner. Perhaps said procedural
12 conference could be scheduled in conjunction with the oral
13 argument requested above.

14 RESPECTFULLY SUBMITTED this 22nd day of April, 2010.

15 LUBIN & ENOCH, P.C.

16
17  (for NE)
18 Nicholas J. Enoch, Esq.
Attorney for Intervenor-Applicant

19 Original and thirteen (13) copies
20 of IBEW Local 387's Reply filed
this 22nd day of April, 2010, with:

21 Arizona Corporation Commission
22 Docket Control Center
1200 West Washington Street
Phoenix, Arizona 85007-2996

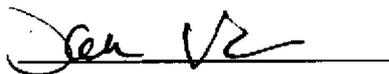
23 Copies of the foregoing
24 transmitted via e-mail
25 this same date to:
26
27
28

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ATTACHMENT



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Manager of Engineering Services

Camille Smith
Manager of Human Resources

2010 Budget

By Dave Plumb, CEO

On December 16, the Navopache Board of Directors approved the 2010 budget. There are several aspects of the 2010 budget of which I believe members should be aware.



Kilowatt-hour sales are not projected to increase for 2010 compared to 2009. Although revenue is projected to increase compared to 2009, the increase is due to the higher cost of purchased power and does not provide additional funds to meet the Co-operative's other expenses, as those purchased power costs are passed through to members without markup. At the same time, Navopache will see increases in several categories of non-discretionary costs. As a result, it was necessary to make significant cuts in order to balance the 2010 budget.

For 2010, many line items in the budget were reduced and expenses such as vehicle replacements were deferred, but the reductions were not sufficient to balance the budget without also reducing salary and benefit costs. As a result, several things were done to achieve savings – no wage or salary increases for 2010 except required step increases were budgeted; a retirement incentive was offered to several employees who were in positions that could be eliminated; several positions which had become vacant during the year were left unfilled; and, regrettably, several positions were eliminated which will result in layoffs. Layoffs will be effective January 15.

As noted earlier, members will see an increase in their bills due to purchased power increases, which are passed through to members without markup. We believe that we can hold the line on our base rates (the portion of your bill which pays for everything except purchased power), at least in the near term, by carefully managing our expenses.

Navopache's focus will continue to be on service to our members. The necessary reductions may impact our ability to provide that service, but we will strive to minimize impacts to our members. We appreciate your understanding during these difficult times.

*Happy New Year To The
Navopache Electric Cooperative Members!*