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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

Arizona Corporation Commission
DOCKETED
SEP -1 2010

DOCKETED BY nr

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)
THE CONSTRUCTION OF FACILITIES)

DOCKET NO. E-01787A-05-0719
DECISION NO. 71859
ORDER AMENDING
DECISION NO. 68691

Open Meeting
August 24 and 25, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On May 5, 2006, in Decision No. 68691, the Arizona Corporation Commission ("Commission") granted Navopache Electric Cooperative, Inc., an Arizona non-profit corporation ("Navopache"), authority to borrow funds from the Rural Utilities Service Guaranteed Federal Financing Bank to finance plant construction according to Navopache's construction work plan for 2005-2008 ("Work Plan").

2. On January 28, 2010, Navopache filed a Notice of Amended Work Plan (the "Notice") related to Docket No. E-01787A-05-0719. Because the document submitted did not contain a complete docket number, a new docket was created, Docket No. E-01787A-10-0030. Navopache requested that this docket be closed and by procedural order dated April 19, 2010, this docket was administratively closed.

1 3. On April 8, 2010, IBEW Local 387 ("Local 387") filed an application to intervene
2 in this docket. Intervention was granted by procedural order dated May 5, 2010.

3 4. On May 17, 2010, Local 387 filed a Motion for Preliminary Prehearing Conference.

4 5. On May 18, 2010, Navopache docketed a Motion for Determination that No
5 Amendment to Decision No. 68691 is Necessary, or in the Alternative, for Approval of an
6 Amendment to Decision No. 68691 ("Motion"). The filing stated that Navopache supported Local
7 387's request for a procedural conference.

8 6. On May 24, 2010, a procedural conference was convened for the purpose of
9 allowing the parties to discuss an appropriate means of resolving the dispute between Navopache
10 and Local 387. The parties were informed that no action could be taken on Navopache's Motion
11 absent a Commission vote to reopen Decision No. 68691.

12 7. On May 26, 2010, Navopache filed a letter to the Commissioners Re: Expedited
13 Request by Navopache Electric Cooperative, Inc. to Amend Decision No. 68691 pursuant to
14 Arizona Revised Statutes ("A.R.S.") § 40-252 (Involving Previously Approved \$32, 231,000
15 Loan); Placement on Staff Open Meeting Agenda; Docket No. E-01787A-05-0719.

16 8. On June 10, 2010, in an Open Meeting of the Commission, following proper notice
17 to all parties to Decision No. 68691 as required to amend a Decision pursuant to A.R.S. § 40-252,
18 the Commission voted to reopen Decision No. 68691 pursuant to A.R.S. §40-252. The
19 Commission further ordered the Commission's Hearing Division to schedule a procedural
20 conference for the purpose of addressing procedural matters regarding Navopache's request to
21 amend Decision No. 58691.

22 9. On June 17, 2010, by Procedural Order, a procedural conference was scheduled for
23 June 23, 2010, to discuss procedural issues related to Navopache's request to amend Decision
24 No. 68691.

25 10. On June 23, 2010, a procedural conference was held as scheduled. Staff,
26 Navopache, and Local 387 appeared through counsel. During the procedural conference, Local
27 387 agreed to a five day exception period for filing objections to the Recommended Opinion and
28 ...

1 Order; hearing dates were discussed; the parties and Staff agreed to engage in settlement
2 discussions up to the date of the hearing; and the parties agreed to conduct discovery

3 11. On June 25, 2010, by Procedural Order, the hearing in this matter was scheduled to
4 commence on July 14, 2010. On July 12, 2010, Navopache and Local 387 filed a stipulated request
5 to vacate the hearing set for July 14, 2010, and requested that the Commission expedite approval
6 of Navopache's application to Amend Decision No. 68691. The stipulation stated that Navopache
7 and Local 387 agreed to vacating the July 14, 2010 hearing date; requested that the Commission
8 amend Decision No. 68691 to approve the use of \$7 million in loan proceeds for the design,
9 development and construction of new Operation Facilities; and that any Order include language
10 directing Navopache to file a rate application with the Commission on or before July 1, 2011, if,
11 after review, Navopache's Board of Directors determined that a rate case is necessary.

12 12. By Procedural Order dated July 13, 2010, the July 14, 2010 hearing was vacated.
13 In the Notice, Navopache sought Commission authority to spend up to \$7 million from the
14 previously approved financing to construct a much needed operations control center in lieu of
15 certain distribution system projects that will instead be deferred to Navopache's new Construction
16 Work Plan 2010-2014. The main reason for deferral of these distribution projects was the
17 downturn in economy and reduced load forecast for the next five years.

18 13. Navopache's principal base of operations has remained at the same location in
19 Lakeside Arizona since the 1950s. Navopache leases approximately 5.84 acres in connection with
20 its current operations facilities. Navopache asserts that the building of the new operations facilities
21 is urgently needed because the landowners of the leased land have indicated they are attempting to
22 sell the leased premises, which would disrupt the operations of Navopache. The lease can be
23 terminated upon 90 days' written notice. The existing warehouse space is approximately 3,000 sq.
24 ft., including warehouse personnel office space. The existing meter shop area is approximately
25 1,400 sq. ft. The new warehouse space will be approximately 9,000 sq. ft. of floor space for
26 material, approximately 3,200 sq. ft. of storage space on a mezzanine, and approximately 1,900 sq.
27 ft. of office area (including break room, men and women restrooms, and storage closets). The new
28 meter shop area will be approximately 2,500 sq. ft.

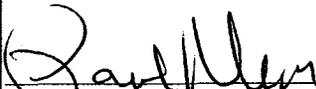
1 IT IS FURTHER ORDERED that Navopache Electric Cooperative, Inc. complete
2 installation of a permanent oil containment structure at the Coronado transformer by December 31,
3 2011, unless prior to that date the responsibility therefore has been transferred to another utility or
4 the transformer has been moved to a location with a permanent oil containment structure.

5 IT IS FURTHER ORDERED that this Order shall become effective immediately.

6
7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

8 
9 CHAIRMAN


COMMISSIONER

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11 
12 COMMISSIONER


COMMISSIONER


COMMISSIONER

13
14 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto, set my hand and caused the official seal of
17 this Commission to be affixed at the Capitol, in the City of
18 Phoenix, this 31st day of August, 2010.

19 
20 ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

21 DISSENT: _____

22
23 DISSENT: _____

24 SMO:PKB:lh\RM

1 SERVICE LIST FOR: Navopache Electric Cooperative, Inc.
2 DOCKET NO. E-01787A-05-0719

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