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BEFORE THE ARIZONA CORPORATIC
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COMMISSIONERS

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

2010 DEC 15 P 2:57

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

DEC 15 2010

DOCKETED BY

IN THE MATTER OF THE
APPLICATION OF SULPHUR
SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC., AN ARIZONA
NONPROFIT CORPORATION, FOR
AUTHORIZATION TO INCUR DEBT
TO FINANCE ITS 2010 - 2012
CONSTRUCTION WORK PLAN AND
FOR RELATED APPROVALS.

Docket No. E-1575A-10-0311

**AMENDMENT TO FINANCING
APPLICATION**

I. INTRODUCTION

On July 23, 2010, pursuant to A.R.S. §§ 40-285, 40-301 and 302, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC"), by and through counsel undersigned, filed a Financing Application ("Application") requesting an Order from the Arizona Corporation Commission ("Commission") authorizing a new assumption of debt from the National Rural Utilities Cooperative Finance Corporation (the "CFC") and/or CoBank, ACB ("CoBank") (individually "Lender" and collectively "Lenders"), and the execution of loan documents in favor of the Lenders in the manner described therein, and for related approvals.¹ The Application describes a process whereby SSVEC would have the ability to provide CFC and CoBank the opportunity to bid on each loan draw that SSVEC requires from the Total Credit Facility described in the Application. SSVEC will then borrow from the Lender that provides the best loan terms to ensure that the Cooperative receives the maximum benefit.² Once SSVEC draws money from one Lender, the amount of the Total Credit Facility is reduced for both Lenders by such draw amount so that the

¹ Capitalized terms not otherwise defined herein have the same meaning as set forth in the Application.

² In determining the maximum benefit for the Cooperative, SSVEC will consider the proposed interest rates, discount points, early payoff penalties, capital credit allocations and retirements, etc.

1 maximum loan amount does not exceed the Total Credit Facility.³

2 SSVEC is a member-owned non-profit rural electric distribution cooperative
3 headquartered in Willcox, Arizona. SSVEC has a Board that is comprised of 13 Directors
4 who are elected by the member/owners of the Cooperative. The Board of Directors meets
5 monthly to review Cooperative operations and to determine the direction and long-range
6 plans of the Cooperative and approves the annual operating budget. The member-elected
7 Board of Directors approved this Amendment to the Financing Application to include the
8 refinancing described herein and will approve the refinancing of the debt when it is in the
9 best interests of the member/owners of the Cooperative. Attached as Exhibit A is the
10 resolution of the SSVEC Board of Directors authorizing the proposed refinancing.

11 In recent months, interest rates have considerably declined and lenders are more
12 willing to offer interest rates and other terms and conditions more favorable to borrowers
13 than what was available in recent years. Accordingly, SSVEC believes that over the next
14 several years, it may be able to refinance much of its existing Commission-approved debt
15 at more favorable interest rates and under more favorable terms and conditions that will
16 save the Cooperative, and its ratepayer-members, considerable money. The current
17 timeframe for the Commission to approve a refinancing application could be as long as six
18 to nine months. Given typical fluctuation in interest rates, the opportunity to refinance
19 could be lost if the Cooperative has to wait six to nine months for Commission approval
20 each time favorable interests became available. Accordingly, the purpose of this
21 Amendment to the Application is to seek further authorization from the Commission for
22 SSVEC to refinance its existing Commission-approved debt from time-to-time utilizing
23 the process set forth in this Amendment.

24 . . .

25 . . .

26 ³ Since the filing of the Application, CFC has made arrangement with Farmer Mac to lend CFC members
27 such as the Cooperative up to \$22.5 million at favorable, government-backed, interest rates. As part of the
28 Total Credit Facility for CFC, CFC will also include a bid from Farmer Mac funds for up to \$22.5 million.
If the Farmer Mac bid provides the maximum benefit to the Cooperative, SSVEC may borrow up to \$22.5
million of the Total Credit Facility from CFC utilizing Farmer Mac funds. Accordingly, SSVEC will
provide to Staff, under separate cover, the CFC/Farmer Mac loan documents.

1 intervention have been received. However, in light of this additional authorization to
2 refinance existing debt, SSVEC will republish public notice substantially in the form
3 attached as Exhibit C. Proof of publication will be filed with the Commission once the
4 notice is published.

5 **V. CONCLUSION**

6 WHEREFORE, SSVEC respectfully requests that in addition to the authorizations
7 requested in the Application related to the \$78,676,664 Total Credit Facility, that the
8 Commission include in its Order additional authorization for SSVEC to refinance its
9 existing debt in accordance with A.R.S. §§ 40-285, 40-301 and 302 as follows:

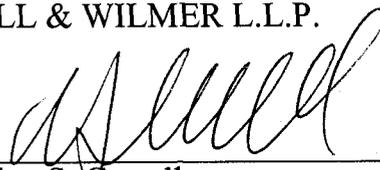
- 10 1. Authorizing SSVEC to refinance existing debt in the total amount of up to
11 \$126,282,240 from CoBank or CFC according to the terms as described in
12 this Amendment and to execute the necessary documents associated
13 therewith;
- 14 2. Finding that the refinancing is reasonably necessary and appropriate for the
15 purposes described in this Amendment to the Application and that such
16 purposes are not, wholly or in part, reasonably chargeable to operative
17 expenses or to income;
- 18 3. Authorizing SSVEC to pledge, mortgage, lien and/or encumber its real
19 property and utility plant and assets as security for the refinancing as
20 required by CoBank; and
- 21 4. Finding that the refinancing is for lawful purposes within SSVEC's
22 corporate powers, compatible with the public interest, with sound financial
23 practices, and with proper performance by SSVEC of service as a public
24 service corporation, and will not impair SSVEC's ability to perform the
25 service.

26 ...
27 ...
28 ...

1 SSVEC further requests that the Commission approve the Application as amended
2 as expeditiously as possible and without a hearing.

3 RESPECTFULLY SUBMITTED this 15th day of December, 2010.

4 SNELL & WILMER L.L.P.

5
6 By 

7 Bradley S. Carroll
8 One Arizona Center
9 400 East Van Buren
10 Phoenix, Arizona 85004-2202
11 Attorneys for Sulphur Springs Valley Electric
12 Cooperative, Inc.

13 ORIGINAL and 13 copies filed this
14 15 day of December, 2010, with:

15 Docket Control
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington
18 Phoenix, Arizona 85007

19 COPY of the foregoing hand-delivered
20 this 15th day of December, 2010, to:

21 Steve Olea, Director
22 Utilities Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, Arizona 85007

26 Wesley C. Van Cleve, Attorney
27 Legal Division
28 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

COPY of the mailed this
15th day of December, 2010, to:

Jane Rodda, Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
400 West Congress
Tucson, Arizona 85701-1347

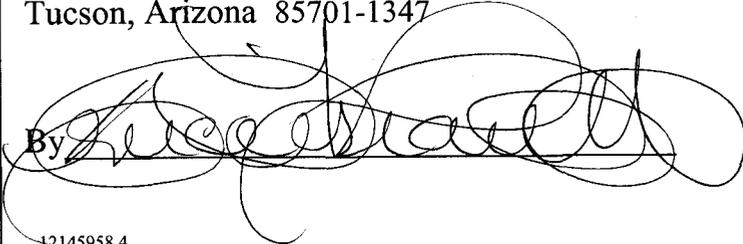
By 

Exhibit A

Board Resolution **2010-20**
For the Refinancing of SSVEC's Long Term Debt

I, Joseph Furno, do hereby certify that: I am the Secretary of Sulphur Springs Valley Electric Cooperative, Inc. ("Applicant") and the following is a true and correct copy of excerpts from the minutes of a meeting of Applicant's Board of Directors held on November 16, 2010, as they appear in the Minutes Book of Applicant, including the resolution duly adopted thereat; the meeting was duly and regularly held in accordance with the bylaws of Applicant; and said resolution has not been rescinded or modified:

WHEREAS, SSVEC has \$100,802,240 in long term debt and an additional \$25,480,000 that has been approved by the ACC but not yet drawn both of which will have interest rates reset by December 31, 2016, and

WHEREAS, CoBank and CFC through its Farmer Mac program indicate that they are willing to offer competitive bids when our existing loans have interest rates reset, and

WHEREAS, the Board of Directors has, after full study and consideration, determined that it is in the best interest of SSVEC and its membership, to pursue refinancing of long term interest rates by competitive bids between CoBank and CFC, and

WHEREAS, SSVEC has a loan application currently being considered by the ACC and SSVEC could expedite the hearing of the refinancing by amending this application.

RESOLVED, that the Board of Directors hereby directs the SSVEC Chief Executive Officer to file an amended loan application with the ACC to request refinancing of up to \$105,000,000 in long term debt and \$25,480,000 in ACC approved but unissued loans when it is beneficial to the cooperative.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Applicant, this 16th day of November, 2010.



Secretary

(Corporate Seal)

Exhibit B

**Sulphur Springs Valley Electric Cooperative
Loans Subject To Potential Refinancing**

FC Loan #	Docket	Decision #	ACC Approved \$	Advance Date	Original Advance	Current Balance	Repricing Date	Current Rate	Final Pmt
9033	07-0446	70027	70,780,000	*	\$12,740,000	\$12,740,000.00	1/1/2011		
9033	07-0446	70027	70,780,000	*	\$12,740,000	\$12,740,000.00	1/1/2012		
9030024	04-0233	67223	46,364,000	11/1/2010	\$4,864,000	\$4,864,000.00	11/1/2010	**	11/1/2045
9030014	04-0233	67223	46,364,000	10/18/2006	\$1,434,643.72	\$1,434,643.72	11/1/2010	6.95%	9/30/2036
9030013	04-0233	67223	46,364,000	10/18/2006	\$2,000,000	\$1,912,858.18	11/1/2010	6.95%	9/30/2036
9030012	04-0233	67223	46,364,000	10/18/2006	\$2,000,000	\$1,912,858.18	11/1/2010	6.95%	9/30/2036
9030023	04-0233	67223	46,364,000	1/22/2008	\$2,000,000	\$1,920,526.50	2/1/2011	4.90%	12/31/2037
9030021	04-0233	67223	46,364,000	3/26/2007	\$2,000,000	\$1,912,078.26	4/1/2011	6.45%	12/31/2036
9030020	04-0233	67223	46,364,000	3/26/2007	\$2,000,000	\$1,912,078.26	4/1/2011	6.45%	12/31/2036
9030019	04-0233	67223	46,364,000	3/26/2007	\$2,000,000	\$1,912,078.26	4/1/2011	6.45%	12/31/2036
9030018	04-0233	67223	46,364,000	3/26/2007	\$2,000,000	\$1,918,413.34	4/1/2011	6.45%	12/31/2037
9030017	04-0233	67223	46,364,000	3/26/2007	\$2,000,000	\$1,912,078.26	4/1/2011	6.45%	12/31/2036
9033004	07-0446	70027	70,780,000	3/16/2008	\$2,000,000	\$1,915,021.37	4/1/2011	4.50%	3/31/2035
9033003	07-0446	70027	70,780,000	3/16/2008	\$2,000,000	\$1,915,021.37	4/1/2011	4.50%	12/31/2037
9033009	07-0446	70027	70,780,000	9/22/2008	\$700,000	\$677,848.56	10/1/2011	4.15%	9/30/2038
9016001	82-187	53182	1,988,000	5/31/1982	\$1,988,000	\$836,444.63	1/1/2012	5.80%	7/1/2017
9030003	04-0233	67223	46,364,000	1/18/2005	\$2,000,000	\$1,839,930.83	2/1/2012	5.95%	12/31/2034
9030002	04-0233	67223	46,364,000	1/18/2005	\$2,000,000	\$1,839,930.83	2/1/2012	5.95%	12/31/2034
9030001	04-0233	67223	46,364,000	1/18/2005	\$2,000,000	\$1,839,930.83	2/1/2012	5.95%	12/31/2034
9030006	04-0233	67223	46,364,000	6/29/2005	\$2,000,000	\$1,839,698.96	7/1/2012	5.60%	3/31/2035
9030005	04-0233	67223	46,364,000	6/29/2005	\$2,000,000	\$1,839,698.96	7/1/2012	5.60%	3/31/2035
9030004	04-0233	67223	46,364,000	6/29/2005	\$2,000,000	\$1,839,698.96	7/1/2012	5.60%	3/31/2035
9033008	07-0446	70027	70,780,000	9/22/2008	\$2,600,000	\$2,521,125.76	10/1/2012	6.50%	9/30/2038
9017001	84-174	54138	2,104,000	8/20/1984	\$2,104,000	\$1,030,956.01	1/1/2013	6.50%	7/1/2019
9019001	88-174	56424	2,401,042	3/31/1989	\$2,401,042	\$1,585,238.24	1/1/2013	6.50%	4/1/2024
9020001	92-0288	57407	1,781,250	1/29/1993	\$1,781,250	\$1,230,132.35	1/1/2013	6.50%	1/1/2027
9021001	93-0254	58508	1,808,333	1/19/1994	\$1,808,333	\$1,316,960.27	1/1/2013	6.50%	1/1/2029
9022001	94-0345	58942	1,705,000	4/26/1995	\$1,705,000	\$1,345,990.20	1/1/2013	6.50%	3/31/2030
9033002	07-0446	70027	70,780,000	3/16/2008	\$2,000,000	\$1,913,008.03	4/1/2013	4.20%	12/31/2037
9033001	07-0446	70027	70,780,000	3/16/2008	\$2,000,000	\$1,913,008.03	4/1/2013	4.20%	12/31/2037
9033006	07-0446	70027	70,780,000	6/30/2008	\$4,000,000	\$3,870,635.35	7/1/2013	5.45%	3/31/2038
9033007	07-0446	70027	70,780,000	6/30/2008	\$2,000,000	\$1,935,162.15	7/1/2013	5.45%	6/30/2038
9033011	07-0446	70027	70,780,000	12/22/2008	\$2,000,000	\$1,950,267.22	1/1/2014	5.05%	9/30/2038
9033010	07-0446	70027	70,780,000	12/22/2008	\$2,000,000	\$1,950,267.22	1/1/2014	5.05%	9/30/2038
9033012	07-0446	70027	70,780,000	12/31/2008	\$1,000,000	\$975,133.57	1/1/2014	5.05%	9/30/2038
9030009	04-0233	67223	46,364,000	2/16/2006	\$2,000,000	\$1,887,922.89	3/1/2014	6.70%	12/31/2035
9030008	04-0233	67223	46,364,000	2/16/2006	\$2,000,000	\$1,887,922.89	3/1/2014	6.70%	3/31/2035
9030007	04-0233	67223	46,364,000	2/16/2006	\$2,000,000	\$1,887,922.89	3/1/2014	6.70%	3/31/2035
9033018	07-0446	70027	70,780,000	6/30/2009	\$3,000,000	\$2,950,268.48	7/1/2014	5.65%	6/30/2009
9030011	04-0233	67223	46,364,000	10/18/2006	\$1,000,000	\$953,962.14	11/1/2014	5.55%	9/30/2036
9030010	04-0233	67223	46,364,000	10/18/2006	\$2,000,000	\$1,907,924.35	11/1/2014	5.55%	9/30/2036
9018001	86-125	55194	3,520,833	9/30/1986	\$3,520,833	\$1,996,624.60	1/1/2015	6.55	10/1/2021
9023001	97-0229	60411	3,714,000	7/1/1998	\$3,714,000	\$3,219,514.96	1/1/2015	5.55	6/30/2033
9033013	07-0446	70027	70,780,000	1/20/2009	\$3,000,000	\$2,940,467.36	2/1/2015	5.80%	1/20/2009
9033014	07-0446	70027	70,780,000	1/20/2009	\$3,000,000	\$2,940,467.36	2/2/2015	5.80%	1/21/2009
9033015	07-0446	70027	70,780,000	1/20/2009	\$3,000,000	\$2,940,467.36	2/3/2015	5.80%	1/22/2009
9033016	07-0446	70027	70,780,000	1/20/2009	\$3,000,000	\$2,940,467.36	2/4/2015	5.80%	1/23/2009
9033019	07-0446	70027	70,780,000	3/23/2010	\$8,000,000	\$7,942,135.56	4/1/2015	5.15%	12/31/2039
9030016	04-0233	67223	46,364,000	2/20/2007	\$1,000,000	\$957,816.49	3/1/2016	5.60%	12/31/2036
9030015	04-0233	67223	46,364,000	2/20/2007	\$2,000,000	\$1,915,633.05	3/1/2016	5.60%	12/31/2036
Loans Subject to Refinancing						\$126,282,240.40			

Footnotes:

* The plan is to advance the \$25,480,000 unadvanced but approved CFC loan funds then refinance them shortly after the loan draw.

** The other entries on this sheet except * above has a cut off date of August 31, 2010. This loan draw was made on 11/1/10.

Exhibit C

**PUBLIC NOTICE
OF
AN APPLICATION BY SULPHUR SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC. FOR AN ORDER
AUTHORIZING IT TO INCUR DEBT TO FINANCE ITS 2010-2012
CONSTRUCTION WORK PLAN, TO REFINANCE EXISTING DEBT,
AND FOR RELATED APPROVALS**

Sulphur Springs Valley Electric Cooperative, Inc. ("Applicant") has filed an application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to borrow from the National Rural Utilities Cooperative Finance Corporation ("CFC") and/or CoBank ("CoBank"), ACB, up to \$78,676,664 to finance its 2010 – 2012 Construction Work Plan associated with its construction activities, to refinance up to \$126,282,240 of existing debt, and for related approvals. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and at the Applicant's offices located in Willcox, and Sierra Vista, Arizona.

Intervention in the Commission's proceedings in the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon Applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to the Applicant.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on or before the 15th day after publication of this notice.