

ORIGINAL



0000121784

MEMORANDUM

TO: Docket Control
FROM: Steve Olea
Director
Utilities Division

DATE: January 4, 2011

RE: STAFF REPORT FOR MOHAVE ELECTRIC COOPERATIVE, INC.'S APPLICATION FOR AUTHORIZATION TO SECURE A \$28,075,000 RUS GUARANTEED FEDERAL FINANCING BANK LOAN AND TO PLEDGE, MORTGAGE, LIEN AND/OR ENCUMBER UTILITY ASSETS IN RELATION THERETO. (DOCKET NO. E-01750 A-10-0179)

Arizona Corporation Commission
DOCKETED
JAN 4 2011
DOCKETED BY

Attached is the Staff Report for the Cooperative's application for authority to incur debt and encumber property. Staff recommends conditional approval.

Any party who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before January 14, 2011.

SO:JCM:kdh

Originator: Juan C. Manrique

RECEIVED
2011 JAN -4 P 4:34
AZ CORP COMMISSION
DOCKET CONTROL

Service List for: Mohave Electric Cooperative, Inc.
Docket No. E-01750A-10-0179

Mr. William Sullivan
Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
501 East Thomas Road
Phoenix, Arizona 85012

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**MOHAVE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01750A-10-0179**

**APPLICATION FOR AUTHORITY TO
INCUR DEBT AND ENCUMBER PROPERTY**

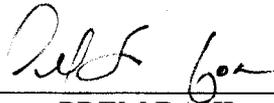
JANUARY 4, 2011

STAFF ACKNOWLEDGMENT

The Staff Report for Mohave Electric Cooperative, Docket No. E-01750A-10-0179 is the responsibility of the Staff members listed below. Juan C. Manrique is responsible for the financial analysis. Prem Bahl is responsible for the engineering review.



JUAN C. MANRIQUE
PUBLIC UTILITIES ANALYST I



PREM BAHL
UTILITIES ENGINEER

EXECUTIVE SUMMARY
MOHAVE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01750A-10-0179

On May 6, 2010, Mohave Electric Cooperative, Inc. ("MEC" or "Cooperative"), filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to secure permanent long-term financing for its 2008-2013 Construction Work Plan ("CWP").

MEC is a non-profit Class "A" Arizona member-owned electric transmission cooperative operating out of Bullhead City, Arizona. The Cooperative seeks authorization to incur up to \$28,075,000 in long-term debt from the Federal Financing Bank ("FFB") and guaranteed by the Rural Utilities Service ("RUS"). A 35-year amortizing loan at approximately 5.00 percent per annum is anticipated for the long-term financing. The loan will be disbursed in approximately equal amounts of \$6,000,000 from 2010-2013 and \$4,000,000 in 2014. The purpose of this financing is to fund MEC's 2008-2013 CWP.

As of December 31, 2009, MEC's capital structure consisted of 1.5 percent short-term debt, 36.1 percent long-term debt, and 62.4 percent equity. Staff calculated a pro forma capital structure reflecting issuance of a \$28,075,000 30-year amortizing loan at 5.00 percent per annum. That capital structure is composed of 1.9 percent short-term debt, 48.8 percent long-term debt and 49.3 percent equity. Staff also calculated pro forma times interest earned ("TIER") and debt service coverage ("DSC") ratios of 0.24 and 0.52, respectively. The DSC results show that cash flow from operations is not sufficient to cover all obligations.¹ Accordingly, MEC needs a source of cash other than operating activity to service the proposed loan of approximately of \$1.7 million per year.

As of December 31, 2009, the Cooperative had an alternative source of cash in the form of approximately \$18,000,000 in cash and cash equivalents. This amounts to approximately 10 years' worth of payments on the proposed loan. MEC recognizes the need and anticipates using its cash and cash equivalents to satisfy its debt service deficit of approximately \$2.9 million per year near-term. In the long-term, the Cooperative will need to improve its operating margin to meet debt service. In the short-term, issuing debt and using existing cash and cash equivalents for debt service instead of using available cash to directly finance capital improvements provides MEC with flexibility to address future financial needs.

Staff concludes that the Cooperative's proposed capital projects are appropriate and that the related cost estimates are reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

Staff further concludes that issuance of the proposed debt financing for the purposes stated in the application is within MEC's corporate powers, is compatible with the public

¹ However, under RUS' methodology, the Cooperative has an operating TIER ("OTIER") of 1.24 and operating DSC ("ODSC") of 1.12. The loan covenants state that the OTIER and ODSC must be above 1.1. The Cooperative, therefore, meets the lender's OTIER and ODSC covenants required for the financing. Nevertheless, the Cooperative does not generate sufficient cash flow from operating activities to provide debt service on the proposed loan.

interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends authorization to incur amortizing debt in an amount not to exceed \$28,075,000 for a period of 33 to 37 years and at a rate not to exceed 5.0 percent from the Rural Utilities Service/Federal Financing Bank ("RUS/FFB").

Staff further recommends that MEC maintain \$9.0 million reserve of cash and cash equivalents representing approximately three years of debt service deficit until the Commission subsequently removes such restriction presumably based on a showing of improved operating results and debt service coverage or upon subsequent Commission authorization to use the reserve funds to make principal and interest payments if necessary.

Staff further recommends authorizing MEC to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.

Staff further recommends that MEC file with Docket Control, as a compliance item in this matter, copies of the loan documents within 60 days of the execution of any financing transaction authorized herein.

Staff further recommends that any authorization to incur debt granted in this proceeding terminate on June 30, 2015.

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|--------------------|
| INTRODUCTION..... | 1 |
| PUBLIC NOTICE..... | 1 |
| BACKGROUND..... | 1 |
| COMPLIANCE | 1 |
| PURPOSE AND DESCRIPTION OF THE REQUESTED FINANCING..... | 1 |
| ENGINEERING ANALYSIS..... | 2 |
| FINANCIAL ANALYSIS | 2 |
| TIMES INTEREST EARNED RATIO (“TIER”) AND DEBT SERVICE COVERAGE RATIO (“DSC”)..... | 2 |
| CAPITAL STRUCTURE | 3 |
| CONCLUSION AND RECOMMENDATIONS..... | 3 |

SCHEDULES

| | |
|--------------------------|-------|
| FINANCIAL ANALYSIS | JCM-1 |
|--------------------------|-------|

ATTACHMENTS

| | |
|--------------------------------|---|
| ENGINEERING REPORT..... | A |
| AFFIDAVIT OF PUBLICATION | B |

INTRODUCTION

On May 6, 2010, Mohave Electric Cooperative, Inc. ("MEC" or "Cooperative"), filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to secure permanent long-term financing for its 2008-2013 Construction Work Plan ("CWP").

PUBLIC NOTICE

On June 14, 2010, the Applicant filed an affidavit of publication verifying public notice of its financing application. The Applicant published notice of its financing application in the following newspapers: the *Courier*, a daily newspaper of general circulation in the City of Prescott, County of Yavapai, Arizona, on May 12, 2010; the *Kingman Daily Miner*, a daily newspaper of general circulation in the County of Mohave, Arizona, on May 10, 2010; and the *Arizona Daily Sun*, a daily newspaper of general circulation in the City of Flagstaff, County of Coconino, Arizona, on May 12, 2010. The affidavit of publication is attached along with a copy of each Notice.

BACKGROUND

MEC is a non-profit Class "A" Arizona member-owned electric transmission cooperative operating out of Bullhead City, Arizona.

The Cooperative's current rates were approved in Decision No. 57172, dated November 29, 1990.

On March 16, 2007, Commission's Decision No. 69371 authorized MEC to borrow from the Rural Utilities Service/Federal Financing Bank ("RUS/FFB") an amount not to exceed \$18,053,000.

COMPLIANCE

There are no compliance issues with the Cooperative.

PURPOSE AND DESCRIPTION OF THE REQUESTED FINANCING

The purpose of this financing is to fund MEC's 2008-2013 Construction Work Plan ("CWP").

The Cooperative seeks authorization to incur up to \$28,075,000 in long-term debt from the Federal Financing Bank ("FFB") and guaranteed by the Rural Utilities Service ("RUS"). A 35-year amortizing loan at approximately 5.00 percent per annum is anticipated for the long-term

financing.² The loan is anticipated to be disbursed in approximately equal amounts of \$6,000,000 from 2010-2013 and \$4,000,000 in 2014.

ENGINEERING ANALYSIS

The Staff Engineering Memorandum is attached. Staff reviewed the Cooperative's proposed capital improvements and found the project costs appropriate and the related cost estimates reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

FINANCIAL ANALYSIS

Staff's analysis is illustrated on Schedule JCM-1. Column [A] reflects the Cooperative's historical financial information for the year ended December 31, 2009. Column [B] presents pro forma financial information that modifies Column [A] to reflect a 35-year, \$28,075,000 amortizing loan at 5.00 per annum.

Times interest earned ratio ("TIER") and Debt service coverage ratio ("DSC")

TIER represents the number of times earnings cover interest expense on short-term and long-term debt. A TIER greater than 1.0 means that operating income is greater than interest expense. A TIER less than 1.0 is not sustainable in the long-term but does not mean that debt obligations cannot be met in the short-term.

DSC represents the number of times internally generated cash will cover required principal and interest payments on short-term and long-term debt. A DSC greater than 1.0 indicates that cash flow from operations is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of funds is needed to avoid default.

Schedule JCM-1, Column [A] shows that for the year ended December 31, 2009, the Cooperative's TIER and DSC were 0.36 and 0.76, respectively. The pro forma TIER and DSC for the Cooperative under the scenario described above for Column [B] are 0.24 and 0.52, respectively. The DSC results show that cash flow from operations is not sufficient to cover all obligations, and the Cooperative needs an additional source of funds for debt service.³ As of December 31, 2009, the Cooperative had \$18,000,000 in cash and cash equivalents available as another source of funds. This amounts to approximately 10 years' worth of payments on the proposed loan. MEC recognizes the need and anticipates using its cash and cash equivalents to satisfy its debt service deficit of approximately \$2.9 million per year near-term. In the long-term, the Cooperative will need to improve its operating margin to meet debt service. In the

² The 30-year FFB rate at December 7, 2010 was 4.25 percent.

³ However, under RUS' methodology, the Cooperative has an operating TIER ("OTIER") of 1.24 and operating DSC ("ODSC") of 1.12. The loan covenants state that the OTIER and ODSC must be above 1.1. The Cooperative, therefore, meets the financial conditions required by the lender for the financing.

short-term, issuing debt and using existing cash and cash equivalents for debt service instead of using available cash to directly finance capital improvements provides MEC with flexibility to address future financial needs.

Capital Structure

At December 31, 2009, the Cooperative's capital structure consisted of 1.5 percent short-term debt, 36.1 percent long-term debt, and 62.4 percent equity (Schedule JCM-1, Column [A], lines 20-26). Staff calculated a pro forma capital structure reflecting issuance of a \$28,075,000 35-year amortizing loan at 5.0 percent per annum. That capital structure is composed of 1.9 percent short-term debt, 48.8 percent long-term debt and 49.3 percent equity (Schedule JCM-1, Column [D], lines 20-26).

CONCLUSION AND RECOMMENDATIONS

Staff concludes that the Cooperative's proposed capital projects are appropriate and that the related cost estimates are reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

Staff further concludes that issuance of the proposed debt financing for the purposes stated in the application is within MEC's corporate powers, and would be compatible with the public interest, and would be consistent with sound financial practices and would not impair its ability to provide services provided MEC maintains no less than \$9.0 million in cash and cash equivalents.

Staff recommends authorization to incur amortizing debt in an amount not to exceed \$28,075,000 for a period of 33 to 37 years and at a rate not to exceed 5.0 percent from the Rural Utilities Service/Federal Financing Bank ("RUS/FFB").

Staff further recommends that MEC maintain \$9.0 million reserve of cash and cash equivalents representing approximately three years of debt service deficit until the Commission subsequently removes such restriction, presumably based on a showing of improved operating results and debt service coverage or upon subsequent Commission authorization to use the reserve funds to make principal and interest payments if necessary.

Staff further recommends authorizing MEC to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.

Staff further recommends that MEC file with Docket Control, as a compliance item in this matter, copies of the loan documents within 60 days of the execution of any financing transaction authorized in this proceeding.

Staff further recommends that any authorization to incur debt granted in this proceeding terminate on June 30, 2015.

FINANCIAL ANALYSIS

| | [A] ¹ <u>12/31/2009</u> | | [B] ² <u>Pro forma</u> | |
|----|---------------------------------------|---------------|--------------------------------------|----------------------|
| 1 | Operating Income | \$841,820 | | \$841,820 |
| 2 | Depreciation & Amort. | \$2,176,551 | | \$2,176,551 |
| 3 | Income Tax Expense | \$0 | | \$0 |
| 4 | | | | |
| 5 | Interest Expense | \$2,327,665 | | \$3,511,116 |
| 6 | Repayment of Principal | \$1,623,839 | | \$2,317,394 |
| 7 | | | | |
| 8 | | | | |
| 9 | TIER | | | |
| 10 | [1+3] + [5] | 0.36 | | 0.24 |
| 11 | | | | |
| 12 | DSC | | | |
| 13 | [1+2+3] + [5+6] | 0.76 | | 0.52 |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | Capital Structure | | | |
| 19 | | | | |
| 20 | Short-term Debt | \$1,623,839 | 1.5% | \$2,620,828 1.9% |
| 21 | | | | |
| 22 | Long-term Debt | \$39,141,718 | 36.1% | \$66,913,284 48.8% |
| 23 | | | | |
| 24 | Common Equity | \$67,627,215 | 62.4% | \$67,627,215 49.3% |
| 25 | | | | |
| 26 | Total Capital | \$108,392,772 | 100.0% | \$137,161,327 100.0% |
| 27 | | | | |
| 28 | | | | |

29 ¹ Column [A] is based on the Company's Financial Statements for the year ended December 31, 2009.

30 ² Column [B] is Column [A] modified to reflect issuance of the proposed \$28.075 million long term debt financing amortized for 35 years at 5.00 percent.

**ENGINEERING REPORT
MOHAVE ELECTRIC COOPERATIVE, INC.
FINANCING; DOCKET NO. E-01750A-10-0179**

INTRODUCTION

On May 6, 2010, Mohave Electric Cooperative, Inc., (“MEC” or “Cooperative”), filed an Application for financing authorization to borrow \$28,075,000 guaranteed by the Rural Utilities Service (“RUS”) with funding from the Federal Financing Bank (“FFB”) for a term of 35 years. The purpose of this borrowing is to fund the Cooperative’s RUS approved 2008 – 2011 Construction Work Plan (“Work Plan”).

UTILITY OVERVIEW

MEC is a distribution cooperative providing electric service to its members. MEC has no generating capacity of its own and is a Partial Requirements Member of Arizona Electric Power Cooperative, Inc. (“AEPSCO”). Based upon its December 2009 RUS Form 7, MEC provided electric power distribution service to approximately 38,576 metered customers.

The Cooperative has two service areas, one bordered by the Colorado River between Bullhead City and Golden Shores and the other including territory in the vicinity of Kingman running South to a westerly location approximately parallel to Lake Havasu City. Portions of MEC’s service territory are sparsely populated, but the Bullhead City and Kingman areas are experiencing relatively rapid growth.

MEC has 1,509 miles of energized lines, including 1,055 miles of overhead distribution lines¹, 346 miles of underground distribution cable² and 108 miles of sub-transmission lines³. The Cooperative’s service territory is located within Western Area Power Administration’s (“WAPA”) Load Control Area.

REVIEW OF CAPITAL PROJECTS

Staff reviewed the Cooperative’s Work Plan and received information in the form of data responses from the Cooperative to Staff’s data requests and in verbal discussions with MEC officials. Staff reviewed the Work Plan in the context of the following criteria:

- Does the Plan adequately address the needs of the projected customer and load growth in MEC’s service territory?
- Are the capital expenditures on sub-transmission and distribution infrastructure upgrades and new additions appropriate and reasonable?
- Is the Cooperative operating and maintaining its electric system in a reliable manner?

¹ 25 kV and below

² 25 kV and below

³ 69 kV

CUSTOMER AND LOAD GROWTH

Historically, MEC's total number of customers grew from 33,818 in 2004 to 38,576 by the end of 2009, showing an average increase of 2.8 percent per year for the five year period. The MEC's distribution system load increased from 176 MW in 2004 to 198 MW by the end of 2009. This represents an average growth of 2.5 percent per year for the five year period. Most of the growth has been in the residential sector. Based on MEC's load forecast, the Cooperative's peak load is projected to continue to grow at a more moderate annual rate of 1-2 percent per year until the presently depressed economy returns to normal.

PROJECTED CAPITAL EXPENDITURES

The Cooperative's Work Plan includes capital expenditures for sub-transmission and distribution system upgrades and new infrastructure necessary to meet expected growth in MEC's service territory during the 2008-2011 period and to maintain its plant in sound operating condition. These expenditures include new underground and overhead distribution lines for line extensions to new customers, new tie lines, conversions and upgrades of existing distribution lines, upgrades of substations and installation of transformers and sub-transmission facilities⁴.

The Work Plan also includes an expenditure of \$2,500,050 for communication and data collection equipment critically important to MEC's eventual development and deployment of Smart Grid programs. This initial phase of MEC's Smart Grid development will take approximately 3 years to complete and is intended to provide MEC: a) the data necessary to evaluate the implementation of cost-effective Smart Grid programs for its members, and b) the backbone communication and data collection equipment⁵ necessary to implement the particular Smart Grid programs.

Total expenditures associated with the Work Plan are \$28,075,000 as included in Table 1 on the next page.

⁴ Sub-transmission facilities include, among other pieces of 69 kV equipment, transformers, circuit breakers, lightning arrestors, metering, etc.

⁵ subject to securing the financing for and installation of the additions and modifications to the backbone system.

| TABLE 1 | |
|---|---------------------|
| Work Plan 2008- 2011 | |
| Description | Amount |
| New Member Extensions | \$ 4,289,254 |
| New Tie Lines and Upgrades | \$ 1,780,000 |
| New Substations and Substation Changes | \$ 705,185 |
| Misc. Distribution Equipment | \$ 16,345,248 |
| Sub-Transmission Line & Station Changes | \$ 61,796 |
| Other Sub-Transmission | \$ 4,893,517 |
| TOTAL | \$28,075,000 |

In addition to normal and routine Operations and Maintenance replacements and additions (involving approximately 93 additional miles of distribution line, 2 miles of tie-ins and 15 miles of conversions and line changes), a few items of note in the work plan that is the basis for the loan package are:

- Construct the new Natural Corrals substation near Wikieup, Arizona, for reliability and load growth - \$395,185.
- Upgrade of the Bullhead Substation Transformer to 12/16/20 MVA for load growth and reliability - \$310,000.
- Rebuild the distribution line from Riviera to Lipan to support reliability and load sectionalizing needs - \$61,796.
- Install the initial phase of AMR⁶/AMI⁷ technology including the installation of approximately 17,000 new Smart Meters - \$2,500,050.
- Install a low-cost SCADA⁸ system for data acquisition for distribution system data such as load profiles, power factor, outage duration, outage locations, and voltage control - \$300,000.
- Install additional fiber optic conductor to complete the existing communication system in the Bullhead City area - \$209,789.

⁶ AMR stands for Automatic Meter Reading

⁷ AMI stands for Advanced Metering Infrastructure

⁸ SCADA stands for Supervisory Control and Data Acquisition

- Inject Cable Cure to direct buried cables built in the early 1970s to further improve service reliability - \$500,000.

SYSTEM RELIABILITY

MEC has included in its Work Plan upgrades and needed additions of sub-transmission and distribution facilities for reliable operation of its system. There is provision in the Work Plan for new tie lines and reconductoring of existing lines to increase capacity of existing circuits, for upgrade and replacement of transformers and for improvement of substations. The new and upgraded facilities will enable the Cooperative to meet the projected system load in a reliable manner, and will reduce losses. Also, undertaking the Smart Grid Program is expected to provide more efficient, cost-effective and reliable service to MEC's customers.

CUSTOMER OUTAGE HOURS

MEC's average outage hours per customer per year are reported to be 3.16 hours for the period 2004-2009. These are well within the RUS guidelines of 5 outage hours per customer per year. This shows that the Cooperative is providing reliable service to its customers and responding to emergencies with restoration of power in a timely manner.

SYSTEM LOSSES

MEC's annual system losses ranged between 3.73 percent in 2004 and 4.92 percent in 2008 during the 2002-2009 period. These losses are well within industry guidelines of 10 percent per year for rural electric cooperatives.

CONCLUSIONS

Based on the review of the Cooperative's 2008-2011 Work Plan and information provided by the Cooperative, Staff finds that the items included in the Work Plan's list of capital projects are appropriate to meet new load growth and to enable MEC to operate and maintain the electric system in a safe and reliable manner. The expenditure amounts associated with these projects appear to be reasonable. However, this does not imply a specific treatment of rate base for rate making purposes in the Company's future rate filings.

Staff also concludes that MEC's customer outage hours per customer per year are within RUS guidelines, which provides customer satisfaction and indicates reliable system operation. Staff further concludes that the Cooperative's system losses are within the industry guidelines.

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
County of Yavapai) ss.

I, **Aileen Kemper**, being first duly sworn on her oath says:
That she is the **Classified Coordinator** of **PRESCOTT NEWSPAPERS, INC.**, an Arizona corporation, which owns and publishes the **COURIER**, a Daily Newspaper published in the City of Prescott, County of Yavapai that the notice attached hereto, namely,

**PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF LONG TERM FINANCING BY MOHAVE ELECTRIC
COOPERATIVE, INC.**

has, to the personal knowledge of affidavit, been published in the news paper aforesaid, according to law, on 12 day of **MAY, 2010** to 12 day of **MAY, 2010** both inclusive without change, interruption or omission, amounting in all 1 insertions, made on the following dates:
MAY 12, 2010

By: _____
Dated this 12 Day of **MAY, 2010**

By: Malia L. Miller
Notary Public

My commission expires:



**PUBLIC NOTICE OF
AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF
LONG TERM FINANCING BY MOHAVE
ELECTRIC COOPERATIVE, INC.**

Mohave Electric Cooperative, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$28,075,000 (gross proceeds) of Long Term Financing. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Company's offices in Bullhead City, Arizona.

Intervention in the Commission's proceedings on 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 is, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of 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 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 this notice.

1TC PUB May 12, 2010

Monday, 10 May 2010

INVOICE: CPP231512

INVOICE DATE: 05/14/2010

RECEIPT FROM: Mohave Electric Cooperative

CLIENT ID.: 146926

AMOUNT: *****\$59.72*****

PAYMENT MODE: MASTER CARD

NOTE: _____

BY: Aileen Kemper (AAK)

Monday, 10 May 2010

INVOICE: CPP231512

INVOICE DATE: 05/14/2010

RECEIPT FROM: Mohave Electric Cooperative

CLIENT ID.: 146926

AMOUNT: *****\$59.72*****

PAYMENT MODE: MASTER CARD

NOTE: _____

BY: Aileen Kemper (AAK)

AFFIDAVIT OF PUBLICATION

Kingman Daily Miner

3015 Stockton Hill Road, Kingman, AZ 86401

web: www.kingmandailyminer.com • e-mail: legals@kingmandailyminer.com

Phone (928) 753-6397, ext. 242 • Fax (928) 753-5661

"Serving Kingman since 1882"

STATE OF ARIZONA)
County of Mohave) ss.

I, **Melinda Mauser**, being first duly sworn on her oath says:
That she is the Legals Clerk of THE KINGMAN DAILY MINER
An Arizona corporation, which owns and publishes the Miner,
a Daily Newspaper published in the City of Kingman, County of Mohave,
Arizona, that the notice attached hereto, namely,

Public Notice
Ad. No. 184284

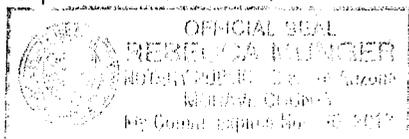
Has, to the personal knowledge of affiant, **10th day of May, 2010**
to the **10th day of May, 2010** inclusive without change, interruption or
omission, amounting in **1** insertions, made on the following dates:
5/10/2010

By: 
Legal Clerk, **10th Day of May, 2010**

State of Arizona
County of Mohave

On this 10 day of May, 2010
Legal Clerk, whom I know personally to be
the person who signed the above document
and she proved she signed it.


Notary Public
My Commission Expires **November 30, 2013**



(184284)
PUBLIC NOTICE
FOR
AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF
LONG TERM FINANCING BY MOHAVE
ELECTRIC COOPERATIVE, INC.

Mohave Electric Cooperative, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$28,075,000 (gross proceeds) of Long Term Financing. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Company's offices in Bullhead City, Arizona.

Intervention in the Commission's proceedings on 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 is, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of 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 Applicant.

The granting of Motion to Intervene shall be governed by A.A.C. R14-05-105, except that all Motions to Intervene must be filed on or before the 15th day after this notice is published: 5/10/2010 No. 184284

AFFIDAVIT/PROOF OF PUBLICATION

STATE OF ARIZONA

} ss.

County of Coconino

Bobbie Crosby being duly sworn, deposes and says:

That she is the legal clerk of the Arizona Daily Sun a newspaper published at Flagstaff, Coconino County, Arizona; that the Legal 13002 a copy of which is hereunto attached, was first published in said newspaper in its issue dated the 12 day of May, 2010, and was published in each one issue of said newspaper for one consecutive day the last publication being in the issue dated the 12 day of May, 2010.

[Signature]
Subscribed and sworn to before me this 19 day of May, 2010

Stephanie L Krempfle
Stephanie S Krempfle

Notary Public



My Commission expires July 25, 2011

Legal No. 13002
PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF LONG TERM FINANCING BY MOHAVE ELECTRIC COOPERATIVE, INC.
Mohave Electric Cooperative, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$28,075,000 (gross proceeds) of Long Term Financing. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Company's offices in Bullhead City, Arizona.
Intervention in the Commission's proceedings on 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 is, at a minimum, shall contain the following information:
1. The name, address and telephone number of the proposed intervenor and of 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 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 this notice. PUB. May, 12, 2010 13002