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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
PAUL NEWMAN
SANDRA D. KENNEDY
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2011 MAR -3 P 12:04 Arizona Corporation Commission
DOCKETED
AZ CORP COMMISSION
DOCKET CONTROL MAR 3 2011

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

**SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC.'S
SUPPLEMENTAL COMMENTS AND
PROPOSED AMENDMENTS
REGARDING PROPOSED ORDER**

On February 15, 2011, the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") issued a Staff Report and Proposed Order in the above-captioned matter. On February 23, 2011, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") submitted three (3) comments and corresponding proposed amendments ("Comments") regarding the Proposed Order. Since the filing of the Comments, the Cooperative has had discussions with the Commission's Utilities Division ("Staff") in an effort to resolve the Comments to the mutual satisfaction of SSVEC and Staff. In light of these discussions, SSVEC, through counsel undersigned, hereby submits these supplemental comments for the Commission's consideration relating to the three (3) issues set forth in the Comments.

Term of Refinanced Loan

Condition "b" of the Proposed Order¹ requires that:

The term of the loan will not be shorter than the remaining term of the loan being refinanced.

In its Comments, SSVEC requested that this condition be eliminated. Following the

¹ Proposed Order at page 6, line 1.

1 discussions between the Cooperative and Staff, SSVEC hereby withdraws its request and
2 will agree to the proposed condition.

3 **Time-Limit for Authorization to Incur new Debt**

4 In its Comments, SSVEC raised its concern that the Proposed Order requires
5 SSVEC to complete its financing by December 31, 2014, and requests that this condition
6 imposing a time-limit be eliminated. The Proposed Order sets forth the following
7 condition:

8 *...any authorization to incur debt granted in this proceeding not*
9 *related to the refinancing contemplated herein terminate on*
10 *December 31, 2014.²*

11 Following the discussions between the Cooperative and Staff, SSVEC is willing to accept
12 a time-limit that the Cooperative believes will provide additional time and flexibility to
13 complete its financing without having to secure additional Commission approval of an
14 extension of the deadline, if it becomes necessary. Accordingly, SSVEC hereby requests
15 that the 2014 deadline be changed to 2016.

16 **Interest Rate for CREBs Loan**

17 The Comments indicate that due to Internal Revenue Service policy changes
18 regarding CREBs loans, the interest rate for the CREBs loan will be 2% and that the
19 reference to the 1% interest set forth in the Proposed Order should be amended to reflect
20 2%. The Cooperative and Staff have agreed that the change in interest rate does not
21 materially impact the financial analysis. Accordingly, the Cooperative and Staff agree
22 that the amendment proposed by the Cooperative relating to the interest rate should be
23 adopted.

24 **Conclusion**

25 On the basis of the foregoing, SSVEC requests that the Commission amend the
26 Proposed Order consistent with the proposed amendments set forth in the attached
27 Revised Exhibit A.

28 ² Proposed Order at page 6, lines 11-12.

1 RESPECTFULLY SUBMITTED this 3rd day of March, 2011.

2 SNELL & WILMER L.L.P.

3
4 By 
5 Bradley S. Carroll
6 One Arizona Center
7 400 East Van Buren
8 Phoenix, Arizona 85004-2202
9 Attorneys for Sulphur Springs Valley Electric
10 Cooperative, Inc.

11 ORIGINAL and 13 copies filed this
12 3rd day of March, 2011, with:

13 Docket Control
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington
16 Phoenix, Arizona 85007

17 COPY of the foregoing hand-delivered
18 this 3rd day of March, 2011, to:

19 Gary Pierce, Chairman
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 Bob Stump, Commissioner
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REVISED EXHIBIT A

PROPOSED AMENDMENTS

INTEREST RATE FOR CREBS LOAN

On page 2, line 19, CHANGE “1” to “2”.

PROPOSED CONDITIONS

Page 5, line 1, after “recommendations” ADD “as modified below.”

Page 5, line 4, after “recommendations” ADD “as modified below”.

Page 6, line 12: CHANGE “2014” to “2016”.

MAKE ALL CONFORMING CHANGES