

ORIGINAL

NEW APPLICATION



0000124630

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

GARY PIERCE, CHAIRMAN 2011 APR 15 P 3: 56

BOB STUMP

SANDRA D. KENNEDY

PAUL NEWMAN

BRENDA BURNS

AZ CORP COMMISSION  
DOCKET CONTROL

E-01787A-11-0165

IN THE MATTER OF THE APPLICATION  
OF NAVOPACHE ELECTRIC  
COOPERATIVE, INC., AN ELECTRIC  
COOPERATIVE NONPROFIT  
MEMBERSHIP CORPORATION, FOR  
AUTHORIZATION TO SECURE A  
\$49,329,000 RUS GUARANTEED FEDERAL  
FINANCING BANK LOAN AND TO  
PLEDGE, MORTGAGE, LIEN AND/OR  
ENCUMBER UTILITY ASSETS IN  
RELATION THERETO.

DOCKET NO. E-01787A-11-\_\_\_\_\_

**FINANCE APPLICATION**  
**(Expedited Action Requested)**

Arizona Corporation Commission

**DOCKETED**

APR 15 2011

DOCKETED BY

*me*

Navopache Electric Cooperative, Inc. ("Navopache" or "Cooperative") by and through undersigned counsel, and pursuant to A.R.S. §§40 -285 and 40-301 *et seq.*, submits the following Financing Application ("Application") requesting an Order from the Arizona Corporation Commission ("Commission") authorizing Navopache to: (a) borrow up to \$49,329,000.00 (the "Loan") from the Federal Financing Bank ("FFB Bank"), guaranteed by the Rural Utilities Service ("RUS") to finance the Cooperative's Four Year Construction Work Plan for the 2010 – 2013 period ("Work Plan"), (b) execute related loan documents and (c) grant liens and encumbrances on Navopache's utility assets.

**Basis for Request for Expedited Action**

By letter dated April 12, 2011, received on or about April 13, 2011, RUS notified Navopache that all loan documents need to be executed and returned within 90 days or by July 11, 2011. Navopache, however, cannot execute the documents without first

1 securing Commission authorization to do so. Therefore, Navopache respectfully requests that  
2 this financing application receive expedited review and action.

3 In support of its Application, Navopache states as follows:

4 1. Navopache is a nonprofit electric distribution cooperative and a public  
5 service corporation duly formed, existing and operating within the State of Arizona. A copy  
6 of its Certificate of Good Standing issued by the Commission is attached hereto as **Exhibit A**.

7 2. Navopache holds a Certificate of Convenience and Necessity to provide  
8 Standard Offer Electric Service to its member-customers in Apache, Navajo, Greenlee, and  
9 Gila Counties in Arizona. Navopache also provides electric service to its member-customers  
10 in Catron County, New Mexico. Navopache is an all-requirements customer of Public  
11 Service Company of New Mexico and does not own generation or transmission facilities. The  
12 Cooperative's service area includes many mountainous areas with elevations of 5,000 to  
13 11,000 feet and much of its system is located on Federal lands and in heavily wooded areas.

14 3. The Commission has jurisdiction over Navopache and the subject matter  
15 of this Finance Application pursuant to Article 15 of the Arizona Constitution and Title 40 of  
16 the Arizona Revised Statutes.

17 4. As reflected in the unaudited RUS Form 7 for the period ending  
18 December 31, 2010 attached hereto as **Exhibit B**, Navopache currently provides electric  
19 service to approximately 33,000 members over 3,480 miles of distribution and sub-  
20 transmission line within the Cooperative's 10,000 square mile service area.

21 5. By Resolution adopted September 22, 2010, the Navopache Board of  
22 Directors approved Navopache's Work Plan involving \$51,856,000 of expenditures on the  
23 designated items and projects (the "Work Plan") and directed management to complete the  
24 projects on a timely basis. **A copy of the Resolution is attached as Exhibit C.**

25 6. By communication dated October 8, 2010, Larry McGraw, General Field  
Representative of the RUS notified Navopache that the Work Plan was satisfactory for loan

1 contract purposes and on or about October 27, 2010 Navopache submitted a loan application  
 2 to the RUS in the amount of \$49,329,000 for a term of thirty-five years. By communication  
 3 dated February 8, 2011, RUS advised Navopache that a loan guarantee commitment in the  
 4 amount of \$49,329,000 had been approved for the Cooperative in connection with the projects  
 5 described in the RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers  
 6 dated October 27, 2010. A copy of the RUS communication, together with the RUS Form  
 7 740c that accompanied it is attached as **Exhibit D**.

8 7. Major components of the Work Plan include:

- 9 • Construct 75 miles of underground and Overhead Distribution \$ 8,956,000
- 10 • Construct 11.90 miles of new tie-lines \$ 1,663,000
- 11 • Rebuild 31.5 miles of 3 phase lines \$ 2,980,000
- 12 • Convert 4.4 miles of 1-phase to 3-phase \$ 472,000
- 13 • Purchase Mobile Substation \$ 1,265,000
- 14 • Upgrade Vernon Switching Station to Substation \$ 417,000
- 15 • Increase Transformer capacity at Heber Sub \$ 969,000
- 16 • Add 10 MVA transformer at Springer Mtn Sub \$ 621,000
- 17 • Add 10 MVA transformer at Wagon Wheel Sub \$ 1,283,000
- 18 • Improvements at St. Johns, Stevens & Round Valley Substations \$ 249,000
- 19 • Transformers & Meters \$10,699,000
- 20 • SCADA System Upgrades \$ 289,000
- 21 • Upgrade Microwave/Communications \$ 272,000
- 22 • Oil Containment at Coronado Generating Plant \$ 55,000
- 23 • 69kV improvements @ Vernon Switching Station \$ 1,414,000
- 24 • 69kV improvements @ Show Low Switching Station \$ 1,760,000

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- Warehouse and Storage Facility \$ 7,000,000
- Administration Building \$ 5,000,000

8. In response to Navopache's deferral of a number of projects contained in its 2004 – 2008 Work Plan to the present Work Plan (due to poor economy's impact on load growth) and Navopache's need for improved warehouse and storage facilities, the Commission, amended Decision No. 68691 by Decision Nos. 71859 and 72010 and authorized Navopache to expend up to \$7,000,000 of a previously secured RUS \$33 Million loan on the Warehouse and Storage Facility. Construction on the Warehouse and Storage facility is ongoing. Since the loan funds had not been drawn when the current RUS Application was submitted, RUS required the funds be included in the new Navopache application.

9. The Loan is for lawful purposes, within Navopache's corporate powers, compatible with the public interest, within sound financial practices, and within the proper performance by Navopache as a public service corporation. The Loan will not impair the Cooperative's ability to provide electric service to its customers as a public service corporation and, in fact, is necessary to fund necessary and appropriate system improvements and upgrades for Navopache to provide reliable electric service to the public.

10. Navopache proposes to execute and deliver to FFB a promissory note (the "Note") at a variable interest rate payable as set forth in the Note. Navopache estimates that the average interest rate on the Note will not exceed five percent (5%). The interest rates for FFB loans guaranteed by RUS closely reflect the interest rate for United States Treasury bonds. The interest rate on the Note will be determined on the day of drawing down on the Note. Navopache will provide a copy of the Note to the Commission's Staff when it becomes available to Navopache. The Note will be secured by a mortgage (Restated Mortgage and Security Agreement - with the United States of America as the mortgagee – the "Mortgage")

1 and will be subject to an RUS Loan Contract that imposes rigid conditions for RUS'  
2 monitoring of Navopache's financial condition.

3 11. The Loan and all borrowings to finance the Work Plan are dependent  
4 upon authorization by this Commission and any amendment to the RUS Work Plan is subject  
5 to RUS approval.

6 12. It is necessary to the proper operation of Navopache's electric  
7 distribution and transmission system that the Loan/Note, RUS Loan Contract and Mortgage  
8 be authorized by the Commission, and that the same be executed, and the proceeds be applied  
9 to the construction and operation of Navopache's distribution and transmission system  
10 consistent with Navopache's Construction Work Plan, as that Plan may be amended from time  
11 to time subject to RUS approval, provided the total loan proceeds secured under this  
12 authorization do not exceed the \$49,329,000 amount authorized.

13 13. The aggregate amount of securities outstanding, and proposed to be  
14 outstanding, will not exceed the fair value of Navopache's properties and business.

15 14. Navopache is preparing to publish notice substantially in the form  
16 attached hereto as **Exhibit E** and will docket proof of publication when available.

17 15. All communications concerning this Application, including, but not  
18 limited to discovery and data requests should be directed to:

19 Michael Curtis, Esq.  
20 William P. Sullivan, Esq.  
21 Melissa A. Parham, Esq.  
22 Curtis, Goodwin, Sullivan,  
23 Udall & Schwab, P.L.C.  
24 501 East Thomas Road  
25 Phoenix, Arizona 85012-3205  
E-mail: mcurtis401@aol.com  
wsullivan@cgsuslaw.com  
mparham@cgsuslaw.com

1 With a copy to:

2 Paul O'Dair, Manager of Finance  
3 NAVOPACHE ELECTRIC COOPERATIVE, INC.  
4 Post Office Box 308  
5 Lakeside, Arizona 85929  
6 Email: podair@navopache.org

7 WHEREFORE, Navopache Electric Cooperative, Inc. having fully stated its  
8 Application and showing that it is in the public interest for the Cooperative to obtain the Loan  
9 to ensure an adequate, efficient and reliable transmission and distribution system to serve its  
10 customers, requests that the Commission:

- 11 1. Accept this Application for filing;
- 12 2. Issue a Procedural Order setting forth the type and manner of any  
13 additional notice that may be required;
- 14 3. Authorize Navopache to borrow \$49,329,000.00 for the lawful purposes  
15 set forth in Navopache Work Plan, as RUS may authorize it to be amended from time to time,  
16 and to authorize the Cooperative to take such actions necessary and appropriate to secure the  
17 Loan and to pledge, mortgage, lien and encumber its utility assets; and
- 18 4. Grant such other relief as may be in the public's interest.

19 RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of April, 2011.

20 CURTIS, GOODWIN, SULLIVAN,  
21 UDALL & SCHWAB, P.L.C.

22 By: 

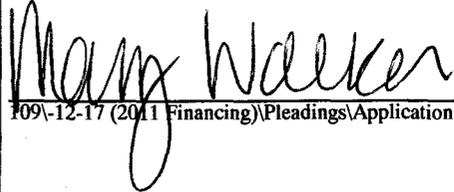
23 Michael A. Curtis  
24 William P. Sullivan  
25 Melissa A. Parham  
501 East Thomas Road  
Phoenix, Arizona 85012-3205  
Attorneys for Navopache Electric  
Cooperative, Inc.

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**PROOF OF AND CERTIFICATE OF MAILING**

I hereby certify that on this 15<sup>th</sup> day of April, 2011, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

  
109-12-17 (2011 Financing)\Pleadings\Application 04 15 11

# EXHIBIT A

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
**CERTIFICATE OF GOOD STANDING**

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*NAVOPACHE ELECTRIC COOPERATIVE, INC.\*\*\***

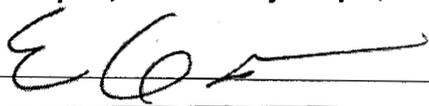
a domestic nonprofit corporation organized under the laws of the State of Arizona, did incorporate on August 19, 1946.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Nonprofit Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-3122, 10-3123, 10-3125, & 10-11622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of April, 2011, A. D.



  
Executive Director

By: \_\_\_\_\_ 596605

# EXHIBIT B

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION AZ0013

PERIOD ENDED December, 2010

BORROWER NAME Navopache Electric Cooperative Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	40,128,777	42,393,903	41,412,574	3,708,677
2. Power Production Expense				
3. Cost of Purchased Power	20,242,279	22,683,372	21,643,060	2,007,499
4. Transmission Expense	121,523	137,838	109,935	14,928
5. Regional Market Expense				
6. Distribution Expense - Operation	2,953,935	2,614,639	2,869,165	371,512
7. Distribution Expense - Maintenance	2,911,374	2,218,668	2,416,943	224,404
8. Customer Accounts Expense	3,126,261	2,997,409	2,942,029	309,983
9. Customer Service and Informational Expense	380,356	275,193	342,449	30,461
10. Sales Expense	250,021	197,826	245,477	13,332
11. Administrative and General Expense	4,083,991	4,433,478	3,814,939	634,616
12. Total Operation & Maintenance Expense (2 thru 11)	34,069,740	35,558,423	34,383,997	3,606,735
13. Depreciation and Amortization Expense	3,330,061	3,532,302	3,548,767	304,818
14. Tax Expense - Property & Gross Receipts	16,861	18,005	24,338	1,275
15. Tax Expense - Other	34,355	109,086	40,246	11,970
16. Interest on Long-Term Debt	2,097,424	2,058,336	2,565,395	160,565
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	42,738	42,987	45,901	3,694
19. Other Deductions	22,368	73,611	13,706	542
20. Total Cost of Electric Service (12 thru 19)	39,613,547	41,392,750	40,622,350	4,089,599
21. Patronage Capital & Operating Margins (1 minus 20)	515,230	1,001,153	790,224	(380,922)
22. Non Operating Margins - Interest	63,965	69,355	63,861	5,099
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	3,277	6,848	(13,156)	(1,826)
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	121,370	90,066	185,229	25,183
Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	703,842	1,167,422	1,026,158	(352,466)

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION

AZ0013

PERIOD ENDED

December, 2010

INSTRUCTIONS - See help in the online application.

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	492	404	5. Miles Transmission	263.00	263.63
2. Services Retired	150	198	6. Miles Distribution -- Overhead	2,609.56	2,612.34
3. Total Services in Place	42,621	42,827	7. Miles Distribution - Underground	604.39	606.94
4. Idle Services (Exclude Seasonals)	2,889	3,087	8. Total Miles Energized (5 + 6 + 7)	3,476.95	3,482.91

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	119,696,116	30. Memberships	164,830
2. Construction Work in Progress	3,598,627	31. Patronage Capital	25,229,423
3. Total Utility Plant (1 + 2)	123,294,743	32. Operating Margins - Prior Years	(2,998,254)
4. Accum. Provision for Depreciation and Amort.	49,600,584	33. Operating Margins - Current Year	0
5. Net Utility Plant (3 - 4)	73,694,159	34. Non-Operating Margins	0
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	880,323
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	23,276,322
8. Invest. in Assoc. Org. - Patronage Capital	687,040	37. Long-Term Debt - RUS (Net)	55,106,616
9. Invest. in Assoc. Org. - Other - General Funds	100,200	38. Long-Term Debt - FFB - RUS Guaranteed	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,336,119	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	3,862,062
12. Other Investments	41,544	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
Special Funds	0	42. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13)	2,164,903	43. Total Long-Term Debt (37 thru 41 - 42)	58,968,678
15. Cash - General Funds	467,273	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	5	45. Accumulated Operating Provisions and Asset Retirement Obligations	1,539,344
17. Special Deposits	1,370,839	46. Total Other Noncurrent Liabilities (44 + 45)	1,539,344
18. Temporary Investments	4,493,570	47. Notes Payable	0
19. Notes Receivable (Net)	13,140	48. Accounts Payable	2,630,949
20. Accounts Receivable - Sales of Energy (Net)	2,960,911	49. Consumers Deposits	771,404
21. Accounts Receivable - Other (Net)	513,583	50. Current Maturities Long-Term Debt	2,547,012
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	3,645,098	52. Current Maturities Capital Leases	0
24. Prepayments	494,200	53. Other Current and Accrued Liabilities	1,356,469
25. Other Current and Accrued Assets	232,524	54. Total Current & Accrued Liabilities (47 thru 53)	7,305,825
26. Total Current and Accrued Assets (15 thru 25)	14,191,143	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	2,299,653
28. Other Deferred Debits	3,339,617	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	93,389,822
29. Total Assets and Other Debits (5+14+26 thru 28)	93,389,822		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION AZ0013
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2010

**PART D. NOTES TO FINANCIAL STATEMENTS**

Navopache Electric Cooperative experienced a major winter snow storm in January 2010 that qualified for FEMA assistance. Navopache submitted approximately \$492,000 to FEMA and has met all FEMA filing requirements.

FEMA has not completed their audit of Navopache records and field work.

Navopache has recorded the expected FEMA reimbursement as an account receivable, 142.70 FEMA Receivable. The account receivable was reviewed and approved by Navopache's auditors and is reflected in the audited financial statements.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION AZ0013

PERIOD ENDED December, 2010

INSTRUCTIONS - See help in the online application.

PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	86,145,815	8,963,369	1,837,454	1,741	93,273,471
2. General Plant	11,573,289	279,740	480,798	71,166	11,443,397
3. Headquarters Plant	2,006,465	67,265			2,073,730
4. Intangibles	228,075				228,075
5. Transmission Plant	12,061,288		5,510		12,055,778
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	621,665				621,665
8. Total Utility Plant in Service (1 thru 7)	112,636,597	9,310,374	2,323,762	72,907	119,696,116
9. Construction Work in Progress	4,997,364	(1,398,737)			3,598,627
10. Total Utility Plant (8 + 9)	117,633,961	7,911,637	2,323,762	72,907	123,294,743

PART F. MATERIALS AND SUPPLIES

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	4,147,681	2,141,778	63,718	2,812,815	32	(20,211)	3,520,119
2. Other	80,167	217,709		171,771		(1,126)	124,979

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	
Present Year	52.980	516.900	58.086	414.792	1,042.758
Five-Year Average	10.596	103.380	11.617	82.958	208.551

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	104	4. Payroll - Expensed	5,696,663
2. Employee - Hours Worked - Regular Time	221,372	5. Payroll - Capitalized	1,637,520
3. Employee - Hours Worked - Overtime	10,236	6. Payroll - Other	560,880

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	0	2,654,881
	b. Special Retirements	147,296	1,872,307
	c. Total Retirements (a + b)	147,296	4,527,188
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power		
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	16,890	
	c. Total Cash Received (a + b)	16,890	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	\$ 62,836	2. Amount Written Off During Year	\$ 216,195
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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION  
AZ0013

INSTRUCTIONS - See help in the online application

PERIOD ENDED  
December, 2010

PART K. kWh PURCHASED AND TOTAL COST

No	ITEM	RUS USE ONLY SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Public Service Company of NM	15473			417,709,726	21,946,614	5.25		
2	Western Area Power Admin	27000			24,726,787	736,758	2.98		
3	*Adjustments	600000					0.00		
	Total				442,436,513	22,683,372	5.13		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION  AZ0013	
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2010	
<b>PART K. kWh PURCHASED AND TOTAL COST</b>			
<b>No</b>	<b>Comments</b>		
1			
2			
3			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION AZ0013
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2010

**PART L. LONG-TERM LEASES**

No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Arizona State Land Department	land	14,717
2	Phillip Swapp	land	1,000
3	Tansey Houghton	land	50
4	Jeanne Hatch	land	3,600
5	Earl Properties	land	3,600
6	Jefferson Larson	land	46,800
<b>TOTAL</b>			<b>69,767</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION AZ0013
	PERIOD ENDED December, 2010

INSTRUCTIONS - See help in the online application.

PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 9/11/2010	2. Total Number of Members 32,966	3. Number of Members Present at Meeting 212	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 0	6. Total Number of Board Members 8	7. Total Amount of Fees and Expenses for Board Members \$ 157,617	8. Does Manager Have Written Contract? N

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>			BORROWER DESIGNATION AZ0013		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2010		
<b>PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS</b>					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	55,106,616	1,777,488	1,876,208	3,653,696
2	National Rural Utilities Cooperative Finance Corporation	3,862,062	280,847	670,805	951,652
3	CoBank, ACB				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
	<b>TOTAL</b>	<b>58,968,678</b>	<b>2,058,335</b>	<b>2,547,013</b>	<b>4,605,348</b>

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION  
AZ0013  
PERIOD ENDED  
December, 2010

INSTRUCTIONS - See help in the online application.

PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	24,760	24,700	
	b. kWh Sold			210,635,170
	c. Revenue			21,463,212
2. Residential Sales - Seasonal	a. No. Consumers Served	11,500	11,619	
	b. kWh Sold			35,853,753
	c. Revenue			5,205,588
3. Irrigation Sales	a. No. Consumers Served	66	63	
	b. kWh Sold			6,048,755
	c. Revenue			592,054
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	3,663	3,710	
	b. kWh Sold			143,277,536
	c. Revenue			12,888,257
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	7	9	
	b. kWh Sold			20,883,160
	c. Revenue			1,461,147
6. Public Street & Highway Lighting	a. No. Consumers Served	100	100	
	b. kWh Sold			700,813
	c. Revenue			99,255
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		40,096	40,201	
11. Total kWh Sold (lines 1b thru 9b)				417,399,187
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				41,709,513
13. Transmission Revenue				
14. Other Electric Revenue				684,389
15. kWh - Own Use				1,202,968
16. Total kWh Purchased				442,436,513
17. Total kWh Generated				
18. Cost of Purchases and Generation				22,821,210
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				75,509

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION  
AZ0013

PERIOD ENDED  
December, 2010

INSTRUCTIONS - See help in the online application.

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)						
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less						
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale - RUS Borrowers						
9. Sales for Resale - Other						
10. Total						

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION  
INVESTMENTS, LOAN GUARANTEES AND LOANS

BORROWER DESIGNATION  
AZ0013

PERIOD ENDED  
December, 2010

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	CFC Patronage Capital	269,275		33,779	
	ERMCO Patronage Capital	200,595		25,183	
	NISC Patronage Capital	57,781		9,670	
	AECI Patronage Capital	1,200			
	Federated Patronage Capital	157,823		21,434	
	Touch Stone Patronage Capital	366			
	CFC Capital Security	100,000		7,720	
	ERMCO Membership	100			
	GCSECA Membership	100			
	CFC Capital Term Certificates		1,336,119	57,395	
	Totals	787,240	1,336,119	155,181	
<b>4</b>	<b>Other Investments</b>				
	NEC Weatherization Loans	41,544		2,056	
	Totals	41,544		2,056	
<b>6</b>	<b>Cash - General</b>				
	NEC Cash General		467,273		
	Totals		467,273		
<b>7</b>	<b>Special Deposits</b>				
	Arizona Corporation Commission REST	1,370,839			
	Totals	1,370,839			
<b>8</b>	<b>Temporary Investments</b>				
	JP Morgan Chase Sweep		4,493,570		
	Totals		4,493,570		
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	NEC Accounts Receivable & Notes - Net	526,724		454	
	Totals	526,724		454	
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	<b>2,726,347</b>	<b>6,296,962</b>	<b>157,691</b>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION AZ0013
<b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	PERIOD ENDED December, 2010

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**PART Q. SECTION II. LOAN GUARANTEES**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	NEC Weatherization Loans	12/1/2014	70,976	41,544	
2	NEC Computer Loans	12/12/2012	23,032	13,140	
	<b>TOTAL</b>		<b>94,008</b>	<b>54,684</b>	
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION AZ0013
	PERIOD ENDED December, 2010

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**SECTION III. RATIO**

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	2.21 %
--	--------

**SECTION IV. LOANS**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
<b>TOTAL</b>					

# EXHIBIT C



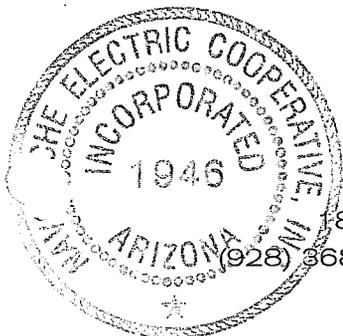
**BOARD RESOLUTION  
FOUR YEAR CONSTRUCTION WORK PLAN**

**BE IT HEREBY RESOLVED**, by the Board of Directors of Navopache Electric Cooperative, Inc. that we have reviewed the Four Year Construction Work Plan covering the period 2010 through 2013 prepared by Exponential Engineering Company.

This Four Year Construction Work Plan is hereby approved by the Board of Directors, and it is recognized as the construction requirements for the planning period.

**BE IT FURTHER RESOLVED**, that the Board of Directors recognize the funds outlined in the Four Year Construction Work Plan in the amount of \$51,856,000 are to be expended for those designated items and projects within the planning period, including headquarter facilities of \$12,000,000; that management is directed to complete the projects on a timely basis, and to use sub-contractors when necessary.

I, **Ann Menges**, Secretary, hereby certify that the foregoing is a true and correct copy of a Resolution adopted on September 22, 2010 by the Board of Directors of Navopache Electric Cooperative, Inc. and that the same has not been altered, amended, rescinded or revoked.



**Ann Menges, Secretary**

1878 West White Mountain Boulevard • Lakeside, Arizona 85929  
(928) 368-5118 • (800) 543-6324 • Fax (928) 368-6038 • [www.navopache.org](http://www.navopache.org)

# EXHIBIT D



United States Department of Agriculture  
Rural Development

Mr. Bradley L. Baker  
President  
Navopache Electric Cooperative, Inc.  
1878 W. White Mountain Blvd.  
Lakeside, Arizona 85929-6348

FEB 8 2011

Dear Mr. Baker:

We are pleased to advise you that a loan guarantee commitment in the amount of \$49,329,000 has been approved for Navopache Electric Cooperative, Inc. (Navopache), by the Rural Utilities Service (RUS). Under this commitment, RUS will guarantee a loan of \$49,329,000 to Navopache from the Federal Financing Bank (FFB) under the terms and conditions set forth in the Note Purchase Commitment and Servicing Agreement dated as of January 1, 1992, as amended, between RUS and FFB. The proceeds of the guaranteed loan, designated "AE8", are to be used by Navopache to finance only the system extensions and additions described in the RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, dated October 27, 2010, enclosed and made a part hereof. Written approval by RUS must be obtained prior to the advancement of any loan proceeds for use for system extensions and additions that are not specifically listed on the attached RUS Form 740c.

The "AE8" loan contract and related documents, together with instructions, will be forwarded in the future for execution. The "AE8" loan is approved with the understanding that the loan documents will be authorized and executed by your organization and returned to us by the date set forth in the letter transmitting the documents.

Please note that this letter does not constitute an approval to advance the loan proceeds. Proceeds are eligible for advancement on the "AE8" after all conditions below have been met and the proper advance request documentation has been submitted to RUS:

1. The RUS has entered into a contract of guarantee with Navopache, and the FFB has agreed, with RUS approval, to make Navopache a guaranteed loan of \$49,329,000 to finance the system extensions and additions described on the enclosed RUS Form 740c;
2. Navopache has submitted evidence, in form and substance satisfactory to the Administrator, that the conditions in the contract of guarantee have been satisfied to the extent and in the manner prescribed by the Administrator;
3. Navopache has submitted evidence, in form and substance satisfactory to the Administrator, that Navopache has duly authorized, executed, and has delivered to the Administrator a RUS loan contract, the FFB Note and the Reimbursement Note in the manner prescribed by the Administrator; and,
4. Navopache has submitted evidence, in form and substance satisfactory to the Administrator, that Navopache has duly authorized, executed, delivered,

1400 Independence Ave. SW • Washington, DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

recorded, and filed a mortgage or other security instrument, if required, which is in form and substance satisfactory to the Administrator.

**Please note that the approval of this loan guarantee commitment is an offer to Navopache of the "AES" guaranteed loan. Your acknowledgment and acceptance of the "AES" guaranteed loan is subject to the specified terms and conditions identified above. Your acknowledgement and acceptance must be received by RUS, by signature, within 14 calendar days from the date of this letter; otherwise, the commitment will be VOID. The Chairman or the Board President authorized by your organization to execute the loan documents must execute, date, and return this commitment. The executed and dated commitment may be faxed or scanned and e-mailed to:**

Ms. Robin Heller  
Facsimile Number: [202] 205-5067  
E-Mail Address: [LoanCommitment@wdc.usda.gov](mailto:LoanCommitment@wdc.usda.gov)

The original executed and dated commitment must immediately follow by mail to:

Ms. Robin Heller  
U.S. Department of Agriculture,  
Rural Utilities Service, Electric  
1400 Independence Avenue, SW  
Room 0210-S, Stop 1567  
Washington, DC 20250

Sincerely,



Jonathan Adelstein  
Administrator  
Rural Utilities Service



Enclosure - RUS Form 740c

cc: Mr. David C. Plumb, CEO  
NRUCFC

**ACKNOWLEDGED AND ACCEPTED BY:**

\_\_\_\_\_  
[Name]

\_\_\_\_\_  
[Title-Loan Approver]

\_\_\_\_\_  
[Date]







COST ESTIMATE AND LOAN BUDGET FOR ELECTRIC BORROWERS		BORROWER AND LOAN DESIGNATION	AZ13 AEB NAVAJO
SECTION A. COST ESTIMATES (cont.)		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	5. ACQUISITIONS		
1401	a. _____ Consumers _____ Miles	\$ -	
1402	b. _____	-	
	<b>TOTAL ACQUISITIONS.....</b>	\$ -	
1500	6. ALL OTHER		
1501	a GIS Computer Hardware	\$ -	
1502	b GIS Computer Software	-	
1503	c Initial Data Collection Field Inventory Costs	-	
1504	d. _____	-	
1505	e. _____	-	
	<b>TOTAL ALL OTHER.....</b>	\$ -	

**SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING**

1. GRAND TOTAL - ALL COSTS .....		\$ 56,329,000	56,329,000
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds .....	\$ 7,000,000		
b. Materials and Special Equipment .....	-		
c. General Funds .....			
Purpose 1	\$ -		
Purpose 2	\$ -		
Purpose 3	\$ -		
Purpose 4	\$ -		
Purpose 5	\$ -		
Purpose 6	\$ -		
Total General Funds Applied .....	\$ -		
d. Total Available Funds and Materials .....		\$ 7,000,000	7,000,000
3. NEW FINANCING REQUESTED FOR FACILITIES .....		\$ 49,329,000	49,329,000
4. RUS LOAN REQUESTED FOR FACILITIES .....	100%	\$ 49,329,000	49,329,000
5. TOTAL SUPPLEMENTAL LOAN REQUESTED .....		\$ -	
<u>National Rural Utilities Cooperative Finance Corporation</u>			
<i>Name of Supplemental Lender</i>			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only) ...	0%	\$ -	
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES .....	0%	\$ -	
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-14)*		\$ -	

\* Identify in section A by budget purpose and separate subtotals.

**SECTION C. CERTIFICATION**

*We, the undersigned, certify that:*

- Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.
- Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.
- The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with 7 CFR 1710.401(a)(3)

10/27/2010

Date

DAVID C. PLUMB, CEO

10/27/2010

Date

BRADLEY BAKER, PRESIDENT

NAVOPACHE ELECTRIC COOPERATIVE, INC.

Corporate Name of Borrower

GFR Initials



Attachment to 740c  
**AZ13 AE8 NAVAJO**  
Borrower and Loan Designation

### STATEMENT

Statement certifying that at least 90% of the Loan funds are for facilities with a useful life of 33 years or longer as required by 7 CFR 1710.115.

To facilitate the determination of the final maturity for this RUS Loan,  
**NAVOPACHE ELECTRIC COOPERATIVE, INC.**  
does hereby certify that:

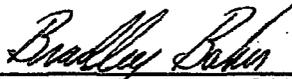


At least 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer.



Less than 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer. A schedule has been attached to this statement listing the facilities with an anticipated useful life of less than 33 years, the anticipated useful life of those facilities and the associated cost estimates (see attached).

10/27/2010  
Date

  
BRADLEY BAKER, PRESIDENT

**U.S. DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE**

**APPLICATION FOR HEADQUARTERS FACILITIES**

**INSTRUCTIONS - Submit to RUS an original and four (4) copies and applicable supporting data. See reverse for detailed instructions.**

Form Approved  
9-72-9832

**MEMBER ORGANIZATION**  
Arizona 13 Navajo

**NAME OF BORROWER**

Navopache Electric Cooperative, Inc.

**1. PURPOSE OF PROJECT (Purchase, remodel or construct, main or branch facilities)**

**2. ESTIMATED COST OF PROJECT:**

- a. PURCHASE PRICE OF PROPERTY (exclude value of land and show in Item p).....
- b. NET COST OF CONSTRUCTION 20,000 Sq. Ft. @ 165.00 Per Sq. Ft.)
- c. NET COST OF REMODELING.....
- d. NET COST OF CONSTRUCTION..... Sq. Ft. @..... Per Sq. Ft.)
- e. NET COST OF REMODELING.....
- f. AIR CONDITIONING.....
- g. SITE DEVELOPMENT (Grading, roads, drainage structures, etc.).....
- h. FENCE 380 LINEN FT. @ 64.00 PER FT. (Height 6.10" Ft.)
- i. WATER SUPPLY (Well, well house, pump, long connection to main, water treatment, etc.).....
- j. SEWERAGE SYSTEM (Disposal System, long connection to main, etc.).....
- k.....
- l.....
- m. EQUIPMENT.....
- n. SIGNAGE.....
- o. ARCHITECTURAL SERVICES.....
- p. LAND.....
- q. OTHER EXPENSES.....
- r. TOTAL.....

MEMBER'S ESTIMATED COST	FOR THE ONLY
\$	\$
3,300,000	
Included	
24,320	
20,000	
30,000	
400,000	
4,724,320	\$
350,574	
5,000	
5,029,894	\$

**3. INVESTMENT GUIDELINES (See Paragraph III, RUS Bulletin 86-3, Headquarters Facilities for Electric Borrowers):**

- a. TOTAL INVESTMENT PLAN (RUS Form 7a, Part A, Item 12).....
- b. TOTAL ESTIMATED REIMBURSABLE COST LESS LAND (Item 2r minus 2p above).....
- c. TOTAL INVESTMENT IN REIMBURSABLE FACILITIES TO BE REPAID (RUS Account 390, Structures and Improvements).....
- d. TOTAL ESTIMATED INVESTMENT IN REIMBURSABLE FACILITIES (Item 3b plus 3c).....
- e. MEMBER PERCENT OF REPAIR.....
- f. MEMBER DEFICIT (Explain need for funds in excess of zero under "Remarks" below).....

\$12,636,597
5,029,894
1,477,449
6,507,343
7,884,561
\$1,377,219

\*Does not apply to power type borrowers

4a. NO. OF EMPLOYEES REQUIRING SEAT SPACE <u>47</u>	4b. NO. OF VEHICLES TO BE PARKED <u>0</u>	4c. NUMBER OF FINANCING 1. NEW LOAN <input checked="" type="checkbox"/> 2. GENERAL FUNDING 3. OTHER FINANCING 4. OTHER	\$5,000,000
4d. HAS ARCHITECT ASSIST IN PREP. OF COST ESTIMATES <input type="checkbox"/> YES <input type="checkbox"/> NO			
4e. NAME OF ARCHITECT <u>Associated Architects</u>			\$5,000,000

**REMARKS** Office facilities to provide adequate work space for employees and members. These data approved in accordance with a resolution adopted by the Board of Directors on 20. The facilities described on this application will be designed and constructed to comply with the minimum standards contained in the American National Standards No. A117.1-1961, to insure that the facilities will be made accessible to and usable by the physically handicapped as required by Public Law 90-480 (42 U.S.C. 4151). The following portions of the project need not be made accessible to, or usable by the public or the physically handicapped because of their intended use:  
(Insert "None" or describe fully with the supporting data).

SIGNATURE OF BORROWER	DATE	SIGNATURE OF PRESIDENT	DATE
-----------------------	------	------------------------	------

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 4372-0032. The time required to complete this information collection is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

# EXHIBIT E

**PUBLIC NOTICE OF  
AN APPLICATION FOR AN ORDER  
AUTHORIZING THE ISSUANCE OF \$49,329,000 INDEBTEDNESS**

Navopache Electric Cooperative, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to borrow \$49,329,000 from the Federal Financing Bank guaranteed by the Rural Utilities Service to finance the Company's RUS approved Work Plan. The Application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona as Docket No. E-01787A-11-\_\_\_\_\_ and at the Company's office in Pinetop-Lakeside, 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, 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 the Applicant c/o Michael A. Curtis, Curtis, Goodwin, Sullivan, Udall & Schwab, PLC, 501 East Thomas Road, Phoenix, Arizona 85012.

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 15<sup>th</sup> day after this notice.