

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION
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COMMISSIONERS

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2011 AUG 25 P 3: 30

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 25 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF NAVOPACHE ELECTRIC
COOPERATIVE, INC., AN ELECTRIC
COOPERATIVE NONPROFIT
MEMBERSHIP CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS PROPERTY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RETURN THEREON AND
TO APPROVE RATES DESIGNED TO
DEVELOP SUCH RETURN.

DOCKET NO. E-01787A-11-0186

NAVOPACHE ELECTRIC
COOPERATIVE, INC.'S MOTION TO
CLARIFY/AMEND AUGUST 22, 2011
PROCEDURAL ORDER

Navopache Electric Cooperative, Inc. ("NEC" or "Cooperative"), by and through undersigned counsel, hereby moves to clarify and amend certain aspects of the August 22, 2011 Procedural Order (the "PO") related to the notice requirements. The PO states "Navopache shall mail to each of its customers a copy of the above notice as a bill insert beginning with the first available billing cycle." Due to practical realities associated with NEC's billing procedures (NEC has missed the deadline set by its outside vendor for making inserts to the September billing statements) the inserts will be inserted with the October billing cycle and will not be completed until October 31, 2011. Therefore, NEC will not be able to file certification that the mailing has taken place on or before October 21, 2011 and respectfully requests the PO be amended to require such filing on or before November 11, 2011. Notice will still be completed no later than October 31, 2011 which is 67 days before

1 the deadline for requesting intervention (January 6, 2012) and 93 days before the Staff and
2 Intervenor Direct Testimony is due (February 1, 2012).

3 NEC anticipates being able to complete the publication of the Notice at least
4 twice in a newspaper of general circulation in the Company's service territory by September
5 30, 2011.¹

6 Many of NEC's customers have elected to receive billing statements through
7 electronic mail only, halting delivery by regular mail. NEC seeks clarification that use of e-
8 mail delivery in such circumstances is permissible.

9 NEC normally provides a monthly member communication called HiLites with
10 its billing statements (a copy of which is attached). NEC intends to place the notice in its
11 HiLites and seeks clarification that inclusion in the HiLites is permissible under the PO. If the
12 notice cannot be included within the HiLites insert, then the HiLites will have to be totally
13 eliminated for October. Only one insert a month is permitted by NEC's outside vendor.

14 In summary, NEC seeks to extend the time for filing certification of
15 mailing/publication to November 11, 2011 and clarification that use of e-mail and HiLites as
16 set forth above is permissible under the PO. If such is not currently permitted under the PO
17 and is otherwise acceptable to the Commission, then NEC respectfully requests the PO be
18 amended as necessary to allow the use of email and the HiLites, as set forth above.

19 Counsel for both Commission Staff and IBEW Local 387 (the only other parties
20 to this proceeding) have been provided a copy of this Motion and neither object to the
21 Procedural Order being clarified/amended as requested by Navopache.

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23
24
25 ¹ However, NEC notes that in the past Cooperatives have been required to publish notice at least once,
instead of twice (See, 7/15/11 PO in Dkt. No. E-01750A-11-0136) and wondered if the "at least twice"
was a mistake.

1 RESPECTFULLY SUBMITTED this 25th day of August, 2011.

2 CURTIS, GOODWIN, SULLIVAN,
3 UDALL & SCHWAB, P.L.C.

4 By: 

5 Michael A. Curtis
6 William P. Sullivan
7 Melissa A. Parham
8 501 East Thomas Road
9 Phoenix, Arizona 85012-3205
10 Attorneys for Navopache Electric
11 Cooperative, Inc.

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1 PROOF OF AND CERTIFICATE OF MAILING

2 I hereby certify that on this 25th day of August, 2011, I caused the foregoing document,
3 with attachments, to be served on the Arizona Corporation Commission by delivering the original and
4 thirteen (13) copies of the above to:

5 Docket Control
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, Arizona 85007

9 With a copy of the foregoing e-mailed
10 this 25th day of August, 2011 to:

11 Teena Jibilian
12 dbroyles@azcc.gov
13 dperson@azcc.gov

14 Scott Hesla, Esq.
15 shesla@azcc.gov

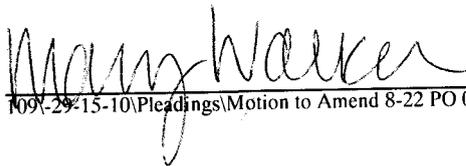
16 Kimberly Ruht, Esq.
17 kruht@azcc.gov

18 Steve Olea
19 solea.azcc.gov

20 Nicholas J. Enoch, Esq.
21 nicholas.enoch@azbar.org.
22 for IBEW Local 387

23 With a copy of the foregoing mailed
24 this 25th day of August, 2011 to:

25 Nicholas J. Enoch, Esq.
Lubin & Enoch, P.C.
349 N. Fourth Avenue
Phoenix, AZ 85003
Attorneys for IBEW Local 387


1097-29-15-10\Pleadings\Motion to Amend 8-22 PO 08 23 11



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- Bradley L. Baker,
President, Dist. 2
- Fred Harper,
Vice President, Dist. 5
- Ann Menges,
Secretary/Treasurer, Dist. 8
- Joseph Kay, Jr.
Dist. 1
- Alvino Hawkins
Dist. 3
- Herman Mineer
Dist. 4
- Steve Heckathorne
Dist. 6
- Bill Arendell
Dist. 7

NEC Management Team

- David Plumb
Chief Executive Officer
- Kevin Streett
Manager of Operations
- Paul O'Dair
Manager of Financial Services
- Ian Fleming
Acting Manager of Information Technology
- Chuck Moore
Manager of Engineering Services
- Natalie Stobs
Manager of Human Resources

Keep Your Account Information Current

Is the information accurate on your NEC account? Are you sure? Often times, members set up their account while getting ready to move to the area. The phone number they give is a number to their old home or old cell phone. Once they move into their new house, most people don't think to call back and update their phone number.

Why is it important for the electric co-op to have your current phone number? During outages or after hours, NEC's phone calls are managed by an automated system. When a member calls to report an outage, the automated phone system can identify you via your phone number. But, if you haven't updated your account with a current phone number, the system will not recognize the number you are calling from, and will ask you for your member number or account number, or you'll have to wait to speak to a representative to report your outage.

In this age of cell phones, many households have several phone numbers associated with it. When you update your account, list your home and cell phone numbers, and then the system can easily identify you no matter which number you call from.

All of this three eight two zero one zero eight is to help you, our members, easily and accurately identify yourself, so that power outages can be identified and restored quickly. To update your account information, you may print your information on your bill stub and return with your payment. You may also update your information through E-Bill on the Navopache website. Just go to www.navopache.org, sign in to E Bill, and select Service My Account to update your phone number. Or, you may speak with a Customer Service Representative at 928-368-5118.

Navopache Electric Cooperative offices will be closed Monday, September 5, 2011 in observation of the Labor Day holiday.

Office hours for the rest of the week will be as follows: Area offices will be open Tuesday through Friday 7am-12pm and 1pm -3:30pm. The Lakeside office will be open Tuesday through Thursday 7 am – 6 pm and Friday 7 am 4 pm.

5870400



What Are My Lighting Options?

Starting in 2012, lightbulbs must be more energy efficient.

The three most common bulb options consumers will find on store shelves are:



Halogen incandescents
Energy Savings:* 25 percent
Lifespan:* Three times longer
Annual Energy Cost: \$3.50



Compact Fluorescent Lamps (CFLs)
Energy Savings:* 75 percent
Lifespan:* 10 times longer
Annual Energy Cost: \$1.20



Light-emitting diodes (LEDs)
Energy Savings:* 75-80 percent
Lifespan:* 25 times longer
Annual Energy Cost: \$1

* As compared to traditional incandescent bulbs

Learn more at energysavers.gov/lighting

Unapproved Notes of the 2010 Annual Meeting

Navopache Electric Cooperative, Inc.
Lakeside, Arizona

The 64th Annual Meeting of Navopache Electric Cooperative, Inc. was held at the Blue Ridge High School Auditorium in Lakeside, Arizona, on September 11, 2010.

Pre-meeting entertainment began at 12:30 p.m. featuring the Blue Ridge High School Harmonic Vision and Chamber Orchestra directed by Theresa Dick.

Call to Order, Invocation, and Pledge of Allegiance.

The meeting was called to order at 1:00 p.m.

An invocation was given by Director Bill Arendell, who then led the "Pledge of Allegiance." Harmonic Vision led the participants in singing the "National Anthem".

Recording Secretary/Parliamentarian

The Chair designated Administrative Assistant, Jennifer Prochnow, as Recording Secretary for this Annual Meeting, and Legal Counsel, Michael Curtis, as Parliamentarian.

Board President Bradley L. Baker asked for a motion to accept the agenda which was passed out at registration. Motion was made, seconded and approved by the membership to accept the agenda.

President Baker thanked the Lakeside Fire Department volunteers for being present today.

Quorum

Secretary/Treasurer Ann Menges reported there were 212 members registered.

The Bylaws state 100 members are required for a quorum. Therefore, a quorum was present.

Annual Meeting Notice, Minutes of 2009 Annual Meeting

Secretary/Treasurer Ann Menges reported she had verified compliance with the Bylaw requirement and that she held letters from National Information Solutions Cooperative (NISC) certifying that the Official Annual Meeting Notice had been mailed with the June and July 2010 electric bills to all Navopache Electric Cooperative Members.

It was moved and seconded that the reading of the Minutes of the Annual Meeting held September 12, 2009, which were available today, be dispensed with and that the minutes be approved as printed. Motion carried.

Introductions

President Baker introduced the Board members and their spouses. He gave a special welcome to the members and thanked them for attending.

Invited guests were introduced, which included: GCSECA CEO Tom Jones, Eagar Town Manager Bill Greenwood, and NEC retiree Tim Rhoton.

Board President's Report

President Baker gave a brief report at this time. He discussed Navopache Electric Cooperative's New Operations Center project, Cap and Trade, and the Arizona Corporation Commission.

Management Update

CEO Dave Plumb was introduced and shared information on the past year for Navopache Electric Cooperative. He discussed the many upgrades to the system Navopache completed, and the largest snowstorms to hit the White Mountains in years.

General Counsel Report

General Counsel Michael A. Curtis was introduced. He reported on renewable energy and REST funds. He then asked if there was any new, old or unfinished business.

New, Old or Unfinished Business

There being no new, old or unfinished business, the meeting was adjourned following the Benediction given by Director Steve Heckathorne at 1:40 p.m. and the prize drawings were held.

Chairman

Date Signed

ATTEST:

Secretary

OFFICIAL NOTICE

The Annual Meeting of the Members of Navopache Electric Cooperative will be held Saturday, September 10, 2011 at the Blue Ridge High School Auditorium in Lakeside, Arizona at 1:00 p.m.

(Registration begins at 10:30 a.m. and closes at 1:00 p.m.)

Members six seven three three zero five must be registered in order to win a prize.

Correction:

In the July 2011 hiLites we incorrectly named the Round Valley scholarship winner as Jeff Udall. The individual's name is Jason Udall. We apologize for our mistake.

Condensed Financial Review

The Condensed Balance Sheet as of December 31, 2010 and the condensed Statement of Revenues and Expenses for the year ending December 31, 2010 presented in the Annual Report have been prepared (based on CPA Audit Reports) by management, who is responsible for their integrity and objectivity.

The statements and related information were prepared in conformity with generally accepted accounting principles and are based on recorded transactions and management's best judgment. For specific audit purposes, the Cooperative uses a fiscal year beginning May 1 and ending April 30 each year. Consequently, an audit has been performed by outside auditing CPA firms for the fiscal years ending April 30, 2011 and 2010.

The most recent complete audit performed by Bolinger, Segars, Gilbert & Moss, Certified Public Accountants is on file at the Cooperative headquarters office in Lakeside, Arizona.

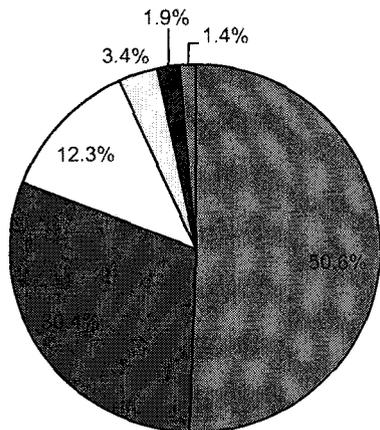
| | | |
|----------------------------|---------------------|---------|
| Electric Revenue | \$42,393,903 | |
| Cost of Power | 22,683,372 | 54.8% |
| Operations and Maintenance | 4,971,145 | 12.0% |
| Customer Service | 3,470,428 | 8.4% |
| Administrative | 4,433,478 | 10.7% |
| Depreciation | 3,332,302 | 8.5% |
| Interest paid | 2,101,323 | 5.1% |
| Other | 200,702 | 0.5% |
| Operating Expenses | \$41,392,750 | 100.00% |
| Net Operating Margins | \$1,001,153 | |

| ASSETS - what we own | 2010 | 2009 | LIABILITIES - what we owe | 2010 | 2009 |
|--------------------------|---------------------|---------------------|---------------------------------------|---------------------|---------------------|
| Total Utility Plant | 123,294,743 | 117,633,961 | REA mortgage Notes | 55,106,616 | 48,482,945 |
| Accumulated Depreciation | (49,600,584) | (47,938,524) | CFC Mortgage Notes | 3,862,062 | 4,448,409 |
| Net Utility Plant | \$73,694,159 | \$69,695,437 | Long Term Debt | \$58,968,678 | \$52,931,354 |
| Associated Organizations | 2,164,903 | 2,207,657 | Notes & Accounts Payable | 5,177,952 | 5,137,033 |
| Cash - General Funds | 467,278 | 5 | Customer Deposits | 771,404 | 721,836 |
| Temporary Investments | 4,493,570 | 3,964,194 | Other Accrued Liabilities | 5,195,466 | 5,179,441 |
| Other Investments | 1,370,839 | 1,199,069 | Payables & Liabilities | \$11,144,822 | \$11,038,310 |
| Cash and Investments | \$8,496,590 | \$7,370,925 | | | |
| Net Accounts Receivable | 3,487,634 | 3,252,977 | EQUITY - our net worth | | |
| Materials and Supplies | 3,645,098 | 4,227,848 | Memberships | 164,830 | 163,100 |
| Prepayments | 494,200 | 506,264 | Patronage Capital | 22,231,169 | 21,211,044 |
| Other Accrued Assets | 3,572,141 | 1,144,423 | Other Equities | 880,323 | 854,066 |
| Other Assets | \$11,199,073 | \$9,131,512 | Total Members Equity | \$23,276,322 | \$22,228,210 |
| TOTAL ASSETS | \$93,389,822 | \$86,197,874 | TOTAL LIABILITIES & EQUITY | \$93,389,822 | \$86,197,874 |

WHERE IT COMES FROM...

REVENUES

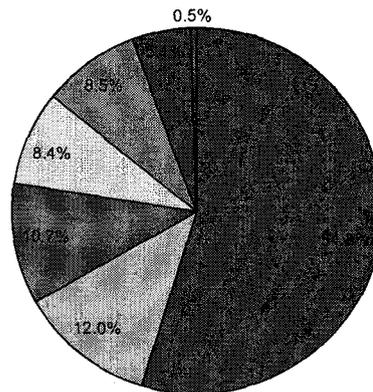
- 1 Residential50.6%
- 2 Small Commercial30.4%
- 3 Seasonal Residential12.3%
- 4 Large Commercial3.4%
- 5 Other1.9%
- 6 Irrigation1.4%



WHERE IT WENT...

EXPENSES

- 1 Cost of Power54.8%
- 2 Operations and Maintenance ..12.0%
- 3 Administration10.7%
- 4 Customer Service8.4%
- 5 Depreciation8.5%
- 6 Interest paid5.1%
- 7 Other0.5%



Recipes

Share Your Favorite Recipes

Navopache Electric Cooperative would love to feature some of your favorite recipes with our readers. Send in your favorite recipes along with your name and the town you live in (so we can give you credit) to:

Navopache Electric Co-op
Attn: "hiLites" Editor
1878 W. White Mountain Blvd.
Lakeside, AZ 85929

Acini di Pepe Salad

- 1 cup acini di pepe pasta
- 1 (20 ounce) can crushed pineapple, drained with juice reserved
- 1 (15 ounce) can mandarin oranges, drained with liquid reserved
- 1 (8 ounce) container frozen whipped topping, thawed
- 7 ounces miniature marshmallows
- 1 cup white sugar
- 2 eggs, beaten
- 1/2 teaspoon salt
- 3 tablespoons all-purpose flour
- 1 (10 ounce) jar maraschino cherries, drained (optional)

Bring a large pot of lightly salted water to a boil. Add pasta and cook for 8 to 10 minutes or until al dente. Drain.

In medium saucepan, combine reserved liquids from pineapple and oranges (equals about 1 1/2 cups), sugar, eggs, salt and flour. Cook until thick, stirring constantly. When mixture becomes thick, add cooked pasta and refrigerate overnight.

The next day, add pineapple and oranges, whipped topping and marshmallows to taste. Mix together and top with cherries if desired. Keep chilled until served.

Slow Cooker Pulled Pork Sandwiches

- 1 (2 pound) pork tenderloin
- 1 (12 fluid ounce) can or bottle root beer
- 1 (18 ounce) bottle your favorite barbecue sauce
- 8 hamburger buns, split and lightly toasted

Place the pork tenderloin in a slow cooker; pour the root beer over the meat. Cover and cook on low until well cooked and the pork shreds easily, 6 to 7 hours. Note: the actual length of time may vary according to individual slow cooker. Drain well. Stir in barbecue sauce. Serve over hamburger buns.

We hide account numbers each month in the "hiLites". If you find your number, please contact our office and we'll give you a \$10 credit on your next Navopache Electric Co-op billing.

Peach Cobbler

Submitted by Bob Rhoton, Vernon

- 1 stick margarine
- 1 cup sugar
- 1 cup flour
- 1 tsp baking powder
- 1/4 tsp salt
- 1 cup milk
- 1 29-oz can sliced peaches, including syrup

Melt margarine in 9 inch baking dish. In a medium bowl, mix remaining ingredients, except peaches, together. Slowly pour mixture over margarine. Do not stir. Spoon the fruit, including syrup, over the flour mixture. Do not stir. Bake in preheated 350 degree oven for 50-60 minutes. Makes 9 servings. Also delicious using apples.

hiLites

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Navopache Electric Cooperative, Inc.
1878 W. White Mountain Blvd.
Lakeside, AZ 85929

1-800-543-6324 • 1-928-368-5118
www.navopache.org



This publication is intended for members of Navopache Electric Cooperative and is mailed with the members' monthly billing. As the official publication of the cooperative, the purpose of "hiLites" is to inform consumers on matters pertaining to cooperative news, rural electrification, safety, efficient use of electricity and improved rural living.



Energy Efficiency "Tip of the Month"

Is your washing machine more than 10 years old? According to the U.S. Department of Energy, families can cut related energy costs by more than a third - and water costs by more than half - by purchasing a clothes washer with an ENERGY STAR label. Choose a front-load or redesigned top-load model.

Source: U.S. Department of Energy