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Sulphur Springs Valley Elect

A Touchstone Energy® Cooperative

311 E. Wilcox, Sierra Vista AZ 85635

Arizona Corporation Commission
Docket Control
1200 W. Washington
Phoenix, AZ 85007

March 26, 2013

REFERENCE DOCKET NO: E-01575A-12-0457

IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC., FOR AN ORDER APPROVING A COMPREHENSIVE CREDIT MANAGEMENT PROGRAM AND SUPERSEDING AND REPLACING CERTAIN CONDITIONS CONTAINED IN DECISION 72237 PERTAINING TO THE REFINANCING OF SSVEC'S EXISTING AND AUTHORIZED DEBT.

Dear Sir or Madam,

Please find the attached reports, along with thirteen copies (13), as they pertain to the credit matter described above:

1. Standard & Poor's Credit Profile and Rating of SSVEC, Inc., dated March 25, 2013.

2. Fitch Ratings Full Rating Report of SSVEC, Inc., dated March 25, 2013.

If you have any questions, or if I may be of further assistance, please do not hesitate to contact me at the phone number shown below.

Respectfully,

Sara Hofer

Sara Hofer on behalf of Kirby Chapman, CFO
Sulphur Springs Valley Electric Cooperative, Inc.
Phone: (520) 515-3495
Email: shofer@ssvec.com

CC: Kirby Chapman

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STANDARD & POOR'S
RATINGS SERVICES

RatingsDirect®

Summary:
Sulphur Springs Valley Electric Cooperative Inc., Arizona; Rural Electric Coop

Primary Credit Analyst:
David N Bodek, New York (1) 212-438-7969; david_bodek@standardandpoors.com

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Peter V Murphy, New York (1) 212-438-2065; peter_murphy@standardandpoors.com

Table Of Contents

Summary:

Sulphur Springs Valley Electric Cooperative Inc., Arizona; Rural Electric Coop

Credit Profile		
Sulphur Springs Vy Elec Co-op ICR		
Long Term Rating	A-/Stable	New

Rationale

Standard & Poor's Ratings Services has assigned its 'A-' issuer credit rating to Sulphur Springs Valley Electric Cooperative Inc. (SSVEC), Ariz. The outlook is stable.

Willcox, Ariz.-based SSVEC is a distribution cooperative that relies on others to supply all of its customers electricity needs. It is a member and one of six owners of its principal power supplier, Arizona Electric Power Cooperative (AEPCO), a generation and transmission (G&T) cooperative. Its 51,000 retail meters exhibit a low customer density of approximately 12 customers per line mile and the system's peak demand was only about 205 megawatts (MW) in 2011 and 2012. The cooperative's service territory covers parts of Cochise, Graham, Pima and Santa Cruz Counties in Arizona. SSVEC also operates the transmission and distribution system serving Fort Huachuca, but does not supply the military base's electricity. The utility earns about half of its operating revenues from residential customers and the balance is nearly evenly split among its irrigation, commercial and industrial customers.

The cooperative reported nearly $108 million of fiscal 2012 (year ended June 30) operating revenues and about $167 million of debt as of June 30, 2012. Another $72.6 million of debt has been authorized but not yet issued. The utility's debt consists of National Rural Utilities Cooperative Finance Corp. (NRUCFC) and CoBank ACB, loans. It plans to refinance its CoBank and NRUCFC obligations with commercial paper (CP) that it can retire with long-term capital market debt.

The rating reflects our views of the following credit strengths:

- In fiscal years 2010-2012, utility operations produced strong accrual coverage of direct debt of at least 1.5x and sound fixed charge coverage of at least 1.2x. Fixed charge coverage treats capacity charges paid to energy suppliers as debt service, rather than as an operating expense because we view capacity charges as funding the suppliers' recovery of their investments in generating capacity. Cash-basis fixed charge coverage was about 10 basis points weaker than accrual fixed charge coverage.
- CoBank and NRUCFC's loan agreements prescribe a threshold debt service coverage ratio of 1.35x, which we view as strong. However, as the utility moves from these lenders to CP and long-term capital market debt, it is unclear whether the utility will continue to be bound by this threshold.
- About half of the utility's energy sales are to residential customers that we associate with revenue-stream predictability. The balance of its sales is split almost evenly among small commercial, large commercial, and irrigation loads, without significant customer concentrations, which SSVEC's low load factor of 47% reflects.

- We believe the nearly 51,000 customers provide breadth and diversity to the revenue stream. However, beyond customers in the city of Sierra Vista, the service area exhibits income levels that are about 20%-30% below the national average, which we view as having the potential to limit the cooperative's financial flexibility.
- A power cost adjustment mechanism enables this rate-regulated utility to recover changes in fuel costs and market power purchases from customers without filing a rate case before the Arizona Corporation Commission (ACC). However, management and the board have discretion in timing SSVEC's cost recovery and the board emphasizes maintaining stable retail rates, which we view as having the potential to erode cash flows.
- The ACC adds the costs of complying with Arizona's renewable energy mandates to retail rates to assure cost recovery.
- Liquidity facilities compensate for nominal unrestricted cash and investments.

We believe these factors temper the cooperative's strengths:

- The Environmental Protection Agency (EPA) has directed SSVEC's principal power supplier, AEPCO, to cut nitrogen oxide, sulfur dioxide, and particulate matter emissions at its Apache generating station. Power plant retrofits needed to address the EPA's directives might double AEPCO's $197 million of debt and pressure the G&T's revenue requirements and already high rates. AEPCO and others are appealing the EPA's orders to reduce emissions at the Apache plant and two other Arizona utilities' coal-fired plants.
- The EPA's mercury rules also expose AEPCO and SSVEC to potentially higher compliance costs. While the utility expects the mercury rules' compliance costs to only increase capital spending needs and operating expenses moderately, we view them as potentially compounding the effects of other EPA regulations' costs.
- AEPCO's two 175 MW coal units at the Apache station are more than 30 years old and many market resources eclipse their efficiency and economics.
- Although SSVEC can make market purchases from suppliers with more favorable variable costs, its fixed cost obligations to AEPCO do not abate.
- Compared with cooperative utilities with autonomous ratemaking authority, state rate regulation of SSVEC and its exposure to adversarial rate proceedings could expose the cooperative's financial performance to delayed rate relief or cost disallowances. However, we view the commission's recent implementation of an abbreviated rate proceeding for cooperative utilities as mitigating the utility's exposure to regulatory lag.
- The ACC's order that established the procedures for streamlining rate cases caps each rate case's increase at 6% of prevailing base rates and limits the number of expedited proceedings to five in 15 years.
- Costly power supply commitments to its principal supplier, AEPCO, and low customer density contribute to average residential retail rates that the Energy Information Administration reports at levels nearly 25% above the state's average residential rate, which we believe could impair ratemaking flexibility.
- Coal resources accounted for about 76% of AEPCO's 2012 electricity generation, which exposes the utility and its lenders to the impacts of potentially higher costs as the EPA pursues more stringent power plant emissions constraints. Purchases from hydroelectric and other resources temper AEPCO's coal concentration.
- We view the utility's debt-to-capitalization ratio of 67% as high for a distribution utility.

Since 2008, the utility has been a partial requirements member of AEPCO. In 2008, SSVEC and another two of AEPCO's six members migrated from full requirements to partial requirements contracts. The three partial requirements customers have fixed entitlements to shares of AEPCO's resources' output and are responsible for a corresponding portion of the utility's debt obligations. They purchase from other suppliers their customers' electricity needs beyond the fixed shares. This arrangement insulates AEPCO's smallest customers from the costs of the additional generation needs of the larger, faster-growing customers. The three largest members represent about 90% of

AEPCO obligations and the other three, about 10%. In 2012, SSVEC purchased almost 70% of its customers' electricity needs from AEPCO and the balance from other suppliers. Market purchases tend to be most prevalent during the summer to meet its retail customers' peak demand requirements. The cooperative is responsible for about 32% of AEPCO's debt service obligations.

Outlook

The stable outlook reflects our assessment of sound coverage of direct debt and fixed off balance sheet obligations to energy suppliers. The utility's significantly residential customer base and the absence of customer concentration also contribute to stability. Although the utility exhibits sound quantitative attributes, AEPCO's exposure to potentially substantial costs for responding to EPA mandates creates financial uncertainty for not only AEPCO, but also SSVEC. Furthermore, the service area's demographics might limit financial flexibility. Consequently, Standard & Poor's believes that these characteristics constrain the rating's upward potential. We could lower the rating during our two-year outlook horizon if the costs of complying with EPA mandates erode financial results, if the service area's income levels are an impediment to rate adjustments, or the utility does not recover costs through its pass-through mechanism in a timely manner.

Related Criteria And Research

USPF Criteria: Applying Key Rating Factors To U.S. Cooperative Utilities, Nov. 21, 2007

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Sulphur Springs Valley Electric Cooperative (AZ)

Implied Senior Secured Obligations

Full Rating Report

Ratings

New Issues

Implied Senior Secured Obligations A–

Rating Outlook

Stable

Note: The SSVEC rating takes into account approximately $168 million of secured debt obligations but is implied because none of the debt is publicly held.

Key Utility Statistics

(Fiscal Year Ended June 30, 2012)

System Type	Distribution Coop
NERC Region	WECC
No. of Electric Meters	51,752
Annual Revenues ($ Mil.)	107
Primary Fuel Source	Coal
Peak Demand (MW)	206
Energy Growth (%)	2.5
Debt Service Coverage (x)	1.96
Days Operating Cash	2
Equity/Capitalization (%)	32.5

Source: SSVEC

Related Research

Fitch Assigns Initial 'A–' Sr. Secured Rating to Sulphur Springs Valley Electric Cooperative, AZ (March 2013)

2013 Outlook: U.S. Public Power and Electric Cooperative Sector (December 2012)

U.S. Public Power Peer Study -- June 2012 (June 2012)

U.S. Public Power Peer Study Addendum: June 2012 (June 2012)

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Key Rating Drivers

Electric Distribution Cooperative: Sulphur Springs Valley Electric Cooperative (SSVEC) is a nonprofit distribution cooperative providing electricity to a primarily residential customer base with approximately 52,000 electric meters in southeastern Arizona.

Partial Requirements Power Supply: Approximately 80% of SSVEC's power supply is provided through a long-term, partial-requirements contract with the Arizona Electric Power Cooperative (AEPCO). Market purchases provide the cooperative's remaining power requirements.

Improved Financials: Financial metrics have steadily strengthened since 2009 as a result of higher energy sales and rate increases implemented in September 2009. Debt service coverage and the equity/ capitalization ratio improved to 1.96x and 32.5%, respectively in fiscal 2012. Very low cash reserves (two days on hand) are supplemented by external short-term lines of credit, but total liquidity is still low for the rating.

Rate Regulated Entity: Financial flexibility at SSVEC and AEPCO is somewhat limited, as rates are subject to approval by the Arizona Corporation Commission (ACC). While the ACC's recent adoption of a streamlined rate process for power cooperatives could result in a more supportive environment, SSVEC's ability to recover costs in a full and timely manner is a concern for Fitch Ratings.

Environmental Cost Pressure: Wholesale power costs for SSVEC may increase significantly depending on the outcome of a still unresolved dispute between AEPCO and the Environmental Protection Agency (EPA) over haze related emissions from its two coal units. AEPCO is appealing the ruling; the timeframe for a resolution is uncertain.

Manageable Capital Needs: SSVEC's system-based capital needs are manageable and largely consist of distribution and subtransmission system improvements.

Mixed Service Area: SSVEC's service area is a mix of semi-urban, rural, and agricultural areas. Energy sales and peak demand have remained fairly stable over the past few years.

Rating Sensitivity

Increased Cost of Power: An unfavorable resolution to the ongoing dispute between the EPA and AEPCO that significantly raises SSVEC's cost of power could put downward pressure on the rating unless offset, as expected, by SSVEC's wholesale power and fuel cost adjustor.

Credit Profile

SSVEC is a nonprofit, distribution cooperative providing electric service to a primarily residential customer base with 51,752 electric meters (fiscal 2012) in southeast Arizona. SSVEC's service area includes most of Cochise County and portions of Pima, Santa Cruz, and Graham counties.

Arizona is one of the few states where municipal and cooperative electric utilities, including SSVEC and its power supplying cooperatives, are subject to fiscal and operating oversight by a state regulatory commission. Fitch generally views state regulatory oversight as an additional risk factor, as state commissions add a layer of uncertainty and lag in terms of cost recovery; a challenge not commonly shared with most other public power entities.

Rating History

Rating	Action	Outlook/ Watch	Date
A–	Assigned	Stable	3/1/2013

Source: Fitch Ratings.

Governance and Management Strategy

SSVEC is governed by a 12-member Board of Directors (Board) that is elected by district within the service territory. The Board provides active oversight and reviews monthly reports (financial and operating) at monthly meetings in addition to approving annual operating and capital budgets.

The Board was comprised of 13 elected members prior to 2010, but has been gradually reduced following a 2009 Board vote to consolidate districts as incumbents left the Board. SSVEC's Board will have nine members when district consolidations are fully phased in.

SSVEC's experienced management team consists of CEO Creden Huber, a chief financial and administrative officer, a chief member services officer, and a chief operations and engineering officer.

AEPCO Member

SSVEC is one of the original four members of AEPCO, a generation and transmission cooperative originally formed in 1961. AEPCO restructured into three legally separate cooperatives in 2001. AEPCO remained as the generation cooperative; Southwest Transmission Cooperative (SWTC) was created as the transmission and delivery cooperative; and Sierra Southwest Cooperative Services (Sierra) became the staffing provider. Collectively, the three entities are referred to as Arizona's generation and transmission (G&T) cooperatives.

SSVEC is the largest of the six AEPCO class A members (members) and accounts for approximately 31.7% of AEPCO's generation capacity. The three largest members, which collectively account for 90% of AEPCO's capacity, all modified their contracts to partial from full requirements over the past decade; SSVEC's contract was modified in 2008.

Several senior management changes have occurred at AEPCO in the past year. SSVEC believes this should allow for more open dialogue and enhance the working relationship between AEPCO and its member systems. SSVEC recently expanded its relationship with AEPCO to include scheduling and power supply management services starting in June 2013 after having contracted with Western Area Power Administration (WAPA) for those services since moving to partial requirements in 2008.

Related Criteria

U.S. Public Power Rating Criteria, (December 2012)

Criteria for Assigning Short-Term Ratings Based on Internal Liquidity (June 2012)

Revenue-Supported Rating Criteria (June 2012)

Assets and Operations

Power Supply

SSVEC has several contractual relationships for the purchase of wholesale electricity. The largest of the relationships is with AEPCO, which accounts for approximately 70%–80% of SSVEC's annual needs (170 megawatts [MW] contracted through 2035). SSVEC's entitlement is two-tiered under the power contract, allowing SSVEC to schedule its base load from AEPCO's coal and hydro resources without scheduling for its peaking needs from AEPCO's natural gas-fired (peaking) resources.

SSVEC purchases approximately 40 MW of its total energy supply pursuant to term-purchase power agreements with various suppliers within the Western Systems Power Pool (WSPP). These purchases are completed using a laddering strategy that layers blocks of power in quarterly purchases to meet projected future needs. Remaining needs are purchased by WAPA on SSVEC's behalf under the current scheduling agency and power-supply management contract.

G&T Cooperative Assets

AEPCO provides SSVEC with power primarily from Steam Units 2 and 3 (ST2 and ST3) located at the Apache Generation Station in Cochise County. ST2 and ST3 have a combined generating capacity of 350 MW. ST2 and ST3 are both dual-fuel units — capable of burning coal and natural gas — but to date have principally operated as coal-fired. SSVEC also receives power from AEPCO's purchase power agreements with WAPA for hydro power (31 MW in summer and 20 MW in winter).

Haze Regulation

The EPA issued a final ruling in November 2012 imposing stricter haze-related emission standards on several power facilities within Arizona, including the Apache Station. The EPA's ruling rejected the state's previously approved approach to reducing haze. The installation of expensive selective catalytic reduction (SCR) emission-control technology, in combination with other emissions-control equipment, may be necessary to reduce emissions to the EPA required level.

AEPCO appealed the EPA's decision in early February 2013. The two parties remain in negotiations with an uncertain timeframe for final resolution. An unfavorable ruling for AEPCO and the subsequent installation of SCR and related emissions reduction equipment would likely lead to a significant increase in AEPCO's wholesale power rate that would pressure SSVEC's financial performance without commensurate recovery through its wholesale power and fuel cost adjustor.

SSVEC Distribution System

SSVEC delivers energy to its retail customer base through 4,059 miles of transmission and distribution lines (13 members per mile) and 29 substations. SSVEC's distribution system has four interconnection points with SWTC transmission lines ensuring adequate and redundant access to wholesale power. The service area extends through various counties in southeast Arizona, including the cities of Sierra Vista, Willcox, and Benson.

Smart Grid Improvements

SSVEC partnered with SWTC and Mohave Electric Cooperative to submit for infrastructure improvement funding under the 2009 America Recovery and Reinvestment Act (ARRA). The three participants were awarded approximately $65.4 million, with $39.1 million going to SSVEC. The funds are being used to continue with investments in distribution systems and smart grids that were already planned and underway prior to receiving the award. SSVEC expects the system improvements to provide for greater reliability, reduced operational expenses, and more effective and efficient system management. Projects include advanced metering, replacement of poles, fiber-optic cabling and communication upgrades, substation automation, and other improvements.

No Renewable Portfolio Standard Requirement

Arizona's electric cooperatives, including SSVEC are AEPCO, are not subject to the renewable portfolio standards mandated by the ACC (15% renewables by 2020). However, SSVEC has added 1.5 MW of utility-owned solar capacity in 2012 to meet its own policy-determined goal of 7.5% of energy supply from renewables by 2020. The largest component of SSVEC's solar plant is a 1.2 MW tracking array in San Simon Substation that was completed in fourth-quarter 2012. Management estimates that SSVEC will surpass its policy goal in 2013.

Cost Structure

Regulation

SSVEC's retail electric rates and financings are subject to regulatory oversight by the elected, five-member ACC. SSVEC's historical record with the ACC is somewhat limited with only two rate cases proposed since 1991. SSVEC presented its most recent rate case in 2009 with a proposed increase of 10%. The ACC approved a rate increase for a lesser amount of 8.18%, which was implemented in October 2009.

The ACC adopted a new rate streamlining process for cooperative utilities at the end of January 2013 that should provide a quicker and less costly means to incrementally raise rates between major rate cases. The streamlined process has fewer filing requirements and is expected to reduce the regulatory review period to six months from the current 13 months. Rate increases of up to 6% are allowed under the streamlined process, which can be used for a maximum of five rate cases within 15 years.

SSVEC Retail Rates

SSVEC's retail rates are comprised of a base rate and a wholesale power and fuel cost adjustor (WPFCA) that was approved by the ACC in April 2012. The WPFCA allows SSVEC to automatically pass through increases and decreases in wholesale power costs within a specified range without seeking additional ACC approval. Fitch views the WPFCA positively as it can be used to offset power cost volatility.

SSVEC's rates are competitive with nearby cooperatives but higher than the closest investor-owned utility, Tucson Electric Power (TEP). For December 2012, SSVEC's retail rate per 1,000 kilowatt-hours (kWh) was $139.95 compared to TEP's $105.84.

Financial Performance and Legal Provisions

SSVEC's financial metrics improved in recent years due to increased energy sales and higher rates effective for partial fiscal year 2010 (fiscal 2011). Fitch calculated debt service coverage improved to 1.84x and 1.96x in fiscal 2011 and 2012, respectively, from a low of 1.27x in fiscal 2009. Equity as a percentage of capitalization increased incrementally in fiscal 2012 to 32.5% from 28.4% in fiscal 2009.

Liquidity

SSVEC's cash position is very low with only two days cash on hand at the end of fiscal 2012, which is a significant concern. Maintaining minimal cash reserves and using lines of credit to meet working capital needs have been part of management's strategy to keep rates as low as possible. However, relying on external sources of credit, as opposed to holding sufficient cash on hand, as the primary source of liquidity presents greater risk.

Short-term borrowing amounts are adjusted annually to maintain lines of credit equal to 7% of SSVEC's capitalization, which is the maximum amount allowed without seeking ACC approval for financing plans. SSVEC's line of credit for fiscal 2013 amounts to $17.6 million with CoBank that extends to Dec. 31, 2013, leaving liquidity at a still-low 76 days.

Fort Huachuca

SSVEC signed a 50-year contract in September 2004 with Fort Huachuca to provide construction upgrades and operations and maintenance to the military base. The current pricing structure, which is renegotiated every three years with the last negotiation in 2011, is beneficial to SSVEC. SSVEC does not provide electricity to Fort Huachuca.

Margins earned through the work done under contract with the base contribute directly into equity and have historically accounted for a significant portion of the cooperative's total earnings. SSVEC's reliance on net revenue received from Fort Huachuca decreased following the implementation of rate increases in October 2010. Fitch views the reduced reliance on the base positively, as the regular renegotiation of payment terms and current federal fiscal challenges create some uncertainty regarding the terms of future agreements.

Fort Huachuca as a Percentage of SSVEC's Net Margin

($ 000)	2007	2008	2009	2010	2011	2012
Net Margin[a]	1,317	2,537	386	1,476	4,048	3,470
Fort Huachuca Margin	1,377	2,449	1,330	1,859	1,392	1,149
Fort Huachuca Margin as Percentage of Net Margin (%)	104.6	96.5	344.6	125.9	34.4	33.1

[a]Net margin excludes accrued capital credits.
Source: SSVEC.

Capital Improvements

SSVEC's capital expenditures were $18.8 million in fiscal 2012 and are budgeted to decline to approximately $16 million annually in fiscal 2013 and 2014. The primary driver of capital expenditures from 2011 through 2014 are distribution and transmission system improvements associated with the smart grid federal funding that SSVEC was awarded in partnership with Mohave Electric Cooperative and STWC.

Customer Profile and Service Area

SSVEC's service territory largely covers Cochise County, which has seen gradual but modest population growth at an average rate of 1.1% since 2000. The county's unemployment rate was 7.4% in November 2012, mirroring the national rate of 7.4% and state's average of 7.5%. However, year-over-year employment growth in the county was (2.5%), which was well below the state and national averages of 1.3% and 1.8%, respectively. Wealth levels in Cochise County are also somewhat below average, with per capita income at 84% of the national average.

SSVEC's customer base is primarily residential, 81%, although residential customers accounted for less than half, 43%, of total energy sales in fiscal 2011. A nonconcentrated group of commercial and industrial customers accounted for 37% of sales, with irrigation customers, consisting of the water pumping needs of agricultural interests, comprising the bulk of the remainder at 19% of sales.

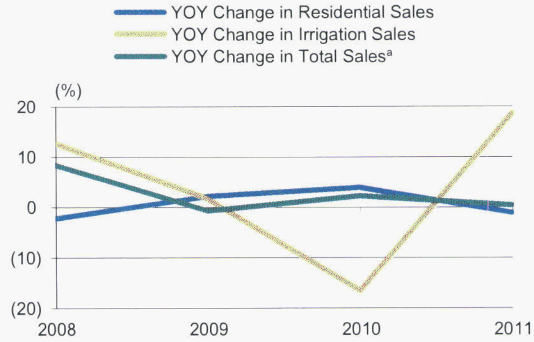
Sales Information

	2012	2011	2010	2009
Peak Demand (MW)	206	205	193	202
Retail Electric Sales (MWh)	852,145	831,469	828,712	811,002
Sales Growth (%)	2.5	0.3	2.2	(0.7)
Total Customers	51,752	51,010	51,066	50,631
Residential Sales (%)	48.5	43.2	44.6	42.4
Commercial and Industrial Sales (%)	33.6	37.0	38.3	37.3
Irrigation (%)	20.4	19.0	16.3	19.4

Source: SSVEC.

The irrigation load has been the most significant driver of increasing demand over the past decade and exhibits more volatility than other rate classes, as demand is partly driven by precipitation and temperature levels. For example, irrigation sales declined by 17% in fiscal 2010 and rose by 18.5% in fiscal 2011 compared to total retail sales growth of 2.2% and 0.3% in fiscals 2010 and 2011, respectively. Future growth is expected from this customer class as a recent increase in pecan farming is likely to result in additional electricity demand from irrigation pumping as the trees mature. Water sufficiency remains an important consideration to continued growth of agriculture in the region. However, management expects overall electricity demand to remain relatively stable and close to its historical level.

Irrigation Sales Volatility



[a]Excluding Resale. YOY – Year-over-year.
Source: Fitch Ratings, SSVEC.

Fort Huachuca is an important economic driver for a significant portion of the service area. While SSVEC does not supply electricity to the base, the local economy does appear to be somewhat reliant on base-related activities. The potential impact of defense spending reductions on Fort Huachuca under the federal sequester is unknown at this time. However, reduced federal spending in the area would likely further pressure already weak economic trends.

Financial Summary — Sulphur Springs Valley Electric Coop, AZ

($000s, Fiscal Years Ended June 30)	2007	2008	2009	2010	2011	2012
Cash Flow (x)						
Debt Service Coverage	1.48	1.63	1.27	1.56	1.84	1.96
Coverage of Full Obligations	1.18	1.23	1.10	1.22	1.33	1.35
Liquidity						
Days Cash On Hand	1	4	3	3	4	2
Days Liquidity On Hand	8	10	11	31	63	76
Leverage						
Debt/Funds Available for Debt Service (x)	7.47	7.18	10.62	8.13	7.11	7.73
Net Debt/Net Capital Assets (x)	0.71	0.69	0.76	0.78	0.79	0.81
Equity/Capitalization (%)	29.4	29.1	28.4	30.3	32.1	32.5
Other (%)						
Operating Margin	7.6	8.3	4.2	8.2	10.4	9.6
Transfer/Total Operating Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Capex/Depreciation	3.4	3.7	2.9	1.2	1.1	1.7
Income Statement						
Total Operating Revenues	87,230	99,502	103,134	101,289	104,721	107,940
Total Operating Expenses	80,612	91,229	98,802	92,971	93,800	97,590
Operating Income	6,618	8,273	4,332	8,319	10,921	10,350
Adjustment to Operating Income for Debt Service Coverage	7,920	8,872	9,775	10,608	11,301	11,447
Funds Available for Debt Service	14,538	17,145	14,106	18,927	22,222	21,797
Total Annual Debt Service	9,838	10,496	11,102	12,153	12,072	11,096
Balance Sheet						
Unrestricted Funds	165	866	758	774	987	434
Restricted Funds	—	—	—	—	—	—
Total Debt	108,568	123,163	149,768	153,875	158,036	168,572
Net Assets	45,237	50,479	59,302	66,991	74,709	81,026

Source: SSVEC.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.