

ORIGINAL

COMMISSIONERS  
BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH



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ARIZONA CORPORATION COMMISSION

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2013 MAY 28 P 3:08  
Arizona Corporation Commission

DATE: MAY 28, 2013  
DOCKET NO.: E-01461A-07-0433

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Opinion and Order on:

TRICO ELECTRIC COOPERATIVE, INC.  
(AMENDMENT TO DECISION NO. 70399)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JUNE 6, 2013

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JUNE 11, 2013 AND JUNE 12, 2013

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

*Jodi A. Jerich*  
JODI JERICH  
EXECUTIVE DIRECTOR

Arizona Corporation Commission  
DOCKETED

MAY 28 2013

DOCKETED BY *JSM*

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC., AN ARIZONA CORPORATION, FOR AUTHORITY TO BORROW THE ADDITIONAL SUM OF \$58,786,000 FROM THE UNITED STATES OF AMERICA (RDUP) AND THE ADDITIONAL SUM OF \$25,194,000 FROM NATIONAL RURAL UTILITIES COOPERATIVE, AND TO EVIDENCE SAID LOANS BY EXECUTION OF LOAN AGREEMENTS, PROMISSORY NOTES AND SECURITY DOCUMENTS REQUIRED BY THE LENDERS.

DOCKET NO. E-01461A-07-0433

DECISION NO. \_\_\_\_\_

**ORDER AMENDING DECISION NO. 70399 PURSUANT TO A.R.S. §40-252**

Open Meeting  
June 11 and 12, 2013  
Phoenix, Arizona.

**BY THE COMMISSION:**

On July 3, 2008, the Arizona Corporation Commission ("Commission") issued Decision No. 70399, which granted Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") authorization to borrow funds in an amount not to exceed \$20.8 million from the Rural Utilities Service ("RUS") for the purpose of funding its 2008 budget for capital improvements and additional funds in an amount not to exceed \$63.18 million from the RUS conditioned on Trico being able to demonstrate that the additional borrowing would result in a TIER and DSC of 1.25 or greater using Trico's most recent annual report unless the Commission granted an extension in advance. The Commission's Decision states that any authorization to incur debt granted in the proceeding shall terminate on December 31, 2013.

On May 22, 2013, Trico filed an Application under A.R.S. § 40-252 to Amend Decision No. 70399 ("Application"). In the Application, Trico asked for an extension of time to utilize the additional RUS funds, from December 31, 2013, to July 31, 2014, due to the "unforeseen downturn in

1 the local economy.” Trico stated that as a result of the downturn its construction needs slowed and  
2 certain of the available RUS funds would not be fully utilized by the end of 2013.

3 \* \* \* \* \*

4 Having considered the entire record herein and being fully advised in the premises, the  
5 Commission finds, concludes, and orders that:

6 **FINDINGS OF FACT**

7 1. On July 23, 2007, Trico, a non-profit member-owned cooperative, filed an application  
8 with the Commission for authorization to borrow \$83.98 from the RUS.<sup>1</sup>

9 2. On July 3, 2008, the Commission issued Decision No. 70399, which granted Trico  
10 authorization to borrow funds in an amount not to exceed \$20.8 million from the (“RUS”) for the  
11 purpose of funding its 2008 budget for capital improvements and additional funds in an amount not to  
12 exceed \$63.18 million from the RUS conditioned on Trico being able to demonstrate that the  
13 additional borrowing would result in a TIER and DSC of 1.25 or greater using Trico’s most recent  
14 annual report unless the Commission granted an extension in advance. The Commission’s Decision  
15 states that any authorization to incur debt granted in the proceeding shall terminate on December 31,  
16 2013.

17 3. On May 22, 2013, Trico filed an Application under A.R.S. § 40-252 to Amend  
18 Decision No. 70399. In the Application, Trico asked for an extension of time to utilize the additional  
19 RUS funds, from December 31, 2013, to July 31, 2014, due to the “unforeseen downturn in the local  
20 economy.” Trico stated that as a result of the downturn its construction needs slowed and certain of  
21 the available RUS funds would not be fully utilized by the end of 2013.

22 4. Trico states that it has a “continuing need” for all of the construction financing  
23 authorized in Decision No. 70399.

24 5. Trico further states that its RUS loan agreement for \$83.98 million entered in July  
25 2008 terminates on July 31, 2013, and after that date, both the RUS loan contract and presumably  
26 Trico’s guarantee of the \$83.98 million construction loan will expire.

27 \_\_\_\_\_  
28 <sup>1</sup> Trico originally planned to borrow \$58,786,000 from the RUS and \$25,194,000 from the National Rural Utilities  
Cooperative Finance Corporation (“CFC”), but subsequently decided to borrow all the funds from the RUS.



1 force and effect.

2 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. is authorized to execute  
3 any documents necessary to effectuate the authorizations granted herein.

4 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file with Docket  
5 Control, as a compliance item in this docket, copies of any additional executed financing documents  
6 related to this authority within 60 days after the date of execution.

7 IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not  
8 constitute or imply approval or disapproval by the Commission of any particular expenditure of the  
9 proceeds derived thereby for purposes of establishing just and reasonable rates.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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14 CHAIRMAN

COMMISSIONER

15  
16 COMMISSIONER

COMMISSIONER

COMMISSIONER

17  
18 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
19 Director of the Arizona Corporation Commission, have  
20 hereunto set my hand and caused the official seal of the  
21 Commission to be affixed at the Capitol, in the City of Phoenix,  
22 this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

23 JODI JERICH  
EXECUTIVE DIRECTOR

24 DISSENT \_\_\_\_\_

25  
26 DISSENT \_\_\_\_\_

1 SERVICE LIST FOR: TRICO ELECTRIC COOPERATIVE, INC.

2 DOCKET NO.: E-01461A-07-0433

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