

ORIGINAL

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2013 JUN 20 PM 11:47

June 20, 2013

HAND DELIVERED

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: *SWTC's Financial Metrics Quarterly Report – 4th Quarter 2012 – Compliance Filing;*
Decision No. 72030; Docket No. E-04100A-09-0496

Dear Mr. Olea:

In Decision No. 72030 (its Third Ordering Paragraph at page 10), the Commission instructed Southwest Transmission Cooperative, Inc. ("SWTC") to "file the quarterly reports of financial metrics as discussed in Staff's testimony, commencing May 31, 2011, for the period ended March 31, 2011, and continuing thereafter with reports due by the end of the second month following the end of each quarter."

SWTC and its counsel just determined that while filings were timely made for the third quarter of 2012 and for the first quarter of 2013, no filing was made for the fourth quarter of 2012. We apologize for the oversight and submit the information in this filing.

The attached reports for the fourth quarter of 2012 concerning (1) the statement of revenue and expense; (2) the balance sheet; (3) the TIER/DSC analysis and comments; (4) the SWTC cash position; (5) its cash flow projection for calendar year 2012; and (6) the summary of debt balances as of January 1, 2013 are submitted herewith. Should Staff have questions or need additional information concerning this filing, please contact Gary Pierson or Joe King.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp
15169-13/3551691
Attachments

Original and 13 copies filed with Docket
Control this 20th day of June, 2013.

Arizona Corporation Commission
DOCKETED

JUN 20 2013

DOCKETED BY

Southwest Transmission Cooperative, Inc.
Balance Sheet - Unaudited
as of December 31, 2012
(In thousands of dollars)

	12/31/2012	11/30/2012	12/31/2011	% Change
<u>Assets</u>				
<u>Utility Plant</u>				
1 Total Plant in Service	179,439.2	178,968.8	176,901.1	1%
2 Construction Work in Progress	14,004.9	13,348.5	8,948.0	57%
3 Total Plant	193,444.1	192,317.3	185,849.1	4%
4 Accum. Provision for Depr. & Amort.	(87,169.5)	(86,709.1)	(81,751.9)	7%
5 Net Plant	106,274.5	105,608.2	104,097.2	2%
<u>Investments and Other Property</u>				
6 Investments Assoc. Org. & Patronage Capital	84.5	86.4	71.6	18%
7 Other Non General Funds	1,436.0	2,435.0	3,145.5	-54%
8 Total Investments and Other Property	1,520.5	2,521.4	3,217.0	-53%
<u>Current Assets</u>				
9 Cash - General Fund	225.0	146.9	618.2	-64%
10 Special Deposits	43.2	43.2	43.2	0%
11 Temporary Investments	6,180.2	6,079.4	11,651.3	-47%
12 Accounts Receivable - Customers	3,181.9	3,257.1	3,245.5	-2%
13 Other Accounts Receivable	45.6	158.1	110.2	-59%
14 Materials & Supplies - Other	4,242.9	4,254.6	4,153.0	2%
15 Prepayments	1,513.2	1,583.0	1,764.1	-14%
16 Total Current Assets	15,432.0	15,522.2	21,585.5	-29%
<u>Deferred Debits</u>				
17 Unamortized Debt Discount	228.0	238.2	281.5	-19%
18 Misc Deferred Debits	720.4	688.4	2,369.8	-70%
19 Total Deferred Debits	948.3	926.7	2,651.2	-64%
20 Total Assets	124,175.4	124,578.5	131,551.0	-6%
<u>Membership Capital and Liabilities</u>				
<u>Membership Capital (Deficiency)</u>				
21 Memberships & Patronage Capital	14,442.4	14,442.4	9,439.2	53%
22 Net Margins - Prior Years	-	0.0	(675.5)	-100%
23 Net Margin - Current Year	7,866.2	7,449.1	5,678.8	39%
24 Total Margins & Equities	22,308.6	21,891.5	14,442.4	54%
<u>Long-Term Debt</u>				
25 Long-Term Debt - FFB	94,287.6	95,168.7	96,931.0	-3%
26 Other Long-Term Debt (Net)	4,312.6	4,712.8	15,552.0	-72%
27 Total Long Term Debt	98,600.2	99,881.5	112,483.0	-12%
28 Other Long Term Liabilities-ARO	-	-	-	-
<u>Current Liabilities</u>				
29 Notes Payable/NPP/PPP	385.5	432.8	349.3	10%
30 Accounts Payable	1,404.1	485.8	1,062.7	32%
31 Other Current & Accrued Liabilities	1,476.9	1,886.8	3,213.5	-54%
32 Total Current Liabilities	3,266.5	2,805.4	4,625.6	-29%
33 Total Membership Capital & Liabilities	124,175.4	124,578.5	131,551.0	-6%

Southwest Transmission Cooperative, Inc.
Analysis and Comments
TIER/DSC
As of December 31, 2012

For month of December 2012

TIER Calculation

Net Margins	7,866,198
LTD Interest	5,013,256
	12,879,453

YTD TIER Calc	2.569
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DSC Calculation

Net Margins	7,866,198
LTD Interest	5,013,256
Depr & Amort	6,082,146
Principle Pmts	4,944,920

YTD DSC Calc	1.904
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2811100 FFB	3,449,505 Quarterly
2811200 RUS	0 Monthly
2811300 Poll Ctl	0
2811400 Solid Waste	325,771 Annual
2811500 Central Bank	0 Bal trf'd to 28116000
2811600 CFC	<u>1,169,644</u> Quarterly
	4,944,920

SWTC CASH POSITION
 VARIANCE BETWEEN ACTUAL AND BUDGET
 December-12

	MONTH		VARIANCE	COMMENTS
	BUDGET	ACTUAL		
BEGINNING CASH BALANCE	\$16,681,667	\$14,590,070	(\$2,091,597)	
OPERATING CASH FLOWS				
WHOLESALE POWER RECEIPTS	2,987,911	3,087,717	99,806	
OTHER RECEIPTS	1,335,360	1,707,986	372,626	\$455K Smart Grid
PROPERTY TAXES	0	0	0	
ACCOUNTS PAYABLE	(1,794,849)	(2,093,827)	(298,978)	\$245K Smart Grid
NET CASH FLOW FROM OPERATIONS	2,528,423	2,701,876	173,454	
FINANCIAL CASH FLOWS				
TPP INVESTMENTS (MATURITIES)	0	(47,323)	(47,323)	
NPP INVESTMENTS (MATURITIES)	0	0	0	
FEB LOAN FUNDS DRAW	0	0	0	
RUS LOAN FUNDS DRAW	0	0	0	
CFC LOAN FUNDS DRAW	0	0	0	
CAPITAL EXPENDITURES	(272,860)	(62,503)	210,357	
DEBT SERVICE PAYMENTS	(2,388,006)	(2,376,574)	11,432	
CFC LOC DRAWS (PAYMENTS)	0	0	0	
TPP INTEREST	(125)	(152)	(27)	
NPP INTEREST	0	0	0	
NET CASH FLOW FROM FINANCIAL	(2,660,991)	(2,486,551)	174,439	
INVESTMENT CASH FLOWS				
INTEREST INCOME	83,334	106,339	23,005	
NET CASH FLOW FROM INVESTMENTS	83,334	106,339	23,005	
NET CHANGE IN CASH POSITION	(49,234)	321,664	370,898	
ENDING CASH BALANCE	\$16,632,433	\$14,911,734	(\$1,720,699)	

SWTC CASH POSITION
 VARIANCE BETWEEN ACTUAL AND BUDGET
 December-12

	BUDGET	YEAR-TO-DATE		VARIANCE	COMMENTS
		ACTUAL			
OPERATING CASH FLOWS					
WHOLESALE POWER RECEIPTS	\$35,741,996	\$37,515,967	\$1,773,971		
OTHER RECEIPTS	4,275,620	12,040,098	7,764,478	\$7.6MM Smart Grid Grant Funds; \$337K Trico Suit	
PROPERTY TAXES	(1,883,436)	(2,073,205)	(189,770)		
ACCOUNTS PAYABLE	(20,486,803)	(28,873,937)	(8,387,135)	\$5.7MM Smart Grid; SSW True Up	
NET CASH FLOW FROM OPERATIONS	17,647,378	18,608,922	961,545		
FINANCIAL CASH FLOWS					
TPP INVESTMENTS (MATURITIES)	0	(63,840)	(63,840)		
NPP INVESTMENTS (MATURITIES)	0	0	0		
FFB LOAN FUNDS DRAW	1,582,000	1,582,000	0		
RUS LOAN FUNDS DRAW	0	0	0		
CFC LOAN FUNDS DRAW	(5,000,000)	(5,000,000)	0		
CAPITAL EXPENDITURES	(2,459,420)	(4,970,754)	(2,511,334)		
DEBT SERVICE PAYMENTS	(11,910,714)	(12,038,986)	(128,272)		
CFC LOC DRAWS (PAYMENTS)	0	0	0		
TPP INTEREST	(1,500)	(1,584)	(84)		
NPP INTEREST	0	0	0		
NET CASH FLOW FROM FINANCIAL	(17,789,634)	(20,493,164)	(2,703,530)		
INVESTMENT CASH FLOWS					
INTEREST INCOME	475,247	496,533	21,286		
NET CASH FLOW FROM INVESTMENT	475,247	496,533	21,286		
NET CHANGE IN CASH POSITION	\$332,991	(\$1,387,708)	(\$1,720,699)		

**SWTC
CASH FLOW PROJECTION
CALENDAR YEAR 2012**

	JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL						
1 OPERATING CASH FLOWS														
2 WHOLESALE POWER RECEIPTS	\$ 3,082,393	\$ 3,062,380	\$ 2,976,578	\$ 3,066,030	\$ 3,276,542	\$ 2,833,991	\$ 3,774,154							
3 OTHER OPERATING RECEIPTS (1)	\$ 648,920	\$ 751,068	\$ 1,638,855	\$ 903,426	\$ 979,076	\$ 483,097	\$ 1,094,398							
4 PROPERTY TAXES	\$ -	\$ -	\$ -	\$ (1,009,198)	\$ -	\$ -	\$ -							
5 OTHER ACCOUNTS PAYABLE	\$ (2,199,234)	\$ (2,354,131)	\$ (2,756,307)	\$ (1,963,924)	\$ (3,257,174)	\$ (1,895,067)	\$ (2,593,942)							
6 NET CASH FLOW FROM OPERATIONS	\$ 1,532,079	\$ 1,459,317	\$ 1,859,125	\$ 996,334	\$ 998,445	\$ 1,422,021	\$ 2,274,610							
7 FINANCIAL CASH FLOWS														
8 TRANSMISSION PREPAYMENT INVESTMENTS (MATURITIES)	\$ (46,412)	\$ (46,125)	\$ (46,836)	\$ 28,715	\$ 53,667	\$ (16,992)	\$ (47,134)							
9 NOTE PARTICIPATION INVESTMENTS (MATURITIES)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
10 FFB LOAN FUNDS DRAW (PAYMENT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
11 RUS LOAN FUNDS DRAW (PAYMENT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
12 FFC LOAN FUNDS DRAW (PAYMENT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
13 FFC LINE OF CREDIT DRAW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
14 CAPITAL EXPENDITURES	\$ (783,674)	\$ (1,769,750)	\$ (468,415)	\$ (385,613)	\$ (740,443)	\$ -	\$ (226,606)							
15 FFC LINE OF CREDIT REPAYMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
16 FFC LINE OF CREDIT INTEREST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
17 FFB DEBT SERVICE PAYMENTS	\$ (2,005,837)	\$ -	\$ (2,007,575)	\$ -	\$ -	\$ -	\$ (2,007,635)							
18 SERIES 1994A DEBT SERVICE PAYMENTS	\$ -	\$ -	\$ (32,577)	\$ -	\$ -	\$ -	\$ -							
19 FFC DEBT SERVICE PAYMENTS	\$ -	\$ -	\$ (461,363)	\$ -	\$ -	\$ (397,034)	\$ -							
20 TRANSMISSION PREPAYMENT INTEREST	\$ (113)	\$ (79)	\$ (77)	\$ (120)	\$ (98)	\$ (163)	\$ (183)							
21 NOTE PARTICIPATION INTEREST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
22 NET CASH FLOW FROM FINANCIAL ACTIVITIES	\$ (2,836,036)	\$ (1,815,954)	\$ (3,016,843)	\$ (357,019)	\$ (686,874)	\$ (414,189)	\$ (2,281,559)							
23 INVESTMENT CASH FLOWS														
24 INTEREST INCOME	\$ 52,440	\$ 1,334	\$ 1,307	\$ 99,637	\$ 1,222	\$ 988	\$ 84,788							
25 NET CASH FLOW FROM INVESTMENT ACTIVITIES	\$ 52,440	\$ 1,334	\$ 1,307	\$ 99,637	\$ 1,222	\$ 988	\$ 84,788							
26 TOTAL NET CASH FLOWS	\$ (1,251,516)	\$ (355,303)	\$ (1,156,411)	\$ 738,952	\$ 312,793	\$ 1,008,820	\$ 77,839							
27 BEGINNING CASH BALANCE	\$ 16,299,442	\$ 15,047,926	\$ 14,692,623	\$ 13,536,212	\$ 14,275,163	\$ 14,587,956	\$ 15,596,776							
28 ENDING CASH BALANCE	\$ 15,047,926	\$ 14,692,623	\$ 13,536,212	\$ 14,275,163	\$ 14,587,956	\$ 15,596,776	\$ 15,674,615							
29 RESTRICTED FUNDS	\$ (5,119,806)	\$ (5,119,806)	\$ (5,119,806)	\$ (5,179,382)	\$ (8,179,382)	\$ (8,179,382)	\$ (8,263,262)							
30 ENDING CASH BALANCE (UNRESTRICTED FUNDS)	\$ 9,928,119	\$ 9,572,816	\$ 8,416,405	\$ 9,095,781	\$ 6,408,574	\$ 7,417,394	\$ 7,411,353							
31														
32 BEGINNING LINE OF CREDIT BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
33 LINE OF CREDIT DRAW	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
34 LINE OF CREDIT Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
35 LINE OF CREDIT REPAYMENT	\$0	\$0	\$0	\$0	\$0	\$0	\$0							

(1) Return of Capital Invested in Sierra Southwest of \$1.0MM in December

**SWTC
CASH FLOW PROJECTION
CALENDAR YEAR 2012**

	AUGUST ACTUAL	SEPTEMBER ACTUAL	OCTOBER ACTUAL	NOVEMBER ACTUAL	DECEMBER ACTUAL	TOTAL PROJECTED
1 OPERATING CASH FLOWS						
2 WHOLESALE POWER RECEIPTS	\$ 3,073,477	\$ 3,088,125	\$ 3,104,409	\$ 3,090,171	\$ 3,087,717	\$ 37,515,967
3 OTHER OPERATING RECEIPTS (1)	\$ 868,787	\$ 744,092	\$ 1,419,428	\$ 800,966	\$ 1,707,986	\$ 12,040,098
4 PROPERTY TAXES	\$ -	\$ -	\$ (1,064,008)	\$ -	\$ -	\$ (2,073,205)
5 OTHER ACCOUNTS PAYABLE	\$ (2,370,821)	\$ (2,294,123)	\$ (2,952,379)	\$ (2,143,009)	\$ (2,093,827)	\$ (28,873,937)
6 NET CASH FLOW FROM OPERATIONS	\$ 1,571,443	\$ 1,538,094	\$ 507,450	\$ 1,748,128	\$ 2,701,876	\$ 18,608,922
7 FINANCIAL CASH FLOWS						
8 TRANSMISSION PREPAYMENT INVESTMENTS (MATURITIES)	\$ (48,427)	\$ 51,475	\$ 149,822	\$ (48,269)	\$ (47,323)	\$ (63,840)
9 NOTE PARTICIPATION INVESTMENTS (MATURITIES)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 FEB LOAN FUNDS DRAW (PAYMENT)	\$ -	\$ 1,122,000	\$ -	\$ 460,000	\$ -	\$ 1,582,000
11 RUS LOAN FUNDS DRAW (PAYMENT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 CFC LOAN FUNDS DRAW (PAYMENT)	\$ -	\$ (1,200,000)	\$ (3,800,000)	\$ -	\$ -	\$ (5,000,000)
13 CFC LINE OF CREDIT DRAW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 CAPITAL EXPENDITURES	\$ -	\$ (141,585)	\$ (134,261)	\$ (257,905)	\$ (62,503)	\$ (4,970,754)
15 CFC LINE OF CREDIT REPAYMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16 CFC LINE OF CREDIT INTEREST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 FEB DEBT SERVICE PAYMENTS	\$ -	\$ -	\$ (2,007,451)	\$ -	\$ (2,024,074)	\$ (10,052,572)
18 SERIES 1994A DEBT SERVICE PAYMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (32,577)
19 CFC DEBT SERVICE PAYMENTS	\$ (346,946)	\$ (395,993)	\$ -	\$ -	\$ (352,500)	\$ (1,953,836)
20 TRANSMISSION PREPAYMENT INTEREST	\$ (209)	\$ (145)	\$ (106)	\$ (139)	\$ (152)	\$ (1,584)
21 NOTE PARTICIPATION INTEREST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 NET CASH FLOW FROM FINANCIAL ACTIVITIES	\$ (395,583)	\$ (564,248)	\$ (5,791,997)	\$ 153,688	\$ (2,486,551)	\$ (20,493,164)
23 INVESTMENT CASH FLOWS						
24 INTEREST INCOME	\$ 752	\$ 917	\$ 146,414	\$ 396	\$ 106,339	\$ 496,533
25 NET CASH FLOW FROM INVESTMENT ACTIVITIES	\$ 752	\$ 917	\$ 146,414	\$ 396	\$ 106,339	\$ 496,533
26 TOTAL NET CASH FLOWS	\$ 1,176,613	\$ 974,763	\$ (5,138,133)	\$ 1,902,212	\$ 321,664	\$ (1,387,708)
27 BEGINNING CASH BALANCE	\$ 15,674,615	\$ 16,851,228	\$ 17,825,991	\$ 12,687,859	\$ 14,590,070	\$ 16,299,442
28 ENDING CASH BALANCE	\$ 16,851,228	\$ 17,825,991	\$ 12,687,859	\$ 14,590,070	\$ 14,911,734	\$ 14,911,734
29 RESTRICTED FUNDS	\$ (8,263,262)	\$ (8,263,262)	\$ (8,366,718)	\$ (8,366,718)	\$ (8,471,874)	\$ (8,471,874)
30 ENDING CASH BALANCE (UNRESTRICTED FUNDS)	\$ 8,587,966	\$ 9,562,729	\$ 4,321,140	\$ 6,223,352	\$ 6,439,860	\$ 6,439,860
31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32 BEGINNING LINE OF CREDIT BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 LINE OF CREDIT DRAW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34 LINE OF CREDIT Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35 LINE OF CREDIT REPAYMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Return of Capital Invested in Sierra Southwest of \$1.0MM in December

Southwest Transmission Cooperative, Inc.
Summary of Debt Balances
As of January 1, 2013

NATURE OF OBLIGATION	TOTAL AMOUNT OUTSTANDING	PERCENT TO TOTAL	FACE RATE	ANNUALIZED INTEREST EXPENSE
FFB DEBT	\$94,287,643.83	88.060%	4.733%	\$4,462,905.03
CFC SERIES 1994A BONDS	6,189,654.70	5.781%	0.650%	40,232.76
NRUCFC	6,595,180.91	6.160%	3.356%	221,308.02
Total	\$107,072,479.44	100.000%	4.412%	\$4,724,445.81

2013 Debt Service Breakout

	Interest	Principal	Total
Quarter 1	\$ 1,183,487	\$ 1,169,710	\$ 2,353,197
Quarter 2	\$ 1,212,990	\$ 1,153,671	\$ 2,366,661
Quarter 3	\$ 1,225,071	\$ 1,524,935	\$ 2,750,006
Quarter 4	\$ 1,211,342	\$ 1,167,822	\$ 2,379,164
Totals	\$ 4,832,890	\$ 5,016,138	\$ 9,849,028