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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONERS

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

IN THE MATTER OF THE JOINT APPLICATION OF THE ARIZONA ELECTRIC POWER COOPERATIVE, INC. AND SOUTHWEST TRANSMISSION COOPERATIVE, INC. FOR AUTHORIZATIONS ASSOCIATED WITH THEIR MERGER AND THE ISSUANCE BY AEPCO, AS THE SURVIVING COOPERATIVE, OF AN INDENTURE

Docket Nos. E-01773A-14-0018  
E-04100A-14-0018

JOINT APPLICATION

GALLAGHER & KENNEDY, P.A.  
2575 E. CAMELBACK ROAD  
PHOENIX, ARIZONA 85016-9225  
(602) 530-8000

The Arizona Electric Power Cooperative, Inc. ("AEPCO") and Southwest Transmission Cooperative, Inc. ("SWTC") (collectively, the "Cooperatives") jointly seek Commission approvals of or for: (1) pursuant to A.R.S. § 40-285, the merger of SWTC into AEPCO with AEPCO as the surviving generation and transmission cooperative; (2) pursuant to A.R.S. § 40-301, *et seq.*, AEPCO's replacement of the Cooperatives' current mortgages with an Indenture securing existing and future Commission-approved debt through the pledge of the Cooperatives' combined assets, as well as the assumption by AEPCO of the benefit liabilities associated with employees being transferred to it from Sierra Southwest Cooperative Services, Inc. ("Sierra Southwest"); and (3) pursuant to A.R.S. § 40-365, AEPCO's reissuance in its own name of SWTC's network transmission service, point-to-point transmission service and ancillary services tariffs, and collection and administration of any other rates, charges, adjustors or similar accounting or rate mechanisms approved by the Commission for SWTC as of the date of completion and close of the merger transaction. No changes in any of the rates, terms or

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1 conditions of service offered currently by either AEPCO or SWTC are requested by this  
2 Application.

3 Background

4 AEPCO is an Arizona not-for-profit, generation-only cooperative which was originally  
5 certificated by the Commission as a generation and transmission cooperative in Decision No.  
6 33677 dated February 13, 1962. It has three all-requirements distribution cooperative members  
7 (Duncan Valley Electric Cooperative, Inc., Graham County Electric Cooperative, Inc. and Anza  
8 Electric Cooperative, Inc. (collectively, "CARM")) which receive all of their power and energy  
9 needs from AEPCO for distribution to their retail electric members. AEPCO also has three  
10 partial-requirements distribution cooperative members ("PRM") – Mohave Electric Cooperative,  
11 Inc., Sulphur Springs Valley Electric Cooperative, Inc. and Trico Electric Cooperative, Inc.  
12 Each PRM commits to purchase a fixed amount of capacity from AEPCO, but then may secure  
13 from any source the PRM's additional power and energy needs.

14 SWTC was formed as a not-for-profit, transmission-only cooperative as part of a  
15 restructuring undertaken by AEPCO in the late 1990s and early 2000s. In July of 2001, the  
16 Commission approved the restructuring in Decision No. 63868.<sup>1</sup> Among other approvals, it  
17 authorized transfer of AEPCO's transmission assets and the transmission portion of its CC&N to  
18 SWTC. The Decision also authorized Sierra Southwest to, among other functions, provide  
19 various support services to the Cooperatives, including acting as a staffing provider for AEPCO  
20 and SWTC. Sierra Southwest will no longer perform these staffing and general administrative  
21 support services after the completion of the merger described in this Application.

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23 \_\_\_\_\_  
24 <sup>1</sup> Pursuant to the restructuring, all six of AEPCO's Class A Members (the CARM and PRMs) became Class A  
Members of SWTC as well.

1 A great deal has changed in the almost 15 years since that restructuring. Among those  
2 changes – a change central to this Application – is the fact that federal financing provided to the  
3 Cooperatives by the Rural Utilities Service (“RUS”) has become more complicated, time-  
4 consuming and uncertain to obtain. To address these realities and better position the  
5 Cooperatives to continue to finance the facilities necessary to supply reliable power to rural  
6 Arizona, AEPCO and SWTC request that the Commission authorize (1) their merger, with  
7 AEPCO as the surviving generation and transmission cooperative, (2) issuance by AEPCO of its  
8 Indenture to replace the Cooperatives’ existing mortgages, and (3) other necessary and related  
9 approvals as described herein. These merger, indenture and related approvals will enhance the  
10 Cooperatives’ access to a broader base of private and public loan funds, at the lowest available  
11 cost, to finance necessary generation and transmission projects and correspondingly improve  
12 their ability to meet future electricity supply and delivery challenges.

### 13 The Indenture

14 Historically, the vast majority of AEPCO’s (as well as SWTC’s) long-term financing has  
15 been provided by the RUS, an agency of the United States Department of Agriculture, through  
16 Notes with the Federal Financing Bank (“FFB”). The RUS guarantees and administers these  
17 FFB Notes. RUS has supplied most of the funds necessary for the capital projects AEPCO and  
18 SWTC have needed to provide safe, reliable and adequate service. In addition, AEPCO and  
19 SWTC also have borrowed from the National Rural Utilities Cooperative Finance Corporation  
20 (“CFC”).

21 These long-term loans are secured by blanket mortgages in favor of the RUS covering all  
22 generation, transmission and other assets held by the Cooperatives. To the extent it may be  
23 advantageous or necessary for AEPCO or SWTC to borrow monies from entities other than RUS  
24

1 – such as CFC, CoBank or other private lenders – the Cooperatives must seek a mortgage lien  
2 accommodation from the RUS. However, seeking an accommodation is becoming an  
3 increasingly uncertain, costly and time-consuming process. Also, depending upon the nature of  
4 the project being funded (i.e., installation, retrofit or repair of a coal- or natural gas-fired  
5 resource), the lien accommodation, if granted, may also restrict the purposes the loan funds can  
6 be applied to. Further, it may result in third-party litigation challenging the RUS’ approval of a  
7 lien accommodation of project funding based on, *inter alia*, issues arising under the National  
8 Environmental Policy Act.

9 Finally, given the Nation’s debt and budget issues, there also is growing uncertainty  
10 about the future of continued RUS guaranteed FFB financing – specifically, whether its amount  
11 and even its availability will be impacted by additional budget cuts. The RUS has already seen  
12 budget reductions in recent years which have resulted in deep staffing cuts. In turn, that has  
13 further slowed the agency’s ability to timely process new loan applications as well as lien  
14 accommodations in relation to other financings. There also has been significant political  
15 pressure on limiting the purpose of RUS guaranteed FFB loan funds. For example, the  
16 President’s 2013 budget (not adopted) proposed limiting loan funds solely for renewable projects  
17 and certain environmental upgrades at existing generation facilities.

18 For all of these reasons, the RUS is encouraging cooperatives like AEPCO and SWTC to  
19 convert their mortgage-based, primarily federally-funded financing approach to a broader base of  
20 financing secured under an Indenture. In response to this encouragement and to secure the  
21 advantages of the Indenture process over the limitations of the mortgage system, more than 40  
22 generation and transmission cooperatives now have Indentures. Following this trend, AEPCO  
23 and SWTC recently took steps to confirm their position in the RUS Indenture conversion queue.  
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1 similar mechanisms; and (5) such other and further relief as the Commission deems just and  
2 reasonable under the circumstances.

3 The Cooperatives anticipate receiving RUS approval of the Indenture by June 2014 and,  
4 therefore, request Commission approval of this Application no later than its June 2014 Open  
5 Meeting.

6 RESPECTFULLY SUBMITTED this 21st day of January, 2014.

7 GALLAGHER & KENNEDY, P.A.

8  
9 By   
10 Michael M. Grant  
11 Jennifer A. Cranston  
12 2575 East Camelback Road  
13 Phoenix, Arizona 85016-9225  
14 Attorneys for Arizona Electric Power  
15 Cooperative, Inc. and Southwest  
16 Transmission Cooperative, Inc.

14 **Original and 15 copies** filed this  
15 21st day of January, 2014, with:

16 Docket Control  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

18 **Two copies** of the foregoing delivered  
19 this 21st day of January, 2014, to:

20 The Office of Commissioner Bob Stump, Chairman  
21 Arizona Corporation Commission  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007

22 The Office of Commissioner Gary Pierce  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
Phoenix, Arizona 85007

1 The Office of Commissioner Brenda Burns  
Arizona Corporation Commission  
2 1200 West Washington Street  
Phoenix, Arizona 85007

3  
4 The Office of Commissioner Bob Burns  
Arizona Corporation Commission  
1200 West Washington Street  
5 Phoenix, Arizona 85007

6 The Office of Commissioner Susan Bitter Smith  
Arizona Corporation Commission  
7 1200 West Washington Street  
Phoenix, Arizona 85007

8  
9 **Copies** of the foregoing delivered  
this 21st day of January, 2014, to:

10 Steve Olea, Director  
Utilities Division  
11 Arizona Corporation Commission  
1200 West Washington Street  
12 Phoenix, Arizona 85007

13 John Le Sueur  
Utilities Division  
14 Arizona Corporation Commission  
1200 West Washington Street  
15 Phoenix, Arizona 85007

16 James Armstrong  
Utilities Division  
17 Arizona Corporation Commission  
1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Barbara Keene  
Utilities Division  
20 Arizona Corporation Commission  
1200 West Washington Street  
21 Phoenix, Arizona 85007

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1 Candrea Allen  
Utilities Division  
2 Arizona Corporation Commission  
1200 West Washington Street  
3 Phoenix, Arizona 85007

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**EXHIBIT A**

**ARTICLES OF MERGER  
BETWEEN  
SOUTHWEST TRANSMISSION COOPERATIVE, INC.  
AND  
ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

ARTICLE 1

Name and Principal Office of Merging Cooperative

Southwest Transmission Cooperative, Inc. (SWTC)  
ACC File No. 0844458-4  
P.O. Box 2195  
Benson, AZ 85602

ARTICLE 2

Name and Principal Office of Surviving Cooperative

Arizona Electric Power Cooperative, Inc. (AEPCO)  
ACC File No. 0057418-9  
P.O. Box 670  
Benson, AZ 85602

ARTICLE 3

SWTC as the merging cooperative and AEPCO as the surviving cooperative agree to the merger (the "Merger") of the merging cooperative into the surviving cooperative pursuant to Section 10-2140 of the Arizona Revised Statutes.

ARTICLE 4

The names and addresses of the directors of the surviving cooperative are:

Class A Members:

Anza Electric Cooperative Inc.

- Stewart, Ryall  
P.O. Box 391640  
Anza, CA 92539
  
- Short, Kevin  
P.O. Box 391909  
Anza, CA 92539-1909

Duncan Valley Electric Cooperative Inc.

- Lunt, Richard G.  
Box 25, Route 1  
Duncan, AZ 85534
- McKinley, Judy  
240 Willow Creek Lane  
Duncan, AZ 85534

Graham County Electric Cooperative Inc.

- Larson, Gene Robert  
3649 E. Hwy 70  
Safford, AZ 85546
- McBride, Reuben B.  
98 N. 1000 W  
Pima, AZ 85543

Mohave Electric Cooperative Inc.

- Carlson, J. Tyler  
P.O. Box 1045  
Bullhead City, AZ 86430
- Opalka, Lyn R.  
308 8<sup>th</sup> Street East  
Polson, MT 59860

Sulphur Springs Valley Electric Cooperative, Inc.

- Barrera, Dan  
3722 Maya Court  
Sierra Vista, AZ 85650-9579
- Thatcher, Kathy J.  
1016 Granado  
Wilcox, AZ 85643

Trico Electric Cooperative Inc.

- DeSpain, C. Brad  
P.O. Box 475  
Tucson, AZ 85716
- Stockwell, Barbara  
P.O. Box 368  
Arivaca, AZ 85601

Class D Member:

Valley Electric Association Inc.

- Husted, Thomas H.  
P.O. Box 237  
Pahrump, NV 89048

ARTICLE 5

Terms and conditions of the proposed Merger include:

- Members, Directors, Articles of Incorporation and Bylaws of and in SWTC shall cease to exist after the Merger;
- Membership, capital, and patronage accounts of members in SWTC are transferred to their respective membership, capital and patronage accounts in AEPCO;
- Members, Directors, Articles of Incorporation and Bylaws of AEPCO shall survive and continue to exist after the Merger.

ARTICLE 6

The proposed Merger and these Articles of Merger have been approved by the affirmative votes of at least two thirds of the members of each AEPCO and SWTC, each acting through their respective approved delegates.

MEMBERS OF THE MERGING COOPERATIVE AND SURVIVING COOPERATIVE

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

Anza Electric Cooperative Inc.

By: [Signature]  
Name: Roll Stewart  
Title: President

Duncan Valley Electric Cooperative Inc.

By: [Signature]  
Name: Judy McKinley  
Title: Sec/Treas

Graham County Electric Cooperative Inc.

By: [Signature]  
Name: Gene Rubeat Larson  
Title: Pres

Mohave Electric Cooperative Inc.

By: [Signature]  
Name: T. Tyler Carlson  
Title: Board Member

Sulphur Springs Valley Electric Cooperative, Inc.

By: Kathy Thatcher  
Name: KATHY THATCHER  
Title: Board President

Trico Electric Cooperative Inc.

By: Charles Bradley DeSpain  
Name: Charles Bradley DeSpain  
Title: Vice President

Valley Electric Association Inc.

By: Thomas H. Husted  
Name: Thomas H. Husted  
Title: CEO

**SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

Anza Electric Cooperative Inc.

By: Billy L. Adams  
Name: BILLY L. ADAMS  
Title: ORLEGATE

Arizona Electric Power Cooperative, Inc.

By: Bonnie R. Kozlarski  
Name: BONNIE R. KOZLARSKI  
Title: DIRECTOR

Duncan Valley Electric Cooperative Inc.

By: Johannie Frie  
Name: Johannie Frie  
Title: Board Pres.

Graham County Electric Cooperative Inc.

By: Steve M. Lines  
Name: STEVE M. LINES  
Title: GENERAL MANAGER

Mohave Electric Cooperative Inc.

By: J. Tyler Carlson  
Name: J. Tyler CARLSON  
Title: Board Member

Sierra Southwest Cooperative Services, Inc.

By: Johannie Frie  
Name: Johannie Frie  
Title: Board Mem.

Sulphur Springs Valley Electric Cooperative Inc.

By: Creson W. Huson  
Name: Creson W. Huson  
Title: CEO

Trico Electric Cooperative Inc.

By: L. Nick Buckeln  
Name: L. Nick Buckeln  
Title: President

**EXHIBIT B**

**AGREEMENT AND PLAN OF MERGER  
OF  
SOUTHWEST TRANSMISSION COOPERATIVE, INC.  
WITH AND INTO  
ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into this 12<sup>th</sup> day of June, 2013, between SOUTHWEST TRANSMISSION COOPERATIVE, INC., (SWTC), and ARIZONA ELECTRIC POWER COOPERATIVE, INC., (AEPKO). SWTC and AEPKO are collectively referred to as the (Cooperatives).

**RECITALS:**

- A. AEPKO and SWTC are both not-for-profit cooperative corporations organized and existing under Title 10, Chapter 18, Article 4 (§§ 10-2121 seq.) of the Arizona Revised Statutes as Amended (ARS) in the case of AEPKO, as an electric generation cooperative corporation, and in the case of SWTC, as an electric transmission cooperative corporation.
- B. The members of the Cooperatives by the affirmative vote of at least two-thirds of the members of each of the Cooperatives have determined it to be advisable for SWTC to merge into AEPKO, upon the terms and conditions stated in this Agreement and in accordance with the law of the State of Arizona, have approved Articles of Merger in the form attached hereto (the "Articles of Merger"), and have authorized the execution and filing thereof with the Arizona Corporation Commission (ACC).

**AGREEMENTS:**

NOW, THEREFORE, the Cooperatives hereby adopt the plan of reorganization encompassed by this Agreement, and do hereby agree that SWTC shall merge with and into AEPKO on the following terms, conditions and other provisions:

1. Merger; Effective Date. SWTC shall be merged with and into AEPKO, and AEPKO shall, as an electrical generation and transmission cooperative, be the surviving Cooperative (the "Merger"), effective upon filing of the Articles of Merger with the ACC (the "Effective Date").
2. Succession. On the Effective Date, the separate existence of SWTC shall cease and AEPKO, as the surviving Cooperative, shall succeed to all of the rights, privileges, immunities, powers, property, obligations and purposes of SWTC, including without limitation all rights, public and private franchises, patents, trademarks, trade names, licenses, registrations, easements, rights of way, certification and other assets of every kind and description, all debts due on any accounts and all interests belonging or due to SWTC, in the manner of, with the effect and as more fully set forth in §Section 10-2142. AEPKO, as the surviving Cooperative, shall be responsible and liable for all of the liabilities and obligations of SWTC, and any claim existing, or action or proceeding pending, by or against SWTC may be prosecuted as if the consolidation or merger had not taken place, but

AEPCO, as the surviving Cooperative, may be substituted in SWTC's place, as more fully set forth in §Section 10-2142. The rights of AEPCO's and SWTC's creditors or any liens upon the property of either of them are not impaired by this merger.

3. Conditions. The Merger shall not become effective, and the Articles of Merger shall not be filed unless and until the following have been obtained by both Cooperatives and received by the Boards of Directors of the Cooperatives (collectively, the "Boards").
  - a. Written evidence of the following or a written opinion from counsel acceptable to the Cooperatives that there is no legal requirement for the following, or the following have been obtained (each as applicable, an "Agency Approval").
    - i. Final unappealable orders, approvals or consent authorizing the Merger, issued by:
      1. The Arizona Corporation Commission; and
      2. The United States Department of Agriculture-Rural Utilities Service.
  - b. A written opinion from counsel acceptable to the Cooperatives that the following has occurred or that there is no requirement therefor:
    - i. The filing of notice of the Merger and other information required under and in accordance with 18 U.S. Code §18 (a) (the "Hart-Scott-Rodino Act" or "HSR"), and if such notice is required.
    - ii. The failure of the United States Department of Justice or Federal Trade Commission to initiate enforcement action on account of the proposed Merger within the applicable waiting period (as same may be reduced or extended under HSR (HSR No-Action)).
  - c. Written evidence (in the form which may include reports of senior management to the Boards, or an opinion or opinions of counsel acceptable to the Cooperatives and reported to the Boards):
    - i. That requirements of third-party consent or approval to the Merger or its effect, if and to the extent required under any material contracts to which either of the Cooperatives is a party (Contract Consent), have been satisfied or are not enforceable; and
    - ii. That all conditions, if any, to all Agency Approvals and HSR Compliances have been obtained; and
    - iii. That there exists no fact, event or circumstance which, in the judgment of the Chief Executive Officer of the Cooperatives as reported to the Boards, would cause the Merger to have a material adverse effect upon the operating or financial condition of the business of either of the Cooperatives; and
    - iv. That there are no material adverse impacts on existing contractual liabilities and obligations of the individual members of AEPCO or SWTC as a result of the Merger.

4. Membership Interest. The Cooperatives each have the same Class A Members. Upon the Effective Date, by virtue of the Merger, and without any further action on the part of the Cooperatives, all Membership interests in SWTC shall terminate, automatically be

cancelled and cease to exist, without any consideration being payable therefor; provided, however, that all capital, membership and patronage accounts of each Class A Member in SWTC immediately prior to the Merger shall be credited and applied to the capital, membership and patronage accounts of that Class A Member in AEPCO.

5. Articles of Incorporation and Bylaws. From and after the Effective Date, the Articles of Incorporation and Bylaws of AEPCO as in effect on the Effective Date shall continue to be the Articles of Incorporation and Bylaws of AEPCO as the surviving Cooperative and shall not be changed or amended in any manner by the Merger.
6. Directors and Officers. Prior to the Effective Date each Class A Member shall, pursuant to AEPCO Bylaw Section 3.06, designate two delegates and the Class D Members shall collectively designate one delegate, to serve as Directors of the surviving Cooperative. From and after the Effective Date the directors and officers of AEPCO in effect on the Effective Date shall continue to be the directors and officers of AEPCO as the surviving Cooperative and shall not be changed in any manner by the Merger.
7. Further Assurances. When the Merger has been effected, all real and personal property of SWTC shall vest in AEPCO as the surviving Cooperative without further act or deed and the title to any real estate or any interest therein vested in SWTC prior to the Effective Date shall not revert or in any way be impaired by reason of the Merger. Notwithstanding the foregoing, from time to time, as and when necessary or required by AEPCO as the surviving Cooperative or by its successors and assigns, there shall be executed and delivered on behalf of SWTC such deeds and other instruments, and there shall be taken or caused to be taken by it such further and other action, as shall be appropriate or necessary in order to vest or perfect in or to conform of record or otherwise in AEPCO as the surviving Cooperative, the title to and possession of all the property, interest, assets, rights, privileges, immunities, powers, franchises and authority of SWTC and otherwise to carry out the purposes of this Agreement, and the officers and directors of AEPCO as the surviving corporation are fully authorized in the name and on behalf of SWTC or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.
8. Amendment. At any time before or after approval of the Merger by the Cooperatives, this Agreement, and the Articles of Merger may be amended in any manner as may be determined in the judgment of the respective Boards of the Cooperatives to be necessary, desirable or expedient in order to clarify the intention of the parties hereto or to effect or facilitate the purpose and intent of this Agreement.
9. Abandonment. At any time before the Effective Date, this Agreement may be terminated and the merger contemplated hereby may be abandoned by the Board of Directors of any or both of the Cooperatives.
10. Counterparts. In order to facilitate this Agreement, the same may be executed in any number of counterparts, each of which shall be deemed to be an original and the signature page thereto consolidated in to one or more counterpart Agreements, each of which all be an original.

11. Tax Impact. This merger is intended to be, and shall be a tax-free merger pursuant to IRC § 501 (c) (12). Notwithstanding anything in this Agreement to the contrary, from time to time, as and when necessary or required AEPCO and SWTC shall execute and deliver such filings, documents, and other instruments, and there shall be taken or caused to be taken by each of them and such further and other action, as shall be appropriate or necessary in order to cause this merger to qualify as exempt from taxation pursuant to the Internal Revenue Code. Each officer, director, and employee of AEPCO and SWTC is directed and authorized to take any action and execute any documents or instruments necessary to cause this merger to meet the requirements for tax exemption pursuant to the U.S. Internal Revenue and any applicable state tax law.

This Agreement, having first been duly approved by the Boards of Directors and Members of each of the Cooperatives, is hereby executed on behalf of each such Cooperative.

**ARIZONA ELECTRIC POWER  
COOPERATIVE, INC.,** an Arizona corporation

By:   
Name: PATRICK F. LEDGER  
Title: CEO

**SOUTHWEST TRANSMISSION COOPERATIVE,  
INC.,** an Arizona corporation

By:   
Name: PATRICK F. LEDGER  
Title: CEO

**EXHIBIT C**

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

The following resolution was adopted at a **regular meeting** of the Members (the "Members") of Arizona Electric Power Cooperative, Inc., held in Benson, Arizona on June 12, 2013.

**RESOLUTION**

**WHEREAS**, *Southwest Transmission Cooperative, Inc. (SWTC) and Arizona Electric Power Cooperative, Inc. (AEPCO) are both not-for-profit cooperative corporations organized and existing under Title 10, Chapter 18, Article 4 (§§ 10-2121 seq.) of the Arizona Revised Statutes as Amended (ARS) in the case of AEPCO, as an electric generation cooperative corporation and in the case of SWTC, as an electric transmission cooperative corporation; and*

**WHEREAS**, *the Board of Directors of AEPCO (the "Board") and the Members: (1) have determined it to be advisable for SWTC to merge into AEPCO (the "Merger"), upon the terms and conditions stated in an Agreement of Plan of Merger, copies which have been provided to the Members (the "Agreement and Plan of Merger") and in accordance with the laws of the State of Arizona, and Articles of Merger, copies which have also been provided to the Members (the "Articles of Merger"); and, (2) hereby authorize the execution and filing thereof with the Arizona Corporation Commission (ACC);*

**NOW, THEREFORE BE IT RESOLVED**, *that the Members: (a) approve the proposed Merger pursuant to the Agreement and Plan of Merger and the Articles of Merger; and (b) accept the recommendation of the Board of Directors in that regard; and*

**BE IT FURTHER RESOLVED**, *that each of the following persons are hereby appointed as an Authorized Officer: (a) the Executive Vice President and Chief Executive Officer of Arizona Electric Power Cooperative, Inc.; (b) the President of AEPCO; (c) the Secretary of AEPCO; and (d) the Treasurer of AEPCO; and*

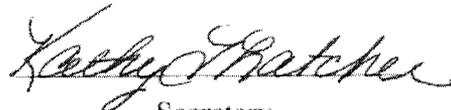
**BE IT FURTHER RESOLVED**, *that each of the Authorized Officers, each of whom may act alone and without the need for the joinder of any other Authorized Officer, is hereby authorized, directed and empowered, to execute, deliver and file the Agreement and Plan of Merger, the Articles of Merger and any other documents that may be necessary or appropriate in connection with the Merger, all of which shall be in such form and contain such provisions, covenants and agreements as such Authorized Officer deems appropriate in connection with the Merger, and all other actions taken or to be taken incidental thereto are hereby authorized, adopted, ratified, confirmed and approved; and*

**BE IT FURTHER RESOLVED**, *that each of the Authorized Officers, each of whom may act alone and without the need for the joinder of any other Authorized Officer, is hereby authorized, directed and empowered, subject to approval*

*thereof by the members of Southwest Transmission Cooperative, to take any and all actions required to obtain approval of the Merger by the Arizona Corporation Commission, Rural Utilities Services, and any other government agency whose approval may be deemed necessary or appropriate.*

I, Kathy Thatcher, do hereby certify that I am Secretary of AEPCO, and that the foregoing is a true and correct copy of the Resolution adopted by the Members of AEPCO on at least a two-thirds affirmative vote of all Members acting through their voting delegates, at a **regular meeting** of the Members held on June 12, 2013.

*(seal)*

  
Secretary

**EXHIBIT D**

## SOUTHWEST TRANSMISSION COOPERATIVE, INC.

The following resolution was adopted at a **regular meeting** of the Members (the "Members") of Southwest Transmission Cooperative, Inc., held in Benson, Arizona on June 12, 2013.

### RESOLUTION

***WHEREAS**, Southwest Transmission Cooperative, Inc. (SWTC) and Arizona Electric Power Cooperative, Inc. (AEPCO) are both not-for-profit cooperative corporations organized and existing under Title 10, Chapter 18, Article 4 (§§ 10-2121 seq.) of the Arizona Revised Statutes as Amended (ARS) in the case of AEPCO, as an electric generation cooperative corporation and in the case of SWTC, as an electric transmission cooperative corporation; and*

***WHEREAS**, the Board of Directors of SWTC (the "Board") and the Members: (1) have determined it to be advisable for SWTC to merge into AEPCO (the "Merger"), upon the terms and conditions stated in an Agreement of Plan of Merger, copies which have been provided to the Members (the "Agreement and Plan of Merger") and in accordance with the laws of the State of Arizona, and Articles of Merger, copies which have also been provided to the Members (the "Articles of Merger"); and, (2) hereby authorize the execution and filing thereof with the Arizona Corporation Commission (ACC);*

***NOW, THEREFORE BE IT RESOLVED**, that the Members: (a) approve the proposed Merger pursuant to the Agreement and Plan of Merger and the Articles of Merger; and (b) accept the recommendation of the Board of Directors in that regard; and*

***BE IT FURTHER RESOLVED**, that each of the following persons are hereby appointed as an Authorized Officer: (a) the President and Chief Executive Officer of Southwest Transmission Cooperative, Inc.; and (b) the Secretary/Treasurer of SWTC; and*

***BE IT FURTHER RESOLVED**, that each of the Authorized Officers, each of whom may act alone and without the need for the joinder of any other Authorized Officer, is hereby authorized, directed and empowered, to execute, deliver and file the Agreement and Plan of Merger, the Articles of Merger and any other documents that may be necessary or appropriate in connection with the Merger, all of which shall be in such form and contain such provisions, covenants and agreements as such Authorized Officer deems appropriate in connection with the Merger, and all other actions taken or to be taken incidental thereto are hereby authorized, adopted, ratified, confirmed and approved; and*

***BE IT FURTHER RESOLVED**, that each of the Authorized Officers, each of whom may act alone and without the need for the joinder of any other Authorized*

*Officer, is hereby authorized, directed and empowered, subject to approval thereof by the members of Arizona Electric Power Cooperative, Inc., to take any and all actions required to obtain approval of the Merger by the Arizona Corporation Commission, Rural Utilities Services, and any other government agency whose approval may be deemed necessary or appropriate.*

I Billy L. Adams do hereby certify that I am Secretary/Treasurer of SWTC, and that the foregoing is a true and correct copy of the Resolution adopted by the Members of SWTC on at least a two-thirds affirmative vote of all Members acting through their voting delegates, at a **regular meeting** of the Members held on June 12, 2013.

(seal)

  
Secretary/Treasurer