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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

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AZ CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

MAY 12 2014

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. FOR AUTHORIZATION TO BORROW UP TO \$20 MILLION FROM THE NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION AND CoBANK, ACB.

DOCKET NO. E-01461A-14-0039

PROCEDURAL ORDER

BY THE COMMISSION:

On February 7, 2014, Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to borrow up to \$20,000,000 in the form of revolving lines of credit of \$10,000,000 each from the National Rural Utilities Cooperative Finance Corporation ("CFC") and CoBank, ACB ("CoBank").

On March 24, 2014, Trico filed a Notice of Filing Affidavit of Publication indicating that it had notice of its financing request published in The Daily Territorial, a daily newspaper printed and published in Pima County, on March 6, 2014, March 13, 2014 and March 20, 2014.

On March 31, 2014, the Commission's Utilities Division ("Staff") filed its Staff Report recommending approval of the requested authorization.

On April 9, 2014, Staff filed a Notice of Errata to correct the Staff Report, attaching an Amended Staff Report.

On April 10, 2014, Trico filed Comments to the Amended Staff Report indicating that the Cooperative supports the Amended Staff Report.

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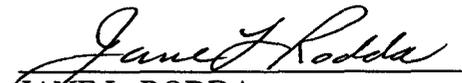
1           There remain several areas that require additional information or clarification in order for  
2 there to be a complete record upon which the Commission can base its conclusions concerning this  
3 request. Staff is therefore directed to supplement its Amended Staff Report with the following  
4 information:

- 5           1. Identify the minimum Debt Service Coverage (“DSC”) ratio required by Trico’s lenders.
- 6           2. In Schedule SLP-1, the pro forma interest expense decreases. Usually issuing debt  
7           increases interest expense unless it is refinancing more costly debt. Identify the pro forma  
8           interest rate used and the assumptions used to calculate interest expense.
- 9           3. The pro forma debt increases by \$6.7 million, while the requested debt is \$20 million. A  
10           line of credit will be refinanced with long-term debt, shouldn’t the analysis confirm, via a  
11           pro forma DSC, that Trico can meet the DSC requirements of the long-term debt to be  
12           subsequently issued? Discuss the assumptions utilized in the pro forma analysis  
13           concerning the amount of debt to be issued.
- 14           4. Explain the assumptions that result in an approximately \$5 million increase in equity in  
15           the pro forma analysis.

16           IT IS THEREFORE ORDERED that **Staff shall file a Supplement Staff Report** that  
17 includes, at a minimum, the information identified above by **May 30, 2014**.

18           IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
19 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

20           DATED this 12th day of May, 2014.

21   
 22 JANE L. RODDA  
 ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed  
24 this 12<sup>th</sup> day of May, 2014 to:

25 Mr. Michael Patten  
 26 Roshka De Wulf & Patten, PLC  
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