

WILLIAM A. MUNDEI
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



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BRIAN C. McNEIL
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

DATE: April 26, 2001
DOCKET NOS: E-01461A-00-0311 and E-01461A-00-0353
TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Jane Rodda. The recommendation has been filed in the form of an Order on:

TRICO ELECTRIC COOPERATIVE, INC.
(AMEND DECISION NO. 63213)

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 ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

The Company has waived the 10 days for filing of exceptions.

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 Working Session and Open Meeting to be held on:

MAY 1, 2001 and MAY 2, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARK SPITZER
COMMISSIONER

DOCKET NO. E-01461A-00-0311

IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC., AN ARIZONA NONPROFIT CORPORATION, FOR AUTHORITY TO BORROW THE ADDITIONAL SUM OF \$16,000,000.00 FROM THE NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (CFC), AND TO EVIDENCE SAID LOAN BY THE EXECUTION OF A LOAN AGREEMENT AND A SECURED PROMISSORY NOTE WHICH ARE SECURED BY AN EXISTING MORTGAGE AND SECURITY AGREEMENT.

DOCKET NO. E-01461A-00-0353

IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC., AN ARIZONA NONPROFIT CORPORATION, FOR AUTHORITY TO BORROW THE ADDITIONAL SUMS OF \$2,769,000.00 FROM THE UNITED STATES OF AMERICA (RUS), AND \$1,187,000.00 FROM THE NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (CFC), AND TO EVIDENCE SAID LOANS BY THE EXECUTION OF PROMISSORY NOTES WHICH ARE SECURED BY A MORTGAGE AND SECURITY AGREEMENT

**ORDER AMENDING
DECISION NO. 63213**

Open Meeting
May 1 and 2, 2001
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. Trico Electric Power Cooperative, Inc. ("Trico") is a non-profit distribution cooperative that serves approximately 24,565 customers in an area located around Tucson, Arizona.
2. On November 30, 2000, the Commission issued Decision No. 63213, granting Trico's request to borrow \$17,187,000 from the National Rural Utilities Cooperative Finance Corporation

1 (“CFC”) and \$2,769,000 from the Rural Utility System (“RUS”). Decision No. 63213 approved two
2 different finance requests, a \$16,000,000 loan from the CFC and a \$3,956,000 loan that was to be
3 funded 70 percent (\$2,769,000) by the RUS and 30 percent (\$1,187,000) by the CFC.

4 3. The \$16,000,000 CFC loan has been funded.

5 4. On March 22, 2001, Trico filed a request to modify Decision No. 63213, to allow it to
6 decrease its borrowing from the CFC from \$17,187,000 to \$16,000,000 and to increase its borrowing
7 from the RUS from \$2,769,000 to \$3,956,000.

8 5. On April 24, 2001, the Commission Utilities Division Staff (“Staff”) filed its Staff
9 Report recommending approval of the modification to Decision No. 63213 without a hearing.

10 6. On February 2, 2001, RUS informed TRICO that it would provide 100 percent of the
11 RUS-CFC loan at an interest rate of 5 percent annually.

12 7. The interest rate offered by RUS is lower than the interest rates approved in Decision
13 No. 63213, which were based on a projected 5.5 percent RUS municipal rate and 7 percent to 8.25
14 percent CFC rates.

15 8. Staff noted that the RUS provides a greater level of loan oversight and loan
16 management than the CFC.

17 9. Staff believes that the request for modification of Decision No. 63213 is in the public
18 interest, is for lawful purposes and is consistent with sound financial practices.

19 10. Trico has requested that the Commission consider its modification request as quickly
20 as possible, and in order to have this matter considered at the Commission’s next Open Meeting, has
21 waived its right to ten days for filing exceptions to this Order.

22 **CONCLUSIONS OF LAW**

23 1. Trico is a public service corporation within the meaning of Article XV of the Arizona
24 Constitution and A.R.S. §§ 40-301 and 40-302.

25 2. The Commission has jurisdiction over Trico and the subject matter of the application.

26 3. Notice of the application was given in accordance with the law.

27 4. Staff recommendations set forth in Findings of Fact No. 5 are reasonable and should be
28 adopted.

1 5. The financing approved herein is for lawful purposes within Trico's corporate powers, is
2 compatible with the public interest, with sound financial practices, and with the proper performance
3 by Trico of service as a public service corporation, and will not impair Trico's ability to perform that
4 service.

5 6. The financing approved herein is for the purposes stated in the application and is
6 reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably
7 chargeable to operating expenses or to income.

8 **ORDER**

9 IT IS THEREFORE ORDERED that Decision No. 63213 is partially modified to authorize
10 Trico Electric Cooperative, Inc. to borrow \$3,956,000 from the Rural Cooperative Finance
11 Corporation at an annual interest rate of 5.0 percent annually, instead of \$2,769,000 from the Rural
12 Utility System and \$1,187,000 from National Rural Utilities Cooperative Finance Corporation.¹

13 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc is hereby authorized to
14 engage in any transactions and to execute any documents necessary to effectuate the authorization
15 granted hereinabove.

16 IT IS FURTHER ORDERED that such authority is expressly contingent upon Trico Electric
17 Cooperative, Inc.'s use of the proceeds for the purposes set forth in its application.

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

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28 ¹ The authorization in decision No. 63213 to borrow \$16 million from the CFC remains unchanged.

1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file copies of all
2 executed financing documents setting forth the terms of the financing, within 30 days of obtaining
3 such financing.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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8 CHAIRMAN

COMMISSIONER

COMMISSIONER

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11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
12 Secretary of the Arizona Corporation Commission, have
13 hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this ____ day of _____, 2001.

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17 _____
18 BRIAN C. McNEIL
19 EXECUTIVE SECRETARY

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1 SERVICE LIST FOR: TRICO ELECTRIC COOPERATIVE, INC.

2 DOCKET NOS.: E-01461A-00-0311 and E-01461A-00-0353

3
4 Russell E. Jones, Esq.
5 D. Michael Mandig, Esq.
6 WATERFALL ECONOMIDIS CALDWELL
7 HANSHAW & VILLAMAÑA, P.C.
8 5210 East Williams Circle, Suite 800
9 Tucson, Arizona 85711
10 Attorneys for Trico Electric Cooperative, Inc.

11 Mr. Christopher Kempley, Chief Counsel
12 Legal Division
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
15 Phoenix, Arizona 85007

16 Ms. Deborah Scott, Director
17 Utilities Division
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
20 Phoenix, Arizona 85007

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