

ORIGINAL

MEMORANDUM



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TO: Docket Control
FROM: Tom Broderick
Director
Utilities Division
DATE: January 15, 2016

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Arizona Corporation Commission

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RE: DECEMBER 23, 2015 FILING BY SOUTHWEST TRANSMISSION COOPERATIVE – NOTICE OF COMPLIANCE WITH DECISION NO. 71511 (DOCKET NO. E-04100A-09-0250).

On December 23, 2015, Southwest Transmission Cooperative, Inc. (“SWTC” or “Cooperative”), filed a Notice of Compliance with Decision No. 71511, which approved SWTC’s 2009-2010 Construction Work Plan.

Background

On March 17, 2010, the Arizona Corporation Commission (“ACC” or “Commission”) issued Decision No. 71511 approving SWTC’S application to incur debts not to exceed \$54,940,000 from the National Rural Utilities Cooperative Finance Corporation for interim financing, and \$48,072,000 from the Rural Utilities Service/Federal Financing Bank for long-term financing, when available, to replace the approved interim financing.

This approval was subject to certain conditions which include requirements that SWTC file in this docket “any proposed modifications to the 2009-2010 Construction Work Plan which substantially conform to the purposes of the 2009-2010 Construction Work Plan; and if the cumulative costs of the proposed modifications are greater than \$450,000, and do not exceed the authorized amount of \$54,940,000 for interim financing or \$48,072,000 for long-term financing”.

SWTC’s filing is in reference to this requirement of Decision No. 71511.

Analysis

SWTC has since deleted as unnecessary and/or realigned a substantial number of projects to its C-8 RUS Loan (authorized under Decision No. 69239), resulting in \$48,072,000 of unused funds.

In order to utilize the unused funds, SWTC modified its Construction Work Plan to include additional projects in January 2014 and December 2015, filing compliance notices on January 8, 2014¹, and December 23, 2015 respectively. The compliance notice of December 23, 2015 was for

¹ There is no record in the docket of Staff’s response to SWTC’s January 8th, 2014 compliance filing. In response to the December 23rd, 2015 compliance filing, Staff additionally examined the prior (January 8th, 2014) compliance filing and found that modifications to the CWP appeared to fall within the guidelines and requirements as specified by Decision No. 71511.

and December 23, 2015 respectively. The compliance notice of December 23, 2015 was for modifications to the Construction Work Plan and included eight projects, three of which were modernizations and the rest were improvements.

Recommendations

Staff has reviewed the additional projects and finds that they fall within the guidelines and requirements specified by Decision No. 71511. Staff makes no "used and useful" determination of the proposed projects nor any conclusions for rate base or ratemaking purposes. SWTC has met the compliance requirements relating to the proposed modification of its Construction Work Plan as ordered in Decision No. 71511. No further action on the part of the Commission or Staff is required.

TMB:CCE:nr

Originator: Chukwunonso Chidebell-Emordi

Service List for: Southwest Transmission Cooperative, Inc.
Docket No. E-04100A-09-0250

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