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MEMORANDUM

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FROM: *for* Tom Broderick  
Director  
Utilities Division

*Angela S*

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*JK*

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Arizona Corporation Commission  
DOCKETED

DATE: February 2, 2016

RE: **CORRECTED** - 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, 2014<sup>1</sup>, and December 23, 2015 respectively. The compliance notice of December 23, 2015 was for

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

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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/RRM

Originator: Chukwunonso Chidebell-Emordi

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

Jennifer Cranston  
Gallagher & Kennedy, P.A.  
2575 East Camelback Road  
Phoenix, Arizona 85016

Mr. Thomas M. Broderick  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Janice M. Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Dwight Nodes  
Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007