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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
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Arizona Corporation Commission
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IN THE MATTER OF THE APPLICATION OF)
TRICO ELECTRIC COOPERATIVE, INC., AN)
ARIZONA CORPORATION, FOR AUTHORITY)
TO BORROW THE ADDITIONAL SUM OF)
\$58,786,000 FROM THE UNITED STATES OF)
AMERICA (RDUP) AND THE ADDITIONAL)
SUM OF \$25,194,000 FROM NATIONAL RURAL)
UTILITIES COOPERATIVE, AND TO)
EVIDENCE SAID LOANS BY EXECUTION OF)
LOAN AGREEMENTS, PROMISSORY NOTES)
AND SECURITY DOCUMENTS REQUIRED BY)
THE LENDERS.)

DOCKET NO. E-01461A-07-0433

**APPLICATION UNDER
A.R.S. § 40-252 TO
AMEND DECISIONS NOS. 70399,
73933, 74583 and 75120**

**(Expedited Consideration
Requested)**

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Trico Electric Cooperative, Inc. ("Trico") hereby requests the Arizona Corporation Commission to amend Decision Nos. 70399 (July 3, 2008), 73933 (June 27, 2013), 74583 (July 22, 2014), and 75120 (June 18, 2015) to extend the financing authority granted in those Decisions for twelve months – from July 31, 2016 until July 31, 2017. The slow recovery from the economic downturn continues to impact Trico's construction needs, to the point where certain available Rural Utilities Service ("RUS") financing will not be fully utilized by July 31, 2016. However, Trico has and will continue to have a need for construction financing beyond the end of July. Consequently, it desires to utilize the remaining RUS funding that was the subject of Decision Nos. 70399, 73933, 74583 and 75120.

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In support of this Application, Trico states as follows:
1. On July 23, 2007, Trico filed an application in this docket for authorization to borrow \$83,979,000 from the United States of America through the RUS.
2. The RUS financing was intended to cover the construction of additional and supplemental facilities to meet expected growth in Trico's service area, and to allow Trico to

1 maintain its plant in sound condition to be able to continue to provide safe and reliable electric
2 service. The proposed RUS financing consisted of a 35-year amortizing loan that permitted
3 multiple draws over an estimated five-year period.

4 3. The Commission approved the requested financing authority, subject to certain
5 conditions, in Decision No. 70399. One of the conditions was that the financing authority granted
6 would terminate on December 31, 2013. This termination date comported with the anticipated
7 five-year construction work plan that would be built with the RUS financing.

8 4. Trico subsequently entered into an RUS Loan Contract dated July 1, 2008, under
9 which the RUS issued a guarantee of a loan in the amount of \$83,979,000 to be used by Trico to
10 finance certain system extensions and improvements ("RUS Loan Contract"). The RUS Loan
11 Contract had a termination date of July 1, 2013.

12 5. Due to the unforeseen downturn in the local economy and the resulting delay in the
13 completion of planned system extensions and additions, Trico was not able to complete the
14 construction plan within the anticipated five years. As of December 31, 2012, Trico had borrowed
15 \$41,500,000 of the \$83,979,000 under RUS Loan Contract. Trico filed an application under
16 A.R.S. § 40-252 to amend Decision No. 70399 – to extend the financing authority until July 1,
17 2014. The Commission granted the application in Decision No. 73933.

18 6. Trico subsequently filed an additional application under A.R.S. § 40-252 to amend
19 Decision No. 73933 in order to extend its financing authority until July 31, 2015. Trico made this
20 additional request due to the slow economic recovery in its service area that prevented it from
21 completing the construction plan by July 1, 2014. As of April 8, 2014, Trico had borrowed
22 \$53,050,00 of the \$83,979,000 under the RUS Loan Contract. The Commission granted the
23 application in Decision No. 74583. Trico received approval from the RUS to extend the RUS
24 Loan Contract until July 31, 2015.

25 7. The Commission subsequently approved an extension until July 31, 2016 in
26 Decision No. 75120. Trico had explained in its application that the economic recovery remains
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1 slow in its service area and as a result, Trico still had not completed the construction work plan.
2 As of March 16, 2015, Trico stated that it had borrowed \$58,523,745 of the \$83,979,000 under the
3 RUS Loan Contract. Trico asserted that it continues to have need for advances of the remaining
4 RUS Loan Contract to fund its construction work plans beyond July 31, 2015.

5 7. The slow economic recovery continues to affect Trico's completion of its
6 construction work plan. As of March 21, 2016, Trico had borrowed \$66,550,000 of the
7 \$83,979,000 under the RUS Loan Contract – with approximately \$17,429,000 in un-advanced loan
8 funds. However, Trico still has and will have a continuing need for advances of the remaining
9 balance under RUS Loan Contract to fund its construction work plans beyond the July 31, 2016
10 termination date. As a result, by way of its letter to RUS dated March 31, 2016, Trico requested
11 an additional extension of the RUS Loan Contract to July 31, 2017. However, as in previous
12 years, Trico must obtain necessary regulatory approval from the Commission in order for the RUS
13 extension to be effective. In order for Trico to access funds under this extension, Trico is now
14 requesting the Commission to extend the financing authority granted in Decision Nos. 70399,
15 73933, 74583 and 75120 from July 31, 2016 until July 31, 2017. Trico further requests that the
16 Commission grant this extension of authority no later than its June 14, 2016 Open Meeting.

17 8. Further, Trico has provided information to RUS regarding the construction of several
18 large system improvement projects that Trico would plan to fund in the next year. These projects are
19 described in Trico's 2013-to-2016 Construction Work Plan ("CWP"). In addition, Trico is working to
20 complete its 2017-to-2020 CWP by the end of this year. Trico has recently completed several capital
21 improvement projects and is currently undertaking additional projects to enhance system operational
22 capability and reliability.

23 9. The RUS Loan Contract provides an economic source of financing for cooperatives
24 such as Trico. Trico submits that it is in the public interest to extend the financing authority
25 previously granted, in order to allow Trico continued access to financing under the RUS Loan
26 Contract.

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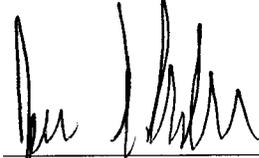
Relief Requested

Pursuant to A.R.S. 40-252, Trico requests that the Commission re-open Decision Nos. 70399, 73933, 74583 and 75120 for the sole and limited purpose of extending the termination date for the financing authority from July 31, 2016 to July 31, 2017.

Trico also requests that the Commission grant this application at the Commission's June 14, 2016 Open Meeting. Trico hereby waives the 10-day exception period to facilitate the expedited consideration of this Application.

1 RESPECTFULLY SUBMITTED this 7th day of April 2016.

2 TRICO ELECTRIC COOPERATIVE, INC.

3
4 By 

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10 Original and 13 copies of the foregoing
11 filed this 7th day of April 2016 with:

12 Docket Control
13 Arizona Corporation Commission
1200 West Washington Street
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14 Copy of the foregoing hand-delivered/mailed
15 this 7th day of April 2016 to:

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18 Arizona Corporation Commission
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