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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

JUN 27 2016

- DOUG LITTLE – Chairman
- BOB STUMP
- BOB BURNS
- TOM FORESE
- ANDY TOBIN

DOCKETED BY	<i>[Signature]</i>
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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 (RURAL DEVELOPMENT UTILITIES PROGRAM) 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

DECISION NO. 75608

**ORDER EXTENDING TIME
DEADLINE FOR FINANCING
AUTHORITY CONTAINED IN
DECISION NOS. 70399, 73933, 74583
AND 75120**

Open Meeting
June 14 & 15, 2016
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

- In Decision No. 70399 (July 3, 2008), the Commission approved an application filed by Trico Electric Cooperative, Inc. (“Trico” or “Cooperative”) for authority to borrow \$83.98 million from the Rural Utilities Service (“RUS”) to finance its Construction Work Plan (“CWP”).
- As part of Decision No. 70399 the Commission ordered that “any authorization to incur debt granted in this proceeding shall terminate on December 31, 2013.”
- Subsequent to Decision No. 70399, at the request of the Cooperative, the Commission approved several extensions of the termination date for Trico’s financing authority as follows: Decision No. 73933 (June 27, 2013) (extended the finance authority from December 31, 2013 to July 31, 2014);

1 Decision No. 74583 (July 22, 2014) (extended the finance authority until July 31, 2015); and Decision
2 No. 75120 (June 18, 2015) (extended the finance authority until July 31, 2016). Decision No. 75120
3 also provided that in the event Trico requested another extension of the financing authority, it docket
4 such request no later than April 1, 2016, and that any such request be supported by updated growth
5 projections and an updated CWP that demonstrates that the requested additional time extension is
6 warranted.

7 4. On April 7, 2016, Trico docketed an application under Arizona Revised Statutes
8 (“A.R.S.”) § 40-252 to amend Decision Nos. 70399, 73933, 7483 and 75120 “to extend the financing
9 authority in those Decision an additional twelve months, from July 31, 2016, until July 31, 2017.”

10 5. In its current application, Trico states that slow economic recovery continues to affect
11 its completion of the construction work such that as of March 31, 2016, Trico had borrowed
12 \$66,350,000 of the \$83,979,000 under the RUS Loan Contract. Trico states further that it has a
13 continuing need for advances of the remaining balance on the RUS Loan Contract to fund construction
14 work plans beyond July 31, 2016. Consequently, Trico requested an additional extension of the RUS
15 Loan Contract from RUS until July 17, 2017, and explained that it must obtain Commission approval
16 in order for the RUS extension to be effective. Trico requests that the Commission extend its financing
17 authority until July 31, 2017, and to consider this matter no later than the Commission’s June 14, 2016
18 Open Meeting.

19 6. On May 23, 2016, the Commission’s Utilities Division (“Staff”) filed a Memorandum
20 in which Staff states that it does not oppose the Cooperative’s request, and recommends that the
21 authorization for Trico to incur debt granted in Decision Nos. 70399, 73933, 74583 and 75120 be
22 extended from July 31, 2016, to July 31, 2017.

23 7. Trico provided Staff with updated growth projections and an updated CWP for 2013-
24 2016, as required by Decision No. 75120. Staff has indicated that the list of projects in the updated
25 CWP will be used to enhance system operational capability and reliability, and that Staff has
26 determined that the projects are reasonable and appropriate. Trico has also provided Staff with
27 additional information regarding the construction of several large system improvement projects that
28 Trico is planning to fund in the next year. Staff states that it finds these anticipated projects to also be

1 reasonable and appropriate.

2 8. Under the circumstances as presented, Trico's request for an extension of its financing
3 authority, as first granted in Decision No. 70399, is reasonable and should be approved. It is also
4 reasonable to continue the requirement approved in Decision No. 75120 that future extension requests
5 be filed by April 1, 2017 in order to give Staff sufficient time to analyze the request and the Commission
6 to act on it, and to require that Trico support any such extension request with an updated CWP and
7 growth projections that show Trico's request is in the public interest.

8 CONCLUSIONS OF LAW

9 1. Trico is a public service corporation within the meaning of Article XV of the Arizona
10 Constitution and A.R.S. §§ 40-252, 40-301, 40-302, and 40-303.

11 2. The Commission has jurisdiction over Trico and of the subject matter of Trico's Finance
12 Application and its request for an extension of such authority until July 31, 2017.

13 3. The financing as approved and conditioned in Decision Nos. 70399, 73933, 74583, and
14 75120, and as extended herein, is for lawful purposes within Trico's corporate powers, is compatible
15 with the public interest, with sound financial practices, and with the proper performance by Trico of
16 service as a public service corporation, and will not impair Trico's ability to perform the service.

17 4. The financing authority approved previously in Decision Nos. 70399, 73933, 74583,
18 75120, and as extended herein, is for the purposes stated in the Finance Application, is reasonably
19 necessary for those purposes, and such purposes may not be reasonably chargeable to operating
20 expenses or to income.

21 ORDER

22 IT IS THEREFORE ORDERED that the time deadline for financing authority contained in
23 Decision Nos. 70399, 73933, 74583, and 75120 is extended until July 31, 2017, subject to the terms of
24 Decision No. 70399.

25 IT IS FURTHER ORDERED that in all other respects Decision No. 70399 shall remain in full
26 force and effect.

27 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. is authorized to execute any
28 documents necessary to effectuate the authorizations granted herein.

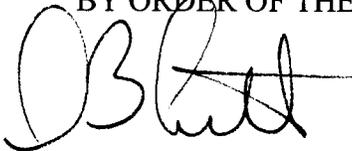
1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file with Docket
2 Control, as a compliance item in this docket, copies of any additional executed financing documents
3 related to this authority within 60 days after the date of execution.

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

7 IT IS FURTHER ORDERED that in the event Trico Electric Cooperative, Inc. requests another
8 extension of the financing authority discussed herein, it shall docket such request no later than April 1,
9 2017, and that any such request shall be supported by updated growth projections and an updated
10 Construction Work Plan that demonstrates that the requested additional time extension is warranted.

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

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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14 CHAIRMAN

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16 COMMISSIONER

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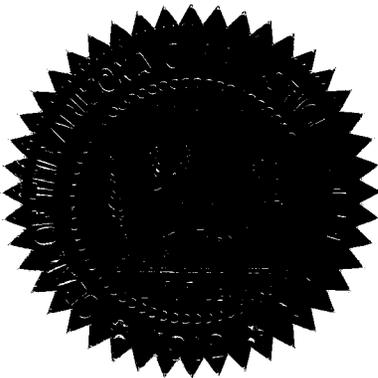
18 COMMISSIONER

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20 COMMISSIONER

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22 COMMISSIONER



24 IN WITNESS WHEREOF, I, JODI JERICH, Executive Director
25 of the Arizona Corporation Commission, have hereunto set my
26 hand and caused the official seal of the Commission to be affixed
27 at the Capitol, in the City of Phoenix, this 27th day
28 of June 2016.

29 
30 JODI JERICH
31 EXECUTIVE DIRECTOR

32 DISSENT _____

33 DISSENT _____
34 JR:aw

1 SERVICE LIST FOR: TRICO ELECTRIC COOPERATIVE, INC.

2 DOCKET NO.: E-01461A-07-0433

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