ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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E-01773A
Arizona Electric Power Cooperative, Inc.
PO Box 670
Benson, AZ 85602

RECEIVED

APR 13 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005

FOR COMMISSION USE

ANN 01	05

PROCESSED BY:
4-13-06 RF

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Arizona Electric Power Cooperative, Inc.

Mailing Address P.O. Box 670
(Street)

Benson, Arizona 85602-0670
(City) (State) (Zip)

520-586-3631 520-586-5381
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

Local Office Mailing Address 1000 S. Highway 80
(Street)

Benson, Arizona 85602-0670
(City) (State) (Zip)

520-586-3631 520-586-5381
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact: Richard Franklin Assist. Controller
(Name) (Title)

P.O. Box 670 Benson, Arizona 85602-0670
(Street) (City) (State) (Zip)

520-586-5399 520-586-5381
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address rfranklin@ssw.coop

On Site Manager:
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

☐ **Please mark this box if the above address(es) have changed or are updated since the last filing.**

Statutory Agent: Rusing & Lopez, PLLC
(Name)

6262 N. Swan Rd - #200 Tucson, Az. 85718
(Street) (City) (State) (Zip)

520-792-4800 520-529-4262
Telephone No. (Include Area Code) Fax No. (Include Area Code Pager/Cell No. (Include Area Code)

Attorney: Same as Above
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ **Please mark this box if the above address(es) have changed or are updated since the last filing.**

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- ☐ **Sole Proprietor (S)**
- ☐ **Partnership (P)**
- ☐ **Bankruptcy (B)**
- ☐ **Receivership (R)**
- ☐ **Other (Describe)**
- ☐ **C Corporation (C) (Other than Association/Co-op)**
- ☐ **Subchapter S Corporation (Z)**
- ☒ **Association/Co-op (A)**
- ☐ **Limited Liability Company**

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**	☐ **COCHISE**	☐ **COCONINO**
☐ **GILA**	☐ **GRAHAM**	☐ **GREENLEE**
☐ **LA PAZ**	☐ **MARICOPA**	☐ **MOHAVE**
☐ **NAVAJO**	☐ **PIMA**	☐ **PINAL**
☐ **SANTA CRUZ**	☐ **YAVAPAI**	☐ **YUMA**

☒ **STATEWIDE** (Wholesale Sales of Electricity)

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

- [x] **Electric**
  - [ ] Investor Owned Electric
  - [x] Rural Electric Cooperative
  - [ ] Utility Distribution Company
  - [ ] Electric Service Provider
    - [ ] Transmission Service Provider
    - [ ] Meter Service Provider
    - [ ] Meter Reading Service Provider
    - [ ] Billing and Collection
    - [ ] Ancillary Services
    - [ ] Generation Provider
    - [ ] Aggregator/Broker
- [ ] **Telecommunications**
  - [ ] Incumbent Local Exchange Carrier
  - [ ] Interexchange Carrier
  - [ ] Competitive Local Exchange Carrier
  - [ ] Reseller
  - [ ] Alternative Operator Service Provider
- [ ] **Gas**
  - [ ] Natural Gas
  - [ ] Propane
- [ ] **Other** (Specify)_____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residence local exchange access lines _____

Total business local exchange access lines _____

Total revenue from Arizona operations $_____

Total income from Arizona operations $_____

Value of assets used to serve Arizona customers $_____

Accumulated depreciation associated with those assets $_____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	
Residential	
Commercial	
Industrial	
Public street and highway lighting	
Irrigation	
Resale	32
Total kilowatt-hours sold	kWh
Residential	
Commercial	
Industrial	
Public street and highway lighting	
Irrigation	
Resale	3,410,498,244
Maximum Peak Load	620.6 MW

GAS UTILITIES ONLY

Total number of customers	
Residential	
Commercial	
Industrial	
Irrigation	
Resale	
Total therms sold	therms
Residential	
Commercial	
Industrial	
Irrigation	
Resale	

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED
APR 13 2006
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF _____ COUNTY OF (COUNTY NAME): Cochise

I, THE UNDERSIGNED NAME (OWNER OR OFFICIAL) TITLE: Donald Kimball - Exec VP & CEO

OF THE COMPANY NAME: Arizona Electric Power Cooperative, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only ($)

$ 160,591,468

(THE AMOUNT IN BOX ABOVE INCLUDES $_____ IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Donald W Kimball
SIGNATURE OF OWNER OR OFFICIAL

520-586-3631
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF COUNTY NAME: Cochise

THIS 4th **DAY OF** MONTH: April, 2006

CHERYL R.TRUJILLO
Notary Public - Arizona
Cochise County
My Comm. Expires Oct 4, 2006
SEAL

Cheryl R Trujillo
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Oct. 4, 2006

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED
APR 13 2006
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
NAME (OWNER OR OFFICIAL)	TITLE
COMPANY NAME	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

$_____

(THE AMOUNT IN BOX AT LEFT INCLUDES $_____ IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

X Donald W Kimball
SIGNATURE OF OWNER OR OFFICIAL

520-586-3631
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 5th DAY OF

(SEAL)

MY COMMISSION EXPIRES

CHERYL R.TRUJILLO
Notary Public - Arizona
Cochise County
My Comm. Expires Oct 4, 2006

NOTARY PUBLIC NAME	Cheryl R. Trujillo	
COUNTY NAME	Cochise	
MONTH	April	,2006

X Cheryl Trujillo
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2005) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Arizona Electric Power Cooperative
RUS Reporting - Form 12a
Balance Sheet
As of December 31, 2005

Arizona Electric Power Coop

Account Description	This Year Balance	Last Year 2004	Variance
ASSETS AND OTHER DEBITS			
1. Total Plant in Service	398,967,036.37	398,675,377.07	291,659.30
2. Construction Work in Progress	3,378,924.65	966,125.47	2,412,799.18
3. TOTAL PLANT	402,345,961.02	399,641,502.54	2,704,458.48
4. Accum. Provision for Depr & Amort.	<202,150,857.17>	<194,109,862.50>	<8,040,994.67>
5. NET PLANT	200,195,103.85	205,531,640.04	<5,336,536.19>
6. Non-Utility Property - Net			
7. Invest. Assoc. in Subsidiary	<35,646.48>	360.00	<36,006.48>
8. Invest. Assoc.Org Patronage Capital	3,073,215.16	2,475,203.97	598,011.19
9. Invest.in Assoc.Org-Other Gen Funds	100.00	1,025.00	<925.00>
10. Invest. Assoc.Org- Other Non Gen Fnd	8,575,625.19	9,136,933.69	<561,308.50>
11. Investment in Econ Dvlpmt Projects			
12. Other Investments	175,472.91	213,772.94	<38,300.03>
13. Specials Funds	2,807,110.95	2,807,110.95	
14. TOTAL OTHER PROPERTY & INVESTMENT	14,595,877.73	14,634,406.55	<38,528.82>
15. Cash - General Fund	551,715.59	410,346.05	141,369.54
16. Cash - Construction Funds			
17. Special Deposits	2,859,849.62	2,884,421.78	<24,572.16>
18. Temporary Investments	1,384,785.04	2,589,408.06	<1,204,623.02>
19. Notes Receivable - Net	59,808.00		59,808.00
20. Accounts Receivable Sales of Energy	21,806,136.41	12,377,560.74	9,428,575.67
21. Accounts Receivable - Net	722,744.36	2,389,810.37	<1,667,066.01>
22. Fuel Stock	4,769,008.92	3,703,020.69	1,065,988.23
23. Materials & Supplies - Other	6,100,452.72	5,850,285.00	250,167.72
24. Prepayments	1,178,845.44	1,791,930.37	<613,084.93>
25. Other Current and Accrued Assets	195,677.52	363,369.99	<167,692.47>
26. TOTAL CURRENT AND ACCRUED ASSETS	39,629,023.62	32,360,153.05	7,268,870.57
27. Unamortized Debt Discount	531,789.50	608,036.62	<76,247.12>
28. Regulatory Assets	6,093,482.49	4,059,061.22	2,034,421.27
29a.Prelim Surveys	118,281.74	35,374.93	82,906.81
29b.Clearing & Misc Def Debi ts	229,831.54	249,576.02	<19,744.48>
29d.Job Tickets	60,988.57	<48,531.84>	109,520.41
29. TOTAL OTHER DEFERRED DEBITS	7,034,373.84	4,903,516.95	2,130,856.89
30. Accum Deferred Income Tax			
31. TOTAL ASSETS & OTHER DEBITS	261,454,379.04	257,429,716.59	4,024,662.45

Arizona Electric Power Cooperative
RUS Reporting - Form 12a
Balance Sheet
As of December 31, 2005

Arizona Electric Power Coop

Account Description	This Year Balance	Last Year 2004	Variance
LIABILITIES AND OTHER DEBITS			
32. Memberships	330.00	330.00	
33. Patronage Capital			
a. Assigned and Assignable	17,803,238.07	17,803,238.07	
b. Retired This Year			
c. Retired Prior Years			
d. NET PATRONAGE CAPITAL	17,803,238.07	17,803,238.07	
34. Operating Margins - Prior Years	<6,755,625.24>	<7,048,846.92>	293,221.68
35. Operating Margins - Current Year	<671,278.91>	<966,522.15>	295,243.24
36. Non-Operating Margin	1,097,904.79	1,259,743.83	<161,839.04>
37. Other Margins & Equities			
38. TOTAL MARGINS & EQUITIES	11,474,568.71	11,047,942.83	426,625.88
39. Long-Term Debt - REA (Payments - Unapplied $)	3,172,368.99	14,344,136.04	<11,171,767.05>
40. Long-Term Debt-REA-Econ Dvlpmt (Net)			
41. Long-Term Debt -FFB- REA Guaranteed	148,706,903.84	148,932,074.48	<225,170.64>
42. Long-Term Debt-Other-REA Guaranteed			
43. Long-Term Debt --Other-- (Net)	53,478,108.80	51,023,507.67	2,454,601.13
44. TOTAL LONG-TERM DEBT	205,357,381.63	214,299,718.19	<8,942,336.56>
45. Obligations Under Capital Lease			
46. Accum Operating Reserves	2,700,464.40	4,869,499.00	<2,169,034.60>
47. TOTAL OTHER NONCURRENT LIABLITIES	2,700,464.40	4,869,499.00	<2,169,034.60>
48. Notes Payable	15,246,584.24	3,948,667.74	11,297,916.50
49. Accounts Payable	9,672,763.69	10,634,645.09	<961,881.40>
50. Taxes Accrued	2,039,376.39	1,848,502.81	190,873.58
51. Interest Accrued	913,844.24	854,081.04	59,763.20
52. Other Current & Accrued Liabilities	8,536,309.00	5,986,129.34	2,550,179.66
53. TOTAL CURRENT & ACCRUED LIABILITIES	36,408,877.56	23,272,026.02	13,136,851.54
54. Deferred Credits	5,513,086.74	3,940,530.55	1,572,556.19
55. Accumulated Deferred Income Taxes			
56. TOTAL LIABILITIES and OTHER CREDITS	261,454,379.04	257,429,716.59	4,024,662.45

Arizona Electric Power Cooperat
RUS Form 12a, Operating Report Fina. .al
Section A. Statement of Operations
For the Twelve Months Ending December 31, 2005

Arizona Electric Power Coop

ITEM	This Year YTD (a)	Plan YTD (b)	Last Year YTD (c)	December 2005	December Plan
1. Electric Energy Revenues	152,320,504.57		135,233,799.97	11,987,969.01	
2. Income From Leased Property - Net					
3. Other Operating Revenue & Income	14,043,712.44		13,321,193.02	1,296,667.28	
4. TOTAL OPER. REVENUES & PATRONAGE CAP	166,364,217.01		148,554,992.99	13,284,636.29	
5. Operation Exp - Production Ex - Fuel	12,723,419.11		12,136,662.44	1,091,674.33	
6. Operation Exp - Production Fuel	55,208,293.07		52,931,197.31	4,447,139.54	
7. Operation Exp - Other Power Supply	36,657,864.43		25,575,846.21	2,056,489.94	
8. Operation Exp - Transmission	18,911,417.57		17,790,276.58	1,701,523.13	
9. Operation Exp - Distribution					
10. Operation Exp - Consumer Accts	<.10>			<.10>	
11. Operation Exp - Consumer Svc/Info Ex					
12. Operation Exp - Sales	7,681.68		7,681.68	640.14	
13. Operation Exp - Admin & Gen	9,241,854.47		9,693,703.00	834,208.63	
14. TOTAL OPERATION EXPENSE	132,750,530.23		118,135,367.22	10,131,675.61	
15. Maintenance Exp - Production	15,545,014.33		13,245,939.84	665,018.39	
16. Maintenance Exp - Transmission	19,977.90		43,894.96	998.59	
17. Maintenance Exp - Disrtibution					
18. Maintenance Exp - General Plant	86.64		780.00		
19. TOTAL MAINTENANCE EXPENSE	15,565,078.87		13,290,614.80	666,016.98	
20. Depreciation & Amortization Expense	8,432,257.12		8,911,221.43	629,082.30	
21. Taxes	1,550.00		2,245.24		
22. Interest on Long-Term Debt	12,877,640.07		12,562,525.01	1,101,390.95	
23. Interest Charged to Construction-Cr	<30,669.19>		<47,909.27>	<11,829.22>	
24. Other Interest Expense	337,711.06		171,191.47	98,630.31	
25. Other Deductions	<2,260,873.67>		<1,859,970.66>	<352,652.59>	
26. TOTAL COST OF ELECTRIC SERVICE	167,673,224.49		151,165,285.24	12,262,314.34	
27. OPERATING MARGIN	<1,309,007.48>		<2,610,292.25>	1,022,321.95	
28. Interest Income	655,967.80		620,757.88	77,098.52	
29. Allowance for Funds Used During Cnst					
30. Income (Loss) from Equity Investment					
31. Other Non-Operating Income - Net	441,936.99		638,985.95	<26,819.24>	
32. Generation & Transmission Cre					
33. Other Capital Cr & Patronage Div	637,728.57		1,643,770.10	50,153.48	
34. Extraordinary Items					
35. NET PATRONAGE CAPITAL OR MARGINS	426,625.88		293,221.68	1,122,754.71	