

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

G

G-02527A
Graham County Utilities, Inc. - Gas
PO Drawer B
Pima, AZ 85543

PHOENIX, AZ 85001

MAR 24 2009

PHOENIX, AZ 85001

ANNUAL REPORT

FOR YEAR ENDING

12	31	2008
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FOR COMMISSION USE

ANN 02	08
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PROCESSED BY:

3-25-09

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Graham County Utilities, Inc. – Gas</u>			
Mailing Address <u>PO Drawer B</u>			
(Street)			
<u>Pima</u>	<u>Arizona</u>	<u>85543</u>	
(City)	(State)	(Zip)	
<u>(928) 485-2451</u>	<u>(928) 485-9491</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>russb@gce.coop</u>			
Local Office Mailing Address <u>PO Drawer B</u>			
(Street)			
<u>Pima</u>	<u>Arizona</u>	<u>85543</u>	
(City)	(State)	(Zip)	
<u>(928) 485-2451</u>	<u>(928) 485-9491</u>		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>russb@gce.coop</u>			

MANAGEMENT INFORMATION

Management Contact: <u>Russ Barney</u>				<u>Finance Manager</u>	
(Name)				(Title)	
<u>PO Drawer B</u>	<u>Pima</u>	<u>Arizona</u>	<u>85543</u>		
(Street)	(City)	(State)	(Zip)		
<u>(928) 485-2451</u>	<u>(928) 485-9491</u>				
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)			
Email Address <u>russb@gce.coop</u>					
On Site Manager: <u>Steve M. Lines</u>					
(Name)					
<u>PO Drawer B</u>	<u>Pima</u>	<u>Arizona</u>	<u>85543</u>		
(Street)	(City)	(State)	(Zip)		
<u>(928) 485-2451</u>	<u>(928) 485-9491</u>				
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)			
Email Address <u>slines@gce.coop</u>					

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

- | | |
|---|--|
| <input type="checkbox"/> Electric | <input type="checkbox"/> Telecommunications |
| <input type="checkbox"/> Investor Owned Electric | <input type="checkbox"/> Incumbent Local Exchange Carrier |
| <input type="checkbox"/> Rural Electric Cooperative | <input type="checkbox"/> Interexchange Carrier |
| <input type="checkbox"/> Utility Distribution Company | <input type="checkbox"/> Competitive Local Exchange Carrier |
| <input type="checkbox"/> Electric Service Provider | <input type="checkbox"/> Reseller |
| <input type="checkbox"/> Transmission Service Provider | <input type="checkbox"/> Alternative Operator Service Provider |
| <input type="checkbox"/> Meter Service Provider | |
| <input type="checkbox"/> Meter Reading Service Provider | <input checked="" type="checkbox"/> Gas |
| <input type="checkbox"/> Billing and Collection | |
| <input type="checkbox"/> Ancillary Services | <input checked="" type="checkbox"/> Natural Gas |
| <input type="checkbox"/> Generation Provider | <input type="checkbox"/> Propane |
| <input type="checkbox"/> Aggregator/Broker | |
| <input type="checkbox"/> Other (Specify) _____ | |
| _____ | |

STATISTICAL INFORMATION

GAS UTILITIES ONLY

Total number of customers	_____
Residential	_____ 4,882 _____
Commercial	_____ 262 _____
Industrial	_____
Irrigation	_____ 4 _____
Resale	_____
Total therms sold	_____ therms
Residential	_____ 2,073,890 _____
Commercial	_____ 880,555 _____
Industrial	_____
Irrigation	_____ 4,626 _____
Resale	_____

COMPANY NAME: Graham County Utilities, Inc. - Gas

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-311.B	Termination with Notice R14-2-311.C	OTHER
JANUARY		13	
FEBRUARY		28	
MARCH		22	
APRIL		19	
MAY		17	
JUNE		7	
JULY		11	
AUGUST		3	
SEPTEMBER		10	
OCTOBER		9	
NOVEMBER		6	
DECEMBER		13	
TOTALS →		158	

OTHER (description):

MAR 24 2009

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Graham
NAME (OWNER OR OFFICIAL) TITLE Steve M. Lines General Manager
COMPANY NAME Graham County Utilities, Inc. - Gas

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

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 2008 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ <u>3,999,255</u>
--

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 271,818
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)

Steve M Lines
SIGNATURE OF OWNER OR OFFICIAL
(928) 485-2451
TELEPHONE NUMBER

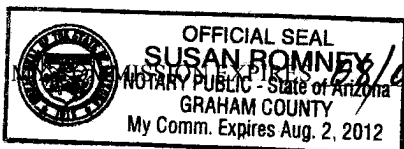
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS Twenty Fourth DAY OF

(SEAL)

COUNTY NAME Graham
MONTH MARCH 2009



Susan Romney
SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

STATE OF ARIZONA

COUNTY OF (COUNTY NAME) Graham	
NAME (OWNER OR OFFICIAL) Steve M. Lines	TITLE General Manager
COMPANY NAME Graham County Utilities, Inc. - Gas	

I, THE UNDERSIGNED

OF THE

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

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 2008 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>2,932,125</u>

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 200,256 IN SALES TAXES BILLED, OR COLLECTED)

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

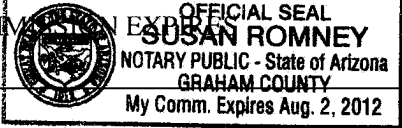
X Steve M Lines
SIGNATURE OF OWNER OR OFFICIAL

(928) 485-2451
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 24th DAY OF

(SEAL)

MY COMM. EXPIRES


NOTARY PUBLIC NAME <u>SUSAN ROMNEY</u>	
COUNTY NAME <u>Graham</u>	
MONTH <u>MARCH</u>	YEAR <u>2009</u>

X Susan Romney
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2008) 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.

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Russ Barney

3-13-09

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

Steve M. Lee

3-13-09

SIGNATURE OF MANAGER

DATE

PART A. STATEMENT OF OPERATIONS

DECEMBER

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Operating Revenue and Patronage Capital	3,617,618	3,727,437	3,551,992	445,586
2. Gas Production Expense	-	-	-	-
3. Cost of Purchased Gas	2,275,031	2,350,576	2,200,727	308,770
4. Transmission Expense	-	-	-	-
5. Distribution Expense - Operations	276,923	297,846	295,342	26,840
6. Distribution Expense - Maintenance	249,106	321,323	266,019	32,498
7. Consumer Accounts Expense	246,392	278,308	276,928	24,504
8. Customer Service and Informational Expense	-	-	-	-
9. Sales Expense	-	-	-	-
10. Administrative and General Expense	277,724	419,520	300,549	39,588
11. Total Operation & Maintenance Expense (2 - 10)	3,325,178	3,667,573	3,339,565	432,200
12. Depreciation and Amortization Expense	120,112	131,765	131,890	11,336
13. Tax Expense - Property	-	-	-	-
14. Tax Expense - Other	-	-	-	-
15. Interest on Long-Term Debt	102,260	89,350	98,729	7,040
16. Interest Charged to Construction - Credit	-	-	-	-
17. Interest Expense - Other	13,575	30,124	34,046	4,011
18. Other Deductions	-	-	-	-
19. Total Cost of Gas Service (11 - 18)	3,561,125	3,918,812	3,604,230	454,586
20. Patronage Capital & Operating Margins (1 - 19)	56,493	(191,375)	(52,238)	(9,001)
21. Non Operating Margins - Interest	3,138	1,522	-	211
22. Allowance for Funds Used During Construction	-	-	-	-
23. Non Operating Margins - Other	-	-	-	-
24. Generation & Transmission Capital Credits	-	-	-	-
25. Other Capital Credits and Patronage Dividends	9,372	10,167	9,372	-
26. Extraordinary Items	-	-	-	-
27. Patronage Capital or Margins (20 - 26)	69,003	(179,686)	(42,866)	(8,790)

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	81	88			
2. Service Retired	-	-	6. Miles Distribution	223	226
3. Total Services in Place	5,103	5,191			
4. Idle Services (Exclude Seasonal)	-	-	8. Total Miles (5+6+7)	223	226

FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION
	GAS SYSTEM
Round ALL AMOUNTS to nearest dollar.	MONTH ENDING
	December 31, 2008

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	4,083,557	26. Memberships	28,109
2. Construction Work in Progress	67,792	27. Patronage Capital	227,316
3. Total Utility Plant (1 + 2)	4,151,348	28. Operating Margins - Prior Years	
4. Accum. Provision for Depreciation & Amort.	2,104,272	29. Operating Margins - Current Year	(191,375)
5. Net Utility Plant (3 -4)	2,047,076	30. Non Operating Margins	11,689
6. Nonutility Property _ Net	-	31. Other Margins and Equities	-
7. Invest in Assoc Org - Patronage Capital	-	32. Total Margins & Equities (26 thru 31)	75,739
8. Invest in Assoc Org - General Funds	135,593	33. Long-Term Debt RUS (Net)	-
9. Invest in Assoc Org - Nongeneral Funds	-	(Payments - Unapplied \$ _____)	
10. Other Investments	-	34. Long-Term Debt - Other (net)	1,266,319
11. Special Funds	-	(Payments - Unapplied \$ _____)	
12. Total Other Property & Investments (6 thru 11)	135,593	35 Total Long-Term Debt(33 + 34)	1,266,319
13. Cash - General Funds	-	36. Notes Payable	-
14. Cash - Construction Funds - Trustee	-	37. Accounts Payable	1,305,109
15. Special Deposits	-	38. Consumers Deposits	68,690
16. Temporary Investments	-	39. Other Current & Accrued Liabilites	83,098
17. Notes Receivable - Net	-	40. Total Current & Accrued Liab (36 thru 39)	1,456,897
18. Accounts Receivable - Sales of Gas	257,256	41. Deferred Credits	-
19. Accounts Receivable - Fuel Bank	232,781	42. Miscellaneous Operating Reserves	-
20. Materials & Supplies - Gas & Other	91,516	43. Total Liabilities & Other Credits (32 +	-
21. Prepayments	16,684	35 + 40 thru 42)	2,798,955
22. Other Current & Accrued Assets	-	ESTIMATED CONSTRIBUTIONS IN AID TO CONSTRUCTION	
23. Total Current & Accrued Assets (13 thru 22)	598,237	Balance Beginning of Year	937,656
24. Deferred Debits	18,048	Amounts Received This Year (Net)	108,973
25. Total Assets & Other Debits (5+12+23+24)	2,798,955	TOTAL Contributions in Aid of Construction	1,046,629

PART D. CONSUMER SALES AND REVENUE DATA

CLASS OF SERVICE	THIS MONTH			YEAR TO DATE	
	NO. RECEIVING SERVICE	THERMS SOLD	AMOUNT	THERMS SOLD	AMOUNT
				CUMULATIVE	CUMULATIVE
1. RESIDENTIAL SALES	4,882	229,311	314,714	2,073,890	2,731,870
2. IRRIGATION SALES	4	85	154	4,626	5,265
3. COMM & INDUSTRIAL	262	107,285	128,897	880,555	968,641
4. TOTAL GAS SALES	5,148	336,681	443,766	2,959,071	3,705,777
5. OTHER GAS REVENUE			1,820		21,660
6. TOTAL	5,148	336,681	445,586	2,959,071	3,727,437

PART E. GAS STATISTICS

ITEM	THIS MONTH	YEAR TO DATE	ITEM	THIS MONTH	YEAR TO DATE
1. THERMS PURCHASED	539,960	2,931,440	6. OFFICE USE		
2.			7. UNACCOUNTED FOR	203,279	(27,631)
3. TOTAL PURCHASED	539,960	2,931,440	8. % SYSTEM LOSS	37.65%	-0.94%
			9. MAXIMUM DEMAND		
4. TOTAL SOLD	336,681	2,959,071	10. MONTH WHEN MAXIMUM DEMAND OCCURRED		