ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02527A

Graham County Utilities, Inc.
PO Drawer B
Pima, AZ 85543

RECEIVED
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010

FOR COMMISSION USE

ANN 04	10

4-12-11

COMPANY INFORMATION

Company Name (Business Name) Graham County Utilities, Inc. – Water Division

Mailing Address PO Drawer B
(Street)

Pima (City) Arizona (State) 85543 (Zip)

928-485-2451 Telephone No. (Include Area Code) 928-485-9491 Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address kgray@gce.coop

Local Office Mailing Address PO Drawer B
(Street)

Pima (City) Arizona (State) 85543 (Zip)

928-485-2451 Local Office Telephone No. (Include Area Code) 928-485-9491 Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address kgray@gce.coop

MANAGEMENT INFORMATION

☐ **Regulatory Contact:**

☐ **Management Contact:** Kirk Gray (Name) Finance Manager (Title)

PO Drawer B (Street) **Pima** (City) **Arizona** (State) **85543** (Zip)

928-485-2451 Telephone No. (Include Area Code) **928-485-9491** Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address **kgray@gce.coop**

On Site Manager: **Steve M. Lines** (Name)

PO Drawer B (Street) **Pima** (City) **Arizona** (State) **85543** (Zip)

928-485-2451 Telephone No. (Include Area Code) **928-485-9491** Fax No. (Include Area Code) **928-651-6024** Cell No. (Include Area Code)

Email Address **slines@gce.coop**

Statutory Agent: Leven B. Ferrin
(Name)

1536 Cherokee Lane	Safford	Arizona	85546
(Street)	(City)	(State)	(Zip)

928-428-1602
Telephone No. (Include Area Code) | Fax No. (Include Area Code | Cell No. (Include Area Code)

Attorney: Michael M. Grant
(Name)

2575 EastCamelback Road	Phoenix	Arizona	85016-9225
(Street)	(City)	(State)	(Zip)

602-530-8000 | 902-530-8500
Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code)

Email Address MMG@gknet.com

OWNERSHIP INFORMATION

Check the following box that applies to your company:

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

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**		

COMPANY NAME	Graham County Utilities, Inc. – Water Division

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	37,708		37,708
302	Franchises			
303	Land and Land Rights	22,507		22,507
304	Structures and Improvements	638,853	216,219	422,634
307	Wells and Springs	601,750	125,306	476,444
311	Pumping Equipment	234,586	170,998	63,588
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	1,098,561	677,080	421,481
333	Services	404,681	155,017	249,664
334	Meters and Meter Installations	176,763	78,960	97,803
335	Hydrants	66,848	31,141	35,707
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	13,615	13,046	569
344	Laboratory Equipment			
345	Power Operated Equipment	90,548	78,277	12,271
346	Communication Equipment	7,846	7,846	0
347	Miscellaneous Equipment			
348	Other Tangible Plant	610,168	518,643	91,525
	TOTALS	4,004,434	2,072,533	1,931,901

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME	Graham County Utilities, Inc. – Water Division

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	37,708		
302	Franchises			
303	Land and Land Rights	22,507		
304	Structures and Improvements	638,853	2.34	14,949
307	Wells and Springs	601,750	2.97	17,872
311	Pumping Equipment	234,586	5.05	11,847
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	1,098,561	2.20	24,168
333	Services	404,681	2.96	11,470
334	Meters and Meter Installations	176,763	3.82	6,480
335	Hydrants	66,848	1.94	1,297
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	13,615	4.95	662
344	Laboratory Equipment			
345	Power Operated Equipment	90,548	6.50	5,885
346	Communication Equipment	7,846	20.0	0
347	Miscellaneous Equipment			
348	Other Tangible Plant	610,168	4.0	24,407
	TOTALS	4,004,434		119,037

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME	Graham County Utilities, Inc. – Water Division

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	$46,596	$46,666
134	Working Funds		
135	Temporary Cash Investments	102,350	105,528
141	Customer Accounts Receivable	7,430	19,046
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	63,411	56,511
162	Prepayments	5,346	6,576
174	Miscellaneous Current and Accrued Assets	23,654	27,688
	TOTAL CURRENT AND ACCRUED ASSETS	$248,787	$262,015
	FIXED ASSETS		
101	Utility Plant in Service	$3,961,420	$4,004,434
103	Property Held for Future Use		
105	Construction Work in Progress	133,006	238,312
108	Accumulated Depreciation – Utility Plant	1,953,495	2,072,533
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	$2,140,931	$2,170,213
	TOTAL ASSETS	**$2,389,718**	**$2,432,228**

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME	Graham County Utilities, Inc. – Water Division

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	$4,991	$18,816
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	254,762	157,125
235	Customer Deposits	8,455	9,805
236	Accrued Taxes	14,222	15,933
237	Accrued Interest	6,068	6,285
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	$288,498	$207,964
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	$1,965,184	$2,093,271
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	$	$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	$	$
	TOTAL LIABILITIES	$2,253,682	$2,301,235
	CAPITAL ACCOUNTS		
201	Common Stock Issued	$2,500	$2,500
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	133,536	128,493
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	$136,036	$130,993
	TOTAL LIABILITIES AND CAPITAL	**$2,389,718**	**$2,432,228**

COMPANY NAME	Graham County Utilities, Inc. – Water Division

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	$636,320	$708,204
460	Unmetered Water Revenue		
474	Other Water Revenues	3,760	6,264
	TOTAL REVENUES	$640,080	$714,468
	OPERATING EXPENSES		
601	Salaries and Wages	$140,265	$151,239
610	Purchased Water		
615	Purchased Power	54,545	39,548
618	Chemicals		
620	Repairs and Maintenance	43,436	58,445
621	Office Supplies and Expense	16,592	16,090
630	Outside Services	13,623	9,680
635	Water Testing	10,418	3,918
641	Rents	21,975	18,110
650	Transportation Expenses	35,001	45,327
657	Insurance – General Liability	8,342	8,596
659	Insurance - Health and Life	40,317	22,046
666	Regulatory Commission Expense – Rate Case	1,650	1,430
675	Miscellaneous Expense	48,793	89,880
403	Depreciation Expense	145,668	119,037
408	Taxes Other Than Income	15,478	13,476
408.11	Property Taxes	21,469	22,684
409	Income Tax		
	TOTAL OPERATING EXPENSES	$617,572	$619,506
	OPERATING INCOME/(LOSS)	$22,508	$94,962
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	$40	$70
421	Non-Utility Income	2,722	8,653
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(110,975)	(108,728)
	TOTAL OTHER INCOME/(EXPENSE)	$(108,213)	$(100,005)
	NET INCOME/(LOSS)	**$(85,705)**	**$(5,043)**

COMPANY NAME	Graham County Utilities, Inc. – Water Division

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4	LOAN #5	LOAN #6
Date Issued	11/1/1989	6/30/1993	12/20/1996	11/15/2000	3/1/2007	7/26/2010
Source of Loan	CFC	USDA	USDA	USDA	USDA	CFC
ACC Decision No.	56660	59132	59132	60523	61839	71690
Reason for Loan	Purchase Water Company	Pima Upgrade	Cottonwood Wash Upgrade	Ft Thomas Upgrade	New Wells & Tank	Debt Refinance
Dollar Amount Issued	$1,054,461	$180,000	$300,000	95,000	1,100,000	250,000
Amount Outstanding	$316,118	$136,358	$240,814	$84,587	$1,066,692	248,703
Date of Maturity	9/30/2014	11/1/2028	11/30/2031	11/15/2040	3/1/2047	6/26/2040
Interest Rate	7.0%	5.0%	4.5%	4.5%	4.125%	3.05%
Current Year Interest	$23,398	$6,914	$10,965	$3,839	$44,283	3,306
Current Year Principle	$72,234	$3,526	$5,235	$1,345	$12,609	1,297

Meter Deposit Balance at Test Year End $ 0

Meter Deposits Refunded During the Test Year $ 0

COMPANY NAME	Graham County Utilities, Inc. – Water Division	
Name of System:	FT THOMAS	ADEQ Public Water System Number: 05-001

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
Schedule Attached						

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	2	16	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
45,000	1	4,000	1
90,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Graham County Utilities, Inc. – Water Division
Name of System: Pima	ADEQ Public Water System Number: 05-002

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
Schedule Attached						

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
		53	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
475,000	1		
380,000	1		
190,000	2		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Graham County Utilities, Inc. – Water Division
Name of System: FT THOMAS	ADEQ Public Water System Number: 05-001

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	CA,PVC,Steel	2,561
3	CA,PVC,Steel	300
4	CA,PVC,Steel	4,711
5		
6	CA,PVC,Steel	36,269
8	CA,PVC,Steel	16,363
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	104
3/4	
1	2
1 1/2	1
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:
Chlorination

STRUCTURES:
Chlorination Building 8'X12' FT Thomas, AZ.

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Graham County Utilities, Inc. – Water Division	
Name of System:	Pima	ADEQ Public Water System Number: 05-002

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	CA,PVC,Steel	33,044
3	CA,PVC,Steel	8,974
4	CA,PVC,Steel	36,456
5	CA,PVC,Steel	0
6	CA,PVC,Steel	66,618
8	CA,PVC,Steel	3,743
10	CA,PVC,Steel	31,024
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	1,073
3/4	
1	3
1 1/2	5
2	9
Comp. 3	
Turbo 3	
Comp. 4	1
Turbo 4	
Comp. 6	1
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:
_____Chlorination

STRUCTURES:
_Chlorination Building 8'X12' Pima,AZ

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

GRAHAM COUNTY UTILITIES, INC. - WATER
YEAR ENDED 12/31/2010
CONTINUATION SHEET
WATER COMPANY PLANT DESCRIPTION

FT THOMAS WELLS 05-001

ADWR ID NO.		PUMP HORSEPOWER	PUMP YIELD (GPM)	CASING SIZE (INCHES)	WELL DEPTH (FEET)	METER SIZE (INCHES)	YEAR DRILLED
55-605863		1	25	6	90		1998
55-606086		1.5	35	16	76		Pre 1989
55-606087		1	25	12	80		Pre 1989
55-809146		30	250	12	200		Pre 1989
55-212931		10	100	8	175		2005

PIMA WELLS 05-002

55-529642		5	25	12	196		1991
55-540458		5	65	12	200		1994
55-545487		5	55	12	189		1995
55-549470		5	65	12	217		1995
55-605850	CAPPED			4			Pre 1989
55-605851		1	25	6	100		Pre 1989
55-605852	CAPPED			6	100		Pre 1989
55-605853	CAPPED			6	250		Pre 1989
55-605854	CAPPED			4	100		Pre 1989
55-605855		1	0	6	100		Pre 1989
55-605856		3	35	12	290		Pre 1989
55-605857	CAPPED			4	100		Pre 1989
55-605858	CAPPED			16	32		Pre 1989
55-605859	CAPPED			5	100		Pre 1989
55-605860		1	15	6	100		Pre 1989
55-605861		1	25	4	100		Pre 1989
55-605862	CAPPED			5	100		Pre 1989
55-606081	CAPPED			1	585		Pre 1989
55-606082	CAPPED			6	100		Pre 1989
55-606084	CAPPED						Pre 1989
55-606085		3	45	12	255		Pre 1989
55-565863		3	25	12	220		Pre 1989
55-565864		3	35	12	220		Pre 1989
55-565865		5	65	12	220		1998
55-206721		7.5	70	10	700		2006
55-211780		30	250	12	620		2007
55-211778		20	200	8	342		2007
55-211778		30	250	12	589		2008

GRAHAM COUNTY UTILITIES, INC. - WATER
YEAR ENDED DECEMBER 31,2010

LEVEL OF ARSENIC BY WELL

FT THOMAS 05-001

ADWR ID. NO.	PARTS PER BILLION
55-605863	17
55-606086	
55-606087	
55-809146	
55-212931	

PIMA WELLS 05-002

ADWR ID. NO.	PARTS PER BILLION
55-529642	6.2
55-540458	21
55-545487	16
55-549470	3
55-605851	6.7
55-605855	4.8
55-605856	8.7
55-605860	10
55-605861	3
55-605864	26
55-606085	50
55-206721	1.1
55-211780	6
55-211778	24
55-215997	2.9

COMPANY NAME:	Graham County Utilities, Inc. – Water Division
Name of System: FT Thomas	ADEQ Public Water System Number: 05-001

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	108	747	671	
FEBRUARY	108	543	644	
MARCH	107	529	590	
APRIL	111	871	1,246	
MAY	112	1,049	1,159	
JUNE	111	1,178	1,294	
JULY	110	1,928	2,024	
AUGUST	109	1,547	1,179	
SEPTEMBER	110	1,105	1,168	
OCTOBER	110	1,388	1,511	
NOVEMBER	111	1,020	992	
DECEMBER	111	665	717	
	TOTALS →	**12,570**	**13,195**	

What is the level of arsenic for each well on your system? _____mg/l
(If more than one well, please list each separately.)
Schedule Attached
If system has fire hydrants, what is the fire flow requirement? 250_GPM for ____hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Graham County Utilities, Inc. – Water Division	
Name of System:	Pima	ADEQ Public Water System Number: 05-002

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1,093	8,573	10,363	
FEBRUARY	1,089	6,834	8,931	
MARCH	1,100	6,718	8,770	
APRIL	1,097	9,943	12,534	
MAY	1,088	14,363	14,910	
JUNE	1,089	14,432	16,615	
JULY	1,094	20,291	22,993	
AUGUST	1,090	14,543	13,015	
SEPTEMBER	1,094	11,949	14,366	
OCTOBER	1,101	14,747	18,036	
NOVEMBER	1,116	11,636	12,420	
DECEMBER	1,098	9,134	10,698	
	TOTALS →	**143,163**	163,651	

What is the level of arsenic for each well on your system? _____mg/l
(If more than one well, please list each separately.)
Schedule Attached
If system has fire hydrants, what is the fire flow requirement? 250_GPM for ____hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Graham County Utilities, Inc. – Water Division
Name of System: FT Thomas	ADEQ Public Water System Number: 05-001

UTILITY SHUTOFFS / DISCONNECTS

MONTH		Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	0	
FEBRUARY		0	0	
MARCH		0	0	
APRIL		0	0	
MAY		0	0	
JUNE		0	0	
JULY		0	0	
AUGUST		0	0	
SEPTEMBER		0	0	
OCTOBER		0	0	
NOVEMBER		0	0	
DECEMBER		0	0	
TOTALS →		0	0	

OTHER (description):
All water customers also have electricity. We only shut off the electricity and not the water.

COMPANY NAME:	Graham County Utilities, Inc. – Water Division	
Name of System:	Pima	ADEQ Public Water System Number: 05-002

UTILITY SHUTOFFS / DISCONNECTS

MONTH		Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	0	
FEBRUARY		0	0	
MARCH		0	0	
APRIL		0	0	
MAY		0	0	
JUNE		0	0	
JULY		0	0	
AUGUST		0	0	
SEPTEMBER		0	0	
OCTOBER		0	0	
NOVEMBER		0	0	
DECEMBER		0	0	
TOTALS →		0	0	

OTHER (description):
All water customers also have electricity. We only shut off the electricity and not the water.

COMPANY NAME Graham County Utilities, Inc. – Water Division **YEAR ENDING 12/31/2010**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: $ **22,797**

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____ COUNTY OF (COUNTY NAME): Graham

I, THE UNDERSIGNED NAME (OWNER OR OFFICIAL) TITLE: Steve M. Lines General Manager

OF THE COMPANY NAME: Graham County Utilities, Inc. – Water Division

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

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

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

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 COUNTY NAME Graham

THIS 7th DAY OF MONTH April 20 11

(SEAL) OFFICIAL SEAL SUSAN ROMNEY NOTARY PUBLIC - State of Arizona GRAHAM COUNTY My Comm. Expires Aug 2, 2012

Susan Romney
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Aug 2, 2012

COMPANY NAME Graham County Utilities, Inc. – Water Division **YEAR ENDING 12/31/2010**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	N/A Tax Exempt
Estimated or Actual Federal Tax Liability	N/A Tax Exempt
State Taxable Income Reported	N/A Tax Exempt
Estimated or Actual State Tax Liability	N/A Tax Exempt

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	5,003
Amount of Gross-Up Tax Collected	
Total Grossed-Up Contributions/Advances	5,003

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Steve M Lines. — **SIGNATURE**

4-5-11 — **DATE**

Steve M. Lines — **PRINTED NAME**

General Manager — **TITLE**

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____

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. – Water Division

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

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 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only ($)
$ 779,061

(THE AMOUNT IN BOX ABOVE INCLUDES $ 64,593 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 COUNTY NAME Graham

THIS 17th **DAY OF** MONTH April 20 11

OFFICIAL SEAL
SUSAN ROMNEY
NOTARY PUBLIC - State of Arizona
GRAHAM COUNTY
My Comm. Expires Aug. 2, 2012
(SEAL)

Susan Romney
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 08/02/2012

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

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

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

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 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
$ 656,799

THE AMOUNT IN BOX AT LEFT INCLUDES $ 56,384 IN SALES TAXES BILLED, OR COLLECTED)

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

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 7th **DAY OF**

NOTARY PUBLIC NAME Susan Romney	
COUNTY NAME Graham	
MONTH April	2011

OFFICIAL SEAL
SUSAN ROMNEY
NOTARY PUBLIC - State of Arizona
GRAHAM COUNTY
My Comm. Expires Aug. 2, 2012

(SEAL)

MY COMMISSION EXPIRES 08/02/2012

Susan Romney
SIGNATURE OF NOTARY PUBLIC