

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01049A

The Morenci Water and Electric Company
PO Box 68
Morenci, AZ 85540

RECEIVED
APR 18 2011
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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4-26-11

COMPANY INFORMATION

Company Name (Business Name) <u>THE MORENCI WATER & ELECTRIC COMPANY</u>			
Mailing Address <u>P. O. BOX 68</u>			
<small>(Street)</small>			
<u>MORENCI</u>	<u>ARIZONA</u>	<u>85540</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<u>(928) 865-2229</u>	<u>(928) 865-5261</u>		
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address <u>Ruel_RogersJr@FMI.com</u>			
Local Office Mailing Address <u>same as above</u>			
<small>(Street)</small>			
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<small>Local Office Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address _____			

MANAGEMENT INFORMATION

<input type="checkbox"/>			
<input type="checkbox"/> Management Contact: <u>Ruel Rogers</u>		<u>Superintendent</u>	
<small>(Name)</small>		<small>(Title)</small>	
<u>P. O. BOX 68</u>	<u>MORENCI</u>	<u>ARIZONA</u>	<u>85540</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<u>(928) 865-2229</u>	<u>(928) 865-5261</u>		
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address <u>Ruel_RogersJr@fmi.com</u>			
On Site Manager: <u>Same as above</u>			
<small>(Name)</small>			
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address _____			

Statutory Agent: Michael McElrath

(Name)

4521 US Highway 191
(Street)

Morenci
(City)

Arizona
(State)

85540
(Zip)

928-865-2229

Telephone No. (Include Area Code)

928-865-5261

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Roshka Heyman & Dewulf

(Name)

400 East Van Buren Street Suite 800
(Street)

Phoenix
(City)

AZ
(State)

85540
(Zip)

(602) 256-6100

Telephone No. (Include Area Code)

(602) 256-6800

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

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

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input checked="" type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	151,165	0	151,165
304	Structures and Improvements	2,187,105	1,957,020	230,095
307	Wells and Springs			
311	Pumping Equipment	93,254	64,033	29,221
320	Water Treatment Equipment	50,070	2,030	48,040
330	Distribution Reservoirs and Standpipes	1,771,429	916,005	855,423
331	Transmission and Distribution Mains	2,292,936	614,371	1,678,565
333	Services	311,314	16,439	294,875
334	Meters and Meter Installations	535,280	126,983	408,297
335	Hydrants	427	321	106
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	45,418	45,418	0
340	Office Furniture and Equipment	91,149	86,835	4,314
341	Transportation Equipment	108,276	100,772	7,504
343	Tools, Shop and Garage Equipment	21,361	18,601	2,760
344	Laboratory Equipment	915	773	142
345	Power Operated Equipment	33,578	33,578	0
346	Communication Equipment			
347	Miscellaneous Equipment	118,874	29,603	89,271
348	Other Tangible Plant	87,294	47,801	39,494
	TOTALS	7,899,845	4,060,584	3,839,261

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

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	151,165	0.00%	0
304	Structures and Improvements	2,187,105	1.67%	36,628
307	Wells and Springs			
311	Pumping Equipment	93,254	5.69%	5,305
320	Water Treatment Equipment	50,070	2.00%	1,002
330	Distribution Reservoirs and Standpipes	1,771,429	2.97%	52,622
331	Transmission and Distribution Mains	2,292,936	1.99%	45,617
333	Services	311,314	1.99%	6,200
334	Meters and Meter Installations	535,280	7.21%	38,605
335	Hydrants	427	10.03%	43
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	45,418	0.00%	0
340	Office Furniture and Equipment	91,149	.72%	655
341	Transportation Equipment	108,276	9.24%	10,005
343	Tools, Shop and Garage Equipment	21,361	.33%	71
344	Laboratory Equipment	915	9.82%	90
345	Power Operated Equipment	33,578	0.00%	0
346	Communication Equipment			
347	Miscellaneous Equipment	118,874	4.06%	4,825
348	Other Tangible Plant	87,294	10.07%	8,792
	TOTALS	7,899,845		210,460

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

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 617,786	\$ 1,036,066
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	232,872	245,621
146	Notes/Receivables from Associated Companies	7,220,904	6,307,247
151	Plant Material and Supplies	342,021	342,061
162	Prepayments	101,222	85,704
174	Miscellaneous Current and Accrued Assets	157,315	157,315
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 8,672,120	\$ 8,174,014
	FIXED ASSETS		
101	Utility Plant in Service	\$ 34,708,017	\$ 35,296,752
103	Property Held for Future Use		
105	Construction Work in Progress	199,799	70,234
108	Accumulated Depreciation – Utility Plant	(7,638,031)	(8,684,867)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 27,269,785	\$ 26,682,119
	TOTAL ASSETS	\$ 35,941,905	\$ 34,856,133

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

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 3,357,314	\$ 3,108,796
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	9,808,361	9,073,839
235	Customer Deposits	17,199	12,283
236	Accrued Taxes	1,476,422	1,517,789
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	238,185	118,438
	TOTAL CURRENT LIABILITIES	\$ 14,897,481	\$ 13,831,145
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	834,148	834,148
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax	190,933	190,933
	TOTAL DEFERRED CREDITS	\$ 1,025,081	\$ 1,025,081
	Other Deferred Credits	457,556	546,944
	TOTAL LIABILITIES	\$ 1,482,637	\$ 1,572,025
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 14,525,370	\$ 14,525,370
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	5,036,417	4,927,593
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 19,561,787	\$19,452,963
	TOTAL LIABILITIES AND CAPITAL	\$ 35,941,905	\$ 34,856,133

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 764,754	\$ 709,834
460	Unmetered Water Revenue		
474	Other Water Revenues	73,040	57,196
	TOTAL REVENUES	\$ 837,794	\$ 767,030
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 500,675	\$ 486,135
610	Purchased Water	69,012	60,056
615	Purchased Power	52,188	52,198
618	Chemicals	120,600	128,828
620	Repairs and Maintenance	85,804	111,308
621	Office Supplies and Expense	2,395	3,406
630	Outside Services	61,210	326,064
635	Water Testing	0	
641	Rents	0	
650	Transportation Expenses	15,061	9,278
657	Insurance – General Liability	23,708	24,548
659	Insurance - Health and Life	134,343	133,603
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	299,497	287,492
403	Depreciation Expense	212,187	207,200
408	Taxes Other Than Income	0	0
408.11	Property Taxes	41,065	37,585
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 1,617,745	\$ 1,862,137
		0	
	OPERATING INCOME/(LOSS)	\$ (779,951)	\$ (1,100,671)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ (779,951)	\$ (1,100,671)
	NET INCOME/(LOSS)	\$ (779,951)	\$ (1,100,671)

COMPANY NAME	The Morenci Water and Electric Company
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-624-247	60	500	148'	20"	8"	1972
55-624-246	60	500	148'	20"	8"	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
50	2		
5	3		
1000	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	1		
500,000	4		
101,000	1		
228,000	1		
10,000	2		
5,000	1		

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

COMPANY NAME	The Morenci Water and Electric Company
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	Steel	19,440
3	Cement Asbestos	5,430
4	Cement Asbestos	34,760
5	None	
6	Cement Asbestos	32,955
8	Cement Asbestos	73,395
10	Cement Asbestos	13,090
12	Cement Asbestos	12,760
6	C 900 PVC	2,300

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	1436
3/4	84
1	372
1 1/2	24
2	264
Comp. 3	8
Turbo 3	5
Comp. 4	1
Turbo 4	
Comp. 6	
Turbo 6	
	2,194

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

TREATMENT EQUIPMENT:

2 Clarifier, 4 Sand Filter, 2 Chlorine units

STRUCTURES:

Treatment plant, pumping station

OTHER:

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

COMPANY NAME: The Morenci Water and Electric Company
Name of System: ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	2,146	30,345		
FEBRUARY	2,148	29,169		
MARCH	2,168	32,150		
APRIL	2,154	43,292		
MAY	2,136	51,994		
JUNE	2,145	61,928		
JULY	2,157	63,705		
AUGUST	2,145	45,109		
SEPTEMBER	2,129	62,425		
OCTOBER	2,149	51,190		
NOVEMBER	2,149	38,734		
DECEMBER	2,134	49,625		
TOTALS →		559,660		

What is the level of arsenic for each well on your system? >0.001 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

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

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

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes 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:	The Morenci Water and Electric Company
Name of System:	ADEQ Public Water System Number:

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	9		
FEBRUARY	13		
MARCH	8		
APRIL	7		
MAY	14		
JUNE	11		
JULY	7		
AUGUST	6		
SEPTEMBER	10		
OCTOBER	5		
NOVEMBER	6		
DECEMBER	7		
TOTALS →			

OTHER (description):

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 180,165.98

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
APR 2 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

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

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.

Raul Lopez

SIGNATURE OF OWNER OR OFFICIAL

928-865-2229

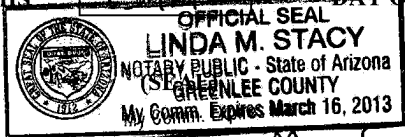
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF

COUNTY NAME <u>Greenlee</u>	
MONTH <u>April</u>	YEAR <u>2011</u>



Linda M. Stacy

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES March 16, 2013

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported NONE
 Estimated or Actual Federal Tax Liability NONE

State Taxable Income Reported NONE
 Estimated or Actual State Tax Liability NONE

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances NONE
 Amount of Gross-Up Tax Collected NONE
 Total Grossed-Up Contributions/Advances NONE

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.

SIGNATURE

DATE

RUEL ROGERS
PRINTED NAME

SUPERINTENDENT
TITLE

Water

VERIFICATION AND SWORN STATEMENT IntraState Revenues Only

RECEIVED APR 13 2011 ACC UTILITIES DIRECTOR

VERIFICATION STATE OF ARIZONA I, THE UNDERSIGNED OF THE

Form with fields: COUNTY OF (COUNTY NAME) GREENLEE, NAME (OWNER OR OFFICIAL) TITLE RUEL ROGERS, COMPANY NAME THE MORENO WATER & ELECTRIC COMPANY

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

FOR THE YEAR ENDING

Table with columns: MONTH 12, DAY 31, YEAR 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 (\$) \$ 813,871

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 48,881 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)

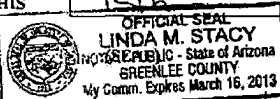
SIGNATURE OF OWNER OR OFFICIAL Ruel Rogers TELEPHONE NUMBER 728-865-2229

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF

Form with fields: COUNTY NAME Greenlee, MONTH April, 2011



MY COMMISSION EXPIRES March 16, 2013

SIGNATURE OF NOTARY PUBLIC Linda M. Stacy

Water

VERIFICATION AND SWORN STATEMENT RESIDENTIAL REVENUE IntraState Revenues Only

RECEIVED APR 15 2011 ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

Form with fields: COUNTY OF (COUNTY NAME) GREENLEE, NAME (OWNER OR OFFICIAL) RUEL ROGERS, TITLE SUPERINTENDENT, COMPANY NAME THE MORENCI WATER & ELECTRIC COMPANY

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

FOR THE YEAR ENDING

Table with columns: MONTH, DAY, YEAR. Values: 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 \$ -813,871 526,292

THE AMOUNT IN BOX AT LEFT INCLUDES \$ -48,881 31,609 IN SALES TAXES BILLED, OR COLLECTED)

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

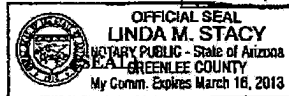
Signature of Ruel Rogers, SIGNATURE OF OWNER OR OFFICIAL, 928-865-2229, TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF

NOTARY PUBLIC NAME Linda M. Stacy, COUNTY NAME Greenlee, MONTH April, 2011



MY COMMISSION EXPIRES March 16, 2013

Signature of Linda M. Stacy, SIGNATURE OF NOTARY PUBLIC