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GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

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**RENEWABLE ENERGY STANDARD
AND TARIFF COMPLIANCE REPORT FOR 2011
DOCKET NO. E-01749A-10-0268**

AZ CORP COMMISSION
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INTRODUCTION

Pursuant to A.A.C. R14-2-1812, Graham County Electric Cooperative, Inc. ("GCEC"), submits this compliance report for calendar year 2011. This report relates to the Cooperatives' REST Plan for 2011 which was approved by the Commission in Decision No. 72181 dated February 11, 2011 (the "REST Plan").

EXECUTIVE SUMMARY

The REST Plan uses surcharge dollars from GCEC's Commission-approved retail tariffs to support programs for developing renewable facilities, purchasing renewable energy and participation in large-scale renewable generation projects. Funds are also used for administration, advertising and educational activities.

The REST Plan for 2011 was approved by Decision No. 72181 dated February 11, 2011 pursuant to R14-2-1814. R14-2-1814 provides that, upon approval of the Participating Cooperatives' REST Plan, its provisions substitute for the Annual Renewable Energy and Distributed Renewable Energy requirements of Rules 1804 and 1805, respectively.

2011 INSTALLATIONS AND ENERGY GENERATED

In 2011, 8 new PV locations were installed in the GCEC service area. All of these new sites were located on-grid for a total installed capacity of 72.04 kW. All of these new units are considered residential distributed generation.

In 2011, no new wind or solar water heating systems were installed in the GCEC service area.

These additions bring the number of installations supported by GCEC to 119. PV installs total 112 (35 off-grid, 77 on-grid) with a total installed capacity of 574.065 kW, plus a 6.4% share of the AEP CO Headquarters 25 kW utility-owned PV system. GCEC receives credit for 1.6 kW of this unit. Wind installs total 6 for an installed capacity of 34 kW. Solar water heating installs total 1 with a capacity of 0.531 kW. GCEC also participates in the Willcox Greenhouse Geothermal Project ("WGH") in conjunction with other electric Cooperatives. GCEC's share of the energy capacity for 2011 in WGH was 293.292 kW.

Arizona Corporation Commission

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In 2010 as part of a REC allocation settlement with other electric Cooperatives, GCEC relinquished the rights to annual REC's in the amount of 555,780 kWh. The total renewable energy generated in 2011 for which GCEC can claim credit is 1,423 MWh.

R14-2-1812 INFORMATION

Pursuant to R14-2-1812.B, GCEC supplies the following information:

1. The estimated annualized kWh of energy obtained from Eligible Renewable Energy Resources in 2011 was 1,422,858 kWh. GCEC does not track the actual metered output of their residential distributed generation ("DG") resources. The utility-owned commercial DG installation output is also estimated. The 1,422,858 kWh was calculated by adding the estimated metered output of the utility-owned metered system to the estimated annualized output of the remaining installed capacity.
2. The kWh of energy obtained from Eligible Renewable Energy Resources normalized to reflect a full year's production is 1,422,858 kWh.
3. The kW of generation capacity, disaggregated by technology type is 574.065 kW for all PV installations, 34 kW for all small wind installations, 0.531 kW for all solar water heater installations and a 1.6 kW interest in the 25 kW AEPCO solar generating unit and a 293.292 kW interest in the WGH geothermal project.
4. Cost information in cents per kWh for the actual energy obtained from Eligible Renewable Energy Resources is \$.065 per kWh for energy generated from PV; \$.071 for energy generated from wind; and \$.044 per kWh for energy saved from solar water heaters. Cost information in cents per kW of generation capacity disaggregated by technology type is \$3,559 for each kW of installed PV and \$3,896 for each kW of installed wind.¹
5. The Renewable Energy Credits in relation to the Annual Renewable Energy Requirement are 1,422,858 kWh.² The Renewable Energy Credits used to satisfy the Distributed Renewable Energy Requirement are 1,422,858 kWh.
6. Concerning resource acquisition procedures, most Arizona cooperatives are Rural Utilities Services ("RUS") borrowers and are subject to RUS procedures on

¹ The cost information included in this report for the renewable installations is based upon eligible rebates to customers. Rebates are paid as funds become available.

² As stated previously, R14-2-1814 provides that, upon approval of the Participating Cooperatives' REST Plan, its provisions substitute for the energy requirements of Rules 1804 and 1805.

resource acquisition as specified in the Code of Federal Regulations (generally, 7 CFR § 1710, *et seq.*). Among other requirements, requests for proposals must be issued to potential providers and solicitations are published in at least three national publications in addition to direct contacts. While GCEC is not an RUS borrower, it generally follows RUS procedures for resource acquisitions. No RFPs for renewable resources were issued by GCEC in 2011.