

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-01773A

Arizona Electric Power Cooperative, Inc.

PO Box 670

Benson, AZ 85602

RECEIVED

MAY 29 2013

AZ CORP COM
Director - Utilities

ANNUAL REPORT
Electric

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2012 |
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FOR COMMISSION USE

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5-29-13

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)

520-586-5109 520-586-5343
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 1000 South Highway 80
(Street)

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

Same as above
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: Joe King Senior Financial Analyst
(Name) (Title)

1000 South Highway 80 Benson Arizona 85602-0670
(Street) (City) (State) (Zip)

520-586-5129 520-586-5332
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address: Jking@ssw.coop

On Site Manager: Patrick F. Ledger
(Name)

1000 South Highway 80 Benson Arizona 85602-0670
(Street) (City) (State) (Zip)

520-586-5109
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address: pledger@ssw.coop

| | | | |
|---|-----------------------------|------------------------------|--------------|
| Statutory Agent: <u>Rusing Lopez and Lizardi, PLLC</u> | | | |
| (Name) | | | |
| <u>6363 North Swan Road, Suite 151</u> | <u>Tucson</u> | <u>Arizona</u> | <u>85718</u> |
| (Street) | (City) | (State) | (Zip) |
| <u>520-792-4800</u> | <u>520-529-4262</u> | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Attorney: <u>Patricio P. Lopez</u> | | | |
| (Name) | | | |
| <u>Same as above</u> | | | |
| (Street) | (City) | (State) | (Zip) |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>Plopez@rusingandlopez.com</u> | | | |

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input 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 checked="" 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 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 checked="" type="checkbox"/> STATEWIDE (wholesale Sales of Electricity) | | |

SERVICES AUTHORIZED TO PROVIDE

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

- Electric**
 - Investor Owned Electric
 - 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

Other (Specify) _____

STATISTICAL INFORMATION

| | |
|------------------------------------|---------------|
| Total number of customers | 29 |
| Residential | _____ |
| Commercial | _____ |
| Industrial | _____ |
| Public Street and Highway lighting | _____ |
| Irrigation | _____ |
| Resale | _____ |
| Total kilowatt-hours sold | _____ kWh |
| Residential | _____ |
| Commercial | _____ |
| Industrial | _____ |
| Public Street and Highway lighting | _____ |
| Irrigation | _____ |
| Resale | 2,277,773,219 |
| Maximum Peak Load | 618 MW |

COMPANY NAME:

UTILITY SHUTOFFS / DISCONNECTS

| MONTH | Termination without Notice R14-2-211.B | Termination with Notice R14-2-211 | OTHER |
|------------------|---|--|--------------|
| JANUARY | | | |
| FEBRUARY | | | |
| MARCH | | | |
| APRIL | | | |
| MAY | | | |
| JUNE | | | |
| JULY | | | |
| AUGUST | | | |
| SEPTEMBER | | | |
| OCTOBER | | | |
| NOVEMBER | | | |
| DECEMBER | | | |
| TOTALS → | | | |

OTHER (description):

RECEIVED

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

MAY 29 2013

AZ CORP COMM Director - Utilities

VERIFICATION

STATE OF I, THE UNDERSIGNED OF THE

Form with fields for COUNTY OF (COUNTY NAME), NAME (OWNER OR OFFICIAL) TITLE, and COMPANY NAME.

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

FOR THE YEAR ENDING

Table with columns MONTH, DAY, YEAR and values 12, 31, 2012.

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 2012 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ 146,135,409

(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)

Signature of owner or official and telephone number (520) 586-5110.

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

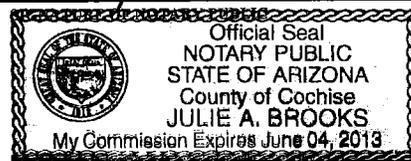
THIS 24 DAY OF

(SEAL)

Notary Public information: COUNTY NAME Cochise, MONTH May, 2013.

Signature of Notary Public Julie A. Brooks.

MY COMMISSION EXPIRES 6/4/13



FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2012) 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.**

| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE | | BORROWER DESIGNATION | | |
|---|---|--------------------------------|--|--------------------|
| FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL | | AZ0028 | | |
| INSTRUCTIONS - See help in the online application. | | PERIOD ENDED | | |
| | | December, 2012 | | |
| SECTION B. BALANCE SHEET | | | | |
| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDIT'S | | |
| 1 | Total Utility Plant in Service | 463,857,948 | 33 Memberships | 430 |
| 2 | Construction Work in Progress | 418,882 | 34 Patronage Capital | |
| 3 | Total Utility Plant (1 + 2) | 464,276,830 | a. Assigned and Assignable | 95,873,318 |
| 4 | Accum. Provision for Depreciation and Amortization | 221,687,172 | b. Retired This Year | 463,799 |
| 5 | Net Utility Plant (3 - 4) | 242,589,658 | c. Retired Prior Years | 0 |
| 6 | Non-Utility Property (Net) | 0 | d. Net Patronage Capital (a - b - c) | 95,409,519 |
| 7 | Investments in Subsidiary Companies | 0 | 35. Operating Margins - Prior Years | 0 |
| 8 | Invest in Assoc. Org. - Patronage Capital | 6,827,536 | 36. Operating Margin - Current Year | 9,367,531 |
| 9 | Invest. in Assoc. Org. - Other - General Funds | 0 | 37. Non-Operating Margins | (4,401,424) |
| 10 | Invest. in Assoc. Org. - Other - Nongeneral Funds | 7,869,819 | 38. Other Margins and Equities | 0 |
| 11 | Investments in Economic Development Projects | 322,393 | 39. Total Margins & Equities (33 + 34 thru 38) | 100,376,056 |
| 12 | Other Investments | 0 | 40. Long-Term Debt - RUS (Net) | 0 |
| 13 | Special Funds | 2,951,797 | 41. Long-Term Debt - FFB - RUS Guaranteed | 161,266,821 |
| 14 | Total Other Property And Investments (6 thru 13) | 17,971,545 | 42. Long-Term Debt - Other - RUS Guaranteed | 0 |
| 15 | Cash - General Funds | 205,770 | 43. Long-Term Debt - Other (Net) | 25,961,549 |
| 16 | Cash - Construction Funds - Trustee | 47,750 | 44. Long-Term Debt - RUS - Econ. Devel (Net) | 0 |
| 17 | Special Deposits | 662,826 | 45. Payments - Unapplied | 10,106,207 |
| 18 | Temporary Investments | 2,668,579 | 46. Total Long-Term Debt (40 thru 44 - 45) | 177,122,163 |
| 19 | Notes Receivable (Net) | 0 | 47. Obligations Under Capital Leases Noncurrent | 132,218 |
| 20 | Accounts Receivable - Sales of Energy (Net) | 10,316,876 | 48. Accumulated Operating Provisions and Asset Retirement Obligations | 2,799,664 |
| 21 | Accounts Receivable - Other (Net) | 283,882 | 49. Total Other NonCurrent Liabilities (47 + 48) | 2,931,882 |
| 22 | Fuel Stock | 18,363,568 | 50. Notes Payable | 4,067,238 |
| 23 | Renewable Energy Credits | 0 | 51. Accounts Payable | 9,949,177 |
| 24 | Materials and Supplies - Other | 8,911,284 | 52. Current Maturities Long-Term Debt | 9,988,052 |
| 25 | Prepayments | 1,876,959 | 53. Current Maturities Long-Term Debt - Rural Devel | 0 |
| 26 | Other Current and Accrued Assets | 85,533 | 54. Current Maturities Capital Leases | 942,854 |
| 27 | Total Current And Accrued Assets (15 thru 26) | 43,423,027 | 55. Taxes Accrued | 1,394,563 |
| 28 | Unamortized Debt Discount & Extraordinary Property Losses | 257,886 | 56. Interest Accrued | 35,108 |
| 29 | Regulatory Assets | 0 | 57. Other Current and Accrued Liabilities | 477,185 |
| 30 | Other Deferred Debits | 13,833,491 | 58. Total Current & Accrued Liabilities (50 thru 57) | 26,854,177 |
| 31 | Accumulated Deferred Income Taxes | 0 | 59. Deferred Credits | 10,791,329 |
| 32 | Total Assets and Other Debits (5+14+27 thru 31) | 318,075,607 | 60. Accumulated Deferred Income Taxes | 0 |
| | | | 61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60) | 318,075,607 |

| | |
|--|---------------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL | BORROWER DESIGNATION AZ0028 |
| | PERIOD ENDED December, 2012 |

INSTRUCTIONS - See help in the online application.

SECTION A. STATEMENT OF OPERATIONS

| ITEM | YEAR-TO-DATE | | | THIS MONTH (d) |
|--|------------------|------------------|---------------|-------------------|
| | LAST YEAR (a) | THIS YEAR (b) | BUDGET (c) | |
| 1 Electric Energy Revenues | 161,354,183 | 149,602,455 | | 11,891,274 |
| 2 Income From Leased Property (Net) | | | | |
| 3 Other Operating Revenue and Income | 8,314,147 | 8,247,489 | | 684,985 |
| 4 Total Operation Revenues & Patronage Capital (1 thru 3) | 169,668,330 | 157,849,944 | | 12,576,259 |
| 5 Operating Expense - Production - Excluding Fuel | 12,384,159 | 13,845,932 | | 1,347,503 |
| 6 Operating Expense - Production - Fuel | 77,797,325 | 60,006,424 | | 5,027,340 |
| 7 Operating Expense - Other Power Supply | 20,118,284 | 22,244,445 | | 920,416 |
| 8 Operating Expense - Transmission | 9,249,224 | 10,214,061 | | 813,850 |
| 9 Operating Expense - RTO/ISO | | | | |
| 10 Operating Expense - Distribution | | | | |
| 11 Operating Expense - Customer Accounts | 243,001 | 508,528 | | 58,007 |
| 12 Operating Expense - Customer Service & Information | | | | |
| 13 Operating Expense - Sales | | | | |
| 14 Operating Expense - Administrative & General | 10,655,662 | 7,843,339 | | 807,520 |
| 15 Total Operation Expense (5 thru 14) | 130,447,655 | 114,662,729 | | 8,974,636 |
| 16 Maintenance Expense - Production | 16,129,256 | 15,514,768 | | 6,663,279 |
| 17 Maintenance Expense - Transmission | 3,301 | 8,433 | | 1,373 |
| 18 Maintenance Expense - RTO/ISO | | | | |
| 19 Maintenance Expense - Distribution | | | | |
| 20 Maintenance Expense - General Plant | 1,172,320 | 864,860 | | (29,139) |
| 21 Total Maintenance Expense (16 thru 20) | 17,304,877 | 16,388,061 | | 6,635,513 |
| 22 Depreciation and Amortization Expense | 9,951,210 | 10,172,982 | | 864,130 |
| 23 Taxes | | | | |
| 24 Interest on Long-Term Debt | 10,518,102 | 9,075,209 | | 762,733 |
| 25 Interest Charged to Construction - Credit | (27,664) | (12,121) | | 313 |
| 26 Other Interest Expense | 448,729 | 380,170 | | 48,317 |
| 27 Asset Retirement Obligations | 153,735 | 172,183 | | 172,183 |
| 28 Other Deductions | 42,544 | 76,248 | | 6,235 |
| 29 Total Cost Of Electric Service (15 + 21 thru 28) | 168,839,188 | 150,915,461 | | 17,464,060 |
| 30 Operating Margins (4 less 29) | 829,142 | 6,934,483 | | (4,887,801) |
| 31 Interest Income | 438,715 | 704,257 | | 157,332 |
| 32 Allowance For Funds Used During Construction | | | | |
| 33 Income (Loss) from Equity Investments | | | | |
| 34 Other Non-operating Income (Net) | 419,656 | (5,105,681) | | (2,691) |
| 35 Generation & Transmission Capital Credits | | | | |
| 36 Other Capital Credits and Patronage Dividends | 167,675 | 2,433,048 | | 1,275,316 |
| 37 Extraordinary Items | | | | |
| 38 Net Patronage Capital Or Margins (30 thru 37) | 1,855,188 | 4,966,107 | | (3,457,844) |

RUS Financial and Operating Report Electric Power Supply - Part A - Financial

Revision Date 2010