

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

MAR 29 2013

AZ CORP COMM
Director - Utilities

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2012
----	----	------

FOR COMMISSION USE

ANN 04	12
--------	----

4-1-13

COMPANY INFORMATION

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

Mailing Address PO Drawer B
(Street)

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

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

Email Address kgray@gce.coop

Local Office Mailing Address PO Drawer B
(Street)

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

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

Email Address kgray@gce.coop

MANAGEMENT INFORMATION

Regulatory Contact:

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

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

928-485-2451 928-485-9491
Telephone No. (Include Area Code) 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 Pima Arizona 85543
(Street) (City) (State) (Zip)

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

Email Address slines@gce.coop

Statutory Agent: J. Grant Walker
(Name)

1124 Thatcher Blvd, Suite 202 Safford Arizona 85546
(Street) (City) (State) (Zip)

(928)-428-2728
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: J. Grant Walker
(Name)

1124 Thatcher Blvd, Suite 202 Safford Arizona 85546
(Street) (City) (State) (Zip)

(928) 428-2728 (480) 747-3121
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email
Address grant@jgwalkerlaw.com

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 checked="" 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 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	37,708		37,708
302	Franchises			
303	Land and Land Rights	22,507		22,507
304	Structures and Improvements	638,853	250,497	388,356
307	Wells and Springs	756,637	155,273	601,364
311	Pumping Equipment	239,742	198,391	41,351
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	1,098,561	732,032	366,529
333	Services	422,667	175,901	246,766
334	Meters and Meter Installations	202,298	92,245	110,053
335	Hydrants	66,848	34,629	32,219
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	14,169	14,169	0
344	Laboratory Equipment			
345	Power Operated Equipment	90,548	90,548	0
346	Communication Equipment	7,846	7,846	0
347	Miscellaneous Equipment			
348	Other Tangible Plant	610,168	567,455	42,713
	TOTALS	4,208,552	2,318,986	1,889,566

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	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	756,637	2.48	18,765
311	Pumping Equipment	239,742	5.05	12,107
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	1,098,561	2.81	30,879
333	Services	422,667	2.36	9,975
334	Meters and Meter Installations	202,298	3.82	7,728
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	14,169	4.95	422
344	Laboratory Equipment			
345	Power Operated Equipment	90,548	8.60	4,385
346	Communication Equipment	7,846	20.0	0
347	Miscellaneous Equipment			
348	Other Tangible Plant	610,168	4.0	24,406
	TOTALS	4,208,552		124,913

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	\$58,144	\$63,835
134	Working Funds		
135	Temporary Cash Investments	125,046	123,665
141	Customer Accounts Receivable	30,598	25,655
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	56,788	68,406
162	Prepayments	7,904	5,800
174	Miscellaneous Current and Accrued Assets	24,215	17,545
	TOTAL CURRENT AND ACCRUED ASSETS	\$302,695	\$304,906
	FIXED ASSETS		
101	Utility Plant in Service	\$4,198,749	\$4,208,552
103	Property Held for Future Use		
105	Construction Work in Progress	234,988	173,743
108	Accumulated Depreciation – Utility Plant	2,194,073	2,318,986
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$2,239,664	\$2,063,309
	TOTAL ASSETS	\$2,542,359	\$2,368,215

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

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$31,548	\$22,586
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	313,288	221,804
235	Customer Deposits	11,655	16,140
236	Accrued Taxes	15,791	19,741
237	Accrued Interest	6,323	6,299
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$378,605	\$286,570
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$1,987,080	\$1,874,524
	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	\$2,365,685	\$2,161,094
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$2,500	\$2,500
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	174,174	204,621
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$176,674	\$207,121
	TOTAL LIABILITIES AND CAPITAL	\$2,542,359	\$2,368,215

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$793,113	\$777,637
460	Unmetered Water Revenue		
474	Other Water Revenues	15,454	10,040
	TOTAL REVENUES	\$808,567	\$787,677
	OPERATING EXPENSES		
601	Salaries and Wages	\$159,297	\$160,297
610	Purchased Water		
615	Purchased Power	59,986	46,889
618	Chemicals		
620	Repairs and Maintenance	27,957	16,645
621	Office Supplies and Expense	14,567	15,920
630	Outside Services	12,180	14,759
635	Water Testing	8,034	6,340
641	Rents	9,617	4,190
650	Transportation Expenses	35,984	33,461
657	Insurance – General Liability	8,641	11,011
659	Insurance - Health and Life	25,293	25,648
666	Regulatory Commission Expense – Rate Case	1,365	1,365
675	Miscellaneous Expense	149,925	177,790
403	Depreciation Expense	121,540	124,914
408	Taxes Other Than Income	8,959	1,679
408.11	Property Taxes	22,560	30,855
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$665,905	\$671,763
	OPERATING INCOME/(LOSS)	\$142,662	\$115,914
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$79	\$94
421	Non-Utility Income	7,763	9,450
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(104,823)	(95,010)
	TOTAL OTHER INCOME/(EXPENSE)	\$(96,981)	\$(85,466)
	NET INCOME/(LOSS)	\$45,681	\$30,448

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:	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 3/4	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

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:	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 3/4	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 12/31/2012
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 31,2012**

LEVEL OF ARSENIC BY WELL

FT THOMAS 05-001

ADWR ID. NO.	PARTS PER BILLION
55-605863	3
55-606086	3
55-606087	3
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

**GRAHAM COUNTY UTILITIES, INC. - WATER
YEAR ENDED DECEMBER 31,2012**

LEVEL OF ARSENIC BY WELL

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
55-605863	0
55-605864	26
55-606085	50
55-565865	37
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: **Pima** ADEQ Public Water System Number: **05-002**

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1,092	8,622	11,725	
FEBRUARY	1,102	7,945	8,029	
MARCH	1,096	8,815	10,362	
APRIL	1,103	10,434	10,490	
MAY	1,101	12,151	13,212	
JUNE	1,113	17,881	18,428	
JULY	1,113	17,704	14,803	
AUGUST	1,114	15,887	16,300	
SEPTEMBER	1,122	13,170	12,690	
OCTOBER	1,097	11,921	12,469	
NOVEMBER	1,112	12,910	13,195	
DECEMBER	1,117	9,971	8,421	
TOTALS →		147,411	150,124	

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?
 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: 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.

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 26,883

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

MAR 29 2013

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

<small>COUNTY OF (COUNTY NAME)</small>	Graham
<small>NAME (OWNER OR OFFICIAL) TITLE</small>	AZ CORP COMM Director - Utilities
Steve M. Lines	General Manager
<small>COMPANY NAME</small> 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

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
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

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

THIS

27th

DAY OF March

<small>COUNTY NAME</small> Graham	
<small>MONTH</small>	2013



3-25-2014

Diane Curtis Junion

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Graham County Utilities, Inc. – Water Division YEAR ENDING 12/31/2011

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 1,940
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances 1,940

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

Steve M. Lines
PRINTED NAME

General Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

PROPERTY
MAR 29 2013

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

AZ CORP COMM
Director - Utilities

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
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 (\$)
\$ 861,423 _____

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 73,746 _____
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)

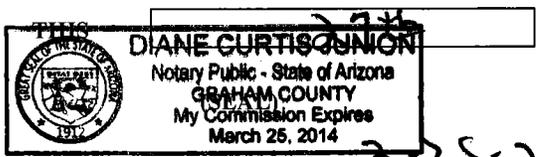
Steve M Lines

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



DAY OF

COUNTY NAME	Graham
MONTH	March
	2013

MY COMMISSION EXPIRES 3-25-2014

Diane Curtis Junior

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED

MAR 29 2013

AZ CORP COMM
Director - Utilities

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	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 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 2012 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 711,440

**THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 63,356
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

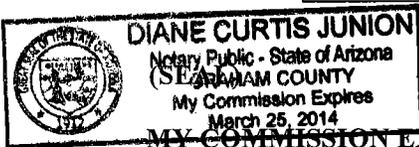
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

27th

DAY OF

NOTARY PUBLIC NAME DIANE CURTIS JUNIOR	
COUNTY NAME Graham	
MONTH MARCH	YEAR 2013



MY COMMISSION EXPIRES 3-25-2014

Diane Curtis Junior

SIGNATURE OF NOTARY PUBLIC