

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-01891A
GARKANE ENERGY COOPERATIVE, INC.
P.O. BOX 465
LOA, UT 84747

RECEIVED

MAY 05 2014

AZ CORP COMM
Director - Utilities

ANNUAL REPORT
Electric

FOR YEAR ENDING

| | | |
|-----------|-----------|-------------|
| 12 | 31 | 2013 |
|-----------|-----------|-------------|

FOR COMMISSION USE

| | |
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| ANN 01 | 13 |
|---------------|-----------|

5-8-14

COMPANY INFORMATION

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|--|
| Company Name (Business Name) <u>GARKANE ENERGY COOPERATIVE, INC.</u> | | | |
| Mailing Address <u>120 WEST 300 SOUTH / P.O. BOX 465</u> | | | |
| (Street) | | | |
| LOA | UTAH | 84747 | |
| (City) | (State) | (Zip) | |
| (435) 836-2795 | (435) 836-2497 | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>calbrecht@garkaneenergy.com (RETIRING 4/30/2014) - ALTERNATE E-MAIL</u> <u>mlewis@garkaneenergy.com</u> | | | |
| Local Office Mailing Address <u>120 WEST 300 SOUTH / P.O. BOX 465</u> | | | |
| (Street) | | | |
| LOA | UTAH | 84747 | |
| (City) | (State) | (Zip) | |
| (435) 836-2795 | (435) 836-2497 | | |
| Local Office Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>calbrecht@garkaneenergy.com (ALTERNATE E_MAIL: mlewis@garkaneenergy.com)</u> | | | |

MANAGEMENT INFORMATION

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|-------|
| <input checked="" type="checkbox"/> Regulatory Contact: | | | |
| <input checked="" type="checkbox"/> Management Contact: <u>CARL R. ALBRECHT</u> <u>CEO/GENERAL MANAGER (retiring)</u> | | | |
| (Name) (Title) | | | |
| 120 WEST 300 SOUTH / P.O. BOX 465 | LOA | UTAH | 84747 |
| (Street) | (City) | (State) | (Zip) |
| (435) 836-2795 | (435) 836-2497 | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>calbrecht@garkaneenergy.com (RETIRING 4/30/14) - ALTERNATE E-MAIL:</u> <u>mlewis@garkaneenergy.com</u> | | | |
| On Site Manager: <u>CARL R. ALBRECHT</u> | | | |
| (Name) | | | |
| 120 WEST 300 SOUTH / PO BOX 465 | LOA | UTAH | 84747 |
| (Street) | (City) | (State) | (Zip) |
| (435) 836-2795 | (435) 836-2497 | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>calbrecht@garkaneenergy.com (ALTERNATE E-MAIL: mlewis@garkaneenergy.com)</u> | | | |

Statutory Agent: ROBERT T. JONES

(Name)

2210 SOUTH PRIEST DR.

TEMPE

AZ

85282

(Street)

(City)

(State)

(Zip)

(602) 286-6925

(602) 286-6932

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: MICHAEL GRANT

(Name)

2575 EAST CAMELBACK

PHOENIX

AZ

85016-9225

(Street)

(City)

(State)

(Zip)

(602) 530-8291

(602) 257-9459

Telephone No. (Include Area Code)

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 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 checked="" 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 checked="" 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 | | |

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

Retail Information

| | Number of Arizona Customers | Number of kWh Sold in Arizona |
|------------------------------------|-----------------------------|-------------------------------|
| Residential | 1,131 | 23,955,104 |
| Commercial | 234 | 15,622,203 |
| Industrial | - | - |
| Public Street and Highway Lighting | 5 | 50,167 |
| Irrigation | 15 | 456,973 |
| Total Retail | 1,385 | 40,084,447 |

Wholesale Information

| | Number of Customers | Number of kWh Sold |
|----------------------------------------------------|---------------------|--------------------|
| Resale | 48 | 4,240,154 |
| Short-term Sales (durations of less than one year) | - | - |
| Total Wholesale | 48 | 4,240,154 |

Total MWh Sold 84,409 MWh

Maximum Peak Load 9.6 MW

COMPANY NAME: GARKANE ENERGY COOPERATIVE, INC.

UTILITY SHUTOFFS / DISCONNECTS

| MONTH | Termination without Notice R14-2-211.B | Termination with Notice R14-2-211 | OTHER |
|------------------|---------------------------------------------------|----------------------------------------------|--------------|
| JANUARY | | 5 | |
| FEBRUARY | | 10 | |
| MARCH | | 4 | |
| APRIL | | 3 | |
| MAY | | 14 | |
| JUNE | | 4 | |
| JULY | | 4 | |
| AUGUST | | 7 | |
| SEPTEMBER | | 4 | |
| OCTOBER | | 4 | |
| NOVEMBER | | 4 | |
| DECEMBER | | 9 | |
| TOTALS → | | 72 | |

OTHER (description):

RECEIVED

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

MAY 05 2014

AZ CORP COMM Director - Utilities

VERIFICATION

STATE OF UTAH

Form with fields: COUNTY OF (COUNTY NAME) WAYNE COUNTY, NAME (OWNER OR OFFICIAL) TITLE MARCUS V. LEWIS, COMPANY NAME GARKANE ENERGY COOPERATIVE, INC.

I, THE UNDERSIGNED OF THE

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, 2013

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 2013 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ 4,609,919

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 273,912 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 Marcus V. Lewis, Telephone Number (435) 836-2795

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

Notary Public Form with fields: COUNTY NAME Wayne, MONTH April, 2014

Notary Seal for Camille Blackburn, Commission # 605943, Exp. 04-11-2015

Signature of Camille Blackburn, Notary Public

MY COMMISSION EXPIRES 4-11-15

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

MAY 05 2014

AZ CORP COMM
Director - Utilities

UTAH
STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--------------------------------------------------|--------------|
| COUNTY OF (COUNTY NAME) WAYNE COUNTY | |
| NAME (OWNER OR OFFICIAL) MARCUS V. LEWIS | TITLE CFO |
| COMPANY NAME GARKANE ENERGY COOPERATIVE, INC. | |

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

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2013 |

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 2013 WAS:

| |
|------------------------------------------------------------------------|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>2,620,510</u> |
|------------------------------------------------------------------------|

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 167,997 IN SALES TAXES BILLED, OR COLLECTED)

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

Marcus V. Lewis

SIGNATURE OF OWNER OR OFFICIAL

(435) 836-2795

TELEPHONE NUMBER

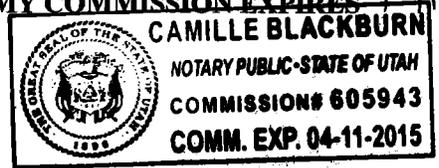
SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 30th DAY OF

(SEAL)

| | |
|------------------------------------------------|---------------------|
| NOTARY PUBLIC NAME <i>Camille Blackburn</i> | |
| COUNTY NAME <i>Wayne</i> | |
| MONTH <i>April</i> | YEAR <i>2014</i> |

MY COMMISSION EXPIRES *4-11-15*



Camille Blackburn

SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2013) 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.**

Garkane Energy Cooperative, Inc.
 120 W 300 S / PO Box 465
 Loa, UT 84747
 (435) 836-2795

FINANCIAL STATEMENTS ON ARIZONA-SPECIFIC
 For the year Ending December 31, 2013

BALANCE SHEET

ELECTRIC PLANT

| | <u>Total System</u> | <u>Utah</u> | <u>Arizona</u> |
|-------------------------------|-----------------------------|-----------------------------|----------------------------|
| Plant in Service | \$ 97,516,738 | \$ 91,976,764 | \$ 5,539,974 |
| Construction Work In Progress | 4,906,868 | 4,678,833 | 228,035 |
| Acc. Prov. For Depreciation | (37,792,643) | (35,066,190) | (2,726,453) |
| Net Electric Plant | <u>\$ 64,630,963</u> | <u>\$ 61,589,407</u> | <u>\$ 3,041,556</u> |

INCOME STATEMENT

UTILITY OPERATING INCOME

| | <u>Total System</u> | <u>Utah</u> | <u>Arizona</u> |
|--------------------------------------------|-----------------------------|-----------------------------|----------------------------|
| Operating Revenue | <u>\$ 23,726,169</u> | <u>\$ 19,281,069</u> | <u>\$ 4,445,100</u> |
| Operating Expenses: | | | |
| Operation & Maintenance Expense | 16,145,347 | 13,110,069 | 3,035,278 |
| Depreciation Expense | 2,821,804 | 2,663,570 | 158,234 |
| Taxes | 622,724 | 499,589 | 123,135 |
| Total Operating Expenses | <u>\$ 19,589,875</u> | <u>\$ 16,273,228</u> | <u>\$ 3,316,647</u> |
| Net Operating Revenue | <u>\$ 4,136,294</u> | <u>\$ 3,007,841</u> | <u>\$ 1,128,453</u> |
| Miscellaneous Deductions | <u>27,209</u> | | |
| Net Income before Interest | <u>\$ 4,109,085</u> | | |
| Interest Expense | <u>1,350,029</u> | | |
| Operating Margin | <u>\$ 2,759,056</u> | | |
| Other Income | | | |
| Net Merchandising | 18,575 | | |
| Interest Income | 41,437 | | |
| Miscellaneous Non-operating Income | 498,305 | | |
| Other Capital Credits & Dividends | <u>140,452</u> | | |
| Net Margins & Patronage Capital | <u>\$ 3,457,825</u> | | |

| Garakne Energy | | | | | | | | | | | | | | | | | | |
|-----------------------------------|-----------------|-----------------|--------------|---------------------|--------------|---------|-------------|------------------|-----------------|-----------------|---------------------|------------------|---------|--------------|----|-------|----|---------------|
| ARIZONA SALES TAX WORKSHEET | | | | | | | | | | | | | | | | | | |
| For Year Ending December 31, 2013 | | | | | | | | | | | | | | | | | | |
| VENDOR #: 1180 | | | | | | | | | | | | | | | | | | |
| COCONINO COUNTY #7 | | | | | | | | | | | | | | | | | | |
| Month | Sales YTD | Sales Monthly | Connect Fees | Total Monthly Sales | JUNE FORWARD | | | MOHAVE COUNTY #3 | | | JUNE FORWARD | | | | | | | |
| | | | | | 6.72500% | 0.0560% | 0.0660% | Sales YTD | Sales Monthly | Connect Fees | Total Monthly Sales | 5.8500% | 0.0560% | 0.0660% | | | | |
| | | | | | Sales | Tax | Acct Credit | Sales | Monthly | Fees | Total | Sales | Tax | Acct Credit | | | | |
| | | | | | 7.72500% | 0.0560% | 0.0660% | | | | | 6.8500% | 0.0560% | 0.0660% | | | | |
| Jan | 18,862.24 | 18,862.24 | - | 18,862.24 | 1,457.11 | \$ | 0.96 | 347,874.15 | \$ | 850.00 | \$ | 348,724.15 | \$ | 23,887.60 | \$ | 15.77 | \$ | 25,344.71 |
| Feb | 42,948.21 | 24,085.97 | 30.00 | 24,115.97 | 1,862.96 | | 1.23 | 720,129.65 | | 989.00 | | 373,244.50 | | 25,567.25 | | 16.87 | | 27,430.21 |
| Mar | 59,325.76 | 16,377.55 | - | 16,377.55 | 1,265.17 | | 0.84 | 992,766.61 | | 855.00 | | 273,491.96 | | 18,734.20 | | 12.36 | | 19,999.36 |
| Apr | 79,576.72 | 20,250.96 | - | 20,250.96 | 1,564.39 | | 1.03 | 1,293,636.25 | | 890.00 | | 301,759.64 | | 20,670.54 | | 13.64 | | 22,234.92 |
| May | 115,459.75 | 35,883.03 | - | 35,883.03 | 2,771.96 | | 1.83 | 1,593,616.78 | | 2,480.00 | | 302,460.53 | | 20,718.55 | | 13.67 | | 23,490.51 |
| Jun | 148,654.27 | 33,194.52 | - | 33,194.52 | 2,232.33 | | 1.25 | 1,937,977.48 | | 1,340.00 | | 344,360.70 | | 20,223.49 | | 11.33 | | 22,455.82 |
| Jul | 185,779.75 | 37,125.48 | - | 37,125.48 | 2,496.69 | | 1.40 | 2,313,410.36 | | 2,080.00 | | 377,512.88 | | 22,084.50 | | 12.37 | | 24,581.19 |
| Aug | 219,931.93 | 34,152.18 | - | 34,152.18 | 2,296.73 | | 1.29 | 2,714,621.64 | | 2,195.00 | | 403,406.28 | | 23,599.27 | | 13.22 | | 25,896.00 |
| Sep | 256,796.44 | 36,864.51 | - | 36,864.51 | 2,479.14 | | 1.39 | 3,049,431.57 | | 620.00 | | 335,429.93 | | 19,622.65 | | 10.99 | | 22,101.79 |
| Oct | 300,025.51 | 43,229.07 | - | 43,229.07 | 2,907.15 | | 1.63 | 3,330,876.08 | | 2,075.00 | | 283,519.51 | | 16,585.89 | | 9.29 | | 19,493.05 |
| Nov | 329,305.56 | 29,280.05 | - | 29,280.05 | 1,969.08 | | 1.10 | 3,622,952.68 | | 685.00 | | 292,761.60 | | 17,126.55 | | 9.59 | | 19,095.64 |
| Dec | 354,655.46 | 25,349.90 | - | 25,349.90 | 1,704.78 | | 0.95 | 3,965,172.66 | | 1,090.00 | | 343,309.98 | | 20,083.63 | | 11.25 | | 21,788.41 |
| Total | \$ 354,655.46 | \$ 354,655.46 | \$ 30.00 | \$ 354,685.46 | \$ 25,007.49 | \$ | 14.89 | \$ 3,965,172.66 | \$ 16,149.00 | \$ 3,981,321.66 | \$ 150.34 | \$ 248,904.12 | \$ | \$ 79,303.45 | \$ | | \$ | \$ 273,911.62 |
| COLORADO CITY Town Code (180) | | | | | | | | | | | | | | | | | | |
| Mohave County | | | | | | | | | | | | | | | | | | |
| JUNE FORWARD | | | | | | | | | | | | | | | | | | |
| 2.00000% | | | | | | | | | | | | | | | | | | |
| Month | Sales YTD | Sales Monthly | Connect Fees | Total Monthly Sales | Sales | Tax | Acct Credit | Gross Amount | GRAND TOTAL | Acct Credit | Tax 2% | Total Tax Amount | | | | | | |
| Jan | \$ 213,894.16 | \$ 213,894.16 | \$ 640.00 | \$ 214,534.16 | \$ 4,290.68 | | | | \$ 29,635.40 | \$ 16.73 | \$ | 6,957.48 | | | | | | |
| Feb | 445,563.06 | 231,668.90 | 794.00 | 232,462.90 | 4,649.26 | | | | 32,079.46 | 18.10 | | 7,445.11 | | | | | | |
| Mar | 591,319.11 | 145,756.05 | 705.00 | 146,461.05 | 2,929.22 | | | | 22,928.59 | 13.20 | | 5,452.74 | | | | | | |
| Apr | 776,741.12 | 185,422.01 | 890.00 | 186,312.01 | 3,726.24 | | | | 25,961.16 | 14.67 | | 6,017.39 | | | | | | |
| May | 958,006.97 | 181,265.85 | 1,670.00 | 182,935.85 | 3,658.72 | | | | 27,149.23 | 15.50 | | 5,999.61 | | | | | | |
| Jun | 1,191,432.80 | 233,425.83 | 815.00 | 234,240.83 | 4,684.82 | | | | 27,140.64 | 12.58 | | 6,887.21 | | | | | | |
| Jul | 1,432,472.45 | 241,039.65 | 1,890.00 | 242,929.65 | 4,858.59 | | | | 29,439.79 | 13.77 | | 7,508.66 | | | | | | |
| Aug | 1,706,995.89 | 274,523.44 | 1,680.00 | 276,203.44 | 5,524.07 | | | | 31,420.07 | 14.50 | | 8,024.23 | | | | | | |
| Sep | 1,915,289.73 | 208,293.84 | 410.00 | 208,703.84 | 4,174.08 | | | 580,996.28 | 26,275.87 | 12.38 | | 6,696.20 | | | | | | |
| Oct | 2,091,239.93 | 175,950.20 | 1,100.00 | 177,050.20 | 3,541.00 | | | 503,798.78 | 23,034.05 | 10.92 | | 5,628.89 | | | | | | |
| Nov | 2,260,687.20 | 169,447.27 | 635.00 | 170,082.27 | 3,401.65 | | | 492,123.92 | 22,497.28 | 10.69 | | 5,841.53 | | | | | | |
| Dec | 2,461,545.66 | 200,858.46 | 830.00 | 201,688.46 | 4,033.77 | | | 570,348.34 | 25,822.18 | 12.20 | | 6,844.40 | | | | | | |
| Total | \$ 2,461,545.66 | \$ 2,461,545.66 | \$ 12,059.00 | \$ 2,473,604.66 | \$ 49,472.09 | | | \$ 2,473,604.66 | \$ 2,473,604.66 | \$ 2,473,604.66 | \$ | \$ 79,303.45 | | | | | | |