

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-01891A

Garkane Energy Cooperative, Inc.
PO Box 465
Loa, UT 84747

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APR 19 2016

AZ CORP COMM
Director - Utilities

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT
Electric

FOR YEAR ENDING

12	31	2015
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FOR COMMISSION USE

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4-22-16

COMPANY INFORMATION

Company Name (Business Name) <u>GARKANE ENERGY COOPERATIVE, INC.</u>			
Mailing Address <u>120 WEST 300 SOUTH / PO BOX 465</u>			
LOA	(Street)	UT	84747
(City)		(State)	(Zip)
<u>(435) 836-2795</u>		<u>(435) 836-2497</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>marcus.lewis@garkane.com</u>			
Local Office Mailing Address <u>SAME AS ABOVE</u>			
(Street)			
(City)		(State)	(Zip)
Local Customer Service Phone No. (Include Area Code)		(1-800 or other long distance Customer Service Phone No.)	
Email Address _____		Website address <u>www.GarkaneEnergy.com</u>	

MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>MARCUS LEWIS</u> <u>CFO</u>			
(Name)		(Title)	
<u>120 WEST 300 SOUTH / PO BOX 465</u>	LOA	UT	84747
(Street)	(City)	(State)	(Zip)
<u>(435) 836-2795</u>		<u>(435) 836-2497</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>marcus.lewis@garkane.com</u>			
On Site Manager: <u>DAN MCCLENDON - CEO</u>			
(Name)			
<u>120 WEST 300 SOUTH / PO BOX 465</u>	LOA	UT	84747
(Street)	(City)	(State)	(Zip)
<u>(435) 836-2795</u>		<u>(435) 836-2497</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>dan.mcclendon@garkane.com</u>			

Statutory Agent: JENNIFER A. CRANSTON

(Name)

2575 E. CAMELBACK ROAD, SUITE 1100

PHOENIX

AZ

85016

(Street)

(City)

(State)

(Zip)

(602) 530-8000

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: JENNIFER A. CRANSTON

(Name)

SAME AS ABOVE

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address jennifer.cranston@gknet.com

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S)

C Corporation (C) (Other than Association/Co-op)

Partnership (P)

Subchapter S Corporation (Z)

Bankruptcy (B)

Association/Co-op (A)

Receivership (R)

Limited Liability Company

Other (Describe) _____

COUNTIES SERVED

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

APACHE

COCHISE

COCONINO

GILA

GRAHAM

GREENLEE

LA PAZ

MARICOPA

MOHAVE

NAVAJO

PIMA

PINAL

SANTA CRUZ

YAVAPAI

YUMA

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	1,154	23,865,929
Commercial	224	11,089,079
Industrial		
Public Street and Highway Lighting	6	60,240
Irrigation	13	1,408,405
Total Retail	1,397	36,423,653

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale	39	3,519,544
Short-term Sales (durations of less than one year)		
Total Wholesale	39	3,519,544

Total MWh Sold 39,943 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		4	
FEBRUARY		1	
MARCH		4	
APRIL		2	
MAY		3	
JUNE		1	
JULY		4	
AUGUST		4	
SEPTEMBER		5	
OCTOBER		6	
NOVEMBER		4	
DECEMBER		2	
TOTALS <input type="checkbox"/>		40	

OTHER (description):

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

APR 19 2016

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF UTAH

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	WAYNE COUNTY
NAME (OWNER OR OFFICIAL) TITLE	MARCUS V. LEWIS - 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	2015

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 2015 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ 4,494,766

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 370,850
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)**

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 14th DAY OF
(SEAL)

COUNTY NAME	<u>Wayne</u>
MONTH	<u>April</u> 20 <u>16</u>

Ryan W. Torgerson

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 07/24/2016



Ryan W. Torgerson
Notary Public
State of Utah
My Commission Expires 07/24/2016
COMMISSION NUMBER 657064

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

RECEIVED

APR 19 2016

**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	2015

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 2015 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>2,817,201</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 240,119
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 14th DAY OF
(SEAL)
MY COMMISSION EXPIRES 07/24/2016

NOTARY PUBLIC NAME <i>Ryan Torgerson</i>	
COUNTY NAME <i>Wayne</i>	
MONTH <i>April</i>	<i>.20 16</i>

Ryan W. Torgerson

SIGNATURE OF NOTARY PUBLIC



Ryan W. Torgerson
Notary Public
State of Utah
My Commission Expires 07/24/2016
COMMISSION NUMBER 657064

FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2015) 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, 2015

BALANCE SHEET

ELECTRIC PLANT

	<u>Total System</u>	<u>Utah</u>	<u>Arizona</u>
Plant in Service	\$ 104,771,357	\$ 98,820,608	\$ 5,950,749
Construction Work In Progress	8,238,432	8,345,440	(107,008)
Acc. Prov. For Depreciation	(43,538,524)	(40,555,153)	(2,983,371)
Net Electric Plant	<u>\$ 69,471,265</u>	<u>\$ 66,610,895</u>	<u>\$ 2,860,370</u>

INCOME STATEMENT

UTILITY OPERATING INCOME

	<u>Total System</u>	<u>Utah</u>	<u>Arizona</u>
Operating Revenue	<u>\$ 24,028,015</u>	<u>\$ 19,793,173</u>	<u>\$ 4,234,842</u>
Operating Expenses:			
Operation & Maintenance Expense	16,511,430	13,556,196	2,955,234
Depreciation Expense	2,922,877	2,755,193	167,684
Taxes	733,517	508,963	224,554
Total Operating Expenses	<u>\$ 20,167,824</u>	<u>\$ 16,820,352</u>	<u>\$ 3,347,472</u>
Net Operating Revenue	<u>\$ 3,860,191</u>	<u>\$ 2,972,821</u>	<u>\$ 887,370</u>
Miscellaneous Deductions	<u>21,002</u>		
Net Income before Interest	<u>\$ 3,839,189</u>		
Interest Expense	<u>1,375,774</u>		
Operating Margin	<u>\$ 2,463,415</u>		
Other Income			
Net Merchandising	1,533		
Interest Income	33,488		
Miscellaneous Non-operating Income	494,179		
Other Capital Credits & Dividends	152,498		
Extra-ordinary items	408,898		
Net Margins & Patronage Capital	<u>\$ 3,554,011</u>		

	KWH	KWH Rev
Total	238,581,706	23,102,962
UT	200,495,676	18,979,047
AZ	38,086,030	4,123,915