

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-04100A

Southwest Transmission Cooperative, Inc.
PO Box 2195
Benson, AZ 85602

RECEIVED

JUL 10 2015

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:

Arizona Electric Power Cooperative, Inc.

ANNUAL REPORT
Electric

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2015 |
|----|----|------|

FOR COMMISSION USE

| | |
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| ANN 01 | 15 |
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5-13-16

COMPANY INFORMATION

Company Name (Business Name) Arizona Electric Power Cooperative, Inc.

Mailing Address P.O. Box 2195

(Street)

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

520-586-5599 520-586-5279
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 AZ 85602-0670
(City) (State) (Zip)

Same as above
Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address _____ Website address www.azgt.coop

MANAGEMENT INFORMATION

Regulatory Contact:

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

1000 South Highway 80 Benson AZ 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 Ledger, CEO
(Name)

1000 South Highway 80 Benson AZ 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: Lewis Roca Rothgerber Christie LLP

(Name)

One South Church Avenue, Suite 700

(Street)

Tucson

(City)

AZ

(State)

85701-1611

(Zip)

520-629-4466

Telephone No. (Include Area Code)

520-879-4730

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Roy Kyle

(Name)

Same as above

(Street)

(City)

(State)

(Zip)

520-629-4466

Telephone No. (Include Area Code)

520-879-4730

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address rkyle@lrrc.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 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 | | |

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 | | |
| Commercial | | |
| Industrial | | |
| Public Street and Highway Lighting | | |
| Irrigation | | |
| Total Retail | | |

Wholesale Information

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

Total MWh Sold _____ MWh

Maximum Peak Load _____ 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):

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED
AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

| |
|---|
| COUNTY OF (COUNTY NAME) Cochise |
| NAME (OWNER OR OFFICIAL) TITLE Peter F. Scott, CFO |
| COMPANY NAME Southwest Transmission 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 (\$) |
| \$ <u>-0-</u> |

(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)

[Handwritten Signature]

SIGNATURE OF OWNER OR OFFICIAL

520-586-5319

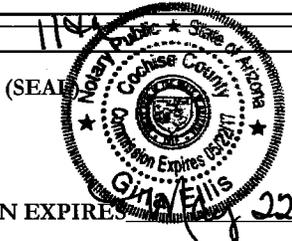
TELEPHONE NUMBER

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

THIS _____ DAY OF

| |
|----|
| 11 |
|----|

| |
|----------------------------|
| COUNTY NAME Cochise |
| MONTH May 2016 |



[Handwritten Signature]

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12/22/2017

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.**

| | |
|--|--------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL | BORROWER DESIGNATION AZ0031 |
| | PERIOD ENDED December, 2015 |
| 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 | | 0 | 0 | 0 |
| 2. Income From Leased Property (Net) | | 0 | 0 | 0 |
| 3. Other Operating Revenue and Income | 35,105,379 | 35,149,288 | 0 | 2,891,223 |
| 4. Total Operation Revenues & Patronage Capital (1 thru 3) | 35,105,379 | 35,149,288 | 0 | 2,891,223 |
| 5. Operating Expense – Production - Excluding Fuel | | 0 | 0 | 0 |
| 6. Operating Expense – Production - Fuel | | 0 | 0 | 0 |
| 7. Operating Expense – Other Power Supply | 2,666,075 | 2,850,416 | 0 | 271,953 |
| 8. Operating Expense – Transmission | 11,549,057 | 11,707,931 | 0 | 1,068,088 |
| 9. Operating Expense – RTO/ISO | | 0 | 0 | 0 |
| 10. Operating Expense – Distribution | | 0 | 0 | 0 |
| 11. Operating Expense – Customer Accounts | | 0 | 0 | 0 |
| 12. Operating Expense – Customer Service & Information | | 0 | 0 | 0 |
| 13. Operating Expense – Sales | | 0 | 0 | 0 |
| 14. Operating Expense – Administrative & General | 3,505,464 | 4,308,120 | 0 | 706,251 |
| 15. Total Operation Expense (5 thru 14) | 17,720,596 | 18,866,467 | 0 | 2,046,292 |
| 16. Maintenance Expense – Production | | 0 | 0 | 0 |
| 17. Maintenance Expense – Transmission | 3,499,988 | 3,066,392 | 0 | 38,865 |
| 18. Maintenance Expense – RTO/ISO | | 0 | 0 | 0 |
| 19. Maintenance Expense – Distribution | | 0 | 0 | 0 |
| 20. Maintenance Expense – General Plant | 1,536,447 | 1,461,420 | 0 | 203,448 |
| 21. Total Maintenance Expense (16 thru 20) | 5,036,435 | 4,527,812 | 0 | 242,313 |
| 22. Depreciation and Amortization Expense | 4,155,952 | 4,660,835 | 0 | 496,609 |
| 23. Taxes | | 0 | 0 | 0 |
| 24. Interest on Long-Term Debt | 4,811,497 | 4,372,893 | 0 | 362,629 |
| 25. Interest Charged to Construction – Credit | (31,825) | (10,656) | 0 | 5,949 |
| 26. Other Interest Expense | 23,212 | 23,025 | 0 | 1,895 |
| 27. Asset Retirement Obligations | | 0 | 0 | 0 |
| 28. Other Deductions | (41,647) | 739,181 | 0 | 642,974 |
| 29. Total Cost Of Electric Service (15 + 21 thru 28) | 31,674,220 | 33,179,557 | 0 | 3,798,661 |
| 30. Operating Margins (4 less 29) | 3,431,159 | 1,969,731 | 0 | (907,438) |
| 31. Interest Income | 668,286 | 491,549 | 0 | 128,655 |
| 32. Allowance For Funds Used During Construction | | 0 | 0 | 0 |
| 33. Income (Loss) from Equity Investments | | 0 | 0 | 0 |
| 34. Other Non-operating Income (Net) | 283,449 | 205,002 | 0 | 73,571 |
| 35. Generation & Transmission Capital Credits | | 0 | 0 | 0 |
| 36. Other Capital Credits and Patronage Dividends | 35,026 | 46,711 | 0 | 240 |
| 37. Extraordinary Items | | | | |
| 38. Net Patronage Capital Or Margins (30 thru 37) | 4,417,920 | 2,712,993 | 0 | (704,972) |

| | |
|--|------------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL | BORROWER DESIGNATION AZ0031 |
| INSTRUCTIONS – See help in the online application. | PERIOD ENDED December, 2015 |

SECTION B. BALANCE SHEET

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
|---|--------------------|---|--------------------|
| 1. Total Utility Plant in Service | 193,800,691 | 33. Memberships | 900 |
| 2. Construction Work in Progress | 1,994,617 | 34. Patronage Capital | |
| 3. Total Utility Plant (1 + 2) | 195,795,308 | a. Assigned and Assignable | 30,906,808 |
| 4. Accum. Provision for Depreciation and Amortization | 94,160,616 | b. Retired This year | 0 |
| 5. Net Utility Plant (3 - 4) | 101,634,692 | c. Retired Prior years | 0 |
| 6. Non-Utility Property (Net) | 0 | d. Net Patronage Capital (a - b - c) | 30,906,808 |
| 7. Investments in Subsidiary Companies | 0 | 35. Operating Margins - Prior Years | 1 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 145,124 | 36. Operating Margin - Current Year | 2,016,442 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | 37. Non-Operating Margins | 696,551 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 1,445,505 | 38. Other Margins and Equities | 0 |
| 11. Investments in Economic Development Projects | 0 | 39. Total Margins & Equities | |
| 12. Other Investments | 0 | (33 + 34d thru 38) | 33,620,702 |
| 13. Special Funds | 0 | 40. Long-Term Debt - RUS (Net) | 0 |
| 14. Total Other Property And Investments | 1,590,629 | 41. Long-Term Debt - FFB - RUS Guaranteed | 88,726,737 |
| (6 thru 13) | | 42. Long-Term Debt - Other - RUS Guaranteed | 0 |
| 15. Cash - General Funds | 1,267,026 | 43. Long-Term Debt - Other (Net) | 9,402,355 |
| 16. Cash - Construction Funds - Trustee | 110,500 | 44. Long-Term Debt - RUS - Econ. Devel. (Net) | 0 |
| 17. Special Deposits | 43,200 | 45. Payments – Unapplied | 7,736,381 |
| 18. Temporary Investments | 16,568,910 | 46. Total Long-Term Debt (40 thru 44 - 45) | 90,392,711 |
| 19. Notes Receivable (Net) | 0 | 47. Obligations Under Capital Leases Noncurrent | 279,815 |
| 20. Accounts Receivable - Sales of Energy (Net) | 2,847,322 | 48. Accumulated Operating Provisions and Asset Retirement Obligations | 0 |
| 21. Accounts Receivable - Other (Net) | 1,013,694 | 49. Total Other NonCurrent Liabilities | |
| 22. Fuel Stock | 0 | (47 + 48) | 279,815 |
| 23. Renewable Energy Credits | 0 | 50. Notes Payable | 0 |
| 24. Materials and Supplies - Other | 4,468,915 | 51. Accounts Payable | 875,152 |
| 25. Prepayments | 1,016,227 | 52. Current Maturities Long-Term Debt | 5,686,699 |
| 26. Other Current and Accrued Assets | 18,897 | 53. Current Maturities Long-Term Debt - Rural Devel. | 0 |
| 27. Total Current And Accrued Assets | 27,354,691 | 54. Current Maturities Capital Leases | 142,252 |
| (15 thru 26) | | 55. Taxes Accrued | 1,111,778 |
| 28. Unamortized Debt Discount & Extraordinary Property Losses | 328,288 | 56. Interest Accrued | 10,880 |
| 29. Regulatory Assets | 0 | 57. Other Current and Accrued Liabilities | 413,023 |
| 30. Other Deferred Debits | 1,666,370 | 58. Total Current & Accrued Liabilities | |
| 31. Accumulated Deferred Income Taxes | 0 | (50 thru 57) | 8,239,784 |
| 32. Total Assets and Other Debits | 132,574,670 | 59. Deferred Credits | 41,658 |
| (5+14+27 thru 31) | | 60. Accumulated Deferred Income Taxes | 0 |
| | | 61. Total Liabilities and Other Credits | |
| | | (39 + 46 + 49 + 58 thru 60) | 132,574,670 |