

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

E-01575A

Sulphur Springs Valley Electric Cooperative, Inc.
350 N. Haskell Ave.
Willcox, AZ 85643

RECEIVED
APR 15 2019
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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	2018
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FOR COMMISSION USE

ANN 01	18
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4-19-19

COMPANY INFORMATION

Company Name (Business Name) <u>Sulphur Springs Valley Electric Cooperative, Inc.</u>			
Mailing Address <u>350 N. Haskell</u>			
(Street)			
<u>Wilcox, AZ. 85643</u>			
(City)		(State)	(Zip)
<u>520-384-2221</u>		<u>520-384-5223</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>chuber@ssvec.com</u>			
Local Office Mailing Address <u>350 N. Haskell</u>			
(Street)			
<u>Wilcox</u>		<u>AZ.</u>	<u>85643</u>
(City)		(State)	(Zip)
<u>520-384-2221</u>			
Local Customer Service Phone No. (Include Area Code)		(1-800 or other long distance Customer Service Phone No.)	
Email Address <u>chuber@ssvec.com</u>		Website address <u>ssvec.org</u>	

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Ronald Lee</u>			
(Name)		CFO	(Title)
<u>311 E. Wilcox</u>		<u>Sierra Vista</u>	<u>AZ</u>
(Street)		(City)	(State)
<u>520-515-3482</u>		<u>520-515-3487</u>	<u>85643</u>
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>rlee@ssvec.com</u>			
On Site Manager: <u>Same as above</u>			
(Name)			
(Street)		(City)	(State)
(Street)		(City)	(Zip)
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address _____			

Statutory Agent: Christopher Hitchcock

P.O. Box AT, 1 Copper Queen Plaza (Name)
Bisbee AZ 85603-0115

(Street) (City) (State) (Zip)

520-439-2279

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Same as statutory agent

(Name)

(Street) (City) (State) (Zip)

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 checked="" 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 checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input checked="" 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:

X 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	43,826	360,091,671
Commercial	7,139	225,515,500
Industrial	4	42,597,000
Public Street and Highway Lighting	45	2,179,992
Irrigation	965	203,863,871
Total Retail	51,979	834,248,034

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale	11	20,148,443
Short-term Sales (durations of less than one year)		
Total Wholesale	11	20,148,443

Total MWh Sold 845,396 _____ MWh

Maximum Peak Load 216 _____ MW

COMPANY NAME: Sulphur Springs Valley Electric Cooperative

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-211.B	Termination with Notice R14-2-211.C	OTHER
JANUARY	0	184	
FEBRUARY	0	202	
MARCH	0	274	
APRIL	1	293	
MAY	1	287	
JUNE	1	175	
JULY	2	230	
AUGUST	1	279	
SEPTEMBER	0	200	
OCTOBER	1	196	
NOVEMBER	1	245	
DECEMBER	0	191	
TOTALS →	8	2,756	

OTHER (description):

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 15 2019

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise
NAME (OWNER OR OFFICIAL) TITLE Creden W. Huber
COMPANY NAME Sulphur Springs Valley Electric Cooperative, Inc

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2018

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.

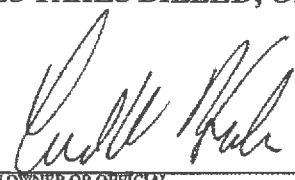
SWORN STATEMENT

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 2018 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ <u>115,279,492</u>
--

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 7,263,058
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
520-384-2221
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

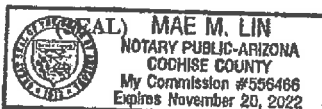
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

5

DAY OF

COUNTY NAME Cochise	
MONTH April	.20 19




SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 11/20/2022

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

RECEIVED
APR 15 2019
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) Creden W Huber	TITLE Chief Executive Officer
COMPANY NAME Sulphur Springs Valley Electric Cooperative, Inc	

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2018

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.

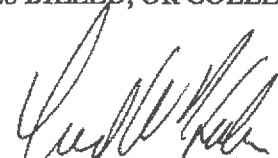
SWORN STATEMENT

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 2018 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>53,749,973</u>

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 3,936,441.33 IN SALES TAXES BILLED, OR COLLECTED

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



SIGNATURE OF OWNER OR OFFICIAL

520-384-2221

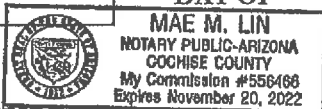
TELEPHONE NUMBER

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

THIS
(SEAL)

15

DAY OF



MY COMMISSION EXPIRES

11/20/2022

NOTARY PUBLIC NAME Mae M. Lin	
COUNTY NAME Cochise	
MONTH April	.2019





SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2018) 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.**

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Sulphur Springs Valley EC
	BORROWER DESIGNATION	AZ014
	ENDING DATE	12/31/2018

Submit one electronic copy and one signed hard copy to CPC. Round all numbers to the nearest dollar.

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.		NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? 
Signature of Office Manager or Accountant <i>[Signature]</i> 3/11/19 Date Signature of Manager <i>[Signature]</i> 3/14/19 Date		

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	108,450,184	115,279,492	108,086,797	8,746,248
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	56,224,936	62,005,765	56,655,790	4,521,605
4. Transmission Expense	465,497	481,158	427,938	51,724
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	9,623,646	10,193,205	10,259,566	724,148
7. Distribution Expense - Maintenance	3,402,582	3,548,211	3,851,600	303,037
8. Consumer Accounts Expense	3,160,118	3,075,840	3,296,515	169,779
9. Customer Service and Informational Expense	829,372	997,395	852,327	91,025
10. Sales Expense	417,843	516,215	401,143	32,363
11. Administrative and General Expense	6,204,750	6,278,615	6,695,821	513,965
12. Total Operation & Maintenance Expense (2 thru 11)	80,328,744	87,096,404	82,440,700	6,407,647
13. Depreciation & Amortization Expense	16,677,771	12,810,438	13,262,165	1,025,250
14. Tax Expense - Property & Gross Receipts	0	0	0	0
15. Tax Expense - Other	25,685	43,860	37,015	(2,813)
16. Interest on Long-Term Debt	5,369,436	5,024,879	5,298,197	497,789
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	2,652	78	2,623	7
19. Other Deductions	413,626	263,426	358,877	15,407
20. Total Cost of Electric Service (12 thru 19)	102,817,913	105,239,084	101,399,577	7,943,287
21. Patronage Capital & Operating Margins (1 minus 20)	5,632,271	10,040,408	6,687,220	802,961
22. Non Operating Margins - Interest	177,863	313,910	142,855	37,773
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	697,351	32,586	163,938	15,575
26. Generation & Transmission Capital Credits	2,746,891	2,670,987	2,746,894	0
27. Other Capital Credits & Patronage Dividends	486,200	485,233	467,152	18,440
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	9,740,575	13,543,123	10,208,059	874,749

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	332	474	5. Miles Transmission	320	320
2. Services Retired	142	124	6. Miles Distribution Overhead	3,054	3,073
3. Total Services In Place	59,080	59,378	7. Miles Distribution Underground	769	775
4. Idle Services (Exclude Seasonal)	7,126	7,163	8. Total Miles Energized (5+6+7)	4,143	4,168

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Sulphur Springs
	BORROWER DESIGNATION	AZ014
	ENDING DATE	12/31/2018

PART C - BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	364,048,753	29. Memberships	199,490
2. Construction Work in Progress	12,269,739	30. Patronage Capital	120,242,102
3. Total Utility Plant (1+2)	376,318,492	31. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort	161,521,897	32. Operating Margins - Current Year	13,196,627
5. Net Utility Plant (3-4)	214,796,595	33. Non-Operating Margins	346,496
6. Nonutility Property - Net	3,960,326	34. Other Margins & Equities	(2,120,368)
7. Investment in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	131,864,346
8. Invest. in Assoc. Org. - Patronage Capital	54,725,460	36. Long-Term Debt CFC (Net)	28,776,829
9. Invest. in Assoc. Org. - Other - General Funds	168,535	37. Long-Term Debt - Other (Net)	110,062,692
10. Invest in Assoc. Org. - Other - Nongeneral Funds	2,822,050	38. Total Long-Term Debt (36 + 37)	138,839,521
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	60,407	40. Accumulated Operating Provisions - Asset Retirement Obligations	2,978,725
13. Special Funds	1,335,346	41. Total Other Noncurrent Liabilities (39+40)	2,978,725
14. Total Other Property & Investments (6 thru 13)	63,072,124	42. Notes Payable	0
15. Cash-General Funds	4,515,171	43. Accounts Payable	6,134,726
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	2,327,828
17. Special Deposits	57,674	45. Current Maturities Long-Term Debt	6,850,557
18. Temporary Investments	9,093,527	46. Current Maturities Long-Term Debt-Economic Dev.	0
19. Notes Receivable - Net	0	47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	6,374,770	48. Other Current & Accrued Liabilities	12,014,902
21. Accounts Receivable - Net Other	1,338,813	49. Total Current & Accrued Liabilities (42 thru 48)	27,328,013
22. Renewable Energy Credits	0	50. Deferred Credits	1,731,669
23. Materials & Supplies - Electric and Other	2,301,600	51. Total Liabilities & Other Credits (35+38+41+49+50)	302,742,275
24. Prepayments	583,108		
25. Other Current & Accrued Assets	64,531	ESTIMATED CONTRIBUTION IN AID OF CONSTRUCTION	
26. Total Current & Accrued Assets (15 thru 25)	24,329,194	Balance Beginning of Year	51,303,682
27. Deferred Debits	544,362	Amounts Received This Year (Net)	3,236,231
28. Total Assets & Other Debits (5+14+26+27)	302,742,275	TOTAL Contributions-In-Aid-Of-Construction	54,539,912

PART D - THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT	
Prepayment long term right of way leases amortized over 10 years totals \$410,078..	
Deferred credit lump sum ISAC payments amortized over 25 years totals \$54,588.	
Deferred credit patronage capital uncashed checks \$808,637.	
Deferred credit fuel adjustment balance <\$3,805,002>.	
Deferred credit joint use rent amortized over terms of lease totals \$266,306.	
Deferred credit cost of removal totals \$46,646.	
Deferred credit Fort Huachuca totals \$3,191,512.	
Accounts Receivable Other Fort Huachuca totals \$290,638.	
CWIP includes Fort Huachuca <\$18,483>.	
CREB's bond deposit totals <\$197,052>.	
Long term debt CFC includes CREB's bonds \$3,027,642.	
Long term CoBank includes CREB's bonds \$3,894,913.	
Deferred credit demand side management totals \$680,540.	
Deferred credit sun watts totals \$5,537,668.	
Unbilled revenue accounts receivable estimate totals \$2,244,516.	
Accrued self insurance health care and dental totals \$376,022.	