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AZ CORP COMMISSION
DOCKET CONTROL

October 24, 2007

Arizona Corporation Commission
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HAND DELIVERED

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

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Re: *Compliance Item for Decision No. 69874 (the "Decision"); Graham County Electric Cooperative, Inc. ("GCEC") Sale of Assets to Town of Thatcher; Docket No. E-01749A-07-0237*

Dear Sir/Madam:

Pursuant to the Third Ordering Paragraph at page 7 of the Decision, enclosed is GCEC's report signed by its General Manager concerning the separation of the GCEC distribution system from the service area authorized to be transferred by the Decision. As of Monday, October 15, 2007, all customers in the area legally described in Exhibit A to the Decision are now being served exclusively by the Town of Thatcher.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp
10430-12/1664339
Enclosure

cc (w/enclosure): Kimberly Battista, Compliance Section, Utilities Division (delivered)
Steve Lines (mailed)

Original and 13 copies filed with Docket Control this 24th day of October, 2007.

Graham County Electric Cooperative, Inc.

Report on Electric Service Conversion to the Town of Thatcher

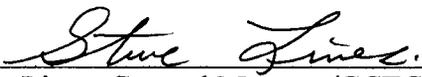
In Decision No. 69874 (the "Decision"), the Arizona Corporation Commission approved Graham County Electric Cooperative's ("GCEC") Application to transfer certain of its assets to the Town of Thatcher ("Thatcher"). The Decision also required that GCEC file a report detailing "actions taken to separate the [GCEC and Thatcher] systems and a declaration that the customers in the affected area are exclusively being serviced by the Town of Thatcher."

The electric service conversion from GCEC to Thatcher commenced and was concluded on October 15, 2007. There were basically four work site areas established within the area legally described in Exhibit A to the Decision which crews from both GCEC and Thatcher worked on to accomplish the conversion. The transition from one system to the other was accomplished with very little outage time to customers. The maximum outage time was 60 minutes and some outages were only 15 minutes before the Thatcher crews re-energized the work site.

At the same time as the work sites were being converted, GCEC personnel read the meters for all customers in order to prepare a close-out service order. Copies of the meter readings and service orders are being provided to Thatcher, so the customers' data can be input into its system and billed correctly on a going-forward basis. GCEC is in the process of preparing a final bill for the transferred customers. GCEC had only one customer in the

transferred area that had a deposit with GCEC. That deposit will be credited to the final bill and, if it exceeds the amount of the final bill, the customer will be paid the difference.

As of Monday, October 15, 2007, all customers in the area legally described in Exhibit A to the Decision are now being serviced exclusively by Thatcher.


Steve Lines, General Manager/GCEC

Dated: 10-19-07