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BEFORE THE ARIZONA CORPORATION COMMISSION
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COMMISSIONERS

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KRISTEN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

ARIZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. G-02527A-09-0088
GRAHAM COUNTY UTILITIES, INC. FOR A)
RATE INCREASE)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. G-02527A-09-0032
GRAHAM COUNTY UTILITIES, INC. GAS)
DIVISION FOR APPROVAL OF A LOAN)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-02527A-09-0201
GRAHAM COUNTY UTILITIES, INC. WATER)
DIVISION FOR A RATE INCREASE)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-02527A-09-0033
GRAHAM COUNTY UTILITIES, INC. WATER)
DIVISION FOR APPROVAL OF A LOAN)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01749A-09-0087
GRAHAM COUNTY ELECTRIC)
COOPERATIVE, INC. FOR APPROVAL OF A)
LOAN GUARANTEE)

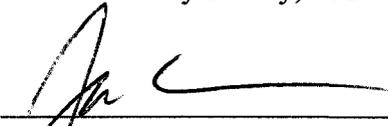
Graham County Utilities, Inc. ("GCU") hereby files a description of its plan for refunding overcharges of main and service line extensions for its Gas and Water Divisions and a document identifying its processes for procuring natural gas supplies, and what person(s) at GCU is (are) responsible for each step of the procurement process in compliance with Decision No. 71690 dated May 3, 2010.

Arizona Corporation Commission
DOCKETED
JUL - 1 2010

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RESPECTFULLY SUBMITTED this 1st day of July, 2010.

By  _____

John V. Wallace
Grand Canyon State Electric Cooperative Assn., Inc.
Consultant for Graham County Utilities, Inc.

Original and nineteen (13) copies filed
this 1st day of July, 2010, with:

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

Graham County Utilities, Inc.
(Gas & Water Divisions)

Line Extension Refund Plan
(As Required By Decision No. 71690)

1. Gas Line Extension Refunds

- a. Total amount to be refunded over a three year period: \$226,765.29.
- b. GCU will send a check to each customer by April 1st for the overcharge amount due in that year as outlined below.
 - i. Year 1 amount to be refunded by April 1, 2011: \$72,576.36
 - 1. Repay all customers that have an overcharge balance of up to \$175.
 - ii. Year 2 amount to be refunded by April 1, 2012: \$66,037.49
 - 1. Repay all customers that have an overcharge greater than \$175 up to \$500.
 - iii. Year 3 amount to be refunded by April 1, 2013: \$88,151.44
 - 1. Repay all customers that have an overcharge amount over \$500.

2. Water Line Extension Refunds

- a. Total amount to be refunded within 12 months: \$15,538.
- b. GCU will send a check to each customer by April 1, 2011 for the overcharge amount.

Graham County Utilities, Inc. (GCU)

Natural Gas Procurement Process

(As required by Decision No. 71690)

Graham County Utilities, Inc. (GCU) uses the following process to procure its' natural gas supplies. In January 2001, GCU began purchasing fixed natural gas supplies from Wasatch Energy (Later acquired by BP). GCU has also considered other competitors such as Sierra Southwest Cooperative when it purchases its natural gas supplies.

GCU's philosophy for fixed natural gas price hedging has been to be approximately 50% fixed and 50% index. GCU is able to secure fixed pricing with BP for a period of up to 24 months, however usually GCU has only purchased fixed contracts for a period of 12 months. The amount of natural gas that is contracted is based on the length of the term selected up to 24 months and the historical average amount purchased by month. The procurement steps and person(s) responsible are outlined below.

1. GCU will monitor its' percentage of supplies that are either on a fixed price contract versus index price. GCU will attempt to maintain the 50% fixed and 50% index strategy. (General Manager)
2. GCU will monitor the natural gas prices by reviewing the NYMEX spot market and soliciting fixed prices from BP and other competitors such as Sierra Southwest Cooperative as necessary. (General Manager, Finance Manager, Gas Superintendent)
3. When prices appear attractive and/or when a fixed contract may be necessary in order to maintain the 50% fixed strategy, GCU will seek to lock in fixed contracts as necessary. (General Manager)
4. All fixed price contracts are reviewed by the General Manager with GCU Staff and with the GCU Board of Directors on a monthly basis. (General Manager)