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GRAHAM COUNTY ELECTRIC COOPERATIVE  
GRAHAM COUNTY UTILITIES, INC.  
9 West Center Street, P.O. Drawer B  
Pima, Arizona 85543

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*Serving The Beautiful Gila Valley  
In Southeastern Arizona*

Telephone (928) 485-2451  
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July 11, 2012

AZ CORP COMMISSION  
DOCKET CONTROL  
Arizona Corporation Commission  
**DOCKETED**

JUL 11 2012

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

DOCKETED BY *JM*

Re: Graham County Electric Cooperative, Inc. (GCEC) and Graham County Utilities, Inc. (GCU) comments on Arizona Corporation Commission Staff's Draft Proposed Rule Filed on June 25, 2012: **Rate Case and Financing Rules for Nonprofit, Cooperatively-owned Gas, Electric or Water Utilities; Docket No. RU-00000A-12-0270**

Dear Sir/Madam:

The following comments on the Arizona Corporation Commission Staff's Proposed Rules filed in this docket on June 25, 2012 are being provided by GCEC and GCU.

GCEC/GCU would like to express appreciation to the ACC Staff for their willingness to work with the Cooperatives on the proposed "Streamlined" rules. GCEC/GCU recognize Staff's efforts to conduct a formal rulemaking process for this issue and is grateful for the special consideration that is being given to the nonprofit cooperatives to help expedite rate case and finance application processing and reduce regulatory lag.

GCEC/GCU support the proposed rule with a few exceptions that are discussed in the Grand Canyon State Electric Cooperative, Inc. (GCSECA) letter filed on June 28, 2012. GCEC is a member of

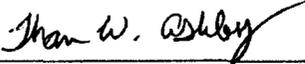
GCSECA and has worked closely with the other cooperatives to find a workable solution for all parties involved in this matter.

GCEC/GCU strongly support the GCSECA position that a 15 year time period with the ability to file up to 5 rate cases will save our members/customers much more in terms of rate case expense than the Staff proposed 10 year time period with a 3 rate case filing limit. The cooperative position strikes the right balance between the need for appropriate regulatory oversight and cost savings from a streamlined process. GCEC and GCU have long been concerned by the amount of time and expense it takes for a rate case to be approved by the Commission for a nonprofit cooperative. According to a recent analysis performed by our Finance Manager, the regulatory lag alone in processing the most recent GCU rate case from 2010 (Decision #71690) cost the company approximately \$404,508.

GCEC/GCU urge the Commission to adopt these revisions for the reasons stated above and the reasons stated in the letter filed by GCSECA. The GCEC and GCU Boards of Directors and Management support this rate case process for cooperatives.

Sincerely,

GCEC / GCU  
PO Drawer B  
9 West Center St.  
Pima, AZ 85543  
928-485-2451

By:  \_\_\_\_\_

Than Ashby, Office Manager

CC: Steve Lines, General Manager  
Kirk Gray, Finance Manager  
Gene Larson, GCEC Board President  
Larry Morris, GCU Board President