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Form **990**

# Return of Organization Exempt From Income Tax

OMB No 1545-0047

**2017**

Department of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as they may be made public.  
Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

Open to Public Inspection

**A** For the 2017 calendar year, or tax year beginning and ending

<b>B</b> Check if applicable: Address change Name change Initial return Final return/terminated Amended return Application pending	<b>C</b> Name of organization <b>ARIZONA ELECTRIC POWER COOPERATIVE, INC.</b>		<b>D</b> Employer identification number 86-0176697
	Doing business as		<b>E</b> Telephone number (520) 586-3631
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>G</b> Gross receipts \$ 188,483,026.
	P.O. BOX 670		
	City or town, state or province, country, and ZIP or foreign postal code BENSON, AZ 85602		<b>H(a)</b> Is this a group return for subordinates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>F</b> Name and address of principal officer <b>PETER F. SCOTT</b> SAME AS C ABOVE		<b>H(b)</b> Are all subordinates included? Yes <input type="checkbox"/> No <input type="checkbox"/> If "No," attach a list (see instructions)	
<b>I</b> Tax-exempt status 501(c)(3) <input checked="" type="checkbox"/> 501(c) ( 12 ) (insert no.) 4947(a)(1) or 527		<b>H(c)</b> Group exemption number	
<b>J</b> Website: WWW.AZGT.COOP		<b>L</b> Year of formation: 1961 <b>M</b> State of legal domicile: AZ	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			

## Part I Summary

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities <b>SALE OF ELECTRIC POWER</b>
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) <b>3</b> <b>13</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) <b>4</b> <b>13</b>
	<b>5</b> Total number of individuals employed in calendar year 2017 (Part V, line 2a) <b>5</b> <b>246</b>
	<b>6</b> Total number of volunteers (estimate if necessary) <b>6</b> <b>0</b>
	<b>7 a</b> Total unrelated business revenue from Part VIII, column (C), line 12 <b>7a</b> <b>267,393.</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 <b>7b</b> <b>0.</b>	

	Prior Year	Current Year
<b>8</b> Contributions and grants (Part VIII, line 1h) <b>120618.</b>	0.	0.
<b>9</b> Program service revenue (Part VIII, line 2g)	147,581,546.	154,150,519.
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,028,227.	2,128,175.
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	28,266,057.	32,114,643.
<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	177,875,830.	188,393,337.
<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	26,320,455.	32,171,325.
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <b>0.</b>		
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	143,893,259.	147,648,831.
<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	170,213,714.	179,820,156.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	7,662,116.	8,573,181.
<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year 454,724,277.	End of Year 466,696,244.
<b>21</b> Total liabilities (Part X, line 26)	301,433,000.	305,674,419.
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	153,291,277.	161,021,825.

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of officer <b>PETER F. SCOTT, CHIEF FINANCIAL OFFICER</b>	Date <b>11/14/18</b>
	Type or print name and title	

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>BRIAN GAREAU</b>	Preparer's signature <b>RECEIVED IN CORRES</b>	Date 1/13/2018	Check if self-employed <input type="checkbox"/>	PTIN P00847877
	Firm's name <b>DELOITTE TAX, LLP</b>	<b>IRS - OSC - 02</b>		Firm's EIN 86-1065772	
	Firm's address <b>191 PEACHTREE STREET, SUITE 2000 ATLANTA, GA 30303</b>	<b>DEC 14 2018</b>		Phone no. 404-220-2000	

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

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**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission  
PROVIDE ELECTRIC SERVICE TO ITS MEMBERS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )  
AEP CO IS A GENERATION COOPERATIVE THAT PROVIDES THE POWER NEEDS OF ITS MEMBER-OWNED DISTRIBUTION COOPERATIVES, PROVIDING ELECTRICITY TO MORE THAN 147,000 METERS.

4b (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )  
TRANSMISSION COOPERATIVE THAT BRINGS LOCAL SUPPLY OF ELECTRICITY TO CUSTOMERS TO ENSURE RELIABLE AND ADEQUATE SUPPLY.

4c (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O )  
(Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses

DJOR

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>		X
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>-If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

**Note.** All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Main form area containing questions 1a through 14b with corresponding input fields and Yes/No columns.

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent.		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?	X	
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	X	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body?	X	
<b>8b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>10b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		X
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13.	X	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.	X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15a</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? The organization's CEO, Executive Director, or top management official.	X	
<b>15b</b>	Other officers or key employees of the organization. If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		X
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed  AR,  AZ,  CA,  GA,  IN,  NC,  MD,  MN
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records.   
 PETER F. SCOTT - (520) 586-5319  
 1000S HIGHWAY 80, P.O. BOX 670, BENSON, AZ 85602

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BILLY L. ADAMS DIRECTOR	5.00	X					33,500.	0.	0.	
(2) DANIEL BARRERA DIRECTOR	10.00	X					27,500.	0.	0.	
(3) J. TYLER CARLSON OFFICER & DIRECTOR	16.00	X					41,000.	0.	0.	
(4) CHARLES BRADLEY DESPAIN OFFICER & DIRECTOR (SECRET	8.00	X					25,000.	0.	0.	
(5) WILLIAM STACY DIRECTOR	4.00	X					25,000.	0.	0.	
(6) GENE R. LARSON DIRECTOR	6.50	X					29,000.	0.	0.	
(7) REUBEN B. MCBRIDE OFFICER & DIRECTOR (TREASU	4.00	X					32,000.	0.	0.	
(8) JUDY MCKINLEY DIRECTOR	14.00	X					27,000.	0.	0.	
(9) VINCENT NITIDO DIRECTOR	3.00	X					0.	0.	0.	
(10) LYN R. OPALKA DIRECTOR	6.90	X					29,500.	0.	0.	
(11) RYALL STEWART DIRECTOR	11.00	X					20,500.	0.	0.	
(12) KATHRYN J. THATCHER OFFICER & DIRECTOR (TREASU	10.00	X					26,500.	0.	0.	
(13) JOHNNIE FRIE DIRECTOR	6.00	X					25,500.	0.	0.	
(14) KEVIN SHORT DIRECTOR	10.00	X					0.	0.	0.	
(15) PATRICK LEDGER CURRENT CHIEF EXECUTIVE OF	39.50			X			519,882.	0.	90,809.	
(16) PETER SCOTT CHIEF FINANCIAL OFFICER	39.50			X			234,904.	0.	47,670.	
(17) MICHAEL D. NELSON KEY EMPLOYEE	65.00				X		223,892.	0.	55,898.	

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) BARRY BROWN KEY EMPLOYEE	42.00				X			217,088.	0.	53,153.
(19) EMERY SILVESTER KEY EMPLOYEE	60.00				X			210,370.	0.	48,024.
(20) MICHELLE FREEARK KEY EMPLOYEE	50.00				X			210,300.	0.	54,798.
(21) JOHN SANDERS KEY EMPLOYEE	50.00				X			205,956.	0.	53,293.
(22) JON MARTELL KEY EMPLOYEE	45.00				X			231,953.	0.	43,593.
(23) LOGAN GERNET HIGHEST COMPENSATED EMPLOY	46.00					X		163,510.	0.	29,061.
(24) LETITIA BRACKEEN HIGHEST COMPENSATED EMPLOY	40.00					X		163,484.	0.	43,586.
(25) BORIS TUMARIN HIGHEST COMPENSATED EMPLOY	45.00					X		181,462.	0.	49,303.
(26) EILEEN BRIEN HIGHEST COMPENSATED EMPLOY	60.00					X		155,451.	0.	41,026.
<b>1b Sub-total</b>								3,060,252.	0.	610,214.
<b>c Total from continuation sheets to Part VII, Section A</b>								407,878.	0.	27,433.
<b>d Total (add lines 1b and 1c)</b>								3,468,130.	0.	637,647.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 14

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	X	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
ALLIANCE FOR COOPERATIVE ENERGY SERVICES PO 4140 WEST 99TH STREET, CARMEL, IN 46032	POWER TRADING SERVICES	3,160,672.
SCHIFF HARDIN LLP, 6600 SEARS TOWER, 233 S WACKER DR., STE 6600, CHICAGO, IL 60	LEGAL EXPENSES	266,858.
SIERRITA MINING & RANCHING CO HC 70 BOX 4260, SAHUARITA, AZ 85629-9311	CONSTRUCTION	194,343.
RYAN SERVICING LLC, 2200 ATLANTIC STREET, 5TH FLOOR, STAMFORD, CT 06902	ACCOUNTING EXPENSES	190,226.
DAVIDSON VAN CLEVE P.C. 333 SW TAYLOR STE 400, PORTLAND, OR 97204	LEGAL EXPENSES	145,326.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 7

SEE PART VII, SECTION A CONTINUATION SHEETS



**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1 a	Federated campaigns					
	b	Membership dues					
	c	Fundraising events					
	d	Related organizations					
	e	Government grants (contributions)					
	f	All other contributions, gifts, grants, and similar amounts not included above					
	g	Noncash contributions included in lines 1a-1f \$					
	h	<b>Total.</b> Add lines 1a-1f					
<b>Program Service Revenue</b>	2 a	PROVIDE ELECTRIC POWER	900099	154,150,519.	154,150,519.		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	<b>Total.</b> Add lines 2a-2f		154,150,519.			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts)		2,128,175.		2,128,175.	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6 a	Gross rents	(i) Real				
			(ii) Personal				
				357,082.			
				89,689.			
	c	Rental income or (loss)		267,393.			
	d	Net rental income or (loss)		267,393.	267,393.		
	7 a	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
d	Net gain or (loss)						
8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
b	Less direct expenses						
c	Net income or (loss) from fundraising events						
9 a	Gross income from gaming activities See Part IV, line 19						
b	Less direct expenses						
c	Net income or (loss) from gaming activities						
10 a	Gross sales of inventory, less returns and allowances						
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue			Business Code				
11 a	OTHER SERVICE REVENUE	900099	31,696,036.	31,696,036.			
b	CAPITAL CREDIT/PATR DI		151,214.			151,214.	
c							
d	All other revenue						
e	<b>Total.</b> Add lines 11a-11d		31,847,250.				
12	<b>Total revenue.</b> See instructions.		188,393,337.	185,846,555.	267,393.	2,279,389.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,172,315.			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	21,162,307.			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	7,509,670.			
10 Payroll taxes	1,327,033.			
11 Fees for services (non-employees)				
a Management				
b Legal	1,825,546.			
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	1,028,782.			
12 Advertising and promotion	124,684.			
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	357,950.			
18 Payments of travel or entertainment expenses for any federal, state, or local public-officials				
19 Conferences, conventions, and meetings				
20 Interest	10,878,523.			
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	17,923,630.			
23 Insurance	855,642.			
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a PRODUCTION	67,463,929.			
b PURCHASED POWER	29,007,598.			
c TRANSMISSION	13,209,787.			
d PROPERTY TAX	4,972,760.			
e All other expenses				
<b>25 Total functional expenses. Add lines 1 through 24e</b>	<b>179,820,156.</b>			
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year	
<b>Assets</b>	1	Cash - non-interest-bearing	15,294,717.	1	3,114,411.
	2	Savings and temporary cash investments	13,116,521.	2	32,314,676.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	23,897,277.	4	25,145,053.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	31,255,234.	8	24,592,967.
	9	Prepaid expenses and deferred charges	17,768,720.	9	27,306,154.
	10a	Land, buildings, and equipment - cost or other basis. Complete Part VI of Schedule D	706,650,961.		
	10b	Less accumulated depreciation	367,462,643.		
	10c		342,288,055.	10c	339,188,318.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities. See Part IV, line 11	11,103,753.	12	10,670,206.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
15	Other assets. See Part IV, line 11		15	4,364,459.	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	454,724,277.	16	466,696,244.	
<b>Liabilities</b>	17	Accounts payable and accrued expenses	11,051,326.	17	15,467,511.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	221,174,210.	23	205,584,647.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	69,207,464.	25	84,622,261.
	26	<b>Total liabilities.</b> Add lines 17 through 25	301,433,000.	26	305,674,419.
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		27	
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds	0.	30	0.
	31	Paid-in or capital surplus, or land, building, or equipment fund	630.	31	830.
	32	Retained earnings, endowment, accumulated income, or other funds	153,290,647.	32	161,020,995.
33	<b>Total net assets or fund balances</b>	153,291,277.	33	161,021,825.	
34	<b>Total liabilities and net assets/fund balances</b>	454,724,277.	34	466,696,244.	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	188,393,337.
2	Total expenses (must equal Part IX, column (A), line 25)	2	179,820,156.
3	Revenue less expenses. Subtract line 2 from line 1	3	8,573,181.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	153,291,277.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-842,633.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	161,021,825.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No 1545-0047

2017

Open to Public Inspection

Name of the organization

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

Employer identification number

86-0176697

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors...?, 6 Did the organization inform all grantees...?

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7

Table with 2 columns: Description, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution, 3 Number of conservation easements modified, transferred, released, extinguished, or terminated, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?, 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items; b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items; 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10

- 1a Beginning of year balance
- b Contributions
- c Net investment earnings, gains, and losses
- d Grants or scholarships
- e Other expenditures for facilities and programs
- f Administrative expenses
- g End of year balance

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a					
1b					
1c					
1d					
1e					
1f					
1g					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶ \_\_\_\_\_%
- b Permanent endowment ▶ \_\_\_\_\_%
- c Temporarily restricted endowment ▶ \_\_\_\_\_%

The percentages on lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIII the intended uses of the organization's endowment funds

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a-See Form 990, Part X, line 10

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		18,390,057.		18,390,057.
b Buildings		53,580,051.	36,731,859.	16,848,192.
c Leasehold improvements		2,240,163.		2,240,163.
d Equipment		621,259,226.	330,730,784.	290,528,442.
e Other		11,181,464.		11,181,464.
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10c.)				339,188,318.

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.)	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) MEMBER ADVANCES	26,867,774.
(3) DEFERRED CREDITS	40,434,102.
(4) CAPITAL LEASE OBLIGATIONS	558,752.
(5) CURRENT MATURITIES	276,296.
(6) OTHER LIABILITIES	16,485,337.
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	188,396,197.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d	2,860.	
e	Add lines 2a through 2d	2e		2,860.
3	Subtract line 2e from line 1	3		188,393,337.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b	4c		0.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5		188,393,337.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a

1	Total expenses and losses per audited financial statements		1	179,823,016.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d	2,860.	
e	Add lines 2a through 2d	2e		2,860.
3	Subtract line 2e from line 1	3		179,820,156.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b	4c		0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5		179,820,156.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information

PART X, LINE 2:

EFFECTIVE JANUARY 1, 2010 THE COOPERATIVE ADOPTED FASB ACCOUNTING

STANDARDS CODIFICATION (ASC) 740-10, RELATING TO ACCOUNTING FOR UNCERTAIN

TAX POSITIONS. AS OF DECEMBER 31, 2017, THE COOPERATIVE DOES NOT HAVE ANY

UNCERTAIN TAX POSITIONS NOR DID IT HAVE UNCERTAIN TAX POSITIONS AT

DECEMBER 31, 2016 UNDER PREVIOUS GUIDANCE.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

REVENUE RECLASS

PART XII, LINE 2D - OTHER ADJUSTMENTS:

EXPENSE RECLASS



**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No 1545-0047

**2017**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
 ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.  
 ▶ Attach to Form 990.  
 ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

Name of the organization

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

Employer identification number

86-0176697

**Part III Questions Regarding Compensation**

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- |   |  |
|---|--|
| <input checked="" type="checkbox"/> First-class or charter travel | Housing allowance or residence for personal use    |
| Travel for companions   | Payments for business use of personal residence    |
| Tax indemnification and gross-up payments                         | Health or social club dues or initiation fees      |
| Discretionary spending account                                    | Personal services (such as, maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | Written employment contract                     |
| Independent compensation consultant                        | Compensation survey or study                    |
| Form 990 of other organizations                            | Approval by the board or compensation committee |

**4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization

- a** Receive a severance payment or change-of-control payment?  
**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?  
**c** Participate in, or receive payment from, an equity-based compensation arrangement?  
 If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**

**5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

- a** The organization?  
**b** Any related organization?  
 If "Yes" on line 5a or 5b, describe in Part III.

**6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

- a** The organization?  
**b** Any related organization?  
 If "Yes" on line 6a or 6b, describe in Part III.

**7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III.

**8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

**9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>	X	
<b>2</b>	X	
<b>4a</b>		X
<b>4b</b>		X
<b>4c</b>		X
<b>5a</b>		
<b>5b</b>		
<b>6a</b>		
<b>6b</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		

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Schedule J (Form 990) 2017

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(ii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) PATRICK LEDGER CURRENT CHIEF EXECUTIVE OF	(i)	516,318.	0.	3,564.	71,685.	19,124.	610,691.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) PETER SCOTT CHIEF FINANCIAL OFFICER	(i)	233,856.	0.	1,048.	43,574.	4,096.	282,574.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) MICHAEL D. NELSON KEY EMPLOYEE	(i)	219,345.	0.	4,547.	41,947.	13,951.	279,790.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) BARRY BROWN KEY EMPLOYEE	(i)	214,209.	0.	2,879.	40,597.	12,556.	270,241.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) EMERY SILVESTER KEY EMPLOYEE	(i)	206,127.	0.	4,243.	39,459.	8,565.	258,394.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) MICHELLE FREEARK KEY EMPLOYEE	(i)	208,771.	0.	1,529.	37,240.	17,558.	265,098.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) JOHN SANDERS KEY EMPLOYEE	(i)	201,659.	0.	4,297.	39,303.	13,990.	259,249.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) JON MARTELL KEY EMPLOYEE	(i)	228,599.	0.	3,354.	26,013.	17,580.	275,546.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) LOGAN GERNET HIGHEST COMPENSATED EMPLOY	(i)	161,725.	0.	1,785.	20,968.	8,093.	192,571.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) LETITIA BRACKEEN HIGHEST COMPENSATED EMPLOY	(i)	161,743.	0.	1,741.	31,694.	11,892.	207,070.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) BORIS TUMARIN HIGHEST COMPENSATED EMPLOY	(i)	176,522.	0.	4,940.	23,060.	26,243.	230,765.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) EILEEN BREIN HIGHEST COMPENSATED EMPLOY	(i)	152,096.	0.	3,355.	29,513.	11,513.	196,477.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) JAMES JONES HIGHEST COMPENSATED EMPLOY	(i)	167,193.	0.	2,899.	20,705.	6,728.	197,525.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) DONALD W. KIMBALL FORMER CHIEF EXECUTIVE OFF	(i)	52,289.	0.	0.	0.	0.	52,289.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) JIM BURSON KEY EMPLOYEE	(i)	185,497.	0.	0.	0.	0.	185,497.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							

Schedule J (Form 990) 2017



**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

Employer identification number

86-0176697

FORM 990, PART VI, SECTION A, LINE 6:

ARIZONA ELECTRIC POWER COOPERATIVE, INC. HAS 6 CLASS A DISTRIBUTION  
COOPERATIVE MEMBERS AND 3 CLASS D MEMBERS.

FORM 990, PART VI, SECTION A, LINE 7A:

THE DISTRIBUTION COOPERATIVE MEMBERS ELECT THE PERSONS THAT REPRESENT THEM  
ON THE BOARD.

FORM 990, PART VI, SECTION A, LINE 7B:

DECISIONS OF THE GOVERNING BOARD ARE SUBJECT TO APPROVAL BY THE MEMBERS.

FORM 990, PART VI, SECTION B, LINE 11B:

AFTER PREPARATION BY A PROFESSIONAL TAX FIRM, THE RETURN IS REVIEWED IN  
DETAIL BY THE MANAGER OF ACCOUNTING AND THEN REVIEWED AGAIN BY THE CHIEF  
FINANCIAL OFFICER.

FORM 990, PART VI, SECTION B, LINE 12C:

ANNUALLY EACH EMPLOYEE CERTIFIES HE/SHE HAS REVIEWED THE CODE OF CONDUCT,  
WHICH CONTAINS THE CONFLICT OF INTEREST POLICY. ANNUALLY EACH DIRECTOR  
CERTIFIES HE/SHE HAS REVIEWED THE CONFLICT OF INTEREST TRANSACTION (BY-LAWS  
SECTION 5.09).

FORM 990, PART VI, SECTION B, LINE 15A:

BOARD COMPENSATION COMMITTEE FOR CEO. OTHER TOP MANAGEMENT COMPENSATION IS  
SET BY CEO AND INTERNAL COMPENSATION COMMITTEE.

Name of the organization

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

Employer identification number

86-0176697

FORM 990, PART VI, SECTION C, LINE 19:

GOVERNING DOCUMENTS (BYLAWS), CONFLICT OF INTEREST POLICY AND FINANCIAL

STATEMENTS ARE AVAILABLE ON WEB SITE OR UPON REQUEST.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

PATRONAGE CAPITAL RETIREMENT

-842,633.

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No 1545-0047

**2017**

Open to Public Inspection

Name of the organization

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

Employer identification number  
86-0176697

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of year assets	(f) Direct controlling entity

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

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Schedule R (Form 990) 2017

**Part III** Identification of Related Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
SIERRA SOUTHWEST COOPERATIVE SERVICE, INC. - 86-0928376, 1000S HIGHWAY 80, P.O. BOX 670, BENSON, AZ 85602-7007	UTILITY SERVICE PROVIDER	AZ	N/A	C CORP					X
SIERRA ARIZONA ENERGY SERVICES, INC. - 86-0625251, P.O. BOX 670, BENSON, AZ 85602	RETAIL SALES	AZ	N/A	C CORP					X

**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36

**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity
- b Gift, grant, or capital contribution to related organization(s)
- c Gift, grant, or capital contribution from related organization(s)
- d Loans or loan guarantees to or for related organization(s)
- e Loans or loan guarantees by related organization(s)

- f Dividends from related organization(s)
- g Sale of assets to related organization(s)
- h Purchase of assets from related organization(s)
- i Exchange of assets with related organization(s)
- j Lease of facilities, equipment, or other assets to related organization(s)
- k Lease of facilities, equipment, or other assets from related organization(s)
- l Performance of services or membership or fundraising solicitations for related organization(s)
- m Performance of services or membership or fundraising solicitations by related organization(s)
- n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o Sharing of paid employees with related organization(s)

- p Reimbursement paid to related organization(s) for expenses
- q Reimbursement paid by related organization(s) for expenses

- r Other transfer of cash or property to related organization(s)
- s Other transfer of cash or property from related organization(s)

	Yes	No
1a		X
1b		X
1c		X
1d		X
1e	X	
1f		X
1g		X
1h		X
1i		X
1j		X
1k		X
1l		X
1m		X
1n		X
1o		X
1p		X
1q		X
1r		X
1s		X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SIERRA SOUTHWEST COOPERATIVE SERVICES, INC.	E	426,781	ALLOCATION OF COSTS
(2) SIERRA SOUTHWEST COOPERATIVE SERVICES, INC.	E	1,408,445	ALLOCATION OF COSTS
(3)			
(4)			
(5)			
(6)			

