



A Touchstone Energy Cooperative 

2010 Annual Report



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BOARD PRESIDENT & CEO REPORTS

The Board of Directors and Management of Garkane Energy Cooperative are pleased to present this 2010 Annual Report to our membership. In addition to the financial performance of the Cooperative, you'll enjoy a review of the past year, discussion on important topics affecting Garkane, and steps we are taking to ensure a bright future to South Central Utah and Northern Arizona.

Garkane continues to be a significant player in the regional economy. Each year, Garkane reaches new milestones in its financial performance. This year's revenues of \$24.1 Million and your equity in the Cooperative of \$25.7 Million are both record highs.

While we have significant financial assets, Garkane's beginnings were very humble and included the small town philosophy. We care about the people we serve. These principles of caring, quality, and service have become part of our fabric in the ever-changing utility industry. We believe very strongly in quality service, and our employees and board members take ownership of the challenges we face.

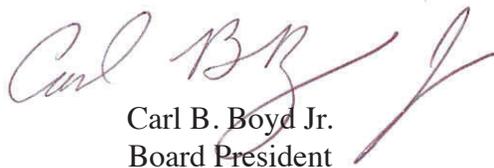
Garkane's greatest asset is, and always has been, its dedicated, professional workforce. Many of our employees and directors are recognized leaders in their professions, and are consistently recognized on regional and national levels for their accomplishments. This excellence extends beyond the workplace, as they serve our communities as elected officials, church and civic leaders, and volunteers in worthwhile activities, which improve quality of life. We applaud and salute their efforts.

So what is Garkane's philosophy in serving our members? It's not in slogans or mission statements, a clearly defined strategy, or the best newsletter. The difference at our Cooperative is in the hearts of the employees and directors and what we believe. From our office staff, to our technicians, to our journeymen linemen, each know the importance of you the member.

We're proud of our accomplishments during 2010. We commit to you that Garkane will continue to provide quality energy services at fair, reasonable, and competitive rates. We urge you to be involved in your Cooperative. You have the unique opportunity to have a say in Garkane's decision-making process through the election of Board Members and by sharing your thoughts and concerns with the Board and Management.

Thank you for giving us the opportunity to serve you.

Respectfully Submitted,



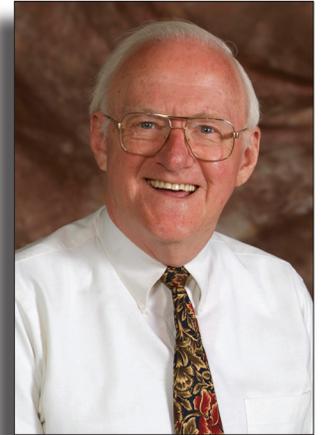
Carl B. Boyd Jr.
Board President



Carl R. Albrecht
CEO

Carl B.
Boyd, Jr

Board
President



Carl R.
Albrecht

CEO



2010 IN REVIEW

Garkane Energy Cooperative enjoyed another great year in 2010. Financial performance was strong, more system improvements were made to enhance the reliability of our service, and our Propane Subsidiary enjoyed another year of moderate growth and financial success, as a wholly owned for-profit subsidiary of Garkane Energy.

The Cooperative has a firm financial base. Unlike electric consumers in many other parts of the nation, Garkane members continued to enjoy stable, reasonably priced power. Net margins, the amount by which revenues exceed expenditures, totaled over \$3.1 Million for the year, which allowed Garkane to issue a \$500,000 Capital Credit Refund in December.

Improving system reliability continues to be a top priority for Garkane's Board of Directors and Management. During 2010, Garkane finished construction of the new Underground Line in the Fishlake Basin; began construction of new lines within Kanab City; began work on the new Hatch Substation; worked on the new Transmission Line from the new Hatch Substation to the Tod's Substation in Kane County, which was shut-down in 2009 – due to Prairie Dog issues; finished various projects relating to the new Federal Energy Regulatory Commission (FERC) Hydro License at the Boulder Plant; and removed additional hazard trees to protect Garkane Right-of-Ways on Kaibab Mountain and throughout the system.

As noted from the picture on the cover page and pictures on Page 11, Garkane experienced extensive damage to the Cedar Mountain area. The heavy snows received from December 18, 2010 through December 23, 2010, caused over a Million Dollars in damage to Garkane facilities. Many cross-arms, poles, and numerous power lines were torn down as a result of falling trees. These were healthy spruce and pine trees that snapped off 20' to 30' from the ground and fell onto the power lines. Cedar Mountain received over eight feet of snow during the storms. Crews worked long hours, with contract crews to restore power to the area. We appreciate the help received from Dixie Escalante and Moon Lake Electric Cooperatives in helping us restore power. At one point, over eight snow cats were being used by the crews.

Garkane has been working with FEMA and should receive some reimbursement for a percentage of total damages as Kane and Garfield Counties were declared disaster areas.

Garkane continues to be recognized for achievements in safety. During the past year, Garkane was recognized by the Workers Compensation Fund (WCF) as a company that has demonstrated exemplary workplace safety practices and programs. Out of 20,000 WCF policy holders, Garkane was one of only 38 companies selected for exhibiting an out-standing safety culture in 2010. Also, Federated Rural Electric Insurance and the National Rural Electric Cooperative Association (NRECA) recognized Garkane as one of the twenty safest electric cooperatives in the U.S. out of about 900 Cooperatives. Other safety awards received this year include the Utah Safety Council's Perfect Record Award (for working a period of at least 12 consecutive months without an OSHA recordable injury, illness, days away from work, or death) and the 1st Place Safety Award from Utah Workers Compensation Fund (for low accident frequency –



- Fishlake Underground Line -



- Hatch Substation -

2010 IN REVIEW - CONTINUED

Garkane worked 123,000 hours with no loss time accident or reports to the Utah Workers Compensation Fund). These awards are a tribute to the cooperative becoming a safety accredited utility in 2008.

Garkane has a very difficult and complex system to operate and maintain. With all the elements of the electric industry, including generation, transmission, and distribution, Garkane is unlike most rural electric cooperatives. Most electric cooperatives are distribution only, without any generation or transmission facilities. Garkane now serves over 13,500 members, over 2,175 miles of line. There is a small membership base over which to spread costs. Garkane's power-lines traverse many public lands (i.e., Parks, Monuments, National Forests, BLM lands, etc.). Right-of-Ways are extremely costly to obtain, to construct, and maintain. Many environmental studies have to be completed.

Maintenance work in these pristine areas is often completed by helicopter rather than by normal access and procedures.

We are fortunate to have a long-term, stable power supply contract. Deseret Power, our power supplier, is a cooperative, which was formed by Garkane and five other Utah co-ops in 1978. Deseret is on firm financial ground, and has ample capacity to provide for our growth well into the future. Deseret owns its own coal mine, railroad and plant. This vertical integration has saved millions of dollars in coal costs and shipping charges. Deseret is financially strong and has ample capacity to handle Garkane's growth well into the future. Deseret has not increased our basic power supply costs since 1996. However, recently they have adopted a growth rate, which increases the cost of our wholesale power depending on the growth of the individual system. Deseret is proposing an increase in Wholesale Rates in 2012 due to the costs of environmental upgrades at the Hunter II Plant at Castledale, Utah. Deseret owns 25% of this generating unit. Garkane is very blessed to have such a low-cost power supply.

Cedar Mountain, Kanab City, and Kane County, generally have experienced substantial growth over the past several years. There are new subdivisions at East Zion and in Kanab City. A new Five-Star Destination Resort has been constructed just south of Big Water in Eastern Kane County near Lake Powell. Sustained growth continues in the Torrey, Teasdale, and Grover areas in Wayne County, and throughout Garfield County. It seems our service area has been discovered by the rest of the world and people want to live here. The current economic recession has slowed growth in these areas and Garkane's system during the last three years, but there are signs of a modest recovery.

As you read Garkane's 2010 Annual Report, you will notice we're getting a little older, and a little younger. A list of tenure is provided on Page 9 of the Annual Report. We currently have 19 employees who have 20 years of experience or more. We also have 26 new employees with 5 years or less experience. As Garkane employees retire, doors are opened to many who are looking to return to the area. If you have children or grandchildren who have made mention of wanting to return to Southern Utah, let them know of future career opportunities with Garkane. Working for the Cooperative allows you to work for your neighbors and friends.

We hope you enjoy learning more about your cooperative as you read Garkane's 2010 Annual Report.



- Hatch to Tod's Substation Line -



- New Kanab Transmission Line -

TREASURER'S REPORT

It is my pleasure to report the financial condition for Garkane Energy Cooperative. Because of some one-time expenses, the past year did not exhibit the strong financial performance we have grown accustomed to.

Net Margins for 2010 were approximately \$3.1 Million. Garkane's total revenues for the year were \$24.1 Million, up from last year's total of \$20.7 Million. Total investment in plant and equipment now totals almost \$88.8 Million, compared to last year's total of \$84.6 Million; and patronage capital, your ownership equity in the Cooperative, is now valued at almost \$28.3 Million, compared to last year's total of \$25.7 Million.

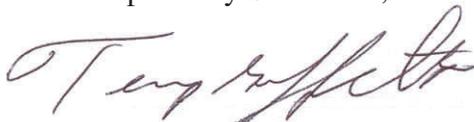
During 2010, Residential and Small Commercial Customers sales accounted for 81.5% of Garkane's electricity sales. Purchases by Large Commercial Customers were also a significant revenue source, accounting for 7.4% of sales. Governmental, street lighting, and irrigation classifications complete the balance of sales figures.

Included with this report, are the audited 2010 and 2009 Consolidated Operating Statements and Consolidated Balance Sheets. Historical trends are also provided for a comparative analysis. Please review these figures at your leisure and feel free to ask questions or comment. A detailed audit is also available for inspection.

The Board of Directors is continually looking at all aspects of our operation and striving to make Garkane as efficient as possible, rendering the most reliable service we can, at the lowest possible cost, consistent with sound business practices.

It's important that you take an active role in your Cooperative. We encourage you to become well informed on issues affecting Garkane. We welcome your comments, suggestions and questions.

Respectfully Submitted,



Terry Griffiths,
Board Treasurer

Terry
Griffiths

Board
Treasurer



GARKANE'S HISTORICAL GROWTH

The Cooperative has experienced growth in a variety of ways since its incorporation in 1938. Presented below are selected key statistical figures covering the general growth of the electrical operations of Garkane over the past four and a half decades, along with annual comparative data for the most recent decade. Steady, manageable growth has been the hallmark of Garkane Energy throughout its history.

Year	No. of Members	Annual Electric Revenues	KWHs Sold (Millions)	Plant (Millions)	Wholesale Power Costs	Miles of Line	Members/per Line Mile
1960	1,786	\$ 314,823	14.8	\$ 4.50	\$ 19,610	722	2.50
1970	2,665	924,651	42.1	8.00	151,927	1,085	2.50
1980	4,646	3,443,740	112.9	13.20	1,693,783	1,499	3.10
1990	6,273	8,527,906	120.3	28.10	3,448,521	1,672	3.75
1995	6,778	8,244,604	102.3	36.70	2,247,045	1,695	4.00
1996	7,013	8,657,998	105.2	38.60	2,262,103	1,721	4.07
1997	7,180	8,735,100	109.2	40.10	2,438,116	1,748	4.11
1998	7,423	8,428,292	111.5	41.40	2,263,190	1,771	4.19
1999	7,723	8,834,954	116.1	42.60	2,514,420	1,792	4.31
2000	7,964	9,372,769	120.8	44.40	2,221,999	1,826	4.36
2001	8,199	9,499,502	120.2	46.90	2,027,329	1,862	4.40
2002	8,385	9,610,177	122.2	48.80	2,285,646	1,901	4.41
2003	8,636	9,897,151	124.9	48.60	2,467,326	1,924	4.49
*2004	10,318	10,992,825	138.8	53.35	3,061,284	1,979	5.21
2005	10,604	12,574,720	158.3	55.46	3,964,615	2,017	5.26
2006	11,012	13,683,381	171.1	59.97	4,034,067	2,042	5.39
2007	11,357	14,677,458	182.8	68.90	4,662,426	2,102	5.40
2008	11,495	15,837,717	194.1	75.79	4,832,114	2,135	5.38
**2009	12,721	18,596,689	211.7	84.58	5,618,945	2,168	5.87
2010	12,731	21,659,647	231.4	88.79	7,271,209	2,181	5.84

CUSTOMER MIX: ELECTRICITY SALES

	2010	2009
Residential	51.6%	50.5%
Small Commercial	29.9%	29.6%
Large Commercial	7.4%	8.5%
Street Lights/Public Facilities	9.3%	9.2%
Irrigation	1.8%	2.2%

EXPENDITURE MIX: COST OF SERVICE AS A % OF REVENUE

	2010	2009
Operational Expenses	32.9%	34.5%
Cost of Wholesale Power	35.3%	32.2%
Depreciation & Interest	18.9%	22.5%
Taxes	2.2%	1.9%
Margin	10.7%	8.9%

* Kanab City Acquisition

** Twin Cities Acquisition



M. LaDon Torgersen, Koosharem
District No. 1 -
National Rural Electric Cooperative
Association (NRECA) Board Member



Trent B. Hunt, Loa
District No. 2
Propane Subsidiary Vice President



Michael Blackburn, Bicknell
District No. 3
Utah Rural Electric Association
(REA) Representative



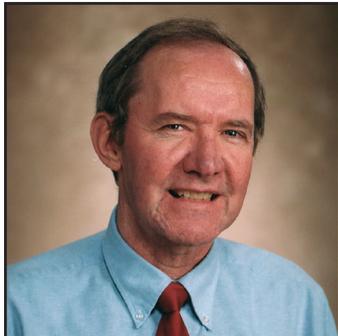
Reed L. Munson, Escalante
District No. 4



Terry Griffiths, Orderville
District No. 5
Board Sec./Treasurer



Carl B. Boyd, Jr., Tropic
District No. 6
Board President



Randall V. Brown, Kanab
District No. 7
Deseret Power - Trustee



Rodney R. Ence, Duck Creek
District No. 8
Board Vice President



Boudicca Joseph, Big Water
District No. 9
Propane Subsidiary Sec./Treasurer
Deseret Power - Trustee

BOARD OF DIRECTORS



Wayne H. Robinson, Kanab
District No. 10
Propane Subsidiary President



Tyler B. Barlow, Hildale
District No. 11

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GARKANE ENERGY MANAGEMENT

Top row, left to right:

Carl R. Albrecht, General Manager/CEO
 Stan T. Chappell, Finance Manager
 Propane Subsidiary Chief Financial Officer
 Marcus V. Lewis, Staff Assistant
 Ira M. Avant, Engineering Manager



Second row, left to right:

Marion G. Chappell, Safety & Loss
 Control Director
 Robert C. Wolfley, Garfield Area Manager &
 Propane Subsidiary Chief Operating Officer
 Phillip K. Burr, Loa Area Manager
 Jeffery J. Vaughn, Kanab Area Manager



GARKANE ENERGY EMPLOYEES

Tenure as of December 31, 2010

Scott Blackburn	39 years	(Metering Technician)	Nichole Dinges	9 years	(Metering Technician)
Carl R. Albrecht	37 years	(General Manager/CEO)	Clayton Johnson	9 years	(Journeyman Lineman)
Stan T. Chappell	33 years	(Finance Manager/ Propane CFO)	Marcus V. Lewis	7 years	(Staff Assistant)
Marion G. Chappell	33 years	(Safety & Loss Ctrl. Director)	Robert Wolfley	7 years	(Garfield Area Manager/ Propane COO)
Carlos Peterson	32 years	(Engineering Assistant)	Robin Campbell	6 years	(Billing Secretary/Kanab)
Sherolyn Langston	31 years	(Executive Assistant)	Mark Kabonic	5 years	(Journeyman Lineman)
Phillip K. Burr	31 years	(Loa Area Manager)	Brad Webb	5 years	(Journeyman Lineman)
Dan K. Taylor	31 years	(Journeyman Lineman)	Klint Chynoweth	5 years	(Warehouseman)
Jeffery Vaughn	27 years	(Kanab Area Manager)	Wes Troy	5 years	(Apprentice Lineman)
Wesley H. Hoyt	27 years	(Engineering Technician)	Ed Marshall	5 years	(Engineering Assistant)
Fayon Hunt	25 years	(Billing Secretary/Kanab)	Bryant Shakespear	4 years	(Planning Engineer)
Stacey M. Blackburn	25 years	(Billing Clerk)	Cole Twitchell	4 years	(Substation Technician)
Troy W. Johnson	25 years	(Journeyman Lineman)	Mindi Brian	4 years	(Billing Clerk/Receptionist)
Jeffrey A. Hafen	23 years	(Maint. Crew Foreman)	Flint Chynoweth	4 years	(Journeyman Lineman)
A. Kay Brooks	23 years	(Journeyman Lineman)	Heath Hatch	4 years	(Journeyman Lineman)
Ronald A. Rees	22 years	(Meter Reader)	Bennet Brooks	3 years	(Journeyman Lineman)
Thomas J. Barton	22 years	(Engineering Technician)	Voi Barton	3 years	(Journeyman Lineman)
Ira M. Avant	21 years	(Engineering Manager)	Kit Goulding	3 years	(Apprentice Lineman)
Craig M. Twitchell	20 years	(Metering Technician)	Guy Renzello	3 years	(Journeyman Lineman)
Rick Enslie	17 years	(Engineering Asst. / IT)	Gerry Hoyt	3 years	(Apprentice Lineman)
Richard D. Stewart	16 years	(Journeyman Lineman)	Anthony Baird	3 years	(Apprentice Lineman)
Scott L. Grundy	14 years	(Journeyman Lineman)	Scott Colson	3 years	(Apprentice Lineman)
Casey J. Glover	14 years	(Journeyman Lineman)	Nathan Lyman	3 years	(Apprentice Lineman)
Keri L. Ramsay	14 years	(Billing Clerk)	Lisa Crane	2 years	(Meter Technician)
David Orton	12 years	(Meter Reader)	Travis Fox	2 years	(Engineering Assistant)
Justin Miller	12 years	(Journeyman Lineman)	Taylor Albrecht	2 years	(Apprentice Meter Tech.)
Courtney Cropper	11 years	(Journeyman Lineman)	Mark Palmer	2 years	(Mapping Technician)
Brett Bunting	11 years	(Meter Reader)	Susanne Anderson	1 year	(Billing Secretary/Hatch)
Cory Anderson	10 years	(Purchase Agent/Cost Acct.)	Charles Steed	1 year	(Journeyman Lineman)
Joshua Chappell	10 years	(Journeyman Lineman)	Joseph Ream	1 year	(Apprentice Substation Tech.)
Austin Owens	10 years	(Journeyman Lineman)	Saige Edwards	months	(Billing Clerk/Receptionist)

Garkane considers itself very fortunate to have an extremely capable and experienced workforce. Our employees are recognized frequently for their excellence on a state, regional, and national basis. Garkane employees are often asked to serve as instructors at training sessions for personnel of other electric utilities. The above list of Garkane's personnel represents a total of 796 years of experience in serving the residents of South Central Utah and North Central Arizona as of December 31, 2010.

~ Nine ~

GARKANE'S WHOLLY-OWNED SUBSIDIARY, GARKANE PROPANE, INC.

Other happenings during 2010 included events relating to Garkane's wholly-owned for-profit Propane Subsidiary.

Garkane Propane was established in 1998 as a non-profit division of Garkane Energy Cooperative. It was established using the same business structure as a cooperative. Garkane Propane was spun-off into an independent, wholly-owned for-profit subsidiary and incorporated November 8, 2002.

Garkane Propane pledged to its customers that it would run its business similar to the way Garkane Energy has run its electricity business for over 70 years: providing safe, reliable service, at reasonable, stable pricing.

Unstable energy prices have caused concern over the past couple of years for many of our customers. We have witnessed the price of gasoline follow the "roller-coaster" price of oil.

Garkane Propane presently serves over 2,700 customers and profits for 2010 were reasonable. We look forward to another strong year serving you. We also extend an invitation to anyone that does not have LP-Gas service with Garkane Propane to call our office with new service inquiries. Garkane Propane continues to strive to provide competitive prices and quality customer service to our customers.

Thank you for your continued business.

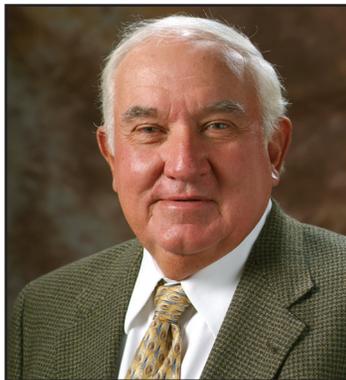
Respectfully Submitted,



Wayne Robinson
President



Stan T. Chappell
CFO



Wayne Robinson
President



Trent Hunt
Vice President



Boudicca Joseph
Secretary/Treasurer

PICTURES OF AREA PROJECTS



- Cedar Mt. Repair Work -



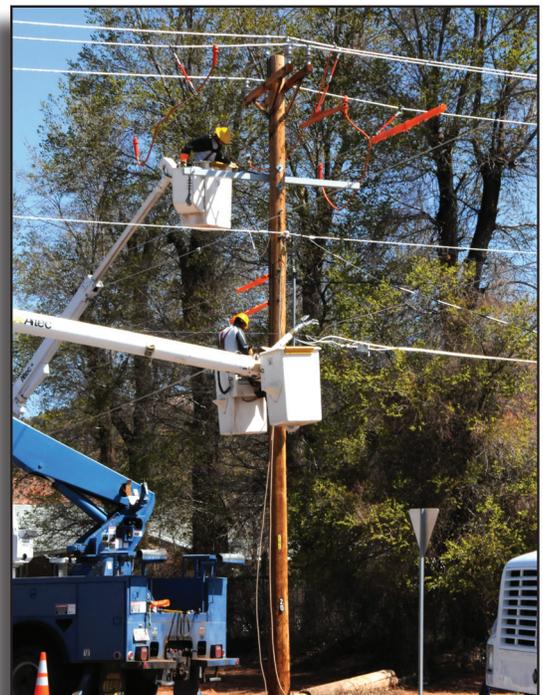
- Cedar Mt. Repair Work -



- Hatch Substation to Tod's Substation Line Work -



- Helicopter Work on Calf Creek Line -



- Line Work on 200 South in Kanab -

Co-OP CONNECTIONS CARD



**Save
at all the
right places!**

Co-op Connections® Card

Garkane
energy
A Touchstone Energy® Cooperative

Use Your Co-op Connections® Card at local pharmacies! >>

Pharmacy Savings from Co-op Connections®

Save from 10% to 60% on prescriptions at over 60,000 pharmacies nationwide. Use your card to get discounts on prescriptions that are not covered by insurance.

It's so easy...when purchasing prescriptions, just present your [FREE CO-OP CONNECTIONS MEMBER BENEFITS CARD](#) at a participating retail pharmacy to receive a discount!

To Locate Providers in Your Area:

- Go to www.LocateProviders.com. Use **22203** as the group number under the Groups™ login section. Enter your zip code and the recommended mile radius of 100 to search for providers near you.
- Call Member Services at 800-800-7616 if you have questions or need a provider.

Just one more great benefit brought to you by Garkane Energy!

Pharmacy discounts are Not Insurance, and are Not Intended as a Substitute for Insurance. The discount is only available at participating pharmacies.

A Touchstone Energy® Cooperative
The power of human connections®



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FUTURE ENERGY CHALLENGES

There is a “perfect storm” brewing in this country as it relates to the electrical industry. There has been a growing demand, stagnant generation construction, with very few new plants constructed, with environmental issues precluding new generation.

After this economic slowdown, even with optimistic projections for energy efficiency and increased use of renewable power sources, our nation will eventually deplete its excess base-loading generating capacity, if new generation is not built.

Low cost power sources, such as hydro-electric energy and coal-power plants are becoming a thing of the past, as environmental concerns dictate changes from the status quo.

Today, over 80% of the power generated and used in Utah (and 50% across the U.S.) comes from power plants using coal as the primary fuel source. Environmental concerns in Utah and throughout the nation have essentially halted plans for the building of any new coal-fired power plants at a time when many states and utilities are left wondering where they will fill their need for future power. There has not been a new coal generating station come on line in the US since the 1980's.

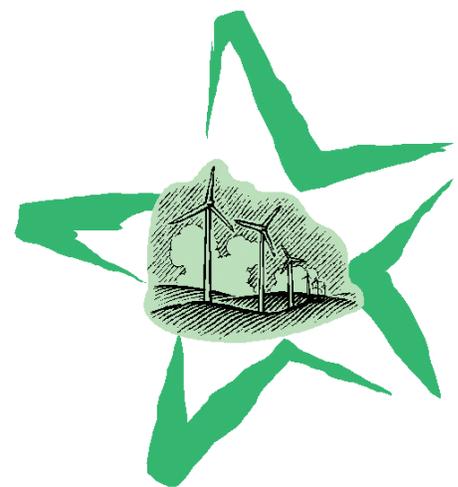
We realize there are differing opinions on future power generation, and the sources to be used. We hope you will study the issues being discussed and make informed decisions. These are truly challenging issues facing America's energy future as well as Garkane's. We must find reasonable solutions that will keep costs down and electricity available and reliable. We encourage you to take an active role in state and federal matters as the nation looks into other energy sources such as coal gasification, nuclear, natural gas, or renewables such as wind, solar, or biomass. Garkane believes it will take a broad mix of all these resources to solve our nation's energy problems.

Garkane has worked with several renewable project entities that will hopefully bring new wind, solar or hydro to Garkane's service area in the near future.

Garkane's GreenWay Program recently finished it's 6th year, offering Green Power to consumer/members since 2005. We now have 156 members participating that purchase over 30,000 kWhs of renewable energy each month. The GreenWay program was started to provide options to our members. Garkane members can support renewable energy technologies (wind, solar, and biomass) by purchasing a green certificate in 100 kilowatt-hour blocks.

During the last five years the percentage of participants has grown to only 1.4%, which is slightly below the national average for similar programs. The conclusion one can draw, is that even though we hear a great deal about renewable energy in the media, when it comes to actually paying for it on their monthly power bill - few people actually take part. As a comparison, Rocky Mountain Power's Blue Sky Program has approximately 2.8% participation.

If you choose to receive green power for a portion of your electric supply, somewhere on the Western power grid, an exact amount of power, equivalent to your green power block, is being produced by a renewable power producer, and the premium you pay is supporting that production. If you have questions or comments about our GreenWay program, please give us a call.



GARKANE ENERGY COOPERATIVE, INC.

CONSOLIDATED STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

DECEMBER 31, 2010 AND DECEMBER 31, 2009

Operating Revenues	<u>2010</u>	<u>2009</u>
<u>Line</u>		
1 Revenues	\$ 24,145,564	\$ 20,688,771
Expenses and Deductions		
2 Cost of Sales	9,270,078	7,481,539
3 Transmission Expense	217,579	183,495
4 Distribution Expense	2,157,844	1,599,826
5 Consumer Accounts Expense	767,071	645,662
6 Customer Service Expense	106,916	116,687
7 Administrative & General Expense	4,234,342	4,229,967
8 Depreciation & Amortization Expense	2,390,602	2,348,735
9 Tax Expense	529,491	384,933
10 Interest Expense	1,748,187	1,831,442
11 Other Deductions	58,410	93,770
12 TOTAL COST OF SERVICE	<u>21,480,520</u>	<u>18,916,056</u>
13 OPERATING MARGINS	2,665,044	1,772,715
Non-Operating Margins & Other Credits		
14 Interest Earnings	46,961	48,290
15 Capital Credits	219,430	190,641
16 Misc. Non-Operating Income	10,228	38,671
17 Gain/(Loss) on Disposition of Property	70,784	1,730,458
18 Other (Including Extraordinary items)	221,358	172,498
19 Provision for Income Taxes	(120,040)	(31,522)
20 NET MARGINS	\$ 3,113,765	\$ 3,921,751
21 Patronage Capital - Beginning of Year	25,676,924	21,755,173
22 Refund of Patronage Capital Credits	(496,937)	-
23 PATRONAGE CAPITAL - END OF YEAR	<u>\$ 28,293,752</u>	<u>\$ 25,676,924</u>

GARKANE ENERGY COOPERATIVE, INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2010 AND DECEMBER 31, 2009

ASSETS

LINE

Long-Term Assets

	<u>2010</u>	<u>2009</u>
24 Plant	\$ 88,791,354	\$ 84,576,061
25 Less: Depreciation	(31,482,882)	(29,488,357)
26 NET PLANT	<u>57,308,472</u>	<u>55,087,704</u>
27 Non-Utility Property	1,835,373	1,859,736
28 Investments in Assoc. Organizations	1,577,928	1,442,688
29 Other Investments	340,608	246,615
30 TOTAL LONG-TERM ASSETS	<u>61,062,381</u>	<u>58,636,743</u>
Current Assets		
31 Cash	1,493,778	1,308,241
32 Accounts Receivable - Net	2,940,098	3,429,385
33 Materials and Supplies	3,267,906	3,352,913
34 Prepayments & Other Accrued Assets	137,081	115,307
35 TOTAL CURRENT ASSETS	<u>7,838,863</u>	<u>8,205,846</u>
36 TOTAL ASSETS	<u>\$ 68,901,244</u>	<u>\$ 66,842,589</u>

LIABILITIES & PATRONAGE

37 PATRONAGE CAPITAL	\$ 28,293,752	\$ 25,676,924
Long-Term Debt		
38 Deferred Income Tax Liability - Net	270,818	241,963
39 Accumulated Operating Provisions	1,285,720	1,078,651
40 RUS and CFC Mortgage Notes	31,207,354	32,483,374
41 TOTAL LONG-TERM DEBT	<u>32,763,892</u>	<u>33,803,988</u>
Current Liabilities		
42 Accounts Payable	2,017,856	1,777,174
43 Consumer Deposits	582,320	565,358
44 Other Current Liabilities	2,954,562	2,800,489
45 TOTAL CURRENT LIABILITIES	<u>5,554,738</u>	<u>5,143,021</u>
46 Deferred Credits	2,288,862	2,218,656
47 TOTAL LIABILITIES AND PATRONAGE	<u>\$ 68,901,244</u>	<u>\$ 66,842,589</u>



A Touchstone Energy® Cooperative 

www.GarkaneEnergy.com

MISSION STATEMENT

Garkane Energy is a member-owned cooperative, whose mission is to provide superior, responsive customer service, while cultivating a culture of safety in a manner that builds trust among its members and employees alike.

We seek to provide our members with energy services of value at competitive prices, thereby improving their quality of life.

Our mission also includes providing professional development opportunities for the organization's employees and to maintain a balance between the needs of the Cooperative's members and employees.

An independent audit of Garkane's financial operations is conducted annually. The financial data contained in this Annual Report is derived from that audit, which was completed by Aycock, Miles, & Associates, CPA's - Roosevelt, UT

Garkane Energy Business Offices

Loa
120 West 300 South
Loa, UT 84747
(800) 747-5403

Hatch
468 North HWY 89
Hatch, UT 84735
(888) 735-4288

Kanab
1802 South HWY 89A
Kanab, UT 84741
(888) 644-5026