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Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047
2006
Open to Public Inspection

A For the 2006 calendar year, or tax year beginning 01-01-2006 and ending 12-31-2006

- B** Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
 SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

Number and street (or P O box if mail is not delivered to street address) Room/suite
 PO BOX 820

City or town, state or country, and ZIP + 4
 WILLCOX, AZ 856440820

D Employer identification number
 86-0059728

E Telephone number
 (520) 384-2221

F Accounting method Cash Accrual
 Other (specify) ▶

◆ **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

G Web site: ▶ WWWSSVE.ORG

J Organization type (check only one) ▶ 501(c) (12) ◀ (insert no) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than 25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 84,337,834

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes" enter number of affiliates ▶ _____

H(c) Are all affiliates included? Yes No
 (If "No," attach a list See instructions)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ▶ _____

M Check if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)


Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received			
	a	Contributions to donor advised funds	1a		
	b	Direct public support (not included on line 1a)	1b		
	c	Indirect public support (not included on line 1a)	1c		
	d	Government contributions (grants) (not included on line 1a)	1d		
	e	Total (add lines 1a through 1d) (cash \$ _____ noncash \$ _____)	1e		
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		82,003,331
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4		112,732
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a	1,512,784	
	b	Less rental expenses	6b	40	
c	Net rental income or (loss) subtract line 6b from line 6a	6c		1,512,744	
7	Other investment income (describe ▶)	7		404,729	
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
	Less cost or other basis and sales expenses	8a			
	Gain or (loss) (attach schedule)	8b			
d	Net gain or (loss) Combine line 8c, columns (A) and (B)	8c			
8d	Net gain or (loss) Combine line 8c, columns (A) and (B)	8d			
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ _____ of contributions reported on line 1b)	9a			
	b Less direct expenses other than fundraising expenses	9b			
9c	Net income or (loss) from special events Subtract line 9b from line 9a	9c			
10a	Gross sales of inventory, less returns and allowances	10a	247,556		
	b Less cost of goods sold	10b	212,480		
	c Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c		35,076	
11	Other revenue (from Part VII, line 103)	11		56,702	
12	Total revenue Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		84,125,314	
Expenses	13	Program services (from line 44, column (B))	13		
	14	Management and general (from line 44, column (C))	14		
	15	Fundraising (from line 44, column (D))	15		
	16	Payments to affiliates (attach schedule)	16		
	17	Total expenses Add lines 16 and 44, column (A)	17		80,740,940
Net Assets	18	Excess or (deficit) for the year Subtract line 17 from line 12	18		3,384,374
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		41,923,967
	20	Other changes in net assets or fund balances (attach explanation) 	20		-288,285
	21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	21		45,020,056

Part III Statement of Functional Expenses

All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.

	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach Schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule)	25a	398,355		
b Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule)	25b			
c Compensation and other distributions not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c			
26 Salaries and wages of employees not included on lines 25a, b and c	26			
27 Pension plan contributions not included on lines 25a, b and c	27			
28 Employee benefits not included on lines 25a - 27	28			
29 Payroll taxes	29			
30 Professional fundraising fees	30			
31 Accounting fees	31			
32 Legal fees	32			
33 Supplies	33			
34 Telephone	34			
35 Postage and shipping	35			
36 Occupancy	36			
37 Equipment rental and maintenance	37			
38 Printing and publications	38			
39 Travel	39			
40 Conferences, conventions, and meetings	40			
41 Interest	41	5,078,746		
42 Depreciation, depletion, etc (attach schedule) 	42	6,078,576		
43 Other expenses not covered above (itemize)	43a			
a See Additional Data Table	43a			
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	80,740,940		

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ▶ TO PROVIDE ELECTRIC POWER AND INTERNET SERVICES TO MEMBERS AT COST ON A COOPERATIVE BASIS All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)
a PROVIDING ELECTRIC POWER TO OUR MEMBERS - 48,769 ACTIVE SERVICES WERE PROVIDED ELECTRIC POWER ON A COOPERATIVE BASIS AT YEAR END THROUGH THE ALLOCATION OF PATRONAGE CAPITAL (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
b WIRELESS INTERNET ACCESS AND SERVICE WAS PROVIDED TO OVER 400 MEMBERS ON A COOPERATIVE BASIS AT YEAR END THROUGH THE ALLOCATION OF PATRONAGE CAPITAL (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
c ELECTRIC DISTRIBUTION SERVICES (THE DELIVERY, BUT NOT THE SALE OF ELECTRICITY, TO A CUSTOMER OVER LINES OWNED, OPERATED AND MAINTAINED BY THE COOPERATIVE) WERE PROVIDED TO THE CLASS B MEMBERSHIP ON A COOPERATIVE BASIS (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
d _____ _____ (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) <input type="checkbox"/>	

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A)		(B)		
		Beginning of year		End of year		
Assets	45 Cash—non-interest-bearing		517,490	45	885,777	
	46 Savings and temporary cash investments		175,000	46		
	47a Accounts receivable	47a	6,180,385			
	b Less allowance for doubtful accounts	47b	508,136	3,778,575	47c	5,672,249
	48a Pledges receivable	48a				
	b Less allowance for doubtful accounts	48b			48c	
	49 Grants receivable				49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				50a	
	b Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)				50b	
	51a Other notes and loans receivable (attach schedule)	51a				
	b Less allowance for doubtful accounts	51b		67,992	51c	
	52 Inventories for sale or use		648,839	52	523,057	
	53 Prepaid expenses and deferred charges		803,284	53	897,393	
	54a Investments—publicly-traded securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54a		
	b Investments—other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54b		
55a Investments—land, buildings, and equipment basis	55a	115,029				
b Less accumulated depreciation (attach schedule)	55b		115,029	55c	115,029	
56 Investments—other (attach schedule)		10,265,534	56	10,539,346		
57a Land, buildings, and equipment basis	57a	208,335,155				
b Less accumulated depreciation (attach schedule)	57b	67,046,698	124,952,459	57c	141,288,457	
58 Other assets, including program-related investments (describe <input type="checkbox"/> _____)		406,193	58	27,530		
59 Total assets (must equal line 74) Add lines 45 through 58		141,730,395	59	159,948,838		
Liabilities	60 Accounts payable and accrued expenses		4,932,597	60	6,910,847	
	61 Grants payable			61		
	62 Deferred revenue		5,488,401	62	5,349,050	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63		
	64a Tax-exempt bond liabilities (attach schedule)			64a		
	b Mortgages and other notes payable (attach schedule)		83,908,784	64b	95,642,387	
	65 Other liabilities (describe <input type="checkbox"/> _____)		5,476,646	65	7,026,498	
66 Total liabilities Add lines 60 through 65		99,806,428	66	114,928,782		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74					
	67 Unrestricted			67		
	68 Temporarily restricted			68		
	69 Permanently restricted			69		
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74					
	70 Capital stock, trust principal, or current funds		184,000	70	188,375	
	71 Paid-in or capital surplus, or land, building, and equipment fund			71		
	72 Retained earnings, endowment, accumulated income, or other funds		41,739,967	72	44,831,681	
	73 Total net assets or fund balances Add lines 67 through 69 or lines 70 through 72 (Column (A) must equal line 19 and column (B) must equal line 21)		41,923,967	73	45,020,056	
	74 Total liabilities and net assets / fund balances Add lines 66 and 73		141,730,395	74	159,948,838	

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	
b	Amounts included on line a but not on Part I, line 12		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify) _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	
d	Amounts included on Part I, line 12, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____	d2	
	Add lines d1 and d2	d	
e	Total revenue (Part I, line 12) Add lines c and d	e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	
b	Amounts included on line a but not on Part I, line 17		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify) _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	
d	Amounts included on Part I, line 17, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____	d2	
	Add lines d1 and d2	d	
e	Total expenses (Part I, line 17) Add lines c and d	e	

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
See Additional Data Table				

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

Table with 3 columns: Question (75a, 75b, 75c, 75d), Yes, No. 75a: Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings. 75b: Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s). 75c: Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization". If "Yes," attach a statement that includes the information described in the instructions. 75d: Does the organization have a written conflict of interest policy?

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

Table with 5 columns: (A) Name and address, (B) Loans and Advances, (C) Compensation (If not paid enter -0-), (D) Contributions to employee benefit plans and deferred compensation plans, (E) Expense account and other allowances.

Part VI Other Information (See the instructions.)

Table with 3 columns: Question (76, 77, 78a, 78b, 79, 80a, 80b, 81a, 81b), Yes, No. 76: Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change. 77: Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes. 78a: Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? 78b: If "Yes," has it filed a tax return on Form 990-T for this year? 79: Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement. 80a: Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? 80b: If "Yes," enter the name of the organization and check whether it is exempt or nonexempt. 81a: Enter direct or indirect political expenditures (See line 81 instructions). 81b: Did the organization file Form 1120-POL for this year?

Part VI Other Information (continued)

Yes No

82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		No
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III)	82b		
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	Yes	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b		
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a		
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes," was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed the prior year	85b		
c Dues assessments, and similar amounts from members	85c		
d Section 162(e) lobbying and political expenditures	85d		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		
86 501(c)(7) orgs. Enter a Initiation fees and capital contributions included on line 12	86a		
b Gross receipts, included on line 12, for public use of club facilities	86b		
87 501(c)(12) orgs. Enter a Gross income from members or shareholders	87a	84,697,131	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	785,632	
88a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a		No
b At any time during the year, did the organization directly or indirectly own a controlled entity within the meaning of section 512(b)(13)? If yes complete Part XI	88b		No
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> _____, section 4912 <input type="checkbox"/> _____, section 4955 <input type="checkbox"/> _____			
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/> 0			
d Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/>			
e All organizations. At any time during the tax year was the organization a party to a prohibited tax shelter transaction?	89e		
f All organizations. Did the organization acquire direct or indirect interest in any applicable insurance contract?	89f		No
g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		No
90a List the states with which a copy of this return is filed <input type="checkbox"/> AZ			
b Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	90b		179
91a The books are in care of <input type="checkbox"/> CREDEN W HUBER Telephone no <input type="checkbox"/> (520) 384-2221 350 N HASKELL AVE Located at <input type="checkbox"/> WILLCOX, AZ ZIP + 4 <input type="checkbox"/> 85643			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b	Yes	No
If "Yes," enter the name of the foreign country <input type="checkbox"/>			
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts			

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c** Yes No

If "Yes," enter the name of the foreign country

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year **92**

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a SALE OF ELECTRICITY					79,829,701
b INTERNET ACCESS REVENUE					52,541
c ELECTRIC DISTRIBUTION SERVICES CONTRACT REVENUE					2,121,089
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	112,732	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property			16	31,348	
98 Net rental income or (loss) from personal property			11	1,481,396	
99 Other investment income			15	1,946	402,783
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory	453000	35,076			
103 Other revenue a PHONE CARD REVENUES	517000	3,310			
b OUTSIDE & TECH SERVICE	811000	53,392			
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		91,778		1,627,422	82,406,114
105 Total (add line 104, columns (B), (D), and (E))					84,125,314

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93A	SALE OF ELECTRICITY TO MEMBERS AT COST ON A COOPERATIVE BASIS WAS THE REASON THE COOPERATIVE WAS FORMED
93B	SALE OF INTERNET SERVICES TO MEMBERS IS ONE OF THE EXEMPT PURPOSES OF THE COOPERATIVE
93C	PROVIDING ELECTRIC DISTRIBUTION SERVICES TO A CLASS B MEMBER ON A COOPERATIVE BASIS ACCOMPLISHES THE COOPERATIVE'S EXEMPT PURPOSE BY DISTRIBUTING ELECTRICITY, WHICH IS PURCHASED BY THE MEMBER, FROM A PRIMARY METERING POINT TO A SECONDARY POINT ACROSS ELECTRIC DISTRIBUTION PLANT OWNED, OPERATED AND MAINTAINED BY THE COOPERATIVE
99	PATRONAGE DIVIDENDS RESULT FROM THE PAYMENT OF INTEREST FROM COOPERATIVE BANKS AND THE PURCHASE OF SUPPLIES AND SERVICES FROM OTHER COOPERATIVE ORGANIZATIONS THE EXPENSES ASSOCIATED WITH PURCHASES FROM AND PAYMENTS TO SUCH COOPERATIVE ORGANIZATIONS ARE A DIRECT COMPONENT OF COST OF THE ELECTRIC SERVICE PROVIDED BY THE ORGANIZATION TO ITS MEMBERS

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

NOTE: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI **Information Regarding Transfers To and From Controlled Entities** *Complete only if the organization is a controlling organization as defined in section 512(b)(13)*

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
--	------------	-----------

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
---	------------	-----------

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?	Yes	No
--	------------	-----------

Please Sign Here	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.	
	***** Signature of officer	2007-11-08 Date
	CREDEN W HUBER CEO/GENERAL MANAGER Type or print name and title	

Paid Preparer's Use Only	Preparer's signature	Date 2007-11-08	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen Inst W)
	Firm's name (or yours if self-employed), address, and ZIP + 4 BOLINGER SEGARS GILBERT AND MOSS LLP 8215 NASHVILLE AVENUE LUBBOCK, TX 79423			EIN Phone no (806) 747-3806

Additional Data

Software ID:

Software Version:

EIN: 86-0059728

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE
INC
COOPERATIVE INC

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
a COST OF PURCHASED POWER	43a	50,325,722			
b TRANSMISSION EXPENSE	43b	409,638			
c DISTRIBUTION EXPENSE	43c	10,883,501			
d CUSTOMER ACCOUNTS EXPENSE	43d	3,350,526			
e SALES EXPENSE	43e	498,952			
f ADMINISTRATIVE & GENERAL EXPENSE	43f	2,739,809			
g TAXES	43g	783,726			
h OTHER DEDUCTIONS	43h	144,319			
i ACCESS AND OTHER INTERNET EXPENSES	43i	14,091			
j OUTSIDE & OTHER TECHNICAL SERVICE EXPENSES	43j	30,588			
k PHONE CARD EXPENSES	43k	4,391			

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
DONALD GENE MANRING PO BOX 820 WILLCOX, AZ 856440820	PRESIDENT 5 00	13,250	0	0
KATHRYN THATCHER PO BOX 820 WILLCOX, AZ 856440820	VICE-PRESIDENT 5 00	12,100	0	0
DANIEL BARRERA PO BOX 820 WILLCOX, AZ 856440820	TREASURER 5 00	4,288	0	0
CURTIS NOLAN PO BOX 820 WILLCOX, AZ 856440820	SECRETARY 5 00	9,000	0	0
DONALD KYTE PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	5,375	0	0
CECIL CARLILE PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	12,700	0	0
HAROLD HINKLEY PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	6,950	0	0
RONALD KLINE PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	12,900	0	0
ANDREW MAYBERRY PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	5,600	0	0
CHARLES BROWN PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	8,025	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
PAT ENGLISH PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	8,675	0	0
JOSEPH FURNO PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	8,350	0	0
ROBERT FRESE PO BOX 820 WILLCOX, AZ 856440820	DIRECTOR 5 00	8,900	0	0
CREDEN W HUBER PO BOX 820 WILLCOX, AZ 856440820	GENERAL MANAGER 55 00	234,236	48,006	0

Form 990, Part VI, Line 80b - If "Yes", enter the name of the organization and whether it is exempt or nonexempt:

Name of the Organization	Exempt	Nonexempt
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE FOUNDATION	X	
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE TRUST	X	

TY 2006 Depreciation and Depletion Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
COOPERATIVE INC

EIN: 86-0059728

Asset	Amount
CURRENT YEAR DEPRECIATION EXPENSE	6,078,576

TY 2006 General Explanation Attachment

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
COOPERATIVE INC

EIN: 86-0059728

Identifier	Return Reference	Explanation
TO PROVIDE DETAIL REGARDING HOW DEPRECIATION IS CALCULATED	FORM 990, PAGE 2, PART II, LINE 42	<p>Depreciation and amortization for the year ended DECEMBER 31 2006, was \$7,057,313 of which \$6,078,576 was charged to depreciation and amortization expense, and \$978,737 allocated to other accounts Provision for depreciation of electric plant is computed using straight-line rates as follows Transmission PlantStation EquipmentT 2 75%Poles, Towers, and FixtureS 2 75%Overhead Conductors and DeviceS 2 75%Distribution PlantStation EquipmentT 3 20%Poles, Towers, and FixtureS 4 00%Overhead Conductors and DeviceS 2 80%Underground Conduit 2 30%Underground Conductors and DeviceS 5 90%Line TransformerS 3 10%ServiceS 3 60%MeterS 3 40%Installations on Consumers' PremiseS 4 40%Street Lighting and Signal SystemS 4 30%The cooperative computes depreciation on transmission and distribution plant by applying the above rates to the individual plant accounts This is done to provide necessary detail information to the Arizona Corporation Commission General plant depreciation rates have been applied on a straight-line basis and are as follows Structures and Improvements 3 00% Office Furniture and Fixtures 6 00%Computer Equipment 12 50% and 16 00%Transportation Equipment 20 00%Stores Equipment 6 00%Power Operated Equipment 12 00%Communications Equipment 6 00% Miscellaneous Equipment 6 00%Tools, Shop, and Garage Equipment 6 00%</p>

Identifier	Return Reference	Explanation
TO PROVIDE DETAIL REGARDING RETIREMENT BENEFITS	FORM 990, PAGE 5, PART V-A	In order to provide retirement benefits to its employees, the Organization has established a defined contribution plan under Section 401(k) of the Internal Revenue Code. As part of the plan document, the Organization provides a matching contribution up to 3% of a participating employee's salary. Additionally, the Organization participates in a multi-employer defined benefit plan. Contributions to this plan are based on the full funding limitation of such plan. Employer contributions for both plans are available to participating employees, including key employees, meeting the eligibility requirements of such plans. The amounts reported on Part V-A, column (d) for the key employee is the total amount contributed by the Organization to both plans for benefit of the key employee. In addition to the above pension plans, the Organization also provides post-retirement health insurance benefits through an unfunded welfare benefit plan. The value of these benefits has not estimated.

TY 2006 Investments - Land Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
LAND HELD FOR FUTURE SUBSTATION SITES	115,029		115,029

TY 2006 Investments - Other Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Description	Book Value	Cost/FMV
ASSOCIATED ORGANIZATIONS - PATRONAGE CAPITAL	7,055,636	C
ASSOCIATED ORGANIZATIONS - GENERAL FUNDS	1,010	C
INVESTMENT IN CTCS-CFC	3,043,379	C
OTHER INVESTMENTS	175,139	C
DEFERRED COMPENSATION EMPLOYEE	264,182	C

TY 2006 Land etc. Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
DISTRIBUTION PLANT	164,011,849	50,318,479	113,693,370
GENERAL PLANT	15,208,714	9,793,958	5,414,756
HEADQUARTERS PLANT	7,710,060	2,185,186	5,524,874
INTANGIBLES	46,500	46,500	0
TRANSMISSION PLANT	9,285,292	4,702,575	4,582,717
CONSTRUCTION WORK IN PROGRESS	12,072,740		12,072,740

TY 2006 Mortgages and Notes Payable Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
COOPERATIVE INC

EIN: 86-0059728

Total Mortgage Amount: 90100504

Item No.	1
Lender's Name	NATIONAL RURAL UTILITIES COOPERATIV
Lender's Title	
Relationship to Insider	NONE
Original Amount of Loan	5000000
Balance Due	5541883
Date of Note	2005-06
Maturity Date	2005-06
Repayment Terms	INTEREST IS PAID QUARTERLY. PRINCIPAL IS PAID AS NEEDED
Interest Rate	4.5000
Security Provided by Borrower	
Purpose of Loan	LINE OF CREDIT
Description of Lender Consideration	
Consideration FMV	

TY 2006 Other Assets Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Description	Beginning of Year Amount	End of Year Amount
OTHER CURRENT & ACCRUED ASSETS	406,193	27,530

TY 2006 Other Changes in Net Assets Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Description	Amount
INCREASE IN MEMBERSHIPS	4,375
CAPITAL CREDIT RETIREMENTS	-292,660

TY 2006 Other Investment Income Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Description	Amount
PATRONAGE DIVIDENDS	402,783
CREDIT CARD ROYALTIES	1,946

TY 2006 Other Liabilities Schedule

Name: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE INC
 COOPERATIVE INC

EIN: 86-0059728

Description	Beginning of Year Amount	End of Year Amount
CONSUMER DEPOSITS	1,165,701	1,332,753
ACCUMULATED PROVISION - PENSIONS BENEFITS	735,695	829,080
OTHER CURRENT ACCRUED LIABILITIES	3,575,250	4,864,665