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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- BOB STUMP – CHAIRMAN
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

Arizona Corporation Commission

DOCKETED

OCT 28 2014

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY	
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IN THE MATTER OF THE APPLICATION OF DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. – ELECTRIC DIVISION FOR A DETERMINATION OF THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN, AND FOR RELATED APPROVALS.

DOCKET NO. E-01703A-14-0362

APPLICATION TO INCREASE RATES AND CHARGES PURSUANT TO A.A.C. R14-2-107

ORIGINAL

Pursuant to Arizona Revised Statutes ("A.R.S.") § 40-250 and Arizona Administrative Code ("A.A.C.") R14-2-107, Duncan Valley Electric Cooperative, Inc. ("DVEC" or the "Cooperative"), hereby submits its Application for a Determination of the Fair Value of its Property for Ratemaking Purposes, to Fix a Just and Reasonable Return Thereon, to Approve Rates Designed to Develop Such Return, and for Related Approvals (the "Application"). In support of this Application, DVEC states as follows:

BACKGROUND

1. In Decision 73649 (February 6, 2013), the Arizona Corporation Commission ("Commission") adopted revisions to A.A.C. R14-2-103 and added a new section A.A.C. R14-2-107 which establish an alternative streamlined ratemaking application and process for nonprofit cooperatives providing electric or natural gas utility service. DVEC is a non-profit cooperative which provides electric service to customers in Arizona and New Mexico.

2. On September 5, 2014, DVEC submitted to the Commission's Utilities Division Staff ("Staff") a Request for Pre-Filing Eligibility Review in accordance with A.A.C. R14-2-107(C) which included a draft of this Application, a proposed form of customer notice and a proposed form of recommended order.

1 3. On October 6, 2014, DVEC met with Staff as required by A.A.C. R14-2-107(C)(3) to
2 discuss the Cooperative's eligibility under A.A.C. R14-2-107(B), the proposed form of customer
3 notice, and the proposed form of recommended order. At that meeting, Staff advised DVEC that it
4 meets the eligibility requirements of A.A.C. R14-2-107(B) for filing a streamlined rate case. At that
5 meeting, Staff also approved the form of customer notice to be mailed to customers as required by
6 A.A.C. R14-2-107(C)(5) and A.A.C. R14-2-107(D).

7 4. After meeting with Staff, DVEC filed a Request for Docket Number and Notice of Filing
8 Proposed form of Customer Notice on October 6, 2014, in accordance with A.A.C. R14-2-107(C)(4).
9 The docket number in this docket was assigned that same day.

10 5. On October 7, 2014, DVEC caused a copy of the approved customer notice to be mailed
11 via First Class Mail to all customers of record as of the date of mailing. On October 15, 2014, DVEC
12 docketed a Notice of Mailing Customer Notice certifying that the approved customer notice was
13 mailed via First Class Mail on October 7, 2014 to each customer of the Cooperative as required by
14 A.A.C. R14-2-107(C)(5) and A.A.C. R14-2-107(D). The customer notice sets a deadline of
15 November 7, 2014 for customers of DVEC to file intervention requests and/or objections to the
16 Application.

17 6. DVEC is an Arizona member-owned non-profit rural electric distribution cooperative
18 headquartered in Duncan, Arizona. The Cooperative provides electric distribution service to
19 approximately 2,100 members/customers located in Greenlee and Graham Counties. Approximately
20 330 additional members/customers reside in New Mexico. DVEC is a classified as a Class B utility
21 under A.A.C. R14-2-103(A)(3)(q).

22 7. DVEC's 8-member Board of Directors ("Board") is elected by the Cooperative's members
23 and oversees all aspects of the Cooperative's operations. At a regular meeting of the Board held on
24 August 18, 2014, the Board approved the filing of this Application.

25 8. DVEC's current rates and charges were established in Decision 67433 issued December 3,
26 2004 and Decision 73259 dated July 30, 2012.

27
28

1 e. DVEC's February 2013 to January 2014 Test Year complies with the definition of
2 a "test year" in A.A.C. R14-2-107(A)(14), so the Cooperative meets the eligibility requirement of
3 A.A.C. R14-2-107(B)(6).

4 f. Attached hereto as Attachment 2 are DVEC's audited financial statements for the
5 period ending December 31, 2013. The ending date is within the time frame permitted by A.A.C.
6 R14-2-107(B)(7) so the Cooperative meets this eligibility requirement.

7 g. DVEC is proposing an increase in actual Test Year total base revenue of 6% which
8 meets the maximum increase of 6% permitted under A.A.C. 14-2-107(B)(8), so this eligibility
9 requirement is met.

10 h. DVEC's Application uses original cost rate base as its fair value rate base so the
11 Cooperative meets the eligibility requirement of A.A.C. R14-2-107(B)(9).

12 i. DVEC's Application does not propose: (i) any change to an existing adjustor or
13 surcharge mechanism; (ii) adoption of any new adjustor or surcharge mechanism; or (iii) adoption of
14 a new hook-up fee or another new type of fee, so the Cooperative meets the eligibility requirement of
15 A.A.C. R14-2-107(B)(10).

16 j. DVEC's Application does not propose a "rate structure change" as defined in
17 A.A.C. R14-2-107(A)(11) or any non-price tariff change, so the Cooperative meets the eligibility
18 requirement of A.A.C. R14-2-107(B)(11).

19 k. DVEC's Application does not seek financing approval or consolidation with
20 another docket, so the Cooperative meets the eligibility requirement of A.A.C. R14-2-107(B)(12).

21 l. The customer notice provided by DVEC conformed to the requirements of A.A.C.
22 R14-2-107(D) and was approved by Staff on October 6, 2014, so the Cooperative meets the eligibility
23 requirement of A.A.C. R14-2-107(B)(13).

24 m. DVEC is a distribution cooperative. Pursuant to A.A.C. R14-2-107(B)(14),
25 objections to the Application timely submitted by the Cooperative's customers may represent no more
26 than 5% of all customer accounts or no more than 1,000 customer accounts, whichever is fewer. For
27 purposes of determining eligibility under this rule, the total number of DVEC customer accounts as of
28 January 31, 2014 was 2,121. Five percent of the customer accounts is 106, so the applicable objection

1 threshold for DVEC in this rate case is 106. As of the close of business on October 27, 2014 the
2 Commission had received no consumer comments from customers in opposition to the Application
3 which is below the permitted number of 106 objections for a streamlined rate case. In a subsequent
4 filing, DVEC will update the number of customer comments in opposition to the Application through
5 the close of business on November 7, 2014, the deadline for filing objections.

6 n. The eligibility requirement in A.A.C. R14-2-107(B)(15) applies to generation
7 cooperatives and does not apply to DVEC.

8 **FILING REQUIREMENTS**

9 13. The name of the Applicant is Duncan Valley Electric Cooperative, Inc.

10 14. The Test Year is the 12 months year ended January 31, 2014.

11 15. DVEC hereby waives the use of reconstruction cost new rate base to determine its fair
12 value rate base as required pursuant to A.A.C. R14-2-107(E)(2).

13 16. In accordance with A.A.C. R14-2-107(E)(3), a copy of the DVEC's December 2013
14 financial and statistical report to CFC is attached hereto as Attachment 1. This is the Cooperative's
15 most recent report to CFC.

16 17. In accordance with A.A.C. R14-2-107(E)(3), DVEC's audited financial statements for the
17 period ending December 31, 2013, are attached hereto as Attachment 2.

18 18. In accordance with A.A.C. R14-2-107(E)(5) and (6), attached hereto as Attachment 3 is
19 the information listed in the table in A.A.C. R14-2-103(B)(1) for Schedules A-1, A-4, A-5, B-2, B-5,
20 C-1, C-2, D-2, E-1, E-2, E-5, E-6, E-7.0 and E-7.1, E-9, F-1, F-2, F-3, F-4, H-1, H-2.0 and H-2.1, H-
21 3, H-4.0 through H-4.6, and H-5.0 through H-5.4.

22 19. Attached hereto as Attachment 4 is a copy of the notice that was mailed via First Class
23 Mail to each customer of DVEC as of the date of mailing. A copy of the Affidavit of Mailing
24 Customer Notice was previously docketed with the Commission on October 15, 2014.

25 20. Attached hereto as Attachment 5 is a proposed form of order.

26 21. DVEC requests that this Application be approved without a hearing.

27 **APPLICANT'S CONTACT INFORMATION**

28

1 22. All communications, notices, and correspondence regarding this Application, including
2 discovery and pleadings with respect thereto, should be served upon the following:

3 Steven Lunt
4 PO Box 440
5 Duncan, Arizona 85534
6 928-359-2503
7 Email: stevel@dvec.org

8 WHEREFORE, in accordance with A.A.C. R14-2-107, DVEC requests that the Commission
9 enter its order approving the Application and the proposed rate increase.

10 RESPECTFULLY SUBMITTED this 28th day of October, 2014.

11 By:

12 
13 Steven Lunt
14 Chief Executive Officer
15 Duncan Valley Electric Cooperative, Inc.
16 379597 Az 75
17 PO Box 440
18 Duncan, Arizona 85534

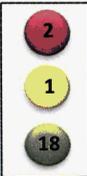
19 ORIGINAL and 15 copies filed this
20 28th day of October, 2014, with:

21 Docket Control
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington
24 Phoenix, Arizona 85007
25
26
27
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Attachment 1

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley Electric Cooperative, Inc
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2013

Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar.

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION CHOICES
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.		
<i>Kimberly R. Waters</i> 4/2/2014 Signature of Office Manager or Accountant Date	 2 Needs Attention 1 Please Review 18 Matches	A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <input checked="" type="radio"/> YES <input type="radio"/> NO
<i>Steve Smith</i> 4/2/2014 Signature of Manager Date		B. Will you authorize CFC to share your data with other cooperatives? <input checked="" type="radio"/> YES <input type="radio"/> NO

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	3,970,743	4,037,661	4,326,000	353,454
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	2,412,465	2,395,616	2,732,883	201,045
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	596,653	609,318	597,405	51,126
7. Distribution Expense - Maintenance	182,988	219,641	192,532	22,265
8. Consumer Accounts Expense	329,531	338,246	336,203	30,368
9. Customer Service and Informational Expense	27,681	22,574	24,572	6,568
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	276,271	294,622	273,073	25,673
12. Total Operation & Maintenance Expense (2 thru 11)	3,825,589	3,880,017	4,156,668	337,045
13. Depreciation & Amortization Expense	282,632	295,347	297,762	24,942
14. Tax Expense - Property & Gross Receipts	0	0	0	0
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	6,224	21,694	21,932	2,010
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	188	118	232	10
19. Other Deductions	0	0	0	0
20. Total Cost of Electric Service (12 thru 19)	4,114,633	4,197,176	4,476,594	364,007
21. Patronage Capital & Operating Margins (1 minus 20)	(143,890)	(159,515)	(150,594)	(10,553)
22. Non Operating Margins - Interest	64,577	67,569	61,543	12,964
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	34,911	55,841	40,389	3,232
25. Non Operating Margins - Other	0	990	0	990
26. Generation & Transmission Capital Credits	23,816	89,798	0	0
27. Other Capital Credits & Patronage Dividends	4,635	7,407	0	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	(15,951)	62,090	(48,662)	6,633

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	57	65	5. Miles Transmission	0	0
2. Services Retired	21	20	6. Miles Distribution Overhead	454	454
3. Total Services In Place	2,489	2,534	7. Miles Distribution Underground	3	3
4. Idle Services (Exclude Seasonal)	112	92	8. Total Miles Energized (5+6+7)	457	457

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2013

PART E. CHANGES IN UTILITY PLANT						
	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1	Distribution Plant Subtotal	6,527,684	210,674	15,980	0	6,722,378
2	General Plant Subtotal	1,091,503	30,937	0	0	1,122,440
3	Headquarters Plant	645,733	0	0	0	645,733
4	Intangibles	176	0	0	0	176
5	Transmission Plant Subtotal	0	0	0	0	0
6	Regional Transmission and Market Operation Plant	0	0	0	0	0
7	Production Plant - Steam	0	0	0	0	0
8	Production Plant - Nuclear	0	0	0	0	0
9	Production Plant - Hydro	0	0	0	0	0
10	Production Plant - Other	0	0	0	0	0
11	All Other Utility Plant	1,528,259	21,037	6,122	0	1,543,174
12	SUBTOTAL: (1 thru 11)	9,793,355	262,648	22,102	0	10,033,901
13	Construction Work in Progress	(5,448)	31,293			25,845
14	TOTAL UTILITY PLANT (12+13)	9,787,907	293,941	22,102	0	10,059,746

CFC NO LONGER REQUIRES SECTIONS "F", "G", AND "N" DATA
Those sections refer to data on "Analysis of Accumulated Provision for Depreciation" (F),
"Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and "Conservation Data" (P).

PART H. SERVICE INTERRUPTIONS						
	ITEM	Avg. Minutes per Consumer by Cause	TOTAL (e)			
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)	
1.	Present Year	4.88	23.53	24.60	32.64	85.65
2.	Five-Year Average	13.28	147.67	19.88	38.41	219.24

PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS					
1.	Number of Full Time Employees		12	4. Payroll - Expensed	790,928
2.	Employee - Hours Worked - Regular Time		25,885	5. Payroll - Capitalized	122,430
3.	Employee - Hours Worked - Overtime		685	6. Payroll - Other	0

PART J. PATRONAGE CAPITAL				PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE	
	ITEM	THIS YEAR	CUMULATIVE	1. Amount Due Over 60 Days:	
		(a)	(b)	4,302	
1.	General Retirement	0	3,962,224	2. Amount Written Off During Year:	
2.	Special Retirements	0	0	13,944	
3.	Total Retirements (1+2)	0	3,962,224		
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power		0		
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System		116		
6.	Total Cash Received (4+5)		116		

PART L. KWH PURCHASED AND TOTAL COST										
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	AVERAGE COST PER KWH (cents) (g)	INCLUDED IN TOTAL COST		
								FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)
1	Arizona Electric Power Cooperative			0 None	31,302,347	2,233,228	7.13	0	0	Comments
2				0 None	0	0	0.00	0	0	Comments
3				0 None	0	0	0.00	0	0	Comments
4				0 None	0	0	0.00	0	0	Comments
5				0 None	0	0	0.00	0	0	Comments
6				0 None	0	0	0.00	0	0	Comments
7				0 None	0	0	0.00	0	0	Comments
8				0 None	0	0	0.00	0	0	Comments
9				0 None	0	0	0.00	0	0	Comments
10				0 None	0	0	0.00	0	0	Comments
11				0 None	0	0	0.00	0	0	Comments
12				0 None	0	0	0.00	0	0	Comments
13				0 None	0	0	0.00	0	0	Comments
14				0 None	0	0	0.00	0	0	Comments
15				0 None	0	0	0.00	0	0	Comments
16				0 None	0	0	0.00	0	0	Comments
17				0 None	0	0	0.00	0	0	Comments
18				0 None	0	0	0.00	0	0	Comments
19				0 None	0	0	0.00	0	0	Comments
20				0 None	0	0	0.00	0	0	Comments
21	TOTALS			0 None	31,302,347	2,233,228	7.13	0	0	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2013

PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

*LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")*

	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.	Arizona State Land Department	Rights of Way	\$5,502
2.			\$0
3.	TOTAL		\$5,502

** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000.

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	431,000	10,175	44,099	54,274	
2	NCSC	0	0	0	0	
3	Farmer Mac	0	0	0	0	
4	Altec Capital	201,888	11,519	23,561	35,080	
5		0	0	0	0	
6		0	0	0	0	
7		0	0	0	0	
8		0	0	0	0	
9		0	0	0	0	
10	Principal Payments Received from Ultimate Recipients of IRP Loans			0		
11	Principal Payments Received from Ultimate Recipients of REDL Loans			0		
12	TOTAL (Sum of 1 thru 9)	\$632,888	\$21,694	\$67,660	\$89,354	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME		Duncan Valley E	
		BORROWER DESIGNATION		AZ023	
		ENDING DATE		12/31/2013	
PART R. POWER REQUIREMENTS DATA BASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	1,957	2,014	1,986	
	b. KWH Sold				18,542,666
	c. Revenue				2,284,078
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
3. Irrigation Sales	a. No. Consumers Served	95	94	95	
	b. KWH Sold				3,138,416
	c. Revenue				372,821
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	323	332	328	
	b. KWH Sold				7,006,428
	c. Revenue				781,446
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
6. Public Street & Highway Lighting	a. No. Consumers Served	2	2	2	
	b. KWH Sold				117,120
	c. Revenue				15,310
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		2,377	2,442	2,410	0
11. TOTAL KWH Sold (lines 1b thru 9b)					28,804,630
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					3,453,655
13. Transmission Revenue					0
14. Other Electric Revenue					(19,851)
15. KWH - Own Use					93,254
16. TOTAL KWH Purchased					31,302,347
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					2,395,616
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					7,164
		<input type="radio"/> Non-coincident <input checked="" type="radio"/> Coincident			

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Duncan Valley E		
		BORROWER DESIGNATION AZ023		
		ENDING DATE 12/31/2013		
(All investments refer to your most recent CFC Loan Agreement)				
7a - PART 1 - INVESTMENTS				
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)	
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS				
5	G&T and Statewide Cooperative	22,313	1,334,615	0
6	NRUCFC/NCSC	501,100	162,775	0
7	AZNEX - Stock	196,785	0	0
8	Others		72,070	0
Subtotal (Line 5 thru 8)		720,198	1,569,460	0
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS				
9		0	0	0
10		0	0	0
11		0	0	0
12		0	0	0
Subtotal (Line 9 thru 12)		0	0	0
4. OTHER INVESTMENTS				
13	Federated	35,357	0	0
14		0	0	0
15		0	0	0
16		0	0	0
Subtotal (Line 13 thru 16)		35,357	0	0
5. SPECIAL FUNDS				
17	Member Loans	48,230	0	0
18		0	0	0
19		0	0	0
20		0	0	0
Subtotal (Line 17 thru 20)		48,230	0	0
6. CASH - GENERAL				
21	National Bank	0	145,827	0
22		0	0	0
23		0	0	0
24		0	0	0
Subtotal (Line 21 thru 24)		0	145,827	0
7. SPECIAL DEPOSITS				
25		0	0	0
26		0	0	0
27		0	0	0
28		0	0	0
Subtotal (Line 25 thru 28)		0	0	0
8. TEMPORARY INVESTMENTS				
29	Arizona Electric Power Co-op	300,000	0	0
30	Homestead Funds	1,164,364	0	0
31		0	0	0
32		0	0	0
Subtotal (Line 29 thru 32)		1,464,364	0	0
9. ACCOUNT & NOTES RECEIVABLE - NET				
33	Misc A/R	559	0	0
34		0	0	0
35		0	0	0
36		0	0	0
Subtotal (Line 33 thru 36)		559	0	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED				
37		0	0	0
38		0	0	0
39		0	0	0
40		0	0	0
Subtotal (Line 37 thru 40)		0	0	0
Total		2,268,708	1,715,287	0

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2013

(All investments refer to your most recent CFC Loan Agreement)

7a - PART II. LOAN GUARANTEES

Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0

7a - PART III. LOANS

Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1	Members Energy Efficiency Loans	11/30/2018	815,835	48,230	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			815,835	48,230	0

7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES

1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)	2,316,938
2	LARGER OF (a) OR (b)	3,727,784
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)	1,508,962
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)	3,727,784

--	--	--

FINANCIAL AND STATISTICAL REPORT	DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. ELECTRIC DIVISION DUNCAN, AZ 85534	
	YEAR ENDING December 31, 2013	

CERTIFICATION
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Kimberly R. Waters

 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

4/2/2014

 DATE

Steve Smith

 SIGNATURE OF MANAGER

4/2/2014

 DATE

ITEM	PART A. STATEMENT OF OPERATIONS			December
	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Operating Revenue and Patronage Capital	3,408,813	3,433,804	3,725,208	273,966
2. Cost of Purchased Power	2,268,406	2,233,228	2,550,589	181,300
3. Revenue Less Cost of Power	1,140,407	1,200,576	1,174,619	92,666
4. Transmission Expense	0	-	-	-
5. Distribution Expense-Operation	339,558	336,307	345,056	29,230
6. Distribution Expense-Maintenance	132,311	151,821	135,964	17,068
7. Consumer Accounts Expense	266,349	273,771	273,362	25,791
8. Customer Service and Informational Expense	25,344	20,230	21,966	6,262
9. Sales Expense	0	-	-	-
10. Administrative and General Expense	253,074	272,757	249,146	22,897
11. Total Operation & Maintenance Expense (4 - 10)	1,016,637	1,054,887	1,025,494	101,248
12. Depreciation and Amortization Expense	239,704	252,015	253,811	21,335
13. Tax Expense - Property & Gross Receipts	0	-	-	-
14. Tax Expense - Other	0	-	-	-
15. Interest on Long-Term Debt	6,224	21,694	21,932	2,010
16. Interest Charged to Construction - Credit	0	-	-	-
17. Interest Expense - Other	142	93	187	8
18. Other Deductions	0	-	-	-
19. Total Cost of Electric Service (11 - 18)	1,262,707	1,328,688	1,301,424	124,601
20. Patronage Capital & Operating Margins (3 - 19)	(122,300)	(128,113)	(126,805)	(31,935)
21. Non Operating Margins - Interest	64,577	67,569	61,543	12,964
22. Allowance for Funds Used During Construction	0	-	-	-
23. Income (Loss) from Equity Investments	34,911	55,841	-	55,841
24. Non Operating Margins - Other	0	990	-	990
25. Generation & Transmission Capital Credits	23,816	89,798	-	-
26. Other Capital Credits and Patronage Dividends	4,635	7,407	-	-
27. Extraordinary Items	0	-	-	-
28. Patronage Capital or Margins (20 - 27)	5,639	93,493	(65,262)	37,860

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT						
ITEM	Month	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
		LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connect	9	57	65	5. Miles Transmission		
2. Services Retired	3	21	20	6. Miles Distribution-Overhead	454	454
3. Total Services in Place	2,534	2,489	2,534	7. Miles Distribution-Underground	3	3
4. Idle Services (Exclude Seasonal)	92	112	92	8. Total Miles Energized (5 + 6 + 7)	457	457

FINANCIAL AND STATISTICAL REPORT		DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. ELECTRIC DIVISION	
		MONTH ENDING	REA USE ONLY
		December 31, 2013	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	8,490,727	29. Membership	0
2. Construction Work in Progress	23,739	30. Patronage Capital	7,535,553
3. Total Utility Plant (1 + 2)	8,514,466	31. Operating Margins - Prior Years	(217,902)
4. Accum. Provision for Depreciation & Amort	5,285,929	32. Operating Margins - Current Year	(128,113)
5. Net Utility Plant (3 - 4)	3,228,537	33. Non Operating Margins	221,606
6. Nonutility Property - Net	22,728	34. Other Margins and Equities	525,530
7. Investment in Subsidiary Companies	196,785	35. Total Margins & Equities (29 thru 34)	7,936,673
8. Invest in Assoc Org - Patronage Capital	1,406,558	36. Long-Term Debt RUS (Net)	
9. Invest in Assoc Org - General Funds	686,315	37. Long-Term Debt-RUS-Econ Dev	
10. Invest in Gas Division	1,155,305	38. Long-Term Debt-FFB-RUS Guaranteed	
11. Investment in Economic Development		39. Long-Term Debt-Other-RUS Guaranteed	
12. Other Investments	35,357	40. Long-Term Debt-Other (Net)	573,871
13. Special Funds	48,230	41. Total Long-Term Debt (36 thru 40)	573,871
14. Total Other Property & Invest. (6 thru 13)	3,551,277	42. Obligation under Capital Leases	
15. Cash - General Funds	145,827	43. Accumulated Operating Provisions	
16. Cash - Construction Funds - Trustee		44. Total Other Noncurrent Liabilities (42 + 43)	0
17. Special Deposits		45. Notes Payable	
18. Temporary Investments	1,464,364	46. Accounts Payable	340,673
19. Notes Receivable - Net		47. Consumers Deposits	48,885
20. Accounts Receivable - Net Sales of Energy	298,060	48. Current Maturities Long-Term Debt	59,017
21. Accounts Receivable - Net Other	559	49. Current Maturities Long-Term Debt-Econ Dev	
22. Materials & Supplies - Electric & Other	154,261	50. Current Maturities Capital Leases	
23. Prepayments	44,676	51. Other Current & Accrued Liabilities	222,762
24. Other Current & Accrued Assets	21,930	52. Total Current & Accr. Liabilities (45 thru 51)	671,337
25. Total Current & Accrued Assets (15 thru 24)	2,129,677	53. Regulatory Liabilities	
26. Regulatory Assets		54. Deferred Credits	142,479
27. Deferred Debits	414,869	55. Total Liabilities & Credits (35+41+44+52 thru 54)	9,324,361
28. Total Assets & Other Debits (5+14+25 thru 27)	9,324,361	ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
		56. Balance Beginning of Year	693,323
		57. Amounts Received This Year (Net)	37,939
		58. TOTAL Contributions in Aid of Construction	731,262
PART D. NOTES TO FINANCIAL STATEMENTS			
THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT. (IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)			

DUNCAN VALLEY ELECTRIC COOPERATIVE - Electric Division

FINANCIAL AND STATISTICAL REPORT

YEAR ENDING
December 31, 2013

PART R. POWER REQUIREMENTS DATA BASE

CLASSIFICATION	SALES AND REVENUE	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
		(a)	(b)	(c)	(d)	(e)	(f)
1. Single Phase	a. No. Served	2,218	2,221	2,246	2,256	2,252	2,255
	b. kWh Sold	2,324,889	1,574,836	1,495,961	1,275,847	1,421,232	2,129,762
	c. Revenue	283,134	199,889	193,258	174,557	197,494	255,561
2. Single Phase kW	a. No. Served	35	34	34	34	34	34
	b. kWh Sold	229,316	180,395	181,880	174,299	189,035	251,157
	c. Revenue	22,811	17,645	18,231	18,080	20,024	26,151
3. Three Phase	a. No. Served	61	61	62	64	63	64
	b. kWh Sold	45,309	37,952	68,603	91,877	95,334	118,957
	c. Revenue	6,645	5,801	8,572	10,843	11,293	13,406
4. Three Phase KW	a. No. Served	61	61	72	74	74	75
	b. kWh Sold	136,307	138,822	382,596	447,381	490,271	675,909
	c. Revenue	17,864	18,398	43,597	51,193	56,476	73,484
5.	a. No. Served						
	b. kWh Sold						
	c. Revenue						
6. Street Lights	a. No. Served	2	2	2	2	2	2
	b. kWh Sold	9,760	9,760	9,760	9,760	9,760	9,760
	c. Revenue	1,332	1,290	1,294	1,308	3,568	(926)
7.	a. No. Served						
	b. kWh Sold						
	c. Revenue						
8.	a. No. Served						
	b. kWh Sold						
	c. Revenue						
9.	a. No. Served						
	b. kWh Sold						
	c. Revenue						
10. TOTAL No. Consumers (lines 1a-9a)		2,377	2,379	2,416	2,430	2,425	2,430
11. TOTAL kWh Sold (lines 1b-9b)		2,745,581	1,941,765	2,138,800	1,999,164	2,205,632	3,185,545
12. TOTAL Revenue Received From Sales of Electric Energy (lines 1c-9c)		331,786	243,023	264,952	255,981	288,854	367,676
13. Other Electric Revenue		(35,907)	29,278	11,584	13,023	10,645	(45,177)
14. kWh - Own Use		9,812	7,827	6,629	7,228	7,293	9,345
15. TOTAL kWh Purchased		2,590,758	2,170,918	2,235,033	2,209,984	2,698,889	3,722,098
16. TOTAL kWh Generated							
17. Cost of Purchases and Generation		194,816	184,040	185,723	172,720	191,636	214,236
18. Interchange - kWh - Net							
19. Peak-Sum All kW Input (Metered)							
[X] Coincident [] Non-Coincident		5,090	4,144	4,224	4,626	6,058	6,298

DUNCAN VALLEY ELECTRIC COOPERATIVE - Electric Division

FINANCIAL AND STATISTICAL REPORT

**YEAR ENDING
December 31, 2013**

PART R. POWER REQUIREMENTS DATA BASE (Continued)

LINE ITEM NUMBER	JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)	TOTAL (Columns a - l)	
1.	a.	2,260	2,263	2,260	2,200	2,295	2,283	
	b.	2,311,247	2,327,945	1,889,769	1,423,679	1,286,652	1,868,894	21,330,713
	c.	273,494	265,837	217,590	174,826	165,438	221,217	2,622,296
2.	a.	35	35	35	35	35	36	
	b.	280,130	270,321	249,573	190,381	169,866	216,206	2,582,559
	c.	28,028	25,458	23,508	17,815	15,737	20,515	254,002
3.	a.	65	65	64	64	62	59	754
	b.	92,094	92,275	64,035	60,691	38,076	33,007	838,210
	c.	10,755	10,392	7,754	7,429	5,604	5,130	103,623
4.	a.	75	76	77	67	66	62	840
	b.	462,322	495,054	285,732	194,211	104,606	122,817	3,936,028
	c.	52,868	54,258	35,147	24,218	15,027	15,895	458,425
5.	a.							0
	b.							0
	c.							0
6.	a.	2	2	2	2	2	2	24
	b.	9,760	9,760	9,760	9,760	9,760	9,760	117,120
	c.	1,292	1,252	1,219	1,210	1,227	1,244	15,310
7.	a.							0
	b.							0
	c.							0
8.	a.							0
	b.							0
	c.							0
9.	a.							0
	b.							0
	c.							0
10.	2,437	2,441	2,438	2,368	2,460	2,442		
11.	3,155,553	3,195,355	2,498,869	1,878,722	1,608,960	2,250,684	28,804,630	
12.	366,436	357,197	285,218	225,499	203,033	264,000	3,453,655	
13.	(49,072)	(33,400)	2,279	29,975	36,956	9,965	(19,851)	
14.	9,269	9,106	8,515	6,796	5,338	6,096	93,254	
15.	3,205,849	3,435,088	2,468,410	1,944,739	1,999,086	2,621,495	31,302,347	
16.								
17.	202,584	208,504	183,343	162,162	152,166	181,300	2,233,228	
18.								
19.	6,738	7,164	5,232	4,228	4,366	4,600	7,164	

Attachment 2

ARIZONA 23 DUNCAN

**DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARY**

DUNCAN, ARIZONA

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**ARIZONA 23 DUNCAN
DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY
DUNCAN, ARIZONA**

**CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

INDEPENDENT AUDITORS' REPORT

Board of Directors
Duncan Valley Electric Cooperative, Inc.
Duncan, Arizona

We have audited the accompanying consolidated financial statements of Duncan Valley Electric Cooperative, Inc. and Subsidiary (the Cooperative), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income and patronage capital and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duncan Valley Electric Cooperative, Inc. and Subsidiary as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

February 7, 2014

CONSOLIDATED FINANCIAL STATEMENTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Exhibit A

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2013 AND 2012

ASSETS

	December 31,	
	2013	2012
UTILITY PLANT AT COST		
Plant in Service	\$ 10,033,901	\$ 9,793,354
Construction Work in Progress	25,845	(5,448)
	\$ 10,059,746	\$ 9,787,906
Less: Accumulated Provision for Depreciation	6,218,619	5,929,997
	<u>\$ 3,841,127</u>	<u>\$ 3,857,909</u>
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Non-Utility Property	\$ 22,728	\$ 22,728
Investments in Associated Organizations	2,128,230	2,044,126
Temporary Investments - Other	1,164,364	811,358
Notes Receivable (Less allowance for uncollectibles of \$4,169 in 2013 and \$4,169 in 2012)	48,230	52,457
	<u>\$ 3,363,552</u>	<u>\$ 2,930,669</u>
CURRENT ASSETS		
Cash - General	\$ 149,672	\$ 178,337
Temporary Investments - Cash Equivalents	300,000	300,000
Accounts Receivable (Less allowance for uncollectibles of \$11,751 in 2013 and \$10,666 in 2012)	432,106	383,392
Underbilled Power and Gas Cost		13,390
Materials and Supplies	177,542	190,131
Interest Receivable	11,384	11,288
Other Current and Accrued Assets	74,860	68,663
	<u>\$ 1,145,564</u>	<u>\$ 1,145,201</u>
DEFERRED CHARGES	<u>\$ 465,029</u>	<u>\$ 28,926</u>
TOTAL ASSETS	<u>\$ 8,815,272</u>	<u>\$ 7,962,705</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$ 7,535,553	\$ 7,535,553
Other Equities (Deficits)	(510,423)	(572,512)
Unrealized Gain (Deficits) on Available-for-Sale Securities	430,436	148,683
	<u>\$ 7,455,566</u>	<u>\$ 7,111,724</u>
LONG TERM DEBT		
CFC Notes Payable	\$ 396,729	\$
Capital Leases Less Current Maturities	177,142	203,900
	<u>\$ 573,871</u>	<u>\$ 203,900</u>
CURRENT LIABILITIES		
Current Portion of CFC Notes Payable	\$ 34,271	\$
Current Portion of Capital Leases	24,746	21,549
Accounts Payable - Purchased Power and Gas	204,483	203,698
Accounts Payable - Overbilled Power and Gas Cost	52,978	
Accrued Taxes	38,474	57,774
Consumers' Deposits and Prepayments	75,455	72,335
Accrued Employee Compensated Absences	148,482	134,957
Accrued Payroll	5,867	2,734
Other Current and Accrued Liabilities	58,600	39,024
	<u>\$ 643,356</u>	<u>\$ 532,071</u>
DEFERRED CREDITS	<u>\$ 142,479</u>	<u>\$ 115,010</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 8,815,272</u>	<u>\$ 7,962,705</u>

The accompanying notes are an integral part of these consolidated financial statements.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Exhibit B

CONSOLIDATED STATEMENT OF INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Years Ended December 31,				Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 2,737,722	65.7	\$ 2,651,843	64.9	\$ 85,879
Irrigation	435,275	10.4	478,351	11.7	(43,076)
Commercial and Industrial	863,637	20.8	752,161	18.5	111,476
Public Street and Highway Lighting	15,310	0.4	15,614	0.4	(304)
Power and Gas Cost Over (Under) Billed	(66,368)	(1.6)	21,083	0.5	(87,451)
Internet Revenues	138,432	3.3	123,725	3.0	14,707
Rent from Electric Property	21,129	0.5	26,396	0.6	(5,267)
Other Operating Revenues	21,160	0.5	16,671	0.4	4,489
Total Operating Revenues	<u>\$ 4,166,297</u>	<u>100.0</u>	<u>\$ 4,085,844</u>	<u>100.0</u>	<u>\$ 80,453</u>
OPERATING EXPENSES					
Purchased Power and Gas	\$ 2,395,616	57.5	\$ 2,412,465	59.0	\$ (16,849)
Distribution - Operation	601,175	14.4	586,392	14.4	14,783
Distribution - Maintenance	220,670	5.3	186,947	4.6	33,723
Customer Accounts	340,590	8.2	331,868	8.1	8,722
Customer Service and Information	20,230	0.5	25,343	0.6	(5,113)
Administrative and General	294,646	7.1	276,316	6.8	18,330
Internet Expenses	62,883	1.5	77,255	1.9	(14,372)
Depreciation and Amortization	295,347	7.1	282,632	6.9	12,715
Other Interest	93	0.0	142	0.0	(49)
Total Operating Expenses	<u>\$ 4,231,250</u>	<u>101.6</u>	<u>\$ 4,179,360</u>	<u>102.3</u>	<u>\$ 51,890</u>
OPERATING MARGINS (LOSS) - BEFORE FIXED CHARGES	\$ (64,953)	(1.6)	\$ (93,516)	(2.3)	\$ 28,563
FIXED CHARGES					
Interest on Long-Term Debt	<u>21,694</u>	<u>0.5</u>	<u>6,224</u>	<u>0.2</u>	<u>15,470</u>
OPERATING MARGINS (LOSS) - AFTER FIXED CHARGES	\$ (86,647)	(2.5)	\$ (99,740)	(1.8)	\$ 13,093
Capital Credits	<u>97,205</u>	<u>2.3</u>	<u>28,451</u>	<u>0.7</u>	<u>68,754</u>
NET OPERATING MARGINS (LOSS)	<u>\$ 10,558</u>	<u>(0.2)</u>	<u>\$ (71,289)</u>	<u>1.3</u>	<u>\$ 81,847</u>
NONOPERATING MARGINS					
Interest Income	\$ 67,569	1.6	\$ 64,577	1.6	\$ 2,992
Other Nonoperating Income (Loss)	<u>(16,034)</u>	<u>(0.4)</u>	<u>(9,237)</u>	<u>(0.2)</u>	<u>(6,797)</u>
	<u>\$ 51,535</u>	<u>1.2</u>	<u>\$ 55,340</u>	<u>1.4</u>	<u>\$ (3,805)</u>
NET MARGINS (LOSS) - BEFORE COMPREHENSIVE INCOME	\$ 62,093	1.0	\$ (15,949)	2.7	\$ 78,042
COMPREHENSIVE INCOME					
Gain on Securities Held-for-Sale	<u>281,753</u>	<u>6.8</u>	<u>67,904</u>	<u>1.7</u>	<u>213,849</u>
NET MARGINS (LOSS) - AFTER COMPREHENSIVE INCOME	<u>\$ 343,846</u>	<u>7.8</u>	<u>\$ 51,955</u>	<u>4.4</u>	<u>\$ 291,891</u>
PATRONAGE CAPITAL - BEGINNING OF YEAR	7,535,553		7,535,553		
Transfer of Comprehensive Income	(281,753)		(67,904)		
Income Offset to Prior Losses	(62,093)				
Transfer Losses to Other Equity			<u>15,949</u>		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 7,535,553</u>		<u>\$ 7,535,553</u>		

The accompanying notes are an integral part of these consolidated financial statements.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Exhibit C

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins (Loss)	\$ 62,093	\$ (15,949)
Adjustments to Reconcile Net Margins (Loss) to Net Cash Provided by Operating Activities		
Depreciation	327,159	303,400
Capital Credits - Noncash	(97,205)	(28,451)
Deferred Charges	(436,103)	(2,046)
Deferred Credits	27,469	(58,527)
Accounts Receivable	17,654	56,237
Inventories and Other Current Assets	6,296	(42,464)
Payables and Accrued Expenses	20,839	(22,801)
Net Cash Provided By Operating Activities	\$ (71,798)	\$ 189,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Gross Additions to Utility Plant	\$ (293,938)	\$ (433,916)
Salvage Value of Retirements and Other Credits	2,598	2,687
Plant Removal Costs	(19,037)	(25,351)
Investments in Associated Organizations	13,101	11,039
Notes Receivable - Energy Resource Loans (Net)	4,227	12,573
Investments in Temporary Investments - Other	(71,257)	(199,846)
Net Cash Used in Investing Activities	\$ (364,306)	\$ (632,814)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from NRUCFC	\$ 475,099	\$
Proceeds from Capital Leases		236,766
Payments on NRUCFC Notes Payable	(44,099)	
Payments on Capital Leases	(23,561)	(11,316)
Net Cash Provided by Financing Activities	\$ 407,439	\$ 225,450
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (28,665)	\$ (217,965)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	478,337	696,302
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 449,672	\$ 478,337
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 21,693	\$ 6,224
Income Taxes	\$ 9,284	\$ 7,328

During the year ended December 31, 2013 and 2012, the Cooperative had unrealized gains of \$281,753 and \$67,904, respectively, which increased other equities and temporary cash investments - other.

The accompanying notes are an integral part of these consolidated financial statements.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Duncan Valley Electric Cooperative, Inc. (the Cooperative) is a non-profit company organized to provide electric service at the retail level to primarily residential and commercial accounts in a designated service area. Power delivered at retail is purchased wholesale from Arizona Electric Power Cooperative, Inc. (AEPCO), of which the Cooperative is a member. Any revenues earned in excess of costs incurred are allocated to members of the Cooperative and are reflected as patronage capital equity in the balance sheet.

During 2008, the Cooperative merged Duncan Rural Services Corporation (DRSC) into the Cooperative as a division. DRSC acquired the gas and water utility systems serving the town of Duncan, Arizona, and surrounding area from Graham County Utilities, Inc. on November 1, 1989. Subsequently, the water system was transferred to the town of Duncan for the original purchase price.

During 1997, the Cooperative formed a subsidiary company, AZNEX Cooperative Services, Inc. The subsidiary was formed to provide communication services. The subsidiary has authorized 10,000,000 shares of no par value common stock of which 50,000 has been issued to the Cooperative. The subsidiary began operations in January, 1998. In June 2008, AZNEX sold all of its plant to a third party and ceased operating as an internet company and now earns commissions on a percentage of revenue earned by the acquiring company.

Principles of Consolidation

The consolidated financial statements include the accounts of the Cooperative and its wholly-owned subsidiary AZNEX Cooperative Services, Inc. All material intercompany transactions have been eliminated.

System of Accounts

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission for Class A and B electric utilities modified for electric borrowers of the Rural Utilities Service (RUS).

Plant in Service, Maintenance, and Depreciation

Plant is stated at the original cost of construction which includes the cost of contracted services, direct labor, materials, and overhead items. Contributions from others toward the construction of electric plant are credited to the applicable plant accounts.

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records is credited to electric plant and such cost, together with cost of removal less salvage, is charged to the accumulated provision for depreciation.

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventories

Materials and supplies inventories are valued at average unit cost.

Electric and Gas Revenues

The Cooperative's operating revenues are under the jurisdiction of the Arizona Corporation Commission and the New Mexico Public Regulatory Commission.

The Cooperative records electric and gas revenues as billed to customers on a monthly basis. Revenue is not accrued for power delivered, but not billed at the end of each month.

The Cooperative's tariffs for electric and gas service include a power cost and gas cost recovery factor under which rates charged to customers are adjusted to reflect changes in the cost of power and gas. In order to match power costs and gas costs and related revenues, power cost and gas cost billed in advance is recorded as advance billings to consumers, and power cost and gas cost to be billed in subsequent periods is recognized as accrued unbilled revenue. Annual changes in these amounts appear as over and under billed power cost and gas cost revenue on the statement of income.

Receivables and Bad Debts

The Cooperative records a receivable for power delivered monthly. Periodically, the Board of Directors reviews accounts over 90 days and writes them off. The provision for bad debts is based on historical write-offs and expectations of future bad debts.

Patronage Capital Certificates

Patronage capital from associated organizations is recorded at the stated amount of the certificates.

Cash Equivalents

For purposes of the statement of cash flows, the Cooperative considers cash – general and temporary cash investments – cash equivalents to be cash equivalents.

Group Concentration of Credit Risk

The Cooperative's headquarters facility is located in Duncan, Arizona. The service area includes members in Greenlee County, Arizona, and Hidalgo and Grant Counties, New Mexico. The Cooperative records a receivable for electric and gas revenues as billed on a monthly basis. The Cooperative requires a deposit from consumers upon connection. The deposit accrues interest annually. Deposits are applied to any unpaid bills and fees in the event of default. Deposits on hand totaled \$75,455 and \$72,335 at December 31, 2013 and 2012, respectively.

At times during the year, cash balances exceeded FDIC insurance limits.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Federal Income Tax Status

The Cooperative qualifies for exempt status under Internal Revenue Code section 501(c)(12) which requires that 85% or more of income consists of amounts collected from members.

AZNEX Cooperative Services, Inc. is a taxable C-corporation.

2. Assets Pledged

Currently the Cooperative has capital lease assets whose title remains with lessor throughout the lease term. In addition, the cooperative has amounts owing NRUCFC though no assets are pledged against that debt.

3. Plant in Service

The major classes of electric plant are as follows:

	December 31,	
	2013	2012
Duncan Valley Electric Cooperative, Inc.		
Intangible Plant	\$ 176	\$ 176
Distribution Plant	6,722,381	6,527,687
General Plant	1,768,169	1,737,233
Total Electric Plant in Service	\$ 8,490,726	\$ 8,265,096
Gas Utility Plant	\$ 1,497,254	\$ 1,482,337
Gas General Plant	45,921	45,921
Total Gas Plant in Service	\$ 1,543,175	\$ 1,528,258
Construction Work in Progress	\$ 25,845	\$ (5,448)
Total Utility Plant	\$ 10,059,746	\$ 9,787,906

Provision has been made for depreciation of distribution plant at the straight-line composite rates as follows, for both 2013 and 2012:

Station Equipment	3.20%
Poles, Towers, and Fixtures	4.00%
Overhead Conductors and Devices	2.80%
Underground Conduit	2.80%
Underground Conductors and Devices	2.90%
Line Transformers	3.10%
Services	3.60%
Meters	3.40%
Street Lighting and Signal Systems	4.30%
Gas Utility Plant	2.80% - 9.60%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

General plant depreciation rates have been applied on a straight-line basis and are as follows:

Structures	2.85% - 10.00%
Furniture and Equipment	10.00% - 33.30%
Transportation Equipment	5.00% - 20.00%
Stores Equipment	10.00% - 12.50%
Shop and Laboratory Equipment	8.34% - 20.00%
Communications Equipment	10.00% - 20.00%
Miscellaneous Equipment	20.00%

Depreciation for the years ended December 31, 2013 and 2012 was \$327,159 and \$303,400, respectively, of which \$295,347 and \$282,632 was charged to depreciation expense, and \$31,812 and \$20,768 allocated to other accounts.

4. Non-Utility Property

Non-utility property includes land (seven acres, cost \$22,728) not presently being used in the utility operations.

5. Investments in Associated Organizations

Investments in associated organizations consisted of the following as of December 31, 2013 and 2012:

	December 31,	
	2013	2012
CFC		
Membership	\$ 2,000	\$ 2,000
Capital Term Certificates	160,647	160,647
Member Capital Securities	500,000	500,000
Patronage Capital	1,128	1,012
AEPCO		
Patronage Capital	1,334,360	1,244,562
Membership	5	5
NRTC		
Patronage Capital	69,172	69,199
Membership	1,000	1,000
Grand Canyon State Electric Cooperative, Inc.		
Membership	150	150
Building	22,313	23,247
Other	37,455	42,304
	<u>\$ 2,128,230</u>	<u>\$ 2,044,126</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Patronage capital certificates are recorded at the stated amount of the certificates. All other investments are recorded at cost.

6. Notes Receivable

Notes receivable consist of the following:

	December 31,	
	2013	2012
Member Loans - Energy Efficiency Applications	\$ 52,399	\$ 56,626
Total Notes Receivable	\$ 52,399	\$ 56,626
Reserve for Uncollectible Loans	\$ (4,169)	\$ (4,169)
	<u>\$ 48,230</u>	<u>\$ 52,457</u>

During 1990, the Cooperative initiated a program to finance the cost and installation of heat pumps for members. The loans are to be repaid monthly over five years with an interest rate of 5.50%.

7. Temporary Cash Investments

	December 31,	
	2013	2012
Homestead Funds (at fair market value)	\$ 1,051,250	\$ 728,024
Judy White Memorial Scholarship Fund (at fair market value)	113,114	83,334
AEPCO Note Participation Program Note	300,000	300,000
Total Investments	<u>\$ 1,464,364</u>	<u>\$ 1,111,358</u>

The Cooperative's investment in available-for-sale securities is shown at fair market value. Gains and losses on securities classified as available-for-sale are recognized through the equity account.

The following marketable securities were held as of December 31, 2013:

	Fair Value	Cost	Unrealized Gain
Homestead Funds	\$ 1,051,250	\$ 660,959	\$ 390,291
Scholarship Funds	113,114	72,969	40,145
	<u>\$ 1,164,364</u>	<u>\$ 733,928</u>	<u>\$ 430,436</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following marketable securities were held as of December 31, 2012:

	Fair Value	Cost	Unrealized Gain
Homestead Funds	\$ 728,024	\$ 593,684	\$ 134,340
Scholarship Funds	83,334	68,991	14,343
	<u>\$ 811,358</u>	<u>\$ 662,675</u>	<u>\$ 148,683</u>

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Cooperative has the ability to access at the measurement date.

Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable inputs for the asset or liability.

The securities above are considered Level 2.

8. Inventories

Inventories consist of:

	December 31,	
	2013	2012
Duncan Valley Electric Cooperative, Inc.		
Electric Construction Materials and Supplies	\$ 147,890	\$ 159,225
Resale	5,416	5,416
Gas Utility Construction Material and Supplies	24,236	25,490
Total Cooperative Inventory	<u>\$ 177,542</u>	<u>\$ 190,131</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Deferred Charges

Deferred charges consist of the following:

	December 31,	
	2013	2012
Right of Way	\$ 20,462	\$ 26,064
NRECA Retirement Funding Prepayment	439,467	
Other	5,100	2,862
	<u>\$ 465,029</u>	<u>\$ 28,926</u>

During 2013 the Cooperative's Defined Benefit Retirement provider, NRECA, provided a program by which the Cooperative could prepay future premiums into the plan and receive reduced annual contribution rates going forward. It is estimated that the benefit of these reduced annual contributions is ten years and the cooperative is recognizing the prepayment into income over that period.

10. Income Taxes

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code as long as 85% of its revenue is from members for the sole purpose of meeting losses and expenses. For the year ended December 31, 2013, the Cooperative qualified for exemption.

Aznex Cooperative Services, Inc. is a C-corporation subject to federal income taxes. This corporation files a federal income tax return. Current taxes and deferred taxes are allocated to each corporation on a stand alone basis.

The Cooperative follows accounting standards for income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Cooperative's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized and settled. As changes in the tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Deferred income taxes result from transactions which enter into the determination of taxable income in different periods than recorded for financial reporting purposes. Currently there are no timing differences between book income and taxable income and as such no deferred taxes are recognized.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of the provision for federal and state tax benefit (expense) are as follows:

	December 31,	
	2013	2012
<u>Federal</u>		
Deferred Federal Tax Expense		
Federal Income Tax Expense	\$ 11,947	\$ 6,161
	\$ 11,947	\$ 6,161
<u>State</u>		
Deferred State Tax Expense		
State Income Tax Expense	\$ 5,077	\$ 3,076
	\$ 5,077	\$ 3,076
Total Provision for Federal and State Income Taxes	\$ 17,024	\$ 9,237

Aznex Cooperative Services, Inc. does not have a net operating loss (NOL) carryover for state or federal income tax purposes.

On January 1, 2009, the Cooperative and Subsidiary adopted the "uncertain tax positions" provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Cooperative is its' filing status as a tax exempt entity. The Cooperative and Subsidiary determined that it is more likely than not that their tax positions will be sustained upon examination by The Internal Revenue Service (IRS), or other State taxing authority, and that all tax benefits are likely to be realized upon settlement with taxing authorities.

The Cooperative and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and the state of Arizona. The Cooperative and subsidiaries are no longer subject to U.S. federal and state income tax examinations by federal taxing authorities for years before 2010, and state taxing authorities for years before 2009.

The Cooperative and Subsidiary recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the years ended December 31, 2013 and 2012.

11. Return of Capital

No patronage capital has been retired in 2013 or 2012.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Patronage Capital

	December 31,	
	<u>2013</u>	<u>2012</u>
Assigned Assignable	\$ 11,497,777	\$ 11,497,777
	<u>11,497,777</u>	<u>11,497,777</u>
Less: Retired	3,962,224	3,962,224
Balance	<u>\$ 7,535,553</u>	<u>\$ 7,535,553</u>

13. Other Equities

	December 31,	
	<u>2013</u>	<u>2012</u>
Retired Capital Credits - Gain	\$ 95,093	\$ 95,093
Unrecovered Losses	<u>(605,516)</u>	<u>(667,605)</u>
	<u>\$ (510,423)</u>	<u>\$ (572,512)</u>

14. Long Term Debt

Capital Lease Obligations

During the year, the Cooperative leased equipment from Altec Capital Services, LLC. The economic substance of the capital leases is that the Cooperative is financing the acquisition of the assets through the lease over their terms, and accordingly, they are reflected in the Cooperative's plant assets and liabilities.

The following is an analysis of the book value of the leased assets included in electric plant at December 31, 2013, which is being depreciated on a straight-line basis over 15 years.

	December 31,
	<u>2013</u>
Cost	\$ 236,766
Accumulated Depreciation	<u>(23,178)</u>
	<u>\$ 213,588</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The capital lease obligation has an interest rate of 5.364% and will mature in 2019. The entire lease obligation to Altec Capital Services, LLC calls for payments totaling \$243,222 over the remaining term of the leases. Below is a schedule by years of the future minimum payments required under the leases, with their present value at December 31, 2013.

	Altec Leasing
2014	\$ 35,081
2015	35,081
2016	35,081
2017	35,081
2018	35,081
2019	<u>67,817</u>
Total Minimum Lease Payments	\$ 243,222
Amount Representing Interest	<u>(41,334)</u>
Present Value of Lease Payments	<u>\$ 201,888</u>
Current Maturities	<u>\$ 24,746</u>

CFC Notes Payable

During 2013, the Cooperative borrowed \$475,099 from CFC for the purpose of funding the NRECA Accelerated Funding Payment for the Retirement and Security Plan. This funds were originally borrowed using the Cooperative's line of credit until permanent financing could be established. Subsequent to year end the note was set with a remaining balance of \$431,000 for 11 years at 2.950%.

Maturities for the next five years are as follows:

2014	\$ 34,271
2015	34,707
2016	35,712
2017	36,807
2018	37,905

15. Short-Term Borrowing

The Cooperative has a \$500,000 line of credit for short-term financing with CFC at a variable interest rate which expires on September, 2014. At December 31, 2013, the Cooperative had \$431,000 outstanding related to the note payable discussed in Note 14.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Deferred Credits

	December 31,	
	2013	2012
Judy White Memorial Scholarship Fund	\$ 67,469	\$ 68,991
Renewable Energy Standards Tariff - NM and AZ	44,136	46,019
Other	30,864	
	<u>\$ 142,469</u>	<u>\$ 115,010</u>

17. Litigation, Commitments, and Contingencies

There is no pending litigation which would materially affect the financial position of the Cooperative.

The Cooperative is committed to purchase its electric power requirements from Arizona Electric Power Cooperative, Inc. (AEPSCO) through the year 2020.

18. Pension Benefits

Plan Information

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative contributions to the RS Plan in 2013 and in 2012 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Cooperative made contributions to the plan of \$183,097 in 2013 and \$159,323 in 2012. Contributions in 2013 are significantly higher than those in 2012 due to the Cooperative electing to participate in the prepayment option offered to participating employers in 2013. See the footnote description below for more information on the prepayment program.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 80 percent funded on January 1, 2013 and between 65 percent and 80 percent funded on January 1, 2012 based on the PPA funding target and PPA actuarial value of assets on those dates.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

R&S Plan Prepayment Option

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period.

The employees also participate in a 401-K plan, a defined contribution plan provided through National Rural Electric Cooperative Association. The Cooperative makes monthly contributions to the plan. The cost for the Cooperative was \$40,747 and \$35,579 for the years ended December 31, 2013 and 2012, respectively.

19. Related Party Transactions

The Cooperative is represented on the Board of Directors of Arizona Electric Power Cooperative, Inc., (AEPCO) and purchases all of its electric power from AEPCO. Margins earned by AEPCO have been allocated to the Cooperative and are included under Investments in Associated Organizations. The Cooperative also invests through the AEPCO membership investment program as reflected in Note 7.

20. Subsequent Events

The Cooperative has evaluated subsequent events through February 7, 2014, the date which the financial statements were available to be issued.

CONSOLIDATING AND ACCOMPANYING INFORMATION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING
AND ACCOMPANYING INFORMATION**

We have audited the consolidated financial statements of Duncan Valley Electric Cooperative, Inc., as of and for the years ended 2013 and 2012, and our report thereon dated February 7, 2014, which expressed an unmodified opinion on those financial statements as a whole. The consolidating schedules, schedule of electric plant, accumulated provision for depreciation, other property and investments, patronage capital, administrative and general expenses, five year comparative data, and divisional income statement are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

February 7, 2014

CONSOLIDATING INFORMATION

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 1

**CONSOLIDATING INFORMATION
BALANCE SHEET
DECEMBER 31, 2013 AND 2012**

ASSETS

	December 31,	
	2013	2012
UTILITY PLANT AT COST		
Plant in Service	\$ 10,033,901	\$ 9,793,355
Construction Work in Progress	25,845	(5,448)
	<u>\$ 10,059,746</u>	<u>\$ 9,787,907</u>
Less: Accumulated Provision for Depreciation	6,218,619	5,929,998
	<u>\$ 3,841,127</u>	<u>\$ 3,857,909</u>
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Non-Utility Property	\$ 22,728	\$ 22,728
Investments in Associated Organizations	2,128,230	2,044,126
Temporary Investments - Other	1,164,364	811,358
Investment in Subsidiary Company	196,784	140,942
Notes Receivable (Less allowance for uncollectibles of \$4,169 in 2013 and \$4,169 in 2012)	48,230	52,457
	<u>\$ 3,560,336</u>	<u>\$ 3,071,611</u>
CURRENT ASSETS		
Cash - General	\$ 145,827	\$ 170,429
Temporary Investments - Cash Equivalents	300,000	300,000
Accounts Receivable (Less allowance for uncollectibles of \$11,751 in 2013 and \$10,666 in 2012)	385,770	348,595
Underbilled Power and Gas Cost		13,390
Materials and Supplies	177,542	190,131
Interest Receivable	11,384	11,288
Other Current and Accrued Assets	67,135	61,223
	<u>\$ 1,087,658</u>	<u>\$ 1,095,056</u>
DEFERRED CHARGES	<u>\$ 465,029</u>	<u>\$ 28,925</u>
TOTAL ASSETS	<u>\$ 8,954,150</u>	<u>\$ 8,053,501</u>

EQUITIES AND LIABILITIES

EQUITIES		
Patronage Capital	\$ 7,535,553	\$ 7,535,553
Other (Deficits)	(510,423)	(572,510)
Unrealized Gain on Available-for-Sale	430,436	148,680
	<u>\$ 7,455,566</u>	<u>\$ 7,111,723</u>
LONG TERM DEBT		
CFC Notes Payable	\$ 396,729	\$
Capital Leases	177,142	203,900
	<u>\$ 573,871</u>	<u>\$ 203,900</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt and Capital Leases	\$ 59,017	\$ 21,549
Accounts Payable - Purchased Power and Gas	204,483	203,698
Accounts Payable - Other	155,851	100,035
Accounts Payable - Overbilled Power and Gas Cost	52,978	
Accrued Taxes	38,474	57,774
Consumers' Deposits and Prepayments	75,455	72,335
Accrued Employee Compensated Absences	148,482	134,957
Accrued Payroll	5,867	2,734
Other Current and Accrued Liabilities	41,627	29,787
	<u>\$ 782,234</u>	<u>\$ 622,869</u>
DEFERRED CREDITS	<u>\$ 142,479</u>	<u>\$ 115,009</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 8,954,150</u>	<u>\$ 8,053,501</u>

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DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 2

CONSOLIDATING INFORMATION
STATEMENT OF INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Years Ended December 31,				Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 2,737,722	67.9	\$ 2,651,843	66.9	\$ 85,879
Irrigation	435,275	10.8	478,351	12.1	(43,076)
Commercial and Industrial	863,637	21.4	752,161	19.0	111,476
Public Street and Highway Lighting	15,310	0.4	15,614	0.4	(304)
Power and Gas Cost Over (Under) Billed	(66,368)	(1.6)	21,083	0.5	(87,451)
Rent from Electric Property	23,812	0.6	28,718	0.7	(4,906)
Other Operating Revenues	21,160	0.5	16,671	0.4	4,489
Total Operating Revenues	<u>\$ 4,030,548</u>	<u>100.0</u>	<u>\$ 3,964,441</u>	<u>100.0</u>	<u>\$ 66,107</u>
OPERATING EXPENSES					
Purchased Power and Gas	\$ 2,395,616	59.4	\$ 2,412,465	60.9	\$ (16,849)
Distribution - Operation	601,175	14.9	586,392	14.8	14,783
Distribution - Maintenance	220,670	5.5	186,947	4.7	33,723
Customer Accounts	340,590	8.5	331,868	8.4	8,722
Customer Service and Information	20,230	0.5	25,344	0.6	(5,114)
Administrative and General	294,646	7.3	276,316	7.0	18,330
Depreciation and Amortization	295,347	7.3	282,632	7.1	12,715
Other Interest	93	0.0	142	0.0	(49)
Total Operating Expenses	<u>\$ 4,168,367</u>	<u>103.4</u>	<u>\$ 4,102,106</u>	<u>103.5</u>	<u>\$ 66,261</u>
OPERATING MARGINS (LOSS) - BEFORE FIXED CHARGES	<u>\$ (137,819)</u>	<u>(3.4)</u>	<u>\$ (137,665)</u>	<u>(3.5)</u>	<u>\$ (154)</u>
FIXED CHARGES					
Interest on Long-Term Debt	<u>21,694</u>	<u>0.5</u>	<u>6,224</u>	<u>0.2</u>	<u>15,470</u>
OPERATING MARGINS (LOSS) - AFTER FIXED CHARGES	<u>\$ (159,513)</u>	<u>(3.9)</u>	<u>\$ (143,889)</u>	<u>(3.7)</u>	<u>\$ (15,624)</u>
Capital Credits	<u>97,205</u>	<u>2.4</u>	<u>28,451</u>	<u>0.7</u>	<u>68,754</u>
NET OPERATING MARGINS	<u>\$ (62,308)</u>	<u>(1.5)</u>	<u>\$ (115,438)</u>	<u>(3.0)</u>	<u>\$ 53,130</u>
NONOPERATING MARGINS					
Interest Income	\$ 67,569	1.7	\$ 64,577	1.6	\$ 2,992
Other Nonoperating Income	990	0.0	0.0	0.0	990
Income from Subsidiary	55,842	1.4	34,912	0.9	20,930
	<u>\$ 124,401</u>	<u>3.1</u>	<u>\$ 99,489</u>	<u>2.5</u>	<u>\$ 24,912</u>
NET MARGINS - BEFORE COMPREHENSIVE INCOME	<u>\$ 62,093</u>	<u>1.6</u>	<u>\$ (15,949)</u>	<u>(0.5)</u>	<u>\$ 78,042</u>
COMPREHENSIVE INCOME					
Gain on Securities Held for Sale	<u>281,753</u>	<u>7.0</u>	<u>67,904</u>	<u>1.7</u>	<u>213,849</u>
NET MARGINS - AFTER COMPREHENSIVE INCOME	<u>\$ 343,846</u>	<u>8.6</u>	<u>\$ 51,955</u>	<u>1.2</u>	<u>\$ 291,891</u>
PATRONAGE CAPITAL - BEGINNING OF YEAR	7,535,553		7,535,553		
Transfer of Comprehensive Income	(281,753)		(67,904)		
Income Offset to Prior Losses	(62,093)				
Transfer Losses to Other Equities			15,949		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 7,535,553</u>		<u>\$ 7,535,553</u>		

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 3

CONSOLIDATING INFORMATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	December 31,	
	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins (Loss)	\$ 62,093	\$ (15,949)
Adjustments to Reconcile Net Margins (Loss) to Net Cash Provided by Operating Activities		
Depreciation	327,159	303,400
(Gain) Loss from Subsidiary	(55,842)	(34,912)
Deferred Charges	(436,104)	(2,045)
Deferred Credits	27,470	(58,528)
Accounts Receivable	(37,175)	60,659
Inventories and Other Current Assets	19,971	(41,104)
Payables and Accrued Expenses	121,897	(543)
Net Cash Provided By Operating Activities	<u>\$ 29,469</u>	<u>\$ 210,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Gross Additions to Utility Plant	\$ (293,938)	\$ (433,916)
Salvage Value of Retirements and Other Credits	2,598	2,687
Plant Removal Costs	(19,037)	(25,351)
Investments in Associated Organizations	(84,104)	(17,412)
Notes Receivable - Energy Resource Loans (Net)	4,227	12,573
Investments in Temporary Investment - Other	(71,250)	(199,846)
Net Cash Used in Investing Activities	<u>\$ (461,504)</u>	<u>\$ (661,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Leases	\$	\$ 236,766
Proceeds from CFC Note Advances	475,099	
Payments on Capital Leases	(23,567)	(11,316)
Payments on CFC Notes Payable	(44,099)	
Net Cash Provided by Financing Activities	<u>\$ 407,433</u>	<u>\$ 225,450</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (24,602)	\$ (224,837)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>470,429</u>	<u>695,266</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 445,827</u>	<u>\$ 470,429</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 21,694	\$ 6,224
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

During the year ended December 31, 2013 and 2012, the Cooperative had unrealized gains of \$281,753 and \$67,904, respectively, which increased other equities and temporary investments - other.

AZNEX COOPERATIVE SERVICES, INC.

Schedule 4

**CONSOLIDATING INFORMATION
BALANCE SHEET
DECEMBER 31, 2013 AND 2012**

ASSETS

	December 31,	
	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash - General	\$ 3,845	\$ 7,908
Accounts Receivable	202,187	134,832
Prepaid Income Taxes	7,730	7,440
	<u>\$ 213,762</u>	<u>\$ 150,180</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31,	
	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accrued Liabilities	\$ 16,978	\$ 9,237
	<u>\$ 16,978</u>	<u>\$ 9,237</u>
STOCKHOLDERS' EQUITY		
Capital Stock; No Par Value; 10,000,000 Shares Authorized; 50,000 Shares Issued and Outstanding	\$ 50,000	\$ 50,000
Retained Earnings	146,784	90,943
	<u>\$ 196,784</u>	<u>\$ 140,943</u>
	<u>\$ 213,762</u>	<u>\$ 150,180</u>

AZNEX COOPERATIVE SERVICES, INC.

Schedule 5

**CONSOLIDATING INFORMATION
STATEMENT OF INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	December 31,	
	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Internet Revenue	\$ <u>138,432</u>	\$ <u>123,725</u>
	\$ <u>138,432</u>	\$ <u>123,725</u>
OPERATING EXPENSES		
Internet Expenses	\$ <u>65,567</u>	\$ <u>79,578</u>
	\$ <u>65,567</u>	\$ <u>79,578</u>
OPERATING MARGINS - BEFORE INCOME TAXES	\$ 72,865	\$ 44,147
INCOME TAX EXPENSE	<u>(17,024)</u>	<u>(9,237)</u>
OPERATING MARGINS - AFTER INCOME TAXES	\$ 55,841	\$ 34,910
RETAINED EARNINGS - BEGINNING OF YEAR	<u>90,943</u>	<u>56,033</u>
RETAINED EARNINGS - END OF YEAR	\$ <u><u>146,784</u></u>	\$ <u><u>90,943</u></u>

AZNEX COOPERATIVE SERVICES, INC.

Schedule 6

**CONSOLIDATING INFORMATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 55,841	\$ 34,910
Adjustments to Reconcile Net Margins to Net Cash Provided by (Used in) Operating Activities		
Accounts Receivable	(67,355)	(22,782)
Prepaid Income Taxes	(290)	(1,360)
Payables and Accrued Expenses	7,741	(3,896)
Net Cash Provided (Used in) Operating Activities	\$ (4,063)	\$ 6,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Provided by (Used in) Investing Activities	\$ 0	\$ 0
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided by (Used in) Financing Activities	\$ 0	\$ 0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,063)	\$ 6,872
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,908	1,036
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,845	\$ 7,908
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 0	\$ 0
Income Taxes	\$ 9,574	\$ 7,328

ACCOMPANYING INFORMATION

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 7

ELECTRIC PLANT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance 1/1/2013	Additions	Retirements	Balance 12/31/2013
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Intangible Plant	\$ 176	\$	\$	\$ 176
Distribution Plant				
Land and Land Rights	\$ 2,397	\$	\$	\$ 2,397
Station Equipment	145,413			145,413
Poles, Towers, and Fixtures	1,886,881	51,821	7,132	1,931,570
Overhead Conductors and Devices	1,742,153	16,060	2,980	1,755,233
Underground Conduit	21,336			21,336
Underground Conductors and Devices	140,619			140,619
Line Transformers	1,360,103	35,573	101	1,395,575
Services	539,185	32,359	4,081	567,463
Meters	533,304	64,696		598,000
Street Light and Signal Systems	156,296	10,163	1,684	164,775
Total	<u>\$ 6,527,687</u>	<u>\$ 210,672</u>	<u>\$ 15,978</u>	<u>\$ 6,722,381</u>
General Plant				
Land and Land Rights	\$ 9,740	\$	\$	\$ 9,740
Structures and Improvements	635,993			635,993
Office Furniture and Equipment	136,827	30,936		167,763
Transportation Equipment	430,055			430,055
Stores Equipment	30,190			30,190
Tools, Shop, and Garage Equipment	18,936			18,936
Laboratory Equipment	40,444			40,444
Power Operated Equipment	309,551			309,551
Communications Equipment	54,715			54,715
Miscellaneous Equipment	70,782			70,782
Total	<u>\$ 1,737,233</u>	<u>\$ 30,936</u>	<u>\$ 0</u>	<u>\$ 1,768,169</u>
Total Classified Electric Plant in Service	<u>\$ 8,265,096</u>	<u>\$ 241,608</u>	<u>\$ 15,978</u>	<u>\$ 8,490,726</u>
Gas Plant in Service				
Distribution Plant	\$ 1,482,338	\$ 21,037	\$ 6,121	\$ 1,497,254
General Plant	45,921			45,921
Total Gas Plant in Service	<u>\$ 1,528,259</u>	<u>\$ 21,037</u>	<u>\$ 6,121</u>	<u>\$ 1,543,175</u>
Construction Work in Progress	\$ (5,448)	\$ 31,293	\$ 0	\$ 25,845
Total Utility Plant	<u>\$ 9,787,907</u>	<u>\$ 293,938</u>	<u>\$ 22,099</u>	<u>\$ 10,059,746</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 8

ACCUMULATED PROVISION FOR DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance 1/1/2013</u>	<u>Depreciation Accruals</u>	<u>Retirements</u>	<u>Balance 12/31/2013</u>
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Distribution Plant	\$ 3,771,745	\$ 221,486	\$ 32,218	\$ 3,961,013
General Plant				
Structures and Improvements	\$ 529,581	\$ 18,516	\$	\$ 548,097
Laboratory Equipment	40,444			40,444
Office Furniture and Fixtures	111,656	10,245		121,901
Transportation Equipment	276,350	19,649		295,999
Tools, Shop, and Garage Equipment	18,935			18,935
Communications Equipment	45,167	1,209		46,376
Stores Equipment	30,192			30,192
Power Operated Equipment	140,752	12,163		152,915
Miscellaneous Equipment	70,223	559		70,782
Total General Plant	<u>\$ 1,263,300</u>	<u>\$ 62,341</u>	<u>\$ 0</u>	<u>\$ 1,325,641</u>
Total Classified Electric Plant in Service	<u>\$ 5,035,045</u>	<u>\$ 283,827</u>	<u>\$ 32,218</u>	<u>\$ 5,286,654</u>
Gas Plant in Service				
Distribution Plant	\$ 854,789	\$ 42,702	\$ 6,609	\$ 890,882
General Plant	41,177	630		41,807
Total Gas Plant in Service	<u>\$ 895,966</u>	<u>\$ 43,332</u>	<u>\$ 6,609</u>	<u>\$ 932,689</u>
Retirement Work in Progress	\$ (1,013)	\$ 0	\$ (289)	\$ (724)
	<u>\$ 5,929,998</u>	<u>\$ 327,159</u>	<u>\$ 38,538</u>	<u>\$ 6,218,619</u>
		(1)	(2)	
(1) Charged to Depreciation Expense		\$ 295,347		
Charged to Clearing Accounts		<u>31,812</u>		
		<u>\$ 327,159</u>		
(2) Cost of Units Retired			\$ 22,099	
Add: Cost of Removal			19,037	
Less: Salvage and Other Credits			<u>2,598</u>	
Loss Due to Retirements			<u>\$ 38,538</u>	

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 9

**OTHER PROPERTY AND INVESTMENTS
DECEMBER 31, 2013 AND 2012**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
NON-UTILITY PROPERTY		
Land	\$ <u>22,728</u>	\$ <u>22,728</u>
INVESTMENTS IN ASSOCIATED ORGANIZATIONS		
Patronage Capital Credits		
Arizona Electric Power Cooperative, Inc.	\$ 1,334,360	\$ 1,244,562
CFC	1,128	1,012
NRTC	69,172	69,199
Western United	1,898	307
Memberships		
CFC	2,000	2,000
Grand Canyon State Electric Cooperatives Association	150	150
Grand Canyon State Electric Cooperatives- Building	22,313	23,247
Arizona Electric Power Cooperative, Inc.	5	5
Southwest Transmission Electric	100	100
Sierra Southwest Electric Power Cooperative Services		100
National Cooperative Services Corporation	100	100
NRTC	1,000	1,000
Capital Term Certificates - CFC	160,647	160,647
Member Capital Securities - CFC	500,000	500,000
Investment - Federated Insurance	35,357	41,697
	\$ <u>2,128,230</u>	\$ <u>2,044,126</u>
INVESTMENT IN SUBSIDIARY - AZNEX, INC.		
Capital Stock	\$ 50,000	\$ 50,000
Accumulated Margins	146,784	90,942
	\$ <u>196,784</u>	\$ <u>140,942</u>
NOTES RECEIVABLE		
Member Loans - Heat Pump Installations	\$ 52,399	\$ 56,626
Reserve for Uncollectible Loans	(4,169)	(4,169)
	\$ <u>48,230</u>	\$ <u>52,457</u>
Total Other Property and Investments	\$ <u>2,395,972</u>	\$ <u>2,260,253</u>

**TEMPORARY INVESTMENTS
DECEMBER 31, 2013 AND 2012**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
AEPCO Note Participation Program Note	\$ 300,000	\$ 300,000
Homestead Funds	1,051,250	728,024
Judy White Memorial Scholarship Fund	113,114	83,334
Total Temporary Investments	\$ <u>1,464,364</u>	\$ <u>1,111,358</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 10

PATRONAGE CAPITAL
DECEMBER 31, 2013

Year	Assignable	Assigned		Retired	Balance
		G&T	Distribution		
1962	\$	\$	\$ 18,451	\$ 18,451	\$
1963			28,331	28,331	
1964			24,321	24,321	
1965			22,136	22,136	
1966			14,129	14,129	
1967			26,314	26,314	
1968			18,407	18,407	
1969		2,449	21,870	21,870	2,449
1970		3,311	29,124	29,124	3,311
1971		9,430	25,016	25,016	9,430
1972		10,177	31,557	31,557	10,177
1973		11,000	27,481	27,481	11,000
1974		16,741	33,261	33,261	16,741
1975			17,181	17,181	
1976			67,323	67,323	
1977			6,692	6,692	
1978			298,176	298,176	
1979			688,746	688,746	
1980			557,245	557,245	
1981			695,070	695,070	
1982			430,960	430,960	
1983			232,451	232,451	
1984			392,534	392,534	
1985			470,802	255,448	215,354
1986			450,792		450,792
1987			416,247		416,247
1988			404,833		404,833
1989			394,443		394,443
1990			568,865		568,865
1991			550,305		550,305
1992			451,779		451,779
1993			446,191		446,191
1994			501,539		501,539
1995			601,994		601,994
1996			146,067		146,067
1997			615,366		615,366
1998			1,443,833		1,443,833
2001-AEPCO		93,791			93,791
2002-AEPCO		125,726			125,726
2003-AEPCO		55,320			55,320
	<u>\$ 0</u>	<u>\$ 327,945</u>	<u>\$ 11,169,832</u>	<u>\$ 3,962,224</u>	<u>\$ 7,535,553</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 11

ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	December 31,		Increase (Decrease)
	2013	2012	
Office Supplies and Expense	\$ 81,290	\$ 55,613	\$ 25,677
Outside Services Employed	36,764	35,982	782
Directors' Fees and Expense	87,347	82,137	5,210
Annual Meeting Expense	7,681	7,827	(146)
Dues to Associated Organizations	25,388	25,252	136
Miscellaneous General Expense	43,166	55,973	(12,807)
Utility Commission Related Expenses	9,407	10,001	(594)
Maintenance of General Plant	6,520	7,345	(825)
Duplicate Charges (Credit)	<u>(2,917)</u>	<u>(3,814)</u>	<u>897</u>
Total	\$ <u>294,646</u>	\$ <u>276,316</u>	\$ <u>18,330</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 12

FIVE YEAR COMPARATIVE DATA

Financial Data	Years Ended December 31,				
	2013	2012	2011	2010	2009
OPERATING REVENUES					
Residential	\$ 2,737,722	\$ 2,651,843	\$ 2,731,289	\$ 2,715,283	\$ 2,822,273
Irrigation	435,275	478,351	510,573	350,023	472,206
Commercial and Industrial	863,637	752,161	767,076	791,275	841,795
Public Street and Highway Lighting	15,310	15,614	16,110	16,443	16,980
Power Cost Under (Over) Billed	(66,368)	21,083	(51,120)	209,994	(127,354)
Rent from Electric Property	23,812	28,718	12,335	12,189	12,429
Other Operating Revenues	21,160	16,671	12,874	10,800	10,787
Total Operating Revenues	<u>\$ 4,030,548</u>	<u>\$ 3,964,441</u>	<u>\$ 3,999,137</u>	<u>\$ 4,106,007</u>	<u>\$ 4,049,116</u>
OPERATING EXPENSES					
Purchased Power	\$ 2,395,616	\$ 2,412,465	\$ 2,482,551	\$ 2,619,295	\$ 2,553,413
Distribution - Operation	601,175	586,392	567,309	651,648	706,197
Distribution - Maintenance	220,670	186,947	199,020	239,380	147,202
Customer Accounts	340,590	331,868	317,590	360,436	332,157
Customer Service and Information	20,230	25,344	21,370	17,888	23,353
Administrative and General Expense	294,646	276,316	260,300	275,165	267,063
Depreciation and Amortization	295,347	282,632	280,069	276,771	272,311
Other Interest	93	142	174	232	274
Total Operating Expenses	<u>\$ 4,168,367</u>	<u>\$ 4,102,106</u>	<u>\$ 4,128,383</u>	<u>\$ 4,440,815</u>	<u>\$ 4,301,970</u>
OPERATING MARGINS (LOSS) - Before Fixed Charges					
Fixed Charges	\$ (137,819)	\$ (137,665)	\$ (129,246)	\$ (334,808)	\$ (252,854)
FIXED CHARGES					
Interest on Long-Term Debt	<u>21,694</u>	<u>6,224</u>			<u>48</u>
OPERATING MARGINS (LOSS) - After Fixed Charges					
Fixed Charges	\$ (159,513)	\$ (143,889)	\$ (129,246)	\$ (334,808)	\$ (252,902)
Capital Credits	<u>97,205</u>	<u>28,451</u>	<u>128,056</u>	<u>110,439</u>	<u>271,524</u>
NET OPERATING MARGINS (LOSS)	<u>\$ (62,308)</u>	<u>\$ (115,438)</u>	<u>\$ (1,190)</u>	<u>\$ (224,369)</u>	<u>\$ 18,622</u>
NONOPERATING MARGINS (LOSS)					
Interest Income	\$ 67,569	\$ 64,577	\$ 58,508	\$ 59,493	\$ 26,870
Other Nonoperating Income (Loss)	990			8,829	163
Income (Loss) of Subsidiary	55,842	34,912	42,040	43,324	78,668
	<u>\$ 124,401</u>	<u>\$ 99,489</u>	<u>\$ 100,548</u>	<u>\$ 111,646</u>	<u>\$ 105,701</u>
NET MARGINS (LOSS) - BEFORE COMPREHENSIVE INCOME					
	<u>\$ 62,093</u>	<u>\$ (15,949)</u>	<u>\$ 99,358</u>	<u>\$ (112,723)</u>	<u>\$ 124,323</u>
Miscellaneous Statistics					
Equity to Total Assets	84.58	89.31	90.10	90.64	90.64
Equity to Total Capitalization	92.18	96.93	100.00	100.00	100.00

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 13

DIVISIONAL INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Year Ended December 31, 2013			
	Electric		Gas	
	Amount	%	Amount	%
OPERATING REVENUES				
Residential	\$ 2,284,928	66.5	\$ 452,794	75.0
Irrigation	373,858	10.9	61,417	10.2
Commercial and Industrial	780,661	22.7	82,976	13.7
Public Street and Highway Lighting	15,310	0.4		0.0
Power and Gas Cost Over Billed	(68,878)	(2.0)	2,510	0.4
Rent from Electric Property	30,926	0.9		0.0
Other Operating Revenues	17,000	0.5	4,160	0.7
Total Operating Revenues	<u>\$ 3,433,805</u>	<u>100.0</u>	<u>\$ 603,857</u>	<u>100.0</u>
OPERATING EXPENSES				
Purchased Power and Gas	\$ 2,233,228	65.0	\$ 162,388	26.9
Distribution - Operation	336,307	9.8	264,868	43.9
Distribution - Maintenance	151,821	4.4	75,963	12.6
Customer Accounts	273,771	8.0	66,819	11.1
Customer Service and Information	20,230	0.6		0.0
Administrative and General	272,756	7.9	21,890	3.6
Depreciation and Amortization	252,015	7.3	43,332	7.2
Other Interest	93	0.0		0.0
Total Operating Expenses	<u>\$ 3,540,221</u>	<u>103.1</u>	<u>\$ 635,260</u>	<u>105.2</u>
OPERATING LOSS - BEFORE FIXED CHARGES	<u>\$ (106,416)</u>	<u>(3.1)</u>	<u>\$ (31,403)</u>	<u>(5.2)</u>
FIXED CHARGES				
Interest on Long-Term Debt	<u>21,694</u>	<u>0.6</u>		
OPERATING LOSS - AFTER FIXED CHARGES	<u>\$ (128,110)</u>	<u>(3.7)</u>	<u>\$ (31,403)</u>	<u>(5.2)</u>
Capital Credits	<u>97,205</u>	<u>2.8</u>		
NET OPERATING MARGINS (LOSS)	<u>\$ (30,905)</u>	<u>(0.9)</u>	<u>\$ (31,403)</u>	<u>(5.2)</u>
NONOPERATING MARGINS				
Interest Income	\$ 67,569	2.0	\$	
Other Nonoperating Income	990	0.0		
	<u>\$ 68,559</u>	<u>2.0</u>	<u>\$ 0</u>	<u>0.0</u>
DIVISIONAL INCOME (LOSS)	<u>\$ 37,654</u>	<u>1.1</u>	<u>\$ (31,403)</u>	<u>(5.2)</u>

COMPLIANCE SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**LETTER TO BOARD OF DIRECTORS REGARDING POLICIES
CONCERNING AUDITS OF CFC BORROWERS**

Board of Directors
Duncan Valley Electric Cooperative, Inc.
Duncan, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Duncan Valley Electric Cooperative, Inc. (the Cooperative), for the year ended December 31, 2013, and have issued our report thereon dated February 7, 2014.

In connection with our audits, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms of Article V of the National Rural Utilities Finance Corporation Loan Agreement insofar as they relate to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance.

The Cooperative's accounting and reporting procedures were considered adequate in all material respects. The records were maintained in accordance with the prescribed Uniform System of Accounts. The procedures used in accounting for material, transportation, labor, and overhead costs provide a fair distribution of these costs to construction, retirement, and maintenance or other expense accounts.

During the year ended December 31, 2013, the Cooperative was advanced \$475,099 in loan funds for the purpose of funding the Accelerated Funding Payment from NRECA.

This report is intended solely for the information and use of the Board of Directors and management of Duncan Valley Electric Cooperative, Inc. and the National Rural Utilities Cooperative Finance Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

February 7, 2014

Attachment 3

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS

Schedule A-1

Supporting Schedules: C-1, H-1

	Arizona	Total
1 Adjusted Rate Base	\$3,236,535	\$3,789,017
2 Adjusted Operating Income	\$ (109,619)	\$ (118,945)
3 Current Rate of Return	-3.39%	-3.14%
4 Required Operating Income	\$ 36,793	\$ 51,966
5 Required Rate of Return	1.14%	1.37%
6 Operating Income Deficiency	\$ (146,412)	\$ (170,911)
7 Gross Revenue Conversion Factor	1.00	1.00
8 Increase in Gross Revenue Requirement	\$ 146,412	\$ 170,911

Customer Classification	Projected Rev Increase Due to Rates			Percent Increase		
	AZ	NM	Total	AZ	NM	Total
Single Phase	\$ 98,915	\$ 13,304	\$ 112,219	5.32%	5.30%	5.32%
Single Phase Demand	\$ 191	\$ -	\$ 191	9.00%	#N/A	9.00%
Three Phase	\$ 16,438	\$ 1,659	\$ 18,098	9.00%	10.11%	9.09%
Three Phase Demand	\$ 3,486	\$ 859	\$ 4,345	5.15%	5.15%	5.15%
Single Phase TOU	\$ 24,794	\$ 8,374	\$ 33,168	9.00%	8.90%	8.97%
Public Street Lighting	\$ 574	\$ 97	\$ 671	5.22%	5.29%	5.23%
Security Lighting	\$ 2,013	\$ 206	\$ 2,219	4.97%	4.97%	4.97%
Total Revenue	\$ 146,412	\$ 24,499	\$ 170,911	6.00%	6.38%	6.05%
Residential Customers	\$ 87,654	\$ 12,485	\$ 100,138	5.32%	5.48%	5.34%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE

Schedule A-4

Supporting Schedules: E-5, F-3

		Construction	Retirements	Net General Plant	Utility Plant	Accumulated Depreciation	Net Plant
	2011	\$ 125,680	\$ 30,345	\$ (33,180)	\$ 7,948,394	\$ 4,900,923	\$ 3,047,471
	2012	\$ 176,853	\$ 19,079	\$ 154,862	\$ 8,261,030	\$ 5,034,032	\$ 3,226,998
	Test Year	\$ 245,705	\$ 16,664	\$ 25,937	\$ 8,529,840	\$ 5,307,209	\$ 3,222,631
Proj.	2014	\$ 225,000	\$ 15,000	\$ 110,000	\$ 8,849,840	\$ 5,451,965	\$ 3,397,875
Proj.	2015	\$ 230,000	\$ 15,000	\$ 125,000	\$ 9,189,840	\$ 5,661,422	\$ 3,528,417
Proj.	2016	\$ 235,000	\$ 15,000	\$ -	\$ 9,409,840	\$ 5,796,954	\$ 3,612,886

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

SUMMARY CHANGES IN FINANCIAL POSITION

Schedule A-5

Supporting Schedules: F-2

	12/31/2011	12/31/2012	Test Year	Proposed Rates
<u>Sources of Funds</u>				
Net Margins	\$ 107,997	\$ 5,640	\$ 101,097	\$ 272,008
Noncash Capital Credits	\$(128,056)	\$(28,451)	\$(97,257)	\$(97,257)
Depreciation	\$ 254,564	\$ 260,472	\$ 279,744	\$ 279,744
Deferred Debits	\$ (767)	\$ (2,046)	\$(391,252)	\$(391,252)
Deferred Credits	\$ 27,201	\$ (58,528)	\$ 27,818	\$ 27,818
Accounts Receivable	\$ 76,586	\$ 19,854	\$ 57,804	\$ 57,804
Inventories & Other Current Assets	\$ 21,532	\$(27,093)	\$ 11,738	\$ 11,738
Payables & Accrued Expenses	\$ 43,832	\$ (273)	\$ 57,120	\$ 57,120
Total Funds from Operations	\$ 402,889	\$ 169,575	\$ 46,812	\$ 217,722
Proceeds from Borrowing	\$ -	\$ 236,766	\$ 475,099	\$ 475,099
less Payments	\$ -	\$(11,319)	\$(67,766)	\$(67,766)
Total Funds from Financing	\$ -	\$ 225,447	\$ 407,333	\$ 407,333
Total Funds Received	\$ 402,889	\$ 395,022	\$ 454,145	\$ 625,056
<u>Cash Flows from Investing</u>				
Gross Additions to Plant	\$(159,324)	\$(418,618)	\$(271,642)	\$(271,642)
Retirements (Salvage - Removal Costs)	\$ (11,309)	\$ (21,381)	\$ (17,366)	\$ (17,366)
Investment in Associated Organizations	\$ (73,049)	\$ 7,410	\$(61,641)	\$(61,641)
Energy Efficient Loans Receivable	\$ 15,358	\$ 12,573	\$ 4,230	\$ 4,230
Temporary Investments	\$(161,055)	\$ 157	\$(46,253)	\$(46,253)
Total Funds Applied	\$(389,379)	\$(419,859)	\$(392,672)	\$(392,672)
Change in Funds All Activities	\$ 13,510	\$ (24,837)	\$ 61,473	\$ 232,383
Beginning Cash General Funds	\$ 181,756	\$ 195,266	\$ 92,035	\$ 92,035
Ending Cash General Funds	\$ 195,266	\$ 170,429	\$ 153,508	\$ 324,419

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

ORIGINAL COST RATE BASE AND PRO FORMA ADJUSTMENTS

Schedule B-2

Recap Schedules: E-1

	Test Year	Arizona Allocation	Allocation Method
Distribution Plant	\$ 6,733,812	\$ 5,817,431	
General Plant	\$ 1,768,173	\$ 1,527,555	
CWIP	\$ 27,678	\$ 16,771	
Total Utility Plant in Service	<u>\$ 8,529,664</u>	<u>\$ 7,361,757</u>	
Less Accumulated Depreciation	<u>\$ 5,307,209</u>	<u>\$ 4,616,524</u>	
Net Utility Plant in Service	<u>\$ 3,222,455</u>	<u>\$ 2,745,233</u>	
Consumer Deposits	\$ (49,385)	\$ (42,492)	Number of Customers
Materials & Supplies	\$ 146,998	\$ 126,993	Distribution Plant
Prepayments	\$ 468,950	\$ 406,801	kWh Sales
Total Working Capital	<u>\$ 566,563</u>	<u>\$ 491,303</u>	
Total Rate Base	<u>\$ 3,789,017</u>	<u>\$ 3,236,535</u>	

No Pro Forma Adjustments were made to Test Year Data

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

COMPUTATION OF WORKING CAPITAL
Schedule B-5
Recap Schedules: E-1

AVERAGE MATERIALS & SUPPLIES, PREPAYMENTS & CONSUMER DEPOSITS

	Materials & Supplies	Prepayments	Consumer Deposits	Working Capital
Jan-2013	\$ 162,552	\$ 66,090	\$ (46,465)	\$ 182,177
Feb-2013	\$ 157,073	\$ 72,706	\$ (46,565)	\$ 183,214
Mar-2013	\$ 156,040	\$ 62,366	\$ (47,565)	\$ 170,841
Apr-2013	\$ 149,383	\$ 572,553	\$ (46,965)	\$ 674,971 *
May-2013	\$ 150,376	\$ 587,715	\$ (47,665)	\$ 690,426
Jun-2013	\$ 148,334	\$ 518,142	\$ (49,365)	\$ 617,111
Jul-2013	\$ 143,365	\$ 480,079	\$ (47,865)	\$ 575,580
Aug-2013	\$ 140,654	\$ 420,927	\$ (46,885)	\$ 514,697
Sep-2013	\$ 145,276	\$ 396,625	\$ (47,585)	\$ 494,316
Oct-2013	\$ 133,232	\$ 433,284	\$ (47,985)	\$ 518,531
Nov-2013	\$ 127,551	\$ 441,081	\$ (48,885)	\$ 519,747
Dec-2013	\$ 154,261	\$ 457,174	\$ (48,885)	\$ 562,550
Jan-2014	\$ 146,998	\$ 468,950	\$ (49,385)	\$ 566,563 Year End
Average	\$ 147,315	\$ 382,899	\$ (47,851)	\$ 482,363

* Prepayment of Employee Retirement @ \$475,099 Y/E balance of \$431,000

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

ADJUSTED TEST YEAR INCOME STATEMENT
Schedule C-1
Recap Schedules: A-1, E-2

2,946,883

G/L # Revenue	Total	Test Year		Arizona Percent	Allocation Method
		Arizona Allocation	New Mexico Allocation		
440 Residential	\$ 2,245,442	\$ 1,972,111	\$ 273,331	87.83%	Actual
441 Irrigation	\$ 373,096	\$ 227,219	\$ 145,877	60.90%	Actual
442 Commercial	\$ 777,434	\$ 734,482	\$ 42,951	94.48%	Actual
444 Public Street Lighting	\$ 15,214	\$ 13,071	\$ 2,144	85.91%	Actual
Subtotal Revenue from Electric Sales	\$ 3,411,186	\$ 2,946,883	\$ 464,303		
447 Power Cost Adjuster - Over/Under	\$ (39,202)	\$ (34,006)	\$ (5,195)	86.75%	kWh Sales
451 Misc. Service Revenue	\$ 20,356	\$ 17,585	\$ 2,771	86.39%	Sales Revenue
454 Rents	\$ 23,862	\$ 20,614	\$ 3,247	86.39%	Distribution Plant
455 Interdepartment Rents	\$ 6,967	\$ 5,994	\$ 972	86.04%	Number of Customers
456 Other Electric Revenue	\$ 966	\$ 835	\$ 131	86.39%	Sales Revenue
Subtotal Other Electric Revenue	\$ 12,949	\$ 11,022	\$ 1,927		
TOTAL REVENUE	\$ 3,424,135	\$ 2,957,905	\$ 466,230		
Expenses					
555 Power Cost	\$ 2,220,581	\$ 1,926,293	\$ 294,287	86.75%	kWh Sales
580 Supervisory	\$ (546)	\$ (471)	\$ (74)	86.39%	Distribution Plant
583 Overhead Lines	\$ 316,273	\$ 273,232	\$ 43,042	86.39%	Distribution Plant
584 Underground Lines	\$ 59	\$ 51	\$ 8	86.39%	Distribution Plant
586 Metering	\$ 7,141	\$ 6,169	\$ 972	86.39%	Distribution Plant
589 Rents	\$ 9,127	\$ 7,885	\$ 1,242	86.39%	Distribution Plant
Subtotal Distribution/Operations	\$ 332,054	\$ 286,864	\$ 45,189		
593 Overhead Lines	\$ 125,446	\$ 108,374	\$ 17,072	86.39%	Distribution Plant
594 Underground Lines	\$ 612	\$ 529	\$ 83	86.39%	Distribution Plant
595 Transformers	\$ 20,159	\$ 17,415	\$ 2,743	86.39%	Distribution Plant
597 Metering	\$ 3,331	\$ 2,878	\$ 453	86.39%	Distribution Plant
Subtotal Distribution/Maintenance	\$ 149,548	\$ 129,196	\$ 20,352		
902 Meter Reading	\$ 82,334	\$ 70,841	\$ 11,492	86.04%	Number of Customers
903 Consumer Expense	\$ 183,767	\$ 158,116	\$ 25,651	86.04%	Number of Customers
904 Reserve for Bad Debt	\$ 10,400	\$ 8,948	\$ 1,452	86.04%	Number of Customers
Subtotal Consumer Accounting	\$ 276,501	\$ 237,906	\$ 38,595		
909 Marketing	\$ 15,879	\$ 13,663	\$ 2,216	86.04%	Number of Customers
910 Information	\$ 1,810	\$ 1,557	\$ 253	86.04%	Number of Customers
Subtotal Customer Information	\$ 17,689	\$ 15,220	\$ 2,469		
920 Supervisory	\$ 1,257	\$ 1,090	\$ 167	86.75%	kWh Sales
921 Office Supplies	\$ 70,086	\$ 60,798	\$ 9,288	86.75%	kWh Sales
923 Outside Services	\$ 28,680	\$ 24,879	\$ 3,801	86.75%	kWh Sales
928 Regulatory	\$ 8,248	\$ 5,703	\$ 2,545	86.75%	Actual
930 Miscellaneous General	\$ 157,771	\$ 136,862	\$ 20,909	86.75%	kWh Sales
932 General Plant Maintenance	\$ 7,018	\$ 6,088	\$ 930	86.75%	kWh Sales
Subtotal Administrative & General	\$ 273,060	\$ 235,420	\$ 37,640		
TOTAL OPER/MAINT EXP.	\$ 3,269,432	\$ 2,830,900	\$ 438,532		
403 Depreciation Distribution	\$ 222,055	\$ 192,153	\$ 29,902	86.53%	Actual
403 Depreciation General Plant	\$ 28,855	\$ 24,828	\$ 4,028	86.04%	Number of Customers
Subtotal Depreciation	\$ 250,910	\$ 216,981	\$ 33,930		
408 Undistributed Tax Expense	-12	\$ (10)	\$ (2)	86.75%	kWh Sales
427 Interest Long Term Debt	\$ 22,653	\$ 19,570	\$ 3,083	86.39%	Distribution Plant
431 Interest Consumer Deposits	\$ 97	\$ 83	\$ 13	86.04%	Number of Customers
Subtotal Interest	\$ 22,749	\$ 19,653	\$ 3,096		
TOTAL COST OF SERVICE	\$ 3,543,080	\$ 3,067,523	\$ 475,556		
OPERATING MARGINS	\$ (118,945)	\$ (109,619)	\$ (9,326)		

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

SUMMARY OF INCOME STATEMENT PRO FORMA ADJUSTMENTS

Schedule C-2

Recap Schedules: N/A

No pro forma adjustments were made to the income statement.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

COST OF LONG-TERM AND SHORT-TERM DEBT

Schedule D-2

Recap Schedules: E-1

	Year End		Test Year	2014
Debt	Principal	Interest	Annual	Projected
	Balance	Rate	Interest	Annual
			Interest	Interest
Altec Capital - Truck	\$201,888	5.3639%	\$ 11,414	\$ 10,224
NRUCFC - Prepaid Retirement	\$431,000	2.9000%	\$ 11,239	
NRUCFC - Prepaid Retirement*		2.9500%		\$ 12,465
Totals			\$ 22,653	\$ 22,689

*Converted Line of Credit borrowing to Long-Term Debt Jan 2014

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

COMPARATIVE BALANCE SHEET
Schedule E-1
Recap Schedules: E-5

	Test Year	2012	2011
ASSETS & DEBITS			
Total Utility Plant in Service	\$ 8,502,162	\$ 8,265,096	\$ 7,952,358
Construction Work in Progress	\$ 27,678	\$ (4,066)	\$ (3,964)
Total Utility Plant	\$ 8,529,840	\$ 8,261,030	\$ 7,948,394
Accum. Provision for Depreciation	\$ 5,307,209	\$ 5,034,032	\$ 4,900,923
Net Utility Plant	\$ 3,222,631	\$ 3,226,998	\$ 3,047,471
Nonutility Property - Net	\$ 22,728	\$ 22,728	\$ 22,728
Investment in Subsidiary Companies	\$ 196,785	\$ 140,943	\$ 106,032
Invest in Assoc Org - Patronage Capital	\$ 1,406,558	\$ 1,315,080	\$ 1,297,188
Invest in Assoc Org - General Funds	\$ 686,315	\$ 687,349	\$ 687,349
Invest in Gas Division	\$ 1,136,414	\$ 1,113,667	\$ 1,144,948
Other Investments	\$ 35,357	\$ 41,697	\$ 42,177
Special Funds	\$ 46,580	\$ 52,457	\$ 65,030
Total Property & Investments	\$ 3,530,738	\$ 3,373,921	\$ 3,365,451
Cash-General Funds	\$ 153,508	\$ 170,429	\$ 195,266
Temporary Investments	\$ 1,464,364	\$ 1,111,358	\$ 1,043,608
Accounts Receivable - Net Sales of Energy	\$ 336,398	\$ 277,842	\$ 315,161
Accounts Receivable - Net Other	\$ 804	\$ 1,287	\$ 1,109
Materials & Supplies	\$ 146,998	\$ 164,641	\$ 142,844
Prepayments	\$ 62,046	\$ 43,589	\$ 44,049
Other Current & Accrued Assets	\$ 27,683	\$ 21,797	\$ 16,515
Total Current Assets	\$ 2,191,801	\$ 1,790,943	\$ 1,758,553
Deferred Debits	\$ 406,904	\$ 48,773	\$ 13,753
Total Assets & Other Debits	\$ 9,352,073	\$ 8,440,635	\$ 8,185,228
LIABILITIES & CREDITS			
Membership	\$ -	\$ -	\$ -
Patronage Capital	\$ 7,535,553	\$ 7,535,553	\$ 7,535,553
Operating Margins - Prior Years	\$ (124,409)	\$ (223,541)	\$ (331,537)
Operating Margins - Current Year	\$ (1,467)	\$ (122,300)	\$ (120,607)
Non Operating Margins	\$ 4,204	\$ 127,939	\$ 228,603
Other Margins and Equities	\$ 525,530	\$ 243,776	\$ 175,869
Total Margins & Equities	\$ 7,939,410	\$ 7,561,427	\$ 7,487,880
Long Term Debt	\$ 573,871	\$ 203,900	\$ -
Accounts Payable	\$ 341,704	\$ 284,087	\$ 270,342
Consumer Deposits	\$ 49,385	\$ 45,465	\$ 41,365
Current Maturities - Long-Term Debt	\$ 56,996	\$ 21,549	\$ -
Other Current & Accrued Liabilities	\$ 243,085	\$ 209,198	\$ 212,104
Total Current Liabilities	\$ 691,170	\$ 560,300	\$ 523,811
Deferred Credits	\$ 147,623	\$ 115,009	\$ 173,537
Total Liabilities & Other Credits	\$ 9,352,073	\$ 8,440,635	\$ 8,185,228

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

COMPARATIVE INCOME STATEMENTS

Schedule E-2

Recap Schedules: E-6

	Test Year	2012	2011
Operating Revenue	\$ 3,424,135	\$ 3,408,813	\$ 3,405,176
Cost of Power	\$ 2,220,581	\$ 2,268,406	\$ 2,303,197
Distribution Expense Operations	\$ 332,054	\$ 339,558	\$ 333,357
Distribution Expense Maintenance	\$ 149,548	\$ 132,311	\$ 141,360
Consumer Accounting	\$ 276,501	\$ 266,349	\$ 252,775
Customer Information	\$ 17,689	\$ 25,344	\$ 21,370
Administrative & General	\$ 273,060	\$ 253,074	\$ 236,782
Total Operations/Maintenance Expense	\$ 3,269,432	\$ 3,285,043	\$ 3,288,841
Depreciation	\$ 250,910	\$ 239,704	\$ 236,768
Interest on Long Term Debt	\$ 22,653	\$ 6,224	\$ 15
Interest on Consumer Deposits	\$ 97	\$ 142	\$ 159
Undistributed Tax Expense	\$ (12)	\$ -	\$ -
Total Cost of Service	\$ 3,543,080	\$ 3,531,113	\$ 3,525,783
Operating Margins	\$ (118,945)	\$ (122,300)	\$ (120,607)
Interest Earned	\$ 67,452	\$ 64,577	\$ 58,508
Income from Subsidiary Operations	\$ 54,343	\$ 34,911	\$ 42,039
Other Non-Operating Margins	\$ 990	\$ -	\$ -
Power Supply Capital Credits	\$ 89,798	\$ 23,816	\$ 124,616
Other Capital Credits	\$ 7,459	\$ 4,635	\$ 3,440
Total Margins	\$ 101,097	\$ 5,639	\$ 107,996

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

DETAIL OF UTILITY PLANT
Schedule E-5
Recap Schedules: A-4, E-1

	Apportion % Arizona 86.39%			New Mexico 13.61%					
	Year End 2012	Arizona Net Additions	Year End Test Year	Year End 2012	New Mexico Net Additions	Year End Test Year	Year End 2012	Total Net Additions	Year End Test Year
Intangible Plant (Actual)									
301.00 Organization	\$ 176	\$ -	\$ 176	\$ -	\$ -	\$ -	\$ 176	\$ -	\$ 176
Subtotal	\$ 176	\$ -	\$ 176	\$ -	\$ -	\$ -	\$ 176	\$ -	\$ 176
Distribution Plant (Actual)									
Distribution Plant - Jan 2013		\$ -			\$ -			\$ -	
360.10 Land - Distribution	\$ 2,397	\$ -	\$ 2,397	\$ -	\$ -	\$ -	\$ 2,397	\$ -	\$ 2,397
362.10 Station Equipment	\$ 145,413	\$ -	\$ 145,413	\$ -	\$ -	\$ -	\$ 145,413	\$ -	\$ 145,413
364.10 Poles, Towers, & Fixtures	\$ 1,583,142	\$ 29,069	\$ 1,612,210	\$ -	\$ -	\$ -	\$ 1,583,142	\$ 29,069	\$ 1,612,210
364.20 Poles, Towers, & Fixtures	\$ -	\$ -	\$ -	\$ 303,735	\$ 17,202	\$ 320,936	\$ 303,735	\$ 17,202	\$ 320,936
365.10 Overhead Conductor	\$ 1,446,152	\$ 9,369	\$ 1,455,521	\$ -	\$ -	\$ -	\$ 1,446,152	\$ 9,369	\$ 1,455,521
365.20 Overhead Conductor	\$ -	\$ -	\$ -	\$ 296,002	\$ 4,716	\$ 300,719	\$ 296,002	\$ 4,716	\$ 300,719
366.10 Underground Conduit	\$ 21,335	\$ -	\$ 21,335	\$ -	\$ -	\$ -	\$ 21,335	\$ -	\$ 21,335
367.10 Underground Conductor	\$ 140,619	\$ 751	\$ 141,370	\$ -	\$ -	\$ -	\$ 140,619	\$ 751	\$ 141,370
368.10 Line Transformers	\$ 1,221,677	\$ -	\$ 1,221,677	\$ -	\$ -	\$ -	\$ 1,221,677	\$ -	\$ 1,221,677
368.20 Line Transformers	\$ -	\$ 31,204	\$ 31,204	\$ 138,426	\$ 4,267	\$ 142,693	\$ 138,426	\$ 35,472	\$ 173,898
369.10 Services	\$ 469,375	\$ 28,048	\$ 497,422	\$ -	\$ -	\$ -	\$ 469,375	\$ 28,048	\$ 497,422
369.20 Services	\$ -	\$ -	\$ -	\$ 69,810	\$ 7,008	\$ 76,818	\$ 69,810	\$ 7,008	\$ 76,818
370.10 Meters	\$ 482,877	\$ 53,145	\$ 536,022	\$ -	\$ -	\$ -	\$ 482,877	\$ 53,145	\$ 536,022
370.20 Meters	\$ -	\$ -	\$ -	\$ 50,427	\$ 11,551	\$ 61,978	\$ 50,427	\$ 11,551	\$ 61,978
371.10 Security Lights	\$ 143,299	\$ 9,560	\$ 152,859	\$ -	\$ -	\$ -	\$ 143,299	\$ 9,560	\$ 152,859
371.20 Security Lights	\$ -	\$ -	\$ -	\$ 12,999	\$ 239	\$ 13,237	\$ 12,999	\$ 239	\$ 13,237
Subtotal	\$5,656,286	\$161,145	\$5,817,431	\$ 871,398	\$ 44,983	\$ 916,381	\$6,527,684	\$206,129	\$6,733,812
General Plant (Apportioned)									
General Plant - Jan 2013		\$ 4,320	\$ 4,320		\$ 680	\$ 680		\$ 5,000	\$ 5,000
389.00 Land - General	\$ 8,415	\$ -	\$ 8,415	\$ 1,326	\$ -	\$ 1,326	\$ 9,740	\$ -	\$ 9,740
390.00 Structures & Improvements	\$ 549,445	\$ -	\$ 549,445	\$ 86,548	\$ -	\$ 86,548	\$ 635,993	\$ -	\$ 635,993
391.00 Office Equipment	\$ 118,208	\$ 22,408	\$ 140,615	\$ 18,620	\$ 3,530	\$ 22,150	\$ 136,828	\$ 25,937	\$ 162,765
392.00 Transportation Equipment	\$ 371,531	\$ -	\$ 371,531	\$ 58,523	\$ -	\$ 58,523	\$ 430,054	\$ -	\$ 430,054
393.00 Stores Equipment	\$ 26,082	\$ -	\$ 26,082	\$ 4,108	\$ -	\$ 4,108	\$ 30,190	\$ -	\$ 30,190
394.00 Shop & Garage Equipment	\$ 16,360	\$ -	\$ 16,360	\$ 2,577	\$ -	\$ 2,577	\$ 18,937	\$ -	\$ 18,937
395.00 Laboratory Equipment	\$ 34,940	\$ -	\$ 34,940	\$ 5,504	\$ -	\$ 5,504	\$ 40,444	\$ -	\$ 40,444
396.00 Power Equipment	\$ 3,552	\$ -	\$ 3,552	\$ 559	\$ -	\$ 559	\$ 4,111	\$ -	\$ 4,111
396.12 Power Equipment - Vehicle	\$ 198,904	\$ -	\$ 198,904	\$ 31,331	\$ -	\$ 31,331	\$ 230,236	\$ -	\$ 230,236
396.13 Power Equipment - Backhoe	\$ 64,971	\$ -	\$ 64,971	\$ 10,234	\$ -	\$ 10,234	\$ 75,205	\$ -	\$ 75,205
397.00 Communications Equipment	\$ 47,270	\$ -	\$ 47,270	\$ 7,446	\$ -	\$ 7,446	\$ 54,715	\$ -	\$ 54,715
398.00 Miscellaneous Equipment	\$ 46,947	\$ -	\$ 46,947	\$ 7,395	\$ -	\$ 7,395	\$ 54,342	\$ -	\$ 54,342
399.00 Other Equipment	\$ 14,203	\$ -	\$ 14,203	\$ 2,237	\$ -	\$ 2,237	\$ 16,440	\$ -	\$ 16,440
Subtotal	\$1,500,828	\$ 26,727	\$1,527,555	\$ 236,408	\$ 4,210	\$ 240,618	\$1,737,236	\$ 30,937	\$1,768,173
Total Plant	\$7,157,289	\$187,873	\$7,345,162	\$1,107,806	\$ 49,193	\$1,157,000	\$8,265,096	\$237,066	\$8,502,162
Construction Work in Prog. - Jan 2013		\$ 6,248			\$ 2,584			\$ 8,832	
107.21 Construction Work in Prog. (Actual)	\$ 3,198	\$ 7,325	\$ 16,771	\$ (7,264)	\$ 15,587	\$ 10,907	\$ (4,066)	\$ 22,912	\$ 27,678
Total Plant in Service	\$7,160,488	\$201,445	\$7,361,933	\$1,100,542	\$ 67,364	\$1,167,906	\$8,261,030	\$268,810	\$8,529,840
Accumulated Depreciation									
Distribution - Jan 2013		\$ 15,866			\$ 2,460	\$ -		\$ 18,325	
108.50 Distribution (Actual)	\$ 3,285,041	\$ 166,671	\$ 3,467,578	\$ -	\$ -	\$ -	\$ 3,285,041	\$ 166,671	\$ 3,467,578
108.60 Distribution (Actual)	\$ -	\$ -	\$ -	\$ 486,703	\$ 21,490	\$ 510,653	\$ 486,703	\$ 21,490	\$ 510,653
108.7x General (Apportioned)	\$ 1,091,387	\$ 49,838	\$ 1,141,225	\$ 171,914	\$ 7,850	\$ 179,764	\$ 1,263,300	\$ 57,689	\$ 1,320,989
General - Jan 2013	\$ -	\$ 8,142	\$ 8,142	\$ -	\$ 1,282	\$ 1,282	\$ -	\$ 9,424	\$ 9,424
108.81 Retirement Work in Prog. (Actual)	\$ 288	\$ (708)	\$ (420)	\$ (1,012.76)	\$ 284	\$ (729)	\$ (724)	\$ (425)	\$ (1,435)
108.81 Retirement WIP - Jan 2013 (Actual)		\$ (286)			\$ -			\$ (286)	
Subtotal	\$4,376,716	\$239,523	\$4,616,524	\$ 657,604	\$ 33,366	\$ 690,971	\$5,034,320	\$272,889	\$5,307,209
Total Net Utility Plant	\$2,783,772	\$ (38,077)	\$2,745,409	\$ 442,938	\$ 33,998	\$ 476,936	\$3,226,710	\$ (4,079)	\$3,222,631

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

COMPARATIVE DEPARTMENTAL OPERATING INCOME STATEMENTS

Schedule E-6

Recap Schedules: E-2

All schedules reflect electric division operations.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

OPERATING STATISTICS
Schedule E-7.0

	Test Year		2012		2011	
	Arizona	New Mexico	Arizona	New Mexico	Arizona	New Mexico

Type of Service	Arizona	New Mexico	Total	Arizona	New Mexico	Total	Arizona	New Mexico	Total
kWh Sales									
Single Phase	18,466,768	2,388,149	20,854,917	17,591,514	2,639,653	20,231,167	17,408,166	2,703,060	20,111,226
Single Phase TOU	24,466	-	24,466	27,102	-	27,102	41,987	-	41,987
Single Phase Demand	2,353,522	234,940	2,588,462	1,776,365	158,429	1,934,794	1,645,665	142,558	1,788,223
Three Phase	664,802	163,477	828,279	619,307	205,358	824,665	622,894	170,288	793,182
Three Phase Demand	2,961,820	969,516	3,931,336	3,020,931	1,183,278	4,204,209	3,150,349	1,195,622	4,345,971
Public Street Lighting	102,000	15,120	117,120	102,480	15,120	117,600	102,000	15,120	117,120
Subtotal	24,573,378	3,771,202	28,344,580	23,137,699	4,201,838	27,339,537	22,971,061	4,226,648	27,197,709
Private Security Lighting	340,130	34,930	375,060	-	-	-	-	-	-
Total	24,913,508	3,806,132	28,719,640	23,137,699	4,201,838	27,339,537	22,971,061	4,226,648	27,197,709
RUS Revenue Classes									
Residential	15,911,652	2,209,843	18,121,495	15,406,306	2,330,920	17,737,226	15,231,514	2,374,548	17,606,062
Irrigation	1,929,761	1,215,862	3,145,623	2,073,766	1,480,541	3,554,307	2,228,566	1,468,634	3,697,200
Commercial	6,629,965	330,377	6,960,342	5,555,147	375,257	5,930,404	5,408,981	368,346	5,777,327
Public Street Lighting	102,000	15,120	117,120	102,480	15,120	117,600	102,000	15,120	117,120
Subtotal	24,573,378	3,771,202	28,344,580	23,137,699	4,201,838	27,339,537	22,971,061	4,226,648	27,197,709
Private Security Lighting	340,130	34,930	375,060	-	-	-	-	-	-
Total	24,913,508	3,806,132	28,719,640	23,137,699	4,201,838	27,339,537	22,971,061	4,226,648	27,197,709

Average Number of Customers

Type of Service	Arizona	New Mexico	Total	Arizona	New Mexico	Total	Arizona	New Mexico	Total
Single Phase	1,964	297	2,261	1,888	297	2,185	1,870	293	2,163
Single Phase TOU	2	-	2	2	-	2	3	-	3
Single Phase Demand	31	4	35	30	2	32	28	2	30
Three Phase	50	12	63	51	13	64	49	12	61
Three Phase Demand	45	25	70	44	23	67	46	22	68
Public Street Lighting	1	1	2	1	1	2	1	1	2
Subtotal	2,093	340	2,432	2,016	336	2,352	1,997	330	2,327
Private Security Lighting	405	42	447	385	43	428	367	41	408
Total	2,498	381	2,879	2,401	379	2,780	2,364	371	2,735
RUS Revenue Classes									
Residential	1,751	243	1,994	1,684	241	1,925	1,658	237	1,895
Irrigation	61	44	105	61	43	104	63	41	104
Commercial	280	52	332	270	51	321	275	51	326
Public Street Lighting	1	1	2	1	1	2	1	1	2
Total	2,093	340	2,433	2,016	336	2,352	1,997	330	2,327

Notes:

Net Metered Customers are included in respective type of service

Private Security Lights are billed to customers already having service and are not separate metered accounts.

Totals for Average Number of Customers is calculated by total number of bills for class divided by 12 months. Rounding errors are inherent.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

OPERATING STATISTICS
Schedule E-7.1

	2012			2011		
	Arizona	New Mexico	Total	Arizona	New Mexico	Total

Average Monthly kWh Use

Type of Service	783	671	769	776	741	772	776	769	775
Single Phase	1,019	-	1,019	1,129	-	1,129	1,166	-	1,166
Single Phase TOU	6,395	4,795	6,207	4,934	6,601	5,039	4,898	5,940	4,967
Three Phase	1,102	1,097	1,101	1,012	1,316	1,074	1,059	1,183	1,084
Three Phase Demand	5,536	3,189	4,686	5,721	4,287	5,229	5,707	4,529	5,326
Public Street Lighting	8,500	1,260	4,880	8,540	1,260	4,900	8,500	1,260	4,880

RUS Revenue Classes

Residential	757	758	757	762	806	768	766	835	774
Irrigation	2,636	2,303	2,497	2,833	2,869	2,848	2,948	2,985	2,963
Commercial	1,976	529	1,749	1,715	613	1,540	1,639	602	1,477
Public Street Lighting	8,500	1,260	4,880	8,540	1,260	4,900	8,500	1,260	4,880

Average Annual Revenue per Residential Customer

Annual	\$ 941.46	\$ 937.06	\$ 940.92	\$ 1,151.01	\$ 1,203.29	\$ 1,157.56	\$ 1,198.95	\$ 1,287.82	\$ 1,210.06
Monthly	\$ 78.45	\$ 78.09	\$ 78.41	\$ 95.92	\$ 100.27	\$ 96.46	\$ 99.91	\$ 107.32	\$ 100.84

kWh Purchase Expense

kWh Purchased	31,302,347	29,863,846
Total Cost	\$2,233,228	\$2,268,406
		29,616,230
		\$2,303,197

Notes:

Net Metered Customers are included in respective type of service
Private Security Lights are billed to customers already having service and are not separate metered accounts.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

NOTES TO FINANCIAL STATEMENTS
Schedule E-9

Accounting Method

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission for Class A and B electric utilities modified for electric borrowers of the Rural Utilities Service (RUS).

Depreciation Lives and Methods Employed by Major Classifications of Utility Property

Provision for depreciation of distribution plant at straight-line composite rates as follows:

Station Equipment	3.20%
Poles, Towers, and Fixtures	4.00%
Overhead Conductors and Devices	2.80%
Underground Conduit	2.80%
Underground Conductors and Devices	2.90%
Line Transformers	3.10%
Services	3.60%
Meters	3.40%
Street Lighting and Signal Systems	4.30%

Provision for depreciation of general plant rates on a straight-line basis as follows:

Structures & Improvements	2.85%	to	10.00%
Office Equipment	10.00%	to	33.30%
Transportation Equipment	5.00%	to	20.00%
Stores Equipment	10.00%	to	12.50%
Tools, Shop & Garage Equipment	8.34%	to	20.00%
Laboratory Equipment	8.34%	to	20.00%
Communications Equipment	10.00%	to	20.00%
Miscellaneous Equipment			20.00%

Income Tax Treatment

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code as long as 85% of its revenue is from members for the sole purpose of meeting losses and expenses. For the year ended December 31, 2013, the Cooperative qualified for exemption.

The Cooperative and Subsidiary have adopted the "uncertain tax positions" provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Cooperative is its' filing status as a tax exempt entity. The Cooperative and Subsidiary determined that it is more likely than not that their tax positions will be sustained upon examination by The Internal Revenue Service (IRS), or other State taxing authority, and that all tax benefits are likely to be realized upon settlement with taxing authorities.

Interest Rate Used to Charge Interest During Construction, If Applicable

The Cooperative does not charge interest during construction.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

PROJECTED INCOME STATEMENT - PRESENT & PROPOSED RATES
Schedule F-1
Recap Schedules: E-2

	Present Rates			Test Year w/ Rate Change	Proposed Rates	
	Total Test Year	Arizona Allocation	New Mexico Allocation		Arizona Allocation	New Mexico Allocation
Electric Sales Revenue	\$ 3,411,186	\$ 2,946,883	\$ 464,303	\$ 3,582,097	\$ 3,093,295	\$ 488,802
Power Cost Adjuster - Over/Under	\$ (39,202)	\$ (34,006)	\$ (5,195)	\$ (39,202)	\$ (34,006)	\$ (5,195)
Misc. Service Revenue	\$ 20,356	\$ 17,585	\$ 2,771	\$ 20,356	\$ 17,585	\$ 2,771
Rents	\$ 23,862	\$ 20,614	\$ 3,247	\$ 23,862	\$ 20,614	\$ 3,247
Interdepartment Rents	\$ 6,967	\$ 5,994	\$ 972	\$ 6,967	\$ 5,994	\$ 972
Other Electric Revenue	\$ 966	\$ 835	\$ 131	\$ 966	\$ 835	\$ 131
Subtotal Other Electric Revenue	\$ 12,949	\$ 11,022	\$ 1,927	\$ 12,949	\$ 11,022	\$ 1,927
TOTAL REVENUE	\$ 3,424,135	\$ 2,957,905	\$ 466,230	\$ 3,595,045	\$ 3,104,317	\$ 490,729
Expenses						
Power Cost	\$ 2,220,581	\$ 1,926,293	\$ 294,287	\$ 2,220,581	\$ 1,926,293	\$ 294,287
Supervisory	\$ (546)	\$ (471)	\$ (74)	\$ (546)	\$ (471)	\$ (74)
Overhead Lines	\$ 316,273	\$ 273,232	\$ 43,042	\$ 316,273	\$ 273,232	\$ 43,042
Underground Lines	\$ 59	\$ 51	\$ 8	\$ 59	\$ 51	\$ 8
Metering	\$ 7,141	\$ 6,169	\$ 972	\$ 7,141	\$ 6,169	\$ 972
Rents	\$ 9,127	\$ 7,885	\$ 1,242	\$ 9,127	\$ 7,885	\$ 1,242
Subtotal Distribution/Operations	\$ 332,054	\$ 286,864	\$ 45,189	\$ 332,054	\$ 286,864	\$ 45,189
Overhead Lines	\$ 125,446	\$ 108,374	\$ 17,072	\$ 125,446	\$ 108,374	\$ 17,072
Underground Lines	\$ 612	\$ 529	\$ 83	\$ 612	\$ 529	\$ 83
Transformers	\$ 20,159	\$ 17,415	\$ 2,743	\$ 20,159	\$ 17,415	\$ 2,743
Metering	\$ 3,331	\$ 2,878	\$ 453	\$ 3,331	\$ 2,878	\$ 453
Subtotal Distribution/Maintenance	\$ 149,548	\$ 129,196	\$ 20,352	\$ 149,548	\$ 129,196	\$ 20,352
Meter Reading	\$ 82,334	\$ 70,841	\$ 11,492	\$ 82,334	\$ 70,841	\$ 11,492
Consumer Expense	\$ 183,767	\$ 158,116	\$ 25,651	\$ 183,767	\$ 158,116	\$ 25,651
Reserve for Bad Debt	\$ 10,400	\$ 8,948	\$ 1,452	\$ 10,400	\$ 8,948	\$ 1,452
Subtotal Consumer Accounting	\$ 276,501	\$ 237,906	\$ 38,595	\$ 276,501	\$ 237,906	\$ 38,595
Marketing	\$ 15,879	\$ 13,663	\$ 2,216	\$ 15,879	\$ 13,663	\$ 2,216
Information	\$ 1,810	\$ 1,557	\$ 253	\$ 1,810	\$ 1,557	\$ 253
Subtotal Customer Information	\$ 17,689	\$ 15,220	\$ 2,469	\$ 17,689	\$ 15,220	\$ 2,469
Supervisory	\$ 1,257	\$ 1,090	\$ 167	\$ 1,257	\$ 1,090	\$ 167
Office Supplies	\$ 70,086	\$ 60,798	\$ 9,288	\$ 70,086	\$ 60,798	\$ 9,288
Outside Services	\$ 28,680	\$ 24,879	\$ 3,801	\$ 28,680	\$ 24,879	\$ 3,801
Regulatory	\$ 8,248	\$ 5,703	\$ 2,545	\$ 8,248	\$ 5,703	\$ 2,545
Miscellaneous General	\$ 157,771	\$ 136,862	\$ 20,909	\$ 157,771	\$ 136,862	\$ 20,909
General Plant Maintenance	\$ 7,018	\$ 6,088	\$ 930	\$ 7,018	\$ 6,088	\$ 930
Subtotal Administrative & General	\$ 273,060	\$ 235,420	\$ 37,640	\$ 273,060	\$ 235,420	\$ 37,640
TOTAL OPER/MAINT EXP.	\$ 3,269,432	\$ 2,830,900	\$ 438,532	\$ 3,269,432	\$ 2,830,900	\$ 438,532
Depreciation Distribution	\$ 222,055	\$ 192,153	\$ 29,902	\$ 222,055	\$ 192,153	\$ 29,902
Depreciation General Plant	\$ 28,855	\$ 24,828	\$ 4,028	\$ 28,855	\$ 24,828	\$ 4,028
Subtotal Depreciation	\$ 250,910	\$ 216,981	\$ 33,930	\$ 250,910	\$ 216,981	\$ 33,930
Interest Long Term Debt	\$ 22,653	\$ 19,570	\$ 3,083	\$ 22,653	\$ 19,570	\$ 3,083
Interest Consumer Deposits	\$ 97	\$ 83	\$ 13	\$ 97	\$ 83	\$ 13
Subtotal Interest	\$ 22,749	\$ 19,653	\$ 3,096	\$ 22,749	\$ 19,653	\$ 3,096
TOTAL COST OF SERVICE	\$ 3,543,080	\$ 3,067,523	\$ 475,556	\$ 3,543,080	\$ 3,067,523	\$ 475,556
OPERATING MARGINS	\$ (118,945)	\$ (109,619)	\$ (9,326)	\$ 51,966	\$ 36,793	\$ 15,173

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

PROJECTED CHANGES IN FINANCIAL POSITION
Schedule F-2
Recap Schedules: A-5, F-3

	Test Year	Proposed Rates
<u>Sources of Funds</u>		
Net Margins	\$ 101,097	\$ 272,008
Noncash Capital Credits	\$ (97,257)	\$ (97,257)
Depreciation	\$ 279,744	\$ 279,744
Deferred Debits	\$(391,252)	\$(391,252)
Deferred Credits	\$ 27,818	\$ 27,818
Accounts Receivable	\$ 57,804	\$ 57,804
Inventories & Other Current Assets	\$ 11,738	\$ 11,738
Payables & Accrued Expenses	\$ 57,120	\$ 57,120
Total Funds from Operations	\$ 46,812	\$ 217,722
Proceeds from Borrowing	\$ 475,099	\$ 475,099
less Payments	\$ (67,766)	\$ (67,766)
Total Funds from Financing	\$ 407,333	\$ 407,333
Total Funds Received	\$ 454,145	\$ 625,056
<u>Cash Flows from Investing</u>		
Gross Additions to Plant	\$(271,642)	\$(271,642)
Retirements (Salvage - Removal Costs)	\$ (17,366)	\$ (17,366)
Investment in Associated Organizations	\$ (61,641)	\$ (61,641)
Energy Efficient Loans Receivable	\$ 4,230	\$ 4,230
Temporary Investments	\$ (46,253)	\$ (46,253)
Total Funds Applied	\$(392,672)	\$(392,672)
Change in Funds All Activities	\$ 61,473	\$ 232,383
Beginning Cash General Funds	\$ 92,035	\$ 92,035
Ending Cash General Funds	\$ 153,508	\$ 324,419

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

PROJECTED CONSTRUCTION REQUIREMENTS
Schedule F-3
Recap Schedules: A-4, F-2

		Distribution	General	Total
	2011	\$ 125,680	\$ (33,180)	\$ 92,500
	2012	\$ 176,853	\$ 154,862	\$ 331,715
	Test Year	\$ 245,705	\$ 25,937	\$ 271,642
Projected	2014	\$ 225,000	\$ 110,000	\$ 335,000
Projected	2015	\$ 230,000	\$ 125,000	\$ 355,000
Projected	2016	\$ 235,000	\$ -	\$ 235,000

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

ASSUMPTIONS USED IN DEVELOPING PROJECTION

Schedule F-4

1 Customer growth

No adjustment for customer growth was made

2 Growth in consumption and customer demand

No adjustment to test year customer usage was made

3 Changes in expenses

No projections were made for expenses. As explained in Schedule C-2 no pro forma adjustments have been made.

4 Construction requirements including production reserves and changes in plant capacity

Construction projections are based on prior years net plant additions. DVEC is a distribution cooperative and has added no production to meet capacity needs. A small amount of renewable generation was added during the test year for purposes of supporting the cooperative's renewable program.

5 Capital structure changes

All capital structure changes are current and reflected in the 2013 test year data. No changes were made beyond test year data.

6 Financing costs, interest rates

Interest rates were not changed, only applied to test year principal balances. Debt for the prepayment for employee reitirement that was started using our Line of Credit in 2013 is reflected as a long term loan for 2014. See Schedule D-2

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
 Docket No. E-01703A-14-0362
 Test Year Ended January 31, 2014

SUMMARY OF REVENUES BY CUSTOMER CLASSIFICATION - PRESENT AND PROPOSED RATES

Schedule H-1

Recap Schedules: A-1, H-2.0

	Present Rates		Proposed Rates		Revenue Increase		Percent Increase	
	AZ	NM	AZ	NM	AZ	NM	AZ	NM
Single Phase	\$1,860,121	\$ 250,789	\$1,959,036	\$ 264,092	\$ 98,915	\$ 13,304	5.32%	5.30%
Single Phase TOU	\$ 2,124	-	\$ 2,315	-	\$ 191	\$ -	9.00%	#N/A
Single Phase Demand	\$ 182,703	\$ 16,421	\$ 199,141	\$ 18,080	\$ 16,438	\$ 1,659	9.00%	10.11%
Three Phase	\$ 67,731	\$ 16,684	\$ 71,217	\$ 17,543	\$ 3,486	\$ 859	5.15%	5.15%
Three Phase Demand	\$ 275,508	\$ 94,083	\$ 300,302	\$ 102,457	\$ 24,794	\$ 8,374	9.00%	8.90%
Public Street Lighting	\$ 10,997	\$ 1,836	\$ 11,570	\$ 1,933	\$ 574	\$ 97	5.22%	5.29%
Private Security Lighting	\$ 40,539	\$ 4,144	\$ 42,552	\$ 4,350	\$ 2,013	\$ 206	4.97%	4.97%
Totals	\$2,439,723	\$ 383,957	\$2,586,134	\$ 408,456	\$ 146,412	\$ 24,499	6.00%	6.38%
Purchase Cost Adjustor	\$ -	\$ -	\$ 590,513					
Prior Year Bill Corrections			\$ (4,892)					
Minimum Bill Contracts			\$ 1,886					
Total - Test Year	\$2,439,723	\$ 383,957	\$3,411,186					

Totals **\$2,439,723** **\$ 383,957** **\$2,823,680** **\$ 408,456** **\$ 146,412** **\$ 24,499** **6.00%** **6.38%** **6.05%**

Purchase Cost Adjustor \$ - \$ - \$ 590,513
 Prior Year Bill Corrections \$ - \$ - \$ (4,892)
 Minimum Bill Contracts \$ - \$ - \$ 1,886

Total - Test Year **\$2,439,723** **\$ 383,957** **\$3,411,186**

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

ANALYSIS OF REVENUE BY DETAILED CLASS
Schedule H-2.0
Recap Schedules: H-1

	Annual Billing Units			Present Rates			Proposed Rates			Revenue Increase			Percent Increase		
	AZ	NM	Total	Charge	AZ	NM	Total	Charge	AZ	NM	Total	AZ	NM	Total	
Single Phase															
System Charge	23,571	3,560	27,131	\$ 20.00	\$ 471,420	\$ 71,200	\$ 542,620	\$ 21.00	\$ 494,991	\$ 74,760	\$ 569,751	\$ 23,571	\$ 3,560	\$ 27,131	
KWh Charge	18,466,768	2,388,149	20,854,917	\$0.07520	\$1,388,701	\$ 179,589	\$1,568,290	\$0.07928	\$1,464,045	\$ 189,332	\$1,653,378	\$ 75,344	\$ 9,744	\$ 85,088	
Revenue Totals				\$1,860,121	\$ 250,789	\$2,110,910	\$1,959,036	\$ 264,092	\$2,223,129	\$ 98,915	\$ 13,304	\$ 112,219	\$ 13,304	\$ -	\$ 112,219
Single Phase TOU															
System Charge	24	-	24	\$ 20.00	\$ 480	\$ -	\$ 480	\$ 21.00	\$ 504	\$ -	\$ 504	\$ 24	\$ -	\$ 24	
Metering Charge	24	-	24	\$ 2.50	\$ 60	\$ -	\$ 60	\$ 2.50	\$ 60	\$ -	\$ 60	\$ 4	\$ -	\$ 4	
KWh On Peak Charge	3,660	-	3,660	\$0.14766	\$ 538	\$ -	\$ 538	\$0.14766	\$ 540	\$ -	\$ 540	\$ 24	\$ -	\$ 24	
KWh Off Peak Charge	20,806	-	20,806	\$0.05150	\$ 1,072	\$ -	\$ 1,072	\$0.05819	\$ 1,211	\$ -	\$ 1,211	\$ 139	\$ -	\$ 139	
Revenue Totals				\$ 2,124	\$ -	\$ 2,124	\$ 2,315	\$ -	\$ 2,315	\$ 191	\$ -	\$ 191	\$ -	\$ -	
Single Phase Demand															
System Charge	368	49	417	\$ 30.00	\$ 11,040	\$ 1,470	\$ 12,510	\$ 31.50	\$ 11,592	\$ 1,544	\$ 13,136	\$ 552	\$ 74	\$ 626	
KWh Charge	2,353,522	234,940	2,588,462	\$0.05650	\$ 132,974	\$ 13,274	\$ 146,248	\$0.06325	\$ 148,860	\$ 14,860	\$ 163,720	\$ 15,886	\$ 1,586	\$ 17,472	
KW Charge >15 KW	3,868.90	167.67	4,036.57	\$ 10.00	\$ 38,689	\$ 1,677	\$ 40,366	\$ 10.00	\$ 38,689	\$ 1,677	\$ 40,366	\$ -	\$ -	\$ -	
Revenue Totals				\$ 182,703	\$ 16,421	\$ 199,124	\$ 199,141	\$ 18,080	\$ 217,221	\$ 16,438	\$ 1,659	\$ 18,098	\$ 1,659	\$ -	\$ 18,098
Three Phase															
System Charge	603	149	752	\$ 40.00	\$ 24,120	\$ 5,960	\$ 30,080	\$ 42.00	\$ 25,326	\$ 6,258	\$ 31,584	\$ 1,206	\$ 288	\$ 1,504	
KWh Charge	664,802	163,477	828,279	\$0.06560	\$ 43,611	\$ 10,724	\$ 54,335	\$0.06903	\$ 45,891	\$ 11,285	\$ 57,176	\$ 2,280	\$ 561	\$ 2,841	
Revenue Totals				\$ 67,731	\$ 16,684	\$ 84,415	\$ 88,760	\$ 71,217	\$ 17,543	\$ 88,760	\$ 88,760	\$ 3,486	\$ 859	\$ 4,345	
Three Phase Demand															
System Charge	535	304	839	\$ 40.00	\$ 21,400	\$ 12,160	\$ 33,560	\$ 42.00	\$ 22,470	\$ 12,768	\$ 35,238	\$ 1,070	\$ 608	\$ 1,678	
KWh Charge	2,961,820	969,516	3,931,336	\$0.05966	\$ 176,702	\$ 57,841	\$ 234,544	\$0.06767	\$ 200,426	\$ 65,807	\$ 266,034	\$ 23,724	\$ 7,766	\$ 31,490	
KW Charge >15 KW	7,740.58	2,408.18	10,148.76	\$ 10.00	\$ 77,406	\$ 24,082	\$ 101,488	\$ 10.00	\$ 77,406	\$ 24,082	\$ 101,488	\$ -	\$ -	\$ -	
Revenue Totals				\$ 275,508	\$ 94,083	\$ 369,591	\$ 402,759	\$ 300,302	\$ 102,457	\$ 402,759	\$ 24,794	\$ 8,374	\$ 33,168	\$ 8,374	\$ 33,168
Public Street Lighting															
400 Watt	264	-	264	\$ 13.70	\$ 3,617	\$ -	\$ 3,617	\$ 14.40	\$ 3,802	\$ -	\$ 3,802	\$ 185	\$ -	\$ 185	
170 Watt	792	216	1,008	\$ 8.50	\$ 6,732	\$ 1,836	\$ 8,568	\$ 8.95	\$ 7,088	\$ 1,933	\$ 9,022	\$ 356	\$ 97	\$ 454	
100 Watt	108	-	108	\$ 6.00	\$ 648	\$ -	\$ 648	\$ 6.30	\$ 680	\$ -	\$ 680	\$ 32	\$ -	\$ 32	
Revenue Totals				\$ 10,997	\$ 1,836	\$ 12,833	\$ 13,504	\$ 11,570	\$ 1,933	\$ 13,504	\$ 13,504	\$ 574	\$ 97	\$ 671	
Private Security Lighting															
No Pole	3,470	372	3,842	\$ 8.00	\$ 27,760	\$ 2,976	\$ 30,736	\$ 8.40	\$ 29,148	\$ 3,125	\$ 32,273	\$ 1,388	\$ 149	\$ 1,537	
With Pole	1,389	127	1,516	\$ 9.20	\$ 12,779	\$ 1,168	\$ 13,947	\$ 9.65	\$ 13,404	\$ 1,226	\$ 14,629	\$ 625	\$ 57	\$ 682	
Revenue Totals				\$ 40,539	\$ 4,144	\$ 44,683	\$ 46,902	\$ 42,552	\$ 4,350	\$ 46,902	\$ 2,013	\$ 206	\$ 2,219	\$ 206	\$ 2,219
Total Base Revenue				\$2,439,723	\$ 383,957	\$2,823,680	\$2,823,680	\$2,586,134	\$ 408,456	\$2,994,590	\$ 146,412	\$ 24,499	\$ 170,911	\$ 600	\$ 6,388
Purchase Cost Adjustor							\$ 590,513								
Prior Year Bill Corrections							\$ (4,892)								
Minimum Bill Contracts							\$ 1,886								
Total - Test Year				\$2,439,723	\$ 383,957	\$3,411,186	\$3,411,186	\$2,439,723	\$ 383,957	\$3,411,186	\$ 1,886	\$ 1,886	\$ 1,886	\$ 1,886	\$ 1,886

Notes:
Net Metered Customers are included in respective type of service
Private Security Lights are billed to customers already having service and are not separate metered accounts.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
 Docket No. E-01703A-14-0362
 Test Year Ended January 31, 2014

ANALYSIS OF REVENUE - RESIDENTIAL CUSTOMERS
 Schedule H-2.1
 Recap Schedules: H-1

	Billing Units		Present Rates			Proposed Rates			Revenue Increase			Percent Increase			
	AZ	NM	Total	Charge	AZ	NM	Total	Charge	AZ	NM	Total	AZ	NM	Total	
Single Phase															
System Charge	20,975	2,863	23,838	\$ 20.00	\$ 419,500	\$ 57,260	\$ 476,760	\$ 21.00	\$ 440,475	\$ 60,123	\$ 500,598	\$ 20,975	\$ 2,863	\$ 23,838	
KWh Charge	15,864,087	2,074,541	17,938,628	\$ 0.07520	\$ 1,192,979	\$ 156,005	\$ 1,348,985	\$ 0.07928	\$ 1,257,705	\$ 164,470	\$ 1,422,174	\$ 64,725	\$ 8,464	\$ 73,190	
Revenue Totals				\$ 1,612,479	\$ 213,265	\$ 1,825,745	\$ 1,698,180	\$ 224,593	\$ 1,922,772	\$ 85,700	\$ 11,327	\$ 97,028	\$ 11,327	\$ 8,464	\$ 121,492
Single Phase TOU															
System Charge	12	-	12	\$ 20.00	\$ 240	\$ -	\$ 240	\$ 21.00	\$ 252	\$ -	\$ 252	\$ 12	\$ -	\$ 12	
Metering Charge	12	-	12	\$ 2.35	\$ 28	\$ -	\$ 28	\$ 2.50	\$ 30	\$ -	\$ 30	\$ 2	\$ -	\$ 2	
KWh On Peak Charge	3,199	-	3,199	\$ 0.14100	\$ 451	\$ -	\$ 451	\$ 0.14766	\$ 472	\$ -	\$ 472	\$ 21	\$ -	\$ 21	
KWh Off Peak Charge	11,431	-	11,431	\$ 0.05150	\$ 589	\$ -	\$ 589	\$ 0.05819	\$ 665	\$ -	\$ 665	\$ 76	\$ -	\$ 76	
Revenue Totals				\$ 1,308	\$ -	\$ 1,308	\$ 1,420	\$ -	\$ 1,420	\$ -	\$ -	\$ 112	\$ -	\$ 112	
Single Phase Demand															
System Charge	12	37	49	\$ 30.00	\$ 360	\$ 1,110	\$ 1,470	\$ 31.50	\$ 378	\$ 1,166	\$ 1,544	\$ 18	\$ 56	\$ 74	
KWh Charge	32,155	125,820	157,975	\$ 0.05650	\$ 1,817	\$ 7,109	\$ 8,926	\$ 0.06325	\$ 2,034	\$ 7,958	\$ 9,992	\$ 217	\$ 849	\$ 1,066	
KW Charge >15 KW	21.02	116.69	137.71	\$ 10.00	\$ 210	\$ 1,167	\$ 1,377	\$ 10.00	\$ 210	\$ 1,167	\$ 1,377	\$ -	\$ -	\$ -	
Revenue Totals				\$ 2,387	\$ 9,386	\$ 11,773	\$ 10,291	\$ 12,913	\$ 235	\$ 905	\$ 1,140	\$ 235	\$ 905	\$ 1,140	
Three Phase															
System Charge	13	12	25	\$ 40.00	\$ 520	\$ 480	\$ 1,000	\$ 42.00	\$ 546	\$ 504	\$ 1,050	\$ 26	\$ 24	\$ 50	
KWh Charge	780	9,482	10,262	\$ 0.06560	\$ 51	\$ 622	\$ 673	\$ 0.06903	\$ 54	\$ 655	\$ 708	\$ 3	\$ 33	\$ 35	
Revenue Totals				\$ 571	\$ 1,102	\$ 1,673	\$ 1,159	\$ 1,758	\$ 29	\$ 57	\$ 786	\$ 29	\$ 57	\$ 85	
Private Security Lighting															
No Pole	2,894	348	3,242	\$ 8.00	\$ 23,152	\$ 2,784	\$ 25,936	\$ 8.40	\$ 24,310	\$ 2,923	\$ 27,233	\$ 1,158	\$ 139	\$ 1,297	
With Pole	934	127	1,061	\$ 9.20	\$ 8,593	\$ 1,168	\$ 9,761	\$ 9.65	\$ 9,013	\$ 1,226	\$ 10,239	\$ 420	\$ 57	\$ 477	
Revenue Totals				\$ 31,745	\$ 3,952	\$ 35,697	\$ 33,323	\$ 4,149	\$ 37,471	\$ 4,149	\$ 37,471	\$ 1,578	\$ 196	\$ 1,774	
Total Residential															
					\$ 11,648,490	\$ 227,706	\$ 12,876,196	\$ 11,736,144	\$ 240,190	\$ 1,976,334	\$ 87,654	\$ 12,485	\$ 100,138	\$ 5,489	\$ 5,346

Notes:
 Net Metered Customers are included in respective type of service
 Private Security Lights are billed to customers already having service and are not separate metered accounts.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

CHANGES IN REPRESENTATIVE RATE SCHEDULES**Schedule H-3**

	Present Rates	Proposed Rates	Change
Single Phase			
System Charge	\$ 20.00	\$ 21.00	\$ 1.00
kWh Charge	\$ 0.07520	\$ 0.07928	\$ 0.00408
Single Phase TOU			
System Charge	\$ 20.00	\$ 21.00	\$ 1.00
Metering Charge	\$ 2.35	\$ 2.50	\$ 0.15
kWh On Peak Charge	\$ 0.14100	\$ 0.14766	\$ 0.00666
kWh Off Peak Charge	\$ 0.05150	\$ 0.05819	\$ 0.00669
Single Phase Demand			
System Charge	\$ 30.00	\$ 31.50	\$ 1.50
kWh Charge	\$ 0.05650	\$ 0.06325	\$ 0.00675
KW Charge >15 KW	\$ 10.00	\$ 10.00	
Three Phase			
System Charge	\$ 40.00	\$ 42.00	\$ 2.00
kWh Charge	\$ 0.06560	\$ 0.06903	\$ 0.00343
Public Street Lighting			
400 Watt	\$ 13.70	\$ 14.40	\$ 0.70
170 Watt	\$ 8.50	\$ 8.95	\$ 0.45
100 Watt	\$ 6.00	\$ 6.30	\$ 0.30
Private Security Lighting			
No Pole	\$ 8.00	\$ 8.40	\$ 0.40
With Pole	\$ 9.20	\$ 9.65	\$ 0.45

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY
Schedule H-4.0

Single Phase	Present Rates	Proposed Rates	\$ Change	% Change
System Charge	\$ 20.00	\$ 21.00	\$ 1.00	5.00%
kWh Charge	\$ 0.07520	\$ 0.07928	\$ 0.00408	5.43%
Usage				
0	\$ 20.00	\$ 21.00	\$ 1.00	5.00%
50	\$ 23.76	\$ 24.96	\$ 1.20	5.05%
100	\$ 27.52	\$ 28.93	\$ 1.41	5.12%
250	\$ 38.80	\$ 40.82	\$ 2.02	5.21%
500	\$ 57.60	\$ 60.64	\$ 3.04	5.28%
586 *	\$ 64.07	\$ 67.46	\$ 3.39	5.29%
597 ^	\$ 64.89	\$ 68.33	\$ 3.44	5.30%
756 ^^	\$ 76.85	\$ 80.94	\$ 4.09	5.32%
783 **	\$ 78.88	\$ 83.08	\$ 4.20	5.32%
1000	\$ 95.20	\$ 100.28	\$ 5.08	5.34%
1500	\$ 132.80	\$ 139.92	\$ 7.12	5.36%
2000	\$ 170.40	\$ 179.56	\$ 9.16	5.38%
3000	\$ 245.60	\$ 258.84	\$ 13.24	5.39%

^Residential Median
 ^^Residential Average
 *Median
 **Average

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.1

Single Phase Time of Use			Present	Proposed	\$	%
			Rates	Rates	Change	Change
System Charge			\$ 20.00	\$ 21.00	\$ 1.00	5.00%
Meter Charge			\$ 2.35	\$ 2.50	\$ 0.15	6.38%
kWh Charge On-Peak			\$ 0.14100	\$ 0.14766	\$ 0.00666	4.72%
kWh Charge Off-Peak			\$ 0.05150	\$ 0.05819	\$ 0.00669	12.99%
Usage	On Peak 15.0%	Off Peak 85.0%				
0	0	0	\$ 22.35	\$ 23.50	\$ 1.15	5.15%
50	7	43	\$ 25.55	\$ 27.04	\$ 1.49	5.83%
100	15	85	\$ 28.84	\$ 30.66	\$ 1.82	6.31%
250	37	213	\$ 38.54	\$ 41.36	\$ 2.82	7.32%
500	75	425	\$ 54.81	\$ 59.31	\$ 4.50	8.21%
750	112	638	\$ 71.00	\$ 77.16	\$ 6.16	8.68%
1019 **	152	867	\$ 88.43	\$ 96.40	\$ 7.97	9.01%
1084 *	162	922	\$ 92.68	\$ 101.07	\$ 8.39	9.05%
1500	224	1276	\$ 119.65	\$ 130.83	\$ 11.18	9.34%
2000	299	1701	\$ 152.11	\$ 166.63	\$ 14.52	9.55%
3000	449	2551	\$ 217.04	\$ 238.24	\$ 21.20	9.77%

*Median

**Average

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY
Schedule H-4.2

Single Phase Demand		Present Rates	Proposed Rates	\$ Change	% Change
System Charge		\$ 30.00	\$ 31.50	\$ 1.50	5.00%
kWh Charge		\$ 0.05650	\$ 0.06325	\$ 0.00675	11.95%
KW Charge		\$ 10.00	\$ 10.00	\$ -	0.00%
Usage	KW Billed				
0	0	\$ 30.00	\$ 31.50	\$ 1.50	5.00%
500	5	\$ 108.25	\$ 113.13	\$ 4.88	4.51%
1500	14	\$ 254.75	\$ 266.38	\$ 11.63	4.57%
3000	6	\$ 259.50	\$ 281.25	\$ 21.75	8.38%
5480 **	10	\$ 439.62	\$ 478.11	\$ 38.49	8.76%
6395 *	10	\$ 491.32	\$ 535.98	\$ 44.66	9.09%
9000	13	\$ 668.50	\$ 730.75	\$ 62.25	9.31%
12000	20	\$ 908.00	\$ 990.50	\$ 82.50	9.09%
15000	17	\$ 1,047.50	\$ 1,150.25	\$ 102.75	9.81%
18000	45	\$ 1,497.00	\$ 1,620.00	\$ 123.00	8.22%
21000	53	\$ 1,746.50	\$ 1,889.75	\$ 143.25	8.20%

*Median
**Average

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY
Schedule H-4.3

Three Phase	Present Rates	Proposed Rates	\$ Change	% Change
System Charge	\$ 40.00	\$ 42.00	\$ 2.00	5.00%
kWh Charge	\$ 0.06560	\$ 0.06903	\$ 0.00343	5.23%
Usage				
0	\$ 40.00	\$ 42.00	\$ 2.00	5.00%
100	\$ 46.56	\$ 48.90	\$ 2.34	5.03%
250	\$ 56.40	\$ 59.26	\$ 2.86	5.07%
500	\$ 72.80	\$ 76.52	\$ 3.72	5.11%
550 *	\$ 76.08	\$ 79.97	\$ 3.89	5.11%
750	\$ 89.20	\$ 93.77	\$ 4.57	5.12%
1102 **	\$ 112.29	\$ 118.07	\$ 5.78	5.15%
1500	\$ 138.40	\$ 145.55	\$ 7.15	5.17%
3000	\$ 236.80	\$ 249.09	\$ 12.29	5.19%
4000	\$ 302.40	\$ 318.12	\$ 15.72	5.20%
6000	\$ 433.60	\$ 456.18	\$ 22.58	5.21%

*Median

**Average

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY
Schedule H-4.4

Three Phase Demand		Present Rates	Proposed Rates	\$ Change	% Change
System Charge		\$ 40.00	\$ 42.00	\$ 2.00	5.00%
kWh Charge		\$ 0.05966	\$ 0.06767	\$ 0.00801	13.43%
KW Charge		\$ 10.00	\$ 10.00	\$ -	0.00%
Usage	KW Billed	Present Rates	Proposed Rates	\$ Change	% Change
0	0	\$ 40.00	\$ 42.00	\$ 2.00	5.00%
500	0	\$ 69.83	\$ 75.84	\$ 6.01	8.61%
1500	5	\$ 179.49	\$ 193.51	\$ 14.02	7.81%
2440 *	6	\$ 245.57	\$ 267.11	\$ 21.54	8.77%
3000	6	\$ 278.98	\$ 305.01	\$ 26.03	9.33%
5536 **	17	\$ 540.28	\$ 586.62	\$ 46.34	8.58%
9000	26	\$ 836.94	\$ 911.03	\$ 74.09	8.85%
12000	33	\$ 1,085.92	\$ 1,184.04	\$ 98.12	9.04%
15000	38	\$ 1,314.90	\$ 1,437.05	\$ 122.15	9.29%
18000	39	\$ 1,503.88	\$ 1,650.06	\$ 146.18	9.72%
21000	39	\$ 1,682.86	\$ 1,853.07	\$ 170.21	10.11%
25000	49	\$ 2,021.50	\$ 2,223.75	\$ 202.25	10.00%
35000	71	\$ 2,838.10	\$ 3,120.45	\$ 282.35	9.95%

*Median
 **Average

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY
Schedule H-4.5

Public Street Lighting Description	Present Rates	Proposed Rates	\$ Change	% Change
400 Watt	\$ 13.70	\$ 14.40	\$ 0.70	5.11%
170 Watt	\$ 8.50	\$ 8.95	\$ 0.45	5.29%
100 Watt	\$ 6.00	\$ 6.30	\$ 0.30	5.00%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.6

Private Security Lighting Description	Present Rates	Proposed Rates	\$ Change	% Change
No Pole	\$ 8.00	\$ 8.40	\$ 0.40	5.00%
With Pole	\$ 9.20	\$ 9.65	\$ 0.45	4.89%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

BILL COUNT

Schedule H-5.0

Single Phase

START		# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	1,068	1,068	4.53%	4.53%	0	0	0.00%	0.00%
1	50	1,677	2,745	7.11%	11.65%	35,589	35,589	0.19%	0.19%
51	100	1,001	3,746	4.25%	15.89%	74,193	109,782	0.40%	0.59%
101	200	1,421	5,167	6.03%	21.92%	213,655	323,437	1.16%	1.75%
201	300	1,520	6,687	6.45%	28.37%	383,482	706,919	2.08%	3.83%
301	400	1,736	8,423	7.36%	35.73%	611,378	1,318,297	3.31%	7.14%
401	500	1,899	10,322	8.06%	43.79%	856,382	2,174,679	4.64%	11.78%
501	600	1,695	12,017	7.19%	50.98%	933,264	3,107,943	5.05%	16.83%
601	700	1,515	13,532	6.43%	57.41%	984,313	4,092,256	5.33%	22.16%
701	800	1,252	14,784	5.31%	62.72%	936,867	5,029,123	5.07%	27.23%
801	900	1,125	15,909	4.77%	67.49%	955,058	5,984,181	5.17%	32.41%
901	1,000	993	16,902	4.21%	71.71%	943,148	6,927,329	5.11%	37.51%
1,001	1,100	874	17,776	3.71%	75.41%	918,092	7,845,421	4.97%	42.48%
1,101	1,200	763	18,539	3.24%	78.65%	877,454	8,722,875	4.75%	47.24%
1,201	1,300	643	19,182	2.73%	81.38%	803,199	9,526,074	4.35%	51.58%
1,301	1,400	576	19,758	2.44%	83.82%	777,295	10,303,369	4.21%	55.79%
1,401	1,500	504	20,262	2.14%	85.96%	730,281	11,033,650	3.95%	59.75%
1,501	1,600	491	20,753	2.08%	88.04%	760,799	11,794,449	4.12%	63.87%
1,601	1,700	417	21,170	1.77%	89.81%	687,866	12,482,315	3.72%	67.59%
1,701	1,800	332	21,502	1.41%	91.22%	581,546	13,063,861	3.15%	70.74%
1,801	1,900	258	21,760	1.09%	92.32%	477,312	13,541,173	2.58%	73.33%
1,901	2,000	260	22,020	1.10%	93.42%	506,704	14,047,877	2.74%	76.07%
2,001	2,100	216	22,236	0.92%	94.34%	442,195	14,490,072	2.39%	78.47%
2,101	2,200	196	22,432	0.83%	95.17%	421,794	14,911,866	2.28%	80.75%
2,201	2,300	172	22,604	0.73%	95.90%	386,918	15,298,784	2.10%	82.84%
2,301	2,500	235	22,839	1.00%	96.89%	562,142	15,860,926	3.04%	85.89%
2,501	2,700	172	23,011	0.73%	97.62%	446,030	16,306,956	2.42%	88.30%
2,701	3,000	166	23,177	0.70%	98.33%	469,687	16,776,643	2.54%	90.85%
3,001	3,500	122	23,299	0.52%	98.85%	394,034	17,170,677	2.13%	92.98%
3,501	4,000	100	23,399	0.42%	99.27%	375,266	17,545,943	2.03%	95.01%
4,001	5,000	79	23,478	0.34%	99.61%	353,508	17,899,451	1.91%	96.93%
5,001	6,000	50	23,528	0.21%	99.82%	274,433	18,173,884	1.49%	98.41%
6,001	7,000	29	23,557	0.12%	99.94%	187,558	18,361,442	1.02%	99.43%
7,001	10,000	14	23,571	0.06%	100.00%	105,326	18,466,768	0.57%	100.00%
Totals		23,571				18,466,768			
from H-2		23,571				18,466,768			

AVERAGE NUMBER OF CUSTOMERS	1,964
AVERAGE CONSUMPTION	783
MEDIAN CONSUMPTION	586

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362
Test Year Ended January 31, 2014

BILL COUNT
Schedule H-5.1

Single Phase Time of Use

START		END		# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	0	0	0.00%	0.00%	0	0	0.00%	0.00%		
1	200	1	1	4.17%	4.17%	164	164	0.67%	0.67%		
201	400	3	4	12.50%	16.67%	853	1,017	3.49%	4.16%		
401	800	3	7	12.50%	29.17%	1,831	2,848	7.48%	11.64%		
801	1,000	3	10	12.50%	41.67%	2,875	5,723	11.75%	23.39%		
1,001	1,200	2	12	8.33%	50.00%	2,118	7,841	8.66%	32.05%		
1,201	1,400	7	19	29.17%	79.17%	9,032	16,873	36.92%	68.97%		
1,401	1,600	4	23	16.67%	95.83%	5,922	22,795	24.21%	93.17%		
1,601	2,000	1	24	4.17%	100.00%	1,671	24,466	6.83%	100.00%		
Totals		24				24,466					
from H-2		24				24,466					

AVERAGE NUMBER OF CUSTOMERS	2
AVERAGE CONSUMPTION	1,019
MEDIAN CONSUMPTION	1,084

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

BILL COUNT

Schedule H-5.2

Single Phase Demand

START BLOCK	END BLOCK	# BILLS BLOCK	CUMM.	% BILLS BLOCK	CUMM.	# KWH BLOCK	CUMM.	% KWH BLOCK	CUMM.
0	0	31	31	8.42%	8.42%	0	0	0.00%	0.00%
1	250	9	40	2.45%	10.87%	975	975	0.04%	0.04%
251	500	6	46	1.63%	12.50%	2,132	3,107	0.09%	0.13%
501	1,000	6	52	1.63%	14.13%	5,070	8,177	0.22%	0.35%
1,001	1,500	4	56	1.09%	15.22%	5,586	13,763	0.24%	0.58%
1,501	2,000	11	67	2.99%	18.21%	19,751	33,514	0.84%	1.42%
2,001	2,500	9	76	2.45%	20.65%	20,644	54,158	0.88%	2.30%
2,501	3,000	18	94	4.89%	25.54%	48,901	103,059	2.08%	4.38%
3,001	4,000	25	119	6.79%	32.34%	89,432	192,491	3.80%	8.18%
4,001	5,000	42	161	11.41%	43.75%	190,413	382,904	8.09%	16.27%
5,001	6,000	38	199	10.33%	54.08%	205,959	588,863	8.75%	25.02%
6,001	7,000	37	236	10.05%	64.13%	242,339	831,202	10.30%	35.32%
7,001	8,000	17	253	4.62%	68.75%	126,622	957,824	5.38%	40.70%
8,001	9,000	26	279	7.07%	75.82%	219,951	1,177,775	9.35%	50.04%
9,001	10,000	13	292	3.53%	79.35%	122,969	1,300,744	5.22%	55.27%
10,001	11,000	15	307	4.08%	83.42%	155,775	1,456,519	6.62%	61.89%
11,001	12,000	14	321	3.80%	87.23%	161,308	1,617,827	6.85%	68.74%
12,001	13,000	11	332	2.99%	90.22%	136,917	1,754,744	5.82%	74.56%
13,001	14,000	8	340	2.17%	92.39%	107,480	1,862,224	4.57%	79.12%
14,001	15,000	9	349	2.45%	94.84%	131,236	1,993,460	5.58%	84.70%
15,001	17,000	8	357	2.17%	97.01%	128,842	2,122,302	5.47%	90.18%
17,001	20,000	4	361	1.09%	98.10%	71,890	2,194,192	3.05%	93.23%
20,001	23,000	4	365	1.09%	99.18%	85,930	2,280,122	3.65%	96.88%
20,001	26,000	3	368	0.82%	100.00%	73,400	2,353,522	3.12%	100.00%
Totals		368				2,353,522			
from H-2		368				2,353,522			

AVERAGE NUMBER OF CUSTOMERS

31

AVERAGE CONSUMPTION

6,395

MEDIAN CONSUMPTION

5,480

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

BILL COUNT

Schedule H-5.3

Three Phase

START		END		# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	126	126	20.90%	20.90%	0	0	0.00%	0.00%		
1	250	120	246	19.90%	40.80%	8,903	8,903	1.34%	1.34%		
251	500	50	296	8.29%	49.09%	18,508	27,411	2.78%	4.12%		
501	750	35	331	5.80%	54.89%	21,790	49,201	3.28%	7.40%		
751	1,000	48	379	7.96%	62.85%	41,836	91,037	6.29%	13.69%		
1,001	1,250	33	412	5.47%	68.33%	37,178	128,215	5.59%	19.29%		
1,251	1,500	20	432	3.32%	71.64%	27,130	155,345	4.08%	23.37%		
1,501	1,750	21	453	3.48%	75.12%	34,209	189,554	5.15%	28.51%		
1,751	2,000	19	472	3.15%	78.28%	35,611	225,165	5.36%	33.87%		
2,001	2,250	25	497	4.15%	82.42%	52,830	277,995	7.95%	41.82%		
2,251	2,500	12	509	1.99%	84.41%	28,621	306,616	4.31%	46.12%		
2,501	3,000	24	533	3.98%	88.39%	65,404	372,020	9.84%	55.96%		
3,001	3,500	13	546	2.16%	90.55%	41,315	413,335	6.21%	62.17%		
3,501	4,000	22	568	3.65%	94.20%	82,574	495,909	12.42%	74.59%		
4,001	4,500	14	582	2.32%	96.52%	59,538	555,447	8.96%	83.55%		
4,501	5,000	7	589	1.16%	97.68%	33,303	588,750	5.01%	88.56%		
5,001	5,500	10	599	1.66%	99.34%	52,730	641,480	7.93%	96.49%		
5,501	6,500	4	603	0.66%	100.00%	23,322	664,802	3.51%	100.00%		
Totals		603				664,802					
from H-2		603				664,802					

AVERAGE NUMBER OF CUSTOMERS

50

AVERAGE CONSUMPTION

1,102

MEDIAN CONSUMPTION

550

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Docket No. E-01703A-14-0362

Test Year Ended January 31, 2014

BILL COUNT

Schedule H-5.4

Three Phase Demand

START		END		# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	158	158	29.53%	29.53%	0	0	0.00%	0.00%		
1	500	23	181	4.30%	33.83%	4,568	4,568	0.15%	0.15%		
501	1,000	24	205	4.49%	38.32%	18,430	22,998	0.62%	0.78%		
1,001	2,000	46	251	8.60%	46.92%	67,576	90,574	2.28%	3.06%		
2,001	3,000	35	286	6.54%	53.46%	85,934	176,508	2.90%	5.96%		
3,001	4,000	34	320	6.36%	59.81%	123,341	299,849	4.16%	10.12%		
4,001	5,000	27	347	5.05%	64.86%	123,137	422,986	4.16%	14.28%		
5,001	6,000	25	372	4.67%	69.53%	136,936	559,922	4.62%	18.90%		
6,001	7,000	20	392	3.74%	73.27%	129,180	689,102	4.36%	23.27%		
7,001	8,000	13	405	2.43%	75.70%	98,461	787,563	3.32%	26.59%		
8,001	9,000	18	423	3.36%	79.07%	152,256	939,819	5.14%	31.73%		
9,001	10,000	10	433	1.87%	80.93%	95,126	1,034,945	3.21%	34.94%		
10,001	11,000	10	443	1.87%	82.80%	104,352	1,139,297	3.52%	38.47%		
11,001	12,000	9	452	1.68%	84.49%	104,171	1,243,468	3.52%	41.98%		
12,001	14,000	10	462	1.87%	86.36%	132,114	1,375,582	4.46%	46.44%		
14,001	16,000	14	476	2.62%	88.97%	212,776	1,588,358	7.18%	53.63%		
16,001	18,000	15	491	2.80%	91.78%	254,058	1,842,416	8.58%	62.21%		
18,001	20,000	13	504	2.43%	94.21%	249,604	2,092,020	8.43%	70.63%		
20,001	24,000	10	514	1.87%	96.07%	221,560	2,313,580	7.48%	78.11%		
24,001	28,000	12	526	2.24%	98.32%	308,160	2,621,740	10.40%	88.52%		
28,001	38,000	5	531	0.93%	99.25%	164,880	2,786,620	5.57%	94.08%		
38,001	48,000	4	535	0.75%	100.00%	175,200	2,961,820	5.92%	100.00%		
Totals		535				2,961,820					
from H-2		535				2,961,820					

AVERAGE NUMBER OF CUSTOMERS

45

AVERAGE CONSUMPTION

5,536

MEDIAN CONSUMPTION

2,440

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-03-0904
Test Year Ended December 31, 2013

ALLOCATION FACTORS

Number of Customers (Annual Average)

	Total	Arizona	New Mexico
Count	2432	2093	340
Percent	100%	86.04%	13.96%

Distribution Plant

	Total	Arizona	New Mexico
Amount	\$ 6,733,636	\$ 5,817,255	\$ 916,381
Percent	100%	86.39%	13.61%

kWh Sales

	Total	Arizona	New Mexico
kWh	28,719,640	24,913,508	3,806,132
Percent	100%	86.75%	13.25%

Sales Revenue

	Total	Arizona	New Mexico
Amount	3,411,186	2,946,883	464,303
Percent	100%	86.39%	13.61%

Attachment 4

IMPORTANT RATE INCREASE NOTICE - PLEASE READ

Duncan Valley Electric Cooperative ("DVEC" or "Cooperative") has notified the Arizona Corporation Commission ("Commission") that it intends to file a streamlined application ("Streamlined Application") on or about October 27, 2014, to increase its rates and charges pursuant to A.R.S. § 40-250 and A.A.C. R14-2-107 ("Rule 107"), the Commission's rule authorizing the filing of streamlined rate applications for electric and natural gas cooperatives. DVEC is requesting an overall rate increase of \$146,412 or 6% over actual test year total Arizona base revenue (this is the maximum allowed per Rule 107). DVEC states that the rate increase is necessary to recover operating costs. The last general rate increase for DVEC was effective January 1, 2005.

A residential customer with monthly electric consumption of 756 kWh (average usage) will see an increase in his/her bill of \$4.09 per month (from \$76.85 to \$80.94), or 5.32%. A residential customer with monthly electric consumption of 597 kWh (median usage) will see an increase in his/her bill of \$3.44 per month (from \$64.89 to \$68.33), or 5.30%. The proposed percentage increases by rate class over existing base rates are:

Single Phase	5.32%	Three Phase	5.15%
Single Phase Demand	9.00%	Three Phase Demand	9.00%
Single Phase Time-of-Use	9.00%	Private Area Lighting	4.97%
		Public Street & Highway Lighting	5.22%

Processing the Streamlined Application

Rule 107 provides streamlined procedures that should reduce rate case expense for processing rate applications of electric and natural gas cooperatives where (i) the requested increase in total base revenue does not exceed 6% of the actual test year total base revenue; (ii) the change in base revenue generated by any one rate class is no greater than 150% of the overall base revenue increase; (iii) there is no change greater than 25% in the customer charge within a rate schedule for residential customers; and (iv) there is no change in the rate blocks or the percentage relationship of the prices among rate blocks. The rule requires that not sooner than 20 days or later than 50 days after providing this notice to customers, DVEC may file its Streamlined Application to increase rates. Streamlined refers to the fact that such an application will be processed under a shorter time-frame than a rate increase application filed pursuant to A.A.C. R14-2-103 ("Rule 103") and, therefore, receive a less comprehensive (possibly less costly) review/analysis by Commission Staff than a Rule 103 review/analysis. DVEC's Streamlined Application may be approved without a formal evidentiary hearing. However, the Commission may at any time - at the request of Staff, an intervenor, or on its own - require DVEC's rate increase application to be processed pursuant to the more comprehensive Rule 103 requirements. You can view the entire Rule 103 and 107 at http://www.azsos.gov/public_services/Title_14/14-02.htm#ARTICLE_1.

Public Comment and Intervention

A person desiring to object to the Streamlined Application or to request intervention in the rate case must file the objection or the intervention request not later than the date specified below. Within 14 days after the deadline for objections and intervention requests, the Commission's Utilities Division Staff must determine the eligibility and sufficiency of the Streamlined Application under Rule 107.

Written public comments regarding DVEC's Streamlined Application, including objections to it being processed pursuant to the alternative Rule 107 streamlined requirements, may be submitted by mailing a letter referencing Docket No. E-01703A-14-0362 to the Commission's Consumer Services Section at 1200 W. Washington, Phoenix, Arizona 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to: <http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm.pdf>.

Requests to intervene may be filed in Docket No. E-01703A-14-0362 by any person entitled by law to intervene or who is directly and substantially affected by the proceeding. If you require assistance, either to provide public comment or to seek intervention, you may contact the Commission's Consumer Services Section during normal

business hours at 602-542-4251 or 1-800-222-7000 (Phoenix office); or at 520-628-6550 or 1-800-535-0148 (Tucson office); or you may contact DVEC during normal business hours at 928-359-2503 or 800-669-2503. All motions to intervene and all objections to the streamlined Application must be filed on or before November 7, 2014.

The Rule 107 streamlined rate process is available to DVEC only if the Commission receives objections from less than 106 DVEC customers by November 7, 2014. If the Commission receives objections from at least 106 DVEC customers by November 7, 2014, DVEC will not be eligible to use the Rule 107 streamlined process, but will instead need to use the Rule 103 rate increase application process which would involve a formal evidentiary hearing and a more comprehensive review/analysis by Commission Staff.

How You Can View or Obtain a Copy of the Application and Other Filed Documents

A copy of the Streamlined Application is available for public inspection during regular business hours at DVEC's offices located at 379597 Az 75, Duncan, Arizona 85534. A copy of the Streamlined Application is also available at DVEC's website (www.dvec.org). After October 27, 2014, a copy of the Streamlined Application will also be available for public inspection during regular business hours at the Commission's Docket Control Center at 1200 W. Washington Street, Phoenix, Arizona, 85007, in the Commission's Tucson Office at 400 W. Congress, Tucson, Arizona, 85701 and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

DVEC Contact Information

Duncan Valley Electric Cooperative, Inc.
379597 Az 75
PO Box 440
Duncan, Arizona 85534
Phone: 928-359-2503 or 800-669-2503

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, as well as request this document in an alternative format by contacting the ADA Coordinator, Shaylin Bernal, e-mail SABernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as soon as possible to allow time to arrange the accommodation.

Attachment 5

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP – CHAIRMAN
4 GARY PIERCE
5 BRENDA BURNS
6 BOB BURNS
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION
9 OF DUNCAN VALLEY ELECTRIC
10 COOPERATIVE, INC. – ELECTRIC
11 DIVISION FOR A DETERMINATION OF
12 THE FAIR VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST
AND REASONABLE RATE OF RETURN
THEREON, TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN,
AND FOR RELATED APPROVALS.

DOCKET NO. E-01703A-14-0362

DECISION NO. _____

ORDER

13 Open Meeting
14 [INSERT DATE]
15 Phoenix, Arizona

16 **BY THE COMMISSION:**

17 * * * * *

18 Having considered the entire record herein and being fully advised in the premises, the
19 Arizona Corporation Commission ("Commission") finds, concludes and orders that:

20 **FINDINGS OF FACT**

21 1. In Decision 73649 (February 6, 2013), the Arizona Corporation Commission
22 ("Commission") adopted revisions to A.A.C. R14-2-103 and added a new section A.A.C. R14-2-107
23 establishing an alternative streamlined ratemaking application and process for nonprofit cooperatives
24 providing electric or natural gas utility service.

25 2. Duncan Valley Electric Cooperative, Inc., ("DVEC" or the "Cooperative") is a non-
26 profit cooperative which provides electric service to customers in Arizona. A portion of DVEC's
27 service territory also includes customers in New Mexico.

28

1 3. On September 5, 2014, DVEC submitted to the Commission's Utilities Division Staff
2 ("Staff") a Request for Pre-Filing Eligibility Review in accordance with A.A.C. R14-2-107(C) which
3 included a draft of an application ("Application") to increase rates and charges pursuant to A.A.C. R14-
4 2-107 and A.R.S. § 40-250, a proposed form of customer notice, and a proposed form of recommended
5 order.

6 4. On October 6, 2014, DVEC met with Staff as required by A.A.C. R14-2-107(C)(3) to
7 discuss the Cooperative's eligibility under A.A.C. R14-2-107(B), the proposed form of customer notice,
8 and the proposed form of recommended order. At the meeting, Staff advised DVEC that it met the
9 eligibility requirements of A.A.C. R14-2-107(B) for filing a streamlined rate case. At the meeting, Staff
10 also approved the form of customer notice to be mailed to customers as required by A.A.C. R14-2-
11 107(C)(5) and A.A.C. R14-2-107(D).

12 5. DVEC filed a Request for Docket Number and Notice of Filing Proposed form of
13 Customer Notice on October 6, 2014, in accordance with A.A.C. R14-2-107(C)(4). The docket number
14 was assigned that same day.

15 6. On October 7, 2014 DVEC caused a copy of the approved customer notice to be mailed
16 via First Class Mail to all customers of record as of the date of mailing. On October 15, 2014, DVEC
17 docketed a Notice of Mailing Customer Notice certifying that the approved customer notice was mailed
18 via First Class Mail on October 7, 2014 to each customer of the Cooperative as required by A.A.C.
19 R14-2-107(C)(5) and A.A.C. R14-2-107(D). The customer notice set a deadline of November 7, 2014
20 for customers of DVEC to file intervention requests and/or objections to the Application.

21 7. On October 28, 2014, DVEC filed its Application pursuant to A.R.S. § 40-250 and
22 A.A.C. R14-2-107 to increase its rates and charges using a test year ending January 31, 2014 ("Test
23 Year"). DVEC requested that the Application be approved without a hearing.

24 8. No customer of DVEC filed an application to intervene in this docket. As of the date of
25 the deadline for submitting objections, [INSERT NUMBER OF OBJECTIONS] customers of the
26 Cooperative submitted objections to the Application.

27 9. On [INSERT DATE], Staff filed a Notice of Eligibility pursuant to A.A.C. R14-2
28 107(H)(2) notifying DVEC that it met all of the eligibility requirements set forth in A.A.C. R14-2-
107(B) to file a rate case under A.A.C. R14-2-107.

1 10. On [INSERT DATE], Staff filed a Notice of Sufficiency pursuant to A.A.C. R14-2-
2 107(H)(3) notifying DVEC that the Application met all of the requirements of R14-2-107(E) and
3 classifying the Cooperative as a Class B utility.

4 11. On [INSERT DATE], Staff filed a Staff Report recommending approval of the
5 Application without a hearing.

6 12. On [INSERT DATE], DVEC filed a response to the Staff Report.

7 13. DVEC is an Arizona member-owned non-profit rural electric distribution cooperative
8 headquartered in Duncan, Arizona. The Cooperative provides electric distribution service to
9 approximately 2,100 members/customers located in Greenlee and Graham Counties. Approximately
10 330 additional members/customers reside in New Mexico.

11 14. DVEC has an 8-member Board of Directors ("Board") which is elected by the
12 membership of the Cooperative to oversee all aspects of the Cooperative's operations. The Board
13 approved the filing of the Application at a regular meeting of the Board on August 18, 2014.

14 15. DVEC's current rates and charges were established in Decision 67433 issued December
15 3, 2004 and Decision 73259 dated July 30, 2012. In its Application, DVEC sought to increase its annual
16 gross revenue requirement by \$146,412, from adjusted Test Year revenues of \$2,946,883 to \$3,093,295
17 an increase of 6% over actual Test Year total base revenue. The rate increase would yield Operating
18 Income of \$36,793. DVEC's proposal results in a 1.14% rate of return on Fair Value Rate Base
19 ("FVRB").

20 16. The Application shows that a residential customer with monthly energy consumption of 756
21 kWh (average usage) will see an increase in his/her bill of \$4.09 per month (\$76.85 to \$80.94), or 5.32%. A
22 residential customer with monthly energy consumption of 597 kWh (median usage) will see an increase in his/her
23 bill of \$3.44 per month (\$64.89 to \$68.33), or 5.30%.

24 17. The Cooperative's Application states that the rate increase is necessary to recover
25 operating costs. The rate increase will allow DVEC to maintain the financial integrity of the
26 Cooperative.

27 18. As attachments to the Application, DVEC submitted audited financial statements for
28 the year ended December 31, 2013, and a copy of its certified annual financial and statistical report to

1 the National Rural Utilities Cooperative Finance Corporation ("CFC") for calendar year 2013 including
2 a divisional financial report.

3 19. The Application uses Original Cost Rate Base as FVRB. DVEC waived the use of
4 reconstruction cost new rate base to determine the Cooperative's fair value rate base as required by
5 A.A.C. R14-2-107(E)(2).

6 20. The Application does not propose (i) any change to an existing adjustor or surcharge
7 mechanism; (ii) adoption of any new adjustor or surcharge mechanism; (iii) adoption of a new hook-up
8 fee or another new type of fee; (iv) any rate structure change as defined in 13 A.A.C. R14-2-107(A)(11);
9 or (v) any non-price tariff change. The Application does not seek financing approval or consolidation
10 with another docket.

11 21. DVEC is a distribution cooperative. Pursuant to A.A.C. R14-2-107(B)(14), objections
12 to the Application timely submitted by the Cooperative's customers may represent no more than 5% of
13 all customer accounts or no more than 1,000 customer accounts, whichever is fewer. For purposes of
14 determining eligibility under this rule, the total number of Arizona DVEC customer accounts as of
15 December 31, 2013 was 2,121. Five percent of the customer accounts is 106 accounts, so the applicable
16 complaint threshold for DVEC is 106. As of the November 7, 2014 objection deadline, the Commission
17 received [INSERT NUMBER OF COMPLAINTS] customer objections to the Application, which is
18 below the threshold under A.A.C. R14-2-107(B)(14).

19 22. DVEC's FVRB is determined to be \$3,236,535, which is the same as its OCRB.

20 23. In the Test Year, DVEC had adjusted total revenues of \$2,957,905.

21 24. We find that DVEC's request to increase its annual gross revenue requirement by
22 \$146,906, from adjusted Test Year revenues of \$2,957,905 to \$3,104,317, complies with A.A.C. R14-2-
23 107. The rate increase will yield Operating Income of \$36,793, resulting in a 1.14% rate of return on
24 FVRB.

25 25. We find that DVEC's Application fully complies with the requirements of A.A.C. R14-
26 2-107.

27 26. DVEC's proposed increase to customer rates and charges as set forth in the Application
28 is reasonable and should be adopted.

CONCLUSIONS OF LAW

27. DVEC is a public service corporation pursuant to Article XV of the Arizona Constitution and A.R.S. § § 40-250 and 40-251.

28. The Commission has jurisdiction over DVEC and the subject matter of the application.

29. Notice of the proceeding was provided in conformance with A.A.C. R14-2-107(D).

30. A full permanent rate case decision for DVEC was issued within the 180-month period immediately preceding the filing of the Application in this docket.

31. This is the first application filed by DVEC under A.A.C. R14-2-107.

32. DVEC is required by law and/or contract to make a certified annual financial and statistical report to CFC.

33. The Test Year used by DVEC complies with the definition of a test year in A.A.C. R14-2-107(A).

34. DVEC's Application does not propose an increase in actual Test Year total base revenue of more than 6%.

35. The rates, charges, approvals and conditions of service approved herein are just and reasonable and in the public interest.

ORDER

IT IS THEREFORE ORDERED that Duncan Valley Electric Cooperative, Inc., is hereby authorized and directed to file with the Commission revised schedules of rates and charges consistent with the discussion herein and a proof of revenues showing that, based on the adjusted Test Year level of sales, the revised rates will produce no more than the authorized increase in returns.

IT IS FURTHER ORDERED that the revised schedules of rates and charges shall be effective for all service rendered on or after [INSERT DATE].

IT IS FURTHER ORDERED that Duncan Valley Electric Cooperative, Inc., shall notify its customers of the revised schedules of rates and charges authorized herein by means of an insert, in a form acceptable to Staff, included in its next regularly scheduled billing.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, _____

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

Decision No. _____

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