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OPEN MEETING

MEMORANDUM

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AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: March 16, 2015

ORIGINAL

RE: 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)

Attached is the Staff Report for Duncan Valley Electric Cooperative, Inc. – Electric Division application for a rate increase for a cooperative pursuant to A.A.C. R14-2-107. Staff believes the increase proposed by Duncan Valley Electric Cooperative, Inc. – Electric Division in its rate application is just, fair and reasonable and is in the public interest. Staff recommends an increase in Arizona base revenue of 6.0% over actual test year Arizona base revenue resulting in a rate increase of \$146,412 (this is representative of an increase in Arizona test year base revenue from \$2,439,723 to \$2,586,134). Staff is not requesting that a hearing be held in this matter.

SMO:RSP:vsc\RWG

Originator: Ranelle S. Paladino

Attachment: Original and Thirteen copies

Arizona Corporation Commission

DOCKETED

MAR 16 2015

DOCKETED BY 

Service List for: DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. E-01703A-14-0362

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

DOCKET NO. E-01703A-14-0362

**IN THE MATTER OF THE APPLICATION OF DUNCAN VALLEY ELECTRIC
COOPERATIVE, INC. - ELECTRIC DIVISION FOR 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**

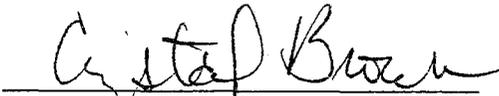
MARCH 16, 2015

STAFF ACKNOWLEDGMENT

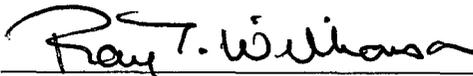
The Staff Report for Duncan Valley Electric Cooperative, Inc. – Electric Division (“DVEC” or the “Cooperative”), Docket No. E-01703A-14-0362, was the responsibility of the Staff members listed below. Ranelle Paladino was responsible for the review and analyses of the Cooperative’s application and rate design. Crystal Brown was responsible for the recommended revenue requirement and rate base. Ray Williamson was responsible for the engineering and technical analysis. Deborah Reagan was responsible for reviewing the Commission’s records on the Cooperative, determining compliance with Commission policies/rules and reviewing customer complaints filed with the Commission.



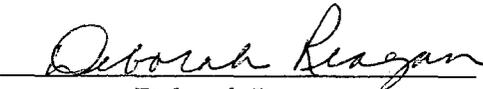
Ranelle Paladino
Utilities Consultant



Crystal Brown
Executive Consultant III



Ray Williamson
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EXECUTIVE SUMMARY
DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01703A-14-0362

Duncan Valley Electric Cooperative, Inc. – Electric Division (“DVEC” or the “Cooperative”) is an Arizona member-owned non-profit rural electric distribution cooperative. DVEC is a public service corporation providing electric distribution service to approximately 2,100 members/customers located in Greenlee and Graham Counties in Arizona and 330 members/customers located in New Mexico. DVEC is a Class B Utility under A.A.C. R14-2-103(A)(3)(q).

DVEC proposed a \$146,412 revenue increase for Arizona from \$2,957,905 to \$3,104,317 (this increase represents a 6.0% increase in test year base revenue for Arizona from \$2,439,723 to \$2,586,134.) The proposed revenue would produce an operating income of \$36,793, resulting in a 1.14% rate of return.

The Cooperative’s requested rates would increase a residential customer’s bill, with monthly electric consumption of 756 kWh (average usage), by \$4.09 (from \$76.85 to \$80.94), or 5.32%. A residential customer with monthly electric consumption of 597 kWh (median usage) would see an increase in his/her bill of \$3.44 (from \$64.89 to \$68.33), or 5.30%.

Staff and DVEC are in agreement on all issues in this case. Staff recommends adoption of DVEC’s proposed revenue requirement of \$146,412.

STAFF’S RECOMMENDATIONS

Staff makes the following recommendations:

1. The Commission should approve DVEC’s rates as proposed in the rate application filed on October 28, 2014.
2. The Cooperative should file with Docket Control, as a compliance item in this Docket, tariffs with a new schedule of rates and charges on or before May 1, 2015.
3. The Cooperative should notify its customers of the revised schedules of rates and charges in a form acceptable to Staff included in its next regularly scheduled billing and by posting on its website.
4. The Cooperative’s base cost of power should remain at \$0.05843 per kWh.

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Introduction

On February 6, 2013, the Arizona Corporation Commission (“Commission”) adopted a new section in the Arizona Administrative Code (“A.A.C.”) R14-2-107, entitled “Electric or Natural Gas Cooperative Alternative Rate Application Filing Requirements and Process” (“Rule 107”), and amended A.A.C. R14-2-103 (“Rule 103”). Rule 103 is the existing rule establishing the filing and processing requirements for rate applications of public service corporations. The overall purpose of Rule 107 was to establish a more streamlined approach to processing rate applications of member-owned cooperatives, who elect their own governing boards. The intent was to reduce regulatory lag and mitigate rate case expense.

Rule 107 establishes definitions, eligibility requirements, pre-filing requirements, notice requirements, filing requirements, and deadlines for objections and intervention requests; establishes the process and timeline for Staff analysis and processing of a cooperative’s rate application filed under Rule 107; and allows a cooperative to request processing of its application under Rule 103 if it is determined to be ineligible for processing under Rule 107.

Rule 107 also allows for Staff, a cooperative, or an intervenor to request an evidentiary hearing. A cooperative is allowed to request withdrawal of its rate application, and the Hearing Division is required to rule on a request for hearing or request for withdrawal and to preside over all further proceedings if an evidentiary hearing is granted. In addition, Rule 107 caps a revenue increase in a rate case at 6% of a cooperative’s actual test year total base revenue; permits a cooperative to have a maximum of five Rule 107 rate cases within a 15-year period between Rule 103 rate cases; permits a cooperative to file only one Rule 107 rate application in any 12-month period; and allows the Commission at any stage of a Rule 107 rate case to determine that a cooperative’s rate application must instead proceed under Rule 103.

On September 5, 2014, Duncan Valley Electric Cooperative, Inc. – Electric Division (“DVEC” or the “Cooperative”) began the process of a rate application under Rule 107. On that day, DVEC submitted a Request for Pre-Filing Eligibility Review in accordance with Rule 107(C). The pre-filing eligibility review included a draft application, a proposed form of customer notice, and a proposed form of recommended order.

Over the next 30 days, Staff reviewed the draft application assessing Rule 107 compliance and also worked with DVEC to revise the customer notice so it correctly highlighted the implications of a filing under Rule 107 and the possible bill impacts of the rate increase.

On October 6, 2014, DVEC met with Staff in accordance with Rule 107(C)(3) to review eligibility under Rule 107(B), finalize the proposed form of customer notice, and discuss the proposed form of recommended order. After that meeting, DVEC filed a Request for Docket Number and Notice of Filing Proposed Form of Customer Notice.

On October 15, 2014, DVEC filed a certification of mailing for the Customer Notice. The Customer Notice was mailed via first class mail to all DVEC customers on October 7, 2014. The Customer Notice stated that objections needed to be filed with the Commission by November 7,

2014. The Customer Notice also indicated that DVEC anticipated filing its rate application on or around October 27, 2014. On October 28, 2014, DVEC docketed its application for a rate increase (“the Application”) under Rule 107 in Docket No. E-01703A-14-0362.

By the close of business on November 7, 2014, the Commission had received no objections to the rate increase. There were also no intervention requests filed. As defined in Rule 107(B)(14), to proceed with processing a cooperative rate case under Rule 107 the number of objections submitted by the indicated deadline must represent no more than 5% of all customer accounts or no more than 1,000 customer accounts, whichever is fewer.

On November 20, 2014, Staff filed a notice of eligibility in the docket indicating that DVEC had met all of the requirements outlined in Rule 107 to be eligible to file under the streamlined rules. At the same time, Staff filed a notice of sufficiency indicating the data provided by DVEC in its rate application were sufficient in meeting the requirements of a cooperative rate application.

Background

DVEC is an Arizona member-owned non-profit rural electric distribution cooperative with its principal business office in Duncan, Arizona. DVEC is a public service corporation providing electric distribution service to approximately 2,100 members/customers located in Greenlee and Graham Counties in Arizona and approximately 330 members/customers in New Mexico. Of the total number of customers in Arizona, approximately 84% are Residential customers. The remainder are Commercial and Irrigation customers. DVEC’s Board of Directors oversees all aspects of DVEC’s operations. On August 18, 2014, DVEC’s Board of Directors approved the filing of this application. DVEC is a Class B Utility under Rule 103(A)(3)(q).¹

DVEC’s last rate case was filed on December 12, 2003. In Decision No. 67433 dated December 3, 2004, the Commission determined a revenue increase of 15.31% was justified and reasonable. This rate increase went into effect January 1, 2005. In Decision No. 73259 dated July 30, 2012, DVEC added a Single Phase Time of Use option to its rate schedules.

The Application

DVEC is requesting a rate increase of 6.0% in test year base revenue for its Arizona customers. DVEC’s test year is the 12 months ending January 31, 2014. Actual test year base revenue was \$2,439,723. DVEC’s proposed rate increase of 6.0% is equal to \$146,412. The annual gross revenue for DVEC’s Arizona system inclusive of the increase will be \$3,104,317.

For a residential customer in the DVEC service area with average monthly usage of 756 kWh, this rate change represents an increase to the customer monthly bill of \$4.09. For a residential customer with median monthly usage of 597 kWh, this rate change represents an increase to the customer monthly bill of \$3.44 per month.

¹ The class determination was based off the Annual Report for the year ending 12/31/2013 filed by DVEC with the Commission on April 16, 2014.

DVEC indicated that the rate increase is necessary to recover operating costs and to maintain the financial integrity of the Cooperative.

Eligibility

For a cooperative to utilize the streamlined rate case process referred to as Rule 107, several eligibility requirements must be met prior to beginning the process. As documented in the notice of eligibility, Staff agrees that DVEC has taken the necessary steps to comply with the eligibility requirements of Rule 107.

Staff Analysis

To complete analysis of the Application, Staff reviewed the purchased power costs; the Purchased Power Cost Adjustor ("PPCA") bank balance; the base revenue increase and test year data; the level of increase requested for each rate schedule/class; the trends in load growth and system demand; acceptability of system losses and reliability indices; the proposed rate base, revenue, and expenses; and the proposed revenue requirement. Staff also completed a compliance review.

DVEC reported purchased power costs for the test year equal to \$2,220,581. Staff was able to track and verify the purchased power costs through a sampling of invoices provided by DVEC to support the reported costs.

In addition, Staff was able to track monthly PPCA filings for the test year with those costs and volumes reported in the Application within a negligible amount which Staff attributed to rounding.

DVEC did not calculate a new base cost of power in the Application and held the bank balance constant between the test year and proposed rates with test year data. Rule 107 specifies that the increase request of a maximum of 6% is in base revenue, not attributed to revenue from an adjustor mechanism. The base cost of power (\$0.05843 per kWh) remains unchanged for purposes of calculating the PPCA. The PPCA is designed to recover or refund the difference between the base cost of power included in the Cooperative's base rates and the actual cost of power.

As DVEC has operations in both Arizona and New Mexico, purchased power costs are reported for the entire system. DVEC completes an allocation process to split those costs between Arizona and New Mexico. DVEC based its allocation on kWh sales by state compared to total kWh sales. The Cooperative provided Staff with the support for the calculation of the allocation.

As can be seen in Schedule RSP-1, DVEC provided proof of revenue broken down by rate schedule. All residential monthly system charge increases are less than 25%, the overall base revenue increase, excluding PPCA revenue, is no more than 6%, and all rate class increases are within 150% of the base revenue increase requested.

Typical bill analysis detail for each rate schedule can be seen in Schedule RSP-2. As indicated earlier, RSP-2 details a 5.32% increase in base revenue for residential customers with average usage resulting in an increase in a customer's monthly bill of \$4.09. RSP-2 also details a 5.30% increase in base revenue for residential customers with median usage resulting in an increase in a customer's monthly bill of \$3.44.

Attachment A details Staff's Engineering Report for the Application. Included in the Engineering Report is a detailed review of the customer growth and peak demand over the past five years. A field inspection (including the offices, equipment yard, the warehouse, the meter shop, and a portion of the DVEC system) was completed, and Staff found all of the facilities inspected were in service and operating.

Staff also completed a review of the Cooperative's system losses and reliability indices. Staff concluded that DVEC's system losses and reliability indices are within acceptable limits.

Attachment B details the Financial and Regulatory Analysis Review of the Application. Staff reviewed the Cooperative's proposed rate base, revenues, and expenses. No adjustments were requested by Staff. DVEC proposed a revenue increase of \$146,412 or a revenue increase from \$2,957,905 to \$3,104,317.

The Financial and Regulatory Analysis Review also looked at the proposed revenue requirement which would produce an operating margin of \$36,793 for a 1.14% rate of return on an original cost rate base ("OCRB") of \$3,236,535. Staff agreed with DVEC's revenue requirement of \$3,104,317.

The Consumer Services Review of DVEC included an examination of the complaint history, bill format compliance, and the Utilities Division and Corporations Division of the Commission status. Staff reviewed the Commission's records from January 1, 2012, through January 23, 2015, and found no complaints or opinions during that period of time.

As noted above, Consumer Services received no customer opinions in opposition to the Application which is within the limits to proceed under Rule 107. Consumer Services also indicated the Cooperative's bill format is in compliance with A.A.C. R14-2-210(B) and the Cooperative is in "Good Standing" with the Utilities Division and the Corporations Division of the Commission.

Staff Recommendations

Staff recommends an increase in total base revenue equal to 6.0% over actual Arizona test year total base revenue yielding a rate increase of \$146,412 as filed in its rate application.

Staff has reviewed the proposed rate increase for each customer class and is in agreement with the proposed increases.

Staff concluded that DVEC's facilities are in service and operating. Staff further concluded that the system losses and reliability indices are within acceptable limits.

Staff recommends adoption of DVEC's proposed rate base of \$3,236,535, test year revenues of \$3,104,317, and expenses of \$3,067,523.

As has been detailed above, Staff found that DVEC is eligible to process a rate increase request under Rule 107 and found the Cooperative's supporting documentation sufficient to support its requested 6.0% increase in test year base revenue.

Staff recommends that DVEC file with Docket Control, as a compliance item in this Docket, a tariff consistent with the rates and charges approved in this Docket on or before May 1, 2015.

Staff recommends that DVEC provide notice to its customers of the rate increase approved by the Commission in the next regularly scheduled billing cycle in a form acceptable to Staff and by posting a notice on its website.

Staff is not requesting that a hearing be held in this matter.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01703A-14-0362
TEST YEAR ENDED JANUARY 31, 2014

ELECTRIC RATE COMPONENTS - REVENUES AT PRESENT AND PROPOSED RATES

DETAILED CLASS	BILLING UNITS	TEST YEAR ENDED 1/31/2014		STAFF AND COMPANY PROPOSED RATES			INCREASE IN REVENUE	% INCREASE IN REVENUE (EXCLUDING PPCA & OTHER REVENUE)
		PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	\$		
Single Phase								
System Charge	23,571	\$ 20.00	\$ 471,420	\$ 21.00	\$ 494,991	\$ 23,571	5.00%	
kWh Charge	18,466,768	\$ 0.07520	\$ 1,388,701	\$ 0.07928	\$ 1,464,045	\$ 75,344	5.43%	
Revenue Totals		\$	\$ 1,860,121	\$	\$ 1,959,036	\$ 98,915	5.32%	
Single Phase TOU								
System Charge	24	\$ 20.00	\$ 480	\$ 21.00	\$ 504	\$ 24	5.00%	
Metering Charge	24	\$ 2.35	\$ 56	\$ 2.50	\$ 60	\$ 4	6.38%	
kWh On Peak Charge	3,660	\$ 0.14100	\$ 516	\$ 0.14766	\$ 540	\$ 24	4.72%	
kWh Off Peak Charge	20,806	\$ 0.05150	\$ 1,072	\$ 0.05819	\$ 1,211	\$ 139	12.99%	
Revenue Totals		\$	\$ 2,124	\$	\$ 2,315	\$ 191	9.00%	
Single Phase Demand								
System Charge	368	\$ 30.00	\$ 11,040	\$ 31.50	\$ 11,592	\$ 552	5.00%	
kWh Charge	2,353,522	\$ 0.05650	\$ 132,974	\$ 0.06325	\$ 148,860	\$ 15,886	11.95%	
KW Charge > 15 KW	3,868.90	\$ 10.00	\$ 38,689	\$ 10.00	\$ 38,689	\$ -	0.00%	
Revenue Totals		\$	\$ 182,703	\$	\$ 199,141	\$ 16,438	9.00%	
Three Phase								
System Charge	603	\$ 40.00	\$ 24,120	\$ 42.00	\$ 25,326	\$ 1,206	5.00%	
kWh Charge	664,802	\$ 0.06560	\$ 43,611	\$ 0.06903	\$ 45,891	\$ 2,280	5.23%	
Revenue Totals		\$	\$ 67,731	\$	\$ 71,217	\$ 3,486	5.15%	
Three Phase Demand								
System Charge	535	\$ 40.00	\$ 21,400	\$ 42.00	\$ 22,470	\$ 1,070	5.00%	
kWh Charge	2,961,820	\$ 0.05966	\$ 176,702	\$ 0.06767	\$ 200,426	\$ 23,724	13.43%	
KW Charge > 15 KW	7,740.58	\$ 10.00	\$ 77,406	\$ 10.00	\$ 77,406	\$ -	0.00%	
Revenue Totals		\$	\$ 275,508	\$	\$ 300,302	\$ 24,794	9.00%	

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01703A-14-0362
TEST YEAR ENDED JANUARY 31, 2014

ELECTRIC RATE COMPONENTS - REVENUES AT PRESENT AND PROPOSED RATES

DETAILED CLASS	BILLING UNITS	TEST YEAR ENDED 1/31/2014		STAFF AND COMPANY PROPOSED RATES		\$ INCREASE IN REVENUE	% INCREASE IN REVENUE (EXCLUDING PPCA & OTHER REVENUE)
		PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE		
Public Street and Highway Lighting							
400 Watt Lamp	264	\$ 13.70	\$ 3,617	\$ 14.40	\$ 3,802	\$ 185	5.11%
175 Watt Lamp	792	\$ 8.50	\$ 6,732	\$ 8.95	\$ 7,088	\$ 356	5.29%
100 Watt Lamp	108	\$ 6.00	\$ 648	\$ 6.30	\$ 680	\$ 32	5.00%
Revenue Totals		\$	\$ 10,997	\$	\$ 11,570	\$ 574	5.22%
Private Area Lighting							
100 & 175 Watt Lamp	3,470	\$ 8.00	\$ 27,760	\$ 8.40	\$ 29,148	\$ 1,388	5.00%
100 & 175 Watt Lamp With Pole	1,389	\$ 9.20	\$ 12,779	\$ 9.65	\$ 13,404	\$ 625	4.89%
Revenue Totals		\$	\$ 40,539	\$	\$ 42,552	\$ 2,013	4.97%
Total AZ Base Revenue		\$	\$ 2,439,723	\$	\$ 2,586,134	\$ 146,412	6.00%
Total NM Base Revenue		\$	\$ 383,957	\$	\$ 408,456		
Purchase Cost Adjustor		\$	\$ 590,513	\$	\$ 590,513		
Prior Year Bill Corrections		\$	\$ (4,892)	\$	\$ (4,892)		
Minimum Bill Contracts		\$	\$ 1,886	\$	\$ 1,886		
Other Electric Revenue		\$	\$ 12,949	\$	\$ 12,949		
Total Revenue (AZ and NM)		\$	\$ 3,424,136	\$	\$ 3,595,046		

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01703A-14-0362
TEST YEAR ENDED JANUARY 31, 2014
TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

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

Single Phase Time of Use		PRESENT RATES	PROPOSED 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

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

Three Phase	PRESENT		PROPOSED	
	RATES		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

Three Phase Demand		PRESENT		PROPOSED	
		RATES		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				
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

Public Street and Highway Lighting		PRESENT		PROPOSED	
Description		RATES		RATES	
				\$ CHANGE	% CHANGE
400 Watt Lamp		\$ 13.70	\$ 14.40	\$ 0.70	5.11%
175 Watt Lamp		\$ 8.50	\$ 8.95	\$ 0.45	5.29%
100 Watt Lamp		\$ 6.00	\$ 6.30	\$ 0.30	5.00%

Private Area Lighting		PRESENT		PROPOSED	
Description		RATES		RATES	
				\$ CHANGE	% CHANGE
100 & 175 Watt Lamp		\$ 8.00	\$ 8.40	\$ 0.40	5.00%
100 & 175 Watt Lamp with Pole		\$ 9.20	\$ 9.65	\$ 0.45	4.89%

MEMORANDUM

TO: Ranelle Paladino
T&E Consultant
Utilities Division

FROM: Ray T. Williamson
Utilities Engineer *RTW*
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: March 20, 2015

RE: ENGINEERING REPORT – DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. – ELECTRIC DIVISION – APPLICATION TO INCREASE RATES AND CHARGES PURSUANT TO A.A.C. R14-2-107, DATED OCTOBER 28, 2014 (DOCKET NO. E-01703A-14-0362)

I. INTRODUCTION

Duncan Valley Electric Cooperative, Inc. (“DVEC” or the “Cooperative”) submitted an application on October 28, 2014, to the Arizona Corporation Commission (“Commission”) for authorization to increase rates and charges under Arizona Administrative Code (“A.A.C.”) R14-2-107 (“Rule 107”). Rule 107 provides for a shortened timeframe for processing a cooperative’s rate application if the cooperative meets certain criteria.

II. BACKGROUND

On September 5, 2014, DVEC submitted a Request for Pre-Filing Eligibility Review to the Commission’s Utilities Division Staff (“Staff”) in accordance with Rule 107(C) which included a draft of DVEC’s application, a proposed form of customer notice and a proposed form of recommended order.

On October 6, 2014, DVEC met with Staff as required by Rule 107(C)(3) for the purpose of discussing the Cooperative’s eligibility under Rule 107(B), its proposed form of recommended order, and the proposed form of customer notice.

Staff indicated at this meeting that DVEC does meet the eligibility requirements of Rule 107(B) for filing a streamlined rate case. Staff approved DVEC’s form of customer notice to be mailed to customers as required by Rule 107(C)(5) and Rule 107(D).

On October 7, 2014, DVEC mailed a copy of the approved customer notice via First Class mail to all customers of record as of the date of mailing. The customer notice set a deadline of November 7, 2014, for customers of DVEC to file an intervention request and/or objections to the Application. No objections by customers have been filed.

III. DVEC OVERVIEW

DVEC is an Arizona member-owned non-profit rural electric distribution cooperative that has its headquarters in Duncan, Arizona. DVEC provides electric distribution service to approximately 2,100 Arizona members/customers located in Graham and Greenlee counties. About 330 additional members/customers reside in New Mexico. DVEC is classified as a Class B Utility under Rule 103(A)(3)(g). Attachment 1 shows the DVEC service territory. Attachment 2 shows a one-line schematic of the Arizona portion of the DVEC system.

IV. ENGINEERING REVIEW

Staff's engineering review focused on key metrics for DVEC.

This engineering review includes analysis of data provided by DVEC through discovery, as well as a face-to-face discussion and field inspection of DVEC facilities and equipment.

DVEC Customers, Peak Demand, and System Energy

Overall, DVEC's total number of customers has remained relatively flat over the past five years with 2,333 customers in 2009 and 2,427 customers in 2013, or a growth rate of 1 percent per year. Change by customer class over the five-year period was: residential 1.28 percent increase per year, a loss of 2 commercial customers (from 286 to 284), and a loss of one industrial customer (from 156 to 155).

Table 1: Most Recent Five Years Average Annual Customer Numbers

Year	Total Residential Customers	Total Commercial Customers	Total Industrial Customers	Total Other Customers	Total Customers	Change in Number of Customers
2009	1,891	286	156	0	2,333	
2010	1,882	280	151	0	2,313	(20)
2011	1,895	275	156	0	2,326	13
2012	1,924	272	155	0	2,351	25
2013	1,988	284	155	0	2,427	76

Table 1 provides the average annual number of customers and Table 2 provides the annual peak demand information and energy data.

Note that the customer numbers are for both Arizona and New Mexico. Most of the residential customer increases (92 of 97) were in Arizona. Most of the losses of commercial customers and industrial customers were in Arizona (5 commercial customers and 5 industrial customers). However, New Mexico added 3 commercial and 4 industrial customers.

Table 2: Annual Peak Demand & Energy

Year	Peak Month	Peak (MW)	Annual Energy Delivered (MWh)
2009	August	7,420	28,590
2010	June	6,760	27,592
2011	June	7,536	29,616
2012	July	7,796	28,864
2013	June	8,106	31,302

The annual system peak demand increased from 7,420 MW in 2009 to 8,106 MW in 2013, which represents an average increase of 2.31 percent per year over the past five-year period. Annual system energy delivered increased from 28,590 MWh in 2009 to 31,302 in 2013, or an average increase of 2.37 percent per year over the five-year period.

The data show that DVEC has had moderate load growth over the past five years in spite of the recession impacts that have affected Arizona as a whole.

Annual System Losses

The annual historic system losses for DVEC (as shown in Table 3) averaged 7.4 percent of total system energy per year for the most recent five year period (2009-2013). These losses for the DVEC system are within reasonable limits specified in the guideline provided by the American Public Power Association's Distribution System Loss Evaluation Manual ("Manual") given DVEC's mix of rural and urban electrical systems. The typical distribution system loss values indicated in the Manual range between 6 percent for urban systems to 10 percent for rural systems.

Table 3: Annual System Energy Losses as Percent of Total System Energy

Year	Losses %
2009	7.6%
2010	7.0%
2011	7.5%
2012	7.7%
2013	7.3%
Average	7.4%

System Reliability

Table 4 shows DVEC's system reliability, as measured by the System Average Interruption Duration Index ("SAIDI"), which measures the average outage minutes per customer on an annual basis, from 2009-2013. According to the Rural Utilities Service ("RUS") Bulletins 1730A-119 and 1730-1 Exhibit A, which the Commission Staff uses to judge the adequacy of a cooperative's reliability, a concern would exist when the SAIDI for the cause of "All Other" exceeds 200 minutes.¹ DVEC's service quality over the five-year period in terms of this metric has ranged from 24.7 minutes to 62.5 minutes with an average of 38.5 minutes.

Table 4: System Average Interruption Duration Index (SAIDI) by Cause (in minutes)

Year	Power Supplier	Planned	All Other	Total Excluding Major Events	Major Events	All Events
2009	0.0	11.3	62.5	73.7	146.5	220.2
2010	61.5	20.0	35.0	116.5	195.5	311.9
2011	0.0	12.6	37.3	49.9	139.2	189.1
2012	0.0	30.9	24.7	55.6	233.7	289.3
2013	4.8	24.6	33.0	62.4	23.4	85.8
Five-Year Average	13.3	19.9	38.5	71.6	147.6	219.3

¹ As shown in Table 4, outage statistics are categorized into four major causes. Power Supplier and Planned causes are separated because they represent causes over which the cooperative has virtually no control or total control, respectively, and should be analyzed separately. Major Events include outages on major event days which are days when the daily average outage minutes per customer exceed a threshold value. The threshold is determined based upon a formula specified in the RUS Bulletin 1703A-119, can change over time, and is specific to each cooperative. That leaves all other outages included in the All Other cause category. The All Other and Major Events categories are segregated to better reveal trends in daily operation in the All Other cause category that would be hidden by the large statistical effect of Major Events.

Project Review and Field Inspection

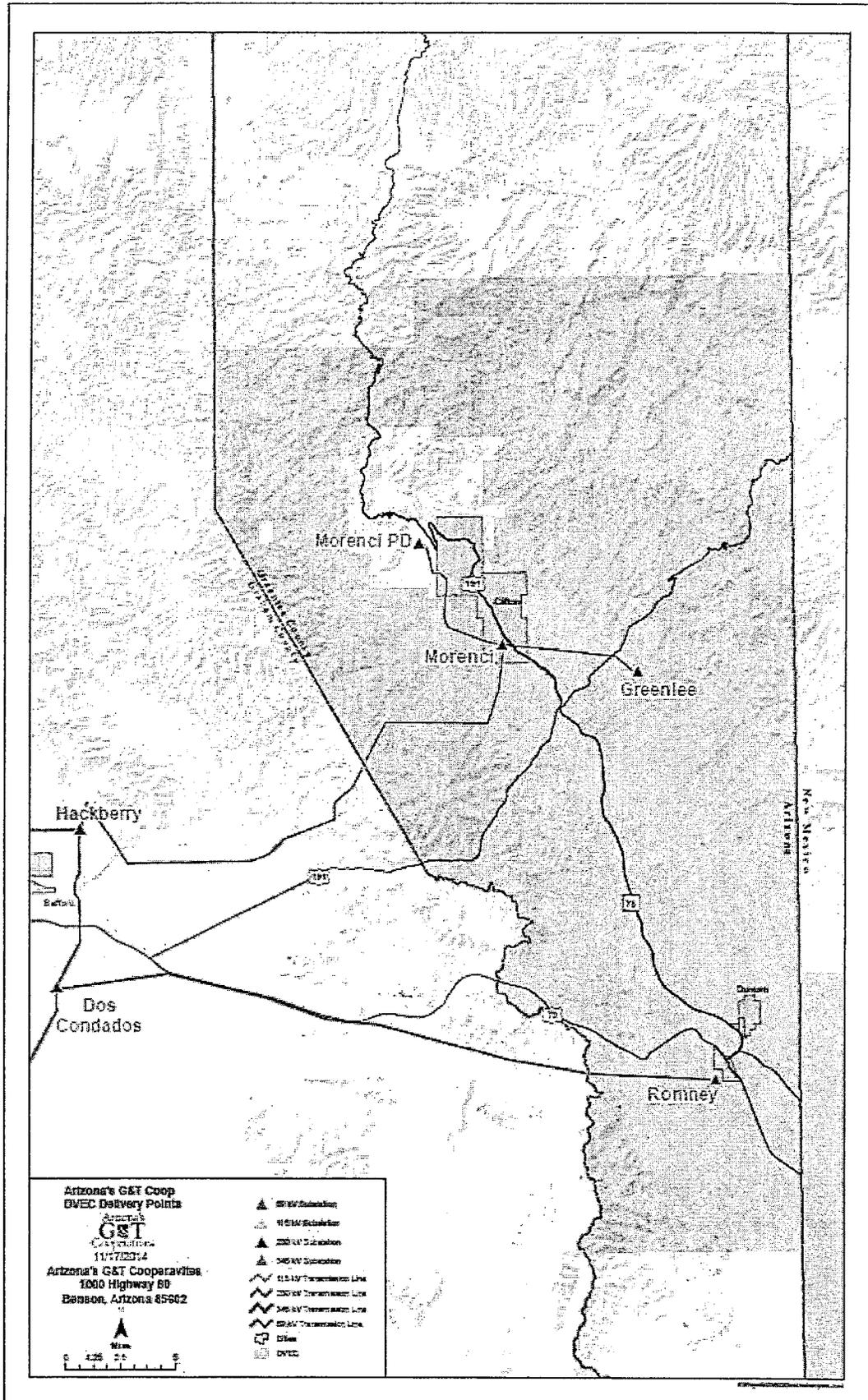
On November 6, 2014, Staff visited the offices of DVEC in Duncan. As part of the inspection, Staff inspected the offices, the equipment yard, the warehouse, the meter shop, and took a tour of a major portion of the DVEC system in Arizona.

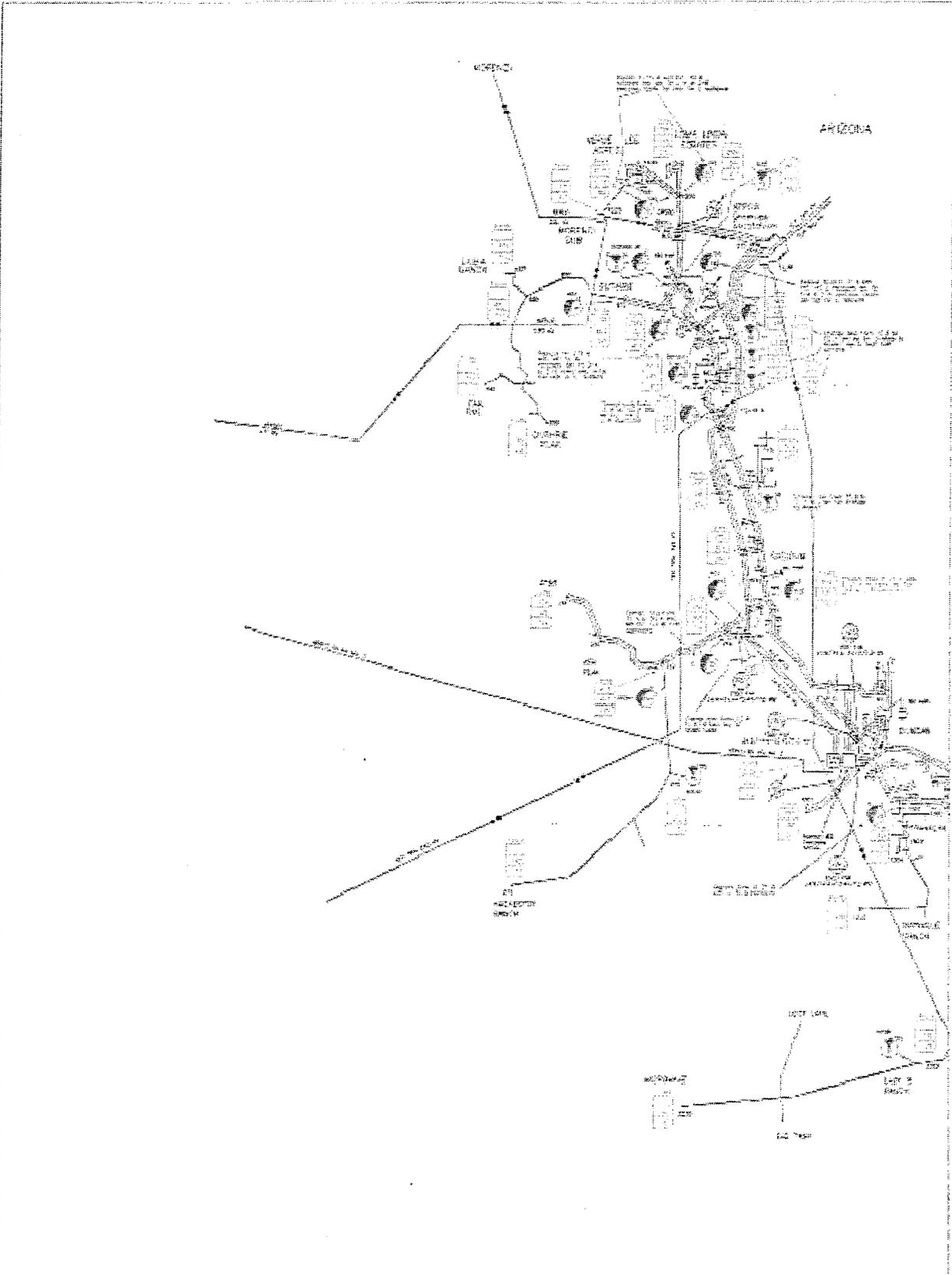
Staff found that all of the facilities inspected were in service and operating.

V. CONCLUSIONS AND RECOMMENDATIONS

Based upon Staff's discussions with DVEC and Staff's site inspections, Staff concludes that DVEC's equipment and facilities are well-maintained and operated, and are used and useful.

Staff concludes that DVEC's system losses and reliability indices are within acceptable limits.





MEMORANDUM

TO: Ranelle Paladino
Utilities Consultant
Utilities Division

FROM: Crystal Brown ^{c.b.}
Executive Consultant III
Utilities Division

DATE: March 20, 2015

RE: IN THE MATTER OF THE APPLICATION OF DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - ELECTRIC DIVISION FOR 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)

Background

Duncan Valley Electric Cooperative, Inc. - Electric Division ("DVEC" or the "Cooperative") is a non-profit distribution cooperative that provides electric distribution service to approximately 2,100 customers in Greenlee County, Arizona and an additional 330 located in New Mexico.

On October 28, 2014, the Cooperative filed a permanent rate application pursuant to Arizona Administrative Code R14-2-107 using a test year ending January 31, 2014. On October 15, 2014, DVEC filed documentation certifying public notice. On November 20, 2014, the Utilities Division Staff ("Staff") issued a Letter of Sufficiency. The current rates for DVEC were established under Decision No. 67433 dated December 3, 2004.

Test Year Rate Base, Revenues, and Expenses

The Cooperative's filing treats the original cost rate base ("OCRB") the same as the fair value rate base. DVEC has proposed a rate base of \$3,236,535, revenues of \$3,104,317, and expenses of \$3,067,523 for the test year. Staff reviewed the Cooperative-proposed rate base, revenues, and expenses and recommends adoption.

Revenue Requirement

DVEC proposed a \$146,412, or 6.0 percent, revenue increase from \$2,957,905 to \$3,104,317. The proposed revenue requirement would produce an operating margin of \$36,793 for a 1.14 percent rate of return on an OCRB of \$3,236,535.

Staff recommends adoption.

Recommendation

Staff recommends a revenue requirement of \$3,104,317 which is the same as the Cooperative's proposed revenue requirement.

1 DVEC is a public service corporation providing electric distribution service to customers in Arizona
2 and New Mexico.

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

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

13 5. On October 6, 2014, in accordance with Rule 107(C)(4), DVEC filed a Request for
14 Docket Number and Notice of Filing Proposed Form of Customer Notice. The docket number was
15 assigned that same day.

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

23 7. On October 28, 2014, DVEC filed its application ("Application") pursuant to A.R.S. §
24 40-250 and Rule 107 to increase its rates and charges using a test year ending January 31, 2014.
25 DVEC requested that the Application be approved without a hearing.

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1 8. By the close of business on November 7, 2014, the Commission had received no
2 objections to the rate increase which is below the 5% of all customer accounts¹ or no more than 1,000
3 customer accounts, whichever is fewer, required to make DVEC ineligible for the Rule 107 process.
4 There were also no intervention requests filed.

5 9. On November 20, 2014, Staff filed a Notice of Eligibility pursuant to Rule 107(H)(2)
6 notifying DVEC that it met all of the eligibility requirements set forth in Rule 107(B) to file a rate case
7 under Rule 107.

8 10. On November 20, 2014, Staff filed a Notice of Sufficiency pursuant to Rule 107(H)(3)
9 notifying DVEC that the Application met all of the requirements of Rule 107(E) and classifying the
10 Cooperative as a Class B utility.

11 **DESCRIPTION OF DVEC**

12 11. DVEC is an Arizona member-owned non-profit rural electric distribution cooperative
13 headquartered in Duncan, Arizona. DVEC provides electric distribution service to approximately
14 2100 members/customers located in Greenlee and Graham Counties in Arizona and approximately
15 330 members/customers in New Mexico.

16 12. DVEC has an eight member Board of Directors ("Board") elected to oversee all
17 aspects of the Cooperative's operations. The Board approved the filing of the Application at a regular
18 meeting of the Board on August 18, 2014.

19 13. DVEC's last rate case was filed on December 12, 2003, and approved in Decision No.
20 67433, dated December 3, 2004. The current rates and charges for DVEC's customers went into
21 effect January 1, 2005. A Single Phase Time of Use option to its rate schedules was added in Decision
22 No. 73259 dated July 30, 2012.

23 **DVEC PROPOSALS**

24 14. In the Application, DVEC utilized a test year ending January 31, 2014.

25 15. Also in the Application, DVEC requested to increase its Arizona annual gross revenue
26 requirement by \$146,412 from test year Arizona total revenues of \$2,957,905 to \$3,104,317. This
27

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¹ As of January 31, 2014, the total number of Arizona DVEC customer accounts was 2,121. Therefore, 5% of the customer accounts is 106.

1 increase represents an increase of 6% over test year Arizona base revenue from \$2,439,723 to
2 \$2,586,134.

3 16. In its filing, DVEC stated the rate application would result in Operating Income of
4 \$36,793.

5 17. The Application shows that a residential customer with monthly electric consumption
6 of 756 kWh (average usage) will see an increase in his/her bill of \$4.09 per month (from \$76.85 to
7 \$80.94), or 5.32%. A residential customer with monthly electric consumption of 597 kWh (median
8 usage) will see an increase in his/her bill of \$3.44 per month (from \$64.89 to \$68.33), or 5.30%.

9 18. DVEC stated the rate increase is necessary to recover operating costs and to maintain
10 the financial integrity of the Cooperative.

11 19. As attachments to the Application, DVEC submitted audited financial statements for
12 the year ended December 31, 2013, and a copy of its certified annual financial and statistical report to
13 the National Rural Utilities Cooperative Finance Corporation ("CFC") for calendar year 2013
14 including a divisional financial report.

15 **COOPERATIVE ELIGIBILITY**

16 20. For a cooperative to utilize the streamlined rate case process referred to as Rule 107,
17 several eligibility requirements must be met prior to beginning the process. As documented in the
18 notice of eligibility, Staff agrees that DVEC has taken the necessary steps to comply with the eligibility
19 requirements of Rule 107.

20 **STAFF ANALYSIS**

21 21. As part of its review of the Application, Staff reviewed the purchased power costs; the
22 Purchased Power Cost Adjustor ("PPCA") bank balance; the base revenue increase and test year data;
23 the level of increase requested for each rate schedule/class; the trends in load growth and system
24 demand; acceptability of system losses and reliability indices; the proposed rate base, revenue, and
25 expenses; and the proposed revenue requirement. Staff also completed a compliance review.

26 22. DVEC and Staff, the only parties to this case, are in agreement on all issues in this
27 case.

28 ...

1 Purchased Power Costs

2 23. DVEC reported purchased power costs for the test year equal to \$2,220,581. Staff was
3 able to track and verify the purchased power costs through a sampling of invoices provided by DVEC
4 to support the reported costs.

5 24. Staff was able to track monthly PPCA filings for the test year with those costs and
6 volumes reported in the Application within a negligible amount which Staff attributed to rounding.

7 25. DVEC did not calculate a new base cost of power in the Application and held the
8 bank balance constant between the test year and proposed rates with test year data. Rule 107 specifies
9 that the increase request of a maximum of 6% is in base revenue, not attributed to revenue from an
10 adjustor mechanism. The base cost of power (\$0.05843 per kWh) remains unchanged for purposes of
11 calculating the PPCA. The PPCA is designed to recover or refund the difference between the base
12 cost of power included in the Cooperative's base rates and the actual cost of power.

13 26. DVEC has operations in both Arizona and New Mexico. The Application reported
14 purchased power costs for the entire system. DVEC completed an allocation process to split those
15 costs between Arizona and New Mexico. DVEC based its allocation on kWh sales by state compared
16 to total kWh sales. The Cooperative provided Staff with the support for the calculation of the
17 allocation.

18 Rate Design

19 27. DVEC provided proof of revenue broken down by rate schedule. In accordance with
20 Rule 107, all residential monthly system charge increases are less than 25%, the overall base revenue
21 increase, excluding PPCA revenue, is no more than 6%, and all rate class increases are within 150% of
22 the base revenue increase requested. DVEC did not propose any rate structure change or non-price
23 tariff change.

24 28. DVEC and Staff agree on the rates set forth in Exhibit A, which is attached hereto and
25 incorporated herein.

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1 Staff Engineering

2 29. Staff physically inspected DVEC's distribution facilities on November 6, 2014. Staff
3 inspected the offices, the equipment yard, the warehouse, the meter shop and toured a portion of the
4 DVEC system in Arizona.

5 30. In addition, Staff reviewed the customer load and peak demand for the past five years
6 and completed a review of the system losses and reliability indices.

7 31. Based on its analysis, Staff Engineering concluded that DVEC:

8 A. has had a moderate load growth over the past five years in spite of the
9 recession impacts on the Arizona economy;

10 B. all of the facilities inspected are well-maintained and operated and are
11 used and useful; and

12 C. system losses and reliability indices are within acceptable limits.

13 Rate Base, Revenues, and Expenses

14 32. In its filing, DVEC treats the original cost rate base ("OCRB") the same as the fair
15 value rate base ("FVRB").

16 33. The Application requested a rate base of \$3,236,535, test year Arizona total revenues
17 of \$3,104,317 and expenses of \$3,067,523.

18 34. DVEC and Staff are in agreement on the proposed rate base, revenues, and expenses
19 and recommends adoption.

20 Revenue Requirement and Rate of Return

21 35. DVEC proposed an Arizona revenue requirement of \$3,104,317. The proposed
22 revenue requirement would produce an operating margin of \$36,793 for a 1.14% rate of return on an
23 OCRB of \$3,236,535.

24 36. According to DVEC calculations, confirmed by Staff, the proposed revenue
25 requirement would produce a 2.88 times interest earned ratio and a 4.67 debt service coverage ratio.

26 37. Staff has recommended adoption of DVEC's proposed revenue requirement.

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1 Consumer Services

2 38. Staff reviewed the Commission's records from January 1, 2012, through January 23,
3 2015, and found no complaints or opinions during that period of time.

4 39. As noted above, Consumer Services received no customer opinions in opposition to
5 the Application which was within the limits to proceed under Rule 107. The Corporations Division of
6 the Commission finds the Cooperative in "Good Standing".

7 **CONCLUSIONS**

8 40. DVEC's application is in compliance with Rule 107 allowing DVEC's rate case to be
9 processed under the alternative streamlined process.

10 41. DVEC and Staff are not requesting a hearing in this matter.

11 42. DVEC's OCRB and FVRB are determined to be \$3,236,535.

12 43. DVEC's proposed rate increases for each customer class are within the guidelines
13 established in Rule 107.

14 44. During the thirty (30) days customers had in which to object to the rate increase, no
15 customers filed objections, which is below the number required to cease processing under Rule 107.

16 45. Staff is in agreement with DVEC's proposed rate base of \$3,236,535, test year Arizona
17 total revenues of \$3,104,317 and expenses of \$3,067,523.

18 46. The rates and charges approved herein will produce an operating margin of \$36,793
19 for a 1.14% rate of return on an OCRB of \$3,236,535.

20 47. The rates and charges approved herein will increase revenues by \$146,412 or a 6.0%
21 increase in test year Arizona base revenue from \$2,439,723 to \$2,586,134.

22 48. Staff's recommendations should be adopted.

23 49. The rate design proposed by DVEC and agreed to by Staff should be adopted.

24 50. The base cost of power should remain at \$0.05843 per kWh.

25 51. Under the rates approved herein, a residential customer with monthly usage of 756
26 kWh (average usage) will experience a rate increase of \$4.09 (5.32%) from the current amount of
27 \$76.85 to \$80.94. A residential customer with monthly usage of 597 kWh (median usage) will
28 experience a rate increase of \$3.44 (5.30%) from the current amount of \$64.89 to \$68.33.

1 IT IS FURTHER ORDERED that Duncan Valley Electric Cooperative, Inc. - Electric
2 Division's base cost of power remain at \$0.05843 per kWh.

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

4 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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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 _____, 2015.

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JODI JERICH
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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SMO:RSP:vsc\RWG

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SERVICE LIST FOR: DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01703A-14-0362

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Mr. Steven Lunt
Chief Executive Officer
Duncan Valley Electric Cooperative, Inc.
379597 Az 75
P.O. Box 440
Duncan, Arizona 85534

Ms. Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
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1200 West Washington Street
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Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

<u>Customer Classes</u>	<u>Present</u> <u>Rate</u>	<u>Approved</u> <u>Rate</u>
Single Phase		
System Charge	\$ 20.00	\$ 21.00
kWh Charge	\$ 0.07520	\$ 0.07928
Single Phase TOU		
System Charge	\$ 20.00	\$ 21.00
Metering Charge	\$ 2.35	\$ 2.50
kWh On Peak Charge	\$ 0.14100	\$ 0.14766
kWh Off Peak Charge	\$ 0.05150	\$ 0.05819
Single Phase Demand		
System Charge	\$ 30.00	\$ 31.50
kWh Charge	\$ 0.05650	\$ 0.06325
kW Charge >15 kW	\$ 10.00	\$ 10.00
Three Phase		
System Charge	\$ 40.00	\$ 42.00
kWh Charge	\$ 0.06560	\$ 0.06903
Three Phase Demand		
System Charge	\$ 40.00	\$ 42.00
kWh Charge	\$ 0.05966	\$ 0.06767
kW Charge >15 kW	\$ 10.00	\$ 10.00
Public Street and Highway Lighting		
400 Watt Lamp	\$ 13.70	\$ 14.40
175 Watt Lamp	\$ 8.50	\$ 8.95
100 Watt Lamp	\$ 6.00	\$ 6.30
Private Area Lighting		
100 & 175 Watt Lamp	\$ 8.00	\$ 8.40
100 & 175 Watt Lamp With Pole	\$ 9.20	\$ 9.65

Decision No. _____