

OPEN MEETING

MEMORANDUM



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FROM: Steven M. Olea
Director
Utilities Division

2015 FEB 4 A 9:02

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

DATE: February 4, 2015

RE: IN THE MATTER OF THE APPLICATION OF DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - GAS DIVISION FOR APPROVAL 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. G-02528A-14-0361)

Attached is the Staff Report and Proposed Order for Duncan Valley Electric Cooperative, Inc. – Gas Division application for a rate increase for a cooperative pursuant to A.A.C. R14-2-107. A.A.C. R14-2-107 is the streamlined processing of cooperative rate applications. Staff recommends an increase in base revenue equal to 6.0% over actual test year base revenue resulting in a rate increase of \$25,145 (this is representative of an increase in test year base revenue from \$419,108 to \$444,253). Staff is not requesting that a hearing be held in this matter.

SMO:PJG:vsc\RWG

Originator: Pamela J. Genung

Attachment: Original and Thirteen copies

Arizona Corporation Commission
DOCKETED

FEB 04 2015

DOCKETED BY

Service List for: DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
Docket No. G-02528A-14-0361

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

DOCKET NO. G-02528A-14-0361

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

FEBRUARY 4, 2015

STAFF ACKNOWLEDGMENT

The Staff Report for Duncan Valley Electric Cooperative, Inc. – Gas Division (“DVEC” or “Cooperative”), Docket No. G-02528A-14-0361, was the responsibility of the Staff members listed below. Pamela Genung 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. Alan Borne was responsible for the pipeline safety audit/inspection 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.



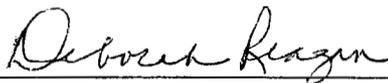
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Executive Consultant III



Crystal Brown
Executive Consultant III



Alan Borne
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EXECUTIVE SUMMARY
DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
DOCKET NO. G-02528A-14-0361

Duncan Valley Electric Cooperative, Inc. – Gas Division (“DVEC” or “Cooperative”) is an Arizona member-owned non-profit natural gas distribution cooperative. DVEC is a public service corporation providing natural gas distribution service to approximately 750 members/customers located in Greenlee County, Arizona. DVEC is a Class C Utility under A.A.C. R14-2-103(A)(3)(q).

DVEC proposed a \$25,145 revenue increase from \$593,044 to \$618,189 (this increase represents a 6.0% increase in test year base revenue from \$419,108 to \$444,253). The proposed revenue would produce an operating loss of \$18,253 resulting in no rate of return.

The Cooperative’s requested rates would increase a residential customer’s bill, with monthly natural gas consumption of 60 therms (average usage) in the winter, by \$3.36 (from \$63.80 to \$67.16), or 5.27%. A residential customer with monthly natural gas consumption of 16 therms (average usage) in the summer would see a bill increase of \$1.57 (from \$24.16 to \$25.73), or 6.50%. The residential customer with monthly natural gas consumption of 52 therms (median usage) in the winter would see a bill increase of \$3.05 (from \$57.96 to \$61.01), or 5.26%. A residential customer with monthly natural gas consumption of 13 therms (median usage) in the summer would see a bill increase of \$1.46 per month (from \$23.38 to \$24.84), or 6.24%.

Staff and DVEC are in agreement on all issues in this case. Staff recommends adoption of DVEC’s proposed revenue requirement of \$25,145.

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 April 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 should file with Docket Control each January, as a compliance item in this Docket, beginning January 2016, an annual status update regarding the gas throughput variance occurring at the city gate until the metering issue has been resolved with the interstate pipeline company.
5. The Cooperative’s base cost of gas and Purchased Gas Adjustor (“PGA”) should remain unchanged with the entire cost of gas contained in DVEC’s PGA.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
BACKGROUND	2
THE APPLICATION.....	2
ELIGIBILITY	3
STAFF ANALYSIS.....	3
STAFF RECOMMENDATIONS	5

SCHEDULES

Revenues at Present and Proposed Rates	PjG-1
Typical Bill Analysis	PjG-2

ATTACHMENTS

Pipeline Safety Audit/Inspection Report.....	A
Financial and Regulatory Analysis Report	B

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 of the rule 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; established 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 six percent 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. – Gas Division (“DVEC” or “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 to highlight 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. G-02528A-14-0361.

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 natural gas distribution cooperative with its principal business office in Duncan, Arizona. DVEC is a public service corporation providing natural gas distribution service to approximately 750 members/customers located in Greenlee County, Arizona. Of that total, approximately 90% are Residential customers. The remainder is 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 C Utility under Rule 103(A)(3)(q).¹

DVEC’s last rate case was filed on May 2, 2005. In Decision No. 68599 dated March 23, 2006, the Commission determined a revenue increase of 51.9%² was justified and reasonable. This rate increase went into effect April 1, 2006.

The Application

DVEC is requesting a rate increase of 6.0% in test year base revenue. DVEC’s test year is the 12 months ending January 31, 2014. Actual test year base revenue was \$419,108. DVEC’s proposed rate increase of 6.0% is equal to \$25,145. The annual gross revenue for DVEC inclusive of the increase will be \$618,189.

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

¹ Under the new Utility Classifications effective January 16, 2015, DVEC’s – Gas Division is now considered a Class D Utility.

² The increase was based off a test year where DVEC reported a negative operating margin and a net loss.

Eligibility

As discussed above, several eligibility requirements must be met for a cooperative to use Rule 107. 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 gas costs; the fuel bank balance; the base revenue increase and test year data; the level of increase requested for each rate schedule/class; the capital expenditures for the test year (including monies for infrastructure development consisting of new distribution mains and services, upgrades to existing systems, and installation of new equipment); proposed capital expenditure levels to ensure future system reliability; the proposed rate base, revenue, and expenses; and the proposed revenue requirement. Staff also completed a compliance review.

DVEC reported purchased gas costs for the test year equal to \$169,683. Staff was able to track and verify the purchased gas costs through a sampling of invoices provided by DVEC to support the reported costs.

In addition, Staff was able to track monthly fuel adjustor filings for the test year with those costs and volumes reported in the Application, except for a variance between therms purchased from the supplier and therms billed to DVEC's retail customers. Staff noted the therms purchased in the test year were 378,190. The therm sales during the test year were 420,710. Staff discussed the difference in therms with DVEC. DVEC indicated that the difference was due to city gate³ meters not correctly registering total throughput. DVEC also indicated that it has had discussions with the interstate pipeline company concerning the variance in throughput. The interstate pipeline company acknowledges the issue and is exploring a different type of metering that should correct the problem.

DVEC did not calculate a new base cost of gas 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. As established in Decision No. 68599, the base cost of gas was reset to zero moving the entire cost of gas to DVEC's Purchased Gas Adjustor ("PGA"). Moving the entire cost of gas to the PGA was believed to be a simpler method for tracking the cost of gas and to help facilitate consumer understanding of bills. This Application does not propose a change to the existing PGA, adopt a new adjustor or surcharge mechanism, nor does it adopt a new hook-up fee.

As can be seen in Schedule PJG-1, DVEC provided proof of revenue broken down by rate schedule. All residential monthly system charge increases are less than 25%, the overall base

³ At a city gate, natural gas is transferred from an interstate or intrastate pipeline to a local distribution natural gas utility. Gas regulators reduce the pipeline gas pressure to distribution pressure.

revenue increase, excluding PGA 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 PJG-2. PJG-2 details a 5.27% increase in base revenue for residential customers with average winter usage resulting in an increase in a customer's monthly bill of \$3.36; and a 6.50% increase in base revenue for residential customers with average summer usage resulting in an increase in a customer's monthly bill of \$1.57. PJG-2 also details a 5.26% increase in base revenue for residential customers with median winter usage resulting in an increase in a customer's monthly bill of \$3.05; and a 6.24% increase in base revenue for residential customers with median summer usage resulting in an increase in a customer's monthly bill of \$1.46. One dollar of the monthly increase for all residential customers is the monthly service charge. The remainder is in the delivery charge.

Attachment A details Staff's Pipeline Safety Audit/Inspection Report for the Application. As noted in the Pipeline Safety Report, Staff's annual audits include a procedure and records review in addition to an extensive field review of the system. Audits for years 2012 and 2013 produced minimal findings and no unresolved compliance issues. Staff concluded that DVEC's capital expenditures for the test year were appropriate to meet the needs of DVEC's current customers and ensure system reliability. Staff further concluded that the proposed capital expenditure levels appear to be reasonable and appropriate to meet the needs of DVEC's existing and new customers and ensure future system reliability.

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.

The Financial and Regulatory Analysis Review also looked at the proposed revenue requirement which would produce an operating loss of \$18,253 for no rate of return on an original cost rate base of \$614,803. Staff agreed with DVEC's revenue requirement of \$618,189.

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 9, 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. R14-2-304(A) 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 test year total base revenue, yielding a rate increase of \$25,145 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 capital expenditures for the test year were appropriate to meet the needs of DVEC's current customers and ensure system reliability. Staff further concluded that the proposed capital expenditure levels appear to be reasonable and appropriate to meet the needs of DVEC's existing and new customers and ensure future system reliability.

Staff recommends adoption of DVEC's proposed rate base of \$614,803, test year revenues of \$618,189, and expenses of \$636,441.

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 each January, as a compliance item in this Docket, beginning January 2016, an annual status update regarding the gas throughput variance occurring at the city gate until the metering issue has been resolved with the interstate pipeline company.

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 April 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. - Gas Division
DOCKET NO. G-02528A-14-0361
TEST YEAR ENDED JANUARY 31, 2014

DETAILED CLASS	TEST YEAR ENDED 1/31/2014		STAFF AND COMPANY PROPOSED		% INCREASE IN REVENUE (EXCLUDING PGA & OTHER REVENUE)
	BILLING UNITS	PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	

Small Meter <250 CFH

Winter							
System Charge	3,672	\$ 20.00	\$ 73,440	\$ 21.00	\$ 77,112	\$ 3,672	5.0%
Therm Charge	238,364	\$ 0.73000	\$ 174,006	\$ 0.76939	\$ 183,395	\$ 9,389	5.4%
Revenue Totals			\$ 247,446		\$ 260,507	\$ 13,061	5.3%
Summer							
System Charge	5,075	\$ 20.00	\$ 101,500	\$ 21.00	\$ 106,575	\$ 5,075	5.0%
Therm Charge	86,010	\$ 0.26000	\$ 22,363	\$ 0.29566	\$ 25,430	\$ 3,067	13.7%
Revenue Totals			\$ 123,863		\$ 132,005	\$ 8,142	6.6%
Total Small	System Chrg 8,747		\$ 371,308		\$ 392,512	\$ 21,203	5.7%
	Therms 324,374						

Medium Meter >250 <425 CFH

Winter							
System Charge	79	\$ 30.00	\$ 2,370	\$ 31.50	\$ 2,489	\$ 119	5.0%
Therm Charge	19,027	\$ 0.73000	\$ 13,890	\$ 0.76939	\$ 14,639	\$ 749	5.4%
Revenue Totals			\$ 16,260		\$ 17,128	\$ 868	5.3%
Summer							
System Charge	147	\$ 30.00	\$ 4,410	\$ 31.50	\$ 4,631	\$ 221	5.0%
Therm Charge	63,001	\$ 0.26000	\$ 16,380	\$ 0.29566	\$ 18,627	\$ 2,247	13.7%
Revenue Totals			\$ 20,790		\$ 23,257	\$ 2,467	11.9%
Total Medium	System Chrg 226		\$ 37,050		\$ 40,385	\$ 3,335	9.0%
	Therms 82,028						

Decision No.

DETAILED CLASS	GAS RATE COMPONENTS - REVENUES AT PRESENT AND PROPOSED RATES									
	BILLING UNITS	TEST YEAR ENDED 1/31/2014		STAFF AND COMPANY PROPOSED			INCREASE IN REVENUE & OTHER REVENUE	% INCREASE IN REVENUE (EXCLUDING PGA)		
		PRESENT RATES	PRESENT REVENUE	PROPOSED RATES	PROPOSED REVENUE	INCREASE IN REVENUE				
Large Meter >425 CFH										
Winter										
System Charge	10	\$ 40.00	\$ 400	\$ 42.00	\$ 420	\$ 20	5.0%			
Therm Charge	12,914	\$ 0.73000	\$ 9,427	\$ 0.76939	\$ 9,936	\$ 509	5.4%			
Revenue Totals		\$	\$ 9,827	\$	\$ 10,356	\$ 529	5.4%			
Summer										
System Charge	14	\$ 40.00	\$ 560	\$ 42.00	\$ 588	\$ 28	5.0%			
Therm Charge	1,394	\$ 0.26000	\$ 362	\$ 0.29566	\$ 412	\$ 50	13.7%			
Revenue Totals		\$	\$ 922	\$	\$ 1,000	\$ 78	8.4%			
Total Large										
System Chrg	24	\$	\$ 10,750	\$	\$ 11,356	\$ 606	5.6%			
Therms	14,308									
Total Base Revenue										
System Chrg	8,997	\$	\$ 419,108	\$	\$ 444,253	\$ 25,145	6.0%			
Therms	420,710									
Total PGA Revenue										
Other Gas Revenue		\$	\$ 154,291	\$	\$ 154,291	\$				
Total - Test Year		\$	\$ 19,645	\$	\$ 19,645	\$				
		\$	\$ 593,044	\$	\$ 618,189	\$				

Decision No. _____

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Gas Division
DOCKET NO. G-02528A-14-0361
TEST YEAR ENDED JANUARY 31, 2014
TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Small Meter <250 CFH	PRESENT	PROPOSED	\$ CHANGE	% CHANGE
	RATES	RATES		
System Charge	\$ 20.00	\$ 21.00	\$ 1.00	5.00%
Therm Charge Winter	\$ 0.73000	\$ 0.76939	\$ 0.03939	5.40%
Therm Charge Summer	\$ 0.26000	\$ 0.29566	\$ 0.03566	13.72%

Usage	Winter				
0	\$ 20.00	\$ 21.00	\$ 1.00		5.00%
25	\$ 38.25	\$ 40.23	\$ 1.98		5.18%
50	\$ 56.50	\$ 59.47	\$ 2.97		5.26%
52 ^	\$ 57.96	\$ 61.01	\$ 3.05		5.26%
53 *	\$ 58.69	\$ 61.78	\$ 3.09		5.26%
60 ^^	\$ 63.80	\$ 67.16	\$ 3.36		5.27%
65 **	\$ 67.45	\$ 71.01	\$ 3.56		5.28%
75	\$ 74.75	\$ 78.70	\$ 3.95		5.28%
100	\$ 93.00	\$ 97.94	\$ 4.94		5.31%
150	\$ 129.50	\$ 136.41	\$ 6.91		5.34%
200	\$ 166.00	\$ 174.88	\$ 8.88		5.35%
250	\$ 202.50	\$ 213.35	\$ 10.85		5.36%
300	\$ 239.00	\$ 251.82	\$ 12.82		5.36%
400	\$ 312.00	\$ 328.76	\$ 16.76		5.37%
500	\$ 385.00	\$ 405.70	\$ 20.70		5.38%
750	\$ 567.50	\$ 598.04	\$ 30.54		5.38%
1000	\$ 750.00	\$ 790.39	\$ 40.39		5.39%
1500	\$ 1,115.00	\$ 1,175.09	\$ 60.09		5.39%

Usage	Summer				
0	\$ 20.00	\$ 21.00	\$ 1.00		5.00%
13 *^	\$ 23.38	\$ 24.84	\$ 1.46		6.24%
16 ^^	\$ 24.16	\$ 25.73	\$ 1.57		6.50%
17 **	\$ 24.42	\$ 26.03	\$ 1.61		6.59%
25	\$ 26.50	\$ 28.39	\$ 1.89		7.13%
50	\$ 33.00	\$ 35.78	\$ 2.78		8.42%
75	\$ 39.50	\$ 43.17	\$ 3.67		9.29%
100	\$ 46.00	\$ 50.57	\$ 4.57		9.93%
150	\$ 59.00	\$ 65.35	\$ 6.35		10.76%
200	\$ 72.00	\$ 80.13	\$ 8.13		11.29%
250	\$ 85.00	\$ 94.92	\$ 9.92		11.67%
300	\$ 98.00	\$ 109.70	\$ 11.70		11.94%
400	\$ 124.00	\$ 139.26	\$ 15.26		12.31%
500	\$ 150.00	\$ 168.83	\$ 18.83		12.55%
750	\$ 215.00	\$ 242.75	\$ 27.75		12.91%
1000	\$ 280.00	\$ 316.66	\$ 36.66		13.09%
1500	\$ 410.00	\$ 464.49	\$ 54.49		13.29%

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

Decision No. _____

Medium Meter >250 <425 CFH	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
System Charge	\$ 30.00	\$ 31.50	\$ 1.50	5.00%
Therm Charge Winter	\$ 0.73000	0.76939	0.03939	5.40%
Therm Charge Summer	\$ 0.26000	0.29566	0.03566	13.72%

Usage	Winter			
0 *	\$ 30.00	\$ 31.50	\$ 1.50	5.00%
1	\$ 30.73	\$ 32.27	\$ 1.54	5.01%
50	\$ 66.50	\$ 69.97	\$ 3.47	5.22%
100	\$ 103.00	\$ 108.44	\$ 5.44	5.28%
150	\$ 139.50	\$ 146.91	\$ 7.41	5.31%
200	\$ 176.00	\$ 185.38	\$ 9.38	5.33%
241 **	\$ 205.93	\$ 216.92	\$ 10.99	5.34%
250	\$ 212.50	\$ 223.85	\$ 11.35	5.34%
300	\$ 249.00	\$ 262.32	\$ 13.32	5.35%
400	\$ 322.00	\$ 339.26	\$ 17.26	5.36%
500	\$ 395.00	\$ 416.20	\$ 21.20	5.37%
750	\$ 577.50	\$ 608.54	\$ 31.04	5.37%
1000	\$ 760.00	\$ 800.89	\$ 40.89	5.38%
1500	\$ 1,125.00	\$ 1,185.59	\$ 60.59	5.39%
2000	\$ 1,490.00	\$ 1,570.28	\$ 80.28	5.39%
2500	\$ 1,855.00	\$ 1,954.98	\$ 99.98	5.39%
3000	\$ 2,220.00	\$ 2,339.67	\$ 119.67	5.39%

Usage	Summer			
0	\$ 30.00	\$ 31.50	\$ 1.50	5.00%
50	\$ 43.00	\$ 46.28	\$ 3.28	7.63%
100	\$ 56.00	\$ 61.07	\$ 5.07	9.05%
150	\$ 69.00	\$ 75.85	\$ 6.85	9.93%
173 *	\$ 74.98	\$ 82.65	\$ 7.67	10.23%
200	\$ 82.00	\$ 90.63	\$ 8.63	10.52%
250	\$ 95.00	\$ 105.42	\$ 10.42	10.97%
300	\$ 108.00	\$ 120.20	\$ 12.20	11.30%
400	\$ 134.00	\$ 149.76	\$ 15.76	11.76%
429 **	\$ 141.54	\$ 158.34	\$ 16.80	11.87%
500	\$ 160.00	\$ 179.33	\$ 19.33	12.08%
750	\$ 225.00	\$ 253.25	\$ 28.25	12.56%
1000	\$ 290.00	\$ 327.16	\$ 37.16	12.81%
1500	\$ 420.00	\$ 474.99	\$ 54.99	13.09%
2000	\$ 550.00	\$ 622.82	\$ 72.82	13.24%
2500	\$ 680.00	\$ 770.65	\$ 90.65	13.33%
3000	\$ 810.00	\$ 918.48	\$ 108.48	13.39%

* Median
** Average

Large Meter >425 CFH	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
System Charge	\$ 40.00	\$ 42.00	\$ 2.00	5.00%
Therm Charge Winter	\$ 0.73000	\$ 0.76939	\$ 0.03939	5.40%
Therm Charge Summer	\$ 0.26000	\$ 0.29566	\$ 0.03566	13.72%

Usage	Winter			
0	\$ 40.00	\$ 42.00	\$ 2.00	5.00%
50	\$ 76.50	\$ 80.47	\$ 3.97	5.19%
100	\$ 113.00	\$ 118.94	\$ 5.94	5.26%
150	\$ 149.50	\$ 157.41	\$ 7.91	5.29%
200	\$ 186.00	\$ 195.88	\$ 9.88	5.31%
250	\$ 222.50	\$ 234.35	\$ 11.85	5.33%
300	\$ 259.00	\$ 272.82	\$ 13.82	5.34%
400	\$ 332.00	\$ 349.76	\$ 17.76	5.35%
500	\$ 405.00	\$ 426.70	\$ 21.70	5.36%
750	\$ 587.50	\$ 619.04	\$ 31.54	5.37%
1000	\$ 770.00	\$ 811.39	\$ 41.39	5.38%
1291 **	\$ 982.43	\$ 1,035.28	\$ 52.85	5.38%
1319 *	\$ 1,002.87	\$ 1,056.83	\$ 53.96	5.38%
1500	\$ 1,135.00	\$ 1,196.09	\$ 61.09	5.38%
2000	\$ 1,500.00	\$ 1,580.78	\$ 80.78	5.39%
2500	\$ 1,865.00	\$ 1,965.48	\$ 100.48	5.39%
3000	\$ 2,230.00	\$ 2,350.17	\$ 120.17	5.39%

Usage	Summer			
0	\$ 40.00	\$ 42.00	\$ 2.00	5.00%
50	\$ 53.00	\$ 56.78	\$ 3.78	7.13%
57 *	\$ 54.82	\$ 58.85	\$ 4.03	7.35%
75	\$ 59.50	\$ 64.17	\$ 4.67	7.85%
100 **	\$ 66.00	\$ 71.57	\$ 5.57	8.44%
150	\$ 79.00	\$ 86.35	\$ 7.35	9.30%
200	\$ 92.00	\$ 101.13	\$ 9.13	9.92%
250	\$ 105.00	\$ 115.92	\$ 10.92	10.40%
300	\$ 118.00	\$ 130.70	\$ 12.70	10.76%
400	\$ 144.00	\$ 160.26	\$ 16.26	11.29%
500	\$ 170.00	\$ 189.83	\$ 19.83	11.66%
750	\$ 235.00	\$ 263.75	\$ 28.75	12.23%
1000	\$ 300.00	\$ 337.66	\$ 37.66	12.55%
1500	\$ 430.00	\$ 485.49	\$ 55.49	12.90%
2000	\$ 560.00	\$ 633.32	\$ 73.32	13.09%
2500	\$ 690.00	\$ 781.15	\$ 91.15	13.21%
3000	\$ 820.00	\$ 928.98	\$ 108.98	13.29%

* Median
** Average

ATTACHMENT A

MEMORANDUM

TO: Pamela Genung
Executive Consultant III
Utilities Division

FROM: Alan Borne 
Lead Pipeline Inspector
Pipeline Safety Section

DATE: November 12, 2014

SUBJECT: Pipeline Safety Audit/Inspection Report – DUNCAN VALLEY ELECTRIC
COOPERATIVE, INC.'S RATE CASE APPLICATION DATED OCTOBER 27,
2014 – DOCKET No. G-02528A-14-0361

Duncan Valley Electric Cooperative, Inc. – Gas Division (“DVEC” or “Cooperative”) submitted an application on October 28, 2014, to the Arizona Corporation Commission (“Commission”) for authorization to increase rates under Arizona Administrative Code §14-2-107, which provides for a shortened timeframe for processing a cooperative’s rate application if the cooperative meets certain requirements.

Background

DVEC provides natural gas service through approximately 54.9 miles of distribution main to 935 service risers of which 738 are active retail customers including 70 commercial accounts per a September 15, 2014, customer count. The system includes steel, polyvinyl chloride and polyethylene pipe material. DVEC’s service territory covers the town of Duncan, the community of Franklin and outlying areas throughout Greenlee County. The system is fed through approximately 42 taps off of Kinder Morgan/El Paso gas transmission pipeline which includes 3 city gate stations, Duncan 1 and 2 feeding the town of Duncan and the Franklin tap with outlet pressures regulated to 50 pounds per square inch gauge (“psig”), 45 psig and 45 psig respectively. The remaining 39 taps are considered “Farm Taps” with outlet pressures regulated to various pressures between 6 psig and 21 psig.

Staff’s Analysis

Staff has analyzed the DVEC Application and reviewed the capital expenditures for the “Test Year”, which included monies for infrastructure development, including new distribution mains and services, upgrades to the existing systems and installation of new equipment such as measurement and pressure regulating stations.

Staff's Annual Audits consist of a procedure and records review as well as an extensive field review of the system. These Audits focus on the operator's compliance with Title 49 Code of Federal Regulations, Parts 191, 192, 199, 40 and the Arizona Administrative Code R14-5-202 and R14-5-203 as the minimum standards for the transportation of natural gas by pipeline. Audits for the years 2012 and 2013 resulted in minimal findings and there are to date no unresolved compliance issues. DVEC has performed no capital build-out or major replacement projects.

Conclusions

Based on its review, Staff believes that the Cooperative's capital expenditures for the "Test Year" were appropriate to meet the needs of DVEC's existing customers and ensure system reliability.

Staff further concludes that the capital expenditure levels proposed by the Cooperative appear to be reasonable and appropriate to meet the projected needs of DVEC's existing and new customers and ensure future system reliability. However, this does not imply a specific treatment of rate base for rate making purposes in the Cooperative's future rate filings.

MEMORANDUM

TO: Pamela Genung
Executive Consultant III
Utilities Division

FROM: Crystal Brown *CB*
Executive Consultant III
Utilities Division

DATE: January 2, 2015

RE: IN THE MATTER OF THE APPLICATION OF DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - GAS DIVISION FOR APPROVAL 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. G-02528A-14-0361)

Background

Duncan Valley Electric Cooperative, Inc. - Gas Division ("DVEC" or "Cooperative") is a non-profit distribution cooperative that provides natural gas service to approximately 750 customers in Greenlee County, Arizona.

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. 68599 dated March 23, 2006.

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 \$614,803, revenues of \$618,189, and expenses of \$636,441 for the test year. Staff reviewed the Cooperative-proposed rate base, revenues, and expenses.

Revenue Requirement

DVEC proposed a \$25,145, or 6.0 percent, revenue increase from \$593,044 to \$618,189. The proposed revenue requirement would produce an operating loss of \$18,253 for no rate of return on an OCRB of \$614,803.

Staff recommends adoption.

Decision No. _____

Recommendation

Staff recommends a revenue requirement of \$618,189 which is the same as the Cooperative's proposed revenue requirement.

Decision No. _____

BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

DOUG LITTLE

Commissioner

TOM FORESE

Commissioner

IN THE MATTER OF THE APPLICATION OF DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - GAS DIVISION FOR APPROVAL 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. G-02528A-14-0361

DECISION NO. _____

ORDER

Open Meeting
March 2 and March 3, 2015
Phoenix, Arizona

BY THE COMMISSION:

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

FINDINGS OF FACT

1. In Decision No. 73649, dated February 6, 2013, the Arizona Corporation Commission ("Commission") adopted revisions to Arizona Administrative Code ("A.A.C.") R14-2-103 ("Rule") and added a new section A.A.C. R14-2-107 establishing an alternative streamlined ratemaking application and process for non-profit cooperatives providing electric or natural gas utility service ("Rule 107").

2. Duncan Valley Electric Cooperative, Inc. – Gas Division ("DVEC" or "Cooperative") is a non-profit cooperative which provides natural gas service to customers in Arizona.

1 3. On September 5, 2014, DVEC submitted to the Commission's Utilities Division
2 ("Staff") a Request for Pre-Filing Eligibility Review in accordance with Rule 107(C) which included a
3 draft application to increase rates and charges pursuant to Rule 107 and Arizona Revised Statutes
4 ("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 Rule 107(C)(B) to discuss
7 the Cooperative's eligibility under Rule 107(B), the proposed form of customer notice, and the
8 proposed form of recommended order. At the meeting, Staff advised DVEC that it met the eligibility
9 requirements of Rule 107(B) for filing a streamlined rate case. At the meeting, Staff also approved the
10 form of customer notice to be mailed to customers as required by Rule 107(C)(5) and Rule 107(D).

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

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

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

24 8. By the close of business on November 7, 2014, the Commission had received no
25 objections to the rate increase which is below the 5% of all customer accounts¹ or no more than 1,000
26
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¹ As of January 31, 2014, the total number of Arizona DVEC customer accounts was 749. Therefore, 5% of the customer accounts are 37.

1 customer accounts, whichever are fewer, required to make DVEC ineligible for the Rule 107 process.

2 There were also no intervention requests filed.

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

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

9 DESCRIPTION OF DVEC

10 11. DVEC is an Arizona member-owned non-profit natural gas distribution cooperative
11 headquartered in Duncan, Arizona. DVEC provides natural gas distribution service to approximately
12 750 members/customers located in Greenlee County, Arizona.

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

16 13. DVEC's last rate case was filed on May 2, 2005 (based on a test year ending December
17 31, 2004) and approved in Decision No. 68599, dated March 23, 2006. The current rates and charges
18 went into effect April 1, 2006, for DVEC's customers.

19 DVEC PROPOSALS

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

21 15. Also in the Application, DVEC requested to increase its annual gross revenue
22 requirement by \$25,145, from test year total revenues of \$593,044 to \$618,189. This increase
23 represents an increase of 6% over test year base revenue from \$419,108 to \$444,253.

24 16. In its filing, DVEC stated the rate application would result in an Operating Loss of
25 \$18,253.

26 17. The Application shows that a residential customer with monthly natural gas
27 consumption of 60 therms (average usage) in the winter will see a bill increase of \$3.36 per month
28 (from \$63.80 to \$67.16), or 5.27%. A residential customer with monthly natural gas consumption of

1 16 therms (average usage) in the summer will see a bill increase of \$1.57 per month (from \$24.16 to
2 \$25.73), or 6.50%. A residential customer with monthly natural gas consumption of 52 therms
3 (median usage) in the winter will see a bill increase of \$3.05 per month (from \$57.96 to \$61.01), or
4 5.26%. A residential customer with monthly natural gas consumption of 13 therms (median usage) in
5 the summer will see a bill increase of \$1.46 per month (from \$23.38 to \$24.84), or 6.24%.

6 18. DVEC stated the rate increase is necessary to partially recover operating costs. The
7 rate increase would allow DVEC to maintain the financial integrity of the Cooperative.

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

12 **COOPERATIVE ELIGIBILITY**

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

17 **STAFF ANALYSIS**

18 21. As part of its review of the Application, Staff reviewed the purchased gas costs; the
19 fuel bank balance; the base revenue increase and test year data; the level of increase requested for each
20 rate schedule/class; the capital expenditures for the test year (including monies for infrastructure
21 development consisting of new distribution mains and services, upgrades to existing systems, and
22 installation of new equipment); proposed capital expenditure levels to ensure future system reliability;
23 the proposed rate base, revenue, and expenses; and the proposed revenue requirement. Staff also
24 completed a compliance review.

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

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1 Purchased Gas Costs

2 23. DVEC reported purchased gas costs for the test year equal to \$169,683. Staff was able
3 to track and verify the purchased gas costs through a sampling of invoices provided by DVEC to
4 support the reported costs.

5 24. Staff was able to track monthly fuel adjustor filings for the test year with those costs
6 and volumes reported in the Application, except for a variance between therms purchased from the
7 supplier and therms billed to DVEC's retail customers. Staff noted the therms purchased in the test
8 year were 378,190. The therm sales during the test year were 420,710. Staff discussed the difference
9 in therms with DVEC. DVEC indicated that the difference was due to city gate² meters not correctly
10 registering total throughput. DVEC also indicated that it has had discussions with the interstate
11 pipeline company concerning the variance in throughput. The interstate pipeline company
12 acknowledges the issue and is exploring a different type of metering that should correct the problem.

13 25. DVEC did not calculate a new base cost of gas in the Application and held the bank
14 balance constant between the test year and proposed rates with test year data. Rule 107 specifies that
15 the increase request of a maximum of 6% is in base revenue, not attributed to revenue from an
16 adjustor mechanism. As established in Decision No. 68599, the base cost of gas was reset to zero
17 moving the entire cost of gas to DVEC's Purchased Gas Adjustor ("PGA"). Moving the entire cost
18 of gas to the PGA was believed to be a simpler method for tracking the cost of gas and to help
19 facilitate consumer understanding of bills. This Application does not propose a change to the existing
20 PGA, adopt a new adjustor or surcharge mechanism, nor does it adopt a new hook-up fee.

21 Rate Design

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

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² At a city gate, natural gas is transferred from an interstate or intrastate pipeline to a local distribution natural gas utility. Gas regulators reduce the pipeline gas pressure to distribution pressure. Decision No. _____

1 27. DVEC and Staff agree on the rates set forth in Exhibit A, which is attached hereto and
2 incorporated herein.

3 Staff Pipeline Safety Section

4 28. Staff, analyzed the DVEC application and reviewed the capital expenditures for the
5 test year, which included monies for infrastructure development, including new distribution mains and
6 services, upgrades to the existing systems and installation of new equipment such as measurement and
7 pressure regulating stations. Staff also performed annual audits which include a procedure and
8 records review in addition to an extensive field review of the system. These Audits focus on the
9 operator's compliance with Title 49 Code of Federal Regulations, Parts 191, 192, 199, 40 and the
10 A.A.C. R14-5-202 and R14-5-203, as the minimum standards for the transportation of natural gas by
11 pipeline. Audits for years 2012 and 2013 produced minimal findings and no unresolved compliance
12 issues. Staff also noted that DVEC has performed no capital build-out or major replacement projects.

13 29. Based on its analysis, Staff concluded that:

- 14 A. capital expenditures for the test year were appropriate to meet the needs of
15 DVEC's existing customers and ensure system reliability;
- 16 B. capital expenditure levels proposed by DVEC appear to be reasonable and
17 appropriate to meet the projected needs of DVEC's existing and new
18 customers and ensure future system reliability; however
- 19 C. this does not imply a specific treatment of rate base for rate making
20 purposes in DVEC's future rate filings.

21 Rate Base, Revenues, and Expenses

22 30. In its filing, DVEC treats the original cost rate base ("OCRB") the same as the fair
23 value rate base ("FVRB").

24 31. The Application requested a rate base of \$614,803, test year total revenues of \$618,189
25 and expenses of \$636,441.

26 32. DVEC and Staff are in agreement on the proposed rate base, revenues, and expenses
27 and recommends adoption.

28 ...

1 Revenue Requirement and Rate of Return

2 33. DVEC proposed a revenue requirement of \$618,189. The proposed revenue
3 requirement would produce an operating loss of \$18,253 for no rate of return on an OCRB of
4 \$614,803.

5 34. Staff has recommended adoption of DVEC's proposed revenue requirement.

6 Consumer Services

7 35. Staff reviewed the Commission's records from January 1, 2012, through January 9,
8 2015, and found no complaints or opinions during that period of time.

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

12 **CONCLUSIONS**

13 37. DVEC's application is in compliance with Rule 107 allowing DVEC's rate case to be
14 processed under the alternative streamlined process.

15 38. DVEC and Staff are not requesting a hearing in this matter.

16 39. DVEC's OCRB and FVRB are determined to be \$614,803.

17 40. DVEC's proposed rate increases for each customer class are within the guidelines
18 established in Rule 107.

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

21 42. Staff is in agreement with DVEC's proposed rate base of \$614,803, test year total
22 revenues of \$618,189, and expenses of \$636,441.

23 43. The rates and charges approved herein will produce an operating loss of \$18,253 for
24 no rate of return on an OCRB of \$614,803.

25 44. The rates and charges approved herein will increase revenues by \$25,145 or a 6.0%
26 increase in test year base revenue from \$419,108 to \$444,253.

27 45. Staff's recommendations should be adopted.

28 46. The rate design proposed by DVEC and agreed to by Staff should be adopted.

1 IT IS FURTHER ORDERED that the revised schedules of rates and charges shall be
2 effective for March 2015 usage billed on or after April 1, 2015.

3 IT IS FURTHER ORDERED that Duncan Valley Electric Cooperative, Inc. – Gas Division
4 shall notify its customers of the revised schedules of rates and charges authorized herein by means of
5 an insert, in a form acceptable to Staff, included in its next scheduled billing after a Decision in this
6 case is effective and by posting on its website.

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1 IT IS FURTHER ORDERED that Duncan Valley Electric Cooperative, Inc. – Gas Division
 2 shall file each January with Docket Control, as a compliance item in this Docket, beginning January
 3 2016, an annual status update regarding the gas throughput variance occurring at the city gate until the
 4 metering issue has been resolved with the interstate pipeline company.

5 IT IS FURTHER ORDERED that Duncan Valley Electric Cooperative, Inc. – Gas Division’s
 6 base cost of gas and PGA should remain unchanged with the entire cost of gas contained in Duncan
 7 Valley Electric Cooperative, Inc.’s PGA.

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

9
 10 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN	COMMISSIONER
COMMISSIONER	COMMISSIONER
	COMMISSIONER

16 IN WITNESS WHEREOF, I, JODI JERICH, Executive
 17 Director of the Arizona Corporation Commission, have
 18 hereunto, set my hand and caused the official seal of this
 19 Commission to be affixed at the Capitol, in the City of
 20 Phoenix, this _____ day of _____, 2015.

21 _____
 22 JODI JERICH
 23 EXECUTIVE DIRECTOR

24 DISSENT: _____

25 DISSENT: _____

26 SMO:PJG:vsc\RWG
 27
 28

1 SERVICE LIST FOR: DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
2 DOCKET NO. G-02528A-14-0361

3 Mr. Steven Lunt
4 Chief Executive Officer
5 Duncan Valley Electric Cooperative, Inc.
6 379597 AZ 75
7 P.O. Box 440
8 Duncan, Arizona 85534

9 Ms. Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Mr. Steven M. Olea
16 Director, Utilities Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 Ms. Janice M. Alward
21 Chief Counsel, Legal Division
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - GAS DIVISION

	<u>Distribution Rates</u>	
	<u>Present</u>	<u>Proposed</u>
	<u>Rate</u>	<u>Rate</u>
<i>SMALL METER <250 CFH</i>		
Monthly Service Charge	\$ 20.00	\$ 21.00
Winter Delivery Charge (Nov-Mar) - Per Therm	\$ 0.73000	\$ 0.76939
Summer Delivery Charge (Apr-Oct) - Per Therm	\$ 0.26000	\$ 0.29566
<i>MEDIUM METER >250 <425 CFH</i>		
Monthly Service Charge	\$ 30.00	\$ 31.50
Winter Delivery Charge (Nov-Mar) - Per Therm	\$ 0.73000	\$ 0.76939
Summer Delivery Charge (Apr-Oct) - Per Therm	\$ 0.26000	\$ 0.29566
<i>LARGE METER >425 CFH</i>		
Monthly Service Charge	\$ 40.00	\$ 42.00
Winter Delivery Charge (Nov-Mar) - Per Therm	\$ 0.73000	\$ 0.76939
Summer Delivery Charge (Apr-Oct) - Per Therm	\$ 0.26000	\$ 0.29566