

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS – Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

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-20-0203

APPLICATION

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

BACKGROUND

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

2. In Decision No. 76897 (September 7, 2018) the Commission revised Rule 107 which among other things, modified timelines for reports, hearings, and decisions; reduced the

1 number of required schedules; and allowed for any Utility Class size cooperative to utilize Rule
2 107.

3 3. DVEC is an Arizona member-owned non-profit distribution cooperative
4 headquartered in Duncan, Arizona. The Cooperative provides electric distribution service to
5 approximately 2100 members/customers in Graham and Greenlee County Arizona, natural gas
6 distribution service to approximately 700 members/customers located in Greenlee County, and
7 electric distribution service to approximately 330 members/customers in Grant and Hidalgo
8 Counties in New Mexico. This application and related schedules are for DVEC's Electric Division
9 which is classified as a Class B utility as defined under A.A.C. R14-2-103(A)(3)(q).

10 4. DVEC's 8-member Board of Directors ("Board") is elected by the Cooperative's
11 members and oversees all aspects of the Cooperative's operations. At a regular meeting of the
12 Board held on April 20, 2020, the Board approved the filing of this Application.

13 5. On June 11, 2020, DVEC submitted to the Commission's Utilities Division Staff
14 ("Staff") a Request for Pre-Filing Eligibility Review in accordance with Rule 107(E) which
15 included the required items in subsection (G)(1) through (6).

16 6. On July 9, 2020, DVEC met with Staff as required by Rule 107(E)(3) to discuss
17 the Cooperative's eligibility under Rule 107(B), and the proposed form of customer notice. At that
18 meeting, Staff advised DVEC that it has met the eligibility requirements of Rule 107(B) for filing
19 a streamlined rate case. At that meeting, Staff also approved the form of customer notice to be
20 mailed to customers as required by Rule 107(E) and (F).

21 7. After meeting with Staff, DVEC filed a Request for Docket Number and Notice of
22 Filing Proposed form of Customer Notice on July 9, 2020, in accordance with Rule 107(E)(4).

23 8. On July 15, 2020, DVEC caused a copy of the approved customer notice to be
24 mailed via First Class Mail to all customers of record as of the date of mailing. On July 15, 2020,
25 DVEC docketed a Notice of Mailing Customer Notice certifying that the approved customer notice
26 was mailed via First Class Mail on July 15, 2020 to each customer of the Cooperative as required
27 by Rule 107(F)(2), (G)(8) and (G)(9). The customer notice sets a deadline of August 14, 2020 for
28 customers of DVEC to file intervention requests and/or objections to the Application.

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3 **REQUEST FOR RATE INCREASE**

4 9. DVEC's test year ("Test Year") is the twelve months ending December 31, 2019.
5 DVEC seeks authority from the Commission to increase its annual gross revenue requirement by
6 \$156,506, from Test Year revenues of \$2,962,135 to \$3,118,642, an increase of 5.28%. The
7 \$156,506 increase represents an increase in base revenue¹ of 6%, increasing base revenue from
8 \$2,609,022 to \$2,765,528. The rate increase would yield an Operating Loss of (\$7,600). DVEC's
9 request, if granted, will result in a -0.21% rate of return on Fair Value Rate Base ("FVRB").

10 10. The Application shows that a Single Phase customer with monthly energy
11 consumption of 777 kWh (average usage) will see an increase in his/her bill of \$5.21 per month
12 (\$86.91 to \$92.11), or 6.00%.

13 11. The rate increase along with a concurrent rate increase requested by DVEC's Gas
14 Division will allow DVEC to maintain the financial integrity of the Cooperative.

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16 **ELIGIBILITY CRITERIA**

17 12. The eligibility requirements for filing a streamlined rate case are contained in Rule
18 107(B). As set forth below, DVEC meets all of the eligibility requirements of the rule.

19 a. DVEC is a not-for-profit rural electric cooperative corporation organized and
20 existing under Arizona law and meets the definition of a cooperative under Rule 107(A)(5).

21 b. The last full permanent rate case decision for DVEC's Electric Division was issued
22 in Decision No. 67433 on December 3, 2004, which is within the 20-year period preceding the
23 filing of this Application as required in Rule 107(B)(1).

24 c. DVEC's current rates were established in Decision No. 76629 issued March 29,
25 2018. DVEC's previous filing was greater than 12 months prior to this filing as per Rule 107(B)(2).
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28 ¹A.A.C. R14-2-107(A)(2) definition of "Base Revenue" means the revenue generated by permanent rates and charges, excluding: (a) Revenue generated through adjustor mechanisms, and (b) Revenue generated through miscellaneous service charges.

1 d. DVEC is required by law and/or contract to make a certified annual financial and
2 statistical report to its lender, the National Rural Utilities Cooperative Finance Corporation
3 ("CFC"). CFC is a non-profit lender that specializes in the utility industry so the Cooperative meets
4 the eligibility requirement of Rule 107(B)(3). A copy of the Cooperative's December 2019
5 financial and statistical report to CFC is attached as Attachment 1.

6 e. DVEC's Test Year of January 2019 to December 2019 in this application meets the
7 definition of a "test year" in Rule 107(A)(14), and the eligibility requirement of Rule 107(B)(4)
8 that requires the test year end within in 12 months before the filing of the application.

9 f. In compliance with Rule 107(B)(5), attached as Attachment 2 are DVEC's audited
10 financial statements for the period ending December 31, 2019.

11 g. DVEC is proposing an increase in actual Test Year base revenue of 6% as permitted
12 under Rule 107(B)(6).

13 h. DVEC's Application uses original cost rate base as its fair value rate base per Rule
14 107(B)(7).

15 i. DVEC's Application does not propose any of the items listed under subsection (D)
16 nor does it propose adoption of a new hook-up fee or another new type of fee per Rule 107(B)(8).

17 j. DVEC's Application does not propose a "rate structure change" as proscribed in
18 Rule 107(B9)(9) and defined in (A)(13).

19 k. DVEC's Application is not seek financing approval or consolidation with another
20 docket per Rule 107(B)(10).

21 l. The customer notice provided by DVEC conformed to the requirements of Rule
22 107(F) and was approved by Staff on July 9, 2020, meeting the eligibility requirement of Rule
23 107(B)(11).

24 m. DVEC is a distribution cooperative. Pursuant to Rule 107(B)(12), objections to the
25 Application timely submitted by the Cooperative's customers may represent no more than 5% of
26 all customer accounts or no more than 1,000 customer accounts, whichever is fewer. For purposes
27 of determining eligibility under this rule, the total number of DVEC customer accounts as of
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1 December 31, 2019 was 2,125. Five percent of the customer accounts is 106, so the applicable
2 objection threshold for DVEC in this rate case is 106.

3 n. The eligibility requirement in Rule 107(B)(13) applies to generation cooperatives
4 and does not apply to DVEC.

5 **FILING REQUIREMENTS**

6 13. The filing requirements for a streamlined rate case are contained in Rule 107(G).
7 As set forth below, DVEC meets all of the eligibility requirements of the rule.

8 a. The name of the Applicant is Duncan Valley Electric Cooperative, Inc.

9 b. The Test Year is the 12 months year ended December 31, 2019.

10 c. DVEC waives the use of reconstruction cost new rate base to determine its fair
11 value rate base as required by Rule 107(G)(2).

12 d. In accordance with Rule 107(G)(3), a copy of the DVEC's December 2019 financial
13 and statistical report to CFC is attached as Attachment 1.

14 e. In accordance with Rule 107(G)(4), DVEC's audited financial statements for the
15 period ending December 31, 2019, are attached as Attachment 2.

16 f. In accordance with Rule 107(G)(5) and (6), attached as Attachment 3 is the
17 information listed in the table in A.A.C. R14-2-103(B)(1) for Schedules A-1, B-2, C-1 and C-1.1,
18 E-5, E-7, E-9, H-1, H-2, H-3 and H-3.1, H-4.0 through H-4.2, and H-5.0 through H-5.2. For the
19 filing Schedule C-2 is not applicable.

20 g. DVEC is not requesting a change in depreciation rates. Schedules B-3 and B-4 are
21 not applicable per Rule 107(G)(7).

22 h. Attached as Attachment 4 is a copy of the notice that was mailed via First Class
23 Mail to each customer of DVEC as of the date of mailing pursuant to Rule 107(G)(8).

24 i. A copy of the Affidavit of Mailing Customer Notice was previously docketed with
25 the Commission on July 15, 2020.

26 14. DVEC requests that this Application be approved without a hearing.
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APPLICANT'S CONTACT INFORMATION

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

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

WHEREFORE, in accordance with Rule 107, DVEC requests the Commission enter its order approving the Application and the proposed rate increase.

RESPECTFULLY SUBMITTED this 20th day of July, 2020

By:

Kassi Mortensen, Administrative Specialist
Duncan Valley Electric Cooperative, Inc.
PO Box 440
Duncan AZ 85534

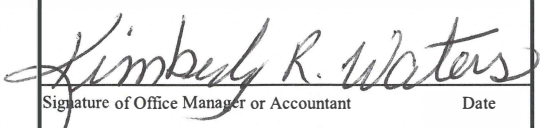
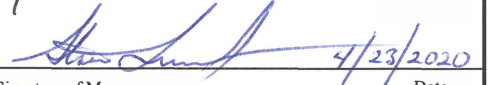



Electronically filed this 20th day of July, 2020 with:

Docket Control
Arizona Corporation Commission
1200 W. Washington,
Phoenix AZ 85007

Attachment 1

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley Electric Cooperative
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2019

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.  Signature of Office Manager or Accountant _____ Date _____  Signature of Manager _____ Date 4/23/2020	 Needs Attention  Please Review  Matches	NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <input checked="" type="radio"/> YES <input type="radio"/> NO

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	4,373,183	3,983,808	5,030,667	291,770
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	2,444,442	2,097,783	2,922,618	173,495
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	674,935	806,032	742,726	67,390
7. Distribution Expense - Maintenance	241,162	183,254	242,468	28,168
8. Consumer Accounts Expense	342,645	373,068	359,416	36,971
9. Customer Service and Informational Expense	45,633	38,111	30,832	4,605
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	350,459	342,638	343,442	10,179
12. Total Operation & Maintenance Expense (2 thru 11)	4,099,276	3,840,886	4,641,503	320,809
13. Depreciation & Amortization Expense	336,204	339,487	345,758	28,524
14. Tax Expense - Property & Gross Receipts	0	0	0	0
15. Tax Expense - Other	0	(12)	0	(12)
16. Interest on Long-Term Debt	30,264	36,063	41,830	3,135
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	2,435	1,660	1,950	110
19. Other Deductions	0	0	0	0
20. Total Cost of Electric Service (12 thru 19)	4,468,179	4,218,084	5,031,040	352,567
21. Patronage Capital & Operating Margins (1 minus 20)	(94,996)	(234,276)	(374)	(60,797)
22. Non Operating Margins - Interest	149,410	654,536	34,375	178,333
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	17,154	(9,259)	(15,110)	(4,854)
25. Non Operating Margins - Other	166,575	(7,000)	0	0
26. Generation & Transmission Capital Credits	115,966	125,089	0	0
27. Other Capital Credits & Patronage Dividends	6,853	12,398	0	4,257
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	360,961	541,488	18,891	116,939

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	55	35	5. Miles Transmission	0	0
2. Services Retired	43	20	6. Miles Distribution Overhead	454	454
3. Total Services In Place	3,594	3,609	7. Miles Distribution Underground	58	58
4. Idle Services (Exclude Seasonal)	433	438	8. Total Miles Energized (5+6+7)	512	512

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Duncan Valley E	BORROWER DESIGNATION AZ023
		ENDING DATE 12/31/2019	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	12,028,549	29. Memberships	0
2. Construction Work in Progress	218,666	30. Patronage Capital	7,535,553
3. Total Utility Plant (1+2)	12,247,215	31. Operating Margins - Prior Years	(1,329,239)
4. Accum. Provision for Depreciation and Amort	7,024,842	32. Operating Margins - Current Year	(234,276)
5. Net Utility Plant (3-4)	5,222,373	33. Non-Operating Margins	2,661,245
6. Nonutility Property - Net	22,728	34. Other Margins & Equities	239,189
7. Investment in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	8,872,471
8. Invest. in Assoc. Org. - Patronage Capital	2,218,568	36. Long-Term Debt CFC (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	681,792	37. Long-Term Debt - Other (Net)	323,926
10. Invest in Assoc. Org. - Other - Nongeneral Funds	0	38. Total Long-Term Debt (36 + 37)	323,926
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	42,179	40. Accumulated Operating Provisions - Asset Retirement Obligations	0
13. Special Funds	16,213	41. Total Other Noncurrent Liabilities (39+40)	0
14. Total Other Property & Investments (6 thru 13)	2,981,480	42. Notes Payable	0
15. Cash-General Funds	69,087	43. Accounts Payable	175,217
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	71,745
17. Special Deposits	0	45. Current Maturities Long-Term Debt	645,307
18. Temporary Investments	1,618,736	46. Current Maturities Long-Term Debt-Economic Dev.	
19. Notes Receivable - Net		47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	321,242	48. Other Current & Accrued Liabilities	232,147
21. Accounts Receivable - Net Other	0	49. Total Current & Accrued Liabilities (42 thru 48)	1,124,415
22. Renewable Energy Credits		50. Deferred Credits	274,860
23. Materials & Supplies - Electric and Other	189,140	51. Total Liabilities & Other Credits (35+38+41+49+50)	10,595,672
24. Prepayments	20,729		
25. Other Current & Accrued Assets	22,000	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
26. Total Current & Accrued Assets (15 thru 25)	2,240,933	Balance Beginning of Year	847,537
27. Deferred Debits	150,886	Amounts Received This Year (Net)	2,587
28. Total Assets & Other Debits (5+14+26+27)	10,595,672	TOTAL Contributions-In-Aid-Of-Construction	850,124
PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.			

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT				BORROWER NAME		Duncan Valley E
				BORROWER DESIGNATION		AZ023
				ENDING DATE		12/31/2019
PART E. CHANGES IN UTILITY PLANT						
	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1	Distribution Plant Subtotal	7,823,700	323,208	188,387	0	7,958,521
2	General Plant Subtotal	1,186,426	177,794	0	0	1,364,220
3	Headquarters Plant	650,133	0	0	0	650,133
4	Intangibles	176	0	0	0	176
5	Transmission Plant Subtotal	0	0	0	0	0
6	Regional Transmission and Market Operation Plant	0	0	0	0	0
7	Production Plant - Steam	0	0	0	0	0
8	Production Plant - Nuclear	0	0	0	0	0
9	Production Plant - Hydro	0	0	0	0	0
10	Production Plant - Other	0	0	0	0	0
11	All Other Utility Plant	1,967,159	106,908	18,568	0	2,055,499
12	SUBTOTAL: (1 thru 11)	11,627,594	607,910	206,955	0	12,028,549
13	Construction Work in Progress	79,028	139,638			218,666
14	TOTAL UTILITY PLANT (12+13)	11,706,623	747,548	206,955	0	12,247,215
CFC NO LONGER REQUIRES SECTIONS "F", "J", AND "M" DATA Those sections refer to data on "Materials and Supplies" (F), "Energy Efficiency and Conservation Loan Program" (J), and "Annual Meeting and Board Data" (M).						
PART H. SERVICE INTERRUPTIONS						
	ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)
		Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)	
1.	Present Year	0.00	288.06	31.42	34.67	354.15
2.	Five-Year Average	29.83	276.67	23.88	37.60	367.98
PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS						
1.	Number of Full Time Employees		13	4. Payroll - Expensed		642,535
2.	Employee - Hours Worked - Regular Time		26,733	5. Payroll - Capitalized		221,219
3.	Employee - Hours Worked - Overtime		1,257	6. Payroll - Other		7,731
PART J. PATRONAGE CAPITAL				PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE		
	ITEM	THIS YEAR (a)	CUMULATIVE (b)	1. Amount Due Over 60 Days:		
1.	General Retirement	0	3,962,224	39,304		
2.	Special Retirements	0	0	2. Amount Written Off During Year:		
3.	Total Retirements (1+2)	0	3,962,224	0		
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	125,089				
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	1,941				
6.	Total Cash Received (4+5)	127,030				

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT						BORROWER NAME	Duncan Valley E			
						BORROWER DESIGNATION	AZ023			
						ENDING DATE	12/31/2019			
PART L. KWH PURCHASED AND TOTAL COST										
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	AVERAGE COST PER KWH (cents) (g)	INCLUDED IN TOTAL COST		COMMENTS (j)
								FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	
1	Arizona Electric Power Cooperative			0 None	29,211,168	1,972,267	6.75	0	0	Comments
2	Net Meter Purchases			0 None	233,254	22,733	9.75	0	0	Comments
3				0 None	0	0	0.00	0	0	Comments
4				0 None	0	0	0.00	0	0	Comments
5				0 None	0	0	0.00	0	0	Comments
6				0 None	0	0	0.00	0	0	Comments
7				0 None	0	0	0.00	0	0	Comments
8				0 None	0	0	0.00	0	0	Comments
9				0 None	0	0	0.00	0	0	Comments
10				0 None	0	0	0.00	0	0	Comments
11				0 None	0	0	0.00	0	0	Comments
12				0 None	0	0	0.00	0	0	Comments
13				0 None	0	0	0.00	0	0	Comments
14				0 None	0	0	0.00	0	0	Comments
15				0 None	0	0	0.00	0	0	Comments
16				0 None	0	0	0.00	0	0	Comments
17				0 None	0	0	0.00	0	0	Comments
18				0 None	0	0	0.00	0	0	Comments
19				0 None	0	0	0.00	0	0	Comments
20				0 None	0	0	0.00	0	0	Comments
21	TOTALS				29,444,422	1,995,000	6.78	0	0	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2019

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS	
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2019

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

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

	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.	Arizona State Land Department	Right of Way Leases	\$7,885
2.			\$0
3.	TOTAL		\$7,885

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

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	176,463	24,535	39,782	64,316	
2	NCSC	0	0	0	0	
3	Farmer Mac	0	0	0	0	
4	Truck Financing	147,463	0	0	0	
5		0	0	0	0	
6		0	0	0	0	
7		0	0	0	0	
8		0	0	0	0	
9		0	0	0	0	
10	Principal Payments Received from Ultimate Recipients of IRP Loans			0		
11	Principal Payments Received from Ultimate Recipients of REDL Loans			0		
12	TOTAL (Sum of 1 thru 9)	\$323,926	\$24,535	\$39,782	\$64,316	

COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2019

PART R. POWER REQUIREMENTS DATABASE

CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	2,001	2,011	2,006	
	b. KWH Sold				18,741,900
	c. Revenue				2,455,294
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
3. Irrigation Sales	a. No. Consumers Served	97	88	93	
	b. KWH Sold				2,156,347
	c. Revenue				305,113
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	353	358	356	
	b. KWH Sold				6,168,899
	c. Revenue				769,568
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
6. Public Street & Highway Lighting	a. No. Consumers Served	2	2	2	
	b. KWH Sold				125,398
	c. Revenue				16,553
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		2,453	2,459	2,457	
11. TOTAL KWH Sold (lines 1b thru 9b)					27,192,544
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					3,546,529
13. Transmission Revenue					0
14. Other Electric Revenue					(92,044)
15. KWH - Own Use					70,003
16. TOTAL KWH Purchased					29,444,422
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					1,995,000
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					7,190
<input type="radio"/> None <input type="radio"/> Non-coincident <input checked="" type="radio"/> Coincident					

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2019

PART S. ENERGY EFFICIENCY PROGRAMS

Line #	Classification	Added This Year			Total To Date		
		Number of Consumers (a)	Amount Invested (b)	ESTIMATED MMBTU Savings (c)	Number of Consumers (d)	Amount Invested (e)	ESTIMATED MMBTU Savings (f)
1.	Residential Sales (excluding seasonal)	0	0	0	0	0	0
2.	Residential Sales - Seasonal	0	0	0	0	0	0
3.	Irrigation Sales	0	0	0	0	0	0
4.	Comm. and Ind. 1000 KVA or Less	0	0	0	0	0	0
5.	Comm. and Ind. Over 1000 KVA	0	0	0	0	0	0
6.	Public Street and Highway Lighting	0	0	0	0	0	0
7.	Other Sales to Public Authorities	0	0	0	0	0	0
8.	Sales for Resales - RUS Borrowers	0	0	0	0	0	0
9.	Sales for Resales - Other	0	0	0	0	0	0
10.	TOTAL	0	0	0	0	0	0

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Duncan Valley E
	BORROWER DESIGNATION	AZ023
	ENDING DATE	12/31/2019

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

7a - PART 1 - INVESTMENTS

DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS			
5	G&T and Statewide Cooperative	18,890	2,128,570
6	NRUCFC/NCSC	100	660,647
7	Aznex - Stock	0	0
8	Others	92,154	
Subtotal (Line 5 thru 8)		18,990	2,881,370
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS			
9			
10			
11			
12			
Subtotal (Line 9 thru 12)		0	0
4. OTHER INVESTMENTS			
13	Federated	42,179	
14			
15			
16			
Subtotal (Line 13 thru 16)		42,179	0
5. SPECIAL FUNDS			
17	Member Loans	16,213	
18			
19			
20			
Subtotal (Line 17 thru 20)		16,213	0
6. CASH - GENERAL			
21	OneAZ Credit Union		69,087
22			
23			
24			
Subtotal (Line 21 thru 24)		0	69,087
7. SPECIAL DEPOSITS			
25			
26			
27			
28			
Subtotal (Line 25 thru 28)		0	0
8. TEMPORARY INVESTMENTS			
29	Homestead Funds	1,618,736	
30			
31			
32			
Subtotal (Line 29 thru 32)		1,618,736	0
9. ACCOUNT & NOTES RECEIVABLE - NET			
33			
34			
35			
36			
Subtotal (Line 33 thru 36)		0	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED			
37			
38			
39			
40			
Subtotal (Line 37 thru 40)		0	0
Total		1,696,118	2,950,457

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT			BORROWER NAME		Duncan Valley E
			BORROWER DESIGNATION		AZ023
			ENDING DATE		12/31/2019
(All investments refer to your most recent CFC Loan Agreement)					
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1	Members Energy Efficiency Loans	10/29/2023	847,961	16,213	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			847,961	16,213	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I, Total - Column b + Part II, Totals - Column d + Column e + Part III, Totals - Column d + Column e)				1,712,331
2	LARGER OF (a) OR (b)				4,436,236
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			1,837,082	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			4,436,236	

DUNCAN VALLEY ELECTRIC CO-OP - Electric FINANCIAL AND STATISTICAL REPORT		YEAR ENDING		
		December 31, 2019		
PART A. STATEMENT OF OPERATIONS				
	YEAR-TO-DATE			December
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	THIS MONTH (d)
1. Operating Revenue and Patronage Capital	3,824,065	3,454,485	4,557,057	227,228
2. Cost of Purchased Power	2,322,565	1,995,000	2,951,624	156,013
3. Revenue Less Cost of Purchased Power	1,501,500	1,459,485	1,605,433	71,215
4. Transmission Expense	-	-	-	-
6. Distribution Expense-Operation	442,248	515,389	479,480	33,813
7. Distribution Expense-Maintenance	209,264	160,248	203,242	27,260
8. Consumer Accounts Expense	287,600	300,039	310,333	30,385
9. Customer Service and Informational Expense	39,655	31,982	25,678	4,187
10. Sales Expense	-	-	-	-
11. Administrative and General Expense	325,655	325,799	315,980	13,966
12. Total Operation & Maintenance Expense (4 thru 11)	1,304,422	1,333,456	1,334,712	109,611
13. Depreciation and Amortization Expense	281,910	280,799	287,243	23,538
14. Tax Expense - Property & Gross Receipts	-	-	-	-
15. Tax Expense - Other	-	(12)	-	(12)
16. Interest on Long-Term Debt	25,897	30,635	33,770	2,674
17. Interest Charged to Construction - Credit	-	-	-	-
18. Interest Expense - Other	2,035	1,239	1,300	83
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	1,614,265	1,646,117	1,657,026	135,895
21. Patronage Capital & Operating Margins (3-20)	(112,765)	(186,632)	(51,593)	(64,679)
22. Non Operating Margins - Interest	149,410	654,536	34,375	601,799
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	17,154	(9,259)	-	(9,259)
25. Non Operating Margins - Other	166,575	(7,000)	-	-
26. Generation & Transmission Capital Credits	115,966	125,089	-	-
27. Other Capital Credits and Patronage Dividends	6,853	12,398	-	4,257
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	343,192	589,131	(17,218)	532,117
PART B. DATA ON DISTRIBUTION PLANT				
ITEM	YEAR-TO-DATE			
	LAST YEAR (a)	THIS YEAR (b)		
1. New Services Connect	45	26		
2. Services Retired	37	11		
3. Total Services in Place	2,647	2,662		
4. Idle Services (Exclude Seasonal)	193	203		
5. Miles Transmission				
6. Miles Distribution - Overhead	454	454		
7. Miles Distribution - Underground	3	3		
8. Total Miles Energized (5 + 6 + 7)	457	457		

DUNCAN VALLEY ELECTRIC CO-OP - Electric FINANCIAL AND STATISTICAL REPORT	MONTH ENDING
	December 31, 2019

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	9,973,050	30. Membership	-
2. Construction Work in Progress	218,098	31. Patronage Capital	7,535,553
3. Total Utility Plant (1 + 2)	10,191,148	32. Operating Margins - Prior Years	(841,905)
4. Accum. Provision for Depreciation & Amort	5,936,834	33. Operating Margins - Current Year	(186,632)
5. Net Utility Plant (3 - 4)	4,254,314	34. Non Operating Margins	2,661,245
6. Nonutility Property - Net	22,728	35. Other Margins and Equities	209,584
7. Investment in Subsidiary Companies	-	36. Total Margins & Equities (30 thru 35)	9,377,844
8. Invest in Assoc Org - Patronage Capital	2,218,568	37. Long-Term Debt RUS (Net)	-
9. Invest in Assoc Org - General Funds	681,792	38. Long-Term Debt-FFB-RUS Guaranteed	-
10. Invest in Gas Division	1,531,834	39. Long-Term Debt-Other-RUS Guaranteed	-
11. Investment in Economic Development	-	40. Long-Term Debt-Other (Net)	323,926
12. Other Investments	42,179	41. Long-Term Debt-RUS-Econ Dev	-
13. Special Funds	16,213	42. Payments - Unapplied	-
14. Total Other Property & Invest. (6 thru 13)	4,513,314	43. Total Long-Term Debt (37 thru 42)	323,926
15. Cash - General Funds	69,087	44. Obligation under Capital Leases	-
16. Cash - Construction Funds - Trustee	-	45. Accumulated Operating Provisions	-
17. Special Deposits	-	46. Total Other Noncurrent Liabilities (44 + 45)	-
18. Temporary Investments	1,618,736	47. Notes Payable	-
19. Notes Receivable - Net	-	48. Accounts Payable	159,745
20. Accounts Receivable - Net Sales of Energy	246,782	49. Consumers Deposits	48,060
21. Accounts Receivable - Net Other	-	50. Current Maturities Long-Term Debt	645,307
22. Renewable Energy Credits	-	51. Current Maturities Long-Term Debt-Econ Dev	-
23. Materials & Supplies - Electric & Other	168,495	52. Current Maturities Capital Leases	-
24. Prepayments	16,305	53. Other Current & Accrued Liabilities	224,304
25. Other Current & Accrued Assets	22,000	54. Total Current & Accr, Liabilities (47 thru 53)	1,077,416
26. Total Current & Accrued Assets (15 thru 24)	2,141,404	55. Regulatory Liabilities	-
27. Regulatory Assets	-	56. Deferred Credits	274,860
28. Deferred Debits	145,013	57. Total Liabilities & Credits(36+43+46+54 thru 56)	11,054,045
29. Total Assets & Other Debits (5+14+26 thru 28)	11,054,045		
		ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
		56. Balance Beginning of Year	840,705
		57. Amounts Received This Year (Net)	2,587
		58. TOTAL Contributions in Aid of Construction	843,292

PART D. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT. (IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

**DUNCAN VALLEY ELECTRIC CO-OP - Electric
FINANCIAL AND STATISTICAL REPORT**

YEAR ENDING

December 31, 2019

PART R. POWER REQUIREMENTS DATA BASE

CLASSIFICATION	SALES AND REVENUE	JANUARY (a)	FEBRUARY (b)	MARCH (c)	APRIL (d)	MAY (e)	JUNE (f)	JULY (g)	AUGUST (h)	SEPTEMBER (i)	OCTOBER (j)	NOVEMBER (k)	DECEMBER (l)	TOTAL (Columns a - l)
1. Single Phase	a. No. Served	2,298	2,293	2,288	2,308	2,308	2,301	2,314	2,314	2,312	2,314	2,322	2,316	
	b. kWh Sold	2,053,687	1,909,539	1,364,380	1,301,448	1,347,789	1,788,603	2,753,590	2,581,241	2,050,303	1,562,921	1,387,330	1,702,819	21,803,650
	c. Revenue	279,028	261,153	196,266	192,879	199,041	247,260	345,363	307,322	241,993	192,669	176,840	207,201	2,847,013
2. Single Phase kW	a. No. Served	25	25	25	25	25	25	25	25	25	25	24	24	
	b. kWh Sold	128,776	128,199	100,591	120,022	121,798	146,303	203,069	180,963	174,021	122,209	96,580	100,440	1,622,971
	c. Revenue	14,755	14,460	11,184	13,452	14,130	17,112	22,933	18,886	17,535	12,173	9,587	9,705	175,912
3. Three Phase	a. No. Served	66	65	65	65	65	64	64	65	64	64	62	61	
	b. kWh Sold	19,110	22,221	31,977	51,552	46,705	64,866	80,939	60,872	48,861	58,822	28,274	16,039	530,238
	c. Revenue	5,113	5,353	6,171	8,125	7,704	9,506	10,964	8,583	7,147	7,738	5,218	4,245	85,866
4. Three Phase KW	a. No. Served	62	60	71	75	75	75	78	78	73	60	59	56	
	b. kWh Sold	123,371	140,138	115,510	335,004	240,273	381,328	618,357	475,946	319,632	158,796	104,111	97,821	3,110,287
	c. Revenue	19,160	21,004	19,743	45,607	35,967	52,007	75,587	58,747	41,586	22,345	15,280	14,150	421,183
5.	a. No. Served	-	-	-	-	-	-	-	-	-	-	-	-	
	b. kWh Sold	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Street Lights	a. No. Served	2	2	2	2	2	2	2	2	2	2	2	2	
	b. kWh Sold	10,559	10,559	10,428	10,428	10,428	10,428	10,428	10,428	10,428	10,428	10,428	10,428	125,398
	c. Revenue	1,485	1,474	1,413	1,434	1,444	1,456	1,440	1,358	1,290	1,249	1,244	1,265	16,553
	a. No. Served	-	-	-	-	-	-	-	-	-	-	-	-	
	b. kWh Sold	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
	a. No. Served	-	-	-	-	-	-	-	-	-	-	-	-	
	b. kWh Sold	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
	a. No. Served	-	-	-	-	-	-	-	-	-	-	-	-	
	b. kWh Sold	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
10. TOTAL No. Consumers (lines 1a-9a)	2,453	2,445	2,451	2,475	2,475	2,467	2,483	2,484	2,476	2,465	2,469	2,459		
11. TOTAL kWh Sold (lines 1b-9b)	2,335,503	2,210,656	1,622,886	1,818,454	1,766,993	2,391,528	3,666,383	3,309,450	2,603,245	1,913,176	1,626,723	1,927,547	27,192,544	
12. TOTAL Revenue Received From Sales of Electric Energy (lines 1c-9c)	319,541	303,443	234,776	261,497	258,286	327,341	456,286	394,896	309,552	236,174	208,169	236,566	3,546,528	
13. Other Electric Revenue	(5,468)	(32,577)	46,842	19,592	15,463	(20,529)	(97,590)	(51,139)	(16,203)	20,578	38,325	(9,338)	(92,044)	
14. kWh - Own Use	6,457	5,974	3,789	4,550	4,261	5,846	8,759	8,548	6,944	7,564	2,721	4,590	70,003	
15. TOTAL kWh Purchased	2,413,214	2,068,052	1,935,642	1,942,158	1,954,363	3,018,635	3,708,277	3,568,845	2,544,886	1,847,327	1,889,722	2,399,682	29,290,803	
16.														
17. Cost of Purchases and Generation	194,822	150,288	170,425	161,489	159,953	176,582	198,839	191,672	159,729	137,180	138,008	156,013	1,995,000	
18. Interchange - kWh - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19. Peak-Sum All kW Input (Metered)	a. Non-Coincident	4,710	4,616	3,676	4,278	4,932	7,642	8,000	7,826	7,356	4,404	3,862	4,596	8,000
	b. Coincident	4,288	4,403	3,490	3,695	4,250	5,874	7,099	7,190	6,078	3,423	3,622	4,325	7,190

Attachment 2

ARIZONA 23 DUNCAN

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

DUNCAN, ARIZONA

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

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

**CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Duncan Valley Electric Cooperative, Inc. and Subsidiary (the Cooperative), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, patronage capital, and other comprehensive income, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duncan Valley Electric Cooperative, Inc. and Subsidiary as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 22 to the financial statements, the Cooperative adopted new accounting guidance, ASU 2014-09, *Revenue from Contracts with Customers, Topic 606*, which provides a new framework for the recognition of revenue. The Cooperative elected to retrospectively change its method of revenue recognition by recognizing revenue from power and gas delivered but not yet billed. Our opinion is not modified with respect to that matter.

Other Matters

Consolidating and Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating schedules, schedule of electric plant, accumulated provision for depreciation, other property and investments, patronage capital, administrative and general expenses, five year comparative data, and divisional income statement are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Certified Public Accountants

Lubbock, Texas

April 6, 2020

CONSOLIDATED FINANCIAL STATEMENTS

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Exhibit A

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

ASSETS

	December 31,	
	2019	2018
UTILITY PLANT AT COST		
Plant in Service	\$ 12,028,549	\$ 11,627,594
Construction Work in Progress	218,667	70,029
	\$ 12,247,216	\$ 11,697,623
Less: Accumulated Provision for Depreciation	7,024,842	6,889,638
	\$ 5,222,374	\$ 4,807,985
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Non-Utility Property	\$ 22,728	\$ 22,728
Investments in Associated Organizations	2,942,539	2,828,736
Temporary Investments - Other	1,618,736	1,267,813
Notes Receivable (Less allowance for uncollectibles of \$4,169 in 2019 and \$4,169 in 2018)	16,213	23,577
	\$ 4,600,216	\$ 4,142,854
CURRENT ASSETS		
Cash - General	\$ 69,087	\$ 184,739
Accounts Receivable (Less allowance for uncollectibles of \$19,830 in 2019 and \$12,324 in 2018)	321,242	390,267
Accrued Unbilled Revenue	99,489	144,096
Materials and Supplies	172,136	172,091
Interest Receivable	8,256	8,256
Other Current and Accrued Assets	36,782	37,222
	\$ 706,992	\$ 936,671
DEFERRED CHARGES	\$ 214,018	\$ 353,514
TOTAL ASSETS	\$ 10,743,600	\$ 10,241,024

EQUITIES AND LIABILITIES

EQUITIES		
Patronage Capital	\$ 7,535,553	\$ 8,579,127
Other Equities (Deficits)	1,334,290	(248,144)
Unrealized Gain on Available-for-Sale Securities		332,356
	\$ 8,869,843	\$ 8,663,339
LONG-TERM DEBT		
CFC Notes Payable	\$ 176,464	\$ 217,432
Capital Leases Less Current Maturities	147,463	64,273
	\$ 323,927	\$ 281,705
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 95,306	\$ 128,087
Line of Credit Payable	550,000	350,000
Accounts Payable	1,394	2,266
Accounts Payable - Purchased Power and Gas	173,822	205,147
Accounts Payable - Overbilled Power and Gas Cost	147,928	54,965
Accrued Taxes	26,216	58,917
Consumers' Deposits and Prepayments	71,745	73,945
Accrued Employee Compensated Absences	136,400	121,185
Accrued Payroll	26,904	21,472
Other Current and Accrued Liabilities	45,255	44,154
	\$ 1,274,970	\$ 1,060,138
DEFERRED CREDITS	\$ 274,860	\$ 235,842
TOTAL EQUITIES AND LIABILITIES	\$ 10,743,600	\$ 10,241,024

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Exhibit B

**CONSOLIDATED STATEMENTS OF INCOME, PATRONAGE CAPITAL, AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Years Ended December 31,				Increase (Decrease)
	2019		2018		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 2,867,359	72.1	\$ 2,963,718	66.2	\$ (96,359)
Irrigation	342,461	8.6	464,298	10.4	(121,837)
Commercial and Industrial	841,189	21.1	909,289	20.3	(68,100)
Public Street and Highway Lighting	16,553	0.4	17,627	0.4	(1,074)
Power and Gas Cost Over (Under) Billed	(92,963)	(2.3)	(35,643)	(0.8)	(57,320)
Change in Unbilled Revenue	(44,607)	(1.1)	39,455	0.9	(84,062)
Internet Revenues		0.0	68,624	1.5	(68,624)
Rent from Electric Property	29,047	0.7	25,710	0.6	3,337
Other Operating Revenues	22,806	0.5	20,290	0.5	2,516
Total Operating Revenues	<u>\$ 3,981,845</u>	<u>100.0</u>	<u>\$ 4,473,368</u>	<u>100.0</u>	<u>\$ (491,523)</u>
OPERATING EXPENSES					
Purchased Power and Gas	\$ 2,097,783	52.7	\$ 2,444,444	54.6	\$ (346,661)
Distribution - Operation	801,982	20.1	667,950	14.9	134,032
Distribution - Maintenance	185,341	4.7	244,098	5.5	(58,757)
Customer Accounts	377,441	9.5	344,406	7.7	33,035
Customer Service and Information	31,982	0.8	39,655	0.9	(7,673)
Administrative and General	345,686	8.7	350,858	7.8	(5,172)
Internet Expenses	7,816	0.2	43,252	1.0	(35,436)
Depreciation	341,244	8.6	340,421	7.6	823
Other Interest	18,612	0.5	14,051	0.3	4,561
Total Operating Expenses	<u>\$ 4,207,887</u>	<u>105.8</u>	<u>\$ 4,489,135</u>	<u>100.3</u>	<u>\$ (281,248)</u>
OPERATING LOSS - BEFORE FIXED CHARGES	<u>\$ (226,042)</u>	<u>(5.8)</u>	<u>\$ (15,767)</u>	<u>(0.3)</u>	<u>\$ (210,275)</u>
FIXED CHARGES					
Interest on Long-Term Debt	18,678	0.5	18,498	0.4	180
OPERATING LOSS - AFTER FIXED CHARGES	<u>\$ (244,720)</u>	<u>(6.3)</u>	<u>\$ (34,265)</u>	<u>(0.7)</u>	<u>\$ (210,455)</u>
Capital Credits	137,487	3.5	129,785	2.9	7,702
NET OPERATING MARGINS (LOSS)	<u>\$ (107,233)</u>	<u>(2.8)</u>	<u>\$ 95,520</u>	<u>2.2</u>	<u>\$ (202,753)</u>
NONOPERATING MARGINS					
Interest Income	\$ 231,070	5.8	\$ 149,410	3.3	\$ 81,660
Realized Gain on Equity Investments		0.0	166,397	3.7	(166,397)
Unrealized Gain on Equity Investments	423,465	10.6		0.0	423,465
Other Nonoperating Income (Loss)	(7,000)	(0.2)	30,177	0.7	(37,177)
	<u>\$ 647,535</u>	<u>16.2</u>	<u>\$ 345,984</u>	<u>7.7</u>	<u>\$ 301,551</u>
NET MARGINS - BEFORE INCOME TAX EXPENSE	<u>\$ 540,302</u>	<u>13.4</u>	<u>\$ 441,504</u>	<u>9.9</u>	<u>\$ 98,798</u>
Income Tax Expense - Current	(1,443)	0.0	(4,125)	(0.1)	2,682
NET MARGINS - BEFORE COMPREHENSIVE INCOME	<u>\$ 538,859</u>	<u>13.4</u>	<u>\$ 437,379</u>	<u>9.8</u>	<u>\$ 101,480</u>
COMPREHENSIVE INCOME					
Recognition of Realized Gain on Equity Investments		0.0	(204,216)	(4.6)	204,216
Recognition of Unrealized Gain on Equity Investments	(423,465)	(10.6)		0.0	(423,465)
Unrealized Gain on Equity Investments Transferred to Deferred Credits	(42,485)	(1.1)		0.0	(42,485)
Unrealized Loss on Equity Investments		0.0	(173,901)	(3.9)	173,901
NET MARGINS - AFTER COMPREHENSIVE INCOME	<u>\$ 72,909</u>	<u>13.4</u>	<u>\$ 59,262</u>	<u>5.9</u>	<u>\$ 13,647</u>
Adjustment for Comprehensive Income	465,950		378,117		
PATRONAGE CAPITAL - BEGINNING OF YEAR	8,579,127		8,198,972		
Transfer Change in Unbilled Revenue to Other Equities	44,607		(39,455)		
Transfer Prior Year Operating Losses to Other Equities	841,907				
Transfer Prior Year Non-Operating Margins to Other Equities	(1,885,481)				
Transfer Current Year Non-Operating Margins to Other Equities	(638,276)				
Transfer (Margins) Loss to Other Equities	54,810		(17,769)		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 7,535,553</u>		<u>\$ 8,579,127</u>		

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

Exhibit C

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 538,859	\$ 437,379
Adjustments to Reconcile Net Margins to Net Cash From Operating Activities		
Depreciation	395,993	390,351
Capital Credits - Noncash	(134,260)	(128,029)
Realized Gain on Equity Investments		(166,397)
Unrealized Gain on Equity Investments	(423,465)	
Deferred Charges	139,496	(57,353)
Deferred Credits	39,018	5,552
Accounts Receivable	69,025	1,780
Accrued Unbilled Revenue	44,607	(39,455)
Inventories and Other Current Assets	395	(482)
Payables and Accrued Expenses	47,616	42,386
Net Cash From Operating Activities	<u>\$ 717,284</u>	<u>\$ 485,732</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Gross Additions to Utility Plant	\$ (599,323)	\$ (502,004)
Salvage Value of Retirements and Other Credits	5,123	6,590
Plant Removal Costs	(63,254)	(55,688)
Investments in Associated Organizations	20,456	16,481
Notes Receivable - Energy Resource Loans (Net)	7,364	(1,277)
Temporary Investments - Other	(259,814)	284,706
Net Cash From Investing Activities	<u>\$ (889,448)</u>	<u>\$ (251,192)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on Line of Credit	\$ 200,000	\$
Payments on Loans Payable		(21,136)
Payments on NRUCFC Notes Payable	(39,782)	(38,630)
Payments on Capital Leases	(103,706)	(54,595)
Net Cash From Financing Activities	<u>\$ 56,512</u>	<u>\$ (114,361)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (115,652)	\$ 120,179
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>184,739</u>	<u>64,560</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 69,087</u>	<u>\$ 184,739</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 18,678	\$ 18,498
Income Taxes	\$ 5,521	\$ 3,624
SUPPLEMENTAL DISCLOSURE OF NONCASH FLOW INFORMATION		
Vehicle Acquired Through Capital Lease Financing	<u>\$ 152,928</u>	<u>\$ 0</u>

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Duncan Valley Electric Cooperative, Inc. (the Cooperative) is a non-profit company organized to provide electric service at the retail level to primarily residential and commercial accounts in a designated service area. Power delivered at retail is purchased wholesale from Arizona's G&T Cooperatives, of which the Cooperative is a member. Any revenues earned in excess of costs incurred are allocated to members of the Cooperative and are reflected as patronage capital equity in the balance sheet.

Duncan Rural Services Corporation (DRSC) is a gas system serving the town of Duncan, Arizona, and surrounding area. DRSC is a division of the Cooperative.

During 1997, the Cooperative formed a subsidiary company, AZNEX Cooperative Services, Inc. The Subsidiary was formed to provide communication services. The Subsidiary has authorized 10,000,000 shares of no par value common stock of which 50,000 has been issued to the Cooperative. The Subsidiary began operations in January, 1998. In June 2008, AZNEX sold all of its plant to a third party and ceased operating as an internet company and now earns commissions on a percentage of revenue earned by the acquiring company. During 2018, the contract for operations that AZNEX had with TWN was not renewed causing the operations of this subsidiary to decline substantially. During 2019, the operations of AZNEX were discontinued and the company was dissolved.

Principles of Consolidation

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

System of Accounts

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

Plant in Service, Maintenance, and Depreciation

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

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Inventories

Materials and supplies inventories are valued at average unit cost.

Revenues from Contracts with Customers

Substantially all operating revenues and customer accounts receivables are derived from contracts with customers. Performance obligations related to the sale of energy are satisfied as energy is delivered to customers. The Cooperative recognizes revenue that corresponds to the price of the energy delivered to the customer. The measurement of energy sales to customers is generally based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each year, amounts of energy delivered to customers since the date of the last meter reading are estimated, and the corresponding unbilled revenue is recognized. The Cooperative has calculated that its unbilled revenue for delivered power usage which has not been billed to customers at December 31, 2019 and 2018 amounted to \$73,851 and \$114,491, respectively. The Cooperative has also calculated that its unbilled revenue for delivered gas usage which has not been billed to customers at December 31, 2019 and 2018 amounted to \$25,638 and \$29,605, respectively.

The Cooperative does not recognize a separate financing component of its collections from customers as contract terms are short-term in nature. The Cooperative presents its revenues net of any excise or sales taxes or fees.

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

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

Receivables and Bad Debts

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

Patronage Capital Certificates

Patronage capital allocations received from other associated cooperatives is recorded at the stated amount of the certificates. Due to the timing of actual allocation notices from Arizona's G and T Cooperatives, the Cooperative records final allocations from the previous year as current year income.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The G and T patronage income recognized for the years 2019 and 2018 is as follows:

	December 31,	
	2019	2018
2018 Final Allocation	\$ 125,089	\$
2017 Final Allocation		115,966
	<u>\$ 125,089</u>	<u>\$ 115,966</u>

Cash Equivalents

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

Group Concentration of Credit Risk

The Cooperative's headquarters facility is located in Duncan, Arizona. The service area includes members in Greenlee County, Arizona, and Hidalgo and Grant Counties, New Mexico. The Cooperative records a receivable for electric and gas revenues as billed on a monthly basis. The Cooperative requires a deposit from consumers upon connection. The deposit accrues interest annually. Deposits are applied to any unpaid bills and fees in the event of default. Deposits on hand totaled \$71,745 and \$73,945 at December 31, 2019 and 2018, respectively. At times during the year, cash balances exceeded FDIC insurance limits.

Use of Estimates in the Preparation of Financial Statements

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

2. Assets Pledged

Currently, the Cooperative has capital lease assets whose title remains with the lessor throughout the lease term. In addition, the Cooperative has amounts owing National Rural Utilities Cooperative Finance Corporation (CFC) though no assets are pledged against that debt.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Plant in Service

The major classes of electric plant are as follows:

	December 31,	
	2019	2018
Duncan Valley Electric Cooperative, Inc.		
Intangible Plant	\$ 176	\$ 176
Distribution Plant	7,958,522	7,823,700
General Plant	2,014,352	1,836,559
Total Electric Plant in Service	<u>\$ 9,973,050</u>	<u>\$ 9,660,435</u>
Gas Utility Plant	\$ 1,999,671	\$ 1,913,990
Gas General Plant	55,828	53,169
Total Gas Plant in Service	<u>\$ 2,055,499</u>	<u>\$ 1,967,159</u>
Construction Work in Progress	\$ 218,667	\$ 70,029
Total Utility Plant	<u><u>\$ 12,247,216</u></u>	<u><u>\$ 11,697,623</u></u>

Provision has been made for depreciation of distribution plant at the straight-line composite rates as follows, for both 2019 and 2018:

Station Equipment	3.20%
Poles, Towers, and Fixtures	4.00%
Overhead Conductors and Devices	2.80%
Underground Conduit	2.30%
Underground Conductors and Devices	2.90%
Line Transformers	3.10%
Services	3.60%
Meters	3.40%
Street Lighting and Signal Systems	4.30%
Gas Utility Plant	2.80% - 9.60%

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

Structures	2.85% - 10.00%
Furniture and Equipment	16.67% - 25.00%
Transportation Equipment	6.36% - 10.00%
Stores Equipment	10.00% - 12.50%
Shop and Laboratory Equipment	8.34% - 20.00%
Communications Equipment	10.00% - 20.00%
Miscellaneous Equipment	20.00%

Depreciation for the years ended December 31, 2019 and 2018 was \$395,993 and \$390,351, respectively, of which \$341,244 and \$340,421 was charged to depreciation expense, and \$54,749 and \$49,930 allocated to other accounts.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Non-Utility Property

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

5. Investments in Associated Organizations

Investments in associated organizations consisted of the following:

	December 31,	
	2019	2018
CFC		
Membership	\$ 1,000	\$ 1,000
Capital Term Certificates	160,647	160,647
Member Capital Securities	500,000	500,000
Patronage Capital	5,117	4,327
Arizona's G&T Cooperatives		
Patronage Capital	2,128,570	2,020,988
Membership	5	5
NRTC		
Patronage Capital	62,282	63,933
Membership	1,000	1,000
Grand Canyon State Electric Cooperative, Inc.		
Membership	150	150
Building	18,890	19,665
Federated Insurance		
Patronage Capital	42,178	39,230
Other	22,700	17,791
	<u>\$ 2,942,539</u>	<u>\$ 2,828,736</u>

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

6. Notes Receivable

Notes receivable consist of the following:

	December 31,	
	2019	2018
Member Loans - Energy Efficiency Applications	\$ 20,382	\$ 27,746
Reserve for Uncollectible Loans	<u>(4,169)</u>	<u>(4,169)</u>
	<u>\$ 16,213</u>	<u>\$ 23,577</u>

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Temporary Cash Investments

	December 31,	
	2019	2018
Homestead Funds (at Fair Market Value)	\$ 1,466,894	\$ 1,148,902
Judy White Memorial Scholarship Fund (at Fair Market Value)	151,842	118,911
Total Investments	<u>\$ 1,618,736</u>	<u>\$ 1,267,813</u>

The Cooperative's investment in available-for-sale securities is shown at fair market value. Gains and losses on securities classified as available-for-sale are now recognized through the income statement for the Cooperative's investments in equity securities and the gains or losses for equity securities for the scholarship fund are now recorded as an offset to the scholarship fund deferred credit account.

See Note 21 for the recently adopted accounting pronouncement on Financial Instruments.

The following available-for-sale securities were held as of December 31, 2019:

	Fair Value	Cost	Unrealized Gain
Homestead Funds - Stock Funds	\$ 1,618,736	\$ 1,152,786	\$ 465,950
	<u>\$ 1,618,736</u>	<u>\$ 1,152,786</u>	<u>\$ 465,950</u>

Fair Value Hierarchy

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

Level 1 - Inputs are quoted prices in active markets for identical assets.

Level 2 - Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 - Inputs are subjective and generally based on the entity's own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

The securities above are considered Level 1.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Materials and Supplies

Materials and supplies consist of:

	December 31,	
	2019	2018
Duncan Valley Electric Cooperative, Inc.		
Electric Construction Materials and Supplies	\$ 151,491	\$ 150,138
Gas Utility Construction Material and Supplies	20,645	21,953
Total Cooperative Inventory	<u>\$ 172,136</u>	<u>\$ 172,091</u>

9. Deferred Charges

Deferred charges consist of the following:

	December 31,	
	2019	2018
Right of Way	\$ 41,406	\$ 49,291
Deferred Retirement Expense		90,911
NRECA Retirement Funding Prepayment	154,407	201,917
Other	18,205	11,395
	<u>\$ 214,018</u>	<u>\$ 353,514</u>

The Cooperative prepaid premiums into the NRECA retirement plan during the year ended December 31, 2017 to receive reduced annual contribution rates. The related deferred charge is being recognized over the estimated benefit period of the prepayment, which was ten years.

During 2018, the Cooperative approved an early retirement payout to one employee. This deferral was fully amortized in 2019.

10. Income Taxes

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code as long as 85% of its revenue is from members for the sole purpose of meeting losses and expenses. For the year ended December 31, 2019, the Cooperative qualified for exemption.

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Cooperative and AZNEX follow the asset and liability method for recording income taxes as provided for by accounting principles generally accepted in the United States of America. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Cooperative's and AZNEX's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized and settled. As changes in the tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

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

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

	December 31,	
	2019	2018
<u>Federal</u>		
Federal Income Tax Expense	\$ 1,372	\$ 3,082
<u>State</u>		
State Income Tax Expense	71	1,043
Total Provision for Federal and State Income Taxes	\$ <u>1,443</u>	\$ <u>4,125</u>

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

The Cooperative and its subsidiary file income tax returns in the U.S. federal jurisdiction, and the state of Arizona. The Cooperative and subsidiary are no longer subject to U.S. federal and state income tax examinations by federal taxing authorities for years before 2016, and state taxing authorities for years before 2015.

The Cooperative and Subsidiary recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the years ended December 31, 2019 and 2018.

11. Return of Capital

No patronage capital has been retired in 2019 or 2018.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Patronage Capital

Patronage capital consists of the following:

	December 31,	
	2019	2018
Assigned	\$ 11,497,777	\$ 11,497,777
Assignable		1,043,574
	\$ 11,497,777	\$ 12,541,351
Less: Retired	3,962,224	3,962,224
Balance	<u>\$ 7,535,553</u>	<u>\$ 8,579,127</u>

13. Other Equities (Deficits)

Other equities (deficits) consists of the following:

	December 31,	
	2019	2018
Retired Capital Credits - Gain	\$ 95,093	\$ 95,093
Non-Operating Margins	2,523,757	
Operating Losses	(1,384,049)	(487,333)
Other Margins - Unbilled Revenue	99,489	144,096
	<u>\$ 1,334,290</u>	<u>\$ (248,144)</u>

Divisional other equities (deficits) consists of the following:

	December 31, 2019		
	Electric	Gas	Totals
Operating Losses	\$ (850,411)	\$ (533,638)	\$ (1,384,049)
Non-Operating Margins	2,523,757		2,523,757
Retired Capital Credits - Gains	95,093		95,093
Other Margins - Unbilled Revenue	73,851	25,638	99,489
	<u>\$ 1,842,290</u>	<u>\$ (508,000)</u>	<u>\$ 1,334,290</u>

14. Long-Term Debt

Capital Lease Obligations

The Cooperative leases equipment through capital lease financing agreements. The economic substance of the capital leases is that the Cooperative is financing the acquisition of the assets through the lease over their terms, and accordingly, they are reflected in the Cooperative's plant assets and liabilities.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following is an analysis of the book value of the leased assets included in electric plant at December 31, 2019 and 2018.

	December 31,	
	2019	2018
Cost	\$ 518,523	\$ 365,147
Accumulated Depreciation	(152,707)	(119,971)
	<u>\$ 365,816</u>	<u>\$ 245,176</u>

The capital lease obligations have an interest rate of 5.465% and 6.487% will mature in 2022 and 2024.

The remaining lease obligations call for payments totaling \$230,223 over the remaining term of the leases.

Below is a schedule by years of the future minimum payments required under the leases, with their present value at December 31, 2019 and 2018.

	December 31,	
	2019	2018
2019	\$ 94,295	\$ 94,295
2020	65,297	29,402
2021	65,297	29,402
2022	45,786	9,801
2023	35,895	
2024	17,948	
Total Minimum Lease Payments	\$ 230,223	\$ 162,900
Amount Representing Interest	(28,422)	(10,322)
Present Value of Lease Payments	<u>\$ 201,801</u>	<u>\$ 152,578</u>
Current Maturities	\$ 54,338	\$ 88,305
Noncurrent Maturities	147,463	64,273
	<u>\$ 201,801</u>	<u>\$ 152,578</u>

CFC Notes Payable

During 2013, the Cooperative borrowed \$475,099 from CFC for the purpose of funding the NRECA Accelerated Funding Payment for the Retirement and Security Plan. These funds were originally borrowed using the Cooperative's line of credit until permanent financing could be established. During 2014, a note was issued with a principal balance of \$431,000 to be paid over 11 years at 2.950%. As of December 31, 2019, the remaining unpaid principal was \$217,432.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturities for the next five years are as follows:

2020	\$ 40,968
2021	42,190
2022	43,449
2023	44,745
2024	46,080

15. Short-Term Borrowing

The Cooperative has a \$600,000 line of credit for short-term financing with CFC at an interest rate of 3.25% which expires on September 17, 2020. At December 31, 2019 and 2018, the Cooperative had \$550,000 and \$350,000 outstanding.

16. Deferred Credits

	December 31,	
	2019	2018
Judy White Memorial Scholarship Fund	\$ 135,251	\$ 88,871
Renewable Energy Standards Tariff - NM and AZ	116,267	130,332
Other	23,342	16,639
	<u>\$ 274,860</u>	<u>\$ 235,842</u>

17. Litigation, Commitments, and Contingencies

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

The Cooperative is committed to purchase its electric power requirements from Arizona’s G and T Cooperatives through the year 2035.

18. Pension Benefits

Narrative Description

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

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Plan Information

The Cooperative contributions to the RS Plan in 2019 and in 2018 represented less than five percent of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of \$167,404 in 2019 and \$160,862 in 2018. There have been no significant changes that affect the comparability of 2017 and 2016 contributions. Pension expense for the years ended December 31, 2019 and 2018, including amortization of R&S prepayment, was \$214,914 and \$208,372, respectively.

In the RS Plan, a “zone status” determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on January 1, 2019 and 2018 based on the PPA funding target and PPA actuarial value of assets on those dates.

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

Defined Contribution Plan

The employees also participate in a 401(k) plan, a defined contribution plan provided through National Rural Electric Cooperative Association. The Cooperative makes monthly contributions to the plan. The cost for the Cooperative was \$42,200 and \$40,515 for the years ended December 31, 2019 and 2018, respectively.

19. Related Party Transactions

The Cooperative is represented on the Board of Directors of Arizona’s G and T Cooperatives and purchases all of its electric power from them. Margins earned by Arizona’s G and T Cooperatives have been allocated to the Cooperative and are included under Investments in Associated Organizations.

20. Subsequent Events

The Cooperative has evaluated subsequent events through April 6, 2020, the date which the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. There has been no material financial impact to the Cooperative’s operations to date. Future potential impacts include disruptions or restrictions on our employees’ ability to work, reduced consumer demand for energy, and customers’ ability to pay their monthly bills in a timely fashion. Changes to our operating environment may also be impacted. These changes may impact operating costs and net income. The future effects of these issues are unknown.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Recently Adopted and Recently Issued Accounting Pronouncements

Recently Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers, Topic 606*, which provides a new framework for the recognition of revenue. The Cooperative implemented the guidance on January 1, 2019. Results and disclosures for reporting periods beginning after December 31, 2018 are presented in accordance with Topic 606. The implementation of this new accounting standard increased disclosures regarding revenues related to contracts with customers, which are disclosed under Electric Revenues from Contracts with Customers in Note 1.

In January 2016, the FASB issued Accounting Standards update 2016-01, *Financial Instruments*. The new standard requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. The Cooperative implemented the guidance on January 1, 2019.

Recently Issued

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2019. The Cooperative is evaluating the impact of the new standard on the financial statements.

22. Change in Accounting Principle - Prior Period Adjustment

With the implementation of the new revenue recognition standard disclosed in Note 21, the Cooperative started recording unbilled revenue for delivered power and gas usage which has not been billed to customers. The recording of unbilled revenue increased the December 31, 2018 beginning balance of Other Equities (Deficit) by \$104,641 and increased Operating Revenues by \$39,455 for the year ended December 31, 2018.

CONSOLIDATING AND ACCOMPANYING INFORMATION

CONSOLIDATING INFORMATION

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 1

**CONSOLIDATING INFORMATION
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018**

ASSETS

	December 31,	
	2019	2018
UTILITY PLANT AT COST		
Plant in Service	\$ 12,028,549	\$ 11,627,594
Construction Work in Progress	218,667	70,029
	<u>\$ 12,247,216</u>	<u>\$ 11,697,623</u>
Less: Accumulated Provision for Depreciation	7,024,842	6,889,638
	<u>\$ 5,222,374</u>	<u>\$ 4,807,985</u>
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Non-Utility Property	\$ 22,728	\$ 22,728
Investments in Associated Organizations	2,942,539	2,828,736
Temporary Investments - Other	1,618,736	1,267,813
Investment in Subsidiary		67,154
Notes Receivable (Less allowance for uncollectibles of \$4,169 in 2019 and \$4,169 in 2018)	16,213	23,577
	<u>\$ 4,600,216</u>	<u>\$ 4,210,008</u>
CURRENT ASSETS		
Cash - General	\$ 69,087	\$ 184,739
Accounts Receivable (Less allowance for uncollectibles of \$19,830 in 2019 and \$12,324 in 2018)	321,242	388,154
Accrued Unbilled Revenue	99,489	144,096
Materials and Supplies	172,136	172,091
Interest Receivable	8,256	8,256
Other Current and Accrued Assets	36,782	37,182
	<u>\$ 706,992</u>	<u>\$ 934,518</u>
DEFERRED CHARGES	<u>\$ 214,018</u>	<u>\$ 353,514</u>
TOTAL ASSETS	<u>\$ 10,743,600</u>	<u>\$ 10,306,025</u>

EQUITIES AND LIABILITIES

EQUITIES		
Patronage Capital	\$ 7,535,553	\$ 8,579,127
Other Equities (Deficits)	1,334,290	(248,144)
Unrealized Gain on Available-for-Sale		332,356
	<u>\$ 8,869,843</u>	<u>\$ 8,663,339</u>
LONG-TERM DEBT		
CFC Notes Payable	\$ 176,464	\$ 217,432
Capital Leases	147,463	64,273
	<u>\$ 323,927</u>	<u>\$ 281,705</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 95,306	\$ 128,087
Line of Credit Payable	550,000	350,000
Accounts Payable	1,394	2,266
Accounts Payable - Purchased Power and Gas	173,822	205,147
Accounts Payable - Intercompany		69,079
Overbilled Power and Gas Cost	147,928	54,965
Accrued Taxes	26,216	54,839
Consumers' Deposits and Prepayments	71,745	73,945
Accrued Employee Compensated Absences	136,400	121,185
Accrued Payroll	26,904	21,472
Other Current and Accrued Liabilities	45,255	44,154
	<u>\$ 1,274,970</u>	<u>\$ 1,125,139</u>
DEFERRED CREDITS	<u>\$ 274,860</u>	<u>\$ 235,842</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 10,743,600</u>	<u>\$ 10,306,025</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 2

CONSOLIDATING INFORMATION
STATEMENTS OF INCOME, PATRONAGE CAPITAL, AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Years Ended December 31,				Increase (Decrease)
	2019		2018		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 2,867,359	72.0	\$ 2,963,718	67.3	\$ (96,359)
Irrigation	342,461	8.6	464,298	10.5	(121,837)
Commercial and Industrial	841,189	21.1	909,289	20.6	(68,100)
Public Street and Highway Lighting	16,553	0.4	17,627	0.4	(1,074)
Power and Gas Cost Over (Under) Billed	(92,963)	(2.3)	(35,643)	(0.8)	(57,320)
Change in Unbilled Revenue	(44,607)	(1.1)	39,455	0.9	(84,062)
Rent from Electric Property	29,047	0.7	29,554	0.7	(507)
Other Operating Revenues	22,806	0.6	20,290	0.4	2,516
Total Operating Revenues	<u>\$ 3,981,845</u>	<u>100.0</u>	<u>\$ 4,408,588</u>	<u>100.0</u>	<u>\$ (426,743)</u>
OPERATING EXPENSES					
Purchased Power and Gas	\$ 2,097,783	52.7	\$ 2,444,444	55.4	\$ (346,661)
Distribution - Operation	801,982	20.1	667,950	15.2	134,032
Distribution - Maintenance	185,341	4.7	244,098	5.5	(58,757)
Customer Accounts	377,441	9.5	344,406	7.8	33,035
Customer Service and Information	31,982	0.8	39,655	0.9	(7,673)
Administrative and General	345,686	8.7	350,858	8.0	(5,172)
Depreciation	341,244	8.6	340,421	7.7	823
Other Interest	18,612	0.5	13,802	0.3	4,810
Total Operating Expenses	<u>\$ 4,200,071</u>	<u>105.6</u>	<u>\$ 4,445,634</u>	<u>100.8</u>	<u>\$ (245,563)</u>
OPERATING LOSS - BEFORE FIXED CHARGES	<u>\$ (218,226)</u>	<u>(5.6)</u>	<u>\$ (37,046)</u>	<u>(0.8)</u>	<u>\$ (181,180)</u>
FIXED CHARGES					
Interest on Long-Term Debt	<u>18,678</u>	<u>0.5</u>	<u>18,498</u>	<u>0.4</u>	<u>180</u>
OPERATING LOSS - AFTER FIXED CHARGES	<u>\$ (236,904)</u>	<u>(6.1)</u>	<u>\$ (55,544)</u>	<u>(1.2)</u>	<u>\$ (181,360)</u>
Capital Credits	<u>137,487</u>	<u>3.5</u>	<u>129,785</u>	<u>2.9</u>	<u>7,702</u>
NET OPERATING MARGINS (LOSS)	<u>\$ (99,417)</u>	<u>(2.6)</u>	<u>\$ 74,241</u>	<u>1.7</u>	<u>\$ (173,658)</u>
NONOPERATING MARGINS					
Interest Income	\$ 231,070	5.8	\$ 149,410	3.4	\$ 81,660
Realized Gain on Equity Investments		0.0	166,397	3.8	(166,397)
Unrealized Gain on Equity Investments	423,465	10.6		0.0	423,465
Other Nonoperating Income (Loss)	(7,000)	(0.2)	30,177	0.7	(37,177)
Income (Loss) from Subsidiary	(9,259)	(0.2)	17,154	0.4	(26,413)
	<u>\$ 638,276</u>	<u>16.0</u>	<u>\$ 363,138</u>	<u>8.3</u>	<u>\$ 275,138</u>
NET MARGINS - BEFORE COMPREHENSIVE INCOME	<u>\$ 538,859</u>	<u>13.4</u>	<u>\$ 437,379</u>	<u>10.0</u>	<u>\$ 101,480</u>
COMPREHENSIVE INCOME					
Recognition of Realized Gain on Equity Investments		0.0	(204,216)	(4.6)	204,216
Recognition of Unrealized Gain on Equity Investments	(423,465)	(10.6)		0.0	(423,465)
Unrealized Gain on Equity Investments Transferred to Deferred Credits	(42,485)	(1.1)		0.0	(42,485)
Unrealized Loss on Equity Investments		0.0	(173,901)	(3.9)	173,901
NET MARGINS - AFTER COMPREHENSIVE INCOME	<u>\$ 72,909</u>	<u>1.7</u>	<u>\$ 59,262</u>	<u>1.5</u>	<u>\$ 13,647</u>
Adjustment for Comprehensive Income	465,950		378,117		
PATRONAGE CAPITAL - BEGINNING OF YEAR	8,579,127		8,198,972		
Transfer Change in Unbilled Revenue to Other Equities	44,607		(39,455)		
Transfer Prior Year Operating Losses to Other Equities	841,907				
Transfer Prior Year Non-Operating Margins to Other Equities	(1,885,481)				
Transfer Current Year Non-Operating Margins to Other Equities	(638,276)				
Transfer (Margins) Loss to Other Equities	<u>54,810</u>		<u>(17,769)</u>		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 7,535,553</u>		<u>\$ 8,579,127</u>		

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 3

CONSOLIDATING INFORMATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 538,859	\$ 437,379
Adjustments to Reconcile Net Margins to Net Cash From Operating Activities		
Depreciation	395,993	390,351
Capital Credits - Noncash	(134,260)	(128,029)
Realized Gain on Equity Investments		(166,397)
Unrealized Gain on Equity Investments	(423,465)	
(Income) Loss from Subsidiary	9,259	(17,154)
Deferred Charges	139,496	(57,353)
Deferred Credits	39,018	5,552
Accounts Receivable	66,912	(65,047)
Accrued Unbilled Revenue	44,607	(39,455)
Inventories and Other Current Assets	355	(20,482)
Payables and Accrued Expenses	(17,385)	74,427
Net Cash From Operating Activities	<u>\$ 659,389</u>	<u>\$ 413,792</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Gross Additions to Utility Plant	\$ (599,323)	\$ (502,004)
Salvage Value of Retirements and Other Credits	5,123	6,590
Plant Removal Costs	(63,254)	(55,688)
Investments in Associated Organizations	20,456	16,481
Notes Receivable (Net)	7,364	(1,277)
Investment in Subsidiary	57,895	71,940
Temporary Investments - Other	(259,814)	284,706
Net Cash From Investing Activities	<u>\$ (831,553)</u>	<u>\$ (179,252)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on Line of Credit	\$ 200,000	\$
Payments on Loans Payable		(21,136)
Payments on Capital Leases	(103,706)	(54,595)
Payments on CFC Notes Payable	(39,782)	(38,630)
Net Cash From Financing Activities	<u>\$ 56,512</u>	<u>\$ (114,361)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (115,652)	\$ 120,179
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>184,739</u>	<u>64,560</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 69,087</u>	<u>\$ 184,739</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest on Long-Term Debt	<u>\$ 18,678</u>	<u>\$ 18,498</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FLOW INFORMATION		
Vehicle Acquired Through Capital Lease Financing	<u>\$ 152,928</u>	<u>\$ 0</u>

AZNEX COOPERATIVE SERVICES, INC.

Schedule 4

**CONSOLIDATING INFORMATION
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018**

ASSETS

	December 31,	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Accounts Receivable	\$	\$ 2,113
Accounts Receivable - Intercompany		69,079
Prepaid Income Taxes		40
Total Current Assets	<u>\$ 0</u>	<u>\$ 71,232</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accrued Liabilities	\$	\$ 4,078
Total Current Liabilities	<u>\$ 0</u>	<u>\$ 4,078</u>
STOCKHOLDERS' EQUITY		
Capital Stock; No Par Value; 10,000,000 Shares Authorized; 50,000 Shares Issued and Outstanding	\$	\$ 50,000
Retained Earnings		17,154
Total Stockholders' Equity	<u>\$ 0</u>	<u>\$ 67,154</u>
Total Liabilities and Stockholders' Equity	<u>\$ 0</u>	<u>\$ 71,232</u>

AZNEX COOPERATIVE SERVICES, INC.

Schedule 5

**CONSOLIDATING INFORMATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	December 31,	
	2019	2018
OPERATING REVENUES		
Commission Revenue	\$ <u>0</u>	\$ <u>68,624</u>
OPERATING EXPENSES		
Commission Expenses	\$ <u>7,816</u>	\$ <u>47,097</u>
OPERATING MARGINS (LOSS) - BEFORE FIXED CHARGES	\$ (7,816)	\$ 21,527
Fixed Charges		<u>249</u>
OPERATING MARGINS (LOSS) - AFTER FIXED CHARGES AND BEFORE INCOME TAXES	\$ (7,816)	\$ 21,278
Income Tax Expense	<u>(1,443)</u>	<u>(4,125)</u>
OPERATING MARGINS (LOSS) - AFTER INCOME TAXES	\$ (9,259)	\$ 17,153
RETAINED EARNINGS - BEGINNING OF YEAR	17,154	71,941
DISSOLUTION	(7,895)	
DIVIDENDS		<u>(71,940)</u>
RETAINED EARNINGS - END OF YEAR	\$ <u>0</u>	\$ <u>17,154</u>

AZNEX COOPERATIVE SERVICES, INC.

Schedule 6

**CONSOLIDATING INFORMATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	December 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ (9,259)	\$ 17,153
Adjustments to Reconcile Net Margins to Net Cash		
From Operating Activities		
Accounts Receivable	2,113	66,827
Accounts Receivable - Intercompany	69,079	(12,542)
Prepaid Income Taxes	40	20,000
Payables and Accrued Expenses	(4,078)	(19,498)
Net Cash From Operating Activities	<u>\$ 57,895</u>	<u>\$ 71,940</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash From Investing Activities	<u>\$ 0</u>	<u>\$ 0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	<u>\$ (57,895)</u>	<u>\$ (71,940)</u>
Net Cash From Financing Activities	<u>\$ (57,895)</u>	<u>\$ (71,940)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ 0	\$ 0
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>0</u>	<u>0</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	<u>\$ 0</u>	<u>\$ 249</u>
Income Taxes	<u>\$ 5,521</u>	<u>\$ 3,624</u>

ACCOMPANYING INFORMATION

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 7

**ELECTRIC PLANT
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2019</u>
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Intangible Plant	\$ <u>176</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>176</u>
Distribution Plant				
Land and Land Rights	\$ 3,497	\$	\$	\$ 3,497
Station Equipment	334,018			334,018
Poles, Towers, and Fixtures	2,366,787	144,573	21,003	2,490,357
Overhead Conductors and Devices	1,737,833	59,467	9,250	1,788,050
Underground Conduit	21,336			21,336
Underground Conductors and Devices	142,181	10,331	1,835	150,677
Line Transformers	1,592,875	36,836	63,245	1,566,466
Services	698,582	31,967	3,133	727,416
Meters	686,179	22,427	85,829	622,777
Street Light and Signal Systems	240,412	17,608	4,092	253,928
Total	\$ <u>7,823,700</u>	\$ <u>323,209</u>	\$ <u>188,387</u>	\$ <u>7,958,522</u>
General Plant				
Land and Land Rights	\$ 9,740	\$	\$	\$ 9,740
Structures and Improvements	640,393			640,393
Office Furniture and Equipment	149,896	5,983		155,879
Transportation Equipment	488,102	48,552		536,654
Stores Equipment	30,190			30,190
Tools, Shop, and Garage Equipment	20,379	7,575		27,954
Laboratory Equipment	14,898			14,898
Power Operated Equipment	338,327	104,824		443,151
Communications Equipment	54,715			54,715
Miscellaneous Equipment	89,919	10,859		100,778
Total	\$ <u>1,836,559</u>	\$ <u>177,793</u>	\$ <u>0</u>	\$ <u>2,014,352</u>
Total Classified Electric Plant in Service	\$ <u>9,660,435</u>	\$ <u>501,002</u>	\$ <u>188,387</u>	\$ <u>9,973,050</u>
Gas Plant in Service				
Distribution Plant	\$ 1,913,990	\$ 99,952	\$ 14,271	\$ 1,999,671
General Plant	53,169	2,659		55,828
Total Gas Plant in Service	\$ <u>1,967,159</u>	\$ <u>102,611</u>	\$ <u>14,271</u>	\$ <u>2,055,499</u>
Construction Work in Progress	\$ <u>70,029</u>	\$ <u>148,638</u>	\$	\$ <u>218,667</u>
Total Utility Plant	\$ <u><u>11,697,623</u></u>	\$ <u><u>752,251</u></u>	\$ <u><u>202,658</u></u>	\$ <u><u>12,247,216</u></u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 8

ACCUMULATED PROVISION FOR DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Balance 1/1/2019</u>	<u>Depreciation Accruals</u>	<u>Retirements</u>	<u>Balance 12/31/2019</u>
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Distribution Plant	\$ 4,456,447	\$ 268,410	\$ 235,630	\$ 4,489,227
General Plant				
Structures and Improvements	\$ 625,394	\$ 1,793	\$	\$ 627,187
Laboratory Equipment	13,149	368		13,517
Office Furniture and Fixtures	137,794	3,078		140,872
Transportation Equipment	266,823	31,411		298,234
Tools, Shop, and Garage Equipment	17,070	2,206		19,276
Communications Equipment	51,956	1,116		53,072
Stores Equipment	30,191			30,191
Power Operated Equipment	168,683	23,339		192,022
Miscellaneous Equipment	74,200	5,585		79,785
Total General Plant	<u>\$ 1,385,260</u>	<u>\$ 68,896</u>	<u>\$ 0</u>	<u>\$ 1,454,156</u>
Total Classified Electric Plant in Service	<u>\$ 5,841,707</u>	<u>\$ 337,306</u>	<u>\$ 235,630</u>	<u>\$ 5,943,383</u>
Gas Plant in Service				
Distribution Plant	\$ 1,011,853	\$ 56,443	\$ 19,940	\$ 1,048,356
General Plant	37,690	2,244		39,934
Total Gas Plant in Service	<u>\$ 1,049,543</u>	<u>\$ 58,687</u>	<u>\$ 19,940</u>	<u>\$ 1,088,290</u>
Retirement Work in Progress	<u>\$ (1,612)</u>	<u>\$</u>	<u>\$ 5,219</u>	<u>\$ (6,831)</u>
	<u>\$ 6,889,638</u>	<u>\$ 395,993</u>	<u>\$ 260,789</u>	<u>\$ 7,024,842</u>
		(1)	(2)	
(1) Charged to Depreciation Expense		\$ 341,244		
Charged to Clearing Accounts		<u>54,749</u>		
		<u>\$ 395,993</u>		
(2) Cost of Units Retired			\$ 202,658	
Add: Cost of Removal			63,254	
Less: Salvage and Other Credits			<u>5,123</u>	
Loss Due to Retirements			<u>\$ 260,789</u>	

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 9

OTHER PROPERTY AND INVESTMENTS
DECEMBER 31, 2019 AND 2018

	December 31,	
	<u>2019</u>	<u>2018</u>
NON-UTILITY PROPERTY		
Land	\$ <u>22,728</u>	\$ <u>22,728</u>
INVESTMENTS IN ASSOCIATED ORGANIZATIONS		
Patronage Capital Credits		
Arizona's G&T Cooperatives	\$ 2,128,570	\$ 2,020,988
CFC	5,117	4,327
NRTC	62,282	63,933
Western United	22,600	17,691
Memberships		
CFC	1,000	1,000
Grand Canyon State Electric Cooperatives Association	150	150
Grand Canyon State Electric Cooperatives- Building	18,890	19,665
Arizona's G&T Cooperatives	5	5
National Cooperative Services Corporation	100	100
NRTC	1,000	1,000
Capital Term Certificates - CFC	160,647	160,647
Member Capital Securities - CFC	500,000	500,000
Investment - Federated Insurance	42,178	39,230
	\$ <u>2,942,539</u>	\$ <u>2,828,736</u>
TEMPORARY INVESTMENTS - OTHER		
Homestead Funds	\$ 1,466,894	\$ 1,148,902
Judy White Memorial Scholarship Fund	151,842	118,911
	\$ <u>1,618,736</u>	\$ <u>1,267,813</u>
INVESTMENT IN SUBSIDIARY		
Capital Stock	\$	\$ 50,000
Accumulated Margins		17,154
	\$ <u>0</u>	\$ <u>67,154</u>
NOTES RECEIVABLE		
Member Loans - Heat Pump Installations	\$ 20,382	\$ 27,746
Reserve for Uncollectible Loans	(4,169)	(4,169)
	\$ <u>16,213</u>	\$ <u>23,577</u>
Total Other Property and Investments	\$ <u>4,600,216</u>	\$ <u>4,210,008</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 10

PATRONAGE CAPITAL
DECEMBER 31, 2019

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 11

ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31,		Increase
	2019	2018	(Decrease)
Office Supplies and Expense	\$ 75,646	\$ 77,877	\$ (2,231)
Outside Services Employed	30,392	38,433	(8,041)
Directors' Fees and Expense	102,893	77,490	25,403
Annual Meeting Expense	9,788	10,163	(375)
Dues to Associated Organizations	34,002	26,966	7,036
Miscellaneous General Expense	78,265	82,140	(3,875)
Utility Commission Related Expenses	10,651	8,253	2,398
Maintenance of General Plant	5,669	31,812	(26,143)
Duplicate Charges (Credit)	<u>(1,620)</u>	<u>(2,276)</u>	<u>656</u>
Total	<u>\$ 345,686</u>	<u>\$ 350,858</u>	<u>\$ (5,172)</u>

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 12

FIVE YEAR COMPARATIVE DATA

	Years Ended December 31,				
	2019	2018	2017*	2016*	2015*
OPERATING REVENUES					
Residential	\$ 2,867,359	\$ 2,963,718	\$ 2,642,430	\$ 2,713,526	\$ 2,673,365
Irrigation	342,461	464,298	380,104	380,794	334,144
Commercial and Industrial	841,189	909,289	836,359	843,292	815,407
Public Street and Highway Lighting	16,553	17,627	16,231	16,331	15,301
Power and Gas Cost Under (Over) Billed	(92,963)	(35,643)	(5,906)	604	(38,205)
Change in Unbilled Revenue	(44,607)	39,455			
Rent from Electric Property	29,047	29,554	30,689	29,688	29,947
Other Operating Revenues	22,806	20,290	21,652	10,866	22,393
Total Operating Revenues	\$ 3,981,845	\$ 4,408,588	\$ 3,921,559	\$ 3,995,101	\$ 3,852,352
OPERATING EXPENSES					
Purchased Power and Gas	\$ 2,097,783	\$ 2,444,444	\$ 2,211,672	\$ 2,275,020	\$ 2,164,235
Distribution - Operation	801,982	667,950	610,552	546,134	623,073
Distribution - Maintenance	185,341	244,098	209,240	188,609	216,870
Customer Accounts	377,441	344,406	303,361	338,913	345,211
Customer Service and Information	31,982	39,655	23,601	19,721	19,607
Administrative and General Expense	345,686	350,858	357,125	297,390	306,365
Depreciation and Amortization	341,244	340,421	334,673	322,175	310,191
Other Interest	18,612	13,802	8,050	2,527	164
Total Operating Expenses	\$ 4,200,071	\$ 4,445,634	\$ 4,058,274	\$ 3,990,489	\$ 3,985,716
OPERATING INCOME (LOSS) - BEFORE FIXED CHARGES					
	\$ (218,226)	\$ (37,046)	\$ (136,715)	\$ 4,612	\$ (133,364)
FIXED CHARGES					
Interest on Long-Term Debt	18,678	18,498	21,840	20,025	20,420
OPERATING LOSS - AFTER FIXED CHARGES					
	\$ (236,904)	\$ (55,544)	\$ (158,555)	\$ (15,413)	\$ (153,784)
Capital Credits	137,487	129,785	153,660	143,294	131,331
NET OPERATING MARGINS (LOSS)					
	\$ (99,417)	\$ 74,241	\$ (4,895)	\$ 127,881	\$ (22,453)
NONOPERATING MARGINS					
Interest Income	\$ 231,070	\$ 149,410	\$ 117,104	\$ 156,551	\$ 68,885
Realized Gain on Equity Investments		166,397			
Unrealized Gain on Equity Investments	423,465			(4,959)	1,268
Other Nonoperating Income (Loss)	(7,000)	30,177			
Income (Loss) of Subsidiary	(9,259)	17,154	71,941	62,784	56,234
	\$ 638,276	\$ 363,138	\$ 189,045	\$ 214,376	\$ 126,387
NET MARGINS					
	\$ 538,859	\$ 437,379	\$ 184,150	\$ 342,257	\$ 103,934
Miscellaneous Statistics					
Equity to Total Assets	82.56	84.06	83.52	84.82	85.91
Equity to Total Capitalization	95.49	95.48	94.19	94.24	93.69

* - These periods were not retroactively restated for the change in accounting principle adopted in 2019.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

Schedule 13

**DIVISIONAL INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Year Ended December 31, 2019			
	Electric		Gas	
	Amount	%	Amount	%
OPERATING REVENUES				
Residential	\$ 2,441,219	70.7	\$ 426,140	80.5
Irrigation	304,172	8.8	38,289	7.2
Commercial and Industrial	765,032	22.1	76,157	14.4
Public Street and Highway Lighting	16,553	0.5		0.0
Power and Gas Cost Over Billed	(82,037)	(2.4)	(10,926)	(2.1)
Change in Unbilled Revenue	(40,640)	(1.2)	(3,967)	(0.7)
Rent from Electric Property	31,010	0.9		0.0
Other Operating Revenues	19,176	0.6	3,630	0.7
Total Operating Revenues	\$ 3,454,485	100.0	\$ 529,323	100.0
OPERATING EXPENSES				
Purchased Power and Gas	\$ 1,995,000	57.8	\$ 102,783	19.4
Distribution - Operation	515,390	14.9	286,592	54.1
Distribution - Maintenance	160,248	4.6	27,056	5.1
Customer Accounts	298,282	8.6	79,159	15.0
Customer Service and Information	31,982	0.9		0.0
Administrative and General	325,799	9.4	19,887	3.8
Depreciation	282,556	8.2	58,688	11.1
Other Interest	14,613	0.4	3,999	0.8
Total Operating Expenses	\$ 3,623,870	104.9	\$ 578,164	109.2
OPERATING LOSS - BEFORE FIXED CHARGES	\$ (169,385)	(4.9)	\$ (48,841)	(9.2)
FIXED CHARGES				
Interest on Long-Term Debt	17,248	0.5	1,430	
OPERATING LOSS - AFTER FIXED CHARGES	\$ (186,633)	(5.4)	\$ (50,271)	(9.2)
Capital Credits	137,487	4.0		
NET OPERATING LOSS	\$ (49,146)	(1.4)	\$ (50,271)	(9.2)
Nonoperating Income	638,276	18.5		
DIVISIONAL INCOME (LOSS)	\$ 589,130	17.0	\$ (50,271)	(9.2)

COMPLIANCE SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Duncan Valley Electric Cooperative, Inc. (the Cooperative), for the year ended December 31, 2019, and have issued our report thereon dated April 6, 2020.

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

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

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

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 6, 2020

Attachment 3

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS
Schedule A-1
Supporting Schedules: B-2, C-1, H-1

	Arizona	Total
1 Adjusted Rate Base	\$3,690,142	\$4,481,405
2 Adjusted Operating Income	\$ (164,107)	\$ (186,632)
3 Current Rate of Return	-4.45%	-4.16%
4 Required Operating Income	\$ (7,600)	\$ (3,008)
5 Required Rate of Return	-0.21%	-0.07%
6 Operating Income Deficiency	\$ (156,506)	\$ (183,625)
7 Gross Revenue Conversion Factor	1.00	1.00
8 Increase in Gross Revenue Requirement	\$ 156,506	\$ 183,625

Customer Classification	Projected Rev Increase Due to Rates			Percent Increase		
	AZ	NM	Total	AZ	NM	Total
Single Phase	\$ 125,761	\$ 18,220	\$ 143,981	6.00%	6.16%	6.02%
Single Phase TOU	\$ 50	\$ -	\$ 50	7.48%	0.00%	7.48%
Single Phase Demand	\$ 10,778	\$ 1,934	\$ 12,712	9.00%	8.76%	8.97%
Three Phase	\$ 2,840	\$ 637	\$ 3,477	4.55%	4.99%	4.63%
Three Phase Demand	\$ 13,066	\$ 5,881	\$ 18,947	4.95%	6.13%	5.26%
Public Street Lighting	\$ 760	\$ -	\$ 760	6.26%	0.00%	6.26%
Private Security Lighting	\$ 3,250	\$ 447	\$ 3,697	6.08%	6.02%	6.07%
Test Year Base Revenue	\$2,609,022	\$ 433,829	\$3,042,851			
Total Base Revenue Increase	\$ 156,506	\$ 27,118	\$ 183,625	6.00%	6.25%	6.03%
Proposed Base Revenue	\$2,765,528	\$ 460,947	\$3,226,476			
Base Revenue Increase for Residential Customers	\$ 109,828	\$ 16,174	\$ 126,002	5.91%	6.11%	5.94%
Test Year Revenue from Electric Sales (C-1, Line 5)	\$3,024,750	\$ 502,225	\$3,526,975			
Proposed Revenue Increase	\$ 156,506	\$ 27,118	\$ 183,625	5.17%	5.40%	5.21%
Proposed Total Revenue from Electric Sales	\$3,181,256	\$ 529,344	\$3,710,600			
Test Year Gross Revenue (C-1, Line 9)	\$2,962,135	\$ 492,349	\$3,454,485			
Proposed Revenue Increase	\$ 156,506	\$ 27,118	\$ 183,625	5.28%	5.51%	5.32%
Proposed Gross Revenue	\$3,118,642	\$ 519,467	\$3,638,109			

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

ORIGINAL COST RATE BASE AND PRO FORMA ADJUSTMENTS

Schedule B-2

	Test Year 2019	Arizona Allocation	Arizona Percent	Allocation Method
Distribution Plant (does not include CWIP)	\$ 7,958,521	\$ 6,790,325	85.32%	Actual
General Plant	\$ 2,014,353	\$ 1,736,525	86.21%	Number of Customers
Total Utility Plant in Service	<u>\$ 9,972,874</u>	<u>\$ 8,526,850</u>		
Less Accumulated Depreciation	<u>\$ (5,936,834)</u>	<u>\$ (5,218,830)</u>		
Net Utility Plant in Service	\$ 4,036,040	\$ 3,308,020		
Consumer Deposits	\$ (44,185)	\$ (38,091)	86.21%	Number of Customers
Materials & Supplies	\$ 132,187	\$ 112,784	85.32%	Distribution Plant
Prepayments	\$ 357,363	\$ 307,429	86.03%	kWh Sales
Total Working Capital	\$ 445,365	\$ 382,122		
Total Rate Base	<u>\$ 4,481,405</u>	<u>\$ 3,690,142</u>		

No Pro Forma Adjustments were made to Test Year Data

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

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

Line	G/L #	Revenue	Test Year			Allocation Method	
			Total	Arizona Allocation	New Mexico Allocation		Arizona Percent
1	440	Residential	\$ 2,441,219	\$ 2,138,826	\$ 302,393	87.61%	Actual
2	441	Irrigation	\$ 304,172	\$ 168,749	\$ 135,423	55.48%	Actual
3	442	Commercial	\$ 765,032	\$ 703,141	\$ 61,891	91.91%	Actual
4	444	Public Street Lighting	\$ 16,553	\$ 14,034	\$ 2,519	84.78%	Actual
5		Subtotal Revenue from Electric Sales	\$ 3,526,975	\$ 3,024,750	\$ 502,225	85.76%	
6	447	Power Cost Adjuster - Over/Under	\$ (82,037)	\$ (70,574)	\$ (11,463)	86.03%	kWh Sales
7	449	Unbilled Revenue Adjustment	\$ (40,640)	\$ (34,961)	\$ (5,679)	86.03%	kWh Sales
8	451	Misc. Service Revenue	\$ 15,300	\$ 13,121	\$ 2,179	85.76%	Sales Revenue
9	454	Rents	\$ 29,047	\$ 24,783	\$ 4,264	85.32%	Distribution Plant
10	455	Interdepartment Rents	\$ 1,963	\$ 1,692	\$ 271	86.21%	Number of Customers
11	456	Other Electric Revenue	\$ 3,877	\$ 3,325	\$ 552	85.76%	Sales Revenue
12		Subtotal Other Electric Revenue	\$ (72,491)	\$ (62,614)	\$ (9,876)		
13		TOTAL REVENUE	\$ 3,454,485	\$ 2,962,135	\$ 492,349		
		Expenses					
14	555	Power Cost	\$ 1,995,000	\$ 1,716,242	\$ 278,758	86.03%	kWh Sales
15	580	Supervisory	\$ -	\$ -	\$ -	85.32%	Distribution Plant
16	583	Overhead Lines	\$ 399,769	\$ 341,088	\$ 58,682	85.32%	Distribution Plant
17	584	Underground Lines	\$ 11,487	\$ 9,801	\$ 1,686	85.32%	Distribution Plant
18	586	Metering	\$ 74,865	\$ 63,876	\$ 10,989	85.32%	Distribution Plant
19	588	Mapping	\$ 18,557	\$ 15,833	\$ 2,724	85.32%	Distribution Plant
20	589	Rents	\$ 10,711	\$ 9,139	\$ 1,572	85.32%	Distribution Plant
21		Subtotal Distribution/Operations	\$ 515,389	\$ 439,736	\$ 75,653		
22	593	Overhead Lines	\$ 127,974	\$ 109,189	\$ 18,785	85.32%	Distribution Plant
23	594	Underground Lines	\$ 2,730	\$ 2,329	\$ 401	85.32%	Distribution Plant
24	595	Transformers	\$ 27,977	\$ 23,871	\$ 4,107	85.32%	Distribution Plant
25	597	Metering	\$ 1,567	\$ 1,337	\$ 230	85.32%	Distribution Plant
26		Subtotal Distribution/Maintenance	\$ 160,248	\$ 136,725	\$ 23,523		
27	902	Meter Reading	\$ 71,637	\$ 61,756	\$ 9,880	86.21%	Number of Customers
28	903	Consumer Expense	\$ 222,402	\$ 191,727	\$ 30,675	86.21%	Number of Customers
29	904	Reserve for Bad Debt	\$ 6,000	\$ 5,172	\$ 828	86.21%	Number of Customers
30		Subtotal Consumer Accounting	\$ 300,039	\$ 258,656	\$ 41,383		
31	909	Marketing	\$ 22,288	\$ 19,214	\$ 3,074	86.21%	Number of Customers
32	910	Information	\$ 9,694	\$ 8,357	\$ 1,337	86.21%	Number of Customers
33		Subtotal Customer Information	\$ 31,982	\$ 27,571	\$ 4,411		
34	920	Supervisory	\$ 12,842	\$ 11,047	\$ 1,794	86.03%	kWh Sales
35	921	Office Supplies	\$ 69,618	\$ 59,890	\$ 9,728	86.03%	kWh Sales
36	923	Outside Services	\$ 24,258	\$ 20,869	\$ 3,390	86.03%	kWh Sales
37	928	Regulatory	\$ 9,558	\$ 6,548	\$ 3,010	86.03%	Actual
38	930	Miscellaneous General	\$ 203,854	\$ 175,370	\$ 28,484	86.03%	kWh Sales
39	932	General Plant Maintenance	\$ 5,669	\$ 4,876	\$ 792	86.03%	kWh Sales
40		Subtotal Administrative & General	\$ 325,799	\$ 278,601	\$ 47,198		
41		TOTAL OPER/MAINT EXP.	\$ 3,328,456	\$ 2,857,530	\$ 470,926		
42	403	Depreciation Distribution	\$ 268,410	\$ 230,825	\$ 37,585	86.00%	Actual
43	403	Depreciation General Plant	\$ 12,389	\$ 10,681	\$ 1,709	86.21%	Number of Customers
44		Subtotal Depreciation	\$ 280,799	\$ 241,506	\$ 39,294		
45	408	Undistributed Tax Expense	\$ (12)	\$ (10)	\$ (2)	86.03%	kWh Sales
46	427	Interest Long Term Debt	\$ 30,635	\$ 26,138	\$ 4,497	85.32%	Distribution Plant
47	431	Interest Consumer Deposits	\$ 1,239	\$ 1,068	\$ 171	86.21%	Number of Customers
48		Subtotal Interest	\$ 31,874	\$ 27,206	\$ 4,668		
49		TOTAL COST OF SERVICE	\$ 3,641,117	\$ 3,126,242	\$ 514,887		
50		OPERATING MARGINS	\$ (186,632)	\$ (164,107)	\$ (22,538)		

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

ADJUSTED TEST YEAR INCOME STATEMENT - DETAIL OF OTHER REVENUE

Schedule C-1.1

Recap Schedule: C-1

G/L #	Revenue	Test Year Total
447	Power Cost Adjuster - Over/Under <i>Cumulative revenue adjustments for over/under collections to fuel bank.</i>	\$ (82,037)
451	Misc. Service Revenue	\$ 15,300
	<i>Connect Fees</i>	\$ 9,100
	<i>Connect Fees - After Hours</i>	\$ 100
	<i>Reconnect Fees - Regular</i>	\$ 3,950
	<i>Reconnect Fees - After Hours</i>	\$ 600
	<i>Re-establishment Fees</i>	\$ 1,350
	<i>Materials Sold to Customers</i>	\$ 20
	<i>Returned Check Fees</i>	\$ 180
454	Rents	\$ 29,047
	<i>Pole Rentals Income</i>	\$ 28,670
	<i>*General Plant Usage Rents to Subsidiary</i>	\$ 376
455	Interdepartment Rents	\$ 1,963
	<i>*General Plant Usage Rents to Gas Division</i>	
456	Other Electric Revenue	\$ 3,877
	<i>Sale of miscellaneous inventory items and service call revenue less cost of material and labor.</i>	
	Total Other Electric Revenue	\$ (31,851)

**General Plant Usage Rents cover part of the costs of insurance
and depreciation expense of jointly used property.*

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

DETAIL OF UTILITY PLANT
Schedule E-5

			Arizona			New Mexico			Total		
			Year End 2018	Net Additions	Test Year Year End 2019	Year End 2018	Net Additions	Test Year Year End 2019	Year End 2018	Net Additions	Test Year Year End 2019
Intangible Plant (Actual)											
301.00	Organization		\$ 176	\$ -	\$ 176	\$ -	\$ -	\$ -	\$ 176	\$ -	\$ 176
	Subtotal		\$ 176	\$ -	\$ 176	\$ -	\$ -	\$ -	\$ 176	\$ -	\$ 176
Distribution Plant (Actual)											
360.10	Land - Distribution		\$ 3,497	\$ -	\$ 3,497	\$ -	\$ -	\$ -	\$ 3,497	\$ -	\$ 3,497
362.10	Station Equipment		\$ 334,019	\$ -	\$ 334,019	\$ -	\$ -	\$ -	\$ 334,019	\$ -	\$ 334,019
364.10	Poles, Towers, & Fixtures		\$ 1,965,388	\$ 55,248	\$ 2,020,637	\$ -	\$ -	\$ -	\$ 1,965,388	\$ 55,248	\$ 2,020,637
364.20	Poles, Towers, & Fixtures		\$ -	\$ -	\$ -	\$ 401,399	\$ 68,321	\$ 469,720	\$ 401,399	\$ 68,321	\$ 469,720
365.10	Overhead Conductor		\$ 1,505,852	\$ 32,104	\$ 1,537,956	\$ -	\$ -	\$ -	\$ 1,505,852	\$ 32,104	\$ 1,537,956
365.20	Overhead Conductor		\$ -	\$ -	\$ -	\$ 231,982	\$ 18,112	\$ 250,094	\$ 231,982	\$ 18,112	\$ 250,094
366.10	Underground Conduit		\$ 21,335	\$ -	\$ 21,335	\$ -	\$ -	\$ -	\$ 21,335	\$ -	\$ 21,335
367.10	Underground Conductor		\$ 142,181	\$ 8,496	\$ 150,677	\$ -	\$ -	\$ -	\$ 142,181	\$ 8,496	\$ 150,677
368.10	Line Transformers		\$ 1,387,360	\$ (35,479)	\$ 1,351,881	\$ -	\$ -	\$ -	\$ 1,387,360	\$ (35,479)	\$ 1,351,881
368.20	Line Transformers		\$ -	\$ -	\$ -	\$ 205,514	\$ 9,071	\$ 214,586	\$ 205,514	\$ 9,071	\$ 214,586
369.10	Services		\$ 596,878	\$ 21,346	\$ 618,224	\$ -	\$ -	\$ -	\$ 596,878	\$ 21,346	\$ 618,224
369.20	Services		\$ -	\$ -	\$ -	\$ 101,705	\$ 7,488	\$ 109,193	\$ 101,705	\$ 7,488	\$ 109,193
370.10	Meters		\$ 595,027	\$ (71,589)	\$ 523,438	\$ -	\$ -	\$ -	\$ 595,027	\$ (71,589)	\$ 523,438
370.20	Meters		\$ -	\$ -	\$ -	\$ 91,153	\$ 8,186	\$ 99,339	\$ 91,153	\$ 8,186	\$ 99,339
371.10	Security Lights		\$ 215,218	\$ 13,444	\$ 228,662	\$ -	\$ -	\$ -	\$ 215,218	\$ 13,444	\$ 228,662
371.20	Security Lights		\$ -	\$ -	\$ -	\$ 25,193	\$ 71	\$ 25,264	\$ 25,193	\$ 71	\$ 25,264
	Subtotal		\$ 6,766,754	\$ 23,571	\$ 6,790,325	\$ 1,056,945	\$ 111,251	\$ 1,168,196	\$ 7,823,700	\$ 134,821	\$ 7,958,521
General Plant (Apportioned - # Customers)											
			Arizona %	86.21%		13.79%					
389.00	Land - General		\$ 8,397	\$ -	\$ 8,397	\$ 1,343	\$ -	\$ 1,343	\$ 9,740	\$ -	\$ 9,740
390.00	Structures & Improvements		\$ 552,067	\$ -	\$ 552,067	\$ 88,326	\$ -	\$ 88,326	\$ 640,393	\$ -	\$ 640,393
391.00	Office Equipment		\$ 129,219	\$ 5,158	\$ 134,377	\$ 20,674	\$ 825	\$ 21,499	\$ 149,893	\$ 5,983	\$ 155,876
392.00	Transportation Equipment		\$ 420,782	\$ 41,855	\$ 462,637	\$ 67,321	\$ 6,696	\$ 74,018	\$ 488,103	\$ 48,552	\$ 536,654
393.00	Stores Equipment		\$ 26,026	\$ -	\$ 26,026	\$ 4,164	\$ -	\$ 4,164	\$ 30,190	\$ -	\$ 30,190
394.00	Shop & Garage Equipment		\$ 17,569	\$ 6,530	\$ 24,099	\$ 2,811	\$ 1,045	\$ 3,856	\$ 20,380	\$ 7,575	\$ 27,955
395.00	Laboratory Equipment		\$ 12,843	\$ -	\$ 12,843	\$ 2,055	\$ -	\$ 2,055	\$ 14,898	\$ -	\$ 14,898
396.00	Power Equipment		\$ 3,544	\$ -	\$ 3,544	\$ 567	\$ -	\$ 567	\$ 4,111	\$ -	\$ 4,111
396.12	Power Equipment - Vehicle		\$ 223,288	\$ 90,367	\$ 313,655	\$ 35,724	\$ 14,458	\$ 50,182	\$ 259,012	\$ 104,825	\$ 363,836
396.13	Power Equipment - Backhoe		\$ 64,833	\$ -	\$ 64,833	\$ 10,373	\$ -	\$ 10,373	\$ 75,205	\$ -	\$ 75,205
397.00	Communications Equipment		\$ 47,169	\$ -	\$ 47,169	\$ 7,547	\$ -	\$ 7,547	\$ 54,715	\$ -	\$ 54,715
398.00	Miscellaneous Equipment		\$ 40,687	\$ -	\$ 40,687	\$ 6,510	\$ -	\$ 6,510	\$ 47,197	\$ -	\$ 47,197
399.00	Other Equipment		\$ 6,745	\$ 9,362	\$ 16,107	\$ 1,079	\$ 1,498	\$ 2,577	\$ 7,824	\$ 10,860	\$ 18,683
399.15	Other Equipment		\$ 30,085	\$ -	\$ 30,085	\$ 4,813	\$ -	\$ 4,813	\$ 34,898	\$ -	\$ 34,898
	Subtotal		\$ 1,583,254	\$ 153,272	\$ 1,736,525	\$ 253,306	\$ 24,522	\$ 277,828	\$ 1,836,559	\$ 177,794	\$ 2,014,353
Total Plant			\$ 8,350,184	\$ 176,842	\$ 8,527,026	\$ 1,310,251	\$ 135,773	\$ 1,446,024	\$ 9,660,435	\$ 312,615	\$ 9,973,050
107.21	Construction Work in Progress (Apportioned - Distribution Plant)		\$ 47,805	\$ 140,211	\$ 188,017	\$ 7,648	\$ 22,432	\$ 30,081	\$ 55,454	\$ 162,644	\$ 218,098
Total Plant in Service			\$ 8,397,989	\$ 317,054	\$ 8,715,043	\$ 1,317,899	\$ 158,205	\$ 1,476,104	\$ 9,715,889	\$ 475,259	\$ 10,191,147
Accumulated Depreciation											
108.50	Distribution (Actual)		\$ (3,942,231)	\$ (28,652)	\$ (3,970,883)	\$ -	\$ -	\$ -	\$ (3,942,231)	\$ (28,652)	\$ (3,970,883)
108.60	Distribution (Actual)		\$ -	\$ -	\$ -	\$ (514,217)	\$ (4,128)	\$ (518,344)	\$ (514,217)	\$ (4,128)	\$ (518,344)
108.7X	General (Apportioned - # of Customers)		\$ (1,194,198)	\$ (59,393)	\$ (1,253,592)	\$ (191,061)	\$ (9,502)	\$ (200,563)	\$ (1,385,259)	\$ (68,896)	\$ (1,454,155)
108.81	Retirement Work in Progress (Apportioned - Distribution Plant)		\$ 1,170	\$ 4,475	\$ 5,645	\$ 187.17	\$ 716	\$ 903	\$ 1,357	\$ 5,191	\$ 6,548
	Subtotal		\$ (5,135,259)	\$ (83,571)	\$ (5,218,830)	\$ (705,090)	\$ (12,914)	\$ (718,004)	\$ (5,840,349)	\$ (96,485)	\$ (5,936,834)
Total Net Utility Plant			\$ 3,262,730	\$ 233,483	\$ 3,496,213	\$ 612,809	\$ 145,291	\$ 758,100	\$ 3,875,539	\$ 378,774	\$ 4,254,313

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

OPERATING STATISTICS
Schedule E-7.0

	Test Year 2019			2018			2017		
	Arizona	New Mexico	Total	Arizona	New Mexico	Total	Arizona	New Mexico	Total
kWh Sales									
Type of Service									
Single Phase	18,744,405	2,602,469	21,346,874	19,062,077	2,526,196	21,588,273	18,171,520	2,551,751	20,723,271
Single Phase TOU	5,306	-	5,306	5,537	-	5,537	19,679	-	19,679
Single Phase Demand	1,357,225	233,922	1,591,147	1,397,596	259,728	1,657,324	1,375,938	229,416	1,605,354
Three Phase	442,580	80,170	522,750	549,133	113,316	79,984	546,454	50,870	597,324
Three Phase Demand	2,285,971	822,444	3,108,415	2,748,153	1,008,215	3,756,368	2,872,481	769,230	3,641,711
Public Street Lighting	109,726	-	109,726	109,860	16,848	126,708	111,070	16,848	127,918
Subtotal	22,945,213	3,739,005	26,684,218	23,872,356	3,924,303	27,214,194	23,097,142	3,618,115	26,715,257
Private Security Lighting	449,436	60,840	510,276	447,414	46,098	493,512	435,558	43,524	479,082
Total	23,394,649	3,799,845	27,194,494	24,319,770	3,970,401	27,707,706	23,532,700	3,661,639	27,194,339
RUS Revenue Classes									
Residential	15,435,182	2,281,235	17,716,417	16,248,712	2,287,739	18,536,451	15,364,701	2,235,771	17,600,472
Irrigation	1,658,892	995,014	2,653,906	1,627,030	1,191,815	2,818,845	1,629,009	914,215	2,543,224
Commercial	5,954,096	375,247	6,329,343	5,886,754	394,569	6,281,323	5,992,362	451,281	6,443,643
Public Street Lighting	113,300	16,848	130,148	86,935	16,848	103,783	111,070	16,848	127,918
Subtotal	23,161,470	3,668,344	26,829,814	23,849,431	3,890,971	27,740,402	23,097,142	3,618,115	26,715,257
Average Number of Customers									
Type of Service									
Single Phase	2,011	295	2,306	1,984	297	2,281	1,949	297	2,246
Single Phase TOU	1	-	1	2	-	2	2	-	2
Single Phase Demand	20	5	25	21	5	26	23	4	27
Three Phase	52	12	64	53	12	65	52	10	62
Three Phase Demand	41	27	69	44	27	71	44	23	67
Public Street Lighting	1	1	2	1	1	2	1	1	2
Subtotal	2,126	340	2,466	2,105	342	2,447	2,071	335	2,406
RUS Revenue Classes									
Residential	1,707	244	1,951	1,739	246	1,985	1,707	244	1,951
Irrigation	64	41	105	64	42	106	64	37	101
Commercial	296	54	349	301	52	353	299	53	352
Public Street Lighting	1	1	2	1	1	2	1	1	2
Total	2,067	340	2,407	2,105	341	2,446	2,071	335	2,406

Notes:

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

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

OPERATING STATISTICS
Schedule E-7.1

Test Year 2019			2018			2017		
Arizona	New Mexico	Total	Arizona	New Mexico	Total	Arizona	New Mexico	Total

Average Monthly kWh Use

Type of Service

Single Phase	777	735	771	801	709	789	777	716	769
Single Phase TOU	442	-	442	231	-	231	820	-	820
Single Phase Demand	5,703	3,899	5,339	5,546	4,329	5,312	4,985	4,780	4,955
Three Phase	707	557	679	863	787	103	876	424	803
Three Phase Demand	4,609	2,523	3,782	5,205	3,112	4,409	5,440	2,787	4,529
Public Street Lighting	9,144	-	4,572	9,155	1,404	5,280	9,256	1,404	5,330

RUS Revenue Classes

Residential	754	779	757	779	775	778	750	763	752
Irrigation	2,166	2,022	2,110	2,119	2,365	2,216	2,121	2,059	2,098
Commercial	1,679	582	1,510	1,630	632	1,483	1,670	710	1,525
Public Street Lighting	9,442	1,404	5,423	7,245	1,404	4,324	9,256	1,404	5,330

Average Annual Revenue per Residential Customer

Annual	\$ 1,088.15	\$ 1,085.03	\$ 1,087.76	\$ 1,294.26	\$ 1,288.46	\$ 1,293.54	\$ 1,158.43	\$ 1,178.04	\$ 1,160.88
Monthly	\$ 90.68	\$ 90.42	\$ 90.65	\$ 107.86	\$ 107.37	\$ 107.80	\$ 96.54	\$ 98.17	\$ 96.74

kWh Purchase Expense

kWh Purchased		29,440,723		29,897,688		26,728,147
Total Cost		\$ 1,995,000		\$ 2,322,565		\$ 2,091,298

Notes:

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

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

NOTES TO FINANCIAL STATEMENTS
Schedule E-9

Accounting Method

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

Depreciation Lives and Methods Employed by Major Classifications of Utility Property

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

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

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

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

Income Tax Treatment

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code as long as 85% of its revenue is from members for the sole purpose of meeting losses and expenses. For the year ended December 31, 2019, the Cooperative qualified for exemption.

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

FASB ASU No. 2014-09, Topic 606

In 2019, the Cooperative changed accounting policies related to its framework for the recognition of revenue by adopting FASB ASU No. 2014-09, Revenue from Contracts with Customers, Topic 606. Results for reporting periods beginning December 1, 2018 are presented in accordance with Topic 606. The Cooperative changed its method of revenue recognition to accrue for electricity delivered but not yet billed.

FASB ASU No. 2016-01, Subtopic 825-10

This standard was applied as a cumulative-effect adjustment to the balance sheet as of the beginning of 2019. The implementation did have a material impact on the Cooperative's financial statements with the recognition of unrealized gains on equity securities in net income.

Interest Rate Used to Charge Interest During Construction, If Applicable

The Cooperative does not charge interest during construction.

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

SUMMARY OF REVENUES BY CUSTOMER CLASSIFICATION - PRESENT AND PROPOSED RATES

Schedule H-1

Recap Schedules: A-1, H-2

	Present Rates			Proposed Rates			Revenue Increase			Percent Increase		
	AZ	NM	Total	AZ	NM	Total	AZ	NM	Total	AZ	NM	Total
Single Phase	\$2,096,480	\$ 295,630	\$2,392,109	\$2,222,241	\$ 313,850	\$2,536,091	\$ 125,761	\$ 18,220	\$ 143,981	6.00%	6.16%	6.02%
Single Phase TOU	\$ 666	\$ -	\$ 666	\$ 715	\$ -	\$ 715	\$ 50	\$ -	\$ 50	7.48%	0.00%	7.48%
Single Phase Demand	\$ 119,721	\$ 22,066	\$ 141,787	\$ 130,499	\$ 24,000	\$ 154,499	\$ 10,778	\$ 1,934	\$ 12,712	9.00%	8.76%	8.97%
Three Phase	\$ 62,387	\$ 12,770	\$ 75,157	\$ 65,228	\$ 13,407	\$ 78,635	\$ 2,840	\$ 637	\$ 3,477	4.55%	4.99%	4.63%
Three Phase Demand	\$ 264,152	\$ 95,944	\$ 360,097	\$ 277,218	\$ 101,826	\$ 379,044	\$ 13,066	\$ 5,881	\$ 18,947	4.95%	6.13%	5.26%
Public Street Lighting	\$ 12,144	\$ -	\$ 12,144	\$ 12,904	\$ -	\$ 12,904	\$ 760	\$ -	\$ 760	6.26%	0.00%	6.26%
Private Security Lighting	\$ 53,473	\$ 7,419	\$ 60,891	\$ 56,723	\$ 7,865	\$ 64,588	\$ 3,250	\$ 447	\$ 3,697	6.08%	6.02%	6.07%
Totals	\$2,609,022	\$ 433,829	\$3,042,851	\$2,765,528	\$ 460,947	\$3,226,476	\$ 156,506	\$ 27,118	\$ 183,625	6.00%	6.25%	6.03%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

ANALYSIS OF REVENUE BY DETAILED CLASS OF SERVICE - PRESENT AND PROPOSED RATES
Schedule H-2.0
Recap Schedules: H-1

	Annual Billing Units			Present Rates				Proposed Rates				Revenue Increase			Percent Increase		
	AZ	NM	Total	Charge	AZ	NM	Total	Charge	AZ	NM	Total	AZ	NM	Total	AZ	NM	Total
Single Phase																	
System Charge	24,130	3,540	27,670	\$ 24.00	\$ 579,120	\$ 84,960	\$ 664,080	\$ 28.00	\$ 675,640	\$ 99,120	\$ 774,760	\$ 96,520	\$ 14,160	\$ 110,680	16.67%	16.67%	16.67%
kWh Charge	18,744,405	2,602,469	21,346,874	\$0.08095	\$1,517,360	\$ 210,670	\$1,728,029	\$0.08251	\$1,546,601	\$ 214,730	\$1,761,331	\$ 29,241	\$ 4,060	\$ 33,301	1.93%	1.93%	1.93%
Revenue Totals					\$2,096,480	\$ 295,630	\$2,392,109		\$2,222,241	\$ 313,850	\$2,536,091	\$ 125,761	\$ 18,220	\$ 143,981	6.00%	6.16%	6.02%
Single Phase TOU																	
System Charge	12	-	12	\$ 24.00	\$ 288	\$ -	\$ 288	\$ 28.00	\$ 336	\$ -	\$ 336	\$ 48	\$ -	\$ 48	16.67%	\$ -	16.67%
Metering Charge	12	-	12	\$ 2.85	\$ 34	\$ -	\$ 34	\$ 3.00	\$ 36	\$ -	\$ 36	\$ 2	\$ -	\$ 2	5.26%	\$ -	5.26%
kWh On Peak Charge	412	-	412	\$0.14726	\$ 61	\$ -	\$ 61	\$0.14726	\$ 61	\$ -	\$ 61	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
kWh Off Peak Charge	4,894	-	4,894	\$0.05778	\$ 283	\$ -	\$ 283	\$0.05778	\$ 283	\$ -	\$ 283	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
Revenue Totals					\$ 666	\$ -	\$ 666		\$ 715	\$ -	\$ 715	\$ 50	\$ -	\$ 50	7.48%	\$ -	7.48%
Single Phase Demand																	
System Charge	238	60	298	\$ 36.00	\$ 8,568	\$ 2,160	\$ 10,728	\$ 40.00	\$ 9,520	\$ 2,400	\$ 11,920	\$ 952	\$ 240	\$ 1,192	11.11%	11.11%	11.11%
kWh Charge	1,357,225	233,922	1,591,147	\$0.06996	\$ 94,951	\$ 16,365	\$ 111,317	\$0.07720	\$ 104,778	\$ 18,059	\$ 122,837	\$ 9,826	\$ 1,694	\$ 11,520	10.35%	10.35%	10.35%
KW Charge >15 KW	1,620.13	354.09	1,974.22	\$ 10.00	\$ 16,201	\$ 3,541	\$ 19,742	\$ 10.00	\$ 16,201	\$ 3,541	\$ 19,742	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
Revenue Totals					\$ 119,721	\$ 22,066	\$ 141,787		\$ 130,499	\$ 24,000	\$ 154,499	\$ 10,778	\$ 1,934	\$ 12,712	9.00%	8.76%	8.97%
Three Phase																	
System Charge	626	144	770	\$ 48.00	\$ 30,048	\$ 6,912	\$ 36,960	\$ 52.00	\$ 32,552	\$ 7,488	\$ 40,040	\$ 2,504	\$ 576	\$ 3,080	8.33%	8.33%	8.33%
kWh Charge	442,580	80,170	522,750	\$0.07307	\$ 32,339	\$ 5,858	\$ 38,197	\$0.07383	\$ 32,676	\$ 5,919	\$ 38,595	\$ 336	\$ 61	\$ 397	1.04%	1.04%	1.04%
Revenue Totals					\$ 62,387	\$ 12,770	\$ 75,157		\$ 65,228	\$ 13,407	\$ 78,635	\$ 2,840	\$ 637	\$ 3,477	4.55%	4.99%	4.63%
Three Phase Demand																	
System Charge	496	326	822	\$ 48.00	\$ 23,808	\$ 15,648	\$ 39,456	\$ 56.00	\$ 27,776	\$ 18,256	\$ 46,032	\$ 3,968	\$ 2,608	\$ 6,576	16.67%	16.67%	16.67%
kWh Charge	2,285,971	822,444	3,108,415	\$0.07561	\$ 172,842	\$ 62,185	\$ 235,027	\$0.07959	\$ 181,940	\$ 65,458	\$ 247,399	\$ 9,098	\$ 3,273	\$ 12,371	5.26%	5.26%	5.26%
KW Charge >15 KW	6,750.19	1,811.15	8,561.34	\$ 10.00	\$ 67,502	\$ 18,112	\$ 85,613	\$ 10.00	\$ 67,502	\$ 18,112	\$ 85,613	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
Revenue Totals					\$ 264,152	\$ 95,944	\$ 360,097		\$ 277,218	\$ 101,826	\$ 379,044	\$ 13,066	\$ 5,881	\$ 18,947	4.95%	6.13%	5.26%
Public Street Lighting																	
400 Watt	230	-	230	\$ 15.25	\$ 3,508	\$ -	\$ 3,508	\$ 16.20	\$ 3,726	\$ -	\$ 3,726	\$ 219	\$ -	\$ 219	6.23%	\$ -	6.23%
170 Watt	792	-	792	\$ 9.50	\$ 7,524	\$ -	\$ 7,524	\$ 10.10	\$ 7,999	\$ -	\$ 7,999	\$ 475	\$ -	\$ 475	6.32%	\$ -	6.32%
100 Watt	166	-	166	\$ 6.70	\$ 1,112	\$ -	\$ 1,112	\$ 7.10	\$ 1,179	\$ -	\$ 1,179	\$ 66	\$ -	\$ 66	5.97%	\$ -	5.97%
Revenue Totals					\$ 12,144	\$ -	\$ 12,144		\$ 12,904	\$ -	\$ 12,904	\$ 760	\$ -	\$ 760	6.26%	\$ -	6.26%
Private Security Lighting																	
No Pole	4,139	427	4,566	\$ 8.90	\$ 36,837	\$ 3,800	\$ 40,637	\$ 9.45	\$ 39,114	\$ 4,035	\$ 43,149	\$ 2,276	\$ 235	\$ 2,511	6.18%	6.18%	6.18%
With Pole	1,623	353	1,976	\$ 10.25	\$ 16,636	\$ 3,618	\$ 20,254	\$ 10.85	\$ 17,610	\$ 3,830	\$ 21,440	\$ 974	\$ 212	\$ 1,186	5.85%	5.85%	5.85%
Revenue Totals					\$ 53,473	\$ 7,419	\$ 60,891		\$ 56,723	\$ 7,865	\$ 64,588	\$ 3,250	\$ 447	\$ 3,697	6.08%	6.02%	6.07%
Total Base Revenue					\$2,609,022	\$ 433,829	\$3,042,851		\$2,765,528	\$ 460,947	\$3,226,476	\$ 156,506	\$ 27,118	\$ 183,625	6.00%	6.25%	6.03%

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division
DOCKET NO. E-01703A-20-0203
Test Year Ended December 31, 2019

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

	Billing Units			Charge	Present Rates			Charge	Proposed Rates			Revenue Increase			Percent Increase		
	AZ	NM	Total		AZ	NM	Total		AZ	NM	Total	AZ	NM	Total	AZ	NM	Total
Single Phase																	
System Charge	20,443	2,877	23,320	\$ 24.00	\$ 490,632	\$ 69,048	\$ 559,680	\$ 28.00	\$ 572,404	\$ 80,556	\$ 652,960	\$ 81,772	\$ 11,508	\$ 93,280	16.67%	16.67%	16.67%
kWh Charge	16,378,927	2,234,721	18,613,648	\$0.08095	\$1,325,874	\$ 180,901	\$1,506,775	\$0.08251	\$1,351,425	\$ 184,387	\$1,535,812	\$ 25,551	\$ 3,486	\$ 29,037	1.93%	1.93%	1.93%
Revenue Totals					\$1,816,506	\$ 249,949	\$2,066,455		\$1,923,829	\$ 264,943	\$2,188,772	\$ 107,323	\$ 14,994	\$ 122,317	5.91%	6.00%	5.92%
Single Phase TOU																	
System Charge	-	-	-	\$ 24.00	\$ -	\$ -	\$ -	\$ 28.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#N/A	#DIV/0!
Metering Charge	-	-	-	\$ 2.85	\$ -	\$ -	\$ -	\$ 3.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#N/A	#DIV/0!
kWh On Peak Charge	-	-	-	\$0.14726	\$ -	\$ -	\$ -	\$0.14726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#N/A	#DIV/0!
kWh Off Peak Charge	-	-	-	\$0.05778	\$ -	\$ -	\$ -	\$0.05778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#N/A	#DIV/0!
Revenue Totals					\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#N/A	#DIV/0!
Single Phase Demand																	
System Charge	-	36	36	\$ 36.00	\$ -	\$ 1,296	\$ 1,296	\$ 40.00	\$ -	\$ 1,440	\$ 1,440	\$ -	\$ 144	\$ 144	#DIV/0!	11.11%	11.11%
kWh Charge	-	93,682	93,682	\$0.06996	\$ -	\$ 6,554	\$ 6,554	\$0.07720	\$ -	\$ 7,232	\$ 7,232	\$ -	\$ 678	\$ 678	#DIV/0!	10.35%	10.35%
KW Charge >15 KW	-	64.37	64.37	\$ 10.00	\$ -	\$ 644	\$ 644	\$ 10.00	\$ -	\$ 644	\$ 644	\$ -	\$ -	\$ -	#DIV/0!	0.00%	0.00%
Revenue Totals					\$ -	\$ 8,494	\$ 8,494		\$ -	\$ 9,316	\$ 9,316	\$ -	\$ 822	\$ 822	#DIV/0!	9.68%	9.68%
Three Phase																	
System Charge	48	12	60	\$ 48.00	\$ 2,304	\$ 576	\$ 2,880	\$ 52.00	\$ 2,496	\$ 624	\$ 3,120	\$ 192	\$ 48	\$ 240	8.33%	8.33%	8.33%
kWh Charge	6,803	8,896	15,699	\$0.07307	\$ 497	\$ 650	\$ 1,147	\$0.07383	\$ 502	\$ 657	\$ 1,159	\$ 5	\$ 7	\$ 12	1.04%	1.04%	1.04%
Revenue Totals					\$ 2,801	\$ 1,226	\$ 4,027		\$ 2,998	\$ 1,281	\$ 4,279	\$ 197	\$ 55	\$ 252	7.04%	4.47%	6.26%
Private Security Lighting																	
No Pole	3,259	375	3,634	\$ 8.90	\$ 29,005	\$ 3,338	\$ 32,343	\$ 9.45	\$ 30,798	\$ 3,544	\$ 34,341	\$ 1,792	\$ 206	\$ 1,999	6.18%	6.18%	6.18%
With Pole	859	161	1,020	\$ 10.25	\$ 8,805	\$ 1,650	\$ 10,455	\$ 10.85	\$ 9,320	\$ 1,747	\$ 11,067	\$ 515	\$ 97	\$ 612	5.85%	5.85%	5.85%
Revenue Totals					\$ 37,810	\$ 4,988	\$ 42,798		\$ 40,118	\$ 5,291	\$ 45,408	\$ 2,308	\$ 303	\$ 2,611	6.10%	6.07%	6.10%
Total Residential					\$1,857,117	\$ 264,656	\$2,121,773		\$1,966,945	\$ 280,830	\$2,247,775	\$ 109,828	\$ 16,174	\$ 126,002	5.91%	6.11%	5.94%

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

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

CHANGES IN REPRESENTATIVE RATE SCHEDULES

Schedule H-3

	Present Rates	Proposed Rates	Change
Single Phase			
System Charge	\$ 24.00	\$ 28.00	\$ 4.00
kWh Charge	\$ 0.08095	\$ 0.08251	\$ 0.00156
Single Phase TOU			
System Charge	\$ 24.00	\$ 28.00	\$ 4.00
Metering Charge	\$ 2.85	\$ 3.00	\$ 0.15
kWh On Peak Charge	\$ 0.14726	\$ 0.14726	\$ -
kWh Off Peak Charge	\$ 0.05778	\$ 0.05778	\$ -
Single Phase Demand			
System Charge	\$ 36.00	\$ 40.00	\$ 4.00
kWh Charge	\$ 0.06996	\$ 0.07720	\$ 0.00724
KW Charge >15 KW	\$ 10.00	\$ 10.00	\$ -
Three Phase			
System Charge	\$ 48.00	\$ 52.00	\$ 4.00
kWh Charge	\$ 0.07307	\$ 0.07383	\$ 0.00076
Three Phase Demand			
System Charge	\$ 48.00	\$ 56.00	\$ 8.00
kWh Charge	\$ 0.07561	\$ 0.07959	\$ 0.00398
KW Charge >15 KW	\$ 10.00	\$ 10.00	\$ -
Public Street Lighting			
400 Watt	\$ 15.25	\$ 16.20	\$ 0.95
170 Watt	\$ 9.50	\$ 10.10	\$ 0.60
100 Watt	\$ 6.70	\$ 7.10	\$ 0.40
Private Security Lighting			
No Pole	\$ 8.90	\$ 9.45	\$ 0.55
With Pole	\$ 10.25	\$ 10.85	\$ 0.60

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

CHANGES IN REPRESENTATIVE RATE SCHEDULES

Schedule H-3.1

		Increase in Monthly Service Charge	Increase (Decrease) in per kWh Energy Charge	% Increase Rate Class	% Increase Average Usage
Single Phase		\$4.00	\$0.00156	6.00%	6.00%
Single Phase TOU		\$4.15	\$0.00000 On Peak \$0.00000 Off Peak	7.48%	7.49%
Single Phase Demand		\$4.00	\$0.00724	9.00%	8.35%
Three Phase		\$4.00	\$0.00076	4.55%	3.90%
Three Phase Demand		\$8.00	\$0.00398	4.95%	4.72%
Public Street Lighting	400 Watt	\$0.95		6.23%	
	170 Watt	\$0.60		6.32%	
	100 Watt	\$0.40		5.97%	
Private Security Lighting	No Pole	\$0.55		6.18%	
	With Pole	\$0.60		5.85%	

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.0

Single Phase	Present Rates	Proposed Rates	\$ Change	% Change
System Charge	\$ 24.00	\$ 28.00	\$ 4.00	16.67%
kWh Charge	\$ 0.08095	\$ 0.08251	\$ 0.00156	1.93%
Usage				
0	\$ 24.00	\$ 28.00	\$ 4.00	16.67%
50	\$ 28.05	\$ 32.13	\$ 4.08	14.54%
100	\$ 32.10	\$ 36.25	\$ 4.16	12.95%
250	\$ 44.24	\$ 48.63	\$ 4.39	9.92%
500	\$ 64.48	\$ 69.26	\$ 4.78	7.41%
576 *	\$ 70.63	\$ 75.53	\$ 4.90	6.94%
754 ^	\$ 85.04	\$ 90.21	\$ 5.18	6.09%
777 **	\$ 86.90	\$ 92.11	\$ 5.21	6.00%
900	\$ 96.86	\$ 102.26	\$ 5.40	5.58%
1000	\$ 104.95	\$ 110.51	\$ 5.56	5.30%
1500	\$ 145.43	\$ 151.77	\$ 6.34	4.36%
2000	\$ 185.90	\$ 193.02	\$ 7.12	3.83%
3000	\$ 266.85	\$ 275.53	\$ 8.68	3.25%

**Average 777 6.00%

*Median 576 6.94%

^Residential Average 754 6.09%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.1

Single Phase Time of Use	Present Rates	Proposed Rates	\$ Change	% Change
System Charge	\$ 24.00	\$ 28.00	\$ 4.00	16.67%
Meter Charge	\$ 2.85	\$ 3.00	\$ 0.15	5.26%
kWh Charge On-Peak	\$ 0.14726	\$ 0.14726	\$ -	0.00%
kWh Charge Off-Peak	\$ 0.05778	\$ 0.05778	\$ -	0.00%

Usage	On Peak		Off Peak		Present Rates	Proposed Rates	\$ Change	% Change
	7.8%	92.2%						
0	0	0	\$ 26.85	\$ 31.00	\$ 4.15	15.46%		
50	4	46	\$ 30.10	\$ 34.25	\$ 4.15	13.79%		
100	8	92	\$ 33.34	\$ 37.49	\$ 4.15	12.45%		
126 *	10	116	\$ 35.03	\$ 39.18	\$ 4.15	11.85%		
250	19	231	\$ 43.00	\$ 47.15	\$ 4.15	9.65%		
442 **	34	408	\$ 55.43	\$ 59.58	\$ 4.15	7.49%		
500	39	461	\$ 59.23	\$ 63.38	\$ 4.15	7.01%		
750	58	692	\$ 75.37	\$ 79.52	\$ 4.15	5.51%		
1500	116	1384	\$ 123.90	\$ 128.05	\$ 4.15	3.35%		
2000	155	1845	\$ 156.28	\$ 160.43	\$ 4.15	2.66%		
3000	233	2767	\$ 221.04	\$ 225.19	\$ 4.15	1.88%		

**Average 442 7.49%

*Median 386 9.65%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.2

Single Phase Demand		Present	Proposed	\$	%
		Rates	Rates	Change	Change
System Charge		\$ 36.00	\$ 40.00	\$ 4.00	11.11%
kWh Charge		\$ 0.06996	\$ 0.07720	\$ 0.00724	10.35%
KW Charge		\$ 10.00	\$ 10.00	\$ -	0.00%
Usage	KW Billed				
0	0	\$ 36.00	\$ 40.00	\$ 4.00	11.11%
500	5	\$ 120.98	\$ 128.60	\$ 7.62	6.30%
1500	14	\$ 280.94	\$ 295.80	\$ 14.86	5.29%
3000	6	\$ 305.88	\$ 331.60	\$ 25.72	8.41%
4739 *	10	\$ 467.54	\$ 505.85	\$ 38.31	8.19%
5245 **	10	\$ 502.94	\$ 544.91	\$ 41.97	8.35%
9000	13	\$ 795.64	\$ 864.80	\$ 69.16	8.69%
12000	20	\$ 1,075.52	\$ 1,166.40	\$ 90.88	8.45%
15000	17	\$ 1,255.40	\$ 1,368.00	\$ 112.60	8.97%
18000	45	\$ 1,745.28	\$ 1,879.60	\$ 134.32	7.70%
21000	53	\$ 2,035.16	\$ 2,191.20	\$ 156.04	7.67%

**Average 5245 8.35%

*Median 4739 8.19%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.3

Three Phase	Present Rates	Proposed Rates	\$ Change	% Change
System Charge	\$ 48.00	\$ 52.00	\$ 4.00	8.33%
kWh Charge	\$ 0.07307	\$ 0.07383	\$ 0.00076	1.04%
Usage				
0	\$ 48.00	\$ 52.00	\$ 4.00	8.33%
100	\$ 55.31	\$ 59.38	\$ 4.08	7.37%
250	\$ 66.27	\$ 70.46	\$ 4.19	6.32%
342 *	\$ 72.99	\$ 77.25	\$ 4.26	5.84%
500	\$ 84.54	\$ 88.92	\$ 4.38	5.18%
750	\$ 102.80	\$ 107.37	\$ 4.57	4.45%
1021 **	\$ 122.60	\$ 127.38	\$ 4.78	3.90%
1500	\$ 157.61	\$ 162.75	\$ 5.14	3.26%
3000	\$ 267.21	\$ 273.49	\$ 6.28	2.35%
4000	\$ 340.28	\$ 347.32	\$ 7.04	2.07%
6000	\$ 486.42	\$ 494.98	\$ 8.56	1.76%
**Average	1021	3.90%		
*Median	342	5.84%		

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.4

Three Phase Demand		Present	Proposed	\$	%
		Rates	Rates	Change	Change
System Charge		\$ 48.00	\$ 56.00	\$ 8.00	16.67%
kWh Charge		\$ 0.07561	\$ 0.07959	\$ 0.00398	5.26%
KW Charge		\$ 10.00	\$ 10.00	\$ -	0.00%
Usage	KW Billed				
0	0	\$ 48.00	\$ 56.00	\$ 8.00	16.67%
500	0	\$ 85.81	\$ 95.80	\$ 9.99	11.64%
1500	5	\$ 211.42	\$ 225.39	\$ 13.97	6.61%
2627 *	6	\$ 306.63	\$ 325.08	\$ 18.46	6.02%
3000	6	\$ 334.83	\$ 354.77	\$ 19.94	5.96%
5609 **	17	\$ 642.10	\$ 672.42	\$ 30.32	4.72%
9000	26	\$ 988.49	\$ 1,032.31	\$ 43.82	4.43%
12000	33	\$ 1,285.32	\$ 1,341.08	\$ 55.76	4.34%
15000	38	\$ 1,562.15	\$ 1,629.85	\$ 67.70	4.33%
18000	39	\$ 1,798.98	\$ 1,878.62	\$ 79.64	4.43%
21000	39	\$ 2,025.81	\$ 2,117.39	\$ 91.58	4.52%
25000	49	\$ 2,428.25	\$ 2,535.75	\$ 107.50	4.43%
35000	40	\$ 3,094.35	\$ 3,241.65	\$ 147.30	4.76%
35000	70	\$ 3,394.35	\$ 3,541.65	\$ 147.30	4.34%

**Average 5609 4.72%

*Median 2627 6.02%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.5

Public Street Lighting Description	Present Rates	Proposed Rates	\$ Change	% Change
400 Watt	\$ 15.25	\$ 16.20	\$ 0.95	6.23%
170 Watt	\$ 9.50	\$ 10.10	\$ 0.60	6.32%
100 Watt	\$ 6.70	\$ 7.10	\$ 0.40	5.97%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

TYPICAL BILL ANALYSIS - BASE REVENUE ONLY

Schedule H-4.6

Private Security Lighting Description	Present Rates	Proposed Rates	\$ Change	% Change
No Pole	\$ 8.90	\$ 9.45	\$ 0.55	6.18%
With Pole	\$ 10.25	\$ 10.85	\$ 0.60	5.85%

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

BILL COUNT

Schedule H-5.0

Single Phase

START		# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	951	951	3.94%	3.94%	0	0	0.00%	0.00%
1	50	2,024	2,975	8.39%	12.33%	37,743	37,743	0.20%	0.20%
51	100	956	3,931	3.96%	16.29%	70,817	108,560	0.38%	0.58%
101	200	1,481	5,412	6.14%	22.43%	221,519	330,079	1.18%	1.76%
201	300	1,588	7,000	6.58%	29.01%	400,304	730,383	2.14%	3.90%
301	400	1,879	8,879	7.79%	36.80%	661,025	1,391,408	3.53%	7.42%
401	500	1,879	10,758	7.79%	44.58%	845,484	2,236,892	4.51%	11.93%
501	600	1,681	12,439	6.97%	51.55%	923,797	3,160,689	4.93%	16.86%
601	700	1,435	13,874	5.95%	57.50%	932,395	4,093,084	4.97%	21.84%
701	800	1,305	15,179	5.41%	62.91%	978,724	5,071,808	5.22%	27.06%
801	900	1,140	16,319	4.72%	67.63%	967,871	6,039,679	5.16%	32.22%
901	1,000	1,062	17,381	4.40%	72.03%	1,009,099	7,048,778	5.38%	37.60%
1,001	1,100	883	18,264	3.66%	75.69%	926,959	7,975,737	4.95%	42.55%
1,101	1,200	761	19,025	3.15%	78.84%	874,363	8,850,100	4.66%	47.21%
1,201	1,300	645	19,670	2.67%	81.52%	806,359	9,656,459	4.30%	51.52%
1,301	1,400	597	20,267	2.47%	83.99%	806,035	10,462,494	4.30%	55.82%
1,401	1,500	557	20,824	2.31%	86.30%	807,850	11,270,344	4.31%	60.13%
1,501	1,600	465	21,289	1.93%	88.23%	719,705	11,990,049	3.84%	63.97%
1,601	1,700	367	21,656	1.52%	89.75%	605,750	12,595,799	3.23%	67.20%
1,701	1,800	355	22,011	1.47%	91.22%	621,333	13,217,132	3.31%	70.51%
1,801	1,900	299	22,310	1.24%	92.46%	552,449	13,769,581	2.95%	73.46%
1,901	2,000	238	22,548	0.99%	93.44%	464,370	14,233,951	2.48%	75.94%
2,001	2,100	202	22,750	0.84%	94.28%	413,362	14,647,313	2.21%	78.14%
2,101	2,200	171	22,921	0.71%	94.99%	367,529	15,014,842	1.96%	80.10%
2,201	2,300	153	23,074	0.63%	95.62%	344,466	15,359,308	1.84%	81.94%
2,301	2,400	156	23,230	0.65%	96.27%	366,891	15,726,199	1.96%	83.90%
2,401	2,500	118	23,348	0.49%	96.76%	288,916	16,015,115	1.54%	85.44%
2,501	2,700	188	23,536	0.78%	97.54%	489,055	16,504,170	2.61%	88.05%
2,701	3,000	193	23,729	0.80%	98.34%	546,865	17,051,035	2.92%	90.97%
3,001	3,500	149	23,878	0.62%	98.96%	475,332	17,526,367	2.54%	93.50%
3,501	4,000	86	23,964	0.36%	99.31%	321,169	17,847,536	1.71%	95.22%
4,001	5,000	85	24,049	0.35%	99.66%	380,318	18,227,854	2.03%	97.24%
5,001	6,000	37	24,086	0.15%	99.82%	200,032	18,427,886	1.07%	98.31%
6,001	7,000	24	24,110	0.10%	99.92%	153,475	18,581,361	0.82%	99.13%
7,001	10,000	20	24,130	0.08%	100.00%	163,044	18,744,405	0.87%	100.00%
Totals		24,130				18,744,405			
from H-2		24,130				18,744,405			

AVERAGE NUMBER OF CUSTOMERS

2,011

AVERAGE CONSUMPTION

777

MEDIAN CONSUMPTION

576

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

BILL COUNT

Schedule H-5.1

Single Phase Time of Use

START		END		# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
	0		0		0		0.00%		0		0.00%
	1		100		1		8.33%		26		0.49%
	101		200		3		25.00%		472		8.90%
	201		400		2		16.67%		727	1,225	13.70%
	401		600		2		16.67%		953	2,178	17.96%
	601		800		3	11	25.00%		1,950	4,128	36.75%
	801		1,000		0	11	0.00%		0	4,128	0.00%
	1,001		1,200		1	12	8.33%	100.00%	1,178	5,306	22.20%
	1,201		2,000		0	12	0.00%	100.00%	0	5,306	0.00%
Totals					12				5,306		
from H-2					12				5,306		

AVERAGE NUMBER OF CUSTOMERS	1
AVERAGE CONSUMPTION	442
MEDIAN CONSUMPTION	386

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

BILL COUNT

Schedule H-5.2

Single Phase Demand

START	END	# BILLS		% BILLS		# KWH		% KWH	
BLOCK	BLOCK	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	3	3	1.26%	1.26%	0	0	0.00%	0.00%
1	250	8	11	3.36%	4.62%	478	478	0.04%	0.04%
251	500	2	13	0.84%	5.46%	714	1,192	0.05%	0.09%
501	1,000	10	23	4.20%	9.66%	6,633	7,825	0.49%	0.58%
1,001	1,500	2	25	0.84%	10.50%	2,326	10,151	0.17%	0.75%
1,501	2,000	3	28	1.26%	11.76%	4,956	15,107	0.37%	1.11%
2,001	2,500	3	31	1.26%	13.03%	6,997	22,104	0.52%	1.63%
2,501	3,000	5	36	2.10%	15.13%	13,518	35,622	1.00%	2.62%
3,001	3,500	10	46	4.20%	19.33%	32,763	68,385	2.41%	5.04%
3,501	4,000	23	69	9.66%	28.99%	86,864	155,249	6.40%	11.44%
4,001	4,500	17	86	7.14%	36.13%	72,204	227,453	5.32%	16.76%
4,501	5,000	21	107	8.82%	44.96%	99,739	327,192	7.35%	24.11%
5,001	5,500	20	127	8.40%	53.36%	105,761	432,953	7.79%	31.90%
5,501	6,000	7	134	2.94%	56.30%	40,252	473,205	2.97%	34.87%
6,001	6,500	14	148	5.88%	62.18%	88,256	561,461	6.50%	41.37%
6,501	7,000	15	163	6.30%	68.49%	101,796	663,257	7.50%	48.87%
7,001	7,500	12	175	5.04%	73.53%	86,811	750,068	6.40%	55.26%
7,501	8,000	10	185	4.20%	77.73%	77,653	827,721	5.72%	60.99%
8,001	8,500	12	197	5.04%	82.77%	99,463	927,184	7.33%	68.31%
8,501	9,000	3	200	1.26%	84.03%	26,613	953,797	1.96%	70.28%
9,001	10,000	19	219	7.98%	92.02%	181,837	1,135,634	13.40%	83.67%
10,001	11,000	5	224	2.10%	94.12%	53,233	1,188,867	3.92%	87.60%
11,001	12,000	9	233	3.78%	97.90%	103,411	1,292,278	7.62%	95.21%
12,001	13,000	4	237	1.68%	99.58%	50,227	1,342,505	3.70%	98.92%
13,001	15,000	1	238	0.42%	100.00%	14,720	1,357,225	1.08%	100.00%
15,001	15,000	0	238	0.00%	100.00%	0	1,357,225	0.00%	100.00%
15,001	16,000	0	238	0.00%	100.00%	0	1,357,225	0.00%	100.00%
16,001	20,000	0	238	0.00%	100.00%	0	1,357,225	0.00%	100.00%
Totals		238				1,357,225			
from H-2		238				1,357,225			

AVERAGE NUMBER OF CUSTOMERS

20

AVERAGE CONSUMPTION

5,703

MEDIAN CONSUMPTION

5,320

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

BILL COUNT
Schedule H-5.3

Three Phase

START BLOCK	END BLOCK	# BILLS		% BILLS		# KWH		% KWH	
		BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	172	172	27.48%	27.48%	0	0	0.00%	0.00%
1	250	164	336	26.20%	53.67%	17,036	17,036	3.85%	3.85%
251	500	78	414	12.46%	66.13%	28,642	45,678	6.47%	10.32%
501	750	30	444	4.79%	70.93%	19,028	64,706	4.30%	14.62%
751	1,000	34	478	5.43%	76.36%	29,462	94,168	6.66%	21.28%
1,001	1,250	29	507	4.63%	80.99%	32,390	126,558	7.32%	28.60%
1,251	1,500	11	518	1.76%	82.75%	15,292	141,850	3.46%	32.05%
1,501	1,750	18	536	2.88%	85.62%	28,913	170,763	6.53%	38.58%
1,751	2,000	15	551	2.40%	88.02%	28,608	199,371	6.46%	45.05%
2,001	2,250	6	557	0.96%	88.98%	12,796	212,167	2.89%	47.94%
2,251	2,500	9	566	1.44%	90.42%	21,294	233,461	4.81%	52.75%
2,501	2,750	12	578	1.92%	92.33%	31,334	264,795	7.08%	59.83%
2,751	3,000	11	589	1.76%	94.09%	31,788	296,583	7.18%	67.01%
3,001	3,250	5	594	0.80%	94.89%	15,317	311,900	3.46%	70.47%
3,251	3,500	7	601	1.12%	96.01%	23,303	335,203	5.27%	75.74%
3,501	4,000	12	613	1.92%	97.92%	44,786	379,989	10.12%	85.86%
4,001	4,500	6	619	0.96%	98.88%	25,409	405,398	5.74%	91.60%
4,501	5,000	2	621	0.32%	99.20%	9,149	414,547	2.07%	93.67%
5,001	5,500	2	623	0.32%	99.52%	10,268	424,815	2.32%	95.99%
5,501	6,000	2	625	0.32%	99.84%	11,285	436,100	2.55%	98.54%
6,001	7,000	1	626	0.16%	100.00%	6,480	442,580	1.46%	100.00%
7,001	8,000	0	626	0.00%	100.00%	0	442,580	0.00%	100.00%
Totals		626				442,580			
from H-2		626				442,580			

AVERAGE NUMBER OF CUSTOMERS	52
AVERAGE CONSUMPTION	707
MEDIAN CONSUMPTION	342

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. - Electric Division

DOCKET NO. E-01703A-20-0203

Test Year Ended December 31, 2019

BILL COUNT

Schedule H-5.4

Three Phase Demand

START BLOCK	END BLOCK	# BILLS		% BILLS		# KWH		% KWH	
		BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.	BLOCK	CUMM.
0	0	124	124	25.00%	25.00%	0	0	0.00%	0.00%
1	1,000	79	203	15.93%	40.93%	37,733	37,733	1.65%	1.65%
1,001	2,000	54	257	10.89%	51.81%	77,451	115,184	3.39%	5.04%
2,001	3,000	32	289	6.45%	58.27%	77,688	192,872	3.40%	8.44%
3,001	4,000	18	307	3.63%	61.90%	62,483	255,355	2.73%	11.17%
4,001	5,000	23	330	4.64%	66.53%	104,685	360,040	4.58%	15.75%
5,001	6,000	19	349	3.83%	70.36%	103,947	463,987	4.55%	20.30%
6,001	7,000	13	362	2.62%	72.98%	85,833	549,820	3.75%	24.05%
7,001	8,000	23	385	4.64%	77.62%	174,146	723,966	7.62%	31.67%
8,001	9,000	16	401	3.23%	80.85%	136,056	860,022	5.95%	37.62%
9,001	10,000	10	411	2.02%	82.86%	97,166	957,188	4.25%	41.87%
10,001	11,000	15	426	3.02%	85.89%	157,473	1,114,661	6.89%	48.76%
11,001	12,000	6	432	1.21%	87.10%	68,291	1,182,952	2.99%	51.75%
12,001	13,000	14	446	2.82%	89.92%	174,036	1,356,988	7.61%	59.36%
13,001	14,000	9	455	1.81%	91.73%	122,093	1,479,081	5.34%	64.70%
14,001	15,000	8	463	1.61%	93.35%	116,290	1,595,371	5.09%	69.79%
15,001	16,000	3	466	0.60%	93.95%	46,920	1,642,291	2.05%	71.84%
16,001	17,000	6	472	1.21%	95.16%	98,480	1,740,771	4.31%	76.15%
17,001	18,000	1	473	0.20%	95.36%	17,280	1,758,051	0.76%	76.91%
18,001	19,000	2	475	0.40%	95.77%	36,880	1,794,931	1.61%	78.52%
19,001	20,000	4	479	0.81%	96.57%	77,920	1,872,851	3.41%	81.93%
20,001	22,000	6	485	1.21%	97.78%	129,000	2,001,851	5.64%	87.57%
22,001	24,000	6	491	1.21%	98.99%	137,240	2,139,091	6.00%	93.57%
24,001	26,000	2	493	0.40%	99.40%	51,040	2,190,131	2.23%	95.81%
26,001	50,000	3	496	0.60%	100.00%	95,840	2,285,971	4.19%	100.00%
50,001	54,000	0	496	0.00%	100.00%	0	2,285,971	0.00%	100.00%
54,001	60,000	0	496	0.00%	100.00%	0	2,285,971	0.00%	100.00%
60,001	70,000	0	496	0.00%	100.00%	0	2,285,971	0.00%	100.00%
Totals		496				2,285,971			
from H-2		496				2,285,971			

AVERAGE NUMBER OF CUSTOMERS

41

AVERAGE CONSUMPTION

4,609

MEDIAN CONSUMPTION

1,760

Attachment 4

IMPORTANT RATE INCREASE NOTICE - PLEASE READ

Duncan Valley Electric Cooperative - Electric Division ("DVEC" or "Cooperative") has notified the Arizona Corporation Commission ("Commission") that it intends to file a streamlined application ("Streamlined Application") on or about July 20, 2020, to increase its rates and charges pursuant to A.R.S. § 40-250 and A.A.C. R14-2-107 ("Rule 107"), the Commission's rule authorizing the filing of streamlined rate applications for cooperative utilities. DVEC-Electric Division is requesting an overall rate increase of \$156,506 or 6% over actual test year total Arizona base revenue (this is the maximum allowed per Rule 107). DVEC-Electric Division's test year for this rate filing is year ending December 31, 2019. DVEC-Electric Division states that the rate increase is necessary to recover operating costs. The last general rate increase for the DVEC-Electric Division was effective April 1, 2018.

A DVEC-Electric Division Single Phase customer with monthly energy consumption of 777 kWh (average usage) will see an increase in his/her bill of \$5.21 per month (\$86.91 to \$92.11), or 6.00%. The proposed percentage increases by rate class over existing base rates are:

		Increase in Monthly Service Charge	Increase (Decrease) in per kWh Energy Charge	% Increase Rate Class	% Increase Average Usage
Single Phase		\$4.00	\$0.00156	6.00%	6.03%
Single Phase TOU		\$4.15	\$0.00000 On Peak \$0.00000 Off Peak	7.48%	7.49%
Single Phase Demand		\$4.00	\$0.00724	9.00%	8.35%
Three Phase		\$4.00	\$0.00076	4.55%	3.90%
Three Phase Demand		\$8.00	\$0.00398	4.95%	4.72%
Public Street Lighting	400 Watt	\$0.95		6.23%	
	170 Watt	\$0.60		6.32%	
	100 Watt	\$0.40		5.97%	
Private Security Lighting	No Pole	\$0.55		6.18%	
	With Pole	\$0.60		5.85%	

Processing the Streamlined Application

Rule 107 provides streamlined procedures that should reduce rate case expense for processing rate applications of electric and natural gas cooperatives where (i) the requested increase in total base revenue does not exceed 6% of the actual test year total base revenue; (ii) the change in base revenue generated by any one rate class is no greater than 150% of the overall base revenue increase; (iii) there is no change greater than 35% in the customer charge within a rate schedule for residential customers; and (iv) there is no change in the rate blocks or the percentage relationship of the prices among rate blocks. The rule requires that within 20 days after providing this notice to customers, DVEC may file its Streamlined Application to increase rates. A customer may file an objection or request for intervention to the Streamlined Application within 30 days of the date this notice is mailed to customers. Streamlined refers to the fact that such an application will be processed under a shorter time-frame than a rate increase application filed pursuant to A.A.C. R14-2-103 ("Rule 103") and, therefore, receive a less comprehensive (possibly less costly) review/analysis by Commission Staff than a Rule 103 review/analysis. DVEC's Streamlined Application may be approved without a formal evidentiary hearing. However, the Commission may at any time - at the request of Staff, an Intervenor, or on its own - require DVEC's rate increase application to be processed pursuant to the more comprehensive Rule 103 requirements. You can view the entire Rules 103 and 107 at http://apps.azsos.gov/public_services/Title_14/14-02.pdf.

Public Comment and Intervention

A person desiring to object to the Streamlined Application or to request intervention in the rate case must file the objection or the intervention request not later than the date specified below. Within 7 days after the deadline for objections and intervention requests, the Commission's Utilities Division Staff must determine the eligibility and sufficiency of the Streamlined Application under Rule 107.

Written public comments regarding DVEC-Electric Division's Streamlined Application, including objections to it being processed pursuant to the alternative Rule 107 streamlined requirements, may be submitted by mailing a letter referencing Docket No. E-01703A-20-0203 to the Commission's Consumer Services Section at 1200 W. Washington, Phoenix, Arizona 85007, or by electronic submission by going to the website: www.azcc.gov using the link "Make a Public Comment in a Docket" found in the "Cases and Open Meetings" tab.

Anyone requiring assistance may contact the Consumer Services Section at (602) 542-4251 or (800) 222-7000.

Requests to intervene may be filed in Docket No. E-01703A-20-0203 by any person entitled by law to intervene or who is directly and substantially affected by the proceeding. For a form to use and instructions on how to electronically file, go to <http://azcc.gov/hearing/how-to-intervene-in-a-case>. If you require assistance you may contact the Commission's Consumer Services Section during normal business hours at 602-542-4251 or 1-800-222-7000 or you may contact DVEC during normal business hours at 928-359-2503 or 800-669-2503. All motions to intervene and all objections to the streamlined Application must be filed on or before August 14, 2020.

The Rule 107 streamlined rate process is available to DVEC-Electric Division only if the Commission receives objections from less than 106 DVEC-Electric Division customers by August 14, 2020. If the Commission receives objections from at least 106 DVEC-Electric Division customers by August 14, 2020, DVEC-Electric Division will not be eligible to use the Rule 107 streamlined process, but will instead need to use the Rule 103 rate increase application process which would involve a formal evidentiary hearing and a more comprehensive review/analysis by Commission Staff.

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

A copy of the Streamlined Application is available for public inspection during regular business hours at DVEC's offices located at 379597 AZ 75, Duncan, Arizona 85534. A copy of the Streamlined Application is also available at DVEC's website (www.dvec.org). After July 21, 2020, a copy of the Streamlined Application will also be available for public inspection during regular business hours at the Commission's Docket Control Center at 1200 W. Washington Street, Phoenix, Arizona, 85007, in the Commission's Tucson Office at 400 W. Congress, Tucson, Arizona, 85701 and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

DVEC Contact Information

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

ADA/Equal Access Information

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