

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

E-02044A

Dixie Escalante REA, Inc.

dba Dixie Power

71 E HWY 56

Beryl, UT 84714

RECEIVED

APR 16 2015

ACC UTILITIES DIRECTOR

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT
Electric

FOR YEAR ENDING

12	31	2014
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FOR COMMISSION USE

ANN 01	14
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4-17-15

COMPANY INFORMATION

Company Name (Business Name) Dixie Escalante REA, Inc

Mailing Address 71 E HWY 56
Beryl (City) UT (State) 84714 (Zip)

(435) - 439-5311 Telephone No. (Include Area Code) (435) 439-5352 Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address danej@dixiepower.com

Local Office Mailing Address Same
 (City) (State) (Zip)

Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address _____ Website address _____

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: LaDel Laub (Name) CEO (Title)

Same as above (Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address ladell@dixiepower.com

On Site Manager: Chery Hulet (Name)

Same as above (Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address cheryh@dixiepower.com

Statutory Agent: Dan Reber

(Name)

Littlefield Dr

(Street)

Littlefield

(City)

AZ

(State)

86432

(Zip)

(435) 673-3297

Telephone No. (Include Area Code)

(435) 673-3315

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Aaron Randall

(Name)

187 N 100 W

(Street)

St George

(City)

UT

(State)

84770

(Zip)

(435) 673-4892

Telephone No. (Include Area Code)

(435) 673-2774

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

- Electric**
- Investor Owned Electric
 - Rural Electric Cooperative
 - Utility Distribution Company
 - Electric Service Provider
 - Transmission Service Provider
 - Meter Service Provider
 - Meter Reading Service Provider
 - Billing and Collection
 - Ancillary Services
 - Generation Provider
 - Aggregator/Broker

Other (Specify) _____

STATISTICAL INFORMATION

Retail Information

	Number of Arizona Customers	Number of kWh Sold in Arizona
Residential	2,055	22,212,438
Commercial	229	5,530,005
Industrial	0	0
Public Street and Highway Lighting	3	119,298
Irrigation	11	835,696
Total Retail	2,298	28,697,437

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale	17,481	403,008,142
Short-term Sales (durations of less than one year)		
Total Wholesale	17,481	403,008,142

Total MWh Sold 403,008 MWh

Maximum Peak Load 110.7 MW

COMPANY NAME:

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-211.B	AZ Only	
		Termination with Notice R14-2-211	OTHER
JANUARY		1	
FEBRUARY		3	
MARCH		5	
APRIL		3	
MAY		4	
JUNE		1	
JULY		5	
AUGUST		1	
SEPTEMBER		5	
OCTOBER		5	
NOVEMBER		1	
DECEMBER		5	
TOTALS →		39	

OTHER (description):

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED
APR 16 2015

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

ACC UTILITIES DIRECTOR

COUNTY OF (COUNTY NAME)	<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Dane Johnson, Controller</u>
COMPANY NAME	<u>Dixie Escalante REA, Inc. dba Dixie Power</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2014</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2014 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
<u>\$ 2,040,072</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 118,527
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Dane Johnson
SIGNATURE OF OWNER OR OFFICIAL
(435) 439-5311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 9 DAY OF

(SEAL)

COUNTY NAME	<u>Iron</u>	
MONTH	<u>April</u>	<u>.2015</u>

Laurie Jones
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 3-6-2017

	LAURIE JONES Notary Public State Of Utah My Commission Expires 03-06-2017 COMMISSION NO. 664257
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**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED
APR 16 2015
ACC UTILITIES DIRECTOR

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <i>Mohave</i>	
NAME (OWNER OR OFFICIAL) <i>Dane Johnson</i>	TITLE <i>Controller</i>
COMPANY NAME <i>Dixie Escalante REA, Inc. dba Dixie Power</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2014 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES <i>\$ 2,040,072</i>
--

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 118,527 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

D. Johnson
SIGNATURE OF OWNER OR OFFICIAL

(435) 439-5311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

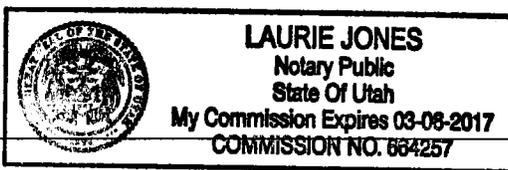
THIS *9* DAY OF

(SEAL)

MY COMMISSION EXPIRES *3-6-2017*

NOTARY PUBLIC NAME <i>Laurie Jones</i>	
COUNTY NAME <i>Iron</i>	
MONTH <i>April</i>	YEAR <i>2015</i>

Laurie Jones
SIGNATURE OF NOTARY PUBLIC



FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2014) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Pertinent numbers broken out for Arizona operations based on prior years' reports

	AZ	TOTAL
Balance Sheet Information		
Utility Plant in Service	\$4,554,649	\$68,991,617
Accumulated Depr	\$1,559,179	\$25,083,132
Net Utility Plant	\$2,995,470	\$43,908,485
Construction Work in Progress	\$284,580	\$6,328,305
Retirement Work in Progress	\$3,254	\$64,928
Net Total Utility Plant	\$3,283,304	\$50,301,718

Taxes Accrued

Property Tax	\$0	\$0
Sales Tax	\$9,526	\$62,432
Energy Tax		\$65,728
Franchise Tax	\$40,804	\$9,943
FICA Tax		\$11,702
Federal Unemployment Tax		\$895
State Unemployment Tax		\$2,633

Customer Advances for Construction	\$14,879	\$3,823,863
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Supplementary Utility Plant Information

Intangible Plant	\$0	\$550,000
Transmission Plant	\$1,327,716	\$18,925,890
Distribution Plant	\$3,061,411	\$33,481,070
General Plant	\$165,522	\$16,034,657
Total Utility Plant in Service	\$4,554,649	\$68,991,617
Construction Work In Progress	\$284,580	\$6,328,305
Total Utility Plant	\$4,839,229	\$75,319,922
Accumulated Depreciation		
Transmission	\$482,545	\$4,552,283
Distribution	\$1,035,064	\$11,109,253
General	\$41,570	\$9,064,094
Accumulated Amortization - Franchise	\$0	\$357,502
Retirement Work in Progress	(\$3,254)	(\$64,928)
Net Utility Plant	\$3,283,304	\$50,301,718

Statement of Net Income

Purchased Power		\$14,056,136
Depreciation & Amortization Expense	\$126,145	\$1,969,612
Property Tax Expense	\$34,073	\$462,430
Preliminary Survey Charges	\$0	\$0

	AZ	TOTAL
Operating Revenues		
Residential Sales	\$1,533,019	\$15,430,469
Commercial Sales	\$406,338	\$6,156,574
Industrial Sales	\$0	\$1,117,167
Public Sales	\$20,748	\$92,077
Irrigation Sales	\$66,885	\$1,768,552
Total Sales	\$2,026,990	\$24,564,839
Other Operating Revenues	\$13,082	\$176,188
Total Operating Revenues	\$2,040,072	\$24,741,027

Statistical Information (average)

Residential Customers	2,052	15,073
Commercial Customers	226	1,743
Industrial Sales		2
Public Lighting Customers	4	93
Irrigation Customers	11	194
Total Ultimate Customers	2,293	17,105
Residential kWh Sold	22,212,438	241,008,142
Commercial kWh Sold	5,530,005	108,923,195
Industrial kWh Sold	0	18,115,837
Public Lighting kWh Sold	119,298	1,888,881
Irrigation kWh Sold	835,696	33,386,797
Total kWh Sold	28,697,437	403,322,852

Other

Contributions in aid of Construction		
Beginning Balance	\$7,389,430	\$49,088,474
Collected this year	\$74,266	\$3,483,994
Ending Balance	\$7,463,696	\$52,572,468



DixiePower

ENERGIZING LIFE

A Touchstone Energy[®] Cooperative

The power of human connections[®]



DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

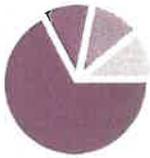
WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

KENNETH A. HINTON, CPA
MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

Independent Auditors' Report

To the Board of Directors
Dixie Escalante Rural Electric Association, Inc.
Beryl, Utah

We have audited the accompanying financial statements of Dixie Escalante Rural Electric Association, Inc. (a Utah non-profit corporation), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Dixie Escalante Rural Electric Association, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
St. George, Utah
March 30, 2015

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Balance Sheets

December 31, 2014 and 2013

Assets		
	<u>2014</u>	<u>2013</u>
Utility plant - at cost		
Electric plant in service	\$ 68,991,616	\$ 65,547,154
Under construction	6,328,305	2,430,983
Total	<u>75,319,921</u>	<u>67,978,137</u>
Less: Accumulated depreciation and amortization	<u>(25,018,204)</u>	<u>(23,405,387)</u>
Utility plant - net	<u>50,301,717</u>	<u>44,572,750</u>
Other assets and investments		
Investments in CFC and others - at cost	1,102,712	1,381,809
Non-utility property	733,416	1,045,904
Total other assets and investments	<u>1,836,128</u>	<u>2,427,713</u>
Current assets		
Cash and cash equivalents	3,282,109	4,081,524
Accounts receivable - principally customers (less allowance for doubtful accounts of \$87,370 in 2014 and \$71,860 in 2013)	1,153,781	1,394,816
Accounts receivable - other	1,362,297	1,035,955
Notes receivable - related party - due within one year	128,392	54,267
Materials and supplies	3,682,046	3,882,899
Other assets	2,471,119	2,676,870
Total current assets	<u>12,079,744</u>	<u>13,126,331</u>
Notes receivable - related party (net of current portion)	1,522,257	1,690,399
Total assets	<u>\$ 65,739,846</u>	<u>\$ 61,817,193</u>

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Balance Sheets, continued
December 31, 2014 and 2013

Equity and Liabilities		
	2014	2013
Members' equity		
Memberships	\$ 8,595	\$ 8,595
Patronage capital	12,152,503	11,402,983
Other equity	11,298,648	11,231,132
Total equity and margins	23,459,746	22,642,710
Long-term debt (less amount due within one year included below)	8,816,948	9,654,960
Current liabilities		
Accounts payable	2,670,658	2,686,287
Customer deposits	329,665	327,004
Accrued expenses	621,117	595,484
Accrued personal leave	815,314	741,938
Long-term debt due within one year	846,798	849,164
Unclaimed capital credits	95,754	68,423
Total current liabilities	5,379,306	5,268,300
Deferred gain from debt restructuring	36,723	56,754
Customer advances for construction	3,823,863	2,669,833
Deferred revenue - grants	1,131,551	-
Deferred revenue - impact fees	23,091,709	21,524,636
Total equity and liabilities	\$ 65,739,846	\$ 61,817,193

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Statements of Operations
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 24,741,027	\$ 24,380,635
Operating expenses		
Operation and maintenance:		
Power purchased	14,234,256	14,473,238
Transmission	32,717	200,098
Distribution - operation	1,858,315	1,674,830
Distribution - maintenance	1,090,777	947,935
Consumer accounts	812,946	820,821
Customer service	1,506,552	1,224,345
Sales	84,540	68,774
Administrative and general	2,235,431	2,127,824
Total operation and maintenance	<u>21,855,534</u>	<u>21,537,865</u>
Depreciation and amortization	1,969,612	1,823,909
Property taxes	462,430	464,910
Other	17,632	7,196
Total operating expenses	<u>24,305,208</u>	<u>23,833,880</u>
Operating margins before interest charges	435,819	546,755
Interest charges - principally long-term debt	<u>506,678</u>	<u>512,377</u>
Operating margins	<u>(70,859)</u>	<u>34,378</u>
Non-operating margins		
Interest income	108,354	138,433
Other non-operating income (expense)	1,087,608	1,039,260
Patronage capital credits - G&T	-	16,360
Patronage capital credits - CFC	311,329	140,485
Total non-operating margins	<u>1,507,291</u>	<u>1,334,538</u>
Net margins	<u>\$ 1,436,432</u>	<u>\$ 1,368,916</u>

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Statements of Members' Equity
For the Years Ended December 31, 2014 and 2013

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Equity</u>	<u>Total</u>
Balances, December 31, 2012	\$ 8,595	\$10,954,960	\$10,887,405	\$21,850,960
Allocation of 2012 margins		1,025,189	(1,025,189)	-
2013 Margins:				
Operating			34,378	34,378
Non-operating			1,334,538	1,334,538
Retirement of capital credits		<u>(577,166)</u>		<u>(577,166)</u>
Balances, December 31, 2013	8,595	11,402,983	11,231,132	22,642,710
Allocation of 2013 margins		1,368,916	(1,368,916)	-
2014 Margins:				
Operating			(70,859)	(70,859)
Non-operating			1,507,291	1,507,291
Retirement of capital credits		<u>(619,396)</u>		<u>(619,396)</u>
Balances, December 31, 2014	<u>\$ 8,595</u>	<u>\$12,152,503</u>	<u>\$11,298,648</u>	<u>\$23,459,746</u>

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net margin	\$ 1,436,432	\$ 1,368,916
Adjustments to reconcile net margin to net cash flows from operating activities:		
Depreciation and amortization	1,969,612	1,823,909
Net (gain)/loss on disposal of fixed assets and non utility plant	80,141	46,442
Accretion of deferred revenue	(1,100,330)	(1,011,416)
Accretion of deferred gain on debt restructuring	(20,031)	(20,031)
Changes in assets and liabilities:		
(Increase)/decrease in CFC investment	279,097	(89,267)
(Increase)/decrease in accounts receivable	(85,307)	(10,057)
(Increase)/decrease in materials and supplies	200,853	1,152,035
(Increase)/decrease in other assets	171,868	(2,094,116)
(Increase)/decrease in notes receivable	94,017	37,674
Increase/(decrease) in accounts payable	(15,629)	(34,919)
Increase/(decrease) in customer deposits	2,661	(6,882)
Increase/(decrease) in accrued expenses	25,633	37,987
Increase/(decrease) in accrued personal leave	73,376	73,058
Increase/(decrease) in unclaimed capital credits	27,331	22,130
Net cash flows from operating activities	<u>3,139,724</u>	<u>1,295,463</u>
Cash flows from investing activities:		
Purchase/construction of utility plant	(11,155,299)	(7,583,068)
Purchase of non utility plant property	(5,550)	(6,692)
Proceeds from the sale of fixed assets	54,491	57,889
Proceeds from the sale of non utility plant property	190,014	88,599
Net cash flows from investing activities	<u>(10,916,344)</u>	<u>(7,443,272)</u>
Cash flows from financing activities:		
Proceeds from new borrowings	-	2,098,963
Repayment of long-term debt	(840,378)	(740,218)
Customer advances of impact fees	2,667,403	2,315,238
Customer advances for construction	5,099,887	4,949,175
Refund of customer advances	(461,862)	(529,555)
Refund of capital credits	(619,396)	(577,166)
Proceeds from grant	1,131,551	-
Net cash flows from financing activities	<u>6,977,205</u>	<u>7,516,437</u>
Net change in cash and cash equivalents	(799,415)	1,368,628
Cash and cash equivalents at beginning of year	<u>4,081,524</u>	<u>2,712,896</u>
Cash and cash equivalents at end of year	<u>\$ 3,282,109</u>	<u>\$ 4,081,524</u>

Supplemental Schedule of Interest Paid and Non Cash Investing and Financing Activities

Interest paid during the year amounted to \$527,270 and \$504,918 in 2014 and 2013 respectively.

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2014 and 2013

Note 1. Summary of Significant Accounting Policies

ORGANIZATION

Dixie-Escalante Rural Electric Association, Inc. is a non-profit, cooperative association organized January 1, 1978, as a result of a consolidation of Dixie Rural Electric Association and Escalante Valley Electric Association for the purpose of providing electric service to rural areas located in southwestern Utah and northwestern Arizona. Dixie-Escalante Rural Electric Association, Inc. assumed all existing assets and liabilities of the Associations in the transaction which, for accounting purposes, has been recorded as a pooling-of-interests. No additional assets or liabilities were created through the consolidation.

REGULATION

The Association is subject to Federal accounting regulation and, until March 8, 1979, was subject to State rate regulation. Subsequent to March 8, 1979, the Association's rates are determined by the Board of Directors, subject to certain restrictions. The Association's accounting practices and policies are generally consistent with regulatory authorities and the accounting records are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

UTILITY PLANT AND DEPRECIATION

Utility plant in service and under construction is stated at original cost less certain contributions received from customers, as described below. Costs include labor, materials, and related indirect costs such as engineering, supervision, transportation, etc. The cost of units of property replaced or renewed plus removal cost, less salvage, is charged to accumulated depreciation. Maintenance and repairs of utility property are charged to operating expenses. The Association provides for depreciation on the straight-line basis for all property over the estimated useful lives of the related assets as follows:

	Annual Depreciation <u>Range</u>
Transmission Plant	2.75%
Distribution Plant	2.87%
General Plant	3yrs. – 50 yrs.

In addition to depreciation shown separately in the statement of operations, depreciation of transportation and certain other equipment, amounting to \$414,429 in 2014 and \$347,138 in 2013 was charged to certain clearing accounts and distributed to operations and construction.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 1. Summary of Significant Accounting Policies - Continued

REVENUES

Revenues are recognized as customers are billed. The Association does not accrue revenues for energy delivered after the billing date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, cash in banks and cash temporarily invested in money market accounts.

MATERIALS AND SUPPLIES

Materials and supplies are stated generally at average cost which is not in excess of market.

DEFERRED DEBITS

The Association periodically incurs expense in the development of future electrical facilities. Deferred costs include, principally, engineering and feasibility study expenditures. Such costs will be charged to operations over an estimated recovery period commencing upon completion of the facilities, or when management determines them to be of no future benefit.

CUSTOMER ADVANCES FOR CONSTRUCTION

Customer advances for construction are refundable based upon terms of the line extension policy. Amounts not refunded by the end of the allowable period for refunds are accounted for as contributions in aid of construction, as described below.

CONTRIBUTIONS IN AID OF CONSTRUCTION

Contributions in aid of construction include non-refundable amounts advanced by customers for construction. As jobs are completed, such amounts are accounted for as a reduction in the cost of the electric plant in service.

ADVERTISING COSTS

The Association incurred advertising costs related to nondirect-response advertising. These costs are expensed the first time the advertising takes place. Advertising costs expensed for 2014 and 2013 were \$329,382 and \$333,887 respectively.

ALLOCATION OF MARGINS

In accordance with the Association's bylaws, operating margins are allocated to the patrons of the Association in proportion to their patronage. Non-operating margins are used to reduce prior years' losses and thereafter, may be allocated to patrons at the discretion of the Association's Board of Directors.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 1. Summary of Significant Accounting Policies - Continued

TAXES ON INCOME

No amounts have been paid or accrued for income taxes as the Association is a nonprofit organization exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code.

ESTIMATES

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates, and there is a reasonable possibility that estimates might change within the near term. The more significant estimates used by management in the preparation of the accompanying financial statements include the estimated useful lives of property, plant and equipment and the estimate used to calculate the allowance for doubtful accounts. In the opinion of management the allowance for doubtful accounts is sufficient to cover any accounts or notes receivable that may be uncollectible based on historic percentages and known circumstances.

DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 30, 2015, the date the financial statements were available to be issued.

Note 2. Utility Plant

Utility plant in service is summarized by major classification as follows:

	Balance at 12/31/14	Balance at 12/31/13
Transmission plant	\$ 18,925,890	\$ 18,047,330
Distribution plant	33,481,070	32,008,779
General plant	16,034,656	14,941,045
Intangible plant	550,000	550,000
Under construction	6,328,305	2,430,983
Subtotal	<u>75,319,921</u>	<u>67,978,137</u>
Accumulated depreciation and amortization	<u>(25,018,204)</u>	<u>(23,405,387)</u>
Net utility plant assets	<u>\$ 50,301,717</u>	<u>\$ 44,572,750</u>

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 3. Cash

At various times throughout the years ended December 31, 2014 and 2013, cash balances in bank accounts exceeded the amount insured by the FDIC and/or NCUA. As of December 31, 2014 and 2013, \$3,193,002 and \$3,675,945 of the bank balance of \$3,943,003 and \$4,425,945 was uninsured and uncollateralized.

Note 4. Investments in Associated Organizations

To join NRUCFC and establish eligibility to borrow, the Association has executed an irrevocable agreement to subscribe for subscription certificates and loan certificates. The subscription certificates mature in 2070, 2075, and 2080, and bear interest at 3 percent for the first fifteen years, 4 percent for the next seven years and 5 percent thereafter. The loan certificates mature and will be returned when the loans are paid off.

Investments in associated organizations consist of the following:

	<u>2014</u>	<u>2013</u>
NRTC membership	\$ 1,000	\$ 1,000
CoBank membership	1,000	1,000
CRC		
Class A membership	2,500	2,500
Class A equity investment	10,000	10,000
Western United patronage capital certificates	266,404	67,257
NRUCFC		
NRUCFC subscription certificates	171,175	171,175
NRUCFC loan certificates	161,201	162,848
CFC patronage capital certificates	388,172	364,769
CFC member capital securities	100,000	600,000
Class A membership	1,260	1,260
	<u>\$ 1,102,712</u>	<u>\$ 1,381,809</u>

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 5. Deferred Revenue – Impact Fees

Since 1988 the Association has charged an impact fee for new hookups to offset some of the cost of improving the system to accommodate growth in the service area. The monies are to be used to offset the cost of new system construction or improvement. The Association records the impact fees as deferred revenues as they are collected and then recognizes them as nonoperating revenue over a period of 30 years, which approximates the estimated life of the plant constructed. The revenue recognized for the years ended December 31, 2014 and 2013 was \$1,100,330 and \$1,011,416 respectively.

Note 6. Long-Term Debt

The following is a summary of long term debt activity for 2014:

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014	Current Portion
NRUCFC loans payable	\$ 10,504,124	\$ -	\$ 840,378	\$ 9,663,746	\$ 846,798
Total long-term debt	<u>\$ 10,504,124</u>	<u>\$ -</u>	<u>\$ 840,378</u>	<u>\$ 9,663,746</u>	<u>\$ 846,798</u>

The following is a summary of long term debt activity for 2013:

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013	Current Portion
NRUCFC loans payable	\$ 9,145,379	\$ 2,098,963	\$ 740,218	\$ 10,504,124	\$ 849,164
Total long-term debt	<u>\$ 9,145,379</u>	<u>\$ 2,098,963</u>	<u>\$ 740,218</u>	<u>\$ 10,504,124</u>	<u>\$ 849,164</u>

Based on the borrowing rates currently available to the Association for loans with similar terms and average maturities, the stated amount of long-term debt at December 31, 2014 and at December 31, 2013 closely approximated current fair value.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2014 and 2013

Note 6. Long-Term Debt - Continued

Long-term debt consists of the following:

	<u>2014</u>	<u>2013</u>
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.20%, maturing December 1, 2014.	\$ -	\$ 46,583
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.20%, maturing August 31, 2016.	333,896	509,159
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.20%, maturing February 28, 2018.	116,045	147,327
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.20%, maturing February 28, 2018.	103,151	130,957
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.25%, maturing May 31, 2035.	852,132	872,104
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, maturing November 30, 2021.	358,333	398,556
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, maturing November 30, 2022.	1,069,398	1,171,182
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.00%, maturing November 30, 2023.	1,181,865	1,278,221
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 7.25%, maturing May 31, 2027.	781,829	819,083
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 7.25%, maturing May 31, 2027.	781,829	819,083
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.90%, maturing February 28, 2029.	393,677	412,359
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.10%, maturing November 30, 2031.	1,792,153	1,865,851
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.65%, maturing February 28, 2026.	<u>1,899,438</u>	<u>2,033,659</u>
Total long term debt	9,663,746	10,504,124
Less amounts due within one year	<u>(846,798)</u>	<u>(849,164)</u>
Long term debt, net of current portion	<u>\$8,816,948</u>	<u>\$9,654,960</u>

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2014 and 2013

Note 6. Long-Term Debt - Continued

Under the terms of the mortgage, all assets of the Association are pledged as security. In addition, the mortgage provides, among other things, for the maintenance of certain financial ratios, restrictions related to expanding, refunding patronage capital, incurring indebtedness, making investments, and merging.

On October 16, 1996, Deseret Generation and Transmission (Deseret) and each of the six members of Deseret including Dixie Escalante Rural Electric Association, Inc. entered into a major debt restructuring.

The following is a summary of the debt restructuring:

Each Member of Deseret retired its individual RUS debt at approximately a 10 percent discount. The money required to retire the RUS debt was borrowed by the Members from CFC. Dixie Escalante's RUS debt bore interest at 2 percent and 5 percent per annum. The new debt to CFC bears interest at rates between 2.8 percent and 3.6 percent per annum. Dixie Escalante Rural Electric Association, Inc. realized a \$400,618 gain on the restructuring. In accordance with generally accepted accounting principles, this gain is being recognized over 20 years (the life of the new debt). During 2014, \$20,031 was recognized as revenue, leaving a balance of \$36,723 of deferred gain at December 31, 2014. During 2013, \$20,031 was recognized as revenue, leaving a balance of \$56,754 of deferred gain at December 31, 2013.

As of December 31, 2014 and 2013, the Association maintained a \$5,000,000 perpetual line of credit with NRUCFC. The line of credit bears interest at the prime rate plus 1 percent, which was 2.90 percent and 2.90 percent at December 31, 2014 and 2013 respectively. The line of credit renews each year unless either party terminates the agreement by providing written notice. There was no outstanding balance on this line of credit at December 31, 2014 and 2013.

During 2013, the Association opened a \$3,000,000 revolving line of credit with CoBank. Interest is charged at either a (1) week quoted variable rate or a (2) quoted rate option as selected by the Association at the time funds are borrowed. The line of credit can be renewed each year at the option of CoBank. There was no outstanding balance on this line of credit at December 31, 2014 and 2013.

Maturities of long term debt are as follows:

Year Ended	2014		2013	
	Principal	Interest	Principal	Interest
2014	\$ -	\$ -	\$ 849,164	\$ 501,104
2015	846,798	473,592	707,610	473,592
2016	842,907	426,816	698,569	426,816
2017	732,386	385,231	582,706	385,231
2018	714,394	346,983	559,176	346,983
2019	732,498	310,133	571,537	310,133
Thereafter	5,794,763	1,325,317	6,535,362	1,325,317
Totals	\$ 9,663,746	\$ 3,268,072	\$ 10,504,124	\$ 3,769,176

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 7. Members' Equity

Beginning January 1, 1978, the Association discontinued a policy requiring payment of initial membership fees. Under current policy, no membership fees are required and members are admitted subject to approval of the board of directors. During 2000, the board approved an early retirement of capital credits allocated to members from 1978 to 1987. The Association refunded the capital credits, at a discount, to members who desired to participate in the early retirement. During 2000, the board also approved a refund of capital credits assigned to the remaining patron accounts for 1978 and 1979. The past policy adopted by the board was to refund such credits after the twentieth year if deemed economically feasible. In 2000, the board adopted a policy to refund capital credits based on a percentage of all equities method and then fully refund any amount remaining after the thirtieth year. A refund percentage is determined each year by the board of directors. During 2014 and 2013, refunds of approximately 5 percent and 5 percent, respectively, of the remaining 1989-2012 capital credits were made. The total capital credit refunds amounted to \$628,622 and \$589,675 in 2014 and 2013 respectively.

Note 8. Employee Benefits

Pension benefits for all employees of the Association with one year of service who have attained age 21 are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Defined Benefit Pension Plan.

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

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

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2014 and 2013

Note 8. Employee Benefits, continued

Plan Information

The Association's contributions to the RS Plan in 2014 and in 2013 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Association made contributions to the plan of \$723,108 in 2014 and \$633,895 in 2013. See the information below regarding plan prepayments for changes that affect the comparability of 2014 and 2013 contributions.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was 101.5 percent and 111.3 percent funded at January 1, 2013 and January 1, 2012 based on the PPA funding target and PPA actuarial value of assets on those dates. Information regarding funding of the plan for 2014 was not available at the time of the issuance of these financial statements.

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

RS Plan Prepayment

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

Two prepayment options were available to participating cooperatives:

1. Use current assets to make the prepayment over a period of not more than 4 years
2. Borrow funds sufficient to make the prepayment in a lump sum, with the repayment of the borrowed amount determined by the loan's amortization schedule.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2014 and 2013

Note 8. Employee Benefits, continued

On May 30, 2013 the cooperative made a prepayment of \$2,098,963 to the NRECA RS Plan. The cooperative is amortizing this amount over 13 years. Interest expense associated with the prepayment loan is being accounted for in accordance with the RUS USOA.

Defined Contribution Savings Plan

In addition to the Retirement Plan, the Association contributed \$100,375 and \$93,707 to savings plans in 2014 and 2013 respectively. Employee contributions to these savings programs amounted to \$301,838 in 2014 and \$275,314 in 2013. Dixie-Escalante Rural Electric Association, Inc. has no liability for future benefits beyond the amount contributed.

Note 9. Compensated Absences

In accordance with the personal leave policy, each full time employee earns 168 hours of personal leave the first year of employment, 264 hours during the second year with an 8 hour increase for each year thereafter to a maximum of 344 hours annually. The maximum accrued hours that may accumulate in any one employee's account by year end is 800. In May and November of each year, employees may request payment of 75 percent of their current wage for up to one third of the accumulated hours in their account. The liability for accrued personal leave amounted to \$815,314 and \$741,938 at December 31, 2014 and 2013 respectively.

Note 10. Related Parties

In September of 2005, the Board of Directors approved the creation of Red Rock Funding, LLC, as a wholly owned subsidiary of the Association, to administer the Employee Loan Program. The Association made advances of funds to Red Rock Funding, LLC as necessary for the administration of the Employee Loan Program. Participants in the Employee Loan Program were able to borrow up to \$40,000 from Red Rock Funding, LLC for assistance in purchasing housing. The loans are secured by the property purchased. Principal and interest are paid annually through the administration of the Employee Housing Compensation Benefit. As of December 31, 2014 and 2013 amounts due to the Association from Red Rock Funding, LLC for such loans totaled \$1,650,649 and \$1,744,666 respectively. In December of 2009, the Association discontinued the Employee Loan Program and the Employee Housing Compensation Benefit for all future employees.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 11. Commitments and Contingencies

Power Purchases

The Association has signed a contract to purchase power from the Western Area Power Administration which is a Colorado River Storage (CRSP) allocation. Monthly power needs in excess of this allocation are purchased from Deseret G&T. The Association is committed to purchase power from Deseret G&T in excess of its CRSP allocation. Additional power beyond that provided by these two sources would be purchased under a contract with the Intermountain Power Project. This contract, termed a lay off contract, provides that power not needed or used by the Association will be allocated to the City of Los Angeles, but made available to the Association as needed.

During the year ended December 31, 2000, Dixie-Escalante Rural Electric Association, Inc. signed a new agreement with the Bureau of Reclamation concerning the hydroelectric power from the Colorado River Storage Project (CRSP) which at present is a low cost source of power available to municipalities and cooperatives having long term contracts with CRSP. The agreement is a new fifteen year agreement that began in the year 2004.

Dixie Escalante Rural Electric Association is one of six member/owners of Deseret Generation and Transmission, a Utah generating and transmitting electrical co-operative. Deseret G&T owns and operates the Bonanza power plant in eastern Utah. The Association has signed an all requirements wholesale power purchase contract with Deseret which is in force until 2025.

Flowell Electric Association

Effective January 1, 1999, all but the manager of Flowell Electric Association, consisting of seven employees, became employees of Dixie Escalante, and Flowell's inventory and other general fixed assets were transferred to Dixie Escalante. Dixie Escalante agreed to provide Flowell Electric with customer billing and plant maintenance services. Under the agreement, Flowell will provide a shop and yard for the Dixie Escalante equipment and inventory. Flowell is being treated by Dixie Escalante as a contract customer.

St. George City – Solar Project

In October of 2008, the Association entered into a solar project participation agreement with the City of St. George, Utah. Under the agreement, the City of St. George agreed to construct and operate a solar photovoltaic project. The Association would participate and permit its members who reside within the city limits of St. George to purchase participating units of the solar project from St. George.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2014 and 2013

Note 11. Commitments and Contingencies - Continued

The Association's participation percentage in the project was 50 percent, meaning that The Association would reimburse the City of St. George, either through cash payment or labor credits, for 50 percent of all costs associated with the construction, operation, and maintenance of the project. In return, the Association will receive an "energy entitlement" equal to its participation percentage for all completed phases of the project times the net output of the project minus the aggregate credited energy of all Dixie Escalante customers participating in the project.

As of December 31, 2011 phases 1 and 2 of the project were complete and placed into service. Due to the nature of the project, management determined that the capital costs associated with the project should be recorded as "other assets" in the financial statements and amortized over the estimated life of the project (20 years). The Association's share of all costs for the construction of the project minus any shares sold to customers and net of accumulated amortization totaled \$516,251 and \$550,134 at December 31, 2014 and 2013 respectively. Operating and maintenance costs will be expensed as incurred.

Note 12. Recognition of Capital Credits from Deseret G&T

During 1999 the board of directors adopted the policy of only recognizing capital credits from Deseret Generation and Transmission when the credits are actually paid. Deseret has no obligation to rotate capital credits and even though capital credits are being allocated by Deseret to its members there is no present expectation that all of those credits will be rotated by payments to the members.

During 2014 and 2013, Deseret Generation and Transmission rotated and paid the Association the following capital credits and has informed the management of the following tax basis allocations of the remaining capital credits which may someday be retired.

<u>Year</u>	<u>Balance 1/1/2014</u>	<u>2013 - 2014 Rotation</u>	<u>Balance 12/31/2014</u>
1983	\$ 16,296	\$ -	\$ 16,296
1984	133,474	-	133,474
1985	-	-	-
1986	86,351	-	86,351
1997	624,852	-	624,852
1998	154,908	-	154,908
1999 - 2012	-	-	-
Total	<u>\$1,015,881</u>	<u>\$ -</u>	<u>\$1,015,881</u>

Rotation of capital credits recognized as revenues in 2014 and 2013 totaled \$0 and \$16,320 respectively