

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-01703A

Duncan Valley Electric Cooperative, Inc.
379597 Az 75
PO Box 440
Duncan AZ 85534

RECEIVED

APR 22 2015

AZ CORP COMM
Director - Utilities

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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4-27-15

COMPANY INFORMATION

Company Name (Business Name) Duncan Valley Electric Cooperative, Inc.

Mailing Address PO Box 440

Duncan (Street) AZ 85534
(City) (State) (Zip)

928-359-2503 928-359-2370
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address PO Box 440

Duncan (Street) AZ 85534
(City) (State) (Zip)

928-359-2503 800-669-2503
Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address _____ **Website address** www.dvec.org

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: Steve Lunt CEO
(Name) (Title)

PO Box 440 Duncan AZ 85534
(Street) (City) (State) (Zip)

928-359-2503 928-359-2370 928-292-0032
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address stevel@dvec.org

On Site Manager: Steve Lunt
(Name)

(Street) (City) (State) (Zip)

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

Email Address _____

Statutory Agent: Gallagher & Kennedy

(Name)

PO Box 32159

Phoenix

AZ

85064

(Street)

(City)

(State)

(Zip)

602-530-8000

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Same as Above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

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 checked="" type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input 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	1,776	16,307,084
Commercial	280	6,936,957
Industrial	0	0
Public Street and Highway Lighting	1	101,440
Irrigation	61	1,739,571
Total Retail	2,118	25,085,052

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale		
Short-term Sales (durations of less than one year)		
Total Wholesale		

Total MWh Sold 25,085 MWh
 Maximum Peak Load 8.186 MW

COMPANY NAME: Duncan Valley Electric Cooperative, Inc.

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-211.B	Termination with Notice R14-2-211	OTHER
JANUARY		6	
FEBRUARY		12	
MARCH		14	
APRIL		3	
MAY		7	
JUNE		10	
JULY		7	
AUGUST		10	
SEPTEMBER		18	
OCTOBER		8	
NOVEMBER		13	
DECEMBER		15	
TOTALS →		123	

OTHER (description):

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

<small>COUNTY OF (COUNTY NAME)</small>	Greenlee
<small>NAME (OWNER OR OFFICIAL) TITLE</small>	Steve Lunt, CEO
<small>COMPANY NAME</small>	Duncan Valley Electric Cooperative, Inc.

APR 22 2015
AZ CORP COMM
Director - Utilities

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

FOR THE YEAR ENDING

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
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 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:

<small>Arizona Intrastate Gross Operating Revenues Only (\$)</small>
\$ <u>3,009,969.70</u>

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 200,417.31
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)**



SIGNATURE OF OWNER OR OFFICIAL
928-359-2503

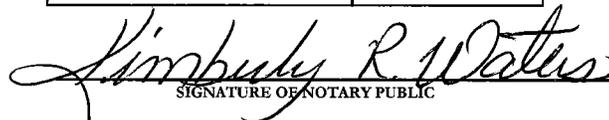
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 10/13 DAY OF
(SEAL)

<small>COUNTY NAME</small>	Greenlee	
<small>MONTH</small>	April	2015



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/13/2016

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED
APR 22 2015
AZ CORP COMM
Director - Utilities

STATE OF ARIZONA

<small>COUNTY OF (COUNTY NAME)</small>	Greenlee	
<small>NAME (OWNER OR OFFICIAL)</small>	Steve Lunt	<small>TITLE</small> CEO
<small>COMPANY NAME</small>	Duncan Valley Electric Cooperative, Inc.	

I, THE UNDERSIGNED

OF THE

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

FOR THE YEAR ENDING

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
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:

<small>ARIZONA INTRASTATE GROSS OPERATING REVENUES</small>
\$ 1,892,754.60

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 130,797.99 IN SALES TAXES BILLED, OR COLLECTED)

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



SIGNATURE OF OWNER OR OFFICIAL

928-359-2503

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 17 DAY OF

(SEAL)

MY COMMISSION EXPIRES

10/13/2016

<small>NOTARY PUBLIC NAME</small>	
<small>COUNTY NAME</small>	Greenlee
<small>MONTH</small>	April, 2015



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.**

Public reporting burden for this collection of information is estimated to average 17 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0032), Washington, DC 20503. OMB FORM NO. 0572-0032, Expires 03/31/95.
 This data will be used by REA to review your financial situation. Your response is required (7 U.S.C. 901 seq.) and is not confidential.

USDA-REA	BORROWER DESIGNATION ARIZONA 23 GREENLEE	
FINANCIAL AND STATISTICAL REPORT	BORROWER NAME AND ADDRESS DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. DUNCAN, AZ 85534	
INSTRUCTIONS-Submit an original and 2 copies to REA. Round all amounts to nearest dollar. See REA Bulletin 1717B-2	YEAR ENDING December 31, 2014	REA USE ONLY

CERTIFICATION

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

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCCOUNTANT	DATE	
SIGNATURE OF MANAGER	DATE	

PART A. STATEMENT OF OPERATIONS				December
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	(d)
1. Operating Revenue and Patronage Capital	3,433,804	3,363,814	3,684,731	299,942
2. Cost of Purchased Power	2,233,228	2,144,757	2,472,150	166,425
3. Revenue Less Cost of Power	1,200,576	1,219,057	1,212,581	133,517
4. Transmission Expense	-	-		
5. Distribution Expense-Operation	336,307	388,489	328,326	35,500
6. Distribution Expense-Maintenance	151,821	206,552	215,919	20,683
7. Consumer Accounts Expense	273,771	280,146	227,263	23,062
8. Customer Service and Informational Expense	20,230	16,876	19,446	1,779
9. Sales Expense	-	-		
10. Administrative and General Expense	272,757	280,952	258,592	15,203
11. Total Operation & Maintenance Expense (4 - 10)	1,054,887	1,173,016	1,049,546	96,227
12. Depreciation and Amortization Expense	252,015	262,248	261,535	21,518
13. Tax Expense - Property & Gross Receipts	-	-		
14. Tax Expense - Other	-	-		
15. Interest on Long-Term Debt	21,694	22,689	22,088	1,818
16. Interest Charged to Construction - Credit	-	-		
17. Interest Expense - Other	93	136	118	11
18. Other Deductions	-	-		
19. Total Cost of Electric Service (11 - 18)	1,328,688	1,458,089	1,333,287	119,575
20. Patronage Capital & Operating Margins (3 - 19)	(128,113)	(239,033)	(120,706)	13,942
21. Non Operating Margins - Interest	67,569	68,885	66,073	14,416
22. Allowance for Funds Used During Construction	-	-		
23. Income (Loss) from Equity Investments	55,841	58,433		58,433
24. Non Operating Margins - Other	990	(948)		
25. Generation & Transmission Capital Credits	89,798	230,106		
26. Other Capital Credits and Patronage Dividends	7,407	13,386		1,158
27. Extraordinary Items	-	-		
28. Patronage Capital or Margins (20 - 27)	93,493	130,830	(54,633)	87,949

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT						
ITEM	Month	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
		LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connect	-	65	53	5. Miles Transmission		
2. Services Retired	3	20	25	6. Miles Distribution-Overhead	454	454
3. Total Services in Place	2,562	2,534	2,562	7. Miles Distribution-Underground	3	3
4. Idle Services (Exclude Seasonal)	126	92	126	8. Total Miles Energized (5 + 6 + 7)	457	457

USDA - REA	BORROWER DESIGNATION	
FINANCIAL AND STATISTICAL REPORT	ARIZONA 23 GREENLEE	
INSTRUCTIONS - See REA EOM-2.	MONTH ENDING	REA USE ONLY
	December 31, 2014	

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	8,317,433	29. Membership	-
2. Construction Work in Progress	18,700	30. Patronage Capital	7,535,553
3. Total Utility Plant (1 + 2)	8,336,133	31. Operating Margins - Prior Years	(124,409)
4. Accum. Provision for Depreciation & Amort	5,084,497	32. Operating Margins - Current Year	(239,033)
5. Net Utility Plant (3 - 4)	3,251,636	33. Non Operating Margins	369,863
6. Nonutility Property - Net	22,728	34. Other Margins and Equities	662,412
7. Investment in Subsidiary Companies	108,433	35. Total Margins & Equities (29 thru 34)	8,204,385
8. Invest in Assoc Org - Patronage Capital	1,631,629	36. Long-Term Debt RUS (Net)	
9. Invest in Assoc Org - General Funds	684,779	37. Long-Term Debt-RUS-Econ Dev	
10. Invest in Gas Division	1,220,026	38. Long-Term Debt-FFB-RUS Guaranteed	
11. Investment in Economic Development		39. Long-Term Debt-Other-RUS Guaranteed	
12. Other Investments	36,468	40. Long-Term Debt-Other (Net)	520,586
13. Special Funds	31,896	41. Total Long-Term Debt (36 thru 40)	520,586
14. Total Other Property & Invest. (6 thru 13)	3,735,959	42. Obligation under Capital Leases	
15. Cash - General Funds	5,236	43. Accumulated Operating Provisions	
16. Cash - Construction Funds - Trustee		44. Total Other Noncurrent Liabilities (42 + 43)	-
17. Special Deposits		45. Notes Payable	
18. Temporary Investments	1,523,427	46. Accounts Payable	227,459
19. Notes Receivable - Net		47. Consumers Deposits	45,685
20. Accounts Receivable - Net Sales of Energy	251,028	48. Current Maturities Long-Term Debt	61,592
21. Accounts Receivable - Net Other	1,863	49. Current Maturities Long-Term Debt-Econ Dev	
22. Materials & Supplies - Electric & Other	164,971	50. Current Maturities Capital Leases	
23. Prepayments	48,459	51. Other Current & Accrued Liabilities	186,254
24. Other Current & Accrued Assets	12,918	52. Total Current & Accr, Liabilities (45 thru 51)	520,991
25. Total Current & Accrued Assets (15 thru 24)	2,007,902	53. Regulatory Liabilities	
26. Regulatory Assets		54. Deferred Credits	182,367
27. Deferred Debits	432,833	55. Total Liabilities & Credits (35+41+44+52 thru 54)	9,428,329
28. Total Assets & Other Debits (5+14+25 thru 27)	9,428,329	ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
		56. Balance Beginning of Year	731,262
		57. Amounts Received This Year (Net)	26,330
		58. TOTAL Contributions in Aid of Construction	757,592

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.)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
AZ0023

PERIOD ENDED December, 2014 (Prepared with Audited Data)

BORROWER NAME
Duncan Valley ELectric Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

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.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

DATE

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	4,037,661	3,936,696	4,319,769	383,220
2. Power Production Expense				
3. Cost of Purchased Power	2,395,616	2,324,983	2,664,835	193,766
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	609,318	678,553	571,820	66,645
7. Distribution Expense - Maintenance	219,641	237,236	271,182	25,587
8. Customer Accounts Expense	338,246	321,781	286,397	27,393
9. Customer Service and Informational Expense	22,574	21,109	21,968	2,086
10. Sales Expense				
11. Administrative and General Expense	294,622	307,935	280,456	18,142
12. Total Operation & Maintenance Expense (2 thru 11)	3,880,017	3,891,597	4,096,658	333,619
13. Depreciation and Amortization Expense	295,347	306,010	305,663	25,257
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	21,694	22,689	22,088	1,818
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	118	160	154	13
19. Other Deductions				
20. Total Cost of Electric Service (12 thru 19)	4,197,176	4,220,456	4,424,563	360,707
21. Patronage Capital & Operating Margins (1 minus 20)	(159,515)	(283,760)	(104,794)	22,513
22. Non Operating Margins - Interest	67,569	68,885	66,073	14,416
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	55,841	58,292	73,463	2,107
25. Non Operating Margins - Other	990	(948)		
26. Generation and Transmission Capital Credits	89,798	230,106		
27. Other Capital Credits and Patronage Dividends	7,407	13,386		1,158
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	62,090	85,961	34,742	40,194

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION

AZ0023

PERIOD ENDED

December, 2014

INSTRUCTIONS - See help in the online application.

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	65	53	5. Miles Transmission		
2. Services Retired	20	25	6. Miles Distribution – Overhead	454.00	454.00
3. Total Services in Place	2,534	2,562	7. Miles Distribution - Underground	3.00	3.00
4. Idle Services (Exclude Seasonals)	92	126	8. Total Miles Energized (5 + 6 + 7)	457.00	457.00

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	9,898,852	30. Memberships	0
2. Construction Work in Progress	20,198	31. Patronage Capital	7,535,553
3. Total Utility Plant (1 + 2)	9,919,050	32. Operating Margins - Prior Years	(605,516)
4. Accum. Provision for Depreciation and Amort.	6,039,172	33. Operating Margins - Current Year	(283,761)
5. Net Utility Plant (3 - 4)	3,879,878	34. Non-Operating Margins	369,863
6. Non-Utility Property (Net)	22,728	35. Other Margins and Equities	662,412
7. Investments in Subsidiary Companies	108,433	36. Total Margins & Equities (30 thru 35)	7,678,551
8. Invest. in Assoc. Org. - Patronage Capital	1,631,629	37. Long-Term Debt - RUS (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	684,779	38. Long-Term Debt - FFB - RUS Guaranteed	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	520,586
12. Other Investments	36,468	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	31,896	42. Payments – Unapplied	0
14. Total Other Property & Investments (6 thru 13)	2,515,933	43. Total Long-Term Debt (37 thru 41 - 42)	520,586
15. Cash - General Funds	5,236	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	0
18. Temporary Investments	1,523,427	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	254,716
20. Accounts Receivable - Sales of Energy (Net)	333,736	49. Consumers Deposits	69,355
21. Accounts Receivable - Other (Net)	1,863	50. Current Maturities Long-Term Debt	61,592
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	187,427	52. Current Maturities Capital Leases	0
24. Prepayments	52,824	53. Other Current and Accrued Liabilities	195,002
25. Other Current and Accrued Assets	12,918	54. Total Current & Accrued Liabilities (47 thru 53)	580,665
26. Total Current and Accrued Assets (15 thru 25)	2,117,431	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	182,367
28. Other Deferred Debits	448,927	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	8,962,169
29. Total Assets and Other Debits (5+14+26 thru 28)	8,962,169		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION AZ0023
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2014
PART D. NOTES TO FINANCIAL STATEMENTS	

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION AZ0023</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2014</p>
<p>PART D. CERTIFICATION LOAN DEFAULT NOTES</p>	
<p> </p>	

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
AZ0023

PERIOD ENDED
December, 2014

INSTRUCTIONS - See help in the online application.

PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	6,722,378	210,077	380,004		6,552,451
2. General Plant	1,122,440	103,232	106,599		1,119,073
3. Headquarters Plant	645,733				645,733
4. Intangibles	176				176
5. Transmission Plant	0				0
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	1,543,174	58,209	19,964		1,581,419
8. Total Utility Plant in Service (1 thru 7)	10,033,901	371,518	506,567		9,898,852
9. Construction Work in Progress	25,845	(5,647)			20,198
10. Total Utility Plant (8 + 9)	10,059,746	365,871	506,567		9,919,050

PART F. MATERIALS AND SUPPLIES

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	148,844	54,732	4,567	39,167	11,285	3,577	161,268
2. Other	29,653	5,902	334	6,985	1,024	(1,721)	26,159

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	
1. Present Year	0.000	72.858	1.326	30.502	104.686
2. Five-Year Average	13.276	132.954	17.881	32.020	196.131

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	12	4. Payroll - Expensed	688,619
2. Employee - Hours Worked - Regular Time	24,432	5. Payroll - Capitalized	102,338
3. Employee - Hours Worked - Overtime	931	6. Payroll - Other	9,137

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements		3,962,224
	b. Special Retirements		
	c. Total Retirements (a + b)		
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	8,307	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	579	
	c. Total Cash Received (a + b)	8,886	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	\$ 12,620	2. Amount Written Off During Year	\$ 0
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ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM

1. Anticipated Loan Delinquency %		4. Anticipated Loan Default %	
2. Actual Loan Delinquency %		5. Actual Loan Default %	
3. Total Loan Delinquency Dollars YTD	\$	6. Total Loan Default Dollars YTD	\$

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PART K. kWh PURCHASED AND TOTAL COST

No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Arizona Electric Pwr Coop, Inc (AZ0028)	796			31,128,078	2,144,757	6.89		
2	*Residential Renewable Supplier	700200			9,383	310	3.30		
	Total				31,137,461	2,145,067	6.89		

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PART K. kWh PURCHASED AND TOTAL COST			
No	Comments		
1			
2			

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PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Arizona State Land Department	Rights of Way	5,227
TOTAL			5,227

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INSTRUCTIONS - See help in the online application.

PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting 4/28/2014	2. Total Number of Members 1,774	3. Number of Members Present at Meeting 54	4. Was Quorum Present? N/A
5. Number of Members Voting by Proxy or Mail 323	6. Total Number of Board Members 8	7. Total Amount of Fees and Expenses for Board Members \$	8. Does Manager Have Written Contract? N

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

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PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)				
2	National Rural Utilities Cooperative Finance Corporation	369,778	12,465	25,853	38,318
3	CoBank, ACB				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	Altec Capital Truck Lease	150,808	10,224	24,857	35,081
	TOTAL	520,586	22,689	50,710	73,399

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
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December, 2014

INSTRUCTIONS - See help in the online application.

PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	1,992	2,021	
	b. kWh Sold			18,326,226
	c. Revenue			2,142,265
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served	97	104	
	b. kWh Sold			3,017,803
	c. Revenue			337,641
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	345	328	
	b. kWh Sold			7,278,880
	c. Revenue			750,647
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
6. Public Street & Highway Lighting	a. No. Consumers Served	2	2	
	b. kWh Sold			116,560
	c. Revenue			14,445
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		2,436	2,455	
11. Total kWh Sold (lines 1b thru 9b)				28,739,469
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				3,244,998
13. Transmission Revenue				
14. Other Electric Revenue				118,515
15. kWh - Own Use				83,689
16. Total kWh Purchased				31,137,461
17. Total kWh Generated				
18. Cost of Purchases and Generation				2,324,983
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				8,186

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

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**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

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INSTRUCTIONS - See help in the online application.

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)						
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less						
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total						

RUS Financial and Operating Report Electric Distribution

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION AZ0023
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	PERIOD ENDED December, 2014

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
1	Non-Utility Property (NET)				
	Land	22,728			
	Totals	22,728			
2	Investments in Associated Organizations				
	Membership - Arizona Electric Power Co-o		5		
	Membership - Southwest Transmission Co-o		100		
	Membership - Grand Canyon State Electric		150		
	Membership - NRTC		1,000		
	Membership - NRUCFC		1,000		
	Patronage Capital - Arizona Electric Pow		1,556,159		
	Patronage Capital - NRUCFC		1,708		
	Capital Term Certificates - NRUCFC		160,647		
	Stock - Aznex Cooperative Services	108,433			X
	Patronage Capital - NRTC		68,655		
	Membership - NCSC	100			
	Member Capital Securities - NRUCFC		500,000		
	Building - Grand Canyon State Electric	21,777			
	Western United Electric Supply		5,107		
	Totals	130,310	2,294,531		
4	Other Investments				
	Federated Rural Insurance Exchange	36,468			
	Totals	36,468			
5	Special Funds				
	Member Loans	31,896			X
	Totals	31,896			
6	Cash - General				
	National Bank of Arizona		5,236		
	Totals		5,236		
8	Temporary Investments				
	Arizona Electric Power Co-op	200,000			
	Homestead Funds	1,323,427			
	Totals	1,523,427			
9	Accounts and Notes Receivable - NET				
	Misc Accounts Receivable	1,863			
	Totals	1,863			
11	TOTAL INVESTMENTS (1 thru 10)	1,746,692	2,299,767		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION AZ0023 PERIOD ENDED December, 2014
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION AZ0023
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SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	17.61 %
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SECTION IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans	4/30/2019	818,978	31,896	X
	TOTAL		818,978	31,896	