

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 October 3, 2017, 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 electric and natural gas cooperatives. DVEC-Electric Division is requesting an overall rate increase of \$147,636 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, 2016. 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 June 1, 2015.

A DVEC-Electric Division residential customer with monthly energy consumption of 747 kWh (average usage) will see an increase in his/her bill of \$4.25 per month (\$80.22 to \$84.47), or 5.29%. A residential customer with monthly energy consumption of 592 kWh (median usage) will see an increase in his/her bill of \$3.99 per month (\$67.93 to \$71.92), or 5.87%. 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 Average Usage | % Increase Median Usage |
|---------------------------|------------------------------------|---|--------------------------|-------------------------|
| Single Phase | \$3.00 | \$0.00167 | 5.29% | 5.87% |
| Single Phase TOU | \$3.35 | (\$0.00040) On Peak (\$0.00041) Off Peak | 6.00% | 10.14% |
| Single Phase Demand | \$4.50 | \$0.00671 | 8.57% | 8.42% |
| Three Phase | \$6.00 | \$0.00404 | 9.00% | 11.25% |
| Three Phase Demand | \$6.00 | \$0.00794 | 8.54% | 9.60% |
| Public Street Lighting | 400 Watt | \$0.85 | N/A | |
| | 170 Watt | \$0.55 | | |
| | 100 Watt | \$0.40 | | |
| Private Security Lighting | No Pole | \$0.50 | | |
| | With Pole | \$0.60 | | |

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 25% 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 not sooner than 20 days or later than 50 days after providing this notice to customers, DVEC may file its Streamlined Application to increase rates. 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 14 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-17-0278 to the Commission's Consumer Services Section at 1200 W. Washington, Phoenix, Arizona 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to: <http://eservice.azcc.gov/Utilities/PublicComment>.

Requests to intervene may be filed in Docket No. E-01703A-17-0278 by any person entitled by law to intervene or who is directly and substantially affected by the proceeding. If you require assistance, either to provide public comment or to seek intervention, you may contact the Commission's Consumer Services Section during normal business hours at 602-542-4251 or 1-800-222-7000 (Phoenix office); or at 520-628-6550 or 1-800-535-0148 (Tucson office); 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 October 13, 2017.

The Rule 107 streamlined rate process is available to DVEC-Electric Division only if the Commission receives objections from less than 103 DVEC-Electric Division customers by October 13, 2017. If the Commission receives objections from at least 103 DVEC-Electric Division customers by October 13, 2017, 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 October 3, 2017, 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, Kacie Cannon, e-mail kcannon@azcc.gov, voice phone number 602-542-3931. Requests should be made as soon as possible to allow time to arrange the accommodation.