



2023 Operating & Capital Budget

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November 19, 2022

2019 – 2022 Historical and 2023 Budget

Financial Forecast	a-2019	a-2020	a-2021	2022	2023
Sale of Electricity	588,124,448	611,208,082	790,444,861	768,690,079	793,723,384
Other Revenues	29,792,556	31,851,266	36,908,908	40,826,460	45,390,882
Total Revenues	617,917,005	643,059,348	827,353,769	809,516,540	839,114,267
Purchased Power	336,358,046	356,869,021	518,792,868	464,481,549	487,026,041
Gross Margin	281,558,959	286,190,326	308,560,902	345,034,991	352,088,226
Operating Expenses ex. Depreciation	131,735,836	147,399,267	157,996,847	149,957,463	166,658,781
Depreciation	57,620,272	69,664,300	82,171,010	106,362,016	108,552,698
Interest Expense	37,275,760	38,391,536	38,439,075	45,417,920	45,173,483
Other Income and Interest Expenses	3,260,387	3,065,368	3,034,941	5,985,114	5,371,928
Net Margins	58,187,477	33,800,591	32,988,912	49,282,707	37,075,192
EBIDA (X)	195,988,609	161,568,298	22,555,542	240,653,593	194,550,492
Energy Sales kWh	6,490,605,760	6,533,473,552	6,644,752,823	7,591,673,274	7,500,307,799
Energy Purchases kWh	6,910,987,386	6,955,281,869	7,087,320,878	8,073,100,813	8,019,713,349
Year-End Account Count	329,702	348,280	367,289	387,229	407,506
Account Growth	329,702	18,578	19,009	19,940	20,277

Capital spend growth aligns with strategic plan

Category	a-2019	a-2020	a-2021	2022	2023	2024	2025	2026	2027
Distribution Line Extensions	28.9	28.8	27.4	5.6	-	-	-	-	-
Distribution Lines New	2.4	5.2	5.1	10.8	9.6	2.5	1.3	1.3	0.3
Distribution Lines Change	13.7	16.4	14.2	25.1	27.5	13.3	6.1	3.6	3.6
Substations New	7.8	5.9	3.8	10.5	20.8	33.1	21.3	19.3	20.7
Substations Change	16.3	25.0	18.0	15.7	24.9	30.5	32.4	34.6	43.2
Distribution Misc Equipment	48.1	41.5	58.2	55.0	51.8	51.5	42.8	42.6	43.5
Other Distribution Items	3.1	4.1	(1.2)	0.1	0.5	0.5	0.2	0.2	0.2
Transmission Lines New	(0.1)	(0.3)	0.1	3.3	2.0	2.1	11.6	30.6	29.3
Transmission Lines Change	20.9	16.4	26.6	14.3	19.7	31.5	33.6	38.4	6.6
Facilities	8.0	8.2	17.3	22.8	29.3	17.6	26.7	19.1	25.2
Information Technology	5.8	2.7	5.5	4.5	7.8	7.5	6.7	5.1	3.8
Tools & Small Equipment	0.6	0.3	0.3	0.2	0.4	0.4	0.4	0.4	0.5
Vehicles & Power Operated Equipment	6.1	5.8	2.7	2.9	8.5	8.0	10.0	10.0	10.0
Total	\$161.5	\$160.1	\$178.1	\$171.0	\$202.8	\$198.5	\$193.1	\$205.2	\$186.9

in \$ million

- Increase in 2023+ capital spend due to inflation and need for additional expenditures on substations, transmission, and meters.

Multi-Year Approval Capital Projects – Utility Plant

Transmission Project	Total	2022	2023	2024	2025	2026	2027
Wimberley Loop	70.4	0.3	1.0	0.6	8.5	30.6	29.3
T333 LV to NL Overhaul	11.4	0.1	0.2	7.5	3.6	-	-
T327 LA-NL Overhaul	10.9	0.3	6.5	4.1	-	-	-
T623 TP-CV Storm Hardening	10.6	0.3	0.1	6.6	3.6	-	-
T323 PF-MF Overhaul	10.2	0.3	5.9	4.0	0.0	-	-
T380 BD-TV Overhaul	5.8	-	0.4	5.4	0.0	-	-
MF-TP (T315) Storm Hardening	4.5	2.3	2.2	-	-	-	-
T324 ML-HT – Single Circuit	3.4	0.2	3.2	-	-	-	-
EMS Hardware Software	3.1	2.3	0.8	-	-	-	-
Total	130.2	6.0	20.3	28.2	15.8	30.6	29.3

Distribution Project	Total	2022	2023	2024	2025	2026	2027
JC make-ready - voltage conversion	12.4	2.9	6.0	3.5	-	-	-
Lago Vista Install 46.7 MVA Trf	8.9	-	1.2	7.7	-	-	-
New Sub Site on 2147-Construction new 46.7 MVA Sub	8.6	-	1.3	7.3	-	-	-
Hero Way Construct new 46.7 MVA Subst	8.3	0.9	7.4	-	-	-	-
Yarrington Construct new 46.7 MVA Subst	7.6	0.4	1.1	6.0	-	-	-
RR12-LaCima Construct 46.7 MVA Sub	7.3	-	1.3	6.0	-	-	-
Florence Construct new 46.7 MVA Sub	7.2	-	1.1	6.1	-	-	-
Junction - Upgrade T1 to 22.4 MVA	6.7	0.8	5.9	-	-	-	-
Fairland Make-ready Voltage Conversion	6.6	1.1	0.5	2.0	3.0	-	-
Dripping Springs Upgrade T1 and T2 to 46.7 MVA	5.3	-	1.4	3.8	-	-	-
Convert Burnet to 24.9KV	4.2	1.2	1.5	1.5	-	-	-
Cranes Mill Conversion	4.0	0.6	3.4	-	-	-	-
Pipeline Install 46.7 MVA Trf	3.8	-	0.7	3.0	-	-	-
Lehigh Install 46.7 MVA Trf	3.5	0.5	3.0	-	-	-	-
SCADA RTU's	3.4	0.5	2.3	0.5	-	-	-
Seward Junction Install 46.7 MVA Trf	3.1	0.5	2.6	-	-	-	-
Total	100.8	9.4	40.9	47.5	3.0	-	-

in \$ million

Multi-Year Approval Capital Projects – General Plant

Project	Total	2022	2023	2024	2025	2026	2027
Transmission Control Center	20.9	16.4	4.6	-	-	-	-
Junction/Warehouse Yard Expansion	12.8	0.4	5.6	-	-	-	6.7
Spring Branch - Warehouse Building, mechanic shop, wash	11.8	-	1.2	5.3	-	5.3	-
Haley Road - Mstr Plan, Fence, Site Dev	8.9	-	5.2	3.7	-	-	-
Safety Tech Training Cntr Improvements	4.7	-	1.6	3.2	-	-	-
Marble Falls Additional Property Fence & Improvements	3.7	0.7	3.0	-	-	-	-
Total	62.8	17.5	21.2	12.1	-	5.3	6.7

in \$ million

Facilities and Fleet Capital Spend

Project	Total	2022	2023	2024	2025	2026	2027
Transmission Control Center	20.9	16.4	4.5	-	-	-	-
Cedar Park - Improvements	17.0	-	-	-	-	2.0	15.0
Junction/Warehouse Yard Expansion	12.8	0.4	5.6	-	-	-	6.8
Spring Branch - Warehouse Building, mechanic shop, wash bay, fuel island, canopy	11.8	-	1.2	5.3	-	5.3	-
Leander Administrative Building	10.5	-	-	-	5.2	5.3	-
Haley Road - Mstr Plan, Fence, Site Dev	8.9	-	5.2	3.7	-	-	-
Safety Tech Training Cntr Improvements	4.7	-	1.6	3.1	-	-	-
Marble Falls Additional Property Fence & Improvements	3.7	0.7	3.0	-	-	-	-
Other Facilities Projects	50.5	5.3	8.3	5.6	21.5	6.5	3.5
Total	140.8	22.8	29.3	17.6	26.7	19.1	25.3

in \$ million

- Fleet approx. \$8.5M per year; pre-approval to order through 2024

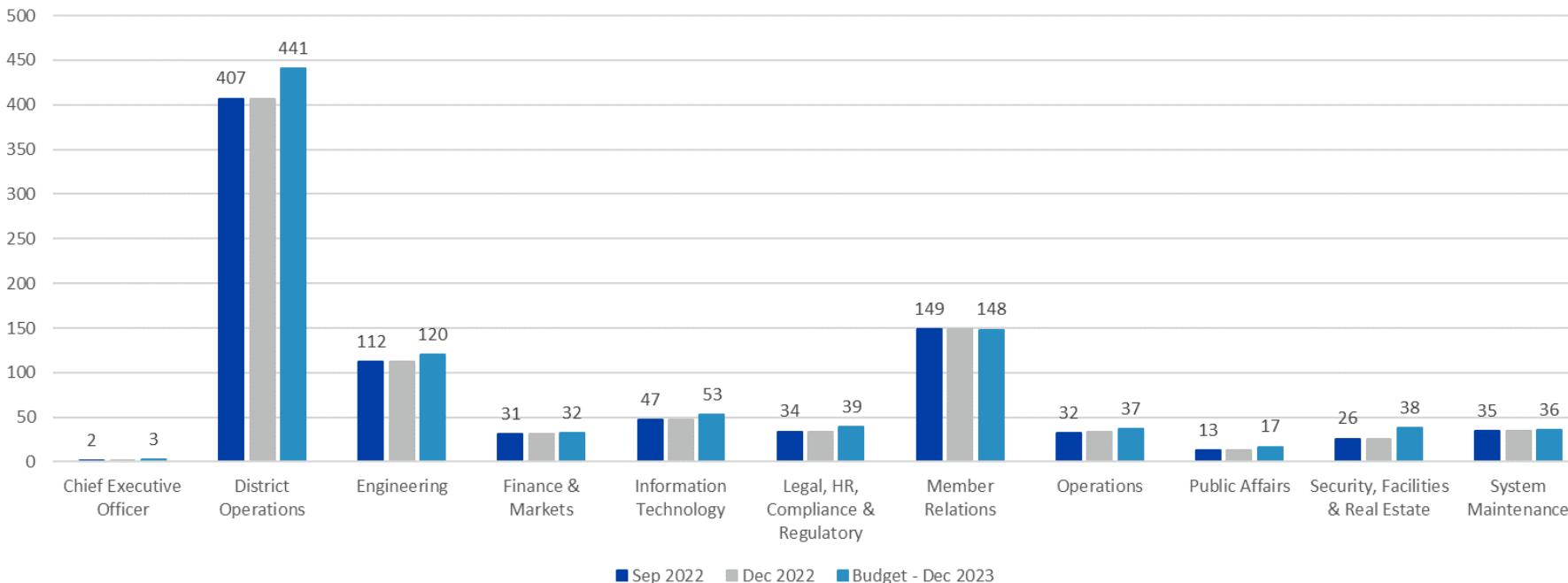
Operating expense growth restricted to business needs

Activity Group Expense	a-2019	a-2020	a-2021	2022	2023	2024	2025	2026	2027
Payroll and Benefits	68.7	70.2	76.6	71.8	78.4	81.0	83.9	87.9	90.9
Outside Services	37.4	47.6	49.7	45.5	52.3	51.4	51.0	51.1	50.5
Goods & Materials	5.2	6.6	6.8	6.4	8.1	8.3	8.3	8.4	8.5
Utilities	5.3	5.7	6.5	6.0	6.1	6.2	6.1	6.1	6.1
Misc / Other Expense	3.4	4.7	4.0	4.9	5.6	5.7	5.8	5.9	6.0
Staff - Travel and Misc	2.2	1.9	1.7	2.0	2.4	2.4	2.4	2.4	2.5
Transportation	2.1	2.1	2.6	2.6	2.3	2.2	2.3	2.3	2.4
Directors Expense	0.3	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Member Events	0.1	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2
Taxes	7.0	8.5	9.8	10.5	10.9	11.6	12.4	13.2	13.8
Total	131.7	147.4	158.0	150.0	166.7	169.3	172.7	177.8	181.3

Annual Spend Drivers:	COVID	Winter Storm	Labor + Material Shortages	Inflation; TCC Operations					
YoY % Change		11.9%	7.2%	-5.1%	11.1%	1.6%	2.0%	3.0%	1.9%
% Account Growth		5.6%	5.5%	5.4%	5.2%	5.0%	4.8%	4.6%	4.3%
% Change from 2022 Budget			-10.6%	-1.8%	-4.3%	-5.9%	-6.5%		
Distribution \$ Opex per MWh Sold	\$ 18.65	\$ 20.61	\$ 21.82	\$ 17.67	\$ 19.64	\$ 18.94	\$ 18.57	\$ 18.38	\$ 18.09

- Growth from 2022 to 2023 in outside services and goods and materials is reflective of inflation environment and expected to return to normal level
- 2024+ Increases at levels below inflation and lower than PEC growth rate, scaling business and lowering cost per kWh

Labor expenses and contractor costs

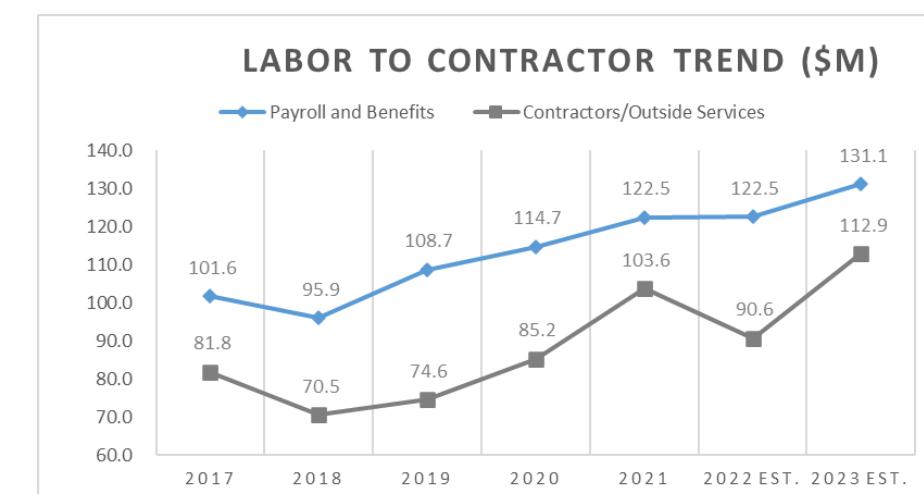


Total labor dollars for 2023: **\$131.1M**

- **Capex \$51.5M (39%)**
- **Opex \$79.6M (61%)**

Growth 2022 to 2023 Budget:

- Lineman Apprentice Class **+16**
- Transmission Control Center **+6**
- Self-funded Positions **+11**



Community giving no longer funded from members' rates

Initiative	Forecast 2022	Budget Years						Funding Source
		2023	2024	2025	2026	2027		
Member Assistance Program*	32,000	50,000	50,000	50,000	50,000	50,000	Power of Change	
United Charities Corporate Match	50,000	100,000	100,000	50,000	50,000	50,000	Power of Change	
Community Grants Program	50,000	60,000	60,000	60,000	60,000	60,000	Power of Change	
Educational Support Program	24,000	24,000	24,000	24,000	24,000	24,000	Power of Change	
Scholarship Program	100,000	100,000	100,000	100,000	100,000	100,000	Unclaimed Property	
Total	256,000	334,000	334,000	284,000	284,000	284,000		

*Rate funded in 2022; Power of Change funded in forecast

- Power of Change donations increased in July 2022 to approximately \$12k/month with enrollment initiative
- Beginning balance in Power of Change allows additional funding in first two years
- Current balance of \$77,298 in the Economic Development will be reallocated to the Scholarship Fund for 2023 due to projected under funding from unclaimed property and lack of current Economic Development initiatives.
- Energy Efficiency funds of \$101,429 will remain in the current fund but be evaluated for programs in 2023+



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