



# 2020 Operational Budget and Capital Improvement Plan Presentation

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# Budgeting to revenues

2020 Goal – Develop budget spending levels based upon revenues generated from forecasted sales and other revenues

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- Use current forecasted sales and other revenue for fresh perspective
- Keep rates flat by balancing spend levels to align with forecasted revenues

# Budgeting to revenues

- Establish disbursement level that balances operational needs of the Cooperative while preserving financial health
- Be responsible stewards towards use of borrowing
- Evaluate revenues and expenses through long-term financial modeling and analysis

# FERC Statement of Accounts

	APPROVED BUDGET 2019	PROJECTED 2019 (1)	PROPOSED BUDGET 2020	CHANGE 2020 vs 2019 PROJECTED		CHANGE 2020 vs 2019 BUDGET	
				\$	%	\$	%
KWH SALES	6,218,200,198	6,398,211,676	6,457,909,237	59,697,561	0.9%	239,709,039	3.9%
OPERATING REVENUES							
COST OF SERVICE REVENUE	\$ 245,407,074	\$ 248,141,996	\$ 253,418,779	5,276,784	2.1%	8,011,705	3.3%
POWER COST REVENUE	403,415,734	346,939,460	399,797,379	52,857,919	15.2%	(3,618,355)	-0.9%
OTHER REVENUE	27,902,830	28,202,958	31,703,657	3,500,699	12.4%	3,800,827	13.6%
OPERATING REVENUES	676,725,638	623,284,413	684,919,815	61,635,402	9.9%	8,194,177	1.2%
COST OF POWER	403,415,734	346,939,460	399,797,379	52,857,919	15.2%	(3,618,355)	-0.9%
GROSS MARGIN	273,309,904	276,344,953	285,122,436	8,777,483	3.2%	11,812,532	4.3%
OPERATING & MAINTENANCE EXPENSES							
TRANSMISSION OPERATIONS	2,332,851	2,445,970	3,235,041	789,071	32.3%	902,190	38.7%
TRANSMISSION MAINTENANCE	3,160,798	3,007,941	3,794,659	786,718	26.2%	633,860	20.1%
DISTRIBUTION OPERATIONS	42,167,884	43,119,895	46,101,098	2,981,203	6.9%	3,933,213	9.3%
DISTRIBUTION MAINTENANCE	17,763,222	19,783,002	22,778,097	2,995,095	15.1%	5,014,875	28.2%
CONSUMER ACCOUNTS	25,822,638	26,920,644	29,333,858	2,413,213	9.0%	3,511,219	13.6%
CONSUMER SERVICE & INFO	3,329,046	3,585,994	4,608,936	1,022,942	28.5%	1,279,890	38.4%
ECONOMIC DEVELOPMENT	1,586,307	1,673,100	1,917,743	244,643	14.6%	331,436	20.9%
ADMINISTRATIVE & GENERAL	26,783,754	26,079,395	29,007,677	2,928,282	11.2%	2,223,923	8.3%
DEPRECIATION	58,037,461	59,572,150	62,601,730	3,029,580	5.1%	4,564,269	7.9%
TAXES	1,000,480	1,055,984	1,088,910	32,926	3.1%	88,430	8.8%
OPERATING & MAINTENANCE EXPENSES	181,984,443	187,244,074	204,467,748	17,223,674	9.2%	22,483,306	12.4%
MARGIN BEFORE INTEREST	91,325,461	89,100,879	80,654,688	(8,446,191)	-9.5%	(10,670,773)	-11.7%
INTEREST EXPENSE-NET	38,783,103	38,204,893	38,641,477	436,584	1.1%	(141,626)	-0.4%
MARGIN AFTER INTEREST	52,542,358	50,895,986	42,013,211	(8,882,775)	-17.5%	(10,529,147)	-20.0%
OTHER INCOME (EXPENSE)	1,922,740	2,154,243	2,124,290	(29,953)	-1.4%	201,550	10.5%
NET MARGIN	\$ 54,465,098	\$ 53,050,229	\$ 44,137,501	(8,912,728)	-16.8%	\$ (10,327,597)	-19.0%

(1) Projected 2019 operating expenses are 9 months of actual (Jan - Sept) plus 3 months of budgeted (Oct - Dec) and accounting changes.



# Community Giving

Initiative	2018 Actual	2019 Budget	2020 Budget	2020 Funding Sources	
Community Grants Program	\$27,045	\$40,000 \$10,000 ----- \$50,000	\$50,000	Power of Change - Max of \$50K	
Educational Support Program	\$24,000	\$24,000	\$24,000	Power of Change	
Scholarship Program	*	\$100,000	\$120,000	\$100,000	Unclaimed Property
Employee Giving					
Corporate Matching Program (United Charities)	**	\$200,000	\$100,000	\$100,000	Rates - Matched up to \$100K
Member Assistance Program (MAP)	\$92,598	\$130,500	\$137,000	Rates (\$0.50/member)	
Rebates Program	\$536,802	\$600,000	\$600,000	For 2020 Budget: Rates - \$300K and Unclaimed Property - \$300K	
<b>Total</b>	<b>\$980,445</b>	<b>\$1,024,500</b>	<b>\$1,011,000</b>		

\* Since 2019 was the 20th anniversary of PEC's Scholarship Program, the Scholarship Fund Board wanted to give an additional \$20K scholarships.

\*\* United Charities funding for 2017 was paid in 2018 along with funding for 2018. The timing of the payment was changed to more closely match the payout.

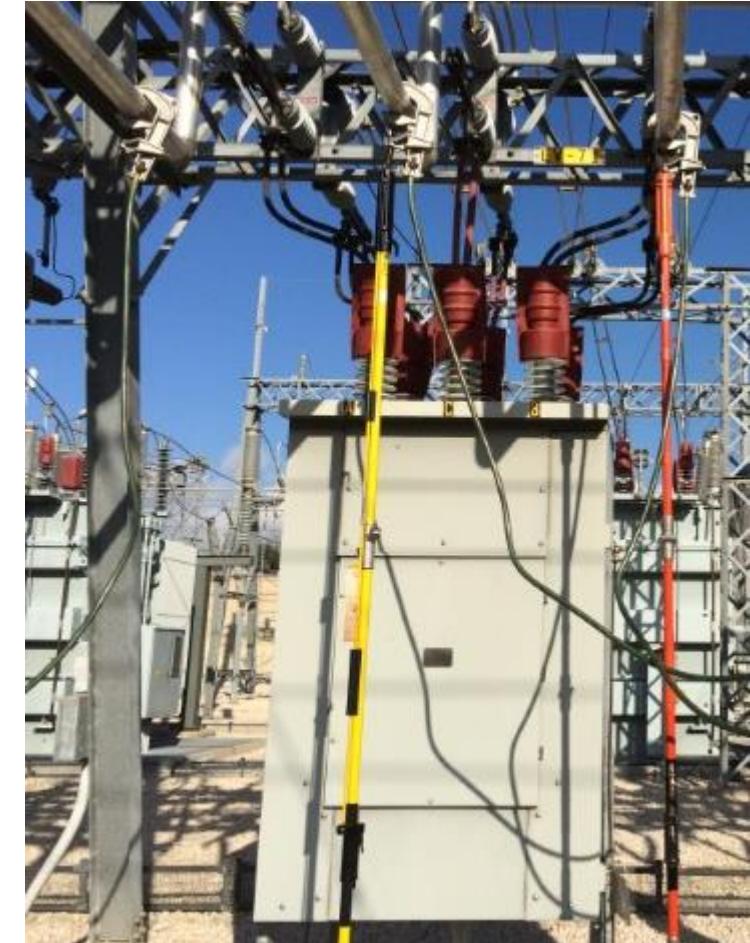
Note: This listing of Community Giving is only the cash contributions made by PEC. Other Community Support efforts are performed in the service territory by PEC and staff. These efforts include the safety and conservation programs provided to schools, give away items for programs, waiving fees for those impacted by natural disasters and domestic violence, and waiving fees for Habitat for Humanity just to name a few.



*PEC Youth Engagement Representative Celeste Mikeska brings hands-on learning to area classrooms.*

# 2020 Capital Improvement Plan

RUS 740C Code & Description		2019 Approved Budget	2019 Projected Year-end	2020 Proposed CIP Budget	Change 2020 VS 2019 Projected	Change 2020 VS 2019 Budget
<b>Distribution</b>						
100	New Lines (Line Extensions and service lines)	\$22,600,000	\$30,000,000	\$24,100,000	(\$5,900,000)	\$1,500,000
200	Tie Lines (new construction between existing lines)	\$4,124,511	\$1,720,250	\$5,314,750	\$3,594,500	\$1,190,239
300	Conversions or Line Changes	\$13,349,799	\$10,264,100	\$15,716,974	\$5,452,874	\$2,367,175
400	New Substations, Switching Stations and Meter Points	\$12,164,100	\$846,209	\$2,503,000	\$1,656,791	(\$9,661,100)
500	Substations, Switching Stations and Meter Point changes	\$6,631,209	\$8,400,000	\$8,280,558	(\$119,442)	\$1,649,349
600	Miscellaneous Distribution Equipment	\$48,745,000	\$51,500,000	\$47,540,000	(\$3,960,000)	(\$1,205,000)
700	Other Distribution Items	\$3,895,000	\$3,800,000	\$4,264,000	\$464,000	\$369,000
<b>Total Distribution Plant</b>		<b>\$111,509,619</b>	<b>\$106,530,559</b>	<b>\$107,719,282</b>	<b>\$1,188,723</b>	<b>(\$3,790,337)</b>
<b>Transmission</b>						
200	Tie Lines (new construction between exiting lines)	\$39,360	\$40,000	\$610,400	\$570,400	\$571,040
400	New Substations, Switching Stations and Meter Points	\$1,735,900	\$1,735,900	\$617,000	(\$1,118,900)	(\$1,118,900)
500	Substations, Switching Stations and Meter Point changes	\$7,153,791	\$7,153,791	\$11,161,750	\$4,007,959	\$4,007,959
800	New Transmission Lines		\$0	\$300,000	\$300,000	\$300,000
TRL	Line and Station Changes	\$37,500,000	\$21,000,000	\$20,310,000	(\$690,000)	(\$17,190,000)
TRM	Other Transmission Items	\$410,000	\$421,594	\$285,000	(\$136,594)	(\$125,000)
<b>Total Transmission Plant</b>		<b>\$46,839,051</b>	<b>\$30,351,285</b>	<b>\$33,284,150</b>	<b>\$2,932,865</b>	<b>(\$13,554,901)</b>
<b>Total Utility Plant</b>		<b>\$158,348,670</b>	<b>\$136,881,844</b>	<b>\$141,003,432</b>	<b>\$4,121,588</b>	<b>(\$17,345,238)</b>
<b>General Plant</b>						
FAC	Facilities	\$12,290,000	\$7,811,527	\$12,523,250	\$4,711,723	\$233,250
VEH	Vehicles	\$6,917,012	\$5,883,512	\$7,106,075	\$1,222,563	\$189,063
ITD	Information Technology	\$7,864,300	\$6,015,293	\$5,150,000	(\$865,293)	(\$2,714,300)
TEQ	Tools & Equipment	\$197,000	\$396,355	\$346,565	(\$49,790)	\$149,565
<b>Total General Plant</b>		<b>\$27,268,312</b>	<b>\$20,106,687</b>	<b>\$25,125,890</b>	<b>\$5,019,203</b>	<b>(\$2,142,422)</b>
<b>TOTAL CIP</b>		<b>\$185,616,982</b>	<b>\$156,988,531</b>	<b>\$166,129,322</b>	<b>\$9,140,791</b>	<b>(\$19,487,660)</b>
Net adjustments for Accounting Changes			(\$7,561,227)	(\$8,631,661)		
<b>TOTAL CIP (after adjustments)</b>		<b>\$185,616,982</b>	<b>\$149,427,304</b>	<b>\$157,497,661</b>	<b>\$9,140,791</b>	<b>(\$19,487,660)</b>





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