***** THIS IS NOT A FILEABLE COPY *****

Form **8879-EO**

Department of the Treasury
Internal Revenue Service

# IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2016, or fiscal year beginning ____________, 2016, and ending ____________, 20__

▶ **Do not send to the IRS. Keep for your records.**

▶ **Information about Form 8879-EO and its instructions is at** ***www.irs.gov/form8879eo.***

OMB No. 1545-1878

**2016**

| Name of exempt organization | Employer identification number |
|---|---|
| PEDERNALES ELECTRIC COOPERATIVE, INC | 74-0828412 |

Name and title of officer
TRACY GOLDEN
CFO & INTERIM CEO

## Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a, 2a, 3a, 4a,** or **5a,** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b,** or **5b,** whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than 1 line in Part I.

| | | | | |
|---|---|---|---|---|
| **1a** Form 990 check here ▶ [X] | **b** **Total revenue,** if any (Form 990, Part VIII, column (A), line 12) | **1b** | 568,014,164. |
| **2a** Form 990-EZ check here ▶ [ ] | **b** **Total revenue,** if any (Form 990-EZ, line 9) | **2b** | |
| **3a** Form 1120-POL check here ▶ [ ] | **b** **Total tax** (Form 1120-POL, line 22) | **3b** | |
| **4a** Form 990-PF check here ▶ [ ] | **b** **Tax based on investment income** (Form 990-PF, Part VI, line 5) | **4b** | |
| **5a** Form 8868 check here ▶ [ ] | **b** **Balance Due** (Form 8868, line 3c) | **5b** | |

## Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS **(a)** an acknowledgement of receipt or reason for rejection of the transmission, **(b)** the reason for any delay in processing the return or refund, and **(c)** the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

DRAFT

**Officer's PIN: check one box only**

[X] I authorize BOLINGER, SEGARS, GILBERT AND MOSS LLP to enter my PIN 78636

ERO firm name — Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

[ ] As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ ***** THIS IS NOT A FILEABLE COPY *** Date ▶

## Part III Certification and Authentication

**ERO's EFIN/PIN.** Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN. 75528479423

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163,** Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns.

ERO's signature ▶ Date ▶ 07/03/17

**ERO Must Retain This Form - See Instructions**
**Do Not Submit This Form To the IRS Unless Requested To Do So**

EXTENDED TO NOVEMBER 15, 2017

Form **990** — **Return of Organization Exempt From Income Tax** — OMB No. 1545-0047 — **2016**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at *www.irs.gov/form990.*

**Open to Public Inspection**

**A** For the 2016 calendar year, or tax year beginning and ending

**B** Check if applicable: Address change; Name change; Initial return; Final return/terminated; Amended return; Application pending

**C** Name of organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) Room/suite: P.O. BOX 1

City or town, state or province, country, and ZIP or foreign postal code: JOHNSON CITY, TX 78636

**D** Employer identification number: 74-0828412

**E** Telephone number: 800-868-4732

**G** Gross receipts $ 569,003,481.

**F** Name and address of principal officer: TRACY GOLDEN, CFO
SAME AS C ABOVE

**H(a)** Is this a group return for subordinates? ☐ Yes ☒ No

**H(b)** Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)

**H(c)** Group exemption number ▶

**I** Tax-exempt status: ☐ 501(c)(3) ☒ 501(c) ( 12 )◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

**J** Website: ▶ WWW.PEC.COOP

**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

**L** Year of formation: 1938 **M** State of legal domicile: TX

## Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: TO FULFILL OUR VISION STATEMENT, WE WILL BE AN ORGANIZATION BASED ON INNOVATION AND EXCELLENCE.

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 7 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 7 |
| 5 | Total number of individuals employed in calendar year 2016 (Part V, line 2a) | 5 | 783 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 0 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 0. |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0. |

| | | | Prior Year | Current Year |
|---|---|---|---|---|
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | 0. | 0. |
| | 9 | Program service revenue (Part VIII, line 2g) | 586,385,458. | 562,758,751. |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 229,032. | 837,574. |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 4,423,419. | 4,417,839. |
| | 12 | Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 591,037,909. | 568,014,164. |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 397,544. | 185,812. |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 38,014,625. | 55,783,913. |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 50,171,962. | 49,095,694. |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0. | 0. |
| | b | Total fundraising expenses (Part IX, column (D), line 25) ▶ 0. | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 504,859,484. | 461,934,928. |
| | 18 | Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 593,443,615. | 567,000,347. |
| | 19 | Revenue less expenses. Subtract line 18 from line 12 | -2,405,706. | 1,013,817. |
| | | | **Beginning of Current Year** | **End of Year** |
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | 1426304925. | 1548721396. |
| | 21 | Total liabilities (Part X, line 26) | 889,353,340. | 963,170,914. |
| | 22 | Net assets or fund balances. Subtract line 21 from line 20 | 536,951,585. | 585,550,482. |

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

▶ Signature of officer — Date

▶ TRACY GOLDEN, CFO & INTERIM CEO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☒ if self-employed | PTIN |
|---|---|---|---|---|
| WILLIAM M. MILLER | WILLIAM M. MILLER | 07/03/17 | X | P00439459 |

Firm's name ▶ BOLINGER, SEGARS, GILBERT AND MOSS LLP — Firm's EIN ▶ 75-0882037

Firm's address ▶ 8215 NASHVILLE AVENUE
LUBBOCK, TX 79423 — Phone no. (806)747-3806

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

**Part III | Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III ☐

**1** Briefly describe the organization's mission:

VISION: PEC IS COMMITTED TO SERVING OUR COMMUNITIES THROUGH EXCELLENT MEMBER SERVICES AND SAFE, RELIABLE ENERGY SERVICES AT A COMPETITIVE PRICE; TO GUIDING RESPONSIBLE STEWARDSHIP OF OUR RESOURCES; AND PROVIDING A REWARDING, FAIR, AND SAFE WORK PLACE FOR OUR EMPLOYEES.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses $ including grants of $ ) (Revenue $ )

PROVIDING ELECTRIC ENERGY TO OUR MEMBERS - 287,422 ACTIVE SERVICES AT YEAR END. ALL SERVICES THAT WERE ACTIVE DURING THE YEAR WERE PROVIDED ELECTRICITY ON A COOPERATIVE BASIS THROUGH THE ALLOCATION OF PATRONAGE CAPITAL.



**4b** (Code: ) (Expenses $ including grants of $ ) (Revenue $ )

**4c** (Code: ) (Expenses $ including grants of $ ) (Revenue $ )

**4d** Other program services (Describe in Schedule O.)

(Expenses $ including grants of $ ) (Revenue $ )

**4e** Total program service expenses ▶

**Part IV Checklist of Required Schedules**

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | | X |
| 2 | Is the organization required to complete *Schedule B, Schedule of Contributors*? | 2 | | X |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | X |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | N/A | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | X |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | X |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | X |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | X |
| 9 | Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | X | |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | X |
| 11 | If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI* | 11a | X | |
| b | Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII* | 11b | | X |
| c | Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 11c | | X |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | 11d | | X |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | 11e | X | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X* | 11f | X | |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII* | 12a | X | |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional* | 12b | | X |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | X |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | X |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | X |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | X |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | X |
| 17 | Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* | 17 | | X |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | X |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | X |

**Part IV Checklist of Required Schedules** *(continued)*

| | | | Yes | No |
|---|---|---|---|---|
| 20a | Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H* | 20a | | X |
| b | If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | 20b | | |
| 21 | Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | 21 | X | |
| 22 | Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | 22 | | X |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | 23 | X | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25a* | 24a | | X |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | **Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | 25a | N/A | |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | 25b | N/A | |
| 26 | Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II* | 26 | | X |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III* | 27 | | X |
| 28 | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions): | | | |
| a | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | 28a | | X |
| b | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | 28b | | X |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | 28c | | X |
| 29 | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | 29 | | X |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | 30 | | X |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | 31 | | X |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | 32 | | X |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I* | 33 | | X |
| 34 | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1* | 34 | X | |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35a | X | |
| b | If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* | 35b | | X |
| 36 | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | 36 | N/A | |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | 37 | | X |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O | 38 | X | |

## Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V .......... ☐

| | | | | | Yes | No |
|---|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable | 1a | 281 | | | |
| b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable | 1b | 0 | | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | | | 1c | | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return | 2a | 783 | | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | 2b | X | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions) | | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? | | | 3a | | X |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," to line 3b, provide an explanation in Schedule O* | | | 3b | | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | | 4a | | X |
| b | If "Yes," enter the name of the foreign country: ▶ | | | | | |
| | See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). | | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | | | 5a | | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | 5b | | X |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? | | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? | | | 6a | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** N/A | | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? | | | 7a | | |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | | 7c | | |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7d | | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | | | 7e | | |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | | 7f | | |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | | 7g | N/A | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | | 7h | N/A | |
| 8 | **Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? N/A | | | 8 | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| a | Did the sponsoring organization make any taxable distributions under section 4966? N/A | | | 9a | | |
| b | Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? N/A | | | 9b | | |
| 10 | **Section 501(c)(7) organizations.** Enter: | | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 N/A | 10a | | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | | |
| 11 | **Section 501(c)(12) organizations.** Enter: | | | | | |
| a | Gross income from members or shareholders | 11a | 547320079. | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) | 11b | 51561976. | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year N/A | 12b | | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? N/A | | | 13a | | |
| | **Note.** See the instructions for additional information the organization must report on Schedule O. | | | | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | | | |
| c | Enter the amount of reserves on hand | 13c | | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | | | 14a | | X |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* | | | 14b | | |

**Part VI Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI .......... [X]

## Section A. Governing Body and Management

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Enter the number of voting members of the governing body at the end of the tax year ..... **1a** 7<br>If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. | | | |
| **b** | Enter the number of voting members included in line 1a, above, who are independent ..... **1b** 7 | | | |
| **2** | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | **2** | | X |
| **3** | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? | **3** | | X |
| **4** | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | **4** | X | |
| **5** | Did the organization become aware during the year of a significant diversion of the organization's assets? | **5** | | X |
| **6** | Did the organization have members or stockholders? | **6** | X | |
| **7a** | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | **7a** | X | |
| **b** | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | **7b** | X | |
| **8** | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: | | | |
| **a** | The governing body? | **8a** | X | |
| **b** | Each committee with authority to act on behalf of the governing body? | **8b** | X | |
| **9** | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* | **9** | X | |

## Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

| | | | Yes | No |
|---|---|---|---|---|
| **10a** | Did the organization have local chapters, branches, or affiliates? | **10a** | | X |
| **b** | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | **10b** | | |
| **11a** | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | **11a** | X | |
| **b** | Describe in Schedule O the process, if any, used by the organization to review this Form 990. | | | |
| **12a** | Did the organization have a written conflict of interest policy? *If "No," go to line 13* | **12a** | X | |
| **b** | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | **12b** | X | |
| **c** | Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done* | **12c** | X | |
| **13** | Did the organization have a written whistleblower policy? | **13** | X | |
| **14** | Did the organization have a written document retention and destruction policy? | **14** | X | |
| **15** | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| **a** | The organization's CEO, Executive Director, or top management official | **15a** | X | |
| **b** | Other officers or key employees of the organization | **15b** | X | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions). | | | |
| **16a** | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | **16a** | | X |
| **b** | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? | **16b** | | |

## Section C. Disclosure

**17** List the states with which a copy of this Form 990 is required to be filed ▶ NONE

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[X] Own website [ ] Another's website [X] Upon request [ ] Other *(explain in Schedule O)*

**19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records: ▶

TRACY GOLDEN, CFO & INTERIM CEO - (830)868-7155

201 SOUTH AVENUE F, JOHNSON CITY, TX 78636

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII .......... [X]

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

[ ] Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) EMILY PATAKI<br>PRESIDENT | 18.00 | X | | X | | | | 38,250. | 0. | 0. |
| (2) JAMES OAKLEY<br>VICE PRESIDENT | 10.00 | X | | X | | | | 38,250. | 0. | 0. |
| (3) PAUL GRAF<br>SECRETARY/TREASURER | 24.70 | X | | X | | | | 38,250. | 0. | 0. |
| (4) CRISTI CLEMENT<br>DIRECTOR | 20.00 | X | | | | | | 38,250. | 0. | 0. |
| (5) KATHRYN SCANLON<br>DIRECTOR | 8.00 | X | | | | | | 38,250. | 0. | 0. |
| (6) AMY LEA SJ AKERS<br>DIRECTOR | 12.50 | X | | | | | | 38,250. | 0. | 0. |
| (7) JIM POWERS (JUNE-DEC)<br>DIRECTOR | 12.00 | X | | | | | | 22,500. | 0. | 0. |
| (8) CHRIS PERRY (JAN-JUNE)<br>DIRECTOR | 16.00 | X | | | | | | 17,250. | 0. | 0. |
| (9) JOHN HEWA<br>CHIEF EXECUTIVE OFFICER | 55.00 | | | X | | | | 714,234. | 0. | 67,642. |
| (10) LAWANDA PARNELL<br>CHIEF INFORMATION OFFICER | 50.00 | | | X | | | | 281,932. | 0. | 21,819. |
| (11) TRACY GOLDEN<br>CHIEF FINANCIAL OFFICER | 55.00 | | | X | | | | 321,749. | 0. | 49,841. |
| (12) LLOYD W MCKEE<br>VP-OPERATIONS | 60.00 | | | X | | | | 274,183. | 0. | 83,644. |
| (13) EDWARD A DAUTERIVE<br>VP-MEMBER SERVICES | 50.00 | | | X | | | | 257,791. | 0. | 60,365. |
| (14) INGMAR STERZING<br>VP-POWER SUPPLY & ENERGY SERVICES | 41.00 | | | X | | | | 311,129. | 0. | 54,405. |
| (15) JULIE BEGGS<br>VP-CORPORATE SERVICES | 50.00 | | | X | | | | 269,291. | 0. | 40,313. |
| (16) BRADLEY HICKS<br>VP-ENGINEERING & ENERGY INNOVATIONS | 61.40 | | | X | | | | 281,781. | 0. | 29,176. |
| (17) DON BALLARD<br>VP-LEGAL SERVICES | 45.00 | | | X | | | | 274,186. | 0. | 34,216. |

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position: Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| (18) PETER MUHORO<br>CHIEF STRATEGY OFFICER | 48.60 | | | X | | | | 195,971. | 0. | 28,473. |
| (19) ALYSSA CLEMSEN-ROBERTS<br>VP-COMMUNICATION & BUSINESS SVC | 55.00 | | | X | | | | 115,359. | 0. | 16,077. |
| (20) MICHAEL J RACIS (JAN-APRIL)<br>VP-COMMUNICATION & BUSINESS SVC | 55.00 | | | X | | | | 215,704. | 0. | 13,023. |
| (21) ROBERT PETERSON<br>DIRECTOR-CONTROL CENTER | 49.00 | | | | | X | | 234,579. | 0. | 60,867. |
| (22) AISHA HAGEN<br>SENIOR COUNSEL | 45.00 | | | | | X | | 208,220. | 0. | 37,637. |
| (23) CINDY ARMSTRONG<br>DIRECTOR OF HUMAN RESOURCES | 43.00 | | | | | X | | 193,048. | 0. | 28,832. |
| (24) FREDDY WOLFF<br>CONTROLLER | 44.00 | | | | | X | | 190,283. | 0. | 27,795. |
| (25) STEPHEN MALDONADO<br>DIRECTOR OF DISTRICT OPERATIONS | 60.00 | | | | | X | | 185,160. | 0. | 55,030. |
| | | | | | | | | | | |
| **1b Sub-total** ▶ | | | | | | | | 4,793,850. | 0. | 709,155. |
| **c Total from continuation sheets to Part VII, Section A** ▶ | | | | | | | | 0. | 0. | 0. |
| **d Total (add lines 1b and 1c)** ▶ | | | | | | | | 4,793,850. | 0. | 709,155. |

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 131

| | | | Yes | No |
|---|---|---|---|---|
| 3 | Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* | 3 | | X |
| 4 | For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual* | 4 | X | |
| 5 | Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person* | 5 | | X |

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| T&D SOLUTIONS LLC<br>P.O. BOX 847280, DALLAS, TX 75284 | ELECTRIC DIST LINE CONSTRUCTION | 13,793,173. |
| JAMES POWER LINE CONSTRUCTION<br>43 SHOOTING CLUB RD, BOERNE, TX 78006 | ELECTRIC DIST LINE CONSTRUCTION | 10,444,071. |
| INDEPENDENCE TITLE COMPANY, 901 S MOPAC,<br>BLDG 2, STE 150, AUSTIN, TX 78746 | LAND AND TITLE SERVICES | 8,589,186. |
| THE ARBOR EXPERTS LLC<br>3118 FM 528 #333, WEBSTER, TX 77598 | TREE TRIMMING & ROW MANAGMENT | 2,546,253. |
| ARBOL TREE SERVICE<br>2086 INDIAN TRAIL, KINGSLAND, TX 78639 | TREE TRIMMING & ROW MANAGMENT | 2,473,249. |

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 31

**Part VIII** **Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII .......... [X]

| Section | Line | Description | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512 - 514 |
|---|---|---|---|---|---|---|---|---|
| Contributions, Gifts, Grants and Other Similar Amounts | 1 a | Federated campaigns | 1a | | | | | |
| | b | Membership dues | 1b | | | | | |
| | c | Fundraising events | 1c | | | | | |
| | d | Related organizations | 1d | | | | | |
| | e | Government grants (contributions) | 1e | | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | | |
| | g | Noncash contributions included in lines 1a-1f: $ | | | | | | |
| | h | **Total.** Add lines 1a-1f ▶ | | | | | | |
| Program Service Revenue | | | Business Code | | | | | |
| | 2 a | ELECTRIC SALES | 221000 | | 538,253,632. | 538,253,632. | | |
| | b | CUSTOMER SERVICE FEES | 221000 | | 9,065,727. | 9,065,727. | | |
| | c | TRANSMISSION ACCESS | 221000 | | 8,042,578. | 8,042,578. | | |
| | d | TRANSMISSION LEASE | 221000 | | 5,846,711. | 5,846,711. | | |
| | e | PATRONAGE DIVIDEND | 221000 | | 1,232,826. | 1,232,826. | | |
| | f | All other program service revenue | 221000 | | 317,277. | 317,277. | | |
| | g | **Total.** Add lines 2a-2f ▶ | | | 562,758,751. | | | |
| Other Revenue | 3 | Investment income (including dividends, interest, and other similar amounts) ▶ | | | 165,080. | 720. | | 164,360. |
| | 4 | Income from investment of tax-exempt bond proceeds ▶ | | | | | | |
| | 5 | Royalties ▶ | | | | | | |
| | | | (i) Real | (ii) Personal | | | | |
| | 6 a | Gross rents | | | | | | |
| | b | Less: rental expenses | | | | | | |
| | c | Rental income or (loss) | | | | | | |
| | d | Net rental income or (loss) ▶ | | | | | | |
| | | | (i) Securities | (ii) Other | | | | |
| | 7 a | Gross amount from sales of assets other than inventory | | 1,661,811. | | | | |
| | b | Less: cost or other basis and sales expenses | | 989,317. | | | | |
| | c | Gain or (loss) | | 672,494. | | | | |
| | d | Net gain or (loss) ▶ | | | 672,494. | 672,494. | | |
| | 8 a | Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18 | a | | | | | |
| | b | Less: direct expenses | b | | | | | |
| | c | Net income or (loss) from fundraising events ▶ | | | | | | |
| | 9 a | Gross income from gaming activities. See Part IV, line 19 | a | | | | | |
| | b | Less: direct expenses | b | | | | | |
| | c | Net income or (loss) from gaming activities ▶ | | | | | | |
| | 10 a | Gross sales of inventory, less returns and allowances | a | | | | | |
| | b | Less: cost of goods sold | b | | | | | |
| | c | Net income or (loss) from sales of inventory ▶ | | | | | | |
| | | Miscellaneous Revenue | Business Code | | | | | |
| | 11 a | POLE ATTACHMENT INCOME | 221000 | | 4,232,765. | | | 4,232,765. |
| | b | MISC NON-OPERATING REVENUE | 221000 | | 185,074. | 185,074. | | |
| | c | | | | | | | |
| | d | All other revenue | | | | | | |
| | e | **Total.** Add lines 11a-11d ▶ | | | 4,417,839. | | | |
| | 12 | **Total revenue.** See instructions. ▶ | | | 568,014,164. | 563,617,039. | 0. | 4,397,125. |

**Part IX | Statement of Functional Expenses**

*Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).*

Check if Schedule O contains a response or note to any line in this Part IX .......... [X]

| | *Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.* | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|---|
| 1 | Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 | 185,812. | | | |
| 2 | Grants and other assistance to domestic individuals. See Part IV, line 22 | | | | |
| 3 | Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | 55,783,913. | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees | 4,281,554. | | | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 | Other salaries and wages | 30,624,100. | | | |
| 8 | Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 6,807,662. | | | |
| 9 | Other employee benefits | 4,948,256. | | | |
| 10 | Payroll taxes | 2,434,122. | | | |
| 11 | Fees for services (non-employees): | | | | |
| a | Management | | | | |
| b | Legal | | | | |
| c | Accounting | | | | |
| d | Lobbying | | | | |
| e | Professional fundraising services. See Part IV, line 17 | | | | |
| f | Investment management fees | | | | |
| g | Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.) | | | | |
| 12 | Advertising and promotion | | | | |
| 13 | Office expenses | | | | |
| 14 | Information technology | | | | |
| 15 | Royalties | | | | |
| 16 | Occupancy | | | | |
| 17 | Travel | | | | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 | Conferences, conventions, and meetings | | | | |
| 20 | Interest | 30,729,451. | | | |
| 21 | Payments to affiliates | | | | |
| 22 | Depreciation, depletion, and amortization | 43,048,303. | | | |
| 23 | Insurance | | | | |
| 24 | Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.) | | | | |
| a | PURCHASED POWER | 323,504,846. | | | |
| b | DISTRIBUTION EXPENSE | 31,597,924. | | | |
| c | ADMIN & GENERAL EXPENSE | 15,950,525. | | | |
| d | CUSTOMER SERVICE | 10,437,133. | | | |
| e | All other expenses | 6,666,746. | | | |
| 25 | **Total functional expenses.** Add lines 1 through 24e | 567,000,347. | | | |
| 26 | **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ [ ] if following SOP 98-2 (ASC 958-720) | | | | |

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X .......... [X]

| Section | Line | Description | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|
| Assets | 1 | Cash - non-interest-bearing | 74,756. | 1 | 1,243,750. |
| | 2 | Savings and temporary cash investments | | 2 | 32,000,000. |
| | 3 | Pledges and grants receivable, net | | 3 | |
| | 4 | Accounts receivable, net | 27,648,731. | 4 | 17,738,608. |
| | 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | 5 | |
| | 6 | Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L | | 6 | |
| | 7 | Notes and loans receivable, net | | 7 | |
| | 8 | Inventories for sale or use | 27,576,113. | 8 | 22,423,471. |
| | 9 | Prepaid expenses and deferred charges | 2,738,725. | 9 | 3,237,064. |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 1649479603. | | | |
| | b | Less: accumulated depreciation — 10b 286,311,583. | 1255895131. | 10c | 1363168020. |
| | 11 | Investments - publicly traded securities | | 11 | |
| | 12 | Investments - other securities. See Part IV, line 11 | | 12 | |
| | 13 | Investments - program-related. See Part IV, line 11 | 11,741,174. | 13 | 12,179,047. |
| | 14 | Intangible assets | 77,525,475. | 14 | 72,588,484. |
| | 15 | Other assets. See Part IV, line 11 | 23,104,820. | 15 | 24,142,952. |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | 1426304925. | 16 | 1548721396. |
| Liabilities | 17 | Accounts payable and accrued expenses | 63,994,649. | 17 | 65,181,276. |
| | 18 | Grants payable | | 18 | |
| | 19 | Deferred revenue | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 20 | |
| | 21 | Escrow or custodial account liability. Complete Part IV of Schedule D | 585,174. | 21 | 748,179. |
| | 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | 653,751,591. | 23 | 719,885,787. |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | 171,021,926. | 25 | 177,355,672. |
| | 26 | **Total liabilities.** Add lines 17 through 25 | 889,353,340. | 26 | 963,170,914. |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117 (ASC 958), check here ▶ [ ] and complete lines 27 through 29, and lines 33 and 34.** | | | |
| | 27 | Unrestricted net assets | | 27 | |
| | 28 | Temporarily restricted net assets | | 28 | |
| | 29 | Permanently restricted net assets | | 29 | |
| | | **Organizations that do not follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 30 through 34.** | | | |
| | 30 | Capital stock or trust principal, or current funds | 11,127,363. | 30 | 11,614,133. |
| | 31 | Paid-in or capital surplus, or land, building, or equipment fund | 0. | 31 | 0. |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | 525,824,222. | 32 | 573,936,349. |
| | 33 | Total net assets or fund balances | 536,951,585. | 33 | 585,550,482. |
| | 34 | Total liabilities and net assets/fund balances | 1426304925. | 34 | 1548721396. |

## Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI [X]

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 568,014,164. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 567,000,347. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | 1,013,817. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 536,951,585. |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | 47,585,080. |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 585,550,482. |

## Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII [X]

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Accounting method used to prepare the Form 990: [ ] Cash [X] Accrual [ ] Other ______<br>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O. | | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? | 2a | | X |
| | If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:<br>[ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis | | | |
| b | Were the organization's financial statements audited by an independent accountant? | 2b | X | |
| | If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:<br>[X] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis | | | |
| c | If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? | 2c | X | |
| | If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O. | | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | 3a | X | |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | 3b | X | |

**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No. 1545-0047
**2016**
**Open to Public Inspection**

**Name of the organization**
PEDERNALES ELECTRIC COOPERATIVE, INC

**Employer identification number**
74-0828412

**Part I** **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

| | | (a) Donor advised funds | (b) Funds and other accounts |
|---|---|---|---|
| 1 | Total number at end of year | | |
| 2 | Aggregate value of contributions to (during year) | | |
| 3 | Aggregate value of grants from (during year) | | |
| 4 | Aggregate value at end of year | | |

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

**Part II** **Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of a historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

| | | | Held at the End of the Tax Year |
|---|---|---|---|
| a | Total number of conservation easements | 2a | |
| b | Total acreage restricted by conservation easements | 2b | |
| c | Number of conservation easements on a certified historic structure included in (a) | 2c | |
| d | Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2d | |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ $

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III** **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

**(i)** Revenue included on Form 990, Part VIII, line 1 ▶ $

**(ii)** Assets included in Form 990, Part X ▶ $

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

**Part III** **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV** **Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☒ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

| | | | Amount |
|---|---|---|---|
| c | Beginning balance | 1c | |
| d | Additions during the year | 1d | |
| e | Distributions during the year | 1e | |
| f | Ending balance | 1f | |

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☒ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☒

**Part V** **Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

| | | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|---|
| 1a | Beginning of year balance | | | | | |
| b | Contributions | | | | | |
| c | Net investment earnings, gains, and losses | | | | | |
| d | Grants or scholarships | | | | | |
| e | Other expenditures for facilities and programs | | | | | |
| f | Administrative expenses | | | | | |
| g | End of year balance | | | | | |

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ _____ %

b Permanent endowment ▶ _____ %

c Temporarily restricted endowment ▶ _____ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

| | | | Yes | No |
|---|---|---|---|---|
| (i) | unrelated organizations | 3a(i) | | |
| (ii) | related organizations | 3a(ii) | | |
| b | If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? | 3b | | |

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI** **Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 19,612,240. | | 19,612,240. |
| b Buildings | | 53,979,457. | | 53,979,457. |
| c Leasehold improvements | | | | |
| d Equipment | | 1517843740. | 286,302,730. | 1231541010. |
| e Other | | 58,044,166. | 8,853. | 58,035,313. |
| **Total.** Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶ | | | | 1363168020. |

## Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) | | |
| (B) | | |
| (C) | | |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| **Total.** (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶ | | |

## Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| **Total.** (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶ | | |

## Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|---|
| (1) | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| **Total.** *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶ | |

## Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| 1. (a) Description of liability | (b) Book value |
|---|---|
| (1) Federal income taxes | |
| (2) ACCRUED OPERATING TAXES & FEES | 8,942,578. |
| (3) ACCUMULATED PROVISION FOR PENSION | |
| (4) AND BENEFITS | 109,276,434. |
| (5) CONSUMER DEPOSITS | 5,890,880. |
| (6) POWER COST ADJUSTMENTS - | |
| (7) OVER-RECOVERED | 18,304,892. |
| (8) DEFERRED CREDIT - PRMB REGULATORY | |
| (9) LIABILITY | 23,791,781. |
| **Total.** *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶ | 177,355,672. |

**2.** Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII [X]



SEE PART XIII FOR CONTINUATIONS

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total revenue, gains, and other support per audited financial statements | | | 1 | 568,014,164. |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12: | | | | |
| a | Net unrealized gains (losses) on investments | 2a | | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIII.) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | 0. |
| 3 | Subtract line **2e** from line **1** | | | 3 | 568,014,164. |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIII.) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | 0. |
| 5 | Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)* | | | 5 | 568,014,164. |

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 511,216,434. |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25: | | | | |
| a | Donated services and use of facilities | 2a | | | |
| b | Prior year adjustments | 2b | | | |
| c | Other losses | 2c | | | |
| d | Other (Describe in Part XIII.) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | 0. |
| 3 | Subtract line **2e** from line **1** | | | 3 | 511,216,434. |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIII.) | 4b | 55,783,913. | | |
| c | Add lines **4a** and **4b** | | | 4c | 55,783,913. |
| 5 | Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)* | | | 5 | 567,000,347. |

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.



PART IV, LINE 2B:

PURSUANT TO SECTION 74.3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE ESTABLISHED AN ECONOMIC DEVELOPMENT FUND WITH AMOUNTS DESIGNATED UNCLAIMED UNDER STATE LAW. AMOUNTS DEPOSITED INTO THE ECONOMIC DEVELOPMENT FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED FOR THE STIMULATION AND IMPROVEMENT OF BUSINESS AND COMMERCIAL ACTIVITY FOR ECONOMIC DEVELOPMENT IN RURAL COMMUNITIES. ANY AMOUNTS SO DEPOSITED INTO THE ECONOMIC DEVELOPMENT FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED.

ALSO PURSUANT TO SECTION 74.3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE ESTABLISHED AN ENERGY EFFICIENCY ASSISTANCE FUND WITH AMOUNTS

**Part XIII** **Supplemental Information** *(continued)*

DESIGNATED UNCLAIMED UNDER STATE LAW. AMOUNTS DEPOSITED INTO THE ENERGY EFFICIENCY ASSISTANCE FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED TO ASSIST MEMBERS OF AN ELECTRIC COOPERATIVE IN REDUCING THEIR ENERGY CONSUMPTION AND ELECTRICITY BILLS. ANY AMOUNTS SO DEPOSITED INTO THE ENERGY EFFICIENCY ASSISTANCE FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED.

PART X, LINE 2:

THE COOPERATIVE FOLLOWS THE "UNCERTAIN TAX POSITIONS" PROVISIONS OF ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. THE PRIMARY TAX POSITION OF THE COOPERATIVE IS ITS FILING STATUS AS A TAX EXEMPT ENTITY. THE COOPERATIVE DETERMINED THAT IT IS MORE LIKELY THAN NOT THAT ITS TAX POSITION WILL BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE, AND THAT ALL TAX BENEFITS ARE LIKELY TO BE REALIZED UPON SETTLEMENT WITH TAXING AUTHORITIES.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

PATRONAGE CAPITAL ASSIGNED 55,783,913.

SCHEDULE D

PART VIII

THE AMOUNT OF INVESTMENTS - PROGRAM RELATED ON FORM 990, PAGE 11, PART X, LINE 13 DOES NOT EQUAL OR EXCEED 5 PERCENT OF THE TOTAL ASSETS ON FORM 990, PAGE 11, PART X, LINE 16, COLUMN B. CONSEQUENTLY, IN ACCORDANCE WITH IRS INSTRUCTIONS FOR SCHEDULE D, PART VIII HAS BEEN LEFT BLANK.

PART IX

THE AMOUNT OF OTHER ASSETS ON FORM 990, PAGE 11, PART X, LINE 15 DOES NOT

**Part XIII Supplemental Information** *(continued)*

EQUAL OR EXCEED 5 PERCENT OF THE TOTAL ASSETS ON FORM 990, PAGE 11, PART X, LINE 16, COLUMN B. CONSEQUENTLY, IN ACCORDANCE WITH IRS INSTRUCTIONS FOR SCHEDULE D, PART IX HAS BEEN LEFT BLANK.

PART XII, LINE 4B

PATRONAGE CAPITAL ASSIGNED - $55,783,913

FOR THE AUDITED FINANCIAL STATEMENTS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID (I.E. ALLOCATED) TO THE MEMBERS IS REPORTED AS AN INCREASE IN EQUITY AND NOT AS AN EXPENSE. THEREFORE, NET INCOME PER THE AUDITED FINANCIAL STATEMENTS IS REPORTED GROSS OF THE AMOUNT OF PATRONAGE DIVIDENDS. BECAUSE THE ALLOCATION OF PATRONAGE DIVIDENDS IS ONE ASPECT OF HOW THE COOPERATIVE FULFILLS ITS TAX EXEMPT PURPOSE OF OPERATING ON A COOPERATIVE BASIS, HOWEVER, THE AMOUNT OF PATRONAGE DIVIDENDS ALLOCATED TO THE MEMBERS IS REPORTED ON FORM 990, PART IX, LINE 4 AS "BENEFITS PAID TO MEMBERS". PATRONAGE DIVIDENDS ARE ALLOCATED ON A PATRONAGE BASIS AND DONE SO PURSUANT TO A PRE-EXISTING OBLIGATION AS PROVIDED FOR IN THE "NON-PROFIT OPERATION" ARTICLE OF THE COOPERATIVE'S BYLAWS.

**Part XIII Supplemental Information** *(continued)*

**Part X Other Liabilities.** See Form 990, Part X, line 25.

| (a) Description of liability | (b) Amount |
|---|---|
| DEFERRED CREDIT - FPCRF REGULATORY LIABILITY | 2,951,189. |
| DEFERRED CREDIT - UNCLAIMED PROPERTY | 8,175,776. |
| POWER OF CHANGE - OPERATION ROUND-UP | 22,142. |

**SCHEDULE I**
**(Form 990)**

Department of the Treasury
Internal Revenue Service

# Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

**Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.**
**▶ Attach to Form 990.**
**▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990.***

OMB No. 1545-0047
**2016**
**Open to Public Inspection**

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

**Employer identification number** 74-0828412

**Part I General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? [X] **Yes** [ ] **No**

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

| **1 (a)** Name and address of organization or government | **(b)** EIN | **(c)** IRC section (if applicable) | **(d)** Amount of cash grant | **(e)** Amount of non-cash assistance | **(f)** Method of valuation (book, FMV, appraisal, other) | **(g)** Description of noncash assistance | **(h)** Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| PEC UNITED CHARITIES<br>P.O. BOX 1<br>JOHNSON CITY, TX 78636 | 74-2491188 | 501 (C) (3) | 100,000. | 0. | | | EMPLOYER MATCHING DONATIONS |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1.

3 Enter total number of other organizations listed in the line 1 table ▶

**Part III** **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of noncash assistance |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |



**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

FROM 990, SCHEDULE I, PART IV

THE COOPERATIVE SUPPORTS LOCAL GOVERNMENTS, SCHOOLS, CHARITIES, CIVIC ORGANIZATIONS, VOLUNTEER FIRE DEPARTMENTS AND THE LIKE IN THE TWENTY-FOUR COUNTY AREA IN WHICH IT PROVIDES ELECTRICITY TO ITS MEMBERS.  SUPPORT THROUGH GRANTS AND DONATIONS IS PROVIDED THROUGH VARIOUS PROGRAMS, INCLUDING THE PEC COMMUNITY GRANT PROGRAM, LIGHT THE WAY PROGRAM, PARTNERS IN LEARNING PROGRAM, PROJECT GRADUATION AND LIVESTOCK SHOW CONTRIBUTIONS.  THE COOPERATIVE'S WEBSITE, WWW.PEC.COOP, PROVIDES A DESCRIPTION OF THE REQUIREMENTS AND APPLICATION PROCESS OF

**Part IV Supplemental Information**

EACH PROGRAM. THE LARGER GRANTS ARE AWARDED VIA APPLICATION AND A GRANT COMMITTEE THAT INSURES THE FUNDS ARE BEING UTILIZED FOR THE INTENDED PROCESSES. THE COOPERATIVE ALSO PROVIDES MATCHING CONTRIBUTIONS TO THE PEC UNITED CHARITIES, WHICH ALSO PROVIDES SIMILAR GRANTS AND CONTRIBUTIONS BASED THROUGH AN APPLICATION PROCESS.

**SCHEDULE J (Form 990)**

Department of the Treasury
Internal Revenue Service

# Compensation Information

**For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**

**▶ Attach to Form 990.**

**▶ Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990.***

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

| Name of the organization | Employer identification number |
|---|---|
| PEDERNALES ELECTRIC COOPERATIVE, INC | 74-0828412 |

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.<br>☐ First-class or charter travel<br>☐ Travel for companions<br>☐ Tax indemnification and gross-up payments<br>☐ Discretionary spending account<br>☐ Housing allowance or residence for personal use<br>☐ Payments for business use of personal residence<br>☐ Health or social club dues or initiation fees<br>☐ Personal services (such as, maid, chauffeur, chef) | | | |
| **b** | If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain | 1b | | |
| **2** | Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? | 2 | | |
| **3** | Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.<br>☐ Compensation committee<br>☐ Independent compensation consultant<br>☒ Form 990 of other organizations<br>☐ Written employment contract<br>☒ Compensation survey or study<br>☒ Approval by the board or compensation committee | | | |
| **4** | During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization: | | | |
| **a** | Receive a severance payment or change-of-control payment? | 4a | X | |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | X | |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | 4c | | X |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III. | | | |
| | **Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.** | | | |
| **5** | For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: | | | |
| **a** | The organization? | 5a | | |
| **b** | Any related organization? | 5b | | |
| | If "Yes" on line 5a or 5b, describe in Part III. | | | |
| **6** | For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of: | | | |
| **a** | The organization? | 6a | | |
| **b** | Any related organization? | 6b | | |
| | If "Yes" on line 6a or 6b, describe in Part III. | | | |
| **7** | For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III | 7 | | |
| **8** | Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III | 8 | | |
| **9** | If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? | 9 | | |

**Part II** **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

| (A) Name and Title | | (B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation in column (B) reported as deferred on prior Form 990 |
|---|---|---|---|---|---|---|---|---|
| (1) JOHN HEWA | (i) | 541,914. | 99,285. | 73,035. | 36,598. | 31,044. | 781,876. | 34,255. |
| CHIEF EXECUTIVE OFFICER | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (2) LAWANDA PARNELL | (i) | 230,603. | 33,596. | 17,733. | 11,423. | 10,396. | 303,751. | 0. |
| CHIEF INFORMATION OFFICER | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (3) TRACY GOLDEN | (i) | 275,688. | 12,187. | 33,874. | 26,500. | 23,341. | 371,590. | 0. |
| CHIEF FINANCIAL OFFICER | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (4) LLOYD W MCKEE | (i) | 219,270. | 32,761. | 22,152. | 54,625. | 29,019. | 357,827. | 0. |
| VP-OPERATIONS | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (5) EDWARD A DAUTERIVE | (i) | 206,287. | 31,656. | 19,848. | 26,623. | 33,742. | 318,156. | 0. |
| VP-MEMBER SERVICES | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (6) INGMAR STERZING | (i) | 277,497. | 12,187. | 21,445. | 26,500. | 27,905. | 365,534. | 0. |
| VP-POWER SUPPLY & ENERGY SERVICES | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (7) JULIE BEGGS | (i) | 220,923. | 32,838. | 15,530. | 22,579. | 17,734. | 309,604. | 0. |
| VP-CORPORATE SERVICES | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (8) BRADLEY HICKS | (i) | 250,625. | 10,443. | 20,713. | 25,084. | 4,092. | 310,957. | 0. |
| VP-ENGINEERING & ENERGY INNOVATIONS | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (9) DON BALLARD | (i) | 242,485. | 9,997. | 21,704. | 22,420. | 11,796. | 308,402. | 0. |
| VP-LEGAL SERVICES | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (10) PETER MUHORO | (i) | 181,307. | 6,927. | 7,737. | 18,459. | 10,014. | 224,444. | 0. |
| CHIEF STRATEGY OFFICER | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (11) MICHAEL J RACIS (JAN-APRIL) | (i) | 53,134. | 6,402. | 156,168. | 5,519. | 7,504. | 228,727. | 0. |
| VP-COMMUNICATION & BUSINESS SVC | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (12) ROBERT PETERSON | (i) | 215,777. | 9,409. | 9,393. | 48,574. | 12,293. | 295,446. | 0. |
| DIRECTOR-CONTROL CENTER | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (13) AISHA HAGEN | (i) | 198,119. | 9,385. | 716. | 20,143. | 17,494. | 245,857. | 0. |
| SENIOR COUNSEL | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (14) CINDY ARMSTRONG | (i) | 169,383. | 6,847. | 16,818. | 17,262. | 11,570. | 221,880. | 0. |
| DIRECTOR OF HUMAN RESOURCES | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (15) FREDDY WOLFF | (i) | 164,988. | 6,991. | 18,304. | 16,787. | 11,008. | 218,078. | 0. |
| CONTROLLER | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (16) STEPHEN MALDONADO | (i) | 167,445. | 9,365. | 8,350. | 25,263. | 29,767. | 240,190. | 0. |
| DIRECTOR OF DISTRICT OPERATIONS | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |

**Part III Supplemental Information**

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINES 4A-B:

THE FOLLOWING INDIVIDUAL RECEIVED A SEVERANCE PAYMENT THAT IS INCLUDED WITH THE TOTAL OF OTHER REPORTABLE COMPENSATION IN PART II, COLUMN B (III):

MICHAEL J RACIS - $116,500

THE FOLLOWING INDIVIDUAL PARTICIPATED IN A SECTION 457(F) NON-QUALIFIED DEFERRED COMPENSATION (NQDC) PLAN:

JOHN HEWA - TOTAL OF $63,954, WHICH INCLUDES $53,856 OF VESTED BENEFITS INCLUDED IN SCHEDULE J, PART III, COLUMN B(III) AND $10,098 OF ACCRUED BUT NOT SUBSTANITALLY VESTED BENEFITS INCLUDED IN SCHEDULE J, PART III, COLUMN(C).

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.**
**▶ Attach to Form 990 or 990-EZ.**
**▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

FORM 990, PART I, LINE 19

IN GENERAL, WHEN AN ELECTRIC COOPERATIVE BASES THE PATRONAGE DIVIDEND CALCULATION ON ITS NET BOOK INCOME/(LOSS), PAGE 1, PART I, LINE 19 - REVENUE LESS EXPENSES - WILL BE $0. FOR THE CURRENT YEAR, PAGE 1 , PART I, LINE 19 REPORTS NET INCOME OF $1,013,817, WHICH IS THE INCOME STATEMENT EFFECT OF ACCRUED UNBILLED REVENUE.

THE GAAP BASIS FINANCIAL STATEMENTS INCLUDE AN ACCRUAL FOR UNBILLED REVENUE BECAUSE THE COOPERATIVE'S BILLING CYCLE DOES NOT END ON THE LAST DAY OF THE MONTH. THEREFORE, IT HAS REVENUE IN DECEMBER OF EACH YEAR THAT IT HAS EARNED BUT WILL NOT BILL UNTIL THE FIRST BILLING CYCLE OF THE FOLLOWING YEAR. THE COOPERATIVE ESTIMATES THIS REVENUE AND RECORDS IT AS ACCRUED UNBILLED REVENUE IN ORDER TO MATCH THE REVENUE WITH THE YEAR EARNED. HOWEVER, THE COOPERATIVE ALLOCATES THE REVENUE TO MEMBERS IN THE YEAR IT IS BILLED RATHER THAN WHEN ACCRUED. THIS TIMING DIFFERENCE IS FAIR AND EQUITABLE BECAUSE IT MATCHES THE PATRONAGE DIVIDEND ALLOCATED WITH THE BILLING RECORDS USED TO ALLOCATE THE MARGINS.

DUE TO THE TIMING OF WHEN THE COOPERATIVE ALLOCATES ACCRUED UNBILLED REVENUE, PAGE 1 , PART I, LINE 19 ANNUALLY REPORTS NET INCOME EQUAL TO THE NET INCREASE IN ACCRUED UNBILLED REVENUE OR A NET LOSS EQUAL TO THE NET DECREASE IN UNBILLED REVENUE. THE FOLLOWING SCHEDULE IS PROVIDED TO FURTHER EXPLAIN THE IMPACT OF THIS TRANSACTION:

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

UNBILLED REVENUE 12/31/16 $24,083,511

UNBILLED REVENUE 12/31/15 (23,069,694)

INCREASE EQUALS AMOUNT ON LINE 19 (A) $ 1,013,817

NET MARGIN PER GAAP BASIS

INCOME STATEMENT FOR THE CURRENT YEAR (B) 56,797,730

PART I, LINE 14 - BENEFITS PAID TO MEMBERS

(I.E. PATRONAGE DIVIENDS) B - A $55,783,913



FORM 990, PART VI, SECTION A, LINE 4:

DURING 2016, THE MEMBERS AMENDED ARTICLE IX "MEMBER BILL OF RIGHTS" OF THE ARTICLES OF INCORPORATION TO INCLUDE SECTION 5 STATING THT A MEMBER HAS THE RIGHT TO SPEAK AT EVERY REGULAR, SPECIAL OR CALLED MEETING OF THE BOARD OF DIRECTORS AND ITS COMMITTEES, EXCEPT FOR EXECUTIVE SESSIONS, ON ANY PEC MATTER AT A TIME DESIGNATED BY THE BOARD OF DIRECTORS.

DURING 2016, THE BOARD OF DIRECTORS AMENDED THE BYLAWS TO ALLOW FOR SINGLE-MEMBER DISTRICT DIRECTOR ELECTIONS AS FOLLOWS:

(1) ARTICLE II, SECTION 5 ESTABLISHES A DIRECTOR ELECTION QUORUM OF AT LEAST 1,000 VOTES CAST IN EACH INDIVIDUAL DISTRICT BY THE MEMBERS OF THAT DISTRICT. DIRECTORS ARE ELECTED IF THEY RECEIVE A PLURALITY WITH A QUORUM.

(2) ARTICLE II, SECTION 6 STATES THAT EACH MEMBER OF A DIRECTOR DISTRICT SHALL BE ENTITLED TO ONE VOTE UPON EACH DIRECTOR ELECTION FOR THAT INDIVIDUAL DIRECTOR DISTRICT, AND ONLY MEMBERS OF A DIRECTOR DISTRICT MAY VOTE IN THAT DIRECTOR DISTRICT ELECTION. MEMBERS ARE DEEMED TO HAVE

| Name of the organization | Employer identification number |
|---|---|
| PEDERNALES ELECTRIC COOPERATIVE, INC | 74-0828412 |

ELECTED A DIRECTOR IF AN APPROPRIATE QUORUM IS PRESENT AND A PLURALITY OF A QUORUM VOTES FOR A CANDIDATE IN A DIRECTOR ELECTION.

(3) ARTICLE II, SECTION 8 DEFINES BALLOT LOCATIONS TO INCLUDDE INDIVIDUAL DISTRICT DIRECTOR ELECTIONS.

(4) ARTICLE III, SECTION 2 REQUIRES A DIRECTOR CANDIDATE FOR A DISTRICT TO RECEIVE CONTINUOUS ELECTRIC SERVICE FROM THE COOPERATIVE FOR ONE YEAR AND BE LOCATED AT THE BEGINNING OF THE CALENDAR YEAR OF THE ELECTION IN THE DISTRICT FOR WHICH ELECTION IS SOUGHT.

DURING 2016 THE BOARD OF DIRECTORS ALSO AMENDED THE BYLAWS TO MODIFY CONFLICTS OF INTEREST AND DISCIPLINARY ACTION OF A DIRECTOR AS FOLLOWS:
(1) ARTICLE III, SECTION 2(E) EXTENDS THE 3 YEAR PROHIBITION FOR HAVING BEEN AN EMPLOYEE OF THE COOPERATIVE OR HAVING FAMILY MEMBERS SERVE AS EMPLOYEES OF THE COOPERATIVE TO 7 YEARS IMMEDIATELY PRIOR TO BECOMMING A DIRECTOR.

(2) ARTICLE III, SECTION 2(H) STATES THAT RETIREMENT COMPENSATION OR OTHER PASSIVVE INCOME IS NOT A CONFLICT OF INTEREST.  HOWEVER, EXAMPLES OF POTENTIAL CONFLICTS OF INTEREST INCLUDE EMPLOYMENT OR SERVICE (I) AS A MANAGEMENT SALES EMPLOYEE OF A VENDOR WHO HAS HAD DIRECT INVOLVEMENT IN BUSINESS TRANSACTIONS WITH THE COOPERATIVE, (II) IN A FINANCIAL INSTITUTION AND WITH DIRECT INVOLVEMENT IN FINANCIAL TRANSACTIONS WITH THE COOPERATIVE, AND (III) AS A TRUSTEE, SALES REPRESENTATIVE OR DIRECTOR OF AN ENERGY SUPPLIER, UTILITY EQUIPMENT SUPPLIER OR ENERGY COMPETITOR OF THE COOPERATIVE, WHO HAD ACTIVE INVOVLEMENT IN A MANNER THAT WOULD BE PERCEIVED AS COMPETING WITH THE COOPERATIVE.

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

(3) ARTICLE III, SECTION 5(A) PROVIDES THAT COMPLAINTS REGARDING A DIRECTOR MUST BE FILED BY ANOTHER DIRECTOR OR BY GENERAL COUNSEL OF THE COOPERATIVE, AND MUST BE VERIFIED AS A GOOD FAITH COMPLAINT BY MAJORITY VOTE OF THE REMAINING DIRECTORS. ADDITIONALLY, THE DIRECTOR WHO IS SUBJECT TO THE COMPLAINT SHALL NOT PARTICIPATE IN THE DELIBERATIONS OR VOTE IN THE MATTER, EXCEPT AS REQUESTED BY THE BOARD OR AS PROVIDED ELSEWHERE IN THE BYLAWS.

FORM 990, PART VI, SECTION A, LINE 6:

THE COOPERATIVE WAS FORMED BY THE MEMBERS TO PROVIDE ELECTRIC SERVICE AT COST ON A COOPERATIVE BASIS.



FORM 990, PART VI, SECTION A, LINE 7A:

THE MEMBERS OF THE COOPERATIVE VOTE ON THE BOARD OF DIRECTORS. ELECTIONS ARE DONE ON A ONE MEMBER ONE VOTE BASIS.

FORM 990, PART VI, SECTION A, LINE 7B:

THE FOLLOWING ACTS REQUIRE APPROVAL OF THE MEMBERS OF THE COOPERATIVE.

1. DISSOLUTION/LIQUIDATION OF THE COOPERATIVE;
2. MERGER OR CONSOLIDATION OF THE COOPERATIVE WITH ANOTHER ORGANIZATION;
3. THE DISPOSAL OF A SUBSTANTIAL PORTION OF THE COOPERATIVE'S ASSETS; AND
4. AMENDMENTS TO ARTICLES OF INCORPORATION.

ADDITIONALLY, PEC BYLAWS RESERVE TO MEMBERSHIP THE POWER TO REMOVE DIRECTORS FROM THE BOARD BY A VOTE OF 10% OF THE MEMBERSHIP, WITH NO REQUIREMENT FOR BOARD APPROVAL. THE BYLAWS ALSO ALLOW MEMBERS TO CALL A MEETING BY A PETITION SIGNED BY AT LEAST 10% OF MEMBERS.

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

FORM 990, PART VI, SECTION B, LINE 11B:

MANAGEMENT PRESENTED A COPY OF THE FORM 990 TO THE BOARD FOR APPROVAL. THIS ACTION WAS TAKEN AT THE BOARD MEETING IMMEDIATELY BEFORE FILING THE FORM 990.

FORM 990, PART VI, SECTION B, LINE 12C:

THE CONFLICT OF INTEREST POLICY REQUIRES ANNUAL AND ONGOING COMPLETION OF A CONFLICT OF INTEREST CERTIFICATION AND DISCLOSURE FORM BY ALL DIRECTORS, OFFICERS, KEY EMPLOYEES, OR MANAGERS OF THE COOPERATIVE. THE FORM, WHICH IS PART OF THE POLICY, INCLUDES AN AFFIRMATION THAT THE INDIVIDUAL WILL INFORM THE BOARD OF ANY NEW CONFLICT AFFECTING THEMSELVES OR ANY OTHER PERSON. EACH JANUARY, THESE DOCUMENTS ARE SOLICITED AND GATHERED BY THE CUSTODIAN OF THESE RECORDS, WHICH INCLUDES THE BOARD'S SECRETARY FOR BOARD MEMBERS AND PEC'S HUMAN RESOURCES DEPARTMENT FOR APPLICABLE EMPLOYEES. APPLICABLE PERSONS WHO JOIN THE COOPERATIVE ARE SUBJECT TO THE POLICY AND ARE REQUIRED TO FILE THE FORM AT THE OUTSET OF THEIR EMPLOYMENT OR DIRECTORSHIP. THE COMPLETED BOARD OF DIRECTORS DISCLOSURE AFFIRMATIONS ARE FORMALLY ACCEPTED BY THE BOARD PRESIDENT IN A MEETING OPEN TO THE PUBLIC AND ARE PART OF THE PUBLIC MINUTES OF THE COOPERATIVE.



FORM 990, PART VI, SECTION B, LINE 15:

A COMPREHENSIVE COMPENSATION ASSESSMENT IS RUN ON NEWLY PROMOTED OR NEWLY HIRED EXECUTIVE POSITIONS TO DETERMINE THE MOST APPROPRIATE BEGINNING SALARY FOR THAT POSITION. THE COMPARABLE MARKET USED IS THAT OF A COMPANY IN THE ENERGY AND UTILITIES INDUSTRY IN AUSTIN, TEXAS WITH 500-1000 FULL TIME EQUIVALENTS. INDIVIDUAL FACTORS ARE ALSO USED IN DETERMINING THE APPROPRIATE BEGINNING SALARY. THESE INDIVIDUAL FACTORS INCLUDE EMPLOYEE

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

TRAITS, SUCH AS YEARS OF EXPERIENCE, EDUCATION, AND CERTIFICATIONS, AS WELL AS, JOB TRAITS, SUCH AS TO WHOM THE POSITION REPORTS, NUMBER OF DIRECT REPORTS, AND JOB DUTIES. POSITIONS ARE MOST CLOSELY MATCHED TO A JOB DESCRIPTION IN THE COMPENSATION DATABASE WITH SIMILAR JOB DUTIES, EDUCATION, AND EXPERIENCE REQUIREMENTS. IN SOME CASES, DEPENDING ON THE POSITION, A HYBRID OF THE JOB IS COMPLETED TO MORE ACCURATELY REFLECT THE PEC POSITION JOB DUTIES. THE BEGINNING PROPOSED BASE SALARY IS BETWEEN THE 25TH AND 50TH PERCENTILE OF THE PREDICTED MEDIAN MARKET SALARY TAKING INTO CONSIDERATION TOTAL COMPENSATION. THE COST OF BENEFITS FOR PEC AT THIS LEVEL IS TYPICALLY BETWEEN 21% AND 45%. THE COST OF BENEFITS FOR THE MARKET IS TYPICALLY BETWEEN 23% AND 32%.

FORM 990, PART VI, SECTION C, LINE 19:

THE COOPERTIVE'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC ON THE COOPERTIVE'S WEBSITE. INFORMATION NOT POSTED ON THE WEBSITE IS AVAILABLE UPON REQUEST.

FORM 990, PART VI, SECTION A, LINE 9

THE NAMES AND ADDRESSES OF DIRECTORS AND OFFICERS WHO CANNOT BE REACHED AT THE COOPERATIVE'S ADDRESS ARE AS FOLLOWS:

CHRIS PERRY
1004 QUAIL RIDGE DR
DRIPPING SPRINGS, TX 78620

MICHAEL J RACIS
151 UNBRIDLED
AUSTIN, TX 78737

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

FORM 990, PARTS VI AND VII

THE COOPERATIVE ANNUALLY PROVIDES EACH DIRECTTOR WHO SERVED ON THE BOARD DURING THE YEAR A QUESTIONNAIRE AND A CERTIFICATION TO SIGN REGARDING THE AVERAGE NUMBER OF HOURS PER WEEK COMMITTED TO THE DUTIES AS A DIRECTOR OF THE COOPERATIVE. THE COMPLETED QUESTIONNAIRES AND TIME CERTIFICATIONS ARE USED TO ANSWER THE APPLICABLE QUESTIONS ON THE FORM 990 PERTAINING TO BUSINESS RELATIONSHIPS AMONG DIRECTORS, OFFICER AND KEY EMPLOYEES, AS WELL AS TO DETERMINE IF THERE ARE ANY TRANSACTIONS WHICH MUST BE REPORTED IN DETAIL ON SCHEDULE L - "TRANSACTIONS WITH INTERESTED PERSONS". IF THE COOPERATIVE WAS UNABLE TO OBTAIN A COMPLETED QUESTIONNAIRE AND/OR TIME CERTIFICATION, THE COOPERATIVE RELIED UPON THE COMPLETED INFORMATION FOR THE PRIOR YEAR.

FORM 990, PART VII, COLUMN F

IN ORDER TO PROVIDE RETIREMENT BENEFITS TO ITS EMPLOYEES, THE COOPERATIVE PROVIDES A DEFINED BENEFIT PLAN TO EMPLOYEES MEETING THE ELIGIBILITY REQUIREMENTS. HOWEVER, THE PLAN WAS CLOSED TO NEW PARTICIPANTS AFTER JANUARY 1, 2006. CONTRIBUTIONS TO THIS PLAN ARE BASED ON THE FULL FUNDING LIMITATION OF SUCH PLAN. ADDITIONALLY, THE COOPERATIVE PARTICIPATES IN A DEFINED CONTRIBUTION PLAN UNDER SECTION 401(K) OF THE INTERNAL REVENUE CODE. EMPLOYER CONTRIBUTIONS TO THE PLAN ARE AVAILABLE TO PARTICIPATING EMPLOYEES, INCLUDING OFFICERS AND HIGHLY COMPENSATED EMPLOYEES, MEETING THE ELIGIBILITY REQUIREMENTS OF THE PLAN.

THE COOPERATIVE ALSO PROVIDES HEALTH, DENTAL AND LIFE INSURANCE TO ALL

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

ELIGIBLE EMPLOYEES THROUGH A QUALIFIED PLAN. THE AMOUNT REPORTED ON PART VII COLUMN (F) FOR THE OFFICERS AND HIGHLY COMPENSATED EMPLOYEES IS COMPRISED OF THE ACTUARIAL INCREASE ASSOCIATED WITH PARTICIPATION IN THE DEFINED BENEFIT PLAN, IF APPLICABLE,THE TOTAL AMOUNT CONTRIBUTED BY THE COOPERATIVE TO THE 401(K) PLAN AND INSURANCE PAID ON BEHALF OF AND FOR BENEFIT OF THE OFFICERS AND HIGHLY COMPENSATED EMPLOYEES.

IN ADDITION TO THE ABOVE PENSION PLANS, THE COOPERATIVE ALSO PROVIDES POST-RETIREMENT HEALTH INSURANCE BENEFITS THROUGH AN UNFUNDED WELFARE BENEFIT PLAN. THE PER PERSON VALUE OF THESE BENEFITS HAS NOT BEEN ESTIMATED.



FORM 990, PART VIII, LINE 2

PATRONAGE DIVIDENDS RESULT FROM THE PAYMENT OF INTEREST FROM COOPERATIVE BANKS AND THE PURCHASE OF SUPPLIES AND SERVICES FROM OTHER COOPERATIVE ORGANIZATIONS. THE EXPENSES ASSOCIATED WITH PURCHASES FROM AND PAYMENTS TO SUCH COOPERATIVE ORGANIZATIONS ARE A DIRECT COMPONENT OF COST OF THE ELECTRIC SERVICE PROVIDED BY THE COOPERATIVE TO ITS MEMBERS.

FORM 990, PART IX

THE COOPERATIVE UTILIZES THE UNIFORM SYSTEM OF ACCOUNTS (USOA) ESTABLISHED BY THE RURAL UTILITIES SERVICES. THE USOA DOES NOT RECORD EXPENSES IN THE GENERAL EXPENSE CATEGORIES PROVIDED ON PART IX LINES 1 - 23. FOR FORM 990 REPORTING PURPOSES, THE COOPERATIVE SEPARATELY REPORTS DONATIONS, SALARIES AND WAGES, EMPLOYEE BENEFITS AND PAYROLL TAXES THAT ARE ALLOCATED IN ACCORDANCE WITH ITS ACCOUNTING SYSTEM.

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

OTHER EXPENSES DESCRIBED IN LINES 1 - 23, HOWEVER, ARE REPORTED ON LINE 24 UNDER THE EXPENSE CATEGORIES REQUIRED BY THE USOA.

FORM 990, PART IX, LINE 4

PURSUANT TO THE FORM 990 INSTRUCTIONS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO THE MEMBERS (HEREINAFTER REFERRED TO AS "PATRONS") SHOULD BE REPORTED ON PART IX, LINE 4. THE PHRASE "PATRONAGE DIVIDENDS PAID" REFERS TO THE PROCESS, SUBSEQUENT TO YEAR-END, BY WHICH THE COOPERATIVE ALLOCATES PATRONAGE CAPITAL TO AND, THEREFORE, OPERATES AT COST WITH ITS PATRONS.



THE COOPERATIVE'S TAX EXEMPT PURPOSE IS TO PROVIDE ELECTRICITY TO ITS PATRONS AND TO DO SO ON A COOPERATIVE BASIS. TAX LAW DEFINES "OPERATING ON A COOPERATIVE BASIS" AS SUBORDINATION OF CAPITAL, DEMOCRATIC CONTROL, AND OPERATION AT COST. THE COOPERATIVE OPERATES AT COST THROUGH THE ALLOCATION OF TRUE PATRONAGE DIVIDENDS (ALSO REFERRED TO AS ALLOCATIONS OF PATRONAGE CAPITAL) TO ITS PATRONS. PATRONAGE DIVIDENDS ARE CONSIDERED PAID IF THE ALLOCATION IS MADE (1) PURSUANT TO A PRE-EXISTING OBLIGATION, (2) FROM THE MARGINS PRODUCED FROM THE TRANSACTIONS DONE WITH OR FOR PATRONS, AND (3) IN A FAIR AND EQUITABLE MANNER ON THE BASIS OF PATRONAGE (I.E. PURCHASES). ADDITIONALLY, THE ALLOCATION OF PATRONAGE DIVIDENDS SHOULD BE MADE WITHIN A REASONABLE TIME PERIOD AFTER THE CLOSE OF THE COOPERATIVE'S YEAR-END OF DECEMBER 31. EACH ONE OF THESE REQUIREMENTS FOR A TRUE PATRONAGE DIVIDEND IS PROVIDED FOR IN THE NON-PROFIT OPERATION ARTICLE OF THE COOPERATIVE'S BYLAWS.

THE AMOUNT REPORTED ON PART IX, LINE 4 REPRESENTS THE AMOUNT OF

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

PATRONAGE CAPITAL THAT WAS ALLOCATED TO THE PATRONS RESULTING FROM THEIR PURCHASE OF ELECTRICITY FROM THE COOPERATIVE FOR THE 2016 CALENDAR YEAR. BECAUSE PATRONAGE DIVIDENDS ARE THE PROCESS BY WHICH THE COOPERATIVE OPERATES AT COST WITH ITS PATRONS AND THEREBY A KEY COMPONENT TO ACCOMPLISHING ITS EXEMPT PURPOSE, THE COOPERATIVE REPORTED SUCH AMOUNTS AS AN EXPENSE FOR FORM 990 REPORTING. PATRONAGE DIVIDENDS ARE NOT AN EXPENSE FOR FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, HOWEVER.

FORM 990, PART IX, LINES 5-7

SALARIES AND WAGES ARE ALLOCATED TO ASSET, LIABILITY, AND EXPENSE ACCOUNTS BASED ON THE ACCOUNTING SYSTEM DESCRIBED ABOVE. THE FOLLOWING SCHDULE RECONCILES AMOUNTS REPORTED ON LINES 5-7 TO TOTAL WAGES ACCRUED AND/OR PAID:

| | |
|---|---|
| TOTAL PER LINES 5-7 | $34,905,654 |
| LESS DIRECTORS FEES REPORTED ON 1099-MISC | (269,250) |
| LESS EMPLOYEE OFFICER BENEFITS INCLUDED IN LINE 5 | (498,994) |
| PLUS SALARIES & WAGES CAPITALIZED DIRECTLY TO PLANT | 25,313,119 |
| PLUS SALARIES & WAGES CAPITALIZED/EXPENSED INDIRECTLY THROUGH CLEARING & OTHER ACCOUNTS | 1,761,315 |
| TOTAL WAGES ACCRUED AND/OR PAID | $61,211,844 |

FORM 990, PART IX, LINE 24A

THE COOPERATIVE'S WHOLESALE POWER SUPPLIERS ARE (1) THE LOWER COLORADO RIVER AUTHORITY AND (2) AEP ENERGY PARTNERS, INC. THE $323,504,846 OF PURCHASED POWER EXPENSE, REPORTED ON LINE 24A, IS COMPRISED OF PAYMENTS

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

MADE TO EACH.

FORM 990, PART IX, LINE 24C

ADMINISTRATIVE AND GENERAL EXPENSES ARE COMPRISED OF THE FOLLOWING:

| | |
|---|---|
| OFFICE SUPPLIES EXPENSE | $ 4,228,025 |
| CONTRACT SERVICES | 3,704,294 |
| INJURIES & DAMAGES | 357,666 |
| RENTS | 390,727 |
| MAINTENANCE OF GENERAL PLANT | 4,076,981 |
| GENERAL EXPENSES | 3,192,832 |
| | |
| TOTAL ADMINISTRATIVE AND GENERAL EXPENSE PER FORM 990 | $15,950,525 |

FORM 990, PART IX, LINE 24E

OTHER EXPENSES ARE COMPRISED OF THE FOLLOWING:

| | |
|---|---|
| SALES & USE TAX | $ 749,591 |
| GROSS RECEIPTS TAXES | 905,239 |
| FRANCHISE FEES | 1,542,450 |
| TRANSMISSION OPERATION & MAINTENANCE EXPENSE | 2,869,688 |
| SALES EXPENSE | 311,855 |
| OTHER DEDUCTIONS | 287,922 |
| | |
| TOTAL OTHER EXPENSES PER FORM 990 | $6,666,745 |

FORM 990, PART X, LINES 4 AND 15

THE COOPERATIVE PREVIOUSLY INCLUDED ACCRUED INTEREST RECEIVABLE AND

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number: 74-0828412

ACCRUED UNBILLED REVENUE AS COMPONENTS OF ACCOUNTS RECEIVABLE ON LINE 4 OF PART X. HOWEVER, FOR THE 2016 CALENDAR YEAR, THE COOPERATIVE BEGAN REPORTING THESE AMOUNTS ON LINE 15. TO INCREASE CONSISTENCY, ACCRUED INTEREST RECEIVABLE AND ACCRUED UNBILLED REVENUE IN THE AMOUNT OF $23,104,820 FOR THE 2015 CALENDAR YEAR HAVE BEEN RECLASSED FROM LINE 4 TO LINE 15.

FORM 990, PART X, LINES 9 AND 23

IN PRIOR YEARS THE COOPERATIVE REPORTED DEBT ISSUANCE COSTS AS A DEFERRED CHARGE IN THE BALANCE SHEET AND AMORTIZATION OF SUCH COSTS IN THE INCOME STATEMENT AS A COMPONENT OF INTEREST EXPENSE. TO COMPLY WITH NEW GAAP PRESENTATION REQUIREMENTS, THE COOPERATIVE BEGAN REPORTING SUCH COSTS IN 2016 AS A DIRECT DEDUCTION FROM THE FACE AMOUNT OF THE RELATED DEBT. TO INCREASE CONSISTENCY WITH THE REPORTING AND RECLASSIFICATIONS PER THE AUDITED BALANCE SHEET, DEBT ISSUANCE COSTS IN THE AMOUNT OF $3,249,252 FOR THE 2015 CALENDAR YEAR HAVE BEEN RECLASSIFIED FROM LINE 9 TO 23; AS SUCH, TOTAL ASSETS (LINE 16) AND TOTAL LIABILITIES (LINE 26) HAVE DECREASED BY THE SAME AMOUNT. THE CHANGE DID NOT AFFECT MEMBER'S EQUITY.



FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

| | |
|---|---|
| NET CHANGE IN MEMBERSHIPS | 486,770. |
| PATRONAGE CAPITAL RETIRED - TOTAL | -28,397,134. |
| PATRONAGE CAPITAL RETIRED - DISCOUNT | 19,711,531. |
| PATRONAGE CAPITAL ASSIGNED | 55,783,913. |
| TOTAL TO FORM 990, PART XI, LINE 9 | 47,585,080. |

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

**Employer identification number** 74-0828412

FORM 990, PART XII, LINE 2C

THE BOARD OF DIRECTORS ASSIGNED MEMBERS TO AN AUDIT COMMITTEE TO OVERSEE THE FINANCIAL STATEMENT AUDIT AND SELECT THE INDEPENDENT FINANCIAL STATEMENT AUDITOR. PROCEDURAL CHANGES DID NOT OCCUR DURING THE YEAR.

**SCHEDULE R** (Form 990)

Department of the Treasury Internal Revenue Service

# Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ Information about Schedule R (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

Name of the organization: PEDERNALES ELECTRIC COOPERATIVE, INC

**Employer identification number** 74-0828412

**Part I** **Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

| (a) Name, address, and EIN (if applicable) of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Part II** **Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? Yes | No |
|---|---|---|---|---|---|---|---|
| PEDERNALES ELECTRIC COOPERATIVE SCHOLARSHIP FUND - 74-2897600, 201 S. AVENUE F, JOHNSON CITY, TX 78636 | TO PROVIDE SCHOLARSHIPS FOR POST-SECONDARY EDUCATION | TEXAS | 501(C)(3) | PF | PEDERNALES ELECTRIC COOPERATIVE, INC. | X | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



**For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

**Part III** **Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership | (i) Section 512(b)(13) controlled entity? Yes | (i) No |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

| **Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule. | | Yes | No |
|---|---|---|---|
| **1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV? | | | |
| **a** Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity | **1a** | | X |
| **b** Gift, grant, or capital contribution to related organization(s) | **1b** | | X |
| **c** Gift, grant, or capital contribution from related organization(s) | **1c** | | X |
| **d** Loans or loan guarantees to or for related organization(s) | **1d** | | X |
| **e** Loans or loan guarantees by related organization(s) | **1e** | | X |
| **f** Dividends from related organization(s) | **1f** | | X |
| **g** Sale of assets to related organization(s) | **1g** | | X |
| **h** Purchase of assets from related organization(s) | **1h** | | X |
| **i** Exchange of assets with related organization(s) | **1i** | | X |
| **j** Lease of facilities, equipment, or other assets to related organization(s) | **1j** | | X |
| **k** Lease of facilities, equipment, or other assets from related organization(s) | **1k** | | X |
| **l** Performance of services or membership or fundraising solicitations for related organization(s) | **1l** | | X |
| **m** Performance of services or membership or fundraising solicitations by related organization(s) | **1m** | | X |
| **n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) | **1n** | | X |
| **o** Sharing of paid employees with related organization(s) | **1o** | X | |
| **p** Reimbursement paid to related organization(s) for expenses | **1p** | | X |
| **q** Reimbursement paid by related organization(s) for expenses | **1q** | X | |
| **r** Other transfer of cash or property to related organization(s) | **1r** | | X |
| **s** Other transfer of cash or property from related organization(s) | **1s** | | X |

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

| | **(a)** Name of related organization | **(b)** Transaction type (a-s) | **(c)** Amount involved | **(d)** Method of determining amount involved |
|---|---|---|---|---|
| (1) | PEDERNALES ELECTRIC COOPERATIVE SCHOLARSHIP FUND | O | 0. | N/A LESS THAN $50,000 |
| (2) | PEDERNALES ELECTRIC COOPERATIVE SCHOLARSHIP FUND | Q | 0. | N/A LESS THAN $50,000 |
| (3) | | | | |
| (4) | | | | |
| (5) | | | | |
| (6) | | | | |

**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners sec. 501(c)(3) orgs.? Yes | (e) No | (f) Share of total income | (g) Share of end-of-year assets | (h) Dispropor-tionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |





632164 09-06-16

**Part VII** **Supplemental Information.**

Provide additional information for responses to questions on Schedule R. See instructions.