



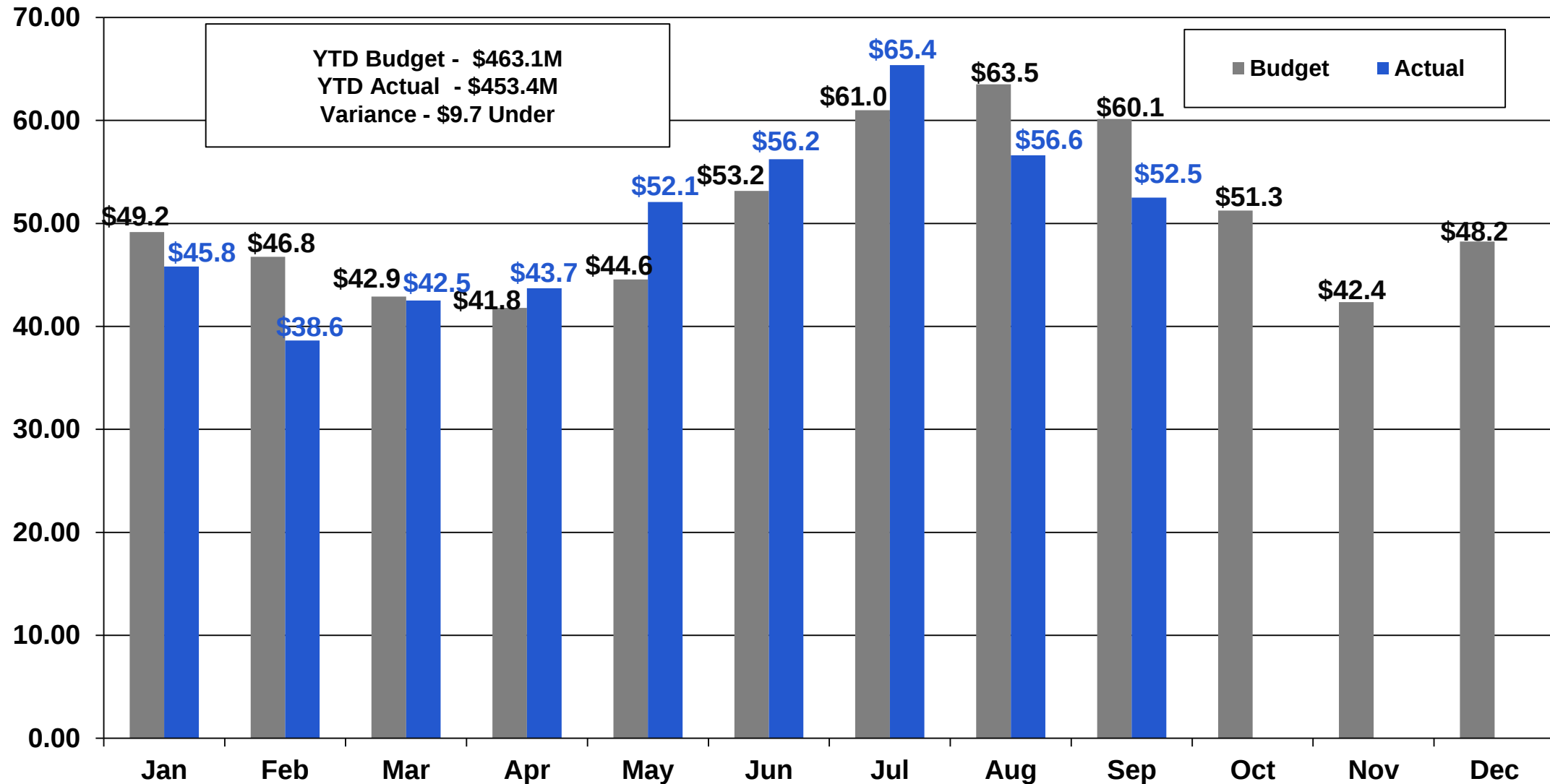
Report on September 2017 Financials

Freddy Wolff, CPA
Controller

October 16, 2017

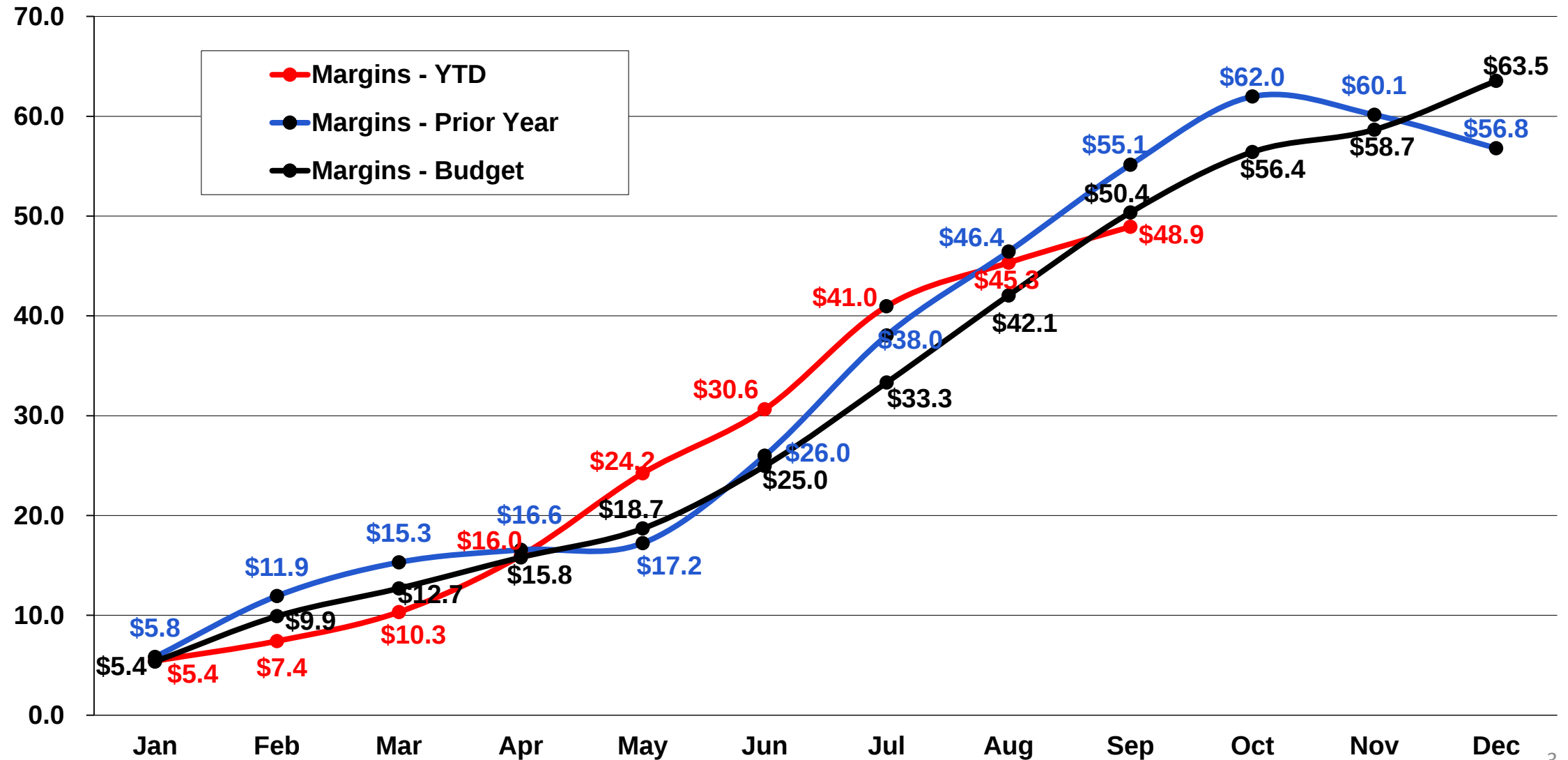
Revenues – Actual vs Budget (in millions)

YTD 2017



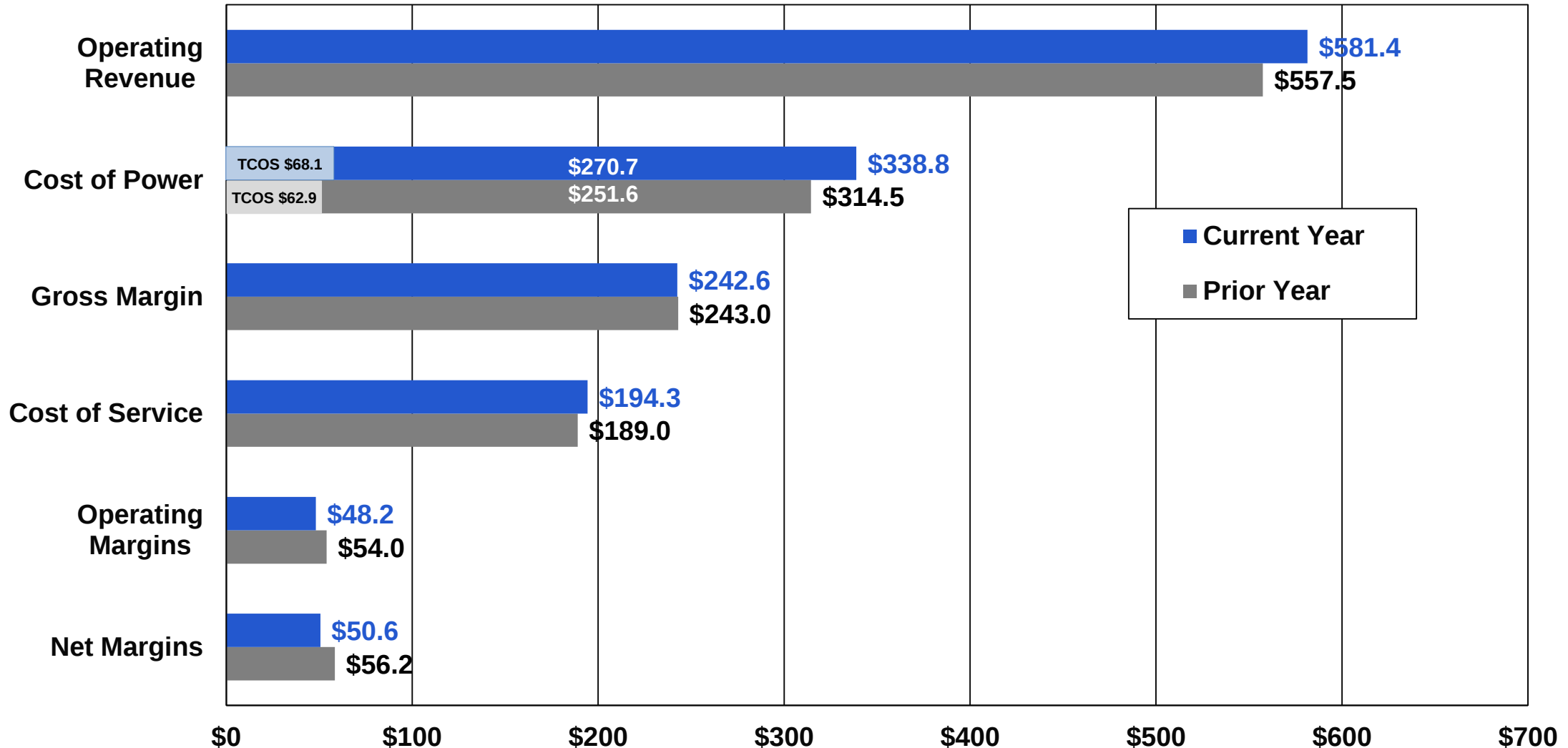
Net Margins Year-to-Date

Actual vs Budget 2017 vs Prior Year (in millions)



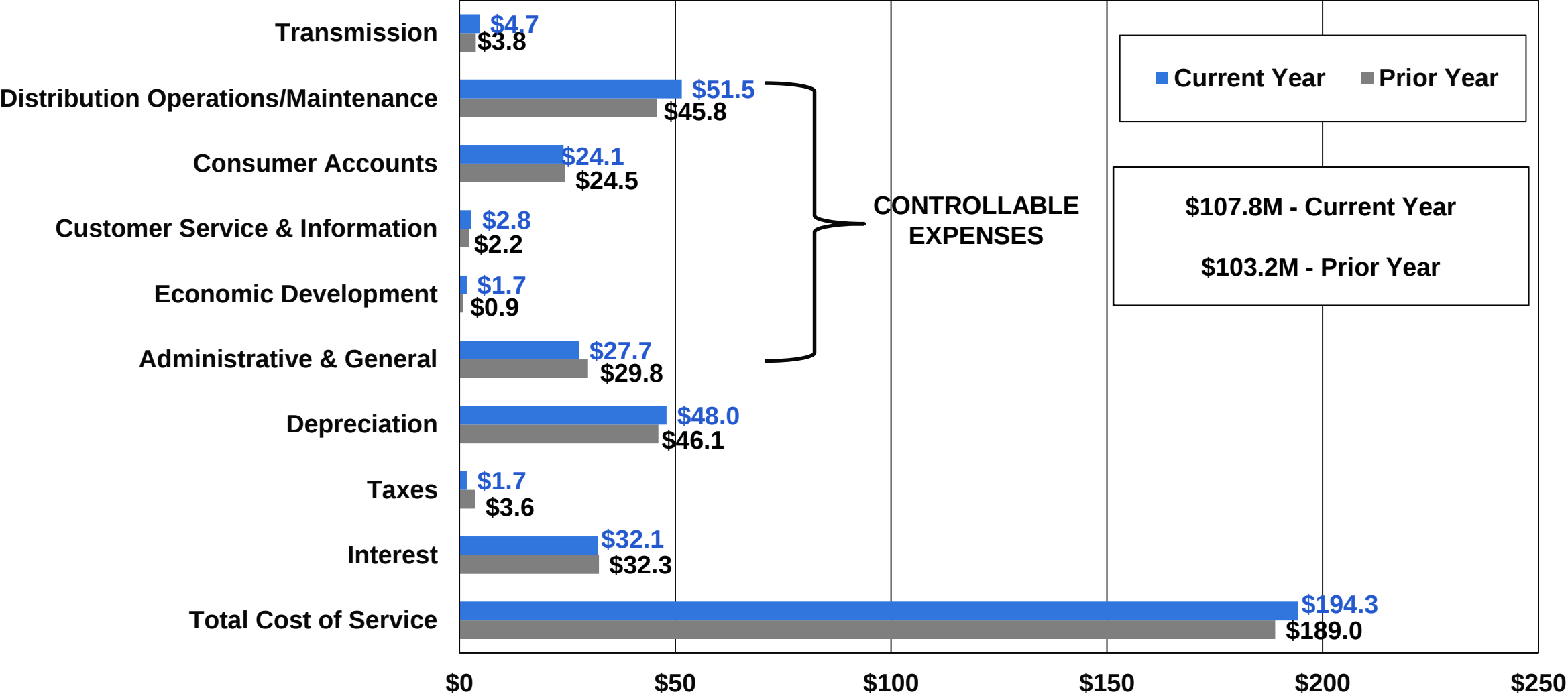
Summary of Revenues, Expenses & Margins

Rolling 12 Months through September 2017 (in millions)



Cost of Service Rolling 12 Months through September 2017

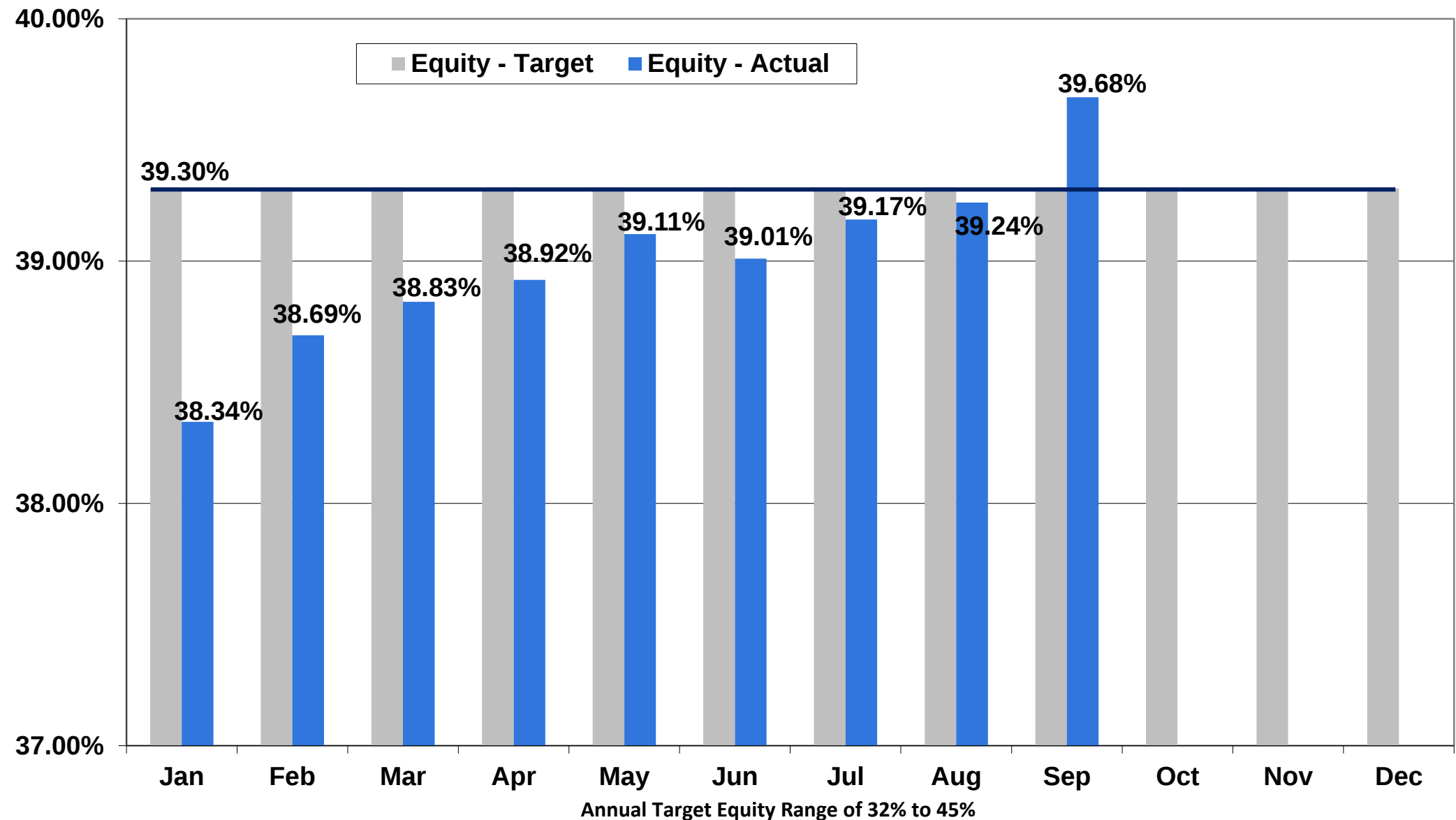
(in millions)



Annualized Controllable Expense per Consumer*	\$363.83	\$376.22	-\$12.39
Controllable Expense per Consumer History:			
2013	\$414.20		
2014	\$405.14		
2015	\$382.62		
2016	\$377.14		

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Equity as a Percentage of Assets YTD 2017



Summary of Plant Additions & CWIP Net Activity 2017

<u>Asset Additions by GL Account & Period with Life</u>	<u>Jan 2017</u>	<u>Feb 2017</u>	<u>Mar 2017</u>	<u>Apr 2017</u>	<u>May 2017</u>	<u>Jun 2017</u>	<u>Jul 2017</u>	<u>Aug 2017</u>	<u>Sep 2017</u>	<u>YTD Total</u>
353.10 TP-Station Equipment (Life 52.5 Yrs.)	-	-	-	-	-	15,176	20,223	9,094	-	44,493
362.10 DP-Station Equipment (Life 45 Yrs.)	-	-	-	9,870	-	6,002	-	163,435	-	179,307
364.10 DP-Poles; Towers & Fixtures (Life 42 Yrs.)	1,828,202	1,269,504	1,581,313	700,715	1,104,052	389,258	1,312,063	1,435,838	1,988,252	11,609,196
365.10 DP-OH Conductors & Devices (Life 44 Yrs.)	2,091,901	926,920	1,556,344	838,204	1,139,926	493,336	1,542,461	1,568,980	2,008,979	12,167,049
366.10 DP-Underground Conduit (Life 54 Yrs.)	37	-	277	633	-	-	497	-	121,293	122,736
367.10 DP-URD Conductors & Devices (Life 38 Yrs.)	1,274,582	775,474	1,131,188	1,840,463	640,308	194,309	808,833	251,149	2,101,606	9,017,912
368.10 DP-Line Transformers (Life 35 Yrs.)	956,590	787,004	1,225,293	2,261,396	1,101,096	484,099	775,591	2,651,042	1,137,657	11,379,770
369.10 DP-Services (Life 39 Yrs.)	590,873	113,784	298,921	542,667	206,214	79,764	1,513,936	133,847	415,286	3,895,291
370.10 DP-Meters (Life 8 Yrs.)	35,333	14,699	24,799	24,791	11,628	9,828	2,390,111	20,504	703,719	3,235,412
370.20 DP-Meters AMR Collectors (Life 8 Yrs.)	2,995	1,574	2,057	207	(127)	806	1,947,301	1,452	494,709	2,450,973
370.30 DP-Meters CT & PT TRFS (Life 35 Yrs.)	17,213	5,461	21,654	7,923	(9,200)	5,994	5,925	3,445	7,634	66,048
373.20 DP-Light Watchman Fixture (Life 38 Yrs.)	5,915	4,079	14,763	4,675	418,270	7,820	599,210	7,622	233,620	1,295,974
390.10 GP-Structures & Improvement (Life 42 Yrs.)	17,570	-	25,757	40,034	14,704	284,554	526,865	37,038	278,684	1,225,206
390.20 GP-Leased Bldg. Improvement (Life 42 Yrs.)	-	-	-	-	-	-	344,975	150,353	78,664	573,992
391.10 GP-Office Furniture & Equipment (Life 12 Yrs.)	193,212	-	13,458	3,161	3,133	49,020	3,198	-	2,803	267,986
391.20 GP-Computer Equipment & Software (Life 5 Yrs.)	-	-	-	26,080	-	(315)	401,556	13,884	103,000	544,206
391.90 GP-Office Furn./Equip-Capital Lease (Life 3 Yrs.)	-	-	(3,801)	-	-	-	-	-	-	(3,801)
392.10 GP-Transportation Equipment (Life 8 Yrs)	75,113	34,310	28,690	33,557	730,754	-	-	85,648	-	988,072
394.10 GP-Tools; Shop & Garage Equip, (Life 16 Yrs.)	3,469	-	11,691	-	-	13,278	-	-	4,046	32,484
395.10 GP-Laboratory Equipment (Life 16 Yrs.)	-	-	88,580	-	-	9,034	29,635	-	-	127,249
396.10 GP-Power Operated Equipment (Life 10 Yrs.)	-	2,956,926	-	965,677	517,244	-	391,373	416,183	600,193	5,847,596
397.20 GP-SCADA AM/FM (Life 10 Yrs.)	-	-	-	-	-	-	792,985	-	-	792,985
398.10 GP-Misc Equipment-Safety (Life 16 Yrs.)	4,306	-	3,979	-	-	-	36,295	-	610,497	655,077
Total Additions	\$ 7,097,312	\$ 6,889,733	\$ 6,024,963	\$ 7,300,053	\$ 5,878,001	\$ 2,041,960	\$ 13,443,034	\$ 6,949,515	\$10,890,643	\$ 66,515,212
CWIP Net Change	\$ 1,936,308	\$ 4,749,294	\$ 8,643,947	\$ 2,291,424	\$ 5,927,656	\$12,352,938	\$ 898,406	\$ 4,896,712	\$ (3,877,989)	\$ 37,818,696
Total Additions	\$ 9,033,620	\$ 11,639,028	\$ 14,668,909	\$ 9,591,476	\$ 11,805,657	\$14,394,899	\$ 14,341,440	\$ 11,846,227	\$ 7,012,654	\$104,333,908

Investments in Cooperatives

	BEGINNING OF 2017	ADDITIONS AS OF 9/30/17	RETIREMENTS AS OF 9/30/17	END OF 9/30/17
National Rural Utility Cooperative Finance Corporation	\$4,054,247	591,089		\$4,645,336
Texas Electric Cooperative	\$2,869,254	295,578	(295,132)	\$2,869,700
CoBank	\$1,000	20,171		\$21,171
Guadalupe Valley Telephone Cooperative	\$67,510		(5,892)	\$61,618
National Rural Telecommunication Coop (Texas VI)	\$19,299		(4,076)	\$15,223
National Rural Telecommunication Coop	\$83,340			\$83,340
Cooperative Response Center, Inc	\$14,773	11,648	(2,331)	\$24,090
National Information Solutions Coop	\$182,328		(40,525)	\$141,803
TOTAL	\$7,291,751	918,486	(347,956)	\$7,862,281

Revenue Adjustment Factor Update

	BUDGET	\$2M	\$3M	\$4M
Margin	\$64.4M	\$62.3M	\$61.3M	\$60.3M
DSC	1.94	1.91	1.9	1.89
TIER	2.89	2.83	2.8	2.77
Equity	39.3%	39.18%	39.12%	39.05%
New Borrowings	\$66.6M	\$68.7M	\$69.7M	\$70.7M
Additional Interest (30 years at 4.25%)		\$1.5M	\$2.3M	\$3.1M

RAF Tariff Model

- Applicable to all rates except Industrial and Power Plant Start Power
- Only used in the case when higher than required revenues are forecast
- The RAF will only be used to produce a reduction to PEC's revenue through a rate credit
- Use of the RAF and the timeframe for application including the start and end date must be approved by the Board of Directors via a Board Resolution



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