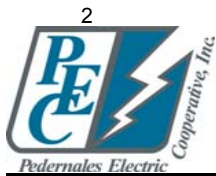


Growth Statistics

| <u>YEAR/ MONTH</u> | <u>ACTIVE ACCOUNTS*</u> | <u>NET INCREASE</u> | <u>APPLICATIONS</u> | <u>TIME OF USE</u> | <u>INTER- CONNECT</u> | <u>RENEWABLE RIDER</u> |
|------------------------|-----------------------------|-------------------------|---------------------|------------------------|---------------------------|----------------------------|
| <u>2017</u> | | | | | | |
| January | 288,562 | 1,140 | 1,846 | 0 | 1,270 | 352 |
| February | 289,582 | 1,020 | 1,809 | 21 | 1,319 | 352 |
| March | 291,084 | 1,502 | 2,316 | 24 | 1,355 | 352 |
| April | 291,623 | 539 | 2,081 | 38 | 1,399 | 352 |
| May | 293,315 | 1,692 | 2,701 | 43 | 1,444 | 352 |
| June | 295,158 | 1,843 | 2,973 | 56 | 1,501 | 369 |
| July | 295,644 | 486 | 2,875 | 99 | 1,532 | 369 |
| August | 296,742 | 1,098 | 2,833 | 116 | 1,574 | 371 |
| September | 297,549 | 807 | 2,212 | 121 | 1,610 | 371 |
| October | 298,734 | 1,185 | 2,243 | 162 | 1,674 | 373 |
| November | 299,990 | 1,256 | 2,057 | 165 | 1,741 | 367 |
| December | 300,238 | 248 | 2,028 | 173 | 1,776 | 370 |

* Active Accounts are meters and lights only.



Statements of Income and Patronage Capital

| | MTD | | | YTD | | |
|--|-----------------------|---------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | Actual | Budget | Actual | Actual | Budget | Actual |
| | DECEMBER 2017 | DECEMBER 2017 | DECEMBER 2016 | DECEMBER 2017 | DECEMBER 2017 | DECEMBER 2016 |
| KWH Purchased (available for sale) | 535,749,000 | 481,112,000 | 488,632,000 | 6,072,845,000 | 6,241,294,000 | 5,878,792,000 |
| KWH Sold | 500,465,000 | 450,974,000 | 468,393,000 | 5,686,981,000 | 5,836,206,000 | 5,559,051,000 |
| OPERATING REVENUES: | | | | | | |
| Sale of Electricity | \$ 46,246,000 | \$ 45,982,000 | \$ 40,280,000 | \$ 553,893,000 | \$ 577,498,000 | \$ 558,783,000 |
| LCRA FPCR (Over)Under | 1,059,000 | - | 660,000 | 1,503,000 | - | (5,697,000) |
| Power Cost Adjustment (Over)Under | 653,000 | - | 3,000 | 4,027,000 | - | (12,212,000) |
| TCOS (Over)Under | 180,000 | - | 952,000 | 4,441,000 | - | (2,620,000) |
| Other Revenue | 2,762,000 | 2,248,000 | 2,244,000 | 27,363,000 | 27,329,000 | 27,505,000 |
| Operating Revenues - Total | 50,900,000 | 48,230,000 | 44,139,000 | 591,227,000 | 604,827,000 | 565,759,000 |
| OPERATING & MAINTENANCE EXPENSES: | | | | | | |
| Purchased Power | 29,306,000 | 27,526,000 | 27,094,000 | 338,833,000 | 347,489,000 | 329,275,000 |
| LCRA Fuel Power Cost Recovery Factor | 1,059,000 | - | 660,000 | 1,503,000 | - | (5,697,000) |
| Transmission Operations | 35,000 | 70,000 | 31,000 | 644,000 | 858,000 | 559,000 |
| Transmission Maintenance | 329,000 | 290,000 | 898,000 | 3,690,000 | 3,526,000 | 3,521,000 |
| Distribution Operations | 3,595,000 | 2,794,000 | 4,172,000 | 35,702,000 | 34,520,000 | 34,138,000 |
| Distribution Maintenance | (142,000) | 1,099,000 | (174,000) | 15,853,000 | 15,784,000 | 15,385,000 |
| Consumer Accounts | 2,325,000 | 2,112,000 | 2,723,000 | 23,664,000 | 26,235,000 | 23,763,000 |
| Customer Service & Information | 379,000 | 303,000 | 233,000 | 3,015,000 | 4,016,000 | 2,301,000 |
| Economic Development | 170,000 | 134,000 | 226,000 | 1,770,000 | 1,784,000 | 1,098,000 |
| Administrative & General | 2,276,000 | 2,022,000 | 3,750,000 | 27,575,000 | 26,779,000 | 29,425,000 |
| Depreciation & Amortization Expense | 4,210,000 | 3,980,000 | 4,208,000 | 48,966,000 | 45,792,000 | 43,048,000 |
| Tax Expense | 60,000 | 70,000 | 810,000 | 955,000 | 931,000 | 3,197,000 |
| Operating & Maintenance Expenses - Total | 43,602,000 | 40,400,000 | 44,631,000 | 502,170,000 | 507,714,000 | 480,013,000 |
| MARGIN BEFORE INTEREST | 7,298,000 | 7,830,000 | (492,000) | 89,057,000 | 97,113,000 | 85,746,000 |
| INTEREST EXPENSE: | 2,469,000 | 2,887,000 | 2,796,000 | 31,884,000 | 34,601,000 | 30,712,000 |
| MARGIN AFTER INTEREST | 4,829,000 | 4,943,000 | (3,288,000) | 57,173,000 | 62,512,000 | 55,034,000 |
| OTHER INCOME (EXPENSE): | 1,834,000 | (56,000) | (60,000) | 3,979,000 | 1,033,000 | 1,765,000 |
| NET MARGIN (LOSS) | \$ 6,663,000 | \$ 4,887,000 | \$ (3,348,000) | \$ 61,152,000 | \$ 63,545,000 | \$ 56,799,000 |
| COMPREHENSIVE INCOME | \$ 6,663,000 | | \$ (3,348,000) | \$ 61,152,000 | | \$ 56,799,000 |
| PATRONAGE CAPITAL - BEGINNING OF PERIOD | 430,267,000 | | 430,019,000 | 402,207,000 | | 373,806,000 |
| Patronage Capital Retired | (16,000) | | (4,309,000) | (8,358,000) | | (8,686,000) |
| Transfers to Other Equities | (20,000) | | (20,155,000) | (18,105,000) | | (19,712,000) |
| PATRONAGE CAPITAL - TOTAL | \$ 436,894,000 | | \$ 402,207,000 | \$ 436,896,000 | | \$ 402,207,000 |



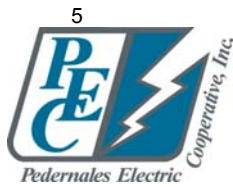
Balance Sheet

| | DECEMBER 2017 | DECEMBER 2016 | \$ VARIANCE | % CHANGE |
|---|-------------------------|-------------------------|----------------------|--------------|
| ASSETS | | | | |
| UTILITY PLANT: | | | | |
| In Service: | | | | |
| Transmission | \$ 101,597,000 | \$ 100,303,000 | \$ 1,294,000 | 1.29% |
| Distribution | 1,405,045,000 | 1,344,293,000 | 60,752,000 | 4.52% |
| General & Electric | 157,635,000 | 146,848,000 | 10,787,000 | 7.35% |
| Utility Plant - In service | 1,664,277,000 | 1,591,444,000 | 72,833,000 | 4.58% |
| Long-Term Capital Projects | 86,570,000 | 58,035,000 | 28,535,000 | 49.17% |
| Utility Plant - Total | 1,750,847,000 | 1,649,479,000 | 101,368,000 | 6.15% |
| Accumulated Depreciation | (288,182,000) | (286,311,000) | (1,871,000) | 0.65% |
| Utility Plant - Net | 1,462,665,000 | 1,363,168,000 | 99,497,000 | 7.30% |
| LONG TERM INVESTMENTS: | | | | |
| Capital Term Certificates & Other | 12,883,000 | 12,179,000 | 704,000 | 5.78% |
| CURRENT ASSETS: | | | | |
| Cash | 21,931,000 | 33,244,000 | (11,313,000) | (34.03%) |
| Accounts Receivable: | | | | |
| Members | 21,367,000 | 15,940,000 | 5,427,000 | 34.05% |
| Other | 3,765,000 | 2,845,000 | 920,000 | 32.34% |
| LCRA Fuel Power Cost Recovery Factor | 1,162,000 | 2,665,000 | (1,503,000) | (56.40%) |
| Allowance for Uncollectible Accts | (538,000) | (1,046,000) | 508,000 | (48.57%) |
| Accrued Unbilled Revenue | 26,364,000 | 24,084,000 | 2,280,000 | 9.47% |
| Materials & Supplies | 21,008,000 | 22,423,000 | (1,415,000) | (6.31%) |
| Prepayments & Other | 2,794,000 | 2,332,000 | 462,000 | 19.81% |
| Current Assets - Total | 97,853,000 | 102,487,000 | (4,634,000) | (4.52%) |
| DEFERRED CHARGES & OTHER ASSETS: | | | | |
| Regulatory Assets | 66,346,000 | 69,924,000 | (3,578,000) | (5.12%) |
| Other Deferred Charges | 744,000 | 964,000 | (220,000) | (22.82%) |
| Deferred Charges & Other Assets - Total | 67,090,000 | 70,888,000 | (3,798,000) | (5.36%) |
| TOTAL ASSETS | \$ 1,640,491,000 | \$ 1,548,722,000 | \$ 91,769,000 | 5.93% |



Balance Sheet

| | DECEMBER 2017 | DECEMBER 2016 | \$ VARIANCE | % CHANGE |
|--|-------------------------|-------------------------|----------------------|--------------|
| EQUITY & LIABILITIES | | | | |
| EQUITY: | | | | |
| Membership Certificates | \$ 12,165,000 | \$ 11,614,000 | 551,000 | 4.74% |
| Permanent Equity | 189,835,000 | 171,730,000 | 18,105,000 | 10.54% |
| Patronage Capital | 436,894,000 | 402,207,000 | 34,687,000 | 8.62% |
| Equity - Total | 638,894,000 | 585,551,000 | 53,343,000 | 9.11% |
| LONG-TERM DEBT: | | | | |
| 02 Issue - \$450M - 2032 | 297,316,000 | 310,141,000 | (12,825,000) | (4.14%) |
| 08 Issue - \$300M - 2043 | 202,024,000 | 207,086,000 | (5,062,000) | (2.44%) |
| 15 Issue - \$25M - 2045 | 23,715,000 | 24,198,000 | (483,000) | (2.00%) |
| 15 Issue - \$78M - 2020 | 34,171,000 | 50,567,000 | (16,396,000) | (32.42%) |
| 16 Issue - \$15M - 2021 | 7,500,000 | 11,250,000 | (3,750,000) | (33.33%) |
| 16 Issue - \$80M - 2046 | 76,979,000 | 78,518,000 | (1,539,000) | (1.96%) |
| 17 Issue - \$13M - 2022 | 9,750,000 | - | 9,750,000 | 100.00% |
| 17 Issue - \$80M - 2047 | 78,624,000 | - | 78,624,000 | 100.00% |
| Long-Term Debt - Total | 730,079,000 | 681,760,000 | 48,319,000 | 7.09% |
| CURRENT LIABILITIES: | | | | |
| Lines of Credit | - | - | - | 0.00% |
| Current Maturities of LTD | 43,546,000 | 38,126,000 | 5,420,000 | 14.22% |
| Accounts Payable | 51,436,000 | 52,756,000 | (1,320,000) | (2.50%) |
| Consumer Deposits | 6,262,000 | 5,891,000 | 371,000 | 6.30% |
| Accrued Taxes | 10,273,000 | 9,041,000 | 1,232,000 | 13.63% |
| Accrued Interest | 3,790,000 | 3,866,000 | (76,000) | (1.97%) |
| Other Current Liabilities | 12,775,000 | 11,498,000 | 1,277,000 | 11.11% |
| Current Liabilities - Total | 128,082,000 | 121,178,000 | 6,904,000 | 5.70% |
| DEFERRED CREDITS & OTHER NONCURRENT LIABILITIES | | | | |
| Postretirement Benefits Obligation | 116,102,000 | 107,009,000 | 9,093,000 | 8.50% |
| LCRA Fuel Power Cost Recovery Over(Under) | 1,162,000 | 2,665,000 | (1,503,000) | (56.40%) |
| Power Cost Adjustment Over(Under) | 11,657,000 | 15,685,000 | (4,028,000) | (25.68%) |
| Transmission Cost of Service Over(Under) | (1,821,000) | 2,620,000 | (4,441,000) | (169.50%) |
| Other Deferred Credits | 16,336,000 | 32,254,000 | (15,918,000) | (49.35%) |
| Deferred Credits - Total | 143,436,000 | 160,233,000 | (16,797,000) | (10.48%) |
| TOTAL EQUITY & LIABILITIES | \$ 1,640,491,000 | \$ 1,548,722,000 | \$ 91,769,000 | 5.93% |
| Equity as a Percent of Assets | 38.95% | 37.81% | | |
| Equity Capitalization | 45.23% | 44.85% | | |



Cash Flow Statement

| | YTD | |
|--|------------------------|----------------------|
| | DECEMBER 2017 | DECEMBER 2016 |
| OPERATING ACTIVITIES: | | |
| Net Margins | \$ 61,150,000 | \$ 56,799,000 |
| Adjustments to Reconcile Net Margins to Net Cash | | |
| Provided by (Used in) Operating Activities: | | |
| Depreciation & Amortization Expense | 48,966,000 | 43,298,000 |
| Provision for Uncollectible Accounts | 317,000 | 136,000 |
| Capital Credits | 1,709,000 | (1,233,000) |
| Deferred Charges for Post-Retirement Plans | 20,255,000 | 12,824,000 |
| Payments on Post-Retirement Benefits | (2,162,000) | (1,968,000) |
| Payments to Defined Benefit Plan | (9,000,000) | (9,600,000) |
| Changes in assets and liabilities: | | |
| Accounts Receivable - Net | (5,669,000) | 14,085,000 |
| Accrued Unbilled Revenue | (2,281,000) | (1,014,000) |
| Materials & Supplies | 1,415,000 | 5,153,000 |
| Prepayments & Other Current Assets | (461,000) | (615,000) |
| Deferred Charges & Other Assets | 3,798,000 | 626,000 |
| Accrued & Accounts Payable | (1,321,000) | (1,127,000) |
| Consumer Deposits | 371,000 | 175,000 |
| Accrued Taxes | 1,232,000 | 1,410,000 |
| Accrued Interest | (76,000) | 530,000 |
| Other Current Liabilities | 1,277,000 | 2,005,000 |
| Other Deferred Credits & Liabilities | (25,889,000) | 3,541,000 |
| Net Cash Provided by (Used in) Operating Activities | 93,631,000 | 125,025,000 |
| INVESTING ACTIVITIES: | | |
| Net Additions to Property, Plant & Equipment | (148,463,000) | (150,321,000) |
| Capital Credit Retirements from Associated Organizations | (2,413,000) | 795,000 |
| Net Cash Provided by (Used in) Investing Activities | (150,876,000) | (149,526,000) |
| FINANCING ACTIVITIES: | | |
| Net Borrowings - Line of Credit | - | - |
| Proceeds from issuance of Long-Term Debt | 93,000,000 | 94,250,000 |
| Payments on Long-Term Debt | (39,261,000) | (28,381,000) |
| Retirement of Patronage Capital | (8,358,000) | (8,686,000) |
| Increase in Memberships - Net | 551,000 | 487,000 |
| Net Cash Provided by (Used in) Financing Activities | \$ 45,932,000 | \$ 57,670,000 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ (11,313,000) | \$ 33,169,000 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | \$ 33,244,000 | \$ 75,000 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | \$ 21,931,000 | \$ 33,244,000 |



DECEMBER 2017 Key Indicators & Ratios

| | MTD | | YTD | |
|--|---------------|----------------|----------------|----------------|
| | DECEMBER 2017 | DECEMBER 2016 | DECEMBER 2017 | DECEMBER 2016 |
| Net Margins | \$ 6,663,000 | \$ (3,348,000) | \$ 61,150,000 | \$ 56,799,000 |
| Margin as a % of Total Operating Revenue | 13.09% | -7.59% | 10.34% | 10.04% |
| Total Operating Revenue per total mile of line | \$ 2,275 | \$ 2,400 | \$ 26,430 | \$ 30,766 |
| Members connected | 5,738 | 4,862 | 70,746 | 62,724 |
| Total Miles of Line: | | | | |
| Transmission | 304.28 | 304.28 | 304.28 | 304.28 |
| Distribution Overhead | 17,053.36 | 15,129.84 | 17,053.36 | 15,129.84 |
| Distribution Underground | 5,011.63 | 2,954.73 | 5,011.63 | 2,954.73 |
| Total Miles energized | 22,369.27 | 18,388.85 | 22,369.27 | 18,388.85 |
| Total Active Accounts | | | 300,238 | 287,422 |
| Total Memberships | | | 251,534 | 240,932 |
| Meters per mile | | | 13.42 | 15.63 |
| Full time employees | | | 720 | 723 |
| Average bill | | | | |
| Residential | \$ 110 | \$ 95 | \$ 1,470 | \$ 1,507 |
| Small Power | \$ 199 | \$ 171 | \$ 2,561 | \$ 2,654 |
| Large Power/Industrial | \$ 5,493 | \$ 4,515 | \$ 69,885 | \$ 71,936 |
| Public | \$ 1,681 | \$ 1,490 | \$ 21,422 | \$ 21,175 |
| Revenue per kWh | | | | |
| Residential | \$ 0.1068 | \$ 0.0910 | \$ 0.1036 | \$ 0.1040 |
| Small Power | \$ 0.1009 | \$ 0.0850 | \$ 0.0986 | \$ 0.0979 |
| Large Power/Industrial | \$ 0.0748 | \$ 0.0630 | \$ 0.0747 | \$ 0.0755 |
| Public | \$ 0.0744 | \$ 0.0588 | \$ 0.0738 | \$ 0.0599 |
| Average kWh usage | | | | |
| Residential | 1,028 | 1,042 | 14,194 | 14,499 |
| Small Power | 1,972 | 2,015 | 25,973 | 27,104 |
| Large Power/Industrial | 73,431 | 71,658 | 935,755 | 952,621 |
| Public | 22,595 | 25,344 | 290,342 | 353,347 |
| Electrical bad debt write-off | \$ 39,431 | \$ 65,312 | \$ 553,131 | \$ 887,133 |
| Power bill invoices paid | \$ 29,227,106 | \$ 27,034,494 | \$ 337,345,931 | \$ 330,181,750 |
| Power bill invoices kWh | 536,159,766 | 489,076,751 | 6,078,038,563 | 5,884,087,975 |
| Cost per kWh | \$ 0.0545 | \$ 0.0553 | \$ 0.0555 | \$ 0.0561 |
| kWh Purchased (available for sale) | 535,748,822 | 488,631,878 | 6,072,844,597 | 5,878,791,718 |
| kWh Sold | 500,465,335 | 468,393,315 | 5,686,980,680 | 5,559,050,774 |
| kWh PEC system use | 410,944 | 444,873 | 5,193,966 | 5,296,287 |
| kWh Line loss YTD | | | 385,863,917 | 319,740,944 |
| kWh Line loss % YTD | | | 6.35% | 5.44% |
| Equity as a % of total assets | 38.95% | 37.81% | 38.95% | 37.81% |
| % Cost of Power to Sale of Electricity Revenue | 63.37% | 69.20% | 61.17% | 57.25% |
| LTD as a % of Total Utility Plant | 44.19% | 43.64% | 44.19% | 43.64% |