



2019 Operating Budget and Capital Improvement Plan

Executive Team

Activity Statements of Income

	APPROVED/ AMENDED BUDGET 2018	PROPOSED BUDGET 2019	CHANGE 2019 vs 2018 BUDGET	
			\$	%
OPERATING REVENUES				
COST OF SERVICE REVENUE	\$ 235,536,151	\$ 245,407,074	\$ 9,870,923	4.2%
POWER COST REVENUE	362,578,831	403,415,734	40,836,903	11.3%
OTHER REVENUE	27,415,332	27,902,830	487,498	1.8%
OPERATING REVENUES	625,530,314	676,725,638	51,195,324	8.2%
COST OF POWER				
PURCHASED POWER	359,781,510	401,444,986	41,663,476	11.6%
POWER COST - INTERNAL	2,797,321	1,970,748	(826,573)	-29.5%
COST OF POWER	362,578,831	403,415,734	40,836,903	11.3%
GROSS MARGIN	262,951,483	273,309,904	10,358,421	3.9%
OPERATING & MAINTENANCE EXPENSES				
PAYROLL & BENEFITS	58,377,260	61,470,027	3,092,766	5.3%
STAFF EXPENSES	2,138,200	3,296,817	1,158,617	54.2%
MEMBER EVENTS	60,045	95,195	35,150	58.5%
GOODS & MATERIALS	2,656,234	2,719,928	63,694	2.4%
OUTSIDE SERVICES	36,364,878	36,341,467	(23,411)	-0.1%
DIRECTOR EXPENSES	317,119	323,345	6,226	2.0%
UTILITIES	5,014,104	5,498,016	483,912	9.7%
TRANSPORTATION	2,420,010	2,438,356	18,346	0.8%
MISC/ OTHER EXPENSES	3,143,594	3,070,464	(73,130)	-2.3%
DEPRECIATION	52,457,126	58,037,461	5,580,335	10.6%
TAXES	9,615,722	8,693,367	(922,355)	-9.6%
OPERATING & MAINTENANCE EXPENSES	172,564,293	181,984,443	9,420,150	5.5%
MARGIN BEFORE INTEREST	90,387,190	91,325,461	938,271	1.0%
INTEREST EXPENSE	34,684,022	38,783,103	4,099,081	11.8%
MARGIN AFTER INTEREST	55,703,168	52,542,358	(3,160,810)	-5.7%
OTHER INCOME (EXPENSE)	1,342,886	1,922,740	579,854	43.2%
NET MARGIN	\$ 57,046,054	\$ 54,465,098	\$ (2,580,956)	-4.5%

(1) Projected 2018 is 9 months of actual (Jan - Sept) plus 3 months of budgeted (Oct - Dec) expenses.

FERC Statements of Income

	APPROVED/ AMENDED BUDGET 2018	PROPOSED BUDGET 2019	CHANGE 2019 vs 2018 BUDGET	
			\$	%
KWH SALES	5,990,971,368	6,218,200,200	227,228,832	3.8%
OPERATING REVENUES				
COST OF SERVICE REVENUE	\$ 235,536,151	\$ 245,407,074	9,870,923	4.2%
POWER COST REVENUE	362,578,831	403,415,734	40,836,903	11.3%
OTHER REVENUE	27,415,332	27,902,830	487,498	1.8%
OPERATING REVENUES	625,530,314	676,725,638	51,195,324	8.2%
COST OF POWER	362,578,831	403,415,734	40,836,903	11.3%
GROSS MARGIN	262,951,483	273,309,904	10,358,421	3.9%
OPERATING & MAINTENANCE EXPENSES				
TRANSMISSION OPERATIONS	1,797,241	2,223,939	426,698	23.7%
TRANSMISSION MAINTENANCE	4,106,250	3,360,798	(745,451)	-18.2%
DISTRIBUTION OPERATIONS	39,085,256	42,137,979	3,052,724	7.8%
DISTRIBUTION MAINTENANCE	16,231,556	17,473,416	1,241,860	7.7%
CONSUMER ACCOUNTS	25,998,570	25,869,937	(128,634)	-0.5%
CONSUMER SERVICE & INFO	3,454,134	3,329,046	(125,088)	-3.6%
ECONOMIC DEVELOPMENT	1,791,253	1,586,308	(204,945)	-11.4%
ADMINISTRATIVE & GENERAL	26,661,857	26,965,078	303,221	1.1%
DEPRECIATION	52,457,126	58,037,461	5,580,335	10.6%
TAXES	981,050	1,000,480	19,430	2.0%
OPERATING & MAINTENANCE EXPENSES	172,564,293	181,984,443	9,420,150	5.5%
MARGIN BEFORE INTEREST	90,387,190	91,325,461	938,271	1.0%
INTEREST EXPENSE-NET	34,684,022	38,783,103	4,099,081	11.8%
MARGIN AFTER INTEREST	55,703,168	52,542,358	(3,160,810)	-5.7%
OTHER INCOME (EXPENSE)	1,342,886	1,922,740	579,854	43.2%
NET MARGIN	\$ 57,046,054	\$ 54,465,098	\$ (2,580,956)	-4.5%

(1) Projected 2018 is 9 months of actual (Jan - Sept) plus 3 months of budgeted (Oct - Dec) expenses.

Unclaimed Property Projections

Allocation of Unclaimed Property				
	Eco Dev 242.52	Scholarship	Energy Efficiency 242.53	Total
Balance - SEPTEMBER 2018	\$ 254,265	\$ 40,456	\$ 281,798	\$ 576,520
Estimated amount to be used in the remainder of this year	-	-	32,138	32,138
Estimated Balance - JANUARY 2019	\$ 254,265	\$ 40,456	\$ 249,660	\$ 544,382
2019 Estimated Amount to be Retained	-	100,000	119,800	219,800
* 2019 Redistribution	(100,000)		100,000	-
Proposed Budgeted Use				
Project Title	Description			
-	-			
Strategic Growth (Dept 7500)		Membership & Professional Fees	1,000	1,000
Strategic Growth (Dept 7500)		Power Supply Consultant / Contractor	125,000	125,000
Strategic Growth (Dept 7500)		Printing & Copying	2,400	2,400
PEC Scholarship Program		Scholarships to dependents of PEC members	120,000	120,000
Energy Rebate Programs		Residential & Commercial HVAC and Lighting Rebate Programs	300,000	300,000
Total Proposed Budgeted Use	128,400	120,000	300,000	548,400
Estimated Balance - YEAR-END 2019	\$ 25,865	\$ 20,456	\$ 169,460	\$ 215,782
2020 Estimated Amount to be Retained	-	100,000	119,800	219,800
** Total Anticipated Budgeted Use	3,500	100,000	289,260	392,760
Estimated Balance - YEAR-END 2020	\$ 22,365	\$ 20,456	\$ 0	\$ 42,822
2021 Estimated Amount to be Retained	-	100,000	119,800	219,800
** Total Anticipated Budgeted Use	3,500	100,000	119,800	223,300
Estimated Balance - YEAR-END 2021	\$ 18,865	\$ 20,456	\$ 0	\$ 39,322
* Redistribution for Board Consideration / Approval.				
** Anticipated Budget use is limited to the estimated Unclaimed Funds available.				

Allocation of Unclaimed Funds:

- No more than 20 percent of each nonprofit cooperative's funds eligible for delivery under this section shall be used for economic development. Property Code Section 74.3013(f).
- A nonprofit cooperative corporation may deliver the money if:
 - (1) to a scholarship fund established by one or more nonprofit cooperative corporations in this state to enable students from rural areas to attend college, technical school, or other postsecondary educational institution;
 - (2) to an economic development fund for the stimulation and improvement of business and commercial activity for economic development in rural communities; and
 - (3) to an energy efficiency assistance fund to assist members of an electric cooperative in reducing their energy consumption and electricity bills.

Power of Change Projection

		Power of Change / Round Up
		GL 242.60
Balance - SEPTEMBER 2018	\$	90,190
Estimated amount to be used in the remainder of this year	\$	49,000
Estimated Balance - JANUARY 2019	\$	41,190
2019 Estimated Amount to be Contributed		54,000
Proposed Budget Use		
<u>Initiative</u>		
Community Grant Programs		50,000
Educational Support Program		24,000
Total Proposed Budget Use		74,000
Estimated Balance - YEAR-END 2019	\$	21,190



Community Giving



Initiative	Actual 2017	2018 Budget	2019 Budget	2019 Funding Sources
Community Grants Program	\$10,000 - Round I (all from Rates)			
	\$20,000 - Round II (\$6,000 from Rates and \$14,000 from Power of Change fund)	\$50,000	\$50,000	Power of Change Round-Up Funds
Educational Support Program (including Project Graduation in 2016)	\$24,000	\$24,000	\$24,000	Rates OR Power of Change Round-Up
Scholarship Program *	\$100,000	\$100,000	\$120,000	Unclaimed Property
Employee Giving Corporate Matching Program (United Charities)	\$0	\$100,000	\$100,000	Rates - Matched up to \$100K
Member Assistance Program (MAP)	\$80,850	\$125,600	\$130,500	Rates (\$0.50/member)
Rebates Program	\$545,692	\$600,000	\$600,000	- Rates - 50% and - Unclaimed Property - 50%
Total	\$750,542	\$999,600	\$1,024,500	

* Since 2019 is the 20th anniversary of PEC's Scholarship Program, the Scholarship Fund Board would like to give an additional \$20K scholarship.

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

Capital Improvement Plan (CIP)

RUS 740C Description		2018 Budget (amended)	2019 Proposed Budget	Change 2019 VS 2018 Budget
General Plant				
FAC	Facilities (1300)	\$17,968,590	\$12,290,000	(\$5,678,590)
ITD	Information Technology	\$6,204,500	\$7,864,300	\$1,659,800
VEH	Vehicles	\$6,641,325	\$6,917,012	\$275,687
TEQ	Tools & Equipment	\$560,590	\$197,000	(\$363,590)
	TOTAL GENERAL PLANT	\$31,375,005	\$27,268,312	(\$4,106,693)
Distribution				
100	New Lines (Line Extensions and service lines)	\$22,600,000	\$22,600,000	\$0
200	Tie Lines (new construction between existing lines)	\$4,875,510	\$4,124,511	(\$750,999)
300	Conversions or Line Changes	\$6,369,624	\$13,349,799	\$6,980,175
400	New Substations, Switching Stations and Meter Points	\$1,650,000	\$12,164,100	\$10,514,100
500	Substations, Switching Stations and Meter Point changes	\$17,130,000	\$6,631,209	(\$10,498,791)
600	Miscellaneous Distribution Equipment	\$49,547,601	\$48,745,000	(\$802,601)
700	Other Distribution Items	\$8,150,000	\$3,895,000	(\$4,255,000)
AMI	Communication / AMI (1500)	\$6,500,000	\$0	(\$6,500,000)
	TOTAL DISTRIBUTION PLANT	\$116,822,735	\$111,509,619	(\$5,313,116)
Transmission				
200	Tie Lines (new construction between exiting lines)		\$39,360	n/a
400	New Substations, Switching Stations and Meter Points		\$1,735,900	n/a
500	Substations, Switching Stations and Meter Point changes		\$7,153,791	n/a
TRL	Line and Station Changes	\$10,885,000	\$37,500,000	\$35,544,051
TRM	Other Transmission Items	\$290,000	\$410,000	\$120,000
	TOTAL TRANSMISSION PLANT	\$11,175,000	\$46,839,051	\$35,664,051
TOTAL CIP		\$159,372,740	\$185,616,982	\$26,244,242



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