



# Forecast analysis: Baseline Comparison to Budget

## Scenario #5 Comparison

KW Consulting, Kim Mikkelsen

# 7 Year Forecast Assumptions Baseline to Budget

## March 14, 2017

### KW Consulting

#### Power Costs

Power Costs based on 2017 budget rate until after 2022, thereafter 4%/yr increase,

#### Growth in Plant

Growth in consumers, kwh sales and demand set at budget levels. Growth in plant is approximately \$1,313,000/year. Included is this investment is a new meter system installed in the years 2018- 2019 at a total cost of \$1,900,000.

#### Growth in Revenue

Growth in Revenue forecasted to grow 1/4% per year in kWh sales from new members. Usage per member remains flat.

#### Forecast driver

Forecast driver is **DSC** (Debt Service Coverage). DSC set to float around flat rates with approximately a 1.5 outcome (and allowed to decrease if necessary). However, a minimum TIER ratio also must be achieved of 1.25. DSC may be increased to meet this level of TIER.

#### Standalone Staffing

Assumptions were made regarding staffing as per page 3.

#### Cash level

Any balance of cash greater than \$750,000 for operations is applied to construction of utility plant, reduction of rates, or payment of capital credits.

#### New debt for construction

New debt in the amount of \$1.9M , \$950,000 in 2018 and \$950,000 in 2019 for the new metering system. Debt will be amortized over 15 years @ 4.3% interest.

#### Rates

Rates are forecasted at 2017 budgeted levels. No rate > or < in the 7 year period.

#### Capital Credits

Capital credits will be refunded when cash is available. To maintain a cash level of \$500,000 capital credits would have to be paid in the amount of \$3.9M over the 7 year period.

#### Variable costs

Variable costs increase by 1% per year, and labor costs @ 2.5% per year.

#### NW/Energy/FERC Over Charge Settlement

The baseline case assumes the NE Energy appeal is not resolved during the period covered by the forecast.

# Standalone Staffing Analysis

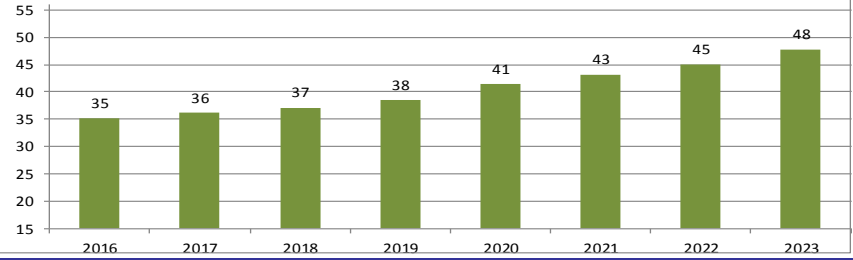
	Expense Account	Cost	% Capitalized	Capitalized Amounts	Expensed Amounts	
<b>Added costs:</b>						
	General manager (2014)	920.10	285,000.00	5.33%	15,196.69	269,803.31
	Finance position (2014)	920.10	136,086.17	2.27%	3,087.11	132,999.06
	Work order clerk (2014)	903.10	83,806.11	87.50%	73,330.35	10,475.76
	HDR (2012-2014 avg)	923.20	59,225.76	71.00%	42,050.29	17,175.47
	KW Consulting (2012-2014 avg)	923.40	32,077.14	26.00%	8,340.06	23,737.08
	EES (2012-2014 avg)	923.40	43,325.67	0.00%	-	43,325.67
	Total added costs		639,520.85	22.20%	142,004.50	497,516.35
<b>Saved costs:</b>						
	LVE management agreement	930.43	(583,480.00)	26.00%	(151,704.80)	(431,775.20)
	LVE expenses	930.43	(13,000.00)	26.00%	(3,380.00)	(9,620.00)
	Apartment rent	930.43	(14,400.00)	-	-	(14,400.00)
	Apartment cleaning	930.43	(3,900.00)	-	-	(3,900.00)
	Total saved costs		(614,780.00)	25.23%	(155,084.80)	(459,695.20)
	Net cost/(savings)		24,740.85		(13,080.30)	37,821.15

## Beartooth Forecasting Results March 14, 2017

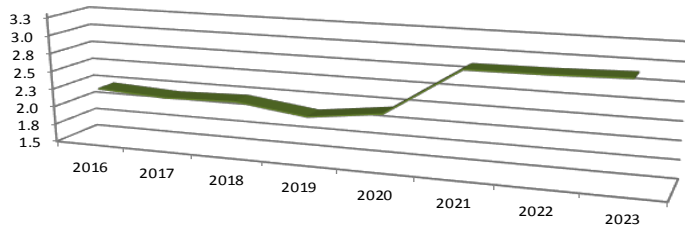
### Baseline to 2017 Budget

	2017	2023
% of revenue decrease from 2017 budgeted rates	-	(0.03)
Equity %	36.11	47.80
Cash level	\$ 756,947	\$ 749,488
Outstanding Debt	\$ 10,993,602	\$ 9,399,682
DSC	2.18	2.90
TIER	2.80	3.77

### EQUITY (%)

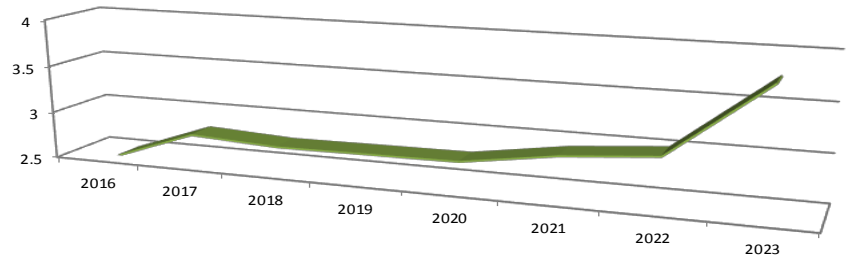


### Debt Service Coverage



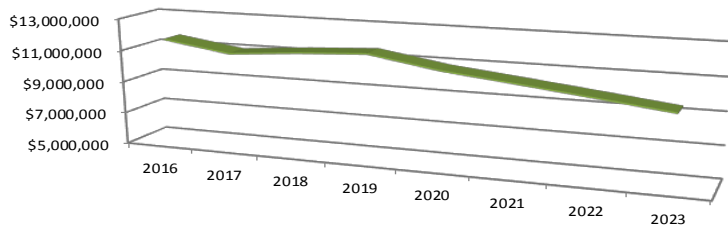
Minimum DSC Requirement 1.25

### TIER



Minimum TIER Requirement 1.25

### Outstanding Debt



## Statement of Operations

		\$	2,016	2017	2018	2019	2020	2021	2022	2023
1	Revenue from energy sales	\$	8,919,952	\$ 8,587,368	\$ 8,641,197	\$ 8,695,181	\$ 8,757,762	\$ 8,820,097	\$ 8,882,991	\$ 8,945,640
2	Other Revenue	\$	36,055	\$ 34,700	\$ 35,741	\$ 36,813	\$ 37,918	\$ 39,055	\$ 40,227	\$ 41,434
3	Revenue Increase (Decrease)			\$ -	\$ (3,849)	\$ (2,794)	\$ (2,866)	\$ (2,790)	\$ (3,290)	\$ (1,911)
4	<b>Total Revenue</b>	\$	<b>8,956,007</b>	\$ <b>8,622,068</b>	\$ <b>8,673,089</b>	\$ <b>8,729,200</b>	\$ <b>8,792,814</b>	\$ <b>8,856,362</b>	\$ <b>8,919,928</b>	\$ <b>8,985,163</b>
5	<b>Cost of Purchased Power Energy</b>	\$	<b>3,022,654</b>	<b>3,066,937</b>	<b>3,082,179</b>	<b>3,097,509</b>	<b>3,112,916</b>	<b>3,128,400</b>	<b>3,143,961</b>	<b>3,285,984</b>
6	<b>Cost of Purchased Power Transmission</b>			0	0	0	0	0	0	0
7	<b>Total Cost of Power</b>	\$	<b>3,022,654</b>	<b>3,066,937</b>	<b>3,082,179</b>	<b>3,097,509</b>	<b>3,112,916</b>	<b>3,128,400</b>	<b>3,143,961</b>	<b>3,285,984</b>
	<b>Operating Expenses:</b>									
8	Operations & Maintenance	\$	1,472,465	\$ 1,393,923	\$ 1,412,530	\$ 1,431,439	\$ 1,450,657	\$ 1,470,190	\$ 1,490,044	\$ 1,510,225
9	Customer Accounting	\$	373,878	\$ 346,996	\$ 352,785	\$ 358,690	\$ 364,714	\$ 370,859	\$ 377,127	\$ 383,522
10	Administrative & General	\$	1,138,686	\$ 1,175,537	\$ 1,189,925	\$ 1,204,559	\$ 1,219,442	\$ 1,234,580	\$ 1,250,285	\$ 1,124,643
11	<i>Amortization of Regulatory Asset</i>	\$	<i>141,000</i>	\$ <i>141,000</i>	\$ <i>141,000</i>	\$ <i>141,000</i>	\$ <i>141,000</i>	\$ <i>141,000</i>	\$ <i>141,306</i>	\$ -
12	<b>Total Operating Expense</b>	\$	<b>3,126,029</b>	\$ <b>3,057,456</b>	\$ <b>3,096,240</b>	\$ <b>3,135,688</b>	\$ <b>3,175,813</b>	\$ <b>3,216,629</b>	\$ <b>3,258,762</b>	\$ <b>3,018,390</b>
	<b>Fixed Expenses:</b>									
13	Depreciation Expense	\$	967,890	\$ 1,020,000	\$ 1,050,600	\$ 1,082,118	\$ 1,114,582	\$ 1,148,019	\$ 1,182,460	\$ 1,076,933
14	Tax Expense	\$	2,232	\$ 2,811	\$ 2,895	\$ 2,982	\$ 3,072	\$ 3,164	\$ 3,259	\$ 3,356
15	Interest Expense	\$	600,303	\$ 549,453	\$ 547,431	\$ 535,129	\$ 525,171	\$ 490,625	\$ 468,330	\$ 444,904
16	<b>Total Cost of Electric Service</b>	\$	<b>7,719,108</b>	\$ <b>7,696,657</b>	\$ <b>7,779,346</b>	\$ <b>7,853,427</b>	\$ <b>7,931,553</b>	\$ <b>7,986,837</b>	\$ <b>8,056,771</b>	\$ <b>7,829,568</b>
17	<b>Operating Margins</b>	\$	<b>1,236,899</b>	\$ <b>925,411</b>	\$ <b>893,743</b>	\$ <b>875,773</b>	\$ <b>861,260</b>	\$ <b>869,526</b>	\$ <b>863,157</b>	\$ <b>1,155,595</b>
18	<b>Nonoperating Margins</b>	\$	<b>179,039</b>	\$ <b>63,814</b>	\$ <b>65,728</b>	\$ <b>67,700</b>	\$ <b>69,731</b>	\$ <b>71,823</b>	\$ <b>73,978</b>	\$ <b>76,197</b>
19	<b>Total Margins</b>	\$	<b>1,415,938</b>	\$ <b>989,225</b>	\$ <b>959,471</b>	\$ <b>943,473</b>	\$ <b>930,992</b>	\$ <b>941,349</b>	\$ <b>937,135</b>	\$ <b>1,231,792</b>

## Analysis of Revenue, Power Cost

<b>Analysis of Revenue</b>										
20	Total kWh Revenue	\$	6,539,710	\$ 6,183,006	\$ 6,210,072	\$ 6,242,197	\$ 6,273,350	\$ 6,304,807	\$ 6,335,845	\$ 6,368,919
21	Total Facilities Chg Revenue	\$	2,380,242	\$ 2,404,362	\$ 2,427,276	\$ 2,450,190	\$ 2,481,546	\$ 2,512,500	\$ 2,543,856	\$ 2,574,810
	kWh Sold		62,604,259	63,251,300	63,567,557	63,885,394	64,204,821	64,525,845	64,848,475	65,172,717
23	Energy Revenue/kWh sold	\$	0.1045	\$ 0.0978	\$ 0.0977	\$ 0.0977	\$ 0.0977	\$ 0.0977	\$ 0.0977	\$ 0.0977
24	Total Revenue/kWh sold	\$	0.1425	\$ 0.1358	\$ 0.1359	\$ 0.1361	\$ 0.1364	\$ 0.1366	\$ 0.1369	\$ 0.1372
<b>Analysis of Power Cost</b>										
25	kWh Purchased (inc. losses)	\$	72,506,764	72,909,465	73,271,825	73,636,263	74,002,524	74,370,616	74,740,549	75,112,331
26	cost/kWh Energy	\$	0.0417	\$ 0.0421	\$ 0.04207	\$ 0.04207	\$ 0.04207	\$ 0.04207	\$ 0.04207	\$ 0.04375

## Balance Sheet

	\$	2,016	2017	2018	2019	2020	2021	2022	2023
<b>Assets</b>									
1	Total Utility Plant Beginning Balance	\$ 30,542,431	\$ 31,197,874	\$ 31,806,922	\$ 33,711,036	\$ 35,638,523	\$ 36,640,085	\$ 37,666,444	\$ 38,718,344
2	Plus Distribution Plant Additions	\$ 730,154	\$ 548,500	\$ 858,375	\$ 884,126	\$ 910,650	\$ 937,970	\$ 966,109	\$ 995,092
3	Plus Metering System		\$ -	\$ 950,000	\$ 950,000	\$ -	\$ -	\$ -	\$ -
4	Plus General Plant Additions		\$ 137,500	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
5	Less Plant Retirements	\$ 74,711	\$ 76,952	\$ 79,261	\$ 81,639	\$ 84,088	\$ 86,611	\$ 89,209	\$ 91,885
6	<b>Total Utility Plant Ending</b>	<b>\$ 31,197,874</b>	<b>\$ 31,806,922</b>	<b>\$ 33,711,036</b>	<b>\$ 35,638,523</b>	<b>\$ 36,640,085</b>	<b>\$ 37,666,444</b>	<b>\$ 38,718,344</b>	<b>\$ 39,796,551</b>
7	Less Accum. Prov. For Depr	\$ 14,542,908	\$ 15,485,956	\$ 16,457,295	\$ 17,457,774	\$ 18,488,268	\$ 19,549,677	\$ 20,642,928	\$ 21,627,976
8	<b>Net Utility Plant</b>	<b>\$ 16,654,966</b>	<b>\$ 16,320,966</b>	<b>\$ 17,253,741</b>	<b>\$ 18,180,749</b>	<b>\$ 18,151,817</b>	<b>\$ 18,116,767</b>	<b>\$ 18,075,416</b>	<b>\$ 18,168,575</b>
9	General Funds for Operations	\$ 995,970	\$ 756,947	\$ 753,743	\$ 758,093	\$ 754,549	\$ 752,984	\$ 751,209	\$ 749,488
10	Other Assets	\$ 2,418,734	\$ 2,470,734	\$ 2,524,294	\$ 2,579,461	\$ 2,636,283	\$ 2,694,809	\$ 2,755,091	\$ 2,817,182
11	Southern Regulatory Asset	\$ 846,306	\$ 705,306	\$ 564,306	\$ 423,306	\$ 282,306	\$ 141,306	\$ -	\$ -
12	<b>Total Assets</b>	<b>\$ 20,915,976</b>	<b>\$ 20,253,953</b>	<b>\$ 21,096,084</b>	<b>\$ 21,941,608</b>	<b>\$ 21,824,955</b>	<b>\$ 21,705,867</b>	<b>\$ 21,581,716</b>	<b>\$ 21,735,245</b>
<b>Equity (Net Assets)</b>									
13	Beginning Equity	\$ 6,241,729	\$ 7,342,114	\$ 7,313,706	\$ 7,827,178	\$ 8,439,651	\$ 9,027,643	\$ 9,369,992	\$ 9,729,127
14	Plus Margins	\$ 1,415,938	\$ 989,592	\$ 959,471	\$ 943,473	\$ 930,992	\$ 941,349	\$ 937,135	\$ 1,231,792
15	Less Payment of Capital Credits	\$ (315,553)	\$ (1,018,000)	\$ (446,000)	\$ (331,000)	\$ (343,000)	\$ (599,000)	\$ (578,000)	\$ (572,000)
16	<b>Total Equity</b>	<b>\$ 7,342,114</b>	<b>\$ 7,313,706</b>	<b>\$ 7,827,178</b>	<b>\$ 8,439,651</b>	<b>\$ 9,027,643</b>	<b>\$ 9,369,992</b>	<b>\$ 9,729,127</b>	<b>\$ 10,388,919</b>
<b>Liabilities</b>									
17	Long Term Debt	\$ 12,300,124	\$ 11,627,218	\$ 10,993,602	\$ 11,322,262	\$ 11,555,314	\$ 10,850,668	\$ 10,389,231	\$ 9,905,946
18	Plus New Debt for Meters		\$ -	\$ 950,000	\$ 950,000	\$ 0	\$ (0)	\$ (0)	\$ (0)
19	Less Payments of Principal	\$ (672,906)	\$ (633,616)	\$ (621,340)	\$ (716,949)	\$ (704,645)	\$ (461,437)	\$ (483,285)	\$ (506,263)
20	<b>Ending Long Term Debt</b>	<b>\$ 11,627,218</b>	<b>\$ 10,993,602</b>	<b>\$ 11,322,262</b>	<b>\$ 11,555,314</b>	<b>\$ 10,850,668</b>	<b>\$ 10,389,231</b>	<b>\$ 9,905,946</b>	<b>\$ 9,399,682</b>
21	Other Liabilities	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587
22	NW Energy/FERC overchg settlement	\$ 1,139,057	\$ 1,139,057	\$ 1,139,057	\$ 1,139,057	\$ 1,139,057	\$ 1,139,057	\$ 1,139,057	\$ 1,139,057
23	<b>Total Liabilities</b>	<b>\$ 13,573,862</b>	<b>\$ 12,940,246</b>	<b>\$ 13,268,906</b>	<b>\$ 13,501,958</b>	<b>\$ 12,797,312</b>	<b>\$ 12,335,875</b>	<b>\$ 11,852,590</b>	<b>\$ 11,346,326</b>
24	<b>Total Liabilities and Equity</b>	<b>\$ 20,915,976</b>	<b>\$ 20,253,953</b>	<b>\$ 21,096,084</b>	<b>\$ 21,941,609</b>	<b>\$ 21,824,955</b>	<b>\$ 21,705,867</b>	<b>\$ 21,581,716</b>	<b>\$ 21,735,245</b>

## Cash Flow Statement

	\$	2,016	2017	2018	2019	2020	2021	2022	2023								
Sources of Cash																	
Cash from Operations																	
1	Margins	\$	1,415,938	\$	989,592	\$	959,471	\$	943,473	\$	930,992	\$	941,349	\$	937,135	\$	1,231,792
2	Plus Depreciation	\$	967,890	\$	1,020,000	\$	1,050,600	\$	1,082,118	\$	1,114,582	\$	1,148,019	\$	1,182,460	\$	1,076,933
3	Plus Regulatory Asset Amortization	\$	141,000	\$	141,000	\$	141,000	\$	141,000	\$	141,000	\$	141,000	\$	141,306	\$	-
4	<b>Cash from Operations</b>	\$	<b>2,524,828</b>	\$	<b>2,150,592</b>	\$	<b>2,151,071</b>	\$	<b>2,166,591</b>	\$	<b>2,186,574</b>	\$	<b>2,230,368</b>	\$	<b>2,260,901</b>	\$	<b>2,308,725</b>
Cash (for) from Financing																	
5	Payment of Capital Credits	\$	(315,553)	\$	(1,018,000)	\$	(446,000)	\$	(331,000)	\$	(343,000)	\$	(599,000)	\$	(578,000)	\$	(572,000)
6	Loan Fund Advances	\$		\$	-	\$	950,000	\$	950,000	\$	0	\$	(0)	\$	(0)	\$	(0)
7	Loan Fund Payments	\$	(672,906)	\$	(633,616)	\$	(621,340)	\$	(716,949)	\$	(704,645)	\$	(461,437)	\$	(483,285)	\$	(506,263)
8	<b>Cash from Financing</b>	\$	<b>(988,459)</b>	\$	<b>(1,651,616)</b>	\$	<b>(117,340)</b>	\$	<b>(97,949)</b>	\$	<b>(1,047,645)</b>	\$	<b>(1,060,437)</b>	\$	<b>(1,061,285)</b>	\$	<b>(1,078,263)</b>
Cash (for) from Investing																	
9	Construction of Plant	\$	(730,154)	\$	(686,000)	\$	(1,983,375)	\$	(2,009,126)	\$	(1,085,650)	\$	(1,112,970)	\$	(1,141,109)	\$	(1,170,092)
10	Investments in Assoc Org	\$	(58,380)	\$	(52,000)	\$	(53,560)	\$	(55,167)	\$	(56,822)	\$	(58,526)	\$	(60,282)	\$	(62,091)
11	<b>Cash from Investing</b>	\$	<b>(788,534)</b>	\$	<b>(738,000)</b>	\$	<b>(2,036,935)</b>	\$	<b>(2,064,293)</b>	\$	<b>(1,142,472)</b>	\$	<b>(1,171,496)</b>	\$	<b>(1,201,391)</b>	\$	<b>(1,232,183)</b>
12	Net Change to Cash	\$	747,835	\$	(239,023)	\$	(3,204)	\$	4,350	\$	(3,543)	\$	(1,565)	\$	(1,775)	\$	(1,721)
13	Beginning Cash Balance	\$	248,135	\$	995,970	\$	756,947	\$	753,743	\$	758,093	\$	754,549	\$	752,984	\$	751,209
14	<b>Cash Ending Balance</b>	\$	<b>995,970</b>	\$	<b>756,947</b>	\$	<b>753,743</b>	\$	<b>758,093</b>	\$	<b>754,549</b>	\$	<b>752,984</b>	\$	<b>751,209</b>	\$	<b>749,488</b>

# 7 Year Forecast Assumptions Baseline to Scenario #5

## April 24, 2017

### KW Consulting

#### Power Costs

Power Costs based on 2017 budget rate until after 2022, thereafter 4%/yr increase,

#### Growth in Plant

Growth in consumers, kwh sales and demand set at budget levels. Growth in plant is approximately \$1,313,000/year. Included in this investment is a new meter system installed in the years 2018-2019 at a total cost of \$1,900,000.

#### Growth in Revenue

Growth in Revenue forecasted to grow 1/4% per year in kWh sales from new members. Usage per member remains flat.

#### Forecast driver

Forecast driver is **DSC** (Debt Service Coverage). DSC set to float around flat rates always meeting a minimum requirement of 1.25. However, a minimum TIER ratio also must be achieved of 1.25. DSC may be increased to meet this level of TIER.

#### Standalone Staffing

Assumptions were made regarding staffing as per page 3.

#### Cash level

Cash is set to a minimum criteria of \$500,000.

#### New debt for construction

New debt in the amount of \$3.7M will be drawn to finance Distribution and General Plant Additions. \$1.5 million of the total borrowing of the \$2.9 million included the new meter system in 2018 and 2019 (Total cost of \$1.9 million). New debt for meters is priced @ 4.5%, 15 years; new debt balance of plant is priced @ 4.5%, 30 year.

#### Rates

Rates are forecasted at 2016 year end levels with a 5% reduction in energy cost/kWh starting July 1, 2017. Facilities charge remains unchanged.

#### Capital Credits

Capital Credit payments will be set at 5% of outstanding Patronage. A total of \$3M will be retired in the forecast period.

#### Variable costs

Variable costs increase by 1% per year, and labor costs @ 2.5% per year.

#### NW/Energy/FERC Over Charge Settlement

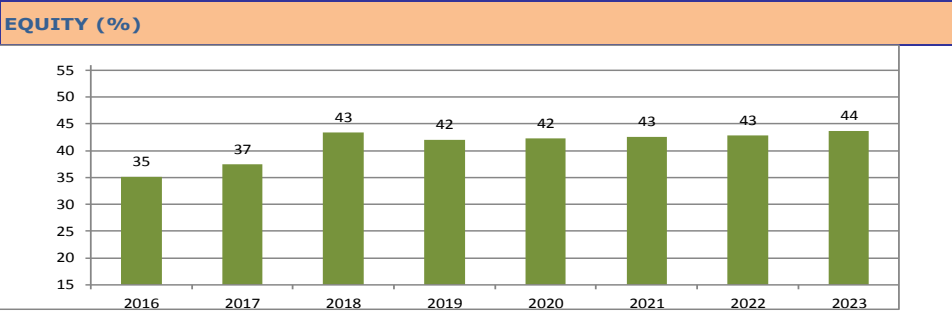
Assumption is made court rules in BEC favor in 2018 and no repayment is necessary. The total "deferred credit" (\$1,139,057) is moved on the balance sheet and reclassified as Equity.



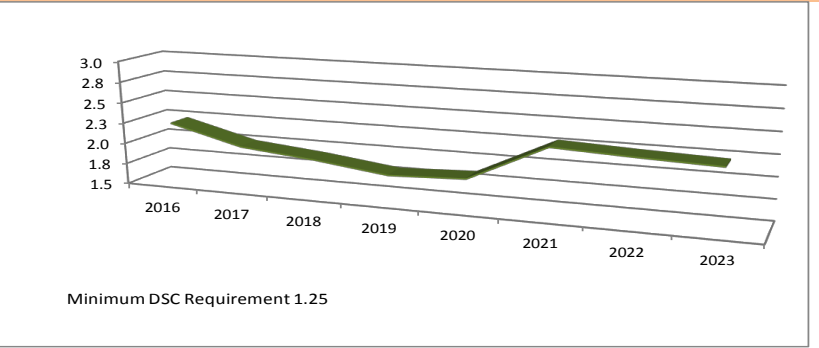
**Beartooth Forecasting Results April 24, 2017**

**Baseline to 2017 Scenario #5**

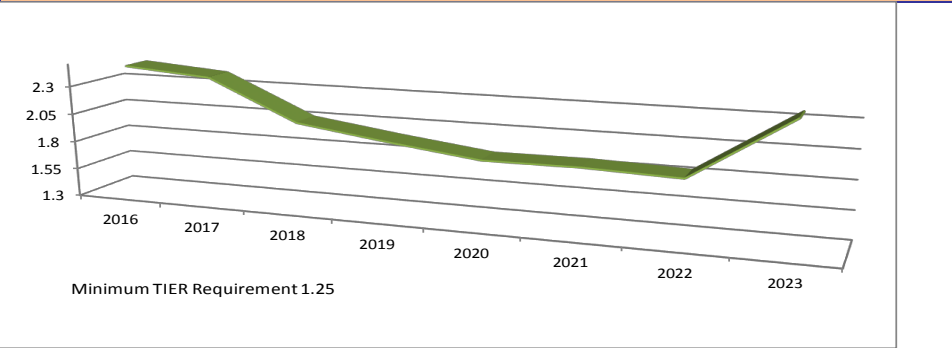
	2017	2023
% of revenue decrease from 2017 budgeted rates	(2.49)	(4.81)
Equity %	37.46	43.72
Cash level	\$ 1,193,369	\$ 500,943
Outstanding Debt	\$ 10,993,602	\$ 11,285,191
DSC	2.01	2.22
TIER	2.41	2.37



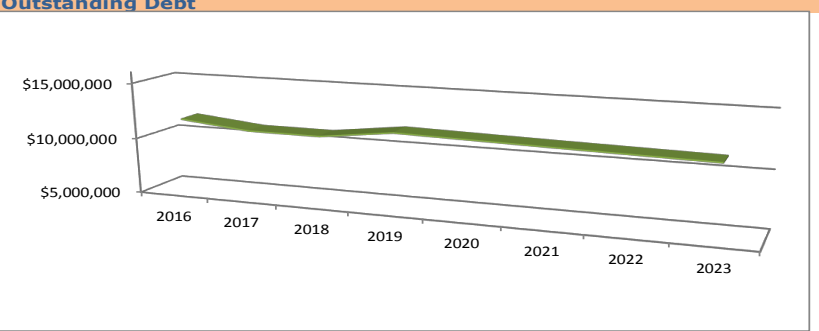
**Debt Service Coverage**



**TIER**



**Outstanding Debt**



**Revenue Reduction**



## Statement of Operations

		\$	2,016	2017	2018	2019	2020	2021	2022	2023
1	Revenue from energy sales	\$	8,919,952	\$ 8,587,735	\$ 8,641,566	\$ 8,695,551	\$ 8,758,134	\$ 8,820,471	\$ 8,883,366	\$ 8,946,018
2	Other Revenue	\$	36,055	\$ 34,700	\$ 35,741	\$ 36,813	\$ 37,918	\$ 39,055	\$ 40,227	\$ 41,434
3	Revenue Increase (Decrease)			\$ (214,472)	\$ (432,924)	\$ (432,269)	\$ (432,234)	\$ (432,434)	\$ (432,018)	\$ (432,632)
4	<b>Total Revenue</b>	<b>\$</b>	<b>8,956,007</b>	<b>\$ 8,407,963</b>	<b>\$ 8,244,383</b>	<b>\$ 8,300,095</b>	<b>\$ 8,363,818</b>	<b>\$ 8,427,092</b>	<b>\$ 8,491,575</b>	<b>\$ 8,554,820</b>
5	<b>Cost of Purchased Power Energy</b>	<b>\$</b>	<b>3,022,654</b>	<b>3,066,937</b>	<b>3,082,179</b>	<b>3,097,509</b>	<b>3,112,916</b>	<b>3,128,400</b>	<b>3,143,961</b>	<b>3,285,984</b>
6	<b>Cost of Purchased Power Transmission</b>			0	0	0	0	0	0	0
7	<b>Total Cost of Power</b>	<b>\$</b>	<b>3,022,654</b>	<b>3,066,937</b>	<b>3,082,179</b>	<b>3,097,509</b>	<b>3,112,916</b>	<b>3,128,400</b>	<b>3,143,961</b>	<b>3,285,984</b>
	<b>Operating Expenses:</b>									
8	Operations & Maintenance	\$	1,472,465	\$ 1,393,923	\$ 1,412,530	\$ 1,431,439	\$ 1,450,657	\$ 1,470,190	\$ 1,490,044	\$ 1,510,225
9	Customer Accounting	\$	373,878	\$ 346,996	\$ 352,785	\$ 358,690	\$ 364,714	\$ 370,859	\$ 377,127	\$ 383,522
10	Administrative & General	\$	1,138,686	\$ 1,175,537	\$ 1,189,925	\$ 1,204,559	\$ 1,219,442	\$ 1,234,580	\$ 1,250,285	\$ 1,124,643
11	<i>Amortization of Regulatory Asset</i>	<i>\$</i>	<i>141,000</i>	<i>\$ 141,000</i>	<i>\$ 141,000</i>	<i>\$ 141,000</i>	<i>\$ 141,000</i>	<i>\$ 141,000</i>	<i>\$ 141,306</i>	<i>\$ -</i>
12	<b>Total Operating Expense</b>	<b>\$</b>	<b>3,126,029</b>	<b>\$ 3,057,456</b>	<b>\$ 3,096,240</b>	<b>\$ 3,135,688</b>	<b>\$ 3,175,813</b>	<b>\$ 3,216,629</b>	<b>\$ 3,258,762</b>	<b>\$ 3,018,390</b>
	<b>Fixed Expenses:</b>									
13	Depreciation Expense	\$	967,890	\$ 1,020,000	\$ 1,050,600	\$ 1,082,118	\$ 1,114,582	\$ 1,148,019	\$ 1,182,460	\$ 1,076,933
14	Tax Expense	\$	2,232	\$ 2,811	\$ 2,895	\$ 2,982	\$ 3,072	\$ 3,164	\$ 3,259	\$ 3,356
15	Interest Expense	\$	600,303	\$ 549,453	\$ 522,904	\$ 537,319	\$ 553,342	\$ 538,705	\$ 532,021	\$ 525,555
16	<b>Total Cost of Electric Service</b>	<b>\$</b>	<b>7,719,108</b>	<b>\$ 7,696,657</b>	<b>\$ 7,754,819</b>	<b>\$ 7,855,617</b>	<b>\$ 7,959,724</b>	<b>\$ 8,034,917</b>	<b>\$ 8,120,463</b>	<b>\$ 7,910,219</b>
17	<b>Operating Margins</b>	<b>\$</b>	<b>1,236,899</b>	<b>\$ 711,307</b>	<b>\$ 489,564</b>	<b>\$ 444,479</b>	<b>\$ 404,094</b>	<b>\$ 392,175</b>	<b>\$ 371,112</b>	<b>\$ 644,600</b>
18	<b>Nonoperating Margins</b>	<b>\$</b>	<b>179,039</b>	<b>\$ 63,814</b>	<b>\$ 65,728</b>	<b>\$ 67,700</b>	<b>\$ 69,731</b>	<b>\$ 71,823</b>	<b>\$ 73,978</b>	<b>\$ 76,197</b>
19	<b>Total Margins</b>	<b>\$</b>	<b>1,415,938</b>	<b>\$ 775,121</b>	<b>\$ 555,293</b>	<b>\$ 512,179</b>	<b>\$ 473,825</b>	<b>\$ 463,998</b>	<b>\$ 445,090</b>	<b>\$ 720,798</b>

## Analysis of Revenue, Power Cost

<b>Analysis of Revenue</b>										
20	Total kWh Revenue	\$	6,539,710	\$ 5,968,901	\$ 5,781,366	\$ 5,813,092	\$ 5,844,354	\$ 5,875,537	\$ 5,907,492	\$ 5,938,576
21	Total Facilities Chg Revenue	\$	2,380,242	\$ 2,404,362	\$ 2,427,276	\$ 2,450,190	\$ 2,481,546	\$ 2,512,500	\$ 2,543,856	\$ 2,574,810
22	kWh Sold		62,604,260	63,251,300	63,567,557	63,885,394	64,204,821	64,525,845	64,848,475	65,172,717
23	Energy Revenue/kWh sold	\$	0.1045	\$ 0.0944	\$ 0.0909	\$ 0.0910	\$ 0.0910	\$ 0.0911	\$ 0.0911	\$ 0.0911
24	Total Revenue/kWh sold	\$	0.1425	\$ 0.1324	\$ 0.1291	\$ 0.1293	\$ 0.1297	\$ 0.1300	\$ 0.1303	\$ 0.1306
<b>Analysis of Power Cost</b>										
25	kWh Purchased (inc. losses)	\$	72,506,764	72,909,465	73,271,825	73,636,263	74,002,524	74,370,616	74,740,549	75,112,331
26	cost/kWh Energy	\$	0.0417	\$ 0.0421	\$ 0.04207	\$ 0.04207	\$ 0.04207	\$ 0.04207	\$ 0.04207	\$ 0.04375

## Balance Sheet

	\$	2,016	2017	2018	2019	2020	2021	2022	2023
<b>Assets</b>									
1 Total Utility Plant Beginning Balance	\$	30,542,431	\$ 31,197,874	\$ 31,806,922	\$ 33,711,036	\$ 35,638,523	\$ 36,640,085	\$ 37,666,444	\$ 38,718,344
2 Plus Distribution Plant Additions	\$	730,154	\$ 548,500	\$ 858,375	\$ 884,126	\$ 910,650	\$ 937,970	\$ 966,109	\$ 995,092
3 Plus Metering System		\$ -	\$ 950,000	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ -
4 Plus General Plant Additions		\$ 137,500	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
5 Less Plant Retirements	\$	74,711	\$ 76,952	\$ 79,261	\$ 81,639	\$ 84,088	\$ 86,611	\$ 89,209	\$ 91,885
6 <b>Total Utility Plant Ending</b>	<b>\$</b>	<b>31,197,874</b>	<b>\$ 31,806,922</b>	<b>\$ 33,711,036</b>	<b>\$ 35,638,523</b>	<b>\$ 36,640,085</b>	<b>\$ 37,666,444</b>	<b>\$ 38,718,344</b>	<b>\$ 39,796,551</b>
7 Less Accum. Prov. For Depr	\$	14,542,908	\$ 15,485,956	\$ 16,457,295	\$ 17,457,774	\$ 18,488,268	\$ 19,549,677	\$ 20,642,928	\$ 21,627,976
8 <b>Net Utility Plant</b>	<b>\$</b>	<b>16,654,966</b>	<b>\$ 16,320,966</b>	<b>\$ 17,253,741</b>	<b>\$ 18,180,749</b>	<b>\$ 18,151,817</b>	<b>\$ 18,116,767</b>	<b>\$ 18,075,416</b>	<b>\$ 18,168,575</b>
9 <b>General Funds for Operations</b>	<b>\$</b>	<b>995,970</b>	<b>\$ 1,193,369</b>	<b>\$ 502,681</b>	<b>\$ 502,895</b>	<b>\$ 500,418</b>	<b>\$ 500,396</b>	<b>\$ 500,934</b>	<b>\$ 500,943</b>
10 <b>Other Assets</b>	<b>\$</b>	<b>2,418,734</b>	<b>\$ 2,470,734</b>	<b>\$ 2,524,294</b>	<b>\$ 2,579,461</b>	<b>\$ 2,636,283</b>	<b>\$ 2,694,809</b>	<b>\$ 2,755,091</b>	<b>\$ 2,817,182</b>
11 <b>Southern Regulatory Asset</b>	<b>\$</b>	<b>846,306</b>	<b>\$ 705,306</b>	<b>\$ 564,306</b>	<b>\$ 423,306</b>	<b>\$ 282,306</b>	<b>\$ 141,306</b>	<b>\$ -</b>	<b>\$ -</b>
12 <b>Total Assets</b>	<b>\$</b>	<b>20,915,976</b>	<b>\$ 20,690,375</b>	<b>\$ 20,845,022</b>	<b>\$ 21,686,410</b>	<b>\$ 21,570,824</b>	<b>\$ 21,453,278</b>	<b>\$ 21,331,441</b>	<b>\$ 21,486,700</b>
<b>Equity (Net Assets)</b>									
13 Beginning Equity	\$	6,241,729	\$ 7,342,114	\$ 7,750,129	\$ 9,056,972	\$ 9,116,303	\$ 9,134,313	\$ 9,141,595	\$ 9,129,606
Prior Period Adjustment (22 below)			\$ 1,139,057						
14 Plus Margins	\$	1,415,938	\$ 775,121	\$ 555,293	\$ 512,179	\$ 473,825	\$ 463,998	\$ 445,090	\$ 720,798
15 Less Payment of Capital Credits	\$	(315,553)	\$ (367,106)	\$ (387,506)	\$ (452,849)	\$ (455,815)	\$ (456,716)	\$ (457,080)	\$ (456,480)
16 <b>Total Equity</b>	<b>\$</b>	<b>7,342,114</b>	<b>\$ 7,750,129</b>	<b>\$ 9,056,972</b>	<b>\$ 9,116,303</b>	<b>\$ 9,134,313</b>	<b>\$ 9,141,595</b>	<b>\$ 9,129,606</b>	<b>\$ 9,393,923</b>
<b>Liabilities</b>									
17 Long Term Debt	\$	12,300,124	\$ 11,627,218	\$ 10,993,602	\$ 10,980,463	\$ 11,762,521	\$ 11,628,925	\$ 11,504,096	\$ 11,394,248
18 Plus New Debt for Dist. Mtr. & General Plant		\$ -	\$ 591,375	\$ 1,454,126	\$ 548,650	\$ 338,970	\$ 382,109	\$ 413,092	
19 Less Payments of Principal	\$	(672,906)	\$ (633,616)	\$ (604,514)	\$ (672,068)	\$ (682,246)	\$ (463,798)	\$ (491,956)	\$ (522,150)
20 <b>Ending Long Term Debt</b>	<b>\$</b>	<b>11,627,218</b>	<b>\$ 10,993,602</b>	<b>\$ 10,980,463</b>	<b>\$ 11,762,521</b>	<b>\$ 11,628,925</b>	<b>\$ 11,504,096</b>	<b>\$ 11,394,248</b>	<b>\$ 11,285,191</b>
21 Other Liabilities	\$	807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587	\$ 807,587
22 NW Energy/FERC overchg settlement	\$	1,139,057	\$ 1,139,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23 <b>Total Liabilities</b>	<b>\$</b>	<b>13,573,862</b>	<b>\$ 12,940,246</b>	<b>\$ 11,788,050</b>	<b>\$ 12,570,108</b>	<b>\$ 12,436,512</b>	<b>\$ 12,311,683</b>	<b>\$ 12,201,835</b>	<b>\$ 12,092,778</b>
24 <b>Total Liabilities and Equity</b>	<b>\$</b>	<b>20,915,976</b>	<b>\$ 20,690,375</b>	<b>\$ 20,845,022</b>	<b>\$ 21,686,410</b>	<b>\$ 21,570,824</b>	<b>\$ 21,453,278</b>	<b>\$ 21,331,441</b>	<b>\$ 21,486,700</b>

## Cash Flow Statement

	\$	2,016	2017	2018	2019	2020	2021	2022	2023								
Sources of Cash																	
Cash from Operations																	
1	Margins	\$	1,415,938	\$	775,121	\$	555,293	\$	512,179	\$	473,825	\$	463,998	\$	445,090	\$	720,798
2	Plus Depreciation	\$	967,890	\$	1,020,000	\$	1,050,600	\$	1,082,118	\$	1,114,582	\$	1,148,019	\$	1,182,460	\$	1,076,933
3	Plus Regulatory Asset Amortization	\$	141,000	\$	141,000	\$	141,000	\$	141,000	\$	141,000	\$	141,000	\$	141,306	\$	-
4	<b>Cash from Operations</b>	\$	<b>2,524,828</b>	\$	<b>1,936,121</b>	\$	<b>1,746,893</b>	\$	<b>1,735,297</b>	\$	<b>1,729,407</b>	\$	<b>1,753,017</b>	\$	<b>1,768,856</b>	\$	<b>1,797,731</b>
Cash (for) from Financing																	
5	Payment of Capital Credits	\$	(315,553)	\$	(367,106)	\$	(387,506)	\$	(452,849)	\$	(455,815)	\$	(456,716)	\$	(457,080)	\$	(456,480)
6	Loan Fund Advances			\$	-	\$	591,375	\$	1,454,126	\$	548,650	\$	338,970	\$	382,109	\$	413,092
7	Loan Fund Payments	\$	(672,906)	\$	(633,616)	\$	(604,514)	\$	(672,068)	\$	(682,246)	\$	(463,798)	\$	(491,956)	\$	(522,150)
8	<b>Cash from Financing</b>	\$	<b>(988,459)</b>	\$	<b>(1,000,721)</b>	\$	<b>(400,646)</b>	\$	<b>329,209</b>	\$	<b>(589,411)</b>	\$	<b>(581,544)</b>	\$	<b>(566,928)</b>	\$	<b>(565,538)</b>
Cash for Investments																	
9	Construction of Plant	\$	(730,154)	\$	(686,000)	\$	(1,983,375)	\$	(2,009,126)	\$	(1,085,650)	\$	(1,112,970)	\$	(1,141,109)	\$	(1,170,092)
10	Investments in Assoc Org	\$	(58,380)	\$	(52,000)	\$	(53,560)	\$	(55,167)	\$	(56,822)	\$	(58,526)	\$	(60,282)	\$	(62,091)
11	<b>Cash from Investing</b>	\$	<b>(788,534)</b>	\$	<b>(738,000)</b>	\$	<b>(2,036,935)</b>	\$	<b>(2,064,293)</b>	\$	<b>(1,142,472)</b>	\$	<b>(1,171,496)</b>	\$	<b>(1,201,391)</b>	\$	<b>(1,232,183)</b>
12	Net Change to Cash	\$	747,835	\$	197,399	\$	(690,688)	\$	214	\$	(2,476)	\$	(23)	\$	538	\$	10
13	Beginning Cash Balance	\$	248,135	\$	995,970	\$	1,193,369	\$	502,681	\$	502,895	\$	500,418	\$	500,396	\$	500,934
14	<b>Cash Ending Balance</b>	\$	<b>995,970</b>	\$	<b>1,193,369</b>	\$	<b>502,681</b>	\$	<b>502,895</b>	\$	<b>500,418</b>	\$	<b>500,396</b>	\$	<b>500,934</b>	\$	<b>500,943</b>