

# **2016 Financials**



**POWDER RIVER ENERGY CORPORATION  
CUSTOMER MEETING  
GILLETTE, WY  
FEBRUARY 22, 2017**

# 2016 Budget Revision Comparison



Item	1Q2016 Revision	2016 Original Budget	Variance
Operating Revenue and Patronage Capital	162,000,353	186,800,531	(24,800,178)
Cost of Purchased Power	127,042,739	151,892,651	(24,849,912)
Transmission Expense	1,728,928	1,801,443	(72,515)
Distribution Expense - Operation	6,832,517	7,971,759	(1,139,242)
Distribution Expense - Maintenance	4,368,988	4,502,946	(133,958)
Customer Accounts Expense	2,992,421	3,052,823	(60,402)
Customer Service and Informational Expense	118,404	116,689	1,715
Sales Expense	30,970	19,600	11,369
Administrative and General Expense	7,079,325	7,160,696	(81,370)
Total Operation & Maintenance Expense (2 thru 11)	150,194,292	176,518,607	(26,324,315)
Depreciation & Amortization Expense	10,522,150	10,753,627	(231,477)
Tax Expense - Property & Gross Receipts	501,883	502,780	(897)
Tax Expense - Other	63,298	63,951	(653)
Interest on Long-Term Debt	6,581,269	6,581,270	(0)
Interest Expense - Other	108,274	29,436	78,838
Other Deductions	185,748	215,088	(29,340)
Total Cost of Electric Service (12 thru 19)	168,156,915	194,664,759	(26,507,844)
<b>Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>(6,156,562)</b>	<b>(7,864,228)</b>	<b>1,707,666</b>
Non Operating Margins - Interest	1,938,585	1,938,585	-
Non Operating Margins - Other	3,181	(1,600)	4,781
Generation and Transmission Capital Credits	6,350,000	6,350,000	
Other Capital Credits and Patronage Dividends	155,500	155,500	
Extraordinary Items			
Patronage Capital or Margins (21 thru 28)	2,290,704	578,257	1,712,447

# 2016 Year End Financials



	2016 Actual	1Q2016 Revision	YTD Variance	YTD Variance %
1. Operating Revenue and Patronage Capital	\$ 182,150,468	\$ 162,000,353	\$ 20,150,115	12.4%
2. Power Production Expense	-	-	-	
3. Cost of Purchased Power	139,898,695	127,042,739	12,855,957	10.1%
4. Transmission Expense	1,484,053	1,728,928	(244,875)	-14.2%
5. Regional Markets Expense	-	-	-	
6. Distribution Expense - Operation	6,968,966	6,832,517	136,449	2.0%
7. Distribution Expense - Maintenance	4,057,547	4,368,988	(311,441)	-7.1%
8. Consumer Accounts Expense	2,168,571	2,992,421	(823,850)	-27.5%
9. Customer Service and Informational Expense	86,775	118,404	(31,629)	-26.7%
10. Sales Expense	28,587	30,970	(2,382)	-7.7%
11. Administrative and General Expense	6,777,474	7,079,325	(301,851)	-4.3%
12. Total Operation & Maint. Expense (2 thru 11)	161,470,669	150,194,292	11,276,377	7.5%
13. Depreciation and Amortization Expense	12,932,219	10,522,150	2,410,069	22.9%
14. Tax Expense - Property & Gross Receipts	455,566	501,883	(46,317)	-9.2%
15. Tax Expense - Other	63,846	63,298	548	0.9%
16. Interest on Long Term Debt	6,475,349	6,581,269	(105,921)	-1.6%
17. Interest Charged to Construction - Credit	-	-	-	
18. Interest Expense - Other	112,663	108,274	4,388	4.1%
19. Other Deductions	181,260	185,748	(4,488)	-2.4%
20. Total Cost of Electric Service (12 thru 19)	181,691,572	168,156,915	13,534,656	8.0%
<b>21. Patronage Capital &amp; Operating Margins (1-20)</b>	<b>\$ 458,896</b>	<b>\$ (6,156,562)</b>	<b>\$ 6,615,459</b>	<b>107.5%</b>
22. Nonoperating Margins - Interest	2,055,721	1,938,585	117,136	6.0%
23. Allowance for Funds Used During Construction	-	-	-	
24. Income (Loss) from Equity Investments	-	-	-	
25. Nonoperating Margins - Other	(13,974)	3,181	(17,154)	-539.3%
26. Generation and Transmission Capital Credits	13,648,648	6,350,000	7,298,648	
27. Other Capital Credits and Patronage Dividends	319,906	155,500	164,406	105.7%
28. Extraordinary Items	-	-	-	
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 16,469,199</b>	<b>\$ 2,290,704</b>	<b>\$ 14,178,495</b>	<b>619.0%</b>

Includes \$8.375 Million in Deferred Revenue

# Sales & Consumers Budget Variance

2016



	YTD kWh Sales			YTD Average Consumers			kWh / Consumer		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
<b>RES</b>	206,915,450	213,409,035	(6,493,585)	14,901	14,942	(41)	1,157	1,190	(33)
<b>SEAS</b>	10,278,256	9,010,305	1,267,951	3,408	3,401	7	251	221	31
<b>IRR</b>	5,560,687	4,745,112	815,575	238	241	(3)	1,949	1,644	305
<b>GS</b>	119,299,794	116,512,727	2,787,067	5,613	5,630	(17)	1,771	1,725	47
<b>GS-CBM</b>	30,539,191	33,729,762	(3,190,571)	658	682	(25)	3,871	4,120	(249)
<b>LP</b>	510,342,734	478,887,210	31,455,524	1,168	1,171	(2)	36,406	34,094	2,312
<b>LP-CBM</b>	282,013,153	279,730,357	2,282,796	849	841	8	27,681	27,707	(26)
<b>LPT</b>	974,308,677	885,821,868	88,486,809	13	13	-	6,245,568	5,678,345	567,223
<b>LPT-General</b>	7,469,000	5,901,000	1,568,000	1	1	-	622,417	491,750	130,667
<b>LPT-CBM</b>	108,948,000	96,550,967	12,397,033	5	5	-	1,815,800	1,609,183	206,617
<b>LPC-CBM</b>	1,607,539	-	1,607,539	-	-	-	-	-	-
<b>ST LTS</b>	874,263	931,068	(56,805)	29	30	(1)	2,477	2,586	(110)
<b>Sales for Resale BH</b>	1,021,286								
<b>Total</b>	<b>2,259,178,030</b>	<b>2,125,229,410</b>	<b>132,927,334</b>	<b>26,883</b>	<b>26,957</b>	<b>(74)</b>	<b>7,003</b>	<b>6,570</b>	<b>433</b>

# Growth



<b>Growth Rate in kWh Sales</b>		
<b>Rate Class</b>	<b>Actual</b>	<b>Budget</b>
Residential	-1.2%	1.9%
General Service	-10.4%	-12.5%
Large Power	-4.1%	-10.0%
CBM	-21.1%	-23.6%
Coal Mines	-18.3%	-25.7%
<b>System</b>	<b>-13.9%</b>	<b>-19.0%</b>

<b>Growth Rate in CBM Sales</b>		
<b>Year</b>	<b>kWh</b>	<b>Growth</b>
2016	423,107,883	-21.1%
2015	536,323,686	-12.4%
2014	612,035,627	-9.7%
2013	677,423,534	-14.6%
2012	793,557,633	-16.1%

<b>Growth Rate in Coal Sales YTD Five-Year Comparison</b>		
<b>Year</b>	<b>kWh</b>	<b>Growth</b>
2016	974,308,677	-18.3%
2015	1,192,107,472	-4.2%
2014	1,244,870,031	1.9%
2013	1,221,275,224	-0.5%
2012	1,227,007,339	-2.6%

# 2017 Budget Compared to 2016 Actual



	2017 Budget	2016 Actual	YTD Variance	YTD Variance %
1. Operating Revenue and Patronage Capital	\$ 178,998,979	\$ 182,150,468	\$ (3,151,489)	-1.7%
2. Power Production Expense			-	
3. Cost of Purchased Power	138,403,421	139,898,695	(1,495,274)	-1.1%
4. Transmission Expense	1,579,214	1,484,053	95,161	6.4%
5. Regional Markets Expense			-	
6. Distribution Expense - Operation	7,015,080	6,968,966	46,114	0.7%
7. Distribution Expense - Maintenance	4,750,339	4,057,547	692,792	17.1%
8. Consumer Accounts Expense	2,781,828	2,168,571	613,256	28.3%
9. Customer Service and Informational Expense	114,256	86,775	27,482	31.7%
10. Sales Expense	19,974	28,587	(8,613)	-30.1%
11. Administrative and General Expense	6,899,311	6,777,474	121,836	1.8%
12. Total Operation & Maint. Expense (2 thru 11)	161,563,423	161,470,669	92,754	0.1%
13. Depreciation and Amortization Expense	9,065,385	12,932,219	(3,866,834)	-29.9%
14. Tax Expense - Property & Gross Receipts	412,027	455,566	(43,538)	-9.6%
15. Tax Expense - Other	90,060	63,846	26,214	41.1%
16. Interest on Long Term Debt	6,281,820	6,475,349	(193,529)	-3.0%
17. Interest Charged to Construction - Credit			-	
18. Interest Expense - Other	216,840	112,663	104,177	92.5%
19. Other Deductions	164,221	181,260	(17,039)	-9.4%
20. Total Cost of Electric Service (12 thru 19)	177,793,777	181,691,572	(3,897,794)	-2.1%
<b>21. Patronage Capital &amp; Operating Margins (1-20)</b>	<b>\$ 1,205,202</b>	<b>\$ 458,896</b>	<b>\$ 746,306</b>	<b>162.6%</b>
22. Nonoperating Margins - Interest	1,955,000	2,055,721	(100,721)	-4.9%
23. Allowance for Funds Used During Construction			-	
24. Income (Loss) from Equity Investments			-	
25. Nonoperating Margins - Other	6,700	(13,974)	20,674	-147.9%
26. Generation and Transmission Capital Credits	6,139,000	13,648,648	(7,509,648)	-55.0%
27. Other Capital Credits and Patronage Dividends	206,000	319,906	(113,906)	-35.6%
28. Extraordinary Items			-	
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>\$ 9,511,902</b>	<b>\$ 16,469,199</b>	<b>\$ (6,957,296)</b>	<b>-42.2%</b>

2016 Actual includes \$8.375 Million in Deferred Revenue

# Labor Comparison



Account	2017 Labor Budget to 2016 Actual Labor			2017 Labor Budget to 2015 Actual Labor		
	2017 Labor Budget	2016 Actual Labor	Change	2017 Labor Budget	2015 Actual	Change
Total Labor Cost	\$ 20,092,348	\$ 20,965,645	\$ (873,297)	\$ 20,092,348	\$ 21,007,012	\$ (914,664)
Regular Hours	280,647	299,264	(18,617)	280,647	305,784	(25,137)
Overtime Hours	11,457	10,844	613	11,457	14,735	(3,278)
			-			
Full Time Employees at Year-End	131	135	(4)	131	141	(10)
Part Time Employees at Year-End	11	10	1	11	6	5
Retirees during Year	3	7	(4)	3	4	(1)
Capitalized Labor	5,702,448	6,574,639	\$ (872,191)	5,702,448	5,508,163	\$ 194,285
Expensed Labor	14,389,900	14,391,008	\$ (1,108)	14,389,900	15,498,849	\$ (1,108,949)
	\$ 20,092,348	\$ 20,965,647	\$ (873,299)	\$ 20,092,348	\$ 21,007,012	\$ (914,664)

# Discussion

