

GRAYSON RECC
KY 61

BASE CASE

Bradley Cherry
December 16, 2014.

FINANCIAL FORECAST RUS FORM 325A- RATIOS

	FINANCIAL FORECAST										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. EQUITY RATIO (WITH ADD. REV.) (%)	29.55	29.39	29.43	28.84	28.44	28.19	28.96	28.87	28.89	29.01	29.70
2a. DEBT SERVICE COVERAGE (WITH ADD. REV.)	2.45	2.04	1.84	1.85	1.83	1.82	1.80	1.79	1.78	1.77	1.81
2b. OPERATING DSC (including op. margins + G&T & lender CCs paid)		2.04	1.84	1.85	1.83	1.82	1.80	1.79	1.78	1.77	1.81
3a. TIMES INTEREST EARNED RATIO (WITH ADD. REV.)	4.04	1.89	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
3b. OPERATING TIER (including op. margins + G&T & lender CCs paid)		1.89	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
4. AVERAGE REVENUE PER KWH SOLD (CENTS)	12.05	12.52	12.78	13.29	13.82	14.34	14.70	15.28	15.77	16.25	16.58
5. INCREASE IN AVERAGE REVENUE PER KWH SOLD (%)		3.90	2.11	3.99	3.99	3.76	2.53	3.89	3.25	3.04	2.03
6. TOTAL UTILITY PLANT PER KWH SOLD (CENTS)	26.35	28.09	29.34	30.74	32.09	33.38	34.67	35.96	37.17	38.31	39.39
7. NET GENERAL FUNDS TO TOTAL UTILITY PLANT (%)	0.12	3.96	4.21	7.24	10.26	13.25	12.85	15.82	18.77	21.69	22.80
8. ACCUM. PROV. FOR DEP. & AMORT. TO T.U.P. (%)	24.16	26.04	27.53	29.06	30.61	32.18	33.77	35.38	37.00	38.64	40.30
9. OPERATIONS & MAINTENANCE EXP. PER CONSUMER (\$)	259.52	271.45	311.12	326.52	341.67	356.40	370.70	384.84	398.79	412.55	426.01
10. ADMIN. & GEN. EXPENSE PER CONSUMER (\$)	130.02	124.59	149.37	156.76	164.04	171.11	177.97	184.76	191.46	198.06	204.53
11. PLANT REVENUE RATIO	5.45	5.39	5.36	5.32	5.26	5.21	5.20	5.19	5.16	5.12	5.11
12. RATE OF RETURN ON RATE BASE (WITH ADD. REV.) (%)		4.38	3.82	4.19	4.68	5.15	5.41	5.66	6.11	6.54	6.85
13. RATE BASE = 104% OF NET UTILITY PLANT		54,890,836	56,797,782	58,518,501	60,055,352	61,410,690	62,586,874	63,586,261	64,411,207	65,064,072	65,547,210
14. INCREASE OVER PRESENT RETAIL RATES REQUIRED (%)		0.00	2.16	6.15	10.32	14.41	17.27	21.74	25.64	29.42	32.06
15. MODIFIED DSC (FOR RUS USE)		2.04	1.84	1.85	1.83	1.82	1.80	1.79	1.78	1.77	1.81
16. MODIFIED TIER (NET OF G&T & OTHER CAP. CREDITS)		1.89	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

FINANCIAL FORECAST RUS FORM 325B - PRO FORMA BALANCE SHEET

	FINANCIAL FORECAST										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. ASSETS AND OTHER DEBITS											
a. TOTAL UTILITY PLANT	67,874,905	71,362,905	75,362,905	79,312,905	83,212,905	87,062,905	90,862,905	94,612,905	98,312,905	101,962,905	105,562,905
b. ACCUM. PROVISION FOR DEPREC. & AMORT.	16,400,827	18,583,255	20,749,653	23,045,115	25,467,375	28,014,165	30,683,219	33,472,270	36,379,052	39,401,298	42,536,741
c. NET UTILITY PLANT	51,474,078	52,779,650	54,613,252	56,267,790	57,745,530	59,048,740	60,179,686	61,140,635	61,933,853	62,561,607	63,026,164
d. NET GENERAL FUNDS	80,894	2,825,684	3,171,908	5,744,259	8,535,069	11,533,553	11,676,807	14,969,371	18,449,219	22,120,669	24,071,836
e. GENERAL FUNDS EXCLUDABLE ITEMS	643,779	643,779	643,779	643,779	643,779	643,779	643,779	643,779	643,779	643,779	643,779
f. OTHER ASSETS AND DEBITS	20,694,607	20,544,607	20,394,607	20,244,607	20,094,607	19,944,607	19,794,607	19,644,607	19,494,607	19,344,607	19,194,607
g. TOTAL ASSETS AND OTHER DEBITS	72,893,358	76,793,720	78,823,546	82,900,435	87,018,986	91,170,680	92,294,879	96,398,393	100,521,458	104,670,663	106,936,385
2. LIABILITIES AND OTHER CREDITS											
a. TOTAL MARGINS AND EQUITIES	21,537,118	22,571,056	23,194,097	23,911,335	24,748,472	25,703,524	26,732,739	27,833,424	29,044,246	30,362,937	31,759,234
b. LONG TERM DEBT - RUS											
(1). LONG TERM DEBT - 2% & 5%	0	0	0	0	0	0	0	0	0	0	0
(2). LONG TERM DEBT - 5%, MUNI & TREASURY	0	0	0	0	0	0	0	0	0	0	0
(3). LONG TERM DEBT - GUARANTEE	10,204,985	14,493,837	17,336,997	22,147,063	26,902,822	31,598,795	33,219,202	37,759,700	42,232,540	46,635,441	48,945,796
(4). LESS CUSHION OF CREDIT	0	0	0	0	0	0	0	0	0	0	0
(5). TOTAL LONG TERM DEBT -RUS	10,204,985	14,493,837	17,336,997	22,147,063	26,902,822	31,598,795	33,219,202	37,759,700	42,232,540	46,635,441	48,945,796
c. LONG TERM DEBT - OTHER	31,817,209	30,394,781	28,958,406	27,507,990	26,033,646	24,534,315	23,008,893	21,471,223	19,910,627	18,338,239	16,897,310
d. CURRENT PORTION OF LONG TERM DEBT	1,883,798	1,593,215	1,640,349	1,718,586	1,803,358	1,905,016	1,997,172	2,087,756	2,169,487	2,130,575	2,130,575
e. LONG TERM DEBT - TOTAL	40,138,396	43,295,403	44,655,054	47,936,468	51,133,110	54,228,095	57,143,167	59,973,680	62,843,105	63,712,531	63,712,531
f. OTHER LIABILITIES AND CREDITS	11,217,844	10,927,261	10,974,395	11,052,632	11,137,404	11,239,062	11,331,218	11,421,802	11,503,533	11,464,621	11,464,621
g. TOTAL LIABILITIES AND OTHER CREDITS	72,893,358	76,793,720	78,823,546	82,900,435	87,018,986	91,170,680	92,294,879	96,398,393	100,521,459	104,670,663	106,936,386

FINANCIAL FORECAST

RUS FORM 325C - STATEMENT OF OPERATIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. ACCRUAL BASIS										
a (1). ADDITIONAL REVENUE REQUIREMENTS FOR TIER/EQUITY	0	715,253	2,049,492	3,455,160	4,850,047	5,839,460	7,377,911	8,744,712	10,096,889	11,071,738
(2). OPER. REV. & PATRON. CAP. - PRESENT RATES	32,860,276	33,186,379	33,328,460	33,488,410	33,661,421	33,813,621	33,943,843	34,112,204	34,314,283	34,533,267
b. COST OF POWER	19,622,008	19,839,154	20,475,470	21,131,157	21,801,570	22,183,444	23,107,984	23,790,369	24,505,914	24,958,749
c. OPER. REV. LESS COST OF POWER	13,238,268	14,062,477	14,902,482	15,812,413	16,709,898	17,469,637	18,213,769	19,066,547	19,905,258	20,646,257
d. OPERATIONS & MAINTENANCE EXPENSE	4,184,140	4,804,067	5,055,863	5,304,472	5,549,893	5,792,127	6,031,174	6,267,033	6,499,705	6,729,190
e. CONSUMER ACCOUNTS AND SALES EXPENSE	1,305,124	1,328,932	1,332,633	1,336,162	1,340,207	1,344,768	1,348,813	1,352,514	1,355,957	1,359,485
f. ADM. & GEN. & OTHER DEDUCTIONS EXPENSE	1,920,384	2,306,435	2,427,323	2,546,680	2,664,507	2,780,803	2,895,570	3,008,806	3,120,512	3,230,688
g. DEPRECIATION AND AMORTIZATION EXPENSE	3,382,428	3,416,398	3,595,462	3,772,259	3,946,790	4,119,054	4,289,051	4,456,782	4,622,246	4,785,443
h. TAX EXPENSE	40,000	37,521	39,488	41,430	43,346	45,238	47,105	48,948	50,765	52,557
i. INTEREST EXPENSE	1,272,253	1,446,082	1,634,475	1,874,274	2,110,104	2,258,431	2,401,371	2,621,643	2,837,382	2,992,595
j. TOTAL COST OF ELECTRIC SERVICE	31,726,338	33,178,591	34,560,715	36,006,433	37,456,416	38,523,865	40,121,068	41,546,095	42,992,481	44,108,708
k. PATRONAGE CAPITAL & OPERATING MARGINS	1,133,938	723,041	817,238	937,137	1,055,052	1,129,215	1,200,685	1,310,821	1,418,691	1,496,298
l. NON-OPERATING MARGINS	0	0	0	0	0	0	0	0	0	0
m. G&T AND OTHER CAPITAL CREDITS (CFC CTC's)	0	0	0	0	0	0	0	0	0	0
n. TOTAL ACCRUAL MARGINS	1,133,938	723,041	817,238	937,137	1,055,052	1,129,215	1,200,685	1,310,821	1,418,691	1,496,298
2. CASH BASIS										
a. CASH FROM OPERATIONS BEFORE DEBT SERVICE	5,788,620	5,585,521	6,047,175	6,583,670	7,111,945	7,506,700	7,891,107	8,389,246	8,878,319	9,274,336
b. TOTAL DEBT SERVICE	2,843,830	3,039,297	3,274,824	3,592,859	3,913,461	4,163,446	4,398,543	4,709,399	5,006,869	5,123,170
c. CASH MARGINS AFTER DEBT SERVICE	2,944,790	2,546,224	2,772,351	2,990,810	3,198,484	3,343,254	3,492,565	3,679,848	3,871,450	4,151,166

FINANCIAL FORECAST

RUS FORM 325D - GENERAL FUNDS SUMMARY

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. SOURCES OF GENERAL FUNDS										
a. NET GENERAL FUNDS BEGINNING OF YEAR	80,894	2,825,684	3,171,908	5,744,259	8,535,069	11,533,553	11,676,807	14,969,371	18,449,219	22,120,669
b. CASH MARGINS AFTER DEBT SERVICE	2,944,790	2,546,224	2,772,351	2,990,810	3,198,484	3,343,254	3,492,565	3,679,848	3,871,450	4,151,166
c. OTHER PROCEEDS	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
d. SALE OF EXCLUDABLE ITEMS	0	0	0	0	0	0	0	0	0	0
e. REIMBURSEMENT FROM PRIORITY LOAN FUNDS	0	0	0	0	0	0	0	0	0	0
f. REIMBURSEMENT FROM SPECIAL LOANS (NON-PRIORITY)	0	0	0	0	0	0	0	0	0	0
g. USES OF CUSHION OF CREDIT ACCOUNT	0	0	0	0	0	0	0	0	0	0
2. TOTAL GENERAL FUNDS AVAILABLE	3,175,684	5,521,908	6,094,259	8,885,069	11,883,553	15,026,807	15,319,371	18,799,219	22,470,669	26,421,836
3. PROPOSED USE OF GENERAL FUNDS										
a. PURCHASE OF EXCLUDABLE ITEMS	0	0	0	0	0	0	0	0	0	0
b. CAPITAL CREDIT RETIREMENTS	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
c. GENERAL FUNDS INVESTED IN PLANT	250,000	2,250,000	250,000	250,000	250,000	3,250,000	250,000	250,000	250,000	2,250,000
d. OTHER USES OF GENERAL FUNDS	0	0	0	0	0	0	0	0	0	0
e. ADDITIONS TO CUSHION OF CREDIT ACCOUNT	0	0	0	0	0	0	0	0	0	0
f. ADDITIONAL PRINCIPAL PAYMENTS	0	0	0	0	0	0	0	0	0	0
4. TOTAL PROPOSED USES OF GENERAL FUNDS	350,000	2,350,000	350,000	350,000	350,000	3,350,000	350,000	350,000	350,000	2,350,000
5. NET GENERAL FUNDS - END OF YEAR	2,825,684	3,171,908	5,744,259	8,535,069	11,533,553	11,676,807	14,969,371	18,449,219	22,120,669	24,071,836

