

2015 Financial Report



David Hansen
Secretary/Treasurer
District 5

The 2015 financial reports are presented on a consolidated basis for Plumas-Sierra Rural Electric Cooperative and its subsidiary, Plumas-Sierra Telecommunications.

The consolidated statement of operations provides an overview of the income and expenses for 2015 and 2014. The cost of power and transmission was constant between 2014 and 2015, increasing only \$43,322, due to the availability of less-expensive power on the market.

The modest increase in cost of power was offset by decreased costs of power production (\$181,120), which is due to the efficient operation of PSREC's High Sierra Cogeneration Plant. The plant has consistently generated 23 percent of the total kilowatt-hours purchased and produced by the cooperative. This facility has been effective in providing options to more effectively manage the purchased power costs versus self-generation. In addition, the cogen plant provides voltage support and increases the stability and reliability of PSREC's entire system. The long-term sustainability of the cogen plant was assured by investing in periodic maintenance.

For the past five years, PSREC and its subsidiary, Plumas-Sierra Telecommunications, have been working to improve broadband services in the

region. In July 2010, Plumas-Sierra was awarded a grant through the American Reinvestment and Recovery Act to fund the construction of a 198-mile backbone fiber optic network from Reno to Susanville and west to Quincy. The goal is to improve health care, emergency services and economic development; promote things such as teleworking; and make rich media possible, if not commonplace, throughout our communities.

PST did sustain a loss in 2015 due to incremental broadband revenue streams starting later than anticipated, and legal resolution of an interconnection issue. Based on the company's continued investment strategy, the subsidiary will be in a better position for 2016.

Finally, we are pleased to report our external auditors, AKT, LLP, have concluded that the consolidated financial statements present fairly, in all material respects, the financial position of the cooperative and its subsidiary.

Sincerely,

David Hansen
Secretary/Treasurer

Consolidated Balance Sheet

December 31, 2015 and 2014

	2015	2014
ASSETS		
<i>Electric plant:</i>		
Plant in service	\$104,228,021	\$103,148,905
Construction work in progress	4,372,915	5,831,473
	108,600,936	108,980,378
Provision for accumulated depreciation	(39,571,776)	(37,859,904)
Electric plant, net	69,029,160	71,120,474
<i>Other assets and investments:</i>		
Non-utility property	22,464,638	21,014,780
Non-utility construction in progress	1,623,821	1,044,416
Provision for accumulated depreciation	(3,865,582)	(2,587,277)
Investments in associated organizations	6,972,598	6,926,307
NCPA reserve fund	1,053,906	842,579
Deferred income taxes	2,314,200	2,314,200
Total other assets and investments	30,563,581	29,555,005
<i>Current assets:</i>		
Cash and cash equivalents	446,215	874,684
Restricted cash & temporary investments	1,947,393	3,217,167
Accounts receivable, less provision for doubtful accounts of \$129,896 (\$113,682 in 2014)	3,257,479	3,235,753
Grant receivable	-	-
Materials and supplies	1,640,511	1,530,268
Prepayments	145,982	223,499
Taxes receivable	-	5,805
Total current assets	7,437,580	9,087,176
Deferred charges	2,611,915	2,000,925
Total Assets	\$109,641,915	\$111,763,580
EQUITIES AND LIABILITIES		
<i>Equities and margins:</i>		
Memberships	\$33,445	\$33,145
Patronage capital	31,269,586	30,543,003
Donated capital	27,191	25,263
Accumulated comprehensive loss	(1,285,800)	(1,374,500)
Total equities and margins	30,044,422	29,226,911
<i>Long-term debt</i>		
	49,767,117	47,923,973
<i>Current liabilities:</i>		
Lines of credit	3,316,000	6,339,970
Current maturities of long-term debt	3,062,192	3,493,429
Accounts payable, trade	1,009,132	289,603
Taxes payable	10,609	-
Consumer deposits	185,253	177,901
Unearned revenue	287,919	277,922
Other liabilities	3,379,203	3,486,986
Total current liabilities	11,250,308	14,065,811
<i>Other liabilities:</i>		
Consumer advances for construction	834,708	986,905
Deferred credits	4,306,173	4,177,424
Revenue deferral plan	38,773	1,050,000
Deferred grant revenue	13,400,414	14,332,556
Total other liabilities	18,580,068	20,546,885
Total Equities and Liabilities	\$109,641,915	\$111,763,580

Consolidated Statement of Operations

Years ended December 31, 2015 and 2014

	2015	2014
Operating revenues	\$27,711,138	\$26,414,169
<i>Operating expenses</i>		
Cost of power	13,932,095	12,834,003
Transmission	504,937	584,002
Distribution-operation & maintenance	3,185,029	2,975,940
Consumer accounts	1,048,954	931,944
Customer service and information	293,637	314,900
Administrative and general	2,017,314	2,138,261
Total operating expenses	20,981,966	19,779,050
Depreciation and amortization	2,503,933	2,430,884
Property taxes	551,338	577,549
Interest expense	1,937,234	1,997,579
Other deductions	74,427	71,703
Total Cost of Electric Service	26,048,898	24,856,765
<i>Operating Margins</i>		
	1,662,240	1,557,404
Non-operating margins—Interest	333,966	286,850
Non-operating margins—Other	(43,171)	(27,739)
Income (Loss) from Telecommunications operations	(1,265,477)	(570,471)
Other Capital Credits and Patronage Dividends	97,555	103,153
Net Margin	\$785,113	\$1,349,197

Eastern Plumas Health Care Health Fair

September 10, 10 a.m. to 2 p.m.

At the PSREC Annual Meeting

- **Free screenings:** diabetes, cholesterol (\$5 donation), BMI (weight ratio) and blood pressure.
- **Information and specials:** telemedicine, dental, mammography, diabetes, skilled nursing facilities, and information about upcoming free/low-cost prevention screenings (mammo, dexam, AAA, more).

