

Denton County Electric Cooperative, Inc. - d/b/a CoServ Electric

Key Summary - 10 Year Income Statement Projections

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenue										
Per KWH (Mills)	81.07	81.17	81.20	81.33	81.40	81.45	81.51	81.56	81.61	81.85
Base Revenues	\$ 150,438,277	\$ 167,366,363	\$ 181,367,739	\$ 195,534,224	\$ 209,518,770	\$ 223,333,836	\$ 238,071,491	\$ 253,799,476	\$ 270,589,085	\$ 288,513,069
New Revenues	7,184,621	7,206,180	7,056,100	6,975,683	6,840,209	7,290,876	7,771,295	8,285,361	8,632,285	9,417,748
Total Operating Revenue	157,622,898	174,572,543	188,423,839	202,509,907	216,358,979	230,624,712	245,842,786	262,084,857	279,221,370	297,930,817
Cost of Sales	97,130,578	108,074,778	116,970,584	125,726,116	134,341,146	143,156,664	152,559,529	162,594,452	173,305,830	184,742,363
Expenses										
Operating	18,781,514	20,848,745	22,620,981	24,398,493	26,180,213	27,803,783	29,551,037	31,431,939	33,456,960	35,637,619
SG&A	7,604,643	8,449,185	9,119,674	9,801,333	10,471,618	11,162,069	11,898,613	12,684,717	13,523,792	14,419,636
Total Expenses	26,386,158	29,297,930	31,740,655	34,199,826	36,651,831	38,965,852	41,449,649	44,116,656	46,980,751	50,057,254
Operating Profit	\$ 34,104,162	\$ 37,189,837	\$ 39,714,600	\$ 42,583,965	\$ 45,366,002	\$ 48,502,196	\$ 51,833,608	\$ 55,373,749	\$ 59,134,789	\$ 63,131,200
Depreciation / Amortization	12,218,109	12,562,092	14,037,231	15,516,247	16,448,927	17,947,581	19,571,530	20,431,503	21,144,392	23,218,736
Operating Profit	\$ 21,886,053	\$ 24,627,745	\$ 25,677,369	\$ 27,067,718	\$ 28,917,075	\$ 30,554,615	\$ 32,262,077	\$ 34,942,246	\$ 37,690,396	\$ 39,912,464
Other - Non-Operating Margins	183,226	179,344	171,952	183,868	155,346	146,034	135,978	125,116	113,388	100,718
Interest Expense	(17,353,643)	(25,872,180)	(26,715,113)	(27,816,091)	(28,744,634)	(29,501,197)	(30,562,656)	(31,911,125)	(33,244,141)	(34,624,976)
Bankruptcy / Restructuring Costs	(4,958,600)	(600,000)	(400,000)	-	-	-	-	-	-	-
Loss on Debt Restructuring	(41,082,221)	-	-	-	-	-	-	-	-	-
Reimbursements from Affiliates	856,099	885,854	967,026	1,049,172	1,131,408	1,207,164	1,288,119	1,374,645	1,467,126	1,565,987
Net Profit (Loss)	\$ (40,478,216)	\$ (769,437)	\$ (298,767)	\$ 464,767	\$ 1,458,163	\$ 2,406,617	\$ 3,123,518	\$ 4,530,882	\$ 6,326,767	\$ 8,954,193

Condensed Balance Sheet:

Assets										
Net Utility Plant	\$ 314,434,794	\$ 333,426,124	\$ 350,957,942	\$ 367,221,768	\$ 382,533,435	\$ 398,903,497	\$ 416,431,047	\$ 435,231,769	\$ 455,416,797	\$ 477,123,195
Total Other Property & Invest.	(17,080,789)	(17,105,789)	(17,130,789)	(17,155,789)	(17,180,789)	(17,205,789)	(17,230,789)	(17,255,789)	(17,280,789)	(17,305,789)
Total Current & Accrued Assets	58,525,040	56,164,659	56,306,413	56,567,113	56,875,249	56,998,655	58,976,483	61,426,504	63,240,366	66,390,590
Total Other Assets	11,702,251	9,802,251	7,502,251	5,402,251	3,302,251	1,202,251	3,789	3,789	3,789	3,789
Total Assets	\$ 367,581,296	\$ 382,087,245	\$ 397,835,817	\$ 412,035,343	\$ 425,330,146	\$ 438,998,814	\$ 458,180,530	\$ 479,406,274	\$ 501,380,183	\$ 526,211,785
Liabilities and Equity										
Total Equity	(21,689,221)	(22,374,298)	(22,590,325)	(22,043,837)	(20,505,575)	(18,013,487)	(14,798,740)	(10,170,462)	(3,739,745)	3,325,418
Total Long-Term Debt	373,480,980	379,908,163	394,305,182	406,821,969	417,230,570	427,108,386	441,689,098	456,900,535	470,668,706	487,165,077
Total Current & Accrued Liabilities	10,570,297	19,783,115	21,150,694	22,486,946	23,834,885	25,133,449	26,519,907	27,905,935	29,380,836	30,951,026
Total Other Liabilities	5,219,240	4,770,266	4,770,266	4,770,266	4,770,266	4,770,266	4,770,266	4,770,266	4,770,266	4,770,266
Total Liabilities and Equity	\$ 367,581,296	\$ 382,087,245	\$ 397,835,817	\$ 412,035,343	\$ 425,330,146	\$ 438,998,814	\$ 458,180,530	\$ 479,406,274	\$ 501,380,183	\$ 526,211,785
Net Utility Plant / Long Term Debt	84.19%	87.76%	89.01%	90.27%	91.68%	93.40%	94.28%	95.26%	96.70%	97.94%
Total Assets / Long Term Debt	98.42%	100.57%	100.84%	101.28%	101.94%	102.78%	103.73%	104.93%	106.46%	108.02%

Fixed Charge Analysis:

Total Capital Expenditures	\$ 28,901,401	\$ 29,453,422	\$ 29,469,049	\$ 29,680,073	\$ 29,661,594	\$ 32,217,643	\$ 34,999,061	\$ 38,033,783	\$ 41,329,420	\$ 44,925,135
% Funded Internally	100.00%	71.30%	44.11%	50.54%	57.31%	62.08%	45.72%	47.33%	53.23%	51.20%
% Funded by Capex Debt	0.00%	28.70%	55.89%	49.46%	42.69%	37.92%	54.28%	52.67%	46.77%	48.80%
EBITDA	\$ 30,002,531	\$ 37,485,491	\$ 40,281,626	\$ 43,633,137	\$ 46,497,408	\$ 49,709,360	\$ 53,121,726	\$ 56,748,394	\$ 60,601,914	\$ 64,697,187

EXHIBIT "C"

Denton County Electric Cooperative, Inc. - d/b/a CoServ Electric

Key Summary - 10 Year Income Statement Projections

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Condensed Cash Flow:										
Cash Flow from Operating Activities										
Net Margins	\$ (40,478,218)	\$ (769,437)	\$ (298,787)	\$ 464,787	\$ 1,458,193	\$ 2,406,817	\$ 3,123,518	\$ 4,530,882	\$ 6,326,767	\$ 6,954,193
Depreciation & Amortization	12,588,848	12,562,092	14,037,231	15,518,247	16,449,927	17,947,581	19,571,530	20,431,503	21,144,392	23,218,736
Capital Credits - Non-cash	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net Change - Assets	(7,302,629)	(2,363,923)	(2,134,558)	(2,103,295)	(2,142,555)	(2,191,271)	(3,196,542)	(3,596,875)	(2,507,788)	(2,624,261)
Net Change - Liabilities	(21,642,537)	8,370,199	981,389	954,892	974,245	899,669	960,682	931,484	689,900	1,052,230
Net Cash Provided (Used) by Operating Activities	\$ (56,934,736)	\$ 17,678,931	\$ 12,485,295	\$ 14,732,611	\$ 16,639,810	\$ 18,962,596	\$ 20,359,188	\$ 22,197,194	\$ 25,653,272	\$ 28,500,898
Cash Flows from Investing Activities										
Additions to Plant - net	\$ (28,901,401)	\$ (29,453,422)	\$ (29,469,049)	\$ (28,680,073)	\$ (29,961,594)	\$ (32,217,643)	\$ (34,999,081)	\$ (38,033,783)	\$ (41,329,420)	\$ (44,925,135)
Investment in Associated Organizations	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Net Cash Provided (Used) by Investing Activities	\$ (28,776,401)	\$ (29,328,422)	\$ (29,344,049)	\$ (28,555,073)	\$ (29,836,594)	\$ (32,092,643)	\$ (34,874,081)	\$ (37,908,783)	\$ (41,204,420)	\$ (44,800,135)
Cash Flows from Financing Activities										
Change - Memberships	\$ 85,485	\$ 84,360	\$ 82,740	\$ 81,720	\$ 80,070	\$ 85,470	\$ 91,230	\$ 97,395	\$ 103,950	\$ 110,970
Change - Consumer Deposits	399,105	393,848	398,190	381,360	373,695	398,895	425,775	454,545	485,100	517,860
(Increase) Decrease in Temporary Invest	(10,000,000)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
Increase (Decrease) in LT Debt	88,659,310	6,427,183	14,397,019	12,518,787	10,408,601	9,877,817	14,580,711	15,211,437	14,088,172	16,198,370
Net Cash Provided (Used) by Financing Activities	\$ 79,143,900	\$ 8,905,188	\$ 16,865,949	\$ 14,979,867	\$ 12,882,366	\$ 12,362,182	\$ 15,097,716	\$ 15,763,377	\$ 14,657,222	\$ 16,825,200
Increase (Decrease) in Cash and Cash Equivalents	\$ (6,567,236)	\$ (2,744,303)	\$ 7,198	\$ 157,405	\$ (34,419)	\$ (767,865)	\$ 582,823	\$ 51,808	\$ (893,926)	\$ 525,964
Beginning Cash Balance	20,065,273	13,498,037	10,753,734	10,760,930	10,918,334	10,883,916	10,116,051	10,698,874	10,750,883	10,058,757
Ending Cash Balance	\$ 13,498,037	\$ 10,753,734	\$ 10,760,930	\$ 10,918,334	\$ 10,883,916	\$ 10,116,051	\$ 10,698,874	\$ 10,750,883	\$ 10,058,757	\$ 10,582,720
Debt Statistics:										
CEC Debt:										
NPV Balance - End of Year	\$ 361,913,434	\$ 361,899,291	\$ 361,884,194	\$ 361,868,077	\$ 361,850,873	\$ 361,832,507	\$ 357,828,242	\$ 353,549,553	\$ 348,994,188	\$ 344,110,661
Principal Changes	78,538,176	(14,143)	(15,097)	(16,118)	(17,204)	(18,368)	(4,008,286)	(4,278,689)	(4,595,385)	(4,873,527)
Interest - Accrued/Capitalized	(20,852,558)	(24,429,157)	(24,428,202)	(24,427,183)	(24,426,095)	(24,424,834)	(24,423,694)	(24,153,271)	(23,894,595)	(23,556,433)
CoBank / Renewal LTD Debt:										
Balance - End of Year	\$ 10,000,000	\$ 8,000,000	\$ 6,000,000	\$ 4,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
CoBank/Renewal Borrowings	10,000,000	-	-	-	-	-	-	-	-	-
Principal Repayment	-	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	-	-	-	-
Interest Paid	(204,167)	(850,000)	(690,000)	(510,000)	(340,000)	(113,333)	-	-	-	-
DIP Funding / Capex Debt:										
Balance - End of Year	\$ -	\$ 8,453,422	\$ 24,878,602	\$ 39,425,615	\$ 51,866,658	\$ 63,779,297	\$ 82,384,047	\$ 101,891,368	\$ 120,545,635	\$ 141,837,922
DIP/CAPEX Borrowings	-	8,453,422	16,469,049	14,880,073	12,961,594	12,217,643	18,999,081	20,033,763	19,319,420	21,925,135
Principal Repayment	-	-	(43,868)	(133,061)	(220,551)	(305,004)	(394,331)	(526,442)	(675,152)	(832,848)
Interest Paid	-	(359,270)	(1,418,475)	(2,738,584)	(3,889,295)	(4,927,918)	(6,228,701)	(7,854,079)	(9,412,267)	(11,178,197)
Customers / Meters:										
Beginning of Year	75,727	83,323	90,821	98,176	105,440	112,557	120,154	128,263	136,920	146,160
New Meters Added	7,596	7,498	7,355	7,264	7,117	7,597	8,109	8,657	9,240	9,864
% New Meters	10.03%	9.00%	8.10%	7.40%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%