

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-02044A

Dixie Escalante REA, Inc

71 E. Hwy 66

Beryl, UT 84714

RECEIVED

APR 11 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION – DIRECTOR'S OFFICE

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

Dixie Escalante REA, Inc. dba Dixie Power

ANNUAL REPORT

Electric

FOR YEAR ENDING

12	31	2018
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FOR COMMISSION USE

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4-12-19

COMPANY INFORMATION

Company Name (Business Name): Dixie Escalante REA, Inc. – dba Dixie Power

Mailing Address: 71 E HWY 56
(Street)

Beryl UT 84714
(City) (State) (Zip)

(435) 439-5311 (435) 439-5352 _____
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address: danej@dixiepower.com

Local Office Mailing Address: Same as above
(Street)

(City) (State) (Zip)

Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address _____ Website address: dixiepower.com

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: LaDel Laub, CEO
(Name) (Title)

Same as above
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

On Site Manager: Chery Hulet
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address cheryh@dixiepower.com

Statutory Agent: Trent Reber
 (Name)

164 S Littlefield Ln, PO Box 176 Littlefield AZ 86432
 (Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Aaron Randall
 (Name)

187 N 100 W St George UT 84770
 (Street) (City) (State) (Zip)
 (435) 673-4892 (435) 673-2774

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input checked="" type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input checked="" type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

- Electric**
 - Investor Owned Electric
 - Rural Electric Cooperative
 - Utility Distribution Company
 - Electric Service Provider
 - Transmission Service Provider
 - Meter Service Provider
 - Meter Reading Service Provider
 - Billing and Collection
 - Ancillary Services
 - Generation Provider
 - Aggregator/Broker

Other (Specify) _____

STATISTICAL INFORMATION

Retail Information

	Number of Arizona Customers	Number of kWh Sold in Arizona
Residential	2,224	26,623,417
Commercial	253	7,541,350
Industrial	0	0
Public Street and Highway Lighting	4	15,525
Irrigation	12	870,540
Total Retail	2,493	35,050,832

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale		
Short-term Sales (durations of less than one year)		
Total Wholesale		

Total MWh Sold 516,528 MWh

Maximum Peak Load 142.9 MW

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

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APR 11 2019
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Dane Johnson, Controller</u>
COMPANY NAME	<u>Dixie Escalante REA, Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2018</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2018 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
<u>\$ 2,980,374</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 171,830
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Dane Johnson
SIGNATURE OF OWNER OR OFFICIAL
(435) 439-5311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 10th DAY OF

April, 2019 (SEAL)

COUNTY NAME	<u>Iron</u>	
MONTH	<u>April</u>	<u>2019</u>

Erin Mitchell
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 03/06/2021



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED
APR 11 2019
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>McHavie</u>	
NAME (OWNER OR OFFICIAL) <u>Dane Johnson</u>	TITLE <u>Controller</u>
COMPANY NAME <u>Dixie Escalante REA, Inc.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2018

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2018 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES <u>\$ 2,980,374</u>
--

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 171,230 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

Dane Johnson
SIGNATURE OF OWNER OR OFFICIAL
(425) 439-5311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF Iron

THIS 10th DAY OF April, 2019

(SEAL)

NOTARY PUBLIC NAME <u>Erin Mitchell</u>	
COUNTY NAME <u>Iron</u>	
MONTH <u>April</u>	YEAR <u>2019</u>

MY COMMISSION EXPIRES
03/06/2021



Erin Mitchell
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the Company year-end (Calendar Year 2018) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Pertinent numbers broken out for Arizona operations based on prior years' reports

	AZ	TOTAL
Balance Sheet Information		
Utility Plant in Service	\$8,133,915	\$109,870,341
Accumulated Depr	\$1,907,926	\$32,305,065
Net Utility Plant	\$6,225,989	\$77,565,276
Construction Work in Progress	\$522,932	\$29,515,530
Retirement Work in Progress	(\$2,350)	(\$47,566)
Net Total Utility Plant	\$6,746,571	\$107,033,241
Customer Advances for Construction	\$342,759	\$6,938,393

Supplementary Utility Plant Information

Intangible Plant	\$0	\$550,000
Transmission Plant	\$1,406,047	\$30,395,215
Distribution Plant	\$5,604,695	\$46,425,934
General Plant	\$1,123,174	\$32,499,192
Total Utility Plant in Service	\$8,133,915	\$109,870,341
Construction Work In Progress	\$522,932	\$29,515,530
Total Utility Plant	\$8,656,847	\$139,385,871
Accumulated Depreciation		
Transmission	\$389,046	\$6,177,064
Distribution	\$1,408,111	\$13,035,847
General	\$110,769	\$12,624,653
Accumulated Amortization - Franchise	\$0	\$467,501
Retirement Work in Progress	\$2,350	\$47,566
Net Utility Plant	\$6,746,571	\$107,033,241

Statement of Net Income

Purchased Power		\$21,946,886
Depreciation & Amortization Expense	\$176,592	\$2,867,277
Property Tax Expense	\$106,663	\$827,250
Preliminary Survey Charges	\$0	\$0

	AZ	TOTAL
Operating Revenues		
Residential Sales	\$2,267,167	\$25,089,983
Commercial Sales	\$598,313	\$9,267,251
Industrial Sales		\$1,803,048
Public Sales	\$23,719	\$99,925
Irrigation Sales	\$74,911	\$2,108,367
Total Sales	\$2,964,110	\$38,368,574
Other Operating Revenues	\$16,265	\$245,324
Total Operating Revenues	\$2,980,374	\$38,613,897

Statistical Information

Average Customers		
Residential Customers	2,224	19,731
Commercial Customers	253	2,193
Industrial Sales		1
Public Lighting Customers	4	110
Irrigation Customers	12	198
Total Ultimate Customers	2,493	22,233
Residential kWh Sold	26,623,417	319,256,343
Commercial kWh Sold	7,541,350	138,833,729
Industrial kWh Sold		23,302,444
Public Lighting kWh Sold	15,525	473,384
Irrigation kWh Sold	870,540	34,662,364
Total kWh Sold	35,050,832	516,528,264



DixiePower

ENERGIZING LIFE

A Touchstone Energy[®] Cooperative

The power of human connections[®]



DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Board of Directors
Dixie Escalante Rural Electric Association, Inc.
Beryl, Utah

We have audited the accompanying financial statements of Dixie Escalante Rural Electric Association, Inc. (a Utah non-profit corporation), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dixie Escalante Rural Electric Association, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'HintonBurdick, PLLC'.

HintonBurdick, PLLC
St. George, Utah
April 2, 2019

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DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Balance Sheets
December 31, 2018 and 2017

Assets	2018	2017
Utility plant - at cost		
Electric plant in service	\$ 109,870,341	\$ 96,906,870
Under construction	29,515,530	21,207,907
Total	139,385,871	118,114,777
Less: Accumulated depreciation and amortization	(32,305,065)	(29,703,393)
Utility plant - net	107,080,806	88,411,384
Other assets and investments		
Investments in CFC and others	2,350,588	1,846,515
Non-utility property	633,042	633,042
Total other assets and investments	2,983,630	2,479,557
Current assets		
Cash and cash equivalents	3,546,885	3,347,671
Accounts receivable - principally members (less allowance for doubtful accounts of \$116,479 in 2018 and \$147,860 in 2017)	4,028,837	2,498,633
Accounts receivable - other	468,969	1,430,673
Notes receivable - related party - due within one year	88,678	122,507
Materials and supplies	4,651,797	5,142,138
Other assets	1,965,764	1,852,333
Total current assets	14,750,930	14,393,955
Notes receivable - related party (net of current portion)	858,799	1,001,126
Total assets	\$ 125,674,165	\$ 106,286,022

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Balance Sheets, continued
December 31, 2018 and 2017

Equity and Liabilities		
	2018	2017
Members' equity		
Memberships	\$ 8,595	\$ 8,595
Patronage capital	17,278,767	14,835,116
Other equity	16,133,761	13,375,918
Total equity and margins	33,421,123	28,219,629
Long-term debt (less amount due within one year included below)	40,518,493	29,840,894
Current liabilities		
Accounts payable	4,543,659	4,617,129
Member deposits	392,455	356,819
Accrued expenses	784,442	812,753
Accrued personal leave	953,815	912,288
Long-term debt due within one year	1,323,309	1,081,644
Unclaimed capital credits	181,265	137,267
Total current liabilities	8,178,945	7,917,900
Construction advances	6,938,393	7,551,369
Deferred revenue - impact fees	36,617,211	32,756,230
Total equity and liabilities	\$ 125,674,165	\$ 106,286,022

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Statements of Operations
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 38,613,897	\$ 34,731,775
Operating expenses		
Operation and maintenance:		
Power purchased	21,946,886	21,456,132
Transmission	60,317	130,957
Distribution - operation	1,516,473	1,794,617
Distribution - maintenance	1,392,556	1,249,282
Consumer accounts	1,468,999	1,325,497
Member service	494,704	443,215
Sales	(9,374)	2,394
Administrative and general	2,524,664	2,142,804
Total operation and maintenance	29,395,225	28,544,898
Depreciation and amortization	2,867,277	2,596,723
Property taxes	827,250	673,425
Other	374,616	346,160
Total operating expenses	33,464,368	32,161,206
Operating margins before interest charges	5,149,529	2,570,569
Interest charges - principally long-term debt	1,406,560	1,062,888
Operating margins	3,742,969	1,507,681
Non-operating margins		
Interest income	66,674	77,780
Other non-operating income (expense)	1,755,970	1,415,360
Patronage capital credits - G&T	16,360	16,360
Patronage capital credits - CFC and others	689,568	496,517
Total non-operating margins	2,528,572	2,006,017
Net margins	\$ 6,271,541	\$ 3,513,698

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Statements of Members' Equity
For the Years Ended December 31, 2018 and 2017

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Equity</u>	<u>Total</u>
Balances, December 31, 2016	\$ 8,595	\$ 12,946,483	\$ 12,509,639	\$25,464,717
Allocation of 2016 margins		2,647,419	(2,647,419)	-
2017 Margins:				
Operating			1,507,681	1,507,681
Non-operating			2,006,017	2,006,017
Retirement of capital credits		(758,786)		(758,786)
Balances, December 31, 2017	8,595	14,835,116	13,375,918	28,219,629
Allocation of 2017 margins		3,513,698	(3,513,698)	-
2018 Margins:				
Operating			3,742,969	3,742,969
Non-operating			2,528,572	2,528,572
Retirement of capital credits		(1,070,047)		(1,070,047)
Balances, December 31, 2018	<u>\$ 8,595</u>	<u>\$ 17,278,767</u>	<u>\$ 16,133,761</u>	<u>\$33,421,123</u>

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net margin	\$ 6,271,541	\$ 3,513,698
Adjustments to reconcile net margin to net cash flows from operating activities:		
Depreciation and amortization	2,867,277	2,596,723
Net (gain)/loss on disposal of fixed assets and non utility plant	58,172	214,374
Accretion of deferred revenue	(1,745,396)	(1,560,507)
Changes in assets and liabilities:		
(Increase)/decrease in CFC investment	(504,073)	(355,430)
(Increase)/decrease in accounts receivable	(568,500)	(1,165,414)
(Increase)/decrease in materials and supplies	490,341	(1,768,602)
(Increase)/decrease in other assets	(151,337)	160,024
(Increase)/decrease in notes receivable	176,156	110,377
Increase/(decrease) in accounts payable	(73,470)	(1,928,499)
Increase/(decrease) in member deposits	35,636	(5,389)
Increase/(decrease) in accrued expenses	(28,311)	97,736
Increase/(decrease) in accrued personal leave	41,527	71,270
Increase/(decrease) in unclaimed capital credits	43,998	18,775
Net cash flows from operating activities	<u>6,913,561</u>	<u>(864)</u>
Cash flows from investing activities:		
Purchase/construction of utility plant	(27,908,055)	(25,994,226)
Proceeds from the sale of fixed assets	124,248	25,540
Net cash flows from investing activities	<u>(27,783,807)</u>	<u>(25,968,686)</u>
Cash flows from financing activities:		
Proceeds from new borrowings	21,000,000	15,250,000
Repayment of long-term debt	(10,080,736)	(8,187,200)
Member advances of impact fees	5,606,377	5,954,637
Member advances for construction	6,573,500	7,139,340
Refund of member advances	(959,634)	(386,820)
Refund of capital credits	(1,070,047)	(758,786)
Net cash flows from financing activities	<u>21,069,460</u>	<u>19,011,171</u>
Net change in cash and cash equivalents	199,214	(6,958,379)
Cash and cash equivalents at beginning of year	<u>3,347,671</u>	<u>10,306,050</u>
Cash and cash equivalents at end of year	<u>\$ 3,546,885</u>	<u>\$ 3,347,671</u>

Supplemental Schedule of Interest Paid and Non Cash Investing and Financing Activities

Interest paid during the year amounted to \$1,409,991 and \$1,081,171 in 2018 and 2017 respectively.

The accompanying notes are an integral part of the financial statements.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies

ORGANIZATION

Dixie-Escalante Rural Electric Association, Inc. is a non-profit, cooperative association organized January 1, 1978, as a result of a consolidation of Dixie Rural Electric Association and Escalante Valley Electric Association for the purpose of providing electric service to rural areas located in southwestern Utah and northwestern Arizona. Dixie-Escalante Rural Electric Association, Inc. assumed all existing assets and liabilities of the Associations in the transaction which, for accounting purposes, has been recorded as a pooling-of-interests. No additional assets or liabilities were created through the consolidation.

REGULATION

The Association is subject to Federal accounting regulation and, until March 8, 1979, was subject to State rate regulation. Subsequent to March 8, 1979, the Association's rates are determined by the Board of Directors, subject to certain restrictions. The Association's accounting practices and policies are generally consistent with regulatory authorities and the accounting records are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

UTILITY PLANT AND DEPRECIATION

Utility plant in service and under construction is stated at original cost less certain contributions received from members, as described below. Costs include labor, materials, and related indirect costs such as engineering, supervision, transportation, etc. The cost of units of property replaced or renewed plus removal cost, less salvage, is charged to accumulated depreciation. Maintenance and repairs of utility property are charged to operating expenses. The Association provides for depreciation on the straight-line basis for all property over the estimated useful lives of the related assets as follows:

	Annual Depreciation Range
Transmission Plant	2.75%
Distribution Plant	2.87%
General Plant	3yrs. – 50 yrs.

In addition to depreciation shown separately in the statement of operations, depreciation of transportation and certain other equipment, amounting to \$606,734 in 2018 and \$540,675 in 2017 was charged to certain clearing accounts and distributed to operations and construction.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies - Continued

REVENUES

Revenues are recognized as members are billed. The Association does not accrue revenues for energy delivered after the billing date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, cash in banks and cash temporarily invested in money market accounts.

MATERIALS AND SUPPLIES

Materials and supplies are stated generally at average cost which is not in excess of market.

DEFERRED DEBITS

The Association periodically incurs expense in the development of future electrical facilities. Deferred costs include, principally, engineering and feasibility study expenditures. Such costs will be charged to operations over an estimated recovery period commencing upon completion of the facilities, or when management determines them to be of no future benefit.

CONSTRUCTION ADVANCES

Construction advances from members are refundable based upon terms of the line extension policy. Amounts not refunded by the end of the allowable period for refunds are accounted for as contributions in aid of construction, as described below.

CONTRIBUTIONS IN AID OF CONSTRUCTION

Contributions in aid of construction include non-refundable amounts advanced by members for construction. As jobs are completed, such amounts are accounted for as a reduction in the cost of the electric plant in service.

ADVERTISING COSTS

The Association incurred advertising costs related to nondirect-response advertising. These costs are expensed the first time the advertising takes place. Advertising costs expensed for 2018 and 2017 were \$310,716 and \$311,696 respectively.

ALLOCATION OF MARGINS

In accordance with the Association's bylaws, operating margins are allocated to the patrons of the Association in proportion to their patronage. Non-operating margins are used to reduce prior years' losses and thereafter, may be allocated to patrons at the discretion of the Association's Board of Directors.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies - Continued

TAXES ON INCOME

No amounts have been paid or accrued for income taxes as the Association is a nonprofit organization exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code.

The Association's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

ESTIMATES

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates, and there is a reasonable possibility that estimates might change within the near term. The more significant estimates used by management in the preparation of the accompanying financial statements include the estimated useful lives of property, plant and equipment and the estimate used to calculate the allowance for doubtful accounts. In the opinion of management the allowance for doubtful accounts is sufficient to cover any accounts or notes receivable that may be uncollectible based on historic percentages and known circumstances.

DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 2, 2019, the date the financial statements were available to be issued.

Note 2. Utility Plant

Utility plant in service is summarized by major classification as follows:

	Balance at 12/31/18	Balance at 12/31/17
Transmission plant	\$ 30,395,215	\$ 21,894,818
Distribution plant	46,425,934	43,010,788
General plant	32,499,192	31,451,264
Intangible plant	550,000	550,000
Under construction	29,515,530	21,207,907
Subtotal	<u>139,385,871</u>	<u>118,114,777</u>
Accumulated depreciation and amortization	<u>(32,305,065)</u>	<u>(29,703,393)</u>
Net utility plant assets	<u>\$ 107,080,806</u>	<u>\$ 88,411,384</u>

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 3. Cash

At various times throughout the years ended December 31, 2018 and 2017, cash balances in bank accounts exceeded the amount insured by the FDIC and/or NCUA. As of December 31, 2018 and 2017, \$3,495,066 and \$3,347,669 of the bank balance of \$4,082,867 and \$3,905,802 was uninsured and uncollateralized.

Note 4. Investments in Associated Organizations

To join NRUCFC and establish eligibility to borrow, the Association has executed an irrevocable agreement to subscribe for subscription certificates and loan certificates. The subscription certificates mature in 2070, 2075, and 2080, and bear interest at 3 percent for the first fifteen years, 4 percent for the next seven years and 5 percent thereafter. The loan certificates mature and will be returned when the loans are paid off.

Investments in associated organizations consist of the following:

	<u>2018</u>	<u>2017</u>
NRTC membership	\$ 1,000	\$ 1,000
CoBank membership	1,000	1,000
CRC		
Class A membership	2,500	2,500
Class A equity investment	10,000	10,000
Western United		
Patronage capital certificates	1,676,433	1,133,697
Less: valuation allowance	(289,860)	(194,574)
NRUCFC		
NRUCFC subscription certificates	171,175	171,175
NRUCFC loan certificates	156,109	156,109
CFC patronage capital certificates	520,971	464,348
CFC member capital securities	100,000	100,000
Class A membership	1,260	1,260
	<u>\$ 2,350,588</u>	<u>\$ 1,846,515</u>

A valuation allowance has been established to reduce the investment in Western United. The allowance is equal to the amount of non-member dividends allocated to the Association which are not expected to be realized.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
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Note 5. Deferred Revenue – Impact Fees

Since 1988 the Association has charged an impact fee for new hookups to offset some of the cost of improving the system to accommodate growth in the service area. The monies are to be used to offset the cost of new system construction or improvement. The Association records the impact fees as deferred revenues as they are collected and then recognizes them as nonoperating revenue over a period of 30 years, which approximates the estimated life of the plant constructed. The revenue recognized for the years ended December 31, 2018 and 2017 was \$1,745,396 and \$1,560,507 respectively.

Note 6. Long-Term Debt

The following is a summary of long term debt activity for 2018:

	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018	Current Portion
NRUCFC loans payable	\$ 30,922,538	\$ 12,000,000	\$ 1,080,736	\$ 41,841,802	\$ 1,323,309
Total long-term debt	<u>\$ 30,922,538</u>	<u>\$ 12,000,000</u>	<u>\$ 1,080,736</u>	<u>\$ 41,841,802</u>	<u>\$ 1,323,309</u>

The following is a summary of long term debt activity for 2017:

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017	Current Portion
NRUCFC loans payable	\$ 23,859,738	\$ 8,000,000	\$ 937,200	\$ 30,922,538	\$ 1,081,644
Total long-term debt	<u>\$ 23,859,738</u>	<u>\$ 8,000,000</u>	<u>\$ 937,200</u>	<u>\$ 30,922,538</u>	<u>\$ 1,081,644</u>

Based on the borrowing rates currently available to the Association for loans with similar terms and average maturities, the stated amount of long-term debt at December 31, 2018 and at December 31, 2017 closely approximated current fair value.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 6. Long-Term Debt - Continued

Long-term debt consists of the following:

	<u>2018</u>	<u>2017</u>
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.25%, maturing August 31, 2048.	\$ 12,000,000	\$ -
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.55%, maturing November 30, 2047.	7,902,843	8,000,000
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.30%, maturing November 30, 2045.	1,902,848	1,939,505
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.55%, maturing November 30, 2046.	13,498,019	13,732,214
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.20%, maturing February 28, 2018.	-	9,376
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.20%, maturing February 28, 2018.	-	8,334
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.25%, maturing May 31, 2035.	758,621	784,216
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, maturing November 30, 2021.	166,198	218,263
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 5.90%, maturing November 30, 2022.	578,978	712,551
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 6.00%, maturing November 30, 2023.	733,571	855,846
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 7.25%, maturing May 31, 2027.	602,918	652,575
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 7.25%, maturing May 31, 2027.	602,918	652,575
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.90%, maturing February 28, 2029.	309,152	331,851
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 4.10%, maturing November 30, 2031.	1,474,722	1,559,000
Loan payable to National Rural Utilities Cooperative Finance Corporation, due in quarterly installments bearing interest at 3.65%, maturing February 28, 2026.	<u>1,311,014</u>	<u>1,466,232</u>
Total long term debt	41,841,802	30,922,538
Less amounts due within one year	<u>(1,323,309)</u>	<u>(1,081,644)</u>
Long term debt, net of current portion	<u>\$ 40,518,493</u>	<u>\$ 29,840,894</u>

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 6. Long-Term Debt - Continued

Under the terms of the mortgage, all assets of the Association are pledged as security. In addition, the mortgage provides, among other things, for the maintenance of certain financial ratios, restrictions related to expanding, refunding patronage capital, incurring indebtedness, making investments, and merging.

On October 16, 1996, Deseret Generation and Transmission (Deseret G&T) and each of the six members of Deseret G&T including Dixie Escalante Rural Electric Association, Inc. entered into a major debt restructuring.

Maturities of long term debt are as follows:

Year Ended	2018		2017	
	Principal	Interest	Principal	Interest
2018	\$ -	\$ -	\$ 1,081,644	\$ 1,322,556
2019	1,323,309	2,006,013	1,150,570	1,358,664
2020	1,390,468	1,916,141	1,208,480	1,298,754
2021	1,455,748	1,847,383	1,265,240	1,239,740
2022	1,453,447	1,774,231	1,256,368	1,176,854
2023	1,373,779	1,703,312	1,160,966	1,116,750
Thereafter	34,845,051	22,324,269	23,799,270	13,578,464
Totals	\$ 41,841,802	\$ 31,571,349	\$ 30,922,538	\$ 21,091,782

Line of Credits

As of December 31, 2018 and 2017 the Association maintained a \$5,000,000 perpetual line of credit with NRUCFC. The line of credit bears interest at the prime rate plus 1 percent, which was 3.35 percent and 2.75 percent at December 31, 2018 and 2017 respectively. The line of credit renews each year unless either party terminates the agreement by providing written notice. There was no outstanding balance on this line of credit at December 31, 2018 and 2017.

During 2013, the Association opened a \$3,000,000 revolving line of credit with CoBank. Interest is charged at either (1) a week quoted variable rate or (2) a quoted rate option as selected by the Association at the time funds are borrowed. The line of credit can be renewed each year at the option of CoBank. In January 2018, the line of credit was increased to \$5,000,000. There was no outstanding balance on this line of credit at December 31, 2018 and 2017.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 7. Members' Equity

Beginning January 1, 1978, the Association discontinued a policy requiring payment of initial membership fees. Under current policy, no membership fees are required and members are admitted subject to acceptance of the board of directors. During 2000, the board approved an early retirement of capital credits allocated to members from 1978 to 1987. The Association refunded the capital credits, at a discount, to members who desired to participate in the early retirement. During 2000, the board also approved a refund of capital credits assigned to the remaining patron accounts for 1978 and 1979. The past policy adopted by the board was to refund such credits after the twentieth year if deemed economically feasible. In 2000, the board adopted a policy to refund capital credits based on a percentage of all equities method and then fully refund any amount remaining after the thirtieth year. A refund percentage is determined each year by the board of directors. During 2018 and 2017, refunds of approximately 100 percent of 1989 plus 5 percent of all other years and 5 percent, respectively, of the remaining 1989-2016 capital credits were made. The total capital credit refunds amounted to \$1,073,437 and \$769,181 in 2018 and 2017 respectively.

Note 8. Employee Benefits

Pension benefits for all employees of the Association with one year of service who have attained age 21 are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Defined Benefit Pension Plan.

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 8. Employee Benefits, continued

Plan Information

The Association's contributions to the RS Plan in 2018 and in 2017 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. The Association made contributions to the RS Plan of \$888,253 in 2018 and \$833,576 in 2017.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80 percent funded on January 1, 2018 and over 80 percent funded on January 1, 2017, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

RS Plan Prepayment

At the December 2012 meeting, the I&FS Committee of the NRECA Board of Directors approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, the billing rate for most cooperations is reduced by approximately 25 percent, retroactive to January 1 of the year in which the amount is paid to the RS Plan. The 25 percent differential in billing rates is expected to continue for approximately 15 years from January 1, 2013. However, unexpected changes in interest rates, asset returns and other plan experience, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period.

Two prepayment options were available to participating cooperatives:

1. Use current assets to make the prepayment over a period of not more than 4 years
2. Borrow funds sufficient to make the prepayment in a lump sum, with the repayment of the borrowed amount determined by the loan's amortization schedule.

On May 30, 2013 the cooperative made a prepayment of \$2,098,963 to the NRECA RS Plan. The cooperative is amortizing this amount over 13 years. Interest expense associated with the prepayment loan is being accounted for in accordance with the RUS USOA.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 8. Employee Benefits, continued

Defined Contribution Savings Plan

In addition to the RS Plan, the Association contributed \$123,247 and \$117,257 to savings plans in 2018 and 2017 respectively. Employee contributions to these savings programs amounted to \$306,627 in 2018 and \$309,978 in 2017. Dixie-Escalante Rural Electric Association, Inc. has no liability for future benefits beyond the amount contributed.

Note 9. Compensated Absences

In accordance with the personal leave policy, each full time employee earns 168 hours of personal leave the first year of employment, 264 hours during the second year with an 8 hour increase for each year thereafter to a maximum of 344 hours annually. The maximum accrued hours that may accumulate in any one employee's account by year end is 800. In May and November of each year, employees may request payment of 75 percent of their current wage for up to one third of the accumulated hours in their account. The liability for accrued personal leave amounted to \$947,850 and \$912,852 at December 31, 2018 and 2017 respectively.

Note 10. Related Parties

In September of 2005, the Board of Directors approved the creation of Red Rock Funding, LLC, as a wholly owned subsidiary of the Association, to administer the Employee Loan Program. The Association made advances of funds to Red Rock Funding, LLC as necessary for the administration of the Employee Loan Program. Participants in the Employee Loan Program were able to borrow up to \$40,000 from Red Rock Funding, LLC for assistance in purchasing housing. The loans are secured by the property purchased. Principal and interest are paid annually through the administration of the Employee Housing Compensation Benefit. As of December 31, 2018 and 2017 amounts due to the Association from Red Rock Funding, LLC for such loans totaled \$947,477 and \$1,123,633 respectively. In December of 2009, the Association discontinued the Employee Loan Program and the Employee Housing Compensation Benefit for all future employees.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 11. Commitments and Contingencies

Power Purchases

The Association has signed a contract to purchase power from the Western Area Power Administration which is a Colorado River Storage (CRSP) allocation. Monthly power needs in excess of this allocation are purchased from Deseret Generation and Transmission (Deseret G&T). The Association is committed to purchase power from Deseret G&T in excess of its CRSP allocation. Additional power beyond that provided by these two sources would be purchased under a contract with the Intermountain Power Project. This contract, termed a lay off contract, provides that power not needed or used by the Association will be allocated to the City of Los Angeles, but made available to the Association as needed.

During the year ended December 31, 2000, Dixie-Escalante Rural Electric Association, Inc. signed a new agreement with the Bureau of Reclamation concerning the hydroelectric power from the Colorado River Storage Project (CRSP) which at present is a low cost source of power available to municipalities and cooperatives having long term contracts with CRSP. The agreement is a new fifteen year agreement that began in the year 2004.

Dixie Escalante Rural Electric Association is one of six member/owners of Deseret G&T, a Utah generating and transmitting electrical co-operative. Deseret G&T owns and operates the Bonanza power plant in eastern Utah. The Association has signed an all requirements wholesale power purchase contract with Deseret G&T which is in force until June 1, 2026 and then automatically extended and continued until December 31, 2077.

Flowell Electric Association

Effective January 1, 1999, all but the manager of Flowell Electric Association, consisting of seven employees, became employees of Dixie Escalante, and Flowell's inventory and other general fixed assets were transferred to Dixie Escalante. Dixie Escalante agreed to provide Flowell Electric with member billing and plant maintenance services. Under the agreement, Flowell will provide a shop and yard for the Dixie Escalante equipment and inventory. Flowell is being treated by Dixie Escalante as a contract customer.

St. George City – Sun Smart Solar Project

In October of 2008, the Association entered into a solar project participation agreement with the City of St. George, Utah. Under the agreement, the City of St. George agreed to construct and operate a solar photovoltaic project. The Association would participate and permit its members who reside within the city limits of St. George to purchase participating units of the solar project from St. George.

The Association's participation percentage in the project was 50 percent, meaning that the Association would reimburse the City of St. George, either through cash payment or labor credits, for 50 percent of all costs associated with the construction, operation, and maintenance of the project. In return, the Association will receive an "energy entitlement" equal to its participation percentage for all completed phases of the project times the net output of the project minus the aggregate credited energy of all Dixie Escalante members participating in the project.

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 11. Commitments and Contingencies - Continued

As of December 31, 2011 phases 1 and 2 of the project were complete and placed into service. Due to the nature of the project, management determined that the capital costs associated with the project should be recorded as “other assets” in the financial statements and amortized over the estimated life of the project (20 years). The Association’s share of all costs for the construction of the project minus any shares sold to customers and net of accumulated amortization totaled \$380,717 and \$414,600 at December 31, 2018 and 2017 respectively. Operating and maintenance costs will be expensed as incurred.

Deseret Generation and Transmission - Dixie Solar Project

On January 1, 2017, the Association entered into an agreement with Deseret Generation and Transmission (Deseret G&T) to construct a solar farm in Beryl, Utah. The project was completed in 2018. Due to the nature of the project, management determined that the capital costs associated with the project should be recorded as “other assets” in the financial statements and amortized over the estimated life. The Association pays Deseret G&T a fixed lease price each month for use of the solar farm. The Association’s share of all costs for the construction of the project minus any shares sold to customers and net of accumulated amortization totaled \$120,822 and \$0 at December 31, 2018 and 2017 respectively.

Note 12. Recognition of Capital Credits from Deseret Generation and Transmission

During 1999 the board of directors adopted the policy of only recognizing capital credits from Deseret Generation and Transmission (Deseret G&T) when the credits are actually paid. Deseret G&T has no obligation to rotate capital credits and even though capital credits are being allocated by Deseret G&T to its members there is no present expectation that all of those credits will be rotated by payments to the members.


During 2018 and 2017, Deseret G&T rotated and paid the Association the following capital credits and has informed the management of the following tax basis allocations of the remaining capital credits which may someday be retired.

Year	Balance 12/31/2016	2017 - 2018 Rotation	Balance 12/31/2018
1983	\$ 16,296	\$ -	\$ 16,296
1984	133,474	-	133,474
1985	-	-	-
1986	86,351	-	86,351
1997	624,852	-	624,852
1998	117,280	32,720	84,560
1999 - 2012	-	-	-
Total	<u>\$ 978,253</u>	<u>\$ 32,720</u>	<u>\$ 945,533</u>

Rotation of capital credits recognized as revenues in 2018 and 2017 totaled \$16,360 and \$16,360 respectively

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Dixie Power
	BORROWER DESIGNATION	UT020
	ENDING DATE	12/31/2018

Submit one electronic copy and one signed hard copy to CFC Round all numbers to the nearest dollar

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.		AUTHORIZATION
Signature of Office Manager or Accountant _____ Date _____		NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?
Signature of Manager _____ Date _____		<input checked="" type="radio"/> YES <input type="radio"/> NO

PART A STATEMENT OF OPERATIONS					
ITEM	YEAR-TO-DATE			THIS MONTH	
	LAST YEAR	THIS YEAR	BUDGET		
	(a)	(b)	(c)		
1. Operating Revenue and Patronage Capital	34,731,775	38,613,897	37,691,516	2,818,110	
2. Power Production Expense	0	0	0	(2,730)	
3. Cost of Purchased Power	21,456,132	21,946,886	22,147,298	1,617,957	
4. Transmission Expense	130,957	60,317	174,825	3,032	
5. Regional Market Operations Expense	0	0	0	0	
6. Distribution Expense - Operation	1,794,617	1,516,473	1,983,477	180,321	
7. Distribution Expense - Maintenance	1,249,282	1,392,556	1,314,122	60,390	
8. Consumer Accounts Expense	1,325,497	1,468,999	1,335,130	212,185	
9. Customer Service and Informational Expense	443,215	494,704	551,934	40,686	
10. Sales Expense	2,394	(9,374)	20,383	0	
11. Administrative and General Expense	2,142,804	2,524,664	2,654,672	347,094	
12. Total Operation & Maintenance Expense (2 thru 11)	28,544,898	29,395,225	30,181,841	2,458,935	
13. Depreciation & Amortization Expense	2,596,723	2,867,277	3,259,380	240,313	
14. Tax Expense - Property & Gross Receipts	673,425	827,250	720,000	116,935	
15. Tax Expense - Other	0	0	0	0	
16. Interest on Long-Term Debt	1,047,929	1,388,581	1,627,564	105,702	
17. Interest Charged to Construction (Credit)	0	0	0	0	
18. Interest Expense - Other	14,960	17,980	18,000	1,760	
19. Other Deductions	346,159	374,616	367,200	31,836	
20. Total Cost of Electric Service (12 thru 19)	33,224,094	34,870,929	36,173,985	2,955,481	
21. Patronage Capital & Operating Margins (1 minus 20)	1,507,681	3,742,968	1,517,531	(137,371)	
22. Non Operating Margins - Interest	77,780	66,674	12,600	51,732	
23. Allowance for Funds Used During Construction	0	0	0	0	
24. Income (Loss) from Equity Investments	0	0	0	0	
25. Non Operating Margins - Other	1,415,360	1,755,970	1,755,000	216,847	
26. Generation & Transmission Capital Credits	16,360	16,360	16,360	0	
27. Other Capital Credits & Patronage Dividends	496,517	689,568	425,000	(87,342)	
28. Extraordinary Items	0	0	0	0	
29. Patronage Capital or Margins (21 thru 28)	3,513,698	6,271,540	3,726,491	43,866	

PART B DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	1,206	1,234	5. Miles Transmission	129	153
2. Services Retired	0	1	6. Miles Distribution Overhead	473	492
3. Total Services In Place	21,985	24,204	7. Miles Distribution Underground	485	514
4. Idle Services (Exclude Seasonal)	62	1,919	8. Total Miles Energized (5+6+7)	1,087	1,159

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME	Dixie Power		
		BORROWER DESIGNATION	UT020		
		ENDING DATE	12/31/2018		
PART E. CHANGES IN UTILITY PLANT					
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1. Distribution Plant Subtotal	43,010,788	3,661,581	246,436	0	46,425,933
2. General Plant Subtotal	31,451,264	1,480,180	432,252	0	32,499,192
3. Headquarters Plant	0	0	0	0	0
4. Intangibles	550,000	0	0	0	550,000
5. Transmission Plant Subtotal	21,894,817	8,795,774	295,375	0	30,395,216
6. Regional Transmission and Market Operation Plant	0	0	0	0	0
7. Production Plant - Steam	0	0	0	0	0
8. Production Plant - Nuclear	0	0	0	0	0
9. Production Plant - Hydro	0	0	0	0	0
10. Production Plant - Other	0	0	0	0	0
11. All Other Utility Plant	0	0	0	0	0
12. SUBTOTAL: (1 thru 11)	96,906,869	13,937,534	974,063	0	109,870,341
13. Construction Work in Progress	21,207,907	8,307,623			29,515,530
14. TOTAL UTILITY PLANT (12+13)	118,114,776	22,245,157	974,063	0	139,385,871
CFC NO LONGER REQUIRES SECTIONS "F", "J", AND "M" DATA Those sections refer to data on "Materials and Supplies" (F), "Energy Efficiency and Conservation Loan Program" (J), and "Annual Meeting and Board Data" (M).					
PART E. SERVICE INTERRUPTIONS					
ITEM	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	Avg. Minutes per Consumer by Cause	TOTAL (e)
	Power Supplier (a)	Major Event (b)	Planned (c)	All Other (d)	
1. Present Year	0.00	0.00	0.58	49.22	49.80
2. Five-Year Average	7.69	8.71	2.82	41.30	60.52
PART F. EMPLOYEE - HOUR AND PAYROLL STATISTICS					
1. Number of Full Time Employees		77	4. Payroll - Expensed		3,504,567
2. Employee - Hours Worked - Regular Time		156,357	5. Payroll - Capitalized		1,700,394
3. Employee - Hours Worked - Overtime		4,424	6. Payroll - Other		1,430,327
PART F. PATRONAGE CAPITAL			PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE		
ITEM	THIS YEAR (a)	CUMULATIVE (b)	1. Amount Due Over 60 Days: \$7,545		
1. General Retirement	1,073,434	10,916,291	2. Amount Written Off During Year: (19,034)		
2. Special Retirements	0	0			
3. Total Retirements (1+2)	1,073,434	10,916,291			
4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	16,360				
5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	56,623				
6. Total Cash Received (4+5)	72,983				

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT						BORROWER NAME	Dixie Power			
						BORROWER DESIGNATION	UT020			
						ENDING DATE	12/31/2018			
PART I. KWH PURCHASED AND TOTAL COST										
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	KWH PURCHASED (e)	TOTAL COST (f)	INCLUDED IN TOTAL COST			
							AVERAGE COST PER KWH (cents) (g)	FUEL COST ADJUSTMENT (h)	WHEELING & OTHER CHARGES (or Credits) (i)	COMMENTS (j)
1	DESERET POWER				539,926.396	21,946.886	4.06	0	0	Comments
2							0.00	0	0	Comments
3							0.00	0	0	Comments
4							0.00	0	0	Comments
5							0.00	0	0	Comments
6							0.00	0	0	Comments
7							0.00	0	0	Comments
8							0.00	0	0	Comments
9							0.00	0	0	Comments
10							0.00	0	0	Comments
11							0.00	0	0	Comments
12							0.00	0	0	Comments
13							0.00	0	0	Comments
14							0.00	0	0	Comments
15							0.00	0	0	Comments
16							0.00	0	0	Comments
17							0.00	0	0	Comments
18							0.00	0	0	Comments
19							0.00	0	0	Comments
20							0.00	0	0	Comments
21	TOTALS				539,926.396	21,946.886	4.06	0	0	Comments

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Dixie Power
	BORROWER DESIGNATION	UT020
	ENDING DATE	12/31/2018

PART L. KWH PURCHASED AND TOTAL COST (Continued)

COMMENTS	
1	
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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Dixie Power
	BORROWER DESIGNATION	UT020
	ENDING DATE	12/31/2018

PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

*LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")*

	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR
1.			\$0
2.			\$0
3.		TOTAL	\$0

** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000.

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (d)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1	National Rural Utilities Cooperative Finance Corporation	40,523,091	1,242,953	1,080,736	2,323,688	
2	NCSC	0	0	0	0	
3	Farmer Mac	0	0	0	0	
4	CoBank Line	0	59,158	0	59,158	
5		0	0	0	0	
6		0	0	0	0	
7		0	0	0	0	
8		0	0	0	0	
9		0	0	0	0	
10	Principal Payments Received from Ultimate Recipients of IRP Loans			0		
11	Principal Payments Received from Ultimate Recipients of REDL Loans			0		
12	TOTAL (Sum of 1 thru 9)	\$40,523,091	\$1,302,111	\$1,080,736	\$2,382,846	

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Dixie Power
	BORROWER DESIGNATION	UT020
	ENDING DATE	12/31/2018

PART R. POWER REQUIREMENTS DATABASE

CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS	DECEMBER CONSUMERS	AVERAGE CONSUMERS	TOTAL KWH SALES AND REVENUE
		(a)	(b)	(c)	
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	18,514	19,731	19,123	
	b. KWH Sold				319,256,343
	c. Revenue				25,089,983
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
3. Irrigation Sales	a. No. Consumers Served	198	198	198	
	b. KWH Sold				34,662,364
	c. Revenue				2,108,367
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,110	2,193	2,152	
	b. KWH Sold				138,833,729
	c. Revenue				9,267,251
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	1	1	1	
	b. KWH Sold				23,302,444
	c. Revenue				1,803,048
6. Public Street & Highway Lighting	a. No. Consumers Served	107	112	110	
	b. KWH Sold				473,384
	c. Revenue				99,925
7. Other Sales to Public Authority	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		20,930	22,235	21,584	
11. TOTAL KWH Sold (lines 1b thru 9b)					516,528,264
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					38,368,574
13. Transmission Revenue					0
14. Other Electric Revenue					245,324
15. KWH - Own Use					3,439,321
16. TOTAL KWH Purchased					539,926,396
17. TOTAL KWH Generated					0
18. Cost of Purchases and Generation					22,007,203
19. Interchange - KWH - Net					0
20. Peak - Sum All KW Input (Metered)					142,904

None
 Non-coincident
 Coincident

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Dixie Power
	BORROWER DESIGNATION	UT020
	ENDING DATE	12/31/2018

PART 5. ENERGY EFFICIENCY PROGRAMS

Line #	Classification	Added This Year			Total To Date		
		Number of Consumers (a)	Amount Invested (b)	ESTIMATED MMBTU Savings (c)	Number of Consumers (d)	Amount Invested (e)	ESTIMATED MMBTU Savings (f)
1.	Residential Sales (excluding seasonal)	0	0	0	0	0	0
2.	Residential Sales - Seasonal	0	0	0	0	0	0
3.	Irrigation Sales	0	0	0	0	0	0
4.	Comm. and Ind. 1000 KVA or Less	0	0	0	0	0	0
5.	Comm. and Ind. Over 1000 KVA	0	0	0	0	0	0
6.	Public Street and Highway Lighting	0	0	0	0	0	0
7.	Other Sales to Public Authorities	0	0	0	0	0	0
8.	Sales for Resales - RUS Borrowers	0	0	0	0	0	0
9.	Sales for Resales - Other	0	0	0	0	0	0
10.	TOTAL	0	0	0	0	0	0

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT		BORROWER NAME Dixie Power	
		BORROWER DESIGNATION UT020	
		ENDING DATE 12/31/2018	
(All investments refer to your most recent CFC Loan Agreement)			
7a - PART 1 - INVESTMENTS			
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS			
5 CFC Capital Credits		520,971	
6 Western United Capital Credits		1,366,573	0
7		0	0
8 CFC CTCs		327,284	0
9 CFC Membership		1,260	0
10 NRTC Membership		1,000	0
11 CRC Membership		2,500	0
12 CFC Member Securities		100,000	0
13 CRC Equity		10,000	0
14 CoBank Equity		1,000	0
15		0	0
Subtotal (Line 5 thru 15)	0	2,350,588	0
3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS			
16		0	0
17		0	0
18		0	0
19		0	0
Subtotal (Line 16 thru 19)	0	0	0
4. OTHER INVESTMENTS			
20		0	0
21		0	0
22		0	0
23		0	0
Subtotal (Line 20 thru 23)	0	0	0
5. SPECIAL FUNDS			
24		0	0
25		0	0
26		0	0
27		0	0
Subtotal (Line 24 thru 27)	0	0	0
6. CASH - GENERAL			
28 CASH-CAPITAL		115,816	0
29 CASH WORKING	2,050	0	0
30 CASH CLEARING	64,897	0	0
31 CASH-ZIONS BU	89,851	250,000	0
32 CASH-WELLS FA	2,680,240	250,000	0
33		0	0
34		0	0
35		0	0
36		0	0
Subtotal (Line 28 thru 36)	2,837,038	615,816	0
7. SPECIAL DEPOSITS			
37 CASH - MOUNTA		94,031	0
38 CASH-ZIONS BU			0
39 CASH-WELLS FA			0
40		0	0
Subtotal (Line 37 thru 40)	0	94,031	0
8. TEMPORARY INVESTMENTS			
41		0	0
42		0	0
43		0	0
44		0	0
Subtotal (Line 41 thru 44)	0	0	0
9. ACCOUNT & NOTES RECEIVABLE - NET			
45 NOTES RECEIVA	947,477	0	0
46 DUE FROM FLO	855,587	0	0
47 DESERET REBAT	890,833	0	0
48 A/R OTHER	467,138	0	0
49 A/R CLEARING A	1,831	0	0
Subtotal (Line 45 thru 49)	3,162,866	0	0
10. COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED			
50		0	0
51		0	0
52		0	0
53		0	0
Subtotal (Line 50 thru 53)	0	0	0
Total		5,999,904	3,060,435

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT			BORROWER NAME		Dixie Power
			BORROWER DESIGNATION		UT020
			ENDING DATE		12/31/2018
(All investments refer to your most recent CFC Loan Agreement)					
7a - PART II. LOAN GUARANTEES					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loans (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
7a - PART III. LOANS					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loans (e)
1	RED ROCK FUNDING		0	947,477	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	947,477	0
7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES					
1	TOTAL (Part I. Total - Column b + Part II. Totals - Column d + Column e + Part III. Totals - Column d + Column e)				6,947,381
2	LARGER OF (a) OR (b)				20,907,881
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			20,907,881	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 35)			16,710,562	