

DATED: JAN. 4, 1994

SUBJECT: Annual Operating Reports for 1993

TO: All Power Supply Borrowers

FROM: JOHN H. ARNESEN  
Assistant Administrator  
Electric Program

SIGNED: JOHN H. ARNESEN

Recent legislation and revision of the Rural Electrification Administration (REA) Uniform System of Accounts (USoA) have made it necessary to make minor revisions to REA Form 12, our standard operating report form. Eight items were added to the Balance Sheet and one item was added to the Statement of Operations. Because of these and other changes, we ask that you carefully examine REA Bulletin 1717B-3, "Guide for Preparing the Financial and Statistical Reports For Power Supply Borrowers." The instructions for Form 12h, Part F, Investments, which reports the investments subject to the 15 percent rule were also revised. Supplemental lenders' capital credits and certain funds reserved for the payment of long-term debt obligations omitted previously are now excluded from the 15 percent limit. We would appreciate your giving special attention to the accuracy and completeness of descriptions of the investments your system reports. We need to have each investment described in sufficient detail so we can verify whether or not it is subject to the 15 percent limit set by 7 CFR 1717, Subpart N.

Enclosed are: (1) "Guide for Preparing the Financial and Statistical Report For Power Supply Borrowers," formerly EOM-3, now REA Bulletin 1717B-3, (2) several sets of REA Forms 12. Your operating reports (an original and two copies) should be completed fully, and checked for accuracy, signed by the manager and accountant before they are mailed to REA.

REA would appreciate your submitting the completed operating reports by March 1, 1994. If extraordinary circumstances do not allow you to report by this date, or if you have questions concerning your 1993 reports, please contact our Power Supply Division (202-720-5434) for assistance.

Enclosures

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration

**BULLETIN 1717B-3**

**SUBJECT: Guide For Preparing Financial and Statistical Reports For Power Supply Borrowers and Electric Distribution Borrowers with Generating Facilities**

**TO:** All Electric Power Supply Borrowers and Electric Distribution Borrowers with Generating Facilities

**EFFECTIVE DATE:** December 31, 1993

**EXPIRATION DATE:** December 31, 1997

**OFFICE OF PRIMARY INTEREST:** Assistant Administrator - Electric Program

**PREVIOUS INSTRUCTIONS:** This Bulletin replaces EOM - 3, Guide For Preparing Financial and Statistical Reports For Power Supply Borrowers and Electric Distribution Borrowers with Generating Facilities last revised in December 1992.

**FILING INSTRUCTIONS:** Suggestion to borrowers: Distribute copies of this bulletin to all units responsible for elements of the report. Those units may file this bulletin with REA EOM-3 and older REA Bulletin 108-2.

REA staff should file in Division's Blue Binders. Bulletin 1717B-3 is also available on REANET (For REA Use). Mark old bulletin (EOM-3) "Superseded."

**PURPOSE:** To provide instructions to all borrowers required to submit operating reports to REA. These instructions implement reporting requirements in the borrower's mortgage agreement with REA; 7 CFR 1717, Subpart N; laws and regulations which authorize REA to collect this information.

SIGNED: WALLY BEYER

DEC. 22, 1993

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Administrator

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Date



**INSTRUCTIONS FOR THE PREPARATION OF THE**  
**OPERATING REPORT**

FOR

**POWER SUPPLY BORROWERS**  
REA Forms 12a-i

AND FOR

**DISTRIBUTION BORROWERS WITH GENERATING FACILITIES**  
REA Forms 12c-g

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Rural Electrification Administration**

Issued Date: December 31, 1993

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*Revised sections are in italic fonts*

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**LIST OF EXHIBITS**

Exhibit A     REA Forms 12a-i, "Operating Report - Financial"

**1. GENERAL**

**1.1** Borrowers' operating reports furnish REA information that it needs for analyses concerning the security of Government loans, for the preparation of estimates to be used in forecasting expenses for future loans and for REA to fulfill its reporting obligations. REA believes that these reports, when supplemented by such additional information as each borrower may choose, will also be of great assistance to the boards of directors and managers in successfully coping with a variety of management problems. The operating reports also provide REA with the data it needs to prepare the Annual Statistical Report which encompasses all REA borrowers' operations.

**1.2** Borrowers should accurately report the financial data recorded in their accounting records, and should prepare their reports in accordance with the detailed instructions contained in this guide. Both the borrower and REA receive the maximum benefits when these operating reports are prepared correctly.

**1.2.1** Borrowers are urged to use these forms monthly; however, for the months of January through November such use is at the borrower's option, except for: (1) borrowers having an operating deficit of \$100,000 or more for the prior year as reflected on REA Form 12a, Section B, Item 27; and (2) individual borrowers which, because of unsatisfactory or unusual operating or financial conditions, are requested by the Regional Division Director shall submit reports on a monthly or quarterly basis.

**1.2.2** Borrowers in category (1) above are required to prepare additional reports for the months of March, June, and September. Borrowers in category (2) above are required to prepare and submit reports as requested by the Director. Monthly reports, when required, shall show year-to-date figures and include all Forms except 12h, "Operating Report Annual Supplement."

**1.2.3** In all cases, reports for the month of December must be prepared on a year-to-date basis.

**1.2.4** All reports for December, the calendar year, are due in REA on March 1 of the following year. Reports for all other months are due by the 20th of the following month.

**1.3** Each item on the forms has been assigned a number. The instructions (in Bulletin 1717B-3) show the account numbers which comprise the items in the balance sheet and statement of operations. The trial balance may be arranged in sections to facilitate preparation of the report.

**1.4** "Red" figures on the report should be indicated by enclosing the amounts in parentheses *e.g.*, (123,456). Note: Only use parentheses to indicate a negative amount not a credit amount. For example, do not use parentheses for reporting "Accumulated Provision for Depreciation and Amortization" on REA Form 12a, Section B, Line 4.

**1.5** A column for "Budget" has been provided on REA Form 12a, Section A, "Statement of Operations." When used, this should consist of the cumulative monthly figures taken from the previously prepared annual budget. If there is a substantial difference between the budgeted and actual amounts, it would be appropriate to make an analysis of operations to determine whether remedial action is needed.

**1.6** Report all amounts, rounded to the nearest dollar, and eliminate the cents. All totals and subtotals should be the sums of the rounded figures used.

**1.7** The original of each report, executed by the office manager or accountant and by the borrower's general manager, *and two copies are to be sent to REA.*

**1.8** Facsimilies of the operating report forms REA Forms 12a through i are attached to this bulletin as Exhibit A.

**1.9** REA can accept computer-generated forms in place of the standard Forms 12 when the following additional certification is made on the form:

"This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017."

## **2. INSTRUCTIONS**

### REA FORM 12a, OPERATING REPORT - FINANCIAL

#### Section A, Statement of Operations

The "Year-to-Date," and "Budget" columns offers information to the management the board of directors that is useful in appraising current operations. Budget information may be included on the forms submitted to REA, at the borrower's option.

Each item of the current report in the "Year-to-Date," "This Year" column should be the sum of the figures shown (1) on the same item in the "This Month" column of the same report and (2) on the identical line in the "Year-to-Date," "This Year" column of the preceding month's report, except for January.

#### **Item No.**

- 1      Electric Energy Revenues  
Accounts 440 through 447

Note: The total on REA Form 12b, Item 77, Column e, should equal 12a, A1, "This Year" column.

- 2      Income from Leased Property  
Account 412 minus 413

**Item No.**

- 3      **Other Operating Revenue and Income**  
Accounts 414 plus 449.1, 450, 451, 453 through 456
- 4      **Total Operating Revenues and Patronage Capital**  
Items 1 through 3
- 5      **Operation Expense - Production - Excluding Fuel**  
Accounts 500, 502 through 507, 509, 517, 519 through 525, 535 through 540,  
546, and 548 through 550
- 6      **Operation Expense - Production - Fuel**  
Accounts 501, 518, and 547
- 7      **Operation Expense - Other Power Supply**  
Accounts 555 through 557
- 8      **Operation Expense - Transmission**  
Accounts 560 through 567
- 9      **Operation Expense - Distribution**  
Accounts 580 through 589
- 10     **Operation Expense - Customer Accounts**  
Accounts 901 through 905
- 11     **Customer Service and Informational Expenses**  
Accounts 907 through 910
- 12     **Operation Expense - Sales**  
Accounts 911 through 916
- 13     **Operation Expense - Administrative and General**  
Accounts 920 through 931
- 14     **Total Operation Expense**  
Sum of Items 5 through 13
- 15     **Maintenance Expense - Production**  
Accounts 510 through 514, 528 through 532, 541 through 545,  
and 551 through 554
- 16     **Maintenance Expense - Transmission**  
Accounts 568 through 573
- 17     **Maintenance Expense - Distribution**  
Accounts 590 through 598
- 18     **Maintenance Expense - General Plant**  
Account 935

**Item No.**

- 19      **Total Maintenance Expense**  
Sum of Items 15 through 18
- 20      **Depreciation and Amortization Expense**  
Accounts 403.1 through 403.7 and 404 through 407, 407.3 and 407.4
- 21      **Taxes**  
All subaccounts of Account 408, 409.1, 410.1, 411.1, 411.3, 411.4 and 420
- 22      **Interest on Long-Term Debt**  
Account 427
- 23      **Interest Charged to Construction - Credit**  
Account 427.3
- 24      **Other Interest Expense**  
Account 431
- 25      **Other Deductions**  
Accounts 409.2, 410.2, 411.2, 411.5, 411.6, 411.7, 411.8, 411.9, 425, plus 426.1 through 426.5, and 428 through 430
- 26      **Total Cost of Electric**  
Sum of Items 14 plus 19 through 25
- 27      **Operating Margins**  
Item 4 minus Item 26
- 28      **Interest Income**  
Account 419 and 432. Include interest earned on the Balance of Advance Payments, if any.
- 29      **Allowance for Funds Used During Construction**  
Account 419.1
- 30      **Income (Loss) From Equity Investments**  
*Account 418.1 plus the amounts recorded in Account 421 relating to the income or loss from investments recorded on the equity method of accounting for investments.*
- 31      **Other Non-operating Income (Net)**  
Net sum of Accounts 415, 417, 418, 421, 421.1 less Accounts 416, 417.1, 421.2 and 422. *Note: the amount recorded in Account 421 relating to the income or loss from investments recorded on the equity method of accounting and amounts recorded in Account 418.1 should be reported on line 30.*
- 32      **Generation and Transmission Capital Credits**  
Account 423

**Item No.**

- 33     **Other Capital Credits and Patronage Dividends**  
Account 424
- 34     **Extraordinary Items**  
Net sum of Accounts 409.3 plus 434 minus 435, plus or minus 435.1.
- 35     **Net Patronage Capital or Margins**  
Item 27 plus or minus Items 28 through 34 as appropriate

**Mills Per Kilowatt-Hour**

A space has been provided at the bottom of REA Form 12a to show for quick reference the mills per kilowatt-hour for revenue and certain operating costs. These figures are important for analysis and program planning.

Use by borrowers is optional. The mills per kilowatt-hour figures are obtained as follows:

- 36     **Electric Energy Revenue Per kWh Sold**  
Take from REA Form 12b, Item 77, Column f
- 37     **Total Operation and Maintenance Expense Per kWh Sold**  
Items 14 plus 19, Section A, divided by Item 77, Column d, REA Form 12b
- 38     **Total Cost of Electric Service per kWh Sold**  
Item 26, Section A, divided by Item 77, Column d, REA Form 12b
- 39     **Purchased Power Cost per kWh**  
Take from Item 21, Column g, REA Form 12c

**Section B, Balance Sheet**

**Assets and Other Debits**

**Item No.**

- 1     **Total Utility Plant in Service**  
Accounts 101 (Plant Accounts 301 through 399), 101.1, 102 through 106, 114, 116, 118, and 120.1 through 120.4, and 120.6
- 2     **Construction Work in Progress**  
All subaccounts of Account 107
- 3     **Total Utility Plant**  
Item 1 plus Item 2
- 4     **Accumulated Provision for Depreciation and Amortization**  
All subaccounts of Account 108 plus Accounts 109 through 113, 115, 119 and 120.5

**Item No.**

- 5     **Net Utility Plant**  
Item 3 minus Item 4
- 6     **Non-Utility Property (Net)**  
Accounts 121 minus 122
- 7     Investments in Subsidiary Companies  
Account 123.11
- 8     **Investments in Associated Organizations - Patronage Capital**  
Accounts 123.1
- 9     **Investments in Associated Organizations - Other-General Funds**  
The amount of the investments recorded in Accounts 123.22 and 123.23 which are included in the general fund computation as provided for in REA Bulletin 1-7, "General Funds," and in 7 CFR Part 1717, Subpart N, "Investments, Loans and Guarantees by Electric Borrowers." (See Item 10 below for details on investments which are classified as nongeneral fund items.)
- 10    **Investments in Associated Organizations - Other-Nongeneral Funds**  
The amount of the investments in Accounts 123.22 and 123.23 which are not included in the general fund computation as provided for in REA Bulletin 1-7 and CFR Part 1717, Subpart N. The following are classified as such investments:
- a.    All CFC Capital Term Certificates except those purchased more than 24 months in advance of their due date.
  - b.    Investments made prior to March 13, 1969, in rural area development projects, when such investments were made in accordance with REA policy then in effect.
  - c.    Investments made prior to August 19, 1969, which cannot be liquidated without loss of principal, when such investments were made in accordance with REA policy then in effect.
  - d.    Investments which have been specifically excluded by the Administrator or his designated representative

(Note: The above investments are nongeneral fund items regardless of the account in which they are recorded. However, the only general funds excludable investments to be reported for Item 10 are those which are recorded in Accounts 123.22 or 123.23. The sum of the amounts reported for Items 9 and 10 should equal the sum of the balances in Accounts 123.22 and 123.23.)

- 11 **Investments in Economic Development Projects**  
Report investments in economic development projects recorded in accounts: 123, Investments in Associated Organizations, and 124, Other Investments. (Note: Economic Development investment amounts should not be reported on any other line of the Balance Sheet.)

**Item No.**

- 12 **Other Investments**  
Account 124 less economic development investments.
- 13 **Special Funds**  
Accounts 125 through 128
- 14 **Total Other Property and Investments**  
Items 6 through 13
- 15 **Cash - General Funds**  
Accounts 131.1, 131.12 and 135. Item 49, "Accounts Payable," should be used for checks written and not paid as of the date of this report.
- 16 **Cash - Construction Fund - Trustee**  
Account 131.2 and 131.3. Item 49, "Accounts Payable," should be used for checks written and not paid as of the date of this report.
- 17 **Special Deposits**  
Accounts 132 through 134
- 18 **Temporary Investments**  
Account 136
- 19 **Notes Receivable (Net)**  
Accounts 141 plus 145 minus Account 141.1
- 20 **Accounts Receivable - Sales of Energy (Net)**  
Accounts 142.1, less Accounts 144.1
- 21 **Accounts Receivable - Other (Net)**  
*Accounts 142.2, 143 and 146 less accounts 144.2 through 144.4*
- 22 **Fuel Stock**  
Accounts 151, 152, 153, 157, 158.1, and 158.2
- 23 **Materials and Suppliers - Other**  
Accounts 154 through 156, and 163
- 24 **Prepayments**  
Accounts 165.1 and 165.2
- 25 **Other Current and Accrued Assets**  
Accounts 171 through 174
- 26 **Total Current and Accrued Assets**  
Items 15 through 25

**Item No.**

27 **Unamortized Debt Discount and Extraordinary Property Losses**  
*Accounts 181, and 182.1*

28 **Regulatory Assets**  
*Accounts 182.2 and 182.3*

29 **Other Deferred Debits**  
*Accounts 183 through 189*

30 **Accumulated Deferred Income Taxes**  
*Account 190*

31 **Total Assets and Other Debits**  
Total of Items 5, 14, 26 thru 30

**Liabilities and Other Credits**

32 **Memberships**  
*Accounts 200.1 and 200.2*

33 **Patronage Capital**

- a. **Assigned and Assignable**  
Sum of all patronage capital assigned or assignable from inception excluding current year's margins
- b. **Retired This Year**  
Sum of all patronage capital retired during current year
- c. **Retired Prior Years**  
Sum of all patronage capital retired from inception to beginning of current year
- d. **Net Patronage Capital**  
Item a minus Items b and c should equal sum of Accounts 201.1 and 201.2.

34 **Operating Margins - Prior Years**  
*Accounts 219.1 and Account 219.4, "Other Margins and Equities - Prior Periods," when it applies to operating margins.*

35 **Operating Margins - Current Year**  
Sum of Items 27, 32 and 33 - Section A - "Statement of Operations"

36 **Non-Operating Margins**  
*Account 219.2 and Account 219.4, "Other Margins and Equities - Prior Periods," when it applies to non-operating margins, plus Items 28, 29, 30, 31 and 34, Section A - "Statement of Operations."*

**Item No.**

- 37      **Other Margins and Equities**  
Accounts 208, 211, 215, 216.1, 217, 218 and 219.3
- 38      **Total Margins and Equities**  
Sum of Items 32, 33d through 37
- 39      **Long-Term Debt - REA (Net)**  
Accounts 224.1 through 224.10
- 40      **Long-Term Debt - REA - Economic Development (Net)**  
Report amounts in Accounts: 224.16, Long-Term Debt - REA Economic Development Notes Executed, less: 224.17, REA Notes Executed - Economic Development - Debit.
- 41      **Long-Term Debt - FFB - REA Guaranteed**  
Report amounts recorded in accounts 224.14 less 224.15 that relate to FFB loans.
- 42      **Long-Term Debt - Other - REA Guaranteed**  
Report amounts recorded in accounts 224.11, 224.12, 224.14, 225, 226 less Accounts 123.21, 224.13 and 224.15 pertaining to Non-FFB debt the repayment which IS guaranteed by REA.
- 43      **Long-Term Debt - Other (Net)**  
Report amounts recorded in accounts 221, 222, 223, 224.11, 224.12, 224.14, 225, 226 less Accounts 123.21, 224.13 and 224.15 pertaining to debt the repayment of which is NOT guaranteed by REA.
- 44      **Total Long-Term Debt**  
Sum of items 39 through 43
- 45      **Obligations Under Capital Leases - Noncurrent**  
Account 227
- 46      **Accumulated Operating Provisions**  
Accounts 228.1 through 228.4 and 229    Note: If the cumulative amount recorded in Account 228 is a debit balance, the amount should be reported on line 12, Other Investments.
- 47      **Total Other Noncurrent Liabilities**  
Sum of items 45 and 46
- 48      **Notes Payable**  
Accounts 232.1, 232.2, 232.3 and 234
- 49      **Accounts Payable**  
Accounts 232 and 234
- 50      **Taxes Accrued**  
Accounts 236.1 through 236.7

**Item No.**

51	<b><u>Interest Accrued</u></b> Account 237
52	<b><u>Other Current and Accrued Liabilities</u></b> Accounts 235, 238.1, 238.2, 239, 240, 241, 242.1 through 242.5, and 243
53	<b><u>Total Current and Accrued Liabilities</u></b> Sum of Items 48 through 52
54	<b><u>Deferred Credits</u></b> Accounts 251 through 254, 256, and 257
55	<b><u>Accumulated Deferred Income Taxes</u></b> Accounts 255, and 281 through 283
56	<b><u>Total Liabilities and Other Credits</u></b> Sum of Items 38, 44, 47 and 53 through 55

### **SECTION C, NOTES TO FINANCIAL STATEMENTS**

Section C provides space for important disclosure notes to the financial statements not included in other parts of this form. A partial checklist of these disclosure notes is as follows:

- Prepaid or deferred charges amortized for a period exceeding 12 months.
- Capital leases for lessee; sales or financing leases for lessor.
- Unbilled revenue - report the amount not billed to distribution cooperatives for which kWh has been consumed. Please state if this amount is or is not included in Section B, line 19, Accounts Receivable (Net).
- Accounting changes.
- Commitments and contingencies.
- Margin Stabilization Plans
- Deferred compensation
- Short-term obligations expected to be refinanced.
- Deferred credits being amortized for a period exceeding 12 months.
- Related party transactions.
- Extraordinary items.
- Pension plans - employers.
- Deferred Taxes

### **REA FORM 12b, OPERATING REPORT - SALES OF ELECTRICITY**

This form is used to show sales of electric energy by purchaser classifications. It is designed to show annual data on maximum demands, number of kilowatt-hours, amount of revenue and average revenue per kWh sold. In addition, the number of purchasers in each classification is to be reported in Column a as of the end of the reporting period. Detailed instructions for this form are as follows:

Item 1           **Sales to Ultimate Consumers**  
This item is used to report all sales of power and/or energy which are not to be resold by the purchaser. Very few power supply borrowers have this type of sale. However, when such a sale is made, care should be exercised in reporting it properly. Totals only are to be reported.

Items 2           **Sales For Resales**  
thru 74           These items are subdivided into three classes; "Regular Sales to REA Borrowers," "Special Sales to REA Borrowers," and "To Other than REA Borrowers." The instructions for filling out these items are set forth below.

Items 2           **Regular Sales to REA Borrowers**  
thru 38           This class covers sales for resale of power and/or energy to members which are REA borrowers being served under a common rate schedule. List each member's name and REA designation and enter appropriate data in columns a through f in accordance with the instructions furnished later in this section. (Note: Sales to members which are not REA borrowers, even though served under the common rate schedule, are to be reported under Items 1 or 53 as appropriate and should not be reported under this class.)

Item 39           **Total Regular Sales to REA Borrowers**  
The entries for this item are the sums of the entries for Items 2 through 38 in the respective columns.

Items 40           **Special Sales to REA Borrowers**  
thru 50           This class covers sales of power and/or energy to REA borrowers for service which is not billed on the basis of a common rate schedule. This includes service which is metered and billed under a special rate schedule for delivery of power for industrial loans, off peak sales, economy energy sales, sales to other G&T's, etc. Starting with Item 40, list each purchaser's name and REA borrower designation and enter data as appropriate in columns a through f in accordance with the instructions for each column furnished later in this section. (Note: If additional space is required for the listing on an attachment then enter totals in Item 51 as appropriate.)

Item 51           **Total Special Sales to REA Borrowers**  
The sum of the entries for Items 40 through 50 plus separate listing if any.

Item 52           **Total Sales to REA Borrowers**  
The sum of the entries for Items 39 and 51

Items 53           **Sales for Resale to Other Than REA Borrowers**  
thru 74           This class covers sales for resale of power and/or energy to purchasers which are not REA borrowers. Starting with Item 53, list purchaser's corporate name and enter appropriate data in columns a through f in accordance with the instructions furnished later in this section.

Item 75           **Total Sales to Other Than REA Borrowers**  
The sum of the entries for Items 53 through 74.

Item 76           **Total Sales for Resale**  
The sum of the entries for Items 52 through 75.

- Item 77      **Total Sales**  
The sum of the entries for Items 1 plus 76.  
(Note: The total for this item in column e should reconcile with the sum of the balances in revenue accounts 440 through 447.2.)
- Column a    **Purchaser**  
This is self explanatory.
- Column b    **Number of Purchasers**  
Enter in Items 1, 39, 51, 52, 75, 76 and 77 the number of purchasers served during the year. With the exception of Item 1, this number should be the same as the number of names listed in the classification.
- Column c    **Peak Demand (kW)**  
The demand to be reported is the highest monthly demand for the calendar year.
- Column d    **MWH Billed**  
The energy sold during the year is to be reported in this column as MWh.  
(Note: The \$ in the heading of column d is a printing error.)
- Column e    **Amount Billed**  
The sum of the dollars billed for power and energy sales during the year are to be reported in this column. Whenever there is a credit amount, it should be footnoted and explained under Form 12a, Section C, "Notes to Financial Statements." In addition, a breakdown of the amount for each purchaser receiving credit should be made.
- Column f    **Mills per kWh**  
The figures for column f are obtained by dividing the figures in column e by the figures in column d. The average per kWh should be rounded off to the nearest hundredth of a mill. For example, if the figures in column d were 78,900.6 MWh and the figures in column e were \$483,292, the amount to be reported in column f would be 6.13.

**REA FORM 12c, OPERATING REPORT - SOURCES AND DISTRIBUTION OF ENERGY**

This form is used to report the source of all energy used by the borrower. It is set up by classifications and shows maximum demands, net energy (MWh), total and average cost of power for each source. All power and/or energy received or used, regardless of whether or not it was delivered to an isolated or to the integrated system, is to be reported on this form. Detailed instructions for its preparation are:

- Items 1      **Generated in own Plants**  
thru 5 Report totals of net generation by types of production rather than by individual plants.  
Amounts reported should reconcile with the individual plant reports, Form 12d, 12e, 12f and 12g.

- Items 6  
thru 21     **Purchased Power**  
All energy and power received from another power supplier and for which cash payment is made should be reported under these items. Include all payments for standby, spinning reserve, etc., as well as purchase of all energy, firm secondary, dump, economy, etc. Energy or power which is to be returned in kind by the receiving party at a later date should not be reported in these items but should be reported under Item 22 instead.
- Items 22  
thru 24     **Interchanged Power**  
These items are to be used for reporting totals of all energy which is received from or delivered to other power suppliers on an exchange basis. Include energy banking activities as well as normal daily exchanges. All energy delivered by other power suppliers, including loss considerations, should be reported as "Received into System" in Item 22.
- All energy delivered to other power suppliers, including loss considerations, should be reported as "Delivered Out of System" in Item 23, Item 24, "Net Interchange," equals Item 22 minus Item 23. When this is a negative figure, it should be so indicated by use of parentheses ().
- Items 25  
thru 27     **Transmission For/Or By Others - (Wheeling)**  
Report all energy wheeled for other suppliers under these items. Do not include energy delivered to others which is being wheeled for the borrower and is included in the borrower's energy sales data. Energy delivered by other suppliers (including loss allowances) for wheeling purposes should be reported in Item 25. *Also, include any third part wheeling costs.* Energy wheeled by the borrower and delivered to their other suppliers' customers should be reported in Item 26. Item 27, Net, equals Item 25 minus Item 26.
- Item 28     **Total Energy Available for Sale**  
Sum of Items 5, 21, 24 and 27.
- Item 29     **Total Sales**  
From Form 12b, column d, line 77.
- Item 30     **Energy Furnished to others Without Charge**  
All energy furnished without charge should be reported under this item and not included as part of sales on Form 12b.
- Item 31     **Energy Used by Borrower**  
All energy used by borrower for headquarters, construction, etc., should be reported under this item. Do not include station use in this category.
- Item 32     **Total Energy Accounted For**  
Sum of Items 29 through 31.
- Item 33     **Energy Losses - MWh**  
Item 28 minus Item 32.
- Item 34     **Energy Losses - Percentage**  
Item 33 divided by Item 28 x 100. Note: The plus symbol on the form should be a divide symbol.

- Column a      The name of each power supplier from whom energy or power was purchased is to be entered in the space provided in Items 6 through 20.
- Columns b and c      For REA use.
- Column d      Do not report billing demand when the demand billed includes something other than the demand which was actually delivered to the system. The demand to be reported in column d, "Annual Peak Demand," is the highest amount for the current year.
- The demand to be reported is the amount of demand imposed on each power source at the time of the system maximum demand. When suitable instrumentation is not available for measuring the system peak, or for measuring the loads on power sources at the time of system peak, the demands should be reported on an estimated basis with appropriate footnotes.
- Column e      The energy which has been delivered to the system (this includes both integrated and isolated systems) during the year is to be reported in this column. An explanation of any adjustment should be included as a footnote and included in the amount reported in column e.
- Column f      The cost of power and energy received by the system should be shown in this column. The amounts reported for generation should be equal to the power cost of the individual production plant reports. (REA Forms 12d thru 12g). The amounts reported for purchased power and interchange should be the amounts which will be paid for these items. The sum of the amounts reported for these items should reconcile with the charges to the 555 account.
- Column g      The figures for column g, are obtained by dividing the figures in column f by the figures in column e. These averages should be rounded off and reported to the nearest hundredth of a mill.

**REA FORMS 12d, 12e, 12f AND 12g, - PLANT OPERATING REPORT**

**General**

Pertinent information relating to the operation and maintenance of generating facilities is prepared on REA Forms for each:

- 12d fossil-fired steam generating plant, or dual cycle plant;
- 12e hydro generating plant;
- 12f internal combustion operating plant or gas turbine generating plants;
- 12g nuclear plant.

All information on these forms should be provided on an annual basis. If special reporting requirements have been imposed on a borrower, which would require monthly reports, those are additional requirements to the annual reporting.

Power supply borrowers will prepare and submit the forms applicable to their system. A separate plant operating report is to be submitted for each generating plant or for each type of generating plant, i.e., gas turbine and steam, when both types are in one plant.

Distribution borrowers having generating facilities will prepare and submit the generating plant operating reports applicable to their system and REA Form 12C, "Sources and Distribution of Energy," when applicable. Distribution borrowers will not submit REA Form 12i, "Operating Report - Lines and Stations."

Two reports should be completed for each plant in which the borrower is a partial owner. The first form should be completed as a total plant report. The second form should reflect only the borrower's involvement with the plant, including costs charged to the borrower, and output taken from the plant.

Table 1 indicates the sections which should be completed for both forms.

Form	Total Plant	Borrowers Involvement
12d	Sections A, B, C, D	Sections A, B, E
12e	Sections A, B, C	Sections A, D
12f	Sections A, B, C	Sections A, D
12g	Sections A, B, C	Sections A, D

The form reflecting only the borrower's involvement in the plant should be labeled at the top with the plant name, and the percentage owed by the borrower. For example, if borrower ZZ 999 owns 25.1 percent of the Jones plant the line marked plant should read: "Jones (ZZ 999 25.1 percent share)."

The total plant report form should have the plant's name and should indicate that this is the total plant form. For the example above the plant line should read: "Jones (Total Plant)."

When generating plants are used as standby power sources, or are not in operation, a report for each of such plant is also to be prepared and submitted. There are certain continuing costs associated with these plants such as depreciation, taxes, interest, insurance, nominal maintenance, cleaning, inspection, etc., which should be considered when evaluating all costs associated with generating plant ownership.

UNIFORM INFORMATION PERTINENT TO GENERATING PLANT OPERATING  
REPORTS  
REA FORMS 12d, 12e, 12f AND 12g

Each Form 12d, 12e, 12f, and 12g has a space at the top where the plant name is to be inserted. In this space the official name of the plant should be supplied. Each of the generating plant operating report Forms 12d, 12e, 12f, and 12g is designed to provide information of a uniform nature that is pertinent to each type of generation as follows:

**Unit Data**

Each form has a place for the unit number, the gross generation, and the size or manufacturer's rating for each unit as shown in Table 2.

Table 2			
Form	Unit Number	Gross Generation	Size
12d	Section A Column a & Section B Column a	Section B Column c	Section B Column b
12e	Section A Column a	Section A Column c	Section A Column b
12f	Section A Column a	Section A Column k	Section A Column b
12g	Section A Column a	Section A Column d	Section A Column c

Each unit should be listed separately. Space has been provided for five units on each form. If a plant has more than five units, attach a copy of the form and continue to list the units on it. The size should be the manufacturer's nameplate rating of the unit listed in units of kW. Gross generation should be in units of MWh.

In the columns for gross generation and for size, space has been provided on line 6 for total gross generation and total size. These items are simply the total for all units (including those listed on separate pages) of the indicated items.

**Operating Hours**

Operating hours are divided into four categories, and should be reported in units of hours rounded to the nearest hour. Each form has a portion of Section A devoted to operating hours as shown in Table 3.

<b>Table 3</b>				
<b>Operating Hours</b>				
<b>Form</b>	<b>Service</b>	<b>Standby</b>	<b>Scheduled</b>	<b>Unscheduled</b>
12d	Column h	Column i	Column j	Column k
12e	Column d	Column e	Column f	Column g
12f	Column g	Column h	Column i	Column j
12g	Column e	Column f	Column g	Column h

The sum of the hours reported for each unit should equal the number of hours in the year. Each column of each form should be filled out in accordance with the following instructions:

**Item**

**In Service**

All hours in which the facilities are in operation for the production of energy or connected and operating as spinning reserve should be reported in this column. This includes all hours connected to the load in case of prime movers, or all hours with steam pressure available for immediate service in case of boilers.

**On Standby**

All hours for facilities ready for service, but not producing energy should be reported in this column. This should include those hours when the unit is ready to carry load and start-up time when the unit has cooled. This is the same for boilers whether maintained filled or empty so long as these are normal standby procedures.

**Out of Service - Scheduled**

All hours of outages due to planned maintenance, regardless of whether the unit would otherwise have been operating or on standby, should be reported in this column. In case of an unscheduled outage, in which additional time is utilized for scheduled maintenance, only the hours by which the unscheduled outage was extended by the scheduled maintenance should be in this column.

Please note that scheduled and unscheduled outages exceeding a 24-hour duration period should be listed in the remarks section of form 12e or 12f, or on the back, or on an attachment thereto: This listing should show, (1) the cause of the outage, (2) the period of the outage, and (3) the cost of repair with a breakdown of the labor and material cost involved.

**Totals**

The "In-Service," "On Standby," "Out of Service - Scheduled" and "Out of Service - Unscheduled" should be individually totaled and the total entered in the sixth row of each column.

**Station Service, Net Generation, and Station Service % of Gross**

Forms 12d, 12e, 12f, 12f, and 12g each have space provided for "Station Service," "Net Generation," and "Station Service % of Gross" as shown in Table 4.

Table 4				
Form	Section	Station Service	Net Generation	Station Service % of Gross
12d	B	Column c Line 7	Column c Line 8	Column c Line 9
12e	A	Column c Line 7	Column c Line 8	Column c Line 9
12f	A	Column k Line 7	Column h Line 8	Column k Line 9
12g	A	Column d Line 7	Column d Line 8	Column d Line 9

Each item on each form should be filled out in accordance with the following instructions:

1. **Station Service**  
This is the energy used for auxiliaries, lighting and heating of the generating plant. Energy used in lighting and heating general office, meeting rooms, etc., is not included in station service, if such office is not an integral part of the power plant building.
2. **Net Generation**  
This is the amount of energy delivered to the transmission system and is obtained by deducting the station service from the total of the gross generation column.
3. **Station Service % of Gross**  
The % of Gross figure is obtained by dividing the amount of energy used for station service by the total gross generation, x 100.

### **Labor Report**

Each form has a section devoted to the labor report. For Forms 12e, 12f, and 12g, the labor report is Section B; for Form 12d, it is Section C. Each item of each form should be filled in according to the following instructions. (Note: Those borrowers involved in plants which are only partially owned should note that this section should be completed for these plants even though the employees at the plant are not borrower employees. See the discussion on reports for partially owned plants and non-owner operated plants on page 14.)

#### **Item**

##### **Number of Employees Full-Time**

Indicate the total number of full-time employees of the operations and maintenance staff including superintendents. Full-time employees are those employees which put in a full year's work even though they may be employed on a temporary basis. When two or more part-time employees are used during the year to perform one employee's work, they should be reported as one employee.

##### **Number of Employees Part-Time**

Indicate the number of employees regularly employed on a part-time basis. Exclude employees hired for short periods of time to complete special jobs.

##### **Total Employee Hours Worked**

Indicate the total employee-hours worked by all employees. Do not include employee-hours for labor charged to other accounts or any labor not on the cooperative's or lead owner's payroll, such as a contract labor or specialists from manufacturers or suppliers which may have been utilized in operation or maintenance work.

##### **Plant Payroll**

Indicate the total annual payroll of the plant for the above staff and the breakdown between operation, maintenance, and other accounts. Operation or maintenance personnel often are engaged in work other than operating or maintaining the plant covered by the report, such as construction or retirement activities associated with the plant or a generating plant employee working in the step-up substation which is a transmission facility rather than a generation facility. All labor not classified as operation or maintenance of the plant involved should be reported in the space entitled "Other Accounts, Plant Payroll." The sum of the amounts charged, respectively, to operation, maintenance, and other accounts should equal the amount reported for total payroll or total labor. This breakdown should be obtainable directly from the accounting distribution of the payroll. The amount reported for payroll should include any administrative and general salaries which may have been distributed to production or transmission expense by the general office.

### **Factors and Maximum Demand**

Section D of Form 12d and Section C of Forms 12e, 12f, and 12g have space for information on the factors and the maximum demand for a plant. These items should be filled out in accordance with the following instructions:

#### **Item**

##### **Load Factor (%)**

Load Factor is defined as the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period. Divide gross kWh generated by the actual hours in the period to obtain the average load. The average load is divided by the peak load in that period to obtain the load factor.

$$\text{Load Factor} = \frac{(\text{Gross kWh Generated})}{(\text{Hrs. in period} \times \text{maximum demand in kW})} \times 100.$$

Example:

$$\text{Annual L.F.} = \frac{1,019,280 \text{ kWh}}{8,760 \text{ hr.} \times 270 \text{ kW}} = .4309 \times 100 = 43.09\%$$

##### **Plant Factor (%)**

Plant factor is defined as the ratio of the average load on the plant over a designated period of time, to the aggregate rating of all of the generating equipment installed in the plant. Divide gross kWh generated by the actual hours in the period multiplied by total plant capacity.

$$\text{Plant Factor} = (\text{Gross kWh Generated}) \text{ divided by } (\text{Hrs. in period} \times \text{installed capacity in kW}) \times 100.$$

Example:

$$\text{Annual P.F.} = \frac{1,019,280 \text{ kW}}{8,760 \text{ hr.} \times 320 \text{ kW}} = .3636 \times 100 = 36.36\%$$

##### **Running Plant Capacity Factor (%)**

This factor is defined as the ration of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

R.P.C.F. = (Gross kWh Generated) divided by (gross name plate capacity in kW rating x hrs. oper. + kW rating x hrs. oper. + etc.) x 100.

Unit 1	Unit 2
Example: For plant have 1 - 400 kW unit operated 396 hours	
	1 - 400 kW unit operated 342 hours
	1 - 400 kW unit operated 301 hours
	1 - 2000 kW unit operated 476 hours

$$\text{R.P.C.F.} = \frac{1,019,280}{(400 \times 396) + (400 \times 342) + (400 \times 301) + (2000 \times 476)} = .7453 \times 100 = 74.53\%$$

### **Maximum Demand**

If the 15-minute integrated maximum demand is obtained from a watt-hour demand meter or a recording type demand meter, enter it in the space marked "15-Minute Gross Maximum Demand." If the maximum demand is obtained from an instrument which records or indicates the instantaneous demand, enter it under "Indicated Gross Maximum Demand" and leave the space for the 15-minute demand blank.

### **Cost of Net Energy Generated**

Forms 12d, 12e, 12f and 12g each contain a section designated to report the costs of the different means of power production. The annual balances of the various costs are to be reported in the appropriate columns. All accounting by plant crews for time and material should be reported in accordance with REA Bulletin 181-1, "Uniform System of Accounts." A copy of Bulletin 181-1, or appropriate excerpts thereof, should be furnished to plant personnel. Explanation and training should be provided so that expenditures are properly classified.

### **Item**

#### **Fixed Costs**

Items under this classification include direct charges to specific generating plants or prorated charges to individual plants when the borrower has more than one of the same type of generating plant. Table 5 shows where each of the items that make up the fixed costs are located on the forms:

Table 5							
Form	Section	Column	Depreciation	Taxes	Interest	Insurance	Total Fixed Cost
12d	E	a	Line 20	Line 21	Line 22	Line 23	Line 24
12e	D	a	Line 15	Line 16	Line 17	Line 18	Line 19
12f	D	a	Line 17	Line 18	Line 19	Line 20	Line 21
12g	D	a	Line 20	Line 21	Line 22	Line 23	Line 24

Each item should be filled out in units of dollars rounded to the nearest dollar.

**Depreciation**

This is charged against each type of generation as indicated by the balance in Account 403.1 for steam, Account 403.2 for nuclear, Account 403.3 for hydro, and Account 403.4 for other production,. If these balances represent charges on more than one plant, they should be prorated to each plant on the basis established by the depreciation register.

**Taxes**

This is composed of the balances indicated in Accounts 408.1 through 408.4 and are prorated as follows:

1. **Property Tax**

Proration of Account 408.1 between generation,, transmission and distribution can usually be ascertained from the billings of the tax authority. The taxes for generation should be prorated according to the approximate investment in each plant. If distribution of taxes is not ascertainable from tax billings or if other taxes are paid in lieu of property taxes, the total should be prorated according to the approximate amount of investment in each generating plant, the transmission plant and the distribution plant. Such taxes for transmission and distribution should be further prorated between lines and stations on the basis of investments.

2. **Social Security Taxes**

Accounts 408.2, 408.3 and 408.4 are based on payroll. The portion of these taxes chargeable, respectively, to generation and transmission is the amount based on the payroll, respectively,, for generation and transmission. This amount will be prorated to each generating plant, and to the transmission and distribution lines and substations according to the direct labor charges involved.

**Interest**

This is charges for interest on long-term debt only. They represent the balance after deducting Account 432, "Interest Charges to Construction," from the sum of Accounts 427, "Interest on REA Construction Loans" and "Interest on Other Long-Term Debt," respectively. The amount thus determined is prorated to each generating plant, to transmission lines and stations, and to distribution lines and stations on the basis of investment.

### **Insurance**

This includes the balances in Accounts 924, "Property Insurance," and 925, "Injuries and Damages," and Account 926, "employee Pensions and Benefits." The distribution of the balance in Account 924 between generation, transmission and distribution can usually be ascertained from the insurance register or through inspection of the policies involved.

The amount allocated to generation is prorated to each generating plant on the basis of investment unless the amount for each plant can be identified.

Generally, the balances in Accounts 925 and 926 are based on payroll and should be prorated in the same manner as described for social security taxes.

### **Total Fixed Costs**

This is the total of the four items discussed above: depreciation, taxes interest, and insurance as indicated on the forms.

### **Mills per kWh**

For the purpose of analysis and evaluation, it is important to know the cost in mills per net kilowatt-hour generated for certain items reported in the "Cost of Net Energy Generated" section. The items for which this information is needed have been indicated by the open spaces in the mills per kWh column. These unit costs are obtained by dividing the total cost reported for the item by the net generation reported in the gross generation columns.

### **Remarks**

Any remarks, including an explanation of unscheduled outages, should be made in the space provided at the end of the Form 12e or 12f, or on the back.

## **Information Pertinent to Plant Operating Reports for Specific Types of Plants**

Certain specific information pertinent to the type of generation for which each generating plant report is prepared is required in addition to the uniform information which has previously been referred to. Spaces have been provided on the individual type of generation report forms for submitting this specific information as follows:

### **Operating Report Steam Plant, REA Form 12d**

#### **Item**

#### **Times Started**

Column b of Section A of Form 12d has space for the number of items during the year which each unit was started and a total number of times all units were started.

#### **Fuel Consumption**

Columns c, d, e, and f of Section A of Form 12d are for the fuel consumption (coal, oil, gas, and other, respectively) of each unit for the year. The units for the items in each column are indicated on the form except for column f units which are to be specified. Figures reported in column f should be expressed in thousands also. On line 6 of each column you should enter the total of lines 1 through 5. On line 7 the average BTU per the indicated unit (i.e., BTU/lb. for coal) should be entered, In column f insert the units after the slash. Line 8 should be line 6 times line 7 divided by 1000. On line 9 should be entered the delivered cost of each fuel in dollars rounded to the nearest dollar. This figure should not include handling charges once the fuel has

been delivered and therefore may be different from the figures entered on lines 2 through 5 of Section E. The grand total of all BTUs consumed by the plant should be entered in Column g on line 8 and is the sum of line 8 Columns c through f.

**BTU Per kWh**

In column d of Section B of Form 12d space has been provided for the BTUs/kWh for both gross generation (Line 6) and net generation (Line 8). The BTU per gross kWh should be calculated and dividing line 8 column g of Section A by line 6 column c of Section B and multiply by 1000. The BTU per net kWh should be calculated by dividing line 8 column g of Section A by line 8 column c of Section B and multiplying by 1000.

**\$/10<sup>6</sup> BTU**

In column c of Section E space has been provided for the cost of fuel in \$/10<sup>6</sup>BTU. This item is calculated by dividing the corresponding 10<sup>6</sup> BTU figure from row 8 of Section A. The following five formulas should be used:

Line 2 Column c Section E = (Line 2 Column a Section E) divided by  
(Line 8 Column c Section A)

Line 3 Column c Section E = (Line 3 Column a Section E) divided by  
(Line 8 Column d Section A)

Line 4 Column c Section E = (Line 4 Column a Section E) divided by  
(Line 8 Column e Section A)

Line 5 Column c Section E = (Line 5 Column a Section E) divided by  
(Line 8 Column f Section A)

Line 6 Column c Section E = (Line 6 Column a Section E) divided by  
(Line 8 Column g Section A)

**Operating Report - Hydro Plant, REA Form 12e**

The only specific information required on this form in addition to the uniform information for a generating plant report is the "Hydraulic Data."

In the space provided, show the maximum and minimum elevations in feet that occurred during the year, of the pool behind the dam and the tail race below the dam. Also indicate whether or not water was spilled over the spillway of the dam during the year.

**Operating Report - Internal Combustion Plant, REA Form 12f**

**Item**

**Fuel Consumption**

Columns c, d, and e of Section A of Form 12f are for the fuel consumption (oil, gas, and other, respectively) of each unit for the year. The units for the items in each column are indicated on the form except for column e units which are to be specified. Figures reported in column e should be expressed in thousands also. On line 6 of each column you should enter the total lines 1 through 5. On line 7 the average BTU per

the indicated unit (i.e., Btu/gal for oil) should be entered. In column e insert the units after the slash. Line 8, the total  $10^6$  BTU for the plant should be line 6 times line 7 divided by 1000. On line 9 the delivered cost of each fuel in dollars rounded to the nearest dollar should be entered. This figure should not include handling charges once the fuel has been delivered and therefore may be different from the figures entered on lines 2 through 4 of Section D. The grand total of all BTUs consumed by the plant should be entered in column f on line 8 and is the sum of line 8 columns c through e.

### **BTUs/kWh**

In column l of Section A of Form 12f, space has been provided for the BTUs/kWh for both gross generation (Line 6) and net generation (Line 8). The BTU per gross kWh should be calculated by dividing line 8 column f by line 8 column k both of Section A and multiplying A and multiplying by 1000.

### **\$/ $10^6$ BTU**

In column c of Section D, space has been provided for the cost of fuel in  $10^6$  BTU. This item is calculated by dividing the corresponding dollar figure from column a of Section E by the corresponding  $10^6$  BTU figure from row 8 of Section A. Use the following four formulas:

Line 2 Column c Section D = (Line 2 Column a Section D) divided by  
(Line 8 Column c Section A)

Line 3 Column c Section D = (Line 3 Column a Section D) divided by  
(Line 8 Column d Section A)

Line 4 Column c Section D = (Line 4 Column a Section D) divided by  
(Line 8 Column e Section A)

Line 5 Column c Section D = (Line 5 Column a Section D) divided by  
(Line 8 Column f Section A)

## **Operating Report - Nuclear Generating Plant, REA Form 12g**

### **Item**

#### **Times Started**

Column b of Section A of Form 12g has space for the number of times during the year which each unit was started and a total number of times all units were started.

## **REA Form 12h, Operating Report - Annual Supplement**

### **Section A, Utility Plant**

As reflected in the column headings, each line of this section, as appropriate, should show:

### **Column**

- a **Balance Beginning of Year**

These balances should be the same as shown in "Balance End of Year" column of the previous year's report.

b **Additions**

This column should show the additions to plant during the year including any corrections for additions for the current or preceding year. Include in this column transfers involving Account 103, "Experimental Electric Plant Unclassified," Account 106, "Completed Construction Not Classified - Electric," and Account 107, "Construction Work in Progress - Electric," made to close the records for items in these accounts. A credit amount will be shown in this column on lines 22 or 27 if the "Balance End of Year" in either Account 106 or Account 107 is less than "Balance Beginning of Year." Any amount paid for electric plant purchased during the year should be shown in Item 19 in this column.

c **Retirements**

This column should show the physical retirements of plant made during the year including any corrections for retirements for the current or preceding year. Any amount received during the year for electric plant sold should be shown in Item 19 in this column.

**Column**

d **Adjustments and Transfers**

Include in this column:

1. Transfers between electric plant purchased or sold and the electric plant in service accounts.
2. Transfer between electric plants in service accounts and electric plant leased to others.
3. Transfer between electric plant in service accounts and electric plant held for future use.
4. Reclassifications or transfers within the electric plant service accounts.

Do not include in this column corrections of additions and retirements for the current or preceding year. (These should be shown in the "Additions and Retirements" columns, respectively.)

Do not include transfers from Account 107 to 103 or 106, or from 103 or 106 to the electric plant in service accounts. (These are to be shown in the Additions column.)

Ordinarily, column d should add to zero. However, when electric plant purchased is transferred to the electric plant in service accounts, a difference will occur because of the accumulated provision for depreciation. When the electric plant in service accounts are credited with electric plant sold, a difference will develop. This is because of the adjustment to the accumulated provision for depreciation and the gain or loss.

e **Balance End of Year**

These balances should be determined at year-end directly from the accounts. Each line and column total should be verified to see that "Balance Beginning of Year" plus "Additions" minus "Retirements" and plus or minus "Adjustments and Transfers"

equal "Balance End of Year." The amount for Item 27 should agree with Form 12a, Section B, Item 2. The total of this column should agree with Form 12a, Section B, Item 3.

**Section B, Accumulated Provision for Depreciation and Amortization -  
Utility Plant**

This section is used to report the beginning balances, changes during the year, and the closing balance of the Accumulated Provision Accounts listed. The annual rate of depreciation or amortization in effect at the end of the year for each type of plant should be reported as a percentage figure in column a. If more than one rate is used for one type of plant, determine and report the composite rate for the plant. The amount of the annual provision for each account is to be reported in column c. The sum of the original cost of property retired plus cost of removal, less salvage is to be reported in column d for each type of plant as appropriate. Column e is to be used for adjusting the reserves for reclassifications or transfers within the utility plant accounts reflected in Section A, column d. (Note: The amount for Item 18, column f should equal the amount reported in the monthly operating report, REA Form 12a, Section B, Item 4.)

The amount of depreciation and amortization of electric plant charged to expense during the year plus any corrections of accruals for previous years which are charged to expense should be reported in Item 19. This should agree with the amount reported on Form 12a, Section A, Item 20, This Year.

The amount of depreciation and amortization of electric plant charged to clearing and other accounts plus any corrections of accruals charged to clearing and other accounts should be reported in Item 20. The sum of the amounts in Items 19 plus 20 should equal the total accruals reported in column c, Item 18.

The amount of charges to the accumulated provision for amortization and depreciation accounts representing original cost of plant retired should be reported in Item 21.

The amount of charges to the accumulated provision for depreciation accounts for cost of removal of plant retired should be reported in Item 22.

The amount of credits to the accumulated provision for depreciation accounts for material salvaged from retirements should be reported in Item 23. Note: The sum of the amounts reported in Item 21 plus 22 minus 23 should equal the amount reported in column d, Item 18.

The amount to be reported in Item 24 is the sum of the cost of improvements or replacements of physical plant for which there were associated retirements less net salvage. This definition applies to both force account and contract construction.

**Section C, Non-Utility Property**

As reflected in the column headings, report activities within Accounts 121 and 122. See instructions under Sections A and B for additional information on details to be reported.

Note: The difference between the amounts reported in column e (Item 1 minus Item 2) should agree with the amount reported on Form 12a, Section B, line 6 for the month of December.

**Section D, Demand and Energy at Power Sources**

This section is to be used for reporting the simultaneous peaks established monthly (in megawatts) and monthly output (in megawatt-hours) for the combined sources of electric energy of the respondent. Specific instructions for the various columns are:

**Column**

- a Enter the sum of the monthly maximum coincidental demands measured at generation or purchased power sources, plus or minus net interchange, minus temporary deliveries (not interchange) of emergency power to another system. Enter the highest monthly peak in the annual peak space.

When coincidental demand data is not available, enter the sum of the noncoincidental demands in accordance with the instructions for coincidental demands.

Note: The entries for this column are to be expressed in megawatts rounded to the nearest tenth. When noncoincidental demand is being reported or when deductions are made for emergency deliveries, the entry should be footnoted and a brief explanation of the transaction should be furnished in the remarks space of this section.

- b Enter code for the day of the week when the monthly peak occurred, in accordance with the following:

<u>Day</u>	<u>Code</u>	<u>Day</u>	<u>Code</u>
Monday	1	Friday	5
Tuesday	2	Saturday	6
Wednesday	3	Sunday	7
Thursday	4		

- c Enter a two digit number for the day of the month when the peak occurred, starting with 01, 02, 03, etc.
- d Enter the time of day when the monthly peak occurred using military time as illustrated below:

12:30 AM = 0030
9:30 AM = 0930
6:40 PM = 1840
9:45 PM = 2145

**Column**

- f Enter by months the sum of net generation and purchases, plus or minus net interchange and plus or minus net transmission or wheeling. Enter the sum of the monthly amounts in the annual total space. This amount should agree with that on Item 28, Column e of REA Form 12c.

Note: The entries for this column are to be expressed in megawatt-hours rounded to the nearest tenth.

- g Compute and enter by periods the load factor percentage using the following formula:

Load Factor = (megawatt-Hours) divided by (Megawatts x Number of  
Hours in Period) x 100

**Section E, Demand and Energy at Delivery Points**

This section is to be used for reporting the monthly power deliveries under two classes as indicated in the format. Specific instructions for the various columns are:

**Column**

- a By periods enter the sum of the noncoincidental maximum demand (in megawatts) delivered to REA Borrowers. Include regular sales and special sales.
- b By periods enter the sum of the energy delivered (in megawatt-hours) to REA borrowers.
- c Compute and enter by periods the load factor percentage. (For formula see instructions for Section D, column g.)
- d By months enter the sum of the on-peak maximum demand delivered to ultimate consumers and sales to other than REA borrowers.
- e By periods enter the sum of the energy delivered (in megawatt-hours) to ultimate consumers and sales to other than REA borrowers.
- f Sum of column a plus d. (For Item 13, maximum demand is the largest number as shown in column f.)
- g Sum of column b + e.
- h Follow instruction for Section D, Column g.

## **Section F, Investments, Loan Guarantees and Loans - Power Supply**

Form 12h, pages 3 and 4, implement the reporting requirements placed on REA borrowers in 7 CFR 1717.655, Records. This collection of data from borrowers is authorized under OMB Form Number 0572-0017, which expires 12/31/94.

### General Instructions:

1. Before completing this section, borrowers should review the rule 7 CFR 1717, Subpart N, Investments, Loans and Guarantees by Electric Borrowers.
  2. REA Form 12h, Section F, Investments, Loans Guarantees and Loans -- Power Supply, has been revised so that its items correspond to those reported in the Balance Sheet (REA Form 12a, Page 2, Section B, Balance Sheet.) *Now, all investment items summarized on the Balance Sheet are now also reported *individually* on Form 12h and classified as either **included**, that is subject to the 15% Rule\*, or **excluded**. *Separate reporting on individual investments is required so that REA can test the completeness of the items reported and the accuracy with which they were classified as Included or Excluded.**
- \* The 15 percent Rule states: "A Borrower may, without prior written approval of the Administrator, invest its own funds or make loans or guarantees not in excess of 15 percent of its total utility plant without regard to any provisions contained in any REA mortgage to the effect that the borrower must obtain prior approval from REA." [ 7 CFR 1717.653, General ]
2. Report 12h, Section F report totals (e.g. Non-Utility Plant (Net) should match balance sheet items in amount. *Please ensure that they match. REA's data processing system reports all items that do not match.*
  3. **Addendum A**, a one page guide, classifies most investments as either Included or Excluded. **Addendum B** describes each type of investment in greater detail and classifies it as included or excluded. Also, the general definitions REA provided last year are repeated on the next page; see Excluded Investments. In developing our guidelines, we referred to 7 CFR 1717; section 1717.654, Exclusions, and Appendix A to Subpart N. If your need further clarification, contact your REA Power Supply Division office for assistance.
  4. *All investments must be reported separately, except: Energy Resource Conservation (ERC) loans; Loans to Employees, Officers, and Directors, and; small balance accounts receivable items should be reported as totals. A full description of each individually reported investment is needed by REA to verify its proper classification as Included or Excluded.*
  5. Loan guarantees that an REA borrower makes (e.g. member guarantees of its power supplier's loan from REA) in conformance with the terms of a formal agreement with REA are excludable.
  6. If you need more space than the printed forms provide, please show the remainder of your investments, separately, on the continuation form provided which has column headings like the Form 12h, Section F. Insert the report item name and number. A continuation form is enclosed.

Please review the following material carefully.

**ITEMS INCLUDED IN 15% RULE CALCULATION:**

All items properly reported in REA Form 12a, Section B, Balance Sheet, items: 6 through 13, 15, plus 17 through 19, plus 21 must be reported as Included, or Excluded items, as defined below. The sum of the Included items, plus the sum of the borrower's commitments to invest during the next 12 months following the reporting period, plus the sum of loan guarantees (the balances of loans outstanding which the borrower has guaranteed) except those amounts excluded, added together, may not exceed 15% of Total Utility Plant to comply with the 15% Rule. [Reference: 7 CFR 1717.654, Exclusions.].

*New: Balance Sheet item 20 is now Accounts Receivable - Sales of Energy (Net). It is NOT included in the 15% Rule calculation.*

**EXCLUDED INVESTMENTS:**

**The following list includes nearly all Approved Exclusions\*.**

1. Patronage Capital allocated by a power supply cooperative *or a lender*.
2. Loans, investments, security, obligations entered into prior to the date of the borrower's initial REA Mortgage.
3. Securities or deposits issued, guaranteed or fully insured as to payment by the U.S. Government or any agency thereof. Though not an exhaustive list, this includes:
  - (a) U.S. Savings Bonds
  - (b) U.S. Treasury Bonds, Notes, Bills, Certificates
  - (c) Checking, Savings, and Certificates of Deposit, up to the limit of the amount insured by an instrumentality of the U.S. Government.  
[The amount exceeding \$100,000 (in any single institution) insured by FDIC should be reported on Form 12h, Section F as an Included item.]
  - (d) Securities issued by the following Federal agencies and guaranteed as to payment by the full faith and credit of the U.S. Government (payable from the U.S. Treasury):  
Farm Credit System Financial Assistance Corporation,  
Farmers Home Administration,  
Federal Financing Bank,  
General Services Administration,  
Government National Mortgage Assoc.,  
Maritime Administration Guaranteed Ship Financing Bonds issued after 1972,  
Small Business Administration,  
Washington Metropolitan Area Transit Authority Bonds.
  - (e) Other securities or deposits issued, guaranteed or fully insured as to payment by any agency of the United States Government. Unlike those listed above, these instruments are payable from the assets of the Government Agency, not by the full faith and credit of the U.S. Government, however, these securities are also excludable.  
[7CFR1717.654(b)(2)(i)]

4. Capital term certificates, bank stock, or similar securities of the supplemental lender which have been purchased as a condition of membership in the supplemental lender, or as a condition of receiving financial assistance from such lender, i.e., subscription or loan related capital term certificates from CFC, or stock from CoBank or Banks for Cooperatives.
  5. CFC Commercial Paper, CoBank Cash Investment Service, and Surplus Funds Program (St. Paul Bank for Cooperatives).
  6. Additional investments which have been given specific formal approval as an investment that is excludable from the 15% Rule by the Administrator of REA should be shown in Excluded column. *REA approval of an investment does not constitute exclusion from the 15% limitation.* For clarity, footnote such investments, and explain their special exemptions, otherwise the reviewer will assume they are classified improperly.
  7. Investments funding of post-retirement benefits (ref: FASB Statement 106) are an excluded investment.
  8. *Reserves, if required by Revenue Bond Agreement, or amounts set aside to ensure the timely payment of principal and interest on loans made, guaranteed, or secured by a lien accommodated by REA are excluded. However, only funds required for payments due within a three month period which follows the report date may be excluded unless the revenue bond agreement requires a larger fund. [1717.652 (ii)]*
- \* Reference: 7 CFR 1717.654 (2) (i) through (iii) and Appendix A to Subpart N.

## **PART I. INVESTMENTS**

Report all *individual items that are summarized* in the following Balance Sheet categories:

1. **Non-Utility Property (Net):**  
Report items summarized as Balance sheet item 6.
2. **Investments in Associated Organizations:**  
Report items summarized as Balance sheet *item* 7, 8, 9 and 10.
3. **Investments in Economic Development Projects:**  
Report items summarized as Balance sheet item 11.
4. **Other Investments:**  
Report items summarized as Balance sheet item 12.
5. **Special Funds:**  
Report items summarized as Balance sheet item 13.
6. **Cash-General:**  
Report items summarized as Balance sheet item 15.
7. **Special Deposits:**  
Report items summarized as Balance sheet item 17.
8. **Temporary Investments**  
Report items summarized as Balance sheet item 18.

9. **Notes and Accounts Receivable (Net)**  
Report items summarized as Balance sheet item 19 and 21.
10. **Commitments To Invest Within 12 Months**  
These items do not appear on the REA Form 12a, Part B, Balance Sheet. Report any legally binding commitments to invest within the 12 months following the reporting period.

Column headings:

Column (a), **Investment Description**, giving issuer's name e.g. C.D. 1st National Bank, Omaha NE, or US Treasury Certificates, other investments, giving the name, the city and state of their address, type of investment. **The description must be sufficiently detailed so that REA can verify that the investment is properly classified as included or excluded under the 15% rule.**

Column (b), **Included Amount** See Addendum A or Addendum B

Column (c), **Excluded Amount** See Addendum A or Addendum B

Column (d), **Income or Loss**: For each investment that is accounted for under the equity method of accounting and reported in Section 2. Investments in Associated Organizations, 3. Investments in Economic Development Projects, and 4. Other Investments, indicate the amount of income or loss recognized during the reporting period. If there were no investments to account for under the equity method of accounting, please enter zero. For each receivable reported in section 9, Accounts & Notes Receivable (Net), indicate the amounts, if any, charged to the provision for uncollectible notes receivable. If there were no charges for uncollectible notes receivable, please enter zero.

Column (e), **Rural Development** Insert the code "RD" if the investment was made primarily for rural economic development purposes.

## **PART II. LOAN GUARANTEES**

In this part, reporting REA borrowers should list each loan guarantee they have given. They should not report those they have received from REA or any other source. For example, a reporting *power supply system's* guarantee of a bank's loan to a local rural development project should be reported here. By contrast, the guarantee by REA of a Federal Financing Bank loan to the reporting power supply system, should not be reported here.

List all loans *your system* has guaranteed. This includes but is not limited to: *your* guarantees of loans to rural economic development projects, guarantees of loans to *your* subsidiary organizations, or to associated/nonassociated organizations, *other* power supply organizations.

Excluded Guarantees: *Guarantees are excludable when they were made by the reporting system, as required by the terms of a formal agreement with REA in connection with a loan or loan guarantee from REA. Guarantees are not excludable when they were made by the reporting system without the formal approval of REA. For example, a guarantee is Includable when a reporting power supply borrower system guarantees the repayment of a loan made to a subsidiary of the power supply system by a bank, but the terms of that loan were not specifically agreed to by REA. By contrast, the "member guarantees" provided by distribution or power supply system supporting a REA Insured, FFB or other loan to its power supplier are excludable when that "member guarantee" was required by terms of a formal agreement with REA.*

Column (a), **Organization**: Identify the legal person, or entity whose loan is guaranteed, the city and state of their address.

Column (b), **Maturity Date**: This is the date when the final payment on the loan guarantee by your organization is payable. If the final date has been extended, the **new** final date payment should be furnished here.

Column (c), **Original Amount**: The original loan amount owed upon execution of the note, usually the face amount, or a portion thereof, if it is a partial guarantee.

Column (d), **Loan Balance**: The remaining balance of the original loan amount that is outstanding, or portion thereof if it is a partial guarantee.

Column (e), **Rural Development**: Insert the code "RD" if the investment was made primarily for rural economic development purposes.

Line 4, **Totals**, report the totals of Original Amounts and Loan Balances for all guarantees.

Line 5, **Totals - Included Loan Guarantees**, report the sums of the Original Amounts and remaining Loan Balances or portion of the loan balances (shown in column d) that your organization guaranteed, which are not excludable, that is, those which are subject to the 15% Rule limitation.

### **PART III, RATIO OF INVESTMENTS AND LOAN GUARANTEES TO TOTAL UTILITY PLANT.**

Divide the sum of the Included Investments (Part I, item 11, Total, column (b)) plus Included Loan Guarantees (Part II, Totals, Column (c)) by the Total Utility Plant (Form 7, Part C. Balance Sheet, item 3).

**Note:** the balance of the "Loans" in Part IV is not a part of this calculation. This percentage should be expressed as a whole number and one decimal digit, *e.g.* 15.1%. *Values of 15.1% or more are in non-compliance and must be explained.*

### **PART IV, LOANS**

List each note receivable, draft, demand loan, time loan, and similar evidence of indebtedness for each loan made by your organization. However, loans to your Employees, Officers, and Directors and ERC Loans (both items printed on the form) should be reported as totals.)

Column (a) name of the debtor organization,

Column (b) final maturity date,

Column (c) original loan amount,

Column (d) outstanding loan balance, or carrying value.

Column (e) "RD" for loans made primarily for Rural Development purposes.

## INVESTMENTS UNDER THE 15 PERCENT RULE

### Investments to be INCLUDED in the 15 Percent Calculation

Annuity-type investments	Money market mutual funds
Asset management accounts	Mortgage-backed securities (unless
<i>Brokerage Accounts (non-FDIC)</i>	backed by full faith and credit
Cash and CD's* (uninsured part)	of a U.S. Government Agency)
Commercial paper (except NRUCFC)	Municipal bonds
Common stock	Mutual funds
Convertible certificates (bonds,	Options (stock)
debentures, preference stock)	Patronage capital, other than that
Corporate bonds	from power supplier, or
Energy resource conservation loans	<i>supplemental lender(s)</i>
Futures contracts	Preferred stock
Lines of credit (to others,	Real Estate Investment Trusts
including G&T's)	Repurchase agreements
Loan guarantees NOT required by REA	Unit investment trusts
Loans - Personal	Warrants
Membership certificates	Zero coupon bonds

### Investments to be EXCLUDED from 15 Percent Calculation

Capital term certificates, bank	Patronage capital,
stocks, etc., purchases as	from power supply cooperative
condition of supplemental	<i>from supplemental lender(s)</i>
lender membership	Post Retirement Benefits - Funded
or financing	<i>Revenue Bond(Debt Service) Reserves</i>
CoBank cash investment services	Surplus Funds Program (St. Paul
certificates	Bank for Cooperatives)
Commercial paper issued by NRUCFC	U.S. Savings Bonds
Deferred compensation (including	U.S. Treasury bills
MINT)	U.S. Treasury bonds
Loan guarantees required by REA	U.S. Treasury notes
Mortgage backed securities backed	U.S. Governments backed by full
by full faith and credit of a	faith and credit, U.S. Treasury:
U.S. Government agency	Ginnies, Maritime Administration
(e.g., Ginnies) FCSFAC,	Guaranteed Ship Financing Bonds
FmHA CBO's, Frannies, FFB,	(issued after 1972)
GSA, and TVA	Farm Credit System Financial
NRUCFC membership certificates	Assistance Corporation
NRUCFC securities (debt)	FmHA, SBA, and WMATA

### Investments Which May Be EXCLUDED Within Certain Limits

\* Several forms of investment may be excluded from the 15 percent calculation to the extent that they are insured by U.S. Government agencies, such as FDIC, etc. However, any such investments in excess of the insured amount (typically \$100,000) are Included in the 15 percent calculation.



## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
Annuity	Provides regular, guaranteed income payments for life or set time period.	Includable
Asset Management Account	One-stop financial plan that included brokerage account, checking, debit and credit card, money market fund.	Includable
<i>Brokerage Accounts (Accounts not FDIC insured)</i>	<i>Stock Brokers, Banks, other Includable agents providing investment services</i>	
Capital term certificates, supplemental lender which bank stock, or similar securities	Securities of the have been purchased as a condition of membership in the supplemental lender, or as a condition of receiving financial assistance from such lender.	Excludable
Cash, if it is not FDIC Insured	See U.S. Government issued, guaranteed, or fully insured securities or deposits.	Includable
Certificate of Deposit (CD) (Less than \$100,000) In FDIC Bank	Receipt for set sum of money left in bank for set period of time at an agreed-upon interest; at end of period, bank pays deposit plus interest.	Excludable
CoBank Cash Investment Services	Short-term unsecured notes sold by the CoBank.	Excludable
Commercial Paper	Short-term unsecured notes sold by large corporations.	Includable
Commercial Paper, NRUCFC	Short-term unsecured notes sold by NRUCFC.	Excludable
Common Stock	Security that represents ownership in a company.	Includable
Convertible:	Bond, debenture, or preferred share of stock.	Includable

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
	which may be exchanged by owner for common stock, usually of same company.	
Corporate Bond	Debt obligation of corporation.	Includable
<i>Debt Service Reserves</i>	<i>Cash set aside to ensure prompt payment of Revenue Bonds or REA Loans, Guarantees, or Loans that are secured by liens accommodated by REA.</i>	<i>Excludable: Limited to req. by Bond Agreement or/ amount due in 3 mos. after Report Date</i>
Deferred Compensation	Periodic payments made to an employee after retirement, either for the employee's life or for a specified number of years, for specific duties performed during periods of active employment.	Excludable
Energy Resource Conservation (ERC) Loans	Loans made by REA borrower to its consumers for the cost of labor and materials for the following energy conservation measures: <ol style="list-style-type: none"> <li>1. Caulking</li> <li>2. Weather-stripping</li> <li>3. Ceiling insulation</li> <li>4. Wall insulation</li> <li>5. Floor insulation</li> <li>6. Duct insulation</li> <li>7. Pipe insulation</li> <li>8. Water heater insulation</li> <li>9. Storm windows</li> <li>10. Thermal windows</li> <li>11. Storm or thermal doors</li> <li>12. Clock thermostats</li> <li>13. Attic ventilation fans</li> </ol>	Includable
Futures contracts	Contracts covering sale of financial instruments or physical commodities for future delivery;	Includable

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
Line of Credit	includes agricultural products, metals, Treasury bills, foreign currencies, and stock index futures (i.e., Standard and Poor's 500).	
Loan Guarantee	Bank's moral commitment to make loans to a company for a specific maximum amount for a given period of time, typically 1 year. There is usually no commitment fee charged on the unused line. However, a compensating balance requirement often exists.	
Loan Guarantee	Guarantees for the payment of debt obligations of others; i.e., including but not limited to rural development projects, subsidiary organizations, associated/nonassociated organizations, power supply organizations, etc.	Includable Excludable if required by REA to support an REA loan or REA loan guarantee.
Loans - Employees, Directors, Officers, and Others	Agreement by which an owner of property (the lender) allows another party (the borrower) to use the property for a specified time period, and in return the borrower will pay the lender a payment (usually interest), and return the property (usually cash) at the end of the time period. A loan is usually evidenced by a Promissory Note. <b>Loans to a power supply cooperative, G&amp;T, of which the cooperative is a member, are excludable, if these loans have been given specific REA approval for exclusion or are required by REA.</b>	Includable
<i>Membership Certificates</i>	<i>Membership required to become eligible</i>	<i>Excludable</i>

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
<i>NRUCFC, CoBank</i>	<i>to obtain loans. financing.</i>	
Other Member- ship Certificates	Membership fee.	Includable
Money market deposit account	A type of money market fund at a bank or savings and loan association with limited checking privileges	Excludable if FDIC & Under \$100,000
Money market mutual fund	An investment company which buys short-term money market instruments.	Includable
Mortgage-backed securities	Securities representing a share ownership of mortgages guaranteed as to payment by a Agency of the Federal governments; includes Ginnie Maes, Fannie Maes, Freddie Macs, etc.	Excludable
Mortgage-Backed securities	Not guaranteed as to payment by an agency of the Federal Government.	Includable
Municipal bond	Debt obligation of state, city, town or their agencies.	Includable
Municipal bond Public Utility Cooperative (Municipalities)	Debt obligation of public utility cooperative that is required by law to obtain financing through bonds.	Includable
Mutual fund	Investment trust in which your dollars are pooled with those of hundreds of others and invested by professional managers in stocks or bonds.	Includable
National Rural Utilities Coopera- tive Finance Corporation (NRUCFC) membership certificate	Security that represents ownership in NRUCFC.	<i>Excludable</i>

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
NRUCFC Patronage Capital	<i>The amounts paid or payable by the NRUCFC in connection with the furnishing of credit services to member cooperatives etc., i.e., which were in excess of the cost of service.</i>	<i>Excludable</i>
NRUCFC Securities, Other	All securities issued by NRUCFC, <i>including</i> patronage capital, are excludable investments.	Excludable
Negotiable order of withdrawal (NOW) account	NOW interest-bearing checking account.	Excludable if FDIC & under \$100,000
Options	The right to buy (call) or sell (put) a stock at a given price (strike price) for a given period of time.	Includable
Patronage Capital, G&T Power Suppliers	Amounts paid or payable by the cooperative in connection with the furnishing of electric energy and all other amounts which the G&T power supplier is obligated to credit to the cooperative as patronage capital.	Excludable
Patronage Capital, Other than Power Suppliers & supplemental lenders	Amounts paid or payable by the other associated companies in connection with the furnishing of supplies, etc., which are in excess of the cost of service and all other amounts which the associated companies are obligated to credit to the cooperative as patronage capital.	Includable
Preferred stock	Stock sold with a fixed	Includable

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
	dividend; if company is liquidated, has priority over common stock.	
Real estate investment trusts (REIT)	Corporation or trust that invests in or finances real estate: offices, shopping centers, apartments, hotels, etc.; sold as securities.	Includable
Repurchase Agreement	Short-term buy/sell deal involving any money market instruments (but usually Treasury bills, notes, and bonds) in which there is an agreement that securities will be resold to the seller on an agreed-upon date, often the next day. The money market fund holds the securities as collateral and charges interest for the loan.	Includable
Savings account	Account in which money deposited earns interest. insured &	Excludable if FDIC less than \$100,000
SuperNOW account	Interest-bearing bank account.	Excludable if FDIC insured & less than \$100,000
Surplus Funds Program, (St. Paul Bank for Cooperatives)	Short-term unsecured notes sold by the Banks of Cooperatives. (St. Paul, Springfield, and CoBank).	Excludable
Treasury bills	Short-term U.S. Treasury securities; maturities: 13, 26, 52 weeks.	Excludable
Treasury bonds	Long-term U.S. Treasury securities; maturities: 10 years or more.	Excludable

## INVESTMENT DESCRIPTIONS

<b><u>Type of Investment</u></b>	<b><u>Description</u></b>	<b><u>Includable or Excludable</u></b>
Treasury notes	Medium-term securities of U.S. Treasury, maturities: not less than 1 year and not more than 10 years.	Excludable
Unit investment trust	Fixed portfolio of securities deposited with a trustee; offered to public in units; categories include municipal bonds, corporate bonds, public utility common stocks, etc.	Includable
U.S. Savings Bonds	Debt obligations of U.S. Treasury designed for small investor.	Excludable
U.S. Government issued, guaranteed, or fully insured, securities or deposits	Securities or deposits issued, guaranteed, or fully insured, as to payment by the U.S. Government, or any agency thereof.	Excludable
	Deposits are fully insured, up to a \$100,000 limit, by the following agencies: 1. Federal Deposit Insurance Corporation (FDIC) 2. National Credit Union Share Insurance Fund	Excludable

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
	Securities fully backed with the full faith and credit of the U.S. Government are as follows:	Excludable
	<ol style="list-style-type: none"> <li>1. Farm Credit System Financial Assistance Corporation (FCSFAC)</li> <li>2. Farmers Home Administration (FmHA) Certificates of Beneficial Ownership (CBO)</li> <li>3. Federal Financing Bank (FFB)</li> <li>4. General Services Administration (GSA)</li> <li>5. Government National Mortgage Association (GNMA), also known as Ginnie Mae</li> <li>6. Maritime Administration Guaranteed Ship Financing Bonds, issued after 1972</li> <li>7. Small Business Administration (SBA)</li> <li>8. Washington Metropolitan Area Transit Authority (WMATA) Bonds</li> </ol>	
U.S. Government issued, guaranteed, or fully insured, securities or deposits, (continued)	The following investments are securities backed by the full faith and credit of U.S. Government agencies are Excludable Investments:	Excludable
	<ol style="list-style-type: none"> <li>1. Farm Credit System</li> <li>2. Federal Home Loan Banks (FHLB)</li> <li>3. Federal Home Loan Mortgage Corporation (FHLMC) (Freddie Mac)</li> <li>4. Federal National Mortgage Association (FNMA) (Fannie Mae)</li> <li>5. Financing Corporation (FICO)</li> <li>6. Resolution Funding Corporation (REFCORP)</li> <li>7. Student Loan Marketing Association (Sallie Mae)</li> <li>8. Tennessee Valley Authority</li> </ol>	

## INVESTMENT DESCRIPTIONS

<u>Type of Investment</u>	<u>Description</u>	<u>Includable or Excludable</u>
	(TVA) 9. United States Postal Service	
Warrant	Gives holder right to purchase a given stock at a stipulated price over a fixed number of years.	Includable
Zero coupon bond	Debt instruments; sold at discount from face value with no annual interest paid out; capital appreciation realized upon maturity; includes Training Investment Growth Receipts (TIGERS), and Certificates of Accrual on Treasury Securities (CATS).	Includable
Decommissioning Costs of Nuclear Generating Plants	The fund set aside to pay the costs of removing or otherwise disposing of a nuclear generating facility.	Excludable if REA has formally approved funding plan.
Debt Service Reserve Funds for Pollution Control Bonds	Pollution Control Bond Fund.	Excludable if REA has formally approved the plan.
<i>Debt Service Reserves: for Revenue Bonds or REA Loans, Guarantees, Loans Lien Accommodated By REA</i>	<i>Cash set aside to ensure timely payment of principal and interest payments, limited to amount due within 3 months after report date unless revenue bond agreement requires a larger fund.</i>	<i>Excludable</i>

### **Section G, Materials and Supplies Inventory**

This section is used to report activities in the inventory accounts by six categories as listed in the format. The beginning balance, additions, deductions, and closing balance for each category are to be reported. This information should be ascertained from the inventory records. The sum of the amounts for Items 1 and 2 for column d should equal the amount reported on REA Form 12a, Section B, Item 22, "Fuel Stock." The sum of the amounts reported for Items 3 through 6 in column d should equal the amount reported on form 12a, Section B, Item 23, "Materials and Supplies - Other." The amounts reported in column d for each item should be the sum of column a plus column b minus column c.

### **Section H, Long-Term Debt and Debt Service Requirements**

List the name of each party holding the indebtedness and:

#### **Column**

- a Enter book balance for each indebtedness and the total thereof. (Note: The total should reconcile with that reported in REA Form 12a, Section B, Item 44, *Total Long-Term Debt*.)
- b Enter the amount of interest billed during the year for each indebtedness and the total thereof. The amount includes interest charged to construction as well as interest charged to expense. When other than four quarterly billings are due in any one calendar year (as may be the case with FFB billings), the amount reported here should be normalized to reflect four quarterly billings.
- c Enter the amount of principal paid, billed during the year, for each indebtedness and the total thereof. If a portion of the principal amount is being refinanced (e.g., the proceeds from an REA-guaranteed loan are used to pay off a CFC intermediate-term construction loan), that amount should not be included in this column as part of the principal billed. The amount shown, however, should be asterisked and the refinanced portion should be explained in an attached footnote.
- d Enter sum of entries in Columns b plus c.

### **Section I, Annual Meeting and Board Data**

#### **Item No.**

- 1 **Date of Last Annual Meeting**  
Use date scheduled even if no legal meeting was held. If no meeting was held, so state.
- 2 **Total Number of Eligible Voters**  
The number of members in the cooperative which are eligible to vote is to be reported in this block.
- 3 **Was Quorum Present?**  
A "yes" or "no" answer is sufficient.

- 4 **Number of Members Voting by Proxy or Mail**  
Report the number of absentee ballots cast. Include both proxy votes and absentee votes. If none, so state.
- 5 **Number of Members Present at Meeting**  
Report number of members present in person as determined by registration or votes cast. Only report persons eligible to vote. Do not report total number of persons in attendance.
- 6 **Total Number or Board Members**  
List number of board when all vacancies are filled.
- 7 **Annual Cost of Directors Fees and Expenses**  
Include all fees, expenses, and per diem paid to board members for all purposes during the current year, including attendance at board meetings, training seminars, delegated board business, association meetings, amounts paid for insurance and other expenses directly associated with individual board members.
- 8 **Does Manager Have Written Contract?**  
A "yes" or "no" answer is requested.

### **Section J, Man-Hour and Payroll Statistics**

#### **Item No.**

- 1 The number reported should be the number of employees hired full-time for normal operations of the system. It should not include employees added to do emergency work, employees added for seasonal employment, or for special assignments. If an employee works for the first 6 months of the year, quits in July, and is replaced immediately or later by another employee, these two men should be reported as one full-time employee.
- 2 **Man-Hours Worked - Regular Time**  
Report the total number of employee-hours worked for which the employee received a regular rate of pay. Include both salaries and hourly rate employees. All leave with pay is to be counted as hours worked. All leave without pay is not to be counted.
- 3 **Man-Hours Worked - Overtime**  
Report the total number of employee-hours worked for which premium rates of pay were paid to employees.
- 4 **Payroll - Expensed**  
Enter the amount of payroll which was charged to the operation and maintenance expense accounts (Accounts 500 through 598 and 901 through 931, and 935) during the year.
- 5 **Payroll - Capitalized**  
Enter the amount of payroll which was used in construction and retirement work. (All payroll charged to Accounts 107.1 through 107.3, 108.8, plus all payroll directly charged to the plant Accounts 301 through 399.)

6 **Payroll - Other**

Enter the amount of payroll which was not included in Items 4 and 5.

**Section K, Long Term Leases**

Report in this section by lessor, type of property, and amount of rental for the year (accrued or paid) on all "restricted property" which is held under "long-term" lease from other parties. "Restricted Property" means all properties other than automobiles, trucks, trailers tractors, other vehicles (including without limitation aircraft and ships), office garage and warehouse space and office equipment (including without limitation computers). "Long-Term" means leases having unexpired terms (taking into accounts terms of renewal at the option of the lessor whether or not such leases have theretofore been renewed) of more than 12 months. General plant is not to be included in the data to be reported in this section. Leases accounted for as capital leases, the cost of which is included in utility (or non-utility) plant should also be disclosed here with proper additional information included in Section L, "Notes ," and Section H, "Long-Term Debt - Other and Debt Service Requirements." Identify these leases by placing "(CL)" following the name of the lessor.

**Section L, Notes**

Part L provides space for important disclosure notes to the financial statements not included in other parts of 12h. If additional space is needed, use the back of the form or a blank sheet of paper.

**REA Form 12i, Operating Report - Lines and Stations**

Form 12i is designed to report the transmission and distribution plant expense of the entire system of the borrower under the heading of "Lines" and "Stations." All accounting by plant crews for time and material should be reported in accordance with 7 CFR Part 1767 (Part 1767), Accounting Requirements for Electric Borrowers, Subpart B, Uniform System of Accounts. A copy of part 1767 or appropriate excerpts thereof, should be furnished to plant personnel. Explanation and training should be provided so that all expenditures are properly classified.

**Section A, Expense and Costs**

**Item No.**

1 **Supervision and Engineering**  
Account 560

2 **Load Dispatching**  
Account 561

**Item No.**

3 **Station Expenses**  
Account 562

4 **Overhead Line Expenses**  
Account 563

- 5 **Underground Line Expenses**  
Account 564
  - 6 **Miscellaneous Expenses**  
Account 566
  - 7 **Subtotal**  
Sum Items 1 through 6
  - 8 **Transmission of Electricity by Others**  
Account 565
  - 9 **Rents**  
Accounts 567
  - 10 **Total Transmission Operation**  
Sum Items 7 through 9
  - 11 **Supervision and Engineering**  
Account 568
  - 12 **Structures**  
Account 569
  - 13 **Station Equipment**  
Account 570
  - 14 **Overhead Lines**  
Account 571
  - 15 **Underground Lines**  
Account 572
  - 16 **Miscellaneous Transmission Plant**  
Account 573
  - 17 **Total Transmission Maintenance**  
Sum Items 11 through 16
  - 18 **Total Transmission Expense**  
Items 10 plus 17
  - 19 **Distribution Expense - Operation**  
Accounts 580 through 589
- Item No.**
- 20 **Distribution Expenses - Maintenance**  
Accounts 590 through 598
  - 21 **Total Distribution Expense**  
Items plus 20

22 **Total Operation and Maintenance**  
Items 18 plus 21

**Fixed Costs**

Under this classification include direct charges to transmission and distribution plant or prorated charges on some items between generating, transmission, and distribution plant. The basis for calculating or prorating these costs is given below for each item.

**Depreciation**

These charges for transmission and distribution are indicated by the balances in Account 403.5 and 403.6, respectively. The charges should be prorated to "lines" and "stations" on the basis established in the depreciation register.

**Taxes**

This is composed of the balance indicated in Accounts 408.1 through 408.4. They are prorated as described on page 20.

**Interest charges**

These are reported as described on page 20.

**Insurance charges**

These are reported as described on page 20.

**Item No.**

23 **Depreciation - Transmission**  
Account 403.5

24 **Depreciation - Distribution**  
Account 403.6

25 **Taxes - Transmission**  
Account 408

26 **Taxes - Distribution**  
Account 408

27 **Interest - Transmission**  
Account 427

28 **Interest - Distribution**  
Account 427

29 **Insurance - Transmission**  
Accounts 924, 925, 926

**Item No.**

30 **Insurance - Distribution**  
Accounts 924, 925, 926

31 **Total Transmission**  
Sum Items 18, 23, 25, 27, 29

32 **Total Distribution**

Sum Items 21, 24, 26, 28, 30

- 33 **Total Lines and Stations**  
Sum Items 31 an 32

### **Section B, Facilities in Service**

Miles of line and substation capacity in service are to be reported in Section B of this form (12i). Transmission lines are to be subdivided and reported by voltage. Distribution lines are to be reported in total only. Substations are to be grouped and reported in three categories as shown on the form.

### **Section C, Labor and Material Summary**

Labor and material costs used in operation and maintenance of lines and stations are to be reported in this summary. Include work performed by contractors as well as work performed by payroll employees. Work performed by payroll employees should be reported on the basis of payroll or inventory records. Work performed by contractors should be added to that to be reported for payroll employees.. Estimates should be used for the contractor work when contractor invoices do not furnish the required detail. Part-time or temporary employees should be included in the number of employees, When one or more employees work less than a month the hours worked by such employees should be totaled and divided by 8 to convert into employee-days. These employee-days should be divided by the number of work days in the month to obtain the number of employees. This number should be rounded off to the nearest whole number and added to the number of full-time employees, the sum of which is the number to be reported.

### **Section D, Outages**

#### **Item No.**

- 1 **Total**  
Show the total hours all delivery points were out due to both scheduled and unscheduled outages. Hours out should be expressed in hours an tenths of an hour. One hour and 6 minutes equal 1.1 hours.
- 2 **Average Number Distribution Consumers Served**  
Show the average number of distribution consumers served. This should be obtained from the distribution member or system and reported by the power supply borrower (REA Form 7, Part R, Item 10).
- 3 **Average Number of Hours Out Per Consumer**  
Item 1 divided by item 2.  
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