STATE OF NEBRASKA
NEBRASKA POWER REVIEW BOARD

IN THE MATTER OF THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT'S PETITION TO AMEND ITS CHARTER IN THE MATTER OF THE DAWSON PUBLIC POWER DISTRICT'S PEITITION FOR DISSOLUTION	))))))))	PETITION FOR CHARTER AMENDMENT 6

REPORT OF DONALD W. WENDELL

I. Introduction and Relevant Expertise

I am a retired financial executive and certified public accountant (CPA), currently inactive. I maintained an active CPA license in one or more states throughout my working career. I have more than thirty (30) years of management experience working primarily in the utility industry. I worked for Arthur Andersen LLP for 11 years coordinating financial audits and business consulting services, primarily to utility and energy industries businesses, including investor-owned, public power, rural electric cooperatives, municipal utilities and independent power producers. This includes electric and gas utilities with generation, transmission and distribution services to retail and wholesale customers in the Midwest and New England. I worked for Xcel Energy, Inc. (a fortune 500 company) and its predecessor companies for 25 years until retirement in 2018. I served in several financial leadership positions over my career including eight years as a Vice President. My functional responsibilities included CO Rates and Regulation, Financial Planning, Chief Audit Executive, Assistant Controller and Financial Accounting and Reporting. I managed and assisted with special projects and new business activities including: mergers and acquisitions, rate cases, financings, purchase power agreements, risk management, contracts, leases, joint ventures, partnerships, regulatory testimony and business process improvements. I was closely involved in two separate mergers of investor-owned utilities, one in 1997 (New Century Energies) and one in 2000 (Xcel Energy) and over the years have worked closely with legal counsel, external auditors, actuaries and consultants. I grew up on a farm and graduated from Axtell High School and Hastings College. In the summers, I worked for my father and a neighbor to irrigate the crops using surface water from Central and underground wells. My resume is attached below as Exhibit A for more information about my professional experience.

II. Information and Materials Reviewed

I have been engaged by Kutak Rock as an expert witness on behalf of the non-profit, Citizens Opposed to the Merger (Citizens). Initially, I reviewed publicly available documents related to the proposed merger that Central and Dawson had made available on their respective websites. I accessed the audited financial statements through 2021 of Central, Dawson and other public power entities. I received a letter from Central in January informing me, as a customer, that there was not going to be a change in water delivery rates for 2023. That letter provided FAQ's or Concerns with respect to the proposed merger. Kutak Rock established a secured repository of information/files gathered in this proceeding of which I was granted access. I have reviewed the responses to interrogatories/discovery in this proceeding conducted by Kutak Rock and reviewed the documents, some confidential, that were gathered by Kutak Rock in this proceeding. I reviewed some Board meeting agendas and board minutes prior to November 2022, excluding all of the substantial discussions and information of the meetings conducted in executive session, mostly merger, PPA & economic development items. Other specific documents that I reviewed included:

- Consolidation Assessment Phase 2 Report issued by Power System Engineering, Inc. (PSE) issued on January 25, 2022
- Letter from PSE to Central regarding Allocation of Consolidation Benefits dated October 9, 2022
- Plan of Consolidation approved by the Central & Dawson Board of Directors on October 24, 2022
- Central's Charter Amendment 6 filed with the Nebraska Power Review Board (NPRB) on October 25, 2022
- Protest of Citizens filed with the NPRB on December 5, 2022
- Citizen's complaint against Central filed in the District Court of Phelps County, Nebraska on December 2, 2022
- Affidavit of T. Parker Schenken filed with the NPRB on December 13, 2022
- Letter to Rob McCormick from Central dated October 10, 2022 and Rob McCormick's response to Central of a letter dated October 17, 2022
- Documents produced by Central in response to public records Act requests
- Testimony provided by Devin Brundage, David Rowe, Robert Dahlgren, Roger Olsen and Dudley Nelson.

Additionally, I spoke with surface water irrigation customers of Central, including Jeff Nelson, Jeff & Jerry Larson, Rob McCormick, and Dudley Nelson. I also attended a meeting of Citizens virtually in Axtell, Nebraska in November 2022. I listened to portions of the NPRB meeting held on December 16, 2022.

III. Opinions

a. Proposed merger is not in the best interests of Central and its customers/rate payers. The proposed merger is fundamentally unfair to Central's customers/rate payers. Central is essentially donating or contributing its assets into the combined merged entity, mostly investments/reserves and valuable renewable hydroelectric generation, to create a larger entity with minimal benefits for Central and its irrigation customers.

b. Central did not perform adequate due diligence to gather the information needed to evaluate or negotiate the proposed merger prior to voting for merger approval.

c. Central is a financially strong irrigation company and not in a position whereby it must give up local majority control through a merger. The purported financial benefits identified in the PSE Phase 2 do not justify consolidation.

IV. Findings and Observations to Support my Opinions

a. Proposed merger is not in the best interests of Central and its customer/rate payers. The proposed merger is fundamentally unfair to Central's customers/rate payers. Central is essentially donating or contributing its assets into the combined merged entity, mostly investments/reserves and valuable renewable hydroelectric generation licensed through 2037, to create a larger entity with minimal benefits for Central and its irrigation customers.

Nebraska statutes provide that the NPRB shall not approve the adoption of the proposed amendment if it "will be contrary to the best interests of such district, or that it will jeopardize and impair the rights of such districts, or of other persons." Neb. Rev. Stat. § 70-664. For the reasons set forth herein, I believe that the proposed consolidation contemplated in the amendments proposed are contrary to the best interests of Central and its rate payers. Furthermore, I believe that the proposed amendments will impair the rights of Central's rate paying surface water irrigators.

In evaluating what is in the best interests of Central and its ratepayers, I first looked at Central's mission as reflected on its website, which states the following on its home page: "*Our efforts are dedicated to providing irrigation, hydropower, wildlife habitat and recreation to western and central Nebraska.*" The irrigation section of Central's website further reflects that while Central is a "*multipurpose water agency providing irrigation, electric generation, groundwater recharge and recreation, . . . it was the need for irrigation that provided the impetus for the idea and subsequent construction of the Central District's project, which began service in 1941.*"

With that in mind, I evaluated the proposed amendment to determine whether (1) it was in the best interest of Central from a financial standpoint; (2) whether the proposed consolidation was in the best interest of surface water irrigators; (3) whether the proposed consolidation maximized the value of Central's hydropower assets; (4) whether the proposed consolidation was in the best interests of wildlife habitat; and (5) whether the proposed consolidation was in the best interest of recreational users of Lake McConaughey.

Any entity considering a consolidation of the scope and complexity contemplated by the proposed amendment (management and its directors) must evaluate all reasonable strategic alternatives for the entity to best achieve its mission. Each alternative should be fully vetted in terms of revenue opportunities, benefits (hard and soft), costs, risks, impacts to customers, customer protections, potential outcomes and the overall support of a business mission. There can be competing interests. People in influencing positions, like management, may consider their personal interests. This should be considered by the Board. Is it in the best interest to increase compensation and benefits expenses? Maybe for Central management and employees, but probably not for the customer who pays the bills. This is fundamentally important in regards to all three of my opinions.

For the reasons set forth below, the PSE Phase 2 report fails to demonstrate that the consolidation is in the best interests of Central from a financial standpoint. Furthermore, it fails to address how the consolidation would benefit surface water irrigators, recreational users of Lake McConaughey, or wildlife habitat. In fact, the Phase 2 PSE Report fails to identify or address these issues, or explain how those competing interests will be balanced.

Furthermore, the rationale for the merger **(in bold below)** articulated by Central in the October 10, 2022 letter sent to water surface irrigators and for the most part reiterated in the January 5, 2023 letter to irrigation customers fail to articulate any significant benefits to Central and its customers:

Water releases for irrigation and to meet peak electricity demand is a complementary process: While access to low-cost renewable energy may benefit Dawson, it does not benefit Central or its irrigation customers since most of Central's irrigation customers receive electric services from a retail electric utility other than Dawson. To the extent there are synergies between Central and Dawson for the best utilization of energy generated at Jeffrey hydroelectric, those synergies can be accomplished through a purchase power agreement (PPA) for the sale of power to Dawson from Central without having to merge the two districts.

***Consolidation does not pose a threat to irrigation deliveries, water rights, groundwater recharge and Lake McConaughy storage*:** Central is currently governed by farmers/irrigators looking out for the primary interest of the irrigators and ground water users. The claim that a merger will not pose a threat to Central is not a benefit to Central nor a reason for merging.

Greater revenue stability: Central has maintained stable and reasonable rates for its customers for over 80 years. It has negotiated PPA's for the sale of energy from Jeffrey and the two Johnson hydroelectric units providing substantial revenues annually for Central's Irrigation Division, allowing Central to deliver surface water irrigation to farmers and recharge the groundwater system at reasonable rates. Rate stability is what is important, not simply revenue stability. Rate stability can be accomplished through other means, such as power marketing, water management and rate adjustments, none of which require a complex merger. Central's own long-range financial forecasts (LRFF) show that its net position and change in net position are not expected to deteriorate on a stand-alone basis through 2030 to a level that would require significant draws on its cash reserves/investments (see Exhibit B).

Central's LRFF assumes a 20%+ decrease in its wholesale revenue prices beginning in 2024, stating that its hydroelectric generation is viewed less favorable in the future with the evolving power market for wind, solar and battery technologies. In PSE's Phase 2 report, it called this revenue forecast very conservative (said another way, the low end of reasonable). Hydroelectric power is carbon-free, renewable, dispatchable and reliable. It delivers capacity, not just energy, that other types of renewable energy do not deliver. Power markets are evolving within the Southwest Power Pool (SPP) and it is anticipated that the market will in the near-term begin to compensate renewable generators for delivering capacity along with energy.

The PSE Phase 2 Report explains the approach and quantifies two items of financial savings over the 2023 to 2030 timeframe related to the proposed merger: Power Cost Savings related to taking advantage of a 10% renewable carve-out in the purchased power contract Dawson has with NPPD/NG&T totaling $6.7 million and Compensation and Benefits totaling $4.7 million for a total of $11.4 million. PSE also summarizes an allocation of those benefits of $8.2 million to Dawson and $3.2 million to Central. This is presented in Table 19 and Table 27 in the Phase 2 Report. While I have read this report, I have not attempted to audit or validate the approach used by PSE for determining these specific savings. For Central, this equates to about $0.4

million/year on average or approximately 2.0% of Central's 2021 operating expenses as presented in its audited financial statements.

The value of the power cost savings is based on a comparison of the lower purchased power costs from NPPD/NG&T and the forecasted reduction of wholesale energy sales from Jeffrey to serve retail customers. While I believe that the power costs from NPPD and the generation from Jeffrey can be forecasted with a degree of accuracy, the price used for the power not sold externally is more variable without a power sales contract. Ultimately, PSE used a pricing that was consistent with Central's LRFF, which PSE concluded was conservative. The use of a higher price over this period would reduce the estimated power savings, which could be significant.

The Compensation and Benefits net savings quantified in the PSE Phase 2 Report total $4.7 million with Central's net savings of $3.2 million and Dawson's net savings of $1.5 million. The PSE Phase 2 Report summarizes the annual workforce Compensation and Benefits in Table 14, which presents Dawson and Central current number of employees and compensation and benefits in non-consolidated and consolidated scenarios with a reduction of 11 employees on a combined basis through attrition over 3-4 years to eventually achieve an annual benefit of $1.0 million. The net cost savings result from natural attrition, not any specific initiatives to achieve efficiencies or synergies because of the merger. The Report does not address any potential impacts of the attrition on operations. Dawson's employee benefits were determined to be greater than Central. The PSE Phase 2 Report indicates that benefits would need to be equalized or said another way increased for Central. What was not highlighted in the table is that the average compensation and benefits/employee for Dawson was $148,532 and for Central was $98,307. The average cost/employee for Dawson was over 50% higher than Central. Table 26 Labor and Benefit Allocation from the PSE Study presents the estimated benefit equalization (cost increases) and staff changes through attrition along with a proposed allocation of net savings to Dawson and Central derived using a labor allocation by FERC account over the eight-year period 2023 to 2030. While I have not audited the methodology and assumptions in determining these annual net savings, I find it very difficult to understand how Central is expected to have $3.2 million of net savings over eight years compared to Dawson's net savings of $1.5 million, especially when considering that the $3.1 million of benefit equalization (higher costs) are expected to be incurred by Central. It appears that the allocation of power production labor and benefits at Jeffrey beginning in 2024 are resulting in the allocation of more costs to the retail electric customers. While I agree that this increased allocation of labor and benefits to retail electric customers may be beneficial to Central, it is more than offset by the loss of revenue from power no longer being sold externally.

b. Central did not perform adequate due diligence to gather the important information needed to evaluate or negotiate the proposed merger prior to voting for merger approval.

In my experience, mergers and acquisitions present opportunities, but also present risks and challenges. Opportunities are often the result of synergies resulting from the combining of operations to achieve greater economies of scale or avoiding duplication of services. That is not the case here. The spin that there are benefits to Central of being part of a vertically integrated utility are not substantiated. While I don't know the exact statistics, many mergers and acquisitions do fail to deliver what was initially expected. No one wants to be one of the failures. For this reason, a typical due diligence team combines internal teams of functional experts with outside consultants experienced in such matters. As defined in Wikipedia, "due diligence is the investigation or exercise of care that a reasonable business is normally expected to take before entering into an agreement or contract with another party or an act with a certain standard of care. The theory behind due diligence holds that performing this type of investigation contributes significantly to informed decision making by enhancing the amount and quality of information available to decision makers and by ensuring that this information is systematically used to deliberate on the decision at hand and all its costs, benefits and risks". Tackling due diligence during a merger transaction is an overwhelming task when done correctly or prudently, but essential for closing a successful, equitable and efficient deal. Entire books have been dedicated to describe what should be completed in due diligence. Of course, the scope of the work involved can vary greatly with the size and complexity of the businesses involved. For example, the proposed merger of Central and Dawson are two public power entities in Nebraska. Conducting due diligence in secrecy is not required, nor is the need to evaluate complex tax issues. Due diligence checklists and data rooms enable professionals to track the diligence progress and secure important documents. This allows professionals to make well-informed decisions. Common areas of the scope of due diligence include: Legal, Commercial, Financial, Human Resources, Intellectual Property, Environmental Health and Safety, Tax, Marketing, Compliance and Regulatory Matters. This work must be conducted with a "trust but verify" approach.

I referenced earlier, the documents that I have reviewed and the depositions of executives and directors of Central and Dawson that describe the due diligence process conducted in the proposed merger, which I believe were inadequate based on the following findings and observations:

- Central and Dawson provide too much reliance on the work by PSE and its conclusions or lack thereof in its Phase 2 Report issued in January 2022. PSE was engaged jointly by Central and Dawson to evaluate the "feasibility" of a merger between an irrigation company and an electric utility. It was limited in scope and in many instances, only assembled and communicated information that they gathered and then reported on. PSE didn't do any substantive work after issuing their Phase 2 report.

- Central or Dawson did not individually engage any outside consulting expertise

  other than the joint engagement of PSE and addressing the legality of a merger with attorneys. The conduct of due diligence was managed internally and no experts advised them on whether the merger was in each of their best interest. From a value standpoint, there appears to be little if any benefit to Central. Furthermore, there is no fairness opinion, third party appraisal or analyses establishing that the merger or consolidation is fair to Central and its irrigation customers. A fairness opinion involves the comprehensive review of a transaction from a financial point of view and is typically provided by an independent financial advisor or investment banker. The opinion relates to the price offered by the buyer (in this merger, no payments to either party) and the fairness of the terms to an entity's shareholders or in this case its customers and other stakeholders. In my experience, the two major mergers that I worked on would never have obtained approval without the insight of independent external consultants. In this proposed merger, it was “due diligence lite” and based on the information that I have obtained, the Board did not receive all of the information from this process to make a decision on “best interest”.

- Two specific cost savings opportunities were evaluated by PSE as discussed earlier. With exception of the benefits equalization costs, I have not observed where PSE, Central or Dawson have fully vetted all anticipated costs of the merger. The Plan of Consolidation does not address costs of the merger nor how such pre-merger or post-merger costs would be allocated. NPPD will certainly not want any costs allocated to the Kingsley Division of Central. While some incremental costs, like the higher costs resulting from the refinancing of Dawson’s bonds are proposed to stay with Dawson/Energy Distribution Unit unless approved otherwise by the new Board. I am not aware of anyone quantifying this cost, but a ballpark estimate of $500,000 to $1.0 million can’t be too far off (calculated as $50 million of bonds outstanding time 1-2% higher interest rates from the refinancing given today’s interest rates.

- There are no doubt other costs not yet identified or communicated that may or may not be allocated. For example, I would expect some level of information technology costs will be incurred to create the two new financial units (District Services and Energy Distribution) required for post-merger financial reporting. District Services comprises Financial, Information Technology, Natural Resources and Public Relations. Given that these services will be performed for the combined organization, it will be important to establish policies and procedures for how the services will be direct charged/billed or allocated using well designed cost causative allocation methods or less desirable indirect allocation methods. Many utilities in the U.S. that are regulated under the Public Utility Holding Company Act of 2005 (modified from 1935 Act) must create service companies with regulatory oversight by the Federal Energy Regulatory Commission (FERC). While the proposed merger of Central and Dawson is not subject to this regulation, the fundamental concept of establishing fair and equitable accounting and reporting of costs is still important. This matter has not been adequately addressed in the approved Plan of
Consolidation. Central and Dawson should have negotiated how some of this would be accomplished at a high-level prior to Board approval of the merger, with further details and system integration work completed prior to any merger effective date.

- Providing wildlife habitat and recreation are part of Central’s stated mission, but I have identified no specific evidence of these matters being addressed in due diligence.

- The separate financial forecasts of Central and Dawson on a business-as-usual basis were aggregated by PSE to create a combined forecast. PSE then layered in the two cost savings items addressed and presented the consolidated post-merger forecast for 2023 to 2030. Table 19 of the PSE Phase 2 Report presents a serious decline in combined net income, but does not identify any root cause(s) for the decline, nor identify whether the decline is coming from Central, Dawson or both. If a company needs to fundamentally restructure its costs to be more competitive and provide rate stability, even in a rate-regulated industry, a merger as contemplated, does little to address the financial issues needing to be addressed. The merger simply makes one bigger inefficient company. These forecasts have not been prepared and validated to the level or degree appropriate to support a merger transaction like this. The value of a merger or acquisition is often predicated on financial forecast information. The lack of sophistication in financial forecasting, particularly at Central, further supports the need to engage an independent advisor for assistance, which did not occur.

- Central is an irrigation company with some electric generation. Dawson is a retail electric distribution company. Each business has unique risks and in a merger, what were once somebody else's risks are now your risks. PSE conducted surveys of the directors and senior management of each district to identify areas of future risk and threats, not due diligence

- No significant risks were identified, noted in depositions or communicated to Central's board or its customers. Based on my experience working in the utility industry, by merging with Dawson, Central is essentially taking on a number of new risks including but not limited to the items below:

    - Operational risks, including electric contact, fire and outages or damages to electric transmission and distribution infrastructure as a result of weather events or storms

    - Commodity risks and other risks associated with energy markets and energy production purchased from NPPD/NG&T ○ Failure to attract and retain a qualified workforce ○ Capital markets, interest rate risks and credit risks ○ Macroeconomic risks, including economic conditions ○ Cyber security issue or breach that could materially affect the business

    - Public policy risks ○ Environmental risks

    - In the PSE Phase 2 Report on page 36, an issue or concern about Dawson's transformers was identified, the magnitude and severity of which was not yet fully understood. It is unknown whether any follow-up was completed in 2022

c. *Central is a financially strong irrigation company and not in a position whereby it must give up local majority control of its water resources through a merger. The purported financial benefits identified in the PSE Phase 2 do not justify consolidation.*

What does Central bring to the table? In summary:

- valuable renewable hydroelectric generation with July/August peaks in capacity resources licensed through 2037 by FERC

- cash/investment reserves totaling approximately $115 million for future capital or maintenance needs to continue with efficient operations
- relatively low-cost efficient workforce of union and non-union employees to deliver on the mission of Central
- no outstanding long-term debt, providing lots of future financing flexibility, if needed.

Historically, Central could have provided surface irrigation to its customers at rates significantly lower than today's rates with a result of lower cash reserves/investments. Conservative management over time has proved to be quite beneficial.

What does Dawson bring to the table? In summary:

- Dawson is one of higher cost electric distribution utilities in south-central Nebraska with wholesale purchased power from NPPD (as evidenced in the overall revenue/kwh statistics below)
- compensation and benefits expenses that are approximately 50% greater than that of Central
- no expertise or experience in water resource/irrigation management
- over 20,000 electric customers who may not even care about the irrigation customers since there is almost no overlap in service territories
- approximately $50M of long-term debt that will be refinanced at interest rates higher than what is currently outstanding leveraging the presumed higher credit rating of the merged entity because Central has no long-term debt.

A common statistical reporting of electric utilities is revenue/kilowatt-hour (kwh). This statistic is often used for benchmark comparisons to other utilities in terms of price competitiveness or overall costs. In looking at the four nearby public power districts for 2021, Dawson's average rates are the second highest. The information below presents the details obtained from the 2021 audited financial statements filed with the state of Nebraska:

- Southern $0.0875/kwh;
- Cornhusker $0.0878/kwh;
- South Central $0.0977/kwh;
- Dawson $0.1156/kwh without rate stabilization and $0.1085/kwh with rate stabilization;
- Custer $0.1245/kwh.

The Board of Directors of public power districts in Nebraska approve rates for their respective utility, primarily designed to recover costs. Public power districts benefit from tax exempt financing and not having to pay for the cost of equity like investor owned utilities build into their rates (an equity return to shareholders). The key observation here is that Dawson's rates are higher than its nearby districts, all of whom which procure their energy from Nebraska G&T. In the merger, neither Dawson or Central are proposing cost reduction initiatives other than to capture some benefits of employee attrition as discussed earlier. Dawson's desire to access Central's generation is an opportunity to its reduce costs, but as structured this is on the back of Central. In approving mergers in other states, public utility commissions often require rate freezes to capture benefits for customers. That situation is not present here.

I have prepared Exhibit B, a comparison of select financial information for Central and Dawson, to further show that Central is forecast to stay financially strong through 2030. There is no immediate need to give up majority control through a merger and the purported benefits do not justify consolidation.

I have prepared the financial data in Exhibit B from two sources. The first column labeled "2020 Actual (Audited)" is from Central's and Dawson's audited financial statements accessed on Nebraska's website of governmental records. The second through fifth columns reflect data obtained from the PSE financial modeling for Central and Dawson that when aggregated equal the "combined" amounts. The Combined Net Income Amounts for 2023, 2024 and 2030 are presented in Exhibit B and agree with the amounts presented in Tables 18 and 19 in the PSE Phase 2 Report. In my review of the financial modeling prepared by PSE, I noted the following:

- While the 2020 financial data in the LRFF matches or is fairly close to the audited financial data for Dawson, there are some major differences in the Central data as it relates to Capital Assets Net, Net Position and Change in Net Position. The forecast horizon for 2021 through 2030 was prepared using this inaccurate data

- Central's combined cash/cash equivalents/investments hold relatively constant in the $113-117 million range over the 2020 to 2030 horizon
- Central does not reflect any outstanding debt over the 2020 to 2030 horizon

- Central's operating revenues decrease about $1.6 million from 2023 to 2024 primarily due to a conservatively lower assumed price for the sale of hydroelectric generation, with a decrease in the change in net position over the 2024 to 2030 period, but the aggregated change in net position for 2024 through 2030 was a positive $432,026.

- Dawson's Net Position increases from $161 million in 2023 to $183 million in 2030 because of an aggregate Change in Net Position of approximately $22 million during that timeframe.

- Dawson's Change in Net Position as a percentage of Operating Revenues declines from 8.5% to 3.6% from 2023 to 2030. The reasons for such decline have not been disclosed.

- Dawson outstanding debt decreases over the planning horizon presumably because of principal payments

- Dawson's combined cash/cash equivalents/investments hold relatively constant in the $13-18 million range over the 2020 to 2030 horizon.

- Cash Flow Information is not available in the modeling completed by PSE. In my experience, this information is very important in financial forecasting or modeling for validation of model accuracy and presenting a more complete picture of business plans, financial performance and financial position.
- There are a number of “hidden” worksheets in the financial models used by PSE, that were not used to create the information presented in the Phase 2 Report, but inherently exist to provide for more robust modeling capabilities by a user of the model.
- There is no separate Central Hydro Division financial information, only total Central information.

In conclusion, my findings and observations provide a wealth of evidence that indicates the proposed merger of Dawson and Central is not in the best interests of Central and its customers/rate payers.

EXHIBITS

EXHIBIT B – Comparison of Central and Dawson Financial Information

Comparison of Central and Dawson Financial Information
Exhibit B of Report of Donald W Wendell

All Amounts in Dollars	2020 Actual (Audited)	2020 Actual (History in LRFF)	2023 Forecast (Future in LRFF)	2024 Forecast (Future in LRFF)	2030 Forecast (Future in LRFF)	2024 to 2030 Forecast (Calc from Future in LRFF)
Central Change in Net Position			2,601,502	485,504	(1,267,867)	432,026
Dawson Change in Net Position			5,388,769	3,943,425	2,320,465	22,042,459
Combined Central and Dawson Change in Net Position			7,990,271	4,428,929	1,052,598	22,474,485
Central Balance Sheet Information:						
Cash/Cash Equivalents/Investments	114,908,188	113,086,952	116,086,878	116,883,754	115,065,260	
Capital Assets, Net	84,277,664	79,122,649	77,695,137	77,383,764	79,148,781	
Outstanding Debt	0	0	0	0	0	
Net Position	164,183,752	143,467,771	145,040,184	145,525,688	145,472,210	
Central Income Statement Information:						
Operating Revenues	23,929,473	22,533,485	21,873,548	20,274,665	22,150,223	
Operating Expenses, excluding Depreciation	14,671,283	15,685,872	16,282,257	16,627,389	18,859,934	
Depreciation & Amortization Expense	4,046,572	4,046,572	4,389,789	4,461,772	5,258,156	
Operating Income (Loss)	5,211,618	2,801,041	1,201,502	(814,496)	(1,967,867)	
Investment/Interest Income	2,776,833	1,644,039	1,700,000	1,600,000	1,000,000	
Other Income (Expense)	207,461	1,626,841	(300,000)	(300,000)	(300,000)	
Change in Net Position	8,195,912	6,071,921	2,601,502	485,504	(1,267,867)	432,026
Change in Net Position, excluding Depreciation	12,242,484	10,118,493	6,991,291	4,947,276	3,990,289	35,148,984
Dawson Balance Sheet Information:						
Cash/Cash Equivalents/Investments	14,221,857	13,363,755	18,227,524	17,669,660	15,515,803	
Capital Assets, Net	190,750,072	190,957,717	192,265,297	192,262,436	188,151,368	
Outstanding Debt	59,287,350	59,287,350	45,607,028	41,132,575	16,946,802	
Net Position	141,392,704	141,236,785	161,177,550	165,120,975	183,220,010	
Dawson Income Statement Information:						
Operating Revenues	64,939,435	64,976,288	63,230,572	63,315,889	64,354,483	
Operating Expenses, excluding Depreciation	45,894,638	46,278,308	48,679,045	50,058,949	51,818,026	
Depreciation & Amortization Expense	7,093,113	7,093,113	7,793,504	8,034,452	9,511,638	
Operating Income	11,951,684	11,604,867	6,758,023	5,222,488	3,024,819	
Change in Net Position	10,314,274	10,037,417	5,388,769	3,943,425	2,320,465	22,042,459
Change in Net Position, excluding Depreciation	17,407,387	17,130,530	13,182,273	11,977,877	11,832,103	83,427,525

Note: 2021 Actual data was not available when the LRFF Models were prepared and included in the PSE Phase 2 Report

Note: 2022 prelimary unaudited and 2023 Budget financial information was requested in discovery, but never received