

Control Number: 46412



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DOCKET NO. 46412

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APPLICATION OF MSEC  
ENTERPRISES, INC. TO AMEND A  
SEWER CERTIFICATE OF  
CONVENIENCE AND NECESSITY IN  
MONTGOMERY COUNTY §

PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
FILING CLERK

OF TEXAS

**APPLICANT MSEC ENTERPRISES, INC.'S ANSWERS  
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO MSEC ENTERPRISES, INC.  
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-3**

Applicant MSEC Enterprises, Inc., by and through its attorney of record, John M. Fultz, files Applicant's Answers to Commission Staff's First Request for Information, Question Nos. Staff 1-1 through Staff 1-3, filed November 2, 2016. These Answers were to be filed by November 22, 2016, but by agreement with the Commission Staff Attorney, these answers are being filed on November 30, 2016. Applicant would show that these Answers to Staff's First Request for Information are timely filed. The Answers are proffered by Troy Morris, Applicant's Senior Vice-President for Business Relations.

Dated: December 1, 2016

Respectfully submitted,

FULTZ & FULTZ, PLLC

By: /s/ John M. Fultz

John M. Fultz  
P.O. Box 868  
1400 E. Washington Ave.  
Navasota, Texas 77868  
SBN 07546000  
Telephone: 936-825-7833  
Facsimile: 936-825-2354  
Email: [john@fultzlaw.com](mailto:john@fultzlaw.com)  
Attorney for Applicant

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CERTIFICATE OF SERVICE

I, John M. Fultz, attorney of record for Applicant MSEC Enterprises, Inc., certify that a copy of this document was served on all parties of record in this proceeding on December 1, 2016, in the following manner:

Ralph J. Daigneault  
State Bar No. 24040755  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7348  
(512) 936-7268 (facsimile)

/s/ John M. Fultz  
John M. Fultz

**DOCKET NO. 46412**  
**ANSWERS TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO**  
**MSEC ENTERPRISES, INC. (MSEC)**  
**QUESTION NOS. STAFF 1-1 THROUGH 1-3**

Staff 1-1 Please provide information on the number of connections for the current area and the requested area.

Applicant

Answer 1-1: Number of connections in the current area: 3

Number of connections in the requested area: 1

Staff 1-2 Please provide information on the adequacy of the wastewater treatment system to serve the current and requested area, including capacity of the wastewater treatment facility along with the current and proposed number of connections.

Applicant

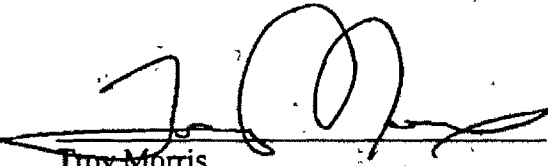
Answer 1-2: Please see Attachment 1-2, a wastewater treatment system analysis prepared by Dale Browne, P.E., attached hereto and made apart hereof for all purposes.

Staff 1-3 Please provide historical financial statements for the previous 5 years (2011-2015) and projections covering the next five years (2016 - 2020).

Applicant

Answer 1-3 Please see Attachment 1-3, Historical Financial Statements and Projections.

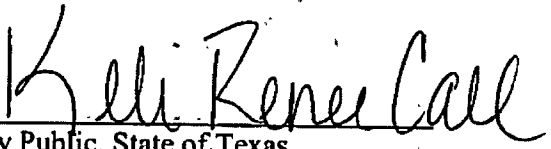
Dated: December 1, 2016

  
Troy Morris

JURAT

The foregoing Answers to Commission Staff's First Request for Information to MSEC Enterprises, Inc., Question Nos. Staff 1-1 through Staff 1-3, were:

SWORN TO and SUBSCRIBED BEFORE ME the undersigned authority on this 1<sup>st</sup> day of December, 2016, by Troy Morris.

  
\_\_\_\_\_  
Notary Public, State of Texas



ATTACHMENT 1-2

MSEC ENTERPRISES, INC.

Application to Amend Sewer CCN #20984

WASTEWATER TREATMENT SYSTEM ANALYSIS

Prepared by Dale Browne, P.E.



**McCLURE & BROWNE ENGINEERING/SURVEYING, INC.**

1008 Woodcreek Dr., Suite 103 · College Station, Tx. 77845 · (979) 693-3838

Engineer Reg No F-458  
Survey Reg No. 101033-00

June 24, 2015

Michael Long  
Project Manager  
Mid-South Synergy  
P.O. Box 970  
Navasota, Texas 77868

Re.: MSEC Wastewater Treatment Plant #1 Capacity Availability  
Mid-South Synergy FM 2854 Operations Facility  
JC No. C0007-0009-00  
MBESI No. 10260095

Dear Michael:

As per the request of Mid-South Synergy, I have analyzed WWTP #1 (Wastewater Plant #1) ability to accept the wastewater flow from the above referenced development. The proposed development will consist of an office building complex, warehouse facility and supporting laydown yards, work areas and emergency trailer park. The entire development will employ approximately 100 full time employees. During emergency conditions, the facility will house approximately 200 additional workers. As per 30 TAC (Texas Administrative Code) Chapter 217, Subchapter B, §217.32, Table B.1., the wastewater flow for office buildings is 20 gpd/person (gallons per day per person); therefore, the normal average daily flow created by the new development will be approximately 2,000 gpd (gallons per day.) The wastewater flow for a transient trailer park is 60 gpd; therefore, the additional average daily flow created during emergency conditions is 12,000 gpd.

WWTP #1 currently accepts wastewater from an elementary school, school bus transportation facility and church building. The average daily flow for WWTP #1 is approximately 2,500 gpd based on current flow data. Therefore, the total combined normal average daily flow will be 4,500 gpd and the emergency average daily flow will be 16,500 gpd.

WWTP #1 is designed and permitted for 20,000 gpd discharge. Based on the above information, WWTP #1 has the capacity to accept the wastewater flow created by the new FM 2854 Operations Facility during normal and emergency conditions.

If you have any questions or need any additional information regarding this matter, please do not hesitate to contact me.

Sincerely,

J. Dale Browne, Jr, P.E.



ATTACHMENT 1-3

MSEC ENTERPRISES, INC.

Application to Amend Sewer CCN #20984

HISTORICAL FINANCIAL STATEMENTS AND PROJECTIONS



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MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 4  
(Continued)

CONSOLIDATING INFORMATION  
BALANCE SHEET  
DECEMBER 31, 2011

ASSETS

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>UTILITY PLANT AT COST</b>					
Electric Plant in Service	\$	2,878,267			
Construction Work in Progress		17,997,910			
Capital Lease Assets	\$	20,876,177			
Other Property and Equipment		3,361,606			
	\$	17,514,571			
Less: Accumulated Provision for Depreciation and Amortization					
<b>OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE</b>					
Investments in Associated Organizations	\$		404,386		
Investments in Affiliated Company					
Other Investments - Restricted					
Notes Receivable - Affiliated Companies	\$	404,386			
<b>CURRENT ASSETS</b>					
Cash - General	\$	35,968			
Accounts Receivable (Less allowance for uncollectibles of \$193,416)		64,729			
Accounts Receivable - Affiliated Companies			114,640		
Unbilled Revenue					
Interest Receivable					
Materials and Supplies (At average cost)					
Other Current and Accrued Assets					
	\$	215,337			
<b>OTHER ASSETS</b>					
Deferred Debits	\$	151,959			
Deferred Income Tax Asset		29,332			
	\$	181,291			
<b>TOTAL ASSETS</b>	\$	18,315,585			

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 4  
(Concluded)

CONSOLIDATING INFORMATION  
BALANCE SHEET  
DECEMBER 31, 2011

EQUITIES AND LIABILITIES

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>EQUITIES</b>					
Memberships	\$				
Patronage Capital		8,000,274			
Other Equities (Deficit)	\$	<u>8,000,274</u>			
<b>LONG-TERM DEBT</b>					
CoBank Notes Payable Less Current Maturities	\$	7,501,670			
Notes Payable - Mid South Electric Cooperative, Inc.		38,629			
Capital Lease Obligations Less Current Maturities	\$	<u>7,540,299</u>			
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$				
Current Maturities of Capital Lease Obligations					
Short Term Line of Credit					
Accounts Payable - Purchased Power			552,260		
Accounts Payable - Other			17,350		
Customer Deposits					
Accrued Taxes					
Accrued Employee Compensated Absences					
Accrued Interest					
Current Tax Liability - State					
Power Cost Over Recovered			15,048		
Unbilled Power Cost					
Other Current and Accrued Liabilities					
Due to Affiliated Companies					
		2,038,803			
		<u>2,623,461</u>			
<b>OTHER LIABILITIES</b>					
Deferred Credits	\$	151,551			
Deferred Income Tax Liability	\$	<u>151,551</u>			
<b>TOTAL EQUITIES AND LIABILITIES</b>	\$	<u>18,315,585</u>			

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 5  
(Continued)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2011

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>OPERATING REVENUES</b>					
Residential	\$				
Commercial and Industrial					
Public Street and Highway Lighting					
Rent from Electric Property					
Unbilled Revenue					
Power Cost Recovery Revenue		121,802			
Other Operating Revenues		239,605			
Tap and Connect Fees		2,257,090			
Sales (Net of Cost of Goods Sold of \$170,858)					
Right of Way Clearing					
Total Operating Revenues	\$	<u>2,618,497</u>			
<b>OPERATING EXPENSES</b>					
Purchased Power	\$				
Distribution - Operation					
Distribution - Maintenance					
Customer Accounts					
Customer Service and Information					
Sales					
Payroll and Contract Labor		1,579			
Repairs and Maintenance		993,230			
Internet		20,142			
Right of Way Clearing					
Administrative and General		482,260			
Depreciation and Amortization		528,113			
Other Interest					
Other Deductions					
Total Operating Expenses	\$	<u>2,025,324</u>			
<b>OPERATING MARGINS - BEFORE FIXED CHARGES</b>	\$	<u>593,173</u>			
<b>FIXED CHARGES</b>					
Interest on Long-Term Debt		162,132			
Amortization of Debt Discount					
Total Fixed Charges		<u>162,132</u>			

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 5  
(Concluded)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2011

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
OPERATING MARGINS - AFTER FIXED CHARGES		\$ 431,041			
Capital Credits					
NET OPERATING MARGINS		\$ 431,041			
NON-OPERATING MARGINS					
Interest Income	\$				
Affiliated Company Income (loss)			(12,446)		
Other Non-Operating Income (loss)			(89,925)		
	\$		(102,371)		
NET MARGINS (LOSSES) BEFORE INCOME TAX EXPENSE	\$		328,670		
PROVISION FOR FEDERAL AND STATE INCOME TAX EXPENSE (BENEFIT)	\$		130,975		
NET MARGIN (LOSS)	\$		197,695		
PATRONAGE CAPITAL - BEGINNING OF PERIOD			7,802,580		
Capital Credits Retired					
Prior Year Non-Operating Gains Transferred to Other Equities					
PATRONAGE CAPITAL - END OF PERIOD	\$		8,000,275		

**MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION**  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 1  
(Continued)

**CONSOLIDATING INFORMATION**  
**BALANCE SHEET**  
**DECEMBER 31, 2012**

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>ASSETS</b>					
<b>UTILITY PLANT AT COST</b>					
Electric Plant in Service	\$ 3,199,133				
Construction Work in Progress	61,508				
Capital Lease Assets	20,503,964				
Other Property and Equipment	<u>23,764,605</u>				
Less: Accumulated Provision for Depreciation and Amortization	<u>3,875,682</u>				
	<u>\$ 19,888,923</u>				
<b>OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE</b>					
Investments in Associated Organizations	\$		381,020		
Investments in Affiliated Company					
Other Investments - Restricted					
Notes Receivable - Affiliated Companies					
			<u>\$ 381,020</u>		
<b>CURRENT ASSETS</b>					
Cash - General			6,219		
Accounts Receivable (Less allowance for uncollectibles of \$207,846)			161,842		
Accounts Receivable - Affiliated Companies			154,499		
Unbilled Revenue					
Interest Receivable					
Materials and Supplies (At average cost)					
Other Current and Accrued Assets					
			<u>\$ 322,560</u>		
<b>OTHER ASSETS</b>					
Deferred Debits					
Deferred Income Tax Asset			103,062		
			<u>\$ 103,062</u>		
<b>TOTAL ASSETS</b>					
			<u>\$ 20,695,565</u>		

**MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES**

Schedule 1  
(Concluded)

**CONSOLIDATING INFORMATION  
BALANCE SHEET  
DECEMBER 31, 2012**

**EQUITIES AND LIABILITIES**

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>EQUITIES</b>					
Memberships	\$				
Patronage Capital		8,111,394			
Other Equities (Deficit)	\$	<u>8,111,394</u>			
<b>LONG-TERM DEBT</b>					
CoBank Notes Payable Less Current Maturities	\$				
CFC Notes Payable Less Current Maturities		9,721,399			
Notes Payable - Mid South Electric Cooperative, Inc		28,218			
Capital Lease Obligations Less Current Maturities	\$	<u>9,749,617</u>			
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$				
Current Maturities of Capital Lease Obligations					
Short Term Line of Credit					
Accounts Payable - Purchased Power			429,590		
Accounts Payable - Other			19,800		
Customer Deposits					
Accrued Taxes					
Accrued Employee Compensated Absences					
Accrued Interest					
Current Tax Liability - State			15,945		
Power Cost Over Recovered					
Unbilled Power Cost					
Other Current and Accrued Liabilities				57	
Due to Affiliated Companies		2,170,174			
		<u>\$ 2,635,566</u>			
<b>OTHER LIABILITIES</b>					
Deferred Credits	\$	144,162			
Deferred Income Tax Liability		54,826			
	\$	<u>198,988</u>			
<b>TOTAL EQUITIES AND LIABILITIES</b>	\$	<u>20,695,565</u>			

**MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION**  
**d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES**

Schedule 2  
(Continued)

**CONSOLIDATING INFORMATION**  
**STATEMENT OF INCOME AND PATRONAGE CAPITAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>OPERATING REVENUES</b>					
Residential	\$				
Commercial and Industrial					
Public Street and Highway Lighting					
Rent from Electric Property					
Unbilled Revenue					
Power Cost Recovery Revenue		158,796			
Other Operating Revenues		493,465			
Tap and Connect Fees		2,184,069			
Sales (Net of Cost of Goods Sold of \$96,109)		<u>2,836,330</u>			
Total Operating Revenues	\$	<u>2,836,330</u>			
<b>OPERATING EXPENSES</b>					
Purchased Power	\$				
Distribution - Operation					
Distribution - Maintenance					
Customer Accounts					
Customer Service and Information		(85,218)			
Sales					
Payroll and Contract Labor			10,977		
Repairs and Maintenance			863,188		
Internet			15,892		
Administrative and General			875,925		
Depreciation and Amortization			580,812		
Other Interest					
Other Deductions			3,165		
Total Operating Expenses	\$		<u>2,264,741</u>		
<b>OPERATING MARGINS - BEFORE</b>					
<b>FIXED CHARGES</b>					
	\$	571,589			
<b>FIXED CHARGES</b>					
Interest on Long-Term Debt	\$	204,340			
Amortization of Debt Discount					
Total Fixed Charges	\$	<u>204,340</u>			

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 2  
(Concluded)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2012

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
OPERATING MARGINS - AFTER FIXED CHARGES		\$ 367,249			
Capital Credits					
NET OPERATING MARGINS		\$ 367,249			
NON-OPERATING MARGINS					
Interest Income			(23,366)		
Affiliated Company Income (loss)			(134,231)		
Other Non-Operating Income (loss)			(157,597)		
NET MARGINS (LOSSES) BEFORE INCOME TAX EXPENSE		\$ 209,652			
PROVISION FOR FEDERAL AND STATE INCOME TAX EXPENSE (BENEFIT)			98,530		
NET MARGIN (LOSS)			\$ 111,122		
PATRONAGE CAPITAL - BEGINNING OF PERIOD			8,000,276		
Capital Credits Retired					
Prior Year Non-Operating Gains Transferred to Other Equities					
PATRONAGE CAPITAL - END OF PERIOD			\$ 8,111,398		



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MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 1  
(Continued)

CONSOLIDATING INFORMATION

BALANCE SHEET  
DECEMBER 31, 2013

ASSETS

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>UTILITY PLANT AT COST</b>					
Electric Plant in Service	\$	4,396,571			
Construction Work in Progress		61,508			
Capital Lease Assets		24,078,481			
Other Property and Equipment	\$	28,536,560			
Less: Accumulated Provision for Depreciation and Amortization	\$	4,541,568			
		<u>23,994,992</u>			
<b>OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE</b>					
Investments in Associated Organizations	\$		374,768		
Investments in Affiliated Company					
Other Investments - Restricted					
Notes Receivable - Affiliated Companies	\$	<u>374,768</u>			
<b>CURRENT ASSETS</b>					
Cash - General	\$	52,309			
Accounts Receivable (Less allowance for uncollectibles of \$73,981)		59,974			
Accounts Receivable - Affiliated Companies			138,287		
Unbilled Revenue					
Interest Receivable		2,641			
Materials and Supplies (At average cost)		282,575			
Power Cost Under Recovered					
Other Current and Accrued Assets					
Current Income Tax Asset	\$	<u>534,786</u>			
<b>OTHER ASSETS</b>					
Deferred Debits	\$		78,171		
<b>TOTAL ASSETS</b>	\$	<u>24,982,717</u>			

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 1  
(Concluded)

CONSOLIDATING INFORMATION  
BALANCE SHEET  
DECEMBER 31, 2013

EQUITIES AND LIABILITIES

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>EQUITIES</b>					
Memberships	\$				
Patronage Capital		8,782,340			
Other Equities (Deficit)	\$	<u>8,782,340</u>			
<b>LONG-TERM DEBT</b>					
CoBank Notes Payable Less Current Maturities	\$				
CFC Notes Payable Less Current Maturities		9,483,853			
Notes Payable - Mid-South Electric Cooperative, Inc.		17,182			
Capital Lease Obligations Less Current Maturities					
Short Term Line of Credit	\$	<u>9,500,235</u>			
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$				
Current Maturities of Capital Lease Obligations					
Accounts Payable - Purchased Power			862,970		
Accounts Payable - Other			26,420		
Customer Deposits					
Accrued Taxes					
Accrued Employee Compensated Absences					
Accrued Interest					
Current Tax Liability - State			22,023		
Power Cost Over Recovered					
Unbilled Power Cost					
Other Current and Accrued Liabilities		113			
Due to Affiliated Companies		4,966,025			
	\$	<u>5,877,551</u>			
<b>OTHER LIABILITIES</b>					
Deferred Credits	\$	136,311			
Deferred Income Tax Liability		686,280			
	\$	<u>822,591</u>			
<b>TOTAL EQUITIES AND LIABILITIES</b>	\$	<u>24,982,717</u>			

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 2  
(Continued)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2013

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>OPERATING REVENUES</b>					
Residential					
Commercial and Industrial					
Public Street and Highway Lighting					
Rent from Electric Property					
Unbilled Revenue					
Power Cost Recovery Revenue		279,857			
Other Operating Revenues		780,590			
Tap and Connect Fees		2,654,761			
Sales (Net of Cost of Goods Sold of \$82,601)		3,755,208			
Total Operating Revenues	\$	\$	\$		\$
<b>OPERATING EXPENSES</b>					
Purchased Power					
Distribution - Operation					
Distribution - Maintenance					
Customer Accounts		46,617			
Customer Service and Information					
Sales					
Payroll and Contract Labor		25,495			
Repairs and Maintenance		943,182			
Administrative and General		785,066			
Depreciation and Amortization		665,886			
Other Interest					
Other Deductions		39			
Total Operating Expenses	\$	\$ 2,466,225	\$		\$
<b>OPERATING MARGINS - BEFORE FIXED CHARGES</b>					
	\$	\$ 1,288,983	\$		\$
<b>FIXED CHARGES</b>					
Interest on Long-Term Debt	\$	\$ 243,013	\$		\$
Amortization of Debt Discount					
Total Fixed Charges	\$	\$ 243,013	\$		\$

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 2  
(Concluded)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2013

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
OPERATING MARGINS - AFTER FIXED CHARGES		\$ 1,045,970			
Capital Credits					
NET OPERATING MARGINS		\$ 1,045,970			
NON-OPERATING MARGINS					
Interest Income	\$				
Affiliated Company Income (Loss)			(6,251)		
Other Non-Operating Income (Loss)	\$	<u>(6,251)</u>			
NET MARGINS (LOSSES) BEFORE INCOME TAX EXPENSE	\$	\$ 1,039,719			
PROVISION FOR FEDERAL AND STATE INCOME TAX EXPENSE (BENEFIT)			368,777		
NET MARGIN (LOSS)	\$	\$ 670,942			
PATRONAGE CAPITAL - BEGINNING OF PERIOD					8,111,398
Capital Credits Retired					
Prior Year Non-Operating Gains Transferred to Other Equities					
PATRONAGE CAPITAL - END OF PERIOD	\$	\$ 8,782,340			





MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 5  
(Continued)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
<b>OPERATING REVENUES</b>					
Residential	\$				
Commercial and Industrial					
Public Street and Highway Lighting					
Rent from Electric Property					
Unbilled Revenue					
Power Cost Recovery Revenue		417,181			
Other Operating Revenues		935,696			
Tap and Connect Fees		3,182,237			
Sales (Net of Cost of Goods Sold of \$69,825)		4,535,114			
Total Operating Revenues	\$	\$	\$		\$
<b>OPERATING EXPENSES</b>					
Purchased Power					
Distribution - Operation					
Distribution - Maintenance					
Customer Accounts			53,687		
Customer Service and Information					
Sales					
Payroll and Contract Labor			109,287		
Repairs and Maintenance			1,116,798		
Administrative and General			964,316		
Depreciation and Amortization			876,128		
Bad Debt Expense			(22,103)		
Other Interest					
Other Deductions			7,242		
Total Operating Expenses	\$	\$	\$		\$
<b>OPERATING MARGINS - BEFORE FIXED CHARGES</b>	\$	\$	\$		\$
<b>FIXED CHARGES</b>					
Interest on Long-Term Debt	\$				\$
Amortization of Debt Discount					
Total Fixed Charges	\$				\$

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION  
d/b/a MID-SOUTH SYNERGY AND SUBSIDIARIES

Schedule 5  
(Concluded)

CONSOLIDATING INFORMATION  
STATEMENT OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	MSEC Electric	MSEC Enterprises	MSEC Services	Eliminating Entries	Consolidated Totals
OPERATING MARGINS - AFTER FIXED CHARGES		\$ 1,001,485			
G&T Capital Credits	\$				
Other Capital Credits	\$				
Total Capital Credits	\$	<u>0</u>			
NET OPERATING MARGINS	\$	<u>1,001,485</u>			
NON-OPERATING MARGINS	\$				
Interest Income	\$				
Affiliated Company Income (Loss)			(5,472)		
Other Non-Operating Income (Loss)	\$				
Net Non-Operating Margins (Loss)	\$	<u>(5,472)</u>			
NET MARGINS (LOSSES) BEFORE INCOME TAX EXPENSE	\$	<u>996,013</u>			
PROVISION FOR FEDERAL AND STATE INCOME TAX EXPENSE (BENEFIT)		<u>360,072</u>			
NET MARGIN (LOSS)	\$	<u>635,941</u>			
PATRONAGE CAPITAL - BEGINNING OF PERIOD					8,782,340
Capital Credits Retired					
Prior Year Non-Operating Gains Transferred to Other Equities					
PATRONAGE CAPITAL - END OF PERIOD	\$	<u>9,418,281</u>			



	A	B	C	D	E	F	G
	YR 0	YR 1	YR 2	YR 3	YR 4	YR 5	
1							
2							
3	\$ 400,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
4	\$ 1,170,713	\$ 1,170,713	\$ 1,170,713	\$ 1,170,713	\$ 1,170,713	\$ 1,170,713	\$ 1,170,713
5	\$ 438,767	\$ 476,267	\$ 536,267	\$ 597,517	\$ 660,017	\$ 723,767	\$ 723,767
6	\$ 46,180,546	\$ 54,643,675	\$ 77,899,746	\$ 86,493,224	\$ 92,051,438	\$ 95,539,869	\$ 95,539,869
7	\$ 7,452,849	\$ 8,855,305	\$ 11,343,298	\$ 14,026,263	\$ 16,829,687	\$ 19,702,424	\$ 19,702,424
8	\$ 38,727,697	\$ 45,788,370	\$ 66,556,448	\$ 72,466,961	\$ 75,221,751	\$ 75,837,445	\$ 75,837,445
9	\$ 40,737,177	\$ 47,585,349	\$ 68,413,428	\$ 74,385,190	\$ 77,202,480	\$ 77,881,924	\$ 77,881,924
10							
11	\$ 10,790,179	\$ 11,792,721	\$ 12,880,254	\$ 14,015,497	\$ 15,192,656	\$ 16,357,537	\$ 16,357,537
12	\$ 24,014,579	\$ 29,860,211	\$ 49,600,756	\$ 54,437,275	\$ 56,077,406	\$ 55,591,970	\$ 55,591,970
13	\$ 5,932,418	\$ 5,932,418	\$ 5,932,418	\$ 5,932,418	\$ 5,932,418	\$ 5,932,418	\$ 5,932,418
14	\$ 40,737,177	\$ 47,585,349	\$ 68,413,428	\$ 74,385,190	\$ 77,202,480	\$ 77,881,924	\$ 77,881,924
15							
16	\$ 6,393,941	\$ 6,897,342	\$ 8,814,496	\$ 9,354,552	\$ 10,052,167	\$ 10,463,725	\$ 10,463,725
17	\$ 281,189	\$ 355,184	\$ 383,358	\$ 421,233	\$ 448,011	\$ 469,116	\$ 469,116
18	\$ 2,215,426	\$ 1,632,379	\$ 1,882,293	\$ 2,032,125	\$ 2,182,932	\$ 2,304,299	\$ 2,304,299
19	\$ 729,635	\$ 1,092,874	\$ 1,197,995	\$ 1,335,618	\$ 1,406,977	\$ 1,512,027	\$ 1,512,027
20	\$ 1,182,222	\$ 1,502,456	\$ 2,587,993	\$ 2,782,966	\$ 2,903,424	\$ 2,972,737	\$ 2,972,737
21	\$ 359,926	\$ 457,769	\$ 455,879	\$ 478,877	\$ 498,755	\$ 489,451	\$ 489,451
22	\$ 957,110	\$ 1,006,539	\$ 1,460,345	\$ 1,414,390	\$ 1,685,809	\$ 1,807,116	\$ 1,807,116
23	\$ 668,433	\$ 850,142	\$ 846,633	\$ 889,343	\$ 926,259	\$ 908,980	\$ 908,980
24	\$ -	\$ 2,400	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900
25	\$ 184,606	\$ 150,000	\$ 240,000	\$ 245,000	\$ 250,000	\$ 255,000	\$ 255,000
26	\$ 853,039	\$ 1,002,542	\$ 1,087,533	\$ 1,135,243	\$ 1,177,159	\$ 1,164,880	\$ 1,164,880
27							
28							
29							
30							
31							
32							
33							

	A	B	C	D	E	F	G
34	1. SOURCES OF GENERAL FUNDS						
35	A. NET GENERAL FUNDS (FIRST OF YEAR)	\$ 395,898	\$ 400,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
36	B. CASH MARGINS AFTER DEBT SERVICE	\$ 1,292,660	\$ 1,495,742	\$ 2,445,984	\$ 1,712,801	\$ 1,729,797	\$ 1,680,483
37	D. SALE OF EXCLUDABLE ITEMS	\$ 138,455	\$ 112,500	\$ 180,000	\$ 183,750	\$ 187,500	\$ 191,250
38	2. TOTAL GENERAL FUNDS AVAILABLE	\$ 1,827,012	\$ 2,008,242	\$ 2,775,984	\$ 2,046,551	\$ 2,067,297	\$ 2,021,733
39							
40	3. PROPOSED USES OF GENERAL FUNDS						
41	C. GEN FUNDS INVESTED IN PLANT	\$ 1,427,012	\$ 1,858,242	\$ 2,625,984	\$ 1,896,551	\$ 1,917,297	\$ 1,871,733
42	4. TOTAL PROPOSED USES OF GENERAL FUNDS	\$ 1,427,012	\$ 1,858,242	\$ 2,625,984	\$ 1,896,551	\$ 1,917,297	\$ 1,871,733
43	5. NET GENERAL FUNDS(END OF YEAR)	\$ 400,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
44							
45	GEN FUNDS REQUIRED FOR PLANT INVEST	\$ 50,000	\$ 323,500	\$ 224,000	\$ 201,000	\$ 100,000	\$ 100,000
46	ADDL GEN FUNDS AVAIL FOR PLANT INVEST	\$ 1,377,012	\$ 1,534,742	\$ 2,401,984	\$ 1,695,551	\$ 1,817,297	\$ 1,771,733
47							
48	Number of Meters	4,350	5,270	5,990	6,660	7,380	8,000
49	Base Charges	\$ 1,722,600	\$ 2,086,920	\$ 2,372,040	\$ 2,637,360	\$ 2,922,480	\$ 3,168,000
50	First 10K gallons	\$ 1,153,167	\$ 1,409,986	\$ 1,594,528	\$ 1,763,928	\$ 1,944,752	\$ 2,107,922
51	Next 10K gallons*	\$ 491,119	\$ 598,703	\$ 675,041	\$ 744,527	\$ 818,400	\$ 880,039
52	Over 20K gallons	\$ 735,657	\$ 885,751	\$ 986,220	\$ 1,073,982	\$ 1,165,420	\$ 1,225,051
53	Taps	\$ 637,387	\$ 1,104,000	\$ 864,000	\$ 804,000	\$ 864,000	\$ 744,000
54	Other	\$ 215,118	\$ 222,894	\$ 237,063	\$ 248,145	\$ 257,493	\$ 262,077
55	Other Operating	\$ 1,438,894	\$ 589,088	\$ 2,085,603	\$ 2,082,610	\$ 2,079,621	\$ 2,076,637
56	TOTAL REVENUE	\$ 6,393,941	\$ 6,897,342	\$ 8,814,496	\$ 9,354,552	\$ 10,052,167	\$ 10,463,725