

Subject: FINANCIAL GOALS		Policy No: 23
Original Issue: 03/22/1996	Last Revised: 11/11/2022	Last Reviewed: 10/11/2024

I. OBJECTIVE

- A. To establish financial goals that will permit Empire Electric Association, Inc. (EEA) to achieve margins and retain patronage capital sufficient to comply with all mortgage covenants, maintain prudent financial stability, and maintain a financial profile that will provide for reasonable future financing.


II. POLICY

A. FINANCIAL GOALS:

1. The financial business affairs of EEA will be conducted in a reasonable and prudent manner. Each year, EEA will prepare a budget and set rates expected to achieve the following:
 - a. A Modified Debt Service Coverage (MDSC) ratio as calculated per the CFC loan covenants of at least 1.40.
 - b. An Operating Debt Service Coverage (ODSC) ratio as calculated per the CoBank loan covenants of at least 1.30.
 - c. Equity as a percent of total assets of at least 30%. Maintaining this level of total equity will allow capital credit retirement without any restrictions from CFC or CoBank.
 - d. A distribution equity level of at least 20% (equity excluding equity in Tri-State).
 - e. Maintain a 20-year capital credit retirement cycle. This cycle will be defined by retiring approximately 1/20th of EEA's capital credit balance on an annual basis.

III. RESPONSIBILITY

- A. The board of directors shall be responsible for any change or revision of this policy.
- B. The general manager is responsible for administration of this policy and for making recommendations for changes.

	President's Signature	Date: 10/11/2024
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