

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2017

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

A For the 2017 calendar year, or tax year beginning and ending

<p>B Check if applicable:</p> <p><input type="checkbox"/> Address change</p> <p><input type="checkbox"/> Name change</p> <p><input type="checkbox"/> Initial return</p> <p><input type="checkbox"/> Final return/terminated</p> <p><input type="checkbox"/> Amended return</p> <p><input type="checkbox"/> Application pending</p>	<p>C Name of organization PEDERNALES ELECTRIC COOPERATIVE, INC</p> <p>Doing business as</p> <p>Number and street (or P.O. box if mail is not delivered to street address) Room/suite P.O. BOX 1</p> <p>City or town, state or province, country, and ZIP or foreign postal code JOHNSON CITY, TX 78636</p> <p>F Name and address of principal officer: JULIE PARSLEY, CEO SAME AS C ABOVE</p>	<p>D Employer identification number 74-0828412</p> <p>E Telephone number 800-868-4732</p> <p>G Gross receipts \$ 596,026,987.</p> <p>H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)</p> <p>H(c) Group exemption number ▶</p>
<p>I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c)(12) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527</p>		
<p>J Website: ▶ WWW.PEC.COOP</p>		
<p>K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶</p>		
		<p>L Year of formation: 1938 M State of legal domicile: TX</p>

Part I Summary

	<p>1 Briefly describe the organization's mission or most significant activities: TO PROVIDE QUALITY AND RELIABLE ELECTRIC SERVICE TO MEMBERS OF THE COOPERATIVE.</p>		
	<p>2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.</p>		
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a)	3	7
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5	780
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0.
			7
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	0.	0.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	562,758,751.	588,075,076.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	837,574.	2,136,203.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,417,839.	4,561,180.
	568,014,164.	594,772,459.	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	185,812.	56,460.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	55,783,913.	58,413,520.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	49,095,694.	55,330,873.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	461,934,928.	478,690,916.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	567,000,347.	592,491,769.
19 Revenue less expenses. Subtract line 18 from line 12	1,013,817.	2,280,690.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	1,548,721,396.	1,642,311,134.
	22 Net assets or fund balances. Subtract line 21 from line 20	963,170,914.	1,003,873,570.
	585,550,482.	638,437,564.	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<p>Sign Here</p>	<p>Signature of officer </p>	<p>Date 11-14-2018</p>
	<p>JOHN DAVIS, CFO Type or print name and title</p>	
<p>Paid Preparer Use Only</p>	<p>Print/Type preparer's name WILLIAM M. MILLER</p>	<p>Preparer's signature WILLIAM M. MILLER</p>
	<p>Firm's name ▶ BOLINGER, SEGARS, GILBERT AND MOSS LLP</p>	<p>Date 11/12/18</p>
	<p>Firm's address ▶ 8215 NASHVILLE AVENUE LUBBOCK, TX 79423</p>	<p>Check <input checked="" type="checkbox"/> PTIN if self-employed P00439459</p> <p>Firm's EIN ▶ 75-0882037</p> <p>Phone no. (806) 747-3806</p>

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III []

1 Briefly describe the organization's mission: WE ARE COMMITTED TO DELIVERING LOW-COST, RELIABLE AND SAFE ENERGY SOLUTIONS FOR THE BENEFIT OF OUR MEMBERS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

4a (Code:) (Expenses \$ including grants of \$) (Revenue \$) PROVIDING ELECTRIC ENERGY TO OUR MEMBERS - 300,238 ACTIVE SERVICES AT YEAR END. ALL SERVICES THAT WERE ACTIVE DURING THE YEAR WERE PROVIDED ELECTRICITY ON A COOPERATIVE BASIS THROUGH THE ALLOCATION OF PATRONAGE CAPITAL.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>		X
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors?</i>		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	N/A	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	X	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	N/A	
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	N/A	
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	N/A	
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

X

Table with columns for question numbers (1a-14b), descriptions, and Yes/No columns. Includes entries for backup withholding, employee counts, foreign accounts, and charitable contributions.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	X	
8b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	X	

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	X	
15b	Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **NONE**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **JOHN DAVIS, CFO - (830)868-7155**
201 SOUTH AVENUE F, JOHNSON CITY, TX 78636

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) EMILY PATAKI PRESIDENT	20.00	X		X				36,000.	0.	0.
(2) PAUL GRAF VICE PRESIDENT	31.20	X		X				36,000.	0.	0.
(3) AMY LEA SJ AKERS SECRETARY/TREASURER	15.00	X		X				36,000.	0.	0.
(4) CRISTI CLEMENT DIRECTOR	12.00	X						36,000.	0.	0.
(5) KATHRYN SCANLON DIRECTOR (JAN - JUNE)	5.00	X						15,000.	0.	0.
(6) JAMES OAKLEY DIRECTOR	6.00	X						36,000.	0.	0.
(7) JIM POWERS DIRECTOR	30.00	X						36,000.	0.	0.
(8) RANDY KLAUS DIRECTOR	12.00	X						22,500.	0.	0.
(9) JOHN HEWA CHIEF EXECUTIVE OFFICER (JAN - MAY)	50.00			X				1,486,217.	0.	35,796.
(10) JULIE PARSLEY CHIEF EXECUTIVE OFFICER	50.00			X				25,280.	0.	1,159.
(11) LAWANDA PARNELL CHIEF INFORMATION OFFICER	50.00			X				292,488.	0.	18,358.
(12) TRACY GOLDEN CHIEF FINANCIAL OFFICER	50.00			X				465,078.	0.	52,186.
(13) LLOYD W MCKEE VP-OPERATIONS	60.00			X				299,288.	0.	93,244.
(14) EDWARD A DAUTERIVE VP-MEMBER SERVICES	60.00			X				292,461.	0.	74,077.
(15) INGMAR STERZING VP-POWER SUPPLY & ENERGY SERVICES	40.00			X				363,871.	0.	56,340.
(16) JULIE BEGGS VP-CORPORATE SERVICES	55.00			X				309,044.	0.	45,533.
(17) BRADLEY HICKS VP-ENGINEERING & ENERGY INNOVATIONS	61.40			X				365,567.	0.	21,658.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) DON BALLARD VP-LEGAL SERVICES	43.00			X				387,196.	0.	40,768.
(19) PETER MUHORO CHIEF STRATEGY OFFICER	55.00			X				266,031.	0.	15,504.
(20) ALYSSA CLEMSEN-ROBERTS VP-COMMUNICATION & BUSINESS SERVICES	55.00			X				325,858.	0.	21,838.
(21) PAUL LOCHTE INTERIM VP-ENGINEERING	55.00			X				208,996.	0.	67,501.
(22) ROBERT PETERSON DIRECTOR-CONTROL CENTER	50.00					X		262,707.	0.	75,017.
(23) AISHA HAGEN SENIOR COUNSEL	45.00					X		217,518.	0.	38,362.
(24) CINDY ARMSTRONG DIRECTOR OF HUMAN RESOURCES	53.00					X		221,519.	0.	29,053.
(25) FREDDY WOLFF CONTROLLER	45.00					X		214,944.	0.	29,776.
(26) STEPHEN MALDONADO DIRECTOR OF DISTRICT OPERATIONS	65.00					X		203,342.	0.	63,378.
1b Sub-total								6,460,905.	0.	779,548.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								6,460,905.	0.	779,548.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **200**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
AMERICAN CONSTRUCTORS INC, 11900 W PALMER LANE, STE 200, CEDAR PARK, TX 78613	CONSTRUCTION	11,338,239.
JAMES POWER LINE CONSTRUCTION 43 SHOOTING CLUB RD, BOERNE, TX 78006	ELECTRIC DIST LINE CONSTRUCTION	9,650,327.
T&D SOLUTIONS LLC P.O. BOX 847280, DALLAS, TX 75284	ELECTRIC DIST LINE CONSTRUCTION	8,811,852.
LINETEC SERVICES LLC P.O. BOX 13650, ALEXANDRIA, LA 71315	ELECTRIC DIST LINE CONSTRUCTION	3,749,307.
ARBOL TREE SERVICE 2086 INDIAN TRAIL, KINGSLAND, TX 78639	TREE TRIMMING & ROW MANAGMENT	3,560,829.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **111**

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII X

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d						
	e Government grants (contributions)	1e						
	f All other contributions, gifts, grants, and similar amounts not included above	1f						
	g Noncash contributions included in lines 1a-1f: \$							
	h Total. Add lines 1a-1f							
Program Service Revenue	2 a SALES OF ELECTRICITY	Business Code	221000	563,408,328.	563,408,328.			
	b CUSTOMER SERVICE FEES		221000	9,343,382.	9,343,382.			
	c TRANSMISSION ACCESS		221000	8,256,440.	8,256,440.			
	d TRANSMISSION LEASE		221000	5,357,862.	5,357,862.			
	e PATRONAGE DIVIDENDS		221000	1,709,064.	1,709,064.			
	f All other program service revenue							
	g Total. Add lines 2a-2f			588,075,076.				
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			226,299.	12,231.		214,068.
4 Income from investment of tax-exempt bond proceeds								
5 Royalties								
6 a Gross rents		(i) Real	(ii) Personal					
		b Less: rental expenses						
		c Rental income or (loss)						
		d Net rental income or (loss)						
7 a Gross amount from sales of assets other than inventory		(i) Securities	(ii) Other					
		b Less: cost or other basis and sales expenses			1,254,528.			
		c Gain or (loss)			1,909,904.			
		d Net gain or (loss)			1,909,904.			1,909,904.
8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18		a						
		b Less: direct expenses						
		c Net income or (loss) from fundraising events						
9 a Gross income from gaming activities. See Part IV, line 19		a						
	b Less: direct expenses							
	c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances	a							
	b Less: cost of goods sold							
	c Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code					
11 a POLE ATTACHMENT INCOME			221000	4,404,861.			4,404,861.	
	b MISC NON-OPERATING REVENUE		221000	156,319.	156,319.			
	c							
	d All other revenue							
	e Total. Add lines 11a-11d				4,561,180.			
12 Total revenue. See instructions.				594,772,459.	588,243,626.	0.	6,528,833.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	56,460.			
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members	58,413,520.			
5 Compensation of current officers, directors, trustees, and key employees	5,884,837.			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	33,874,411.			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,667,019.			
9 Other employee benefits	6,156,203.			
10 Payroll taxes	2,748,403.			
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	31,478,200.			
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	48,966,498.			
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a PURCHASED POWER	339,449,849.			
b DISTRIBUTION EXPENSE	30,565,571.			
c ADMIN & GENERAL EXPENSE	13,029,912.			
d CONSUMER EXPENSE	10,714,714.			
e All other expenses	4,486,172.			
25 Total functional expenses. Add lines 1 through 24e	592,491,769.			
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	1,243,750.	1	-751,265.
	2 Savings and temporary cash investments	32,000,000.	2	22,681,959.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	17,738,608.	4	24,594,262.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	22,423,471.	8	21,008,122.
	9 Prepaid expenses and deferred charges	3,237,064.	9	3,467,715.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1,750,847,083.		
	b Less: accumulated depreciation	10b 288,182,437.		
		1,363,168,020.	10c	1,462,664,646.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11	12,179,047.	13	12,883,443.
	14 Intangible assets	72,588,484.	14	69,328,457.
15 Other assets. See Part IV, line 11	24,142,952.	15	26,433,795.	
16 Total assets. Add lines 1 through 15 (must equal line 34)	1,548,721,396.	16	1,642,311,134.	
Liabilities	17 Accounts payable and accrued expenses	65,181,276.	17	64,834,507.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	748,179.	21	675,507.
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	719,885,787.	23	773,625,059.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	177,355,672.	25	164,738,497.
	26 Total liabilities. Add lines 17 through 25	963,170,914.	26	1,003,873,570.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets		27	
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds	11,614,133.	30	12,165,328.
	31 Paid-in or capital surplus, or land, building, or equipment fund	0.	31	0.
	32 Retained earnings, endowment, accumulated income, or other funds	573,936,349.	32	626,272,236.
33 Total net assets or fund balances	585,550,482.	33	638,437,564.	
34 Total liabilities and net assets/fund balances	1,548,721,396.	34	1,642,311,134.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	594,772,459.
2	Total expenses (must equal Part IX, column (A), line 25)	2	592,491,769.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,280,690.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	585,550,482.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	50,606,392.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	638,437,564.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	X	
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:			
<input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC Employer identification number 74-0828412

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate value of contributions, grants, and end of year, and questions about property control and private benefit.

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include purpose of easements, total number and acreage, number of easements on historic structures, and monitoring details.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include questions about reporting art and historical treasures.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment _____ %
- b Permanent endowment _____ %
- c Temporarily restricted endowment _____ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		19,462,154.		19,462,154.
b Buildings		53,497,167.	16,589,650.	36,907,517.
c Leasehold improvements				
d Equipment		1,591,309,190.	271,583,934.	1,319,725,256.
e Other		86,578,572.	8,853.	86,569,719.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				1,462,664,646.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ACCRUED OPERATING TAXES & FEES	10,072,106.
(3) ACCUMULATED PROVISION FOR PENSION	
(4) AND BENEFITS	118,738,568.
(5) CONSUMER DEPOSITS	6,261,953.
(6) POWER COST ADJUSTMENTS -	
(7) OVER-RECOVERED	11,696,801.
(8) DEFERRED CREDIT - PRMB REGULATORY	
(9) LIABILITY	8,777,239.
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	164,738,497.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	594,772,459.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	0.
3	Subtract line 2e from line 1		3	594,772,459.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	0.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5	594,772,459.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	534,078,249.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	0.
3	Subtract line 2e from line 1		3	534,078,249.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b	58,413,520.	
c	Add lines 4a and 4b		4c	58,413,520.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5	592,491,769.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART IV, LINE 2B:

PURSUANT TO SECTION 74.3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE ESTABLISHED AN ECONOMIC DEVELOPMENT FUND WITH AMOUNTS DESIGNATED UNCLAIMED UNDER STATE LAW. AMOUNTS DEPOSITED INTO THE ECONOMIC DEVELOPMENT FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED FOR THE STIMULATION AND IMPROVEMENT OF BUSINESS AND COMMERCIAL ACTIVITY FOR ECONOMIC DEVELOPMENT IN RURAL COMMUNITIES. ANY AMOUNTS SO DEPOSITED INTO THE ECONOMIC DEVELOPMENT FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED.

ALSO PURSUANT TO SECTION 74.3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE ESTABLISHED AN ENERGY EFFICIENCY ASSISTANCE FUND WITH AMOUNTS

Part XIII Supplemental Information (continued)

DESIGNATED UNCLAIMED UNDER STATE LAW. AMOUNTS DEPOSITED INTO THE ENERGY EFFICIENCY ASSISTANCE FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED TO ASSIST MEMBERS OF AN ELECTRIC COOPERATIVE IN REDUCING THEIR ENERGY CONSUMPTION AND ELECTRICITY BILLS. ANY AMOUNTS SO DEPOSITED INTO THE ENERGY EFFICIENCY ASSISTANCE FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED.

PART X, LINE 2:

THE COOPERATIVE FOLLOWS THE "UNCERTAIN TAX POSITIONS" PROVISIONS OF ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. THE PRIMARY TAX POSITION OF THE COOPERATIVE IS ITS FILING STATUS AS A TAX EXEMPT ENTITY. THE COOPERATIVE DETERMINED THAT IT IS MORE LIKELY THAN NOT THAT ITS TAX POSITIONS WILL BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS) AND THAT ALL TAX BENEFITS ARE LIKELY TO BE REALIZED UPON SETTLEMENT WITH TAXING AUTHORITIES.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

PATRONAGE CAPITAL ASSIGNABLE	58,413,520.
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PART VIII:

THE AMOUNT OF INVESTMENTS - PROGRAM RELATED ON FORM 990, PAGE 11, PART X, LINE 13 DOES NOT EQUAL OR EXCEED 5% OF THE TOTAL ASSETS ON FORM 990, PAGE 11, PART X, LINE 16, COLUMN B. CONSEQUENTLY, IN ACCORDANCE WITH IRS INSTRUCTIONS FOR SCHEDULE D, PART VIII HAS BEEN LEFT BLANK.

PART IX:

THE AMOUNT OF OTHER ASSETS ON FORM 990, PAGE 11, PART X, LINE 15 DOES NOT EQUAL OR EXCEED 5% OF THE TOTAL ASSETS ON FORM 990, PAGE 11, PART X, LINE

Part XIII Supplemental Information (continued)

16, COLUMN B. CONSEQUENTLY, IN ACCORDANCE WITH IRS INSTRUCTIONS FOR SCHEDULE D, PART IX HAS BEEN LEFT BLANK.

PART XII, LINE 4B:

FOR THE AUDITED FINANCIAL STATEMENTS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID (I.E. ALLOCATED) TO THE MEMBERS IS REPORTED AS AN INCREASE IN EQUITY AND NOT AS AN EXPENSE. THEREFORE, NET INCOME PER THE AUDITED FINANCIAL STATEMENTS IS REPORTED GROSS OF THE AMOUNT OF PATRONAGE DIVIDENDS.

BECAUSE THE ALLOCATION OF PATRONAGE DIVIDENDS IS ONE ASPECT OF HOW THE COOPERATIVE FULFILLS ITS TAX EXEMPT PURPOSE OF OPERATING ON A COOPERATIVE BASIS, HOWEVER, THE AMOUNT OF PATRONAGE DIVIDENDS ALLOCATED TO THE MEMBERS IS REPORTED ON FORM 990, PART IX, LINE 4 AS "BENEFITS PAID TO MEMBERS".

PATRONAGE DIVIDENDS ARE ALLOCATED ON A PATRONAGE BASIS AND DONE SO PURSUANT TO A PRE-EXISTING OBLIGATION AS PROVIDED FOR IN THE "NON-PROFIT OPERATION" ARTICLE OF THE COOPERATIVE'S BYLAWS.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
- ▶ Attach to Form 990.
- ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization

PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number

74-0828412

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|---|---|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a	X	
4b	X	
4c		X
5a		
5b		
6a		
6b		
7		
8		
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2017

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) JOHN HEWA	(i)	229,569.	24,198.	1,232,450.	23,269.	12,527.	1,522,013.	10,098.
CHIEF EXECUTIVE OFFICER (JAN - MAY)	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) LAWANDA PARNELL	(i)	242,489.	30,267.	19,732.	6,361.	11,997.	310,846.	0.
CHIEF INFORMATION OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) TRACY GOLDEN	(i)	285,911.	130,822.	48,345.	27,000.	25,186.	517,264.	0.
CHIEF FINANCIAL OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) LLOYD W MCKEE	(i)	230,193.	28,843.	40,252.	59,671.	33,573.	392,532.	0.
VP-OPERATIONS	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) EDWARD A DAUTERIVE	(i)	221,692.	35,253.	35,516.	35,722.	38,355.	366,538.	0.
VP-MEMBER SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) INGMAR STERZING	(i)	292,368.	36,151.	35,352.	27,000.	29,340.	420,211.	0.
VP-POWER SUPPLY & ENERGY SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) JULIE BEGGS	(i)	242,107.	29,422.	37,515.	24,841.	20,692.	354,577.	0.
VP-CORPORATE SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) BRADLEY HICKS	(i)	136,251.	49,140.	180,176.	13,803.	7,855.	387,225.	0.
VP-ENGINEERING & ENERGY INNOVATIONS	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) DON BALLARD	(i)	293,076.	62,894.	31,226.	27,000.	13,768.	427,964.	0.
VP-LEGAL SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) PETER MUHORO	(i)	104,829.	17,786.	143,416.	10,631.	4,873.	281,535.	0.
CHIEF STRATEGY OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) ALYSSA CLEMSEN-ROBERTS	(i)	132,730.	27,258.	165,870.	0.	21,838.	347,696.	0.
VP-COMMUNICATION & BUSINESS SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) PAUL LOCHTE	(i)	158,398.	36,037.	14,561.	33,371.	34,130.	276,497.	0.
INTERIM VP-ENGINEERING	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) ROBERT PETERSON	(i)	226,751.	13,526.	22,430.	61,982.	13,035.	337,724.	0.
DIRECTOR-CONTROL CENTER	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) AISHA HAGEN	(i)	206,529.	10,243.	746.	19,351.	19,011.	255,880.	0.
SENIOR COUNSEL	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) CINDY ARMSTRONG	(i)	179,919.	8,885.	32,715.	16,200.	12,853.	250,572.	0.
DIRECTOR OF HUMAN RESOURCES	(ii)	0.	0.	0.	0.	0.	0.	0.
(16) FREDDY WOLFF	(i)	176,197.	9,340.	29,407.	17,961.	11,815.	244,720.	0.
CONTROLLER	(ii)	0.	0.	0.	0.	0.	0.	0.

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(17) STEPHEN MALDONADO DIRECTOR OF DISTRICT OPERATIONS	(i)	174,464.	8,984.	19,894.	31,010.	32,368.	266,720.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINES 4A-B:

THE FOLLOWING INDIVIDUALS RECEIVED A SEVERANCE PAYMENT THAT IS INCLUDED IN OTHER REPORTABLE COMPENSATION IN PART II, COLUMN B (III) FOR EACH:

JOHN HEWA - \$ 1,100,000

PETER MUHORO - \$ 105,817

BRAD HICKS - \$ 137,150

ALYSSA CLEMSEN - \$ 135,392

THE FOLLOWING INDIVIDUAL PARTICIPATED IN A SECTION 457(F) NON-QUALIFIED DEFERRED COMPENSATION (NQDC) PLAN:

JOHN HEWA - TOTAL OF \$28,964 OF BENEFITS DISTRIBUTED INCLUDED IN SCHEDULE J, PART II, COLUMN B (III).

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2017

Open to Public
Inspection

Name of the organization

PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number

74-0828412

FORM 990, PART I, LINE 19:

IN GENERAL, WHEN AN ELECTRIC COOPERATIVE BASES THE PATRONAGE DIVIDEND
CALCULATION ON ITS NET BOOK INCOME/(LOSS), PAGE 1, PART I, LINE 19 -
REVENUE LESS EXPENSES - WILL BE \$0. FOR THE CURRENT YEAR, PAGE 1 ,
PART I, LINE 19 REPORTS NET INCOME OF \$2,280,690, WHICH IS THE INCOME
STATEMENT EFFECT OF ACCRUED UNBILLED REVENUE.

THE GAAP BASIS FINANCIAL STATEMENTS INCLUDE AN ACCRUAL FOR UNBILLED
REVENUE BECAUSE THE COOPERATIVE'S BILLING CYCLE DOES NOT END ON THE
LAST DAY OF THE MONTH. THEREFORE, IT HAS REVENUE IN DECEMBER OF EACH
YEAR THAT IT HAS EARNED BUT WILL NOT BILL UNTIL THE FIRST BILLING CYCLE
OF THE FOLLOWING YEAR. THE COOPERATIVE ESTIMATES THIS REVENUE AND
RECORDS IT AS ACCRUED UNBILLED REVENUE IN ORDER TO MATCH THE REVENUE
WITH THE YEAR EARNED. HOWEVER, THE COOPERATIVE ALLOCATES THE REVENUE
TO MEMBERS IN THE YEAR IT IS BILLED RATHER THAN WHEN ACCRUED. THIS
TIMING DIFFERENCE IS FAIR AND EQUITABLE BECAUSE IT MATCHES THE
PATRONAGE DIVIDEND ALLOCATED WITH THE BILLING RECORDS USED TO ALLOCATE
THE MARGINS.

DUE TO THE TIMING OF WHEN THE COOPERATIVE ALLOCATES ACCRUED UNBILLED
REVENUE, PAGE 1 , PART I, LINE 19 ANNUALLY REPORTS NET INCOME EQUAL TO
THE NET INCREASE IN ACCRUED UNBILLED REVENUE OR A NET LOSS EQUAL TO THE
NET DECREASE IN UNBILLED REVENUE. THE FOLLOWING SCHEDULE IS PROVIDED
TO FURTHER EXPLAIN THE IMPACT OF THIS TRANSACTION:

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
ADD: UNBILLED REVENUE 12/31/17	\$26,364,201
LESS: UNBILLED REVENUE 12/31/16	(24,083,511)
(A) - NET INCOME ON PAGE 1, PART I, LINE 19	\$ 2,280,690
(B) - BENEFITS PAID TO MEMBERS (I.E. PATRONAGE DIVIDENDS), PART I, LINE 14	\$58,413,520
TOTAL 2017 NET MARGIN (A + B)	\$60,694,210

FORM 990, PART VI, SECTION A, LINE 6:

THE COOPERATIVE WAS FORMED BY THE MEMBERS TO PROVIDE ELECTRIC SERVICE AT COST ON A COOPERATIVE BASIS.

FORM 990, PART VI, SECTION A, LINE 7A:

THE MEMBERS OF THE COOPERATIVE VOTE ON THE BOARD OF DIRECTORS. ELECTIONS ARE DONE ON A ONE MEMBER ONE VOTE BASIS THROUGH USE OF SINGLE MEMBER VOTING DISTRICTS VOTING METHODOLOGY.

FORM 990, PART VI, SECTION A, LINE 7B:

THE FOLLOWING ACTS REQUIRE APPROVAL OF THE MEMBERS OF THE COOPERATIVE:

1. DISSOLUTION/LIQUIDATION OF THE COOPERATIVE
2. MERGER OR CONSOLIDATION OF THE COOPERATIVE WITH ANOTHER ORGANIZATION
3. DISPOSAL OF A SUBSTANTIAL PORTION OF THE COOPERATIVE'S ASSETS
4. AMENDMENTS TO ARTICLES OF INCORPORATION

Name of the organization

PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number

74-0828412

ADDITIONALLY, PEC BYLAWS RESERVE TO MEMBERSHIP THE POWER TO REMOVE DIRECTORS FROM THE BOARD BY MAJORITY VOTE EITHER BY FULL MEMBERSHIP OR BY DISTRICT. IF THE VOTE IS FOR THE FULL MEMBERSHIP, THE PETITION MUST BE SIGNED BY 5% OF THE MEMBERSHIP. IF THE VOTE IS LIMITED TO THE DIRECTOR'S DISTRICT, THEN THE PETITION MUST BE SIGNED BY 15% OF THE MEMBERS OF THE RESPECTIVE DISTRICT.

FORM 990, PART VI, SECTION B, LINE 11B:

MANAGEMENT PRESENTED A COPY OF THE FORM 990 TO THE BOARD FOR REVIEW AND APPROVAL. THIS ACTION WAS TAKEN AT THE BOARD MEETING BEFORE FILING THE FORM 990.

FORM 990, PART VI, SECTION A, LINE 9:

THE NAMES AND ADDRESSES OF DIRECTORS AND OFFICERS WHO CANNOT BE REACHED AT THE COOPERATIVE'S ADDRESS ARE AS FOLLOWS:

KATHRYN SCANLON

8208 CLIFFVIEW DRIVE

AUSTIN, TX 78759

JOHN HEWA

14045 CLATTERBUCK LOOP

GAINESVILLE, VA 20155

PETER MUHORO

1001 4TH ST SW, APT 1120

WASHINGTON DC, 20024

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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BRAD HICKS

150 GRANITE LANE

AUSTIN, TX 78737

ALYSSA CLEMSEN

2649 BISON RD

FORT COLLINS, CO 80525

FORM 990, PART VI, SECTION B, LINE 12C:

THE CONFLICT OF INTEREST POLICY REQUIRES ANNUAL AND ONGOING COMPLETION OF A CONFLICT OF INTEREST CERTIFICATION AND DISCLOSURE FORM BY ALL DIRECTORS, OFFICERS, KEY EMPLOYEES, OR MANAGERS OF THE COOPERATIVE. THE FORM, WHICH IS PART OF THE POLICY, INCLUDES AN AFFIRMATION THAT THE INDIVIDUAL WILL INFORM THE BOARD OF ANY NEW CONFLICT AFFECTING THEMSELVES OR ANY OTHER PERSON. EACH YEAR, THESE DOCUMENTS ARE SOLICITED AND GATHERED BY THE CUSTODIAN OF THESE RECORDS, WHICH INCLUDES THE BOARD'S SECRETARY FOR BOARD MEMBERS AND PEC'S ETHICS OFFICER AND HUMAN RESOURCES DEPARTMENT FOR APPLICABLE EMPLOYEES. APPLICABLE PERSONS WHO JOIN THE COOPERATIVE ARE SUBJECT TO THE POLICY AND ARE REQUIRED TO FILE THE FORM AT THE OUTSET OF THEIR EMPLOYMENT OR DIRECTORSHIP. THE COMPLETED BOARD OF DIRECTORS DISCLOSURE AFFIRMATIONS ARE FORMALLY ACCEPTED BY THE BOARD PRESIDENT IN A MEETING OPEN TO THE PUBLIC AND ARE PART OF THE PUBLIC MINUTES OF THE COOPERATIVE.

FORM 990, PART VI, SECTION B, LINE 15:

COMPENSATION FOR THE CEO IS ANNUALLY REVIEWED AND ADJUSTED BASED ON THE CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION POLICY. PURSUANT TO THE

Name of the organization

PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number

74-0828412

POLICY, THE VICE PRESIDENT OF THE BOARD IS DELEGATED THE RESPONSIBILITY FOR FACILITATING THE ANNUAL PERFORMANCE EVALUATION PROCESS. SUCH ANNUAL PROCESS INCLUDES AN EVALUATION BY EACH DIRECTOR OF THE CEO'S ACHIEVEMENT OF CORPORATE METRICS AS DEFINED IN THE COOPERATIVE'S CURRENT STRATEGIC PLAN, THE ACHIEVEMENT OF CURRENT YEAR STRATEGIC INITIATIVES AND THE FULFILLMENT OF HIS/HER PRIMARY MANAGEMNET RESPONSIBILITIES. THE CEO ALSO PERFORMS A SELF-ASSESSMENT WITH RESPECT TO THE SAME CRITERIA. THE VICE PRESIDENT COMPILES AND DISCUSSES THE RESULTS WITH THE BOARD IN EXECUTIVE SESSION. THE CONSENSUS ARRIVED AT FOLLOWING THESE DISCUSSIONS AND THE SETTING OF GOALS FOR THE CEO FOR THE UPCOMING YEAR ARE USED FOR ADJUSTING COMPENSATION.

COMPENSATION FOR GENERAL COUNSEL IS ANNUALLY REVIEWED AND ADJUSTED BASED ON THE GENERAL COUNSEL PERFORMANCE EVALUATION POLICY. PURSUANT TO THE POLICY, THE VICE PRESIDENT OF THE BOARD IS DELEGATED THE RESPONSIBILITY FOR FACILITATING THE ANNUAL PERFORMANCE EVALUATION PROCESS. SUCH ANNUAL PROCESS INVOVLES (1) AN EVALUATION BY THE BOARD OF THE ACHIEVEMENT OF GOVERNANCE AND BOARD SUPPORTED RESPONSIBILITIES, (2) AN EVALUALTION BY THE CEO OF THE ACHIEVEMENT OF CORPORATE LEGAL RESPONSIBILITIES AND RELATED STRATEGIC INITIATIVES, AND (3) A SELF-ASSESSMENT BY GENERAL COUNSEL OF THE ACHIEVEMENT OF BOTH GOVERANCE/DIRECTOR RESPONSIBILITIES AND CORPORATE LEGAL RESPONSIBILITIES. THE VICE PRESIDENT COMPILES AND DISCUSSES THE RESULTS WITH THE BOARD AND CEO IN EXECUTIVE SESSION. THE CONSENSUS ARRIVED AT FOLLOWING THESE DISCUSSIONS AND THE SETTING OF GOALS FOR THE GENERAL COUNSEL FOR THE UPCOMING YEAR ARE USED FOR ADJUSTING COMPENSATION.

THE COMPENSATION FOR ALL OTHER EMPLOYEES OF THE COOPERATIVE, INCLUDING THOSE MEETING THE DEFINITION OF EMPLOYEE OFFICERS AND KEY EMPLOYEES, IS

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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GOVERNED BY THE EMPLOYEE COMPENSATION POLICY AND IS SET BASED ON A COMPREHENSIVE COMPENSATION ASSESSMENT THAT IS RUN ANNUALLY TO DETERMINE MARKET VALUE FOR THE RESPECTIVE POSITIONS. THE CEO IS RESPONSIBLE FOR IMPLEMENTING THE POLICY AND MAY USE OUTSIDE CONSULTANTS AND EXPERTS TO PROVIDE OBJECTIVE ASSESSMENTS AND BENCHMARKING COMPARISONS TO INDUSTRY-WIDE COMPENSATION TRENDS AND SURVEYS IN ORDER TO SET THE MARKET VALUE OF EACH RESPECTIVE POSITION. SUCH BENCHMARKING COMPARISONS INCLUDE OTHER COOPERATIVES, PUBLIC UTILITIES AND PRIVATELY-OWNED OR INVESTOR-OWNED UTILITIES AS COMPARED TO THE SIZE AND COMPLEXIBILITY OF THE COOPERATIVE. COMPENSATION IS THEN TARGETED FOR 75% OF A POSITION'S MARKET VALUE. OTHER FACTORS FOR SETTING COMPENSATION INCLUDE THE NATURE AND QUALIFICATIONS FOR THE JOB, TRAINING, EXPERIENCE, INDIVIDUAL PERFORMANCE WITH RESPECT TO PERFORMANCE METRICS, FINANCIAL RESOURCES OF THE COOPERATIVE AND OTHER RELEVANT FACTORS.

FORM 990, PART VI, SECTION C, LINE 19:

THE COOPERATIVE'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, ALL OTHER BOARD OPERATING POLICIES AND FINANCIAL STATEMENTS FOR THE MOST RECENTLY COMPLETED CALENDAR YEAR ARE AVAILABLE TO THE PUBLIC ON THE COOPERATIVE'S WEBSITE AT WWW.PEC.COOP/ABOUT-US/YOUR-COOPERATIVE. SUBJECT TO AN OPEN RECORDS POLICY, MEMBERS OF THE COOPERATIVE MAY BE ABLE TO REQUEST EXISTING RECORDS NOT POSTED ON THE WEBSITE.

FORM 990, PARTS VI AND VII:

THE COOPERATIVE ANNUALLY PROVIDES EACH DIRECTOR WHO SERVED ON THE BOARD DURING THE YEAR A QUESTIONNAIRE AND A CERTIFICATION TO SIGN REGARDING THE AVERAGE NUMBER OF HOURS PER WEEK COMMITTED TO THE DUTIES AS A DIRECTOR OF THE COOPERATIVE. THE COMPLETED QUESTIONNAIRES AND TIME

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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CERTIFICATIONS ARE USED TO ANSWER THE APPLICABLE QUESTIONS ON THE FORM 990 PERTAINING TO BUSINESS RELATIONSHIPS AMONG DIRECTORS, OFFICER AND KEY EMPLOYEES, AS WELL AS TO DETERMINE IF THERE ARE ANY TRANSACTIONS WHICH MUST BE REPORTED IN DETAIL ON SCHEDULE L - "TRANSACTIONS WITH INTERESTED PERSONS". IF THE COOPERATIVE WAS UNABLE TO OBTAIN A COMPLETED QUESTIONNAIRE AND/OR TIME CERTIFICATION, THE COOPERATIVE RELIED UPON THE COMPLETED INFORMATION FOR THE PRIOR YEAR.

FORM 990, PART VII, COLUMN F:

IN ORDER TO PROVIDE RETIREMENT BENEFITS TO ITS EMPLOYEES, THE COOPERATIVE PROVIDES A DEFINED BENEFIT PLAN TO EMPLOYEES MEETING THE ELIGIBILITY REQUIREMENTS. HOWEVER, THE PLAN WAS CLOSED TO NEW PARTICIPANTS AFTER JANUARY 1, 2006. CONTRIBUTIONS TO THIS PLAN ARE BASED ON THE FULL FUNDING LIMITATION OF SUCH PLAN. ADDITIONALLY, THE COOPERATIVE PARTICIPATES IN A DEFINED CONTRIBUTION PLAN UNDER SECTION 401(K) OF THE INTERNAL REVENUE CODE. EMPLOYER CONTRIBUTIONS TO THE PLAN ARE AVAILABLE TO PARTICIPATING EMPLOYEES, INCLUDING OFFICERS AND HIGHLY COMPENSATED EMPLOYEES, MEETING THE ELIGIBILITY REQUIREMENTS OF THE PLAN.

THE COOPERATIVE ALSO PROVIDES HEALTH, DENTAL AND LIFE INSURANCE TO ALL ELIGIBLE EMPLOYEES THROUGH A QUALIFIED PLAN. THE AMOUNT REPORTED ON PART VII COLUMN (F) FOR THE OFFICERS AND HIGHLY COMPENSATED EMPLOYEES IS COMPRISED OF THE ACTUARIAL INCREASE ASSOCIATED WITH PARTICIPATION IN THE DEFINED BENEFIT PLAN, IF APPLICABLE, THE TOTAL AMOUNT CONTRIBUTED BY THE COOPERATIVE TO THE 401(K) PLAN AND INSURANCE PAID ON BEHALF OF AND FOR BENEFIT OF THE OFFICERS AND HIGHLY COMPENSATED EMPLOYEES.

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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IN ADDITION TO THE ABOVE PENSION PLANS, THE COOPERATIVE ALSO PROVIDES POST-RETIREMENT HEALTH INSURANCE BENEFITS THROUGH AN UNFUNDED WELFARE BENEFIT PLAN. THE PER PERSON VALUE OF THESE BENEFITS HAS NOT BEEN ESTIMATED.

FORM 990, PART VIII, LINE 2:

PATRONAGE DIVIDENDS RESULT FROM THE PAYMENT OF INTEREST FROM COOPERATIVE BANKS AND THE PURCHASE OF SUPPLIES AND SERVICES FROM OTHER COOPERATIVE ORGANIZATIONS. THE EXPENSES ASSOCIATED WITH PURCHASES FROM AND PAYMENTS TO SUCH COOPERATIVE ORGANIZATIONS ARE A DIRECT COMPONENT OF COST OF THE ELECTRIC SERVICE PROVIDED BY THE COOPERATIVE TO ITS MEMBERS.

FORM 990, PART IX:

THE COOPERATIVE UTILIZES THE UNIFORM SYSTEM OF ACCOUNTS (USOA) ESTABLISHED BY THE RURAL UTILITIES SERVICE (RUS). IN ACCORDANCE WITH FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ACCOUNTING STANDARDS CODIFICATION (ASC) 980, REGULATED OPERATIONS, THE COOPERATIVE RECORDS CERTAIN ASSETS AND LIABILITIES IN ACCORDANCE WITH THE ECONOMIC EFFECTS OF THE RATE MAKING PROCESS. THE USOA DOES NOT RECORD EXPENSES IN THE GENERAL EXPENSE CATEGORIES PROVIDED ON PART IX LINES 1 - 23. FOR FORM 990 REPORTING PURPOSES, THE COOPERATIVE SEPARATELY REPORTS DONATIONS, SALARIES AND WAGES, EMPLOYEE BENEFITS AND PAYROLL TAXES THAT ARE ALLOCATED IN ACCORDANCE WITH ITS ACCOUNTING SYSTEM. OTHER EXPENSES DESCRIBED IN LINES 1 - 23, HOWEVER, ARE REPORTED ON LINE 24 UNDER THE EXPENSE CATEGORIES REQUIRED BY THE USOA.

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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FORM 990, PART IX, LINE 1:

PURSUANT TO ITS COMMUNITY SUPPORT POLICY, THE COOPERATIVE SUPPORTS LOCAL GOVERNMENTS, SCHOOLS, CHARITIES, CIVIC ORGANIZATIONS, VOLUNTEER FIRE DEPARTMENTS AND THE LIKE IN THE TWENTY-FOUR COUNTY AREA IN WHICH IT PROVIDES ELECTRICITY TO ITS MEMBERS. SUPPORT THROUGH GRANTS AND DONATIONS IS PROVIDED THROUGH VARIOUS PROGRAMS, INCLUDING THE PEC COMMUNITY GRANTS PROGRAM, EDUCATIONAL SUPPORT PROGRAM, MEMBER ASSISTANCE PROGRAM AND SPECIAL REQUESTS. THE COOPERATIVE'S WEBSITE, WWW.PEC.COOP/OUR-COMMUNITY, PROVIDES A DESCRIPTION OF EACH PROGRAM AND LINK TO APPLICABLE ELIGIBILITY REQUIREMENTS AND APPLICATION PROCESS OF EACH PROGRAM. THE LARGER GRANTS ARE AWARDED VIA APPLICATION AND A GRANT COMMITTEE THAT INSURES THE FUNDS ARE BEING UTILIZED FOR THE INTENDED PURPOSES. THROUGH THE EMPLOYEE GIVING CORPORATE MATCHING PROGRAM, THE COOPERATIVE ALSO CONTRIBUTES TO THE PEC UNITED CHARITIES, WHICH IS AN EMPLOYEE RUN NONPROFIT CHARITABLE ORGANIZATION THAT PROVIDES GRANTS AND CONTRIBUTIONS AS DETERMINED THROUGH THE ORGANIZATION'S ELIGIBILITY PROCESSES. EACH GRANT OR DONATION MADE DURING THE YEAR WAS BELOW THE REPORTING THRESHOLD OF SCHEDULE I, PART II.

FORM 990, PART IX, LINE 4:

PURSUANT TO THE FORM 990 INSTRUCTIONS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO THE MEMBERS (HEREINAFTER REFERRED TO AS "PATRONS") SHOULD BE REPORTED ON PART IX, LINE 4. THE PHRASE "PATRONAGE DIVIDENDS PAID" REFERS TO THE PROCESS, SUBSEQUENT TO YEAR-END, BY WHICH THE COOPERATIVE ALLOCATES PATRONAGE CAPITAL TO AND, THEREFORE, OPERATES AT COST WITH ITS PATRONS.

THE COOPERATIVE'S TAX EXEMPT PURPOSE IS TO PROVIDE ELECTRICITY TO ITS

Name of the organization

PEDERNALES ELECTRIC COOPERATIVE, INC

Employer identification number

74-0828412

PATRONS AND TO DO SO ON A COOPERATIVE BASIS. TAX LAW DEFINES "OPERATING ON A COOPERATIVE BASIS" AS SUBORDINATION OF CAPITAL, DEMOCRATIC CONTROL, AND OPERATION AT COST. THE COOPERATIVE OPERATES AT COST THROUGH THE ALLOCATION OF TRUE PATRONAGE DIVIDENDS (ALSO REFERRED TO AS ALLOCATIONS OF PATRONAGE CAPITAL) TO ITS PATRONS. PATRONAGE DIVIDENDS ARE CONSIDERED PAID IF THE ALLOCATION IS MADE (1) PURSUANT TO A PRE-EXISTING OBLIGATION, (2) FROM THE MARGINS PRODUCED FROM THE TRANSACTIONS DONE WITH OR FOR PATRONS, AND (3) IN A FAIR AND EQUITABLE MANNER ON THE BASIS OF PATRONAGE (I.E. PURCHASES). ADDITIONALLY, THE ALLOCATION OF PATRONAGE DIVIDENDS SHOULD BE MADE WITHIN A REASONABLE TIME PERIOD AFTER THE CLOSE OF THE COOPERATIVE'S YEAR-END OF DECEMBER 31. EACH ONE OF THESE REQUIREMENTS FOR A TRUE PATRONAGE DIVIDEND IS PROVIDED FOR IN THE NON-PROFIT OPERATION ARTICLE OF THE COOPERATIVE'S BYLAWS.

THE AMOUNT REPORTED ON PART IX, LINE 4 REPRESENTS THE AMOUNT OF PATRONAGE CAPITAL THAT IS EITHER ALLOCATED OR TO BE ALLOCATED TO THE PATRONS RESULTING FROM THEIR PURCHASE OF ELECTRICITY FROM THE COOPERATIVE FOR THE 2017 CALENDAR YEAR. BECAUSE PATRONAGE DIVIDENDS ARE THE PROCESS BY WHICH THE COOPERATIVE OPERATES AT COST WITH ITS PATRONS AND THEREBY A KEY COMPONENT TO ACCOMPLISHING ITS EXEMPT PURPOSE, THE COOPERATIVE HAS REPORTED SUCH AMOUNTS AS AN EXPENSE FOR FORM 990 REPORTING. PATRONAGE DIVIDENDS ARE NOT AN EXPENSE FOR FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, HOWEVER.

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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FORM 990, PART IX, LINES 5-7:

SALARIES AND WAGES ARE ALLOCATED TO ASSET, LIABILITY, AND EXPENSE

ACCOUNTS BASED ON THE ACCOUNTING SYSTEM DESCRIBED ABOVE. THE FOLLOWING

SCHEDULE RECONCILES AMOUNTS REPORTED ON LINES 5-7 TO TOTAL WAGES ACCRUED

AND/OR PAID:

TOTAL PER LINES 5-7	\$39,759,248
LESS: DIRECTOR FEES REPORTED ON FORM 1099-MISC	(253,500)
LESS: EMPLOYEE OFFICER BENEFITS INCLUDED IN LINE 5	(543,962)
PLUS: SALARIES & WAGES CAPITALIZED DIRECTLY TO PLANT	27,247,804
PLUS: SALARIES & WAGES CAPITALIZED/EXPENSED INDIRECTLY THROUGH CLEARING & OTHER ACCOUNTS	2,276,729
TOTAL WAGES ACCRUED AND/OR PAID	\$68,486,319

FORM 990, PART IX, LINE 24A:

THE COOPERATIVE'S WHOLESALE POWER SUPPLIERS ARE THE LOWER COLORADO RIVER AUTHORITY, AEP ENERGY PARTNERS, INC., CALPINE ENERGY, AND EXELON CORPORATION (CONSTELLATION). THE \$339,449,849 OF PURCHASED POWER EXPENSE, REPORTED ON LINE 24A, IS COMPRISED OF PAYMENTS MADE TO WHOLESALE POWER SUPPLIERS AND AN ALLOCATION OF POWER SUPPLY EXPENSES.

FORM 990, PART IX, LINE 24C:

ADMINISTRATIVE AND GENERAL EXPENSES ARE COMPRISED OF THE FOLLOWING:

ADMINISTRATIVE & GENERAL	\$14,039,589
OFFICE SUPPLIES	5,473,012
PROFESSIONAL SERVICES	3,176,389
INJURIES & DAMAGES	226,216

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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PENSION & BENEFITS	112,055
MISCELLANEOUS GENERAL	3,298,010
RENTS	674,163
MAINTENANCE OF GENERAL PLANT	575,700
TOTAL ADMIN & GENERAL EXP PER FINANCIAL STATEMENTS	\$27,575,134

LESS: RECLASS OF DIRECTOR FEES TO PART IX, LINE 5	(253,500)
LESS: RECLASS OF LABOR TO PART IX, LINES 5 & 7	(10,109,978)
LESS: RECLASS OF BENEFITS TO PART IX, LINES 8-10	(4,181,744)
TOTAL ADMIN & GENERAL EXPENSE PER FORM 990, PART IX	\$13,029,912

FORM 990, PART IX, LINE 24E:

OTHER EXPENSES ARE COMPRISED OF THE FOLLOWING:

OPERATING TAXES	\$ 955,323
TRANSMISSION EXPENSE	3,037,808
SALES EXPENSE	121,317
OTHER DEDUCTIONS	371,724
TOTAL OTHER EXPENSES PER FORM 990, LINE 24E	\$ 4,486,172

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

PATRONAGE CAPITAL ASSIGNABLE	58,413,520.
PATRONAGE CAPITAL RETIRED - TOTAL	-26,463,173.
PATRONAGE CAPITAL RETIRED - DISCOUNT	18,104,850.
NET CHANGE IN MEMBERSHIPS	551,195.
TOTAL TO FORM 990, PART XI, LINE 9	50,606,392.

Name of the organization PEDERNALES ELECTRIC COOPERATIVE, INC	Employer identification number 74-0828412
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FORM 990, PART XII, LINE 2C:

THE BOARD OF DIRECTORS ASSIGNED MEMBERS TO AN AUDIT COMMITTEE TO
OVERSEE THE FINANCIAL STATEMENT AUDIT AND SELECT THE INDEPENDENT
FINANCIAL STATEMENT AUDITOR. PROCEDURAL CHANGES DID NOT OCCUR DURING
THE YEAR.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public
Inspection

Name of the organization **PEDERNALES ELECTRIC COOPERATIVE, INC** Employer identification number **74-0828412**

Part I Identification of Disregarded Entities. Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
PEDERNALES ELECTRIC COOPERATIVE SCHOLARSHIP FUND - 74-2897600, 201 S. AVENUE F, JOHNSON CITY, TX 78636	TO PROVIDE SCHOLARSHIPS FOR POST-SECONDARY EDUCATION	TEXAS	501(C)(3)	PF	PEDERNALES ELECTRIC COOPERATIVE, INC.	X	

Part III Identification of Related Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV Identification of Related Organizations Taxable as a Corporation or Trust. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)		X
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)		X
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
o Sharing of paid employees with related organization(s)	X	
p Reimbursement paid to related organization(s) for expenses		X
q Reimbursement paid by related organization(s) for expenses	X	
r Other transfer of cash or property to related organization(s)		X
s Other transfer of cash or property from related organization(s)		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) PEDERNALES ELECTRIC COOPERATIVE SCHOLARSHIP FUND	O	0.	N/A LESS THAN \$50,000
(2) PEDERNALES ELECTRIC COOPERATIVE SCHOLARSHIP FUND	Q	0.	N/A LESS THAN \$50,000
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners sec. 501(c)(3) orgs.?		(f) Share of total income	(g) Share of end-of-year assets	(h) Dispropor- tionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

Lined area for providing supplemental information.

IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2017, or fiscal year beginning _____, 2017, and ending _____, 20__

2017

Department of the Treasury Internal Revenue Service

Do not send to the IRS. Keep for your records. Go to www.irs.gov/Form8879EO for the latest information.

Name of exempt organization

Employer identification number

PEDERNALES ELECTRIC COOPERATIVE, INC

74-0828412

Name and title of officer

JOHN DAVIS CFO

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

Table with 5 rows (1a-5a) and 3 columns: Form check, Description, Amount. Row 1a: Form 990 check here [X], Total revenue, if any (Form 990, Part VIII, column (A), line 12), 1b 594,772,459.

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2017 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

[X] I authorize BOLINGER, SEGARS, GILBERT AND MOSS LLP to enter my PIN 78636. ERO firm name. Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2017 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

[] As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2017 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature _____ Date _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

75528479423 Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2017 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature William M. Miller, CPA Date 11/12/18

ERO Must Retain This Form - See Instructions Do Not Submit This Form to the IRS Unless Requested To Do So