
Utilities District of Western Indiana REMC



UDWI REMC

2026 Operating/Maintenance & Capital Budgets



UDWI REMC exists to improve rural life.

- We safely deliver reliable electricity to our members.
- We provide outstanding customer service from every position within UDWI.
- We serve our communities by providing helping hands and hearts to those in need.

We value most:

Our Employees: We respect and appreciate all team members. We show thanks, encouragement, and support to everyone. We empower, educate, and develop our team. We laugh together. We get through the hard times together.

Our Members: We provide excellent customer service in our daily interactions with members. We treat them the way we want to be treated by demonstrating respect, empathy, patience, and concern for them and their opinions.

Our Integrity: We seek transparency in all we do. We act with honesty and truthfulness in our business practices, with our team, and with our members. We are accountable. We do the right thing even when it is hard.



Operating & Maintenance Budget Assumptions

- Revenue & Purchased Power:
 - Budgeted revenue and purchased power were both calculated using an average for the last 5 years.
 - Hoosier Energy's rate changes were taken into account when calculating purchased power costs and the most recent tracker projections provided by Hoosier Energy; which range from \$14.99 to \$1.25 per MWh.
 - No significant load increases are expected at Westgate in 2026.

Operating & Maintenance Budget Assumptions

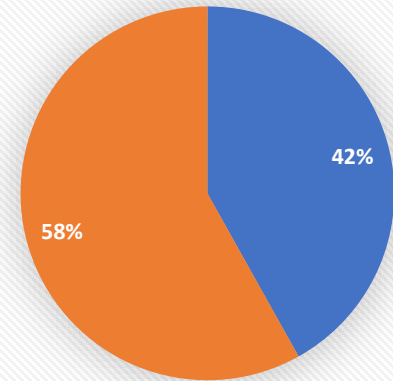


- Debt Service:
 - \$8.5 million of new borrowing has been budgeted at an interest rate of 5.5% for 30 years.
 - The \$8.5 million in new borrowing has been budgeted to be received as \$4 million in April and \$4.5 million in October.

Operating & Maintenance Budget Assumptions

- Labor:
 - Head count of 48 full-time employees as of 1/1/26.
 - Market wage increases for union and non-union employees.
 - Budgeted hires
 - Engineer-7/1/26
 - Apprentice Lineman-7/1/26
 - 1 budgeted retirement in 2026.
 - Overtime hours normalized to a 5-year average of 6,800 hours.

2026 Controllable Costs



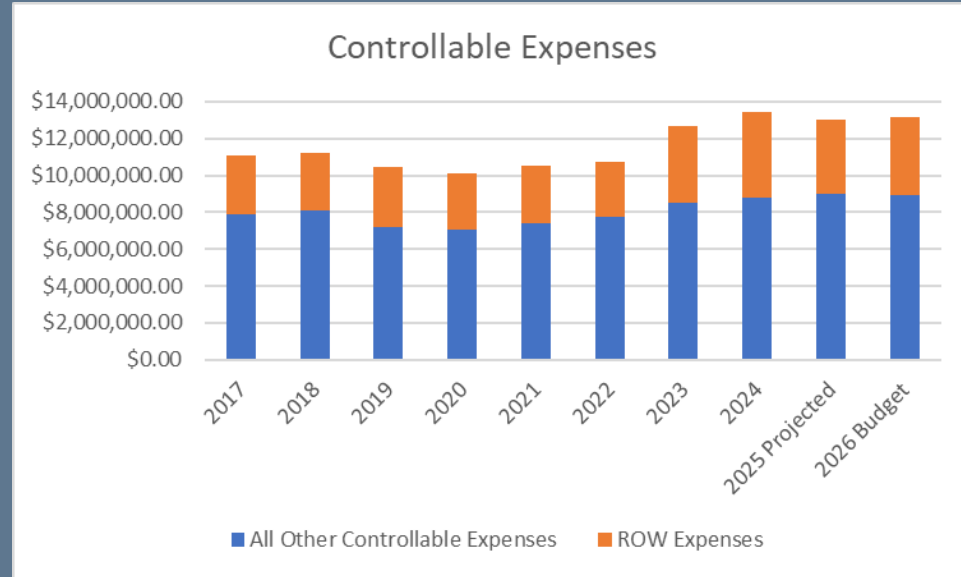
■ Labor & Benefits ■ Other Controllable Costs

Operating & Maintenance Budget Assumptions

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- Right of Way Maintenance:

- Hoosier Heritage Management's budget of \$2.2 million has been included.
- No budgeted increase for Lone Tree LLC.
- A 2.5% increase for Haley Bros Tree Care LLC in 2026.
- Budgeted to bring AIDash on board in 2026 for \$145,000, which is a management tool that uses satellite imagery to optimize trim cycles and provides a work management platform.



Operating & Maintenance Budget Assumptions

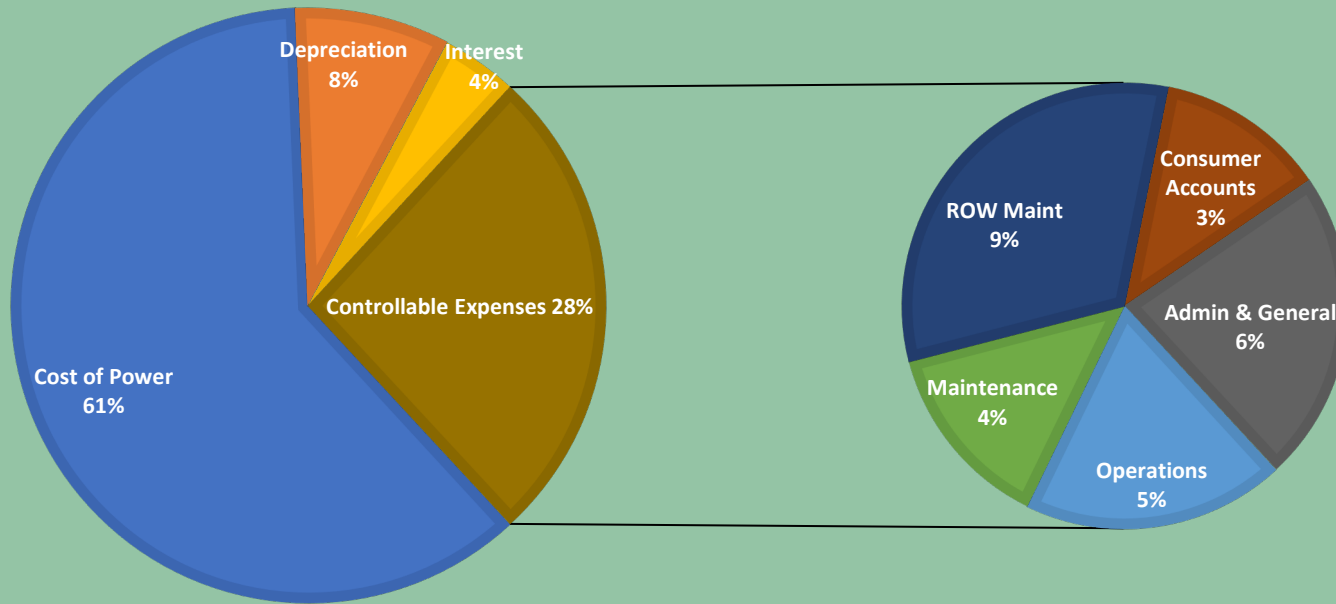
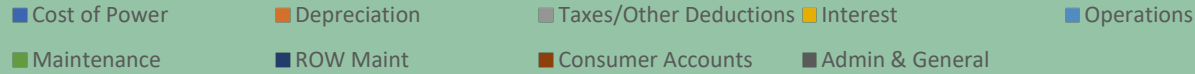
- **Contractor Fees:**
 - Budgeted for pole inspection costs to increase by 5% and utility locating costs to increase by 3% over 2025 costs.
- **IT/Office Supplies:**
 - Substation communication cabinets for 5 substations totaling \$80,000 and laptop replacements of \$35,000 have been budgeted for 2026.
- **Capital Credits:**
 - Budgeted to retire \$1.8 million in 2026.
 - If we retire \$1.8 million per year over the next 10 years, we would be on a 30 year retirement cycle to match our current board policy by 2035.



Operating & Maintenance Budget Assumptions

- Travel & Meeting Expenses:
 - Meeting expenses are about the same as last year while continuing to invest in our employees.
- Miscellaneous Employee Benefits:
 - This item is largely driven by educational reimbursement to employees.
 - We have budgeted for 2 employees to receive educational reimbursement for 2026.

EXPENSE BREAKDOWN

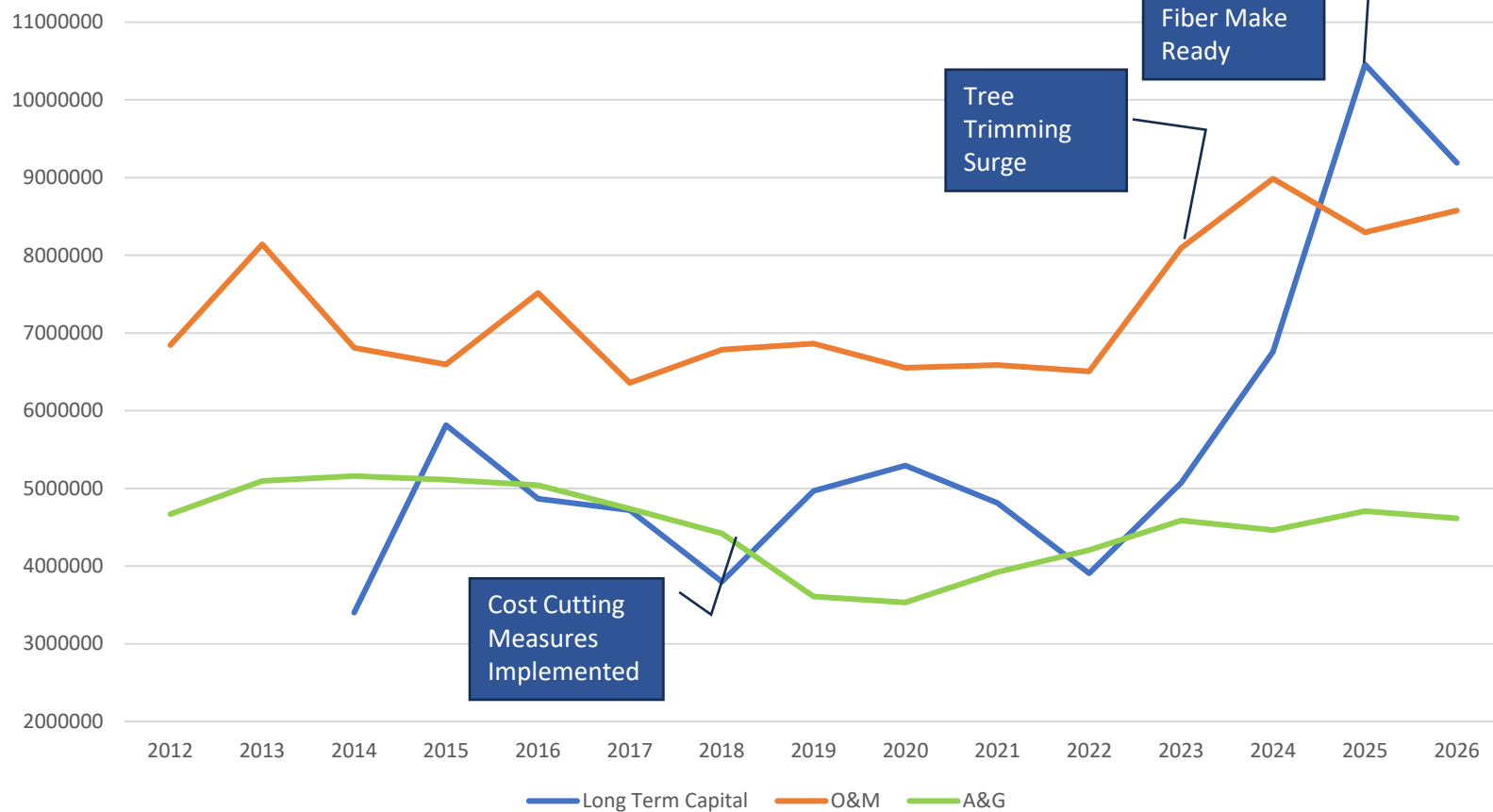


UTILITIES DISTRICT OF WESTERN INDIANA REMC
STATEMENT OF OPERATIONS
YEARS ENDING DECEMBER 31, 2023, 2024, 2025, AND 2026

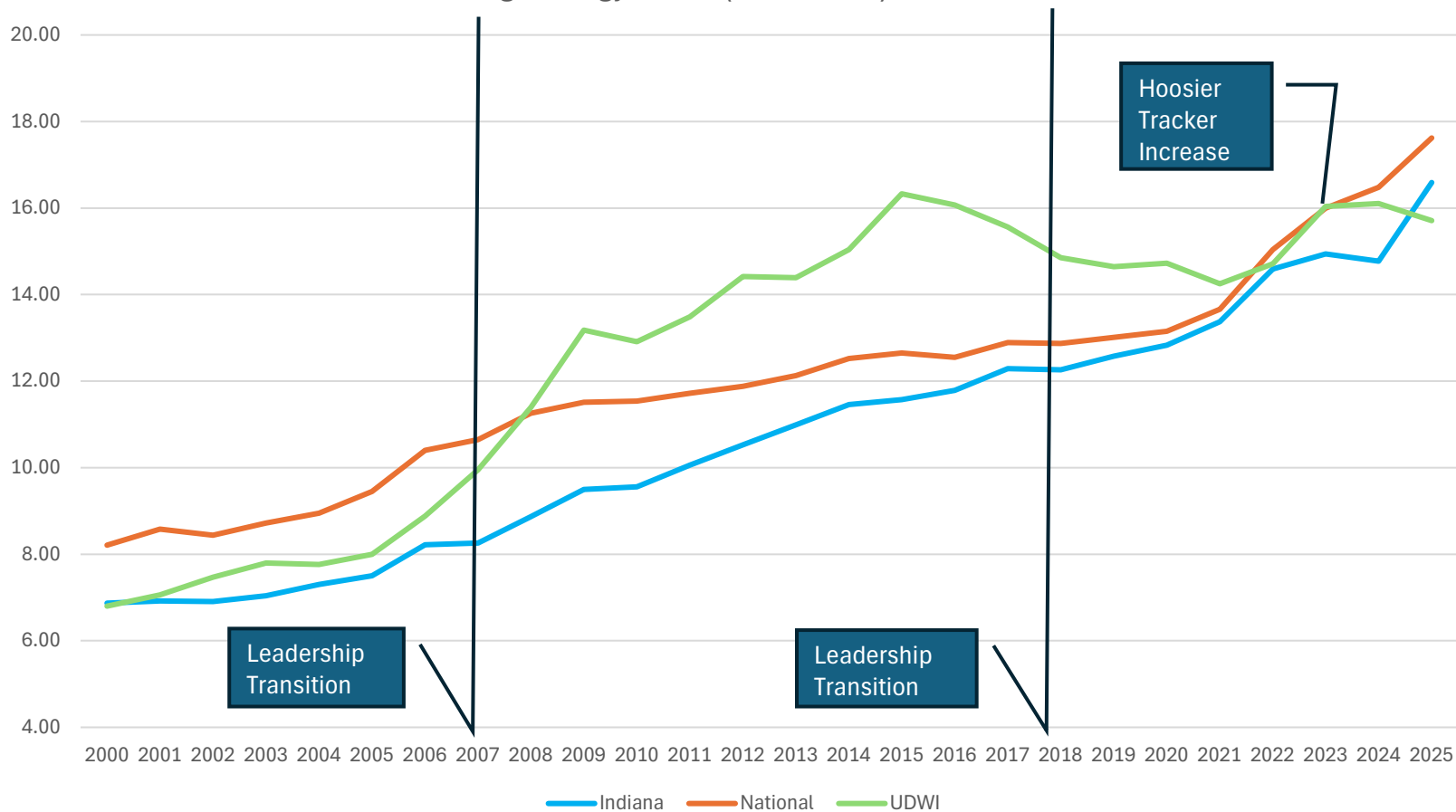
| | 2026 | 2025 | 2025 | 2024 | 2023 |
|--|--------------------------|---------------------------|--------------------------|------------------------|------------------------|
| | <u>Budgeted Year End</u> | <u>Projected Year End</u> | <u>Budgeted Year End</u> | <u>Actual Year End</u> | <u>Actual Year End</u> |
| OPERATING REVENUES | \$50,101,995.16 | \$50,239,375.66 | \$48,566,002.89 | \$49,542,110.27 | \$47,760,561.24 |
| OPERATING EXPENSES | | | | | |
| Cost of power | 30,683,652.17 | 30,987,665.30 | 29,476,817.85 | 30,716,943.15 | 29,745,352.52 |
| Distribution-operations & maintenance | 8,574,373.74 | 8,296,941.98 | 8,730,199.29 | 8,986,405.91 | 8,096,020.24 |
| Consumer accounts / Administrative & general | 4,613,069.62 | 4,708,306.87 | 4,738,444.69 | 4,460,904.34 | 4,585,930.93 |
| Depreciation, Taxes & Other deductions | 4,217,436.85 | 3,905,234.50 | 3,874,621.25 | 3,758,361.19 | 3,687,687.15 |
| | 48,088,532.38 | 47,898,148.65 | 46,820,083.08 | 47,922,614.59 | 46,114,990.84 |
| Operating Margins Before Interest Expense | 2,013,462.78 | 2,341,227.01 | 1,745,919.81 | 1,619,495.68 | 1,645,570.40 |
| INTEREST EXPENSE | 2,068,565.92 | 1,652,685.21 | 1,485,351.42 | 1,344,517.17 | 1,297,660.36 |
| Operating Margins After Interest Expense | (55,103.14) | 688,541.80 | 260,568.39 | 274,978.51 | 347,910.04 |
| NONOPERATING MARGINS | 110,258.72 | 126,111.19 | 97,133.16 | 175,617.89 | 281,682.63 |
| GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS | 1,055,279.51 | 1,121,237.07 | 1,006,031.41 | 1,061,972.82 | 1,195,507.64 |
| NET MARGINS | \$1,110,435.09 | \$1,935,890.06 | \$1,363,732.96 | \$1,512,569.22 | \$1,825,100.31 |
| TIER | 1.54 | 2.17 | 1.92 | 2.12 | 2.41 |
| MDSC | 1.63 | 2.06 | 1.93 | 2.13 | 2.20 |



Cost History



Average Energy Prices (cents/kWh), Residential



Capital Budget Assumptions

- **New Construction:**
 - Miscellaneous minor construction projects include make-ready work for fiber projects, so any agreements to help defray fiber installation costs can impact this. The largest exposure here is the agreement with Mainstream. To limit UDWI's investment, we have requested that UDWI's contribution to their project be capped at \$2 Million.
- **Maintenance:**
 - Overall we estimate that we may be slightly behind schedule on Ordinary Replacement, but this is a realistic estimate of what we could likely accomplish without increasing labor. Some expense is being estimated for the installation of switches that will facilitate switching between substations for emergencies.



Capital Budget Assumptions

- Construction Work Plan:
 - Most CWP projects have been delayed, but some will be completed in conjunction with Fiber make-ready projects where it makes sense. Most Westgate projects that would be categorized here should be completed in 2025, but may be closed in 2026.
- Substation Improvements:
 - We anticipate upgrades to the Scotland Substation in 2025, but Hoosier Energy is not charging us for the capacity upgrade.

Capital Budget Assumptions

- Special Equipment:
 - The budget amount for transformers is continuing to increase due to increases in pricing and lead times, which has caused us to maintain more inventory. The estimates are based on historical usage and are in the construction work plan. If larger transformers are needed due to economic development, this number could increase.
 - The amount budgeted for electronic reclosers includes several Vipers used for reliability improvements and the rest are Compact Modular Reclosers (CMRs) used where OCRs will not function properly. Vipers are typically used as a precursor to future distribution automation, where CMRs are typically used for reliability improvements.

Capital Budget Assumptions

- Metering:
 - An Automated Metering Infrastructure (AMI) pilot is planned for 2026, which will begin the replacement of the existing 20+ year old system and aid in creating substation space for upcoming economic development projects. The meter costs budgeted would be part of this pilot cost, but if the pilot does not proceed, we will still need to purchase the meters budgeted.

Capital Budget Assumptions

- Vehicles:

- The current Service Truck on the budget has been ordered and delayed for several years.
- We are behind replacing our line trucks, with costs escalating and lead times reaching multiple years. One unit has been ordered and we have been told that we should expect delivery in 2026.
- We expect to replace one pickup truck in 2026, for the Field Engineer. This truck was included in the 2025 budget but delivery is not expected until the 2026 calendar year.
- We have budgeted to replace one of the pool passenger vehicles. The existing Ford Explorer is a 2010 model that is starting to show its age. We would look to replace it with a used vehicle as the pool vehicles only get driven about 20,000 miles per year.



Capital Budget Assumptions

- **Communications:**
 - The current microwave equipment is out of warranty and needs to be replaced.
 - This purchase was initially approved for 2023, but long lead times meant that a portion of the work was completed in 2025, with the remainder to be completed in 2026.
- **Information Technology:**
 - Our entire IT environment needs to be replaced, and the lease cost with the current provider is making our current vendor unviable. This cost would be to replace the virtual server environment at the office and at our disaster recovery site, and is expected to last five years.

Capital Budget Assumptions

- Engineering Tools:
 - The existing underground locators on the three service trucks are over 25 years old and have reached end of life, with limited ability to secure repairs. Newer, more modern units are required.
- Property:
 - Property improvements that are budgeted are for general maintenance activities.

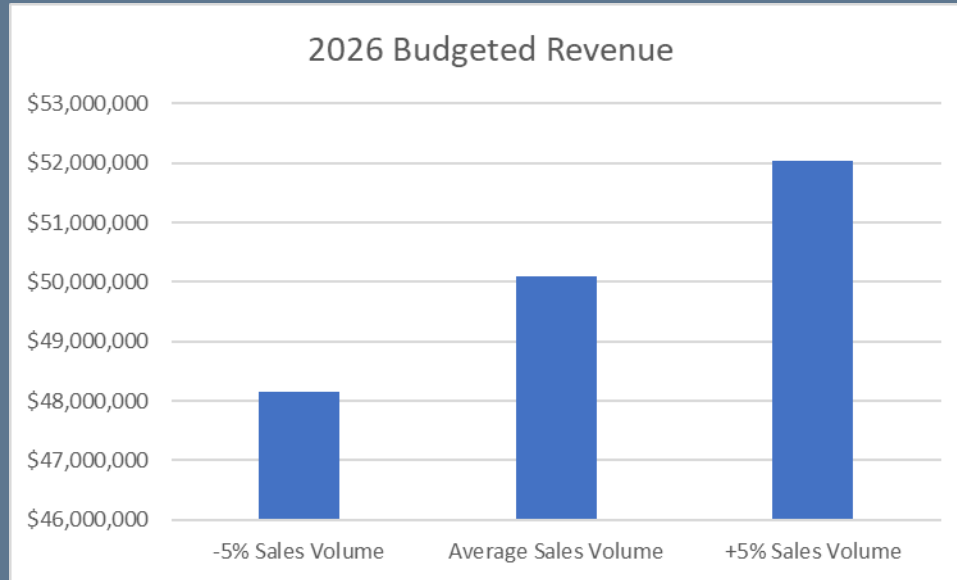
UTILITIES DISTRICT OF WESTERN INDIANA REMC

CAPITAL BUDGET

2026

| Description | 2026 Budget | 2025 Projected | 2025 Budget | 2024 Actual | 2023 Actual |
|-----------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| NEW CONSTRUCTION | \$ 3,385,000 | \$ 5,448,000 | \$ 1,900,000 | \$ 730,736 | \$ 1,279,734 |
| MAINTENANCE | \$ 1,850,000 | \$ 1,736,000 | \$ 1,450,000 | \$ 1,564,180 | \$ 1,214,812 |
| CONSTRUCTION WORK PLAN | \$ 750,000 | \$ 1,248,000 | \$ 2,500,000 | \$ 2,913,303 | \$ 1,343,793 |
| SPECIAL EQUIPMENT | \$ 1,450,000 | \$ 1,522,000 | \$ 1,260,000 | \$ 963,359 | \$ 825,957 |
| METER REPLACEMENTS | \$ 1,208,000 | \$ 287,000 | \$ 355,000 | \$ 426,741 | \$ 247,359 |
| VEHICLES | \$ 840,000 | \$ 285,000 | \$ 350,000 | \$ 364,835 | \$ 61,829 |
| COMMUNICATIONS | \$ 38,000 | \$ - | \$ 42,000 | \$ - | \$ - |
| INFORMATION TECHNOLOGY | \$ 475,000 | \$ 102,000 | \$ 111,000 | \$ - | \$ 45,877 |
| ENGINEERING | \$ 15,000 | \$ 40,000 | \$ 40,000 | \$ 24,565 | \$ - |
| SCADA | \$ - | \$ 46,000 | \$ 50,000 | \$ 81,799 | \$ 90,042 |
| PROPERTY IMPROVEMENTS | \$ 20,000 | \$ 27,000 | \$ 60,000 | \$ 53,757 | \$ 26,500 |
| | | | | | |
| TOTAL CAPITAL BUDGET | \$ 10,031,000 | \$ 10,741,000 | \$ 8,118,000 | \$ 7,123,275 | \$ 5,135,903 |

What Could Change the Plan?



- Sales
- Mainstream
- Hoosier Energy Tracker