

## REPORT OF THE PRECORP BOARD SECRETARY/TREASURER

It is with great pleasure that I present to you the Treasurer’s Report, which provides an overview of the sound financial status of Powder River Energy Corporation (PRECorp). The accompanying financial statements in this report demonstrate the solid financial position of our organization.

The PRECorp Board of Directors has thoroughly examined the balance sheet and income statement for the fiscal year ending December 31, 2022. We ensure that our accounting procedures and principles are aligned with the standards set by the Rural Utilities Service (RUS) and undergo an annual examination through an independent audit.

For a comprehensive understanding of our financial performance, I encourage you to refer to the complete versions of our annual audit, which include the detailed income statement and balance sheet. These documents are readily available for review at the Cooperative’s office.

We take great pride in our commitment to financial transparency and accountability, and this report is a testament to our dedication in maintaining a strong financial foundation for PRECorp.

- Gerry Geis, Secretary/Treasurer



## REPORT FROM THE CHIEF FINANCIAL AND ADMINISTRATION OFFICER

In 2022, we all experienced significant economic challenges due to epic inflation and continued disruptions in the supply chain. Nevertheless, PRECorp managed to achieve positive operating margins and a remarkable 7.8% increase in total kWh sales. This accomplishment serves as a testament to our unwavering commitment to a financial strategy focused on ensuring the long-term financial strength of the cooperative while providing our members with predictable and stable rates. As part of this strategy, we successfully deferred \$11,500,000 in revenue and directly returned approximately \$1.1 million in power bill credits to all our valued members.

Despite the ongoing economic headwinds, our strategy remains aligned with our commitment to delivering reliable power through various strategic initiatives. These include

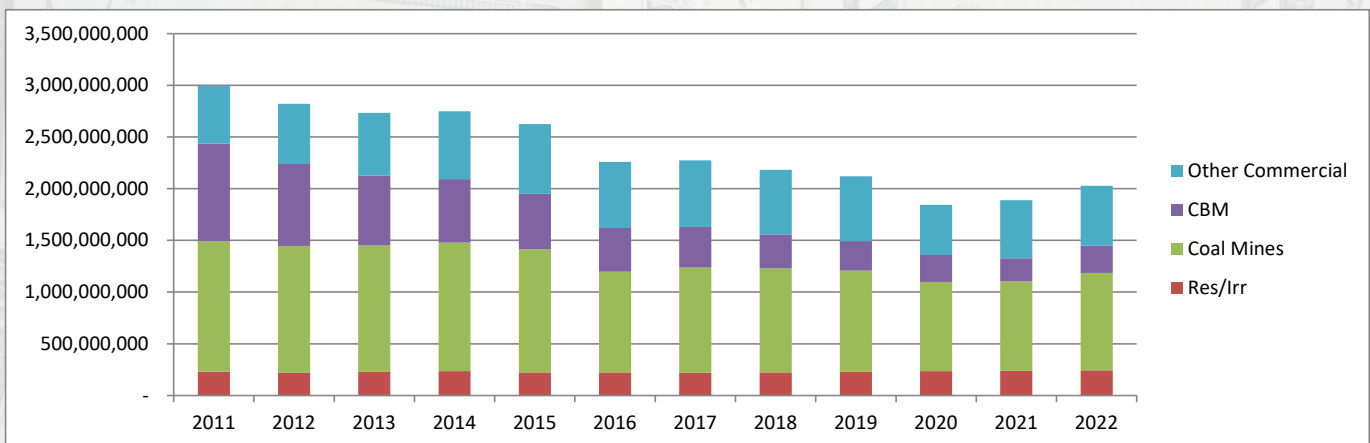
implementing a comprehensive wildfire mitigation plan, leveraging technological advancements to predict and minimize outages, and maintaining a highly skilled and responsive workforce dedicated to meeting our members’ needs.

As we look ahead, we remain vigilant in the face of ongoing economic challenges. Through the utilization of margin stabilization strategies, diligent cost management efforts, and the application of innovative solutions, we will navigate these challenges by being responsive, innovative, and agile in addressing our current and future financial needs.

- Bill Mertz, Chief Financial and Administration Officer



## 12-year History of PRECorp kWh sales



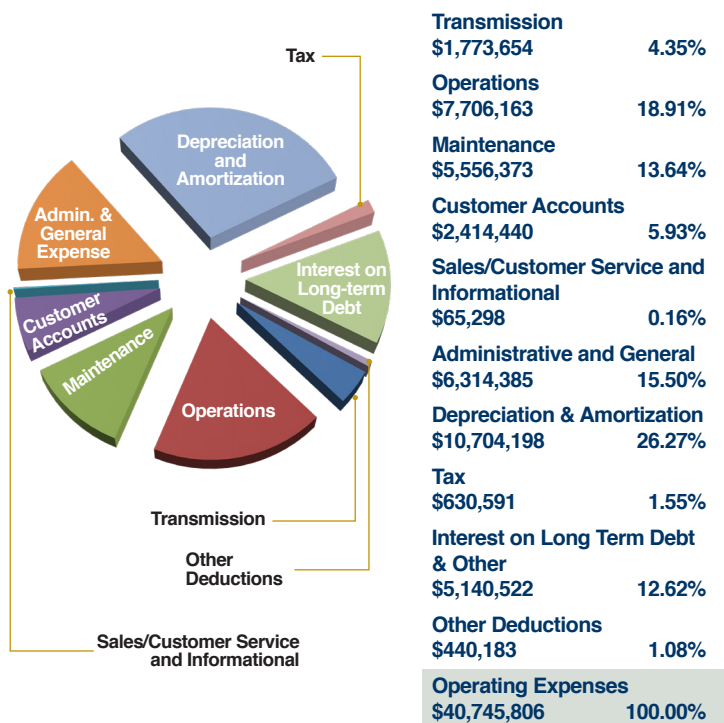
The chart above shows PRECorp kilowatt hour sales by rate class since 2011. Coal Bed Methane (CBM) and Coal Mines sales show the most fluctuation.



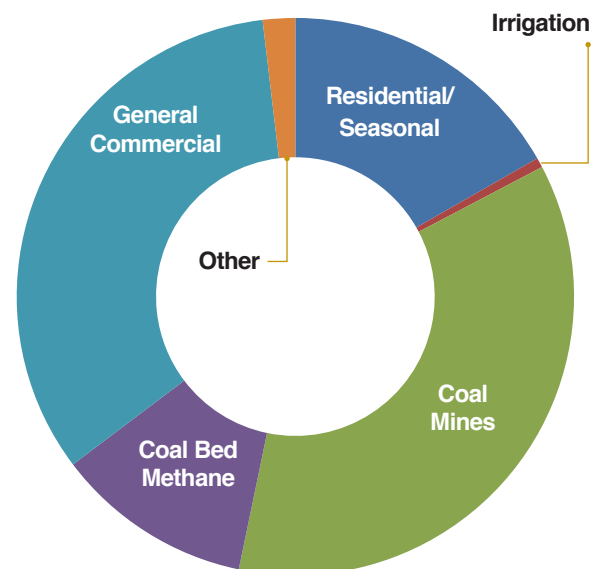
# Comparative Statement of Operations

	2021	2022
<b>OPERATING REVENUE AND PATRONAGE CAPITAL</b>	<b>\$154,818,148</b>	<b>\$161,373,795</b>
Cost of Purchased Power	\$116,574,674	\$120,285,259
Transmission Expense	\$1,573,326	\$1,773,654
Distribution Expense - Operations	\$7,162,986	\$7,706,163
Distribution Expense - Maintenance	\$4,340,810	\$5,556,373
Customer Accounts Expense	\$2,423,723	\$2,414,440
Sales/Customer Service and Informational Expense	\$81,567	\$65,298
Administrative and General Expense	\$5,628,173	\$6,314,385
<b>TOTAL OPERATION &amp; MAINTENANCE EXPENSE</b>	<b>\$137,785,258</b>	<b>\$144,115,571</b>
Depreciation and amortization Expense	\$10,935,720	\$10,704,198
Tax Expense - Property, Gross Receipts, and Other	\$618,093	\$630,591
Interest on Long-Term Debt & Other	\$5,164,848	\$5,140,522
Other Deductions	\$279,776	\$440,183
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$154,783,695</b>	<b>\$161,031,065</b>
<b>PATRONAGE CAPITAL &amp; OPERATING MARGINS</b>	<b>\$34,453</b>	<b>\$342,730</b>
Interest and Other	\$529,210	\$472,741
Capital Credits	\$4,676,729	\$15,117,189
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$10,708,284</b>	<b>\$15,932,660</b>

## 2022 OPERATING EXPENSE BY CATEGORY



## 2022 REVENUE



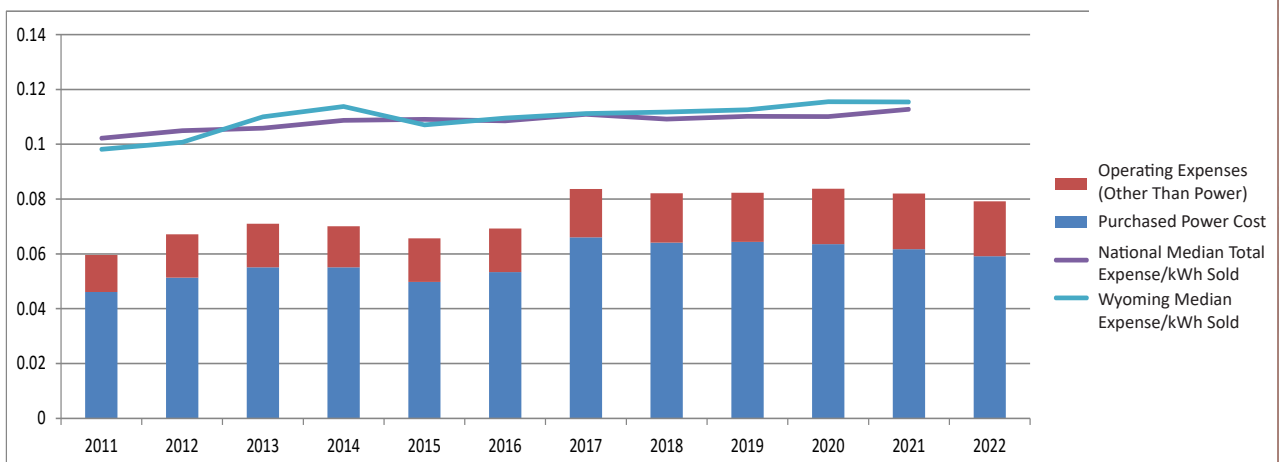


# Comparative Balance Sheet

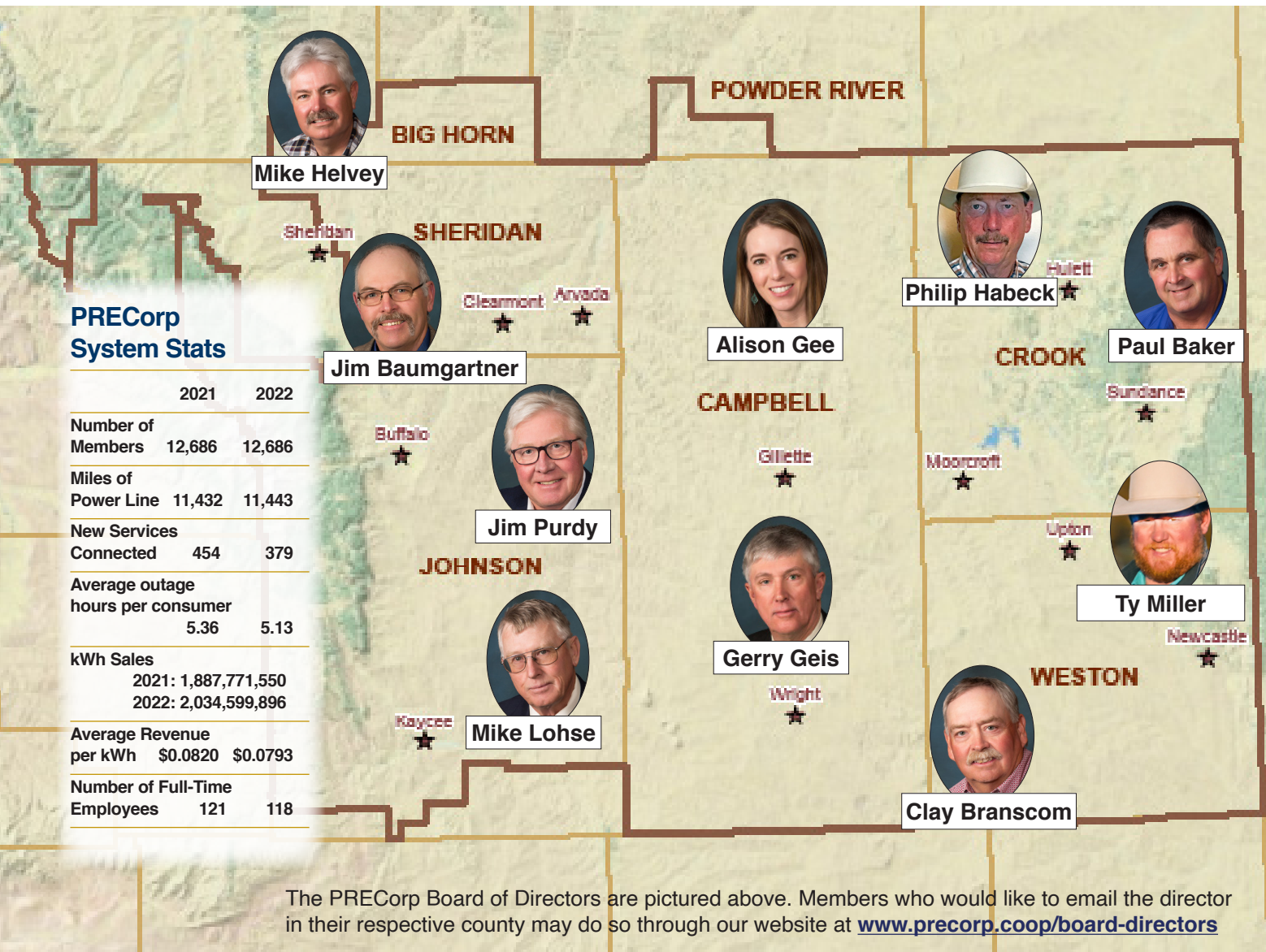
	2021	2022
Utility Plant (net)	\$212,467,207	\$215,221,914
Other Property and Investments	\$94,868	\$83,423
Non-Utility Property (net)	\$94,868	\$83,423
Investments in Associated Organizations	\$140,766,005	\$146,171,200
Other Investments	\$82,303,395	\$76,828,182
<b>Current Assets</b>	<b>\$223,164,267</b>	<b>\$223,082,805</b>
Cash and Cash Equivalents	\$14,778,214	\$22,723,196
Accounts Receivable (net)	\$15,646,842	\$16,779,382
Other Accounts Receivable	\$411,172	\$501,199
Materials and Supplies	\$5,649,975	\$6,806,232
Other Current Assets	\$3,935,577	\$3,478,556
	\$40,421,779	\$50,288,565
Regulatory Assets	\$-	\$2,279,379
Deferred Debits	\$231,426	\$275,804
<b>TOTAL ASSETS</b>	<b>\$476,284,680</b>	<b>\$491,148,467</b>
<b>Equity and Margins</b>	<b>\$228,831,910</b>	<b>\$229,365,116</b>
<b>Long Term Debt</b>		
(Net of Current Maturities)	\$163,466,031	\$161,954,979
<b>Other Non-Current Liabilities</b>	<b>\$2,154,537</b>	<b>\$2,558,566</b>
<b>Current Liabilities</b>		
Accounts Payable	\$11,107,850	\$14,021,543
Other Current Liabilities	\$22,786,976	\$22,446,292
Current Maturities of Long Term Debt	\$10,145,560	\$10,505,710
	\$44,040,386	\$46,973,545
Regulatory Liabilities	\$7,996,856	\$18,639,296
Deferred Credits	\$29,794,960	\$31,656,965
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$476,284,680</b>	<b>\$491,148,467</b>

## PRECorp Operating Expenses per kWh sold

PRECorp works closely with our Wholesale Power Supplier to help keep our largest cost stable. As a result of that collaboration PRECorp was successful in receiving and returning a \$1.1M power bill credit directly to our members.



# PRECorp Service Territory



## PRECorp Board of Directors

### Campbell County:

Gerry Geis, Board Secretary-Treasurer  
Alison Gee

### Crook County:

Philip Habeck, Board Vice-President;  
Members 1<sup>st</sup> Board Vice-President  
Paul Baker, Basin Electric Board member;  
Members 1<sup>st</sup> Board member

### Johnson County:

Jim Purdy, Board President  
Mike Lohse, WREA Board member

### Sheridan County:

Jim Baumgartner, Members 1<sup>st</sup> Board member  
Mike Helvey

### Weston County:

Ty Miller  
Clay Branscom, Foundation Liaison

## PRECorp Customer Mix

	2021	2022	+ / -
Residential	15,533	15,787	254
Seasonal	3,612	3,640	28
Irrigation	277	292	15
General Service	5,285	5,319	34
General Service CBM	528	526	(-2)
Large Power	1,135	1,140	5
Large Power CBM	456	455	(-1)
LPT Coal Mines	13	13	-
LPT General	1	1	-
LPT CBM	5	5	-
Street Lights	32	36	4
<b>Total</b>	<b>26,877</b>	<b>27,214</b>	<b>337</b>

## PRECorp Accounts By County for 2022

Campbell	13,095
Converse	2
Crook	6,519
Johnson	2,974
Niobrara	3
Sheridan	1,353
Weston	3,052
Montana	215
<b>Total</b>	<b>27,214</b>