2025 Financial Reports

TREASURER'S REPORT SHOWS SOLID FINANCIAL POSITION

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, 2025. 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, balance sheet, and statement of cash flows. 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 to maintaining a strong financial foundation for PRECorp.

GERRY GEIS, BOARD SECRETARY-TREASURER

PRECORP CONTINUES TO FOCUS ON DELIVERING VALUE AND QUALITY SERVICE

PRECorp's total kWh sales declined slightly by 1.9% in 2025 compared to 2024. This decrease was primarily driven by reduced activity in the coal-bed methane industry. Coal mine and large power commercial kWh sales increased year over year, which offset a portion of the reduction.

PRECorp's team is committed to careful cost management and delivering value to our members. This strategic approach, combined with capital credits retired from Basin Electric and earnings allocated from Members 1st Power Cooperative allowed us to meet all lender requirements and add $6.5 million to deferred revenue reserves.

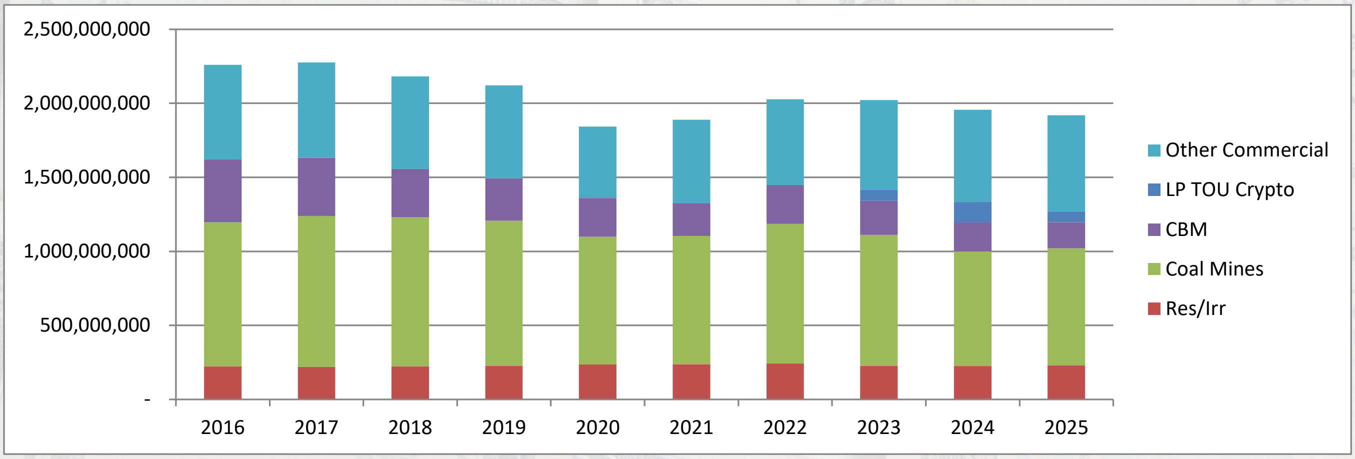
This brought PRECorp's deferred revenue balance to $25 million. These reserves support our long-term strategy of maintaining stable and predictable electric rates while continuing to invest in a reliable distribution system and preserving a strong financial position.

Our current financial forecast plans to utilize a portion of these reserves annually beginning in 2026 to help manage future cost pressures and support rate stability for our members.

Looking ahead, we remain focused on navigating ongoing economic challenges. The PRECorp team will continue to respond with discipline and innovation to ensure we deliver safe, reliable, and cost-effective service to our members.

RYAN GROSS VP OF ACCOUNTING & FINANCE

10-year History of PRECorp kWh sales



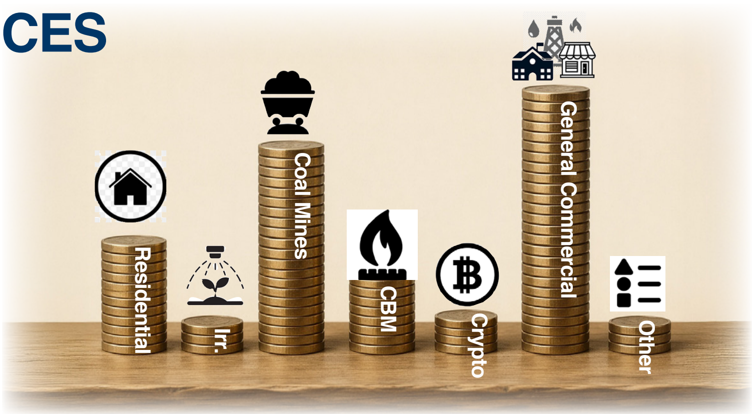
The chart above shows PRECorp kilowatt hour sales by rate class since 2016. Coal Bed Methane (CBM) and coal mine sales show the most fluctuation. Beginning in 2023 crypto mining sales are noted.

Comparative Statement of Operations

	2024	2025 Before Deferred Revenue	2025 Deferred Revenue	2025 After Deferred Revenue
OPERATING REVENUE AND PATRONAGE CAPITAL	165,772,244	173,802,815	(6,500,000)	167,302,815
Cost of Purchased Power	120,521,923	125,087,957		125,087,957
Transmission Expense	1,627,390	953,645		953,645
Distribution Expense - Operations	8,626,819	9,896,351		9,896,351
Distribution Expense - Maintenance	8,005,850	8,318,494		8,318,494
Customer Accounts Expense	3,131,912	2,509,141		2,509,141
Sales/Customer Service and Informational Expense	66,732	75,638		75,638
Administrative and General Expense	6,539,024	6,906,823		6,906,823
TOTAL OPERATION & MAINTENANCE EXPENSE	148,519,650	153,748,049		153,748,049
Depreciation and Amortization Expense	11,017,012	14,240,251		14,240,251
Tax Expense - Property, Gross Receipts, and Other	686,748	723,254		723,254
Interest on Long-Term Debt & Other	5,910,470	5,655,202		5,655,202
Other Deductions	366,720	561,446		561,446
TOTAL COST OF ELECTRIC SERVICE	166,500,600	174,928,202		174,928,202
PATRONAGE CAPITAL & OPERATING MARGINS	$(728,356)	$(1,125,387)	$(6,500,000)	$(7,625,387)
Interest and Other	2,078,318	3,164,563		3,164,563
Capital Credits	8,373,713	6,823,656		6,823,656
PATRONAGE CAPITAL OR MARGINS	$9,723,675	$8,862,832	$(6,500,000)	$2,362,832

2025 REVENUE SOURCES

Residential / Seasonal	$28,985,175	16.68%
Irrigation	$940,734	0.54%
Coal Mines	$56,418,945	32.46%
CBM	$16,079,649	9.25%
LP TOU Crypto	$3,348,828	1.93%
General Commercial	$64,850,382	37.31%
Other	$3,179,103	1.83%
Total	$167,302,815	100.0%



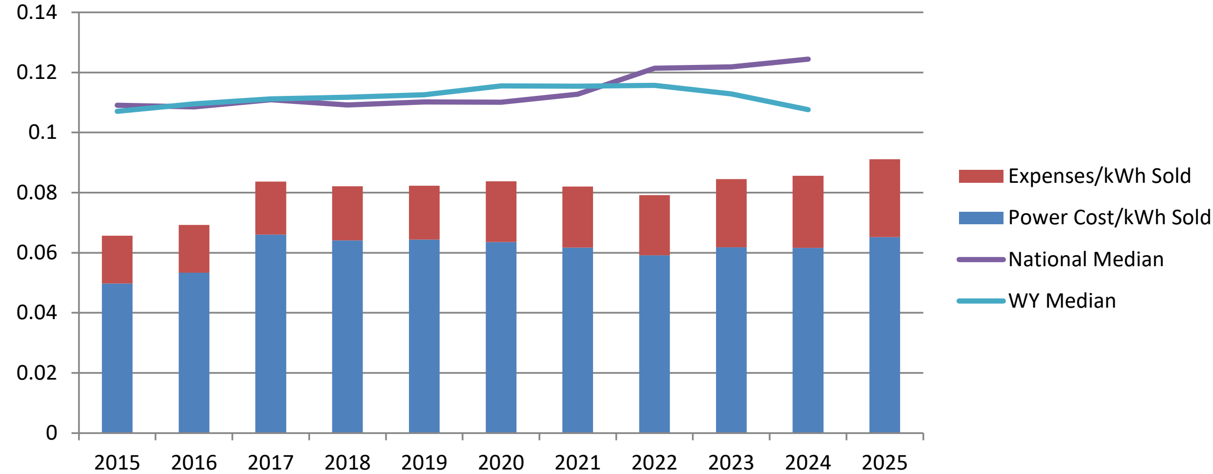
HOW YOUR ENERGY DOLLAR IS SPENT

Comparative Balance Sheet

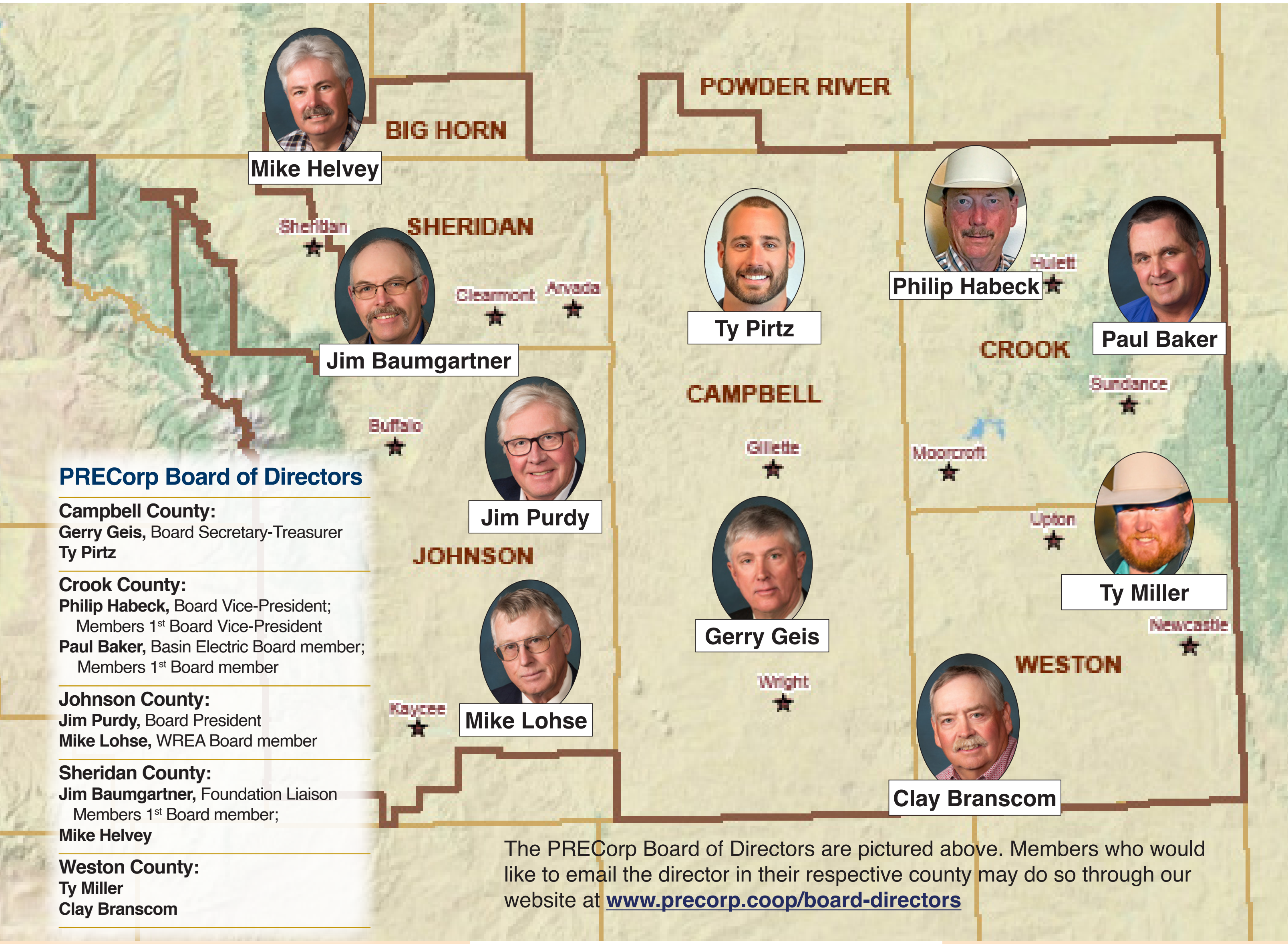
		2024	2025
Utility Plant (net)		$216,386,088	$215,128,156
Other Property and Investments	Non-Utility Property (net)	$130,623	$139,282
	Investments in Associated Organizations	$149,108,271	$146,685,493
	Other Investments	$68,220,781	$55,720,945
Total Property and Investments		$217,459,674	$202,545,719
Current Assets	Cash and Cash Equivalents	$19,377,871	$13,655,124
	Accounts Receivable (net)	$15,706,444	$14,704,859
	Other Accounts Receivable	$683,530	$671,883
	Materials and Supplies	$9,559,628	$9,744,223
	Other Current Assets	$3,189,113	$3,068,599
Total Current Assets		$48,516,586	$41,844,686
Regulatory Assets		$-	$-
Deferred Debits		$319,280	$83,412
TOTAL ASSETS		$482,681,628	$459,601,974
Equity and Margins		$234,198,553	$224,287,153
Long Term Debt (Net of Current Maturities)		$145,165,762	$133,804,548
Other Non-Current Liabilities		$2,525,020	$2,776,540
Current Liabilities	Accounts Payable	$14,258,691	$14,527,776
	Other Current Liabilities	$21,109,549	$18,758,245
	Current Maturities of Long Term Debt	$11,113,620	$11,361,214
Total Current Liabilities		$46,481,859	$44,647,235
Regulatory Liabilities		$23,415,690	$32,219,303
Deferred Credits		$30,894,743	$21,867,194
TOTAL EQUITY AND LIABILITIES		$482,681,628	$459,601,974

PRECorp Operating Expenses per kWh sold

PRECorp works closely with our Wholesale Power Supplier to help keep our largest cost stable.



PRECorp Service Territory



PRECorp Board of Directors

Campbell County:
Gerry Geis, Board Secretary-Treasurer
Ty Pirtz

Crook County:
Philip Habeck, Board Vice-President; Members 1st Board Vice-President
Paul Baker, Basin Electric Board member; Members 1st Board member

Johnson County:
Jim Purdy, Board President
Mike Lohse, WREA Board member

Sheridan County:
Jim Baumgartner, Foundation Liaison Members 1st Board member;
Mike Helvey

Weston County:
Ty Miller
Clay Branscom

The PRECorp Board of Directors are pictured above. Members who would like to email the director in their respective county may do so through our website at **www.precorp.coop/board-directors**

PRECorp System Stats

	2024	2025
Number of Members	12,473	12,542
Miles of Power Line	11,143	11,160
New Services Connected	494	516
Average outage hrs/consumer	8.27	9.52
kWh Sales	1,956,496,547	1,919,281,884
Average Revenue / kWh	$0.0847	$0.0872
# of Full-Time Employees	122	126

PRECorp Customer Mix

	End of 2024	End of 2025	+ / -
Residential	15,518	15,693	175
Seasonal	3,681	3,712	31
Irrigation	312	329	17
General Service	5,242	5,304	62
General Service CBM	435	493	58
Large Power	1,112	1,105	(-7)
Large Power CBM	428	368	(-60)
LPT Coal Mines	13	13	-
LP TOU Transmission	1	1	-
LP TOU Crypto	3	3	-
LPT CBM	5	5	-
Street Lights	291	443	152
Total	**27,041**	**27,469**	**428**

PRECorp Accounts By County for 2025

Campbell	12,667
Crook	6,963
Johnson	3,133
Niobrara	4
Sheridan	1,356
Weston	3,135
Montana	212
Total	27,469