



PRECorp News

MARCH 2025

PRECorp's financial tools to stabilize rates

PRECorp distributes the energy it purchases from its wholesale supplier to members, covering both wholesale power costs and distribution costs.

As we've previously shared, over 80% of PRECorp's operating expenses are attributable to wholesale power costs. We work closely with Basin Electric and others to ensure a reliable and affordable power supply. In 2025, these costs increased and are reflected on your bill through the Cost of Power Adjustment (COPA).

Economic challenges, supply chain disruptions, and rising costs continue to affect all industries and households. From 2019 to 2025:

- Food prices have increased by approximately 31%
- Steel prices have surged at times and are now 22% higher
- Copper prices are approximately 67% higher

Like other industries, PRECorp is not immune to these cost pressures. However, thanks to financial tools unique to the cooperative model, we have maintained a stable base rate for over five years.

In January, the PRECorp Board of Directors applied several financial tools to maintain stable base rates through 2025. **These tools include: Capital credits, Revenue deferral, and Cost-to-serve analysis.**

After reviewing the cooperative's 2024 financials, the Board determined that PRECorp could meet all banking requirements, allocate patronage from our G&T, and manage a negative operating margin (net loss) while maintaining a positive net margin. To address the deficit—

primarily due to increased power costs and declining large power user sales—the Board applied a portion of a \$10 million capital credit retirement from Basin Electric to balance the financials.

Since the Basin capital credit was used, the Board opted not to tap into revenue deferral. Currently, PRECorp has approximately \$18.5 million in a 'rainy day' fund known as revenue deferral. This fund allows the cooperative to smooth out financial fluctuations and avoid immediate base rate increases.

Revenue deferral is a financial tool unique to cooperatives as non-profit organizations. It enables PRECorp to set aside operating margins from recent years to offset future cost increases, helping delay or prevent rate hikes. The utilization of deferred revenue is carefully managed to absorb changes in power sales, raw material costs, and service expenses.

PRECorp's last base rate increase was in 2020, and no base rate increases are forecasted for 2025. PRECorp does continuous internal monitoring and analysis of costs to serve our membership. As we look forward PRECorp will once again utilize industry experts to delve further in a formal Cost of Service Study (COSS) to ensure costs are fairly allocated across all rate classes. If any rebalancing becomes necessary, members will be informed.

PRECorp remains committed to financial stewardship, ensuring stable rates while maintaining a reliable and affordable power supply for our members.

Regular business: 1-800-442-3630 • Report an outage: 1-888-391-6220
www.precorp.coop

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What do those meter symbols mean?



BRIAN MILLS,
CEO

If you take a look at the different types of members PRECorp serves, we serve about 15,000 residential meters; 6,000 commercial/large industrial meters; 3,600 seasonal services; 300 irrigation accounts, 123 street lights, and 13 coal mines - with more than 2 billion kWh.

I provide these numbers to give you a perspective of the different types of dependencies that are placed on PRE-

Corp each month. For some, PRECorp's bill represents a way to provide a little light and maybe a little heat to keep the house or summer cabin from freezing.

For some members, PRECorp's electrical bill is the largest input cost in their operation. No matter where you find yourself on the spectrum of needing and using electricity, having a predictable and stable rate provides value. While the rate itself is never very popular, the idea of knowing what's coming does provide some value for planning purposes.

As a cooperative, each of us as member owners have basically assumed the responsibility for providing for our own electricity needs (simply because there is no profit or other beneficiaries built into the cooperative model). That said, in holding the same standards for power reliability, the reality is that none of us can build, transmit, and distribute electricity more economically for just ourselves, versus partnering with others and taking advantage of economies of scale to do the same job. But in the end, you are responsible for getting the power you need for whatever your operation is.

The reality is, is that "when you hired" 125 people to run your electric utility operations, you expect them to take full advantage of and maximize the economies of scale that are available when folks partner together to provide for their electricity needs.

Rate Stability emerges as one of the value-adds that we have when working together as a cooperative. Sure, other types of models can provide rate stability as well... but the cooperative model lends itself to a more member-centric way of doing so by holding the line that the rate you pay will always be used to benefit you in the coop-

erative model. Simply, the rate you paid is used to cover your share of the operational costs, current or future. We do not have any other shareholders that need compensation for their investment into our utility. It is simply the members that we are serving who benefit from the rate that they pay.

There are three primary variables that work against us when trying to provide rate stability for our members:

- **The Cost of Goods**
- **The Cost of Labor**
- **The Cost of Money**

Each of those variables has an increasing trend that we have to project in a manner that allows us to then cast a rate for our members that will stand up for a time to ultimately provide for that rate stability we all value. Not knowing what your electricity bill will be from any given month, beyond your respective energy use for the month, would be a little difficult to operate our respective home budgets, ranching or industrial operations. So, the rate design matters.

We have worked with your Board of Directors to develop a philosophy that when we look at rates, we try to achieve at least 3 years of life from that rate. So, while we may have a little extra on the front end, we will ultimately end up using it in the end. Again... for the benefit of the member who paid the rate.

Now for reference, at the beginning of this year, we all see a higher rate for the power that we are buying from Basin Electric. That would be considered a Cost of Goods in the perspective that I just wrote about. PRECorp's last rate increase was back in 2020. **So, we have been able to stretch PRECorp's portion of your current rate for two or three more years longer than anticipated.** All in the name of rate stability. Again, this demonstrates the power of economies of scale when we all work together.

I recognize the wonderful team I get to work alongside in serving you. They challenge themselves to be efficient and hold a stewardship mentality with the resources with which you have entrusted us...and simply put, the team's efforts go a long way in stretching the rate and providing rate stability as well. Together Everyone Achieves More (TEAM)! That mantra seems to hold true on multiple fronts now, doesn't it?

A handwritten signature in black ink, appearing to read "Brian Mills". The signature is fluid and cursive, written in the bottom right corner of the page.

Director nominating process underway

Annual Meeting is August 23 in Gillette

The 2025 PRECorp Board of Directors election process is officially underway with the designation of the nominating committees for three PRECorp counties.

The following are ways to get on the ballot:

- Be nominated by the committee appointed by the PRECorp Board of Directors. See contact names and numbers below.
- Return a nominating petition, signed by at least 25 PRECorp members, by June 13, 2025.

The following Director seats are up for election in 2025:

- **Campbell County (Gerry Geis, incumbent)**
Committee members:
Mike Shober (307-299-6796) • Jaime Tarver (307-682-4929)
- **Johnson County (Jim Purdy, incumbent)**
Committee members:
Jackie Reimler (307-684-7732) • Gordon Taylor (307-660-2456)
- **Weston County (Ty Miller, incumbent)**
Committee members:
Walt Christensen (307-746-2091) • Reuben Ritthaler (307-468-2206)

Any PRECorp member from the aforementioned director districts can run for a three-year term on the Board, providing the member meets the following qualifications:

- Must reside within the service territory of the county from which he/she is elected.
- *However, members taking service outside the counties of Campbell, Crook, Sheridan, Johnson, or Weston shall be deemed to be a member of and within the area served by the county closest to the nearest meter serving the members' residence;*
- Must be a member receiving electric energy from the Corporation;
- May not be in any way employed by, or have a substantial financial interest in, a competing enterprise or a business selling electric energy or supplies to the Corporation.

Contact PRECorp at 1-800-442-3630, if you would like to stand for nomination to the ballot or, with specific questions regarding eligibility.

Election process dates:

- Friday, May 23: Deadline for nominating committees to post their list of candidates.
- Friday, June 13: Deadline for candidates to file nominating petitions at a PRECorp business office.

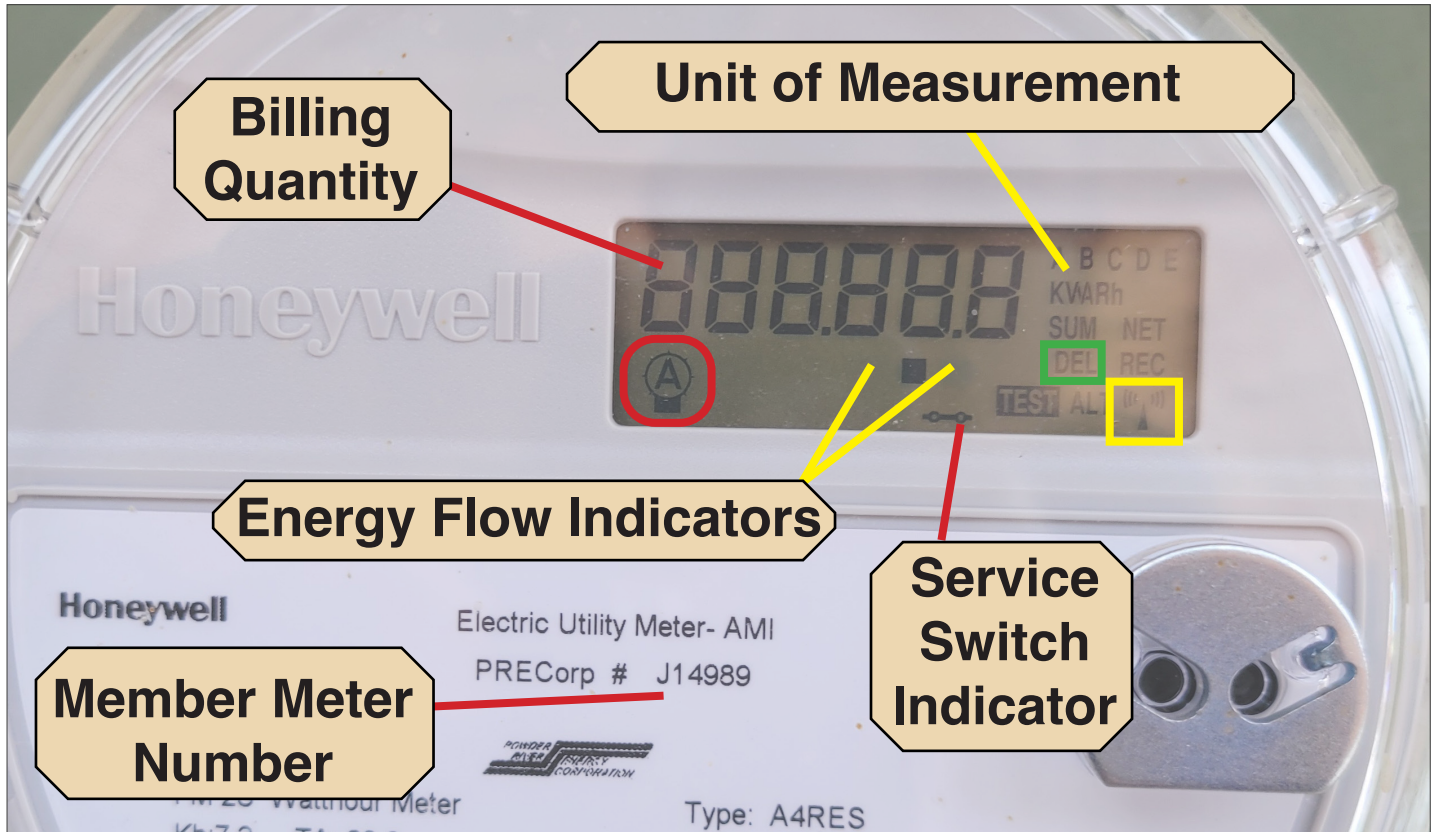
Events calendar

The list of PRECorp events includes Board meeting dates, holidays, telephone town hall meetings, and more.

- **Tuesday, March 18** - PRECorp Board of Directors meeting, 8 a.m., Sheridan
- **Tuesday, March 25** - PRECorp Foundation Board meeting, 9 a.m., teleconference
- **MEETING CHANGE: Tuesday, April 22** - PRECorp Board of Directors meeting, 7:30 a.m., teleconference
- **Tuesday, April 22** - PRECorp Foundation Board meeting, 9:30 a.m., Gillette
- **MEETING CHANGE: Tuesday, May 6** - PRECorp Board of Directors meeting, 9:30 a.m., Gillette
- **Tuesday, May 27** - PRECorp Foundation Board meeting, 9 a.m., teleconference
- **Wednesday, May 28** - Telephone Town Hall meeting with CEO Brian Mills, 6:30 p.m.
- **Saturday, June 7** - Durham Ranch Buffalo Stampede 5K/10K Walk/Run
- **Friday, June 13** - Deadline for PRECorp Director candidates to file nominating petitions
- **Tuesday, June 17** - PRECorp Board of Directors meeting, 9:30 a.m., Sheridan
- **Tuesday, June 24** - PRECorp Foundation Board meeting, 9 a.m., teleconference
- **Saturday, August 23** - 80th PRECorp Annual Meeting, Gillette Cam-Plex
- **Monday, September 8** - PRECorp Foundation Golf Scramble, Golf Club at Devils Tower

What do all those meter symbols mean?

So there's an electric meter on your house, well, or other service. What do all of those blinking symbols, letters and numbers mean? Below is a schematic of what your meter is telling you when you look at its face, such as: Does it have power? Is it connected with the network? And, is power flowing to your service location? These are important labels to keep handy for power quality issues or construction workers to know.



Key to Faceplate Information

- **KWh** – Unit of Measurement Billing Value for all members.
- **Billing Quantity** – Indicates present meter reading.
- **DEL** – **Green Box** Electricity is being delivered to the member's service.
- **A** – **Red Circle** Indicates the meter has voltage.
- **Energy Flow Indicators** – Black **Square** flashes per Watt hours consumed. Black **Arrow** flashes per Watt hours consumed. The **Arrow** shows direction of energy flow and a faster flash indicates more consumption, compares to the speed of the disc rotation in the old electromechanical meters.
- **Service Switch Indicator** – (Residential 200-amp services only.) Indicates whether the Service switch is closed or open energizing the customer service.
- **Tower Indicator** – Yellow Box a solid "tower" (not flashing) indicates the meter is connected to the network. Flashing "tower" indicates the meter is looking for the network or has lost communication with the network.
- **Member Meter Number** – The meter number assigned to the member's account for billing. Faceplate colors vary for single-phase, 3-phase, 200-amp, and 320-amp services.