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BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF POWDER RIVER ENERGY CORPORATION FOR AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE OF $7,030,045 PER ANNUM AND REVISE TARIFFS	)))))	DOCKET NO. 10014-202-CR-19 (Record No. ____________)

DIRECT TESTIMONY
OF
JOANNE L. KOLB
POWDER RIVER ENERGY CORPORATION

Q. **Please state your name and address.**

A. My name is Joanne L. Kolb and my business address is Powder River Energy Corporation, P.O. Box 930, Sundance, WY 82729.

Q. **What is your present occupation?**

A. I am employed as Chief Financial and Administration Officer of Powder River Energy Corporation ("PRECorp" or "the Cooperative").

Q. **What are your duties as Chief Financial and Administrative Officer of Powder River Energy Corporation?**

A. My duties are to manage the corporate accounting, finance, and administrative functions of the Cooperative. The administrative duties include management of fleet, facilities, and procurement. I also have the responsibility of ensuring the Cooperative's rates and margins are sufficient to maintain a sound financial position and that we have adequate short and long-term financing available.

Q. Please state your educational background and professional qualifications.

A. My educational background and professional qualifications are detailed in my curriculum vitae, attached as Exhibit JK-1.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide information on two main subjects: (1) PRECorp's loan provisions with the Rural Utilities Service ("RUS"), and (2) PRECorp's budgeted revenue and expenses relevant to this rate case, including 2018 actual numbers and 2019 forecasts.

Q: Please describe the loan provisions applicable to this rate filing.

A; The first loan provision applicable to this rate filing and the margin requirement of PRECorp is the "Prospective Requirement." "Margin" in this context means the operating margin, which is the amount by which PRECorp's revenue exceeds expenses. The Prospective Requirement directly relates to PRECorp designing and implementing rates to, among other things, maintain the requisite coverage ratios on an annual basis. The requisite coverage ratios are established by the RUS. *See Exhibit JK-2, p. 9, Section 5.4* (loan contract section listing RUS required ratios).

Q. Are the RUS ratios from the test year in compliance with RUS requirements?

A. No. The RUS requires an OTIER of 1.1 or greater, a TIER of 1.25, DSC of 1.25, and ODSC of 1.1.[1] This rate case is based on a comprehensive Cost of Service Study ("COSS") for the test year beginning January 1, 2018 and ending December 31, 2018. The COSS shows an adjusted test year operating margin of negative $445,483, which takes into account actual sales through July 2019 and forecasted sales through the remainder of 2019, payroll adjustments discussed later in my testimony, and an adjustment to accumulated depreciation for the implementation of new automated metering infrastructure ("AMI") and removal of our current metering solution. The operating margin for the adjusted 2018 test year resulted in an OTIER of 0.94 a TIER of 4.39, a DSC of 2.92, and an ODSC of 1.24. As you can see, the OTIER fails to meet the RUS minimum requirements. Thus, the RUS OTIER is the coverage ratio driving the revenue requirements in this rate case.

Q. What immediate impact does failing to achieve these minimum ratio requirements have on the Cooperative?

A. In determining whether the Cooperative meets all four ratio requirements required by our loan contract, the RUS applies a best out of three years test, meaning that the best two of the three most recent years must meet each requirement. We met all the ratio requirements in 2017 and 2018, so we can fail to meet the 2019 OTIER without repercussions only if we meet the OTIER requirements in both 2020 and 2021. If we do not, PRECorp will be in default.

Q. How does the RUS stay aware of PRECorp's ratios for each year?

[1] Operating Times Interest Earned Ratio is "OTIER," Times Interest Earned Ratio is TIER, Debt Service Coverage is "DSC," and Operating Debt Service Coverage is "ODSC."

A. Each year, the Cooperative reports all ratios to the RUS through an annual report filed with the United States Department of Agriculture entitled "Financial and Operating Report Electric Distribution," formerly known as the Form 7 ("Form 7"). If the Cooperative fails a ratio, it is required to notify RUS of that fact in the Form 7. The Cooperative must then develop a Corrective Plan to the satisfaction of the RUS that describes the actions the Cooperative is taking to reach minimum requirements in a timely manner.

Q. What consequences could the Cooperative face if it defaults on the Loan Contract?

A. In the event of a default (failing to meet ratios for two out of three years), the Loan Contract allows the RUS to limit the Cooperative's operational authority and activities in several ways. For example, while in default, the Cooperative cannot make capital credit distributions, it may not incur debt from other lenders, and the RUS has the discretion to suspend advances from the Loan Contract. *See Exhibit JK-2, p. 14 (discussing consequences of a default).* While in default, the RUS may also require termination of the general manager and the Cooperative cannot hire a new general manager without first securing the RUS' approval of the candidate.

Q. What financial factors impact the OTIER calculation?

A. The RUS OTIER is a measurement of PRECorp's ability to pay interest expense with operating margins. The calculation, as depicted in the table below, is performed by adding current year operating margins to cash received by PRECorp from capital credit retirements from power suppliers and lenders and interest expense on long-term debt then dividing that sum by interest expense on long-term debt. "Long-term debt" refers to any debt originally held for a period longer than twelve (12) months. The OTIER must be at least 1.1, meaning the operating margins and cash capital credit retirements must be 1.1 times the interest expense.

OTIER Calculation Formula
(B+E+C+F)/B
B = Interest Expense on Long Term Debt (Part A, Line 16, Column b)[2] E = 1/3 of the amount, if any, by which restricted rentals of the electric system exceed 2% of equity (Part C, Line 36) minus Regulatory Assets (Part L, Line 3, cumulative of Column c). This item is rarely used in the calculation. C = Patronage Capital and Operating Margins (Part A, Line 21, Column b) F = Cash received from the retirement of G&T Patronage Capital and by the lenders for credit extended for the electric system. (Part I, Line 2c)

Q. How much margin is required to substantially change the OTIER?

A. For each one-tenth (0.1) increase in OTIER, PRECorp must have approximately $644,000 in margins. In our current environment (which includes no projected Basin capital credit retirements), the OTIER is mainly impacted by operating margins, so it generally increases by .1 with an increase of operating margins of approximately 10% of interest expense. For example, based on the 2018 adjusted test year interest expense on long term debt of $6,441,528, utilizing zero cash receipts from capital credit retirements in 2018, and assuming $644,000 in operating margin (which is ten percent of the interest expense on long- term debt in this scenario):

OTIER Calculation Formula
(B+E+C+F)/B

[2] All parentheticals in this chart following explanations of the letters above refer to portions of the Form 7.

(6,441,528+644,000)/6,441,528 = 1.1

Q. What are the financial items PRECorp should consider when forecasting the OTIER for upcoming years?

A. The first is operating margin levels, and since operating margins are compiled of revenue and expenses, those are the two main considerations when forecasting OTIER. Expenses can only be cut to a certain level, and PRECorp's work to accomplish expense reductions is discussed below. PRECorp is before the Commission for this rate case in large part due to decreased revenue as a result of declining sales.

Q. Please explain the declining sales PRECorp is experiencing.

A. Declining sales have been occurring since 2015. Compared to 2016, sales grew slightly in 2017 (by .7%), however this was mainly driven by the coal class and the increase in sales to that class following the significant decline of 18.3% that class experienced in 2016. Looking at all other classes of service, PRECorp kWh sales declined 2.09% in 2017 compared to 2016. Sales continued to decline in 2018, with a total decline of 4.1% compared to 2017. In addition to the 36.3% Coal Bed Methane (CBM) decline and the 15.6% coal decline between 2015 and 2018, the Large Power (LP) and General Service (GS) classes also saw significant declines during the same time frame of 6.9% and 12.3%, respectively.

Q. What is the projection for sales growth or decline in 2019?

A. Sales are projected to decline another 3.3% in 2019, based on PRECorp's most recent second quarter 2019 forecast.

Q. How does the decline in sales impact the Cooperative's gross margin?

A. Year end results for 2016 showed a $39.95 million gross margin. In 2017, after the new rates went into effect, PRECorp's gross margin only increased to $40.52 million. Year end results for 2018 ended with about the same gross margin as 2016, $39.96 million. PRECorp's 2019 budget currently projects a gross margin of $39.08 million.

Q. Why is gross margin important?

A. Gross margin is revenue less power cost. It is the margin available to fund operating costs. PRECorp's operating costs on an annual basis since 2016 have been: $39.5 million (2016), $39.63 million (2017), and $39.03 million (2018).

Q. What was PRECorp's net operating margin on an annual basis since 2016?

A. PRECorp's operating margins (gross margin less operating costs) since 2016 have been: $459,000 (2016), $893,000 (2017), and $926,000 (2018). These operating margins have ranged from .2% to .5% of operating revenues.

Q. What actions is PRECorp taking to manage the financial condition of the Cooperative other than raising rates?

A. For several years, PRECorp has been decreasing expenses as possible. For example, it has decreased its work force through attrition, resulting in a decrease of 20 full time employees between 2015 and 2019. Total payroll expenses have decreased since our last rate case from approximately $12.4 million to $11.8 million. PRECorp is undertaking initiatives to manage the financial condition of the Cooperative. For example, each quarter all departments review the annual budget to forecast the remaining months in the year. Sales forecasts are revised monthly to evaluate the current declining environment. The quarterly budget review and monthly sales analysis allow PRECorp to be more responsive to the changing conditions in our current environment. Moreover, in 2004, PRECorp implemented a Cooperative-wide program to encourage employees to contribute ideas for cost reduction and revenue generation called Case For Excellence (CFE), which is discussed in more detail by Brian Mills. PRECorp also has a program called Teamshare, whereby PRECorp employees could share in the benefit of these cost reductions through meeting corporate balanced scorecard metrics (historically up to $3,300 per employee per year or approximately 3% of total payroll). Due to the current financial pressures, in 2019 PRECorp removed the funding for the Teamshare program, put a hold on two open operations positions, reduced contractor expenses through delaying engineering studies, and reduced capital expenditures to reduce depreciation expense.

Q. What, if any of these items, impacted the adjusted test year?

A. While PRECorp reduced capital expenditures to reduce depreciation expense, in the adjusted test year PRECorp is increasing capital expenditures with its AMI project to bring our metering technology up to date (as suggested by the Commission in the last rate case). This project was started in 2018 and is planned to be completed in 2020. PRECorp adjusted the test year by the accumulated depreciation impact of the AMI project as if the project were completed. While many benefits are expected from this program, the first will be consistent monthly meter readings with interval kWh and KW readings for all meters. The new AMI also will allow two-way communication, allowing PRECorp to not only receive data from the meter, but to send commands to the meter. For the test year, PRECorp also:

- adjusted for cost of living increases in employee salaries;[3]
- added two positions to the test year that were open but not filled in 2018 and for which position recruitment and hiring is occurring in 2019 (one is filled; the other is being recruited); and
- adjusted for employees hired to backfill open positions during 2018 for a full 12-month payroll cost.

Q. If PRECorp's operating costs on an annual basis since 2016 have been $39.5 million (2016), $39.63 million (2017), and $39.03 million (2018), have PRECorp's cost reduction efforts made any difference?

A. PRECorp's efforts have made an impact. We have been successful in cutting costs so substantially that actual total operating costs have remained flat over the three-year period since the last rate filing, even though many expenses have increased, including, for example, transmission expenses and software expenses.

Q. Based on the 1Q2019 revised budget, what is the projection for the 2019 OTIER?

A. The first quarter 2019 ("1Q2019") Calendar Budget shows a reduction in expenses and a decrease in projected revenue for a total *projected margin* impact of negative $600,000. The projection for OTIER in the 1Q2019 revised budget is .91, assuming receiving no Capital Credit retirements. PRECorp's financial results will continue to change and can be updated for the Commission at a later point in this proceeding.

Q. Based on that, how will PRECorp meet the RUS required OTIER of 1.1 in 2019?

[3] PRECorp's cost of living adjustments occur in October, so PRECorp's payroll expenses will not show this as a monthly expense throughout all of 2018. Consequently, PRECorp adjusted this in the test year to account for a full year of payroll expenses.

A. PRECorp cannot meet the required OTIER in 2019 without a Basin Capital Credit retirement, which PRECorp cannot count on. Thus, PRECorp will most likely fail the OTIER in 2019 even if the Commission approves the requested rates, because the new rates will not be implemented until 2020. However, it can still meet the 2 years out of 3 RUS requirement if it meets the OTIER minimum in 2020, which makes 2020 a pivotal year for not only meeting the OTIER requirement but also for maintaining positive operating margins that impact distribution equity (covered later in my testimony) and the general financial condition of the Cooperative.

Q. How did PRECorp meet the required ratios prior to 2018?

A: The Cooperative depended upon a Revenue Deferral Plan, resulting in a Revenue Deferral Fund. This Plan allowed PRECorp to utilize revenue deferred in 2009 through 2012 to maintain a positive operating margin in 2013 and to utilize revenue deferred in 2014 and 2015 to maintain a positive operating margin in 2016. PRECorp used $8,375,000 from the Fund in 2016 and deferred an additional $1.4 million in 2017.

Q. Why can't PRECorp continue to use the Revenue Deferral Fund?

A. The Revenue Deferral Plan is an RUS approved plan. The RUS has already approved PRECorp to use $895,000 from the Revenue Deferral Fund in 2019, which was what PRECorp originally anticipated would be needed to meet the OTIER requirements. It is now estimated that use of the $895,000 will only bring PRECorp's OTIER in 2019 to .91. With the assumption of using $895,000 in 2019, the Revenue Deferral Fund will have a balance of $1.4 million in 2020, which may or may not be enough to allow PRECorp to meet OTIER in 2020. PRECorp could potentially use the Revenue Deferral Fund to meet OTIER in 2019, but that would require an additional $355,000 from the fund above the

\$895,000 already planned for a total of \$1,250,000 (\$644,000 = .1 change to OTIER) to bring the projected .91 OTIER to 1.1. However, that change would require PRECorp to obtain RUS approval to change its already approved use of the plan and would mean PRECorp will fail the OTIER in 2020. So, PRECorp can either stick with the RUS approved plan and fail OTIER in 2019 or change the RUS approved plan and fail OTIER in 2020. Either way, PRECorp is projected to fail OTIER in either 2019 or 2020, so it makes little sense to tie up resources to get RUS approval to fix the problem (and meet OTIER) in 2019, when the big picture result – failing in one of the three years between 2018 and 2020 – is the same.

Q. Can the Revenue Deferral Plan provide PRECorp an option to meet ratios through the decline PRECorp is experiencing?

A. No, based upon the currently approved plan, revenue deferral will be used in its entirety in 2020. A rate increase is required to maintain financial ratios, especially when PRECorp is already cutting very close on its projection to meet ratios in 2020 even with the Revenue Deferral Fund. Should PRECorp have operating margins beyond what is required to maintain ratios in future years and have a known future expense that fits RUS criteria for a new plan, a new revenue deferral plan request may be presented to RUS for approval.

Q. What funds does PRECorp maintain to deal with CBM downturn?

A. PRECorp continues to maintain two funds designated for specific purposes for the CBM class: the risk mitigation fund (RMF) and the cost of retirement (COR) fund.

Q. What is the status of each of those funds?

A. The COR fund continues to be used to pay for removing CBM distribution lines. As there are currently hundreds of miles in the queue to be reviewed for removal, PRECorp does not have an estimate of the amount that will be required to remove all of the line nor an accurate timeline for completion of all of the retirements.

The RMF was designed to mitigate stranded investment in CBM plant. The RMF is now approximately $2 million more than the net plant value of the designated CBM assets remaining on PRECorp's books. PRECorp would propose refunding the difference between these two values on an annual basis, until such time as the plant is fully depreciated or the CBM members who support those investments through depreciation costs in our rates no longer have enough revenue to support the investment. At that time, a full refund or evaluation of an impairment of the plant, depending on the scenario, would be completed. PRECorp proposes starting the refund of the RMF upon approval of this filing and asks for the Commission's support for this plan.

Q. What criteria were used to establish the proposed rate increase for this case?

A. PRECorp is targeting an overall rate increase of $8,421,248 in test year adjusted revenue. PRECorp's revenue requirement is developed based upon an RUS OTIER of 2.25. It is important to note, however that the rates developed and proposed in this case are projected to only achieve an increase of $7,030,045 in test year adjusted revenue. The proposed requested revenue requirement results in a 2.04 OTIER.

Q. Why is there a difference between the target revenue requirement OTIER (2.25) and the proposed revenue requirement OTIER (2.03)?

A. As part of this rate filing, PRECorp is proposing to re-integrate CBM rate classes back into the general LP and GS rate classes. If PRECorp maintained the same rate of return for all classes and reintegrated as planned, the standard General Service (GS) members and Large Power (LP) members would experience a larger increase than the cost of service study indicates (by about four percent for GS and somewhat less than that for LP). PRECorp does not intend to implement, and is not asking for approval of, that additional rate increase. Not implementing that additional increase results in a rate reduction for GS members and less of an increase for LP members. Once that additional impact is backed out of PRECorp's recovery, the resulting OTIER based upon the current rate design is only 2.03. Knowing that PRECorp is continuing to experience sales declines and that it historically has not obtained the goal OTIER from a rate increase, it is likely that these rates designed to result in a 2.03 OTIER will actually result in something less than that. Below is a chart depicting OTIER results from the last rate case OTIER of 1.5.

Year	Operating TIER	Rate Case Approved OTIER
2017	1.16	1.5
2018	1.15	1.5
Projected 2019	0.85	1.5

Q. What other factors are considered when developing rates and the revenue requirement?

A. As a not-for-profit electric Cooperative, PRECorp's required revenue is also determined based on the cash requirements necessary to meet its financial objectives.

Q. What are the Cooperative's financial objectives?

A. The Cooperative's financial objectives include:

- Provide sufficient margins to maintain the equity position of the Cooperative.

- Provide positive operating margins to maintain and grow the distribution equity position of the Cooperative.
- Provide sufficient cash margins to maintain the current capital credit retirement program that currently includes a projected $2,325,000 annual retirement.
- Provide sufficient cash margins to pay principal payments on long-term debt.
- Provide sufficient cash operating general funds equal to 30 days of operating cash (excluding designated funds).
- Provide sufficient margins to meet lender coverage requirements over the next four years.

Q. If PRECorp receives a Basin capital credit retirement and/or PRECorp does not retire its own capital credits, could that increase the 2019 OTIER to 1.1 or higher?

A. A Basin capital credit retirement could allow PRECorp to meet OTIER requirements in any given year, however a Basin capital credit retirement does not have any impact on PRECorp maintaining a positive operating margin. PRECorp capital credit retirements impact our equity level, but do not impact OTIER, the primary revenue requirement driver in this case.

Q. During the last rate case, PRECorp requested an RUS OTIER of 1.50. Why is the Cooperative basing the revenue requirement on an OTIER of 2.25 for this rate case?

A. Even in 2017, the first year the last general rate increase went into effect, the 1.5 OTIER was insufficient. PRECorp's OTIER, without considering the Basin Capital Credit retirements received in 2017 and 2018, was 1.16 and 1.15, respectively. This is insufficient because PRECorp was able to obtain these slightly over minimum OTIER numbers only by continuing to cut costs and eliminating activities that would be continued in a normal operating environment. The cuts are now deep enough that PRECorp is constantly juggling needed projects and expenses with current expenses to provide the necessary service and reliability levels that members require.

Q. Why didn't PRECorp use the Revenue Deferral Fund to reach a 1.1 OTIER instead of continuing to cut costs?

A. PRECorp anticipated the continued sales decline would create a need for that Fund and has been working to delay a rate increase until 2020, consistent with the goal communicated to the membership in 2017. PRECorp has cut as deeply into operating costs as it can without negatively impacting service and reliability. Yet, external costs continue to rise and sales continue to decline. Also, projections indicate that using the resources needed to get RUS approval to change the Plan would simply delay the failure to meet OTIER by one year, as discussed above, so PRECorp is utilizing those resources to try to ensure it meets OTIER in 2020, instead.

Q. How does the RUS OTIER for PRECorp compare to that of other cooperatives?

A. Exhibit JK-3 provides data from the Cooperative Finance Corporation (CFC) 2018 Key Ratio Trend analysis comparing PRECorp to the median of cooperatives in three groupings: those reporting data in the U.S. as a whole, cooperatives reporting in Wyoming, and cooperatives of comparable consumer size. PRECorp's OTIER was comparable to those of a comparable size in 2017 and 2018, mainly due to capital credit retirements from Basin. These retirements, however, are not within PRECorp's control and have not been consistent in the most recent years, as is depicted by the OTIER results in 2014 through 2018, which show wildly varying OTIERs, depending significantly on unpredictable and/or unreliable events (e.g., the Revenue Deferral Fund that is being depleted and Basin capital credit retirements).

Q. Is there any other financial requirement that PRECorp must address in this rate case?

A. Yes, equity position, which is also referred to as equity ratio.

Q. What requirements do PRECorp's lenders have regarding equity ratio?

A. The equity position of each cooperative borrower is important to both the RUS and the Cooperative Finance Corporation (CFC), the two entities that provide the debt financing for the Cooperative. The RUS imposes limits on a cooperative's ability to retire (return to the membership) capital credits if the equity ratio is below 30%. Additionally, the CFC utilizes the portfolio of its member borrowers when accessing funds in the market, so it is important for each member borrower to maintain an adequate equity position.

Q. What is Equity Position?

A. Equity position is a key indicator of the financial health of a cooperative. The equity position is reflected as a percentage of capitalization or equity as a percent of assets. The equity represents the level of margins (retained earnings) provided by members through rates to finance the utility plant additions that have been made over the course of the cooperative's history. The equity ratio indicates the percentage of plant assets financed by cash from current member rates. An equity ratio set too low results in a higher level of debt financing, which results in higher interest costs. An equity ratio that is too high results in a higher level of costs being recovered from current rate payers. The objective is to establish an appropriate balance between equity and debt financing.

Q. How does PRECorp's equity position compare to other cooperatives?

A. Exhibit JK-3 provides data from CFC's 2018 Key Ratio Trend analysis. PRECorp's *total* equity remained relatively constant over the last five years, holding in the 49-50% range, yet PRECorp's *distribution* equity[4] has declined over the past three years from 29.95 to 27.32%. The median distribution equity of the eight hundred fourteen (814) CFC cooperative borrowers across the U.S. in 2018 was 37.60%. The distribution equity for the group of cooperatives of a similar size is 35.54%. The median distribution equity for all eleven cooperatives in the state of Wyoming for 2018 was 34.49%. It is interesting to note that the distribution equity for Wyoming cooperatives has increased since 2014 from a median of roughly 31%, yet PRECorp is below even the 2014 median. This trend is indicative of PRECorp's total margin being funded at too high of a percentage of non-distribution equity (Basin Capital Credit Allocations) and too low of a percentage of member rates.

Q. Why is PRECorp discussing distribution equity, instead of just total equity?

A. As PRECorp has no direct control over Basin capital credit allocations or retirements, the only piece of total equity PRECorp has direct control over is distribution equity. PRECorp lenders use equity as a percentage of assets as the gauge for loan covenants they will or will not enter into with PRECorp, so PRECorp must manage total equity to obtain favorable loan covenants for its members. Also, PRECorp must protect against a significant financial change at Basin, which would impact total equity. The only control PRECorp has over that is monitoring and maintaining a distribution equity that assures a total equity sufficient to meet lender requirements.

[4] Distribution Equity is total equity less investments from associated organizations (e.g., Basin Capital Credit Allocations) as a percentage of assets less investments from associated organizations.

Q. If PRECorp overshoots on what is needed to maintain total equity (e.g., earns more margin in a particular year), how does it return the amount it charged in excess of what it needs to its members?

A. PRECorp returns all margins to its members through a capital credit allocation and also through capital credit retirements. If PRECorp, in a particular year, accrued more equity than it needed, it could either process a capital credit retirement or develop a request to RUS for a new revenue deferral plan. The revenue deferral has no impact on the member capital credit allocation in the year earned.

Q. Is PRECorp making any changes to rules and regulations in this filing?

A. Yes, PRECorp is making an administrative change to payment terms across all tariff sheets and rules and regulations to make the language in those documents consistent.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF POWDER RIVER ENERGY CORPORATION FOR AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE OF $7,030,045 PER ANNUM AND REVISE TARIFFS	)))))	DOCKET NO. 10014-202-CR-19 (Record No. ____________)

AFFIDAVIT, OATH AND VERIFICATION
OF JOANNE L. KOLB

STATE OF WYOMING)
) SS
COUNTY OF CROOK)

I, Joanne L. Kolb, being of lawful age and being first duly sworn, hereby state:

1. I am the Chief Financial and Administration Officer of Powder River Energy Corporation ("PRECorp").

2. Filed with the Wyoming Public Service Commission in the above-captioned proceeding and made a part hereof for all purposes is my direct testimony and exhibits, which have been prepared in written form for introduction into evidence in this proceeding. I have, by all necessary action, been duly authorized to file this testimony and make this Oath and Verification.

3. I hereby verify that all statements and information contained within the direct testimony and its attachments are true and complete to the best of my knowledge.

Joanne L. Kolb

Joanne L. Kolb
Chief Financial and Administration Officer
Powder River Energy Corporation
221 Main Street
Sundance, WY 82729

The foregoing was acknowledged before me by Joanne L. Kolb on this 1st day of October, 2019. Witness my hand an official seal. My commission expires: 6/2/2020.

S STEPHANIE J. PRIBILSKE - NOTARY PUBLIC
County of Crook State of Wyoming
My Commission Expires June 2, 2020

Notary Public

EXHIBIT JK-1

JOANNE KOLB – RESUME

CURRICULUM VITAE

PERSONAL DATA:
LAST NAME: KOLB
First Name: Joanne
Physical Street Address: 221 Main Street, Sundance, WY 82729
Telephone Office: 307-283-4921
Telephone Mobile: 307-290-2423
Email: joannek@precorp.coop

EDUCATION:

Bachelor of Arts in Business Administration, Major: Finance
Minor: Managerial Accounting
University of Wisconsin Green Bay May 1993

Masters of Science in Management
Professional Project Subject: Leading Change
University of Wisconsin Green Bay May 2006

WORK HISTORY:

Chief Financial and Administration Officer, Powder River Energy Corporation, Sundance, WY, **2016 to present**, Supervisor: CEO Mike Easley

- Duties: Executive Management, Accounting and Financial Reporting, Financial Analysis, Purchasing and Asset Management, Monitor annual budget, Report Financial Information to Board and Management, Treasury Management, Credit and Collections

Manager, Finance and Administration, Price Electric Cooperative, Philips, WI, **2009 to 2016**

- Duties: Supervise Accounting staff, Develop and Monitor annual budget, Report Financial Information to Board and Management, Coordinate Financial Audits, Supervise Billing and Collections

Fiscal Manager, Price County Public Health, Philips, WI, **2008 to 2009**

- Duties: Manage and Develop $1.2 million budget, Code and Process accounts, Coordinate purchasing, Prepare reports for Board and State stakeholders

Billing Implementation Leader, Schneider National, Inc., Green Bay, WI, **2009 to 2016**

- Duties: Supervise Accounting staff, Develop and Monitor annual budget, Report Financial Information to Board and Management, Coordinate Financial Audits, Supervise Billing and Collections

Collections Analyst, Schneider National, Inc., Green Bay, WI, **2004 to 2006**

- Duties: Assisted Collections Associated with $50 million in receivables

Office Manager, Integris Metals, Green Bay, WI, **1998 to 2004**

- Duties: Manage Administrative and Purchasing functions, Monitor Inventory Balance, Coordinate Office Technology

Credit Supervisor, Fabry Glove & Mitten (Saranac Glove), Green Bay, WI, **1993 to 1998**

- Duties: Manage Credit Department, Financial Risk Management analysis, Manage Accounts Receivable, Process Daily Billing

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TRAINING AND PROFESSIONAL DEVELOPMENT:

NRECA

Management and Supervisory Courses

NRECA/NRUCFC

CFPC – Certified Financial Professional Certificate 2014

REFERENCES:

Marliee Opresik
Retired President/CEO
Price Electric Cooperative
Retired June 2013

Mary Lund
Retired VP, Human Resources
Dairyland Power Cooperative

Karla Yanske
Director of Office Services
Vernon Electric Cooperative

EXHIBIT JK-2

LOAN CONTRACT
(SECTION LISTING RUS REQUIRED RATIOS)

RUS Project Designation:

WYOMING 0025-AD48 CROOK

RUS LOAN CONTRACT

An Agreement Made By And Between

POWDER RIVER ENERGY CORPORATION,

as Borrower

and

UNITED STATES OF AMERICA,

as Lender

Dated as of September 1, 2017

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

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(b) Annual Certification. Within ninety (90) days after the close of each calendar year, commencing with the year following the year in which the initial Advance hereunder shall have been made, the Borrower shall deliver to RUS a written statement signed by its General Manager, stating that during such year the Borrower has fulfilled all of its obligations under the Loan Documents throughout such year in all material respects or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

Section 5.3. Simultaneous Prepayment of Contemporaneous Loans.

If the Borrower shall at any time prepay in whole or in part the Contemporaneous Loan described on Schedule 1, the Borrower shall prepay the RUS Note correspondingly in order to maintain the ratio that the Contemporaneous Loan bears to the RUS Commitment. If the RUS Note calls for a prepayment penalty or premium, such amount shall be paid but shall not be used in computing the amount needed to be paid to RUS under this section to maintain such ratio. In the case of Contemporaneous Loans and RUS Notes existing prior to the date of this Agreement under previous agreements, prepayments shall be treated as if governed by this section. Provided, however, in all cases prepayments associated with refinancing or refunding a Contemporaneous Loan pursuant to Article II of the Mortgage are not considered to be prepayments for purposes of this Agreement if they satisfy each of the following requirements:

(a) Principal. The principal amount of such refinancing or refunding loan is not less than the amount of loan principal being refinanced; and

(b) Weighted Average Life. The weighted average life of the refinancing or refunding loan is not less than the weighted average remaining life of the loan being refinanced.

Section 5.4. Rates to Provide Revenue Sufficient to Meet Coverage Ratios Requirements.

(a) Prospective Requirement. The Borrower shall design and implement rates for utility service furnished by it to provide sufficient revenue (along with other revenue available to the Borrower in the case of TIER and DSC) (i) to pay all fixed and variable expenses when and as due, (ii) to provide and maintain reasonable working capital, and (iii) to maintain, on an annual basis, the Coverage Ratios. In designing and implementing rates under this paragraph, such rates should be capable of producing at least enough revenue to meet the requirements of this paragraph under the assumption that average weather conditions in the Borrower's service territory shall prevail in the future, including average Utility System damage and outages due to weather and the related costs.

(b) Retrospective Requirement. The average Coverage Ratios achieved by the Borrower in the 2 best years out of the 3 most recent calendar years must be not less than any of the following:

TIER	=	1.25
DSC	=	1.25
OTIER	=	1.1
ODSC	=	1.1

(c) Prospective Notice of Change in Rates. The Borrower shall give thirty (30) days prior written notice of any proposed change in its general rate structure to RUS if RUS has requested in writing that it be notified in advance of such changes.

(d) Routine Reporting of Coverage Ratios. Promptly following the end of each calendar year, the Borrower shall report, in writing, to RUS the TIER, Operating TIER, DSC and Operating DSC levels which were achieved during that calendar year.

(e) Reporting Non-achievement of Retrospective Requirement. If the Borrower fails to achieve the average levels required by paragraph (b) of this section, it must promptly notify RUS in writing to that effect.

(f) Corrective Plans. Within 30 days of sending a notice to RUS under paragraph (e) of this section, or of being notified by RUS, whichever is earlier, the Borrower in consultation with RUS, shall provide a written plan satisfactory to RUS setting forth the actions that shall be taken to achieve the required Coverage Ratios on a timely basis.

(g) Noncompliance. Failure to design and implement rates pursuant to paragraph (a) of this section and failure to develop and implement the plan called for in paragraph (f) of this section shall constitute an Event of Default under this Agreement in the event that RUS so notifies the Borrower to that effect under section 7.1(d) of this Agreement.

Section 5.5. Depreciation Rates.

The Borrower shall adopt as its depreciation rates only those which have been previously approved for the Borrower by RUS.

Section 5.6. Property Maintenance.

The Borrower shall maintain and preserve its Utility System in compliance in all material respects with the provisions of the Mortgage, RUS Regulations and all applicable laws.

Section 5.7. Financial Books.

The Borrower shall at all times keep, and safely preserve, proper books, records and accounts in which full and true entries shall be made of all of the dealings, business and affairs of the Borrower and its Subsidiaries, in accordance with any applicable RUS Accounting Requirements.

Section 5.8. Rights of Inspection.

The Borrower shall afford RUS, through its representatives, reasonable opportunity, at all times during business hours and upon prior notice, to have access to and the right to inspect the Utility System, any other property encumbered by the Mortgage, and any or all books, records, accounts, invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in any way pertaining to its property or business, including its Subsidiaries, if any, and to make copies or extracts therefrom.

Section 5.9. Area Coverage.

(a) The Borrower shall make diligent effort to extend electric service to all unserved persons within the service area of the Borrower who (i) desire such service and (ii) meet all reasonable requirements established by the Borrower as a condition of such service.

(b) If economically feasible and reasonable considering the cost of providing such service and/or the effects on consumers' rates, such service shall be provided, to the maximum extent practicable, at the rates and for the construction and operation of the Utility System and may be withdrawn only upon checks, drafts, or orders signed on behalf of the Borrower and countersigned by an executive officer thereof.

Section 5.22. Additional Affirmative Covenants.

The Borrower also agrees to comply with any additional affirmative covenant(s) identified in Schedule 1 hereto.

ARTICLE VI

NEGATIVE COVENANTS

Section 6.1. General.

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, whether or not any Advance is outstanding hereunder, the Borrower shall duly observe each of the negative covenants set forth in this Article.

Section 6.2. Limitations on System Extensions and Additions.

(a) The Borrower shall not extend or add to its Electric System either by construction or acquisition without the prior written approval of RUS if the construction or acquisition is financed or will be financed, in whole or in part, by a RUS loan or loan guarantee.

(b) The Borrower shall not extend or add to its Electric System with funds from other sources without prior written approval of RUS in the case of:

(1) Generating facilities if the combined capacity of the facilities to be built, procured, or leased, including any future facilities included in the planned project, will exceed the lesser of 5 Megawatts or 30 percent of the Borrower's Equity;

(2) Existing electric facilities or systems in service whose purchase price, or capitalized value in the case of a lease, exceeds ten percent of the Borrower's Net Utility Plant; and

(3) Any project to serve a customer whose annual kWh purchases or maximum annual kW demand is projected to exceed 25 percent of the Borrower's total kWh sales or maximum kW demand in the year immediately preceding the acquisition or start of construction of facilities.

Section 6.3. Limitations on Changing Principal Place of Business.

The Borrower shall not change its principal place of business or keep property in a county not shown on a schedule to the Mortgage if the change would cause the lien in favor of RUS to become unperfected or fail to become perfected, as the case may be, unless, prior thereto, the Borrower shall have taken all steps required by law in order to assure that the lien in favor of RUS remains or becomes perfected, as the case may be, and, in either event, such lien has the priority accorded by the Mortgage.

Section 6.4. Limitations on Employment and Retention of Manager.

At any time any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing the Borrower shall not employ any general manager of the Utility System or the Electric System or any person exercising comparable authority to such a manager unless such employment shall first have been approved by RUS. If any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing and RUS requests the Borrower to terminate the employment of any such manager or person exercising comparable authority, or RUS requests the Borrower to terminate any contract for operating the Utility System or the Electric System, the Borrower shall do so within thirty (30) days after the date of such notice. All contracts in respect of the employment of any such manager or person exercising comparable authority, or for the operation of the Utility System or the Electric System, shall contain provisions to permit compliance with the foregoing covenants.

Section 6.5. Limitations on Certain Types of Contracts.

Without the prior approval of RUS in writing, the Borrower shall not enter into any of the following contracts:

(a) Construction contracts. Any contract for construction or procurement or for architectural and engineering services in connection with its Electric System if the project is financed or will be financed, in whole or in part, by a RUS loan or loan guarantee;

(b) Large retail power contracts. Any contract to sell electric power and energy for periods exceeding two (2) years if the kWh sales or kW demand for any year covered by such contract shall exceed 25 percent of the Borrower's total kWh sales or maximum kW demand for the year immediately preceding the execution of such contract;

(c) Wholesale power contracts. Any contract to sell electric power or energy for resale and any contract to purchase electric power or energy that, in either case, has a term exceeding two (2) years;

(d) Power supply arrangements. Any interconnection agreement, interchange agreement, wheeling agreement, pooling agreement or similar power supply arrangement that has a term exceeding two (2) years;

(e) System management and maintenance contracts. Any contract for the management and operation of all or substantially all of its Electric System; or

(f) Other contracts. Any contracts of the type described on Schedule 1.

Section 6.6. Limitations on Mergers and Sale, Lease or Transfer of Capital Assets.

(a) The Borrower shall not consolidate with, or merge, or sell all or substantially all of its business or assets, to another entity or person except to the extent it is permitted to do so under the Mortgage. The exception contained in this paragraph (a) is subject to the additional limitation set forth in paragraph (b) of this section.

(b) The Borrower shall not, without the written approval of RUS, voluntarily or involuntarily sell, convey or dispose of any portion of its business or assets (including, without limitation, any portion of its franchise or service territory) to another entity or person if such sale, conveyance or disposition could reasonably be expected to reduce the Borrower's existing or future requirements for energy or capacity being furnished to the Borrower under any wholesale power contract which has been pledged as security to RUS.

Section 6.7. Limitations on Using non-FDIC Insured Depositories.

Without the prior written approval of RUS, the Borrower shall not place the proceeds of the Loan or any loan which has been made or guaranteed by RUS in the custody of any bank or other depository that is not insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS.

Section 6.8. Limitation on Distributions.

Without the prior written approval of RUS, the Borrower shall not in any calendar year make any Distributions (exclusive of any Distributions to the estates of deceased natural patrons) to its members, stockholders or consumers except as follows:

(a) Equity above 30%. If, after giving effect to any such Distribution, the Equity of the Borrower shall be greater than or equal to 30% of its Total Assets; or

(b) Equity above 20%. If, after giving effect to any such Distribution, the Equity of the Borrower shall be greater than or equal to 20% of its Total Assets and the aggregate of all Distributions made during the calendar year when added to such Distribution shall be less than or equal to 25% of the prior year's margins.

Provided however, that in no event shall the Borrower make any Distributions if there is unpaid when due any installment of principal of (premium, if any) or interest on any of its payment obligations secured by the Mortgage, if the Borrower is otherwise in default hereunder or if, after giving effect to any such Distribution, the Borrower's current and accrued assets would be less than its current and accrued liabilities.

Section 6.9. Limitations on Loans, Investments and Other Obligations.

The Borrower shall not make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of, or guaranty, assume or otherwise become obligated or liable with respect to the obligations of, any other person, firm or corporation, except as permitted by the Act and RUS Regulations.

Section 6.10. Depreciation Rates.

The Borrower shall not file with or submit for approval of regulatory bodies any proposed depreciation rates which are inconsistent with RUS Regulations.

Section 6.11. Historic Preservation.

The Borrower shall not, without approval in writing by RUS, use any Advance to construct any facilities which shall involve any district, site, building, structure or object which is included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior pursuant to the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

Section 6.12. Rate Reductions.

Without the prior written approval of RUS, the Borrower shall not decrease its rates if it has failed to achieve all of the Coverage Ratios for the calendar year prior to such reduction.

Section 6.13. Limitations on Additional Indebtedness.

Except as expressly permitted by Article II of the Mortgage and subject to the further limitations expressed in the next section, the Borrower shall not incur, assume, guarantee or otherwise become liable in respect of any debt for borrowed money and Restricted Rentals (including Subordinated Indebtedness) other than the following: ("Permitted Debt")

(a) Additional Notes issued in compliance with Article II of the Mortgage;

(b) Purchase money indebtedness in non-Utility System property, in an amount not exceeding 10% of Net Utility Plant;

(c) Restricted Rentals in an amount not to exceed 5% of Equity during any 12 consecutive calendar month period;

(d) Unsecured lease obligations incurred in the ordinary course of business except Restricted Rentals;

(e) Unsecured indebtedness for borrowed money, except when the aggregate amount of such indebtedness exceeds 15% of Net Utility Plant and after giving effect to such unsecured indebtedness the Borrower's Equity is less than 30% of its Total Assets;

(f) Debt represented by dividends declared but not paid; and

(g) Subordinated Indebtedness approved by RUS.

PROVIDED, However, that the Borrower may incur Permitted Debt without the consent of RUS only so long as there exists no Event of Default hereunder and there has been no continuing occurrence which with the passage of time and giving of notice could become an Event of Default hereunder.

PROVIDED, FURTHER, by executing this Agreement any consent of RUS that the Borrower would otherwise be required to obtain under this section is hereby deemed to be given or waived by RUS by operation of law to the extent, but only to the extent, that to impose such a requirement of RUS consent would clearly violate federal laws or RUS Regulations.

Section 6.14. Limitations on Issuing Additional Indebtedness Secured Under the Mortgage.

(a) The Borrower shall not issue any Additional Notes under the Mortgage to finance Eligible Property Additions without the prior written consent of RUS unless the following additional requirements are met in addition to the requirements set forth in the Mortgage for issuing Additional Notes:

(1) The weighted average life of the loan evidenced by such Notes does not exceed the weighted average of the expected remaining useful lives of the assets being financed;

(2) The principal of the loan evidenced by such Notes is amortized at a rate that shall yield a weighted average life that is not greater than the weighted average life that would result from level payments of principal and interest; and

(3) The principal of the loan being evidenced by such Notes has a maturity of not less than 5 years.

(b) The Borrower shall not issue any Additional Notes under the Mortgage to refund or refinance Notes without the prior written consent of RUS unless, in addition to the requirements set forth in the Mortgage for issuing Refunding or Refinancing Notes, the weighted average life of any such Refunding or Refinancing Notes is not greater than the weighted average remaining life of the Notes being refinanced.

(c) Any request for consent from RUS under this section, shall be accompanied by a certificate of the Borrower's manager substantially in the form attached to this Agreement as Exhibit C-1 in the case of Notes being issued under Section 2.01 of the Mortgage and C-2 in the case of Notes being issued under Section 2.02 of the Mortgage.

Section 6.15. Impairment of Contracts Pledged to RUS.

The Borrower shall not materially breach any obligation to be paid or performed by the Borrower on any contract, or take any action which is likely to materially impair the value of any contract, which has been pledged as security to RUS by the Borrower or any other entity.

Section 6.16. Notice of Organizational Changes.

The Borrower covenants and agrees with RUS that the Borrower will not, directly or indirectly, without giving written notice to RUS thirty (30) days prior to the effective date:

(a) Change the name of the Borrower

(b) Change the mailing address of the Borrower, and

(c) Change its organizational identification number if it has one.

Section 6.17. Consent for Organizational Changes.

The Borrower covenants and agrees with RUS that the Borrower will not, directly or indirectly, without the prior written consent of RUS change its type of organization, jurisdiction of organization or other legal structure.

Section 6.18. Additional Negative Covenants.

The Borrower also agrees to comply with any additional negative covenant(s) identified in Schedule 1 hereto.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1. Events of Default.

The following shall be Events of Default under this Agreement:

(a) Representations and Warranties. Any representation or warranty made by the Borrower in Article II hereof or any certificate furnished to RUS hereunder or under the Mortgage shall prove to have been incorrect in any material respect at the time made and shall at the time in question be untrue or incorrect in any material respect and remain uncured;

(b) Payment. Default shall be made in the payment of or on account of interest on or principal of the Note or any other Government Note when and as the same shall be due and payable, whether by acceleration or otherwise, which shall remain unsatisfied for five (5) Business Days;

(c) Borrowing Under the Mortgage in Violation of the Loan Contract. Default by the Borrower in the observance or performance of any covenant or agreement contained in Section 6.14 of this Agreement;

(d) Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for 30 calendar days after written notice thereof shall have been given to the Borrower by RUS;

(e) Corporate Existence. The Borrower shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, consents or licenses required to carry on any material portion of its business;

(f) Other Obligations. Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation;

(g) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors; and

(h) Dissolution or Liquidation. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within 30 days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions.

ARTICLE VIII

REMEDIES

Section 8.1. Generally.

Upon the occurrence of an Event of Default, then RUS may pursue all rights and remedies available to RUS that are contemplated by this Agreement or the Mortgage in the manner, upon the conditions, and with the effect provided in this Agreement or the Mortgage, including, but not limited to, a suit for specific performance, injunctive relief or damages. Nothing herein shall limit the right of RUS to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Article VII hereof. Each right, power and remedy of RUS shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Section 8.2. Suspension of Advances.

In addition to the rights, powers and remedies referred to in the immediately preceding section, RUS may, in its absolute discretion, suspend making or, in the case of any Loan guaranteed by RUS, approving Advances hereunder if (i) any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing; (ii) there has occurred a change in the business or condition, financial or otherwise, of the Borrower which in the opinion of RUS materially and adversely

EXHIBIT JK-3

DATA FROM COOPERATIVE FINANCE CORPORATION (CFC)
2018 KEY RATIO TREND ANALYSIS

2018 Key Ratio Trend Analysis (KRTA)

OTIER

Year	PRECorp	US Total Median	US Total NBR	US Total Rank	State Grouping Median	State Grouping NBR	State Grouping Rank	Consumer Size Median	Consumer Size NBR	Consumer Size Rank
2014	1.20	1.93	813	756	1.88	11	10	2.09	38	37
2015	1.10	1.88	811	750	1.87	11	11	1.84	38	36
2016	1.10	1.94	809	753	2.12	11	11	1.93	38	37
2017	1.95	1.94	813	403	2.75	11	8	1.93	37	18
2018	2.15	2.17	814	415	2.83	11	7	1.94	39	14

EQUTY AS A % OF ASSETS

Year	PRECorp	US Total Median	US Total NBR	US Total Rank	State Grouping Median	State Grouping NBR	State Grouping Rank	Consumer Size Median	Consumer Size NBR	Consumer Size Rank
2014	48.96	43.92	813	280	48.96	11	6	46.09	38	13
2015	50.22	44.23	811	260	50.78	11	7	45.17	38	13
2016	49.28	44.83	809	288	51.04	11	8	45.80	38	13
2017	48.82	45.27	813	312	50.04	11	7	44.05	37	16
2018	49.89	45.62	814	297	51.89	11	7	42.64	39	12

DISTRIBUTION EQUTY (EXCLUDES EQUITY IN ASSOC ORG'S PATRONAGE CAPITAL) AS A % OF ASSETS

Year	PRECorp	US Total Median	US Total NBR	US Total Rank	State Grouping Median	State Grouping NBR	State Grouping Rank	Consumer Size Median	Consumer Size NBR	Consumer Size Rank
2014	29.36	36.31	813	591	30.77	11	7	36.77	38	29
2015	29.95	36.38	811	589	30.53	11	7	38.94	38	31
2016	27.95	36.41	809	627	30.50	11	9	37.60	38	32
2017	27.35	36.73	813	655	32.62	11	9	34.95	37	32
2018	27.32	37.60	814	666	34.49	11	9	35.54	39	33