

REPORT OF THE PRECORP BOARD SECRETARY/TREASURER

It is my pleasure to present to you the Treasurer's Report. As you will see in this report, the financial statements reflect the sound financial status of Powder River Energy Corporation (PRECorp).

In 2020, PRECorp's total sales declined by 4.1%, after a decline of 2.8% in 2019. Total sales were sufficient to provide a positive operating margin. However, in December, PRECorp recognized \$1,400,000 from deferred revenue as part of the plan approved in 2018.

As PRECorp looks forward through 2021 and into 2022, focus continues to be placed on mitigating the impacts of bad debt and credit risk, navigating through a declining sales environment and focusing on operational efficiencies and strategies that have a positive impact on the Cooperative's financials.

PRECorp strives to keep your rates predictable and stable, while maintaining a reliable distribution system and financially strong cooperative.

The PRECorp Board of Directors has examined the balance sheet and income statement for the

year ended December 31, 2020, and reviews the Cooperative's financials on a monthly basis. The accounting procedures and principles used by the cooperative are kept in accordance with the Rural Utilities Service's (RUS) standards, and are examined annually by independent audit. Complete versions of our annual audit, including the income statement and balance sheet, are on file at the Cooperative's office.

- Gerry Geis, Secretary/Treasurer

MERTZ NAMED CHIEF FINANCIAL AND ADMINISTRATION OFFICER

Bill Mertz has accepted the position of Powder River Energy Corporation's Chief Financial and Administration Officer. Mertz replaces Joanne Kolb who served PRECorp for 5 years. Bill has a demonstrated career in cooperative accounting and finance, regulatory affairs, and brings a great deal of leadership experience with him as well. Bill has served in the cooperative family most recently as Manager of Finance/Chief Financial Officer at San Miguel Power Association in Colorado. Bill will officially begin his role with PRECorp on August 2.



PRECorp history of kWh sales since 2010



The chart above shows PRECorp's kilowatt sales over the past decade. The red bar depicts Residential/Irrigation sales. The purple bar depicts CBM sales. CBM sales peaked in 2008, and are no longer factored into budgeted sales.

Comparative Statement of Operations

	2019	2020
OPERATING REVENUE AND PATRONAGE CAPITAL	\$175,841,497	\$157,724,753
Cost of Purchased Power	\$136,466,119	\$117,056,446
Transmission Expense	\$1,632,430	\$1,516,968
Distribution Expense - Operations	\$6,602,151	\$6,397,408
Distribution Expense - Maintenance	\$4,396,532	\$4,477,420
Customer Accounts Expense	\$2,648,264	\$2,426,075
Customer Service and Informational Expense	\$56,314	\$43,280
Sales Expense	\$4,824	\$4,506
Administrative and General Expense	\$5,684,863	\$5,804,262
TOTAL OPERATION & MAINTENANCE EXPENSE	\$157,491,497	\$137,726,365
Depreciation and amortization Expense	\$9,426,314	\$9,303,006
Tax Expense - Property, Gross Receipts, and Other	\$569,616	\$609,043
Interest on Long-Term Debt & Other	\$6,939,833	\$6,369,184
Other Deductions	\$157,066	\$283,734
TOTAL COST OF ELECTRIC SERVICE	\$174,584,327	\$154,291,333
PATRONAGE CAPITAL & OPERATING MARGINS	\$1,257,171	\$3,433,421
Interest and Other	\$3,223,557	\$1,537,311
Capital Credits	\$5,139,446	\$5,737,552
PATRONAGE CAPITAL OR MARGINS	\$9,620,174	\$10,708,284

2020 OPERATING EXPENSE BY CATEGORY



Transmission \$1,516,968	4.07%
Operations \$6,397,408	17.18%
Sales \$4,506	0.01%
Maintenance \$4,477,420	12.02 %
Customer Account \$2,426,075	s 6.52%
Customer Service and Informational \$43,280	0.12%
Administrative and \$5,804,262	General 15.59%
Depreciation & Am \$9,303,006	ortization 24.98%
Tax \$609,043	1.64%
Interest on Long Te & Other	
\$6,369,184	17.11%
Other Deductions \$283,734	0.76%
Total Operating Exp \$37,234,886	oenses 100.00%

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2020 REVENUE FROM SALES OF ELECTRICITY*



* This breakout of PRECorp's revenue from sales of electricity does not include other non-sales revenue.

Comparative Balance Sheet

Utility Plant (net) \$211,651,044 \$214,688,263 Other Property and Investments Non-Utility Property (net) Investments in Associated Organizations \$113,113 \$106,313 Other Property and Investments Non-Utility Property (net) Investments in Associated Organizations \$144,279,225 \$143,254,301 Other Investments \$317,777,317 \$38,613,940 \$143,254,301 Current Assets Cash and Cash Equivalents \$54,762,527 \$44,419,328 Accounts Receivable (net) \$17,021,889 \$14,670,129 Other Accounts Receivable \$507,016 \$386,272 Materials and Supplies \$60,07,287 \$5,711,219 Other Current Assets \$4,099,687 \$3,468,041 \$82,468,407 \$68,654,989 \$465,390,577 Deferred Debits \$183,077 \$72,771 TOTAL ASSETS \$440,472,182 \$466,5390,577 Equity and Margins \$233,525,480 \$233,216,866 Long Term Debt \$159,949,531 \$155,915,792 Other Ourrent Maturities) \$25,03,760 \$2,799,185 Current Maturities Notes Payable \$13,7		2019	2020
Investments in Associated Organizations Other Investments \$144,279,225 \$143,254,301 Other Investments \$31,777,317 \$38,613,940 \$176,169,655 \$181,974,552 Current Assets Cash and Cash Equivalents \$547,762,528 Accounts Receivable (net) \$17,021,889 \$144,670,129 Other Accounts Receivable \$567,016 \$386,272 Other Accounts Receivable \$567,016 \$386,272 Materials and Supplies \$6,007,287 \$55,711,219 Other Current Assets \$6,007,287 \$3,468,047 S82,468,407 \$68,654,989 \$82,468,407 Deferred Debits \$183,077 \$72,771 TOTAL ASSETS \$447,0472,182 \$465,390,577 Equity and Margins \$233,525,480 \$233,216,866 Long Term Debt (Net of Current Maturities) \$159,949,531 \$155,915,792 Other Non-Current Liabilities \$2,03,780 \$2,789,185 Current Liabilities Notes Payable \$ - \$ - Accounts Payable \$ - \$ 11,687,305 \$11,687,305 Other Current Liabil	Utility Plant (net)	\$211,651,044	\$214,688,263
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Deferred Debits\$183,077\$72,771TOTAL ASSETS\$470,472,182\$465,390,577Equity and Margins\$233,525,480\$233,216,866Long Term Debt (Net of Current Maturities)\$159,949,531\$155,915,792Other Non-Current Liabilities\$2,503,760\$2,789,185Current LiabilitiesNotes Payable\$ - Accounts Payable\$ 13,717,197Accounts Payable (Utrrent Maturities of Long Term Debt (St1,795,528\$ 3,608,792\$ 3862,831Regulatory Liabilities\$ 3,608,792\$ 8862,831	Acco Other M	unts Receivable (net) \$17,021,889 Accounts Receivable \$587,016 aterials and Supplies \$6,007,287 Other Current Assets \$4,089,687	\$14,670,129 \$386,272 \$5,711,219 \$3,468,041
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	Deferred Credits	\$29,089,090	\$30,357,777
TOTAL EQUITY AND LIABILITIES \$470,472,182 \$465,390,577	TOTAL EQUITY AND LIABILITIES	\$470,472,182	\$465,390,577



PRECorp Service Territory



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 <u>www.precorp.coop/board-directors</u>

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PRECorp Board of Directors

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Campbell County: Gerry Geis, Board Secretary-Treasurer Alison Gee	PF
Crook County:	Residential
Philip Habeck, Board Vice-President;	Seasonal
Members 1 st Board President	Irrigation
Paul Baker, Basin Electric Board member;	General Se
Members 1 st Board member	General Se
Johnson County:	Large Powe
lim Purdy	Large Powe
Mike Lohse, WREA Board member	LPT Coal M
Sheridan County:	LPT Genera
lim Baumgartner, Members 1 st Board member	LPT CBM
Nike Helvey	LPC CBM
Neston County: Reuben Ritthaler, Board President; Wyoming Rep to NRECA	Street Light Total

PRECorp Customer Mix

	2019	2020	+/-
dential	15,330	15,370	40
onal	3,335	3,423	88
tion	259	263	4
eral Service	5,788	5,557	(231)
eral Service CBM	637	514	(123)
e Power	1,192	1,146	(46)
e Power CBM	538	492	(46)
Coal Mines	13	13	-
General	1	1	-
CBM	5	5	-
СВМ	-	-	-
t Lights	32	32	-
	27,130	26,816	(314)

PRECorp Accounts By County for 2020

Campbell	13,012	
Converse	2	
Crook	6,323	
Johnson	2,927	
Niobrara	3	
Sheridan	1,309	
Weston	3,061	
Montana	179	
Total	26,816	