

2019 Financial Reports

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). The PRECorp Board of Directors has examined the balance sheet and income statement for the year ended December 31, 2019, and review 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*



REPORT FROM THE CHIEF FINANCIAL AND ADMINISTRATION OFFICER

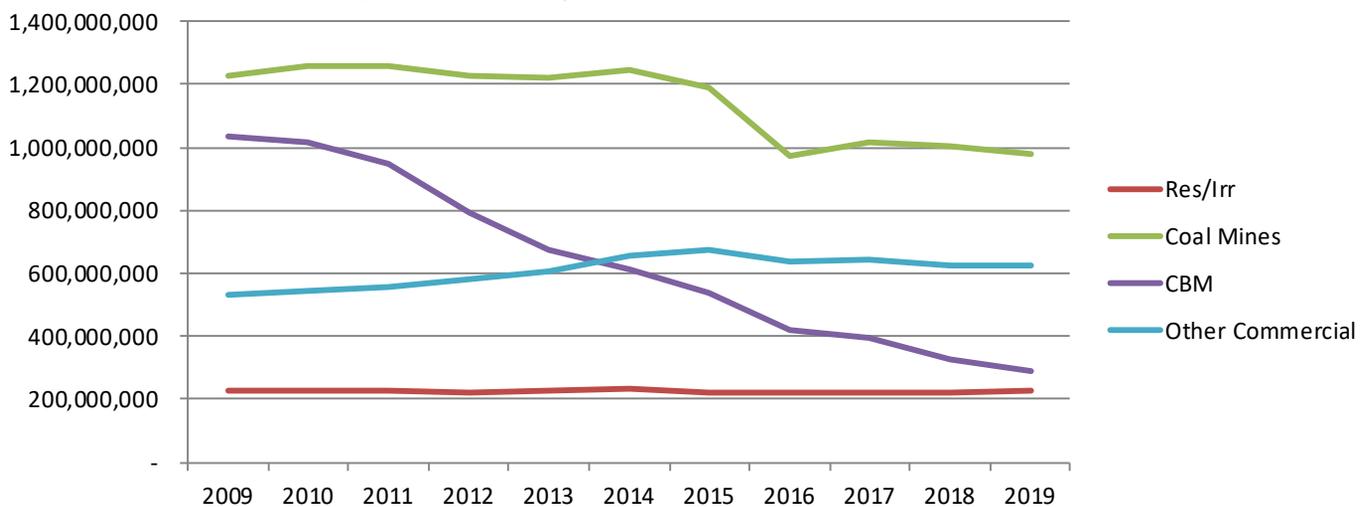
In 2019, PRECorp's total sales declined by 2.8%, after a decline of 4.1% in 2018. Total sales were sufficient to provide a positive operating margin at current rates. However, in December, PRECorp recognized \$895,000 from deferred revenue as part of the plan created in 2018. As PRECorp looks forward through 2020 and into 2021, focus is continuing to be placed on mitigating the impacts of bad debt and credit risk, implementing the 2019 rate case in September, managing risks and impacts of COVID-19 for its team and membership,

navigating through a declining sales environment, while at the same time 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.

- *Joanne Kolb/ PRECorp
Chief Financial and Administration Officer*



PRECorp history of kWh sales since 2009



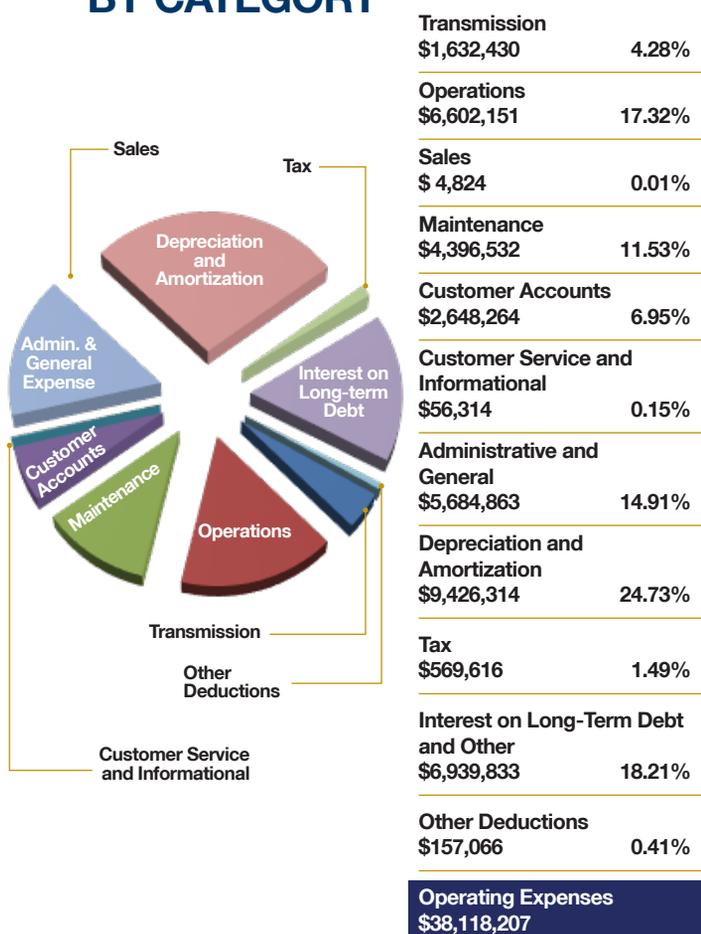
The chart above shows PRECorp's kilowatt sales over the past decade. The red bar depicts Residential/Irrigation sales. The purple bar depicts CBM sales. CBM sales peaked in 2008, and have been declining since that time, and are now below 2005 sales.

Comparative Statement of Operations

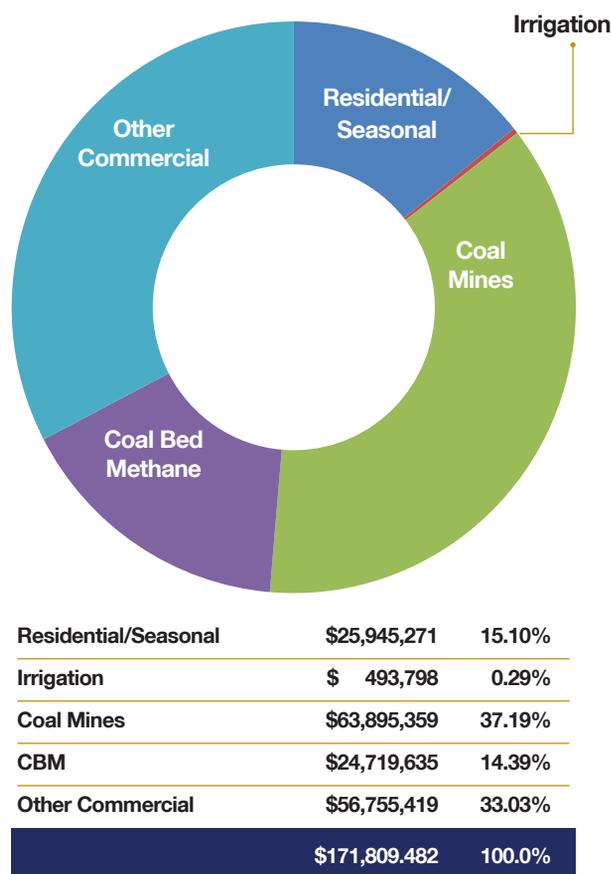
INCOME STATEMENT

	2018	2019	% of Revenue
OPERATING REVENUE AND PATRONAGE CAPITAL	\$ 180,051,356	\$ 175,841,497	
Less: Cost of Purchased Power	\$ 139,808,705	\$ 136,466,119	77.6%
Gross Margin	\$ 40,242,651	\$ 39,375,378	22.4%
Less: Operating Expenses	\$ 39,315,763	\$ 38,118,207	21.7%
Operating Margins	\$ 926,888	\$ 1,257,171	00.7%
Plus: Interest and Other Income	\$ 2,248,444	\$ 3,223,557	
Plus: Capital Credit Allocations	\$ 20,037,416	\$ 5,139,446	
NET MARGINS	\$ 23,212,749	\$ 9,620,174	

2019 OPERATING EXPENSE BY CATEGORY



2019 REVENUE FROM SALES OF ELECTRICITY*



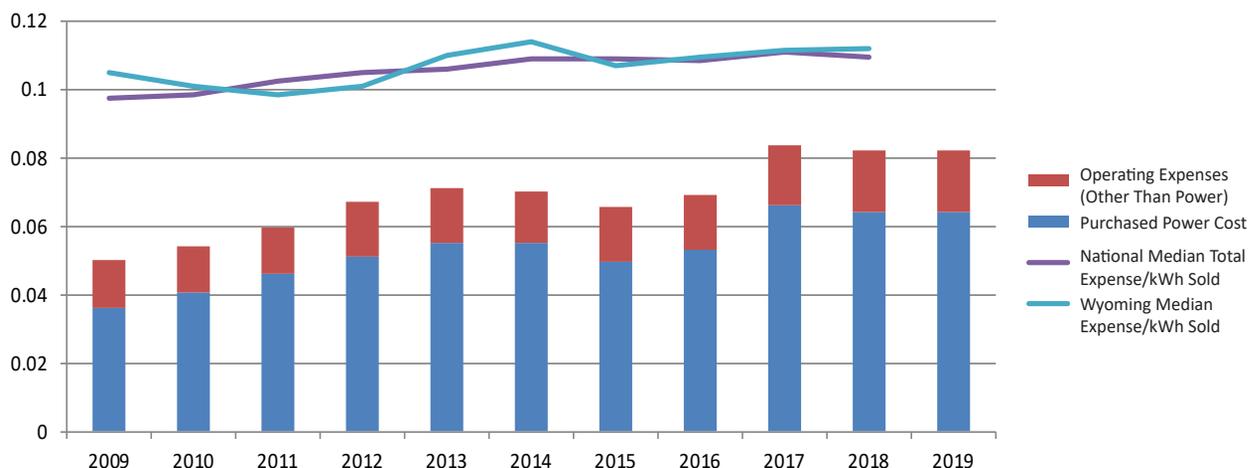
* This breakout of PRECorp's revenue from sales of electricity does not include other non-sales revenue.

Comparative Balance Sheet

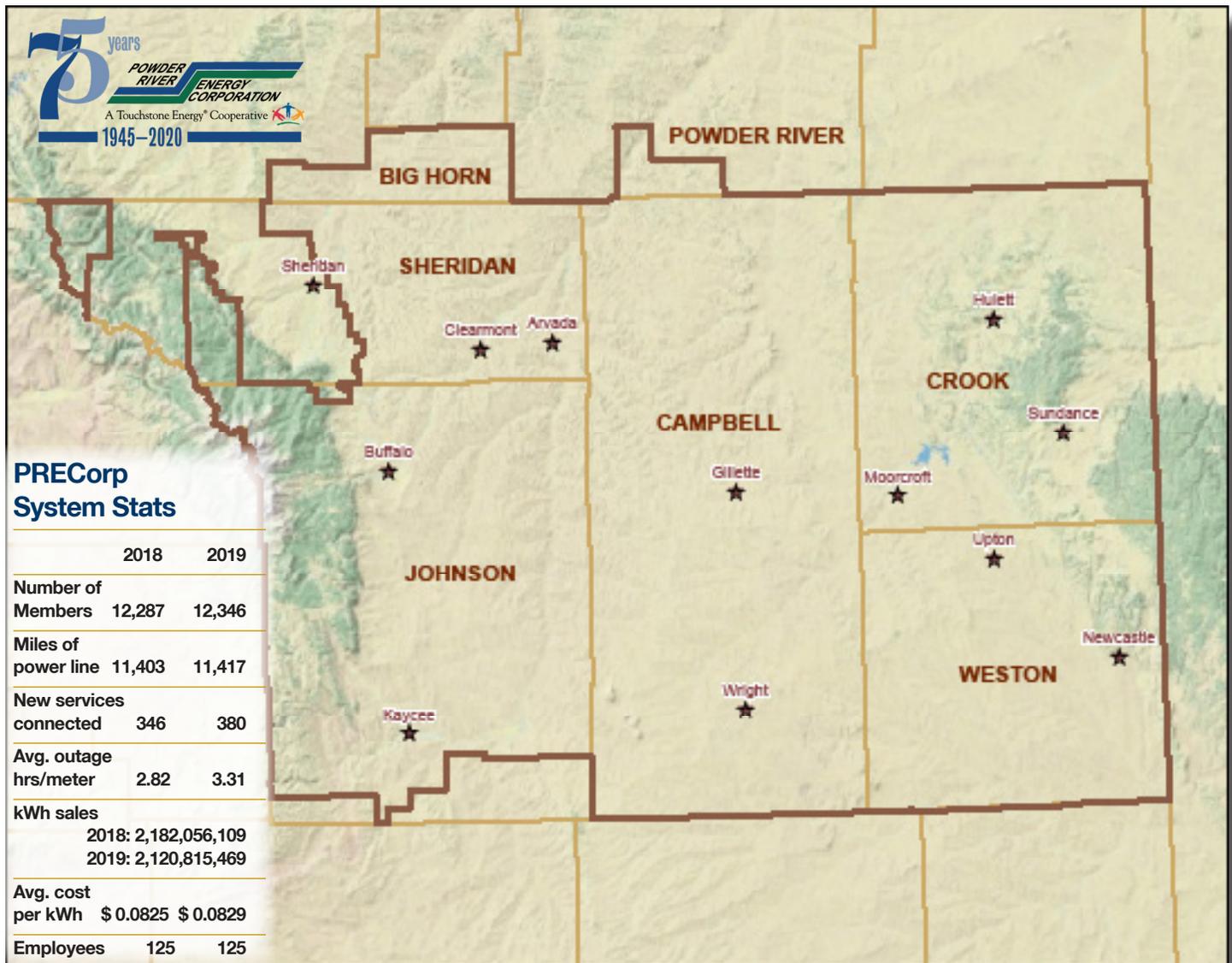
		2018	2019
Utility Plant (net)		\$ 209,526,594	\$ 211,651,044
Other Property and Investments	Non-Utility Property (net)	\$ 111,669	\$ 113,113
	Investments in Associated Organizations	\$ 145,703,045	\$ 144,279,225
	Other Investments	\$ 31,434,976	\$ 31,777,317
Total Other Property and Investments		\$ 177,249,690	\$ 176,169,655
Current Assets	Cash and Cash Equivalents	\$ 58,878,545	\$ 54,762,527
	Accounts Receivable (net)	\$ 15,637,992	\$ 17,021,889
	Other Accounts Receivable	\$ 761,845	\$ 587,016
	Materials and Supplies	\$ 6,319,586	\$ 6,007,287
	Other Current Assets	\$ 496,479	\$ 4,089,687
Total Current Assets		\$ 82,094,447	\$ 82,468,407
Deferred Debits		\$ 255,135	\$ 183,077
TOTAL ASSETS		\$ 469,125,865	\$ 470,472,182
Equity and Margins		\$ 234,066,960	\$ 233,525,480
Long Term Debt	(Net of Current Maturities)	\$ 155,902,264	\$ 159,949,531
Other Non-Current Liabilities		\$ 2,509,684	\$ 2,503,760
Current Liabilities	Accounts Payable	\$ 15,008,392	\$ 13,717,197
	Other Current Liabilities	\$ 20,639,159	\$ 20,978,491
	Current Maturities of Long Term Debt	\$ 6,778,296	\$ 7,099,840
Total Current Liabilities		\$ 42,425,847	\$ 41,795,528
Regulatory Liabilities		\$ 5,502,810	\$ 3,608,792
Deferred Credits		\$ 28,718,300	\$ 29,089,090
TOTAL EQUITY & LIABILITIES		\$ 469,125,865	\$ 470,472,182

PRECorp Operating Expenses per kWh sold

The cost of power has an increasing trend until 2018, but PRECorp's other expenses decreased in 2019. Additionally, PRECorp's total expenses per kilowatt hour (kWh) sold, remain below national and state medians.



PRECorp Service Territory



PRECorp System Stats

	2018	2019
Number of Members	12,287	12,346
Miles of power line	11,403	11,417
New services connected	346	380
Avg. outage hrs/meter	2.82	3.31
kWh sales	2018: 2,182,056,109	2019: 2,120,815,469
Avg. cost per kWh	\$ 0.0825	\$ 0.0829
Employees	125	125

PRECorp Board of Directors

Campbell County:

Gerry Geis, Board Secretary-Treasurer
Alison Gee

Crook County:

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

Johnson County:

Jim Purdy
Mike Lohse, WREA Board member

Sheridan County:

Jim Baumgartner, Members 1st Board member
Mike Helvey

Weston County:

Reuben Ritthaler, Wyoming Rep to NRECA
Walt Christensen, Board President

PRECorp Customer Mix

	End of 2018	End of 2019	+/-
Residential	15,174	15,330	+156
Seasonal	3,350	3,335	-15
Irrigation	241	259	+18
General Service	5,730	5,788	+58
General Service CBM	599	637	+38
Large Power	1,175	1,192	+17
Large Power CBM	627	538	-89
LPT Coal Mines	13	13	0
LPT General	1	1	0
LPT CBM	5	5	0
Street Lights	28	32	+4
TOTAL	26,943	27,130	+187

PRECorp Accounts By County for 2019

	Accounts
Campbell	12,912
Converse	2
Crook	6,476
Johnson	3,039
Niobrara	3
Sheridan	1,333
Weston	3,179
Montana	186
Total	27,130