



2020 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).

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

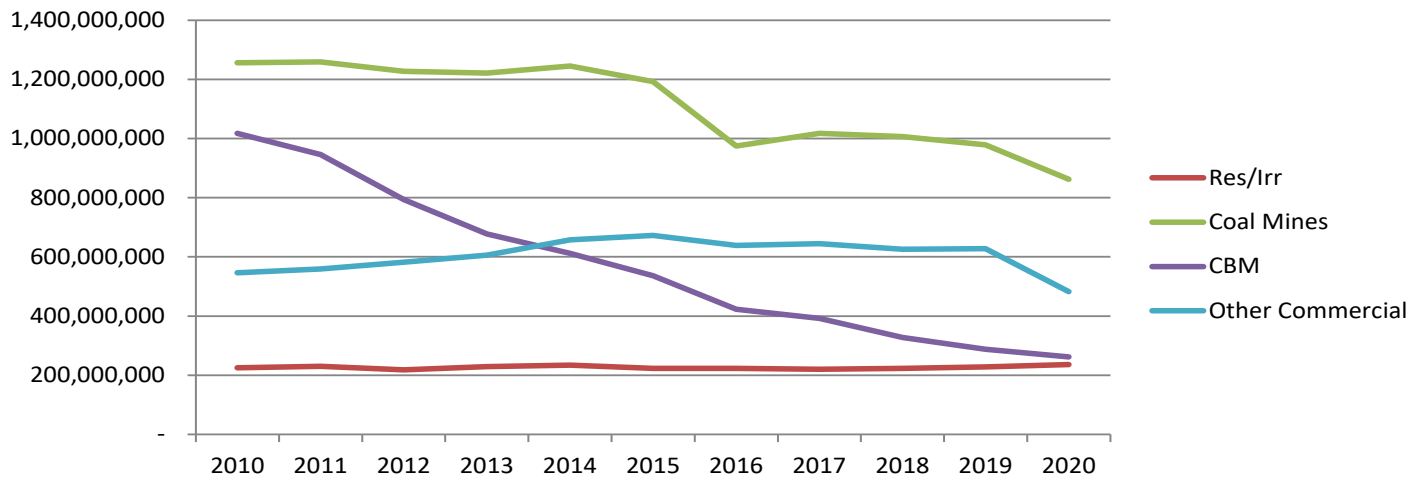
MERTZ NAMED CHIEF FINANCIAL AND ADMINISTRATION OFFICER

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

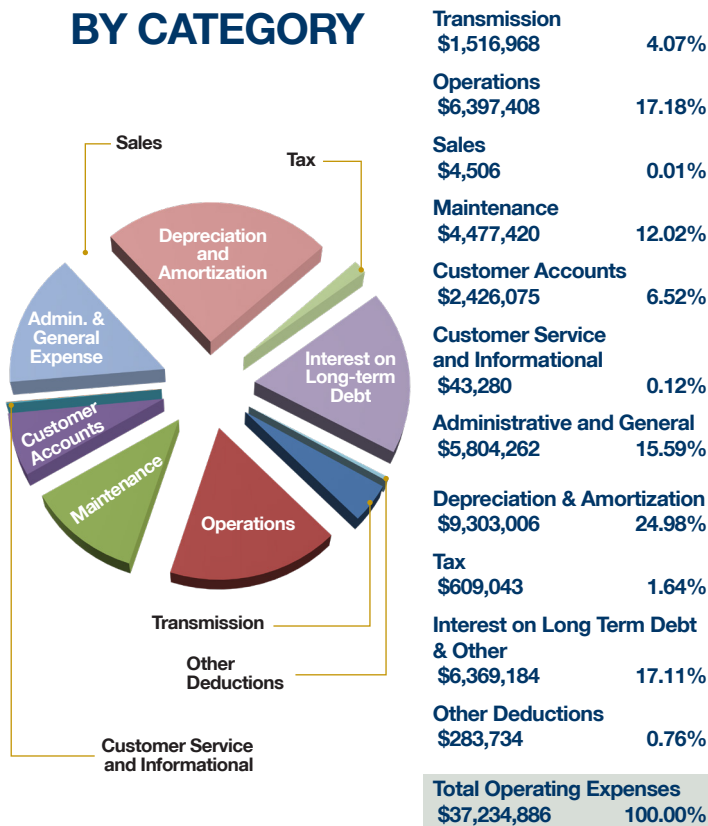


The chart above shows PRECorp’s kilowatt sales over the past decade. The red bar depicts Residential/Irrigation sales. The purple bar depicts CBM sales. CBM sales peaked in 2008, and are no longer factored into budgeted sales.

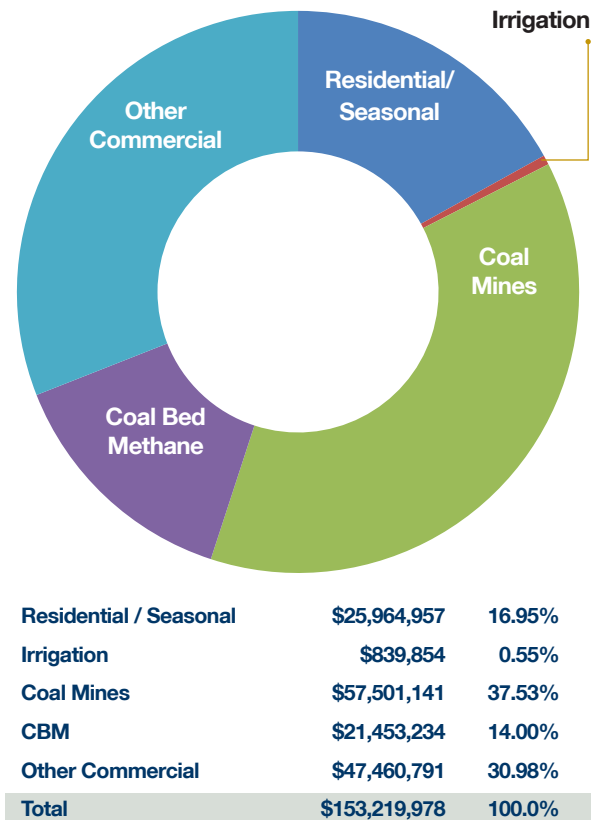
Comparative Statement of Operations

	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



2020 REVENUE FROM SALES OF ELECTRICITY*



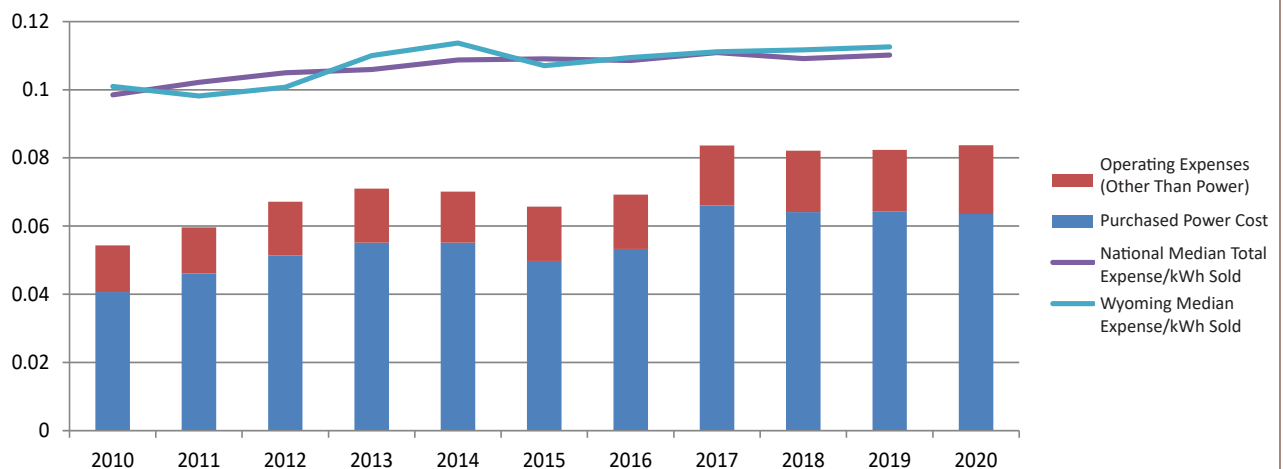
* This breakout of PRECorp's revenue from sales of electricity does not include other non-sales revenue.

Comparative Balance Sheet

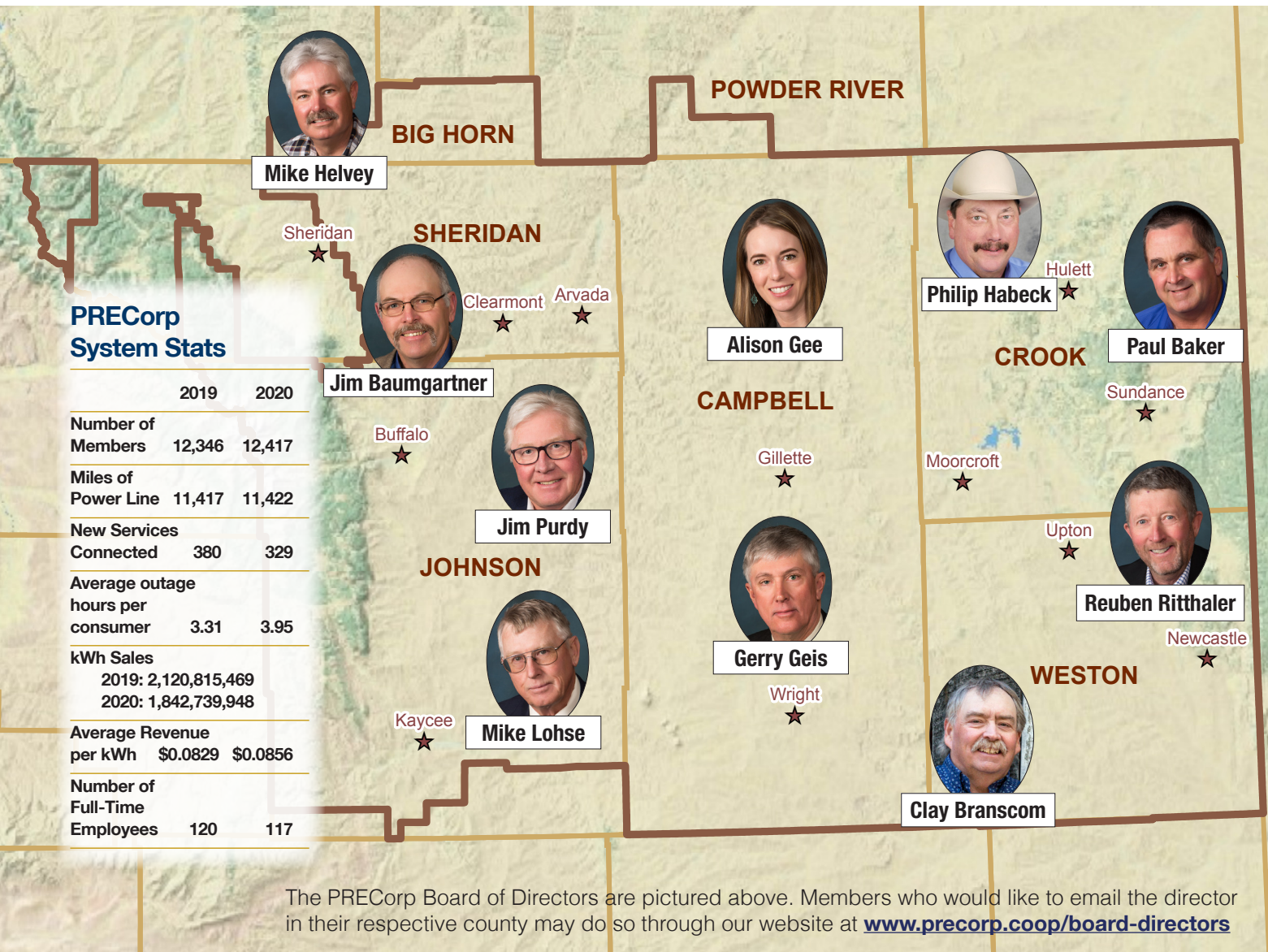
	2019	2020
Utility Plant (net)	\$211,651,044	\$214,688,263
Other Property and Investments		
Non-Utility Property (net)	\$113,113	\$106,313
Investments in Associated Organizations	\$144,279,225	\$143,254,301
Other Investments	\$31,777,317	\$38,613,940
	\$176,169,655	\$181,974,554
Current Assets		
Cash and Cash Equivalents	\$54,762,527	\$44,419,328
Accounts Receivable (net)	\$17,021,889	\$14,670,129
Other Accounts Receivable	\$587,016	\$386,272
Materials and Supplies	\$6,007,287	\$5,711,219
Other Current Assets	\$4,089,687	\$3,468,041
	\$82,468,407	\$68,654,989
Regulatory Assets	\$ -	\$ -
Deferred Debits	\$183,077	\$72,771
TOTAL ASSETS	\$470,472,182	\$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	\$2,503,760	\$2,789,185
Current Liabilities		
Notes Payable	\$ -	\$ -
Accounts Payable	\$13,717,197	\$11,687,305
Other Current Liabilities	\$20,978,491	\$21,055,891
Current Maturities of Long Term Debt	\$7,099,840	\$9,504,930
	\$41,795,528	\$42,248,126
Regulatory Liabilities	\$3,608,792	\$862,831
Deferred Credits	\$29,089,090	\$30,357,777
TOTAL EQUITY AND LIABILITIES	\$470,472,182	\$465,390,577

PRECorp Operating Expenses per kWh sold

The cost of power has an increasing trend until 2018, and PRECorp's expenses ticked up in 2020. Additionally, PRECorp's expenses per kilowatt hour (kWh) sold, remain below national and state medians.



PRECorp Service Territory



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, Board President;
Wyoming Rep to NRECA
Clay Branscom

PRECorp Customer Mix

	2019	2020	+ / -
Residential	15,330	15,370	40
Seasonal	3,335	3,423	88
Irrigation	259	263	4
General Service	5,788	5,557	(231)
General Service CBM	637	514	(123)
Large Power	1,192	1,146	(46)
Large Power CBM	538	492	(46)
LPT Coal Mines	13	13	-
LPT General	1	1	-
LPT CBM	5	5	-
LPC CBM	-	-	-
Street Lights	32	32	-
Total	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