

highline

MARCH 2024

NEWS AND INFORMATION FOR MEMBERS OF PEOPLE'S ENERGY COOPERATIVE



- 2023 ANNUAL REPORT -



**People's Energy
Cooperative**

Your Touchstone Energy® Cooperative 

mission

Our cooperative's mission is to bring value to our member-owners and communities by providing reliable electricity, superior customer service, and innovative energy solutions at fair and reasonable prices.

THE 2023 PEC BOARD OF DIRECTORS **SERVING YOU**



Jon Kroening
Rochester
DISTRICT 1

Arthur Friedrich
Rochester
DISTRICT 6

Tracy Lauritzen
Altura
DISTRICT 4
Secretary & Treasurer

Jeffery Orth
Rochester
DISTRICT 7

Jodie Tvedt
Byron
DISTRICT 2
Vice Chair

John Winter
Rochester
DISTRICT 3

Jerome Wooner
Eyota
DISTRICT 5
Board Chair



People's Energy Cooperative

Your Touchstone Energy® Cooperative 

87th Annual Meeting Notice

March 21, 2024 • Rochester International Event Center

- MARK YOUR CALENDARS & SAVE THE DATE -

People's Energy Cooperative's Annual Meeting will be held in person and broadcast live on Thursday, March 21, 2024, from the Rochester International Event Center at 7333 Airport View Drive SW, Rochester, Minnesota. Members may also attend at Events by Saker in Kasson (401 8th St SE) and the Plainview American Legion (215 3rd St SW) where the meeting will be broadcast live.

Registration begins at 5:00 p.m. at all locations. The one-hour business meeting will begin at 6:00 p.m. and be available to watch live on the Cooperative's website, YouTube channel, and Facebook page. A light meal will be served before the meeting.

THE OFFICIAL ORDER OF BUSINESS AT THE ANNUAL MEETING:

Welcome, Announcements, and Introductions	Gwen Stevens, Director of Cooperative Relations
Invocation	Tracy Lauritzen, Secretary/Treasurer
Pledge of Allegiance	Tracy Lauritzen, Secretary/Treasurer
Announce Quorum	Jerome Wooner, Board Chair
Call to Order.....	Jerome Wooner, Board Chair
Approval of 86th Annual Meeting Minutes	Tracy Lauritzen, Secretary/Treasurer
Financial Report.....	Tracy Lauritzen, Secretary/Treasurer
Leadership Remarks	
The Importance of Member Engagement.....	Jerome Wooner, Board Chair
The Cooperative Difference	Mike Henke, President/CEO
Introduction of Director Candidates	Mike Henke, President/CEO
Announce Director Election.....	David Pederson, Attorney
Director Oath of Office.....	David Pederson, Attorney
Unfinished Business	Jerome Wooner, Board Chair
New Business	Jerome Wooner, Board Chair
Adjourn	Jerome Wooner, Board Chair

NEED A SPECIAL ACCOMMODATION?

If you have special needs of accessibility, sign language, translation or other assistance, we will do our very best to accommodate you. Please contact PEC at (800) 214-2694 or memberrelations@peoplesenergy.coop.

Joint Board Chair and CEO Message

FROM JEROME WOONER & MICHAEL J. HENKE

As we enter the final year of our current strategic plan, we pause to reflect on the continued progress that was made in 2023. Delivering on our mission and achieving our vision are driven by our strategic goals and corresponding strategies. Our goals fall into four categories 1) meeting member expectations 2) attracting and retaining employees 3) delivering safe and reliable electricity, and 4) driving economic impact. All of them ultimately have the purpose of best serving our members. The following is a high-level overview of the progress made on our goals in 2023.

MEMBER EXPECTATION GOAL

Enhance member-owner satisfaction while leveraging the cooperative business model.

Maintain Competitive Rates

One of the primary drivers of member satisfaction is rates. Therefore, one of our strategies for enhancing member-owner satisfaction is ensuring we maintain competitive and equitable retail rates, with member choice options. As we work to determine fair and equitable rates, we compare ours with surrounding providers. We're pleased to report that for urban residential members consuming the average of 705 kWhs per month we are very competitive with Rochester Public Utilities (RPU) and Xcel Energy when comparing bill totals. On an annual basis, we are around \$30 lower than RPU and about even with Xcel. So, while our fixed monthly basic service charge may be higher (due to low density of members) our energy charges are lower, and we don't have as many fees and riders.

For rural residential members that consume the average of 912 kWhs per month we are a little over \$11.00 more a month than Xcel which is competitive when you consider large investor-owned utilities like Xcel have 150-185 consumers per mile of line compared to our 8.2.

Enhance member engagement to drive good governance and participation

Good governance at a cooperative relies on educated and informed members. We were delighted to have attendance at our Energy Forums in the fall double in size from previous events. The electric industry is complex, dynamic, and a necessity in our 21st century lives. We appreciate the effort engaged members make to try and understand it and support our efforts in navigating it.

An area we need more member participation in is our Member Advisory Committee (MAC). This group is appointed

by the Board of Directors and meets three to four times per year. The purpose of this group is to serve in an advisory capacity to the Board of Directors and management of the Cooperative. If you are interested in serving on the MAC please contact one of the Board members or call the office.

Enhance data security and privacy

As an electric utility we provide an essential service, and it is critical to ensure the security of our systems as well as member data privacy. One of our strategies to do this is cybersecurity training for the Board and staff that includes regular testing to ensure they understand the risks and are following protocols. The goal is to maintain a cumulative phishing prone test score below industry standards which we have achieved for the past six months. Anyone who doesn't pass their weekly test is required to take additional training. One of our goals in 2023 was to implement an encrypted password management repository which was accomplished.

EMPLOYEE FOCUS GOAL

Attract and maintain a safe, highly motivated, engaged, skilled, and healthy workforce.

Best Places to Work in SE Minnesota

People's Energy Cooperative was recognized by Workforce Development, Inc. (WDI) as one of the Best Places to Work in SE Minnesota for the second year in a row in 2023. Best Places to Work is a national program that recognizes the best employers in local communities based on turnover, growth, training, and promotion (50%), as well as benefits (15%), pay (10%), work environment (5%), and retirement programs (5%). WDI, in partnership with Personnel Dynamics Consulting Group of Florida, surveyed over 40 companies in Freeborn, Mower, Rice, Steele, Goodhue, Olmsted, Houston, Dodge, Fillmore, Wabasha, and Winona Counties to identify the Best Places to Work in Southeast Minnesota. Areas that we scored well in were training of staff, benefits, and compensation.

Create a Culture of Positive Engagement

While it's great to be recognized as a best place to work in our region, what ultimately measures our success as an 'employer of choice' is retaining employees and their perception of a positive culture. One of the ways we measured our progress on creating a culture of positive engagement is through an employment engagement survey. We had a few less than desirable scores on the last survey conducted in 2021 and are happy to report that we improved our overall score and made significant improvements (+14% to +34%) in six areas we've been focusing on. When asked if employees felt we are making progress toward our desired culture over two-thirds said yes.

RELIABILITY GOAL

Provide safe and reliable electric service to our members.

Service Reliability

As an electric distribution cooperative, the reason we exist is to provide safe and reliable electric service. We utilize several metrics to measure service reliability to ensure we are doing that. The following explains each metric and how we did in 2023 based on normalized numbers that don't account for events which are out of our control and planned outages for maintenance (i.e. transmission disruptions, or extreme storms).

System Average Interruption Duration Index (SAIDI) - the average outage duration for each consumer served. On average, any one member was without power only 42 minutes in 2023, our goal is less than 80 minutes.

System Average Interruption Frequency Index (SAIFI) - the number of non-momentary electric interruptions, per year, the average consumer experienced. Members saw an average of 0.43 power outages in 2023. That's less than one outage every 2.3 years! Our goal is less than 0.70 outages per member per year.

Customer Average Interruption Duration Index (CAIDI) - the average outage duration that any given consumer would experience (SAIDI divided by SAIFI). Our goal is less than 125 minutes per outage and our average duration in 2023 was 98 minutes.

Average Service Availability Index (ASAI) - the ratio of the total number of consumer hours that service was available during a given time period to the total consumer hours demanded. Of the 8,760 hours in the year, we delivered electric service 8,759 hours which equates to 99.992% of the time. Our goal is equal to or greater than 99.980%.

Automate and Digitize Maintenance Programs

To ensure a safe and reliable electric grid we have several maintenance plans in place that include inspections. One of our goals was to automate and digitize this process for inspections of reclosers, power lines, substations, regulators, and vegetation management. We are happy to report that all maintenance programs have undergone digitization and fine tuning, excluding vegetation management, which still operates without digital integration due to there not being a financially viable option at this time.

ECONOMIC IMPACT GOAL

Be a respected business partner and drive positive economic impact for our members and community.

Growing positive relationships with legislators

As you may already know, the electric utility industry is heavily regulated. Laws and regulations like the State's Carbon Free by 2040 mandate can make it difficult and/or costly for us and other utilities to deliver on our mission.

We are grateful that some concessions were made for cooperatives in the final law last year and happy that our voices were heard by state legislators. We continue to meet with state and federal legislators to advocate for issues that affect the affordability and reliability of the grid.

Maintaining a strong financial plan to ensure financial integrity

One of our financial goals is to keep total controllable expenses per consumer at our below the median for cooperatives our size and are happy to report that we continue to be below the median. While this is positive and our controllable costs only make up 24% of our total costs, we will continue to work on identifying areas where we can save.

As you can see your board and the employees continue to be focused on delivering on our mission to "bring value to our member-owners and communities by providing reliable electricity, superior customer service, and innovative energy solutions at fair and reasonable prices" and achieving our vision "to be a trusted energy resource for our members, an employer of choice, and a respected business partner with our communities."



A handwritten signature in black ink that reads "Jerome H. Wooner".

Jerome Wooner
Board Chair
jwooner@peoplesenergy.coop



A handwritten signature in black ink that reads "Michael J. Henke".

Michael J. Henke
President & CEO
mhenke@peoplesenergy.coop

Dairyland Director Report

FROM ARTHUR FRIEDRICH



The safe, reliable, and cost-competitive delivery of electricity to all members when and where they need it is a complex process. People's Energy Cooperative is one of 24 distribution cooperative members of our wholesale power provider Dairyland Power Cooperative, based in La Crosse, Wisconsin. As People's Energy Cooperative's director representative to Dairyland, I am pleased to provide the following updates and recap highlights from the past year.

Dairyland's generation portfolio is a mix of renewables (solar, wind, hydro, biomass) and always-available baseload generation resources, such as natural gas and coal. Dairyland prioritizes projects that will strengthen reliability, reduce carbon emissions, and support more renewable generation. Since 2014, Dairyland has retired 579 megawatts (MW) of coal and is exploring the viability of emerging technologies, including pumped storage hydro, small modular nuclear reactors, and long-duration battery storage.

Project Updates

The Nemadji Trail Energy Center (NTEC) is a proposed 625 MW combined-cycle natural gas plant in Superior, Wisconsin, planned in partnership with Minnesota Power and Basin Electric Power Cooperative. It is a critical-capacity resource that will provide reliable power on-demand, in any weather. In December, the U.S. Department of Agriculture's Rural Utilities Service (RUS), issued its second Finding of No Significant Impact (FONSI) for NTEC. This affirms that "no significant impacts to the quality of the human environment would result from construction and operation of the facility." The RUS had previously issued a FONSI for NTEC in June 2021. However, project opponents petitioned the RUS to rescind their findings, ultimately causing delays to low-carbon goals and increasing project costs. A subsequent Supplemental Environmental Assessment (SEA) confirmed the facility will reduce greenhouse gas emissions - decreasing carbon dioxide (CO₂) emissions by an average of 964,000 tons per year. Construction is planned to begin in 2024, with operation by 2028.

There are 161 renewable generation projects dependent

upon the completion of the Cardinal-Hickory Creek transmission line between Dubuque County, Iowa, and Middleton, Wisconsin (up from 115 projects last year). Dairyland, ATC, and ITC Midwest are co-owners of the project. Last December, the eastern half of the 102-mile line was energized with the remainder of the project expected to be in service later this year.

Last year, Dairyland won a competitive bid from the Midcontinent Independent System Operator (MISO) to develop, own, and operate a 345 kV line from the Mississippi River near Alma, WI, to the Tremval substation (Blair, WI). The Alma-Blair Transmission Project will foster the delivery of renewable energy and strengthen regional reliability.

These projects are critical pieces for a lower-carbon future; however, power plants and transmission lines cannot be constructed overnight. When permitting red tape delays timelines - jeopardizing electric reliability, stalling progress on the clean energy transition, and increasing costs - we advocate on our members' behalf both at the state and federal levels.

To ensure reliability and efficiency, Dairyland's John P. Madgett (JPM) Station (Alma, WI) underwent a 10-week outage in Spring 2023 when employees and more than 200 business partners completed a turbine overall and precipitator upgrade. The precipitator collects fly ash from the coal combustion process, which reduces emissions and the fly ash is sold as an additive to cement and concrete applications. The precipitator upgrade resulted in twice as much fly ash being collected.

JPM is critical to regional reliability and financially beneficial to members by providing power when and where it is needed. The value of always-available baseload generation was demonstrated during an August 2023 heat wave when temperatures, humidity and electricity demand were high, and wind resources were low. The Dairyland system set an all-time peak load on Aug. 23, 2023, of 1,177.5 MW, surpassing the previous record of 1,171 MW set in June 2018.

Growth & Grants

Dairyland's Economic Development team works with member cooperatives to support innovation and

load growth through business and community development opportunities. In 2023, the Dairyland system had 28 new projects, totaling 15 MW, and secured more than \$4 million in economic development funding. Additionally, Dairyland was awarded more than \$20 million in grant funding to support middle-mile fiber infrastructure, a microgrid project, and a long-duration energy storage project.

Financial Strength

Dairyland takes a balanced and measured approach to its financial and competitive strength. The Cooperative has earned credit ratings of "A3" with a stable outlook from Moody's Investors Service and A+ with a stable outlook from Standard and Poor's (S&P).

Regionally, Dairyland's wholesale electricity rates are among the lowest. The 2024 budget was approved with a one percent average wholesale rate reduction for Dairyland's member cooperatives. This allows People's Energy Cooperative to keep energy rates stable in 2024 for members. Across all 24 member cooperatives, in 2023, Dairyland returned \$11.9 million in power cost and revenue volatility adjustments, and \$5.1 million in capital credits. The portion returned to PEC members was \$915,811.

Community

In 2023, Dairyland focused Cooperative Contributions toward its member cooperatives by donating up to \$1,000 to an organization of their choice in each of the 24 members' service territories. People's Energy Cooperative worked with Dairyland to donate \$1,000 to the Plainview Elgin Food Shelf, which helped them recover from water damage last year. Dairyland also coordinated a Day of Service event in October to kick-off National Co-op Month. More than 120 volunteers participated in six community service projects throughout Dairyland's service territory.

As your representative on the Dairyland Board of Directors, I assure you the Board meets every month with you – our members – top of mind. We bring the voices of our cooperatives to Dairyland and make sure decisions made in the best interest of the entire system will keep the lights on for you and your community.



Sincerely



Arthur Friedrich,
Dairyland Board Representative
afriedrich@peoplesenergy.coop



Dairyland Power Cooperative was created in 1941 to be the wholesale power provider to its member electric cooperatives. Today, Dairyland continues to deliver power to 24 member electric cooperatives, including People's Energy Cooperative, and 27 municipal utilities throughout Illinois, Iowa, Minnesota, and Wisconsin.

Dairyland is a generation and transmission (G&T) cooperative, which means they generate or procure the electricity needed by its members and send it to their member cooperatives and municipal utilities via thousands of miles of transmission lines. Once it reaches our distribution substations, People's Energy Cooperative sends the power to members' homes and businesses.

Southern Minnesota Energy Cooperative

FROM RICHARD G. BURUD



It is my pleasure to report that Southern Minnesota Energy Cooperative (SMEC) successfully completed its eighth year of operation. SMEC was formed to provide an entity to purchase the Alliant system in Minnesota and provide power supply for its members through 2025.

In 2023, we completed all the compliance requirements of the Minnesota Public Utilities Commission (MNPU). It included compliance with the State Standards for Renewable Energy as a portion of our power supply in 2023. We met and exceeded the renewable standard and were able to sell our extra renewable energy certificates which helped to reduce power supply costs.

Wholesale power rates are always a primary concern for our members (the 12 distribution electric cooperatives) as they can significantly impact their member's retail rates. Rates in 2023 were less than projected and returned to a more normal level as Alliant didn't have additional power plant issues. The wholesale market also returned to a more normal and predictable level. We audited the Alliant financials related to our power supply to ensure the prior accounting errors were corrected. If projections are correct, it appears that wholesale rates to People's and other SMEC members will be relatively stable in the next couple of years. Of course, these are projections and the Board of SMEC ultimately sets the SMEC wholesale rates.

We, as management and directors of SMEC are now planning for a smooth transition for the former Alliant consumer's power supply transfer to the distribution cooperatives power supply. This will take place in August of 2025 and we want to make sure we have a seamless transition.

SMEC has met all its financial policies and objectives as outlined by the SMEC Board of Directors. Therefore, the Board was able to approve the repayment of the 2021 capital credits to our members in the first quarter of 2024. I thank Mike Henke for serving on our Board and helping with critical power supply issues.

Lastly, I would like to thank the Board and members of your cooperative for their leadership and vision on the purchase of the Alliant territory in 2015 and the continued support of SMEC.

Richard G. Burud,
SMEC General Manager

LIVING OUT THE COOPERATIVE PRINCIPLE OF "CONCERN FOR COMMUNITY"



\$93,376

Awarded by the
Operation Round Up Board



\$38,000

High School Scholarships Awarded
From Unclaimed Capital Credits



7
CURRENT
LOANS
totalling:

\$752,800

Economic Development
Loans For Area Businesses
over \$604,785 currently available



People's Energy Cooperative

Minutes of the 86th Annual Meeting MARCH 23, 2023

The 86th Annual Meeting of the members of People's Energy Cooperative was held at the International Event Center in Rochester, Minnesota, on Thursday, March 23rd, 2023, pursuant to the notice mailed to each member of the Cooperative at least fifteen (15) days prior to the holding of the meeting. Members were present in-person for the first time in four years and the meeting was also streamed through Facebook and YouTube for online viewing.

Gwen Stevens, Director of Cooperative Relations, facilitated the meeting. She welcomed the group and reminded members that the registration gift of a \$10 credit on their electric bill would automatically be applied to the April bill. The Cooperative's Board of Directors were introduced to the meeting attendees.

Secretary/Treasurer Tracy Lauritzen gave the invocation and led the membership in reciting the Pledge of Allegiance.

Chair of the Board Jerome Wooner announced there were sufficient members present (157) to constitute a quorum and the meeting was officially called to order at 6:07 p.m. A motion to accept the agenda was received along with a second. The motion carried.

The minutes of the March 24, 2022, Annual Meeting appeared in the Annual Report issue of the Cooperative's newsletter, Highline Hi-Lites. A motion was made and seconded to dispense with the reading of the minutes and to approve the minutes as they appeared in the Annual Report. The motion passed.

Tracy Lauritzen, secretary/treasurer of the Board of Directors, gave the financial report. The Highline Hi-Lites

Annual Report contained the results of the Cooperative's annual audit. A motion was made and seconded to approve the financial report as presented. The motion passed.

Board Chair Jerome Wooner addressed the membership and talked about the challenges facing the cooperative when establishing affordable rates. He also shared with the attendees the retail rate increase of only four percent as compared to the expected seven percent.

President & CEO Mike Henke then addressed the membership and shared favorable reliability metrics from 2022. He continued to share some significant challenges facing the Cooperative considering the Carbon-Free by 2040 legislation recently signed in to law in Minnesota. He recognized staff members Brian Ideker and Randy Pankonin for 30 years of service and Gary Fitterer for 20 years of service ahead of his retirement on March 31, 2023. Susan Keith's retirement in 2022 was also recognized.

Daniel Berndt, corporate attorney with the Dunlap & Seeger Law Firm, was recognized for 40 years of service, and Robert Hoefs was recognized for his 21 years of service and retirement from the Board in

2023. Also recognized were the Nominating Committee and candidates running for the Board of Directors.

Berndt, who oversaw the election process, announced the results of the director elections. Elected to the Board of Directors for three-year terms were John Winter from District 3 with 1,074 votes (Mike Hintz had 908 votes), Jerome Wooner from District 5 with 1,881 votes, and Jeff Orth from District 7 with 1,442 votes (Theresa Hornberg had 576 votes).

Berndt administered the Oath of Office to the newly elected Board members.

Chair Wooner asked for any old, unfinished, or new business. There was none.

The 86th Annual Meeting of People's Energy Cooperative was adjourned at 6:57 p.m.

Mr. Wooner opened the meeting to questions.

Tracy Lauritzen
Tracy Lauritzen, Secretary

2024 Districts Up For Election

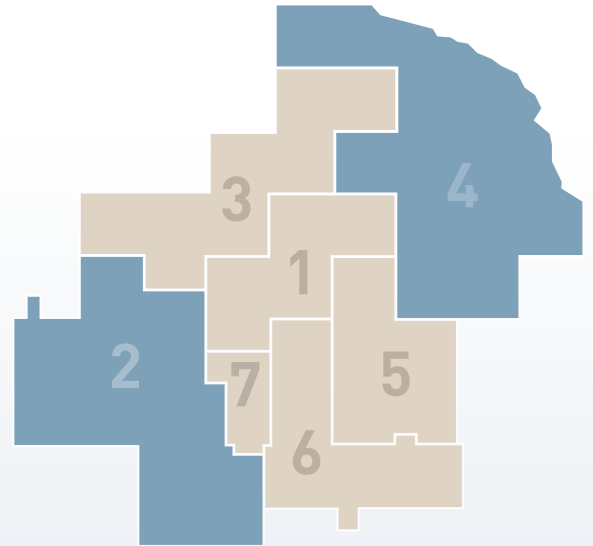
DISTRICTS 2 AND 4

Election materials for the 2024 Board Elections were mailed on February 23. You may vote online or by using the paper ballot that has been mailed. However, you cannot do both. Only the first vote received will be counted. See back cover for additional voting information.

DISTRICT 2: Ashland, Canisteo, Frankford, Grand Meadow, Hayfield, Mantorville, Pleasant Valley, Rock Dell, Salem, Vernon, Wasioja, Kalmar (sections 19-36), High Forest (sections 5-8, 17-20, and 29-32), and Racine (sections 4-36)

DISTRICT 4: Elba, Glasgow, Greenfield, Highland, Lake, Minneiska, Mount Pleasant, Mount Vernon, Oakwood, Pepin, Plainview, Quincy, Watopa, and Whitewater

While candidates represent geographic regions, they are elected by the membership at large. ALL Members should vote for ONE candidate from EACH director district. See back cover for additional voting information.



RSVP for Annual Meeting This year we are asking members to RSVP for the Annual Meeting taking place on Thursday, March 21 to help save on costs. This can be done as part of the voting process either online or using the paper ballot. We ask that you indicate which location you plan to attend the meeting at and how many will be attending.



2

Jodie Tvedt – District 2 Nominee

By Nomination · Byron, MN · *Cooperative Member for 5 years*



4

Tracy Lauritzen – District 4 Nominee

By Nomination · Elba, MN · *Cooperative Member for 19 years*



4

Eugene "Brent" McNallan – District 4 Nominee

By Nomination · Plainview, MN · *Cooperative Member for 32 years*

PROUDLY SERVING **20,034 Members**

A LOOK AT PEOPLE'S ENERGY COOPERATIVE, BY THE NUMBERS



our PEOPLE

7

Board Members
governing the Cooperative

7

Operation Round Up
Board Members

65

PEC Employees
serving you, the member

37

Member Advisory
Committee Members



our SYSTEM

1,141 Square Miles

of service territory in six counties

8.2 Consumers

per each mile of line

\$193 Million

in total utility plant

43,419

Poles

2,906 Miles of Line

2,071 overhead • 836 underground

29

Substations

298 Member-Owned
Renewable Systems

290 Solar • 8 Wind

12,775

Transformers



our SERVICE

360 Million

kilowatt hours sold

24,159

Services in Place

5,519

Poles Inspected

124,557

Hours Worked

661

Work Orders Completed

3,831

Rebates Issued

2023

From The Treasurer:

I am pleased to present the 2023 financial results for People's Energy Cooperative.

The 2023 financial statements were audited by the accounting firm Brady Martz & Associates, P.C., who also audited the *Operation Round Up*® financial records reported on page 12 of this annual report.

In their opinion, the 2023 financial statements present fairly, in all material respects, the financial position and results of operation for People's Energy Cooperative in conformity with generally accepted accounting principles.

Sincerely,



Tracy Lauritzen,
Secretary & Treasurer

2023 FINANCIAL RESULTS

Statement of Operations

FISCAL YEARS ENDED DEC. 31, 2023 & 2022

OPERATING REVENUES	2023	2022
	\$53,794,420	\$54,703,554
OPERATING EXPENSES		
Cost of Power	\$31,210,702	\$31,234,285
Distribution Expense - Operations	\$3,419,024	\$3,379,052
Distribution Expense - Maintenance	\$3,623,709	\$3,688,614
Consumer Accounts Expense	\$2,224,474	\$1,868,252
Sales Expense	\$111,245	\$106,670
Administrative and General Expense	\$3,018,532	\$2,837,737
Depreciation Expense	\$5,593,119	\$5,379,431
Other Deductions	\$167,170	\$181,022
Total Operating Expenses	\$49,367,975	\$48,675,063
OPERATING MARGINS <i>(before fixed charges)</i>		
	\$4,426,445	\$6,028,491
INTEREST ON LONG-TERM DEBT		
	\$3,019,246	\$2,943,793
OPERATING MARGINS <i>(after fixed charges)</i>		
	\$1,407,199	\$3,084,698
GENERATION, TRANSMISSION AND OTHER CAPITAL CREDITS		
	\$1,521,869	\$1,177,561
NET OPERATING MARGINS		
	\$2,929,068	\$4,262,259
NON-OPERATING MARGINS		
Interest Income	\$89,794	\$69,027
Income Tax Expense		
Other Non-Operating Margins	\$292,878	\$45,363
Extraordinary Items	\$0	\$1,954,800
Total Non-Operating Margins	\$382,672	\$2,069,190
NET MARGINS		
	\$3,311,740	\$6,331,449

Balance Sheet

ENDED DEC. 31, 2023 & 2022

assets:
what we own

equities:
our net worth

liabilities:
what we owe

Corporate Profile

Incorporated on January 1, 1936, People's Energy Cooperative serves 20,034 members through 2,906 miles of line covering a service territory of 1,141 square miles in Olmsted, Dodge, Fillmore, Mower, Wabasha, and Winona counties. The Cooperative has 29 substations.

Members are served within the communities of Byron, Chatfield, Douglas, Dover, Elgin, Eyota, Genoa, Hayfield, High Forest, Marion, Oronoco, Plainview, Pleasant Grove, Potsdam, Predmore, Rochester, Rock Dell, St. Charles, Salem Corners, Simpson, Stewartville, Theilman, and Viola.

ASSETS	2023	2022
UTILITY PLANT		
- Electric Plant in Service	\$190,310,490	179,998,225
- Construction Work in Progress	\$2,404,774	2,666,380
Total	\$192,715,264	182,664,605
- Less Accumulated Provision for Depreciation	[-] \$41,201,768	[-] \$37,876,074
Net Utility Plant	\$151,513,496	\$144,788,531
OTHER PROPERTY AND INVESTMENTS		
Investment in Associated Organizations	\$20,329,298	\$19,338,460
Other Investments	\$1,384,925	\$1,634,801
Total Other Property and Investments	\$21,714,223	\$20,973,261
CURRENT ASSETS		
- Cash and Cash Equivalents	\$1,651,367	\$2,120,409
- Accounts Receivable, Net	\$4,823,506	\$5,095,803
- Other Accounts Receivable, Net	\$207,663	\$897,555
- Materials and Supplies Inventory	\$3,223,351	\$2,975,396
- Other Current and Accrued Assets	\$11,894	\$8,304
Total Current Assets	\$9,917,781	\$11,097,467
DEFERRED DEBITS		
	\$182,046	\$316,093
TOTAL ASSETS	\$183,327,546	\$177,175,352

EQUITIES & LIABILITIES	2023	2022
EQUITIES		
- Patronage Capital	\$37,704,808	\$38,110,782
- Other Equities	\$30,622,332	\$28,213,192
- Accumulated Other Comprehensive Margins	[-] \$76,392	[-] \$159,666
Total Equities	\$68,250,758	\$66,164,308
LONG-TERM DEBT (less current maturities)		
	\$100,566,782	\$94,008,486
OTHER NON CURRENT LIABILITIES		
- Accrued Post Retirement Benefits	\$693,959	\$769,334
CURRENT LIABILITIES		
- Current Maturities of Long-Term Debt	\$4,435,869	\$4,059,192
- Notes Payable	\$1,000,000	\$3,500,000
- Accounts Payable	\$3,146,419	\$3,118,387
- Consumer Deposits	\$479,822	\$473,069
- Other Current and Accrued Liabilities	\$2,412,676	\$2,380,283
Total Current Liabilities	\$11,474,786	\$13,530,931
DEFERRED CREDITS		
	\$2,341,261	\$2,702,293
TOTAL EQUITIES AND LIABILITIES	\$183,327,546	\$177,175,352

2023 Financial Results (continued)

FINANCIAL DATA & FIVE-YEAR COMPARISON					
FISCAL YEARS 2023-2019	2023	2022	2021	2020	2019
Total Utility Plant	\$192,715,264	\$182,664,606	\$187,538,186	\$177,835,648	\$167,962,074
Total Revenue	\$53,794,420	\$54,703,554	\$50,506,832	\$49,670,839	\$49,527,747
Cost of Purchased Power	\$31,210,702	\$31,234,285	\$28,339,653	\$27,876,705	\$28,341,860
Total Margins	\$3,311,740	\$6,331,449	\$3,599,103	\$2,737,710	\$3,303,715
Equity Ratio (Equity/Total Assets)	37.2%	37.3%	34.3%	33.8%	34.1%
Total Interest Expense	\$3,173,523	\$3,115,364	\$3,135,792	\$3,193,445	\$3,445,349
Interest Coverage (TIER)	2.10	3.15	2.16	1.86	1.96
Service Interruptions (average hours)	1.49	2.44	7.83	1.23	10.15
Full-time Employees	65	65	65	62	60
Services in Place	24,159	24,060	23,878	23,639	23,372
Total Miles of Line	2,906	2,897	3,004	2,990	2,985
Kwh Sold	360,649,807	368,193,567	362,606,593	357,724,157	357,062,733
Capital Credits Retired	\$1,409,840	\$1,284,094	\$1,140,509	\$1,084,271	\$1,099,282



SMALL CHANGE THAT CHANGES LIVES

Since 2012, our Operation Round Up program has raised over \$1.2 million in support of charitable, educational, community, and youth-related programs and events. Members allow the Cooperative to simply "round up" electric bills to the next highest dollar and that monthly contribution to the trust fund is as little as a penny, but never more than 99 cents. The concept behind the program is to extend the principle on which electric cooperatives were built over 85 years ago - neighbor-helping-neighbor.

Financial Report People's Energy Cooperative Trust

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT OF FINANCIAL POSITION: NET ASSETS	
- Cash	\$50,630
- Accounts Receivable	\$7,607
- Accounts Payable	\$0
Net Assets	\$58,237
STATEMENT OF ACTIVITIES	
REVENUE	
- Contributions	\$92,020
EXPENSES	
- Charitable Giving	\$107,244
- Operating Expenses	\$4,641
- Bank Fees	\$144
Total Expenses	\$112,029
Change In Assets	-\$20,009

* Charitable Giving is what was paid out in 2023 and includes grants awarded in 2022.



People's Energy Cooperative

Your Touchstone Energy® Cooperative 

Statement of Nondiscrimination

People's Energy Cooperative is an equal opportunity provider, employer, and lender.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600

(voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410

(2) fax: (202) 690-7442

(3) email: program.intake@usda.gov

vision

To be a trusted energy resource for our members, an employer of choice, and a respected business partner with our communities.



People's Energy Cooperative

Your Touchstone Energy® Cooperative 

1775 Lake Shady Avenue South
Oronoco, Minnesota 55960

highline

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This institution is an equal opportunity provider and employer.

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Michelle Olson *Director of Member Services*
Gwen Stevens *Director of Cooperative Relations*
Dody Wubker..... *CFO*
Cody Black..... *Director of Engineering*
Nicholas Woetzel..... *Director of Operations*

GENERAL INFORMATION

Business Hours *7:30 am – 4:00 pm, Mon – Fri*
Toll-Free *(800) 214-2694*
Web Address *www.peoplesenergy.coop*
Gopher State One Call *1-800-252-1166*
(for digging & line location)

Remember to Vote

- ▶ Ballots should be mailed to ensure they are received by **Wednesday, March 20.**
- ▶ Online votes will be accepted until **10:30 AM on Wednesday, March 20.**
- ▶ Ballots will be accepted in the ballot box until **5:45 PM** at the Annual Meeting.
- ▶ Results announced live during the Annual Meeting.



DAIRYLAND POWER COOPERATIVE

ATTEND THE ANNUAL MEETING IN 2024

People's Energy Cooperative will be traveling to La Crosse, Wisconsin, on Wednesday, June 5, to participate in Dairyland Power Cooperative's 2024 Annual Meeting. A chartered bus will leave People's Oronoco headquarters at 7:00 a.m. and return around 3:00 p.m. Limited seating is available to members interested in serving as People's delegates at the meeting. If you have not attended before, we encourage you to consider this unique opportunity. Lunch will be provided.

If you would like to attend, please contact the Cooperative office at (800) 214-2694 or email memberrelations@peoplesenergy.coop.