

highline

MARCH 2022 NEWS FROM YOUR PARTNERS AT PEOPLE'S ENERGY COOPERATIVE



NEW ERA, SAME PRINCIPLES



**People's Energy
Cooperative**

Your Touchstone Energy® Cooperative 

- 2021 ANNUAL REPORT -

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 2021 PEC BOARD OF DIRECTORS **SERVING YOU**



Jerome Wooner

Eyota
DISTRICT 5
Board Chair

Joseph Book

Rochester
DISTRICT 1

Jodie Tvedt

Byron
DISTRICT 2

Jeffery Orth

Rochester
DISTRICT 7

Tracy Lauritzen

Altura
DISTRICT 4
Secretary & Treasurer

Arthur Friedrich

Rochester
DISTRICT 6
Vice Chair

Robert Hoefs

Mazeppa
DISTRICT 3



People's Energy Cooperative

Your Touchstone Energy® Cooperative 

85th Annual Meeting Notice

March 24, 2022 • Broadcast Online From
People's Energy Cooperative's Conference Center

– MARK YOUR CALENDARS & WATCH LIVE –

People's Energy Cooperative's Annual Meeting will be broadcast live on Thursday, March 24, 2022, from the Cooperative's Conference Center in Oronoco, Minnesota. The one-hour business meeting will be available to watch live on the Cooperative's website, YouTube channel, and Facebook page beginning at 6:00 p.m.

THE OFFICIAL ORDER OF BUSINESS AT THE ANNUAL MEETING:

| | |
|--|--|
| Welcome, Announcements, & Introductions | Gwen Stevens, <i>Director of Cooperative Relations</i> |
| Invocation | Tracy Lauritzen, <i>Secretary/Treasurer</i> |
| Pledge of Allegiance | Tracy Lauritzen, <i>Secretary/Treasurer</i> |
| Announce Quorum | Jerome Wooner, <i>Board Chair</i> |
| Call to Order | Jerome Wooner, <i>Board Chair</i> |
| Approval of 84th Annual Meeting Minutes | Tracy Lauritzen, <i>Secretary/Treasurer</i> |
| Financial Report | Tracy Lauritzen, <i>Secretary/Treasurer</i> |
| Leadership Remarks | <i>Board Chair & President/CEO</i> |
| Special Guest | Brent Ridge, <i>DPC President/CEO</i> |
| Introduction of Director Candidates | Daniel E. Berndt, <i>Attorney</i> |
| Announce Director Election & Bylaw Amendment Results | Daniel E. Berndt, <i>Attorney</i> |
| Director Oath of Office | Daniel E. Berndt, <i>Attorney</i> |
| Unfinished Business | Jerome Wooner, <i>Board Chair</i> |
| New Business | Jerome Wooner, <i>Board Chair</i> |
| Adjourn | Jerome Wooner, <i>Board Chair</i> |



The Cooperative's *Mission and Vision* are at the heart of all we do...

We are proud that despite an ongoing pandemic, we continued to deliver on our commitment to fulfill our mission and achieve our vision. The following are some of the many highlights from 2021.

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.

Providing **reliable electricity** is not only part of our mission – it's the reason we exist! Despite the extreme weather event on December 15, our reliability metrics show we continue to deliver reliable electric service.

- Our Average System Availability Index (ASAI) was 99.911% for 2021. This means that, on average, energy was available to every meter 99.911% of the time. If we exclude the December 15 event, our reliability was at 99.991% which is above our goal of 99.980%
- Nearly all FEMA mitigation efforts from Winter Storm Wesley in 2019 were finalized in 2021. These areas now have stronger infrastructure in place than before that storm.
- A major transmission line replacement project was completed along 50th Avenue in Marion Township. This stretch of transmission line was old and needed to be replaced to increase reliability and capacity.

As your rural electric cooperative, we strive to provide **superior customer service**. Our staff worked hard in 2021 to:

- Ensure members understand their rates, bills, usage patterns, and the programs we offer through personal and direct methods as well as mass communication efforts.

- Maintain metering equipment and software to ensure a meter reading rate above 99.5% so energy usage is accurately tracked with our automated metering infrastructure.
- Keep members fully informed through SmartHub, our online account management system, Highline Newsletter, social media platforms, website, and great relationships with local media.

Whether it's partnering with others on a project or developing programs that support member needs, we're proud of how we capitalize on opportunities to provide **innovative energy solutions**.

- In August 2021, a 1MW solar array in Haverhill Township went live as the result of an innovative partnership with Cenergy, Olmsted County, and the Cooperative. We not only increased our "green" energy portfolio but helped put once-condemned land to good use.
- Electric vehicles (EVs) are increasing their foothold in the transportation industry, and we responded with an EV charging strategic plan to guide our efforts and developed rates that incent members to charge when there is less demand on the system.

Our efforts to provide **fair and reasonable prices** continued in 2021 through our Five-Year Rate Restructure Plan.

- In 2021, we completed year three of the plan and are one step closer to ensuring the Cooperative's rates are fair and equitable across all members.
- "Behind the scenes," cooperative staff continued to drive internal process improvement initiatives aimed at leveraging technology and creating internal efficiencies that help reduce costs.

ACHIEVING OUR VISION *to be a trusted energy resource for our members, an employer of choice, and a respected business partner with our communities.*

Being a **trusted energy resource** means we not only provide reliable electricity, but also provide resources to help members: understand and manage their energy usage; navigate new technologies like renewable energy and electric vehicles (EV); and stay informed about the Cooperative.

- In March 2021, COVID restrictions prevented us from holding an in-person Annual Meeting. Instead, we held the event online and posted a recording so interested members could still receive the annual update.
- On Earth Day, we took our Chevrolet Bolt out into the service territory to share information with members and community leaders on EV ownership and charging infrastructure.
- Later in 2021, we partnered with Minnesota Energy Resources Corporation to host community weatherization events in Stewartville. Members were informed about our programs and received tools to help them apply energy efficiency measures in their home.

To be an **employer of choice** we strive to provide a safe work environment and establish employment practices, compensation policies, and training and development programs that enable us to attract, engage, and retain highly qualified professionals to best serve you.

- In 2021, we had no major safety incidents, implemented a new PCB handling process with cross-departmental collaboration, and improved employee satisfaction ratings on an internal employee survey.
- We adopted new minimum standards for our apprenticeship program through a four-person committee consisting of two cooperative representatives and two IBEW Local Union 949 representatives.
- In 2020, Oronoco VFW, Post 9647 nominated us to receive the VFW Employer of the Year award which we received in July 2021.

As a **respected business partner**, we work to support our communities, local businesses, and organizations and advocate on their behalf. We believe that if they are successful, we will continue to be successful.

- Through Operation Round Up®, grants totaling \$115,113 were distributed to local non-profits, schools, and community groups in 2021.
- After working with our local legislators and advocating for change, the ECO Act was passed in 2021. This allows us, and other utilities in the state, to adopt conservation improvement efforts more economically to better serve our members.
- At the end of 2021, we completed our first Business Retention and Expansion Survey in partnership with the University of Minnesota Extension Office which collected a vast amount of information on businesses in our service territory. We look forward to implementing action plans as a result of the survey's results.

Our success in 2021 can be credited to many across the Cooperative. We have an active and engaged Board of Directors who are passionate about serving their fellow members. Our employees are dedicated to delivering on our mission. And our members are at the heart of what we do. We look forward to continued success in 2022!



Jerome Wooner, Board Chair
jwooner@peoplesenergy.coop



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





DAIRYLAND POWER

C O O P E R A T I V E

PRIORITIES: SAFETY, RELIABILITY, & COST MANAGEMENT

With an overarching goal of sustainability, Dairyland Power Cooperative's leadership team and the Board of Directors are focused on providing safe and reliable electricity for Dairyland's 24 member cooperatives while transitioning to a low-carbon future.

Dairyland's Sustainable Generation Plan provides a framework for *asset reliability and energy diversification*, that considers the economic impact on members, technological feasibility, social implications, and environmental responsibility.

On June 1, 2021, Dairyland safely retired the coal-fired Genoa Station #3 (G-3). Decommissioning of the facility is in progress, with a focus on reuse and donations of materials that benefit the community. A study is also underway to find a positive future site plan for both Dairyland and the Genoa community.

Following the closing of G-3, Dairyland's purchase of the RockGen Energy Center, a 503 megawatt (MW) natural gas plant in Cambridge, Wis., was a strategic fit for its power supply portfolio. RockGen supports the growth of wind and solar energy in the region and provides reliable electricity in all weather conditions.

Renewable additions include the Tatanka Ridge Wind Farm (*Deuel County, SD*) which began operation in 2021. Dairyland has a power purchase agreement (PPA) to receive energy from a 52 MW portion of the wind farm. Dairyland also has a PPA with Ranger Solar for the 149 MW Badger State Solar facility (*Jefferson, WI*), which is scheduled to be operational in 2023. Dairyland also supports solar development at its member cooperatives such as our partnership with them on the Cenergy solar array in Haverhill Township last year.

The regulatory approval process continues for the Nemadji Trail Energy Center. Basin Electric Power Cooperative has joined Dairyland and Minnesota Power as a project partner for the proposed 525-625 MW natural gas generation facility (*Superior, Wis.*) which is planned to be operational in 2025.

Dedicated facility maintenance strengthens power plant reliability. Case in point, the John P. Madgett Station and Elk Mound Generation Station both set power production records in 2021, reliably serving Dairyland's members during extreme temperatures.

FINANCIAL AND COMPETITIVE STRENGTH are critical to sustainability. Dairyland balances building financial strength with ensuring competitive rates and sound operations.

The Board approved a budget supporting Dairyland's strategic business plan, which resulted in an estimated 0.4% percent decrease in the average wholesale rate for Dairyland's member cooperatives beginning January 1, 2022. A new wholesale rate design was also implemented in May 2021, giving member cooperatives two options as to how they are billed for their power. This allows greater flexibility for closer alignment of wholesale rates and retail rates.

Cost management actions and sound 2021 fiscal performance resulted in strong margins. As a result, Dairyland provided \$4 million of rate credits to members in 2021, reduced future expenses, and is investing in business development opportunities. In addition, Dairyland maintained its cash retirement of Capital Credits of two percent resulting in 2021 cash retirements of \$4.7 million and had four power cost adjustment (PCA) credits totaling \$3.7 million. As part of its new rate design, Dairyland also instituted the revenue volatility adjustment (RVA). All told, the RVA returned an additional \$9.2 million to the members.

Dairyland is also investing in regional transmission opportunities. By working with other utilities, regional transmission infrastructure has been strengthened to absorb changing generation sources while maintaining reliability and adding value for members.

Transmission construction crews work to safely rebuild, construct, and upgrade approximately 50 miles of 69 kV transmission line each year. Each mile takes approximately two weeks to complete with roughly 17 poles per mile.

GROWTH AND INNOVATION foster sustainable business and long-term competitive rates for members. Dairyland has expanded shared services for members in Information Technology, Human Resources, and Publication Services, as well as established a Business Development Fund to seek new revenue opportunities.

A new business unit was formed around Dairyland's Transmission Construction team which will begin rebuilding the Rochester – Wabaco 161 kV line as one of their first projects in 2022. This will provide more reliable power to PEC.

People's and Dairyland were among 31 cooperatives to create CHARGE EV, LLC, in 2020, to build interest in the growth of electric vehicles (EV). The CHARGE™ network of cooperative-powered EV chargers is growing in rural areas. Additionally, Dairyland is working with local businesses to help them learn more about adding EVs to their fleets.

By seeking innovative solutions and implementing effective project management to achieve its strategic priorities, Dairyland will be sustainable, adaptable, and competitive as the energy industry transforms.

While Dairyland evolves, our *Cooperative Principles* and member satisfaction remain at the forefront. Like us, Dairyland is committed to transparent governance and strong relationships with members. As a Touchstone Energy® cooperative, Dairyland makes positive impacts in its local communities and improves the quality of life for cooperative members.

As your representative on the Dairyland Board of Directors, I am confident that Dairyland will continue to provide our cooperative with safe, reliable, affordable, and sustainable power today and for future generations.

Sincerely



Arthur Friedrich,
Dairyland Board Representative
afriedrich@peoplesenergy.coop



DAIRYLAND POWER

COOPERATIVE

OUR MISSION, VISION, & VALUES

► **MISSION:** *To power our communities and empower cooperative members to improve the quality of their lives.*

► **VISION:** *To grow, innovate, and deliver value as a premier member-driven energy cooperative through safe, reliable, and sustainable solutions.*

► **CORE VALUES – RAISE:**
Relationships, Accountability, Integrity, Safety, Excellence.

PEOPLE'S ENERGY COOPERATIVE is one of 24 member distribution cooperatives that receive power from Dairyland Power Cooperative, which is headquartered in La Crosse, Wis. The Dairyland system serves over 255,000 meters across our region providing the benefits of electricity to nearly 600,000 consumers.

Learn more about Dairyland Power Cooperative at DairylandPower.com. Also, follow Dairyland on Facebook, LinkedIn, Twitter and YouTube. See back cover for information about Dairyland Power Cooperative's Annual Meeting.



Southern Minnesota Energy Cooperative (SMEC) was formed in 2012 by 12 electric distribution cooperatives serving southern Minnesota as a single point of contact for the purchase of electric service territory from Alliant Energy. Dairyland Power Cooperative is the power provider for legacy members and Alliant Energy is the power provider for SMEC members.

It is my pleasure to report that Southern Minnesota Energy Cooperative (SMEC) successfully completed its sixth year of operation. SMEC was formed to provide a single entity to purchase the Alliant system in Minnesota and provide power supply for its 12 members through 2025. After which, People's Energy Cooperative will purchase this power from Dairyland Power Cooperative.

We completed all the required compliance requirements of the Minnesota Public Utilities Commission (MNPU). They included compliance with the State Standards for Renewable Energy as a portion of our power supply as well as document and submit an outage report by cooperative. We again met all these requirements and will meet and exceed the renewable energy standard for the state in 2022.

SMEC members receive transmission services mainly through ITC Midwest and the rates are regulated by the Federal Energy Regulatory Commission (FERC). In 2022, ITC will receive an increase in rate of return on equity granted by FERC which will cause our member transmission rates to increase.

Rates are always an important topic for our members because they in turn may affect their members' retail rates. If projections are correct, it appears that wholesale rates to People's and other SMEC members will be stable

except for transmission service in the next few years. Of course, these are projections and the SMEC Board ultimately sets the SMEC wholesale rates. Retail rates are under the governance of the member cooperative boards as of August 2020.

Through our relationship with Alliant Energy, SMEC has continued to modify its generation profile. The power supply to People's is comprised of 43% renewables, 32% natural gas, 24% coal, and 1% oil. Moving this much generation to renewables in such a short time is quite impressive.

SMEC has met all its financial polices as outlined by the SMEC Board of Directors and operated in compliance with all its financial policies. The Board was able to approve the retirement of the 2019 SMEC capital credits to our members in the first quarter of 2022. I thank Mike Henke for serving on our Board of Directors.

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

Richard G. Burud,
SMEC General Manager

LIVING OUT THE COOPERATIVE PRINCIPLE OF "CONCERN FOR COMMUNITY"



\$115,113

Operation Round Up
Donations By Members



\$33,000

High School Scholarships Awarded
From Unclaimed Capital Credits



9
CURRENT
LOANS
totalling:

\$659,300

Economic Development
Loans For Area Businesses
over \$700,000 available

Minutes from the 84th Annual Meeting

BROADCAST FROM PEC'S CONFERENCE CENTER, MARCH 25, 2021

The 84th Annual Meeting of the members of People's Energy Cooperative was broadcast live from the Cooperative's Conference Center on Thursday, March 25, 2021, pursuant to the notice mailed to each member of the Cooperative at least fifteen (15) days prior to the holding of the meeting.

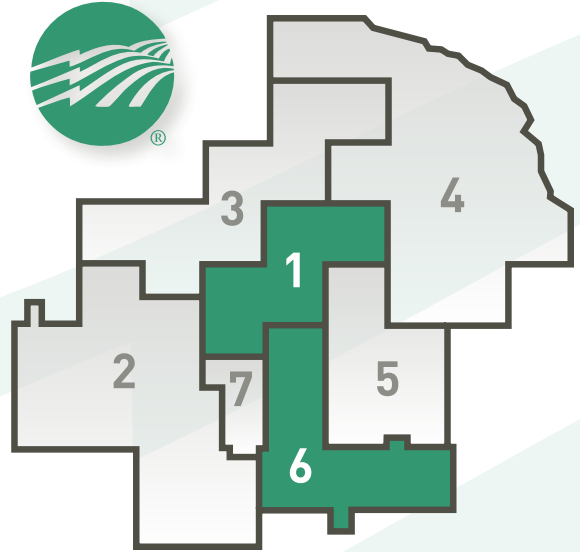
- Gwen Stevens, director of cooperative relations, facilitated the meeting. She welcomed the group and reviewed how members who were watching the broadcast online could ask questions. The Cooperative's Board of Directors and board candidates in attendance were introduced.
- Secretary Kenneth Wohlers gave the invocation and led the membership in reciting the Pledge of Allegiance.
- Chair of the Board Jerome Wooner announced there were sufficient members who voted (2,471) to constitute a quorum for the election. A motion to accept the agenda was received along with a second. The motion carried.
- The minutes of the March 24, 2020, 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.
- Kenneth Wohlers, 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 recognized Secretary Wohlers for his years of service on the Cooperative's Board of Directors and Dairyland Power Cooperative's Board of Director. Wohlers did not seek re-election for his position on the Board.
- Chair Wooner then addressed the membership on how the Cooperative is driven to deliver on its mission every day in order to achieve its vision. He specifically outlined the Cooperative's programs and initiatives used to reach this goal.
- President and CEO Mike Henke addressed two key topics facing the energy industry today: electric vehicles and the transition to clean energy. He specifically spoke to the Cooperative's efforts in utilizing clean energy resources as well as how the Cooperative is creating a strategic plan with regards to electric vehicle charging infrastructure. He also addressed the next step in the Cooperative's Five-Year rate restructure.
- Shane Lacey was recognized for 25 years of service. Rick Wellik, Scott Hubbard, and Kevin McDermott were all recognized for their retirements after lengthy careers with the Cooperative. Also recognized were the Nominating Committee and candidates running for the Board of Directors.
- Dan Berndt, attorney with the Dunlap & Seeger Law Firm, who oversaw the election process, announced the results of the director elections. Elected to the Board of Directors for three-year terms were Jodie Tvedt from District 2 with 1,286 votes (*Tony Bauer, 1,114 votes*) and Tracy Lauritzen from District 4 with 1,279 votes (*Rick Hodny, 419 votes; and Eugene "Brent" McNallan, 715 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 84th Annual Meeting of People's Energy Cooperative was adjourned at 6:56 p.m.
- Mr. Wooner opened the meeting to questions.

2022 Districts Up For Election

DISTRICT 1: the city of Elgin, the communities of Ringe and Potsdam, as well as the townships of Cascade, Elgin, Farmington, Haverhill, and sections one through eighteen of Rochester (north half).

DISTRICT 6: the northern portion of Chatfield, the communities of Marion, Predmore, Simpson and Pleasant Grove, as well as the townships of Chatfield, Filmore, Jordan, Marion, Pleasant Grove, and Sumner.

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



1

District 1 Nominee

Peter "Pete" Streit • By Nomination

Rochester, MN • Cooperative Member for 33 years

My wife and I live in Cascade Township; but I still consider myself an Iowa farm boy at heart. As such, I have personal understanding and appreciation of the need for reliable, affordable power from both an agricultural and residential perspective.

My education includes math and computer science degrees from Loras College; and graduate programs in strategy development at Columbia University, SUNY, and Charter Institute of Marketing (UK). My career involved numerous technical and managerial roles at large and

small/entrepreneurial organizations: IBM (22+ years), Kingland Systems (7 years) and Mayo Clinic (12 years).

I have a reputation as a quick learner, thoughtful listener, and consensus builder. In addition to leadership and strategic planning experience, I have experience developing and managing multi-million-dollar budgets. Being elected to the Board presents the opportunity for me to contribute my skills and experience to serve my community. I have a desire to be involved and engaged in setting the direction for PEC.



1

District 1 Nominee

Jonathan "Jon" Kroening • By Nomination

Rochester, MN • Cooperative Member for 13 years

My wife Jill, our two children Jadah (12), and Jayvin (8), and I live on our small family farm located on Viola Road near the Haverhill Town Hall. At an early age my parents instilled in me that hard work and honesty go a long way in building a legacy both personally and professionally.

I'm a graduate of Dunwoody College, hold a boiler license, master electrician's license, and a system maintenance administrator (SMA) designation from BOMA International. I currently work at Egan Company as a general foreman for electrical construction.

I am able to listen to all sides of an issue, come to a firm conclusion, yet always be open for future communication to take place when needed. I will always be honest with an open mind. My knowledge and understanding of the flow of electricity and various safety measures needed to keep workers and customers safe will help when discussing related topics in the Boardroom. I believe being elected to the Board is an honor and if given the opportunity I would strive to continue to provide consistent, reliable service, and reasonable stable prices.

The Cooperative's 2022 Proposed Bylaw Changes

After a thorough review of the Cooperative's Bylaws by the Board of Directors, executive staff, and legal counsel; the Board of Directors unanimously resolved on Oct. 26, 2021, to submit the proposed amendments to the Cooperative's membership for approval.

The People's Energy Cooperative Bylaws are the governing rules of your rural electric cooperative, and we appreciate your participation in this democratic process!

In accordance with Article 14 of the Bylaws, the Board is asking you to approve the amendments by indicating yes for each of the articles that contain amendments.

Based on member feedback and to provide more voting flexibility, you can vote by article instead of only having one option in a collective yes or no vote that covered all the amendments. For each article listed on the ballot, please mark "YES" if you approve of the amendments, or mark "NO" if you do not approve of the proposed amendments. Articles 7 and 10 -14 do not have changes and therefore do not require a vote.



6

District 6 Nominee

Arthur "Art" Friedrich, Incumbent • By Nomination
Chatfield, MN • Cooperative Member for 39 years

I grew up on a farm in rural Chatfield and graduated from Chatfield High School in 1967. My wife of 48 years, Faye, and I reside in Marion Township on my grandfather's farm. My family has been a cooperative member since its beginning in 1936.

After serving four years in the US Air Force, I studied civil engineering, building inspection, and soil mechanics in college. I served as a construction inspector for Yaggy-Colby Associates for 19 years and have owned Friedrich Construction, Inc. for the last 30 years and retired in 2021.

I am currently serving as PEC's representative on the Dairyland Power Cooperative (DPC) Board of Directors.

As your director, I meet with members routinely and take my roles and responsibilities seriously. My engineering background and dedication to continue electric cooperative education courses ensure I am prepared for future challenges to come. I would be honored to be re-elected as a director at PEC and DPC to apply my nine years of experience, training, education, and dedication to continue serving all my fellow members.



6

District 6 Nominee

Randall "Randy" Brock • By Nomination
Rochester, MN • Cooperative Member for 6 years

My family and I have lived in the Rochester area for 20 years and near Chester Woods County Park for the last six.

I hold a Bachelor of Science Degree in Meteorology and was employed full-time as a meteorologist from 1999 until 2016. During that time, I served as the Chief Meteorologist at KTTC TV. Since 2016, I've worked as a real estate agent in southeast Minnesota. I am an avid trout fisherman and have served as President of the Hiawatha Chapter of Trout Unlimited, Board Chair for Minnesota Trout Unlimited, and on the National Leadership Council for Trout Unlimited.

With more than 20 years' experience as a public speaker and a solid understanding of technology, I believe I would not have any problem when incorporating those skills into board activities/functions.

Taking an active role in my community is very important to me. I believe we need more well-meaning people to raise their hands and be willing to take on roles in leadership and policymaking. It would be an honor and a privilege to be able to take an active role in something as critically important as our local energy provider.

2021

From The Treasurer:

I am pleased to present the 2021 financial results for People's Energy Cooperative.

The 2021 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 2021 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

2021 FINANCIAL RESULTS

Statement of Operations

FISCAL YEARS ENDED DEC. 31, 2021 & 2020

| OPERATING REVENUES | 2021 | 2020 |
|--|---------------------|---------------------|
| | \$50,506,832 | \$49,670,839 |
| OPERATING EXPENSES | | |
| - Cost of Power | \$28,339,653 | \$27,876,705 |
| - Distribution Expense - Operations | \$3,466,775 | \$3,539,909 |
| - Distribution Expense - Maintenance | \$3,426,178 | \$3,540,773 |
| - Consumer Accounts Expense | \$1,883,812 | \$1,809,055 |
| - Sales Expense | \$108,948 | \$93,539 |
| - Administrative and General Expense | \$2,707,655 | \$2,570,964 |
| - Depreciation Expense | \$5,323,005 | \$5,152,619 |
| - Other Deductions | \$45,861 | \$479,716 |
| Total Operating Expenses | \$45,301,887 | \$45,063,280 |
| OPERATING MARGINS <i>(before fixed charges)</i> | | |
| | \$5,204,945 | \$4,607,559 |
| INTEREST ON LONG-TERM DEBT | | |
| | \$3,095,813 | \$3,185,178 |
| OPERATING MARGINS <i>(after fixed charges)</i> | | |
| | \$2,109,132 | \$1,422,381 |
| GENERATION, TRANSMISSION AND OTHER CAPITAL CREDITS | | |
| | \$1,222,122 | \$1,073,560 |
| NET OPERATING MARGINS | | |
| | \$3,331,254 | \$2,495,941 |
| NON-OPERATING MARGINS | | |
| - Interest Income | \$66,328 | \$105,078 |
| - Other Non-Operating Margins | \$201,521 | \$136,690 |
| - Extraordinary Items | \$0 | \$0 |
| Total Non-Operating Margins | \$267,849 | \$241,768 |
| NET MARGINS | | |
| | \$3,599,103 | \$2,737,710 |

We employ 65 dedicated professionals who work hard to provide safe, reliable, and affordable electricity to our members.

Balance Sheet

ENDED DEC. 31, 2021 & 2020

assets:

what we own

equities:

our net worth

liabilities:

what we owe

CORPORATE PROFILE

Incorporated on January 1, 1936, People's Energy Cooperative serves 19,798 members through 3,000 miles of line covering a service territory of 1,090 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 | 2021 | 2020 |
|---|----------------------|----------------------|
| UTILITY PLANT | | |
| - Electric Plant in Service | 179,793,022 | 171,478,740 |
| - Construction Work in Progress | 7,745,164 | 6,356,907 |
| Total | 187,538,186 | 177,835,647 |
| - Less Accumulated Provision for Depreciation | (-)\$38,928,448 | (-)\$37,190,052 |
| Net Utility Plant | \$148,609,738 | \$140,645,595 |
| OTHER PROPERTY AND INVESTMENTS | | |
| - Investment in Associated Organizations | \$18,901,747 | \$18,191,211 |
| - Other Investments | \$1,452,528 | \$1,478,745 |
| Total Other Property and Investments | \$20,354,275 | \$19,669,956 |
| CURRENT ASSETS | | |
| - Cash and Cash Equivalents | \$1,974,825 | \$5,583,011 |
| - Accounts Receivable, Net | \$4,762,237 | \$4,904,718 |
| - Other Accounts Receivable, Net | \$129,853 | \$186,291 |
| - Materials and Supplies Inventory | \$1,210,836 | \$1,021,478 |
| - Other Current and Accrued Assets | \$12,153 | \$13,754 |
| Total Current Assets | \$8,089,904 | \$11,709,252 |
| DEFERRED DEBITS | | |
| | \$481,930 | \$646,040 |
| TOTAL ASSETS | \$177,535,847 | \$172,670,843 |
| EQUITIES & LIABILITIES | | |
| EQUITIES | | |
| - Patronage Capital | \$33,534,569 | \$31,473,250 |
| - Other Equities | \$27,683,218 | \$26,735,902 |
| - Accumulated Other Comprehensive Margins | \$323,595 | \$113,800 |
| Total Equities | \$60,894,192 | \$58,322,953 |
| LONG-TERM DEBT (less current maturities) | | |
| | \$97,957,212 | \$101,824,362 |
| OTHER NON CURRENT LIABILITIES | | |
| - Accrued Post Retirement Benefits | \$923,845 | \$998,827 |
| CURRENT LIABILITIES | | |
| - Current Maturities of Long-Term Debt | \$4,156,663 | \$3,997,334 |
| - Notes Payable | \$5,000,000 | \$0 |
| - Accounts Payable | \$3,261,641 | \$3,537,934 |
| - Consumer Deposits | \$487,749 | \$487,709 |
| - Other Current and Accrued Liabilities | \$2,428,515 | \$2,312,609 |
| Total Current Liabilities | \$15,334,568 | \$10,335,586 |
| DEFERRED CREDITS | | |
| | \$2,426,030 | \$1,189,116 |
| TOTAL EQUITIES AND LIABILITIES | \$177,535,847 | \$172,670,843 |

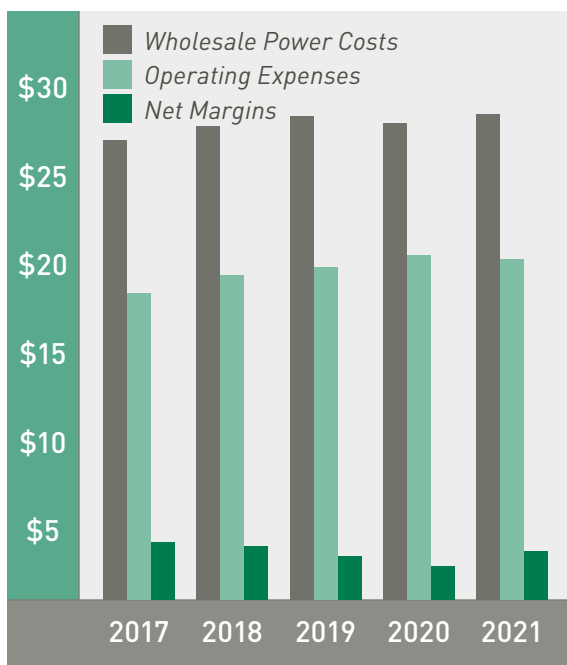
2021

Financial Results (continued)

| FINANCIAL DATA & FIVE-YEAR COMPARISON | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| FISCAL YEARS 2021-2017 | 2021 | 2020 | 2019 | 2018 | 2017 |
| TOTAL UTILITY PLANT | \$187,538,186 | \$177,835,648 | \$167,962,074 | \$159,501,443 | \$154,704,793 |
| TOTAL REVENUE | \$50,506,832 | \$49,670,839 | \$49,527,747 | \$49,149,783 | \$46,151,987 |
| COST OF PURCHASED POWER | \$28,339,653 | \$27,876,705 | \$28,341,860 | \$27,789,313 | \$26,962,562 |
| TOTAL MARGINS | \$3,599,103 | \$2,737,710 | \$3,303,715 | \$3,879,918 | \$4,139,900 |
| EQUITY RATIO (Equity/Total Assets) | 34.3% | 33.8% | 34.1% | 34.9% | 34.5% |
| TOTAL INTEREST EXPENSE | \$3,135,792 | \$3,193,445 | \$3,445,349 | \$3,482,219 | \$3,304,667 |
| INTEREST COVERAGE (TIER) | 2.16 | 1.86 | 1.96 | 2.12 | 2.25 |
| SERVICE INTERRUPTIONS (avg hours) | 7.83 | 1.23 | 10.15 | 2.79 | 1.60 |
| FULL-TIME EMPLOYEES | 65 | 62 | 60 | 60 | 60 |
| SERVICES IN PLACE | 23,878 | 23,639 | 23,372 | 23,216 | 23,433 |
| TOTAL MILES OF LINE (incl transmission) | 3,004 | 2,990 | 2,985 | 2,984 | 2,980 |
| KWH SOLD | 362,606,593 | 357,724,157 | 357,062,733 | 362,668,397 | 345,269,130 |
| CAPITAL CREDITS RETIRED | \$1,140,509 | \$1,084,271 | \$1,099,282 | \$980,487 | \$663,457 |

Financial Operating Trends

DOLLAR AMOUNT IN MILLIONS



Financial Report

People's Energy Cooperative Trust

FOR THE YEAR ENDED DECEMBER 31, 2021

| STATEMENT OF FINANCIAL POSITION: NET ASSETS | |
|---|------------------|
| - Cash | \$94,365 |
| - Accounts Receivable | \$7,911 |
| - Accounts Payable | -\$26 |
| Net Assets | \$102,250 |
| STATEMENT OF ACTIVITIES | |
| REVENUE | |
| - Contributions | \$96,799 |
| EXPENSES | |
| - Charitable Giving | \$86,245 |
| - Operating Expenses | \$1,345 |
| - Total Expenses | \$87,590 |
| Change In Assets | \$9,209 |
| NET ASSETS, BEGINNING | \$93,041 |
| NET ASSETS, ENDING | \$102,250 |



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, genetic information, 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, audiotape, 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; or
- (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

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Anthony Stern *Chief Financial Officer*
Gwen Stevens *Director of Cooperative Relations*

GENERAL INFORMATION

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Gopher State One Call *1-800-252-1166*
(for digging & line location)

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1.800.252.1166



DAIRYLAND POWER COOPERATIVE

NEWS ABOUT THE 81ST ANNUAL MEETING

As of the printing of this report, Dairyland Power Cooperative has not yet determined the format of their annual meeting taking place on Wednesday, June 8.

This meeting is usually held in the morning whether it is in person or held virtually. As the COVID situation becomes more clear and DPC determines the format of their meeting, we will make the appropriate plans.

In the meantime, if you are interested in participating in some capacity, please contact the Cooperative office at (507) 367-7000 or email memberrelations@peoplesrec.com and we will put you on a list and keep you posted on the status of the meeting.

REMEMBER TO
CAST YOUR
VOTE!



EXERCISE YOUR DEMOCRATIC RIGHT
to vote for who represents you on the PEC Board of Directors as well as the proposed amendments to the Cooperative's Bylaws.

- ▶ *Paper ballots should be mailed to ensure they are received by Wednesday, March 23.*
- ▶ *Online votes will be accepted until 10:30 AM on Wednesday, March 23.*
- ▶ *Results will be announced live during the Annual Meeting.*