

highline



MARCH 2023

NEWS FROM YOUR PARTNERS AT PEOPLE'S ENERGY COOPERATIVE



RELIABLE



AFFORDABLE



SUSTAINABLE



**People's Energy
Cooperative**

Your Touchstone Energy® Cooperative 

- 2022 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 2022 PEC BOARD OF DIRECTORS **SERVING YOU**



Jodie Tvedt

Byron
DISTRICT 2

Jerome Wooner

Eyota
DISTRICT 5
Board Chair

Arthur Friedrich

Rochester
DISTRICT 6
Vice Chair

Jeffery Orth

Rochester
DISTRICT 7

Jon Kroening

Rochester
DISTRICT 1

Robert Hoefs

Mazeppa
DISTRICT 3

Tracy Lauritzen

Altura
DISTRICT 4
Secretary & Treasurer



People's Energy Cooperative

Your Touchstone Energy® Cooperative 

86th Annual Meeting Notice

March 23, 2023 • 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 23, 2023, from the Rochester International Event Center at 7333 Airport View Drive SW, Rochester, Minnesota. Registration begins at 5:00 p.m. 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, & 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 85th 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>
Introduction of Director Candidates	Daniel E. Berndt, <i>Attorney</i>
Announce Director Election 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>

Are you in need of a special accommodation? See back cover for details.



Progress made on Strategic Goals

In December of 2021 your board of directors approved a three-year strategic plan that was crafted through board and executive staff collaboration with input from employees and the Member Advisory Committee. This plan provides strategic direction for the Cooperative to deliver on our mission and help achieve our vision. The following is a high-level overview of some of the progress made on our strategic goals in 2022.

MEMBER EXPECTATION GOAL – Enhance member-owner satisfaction while leveraging the cooperative business model.

Be the trusted energy resource for our members:

Every two years we conduct a residential member satisfaction study through NRECA Market Research Services that assesses how satisfied members are with the Cooperative and to determine our American Customer Satisfaction Index (ACSI) score. The survey was conducted in September and October of 2022 and our goal was to achieve an ACSI score of 84 or higher, ours was 82.

While we didn't hit our overall goal, our score is still 10 points higher than the industry average and our member's overall satisfaction rating was 8.6 out of 10. We scored 4.33 out of five in resolving issues or problems which was identified as the top driver of overall satisfaction for our members. We're proud that members rated us a 4.58 out of 5 for having friendly and courteous employees and a 4.57 out of 5 for having highly trained and professional employees. All good signs that we are a trusted energy resource for our members which is ultimately the goal.

Enhance member engagement to drive good governance:

Another goal is to drive good governance and one of the ways we do that is to ensure that all Board members achieve their Credentialed Cooperative Director Certificate within their first three-year term. This is the first of a three-part education program that involves a series of five courses that focus on basic governance knowledge and

the essential skills required of cooperative directors. We're happy to report that all board members have achieved this except for the board member elected in 2022 who is set to complete his in May of this year.

EMPLOYEE FOCUS GOAL – Attract and maintain a safe, highly motivated, engaged, skilled, and healthy workforce.

Safety Metrics: It is our goal to have zero OSHA recordable incidences every year and to have a worker's compensation experience modification rate of less than or equal to .95. We had one OSHA recordable injury in 2022 and our worker's compensation modification rate is at .74 for 2022. This is the lowest the rate has been in 10 years and enables us to save on our worker's compensation insurance premiums.

Best Places to Work in SE Minnesota: We are proud that People's Energy Cooperative was recognized by Workforce Development, Inc. as one of the Best Places to Work in SE Minnesota in April of 2022. Best Places to Work is a national program that recognizes the best employers in local communities. Workforce Development, Inc., in partnership with Personnel Dynamics Consulting Group of Florida, surveyed 41 companies within Freeborn, Mower, Rice, Steele, Goodhue, Olmsted, Houston, Dodge, Fillmore, Wabasha, and Winona Counties to identify the Best Places to Work in Southeast Minnesota.

Defining our Culture: One of our strategic goals is to create a culture of positive engagement. To do that we first needed to define our desired work culture, so employees know what we are striving to create and to ensure we are all moving in the same direction. After much reflection and discussion we landed on, "People's Energy Cooperative is a place where **passionate** people **collaborate**, **communicate**, and **respect** one another to best **serve** each other and our members. We **empower** each other to **learn**, **excel**, and **celebrate** success." Each bolded word has further definition of expected behaviors.

RELIABILITY GOAL – *Provide safe and reliable electric service to our members.*

Service Reliability: As an electric distribution cooperative our primary purpose is to provide safe and reliable electric service. To ensure we are doing that, we utilize several metrics to measure service reliability. The following explains each metric and how we did in 2022 based on normalized numbers that don't account for major event days which are out of our control (*i.e. transmission disruptions or weather conditions*).

- **System Average Interruption Duration Index (SAIDI):** The average outage duration for each consumer served. On average, any one member was without power only 47 minutes in 2022, 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 0.37 power outages in 2022. This equates to one outage every 2.7 years. Our goal is less than 0.70 outages per member on average.
- **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 2022 was 127.8 minutes for those who had an outage.
- **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 99.991% of the time. Our goal is to be equal to or greater than 99.980%.

Sale of Transmission Line Assets: In July, the Cooperative sold 121 miles of 69kV transmission assets to our primary power supplier, Dairyland Power Cooperative (DPC). This sale allows us to focus on our 2,900 miles of distribution system, both physically and financially, without compromising service reliability.

ECONOMIC IMPACT GOAL – *Be a respected business partner and drive positive economic impact for our members and community.*

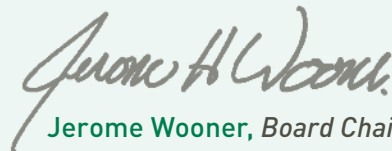
Growing positive relationships with legislators: Sometimes laws, regulations, and the interpretation of them can make it difficult for us to deliver on our mission. In October, we hosted four legislative energy

forums that took place in Chatfield, Oronoco, Plainview, and Stewartville. At each forum we provided background on four key legislative issues that can impact our ability to provide reliable and affordable electricity. We enjoyed seeing our members and connecting with legislative candidates, many of which are now in office.

Driving positive economic impact: As a rural electric cooperative, we can offer low-interest loans to qualifying businesses through a USDA program called the Rural Economic Development Loan and Grant Program. USDA provided us with grant money that we in turn loan out to businesses as gap financing. As that money is repaid to the fund, we lend it out again. It is what is called a "Revolving Loan Fund". In 2022 the Board approved two loans that supported new ownership of the Dairy Queen in Chatfield and will aid in the construction of a crop nutrient processing plant that will produce liquid and dry fertilizers. This brings our total loan count to nine.

Maintaining a strong financial plan to ensure financial integrity: While controllable costs only make-up 23% of our total costs, one of our financial goals is to keep total controllable expenses per consumer at our below the median for cooperatives our size. We're happy to report that we are ranked 50 out of 81.

As you can see it was a busy year at the Cooperative and your board and the employees have a laser focus on delivering on our mission and achieving our vision. We hope to see you at the Annual Meeting on March 23!



Jerome Wooner, Board Chair
jwooner@peoplesenergy.coop



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





DAIRYLAND POWER COOPERATIVE

SAFE, RELIABLE, & SUSTAINABLE POWER

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.

Safe, reliable, and sustainable power is a shared vision for Dairyland and its member cooperatives. To ensure electricity reaches your homes and businesses when you need it, Dairyland and its Board of Directors consider the economic impact on members, technological feasibility, social implications, and environmental responsibility when making decisions.

Safety is Dairyland’s highest priority. To improve its safety culture, Dairyland emphasizes open communication and an environment where all employees are empowered to put safety first. In 2022, they achieved 260 days without a lost-time injury as they strive for an operational goal of “zero incidents.” Dairyland’s People 1st culture supports safety and values employee experience and engagement. As a reflection of this, Dairyland was recently certified a Great Place to Work®.

Dairyland takes a balanced and measured approach in its commitment to reduce its carbon intensity to 50 percent by 2030 (*from 2005 levels*). To achieve this, asset reliability and diversification are essential. The following projects are important to achieving the 50 percent goal.

- **Cardinal-Hickory Creek Transmission Line:** Construction continues on the 102-mile, 345-kilovolt (kV) transmission line, which will connect Dubuque County, Iowa, to Dane County, Wisconsin, of which Dairyland is a nine percent owner. Although this project has drawn opposition from conservation groups, there are currently 115 renewable generation projects totaling

17 gigawatts (1,000,000 kilowatts = 1,000 megawatts = 1 GW) that are depending upon its construction, which would be enough to power millions of homes with clean energy.

- **RockGen and Elk Mound Combustion Turbines:** As the utility industry lowers its carbon intensity, renewable-enabling natural gas facilities will be crucial to keep the lights on. Throughout MISO’s footprint (*the regional electric grid*), wind and solar provided 15 percent of all the electricity generated in 2022. The balance was covered by coal (35%), natural gas (33%), nuclear (14%) and other (3% – *hydro, diesel, biomass, storage, demand response resources*). In 2022, both RockGen (*Cambridge, WI*) and the Elk Mound Combustion Turbines (*Elk Mound, WI*) set their second-highest generation levels, providing reliable sources of power during times of critical electricity demand.
- **John P. Madgett Generating Station:** Last May, the John P. Madgett generating station (*Alma, WI*) set a daily gross generation record of 9,625.34 megawatt-hours (MWh), which surpassed the previous record of 9,622.47 MWh set on Feb. 17, 2021, toward the end of a polar vortex. The baseload generation provided by the JPM coal plant is critical to regional electricity reliability, and financially beneficial to Dairyland and its members.
- **The Nemadji Trail Energy Center (NTEC):** NTEC will be a 625 MW combined-cycle natural gas plant in Superior, Wisconsin. The proposed plant will be a critical-capacity, renewable-enabling resource to ramp power up and down quickly to adjust for the intermittency of renewable energy generation. Construction is currently delayed by permitting and regulatory challenges even though studies have shown NTEC will help reduce emissions by supporting wind energy and reduce CO2 emissions by an average of

964,000 tons per year. NTEC owners (*Dairyland Power Cooperative, Basin Electric Power Cooperative, and Minnesota Power*) have complied with state and federal approval and permitting requirements, and extensive environmental review. Continued challenges delaying the plant risk grid stability and reduce access to renewable energy generation while delays result in project cost increases, which negatively impacts all energy consumers in the region.

- **Genoa Station #3:** The Genoa coal-fired power plant's retirement in 2021 aligned with Dairyland's Sustainable Generation Plan to diversify its energy resource mix. Safe demolition and decommissioning (*D&D*) at the site will continue through at least 2024. Following the completion of a redevelopment and reuse study in early 2022, Dairyland continues to explore opportunities for site reuse that align with its continued operational needs.

Growth and innovation will drive the transition to a lower-carbon future. In 2022, Dairyland signed a memorandum of understanding with NuScale Power to explore nuclear as a non-carbon emitting, 24/7 option through small modular reactor (*SMR*) technology. NuScale's *SMR* design is the first approved by the U.S. Nuclear Regulatory Commission for use in the United States. While this is a step in the right direction, building and bringing such a plant into operation in the Midwest will take at least another decade.

Dairyland and its member cooperatives are national leaders in the establishment of electric vehicle (*EV*) charging infrastructure. Since 2018, Dairyland has supported the installation of over 150 *EV* chargers throughout its service territory. Dairyland funded and assisted with installation of the first *EV* fast chargers at Kwik Trips in Wisconsin (*Holmen*) and Minnesota (*Stewartville*) with Riverland Energy Cooperative (*Wisconsin*) and People's Energy Cooperative (*Minnesota*). The 180 kW fast chargers are more than three times faster than the average fast charger.

In 2022, Dairyland was \$15 million under budget through fuel management and divisional cost control, which helped offset increased power market prices.

Last October, the Board of Directors approved the 2022 capital credit retirement of more than \$4.9 million, and an additional \$5.2 million in revenue volatility adjustment (*RVA*) credits returned to Dairyland's member cooperatives.

Electric cooperatives are not immune to the effects of increased fuel prices, early power plant retirements, supply chain congestion, increased equipment costs and international unrest. Dairyland implemented a 5.63 percent average wholesale rate increase in the power it sells to its member cooperatives, including People's Energy Cooperative, effective Jan. 1, 2023.

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 will keep the lights on for you and our communities.

Sincerely



Arthur Friedrich,
Dairyland Board Representative
afriedrich@peoplesenergy.coop



DAIRYLAND POWER
C O O P E R A T I V E

DAIRYLAND IS A GENERATION AND TRANSMISSION COOPERATIVE, *which means they generate or procure the electricity needed by its members and sends it to our cooperatives and the 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.*

See back cover for information on Dairyland's 2023 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 seventh 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 2022, we completed all the compliance requirements of the Minnesota Public Utilities Commission (MNPUC). It included compliance with the State Standards for Renewable Energy as a portion of our power supply in 2022. We met and exceeded the renewable energy standard for the state and were able to sell our extra renewable energy certificates which helped to reduce power supply costs.

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 2022 were higher than projected due to power resource issues experienced by Alliant early in the first quarter. The wholesale power market was extremely high during the first quarter of 2022 and with resource issues they (Alliant) were buying from the market to supply a portion of the power they supply to us. Following an audit of

Alliant’s wholesale energy books, we were able to recover some overcharges and they were returned to the member-owners. If projections are correct, it appears that wholesale rates to People’s and other SMEC members will be reasonable in the next few years. Of course, these are projections and the Board of SMEC ultimately sets the SMEC wholesale rates.

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 2020 capital credits to our members in the first quarter of 2023. I thank Mike Henke for serving on our Board and helping with critical power supply issues. We continue to work only for the member cooperatives we serve.

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 continued support of SMEC.

Richard G. Burud,
SMEC General Manager

LIVING OUT THE COOPERATIVE PRINCIPLE OF “CONCERN FOR COMMUNITY”



\$99,054

Awarded by the
Operation Round Up Board



\$33,000

High School Scholarships Awarded
From Unclaimed Capital Credits



\$940,300

Economic Development
Loans For Area Businesses
over \$474,000 available

Minutes of the 85th Annual Meeting

BROADCAST FROM PEC'S CONFERENCE CENTER, MARCH 24, 2022

The 85th Annual Meeting of the members of People's Energy Cooperative was held at the Cooperative's headquarters in Oronoco, Minnesota, on Thursday, March 24, 2022, pursuant to the notice mailed to each member at least fifteen (15) days prior to the holding of the meeting. Due to continued uncertainty related to the COVID-19 pandemic, the only members present in-person were the Board of Directors and board candidates. Cooperative staff and Brent Ridge, president and CEO of Dairyland Power Cooperative were also in attendance. The meeting was otherwise streamed online for the general membership.

- Gwen Stevens, director of cooperative relations, facilitated the meeting. She welcomed the group and gave instructions to those watching online how to ask questions during the meeting. She also discussed the Dairyland Power 81st Annual Meeting and how to register to attend as a delegate. The Cooperative's Board of Directors were also introduced.
- Secretary 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 who voted to constitute a quorum and the meeting was officially called to order at 6:05 p.m. A motion to accept the agenda was received along with a second. The motion carried.
- The minutes of the March 24, 2021, 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 strategic planning process that the Board went through in 2021 and how it provides direction and measurable goals to deliver on the Cooperative's mission and vision. He then discussed the four goals of the new three-year strategic plan the Board approved in December.
- President/CEO Mike Henke then addressed the membership and continued the discussion on the strategic plan by sharing highlights about the strategies that will help the Cooperative achieve its goals.
- Rich Kendall was recognized for 25 years of service. Gary Schurhammer was recognized for his 45 years of service and retirement in 2021. Also recognized were the Nominating Committee and candidates running for the Board of Directors.
- Brent Ridge, president and CEO of Dairyland Power Cooperative addressed the membership and talked about his goal of sustainability, along with industry trends and headwinds.
- 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 Jonathan "Jon" Kroening from District 1 with 1,161 votes (*Peter "Pete" Streit, 619 votes*) and Arthur "Art" Friedrich from District 6 with 1,090 votes (*Randy Brock, 729*).
- Berndt administered the oath of office to the newly elected Board members.
- Joseph Book was recognized for his years of service on the Board of Directors after not seeking re-election.
- Chair Wooner asked for any old, unfinished, or new business. There was none.
- The 85th Annual Meeting of People's Energy Cooperative was adjourned at 7:05 p.m.
- Mr. Wooner opened the meeting to questions.

2023 Districts Up For Election

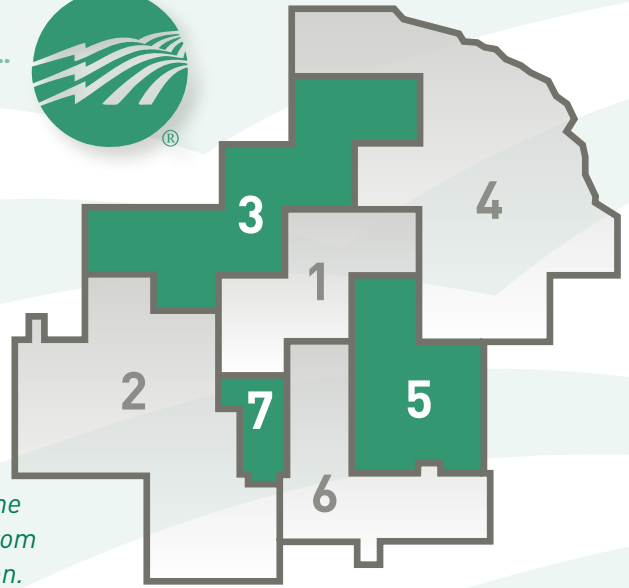


DISTRICT 3: Includes the townships of Gilford, Hyde Park, Milton, Mazeppa, New Haven, Oronoco, West Albany, and Kalmar (sections 1-18).

DISTRICT 5: Includes the townships of Dover, Elmira, Eyota, Orion, and Viola.

DISTRICT 7: Includes the townships of Stewartville, High Forest (sections 1-4, 9-16, 21-28, and 33-36), Rochester (sections 19-36), and Racine (sections 1-3).

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.



3

Mike Hintz – District 3 Nominee

By Nomination • Mazeppa, MN • Cooperative Member for 9 years



3

John Winter – District 3 Nominee

By Nomination • Rochester, MN • Cooperative Member for 15 years



5

Jerry Wooner – District 3 Nominee

By Nomination • Eyota, MN • Cooperative Member for 26 years



7

Jeff Orth – District 3 Nominee

By Nomination • Rochester, MN • Cooperative Member for 37 years



7

Theresa Hornberg – District 3 Nominee

By Nomination • Stewartville, MN • Cooperative Member for 7 years

Proudly Serving 19,904 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

42

Member Advisory
Committee Members



our SYSTEM

1,090 Square Miles
of service territory in six counties

8.3 Consumers
per each mile of line

\$183 Million
in total utility plant

43,461
Poles

2,897 Miles of Line
2,081 overhead • 816 underground

29
Substations

239 Member-Owned
Renewable Systems
232 Solar • 7 Wind

13,225
Transformers



our SERVICE

368 Million
kilowatt hours sold

24,060
Services in Place

4,926
Poles Inspected

124,020
Hours Worked

755
Work Orders Done

3,048
Rebates Issued

2022 FINANCIAL RESULTS

2022

From The Treasurer:

I am pleased to present the 2022 financial results for People's Energy Cooperative.

The 2022 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 2022 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

Statement of Operations

FISCAL YEARS ENDED DEC. 31, 2022 & 2021

OPERATING REVENUES	2022	2021
	\$54,703,554	\$50,506,832
OPERATING EXPENSES		
- Cost of Power	\$31,234,285	\$28,339,653
- Distribution Expense - Operations	\$3,379,052	\$3,466,775
- Distribution Expense - Maintenance	\$3,688,614	\$3,426,178
- Consumer Accounts Expense	\$1,868,252	\$1,883,812
- Sales Expense	\$106,670	\$108,948
- Administrative and General Expense	\$2,837,737	\$2,707,655
- Depreciation Expense	\$5,379,431	\$5,323,005
- Other Deductions	\$181,022	\$45,861
Total Operating Expenses	\$48,675,063	\$45,301,887
OPERATING MARGINS <i>(before fixed charges)</i>		
	\$6,028,491	\$5,204,945
INTEREST ON LONG-TERM DEBT		
	\$2,943,793	\$3,095,813
OPERATING MARGINS <i>(after fixed charges)</i>		
	\$3,084,698	\$2,109,132
GENERATION, TRANSMISSION AND OTHER CAPITAL CREDITS		
	\$1,177,561	\$1,222,122
NET OPERATING MARGINS		
	\$4,262,259	\$3,331,254
NON-OPERATING MARGINS		
- Interest Income	\$69,027	\$66,328
- Other Non-Operating Margins	\$45,363	\$201,521
- Extraordinary Items	\$1,954,800	\$0
Total Non-Operating Margins	\$2,069,190	\$267,849
NET MARGINS		
	\$6,331,449	\$3,599,103

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

Balance Sheet

ENDED DEC. 31, 2022 & 2021

assets:
what we own

equities:
our net worth

liabilities:
what we owe

CORPORATE PROFILE

Incorporated on January 1, 1936, People's Energy Cooperative serves 19,904 members through 2,897 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	2022	2021
UTILITY PLANT		
- Electric Plant in Service	179,998,225	179,793,022
- Construction Work in Progress	2,666,380	7,745,164
Total	182,664,605	187,538,186
- Less Accumulated Provision for Depreciation	(-)\$37,876,074	(-)\$38,928,448
Net Utility Plant	\$144,788,531	\$148,609,738
OTHER PROPERTY AND INVESTMENTS		
- Investment in Associated Organizations	\$19,338,460	\$18,901,747
- Other Investments	\$1,634,801	\$1,452,528
Total Other Property and Investments	\$20,973,261	\$20,354,275
CURRENT ASSETS		
- Cash and Cash Equivalents	\$2,120,409	\$1,974,825
- Accounts Receivable, Net	\$5,095,803	\$4,762,237
- Other Accounts Receivable, Net	\$897,555	\$129,853
- Materials and Supplies Inventory	\$2,975,396	\$1,210,836
- Other Current and Accrued Assets	\$8,304	\$12,153
Total Current Assets	\$11,097,467	\$8,089,904
DEFERRED DEBITS		
	\$316,093	\$481,930
TOTAL ASSETS	\$177,175,352	\$177,535,847
EQUITIES & LIABILITIES		
EQUITIES		
- Patronage Capital	\$38,110,782	\$33,534,569
- Other Equities	\$28,213,192	\$27,683,218
- Accumulated Other Comprehensive Margins	(-)\$159,666	(-)\$323,595
Total Equities	\$66,164,308	\$60,894,192
LONG-TERM DEBT (less current maturities)		
	\$94,008,486	\$97,957,212
OTHER NON CURRENT LIABILITIES		
- Accrued Post Retirement Benefits	\$769,334	\$923,845
CURRENT LIABILITIES		
- Current Maturities of Long-Term Debt	\$4,059,192	\$4,156,663
- Notes Payable	\$3,500,000	\$5,000,000
- Accounts Payable	\$3,118,387	\$3,261,641
- Consumer Deposits	\$473,069	\$487,749
- Other Current and Accrued Liabilities	\$2,380,283	\$2,428,515
Total Current Liabilities	\$13,530,931	\$15,334,568
DEFERRED CREDITS		
	\$2,702,293	\$2,426,030
TOTAL EQUITIES AND LIABILITIES	\$177,175,352	\$177,535,847

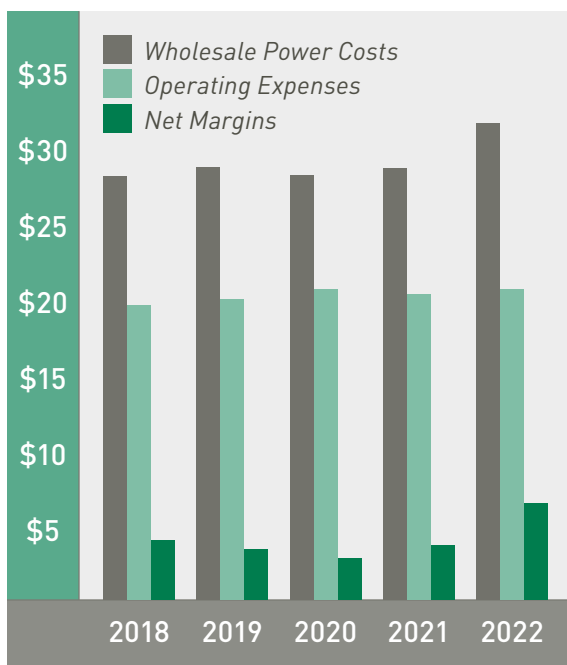
2022

Financial Results (continued)

FINANCIAL DATA & FIVE-YEAR COMPARISON					
FISCAL YEARS 2022-2018	2022	2021	2020	2019	2018
TOTAL UTILITY PLANT	\$182,664,606	\$187,538,186	\$177,835,648	\$167,962,074	\$159,501,443
TOTAL REVENUE	\$54,703,554	\$50,506,832	\$49,670,839	\$49,527,747	\$49,149,783
COST OF PURCHASED POWER	\$31,234,285	\$28,339,653	\$27,876,705	\$28,341,860	\$27,789,313
TOTAL MARGINS	\$6,331,449	\$3,599,103	\$2,737,710	\$3,303,715	\$3,879,918
EQUITY RATIO (Equity/Total Assets)	37.3%	34.3%	33.8%	34.1%	34.9%
TOTAL INTEREST EXPENSE	\$3,115,364	\$3,135,792	\$3,193,445	\$3,445,349	\$3,482,219
INTEREST COVERAGE (TIER)	3.15	2.16	1.86	1.96	2.12
SERVICE INTERRUPTIONS (avg hours)	2.44	7.83	1.23	10.15	2.79
FULL-TIME EMPLOYEES	65	65	62	60	60
SERVICES IN PLACE	24,060	23,878	23,639	23,372	23,216
TOTAL MILES OF LINE (incl transmission)	2,897	3,004	2,990	2,985	2,984
KWH SOLD	368,193,567	362,606,593	357,724,157	357,062,733	362,668,397
CAPITAL CREDITS RETIRED	\$1,284,094	\$1,140,509	\$1,084,271	\$1,099,282	\$980,487

Financial Operating Trends

DOLLAR AMOUNT IN MILLIONS



Financial Report

People's Energy Cooperative Trust

FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF FINANCIAL POSITION: NET ASSETS	
- Cash	\$73,670
- Accounts Receivable	\$7,704
- Accounts Payable	-\$3,128
Net Assets	\$78,246
STATEMENT OF ACTIVITIES	
REVENUE	
- Contributions	\$93,465
EXPENSES	
- Charitable Giving	\$113,020
- Operating Expenses	\$4,449
Total Expenses	\$117,469
Change In Assets	-\$24,004
NET ASSETS, BEGINNING	\$102,250
NET ASSETS, ENDING	\$78,246



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 credible 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

HIGHLINE HI-LITES • March 2023 • Vol. 87 • Issue 03

Highline Hi-Lites (USPS# 244-720) is published monthly. Special Edition issued in March.

Periodical Postage Paid in Rochester, Minnesota.

Postmaster: Please send address changes to:
*Highline Hi-Lites, 1775 Lake Shady Ave. S.
Oronoco, Minnesota 55960*

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Patrick Nelson *Director of Engineering & Operations*
Michelle Olson *Director of Member Services*
Gwen Stevens *Director of Cooperative Relations*

GENERAL INFORMATION

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Telephone *(507) 367-7000*
Toll-Free *(800) 214-2694*
Web Address *www.peoplesenergy.coop*
Gopher State One Call *1-800-252-1166*
(for digging & line location)



- ▶ *Ballots should be mailed to ensure they are received by Wednesday, March 22.*
- ▶ *Online votes will be accepted until 10:30 AM on Wednesday, March 22.*
- ▶ *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 2023

People's Energy Cooperative will be traveling to La Crosse, Wisconsin, on **Wednesday, June 7**, to participate in Dairyland Power Cooperative's 2023 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 (507) 367-7000 or email memberrelations@peoplesenergy.coop.

ANNUAL MEETING: MARCH 23, 2023

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 (507)367-7000 or memberservices@peoplesenergy.coop.

**ROCHESTER INTERNATIONAL
EVENT CENTER**
*7333 Airport View Drive SW
Rochester, Minnesota*