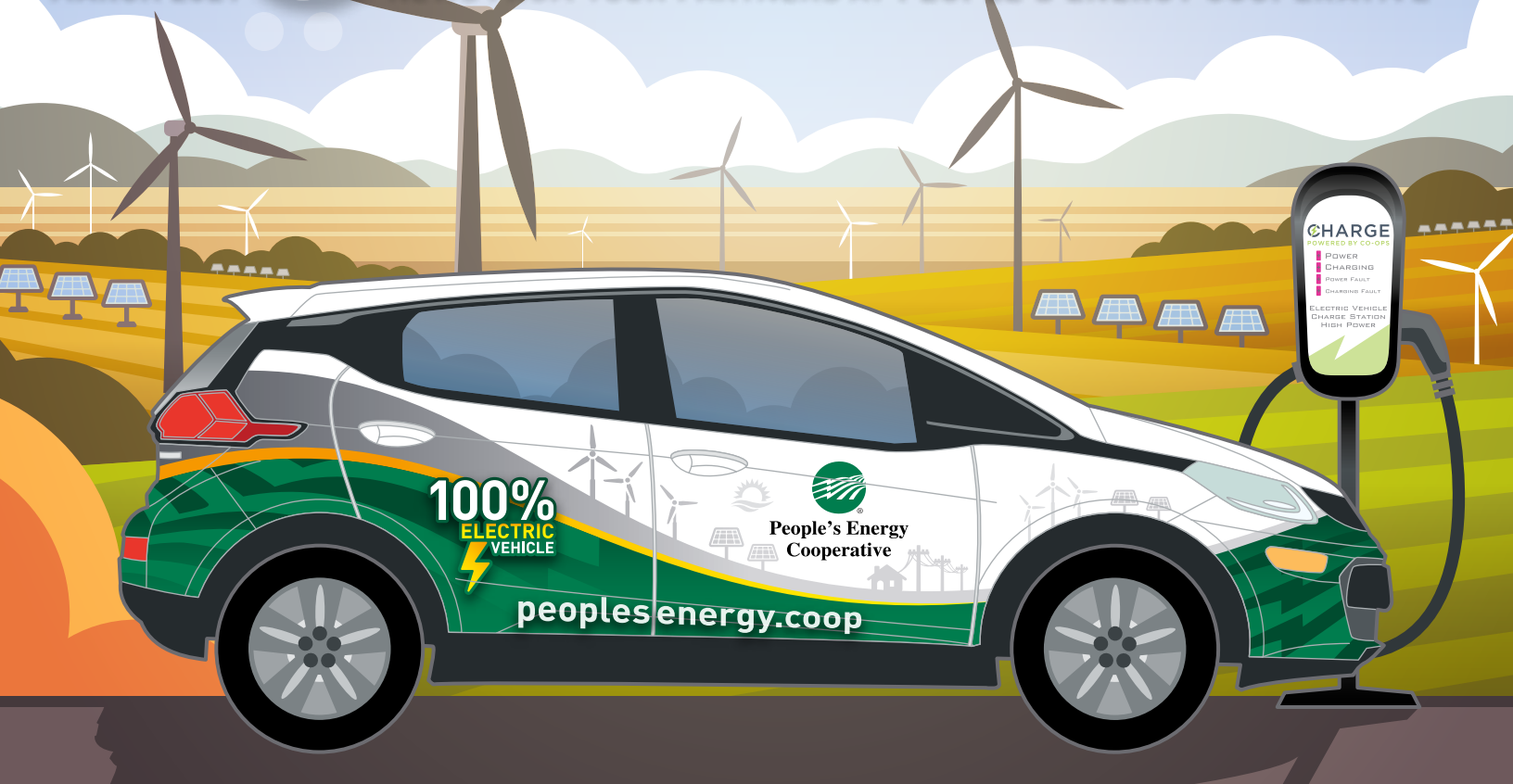


# highline

MARCH 2021 NEWS FROM YOUR PARTNERS AT PEOPLE'S ENERGY COOPERATIVE



**DRIVING TOWARDS THE FUTURE**



**People's Energy Cooperative**

Your Touchstone Energy® Cooperative 

- 2020 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 2020 PEC BOARD OF DIRECTORS **SERVING YOU**



**Jerome Wooner**  
.....  
*Eyota*  
DISTRICT 5  
*Board Chair*

**Robert Hoefs**  
.....  
*Mazeppa*  
DISTRICT 3

**Kenneth Wohlers**  
.....  
*Hayfield*  
DISTRICT 2  
*Secretary & Treasurer*

**Jeffery Orth**  
.....  
*Rochester*  
DISTRICT 7

**Arthur Friedrich**  
.....  
*Rochester*  
DISTRICT 6  
*Vice Chair*

**Tracy Lauritzen**  
.....  
*Altura*  
DISTRICT 4

**Joseph Book**  
.....  
*Rochester*  
DISTRICT 1



**People's Energy Cooperative**

Your Touchstone Energy® Cooperative 

# 84<sup>th</sup> Annual Meeting Notice

March 25, 2021 • Broadcast Online From  
People's Energy Cooperative Conference Center

**– MARK YOUR CALENDARS & SAVE THE DATE –**

*People's Energy Cooperative's Annual Meeting will be broadcast live on Thursday, March 25, 2021, from the Cooperative's Conference Center in Oronoco, Minnesota. The one-hour business meeting will be available to watch live on the Cooperative's Facebook page and YouTube channel 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.....	Kenneth Wohlers, <i>Secretary/Treasurer</i>
Pledge of Allegiance.....	Kenneth Wohlers, <i>Secretary/Treasurer</i>
Announcement of Quorum.....	Jerome Wooner, <i>Board Chair</i>
Call to Order and Meeting Rules.....	Jerome Wooner, <i>Board Chair</i>
Approval of 83rd Annual Meeting Minutes.....	Kenneth Wohlers, <i>Secretary/Treasurer</i>
Financial Report.....	Kenneth Wohlers, <i>Secretary/Treasurer</i>
Remarks.....	<i>Board Chair &amp; President/CEO</i>
Introduction of Director Candidates.....	Michael J. Henke, <i>President/CEO</i>
Announcement of 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>



## In 2018, the Cooperative's Board of Directors and executive team...

*We are pleased with the progress the Board and cooperative employees have made on these strategic goals since 2018 and are looking forward to developing our next strategic plan which will take place later in 2021. The following highlights the progress made on each goal in 2020 despite the COVID-19 pandemic.*

### GOAL 1: PRESERVE A STRONG FINANCIAL POSITION

by maintaining competitive rates and prices through aggressive equity and cash management, operational efficiency, and sound business practices that provide exceptional value to our member-owners.

#### PEC'S 2020 PROGRESS:

- Restructured rates to ensure fixed costs are recovered in fixed charges (*the basic service charge on member bills*) and took a step towards merging SMEC and Legacy rates.
- Borrowed funds at record low interest rates to fund construction activities.
- Annual financial audits conducted in 2020 were clean and reflected sound business practices.

### GOAL 2: ENHANCE MEMBER-OWNER SATISFACTION

by providing exceptional service and value by being a trusted energy resource while leveraging the cooperative business model.

#### PEC'S 2020 PROGRESS:

- Worked closely with both business and residential members regarding their bills and assistance available during the COVID-19 pandemic to help lessen the burden on those impacted. This included lifting penalties for past due payments, adjusting the timing of the rate change, and retiring capital credits earlier than planned.

- Scored an 84 on our American Customer Satisfaction Index (ACSI) survey conducted in April of 2020, which is 11 points higher than the average for energy utilities in the US.

### GOAL 3: EXPLORE, EVALUATE, AND PURSUE RENEWABLES AND ENERGY STORAGE

opportunities that provide member value.

#### PEC'S 2020 PROGRESS:

- Partnered with Olmsted County and Cenergy Power on a 25-year agreement for a one megawatt (1 MW) solar array located in Haverhill Township.
- Created the SolarSense rebate program that enables members to receive an up-front rebate when they install a solar array that is properly sized so as not to produce more than 120 percent of the member's annual energy use.
- Implemented the NOVA Power Portal platform that streamlines the process for members connecting distributed generation systems to the Cooperative's system.

### GOAL 4: ATTRACT AND MAINTAIN A HIGHLY MOTIVATED, ENGAGED, SKILLED, AND HEALTHY WORK FORCE

by promoting a positive work environment for achieving excellence, growth, a safe work environment, and a sense of ownership.

#### PEC'S 2020 PROGRESS:

- Zero OSHA recordable injuries and no workers compensation claim costs in 2020. Our best safety record in at least 17 years!
- Quickly responded to the COVID-19 pandemic by establishing health guidelines for employees to follow, setting up remote workstations, and implementing safe work practices to prevent the spread of COVID-19.
- Achieved the goal to reduce employee turnover to under five percent.

*...established a strategic plan that was subsequently reviewed and revised in early 2020. The revisions added strategic goal number 6 and modified some of the language in others to be clearer and better aligned with the vision of the Cooperative.*

- Conducted successful union negotiations with both union groups and had no grievances.

**GOAL 5: ENHANCE CUSTOMER SERVICE, SYSTEM PLANNING AND ANALYSIS, AND OPERATING EFFICIENCIES** through the optimal use of technologies and implementation of leading business practices.

**PEC'S 2020 PROGRESS:**

- Implemented eight internal improvement initiatives in the engineering and operations departments aimed at leveraging software and creating efficiencies.
- Rebuilt the Chatfield substation to provide greater reliability and more capacity for new services as the community grows.
- Rebuilt 51 miles of power line damaged by the April 2019 ice storm.
- Achieved our power outage reliability goals for both the average outage frequency and the average outage duration on a per member basis. These results were the best we have seen in five years.
- Achieved our reliability goal of 99.98% by providing power 8,758.25 hours out of the possible 8,760 hours (99.989%) in the year.

**GOAL 6: BE A RESPECTED BUSINESS PARTNER** by being actively involved in the communities and local areas we serve.

**PEC'S 2020 PROGRESS:**

- Updated our Electrical Service Guide to aid area electricians and contractors in ensuring quality electric service for our members when planning for upgrades or modifications to an existing service.
- Developed a strategic economic development plan.
- Approved a revolving loan fund to help a member business in Eyota add equipment so they can expand their business.
- Worked with federal legislative staff to help get aid for livestock farmers during the COVID-19 pandemic.

**GOAL 7: DEMONSTRATE A COMMITMENT TO EFFECTIVE GOVERNANCE** by regularly assessing and enhancing the Board's performance.

**PEC'S 2020 PROGRESS:**

- All Board members have earned their Credentialed Cooperative Director Certificate through NRECA and all have either earned or are working towards earning their Board Leadership Certificate. Four of the seven have earned their Director Gold Credential Certification.
- Board governance videos have been viewed and discussed during at least half the board meetings in the past two years.
- Annually, the Board conducts a self-assessment to evaluate themselves and ensure effective governance.

As you can see, we are driven to succeed in 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. All while also pursuing our vision of being a trusted energy resource for our members, an employer of choice, and a respected business partner with our communities.

*Thank you for your continued support and we hope you can join us online for the Annual Meeting on March 25.*

  
**Jerome Wooner, Board Chair**  
 jwooner@peoplesrec.com

  
**Michael J. Henke, President & CEO**  
 mhenke@peoplesrec.com



# DAIRYLAND POWER

COOPERATIVE

DAIRYLAND: SAFE & SUSTAINABLE

*In 2020, Dairyland Power Cooperative (DPC) adapted swiftly to tackle the unprecedented challenges of COVID-19. While focused on providing critical electricity for DPC's 24 member cooperatives, they closely monitored the pandemic and took measures to keep employees, members, and communities safe. DPC employees – whether working onsite, in the field, or remotely – are committed to safety, reliability, and affordability for People's Energy Cooperative members.*

Amid the pandemic, DPC had a smooth leadership transition in July 2020 when Brent Ridge became President and CEO following the retirement of Barbara Nick.

DPC's six **STRATEGIC PRIORITIES** support their overarching goal of sustainability. To be sustainable and create long-term value for its members, DPC must address ongoing changes in the energy industry known as the "Four Ds": Decarbonization, Deregulation, Digitalization, and Decentralization.

Without a **CULTURE OF SAFETY**, nothing is sustainable, and safety remains the highest priority at DPC so they are implementing human performance tools to strengthen and maintain a culture of safety as they strive for an operational goal of "zero incidents."

One thing that hasn't changed is the value of **COOPERATIVE PRINCIPLES** and relationships. DPC has demonstrated commitment to transparent governance and strong relationships with members. DPC staff are focused on improving communities and the quality of life in DPC's four-state region. As a cooperative, DPC makes positive impacts in its local communities and by supporting organizations that assist those facing economic challenges.

Aligned with the updated Mission, Vision, and Core Values, DPC's **PEOPLE 1ST** culture is member-focused, clarifies employee roles and goals, and is enhancing communication throughout the organization.

**ASSET RELIABILITY & DIVERSIFICATION** are a priority as DPC transitions its energy resources to a lower carbon future. In 2020, DPC's Board of Directors approved a goal of 50 percent reduction in carbon dioxide intensity rate by 2030. The Sustainable Generation Plan provides a framework for energy diversification, considering the economic impact on members, technological feasibility, social implications, and environmental responsibility.

In January 2021, the Tatanka Ridge Wind Farm (Deuel County, SD) began operation. DPC has a power purchase agreement (PPA) to receive renewable wind energy from a 52-megawatt (MW) portion of the wind farm. DPC also has a PPA with Ranger Solar for a future addition of 149 MW from the Badger State Solar Facility.

The retirement of DPC's coal-fired Genoa Station #3 (G-3) is scheduled for June 1, 2021. Employees remain focused on safe and reliable operation of the unit until its closure. Throughout this past year, DPC's power plant availability has been in the top quartile for performance. Natural gas will serve as the bridge to a low-carbon future, supporting renewable energy investments while giving new technologies time to advance.

DPC has a long history of recycling coal-combustion byproducts (CCB). In 2020, they achieved a significant sustainability milestone by recycling 100 percent of the fly ash captured by precipitators at G-3 and the John P. Madgett Station (Alma, WI). DPC's fly ash is most commonly recycled as a replacement for Portland cement in concrete. Adding fly ash into concrete contributes to a stronger, less permeable product at a lower price. Another beneficial reuse effort underway is participation in a pilot agricultural project with UW-Extension to test the effectiveness of CCB as fertilizer.

**FINANCIAL AND COMPETITIVE STRENGTH** is critical to sustainability. DPC balances building financial strength with ensuring competitive rates and sound operations.

The Board approved DPC's 2021 budget which will result in an estimated 2.6 percent decrease in the average wholesale rate for DPC's member cooperatives on May 1.

The 2021 budget supports the priorities outlined in DPC's strategic business plan to serve People's Energy Cooperative.

Financially, DPC had strong margins in 2020 due to a favorable regional energy market, a reduction in budgeted operational/divisional costs and other factors. As a result, DPC provided \$6 million of rate credits to members in 2020, reduced future expenses and is evaluating business development opportunities. In addition, DPC increased its cash retirement of Capital Credits to five percent (*versus two percent*) resulting in 2020 cash retirements of \$11.5 million and had three power cost adjustments (PCA) credits totaling \$2.8 million.

**GROWTH AND INNOVATION** will foster sustainable business and long-term competitive rates for members. For example, DPC and its members are implementing strategies to support electric vehicle growth through the creation of CHARGE EV, LLC. CHARGE EV, LLC will help to lead the installation of more electric vehicle chargers in the rural areas served by DPC members in Iowa, Illinois, Minnesota, and Wisconsin.

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

DPC has demonstrated its agility and commitment to safety, while reliably providing critical power throughout this unexpected pandemic journey. As your representative on the DPC Board of Directors, I am confident that DPC will continue to provide our cooperative with reliable, affordable, and sustainable power today and for future generations.

*It has been my honor to serve as the PEC representative on the DPC Board of Directors for the past three years and on the PEC Board of Directors for the past 18 years. Thank you to all my fellow board directors, cooperative staff, and the members who have supported me in my time on the Board.*

Sincerely



**Kenneth Wohlers, Dairyland Board Representative**  
 kwohlers@peoplesrec.com

**KEN WOHLER WILL BE RETIRING**  
*from his seat on the People's Energy Cooperative Board of Director's at the Annual Meeting on March 25; a seat he has held since 2003. He will also be relinquishing his seat on the DPC Board of Directors at the same time.*

For the past 14, years Ken has served as the secretary and treasurer of the Cooperative, which was a good fit since he graduated with degrees in accounting and business administration from Winona State University, served in the Navy's finance department, and worked in the accounting field for many years.

Ken and his wife Sheryl, a retired teacher, have been members of the Cooperative since 1976 and have been farming on their family farm near Hayfield since 1997. They have three children and five grandchildren whom they enjoy spending time with, especially at their cabin.

Before leaving his seat on the Board, it was important to Ken that the Cooperative continued to have strong leadership in the CEO's position and that a sustainable rate structure was in place that recovered fixed costs appropriately and was fair for all members.

When asked what his most memorable experience was, Ken said, "It's really been the whole experience. I have enjoyed learning about this industry, meeting the challenges head on, and developing friendships with directors at PEC as well as from other cooperatives across the state and country."

Ken's advice for future cooperative directors, "Always remember that it's the members you represent and that's most important. It's also important for members to remember that the Board represents all members and do their best to ensure sound decisions are made and that they are fair."

*We wish Ken well and thank him for his dedication and commitment to the Cooperative Principle of "Concern for Community."*



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 fifth year of operation. SMEC was formed to provide an entity to purchase the Alliant system in Minnesota and provide power supply for its twelve members through 2025.*

In 2020, each member system gave notice to SMEC to terminate energy and power service in July 2025, as required in our member contract. Subsequently SMEC gave notice to Alliant Energy we plan to terminate its power supply contract with them as of July 2025. People’s Energy Cooperative will receive power and energy after July 2025 from Dairyland Power Cooperative.

We completed all the compliance requirements of the Minnesota Public Utilities Commission (MNPUC) for the year. They included compliance with the state standards for renewable energy as a portion of our power supply, as well as documenting and submitting, by cooperative, the outage report. We again met all these requirements and will again in 2021 meet and exceed the renewable energy standard for the state.

SMEC members receive transmission services mainly through ITC Midwest and the rates are regulated by the Federal Energy Regulatory Commission (FERC). In 2021, ITC will receive an increase in the rate of return

on equity which will cause our member transmission rates to increase.

An increase in transmission rates for our members affects retail rates for their members. If projections are correct, it appears that wholesale rates to People’s Energy Cooperative and other SMEC members will be stable except for transmission service in the next few years. Of course, these are projections and the Board of SMEC ultimately sets the SMEC wholesale rates. Retail rates are now under the governance of the member boards as of August 2020.

SMEC has met all its financial polices as outlined by the SMEC Board of Directors and was able to approve the repayment of the 2018 SMEC capital credits to our members in the first quarter of 2021. I thank Mike Henke, President & CEO of People’s Energy Cooperative, for serving on our Board of Directors.

*Lastly, I would like to thank the Board and members of People’s Energy Cooperative for their leadership and vision on the purchase of the Alliant territory and continued support of SMEC.*

Richard Burud,  
SMEC General Manager

LIVING OUT THE COOPERATIVE PRINCIPLE OF “CONCERN FOR COMMUNITY”



**\$95,865**

Operation Round Up  
Donations By Members



**\$37,500**

High School Scholarships Awarded  
From Unclaimed Capital Credits



**8**  
CURRENT  
LOANS  
totalling:

**\$616,500**

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



# Minutes from the 83<sup>rd</sup> Annual Meeting

ROCHESTER INTERNATIONAL EVENT CENTER, MARCH 24, 2020

*The 83rd Annual Meeting of the members of People's Energy Cooperative was held at the International Event Center in Rochester, Minnesota, on Tuesday, March 24, 2020, pursuant to the notice mailed to each member of the Cooperative at least fifteen (15) days prior to the holding of the meeting.*

- Chair of the Board Jerome Wooner announced there were sufficient members who voted (1,978) to constitute a quorum to transact the business of announcing the results of the Cooperative Director Elections.
- Dan Berndt, attorney with 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 Robert Hoefs from District 3 with 1,808 votes, Jerome Wooner from District 5 with 1,100 votes (*Tamara DeMuth, 828 votes*), and Jeff Orth from District 7 with 1,347 votes (*Theresa Hornberg, 579 votes*).
- Berndt administered the oath of office to the newly elected Board members.
- Chair of the Board Jerome Wooner entertained a motion from Robert Hoefs to adjourn the meeting to a later date and time. It was seconded by Tracy Lauritzen.



## PEC IS A "TRUSTED ENERGY RESOURCE" FOR OUR MEMBERS

### Reliable:



**99.986%**

Average System Availability Index

### Renewable:



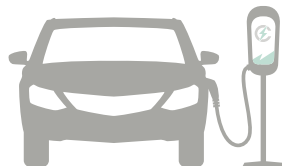
**142** Member-Owned Distributed Generation Systems

**970,971 kWh**

People's Energy Cooperative Solar Generated Power

### Resourceful:

**CHARGE**  
POWERED BY CO-OPS



**Partnered with 28**

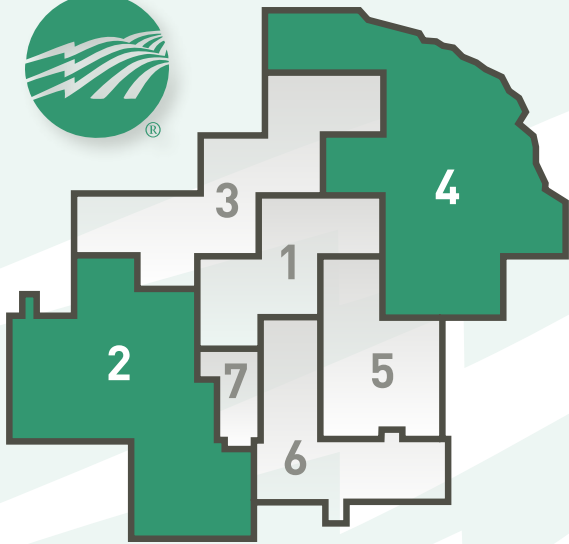
other cooperatives to form EV charging network.

### Responsible:

**POWER DOWN**  
for energy conservation

**Offering Members Eight**

Energy Management Programs to reduce demand.



## 2021 Districts Up For Election

**DISTRICT 2:** Ashland, Canisteo, Frankford, Grand Meadow, Hayfield, Mantorville, Pleasant Valley, Rock Dell, Salem, Vernon, Wasioja, and sections 19 through 36 of Kalmar, sections five through eight, 17 through 20, and 29 through 32 of High Forest, and sections four through 36 of Racine.

**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.*



# 2

### District 2 Nominee

**Tony Bauer** • By Nomination

Hayfield, MN • Cooperative Member for 22 years

My wife, four children, and I have lived in rural Hayfield for 22 years. Most of our free time is spent exhibiting cattle at local, regional, and national dairy cattle shows. I graduated from the University of Minnesota with a degree in Ag Industries and Marketing with an emphasis in Dairy Science. Post graduation, I worked in agri-business for numerous years. Thirteen years ago, I embarked on the gratifying profession of raising kids, cows, and corn. I am proud to have raised and supported two FFA Chapter Presidents, a MN State Star in Agriplacement award

winner and to have helped my daughter breed and raise a World Dairy Expo winner and All-American cow.

An abundance of patience, active listening, creativity in solving programs, and relationships made while on the Vernon Township Board are among the items I can bring to the boardroom. I have a strong appreciation for past accomplishments and wish to assist in precipitating positive changes as necessary in our future. I believe there is a continued importance to rural representation and openness to exploring alternative energy sources.



# 2

### District 2 Nominee

**Jodie Tvedt** • By Nomination

Byron, MN • Cooperative Member for 2 years

For the last 10 years, I've farmed with my husband on his family's Century Farm in Dodge and Olmsted Counties. We have one child. After graduating from Iowa State University with a Mechanical Engineering degree, I accepted a management trainee position with BNSF Railway. I worked at locomotive repair shops in the Midwest and on the West Coast for the next 18 years in management roles of increasing responsibility. I also had assignments in the corporate office that taught me about the interconnectedness of the entire rail system.

As someone who values people and interpersonal relationships, I also enjoy numbers. I look for the story contained within the numbers and try to bring it to life so others can better understand the situation. I am a critical thinker, strive to be an astute listener and am willing to learn. I'm interested in increasing my knowledge of our cooperative and think the responsibilities of the Board would be a good fit with my skill set. I strive to give back when I can and would be honored to represent fellow member-owners.



4

District 4 Nominee

**Tracy Lauritzen, Incumbent** • By Nomination  
Elba, MN • Cooperative Member for 16 years

I live near Whitewater State Park with my husband of 20 years, Damian, and our 15-year-old son, Otto. After 15 years in executive management, marketing, and business development, I successfully launched a strategic marketing, sales, and analytics firm. I help organizations implement and integrate business, marketing, and sales plans.

I earned a Credentialed Cooperative Director Certificate through the National Rural Electric Cooperative Association (NRECA) and am completing coursework to earn NRECA's Board Leadership

Certificate. Throughout my career I have succeeded at: implementing strategic business decisions while keeping the needs of customers/members in focus; using measurable analytics to eliminate waste; and recognizing when to adapt to overcome unique challenges. For the past three years, I have listened to and respected differing viewpoints to ensure member-owners are treated fairly. It is rewarding to serve the greater community as an advocate and to facilitate action on issues. I would be honored to serve another term.



4

District 4 Nominee

**Richard "Rick" Hodny** • By Nomination  
Plainview, MN • Cooperative Member for 5 years

My wife, Nancy, and I have been married for over 44 years. In April 2020, I retired after being the CEO/General Manager of High Plains Cooperative in Plainview for 17 years. I hold a degree in Business Management from the University of North Dakota. During college, I worked part-time in the shop of Farmers Union Oil Co. of Adams, ND, a local farm supply cooperative. After college, I was hired there as a full-time Agronomy Manager. I have also been a general manager of local farm supply cooperatives in Hampden and Park River, ND.

I have been a member and an employee of local cooperatives for over 45 years. As a former general manager of a cooperative, I have a good understanding of the cooperative structure, the business model, and the patron's dependency on their cooperative. As a patron, employee, and general manager of various cooperatives in North Dakota and Minnesota, I have the knowledge and understanding of the cooperative system. I have worked with boards of directors for over 45 years and feel my experience would bring value to the PEC Board.



4

District 4 Nominee

**Eugene "Brent" McNallan** • By Nomination  
Plainview, MN • Cooperative Member for 29 years

I am a lifetime resident of Wabasha County and live in Oakwood Township on our third-generation farm with my wife Michelle. Currently, I am a MN Licensed General Contractor running my own construction company. After graduating from Plainview High School, I earned a certificate in carpentry from Riverland Technical College. Since then, I have taken continuing education classes from Kaplan University that enabled me to obtain my contractor's license. I also became a Certified Mediator through Hamline University Law School.

I can work well with others to help find common sense solutions to issues. My skill set includes proficiency at budgeting, planning, task and team building, estimating, bidding, construction, patience, mediation skills, listening, communication, working hard, understanding, and being dedicated. I would like to serve on the Board so I can apply my knowledge and skills and be a voice for all cooperative members in the boardroom. I want to help the Cooperative provide the best service while keeping electricity inexpensive.

# 2020

*From The Treasurer:*

I am pleased to present the 2020 financial results for People's Energy Cooperative.

The 2020 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 2020 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,



Kenneth Wohlers,  
Secretary & Treasurer

## 2020 FINANCIAL RESULTS

# Statement of Operations

FISCAL YEARS ENDED DEC. 31, 2020 & 2019

OPERATING REVENUES	2020	2019
	\$49,670,839	\$49,527,747
OPERATING EXPENSES		
- Cost of Power	\$27,876,705	\$28,341,860
- Distribution Expense - Operations	\$3,539,909	\$3,318,286
- Distribution Expense - Maintenance	\$3,540,773	\$3,630,807
- Consumer Accounts Expense	\$1,809,055	\$1,695,510
- Sales Expense	\$93,539	\$59,102
- Administrative and General Expense	\$2,570,964	\$2,574,467
- Depreciation Expense	\$5,152,619	\$4,975,186
- Other Deductions	\$479,716	\$33,084
<b>Total Operating Expenses</b>	<b>\$45,063,280</b>	<b>\$44,628,302</b>
OPERATING MARGINS <i>(before fixed charges)</i>		
	\$4,607,559	\$4,899,445
INTEREST ON LONG-TERM DEBT		
	\$3,185,178	\$3,437,211
OPERATING MARGINS <i>(after fixed charges)</i>		
	\$1,422,381	\$1,462,234
GENERATION, TRANSMISSION AND OTHER CAPITAL CREDITS		
	\$1,073,560	\$1,180,472
NET OPERATING MARGINS		
	\$2,495,941	\$2,642,706
NON-OPERATING MARGINS		
- Interest Income	\$105,078	\$631,705
- Other Non-Operating Margins	\$136,690	\$29,304
- Extraordinary Items	\$0	\$0
<b>Total Non-Operating Margins</b>	<b>\$241,768</b>	<b>\$661,009</b>
NET MARGINS		
	\$2,737,709	\$3,303,715

We employ 62 dedicated professionals who work hard to provide safe, reliable, and affordable electricity to our members.

# Balance Sheet

ENDED DEC. 31, 2020 & 2019

assets:

what we own

equities:

our net worth

liabilities:

what we owe

## CORPORATE PROFILE

Incorporated on January 1, 1936, People's Energy Cooperative serves 19,597 members in over 23,193 homes and businesses 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	2020	2019
<b>UTILITY PLANT</b>		
- Electric Plant in Service	171,478,740	164,214,448
- Construction Work in Progress	6,356,907	3,747,626
<b>Total</b>	<b>177,835,647</b>	<b>167,962,074</b>
- Less Accumulated Provision for Depreciation	(-)\$37,190,052	(-)\$37,422,607
<b>Net Utility Plant</b>	<b>\$140,645,595</b>	<b>\$130,539,467</b>
<b>OTHER PROPERTY AND INVESTMENTS</b>		
- Investment in Associated Organizations	\$18,191,211	\$18,151,665
- Other Investments	\$1,478,745	\$1,556,325
<b>Total Other Property and Investments</b>	<b>\$19,669,956</b>	<b>\$19,707,990</b>
<b>CURRENT ASSETS</b>		
- Cash and Cash Equivalents	\$5,583,011	\$10,625,217
- Accounts Receivable, Net	\$4,904,718	\$4,635,474
- Other Accounts Receivable, Net	\$186,291	\$580,882
- Materials and Supplies Inventory	\$1,021,478	\$973,391
- Other Current and Accrued Assets	\$13,754	\$25,219
<b>Total Current Assets</b>	<b>\$11,709,252</b>	<b>\$16,840,183</b>
<b>DEFERRED DEBITS</b>		
	\$646,040	\$792,349
<b>TOTAL ASSETS</b>	<b>\$172,670,843</b>	<b>\$167,879,989</b>
<b>EQUITIES &amp; LIABILITIES</b>		
<b>EQUITIES</b>		
- Patronage Capital	\$31,473,250	\$30,659,404
- Other Equities	\$26,735,902	\$26,382,553
- Accumulated Other Comprehensive Margins	\$113,800	\$113,800
<b>Total Equities</b>	<b>\$58,322,952</b>	<b>\$57,155,757</b>
<b>LONG-TERM DEBT (less current maturities)</b>		
	\$101,824,362	\$99,509,405
<b>OTHER NON CURRENT LIABILITIES</b>		
- Accrued Post Retirement Benefits	\$998,827	\$467,477
<b>CURRENT LIABILITIES</b>		
- Current Maturities of Long-Term Debt	\$3,997,334	\$3,616,580
- Notes Payable	\$0	\$0
- Accounts Payable	\$3,537,934	\$2,906,390
- Consumer Deposits	\$487,709	\$517,809
- Other Current and Accrued Liabilities	\$2,312,609	\$1,836,709
<b>Total Current Liabilities</b>	<b>\$10,335,586</b>	<b>\$8,877,488</b>
<b>DEFERRED CREDITS</b>		
	\$1,189,116	\$1,869,862
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$172,670,843</b>	<b>\$167,879,989</b>

# 2020

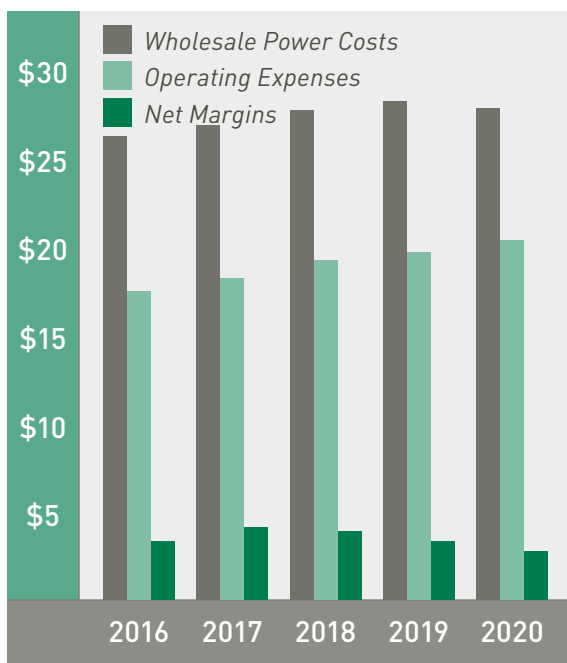
## Financial Results (continued)

### FINANCIAL DATA & FIVE-YEAR COMPARISON

FISCAL YEARS 2020-2016	2020	2019	2018	2017	2016
TOTAL UTILITY PLANT	\$177,835,648	\$167,962,074	\$159,501,443	\$154,704,793	\$147,704,087
TOTAL REVENUE	\$49,670,839	\$49,527,747	\$49,149,783	\$46,151,987	\$45,264,686
COST OF PURCHASED POWER	\$27,876,705	\$28,341,860	\$27,789,313	\$26,962,562	\$26,308,191
TOTAL MARGINS	\$2,737,709	\$3,303,715	\$3,879,918	\$4,139,900	\$3,322,654
EQUITY RATIO (Equity/Total Assets)	33.8%	34.1%	34.9%	34.5%	32.9%
TOTAL INTEREST EXPENSE	\$3,193,445	\$3,445,349	\$3,482,219	\$3,304,667	\$2,806,061
INTEREST COVERAGE (TIER)	1.86	1.96	2.12	2.25	2.19
SERVICE INTERRUPTIONS (avg hours)	1.23	10.15	2.79	1.60	2.35
FULL-TIME EMPLOYEES	62	60	60	60	58
SERVICES IN PLACE	23,639	23,372	23,216	23,433	23,193
TOTAL MILES OF LINE (incl transmission)	3,000	2,985	2,984	2,980	2,970
KWH SOLD	357,724,157	357,062,733	362,668,397	345,269,130	346,442,407
CAPITAL CREDITS RETIRED	\$1,084,271	\$1,099,282	\$980,487	\$663,457	\$868,905

### Financial Operating Trends

DOLLAR AMOUNT IN MILLIONS



### Financial Report

#### People's Energy Cooperative Trust

FOR THE YEAR ENDED DECEMBER 31, 2020

#### STATEMENT OF FINANCIAL POSITION: NET ASSETS

- Cash	\$84,894
- Accounts Receivable	\$8,147
- Accounts Payable	\$0
<b>Net Assets</b>	<b>\$93,041</b>

#### STATEMENT OF ACTIVITIES

REVENUE	
- Contributions	\$98,308
EXPENSES	
- Charitable Giving	\$92,886
- Bank Fees	\$144
- Total Expenses	\$93,030
<b>Change In Assets</b>	<b>\$5,278</b>
<b>NET ASSETS, BEGINNING</b>	<b>\$87,763</b>
<b>NET ASSETS, ENDING</b>	<b>\$93,041</b>



# People's Energy Cooperative

Your Touchstone Energy® Cooperative 

## Statement of Nondiscrimination

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.

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Federal Relay Service at 800-877-8339. Additionally, program information may be made available in languages other than English.

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- (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: 833-256-1665

*This institution is an equal opportunity provider and employer.*

# 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 2021 • Vol. 85 • Issue 03

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Michael J. Henke ..... *President & CEO*  
Patrick Nelson ..... *Director of Engineering & Operations*  
Michelle Olson ..... *Director of Member Services*  
Anthony Stern ..... *Chief Financial Officer*  
Gwen Stevens ..... *Director of Cooperative Relations*

## GENERAL INFORMATION

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Web Address ..... *www.peoplesenergy.coop*  
Gopher State One Call ..... *1-800-252-1166*  
*(for digging & line location)*

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# DAIRYLAND POWER COOPERATIVE

## NEWS ABOUT THE 80TH 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 9.*

Due to the COVID-19 Pandemic, we will continue to take precautions to protect staff and members based on mandates and public health guidance. Once DPC determines the format of their meeting we will make 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](mailto:memberrelations@peoplesrec.com) and we will put you on a list and keep you posted on the status of the meeting.

## MORE ABOUT DAIRYLAND

# DPC'S 2021 MISSION, VISION, AND 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.*

*PEC is one of 24 member distribution cooperatives that receive power from DPC Power Cooperative, which is headquartered in La Crosse, Wisconsin. The DPC system serves over 255,000 meters across our region providing the benefits of electricity to nearly 600,000 consumers.*