

ANNUAL MEETING 4/4/23

Annual Report

2022

POWER
to make life better

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AGENDA

- 11:00am - Registration Open
- 12:00pm - Lunch Served
- 12:45pm - Business Meeting

- Invocation
Keith Ross
- Call to Order
Ronald Griffith
- Introduction of Trustees
Ronald Griffith
- Reading of the Official Notice of the Annual Meeting
Sandra Benoit
- Reading of the 2022 Annual Meeting Minutes
Sandra Benoit
- Trustee Election Report
John McClymont
- Remarks
Todd Hillman, CEO
Sunflower Electric Power Corporation, Inc.
- Annual Report
Kirk Girard
- Old Business
- New Business
- Adjourn

BOARD OF DIRECTORS

- District 1
Cheyenne, Rawlins, Sherman, Thomas
Mike Rogers, Vice-President
Scott Urban, Trustee
- District 2
Decatur, Norton, Phillips
Ivan Bohl, Trustee
Keith Ross, Trustee
Eric Witmer, Trustee
- District 3
Sheridan, Graham, Rooks
Sandra Benoit, Secretary
Robert Paxson, Treasurer
- District 4
Smith, Jewell, Osborne, Mitchell
Ronald Griffith, President
Otto Levin, Trustee
- District 5
Republic, Washington, Cloud, Clay
Lowell Thoman, Trustee
William Peterson, Trustee

ELECTION RESULTS

- DISTRICT 1 • MIKE ROGERS
- DISTRICT 2 • KEITH ROSS
- DISTRICT 4 • RONALD G. GRIFFITH
- DISTRICT 5 • LOWELL THOMAN

MISSION STATEMENT

The mission of Prairie Land Electric Cooperative, Inc. is to improve the quality of life for our members and support our communities by providing safe, reliable energy services and education.

March, 2022: ice storm repairs

2022 IN REVIEW

What is normal? Normal can be defined as any behavior or condition that is usual, expected, typical or conforms to a pre-existing standard. But after the past several years with COVID-19, Winter Storm Uri, supply chain issues, labor shortages and high inflation, what does the usual, expected, typical or pre-existing standard look like? We live in a time of constant change and abnormality, which seems to be the “new” normal.

Like most of our members, Prairie Land has been subject to constant challenges in obtaining goods--in our case the very pieces of equipment we need to serve our members. Lead times on utility trucks have gone from 6-12 months to 2-3 years. Common class wood poles have seen unprecedented demand across the country, making the delivery of a standard wood pole difficult. Wire, hardware, line materials and trans-

formers have doubled in lead times, and all have significantly increased in pricing. In some cases, costs have increased 200% over what we paid just a few years ago.

As our supply chain has tightened, the demand for electricity continues to increase, not only within our region but across the country, putting a strain on our power grid. Our regional transmission organization, the Southwest Power Pool (SPP), coordinates, controls and monitors the electric grid across our region. Their biggest challenge is meeting the needs of our members during extremely high demand for energy, whether it be in the dog days of summer or the dead cold of winter. At the same time, we see power plants being shut down across the country faster than new plants are being built. In most cases, traditional large-scale power suppliers such as coal and nuclear plants are being closed and replaced by alternatives that operate on a much smaller scale.

Electricity, as well as the fuel that generates it, is a commodity that is affected by supply and demand economics. This past summer, extremely hot weather conditions caused a greater demand for electricity. In fact, on July 19, the SPP region experienced a record high demand for energy.

When demand increases, the electric grid requires less efficient power plants to operate along with the more efficient baseload plants that normally serve the load to meet consumer needs. The combination of less efficient power generation and higher fuel prices to power the generation leads to higher prices for electricity. This, in turn, is passed on to the Prairie Land member.

How does Prairie Land mitigate the ramifications of market fluctuations in the cost of energy? In short, Sunflower Electric, our generation and transmission provider, utilizes generation fuel diversity and various hedging products to help protect our members from even higher energy prices. Sunflower’s coal-based unit at Holcomb Station generates energy at a lower cost than natural gas, providing a significant hedge for its members. Sunflower also recently added 20 MW of solar generation through the Johnson Corner Solar Project. Stable-priced solar energy helps moderate electricity prices during the sunniest and hottest parts of the summer when electricity demand is at its highest. Sunflower is pursuing additional solar energy projects to further control the impact of summer energy prices and hedge them in the future.

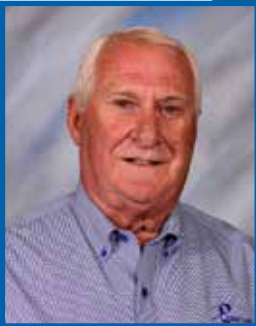
Further changes are sure to come. Last year, there were record increases in electric vehicle (EV) sales, and experts are predicting that by 2035, many major vehicle manufacturers will only produce electric models. The need for more electricity will have a major impact on the nation’s grid, which means

power supply and grid infrastructure must be carefully planned to accommodate the increased need for electricity.

EV charging presents new challenges in maintaining the electric grid. Fully charging an EV battery requires the same amount of electricity needed to power a home during peak energy use times. However, EV charging is a concentrated pull of energy over an extended period, which can add stress to the local power grid by increasing the amount of electricity a utility has to provide. Prairie Land is currently identifying ways to manage this new pattern of electricity use, though those exact strategies will vary based on the market penetration of EVs in each area.

While everyone is experiencing these challenges, Prairie Land is committed to ensuring the lights stay on and continuing to provide quality service to our members. However, we can’t stop Mother Nature from doing what she does, and we can’t change the principle of supply and demand. But, through adversity, we will strive to be your trusted energy resource, providing safe and reliable energy services to deliver the power to improve the lives of our members and communities.

June, 2022: Prairie Land lineworkers assisted the City of Norton to rebuild lines on the west edge of town.



Ronald G. Griffith
Board President



Kirk Girard
CEO

EMPLOYEES

Dean Wiseman.....	47	Ryan Culwell.....	20	Julie Douglas.....	15	Stacy Whitney.....	4
Connie Pfannenstiel.....	40	Andrew Gilsdorf.....	19	Jamie LeDuc.....	15	David Atwood.....	4
Brian McKenna.....	39	Keath Christy.....	19	Kade Kolman.....	15	Jameson Nielsen.....	4
Norman Kats.....	37	Justin Muetting.....	19	Lynette Jones.....	15	Melanie Romey.....	3
Kevin Black.....	37	Karla Lawrence.....	18	Nathan Simmons.....	14	Deborah Anderson.....	3
Jim Coash.....	36	Kelly Jones.....	18	David Rose.....	14	Blake Reed.....	3
David Tiemeyer.....	34	Jacob Epley.....	17	Brandon Blue.....	13	Jace Winder.....	3
Shawn Miller.....	33	Blake Krien.....	17	Monica Kats.....	13	Rachael Pfannenstiel.....	3
Gary Beikman.....	30	April Karnopp.....	17	Ryan Goheen.....	12	Jessie Hahn.....	2
Kirk Girard.....	29	Lacey Smith.....	17	Cally Engel.....	11	Christy Nickell.....	2
Darin Bortz.....	25	Brett McChesney.....	17	Shane Schumaker.....	11	Trent Heersink.....	2
Everett Mendenhall.....	23	Jarod Rohr.....	17	Chance Bieker.....	10	Dakota Julian.....	1
Spencer Ketterl.....	23	Garrett Willour.....	17	Deb Lydic.....	10	Ryan Barnes.....	1
Marshall Hespe.....	23	Cory Johnson.....	16	Landon Keiswetter.....	9	Jacob Larson.....	<1
Greg Cooper.....	23	John Atkins.....	16	Austin Wieden.....	9	Kyle Strutt.....	<1
Gregg Glennemeier.....	23	Dominic Urban.....	16	Ryan Swatzell.....	8	Dillon Williams.....	<1
David Bainter.....	20	Tom Huber.....	16	Sondra Marvin.....	8	Colton Lane.....	<1
Alisha Stark.....	20	Matt Knox.....	16	Dalton Schneider.....	8	Nick Withington.....	<1
Waylon Lawson.....	20	Jeremy Harding.....	15	Kenzie Griffiths.....	8	Sam Sage.....	<1
Vonley Frey.....	20	Tyler Rutherford.....	15	Ann Cox.....	6	Sarah Gallentine.....	<1
Luke Lister.....	20	Travis Stites.....	15	Clint Rogers.....	5	Kendra Daniels.....	<1

November, 2022: Concordia

PROJECTS

In late 2021, Prairie Land began working with Summit Sustainable Ingredients on their expansion project at the former Prairie Horizon Agri-Energy corn ethanol plant in Phillipsburg. The newly-named Amber Wave project is transforming the operations of the current plant to include wheat processing, vital wheat gluten extraction, and low-carbon fuel production. The transition from corn ethanol to wheat processing will provide significant economic development to the area by adding around 50 good-paying jobs, enhancing domestic food product development and generating low-carbon fuel.

The Amber Wave project requires more than four times the power capacity they had previously used. In addition, upgrades to both the ethanol plant substation and the Phillipsburg 115 kV substation would be required to meet these needs with a total project cost of just over \$1.5 million. To help fund the project, Prairie Land applied for a Building a Stronger Economy (BASE) grant through the Kansas Department of Commerce. In April 2022, we were awarded \$1,130,490, leaving an investment match of \$406,326 to be provided by Prairie Land. Any time Prairie Land can add new baseload to our system, our members, system wide, benefit because the fixed cost associated with providing electric service is spread over more kWh sales.

Another important project is the completion of work to rebuild portions of our system damaged by the April 2017 ice and snowstorm in Decatur, Graham, Norton, Sheridan and Rawlins counties, causing over \$4.7 million in damages. Of the more than 300 miles of line that were damaged, 89 qualified for Federal Emergency Management Agency (FEMA) disaster relief. Crews completed the work to rebuild the damaged lines in June 2022.

As we were finishing up our FEMA 2017 storm damage, another ice and snow storm hit Phillips, Rooks and Graham counties on March 22, 2022. Prairie Land crews worked through that evening, restoring power to all but 800-900 of our members. Crews spent the next day continuing repairs, and all residential services were restored by 6:30 p.m. Most other services were restored the following day.

What happens when the ice gets on power lines? The buildup of ice creates an airfoil, much like an airplane wing. This produces a change in airflow which causes the line to bounce or “gallop.” Galloping lines can cause wires to eventually touch, resulting in a fault or subsequent power outage. The increased movement can also cause cross-arms to break, bringing lines to the ground.

While extreme weather events can wreak havoc on our system, with resiliency and reliability at the core of our mission and strategic planning initiatives, we will continue to invest in our distribution system.



2022 FINANCIAL REPORT

BALANCE SHEET

ASSETS

Total Utility Plant	202,013,468
Less Depreciation	(79,559,580)
Net Value of System	122,453,888
Cash and Temporary Investments	8,203,918
Investments in Assoc. Organizations	50,543,992
Receivables	5,730,838
Materials & Supplies	2,036,561
Pre-payments	314,429
Other Current Assets	4,063,059
Deferred Debts	2,601,394
Total Assets	195,948,079

LIABILITIES

Long Term Debt	96,183,972
Deposits	789,229
Notes and Accounts Payable	3,206,513
Current Liabilities	7,055,407
Deferred Credits	821,118
Equities and Margins	87,891,840
Total Liabilities	195,948,079

INCOME STATEMENT

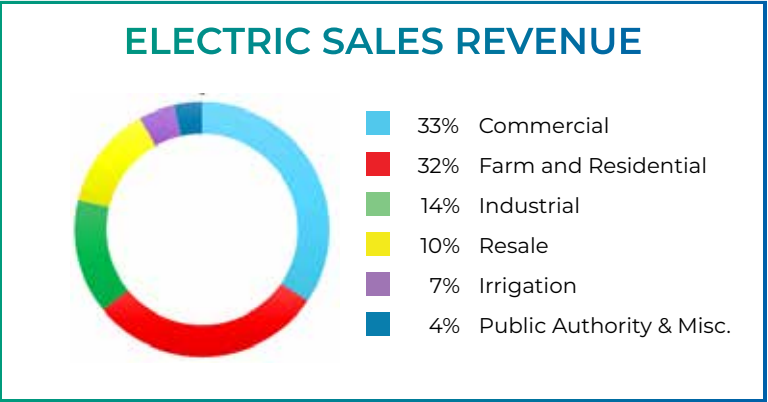
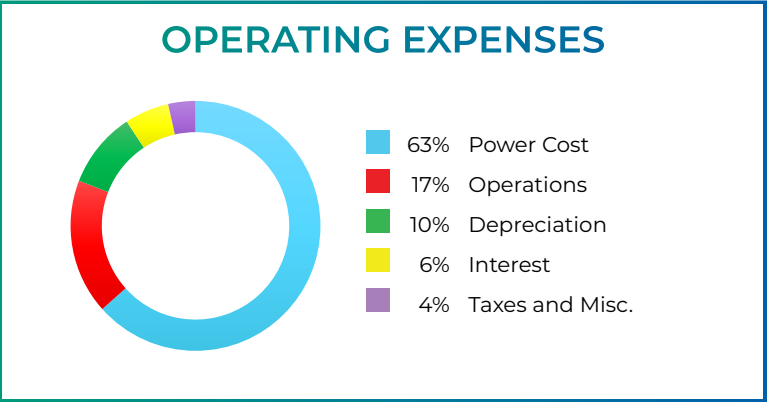
INCOME

Electric Revenue	71,695,688
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EXPENSES

Power Cost	43,653,155
Operations	12,038,235
Depreciation	6,773,973
Taxes	2,234,632
Interest	3,961,013
Miscellaneous	193,353
Total Expenses	68,854,361

OPERATING MARGIN	2,841,327
NON-OPERATING MARGIN	2,943,332
TOTAL MARGINS FOR 2021	5,784,659



2022	
# of Prairie Land Members.....	13,849
# of Connected Meters.....	24,678
Miles of Line.....	6,997
Meters per Mile of Line	3.5
Investment per Mile of Line	\$28,871
Investment per Meter	\$8,186
Kilowatt Hours Purchased	630,431,926
Kilowatt Hours Sold	596,849,165
Kilowatt Hour Losses	33,582,761
Line Loss %	5.33%
Long-Term Debt	\$96,183,972
Plant Additions	\$7,574,680
Plant Retirements	\$1,962,831
# of New Services Added	165
# of Services Retired	170
# of Full-time Employees	83
Capital Credits Retired in 2022	\$2,741,117
Capital Credits Retired All Years	\$17,461,798

COOPERATIVE PRINCIPLES



Employees spent their lunch hour distributing a week’s supply of food to families in Norton County.



Crews work to finish the final FEMA project from the April 2017 storms. With 57 projects in all, the final 16 were completed in 2022.



Pole top rescue training is repeated every year to drill this life-saving skill into all our lineworkers.

Open and Voluntary Membership

Membership in a cooperative is open to all people who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender or economic circumstances.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Representatives (directors/trustees) are elected among the membership and are accountable to them. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic matter.

Member’s Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Lineworkers are often called upon for tasks outside of electric line repairs, such as rescuing rockets from the trees at an elementary school event.



Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.

Prairie Land sponsors leadership trips for our local youth each year, and sometimes we even send chaperones.



Cooperation Among Cooperatives

By working together through local, national, regional an international structures, cooperatives improve services, bolster local economies and deal more effectively with social and community needs.



Lineworkers performed a high-voltage safety demonstration in Oberlin on September 26.

Education, Training and Information

Education and training for members, elected representatives (directors/trustees), CEOs and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, help boost cooperative understanding.



Prairie Land and our members are one and the same. You'll see us volunteering in our communities, because we live there too.

Concern for Community

Cooperatives work for the sustainable development of their communities through policies supported by the membership.

IT ALL COMES DOWN TO SAFETY

The job of a lineworker is one of the most dangerous in the United States. They are performing detailed tasks near high-voltage power lines in all types of weather.

In a rural electric cooperative, lineworkers that are out replacing poles

or maintaining the lines are likely to be miles away from the nearest first responders. This is why it's so important that our crews have the training to come to each other's aid while waiting for help.

While working safely is the best way to avoid accidents or injuries, lineworkers must be prepared for any worst-case scenarios. As part of their safety training, lineworkers complete pole-top and bucket rescue drills,

CPR, AED and first-aid training. All lineworkers attend monthly safety meetings, annual skills assessments and daily job briefings.

Our focus on safety also includes our members and the general public. We regularly share safety messages through our communication channels, and perform cautionary high-voltage safety demonstrations for schools, first responders and anyone who is interested.

September, 2022: high voltage safety demonstration in Oberlin

May, 2022: annual pole top rescue training





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