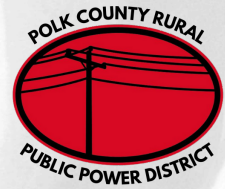


# POLK COUNTY RURAL PUBLIC POWER DISTRICT

## BUSINESS REPORT



### Manager's Message

**Barb Fowler**

The previous two years have been about all of us learning how to pivot through many uncertainties, planning for multiple scenarios, and navigating through unanticipated situations. Throughout these unprecedented times, PCRPPD's top priority has remained the same; ensuring we maintain quality customer service and reliability while keeping our employees safe.

While 2021 and 2022 delivered many challenges, your PCRPPD continued to deliver safe, reliable energy to you, our customer-owners. From managing supply-chain issues to improving process efficiencies and lowering our operating costs, we have diligently worked together to ensure that everything we do is in your best interest. No matter the challenge, we prepare year-round for any event that could disrupt your ability to turn the lights on.

The Board of Directors and all PCRPPD teammates appreciate the opportunity to serve you. More challenges will come, as they usually do, but you simply will not find a team that works harder for you than PCRPPD. So, please take a few moments to review this biennial report of your PCRPPD.

### Board of Directors

District 1  
Bob Lindburg  
Ryan Twogood

District 2  
Vernon Kuhnel  
Jeff Scow  
Bill Kropatsch

District 3  
Mark Wyman  
Judy Rieken

### Service Area

PCRPPD serves customers in Polk and parts of Merrick, York, and Nance Counties



### Type & Number of Consumers

Classification of Service	Number of Services	kWh Sales	Revenue
Residential	2270	41,867,991	\$4,440,613
Seasonal	645	3,946,642	\$606,057
Irrigation	1337	33,514,152	\$5,490,886
Commercial 1,000 kVA or less	568	22,182,008	\$2,324,991
Commercial Over 1,000	4	8,337,816	\$721,816
Public Street & Hwy Lighting	14	481,737	\$83,314
Resale - Polk & Stroma	2	16,048,991	\$1,040,715
<b>TOTALS</b>	<b>4,840</b>	<b>126,379,337</b>	<b>\$14,708,392</b>

### Profile & History

Polk County Rural Public Power District is a not-for-profit electric distribution utility that delivers electricity to customers in Polk and parts of Merrick, Nance, and York Counties. The district's headquarters are located in Stroma, NE and employ 20 full-time employees.

The District was organized at Swede Home Church on May 6, 1935. The original \$367,500 loan was approved to construct and build distribution lines. On June 2, 1938, the first 217 miles of lines energized with an estimated 205 farm homes. This changed the rural landscape forever.

### 10 Year Comparison

Year	Number of Meters	kWh Sold	Revenue	Miles of Line	Meters per Mile of Line	Employees
2012	4,607	114,495,448	13,154,530	1,135.10	4.06	21
2022	4,840	126,379,337	14,708,392	1,157.14	4.18	20

### MISSION STATEMENT

**"Committed to enhancing the lives of our customers by providing safe, reliable, and economical energy through excellence in customer service and innovation"**

## Statements of Net Position for Years Ended December 31, 2022 and 2021

### Assets and Deferred Outflows of Resources

	2022	2021
<b>CAPITAL ASSETS</b>	\$45,526,077	\$44,334,379
Construction in Progress	\$131,653	\$49,530
Less Accumulated Depreciation	-\$14,693,354	-\$14,018,170
<b>NET Capital Assets</b>	<b>\$30,964,376</b>	<b>\$30,365,739</b>
<b>SPECIAL PURPOSE FUNDS</b>		
Debt Reserve Funds	\$0	\$95,530
Debt Service Funds	\$3,488	\$68,231
<b>TOTAL Special Purpose Funds</b>	<b>\$3,488</b>	<b>\$163,761</b>
<b>NONCURRENT ASSETS</b>		
FEMA Receivable	\$29,010	\$70,085
Investments in Associated Organizations	\$509,563	\$492,770
<b>TOTAL Noncurrent Assets</b>	<b>\$538,573</b>	<b>\$562,855</b>
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$5,121,235	\$4,536,857
Certificates of Deposit	\$600,000	\$0
Accounts Receivable - less allowance for uncollectible accounts of \$46,819 in 2022 and \$46,499 in 2021	\$882,546	\$743,384
Interest Receivable	\$15,022	\$3,736
Materials & Supplies Inventory	\$1,364,809	\$932,590
Prepaid Expenses	\$133,865	\$127,500
Other Current & Accrued Assets	\$661,269	\$554,373
<b>TOTAL Current Assets</b>	<b>\$8,778,746</b>	<b>\$6,898,440</b>
<b>DEFERRED OUTFLOWS</b>		
Deferred Charges	\$131,424	\$278,763
<b>TOTAL Assets &amp; Deferred Outflows</b>	<b>\$40,416,607</b>	<b>\$38,269,558</b>

### Utility Plant Worth

PCRPPD continues to invest in our plant to keep our system strong and new. Approximately \$3.1 million was invested in 2021, and an additional \$1.2 million was invested in 2022, resulting in a realized utility plant increase of 11.4% from 2020 to 2022 after depreciation.

### Net Position, Deferred Inflows or Resources, & Liabilities

	2022	2021
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	\$27,579,376	\$26,405,739
Restricted	\$3,488	\$163,761
Unrestricted	\$7,246,307	\$5,890,011
<b>TOTAL Net Position</b>	<b>\$34,829,171</b>	<b>\$32,459,511</b>
<b>NONCURRENT LIABILITIES</b>		
Bonds Payable, Less Current Maturities	\$2,895,000	\$3,385,000
RUS Loan Payable	\$150,588	\$160,606
less Cushion of Credit balance	-\$17,288	-\$17,102
Post-Retirement Benefit Obligation	\$261,120	\$280,010
Other Deferred Credits	\$137,368	\$38,000
<b>TOTAL Noncurrent Liabilities</b>	<b>\$3,426,788</b>	<b>\$3,846,514</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$785,760	\$714,685
Accrued Expenses	\$593,671	\$573,624
Consumer Deposits	\$281,199	\$90,716
Current Maturities on Long-Term Debt	\$500,018	\$584,508
<b>TOTAL Current Liabilities</b>	<b>\$2,160,648</b>	<b>\$1,963,533</b>
<b>TOTAL Net Position &amp; Liabilities</b>	<b>\$40,416,607</b>	<b>\$38,269,558</b>

### System Improvements

Maintaining a reliable electric system means updates and repairs continually need to be done along with planning for load growth to meet future needs. In 2021 and 2022 the following projects were completed:

- **New Substation north of Clarks**
- **Two miles of T-2 distribution line by Shelby**
- **One mile of T-2 distribution line south of Stromsburg**
- **Tree trimming throughout the District**



## Statements of Revenues, Expenses, and Changes in Net Position for Years Ended December 31, 2022 and 2021

	2022	2021
<b>OPERATING REVENUES</b>		
Electric energy sales	\$14,708,394	\$12,973,586
Other revenues	\$49,185	\$65,084
<b>TOTAL Operating Revenues</b>	<b>\$14,757,579</b>	<b>\$13,038,670</b>
<b>OPERATING EXPENSES</b>		
Cost of Power	\$7,589,788	\$7,118,534
Transmission	\$85,392	\$40,794
Distribution	\$1,126,387	\$949,929
Maintenance	\$798,254	\$539,229
Consumer Accounts	\$481,119	\$490,125
Administrative & General	\$908,858	\$1,043,412
Depreciation	\$1,388,731	\$1,302,321
<b>TOTAL Operating Expenses</b>	<b>\$12,378,529</b>	<b>\$11,484,344</b>
<b>OPERATING INCOME</b>	<b>\$2,379,050</b>	<b>\$1,554,326</b>
<b>INVESTMENT AND OTHER INCOME</b>		
Interest revenue	\$57,851	\$28,841
Other Income	\$75,291	\$72,152
<b>TOTAL Investment &amp; Other Income</b>	<b>\$133,142</b>	<b>\$100,993</b>
<b>DEBT &amp; OTHER EXPENSES</b>		
Interest Expense	\$64,791	\$48,015
Other Expense	\$77,741	\$28,378
<b>TOTAL Other Expenses</b>	<b>\$142,532</b>	<b>\$76,393</b>
<b>INCREASES IN NET POSITION</b>	<b>\$2,369,660</b>	<b>\$1,578,926</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>\$32,459,511</b>	<b>\$30,880,585</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$34,829,171</b>	<b>\$32,459,511</b>

## Lease Payments & Gross Revenue

### Lease Payments Made

The four communities PCRPPD serves at retail each own its electric system. But, PCRPPD constructs, operates, and maintains the system to serve those living within the towns through a lease agreement. The lease amount (12% of billed electric revenue) is set by each city council or town board, collected by PCRPPD, and returned to each town every quarter. A total of \$447,943.77 was returned to the served communities in 2022.

Silver Creek	\$70,868.10
Clarks	\$80,445.86
Osceola	\$177,824.41
Shelby	\$118,805.40

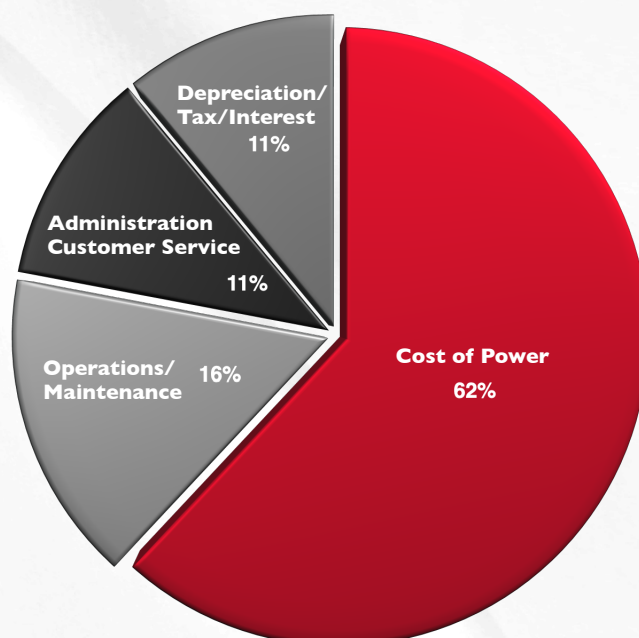
### Gross Revenue Taxes Paid

Following Nebraska State Statute, PCRPPD collects gross revenue tax (5% of billed electric revenue) and makes payments to the Treasurer in the counties we serve. Payments made for the year 2022:

Merrick County	\$52,707.94
Polk County	\$121,999.26

## How \$ was Spent

PCRPPD has four major expense categories that contribute to the overall cost of the average kWh: cost of power, operations & maintenance, administration & customer service, and depreciation, tax, & interest expense. The cost of power is a majority of the expense, accounting for 62% of the total expenses in 2022.



## Reliability

No one dislikes power outages more than us. That is why we continually plan, design, and update our distribution and transmission systems to meet our customers' energy needs. Yet, sometimes power outages are beyond our control. Lightning and weather were the two leading outage causes in 2021 and 2022. We are committed to keeping our customers informed during outages and continuously strive to reduce outage durations. Comprehensive outage analysis, tree trimming, and system-wide asset inspection aid in helping us prevent power outages. For current, up-to-date outage information, we invite you to visit our website, [www.pcrppd.com](http://www.pcrppd.com).

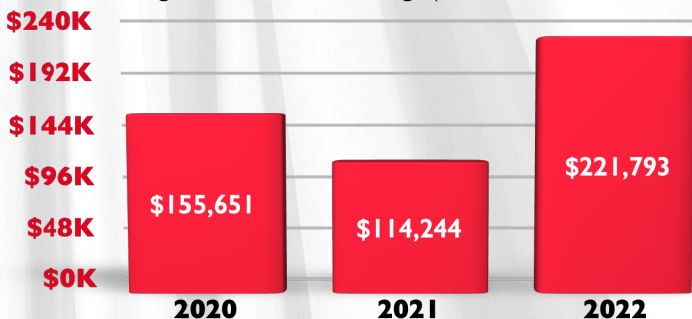


## Annual Net Metering Report: 2022 - \$70-2005

- Total number of qualified facilities – **7**
- Total estimated rated generating capacity – **83 kW AC**
- Total estimated net kilowatt-hours received from customer generation – **48,089 kWh**
- Total estimated amount of energy produced by customer-generators – **114,785 kWh**
- Total estimated amount of net energy produced by customer-generators – **8,677 kWh**

## Prairie Wind Turbine

Polk County RPPD purchases 100% of the output, through a Purchase Power Agreement, of a 2.5 mW wind turbine located southwest of Osceola. In 2022, the turbine produced 12,950,600 kWh and helped lower the demand charges on PCRPPD's wholesale power bill by producing during peak times. These demand savings are illustrated in the graph below.



## Energy Efficiency

Polk County RPPD encourages customers to take advantage of energy efficiencies and wants customers to understand that their electric bill is affected by how and when energy is used. EnergyWise offers 24 programs where an incentive is provided to improve operating efficiency. These programs not only offer savings to the customer, but some also encourage new uses of electricity and add beneficial electric load.

Year	Customer Incentives Paid	Demand (kW) Reduced	Energy (kWh) Reduced
2009	\$20,906	45	1,758,278
2010	\$22,246	837	2,086,243
2011	\$66,031	115	5,590,980
2012	\$22,632	52	2,058,099
2013	\$23,364	51	2,271,188
2014	\$36,407	53	4,340,965
2015	\$57,118	124	80,405,899
2016	\$54,484	115	70,047,778
2017	\$46,512	68	5,243,749
2018	\$32,128	70	3,829,928
2019	\$67,242	97	3,771,690
2020	\$51,802	95	5,306,427
2021	\$50,176	88	4,694,708
2022	\$48,922	59	2,772,352

## Irrigation & Load Management

Polk County RPPD participates in a savings program offered by our Wholesale power provider. By participating in their irrigation load management program, we can save on purchased power costs by reducing our summer peaks. The savings are passed along to the irrigation customers, who allow us to shut off their wells during certain peak hours in the summer through discounted horsepower and energy charges. The more we can mitigate those peaks, the more everyone benefits.

Over 80% of our irrigation customers participate in load management, allowing us to help them save on their irrigation costs. While 2021 was an average year, 2022 was dry, with annual sales of 18,663,531 kWh and 32,174,502 kWh, respectively.