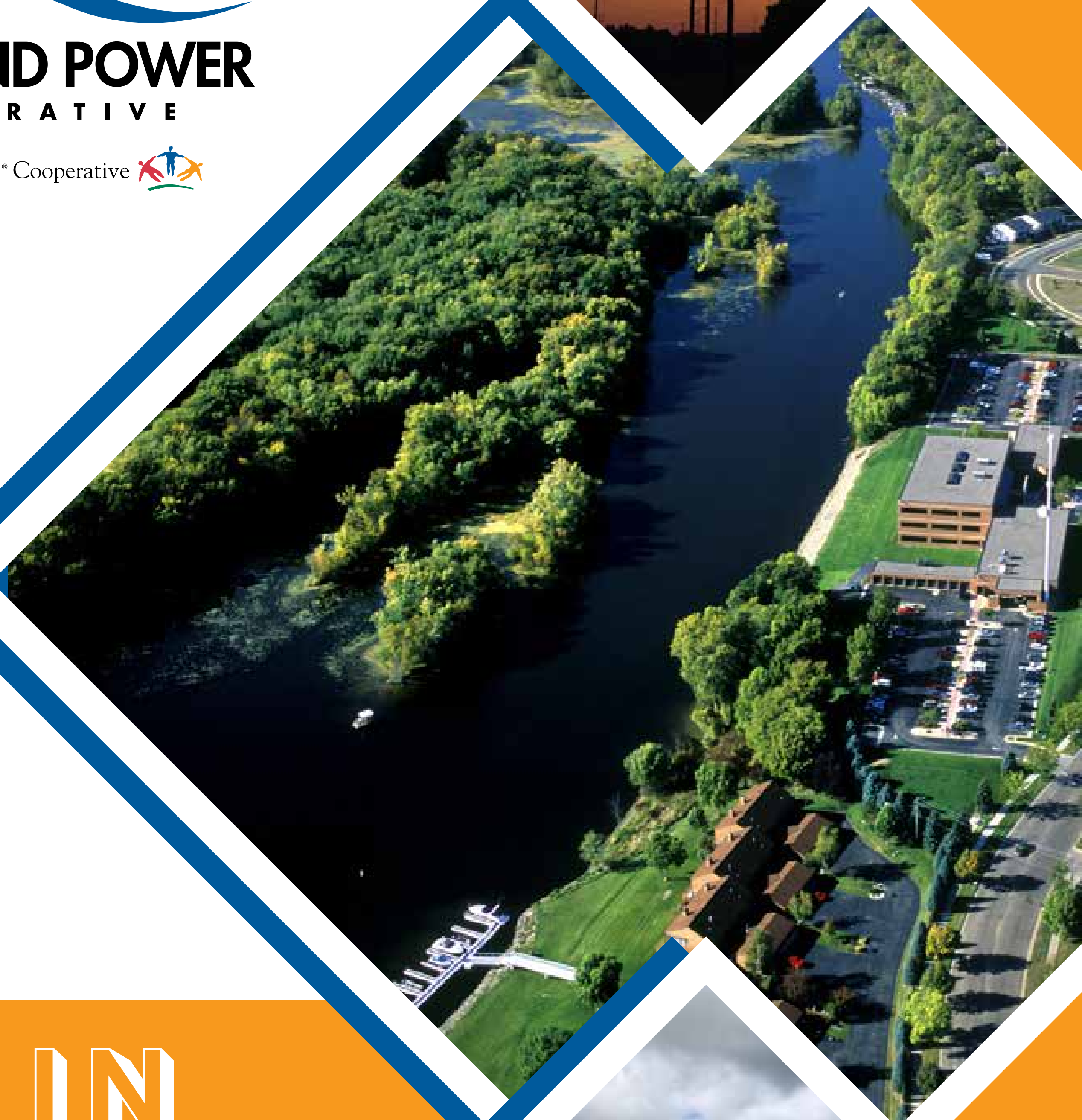
2022 ANNUAL REPORT

DAIRYLAND POWER
COOPERATIVE

A Touchstone Energy® Cooperative



ALL IN

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2022 AT A GLANCE

6.8
BILLION kWh
POWER SALES (GENERATION AND PURCHASED)

24
DAIRYLAND MEMBER SYSTEMS

700,000
APPROXIMATE POPULATION SERVED

$531.1
MILLION
TOTAL OPERATING REVENUE

27
MUNICIPALS SERVED (1/1/23)

$18
MILLION
MARGINS

1,119 MW
PEAK DEMAND REPORTED TO MISO (7/8/22)

286,796
CONSUMER-MEMBERS SERVED

462
EMPLOYEES

$1.53
BILLION
TOTAL ASSETS

1,171 MW
ALL-TIME PEAK (6/29/18)

ALL IN

Dairyland Power Cooperative provides the wholesale electrical requirements and other services for 24 member distribution cooperatives and 27 municipal utilities in the Upper Midwest. In turn, these cooperatives and municipals deliver the electricity to consumers, meeting the energy needs of about 700,000 people.

Dairyland was formed in December 1941 to improve the quality of life for cooperative members with electricity. Today, while maintaining that mission, Dairyland is focused on sustainability and reliably transitioning to a lower carbon future.

Dairyland has been purposefully diversifying its generating resources, which currently include wind, solar, renewable-enabling natural gas, coal, hydro and biogas. Electricity is delivered via 3,300 miles of transmission lines and 232 substations located throughout the service area.

Dairyland, a Touchstone Energy® Cooperative, is headquartered in La Crosse, Wis. Its service area encompasses parts of Wisconsin, Minnesota, Iowa and Illinois.

To learn more, please visit www.dairylandpower.com and follow us on Facebook, Twitter or LinkedIn for more information.

DAIRYLAND POWER COOPERATIVE

A Touchstone Energy® Cooperative

ALL IN...SUSTAINABILITY

Dairyland Power Cooperative's Board of Directors and leadership team are united in our mission to "power our communities and empower cooperative members to improve the quality of their lives." Central to achieving that mission is the delivery of safe, reliable and affordable power to our members every moment of every day.

Dairyland's leadership and Board of Directors make deliberate decisions aligned with our Strategic Priorities and an overarching goal of Sustainability as we transition to a lower carbon generation portfolio. As the energy industry evolves, our Sustainable Generation Plan outlines Dairyland's plans for future transformation. This includes strategically developing power supply plans, determining the optimal future energy mix and anticipating members' long-term needs.

Targeting a 50 percent reduction in carbon intensity (from 2005 levels) by 2030, our resource plans include increases in renewable resources, such as wind and solar. As we add more intermittent renewable resources, the grid needs renewable-enabling flexible facilities like natural gas to provide reliable, quick-start generation.

Essential to providing power on-demand is the Nemadji Trail Energy Center (NTEC). This combined-cycle natural gas plant, planned in partnership with Minnesota Power and Basin Electric Power Cooperative, will deliver up to 625 MW of flexible power. NTEC is expected to be an always available critical capacity resource. We are advocates to streamline the permitting process for critical projects such as NTEC that will fortify our ability to reliably transition to a lower carbon future.

STRATEGIC PRIORITIES

- SAFETY CULTURE
- COOPERATIVE PRINCIPLES
- PEOPLE FIRST
- ASSET RELIABILITY & DIVERSIFICATION
- FINANCIAL & COMPETITIVE STRENGTH
- GROWTH & INNOVATION

ALL IN ON INNOVATION

Innovation and new technologies are integral to the future. Dairyland is exploring batteries, energy storage and carbon-free power supply technologies, including small modular reactor nuclear plants and pumped storage hydropower.

Operational excellence of our existing generation fleet is critical with planned maintenance and ample fuel supply to ensure power is always available. Dairyland is strengthening our power delivery system and investing in regional transmission opportunities. By working with other utilities, regional transmission infrastructure will support growing renewable resources, while maintaining reliability and adding value for members.

Nothing is sustainable without a culture of safety and we are dedicated to continuous improvement. Whether working onsite, in the field or remotely, Dairyland team members are dedicated to safety with 200% accountability for ourselves and each other.

ALL IN ON PROVIDING VALUE

Growth and innovation foster sustainable business and long-term value for our member cooperatives. The Dairyland system expanded the number of municipals served from 17 to 27 with the additions of Manitowoc Public Utilities and Great Lakes Utilities (GLU) members in eastern Wisconsin as new power supply customers beginning Jan. 1, 2023.

This past year, our team achieved significant milestones in our multi-year Dairyland Systems Modernization plan. The implementation of our enterprise D365 business applications and Workday human resources systems have increased operational efficiency throughout the organization.

Our Business Development team is creating new revenue opportunities and shared services. Dairyland has expanded economic development support for our members and is pursuing grant opportunities to support business and job growth, which will benefit the entire Dairyland system.

Financial and competitive strength are critical to sustainability, and we are pleased with Dairyland's solid 2022 margins and strong credit ratings. Dairyland is not immune to the economic forces of supply chain, interest rates, fuel prices and energy market price fluctuations that impact our wholesale power rate. The Dairyland team worked diligently to mitigate the impact of these challenges throughout 2022.

Dairyland employees are innovative and cost-conscience to provide value to our members. As our members' needs and the energy industry evolves, we are committed to being ALL IN and always available for you.

Brent Ridge
President and CEO

Jenny Scharmer
Chair, Board of Directors

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.*

COOPERATIVE LEADERS

Executive Committee

CHAIR

Jenny Scharmer
MiEnergy Cooperative

VICE CHAIR

Tom Zwiefelhofer
Dunn Energy Cooperative

TREASURER

Sandra Davidson
Scenic Rivers Energy Cooperative

SECRETARY

James Hager
Clark Electric Cooperative

ASSISTANT SECRETARY

Courtney Cuta
Dairyland Power Cooperative

MEMBER-AT-LARGE

David Anderson
Riverland Energy Cooperative

MEMBER-AT-LARGE

Mark Kingland
Heartland Power Cooperative

MEMBER-AT-LARGE

Karen Newbury
Price Electric Cooperative

MEMBER-AT-LARGE

John Petska
Chippewa Valley Electric Cooperative

GENERAL COUNSEL

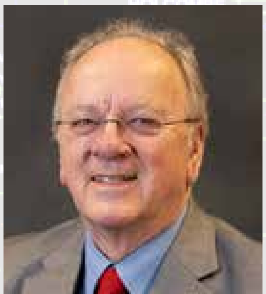
Joyce Peppin
Dairyland Power Cooperative

Board of Directors


Clarence Boettcher
Eau Claire Energy Cooperative


Jeff Bradley
Allamakee-Clayton Electric Cooperative

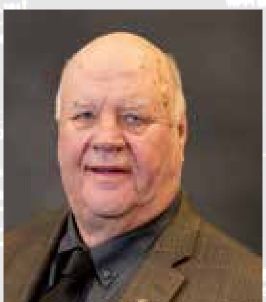

Art Friedrich
People's Energy Cooperative


Ed Gullickson
Polk-Burnett Electric Cooperative


Edward Hass
Pierce Pepin Cooperative Services


Robert Hess
Oakdale Electric Cooperative

Member control of Dairyland is vested in its Board of Directors, consisting of representatives from each Class A member distribution cooperative. Selected by their local members, directors represent a broad spectrum of interests, including their members, the business interests of their local cooperative and, perhaps the most challenging of all, the affairs of a power supply system providing energy to about 700,000 people.

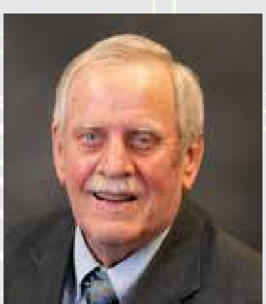

Jerry Huber
Jackson Electric Cooperative

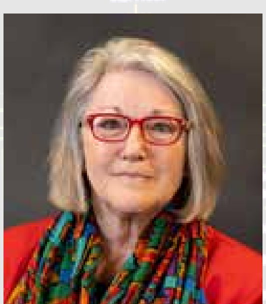

Dan Korn
Vernon Electric Cooperative


Joe Mattingley
Jo-Carroll Energy


Jeff Monson
Richland Electric Cooperative


Neil Plourde
St. Croix Electric Cooperative


Barry Radloff
Bayfield Electric Cooperative


Jane Reich
Jump River Electric Cooperative


Bill Trygstad
Freeborn Mower Electric Cooperative


Scott Warwick
Barron Electric Cooperative


Chuck Zenner
Taylor Electric Cooperative

EXECUTIVE TEAM

BEN PORATH
Executive Vice President & Chief Operating Officer

PHIL MOILIEN*
Executive Vice President & Chief Financial Officer

BRENT RIDGE
President & CEO

AMANDA HOEFLING
Executive Vice President & Chief Administrative Officer

JEREMY BROWNING
Vice President, Generation

JOHN CARR
Vice President, Strategic Growth

COURTNEY CUTA
Senior Executive Assistant to the CEO & Manager of Administration

NATE MELBY
Vice President & Chief Information Officer

DEB MIRASOLA
Director, Member Relations & Chief Communications Officer

***LEADERSHIP TRANSITION**

April Wehling will serve as Executive Vice President & Chief Financial Officer, following **Phil Moilien's** July 2023 retirement.

JOYCE PEPPIN
General Counsel

BRAD SMALLDRIDGE
Vice President, Transmission Services & Business Development

APRIL WEHLING
Chief Strategy Officer*

JOHN YOUNG
Chief Risk Officer

DAIRYLAND MANAGERS ASSOCIATION

Class A Member Leadership


HOLLEE MCCORMICK
Allamakee-Clayton Electric Cooperative


AARON TORUD
Barron Electric Cooperative


CHRIS KOPEL
Bayfield Electric Cooperative


RUSS FALKENBERG
Chippewa Valley Electric Cooperative


TIM STEWART
Clark Electric Cooperative


JESSE SINGERHOUSE
Dunn Energy Cooperative


MONICA OBRYCKI
Eau Claire Energy Cooperative


JIM KRUEGER
Freeborn Mower Electric Cooperative


JON LEERAR
Heartland Power Cooperative


KEVIN BABCOCK
Jackson Electric Cooperative

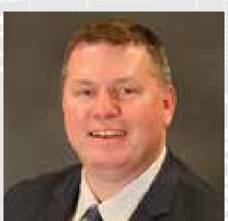

MIKE CASPER
Jo-Carroll Energy


KURT HARRIS
Jump River Electric Cooperative

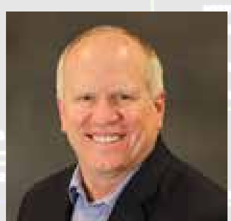

BRIAN KRAMBEER
MiEnergy Cooperative

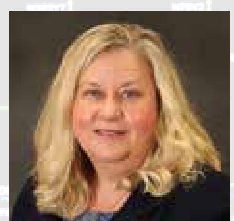

CHRIS TACKMANN
Oakdale Electric Cooperative

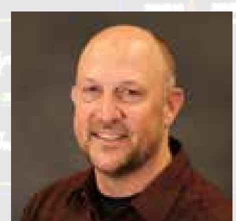

MIKE HENKE
People's Energy Cooperative

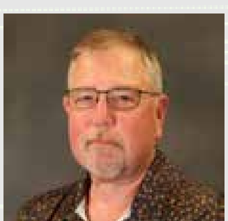

NATE BOETTCHER
Pierce Pepin Cooperative Services


STEVE STROSHANE
Polk-Burnett Electric Cooperative

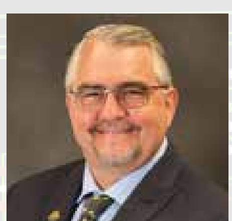

JEFF OLSON
Price Electric Cooperative


AMY MARTIN
Richland Electric Cooperative


TIM HOLTAN
Riverland Energy Cooperative


STEVE LUCAS
Scenic Rivers Energy Cooperative


ROB DOOLEY (interim)
St. Croix Electric Cooperative


KENNY CEAGLSKE
Taylor Electric Cooperative


CRAIG BUROS
Vernon Electric Cooperative

ALL IN...SAFETY CULTURE

200% ACCOUNTABILITY

As a critical services provider, Dairyland's Speak Up & Listen Up safety culture guides every aspect of business and operations. Dairyland President & CEO Brent Ridge leads with the ethos that everyone at Dairyland is accountable for safety, as an individual and as part of a team, for 200% accountability. By that token, all employees have Stop Work Authority from the day they are hired to the day they retire.

Through a renewed commitment to effective safety tailgates and the use of Human Performance Tools, Dairyland lowered its lost time injury rate by 23 percent from 2020 to 2022. Continuous safety improvement is Dairyland's top priority, with root cause analysis process improvements underway across the organization.

SHELTER FROM THE STORM

Food, shelter and safety are the bedrock of a stable existence. Electricity makes them possible. From a warm home in winter to a cool respite in summer, the safe delivery of electricity allows us to go about the business of our daily lives.

The Restoration of Power in an Emergency (ROPE) program enables electric cooperatives to give and receive help from neighboring cooperatives during a major outage by sharing crews, equipment and materials. ROPE is administered by Dairyland on behalf of its members. A tornado and widespread storms caused significant damage to power delivery infrastructure in Dairyland's service territory in June 2022. Heavy snow and winds also caused damage in December 2022. Together, Dairyland and member cooperative field crews worked safely to restore power as efficiently as possible, with many outages resolved within a day.

Just like a vehicle, regular maintenance of critical infrastructure is essential for reliability and safety. Power delivery professionals safely rebuild approximately 50 miles of 69 kV transmission line annually.

TRANSMISSION ROADMAP: DELIVERING ON A SUSTAINABLE FUTURE

Generating electricity 24/7/365 is one thing. Delivering it is another. Regional transmission line projects serve the dual role of ensuring the continued safe delivery of electricity while facilitating the region's transition towards low-carbon energy resources.

Dairyland is a 9 percent owner in the 345 kV Cardinal-Hickory Creek transmission line project, under construction between Dubuque, Iowa, and Middleton, Wis. The line will be a critical link to meet renewable energy goals and consumer energy needs, connecting wind and solar power to millions of homes and businesses in the Upper Midwest.

As a member of Grid North Partners, Dairyland welcomed the Midcontinent Independent System Operator's (MISO) approval of the first set of projects in its Long Range Transmission Plan, seeking to support the clean energy transition while meeting the power delivery needs of nearly 3 million consumers.

Power delivery and access to information is for everyone. In addition to major projects, Dairyland crews are also leading fiber communications work to help bring broadband internet service to rural areas.

ZERO By Choice
EVERYONE HOME SAFE EVERY DAY

TRANSMISSION LINES

Voltage–kV	Miles as Constructed
345	22.41
161	627.93
69	2,649.91
34.5	0.46
Total	3,300.71

SUBSTATIONS

Plant	6
Transmission	37
Distribution	189
Total	232

ALL IN…ASSET RELIABILITY & DIVERSIFICATION

KEEPING THE LIGHTS ON

The Dairyland system reached a new winter peak load of 1,038 MW on Dec. 22, 2022, surpassing the former winter peak record of 1,034 MW, set in 2019. Dairyland's 503 MW RockGen Energy Center (Cambridge, Wis.) and Elk Mound (Wis.) Generation Station both reached their second highest annual generation records in 2022, while achieving industry top quartile in plant availability. Sustainability requires ongoing investments in core power supply and delivery infrastructure for Dairyland to meet its obligations as a critical services provider.

Operational Excellence includes scheduled maintenance, which is essential for the safe, reliable operation of Dairyland's power plant assets. Power plant maintenance is scheduled during the spring and fall when energy loads are typically lower due to moderate seasonal temperatures resulting in less heating and air conditioning.

A major maintenance project was planned for spring 2023 at the 387 MW John P. Madgett (JPM) power plant (Alma, Wis.). The project supports grid reliability and the environment, while creating a significant economic boost for area communities. Overhaul of the turbine and generator helps ensure peak performance, while environmental equipment improvements will more than double the amount of fly ash collected during the coal combustion process. Dairyland markets the fly ash for beneficial reuse, where it is recycled as a highly valued additive to cement and concrete applications.

CLEAR THE PATH FOR CLEAN ENERGY

The Nemadji Trail Energy Center (NTEC) is now targeting a 2027 operational date due to regulatory and litigation delays. The highly efficient and flexible combined-cycle natural gas power plant will complement solar and wind growth, with the ability to ramp up in minutes when the sun doesn't shine or the wind doesn't blow.

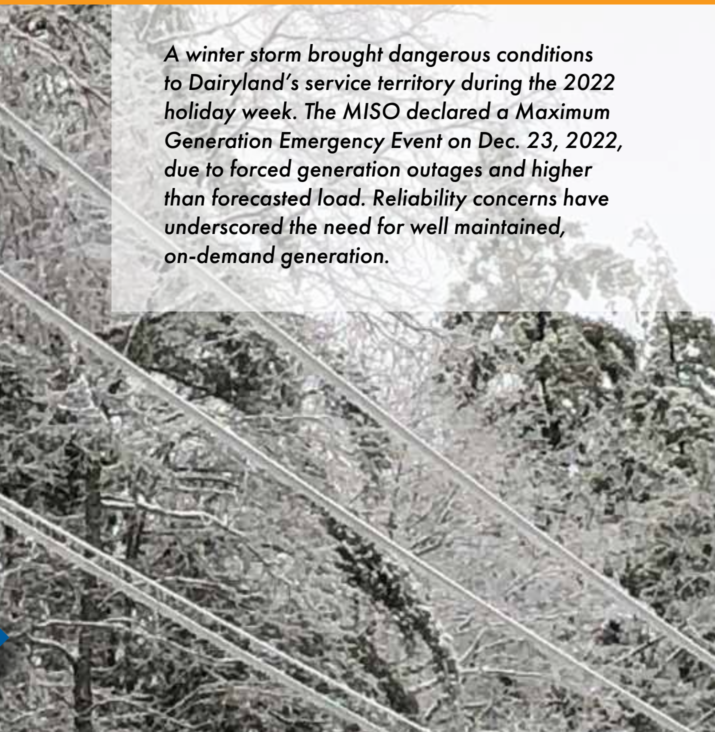
In part due to its experience with NTEC, Dairyland has taken an active role in advocating for permitting process modernization, including testifying before the U.S. Congress, as the current process delays clean energy deployment and raises energy prices through inefficient reviews and costly litigation.

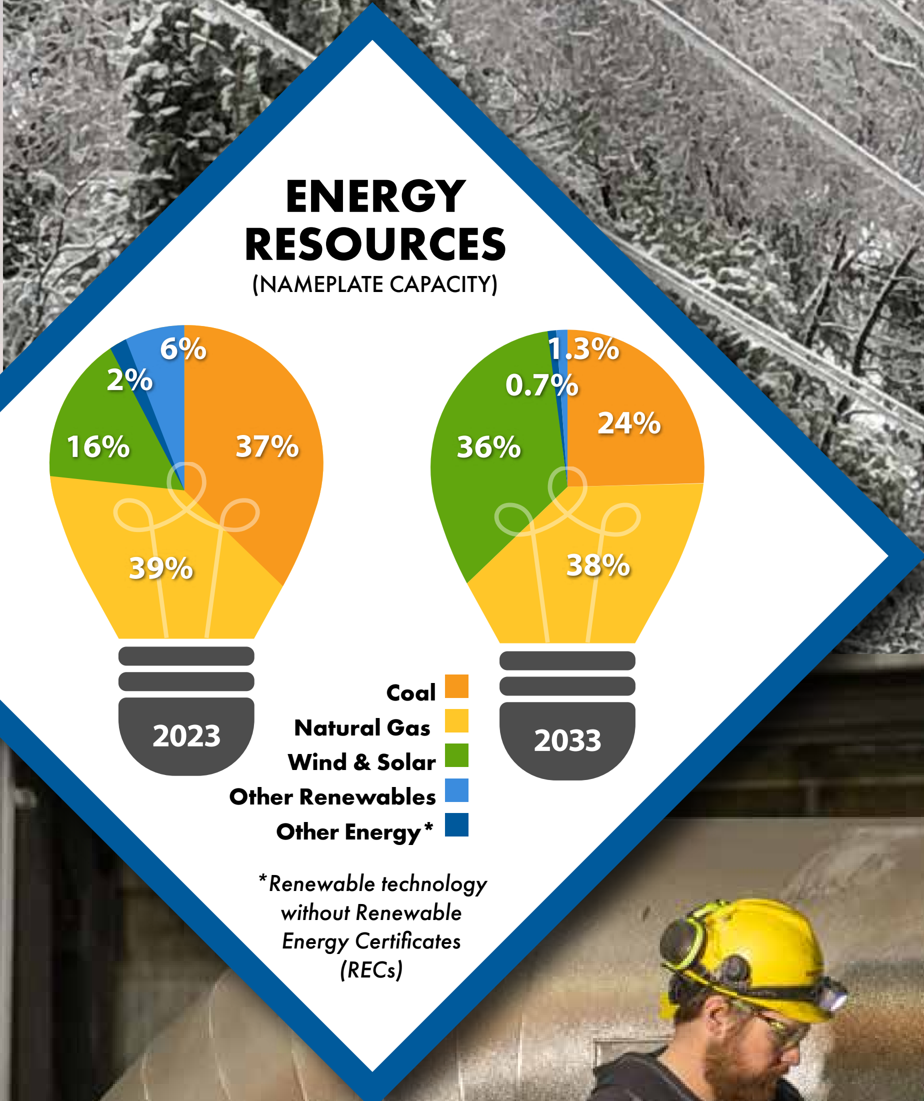
The 149 MW Badger State Solar project will begin construction in 2024 for operation in 2025, with the ability to power over 20,000 homes.

SUSTAINABILITY

Diversification is made possible through planning and preparation for a reliable grid. To that end, Dairyland is exploring viable, renewable-supporting technologies including NuScale Power's small modular reactor nuclear plants and Mine Storage's underground pumped storage hydropower at closed mines. Nuclear is the only non-carbon emitting resource that can support the integration of renewable resources and ensure a 24/7/365 power supply. Pumped hydro supports grid reliability and renewable energy generation while innovatively repurposing retired industrial sites.

A winter storm brought dangerous conditions to Dairyland's service territory during the 2022 holiday week. The MISO declared a Maximum Generation Emergency Event on Dec. 23, 2022, due to forced generation outages and higher than forecasted load. Reliability concerns have underscored the need for well maintained, on-demand generation.





Maintenance work at Dairyland's John P. Madgett power plant in spring 2023 brought operational and stewardship benefits. Wisconsin economic modeling estimated an approximately $500,000 advantage to regional businesses from the influx of workers.

ALL IN...GROWTH & INNOVATION

BUSINESS & ECONOMIC DEVELOPMENT

Growth strengthens enterprise-wise sustainability and advances Dairyland's Mission to improve quality of life by supplying safe, reliable, cost-competitive power and community support.

Dairyland is focused on growing services for its members and others, including transmission construction and storm recovery support. The successful rebuild of the Rochester-Wabaco 161 kV transmission line in 2022 and successful bid for another 161 kV project in 2023 help support long-term competitive rates.

Systemwide load growth of approximately 13 MW was achieved in 2022. Dairyland continued its focus on sustainability and service with the addition of 10 new municipal power supply customers as of Jan. 1, 2023.

BENEFICIAL ELECTRIFICATION

Dairyland is a national leader in the establishment of electric vehicle (EV) charging infrastructure in its four-state rural service territory. Supporting the expansion of EV charging stations aligns with Dairyland's goal to reduce carbon emissions. Since 2018, Dairyland has supported the installation of over 150 EV chargers in rural communities in Wisconsin, Minnesota, Iowa and Illinois.

NEW TECHNOLOGIES, BETTER STRATEGIES

Dairyland is collaborating with Mine Storage and Michigan Technological University to explore the potential for pumped storage hydropower. Evaluating this new technology that supports grid reliability, renewable energy and repurposes retired industrial sites aligns with Dairyland's sustainability goal.

Dairyland employees work closely with members on long-term strategies to deliver value across the system. Together, Dairyland and member cooperatives are developing an Innovation Strategy & Roadmap to form a strategic framework and identify priorities for the future.

Internally, modernization of Dairyland's load management program is in progress to expand functionality and improve overall system efficiency. The program benefits members through participation in varied rate programs and relieves system imbalances during an outage.

SUCCESS IN EVERY NEIGHBORHOOD

Access to broadband fosters economic growth in rural communities. Installation of middle-mile fiber optic line on transmission structures supports broadband service in the communities Dairyland's member cooperatives serve.

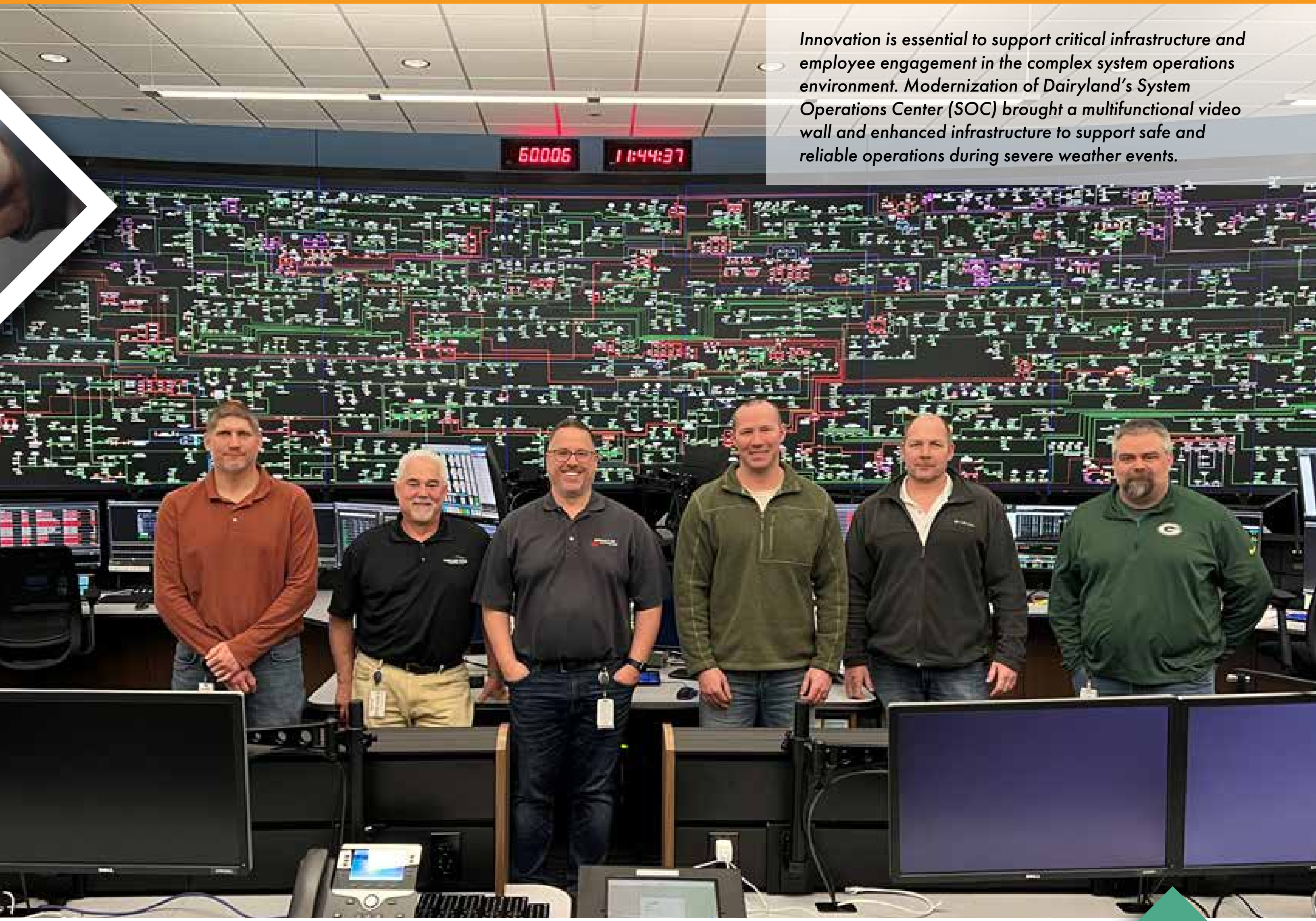
Dairyland's Economic Development team works in tandem with members to grow load in their rural and suburban service territories through business and community development opportunities. In 2022, Dairyland secured $5.1 million of economic development financing on behalf of its members to support projects in their service territories.

NEW CHAPTERS BRING NEW OPPORTUNITIES

Dairyland's Genoa Site Redevelopment & Reuse project seeks to identify optimal reuses of the retired Genoa Station #3 power plant site, focused on the vitality of the local community. At the same time, materials salvaged from the site are being recycled or repurposed, bringing environmental benefits while helping to deflect decommissioning costs.

Dairyland crews safely install fiber optic line on existing transmission structures to support mission-critical communications, advance smart grid capabilities and bring broadband capacity to rural areas.

Dairyland's newest in-house EV investment is a zero-emissions Ford E-Transit cargo van, used daily for local and regional deliveries by the Powered Printing team. Powered Printing offers professional print, mail and graphic design services to members and other businesses.



Innovation is essential to support critical infrastructure and employee engagement in the complex system operations environment. Modernization of Dairyland's System Operations Center (SOC) brought a multifunctional video wall and enhanced infrastructure to support safe and reliable operations during severe weather events.

MEMBER SALES (Billions of kWh)

	Member Sales
2018	5.47 kWh
2019	5.34 kWh
2020	5.14 kWh
2021	5.28 kWh
2022	5.42 kWh

chargEV™
POWERED BY CO-OPS

Dairyland is among 94 affiliates of CHARGE EV, LLC, a national electric vehicle charging network powered by electric cooperatives that supports the growing number of electric-powered cars, trucks, buses and EV chargers. Dairyland's member cooperatives serve chargers at eight sites along interstate highways.

ALL IN...PEOPLE FIRST

GREAT PLACE TO WORK

Dairyland is proud to be Certified™ by Great Place to Work®. The award is based entirely on real-time survey feedback from employees. For 2022, Dairyland ranked 20 percent higher in employee satisfaction than the average U.S. company.

According to Great Place to Work, employees at Certified workplaces are 93 percent more likely to look forward to coming to work and are twice as likely to be paid fairly and have a fair chance at promotion.

A LEARNING ORGANIZATION

Employee experience and engagement are high priorities. Dairyland's Leadership Academy emphasizes leadership development, teamwork and personal growth. It includes three tracks for all employees: Member Experience, Employee Experience and Leadership Experience. In alignment with Cooperative Principle #5: Education, Training & Information, the Academy is designed to help develop employees into knowledgeable and effective leaders within Dairyland and the greater community.

Investing in growth and development is also key for recruitment and retention of a skilled, diverse team. The Dairyland Board, Executive Team and enterprise-wide workforce prioritizes diversity, equity and inclusion (DEI), and values professional and personal growth.

WORK-LIFE INTEGRATION

Dairyland's People First culture encourages new opportunities for productive and satisfying work-life integration. By offering a flexible workplace that includes telecommuting, flextime and compressed work week options, the Dairyland team exceeds expectations for members without sacrificing health and happiness. Dairyland's new You First program centers around three areas: physical, mental and financial wellness with expert information sharing, reduced-fee fitness memberships and other health incentives.

COMMUNITY ENGAGEMENT

Dairyland is coordinating the first annual Cooperative Day of Service, to be held at six sites throughout its service territory in October 2023. Employees from Dairyland and its member cooperatives will work together on service projects directly benefiting local communities. For 2023, projects will be in or near a community that hosts a Dairyland facility: Alma, Wis.; Elk Mound, Wis.; Harmony, Minn.; La Crosse, Wis.; Ladysmith, Wis.; and Lancaster, Wis.

New in 2023, Dairyland's Cooperative Contributions Program will lead partnerships to support its member cooperatives with charitable contributions of up to $1,000 to nonprofit organizations in each member service area. A variety of contribution options are available, including community service and development, education, stewardship and emergency funding.

Human Resources Business Partners engage with students and teachers about Dairyland's diverse opportunities, excellent total rewards and People First culture at career, job and education fairs.

President and CEO Brent Ridge and his wife, Lisa, join Dairyland team members with garden work and by personally supporting a neighborhood elementary school.

Collaborative work spaces, a patio and employee cafeteria provide opportunities for networking and teamwork.

Dairyland's Leadership Academy supports continuous opportunities to grow and develop. The most recent workshop focused on the importance of Human Performance as part of a strong safety culture.

ALL IN...COOPERATIVE PRINCIPLES

WORKING WITH POLICYMAKERS

Legislative and regulatory decisions regarding energy diversification, infrastructure construction and the storage of nuclear fuel impact Dairyland's operations, reliability and the cost consumers pay for electricity. Dairyland regularly welcomes elected officials to learn about energy issues and the work Dairyland does on behalf of its members.

Dairyland is a nonpartisan organization and works with policymakers to find solutions to energy issues that could impact cooperative members. Dairyland has advocated for more coordinated, consistent and timely agency decision making. As a not-for-profit generation and transmission cooperative, Dairyland is committed to advancing clean energy in a way that does not sacrifice safety, reliability or affordability for consumers.

STRENGTHENING RURAL COMMUNITIES

In collaboration with local, state and federal partners, Dairyland strives to secure economic opportunities to help member communities prosper. Dairyland's economic development team is actively seeking grant opportunities and projects to grow and support its members and communities.

Competitive rates and low interest loans support community businesses. Financing has assisted new and existing businesses in the purchase of buildings, machinery and equipment. Dairyland has helped its 24 member cooperatives access 90 loans and grants totaling nearly $31.5 million. Through the USDA Rural Economic Development Loan and Grant program, Dairyland and its members have provided zero percent interest rate financing for business and community development projects. These projects include business expansions, industrial park development, health care facilities, assisted living facilities, day cares, schools and fire stations.

Rep. Derrick Van Orden (R-WI); Vice President, Strategic Growth John Carr; and Rep. Bruce Westerman (R-AR), Chair of the House Natural Resources Committee; following Carr's testimony on permit reform.

BUILDING COOPERATIVE CONNECTIONS

Dairyland builds strong connections through numerous channels with members, other cooperatives and communities. Dairyland's "A Day with Your G&T" is a popular program that returned in 2022. Member cooperative directors and employees spend a day learning about their generation and transmission cooperative, connecting with Dairyland employees and touring a power plant.

Dairyland is a founding regional member of Touchstone Energy® Cooperatives, a national network of cooperatives created in 1998 to form a national brand, engage cooperative members and strengthen rural communities.

Branding, market research, social media, educational programs and developing powerful engagement tools, such as the Co-op Web Builder and Touchstone Energy Social programs, exemplify the strength of cooperatives collaborating to engage their members.

COMMITMENT TO COMMUNITY

Employees are focused on benefitting communities in Dairyland's four-state region. Using their unique talents, employees raise money, volunteer and support numerous community service organizations. In 2022, over $90,000 was raised by Dairyland and its employees to support the United Way.

Dairyland also collaborates with the La Crosse Public Education foundation on its Adopt-a-School program to support a neighborhood school and the families of students.

Financial contributions totaling over $100,000 support many other community organizations to improve the quality of life throughout its service area: Habitat for Humanity, YMCA, American Red Cross, Salvation Army, Rotary, Children's Museum, area fire departments, education programs and many others.

U.S. Senator Tammy Baldwin (D-WI) and CEO Brent Ridge discuss energy issues impacting co-op members.

Engagement and education are core to the Cooperative Principles. Directors and members participate in a facility tour of the John P. Madgett Station.

CAPITAL CREDITS TO MEMBERS

2018 $4.4 MILLION

2019 $4.4 MILLION

2020 $11.5 MILLION

2021 $4.7 MILLION

2022 $4.9 MILLION

25 YEARS OF SERVICE

Touchstone Energy® Cooperatives

ALL IN...FINANCIAL & COMPETITIVE STRENGTH

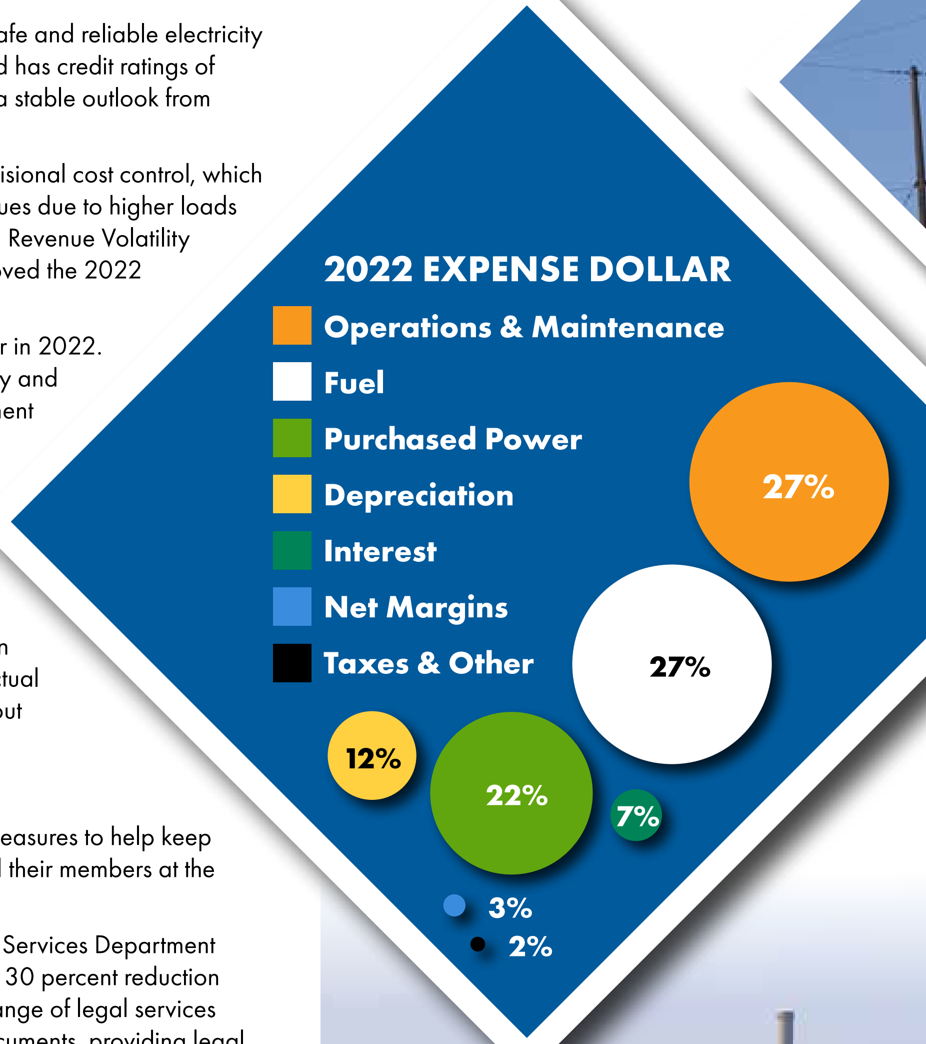
COMPETITIVE FOR MEMBERS

Dairyland's balanced and measured approach to providing safe and reliable electricity also applies to its financial and competitive strength. Dairyland has credit ratings of "A3" with a stable outlook from Moody's and "A+" also with a stable outlook from Standard and Poor's.

In 2022, Dairyland was $15 million under budget through divisional cost control, which helped offset increased power market prices. Increased revenues due to higher loads were returned to member cooperatives through $5.2 million in Revenue Volatility Adjustments (RVA). Last October, the Board of Directors approved the 2022 capital credit retirement of more than $4.9 million.

Unlike 2021, market volatility did not work in Dairyland's favor in 2022. The effects of increased fuel prices, challenges with coal supply and rail transportation, supply chain congestion, increased equipment costs and international unrest all impacted Dairyland's power costs. The result was a need to utilize Power Cost Adjustment (PCA) charges of nearly $16 million.

To achieve Dairyland's strategic business plan, members supported a 5.63 percent average wholesale rate increase effective Jan. 1, 2023. Dairyland will continue to pass through PCAs, which are credits or charges dependent on the differences in the base cost of wholesale power against actual costs. PCAs provide flexibility for power cost fluctuations without having to continually restructure electricity rates.



COST MANAGEMENT PROVIDES VALUE

The Dairyland team works year-round on cost management measures to help keep wholesale power rates stable for its member cooperatives and their members at the end of the lines.

Dairyland established an internal General Counsel and Legal Services Department in mid-2022 to manage all legal activities, which resulted in a 30 percent reduction in spending in the last half of 2022. The team provides a full range of legal services including drafting and reviewing contracts and other legal documents, providing legal counsel, serving on cross-functional teams, and advising Dairyland's staff and Board of Directors on compliance and governance issues.

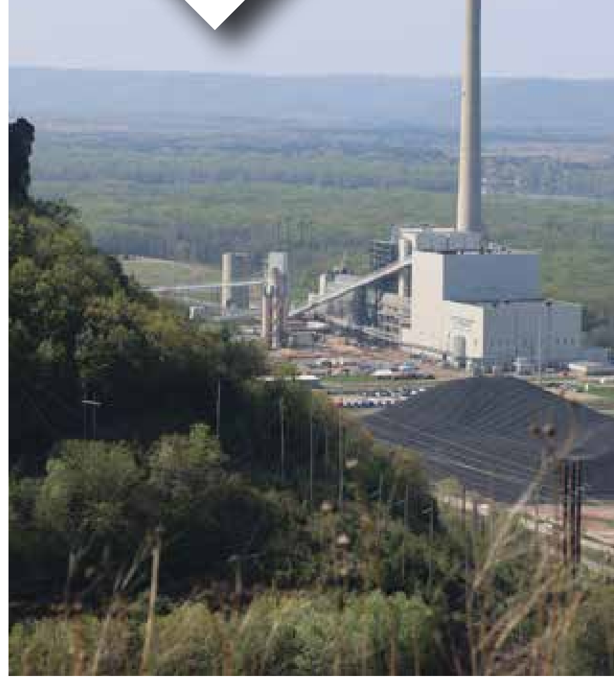
Previously contracted support for the RockGen Energy Center, including information technology and accounting, was also brought in-house at the end of 2022. Transitioning to Dairyland-supported functions benefits members through cost containment and efficiency.

GROWING AND INVESTING IN THE FUTURE

On Jan. 1, 2023, Dairyland gained new municipal power supply customers including Manitowoc Public Utilities and members of Great Lakes Utilities (GLU) in eastern Wisconsin, which increased the number of municipals served by Dairyland from 17 to 27.

Enterprise risk management, cost management and business development initiatives will foster long-term competitive rates. Sustainability, safety and reliability are guardrails as Dairyland invests in modernizing systems, energy resources and infrastructure.

A milestone was achieved to reduce costs in managing the former La Crosse Boiling Water Reactor (LACBWR) site in Genoa, Wis. In March 2023, the U.S. Nuclear Regulatory Commission (NRC) released the site for unrestricted public use. The site's license was transferred from Dairyland to LaCrosse Solutions LLC in 2016 to complete decommissioning and transferred back following decommissioning. The licensed site is now reduced to the area covered by the Independent Spent Fuel Storage Installation (ISFSI).



EQUITY TO TOTAL ASSETS

2018
22.3%

2019
23.8%

2020
25.0%

2021
22.2%

2022
23.4%

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dairyland Power Cooperative
La Crosse, Wisconsin

Opinion

We have audited the consolidated financial statements of Dairyland Power Cooperative and subsidiary (the "Cooperative"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of revenue, expenses and comprehensive income, member and patron equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Minneapolis, Minnesota | Deloitte & Touche LLP
April 3, 2023

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 & 2021 (All dollar amounts in thousands)

ASSETS

	2022	2021
ELECTRIC PLANT:		
Plant and equipment—at original cost	$ 2,055,884	$ 2,055,575
Less accumulated depreciation	(906,391)	(867,431)
Net plant and equipment	1,149,493	1,188,144
Construction work in progress	142,025	87,032
Total electric plant	1,291,518	1,275,176
OTHER ASSETS:		
Nuclear decommissioning funds	2,013	1,987
Intangible asset—net (Note 2)	27,568	30,566
Other investments (Note 8)	7,417	12,350
Investments in capital term certificates of National Rural Utilities Cooperative Finance Corporation (Note 8)	9,176	9,176
Regulatory assets (Note 2)	21,059	25,614
Investment for deferred compensation	1,581	1,776
Deferred charges (Note 2)	15,479	19,357
Total other assets	84,293	100,826
CURRENT ASSETS:		
Cash and cash equivalents	25,878	46,244
Designated funds (Note 2)	19,880	22,668
Accounts receivable:		
Energy sales	43,867	37,111
Other	1,100	7,105
Inventories:		
Fossil fuels	27,163	24,234
Materials and supplies	19,315	17,936
Prepaid expenses and other	14,951	12,675
Total current assets	152,154	167,973
TOTAL	$ 1,527,965	$ 1,543,975

(Continued)

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 & 2021 (All dollar amounts in thousands)

CAPITALIZATION AND LIABILITIES

	2022	2021
CAPITALIZATION:		
Member and patron equities:		
Membership fees	$ 1	$ 1
Patronage capital (Note 9)	354,555	341,427
Accumulated other comprehensive income	2,877	1,753
Total member and patron equities	357,433	343,181
Long-term obligations (Note 6)	1,003,445	820,090
Total capitalization	1,360,878	1,163,271
OTHER LIABILITIES:		
Deferred credits (Note 2)	4,528	9,418
Obligations under finance leases (Note 7)	6,588	7,934
Postretirement health insurance obligation (Note 11)	4,006	5,164
Decommissioning and asset retirement obligations (Note 14)	2,257	2,231
Other non-current liabilities	4,413	4,577
Total other liabilities	21,792	29,324
COMMITMENTS AND CONTINGENCIES (Note 10)		
CURRENT LIABILITIES:		
Current maturities of long-term obligations and obligations under finance leases	56,073	45,654
Line of credit (Note 5)	6,000	209,707
Nuclear decommissioning obligations (Note 14)	56	56
Advances from member cooperatives and other prepayments	6,847	20,584
Regulatory liabilities (Note 2)	19,880	22,668
Accounts payable	31,602	33,985
Accrued expenses:		
Payroll, vacation and benefits	6,521	5,669
Interest	7,098	6,841
Property and other taxes	3,244	3,642
Other	7,974	2,574
Total current liabilities	145,295	351,380
TOTAL	$ 1,527,965	$ 1,543,975

(Concluded)

See notes to consolidated financial statements.

Consolidated Statements of

REVENUES, EXPENSES & COMPREHENSIVE INCOME

For the years ended December 31, 2022 & 2021 (All dollar amounts in thousands)

UTILITY OPERATIONS:	**2022**	**2021**
Operating revenues:		
Sales of electric energy	$ 499,262	$ 449,340
Other	31,861	14,254
Total operating revenues	531,123	463,594
Operating expenses:		
Fuel	146,519	91,261
Purchased and interchanged power	116,420	107,852
Other operating expenses	117,739	126,704
Depreciation and amortization	65,029	53,515
Maintenance	26,212	29,284
Property and other taxes	9,652	9,534
Total operating expenses	481,571	418,150
Operating margin before interest and other	49,552	45,444
Interest and other:		
Interest expense	34,557	28,855
Allowance for funds used in construction—equity	(1,165)	(963)
Other—net	(212)	(60)
Total interest and other	33,180	27,832
OPERATING MARGIN	16,372	17,612
NONOPERATING MARGIN	1,658	1,878
NET MARGIN AND EARNINGS	18,030	19,490
OTHER COMPREHENSIVE INCOME		
Postretirement health insurance obligation adjustments	1,124	377
COMPREHENSIVE INCOME	$ 19,154	$ 19,867

See notes to consolidated financial statements.

Consolidated Statements of

MEMBER & PATRON EQUITIES

For the years ended December 31, 2022 & 2021 (All dollar amounts in thousands)

	Membership Fees	Patronage Capital	Accumulated Other Comprehensive Income	Total Member and Patron Equities
BALANCE—January 1, 2021	$ 1	$ 326,600	$ 1,376	$ 327,977
Net margin and earnings	-	19,490	-	19,490
Postretirement health insurance obligation adjustments	-	-	377	377
Retirement of capital credits (Note 9)	-	(4,663)	-	(4,663)
BALANCE—December 31, 2021	1	341,427	1,753	343,181
Net margin and earnings	-	18,030	-	18,030
Postretirement health insurance obligation adjustments	-	-	1,124	1,124
Retirement of capital credits (Note 9)	-	(4,902)	-	(4,902)
BALANCE—December 31, 2022	$ 1	$ 354,555	$ 2,877	$ 357,433

See notes to consolidated financial statements.

Consolidated Statements of

CASH FLOWS

For the years ended December 31, 2022 & 2021 (All dollar amounts in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin and earnings	$ 18,030	$ 19,490
Adjustments to reconcile net margin and earnings to net cash provided by operating activities:		
Loss (gain) on disposal of assets	87	(2,685)
Depreciation and amortization:		
Charged to operating expenses	65,029	53,515
Charged through other operating elements such as fuel expense	2,356	-
Allowance for funds used in construction—equity	(1,165)	(963)
Changes in operating elements:		
Accounts receivable	(751)	(7,364)
Inventories	(4,706)	15,292
Prepaid expenses and other assets	(990)	(1,939)
Accounts payable	(7,406)	7,730
Accrued expenses and other liabilities	6,258	10,963
Deferred charges and other	235	23,327
Total adjustments	58,947	97,876
Net cash provided by operating activities	76,977	117,366
CASH FLOWS FROM INVESTING ACTIVITIES:		
Electric plant additions	(83,328)	(62,971)
Asset acquisition	(724)	(205,221)
Proceeds from sale of assets	13,245	-
Purchase of investments	(215)	(14,154)
Proceeds from sale of investments and economic development loans	1,763	14,792
Net cash used in investing activities	(69,259)	(267,554)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit	20,707	209,707
Repayments under line of credit	(224,414)	-
Borrowings under long-term obligations	242,886	23,902
Repayments of long-term obligations	(50,653)	(36,135)
Retirement of capital credits	(4,902)	(4,663)
Borrowings of advances from member cooperatives	400,568	388,140
Repayments of advances from member cooperatives	(414,629)	(381,386)
Net cash (used in) provided by financing activities	(30,437)	199,565
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(22,719)	49,377
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of year	68,912	19,535
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of year	$ 46,193	$ 68,912

See notes to consolidated financial statements.

As of and for the years ended December 31, 2022 & 2021 (All dollar amounts in thousands)

1. NATURE OF BUSINESS AND ORGANIZATION

Business—Dairyland Power Cooperative and subsidiary ("Dairyland" or the "Cooperative") is an electric generation and transmission cooperative organized under the laws of the states of Wisconsin and Minnesota. The Cooperative, whose principal offices are located in Wisconsin, provides wholesale electric service to class A members engaged in the retail sale of electricity to member consumers located in Wisconsin, Minnesota, Iowa and Illinois, and provides electric and other services to class C, D and E members.

Principles of Consolidation—The consolidated financial statements include the accounts of Dairyland and Dairyland's wholly owned subsidiary, Genoa FuelTech, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Accounting System and Reporting—The accounting records of the Cooperative are maintained in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission as adopted by the Rural Utilities Service (RUS), the Cooperative's principal regulatory agency.

2. SIGNIFICANT ACCOUNTING POLICIES

Electric Plant—The cost of renewals and betterments of units of property (as distinguished from minor items of property) includes contract work, direct labor and materials, allocable overhead, and allowance for funds used during construction, and is charged to electric plant accounts. Included in accumulated depreciation are nonlegal or noncontractual costs of removal components. As a result, the cost of units of property retired, sold or otherwise disposed of, plus removal costs, less salvage, is charged to accumulated depreciation and no profit or loss is recognized in connection with ordinary retirements of property units. A provision for these nonlegal or noncontractual costs of removal components is recognized based on depreciation rates determined by a third-party depreciation study completed in September 2021 and approved by RUS in 2021 for rates effective in 2022 through 2026. The Cooperative is unable to obtain the information to separate the cumulative removal costs as of December 31, 2022 and 2021. Maintenance, repair costs and replacement or renewal of minor items of property are charged to operations.

Significant components of electric plant were as follows as of December 31:

	Depreciable Lives	2022	2021
Production	11–60 years	$ 1,210,889	$ 1,208,130
Transmission	23–50 years	656,156	642,029
Distribution	38 years	82,085	101,890
General plant	5–47 years	104,993	101,764
Other	32 years	1,761	1,762
Construction work in process		142,025	87,032
		2,197,909	2,142,607
Less accumulated depreciation		(906,391)	(867,431)
Electric plant		$ 1,291,518	$ 1,275,176

Depreciation—Depreciation, which is based on the straight-line method at rates that are designed to amortize the original cost of properties over their estimated useful lives, includes a provision for the cost of removing and decommissioning the properties. The provision for depreciation averaged 2.7% and 2.5% of depreciable plant balances for 2022 and 2021, respectively.

Allowance for Funds Used During Construction—Allowance for funds used during construction (AFUDC) represents the cost of external and internal funds used for construction purposes, and is capitalized as a component of electric plant by applying a rate (4.169% in 2022 and 4.719% in 2021) to certain construction work in progress. The amount of such allowance was $2,870 in 2022 and $2,549 in 2021. The borrowed funds component of AFUDC for 2022 and 2021, was $1,705 and $1,586, respectively (representing 2.445% and 2.929% in 2022 and 2021, respectively). The equity component of AFUDC for 2022 and 2021 was $1,165 and $963, respectively, (representing 1.724% and 1.790% in 2022 and 2021, respectively). The borrowed funds components were included as a reduction of interest expense in the consolidated statements of revenues, expenses and comprehensive income.

Designated Funds—Designated funds represent the amounts collected from customers through rates and deferred for future use. Designated funds are held in cash.

Asset Acquisitions—In December 2021, the Cooperative completed their purchase of the assets of RockGen Energy Center in the amount of $210,079. RockGen Energy Center, located in Cambridge, WI, is a 503 megawatt (MW) simple-cycle, dual fuel power generating facility that runs primarily on natural gas. The facility will help the Cooperative meet its Members' power needs as the Cooperative transitions to more renewable resources.

Intangible Asset—In December 2021, the Cooperative recorded an intangible asset as part of their purchase of the RockGen Energy Center in the amount of $30,211. The intangible asset consists of the assignable capacity agreements that were defined in the asset purchase agreement.

The carrying basis and accumulated amortization of the intangible asset as of December 31, 2022 and 2021 were as follows:

	2022	2021
Gross intangible asset	$ 29,806	$ 30,630
Less accumulated amortization	(2,238)	(64)
Intangible asset, net	$ 27,568	$ 30,566

Amortization expense for the year ended December 31, 2022 was $1,511.

Estimated amortization expense for each of the following five years and thereafter is:

Years Ending December 31	
2023	$ 4,935
2024	5,951
2025	3,993
2026	2,077
2027	1,731
Thereafter	8,881
Total	$ 27,568

Regulatory Assets—The Cooperative's accounting policies and the consolidated financial statements conform to accounting principles generally accepted in the United States of America applicable to electric cooperatives.

The noncurrent portion of regulatory assets as of December 31, 2022 and 2021, include the following:

	2022	2021
Genoa #3 unrecovered plant balances	$ 20,414	$ 25,614
RockGen regulatory asset	645	-
Total regulatory assets	$ 21,059	$ 25,614

Genoa #3 Unrecovered Plant Balances—During 2020, the Cooperative established a regulatory asset related to the unrecovered plant balances upon closure of the Genoa #3 generating station that occurred in 2021. Immaterial additional costs associated with the closure were added to the regulatory asset in 2022. Amounts are being recovered in rates through 2029.

The current portion of the Genoa #3 regulatory asset as of December 31, 2022 and 2021 is $5,390 and $5,621, respectively. These amounts are recorded in prepayments and other assets.

RockGen Regulatory Asset—During 2022, the Cooperative established a regulatory asset related to the difference in the amount being recovered in rates on a straight-line basis over the 20-year life of the RockGen Energy Center and amortization on a GAAP basis which is being amortized based on the underlying capacity contracts which have an estimated useful life of seven years. The difference between the GAAP amortization and the amounts recovered in rates are deferred as the regulatory asset.

Deferred Charges—Deferred charges represent future revenue to the Cooperative associated with costs that will be recovered from customers through the rate-making process. As of December 31, 2022 and 2021, the Cooperative's deferred charges are being reflected in rates charged to customers, except the deferred nuclear litigation as noted below. If all or a separable portion of the Cooperative's operations become no longer subject to the provisions of regulatory accounting, a write-off of deferred charges would be required, unless some form of transition recovery (refund) continues through rates established and collected for the Cooperative's remaining regulated operations. In addition, the Cooperative would be required to determine any impairment to the carrying costs of deregulated plant and inventory assets.

The noncurrent portion of deferred charges as of December 31, 2022 and 2021, include the following:

	2022	2021
Nemadji Trail Energy Center	$ 14,775	$ 9,986
Deferred Nuclear Litigation	44	8,858
Other	660	513
Total deferred charges	$ 15,479	$ 19,357

Nemadji Trail Energy Center—Costs relating to the Nemadji Trail Energy Center natural gas project are being accumulated in deferred charges. These charges will be amortized when the plant is in service (currently estimated for 2027).

Deferred Nuclear Litigation—Litigation expenses from the third nuclear contract damages claim against the United States government were deferred in 2021. Settlement was reached on the third claim in January 2022 and 2021 deferred charges were extinguished and offset the proceeds. See further discussion in Note 14.

Cash and Cash Equivalents—Cash equivalents include all highly liquid investments with original maturities of three months or less. Cash equivalents consist primarily of commercial paper, stated at cost, which approximates market.

Fossil Fuels and Materials and Supplies—Coal inventories, as well as materials and supplies inventories, are stated at the lower of average cost or net realizable value.

Regulatory Liabilities—As of December 31, 2022 and 2021, the Cooperative had various revenue deferrals reflected as regulatory liabilities. The revenue deferrals pertained to favorable results from market credits through transactions with the Mid-Continent Independent System Operator (MISO) in addition to favorable results due to market conditions. The summary of regulatory liabilities as of December 31, 2022 and 2021 is as follows:

	2022	2021
Planned 2023 John P. Madgett outage costs	$ 13,000	$ 13,000
Business growth and development	6,880	7,400
Planned 2022 John P. Madgett outage costs	-	1,900
Electric vehicle charging stations	-	368
	$ 19,880	$ 22,668

Planned 2023 John P. Madgett Outage Costs—The Board of Directors approved the creation of a regulatory liability revenue deferral plan in the amount of $13,000 in 2021. The Cooperative deferred $13,000 of 2021 revenue and plans to recognize this amount in 2023. The deferral plan was approved by RUS in February of 2022.

Business Growth and Development—In December 2021, the Board of Directors approved the carryforward of the 2020 revenue deferral plan in the amount of $6,000. The Board of Directors also approved an additional regulatory liability revenue deferral in 2021 in the amount of $1,400 for business growth and development. This amended deferral plan was approved by RUS in January 2022. In December 2022, the Board of Directors approved the amendment to carryforward the revenue deferral balance in the amount of $6,880 into 2023 previously set for use in 2022. The plan was approved by RUS in January of 2023.

Planned 2022 John P. Madgett Outage Costs—In November 2021, the Board of Directors approved the creation of a regulatory liability revenue deferral plan in the amount of $1,900. The deferral plan was approved by RUS in February of 2022. The Cooperative recognized this amount in 2022.

Electric Vehicle Charging – In January 2022, the Board of Directors approved the carryforward of a 2020 revenue deferral plan in the amount of $368. The amended deferral plan was approved by RUS in February 2022. The Cooperative recognized this amount in 2022.

Deferred Credits—Deferred credits represent both future revenue to the Cooperative associated with customer prepayments and noncurrent obligations and reserves related to operations. As of December 31, 2022, the Cooperative's deferred credits are being considered when determining rates charged to customers.

Deferred credits as of December 31, 2022 and 2021 were comprised of the following:

	2022	2021
Customer energy prepayments	$ -	$ 7,924
RockGen startup revenue deferral	2,607	-
Elk Mound startup revenue deferral	1,853	1,432
Other	68	62
	$ 4,528	$ 9,418

Sales of Electric Energy—Revenues from sales of electric energy are recognized when energy is delivered. The class A wholesale rates approved by the Board of Directors have a power cost adjustment that allows for increases or decreases in class A member power billings based upon actual power costs compared to plan. For 2022 and 2021, the power cost adjustment to the class A members resulted in credits to sales billed of $15,613 and $3,834, respectively. These amounts are recorded in sales of electric energy in operating revenues on the consolidated statements of revenues, expenses and comprehensive income.

Other Operating Revenue—Other operating revenue primarily includes revenue received from transmission service and is recorded as services are provided.

Accounting for Energy Contracts—The Cooperative does not have any energy contracts that are required to be accounted for at fair value as of December 31, 2022 and 2021.

Leases - The Cooperative determines if an arrangement is a lease at inception of the contract. The right-of-use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The Cooperative uses the implicit rate noted within the contract, when available. Otherwise, the Cooperative uses its incremental borrowing rate estimated using recent debt issuances that correspond to various lease terms. The Cooperative does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-terms leases") on the consolidated balance sheets, and the lease expense for these short-term leases is recognized on a straight-line basis over the lease term within.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates in the consolidated financial statements relate to postretirement benefit obligations, asset retirement obligation liabilities, fixed-asset depreciable lives, and litigation and contingencies. Actual results could differ from those estimates.

Concentration of Risk—Approximately 36.6% of the labor force for the Cooperative is under a collective bargaining agreements that expire between January 31, 2024 and January 31, 2025.

Subsequent Events—The Cooperative considered events for recognition or disclosure in the consolidated financial statements that occurred subsequent to December 31, 2022, through April 3, 2023, the date the consolidated financial statements were available to be issued.

3. ACCOUNTING STANDARDS

Adopted—In February 2016, the FASB issued new accounting guidance for leases. The new guidance increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements in the financial statements. In January 2018, the FASB issued additional accounting guidance on leases, amending the guidance issued in 2016, to simplify the transition to the new guidance for land easements. The Cooperative adopted the new lease guidance on January 1, 2022 using the modified retrospective approach. The adoption of the new lease guidance did not have a material impact on the Cooperative's financial statements.

4. INCOME TAXES

The Internal Revenue Service has determined that Dairyland is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code. Accordingly, the Cooperative's utility operations are generally exempt from federal and state income taxes and no provision for such taxes is recorded in the consolidated financial statements.

5. LINES OF CREDIT

To provide interim financing capabilities, the Cooperative has arranged committed lines of credit with CoBank. The original line was executed on November 30, 2015, and amended on November 20, 2019, with availability aggregating approximately $350,000. This facility has a five-year term and provides funds both for short-term working capital requirements and for capital projects until permanent financing can be obtained. Some capital projects will last longer than one year, but the intent is to pay down the line of credit as permanent funding is received.

In December 2021, the Cooperative arranged a second line of credit for $215,000. The purpose of these funds was to finance the purchase of the RockGen plant. In June of 2022, this line of credit was converted into long-term financing with Cobank.

Compensating balance requirements and fees relating to the lines of credit were not significant in 2022 and 2021. Information regarding line of credit balances and activity for the years ended December 31, 2022 and 2021, is as follows:

	2022	2021
Interest rate at year-end	5.39 %	1.11%
Line 1—$350M	$ 6,000	$ -
Line 2—$215M	-	209,707
Total borrowings outstanding at year-end	$ 6,000	$ 209,707
Average borrowings outstanding during year	$ 101,276	$ 17,476

The Cooperative also allows member cooperatives to prepay their power bills and pays interest on these prepayments based on current short-term borrowing rates. Advances from member cooperatives totaled $6,847 and $20,584 at December 31, 2022 and 2021, respectively. Interest expense on member cooperative advances was $324 and $125 for the years ended December 31, 2022 and 2021, respectively. These amounts have been included in interest expense on the consolidated statements of revenues, expenses, and comprehensive income.

6. LONG-TERM OBLIGATIONS

Long-term obligations as of December 31, 2022 and 2021, consist of the following:

	2022	2021
Federal Financing Bank obligations—1.24%—4.49%	$ 595,514	$ 584,270
Federal Financing Bank obligations—4.50%—5.20%	190,826	201,942
Total Federal Financing Bank	786,340	786,212
RUS obligations—4.125% and grant funds	2,036	2,557
CoBank notes—2.9% and 4.3%	201,220	3,362
Private bonds placement obligations—3.42%	67,500	70,833
Long-term debt	1,057,096	862,964
Less current maturities	(53,651)	(42,874)
Net long-term obligations	$1,003,445	$ 820,090

Quarterly principal and interest payments on the long-term obligations to the Federal Financing Bank (FFB) extend through 2053.

Long-term obligations to the RUS are payable in equal monthly principal and interest installments through 2024. Payments on the CoBank 2.6% and 4.32% notes are due quarterly, respectively, through 2023. The private bond placement is an amortizing 30 year term loan at an interest rate of 3.42%. Quarterly principal and interest payments on this obligation extend through 2043.

The Cooperative executed, filed and recorded an indenture of mortgage, security agreement and financing statement, dated as of September 13, 2011 and as supplemented (the "Indenture"), between the Cooperative, as grantor and U.S. Bank National Association, as trustee. The perfected lien of the Indenture on substantially all of the Cooperative's assets secured equally and ratably all of the Cooperative's long-term debt with the exception of unsecured notes to CoBank (balances of $1,345 and $3,362 at December 31, 2022 and 2021, respectively). The Cooperative is required to maintain and has maintained certain financial ratios related to earnings in accordance with the covenants of its loan agreements as of December 31, 2022.

Scheduled maturities of the Cooperative's long-term obligations as of December 31, 2022, were as follows:

Years Ending December 31	
2023	$ 53,651
2024	63,618
2025	54,609
2026	56,082
2027	57,461
Thereafter	771,675
Total	$ 1,057,096

7. LEASES

The Cooperative has entered into several finance lease agreements for large vehicles and heavy equipment. The transactions are covered in the master lease agreement with lease terms not exceeding seven years. At the end of the lease, the Cooperative can purchase the equipment for a bargain purchase price. The assets are amortized over the lesser of their related lease terms or their estimated productive lives.

The following table presents the components of the Cooperative's right-of-use assets and liabilities related to leases and their classification in the consolidated balance sheets as of December 31:

Component of Lease Balances	Classification in Consolidated Balance Sheets	2022
Assets:		
Finance lease right-of-use assets	Plant and equipment - at cost	$ 17,521
Liabilities:		
Current portion of finance lease liability	Current maturities of long-term obligations and obligations and obligations under finance leases	$ 2,302
Long-term portion of finance lease liability	Obligations under finance leases	6,588

The components of lease and their classification in the consolidated statements of revenues, expense, and comprehensive income for the year ended December 31 were as follows:

Component of Lease Expenses	Classification in Statements of Revenues, Expenses and Comprehensive Income	2022
Operating lease expense	Other operating expenses	$ 455
Finance lease amortization	Depreciation and amortization	1,834
Finance lease interest	Interest expense	287
Short-term lease expense	Other operating and maintenance expenses	916
Total lease expense		$ 3,492

The weighted average remaining lease term and weighted average discount rate as of and for the year ended December 31, 2022, were as follows:

	Weighted Average Remaining Lease Term (Years)	Weighted Average Discount Rate
Finance leases	5.05	3.12 %

Supplemental cash flow information related to leases for the year ended December 31, 2022 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from finance leases	$ 3,149
Right-to-use assets obtained in exchange for lease obligations:	
Finance leases	977

The reconciliation of the future undiscounted cash flows to the lease liabilities presented on the Consolidated Balance Sheet as of December 31, 2022, were as follows:

	Finance Leases
2023	$ 2,683
2024	2,186
2025	2,114
2026	1,619
2027	997
Thereafter	956
Total lease payments	10,555
Less discount	(1,665)
Total lease liabilities	$ 8,890

The undiscounted annual minimum leases payments due under the Cooperative's finance leases following the previous lease accounting standard as of December 31, 2021, were as follows:

	Finance Leases
2022	$ 3,130
2023	2,388
2024	1,890
2025	1,818
2026	1,323
Thereafter	976
Total lease payments	11,525
Amounts representing interest	(811)
Present value of minimum lease payments	10,714
Current maturities	(2,740)
Long-term obligations	$ 7,974

8. FINANCIAL INSTRUMENTS

The fair value of the Cooperative's financial instruments other than marketable securities and short-term borrowings, based on the rates for similar securities and present value models using current rates available as of December 31, 2022 and 2021, is estimated to be as follows:

	2022		2021	
	Recorded Value	Fair Value	Recorded Value	Fair Value
Assets:				
Other investments	$ 7,417	$ 7,147	$ 12,350	$ 12,350
Investments in capital term certificates of NRUCFC	9,176	9,176	9,176	9,176
Liabilities—long-term debt	1,057,096	950,059	862,964	979,972

Assets and Liabilities Measured at Fair Value—Accounting principles generally accepted in the United States of America establish a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and provides for required disclosures about fair value measurements. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange.

A description of the inputs used in the valuation of assets and liabilities are as follows:

Level 1 inputs utilize observable market data in active markets for identical assets or liabilities. Level 2 inputs consist of observable market data, other than that included in Level 1, that are either directly or indirectly observable. Level 3 inputs consist of unobservable market data, which are typically based on an entity's own assumptions of what a market participant would use in pricing an asset or liability as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The Cooperative's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table summarizes the Cooperative's assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021, aggregated by the level in the fair value hierarchy within which those measurements fall:

		Fair Value Measurements Using		
2022	Fair Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets—investments:				
Nuclear decommissioning funds	$ 2,070	$ 2,070	$ -	$ -
Other investments	7,417	435	1,428	5,554
Investments in capital term certificates of National Rural Utilities Finance Corporation	9,176	-	-	9,176
Investment for deferred compensation	1,748	-	1,748	-
	$ 20,411	$ 2,505	$ 3,176	$ 14,730

		Fair Value Measurements Using		
2021	Fair Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets—investments:				
Nuclear decommissioning funds	$ 2,043	$ 2,043	$ -	$ -
Other investments	12,350	4,235	1,364	6,751
Investments in capital term certificates of National Rural Utilities Finance Corporation	9,176	-	-	9,176
Investment for deferred compensation	1,941	-	1,941	-
	$ 25,510	$ 6,278	$ 3,305	$ 15,927

The changes in Level 3 recurring fair value measurements using significant unobservable inputs for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Other investments:		
Balance—beginning of year	$ 6,751	$ 8,096
New investment and loans made	-	-
Loan repayments received and current maturities	-	(409)
Patronage capital allocations	52	55
Patronage capital retirements	(1,249)	(991)
Balance—end of year	$ 5,554	$ 6,751

The valuation of these assets involved management's judgment after consideration of market factors and the absence of market transparency, market liquidity and observable inputs.

9. RETIREMENT OF CAPITAL CREDITS

The Cooperative's Board of Directors has adopted a policy of retiring capital credits allocated to members on a first-in, first-out basis. As part of an equity development strategy adopted in 2003, patronage capital retired will be limited to no greater than 2% of the total assigned patronage capital balance as of December 31 of the prior year. This policy is subject to annual review and approval by the Board of Directors and the RUS, and no cash retirements are to be made which would impair the financial condition of the Cooperative or violate any terms of its agreements. Since 2003, the amount of nonoperating margins assigned to members each year is at the discretion of the Board of Directors. Any unassigned nonoperating margins will become unallocated reserves and part of permanent equity. Patronage capital amounts for the years ended December 31, 2022 and 2021, are as follows:

	Assigned	Unassigned	Total
Balance—December 31, 2020	$ 233,138	$ 93,461	$ 326,600
Retirement of capital credits	(4,663)	-	(4,663)
Current year margins	16,649	2,841	19,490
Balance—December 31, 2021	245,124	96,302	341,427
Retirement of capital credits	(4,902)	-	(4,902)
Current year margins	15,208	2,823	18,030
Balance—December 31, 2022	$ 255,430	$ 99,125	$ 354,555

10. COMMITMENTS AND CONTINGENCIES

The Cooperative is a party to a number of generation, transmission and distribution agreements, under which costs and/or revenues are recognized currently based upon the Cooperative's interpretations of the provisions of the related agreements. Differences between the estimates used in the consolidated financial statements and the final settlements are recorded in the year of settlement.

The Cooperative has entered into various coal purchase contracts with one- to four-year terms. The estimated commitments under these contracts as of December 31, 2022, is as follows:

Years Ending December 31	
2023	$ 45,198
2024	32,388
2025	14,629
2026	1,149
Total	$ 93,364

The Cooperative has been named as a defendant in various lawsuits and claims arising in the normal course of business. Although the outcome of these matters cannot be determined at the present time, management and legal counsel believe these actions can be successfully defended or resolved without a material effect on the consolidated financial position, results of operations or cash flows of the Cooperative.

11. EMPLOYEE BENEFITS

Multiemployer Defined-Benefit Pension Plan—Pension benefits for substantially all employees are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement Security Plan ("RS Plan"). This is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. Pension benefits are funded in accordance with the provisions of the RS Plan and are based on salaries, as defined, of each participant. The Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendment Act of 1980, imposes certain liabilities on employers who are contributors to multiemployer plans in the event of a plan termination or an employer's withdrawal. These plans have not been terminated, nor has the Cooperative undertaken any plans to withdraw from participation. Since the RS Plan is a multiemployer plan for accounting purposes, all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers. The Cooperative may be contingently liable for its share of the RS Plan's unfunded vested liabilities.

The Cooperative's contributions to the RS Plan in 2022 and 2021 represented less than 5% of the total contributions made to the plan by all participating employers. In 2013, the Cooperative made a voluntary prepayment of $26,899 to this plan to reduce future contribution amounts. The remaining prepayment was fully amortized in 2021. Expense for the RS Plan was $8,712 in 2022 and $15,161 in 2021. The 2022 expense includes contributions to the plan of $8,712 and $0 of prepayment amortization. The 2021 expense includes contributions to the plan of $9,781 and $5,380 of prepayment amortization.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on both January 1, 2022 and 2021, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Postretirement Health Insurance Obligation—Certain employees of the Cooperative retiring at or after age 55 are eligible to participate in a postretirement health care plan through age 65. Eligible dependents of the retired Cooperative employees are also eligible to participate in this plan through age 65. Retirees pay 100% of the premium amount for this coverage. The premium is based upon the combined medical claims experiences of all active employees and retirees. If premiums were determined based upon the medical claims experience of retirees only, the resulting premium for retirees would be higher. The difference between the premium paid by retirees and the potential actual premium amount is the basis for the postretirement benefit obligation. The Cooperative uses a December 31 measurement date for its plan. The postretirement health care plan is unfunded.

The accumulated postretirement benefit obligation (APBO) and the amounts recognized in the consolidated financial statements as of and for the years ended December 31, 2022 and 2021, are as follows:

		2022		2021
Amount recognized in the consolidated balance sheets:				
Total accrued qualified and nonqualified benefit obligation	$	4,392	$	5,560
Less current portion included in accrued expenses—other		(386)		(396)
Long-term portion	$	4,006	$	5,164
Change in benefit obligation:				
APBO—beginning of year	$	5,560	$	5,825
Service cost		295		354
Interest cost		137		117
Actuarial loss		(1,204)		(434)
Benefits paid		(396)		(302)
APBO—end of year	$	4,392	$	5,560
Funded status of plan—December 31	$	(4,392)	$	(5,560)
Accrued postretirement health insurance obligations recorded at year-end	$	4,392	$	5,560
Change in plan assets:				
Employer contribution	$	(396)	$	(302)
Benefits paid		396		302
	$	-	$	-
Change in accumulated other comprehensive income:				
Net income at prior measurement date	$	1,753	$	1,376
Actuarial assumption changes		1,204		434
Recognition in expense:				
Amortization of prior service cost		-		-
Amortization of unrecognized actuarial gain		(80)		(57)
Accumulated other comprehensive income	$	2,877	$	1,753
Components of net periodic postretirement benefit cost:				
Service cost-benefits attributed to service during the year	$	295	$	354
Interest cost on accrued postretirement health insurance obligation		137		117
Amortization of prior service cost		-		-
Amortization of unrecognized actuarial gain		(80)		(57)
Net periodic postretirement benefit expense	$	352	$	414

Employer cash contributions expected to be made to the plan during the fiscal year ending December 31, 2023, is $386. The amount of accumulated other comprehensive income expected to be recognized during the fiscal year ending December 31, 2023, is an actuarial gain of $162 and amortization of prior service cost of $0. All prior service costs have been fully amortized.

For measurement purposes, a 4.93% and 2.55% discount rate was assumed for 2022 and 2021, respectively, to determine net periodic benefit cost. The 2022 and 2021 annual health care cost increase assumed is 6.25% and 6.50%, respectively, decreasing gradually to 4.46% for 2041 and thereafter.

Estimated future benefit payments from the plan as of December 31, 2022, are as follows:

Years Ending December 31		
2023	$	386
2024		330
2025		339
2026		402
2027		357
2028–2032		1,466

Defined-Contribution Plan—Dairyland has a qualified tax-deferred savings plan for eligible employees. Eligible participants hired prior to January 1, 2020 may make pretax contributions, as defined, with the Cooperative matching up to 2.5% of the participants' annual compensation. Eligible participants hired after December 31, 2019 may make pretax contributions, as defined, with the Cooperative matching up to 13% of the participants' annual compensation. Contributions to this plan by the Cooperative were $1,589 and $1,409 for 2022 and 2021, respectively.

Other Plans—The Cooperative offers key employees deferred compensation plans available through NRECA. The plans permit qualifying employees to defer a portion of their salary until future years. The accumulated deferred compensation balance is not available to employees until termination, retirement or death.

All amounts of compensation deferred under the plans and all income attributable to those amounts (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Cooperative (not restricted to the payment of benefits under the plan), subject only to the claim of general creditors. Participants' rights under the plans are equal to those of general creditors of the Cooperative in an amount equal to the fair market value of the deferred account for each participant. The related assets and liabilities, totaling $1,748 and $1,941 as of December 31, 2022 and 2021, respectively, are reported at contract value, which approximates fair value.

The Cooperative also provides employees with medical insurance coverage, vision and dental insurance coverage, short-term and long-term disability, and life insurance, which are funded by employer and employee contributions. The Cooperative's costs related to these benefits were $9,180 and $9,867 for 2022 and 2021, respectively. The liability for these plans of $47 and $59 as of December 31, 2022 and 2021, respectively, are recorded in other accrued expenses on the consolidated balance sheets.

12. RELATED-PARTY TRANSACTIONS

The Cooperative provides electric and other services to its class A members. The Cooperative received revenue of $408,146 and $376,523 in 2022 and 2021, respectively, for these services. The Cooperative has accounts receivable from its class A members of $35,879 and $30,829 as of December 31, 2022 and 2021, respectively.

The Cooperative has advances from class A members of $6,847 and $20,584 as of December 31, 2022 and 2021, respectively, related to the prepayment program. Class A members have the option of paying their electric bill in advance, and in turn, the Cooperative pays the members' interest income. The Cooperative's interest expense related to the prepayment program was $324 and $125 for the years ended December 31, 2022 and 2021, respectively.

13. ASSET RETIREMENT OBLIGATIONS

An asset retirement obligation (ARO) is the result of legal or contractual obligations associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, or development and/or the normal operation of a long-lived asset. The Cooperative determines these obligations based on an estimated asset retirement cost adjusted for inflation and projected to the estimated settlement dates and discounted using a credit-adjusted risk free interest rate. Upon initial recognition of a liability for ARO, the Cooperative capitalizes the asset retirement cost by increasing the carrying amount of the related long lived asset by the same amount as the liability. The Cooperative allocates that asset retirement cost to expense using the straight-line method over the remaining useful life of the related long-lived asset. The accretion of the obligation is recognized over time up to the settlement date. Any future change in estimate will be recognized as an increase or a decrease in the carrying amount of the liability for an ARO and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset.

The Cooperative determined that it has AROs related to future removal and disposal of asbestos at its power plants. There are no assets legally restricted for purpose of settling the ARO related to future removal and disposal of asbestos. The ARO balance related to the future removal and disposal of asbestos was $244 as of both December 31, 2022 and 2021. The balance is recorded within Other Liabilities on the consolidated balance sheets.

The Cooperative has established a decommissioning trust to accumulate the estimated amounts necessary to decommission a nuclear power plant that the Cooperative formerly operated and the related Independent Spent Fuel Storage Installation (ISFSI). The assets of this trust in the amount of $2,070 and $2,043 as of December 31, 2022 and 2021, respectively, are outside the Cooperative's administrative control and are available solely to satisfy the future costs of decommissioning. As the expected completion is planned for 2023, the balance of the trust as of December 31, 2022 of $57 is recorded as current in the consolidated balance sheet. The remaining $2,013 is related to the annual ISFSI costs that will remain after completion of the decommissioning.

The Cooperative did not record a conditional ARO related to the dismantlement of the dam and drainage reservoir for the hydro generation plant at Flambeau, the removal of transmission lines in various corridors, and RockGen Energy Center because the Cooperative does not have sufficient information to estimate the fair value of the ARO.

14. NUCLEAR REACTOR

License—The La Crosse Boiling Water Nuclear Reactor (LACBWR) was voluntarily removed from service by the Cooperative effective April 30, 1987. The intent was to terminate operation of the reactor, and a possession-only license was obtained from the Nuclear Regulatory Commission (NRC) in August 1987. LACBWR will remain in safe storage status (SAFSTOR) until the final stage of decommissioning of LACBWR, involving dismantlement and decontamination, can be completed. In May 2016, the NRC approved transfer of the license to La CrosseSolutions LLC (Solutions), a subsidiary of EnergySolutions LLC. Solutions will temporarily hold the license and assumes responsibility for the decommissioning of the site. The license will revert back to the Cooperative following completion of decommissioning activities. While Solutions undertakes decommissioning, the Cooperative retains a license for its continued ownership of the spent fuel.

Nuclear Waste Policy Act of 1982 (NWPA)—Under the NWPA, the United States government is responsible for the storage and disposal of spent nuclear fuel removed from nuclear reactors. By statute and under contract, the United States government was to have begun accepting spent fuel in January 1998, but has not yet licensed and established a repository.

The Cooperative has filed two successful breach of contract damage claims against the United States government in the United States Court of Federal Claims to recover its costs generally incurred after 1998 through 2013 related to spent fuel remaining at LACBWR. The Cooperative received damage award payments of $37,659 and $73,500 in January 2013 and November 2017, respectively. Proceeds from the award payments were used to defease the nuclear related regulatory asset and deferred charges for nuclear related litigation and plant costs. Remaining proceeds have been refunded to Class A Members.

In January of 2022, the Board of Directors approved a motion to accept a partial summary judgement in the amount of $23.1 million from the United States government related to the NWPA third contract damage claim. Claim proceeds, less accrued legal fees, were refunded back to Class A Members in February 2022.

Subsequent damage claims will be filed to recover the continuing costs arising from the presence of the spent fuel.

ISFSI—The Cooperative completed the temporary dry storage facility project located on the LACBWR site and completed the move of the LACBWR spent nuclear fuel to this ISFSI facility in September 2012. The spent nuclear fuel will remain at the ISFSI until it is able to be transferred to the government. Annual ISFSI costs are recorded on an as incurred basis and incorporated into the annual budget and rate making process.

Decommissioning—The Solutions decommissioning plan anticipates completion of decommissioning LACBWR, not including the ISFSI, in 2023. The estimated costs of decommissioning the nuclear generating facility are based on the Solutions cost study and decommissioning plan filed with the NRC as part of the license transfer. Costs incurred for decommissioning projects are charged against the decommissioning liability. As costs are incurred, Solutions submits requests for withdrawals to the Cooperative for release of funds from the nuclear decommissioning trust.

15. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The statement of cash flows includes the following supplemental information as of December 31, 2022 and 2021:

	2022	2021
Cash paid for interest	$ 35,928	$ 24,062
Electric plant additions funded through accounts payable and accrued expenses	5,367	4,357
Electric plant additions under capital leases	977	4,337

The amount shown in the consolidated statements of cash flows for cash, cash equivalents and restricted cash as of December 31, 2022 of $46,193 is comprised of cash and cash equivalents of $25,878, designated funds of $19,880 and $435 of restricted cash included in other investments. The amount shown in the consolidated statements of cash flows for cash, cash equivalents and restricted cash as of December 31, 2021 of $68,912 is comprised of cash and cash equivalents of $46,244 and designated funds of $22,668.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sales of electric energy consists of sales to members pursuant to long-term wholesale electric contracts. Dairyland recognizes revenue based on the amount of energy delivered to each customer at agreed upon rates. The measurement of energy sales to customers is generally based on meter data, which is collected through the last day of the month. At the end of each month, amounts of energy delivered to customers is recognized.

We are an active participant in the MISO Energy Markets, where we bid our generation into the Day Ahead and Real Time markets and procure electricity for our wholesale customers and sell energy at prices determined by the MISO Energy Markets. Purchase and sale transactions are recorded using settlement information provided by MISO. Purchase transactions are accounted for on a net hourly position. Net purchases in a single hour are recorded as purchased and interchanged power. Sales of excess energy transacted through MISO are recorded on a gross basis in other sales. For sales to the MISO Energy Markets, we have no performance obligation until the energy is sold.

The Cooperative's members consist of Class A, C, D, and E members. Class A members purchase wholesale electric service and rates are set annually with approval by the Board of Directors. Contract term is determined by the Wholesale Power Contract that is in effect until December 31, 2062. The contract automatically extends an additional (2) years in each odd-numbered year beginning January 1, 2021 unless either the Cooperative or member give notice no later than the preceding September 1 of its election not to extend further. Class C member revenue represents contractual sales to GRE which were recognized through 2021. Class D member revenues are based on various contracts with wholesale municipal members. Class E member revenues primarily reflect sales to MISO.

The following table disaggregates revenue by major source for the years ended December 31, 2022 and 2021:

	2022	2021
Class A	$ 408,146	$ 376,522
Class C	-	2,387
Class D	21,423	16,879
Class E, including MISO	69,693	53,552
Other sales	31,861	14,254
Total	$ 531,123	$ 463,594

MEMBERS
As of January 1, 2023

CLASS A MEMBERS

WISCONSIN

Barron Electric Cooperative | Barron
Bayfield Electric Cooperative | Iron River
Chippewa Valley Electric Cooperative | Cornell
Clark Electric Cooperative | Greenwood
Dunn Energy Cooperative | Menomonie
Eau Claire Energy Cooperative | Fall Creek
Jackson Electric Cooperative | Black River Falls
Jump River Electric Cooperative | Ladysmith
Oakdale Electric Cooperative | Oakdale
Pierce Pepin Cooperative Services | Ellsworth
Polk-Burnett Electric Cooperative | Centuria
Price Electric Cooperative | Phillips
Richland Electric Cooperative | Richland Center
Riverland Energy Cooperative | Arcadia
St. Croix Electric Cooperative | Hammond
Scenic Rivers Energy Cooperative | Lancaster
Taylor Electric Cooperative | Medford
Vernon Electric Cooperative | Westby

IOWA/MINNESOTA

MiEnergy Cooperative | Cresco & Rushford

IOWA

Allamakee-Clayton Electric Cooperative | Postville
Heartland Power Cooperative | Thompson & St. Ansgar

MINNESOTA

Freeborn Mower Electric Cooperative | Albert Lea
People's Energy Cooperative | Oronoco

ILLINOIS

Jo-Carroll Energy | Elizabeth

SPECIAL SERVICES MEMBERS

Adams-Columbia Electric Cooperative | Friendship, Wis.
Central Wisconsin Electric Cooperative | Iola, Wis.
Oconto Electric Cooperative | Oconto Falls, Wis.
Rock Energy Cooperative | Janesville, Wis.

CLASS C MEMBERS

Great River Energy | Maple Grove, Minn.
Minnkota Power Cooperative | Grand Forks, N.D.

MUNICIPAL CUSTOMERS

CLASS D MUNICIPAL MEMBERS

City of Arcadia, Wis.
Village of Argyle, Wis.
Village of Cashton, Wis.
City of Cumberland, Wis.
City of Elroy, Wis.
City of Fennimore, Wis.
City of Forest City, Iowa
Village of La Farge, Wis.
City of Lake Mills, Iowa
City of Lanesboro, Minn.
McGregor Municipal Utilities, Iowa
Village of Merrillan, Wis.
City of New Lisbon, Wis.
Osage Municipal Utilities, Iowa
City of St. Charles, Minn.
City of Strawberry Point, Iowa
Village of Viola, Wis.

POWER SUPPLY CUSTOMERS

Village of Bangor, Wis.
City of Clintonville, Wis.
City of Cornell, Wis.
City of Kiel, Wis.
City of Manitowoc, Wis.
City of Medford, Wis.
City of Shawano, Wis.
Village of Stratford, Wis.
Village of Trempealeau, Wis.
City of Wisconsin Rapids, Wis.

CLASS E MEMBERS

Alliant Energy | Madison, Wis.
Northwestern Wisconsin Electric Co. | Frederic, Wis.
NSP-Minnesota | St. Paul, Minn.
NSP-Wisconsin | Eau Claire, Wis.
Southern Minnesota Municipal Power Agency | Rochester, Minn.

FACILITIES ON MAP

Headquarters | La Crosse, Wis.
John P. Madgett Station| Alma, Wis.
Elk Mound Generating Station | Elk Mound, Wis.
Flambeau Hydro Station | Ladysmith, Wis.
Genoa Site | Genoa, Wis.
RockGen Energy Center | Cambridge, Wis.
Sartell Hydro Station | Sartell, Minn. (Eagle Creek Renewable Energy, LLC)
Weston 4 Generating Station | Wausau, Wis.

Planned Energy Resources

Nemadji Trail Energy Center | Superior, Wis.
Badger State Solar | Jefferson, Wis. (Ranger Power)

Wind Facilities

Gundersen Wind | Lewiston, Minn.
McNeilus (Juhl) Wind | Adams, Minn.
McNeilus Dodge | Dodge Center, Minn.
Prairie Star Wind | Austin, Minn.
Quilt Block Wind | Darlington, Wis. (EDP Renewables)
Tatanka Ridge Wind | Deuel County, S.D. (Tatanka Ridge Wind, LLC)
Winnebago Wind | Thompson, Iowa (Avangrid)

Solar Energy Sites

Wisconsin: Arcadia, Centuria, Conrath, Hallie, Hillsboro, Liberty Pole, Medford, Menomonie, Mt. Hope, Necedah, New Auburn, Phillips, Roberts, Viola & Westby

Minnesota: Albert Lea & Oronoco

Illinois: Thomson

Iowa: Decorah & Strawberry Point

FACILITIES NOT SHOWN

Waste Management, Inc., Facilities:

Central Disposal Landfill | Lake Mills, Iowa
Timberline Trail Landfill | Weyerhaeuser, Wis.

MEMBER SYSTEM & MAP

GENERATING RESOURCES Year-End Capacity in Megawatts (MW)

Generating Stations

Coal (Steam)

John P. Madgett	387
Weston # 4*	165

Hydro

Flambeau	18.8

Combustion Turbine (Gas/Oil)

Elk Mound 1-2	74
RockGen	503
TOTAL DAIRYLAND CAPACITY	**1,147.8**

** Dairyland Share of Weston # 4*
*** 5% Share of 100 MW Wind Farm*
****33% Share of 154.8 MW Wind Farm*
Some wind, solar and digester technologies do not have associated Renewable Energy Credits (RECs)

Under Contract

Solar	Small solar (40 sites)	44.91
Digesters (Biogas)	Small digesters (3 sites)	1.94
Hydro	Manitoba Hydro Exchange	50
	Sartell Hydro	10
Landfill Gas	Timberline Trails	5.6
	Central Disposal	4.8
Gas Engine	York JCE	2.1
Wind	Gundersen Wind	5
	McNeilus (Juhl)	17.4
	McNeilus Dodge	5.7
	Prairie Star Wind**	5
	Quilt Block Wind	98
	Tatanka Wind***	51.6
	Winnebago Wind Farm	20
	Small Wind (< 5 MW)	4

TOTAL UNDER CONTRACT 326.05
TOTAL CAPACITY IN SERVICE 1,473.85

COOPERATIVE PRINCIPLES

1 | Voluntary and Open Membership

2 | Democratic Member Control

3 | Members' Economic Participation

4 | Autonomy and Independence

5 | Education, Training and Information

6 | Cooperation Among Cooperatives

7 | Concern for Community

DAIRYLAND POWER COOPERATIVE

A Touchstone Energy® Cooperative

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