2021 ANNUAL REPORT

LASER FOCUSED

DAIRYLAND POWER
COOPERATIVE

A Touchstone Energy® Cooperative

TABLE OF CONTENTS

2021 AT A GLANCE

24 DAIRYLAND MEMBER COOPERATIVES

17 MUNICIPAL CUSTOMERS

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

1,143 MW* PEAK DEMAND (REPORTED TO MISO 6/10/21)

462 EMPLOYEES

6.3 BILLION kWh* POWER SALES

$463.6 MILLION TOTAL OPERATING REVENUE

$19.5 MILLION MARGINS

$1.54 BILLION TOTAL ASSETS

283,824 TOTAL MEMBERS

APPROXIMATE POPULATION SERVED: **600,000**

*KILOWATT-HOUR AND MEGAWATT

OUR CORE VALUES:

- Relationships
- Accountability
- Integrity
- Safety
- Excellence

LASER FOCUSED

Dairyland Power Cooperative provides the wholesale electrical requirements and other services for 24 member distribution cooperatives and 17 municipal utilities in the Upper Midwest. In turn, these cooperatives and municipals deliver the electricity to consumers-meeting the energy needs of more than a half-million people.

Dairyland was formed in December 1941 to improve the quality of life for cooperative members with electricity. Today, 80 years later, while maintaining that mission, Dairyland is focused on sustainability and 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 nearly 3,200 miles of transmission lines and 272 substations located throughout the system's 44,500 square mile service area.

Dairyland, a Touchstone Energy® Cooperative, is headquartered in La Crosse, Wis. Its service area encompasses 62 counties in four states (Wisconsin, Minnesota, Iowa and Illinois).

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

80 YEARS

DAIRYLAND POWER COOPERATIVE

A Touchstone Energy® Cooperative

OUR MISSION: To power our communities and empower cooperative members to improve the quality of their lives.

OUR VISION: To grow, innovate and deliver value as a premier member-driven energy cooperative through safe, reliable and sustainable solutions.

STRATEGIC PRIORITIES

- SAFETY CULTURE
- COOPERATIVE PRINCIPLES
- PEOPLE 1ST
- ASSET RELIABILITY & DIVERSIFICATION
- FINANCIAL & COMPETITIVE STRENGTH
- GROWTH & INNOVATION

BRENT RIDGE
PRESIDENT & CEO

ED GULLICKSON
CHAIR, BOARD OF DIRECTORS

LASER FOCUSED ON OUR MISSION

Every decision at Dairyland Power Cooperative is made with a laser focus on our mission to power our communities and improve the quality of life for cooperative members. With an overarching goal of Sustainability, Dairyland's leadership and Board of Directors are focused on delivering safe, reliable and cost-competitive electricity as we transition to a low-carbon future.

SUSTAINABLE PLANNING

Dairyland's Sustainable Generation Plan provides a framework for reliability and energy diversification, considering the economic impact on our members, technological feasibility, social implications and environmental responsibility.

As Dairyland transforms its energy resources to reduce carbon intensity, the decision to acquire the RockGen Energy Center aligned with our strategic priorities. Following the closing of the coal-fired Genoa Station #3 in June 2021, the availability of this low-cost and reliable natural gas facility in Wisconsin was a good strategic fit for our power supply portfolio. RockGen supports the growth of wind and solar energy in the region and provides reliable electricity in all weather conditions.

Dairyland is exploring carbon-free power supply technologies, including NuScale's small modular reactor nuclear plants. Nuclear is the only non-carbon emitting resource that can support the integration of renewable resources and ensure a 24/7 power supply.

The regulatory approval process continues for the Nemadji Trail Energy Center. Basin Electric Power Cooperative has joined Dairyland and Minnesota Power as a project co-owner for the proposed 525-625 MW natural gas generation facility (Superior, Wis.). Diverse power supply planning is essential for reliability and this facility will be a flexible and highly efficient power plant to provide power when the sun doesn't shine and the wind doesn't blow.

SAFE AND RELIABLE OPERATIONS

Our teams are dedicated to facility maintenance which strengthens power plant reliability. In 2021, the John P. Madgett Station (Alma, Wis.) and Elk Mound Generation Station (Elk Mound, Wis.) both set power production records, reliably serving Dairyland's members during extreme temperatures.

Dairyland is also strengthening our power delivery system and investing in regional transmission opportunities. By working with other utilities, regional transmission infrastructure will be strengthened to support growing renewable resources, while maintaining reliability and adding value for members.

Nothing is sustainable without a culture of safety. The cooperative navigated the challenges and complexities associated with the pandemic and protected mission critical operations. Whether working onsite, in the field or remotely—the Dairyland team is dedicated to safety, 24/7 reliability, resiliency and affordability.

PROVIDING MEMBER VALUE

Growth and innovation foster sustainable business and long-term competitive rates for members. Dairyland is implementing innovative technologies and systems to be more efficient, building infrastructure to grow electric vehicle use and supporting broadband accessibility in rural areas.

A new Business Development team is creating 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 to share Dairyland had solid 2021 margins, along with strong credit ratings. Our average wholesale power rate for member cooperatives decreased for the 2022 rate year and our new rate design is providing additional flexibility for our members.

We remain **LASER FOCUSED** on competitive rates in 2022. We are closely monitoring inflationary pressures including supply chain, interest rates, fuel prices (i.e. natural gas) and energy market prices that could impact our wholesale power rate. Our team has been stretched to think innovatively and resourcefully, and they are working diligently to rise to the challenge.

As our members' needs and the energy industry evolve, we must be innovative in our own transformation to a lower-carbon future. Through it all, we will be **LASER FOCUSED** on our cooperative mission to ensure we reliably deliver our members safe, sustainable and affordable power for generations to come.

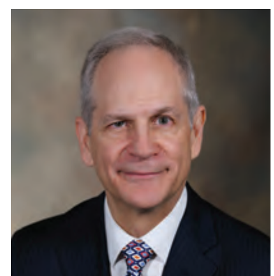
EXECUTIVE COMMITTEE

CHAIR
Ed Gullickson
Polk-Burnett Electric Cooperative

VICE CHAIR
Jeff Monson
Richland Electric Cooperative

TREASURER
Sandra Davidson
Scenic Rivers Energy Cooperative

SECRETARY
James Hager
Clark Electric Cooperative



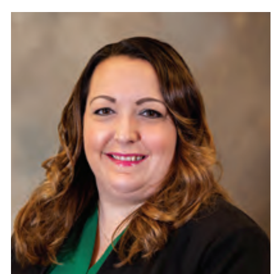
GENERAL COUNSEL
Niles Berman
Wheeler, Van Sickle & Anderson

MEMBER-AT-LARGE
David Anderson
Riverland Energy Cooperative

MEMBER-AT-LARGE
Jennifer Scharmer
MiEnergy Cooperative

MEMBER-AT-LARGE
Chuck Zenner
Taylor Electric Cooperative

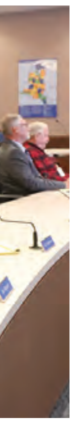
MEMBER-AT-LARGE
Tom Zwiefelhofer
Dunn Energy Cooperative



ASSISTANT SECRETARY
Courtney Cuta
Dairyland Power Cooperative

BOARD OF DIRECTORS

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 more than a half-million people.



Michael Baker
Barron Electric Cooperative

Clarence Boettcher
Eau Claire Energy Cooperative

Jeff Bradley
Allamakee-Clayton Electric Cooperative

Art Friedrich
People's Energy Cooperative

Edward Hass
Pierce Pepin Cooperative Services

Robert Hess
Oakdale Electric Cooperative

Jerry Huber
Jackson Electric Cooperative

Mark Kingland
Heartland Power Cooperative

Daniel Korn
Vernon Electric Cooperative

Joseph Mattingley
Jo-Carroll Energy

Karen Newbury
Price Electric Cooperative

John Petska
Chippewa Valley 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
*Burt Magnuson retired 3/22

SAFETY CULTURE

An extreme wind storm classified as a derecho swept through wide portions of Dairyland's service territory in December 2021. Dairyland crews used their skill and commitment to safe work practices to efficiently restore power to thousands of homes and businesses following the unusual storm event.

Stretching is a healthy addition to a safety tailgate meeting for Dairyland's crew working on the Q3 161 kV Rochester-Wabaco line.

EVERYONE HOME SAFE, EVERY DAY

Safety leads every aspect of success in business and operations. From continuing to navigate the COVID-19 pandemic to progressive improvement in safety practices, safety is the foundation on which Dairyland meets its obligations as a critical services provider.

Together, Dairylanders are achieving new safety milestones through employee diligence and use of Human Performance Tools. "Good Catch" reports submitted by Dairylanders and emailed weekly to all employees help everyone work safely.

THERE WHEN YOU NEED US

Safety and reliability go hand-in-hand. We rely on electricity to keep us safe, comfortable and functional at work, school and home. Through collaboration with other utilities in the Restoration of Power in an Emergency (ROPE) program, Dairyland crews work safely to restore power after severe weather events. A derecho wind storm in December 2021 downed approximately 70 structures across Dairyland's service territory, resulting in thousands of widespread power outages. Crews put safety first every step of the way to get the lights and heat back on for cooperative members.

Routine maintenance of critical infrastructure is essential. Dairyland's power delivery professionals safely rebuild approximately 50 miles of 69 kV transmission line annually. In addition, Dairyland crews are leading fiber communications projects to help bring broadband internet service to rural areas.

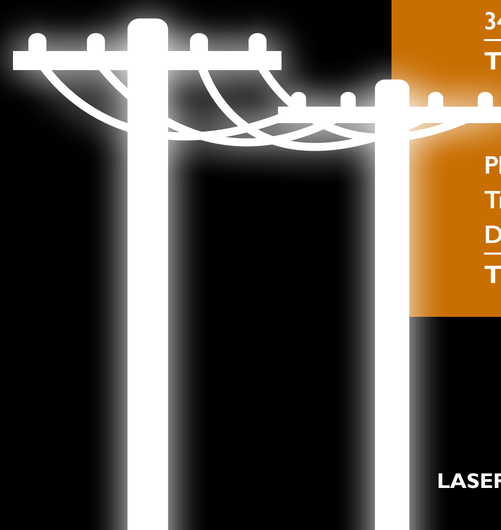
LEADING A SAFE PATH TO LOW-CARBON FUTURE

Dairyland's participation in regional transmission line projects serves the dual role of ensuring the continued safe delivery of electricity while facilitating our region's transition towards low-carbon energy resources. Dairyland is a 9 percent owner in the 345 kV Cardinal-Hickory Creek transmission line project, which will extend from Dubuque, Iowa, to Middleton, Wis. As traditional baseload generating plants are being retired throughout the Upper Midwest at an unprecedented pace and requests to interconnect new renewable generation sources are at an all-time high, the Cardinal-Hickory Creek line will serve a critical role in meeting consumer energy needs.

Dairyland is also part of Grid North Partners, which seeks to identify solutions to meet the future power delivery needs of nearly 3 million consumers served by the partner utilities.

LARGE PHOTO AT LEFT: **Approximately 115 renewable generation projects totaling nearly 17 gigawatts are dependent upon the construction of the Cardinal-Hickory Creek transmission line. These projects will generate enough electricity to power millions of homes with clean energy.**

Dairyland crews begin every job with a safety tailgate meeting to cover tasks, equipment, procedures and provide an open forum for questions and ideas.



TRANSMISSION LINES

VOLTAGE IN KILOVOLTS (kV)	MILES AS CONSTRUCTED
345	22.41
161	627.93
69	2,545.79
34.5	0.46
TOTAL	**3,196.59**

SUBSTATIONS

Plant	6
Transmission	36
Distribution	230
TOTAL	**272**

STRENGTHENING RURAL COMMUNITIES

In collaboration with local, state and federal partners, Dairyland strives to secure economic opportunities to help member communities grow and prosper. In 2021, Dairyland expanded its economic development team to provide even greater support to its members and communities.

Competitive rates and low interest loans to support community businesses are just a few ways Dairyland supports economic development. These loans provide financing that has assisted new and existing businesses purchase buildings, machinery and equipment. By helping to create and retain jobs, these projects improve the quality of life for consumer-members in the Dairyland system.

Dairyland has helped its 24 member cooperatives access 86 loans and grants totaling nearly $27 million to assist them with economic development. Utilizing the USDA Rural Economic Development Loan and Grant program, Dairyland and its member cooperatives have provided zero percent interest rate financing for business and community development projects throughout their service territories. These projects include business expansions, industrial park development, health care facilities, assisted living facilities, schools and fire stations.

WORKING WITH POLICYMAKERS

America's electric cooperatives were built by and belong to the diverse communities they serve. Dairyland works with policymakers in both parties to find solutions to issues that could impact the cooperative membership.

Legislative and regulatory decisions regarding power delivery, the pace of energy diversification, infrastructure construction and the storage of nuclear fuel can significantly affect Dairyland's operations, reliability and the cost consumers will pay for electricity. Dairyland is a nonpartisan organization and regularly welcomes elected officials of all parties to learn about energy issues and the work Dairyland does on behalf of its members.

CREATING COOPERATIVE CONNECTIONS

As a founding regional member of Touchstone Energy® Cooperatives, a national network of cooperatives, Dairyland has been working together for decades to develop programs and tools to 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 exemplify the strength of cooperatives collaborating to engage their members.

LARGE PHOTO AT RIGHT: President and CEO Brent Ridge leads discussion regarding energy issues at the "Lighting the Way for Rural Prosperity" conference in La Crosse.

CAPITAL CREDITS RETIRED TO MEMBERS

2017	$4.1 Million
2018	$4.4 Million
2019	$4.4 Million
2020	$11.5 Million
2021	$4.7 Million

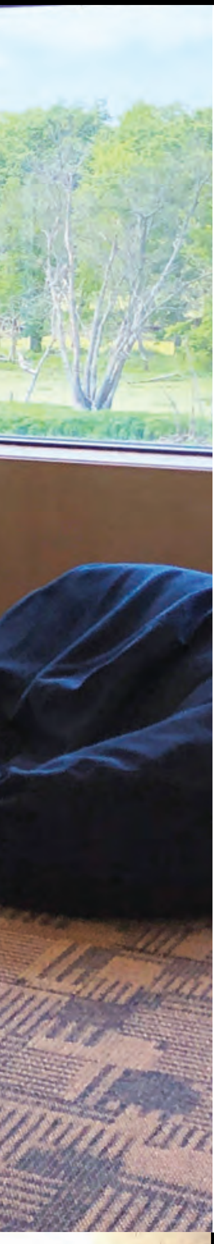
In celebration of National Pollinator Week, Dairyland planted 300 native prairie plants at the Genoa Prairie and Holland Substations. Dairyland has established approximately 50 acres of pollinator habitat near its generation facilities and substations.

U.S. Secretary of Labor Marty Walsh visited Dairyland's La Crosse Service Center. President and CEO Brent Ridge highlighted the achievements of Dairyland's dedicated workforce and our mission to improve the quality of life for the communities we serve.

Dairyland supported Jackson Electric's development of a 1.5 MW solar facility and purchases a portion of the renewable energy. Gov. Tony Evers (center) joined Jackson Electric's CEO Kevin Babcock and Dairyland CEO Brent Ridge at the event.

Collaboration rooms throughout Dairyland's Administration Building provide opportunities for idea sharing and teamwork.

One of Dairyland's contributions supported the addition of 18 AngelEye camera systems for Gundersen Health System's neonatal intensive care unit.



SAFE AND FLEXIBLE WORK ENVIRONMENT

Teamwork and mutual respect are central to Dairyland's People 1st Culture. A sustainable workforce prioritizes diversity, equity and inclusion (DEI) at every turn. Employee growth and education is a core value at Dairyland. Learning opportunities include leadership workshops, safety, DEI compliance and more. People Powers Awards are one of many ways employees are recognized for excellence.

Dairyland offers a flexible workplace that includes telecommuting, flextime and compressed work weeks. This enhances Dairyland's ability to maintain a progressive and productive work environment and encourage work/life balance. This flexibility has enhanced Dairyland's ability to be responsive to members' needs while maintaining a safe work environment for all throughout the pandemic.

Dairyland's People 1st Culture highlights a focus on safety and wellness throughout the organization, with employees expected to have 200 percent accountability: 100 percent for themselves and 100 percent for their teammates.

VOLUNTEERISM AND SUPPORT

Dairyland employees are focused on improving communities and the quality of life in Dairyland's four-state region. Using their unique talents, employees volunteer and provide community support by coaching, serving on boards and helping their neighbors.

Employees raise funds during the annual United Way campaign, support families at a neighborhood school and deliver holiday gifts to nursing homes. Dairyland contributes to many community service organizations to improve the quality of life: Salvation Army, YMCA, Rotary, Kiwanis, American Red Cross, Children's Museum, area fire departments and many others.

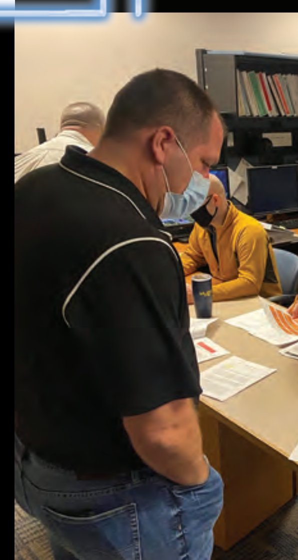
COMMITMENT TO EMPLOYEES AND COMMUNITY

Providing for team members and creating new opportunities for family-supporting careers in the energy industry was a priority while planning for the retirement of Dairyland's 345 MW Genoa Station #3 (G-3) on June 1, 2021.

Plant decommissioning and demolition (D&D) is underway, with many donations made to schools and local organizations. In addition to the D&D activities, a Redevelopment & Reuse (R&R) Study Project is in progress at the Genoa Site. The project will identify optimal reuses of the G-3 power plant site, focused on the overall vitality of the Genoa area community while aligning with Dairyland's continued operational needs at the site. Completion of the R&R study will occur by year-end 2022.

Dairyland volunteers collect donations, keep streets and sidewalks safe and spread holiday cheer annually at Rotary Lights.

Dairyland provided a learning opportunity at the International Lineman's Rodeo, an event showcasing the best lineworkers from around the world, based on traditional lineworker tasks and skills.



ROCKGEN ENERGY CENTER SUPPORTS RENEWABLE ENERGY

Dairyland acquired the 503 MW RockGen Energy Center (Cambridge, Wis.) in December 2021 from Starwood Energy Group Global, LLC. RockGen's quick-start natural gas combustion turbines complement the ups and downs of intermittent solar and wind resources, while providing predictable and affordable energy.

The dual-fuel facility can also use fuel oil as a backup generating resource. This fuel flexibility enhances reliability in the event that natural gas supply is limited.

A YEAR TO BREAK RECORDS

2021 was Dairyland's Elk Mound (Wis.) Generating Station's 20th anniversary. It was also a record-breaking power production year for the natural gas facility. In addition to its ability to ramp up to full production in only 20 minutes, Elk Mound is a "black-start" facility, meaning it can start on its own power without support from the grid in the event of a major power system collapse.

DIVERSITY STRENGTHENS RELIABILITY

Diverse power supply planning is essential for reliability. The North American Electric Reliability Corp. (NERC) released a December 2021 report warning of reliability risks when variable energy resources like wind and solar are not supported by flexible resources.

Dairyland, Minnesota Power/ALLETE and Basin Electric Power Cooperative are joining together on the Nemadji Trail Energy Center, a combined-cycle natural gas facility proposed in Superior, Wis. Natural gas serves as a bridge resource, supporting renewable energy investments while new technologies mature.

The dangerous challenges to grid reliability during severe weather events further underscore the need for perform-on-demand facilities like Nemadji Trail, RockGen and Elk Mound.

UP NEXT: SOLAR & WIND

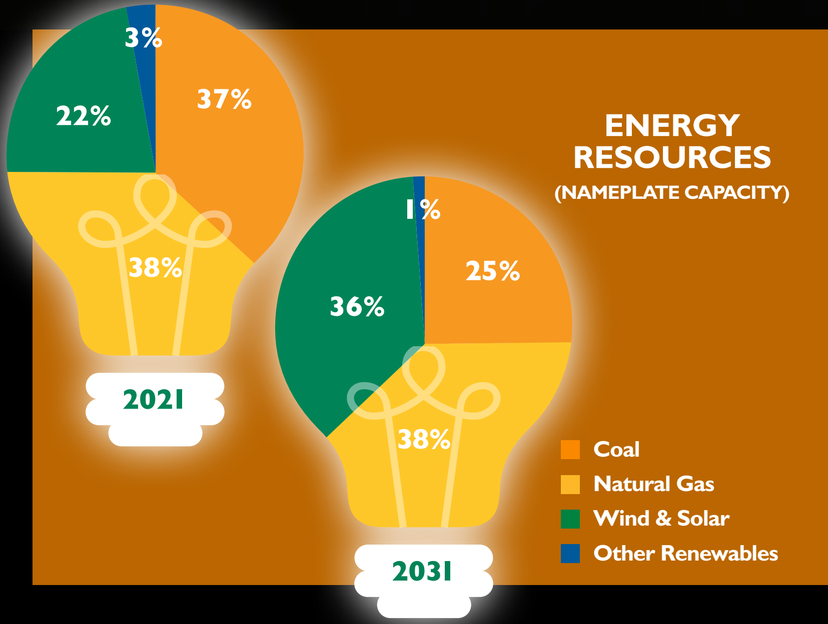
Dairyland's continuing investments in renewable resources support the path to a lower carbon future. Dairyland has a power purchase agreement (PPA) with Ranger Power for the entire 149 MW Badger State Solar facility in development in southern Wisconsin. Badger State will be in service in 2024, powering at least 25,000 homes. Recently, Dairyland began purchasing energy from the Tatanka Ridge Wind Farm in South Dakota (PPA with Tatanka Ridge Wind, LLC).

LARGE PHOTO AT RIGHT: Wind turbines at the Winnebago Wind Farm in Thompson, Iowa, are an important "crop" providing renewable energy to the region.

A 2022 study found that the Nemadji Trail Energy Center will lead to significant reduction in emissions by enabling wind energy and displacing higher-emission fossil fuel plants.

The RockGen Energy Center supports Dairyland's transition to a more diverse generation portfolio, lowering carbon intensity while maintaining safe, reliable and low cost power for members.

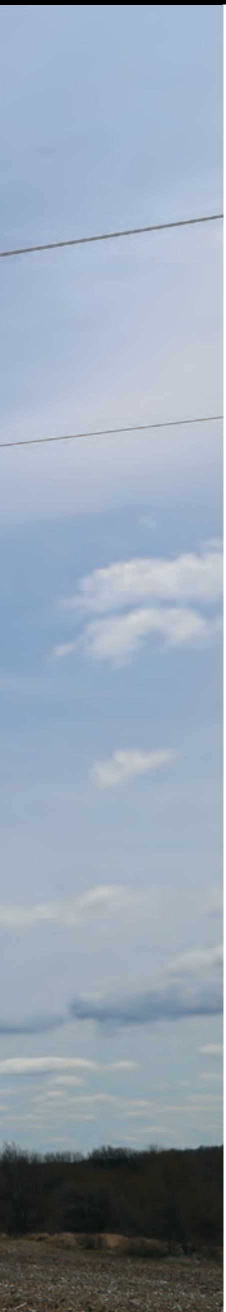
Dairyland and its member cooperatives participate in Emergency Load Reduction Plan drills to ensure preparedness for events that threaten grid reliability.



Excellent plant maintenance and operational practices at the 387 MW John P. Madgett Station (Alma, Wis.) help ensure 24/7 reliability for Dairyland's members.

EQUITY TO TOTAL ASSETS

2017	20.7%
2018	22.4%
2019	23.8%
2020	25.0%
2021	22.2%



COST MANAGEMENT RESULTS IN STRONG MARGINS

Cost management actions and sound fiscal performance resulted in strong 2021 margins. As a result, Dairyland provided $4 million of rate credits to members in 2021, reduced future expenses and is investing in business development opportunities. In addition, Dairyland maintained its cash retirement of Capital Credits of 2 percent totaling $4.7 million in 2021 and had four power cost adjustments (PCA) credits totaling $3.8 million.

A new wholesale power rate design was implemented in May 2021 to provide additional flexibility for Dairyland's member cooperatives. As part of this new structure, Dairyland also instituted the revenue volatility adjustment (RVA). All told, the RVA returned an additional $9.2 million to the members in 2021.

COMPETITIVE FOR MEMBERS

The Board approved a budget supporting Dairyland's strategic business plan, which resulted in an estimated 0.4% percent decrease in the average wholesale rate for Dairyland's member cooperatives for 2022. Dairyland's rate year also moved to a calendar year beginning Jan. 1, 2022. This will improve efficiency of the annual budget process and add clarity for members.

Dairyland's Board and management work to balance building financial strength with competitive rates and sound operations. Dairyland has credit ratings of "A3" with a stable outlook from Moody's and an "A+" with a stable outlook from Standard and Poor's. Management of costs and risks while modernizing processes to enhance efficiency will remain key areas of focus.

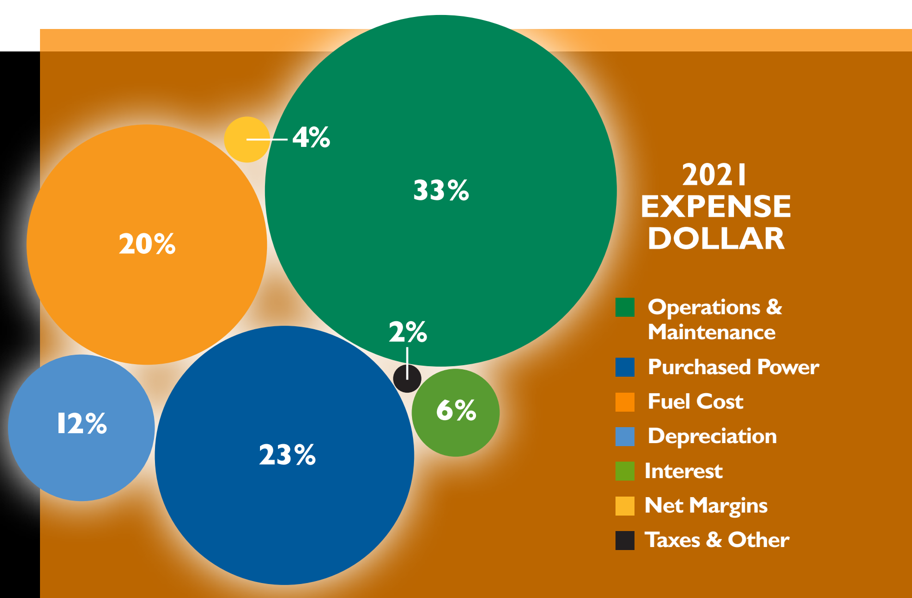
INVESTING IN THE FUTURE

Competitive rates are critical to the future economic well-being of the region. Enterprise risk management, cost management and business development initiatives are in place to build financial strength and foster long-term competitive rates for members. Sustainability, safety and reliability are guardrails as Dairyland makes investments in modernizing systems, energy resources and infrastructure.

Dairyland also invests in the sustainable closure of facilities. The decommissioning project contracted to Energy*Solutions*, a national radioactive waste services contractor for the La Crosse Boiling Water Reactor (LACBWR) is near completion. Its subsidiary, LaCrosseSolutions, LLC, temporarily holds the license and assumes responsibility for the decommissioning of the LACBWR site. The license is expected to return to Dairyland in 2022.

LARGE PHOTO AT LEFT: Dairyland's Transmission Construction team is rebuilding the Rochester-Wabaco 161 kV line in Minnesota as one of their first Business Development projects.

Solar and wind energy are key elements to a low-carbon future. Dairyland supports nearly 300 acres of pollinator habitat for bees and butterflies around solar farms and substations.



CHARGING FORWARD WITH BENEFICIAL ELECTRIFICATION

Dairyland and its members were among 31 cooperatives to create CHARGE EV, LLC, to build interest in the growth of electric vehicles (EV). Since its launch in 2020, the cooperative-powered CHARGE™ network is growing with affiliates in six states. Additionally, Dairyland is working with local businesses to support adding EVs to their fleets. In early 2022, Dairyland supported the installation of the first EV fast charger at a Wisconsin Kwik Trip.

GROWING BUSINESS AND ECONOMIC DEVELOPMENT

Growth supports sustainable business and long-term competitive rates for Dairyland's members. Dairyland has established a Business Development team which is seeking new revenue opportunities. In late 2021, a new business unit was formed around Dairyland's Transmission Construction team which is rebuilding the Rochester-Wabaco 161 kV transmission line. Growth will support long-term competitive rates for our members and help cultivate strong communities.

Business Development is **LASER FOCUSED** on growth in services that will benefit member cooperatives. Dairyland's Publication Services team has gained new customers for their efficient, high-quality graphic design, print and mail services. Shared services for members have also expanded in Human Resources and Information Technology.

Dairyland also expanded economic development support for its members. The team is working with cooperatives to pursue opportunities for community growth through businesses and jobs which benefit the entire Dairyland system.

TECHNOLOGY MODERNIZATION FOR GROWTH, EFFICIENCY

The Board supported accelerating the build-out plan for middle-mile fiber optic communications on Dairyland's transmission infrastructure, primarily for communications. As the program progresses, fiber optic communication capacity could also support rural broadband service in the communities Dairyland's member cooperatives serve. High-quality broadband access fosters economic growth in rural communities.

Modernizing technology for Dairyland's successful load management program is underway. This program enhances overall system efficiency and offers opportunities for members to participate in varied rate programs by controlling electricity use during times of peak demand or shifting electricity use to off-peak hours. Load management benefits the entire system economically and can help relieve system imbalance during an outage.

LARGE PHOTO AT RIGHT: Dairyland's Power Delivery team installs fiber optic line on transmission structures as part of its initiative to strengthen the communications system in the service area.

The CHARGE™ network of charging sites alleviates "range anxiety" for EV drivers and encourages EV market growth.

Dairyland's Publication Services business is growing with expanded print and mail services for cooperatives, municipal utilities, schools, non-profits and other organizations.

Dairyland funded and assisted with the implementation of a Level 3, 180 kW ABB Fast Charger located at a new Kwik Trip in Holmen, Wis. Riverland Energy serves the Kwik Trip and is the EV fast charger operator.

MEMBER SALES (Billions of kWh)

2017	4.86 kWh
2018	5.47 kWh
2019	5.34 kWh
2020	5.14 kWh
2021	5.28 kWh

EXECUTIVE TEAM

TEAMWORK is essential to ensuring a reliable and sustainable future for cooperative members. Together, Dairyland's Executive Team is LASER FOCUSED on building a People 1st Culture that achieves Dairyland's Vision everyday: *To grow, innovate and deliver value as a premier, member-driven energy cooperative through safe, reliable and sustainable solutions.*

SUSTAINABILITY

BRENT RIDGE
President and CEO

AMANDA HOEFLING
Executive Vice President & Chief Administrative Officer

PHIL MOILIEN
Executive Vice President & Chief Financial Officer

BEN PORATH
Executive Vice President & Chief Operating Officer

JOHN CARR
Vice President, Strategic Growth

COURTNEY CUTA
Senior Executive Assistant & Assistant Secretary to the Board

NATE MELBY
Chief Information Officer

DEB MIRASOLA
Director, Member Relations & Chief Communications Officer

JOYCE PEPPIN
Director, Legal Services & Government Relations

BRAD SMALLDRIDGE
Vice President, Business Development

APRIL WEHLING
Chief Strategy Officer

JOHN YOUNG
Chief Risk Officer

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, 2021 and 2020, 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 Company as of December 31, 2021 and 2020, 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

March 28, 2022

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 & 2020 (All dollar amounts in thousands)

ASSETS

	2021	2020
Electric Plant:		
Plant and equipment—at original cost	$ 2,055,575	$ 1,864,390
Less accumulated depreciation	(867,431)	(821,525)
Net plant and equipment	1,188,144	1,042,865
Construction work in progress	87,032	68,812
Total electric plant	1,275,176	1,111,677
Other Assets:		
Nuclear decommissioning funds	1,987	1,988
Intangible asset, net (Note 2)	30,566	-
Other investments (Note 8)	12,350	13,550
Investments in capital term certificates of National Rural Utilities Cooperative Finance Corporation (NRUCFC) (Note 8)	9,176	9,176
Regulatory assets (Note 2)	25,614	16,139
Investment for deferred compensation	1,776	1,530
Deferred charges (Note 2)	19,357	18,165
Total other assets	100,826	60,548
Current Assets:		
Cash and cash equivalents	46,244	19,535
Designated funds (Notes 2)	22,668	8,000
Accounts receivable:		
Energy sales	37,111	35,541
Other	7,105	1,311
Inventories:		
Fossil fuels	24,234	41,327
Materials and supplies	17,936	20,908
Prepaid expenses and other	12,675	10,736
Total current assets	167,973	137,358
TOTAL	$ 1,543,975	$ 1,309,583

(Continued)

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 & 2020 (All dollar amounts in thousands)

CAPITALIZATION & LIABILITIES

	2021	2020
Capitalization:		
Member and patron equities:		
Membership fees	$ 1	$ 1
Patronage capital (Note 9)	341,427	326,600
Accumulated other comprehensive income	1,753	1,376
Total member and patron equities	343,181	327,977
Long-term obligations (Note 6)	820,090	835,120
Total capitalization	1,163,271	1,163,097
Other Liabilities:		
Other deferred credits (Note 2)	9,418	2,519
Obligations under capital leases (Note 7)	7,934	6,623
Postretirement health insurance obligation (Note 11)	5,164	5,523
Decommissioning and asset retirement obligations (Note 14)	2,231	4,957
Other non-current liabilities	4,577	3,627
Total other liabilities	29,324	23,249
Commitments and Contingencies (Note 10)		
Current Liabilities:		
Current maturities of long-term obligations and obligations under capital leases	45,654	44,167
Line of credit (Note 5)	209,707	-
Nuclear decommissioning obligations (Note 14)	56	56
Advances from member cooperatives and other prepayments	20,584	13,704
Deferred credits (Note 2)	-	20,945
Regulatory liabilities (Note 2)	22,668	8,000
Accounts payable	33,985	26,255
Accrued expenses:		
Payroll, vacation and benefits	5,669	5,897
Interest	6,841	-
Property and other taxes	3,642	3,201
Other	2,574	1,012
Total current liabilities	351,380	123,237
TOTAL	$ 1,543,975	$ 1,309,583

(Concluded)

See notes to consolidated financial statements.

Consolidated Statements of

REVENUES, EXPENSES & COMPREHENSIVE INCOME

For the years ended December 31, 2021 & 2020 (All dollar amounts in thousands)

	2021	2020
Utility Operations:		
Operating revenues:		
Sales of electric energy	$ 449,340	$ 425,214
Other	14,254	17,217
Total operating revenues	463,594	442,431
Operating expenses:		
Fuel	91,261	96,273
Purchased and interchanged power	107,852	89,874
Other operating expenses	126,704	108,058
Depreciation and amortization	53,515	68,343
Maintenance	29,284	27,541
Property and other taxes	9,534	8,903
Total operating expenses	418,150	398,992
Operating margin before interest and other	45,444	43,439
Interest and other:		
Interest expense	28,855	29,785
Allowance for funds used in construction—equity	(963)	(1,008)
Other—net	(60)	(60)
Total interest and other	27,832	28,717
Operating Margin	17,612	14,722
Nonoperating Margin	1,878	984
Net Margin and Earnings	19,490	15,706
Other Comprehensive Income (Loss)		
Postretirement health insurance obligation adjustments	377	(552)
Comprehensive Income	$ 19,867	$ 15,154

Consolidated Statements of

MEMBER & PATRON EQUITIES

For the years ended December 31, 2021 & 2020 (All dollar amounts in thousands)

	Membership Fees	Patronage Capital	Accumulated Other Comprehensive Income	Total Member and Patron Equities
Balance—January 1, 2020	$ 1	$ 322,443	$ 1,928	$ 324,372
Net margin and earnings	-	15,706	-	15,706
Postretirement health insurance obligation adjustments	-	-	(552)	(552)
Retirement of capital credits (Note 9)	-	(11,549)	-	(11,549)
Balance—December 31, 2020	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

See notes to consolidated financial statements.

Consolidated Statements of

CASH FLOWS

For the years ended December 31, 2021 & 2020 (All dollar amounts in thousands)

	2021	2020
Cash Flows from Operating Activities:		
Net margin and earnings	$ 19,490	$ 15,706
Adjustments to reconcile net margin and earnings to net cash provided by operating activities:		
Gain on disposal of assets	(2,685)	(1,279)
Depreciation and amortization:		
Charged to operating expenses	53,515	68,324
Charged through other operating elements such as fuel expense	-	3,363
Allowance for funds used in construction—equity	(963)	(1,008)
Unrealized gains on nuclear decommissioning trust investments	-	6
Changes in operating elements:		
Accounts receivable	(7,364)	8,173
Inventories	15,292	(5,068)
Prepaid expenses and other assets	(1,939)	3,170
Accounts payable	7,730	3,721
Accrued expenses and other liabilities	10,963	11,480
Deferred charges and other	23,327	(17,337)
Total adjustments	97,876	73,545
Net cash provided by operating activities	117,366	89,251
Cash Flows from Investing Activities:		
Electric plant additions	(62,971)	(54,021)
Asset acquisition	(205,221)	-
Purchase of investments	(14,154)	(6,247)
Proceeds from sale of investments and economic development loans	14,792	5,071
Net cash used in investing activities	(267,554)	(55,197)
Cash Flows from Financing Activities:		
Borrowings under line of credit	209,707	44,000
Repayments under line of credit	-	(112,000)
Borrowings under long-term obligations	23,902	79,958
Repayments of long-term obligations	(36,135)	(43,086)
Retirement of capital credits	(4,663)	(11,549)
Borrowings of advances from member cooperatives	388,140	378,670
Repayments of advances from member cooperatives	(381,386)	(378,977)
Net cash provided by (used in) financing activities	199,565	(42,984)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	49,377	(8,930)
Cash, Cash Equivalents and Restricted Cash—Beginning of year	19,535	28,465
Cash, Cash Equivalents and Restricted Cash—End of year	$ 68,912	$ 19,535

See notes to consolidated financial statements.

As of and for the years ended December 31, 2021 & 2020 (All dollar amounts in thousands)

1 | Nature of Business & 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 November 2016 and approved by RUS in 2017 for rates effective in 2017 through 2021. The Cooperative is unable to obtain the information to separate the cumulative removal costs as of December 31, 2021 and 2020. Maintenance and repair costs and replacement and renewal of minor items of property are charged to operations.

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

	Depreciable Lives	2021	2020
Production	11-60 years	$ 1,208,130	$ 1,036,631
Transmission	23-50 years	642,029	627,011
Distribution	38 years	101,890	97,455
General plant	5-47 years	101,764	101,531
Other	32 years	1,762	1,762
Construction work in process		87,032	68,812
		$ 2,142,607	$ 1,933,202
Less accumulated depreciation		(867,431)	(821,525)
Electric plant		$ 1,275,176	$ 1,111,677

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 2.5% and 3.8% of depreciable plant balances for 2021 and 2020, 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 (4.719% in 2021 and 5.872% in 2020) to certain construction work in progress. The amount of such allowance was $2,549 in 2021 and $2,785 in 2020. The borrowed funds component of AFUDC for 2021 and 2020, was $1,586 and $1,777, respectively (representing 2.929% and 3.747% in 2021 and 2020, respectively). The equity component of AFUDC for 2021 and 2020 was $963 and $1,008, respectively, (representing 1.790% and 2.125% in 2021 and 2020, 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.

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. Due to the timing of the acquisition, the Cooperative elected to secure short-term financing for RockGen Energy Center.

The purchase price was allocated based on the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition and includes the following:

Purchase Price Allocation	
Assets acquired:	
Property, plant and equipment	$ 175,000
Intangible asset	30,221
Accounts receivable	9,314
Inventories	2,359
Other current assets	1,000
Total assets acquired	$ 217,894
Liabilities assumed:	
Accounts payable	5,478
Deferred revenue	2,337
Total liabilities assumed	7,815
Total purchase price	$ 210,079

Plant assets related to this acquisition will be depreciated over a period of 20 years beginning in December 2021.

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 and energy sales contracts that were defined in the asset purchase agreement and will be amortized over the remaining life of the contracts as energy is sold.

Regulatory Asset | 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, 2021 and 2020, include the following:

	2021	2020
Genoa #3 unrecovered plant balances	$ 25,614	$ 16,139

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. Additional costs associated with the closure of $17,822 were recorded in the current year. Amounts will be amortized in rates through 2029.

The current portion of the Genoa #3 regulatory asset as of December 31, 2021 and 2020, is $5,621 and $3,144, respectively. These amounts are recorded in prepayments and other assets.

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, 2021 and 2020, 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, 2021 and 2020, include the following:

	2021	2020
Pension prepayment	$ -	$ 2,690
Deferred nuclear litigation	8,858	6,271
Nemadji Trail Energy Center	9,986	8,671
Other	513	533
Total deferred charges	$ 19,357	$ 18,165

Pension Prepayment **|** The voluntary prepayment to the Cooperative's multiemployer defined-benefit pension plan to reduce future funding amounts is being amortized to benefits expense over 10 years beginning in 2013 as prescribed by RUS. In 2021, the Board of Directors approved early defeasement of this deferred liability.

Deferred Nuclear Litigation **|** Litigation expenses from the third nuclear contract damages claim against the United States government are being deferred pending the outcome of that litigation. See further discussion in Note 14.

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).

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, 2021 and 2020, 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, 2021 and 2020, is as follows:

	2021	2020
Planned 2023 J.P. Madgett outage costs	$ 13,000	$ -
Business growth and development	7,400	6,000
Planned 2022 J.P. Madgett outage costs	1,900	-
Electric vehicle charging stations	368	1,000
Rate relief	-	1,000
	$ 22,668	$ 8,000

Planned 2023 J.P. Madgett Outage Costs **|** In January 2022, the Board of Directors approved the creation of a regulatory liability revenue deferral plan in the amount of $13,000. 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/Electric Vehicle Charging **|** 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 addition, the Board of Directors approved the carryforward of another 2020 Revenue deferral plan in the amount of $368 in January 2022. The amended deferral plan was approved by RUS in February 2022. The Cooperative plans to recognize this amount in 2022.

Planned 2022 J.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 Cooperative deferred $1,900 of 2021 revenue and plans to recognize this amount in 2022. The deferral plan was approved by RUS in February of 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, 2021, the Cooperative's deferred credits are being considered when determining rates charged to customers.

Deferred credits as of December 31, 2021 and 2020 were comprised of the following:

	2021	2020
Customer energy prepayments	$ 7,924	$ 2,519
Elk Mound startup revenue deferral	1,432	-
Other	62	-
Total deferred credits	$ 9,418	$ 2,519

The current deferred credits balance of $20,945 as of December 31, 2020, related to the remaining balance of the Great River Energy prepayment associated with the Genoa #3 generation station and was recognized in 2021 with the closure of the G3 plant.

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 2021 and 2020, the power cost adjustment to the Class A members resulted in credits to sales billed of $3,834 and $2,770, 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, 2021 and 2020.

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 37.5% of the labor force for the Cooperative is under a collective bargaining agreement that expires on January 31, 2023.

Subsequent Events | The Cooperative considered events for the recognition or disclosure in the consolidated financial statements that occurred subsequent to December 31, 2021, through March 28, 2022, the date the consolidated financial statements were available to be issued.

3 | Accounting Standards

Adopted | The Cooperative adopted ASU 2018-15, I*ntangibles-Goodwill and Other-Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* in the current year. The new standard requires entities that are customers in cloud computing arrangements to defer implementation costs if they would be capitalized by the entity in software licensing arrangements under the internal-use software guidance. The adoption of ASU 2018-15 did not have a material impact on the Cooperative's financial statements and related disclosures.

The Cooperative adopted FASB ASU No. 2018-14, Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20) on January 1, 2020.
The ASU amends existing guidance to add, remove and clarify disclosure requirements related to defined benefit pension and other postretirement plans. Adoption of the ASU had no material impact on the consolidated financial statements.

Not Yet Effective | 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.

The Cooperative, under the syndicated line of credit with Cobank, has the availability to issue letter of credit for its account. On December 15, 2021, the Cooperative issued a letter of credit in the amount of $700 under the revolver, maturing December 31, 2022.

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. The term of the line is 12 months, however, it is anticipated that the line will be converted to permanent financing mid-2022.

Compensating balance requirements and fees relating to the lines of credit were not significant in 2021 and 2020. Information regarding line of credit balances and activity for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Interest rate at year-end	1.11%	1.16%
Line 1—$350M	$ -	$ -
Line 2—$215M	$ 209,707	$ -
Total borrowings outstanding at year-end	$ 209,707	$ -
Average borrowings outstanding during year	$ 17,476	$ 22,400

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 $20,584 and $13,704 at December 31, 2021 and 2020, respectively. Interest expense on member cooperative advances was $125 and $191 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, consist of the following:

	2021	2020
Federal Financing Bank obligations—1.24% to 4.49%	$ 584,270	$ 582,110
Federal Financing Bank obligations—4.50% to 5.20%	201,942	209,964
Total Federal Financing Bank	786,212	792,074
RUS obligations—4.125% and grant funds	2,557	3,055
CoBank notes—2.9% and 4.3%	3,362	7,232
Private bonds placement obligations—3.42%	70,833	74,167
Long-term debt	862,964	876,528
Less current maturities	(42,874)	(41,408)
Total long-term obligations	$ 820,090	$ 835,120

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 2.9% and 4.3% notes are due quarterly and semi-annually, 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 $3,362 and $7,232 at December 31, 2021 and 2020, 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, 2021.

Scheduled maturities of the Cooperative's long-term obligations as of December 31, 2021, were as follows:

Years Ending December 31	
2022	$ 42,874
2023	42,049
2024	52,474
2025	43,620
2026	45,069
Thereafter	636,878
Total	$ 862,964

7 | Leases

Operating Leases | The Cooperative has entered into lease agreements under which it is the lessee on operating leases for various fleet vehicles and six rail cars. These transactions are covered in the master lease agreement and have lease terms ranging from four to 15 years. At the end of the leases, the Cooperative can either purchase the equipment at fair market value, continue to lease the assets, or return the equipment to the lessor. Rent expense was $598 and $653 in 2021 and 2020, respectively. The schedule of future minimum lease payments as of December 31, 2021, is as follows:

Years Ending December 31	
2022	$ 430
2023	382
2024	60
2025	11
Total	$ 883

Capital Leases | The Cooperative has entered into several capital 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 original cost of the assets under capital leases as of December 31, 2021, is $19,297. The assets are amortized over the lesser of their related lease terms or their estimated productive lives.

The schedule of future minimum lease payments as of December 31, 2021, is as follows:

Years Ending December 31	
2022	$ 3,130
2023	2,388
2024	1,890
2025	1,818
2026	1,323
Thereafter	976
Total minimum lease payments	11,525
Amounts representing interest	(811)
Present value of minimum lease payments	10,714
Current maturities	(2,780)
Long-term capital lease obligations	$ 7,934

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, 2021 and 2020, is estimated to be as follows:

	2021		2020	
	Recorded Value	Fair Value	Recorded Value	Fair Value
Assets:				
Other investments	$ 12,350	$ 12,350	$ 13,550	$ 13,550
Investments in capital term certificates of NRUCFC	9,176	9,176	9,176	9,176
Liabilities—long-term debt	862,964	979,972	876,528	1,053,339

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, 2021 and 2020, aggregated by the level in the fair value hierarchy within which those measurements fall:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets and Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
2021	Fair Value	(Level 1)	(Level 2)	(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 NRUCFC	9,176	-	-	9,176
Investment for deferred compensation	1,941	-	1,941	-
	$ 25,510	$ 6,278	$ 3,305	$ 15,927

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets and Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
2020	Fair Value	(Level 1)	(Level 2)	(Level 3)
Assets—investments:				
Designated funds	$ 8,000	$ 8,000	$ -	$ -
Nuclear decommissioning funds	2,045	2,045	-	-
Other investments	13,550	4,035	1,419	8,096
Investments in capital term certificates of NRUCFC	9,176	-	-	9,176
Investment for deferred compensation	1,668	-	1,668	-
	$ 34,439	$ 14,080	$ 3,087	$ 17,272

The changes in Level 3 recurring fair value measurements using significant unobservable inputs for the years ended December 31, 2021 and 2020, are as follows:

	2021	2020
Other property and investments:		
Balance—beginning of year	$ 8,096	$ 10,857
New investment and loans made	-	25
Loan repayments received and current maturities	(409)	(949)
Patronage capital allocations	55	101
Patronage capital retirements	(991)	-
Transfers from Level 3 to Level 1	-	(1,585)
Transfers from Level 3 to Level 2	-	(353)
Balance—end of year	$ 6,751	$ 8,096

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, 2021 and 2020, are as follows:

	Assigned	Unassigned	Total
Balance—December 31, 2019	$ 230,974	$ 91,469	$ 322,443
Retirement of capital credits	(11,549)	-	(11,549)
Current year margins	13,713	1,992	15,706
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

During 2020, as a result of the COVID-19 pandemic, the Board of Directors approved capital credit retirements at 5% of net patronage capital. This one-time increase was to provide relief to the Class A member cooperatives and enable them to provide relief to their end-use members. The Board of Directors determined that the one-time increase would neither impair the financial condition of Dairyland nor violate the terms of the indenture of mortgage or any outstanding loan agreements that Dairyland is party to.

10 | Commitments & 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, 2021, is as follows:

Years Ending December 31	
2022	$ 41,271
2023	36,041
2024	20,727
2025	2,242
Total	$ 100,281

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 2021 and 2020 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 $15,161 in 2021 and $12,724 in 2020. The 2021 expense includes contributions to the plan of $9,781 and $5,380 of prepayment amortization. The 2020 expense includes contributions to the plan of $10,034 and $2,690 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, 2021 and 2020, 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, 2021 and 2020, are as follows:

	2021	2020
Amount recognized in the consolidated balance sheets:		
Total accrued qualified and nonqualified benefit obligation	$ 5,560	$ 5,825
Less current portion included in accrued expenses—other	(396)	(302)
Long-term portion	$ 5,164	$ 5,523
Change in benefit obligation:		
APBO—beginning of year	$ 5,825	$ 5,166
Service cost	354	297
Interest cost	117	145
Actuarial loss	(434)	534
Benefits paid	(302)	(317)
APBO—end of year	$ 5,560	$ 5,825
Funded status of plan—December 31	$ (5,560)	$ (5,825)
Accrued postretirement health insurance obligations recorded at year-end	$ 5,560	$ 5,825
Change in plan assets:		
Employer contribution	$ (302)	$ (317)
Benefits paid	302	317
	$ -	$ -

Change in accumulated other comprehensive income:		
Net income at prior measurement date	$ 1,376	$ 1,928
Actuarial assumption changes	434	(534)
Recognition in expense:		
Amortization of prior service cost	-	91
Amortization of unrecognized actuarial gain	(57)	(109)
Accumulated other comprehensive income	$ 1,753	$ 1,376
Components of net periodic postretirement benefit cost:		
Service cost—benefits attributed to service during the year	$ 354	$ 297
Interest cost on accrued postretirement health insurance obligation	117	145
Amortization of prior service cost	-	91
Amortization of unrecognized actuarial gain	(57)	(109)
Net periodic postretirement benefit expense	$ 414	$ 424

Employer cash contributions expected to be made to the plan during the fiscal year ending December 31, 2022, is $396. The amount of accumulated other comprehensive income expected to be recognized during the fiscal year ending December 31, 2022, is an actuarial gain of $80 and amortization of prior service cost of $0. All prior service costs have been fully amortized.

For measurement purposes, a 2.55% and 2.07% discount rate was assumed for 2021 and 2020, respectively, to determine net periodic benefit cost. The 2021 and 2020 annual health care cost increase assumed is 6.50% and 6.50%, respectively, decreasing gradually to 4.46% for 2041 and thereafter.

Estimated future benefit payments from the plan as of December 31, 2021, are as follows:

Years Ending December 31	
2022	$ 396
2023	386
2024	330
2025	339
2026	402
2027-2031	1,519

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 $1,409 and $1,325 for 2021 and 2020, 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 $1,942 and $1,668 as of December 31, 2021 and 2020, 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 $9,867 and $10,562 for 2021 and 2020, respectively. The liability for these plans of $59 and $5 as of December 31, 2021 and 2020, respectively, are recorded in 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 $376,523 and $384,984 in 2021 and 2020, respectively, for these services. The Cooperative has accounts receivable from its Class A members of $30,829 and $32,311 as of December 31, 2021 and 2020, respectively.

The Cooperative has advances from Class A members of $20,584 and $13,704 as of December 31, 2021 and 2020, 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 $125 and $191 for the years ended December 31, 2021 and 2020, 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 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 $2,043 and $2,045 as of December 31, 2021 and 2020, 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 2022, the balance of the trust as of December 31, 2021, of $56 is recorded as current in the consolidated balance sheet. The remaining $1,987 is related to the annual ISFSI costs that will remain after completion of the decommissioning.

Nuclear decommissioning and other asset retirement obligations as of December 31, 2021 and 2020, are as follows:

	Nuclear	Other	Total
Balance—December 31, 2019	$ 2,389	$ 2,970	$ 5,359
Increase in estimated obligation	9	-	9
Incurred costs on projects	(354)	-	(354)
Balance—December 31, 2020	$ 2,044	$ 2,970	$ 5,014
Incurred costs on projects	(1)	(2,726)	(2,727)
Balance—December 31, 2021	$ 2,043	$ 244	$ 2,287

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 to accept a partial summary judgement in the amount of $23,153 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 2022. 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, 2021 and 2020:

	2021	2020
Cash paid for interest	$ 24,062	$ 32,096
Electric plant additions funded through accounts payable and accrued expenses	4,357	2,888
Electric plant additions under capital leases	4,357	4,758
Non-cash payment of long-term debt	-	809

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. The Cooperative 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.

Dairyland is an active participant in the MISO market, where it bids generation into the Day Ahead and Real Time markets and procures electricity for its wholesale customers and sells 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, They 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, 2060. 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, 2021 and 2020:

	2021	2020
Class A	$ 376,522	$ 384,984
Class C	2,387	5,729
Class D	16,879	10,151
Class E, Including MISO	53,552	24,350
Other Sales	14,254	17,217
Total	$ 463,594	$ 442,431

IMPROVING THE QUALITY OF LIFE FOR RURAL AMERICA FOR 80 YEARS

1

For decades, the absence of electricity was the single most important distinction between urban and rural life in the United States.

On May 11, 1935, President Franklin Roosevelt, by Executive Order, established the Rural Electrification Administration (REA) to help bring electricity to rural America. The significance of this event for rural America remains monumental today. Through the REA, electric cooperatives were created throughout the country and arranged to purchase power from generating plants and build power lines in rural areas.

2

At long last, farmers could gain access to electricity and use electric tools and appliances that would save them hours of back-breaking labor.

80 YEARS
DAIRYLAND POWER
COOPERATIVE

DECEMBER 1941: CREATION OF DAIRYLAND POWER COOPERATIVE

Working together, 10 northern Wisconsin cooperatives created the Wisconsin Power Cooperative to meet their electric power needs. In 1938, the Chippewa Diesel Station became the first cooperative generating plant in the nation to produce power for rural America.

Later that year, five southern Wisconsin electric cooperatives combined their resources to meet their electrical needs and those of consumers in rural Iowa and Minnesota. Together, they formed Tri-State Power Cooperative, and completed a coal-fired steam plant at Genoa, Wis., in 1941.

A transmission line and the commitment to generate and transmit affordable power to their members linked these two pioneering cooperatives. After much discussion, the 17 directors these two cooperatives signed the Articles of Incorporation which were filed on December 11, 1941, by Attorney Floyd Wheeler. Five days later, a final consolidation meeting was held in Genoa and the strengths of the two cooperatives merged, creating a new cooperative serving thousands of people throughout the region—Dairyland Power Cooperative.

3

While Dairyland has grown and evolved with its members, these pioneers set the cornerstone for Dairyland's strong foundation and mission to improve the quality of life in rural communities. By providing members with value in the form of safe, reliable, sustainable and competitively-priced electricity, Dairyland continues that mission.

PHOTOS TOP DOWN: 1. General Counsel Floyd Wheeler helps set the Alma Station cornerstone in 1946. 2. Transmission construction was challenging in the 1940s. 3. Field crews and their Dairyland truck long before electric vehicles. 4. Alma Station control room in the 1950s. 5. The 6,000 kW Genoa Station was completed in 1941. 6. Storm restoration in Dairyland's early years.

4

5

6

MEMBERS

Dairyland Power Cooperative

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.

Class D 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.

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

WIND FACILITIES

Barton Wind | Kensett, Iowa (Avangrid Renewables)
Gundersen Wind | Lewiston, Minn.
McNeilus Adams 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 FACILITIES

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

PLANNED ENERGY RESOURCES

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

FACILITIES NOT SHOWN

Waste Management, Inc., Facilities:
Central Disposal Landfill | Lake Mills, Iowa
Timberline Trail Landfill | Weyerhaeuser, Wis.

GENERATING RESOURCES Year-End Capacity in Megawatts (MW)

GENERATING STATIONS

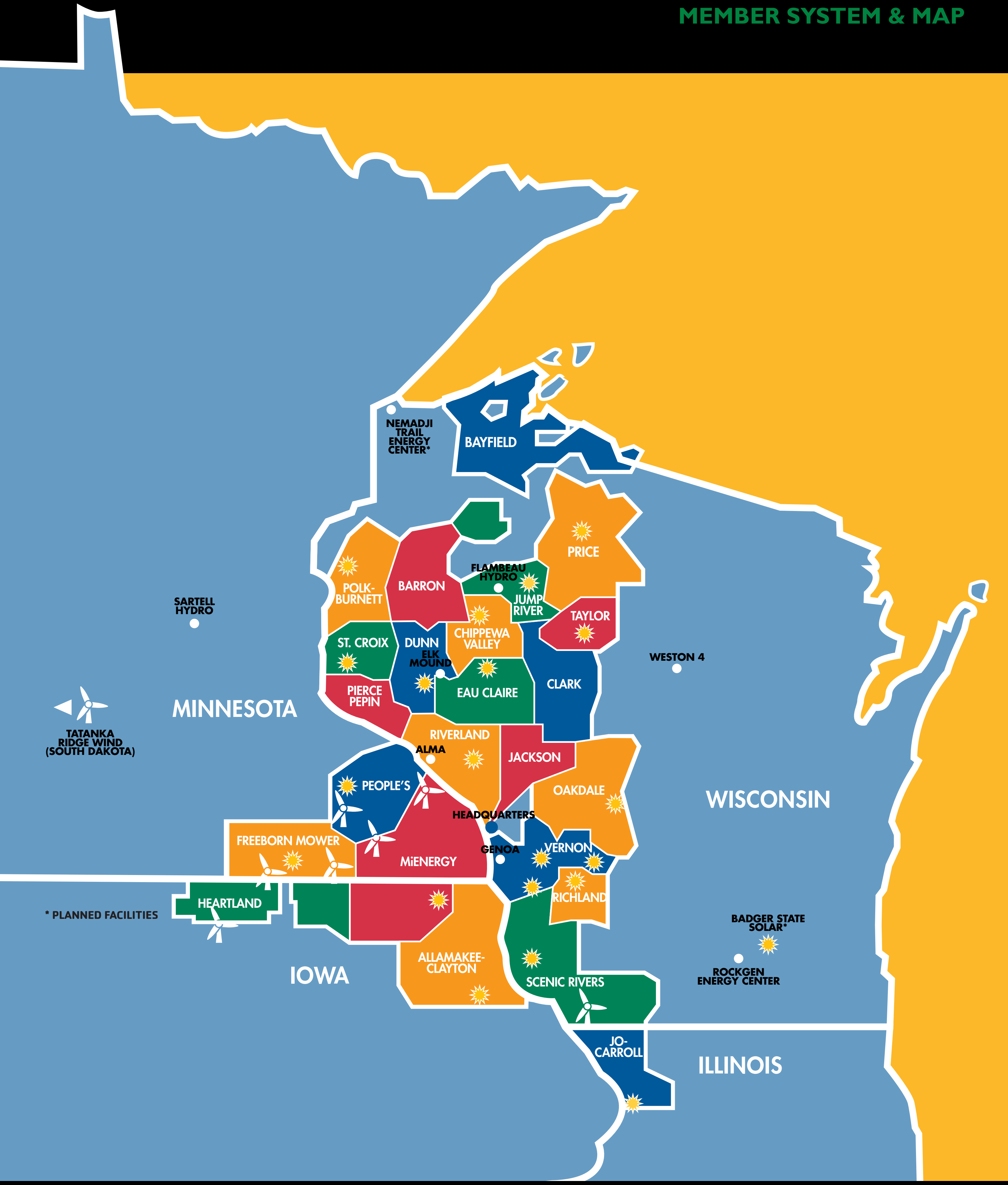
Coal (Steam)	
John P. Madgett	387
Weston #4*	165
Hydro	
Flambeau	18.8
Combustion Turbine (Gas/Oil)	
Elk Mound 1-2	74
RockGen	503
Total Dairyland Capacity	**1,147.8**

UNDER CONTRACT

Solar	Small solar (40 sites)	44.24
Digesters (Biogas)	Small digesters (3 sites)	1.94
Hydro	Sartell Hydro	10
Landfill Gas	Timberline Trail	5.6
	Central Disposal	4.8
Wind	Barton Wind	80
	Gundersen Wind	5
	McNeilus Adams	17.4
	McNeilus Dodge	5.7
	Prairie Star Wind**	5
	Quilt Block Wind	98
	Tatanka Wind***	51.6
	Winnebago Wind Farm	20
	Small Wind (<5MW)	4.68
Total Under Contract		**353.96**

TOTAL CAPACITY IN SERVICE ... 1,501.76

* DPC Share of Weston # 4
** 5% Share of 100 MW Wind Farm
*** 33% Share of 154.8 MW Wind Farm


NEMADJI TRAIL ENERGY CENTER*
BAYFIELD
PRICE
FLAMBEAU HYDRO
JUMP RIVER
POLK-BURNETT
BARRON
SARTELL HYDRO
TAYLOR
CHIPPEWA VALLEY
ST. CROIX
DUNN
ELK MOUND
WESTON 4
CLARK
EAU CLAIRE
PIERCE PEPIN
MINNESOTA
TATANKA RIDGE WIND (SOUTH DAKOTA)
RIVERLAND
ALMA
JACKSON
OAKDALE
PEOPLE'S
WISCONSIN
HEADQUARTERS
FREEBORN MOWER
GENOA
VERNON
MiENERGY
RICHLAND
HEARTLAND
* PLANNED FACILITIES
BADGER STATE SOLAR*
ROCKGEN ENERGY CENTER
ALLAMAKEE-CLAYTON
IOWA
SCENIC RIVERS
JO-CARROLL
ILLINOIS

OUR 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

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