

2018 YEAR IN REVIEW

ENERGIZED

Navigating the highs and lows of the energy industry requires having a firm foundation of core values. At Prairie State, we know who we are—and exactly what we stand for.

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Don Gaston
President & CEO



GET ENERGIZED: A MESSAGE FROM OUR CEO

Prairie State's mission is to provide value to our owners and the millions of families they serve through the safe and sustainable production of electric power. So, in a literal sense, Prairie State energizes the homes and businesses of our member communities with electricity—which seems simple when you think about it.

We often take for granted how our stable source of energy in this country is produced; how so many people and processes are responsible for that easy flip of the light switch. Our team at Prairie State is proud to be part of that process.

In 2018, we worked collectively to energize our part of the grid for our members in a safe and sustainable way. But our employees also worked together across the campus to energize our processes, our culture, and the communities that surround us. We're enthusiastic about the future of our campus, and as you'll see in this report, it's for a good reason: 2018 was a year full of accomplishments for the Prairie State team.

This is a transformational time for the energy industry, both at the state and federal level. As one of the newest and most efficient coal-fired power plants in the country, we're positioned for many more years of success—and we're energized now more than ever.

A handwritten signature in blue ink that reads "Don E. Gaston".

Don Gaston, President & Chief Executive Officer

WHAT WE STAND FOR

OUR MISSION

To provide value to our owners and the millions of families they serve through the safe and sustainable production of electric power.

OUR VISION

Prairie State will be the best coal mine and coal-fired power plant in the United States.

OUR VALUES

Safety, Teamwork, Accountability, Sustainability



2018: THE HIGHLIGHTS

7.3% EFOR

We achieved our lowest-ever annual Equivalent Forced Outage Rate.

368,578 TONS

Our CO2 offsets were the highest since our inception and were **22% greater than in 2017.**



82.7% EAF

Our Equivalent Availability Factor was the **highest in Prairie State history.**

6.3M

Our mine produced more coal this year than ever before--6.3 million tons. That's 7.3 tons per underground man-hour.

99.9%

IT infrastructure availability.



67%

reduction in lost-time incidents.



We generated **11,535,418 MWh**, a new record for us.

A CURRENT OF SAFETY

OUR EMPLOYEE-DRIVEN TEAMS

Safety is the responsibility of every person, at every level, every day.

At the heart of our campus safety programs are our employees. Both our mine and power plant have employee-driven safety teams to help us maintain continuous improvement of our safety processes. We believe when you take a group of talented people and create a team where they can merge their talents, a remarkable amount of energy and creativity is released into the overall employee culture. Let's meet the teams.



INCREASE IN SAFETY OBSERVATIONS

40
percent

In 2018, we increased our total number of safety observations across the campus by 40%, which has been key to the success of our overall safety program. Frequent observations allow our employees to work together to gather data about work practices and resolve issues before they become risks.



REDUCTION IN LOST-TIME ACCIDENTS

67
percent

With safety as our core value, this huge improvement in safety performance is something we're all very proud of. In 2018, our employees at both the power plant and the mine brought new energy to improving our safety culture, as well as to the programs and processes that have led to these results. Not only was our incident rate reduced, but so was the severity level.

CORESafety TEAM

Developed to help implement and facilitate the modules of the CORESafety system at Prairie State's Lively Grove Mine, this team has the mission of creating innovative safety solutions for continuous improvements. They also focus on cultural and procedural safety improvements for the underground workforce, and on developing relationships with other CORESafety-certified companies.

ESHAG

The mine's Employee Safety and Health Advisory Group (ESHAG) performs inspections and maintenance of underground emergency supplies and emergency transport vehicles. The team regularly meets with employees and focuses on interactions to ensure jobs are performed safely. This group also reviews all incident and near-miss reports, as well as root-cause analysis for the mine team.

STORM TEAM

The power plant's Safety Through Observation, Reliability, and Mindset (STORM) team consists of eight members from various departments. The purpose of STORM is to reduce the number and severity of injuries at the power plant by generating and empowering a safety-conscious workforce through confidentiality, observation, feedback, education, and coaching of employees to better understand safety.

POWER PLANT SAFETY COMMITTEE

This cross-sectional committee has employee representatives from all departments, and the maintenance and operations managers are attendant co-sponsors. It serves the important role of an advisory body to senior management on health and safety issues. Their goal is to promote a culture and environment that will effectively identify and manage risks and hazards, making sure every worker goes home safely.

VPP TEAM

We developed the Voluntary Protection Program (VPP) team to define, facilitate, record, and execute all aspects of a "best in class" Occupational Safety and Health Administration (OSHA) VPP Star Site safety and health management system. The VPP team does this with specific measures, actions, and plant-wide ownership that results in lasting, effective safety processes.

EXECUTIVE SAFETY COUNCIL

The Executive Safety Council provides overall governance of the power plant's safety strategy and helps us achieve key safety metrics. They focus on understanding any exposures creating risks for team members so they can ensure the successful implementation of safety policies or initiatives.



CORESafety AND VPP STAR CERTIFICATION

To achieve our vision of becoming the best coal mine and coal-fired power plant in the country, we have to first understand the highest standards of our industry. We are constantly benchmarking ourselves against industry peers, and through this comparison, we've found the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP) and the National Mining Association's (NMA) CORESafety system are industry best practices for safety processes.

In December 2018, NMA recognized Prairie State's Lively Grove Mine for receiving independent certification under its CORESafety system. Prairie State joins eight other companies that have had operations independently certified under NMA's signature safety initiative. The framework of the system is designed to go beyond what is required by regulations, focusing on continuous improvement.

The power plant began its journey towards VPP Star certification in 2017, and since then our team has worked together to improve plant safety through a multi-tiered approach. Throughout 2018, our team has laid the groundwork for submitting their application to OSHA in 2019. They made connections with other Star-certified facilities to leverage their knowledge, and they made needed improvements to meet OSHA's Star standards.



ENERGIZED FOR SUCCESS

OUTAGE PLANNING AND EXECUTION

All power plants undergo routine maintenance outages, but it's the planning and execution of those outages that dictates future operational success. Since inception, Prairie State has operated on an annual outage interval, but in 2018 we performed additional work during our fall maintenance outage on Unit 2 and spring maintenance outage on Unit 1. This will allow our power plant to extend future planned outage intervals to 18 months.

7.3% EFOR

82.7% EAF

5.8% INCREASE IN MINE PRODUCTIVITY

As the power plant's availability improves, the mine has had to seek productivity improvements to meet an increasing demand for coal production. To that end, mine employees formed teams in 2018 to seek creative ways to improve productivity. These efforts led to marked improvements across all areas of the underground mine, and an overall increase of 5.8% in productivity.

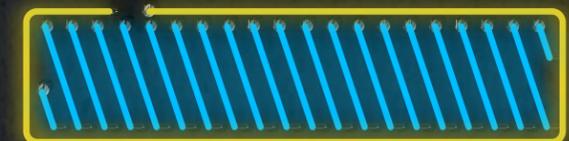


HIGHEST ANNUAL GENERATION

In 2018, our power plant produced 11,535,418 net MWhs, the highest in Prairie State history. This annual generation exceeded the annual budget by more than 149,000 MWhs, which is equivalent to the one-week generation of a unit.

HIGHEST EAF AND LOWEST ANNUAL EFOR

Equivalent Availability Factor (EAF) and Equivalent Forced Outage Rate (EFOR) are directly correlated. We want EAF numbers to be high and EFOR numbers to be low, and in 2018, Prairie State's power plant had the highest EAF and the lowest annual EFOR in campus history.



HIGHEST ANNUAL TONS OF COAL PRODUCTION

In 2018, the Lively Grove mine produced the highest annual tonnage in campus history: 6.3 million tons. It took a lot of teamwork, coordination, and strategic planning to achieve this budgeted target, but our mine team rose to the challenge.

THE POWER OF SUSTAINABILITY

As one of our core values, sustainability is at the forefront of our business strategy, and we want to ensure we're providing long-term value to our member-owners and communities. We've developed programs that energize our ability to reduce our environmental impact, which we believe is an important part of our social responsibility.



BENEFICIAL REUSE AND CARBON REDUCTION

The beneficial reuse of coal combustion residuals (CCRs) such as gypsum, fly ash, and bottom ash has increased steadily over the past 30 years in the energy industry. Since 2015, Prairie State has continued to increase the beneficial reuse of its CCRs, effectively offsetting thousands of tons of CO₂ while also providing economic benefit to our owners. In 2018, Prairie State achieved its best results for beneficial reuse and CO₂ offsets. We saw a 22% increase in CO₂ offsets compared to 2017.

BENEFICIAL REUSE PRODUCTS - 2018



GYPSUM	FLY ASH	BOTTOM ASH
65,487 TONS	393,935 TONS	6,445 TONS



CO₂ OFFSETS - 2018

MINE WASTE TO NEAR FIELD	FLY ASH BENEFICIAL USE	ELECTRIC CAR USAGE
573 CO₂ TONS	365,177 CO₂ TONS	2 CO₂ TONS
CO ₂ ABSORPTION - GRASS / FARMLAND	CO ₂ ABSORPTION - FOREST LAND	
1,251 CO₂ TONS	1,575 CO₂ TONS	
TOTAL CO ₂ OFFSETS		
368,578 CO₂ TONS		

CAMPUS RECYCLING

Our team knows that recycling is a great way to help our natural environment thrive while being a socially responsible organization. To do our part, we recycled nearly 135,000 lbs of materials in 2018, along with over 14,000 gallons of used oil.

RECYCLING - 2018



SINGLE STREAM RECYCLING	BATTERIES	E-SCRAP
127,212 LBS	27 LBS	4,982 LBS
LAMPS	USED OIL RECYCLING	
1,168 LBS	14,772 GAL	



COMMUNITY IMPACT

Prairie State and its employees have always invested in the surrounding communities through local partnerships with not-for-profit organizations. We encourage our employees to lead by example, and we believe our sustainability program should include community service. A few stats from 2018 include:

1,113 LIVES

371 units of blood donated, saving up to 1,113 lives.

262 STUDENTS

Junior Achievement program delivered to 262 elementary school students.

OVER \$1,875

Over \$1,875 collected to support the **Marissa Food Pantry and Combatting Hunger on Weekends** (CHOW) program



140 CHILDREN

Clothing, toys, and other necessities donated to more than 140 local children through nine organizations.

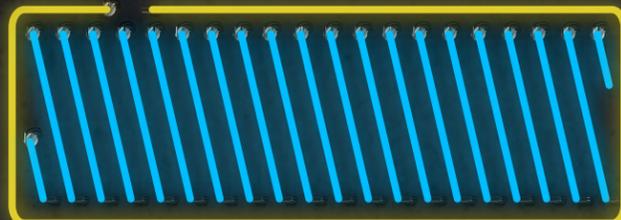
75 NONPROFITS

Economic development, environmental stewardship, and youth program support for 75 local nonprofit organizations.

STAKEHOLDER OUTREACH

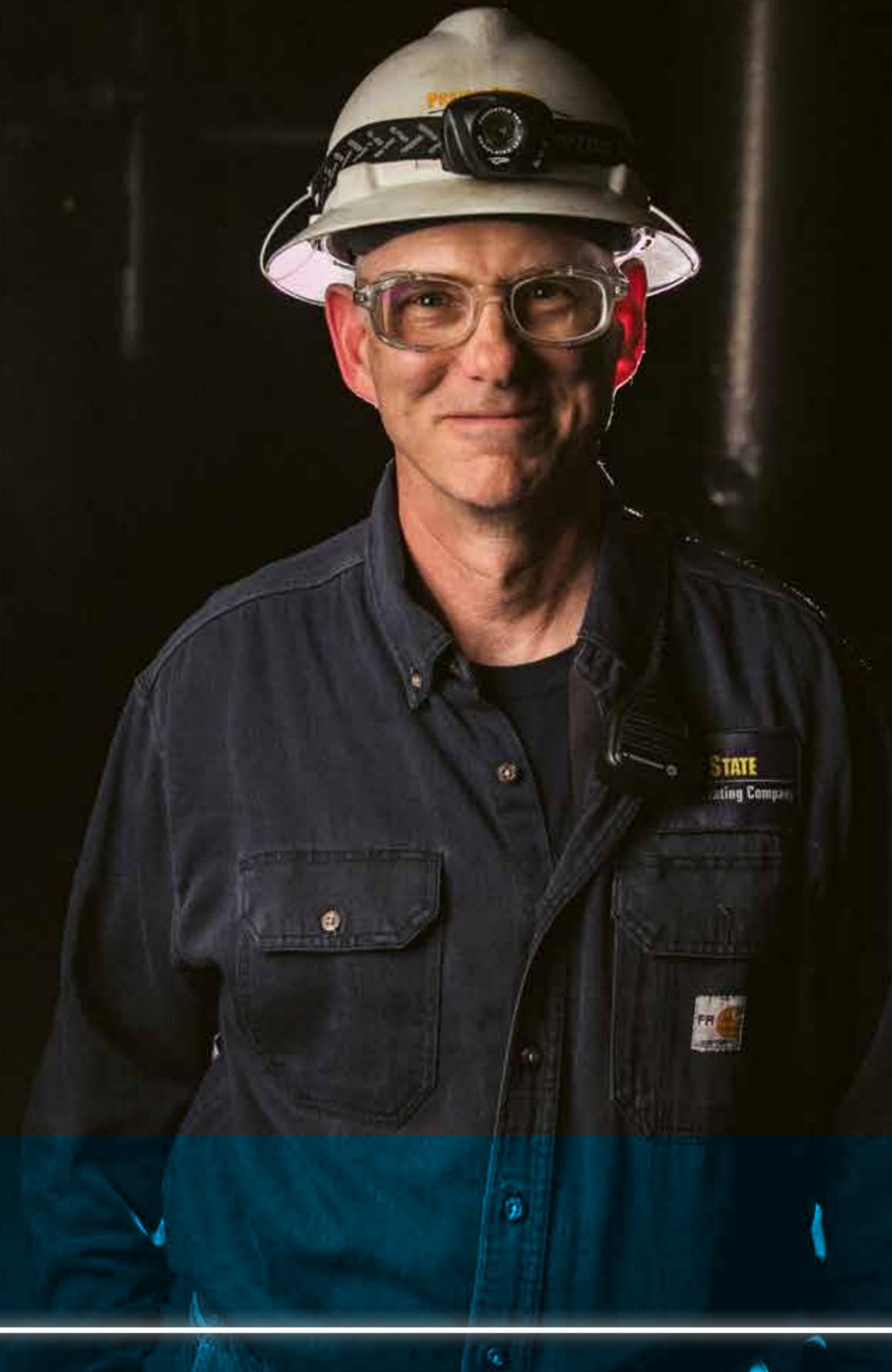
The energy industry continues to garner a lot of attention from legislators and regulatory agencies at both the state and federal level. Prairie State works alongside its public power owners to raise awareness about our unique energy campus with key stakeholders.

In 2018, we continued efforts to build broad support for Prairie State at the local, state, and federal levels to ensure the longevity of our campus operations. We did this with the support of industry trade associations, and through lobbying and improving our focus on social media. This multi-level outreach and stakeholder collaboration is particularly important as proposals for energy policy are considered in our state and nation's capitals.



A few key accomplishments:

- 15% increase in positive impressions
- 32% increase in followers
- Hosted campus tours for 13 external stakeholder groups
- Filed official comments with the U.S. EPA on the proposed Affordable Clean Energy Plan



ENLIGHTENED OWNERSHIP

Our energy campus provides baseload electricity to not-for-profit municipalities and rural electric cooperatives from across the Midwest. Our nine public power owners serve more than 2.5 million families and businesses across nine states.



AMP:

American Municipal Power, Inc. (AMP) is a nonprofit, wholesale power supplier and services provider for 135 members throughout nine states. AMP's member utilities serve more than 650,000 customers.



IMEA:

The Illinois Municipal Electric Agency (IMEA) is a not-for-profit unit of local government comprised of 32 municipal electric systems and one electric cooperative in Illinois. IMEA combines the power needs of all of its members and secures the electricity necessary to satisfy those needs.



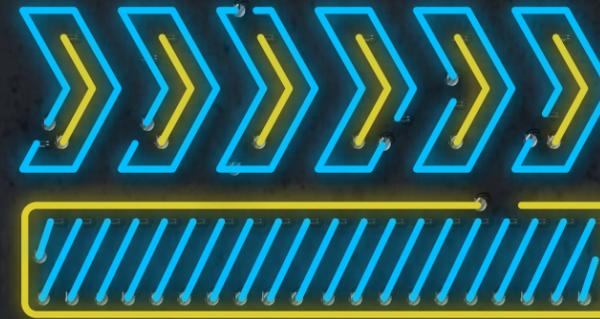
IMPA:

As a nonprofit organization owned and governed by its members, the Indiana Municipal Power Agency (IMPA) focuses on providing its 61 communities with a wholesale power supply that's low-cost, reliable, and environmentally responsible. IMPA members deliver electric service to approximately 330,000 individuals throughout Indiana and Ohio.



KMPA

The Kentucky Municipal Power Agency (KMPA) is a joint-action agency formed in 2005. KMPA helps its members in the coordination of planning, construction, and operation of new energy facilities such as the Prairie State Energy Campus. KMPA also assists in joint purchases, sales, and exchanges of electric power.



MPUA:

Formed in 1998, the Missouri Public Utility Alliance (MPUA) is a partnership among three member organizations: The Missouri Association of Municipal Utilities, the Missouri Joint Municipal Electric Utility Commission, and the Municipal Gas Commission of Missouri. MPUA provides a wide variety of services to members, including training, advocacy, technical assistance, mutual aid, and more.



NIMPA:

The Northern Illinois Municipal Power Agency (NIMPA) was established in 2004 to develop energy resources for the production, transmission, and distribution of electric power. Its current members include the neighboring communities of Geneva, Batavia, and Rochelle. Together, NIMPAs members serve approximately 60,000 people.



PPI:

Prairie Power, Inc. (PPI) is a member-owned, not-for-profit electric generation and transmission cooperative. PPI produces and supplies wholesale electricity to 10 electric distribution cooperatives in Central Illinois. Their distribution cooperatives provide retail electric service to approximately 78,000 members within their local service territories.



SIPC:

The Southern Illinois Power Cooperative (SIPC) is a generation and transmission cooperative serving seven distribution cooperatives and two municipalities in Illinois. SIPC member cooperatives provide electricity to over 100,000 customers, and the total population served is roughly 250,000 people.



WVPA:

Wabash Valley Power Association (WVPA) is a not-for-profit generation and transmission electric cooperative created out of the need for reliable, affordable electricity in America's Heartland. Serving 23 member distribution cooperatives in Indiana, Illinois, and Missouri, WVPA powers more than 311,000 homes, schools, and businesses.



ENERGIZED LEADERSHIP



DON GASTON
President & CEO



RANDY SHORT
Chief Operating Officer



KEN POLLMANN
Senior Vice President of Generation



LEAH BENNETT
Vice President of Finance



HELEN GALLAGHER
General Counsel



ALYSSA HARRE
Director of Public Relations
& Government Affairs



JAMES ANDREW
Director of Environmental Services



MIKE SLADE
Director of Procurement,
Security & Facilities



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Director of Human Resources



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PSEC Treasurer



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PSEC Vice Chair



BRIAN FITZGERALD
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Engineering & Operations,
Wabash Valley Power Association

ALTERNATE REPRESENTATIVES



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Executive Vice President of
Power Supply & Generation,
American Municipal Power



BOB CHILDERS
Senior Vice President and
Chief Financial Officer,
Illinois Municipal Electric Agency



JACK ALVEY
Vice President of Generation,
Indiana Municipal Power Agency
PSEC Secretary



JOHN GROTZINGER
Chief Operations Officer and
Executive Director of Engineering,
Missouri Public Utility Alliance



DICK CHAPMAN
Senior Vice President of
Engineering & Operations,
Prairie Power, Inc.



TODD GALLENBACH
Power Production Manager,
Southern Illinois Power Cooperative



KEVIN KIZZEE
General Manager Princeton Electric Plant Board,
Kentucky Municipal Power Agency



GARY HOLM
City of Batavia Director
of Public Works,
Northern Illinois Municipal
Power Agency



JAY BARTLETT
President & CEO,
Wabash Valley Power Association