

**ONWARD
& UPWARD**



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The Energy to Thrive™

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Message from the CEO

It's hard to believe it's been a whole year since I arrived in Colorado and began my journey at CORE. The last 12 months seemed to fly by, largely because we never let our foot off the gas. 2021 was **one of the most transformative years in our cooperative's history**. We implemented a rate redesign while avoiding significant rate hikes imposed by almost all other utilities in Colorado. We executed extensive fire mitigation and line maintenance programs. We completely rebranded our 83-year-old organization without a hitch, and we continued to grow our company and innovate within the ever-changing utility landscape.

The vision of our employees is to make CORE the **premier electric utility in Colorado**. In 2021, we reached milestones that make us just that. Our electric service is now more reliable than almost every other utility in the state. We returned \$9 million in capital credits to members. System improvements and additions throughout our 5,000-square-mile service area accommodated staggering growth. We grew our portfolio of renewable sources and prudently managed our financial position to keep energy affordable for our members.

And we're just getting started.

CORE will keep moving **ONWARD** and **UPWARD**. Many other "behind-the-scenes" projects completed in 2021 built the foundation for CORE's future growth and success. New enterprise management systems will allow us to introduce member experience upgrades to greatly simplify how you manage your account and control your power usage. New rate options and product offerings will assist those members seeking home EV charging solutions. We will also add more EV charging locations throughout our service territory and research energy storage and microgrid options. We will contract for a new energy portfolio to add more renewable resources and prepare for our transition away from the unreliable Comanche 3 plant toward efficient natural gas generation. And we will increase our commercial and industrial loads through a focus on economic development to diversify our revenue and stabilize residential rates.

I am honored to have been able to serve you this past year and am thrilled you will be part of the exciting future we have ahead of us at CORE.



Jeff Baudier
Chief Executive Officer

Message from the Board President

In 2021, your elected board of directors continued to guide CORE's leadership in growing and improving our electric cooperative.

Early last year we welcomed Jeff Baudier as CORE's new chief executive officer. Despite external challenges that included COVID and market volatility, Jeff has done an exceptional job in his first year as CEO, and the board fully endorses the vision he has for CORE.

In support of that vision, we made several important decisions as a board in 2021, including:

- Approval of the return of **\$9 million in capital credits** to members in March 2021. In the last decade, the cooperative has returned more than \$100 million in capital credits and will continue to do so when the cooperative's financial position allows.
- Adoption of a **rate redesign** that more fairly and accurately charges for the cost of delivering reliable electricity. This redesign eliminated the load factor adjustment (LFA) and introduced a three-part residential rate that was made possible by the recent implementation of advanced metering infrastructure (AMI). Due to rising costs, we implemented a rate increase of 2.25% for the average residential member. This was the first increase since 2013 and was significantly less than the rate increases of 6% to 12% introduced by several other large Colorado utilities.
- Approval of several substations and other **projects that will help meet increasing demand and build capacity** in the quickly growing communities in our service area.

Also in 2021, longtime director Gene Sperry - who represented District 3 for more than 30 years - retired from the board. Gene represented his constituents well, and this cooperative is all the better thanks to his three decades of service on the board.

On behalf of my fellow directors, we appreciate your support and value you as members of our cooperative. We welcome your input through any of the channels listed elsewhere in this report.

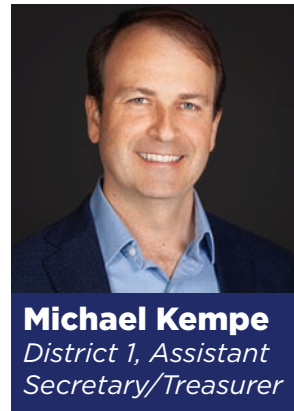


Timothy White
Board President

Board of Directors

CORE Electric Cooperative is guided by a **board of elected directors**. Each director represents one of seven geographic districts within our 5,000-square-mile service area and is elected to a four-year term by members within their district.

In 2021, elections were held in Districts 3, 5 and 7. Gene Sperry, who served on the co-op's board for 32 years, opted to not run for reelection in District 3, which includes Florissant, Lake George, Hartsel, Larkspur, Woodland Park, Palmer Lake and southern Jefferson County. Mike Sperry was elected to serve as District 3's new director, while Bruff Shea and James Anest were reelected to serve their respective districts.



Michael Kempe
District 1, Assistant Secretary/Treasurer



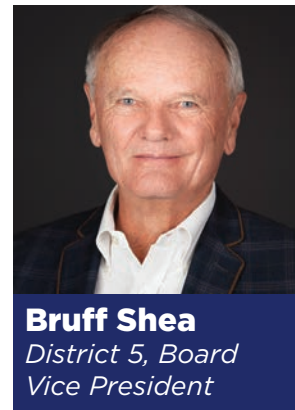
Ron Kilgore
District 2



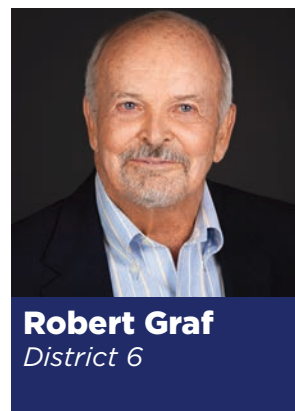
Mike Sperry
District 3



Timothy White
District 4, Board President



Bruff Shea
District 5, Board Vice President



Robert Graf
District 6



James Anest
District 7, Board Secretary/Treasurer

Leadership



Jeff Baudier
Chief Executive Officer



Kathleen Solano
Chief Administrative Officer



Dede Jones
Chief Financial Officer



Joan Beckner
Chief Legal Officer



Pam Feuerstein
Chief Operating Officer



Mandi Leshar
Chief Member Experience Officer



Financial Performance

The cooperative recorded a **net margin of \$16.3 million** in 2021, as compared to a \$17.2 million margin in 2020. The 2021 margin was 7.1% below the board-approved 2021 budget, but financial results for the year preserved the key metrics required by our lenders without burdening our members with significant rate increases. The year-long Comanche Unit III outage in 2020 that resulted in over \$25 million of additional costs paid out in that year are being accounted for as expense over a three-year period from 2020 through 2022. Referred to as “regulatory balancing,” this accounting treatment allows us to minimize the extraordinary effect of the outage in a single year and lessen the impact to our customers.

Operating revenue increased \$17.4 million, or 5.6%. The cost of electric service increased by \$18.5 million over 2020. Power costs were \$3.2 million, or 2% higher than budgeted. Depreciation and taxes accounted for \$7.1 million more costs as our net utility plant assets grew by \$20 million, even after accelerating depreciation of CORE’s interest in Comanche Unit III as we plan for a possible future without that unit. We made significant system improvements, including the implementation of advanced metering infrastructure, or AMI, and saw growth in our customer base with the **addition of 4,032 active services**. General increases in wages, benefits, outside services and costs associated with technology amounted to \$2.4 million. Interest expense on short- and long-term borrowings declined by 1.43% from the prior year as we continue to pay down debt and benefit from very low interest costs on our variable rate portfolio.

The cooperative’s debt service coverage metric weakened because of the lower margin in 2021 and additional principle and interest payments on debt borrowed to finance capital expenditures. The ratio, however, remained above minimum requirements and within ranges required by our financial policy. The equity-to-assets ratio increased from 29.25% to 29.64%. The ratio of debt to earnings before interest, taxes and depreciation (EBITDA) improved to 7.42 to 1 from 7.63 to 1 in 2020. Based on 2020’s results and the desire to return patronage to our members on a meaningful cycle, our Board of Directors authorized a **capital credit retirement of \$9 million** to members in March 2021.



Dede Jones
Chief Financial Officer

Balance Sheet

As of December 31 (Unaudited)

	2021	2020
Assets		
Utility Plant	\$ 1,109,937,260	\$ 1,092,897,090
Other Property and Investments	31,708,122	30,053,127
Current Assets	65,118,699	58,597,107
Deferred Assets	21,325,956	26,906,264
Total Assets	\$ 1,228,090,037	\$ 1,208,453,588
Liabilities and Equity		
Memberships and Patronage Capital	\$ 302,411,721	\$ 294,751,308
Margins and Other Equity	61,550,618	58,674,998
Total Equity	363,962,339	353,426,306
Long-term Debt	654,422,154	689,683,324
Other Non-Current Liabilities	32,137,626	31,188,383
Total Current, Accrued and Deferred Liabilities	177,567,918	134,155,575
Total Liabilities and Equity	\$ 1,228,090,037	\$ 1,208,453,588

Operating Statistics

	2021	2020
Active Services	169,454	165,422
kWh Generated, net	1,227,328,214	46,633,493
kWh Purchased	1,441,635,322	2,570,711,342
kWh Sold	2,566,126,566	2,508,998,609
Modified Debt Service Coverage Ratio	1.44 to 1	1.54 to 1
Equity as a % of Total Assets	29.64%	29.25%
Debt to EBITDA *	7.42 to 1	7.63 to 1
* Earnings before Interest, Taxes, Depreciation and Amortization		
Number of Employees	258	226
Number of Consumers per Employee	657	732

Statement of Operations

For the year ended December 31 (Unaudited)

	2021	2020
Total Operating Revenue	\$ 326,883,280	\$ 309,509,445
Total Operating and Maintenance Expense	192,998,290	183,404,962
Depreciation and Amortization Expense	52,471,904	47,108,447
Tax Expense	16,918,393	15,200,105
Interest Expense	40,196,714	40,780,660
Other Expense	12,402,467	9,973,141
Total Cost of Electric Service	314,987,767	296,467,315
Operating Margin	\$ 11,895,513	\$ 13,042,130
Other Non-Operating Interest and Dividends	4,424,639	4,179,229
Total Margin	\$ 16,320,152	\$ 17,221,359

Sources of Revenue



Residential, 69% (\$226,490,057)

Large Commercial/Industrial, 21% (\$69,000,041)

Small Commercial/Industrial, 8% (\$25,982,576)

Streetlighting, 1% (\$2,373,157)

Unbilled/Other Electric Revenue, 1% (\$2,149,080)

Irrigation, <1% (\$888,370)

Expenses by Type



Power Costs, 43% (\$135,042,203)

Depreciation/Taxes/Other, 26% (\$81,792,764)

Interest, 13% (\$40,196,714)

Customer/Administration, 11% (\$33,237,021)

Transmission/Distribution, 7% (\$24,719,065)

Rebranding

On Aug. 28, 2021, our 170,000-member-strong cooperative “flipped the switch” and became **CORE Electric Cooperative**. For more than 80 years, we were known as Intermountain Rural Electric Association, or IREA. In those decades, our co-op simply outgrew that original name.

CORE Electric Cooperative better represents our position as the largest electric distribution cooperative in Colorado and a driving force in one of the fastest-growing regions in the U.S. It also reflects much of what we associate with our role as a not-for-profit electric utility: COoperative. COmmunity. COnnexion. COlorado. COmmitment.

The change to CORE Electric Cooperative also came with a newly stated mission of **“connecting lives and communities through choice and innovation.”** This is our promise to deliver reliable power that is CORE to your life.



Power Supply

CORE’s energy, by source, in 2021*:

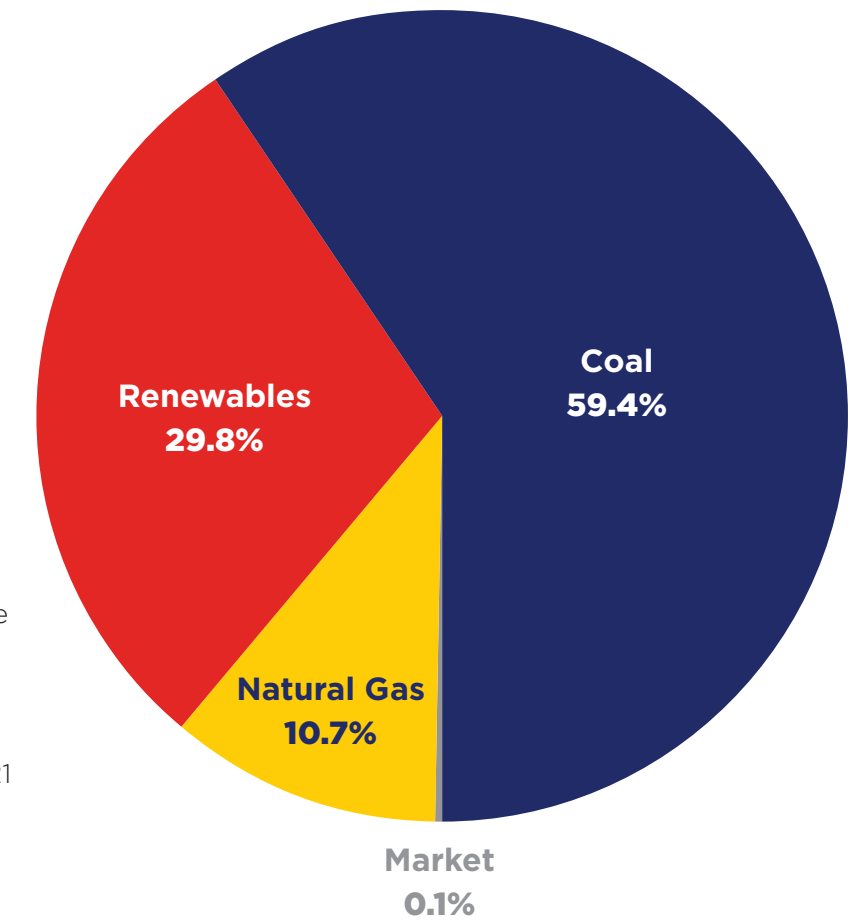
- 59.4% Coal
- 29.8% Renewables
- 10.7% Natural Gas
- 0.1% Market

The 29.8% renewables includes:

- 15.3% Wind
- 9.9% Solar
- 4.6% Hydro

We continued in 2021 to evaluate **new power supply options** to replace our current power purchase agreement with Xcel Energy, which expires at the end of 2025.

* Figures are estimated based on best data available as of March 2021



Rate Redesign

In September 2021, CORE introduced a rate redesign that **modernized our rate structure and increased transparency and certainty for our members**. The redesign eliminated the load factor adjustment (LFA) and replaced the temporary power cost adjustment (PCA) with an adjustable wholesale power cost adjustment.

The redesign also introduced a three-part residential rate that is more equitable to members. By splitting the residential rate into three components – service charge, energy charge and demand charge – we can now charge more accurately for the power used by each member.

Additional information regarding our rate redesign is available at www.CORE.coop > My Cooperative > Rates and Regulations > Rate Redesign.

Reliability

CORE significantly improved reliability in 2021, with members seeing 48% less outage time and 20% fewer service interruptions, compared to 2020.

Our members had, on average, 46 minutes of outages over the course of 2021. That average was about 89 minutes in 2020. Our members also experienced, on average, just 0.536 outages in 2021, down from 0.676 in 2020.

CORE's reliability numbers are better than the previous year's figures for nearly all other Colorado electric utilities, including investor-owned utilities, public/municipal utilities, and other cooperatives.



	CORE in 2021	2020			
		All Colorado Utilities	Co-ops	IOUs	Public Power
Outage duration per member, in minutes	46.25	102.66	116.38	74.15	42.0
Average number of interruptions per member	0.536	0.82	0.753	1.28	0.635



Renewables

Our 80-megawatt Pioneer Solar facility near Bennett reached full operating capacity in 2021. With the 13-megawatt Victory Solar facility - our first utility-scale solar project - 45 megawatts from our latest investment in Hunter Solar, and more than 26 megawatts from residential rooftop systems, CORE's renewable energy capacity will be **more than 165 megawatts by 2025**.

By the end of 2021, we had nearly 5,000 residential solar interconnections on our system, a jump of more than 30% over 2020.

System Improvements

We invest in and upgrade our system to **improve reliability across our system and increase capacity in the quickly growing areas** we serve. In 2021, we wrapped up several important projects, including:

- Expansion of our Bergen Park Substation and upgrades to distribution lines.
- Upgrades to 8.5 miles of transmission line in north Park County, along Highway 285 over Kenosha Pass, plus a new Roberts Tunnel Substation that replaces our old Grant and Roberts Tunnel substations.
- Conversion of overhead distribution lines to underground in the Bennett area.
- New equipment that better withstands winter weather on 7 miles of lines along Highway 24 between Divide and Woodland Park.
- The Pioneer Substation that interconnects the new 80-megawatt Pioneer Solar facility to our system.
- Upgrades to 7 miles of overhead distribution line in Deer Trail.
- A new substation and feeders in The Meadows area of Castle Rock.

Also in 2021, we **introduced or continued programs** that will help us continue to improve reliability and make our system safer, including:

- Line patrols that spanned nearly 52,000 poles and completed 5,200-plus repairs.
- Inspections of nearly 13,000 poles that identified only 100 requiring replacement.
- Trimming, clearing and inspection of vegetation along overhead lines.



Wildfire Mitigation

Grass fires in Boulder County in December 2021 killed at least one person, burned 6,000 acres, destroyed more than 1,000 structures, and caused more than \$500 million in damages. Though this was outside of CORE's service territory, the disaster was a stark reminder of the importance of wildfire mitigation.

CORE maintains a **comprehensive wildfire mitigation** plan that reduces the risk of our equipment and facilities causing a wildfire. A major component of that plan is our year-round vegetation management, which in 2021 cleared potential hazards along nearly 800 miles of overhead lines. Last year was the second in our current six-year vegetation management cycle, during which all 5,000-plus miles of overhead distribution lines in our service area will be cleared at least once.

In 2021, we also introduced more sensitive settings that, during high fire risk periods, help our monitoring and protective devices alert us so we can more quickly respond to trees on lines and other potential fire hazards.



Member Services

In 2021, CORE's number of active services grew by more than 4,000 – about 2.4% – to nearly 169,500. Our Member Services Representatives fielded about 145,000 calls and, on average, answered them within 27 seconds. They also responded to nearly 55,000 emails and other member inquiries.

By the end of the year, nearly 85,000 CORE members were enrolled in electronic billing and more than 80% of payments were made electronically.

In 2022, we will continue to add account services, features and upgrades to **enhance your member experience**. SmartHub, the new account platform we introduced in April 2022, is a convenient way for you to manage your account. It includes an app for iOS and Android devices that puts **choice, control and convenience at your fingertips**.

4,032

Active services added in 2021, an increase of about 2.4%

200,000

Inquiries fielded by our Member Service Representatives

85,000

CORE members enrolled in electronic billing



Community Outreach

In 2021 we built on our commitments to the many worthy causes and organizations that power our nearly 170,000 members.

Last year we organized several programs and partnered with other groups on efforts that:

- Contributed **supplies to local schools, food to area banks, and blood to drives**.
- Contributed **hundreds of winter coats** to the annual Coats for Colorado drive.
- Distributed **\$70,000 in grants** to students pursuing higher education.

- Recycled nearly **6,000 pounds of unwanted holiday lights** and generated funds for energy assistance for struggling Coloradans.

- Securely destroyed sensitive paperwork for hundreds of CORE members at our **free shred events**.

- **Donated apparel** bearing our old company name to a non-profit that recycled them for use in developing countries.

- Allowed CORE employees to spend a workday performing **charitable work** through volunteer time off (VTO).

CORE and its board members also made nearly **\$500,000 in monetary contributions** to a variety of local programs, businesses and organizations, including:

\$10,000 for agricultural and parks and recreation	\$73,000 for community support programs	\$103,000 for food and shelter
\$40,000 for health and wellness	\$19,000 for military and first responders	\$16,000 for music and arts
\$23,000 for senior citizens	\$85,000 for youth and education	\$16,000 for chambers of commerce and economic development



The Energy to Thrive™

About Us

CORE Electric Cooperative is a not-for-profit electric distribution cooperative that provides power to nearly 170,000 members inside a 5,000-square-mile service area along Colorado's Front Range. Its headquarters is in Sedalia, and district offices are in Bennett, Conifer and Woodland Park.

 www.CORE.coop

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