

THE OUTLET

The Official Member Newsletter of CORE Electric Cooperative

July 2022

DIRECTOR NEWSLETTER

Dear member:

Next month will mark our 84th year of providing reliable electric service, and our first full year as CORE Electric Cooperative. Our cooperative, which started with just 15 members and 23 miles of line, has weathered all the ups and downs you might expect over eight decades. The cooperative model – local, member-owned and not-for-profit – has helped us keep the lights on as we have grown to more than 170,000 members.

In its long history, our cooperative has increased general rates only when absolutely necessary. Higher costs for fuel, labor and materials, as well as the extended inoperative state of the Comanche Unit 3 power plant from which we typically draw a significant portion of our distributed energy, have significantly increased what CORE currently pays to acquire and deliver reliable electricity to our members.

After thorough review of our cooperative's financial outlook and much discussion, my fellow board members and I approved changes to CORE's rates and regulations that, starting with September 2022 bills, will:

- Increase our base rates for electric service by 6%;
- Increase the demand charge portion of our residential rate to \$2 per kilowatt during the "on-peak" period of 4 to 8 p.m.;



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- Restructure several non-residential base rates to three-part rates with demand charge, energy charge and fixed monthly charge.

The 6% increase is lower than or comparable to recent increases made by most other Colorado electric utilities, including cooperatives and municipal and

investor-owned utilities. This also is only the second general rate increase we have made since 2013. In that time, our rates have gone up a total of just over 8%, even as inflation has grown 24%.

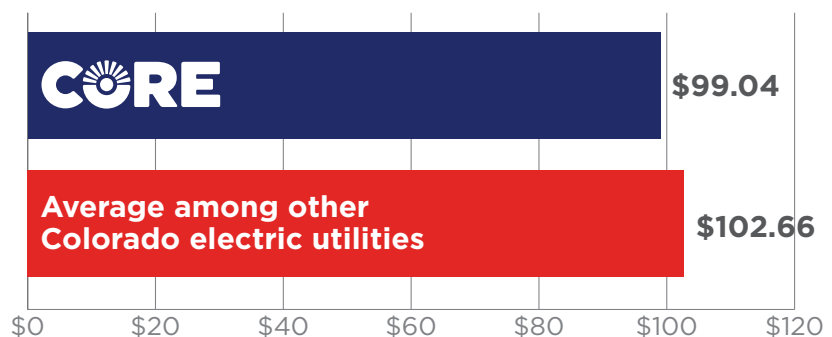
We understand that even a slight increase in rates affects our members. Please know that you and your power needs are top of mind when CORE's board of directors makes any decision like this. These changes to the rates and regulations are necessary for our cooperative to cover the actual costs of power.

CORE's rates remain lower than most of Colorado's other electric utilities. The cost for 700 kilowatt-hours of residential service from CORE, as of early 2022, was \$99.04. The average among the state's electric utilities – including other cooperatives, municipal utilities and investor-owned utilities – was \$102.66.

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Cost for 700 kWh of Residential Service

CORE's average bill for a household that uses 700 kWh of energy is lower than the average among Colorado's other electric cooperatives, municipal utilities and investor-owned utilities.



Source: Colorado Association of Municipal Utilities

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CORE's leadership – including our board of directors and executive team – continue to identify and pursue ways in which we can mitigate financial impacts to our members. We employ a small, talented and dedicated group of professionals – our employee-to-member ratio is 1:657 – and are implementing technologies and workflows that make our cooperative more cost-efficient. Installation of Advanced Metering Infrastructure (AMI), for example, has reduced our field visits by tens of thousands over the last several years. We continue to invest in utility-scale renewable energy sources that will allow us to purchase power at or below the rate we pay for power from non-renewable sources, and are currently seeking an energy partner from which we can purchase a flexible, diverse power supply beginning in 2026, after our current power purchase agreement with Xcel Energy expires.

CORE also has filed suit against Xcel Energy subsidiary Public Service Company of Colorado (PSCo) – majority owner and operator of Comanche Unit 3 – to

recover damages on behalf of our members. Comanche 3 was offline for all but two weeks of 2020 and for significant periods of 2021 and 2022 due to PSCo's failure to properly maintain and operate the plant. During this time, CORE had to purchase replacement power from Xcel at nearly double the rate we would otherwise pay. Our lawsuit was filed only after many months of attempts to reach a business resolution and alleges that PSCo breached its contractual obligations to properly maintain and operate Comanche 3 and deliver CORE its entitlement to power. Resolution of the lawsuit will likely not be reached for quite some time. Regardless of the eventual outcome of the lawsuit, CORE must collect additional revenue in the interim to cover the actual costs of power.

Please visit www.CORE.coop for more information on the changes to our rates and regulations that will go into effect with September bills, as well as our lawsuit against Xcel.

As a not-for-profit cooperative, CORE returns profits to members when our financial condition allows. We call these returns capital credits,

and have issued them nearly every year since 1965.

I am happy to report that my fellow board members and I recently approved \$2.5 million in capital credits. In the last 10 years, we have returned more than \$120 million to CORE members.

Your capital credit will appear as a line-item credit on your July bill, unless you have opted out of the bill credit, maintain multiple active accounts or no longer have an active account. In those cases, a check will be mailed to you.

You might ask why CORE pays capital credits even as we increase general rates. Capital credits return money collected from CORE members in prior years. These "retirements" are paid on a 20-year cycle to both former and current members who have an equity stake in the cooperative because of their payments for electric service. Members who receive capital credits for the years 2001 through 2020 should not have to forego them because of currently high power costs.

If you are having trouble paying your utility bills, several energy assistance groups and organizations are available to help. For a current list, visit www.CORE.coop > My Community > CORE Commitments > Energy Assistance.

Thank you for taking the time to read this director newsletter, and for being a CORE member. If you have any questions or comments about your electric service, don't hesitate to contact us via www.CORE.coop, (800) 332-9540, or any one of our social media channels.

Costs and Revenue

CORE maintains a small, reasonable margin between its year-to-year operating revenue and the costs of electric service, and typically returns a significant portion of that margin to members as capital credits.

