

# 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.

The cooperative increases general rates only when absolutely necessary. This last year we have seen economic changes and inflation the likes of which we have not seen in 40 years, creating corresponding higher costs for fuel, labor and materials. Material shortages and supply-side shortages, interest rates, plus the extended inoperation of the Xcel-operated Comanche Unit 3 power plant from which we typically draw a significant portion of our distributed energy, have significantly increased costs to acquire and deliver electricity to our members. You have now seen gasoline prices at historic highs, with \$5-per-gallon gas most of us would never have thought we would see.

After thorough review of our cooperative's financial outlook and much discussion, and with only two general rate increases in the past nine years, the board of directors had to approve changes to the rates and regulations that will, starting with September 2022 bills:



**James Anest**  
Director, District 7  
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- Adjust our base rates for electric service by a six percent increase and the demand charge portion of our residential rate to two dollars per kilowatt during the “on-peak” period of 4 to 8 p.m.;

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

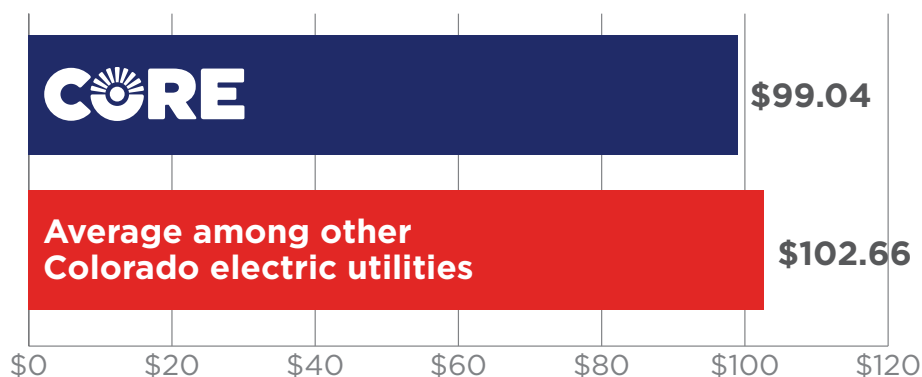
The CORE increase is lower than or comparable to recent increases made by most other Colorado electric utilities, including cooperatives and municipal and investor-owned utilities. This also is only the second general rate increase we have made since 2013. In that time, our rates have gone up a total of just over 8%, even as inflation has grown 24%. At the same time, I stay vigilant as to the cost side of the CORE operation with my review of our expenses and spending in my work on the audit committee.

The board understands that even a

*Continued on other side*

### 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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slight increase in rates affects our members. Your power needs are top of our minds when the board makes any decision like this. These changes to the rates and regulations are necessary for our cooperative to cover the actual costs of power.

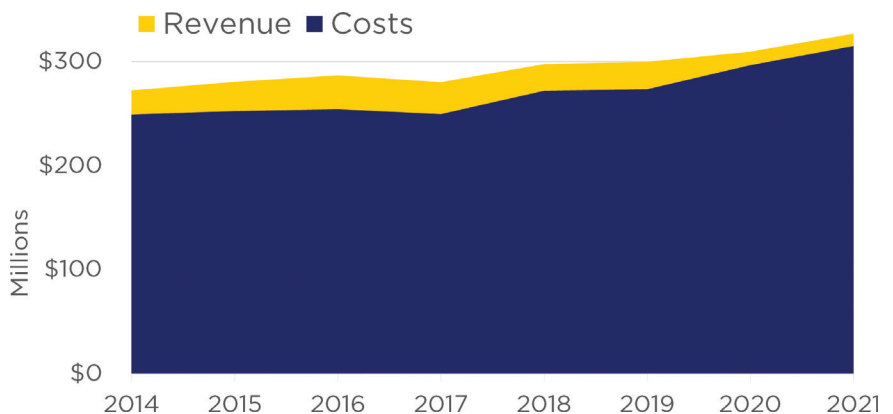
CORE's rates remain lower than most of Colorado's other electric utilities. The cost for 700 kilowatt-hours of residential service from CORE, as of early 2022, was \$99.04. The average among the state's electric utilities – including other cooperatives, municipal utilities and investor-owned utilities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

CORE's leadership continues 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 significantly reduced our field visits over the last several years. CORE continues 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.

CORE 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 due to PSCo's failure to properly maintain and operate Comanche Unit 3, which was offline for all but two weeks of 2020 and for significant periods of 2021 and 2022. During this time, CORE had to purchase replacement power

### 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.



from Xcel at nearly double the rate we would otherwise pay. This suit was filed only after many months of attempted business resolution, and alleges that Xcel breached its contractual obligations related to the delivery of power to CORE via Comanche Unit 3 and seeking damages.

Please visit [www.CORE.coop](http://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.

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](http://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](http://www.CORE.coop), (800) 332-9540, or any one of our social media channels.