Report of Independent Auditors
and Financial Statements

CORE Electric Cooperative

December 31, 2022 and 2021

MOSSADAMS

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CORE Electric Cooperative
Board of Directors and CEO, as of December 31, 2022

NAME	TITLE	ADDRESS
Timothy L. White	President	Castle Rock, Colorado
Bruff Shea	Vice President	Franktown, Colorado
James Anest	Secretary-Treasurer	Parker, Colorado
Michael Kempe	Assistant Secretary-Treasurer	Littleton, Colorado
Robert Graf	Director	Centennial, Colorado
Ron Kilgore	Director	Conifer, Colorado
Mike Sperry	Director	Woodland Park, Colorado
Jeff Baudier	Chief Executive Officer	Castle Rock, Colorado

Report of Independent Auditors

The Board of Directors
CORE Electric Cooperative

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CORE Electric Cooperative, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and comprehensive income, equities and margins, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CORE Electric Cooperative as of December 31, 2022 and 2021, 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 CORE Electric Cooperative 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 CORE Electric Cooperative's ability to continue as a going concern within one year after the date that the financial statements are 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 CORE Electric Cooperative'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 CORE Electric Cooperative'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.

Moss Adams LLP

Portland, Oregon
April 27, 2023

Financial Statements

CORE Electric Cooperative
Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
UTILITY PLANT		
Plant in service	$ 1,507,051,934	$ 1,475,115,692
Less: accumulated depreciation	(464,155,285)	(450,024,750)
Net plant in service	1,042,896,649	1,025,090,942
Construction work in progress	70,929,329	84,846,320
Net utility plant	1,113,825,978	1,109,937,262
INVESTMENTS AND OTHER ASSETS	34,138,806	31,708,121
CURRENT ASSETS		
Cash and cash equivalents	3,858,018	5,800,558
Receivables (less provision for uncollectible accounts of $625,000 and $609,549 in 2022 and 2021, respectively)	19,145,403	16,249,434
Unbilled revenue	24,874,729	20,408,342
Materials and supplies	31,194,721	20,373,034
Prepayments and other current assets	1,911,972	2,395,188
Total current assets	80,984,843	65,226,556
DEFERRED DEBITS	21,660,841	21,177,178
Total assets	$ 1,250,610,468	$ 1,228,049,117

See accompanying notes.

CORE Electric Cooperative
Balance Sheets
December 31, 2022 and 2021

	2022	2021
LIABILITIES AND CAPITAL EQUITIES		
CAPITAL EQUITIES		
Memberships	$ 764,425	$ 760,345
Patronage capital	350,993,098	338,535,493
Other equities	23,298,104	23,069,329
Other comprehensive income	7,075,790	1,597,179
Total	382,131,417	363,962,346
LONG-TERM LIABILITIES	713,140,405	654,422,154
OTHER LONG-TERM OBLIGATIONS	18,804,467	21,438,610
CURRENT LIABILITIES		
Current maturities of long-term debt	38,518,273	31,836,511
Current advance on line of credit	11,000,000	81,000,000
Accounts payable	35,238,242	36,054,243
Accrued expenses	12,855,529	5,575,078
Accrued taxes	13,069,314	19,706,623
Customer deposits	4,024,621	3,354,538
Total	114,705,979	177,526,993
DEFERRED AND OTHER LIABILITIES	21,828,200	10,699,014
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
Total liabilities and capital equities	$ 1,250,610,468	$ 1,228,049,117

See accompanying notes.

CORE Electric Cooperative
Statements of Operations and Comprehensive Income
Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUE		
Electric energy revenue	$ 336,615,161	$ 324,827,934
Miscellaneous electric revenue	3,165,365	2,055,346
Total operating revenue	339,780,526	326,883,280
OPERATING EXPENSES		
Cost of power purchased	123,304,346	108,869,997
Power production expense	24,045,794	26,172,207
Maintenance of transmission plant	2,154,915	1,949,066
Operating expenses – distribution	9,879,317	7,602,302
Maintenance of distribution plant	18,712,710	15,167,699
Accounting and collection expenses	8,023,187	8,120,249
Other customer expenses	676,204	943,688
Administrative and general	34,778,754	26,974,621
Depreciation	46,155,663	52,471,905
Regulatory liability/asset expense, net	15,093,801	10,811,921
Taxes	6,561,427	16,926,482
Total operating expenses	289,386,118	276,010,137
ELECTRIC OPERATING MARGINS	50,394,408	50,873,143
INTEREST ON LONG-TERM DEBT	39,128,742	38,168,273
OPERATING MARGIN BEFORE CAPITAL CREDITS	11,265,666	12,704,870
CAPITAL CREDITS	4,994,474	3,922,810
OPERATING MARGINS	16,260,140	16,627,680
NON-OPERATING DEFICITS		
Interest revenue	256,009	132,335
Other expense	(726,336)	(439,856)
Total non-operating deficits	(470,327)	(307,521)
NET MARGINS	15,789,813	16,320,159
OTHER COMPREHENSIVE INCOME	5,478,611	1,834,318
COMPREHENSIVE INCOME	$ 21,268,424	$ 18,154,477

See accompanying notes.

CORE Electric Cooperative
Statements of Equities and Margins
Years Ended December 31, 2022 and 2021

	2022	2021
Memberships		
Balance at January 1,	$ 760,345	$ 743,595
Additions	4,080	16,750
Balance at December 31,	764,425	760,345
Patronage capital		
Balance at January 1,	338,535,493	331,793,039
Transfer of net margins	15,789,813	16,320,159
Retirement of capital credits, net	(3,332,208)	(9,577,705)
Balance at December 31,	350,993,098	338,535,493
Other equity		
Balance at January 1,	23,069,329	20,896,494
Additions	228,775	2,172,835
Balance at December 31,	23,298,104	23,069,329
Other comprehensive income (loss)		
Balance at January 1,	1,597,179	(6,814)
Unrealized loss due to pension settlement	-	(230,325)
Unrealized gain on pension benefits	3,010,328	1,891,057
Unrealized gain (loss) on post-retirement benefits	2,468,283	(56,739)
Balance at December 31,	7,075,790	1,597,179
Total equities and margins	$ 382,131,417	$ 363,962,346

See accompanying notes.

CORE Electric Cooperative
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	$ 15,789,813	$ 16,320,159
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation	46,155,663	52,471,905
Depreciation charged to clearing	879,850	779,181
Amortization of terminal facilities	293,348	293,348
Amortization of conversion option fee	785,262	809,349
Accretion of asset retirement obligation	381,775	368,149
Patronage capital credits assigned by associated organizations	(4,994,474)	(3,922,810)
Change in assets and liabilities		
Receivables, net	(2,895,969)	646,033
Unbilled revenue	(4,466,387)	(81,735)
Prepayments and other current assets	483,216	(299,810)
Other deferred debits	(777,011)	5,407,779
Accounts payable	(816,001)	(906,992)
Accrued expenses and taxes	643,142	2,802,599
Customer deposits	670,083	55,590
Other deferred liabilities	13,013,939	(5,142)
Pension benefits	2,096,328	1,423,232
Post-retirement settlements	-	(230,325)
Post-retirement benefits	366,365	115,559
Net cash provided by operating activities	67,608,942	76,046,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in utility plant, net	(50,924,229)	(70,291,257)
Increase in materials and supplies	(10,821,687)	(9,099,201)
Decrease in nonutility property	-	4,015
Capital credits redeemed	2,563,789	2,263,802
Net cash used in investing activities	(59,182,127)	(77,122,641)

See accompanying notes.

CORE Electric Cooperative
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal borrowings on long-term debt	$ 95,000,000	$ -
Payments on long-term debt	(30,385,249)	(34,414,662)
Line of credit borrowings	-	40,000,000
Line of credit repayments	(70,000,000)	-
Capital refunds to members	(3,332,208)	(7,778,368)
Customer advances for construction, net	(1,884,753)	881,762
Increase in other capital	232,855	390,248
Net cash used in financing activities	(10,369,355)	(921,020)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,942,540)	(1,997,592)
CASH AND CASH EQUIVALENTS – beginning of year	5,800,558	7,798,150
CASH AND CASH EQUIVALENTS – end of year	$ 3,858,018	$ 5,800,558
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 33,574,668	$ 38,378,866
Cash paid during the year for property taxes, net of refunds	$ 9,191,963	$ 14,114,419

See accompanying notes.

Note 1 – Nature of Organization and Operations

CORE Electric Cooperative ("the Cooperative" or "CORE") is a Colorado cooperative engaged in the generation, transmission and distribution of electric energy in a 5,000 square mile service territory which includes portions of eleven counties surrounding the Denver metropolitan area. CORE serves approximately 174,000 meters and related distribution assets and, by this measure, is the largest of the twenty-two electric distribution cooperatives in the state. The Cooperative also owns and operates 266 miles of energized transmission lines. The Cooperative's headquarters is located in Sedalia, Colorado.

CORE owns 25 1/3% of a supercritical, pulverized coal-fired generating plant, Comanche III, located in Pueblo, Colorado. The plant is operated by Public Service Company of Colorado (PSCo) which owns 66 2/3% of the unit. Holy Cross Energy owns the remaining 8%. Comanche III achieved commercial operation on July 6, 2010. The plant was designed to produce 750 megawatts (MW) and is rated at or above that level. The Cooperative pays its proportionate share of operating, maintenance and capital expenditures and is entitled to its ownership share of the plant's generation.

In addition, CORE purchases wholesale power under long-term agreements with PSCo and the Western Area Power Administration (WAPA). CORE also purchases all of the output of a 12.83 MW photovoltaic array, known as Victory Solar, and an 80 MW array, known as Pioneer Solar, located within its service territory.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to regulated enterprises, which conform to policies prescribed by the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts – Electric. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, *Regulated Operations*, the Cooperative records certain assets and liabilities in accordance with the economic effects of the rate making process.

Utility plant and depreciation – Utility plant assets are stated at cost (see Note 3). Cost includes contracted services, direct labor and materials, interest capitalized during construction on the generation assets, and indirect charges. Contributions in aid of construction are credited to the applicable plant accounts. The provision for depreciation is determined by the straight-line method over estimated useful asset lives (as specified by FERC for utility plant) ranging from four to thirty-six years.

A provision has been made for depreciation of the generation plant on a straight-line composite rate of 3.955%. A provision has been made for depreciation of transmission and distribution plant on a straight-line composite rate of 2.69%. General plant depreciation rates have been applied on a straight-line basis at rates which will depreciate the assets over their estimated useful lives.

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts. For utility plant, the actual or average cost of property replaced or renewed is removed from utility plant and such cost, together with costs of removal less salvage, is charged to accumulated depreciation.

Management assesses impairment and the existence of asset retirement obligations annually and as circumstances warrant.

Investments – Investments in associated organizations are carried at cost, plus capital credits allocated and not retired (see Note 4).

Cash and cash equivalents – The Cooperative considers short-term investments, except temporary investments, with original maturities of three months or less to be cash equivalents.

Receivables – Receivables are recorded when invoices are issued, and are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on historical losses, review of specific problem accounts, existing economic conditions, and the financial stability of customers. Generally, receivables are considered past due after 30 days.

Fair value of financial instruments – Financial instruments include cash and investments. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in such associated organizations.

The Cooperative has established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Materials and supplies – Materials and supplies consist primarily of items for construction and maintenance of the utility plant and are stated at average cost.

Deferred debits and liabilities – Deferred debits and liabilities consist of deferrals in accordance with generally accepted accounting principles, which include regulatory assets and liabilities. Due to regulation of its rates by its Board, the Cooperative is subject to regulatory accounting requirements. Accordingly, certain costs and income may be deferred as a regulatory asset or liability that would otherwise be charged to expenses or revenues. Regulatory assets and liabilities are recorded when it is probable that future rates will permit recovery (see Note 5 and Note 9).

Asset retirement obligations – Accounting standards require the recognition of an Asset Retirement Obligation (ARO), measured at estimated fair value, for legal obligations related to decommissioning and restoration costs associated with the retirement of tangible long-lived assets in the period in which the liability is incurred. The initial capitalized asset retirement costs are depreciated over the life of the related asset, with accretion of the ARO liability classified as an operating expense.

Income taxes – The Cooperative is exempt from federal income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code. The Cooperative files an exempt organization tax return in the U.S. federal jurisdiction. As of December 31, 2022 and 2021, the Cooperative had no uncertain tax positions, and no provision for income taxes, consistent with its tax-exempt status.

Patronage capital – Margins are assigned to individual Cooperative members' capital credit accounts based upon their share of energy usage for electric service provided by the Cooperative during the year. Amounts are assigned to members subsequent to year end. Non-operating margins are allocated to members at the discretion of the Board of Directors. Capital credits are returned to members in accordance with the Cooperative's bylaws, subject to the covenants contained in the long-term debt agreements.

Revenue recognition and unbilled revenue – Revenue is recognized when obligations under the terms of a contract with members are satisfied. Generally, this satisfaction of performance obligations and transfer of control occurs and revenues are recognized as electricity is delivered to members, including any services provided. The prices charged, and amount of consideration the Cooperative receives in exchange for its goods and services provided, are established and approved by the Cooperative's Board of Directors. The Cooperative recognizes revenue through the following steps: i) identifying the contract with the member; ii) identifying the performance obligations in the contract; iii) determining the transaction price; iv) allocating the transaction price to the performance obligations; and v) recognizing revenue when or as each performance obligation is satisfied. Revenue is recognized to period-end through an accrual of unbilled revenue.

Other comprehensive income (loss) – Accounting principles generally require that recognized revenue, expense, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses in pension and post-retirement benefits, are reported as a separate component of the equity section of the balance sheet, such items are components of comprehensive income.

Pension and other post-retirement benefits – The Cooperative has defined benefit pension plans (Plans) and a defined contribution 401(k) plan for employees meeting eligibility requirements. The Cooperative reports the current economic status (the overfunded or underfunded status) of the Plans in its balance sheet and measures the Plans assets and Plans obligations as of the balance sheet date based upon an actuarial analysis (see Note 8).

Accrued paid time off – The Cooperative accrues accumulated paid time off as the obligation is incurred. Accumulated paid time off is included in accrued expenses on the accompanying balance sheets.

Concentration of credit risk – Financial instruments that are exposed to concentrations of credit risk consist primarily of cash, including temporary investments and receivables.

Credit is extended to customers generally without collateral requirements; however, deposits are obtained from certain customers and formal shut-off procedures are in place.

Leases – Recently adopted accounting standards – As of January 1, 2022, the Company adopted Accounting Standards Codification (ASC) 842, Leases. The standard establishes a new accounting model for leases, which requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet but lease expense will be recognized on the income statement in a manner similar to previous requirements. The Company's has determined that no leases exist as of January 1, 2022, implementation date, and as of December 31, 2022. Therefore, adoption of this new standard did not have an impact on the Cooperative's financial statements and related disclosures.

Use of estimates – The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specific estimates include allowance for doubtful accounts, unbilled revenue, depreciation, asset retirement obligation, and pension and post-retirement benefit obligations. Actual results could differ from those estimates.

Subsequent events – Accounting standards require disclosure of the date through which subsequent events have been evaluated, as well as whether the date is the date the financial statements were issued or the date the financial statements were available to be issued. The Cooperative has evaluated subsequent events through April 27, 2023, the date the financial statements were available to be issued (see Note 12).

Note 3 – Utility Plant

Utility plant consists of the following as of December 31:

	2022	2021
Distribution plant	$ 912,592,681	$ 871,058,455
Generation plant	401,332,687	400,109,359
Transmission plant	96,921,344	96,176,340
General plant	89,137,820	100,704,136
Generation asset retirement obligation	7,050,448	7,050,448
Intangible plant	16,954	16,954
Plant in service	$ 1,507,051,934	$ 1,475,115,692
Construction work in progress – distribution and general	$ 69,140,268	$ 83,270,647
Construction work in progress – Comanche III generation	1,789,061	1,575,673
Construction work in progress	$ 70,929,329	$ 84,846,320

Note 4 – Investments and Other Assets

The Cooperative is a member of various cooperatives and associated organizations. Patronage capital from associated organizations is recorded at the stated amount of the certificates. Patronage capital will be returned to the Cooperative based upon the respective entities' bylaws subject to certain restrictions and the financial health of these cooperatives.

The Cooperative maintains its temporary cash investments and checking accounts in federally chartered depository financial institutions located in its service territory, the National Rural Utilities Cooperative Finance Corporation (CFC), and in CoBank, ACB (CoBank). The Federal Deposit Insurance Corporation (FDIC) insures cash deposits up to certain limits. The Cooperative maintains accounts at FDIC insured institutions and at times deposits may exceed insured amounts.

Investments and other assets consist of the following as of December 31:

	2022	2021
Investment in associated organizations, at cost	$ 33,906,422	$ 31,475,737
Nonutility property, net	232,384	232,384
Total	$ 34,138,806	$ 31,708,121

Investments in associated organizations, at cost at December 31 were as follows:

	2022	2021
CFC:		
Capital credits	$ 12,808,836	$ 12,499,350
Zero term certificates, maturing through 2043	4,076,308	4,076,308
Capital term certificates, 5.00% maturing through 2080	2,036,677	2,036,677
Loan term certificates, 3.00% maturing through 2030	863,700	863,700
Membership	1,000	1,000
CoBank:		
Capital credits	11,411,181	10,538,918
Membership	1,000	1,000
Other organizations	2,707,720	1,458,784
Total	$ 33,906,422	$ 31,475,737

Note 5 – Deferred Debits

A regulatory balancing account was authorized by the Cooperative’s Board of Directors to normalize the costs associated with periodic maintenance outages of Comanche III as well as any extraordinary maintenance or repair expenses and purchases of replacement power incurred as a result of unscheduled outages. The regulatory balance has been established under the provisions of FASB ASC 980. The outage costs are recorded as a regulatory asset or liability and will be recovered through consumer rates.

Terminal facilities represent the cost of substation high-side equipment that was transferred to PSCo during the years 2000 to 2008. The Cooperative is amortizing this deferral under the provisions of FASB ASC 980 over the expected life of this equipment. $293,347 was amortized for the years ended December 31, 2022 and 2021.

Deferred debits at December 31 were as follows:

	2022	2021
Regulatory asset - balancing account	$ 11,660,463	$ 10,821,319
Terminal facilities	5,260,701	5,554,049
Xcel Energy operating deposit	4,298,000	4,298,000
Retired employee life/long-term care insurance	213,281	236,753
Long-range study	134,676	172,175
Miscellaneous	93,720	94,882
Total	$ 21,660,841	$ 21,177,178

Note 6 – Long-Term Liabilities

Long-term debt is represented by mortgage notes payable to CFC and CoBank. Lien accommodations have been executed with CFC and CoBank. The agreements contain certain financial and non-financial covenants. Substantially all assets are pledged as security for long-term debt to CFC and CoBank. Following is a summary of outstanding long-term debt as of December 31:

	2022	2021
CFC		
2.76% to 6.85% notes, maturing 2051	$ 240,911,758	$ 180,684,085
2.45% variable notes, maturing 2042	-	47,881,441
CoBank		
2.39% to 6.54% distribution construction loans maturing through 2052	231,571,693	172,662,003
6.65% to 6.76% generation loans maturing through 2039	287,150,446	293,791,617
Subtotal	759,633,897	695,019,146
Less: current maturities	38,518,273	31,836,511
Less: conversion option fees	7,975,219	8,760,481
Total	$ 713,140,405	$ 654,422,154

Conversion option fees were incurred in connection with restructuring certain CFC notes in March 2016. In accordance with generally accepted accounting principles, these fees are recorded as contra-debt.

Maturities of long-term debt for the next five years ending December 31 and thereafter are as follows:

2023	$ 38,518,273
2024	37,297,135
2025	35,885,376
2026	35,969,933
2027	35,004,620
Thereafter	576,958,560
	$ 759,633,897

Note 7 – Lines of Credit

The Cooperative has four general lines of credit at variable interest rates, one with CoBank in the amount of $75,000,000, and three with CFC (a Guaranteed line of credit in the amount of $10,000,000, and two As Offered lines of credits in the amount of $20,000,000 each). The CoBank line has a maturity date of October 31, 2023. The CFC guaranteed line and one of the As-Offered lines are perpetual, unless terminated by either party. The other As-Offered line of credit matures August 22, 2023, with yearly renewals thereafter subject to Board of Directors approval, unless terminated by either party. As of December 31, 2022, no funds had been advanced on the CFC – Guaranteed line of credit, $11,000,000 had been advanced on the CFC – As-Offered lines of credit at an interest rate of 5.55%, and no funds had been advanced on the CoBank line of credit.

Note 8 – Other Long-Term Obligations

At December 31, other long-term obligations were as follows:

	2022	2021
Pension plan obligations	$ 3,038,525	$ 3,952,525
Post-retirement benefit obligations	5,069,681	7,171,599
Asset retirement obligations	10,696,261	10,314,486
Total	$ 18,804,467	$ 21,438,610

The Cooperative has two active and one frozen noncontributory defined benefit pension plans that, in total, cover substantially all employees. The plans provide defined benefits based on years of service and compensation rates near retirement.

The Cooperative has a post-retirement plan for employees, which provides health insurance and long-term care insurance after retirement. The health care plan is contributory with participants' contributions adjusted annually. The long-term care plan is purchased at retirement and participants make yearly contributions toward the cost. The Cooperative will pay up to one-half of the retiree and dependent premiums for any retiree based on the following formula:

Ten percent vesting per year beginning at age 55, times the number of service years, times .01677.

FASB ASC 715 requires recognition of the funded status of post-retirement benefits on the balance sheet, on a prospective basis. The change in the liability for post-retirement benefits is recorded as an adjustment to comprehensive income (loss).

The following disclosure reflects the obligation and funded status as of December 31:

Obligation and funded status

	Pension Benefits		Post-Retirement Benefit Obligations	
	2022	2021	2022	2021
Actuarial present value of benefit obligations				
Accumulated benefit obligation	$ 15,590,775	$ 18,572,265	$ 5,069,681	$ 7,171,599
Change in benefit obligation				
Benefit obligation at beginning of year	$ 23,370,355	$ 25,401,909	$ 7,171,599	$ 6,999,301
Service cost	4,747,908	1,463,250	466,478	421,691
Interest cost	710,694	695,450	220,701	201,955
Retiree contributions received	-	-	222,719	270,151
Assumption changes	-	-	(1,899,460)	(97,206)
Settlement loss	-	249,509	-	-
Actuarial loss (gain)	(9,963,502)	(2,015,697)	(814,613)	(133,115)
Benefits paid	(637,754)	(2,424,066)	(297,743)	(491,178)
Benefit obligation at end of year	$ 18,227,701	$ 23,370,355	$ 5,069,681	$ 7,171,599
Change in plan assets				
Fair value of plan assets at beginning of year	$ 19,417,830	$ 20,981,559	$ -	$ -
Actual return on plan assets	(5,790,250)	860,337	-	-
Employer contributions	2,199,350	-	75,024	221,027
Plan participants' contributions	-	-	222,719	270,151
Benefits and expenses paid	(637,754)	(2,424,066)	(297,743)	(491,178)
Fair value of plan assets at end of year	$ 15,189,176	$ 19,417,830	$ -	$ -
Reconciliation of funded status				
Funded status (underfunded)	$ (3,038,525)	$ (3,952,525)	$ (5,069,681)	$ (7,171,599)
Components of net periodic benefit cost				
Service cost	$ 4,747,908	$ 1,463,250	$ 466,478	$ 421,691
Interest cost	710,694	695,450	220,701	201,955
Expected return on plan assets	(1,162,924)	(1,239,820)	-	-
Effect of settlement	-	21,330	-	-
Amortization of net loss (gain)	-	45,849	(245,790)	(287,060)
Net periodic benefit cost	$ 4,295,678	$ 986,059	$ 441,389	$ 336,586

	Pension Benefits 2022	Pension Benefits 2021	Post-Retirement Benefit Obligations 2022	Post-Retirement Benefit Obligations 2021
Amounts recognized in accumulated other comprehensive (income) loss				
Net actuarial (gain) loss	$ (3,010,328)	$ (1,636,213)	$ (2,714,073)	$ (230,321)
Unrecognized loss from settlement	-	21,330	-	-
Amortization of net (loss) gain	-	(45,849)	245,790	287,060
Total recognized in other comprehensive (income) loss	$ (3,010,328)	$ (1,660,732)	$ (2,468,283)	$ 56,739

	Pension Benefits 2022	Pension Benefits 2021	Post-Retirement Benefit Obligations 2022	Post-Retirement Benefit Obligations 2021
Weighted average assumptions used to determine net periodic benefit				
Discount rate	3.11%	2.88%	5.66%	3.17%
Expected return on plan assets	6.00%	6.00%	N/A	N/A
Rate of compensation increase	3.75%	3.75%	N/A	N/A
Weighted average assumptions used to determine benefit obligations				
Discount rate	5.66%	3.11%	3.17%	2.97%
Expected return on plan assets	N/A	N/A	N/A	N/A
Rate of compensation increase	3.75%	3.75%	N/A	N/A

For measurement purposes, a 7.5% annual rate of increase, declining to a 5.0% ultimate trend rate of increase in the cost per capita of covered health care benefits was assumed.

The Cooperative has one fully insured pension fund which was frozen in May 2022. Total pension costs for this plan for the years ended December 31, 2022 and 2021 amounted to $0 and $3,847,226, respectively.

The Cooperative adopted a variable defined benefit plan in 2022. Pension costs for this plan for the years ended December 31, 2022 and 2021 amounted to $3,289,235 and $0, respectively.

The Cooperative has a 401(k) savings plan for employees. Employer contributions for the years ended December 31, 2022 and 2021 amounted to $986,220 and $877,227, respectively.

Plan assets – Weighted average asset allocations, by asset category:

	Pension Benefits		Post-Retirement Benefit Obligations	
	2022	2021	2022	2021
Mutual funds	25%	26%	N/A [1]	N/A [1]
Collective investment trusts	70%	69%	N/A [1]	N/A [1]
Money market deposit account	5%	5%	N/A [1]	N/A [1]
Total	100%	100%	N/A [1]	N/A [1]

[1] There were no post-retirement benefit obligation plan assets as of December 31, 2022 and 2021.

Estimated future benefit payments – The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Pension Benefits	Post-Retirement Benefit Obligations
2023	$ 585,620	$ 303,079
2024	322,213	295,643
2025	687,992	332,206
2026	2,160,075	333,676
2027	3,181,025	327,986
Years 2028–2032	14,701,236	2,080,236

Asset retirement obligations – During 2010, construction was completed on the Comanche III generating facility. As of the date of completion, the Cooperative became legally obligated to share in the costs to dismantle and remove Comanche III at the termination of its then estimated useful life of sixty years. Accordingly, a liability was established equal to the present value of the Cooperative's obligation, and the carrying amount of Comanche III was increased by the same amount. This liability has increased by applying the interest method of accretion to the liability and the capitalized costs have been depreciated over the useful life of Comanche III. Effective April 2018, the Cooperative revised its estimate of the useful life of Comanche III to thirty years. The facility will be substantially depreciated by the year 2040.

The following is a reconciliation of the aggregate retirement liability associated with the Cooperative's obligation to dismantle and remove Comanche III:

BALANCE, December 31, 2020	$	9,946,337
Estimated useful life adjustment		
Increase in the present value of the obligation (accretion)		368,149
BALANCE, December 31, 2021		10,314,486
Increase in the present value of the obligation (accretion)		381,775
BALANCE, December 31, 2022	$	10,696,261

Note 9 – Deferred Credits

At December 31, deferred credits were as follows:

	2022		2021	
Customers' advances for construction	$	6,656,349	$	8,541,102
Customers' energy prepayments		-		1,938,160
Unamortized joint use income		171,851		219,752
Regulatory liability		15,000,000		-
Total	$	21,828,200	$	10,699,014

During the year ended December 31, 2022, the Cooperative adopted a Deferred Revenue plan in accordance with *Accounting Standards Codification 980, Regulated Operations*. This plan was designed to help offset the potential increase of power cost in future years. The net revenue deferral recognized in 2022 was $15,000,000. The balance of this deferred revenue as of December 31, 2022 is $15,000,000 and will be recognized over the years 2023-2027. There was no deferred balance as of December 31, 2021.

Note 10 – Commitments and Contingencies

Comanche III

The Cooperative is a joint owner with PSCo and Holy Cross Energy in Comanche III. Ownership percentages are 25 1/3%, 66 2/3%, and 8% respectively. The Cooperative is obligated to fund its percentage ownership share of the operating, maintenance and capital costs of the plant and is entitled to that share of the plant's generation.

On September 7, 2021, the Cooperative commenced litigation in the District Court of Denver, Colorado in a dispute with PSCo concerning its failure in the operation and maintenance of Comanche III. The lawsuit alleges that PSCo breached its contractual obligations related to the operations and maintenance of Comanche III. As potential recovery cannot be estimated, no amounts related to this claim have been included within the financial statements as of December 31, 2022 and 2021.

PSCo Wholesale Power Agreement

The Cooperative purchases wholesale power under long-term agreements with PSCo and WAPA. The PSCo agreement expires on December 31, 2025. The Cooperative also is obligated to purchase all of the energy generated by Victory Solar until the contract ends in 2041.

Solar Projects

In June 2018, the Cooperative entered into an agreement to purchase all of the energy generated from an 80 MW AC project known as Pioneer Solar. The commercial operation date (COD) was June 9, 2021. The term of the agreement is 10 years from the COD with up to three additional five-year extensions.

In May 2019, the Cooperative entered into an agreement to purchase 45 MW of output from a 75 MW photovoltaic project known as Hunter Solar. The agreement was subsequently amended to extend its initial term to 25 years and its expected commercial operation date to 2023.

In December 2022, the Cooperative entered into an agreement to purchase 200 MW of output from a 200 MW photovoltaic project and 100% of the battery capacity from a 100 MW collocated battery energy storage system. The agreement term is 20 years and currently has an expected commercial operation date of 2026. Once the Cooperative gains control of the asset near the commercial operation date in 2026, certain components of the agreement will be accounted for as a lease consistent with *Accounting Standards Codification 842, Leases*.

Wind Energy Agreement

In December 2022, the Cooperative entered into an agreement to purchase 100% of the output from a 200 MW wind facility. The agreement term is 20 years currently has an expected commercial operation date of 2026. Once the Cooperative gains control of the asset near the commercial operation date in 2026, certain components of the agreement will be accounted for as a lease consistent with *Accounting Standards Codification 842, Leases*.

Natural Gas Energy and Capacity Agreement

In December 2022, the Cooperative entered into an agreement to purchase 100% of the output from two combustion turbines with a total nameplate capacity of 312 MW. The agreement term is 20 years and currently has an expected commercial operation date of 2027. Once the Cooperative gains control of the asset near the commercial operation date in 2027, certain components of the agreement will be accounted for as a lease consistent with *Accounting Standards Codification 842, Leases*.

General Litigation

In the normal course of business, the Cooperative is a party to claims and matters of litigation. The ultimate outcome of these matters cannot precisely be determined, however, in the opinion of management of the Cooperative, the resolution of these matters will not have material adverse effect on the Cooperative’s financial position, results of operations, or liquidity.

Note 11 – Revenue Recognition

The following table presents the Cooperative’s revenue, disaggregated by member type for the years ended December 31:

	2022	2021
Residential	$ 240,118,032	$ 226,490,058
Commercial and industrial	103,831,951	94,982,614
Public street and highway lighting	2,157,365	2,373,158
Irrigation	1,029,426	888,369
Other revenue	7,643,752	2,149,081
Deferred revenue plan - regulatory liability	(15,000,000)	-
Total	$ 339,780,526	$ 326,883,280

Electric energy revenues – The Cooperative’s primary revenue source is generated through the sale of electricity to members located within its service territory. Retail members are classified as residential, commercial, industrial, or public street and highway lighting. Residential members include single family housing, multiple family housing (such as apartments, duplexes, and town homes), manufactured homes and general service. Residential demand is sensitive to the effects of weather, with demand highest during the summer cooling season. Commercial and industrial members consist of non-residential members who accept energy deliveries at voltages generally in excess to those delivered to residential members. Commercial members include most businesses and other large power users. Public street and highway lighting accounts are billed per wattage of light. Demand from commercial and industrial members is primarily driven by economic conditions, with weather having little impact on energy use by this member class. Revenue is recognized to period-end through an accrual of unbilled revenue.

The Cooperative’s retail member prices are based on the Cooperative’s cost of service and are approved by the Cooperative’s Board of Directors. The Cooperative’s obligation to sell electricity to retail members generally represents a single performance obligation representing a series of distinct goods that are substantially the same and have the same pattern of transfer to the member that is satisfied over time as members simultaneously receive and consume the benefits provided. The Cooperative applies the invoice method to measure its progress towards satisfactorily completing its performance obligations to transfer each distinct delivery of electricity in the series to the member.

Miscellaneous electric revenues – Other operating revenues consist primarily of miscellaneous service revenues and other electric services provided to members.

Note 12 – Subsequent Events

Long Term Debt
Subsequent to year end, the Cooperative secured a $75 million, 30-year loan at 5.56% fixed for 2 years.

Regulatory Liabilities
Subsequent to year end, the Cooperative segregated and restricted $15,000,000 of investments for the deferred revenue plan – regulatory liability discussed in Note 9 – Deferred credits.

Natural Gas Energy Agreement
Subsequent to year end, the Cooperative entered into an agreement to purchase 100% of the output from a 118 MW combined cycle power facility. The agreement is for a term of 20 years and has a commercial operation date of 2026. Once the Cooperative gains control of the asset near the commercial operation date in 2026, certain components of the agreement will be accounted for as a lease consistent with *Accounting Standards Codification 842, Leases*.