

Building Our Future, Inspired by Our Past

2022 Year In Review

Message from the Board President

In 2022, your elected Board of Directors continued to guide CORE's leadership in building the electric cooperative of the future. We made several critical decisions as a board, including:

- Approval of the return of \$2.5 million in capital credits to members. In the last decade, CORE has returned more than \$120 million in capital credits and will continue to do so when the cooperative's financial position allows.
- Enacting changes to the cooperative's rates and regulations to respond to operating costs and the extended outage of the Comanche Unit 3 coal-fired power plant. Base rates for electric service increased by an average of 6%, but we avoided the larger increases imposed by many other Colorado utilities. The Board worked closely with leadership to streamline operations and cut costs to minimize the impact on your rates.
- Oversight of the legal dispute with Xcel Energy regarding its mismanagement of Comanche Unit 3.
- Giving to and partnering with local nonprofits and other community organizations. Over \$500,000 goes into our communities annually through board-recommended and approved causes.
- Last, but certainly not least, the approval of a landmark wholesale power provider agreement with Invenergy. This partnership was the most responsible solution to meet our members' energy needs and the State of Colorado's carbon emission goals.

On behalf of my fellow directors, we appreciate your support and value you as members of our cooperative.



Timothy White
Board President

Message from the CEO

2022 was a pivotal year for CORE, with major new initiatives to launch CORE's future as a premier energy provider. Our foundation was solid from 84 years of sound leadership and the tireless work of our exceptional employees. But the electric industry is on the threshold of transformation, and it was time to construct innovative ways of serving our members.

New power supply agreements with Inverenergy are the cornerstone for CORE's future as the cleanest, most reliable, most affordable electric company in Colorado, and signal our transformation into a fully independent electric utility with control of our power supply future. With this partnership, CORE will exceed Colorado's objective of reducing carbon emissions by 80 percent by 2030, create more flexibility to implement additional battery storage and other technologies, and stabilize CORE's costs to keep members' rates low.

In 2022 we launched a multi-year project to bring CORE's numerous complex systems into an Advanced Distribution Management System, or ADMS. The system will improve reliability and support the evolving energy needs of our members.

CORE saw continued extraordinary growth in 2022 and, with it, the need to bolster our systems to meet new member demand. Numerous improvement projects were started, continued or completed in 2022. We also began building new digital tools that give our members greater control over energy usage and payments.

2022 is just the start. We will continue building a cooperative that connects our lives and communities through choice and innovation. We thank you for your membership and look forward to serving you in 2023 and beyond.



Jeff Baudier
Chief Executive Officer

Message from the CFO

The cooperative recorded a net margin of \$15.8 million in 2022, as compared to a \$16.3 million margin in 2021. Operating revenue increased 4% while power costs increased 9%, and operating and maintenance expenses were up 22% in 2022.

The cooperative recognized a combined \$15.1 million in 2022 for the remaining costs associated with the full-year 2020 Comanche Unit 3 outage, as well as costs associated with a significant unplanned outage in early 2022. Referred to as “regulatory balancing,” this accounting treatment allows the cooperative to record outage expenses over a three-year period and minimize the extraordinary effect of outages in a single year, lessening the impact to our members.

Depreciation and taxes were lower in 2022 by \$16.7 million. Net utility plant assets grew by 0.4%. In 2021 the cooperative recorded accelerated depreciation on several asset classes, while in 2022 the cooperative received a favorable reduction in property taxes. The cooperative saw growth in its customer base with the addition of 4,552 active services in 2022.

Interest expense on long-term borrowings increased by 2.52% from the prior year. The cooperative’s unadjusted debt service coverage metric improved, primarily due to increased revenues in 2022. The equity-to-assets ratio increased from 29.64% to 30.56%. The ratio of debt to earnings before interest, taxes and depreciation (EBITDA) increased to 7.7 to 1 from 7.3 to 1 in 2021.



Dede Jones

Chief Financial Officer

Statement of Operations

For the Year Ended December 31 (Audited)

	2022	2021
Total Operating Revenue	\$ 339,780,526	\$ 326,883,280
Power Costs - Purchase and Production	147,350,140	135,042,204
Operating and Maintenance Expense	74,225,087	60,757,625
Depreciation and Tax Expense	52,717,090	69,398,387
Regulatory Liability/Asset Expense	15,093,801	10,811,921
Total Operating Expenses	289,386,118	276,010,137
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 Margin	\$ 16,260,140	\$ 16,627,680
Other Non-Operating Interest and Dividends	(470,327)	(307,521)
Net Margin	\$ 15,789,813	\$ 16,320,159

Balance Sheet

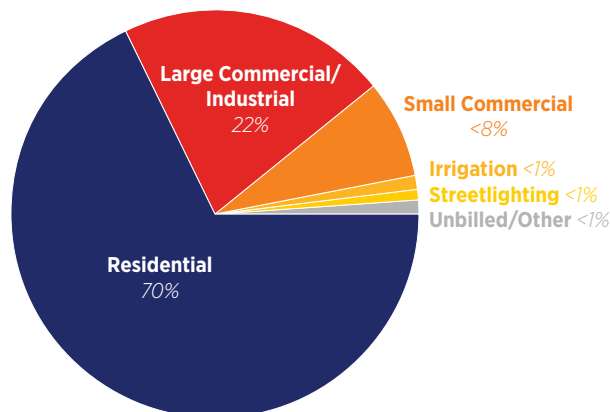
For the Year Ended December 31 (Audited)

	2022	2021
Assets		
Utility Plant	\$ 1,113,825,978	\$ 1,109,937,262
Other Property and Investments	34,138,806	31,708,121
Current Assets	80,984,843	65,226,556
Deferred Assets	21,660,841	21,177,178
Total Assets	\$ 1,250,610,468	\$ 1,228,049,117
Liabilities and Equity		
Memberships and Patronage Capital	\$ 351,757,523	\$ 339,295,838
Margins and Other Equity	30,373,894	24,666,508
Total Equity	382,131,417	363,962,346
Long-term Debt	713,140,405	654,422,154
Other Non-Current Liabilities	18,804,467	21,438,610
Total Current, Accrued and Deferred Liabilities	136,534,179	188,226,007
Total Liabilities and Equity	\$ 1,250,610,468	\$ 1,228,049,117

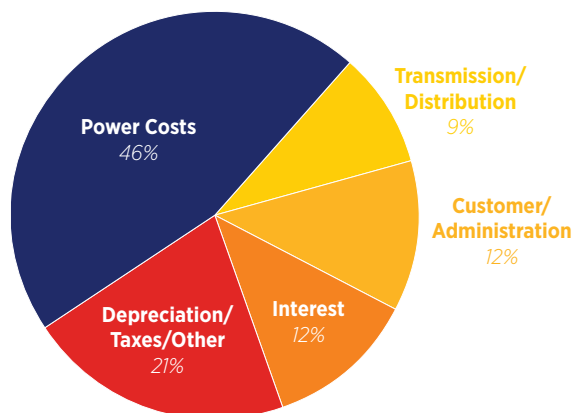
Operating Statistics

	2022	2021
Active Services	174,006	169,454
kWh Generated, net	923,018,745	1,227,328,214
kWh Purchased	1,794,264,182	1,441,635,322
kWh Sold	2,597,515,834	2,566,126,566
Unadjusted Debt Service Coverage Ratio	1.60 to 1	1.54 to 1
Equity as a % of Total Assets	30.56%	29.64%
Debt to EBITDA *	7.7 to 1	7.3 to 1
* Earnings before Interest, Taxes, Depreciation and Amortization		
Number of Employees	271	258
Number of Consumers per Employee	642	657

2022 Sources of Revenue



2022 Expenses by Type

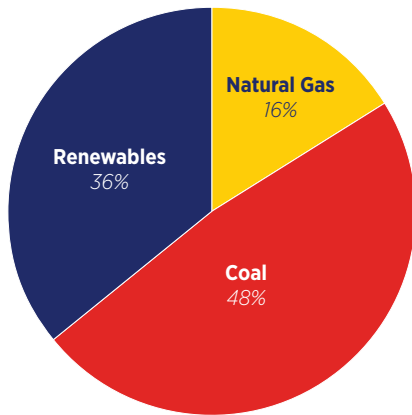


The New Energy Foundation

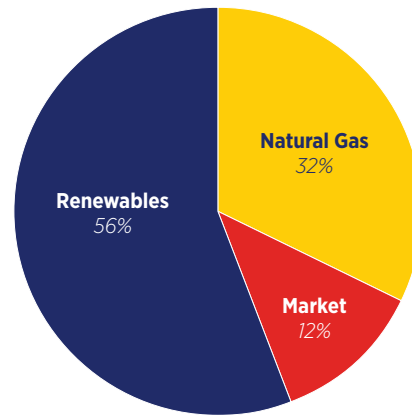
Power Supply

CORE's partnership with Invenergy will provide us more than 1.2 terawatt-hours of renewable energy per year, which includes approximately 400 megawatts (MW) of new solar and wind energy projects and 100 MW of battery storage, backed up by more than 300 MW of existing reliable natural gas resources starting in 2026. Combined with CORE's existing generating assets, these new agreements will supply the bulk of CORE's wholesale energy needs.

2022 Power Supply by Source



2028 Resources Outlook



Comanche Unit 3 Lawsuit

In 2022 we took steps to withdraw from Comanche Unit 3 power plant ownership and demanded that Xcel Energy, purchase back CORE's 25% ownership interest in the plant under our contractual arrangements. Despite every effort by CORE to be heard, Xcel has ignored our rights and driven Comanche Unit 3 to dysfunction through mismanagement and incompetence. As Xcel's mismanagement of the facility continues, we took this step to protect members' interests.

Comanche Unit 3 went online in 2010, but will likely be retired by 2031, nearly 40 years short of its expected production life. Even against peer facilities that, on average, are nearly 30 years older, Comanche Unit 3 has significantly underperformed in the key metrics of net output factor, which is the percent of net energy produced versus maximum capability; availability factor, which represents the amount of time the unit is available to generate power; and forced outage rate, which is the amount of time the facility is forced offline for unplanned event.

The Future Grid

Reliability

CORE continues to complete a robust, yearly system maintenance program. In 2022, vegetation was cleared for more than 900 miles of line, and 25,000-plus poles were inspected, with more than 3,000 repairs.

Per the U.S. Energy Information Administration, the five-year national average of electric service interruptions that the average customer experiences in a year, excluding extreme events, has been about 120 minutes. This industry reliability measure is known as the System Average Interruption Duration Index (SAIDI).

CORE continues to outperform the industry. For 2022, CORE’s reliability remains strong with a SAIDI of 92 minutes.

Another way to measure reliability is to determine the percent of time electric service was available for all hours in the year. CORE’s system was available 99.98% of all hours in 2022.

92 minutes

System Average Interruption Duration Index (SAIDI), or average outage duration for each customer served, in minutes over the year

99.98%

Average Service Availability Index (ASAI), or percent of time service was available over the 8,760 hours in 2022

System Improvements

CORE invests in our system to accommodate growth, improve reliability and mitigate fires. A few major projects completed in 2022 include:

- Upgrades to 8.7 miles of 115kV transmission line between Parker and Elizabeth
- Upgrades to 6.6 miles of overhead lines in Palmer Lake
- Upgrades to 4.5 miles of overhead line near Eleven Mile Reservoir
- Upgrades to 4.7 miles of line along the South Platte River near Foxton
- Upgrades to 3 miles of line along E 88th Avenue, south of Bennett
- A new Franktown substation and distribution feeders to support continued growth on the east side of Castle Rock and south side of Parker
- A major overhaul of the Elizabeth substation to support growth and improve reliability

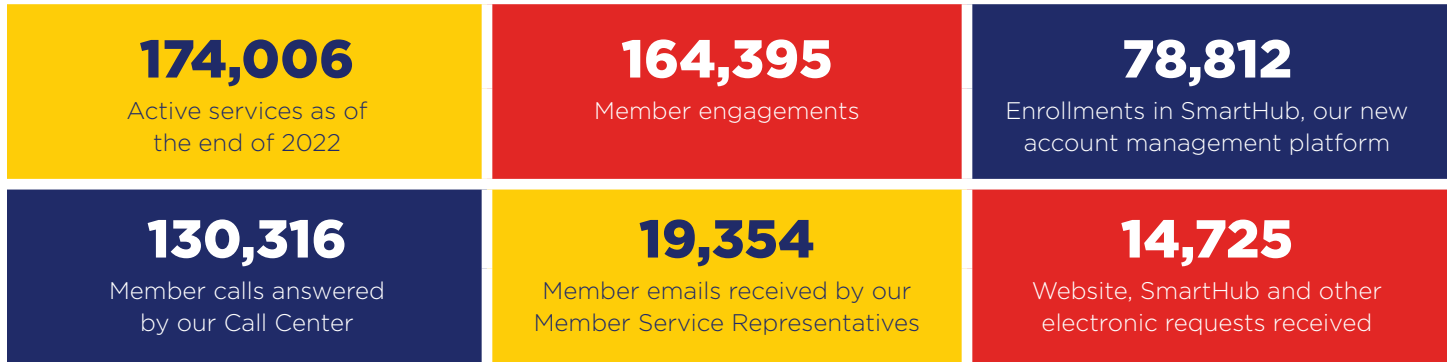
Advanced Distribution Management System

Dozens of platforms and systems combine to power CORE’s grid. In 2022, we launched a multi-year plan to bring them all together in an Advanced Distribution Management System, or ADMS. ADMS is a software platform that integrates systems to enable modeling, monitoring and control of the distribution system in real-time and optimize grid performance. The system will support automated processes for fault location, isolation and restoration, conservation through voltage reduction, peak demand management and support for microgrids and electric vehicles. This is a major undertaking that will make our grid more resilient and ready for the demands of the future.

Upgraded Member Experience

Member Services

We upgraded the technology that supports our member experience with the launch of the SmartHub account management platform, which includes a mobile app and gives members more insight into their energy usage.



Capital Credits

In 2022, we returned \$2.5 million in capital credits to members. In the last decade, CORE has returned more than \$120 million in capital credits and will continue to do so when the cooperative's financial position allows.

Rate Redesign

We adopted a rate redesign that more fairly and accurately charges for the cost of delivering reliable electricity. CORE's average 6% increase was well below inflation and avoided significant increases imposed by most other utilities in Colorado. The Board worked closely with leadership to streamline operations, manage capital projects and cut costs to minimize the impact on your rates. Also, CORE will avoid a rate increase in 2023.

Community Support

Giving and Volunteering

As a cooperative, one of CORE's principles is to be a true partner to the communities we serve. CORE gives to and supports hundreds of local nonprofits and other community organizations.

Our volunteer program allows CORE employees to spend a workday volunteering at a local nonprofit or charity and supports activities that enhance and serve the communities in which we live and work.

Our leadership and board are involved throughout the service area, sitting on boards and participating in organizations that support local communities.

Some of the organizations to which CORE gives:

- Parks and recreation
- Music, arts and culture
- Food and shelter groups
- Health and wellness organizations and programs
- Military and first responders
- Programs that support seniors
- Students pursuing higher education
- Other education and youth causes
- Business, commerce and economic development



The Co-op Difference

We are Coloradans serving Coloradans, and partners to our communities.

CORE is owned by our members. Each has a say in how we operate and who sits on our board. No other business model offers such a direct relationship between the utility and the people it serves.

CORE does not operate for profit. Our margins are invested back into the distribution system and returned as capital credits to members whenever possible.



Local



Member-Owned



Not-for-Profit

Board of Directors



Mike Kempe
District 1



Ron Kilgore
District 2



Mike Sperry
District 3



Tim White
District 4



Bruff Shea
District 5



Robert Graf
District 6



James Anest
District 7

Executive Leadership



Jeff Baudier
Chief Executive Officer



Pam Feuerstein
Chief Operating Officer



Dede Jones
Chief Financial Officer



Kathleen Solano
Chief Administrative Officer



Mandi Leshar
Chief Member Experience Officer