

THE OUTLET

The Official Member Newsletter of CORE Electric Cooperative

September 2023

DIRECTOR NEWSLETTER

Dear member:

Last month, CORE celebrated 85 years of serving Colorado's Front Range. Starting with 23 members in 1938 and growing to nearly 180,000 today, our cooperative has remained committed to providing members with reliable electricity at affordable rates.

Part of that commitment is the return of profits in the form of capital credits. This is part of what makes the co-op model the best for managing the electric utility industry. We are a not-for-profit organization, but our loan agreements require us to make a positive margin. Instead of returning that to shareholders, we return it to you, the members. Thus, CORE is always motivated to do what is best for you, the member-owners.

We have issued capital credits nearly every year since 1965, and in the past 10 years, returned a combined \$120 million directly to members. I am happy to report that the board recently approved the return of \$5 million in capital credits this year. If you are eligible for a return, your capital credit will appear as a line-item credit on your September bill, unless you have opted out of the bill credit, are on Budget Billing, maintain multiple active accounts, or no longer have an active CORE account. In those cases, a check will be mailed to you.

The electric industry has been in a massive state of rapid change over the last 20 years. This has included advanced computer monitoring and control capabilities, and very significant drops in the costs for wind and solar energy. In Colorado,



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the cost of energy from utility scale wind and solar plants is less than just the fuel costs of natural gas. Because of this, electric utilities are installing wind and solar at record rates, with only a relatively small amount (~21%) of new natural gas to back it up. This puts the industry in the midst of its most transformative changes to date. CORE is ready to take on the opportunities and challenges those changes present. As a scientist researching solar energy, I am here helping that transition happen smoothly with the help of excellent staff members at CORE.

In 2026, our all-power requirements contract with Xcel Energy for wholesale power will end. New power supply agreements with Invenergy and other partners will be the cornerstones of our cooperative's future as the cleanest, most reliable, most affordable electric company in Colorado. This begins our transformation into a fully independent utility with control of our power supply future. This allows us to negotiate directly with any power supplier to get the best prices possible. Because wind and solar are the lowest-priced options out there, we are negotiating power purchase agreements that will exceed Colorado's objective of reducing carbon emissions by 80% by 2030. This also creates more flexibility to implement battery storage in ways not viable under our current contract with Xcel Energy. Additionally, these technologies are not subject to fuel price fluctuations, which will stabilize CORE's costs to keep members' rates low. We are pursuing this not just because it good for our future, but because it is the most economical path forward.

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CORE's commitment to staying up to date on technology has enabled us to launch a multiyear project to combine our many complex systems into an advanced distribution management system, or ADMS. This ADMS will allow modeling, monitoring and control of the distribution system in real-time, and optimize grid performance. It also will improve reliability and support the evolving energy needs of our members providing better outage management and fire mitigation strategies.

New programs have been created to better serve our members. We have introduced new digital tools that give our members greater control over energy usage and payments, such as Advance Pay and Pay by Cash, and streamlined processes such as the interconnection of members' rooftop solar to our system. COREV, our residential electric vehicle program, recently launched and will support members interested in electric transportation options.

During almost all of 2020 and about half of 2022, the Comanche Unit 3 coal plant operated by Xcel Energy was down for repairs. Investigations of the causes revealed gross mismanagement and breach of our contract with Xcel with respect to our partial ownership of the plant. Xcel has managed the plant such that very significant – and

sometimes uneconomically repairable – damage has occurred. Because of this, we are engaged in a lawsuit with Xcel for breach of contract with respect to their operation and management of the plant. This is a very large and ongoing lawsuit, and because of confidentiality concerns, I prefer not to go into detail here, but all the public information can be found on our website at www.CORE.coop > News and Resources > Xcel Dispute. We are pursuing every means to remedy the situation and ultimately demand that Xcel buy us out of the project. Our case is very strong and we anticipate that we will prevail. This will likely be a long process, but we will continue the fight to preserve the interests of you, the co-op members.

On the financial side, our cooperative continues to keep rates affordable even as other electric utilities introduce multiple significant rate increases. CORE had no general rate increase in 2023, while many Colorado utilities – including some that operate for profit and are investor-owned – pushed onto their customers rate hikes in the double digits.

Our cooperative also pursues options that will allow us to maintain a tight but safe margin between revenue and costs. Fitch Ratings, a leading provider of credit ratings, recently assigned CORE a first-time long-term issuer default rating (IDR) of “AA-,” with a “stable” outlook. “AA-” is in the highest public rating tier achieved for electric distribution cooperatives assigned by Fitch Ratings. Fitch's “AA-” rating recognizes CORE's solid financial position and disciplined approach to operations. This excellent credit rating allows CORE to secure the most competitive interest rates from lenders, benefiting members by keeping our costs – and therefore, member rates – as low as possible.

Annual meeting set for April 20

The annual meeting of the membership of CORE Electric Cooperative will be held at 10 a.m. Saturday, April 20, 2024, at CORE headquarters, 5496 N. U.S. Highway 85, Sedalia, CO 80135. The meeting will include:

1. The presentation of reports covering the previous fiscal year.
2. All other business that may properly come before the meeting.

Please note: Registration is from 9 to 10 a.m. the day of the meeting.

We will continue to build a cooperative that connects our lives and communities through choice and innovation. Thank you for your membership, and please visit www.CORE.coop for the latest CORE news or to contact us.