

Steady in the Storm

2023 Annual Report



Introduction

As Coloradans, we are all too familiar with storms. Physical storms can endanger us and our loved ones, and wreak havoc on our homes and belongings. Figurative storms can leave us doubting ourselves and uncertain of the future. Storms seem more frequent these days; during these uncertain times, we look for steadiness — things upon which we can rely, and that remind us everything will be OK.

As your electric cooperative, CORE works to be a rock during these times — a partner and service that stays steady even during the worst of storms. CORE also knows that, despite the challenges they bring, storms are often opportunities — opportunities to self-evaluate; to take stock of what matters most; to look forward.

Please join CORE's leadership in looking back at the many successes of 2023 — all of which were accomplished amid storms both physical and figurative — and how they will shape our electric cooperative's very bright future.

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Message from the Board President



Timothy White
Board President

In 2023, your elected Board of Directors continued to guide CORE's leadership in building the electric cooperative of the future.

As President of CORE's Board of Directors for more than 30 years, I have witnessed firsthand the storms — literal and figurative — that have come CORE's way. And yet, over those 30 years — as well as the 50-plus years before that — our cooperative has always emerged from storms more resilient and ready for the future. 2023 was no different; the energy industry — and the world — seems uncertain, and what lies ahead is not always clear. But just as CORE has done for 85 years, we met challenges head-on, remained “steady in the storm” and accomplished much this past year, including:

- Our 85th anniversary as a member-owned, not-for-profit electric cooperative
- An “AA-” long-term issuer default rating from Fitch Ratings
- The launch of both the residential and public components of COREV, our program for EV owners
- A favorable outcome in our lawsuit against Xcel Energy regarding the mismanagement of the Comanche Unit 3 coal-fired power plant
- Advancement of our verified sites program to attract large energy consumers to our service area
- Groundbreaking on a new CORE district office building in Pine Junction (to replace our Conifer location) and a remodel of our district office in Woodland Park
- Additions to our nationally recognized wildfire mitigation program
- A special achievement recognition in geographic information systems (GIS) from Esri, the global leader in location intelligence

You can learn more about these and CORE's many other significant 2023 accomplishments in this report, courtesy of CORE's very capable executive officers.

On behalf of your elected Board of Directors, thank you for being a member and trusting CORE to provide you The Energy to Thrive!

Message from the Interim Chief Executive Officer



Pam Feuerstein
Interim Chief Executive Officer

Eighty-five years ago, a small group of Coloradans had the bold idea to bring electricity to this part of the Rocky Mountains. They weathered the storms because they saw beyond them. Their vision of a member-owned electric cooperative has endured since, and is now the premier electric utility in Colorado.

Like our founders, CORE Electric Cooperative's employees stand steady in the storm – ready to deliver The Energy to Thrive to our nearly 180,000 meters across 5,000 square miles of service area.

We continue to embody their bold spirit by leading our members through the next transformation of the energy landscape. Our challenge is significant: To be responsible stewards of the environment and deliver exceptional value to members as an innovative energy provider and trusted adviser.

We will work to secure cleaner and more agile energy resources to support members' needs now and in the future, and stay true to our mission of connecting lives and communities through choice and innovation.

Bring on another 85 years of storms. CORE is steady and ready.

Message from the Interim Chief Operating Officer



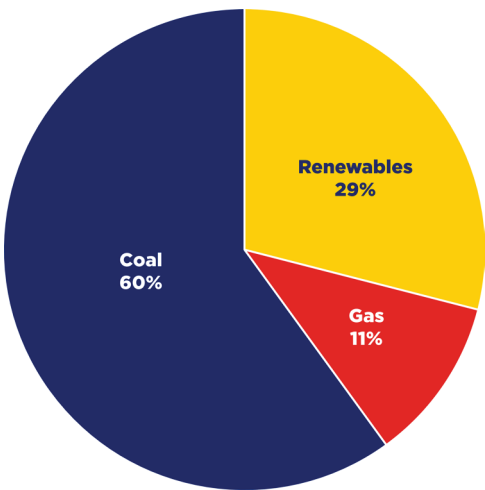
Mark Jurgemeyer
Interim Chief Operating Officer

CORE made strides in reliability in 2023. The reliability of our electric service — already better than the industry average — improved nearly 32% over the previous year. Our System Average Duration Index (SAIDI) — the average outage duration in minutes for each member served — decreased from 92 minutes in 2022 to 63 minutes in 2023. Our SAIDI is about half the five-year national average of about 120 minutes, as reported by the U.S. Energy Information Administration. Our Average Service Availability Index (ASAI) — or percent of time service was available over the 8,760 hours in 2023 — improved from 99.98% in 2022 to 99.99% in 2023.

Continued system improvements, robust vegetation management and additional line inspections helped us exceed our 2023 reliability goals. Some of the more notable projects and work our Operations and Engineering divisions completed in 2023:

- Additional feeders out of our Meadows Substation in Castle Rock
- Upgrades to three-phase distribution lines in Strasburg
- Upgrades to lines in Elbert County
- Conversion of single-phase lines to three-phase near Indian Mountain in Park County
- Upgrades to three-phase distribution lines in Bennett
- A major overhaul of our Elizabeth Substation
- Nearly 1,100 miles of lines inspected for vegetation and cleared
- More than 42,000 poles inspected via aerial drones
- Nearly 3,000 miles of overhead line patrolled on foot
- More than 9,600 repairs made to poles

2023 Power Supply by Source



We also expanded and refined our nationally recognized wildfire mitigation program, which safeguards our members, employees and electric grid.

In late 2023, we submitted our 2030 Clean Energy Plan (CEP), which is our roadmap to meeting Colorado’s emission reduction goals. The CEP was accepted by the Colorado Air Pollution Control Division and Colorado Public Utilities Commission.

Our Geographic Information Systems (GIS) department was presented the Special Achievement in GIS (SAG) Award from Esri, the global leader in location intelligence, at its annual User Conference this past summer. CORE’s GIS team was selected from hundreds of thousands of user groups and cited for its innovative use of mapping and analytics technology, as well as leadership in the field of electric distribution utilities.

Message from the Chief Financial Officer



Dede Jones
Chief Financial Officer

In 2023, Fitch Ratings 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 by electric distribution cooperatives rated by Fitch Ratings. Among the credit report’s assessments:

- CORE’s five-year historical financial performance has been very strong, marked by relatively low leverage and healthy coverage levels. The cooperative’s financial performance is supported by robust growth within the service territory, which also served to minimize rate increases over the past decade.
- CORE’s operating risk profile is strong, reflecting a low but rising operating cost burden and a reasonable transition plan to a more actively managed power supply strategy. The low operating risk assessment also benefits from a young age of power plant and manageable capital needs.
- The cooperative exhibits very strong revenue source characteristics and revenue defensibility.
- CORE’s service area demand characteristics are very strong. The cooperative’s service territory is among the fastest-growing areas in the country in a desirable location between Denver and Colorado Springs. The economic base is anchored by professional services and technology firms, retail, healthcare and finance, and the unemployment rate trends well below the U.S. rate.
- Rate flexibility is also considered very strong, as CORE has the independent legal ability to determine rates. The cooperative’s rates are very affordable, representing just 1.1% of Douglas County’s median household income.
- CORE’s transitioning resource plan is expected to meet or exceed Colorado’s greenhouse gas reduction targets.

In October, a Denver district court jury found in favor of CORE in our lawsuit against Public Service Company of Colorado (PSCo), a subsidiary of Xcel Energy Inc., regarding the mismanagement of the Comanche Unit 3 coal-fired power plant. We were awarded \$26.45 million for damages caused by Xcel’s systemic failures to prudently operate the plant over its lifetime. While the jury did not find in favor of CORE’s argument of diminished asset value due to the plant’s early retirement or CORE’s right to withdraw from plant ownership, this lawsuit was the correct course of action to attempt to hold Xcel accountable for the continued mismanagement of the dysfunctional plant for which it is responsible.

Balance Sheets

For the Years Ended December 31, 2023 and 2022 (Audited)

	2023	2022
Assets		
Utility Plant	\$ 1,183,182,130	\$ 1,113,825,978
Investments and Other Assets	36,355,968	34,138,806
Current Assets	116,772,849	80,984,843
Deferred Assets	15,431,576	21,660,841
Total Assets	<u>\$ 1,351,742,523</u>	<u>\$ 1,250,610,468</u>
Liabilities and Equity		
Memberships and Patronage Capital	\$ 364,090,520	\$ 351,757,523
Margins and Other Equity	33,222,648	30,373,894
Total Equity	397,313,168	382,131,417
Long-Term Debt	761,857,827	713,140,405
Other Non-Current Liabilities	19,189,161	18,804,467
Total Current, Accrued and Deferred Liabilities	173,364,367	136,534,179
Total Liabilities and Equity	<u>\$ 1,351,724,523</u>	<u>\$ 1,250,610,468</u>

Statements of Operations and Comprehensive Income

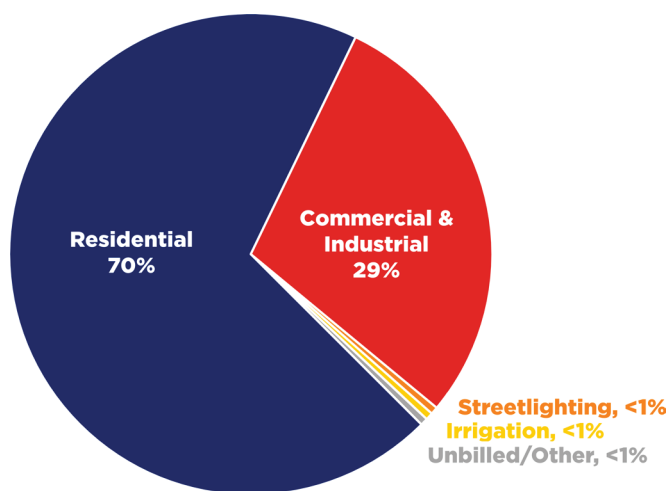
For the Years Ended December 31, 2023 and 2022 (Audited)

	2023	2022
Total Operating Revenue	\$ 339,135,147	\$ 339,780,526
Power Costs — Purchase and Production	\$ 137,585,739	\$ 147,350,140
Operating and Maintenance Expense	87,353,829	74,225,087
Depreciation and Tax Expense	58,969,914	52,717,090
Regulatory Liability/Asset Expense	5,828,400	15,093,801
Total Operating Expenses	289,737,882	289,386,118
Interest on Long Term Debt	38,310,986	39,128,742
Operating Margin Before Capital Credits	11,086,279	11,265,666
Capital Credits	4,650,434	4,994,474
Operating Margin	<u>\$ 15,736,713</u>	<u>\$ 16,260,140</u>
Non-Operating Margins (Deficits)	1,710,061	(470,327)
Net Margin	<u>\$ 17,446,774</u>	<u>\$ 15,789,813</u>

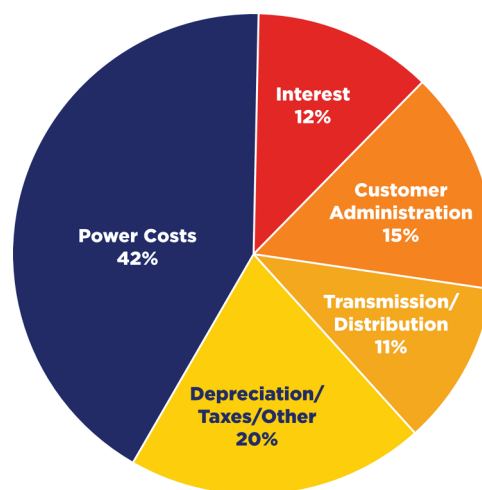
Operating Statistics

	2023	2022
Active Services	177,329	174,006
kWh Generated, net	1,365,792,413	923,018,745
kWh Purchased	1,256,849,686	1,794,264,182
kWh Sold	2,537,867,703	2,597,515,834
Debt Service Coverage Ratio	1.36	1.45
Equity to Capitalization	35.1%	35.36%
Number of Employees	285	271
Number of Consumers per Employee	622	642

Sources of Revenue



Expenses by Type



Message from the Chief Member Experience Officer



Mandi Leshner

Chief Member Experience Officer

CORE's Member Service Representatives had more than 114,000 engagements with members in 2023. Some of those engagements were via our new web chat feature — launched on www.CORE.coop late in the year — which allows members to chat with a live representative between 8 a.m. and 4 p.m. Monday through Thursday.

For the 2023 board of director elections, members had for the first time the ability to vote electronically. About 43% of all votes were cast electronically, and incumbents Mike Kempe (District 1), Ron Kilgore (District 2) and Tim White (District 4) were reelected to the board. In District 6, incumbent Robert Graf ran unopposed.

In 2023, the board approved the return of \$5 million in capital credits to members. In the past 10 years, CORE has returned more than \$120 million to its members.

Per the Colorado Association of Municipal Utilities' annual average bill survey, CORE's rates remain very competitive. According to data reported through the first half of 2023, the average cost for 700 kilowatt-hours of service on CORE's residential rate was \$101.09, 4.5% lower than the \$105.67 average reported by Colorado electric utilities. Average bills for small commercial, large commercial and industrial members also were lower than the averages reported by those same utilities.

In the summer, we launched COREV to support growing electric vehicle ownership and use within our service area. The residential component of COREV offers two options: Charge, which provides some make-ready credit and a CORE-owned and maintained EV charger for a flat monthly fee; and Connect, which gives participants a credit to connect their eligible home EV charger to our network and help us analyze the effects of EV charging on our grid.

With the support of state grants, the COREV Community Charge component of our EV program installed publicly accessible Level 2 and 3 chargers at locations throughout our service area. By the end of 2023, we had chargers installed and online in Bailey, Castle Rock, Douglas County, Parker, Elizabeth, Kiowa, Bennett and Deer Trail. All COREV Community Charge stations can be used by the general public, but CORE members are eligible for discounted rates by enrolling in CORE's ChargePoint driver group.

CORE's Verified Sites Program launched in 2023 and offers real estate options for expansion and relocations within our service territory. Our Business Development team works with community partners, landowners, real estate brokers and developers to identify shovel-ready sites. The program offers significant data, detail, due diligence documentation and incentive information to increase speed to market for a project.

Throughout 2023, CORE supported and donated to over 200 local nonprofits and other organizations as part of our continued commitment to the communities we serve. Recipients of our donations and support included food and shelter groups; students pursuing higher education; youth causes; parks and recreation groups; music, arts and cultural organizations; health and wellness organizations and programs; military and first responders; programs that support seniors; and business, commerce and economic development. Through CORE's volunteer program, employees spent time volunteering with local nonprofits and charities. CORE's leadership and board remained involved with communities, serving on boards and participating with local organizations.

Message from the Chief Administrative Officer



Kathleen Solano
Chief Administrative Officer

Providing a premier employee experience is the foundation of success of our cooperative. CORE provides leading compensation structures, benefits and pay for performance programs, as well as robust learning and development opportunities for all stages of our employees' careers. In 2023, CORE's new health facilities and events also support our workforce physical and mental wellbeing.

The Board of Directors and executive leadership engaged in the process to create a robust strategy map that includes key focus areas and strategic goals. Progress toward achieving these goals was measured through the organizational scorecard and held us accountable for executing key deliverables. These goals were also cascaded throughout the organization in the form of scorecards and performance measures.

CORE broke ground on a new district office facility in Pine Junction and began major renovations to our existing Woodland Park facility. These new and upgraded facilities will help us better serve members in those areas.

CORE is committed to protecting the integrity of the grid and our members' information. We continued to maintain a strong security posture through key technology implementations and practice improvements throughout the organization.

We increased our presence at a state and federal level, allowing us to inform and educate lawmakers of the opportunities, risks and impacts of decisions to our ability to provide our members with clean, safe, reliable and cost-effective energy throughout our service area.

We also became a member of the Business Council for Sustainable Energy, which advocated for energy and environmental policies that promote markets for clean, efficient and sustainable energy products and services. This membership provides a "seat at the table" at a national level in the energy transition.

Board of Directors



Mike Kempe
District 1



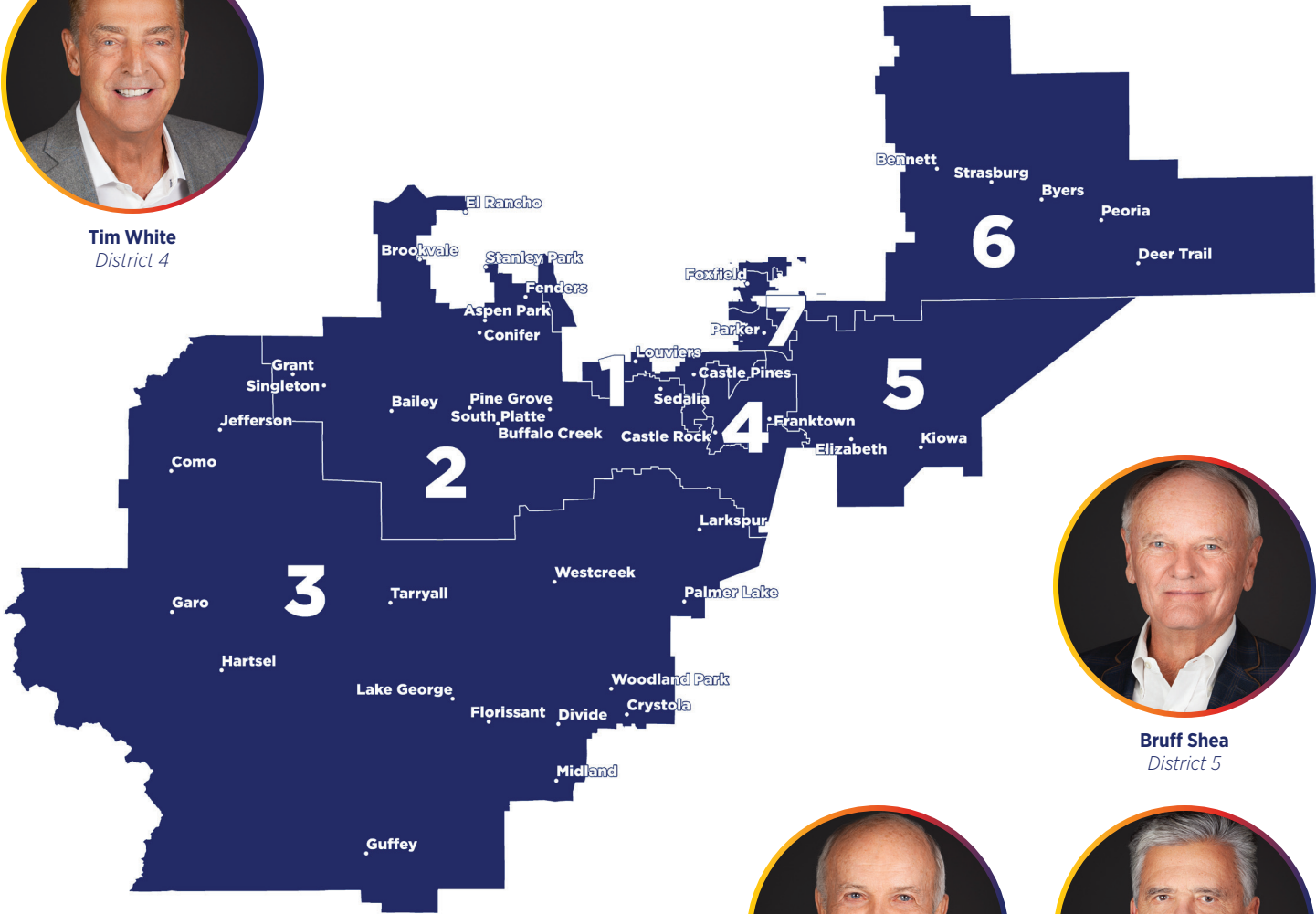
Ron Kilgore
District 2



Mike Sperry
District 3



Tim White
District 4



Bruff Shea
District 5



Robert Graf
District 6



James Anest
District 7

About CORE

CORE Electric Cooperative provides electric power to more than 375,000 residents along Colorado's Front Range. Our nearly 5,000-square-mile service area includes portions of 11 counties to the east, west and south of Denver.

We are the largest electric distribution cooperative in Colorado, and one of the largest in the U.S. As a member-owned cooperative, CORE operates on a not-for-profit basis. Earnings beyond expenses are invested in the infrastructure used to provide reliable electric service or booked as member equity. Some of this equity is typically returned to members each year as capital credit refunds.

CORE is governed by an elected board of directors. Our service area is divided into seven geographic districts based on population. Members within each district elect a fellow member to serve on the board and represent their interests regarding CORE business and policies, including service rates and regulations.

CORE's headquarters is located in Sedalia, about 20 miles south of Denver, and our district offices are in Bennett, Conifer and Woodland Park.



www.CORE.coop



The Energy to Thrive™