

Report of Independent Auditors
and Financial Statements
CORE Electric Cooperative
December 31, 2024 and 2023

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CORE Electric Cooperative
Board of Directors and CEO
as of December 31, 2024

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
Timothy L. White	President / Director	Castle Rock, Colorado
Bruff Shea	Vice President / Director	Franktown, Colorado
James Anest	Secretary-Treasurer / Director	Parker, Colorado
Michael Kempe	Assistant Secretary-Treasurer / Director	Littleton, Colorado
Robert Graf	Director	Centennial, Colorado
Ron Kilgore	Director	Castle Rock, Colorado
Mike Sperry	Director	Woodland Park, Colorado
Pam Feuerstein	Chief Executive Officer	Larkspur, 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, 2024 and 2023, 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, 2024 and 2023, 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 (U.S. 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 U.S. 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 U.S. 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.



Portland, Oregon
March 27, 2025

Financial Statements

CORE Electric Cooperative
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
UTILITY PLANT		
Plant in service	\$ 1,639,025,252	\$ 1,584,964,471
Less: accumulated depreciation	(521,976,147)	(480,554,440)
Net plant in service	1,117,049,105	1,104,410,031
Construction work in progress	138,508,130	78,772,099
Net utility plant	1,255,557,235	1,183,182,130
INVESTMENTS AND OTHER ASSETS	38,285,751	36,355,968
CURRENT ASSETS		
Cash and cash equivalents	62,887,582	37,331,830
Receivables (less provision for uncollectible accounts of \$567,000 and \$700,000 in 2024 and 2023, respectively)	16,605,238	21,898,262
Unbilled revenue	23,823,341	19,890,556
Materials and supplies	30,369,141	33,137,901
Prepayments and other current assets	2,643,455	4,514,300
Total current assets	136,328,757	116,772,849
DEFERRED DEBITS	10,125,260	15,413,576
Total assets	\$ 1,440,297,003	\$ 1,351,724,523

See accompanying notes.

CORE Electric Cooperative
Balance Sheets
December 31, 2024 and 2023

	2024	2023
LIABILITIES AND CAPITAL EQUITIES		
CAPITAL EQUITIES		
Memberships	\$ 764,425	\$ 764,425
Patronage capital	370,316,902	363,326,095
Other equities	28,356,427	25,530,362
Other comprehensive income	8,457,566	7,692,286
Total	407,895,320	397,313,168
LONG-TERM LIABILITIES	828,612,894	761,857,827
OTHER LONG-TERM OBLIGATIONS	19,034,269	19,189,161
CURRENT LIABILITIES		
Current maturities of long-term debt	38,284,444	41,795,050
Current advance on line of credit	10,000,000	38,000,000
Accounts payable	45,083,887	35,088,869
Accrued expenses	14,674,661	16,007,344
Accrued taxes	11,855,818	12,854,550
Customer deposits	3,875,850	3,402,453
Total	123,774,660	147,148,266
DEFERRED AND OTHER LIABILITIES	60,979,860	26,216,101
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
Total liabilities and capital equities	\$ 1,440,297,003	\$ 1,351,724,523

See accompanying notes.

CORE Electric Cooperative
Statements of Operations and Comprehensive Income
Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUE		
Electric energy revenue	\$ 334,996,035	\$ 335,053,370
Miscellaneous electric revenue	37,185,371	4,081,777
Total operating revenue	372,181,406	339,135,147
OPERATING EXPENSES		
Cost of power purchased	129,563,914	103,759,137
Power production expense	32,944,631	33,826,602
Maintenance of transmission plant	2,725,704	2,242,227
Operating expenses – distribution	11,200,058	9,596,223
Maintenance of distribution plant	21,377,995	24,339,179
Accounting and collection expenses	7,555,789	8,006,546
Other customer expenses	1,533,703	1,403,696
Administrative and general	39,890,109	41,765,958
Depreciation	55,555,764	47,970,974
Regulatory liability/asset expense, net	5,832,063	5,828,400
Taxes	9,103,670	10,998,940
Total operating expenses	317,283,400	289,737,882
ELECTRIC OPERATING MARGINS	54,898,006	49,397,265
INTEREST ON LONG-TERM DEBT, NET OF INTEREST CHARGED TO CONSTRUCTION OF \$5,944,000 AND \$4,556,000 IN 2024 AND 2023, RESPECTIVELY	38,624,780	38,310,986
OPERATING MARGIN BEFORE CAPITAL CREDITS	16,273,226	11,086,279
CAPITAL CREDITS	3,713,249	4,650,434
OPERATING MARGIN	19,986,475	15,736,713
NON-OPERATING MARGINS (DEFICITS)		
Interest revenue	1,495,010	2,568,235
Other expense	(1,953,323)	(858,174)
Total non-operating margins (deficits)	(458,313)	1,710,061
NET MARGINS	19,528,162	17,446,774
OTHER COMPREHENSIVE INCOME	765,280	616,496
COMPREHENSIVE INCOME	\$ 20,293,442	\$ 18,063,270

See accompanying notes.

CORE Electric Cooperative
Statements of Equities and Margins
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Memberships		
Balance at January 1,	\$ 764,425	\$ 764,425
Additions	-	-
Balance at December 31,	<u>764,425</u>	<u>764,425</u>
Patronage capital		
Balance at January 1,	363,326,095	350,993,098
Transfer of net margins	19,528,162	17,446,774
Retirement of capital credits, net	<u>(12,537,355)</u>	<u>(5,113,777)</u>
Balance at December 31,	<u>370,316,902</u>	<u>363,326,095</u>
Other equity		
Balance at January 1,	25,530,362	23,298,104
Additions	<u>2,826,065</u>	<u>2,232,258</u>
Balance at December 31,	<u>28,356,427</u>	<u>25,530,362</u>
Other comprehensive income		
Balance at January 1,	7,692,286	7,075,790
Unrealized gain on pension and post-retirement benefits	<u>765,280</u>	<u>616,496</u>
Balance at December 31,	<u>8,457,566</u>	<u>7,692,286</u>
Total equities and margins	<u><u>\$ 407,895,320</u></u>	<u><u>\$ 397,313,168</u></u>

See accompanying notes.

CORE Electric Cooperative
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	\$ 19,528,162	\$ 17,446,774
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation	55,555,764	47,970,974
Depreciation charged to clearing	844,918	985,120
Amortization of terminal facilities	293,347	293,348
Amortization of conversion option fee	732,791	759,763
Accretion of asset retirement obligation	410,558	395,904
Patronage capital credits assigned by associated organizations	(3,713,249)	(4,650,434)
Change in assets and liabilities		
Receivables, net	5,293,024	(2,752,859)
Unbilled revenue	(3,932,785)	4,984,173
Prepayments and other current assets	1,870,845	(2,602,328)
Other deferred debits	4,994,969	5,953,917
Accounts payable	9,995,018	(149,373)
Accrued expenses and taxes	(2,331,415)	2,937,051
Customer deposits	473,397	(622,168)
Other deferred liabilities	36,958,120	7,485,485
Pension and post-retirement benefits	199,830	605,286
	127,173,294	79,040,633
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in utility plant, net of interest charged to construction of \$5,943,792, and \$4,556,188 in 2024 and 2023, respectively	(128,775,787)	(118,312,246)
Increase in materials and supplies	2,768,760	(1,943,180)
Decrease in nonutility property	4,068	166,478
Capital credits redeemed	1,779,398	2,266,794
	(124,223,561)	(117,822,154)

See accompanying notes.

CORE Electric Cooperative
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal borrowings on long-term debt	105,000,000	95,000,000
Payments on long-term debt	(42,488,330)	(43,765,564)
Line of credit activity, net	(28,000,000)	27,000,000
Capital refunds to members	(12,537,355)	(5,113,777)
Customer advances for construction, net	(2,194,361)	(3,097,584)
Increase in other capital	2,826,065	2,232,258
	22,606,019	72,255,333
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	25,555,752	33,473,812
CASH AND CASH EQUIVALENTS – beginning of year	37,331,830	3,858,018
CASH AND CASH EQUIVALENTS – end of year	\$ 62,887,582	\$ 37,331,830
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 49,096,233	\$ 41,863,076
Cash paid during the year for property taxes, net of refunds	\$ 10,239,923	\$ 10,857,908

See accompanying notes.

CORE Electric Cooperative

Notes to Financial Statements

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 179,000 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 approximately 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.

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, 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 averaging 3.96%. A provision has been made for depreciation of transmission and distribution plant on a straight-line composite rate averaging 2.66%. Depreciation rates for other electric plant are applied on a straight-line composite rate as determined to be appropriate based on the asset category. 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.

CORE Electric Cooperative

Notes to Financial Statements

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 with original maturities of three months or less to be cash equivalents.

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.

Receivables – Receivables are recorded when invoices are issued and stated at the amount that management expects to collect. The Cooperative provides an allowance for credit losses to estimate losses from uncollectible accounts. The allowance for doubtful accounts is estimated based on historical losses, review of specific problem accounts, current and reasonably supportable expected future 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.

CORE Electric Cooperative Notes to Financial Statements

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, 2024 and 2023, 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 – 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 and receivables. The Cooperative's noninterest-bearing cash balances may exceed federally insured limits of \$250,000 per account. The Cooperative has not experienced any losses in such accounts to date.

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

CORE Electric Cooperative

Notes to Financial Statements

Leases – The Cooperative determines if an arrangement contains a lease at inception. At commencement of the lease, the cooperative records a right-of-use (ROU) asset and lease liability in the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the cooperative’s obligation to make lease payments arising from the lease. As of December 31, 2024 and 2023, the Cooperative had no agreements that met the definition of a commenced lease.

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 March 27, 2025, the date the financial statements were available to be issued.

Note 3 – Utility Plant

Utility plant consists of the following as of December 31:

	2024	2023
Distribution plant	\$ 993,056,799	\$ 976,901,099
Generation plant	407,454,820	400,663,523
Transmission plant	137,101,998	111,901,332
General plant	94,344,233	88,431,115
Generation asset retirement obligation	7,050,448	7,050,448
Intangible plant	16,954	16,954
Plant in service	\$ 1,639,025,252	\$ 1,584,964,471
Construction work in progress – distribution and general	\$ 130,426,959	\$ 75,327,556
Construction work in progress – Comanche III generation	9,821,080	4,830,205
Construction work in progress	\$ 140,248,039	\$ 80,157,761

CORE Electric Cooperative Notes to Financial Statements

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.

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

	2024	2023
Investment in associated organizations, at cost	\$ 38,223,913	\$ 36,290,062
Nonutility property, net	61,838	65,906
Total	\$ 38,285,751	\$ 36,355,968
	2024	2023
CFC:		
Capital credits	\$ 13,241,670	\$ 13,169,542
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	12,692,914	12,102,915
Membership	1,000	1,000
Other organizations	5,310,644	4,038,920
Total	\$ 38,223,913	\$ 36,290,062

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 ASC 980 – *Regulated Operations*. The outage costs are recorded as a regulatory asset or liability and were recovered through member 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 over the expected life of this equipment. \$293,347 was amortized for each of the years ended December 31, 2024 and 2023.

CORE Electric Cooperative Notes to Financial Statements

Deferred debits at December 31 were as follows:

	2024	2023
Regulatory asset – balancing account	\$ -	\$ 5,832,063
Terminal facilities	4,674,007	4,967,354
Xcel Energy operating deposit	4,298,000	4,298,000
Retired employee life/long-term care insurance	322,875	218,983
Long-range study	59,676	97,176
Long-term prepaids	770,702	-
Total	\$ 10,125,260	\$ 15,413,576

Note 6 – Long-Term Liabilities

Long-term debt is represented by mortgage notes payable to CFC and CoBank. Such notes are secured equally and ratably under the Cooperative's Indenture of Mortgage, Security Agreement and Financing Statement (Indenture). The agreements governing the mortgage notes contain certain financial and non-financial covenants. Substantially all assets are pledged under the Indenture as security for long-term debt to CFC and CoBank. The following is a summary of outstanding long-term debt as of December 31:

	2024	2023
CFC		
2.45% to 6.85% notes, maturing through 2058	\$ 291,546,552	\$ 244,898,734
CoBank		
2.39% to 7.07% distribution construction loans maturing through 2054	316,646,817	288,188,693
6.65% to 6.76% generation loans maturing through 2039	265,186,635	277,780,906
Subtotal	873,380,004	810,868,333
Less: current maturities	38,284,444	41,795,050
Less: conversion option fees	6,482,666	7,215,456
Total	\$ 828,612,894	\$ 761,857,827

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.

CORE Electric Cooperative Notes to Financial Statements

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

2025	\$ 38,284,444
2026	38,527,117
2027	37,486,717
2028	38,236,777
2029	38,903,793
Thereafter	<u>681,941,156</u>
	<u>\$ 873,380,004</u>

Note 7 – Lines of Credit

The Cooperative has two general lines of credit at variable interest rates, one with CoBank in the amount of \$150,000,000, and one with CFC in the amount of \$50,000,000. The CoBank line has a maturity date of October 31, 2026. The CFC line automatically renews yearly subject to Board of Directors approval, unless terminated by either party through December 31, 2049.

As of December 31, 2024, no funds had been advanced on the CFC line of credit, and \$10,000,000 had been advanced on the CoBank line of credit. As of December 31, 2023, no funds had been advanced on the CFC line of credit, and \$38,000,000 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:

	<u>2024</u>	<u>2023</u>
Pension plan obligations	\$ 3,219,779	\$ 3,671,540
Post-retirement benefit obligations	4,311,767	4,425,456
Asset retirement obligations	<u>11,502,723</u>	<u>11,092,165</u>
Total	<u>\$ 19,034,269</u>	<u>\$ 19,189,161</u>

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.

CORE Electric Cooperative Notes to Financial Statements

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.

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

Obligation and funded status

	Pension Benefits		Post-Retirement Benefit Obligations	
	2024	2023	2024	2023
Actuarial present value of benefit obligations				
Accumulated benefit obligation	\$ 25,177,761	\$ 21,184,697	\$ 4,311,767	\$ 4,425,456
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 24,195,473	\$ 18,227,701	\$ 4,425,456	\$ 5,069,681
Service cost	5,506,377	4,764,258	352,387	306,539
Interest cost	1,238,487	986,056	233,144	278,367
Retiree contributions received	-	-	137,353	171,234
Assumption changes	-	-	-	-
Actuarial loss (gain)	(988,124)	1,067,018	(436,947)	(1,043,784)
Benefits paid	(1,667,480)	(849,560)	(399,626)	(356,581)
Benefit obligation at end of year	\$ 28,284,733	\$ 24,195,473	\$ 4,311,767	\$ 4,425,456
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 20,523,933	\$ 15,189,176	\$ -	\$ -
Actual return on plan assets	972,056	1,940,931	-	-
Employer contributions	5,236,445	4,243,386	262,273	185,347
Plan participants' contributions	-	-	137,353	171,234
Benefits and expenses paid	(1,667,480)	(849,560)	(399,626)	(356,581)
Fair value of plan assets at end of year	\$ 25,064,954	\$ 20,523,933	\$ -	\$ -
Reconciliation of funded status				
Funded status (underfunded)	\$ (3,219,779)	\$ (3,671,540)	\$ (4,311,767)	\$ (4,425,456)
Components of net periodic benefit cost				
Service cost	\$ 5,506,377	\$ 4,764,258	\$ 352,387	\$ 306,539
Interest cost	1,238,487	986,056	233,144	278,367
Expected return on plan assets	(1,149,370)	(866,828)	-	-
Amortization of net loss (gain)	-	-	(479,495)	(430,445)
Net periodic benefit cost	\$ 5,595,494	\$ 4,883,486	\$ 106,036	\$ 154,461
Amounts recognized in accumulated other comprehensive (income) loss				
Net actuarial (gain) loss	\$ (807,828)	\$ (3,157)	\$ (436,947)	\$ (1,043,784)
Amortization of net (loss) gain	-	-	479,495	430,445
Total recognized in other comprehensive (income) loss	\$ (807,828)	\$ (3,157)	\$ 42,548	\$ (613,339)

CORE Electric Cooperative Notes to Financial Statements

Actuarial assumptions – The total pension benefits and post-retirement benefit obligations in the actuarial valuations were determined using the following actuarial assumptions:

	Pension Benefits		Post-Retirement Benefit Obligations	
	2024	2023	2024	2023
Assumptions used to determine net periodic benefit				
Discount rate	5.34%	5.66%	5.79%	5.39%
Expected return on plan assets	5.00%	5.00%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Assumptions used to determine benefit obligations				
Discount rate	5.76%	5.34%	5.39%	5.66%
Expected return on plan assets	N/A	N/A	N/A	N/A
Rate of compensation increase	4.00%	4.00%	N/A	N/A

For measurement purposes, an annual rate of increase beginning in 2023 at 7%, gradually declining to a 5.0% ultimate trend rate of increase by 2025 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 amount to \$0 for the years ended December 31, 2024 and 2023.

The Cooperative adopted a variable defined benefit plan in 2022. Pension costs for this plan for the years ended December 31, 2024 and 2023, amounted to \$4,335,910 and \$3,969,118, respectively.

The Cooperative has a 401(k) savings plan for employees. Employer contributions for the years ended December 31, 2024 and 2023, amounted to \$1,217,073 and \$1,135,566, respectively.

Plan assets – Average asset allocations, by asset category:

	Pension Benefits		Post-Retirement Benefit Obligations		Fair Value Level	
	2024	2023	2024	2023	2024	2023
Mutual funds	54%	38%	N/A ¹	N/A ¹	1	1
Collective investment trusts	45%	61%	N/A ¹	N/A ¹	2	2
Money market deposit account	1%	1%	N/A ¹	N/A ¹	1	1
Total	100%	100%	N/A ¹	N/A ¹		

¹ There were no post-retirement benefit obligation plan assets as of December 31, 2024 and 2023.

CORE Electric Cooperative Notes to Financial Statements

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

	<u>Pension Benefits</u>	<u>Post-Retirement Benefit Obligations</u>
2025	\$ 235,000	\$ 247,482
2026	967,000	223,271
2027	1,436,000	196,630
2028	2,669,000	227,021
2029	958,000	261,279
Years 2030–2034	5,014,000	1,849,551

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, 2022	\$ 10,696,261
Increase in the present value of the obligation (accretion)	<u>395,904</u>
BALANCE, December 31, 2023	11,092,165
Increase in the present value of the obligation (accretion)	<u>410,558</u>
BALANCE, December 31, 2024	<u><u>\$ 11,502,723</u></u>

Note 9 – Deferred and Other Liabilities

At December 31, deferred credits were as follows:

	<u>2024</u>	<u>2023</u>
Customers’ advances for construction	\$ 1,364,404	\$ 3,558,765
Unamortized joint use income	115,456	157,336
Regulatory liability	<u>59,500,000</u>	<u>22,500,000</u>
Total	<u><u>\$ 60,979,860</u></u>	<u><u>\$ 26,216,101</u></u>

CORE Electric Cooperative Notes to Financial Statements

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 deferred under this plan was \$37,000,000 and \$7,500,000 for the years then ended December 31, 2024 and 2023, respectively. The balance of deferred revenue as of December 31, 2024 and 2023, was \$59,500,000 and \$22,500,000, respectively. The balance of the plan will be recognized over the years 2025–2029.

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 alleged that PSCo breached its contractual obligations related to the operations and maintenance of Comanche III and was negligent in the operation of the transmission system at Comanche. The parties have confidentially resolved their dispute on mutually agreeable terms.

Wholesale power agreements – The Cooperative purchases wholesale power under long-term agreements with PSCo and WAPA. The PSCo agreement expires on December 31, 2025.

Purchase power agreements – The Cooperative has entered into various solar, wind and natural gas purchased power agreements extending up to 25 years. These agreements have various provisions and fixed and variable cost elements.

1% franchise commitment – Certain municipal franchises require the Company to commit a percentage of the previous year’s adjusted gross revenue derived from the customers within the franchise area. The amount is to be used when the municipality deems it necessary or desirable to change the location or nature of any Company facilities including but not limited to pole relocations, electrical facility improvements or relocations, underground conversion, or changes related to sustainability or energy efficiency initiatives. The commitment does not have a redeemable cash value to the municipalities. The following table presents activity of the commitment for the years ended December 31, 2024 and 2023:

	2024	2023
Balance, beginning of the year	\$ 2,107,504	\$ 2,249,122
Additions	883,504	831,351
Reductions based on plant constructed	(332,018)	(972,969)
Balance, end of year	\$ 2,658,990	\$ 2,107,504

Letter of credit – On September 5, 2024, CoBank issued an irrevocable standby letter of credit valued at \$4,973,106 naming Elbert County Government as beneficiary and providing financial security for the Spring Valley Substation Project, including the associated 115kV transmission line. This letter of credit will be maintained for the duration of the project to ensure compliance with Elbert County 1041 Regulations.

CORE Electric Cooperative Notes to Financial Statements

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:

	2024	2023
Residential	\$ 254,611,383	\$ 241,706,792
Commercial and industrial	106,621,407	102,674,775
Public street and highway lighting	2,164,617	2,119,874
Irrigation	1,153,850	1,024,102
Other revenue and change in unbilled revenue	44,630,149	(890,396)
Deferred revenue plan – regulatory liability	(37,000,000)	(7,500,000)
Total	\$ 372,181,406	\$ 339,135,147

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, other electric services provided to members, and as received pursuant to Note 10, if any.

CORE Electric Cooperative

Notes to Financial Statements

Note 12 – Concentration of Risk

During the years ended December 31, 2024 and 2023, no customers accounted for more than 10% of the Company's revenue. At December 31, 2024 and 2023, no customers accounted for more than 10% of the Company's total electric accounts receivable and unbilled revenues.

During the years ended December 31, 2024 and 2023, one supplier accounted for 35.31% and 32.79%, respectively, of the Company's operating expenses. At December 31, 2024 and 2023, that same supplier accounted for 17.69% and 12.54%, respectively, of the total accounts payable and accrued expenses.

