Cooperative ENERGY

2024 ANNUAL REPORT

POWERING POSSIBILITIES

OUR MISSION

Cooperative Energy, together with our Members, creates a stronger future for Mississippi communities by delivering affordable, reliable energy in a safe and environmentally responsible manner.

OUR VISION

To improve the lives of Mississippians through service and the pursuit of excellence.

COVER IMAGE

WILL DOUGLAS
Instrumentation, Controls, & Electrical Technician III
Batesville Generating Station

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A LETTER *from* THE CEO

POWERING POSSIBILITIES

TO OUR MEMBERS,

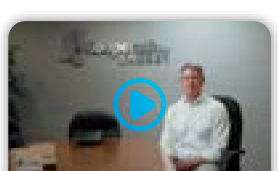
Every milestone Cooperative Energy reaches is powered by one driving force—our commitment to reliably serving our Members. In 2024, Cooperative Energy continued to turn long-term vision into meaningful progress, delivering on the promise to our Members to provide reliable, affordable, and responsible electric service.

At the heart of this progress is our vision: to improve the lives of Mississippians through service and the pursuit of excellence. It is a purpose that shapes the decisions we make and each project we undertake.

By all accounts, 2024 was a banner year. Cooperative Energy proudly reached 2 million work hours without a lost-time accident, which is a remarkable achievement that speaks volumes about the accountability and care that define our workforce.

Our employees' dedication to reliability exhibits the same commitment. We completed the first year of commercial operation of the repowered R.D. Morrow, Sr. Generating Station. The 550 MW combined-cycle natural gas plant has proven to be one of the most efficient units in the region, adding critical flexibility and stability to our generation fleet. This success is not only indicative of our ability to serve our Members' needs today but has set the foundation for future years of dependable service.

Reliability, of course, is not a single accomplishment. In 2024, we continued our multi-year effort to modernize and reinforce our 1,902-mile native transmission system. These proactive investments—replacing aging lines and poles, updating substations and relays—are essential to ensuring that safe, affordable energy reaches homes and businesses across Mississippi.



WATCH A SPECIAL MESSAGE FROM JEFF C. BOWMAN

We also continued to navigate the financial realities facing utilities today. Inflationary pressures affected nearly every cost input, from materials to fuel. But through prudent decision-making by our Board of Directors, including the net accretion of $16 million of deferred revenues from previous years, and the strong performance of our generation assets—including $63 million in margins from non-member MISO sales—we were able to moderate the impact on Member rates and return $19.5 million to our Members through bill credits in 2024.

Additionally, we returned another $10 million in patronage capital to our Members. We are proud that we could do this, especially in an environment of continually rising costs associated with power production and delivery. It is a powerful reminder of what sets cooperatives apart: sharing success with the people we serve is one of the principles of our business model.

One of our ongoing strategic priorities is to deliver central services to our 11 Member systems. These value-added services, such as economic development, provide benefits otherwise impractical for each Member to manage independently. Centralizing these services helps us increase value and improve efficiency across our network while allowing each Member system the flexibility to engage with the services that best align with their priorities. As our Members' needs evolve, so, too, will our offerings, ensuring that support is always relevant, responsive, and embedded in the cooperative spirit.

As we reflect on the past year, we remain grounded in the cooperative principles that inspired our founding. Our Members formed Cooperative Energy to improve the quality of life in rural Mississippi, and each project, policy, and plan we implement is measured with that vision.

JEFF C. BOWMAN

PRESIDENT/CEO

MILESTONES *from* 2024

RELIABILITY

- Rebuilt, restructured, or hardened 53.1 miles of existing transmission lines.
- Constructed .4 miles of new transmission line.
- Inspected 71 transmission lines and 3,332 structures across 357 miles using Unmanned Aerial Systems.
- Performed LiDAR inspections of 20 transmission lines across 123 miles.
- Executed 52 capital projects focused on reliably generating electricity.
- Established the new Generation Performance group to support operational excellence.
- Implemented new Maximo Application Suite to drive greater efficiency and reliability.
- Developed a plant outage management tool to efficiently track, manage, and report plant outages.
- Deployed a mobile Cell on Wheels unit equipped with Land Mobile Radio technology to provide temporary communications support following natural disasters or other restoration events.

AFFORDABILITY

- Announced nine new economic development projects across the state, representing 544 new or retained job commitments and $468 million in new investment.
- Awarded 14 Cooperative Competes grants totaling nearly $277,000 to organizations across seven Member systems' service areas.
- Enrolled 36 sites into various tiers of the SiteInvest program.
- Invested $237,500 into SiteInvest properties.
- Designated six industrial sites as SiteInvest Premier Properties.
- Returned $10 million in patronage capital to Members.
- Saved Members $5.6 million through new power marketing strategies and activities.

RESPONSIBILITY

- Achieved 2 million work hours with no lost-time accidents as of December 28, 2024.
- Developed a Land Portal Application for efficient land parcel data management.
- Supported ReGrid Parcel data integration for Member GIS systems.
- Trimmed the sides of vegetation along 216 miles of transmission line right-of-way, including 15 miles trimmed by helicopter.
- Installed new Continuous Online Monitoring systems at Benndale Station and Sylvarena Station.
- Commissioned 59 consumer-member solar generation systems totaling 872.39 kWAC capacity.
- Connected 991 rooftop solar photovoltaic systems with a combined capacity of 9,636 kWAC.
- Purchased 4,863,961 kWh of solar-generated electricity from consumer-members.
- Applied selective herbicides to 11,581 acres of transmission right-of-way.
- Launched a turf and grounds training program for Cooperative Energy facilities.
- Adopted Nozomi Networks advanced cybersecurity solutions to protect critical infrastructure, ensure regulatory compliance, and maintain operational continuity.
- Facilitated practical, hands-on experience for an average of 10 engineering students per semester through the Cooperative Education Program, offering real-world exposure in a professional environment.
- Hosted 6th annual MLK Cooperative Day of Service.
- Dedicated the George "Ernie" Sumrall Pavilion to support learning opportunities for students and educators in the 55 counties served by Cooperative Energy's 11 Member systems.
- Initiated a modification to the Mississippi 811 law.

Cooperative Energy

POWERING POSSIBILITIES

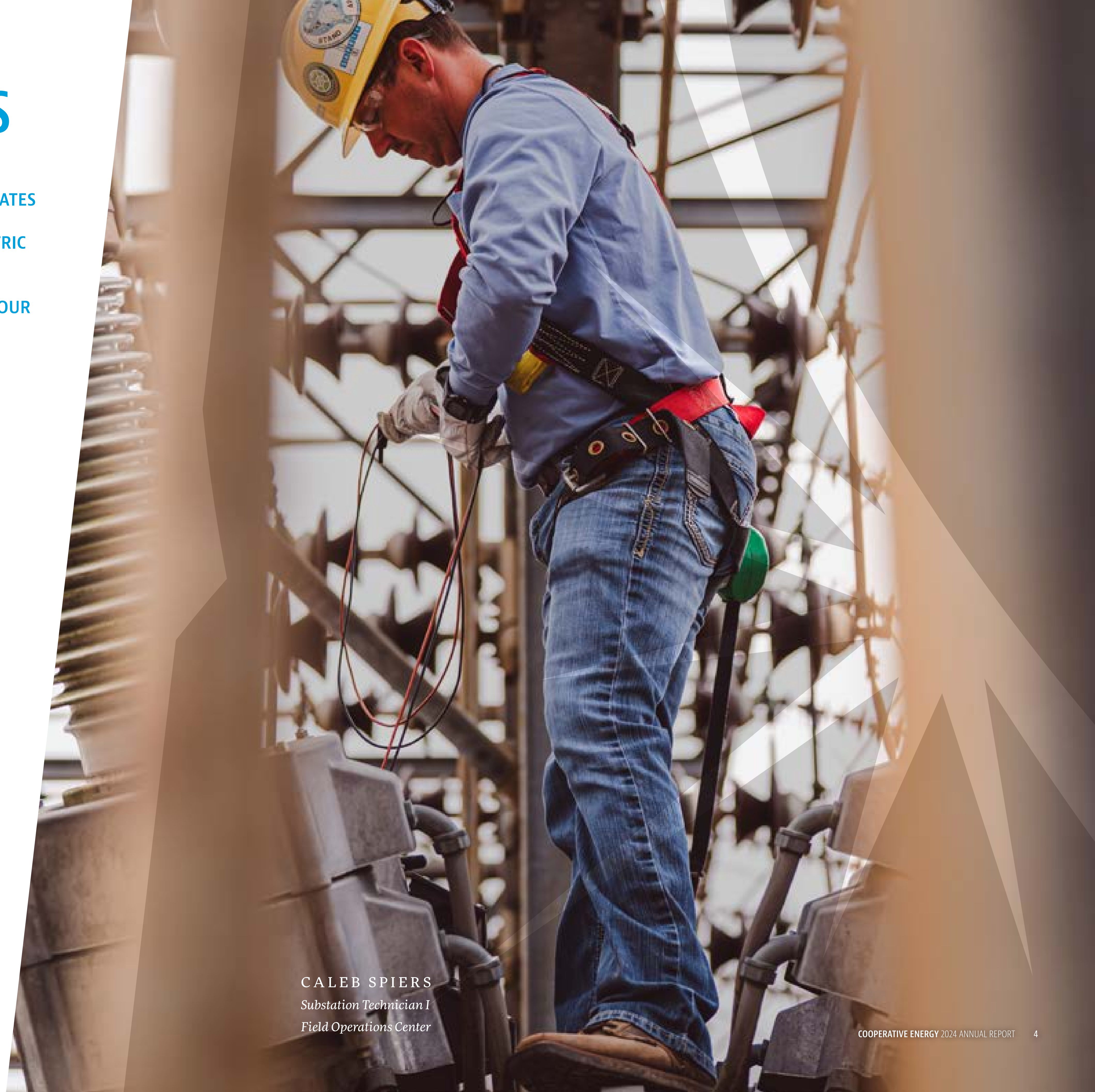
AT COOPERATIVE ENERGY, POWER IS MORE THAN ELECTRICITY—IT CREATES POSSIBILITIES. AS A NOT-FOR-PROFIT, MEMBER-OWNED GENERATION AND TRANSMISSION COOPERATIVE, WE PARTNER WITH 11 LOCAL ELECTRIC DISTRIBUTION COOPERATIVES TO SERVE COMMUNITIES FROM THE MISSISSIPPI DELTA TO THE GULF COAST. OUR MISSION IS ROOTED IN DELIVERING RELIABLE, AFFORDABLE, AND RESPONSIBLE ENERGY, BUT OUR IMPACT EXTENDS FAR BEYOND THE GRID.

OUR COMMITMENT

Together with our Members, we are powering possibilities through resilient infrastructure, flexible generation, and a shared commitment to environmental stewardship. Every decision we make is guided by a vision for a smarter, cleaner energy future, ensuring our communities are equipped not just for today's challenges, but for tomorrow's opportunities.

PROVIDING MORE THAN POWER

Our role goes beyond supplying energy. We invest in the well-being of the people we serve. Whether it's through job-creating economic development projects, educational initiatives that open doors, or service programs that strengthen our communities, Cooperative Energy remains a force for progress.



CALEB SPIERS
Substation Technician I
Field Operations Center

BY THE NUMBERS

$1B
ANNUAL REVENUE

64.3%
ANNUAL COINCIDENT PEAK LOAD FACTOR

456,604
CONSUMERS SERVED

58,746
MILES OF DISTRIBUTION LINES

15,873,525
MWh IN TOTAL SALES

7.8
AVERAGE DISTRIBUTION CONSUMERS/MILE

1,902
MILES OF TRANSMISSION LINE

$10M
PATRONAGE CAPITAL RETURNED

SYSTEM CHARACTERISTICS

RESIDENTIAL **89.96%** COMMERCIAL/INDUSTRIAL **10.04%**

CONDENSED OPERATING STATEMENT

(in Millions)	2024	2023	2022
Total Operating Revenues	**$1,016**	**$1,005**	**$954**
Operating Expenses			
Fuel and Purchased Power	$586	$612	$606
Other Operating Expense	255	236	216
Depreciation and Amortization	104	88	77
Total Operating Expenses	**$945**	**$936**	**$899**
Operating Margin Before Interest & Other	**$71**	**$69**	**$55**
Interest Expense -Net & Other Deductions	$57	$53	$38
Operating Margin	**$14**	**$16**	**$17**
Interest & Other Income	6	4	3
Net Margin	**$20**	**$20**	**$20**
Equity as a % of Assets	20.4%	20.7%	20.8%
Margins-for-Interest Ratio (MFI)	1.42	1.57	1.55
Debt Service Coverage Ratio (DSC)	1.63	1.61	1.54
Average Cost of Debt	3.59%	3.69%	3.29%


BATESVILLE GENERATING STATION

POWERING POSSIBILITIES *through* OUR MEMBERS

BUILT TO SERVE

THIS ENDURING COMMITMENT TO COMMUNITY IS DEEPLY ROOTED IN OUR HISTORY. FOUNDED IN 1941 TO DELIVER ELECTRICITY TO UNDERSERVED AREAS OF RURAL SOUTH MISSISSIPPI, COOPERATIVE ENERGY WAS BUILT ON THE BELIEF THAT POWER SHOULD BE ACCESSIBLE TO ALL, NOT JUST AS A UTILITY, BUT AS A TOOL FOR ECONOMIC OPPORTUNITY AND COMMUNITY ADVANCEMENT. WHAT BEGAN AS A MISSION TO SERVE A FEW LOCAL ELECTRIC DISTRIBUTION COOPERATIVES HAS SINCE GROWN INTO A PARTNERSHIP SUPPORTING 11 MEMBER SYSTEMS SERVING CONSUMERS ACROSS 55 OF MISSISSIPPI'S 82 COUNTIES.

While much has changed, from the technologies we use to the demands on our grid, our purpose remains unchanged: to serve the people of Mississippi with reliable, affordable energy and to power progress in our Members' service territories.

That purpose is reinforced through our governance model, which ensures that decisions are made by and for those we serve. Core to this is our 24-member Board of Directors, made up of representatives of each local electric cooperative. Each of our 11 local distribution cooperatives appoints two voting delegates to the Board, ensuring equal representation, while two additional at-large directors bring broader perspectives to the table.

This structure guarantees that every voice is heard and that local needs drive system-wide decisions. It's a model that promotes accountability, transparency, and long-term stewardship—values that have guided Cooperative Energy for more than 80 years and continue to shape our vision for the future.

LEFT TO RIGHT

MITCH STRINGER, *Director, Economic Development*
THOMAS McELROY, *Economic Development Representative*
Cooperative Place

MEMBER STATISTICS

1 **COAHOMA ELECTRIC POWER ASSOCIATION**
8,309 consumers served
1,663 miles of line
5.0 consumers per mile of line

2 **DELTA ELECTRIC POWER ASSOCIATION**
28,987 consumers served
6,193 miles of line
4.7 consumers per mile of line

3 **TWIN COUNTY ELECTRIC POWER ASSOCIATION**
12,131 consumers served
2,385 miles of line
5.1 consumers per mile of line

4 **YAZOO VALLEY ELECTRIC POWER ASSOCIATION**
10,507 consumers served
2,201 miles of line
4.8 consumers per mile of line

5 **SOUTHWEST ELECTRIC**
25,466 consumers served
4,223 miles of line
6.0 consumers per mile of line

6 **SOUTHERN PINE ELECTRIC COOPERATIVE**
70,771 consumers served
10,751 miles of line
6.6 consumers per mile of line

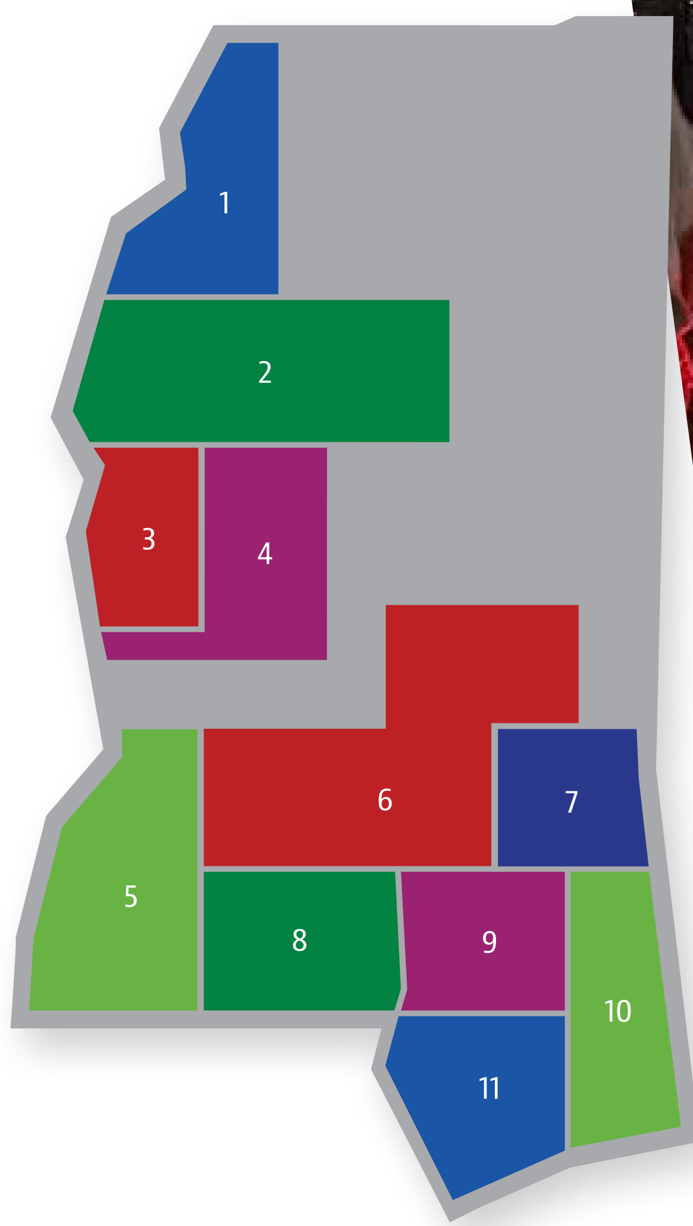
7 **DIXIE ELECTRIC**
41,483 consumers served
5,072 miles of line
8.2 consumers per mile of line

8 **MAGNOLIA ELECTRIC POWER**
33,355 consumers served
5,033 miles of line
6.6 consumers per mile of line

9 **PEARL RIVER VALLEY ELECTRIC**
53,958 consumers served
6,340 miles of line
8.5 consumers per mile of line

10 **SINGING RIVER ELECTRIC**
81,111 consumers served
7,841 miles of line
10.3 consumers per mile of line

11 **COAST ELECTRIC**
90,526 consumers served
7,045 miles of line
12.9 consumers per mile of line

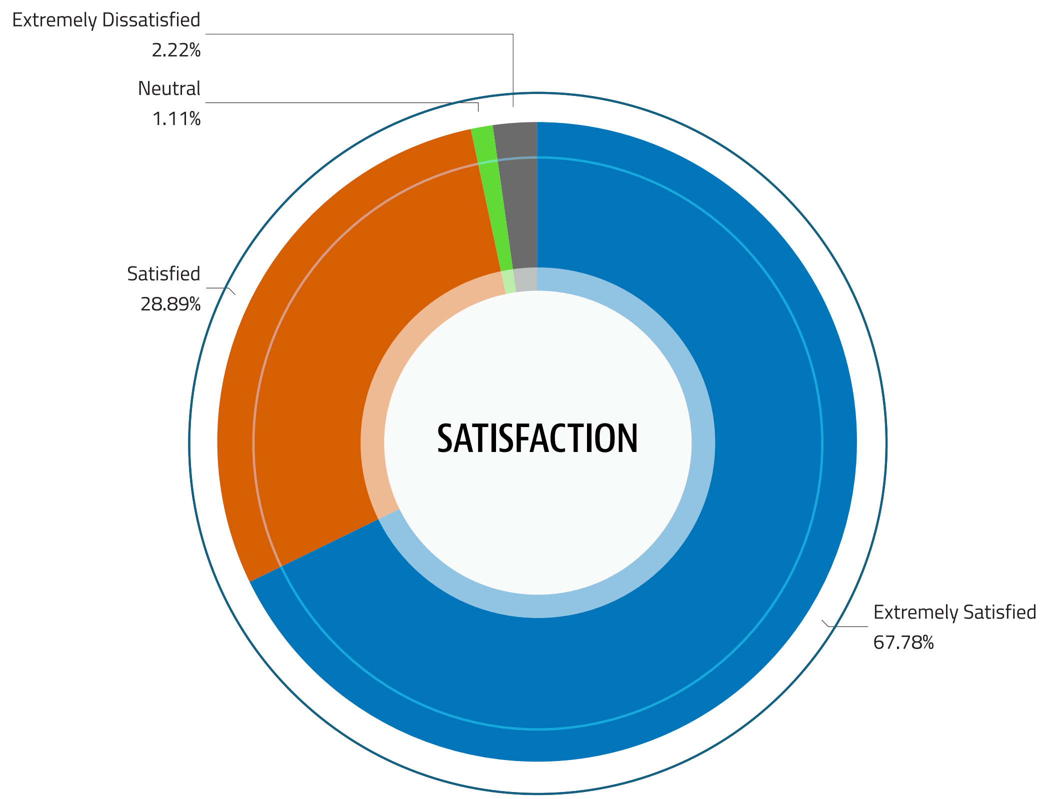


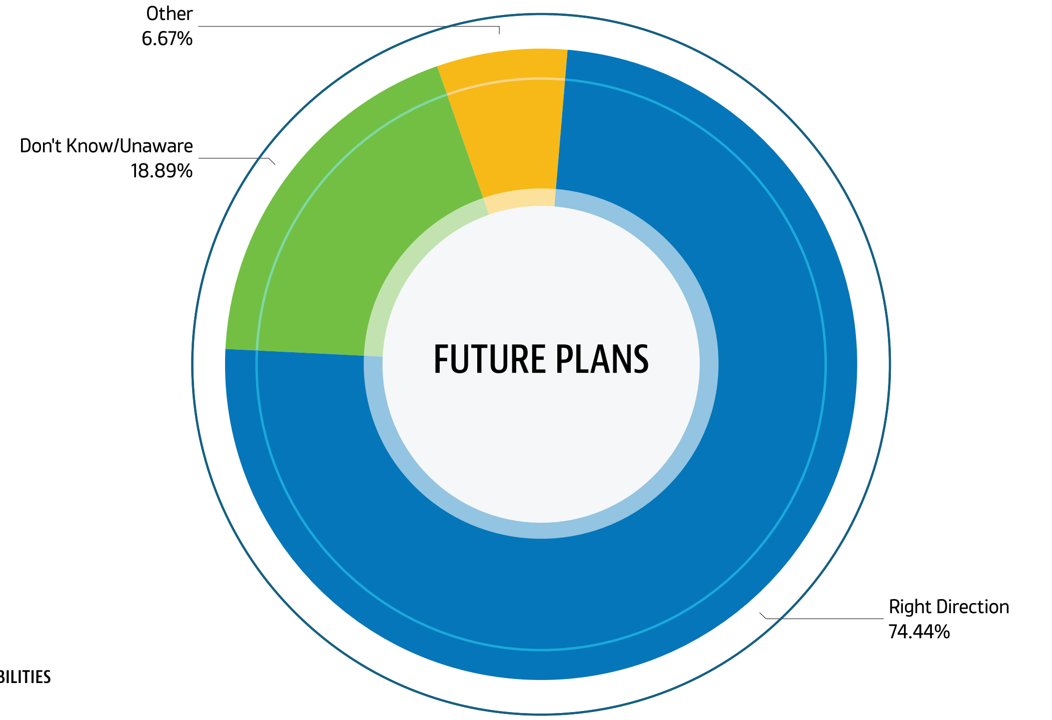
LEFT TO RIGHT

CHAD BASS, *First Class Lineman*
HAIDEN ANDREWS, *First Class Lineman*
ANDRE GREEN, *First Class Lineman*
CEDRIC THOMPSON, *Foreman*
MICHAEL SIMS, *Foreman*
WILL SIMMONS, *First Class Lineman*
Pearl River Valley Electric

MEMBER FEEDBACK

Our commitment to Member-driven decision-making is further reflected in our leadership survey, conducted across all 11 Member distribution systems. This survey provides valuable insights into Member-owner satisfaction and highlights areas for improvement. It ensures that our strategies remain aligned with Member priorities and strengthens the collaborative spirit that defines our cooperative model.





WILL PITTS
Serviceman
Dixie Electric

POWERING POSSIBILITIES *through* RELIABLE ENERGY

ENSURING RELIABLE ELECTRIC SERVICE IS AT THE CORE OF OUR MISSION. OUR GOAL IS TO ENSURE THAT EVERY CONSUMER-MEMBER HAS ACCESS TO POWER WHENEVER THEY NEED IT—AT THE FLIP OF A SWITCH. THIS COMMITMENT HAS DRIVEN US TO TRANSFORM OUR GENERATION FLEET, MAKING IT MORE RESOURCEFUL, EFFICIENT, AND FLEXIBLE, WHILE SIMULTANEOUSLY STRENGTHENING OUR POWER DELIVERY SYSTEM. THESE ONGOING EFFORTS TO ENHANCE BOTH GENERATION AND TRANSMISSION ARE BOLSTERING THE RELIABILITY OF THE ELECTRIC GRID, BENEFITING OUR MEMBERS AND THE BROADER REGION.

TRANSMISSION SYSTEM REBUILD

Reliability depends on a strong power delivery system, and Cooperative Energy's 1,902 miles of transmission lines are key to that strength.

Built in the late 1960s and early 1970s, strong maintenance practices over the decades have kept transmission structures and substation equipment in service far beyond the industry norm. Now, Cooperative Energy is proactively undertaking a multi-decade effort to rebuild the system in stages, addressing infrastructure issues before they become problems and ensuring long-term reliability.

LEFT TO RIGHT

SHAWN STEWART, *Director of Transmission Engineering*
CHRIS FLEMING, *Transmission Design Projects Manager*
JOHN BARR, *Senior Design Engineer*
Field Operations Center

POWERING POSSIBILITIES *through* RELIABLE ENERGY

2024 TRANSMISSION WORK:

- Miles of Line Rebuilds: **15.9**
- Miles of Radial Hardening: **18.6**
- Miles of 161kV Crossarm Replacements: **18.6**
- Miles of New Transmission Line: **.4**

2024 TRANSMISSION PORTFOLIO PROJECT MIX:

- Lines Rebuilt, Hardened, or Restructured: **>99%**
- New Line Construction: **<1%**

2024 SUBSTATION, RELAY, & METERING WORK:

- Switches Replaced: **20**
- Protective Relays Upgraded:
  - GP Taylorsville Switching Station
  - Hintonville 69/161 kV Substation
  - Lumberton 69/161 kV Substation

LEFT TO RIGHT

JOHN GRAHAM, *Project Surveyor III*
CORY HARTUP, *Unmanned Aircraft Systems Specialist III*
DERECK HOLDER, *Project Surveyor II*
Field Operations Center

POWER GENERATION TRANSITION/PERFORMANCE

Cooperative Energy's owned generation fleet has nearly tripled over the past 25 years, empowering us to meet the growing energy needs of our Members. In the early 2010s, our Board of Directors set a goal to generate at least 75% of our electricity from owned assets, a goal that has now been achieved. This level of ownership provides greater control over costs and resources, enhancing reliability by enabling us to respond quickly to changing system demands. Ongoing investments ensure that these generating units continue to perform efficiently, even under extreme weather and evolving energy conditions.

2024 ACHIEVEMENTS

4.99% FORCED OUTAGE FACTOR

SHARON TURNER
Lab Technician
R.D. Morrow, Sr. Generating Station

POWERING POSSIBILITIES *through* RELIABLE ENERGY

GENERATION RESOURCES

OWNED GENERATION

BATESVILLE GENERATING STATION

- Commercial Operation: 2000
- Fuel Source: Natural Gas
- Three Combined-Cycle Units
- 837 MW Combined Capacity
- 48 Employees

J.T. DUDLEY, SR. GENERATION COMPLEX

- Commercial Operation: 1970
- Fuel Source: Natural Gas
- Two Combined-Cycle Units
- Two Combustion-Turbine Units
- One Steam Unit
- 516 MW Combined Capacity
- 66 Employees

R.D. MORROW, SR. GENERATING STATION

- Commercial Operation: 2023
- Fuel Source: Natural Gas
- One Combined-Cycle Unit
- 550 MW
- 66 Employees

GRAND GULF NUCLEAR STATION (10% OWNER)

- Commercial Operation: 1985
- Fuel Source: Nuclear
- One Unit
- Cooperative Energy Share of Capacity: 144 MW

GEORGE B. TAYLOR, SR. GENERATING STATION

- Commercial Operation: 2003
- Fuel Source: Natural Gas
- Three Simple Cycle Combustion-Turbine Units
- 250 MW Combined Capacity
- 2 Employees

SYLVARENA STATION

- Commercial Operation: 2003
- Fuel Source: Natural Gas
- Three Aeroderivative Combustion-Turbine Units
- 129 MW Combined Capacity
- 2 Employees

BENNDALE STATION

- Commercial Operation: 2020
- Fuel Source: Natural Gas
- Two Wärtsilä 31SG Reciprocating Engines
- 22 MW Combined Capacity
- 2 Employees

SOLAR SITES

- One Solar Array at Each Site: Greenville, Greenwood, Kiln, Laurel, Lucedale, Lyon, Summit, Taylorsville, Yazoo City
- Fuel Source: Solar
- Approximately 378 Photovoltaic Panels Per Array
- 900 KW Combined Capacity

PURCHASED POWER

SOUTHEASTERN POWER ADMINISTRATION (ALABAMA/GEORGIA)

- Fuel Source: Hydropower
- 68 MW Capacity
- Counterparty: Southeastern Power Administration

SOUTHEASTERN POWER ADMINISTRATION (BORDERLINE)

- Fuel Source: Hydropower
- 61 MW Capacity
- Counterparty: Southeastern Power Administration

SOUTHEASTERN POWER ADMINISTRATION (CUMBERLAND)

- Fuel Source: Hydropower
- 51 MW Capacity
- Counterparty: Southeastern Power Administration

PLUM POINT ENERGY STATION

- Fuel Source: Coal
- 205 MW Capacity
- Counterparty: Plum Point Energy Associates

MISSISSIPPI SOLAR 3

- Fuel Source: Solar
- 52 MW Capacity
- Counterparty: Onward Energy

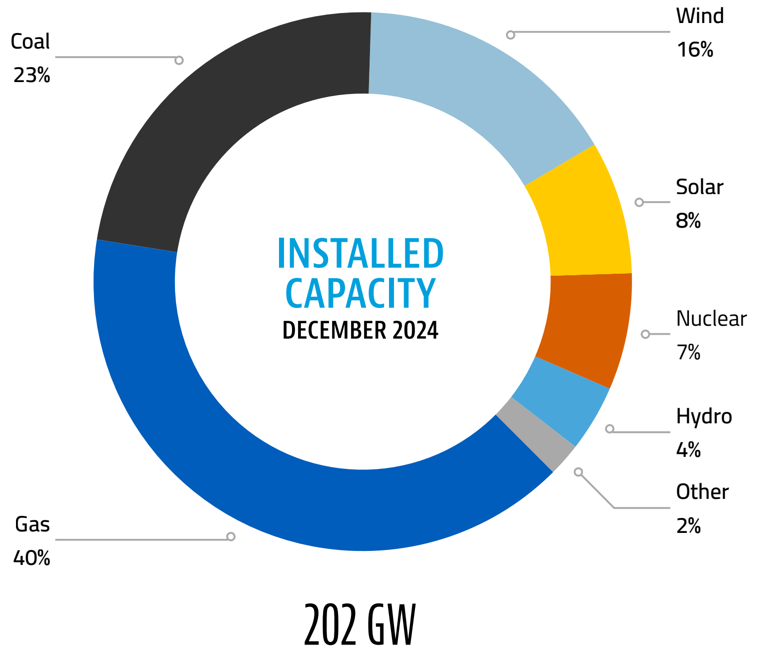
DELTA'S EDGE

- Fuel Source: Solar
- 100 MW Capacity
- Counterparty: Cubico Buffalo Holdings I

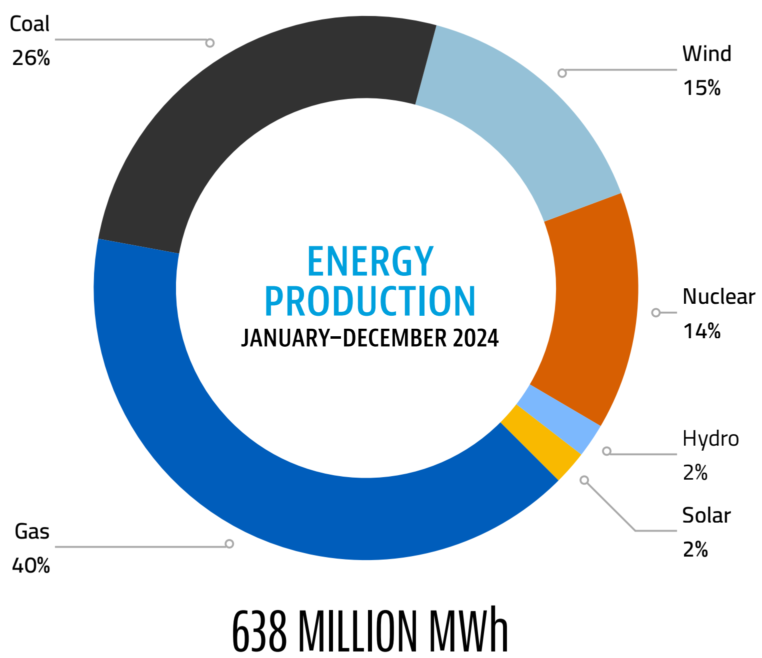
CLINT SASSER
Lab Technician
J.T. Dudley, Sr. Generation Complex

MISO

Our participation in MISO adds another layer of reliability to our operations. MISO coordinates the flow of power across a vast network, ensuring that electricity is available when and where it's needed. When one utility faces high demand or generation challenges—such as during extreme weather—others in the network can step in to help. This collaboration, combined with access to new, efficient generation units, helps deliver affordable and dependable power to our Members.



*OTHER: DIESEL, BIOMASS, STORAGE, DEMAND RESPONSE RESOURCES



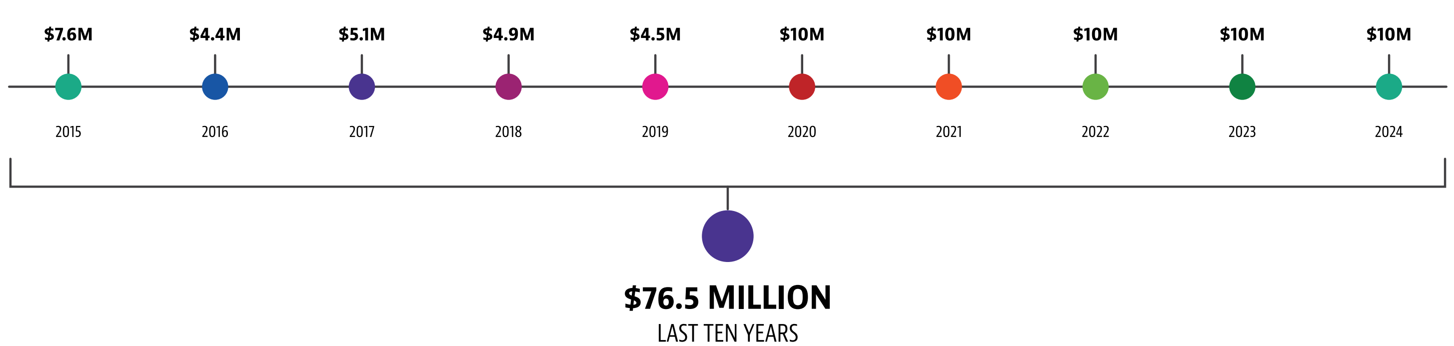
MITCHELL WILSON
Mechanic I
Batesville Generating Station

POWERING POSSIBILITIES *through* AFFORDABLE ENERGY

COOPERATIVE ENERGY IS COMMITTED TO POWERING LIFE IN RURAL MISSISSIPPI AT AN AFFORDABLE COST. THIS IS IMPORTANT BECAUSE OUR MEMBERS SERVE SOME OF THE MOST ECONOMICALLY CHALLENGED AREAS IN THE COUNTRY, AND BEING ENERGY-POOR IS A CHOICE NO MISSISSIPPIAN SHOULD BE FORCED TO MAKE. AS A MEMBER-OWNED COOPERATIVE, WE ARE ACCOUNTABLE TO OUR MEMBERS AND THEIR CONSUMER-MEMBERS—NOT SHAREHOLDERS. THAT'S WHY WE WORK HARD ON THEIR BEHALF TO FIND THE MOST COST-EFFECTIVE WAYS TO KEEP THE LIGHTS ON WHILE MAINTAINING A STRONG COMMITMENT TO RELIABILITY.

PATRONAGE CAPITAL RETURNED

In keeping with our cooperative model, Patronage Capital represents margins allocated back to our Members based on energy purchases. In 2024, Cooperative Energy returned $10 million to Members, bringing the total returned since 2015 to $76.5 million. These returns help support long-term affordability by reducing the overall cost of power over time. With our current financial plan, we expect to continue making annual patronage capital distributions in the years ahead.



REVENUE DEFERRAL RATE IMPACT

In line with our commitment to affordability, Cooperative Energy applied $39.7 million in deferred revenue during 2024, which helped soften the impact of a rate increase. This approach resulted in the average Member rate increasing by 3.0 mills/kWh, bringing the average budgeted rate to 81.20 mills/kWh.

Deferred revenue—a strategy unique to electric cooperatives—allows us to set aside prior-year revenues to offset future costs, reducing the need for more significant rate adjustments. This long-standing strategy, guided by the foresight of Cooperative Energy's Board of Directors, has proven effective in maintaining rate stability through activities such as the Morrow Repower Project and broader economic pressures, including inflation linked to the COVID-19 pandemic.

IRMALENE RAINEY
Controller
Headquarters

PAYING FOR THE COST OF RELIABILITY

For years, Cooperative Energy has invested significant time and resources into our generation assets, and that investment has paid off—resulting in a more flexible, reliable, and responsible fleet. Operationally, we are performing at a high level while maintaining a strong commitment to safety.

However, reliability comes at a cost, which has led to an increase in our average Member rate. Through wholesale power bills, our Members have funded the construction and maintenance of a generation fleet and transmission system that have proven dependable over time. To continue delivering reliable electric service, we must maintain and enhance these assets.

The bottom line is clear: our dedicated team is performing at an exceptional level, and our Members are receiving the value they are paying for. While we continuously seek ways to reduce costs, maintaining reliability requires investment.

In the long run, owning and operating a dependable generation fleet and transmission system ultimately saves our Members money—think of it as preventive insurance for the future.

MICHAEL BRADLEY
Chemist
Batesville Generating Station

TRANSITION TO MORE AFFORDABLE POWER

Another way we maintain affordable rates for our Members is by working to power them with the lowest-cost power possible. Over decades of partnership, Cooperative Energy and Mississippi Power Company (MPC) have worked together to serve homes and businesses along the Mississippi Gulf Coast. Today, 71 delivery points in the region receive power through MPC's transmission system.

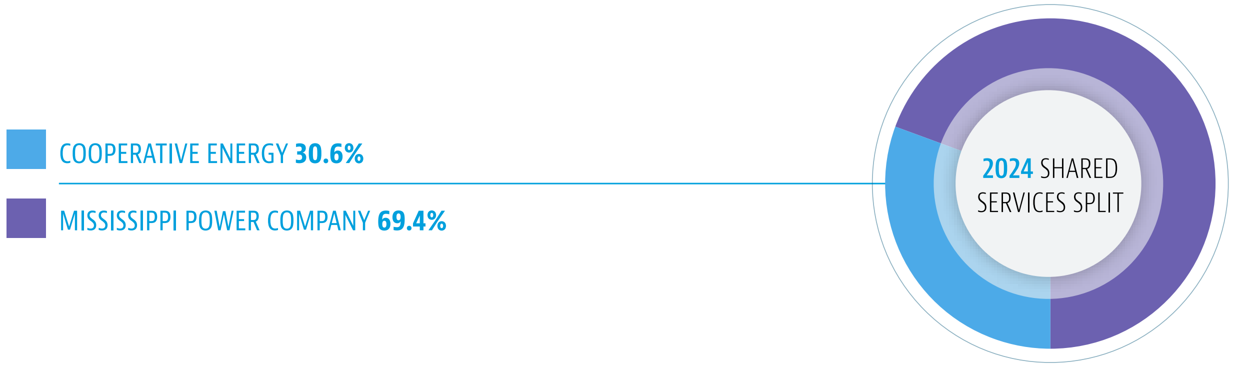
Historically, MPC generated 100% of the electricity for 56 of those points—our most expensive power source—while Cooperative Energy generated for the remaining 15. However, a 2018 agreement between the two companies marked a turning point. Cooperative Energy began supplying a portion of the power for those 56 delivery points, and each year, the percentage of power we provide increases by 2.5%. By 2036, Cooperative Energy will fully supply all 71 delivery points, reducing costs and enhancing efficiency for our Members.

2024 CONVERSION ACTIVITY

BOARD-APPROVED DELIVERY POINT CONVERSIONS:

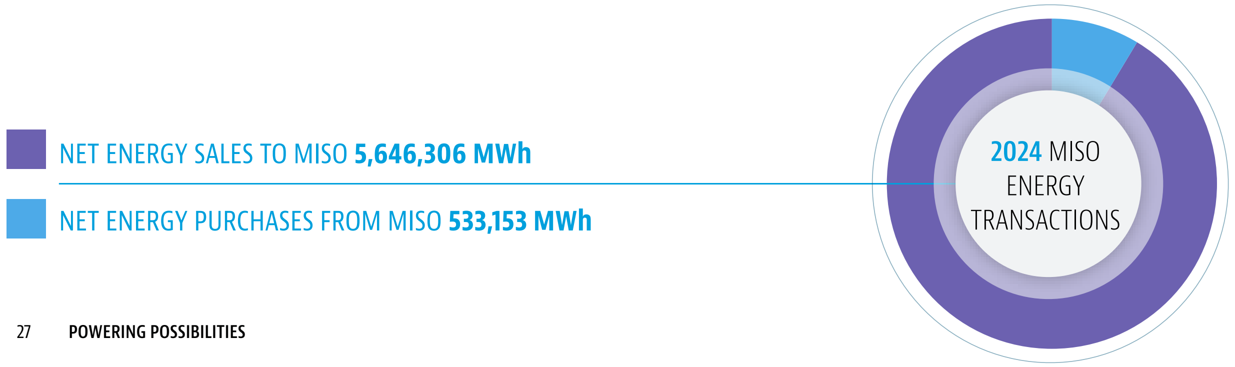
SPRING COTTAGE 69KV (NEW)
System: Pearl River Valley Electric
Replaces: South Columbia 12.62kV
Target Date: January 2025

EAST DIXIE 161KV (NEW)
System: Pearl River Valley Electric
Replaces: Hattiesburg Industrial 115kV & South Hattiesburg 115kV
Target Date: September 2025



MISO

As part of MISO, Cooperative Energy benefits from a vast network of power companies that work together to produce electricity at the lowest cost possible. In 2024, Cooperative Energy generated $63 million in margins from net energy sales, directly reducing the cost of serving our Members. This collaboration ensures we offer more affordable and reliable power to those we serve.



JOE RIELS
Director of Operations and Planning
Headquarters

POWERING POSSIBILITIES *through* RESPONSIBLE ENERGY

AT COOPERATIVE ENERGY, SAFETY AND ENVIRONMENTAL RESPONSIBILITY ARE FOUNDATIONAL TO EVERYTHING WE DO. WE ARE COMMITTED TO PROTECTING OUR EMPLOYEES THROUGH A STRONG SAFETY CULTURE, SUPPORTED BY AN OUTSTANDING WORKPLACE SAFETY PROGRAM. AT THE SAME TIME, WE ARE DEDICATED TO SAFEGUARDING THE ENVIRONMENT BY IMPLEMENTING INDUSTRY-LEADING MANAGEMENT PRACTICES AND PROVIDING ENERGY IN A WAY THAT IS EFFICIENT, FLEXIBLE, AND ENVIRONMENTALLY CONSCIOUS. THROUGH THESE EFFORTS, WE ARE ENSURING A SUSTAINABLE FUTURE FOR THE COMMUNITIES WE SERVE.

POWER IN SAFETY

In December 2024, Cooperative Energy employees reached a significant milestone: 2 million hours worked without a lost-time accident. That achievement represents more than two and a half years of around-the-clock work in a high-risk industry, completed safely, without a single incident requiring time away from the job.

Every Cooperative Energy employee contributed to this success by committing to safe work habits and holding one another accountable.

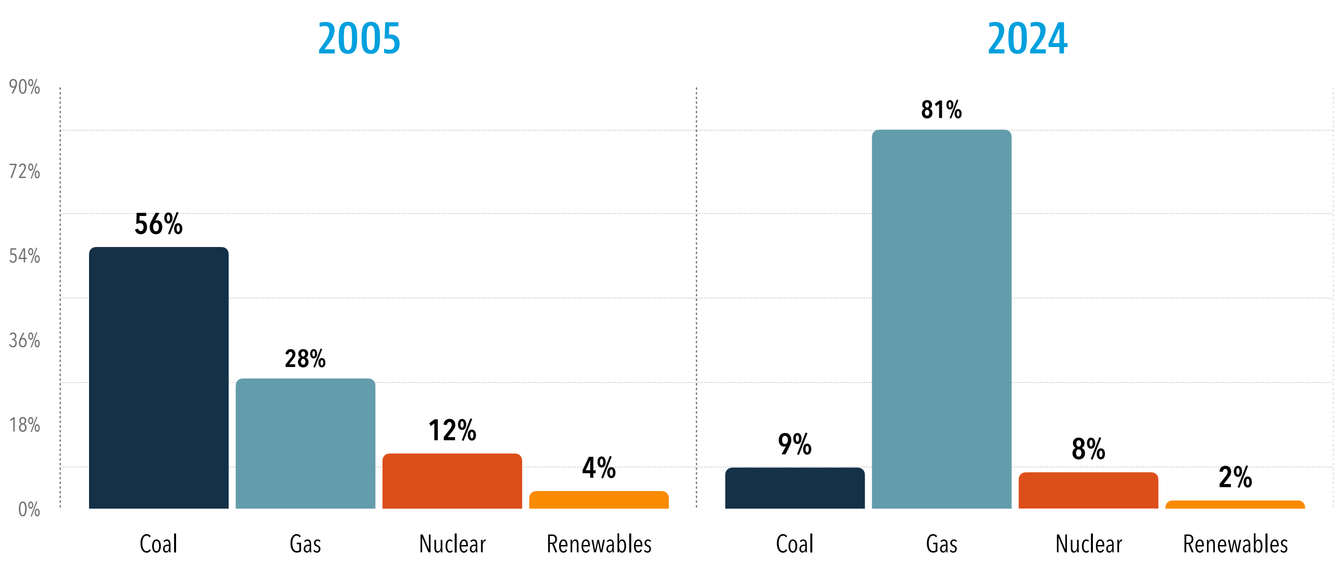
2024 SAFETY RECORD

0	2	2 MILLION
LOST-TIME ACCIDENTS	OSHA-RECORDABLE INCIDENTS	TOTAL HRS. WITHOUT A LOST-TIME ACCIDENT

CORY RODGERS
Job Safety Manager
Headquarters

SHIFTING THE ENERGY MIX

Cooperative Energy has made significant progress in transitioning to cleaner, more efficient, and environmentally responsible energy sources since 2005. At that time, our generation mix was heavily dependent on coal. Through strategic investments in modern generation technologies and renewable energy, we have reduced our carbon footprint by 2 million tons of carbon dioxide annually and cut carbon dioxide emissions per megawatt-hour from our owned generation fleet by 56% since 2005.



RIGHTS-OF-WAY DONE THE RIGHT WAY

Cooperative Energy maintains nearly 30,000 acres of rights-of-way using environmentally responsible integrated vegetation management (IVM) practices. These areas cross ecologically sensitive lands, including federal forests and wildlife habitats. Since implementing IVM in 2008, the Cooperative has improved conditions for wildlife—particularly pollinators and endangered species like the gopher tortoise, red-cockaded woodpecker, black pine snake, and Louisiana quillwort. Through collaboration with federal agencies, Cooperative Energy ensures regulatory compliance, minimizes environmental impact, and promotes habitat health. These efforts have resulted in a 32% increase in the gopher tortoise population in key habitat areas, while also supporting pollination, carbon sequestration, and overall ecosystem sustainability.

This work reflects Cooperative Energy's long-standing commitment to environmental stewardship and responsible land management.

LEFT TO RIGHT

BRAD MORRIS, *Right-of-Way Specialist*
SHERMAN SMITH, *Right-of-Way Inspector*
CHRIS HODGE, *Right-of-Way Inspector*
WES GRAHAM, *Transmission Field Biologist*
Field Operations Center

BOARD *of* DIRECTORS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SOUTHERN PINE ELECTRIC COOPERATIVE
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COAHOMA ELECTRIC POWER ASSOC.
General Manager, Vice Chairman


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TWIN COUNTY ELECTRIC POWER ASSOC.
Secretary

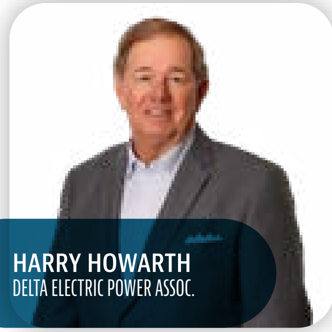

RON BARNES
COAST ELECTRIC
President/CEO


KEVIN BONDS
SOUTHWEST ELECTRIC
General Manager

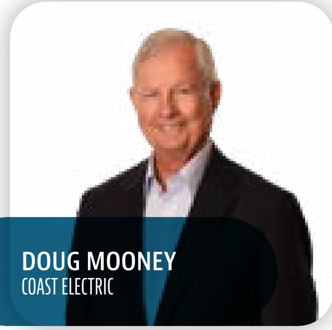

TERI EATON
COAST ELECTRIC


CARL FULLER
MAGNOLIA ELECTRIC POWER


LESLIE HOLLOWAY
TWIN COUNTY ELECTRIC POWER ASSOC.
Manager


HARRY HOWARTH
DELTA ELECTRIC POWER ASSOC.


BRIAN HUGHEY
SINGING RIVER ELECTRIC
General Manager/CEO


DOUG MOONEY
COAST ELECTRIC


MICHAEL NEELY
YAZOO VALLEY ELECTRIC POWER ASSOC.
General Manager


HAROLD PITTMAN
DELTA ELECTRIC POWER ASSOCIATION
General Manager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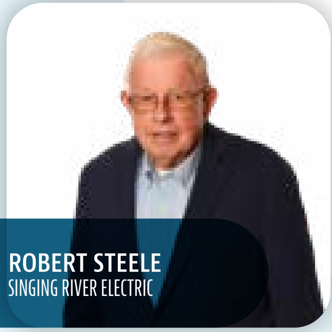
SOUTHERN PINE ELECTRIC COOPERATIVE
President/CEO


DARRELL SMITH
MAGNOLIA ELECTRIC POWER
General Manager


RANDY SMITH
DIXIE ELECTRIC
General Manager


ROBERT M. SMITH
DIXIE ELECTRIC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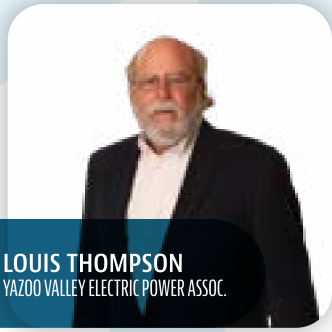
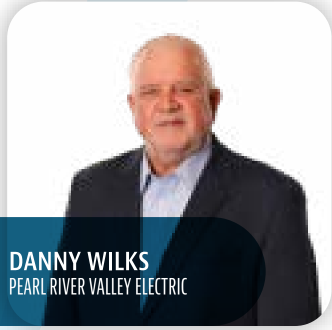
SINGING RIVER ELECTRIC

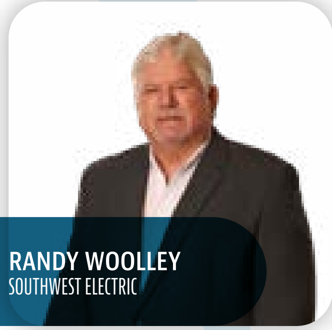

BRYAN THOMAS
TWIN COUNTY ELECTRIC POWER ASSOC.


LOUIS THOMPSON
YAZOO VALLEY ELECTRIC POWER ASSOC.


MIKE TYNER
COAHOMA ELECTRIC POWER ASSOC.


MATTHEW WARE
PEARL RIVER VALLEY ELECTRIC
General Manager

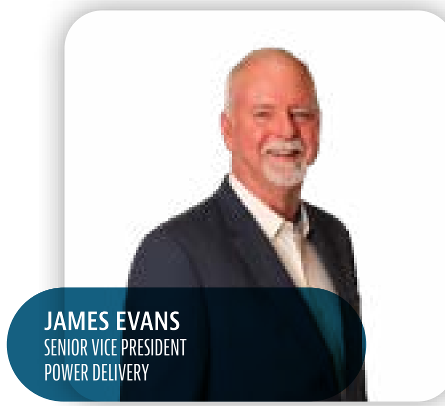

DANNY WILKS
PEARL RIVER VALLEY ELECTRIC


RANDY WOOLLEY
SOUTHWEST ELECTRIC

SENIOR MANAGEMENT TEAM


JEFF C. BOWMAN
PRESIDENT/ CEO


CHRISTA BISHOP
EXECUTIVE VICE PRESIDENT
CHIEF COMMUNICATIONS OFFICER


JAMES EVANS
SENIOR VICE PRESIDENT
POWER DELIVERY


KEVIN GRACE
SENIOR VICE PRESIDENT
CHIEF FINANCIAL OFFICER


DONALD HINTON
SENIOR VICE PRESIDENT
GENERAL COUNSEL & CHIEF COMPLIANCE OFFICER


GARY HUTSON
SENIOR VICE PRESIDENT
CHIEF OPERATING OFFICER


MARK SMITH
SENIOR VICE PRESIDENT
POWER GENERATION

MANAGEMENT TEAM


SCOTTY BARRON
DIRECTOR,
CONTROL SYSTEMS


ADOLFO BELLO
DIRECTOR,
COMMUNICATIONS SYSTEMS


JEFF BROWN
PLANT SUPERINTENDENT
(MORROW)


TREY CANNON
DIRECTOR,
GENERATION PROJECTS


CRYSTAL CRAWFORD
DIRECTOR,
HUMAN RESOURCES


MARK DODD
VICE PRESIDENT,
INFORMATION SYSTEMS

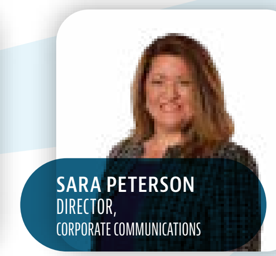

CHRISTIAN EAST
PLANT SUPERINTENDENT
(MOSELLE)

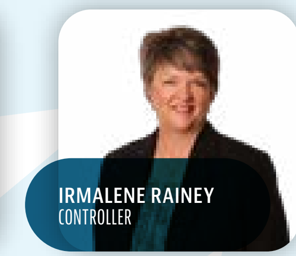

JASON GOAR
DIRECTOR,
TRANSMISSION & GENERATION PLANNING


PATSY HORAN
DIRECTOR,
SAFETY COMPLIANCE

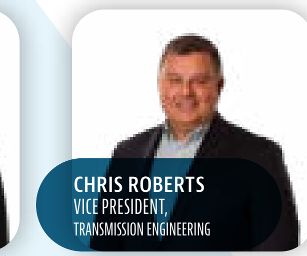

STEPHEN JACKSON
DIRECTOR,
LEGAL AFFAIRS


ALLEN KEENE
DIRECTOR,
SUPPLY CHAIN

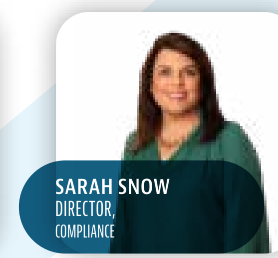

SARA PETERSON
DIRECTOR,
CORPORATE COMMUNICATIONS


IRMALENE RAINEY
CONTROLLER


JOE RIELS
DIRECTOR,
OPERATIONS & PLANNING


CHRIS ROBERTS
VICE PRESIDENT,
TRANSMISSION ENGINEERING


BRANDON SANDERS
PLANT SUPERINTENDENT
(BATESVILLE)


SARAH SNOW
DIRECTOR,
COMPLIANCE


SHAWN STEWART
DIRECTOR,
TRANSMISSION ENGINEERING


MITCH STRINGER
DIRECTOR,
ECONOMIC DEVELOPMENT


DERECK SUMRALL
DIRECTOR,
TRANSMISSION MAINTENANCE


KEN SUMRALL
DIRECTOR,
SYSTEMS NETWORK & SECURITY


JESSE TORRES
DIRECTOR,
BUSINESS INFORMATION SYSTEMS


JEANNE WALKER
DIRECTOR,
FINANCE & RISK MANAGEMENT


HUNTER WALTERS
DIRECTOR,
GOVERNMENT RELATIONS


ALAN WILSON
DIRECTOR,
WHOLESALE SERVICES

HONORING *our* RETIREES

RANDY POWELL
30 Years of Service

GLENN McINNIS
28 Years of Service

VALERIE ACOCELLA
11 Years of Service

ROY RICHARDSON
38 Years of Service

MARK PHILLIPS
36 Years of Service

In MEMORY

KATHY FREEMAN
1956–2024

CONNOR SANDERSON
1999–2025

FINANCIAL REVIEW *and* INDEPENDENT AUDITORS’ REPORT

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RESULTS OF OPERATIONS

Cooperative Energy provides generation and transmission services to 11 member distribution cooperatives (Members) located in southern and western portions of Mississippi under individual all-requirements wholesale power contracts that expire in 2065. Cooperative Energy's financial results from operations in 2024 were sufficient to ensure compliance with financial covenants and maintenance of an adequate liquidity position. A condensed statement of revenues and expenses is presented on page 5 of this report.

REVENUES AND ENERGY SALES

Operating revenues in 2024 increased 1.0% from the prior year, to $1,015.7 million. This increase was attributed to higher electric energy revenue from Members offset by lower energy revenue from Non-Members.

Electric energy revenue from Members was $842.1 million in 2024, an increase of 2.7% as compared with 2023 due to higher volume of energy sold to Members at a higher effective rate, compounded with higher demand revenues. The average billed Member rate increased 2.64 mills/kWh, or 3.4%, to 80.78 mills/kWh in 2024. The Member rate schedule for 2024 was revised to reflect the results of a cost-of-service study completed in 2023. The new rates that went into effect in January 2024 reflected a 19.1% increase in demand rates and an 11.8% decrease in energy rates.

Energy sales to Members increased 1.0% to 10.2 million megawatt-hours in 2024 compared with the prior year. Demand quantity also increased to 22.5 million kW-months, or 2.5%, in 2024 compared with the prior year. During January 2024, Cooperative Energy recorded its yearly peak demand of 2,749 MW which was 23.8% above the prior year peak of 2,220 MW that occurred during August 2023. Sales to Member large power customers increased approximately 0.4% in 2024 from the prior year mainly due to higher sales to paper mills. Large power customers represented 11.1% and 11.2% of the total Member load in 2024 and 2023, respectively.

Other electric energy revenue is comprised of net sales to the Midcontinent Independent System Operator, Inc. (MISO). Net sales to MISO in 2024 totaled 5.6 million megawatt-hours, with revenues declining to $161.4 million due to a 9.5% decrease in sales volume, partially offset by a 5.3% higher average selling price.

FUEL AND PURCHASED POWER EXPENSES

Fuel expense is affected by a number of factors, including the volume of energy generated by owned facilities, the mix of units utilized, and commodity prices for fuels. The volume of generation is influenced by the relative competitive position of Cooperative Energy's owned generation facilities in MISO's economic dispatch model and the level of energy demand. Transmission congestion costs and unit reliability also affect dispatch volume and fuel expense.

Purchased power expenses depend upon the demand or capacity costs and the energy price for contracted resources, the quantity of energy purchased, and pricing of economy power purchased in the MISO market. Cooperative Energy seeks to minimize the cost of energy supplied to Members through the economic dispatch of available resources.

Resources for a portion of Member load are provided by Mississippi Power Company (MPC) through all-requirements contracts under which MPC supplies the all-requirements needs at certain Member delivery points. The delivery points are served under a municipal and rural association (MRA) cost-based rate that is subject to Federal Energy Regulatory Commission (FERC) approval. The MRA rate includes a fuel cost adjustment that is revised annually.

Fuel and purchased-power costs were $585.6 million and $612.3 million in 2024 and 2023, respectively. These costs represent 62.0% and 65.4% of total expenses (excluding interest and other deductions) in 2024 and 2023, respectively.

Fuel expense decreased $34.8 million, or 12.3%, in 2024 as compared with the previous year primarily due to a 4.4% decrease in average natural gas prices, a 2.5% decrease in energy volume produced from owned facilities, and $25.9 million lower cost of gas hedges. The decrease in generation from owned facilities in 2024 was attributable to lower dispatch of the R. D. Morrow, Sr. Generating Station, the J. T. Dudley, Sr. Generation Complex (Moselle), the Benndale Station, and the Grand Gulf Nuclear Station.

The Batesville Generating Station, George B. Taylor, Sr. Generating Station (Silver Creek), and the Sylvarena Station had an increase in dispatch. The combined-cycle units at Batesville Generating Station and Plant Morrow accounted for approximately 31.0% and 16.9%, respectively, of Cooperative Energy's total energy available for sale from all sources during 2024.

The cost of natural gas purchased for owned units averaged $2.29/MMBtu during 2024, exclusive of hedge and gas storage costs, as compared with $2.39/MMBtu during 2023.

Purchased power costs increased 2.5% during 2024 to $337.8 million due to a 3.3% increase in the volume of purchased energy offset by a 0.8% decrease in the average unit price as compared with the prior year. The average cost of purchased power during 2024 was $72.45/MWh compared to $73.05/MWh during 2023. The total cost of energy purchased from MPC under the MRA contracts decreased 1.5% in 2024 compared to the prior year due to a 2.3% decrease in volume slightly offset by a 0.8% increase in average prices. The average rate paid to MPC during 2024 under the MRA contracts was $80.12/MWh compared to $79.52/MWh in 2023. Energy supplied to Members under the MRA contracts comprised approximately 24.2% of total Member load during the year. Energy purchases from Plum Point decreased 4.0% in 2024 compared to the prior year. The average cost of power from Plum Point during 2024 was $94.70/MWh compared to $88.90/MWh in 2023, a 6.5% increase. Cooperative Energy's costs for net energy purchases of economy energy from MISO increased $2.0 million, or 18.0%, during 2024 to $13.0 million due to a higher average rate and higher energy purchases. The average rate paid to MISO during 2024 was $24.41/MWh compared to $23.61/MWh in 2023. Net energy purchases from MISO comprised approximately 5.2% of total Member load in 2024 compared with 4.6% in 2023.

ENERGY SUPPLIES

Sources of Supply (1000 MWh)	2024	2023	2024 over 2023 Increase/(Decrease)	2024 over 2023 % change
Total Owned and Contracted Generation	12,772	13,367	(595)	-4.5%
Net Purchases from MISO	533	467	66	14.1%
MPC All-Requirements Contracts	2,471	2,527	(56)	-2.2%
Other Purchased Power	329	166	163	98.2%
Total Energy Available	16,105	16,527	(422)	-2.6%
Energy Line Losses	231	165	66	40.6%
Total Sales	15,874	16,362	(488)	-3.0%

Sources of Owned Generation (1000 MWh)	2024	2023	2024 over 2023 Increase/(Decrease)	2024 over 2023 % change
Batesville Generation Station	4,915	4,794	121	2.5%
Plant Moselle	2,009	2,142	(133)	-6.2%
GGNS	1,065	1,174	(109)	-9.3%
Plant Morrow	2,678	3,071	(393)	-12.8%
Other Owned Generation	775	550	225	40.9%
Total Owned Generation	11,442	11,731	(289)	-2.5%

Energy Supplied from Owned and Contracted Resources (excluding MRA contract and MISO purchases) by Fuel Type	2024	2023
Natural Gas	79.6%	80.1%
Coal	7.8%	8.0%
Nuclear	8.1%	8.9%
Renewables	4.5%	3.0%
	100.0%	100.0%

OTHER OPERATING EXPENSES

Other operating expenses are comprised of non-fuel operating and maintenance expenses related to generation, transmission expenses, and administrative and general costs. Other operating expenses represented $16.08/MWh and $14.43/MWh in 2024 and 2023, respectively, due in most part to increased transmission costs.

Interest expense of $50.5 million, net of approximately $2.1 million in capitalized interest, in 2024 was 9.4% higher compared to the prior year. Cooperative Energy's average cost of debt was 3.59% and 3.69% in 2024 and 2023, respectively.

NON-OPERATING MARGIN

Interest income was $2.8 million in 2024 compared to $1.9 million in 2023. Interest-bearing deposits include National Rural Utilities Cooperative Finance Corporation (NRUCFC) Subscription Capital Term Certificates (SCTCs) and short-term cash equivalent investments.

FINANCIAL CONDITION

Cooperative Energy's financial plan targets a number of key financial metrics that are intended to ensure sufficient cash flow to meet obligations as they become due and capital to meet Members' future resource needs. One such financial target is that the annual cash coverage of interest and scheduled principal payments (debt service coverage ratio or DSC) be equal to or greater than 1.20 times. Cooperative Energy's DSC ratio in 2024 and 2023 was 1.63 and 1.61, respectively.

Cooperative Energy's net margin for the year ended December 31, 2024 was $20.0 million compared to $20.0 million for 2023. In formulating budgets and long-term financial plans, Cooperative Energy considers its annual "margins for interest" (MFI) ratio that is defined in the Cooperative Energy's mortgage indenture. Cooperative Energy's indenture requires the maintenance of a MFI ratio of 1.10 times in order to be permitted to issue additional secured obligations. Cooperative Energy's credit agreements with banks also have a financial covenant that Cooperative Energy maintain an annual MFI ratio no less than 1.10 times. Cooperative Energy's MFI ratio was 1.42 and 1.57 for 2024 and 2023, respectively.

A strong balance sheet provides assurance to Members and other stakeholders that Cooperative Energy has the financial resources to meet its obligations. Cooperative Energy has a medium-term goal to increase equity as a percentage of assets to 20%. At year-end 2024, the equity-to-assets ratio declined to 20.4% compared to 20.7% at the prior year-end.

The rate schedule for Members that is adopted each year in Cooperative Energy's annual budget is intended to cover Cooperative Energy's cost of service and meet or exceed target financial ratios. Cooperative Energy reviews its financial position each month with the board of directors, which may make adjustments to Member rates during the year in order to achieve financial targets and other objectives. The change in Member rates and the overall composition of demand and energy charges resulted in an average Member rate of 80.78 mills/kWh in 2024, 3.4% higher than the 2023 average rate of 78.14 mills/kWh.

LIQUIDITY

At year-end 2024, Cooperative Energy had $437.6 million in available undrawn commitments under unsecured credit facilities. The credit facilities have various maturities between April 2026 and October 2027. Cooperative Energy believes it has adequate access to bank markets to renew or replace the credit facilities in due course as appropriate.

Liquidity available to meet Cooperative Energy's funding requirements is comprised of unrestricted cash-on-hand and amounts available under the committed bank facilities described above. Unrestricted cash and committed credit facilities available for immediate funding at year-end 2024 represented 227 days coverage of the average daily operating cash expense in 2024.

OPERATING ACTIVITIES

Cash provided by operating activities amounted to $97.3 million in 2024 compared to $85.9 million in 2023. Net margins and non-cash depreciation expense totaled $132.3 million in 2024 and $116.0 million in 2023. Changes in current assets and liabilities, excluding cash and current maturities, decreased cash flow from operations by $20.8 million in 2024 and increased cash flow by $1.6 million in 2023.

INVESTING ACTIVITIES

Cooperative Energy's total assets at year-end 2024 were $2.3 billion. Electric plant additions in 2024 were $156.2 million and were primarily attributable to improvements to Cooperative Energy's transmission system and to generation system projects.

FINANCING ACTIVITIES

During 2024, Cooperative Energy received $370.6 million in loan disbursements from RUS under loan contracts. These RUS loan advances provide long-term financing for various transmission system improvement and generation system improvement projects. The RUS loan advances are generally for a 20 to 30-year period and carry interest rates that are fixed at the time of the advance. The interest rates for the RUS loan advances made in 2024 range from 4.373% to 4.636%. At year-end 2024, Cooperative Energy had $149.5 million in undrawn commitments available from RUS under one loan contract.

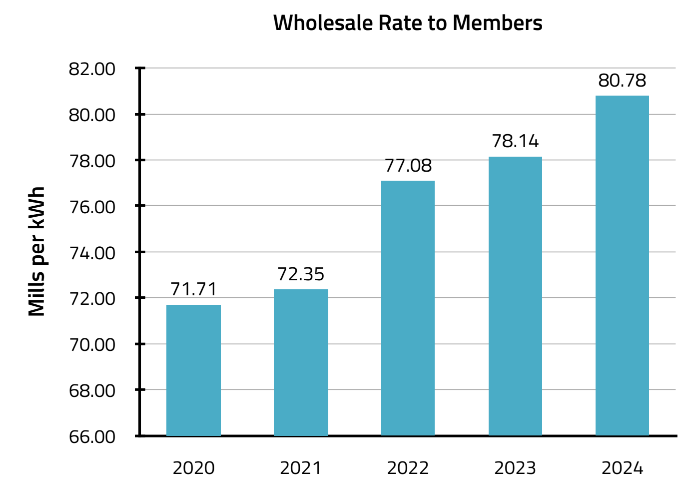
CREDIT RATINGS

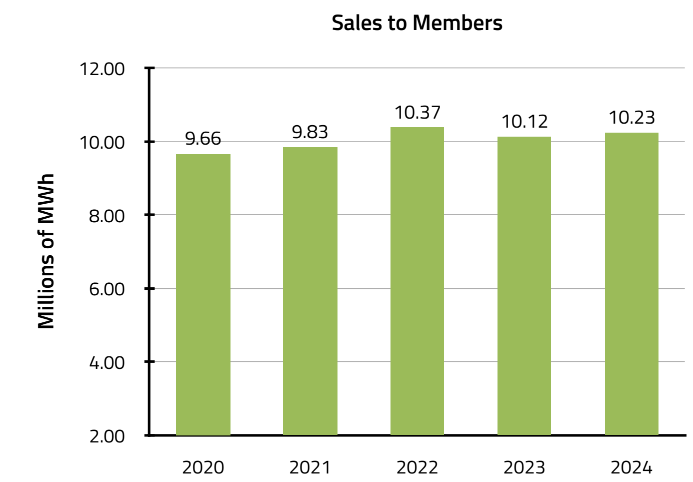
As of year-end 2024, Cooperative Energy was assigned the following credit ratings:

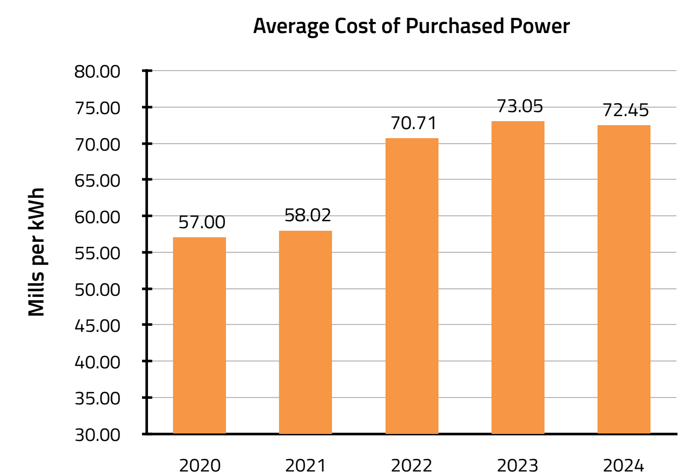
	S&P	**Moody's**	**Fitch**
Issuer Credit Rating	A/Stable	A3/Stable	A/Stable

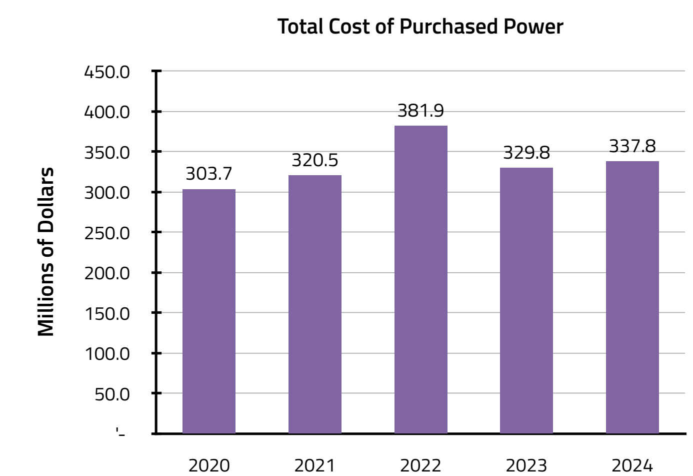
FIVE-YEAR FINANCIAL SUMMARY

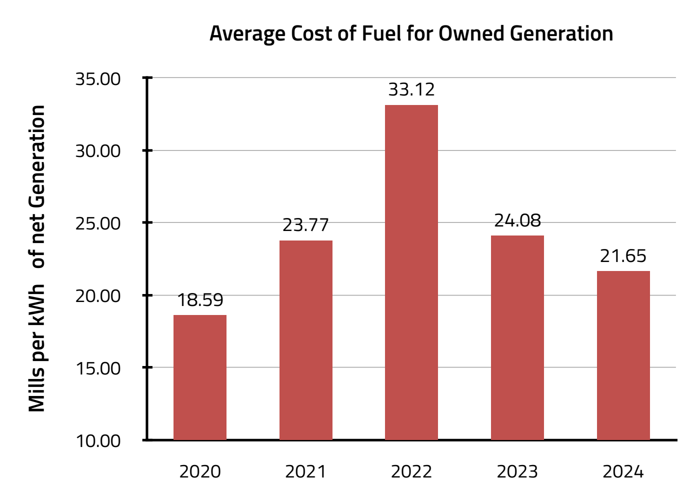
In thousands, as of December 31	2024	2023	2022	2021	2020
SUMMARY OF OPERATIONS					
Total Operating Revenues	$ 1,015,679	$ 1,005,260	$ 953,938	$ 795,604	$ 738,836
Operating Expenses:					
Fuel	$ 247,730	$ 282,522	$ 224,007	$ 144,565	$ 127,449
Production	52,510	51,971	44,347	42,623	36,478
Purchased Power	337,844	329,757	381,862	320,486	303,659
Transmission	88,340	77,411	78,342	69,123	61,463
Administrative and General	35,739	33,783	30,665	30,248	28,556
Maintenance	78,661	72,894	63,114	59,843	56,661
Depreciation and Amortization	103,921	88,020	77,016	76,966	74,319
Total Operating Expenses	**$ 944,745**	**$ 936,358**	**$ 899,353**	**$ 743,854**	**$ 688,585**
Operating Margin	$ 70,934	$ 68,902	$ 54,585	$ 51,750	$ 50,251
Interest Expense	50,467	46,143	31,418	32,265	36,309
Other Deductions	6,662	6,988	5,880	4,657	6,282
Nonoperating Margin	6,195	4,229	2,713	5,172	12,340
Net Margin	**$ 20,000**	**$ 20,000**	**$ 20,000**	**$ 20,000**	**$ 20,000**
ELECTRIC UTILITY PLANT					
In Service - at Cost	$ 2,859,389	$ 2,673,970	$ 2,207,258	$ 2,177,842	$ 2,130,730
Electric Plant Held for Future Use	608	608	10,928	10,928	10,408
Construction Work in Process	114,484	169,044	518,700	391,649	282,096
Total	**2,974,481**	**2,843,622**	**2,736,886**	**2,580,419**	**2,423,234**
Less Accumulated Depreciation	1,206,661	1,139,599	1,088,270	1,033,684	978,771
Net Utility Plant	**$ 1,767,820**	**$ 1,704,023**	**$ 1,648,616**	**$ 1,546,735**	**$ 1,444,463**
TOTAL ASSETS	**$ 2,326,173**	**$ 2,242,345**	**$ 2,186,376**	**$ 2,118,426**	**$ 2,108,082**
TOTAL EQUITY AND PATRONAGE CAPITAL	**$ 474,937**	**$ 465,119**	**$ 455,119**	**$ 445,119**	**$ 435,119**
ENERGY SOURCES - MWh					
Generated	11,442,076	12,013,277	6,763,813	6,082,337	6,855,404
Purchased	4,662,990	4,514,279	5,400,136	5,523,850	5,327,428
Total Available for Sale	**16,105,066**	**16,527,556**	**12,163,949**	**11,606,187**	**12,182,832**
ENERGY SALES - MWh					
Member Cooperatives	10,227,219	10,124,240	10,368,614	9,831,808	9,656,694
Non-members	5,646,306	6,238,032	1,699,287	1,723,809	2,461,299
Total Sales	**15,873,525**	**16,362,272**	**12,067,901**	**11,555,617**	**12,117,993**
Wholesale Rate to Members (mills/kWh)	**80.78**	**78.14**	**77.08**	**72.35**	**71.71**
Total System Coincident Peak Demand (MW)	**2,749**	**2,220**	**2,520**	**2,322**	**2,029**

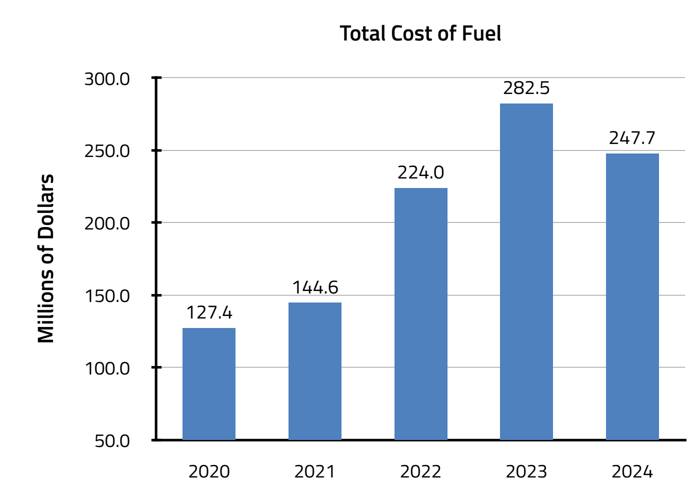












Independent Auditors' Report

The Board of Directors
Cooperative Energy:

Opinion

We have audited the financial statements of Cooperative Energy (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of revenues, expenses, and patronage capital, 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 the Company 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 U.S. generally accepted accounting principles.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 U.S. generally accepted accounting principles, 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 the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 the Company'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 the Company'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.

KPMG LLP

Jackson, Mississippi
March 20, 2025

Financial Statements December 31, 2024 and 2023

Balance Sheets December 31, 2024 and 2023 (in thousands)

ASSETS	2024	2023
Electric utility plant:		
In service - at cost	$ 2,859,389	2,673,970
Electric plant held for future use	608	608
Construction work in progress	114,484	169,044
	2,974,481	2,843,622
Less accumulated depreciation	1,206,661	1,139,599
Net electric utility plant	1,767,820	1,704,023
Investments:		
Investments in associated organizations and other investments	13,515	12,376
Decommissioning trust investments	135,827	122,548
Total investments	149,342	134,924
Current assets:		
Cash and cash equivalents	84,435	76,180
Accounts receivable from Members	68,995	64,993
Accounts receivable from others	17,387	15,245
Inventories (at average cost):		
Fuels	2,262	2,617
Emission allowances	3,455	3,461
Materials and supplies	63,596	55,113
Other	7,327	7,365
Total current assets	247,457	224,974
Deferred charges	161,554	178,424
Total assets	$ 2,326,173	2,242,345
EQUITIES AND LIABILITIES		
Equities:		
Patronage capital	$ 474,402	464,584
Donated capital	535	535
Total equities	474,937	465,119
Long-term debt (excluding current maturities)	1,463,595	1,375,878
Accrued decommissioning obligation	130,265	125,501
Deferred credits and other long-term liabilities	91,218	98,737
Current liabilities:		
Accounts payable	83,038	85,381
Accrued interest	2,084	7,638
Other accrued expenses	10,583	9,600
Current maturities of long-term debt	52,784	58,845
Energy prepayments from Members	17,669	15,646
Total current liabilities	166,158	177,110
Commitments and contingencies (notes 3, 14, and 15)		
Total equities and liabilities	$ 2,326,173	2,242,345

See accompanying notes to financial statements.

Statements of Revenues, Expenses, and Patronage Capital Years ended December 31, 2024 and 2023 (in thousands)

	2024	2023
Operating revenues:		
Electric energy revenue from Members	$ 842,115	820,313
Other electric energy revenue	161,430	169,302
Other - net	12,134	15,645
Total operating revenues	1,015,679	1,005,260
Operating expenses:		
Fuel	247,730	282,522
Production	52,510	51,971
Purchased power	337,844	329,757
Transmission	88,340	77,411
Administrative and general	35,739	33,783
Maintenance expenses:		
Production	54,465	51,243
Transmission	12,331	11,466
General	11,865	10,185
Depreciation and amortization	103,921	88,020
Total operating expenses	944,745	936,358
Operating margin before interest and other deductions	70,934	68,902
Interest and other:		
Interest, net of amounts capitalized	50,467	46,143
Other	6,662	6,988
Total interest and other	57,129	53,131
Operating margin	13,805	15,771
Nonoperating margin:		
Interest income	2,836	1,890
Other	3,359	2,339
Total nonoperating margin	6,195	4,229
Net margin	20,000	20,000
Patronage capital at beginning of year	464,584	454,584
Patronage distributions	(10,182)	(10,000)
Patronage capital at end of year	$ 474,402	464,584

See accompanying notes to financial statements.

Statements of Cash Flows Years ended December 31, 2024 and 2023 (in thousands)

	2024	2023
Operating activities:		
Net margin	$ 20,000	20,000
Adjustments necessary to reconcile net margin to net cash provided by operating activities:		
Depreciation, amortization, and decommissioning	112,255	95,964
Gain on sale of electric utility plant assets	(183)	(406)
(Gain) Loss on sale of securities	(153)	211
Other noncash charges	1	(1)
Change in current assets	(14,228)	5,446
Change in deferred revenue	(15,955)	(29,192)
Change in current liabilities other than current maturities	(6,572)	(3,816)
Change in deferred charges, credits, and other long-term liabilities	2,112	(2,300)
Net cash provided by operating activities	97,277	85,906
Investing activities:		
Proceeds from sale of utility plant	183	406
Purchases of securities	(23,413)	(31,916)
Proceeds from sale of securities	18,549	23,176
Change in other investments	689	7,298
Investment in nuclear decommissioning trust fund	—	(2,400)
Electric plant additions	(156,192)	(155,349)
Net cash used in investing activities	(160,184)	(158,785)
Financing activities:		
Scheduled principal payments on long-term debt	(59,310)	(49,858)
Proceeds from issuance of long-term debt	370,598	9,061
Advances from lines of credit	225,703	1,592,362
Repayments on lines of credit	(455,581)	(1,458,847)
Payment of debt issuance cost	(66)	(20)
Payment of patronage capital	(10,182)	(20,000)
Net cash provided by financing activities	71,162	72,698
Net change in cash and cash equivalents	8,255	(181)
Cash and cash equivalents at beginning of year	76,180	76,361
Cash and cash equivalents at end of year	$ 84,435	76,180
Additional cash flow disclosures:		
Interest paid, net of amount capitalized	$ 55,670	45,589
Change in accrued additions to electric utility plant	1,679	(692)

See accompanying notes to financial statements.

Notes to Financial Statements December 31, 2024 and 2023

1. Nature of Operations

Cooperative Energy is a member-owned, not-for-profit electric generation and transmission cooperative that supplies wholesale electricity and other services to its 11 member distribution cooperatives (the Members), which, in turn, provide retail electric service to consumers in certain areas of Mississippi through approximately 456,000 meters. Under long-term wholesale power contracts with each of its Members, Cooperative Energy is obligated to provide all of the power required by the member systems. Financing assistance is provided by the United States Department of Agriculture, Rural Utilities Service (RUS). In addition to being subject to regulation by its own governing board of directors, Cooperative Energy is subject to certain rules and regulations promulgated for rural electric borrowers by RUS. Cooperative Energy maintains its accounting records in accordance with the Federal Energy Regulatory Commission's (FERC) Chart of Accounts, as modified and adopted by RUS. Revenue is generally recognized when power is delivered to its Members. However, as a regulated utility, the methods of allocating costs and revenue to time periods may differ from those principles generally applied to nonregulated companies.

Cooperative Energy owns a 10% undivided interest in a nuclear generating plant known as Grand Gulf Unit 1 (Grand Gulf). System Energy Resources, Inc. (SERI), a subsidiary of Entergy Corporation (Entergy), owns the remaining 90%, either outright or through leasehold interests. Entergy Operations, also a subsidiary of Entergy, operates the plant along with other nuclear plants owned by Entergy, subject to owner oversight. Grand Gulf commenced commercial operation on July 1, 1985.

2. Summary of Significant Accounting Principles

a. Electric Utility Plant and Depreciation

Electric utility plant is stated at cost, which includes contract work, materials, direct labor, allowance for funds used during construction, and allocable overhead costs. The cost of electric generating stations and related facilities includes costs incurred, less revenue earned, prior to the date of commercial operation.

Depreciation is provided by straight-line group method for electric utility plant in service at the following annual composite rates:

Nuclear generation plant	1.20% to 4.12%
Nonnuclear generation plant	3.0% to 4.55%
Transmission plant	2.75%
General plant and transportation equipment	2% to 20%

At the time that units of the electric utility plant are retired, their original cost and cost of removal, less salvage value, are charged to accumulated depreciation. Replacements of the electric utility plant involving less than a designated unit of property are charged to maintenance expense. With the exception of turbine and generator inspections and generator rewinds, repair and maintenance costs incurred during a planned major maintenance outage are expensed when incurred. Costs associated with turbine and generator inspections and generator rewinds are recorded as regulatory assets and amortized over the periods between inspections.

Cooperative Energy evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable, based upon expectations of undiscounted cash flows and operating income. No impairments were incurred in 2024 or 2023.

b. Allowance for Funds Used During Construction

Cooperative Energy capitalizes interest on certain significant construction and development projects while the projects are under construction. The interest cost capitalized related to debt specifically borrowed for construction and development projects during construction is reflected as a reduction of interest expense. The imputed interest cost related to construction and development projects funded without specific borrowings during construction is reflected as allowance for funds used during construction. During 2024 and 2023, total interest cost amounted to $52.6 million and $51.0 million, respectively, with $2.1 million and $4.8 million, respectively, capitalized as part of the electric utility plant.

c. Cost of Decommissioning Nuclear Plant

Cooperative Energy's portion of the estimated decommissioning cost of Grand Gulf (see note 3) is charged to operating expenses over the estimated service life of the plant. In December 2011, the Nuclear Regulatory Commission (NRC) accepted a License Renewal Application (LRA) for Grand Gulf Unit No. 1 and commenced a process to review the requested extension of the operating license to 2044. The renewal of the operating license was issued in December 2016. The operating license from the NRC expires in 2044.

d. Investment Securities

Decommissioning trust investments are carried at fair value. The fair values for debt and equity securities are based on quoted market prices when available. If a quoted market price is not available, a fair value has been estimated using quoted market prices for similar securities or based on inputs that are observable or can be corroborated by market data for the term of the instrument. The primary components that determine a debt security's fair value are its coupon rate, maturity, and credit characteristics. In 2009, the Board of Directors authorized Cooperative Energy to refund or recover any trust investment gains or losses through future rates. In accordance with the regulatory treatment for such decommissioning trust funds, beginning in 2009, Cooperative Energy records a regulatory asset or liability for the amount of unrealized losses or unrealized gains, respectively. Gains and losses on sales of investment securities are computed using the specific identification method and are included in nonoperating margin – other.

e. Cash and Cash Equivalents

The carrying amounts reported in the balance sheets for cash and cash equivalents approximate fair value due to the short maturity of these instruments. For purposes of reporting cash flows, all temporary investments with original maturities of three months or less are deemed to be cash equivalents, except those that are held as part of the Decommissioning Trust Investments.

f. Inventories

Inventories of fuels and inventories of materials and supplies are valued using the rolling weighted average cost. Any inventories that are obsolete or excess are written down to their estimated disposal value.

g. Emission Allowances

Cooperative Energy maintains an inventory of sulfur dioxide emission allowances for the acid rain program. These allowances are valued using the rolling weighted average cost method.

h. Regulatory Accounting

Cooperative Energy's accounting policies include compliance with Accounting Standards Codification (ASC) No. 980, *Regulated Operations*. Regulatory assets represent probable future reductions in revenues, or increase in expenses, associated with certain items that are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent probable future revenues associated with amounts that are expected to be credited to customers through the ratemaking process. In the event that Cooperative Energy is no longer able to comply with ASC No. 980 as the result of a change in regulation or effects of competition, Cooperative Energy would be required to recognize the effects of its regulatory assets and liabilities currently in its statements of revenues, expenses, and patronage capital.

Periodically, the Board of Directors will set a benchmark power cost adjustment rate to be collected from or credited to Members in order to more closely match revenues with actual and forecasted fuel and purchased power costs consistent with the cooperative not-for-profit operation of Cooperative Energy. Material variances between these revenues and costs may cause the recognition of deferred credits or deferred charges from one year to the next in accordance with how these revenues or costs are expected to be recovered or refunded.

Additional details regarding regulatory assets and liabilities are included in notes 7 and 10.

i. Patronage Capital

The bylaws of Cooperative Energy provide that any excess of revenues over expenses and accumulated prior-year deficits shall be treated as advances of capital by the Member patrons and credited to them on the basis of their patronage.

j. Income Taxes

Cooperative Energy is exempt from United States income taxes pursuant to Section 501(c)(12) of the Internal Revenue Code, which requires that at least 85% of Cooperative Energy's gross receipts be derived from its Members.

k. Derivative Financial Instruments

Derivative and hedge accounting requires that all derivatives be recognized in the balance sheet either as an asset or liability, measured at fair value, unless they meet the normal purchases and sales exemption criteria. Contracts in which Cooperative Energy is effectively hedging the variability of cash flows relate to forecasted natural gas purchases and transmission congestion cost. Any gains or losses resulting from the fair value measurement of natural gas hedges, energy sales, and transmission congestion cost hedges are passed through to Members using the mechanisms of the benchmark power cost adjustment rate. Therefore, these derivative instruments are recorded at fair value in the accompanying balance sheets, along with a corresponding offsetting regulatory asset or liability. See note 11 for the values of the derivatives and the financial statement line item in which the derivatives are reported in the financial statements.

l. Electric Energy Revenues

Cooperative Energy has a contract with each of the 11 member distribution cooperatives as well as engages in the selling of excess energy to the Midcontinent Independent System Operator (MISO). MISO transactions are covered by a standard tariff, or contract. During the years ended December 31, 2024 and 2023, revenues related to MISO were $161.4 million and $169.3 million, respectively, and are included in other electric energy revenue in the statements of revenues, expenses, and patronage capital.

The electricity sold and delivered is measured in megawatt-hours (MWh). Contracts with members, and with MISO, specify at what delivery point the electricity, or transmission service, is to be delivered and metered. Cooperative Energy charges a demand fee for peak usage. Demand is measured in kilowatt-hour months and is metered at member delivery points. Transmission service to MISO is comparably measured in kilowatt-hour months. This contractual obligation is specified in member contracts and the MISO tariff.

Cooperative Energy is rate regulated by the Board of Directors, which reviews rates at least annually to determine rate levels needed to cover costs, achieve compliance with loan covenants, as well as maintain a stable financial profile. Rates to members (both energy and demand) are published and approved by the Board of Directors prior to any actual billings. Electricity sales and transmission system usage into the MISO market are governed by published rates.

Electricity and demand are separately metered and priced per contract.

Meter data is collected, and pricing applied, as of the last day of each month. There is no timing difference between Cooperative Energy's fiscal accounting period and the performance obligation period. Revenues are recognized at the time of the transfer of control to members and nonmembers. Cooperative Energy satisfies its performance obligations to deliver energy as energy is delivered to its customers.

Cooperative Energy applies the invoicing practical expedient to recognize revenues to members except in circumstances where the invoiced amount does not represent the value transferred to the member.

Uncollectible accounts have historically been negligible, so Cooperative Energy does not provide an allowance for credit losses.

m. 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. Actual results could differ from those estimates.

n. Bond and Debt Issuance Costs

Bond and debt issuance costs are being amortized by the straight-line method, which does not differ materially from the interest method, over the term of the related debt. The amortization during the period of construction is capitalized.

o. Subsequent Events

Cooperative Energy has evaluated subsequent events through March 20, 2025, the date these financial statements were available to be issued.

3. Commitments and Contingencies Regarding Grand Gulf

Cooperative Energy and SERI are co-licensees and parties to a joint ownership contract that sets forth the rights and obligations of the Grand Gulf owners, with Cooperative Energy generally obligated to pay 10% of all operating and capital costs and entitled to receive 10% of the electricity generated by the plant. Cooperative Energy paid $48.3 million and $42.6 million under the contract in 2024 and 2023, respectively.

Cooperative Energy is also responsible for 10% of the estimated cost to decommission Grand Gulf. Entergy provides information to the NRC on behalf of Cooperative Energy that demonstrates sufficient financial resources will be available at the time it becomes necessary to decommission. In addition, Cooperative Energy received approval from the Internal Revenue Service to establish a "tax-free" grantor trust as a vehicle to fund the estimated decommissioning costs. Cooperative Energy made no contributions during 2024 and contributed $2.4 million to the trust in 2023. Cooperative Energy expects to fund the trust on an as-needed basis through at least 2044, based on investment performance and revisions to the estimated decommissioning liability.

Cooperative Energy has recorded an accrued decommissioning obligation for Grand Gulf. The liability is recorded at the present value of the estimated future outflows, with an accompanying addition to the recorded cost of the long-lived asset, which is then depreciated over its useful life. The accrual for this Grand Gulf obligation was $125.3 million and $120.5 million at December 31, 2024 and 2023, respectively. The accrued decommissioning obligation is based on estimated future costs to remediate the site. Accordingly, as with any estimates, precision of the estimate and unasserted claims can have a material impact on future cost. Also see note 14 for additional discussion.

Cooperative Energy could be assessed for other costs of this facility relative to insurance coverage for the public in the event of a nuclear power plant incident. The Price-Anderson Act requires that reactor licensees purchase insurance and participate in a secondary insurance pool that provides insurance coverage for the public in the event of a nuclear power plant accident. The costs of this insurance are borne by the nuclear power industry. Within the secondary pool, each nuclear reactor has a contingent obligation to pay a retrospective premium, equal to its proportionate share of the loss in excess of the primary level, regardless of proximity to the incident or fault. Cooperative Energy's share of such premium could be up to a maximum of approximately $16.6 million for each nuclear incident involving licensed reactors, payable at a rate of $2.5 million per year per incident per nuclear power reactor. In addition, under a property damage and accidental outage insurance program, Cooperative Energy could be assessed up to $2.2 million maximum per occurrence for property damage, decontamination, or premature decommissioning expense involving nuclear generation plants owned by others. No such incidents were incurred in either 2024 or 2023.

4. Electric Utility Plant

Electric utility plant consisted of the following:

	Cost		Accumulated depreciation	
	December 31		December 31	
	2024	2023	2024	2023
	(In thousands)		(In thousands)	
Grand Gulf Nuclear	$ 627,066	608,518	406,367	390,075
Morrow combined cycle	395,941	391,322	45,586	34,792
Morrow steam	22,129	21,950	11,620	9,673
Moselle steam	36,350	35,730	30,154	29,431
Moselle combined cycle	237,035	236,080	77,843	72,361
Moselle gas turbines	66,342	65,857	37,722	35,737
Batesville combined cycle	291,948	274,113	106,995	104,996
Silver Creek/Sylvarena gas turbines	215,326	214,283	124,585	118,253
Benndale gas turbines	38,043	36,721	4,451	3,839
Solar sites	3,923	3,923	719	562
Total generating plant	**1,934,103**	**1,888,497**	**846,042**	**799,719**
Transmission plant	566,087	536,295	189,480	181,669
General plant and equipment	355,934	245,913	170,666	157,763
Electric plant leased to others	3,265	3,265	473	448
Electric plant in service	**2,859,389**	**2,673,970**	**1,206,661**	**1,139,599**
Electric plant held for future use	608	608	—	—
Construction work in progress	114,484	169,044	—	—
Total electric utility plant	**$ 2,974,481**	**2,843,622**	**1,206,661**	**1,139,599**

At December 31, 2024, Cooperative Energy has commitments of approximately $53.0 million related to construction work in progress with $20.7 million related to Batesville generator replacement and spare rotor projects, $11.9 million related to transmission projects, $11.9 million related to Plant Moselle projects, and the remainder related to other projects.

Depreciation expense was $89.0 million and $76.8 million during 2024 and 2023, respectively.

5. Investments in Associated Organizations and Other Investments

Investments in associated organizations and other investments are stated at cost and consisted of the following:

	December 31	
	2024	2023
	(In thousands)	
National Rural Utilities Cooperative Finance Corporation (CFC) Patronage Capital and Term Certificates	$ 7,073	7,156
Economic Development Loans	2,735	1,363
Other	3,707	3,857
	$ 13,515	**12,376**

CFC requires Cooperative Energy to hold these investments as a condition of CFC financing. CFC term certificates bear interest at 5.00% and mature in 2070 through 2080.

6. Decommissioning Trust Investments

The cost or amortized cost and estimated fair value of investments securities and cash equivalents were as follows:

	December 31, 2024			
	COST OR AMORTIZED COST	APPROXIMATE FAIR VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES
	(In thousands)			
Equity securities:				
Common stocks	$ 4,675	8,152	3,494	(17)
Fixed income mutual funds and exchange-traded funds	10,793	10,574	—	(219)
Equity mutual funds and exchange-traded funds	44,731	74,280	29,659	(110)
Total equity securities	**60,199**	**93,006**	**33,153**	**(346)**
Debt securities:				
Corporate bonds	25,700	24,772	29	(957)
U.S. government obligations	16,773	16,276	39	(536)
Total debt securities	**42,473**	**41,048**	**68**	**(1,493)**
Money market funds and accrued interest receivable	1,773	1,773	—	—
Total	**$ 104,445**	**135,827**	**33,221**	**(1,839)**

		December 31, 2023			
		COST OR AMORTIZED COST	APPROXIMATE FAIR VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES
		(In thousands)			
Equity securities:					
Common stocks	$	4,487	6,254	1,811	(44)
Fixed income mutual funds and exchange-traded funds		10,945	10,568	—	(377)
Equity mutual funds and exchange-traded funds		44,732	65,569	21,028	(191)
Total equity securities		**60,164**	**82,391**	**22,839**	**(612)**
Debt securities:					
Corporate bonds		13,003	12,595	42	(450)
U.S. government obligations		24,509	23,946	138	(701)
Total debt securities		**37,512**	**36,541**	**180**	**(1,151)**
Money market funds and accrued interest receivable		3,616	3,616	—	—
Total	$	**101,292**	**122,548**	**23,019**	**(1,763)**

Proceeds from sales of securities were $18.5 million in 2024 and $23.2 million in 2023. Related gross realized gains and losses in 2024 were $0.4 million and $0.2 million, respectively, and in 2023 were $1.1 million and $1.6 million, respectively.

7. Deferred Charges (Including Regulatory Assets)

The following is a summary of amounts recorded as deferred charges, including regulatory assets:

		December 31	
		2024	2023
		(In thousands)	
Regulatory assets:			
Nuclear outage maintenance cost	$	2,209	955
Postretirement medical benefit regulatory asset		(2,927)	(2,375)
Unamortized investment in Grand Gulf Unit 2		24,351	26,555
Deferred major maintenance costs		47,554	43,983
Development fees - Panola Partnership		1,326	1,563
Batesville acquisition costs		816	898
Pension plan accelerated funding		3,988	4,653
Unrealized loss on gas hedges		2,755	17,483
Coal plant retirement - Plant Morrow		68,275	79,918
		148,347	**173,633**
Other deferred charges:			
Advance payment on Plum Point power purchase agreement		1,919	2,041
Natural gas hedge asset		6,322	209
Transmission congestion hedge asset		2,944	562
Other		2,022	1,979
	$	**161,554**	**178,424**

Nuclear outage maintenance costs represent Cooperative Energy's 10% share of Grand Gulf's incremental maintenance costs associated with refueling outages. These costs are recorded as a regulatory asset when incurred and are amortized by the straight-line method over the 22 to 23 months between scheduled outages.

Cooperative Energy capped its investment in construction of the Grand Gulf Unit 2 nuclear generating plant at $101.1 million, and majority owner, SERI, subsequently abandoned construction of Grand Gulf Unit 2 generating plant during the late 1980s. Cooperative Energy carried the unamortized investment balance in the deferred loss from disposition of utility plant and amortized this investment during the years 1989 to 2005 resulting in a remaining balance of $44.1 million. During 2006, Cooperative Energy received approval from RUS to cease amortization of the investment based on the possibility that a part of the abandoned plant may have value for a potential new nuclear unit to be constructed at the Grand Gulf site. RUS also approved reclassification of the investment balance from deferred loss from disposition of utility plant to electric plant held for future use. The majority owner, SERI, discontinued efforts to obtain permitting for an additional nuclear unit for the site in 2015. During 2015, Cooperative Energy arranged for an independent appraisal of the abandoned plant, and the independent appraiser concluded that there was no potential value for the plant site. Accordingly, as a rate-regulated entity qualifying for Regulatory Accounting, per ASC No. 980, Cooperative Energy reclassified the $44.1 million balance from electric plant held for future use to regulatory assets in 2015. This accounting was also approved by RUS. Cooperative Energy plans to amortize this balance during the periods from 2016 to 2036. See note 2(c) and note 3 for additional information regarding the Grand Gulf nuclear generating facility.

Major maintenance costs, which primarily consists of turbine and generator inspections and generator rewinds, are recorded as regulatory assets when incurred and amortized into rates during the period between scheduled major maintenance, typically five to six years.

The development fees – Panola Partnership represent fees paid under an inducement agreement and use agreements for the Batesville Generating Facility. The payment will be amortized and recovered in rates over the life of the agreement or the period from December 2013 through July 2031.

The NRECA Board of Directors approved an option to allow participating cooperatives in the Retirement Security Plan (RS Plan), a defined benefit multiemployer pension plan, to make an accelerated payment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned using the RS Plan's actuarial valuation assumptions. After making the prepayment, the billing rate was reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from that expected, plan assumption changes, and other factors may have an impact on the differential in billing rates and the 15 year period. During February 2013, Cooperative Energy made an $11.9 million payment under this option. In accordance with RUS guidance, the payment is being amortized over an 18-year period based on the difference in the normal Plan retirement age, and average age of the Cooperative Energy workforce.

As stated in note 2, Cooperative Energy hedges the variability of cash flows related to forecasted natural gas purchases and energy sales. The fair value of these derivative financial instruments is carried on the balance sheets. Realized gains or losses incurred with these instruments are passed through as part of the wholesale rate to Members. See notes 2(k) and 11 for additional information regarding accounting for annual gas and energy sale hedges.

Due to age, dispatch cost, increased environmental compliance cost, and the projected cost of upgrades required to keep Plant Morrow operational, the continued use of the plant as a coal-fired generation resource was not considered to be in the best long-term interest of Cooperative Energy. Management recommended, and the Board of Directors of Cooperative Energy approved, decommissioning the coal-fired assets of the plant at its meeting held on June 20, 2018. The net book value of the utility plant assets retired was $104.9 million, or approximately 80 percent of the net book value of Plant Morrow assets. Certain spare parts and other current assets at Plant Morrow associated with coal-firing of approximately $4.0 million were also retired in 2018. In December 2018, Cooperative Energy relieved the coal-firing assets associated with Plant Morrow and transferred $109.4 million into a regulatory asset. In May 2023, $19.9 million of demolition costs related to the coal-firing assets was transferred to the regulatory asset that was established in December 2018. The regulatory asset will be amortized during the period 2019–2030.

During 2006, Cooperative Energy paid $3.5 million as a refinancing cost under terms of the Plum Point power purchase agreement. This payment was made in lieu of an increase in the reservation payments associated with power purchased under this contract. During 2008, $0.5 million of preliminary survey costs associated with this power purchase agreement were also recorded as a deferred charge. During 2010, Cooperative Energy paid $6.2 million as its share of costs associated with transmission system interconnections at this facility. These funds will be amortized into rates over the life of the power purchase agreement, which began during 2010 when the related plant came online. During 2011, Cooperative Energy was refunded $2.4 million as transmission service credits relating to payments of the transmission system interconnect cost.

8. Patronage Capital

Patronage capital consisted of the following:

		December 31	
		2024	2023
		(In thousands)	
Cumulative margins	$	556,952	536,952
Less retirements to date		82,550	72,368
	$	**474,402**	**464,584**

The return to Members of contributed capital is permitted under terms described in Cooperative Energy's Indenture of Deed of Trust, Security Agreement and Financing Statement (Indenture), the security document governing first mortgage obligations. Equity of Cooperative Energy represents 23.9% and 24.5% of the aggregate long-term debt and equity at December 31, 2024 and 2023, respectively.

9. Debt

The listing below details Cooperative Energy's committed unsecured credit agreements:

	Unsecured revolving credit agreements			
		COMMITMENT AMOUNT	OUTSTANDING BALANCE AS OF DECEMBER 31, 2024	MATURITY DATE
		(In thousands)		
Trustmark National Bank	$	40,000	12,383	April 20, 2026
Cadence Bank		40,000	35,000	April 20, 2026
Regions		40,000	35,000	April 20, 2026
Syndicated Line of Credit		400,000	—	October 31, 2027
Total	**$**	**520,000**	**82,383**	

These revolving credit agreements bore interest generally based on Secured Overnight Financing Rate (SOFR) or Prime. At December 31, 2024, $82.4 million was outstanding, and at December 31, 2023, $312.3 million was outstanding under revolving credit agreements. Any outstanding balances of the revolving credit agreements are due at maturity date.

Cooperative Energy also has a $40.0 million letter of credit facility with National Rural Utilities Cooperative Finance Corporation (CFC). At December 31, 2024, $25 million was issued under the CFC facility. A $23 million letter of credit is utilized to satisfy security requirements of the Plum Point Energy Associates, LLC power purchase agreement, a $1 million letter of credit is utilized as financial security for certain transactions with MISO, and a $1 million letter of credit is utilized as financial security for certain transactions with Sequent Energy Management, LLC.

Additionally, Cooperative Energy has a $60 million letter of credit facility with CoBank, ACB. At December 31, 2024, $20 million was issued under the CoBank facility. A $10 million letter of credit is utilized as financial security for certain transactions with MISO, and a $10 million letter of credit is utilized as financial security for certain transactions with Sequent Energy Management, LLC.

Long-term debt consisted of the following:

		December 31	
		2024	2023
		(In thousands)	
Mortgage notes payable in quarterly installments to Federal Financing Bank (FFB) at interest rates varying from 1.054% to 4.636%, through 2056	$	1,041,487	712,204
RUS Economic Development notes payable in monthly installments at 0%, maturing in 2026 [1]		891	1,363
First Mortgage Bonds, Series 2010A Bonds payable in semiannual installments - $40 million at 4.08%, maturing December 9, 2030, $110 million at 5.40%, maturing December 9, 2040		102,249	108,105
First Mortgage Bonds, Series 2019 Bonds payable in semiannual installments - $350 million at 3.15%, maturing November 6, 2049		291,667	303,333
Trustmark National Bank revolving line of credit, variable interest rate [1]		12,383	22,261
Cadence Bank revolving line of credit, variable interest rate [1]		35,000	30,000
Regions revolving line of credit, variable interest rate [1]		35,000	40,000
Syndicated line of credit, variable interest rate [1]		—	220,000
		1,518,677	**1,437,266**
Less:			
Debt issuance cost	$	2,298	2,543
Current maturities		52,784	58,845
Long-term debt (excluding current maturities)	**$**	**1,463,595**	**1,375,878**

[1] Denotes an unsecured agreement.

In 2024, funding became available for another FFB loan guaranteed by RUS in the amount of $492.7 million, for capital expenditures. The remaining unadvanced commitment was $149.5 million at December 31, 2024. Substantially all assets of Cooperative Energy are pledged as collateral for long-term debt that is secured under the Indenture agreement.

Approximate annual maturities (scheduled periodic principal payments, which excludes payments on unsecured revolving credit agreements) of long-term debt for the next five years are as follows (in thousands):

2025	$	52,784
2026		65,246
2027		54,062
2028		66,873
2029		80,605

Cooperative Energy is required by debt compliance covenants to maintain certain levels of patronage capital, maintain certain financial ratios of interest coverage and annual debt service coverage, and limit the amount of unsecured indebtedness. Cooperative Energy's management believes it is in compliance with such requirements at December 31, 2024 and 2023.

10. Deferred Credits and Other Long-Term Liabilities (Including Regulatory Liabilities)

The following is a summary of deferred credits and other long-term liabilities, including regulatory liabilities:

	December 31	
	2024	2023
Regulatory Liabilities:	(In thousands)	
Deferred revenue from power cost adjustments	$ 23,781	19,506
Other deferred revenue	—	10,230
Amortization and Depreciation Fund	—	10,000
Unrealized gain on Decommissioning Trust	27,176	17,948
Unrealized gain on gas hedges	6,782	413
Unrealized gain on transmission congestion hedge	2,944	562
	60,683	**58,659**
Other deferred credits and long-term liabilities:		
Reserve for economic development contributions	7,974	7,256
Reserve for employee assistance	84	53
Medical insurance claim funding	8,957	8,333
Capital lease	335	421
Capacity revenue	2,989	—
Natural gas hedge liability	2,522	16,023
Postretirement benefit obligation (other than pensions)	7,674	7,992
	$ 91,218	**98,737**

Included in the 2023 liability for deferred revenue from power cost adjustments is $19.5 million collected from Members during 2023 and recognized as revenue in 2024. Similarly, the $23.8 million liability recorded in 2024 represents amounts collected from Members during 2024 and will be recognized as revenue in 2025.

The other deferred revenues were authorized by the Board of Directors with several board resolutions and are expected to be recognized as revenues in years when increased annual amortization, depreciation, interest, and other costs occur. During 2024 and 2023, $10.2 million and $41.4 million, respectively, of the other deferred revenue was accreted into revenue. There was no remaining other deferred revenue at December 31, 2024. At December 31, 2023, there was $10.2 million remaining in other deferred revenue.

The Amortization and Depreciation Fund represents amounts collected from Members during 2015. This fund, created by the Board of Directors, was created to offset expenses related to the amortization of the investment in Grand Gulf Unit II. The remaining $10.0 million was fully accreted into revenue in 2024.

During 2009, the Cooperative Energy Board authorized transfer of the balance of unrealized gains and losses in the Grand Gulf Decommissioning Trust Fund from the equity section of the balance sheet to the regulatory liability or asset section of the balance sheet. The balance in the regulatory account will be amortized into rates over the remaining license life of Grand Gulf. The initial transfer into the regulatory asset account during 2009 amounted to approximately $8.0 million, with $0.9 million and $0.3 million amortized into 2024 and 2023 rates, respectively.

See notes 2(k) and 11 for additional information regarding accounting for annual gas and energy sale hedges.

As described in note 12(c), Cooperative Energy sponsors a defined benefit plan that provides health insurance benefits to employees and their eligible dependents. The long-term accumulated postretirement benefit obligation for this benefit plan at December 31, 2024 and 2023 was $4.3 million and $5.1 million, respectively. In addition to the postretirement health insurance benefit plan, the postretirement benefit obligation amount reported in the other long-term liability table includes $3.4 million and $2.9 million for 2024 and 2023, respectively, related to certain other employee benefit plan arrangements.

11. Derivative Financial Instruments

Cooperative Energy enters into financial hedging arrangements for natural gas used in owned and contracted generating units to lessen the impact of natural gas price fluctuations on the cost of service. Physical purchases, actual natural gas usage, and financial hedge positions are considered when calculating amounts due to the counterparty. At December 31, 2024, approximately $3.8 million of natural gas financial hedges were in a net asset position based on the fair value of the derivative. At December 31, 2023, approximately $15.8 million of natural gas financial hedges were in a net liability position based on the fair value of the derivative. Cooperative Energy does not apply hedge accounting to these financial hedging instruments. At December 31, 2024 and 2023, Cooperative Energy had posted no collateral with a counterparty.

As of December 31, 2024, Cooperative Energy has acquired financial hedges to cover approximately 50% of forecasted natural gas consumption used to serve native load for 2025, and 25% of forecasted natural gas consumption used to serve native load for 2026. Additionally, Cooperative Energy has acquired financial hedges to cover approximately 10% of forecasted natural gas consumption used to serve native load for years 2027 and 2028.

The table below reports the value of the derivatives, and the financial statement line item in which the derivatives are reported in the accompanying financial statements:

	ASSET (LIABILITY) DERIVATIVES			
	December 31, 2024		December 31, 2023	
	Balance sheet location	Fair value	Balance sheet location	Fair value
	(In thousands)		(In thousands)	
Derivatives not designated as hedging instruments:				
Natural gas hedge	Deferred credits and other long-term liabilities	$ (2,522)	Deferred credits and other long-term liabilities	$ (16,023)
Natural gas hedge	Deferred charges	6,322	Deferred charges	209
Transmission congestion cost hedge	Deferred charges	2,944	Deferred charges	562
Total derivatives		**$ 6,744**		**$ (15,252)**

The effect of derivative instruments on the statements of revenues, expenses, and patronage capital for the years ended December 31, 2024 and 2023 was as follows:

		Amount of derivative gain (loss) recognized in operating margin	
Location of gain (loss) recognized in operating margin		2024	2023
		(In thousands)	
Natural gas hedges	Fuel expense	$ (32,090)	(58,012)
Transmission congestion cost hedge	Purchased power expense and other electric energy revenue	15,685	16,075

12. Employee Benefits

a. Managed Care Program

Cooperative Energy provides medical benefits to current employees through a managed care program. Beginning in March 2011, Cooperative Energy began making payments into a designated bank account from which claims and expenses approved by the plan administrator are paid. Cooperative Energy recorded expenses amounting to $6.2 million for years ended December 31, 2024 and 2023.

b. Multiemployer Plans

Substantially all of Cooperative Energy's employees participate in the National Rural Electric Cooperative Association (NRECA) retirement programs, which include both, the RS Plan, a defined benefit pension plan, and a defined contribution pension plan. Both plans are qualified under Section 401 and are tax-exempt under Section 501(a) of the Internal Revenue Code. The RS Plan is a multiemployer plan available to all member cooperatives of NRECA. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Cooperative Energy incurred $9.8 million in pension expense for the defined benefit pension plan in 2024 and $9.1 million in 2023. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. Cooperative Energy's contributions to the RS Plan in 2024 and in 2023 represented less than 5% of the total contributions made to the plan by all participating employers.

In the NRECA defined benefit retirement plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Plan was over 80% funded on January 1, 2024 and January 1, 2023 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the NRECA defined benefit retirement plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

There were no significant changes to the Plan during 2024 that affect the comparability of 2024 and 2023 contributions.

Cooperative Energy makes bi-weekly payments to NRECA for the benefit of those employees who voluntarily participate in the 401(k) pension plan, an equivalent of up to 6% of the employee's contribution. Cooperative Energy also performs an annual true-up reconciliation based on the annual average rate contributed and remits an additional payment to NRECA, if necessary, during the first quarter of the next calendar year. Cooperative Energy expenses the payments as they are accrued, and such 401(k) pension expense amounted to $3.0 million in 2024 and $2.8 million in 2023.

c. Postretirement Healthcare Benefit Plan

Cooperative Energy sponsors a defined benefit plan that provides health insurance benefits to retired employees and their eligible dependents. Cooperative Energy subsidizes the cost of healthcare premiums for retired employees hired prior to January 1, 1995. The plan also provides that Cooperative Energy waives the healthcare premiums for a two-year term from the date of the employee's death for eligible dependents of deceased active, LTD, and retired employees. After the two-year term, eligible dependents can opt to remain on the cooperative's healthcare plan. If the deceased employee retired prior to March 1, 2003, Cooperative Energy would subsidize the healthcare premiums for eligible dependents. If the employee retired after March 1, 2003, eligible dependents of the deceased employee must assume full cost of the healthcare premiums through a monthly reimbursement of funds to the cooperative.

The estimated costs of these benefits were accrued over the years that the employees rendered service. Payments relating to postretirement benefits other than pensions were approximately $0.5 million and $0.3 million in 2024 and 2023, respectively. During 2024 and 2023, retirees, and/or their eligible dependents, paid approximately $0.4 million and $0.5 million, respectively, for coverage under the plan.

The FASB issued ASC No. 715, *Compensation – Retirement Benefits*, which requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its balance sheets.

The approximate periodic expense for postretirement benefits, other than pensions, as well as the changes in the accumulated postretirement benefit obligation (APBO), is as follows:

		December 31	
		2024	2023
		(In thousands)	
Service cost of benefits earned	$	104	126
Interest cost on accumulated benefit obligation		227	258
Amortization of actuarial gain		(167)	(154)
Net periodic postretirement benefit cost		**164**	**230**
Accrued benefit obligation at beginning of year		5,681	6,253
Benefits paid		(514)	(654)
Accrued postretirement benefit obligation at end of year		**5,331**	**5,829**
Unrecognized actuarial gain		(505)	(148)
Accumulated postretirement benefit obligation	**$**	**4,826**	**5,681**

Of the accumulated postretirement benefit obligation, $4.3 million is recorded as an unfunded long-term liability, with the remaining $0.5 million recorded as a current liability at December 31, 2024. The weighted average discount rate used in determining the APBO was 5.44% and 4.76% at December 31, 2024 and 2023, respectively. The weighted average discount rate used in determining the net benefit cost was 4.76% and 4.95% in 2024 and 2023, respectively. The assumed healthcare cost trend rate of increase used in measuring the APBO is 0.00% for pre-age 65 medical in 2024, 6.25% in 2025 and declining to 4.75% by 2031. The healthcare cost trend rate of increase assumption has a significant effect on the APBO and periodic expense. If the healthcare cost trend rate assumptions were increased by 1.0%, the APBO as of December 31, 2024 would be increased by 3.84%. Benefits expected to be paid in 2025-2029 are $0.5 million, $0.5 million, $0.4 million, $0.4 million and $0.4 million, respectively. Benefits expected to be paid in the years 2030-2034 total $1.7 million. Cooperative Energy expects to fund payments as they become due. In developing demographic assumptions, as of December 31, 2024, the Pri-2012 tables, projected generationally with scale MP-2021 separately for males and females, was used for healthy lives and for disabled lives.

13. Fair Value Measurements

Cooperative Energy utilizes the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities that Cooperative Energy has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of financial instruments such as the investments held in the decommissioning trust that are quoted in an active market.

Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include nonexchange-traded gas hedges and certain investments held in the decommissioning trust that are not quoted in active markets.

Level 3 – Unobservable inputs for the asset or liability, including situations in which there is little, if any, market activity for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset or liability.

The following table summarizes Cooperative Energy's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023:

		December 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In thousands)		
Decommissioning trust investments (note 6)	$	135,827	96,256	39,571	—
Derivatives (note 11)		6,744	—	6,744	—
Total financial assets	**$**	**142,571**	**96,256**	**46,315**	**—**

		December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In thousands)		
Decommissioning trust investments (note 6)	$	122,548	88,392	34,156	—
Derivatives (note 11)		(15,670)	—	(15,670)	—
Total financial assets	**$**	**106,878**	**88,392**	**18,486**	**—**

14. Asset Retirement Obligations

Asset retirement obligations represent legal obligations associated with retirement of tangible long-lived assets. These amounts, recorded in the liabilities section of the balance sheet, are developed utilizing actual closure cost and estimated closure, and post-closure monitoring costs, adjusted for inflation, and discounted utilizing a credit-adjusted, risk-free interest rate. An accompanying addition to the recorded cost of the long-lived asset is recorded and depreciated over its useful life.

As discussed in note 3, Cooperative Energy is responsible for 10% of costs to decommission the Grand Gulf nuclear generating facility.

During April 2015, the disposal of Coal Combustion Residuals (CCR) from Electric Utilities final rule was published in the Federal Register. Under the CCR Rule, Cooperative Energy is subject to regulatory obligations to monitor groundwater quality, investigate impacts to groundwater, and undertake risk-based corrective actions deemed necessary to protect human health. Cooperative Energy remains in compliance with all environmental regulations. During 2024 and 2023, actual cost of monitoring was $0.1 million and $0.2 million, respectively. As of December 31, 2024 and 2023, Cooperative Energy's recorded asset retirement obligation related to the post-closure monitoring costs associated with the retirement of the coal ash landfill at Plant Morrow is $5.0 million.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligations as of December 31, 2024 and 2023, follows (in thousands):

		2024	2023
Balance - beginning of year	$	125,501	121,642
Revisions to estimated cash flows		—	(601)
Asset retirement obligation accretion expense		4,845	4,627
Costs incurred		(81)	(167)
Balance - end of year	**$**	**130,265**	**125,501**

15. Commitments and Contingencies

In the normal course of business, Cooperative Energy has entered into contractual commitments for purchased power that extend through the year 2042. All such contractual costs are expected to be recovered through normal operating revenue.

Cooperative Energy uses natural gas as the fuel for several of its generating units and also purchases power from others that use natural gas as fuel. A portion of natural gas purchases are subject to short-term changes in the market price for gas, and such market prices can be quite volatile. In the normal course of operations, Cooperative Energy enters into forward purchase commitments for certain over-the-counter financial swap contracts that extend through the year 2028. All such commitments are expected to be recovered through normal operating revenue.

On July 31, 2006, Cooperative Energy entered into a 30-year power purchase agreement with Plum Point Energy Associates (Plum Point) for the purchase of 205 megawatts of capacity and associated energy out of a nominal 680-megawatt coal-fired electric generation facility that was constructed by Plum Point in Mississippi County, Arkansas. A capacity charge began in 2010 and escalates annually through the initial 30-year term that began on the commercial operation date, which was September 1, 2010. At the end of the initial term, Cooperative Energy has options to extend the contract an additional 10 years at a reduced capacity charge or to purchase 205 megawatts at the then-market value.

Cooperative Energy is a party to certain litigation incurred in the normal course of business. Management, based on advice of legal counsel, is of the opinion that the ultimate resolution of such litigation will not have a material adverse effect on Cooperative Energy's financial statements.

Cooperative Energy is an Equal Opportunity Employer. Employment is based upon personal capabilities and qualifications without regard to race, color, sex, sexual orientation, gender identity, age, religion, national origin, disability (mental or physical), genetic information, veteran's status or any other protected characteristic as established by law. This policy applies to all areas of employment including recruitment, hiring, training and development, promotion, transfer, discipline, termination, compensation, benefits, and all other conditions and privileges of employment. In addition, Cooperative Energy is committed to furthering the principles of equal employment opportunity through its continuing Affirmative Action Program (AAP). The full AAP is available for inspection upon request and may be viewed during normal work hours at Cooperative Energy's Human Resources offices.

Jeff Bowman, President/CEO of Cooperative Energy, is responsible for coordinating the organization's nondiscrimination compliance efforts. All supervisors and managers are responsible for creating an atmosphere free of discrimination. Further, each employee is expected to maintain a productive and nondiscriminatory work environment and to treat all colleagues with respect and professionalism. Any employee who engages in discrimination will be subject to disciplinary action, up to and including termination.

Employees who believe they have experienced conduct that is prohibited by Cooperative Energy's discrimination policy are encouraged to first inform their supervisor. If their supervisor is named in the complaint, or directly involved in the discriminatory conduct, the employee should inform their second-level supervisor or Department Head, who will in turn contact the Human Resources Director. Alternatively, employees may contact the Human Resources Director directly, or any other Department Head.

Any applicant or specific class of individuals who believe they have been subjected to discrimination may file a complaint with Cooperative Energy's Director of Human Resources as soon as possible after the alleged discrimination occurs. If appropriate action does not result, a report should be made to the President/CEO.

Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date if extended. Retaliation for filing a claim or participating in an investigation is strictly prohibited.

STATEMENT OF NONDISCRIMINATION U.S. DEPARTMENT OF AGRICULTURE PROGRAMS

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at https://www.usda.gov/about-usda/general-information/staff-offices/office-assistant-secretary-civil-rights/how-file-program-discrimination-complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

1. MAIL: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410;

2. FAX: (202) 690-7442; or

3. EMAIL: program.intake@usda.gov

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