2025 **ANNUAL REPORT**

AT OUR CORE

Cooperative ENERGY

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Cooperative Energy is the generation and transmission partner for 11 local electric distribution cooperatives across Mississippi. We generate electricity at power plants across the state and deliver that power through a high-voltage transmission system to our Member cooperatives. From there, our Members serve homes, schools, businesses, and essential services in the communities where they live and work.

By working together as one mutual source of power, our cooperative model strengthens reliability and affordability for more than 1 million Mississippians. At our core, we exist to serve, and we are stronger together than any one system could be alone.

AT OUR CORE

On the cover: Gas turbine at Batesville Generating Station

Employees at the Field Operations Center

A LETTER FROM THE CEO

In our business, a successful year begins with the safety of our people. In January 2025, our employees reached 2 million safe hours worked and added nearly 1 million more by year end. These milestones reflect a shared commitment to protecting one another every day.

Beyond safety, 2025 tested our operations and reinforced our resilience.
The message throughout the year was clear: focus on what we can control and persevere through what we cannot.

Our generation fleet reflects those challenges. At one facility, technology limitations prevented a major gas turbine from reaching full output while engineers worked on internal improvements. At another, equipment failure occurred despite our people performing maintenance more often than the manufacturer's recommendations. When machinery operates at the scale required to power hundreds of thousands of homes and businesses, issues can arise despite best efforts. What matters most is how quickly and effectively we respond. In 2025, the power generation fleet achieved strong overall performance with a 5.04% forced outage factor and a record-setting 2,885 annual fleet starts while multiple sites established new reliability, operating hour, and generation records.

That same focus on reliability extends to transmission. We continued investing in infrastructure hardening, system rebuilds, and an industry-leading vegetation management program. Over the past decade, these efforts have steadily improved reliability, reflecting long-term planning, engineering expertise, and thorough work in the field.

As a not-for-profit cooperative, Cooperative Energy's financial strength supports the affordability and reliability our Members depend on. During the year, we implemented a mid-year rate adjustment. Higher-than-expected natural gas prices and reduced generation output created the risk of a significant drop in non-member revenue. Conditions improved as the year progressed, and Cooperative Energy personnel across all departments worked efficiently by focusing on those things they could control. As a result, margins exceeded expectations by year end and have been used to ensure no increase to our menu of rates to Members in 2026.
We also strengthened our credit profile. We maintained an A rating with S&P and Fitch and were upgraded to A2 from A3 by

Moody's. This reflects disciplined financial management and confidence in our operations.

That strength is supported by our workforce. Turnover in 2025 was below 2.5% and has averaged 3.0% over the past 5 years. Internal promotions have increased and open positions are attracting more qualified applicants than ever. Stronger recruitment, retention, and development of our people here at Cooperative Energy drive our continued improvement and provide stability that will continue to serve our Members well for decades to come.

Eighty-five years ago, Cooperative Energy was formed to better enable our Members to better provide electricity to the communities they serve and thus improve the quality of life in Mississippi in lasting ways. Eighty-five years have passed, but some things have not changed: here at Cooperative Energy, we still exist to serve others. Every employee, in every role, contributes to that purpose.

The year 2025 was strong because of our people. Their commitment ensures reliable, affordable power for more than 1 million Mississippians and the confidence that we will be there when needed.

Thank you for your continued trust and support.

JEFF C. BOWMAN

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.

CORE VALUES

Safety Above All
We protect what matters most.

Steadfast Commitment
We show up, every time, all the time.

Integrity
We strive to do the right thing, always.

Selfless Service
We put others first.

Unity in Action
We are one team.

Community and Belonging
We grow stronger together.

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MILESTONES

RELIABLE

- Forced Outage Factor: 5.04%
- Record 2,885 starts by owned generation fleet
- Set new all-time system peak: 2,772 MWh in January 2025
- Constructed 10 miles of new transmission lines
- Rebuilt, restructured, or hardened 44 miles of existing transmission lines
- Completed relay upgrades at Rawls Springs Switching Station, George B. Taylor, Sr. Generating Station, Waldrup Switching Station, and Waynesboro 161/230kV Substation
- Upgraded instrument transformers at 15 Member distribution sites
- Replaced and upgraded switches at Browning 115kV Switching Station, Lumberton 69/161kV Substation, and Southeast Natchez Switching Station
- Installed four new Gang-Operated Air Breaks (GOABs) and replaced two existing GOABs
- Rebuilt Line 90 Sharon Tap and Line 519 East Greenwood Tap
- Unmanned Aircraft Systems
  - Surveyed 47 miles of transmission projects, 10 substation/switch sites and 14 other projects
  - Staked 44 miles of transmission line and 54 miles of rights-of-way
  - Inspected 87 lines and 4,535 structures spanning 485 miles
  - Conducted LiDAR scans across 25 projects spanning 114 miles
- Strengthened infrastructure reliability and cybersecurity through major upgrades and implementations
- Improved network resiliency and operational continuity
- Added distribution feeder interruption capabilities for key service areas
- Enhanced scalability, compliance, and disaster recovery readiness across enterprise and plant operations
- Completed major communications infrastructure upgrades
- Expanded and modernized radio frequency and fiber communications networks
- Added fiber across multiple transmission lines and underground installations
- Upgraded multiple station and GOAB Remote Terminal Units to interface with Real-Time Automation Controllers
- Completed the Land Mobile Radio project and added Magnolia Electric Power to the system
- Energized Spring Cottage delivery point
- Participated in the MISO South biennial GridEx simulation
- Executed 63 capital plant improvement projects, with 97% at or below budget
- Developed standardized performance testing procedures for each generation site
- Implemented Meridian engineering information management software for multiple work groups and locations

AFFORDABLE

- Returned $10 million in patronage capital to Members
- Saved Members $2 million annually through new power marketing strategies and activities
- Implemented new initiatives that collectively saved Members $2.3 million:
  - Optimized regulation performance
  - Introduced new strategy to increase value of renewable energy credits
  - Initiated new natural gas optimization strategy

RESPONSIBLE

- Achieved 934,227 hours with no lost-time accidents as of December 31, 2025
- Implemented a new vehicle and asset tracking system
- Trimmed the sides of vegetation along 216 miles of transmission line rights-of-way (1,968 acres)
- Assisted in the release of 64 gopher tortoise hatchlings with biologist team members representing the United States Forest Service, United States Fish and Wildlife Service, Mississippi Department of Wildlife, Fisheries, and Parks, and The Nature Conservancy
- Commissioned 63 consumer-member solar generation systems totaling 955 kWAC capacity
- Connected 1,054 rooftop solar photovoltaic systems with a combined capacity of 10,591 kWAC
- Purchased 4,720,488 kWh of solar-generated electricity from consumer-members

(Left to right) Lauren Childres, Electrical Projects Engineer I; Dennis Prine, Power Generation Technical Administrator

(Left to right) Trey Cannon, Director Generation Projects; Randall Woods, Generation Project Manager

BY THE **NUMBERS**

$1B
Annual Revenue

61.1%
Average Coincident Peak Load Factor

460,957
Consumers Served

58,960
Miles of Distribution Lines

15,769,273
MWh in Total Sales

7.8
Average Distribution Consumers/Mile

1,912
Miles of Transmission line

$10M
Patronage Capital Returned

2025 ENERGY **SUPPLY**

SYSTEM CHARACTERISTICS

RESIDENTIAL **89.85%**   COMMERCIAL/INDUSTRIAL **10.15%**

CONDENSED OPERATING **STATEMENT**

(in Millions)	2025	2024	2023
Total Operating Revenues	**$1,074**	**$1,016**	**$1,005**
Operating Expenses			
Fuel and Purchased Power	$629	$586	$612
Other Operating Expense	277	255	236
Depreciation and Amortization	104	104	88
Total Operating Expenses	**$1,010**	**$945**	**$936**
Operating Margin Before Interest & Other	**$64**	**$71**	**$69**
Interest Expense: Net & Other Deductions	$57	$57	$53
Operating Margin	**$7**	**$14**	**$16**
Interest & Other Income	13	6	4
Net Margin	**$20**	**$20**	**$20**
Equity as a % of Assets	20.2%	20.4%	20.7%
Margins-for-Interest Ratio (MFI)	1.41	1.42	1.57
Debt Service Coverage Ratio (DSC)	1.73	1.63	1.61
Average Cost of Debt	3.60%	3.59%	3.69%

Charles Barnes, Relief Operator (Moselle)

(Left to right) Billy Perkins, Mechanic I; Robert Tidwell, Mechanic I (Moselle)

MEMBER STATISTICS

1 COAHOMA ELECTRIC POWER ASSOCIATION
8,359 consumers served
1,666 miles of line
5.0 consumers per mile of line

2 DELTA ELECTRIC POWER ASSOCIATION
29,618 consumers served
6,212 miles of line
4.8 consumers per mile of line

3 TWIN COUNTY ELECTRIC POWER ASSOCIATION
12,430 consumers served
2,377 miles of line
5.2 consumers per mile of line

4 YAZOO VALLEY ELECTRIC POWER ASSOCIATION
10,459 consumers served
2,202 miles of line
4.7 consumers per mile of line

5 SOUTHWEST ELECTRIC
25,442 consumers served
4,229 miles of line
6.0 consumers per mile of line

6 SOUTHERN PINE ELECTRIC COOPERATIVE
71,243 consumers served
10,779 miles of line
6.6 consumers per mile of line

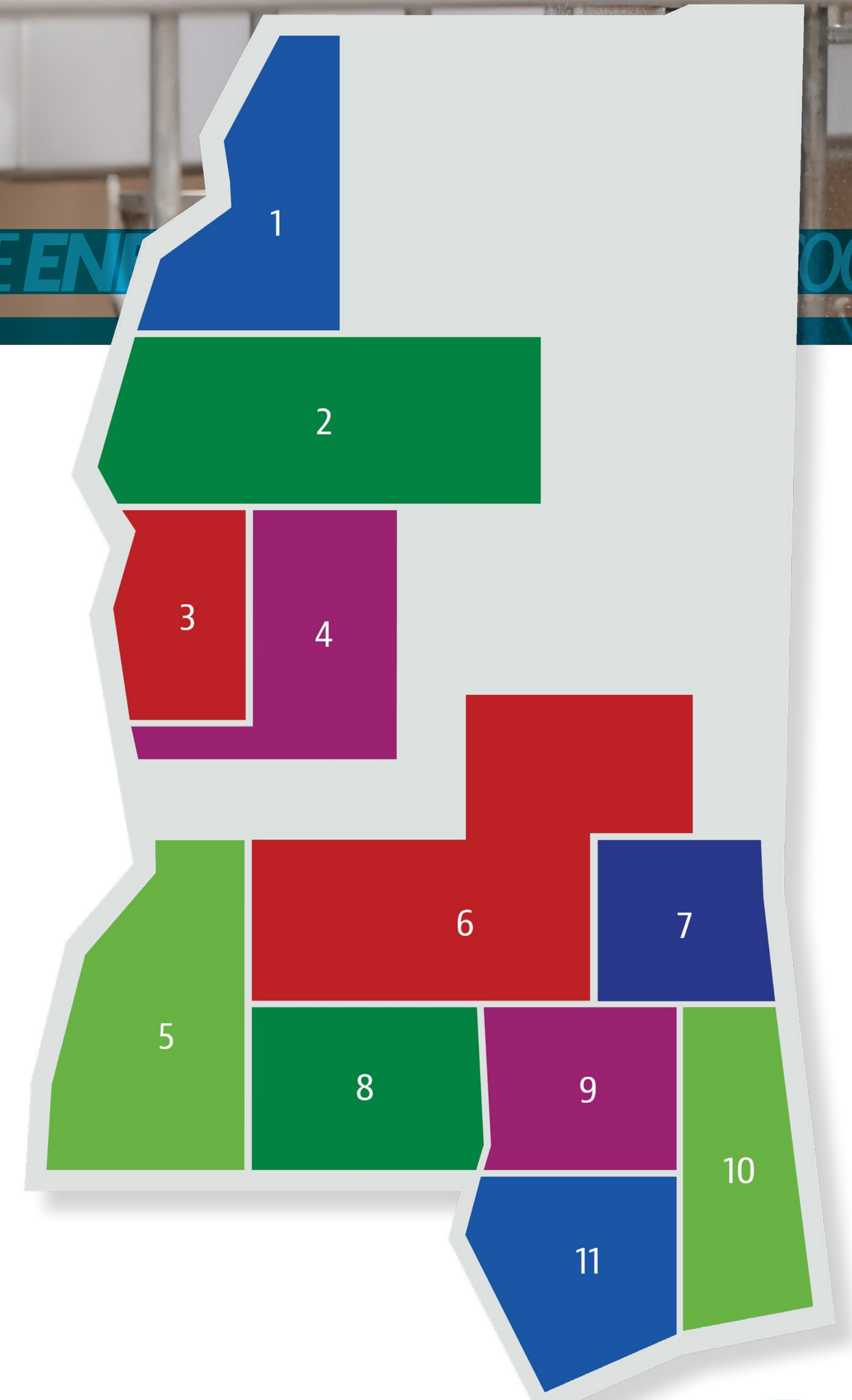
7 DIXIE ELECTRIC
41,765 consumers served
5,097 miles of line
8.2 consumers per mile of line

8 MAGNOLIA ELECTRIC POWER
33,447 consumers served
5,066 miles of line
6.6 consumers per mile of line

9 PEARL RIVER VALLEY ELECTRIC
53,987 consumers served
6,379 miles of line
8.5 consumers per mile of line

10 SINGING RIVER ELECTRIC
82,227 consumers served
7,897 miles of line
10.4 consumers per mile of line

11 COAST ELECTRIC
91,980 consumers served
7,055 miles of line
13.0 consumers per mile of line



OUR MEMBERS

GENERATION

OWNED GENERATION

BATESVILLE GENERATING STATION

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

R.D. MORROW, SR. GENERATING STATION

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

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

BENNDALE STATION

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

GRAND GULF NUCLEAR STATION (10% OWNER)

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

SYLVARENA STATION

- Commercial Operation: 2003
- Fuel Source: Natural Gas
- Three Aeroderivative Combustion-Turbine Units
- 129 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 (CUMBERLAND)

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

SOUTHEASTERN POWER ADMINISTRATION (BORDERLINE)

- Fuel Source: Hydropower
- 61 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

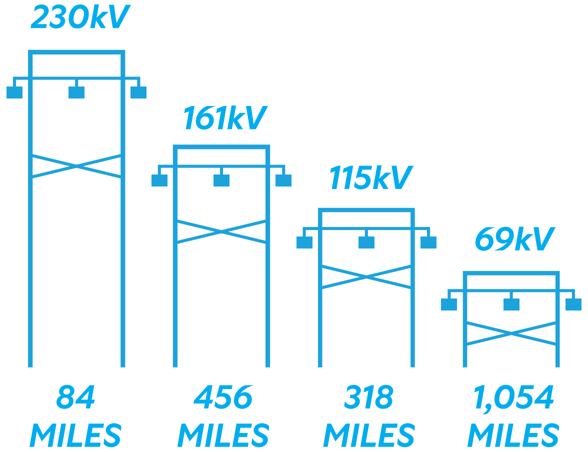
J.T. Dudley, Sr. Generation Complex

TRANSMISSION

Line 166 near Lumberton, Miss.

TRANSMISSION RESOURCES

TRANSMISSION LINES
LINE VOLTAGE



TOTAL MILES: 1,912

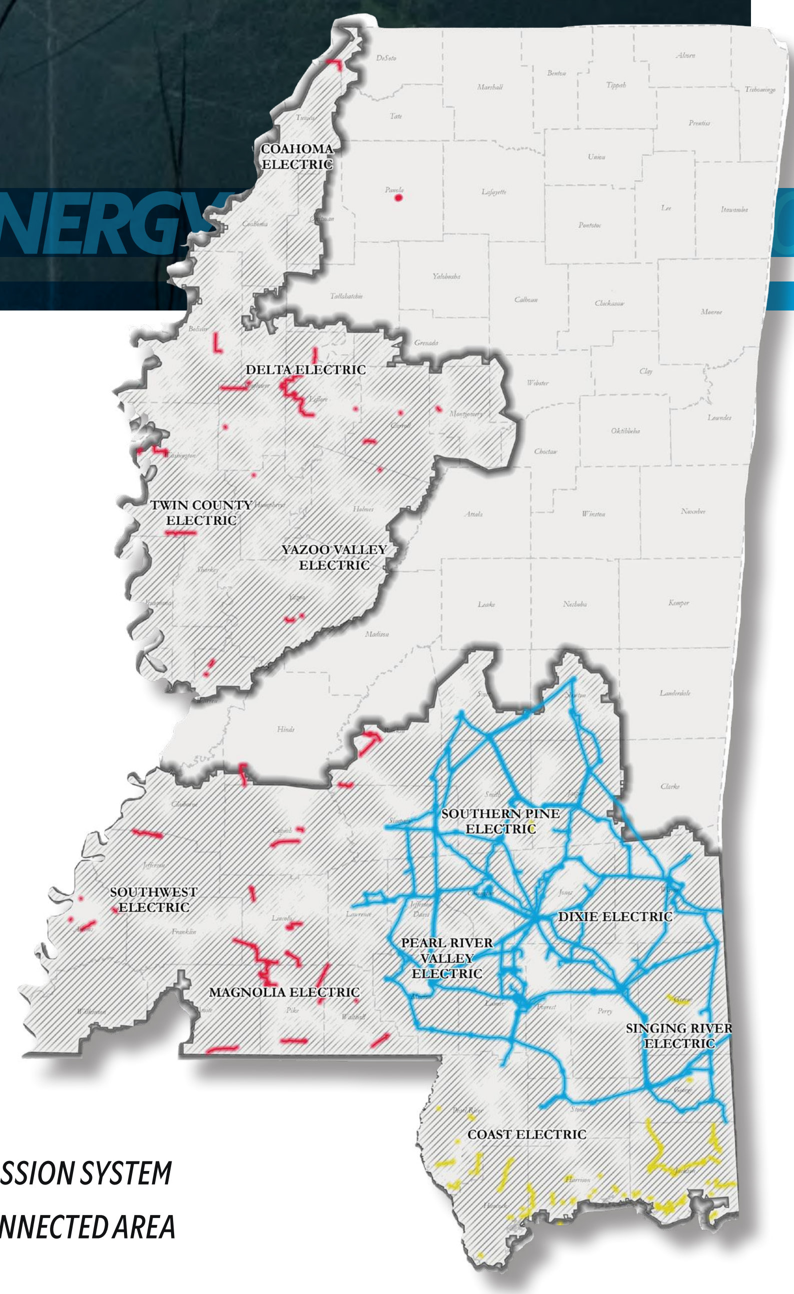
POWER DELIVERY ASSETS

Cooperative Energy Substations	19
Generation Sites	11
GOABs	56
Member Substations	2
Switching Stations	35

NUMBER OF DELIVERY POINTS = 272
ACRES OF RIGHTS-OF-WAY = 23,000
COUNTIES SERVED = 55

POWER DELIVERY SYSTEM PLANS 2025 – 2032

- 238 MILES OF LINE REBUILDS
- 28 MILES OF RADIAL HARDENING
- 120 MILES OF 161kV CROSSARM REPLACEMENTS
- 127 MILES OF NEW TRANSMISSION LINE
- 13 NEW DELIVERY POINTS
- 55% OF PROTECTIVE RELAYS UPGRADED



COOPERATIVE ENERGY NATIVE TRANSMISSION SYSTEM
MISSISSIPPI POWER COMPANY INTERCONNECTED AREA
ENTERGY INTERCONNECTED AREA
COOPERATIVE ENERGY MEMBERS' SERVICE TERRITORY

KJ Reese, Instrumentation, Controls, and Electrical Technician I (Moselle)

At our core, we do the right thing because it is the right thing to do. Cooperative Energy's success is measured by more than megawatts generated or miles of line maintained. It is measured by how consistently we live our values in our work every day. Those values are not words on a page. They are the source of our strength and the foundation of trust with our Members, our employees, and the communities we serve.

In 2025, our values showed up in real ways through our decisions, our actions, and the results we delivered. Our values shaped how we worked, how we responded to challenges, and how we prepared for the future.

At our core, our values guide us forward.

SAFETY ABOVE ALL

SELFLESS SERVICE

STEADFAST COMMITMENT

UNITY IN ACTION

INTEGRITY

COMMUNITY AND BELONGING

SAFETY ABOVE ALL
WE PROTECT WHAT MATTERS MOST.

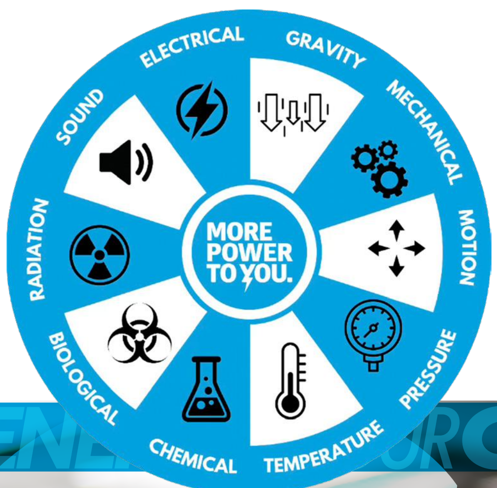
We protect lives, prevent harm and ensure that we are taking care of ourselves and each other. Nothing matters more. Safety is the foundation of everything we do.

A successful day begins and ends with each employee returning home safely. In 2025, employees worked nearly 1 million hours without a lost-time accident. This result reflects a culture where people look out for one another, speak up with a concern, and understand that nothing matters more than safety.

At our core, safety is how we show respect for our people and the public.

OUR SAFETY ACTIONS FOCUS ON PREPARATION, AWARENESS, AND ACCOUNTABILITY.

- We implemented the Energy Wheel in 2025, a hazard-identification tool that helps employees recognize and manage 10 types of energy-related risks before work begins. This tool reinforces safe decision-making in real time.



- Generation and substation employees participated in annual, site-specific confined space and high-angle ROCO Rescue Training. Using certified instructors and hands-on simulations, designated rescue teams are prepared to respond quickly and effectively during emergencies.
- We also invest in safety leadership beyond our organization. Job Safety Manager Cory Rodgers was elected to the Board of Directors of the National Utility Training and Safety Education Association, contributing expertise and strengthening safety standards across the industry. Rodgers and Plant Safety Coordinator Adam Simon also serve as evaluators for the Rural Electric Safety Achievement Program, supporting continuous improvement through peer review and shared best practices.
- Public safety remains equally important. In 2025, we launched a system-wide animated public safety campaign to help Member systems promote electrical safety in their communities.
- Behind the scenes, when there is an indication that contact may have been made with a power line, our transmission crews inspect it to ensure no hazard is present, even if service is not interrupted. In the same spirit of public safety, we secure equipment in transit and clearly mark work sites for passing traffic.

These everyday actions reflect a simple truth: **safety is at our core, every time.**

ROCO RESCUE TRAINING

PUBLIC SAFETY CAMPAIGN

(Left to right) Cory Rodgers, Job Safety Manager; Travis Thrash, Plant Safety Coordinator (Moselle); Patsy Horan, Director Safety Compliance

STEADFAST COMMITMENT
WE SHOW UP, EVERY TIME, ALL THE TIME.

We are reliable, accountable, and resilient. No matter the challenge, together we stand firm and deliver with grit and professionalism; we do not stop until our work is done.

Reliability is at the heart of our obligation to our Members. Cooperative Energy exists to serve, and that responsibility does not pause when challenges arise. Whether responding to extreme weather, rebuilding aging infrastructure, or addressing unexpected equipment issues, our teams show up with professionalism, grit, and resolve.

In 2025, generation performance reflected this commitment. Despite extended repair timelines and unplanned outages, our forced outage factor outperformed peers and aligned with long-term reliability goals, and our owned generation fleet demonstrated flexibility and operational readiness.

On the transmission system, outage durations continued to decline when excluding events outside our control. These results were earned through disciplined maintenance, thoughtful investment, and a workforce that understands reliability is built daily.

At our core, commitment means doing the work until it is done.

OUR ACTIONS FOCUS ON STRENGTHENING SYSTEMS, DEVELOPING PEOPLE, AND DELIVERING RESULTS.

- We rebuild with the intent to strengthen and improve our infrastructure.
- Experienced employees are paired with newer team members to support knowledge transfer and reinforce reliable work practices.
- Across the generation fleet, standardized performance testing procedures were developed for each site, and several stations set new operating records.
- Power delivery efforts included the construction of new lines, rebuilding and hardening existing infrastructure, relay and metering upgrades, and substation and line maintenance across the system. Surveying, Unmanned Aircraft System inspections, Geographic Information System enhancements, and asset tracking improvements all supported reliable planning and execution.

These actions demonstrate that steadfast commitment is not a promise. It is a daily practice that is at our core.

Brett Cox, System Operator

INTEGRITY
WE STRIVE TO DO THE RIGHT THING, ALWAYS.

Striving to do what is right guides every decision, both internally and with our Members. Honesty and transparency build trust. Through clear communication and ethical action, we earn respect and strengthen relationships.

Our governance reflects this commitment. Cooperative Energy is guided by a Board of Directors made up of representatives elected by the Member cooperatives they serve. Each Board member is first and foremost a cooperative member, ensuring decisions are guided by local voices and member priorities.

In 2025, integrity required difficult but necessary financial decisions. For the first time since 2017, a mid-year rate increase was implemented to address reduced non-member sales and lower market revenues, and to ensure long-term financial stability. Leadership communicated openly with the Board and Member representatives throughout the process.

The outcome reflected disciplined management. Margins exceeded budget projections and cost controls remained effective. Cooperative Energy was positioned to hold rates flat in 2026. We remain the only A-rated electric utility headquartered in Mississippi, a distinction that benefits Members and reflects strong stewardship.

Integrity is at our core, especially when decisions are difficult.

WE HOLD OURSELVES ACCOUNTABLE THROUGH MEASUREMENT AND COMPARISON.

- Each year, Cooperative Energy evaluates its performance against peer generation and transmission cooperatives as well as neighboring utilities. This review process promotes transparency, identifies opportunities for improvement, and reinforces responsible management. Results show that Cooperative Energy maintains some of the lowest Member rates in its peer group while ranking near the top in energy sales and financial stability.
- Credit ratings from our three rating agencies confirm low credit risk and strong governance.

CREDIT RATING

S&P	MOODY'S	FITCH
A	A2	A

These actions demonstrate integrity in practice, not just in principle.

Instrumentation and Electrical Technician III Will Douglas (Batesville)

(Left to right) Michael Butler, Network Administrator II; Gerald O'Banner, Fleet Mechanic I

SELFLESS SERVICE
WE PUT OTHERS FIRST.

We are here to make life better for those we serve. Humility, empathy, and compassion direct our work. We succeed by lifting others, serving with respect, and acting with purpose beyond ourselves.

Our purpose is service. Every operational, financial, and strategic decision is guided by a responsibility to improve the lives of our Members and the communities they serve. Wholesale power costs make up a significant portion of our Members' cost to serve. By managing resources carefully and prioritizing long-term value, we help ensure affordability and reliability.

Selfless service is also reflected in how our employees engage beyond their daily work through community partnerships and education, building understanding of energy, safety, and cooperatives.

At our core, selfless service means doing what is best for our Members as we all support their communities and local economies.

SERVICE EXTENDS BEYOND THE GRID.

- In 2025, we supported local community programs and employee volunteers contributed hundreds of hours to food pantries, blood drives, and community organizations.
- We also invest in education. Through youth leadership programs, safety education initiatives, STEM outreach, scholarships, and cooperative education programs, we help prepare the next generation of Mississippians. Students gain hands-on experience, professional skills, and a better understanding of cooperative values.

These efforts reflect service that starts at our core and reaches far beyond our facilities.

SERVICE

COMMUNITY SUPPORT

- Introduced the Powering Possibilities Community Service Grant in each Member service territory to honor community volunteers. Volunteers representing eight Member cooperatives were recognized, and $1,000 was donated in their names to a local charity.
- Supported Members' community sponsorship and volunteer campaigns
- Observed Breast Cancer Awareness Month and Arbor Day with various activities and contributions
- Hosted the 7th Annual MLK Cooperative Days of Service

2025 IMPACT:

- 5 Member systems participating

COOPERATIVE ENERGY IMPACT:

- 61 employee volunteers
- 244 volunteer hours
- 8 volunteer locations
- Supplied 4 local food pantries
- 1 employee blood drive

POWERING POSSIBILITIES

EDUCATION

- Support the Cooperative Youth Leaders Program
- Participate in career exploration fairs: Pathways2Possibilities, Jumpstart to Success
- Provide STEM education in area schools
- Recruit students and promote career opportunities at local high school and regional university career fairs
- Offer engineering students practical, hands-on experience in a professional setting to complement academic work through the Cooperative Education Program
    - 25 students across three semesters, representing colleges from Mississippi and Alabama
    - Extracurricular training provides additional skills and cross-departmental training
    - Semi-annual Co-op Student Summit
    - Welding workshop
    - Presentation skills
    - Cooperative 101
    - Cross-sectional training (ex. fiberoptics, finance, telecommunications, land survey)

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Mississippi's 2025 Cooperative Youth Leaders with former U.S. Representative Gregg Harper

Members of the Cooperative Energy Team

UNITY IN ACTION
WE ARE ONE TEAM.

We win as one. Through teamwork, collaboration, and solidarity, we align around our common purpose and create innovative solutions together.

Cooperative Energy is owned by its Member cooperatives, each rooted in the communities they serve. That shared responsibility connects us as one team and strengthens everything we do.

Unity shows up through collaboration across departments, between leadership and employees, and in partnership with our Members. Open communication supports alignment, trust, and effective decision-making.

At our core, unity allows us to adapt, respond, and deliver together.

We invest in shared systems and shared success.

- Central Services are shared programs, expertise, and specialized resources available to all Members collectively when it would be inefficient or impractical for each Member to maintain them independently. For example, in 2025, Cooperative Energy added a Cell on Wheels to support internal and Member emergency communications. This mobile tower can be deployed during disasters or restoration efforts to maintain radio coverage, even in remote areas. Equipped with satellite connectivity, it ensures crews and dispatchers remain connected when it matters most.

These investments strengthen coordination during emergencies, reinforce our Members' reliability, and are one more example of unity in action.

2025 MEMBER LEADERSHIP SURVEY

96% OVERALL SATISFACTION

STRONG RATINGS: Leadership • Professionalism • Responsiveness • Relationship Building

TOP STRENGTHS:

Leadership Direction • Service Quality • Responsiveness

COMMUNITY AND BELONGING
WE GROW STRONGER TOGETHER.

Trust and care are at the foundation of our company. We treat one another like family, care for each other, and together, build supportive communities where every person is appreciated.

People are the heart of Cooperative Energy. While safety remains our most important focus, our workforce is our most valuable asset.

Intentional investment in recruitment, development, and succession has created a stable, engaged workforce. Turnover remains well below industry norms, and most open positions are filled internally. This reflects a culture where people build careers, not just jobs.

Community and belonging also extend beyond our workforce. Economic development efforts help create jobs, attract investment, and support sustainable growth across Mississippi.

We invest in people and places.

In 2025, Cooperative Energy hosted an Economic Development Summit and awarded Cooperative Competes grants to support site readiness, workforce analysis, and infrastructure planning across multiple Members' counties. These actions strengthen communities and reinforce the cooperative principle that when one area grows, we all benefit.

Community and belonging start at our core.

EMPLOYER OF CHOICE:

- For the last five years, employee turnover averaged 3%
- Approximately 50% of open positions are now filled internally

COOPERATIVE COMPETES GRANTS AWARDED

$135,000 to support strategic community and economic development efforts across Mississippi:

- Hancock County – $20,000 (Coast Electric)
- Bolivar County – $25,000 (Delta Electric Power Association)
- Lamar County – $30,000 (Pearl River Valley Electric)
- Forrest/Jones County – $50,000 (Dixie Electric)
- Jones County – $10,000 (Dixie Electric)

STATE AND FEDERAL GRANTS AWARDED

$19 million+ in state and federal grants awarded to site and community development projects throughout 10 counties and multiple Members' service territories

(Left to right) Thomas McElroy, Economic Development Representative; Mitch Stringer, Director Economic Development

LOOKING **AHEAD**

The electric utility industry continues to evolve, bringing new challenges and new opportunities. Cooperative Energy moves forward grounded in clear values, strong fundamentals, and a workforce committed to doing the work the right way.

By protecting what matters most, showing up every time, acting with integrity, serving selflessly, working as one team, and growing stronger together, we will continue to power communities reliably, responsibly, and affordably.

At our core, our values will guide us as we continue to build a stronger Mississippi for generations to come.

(Left to right) Brandon Prine, Substation Technician I; Caleb Spiers, Substation Technician I

BOARD of DIRECTORS


RICHARD THOMS
SOUTHERN PINE ELECTRIC COOPERATIVE
Chairman

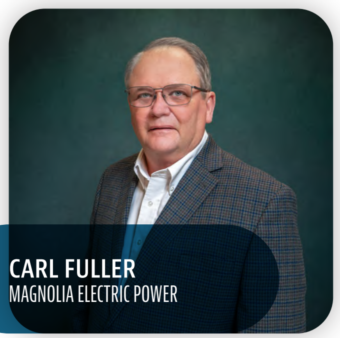

KEITH HURT
COAHOMA ELECTRIC POWER ASSOC.
General Manager, Vice Chairman


JOEY CUNNINGHAM
TWIN COUNTY ELECTRIC POWER ASSOC.
SECRETARY

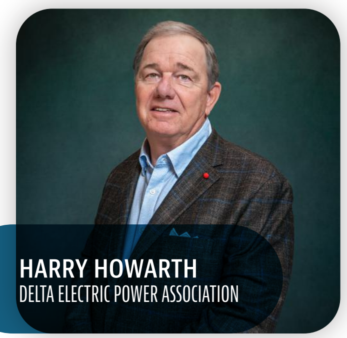

RON BARNES
COAST ELECTRIC
President/CEO


KEVIN BONDS
SOUTHWEST ELECTRIC
General Manager


JOHN BRADY
SOUTHWEST ELECTRIC


CARL FULLER
MAGNOLIA ELECTRIC POWER


LESLIE HOLLOWAY
TWIN COUNTY ELECTRIC POWER ASSOC.
GENERAL MANAGER


HARRY HOWARTH
DELTA ELECTRIC POWER ASSOCIATION


BRIAN HUGHEY
SINGING RIVER ELECTRIC
General Manager/CEO


DRUMMONDS MCALPIN
SOUTHERN PINE ELECTRIC COOPERATIVE
PRESIDENT/CEO


FOUNTAINE MCNAIR
SOUTHERN PINE ELECTRIC COOPERATIVE


DOUG MOONEY
COAST ELECTRIC


JAMIE MURRELL
TWIN COUNTY ELECTRIC POWER ASSOC.

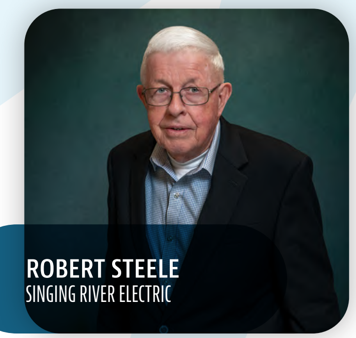

MICHAEL NEELY
YAZOO VALLEY ELECTRIC POWER ASSOC.
General Manager


HAROLD PITTMAN
DELTA ELECTRIC POWER ASSOCIATION
General Manager

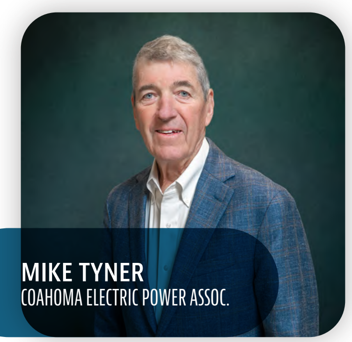

DARRELL SMITH
MAGNOLIA ELECTRIC POWER
General Manager


RANDY SMITH
DIXIE ELECTRIC
General Manager

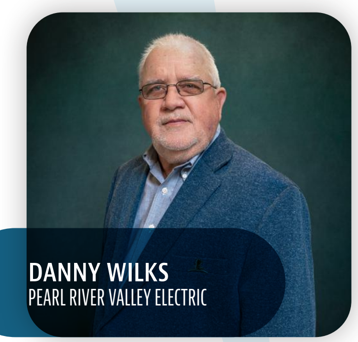

ROBERT M. SMITH
DIXIE ELECTRIC


ROBERT STEELE
SINGING RIVER ELECTRIC


LOUIS THOMPSON
YAZOO VALLEY ELECTRIC POWER ASSOC.


MIKE TYNER
COAHOMA ELECTRIC POWER ASSOC.

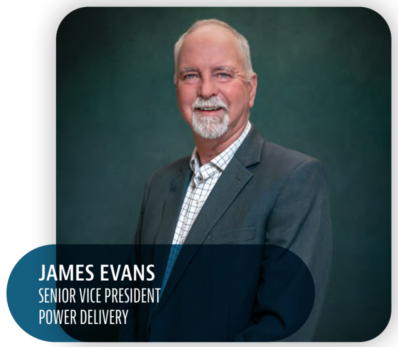

MATTHEW WARE
PEARL RIVER VALLEY ELECTRIC
General Manager


DANNY WILKS
PEARL RIVER VALLEY ELECTRIC

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


DONNA STALLWORTH
EXECUTIVE ASSISTANT

MANAGEMENT TEAM


SCOTTY BARRON
DIRECTOR
CONTROL SYSTEMS


ADOLFO BELLO
DIRECTOR
COMMUNICATIONS SYSTEMS


WILL BERRY
DIRECTOR
BUSINESS INFORMATION SYSTEMS


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


JEFF PITTS
PLANT SUPERINTENDENT
(MORROW)


IRMALENE RAINEY
DIRECTOR
ACCOUNTING


JOE RIELS
DIRECTOR
OPERATIONS & PLANNING


CHRIS ROBERTS
VICE PRESIDENT
TRANSMISSION ENGINEERING


BRANDON SANDERS
PLANT SUPERINTENDENT
(BATESVILLE)


SARAH SNOW
DIRECTOR
COMPLIANCE


ASHLEY STAUTER
CONTROLLER


SHAWN STEWART
DIRECTOR
TRANSMISSION ENGINEERING


MITCH STRINGER
DIRECTOR
ECONOMIC DEVELOPMENT


DERECK SUMRALL
DIRECTOR
TRANSMISSION MAINTENANCE


KEN SUMRALL
DIRECTOR
SYSTEMS NETWORK & SECURITY


JEANNE WALKER
DIRECTOR
FINANCE & RISK MANAGEMENT


HUNTER WALTERS
DIRECTOR
GOVERNMENT RELATIONS


ALAN WILSON
DIRECTOR
WHOLESALE SERVICES

HONORING OUR RETIREES

LARRY **WILLIS**
48 YEARS OF SERVICE

WILLIAM **FORTENBERRY**
43 YEARS OF SERVICE

JAMES **TATUM**
43 YEARS OF SERVICE

JAMES **WOODS**
43 YEARS OF SERVICE

LARRY **EATON**
38 YEARS OF SERVICE

JESSE **TORRES**
24 YEARS OF SERVICE

BRAD **EDWARDS**
20 YEARS OF SERVICE

JEFF **BROWN**
19 YEARS OF SERVICE

GREG **CHANCELLOR**
19 YEARS OF SERVICE

TONY **TISDALE**
17 YEARS OF SERVICE

SYLVIA **FOXWORTH**
15 YEARS OF SERVICE

SAM **VICK**
12 YEARS OF SERVICE

IN MEMORY

CONNOR **SANDERSON**
1999–2025

FINANCIAL REVIEW & 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 2025 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 6 of this report.

REVENUES AND ENERGY SALES

Operating revenues in 2025 increased 5.7% from the prior year, to $1,073.7 million. This increase was attributed to higher energy revenue from Non-Members and revenue from other sources, offset by a decrease in net electric energy revenue from Members.

Electric energy revenue from Members, net of deferred revenue, was $823.9 million in 2025, a decrease of 2.2% as compared with 2024 due to an increase in revenue deferred to future years. A higher volume of energy was sold to Members at a higher effective rate, compounded with higher demand revenues. The average billed Member rate increased 4.01 mills/kWh, or 5.0%, to 84.79 mills/kWh in 2025. The Member rate schedule for 2025 included a 0.50 mill/kWh increase to the PCA component compared to 2024. Additionally, in June 2025, the PCA component was increased by 3.00 mills/kWh.

Energy sales to Members increased 0.7% to 10.3 million megawatt-hours in 2025 compared with the prior year. Demand quantity also increased to 23.6 million kW-months, or 4.7%, in 2025 compared with the prior year. During January 2025, Cooperative Energy recorded its yearly peak demand of 2,772 MW which was 0.8% above the prior year peak of 2,749 MW that occurred during January 2024. Sales to Member large power customers decreased approximately 5.1% in 2025 from the prior year mainly due to the loss of enhanced oil recovery loads. Large power customers represented 10.5% and 11.1% of the total Member load in 2025 and 2024, respectively.

Other electric energy revenue is comprised of net sales to the Midcontinent Independent System Operator, Inc. (MISO). Net sales to MISO in 2025 totaled 5.5 million megawatt-hours, with revenues increasing to $217.1 million due to a 38.8% higher average selling price, partially offset by a 3.1% decrease in sales volume.

FUEL AND PURCHASED POWER EXPENSES

Fuel expense is affected by several 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 relatively 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 $629.0 million and $585.6 million in 2025 and 2024, respectively. These costs represent 62.3% and 62.0% of total expenses (excluding interest and other deductions) in 2025 and 2024, respectively.

Fuel expense increased $46.9 million, or 18.9%, in 2025 as compared with the previous year primarily due to a 48.0% increase in average natural gas prices, offset by a 1.5% decrease in energy volume produced from owned facilities and $31.7 million lower cost of gas hedges. The decrease in generation from owned facilities in 2025 was attributable to lower dispatch of the J. T. Dudley, Sr. Generation Complex (Plant Moselle), the Benndale Station, the George B. Taylor, Sr. Generating Station (Silver Creek), and the Sylvarena Station. The R.D. Morrow, Sr. Generating Station (Plant Morrow), Grand Gulf Nuclear Station, and the Batesville Generating Station, had an increase in dispatch. The combined cycle units at Batesville Generating Station and Plant Morrow accounted for approximately 32.2% and 17.8%, respectively, of Cooperative Energy's total energy available for sale from all sources during 2025.

The cost of natural gas purchased for owned units averaged $3.39/MMBtu during 2025, exclusive of hedge and gas storage costs, as compared with $2.29/MMBtu during 2024.

Purchased power costs decreased 1.0% during 2025 to $334.4 million due to a 1.1% decrease in the volume of purchased energy offset by a 0.1% increase in the average unit price as compared with the prior year. The average cost of purchased power during 2025 was $72.52/MWh compared to $72.45/MWh during 2024. The total cost of energy purchased from MPC under the MRA contracts decreased 9.6% in 2025 compared to the prior year due to a 2.4% decrease in volume and a 7.4% decrease in average prices. The average rate paid to MPC during 2025 under the MRA contracts was $74.22/MWh compared to $80.12/MWh in 2024. Energy supplied to Members under the MRA contracts comprised approximately 23.4% of total Member load during the year. Energy purchases from Plum Point increased 17.0% in 2025 compared to the prior year. The average cost of power from Plum Point during 2025 was $90.85/MWh compared to $94.70/MWh in 2024, a 4.1% decrease. Energy supplied to Members under the Plum Point contract comprised approximately 11.7% of total Member load during the year. Cooperative Energy's costs for net energy purchases of economic energy from MISO increased $5.8 million, or 44.6%, during 2025 to $18.8 million due to a higher average rate, offset by lower energy purchases. The average rate paid to MISO during 2025 was $36.85/MWh compared to $24.41/MWh in 2024. Net energy purchases from MISO comprised approximately 5.0% of total Member load in 2025.

ENERGY SUPPLIES

Sources of Supply (1000 MWh)	2025	2024	2025 over 2024 Increase/(Decrease)	2025 over 2024 % change
Total Owned and Contracted Generation	12,754	12,772	(18)	-0.1%
Net Purchases from MISO	511	533	(22)	-4.1%
MPC All-Requirements Contracts	2,411	2,471	(60)	-2.4%
Other Purchased Power	246	329	(83)	-25.2%
Total Energy Available	15,922	16,105	(183)	-1.1%
Energy Line Losses	153	231	(78)	-33.8%
Total Sales	15,769	15,874	(105)	-0.7%

Sources of Owned Generation (1000 MWh)	2025	2024	2025 over 2024 Increase/(Decrease)	2025 over 2024 % change
Batesville Generation Station	5,071	4,915	156	3.2%
Plant Moselle	1,659	2,009	(350)	-17.4%
GGNS	1,180	1,065	115	10.8%
Plant Morrow	2,805	2,678	127	4.7%
Other Owned Generation	595	775	(180)	-23.2%
Total Owned Generation	11,310	11,442	(132)	-1.2%

Energy Supplied from Owned and Contracted Resources (excluding MRA contract and MISO purchases) by Fuel Type	2025	2024
Natural Gas	78.1%	79.6%
Coal	9.2%	7.8%
Nuclear	9.1%	8.1%
Renewables	3.6%	4.5%
	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 $17.56/MWh and $16.08/MWh in 2025 and 2024, respectively, due in most part to increased transmission costs.

Interest expense of $50.5 million, net of approximately $2.4 million in capitalized interest, in 2025 was 0.04% higher compared to the prior year. Cooperative Energy's average cost of debt was 3.60% and 3.59% in 2025 and 2024, respectively.

NON-OPERATING MARGIN

Interest income was $2.0 million in 2025 compared to $2.8 million in 2024. 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 several 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 2025 and 2024 was 1.73 and 1.63, respectively.

Cooperative Energy's net margin for the year ended December 31, 2025 was $20.0 million compared to $20.0 million for 2024. 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 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 1.41 and 1.42 for 2025 and 2024, 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 2025, the equity-to-assets ratio declined to 20.2% compared to 20.4% 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 adjust Member rates during the year 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 84.79 mills/kWh in 2025, 5.0% higher than the 2024 average rate of 80.78 mills/kWh.

LIQUIDITY

At year-end 2025, Cooperative Energy had $409.8 million in available undrawn commitments under unsecured credit facilities. The credit facilities have various maturities between October 2027 and April 2028. 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 2025 represented 33 days coverage of the average daily operating cash expense in 2025.

OPERATING ACTIVITIES

Cash provided by operating activities amounted to $186.5 million in 2025 compared to $97.3 million in 2024. Net margins and non-cash depreciation expense totaled $132.2 million in 2025 and $132.3 million in 2024. Changes in current assets and liabilities, excluding cash and current maturities, decreased cash flow from operations by $10.4 million in 2025 and $20.8 million in 2024.

INVESTING ACTIVITIES

Cooperative Energy's total assets at year-end 2025 were $2.4 billion. Electric plant additions in 2025 were $150.7 million and were primarily attributable to improvements to Cooperative Energy's transmission system and to generation system projects.

FINANCING ACTIVITIES

During 2025 and 2024, Cooperative Energy received $0 and $370.6 million, respectively, 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 2025, Cooperative Energy had $149.5 million in undrawn commitments available from RUS under one loan contract.

CREDIT RATINGS

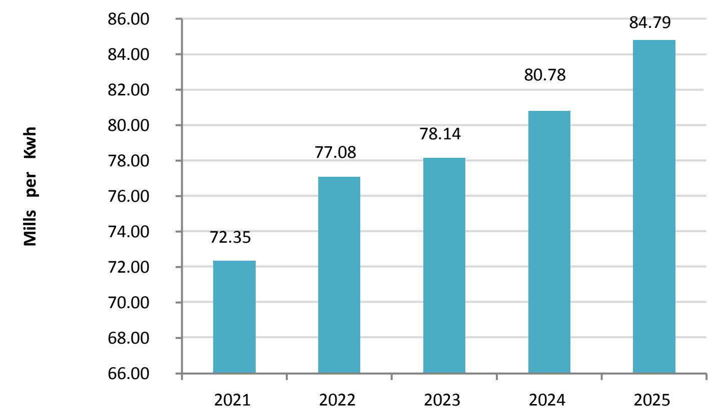
As of year-end 2025, Cooperative Energy was assigned the following credit ratings:

	S&P	MOODY'S	FITCH
Issuer Credit Rating	A/Stable	A2/Stable	A/Stable

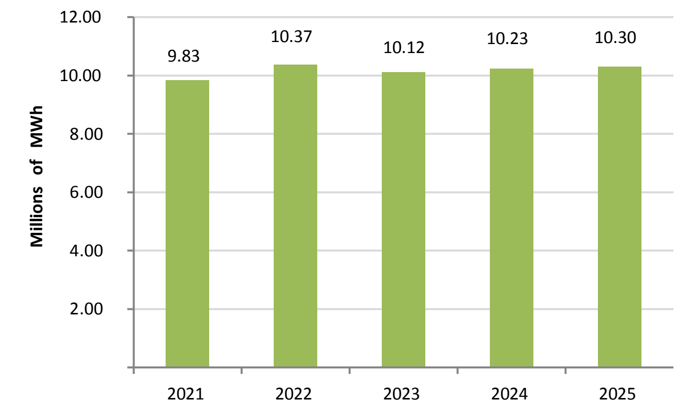
Five-Year Financial Summary

In thousands, as of December 31	2025	2024	2023	2022	2021
SUMMARY OF OPERATIONS					
Total Operating Revenues	$ 1,073,736	$ 1,015,679	$ 1,005,260	$ 953,938	$ 795,604
Operating Expenses:					
Fuel	$ 294,593	$ 247,730	$ 282,522	$ 224,007	$ 144,565
Production	51,897	52,510	51,971	44,347	42,623
Purchased Power	334,428	337,844	329,757	381,862	320,486
Transmission	103,631	88,340	77,411	78,342	69,123
Administrative and General	36,302	35,739	33,783	30,665	30,248
Maintenance	85,058	78,661	72,894	63,114	59,843
Depreciation and Amortization	104,014	103,921	88,020	77,016	76,966
Total Operating Expenses	**$ 1,009,923**	**$ 944,745**	**$ 936,358**	**$ 899,353**	**$ 743,854**
Operating Margin	$ 63,813	$ 70,934	$ 68,902	$ 54,585	$ 51,750
Interest Expense	50,489	50,467	46,143	31,418	32,265
Other Deductions	6,423	6,662	6,988	5,880	4,657
Nonoperating Margin	13,099	6,195	4,229	2,713	5,172
Net Margin	**$ 20,000**	**$ 20,000**	**$ 20,000**	**$ 20,000**	**$ 20,000**
ELECTRIC UTILITY PLANT					
In Service - at Cost	$ 2,957,349	$ 2,859,389	$ 2,673,970	$ 2,207,258	$ 2,177,842
Electric Plant Held for Future Use	608	608	608	10,928	10,928
Construction Work in Process	143,501	114,484	169,044	518,700	391,649
Total	**3,101,458**	**2,974,481**	**2,843,622**	**2,736,886**	**2,580,419**
Less Accumulated Depreciation	1,277,673	1,206,661	1,139,599	1,088,270	1,033,684
Net Utility Plant	**$ 1,823,785**	**$ 1,767,820**	**$ 1,704,023**	**$ 1,648,616**	**$ 1,546,735**
TOTAL ASSETS	**$ 2,395,036**	**$ 2,326,173**	**$ 2,242,345**	**$ 2,186,376**	**$ 2,118,426**
TOTAL EQUITY AND PATRONAGE CAPITAL	**$ 484,937**	**$ 474,937**	**$ 465,119**	**$ 455,119**	**$ 445,119**
ENERGY SOURCES - MWh					
Generated	11,310,702	11,442,076	12,013,277	6,763,813	6,082,337
Purchased	4,611,280	4,662,990	4,514,279	5,400,136	5,523,850
Total Available for Sale	**15,921,982**	**16,105,066**	**16,527,556**	**12,163,949**	**11,606,187**
ENERGY SALES - MWh					
Member Cooperatives	10,298,150	10,227,219	10,124,240	10,368,614	9,831,808
Non-members	5,471,123	5,646,306	6,238,032	1,699,287	1,723,809
Total Sales	**15,769,273**	**15,873,525**	**16,362,272**	**12,067,901**	**11,555,617**
Wholesale Rate to Members (mills/kWh)	**84.79**	**80.78**	**78.14**	**77.08**	**72.35**
Total System Coincident Peak Demand (MW)	**2,772**	**2,749**	**2,220**	**2,520**	**2,322**

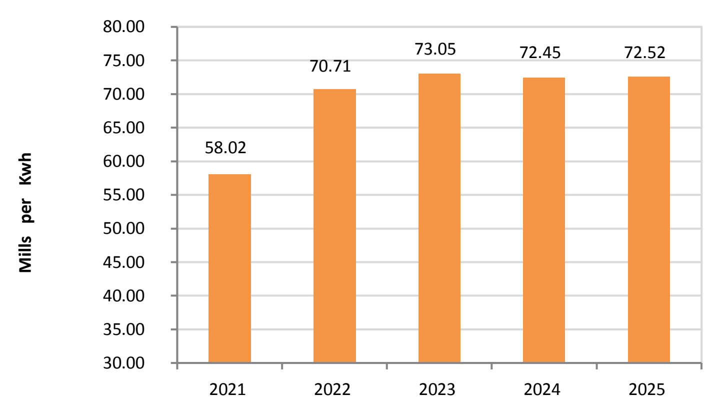
Wholesale Rate to Members



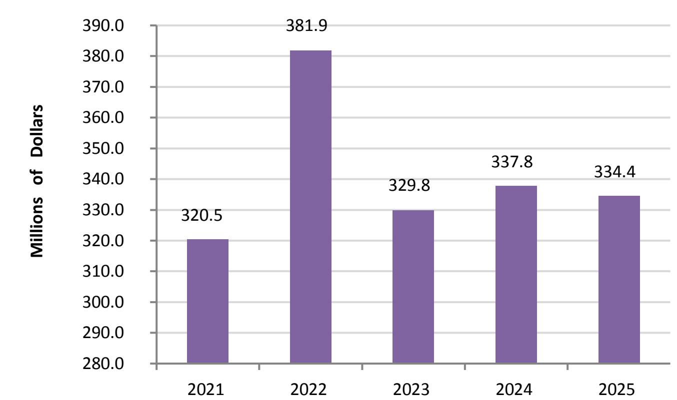
Sales to Members



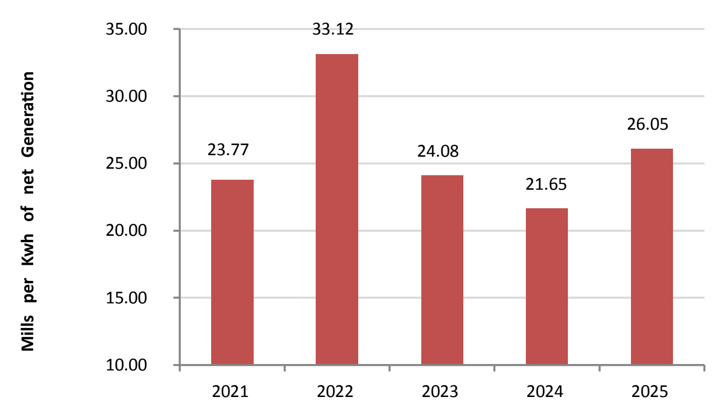
Average Cost of Purchased Power



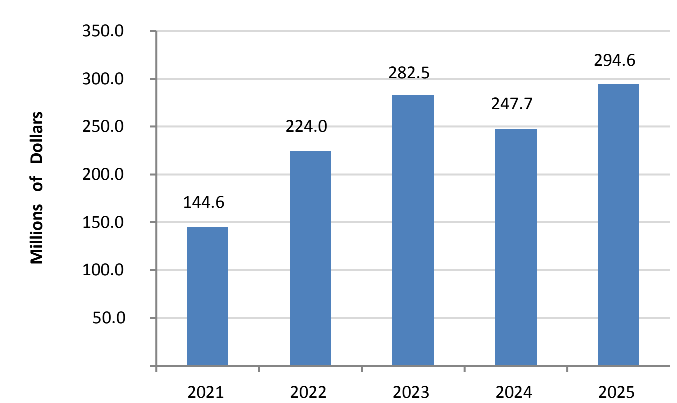
Total Cost of Purchased Power



Average Cost of Fuel for Owned Generation



Total Cost of Fuel



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, 2025 and 2024, 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, 2025 and 2024, 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 26, 2026

Financial Statements December 31, 2025 and 2024

Balance Sheets December 31, 2025 and 2024 (In thousands)

ASSETS	2025	2024
Electric utility plant:		
In service - at cost	$ 2,957,349	2,859,389
Electric plant held for future use	608	608
Construction work in progress	143,501	114,484
	3,101,458	2,974,481
Less accumulated depreciation	1,277,673	1,206,661
Net electric utility plant	1,823,785	1,767,820
Investments:		
Investments in associated organizations and other investments	16,097	13,515
Decommissioning trust investments	151,644	135,827
Total investments	167,741	149,342
Current assets:		
Cash and cash equivalents	81,242	84,435
Accounts receivable from Members	79,565	68,995
Accounts receivable from others	22,371	17,387
Inventories (at average cost):		
Fuels	2,741	2,262
Emission allowances	3,449	3,455
Materials and supplies	72,208	63,596
Other	8,259	7,327
Total current assets	269,835	247,457
Deferred charges	133,675	161,554
Total assets	$ 2,395,036	2,326,173
EQUITIES AND LIABILITIES		
Equities:		
Patronage capital	$ 484,402	474,402
Donated capital	535	535
Total equities	484,937	474,937
Long-term debt (excluding current maturities)	1,427,975	1,463,595
Accrued decommissioning obligation	135,250	130,265
Deferred credits and other long-term liabilities	153,247	91,218
Current liabilities:		
Accounts payable	98,557	83,038
Accrued interest	2,205	2,084
Other accrued expenses	10,238	10,583
Current maturities of long-term debt	65,449	52,784
Energy prepayments from Members	17,178	17,669
Total current liabilities	193,627	166,158
Commitments and contingencies (notes 3, 14, and 15)		
Total equities and liabilities	$ 2,395,036	2,326,173

See accompanying notes to financial statements.

Statements of Revenues, Expenses, and Patronage Capital Years ended December 31, 2025 and 2024 (In thousands)

	2025	2024
Operating revenues:		
Electric energy revenue from Members	$ 823,855	842,115
Other electric energy revenue	217,110	161,430
Other — net	32,771	12,134
Total operating revenues	1,073,736	1,015,679
Operating expenses:		
Fuel	294,593	247,730
Production	51,897	52,510
Purchased power	334,428	337,844
Transmission	103,631	88,340
Administrative and general	36,302	35,739
Maintenance expenses:		
Production	59,922	54,465
Transmission	12,093	12,331
General	13,043	11,865
Depreciation and amortization	104,014	103,921
Total operating expenses	1,009,923	944,745
Operating margin before interest and other deductions	63,813	70,934
Interest and other:		
Interest, net of amounts capitalized	50,489	50,467
Other	6,423	6,662
Total interest and other	56,912	57,129
Operating margin	6,901	13,805
Nonoperating margin:		
Interest income	1,984	2,836
Other	11,115	3,359
Total nonoperating margin	13,099	6,195
Net margin	20,000	20,000
Patronage capital at beginning of year	474,402	464,584
Patronage distributions	(10,000)	(10,182)
Patronage capital at end of year	$ 484,402	474,402

See accompanying notes to financial statements.

Statements of Cash Flows Years ended December 31, 2025 and 2024 (In thousands)

	2025	2024
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	112,171	112,255
Gain on sale of electric utility plant assets	(170)	(183)
Gain on sale of securities	(3,429)	(153)
Other noncash charges	-	1
Change in current assets	(25,571)	(14,228)
Change in deferred revenue	49,274	(15,955)
Change in current liabilities other than current maturities	15,204	(6,572)
Change in deferred charges, credits, and other long-term liabilities	18,996	2,112
Net cash provided by operating activities	186,475	97,277
Investing activities:		
Proceeds from sale of utility plant	170	183
Purchases of securities	(13,217)	(23,413)
Proceeds from sale of securities	16,235	18,549
Change in other investments	(8,946)	689
Electric plant additions	(150,683)	(156,192)
Net cash used in investing activities	(156,441)	(160,184)
Financing activities:		
Scheduled principal payments on long-term debt	(52,868)	(59,310)
Proceeds from issuance of long-term debt	1,825	370,598
Advances from lines of credit	756,800	225,703
Repayments on lines of credit	(728,984)	(455,581)
Payment of debt issuance cost	-	(66)
Payment of patronage capital	(10,000)	(10,182)
Net cash provided by (used in) financing activities	(33,227)	71,162
Net change in cash and cash equivalents	(3,193)	8,255
Cash and cash equivalents at beginning of year	84,435	76,180
Cash and cash equivalents at end of year	$ 81,242	84,435
Additional cash flow disclosures:		
Interest paid, net of amount capitalized	$ 50,073	55,670
Change in accrued additions to electric utility plant	(400)	1,679

See accompanying notes to financial statements.

Notes to Financial Statements December 31, 2025 and 2024

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 460,000 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 2025 or 2024.

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 2025 and 2024, total interest cost amounted to $52.9 million and $52.6 million, respectively, with $2.4 million and $2.1 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, 2025 and 2024, revenues related to MISO were $217.1 million and $161.4 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 26, 2026, 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 $42.4 million and $48.3 million under the contract in 2025 and 2024, 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 2025 and 2024. 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 $130.3 million and $125.3 million at December 31, 2025 and 2024, 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 $5.0 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 2025 or 2024.

4. Electric Utility Plant

Electric utility plant consisted of the following:

	Cost		Accumulated depreciation	
	December 31		December 31	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Grand Gulf Nuclear	$ 651,933	627,006	415,995	406,367
Morrow combined cycle	397,846	395,941	56,056	45,586
Morrow steam	22,129	22,129	13,569	11,620
Moselle steam	41,793	36,350	30,668	30,154
Moselle combined cycle	249,689	237,035	84,588	77,843
Moselle gas turbines	67,863	66,342	39,238	37,722
Batesville combined cycle	308,684	291,948	118,561	106,995
Silver Creek/Sylvarena gas turbines	221,147	215,326	129,990	124,585
Benndale gas turbines	39,163	38,043	5,585	4,451
Solar sites	3,918	3,923	870	719
Total generating plant	**2,004,165**	**1,934,103**	**895,120**	**846,042**
Transmission plant	578,296	566,087	201,533	189,480
General plant and equipment	371,655	355,934	180,555	170,666
Electric plant leased to others	3,233	3,265	465	473
Electric plant in service	**2,957,349**	**2,859,389**	**1,277,673**	**1,206,661**
Electric plant held for future use	608	608	—	—
Construction work in progress	143,501	114,484	—	—
Total electric utility plant	**$ 3,101,458**	**2,974,481**	**1,277,673**	**1,206,661**

At December 31, 2025, Cooperative Energy has commitments of approximately $76.4 million related to construction work in progress with $17.6 million related to Batesville generator replacement and spare rotor projects, $18.2 million related to transmission projects, $24.4 million related to Plant Moselle projects, $7.7 million related to Plant Morrow projects, and the remainder related to other projects.

Depreciation expense was $89.0 million during 2025 and 2024

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	
	2025	2024
	(In thousands)	
National Rural Utilities Cooperative Finance Corporation (CFC) Patronage Capital and Term Certificates	$ 7,226	7,073
Economic Development Loans	2,195	2,735
Other	6,676	3,707
	$ 16,097	**13,515**

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 investment securities and cash equivalents were as follows:

	December 31, 2025			
	Cost or amortized cost	Approximate fair value	Gross unrealized gains	Gross unrealized losses
	(In thousands)			
Equity securities:				
Common stocks	$ 5,021	9,572	4,595	(44)
Fixed income mutual funds and exchange-traded funds	11,740	11,773	52	(19)
Equity mutual funds and exchange-traded funds	42,487	78,672	36,185	—
Total equity securities	**59,248**	**100,017**	**40,832**	**(63)**
Debt securities:				
Corporate bonds	24,759	24,641	163	(281)
U.S. government obligations	19,050	18,915	104	(239)
Total debt securities	**43,809**	**43,556**	**267**	**(520)**
Money market funds and accrued interest receivable	8,071	8,071	—	—
Total	**$ 111,128**	**151,644**	**41,099**	**(583)**

	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)**

Proceeds from sales of securities were $16.2 million in 2025 and $18.5 million in 2024. Related gross realized gains and losses in 2025 were $3.5 million and $0.1 million, respectively, and in 2024 were $0.4 million and $0.2 million, respectively.

7. Deferred Charges (Including Regulatory Assets)

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

	December 31	
	2025	2024
	(In thousands)	
Regulatory assets:		
Nuclear outage maintenance cost	$ 1,010	2,209
Postretirement medical benefit regulatory asset	(2,744)	(2,927)
Unamortized investment in Grand Gulf Unit 2	22,147	24,351
Deferred major maintenance costs	40,115	47,554
Development fees - Panola Partnership	1,088	1,326
Batesville acquisition costs	735	816
Pension plan accelerated funding	3,323	3,988
Unrealized loss on gas hedges	5,658	2,755
Coal plant retirement - Plant Morrow	56,633	68,275
	127,965	**148,347**
Other deferred charges:		
Advance payment on Plum Point power purchase agreement	1,796	1,919
Natural gas hedge asset	160	6,322
Transmission congestion hedge asset	1,189	2,944
Other	2,565	2,022
	$ 133,675	**161,554**

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 the 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 consist 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 experiences 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	
		2025	2024
		(In thousands)	
Cumulative margins	$	576,952	556,952
Less retirements to date		92,550	82,550
	$	**484,402**	**474,402**

The return to Members of contributed capital is permitted under terms described in Cooperative Energy's Identure of Deed of Trust, Security Agreement and Financing Statement (Indenture), the security document governing first mortgage obligations. Equity of Cooperative Energy represents 24.5% and 23.9% of the aggregate long-term debt and equity at December 31, 2025 and 2024, 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, 2025	Maturity date
			(In thousands)	
Trustmark National Bank	$	40,000	20,199	April 20, 2028
Cadence Bank		40,000	15,000	April 20, 2028
Regions		40,000	15,000	April 20, 2028
Syndicated Line of Credit		400,000	60,000	October 31, 2027
Total	**$**	**520,000**	**110,199**	

These revolving credit agreements bore interest generally based on Secured Overnight Financing Rate (SOFR) or Prime. At December 31, 2025, $110.2 million was outstanding, and at December 31, 2024, $82.4 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 million letter of credit facility with National Rural Utilities Cooperative Finance Corporation (CFC). At December 31, 2025, $24 million was issued under the CFC facility. A $22 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, 2025, $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	
		2025	2024
		(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	$	1,006,984	1,041,487
RUS Economic Development notes payable in monthly installments at 0%, maturing in 2034 [1]		2,159	891
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		96,108	102,249
First Mortgage Bonds, Series 2019 Bonds payable in semiannual installments - $350 million at 3.15%, maturing November 6, 2049		280,000	291,667
Trustmark National Bank revolving line of credit, variable interest rate [1]		20,199	12,383
Cadence Bank revolving line of credit, variable interest rate [1]		15,000	35,000
Regions revolving line of credit, variable interest rate [1]		15,000	35,000
Syndicated line of credit, variable interest rate [1]		60,000	—
		1,495,450	**1,518,677**
Less:			
Debt issuance cost		2,026	2,298
Current maturities		65,449	52,784
Long-term debt (excluding current maturities)	**$**	**1,427,975**	**1,463,595**

[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, 2025, available to be advanced by September 30, 2028. 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):

2026	$	65,449
2027		54,265
2028		67,076
2029		80,808
2030		68,167

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, 2025 and 2024.

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	
	2025	2024
Regulatory Liabilities:	(In thousands)	
Deferred revenue from power cost adjustments	$ 64,755	23,781
Other deferred revenue	8,300	—
Unrealized gain on Decommissioning Trust	34,848	27,176
Unrealized gain on gas hedges	3,335	6,782
Unrealized gain on transmission congestion hedge	1,189	2,944
	112,427	**60,683**
Other deferred credits and long-term liabilities:		
Reserve for economic development contributions	8,450	7,974
Reserve for employee assistance	108	84
Medical insurance claim funding	9,765	8,957
Capital lease	250	335
Capacity revenue	8,125	2,989
Natural gas hedge liability	5,658	2,522
Postretirement and supplemental benefit obligation	8,464	7,674
	$ 153,247	**91,218**

Included in the 2024 liability for deferred revenue from power cost adjustments is $23.8 million collected from Members during 2024 and recognized as revenue in 2025. Similarly, the $64.8 million liability recorded in 2025 represents amounts collected from Members during 2025 and will be recognized as revenue in 2026.

Other deferred revenue was 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 2025 and 2024, $0 million and $10.2 million, respectively, of the other deferred revenue was accreted into revenue. During 2025, an additional $8.3 million was collected from Members and deposited into a separate fund. At December 31, 2025 and 2024, other deferred revenue was $8.3 million and $0, respectively. These funds are expected to be fully accreted between 2027 and 2033.

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 $1.4 million and $0.9 million amortized into 2025 and 2024 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, 2025 and 2024 was $4.3 million. In addition to the postretirement health insurance benefit plan, Cooperative Energy maintains a nonqualified supplemental retirement benefit plan for certain highly compensated employees whose retirement benefits are limited under the Cooperative Energy's qualified defined benefit pension plan due to Internal Revenue Code compensation limits. The supplemental plan provides additional retirement benefits based on a defined formula intended to restore benefits otherwise limited under the qualified plan. Benefits under this plan are unfunded and payable upon normal retirement date. Participants are generally vested upon attainment of retirement eligibility. Cooperative Energy accounts for this plan as a nonqualified defined benefit plan. The related benefit obligation is included in deferred credits in the accompanying balance sheets. Net periodic benefit cost for the supplemental plan is actuarially determined and recognized in operating expense. The nonqualified supplemental retirement benefit amount reported in the other long-term liability table includes $4.1 million and $3.4 million for 2025 and 2024, respectively.

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, 2025, approximately $5.5 million of natural gas financial hedges were in a net liability position based on the fair value of the derivative. 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. Cooperative Energy does not apply hedge accounting to these financial hedging instruments. At December 31, 2025 and 2024, Cooperative Energy had posted no collateral with a counterparty.

As of December 31, 2025, Cooperative Energy has acquired financial hedges to cover approximately 75% of forecasted natural gas consumption used to serve native load for 2026, and 20% of forecasted natural gas consumption used to serve native load for 2027. Additionally, Cooperative Energy has acquired financial hedges to cover approximately 10% of forecasted natural gas consumption used to serve native load for years 2028 and 2029.

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, 2025		December 31, 2024	
	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	$ (5,658)	Deferred credits and other long-term liabilities	$ (2,522)
Natural gas hedge	Deferred charges	160	Deferred charges	6,322
Transmission congestion cost hedge	Deferred charges	1,189	Deferred charges	2,944
Total derivatives		**$ 4,309**		**$ (6,744)**

The effect of derivative instruments on the statements of revenues, expenses, and patronage capital for the years ended December 31, 2025 and 2024 was as follows:

Location of gain (loss) recognized in operating margin			Amount of derivative gain (loss) recognized in operating margin	
			2025	2024
			(In thousands)	
Natural gas hedges	Fuel expense	$	(435)	(32,090)
Transmission congestion cost hedge	Purchased power expense and other electric energy revenue		14,224	15,685

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 $6.0 million and $6.2 million for years ended December 31, 2025 and 2024, respectively.

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 $10.3 million in pension expense for the defined benefit pension plan in 2025 and $9.8 million in 2024. 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 2025 and in 2024 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, 2025 and January 1, 2024 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 2025 that affect the comparability of 2025 and 2024 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 second quarter of the next calendar year. Cooperative Energy expenses the payments as they are accrued, and such 401(k) pension expense amounted to $3.2 million in 2025 and $3.0 million in 2024.

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 for a two-year waiver of healthcare premiums for employees who are disabled and qualify for long-term disability (LTD) benefits through the Cooperative's LTD insurance program, as well as for eligible dependents following the death of an active, LTD, or retired employee. Upon completion of the waiver period, eligible dependents may elect to continue coverage under Cooperative Energy's healthcare plan. For employees who retired prior to March 1, 2003, Cooperative Energy will continue to subsidize the healthcare premiums for eligible dependents. For employees who retired on or after March 1, 2003, eligible dependents are required to assume the full cost of healthcare premiums through monthly reimbursement to Cooperative Energy.

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 in 2025 and 2024. During 2025 and 2024, retirees, and/or their eligible dependents, paid approximately $0.5 million and $0.4 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	
		2025	2024
		(In thousands)	
Service cost of benefits earned	$	100	104
Interest cost on accumulated benefit obligation		253	227
Amortization of actuarial gain		(184)	(167)
Net periodic postretirement benefit cost		**169**	**164**
Accrued benefit obligation at beginning of year		4,826	5,681
Benefits paid		(478)	(514)
Accrued postretirement benefit obligation at end of year		**4,517**	**5,331**
Unrecognized actuarial gain		308	(505)
Accumulated postretirement benefit obligation	**$**	**4,825**	**4,826**

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, 2025. The weighted average discount rate used in determining the APBO was 5.32% and 5.44% at December 31, 2025 and 2024, respectively. The weighted average discount rate used in determining the net benefit cost was 5.44% and 4.76% in 2025 and 2024, respectively. The assumed healthcare cost trend rate of increase used in measuring the APBO is 6.75% for pre-age 65 medical in 2026, declining to 4.75% by 2034. 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, 2025 would be increased by 4.15%. Benefits expected to be paid in 2026-2030 are $0.5 million, $0.5 million, $0.5 million, $0.4 million and $0.4 million, respectively. Benefits expected to be paid in the years 2031-2035 total $1.8 million. Cooperative Energy expects to fund payments as they become due. In developing demographic assumptions, as of December 31, 2025, the Pri-2012 tables, projected generationally with scale MP-2021 separately for males and females, were 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, 2025 and 2024:

		December 31, 2025	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)	$	151,644	115,268	36,376	—
Derivatives (note 11)		(4,309)	—	(4,309)	—
Total financial assets	**$**	**147,355**	**115,268**	**32,067**	**—**

		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**	**—**

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 costs 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 2025 and 2024, actual cost of monitoring was $0.04 million and $0.1 million, respectively. As of December 31, 2025 and 2024, 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 $4.9 million and $5.0 million, respectively.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligations as of December 31, 2025 and 2024, follows:

		2025	2024
		(In thousands)	
Balance - beginning of year	$	130,265	125,501
Asset retirement obligation accretion expense		5,028	4,845
Costs incurred		(43)	(81)
Balance - end of year	**$**	**135,250**	**130,265**

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 is 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 2029. 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.

EQUAL EMPLOYMENT OPPORTUNITY STATEMENT

Cooperative Energy is an Equal Opportunity Employer as to all protected groups, including protected veterans and individuals with disabilities.

This policy applies to all areas of employment including recruitment, hiring, training and development, promotion, transfer, 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 non-discriminatory 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 State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). 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 How to File a 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, Mail Stop 9410, Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov.

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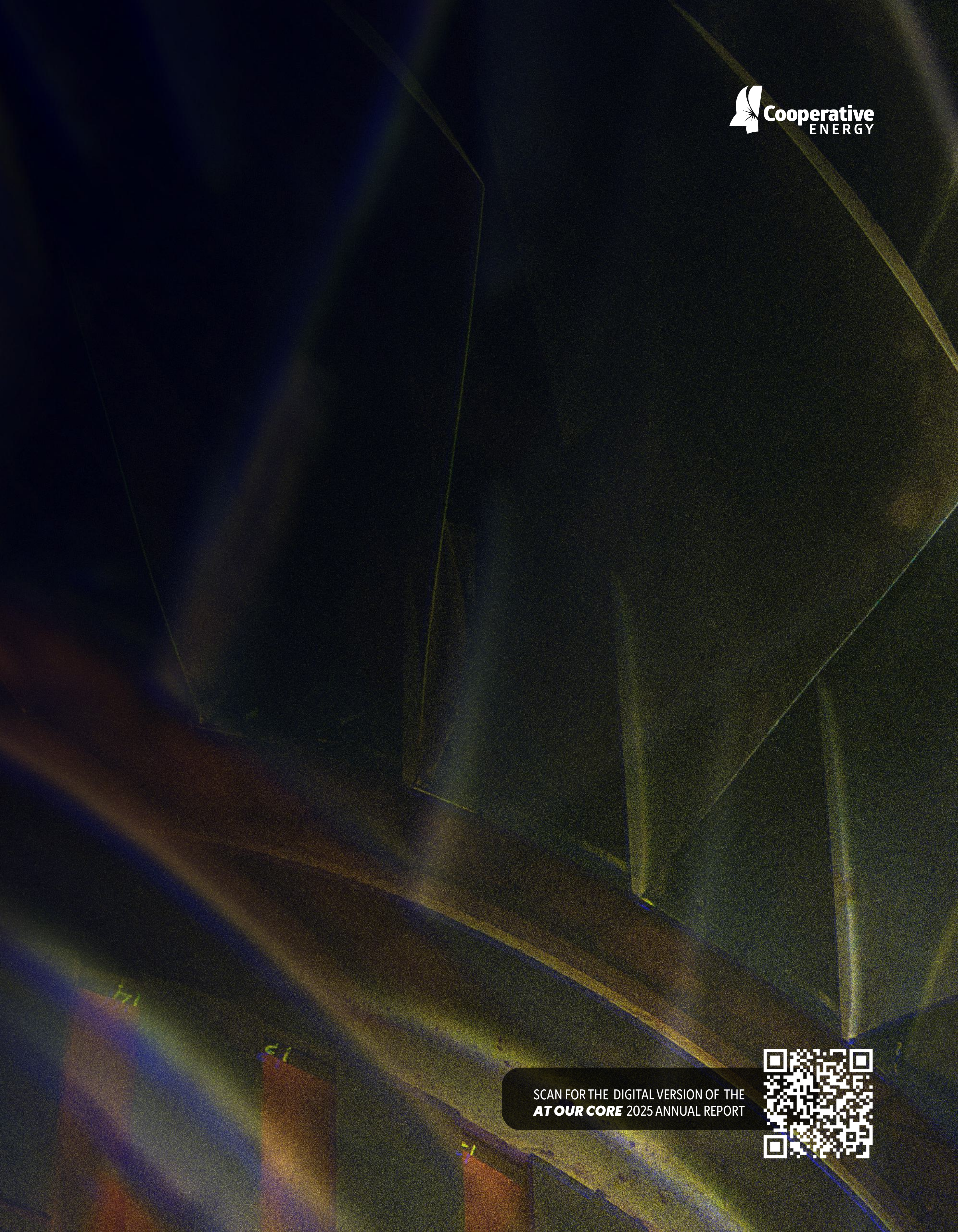

Cooperative ENERGY

SCAN FOR THE DIGITAL VERSION OF THE ***AT OUR CORE*** 2025 ANNUAL REPORT