POWERING WHAT'S POSSIBLE

2024 ANNUAL REPORT

GREAT RIVER ENERGY®

CONTENTS

MORE THAN A POWER COMPANY

Great River Energy is a cooperative, owned by the 26 member-owner cooperatives we serve.

As a not-for-profit business, we are motivated by extraordinary service to our membership—not by profit.

We work every day to achieve our mission to safely provide member-owners with affordable, reliable energy in harmony with a sustainable environment.





TO OUR MEMBERS AND STAKEHOLDERS

Great River Energy is leading the charge as the electric utility industry continues to evolve. Together with our member-owner cooperatives, we anticipate emerging drivers of our business and new expectations of cooperative members. We address every challenge with an eye toward our triple bottom line of rates, reliability and environmental stewardship.

We are proud to share that Great River Energy is serving our member-owners successfully by any measure.

Great River Energy's wholesale electric rates are significantly below the weighted regional average cost of electricity. Remarkably, we have improved this competitive position at a time when we are making significant investments in power supply and transmission resources.

Our reliability scores remain strong, yet we are testing leading-edge technologies to make our system even more robust and resilient.

Because of strategic, forward-thinking business decisions made over the last decade, we have seen our greenhouse gas emissions fall and renewable energy resources grow, putting Great River Energy in a strong position to achieve Minnesota's carbon-free standard by 2040.

At the same time, we are taking prudent measures to accommodate potentially skyrocketing electricity needs from trends such as electric vehicles, advanced manufacturing and artificial intelligence.

Thank you for your interest in Great River Energy and our member-owner cooperatives.

David Saggau
President & Chief Executive Officer

Bob Bruckbauer
Board Chair

BUILDING A BETTER GRID

MASSIVE INVESTMENTS AND PRECISION CONTROL TECHNOLOGY ALL PLAY A ROLE IN THE DEVELOPMENT OF AN ELECTRIC SYSTEM THAT IS MORE FLEXIBLE, DYNAMIC AND RESILIENT.

A historic buildout of transmission infrastructure is underway in the Midwest, and Great River Energy is developing critical pathways and making strategic investments.

Great River Energy and Minnesota Power have made progress on the first project of the planned grid expansion. The Northland Reliability Project is a 180-mile, double-circuit 345-kilovolt (kV) transmission line extending from northern to central Minnesota.

The project will help maintain a reliable and resilient regional power grid as more renewable energy is brought online, existing power plants are retired, electrification continues to expand and more frequent extreme weather events occur.

A significant economic boost is expected from the Northland Reliability Project with positive impacts on jobs and wages along with an increase of approximately $2 billion to Minnesota's economy, according to a study by the University of Minnesota-Duluth.

FURTHER DEVELOPMENT PLANNED

The regional grid operator announced an additional portfolio of 24 regional transmission projects in late 2024.

Great River Energy will be involved in three projects, including two 345-kV transmission lines in northern Minnesota and a new 765-kV transmission backbone that will start in South Dakota, traverse across southern Minnesota and into Wisconsin and Iowa.

Making strategic investments in these projects helps Great River Energy offset transmission costs for member-owner cooperatives.

NEW TECHNOLOGY UNLOCKS HIDDEN GRID CAPACITY

Great River Energy is seeking to expand the capacity of its transmission network by testing an innovative new technology.

Great River Energy launched a pilot project that uses Heimdall Power's "Neurons," which are advanced sensors capable of providing real-time data about a transmission line and weather conditions to better determine a line's capabilities.

This technology holds the potential to ease grid congestion and achieve additional transmission capacity from existing infrastructure.

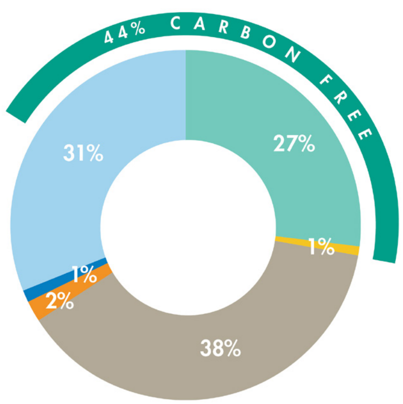
GRANTS SECURED TO FORTIFY GRID

Through a Department of Energy program to strengthen grid resilience, Great River Energy secured $15.4 million for two advanced transmission initiatives.

This funding will allow Great River Energy to expedite resilience-enhancing projects, including the rebuild of a 115-kV transmission line with advanced overhead conductors and the application of battery storage as a novel solution to improve transmission reliability.

Several upcoming transmission project investments will support a reliable, resilient local and regional power grid.

Great River Energy's Maple Grove, Minnesota, headquarters showcases the cooperative's commitment to evolving its power supply portfolio by harnessing the power of renewable energy.



2024 ENERGY BY SOURCE

ENERGY PURCHASES
WIND
HYDRO
RAINBOW ENERGY CENTER
NATURAL GAS
COAL

Great River Energy retired renewable energy credits equal to 20% of its member-owners' 2024 retail electricity sales to comply with Minnesota's Renewable Energy Standard.

ELECTRICITY IS EVOLVING

RENEWABLES AND FLEXIBLE PLANTS COMBINE FOR ROUND-THE-CLOCK POWER SUPPLY.

The Minnesota Public Utilities Commission accepted Great River Energy's integrated resource plan, which outlines the cooperative's expectations for member load growth and new generation.

Under the plan, Great River Energy anticipates procuring or constructing more than 1,200 megawatts (MW) of wind power, 200 MW of energy storage and 200 MW of solar power by 2037.

Great River Energy's power supply plans took a step forward with approval from state regulators of the 252 MW Dodge County Wind project in Minnesota. Dodge County Wind will interconnect to the electric system at Great River Energy's Pleasant Valley Station power plant, allowing it to feed renewable energy onto the grid when the peaking plant is not operating.

CLEAN ENERGY BUILDOUT EARNS FEDERAL FUNDING

Great River Energy and a consortium of member-owner cooperatives were approved to receive $812 million in federal grants for a portfolio of projects that will make the electric system cleaner and more reliable.

The projects funded through the New ERA program have the potential to result in:

- 1,000+ MW of renewable energy
- 1,500+ new jobs
- $40 million in annual cost savings
- 5 million+ tons of carbon dioxide emissions reductions annually

THE FUTURE OF RELIABILITY

Cutting-edge technology paired with tried-and-true resources provides a template for a reliability hub.

On a quiet campus an hour north of the Twin Cities sits a long-standing generation facility that has evolved over time with the needs of the electric system and cooperative members.

Next to a small fuel oil plant and a modern natural gas turbine are two construction projects that will round out the Cambridge Energy Center.

Cambridge will host the first application of an energy storage technology with a battery able to supply 1.5 MW of electricity over 100 hours — far exceeding the capabilities of traditional lithium-ion batteries.

Great River Energy is also developing dual-fuel capability at the natural gas power plant at Cambridge Energy Center. The addition of dual fuel capability will further enhance overall system reliability as well as help keep businesses operating and homes safe and warm when natural gas is constrained or prohibitively expensive.

OUR ENERGY NETWORK

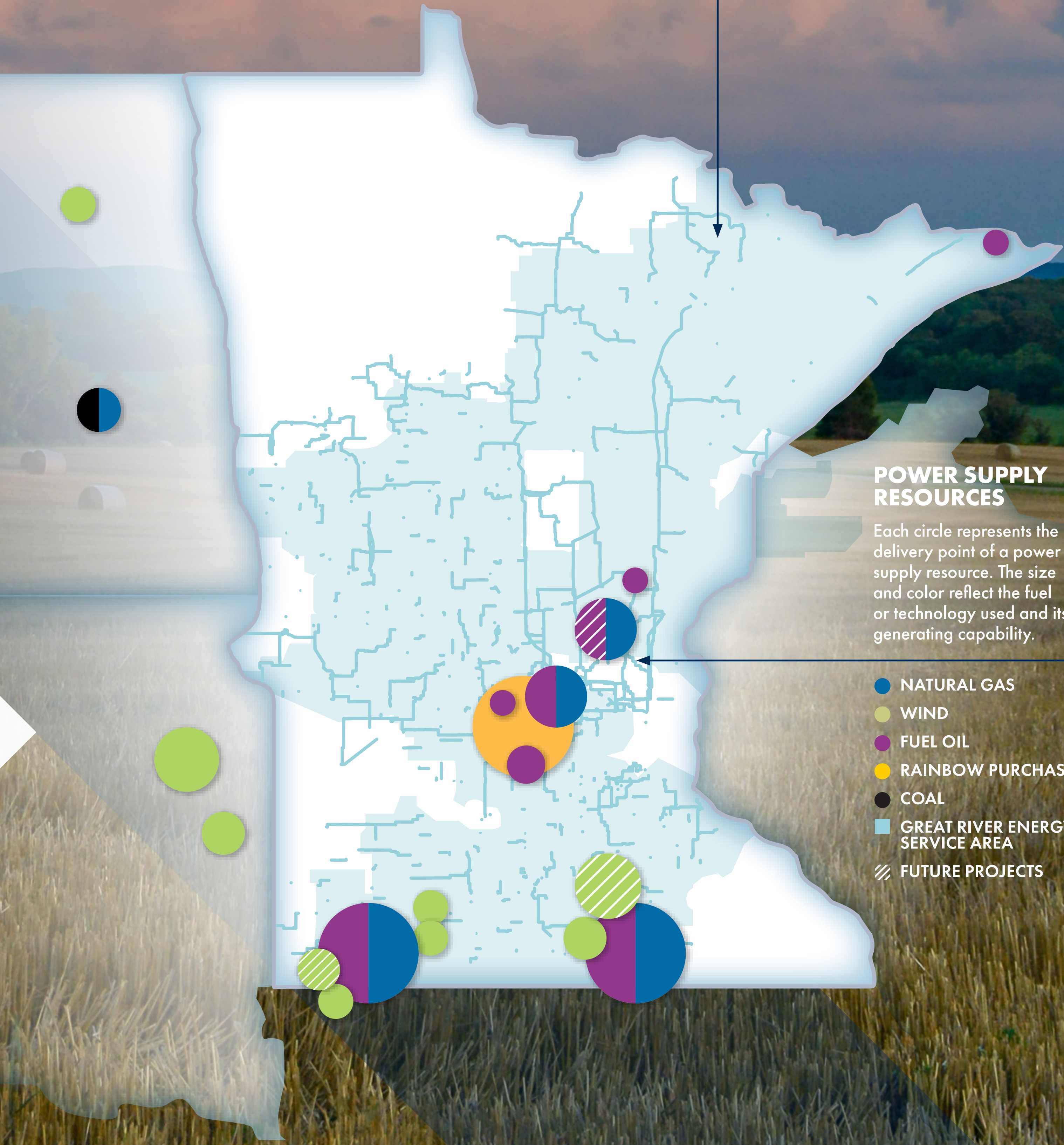
A CAREFULLY DESIGNED NETWORK OF RESOURCES SUPPLIES THE ENERGY MINNESOTA COOPERATIVES NEED TO POWER THEIR COMMUNITIES.

It takes a complex configuration of thousands of miles of transmission line integrated with a diverse collection of power supply resources throughout the Midwest to power the communities served by Great River Energy’s 26 member-owner distribution cooperatives.

These cooperatives serve a variety of consumers, from the farms of the southwest portion of the state to the lake country of the north and just about everywhere in between. Together, Great River Energy and its member-owner cooperatives provide more than a million people with affordable, reliable, cleaner electricity every day.

TRANSMISSION ASSETS

This map showcases the 5,100 miles of transmission lines owned and operated by Great River Energy that are critical for supplying member-owners with reliable wholesale electricity.



POWER SUPPLY RESOURCES

Each circle represents the delivery point of a power supply resource. The size and color reflect the fuel or technology used and its generating capability.

Great River Energy employees regularly engage with the communities and members of the public to educate them about the cooperative and careers in energy.

WHAT IT MEANS TO BE A CO-OP

COOPERATIVES ARE UNIQUE. MEMBER-OWNED, NOT-FOR-PROFIT BUSINESSES LIKE GREAT RIVER ENERGY AND ITS MEMBER-OWNERS ARE DEDICATED TO SERVICE.

MEMBERSHIP PAYS

Cooperatives are not-for-profit organizations that are owned by the members they serve with services provided at cost. They only collect enough revenue to run the business and meet financial obligations.

In 2024, Great River Energy's board of directors approved the payment of $15 million to member-owners through its 2024 patronage capital return.

This is the sixth consecutive year that Great River Energy has issued a patronage capital return to its member-owners.

HELPING THOSE IN NEED

Electric cooperatives power more than just homes and businesses. They also power opportunity, growth and possibility. Great River Energy and its employees work year-round to showcase values of service, connection and strengthening communities.

An annual Community Giving Campaign raises funds to support local nonprofits; employees take part in various volunteer efforts personally or as part of a work team; and groups assemble care packages for deployed veterans while others collect clothing to help low-income job seekers find employment opportunities.

Great River Energy also invests in the communities it serves by providing economic development expertise and connecting businesses with the resources they need to start or grow.

THE BEST AND BRIGHTEST

Great River Energy treats its employees with the care and respect they deserve.

That's why 89% of employees say Great River Energy is a great place to work, far exceeding the national average of 57%.

Great Place To Work® Certified JUL 2024-JUL 2025 USA™

The company has received numerous accolades as a workplace, including being named a healthiest employer in Minnesota, top scorer in the Human Rights Campaign Foundation's Corporate Equality Index and certified "Great Place To Work."

2024 FINANCIALS

FINANCIAL HIGHLIGHTS

(DOLLARS IN MILLIONS)		2024		2023		CHANGE
OPERATIONS						
Revenues	$	1,046.0	$	1,028.3	$	17.7
Purchased power	$	441.7	$	459.3	$	(17.6)
Fuel	$	24.4	$	24.4	$	-
Operation and maintenance	$	255.3	$	231.5	$	23.8
Property and other taxes	$	19.4	$	18.2	$	1.2
Depreciation and amortization	$	172.9	$	158.7	$	14.2
Interest expense	$	126.9	$	128.1	$	(1.2)
Other income	$	16.6	$	20.1	$	(3.5)
Nonutility operations, excluding noncontrolling interest	$	-	$	16.4	$	(16.4)
Net margin attributable to GRE	$	22.0	$	44.6	$	(22.6)
FINANCIAL POSITION						
Electric plant	$	3,069.3	$	2,909.5	$	159.8
Utility plant - net	$	1,930.2	$	1,808.8	$	121.4
Deferred charges	$	744.4	$	840.3	$	(95.9)
Derivative instruments—noncurrent	$	259.3	$	214.4	$	44.9
Cash and cash equivalents	$	219.8	$	214.8	$	5.0
Total assets	$	3,522.2	$	3,435.5	$	86.7
Regulatory liabilities	$	289.7	$	261.5	$	28.2
Long-term obligations	$	2,090.9	$	1,999.6	$	91.3
Total capital	$	667.8	$	677.5	$	(9.7)
Equity to capitalization ratio		22.8%		23.8%		-1.0%

GREAT RIVER ENERGY

FINANCIAL DISCUSSION AND ANALYSIS

In a year marked by slow member sales due to mild winter and summer weather, GRE used $14.8 million of additional deferred member revenue to achieve a net margin of $22.0 million, falling slightly short of the $23.0 million target. The margin of $22.0 million attained a debt service coverage (DSC) ratio of 1.10, meeting the desired target. The unfavorable year end margin variance compared to target was primarily attributed to lower-than-expected electric sales and higher costs for ownership expenses and higher net expenses to service member load under inter-utility transmission agreements. A highlight of 2024 was the favorable performance of GRE's power supply portfolio and its interplay with the Midwest Independent System Operator (MISO) market given soft energy sales. This led to a $3.7 million power cost adjustment (PCA) credit for the year. Additionally, GRE returned $15.0 million of patronage capital to its members in 2024 and plans to return another $5.0 million in 2025.

MARGINS

Net margin attributable to GRE for the year ended December 31, 2024, was $22.0 million. GRE's indenture requires the maintenance of a margin-for-interest (MFI) ratio of 1.10x and GRE's net margin resulted in an MFI ratio of 1.20x. GRE's board of directors targeted a debt service coverage (DSC) ratio of 1.10x when setting member rates for 2024 and GRE met this target.

ELECTRIC REVENUE

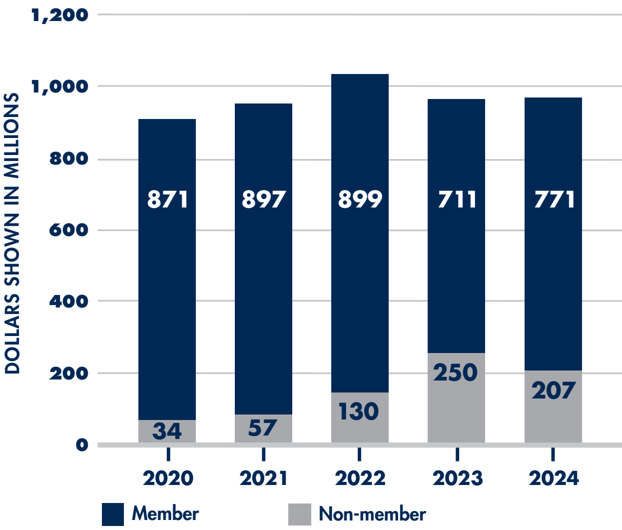
Electric revenue increased $16.8 million or 1.8% to $977.7 million in 2024 from $960.9 million in 2023. Member electric revenue increased by $59.7 million, or 8.4% to $771.0 million in 2024 from $711.3 million in 2023. This was primarily driven by a rate increase in 2024 of 2.2% and the use of $29.8 million in deferred revenue, in contrast to 2023, when revenue deferrals outpaced their usage. These increases were offset partially by a decrease in member demand and energy unit sales from all-requirements members that were 7.1% and 3.1% lower, respectively, compared to 2023. Member sales were also impacted by a $3.7 million PCA credit in 2024, compared to a significantly larger $35.4 million PCA credit in 2023. The PCA allows GRE to credit or collect differences between actual and budgeted results in MISO market activity, purchased power, non-member revenue, fuel, and member energy unit sales. The 2024 PCA credit was primarily attributed to favorable budget variances in MISO market net activity, fuel costs, and non-member sales. These positive variances were partly offset by unfavorable variances in purchased power and member energy unit sales compared to budget.

Electric revenue from non-members decreased $43.0 million or 17.2% to $206.6 million in 2024 from $249.6 million in 2023. This was driven primarily by a $16.1 million decrease in MISO market energy revenue due to average market prices that were 36.7% lower in 2024 compared to 2023, as well as a $34.3 million decrease in MISO market demand revenue driven by substantially lower prices in the annual MISO capacity auction.

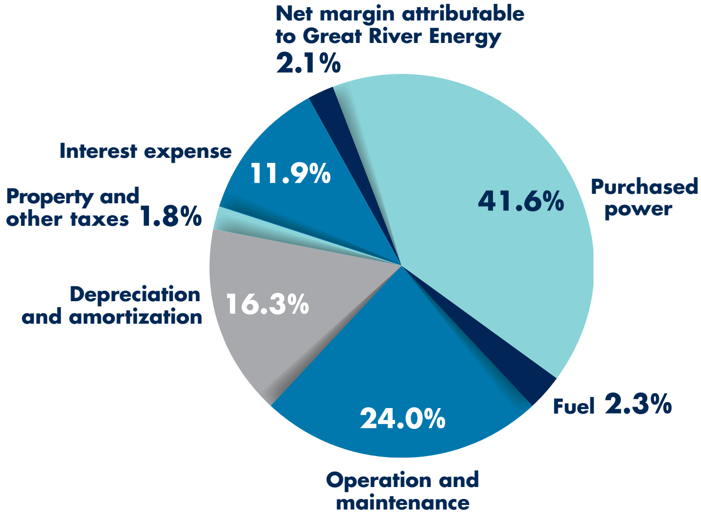
OTHER OPERATING REVENUE

Other operating revenue increased $0.9 million or 1.3% to $68.3 million in 2024 from $67.4 million in 2023. The increase was driven primarily by an increase in plant byproduct revenue from a new steam off-take contract at Spiritwood Station, offset partially by a decrease in net revenues received under inter-utility transmission agreements.

ELECTRIC REVENUE BILLED



EXPENSES AND MARGIN



OPERATING EXPENSES

Total operating expenses for 2024 were $913.8 million, an increase of $21.6 million or 2.4% from $892.2 million in 2023.

Purchased power decreased $17.6 million or 3.8% to $441.7 million in 2024 from $459.3 million in 2023. This decrease was primarily attributed to a $20.6 million (4.3%) reduction in MISO purchases, even though these purchases were made at rates 42.7% higher than in 2023. Additionally, the decrease was influenced by a $3.0 million reduction in purchases related to a bilateral financial settlement contract, along with a $2.1 million increase in financial transmission rights (FTR) revenue, which helped lower purchased power expenses. These decreases were offset slightly by an increase in purchases from wind and other hedging purchases that were $8.1 million higher than the same period in 2023.

Fuel expense of $24.4 million in 2024 was unchanged from the same period in 2023. Baseload output, however, increased by $1.9 million from 2023 due to a 51.7% rise in generation—201 GWh in 2024 compared to 133 GWh in 2023. Peaking plant fuel expense decreased by $1.9 million driven by lower output. GRE's peaking plants were called upon by the market less in 2024 compared to 2023 (peaking output was 234 GWh in 2024 compared to 293 GWh in 2023) and the average natural gas price paid was 15.8% lower ($1.98/MMBtu in 2024 compared to $2.35/MMBtu in 2023).

Operation and maintenance expense increased $23.8 million or 10.3% to $255.3 million in 2024 from $231.5 million in 2023. This increase was due to increased transmission operation and maintenance expenses as a result of higher costs to serve member load under inter-utility transmission agreements and higher labor costs across all divisions.

Depreciation and amortization increased $14.2 million or 9.0% to $172.9 million in 2024 from $158.7 million in 2023. The increase was mainly due to increased amortization of retired plant assets and a larger transmission basis driving increased depreciation expenses.

Property and other taxes increased $1.2 million or 6.8% to $19.4 million in 2024 from $18.2 million in 2023. This increase was primarily driven by the addition of new transmission lines and substation plant in service, partially offset by an income tax refund received in 2024.

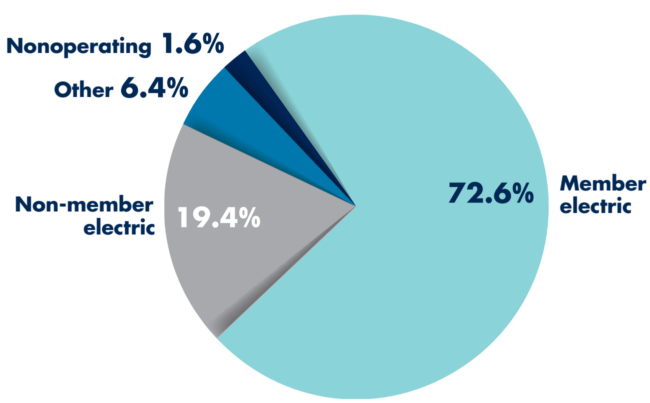
OTHER INCOME (EXPENSE)

Other income—net increased $0.4 million to $5.6 million in 2024 from $5.2 million in 2023. Interest income decreased $3.8 million to $11.1 million in 2024 from $14.9 million in 2023, driven by a lower average cash balance during the year compared to 2023. Interest expense—net of amounts capitalized decreased $1.2 million or to $126.9 million in 2024 from $128.1 million in 2023 due to lower interest expenses on the existing debt portfolio and higher interest costs allocated to construction projects, partially offset by the issuance of new debt by GRE in 2024.

NONUTILITY OPERATIONS

Nonutility operating revenue and expense represent the operations of MAG, a subsidiary of GRE. On December 1, 2022, GRE and the noncontrolling interest owners of MAG closed on a transaction to sell their ownership interest in MAG to a third party. As a result, GRE is no longer consolidating MAG's financial statements. In 2023, GRE recognized contingent consideration tied to certain closing adjustments of $16.4 million which was included as a nonutility equity method investment due to GRE no longer consolidating the financial statements of MAG. The 2024 income reflects GRE's financial returns from its remaining equity method investments.

REVENUES



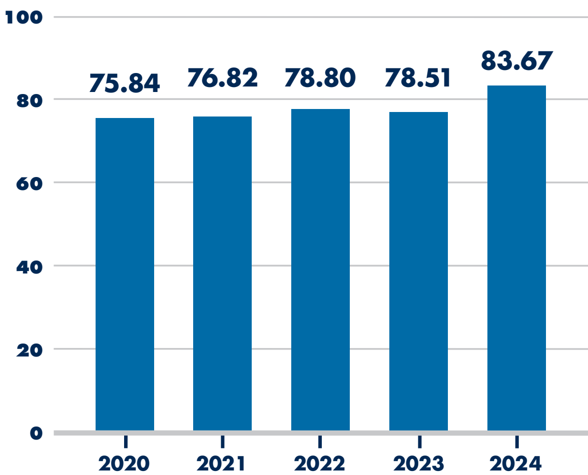
MEMBER RATE

GRE's 2024 member billed rate was 83.67 mills/kilowatt-hour (kWh) compared to 78.51 mills/kWh in 2023. The budgeted average member rates were 83.64 mills/kWh for 2024 and 81.84 mills/kWh for 2023.

The 6.6% increase in the 2024 blended average rate was primarily driven by the 2024 rate increase of 2.2% and the impact of a lower PCA credit in 2024 compared to 2023.

MEMBER AVERAGE RATE PER KWH

EXCLUDING WAPA | MILLS PER KWH



BALANCE SHEET REVIEW

GRE's total consolidated assets increased $86.7 million to $3,522.2 million in 2024 from $3,435.5 million in 2023.

Utility plant—net increased $121.4 million to $1,930.2 million in 2024 from $1,808.8 million in 2023 largely due to capital additions for load serving transmission, GRE's investment in MISO approved regional multi-value transmission projects, and outage related peaking plant projects. Capital additions outpaced the depreciation of existing utility plant assets.

Other assets and investments decreased $51.7 million to $1,077.7 million in 2024 from $1,129.4 million in 2023. Deferred charges—plant retirements decreased $76.9 million, due to amortization of retired plant deferred charges. Deferred charges—financing related decreased $6.8 million due to the amortization of settled interest rate swaps. Deferred charges—other decreased $12.3 million largely due to the reduction in the regulatory asset offsetting the deferred income tax liability. These decreases were partially offset by derivative instruments—noncurrent increasing $45.0 million as a result of the mark-to-market valuation of the noncurrent portion of a bilateral financial settlement contract.

Current assets increased $17.0 million to $514.3 million in 2024 from $497.3 million in 2023. Cash and cash equivalents increased by $5.0 million, driven primarily by operating cash flows and positive financing cash flows. These gains were supported by funds raised through the 2024 debt issuance and greater participation in the member investment program. However, the increase was partially offset by expenditures on utility plant capital projects and repayments of long-term debt. Accounts receivable – members increased $12.2 million due to a significantly smaller PCA credit in the last quarter of 2024 compared to the same period in 2023, partially offset by reduced member sales. Accounts receivable – others increased $2.1 million due to the addition of a new plant byproduct revenue stream, offset partially by the reversal of an accrual for a MISO outage dispute that was successfully resolved in 2024. Derivative instruments—current increased $12.3 million primarily as a result of an increase in the mark-to-market valuation of the current portion of the financial settlement contract (discussed previously) and an increase in the mark-to-market valuation of interest rate hedging contracts as new hedges were entered into in anticipation of future debt issuances, offset by a decrease in the mark-to-market valuation of the FTR contracts. Inventories—materials and supplies increased $1.8 million due to the procurement of materials for peaking station and transmission capital projects. These increases in current assets were offset partially by a decrease of $11.4 million in prepaids and other current assets due to the transfer of prepaid parts to construction work in progress as the applicable capital projects were initiated. Additionally, deferred charges—current decreased $4.1 million as the offset to the current mark-to-market valuation for certain fuel hedging and interest rate swap contracts recorded as current derivative liabilities.

Members' patronage capital increased $3.1 million to $566.0 million in 2024 from $562.9 million in 2023. The increase was the result of the addition of $22.0 million of net margin, offset partially by $18.9 million of member patronage capital retired in 2024. GRE's equity to capitalization ratio was 22.8% at the end of 2024.

Temporary patronage capital decreased $12.7 million to $101.9 million in 2024 from $114.6 in 2023. As part of an agreement with a former member-owner, an option exists for the former member-owner to redeem its patronage capital over a period of time not solely under GRE's control. The former member-owner redeemed $12.7 million of temporary patronage capital during both 2024 and 2023.

Other noncurrent liabilities decreased $26.7 million to $29.5 million in 2024 from $56.2 million in 2023, largely due to the cancellation of a transmission interconnection project for a customer which resulted in the return of construction advances, as well as an overall decrease in the estimated valuation of environmental asset retirement obligation (ARO) liabilities.

Regulatory liabilities increased $28.1 million to $289.6 million in 2024 from $261.5 million in 2023. This is primarily driven by a

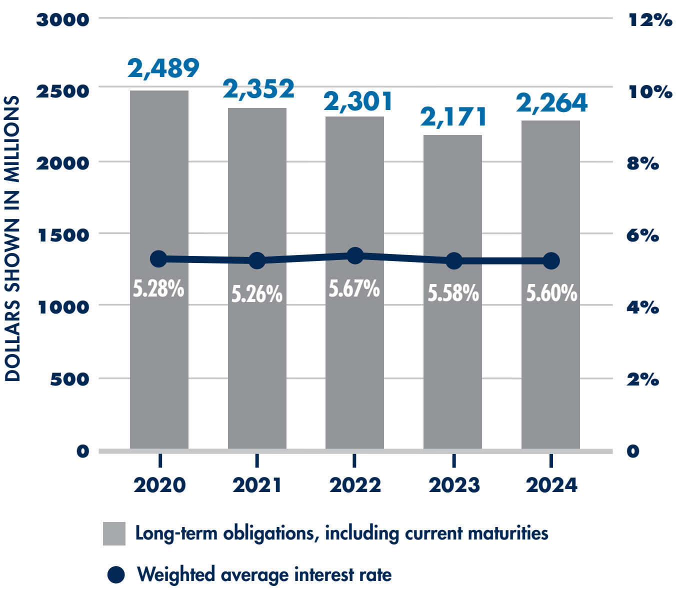
$45.0 million increase in the noncurrent portion of the financial settlement contract (discussed earlier) and the reclassification of certain interest rate swaps from regulatory liabilities—current to noncurrent upon settlement of the interest rate swaps related to the 2024 debt issuance. Settled interest rate swaps are amortized to interest expense over the life of the related debt issuance and if favorably settled, will reduce future interest expense. These increases were partially offset by the utilization of $29.8 million in member electric deferred revenue in 2024.

Long-term obligations increased $91.3 million to $2,090.9 million in 2024 from $1,999.6 million in 2023. The increase was primarily due to the 2024 debt issuance of $250.0 million, offset partially by $171.5 million in principal payments made during the year.

Deferred compensation increased $1.3 million to $23.3 million from $22.0 million due to an increase in deferred compensation investment balances. This liability offsets the deferred compensation assets.

Deferred income taxes decreased $11.5 million to $18.4 million in 2024 from $29.9 million in 2023 primarily due to the utilization of deferred income and net operating losses.

LONG-TERM DEBT



Current liabilities increased $13.8 million to $402.5 million in 2024 from $388.7 million in 2023. Regulatory liabilities – current increased $12.3 million due to an increase in the valuation of the current portion of the bilateral financial settlement contract and an increase in interest rate hedging instruments entered into during 2024 for future debt issuances. These increases were offset by the reclassification to noncurrent of settled interest rate swaps related to the 2024 debt issuance (discussed previously) and a decrease in the mark-to-market valuation of the FTR contracts. Notes payable to members increased $10.4 million due to additional investments by members into the investment program outpacing member usage of invested funds to pay power bills. Accrued interest payable rose by $2.1 million, driven by additional interest incurred from the 2024 debt issuance. These increases were partially offset by a $5.8 million reduction in accounts payable, primarily driven by a decrease in purchased power payables. Other accrued liabilities and notes payable declined by $2.1 million, primarily due to the settlement of costs related to the Blue Flint Ethanol termination agreement and the payment of GRE's share of the decommissioning and demolition expenses for Dairyland Power Cooperative's Genoa 3 plant. Derivative instruments decreased by $4.1 million due to the current mark-to-market valuation of certain fuel hedging and interest rate swap contracts.

LIQUIDITY POSITION AND FINANCING

GRE's year end 2024 unrestricted available liquidity of $556.0 million was comprised of cash and cash equivalents of $219.7 million and unused capacity on its existing unsecured credit facilities of $336.3 million. GRE's unsecured credit facilities include a $350.0 million revolving credit agreement that expires in March 2030, after considering a one-year extension executed in March 2025. GRE also has a $60.0 million line of credit that expires in October 2025. GRE uses its unsecured credit facilities for funding general working capital needs, financing its construction program, and providing a source of financial assurance in the form of letters of credit primarily related to market participant obligations under the MISO tariff. GRE has the option to increase the aggregate amount of credit extended to $450.0 million under the updated revolving credit agreement and $100.0 million under the line of credit, subject to certain terms and conditions.

Construction borrowings on the unsecured credit facilities are repaid periodically with issuances of long-term secured debt under GRE's Indenture of Mortgage, Security Agreement, and Financing Statement. Utilizing existing available cash and cash equivalents, budgeted internally generated funds, and planned short-term borrowings under credit facilities, GRE anticipates being able to fund planned additions and upgrades to existing generation, transmission, and other general plant facilities until the next forecasted debt issuance.

GRE's financial position is strong and its wholesale electric rates are significantly below the weighted regional average cost of electricity. The cooperative is making strategic investments to improve the regional electric system at the lowest possible cost to members. GRE's portfolio of power supply and transmission resources, strong liquidity position, and investment-grade ratings position the cooperative to deliver on its mission to provide affordable, reliable energy in harmony with a sustainable environment.

TO THE BOARD OF DIRECTORS AND MEMBERS OF GREAT RIVER ENERGY:

Management is responsible for the fairness and accuracy of the financial information presented in this annual report. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgments where appropriate. Great River Energy maintains an internal accounting control system that provides reasonable assurance of the integrity and reliability of the financial statements and the protection of assets from loss or unauthorized use or disposition. Directors, who are not employees, make up the Finance and Audit Committee of the Board of Directors. The committee meets regularly with management and its independent public accountants to review and discuss Great River Energy's internal accounting controls and financial reports. The independent public accountants have free access to the committee and the board of directors, without management present, to discuss the findings of their audits.

David Saggau
President and CEO
Great River Energy
Maple Grove, Minnesota
March 6, 2025

TO THE BOARD OF DIRECTORS OF GREAT RIVER ENERGY

MAPLE GROVE, MINNESOTA

Opinion

We have audited the consolidated financial statements of Great River Energy and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, operations and comprehensive income, changes in capital, and cash flows for the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the three years in the period ended December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Midwest AgEnergy ("MAG"), a consolidated subsidiary through November 30, 2022, or The Falkirk Mining Company ("Falkirk"), a variable interest entity through May 1, 2022, which statements reflect total revenues constituting 30% of consolidated total revenue for the year ended December 31, 2022. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Falkirk and MAG, is based solely on the reports of the other auditors.

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 Auditor's 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Deloitte + Touche LLP

March 6, 2025

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2024 AND 2023 (IN THOUSANDS)

ASSETS	2024	2023
UTILITY PLANT:		
Electric plant	$ 3,069,280	$ 2,909,510
Construction work in progress	113,463	82,762
Less accumulated depreciation and amortization	(1,252,548)	(1,183,474)
Utility plant—net	1,930,195	1,808,798
OTHER ASSETS AND INVESTMENTS:		
Restricted investments—deferred compensation	23,271	22,009
Other investments	35,290	34,902
Deferred Charges:		
Plant retirements	634,070	710,993
Financing related	81,573	88,371
Other	28,723	40,980
Other long-term assets	15,448	17,779
Derivative instruments—noncurrent	259,330	214,350
Total other assets and investments	1,077,705	1,129,384
CURRENT ASSETS:		
Cash and cash equivalents	219,803	214,789
Accounts receivable:		
Members	123,615	111,398
Others	38,078	35,939
Inventories:		
Materials and supplies	51,646	49,830
Fuel	7,678	8,566
Prepaids and other current assets	17,228	28,671
Deferred charges—current	17	4,166
Derivative instruments—current	56,228	43,926
Total current assets	514,293	497,285
TOTAL	$ 3,522,193	$ 3,435,467

CONTINUED

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2024 AND 2023 (IN THOUSANDS)

CAPITAL AND LIABILITIES	2024	2023
CAPITAL:		
Members:		
Patronage capital	$ 565,946	$ 562,891
Memberships	3	3
Total members' capital	565,949	562,894
Temporary patronage capital	101,864	114,597
Total capital	667,813	677,491
OTHER NONCURRENT LIABILITIES	29,526	56,204
REGULATORY LIABILITIES	289,679	261,549
LONG-TERM OBLIGATIONS—Less current portion	2,090,906	1,999,574
DEFERRED COMPENSATION	23,271	22,009
DEFERRED INCOME TAXES	18,431	29,891
COMMITMENTS AND CONTINGENCIES		
CURRENT LIABILITIES:		
Long-term obligations—current	172,650	171,537
Regulatory liabilities—current	56,228	43,926
Notes payable to members	52,831	42,467
Accounts payable	67,761	73,589
Property and other taxes	18,747	18,736
Other accrued liabilities and notes payable	19,617	21,707
Accrued interest payable	14,716	12,621
Derivative instruments	17	4,166
Total current liabilities	402,567	388,749
TOTAL	$ 3,522,193	$ 3,435,467

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONCLUDED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022 (IN THOUSANDS)

UTILITY OPERATIONS	2024	2023	2022
UTILITY OPERATING REVENUE:			
Electric revenue	$ 977,703	$ 960,908	$ 1,028,754
Other operating revenue	68,267	67,412	72,597
Total utility operating revenue	1,045,970	1,028,320	1,101,351
UTILITY OPERATING EXPENSES:			
Purchased power	441,724	459,323	447,914
Fuel	24,445	24,436	94,234
Operation and maintenance	255,305	231,519	253,536
Depreciation and amortization	172,931	158,677	152,587
Property and other taxes	19,441	18,207	16,948
Total utility operating expenses	913,846	892,162	965,219
UTILITY OPERATING MARGIN	132,124	136,158	136,132
OTHER INCOME (EXPENSE):			
Other income—net	5,598	5,193	5,095
Interest income	11,077	14,874	5,701
Interest expense—net of amounts capitalized	(126,854)	(128,099)	(123,928)
Other expense—net	(110,179)	(108,032)	(113,132)
NET UTILITY MARGIN	21,945	28,126	23,000
NONUTILITY OPERATIONS:			
Operating revenue	-	-	439,394
Operating expense	-	-	424,575
Operating income	-	-	14,819
Income (loss) from equity method investments	40	16,429	(13,822)
Total nonutility operations	40	16,429	997
NET MARGIN AND COMPREHENSIVE INCOME, INCLUDING NONCONTROLLING INTEREST	21,985	44,555	23,997
NONCONTROLLING INTEREST—SUBSIDIARY—MAG	-	-	(4,183)
NET MARGIN AND COMPREHENSIVE INCOME ATTRIBUTABLE TO GREAT RIVER ENERGY	$ 21,985	$ 44,555	$ 19,814

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022 (IN THOUSANDS)

	PATRONAGE CAPITAL	MEMBERSHIPS	TEMPORARY PATRONAGE CAPITAL	ADDITIONAL PAID-IN CAPITAL	NONCONTROLLING INTEREST SUBSIDIARY—MAG	TOTAL CAPITAL
BALANCE—January 1, 2022	$ 695,844	$ 3	$ -	$ 1,195	$ 29,312	$ 726,354
Net margin (loss) and comprehensive income (loss)	19,814	-	-	(1,195)	4,183	22,802
Return of members' patronage capital	(25,000)	-	-	-	-	(25,000)
Capital transferred to noncontrolling interest	-	-	-	-	11,087	11,087
Capital distributed to noncontrolling interest	-	-	-	-	(44,582)	(44,582)
BALANCE—December 31, 2022	$ 690,658	$ 3	$ -	$ -	$ -	$ 690,661
Net margin and comprehensive income	44,555	-	-	-	-	44,555
Transfer to temporary patronage capital	(127,330)		127,330	-	-	-
Return of members' patronage capital	(44,992)	-	-	-	-	(44,992)
Redemption of temporary patronage capital	-		(12,733)	-	-	(12,733)
BALANCE—December 31, 2023	$ 562,891	$ 3	$114,597	$ -	$ -	$ 677,491
Net margin and comprehensive income	21,985	-	-	-	-	21,985
Return of members' patronage capital	(18,930)	-	-	-	-	(18,930)
Redemption of temporary patronage capital	-	-	(12,733)	-	-	(12,733)
BALANCE—December 31, 2024	$ 565,946	$ 3	$101,864	$ -	$ -	$ 667,813

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022 (IN THOUSANDS)

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net margin including noncontrolling interest	$ 21,985	$ 44,555	$ 23,997
Adjustments to reconcile net margin to net cash provided by (used in) operating activities:			
Depreciation and amortization:			
Included in depreciation and amortization	172,931	158,677	152,587
Included in fuel and interest	10,559	9,770	14,155
Included in operation and maintenance	5,062	4,167	8,528
Included in purchased power	672	671	488
Included in nonutility operating expense	-	-	8,919
Unrealized gains on commodity derivatives	-	-	(10,233)
Loss on disposal of nonutility plant and equipment	-	-	298
(Income) loss from equity method investments	(40)	(16,429)	13,822
Patronage credits earned from investments	(1,223)	(1,511)	(1,501)
Deferred charges	(2,213)	(2,526)	(26,217)
Regulatory liabilities	(16,101)	4,337	12,934
Changes in working capital (excluding cash, investments, and borrowings):			
Accounts and long-term receivables	(15,103)	7,160	9,276
Inventory and other assets	10,535	(32,121)	(18,500)
Accounts payable, taxes, and other accrued expenses	(17,737)	(48,977)	(233,782)
Accrued interest	2,095	(1,362)	1,200
Noncurrent liabilities	(19,714)	(3,102)	(6,536)
Net cash provided by (used in) operating activities	151,708	123,309	(50,565)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Utility plant additions	(204,368)	(103,684)	(85,188)
Utility plant (refunds) reimbursements—contributions in aid of construction—net	(11,433)	18,458	8,166
Nonutility plant and equipment additions	-	-	(41,670)
Proceeds from sale of property	-	7,199	207,759
Equity method investments	-	18,296	83,890
Redemption of patronage capital from investments	835	970	929
Purchases of investments	-	-	(99)
Net cash (used in) provided by investing activities	(214,966)	(58,761)	173,787
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term obligations	625,000	35,000	388,000
Repayments of long-term obligations	(521,536)	(166,508)	(383,594)
Return of members' patronage capital	(18,930)	(44,992)	(25,000)
Redemption of temporary patronage capital	(12,733)	(12,733)	-
Cost of new debt issuances	(13,893)	(119)	(2,828)
Notes received from (paid to) members—net	10,364	(12,963)	4,193
Capital distributed to noncontrolling interest—subsidiary—MAG	-	-	(2,393)
Net cash used in financing activities	68,272	(202,315)	(21,622)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,014	(137,767)	101,600
CASH AND CASH EQUIVALENTS—Beginning of year	214,789	352,556	250,956
CASH AND CASH EQUIVALENTS—End of year	$ 219,803	$ 214,789	$ 352,556

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024 AND 2023, AND
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

1. ORGANIZATION

Organization—Great River Energy (GRE) is a Minnesota electric generation and transmission cooperative corporation providing wholesale electric service to member distribution cooperatives engaged in the retail sale of electricity to member consumers in Minnesota and a small section of Wisconsin. This service is provided in accordance with the terms of the power purchase and transmission service contracts between GRE and the members. The primary purchase power contract has an expiration date of December 31, 2055, and the transmission service contract has an expiration date of December 31, 2050.

Basis of Accounting—The consolidated financial statements are prepared on the accrual basis of accounting and include the accounts of GRE as well as the following entities:

ENTITY	RELATIONSHIP	DATE NO LONGER CONSOLIDATED
The Falkirk Mining Company (Falkirk)	Variable interest entity	May 1, 2022
Midwest AgEnergy Group, LLC (MAG)	Subsidiary of GRE	December 1, 2022
Blue Flint Ethanol LLC (Blue Flint)	Subsidiary of MAG	December 1, 2022
Dakota Spirit AgEnergy, LLC (DSA)	Subsidiary of MAG	December 1, 2022

All intercompany balances and transactions have been eliminated in consolidation, except for steam and electricity sales between GRE and MAG discussed within Note 1.

Falkirk—As part of the transaction to sell Coal Creek Station, a former GRE facility located near Underwood, North Dakota, and the high-voltage direct current (HVDC) system, GRE and Falkirk terminated their coal supply agreement on May 1, 2022. This agreement was previously in place for the development and operation of a lignite coal mine to supply coal for Coal Creek Station and Spiritwood Station, GRE's facility located near Jamestown, North Dakota. Falkirk is a wholly owned subsidiary of the North American Coal Corporation (NACC), which is a wholly owned subsidiary of NACCO Industries, Inc. Falkirk is principally engaged in lignite mining through the operation of a surface mine in North Dakota.

Prior to the termination of the coal supply agreement, GRE financed all the costs associated with the mine development and operation. Accounting principles generally accepted in the United States of America (GAAP) required GRE to consolidate Falkirk in its financial statements since Falkirk qualified as a variable interest entity for which GRE was the primary beneficiary.

The coal purchase price included all costs incurred by Falkirk for development and operation of the mine. These costs were part of the contract cost of coal purchased under the coal supply agreement and were included in fuel expense in the consolidated statements of operations and comprehensive income. Accordingly, the net effect of consolidating the income statement of Falkirk had no impact on GRE's margin for the year ended December 31, 2022.

Upon termination of the coal supply agreement on May 1, 2022, GRE ceased having a variable interest in Falkirk as the primary beneficiary. As such, and per the guidance set forth in Accounting Standards Codification (ASC) 810 *Consolidation*, GRE deconsolidated the financial statements of Falkirk. The coal purchased by GRE under the coal supply agreement for the period ended April 30, 2022, is included in fuel expense in the consolidated statement of operations and comprehensive income for the year ended December 31, 2022. The related cash flows for Falkirk for the four-month period ended April 30, 2022, have been included in the consolidated statement of cash flows for the year ended December 31, 2022.

MAG— MAG had two wholly owned subsidiaries, Blue Flint and DSA. Blue Flint operated an ethanol biorefinery facility located in Underwood, North Dakota. DSA operated a biorefinery located near Jamestown, North Dakota. Both facilities were dry-mill production facilities that produced and sold ethanol, dry and modified distillers grain, and distillers oil.

On December 1, 2022, GRE and the noncontrolling interest owners of MAG closed on a transaction to sell their ownership interest in MAG to a third party. Upon closing the transaction, per the guidance set forth in ASC 810 *Consolidation*, GRE deconsolidated the financial statements of MAG subsequent to November 30, 2022. The result of operations and related cash flows for MAG for the period ended November 30, 2022, have been included in the consolidated statements of operations and comprehensive income, changes in capital, and cash flows, respectively, for the year ended December 31, 2022. The transaction resulted in a $14.0 million loss to GRE and is recorded in income (loss) from equity method investments in the consolidated statements of operations and comprehensive income.

The transaction contains elements of contingent consideration tied to closing adjustments and operations as well as capital expenditures during a two- to four-year period. GRE recognizes contingent consideration in accordance with ASC 450-30 *Gain Contingencies* and records it in income (loss) from equity method investments in the consolidated statements of operations and comprehensive income. There was no contingent consideration recognized for the year ended December 31, 2024. In 2023, GRE recognized contingent consideration gain tied to closing adjustments of $16.4 million.

Prior to the transaction to sell Coal Creek Station and the HVDC system, Blue Flint purchased steam and water from Coal Creek Station under a long-term contract with GRE. Steam and water purchases were $12.3 million for the year ended December 31, 2022 (prior to deconsolidation). Electricity sales were $2.8 million for the year ended December 31, 2022 (prior to deconsolidation). The sale of electricity by GRE is recorded as electric revenues and steam and water sales are recorded as other operating revenue. Prior to the sale of MAG, purchases of electricity, steam, and water by MAG subsidiaries were recorded as nonutility operating expense. These transactions were not eliminated in consolidation for 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Regulatory Accounting—As the board of directors sets rates on a cost-of-service basis, GRE follows GAAP related to the effects of certain types of regulation, which provide for the reporting of assets and liabilities consistent with the economic effect of the rate structure. As such, regulatory assets are recorded to reflect probable future revenues associated with certain costs that are expected to be recovered from customers through the ratemaking process. Regulatory liabilities are recorded to reflect probable future reductions in revenues associated with amounts that are expected to be credited to customers through the ratemaking process. For further information, see Note 11.

Public Business Entity—GRE believes it meets the definition of a public business entity due to the issuance of debt securities that are traded on an over-the-counter market.

Cash and Cash Equivalents—Cash equivalents include all highly liquid investments with original maturities of three months or less (e.g., money market funds). Certain cash and cash equivalents are classified as investments when they relate to trust funds held for long-term purposes.

Supplemental Cash Flow Information—Supplemental cash flow information for the years ended December 31, 2024, 2023, and 2022, is as follows (in thousands):

	2024	2023	2022
Supplemental disclosure of cash flow information:			
Cash paid for interest—net of amounts capitalized	$ 122,672	$ 125,656	$ 124,038
Cash paid for taxes—Falkirk	$ -	$ -	$ 530
Noncash investing and financing activities:			
Utility and nonutility plant acquisitions included in accounts payable	$ 9,317	$ 12,563	$ 12,769

Interest on borrowed funds in the amount of $4.2 million, $2.4 million, and $1.6 million was capitalized in 2024, 2023, and 2022, respectively, and these amounts are excluded from the cash payments for interest noted above.

Inventories—Materials and supplies inventories are stated at lower of average cost or net realizable value. Fuel inventories are carried at average cost and include coal, oil, and gas used for electric generation. Emission allowances are also accounted for as fuel inventory and recorded at the lower of cost or net realizable value. Renewable energy credits (RECs) are either purchased or acquired in the course of generation, or purchased as a result of meeting load obligations, and are recorded as fuel inventory at cost. GRE's allowances and RECs in inventory have a recorded cost of $0 and $0.3 million as of December 31, 2024 and 2023, respectively.

Utility Plant—Utility plant is stated at original cost, which includes materials, contract and direct labor, overhead, and interest during construction. Interest charged to construction on borrowed funds are included as a component of utility plant cost and credited to interest expense. The rates applied reflect the actual rates for borrowed funds. Repairs and maintenance are charged to operations as incurred. When generation and transmission assets are retired, sold, or otherwise disposed of, the original cost, plus the cost of removal, less salvage, is charged to accumulated depreciation and the corresponding gain or loss is amortized over the remaining life of the plant. Included in accumulated depreciation are retired assets totaling $20.7 million and $17.6 million as of December 31, 2024 and 2023, respectively, that will continue to be amortized. Also included in accumulated depreciation are nonlegal or noncontractual costs of removal components in the amount of $10.0 million and $9.0 million for 2024 and 2023, respectively. When other property assets are retired or sold, the cost and related accumulated depreciation are eliminated and any gain or loss is reflected in depreciation expense.

Depreciation and Amortization—Depreciation for financial reporting purposes is provided based upon the straight-line method at rates designed to amortize the original cost of properties over their estimated service lives. The effective depreciation rate was 3.1%, 3.0%, and 2.6% for 2024, 2023, and 2022, respectively. The range of useful lives for utility plant is three to 50 years. Amortization expense also includes the accretion expense related to asset retirement obligations and the amortization of deferred charges, except as described in Note 11.

Recoverability of Long-Lived Assets—GRE reviews its long-lived assets whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. GRE determines potential impairment by comparing the carrying value of the asset with the net cash flows expected to be provided by the operating activities of the business or related products. Should the sum of the expected cash flows be less than the carrying values, GRE would determine whether an impairment loss should be recognized. No impairment losses have been recorded in the consolidated financial statements.

Income Taxes—GRE accounts for income taxes using the asset/liability method prescribed under ASC 740, *Income Taxes*. Under this method, deferred income taxes are recognized for temporary differences between the tax and financial reporting bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. GRE establishes a regulatory asset or liability to account for the difference between GRE's deferred tax assets or liabilities. A regulatory asset or liability associated with deferred income taxes generally represents the future increase or decrease in income taxes payable that will be received or settled through future rate increases.

Members' Patronage Capital—Revenues in excess of current-period costs (net margin and comprehensive income attributable to GRE in the consolidated statements of operations and comprehensive income) in any year are designated as assignable margins. These assignable margins are considered capital furnished by the members and are credited to the members' individual accounts. Assignable margins are held by GRE until they are retired and returned, without interest, at the discretion of the board of directors and subject to long-term obligation agreement restrictions (see Note 5). The board of directors has adopted a policy of retiring and returning assignable margins (patronage capital) on a first-in, first-out basis. Upon approval by the board of directors, GRE retired and returned patronage capital of $18.9 million, $45.0 million, and $25.0 million in 2024, 2023, and 2022, respectively. Retained assignable margins are designated as patronage capital in the consolidated balance sheets.

Temporary Patronage Capital—GRE and its largest member-owner signed a withdrawal agreement in 2022 which terminated their membership in GRE. Also in 2022, new long-term power supply and transmission service customer contracts were signed that extend through December 31, 2045. The membership termination and transition to the new customer contracts were effective on January 1, 2023. As part of the withdrawal agreement, the former member-owner has the option to redeem its patronage capital over a period of time not solely under GRE's control. In accordance with ASC 480 *Distinguishing Liabilities from Equity*, GRE reclassified the former member-owner's patronage capital of $127.3 million as temporary patronage capital on the consolidated balance sheets as of January 1, 2023. The former member redeemed temporary patronage capital of $12.7 million during 2024 and 2023.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. The significant estimates in the consolidated financial statements relate to key inputs to compensation and benefit accruals, asset retirement obligation liabilities, fair value calculations of derivative instruments, accrued property and other taxes, useful lives of utility plant, recoverability of deferred tax assets, and contingencies and other reserves. Actual results could differ from those estimates.

Revenue Recognition—GRE recognizes revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which GRE expects to be entitled in exchange for those goods or services. The related disclosures below provide further information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Revenues from Contracts with Customers

The revenues of GRE are primarily derived from providing wholesale electric service to members and nonmembers. Revenues from contracts with customers, as defined by ASC 606 *Revenue from Contracts with Customers*, represent over 99% of all GRE revenues. Below is a disaggregated view of GRE's revenues from contracts with customers as well as other revenues, including their location in the statements of operations and comprehensive income (in thousands):

YEAR ENDED DECEMBER 31, 2024

REVENUE STREAMS	ELECTRIC REVENUE	OTHER OPERATING REVENUE
Member revenue	$ 771,041	$ -
Non-member revenue	206,662	-
Transmission revenue—related to others	-	55,983
Utility plant byproduct revenue	-	11,157
Total revenue from contracts with customers	977,703	67,140
Lease income	-	1,127
Total revenue	$ 977,703	$ 68,267
Timing of revenue recognition		
Transferred over time	$ 977,703	$ 67,140
Transferred at a point in time	-	-
Total revenue from contracts with customers	$ 977,703	$ 67,140

YEAR ENDED DECEMBER 31, 2023

REVENUE STREAMS	ELECTRIC REVENUE	OTHER OPERATING REVENUE
Member revenue	$ 711,351	$ -
Non-member revenue	249,557	-
Transmission revenue—related to others	-	59,263
Utility plant byproduct revenue	-	7,057
Total revenue from contracts with customers	960,908	66,320
Lease income	-	1,092
Total revenue	$ 960,908	$ 67,412
Timing of revenue recognition		
Transferred over time	$ 960,908	$ 66,320
Transferred at a point in time	-	-
Total revenue from contracts with customers	$ 960,908	$ 66,320

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *continued*

YEAR ENDED DECEMBER 31, 2022

REVENUE STREAMS	ELECTRIC REVENUE	OTHER OPERATING REVENUE	NONUTILITY OPERATING REVENUE
Member revenue	$ 899,299	$ -	$ -
Non-member revenue	129,455	-	-
Transmission revenue—related to others	-	57,468	-
Utility plant byproduct revenue	-	13,882	-
Ethanol sales	-	-	315,440
Ethanol byproduct revenue	-	-	112,449
Other revenue	-	-	2,602
Total revenue from contracts with customers	1,028,754	71,350	430,491
Lease income	-	1,247	-
Other income	-	-	8,739
Realized and unrealized gains on commodity contracts	-	-	164
Total revenue	$ 1,028,754	$ 72,597	$ 439,394
Timing of revenue recognition			
Transferred over time	$ 1,028,754	$ 70,059	$ 430,491
Transferred at a point in time	-	1,291	-
Total revenue from contracts with customers	$ 1,028,754	$ 71,350	$ 430,491

Electric revenue

Electric revenues consist of wholesale electric power sales to members through the member power purchase and transmission service contracts, to non-members through bilateral contracts, and from participation in the Midcontinent Independent System Operator (MISO) market. All the electric revenues meet the criteria to be classified as revenue from contracts with customers and are recognized over time as energy is delivered or transmitted. Revenue is recognized based on the metered quantity of electricity delivered or transmitted at the applicable contractual or market rates. Electric revenues from members are recorded net of bill credits approved by GRE's board of directors. GRE did not issue a bill credit for the years ended December 31, 2024, and 2023, but issued a bill credit to members of $24.8 million for the year ended December 31, 2022.

The rate schedules within the member contracts include a power cost adjustment, which allows for increases or decreases in member power billings based upon actual power costs compared to plan for certain categories of revenues and expenses. The power cost adjustment was a credit of $3.7 million and $35.4 million in 2024 and 2023, respectively, and a charge to members of $18.7 million for 2022. Credits or charges are recorded as a decrease or increase, respectively, in member revenues and are recorded in electric revenue in the consolidated statements of operations and comprehensive income.

Under regulatory accounting (see Note 11), GRE defers member electric revenue and/or recognizes member electric revenue. GRE did not defer the recognition of any member electric revenue for the year ended December 31, 2024, but deferred the recognition of $29.8 million and $9.3 million of member electric revenue for the years ended December 31, 2023, and 2022, respectively. Additionally, $29.8 million, $25.6 million, and $4.4 million of deferred member electric revenue was recognized during the years ended December 31, 2024, 2023, and 2022, respectively. Deferred member electric revenues are recorded in electric revenue in the consolidated statements of operations and comprehensive income when recognized.

Other operating revenue

Other operating revenue primarily includes revenue received from the transmission of electricity for others under MISO rate tariffs or under various integrated transmission agreements, revenue from the sale of utility plant byproducts, such as steam and fly ash, and other revenue. All these revenue streams meet the criteria to be classified as revenue from contracts with customers. Transmission revenue for others is recognized over time as GRE stands ready to serve the load with its transmission assets per the agreements. Steam revenue is derived from Spiritwood Station supplying steam and water to DSA and another third party off-taker. It had also been derived from Coal Creek Station supplying steam and water to Blue Flint, prior to the plant's sale, and is recognized over time as the steam is transferred through and measured at the interconnection point. Prior to the plant's sale, fly ash from Coal Creek Station was marketed and sold to external customers by a third party with whom GRE had a marketing agreement. Fly ash revenue is recognized as of the point in time when the third party completes the resale to the external customer.

Other income – net

Other income – net primarily includes income from the operation of an energy recovery plant, the operation and maintenance of the HVDC system, and from miscellaneous work performed for others. The work performed for others relates to services provided by GRE to its members (or third parties) that is not included in the rate charged for electricity under the member power purchase and transmission service contracts.

Nonutility operating revenue

Nonutility operating revenue represents revenues from MAG consolidated operations. Revenue from the production of ethanol and related byproducts is recognized when obligations under the terms of the respective contracts with customers are satisfied. Revenue is also recognized on certain ethanol contracts that utilize future price indexes at the time of title transfer, when the price is estimable using a methodology which reflects future commodity price averages for the settlement month.

Government Assistance—GRE has filed claims with the Federal Emergency Management Agency for assistance related to storm damage to GRE assets incurred in 2019 and 2022. These claims totaled $7.1 million. Through the year ended December 31, 2024, GRE received reimbursement for $6.6 million of these claims. GRE accounts for these payments, when received, as an offset to the cost of the constructed assets.

Concentration of Risk—GRE has a bilateral contract with a non-member for the long-term purchase of power and transmission service which began in 2023. The electric revenue associated with this contract represents 16.6% and 16.4% of GRE's electric revenue for the years ended December 31, 2024, and 2023, respectively.

Subsequent Events—GRE has considered subsequent events for recognition or disclosure through March 6, 2025, the date the consolidated financial statements were available to be issued. All material subsequent events have been disclosed in these consolidated financial statements Note 15.

3. ACCOUNTING PRONOUNCEMENTS

Recently Issued

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*, which seeks improvements to income tax disclosures related specifically to enhancing the usefulness of the rate reconciliation, requiring additional information about income taxes paid, and additional disaggregation of jurisdictional information. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024. GRE does not expect the adoption to have a material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*, which requires additional disaggregation and disclosure of the nature of expenses included in the income statement in response to feedback from investors, lenders, creditors, and other stakeholders. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026. GRE does not expect the adoption to have a material impact on its consolidated financial statements.

4. LEASING TRANSACTIONS

GRE evaluates contracts that may contain leases, including purchase power agreements (PPAs), arrangements for the use of equipment, railroad cars, and vehicles. A contract contains a lease if it conveys the exclusive right to control the use of a specified asset. A contract determined to contain a lease is evaluated further to determine if the arrangement is a finance lease. GRE recognizes right-of-use assets and a corresponding lease liability at the lease commencement date.

GRE has elected the practical expedient under which non-lease components, such as asset maintenance costs included in payments, are not deducted from minimum lease payments for the purposes of lease accounting and disclosure. In addition, leases with an initial term of 12 months or less are classified as short-term leases and are not recognized on the consolidated balance sheets. If a lease contains an option to extend and there is reasonable certainty the option will be exercised, the option is considered in the lease term at inception. If a lease contains an option for early buy-out and there is reasonable certainty the option will be exercised, the option is considered in the lease term and cash flows from inception. GRE's lease agreements do not contain any material residual value guarantees, material bargain purchase options, or material restrictive covenants.

Operating Leases—GRE entered into various leases for equipment used in its operations under varying terms and conditions, expiring at various times through 2027. The remaining payments for operating lease right-of-use assets are charged to expense on a straight-line basis over the life of the lease.

Finance Leases—GRE entered into various lease agreements which were classified as financing leases. The leases were for railroad cars used in the operation of Spiritwood Station and equipment used in transmission operations and have terms expiring at various times through 2026.

GRE deconsolidated Falkirk and MAG from its financial statements on May 1, 2022, and December 1, 2022, respectively (see Note 1). The components of lease expense and supplemental cash flow information related to leases for the year ended December 31, 2022, include results for Falkirk for the period ended April 30, 2022, and MAG for the period ended November 30, 2022.

Components of lease expense for the years ended December 31, 2024, 2023, and 2022 include the following (in thousands):

	2024	2023	2022
Operating lease expense:			
Included in operation and maintenance	$ 592	$ 636	$ 796
Included in fuel	-	-	265
Included in nonutility operating expense	-	-	9,826
	$ 592	$ 636	$ 10,887
Finance lease expense:			
Amortization of right-of-use assets	$ 1,420	$ 1,420	$ 2,110
Interest on lease liabilities	65	109	246
	$ 1,485	$ 1,529	$ 2,356

Costs associated with short-term leases, variable rent, and subleases were immaterial for the years ended December 31, 2024, 2023, and 2022.

Supplemental balance sheet information related to operating and finance leases is as follows (in thousands):

	CLASSIFICATION	DECEMBER 31, 2024	DECEMBER 31, 2023
Assets:			
Operating leases	Other long-term assets	$ 905	$ 1,697
Finance leases	Utility plant—net	1,343	2,763
Liabilities:			
Current			
Operating leases	Other accrued liabilities and notes payable	$ 1,153	$ 795
Finance leases	Current portion of long-term obligations	871	1,529
Noncurrent			
Operating leases	Other noncurrent liabilities	$ 1,165	$ 2,318
Finance leases	Long-term obligations—less current portion	375	1,246

The weighted average remaining lease terms and weighted average discount rates are as follows:

	DECEMBER 31, 2024	DECEMBER 31, 2023
Weighted average remaining lease term (in years)		
Operating leases	1.3	2.1
Finance leases	0.4	1.4
Weighted average discount rate		
Operating leases	3.05%	3.15%
Finance leases	2.84%	2.84%

As of December 31, 2024, maturities of lease liabilities are as follows (in thousands):

YEARS ENDING DECEMBER 31	OPERATING LEASES	FINANCING LEASES
2025	$ 1,211	$ 945
2026	1,188	330
Thereafter	-	-
Total minimum lease payments	2,399	1,275
Amounts representing interest	(81)	(29)
Present value of minimum lease payments	2,318	1,246
Current maturities	(1,153)	(871)
Noncurrent lease liabilities	$ 1,165	$ 375

As of December 31, 2024, there were no material additional operating or financing leases that have not yet commenced.

Supplemental cash flow information related to leases is as follows (in thousands):

DECEMBER 31	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ (738)	$ (495)	$ (7,059)
Operating cash flows from financing leases	(65)	(109)	(246)
Financing cash flows from financing leases	(1,594)	(1,594)	(3,799)

5. LONG-TERM OBLIGATIONS

The consolidated long-term obligations as of December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
First Mortgage Bonds, Series 2007A, 6.254%, due 2025–2038	$ 388,800	$ 435,800
First Mortgage Bonds, Series 2008A, 7.233%, due 2025–2038	301,288	320,215
First Mortgage Notes, Series 2009A, 5.0% to 7.15%, due 2024	-	6,400
First Mortgage Bonds, Series 2009B, 5.81% to 6.94%, due 2025–2031	90,000	115,000
First Mortgage Bonds, Series 2010D, 4.478%, due 2025–2030	152,000	194,000
First Mortgage Note, Series 2014B, SOFR plus 1.225%, 5.695% at December 31, 2024, due 2033–2038	100,000	100,000
First Mortgage Note, Series 2015A, 3.76%, due 2025-2028	50,000	65,000
First Mortgage Note, Series 2015B, 4.11%, due 2028-2035	100,000	100,000
First Mortgage Note, Series 2015C, 4.62%, due 2036-2044	100,000	100,000
First Mortgage Note, Series 2015D, 4.70%, due 2036-2044	50,000	50,000
First Mortgage Note, Series 2017A, 3.59%, due 2025-2045	210,000	220,000
First Mortgage Note, Series 2020A, 3.25%, due 2026-2045	200,000	200,000
First Mortgage Note, Series 2022A, 4.58%, due 2025-2042	190,000	195,000
First Mortgage Note, Series 2022B, 4.98%, due 2042-2045	50,000	50,000
First Mortgage Note, Series 2024A, 5.95%, due 2038-2050	250,000	-
Syndicated Credit Facility, National Rural Utilities Cooperative Finance Corp, ABR plus 0.125%, 7.625% at December 31, 2024	60,000	35,000
Department of Energy, 0%, due 2025–2028, 5.2% to 6.1% imputed interest	1,605	1,873
Finance lease obligation, Spiritwood Station railroad cars, 2.75% imputed interest	175	1,211
Finance lease obligation, 1.12% to 4.81% imputed interest	1,070	1,564
Other—at various rates and maturities	2,433	2,844
Subtotal	2,297,371	2,193,907
Less unamortized bond issuance costs	(28,611)	(17,045)
Less unamortized bond discount	(5,204)	(5,751)
	2,263,556	2,171,111
Current maturities	(172,650)	(171,537)
Long-term obligations—net	$ 2,090,906	$ 1,999,574

GRE issues secured debt under an Indenture of Mortgage, Security Agreement, and Financing Statement (Indenture). The Indenture requires GRE to establish and collect rates reasonably expected to yield a specified margins-for-interest level. Under the Indenture, GRE has limitations on the retirement of patronage capital if, after the distribution, an event of default would exist or GRE's members' capital would be less than 20% of total long-term debt and members' capital. Substantially all of the tangible assets of GRE, the power purchase and transmission service contracts with the members (see Note 1), as well as the customer power supply and transmission service contracts with a former member-owner (see Note 2) are pledged as security under the Indenture.

The First Mortgage Note, Series 2014B debt agreement has a feature that allows GRE to periodically change how the variable rate is determined or change to a fixed interest rate option, at its election, subject to the applicable provisions in the debt agreement.

GRE has a $350.0 million unsecured revolving credit facility for which National Rural Utilities Cooperative Finance Corporation (CFC) is the administrative agent that expires in March 2029. The termination date of this facility can be extended, at GRE's request, subject to certain terms and conditions, on not more than two occasions for an additional period of one year. The unsecured capacity of this facility can also be increased, at GRE's option, to $450.0 million subject to certain terms and conditions. As of December 31, 2024 and 2023, the outstanding balance was $60.0 million and $35.0 million, respectively.

GRE also has an unsecured line of credit facility with CoBank, ACB (CoBank) for $60.0 million that expires in October 2025. The termination date of this facility can be extended, at GRE's request, subject to certain terms and conditions, on not more than two occasions for an additional period of one year. This facility can also be increased, at GRE's option, to $100.0 million, subject to certain terms and conditions. There were no amounts outstanding on this facility at December 31, 2024 and 2023.

GRE is subject to a number of customary covenants under the Indenture, other debt agreements, and the credit facilities.

Future maturities on long-term obligations as of December 31, 2024, are as follows (in thousands):

YEARS ENDING DECEMBER 31	
2025	$ 172,650
2026	163,335
2027	151,052
2028	105,064
2029	100,969
Thereafter	1,570,486
	$ 2,263,556

6. INVESTMENTS

GRE's investments as of December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
Other investments:		
Capital certificate investments—CFC	$ 19,644	$ 19,644
Cooperative investment patronage allocations	15,646	15,258
Total other investments	35,290	34,902
Restricted investments—deferred compensation	23,271	22,009
	$ 58,561	$ 56,911

The capital certificate investments bear interest at a rate of 5.0% and a portion of them were required under borrowing arrangements with CFC. At December 31, 2024, GRE had no commitments to purchase additional capital certificate investments from CFC. Capital certificate investments are classified as held-to-maturity and reported at amortized cost using the specific identification method.

GRE's cooperative investment patronage allocations are reported at cost plus allocated equities.

GRE's investments held for deferred compensation are reported at fair value (see Note 8).

The investments reported at amortized cost at December 31, 2024 and 2023, are as follows (in thousands):

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
2024				
Long-term investments—held-to-maturity securities—capital certificate investments	$ 19,644	$ -	$ -	$ 19,644
2023				
Long-term investments—held-to-maturity securities—capital certificate investments	$ 19,644	$ -	$ -	$ 19,644

Capital certificate investments have maturities greater than 10 years.

Interest income received on all investments, including cash and cash equivalents, was $11.1 million, $14.9 million, and $5.7 million in 2024, 2023, and 2022, respectively.

7. DERIVATIVE INSTRUMENTS

As part of its risk management program, GRE may periodically use interest rate swaps and swaptions to manage market exposures. Terms and tenor of the swap and swaption agreements are generally structured to match the terms of the risk being managed. Mark-to-market gains and losses related to the interest rate hedging agreements are deferred as regulatory assets or liabilities until the execution of the related debt transaction and the agreements are settled. The amount paid or received at settlement is then deferred as a regulatory asset or liability and amortized to the consolidated statements of operations and comprehensive income as a component of interest expense over the term of the related debt issuance.

GRE is exposed to credit risk as a result of entering into these interest rate hedging agreements. Interest rate hedging contracts entered into by GRE are governed by an International Swap Dealers Association Master Agreement. As of December 31, 2024, all of the counterparties with transaction amounts outstanding under GRE's hedging program are rated investment grade by the major rating agencies. The contractual agreements contain provisions that could require GRE or the counterparty to post collateral or credit support. No amounts have been posted by GRE or the counterparties as of December 31, 2024 or 2023.

See additional information regarding the fair value of these instruments in Note 8 and amounts recorded in deferred charges and regulatory liabilities in Note 11.

GRE enters into contracts for the purchase and sale of commodities for use in its business operations. GAAP requires an evaluation of these contracts to determine whether the contracts are derivatives. Certain contracts that meet the definition of a derivative may be exempted from derivative accounting as normal purchases or normal sales. GRE evaluates all of its contracts at inception to determine if they are derivatives and if they meet the normal purchases or normal sales designation requirements. The commodity contracts that do not qualify for a normal purchases or normal sales designation are recorded at fair value, and the gains or losses are deferred as regulatory assets or liabilities. The realized gains and losses on settled commodity derivatives, which include exchange-traded futures contracts, financial transmission rights, fuel contracts, and financial settlement energy contracts are recognized as purchased power. See additional information regarding the fair value of these derivatives in Note 8.

MAG enters into derivative transactions to hedge its exposure to commodity price fluctuations. MAG's derivative gains and losses included in the consolidated statement of operations and comprehensive income for the year ended December 31, 2022 (prior to deconsolidation), are as follows (in thousands):

	2022
Realized and unrealized gains recognized from undesignated hedges:	
Nonutility operating revenue	$ 164
Nonutility operating expenses	880

The location and fair value of derivative instruments in the consolidated balance sheets as of December 31, 2024 and 2023, are as follows (in thousands):

	CLASSIFICATION	2024	2023
Derivatives in a current asset position, none of which are designated as hedging instruments:			
Interest rate contracts	Derivative instruments—current	$ 27,225	$ 19,390
Commodity contracts	Derivative instruments—current	29,003	24,536
Total current derivative instrument assets		56,228	43,926
Derivatives in a noncurrent asset position, none of which are designated as hedging instruments:			
Commodity contracts	Derivative instruments—noncurrent	259,330	214,350
Total derivative instrument assets		$ 315,558	$ 258,276
Derivatives in a current liability position, none of which are designated as hedging instruments:			
Commodity contracts	Derivative instruments	17	4,116
Total derivative instrument liabilities		$ 17	$ 4,116

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

GAAP establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and provide for required disclosures about fair value measurements. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

A description of the inputs used in the valuation of assets and liabilities is as follows:

Level 1—Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets.

Level 2—Inputs include direct or indirect observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities exchanged in active or inactive markets, quoted prices for identical assets or liabilities exchanged in inactive markets, and other inputs that are considered in fair value determinations of the assets or liabilities.

Level 3—Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. GRE's policy is to recognize significant transfers between levels at December 31.

A summary of the assets and liabilities at fair value at December 31, 2024 and 2023, set forth by level within the fair value hierarchy, is as follows (in thousands):

	ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2024			
	TOTAL	ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets:				
Cash equivalents—money market funds	$ 199,484	$ 199,484	$ -	$ -
Restricted investments—deferred compensation:				
Money market funds	3,508	3,508	-	-
Mutual funds:				
Domestic stock funds	11,046	11,046	-	-
Balanced funds	3,027	3,027	-	-
Fixed income funds	2,795	2,795	-	-
International stock funds	2,894	2,894	-	-
Interest rate contracts	27,225	-	27,225	-
Commodity derivatives	288,333	11,981	276,352	-
Total assets	$ 538,312	$ 234,735	$ 303,577	$ -
Liabilities:				
Commodity derivatives	$ 17	$ 17	-	-
Total liabilities	$ 17	$ 17	$ -	$ -

	ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2023			
	TOTAL	ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets:				
Cash equivalents—money market funds	$ 185,647	$ 185,647	$ -	$ -
Restricted investments—deferred compensation:				
Money market funds	3,655	3,655	-	-
Mutual funds:				
Domestic stock funds	8,688	8,688	-	-
Balanced funds	4,567	4,567	-	-
Fixed income funds	2,523	2,523	-	-
International stock funds	2,576	2,576	-	-
Interest rate contracts	19,390	-	19,390	-
Commodity derivatives	238,886	18,298	220,588	-
Total assets	$ 465,932	$ 225,954	$ 239,978	$ -
Liabilities:				
Interest rate contracts	$ 4,166	$ 4,166	-	-
Total liabilities	$ 4,166	$ 4,166	$ -	$ -

For the years ended December 31, 2024 and 2023, there were no significant transfers in or out of Levels 1, 2, or 3.

Money Market Funds—Fair value is determined using quoted prices in active markets for identical assets.

Mutual Funds—Shares of registered investment companies (mutual funds) are categorized as Level 1. They are valued at quoted market prices available on an active clearing exchange for identical assets.

Interest Rate Contracts—Fair value is determined by comparing the difference between the net present value of the cash flows for the swaps at their initial fixed rate and the current market fixed rate. The initial fixed rate is quoted in the swap agreement and the current market fixed rate is corroborated by observable market data and categorized as Level 2.

Commodity Derivatives—Exchange-traded futures contracts, financial transmission rights, and fuel contracts are valued at active quoted market prices and are categorized as Level 1. Fair value for the financial settlement energy contracts is determined by comparing the difference between the net present value of the cash flows of the contract price and the current market price. The contract price is quoted in the contract and the market price is corroborated by observable market data. These contracts are categorized as Level 2.

GRE continuously monitors the creditworthiness of the counterparties to its derivative contracts and assesses the counterparties' ability to perform on the transactions set forth in the contracts. Liability positions are generally not adjusted as GRE has the ability and intent to perform under each of the contracts. In the instance of asset positions, GRE considers: general market conditions and the observable financial health and outlook of specific counterparties; forward-looking data, such as credit default swaps, when available; and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to derivative positions. Given this assessment, when determining the fair value of derivative assets, the impact of considering credit risk was immaterial to the fair value of derivative assets presented in the consolidated balance sheets.

The estimated fair values of financial instruments carried at cost, other than finance leases, at December 31, 2024 and 2023, are as follows and are provided for disclosure purposes only (in thousands):

	2024		2023	
	CARRYING COST	FAIR VALUE	CARRYING COST	FAIR VALUE
Long-term receivables	$ 3,045	$ 2,899	$ 2,457	$ 2,624
Long-term obligations	2,290,920	2,340,310	2,185,381	2,162,192

The estimated fair values of long-term receivables and long-term obligations, other than finance leases, were based on present value models using current rates available for similar issues with similar credit ratings. These fair value measurements would be characterized as Level 2.

The carrying amounts of remaining financial instruments included in current assets and current liabilities approximate their fair value. For other investments—capital certificate investments, the carrying amount is assumed to approximate fair value as these instruments generally must be held as a condition of financing.

9. INCOME TAXES

GRE is a nonprofit taxable cooperative subject to federal and state income taxation and is allowed a deduction for margins allocated to members as patronage capital.

GRE had no federal income tax expense for the years ending December 31, 2024, 2023, or 2022, due to the utilization of net operating losses in 2024 and 2023, and a net loss position in 2022. The net tax loss position in 2022 was primarily the result of the allocation of margins to members, the retirement of utility plant, and the deduction of certain costs for income tax reporting purposes, which were deferred for financial reporting purposes. For the years ended December 31, 2024, 2023, and 2022, GRE had $1.8 million, $2.8, and $0, respectively, of state income tax expense due to state tax laws limiting the utilization of net operating loss carryforwards to fully offset income.

The consolidated deferred income taxes as of December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	$ 189,521	$ 209,268
Tax credit carryforwards	18,000	18,611
Other	39,358	43,683
Total deferred tax assets	246,879	271,562
Deferred tax liabilities:		
Coal Creek/HVDC Sale	(163,779)	(183,440)
Property related	(93,020)	(92,061)
Deferred regulatory assets	(1,437)	(1,506)
Other	(2,473)	(19,339)
Total deferred tax liabilities	(260,709)	(296,346)
Valuation allowance	(4,601)	(5,107)
Net deferred tax liability	$ (18,431)	$ (29,891)

These deferred income taxes result from differences in the recognition of accounting transactions for tax and financial reporting purposes. The primary temporary differences relate to depreciation, retirement benefits, the sale and leaseback transaction that originated in 1996 and terminated in 2008, deferred charges, and certain financial reserves not deductible for tax purposes until paid.

GRE uses regulatory accounting to account for the difference between the accrual-based method of accounting for income taxes and the cash-based method of accounting for recognizing income tax expense in the consolidated statements of operations and comprehensive income as member rates include actual income taxes paid (see Note 11).

As of December 31, 2024 and 2023, GRE had federal net operating loss carryforwards of $665.6 million and $736.1 million, respectively, that will be utilized to offset projected taxable income in the carryforward periods. GRE has state net operating loss carryforwards of $737.1 million and $806.4 million, respectively, that will be utilized to offset projected taxable income in the carryforward periods. There are $72.1 million of federal net operating losses that expire in varying amounts from 2035 through 2037, while $593.5 million of the federal net operating losses have no expiration. There are $587.6 million of state net operating losses that expire in varying amounts from 2028 through 2037, while $149.5 million of the state net operating losses have no expiration. GRE also has a federal tax credit carryforward of $18.0 million. The tax credits expire in varying amounts from 2024 through 2044.

Under GAAP GRE is required to evaluate the recoverability of deferred tax assets and establish a valuation allowance, if necessary, to reduce deferred tax assets to an amount that is more likely than not to be realized. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. GRE establishes or adjusts valuation allowances for deferred tax assets when it estimates it is more likely than not that it will not be able to realize the value of the deferred tax assets. GRE evaluates all significant available positive and negative evidence as part of the analysis, including past operating results, tax planning strategies, current and cumulative losses, and forecasts of future taxable income. GRE has recorded a valuation allowance against the net operating losses that will not be realized prior to expiration.

In the ordinary course of business, there is inherent uncertainty in quantifying GRE's income tax positions. GRE assesses its income tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting dates. For those tax positions where it is more likely than not that a tax benefit will be sustained, GRE records the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the consolidated financial statements. Where applicable, associated interest and penalties will also be recognized as income tax expense.

As of December 31, 2024 and 2023, GRE recorded an uncertain tax position pertaining to the MAG transaction of $1.1 million. GRE does not expect the amount of uncertain tax positions recorded to materially change within the next 12 months. GRE has determined that its taxable years ended December 31, 2021 through 2024, are still subject to examination under federal tax statutes. In addition, net operating loss carryforwards dating back to 2015 are subject to review and possible adjustment by taxing authorities. GRE's taxable years ended December 31, 2020 through 2024, are still subject to examination under state tax statutes.

10. PENDING LITIGATION, CONTINGENCIES, AND COMMITMENTS

Midcontinent Independent System Operator (MISO)—GRE is a member of the MISO market, and due to the nature of the market, various disputes and resettlements have taken place and some are still in process. It is the opinion of management that the resolution of the various open MISO disputes and resettlements will not have a material effect on the consolidated financial position, results of operations, or cash flows.

Litigation—GRE is involved in various legal actions arising in the normal course of business. It is the opinion of management that the resolution of such actions will not have a material adverse effect on the consolidated financial position, results of operations, or cash flows.

Future Commitments—GRE is committed to the following estimated expenditures under the various contracts discussed below (in millions):

	2025	2026	2027	2028	2029	THEREAFTER	TOTAL
Power supply purchases	$ 160.2	$ 173.8	$ 155.6	$ 217.5	$ 332.9	$ 7,820.3	$ 8,860.3

Power Supply Purchases—GRE has various power supply agreements in place for purchase of capacity and/or energy from various third parties. The agreements have varying terms, and some have extension options. The longest contract term extends through 2063. GRE is obligated to purchase the capacity and/or energy generated from these facilities at either fixed or variable prices for the term of the agreements. GRE's expenses for purchases made under these agreements were $183.7 million, $176.9 million, and $167.5 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Letters of Credit—GRE has issued a letter of credit for $5.0 million to MISO in support of its security agreement, which includes financial transmission rights commodity derivative positions and two letters of credit totaling $8.6 million related to Spiritwood Station water and infrastructure agreements. No amounts are outstanding as of December 31, 2024 and 2023.

11. DEFERRED CHARGES AND REGULATORY LIABILITIES

Deferred charges as of December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
Regulatory assets:		
Plant retirements	$ 631,103	$ 707,354
Contract settlement	2,967	3,639
Settled interest rate hedging instruments	76,953	83,409
Current derivative instruments	17	4,166
Postretirement benefit plans	1,440	1,659
Deferred income taxes	18,431	29,891
Other	13,472	14,392
Total deferred charges	$ 744,383	$ 844,510
Reported as:		
Deferred charges:		
Plant retirements	$ 634,070	$ 710,993
Financing related	81,573	88,371
Other	28,723	40,980
Deferred charges—current	17	4,166
Total deferred charges	$ 744,383	$ 844,510

Regulatory liabilities as of December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
Regulatory liabilities:		
Incentive-based rate treatment	$ 13,441	$ 13,461
Settled interest rate hedging instruments	16,490	3,373
Deferred revenue	-	29,840
Current derivative instruments	56,228	43,926
Noncurrent derivative instruments	259,330	214,350
Other	418	525
Total regulatory liabilities	$ 345,907	$ 305,475
Reported as:		
Regulatory Liabilities	$ 289,679	$ 261,549
Regulatory Liabilities—current	56,228	43,926
	$ 345,907	$ 305,475

Plant Retirements—GRE retired Stanton Station in 2017. Regulatory accounting was approved for the remaining undepreciated net plant value and plant closure costs. Decommissioning and demolition activities were completed in 2020. The regulatory asset is being amortized through 2028.

GRE retired Elk River Station in 2019. Regulatory accounting was approved for the remaining undepreciated net plant value and plant closure costs. Decommissioning and demolition activities were completed in 2021. The regulatory asset is being amortized through 2038.

During 2022, GRE closed on a transaction to sell Coal Creek Station and the HVDC system to a third party. As part of the transaction approval, the board of directors authorized regulatory accounting for transaction-related costs, certain contract termination payments, and the financial impact of assets transferred in the transaction. Amortization of the regulatory asset commenced in May 2022 and will continue in varying amounts through 2042.

Purchased Power Contract Settlement—GRE had a power agreement with Dairyland Power Cooperative (DPC) to share costs and benefits of a generating unit located near Genoa, Wisconsin. The plant was retired by DPC in 2021. The regulatory asset, which represents GRE's portion of the plant retirement costs, is being amortized through May 2029. The amortization is included in purchased power in the consolidated statements of operations and comprehensive income. This deferred charge is combined with other plant retirement deferred charges in the consolidated balance sheets.

Settled Interest Rate Hedging Instruments—GRE settled interest rate swaps related to bond issuances, resulting in payments to or received from the swap counterparties. These settled swaps are amortized over the life of the related debt and the amortization is included in interest expense in the consolidated statements of operations and comprehensive income.

Derivative Instruments—GRE has current and noncurrent commodity and interest rate derivatives that have not been settled as of December 31, 2024 and 2023. A regulatory asset or liability is recorded offsetting the fair value liability or asset, respectively, in accordance with regulatory accounting.

Postretirement Benefit Plans—GRE has defined benefit pension and postretirement medical plans for certain employees. GRE records regulatory assets for the amounts that are normally reported as accumulated other comprehensive income as these amounts will be recovered in future rates. These amounts are adjusted each year as a result of the actuarial remeasurement of the obligations related to these plans.

Deferred Income Taxes—GRE records income tax expense as income taxes are paid; a regulatory asset is recorded for the difference between deferred tax assets and liabilities. The regulatory asset is adjusted each year for changes in income tax timing differences.

Other Regulatory Assets—Other regulatory assets includes premiums on refinanced long-term debt, settled postretirement benefit plans, deferred interest and plant costs, and the unamortized discount on notes receivable. These regulatory assets are being amortized over varying time periods with the latest being fully amortized by the end of 2045.

Incentive-Based Rate Treatment—GRE received approval from the Federal Energy Regulatory Commission for incentive-based rate treatment for multi-value regional transmission projects and collected a return on investment from MISO while these projects were under construction. GRE recorded amortization expense in an amount equal to the interest capitalized to the project and recorded an offsetting regulatory liability. When the projects are complete, the regulatory liability is amortized over the useful life of the underlying assets and recorded as a reduction to depreciation and amortization expense in the consolidated statements of operations and comprehensive income.

Deferred Revenue—GRE defers and/or recognizes member electric revenue based on regulatory accounting as determined by the board of directors. In 2024, GRE did not defer the recognition of any member electric revenue whereas in 2023 it deferred the recognition of $29.8 million. GRE recognized $29.8 million and $25.6 million as member electric revenue in 2024 and 2023, respectively.

The regulatory assets and regulatory liabilities are recorded in accordance with regulatory accounting requirements and have all been approved by the board of directors.

12. EMPLOYEE BENEFIT PLANS

GRE offers various benefit plans to its employees, including health/welfare and retirement plans. Approximately 25% of total employees eligible for these benefit plans are represented by two labor unions under two collective bargaining agreements. One agreement expires at the end of 2025 and the second expires at the end of 2026.

Defined Benefit Plans—GRE has a nonqualified supplemental defined benefit plan covering certain former employees and retirees that is frozen, a qualified defined contribution retirement plan for all employees, and a nonqualified defined contribution plan for certain employees.

The accumulated benefit obligation for the GRE defined benefit pension plans and the accumulated loss not yet recognized as a component of net periodic cost recognized in the consolidated balance sheets as of December 31, 2024 and 2023, are as follows (in thousands):

	CLASSIFICATION	2024	2023
Benefit obligation	Other noncurrent liabilities	$ 2,313	$ 2,534
Accumulated loss	Deferred charges—other	1,049	1,212

The plan is unfunded as of December 31, 2024 and 2023.

Net periodic cost was $0.2 million for the years ended December 31, 2024, 2023, and 2022.

The expected future benefits to be paid as of December 31, 2024, for the next ten years is approximately $0.2 million per year.

Defined Contribution Plans—GRE makes defined contributions to all employees and matching contributions to all eligible employees under a defined contribution retirement plan. GRE made savings and matching contributions to its defined contribution retirement plan of $10.0 million, $9.1 million, and $10.2 million in 2024, 2023, and 2022, respectively.

Postretirement Medical Benefits—Under a previously offered postretirement benefit plan, certain employees are entitled to participate in the GRE medical insurance plan until they reach age 65. Benefits to the retirees are in the form of monthly payments to cover a portion of the premium charged for participation in the program.

Costs for the unfunded postretirement medical plan are recognized in the year the employees render service.

The accumulated benefit obligation for the GRE postretirement medical benefit plan and the accumulated loss not yet recognized as a component of net periodic cost recognized in the consolidated balance sheets as of December 31, 2024 and 2023, are as follows (in thousands):

	CLASSIFICATION	2024	2023
Benefit obligation	Other noncurrent liabilities	$ 790	$ 879
Accumulated loss	Deferred charges—other	391	446

Net periodic cost was $0.1 million for the years ended December 31, 2024, 2023, and 2022.

The expected future benefit payments to be paid as of December 31, 2024, for the next ten years is approximately $0.1 million or less per year.

13. MEMBER RELATED-PARTY TRANSACTIONS

GRE provides electric and other services to its members. GRE received revenue of $772.4 million, $712.7 million, and $901.0 million in 2024, 2023, and 2022, respectively, for these services. GRE received 34.2%, 34.4%, and 36.9% of total member revenue from two members for the years ended 2024, 2023, and 2022, respectively. GRE had accounts receivable from its members of $123.6 million and $111.4 million at December 31, 2024 and 2023, respectively.

GRE also received various services from the members and paid $3.7 million, $7.6 million, and $3.6 million for these services in 2024, 2023, and 2022, respectively. GRE had accounts payable to the members of $2.0 million and $1.9 million at December 31, 2024 and 2023, respectively.

GRE has notes payable to the members of $52.8 million and $42.5 million at December 31, 2024 and 2023, respectively. These notes relate to funds invested with GRE by the members under a member investment program. These funds are used by GRE to reduce short-term borrowings. The members receive investment earnings based on GRE's blended rate of return for specified investments, adjusted for administrative costs.

14. ASSET RETIREMENT OBLIGATIONS

GAAP requires the recording of liabilities related to asset retirement obligations. An asset retirement obligation is the result of legal or contractual obligations associated with the retirement of a tangible long-lived asset that resulted from the acquisition, construction, or development and/or the normal operation of a long-lived asset. GRE determines these obligations based on an estimated asset retirement cost adjusted for inflation and projected to the estimated settlement dates, and discounted using a credit-adjusted, risk-free interest rate. GRE allocates the amortization for the offsetting capitalized asset retirement cost to expense using the straight-line method over the remaining useful life of the related long-lived asset being retired.

GRE has recorded obligations related to capping and reclamation of ash disposal sites for certain power plants. The EPA regulation of coal combustion residuals (CCR) requires increased groundwater monitoring, reporting, recordkeeping, and posting related information to the internet. The rule also established requirements related to CCR management, impoundments, landfills, and storage.

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

	2024	2023
Balance—beginning of year	$ 26,293	$ 27,761
Obligations recorded as a result of changes in estimated cash flows	701	2,510
Accretion expense	1,591	1,291
Obligations settled	(4,764)	(5,269)
Balance—end of year	$ 23,821	$ 26,293

These obligations are recorded in other noncurrent liabilities in the consolidated balance sheets with the exception of retired plant obligations expected to be incurred in the upcoming year. The obligations settled are the only transactions recognized as a use of cash in the consolidated statements of cash flows.

15. SUBSEQUENT EVENTS

Customer Contract—On May 31, 2024, GRE and one its member-owners signed a withdrawal agreement by which their membership in GRE will be terminated. This member represented 1.4% of energy sales for the year ended December 31, 2024. Also on May 31, 2024, new long-term customer contracts were signed for the purchase of capacity and transmission services from GRE. The contract for capacity extends through May 31, 2031, and the contract for transmission services extends through December 31, 2045. The membership termination and transition to the new customer contracts are effective on January 1, 2025.

As part of the withdrawal agreement, the former member-owner has the option to redeem its patronage capital over a period of time not solely under GRE's control. In accordance with ASC 480 *Distinguishing Liabilities from Equity*, GRE reclassified the former member-owner's patronage capital as temporary patronage capital on the consolidated balance sheets as of January 1, 2025.

Syndicated Credit Facility—On January 25, 2025, GRE provided a notice of requested extension of the maturity date for the $350.0 million unsecured revolving credit facility to March 2030. The lenders consented to this extension request on February 7, 2025, and the extension is expected to become effective on March 13, 2025.

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MANAGEMENT AND BOARD OF DIRECTORS

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JIM JONES
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Lutsen
John Twiest, *general manager and CEO*

BENCO Electric
Mankato
Dave Sunderman, *CEO*

Brown County Rural Electrical Association
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Mike Heidemann, *CEO*

Cooperative Light & Power
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East Central Energy
Braham
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Jackson
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Goodhue County Cooperative Electric Association
Zumbrota
Kelly Hovel, *general manager*

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McLeod Cooperative Power Association
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Meeker Cooperative Light and Power Association
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