2025
First Quarter Report

GREAT RIVER ENERGY®

CONSOLIDATED BALANCE SHEETS (unaudited)

(IN THOUSANDS)

ASSETS	MARCH 31 2025	MARCH 31 2024
UTILITY PLANT:		
Electric plant	$ 3,107,382	$ 2,920,017
Construction work in progress	94,122	99,120
Less accumulated depreciation and amortization	(1,264,979)	(1,204,043)
Utility plant—net	1,936,525	1,815,094
OTHER ASSETS AND INVESTMENTS:		
Restricted investments—deferred compensation	23,519	20,866
Other investments	35,559	35,187
Deferred charges:		
Plant retirements	617,924	691,725
Financing related	79,873	86,672
Other	28,711	41,156
Other long-term assets	20,440	17,169
Derivative instruments—noncurrent	159,068	290,686
Total other assets and investments	965,094	1,183,461
CURRENT ASSETS:		
Cash and cash equivalents	250,984	213,472
Accounts receivable:		
Members	127,224	110,343
Others	38,812	35,201
Inventories:		
Materials and supplies	60,632	52,938
Fuel	10,710	8,694
Prepaids and other current assets	21,787	32,967
Deferred charges—current	432	3,534
Derivative instruments—current	61,976	44,425
Total current assets	572,557	501,574
TOTAL	$ 3,474,176	$ 3,500,129

CONTINUED

CONSOLIDATED BALANCE SHEETS (unaudited)

(IN THOUSANDS)

CAPITAL AND LIABILITIES	MARCH 31 2025	MARCH 31 2024
CAPITAL:		
Members:		
Patronage capital	$ 534,421	$ 531,553
Memberships	3	3
Total members' capital	534,424	531,556
Temporary patronage capital	115,629	101,864
Total capital	650,053	633,420
OTHER NONCURRENT LIABILITIES	28,878	40,521
REGULATORY LIABILITIES	189,262	334,059
LONG-TERM OBLIGATIONS—Less current portion	2,142,019	2,003,075
DEFERRED COMPENSATION	23,519	20,866
DEFERRED INCOME TAXES	18,431	29,891
COMMITMENTS AND CONTINGENCIES		
CURRENT LIABILITIES:		
Long-term obligations—current	172,532	171,550
Regulatory liabilities—current	61,976	44,425
Notes payable to members	42,553	61,121
Accounts payable	61,464	78,819
Property and other taxes	23,903	23,973
Other accrued liabilities and notes payable	19,408	19,396
Accrued interest payable	39,746	35,479
Derivative instruments	432	3,534
Total current liabilities	422,014	438,297
TOTAL	$ 3,474,176	$ 3,500,129

CONCLUDED

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (unaudited)

(IN THOUSANDS)

UTILITY OPERATIONS	THREE MONTHS ENDED MARCH 31 2025	2024
UTILITY OPERATING REVENUE:		
Electric revenue	$ 275,103	$ 238,654
Other operating revenue	19,624	16,322
Total utility operating revenue	294,727	254,976
UTILITY OPERATING EXPENSES:		
Purchased power	140,988	126,130
Fuel	6,794	5,681
Operation and maintenance	67,736	61,397
Depreciation and amortization	42,184	42,117
Property and other taxes	5,533	5,681
Total utility operating expenses	263,235	241,006
UTILITY OPERATING MARGIN	31,492	13,970
OTHER INCOME (EXPENSE):		
Other income—net	1,795	1,903
Interest income	1,983	2,913
Interest expense—net of amounts capitalized	(31,362)	(31,223)
Other expense—net	(27,584)	(26,407)
NET UTILITY MARGIN (LOSS)	3,908	(12,437)
NONUTILITY OPERATIONS:		
(Loss) income from equity method investments	(59)	29
Total nonutility operations	(59)	29
NET MARGIN (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO GREAT RIVER ENERGY	$ 3,849	$ (12,408)

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL (unaudited)

FOR JANUARY 1, 2024 THROUGH MARCH 31, 2025 (IN THOUSANDS)

	Patronage Capital	Memberships	Temporary Patronage Capital	Total Capital
BALANCE—January 1, 2024	$ 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
Net margin and comprehensive income	3,849	-	-	3,849
Transfer to temporary patronage capital	(27,893)	-	27,893	-
Return of members' patronage capital	(7,481)	-	-	(7,481)
Redemption of temporary patronage capital	-	-	(14,128)	(14,128)
BALANCE—March 31, 2025	$ 534,421	$ 3	$ 115,629	$ 650,053

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin (loss)	$ 3,849	$ (12,408)
Adjustments to reconcile net margin (loss) to net cash provided by operating activities:		
Depreciation and amortization:		
Included in depreciation and amortization	41,681	42,072
Included in fuel and interest	2,449	2,428
Included in operation and maintenance	1,304	1,292
Included in purchased power	168	168
Loss (income) from equity method investments	59	(29)
Patronage credits earned from investments	(987)	(921)
Deferred charges	(1,018)	(766)
Regulatory liabilities	8	(3,662)
Changes in working capital (excluding cash, investments and borrowings):		
Accounts and long-term receivables	(4,264)	1,501
Inventory and other assets	(22,344)	(7,481)
Accounts payable, taxes and other accrued expenses	(4,267)	2,577
Accrued interest	25,030	22,858
Noncurrent liabilities	(490)	(1,333)
Net cash provided by operating activities	41,178	46,296
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility plant additions	(27,527)	(38,507)
Utility plant reimbursements—contributions in aid of construction—net	249	237
Redemption of patronage capital investments	718	636
Net cash used in investing activities	(26,560)	(37,634)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term obligations	115,000	50,000
Repayments of long-term obligations	(60,765)	(35,511)
Return of members' patronage capital	(7,481)	(18,930)
Redemption of temporary patronage capital	(14,128)	(12,733)
Costs of new debt issuances	(5,785)	(11,459)
Notes (paid to) received from members—net	(10,278)	18,654
Net cash provided by (used in) financing activities	16,563	(9,979)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,181	(1,317)
CASH AND CASH EQUIVALENTS—BEGINNING OF PERIOD	219,803	214,789
CASH AND CASH EQUIVALENTS—END OF PERIOD	$ 250,984	$ 213,472

Notes to consolidated financial statements – The interim financial statements as of March 31, 2025 are unaudited. In the opinion of management, all adjustments (which are normal recurring adjustments) have been made for a fair and accurate presentation of the financial reports. The interim financial statements should be read in conjunction with the notes to the consolidated financial statements included in the 2024 Annual Report.

FINANCIAL HIGHLIGHTS – FINANCIAL CONDITION

Assets

Utility plant—net increased $121.4 million to $1,936.5 million as of March 31, 2025, largely due to capital additions and capital spending on transmission projects outpacing the depreciation of existing utility plant assets.

Other assets and investments decreased $218.4 million to $965.1 million as of March 31, 2025. Derivative instruments—noncurrent decreased $131.6 million driven primarily by the noncurrent mark-to-market valuation of the energy component (financial settlement) of the Rainbow Energy contract. Deferred charges—plant retirements decreased $73.8 million due to the amortization of retired plant costs. Deferred charges—financing related decreased $6.8 million due to continued amortization of settled interest rate swaps. Deferred charges—other decreased $12.4 million largely due to the reduction in the regulatory asset offsetting the decreased deferred income tax liability (discussed below). These decreases were offset slightly by a $3.3 million increase in other long-term assets which is largely driven by installment payments for long-lead time assets related to upcoming transmission projects.

Current assets increased $71.0 million to $572.6 million as of March 31, 2025. Cash and cash equivalents increased $37.5 million driven primarily by higher borrowings on the syndicated credit facility and fewer capital expenditures in the first quarter of 2025 than during the same period last year. Accounts receivable—members increased $16.9 million as a result of higher member sales and a larger PCA charge compared to the same period in 2024. Material and supply inventories increased $7.7 million due to the purchase of materials for peaking station and transmission capital projects. Derivative instruments—current increased $17.6 million due to an increase in the mark-to-market valuation of the current portion of the financial settlement contract (discussed previously), offset partially by decreases in the mark-to-market valuation of interest rate hedging and financial transmission rights (FTR) derivative contracts. These increases were offset partially by a decrease of $11.2 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. Deferred charges—current also decreased $3.1 million due to the current mark-to-market valuation for certain fuel hedging and interest rate swap contracts recorded as current derivative liabilities.

Capital and liabilities

Total capital increased $16.6 million to $650.1 million as of March 31, 2025, as a result of $38.2 million of net margins during the period, offset partially by the retirement of $7.5 million of patronage capital and the redemption of temporary patronage capital of $14.1 million in March 2025.

Other noncurrent liabilities decreased $11.6 million to $28.9 million as of March 31, 2025, due to fewer construction advances when compared to the same period in 2024, the settlement of environmental asset retirement obligation (ARO) liabilities, as well as several member solar operating lease buyouts that took place during the first quarter of 2025.

Regulatory liabilities decreased $144.8 million to $189.3 million as of March 31, 2025. This was primarily driven by a $131.6 million decrease in the noncurrent portion of the financial settlement contract (discussed earlier) and the usage of $26.1 million of member electric deferred revenue in 2024. This was offset by 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.

Long-term obligations—less current portion increased $138.9 million to $2,142.0 million as of March 31, 2025, primarily due to the 2024 debt issuance of $250.0 million and a $65.0 million increase in the syndicated credit facility, which had an outstanding balance of $115.0 million as of March 31, 2025. This was offset partially by $170.0 million of principal payments made during the period.

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

Current liabilities decreased $16.3 million to $422.0 million as of March 31, 2025. Notes payable to members decreased $18.6 million due to members redeeming their investments to pay power bills at a higher pace than adding to their balances via the member investment program. Accounts payable decreased $17.4 million mainly due to lower purchased power payables. Derivative instruments—current decreased $3.1 due to the current mark-to-market valuation of certain fuel hedging and interest rate swap contracts. These decreases were offset partially by an increase in regulatory liabilities—current of $17.6 million due to an increase in the valuation of the current portion of the bilateral financial settlement contract (discussed earlier) and an increase in accrued interest payable of $4.3 million driven by additional interest incurred from the 2024 debt issuance.

FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Electric revenue increased $36.4 million or 15.3% for the three-month period ended March 31, 2025, compared to the same period in 2024. The increase in sales was driven by member demand and energy unit sales from all-requirements members that were 9.4% and 6.3% higher due to stronger sales impacted by more normal winter weather in 2025, compared to very mild winter weather in 2024, and a PCA charge of $2.8 million through March 31, 2025, versus a $0.5 million charge last year.

Other operating revenue increased $2.2 million or 13.7% for the three-month period ended March 31, 2025, driven primarily by an increase in net revenues received under inter-utility transmission agreements and an increase in plant byproduct revenue when compared to the same period last year.

Purchased power increased $14.9 million or 11.8% for the three-month period ended March 31, 2025, compared to the same period in 2024. This increase was largely due to higher wind output, purchase of additional energy hedging contracts, higher net MISO market purchases (driven mostly by higher market prices, about 11.3% higher on average as compared to the same period last year), and a $3.3 million decrease in FTR revenue (which increases purchased power expenses).

Fuel increased $1.1 million or 19.6% for the three-month period ended March 31, 2025, primarily due to increased fuel costs at Spiritwood Station due to burning 35.3% more tons of coal when compared to the same period last year.

Operations and maintenance increased $5.3 million or 8.6% for the three-month period ended March 31, 2025, largely due to increased transmission expenses due to higher costs to service member load under inter-utility transmission agreements, as well as an increase in generation, transmission, and general administrative operations and maintenance expenses largely due to higher labor costs and additional staffing.

Depreciation and amortization increased $0.1 million or 0.2% for the three-month period ended March 31, 2025, largely due to increased depreciation of transmission and peaking plant assets offset by decreased amortization of retired plant assets.

Interest income decreased $0.9 million or 31.9% for the three-month period ended March 31, 2025, due to lower interest rates in 2025 compared to the same period last year.

Interest expense – net of amounts capitalized increased $0.1 million or 0.4% for the three-month period ended March 31, 2025, due to higher interest expense on the existing debt portfolio (due to interest expense from the 2024 debt issuance), offset partially by lower interest expenses in the member investment program (due to lower investment balances) and more interest charged to construction.

Nonutility operations decreased $0.1 million for the three-month period ended March 31, 2025. Income received from equity method investments in 2025 represents GRE's equity investment in ACES Power Marketing.

Net margin (loss) attributable to GRE increased $16.3 million for the three-month period ending March 31, 2025. Much of the increase is due to higher member sales in the first quarter of 2025 compared to the same period in 2024 due to much more normal winter weather. The increase can also be attributed to GRE increasing its budgeted margin from $23.0 million in 2024 to $45.0 million in 2025. Compared to budget, net margin of $3.8 million for 2025 and net loss of $(12.4) million for 2024 were $3.3 million favorable and $(1.7) million unfavorable to their respective budgets.

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Great River Energy of Maple Grove, Minnesota, is the second largest electric utility in the state, based on generating capacity, and the fourth largest generation and transmission (G&T) cooperative in the U.S. in terms of assets. We provide wholesale power to 26 distribution cooperatives in Minnesota. Those member cooperatives distribute electricity to approximately 600,000 homes, businesses, and farms.