

Certified Public Accountants
& Consultants



Pioneer Electric Cooperative, Inc.
June 30, 2025
Financial Statements

Pioneer Electric Cooperative, Inc.

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Independent Auditor's Report

The Board of Trustees
Pioneer Electric Cooperative, Inc.
Greenville, Alabama

Opinion

We have audited the financial statements of Pioneer Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of revenue, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cooperative as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern within 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 Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Jackson Thornton & Co. PC

Montgomery, Alabama
September 15, 2025

Pioneer Electric Cooperative, Inc.
Balance Sheets
At June 30, 2025 and 2024

Assets

	2025	2024
Utility Plant		
Electric plant in service	\$ 97,380,330	\$ 94,214,701
Construction work-in-progress	2,185,855	613,436
	99,566,185	94,828,137
Less accumulated provision for depreciation	38,493,053	36,839,412
Net utility plant	61,073,132	57,988,725
 Other Assets and Investments		
Restricted cash	1,160,201	1,183,110
Investments in associated organizations	16,882,071	16,555,235
Investments in land and buildings	1,392,179	1,392,179
Total other assets and investments	19,434,451	19,130,524
 Current Assets		
Cash and cash equivalents	2,469,473	1,475,424
Accounts receivable		
Customers, less provision for credit losses		
\$9,947 in 2025 and \$460 in 2024	1,586,378	1,701,782
Other	310,554	279,604
Unbilled revenue	1,607,432	1,607,432
Materials and supplies	961,801	581,915
Prepays	235,120	209,221
Total current assets	7,170,758	5,855,378
 Deferred Assets		
NRUCFC conversion fees	3,810,111	4,058,686
Other	68,611	83,397
Total deferred assets	3,878,722	4,142,083
Total assets	\$ 91,557,063	\$ 87,116,710

The accompanying notes are an integral part of these financial statements.

Equities and Liabilities

	2025	2024
Equities		
Patronage capital	\$ 30,658,124	\$ 28,342,120
Other equities	577,424	669,444
Total equities	<u>31,235,548</u>	<u>29,011,564</u>
 Noncurrent Liabilities		
Notes payable, net of current maturities	44,881,230	45,159,282
Right-of-use finance obligation, net of current maturities	1,004,067	1,420,320
NRUCFC conversion fees, net of current portion	3,561,537	3,810,112
Postemployment benefit obligation, net of current portion	5,071	5,370
Total noncurrent liabilities	<u>49,451,905</u>	<u>50,395,084</u>
 Current Liabilities		
Current maturities on notes payable	2,269,494	2,155,764
Current maturities on right-of-use finance obligations	560,304	562,096
Current portion of NRUCFC conversion fees	248,574	248,574
Current portion of postemployment benefit obligation	972	972
Accounts payable		
Purchased power	1,370,498	1,368,822
Trade	434,964	229,153
Customer deposits	1,436,744	1,585,119
Accrued liabilities		
Taxes	508,724	262,601
Other	851,132	796,961
Total current liabilities	<u>7,681,406</u>	<u>7,210,062</u>
 Deferred Credits		
Deferred revenue		500,000
Other deferred credits	3,188,204	
Total deferred credits	<u>3,188,204</u>	<u>500,000</u>
Total equities and liabilities	<u>\$ 91,557,063</u>	<u>\$ 87,116,710</u>

Pioneer Electric Cooperative, Inc.
Statements of Revenue
For the Years Ended June 30, 2025 and 2024

	2025		2024	
Operating Revenue				
Electric revenue	\$ 35,226,452	97.72%	\$ 32,519,523	97.85%
Other	822,116	2.28%	714,520	2.15%
Total operating revenue	<u>36,048,568</u>	<u>100.00%</u>	<u>33,234,043</u>	<u>100.00%</u>
Operating Expenses				
Cost of power	16,044,966	44.51%	15,530,212	46.73%
Distribution - operations	2,242,337	6.22%	1,824,328	5.49%
Distribution - maintenance	4,971,708	13.79%	6,135,939	18.46%
Consumer accounts	1,616,428	4.48%	1,526,697	4.59%
Energy marketing and communications	369,025	1.02%	411,375	1.24%
Administrative and general	2,803,986	7.78%	2,749,018	8.27%
Depreciation and amortization	3,513,707	9.75%	3,353,405	10.09%
Taxes	68,713	0.19%	79,418	0.24%
Total operating expenses	<u>31,630,870</u>	<u>87.75%</u>	<u>31,610,392</u>	<u>95.11%</u>
Operating Margins	4,417,698	12.25%	1,623,651	4.89%
G & T and Other Capital Credits	<u>493,737</u>	<u>1.37%</u>	<u>572,898</u>	<u>1.72%</u>
Net Operating Margins	<u>4,911,435</u>	<u>13.62%</u>	<u>2,196,549</u>	<u>6.61%</u>
Interest Expense	<u>2,098,183</u>	<u>5.82%</u>	<u>2,044,611</u>	<u>6.15%</u>
Nonoperating Margins				
Interest income	59,804	0.17%	122,373	0.37%
Other income	43,006	0.12%	117,246	0.35%
Total nonoperating margins	<u>102,810</u>	<u>0.29%</u>	<u>239,619</u>	<u>0.72%</u>
Net Margins for the Year	<u>\$ 2,916,062</u>	<u>8.09%</u>	<u>\$ 391,557</u>	<u>1.18%</u>

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Statements of Changes in Equity
For the Years Ended June 30, 2025 and 2024

	Other	Patronage Capital	Total
Balance at June 30, 2023	\$ 661,915	\$ 28,687,552	\$ 29,349,467
Net margin		391,557	391,557
Patronage gains, net	7,529		7,529
Utility tax refund		84,247	84,247
Retirement of capital credits		(821,236)	(821,236)
Balance at June 30, 2024	669,444	28,342,120	29,011,564
Net margin		2,916,062	2,916,062
Reissued capital credits, net	(92,020)		(92,020)
Retirement of capital credits		(600,058)	(600,058)
Balance at June 30, 2025	<u>\$ 577,424</u>	<u>\$ 30,658,124</u>	<u>\$ 31,235,548</u>

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From (Used For) Operating Activities		
Net margins	\$ 2,916,062	\$ 391,557
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation and amortization	3,513,707	3,353,405
Bad debt recovery	(1,937)	(30,559)
G & T and other capital credits	(493,737)	(572,898)
Amortization of deferred revenue	(500,000)	(250,000)
Decrease (increase) in operating assets and increase (decrease) in operating liabilities		
Accounts receivable	(73,142)	(683,514)
Materials and supplies	(379,886)	(21,284)
Prepays	(25,899)	(27,236)
Other accrued assets	14,786	15,855
Accounts payable	207,487	(216,353)
Consumer deposits	(148,375)	58,578
Accrued liabilities	299,995	26,353
Other deferred credits	3,188,204	
Net cash from operating activities	<u>8,517,265</u>	<u>2,043,904</u>
Cash Flows From (Used For) Investing Activities		
Net additions of property and equipment	(6,165,723)	(4,357,555)
Proceeds from investments	166,901	68,081
Purchases of temporary cash investments		750,000
Economic development loans - net		47,472
Net cash used for investing activities	<u>(5,998,822)</u>	<u>(3,492,002)</u>
Cash Flows From (Used For) Financing Activities		
Principal payments on notes payable	(2,164,322)	(2,067,495)
Principal payments on right-of-use finance leases	(601,861)	(459,290)
Proceeds from notes payable	2,000,000	2,400,000
Payments on NRUCFC conversion fees	(248,575)	(248,574)
(Decrease) increase in membership fees and other equity	(122,128)	48,938
Retirement of capital credits	(410,417)	(577,741)
Net cash used for financing activities	<u>(1,547,303)</u>	<u>(904,162)</u>

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Increase (Decrease) in Cash and Cash Equivalents	\$ 971,140	\$ (2,352,260)
Cash and Cash Equivalents at Beginning of Year	<u>2,658,534</u>	<u>5,010,794</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,629,674</u></u>	<u><u>\$ 2,658,534</u></u>
Reconciliation of Cash and Cash Equivalents		
Restricted cash	\$ 1,160,201	\$ 1,183,110
Unrestricted cash	<u>2,469,473</u>	<u>1,475,424</u>
Totals	<u><u>\$ 3,629,674</u></u>	<u><u>\$ 2,658,534</u></u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 2,098,183	\$ 2,068,126
Noncash Financing Transactions		
Recovery of bad debt from capital credit retirement	\$ 17,992	\$ 28,349
Return of capital to members through accounts receivable credit	141,541	172,308
Gains on retirement of unclaimed credits	30,108	42,838
Right-of-use assets acquired under finance lease	183,816	964,454

The accompanying notes are an integral part of these financial statements.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies

Nature of business - Pioneer Electric Cooperative, Inc. (the Cooperative) distributes electric power to residential, commercial, and industrial consumers in rural central Alabama.

Basis of accounting - The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS). As a result, the application of accounting principles generally accepted in the United States of America by the Cooperative differs in certain respects from the application of those principles by nonregulated enterprises. Such differences primarily concern the recognition of gains and losses on the retirement of assets.

Utility plant - The Cooperative's costs associated with electric plant additions and improvements are capitalized based upon the RUS guidelines established in Bulletin 1767B-2. This results in the capitalization of direct costs such as labor and materials and also includes capitalization of indirect costs including labor, material charges, taxes, insurance, transportation, depreciation, pensions, and other related costs. These costs are accumulated in work-in-process accounts and are capitalized to the proper plant accounts at the completion of the construction activity. Certain special equipment additions, as defined by RUS, are capitalized when purchased along with an estimated installation charge. The cost of depreciable property, when retired, is computed at the average unit cost along with removal costs less salvage. The net retirement cost is charged to accumulated depreciation. Maintenance and repairs, including minor items of property, are charged to maintenance expense as incurred.

Investments - Investments in associated organizations represent cooperative capital credits from the Cooperative's suppliers and lenders. Investments in associated organizations are recorded at cost plus allocated equities. Investments in land and buildings are carried at the lower of cost or market value.

Cash equivalents - The Cooperative considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Accounts receivable - The Cooperative extends credit to its customers who are primarily located in central Alabama.

The Cooperative's trade receivables and unbilled revenue are due from customers for revenue recognized but not yet paid. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and economic factors. Account balances are charged off against the allowance after 12 months with approval of the Board of Directors. Recoveries of trade receivables previously written-off are recorded when received.

Materials and supplies - Electric materials and supplies are priced at average historical cost. Cost is determined by the cumulative average of all costs on a first-in, first-out (FIFO) basis.

Leases - The Cooperative recognizes lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statements of revenue. The Cooperative has elected to account for short-term leases by recognizing the lease payments in the statements of revenue on a straight-line basis over the term of the lease.

The discount rate used to compute interest expense is the rate implicit in the lease agreements or the risk-free rate if not implicit in the agreement.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

Recognition of revenue from contracts with customers - The Cooperative has contractual agreements with its customers for the provision of electric utility service. Electric revenue and the related cost of power purchased are recognized when electricity is used by the ultimate consumer. All such revenue is recognized as earned by the Cooperative. Customers are billed on a cycle basis throughout the month. Payment is due from customers within 15 days of the bill date.

The Cooperative has contractual agreements with customers for the attachment of other utility services to existing utility poles owned by the Cooperative. Revenue is recognized monthly over the term of the agreements. Customers are billed annually in arrears. Payment is due within 30 days of the bill date.

Deferred revenue - As a rate-regulated utility, the Cooperative has ratemaking authority to defer revenues to future periods under professional accounting standards ASC 980, *Regulated Operations*. This deferral was established to offset anticipated increases in wholesale power cost and other operating expenses. The Cooperative amortizes deferred revenue in accordance with the related ratemaking action.

Other deferred credits - Other deferred credits represents contribution in aid of construction received in advance of the related project. Contribution in aid of construction will be recognized as a reduction of the cost of construction as the work is complete in accordance with RUS guidelines established in Bulletin 1767B-2.

Taxes - The Cooperative collects gross receipts taxes from its members on behalf of the State of Alabama. Revenue is presented net of taxes collected in the statements of revenue.

Income tax status - The Cooperative is exempt from income taxes under Internal Revenue Code Section 501(c)(12). Management has evaluated the Cooperative's tax positions and concluded that the Cooperative has taken no uncertain tax positions that require adjustment to the financial statements.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

The Cooperative maintains cash and cash equivalents in various banks located in Alabama, which at times may exceed federally insured limits. The Cooperative has approximately \$1,704,000 and \$1,923,000 of uninsured cash as of June 30, 2025 and 2024, respectively. The Cooperative has not experienced any losses in such accounts. The Cooperative believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted funds relate to industrial development revolving loan programs. Restricted balances were as follows:

	2025	2024
Intermediary relending program	\$ 181,527	\$ 204,436
RUS revolving loan fund	388,585	388,585
REDLG	460,993	460,993
RBEG revolving loan fund	129,096	129,096
Total restricted funds	<u>\$ 1,160,201</u>	<u>\$ 1,183,110</u>

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 3 - Receivables, Contract Assets, and Contract Liabilities from Contracts with Customers

Receivables, contract assets, and contract liabilities from contracts with customers for the year ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Receivables		
Customers beginning of year	\$ 1,701,782	\$ 1,118,639
Customers end of year	1,586,378	1,701,782
Contract Assets		
Unbilled revenue beginning of year	1,607,432	1,607,432
Unbilled revenue end of year	1,607,432	1,607,432
Contract Liabilities		
Customer deposits beginning of year	1,585,119	1,526,541
Customer deposits end of year	1,436,744	1,585,119

Customer deposits represent deposits from the Cooperative's customers upon connection of service. These deposits are refundable to customers after 36 months without a late fee or upon disconnection of service.

Note 4 - Investments in Associated Organizations

Investments in associated organizations consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
PowerSouth Energy Cooperative patronage capital	\$ 11,239,343	\$ 10,999,343
NRUCFC patronage capital	2,456,230	2,371,297
Investment in NRUCFC capital term certificates	2,215,516	2,215,516
Other investments in associated organizations	970,982	969,079
Totals	<u>\$ 16,882,071</u>	<u>\$ 16,555,235</u>

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 5 - Utility Plant

Listed below are the major classes of utility plant and estimated annual rates used to compute depreciation for financial reporting purposes as of June 30, 2025 and 2024:

	Plant Balances		Annual
	2025	2024	Depreciation Rate
Distribution plant	\$ 80,990,019	\$ 78,654,906	3.20 - 4.40%
General plant			
Land and rights	240,473	240,473	
Structures and improvements	5,220,463	5,204,589	2.05%
Office furniture and equipment	3,239,893	2,966,444	7.00 - 14.28%
Transportation equipment	2,663,086	2,287,758	17.00%
Power operated equipment	2,438,627	1,961,338	6.72 - 17.00%
Right-of-use assets under finance leases	1,492,036	1,912,458	6.72 - 17.00%
Communication equipment	673,903	568,864	8.00%
Other miscellaneous equipment	421,830	417,871	6.00 - 12.00%
Totals	<u>\$ 97,380,330</u>	<u>\$ 94,214,701</u>	

Electric plant is depreciated on a straight-line basis.

Note 6 - Notes Payable and Lines of Credit

Notes payable - Notes payable at June 30, 2025 and 2024 consisted of the following:

Description	2025	2024
Notes payable - NRUCFC; fixed interest rates from 3.59% to 6.22%; notes due at various times up to December 2054; secured by all assets.	\$ 47,009,310	\$ 47,124,261
Notes payable - USDA; 1.00% interest; intermediary relending program; principal and interest due in installments until August 2030; secured by related economic development loans.	141,414	182,435
Note payable - Thompson Tractor Co., Inc.; 0.00% interest; note due November 2024; secured by related transportation equipment.		8,350
Less current maturities	(2,269,494)	(2,155,764)
Total notes payable	<u>\$ 44,881,230</u>	<u>\$ 45,159,282</u>

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

Estimated maturities on notes payable for the next five years are as follows:

<u>For the Years Ending</u>	<u>Amount</u>
June 30, 2026	\$ 2,269,494
June 30, 2027	2,367,728
June 30, 2028	2,453,209
June 30, 2029	2,556,281
June 30, 2030	2,656,170

The Cooperative has covenants with its lenders relating to certain financial ratios.

The Cooperative had approved but unadvanced loan funds of \$9,500,000 with NRUCFC as of June 30, 2025.

Lines of credit - The Cooperative has one line of credit with NRUCFC on which it may borrow up to \$5,000,000 and it may be used only for electric capital or operating needs. The balance outstanding was \$0 at June 30, 2025 and 2024.

The Cooperative has an available unsecured line of credit with CoBank on which it may borrow up to a total of \$1,000,000. The balance outstanding was \$0 at June 30, 2025 and 2024.

The NRUCFC loan conversion fees are payable in quarterly payments, over a period of 30 years. The related deferred asset is being amortized over a period of 30 years. Amortization expense related to this deferred asset was \$248,574 for 2025 and 2024.

Note 7 - Leases

The Cooperative has transportation equipment through finance lease agreements with CoBank. The agreements provide the Cooperative the right to control the equipment during the lease term. The agreements also contain options to purchase the equipment at the end of the lease term that the Cooperative expects to exercise. Obligations under finance leases have been recorded at the present value of future minimum lease payments plus the purchase obligation using the implicit rates from 2.24% to 19.50%. The capitalized cost of \$3,274,480 less accumulated amortization of \$1,782,444 is included in electric plant in service at June 30, 2025 and the capitalized cost of \$3,402,122 less accumulated amortization of \$1,489,664 is included in electric plant in service at June 30, 2024.

The finance lease costs for the year ended June 30, 2025 and 2024 consists of interest expense in the amount of \$72,760 and \$64,416, respectively, and right-of-use asset amortization in the amount of \$589,049 and \$509,643, respectively.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

The following table summarizes certain other information related to the operating and finance leases for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Finance lease - operating cash flows (interest payments)	\$ 72,760	\$ 64,416
Finance lease - financing cash flows (liability reduction)	589,049	459,290
Weighted average remaining lease term - finance lease (in years)	2.24	3.11
Weighted average discount rate - finance lease	5.03%	4.98%

Scheduled future minimum lease payments under finance leases together with present value of the net minimum lease payments are as follows:

<u>For the Years Ending</u>	
June 30, 2026	\$ 629,461
June 30, 2027	457,940
June 30, 2028	379,588
June 30, 2029	212,775
June 30, 2030	40,607
Total minimum lease payments	1,720,371
Less amount representing accretion	(156,000)
	1,564,371
Less current maturities	560,304
Long-term obligation	<u>\$ 1,004,067</u>

Note 8 - Accounting for Pensions

Defined benefit pension plan - The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The RS Plan Sponsor's Employer Identification Number is 53-0116145 and the RS Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative's contributions to the RS Plan in 2025 and in 2024 represented less than 5% of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of \$1,094,916 in 2025 and \$1,088,876 in 2024.

Pioneer Electric Cooperative, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024

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

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

401(k) plan - The Cooperative has a 401(k) plan for its employees. The total expense related to the 401(k) plan for the Cooperative was \$81,425 and \$77,97 for 2025 and 2024, respectively.

Note 9 - Commitments

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from PowerSouth until December 31, 2055. The rates paid for such purchases are subject to periodic review.

Note 10 - Related Party

Pioneer Electric Cooperative Charitable Foundation (the Foundation) was formed in 2020 to accumulate and disburse funds for charitable, educational, or other worthy purposes in the service area of the Cooperative. The Foundation is a separate operating and reporting entity. Employees of the Cooperative perform the general and administrative functions of the Foundation for no fee. The Cooperative remitted \$75,246 and \$69,280 to the Foundation for the years ended June 30, 2025 and 2024, respectively.

Note 11 - Subsequent Events

The Cooperative has evaluated subsequent events through September 15, 2025, which is the date these financial statements were available to be issued. All other subsequent events requiring recognition as of June 30, 2025, have been incorporated into these financial statements.