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July 21, 2025

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA E-FILING

**Application to Register Securities Certificate of Citizens' Electric Company of Lewisburg, PA.;
Docket No. S-2025-**

**Application for Approval of Affiliated Interest Transaction between Citizens' Electric Company
of Lewisburg, PA, and C&T Enterprises, Inc.; Docket No. G-2025**

Dear Secretary Homsher:

Attached for filing with the Pennsylvania Public Utility Commission is the Application of Citizens' Electric Company of Lewisburg, PA ("Citizens'") for approval and registration of a Securities Certificate authorizing a \$3 million long-term loan to fund the conversion of short-term to long-term debt. Because Citizens' will borrow the money from C&T Enterprises, Inc., the application includes a request for any approvals that may be necessary under Chapter 21. We will submit the electronic payment in the amount of \$350 for the filing fees.

Citizens' is voluntarily waiving the 30-day consideration period set forth in Sections 1903(a) and 2102(b) of the Public Utility Code. Citizens' requests action by the Commission on or before the October 9, 2025 Public Meeting.

Copies of this request have been served on the parties as indicated on the attached Certificate of Service. If you have any questions regarding this filing, please feel free to contact the undersigned. Thank you.

Very truly yours,

Pamela C. Polacek

Pamela C. Polacek

Counsel to Citizens' Electric Company of Lewisburg, PA

Enclosure

c: Certificate of Service

Debra Backer, Bureau of Technical Utility Services (via E-Mail)

Marissa Boyle, Bureau of Technical Utility Services (via E-Mail)

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

Office of Small Business Advocate Forum Place 555 Walnut Street, 1st Floor Harrisburg, PA 17101 RA-SBA@PA.GOV	Allison Kaster Esq. Director and Chief Prosecutor Bureau of Investigation and Enforcement Commonwealth Keystone Building 400 North Street, 2 West Harrisburg, PA 17120 akaster@pa.gov
Office of Consumer Advocate 555 Walnut Street Forum Place - 5th Floor Harrisburg, PA 17101-1921 RA-OCA@PAOCA.ORG	

Pamela C. Polacek

Pamela C. Polacek (PA ID No. 78276)

Dated this 21st day of July, 2025, in Venetia, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application to Register Securities Certificate of :
Citizens' Electric Company of Lewisburg, PA : **Docket No. S-2025-_____**

Application for Approval of Affiliated Interest :
Transaction between Citizens' Electric :
Company Of Lewisburg, PA and : **Docket No. G-2025-_____**
C&T Enterprises, Inc. :

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Chapter 19 of the Public Utility Code, 66 Pa. C.S. § 1901 *et seq.*, and the Pennsylvania Public Utility Commission's ("PUC" or "Commission") regulations at 52 Pa. Code § 3.601, Citizens' Electric Company of Lewisburg, PA ("Citizens" or "Company") seeks Commission approval and registration of its Securities Certificate reflecting assumption of a long-term debt.

Specifically, Citizens' parent company, C&T Enterprises, Inc. ("C&T"), will be entering into a Loan Agreement (the "NCSC-C&T Loan Agreement"), and related documentation, with National Cooperative Services Corporation ("NCSC") for \$3,000,000 in order to obtain financial resources for Citizens' to fund capital expenditures, including the conversion of outstanding short-term lending into long-term debt. Citizens' and C&T will enter into a loan agreement and note as described herein. Citizens', as a subsidiary of C&T, will execute a Guaranty for the total amount outstanding under the NCSC-C&T Loan Agreement. If this Application for a Securities Certificate is approved, Citizens' will have access to and be able to draw upon the money available in the NCSC-C&T Loan Agreement to fund the payoff of short-term lending.

The loan between Citizens' and C&T constitutes a transaction between affiliated entities under Section 2102 of the Public Utility Code, 66 Pa. C.S. § 2102. Citizens' believes that the financing for

which the Securities Certificate will be issued is already authorized by its Affiliated Interest Agreement at Docket No. G-2008-2020732; however, out of an abundance of caution, Citizens' requests any additional approvals that the Commission deems necessary under Chapter 21 of the Public Utility Code. The affiliate aspects of this financing transfer are addressed in paragraphs 19-20, *infra*.

In support hereof, the Company states as follows:

I. CONTACT INFORMATION

1. The principal business address, telephone number, and contact person for Citizens' is:

Nathan Johnson, President and CEO
Citizens' Electric Company
1775 Industrial Boulevard
Lewisburg, PA
(570) 524-2231

A Verification executed by Mr. Johnson averring to the accuracy of the statements contained in this Application is attached as Exhibit A.

2. In addition to Mr. Johnson's Verification for Valley, Melissa D. Sullivan, Chief Financial Officer for C&T, also avers to the accuracy of the statements contained in this Application.

A Verification executed by Ms. Sullivan is attached as Exhibit B.

3. The name and address of the attorney for the Company in this matter is:

Pamela C. Polacek (Pa. I.D. 78276)
C&T Enterprises, Inc.
P.O. Box 129
Venetia, PA 15367
(570)724-9469
(717) 503-6531 (mobile)
ppolacek@ctenterprises.org

Any inquiries regarding this filing should be initially directed to Ms. Polacek.

II. DESCRIPTION OF COMPANIES AND BACKGROUND

4. Citizens' is a Pennsylvania corporation with its principal office located in Lewisburg, Union County, Pennsylvania. The Company is an investor-owned, for-profit electric utility, wholly owned by C&T. C&T is a holding and management services company that currently also owns Valley Energy, Inc., and Wellsboro Electric Company.¹

5. Citizens' is in the business of distributing electricity to approximately 7,213 customers in and around Lewisburg, Union County, Pennsylvania. Citizens' is the Provider of Last Resort ("POLR") in its territory.

6. Citizens' service territory is comprised of the Borough of Lewisburg, Buffalo Township, East Buffalo Township, West Buffalo Township (portion) and Kelly Township (portion), all in Union County.

III. DESCRIPTION OF THE SECURITIES CERTIFICATE AND TRANSACTION

7. Citizens' has arranged the long-term debt described in this filing to provide funding to pay off short-term debt. Citizens' is seeking distribution rate relief at Docket No. R-2025-3054394, with new rates expected to take effect on or around January 30, 2026. Until that time, Citizens' is concerned that current cash flow from its distribution revenues will not support the pay down of its short-term line of credit as anticipated under the financing arrangement. Converting the existing short-term debt to long-term debt will enable Citizens' to access the short-term line for ordinary periodic cash-flow constraints, such as income tax payments and Gross Receipts Tax ("GRT") remittance.

¹ C&T is a Pennsylvania corporation with its principal office located in Lewisburg, Union County, Pennsylvania. C&T is a jointly owned subsidiary of Tri-County Rural Electric Cooperative ("Tri-County") and Claverack Rural Electric Cooperative ("Claverack"), which are both member-owned electric cooperatives incorporated under the laws of Pennsylvania. Tri-County and Claverack are the sole owners of C&T, each owning 50%.

8. The arrangement involves the NCSC-C&T Loan Agreement between NCSC to C&T (the holding company for Citizens'). The term of that Loan Agreement is up to 33 years from its date of execution, inclusive of a 3-year draw period. As stated previously, the amount of the debt provided for under the NCSC-C&T Loan Agreement is \$3.0 million. In regard to loan amortization under the NCSC-C&T Loan Agreement, level debt service payments will be due from C&T to NCSC on a quarterly basis. The interest rates relating to this loan will either be the monthly NCSC variable interest rate or fixed rates that are established on a case-by-case basis.

9. As discussed earlier herein, Citizens' will execute a Guaranty of the NCSC-C&T Loan Agreement to facilitate C&T's Loan Agreement with NCSC. This is a standard request because the money that the bank is lending will be used by Citizens'. A copy of the Guaranty and Guarantor's Certificate of Resolutions and Incumbency are attached as Exhibits D and E, respectively. In addition to Citizens' Guaranty, NCSC has also requested as security a first mortgage lien on C&T and on stock that C&T owns in Citizens'.

10. Citizens' will execute a loan agreement ("Citizens'-C&T Loan Agreement") and one or more Secured Promissory Notes with C&T, the terms of which mirror those between C&T and NCSC. Draft versions of the Citizens'-C&T Loan Agreement and Secured Promissory Note are attached as Exhibits F and G, respectively. The Citizens'-C&T Loan Agreement establishes the terms and conditions of Citizens' indebtedness to C&T. Under the Citizens'-C&T Loan Agreement, C&T would make an advance upon request to Citizens' of up to \$3.0 million. When requesting an advance, Citizens' will provide notice through its President, CEO, or Treasurer of the amount requested. If approved, C&T will assess the interest rates available under the NCSC-C&T Loan Agreement and issue an advance in the amount requested.

11. The Citizens'-C&T Loan Agreement further requires Citizens' to reimburse C&T for all accrued interest and fees charged to C&T pursuant to applicable provisions of the NCSC-C&T

Loan Agreement. The Citizens'-C&T Loan Agreement passes through any charges associated with borrowed amounts as assessed by NCSC, without modification or mark-up.

IV. SUPPLEMENTAL DOCUMENTATION

12. In accordance with the requirements of Section 3.601 of the Commission's regulations, 52 Pa. Code § 3.601, appended hereto and made a part of this filing are the following:

a. Balance Sheets, Income Statements, Statements of Utility Plant Accounts, and Statements of Long-Term Debt as of December 31, 2024, are attached hereto as Exhibit H. Balance Sheets, Income Statements, Statements of Utility Plant Accounts, and Statements of Long-Term Debt as of December 31, 2023, are attached hereto as Exhibit I. *See* 52 Pa. Code § 3.601(c)(9)(i), (ii), (iii), and (v).²

b. There have been no transactions subsequent to December 31, 2024, that substantially impact the financial status of the Company.

c. Citizens' does not own any securities of other corporations and therefore will not be filing a statement with respect to securities of other corporations. *See* 52 Pa. Code § 3.601(c)(9)(iv).

d. The capital stock of Citizens' is held wholly by C&T. *See* 52 Pa. Code § 3.601(c)(9)(vi).

e. Because the securities involved are not the type of securities regulated by the Securities and Exchange Commission ("SEC"), no registration statement, application, or declaration has been filed or will be filed with the SEC in respect to the transaction herein proposed. *See* 52 Pa. Code § 3.601(c)(8) and (c)(9)(vii) and (viii).

² Pursuant to Section 5.43 of the Commission's regulations, 52 Pa. Code § 5.43, the Companies respectfully request a waiver of the requirement that a public utility seeking a securities certificate provide the Commission with a balance sheet dated within at least three months of the date of the securities certificate filing and an income statement for the twelve months period ending the date on the balance sheet. *See* 52 Pa. Code § 3.601(c)(9)(i) & (ii).

f. The Citizens' Board of Directors approved the transaction on July 14, 2025, while the C&T Board of Directors approved the transaction on June 20, 2025. The resolutions from each board are attached as Exhibits J and K. *See* 52 Pa. Code § 3.601(c)(9)(ix).

g. A copy of the Guaranty, Guarantor's Certificate of Resolutions and Incumbency, the Citizens'-C&T Loan Agreement, and Citizens' Secured Promissory Note are provided as Exhibits D, E, F and G, respectively. *See* 52 Pa. Code § 3.601(c)(9)(x).

h. Attached hereto as Exhibit A is the Verification of Nathan Johnson, President and Chief Executive Officer of Citizens', verifying the accuracy of the facts set forth in this filing. *See* 52 Pa. Code § 3.601(c)(9)(xii).

i. Attached hereto as Exhibit B is the Verification of Melissa D. Sullivan, Chief Financial Officer of C&T, verifying the accuracy of the facts set forth in this filing. *See* 52 Pa. Code § 3.601(c)(9)(xii).

j. No plant accounts will be charged with new facilities as a result of the transaction. *See* 52 Pa. Code § 3.601(c)(7)(ii)(B).

k. No accounts will be credited for retirements of any property resulting from this transaction. *See* 52 Pa. Code § 3.601(c)(7)(iii).

13. As described in Sections II and III, *supra*, Citizens' proposes to assume this debt in order to pay off short-term debt and to fund ongoing operating and capital expenses while its rate case is pending. *See* 52 Pa. Code § 3.601(c)(7)(ii). Exhibit C details the projected uses for the long-term debt.

14. Pursuant to 52 Pa. Code § 3.601(c)(4), as described in Section II, *supra*, Citizens' is a Pennsylvania corporation with its principal office located in Lewisburg, Union County, Pennsylvania. Citizens' is an investor-owned, for-profit natural gas utility, wholly owned by C&T. C&T is a holding

and management services company that currently also owns Valley Energy, Inc. and Wellsboro Electric Company.

15. Moreover, pursuant to 52 Pa. Code § 3.601(c)(5)(i)-(ii) and (iv), the Commission requests detailed information regarding the terms of the securities that Valley proposes to assume, such as the date of maturity, nominal date of issue, interest rate, and payment dates. Please refer to Paragraphs 9-13, *supra*, for that information, as well as the loan documentation provided in Exhibits D, E, F, and G herein.

16. In addition to the information required under Section 3.601 of the Commission's Regulations, Citizens' has also prepared responses to anticipated data requests from the Commission's Bureau of Technical Utility Services, which are attached hereto as Exhibit L.

V. REQUEST FOR CHAPTER 21 APPROVAL

19. Because the transfer will result in a loan and note between Citizens' and its parent corporation, C&T, the Applicant also requests that the Commission issue any necessary approvals under Chapter 21 of the Public Utility Code, 66 Pa. C.S. §§ 2101 *et seq.* Citizens' believes, however, that this transaction is authorized under a current Affiliated Interest Agreement between the members of the C&T corporate family, which states:

A Member may, from time to time, loan funds to another Member(s) of the Group. Short-term loans will be evidenced by promissory notes bearing interest at applicable market rates. Long-term loans will be evidenced by promissory notes bearing interest at applicable market rates or the equivalent cost of financing by the lending Member and containing repayment terms consistent with reasonable market terms or those assumed by the lending Member.

That Affiliated Interest Agreement was approved by the Commission at Docket No. G-2008-2020732.

20. C&T is able to obtain favorable interest rates from NCSC. Under the proposed arrangement, Citizens' will assume contingent liability through a guarantee for the total amount outstanding under the Loan Agreement. C&T will charge Citizens' an interest rate equal to the NCSC

rate. As a result, this transaction is in accordance with the requirements set forth in Section 2102 and the approved Affiliated Interest Agreement.

VI. EXTENSION OF CONSIDERATION PERIOD AND REQUESTED ACTION DATE

21. Citizens' is voluntarily extending the 30-day consideration period for securities certificate and affiliated contract filings pursuant to Sections 1903(a) and 2102(b) of the Public Utility Code. **Citizens' respectfully requests that the Commission act on this filing at or before the Public Meeting scheduled for October 9, 2025.**

WHEREFORE, Citizens' Electric Company of Lewisburg, PA, respectfully requests that the

Commission:

- (1) Grant this Application;
- (2) Issue an Order approving the transaction detailed herein; and
- (3) Take any other such actions as the Commission deems appropriate and necessary.

Respectfully submitted,

Pamela C. Polacek

By _____

Pamela C. Polacek (Pa. I.D. 78276)

C&T Enterprises, Inc.

P.O. Box 129

Venetia, PA 15367

(570) 724-9469

(717) 503-6531 (mobile)

ppolacek@ctenterprises.org

Counsel to Citizens' Electric Company of Lewisburg,
PA

Dated: July 21, 2025

INDEX OF EXHIBITS

A	Johnson Verification
B	Sullivan Verification
C	Explanation of Use of Funds
D	Citizens' Guaranty
E	Citizens' Certificate of Resolutions and Incumbency
F	Citizens'-C&T Loan Agreement
G	Citizens'-C&T Promissory Note
H	Financial Statements 2024/2023
I	Financial Statements 2023/2022
J	Citizens' Resolution
K	C&T Resolution
L	TUS Questions

VERIFICATION

I, Nathan Johnson, hereby state that the facts set forth in the foregoing document are true and correct to the best of my information, knowledge and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties in 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).



Name: Nathan Johnson

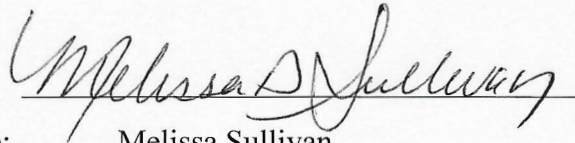
Company: Citizens' Electric Company of Lewisburg, PA

Title: President & CEO

Date: 7/17/2025

VERIFICATION

I, Melissa Sullivan, hereby state that the facts set forth in the foregoing document are true and correct to the best of my information, knowledge and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties in 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).

A handwritten signature in cursive script that reads "Melissa Sullivan". The signature is written in black ink and is positioned above the printed name.

Name: Melissa Sullivan

Company: C&T Enterprises, Inc.

Title: Chief Financial Officer

Date: 7/17/2025

EXHIBIT C

PROJECTED USE OF FUNDS

1.	Debt Conversion	\$3,000,000
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GUARANTY

For and in consideration of loans, advances, discounts, extensions of credit or other financial accommodations made or to be made by NATIONAL COOPERATIVE SERVICES CORPORATION, a cooperative association organized and existing under the laws of the District of Columbia ("NCSC"), to, for the account of, or on behalf of C & T ENTERPRISES, INC. ("Borrower"), pursuant to a Loan Agreement designated by NCSC Loan Number PA403-A-9026, between the Borrower and NCSC, (as supplemented, amended, restated, or otherwise modified, the "Credit Agreement"), the undersigned CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA ("Guarantor") hereby absolutely and unconditionally guarantees to NCSC the due and prompt payment of (i) the outstanding principal amount due from the Borrower to NCSC, whether by acceleration or otherwise, under that certain promissory note from Borrower to NCSC, as payee thereof, in the original principal amount of Three Million and 00/100 Dollars (\$3,000,000.00), (ii) all accrued interest thereon (including interest accruing after any filing of any bankruptcy petition by or against the Borrower), (iii) all other costs, fees or expenses of NCSC that the Borrower is required to pay under the Loan Documents (as defined in the Credit Agreement) (including costs of collection and reasonable attorney's fees), and (iv) all other indebtedness of Borrower to NCSC, whether now existing or hereafter created or arising, direct or indirect, matured or unmatured, and whether absolute or contingent and arising out of or in connection with the Loan Documents, whether any of the foregoing are now existing or hereafter arising, and all extensions, renewals, modifications or amendments to any of the foregoing. The obligations referred to in items (i) through (iv) above are collectively referred to herein as the "Guaranteed Debt".

Notwithstanding anything to the contrary herein, Guarantor's liability under this Guaranty shall be limited to an amount, not to exceed, as of any date of determination, the amount which could be claimed by NCSC from Guarantor under this Guaranty without rendering such claim voidable or avoidable under the United States Bankruptcy Code (Title 11, U.S.C.), any similar federal or state law for the relief of debtors, or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law after taking into account, among other things, Guarantor's rights of contribution and indemnification from each other guarantor, if any. To effectuate the foregoing intentions, NCSC and Guarantor hereby irrevocably agree that the obligations of Guarantor under this Guaranty at any time shall be limited to the maximum amount as will result in the obligations of Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of all or any part of the Guaranteed Debt is rescinded or must otherwise be returned by NCSC upon the insolvency, bankruptcy, reorganization, liquidation or dissolution of Borrower, or upon or as a result of the appointment of a receiver, or trustee or similar officer for, Borrower or a substantial part of its property, or otherwise, all as if such payment had not been made.

The obligations of Guarantor hereunder are continuing, absolute and unconditional, and shall continue until payment in full to NCSC of the Guaranteed Debt. No act by NCSC to grant credit from time to time to Borrower, Guarantor or any other party, and no act or omission by NCSC with respect to any matter whatsoever shall operate to release Guarantor from its obligations hereunder other than the execution and delivery by NCSC to Guarantor of an express written release of this Guaranty.

If an event of default has occurred under the Credit Agreement and any applicable cure periods have expired, then NCSC shall have the right to declare the Guaranteed Debt immediately

due and payable in full, without notice thereof or demand therefor to Borrower or Guarantor, regardless of whether NCSC has accelerated all or any part of Borrower's indebtedness. Without limiting the generality of the foregoing, if the Borrower should at any time (i) become insolvent, (ii) make a general assignment for the benefit of creditors, (iii) petition for or be subject to a receivership proceeding, or (iv) be subject to a petition in bankruptcy or any insolvency or reorganization proceeding, whether voluntary or involuntary, then NCSC shall have the right to declare the Guaranteed Debt immediately due and payable in full, without notice to Borrower or Guarantor, regardless of whether NCSC has accelerated all or any part of Borrower's indebtedness, and NCSC shall have the right to demand and to collect from Guarantor payment in full of the Guaranteed Debt, including all principal, interest, fees and charges, whether or not then due and payable by Borrower. This is a guaranty of payment and not merely of collection.

Guarantor expressly waives the following:

- a) notice that Borrower has incurred debt to or is in default to NCSC;
- b) NCSC's acceptance of this Guaranty;
- c) presentment, demand for payment, protest, notice of protest, notice of dishonor, notice of any election, acceptance, diligence in collection, notice of non-payment of any instrument evidencing any indebtedness of the Borrower, and to the extent permitted by law, all benefit of valuation, appraisal, exemptions and any and all other notices that would otherwise be required under the laws of the Commonwealth of Virginia;
- d) any right to require suit against the Borrower, another guarantor or any other person before enforcing this Guaranty, and with respect thereto, Guarantor specifically agrees that any proceeding for collection under this Guaranty may be brought against Guarantor before, after or simultaneously with any proceeding that may be brought against Borrower, another guarantor, or any other party for nonpayment of any indebtedness to NCSC, notwithstanding any notices or demands to the contrary that Guarantor may transmit to NCSC;
- e) any right to require NCSC to proceed against any collateral, or have collateral of the Borrower applied, before enforcing this Guaranty;
- f) until the Borrower's obligations to NCSC under the Loan Documents are paid in full, any right or remedy which Guarantor may now have or may hereafter acquire against the Borrower, including but not limited to any right of contribution, indemnification, subrogation, reimbursement, exoneration or participation in any claim, right or remedy of NCSC against Borrower or any security which NCSC now has or hereafter acquires, regardless of whether such right or remedy arises under equity, contract, in common law or otherwise. Any moneys, property or other consideration received at any time by Guarantor from Borrower in connection with any right of subrogation prior to payment in full of the Guaranteed Debt and prior to performance by Borrower of all the obligations related thereto shall be held in trust for NCSC and shall be paid or transferred to NCSC upon demand therefor;
- g) any rights of setoff, deduction, recoupment or counterclaim against NCSC, except for compulsory counterclaim, against NCSC;

h) any defense or claim relating to any obligation of NCSC to marshal any collateral or other assets of Borrower for the benefit of Guarantor, and Guarantor agrees that NCSC shall be under no duty to marshal the assets of Borrower for the benefit of Guarantor or any third party; and

i) notice of the financial condition or other status of Borrower and any other party obligated for the payment of the Guaranteed Debt or the performance of the obligations related thereto.

Guarantor will not assert against NCSC and does hereby unconditionally and absolutely waive all defenses of Borrower and any defenses Guarantor may have against NCSC, including, but not limited to, defenses of waiver, release, discharge, bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, fraudulent conveyance, insolvency, lack of consideration, merger of clauses under this Guaranty with the Borrower's indebtedness, ultra vires acts, usury, illegality or unenforceability, any defense which under principles of guaranty, suretyship or other applicable law would operate to diminish or impair the liability of Guarantor under this Guaranty, any setoff available against NCSC by Borrower whether or not on account of a related transaction, and Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any security instrument securing the Borrower's indebtedness notwithstanding provisions of law that may prevent NCSC from enforcing such deficiency against Borrower.

Furthermore, Guarantor hereby agrees that, without notice of any kind to Guarantor and without altering the absolute and unconditional obligation of Guarantor hereunder, NCSC may renew time of payment, extend time of payment, surrender, release, exchange, substitute, deal with or take additional collateral security, take or release other guarantees, abstain from taking advantage of or realizing upon any collateral security or other guarantees, discharge, compromise, release or settle any or all of Borrower's indebtedness to NCSC (regardless of whether such indebtedness is part of the Guaranteed Debt), extend, grant indulgences, forbear against or otherwise modify any term, provision, covenant, obligation or condition with respect to any or all of the Borrower's indebtedness to NCSC (regardless of whether such indebtedness is part of the Guaranteed Debt).

This Guaranty shall not be impaired by the illegality, irregularity, invalidity or unenforceability, in whole or in part, of, or any defect in the Loan Documents or any legal or equitable defenses or rights available to the Borrower under or with respect thereto.

In the event Guarantor fails to pay its obligations hereunder in full upon demand, then NCSC is hereby authorized at any time and from time to time, without prior notice to Guarantor, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by NCSC or owed to Guarantor or for the credit or account of Guarantor against any and all of the obligations of Guarantor hereunder and to pursue all rights and remedies available to NCSC that are contemplated by the Security Instrument (as hereinafter defined) in the manner, upon the conditions, and with the effect provided in the Security Instrument, including, but not limited, a suit for specific performance, injunctive relief or damages. NCSC agrees to notify Guarantor promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of NCSC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which NCSC may have. Nothing herein shall limit the right of NCSC to pursue all rights and remedies available to a creditor. Each right, power and remedy of NCSC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Guarantor further agrees to pay to NCSC, in addition to payment of the Guaranteed Debt, any and all costs, expenses and reasonable attorneys' fees paid or incurred by NCSC in collecting or endeavoring to collect the Guaranteed Debt from Guarantor, regardless of whether suit is brought, and including the amount of such costs, expenses and fees incurred in preparation for collection.

Guarantor represents and warrants that, during the term of this Guaranty, (i) the aggregate amount of obligations guaranteed hereunder shall not exceed the maximum amount allowed under a mortgage, indenture, or agreement of any kind entered into by or affecting Guarantor, and (ii) Guarantor will not, without the written consent of NCSC, make any loan, deposit, advance, investment or obligation which would cause the total aggregate indebtedness guaranteed hereunder to exceed said maximum allowable amount. Guarantor further agrees that if any of the foregoing representations shall prove to be false, Guarantor shall not raise such fact as a defense against enforcement and payment of this Guaranty.

Guarantor hereby represents and warrants that:

- (i) The Guarantor's exact legal name is: Citizens' Electric Company of Lewisburg, PA
- (ii) The Guarantor's organizational type is: Corporation
- (iii) The Guarantor is organized under the laws of the state of: Pennsylvania
- (iv) The principal place of business or, if more than one, the chief executive office of the Guarantor is 1775 Industrial Blvd., Lewisburg, PA 17837-1276.

Without giving written notice to NCSC thirty (30) days prior to the effective date of any change, Guarantor shall not:

- (i) Change the location of Guarantor's place of business or, if more than one, its chief executive office.
- (ii) Change the name of Guarantor.
- (iii) Change the mailing address of Guarantor.
- (iv) Change Guarantor's type of organization, jurisdiction of organization or legal structure.

Guarantor will prepare and furnish NCSC within 45 days of the close of each fiscal quarter, financial and statistical reports on its condition and operations for the previous fiscal quarter. If requested by NCSC, Guarantor will prepare and furnish NCSC from time to time financial and statistical reports on its condition and operations on a more frequent basis. All of such reports shall be in such form and include such information as may be specified by NCSC, including without limitation an income statement, balance sheet and cash flows.

By January 31 of each calendar year this Guaranty is in effect, Guarantor shall provide an updated financial forecast for a period of at least five years including balance sheets, income statements, and cash flows in form and substance acceptable to NCSC.

Guarantor shall not declare or make any dividend payments other than dividend payments to Borrower designated for Borrower's operating expenses or debt service expenses without the prior written consent of NCSC.

Without the prior written consent of NCSC, Guarantor shall not (i) consolidate with, merge, or sell all or substantially all of its business or assets, to another entity or person or (ii) acquire the assets of another business or entity.

The obligations of the Guarantor hereunder are secured by the Mortgage and Security Agreement, dated as of July 15, 2005, by and between Guarantor and NCSC as it may have been or shall be supplemented, amended, consolidated or restated from time to time ("Security Instrument").

Guarantor acknowledges that this Guaranty is executed in order to induce NCSC to make and disburse the loan made by NCSC to Borrower, pursuant to the Credit Agreement (the "Loan") with the intent that it be relied upon by NCSC in making and disbursing the Loan with the knowledge that NCSC would not disburse the Loan but for this Guaranty. Disbursement of any part of the Loan, without any further action or notice, shall constitute conclusive evidence of the reliance hereon by NCSC

This Guaranty shall be binding upon Guarantor and its successors and assigns, and shall inure to the benefit of NCSC and its successors and assigns. The terms "Guarantor" and "Borrower" and any pronouns referring thereto as used herein shall be construed in the singular or plural as the context may require.

THE PERFORMANCE AND CONSTRUCTION OF THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

GUARANTOR HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. GUARANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

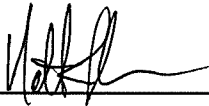
EACH OF GUARANTOR AND NCSC HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY.

No modification or waiver of any provision of this Guaranty shall in any event be effective unless the same shall be in writing signed by NCSC.

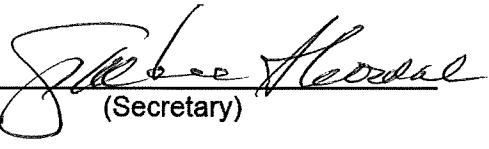
If any term, provision or condition, or any part thereof, of this Guaranty shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Guaranty shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

IN WITNESS WHEREOF this Guaranty has been executed and delivered to NCSC by the undersigned Guarantor this 14th day of July, 2025.

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: 

Title: President & CEO

Attest: 
(Secretary)

LOAN AGREEMENT

LOAN AGREEMENT (this "Agreement"), dated as of July 14, 2025, between CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA ("Citizens"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, and C&T ENTERPRISES, INC. ("C&T"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

RECITALS

WHEREAS, on behalf of Citizens', C&T arranged to borrow up to \$3,000,000.00 collectively in advances from one lender (National Cooperative Services Corporation ("NCSC")) for purposes of financing capital improvements and other utility expenses of Citizens'; and

WHEREAS, C&T wishes to lend that \$3,000,000.00 to its subsidiary Citizens'; and

WHEREAS, Citizens' has agreed to execute one or more secured promissory notes to evidence an indebtedness in the aggregate principal amount of the C&T Commitment (as hereinafter defined).

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1. For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof).

"Accounting Requirements" shall mean the requirements of generally accepted accounting principles applicable to businesses similar to that of Citizens'.

"Advance" or "Advances" shall mean advances by C&T to Citizens' pursuant to the terms and conditions of this Agreement.

"Amortization Basis Date" shall mean the first calendar day of the month following the end of the Billing Cycle in which the Advance occurs, provided, however, that if the Advance is made on the first day of a Billing Cycle, and such day is a Business Day, then the Amortization Basis date shall be the date of the Advance.

"Billing Cycle" shall mean any 3-month period ending on, and including, a Payment Date.

"Business Day" shall mean any day that both C&T and the depository institution C&T utilizes for funds transfers hereunder are open for business.

"Default Rate" shall mean a rate annum equal to the interest rate in effect for an Advance plus two hundred (200) basis points.

"Depreciation and Amortization Expense" shall mean an amount constituting depreciation and amortization of Citizens' as computed in accordance with Accounting Requirements.

"Draw Period" shall have the meaning defined in Schedule 1 hereto.

"Equity" shall mean the aggregate of Citizens' equities and retained earnings divided by total assets computed pursuant to Accounting Requirements.

"Governmental Authority" shall mean the government of the United States of America, any other nation or government, any state or political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, re-regulatory or administrative powers or functions of or pertaining to government.

"Interest Rate Reset Date" shall mean, with respect to any Advance, the first day following the expiration of the NCSC Fixed Rate Term for such Advance.

"Loan" shall mean the loan by C&T to Citizens', pursuant to this Agreement and the Note, in an aggregate principal amount not to exceed the C&T Commitment.

"Long-Term Debt" shall mean any amount constituting long-term debt of Citizens' as computed in accordance with the Accounting Requirements.

"Maturity Date" shall have the meaning as defined in the Note.

"NCSC Fixed Rate" shall mean such fixed rate as is then available for loans similarly classified pursuant to NCSC's policies and procedures then in effect, as applicable to the particular Advance.

"NCSC Fixed Rate Term" shall mean the specific period of time that a NCSC Fixed Rate is in effect, as applicable to the particular Advance.

"NCSC Variable Rate" shall mean the rate established by NCSC for similarly classified variable interest rate loan programs established by NCSC from time to time, and as applicable to the particular Advance.

"Note" shall mean the promissory note executed by Citizens', dated as of even date herewith, in the aggregate principal amount of the C&T Commitment.

"Payment Date" shall mean the last day of each of the months referred to in Schedule 1 hereto.

"Payment Notice" shall mean a notice furnished by C&T to Citizens' that indicates the amount of each payment of principal and interest and the total amount of each payment.

"Subsidiary" shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries by Citizens'. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Citizens'.

"C&T Commitment" shall have the meaning as defined in Schedule 1 hereto.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2. Citizens' represents and warrants to C&T that as of the date of this Agreement:

A. Good Standing. Citizens' is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business and has the requisite power to enter into and perform this Agreement and to borrow hereunder.

B. Authority. Citizens' has the corporate power and authority to enter into this Agreement and the Note; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein and in the Note, all of which have been duly authorized by all necessary and proper corporate and other action; and no consent or approval of any person, including, without limitation, stockholders and members of Citizens' and any public authority or regulatory body, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

C. No Conflicting Agreements. The execution, delivery of and performance by Citizens' of this Agreement and the Note, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or by-laws of Citizens', or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Citizens' is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of Citizens'.

D. Taxes. Citizens' has paid or caused to be paid all federal, state and local taxes to the extent that such taxes have become due. Citizens' has filed or caused to be filed all federal, state and local tax returns which are required to be filed by Citizens'.

E. Reserved

F. Licenses and Permits. Citizens' has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and

business that are required by federal, state and local laws of the jurisdictions in which Citizens' conducts its business and each remains valid and in full force and effect.

G. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or to the knowledge of Citizens' threatened against or affecting Citizens' or its properties which, if adversely determined, would have a material adverse effect upon the financial condition or the business of Citizens'. Citizens' is not, to its knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, governmental agency or other instrumentality which would have a material adverse effect on Citizens'.

H. Financial Statements. The balance sheet of Citizens' as of the date identified in Schedule 1 hereto, and the statement of operations of Citizens' for the period ending on said date, heretofore furnished to C&T, are complete and correct. Said balance sheet fairly presents the financial condition of Citizens' as at said date and said statement of operations fairly reflects its operations for the period ending on said date. Citizens' has no contingent obligation or unusual forward or long-term commitments except as specifically stated in said balance sheet or herein. There has been no material adverse change in the financial condition or operations of Citizens' from that set forth in said financial statements except changes disclosed in writing to C&T prior to the date hereof. Citizens' has heretofore furnished to C&T true and complete copies of its financial and statistical reports for each of the three most recent calendar years and the facts stated therein are true as of the date hereof.

I. Citizens' Legal Status. Schedule 1 hereto accurately sets forth: (a) Citizens' exact legal name, (b) Citizens' organizational type and jurisdiction of organization, (c) Citizens' organizational identification number or accurate statement that Citizens' has none and (d) Citizens' place of business or, if more than one, its chief executive office as well as Citizens' mailing address if different.

J. Reserved

K. Reserved

L. Required Approvals. No license, consent or approval of any governmental agency or authority is required to enable Citizens' to enter into this Agreement or the Note, or to perform any of its obligations provided for in such documents, except as disclosed in Schedule 1 hereto, all of which Citizens' has obtained prior to the date hereof.

ARTICLE III

LOAN

Section 3.01. Advances. Prior to the end of the Draw Period, C&T agrees to make, and Citizens' agrees to request on the terms and conditions of this Agreement, one or more Advances at the office of C&T in Lewisburg, Pennsylvania or at such other place as may be designated by C&T, in an aggregate principal amount not to exceed the C&T Commitment.

The obligation of Citizens' to repay the Advances shall be evidenced by the Note. Citizens' shall give C&T written notice of the date on which each Advance is to be made.

Section 3.02. Payment, Amortization and Interest Rate. The Note shall be payable and bear interest as follows:

A. Payments and Amortization. Citizens' shall promptly pay on each Payment Date all amounts then owing. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees shall be due and payable on the Maturity Date. At least quarterly, C&T will furnish to Citizens' a Payment Notice. Such Payment Notice shall be sent to Citizens' at least ten (10) days before the next ensuing Payment Date. However, C&T's failure to send an invoice shall not constitute waiver of by C&T or deemed to relieve Borrower of its obligation to make payments as and when due as provided herein.

Principal will be amortized in accordance with the method stated in Schedule 1 hereto. No provision of this Agreement or the Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

B. Application of Payments. Each payment shall be applied first to any charges other than interest or principal then due on the Note, second to interest accrued on the principal amount to the due date of such payment on the Note (or, at the election of the holder of the Note, to the date of such payment if the same is not paid on its due date); and the balance to the reduction of principal against the Note according to an amortization schedule provided to Citizens' from C&T.

C. Interest Rate. The Note shall bear interest at the NCSC Fixed Rate or the NCSC Variable Rate, as has been selected by Citizens' for the particular Advance(s) thereunder. Portions of the Note may bear interest at the NCSC Fixed Rate and/or the NCSC Variable Rate but in any event the interest rates shall be identical to, and in the same proportions the rates charged to C&T by NCSC, and will change any time the rate between C&T and NCSC changes, including application of a Default Rate.

Section 3.03. Prepayment. Citizens' may at any time, on not less than thirty (30) days written notice to C&T, prepay the Note, in whole or in part, together with the interest accrued to the date of prepayment and any prepayment premium that C&T may prescribe due to requirements imposed on C&T by NCSC to facilitate the prepayment. C&T shall not apply additional fees above the NCSC fees for exercise of the prepayment option.

ARTICLE IV

CONDITIONS OF LENDING

Section 4. The obligation of C&T to make the Advance(s) hereunder is subject to satisfaction of the following conditions:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for C&T.

B. Documents. C&T shall have been furnished with (i) executed originals satisfactory to C&T of this Agreement and the Note, and (ii) copies of all such corporate documents and proceedings of Citizens' authorizing the transactions hereby contemplated as C&T shall require.

C. Government Approvals. Citizens' shall have furnished to C&T true and correct copies of all certificates, authorizations and consents, including without limitation the consents referred to in Section 2.L. hereof, necessary for the execution, delivery or performance by Citizens' of this Agreement and the Note.

D. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default specified in Article VII and no event which, with the lapse of time or the notice and lapse of time specified in Article VII would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to the Advance on the books of Citizens'; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of Citizens'; and nothing shall have occurred which in the opinion of C&T materially and adversely affects Citizens' ability to meet its obligations hereunder.

E. Reserved

F. Special Conditions. C&T shall be fully satisfied that Citizens' has complied and will continue to comply with all special conditions identified in Schedule 1 hereto.

ARTICLE V

AFFIRMATIVE COVENANTS

Section 5. Citizens' covenants and agrees with C&T that until payment in full of the Note and performance of all obligations of Citizens' hereunder:

A. Notice. Citizens' agrees that it will not, directly or indirectly, without giving written notice to C&T thirty (30) days prior to the effective date of any change:

(a) Change of Location of Place of Business or Chief Executive Office. Change the location of Citizens' place of business or, if more than one, its chief executive office.

(b) Change of Name. Change the name of Citizens'.

(c) Change of Mailing Address. Change the mailing address of Citizens'.

(d) Change of Organizational Identification Number. Change its organizational identification number if it has one.

B. Organizational Change. Citizens' agrees that it will not, directly or indirectly, without the prior written consent of C&T change its type of organization, jurisdiction of organization or other legal structure.

C. Annual Certificate. Within one hundred twenty (120) days after the close of each calendar year, Citizens' will deliver to C&T a written statement signed by an officer of Citizens', stating that to the best of said person's knowledge, Citizens' has fulfilled all of its obligations under this Agreement and the Note, throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

D. Insurance. Citizens' agrees that it will maintain insurance as usually carried by entities engaged in the same and similar business. Said insurance shall name C&T as "loss payee" and a certificate evidencing said insurance shall be provided to C&T. Citizens' will promptly notify C&T of any change in its insurance carrier or of any material changes in its insurance coverage.

E. Reserved

F. Financial Books; Financial Reports; Right of Inspection. Citizens' will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of Citizens', in accordance with the Accounting Requirements. Citizens' will prepare and furnish C&T within 45 days of the close of each fiscal quarter of Citizens', financial and statistical reports on its condition and operations for the previous fiscal quarter. When requested by C&T, Citizens' will prepare and furnish C&T from time to time, not later than the last day of each month, financial and statistical reports on its condition and operations for the previous month. All of such reports shall be in such form and include such information as may be specified by C&T, including without limitation an income statement, balance sheet and cash flows. Citizens' will cause to be prepared and furnished to C&T from time to time, at least once during each 12-month period during the term hereof, a full and complete report of its financial condition and of its operations as of the end of the calendar year in form and substance satisfactory to C&T, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to C&T and accompanied by a report of such audit in form and substance satisfactory to C&T. Such report shall be furnished within one hundred twenty (120) days of the end of such calendar year. C&T, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of Citizens' or in anyway pertaining to its property or business.

G. Reserved

H. Special Affirmative Covenants. Citizens' agrees that it will comply with any special affirmative covenants identified in Schedule 1 hereto.

ARTICLE VI

NEGATIVE COVENANTS

Section 6. Citizens' covenants and agrees with C&T that Citizens' will not, directly or indirectly, without C&T's prior written consent:

A. Merger, Sale of Assets, etc. Enter into or be a party to any merger or consolidation, sell, assign, transfer, convey or lease all or any substantial part of its property or any interest therein except in the ordinary course of Citizens' business as now being conducted; purchase or otherwise acquire all or substantially all of the assets of any other person, or any shares of stock of, or similar interest in, any other person.

B. Limitations on Loans, Investments and Other Obligations.

(a) (i) purchase or make any commitment to purchase any stock, bonds, notes, debentures, or other securities or obligations of or beneficial interest in, (ii) make any other investment in, (iii) make any loan to, or (iv) guarantee, assume, or otherwise become liable for any obligation of, any corporation, association, partnership, joint venture, trust, government or any agency or department thereof, or any other entity of any kind if the aggregate amount of all such purchases, investments, loans and guarantees exceeds the greater of three percent (25%) of total assets as calculated in accordance with the Accounting Requirements.

(b) The following shall not be included in the limitations of purchases, investments, loans and guarantees in (a) above: (i) bonds, notes, debentures, stock, or other securities or obligations issued by or guaranteed by the United States government or any agency or instrumentality thereof; (ii) bonds, notes, debentures, stock, commercial paper, subordinate capital certificates, or any other security or obligation of institution whose senior unsecured debt obligations are rated by at least two nationally recognized rating organizations in either of their two highest categories; (iii) investments incidental to loans made by Citizens'; and (iv) any deposit that is fully insured by the Federal Government.

(c) In no event may Citizens' take any action pursuant to subsection (a) when there is unpaid any due installment of principal and/or interest on the Note.

C. Issuance of Voting Stock or Other Ownership Interests. Consent to or facilitate the transfer or issuance of any shares of any voting stock or other ownership interests of Citizens' without the prior written consent of C&T.

ARTICLE VII

EVENTS OF DEFAULT

Section 7. The following shall be "Events of Default" under this Agreement:

A. Representations and Warranties. Any representation or warranty made by Citizens' herein or in any certificate or financial statement furnished to C&T and proving to be false or misleading in any material respect;

B. Payment. Citizens' shall fail to make any payment of any installment of or on account of interest on or principal of (or premium, if any, associated with) the Note when and as the same shall be due and payable, whether by acceleration or otherwise, which shall remain unsatisfied for five (5) Business Days;

C. Other Covenants. Failure of Citizens' to observe or perform any other covenant or agreement contained in this Agreement or the Note, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to Citizens' by C&T;

D. Corporate Existence. Citizens' shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, consents or licenses required to carry on any material portion of its business;

E. Other Obligations. Default by Citizens' in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation;

F. Bankruptcy. Citizens' shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within sixty (60) days after the institution thereof;

G. Dissolution or Liquidation. Other than as provided in subsection F. above, the dissolution or liquidation of Citizens', or failure by Citizens' promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days. The term "dissolution or liquidation of Citizens'", as used in this subsection, shall not be construed to include the cessation of the corporate existence of Citizens' resulting either from a merger or consolidation of Citizens' into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 6.A. permitting such actions; or

H. Final Judgment. A final judgment in excess of \$100,000 shall be entered against Citizens' and shall remain unsatisfied or without a stay for a period of sixty (60) days.

ARTICLE VIII

REMEDIES

Section 8. If any of the Events of Default listed in Section 7 hereof shall occur after the date of this Agreement and shall not have been remedied within the grace periods specified therein, then C&T may pursue all rights and remedies available to C&T, including, but not limited to, terminating Citizens' ability to receive additional Advances hereunder, a suit for specific performance, injunctive relief, damages or to declare all unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. Nothing herein shall limit the right of C&T to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Section 7 hereof. Each right, power and remedy of C&T shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver or any other right, power or remedy.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are as follows:

C&T Enterprises, Inc.
1775 Industrial Boulevard
Lewisburg, PA 17837

Citizens' Electric Company
1775 Industrial Boulevard
Lewisburg, PA 17837

Section 9.02. Expenses. Citizens' will pay all costs and expenses of C&T, including reasonable fees of counsel, incurred in connection with the enforcement of this Agreement, the Note, or other instruments provided for herein or with the preparation for such enforcement if C&T has reasonable grounds to believe that such enforcement may be necessary.

Section 9.03. Late Payments. If payment of any principal and/or interest due under the terms of the Note is not received at C&T's office in Lewisburg Pennsylvania or such other place as C&T may designate to Citizens', within five (5) Business Days after the due date thereof or such other time periods as C&T may prescribe from time to time in the policies of general application in connection with any late payment charges, (such unpaid amount of principal and/or interest being herein called the "delinquent amount", and the period beginning after such due date until payment of the delinquent amount being herein called the "late-payment period"), Citizens' will pay to C&T, in addition to all other amounts due under the terms of the Note and this Agreement, any late payment charge as may be fixed by C&T from time to time, on the delinquent amount for the late-payment period.

Section 9.04. Filing Fees. To the extent permitted by law, Citizens' agrees to pay all expenses of C&T (including the reasonable fees and expenses of its counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by C&T in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. Citizens' agrees to save harmless and indemnify C&T from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by C&T in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder.

Section 9.05. Rescission Fee. Citizens' may elect not to borrow all or any portion of the C&T Commitment, in which event C&T shall release Citizens' from its obligation hereunder, provided Citizens' complies with such terms and conditions as C&T may impose for such release including, without limitation, payment of all or any portion of any rescission fee which C&T may be obligated to pay to any third party, including but not limited to any rescission fee that C&T may be obligated to pay to NCSC or its assignee.

Section 9.06. No Waiver. No failure on the part of C&T to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise by C&T of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 9.07. Right of Setoff. Upon the occurrence and during the continuance of any Event of Default, C&T is hereby authorized at any time and from time to time, without prior notice to Citizens', to exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by C&T or owed to Citizens' or for the credit or account of Citizens' against any and all of the obligations of Citizens' now or hereafter existing hereunder or under the Note. C&T agrees to notify Citizens' promptly after any such setoff or recoupment and the application thereof provided that the failure to give such notice shall not impact the validity of such setoff, recoupment or application. The rights of C&T under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which C&T may have. Citizens' waives all rights of setoff, deduction, recoupment or counterclaim.

Section 9.08. Holiday Payments. If any payment to be made by Citizens' hereunder shall become due on a Saturday, Sunday or business holiday of C&T, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 9.09. Modifications. No modification or waiver of any provision of this Agreement or the Note and no consent to any departure by Citizens' therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent.

Section 9.10. Merger and Integration. This Agreement and matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

Section 9.11. Headings. The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 9.12. Severability. If any term, provision or condition, or any part thereof, of this Agreement or the Note shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the Note shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 9.13. Survival; Successors and Assigns. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery to C&T of the Note, and shall continue in full force and effect until all of the obligations have been paid in

full. All covenants, agreements, representations and warranties by or on behalf of Citizens' which are contained in this Agreement shall inure to the benefit of the successors and assigns of C&T. This Agreement may not be assigned by Citizens' without the prior written consent of C&T.

Section 9.14. Use of Terms; Headings. The use of any gender or the neuter herein shall also refer to the singular, and vice versa. The headings and subheadings shall also refer to the other gender or the neuter and the use of the plural contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

SECTION 9.15. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

(B) CITIZENS' HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN PENNSYLVANIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. CITIZENS' IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) EACH OF CITIZENS' AND C&T HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.16. Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CITIZENS' ELECTRIC COMPANY OF
LEWISBURG, PA

(SEAL)

By: 

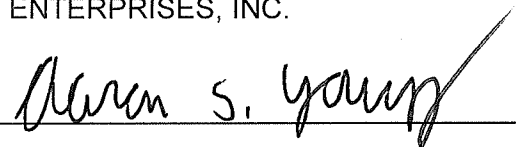
Title: President & CEO

Attest: Kathleen G. Stauder

Title: Treasurer + CEO

C&T ENTERPRISES, INC.

(SEAL)

By: 

Title: C&T CO-CEO

Attest: Melissa S. Jullway

Title: C&T CEO

SCHEDULE 1

1. The purpose of the Loan is for C&T to lend to its affiliate, Citizens' Electric Company of Lewisburg, PA ("Citizens"), for purposes of financing capital improvements and other utility expenses.
2. The principal C&T Commitment shall mean \$3,000,000.00.
3. Draw Period shall mean the period beginning on the date hereof and ending on the date that is three (3) years thereafter.
4. The Payment Date months are on a quarterly basis (*i.e.*, March, June, September and December).
5. The amortization method referred to in Section 3.02(a) shall mean: As selected by Citizens' in a written funds requisition at the time of the Advance, not to exceed thirty (30) years from the date of the Advance.
6. The date of Citizens' balance sheet referred to in Section 2.H is for the year-ended December 31, 2024.
7. Citizens' exact legal name is: CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA
8. Citizens' organizational type is: Business Corporation.
9. Citizens' is organized under the laws of the Commonwealth of Pennsylvania.
10. Citizens' organizational Pennsylvania identification number is: PA Entity No. 1000079863
11. The place of business or, if more than one, the chief executive office of Citizens' referred to in Section 2.I. is 1775 Industrial Blvd, Lewisburg, PA 17837.
12. The following licenses, consents or approvals are needed and have been obtained by Citizens' pursuant to Section 2.L.: Pennsylvania Public Utility Commission.
13. The method of principal amortization is level debt service.
14. The special conditions referred to in Section 4.F. are as follows:
 - (a) Citizens' shall have furnished to C&T true and correct copies of all certificates, authorizations and consents, including without limitation that of the Pennsylvania Public Utility Commission, necessary for the execution, delivery or performance by Citizens' of the Loan Agreement and Note.
15. The special affirmative covenants referred to in Section 5.H. are as follows:
 - (a) By January 31 of each calendar year this Agreement is in effect, Citizens' shall provide C&T an updated financial forecast for a period of at least five years including balance sheets, income statements, and cash flows in form and substance acceptable to C&T.

- (b) Without the prior written consent of C&T, Citizens' shall not cause or permit any Subsidiary to (i) consolidate with, merge, or sell all or substantially all of its business or assets, to another entity or person or (ii) acquire the assets of another business or entity.

PROMISSORY NOTE

\$3,000,000.00

Dated as of July 14, 2025

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA, a Pennsylvania corporation ("Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of C&T ENTERPRISES, INC. (the "Payee"), at its office in Lewisburg, Pennsylvania or such other location as the Payee may designate to Borrower, in lawful money of the United States, the maximum principal sum of THREE MILLION DOLLARS (\$3,000,000.00) or such lesser amount as may be advanced to or for the benefit of the Borrower pursuant to that certain Loan Agreement between Borrower and the Payee, dated as of even date herewith as it may be amended from time to time (the "Loan Agreement") and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable at the times provided in the Loan Agreement together with any other amount payable under the Loan Agreement, except that if not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable thirty-three (33) years from the date of the Loan Agreement (such date herein called the "Maturity Date"), provided, however, that if such a date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement. The principal hereof and accrued interest thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Loan Agreement.

Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest and notice of non-payment of this Note and waives the defense of usury.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

(SEAL)

CITIZENS' ELECTRIC COMPANY OF
LEWISBURG, PABy: Title: President & CEOAttest: Title: Treasurer & CFO

Citizens' Electric Company of Lewisburg, Pa.

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2024 and 2023

**Citizens' Electric Company of Lewisburg, Pa.
Contents
December 31, 2024 and 2023**

Contents

Independent Auditor's Report	1
Financial Statements	
Balance Sheets	3
Statements of Income	4
Statements of Stockholder's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Comparative Financial Statistics	19
Utility Plant and Accumulated Depreciation – 2024	20
Accrued Taxes, Net.....	21
Operating Revenues and Taxes, Other Than Income	22
Distribution, Operation; Distribution, Maintenance; Customer Accounts and General and Administrative Expenses	23

Independent Auditor's Report

Board of Directors
Citizens' Electric Company of Lewisburg, Pa.
Lewisburg, Pennsylvania

Opinion

We have audited the financial statements of Citizens' Electric Company of Lewisburg, Pa. (Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, stockholder's 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 Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with 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 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 Company's ability to continue as a going concern within one year after the date that these 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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Company's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The basic financial statements of Citizens' Electric Company of Lewisburg, Pa. for the years ended December 31, 2022, 2021, and 2020, (none of which is presented herein) were audited by us in accordance with auditing standards generally accepted in the United States of America, and we expressed an unmodified opinion on those basic financial statements. In our opinion, the information for 2022, 2021, and 2020, presented on page 19 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvick Mazarc, LLP

**St. Louis, Missouri
March 12, 2025**

**Citizens' Electric Company of Lewisburg, Pa.
Balance Sheets
December 31, 2024 and 2023**

	2024	2023
ASSETS		
Utility Plant, at Cost		
Electric plant in service	\$ 30,802,761	\$ 29,509,881
Accumulated depreciation	(15,229,615)	(14,740,113)
	15,573,146	14,769,768
Construction work in progress	119,314	175,214
Net utility plant	15,692,460	14,944,982
 Other Assets and Nonutility Property		
Nonutility property	21,704	21,704
Goodwill, net	3,978,203	3,978,203
Regulatory assets	112,581	172,817
Cash surrender value of life insurance	175,925	160,044
Other	70,346	67,040
Total Other Assets and Nonutility Property	4,358,759	4,399,808
 Current Assets		
Cash and cash equivalents	553,348	551,746
Accounts receivable		
Customers, net of allowance		
2024 and 2023 - \$35,000	1,173,451	1,456,491
Unbilled revenues	1,100,909	1,020,029
Other	101,732	81,514
Advances, affiliates	90,700	90,700
Inventories	303,686	295,406
Prepaid expenses and other	31,769	38,219
Under collected power costs	263,044	138,131
Total Current Assets	3,618,639	3,672,236
Total Assets	\$ 23,669,858	\$ 23,017,026

See Notes to Financial Statements

	2024	2023
LIABILITIES AND STOCKHOLDER'S EQUITY		
Stockholder's Equity		
Common stock, par value \$10 per share; authorized 200,000 shares; issued 139,472 shares; outstanding 134,702 shares	\$ 1,394,720	\$ 1,394,720
Paid-in capital	1,236,168	1,236,168
Retained earnings	11,728,535	11,443,312
	14,359,423	14,074,200
Treasury stock, at cost; 4,770 shares	(376,830)	(376,830)
Total Stockholder's Equity	13,982,593	13,697,370
Long-Term Debt	1,540,746	1,649,104
Finance Lease Liabilities	432,598	255,939
Current Liabilities		
Current maturities of long-term debt	108,359	145,289
Current maturities of finance lease liabilities	90,626	57,584
Line of credit	3,300,000	2,600,000
Accounts payable		
Trade	136,305	155,972
Related party	229,797	218,124
Due for purchased electricity	839,832	883,855
Accrued expenses	291,139	286,863
Customer deposits	299,385	257,839
Accrued taxes, net	38,360	307,082
Total Current Liabilities	5,333,803	4,912,608
Deferred Charges and Other Liabilities		
Deferred income taxes	1,645,300	1,698,300
Accrued postretirement cost	555,864	613,934
Regulatory liability	176,954	187,771
Deferred benefits	2,000	2,000
Total Deferred Charges and Other Liabilities	2,380,118	2,502,005
Total Liabilities and Stockholder's Equity	\$ 23,669,858	\$ 23,017,026

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Income
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Revenues	<u>\$ 16,378,412</u>	<u>\$ 20,412,472</u>
Operating Expenses		
Power	9,682,484	13,730,344
Distribution expenses		
Operation	981,866	978,730
Maintenance	644,907	691,018
Customer accounts	536,671	531,968
General and administrative	1,198,237	1,167,441
Depreciation	1,126,433	1,066,173
Taxes, other than income	978,426	1,285,061
	<u>15,149,024</u>	<u>19,450,735</u>
Operating Income Before Interest and Other Expenses	<u>1,229,388</u>	<u>961,737</u>
Other Income (Expenses)		
Interest expense	(307,972)	(268,687)
Acquisition debt expense	(556,189)	(556,189)
Other income	54,873	87,604
Other expense	(23,767)	(24,587)
	<u>(833,055)</u>	<u>(761,859)</u>
Income Before Income Taxes	396,333	199,878
Provision (Credit) for Income Taxes	<u>68,810</u>	<u>(76,523)</u>
Net Income	<u>\$ 327,523</u>	<u>\$ 276,401</u>

Citizens' Electric Company of Lewisburg, Pa.
Statements of Stockholder's Equity
Years Ended December 31, 2024 and 2023

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, January 1, 2023	\$ 1,394,720	\$ 1,236,168	\$ 11,207,311	\$ (376,830)	\$ 13,461,369
Net income	-	-	276,401	-	276,401
Dividends	-	-	(40,400)	-	(40,400)
Balance, December 31, 2023	1,394,720	1,236,168	11,443,312	(376,830)	13,697,370
Net income	-	-	327,523	-	327,523
Dividends	-	-	(42,300)	-	(42,300)
Balance, December 31, 2024	<u>\$ 1,394,720</u>	<u>\$ 1,236,168</u>	<u>\$ 11,728,535</u>	<u>\$ (376,830)</u>	<u>\$ 13,982,593</u>

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Activities		
Net income	\$ 327,523	\$ 276,401
Items not requiring (providing) cash		
Depreciation and amortization	1,212,725	1,188,013
Deferred income taxes	(53,000)	(166,500)
Increase in cash surrender value of life insurance	(15,881)	(18,321)
Changes in		
Accounts receivable	181,942	353,560
Inventories	(8,280)	(74,693)
Regulatory assets and liabilities	(36,873)	(36,120)
Prepaid expenses and other assets	3,144	4,966
Accounts payable and accrued expenses	(3,776)	(40,686)
Due for purchased electricity	(44,023)	(651,150)
Customer deposits	41,546	33,865
Accrued postretirement costs	(58,012)	(38,431)
Accrued taxes, net	(268,722)	159,776
Over collected power costs	(124,913)	29,866
Net Cash Provided by Operating Activities	<u>1,153,400</u>	<u>1,020,546</u>
Investing Activity		
Additions to utility plant, net	(1,599,214)	(1,673,153)
Net Cash Used in Investing Activity	<u>(1,599,214)</u>	<u>(1,673,153)</u>
Financing Activities		
Borrowings under line of credit agreement	1,800,000	3,000,000
Repayments under line of credit agreement	(1,100,000)	(1,900,000)
Principal payments on finance lease liabilities	(64,996)	(110,652)
Principal payments on long-term debt	(145,288)	(140,866)
Dividends paid	(42,300)	(40,400)
Net Cash Provided by Financing Activities	<u>447,416</u>	<u>808,082</u>
Increase in Cash and Cash Equivalents	1,602	155,475
Cash and Cash Equivalents, Beginning of Year	<u>551,746</u>	<u>396,271</u>
Cash and Cash Equivalents, End of Year	<u>\$ 553,348</u>	<u>\$ 551,746</u>
Supplemental Cash Flows Information		
Interest paid	<u>\$ 307,972</u>	<u>\$ 268,687</u>
Income taxes paid	<u>\$ 113,000</u>	<u>\$ 113,000</u>
Right-of-use asset obtained in exchange for new finance lease liability	<u>\$ 274,697</u>	<u>\$ -</u>

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Note 1. Nature of Operations and Summary of Significant Accounting Policies***Nature of Operations***

Citizens' Electric Company of Lewisburg, Pa. ("Company"), a wholly-owned subsidiary of C&T Enterprises, Inc. ("C&T"), is a regulated public utility distributing electric service to customers in parts of Union and Northumberland Counties, Pennsylvania. The Company's operations are regulated by the Pennsylvania Public Utility Commission ("PUC"). The Company extends unsecured credit to its customers.

Basis of Accounting

The Company maintains its accounting records in accordance with the Federal Energy Regulatory Commission's ("FERC") uniform system of accounts for public utilities as modified and adopted by the PUC. The accompanying financial statements and the related notes have been prepared on the basis of U.S. generally accepted accounting principles ("GAAP").

In accordance with FERC guidelines, the Company also maintains its accounts in accordance with Codification Topic 980, *Regulated Operations*. On a regular basis, the Company reevaluates its application of accounting for regulated operations. The Company has determined that regulatory assets and liabilities should continue to be accounted for under provisions of Codification Topic 980 because it is reasonable to assume that the Company will continue to be able to charge and collect its cost of service-based rates.

Purchased Power

The Company purchases power under a default service plan that utilizes a third party generator to fulfill its requirements under the current plan. The plan, which was approved by the PUC, allows for full recovery of the cost of energy supply and all related costs, including legal and consulting fees and allows adjustments to rates to reflect current market conditions. Power costs can be different than what is recovered in base charges, resulting in over or under collected power costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include unbilled revenues, depreciation, goodwill and postretirement benefits.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted primarily of a daily investment fund account.

At December 31, 2024, the Company's cash accounts did not exceed federally insured limits.

Accounts Receivable

Accounts receivable include billed and unbilled amounts for services provided to customers for which the Company has an unconditional right to payment. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable factors.

Accounts receivable are ordinarily due 20 days after the issuance of the invoice. Accounts that are unpaid after the due date bear interest at 1.50% per month. Accounts past due more than 30 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is no longer classified as delinquent.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

During the years ended December 31, 2024 and 2023, credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured, was approximately \$27,000 and \$32,000, respectively.

Inventories

Inventories consist of materials and supplies and are stated at the lower of cost or net realizable value. Cost is determined based on average cost.

Utility Plant

Utility plant and equipment are carried at cost. Additions to utility plant and replacements of property are capitalized at cost. Retirements of electric plant or replacements are removed from electric plant accounts at cost and these costs plus cost of removal less salvage are charged to accumulated depreciation. Assets under finance lease obligations are amortized over the shorter of the lease term or respective estimated useful lives. Depreciation of utility plant is provided over the estimated useful life of the respective assets on a straight line basis as follows:

Utility Plant	Years
Distribution plant	25
General plant	33
Equipment	8-15

Maintenance and repairs of property and replacements are charged to expense.

Nonutility Property

Nonutility property consists of land not currently used for utility purposes.

Cash Surrender Value of Life Insurance

The Company has purchased a life insurance policy on a certain individual. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Impairment of Long-Lived Assets

The Company reviews the carrying amount of an asset for possible impairment whenever events or changes in circumstances indicate that such amounts may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. The quantitative impairment test consists of calculating the fair value of a reporting unit and comparing it to the carrying amount, including goodwill. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of a reporting unit, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

The Company did not record any impairment charges for 2024 or 2023.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Income Taxes

The Company is included in the consolidated federal income tax return filed by C&T. The Company files its own tax return in Pennsylvania. The Company's federal income tax expense is computed using the separate return method for intercorporate tax allocation.

The Company accounts for income taxes in accordance with income tax accounting guidance (Financial Accounting Standards Board ("FASB") Accounting Standards (ASC) 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Regulatory Matters

The Company is subject to the authoritative accounting guidance applicable to rate-regulated organizations. The Pennsylvania PUC has full authority to establish electric rates. Certain items collected in rates have been recorded as regulatory liabilities. These amounts will be recognized as revenue in future periods as costs for which the amounts have been collected are incurred, or when authorized by the Pennsylvania PUC. Certain expenses have been recorded as regulatory assets, and management believes these amounts are probable of future rate recovery.

Revenue Recognition

Revenues from the sale of electricity are recognized as electricity is delivered to customers. Revenues also include amounts receivable from or payable to customers through purchased power clauses, which are adjusted semi-annually.

Costs that are recoverable or refundable in future periods through purchase power recovery are deferred. Costs that are refundable or recoverable in future periods through purchased power recovery rates are subject to audit and approval by the appropriate regulatory body. Changes to the related asset or liability amounts that result from these audits are recorded as a charge to current operations.

The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. Unbilled revenues of \$1,100,909 and \$1,020,029 at December 31, 2024 and 2023, respectively, represent amounts delivered through December 31 and not billed to the members until the following month. Customer deposits of \$299,385 and \$257,839 at December 31, 2024 and 2023, respectively, represent amounts received in advance of services provided. See Note 11 for additional information about the Company's revenue.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

For significant financing components, the Company elected a practical expedient, which allows an entity to recognize the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less, or if the reason the contract extended beyond one year is because the timing of delivery of the product is at the customer's discretion. As the Company's contracts are typically less than one year in length and do not have significant financing components, the Company has not presented revenue on a present value basis.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date. The ROU asset for finance leases are included in utility plant in our balance sheets.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

Taxes Collected from Customers and Remitted to Governmental Authorities

Sales and gross receipts taxes collected from customers and remitted to governmental authorities are presented in the accompanying statements of income on a net basis.

Note 2. Leases**Nature of Leases**

The Company has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of vehicles for the use of the Company. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

All Leases

The Company has no material related-party leases. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2024 and 2023 are:

	2024	2023
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 89,922	\$ 76,700
Interest on lease liabilities	14,931	13,927
Short-term lease cost	530	520
Total lease cost	\$ 105,383	\$ 91,147
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	\$ 64,996	\$ 110,652
Weighted-average remaining lease term		
Finance leases	2.38 years	1.78 years
Weighted-average discount rate		
Finance leases	5.51%	4.95%

See Note 6 for future minimum lease payments and reconciliation to the balance sheet at December 31, 2024.

Note 3. Utility Plant

Utility plant consists of the following at December 31:

	2024	2023
Electric plant in service		
Distribution plant	\$ 27,120,698	\$ 25,895,278
General plant	1,099,144	1,042,086
Equipment	2,582,919	2,572,517
	30,802,761	29,509,881
Construction work-in-progress	119,314	175,214
	30,922,075	29,685,095
Accumulated depreciation	(15,229,615)	(14,740,113)
	\$ 15,692,460	\$ 14,944,982

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Note 4. Regulatory Assets and Liability

Regulatory assets consist of the following at December 31:

	<u>2024</u>	<u>2023</u>	<u>Amortization Period</u>
Rate case - 2022	\$ 80,155	\$ 147,203	3 years
POLR/PJM - 2021	7,533	25,614	3 years
POLR/PJM - 2024	<u>24,893</u>	<u>-</u>	* 3 years
	<u>\$ 112,581</u>	<u>\$ 172,817</u>	

* Amortization period has not begun

For the years ended December 31, 2024 and 2023, the Company recorded a regulatory liability of \$176,954 and \$187,771, respectively, for other postretirement benefits that resulted from unrecognized gains. The Company expects to recover the deferred other postretirement benefits consistent with the anticipated income recognition of other postretirement income.

Amortization expense was \$86,292 and \$106,756 for the years ended December 31, 2024 and 2023, respectively.

Note 5. Line of Credit

The Company has a \$4,000,000 revolving line of credit with C&T payable on demand. At December 31, 2024 and 2023, there was \$3,300,000 and \$2,600,000 borrowed against this line, respectively. Interest varies based on the CoBank quoted variable rate. The rate was 6.39% and 7.41% on December 31, 2024 and 2023, respectively, and is payable monthly.

While the line of credit above is due on demand, the Company utilizes the financing for long-term operating purposes and does not have liquid funds available to repay the balance. The borrowings are available as a result of a line of credit agreement that C&T has with a third party, which is due in July 2026. C&T has no intentions of calling the debt before July 2026.

Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023

Note 6. Long-Term Debt and Finance Lease Liabilities

	<u>2024</u>	<u>2023</u>
Note payable, C&T, quarterly principal and interest payments of \$22,323; interest at 2.37%; collateralized by substantially all Company assets, due June 2025	\$ 41,016	\$ 121,606
Note payable, C&T, quarterly principal and interest payments of \$19,117; interest at 3.925%; collateralized by substantially all Company assets, due December 2041	945,319	983,737
Note payable, C&T, quarterly principal and interest payments of \$13,660; interest at 4.175%; collateralized by substantially all Company assets, due December 2041	662,770	689,050
Finance lease liabilities for equipment, requiring monthly principal and interest payments ranging from \$620 to \$3,280; collateralized by leased equipment, payments due in varying amounts through August 2031	523,224	313,523
	2,172,329	2,107,916
Less current maturities	198,985	202,873
	<u>\$ 1,973,344</u>	<u>\$ 1,905,043</u>

Aggregate annual maturities of long-term debt and payments on finance lease liabilities at December 31, 2024 are:

	<u>Long-Term Debt</u>	<u>Finance Lease Liabilities</u>
2025	\$ 108,359	\$ 115,017
2026	70,096	106,153
2027	72,962	112,219
2028	75,945	97,039
2029	79,049	39,361
Thereafter	1,242,694	134,276
	<u>\$ 1,649,105</u>	604,065
Less amount representing interest		<u>80,841</u>
Present value of future minimum lease payments		<u>\$ 523,224</u>

Transportation equipment under finance lease liabilities is as follows:

	<u>2024</u>	<u>2023</u>
Transportation equipment	\$ 728,483	\$ 724,293
Accumulated depreciation	(268,878)	(430,125)
	<u>\$ 459,605</u>	<u>\$ 294,168</u>

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

C&T has a Master Letter of Credit agreement with National Cooperative Services Corporation. This Letter of Credit is for \$7,000,000 and expires October 2029. The Company has the ability to post letters of credit with wholesale electric suppliers under the terms of this agreement. As of December 31, 2024 and 2023, the Company had no outstanding letters of credit.

Note 7. Income Taxes

The provision (credit) for income taxes includes these components:

	2024	2023
Taxes currently payable	\$ 121,810	\$ 89,977
Deferred income taxes	(53,000)	(166,500)
Income tax expense (benefit)	\$ 68,810	\$ (76,523)

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense (benefit) is shown below:

	2024	2023
Computed at the statutory rate (21%)	\$ 83,230	\$ 41,974
Increase resulting from		
State income taxes	5,893	(7,427)
Utilization of federal net operating losses	-	(166,500)
Other	(20,313)	55,430
Actual tax expense (benefit)	\$ 68,810	\$ (76,523)

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2024	2023
Deferred tax assets		
Allowance for credit losses	\$ 9,600	\$ 9,700
Post retirement benefits	183,300	202,100
Other	95,700	98,500
	288,600	310,300
Deferred tax liabilities		
Depreciation	(1,894,400)	(1,950,100)
Other	(39,500)	(58,500)
	(1,933,900)	(2,008,600)
Net deferred tax liability	\$ (1,645,300)	\$ (1,698,300)

At December 31, 2024 and 2023, the Company had no allocation of C&T consolidated unused federal operating loss carryforwards.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Note 8. Pension and Postretirement Plans***Multiemployer Pension Plans***

C&T is a member of the National Rural Electric Cooperative Association ("NRECA") Retirement Security Plan ("RS Plan"), a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The Plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

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

C&T contributions to the RS Plan in 2024 and 2023 represented less than 5% of the total contributions made to the plan by all participating employers. C&T made contributions to the plan of \$3,497,266 and \$3,441,415 for years ended December 31, 2024 and 2023, respectively. The Company reimbursed C&T \$476,390 and \$495,173 for its share of the contributions for the years ended December 31, 2024 and 2023, respectively. There have been no significant changes affecting the comparability of the 2023 and 2023 contributions.

In 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 on January 1, 2024 and 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 a part of the actuarial valuation of the plan and may change as a result of plan experience.

C&T is also a member of the NRECA SelectRE Pension Plan. C&T makes a matching contribution of 200% of the employees' contributions up to 2.5% of compensation. The Company reimbursed C&T \$89,357 and \$85,819 for its share of contributions for the years ended December 31, 2024 and 2023, respectively.

Other Postretirement Benefit Plans

C&T has a postretirement health care plan covering substantially all employees. The Plan is unfunded. The estimated costs that will be paid after retirement are generally being accrued over the employees' active service periods to the dates they are fully eligible for benefits. The Company expects to contribute \$32,000 to the Plan in 2025. The following table sets forth the Plan's funded status and the amounts of accrued benefit cost of the C&T plan and the Company's allocation based on an actuarial valuation as of December 31, 2024 and 2023.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
C&T's benefit obligation	\$ 5,587,931	\$ 5,725,208
Company's allocation of benefit obligation	\$ 669,250	\$ 727,262
C&T's accrued benefit cost	\$ 5,587,931	\$ 5,725,208
Company's allocation of accrued benefit cost	\$ 669,250	\$ 727,262
Amounts recognized in the Company's balance sheets		
Current liability, included in accrued expenses	\$ 113,386	\$ 113,328
Non-current liability	555,864	613,934
	<u>\$ 669,250</u>	<u>\$ 727,262</u>
C&T's benefit expense	\$ 472,064	\$ 480,148
Company's allocation of benefit expense	\$ 42,284	\$ 42,284

The Company uses a December 31 measurement date for the plans. For measurement purposes, a 6.50% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2024. The rate was assumed to decrease gradually to 4.75% in 2030 and remain at that level thereafter.

The benefit obligation was calculated assuming a weighted average discount rate of 5.15% and 5.10% in 2024 and 2023, respectively.

The amount of net gain and net prior service cost expected to be recognized by the Company during 2025 is \$7,801 and \$-0-, respectively.

Benefits expected to be paid by the Company in each of the next five years and in the aggregate for the five years thereafter are as follows:

2025	\$ 113,386
2026	\$ 91,048
2027	\$ 84,731
2028	\$ 87,596
2029	\$ 111,884
2030-2034	\$ 107,841

Because the Company is subject to regulation in the states in which it operates, it is required to maintain its accounts in accordance with the regulatory authority's rules and regulations, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance of accounting for regulated operations. Based on prior regulatory practice, and in accordance with the related guidance, the Company recorded an unfunded postretirement obligation, which otherwise would be recognized as other comprehensive income, as a regulatory asset, and expects to recover those costs in rates charged to customers.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

Note 9. Related Party Transactions

The Company has a contract for services with C&T to purchase all employee services. The contract automatically renews annually unless terminated by either party.

In the ordinary course of business, the Company's activities involve significant transactions with C&T. The activity between the Company and C&T for the years ended December 31, 2024 and 2023, and the effected account balances at December 31, 2024 and 2023, were as follows:

	2024	2023
Allocation of overhead recorded as operating expense	\$ 473,098	\$ 434,514
Other costs in accounts receivable - other	\$ 43,800	\$ 43,800
Accounts payable - related party	\$ 229,797	\$ 218,124
Accrued vacation liability in accrued expenses	\$ 173,588	\$ 167,762
Payroll costs paid in advance and included in advances, affiliate	\$ 90,700	\$ 90,700
Interest expense	\$ 280,375	\$ 256,329
Acquisition debt expense	\$ 556,189	\$ 556,189

The Company paid C&T \$2,057,330 and \$2,000,621 for payroll and \$920,419 and \$883,969 for benefits in 2024 and 2023, respectively.

Note 10. Commitments and Contingencies

The Company has guaranteed payments on notes payable that are obligations of C&T. At December 31, 2024, the amounts outstanding on these obligations are \$5,803,792, of which \$1,649,105 is recorded by the Company, see Note 6. These obligations are being repaid in quarterly payments of principal and interest through 2041. The amounts outstanding that are not recorded by the Company are being repaid through acquisition debt expense. The Company would be required to perform under this guarantee if C&T were to default under the notes payable and the bank were to demand the Company's performance.

Note 11. Revenue from Contracts with Customers

Performance Obligations

The Company's revenues are derived primarily from the sale of electric power to customers. Customers consist of commercial, industrial and residential accounts within dedicated territories in and around Lewisburg, Pennsylvania.

Rates charged for electric power sales to customers are established by the Pennsylvania PUC. The Company provides energy and capacity to customers as one stand-ready performance obligation. Electric power revenue is recognized by the Company upon transfer of control of promised services to customers in an amount that reflects the consideration expected to be received in exchange for those services.

The Company transfers control of the electric power to customers at each customer's meter point and the customers simultaneously receive and consume the benefits of the energy provided. Electric power provided to customers is accounted for as a series of performance obligations. Progress towards completion is measured using the output method [kilowatt hour (kwh) received by the customer], meter readings are taken at the end of

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2024 and 2023**

the month for billing purposes, the quantity of energy transferred is determined after the meter readings. Payments from customers are received in accordance with each customer's contract, which is ordinarily 20 days from the invoice date.

Revenue associated with the electric power performance obligation to customers are recorded as sales of electric energy and capacity to customers in the accompanying statements of income.

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are primarily affected by factors that impact demand.

Contract Balances

The following table provides information about the Company's accounts receivable and customer deposits from contracts with customers:

	<u>2024</u>	<u>2023</u>
Accounts receivable - customers, beginning of year	\$ 1,456,491	\$ 1,470,719
Accounts receivable - customers, end of year	\$ 1,173,451	\$ 1,456,491
Unbilled revenues, beginning of year	\$ 1,020,029	\$ 1,357,715
Unbilled revenues, end of year	\$ 1,100,909	\$ 1,020,029
Customer deposits, beginning of year	\$ 257,839	\$ 223,974
Customer deposits, end of year	\$ 299,385	\$ 257,839

Note 12. Subsequent Events

Subsequent events have been evaluated through March 12, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

**Citizens' Electric Company of Lewisburg, Pa.
Comparative Financial Statistics
Years Ended December 31, 2024, 2023, 2022, 2021, and 2020**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Income Statistics					
Operating revenues	\$ 16,378,412	\$ 20,412,472	\$ 17,029,076	\$ 13,759,137	\$ 13,654,824
Power purchased	9,682,484	13,730,344	10,987,752	7,890,338	8,165,083
Other operating expenses	<u>5,466,540</u>	<u>5,720,391</u>	<u>5,139,130</u>	<u>4,810,283</u>	<u>4,751,385</u>
Operating income	1,229,388	961,737	902,194	1,058,516	738,356
Other expense, net	<u>(833,055)</u>	<u>(761,859)</u>	<u>(687,864)</u>	<u>(679,226)</u>	<u>(701,008)</u>
Income before income taxes	396,333	199,878	214,330	379,290	37,348
Provision (credit) for income taxes	<u>68,810</u>	<u>(76,523)</u>	<u>105,286</u>	<u>238,526</u>	<u>80,248</u>
Net income (loss)	<u>\$ 327,523</u>	<u>\$ 276,401</u>	<u>\$ 109,044</u>	<u>\$ 140,764</u>	<u>\$ (42,900)</u>
Balance Sheet Statistics					
Working capital	\$ (1,715,164)	\$ (1,240,372)	\$ (466,530)	\$ 104,966	\$ 596,021
Total Stockholder's Equity	\$ 13,982,593	\$ 13,697,370	\$ 13,461,369	\$ 13,384,425	\$ 13,263,961
Per Share Statistics					
Basic earnings per share	\$ 2.43	\$ 2.05	\$ 0.81	\$ 1.05	\$ (0.32)
Book Value Per Share	\$ 103.80	\$ 101.69	\$ 99.93	\$ 99.36	\$ 98.47

**Citizens' Electric Company of Lewisburg, Pa.
Utility Plant and Accumulated Depreciation
Year Ended December 31, 2024**

Acct. No.	Account	Utility Plant				Accumulated Depreciation						
		Cost	Additions	Retirements	Cost	Balance	Retirements	Cost of Removals	Salvage Received	Depreciation		Balance
		January 1, 2024			December 31, 2024	January 1, 2024				December 31, 2024	Rate	Amount
Distribution plant												
302	Franchises and consents	27	-	-	27	255	-	-	-	0.000	-	\$ 255
360	Land and land rights	17,040	1,254	-	18,294	-	-	-	-	0.000	-	-
362	Station equipment	792,280	-	15,868	776,412	761,560	15,868	2,196	-	4.000	2,969	746,465
364	Poles, towers and fixtures	4,317,240	160,455	31,694	4,446,001	3,128,994	31,694	56,949	3,912	4.125	184,754	3,229,017
Overhead conductors and devices												
365		8,043,524	462,968	66,108	8,440,384	1,985,151	66,108	97,175	6,382	4.000	328,730	2,156,980
Underground conductors and devices												
367		3,485,764	180,115	2,624	3,663,255	2,142,257	2,624	2,775	231	4.000	141,732	2,278,821
368	Line transformers	2,950,070	140,154	32,422	3,057,802	2,251,693	32,422	-	-	4.000	120,120	2,339,391
369	Services	4,130,180	239,595	23,910	4,345,865	1,776,639	23,910	35,011	5,094	4.000	167,472	1,890,284
370	Meters	1,478,201	260,127	53,519	1,684,809	(46,144)	53,519	-	-	4.000	63,056	(36,607)
Street lighting and signal systems												
373		680,950	20,177	11,509	689,618	59,572	11,509	11,873	509	4.000	46,482	83,181
General plant												
Structures and improvements, general plant												
390		721,358	57,058	-	778,416	584,566	-	-	-	3.000	5,379	589,945
301	Organization	968	-	-	968	-	-	-	-	0.000	-	-
Intangible asset - EDI												
303	Equipment	319,218	-	-	319,218	319,215	-	-	-	0.000	-	319,215
391	Office furniture and equipment	595,278	20,301	170,748	444,831	428,049	170,748	-	-	8.000	41,164	298,465
392	Transportation equipment	1,294,630	278,419	151,118	1,421,931	890,038	151,117	-	-	12.500	113,641	852,562
393	Stores equipment	39,241	-	-	39,241	36,479	-	-	-	6.666	731	37,210
Tools, shop and garage equipment												
394		128,054	9,237	-	137,291	77,162	-	-	-	10.000	8,375	85,537
395	Laboratory equipment	66,746	-	-	66,746	39,840	-	-	-	6.666	4,184	44,024
396	Power operated equipment	11,845	-	-	11,845	13,508	-	-	-	12.500	-	13,508
397	Communication equipment	405,497	23,742	1,202	428,037	282,702	1,202	-	-	6.666	9,256	290,756
398	Miscellaneous equipment	31,770	-	-	31,770	8,577	-	-	-	6.666	2,029	10,606
		<u>29,509,881</u>	<u>1,853,602</u>	<u>560,722</u>	<u>30,802,761</u>	<u>\$ 14,740,113</u>	<u>\$ 560,721</u>	<u>\$ 205,979</u>	<u>\$ 16,128</u>		<u>1,240,074</u>	<u>\$ 15,229,615</u>
Construction work-in-process		<u>175,214</u>	<u>-</u>	<u>55,900^N</u>	<u>119,314</u>						<u>Less charged to clearing</u>	<u>113,641</u>
		<u>\$ 29,685,095</u>	<u>\$ 1,853,602</u>	<u>\$ 616,622</u>	<u>\$ 30,922,075</u>						<u>Total depreciation</u>	<u>\$ 1,126,433</u>

^(N) Net Decrease

**Citizens' Electric Company of Lewisburg, Pa.
Accrued Taxes, Net
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
State gross receipts tax	\$ (86,455)	\$ (372,013)
State public utility realty tax	13,123	16,853
State income tax	(1,207)	16,185
Federal income tax	36,830	28,248
Other	(651)	3,645
	<u>\$ (38,360)</u>	<u>\$ (307,082)</u>

**Citizens' Electric Company of Lewisburg, Pa.
Operating Revenues and Taxes, Other Than Income
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Residential sales	\$ 11,286,366	\$ 14,080,536
Commercial and industrial sales	4,825,636	6,049,133
Public street and highway lighting sales	167,186	175,158
Customers' forfeited discounts	28,404	39,008
Rent from electric property	56,782	53,698
Other electric revenues	14,038	14,939
	<u>\$ 16,378,412</u>	<u>\$ 20,412,472</u>
Taxes, Other Than Income		
State gross receipts	\$ 894,130	\$ 1,222,013
State Pennsylvania Utility Commission assessment	63,038	40,815
State use tax	7,604	2,233
State public utility realty tax	13,654	20,000
	<u>\$ 978,426</u>	<u>\$ 1,285,061</u>

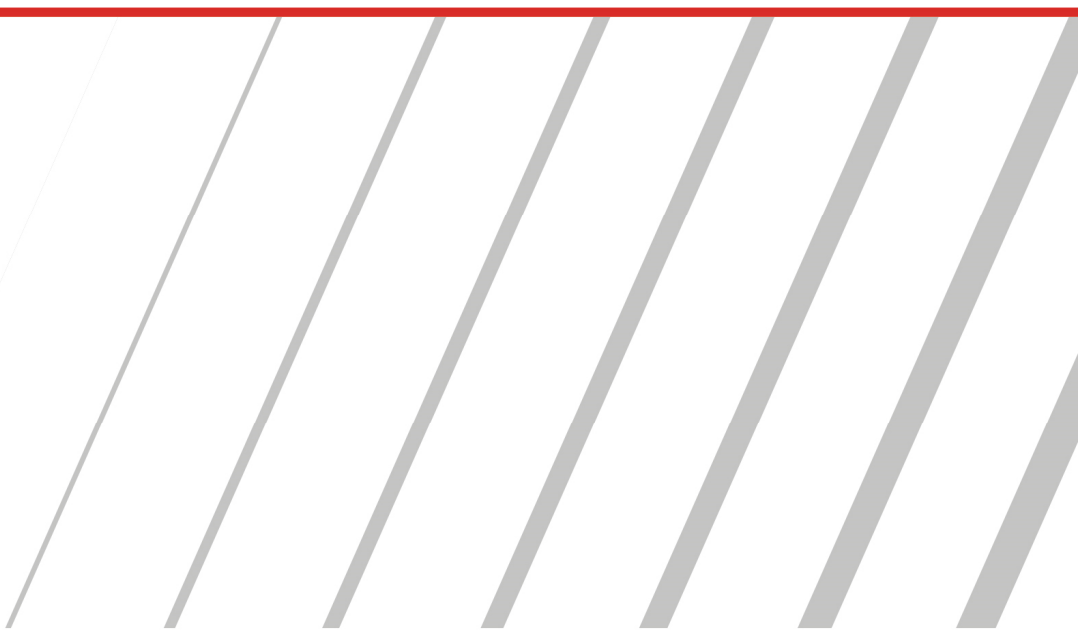
**Citizens' Electric Company of Lewisburg, Pa.
Distribution, Operation; Distribution, Maintenance;
Customer Accounts and General and Administrative Expenses
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Distribution, Operation Expenses				
Station	\$ 5,257	\$ 20,968	\$ (15,711)	-74.93%
Overhead lines	171,932	164,711	7,221	4.38%
Underground lines	54,098	77,898	(23,800)	-30.55%
Street lighting and signal system	12,169	8,095	4,074	50.33%
Meters	24,043	25,262	(1,219)	-4.83%
Engineering	147,493	139,449	8,044	5.77%
Customer installations	45,793	39,845	5,948	14.93%
Miscellaneous distribution	520,551	501,982	18,569	3.70%
Rents	530	520	10	1.92%
	<u>\$ 981,866</u>	<u>\$ 978,730</u>	<u>\$ 3,136</u>	<u>0.32%</u>
Distribution, Maintenance Expenses				
Station equipment	\$ 25,131	\$ 2,202	\$ 22,929	1041.28%
Overhead lines	558,562	563,526	(4,964)	-0.88%
Underground lines	13,331	16,531	(3,200)	-19.36%
Line transformers	31,969	85,912	(53,943)	-62.79%
Street lighting and signal system	15,914	22,847	(6,933)	-30.35%
	<u>\$ 644,907</u>	<u>\$ 691,018</u>	<u>\$ (46,111)</u>	<u>-6.67%</u>
Customer Accounts Expenses				
Meter reading	\$ 26,340	\$ 25,085	\$ 1,255	5.00%
Customer records and collection	483,000	474,977	8,023	1.69%
Uncollectible accounts	27,331	31,906	(4,575)	-14.34%
	<u>\$ 536,671</u>	<u>\$ 531,968</u>	<u>\$ 4,703</u>	<u>0.88%</u>
General and Administrative Expenses				
Salaries and benefits	\$ 699,187	\$ 749,198	\$ (50,011)	-6.68%
Administrative	154,815	104,651	50,164	47.93%
Outside services employed	40,008	47,389	(7,381)	-15.58%
Insurance	11,188	11,431	(243)	-2.13%
Injuries and damage	27,339	27,561	(222)	-0.81%
General advertising	655	1,061	(406)	-38.27%
Miscellaneous general	93,096	89,884	3,212	3.57%
Directors' committee	16,849	14,352	2,497	17.40%
Maintenance of general plant	155,100	121,914	33,186	27.22%
	<u>\$ 1,198,237</u>	<u>\$ 1,167,441</u>	<u>\$ 30,796</u>	<u>2.64%</u>

Citizens' Electric Company of Lewisburg, Pa.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



**Citizens' Electric Company of Lewisburg, Pa.
Contents
December 31, 2023 and 2022**

Contents

Independent Auditor's Report	1
Financial Statements	
Balance Sheets	3
Statements of Income	4
Statements of Stockholder's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Comparative Financial Statistics	20
Utility Plant and Accumulated Depreciation – 2023	21
Accrued Taxes, Net.....	22
Operating Revenues and Taxes, Other Than Income	23
Distribution, Operation; Distribution, Maintenance; Customer Accounts and General and Administrative Expenses	24



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Independent Auditor's Report

Board of Directors
Citizens' Electric Company of Lewisburg, Pa.
Lewisburg, Pennsylvania

Opinion

We have audited the financial statements of Citizens' Electric Company of Lewisburg, Pa. (Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, stockholder's 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 Company as of December 31, 2023 and 2022, 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 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 Company's ability to continue as a going concern within one year after the date that these 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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Company's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The basic financial statements of Citizens' Electric Company of Lewisburg, Pa. for the years ended December 31, 2021, 2020, and 2019, (none of which is presented herein) were audited by us in accordance with auditing standards generally accepted in the United States of America, and we expressed an unmodified opinion on those basic financial statements. In our opinion, the information for 2021, 2020, and 2019, presented on page 24 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS,LLP

**St. Louis, Missouri
March 15, 2024**

**Citizens' Electric Company of Lewisburg, Pa.
Balance Sheets
December 31, 2023 and 2022**

ASSETS

	2023	2022
Utility Plant, at Cost		
Electric plant in service	\$ 29,509,881	\$ 28,304,052
Accumulated depreciation	(14,740,113)	(14,020,800)
	14,769,768	14,283,252
Construction work in progress	175,214	54,750
	14,944,982	14,338,002
Other Assets and Nonutility Property		
Nonutility property	21,704	21,704
Goodwill	3,978,203	3,978,203
Regulatory assets	172,817	276,654
Cash surrender value of life insurance	160,044	141,723
Other	67,040	63,787
	4,399,808	4,482,071
Current Assets		
Cash and cash equivalents	551,746	396,271
Accounts receivable		
Customers, net of allowance		
2023 and 2022 - \$35,000	1,456,491	1,470,719
Unbilled revenues	1,020,029	1,357,715
Other	81,514	83,160
Advances, affiliates	90,700	90,700
Inventories	295,406	220,713
Prepaid expenses and other	38,219	46,438
Under collected power costs	138,131	167,997
	3,672,236	3,833,713
Total current assets		
	\$ 23,017,026	\$ 22,653,786

See Notes to Financial Statements

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2023</u>	<u>2022</u>
Stockholder's Equity		
Common stock, par value \$10 per share; authorized 200,000 shares; issued 139,472 shares; outstanding 134,702 shares	\$ 1,394,720	\$ 1,394,720
Paid-in capital	1,236,168	1,236,168
Retained earnings	<u>11,443,312</u>	<u>11,207,311</u>
	14,074,200	13,838,199
Treasury stock, at cost; 4,770 shares	<u>(376,830)</u>	<u>(376,830)</u>
Total stockholder's equity	<u>13,697,370</u>	<u>13,461,369</u>
Long-Term Debt	<u>1,649,104</u>	<u>1,794,393</u>
Finance Lease Liabilities	<u>255,939</u>	<u>319,709</u>
Current Liabilities		
Current maturities of long-term debt	145,289	140,866
Current maturities of finance lease liabilities	57,584	104,466
Line of credit	2,600,000	1,500,000
Accounts payable		
Trade	155,972	181,893
Related party	218,124	218,590
Due for purchased electricity	883,855	1,535,005
Accrued expenses	286,863	248,143
Customer deposits	257,839	223,974
Accrued taxes, net	<u>307,082</u>	<u>147,306</u>
Total current liabilities	<u>4,912,608</u>	<u>4,300,243</u>
Deferred Charges and Other Liabilities		
Deferred income taxes	1,698,300	1,864,800
Accrued postretirement cost	613,934	705,384
Regulatory liability	187,771	205,888
Deferred benefits	<u>2,000</u>	<u>2,000</u>
Total deferred charges and other liabilities	<u>2,502,005</u>	<u>2,778,072</u>
Total liabilities and stockholder's equity	<u>\$ 23,017,026</u>	<u>\$ 22,653,786</u>

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Income
Years Ended December 31, 2023 and 2022**

	2023	2022
Operating Revenues	\$ 20,412,472	\$ 17,029,076
Operating Expenses		
Power	13,730,344	10,987,752
Distribution expenses		
Operation	978,730	802,704
Maintenance	691,018	550,929
Customer accounts	531,968	512,146
General and administrative	1,167,441	1,174,839
Depreciation	1,066,173	1,060,784
Taxes, other than income	1,285,061	1,037,728
	19,450,735	16,126,882
Operating Income Before Interest and Other Expenses	961,737	902,194
Other Income (Expenses)		
Interest expense	(268,687)	(155,541)
Acquisition debt expense	(556,189)	(556,189)
Other income	87,604	53,143
Other expense	(24,587)	(29,277)
	(761,859)	(687,864)
Income Before Income Taxes	199,878	214,330
Provision (Credit) for Income Taxes	(76,523)	105,286
Net Income	\$ 276,401	\$ 109,044

Citizens' Electric Company of Lewisburg, Pa.
Statements of Stockholder's Equity
Years Ended December 31, 2023 and 2022

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, January 1, 2022	\$ 1,394,720	\$ 1,236,168	\$ 11,130,367	\$ (376,830)	\$ 13,384,425
Net income	-	-	109,044	-	109,044
Dividends	-	-	(32,100)	-	(32,100)
Balance, December 31, 2022	1,394,720	1,236,168	11,207,311	(376,830)	13,461,369
Net income	-	-	276,401	-	276,401
Dividends	-	-	(40,400)	-	(40,400)
Balance, December 31, 2023	<u>\$ 1,394,720</u>	<u>\$ 1,236,168</u>	<u>\$ 11,443,312</u>	<u>\$ (376,830)</u>	<u>\$ 13,697,370</u>

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating Activities		
Net income	\$ 276,401	\$ 109,044
Items not requiring (providing) cash		
Depreciation and amortization	1,188,013	1,187,532
Deferred income taxes	(166,500)	122,000
Decrease (Increase) in cash surrender value of life insurance	(18,321)	47,547
Changes in		
Accounts receivable	353,560	(1,033,710)
Inventories	(74,693)	(18,233)
Regulatory assets and liabilities	(36,120)	(94,414)
Prepaid expenses and other assets	4,966	7,618
RS plan prepayment	-	88,277
Accounts payable and accrued expenses	(40,686)	25,739
Due for purchased electricity	(651,150)	900,598
Customer deposits	33,865	(4,683)
Accrued postretirement costs	(38,431)	(107,976)
Accrued taxes, net	159,776	50,985
Over collected power costs	29,866	455,976
	<u>1,020,546</u>	<u>1,736,300</u>
Investing Activities		
Additions to utility plant, net	(1,673,153)	(1,577,952)
Premiums paid on life insurance policy	-	(10,000)
	<u>(1,673,153)</u>	<u>(1,587,952)</u>
Financing Activities		
Borrowings under line of credit agreement	3,000,000	700,000
Repayments under line of credit agreement	(1,900,000)	(400,000)
Principal payments on finance lease liabilities	(110,652)	(81,212)
Principal payments on long-term debt	(140,866)	(192,006)
Dividends paid	(40,400)	(32,100)
	<u>808,082</u>	<u>(5,318)</u>
Increase in Cash and Cash Equivalents	155,475	143,030
Cash and Cash Equivalents, Beginning of Year	<u>396,271</u>	<u>253,241</u>
Cash and Cash Equivalents, End of Year	<u>\$ 551,746</u>	<u>\$ 396,271</u>
Supplemental Cash Flows Information		
Interest paid	<u>\$ 268,687</u>	<u>\$ 155,541</u>
Income taxes paid	<u>\$ 113,000</u>	<u>\$ 82,010</u>
Right-of-use asset obtained in exchange for new finance lease liability	<u>\$ -</u>	<u>\$ 189,877</u>

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Note 1. Nature of Operations and Summary of Significant Accounting Policies***Nature of Operations***

Citizens' Electric Company of Lewisburg, Pa. ("Company"), a wholly-owned subsidiary of C&T Enterprises, Inc. ("C&T"), is a regulated public utility distributing electric service to customers in parts of Union and Northumberland Counties, Pennsylvania. The Company's operations are regulated by the Pennsylvania Public Utility Commission ("PUC"). The Company extends unsecured credit to its customers.

Basis of Accounting

The Company maintains its accounting records in accordance with the Federal Energy Regulatory Commission's ("FERC") uniform system of accounts for public utilities as modified and adopted by the PUC. The accompanying financial statements and the related notes have been prepared on the basis of U.S. generally accepted accounting principles ("GAAP").

In accordance with FERC guidelines, the Company also maintains its accounts in accordance with Codification Topic 980, *Regulated Operations*. On a regular basis, the Company reevaluates its application of accounting for regulated operations. The Company has determined that regulatory assets and liabilities should continue to be accounted for under provisions of Codification Topic 980 because it is reasonable to assume that the Company will continue to be able to charge and collect its cost of service-based rates.

Purchased Power

The Company purchases power under a default service plan that utilizes a third party generator to fulfill its requirements under the current plan. The plan, which was approved by the PUC, allows for full recovery of the cost of energy supply and all related costs, including legal and consulting fees and allows adjustments to rates to reflect current market conditions. Power costs can be different than what is recovered in base charges, resulting in over or under collected power costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for credit losses, unbilled revenues and postretirement benefits.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of a daily investment fund account.

At December 31, 2023, the Company's cash accounts did not exceed federally insured limits.

Accounts Receivable

Accounts receivable include billed and unbilled amounts for services provided to customers for which the Company has an unconditional right to payment. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable factors.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Accounts receivable are ordinarily due 20 days after the issuance of the invoice. Accounts that are unpaid after the due date bear interest at 1.50% per month. Accounts past due more than 30 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is no longer classified as delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

During the years ended December 31, 2023 and 2022, credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured, was approximately \$32,000 and \$43,000, respectively.

Inventories

Inventories consist of materials and supplies and are stated at the lower of cost or net realizable value. Cost is determined based on average cost.

Utility Plant

Utility plant and equipment are carried at cost. Additions to utility plant and replacements of property are capitalized at cost. Retirements of electric plant or replacements are removed from electric plant accounts at cost and these costs plus cost of removal less salvage are charged to accumulated depreciation. Depreciation of utility plant is provided over the estimated useful life of the respective assets on a straight line basis as follows:

Utility Plant	Years
Distribution plant	25
General plant	33
Equipment	8-15

Maintenance and repairs of property and replacements are charged to expense.

Nonutility Property

Nonutility property consists of land not currently used for utility purposes.

Cash Surrender Value of Life Insurance

The Company has purchased a life insurance policy on a certain individual. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Impairment of Long-Lived Assets

The Company reviews the carrying amount of an asset for possible impairment whenever events or changes in circumstances indicate that such amounts may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. The Company elected the accounting alternative for evaluating goodwill impairment triggering events and performs a goodwill impairment triggering event evaluation only as of the end of each reporting period. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

that it is more likely than not the fair value of a reporting unit is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value of a reporting unit is less than the carrying value, then goodwill is tested further for impairment. The quantitative impairment test consists of calculating the fair value of a reporting unit and comparing it to the carrying amount, including goodwill. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of a reporting unit, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

The Company did not record any impairment charges for 2023 or 2022.

Income Taxes

The Company is included in the consolidated federal income tax return filed by C&T. The Company files its own tax return in Pennsylvania. The Company's federal income tax expense is computed using the separate return method for intercorporate tax allocation.

The Company accounts for income taxes in accordance with income tax accounting guidance (Financial Accounting Standards Board ("FASB") Accounting Standards (ASC) 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Regulatory Matters

The Company is subject to the authoritative accounting guidance applicable to rate-regulated organizations. The Pennsylvania PUC has full authority to establish electric rates. Certain items collected in rates have been recorded as regulatory liabilities. These amounts will be recognized as revenue in future periods as costs for which the amounts have been collected are incurred, or when authorized by the Pennsylvania PUC. Certain expenses have been recorded as regulatory assets, and management believes these amounts are probable of future rate recovery.

Revenue Recognition

Revenues from the sale of electricity are recognized as electricity is delivered to customers. Revenues also include amounts receivable from or payable to customers through purchased power clauses, which are adjusted semi-annually.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Costs that are recoverable or refundable in future periods through purchase power recovery are deferred. Costs that are refundable or recoverable in future periods through purchased power recovery rates are subject to audit and approval by the appropriate regulatory body. Changes to the related asset or liability amounts that result from these audits are recorded as a charge to current operations.

The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. Unbilled revenues of \$1,020,029 and \$1,357,715 at December 31, 2023 and 2022, respectively, represent amounts delivered through December 31 and not billed to the members until the following month. Customer deposits of \$257,839 and \$223,974 at December 31, 2023 and 2022, respectively, represent amounts received in advance of services provided. See Note 11 for additional information about the Company's revenue.

For significant financing components, the Company elected a practical expedient, which allows an entity to recognize the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less, or if the reason the contract extended beyond one year is because the timing of delivery of the product is at the customer's discretion. As the Company's contracts are typically less than one year in length and do not have significant financing components, the Company has not presented revenue on a present value basis.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date. The ROU asset for finance leases are included in utility plant in our balance sheets.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

Taxes Collected from Customers and Remitted to Governmental Authorities

Sales and gross receipts taxes collected from customers and remitted to governmental authorities are presented in the accompanying statements of income on a net basis.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Accounting Standards Adopting During the Year

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instrument – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*, related to the impairment of financial instruments. This guidance, commonly referred to as current expected credit loss (CECL), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. Upon adoption on January 1, 2023, there was no impact to retained earnings.

Note 2. Leases

Nature of Leases

The Company has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of vehicles for the use of the Company. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

All Leases

The Company has no material related-party leases. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	<u>2023</u>	<u>2022</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 76,700	\$ 94,465
Interest on lease liabilities	13,927	12,533
Short-term lease cost	520	509
Total lease cost	<u>\$ 91,147</u>	<u>\$ 107,507</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	\$ 110,652	\$ 81,212
Weighted-average remaining lease term		
Finance leases	1.78 years	3 years
Weighted-average discount rate		
Finance leases	4.95%	4.65%

See Note 6 for future minimum lease payments and reconciliation to the balance sheet at December 31, 2023.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Note 3. Utility Plant

Utility plant consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Electric plant in service		
Distribution plant	\$ 25,895,278	\$ 24,797,219
General plant	1,042,086	978,615
Equipment	<u>2,572,517</u>	<u>2,528,218</u>
	29,509,881	28,304,052
Construction work-in-progress	<u>175,214</u>	<u>54,750</u>
	29,685,095	28,358,802
Accumulated depreciation	<u>(14,740,113)</u>	<u>(14,020,800)</u>
	<u>\$ 14,944,982</u>	<u>\$ 14,338,002</u>

Note 4. Regulatory Assets and Liability

Regulatory assets consist of the following at December 31:

	<u>2023</u>	<u>2022</u>	<u>Amortization Period</u>
Rate case - 2020	\$ -	\$ 43,373	3 years
Rate case - 2022	147,203	189,586	3 years
POLR/PJM - 2021	<u>25,614</u>	<u>43,695</u>	3 years
	<u>\$ 172,817</u>	<u>\$ 276,654</u>	

For the years ended December 31, 2023 and 2022, the Company recorded a regulatory liability of \$187,771 and \$205,888, respectively, for other postretirement benefits that resulted from unrecognized gains. The Company expects to recover the deferred other postretirement benefits consistent with the anticipated income recognition of other postretirement income.

Amortization expense was \$106,756 and \$126,748 for the years ended December 31, 2023 and 2022, respectively.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Note 5. Line of Credit

The Company has a \$4,000,000 revolving line of credit with C&T payable on demand. At December 31, 2023 and 2022, there was \$2,600,000 and \$1,500,000 borrowed against this line, respectively. Interest varies based on the CoBank quoted variable rate. The rate was 7.41% and 6.35% on December 31, 2023 and 2022, respectively, and is payable monthly.

While the line of credit above is due on demand, the Company utilizes the financing for long-term operating purposes and does not have liquid funds available to repay the balance. The borrowings are available as a result of a line of credit agreement that C&T has with a third party, which is due in July 2026. C&T has no intentions of calling the debt before July 2026.

Note 6. Long-Term Debt and Finance Lease Liabilities

	<u>2023</u>	<u>2022</u>
Note payable, C&T, quarterly principal and interest payments of \$22,323; interest at 2.37%; collateralized by substantially all Company assets, due June 2025	\$ 121,606	\$ 200,315
Note payable, C&T, quarterly principal and interest payments of \$19,117; interest at 3.925%; collateralized by substantially all Company assets, due December 2041	983,737	1,020,684
Note payable, C&T, quarterly principal and interest payments of \$13,660; interest at 4.175%; collateralized by substantially all Company assets, due December 2041	689,050	714,260
Finance lease liabilities (previously capital lease obligations) for equipment, requiring monthly principal and interest payments ranging from \$620 to \$2,369; collateralized by leased equipment, payments due in varying amounts through July 2028	<u>313,523</u>	<u>424,175</u>
	2,107,916	2,359,434
Less current maturities	<u>202,873</u>	<u>245,332</u>
	<u>\$ 1,905,043</u>	<u>\$ 2,114,102</u>

Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022

Aggregate annual maturities of long-term debt and payments on finance lease liabilities at December 31, 2023 are:

	<u>Long-Term Debt</u>	<u>Lease Liabilities</u>
2024	\$ 145,289	\$ 68,043
2025	108,359	74,420
2026	70,096	66,792
2027	72,962	72,858
2028	75,945	57,677
Thereafter	<u>1,321,742</u>	<u>-</u>
	<u>\$ 1,794,393</u>	339,790
Less amount representing interest		<u>26,267</u>
Present value of future minimum lease payments		<u>\$ 313,523</u>

Equipment under finance lease liabilities is as follows:

	<u>2023</u>	<u>2022</u>
Transportation equipment	\$ 724,293	\$ 724,293
Accumulated depreciation	<u>(430,125)</u>	<u>(325,604)</u>
	<u>\$ 294,168</u>	<u>\$ 398,689</u>

C&T has a Master Letter of Credit agreement with National Cooperative Services Corporation. This Letter of Credit is for \$7,000,000 and expires October 2024. The Company has the ability to post letters of credit with wholesale electric suppliers under the terms of this agreement. As of December 31, 2023 and 2022, the Company had no outstanding letters of credit.

Note 7. Income Taxes

The provision (credit) for income taxes includes these components:

	<u>2023</u>	<u>2022</u>
Taxes currently (refundable) payable	\$ 89,977	\$ (16,714)
Deferred income taxes	<u>(166,500)</u>	<u>122,000</u>
Income tax expense (benefit)	<u>\$ (76,523)</u>	<u>\$ 105,286</u>

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense (benefit) is shown below:

	<u>2023</u>	<u>2022</u>
Computed at the statutory rate (21%)	\$ 41,974	\$ 45,009
Increase resulting from		
State income taxes	(7,427)	108,444
Utilization of federal net operating losses	(166,500)	-
Other	55,430	(48,167)
	<u>55,430</u>	<u>(48,167)</u>
Actual tax expense (benefit)	<u>\$ (76,523)</u>	<u>\$ 105,286</u>

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Allowance for credit losses	\$ 9,700	\$ 9,800
Net operating loss carryforwards	-	326,200
Post retirement benefits	202,100	215,200
Other	98,500	121,700
	<u>310,300</u>	<u>672,900</u>
Deferred tax liabilities		
Depreciation	(1,950,100)	(2,447,200)
Other	(58,500)	(90,500)
	<u>(2,008,600)</u>	<u>(2,537,700)</u>
Net deferred tax liability	<u>\$ (1,698,300)</u>	<u>\$ (1,864,800)</u>

At December 31, 2023, the Company had no allocation of C&T consolidated unused federal operating loss carryforwards. At December 31, 2022, the Company's allocation of C&T's consolidated unused federal operating loss carryforwards approximates \$1,550,000, which expire through 2041.

Note 8. Pension and Postretirement Plans

Multiemployer Pension Plans

C&T is a member of the National Rural Electric Cooperative Association ("NRECA") Retirement Security Plan ("RS Plan"), a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The Plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

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

C&T contributions to the RS Plan in 2023 and 2022 represented less than 5% of the total contributions made to the plan by all participating employers. C&T made contributions to the plan of \$3,441,415 and \$2,804,907 for years ended December 31, 2023 and 2022, respectively. The Company reimbursed C&T \$495,173 and \$404,984 for its share of the contributions for the years ended December 31, 2023 and 2022, respectively. There have been no significant changes affecting the comparability of the 2023 and 2022 contributions.

In 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 on January 1, 2023 and 2022, 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 a part of the actuarial valuation of the plan and may change as a result of plan experience.

C&T is also a member of the NRECA SelectRE Pension Plan. C&T makes a matching contribution of 200% of the employees' contributions up to 2.5% of compensation. The Company reimbursed C&T \$85,819 and \$79,938 for its share of contributions for the years ended December 31, 2023 and 2022, respectively.

RS Plan Prepayment

At the December 2012 meeting of the Insurance and Financial Services ("I&FS") Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years.

However, changes in interest rates, asset returns and other plan experience different from that expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period.

Two prepayment options were available to participating cooperatives:

1. Use current assets to make the prepayment over a period of not more than four years.
2. Borrow funds sufficient to make the prepayment in a lump sum, with the repayment of the borrowed amount determined by the loan's amortization schedule.

On June 28, 2013, C&T made a lump sum prepayment of \$2,248,934 to the NRECA RS Plan. This prepayment was funded with a note through the National Cooperative Services Corporation. The Company's share of the prepayment, \$882,939, was repaid to C&T under the terms of a note. The note was fully paid off, and the related asset was fully amortized, in 2022.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Other Postretirement Benefit Plans

C&T has a postretirement health care plan covering substantially all employees. The Plan is unfunded. The estimated costs that will be paid after retirement are generally being accrued over the employees' active service periods to the dates they are fully eligible for benefits. The Company expects to contribute \$39,000 to the Plan in 2024. The following table sets forth the Plan's funded status and the amounts of accrued benefit cost of the C&T plan and the Company's allocation based on an actuarial valuation as of December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
C&T's benefit obligation	\$ 5,725,208	\$ 5,088,957
Company's allocation of benefit obligation	\$ 727,262	\$ 765,693
C&T's accrued benefit cost	\$ 5,725,208	\$ 5,088,957
Company's allocation of accrued benefit cost	\$ 727,262	\$ 765,693
Amounts recognized in the Company's balance sheets		
Current liability, included in accrued expenses	\$ 113,328	\$ 60,309
Non-current liability	613,934	705,384
	<u>\$ 727,262</u>	<u>\$ 765,693</u>
C&T's benefit expense	\$ 480,148	\$ 392,766
Company's allocation of benefit expense	\$ 42,284	\$ 41,516

The Company uses a December 31 measurement date for the plans. For measurement purposes, a 6.63% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2023. The rate was assumed to decrease gradually to 5.00% in 2028 and remain at that level thereafter.

The benefit obligation was calculated assuming a weighted average discount rate of 5.10% and 4.60% in 2023 and 2022, respectively.

The amount of net gain and net prior service cost expected to be recognized by the Company during 2024 is \$7,605 and \$-0-, respectively.

Benefits expected to be paid by the Company in each of the next five years and in the aggregate for the five years thereafter are as follows:

2024	\$ 113,328
2025	113,328
2026	90,972
2027	84,592
2028	87,440
2029-2033	212,383

Because the Company is subject to regulation in the states in which it operates, it is required to maintain its accounts in accordance with the regulatory authority's rules and regulations, which may differ from other

Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022

authoritative accounting pronouncements. In those instances, the Company follows the guidance of accounting for regulated operations. Based on prior regulatory practice, and in accordance with the related guidance, the Company recorded an unfunded postretirement obligation, which otherwise would be recognized as other comprehensive income, as a regulatory asset, and expects to recover those costs in rates charged to customers.

Note 9. Related Party Transactions

The Company has a contract for services with C&T to purchase all employee services. The contract automatically renews annually unless terminated by either party.

In the ordinary course of business, the Company's activities involve significant transactions with C&T. The activity between the Company and C&T for the years ended December 31, 2023 and 2022, and the effected account balances at December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Allocation of overhead recorded as operating expense	\$ 434,514	\$ 387,087
Other costs in accounts receivable - other	\$ 43,800	\$ 43,800
Accounts payable - related party	\$ 218,124	\$ 218,590
Accrued vacation liability in accrued expenses	\$ 167,762	\$ 172,328
Payroll costs paid in advance and included in advances, affiliate	\$ 90,700	\$ 90,700
Interest expense	\$ 256,329	\$ 142,362
Acquisition debt expense	\$ 556,189	\$ 556,189

The Company paid C&T \$2,000,621 and \$1,873,640 for payroll and \$883,969 and \$772,728 for benefits in 2023 and 2022, respectively.

Note 10. Commitments and Contingencies

The Company has guaranteed payments on notes payable that are obligations of C&T. At December 31, 2023, the amounts outstanding on these obligations are \$6,322,478, of which \$1,794,393 is recorded by the Company, see Note 6. These obligations are being repaid in quarterly payments of principal and interest through 2041. The Company would be required to perform under this guarantee if C&T were to default under the notes payable and the bank were to demand the Company's performance.

Note 11. Revenue from Contracts with Customers

Performance Obligations

The Company's revenues are derived primarily from the sale of electric power to customers. Customers consist of commercial, industrial and residential accounts within dedicated territories in and around Lewisburg, Pennsylvania.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2023 and 2022**

Rates charged for electric power sales to customers are established by the Pennsylvania PUC. The Company provides energy and capacity to customers as one stand-ready performance obligation. Electric power revenue is recognized by the Company upon transfer of control of promised services to customers in an amount that reflects the consideration expected to be received in exchange for those services.

The Company transfers control of the electric power to customers at each customer's meter point and the customers simultaneously receive and consume the benefits of the energy provided. Electric power provided to customers is accounted for as a series of performance obligations. Progress towards completion is measured using the output method [kilowatt hour (kwh) received by the customer], meter readings are taken at the end of the month for billing purposes, the quantity of energy transferred is determined after the meter readings. Payments from customers are received in accordance with each customer's contract, which is ordinarily 20 days from the invoice date.

Revenue associated with the electric power performance obligation to customers are recorded as sales of electric energy and capacity to customers in the accompanying statements of income.

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are primarily affected by factors that impact demand.

Contract Balances

The following table provides information about the Company's accounts receivable and customer deposits from contracts with customers:

	<u>2023</u>	<u>2022</u>
Accounts receivable - customers, beginning of year	\$ 1,470,719	\$ 985,770
Accounts receivable - customers, end of year	\$ 1,456,491	\$ 1,470,719
Unbilled revenues, beginning of year	\$ 1,357,715	\$ 826,569
Unbilled revenues, end of year	\$ 1,020,029	\$ 1,357,715
Customer deposits, beginning of year	\$ 223,974	\$ 228,657
Customer deposits, end of year	\$ 257,839	\$ 223,974

Note 12. Subsequent Events

Subsequent events have been evaluated through March 15, 2024, which is the date the financial statements were available to be issued.

Supplementary Information

**Citizens' Electric Company of Lewisburg, Pa.
Comparative Financial Statistics
Years Ended December 31, 2023, 2022, 2021, 2020, and 2019**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income Statistics					
Operating revenues	\$ 20,412,472	\$ 17,029,076	\$ 13,759,137	\$ 13,654,824	\$ 13,551,338
Power purchased	13,730,344	10,987,752	7,890,338	8,165,083	8,166,181
Other operating expenses	<u>5,720,391</u>	<u>5,139,130</u>	<u>4,810,283</u>	<u>4,751,385</u>	<u>4,472,872</u>
Operating income	961,737	902,194	1,058,516	738,356	912,285
Other expense, net	<u>(761,859)</u>	<u>(687,864)</u>	<u>(679,226)</u>	<u>(701,008)</u>	<u>(698,170)</u>
Income before income taxes	199,878	214,330	379,290	37,348	214,115
Provision (credit) for income taxes	<u>(76,523)</u>	<u>105,286</u>	<u>238,526</u>	<u>80,248</u>	<u>(206,400)</u>
Net income (loss)	<u>\$ 276,401</u>	<u>\$ 109,044</u>	<u>\$ 140,764</u>	<u>\$ (42,900)</u>	<u>\$ 420,515</u>
Balance Sheet Statistics					
Working capital	\$ (1,240,372)	\$ (466,530)	\$ 76,546	\$ 104,966	\$ 596,021
Total Stockholder's Equity	\$ 13,697,370	\$ 13,461,369	\$ 13,384,425	\$ 13,263,961	\$ 13,334,461
Per Share Statistics					
Basic earnings per share	\$ 2.05	\$ 0.81	\$ 1.05	\$ (0.32)	\$ 3.12
Book Value Per Share	\$ 101.69	\$ 99.93	\$ 99.36	\$ 98.47	\$ 98.99

**Citizens' Electric Company of Lewisburg, Pa.
Utility Plant and Accumulated Depreciation
Year Ended December 31, 2023**

Acct. No.	Account	Utility Plant				Accumulated Depreciation						
		Cost		Cost		Balance January 1, 2023	Retirements	Cost of Removals	Salvage Received	Depreciation		Balance December 31, 2023
		January 1, 2023	Additions	Retirements	December 31, 2023					Rate	Amount	
	Distribution plant											
302	Franchises and consents	\$ 27	\$ -	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ -	0.000	\$ 255	\$ 255
360	Land and land rights	16,252	788	-	17,040	-	-	-	-	0.000	-	-
362	Station equipment	792,280	-	-	792,280	758,752	-	-	-	4.000	2,808	761,560
364	Poles, towers and fixtures	4,176,228	152,758	11,746	4,317,240	2,988,182	11,746	22,222	845	4.125	173,935	3,128,994
365	Overhead conductors and devices	7,705,329	392,644	54,449	8,043,524	1,807,698	54,449	86,353	5,106	4.000	313,149	1,985,151
367	Underground conductors and devices	3,386,991	104,701	5,928	3,485,764	2,016,549	5,928	5,754	405	4.000	136,985	2,142,257
368	Line transformers	2,774,862	187,383	12,175	2,950,070	2,148,982	12,175	-	-	4.000	114,886	2,251,693
369	Services	3,946,149	205,165	21,134	4,130,180	1,667,190	21,135	32,249	1,677	4.000	161,156	1,776,639
370	Meters	1,361,622	144,149	27,570	1,478,201	(74,279)	27,511	-	-	4.000	55,646	(46,144)
373	Street lighting and signal systems	637,476	57,459	13,985	680,950	44,409	13,985	15,708	1,492	4.000	43,364	59,572
	General plant											
390	Structures and improvements, general plant	657,887	63,471	-	721,358	581,190	-	-	-	3.000	3,376	584,566
301	Organization	968	-	-	968	-	-	-	-	0.000	-	-
303	Intangible asset - EDI	319,218	-	-	319,218	319,088	-	-	-	0.000	127	319,215
	Equipment											
391	Office furniture and equipment	588,464	27,289	20,475	595,278	405,552	20,475	-	-	8.000	42,972	428,049
392	Transportation equipment	1,287,224	92,234	84,828	1,294,630	864,198	84,828	-	-	12.500	110,668	890,038
393	Stores equipment	39,241	-	-	39,241	35,748	-	-	-	6.666	731	36,479
394	Tools, shop and garage equipment	109,292	20,702	1,940	128,054	72,766	1,940	-	-	10.000	6,336	77,162
395	Laboratory equipment	117,337	-	50,591	66,746	85,982	50,591	-	-	6.666	4,449	39,840
396	Power operated equipment	11,845	-	-	11,845	12,517	-	-	-	12.500	991	13,508
397	Communication equipment	343,590	61,907	-	405,497	279,728	-	-	-	6.666	2,974	282,702
398	Miscellaneous equipment	31,770	-	-	31,770	6,548	-	-	-	6.666	2,029	8,577
		<u>28,304,052</u>	<u>1,510,650</u>	<u>304,821</u>	<u>29,509,881</u>	<u>\$ 14,020,800</u>	<u>\$ 304,763</u>	<u>\$ 162,286</u>	<u>\$ 9,525</u>		<u>1,176,837</u>	<u>\$ 14,740,113</u>
	Construction work-in-process	<u>54,750</u>	<u>120,464</u> ^N	<u>-</u>	<u>175,214</u>						Less charged to clearing	<u>110,664</u>
		<u>\$ 28,358,802</u>	<u>\$ 1,631,114</u>	<u>\$ 304,821</u>	<u>\$ 29,685,095</u>					Total depreciation	<u>\$ 1,066,173</u>	

^(N) Net Increase

**Citizens' Electric Company of Lewisburg, Pa.
Accrued Taxes, Net
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
State gross receipts tax	\$ (372,013)	\$ (187,675)
State public utility realty tax	16,853	16,853
State income tax	16,185	4,245
Federal income tax	28,248	17,165
Other	<u>3,645</u>	<u>2,106</u>
	<u>\$ (307,082)</u>	<u>\$ (147,306)</u>

**Citizens' Electric Company of Lewisburg, Pa.
Operating Revenues and Taxes, Other Than Income
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Residential sales	\$ 14,080,536	\$ 11,223,369
Commercial and industrial sales	6,049,133	5,569,811
Public street and highway lighting sales	175,158	136,642
Customers' forfeited discounts	39,008	28,329
Rent from electric property	53,698	59,227
Other electric revenues	14,939	11,698
	<u>\$ 20,412,472</u>	<u>\$ 17,029,076</u>
Taxes, Other Than Income		
State gross receipts	\$ 1,222,013	\$ 967,675
State Pennsylvania Utility Commission assessment	40,815	44,633
State use tax	2,233	1,420
State public utility realty tax	20,000	24,000
	<u>\$ 1,285,061</u>	<u>\$ 1,037,728</u>

**Citizens' Electric Company of Lewisburg, Pa.
Distribution, Operation; Distribution, Maintenance;
Customer Accounts and General and Administrative Expenses
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Distribution, Operation Expenses				
Station	\$ 20,968	\$ 1,688	\$ 19,280	1142.18%
Overhead lines	164,711	70,922	93,789	132.24%
Underground lines	77,898	62,913	14,985	23.82%
Street lighting and signal system	8,095	2,730	5,365	196.52%
Meters	25,262	33,044	(7,782)	-23.55%
Engineering	139,449	161,050	(21,601)	-13.41%
Customer installations	39,845	35,340	4,505	12.75%
Miscellaneous distribution	501,982	434,508	67,474	15.53%
Rents	520	509	11	2.16%
	<u>\$ 978,730</u>	<u>\$ 802,704</u>	<u>\$ 176,026</u>	<u>21.93%</u>
Distribution, Maintenance Expenses				
Station equipment	\$ 2,202	\$ 5,256	\$ (3,054)	-58.11%
Overhead lines	563,526	504,206	59,320	11.77%
Underground lines	16,531	5,443	11,088	203.71%
Line transformers	85,912	16,168	69,744	431.37%
Street lighting and signal system	22,847	19,856	2,991	15.06%
	<u>\$ 691,018</u>	<u>\$ 550,929</u>	<u>\$ 140,089</u>	<u>25.43%</u>
Customer Accounts Expenses				
Meter reading	\$ 25,085	\$ 24,103	\$ 982	4.07%
Customer records and collection	474,977	444,937	30,040	6.75%
Uncollectible accounts	31,906	43,106	(11,200)	-25.98%
	<u>\$ 531,968</u>	<u>\$ 512,146</u>	<u>\$ 19,822</u>	<u>3.87%</u>
General and Administrative Expenses				
Salaries and benefits	\$ 749,198	\$ 671,334	\$ 77,864	11.60%
Administrative	104,651	110,241	(5,590)	-5.07%
Outside services employed	47,389	24,548	22,841	93.05%
Insurance	11,431	11,316	115	1.02%
Injuries and damage	27,561	26,694	867	3.25%
General advertising	1,061	912	149	16.34%
Miscellaneous general	89,884	86,390	3,494	4.04%
Directors' committee	14,352	14,168	184	1.30%
Maintenance of general plant	121,914	229,236	(107,322)	-46.82%
	<u>\$ 1,167,441</u>	<u>\$ 1,174,839</u>	<u>\$ (7,398)</u>	<u>-0.63%</u>

Citizens' Electric Company of Lewisburg, PA
Certified Copy of Resolution Approving
Authority to Enter into a
Loan Agreement
with C&T Enterprises, Inc.

On motion duly made and seconded, the following resolution was adopted:

WHEREAS, as a result of anticipated capital projects and ongoing expenses, Citizens' Electric Company of Lewisburg, PA, requires additional long-term debt; and

WHEREAS, C & T Enterprises, Inc., is able and willing to secure on Citizens' Electric Company's behalf long-term debt from the National Cooperative Services Corporation, and to make such funds available to Citizens' Electric Company at rates that are identical to those charged by the National Cooperative Services Corporation; and

WHEREAS, Citizens' Electric Company seeks to borrow up to \$3,000,000 from its parent company, C&T Enterprises, Inc., when necessary, for capital projects and other utility purposes; and

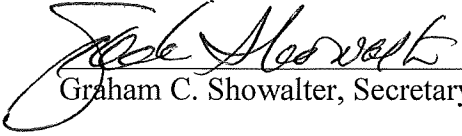
WHEREAS, the National Cooperative Services Corporation will require a full guarantee of the long-term debt by Citizens' Electric Company, as well as a first mortgage lien on the assets and revenues of Citizens' Electric Company; and

WHEREAS, approval of the Public Utility Commission is required for this transaction; and

NOW, THEREFORE, BE IT RESOLVED that the President and Chief Executive Officer of Citizens' Electric Company, and all other corporate officers properly designated by said person, are authorized, for and on behalf Citizens' Electric Company to: (a) execute all necessary documents with C&T Enterprises, Inc. in the form approved by the Commission and borrow up to \$3,000,000 consistent with the terms and conditions therein set forth; (b) execute any and all necessary documents with the National Cooperative Services Corporation to evidence the full guarantee by Citizens' Electric Company of the long term debt, as well as the required first mortgage lien on the assets and revenues of Citizens' Electric Company; (c) submit to the Pennsylvania Public Utility Commission the necessary requests for approval; and (d) take such other actions as are reasonably necessary in furtherance of the transaction.

I, Graham C Showalter, Secretary of Citizens' Electric Company of Lewisburg, PA, do hereby certify that the above and foregoing resolution was duly passed at a meeting of the Board of Directors convened on the fourteenth day of July, 2025.

Given under my hand and seal of said corporation, this 14th day of July 2025.


Graham C. Showalter, Secretary

C&T Enterprises, Inc
Certified Copy of Resolution Approving
Authority to Enter into a
Loan Agreements

On motion duly made and seconded, the following resolution was adopted:

WHEREAS, as a result of anticipated capital projects and other needs, Citizens' Electric Company of Lewisburg, PA, requires additional long-term debt; and

WHEREAS, C & T Enterprises, Inc., is able and willing to secure on Citizens' Electric Company's behalf long-term debt from the National Cooperative Services Corporation, and to make such funds available to Citizens' Electric Company at rates that are identical to those charged by the National Cooperative Services Corporation; and

WHEREAS, C & T Enterprises, Inc. seeks to borrow up to \$3,000,000 from National Cooperative Services Corporation., when necessary and as requested by Citizens' Electric Company, for capital projects and other utility purposes; and

WHEREAS, C & T Enterprises, Inc. will be required to enter into various transaction documents with the National Cooperative Services Corporation to evidence the long-term debt of up to \$3,000,000 and with Citizens' Electric Company to evidence Citizens' Electric Company's ability to borrow up to \$3,000,000 from C&T Enterprises, Inc.

NOW, THEREFORE, BE IT

RESOLVED that the Chief Executive Officer(s) of C & T Enterprises, Inc., and all other corporate officers properly designated by said person, are authorized, for and on behalf C & T Enterprises, Inc. to: (a) execute the all necessary documents with National Cooperative Services Corporation in substantially the form presented at this meeting to borrow up to \$3,000,000 consistent with the terms and conditions therein set forth; (b) execute any and all necessary documents with the Citizens' Electric Company to evidence Citizens' ability to borrow up to \$3,000,000 for its capital projects and other needs; and (c) take such other actions as are reasonably necessary in furtherance of the transaction;

RESOLVED, that the C & T Enterprises, Inc. borrow from National Cooperative Services Corporation, from time to time as determined by the officers or proper persons designated by the board of directors of C & T Enterprises, Inc., an aggregate amount not to exceed \$3,000,000.00, as set forth in the loan agreement with National Cooperative Services Corporation governing such loan, substantially in the form of the loan agreement presented to this meeting (the "Loan Agreement");

RESOLVED, that the proceeds of this loan be used for the purposes set forth in the Loan Agreement; and

RESOLVED, that each of the individuals listed below is hereby authorized on behalf of the C & T Enterprises, Inc. to execute and deliver to National Cooperative Services Corporation the following documents (including as many counterparts as may be required):

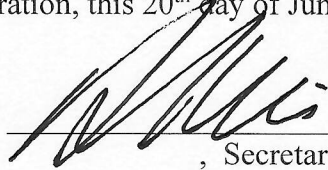
- (a) the Loan Agreement;
- (b) one or more secured promissory notes payable to the order of National Cooperative Services Corporation, which in the aggregate equal the principal amount of \$3,000,000.00, substantially in the form of the note(s) presented to this meeting;
- (c) a security agreement with National Cooperative Services Corporation as secured party, for purposes of securing the loan provided for herein, substantially in the form of the security agreement presented to this meeting; and
- (d) a pledge agreement with National Cooperative Services Corporation as secured party, substantially in the form of the pledge agreement presented to this meeting.

RESOLVED, that each of the following individuals is also hereby authorized in the name and on behalf of C & T Enterprises, Inc. to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said Loan Agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Title or Office</u>	<u>Name (typed or printed)</u>
<u>Co-CEO</u>	<u>Steven Allabaugh</u>
<u>Co-CEO</u>	<u>Rachel Hauser</u>
<u>Co-CEO</u>	<u>Aaron Young</u>
<u>CFO</u>	<u>Melissa Sullivan</u>

I, Anthony Ventello Secretary of C&T Enterprises, Inc., do hereby certify that the above and foregoing resolution was duly passed at a meeting of the Board of Directors convened on the 20th day of June 2025.

Given under my hand and seal of said corporation, this 20th day of June 2025.



, Secretary

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No 1.

- 1.) Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance.
Plans for these balances vis-à-vis the current registration.

Citizens' Electric Company of Lewisburg, PA

Docket No.	Facility No.	Original Amount	3/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00990736	9001001		\$ 948,747	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001002		\$ 958,185	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001003		\$ 976,724	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001004		\$ 231,782	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001005		\$ 943,480	LT Fixed Rate	02/08/1999	12/31/2033

\$ 8,814,700 \$ 4,058,917

Docket No.	Facility No.	Original Amount	3/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00051064	9007001	\$ 450,000	\$ 9,256	LT Fixed Rate	10/14/2005	06/30/2025
S-00051064	9007002	\$ 550,000	\$ 11,313	LT Fixed Rate	10/14/2005	06/30/2025

\$ 1,000,000 \$ 20,569

Docket No.	Facility No.	Original Amount	3/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2016-2581804	9020001	\$ 1,200,000	\$ 935,477	LT Fixed Rate	5/8/2017	3/31/2042
S-2016-2581804	9020002	\$ 800,000	\$ 656,028	LT Fixed Rate	6/30/2019	3/31/2042

\$ 2,000,000 \$ 1,591,505

Docket No. S-000990736 not to exceed \$9,315,200. The balance outstanding at March 31, 2025: \$ 4,058,917
Docket No. S-00051064 not to exceed 1,000,000. The balance outstanding at March 31, 2025: \$ 20,569
Docket No. S-2016-2581804 not to exceed \$2,000,000. The balance outstanding at March 31, 2025: \$ 1,591,505

Master Letter of Credit Security Certificates

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-00071217	Citizens'	\$ 2,333,333.33	Varies	Letter	09/26/2007	10/06/2012
S-00071218	Wellsboro	\$ 2,333,333.33	Varies	Letter	09/26/2007	10/06/2012
S-00071219	Valley	\$ 2,333,333.34	Varies	Letter	09/26/2007	10/06/2012

\$ 7,000,000.00

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2008-2079859	Citizens'	\$ 5,000,000.00	Varies	Letter	11/13/2008	10/06/2012
S-2008-2079943	Wellsboro	\$ 5,000,000.00	Varies	Letter	11/13/2008	10/06/2012
S-2008-2079949	Valley	\$ 5,000,000.00	Varies	Letter	11/13/2008	10/06/2012

\$ 15,000,000.00

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2012-2317822	Citizens'	\$ 5,000,000.00	Varies	Letter	10/06/2012	10/06/2015
S-2012-2318247	Wellsboro	\$ 5,000,000.00	Varies	Letter	10/06/2012	10/06/2015
S-2012-2318254	Valley	\$ 5,000,000.00	Varies	Letter	10/06/2012	10/06/2015

\$ 15,000,000.00

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2015-2494152	Citizens'	\$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
S-2015-2494972	Wellsboro	\$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
S-2015-2494978	Valley	\$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018

\$ 15,000,000.00

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2018-3004031	Citizens'	\$ 2,333,333.33	Varies	Letter	10/6/2018	10/5/2021
S-2018-3004033	Wellsboro	\$ 2,333,333.33	Varies	Letter	10/6/2018	10/5/2021
S-2018-3004035	Valley	\$ 2,333,333.34	Varies	Letter	10/6/2018	10/5/2021

\$ 7,000,000.00

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2021-3027554	Citizens'	\$ 2,333,333.33	Varies	Letter	10/6/2021	10/5/2024
S-2021-3027557	Wellsboro	\$ 2,333,333.33	Varies	Letter	10/6/2021	10/5/2024
S-2021-3027570	Valley	\$ 2,333,333.34	Varies	Letter	10/6/2021	10/5/2024

\$ 7,000,000.00

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2024-3050221	Citizens'	\$ 2,333,333.33	Varies	Letter	10/6/2024	10/5/2029
S-2024-3050221	Wellsboro	\$ 2,333,333.33	Varies	Letter	10/6/2024	10/5/2029
S-2024-3050221	Valley	\$ 2,333,333.34	Varies	Letter	10/6/2024	10/5/2029

\$ 7,000,000.00

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No 2.

2.) What effect will this issuance have upon the capital structure of the utility. Show calculations.

	Citizens Electric Company					
	Audit 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock	1,394,720	1,394,720	1,394,720	1,394,720	1,394,720	1,394,720
Additional paid in capital	1,236,168	1,236,168	1,236,168	1,236,168	1,236,168	1,236,168
Retained Earnings	11,728,535	11,649,000	12,147,000	12,707,000	13,115,000	13,377,000
	<u>14,359,423</u>	<u>14,279,888</u>	<u>14,777,888</u>	<u>15,337,888</u>	<u>15,745,888</u>	<u>16,007,888</u>
Treasury stock	-	-	-	-	-	-
Total stockholders' equity	<u>14,359,423</u>	<u>14,279,888</u>	<u>14,777,888</u>	<u>15,337,888</u>	<u>15,745,888</u>	<u>16,007,888</u>
Current debt - long term	1,540,746	1,473,000	1,403,000	1,331,000	1,255,000	1,175,000
Current debt - short term	3,300,000	3,500,000	3,000,000	3,300,000	2,800,000	2,800,000
Total current debt	<u>4,840,746</u>	<u>4,973,000</u>	<u>4,403,000</u>	<u>4,631,000</u>	<u>4,055,000</u>	<u>3,975,000</u>
Total debt	<u>4,840,746</u>	<u>4,973,000</u>	<u>4,403,000</u>	<u>4,631,000</u>	<u>4,055,000</u>	<u>3,975,000</u>
Total capitalization	<u>19,200,169</u>	<u>19,252,888</u>	<u>19,180,888</u>	<u>19,968,888</u>	<u>19,800,888</u>	<u>19,982,888</u>
Equity/Total capitalization	74.8%	74.2%	77.0%	76.8%	79.5%	80.1%
Debt/Total capitalization	25.2%	25.8%	23.0%	23.2%	20.5%	19.9%

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 3

3.) Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds
Capital Expenditures
Ratio of Capital Expenditures to Depreciation and Amortization
Capitalization Ratios
Dividend payout ratio
Interest coverage ratios – both SEC and Indenture basis

	Audited 2024	Projected 2025	Projected 2026	Projected 2027				
Sources and Uses of Funds:								
Operating Activities								
Net income(Loss)	327,523	325,000	498,000	560,000				
Depreciation & Amortization	1,212,725	1,167,000	1,215,000	1,320,000				
Changes in Assets & Liabilities	<u>(386,848)</u>	<u>41,000</u>	<u>1,000</u>	<u>416,000</u>				
Net Cash Provided by Operating Activities	<u>1,153,400</u>	<u>1,533,000</u>	<u>1,714,000</u>	<u>2,296,000</u>				
Investing Activities:								
Additions to Net Plant, net	(1,599,214)	(1,144,000)	(1,227,000)	(1,785,000)				
Other	-	-	-	-				
Net Cash Used in Investing Activities	<u>(1,599,214)</u>	<u>(1,144,000)</u>	<u>(1,227,000)</u>	<u>(1,785,000)</u>				
Financing Activities:								
Principal Payments on Long-Term Debt	(145,288)	(68,000)	(109,000)	(67,000)				
Principal Payments on Capital Leases	(64,996)	(262,000)	(258,000)	(115,000)				
Net Borrowings Under Line of Credit	700,000	500,000	-	(200,000)				
Dividends Paid Preferred Stock	(42,300)	(19,400)	(80,100)	(76,200)				
Redemption Preferred Stock	-	-	-	-				
Long Term Loans	-	-	-	-				
Net Cash Provided By (Used In) Financing Activities	<u>447,416</u>	<u>150,600</u>	<u>(447,100)</u>	<u>(458,200)</u>				
Increase (Decrease) in Cash and Cash Equivalents	<u>1,602</u>	<u>539,600</u>	<u>39,900</u>	<u>52,800</u>				
Ratio of Capital Expenditures to Depreciation and Amortization								
Capital Expenditures	1,599,214	1,144,000	1,227,000	1,785,000				
Depreciation and Amortization	1,212,725	1,167,000	1,215,000	1,320,000				
	<u>1.32</u>	<u>0.98</u>	<u>1.01</u>	<u>1.35</u>				
Capitalization Ratios								
	Audited 2024	%	Projected 2025	%	Projected 2026	%	Projected 2027	%
Equity	13,985,593	89%	14,291,193	90%	14,709,093	91%	15,192,893	92%
Debt	1,649,105	11%	1,581,105	10%	1,472,105	9%	1,405,105	8%
Total Capitalization	<u>15,634,698</u>	<u>100%</u>	<u>15,872,298</u>	<u>100%</u>	<u>16,181,198</u>	<u>100%</u>	<u>16,597,998</u>	<u>100%</u>
Dividend Payout Ratio	13%		6%		16%		14%	
Interest Coverage Ratio								
Earnings before Interest and Taxes	704,305		268,000		923,000		997,000	
Interest Expense	307,972		242,000		238,000		234,000	
Interest Coverage Ratio	<u>2.29</u>		<u>1.11</u>		<u>3.88</u>		<u>4.26</u>	

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 4

4.) Three- Year history of credit ratings - By credit rating agency and class.

Response: Not applicable.

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 5

5.) Projected refinancing savings or costs, if applicable.

Response: Not applicable.

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 6

6.) Affiliated interest agreement applicable to instant registration, if financing involves an affiliate.

Response: Affiliated Interest Agreement at Docket No. G-2008-2020732

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 7

7.) List all unregulated affiliates of the applicant.

Response: C&T Enterprises, Inc.; Tri-County Rural Electric Cooperative, Inc.; Claverack Rural Electric Cooperative, Inc.

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No 8.

8.) List all debt for which the applicant is a guarantor of affiliated company debt instruments

Facility No.	3/31/2025 Balance	Guarantor
9005001	\$ 609,162.26	Wellsboro
9005002	\$ 1,877,679.83	Wellsboro
9005003	\$ 1,883,457.20	Wellsboro
9005004	\$ 967,262.76	Wellsboro
9005006	\$ 1,270,931.03	Wellsboro
9005007	\$ 316,701.91	Wellsboro
9006002	\$ 263,465.24	Wellsboro
9012001	\$ 200,849.98	Wellsboro
9012002	\$ 203,281.50	Wellsboro
9012003	\$ 191,094.90	Wellsboro
9015001	\$ 660,907.24	Wellsboro
9016001	\$ 577,123.70	Wellsboro
9016002	\$ 604,851.78	Wellsboro
9018001	\$ 779,564.21	Wellsboro
9018002	\$ 820,034.49	Wellsboro
9022001	\$ 1,806,639.52	Wellsboro
9023001	\$ 2,910,304.86	Wellsboro
9023002	\$ 1,954,991.78	Wellsboro
9023003	\$ 976,946.80	Wellsboro
9025001	\$ 3,985,704.52	Wellsboro
9001001	\$ 948,747	Citizens'
9001002	\$ 958,185	Citizens'
9001003	\$ 976,724	Citizens'
9001004	\$ 231,782	Citizens'
9001005	\$ 943,480	Citizens'
9007001	\$ 9,256	Citizens'
9007002	\$ 11,313	Citizens'
9020001	\$ 935,477	Citizens'
9020002	\$ 656,028	Citizens'
9003001	\$ 1,175,957.29	Valley
9003002	\$ 1,183,602.75	Valley
9003003	\$ 1,189,820.50	Valley
9003004	\$ 319,424.25	Valley
9003005	\$ 822,220.49	Valley
9024001	\$ 1,495,617.65	Valley
	\$ 34,718,590	

All loans were financed through NCSC.

The stockholders are Claverack Rural Electric Cooperative and Tri-County Rural Electric Cooperative.
Each cooperative has a 50% ownership of all outstanding shares of C&T Enterprises, Inc.

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 9

- 9.) For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide;
- Commission ordered reporting requirements.
 - Current balances of borrowed and lent funds.
 - Eligible borrowing and lending activities.
 - Accounting for money pool transactions.
 - 3-Year history of borrowing and lending to the pool.

Response: Not applicable.

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 10

10.) Describe historical reliance by type of both corporate internal and external sources of financing.

Response: Not applicable.

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 11

11.) Where current dividend payout ratio exceeds 75%, provide three-year history and plan for future dividend payouts.

Response: Not applicable.

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Requests No. 12

12.) Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

Response: Not applicable

Citiznes Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Requests No. 13

13.) With respect to the purpose for which you propose to issue or assume securities;

A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;

1. Estimated final cost
2. A brief description of the new facilities or betterments
3. The date when it is expected that the purchase or construction or betterment will be completed.
4. Estimated amount of AFUDC included in the project costs

B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;

1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
3. The minimum bank balance requirements.

C. If the purpose is to refund obligations, describe obligations in detail.

1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.
2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

E. If the purpose is to fund pension obligations;

1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

Response:

The debt will convert short-term lending into long-term debt. None of the purposes listed in the question are applicable.

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Citizen Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Requests No. 14

14.) Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose?
If so, please describe that purpose.

Response: Non-applicable. The Companies for ratemaking purposes use a hypothetical capital structure. However the funds are being used for utility purposes.

Citizens Electric Company
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 15

15.) Three year history and three year projections for ratio of capital expenditures to depreciation expense. Show calculations.

	Actual 2022	Actual 2023	Actual 2024	Budget 2025	Budget 2026	Budget 2027
Capital Expenditures	\$ 1,577,952	\$ 1,673,153	\$ 1,599,214	\$ 1,144,000	\$ 1,227,000	\$ 1,785,000
Depreciation Expense	\$ 1,187,532	\$ 1,188,013	\$ 1,212,725	\$ 1,167,000	\$ 1,215,000	\$ 1,320,000
Capital Expenditures to Depreciation Ratio	1.33	1.41	1.32	0.98	1.01	1.35