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April 14, 2026

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-2026-**

**Application to Register Securities Certificate of Wellsboro Electric Company;
Docket No. S-2026-**

**Application to Register Securities Certificate of Valley Energy, Inc.;
Docket No. S-2026-**

**Application for Approval of Affiliated Interest Transaction between Citizens' Electric Company
of Lewisburg, PA, Wellsboro Electric Company and Valley Energy, Inc., with C&T Enterprises,
Inc.; Docket No. G-2026-**

Dear Secretary Homsher:

Attached for filing with the Pennsylvania Public Utility Commission is the Application of Citizens' Electric Company of Lewisburg, PA ("Citizens"), Wellsboro Electric Company ("Wellsboro") and Valley Energy, Inc. ("Valley") (individually, each a "Company" and collectively the "Companies") for approval and registration of a Securities Certificates authorizing a line of credit agreement for short-term borrowing with C&T Enterprises, Inc. ("C&T") and associated contingent payment guarantees. Because the Companies will borrow the money from C&T 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 each Company's filing fee.

The Companies are voluntarily waiving the 30-day consideration period set forth in Sections 1903(a) and 2102(b) of the Public Utility Code. The Companies request action by the Commission on or before the June 18, 2026 Public Meeting.



ENTERPRISES, INC.

1775 Industrial Blvd. • Lewisburg, PA 17837
Phone: 570-524-2231 • Fax: 570-524-5887

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 , Wellsboro Electric Company
and Valley Energy, Inc.

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-osba@pa.gov

Allison Kaster, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
akaster@pa.gov

Office of Consumer Advocate
555 Walnut Street
Forum Place - 5th Floor
Harrisburg, PA 17101-1921
ra-paoca@paoca.org

Pamela C. Polacek

Pamela C. Polacek (PA ID No. 78276)

Dated this 14th day of April, 2026, in Venetia, Pennsylvania.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application to Register Securities Certificate of :
Citizens' Electric Company of Lewisburg, PA : Docket No. S-2026-_____

Application to Register Securities Certificate of :
Wellsboro Electric Company : Docket No. S-2026-_____

Application to Register Securities Certificate of :
Valley Energy, Inc. : Docket No. S-2026-_____

Application for Approval of Affiliated Interest : Docket No. G-2026-_____
Transactions between Citizens' Electric :
Company of Lewisburg, Wellsboro Electric :
Company, and Valley Energy, Inc. with C&T :
Enterprises, Inc. for the approval of cost :
allocation methodologies associated with this :
transaction :

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"), Wellsboro Electric Company ("Wellsboro"), and Valley Energy, Inc., ("Valley") (individually, each a "Company" and collectively, "Companies") jointly seek Commission approval and registration of Securities Certificates reflecting the Companies' assumption of primary liability for indebtedness to C&T Enterprises, Inc. ("C&T") through a Line of Credit Loan Agreement ("C&T Agreement") in the form attached hereto as Exhibit A. The Companies propose to assume indebtedness to obtain adequate cash flow for public utility operations, including payment of Gross Receipts Tax ("GRT"), and satisfaction of Default Service Provider and Supplier of Last Resort ("SOLR") obligations. In addition, the Companies will provide contingent payment guarantees to C&T's lender, CoBank ACB ("CoBank").

If the requested Securities Certificate is granted, the Companies will execute the C&T Agreement evidencing primary liability for \$15 million of aggregate principal indebtedness, plus accrued interest and fees, due to C&T. Also, the C&T Agreement sets forth individual maximum amounts available to each Company and ensures that each Company is responsible for the accrued interest and fees charged to C&T for the individual amounts borrowed. The C&T Agreement further addresses a Company's right to reimbursement from C&T if it is asked by CoBank to submit a payment under the contingent guarantee. Pursuant to Section 2102 of the Public Utility Code, 66 Pa. C.S. § 2102, the Companies further request Commission approval of the proposed methodology for allocating all costs and obligations under the C&T Agreement.

In support hereof, the Companies state as follows:

I. CONTACT INFORMATION

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

Nathan Johnson, President and CEO
Citizens' Electric Company of Lewisburg, PA
1775 Industrial Boulevard
Lewisburg, PA 17837-0551
(570) 522-6141
(570) 524-5887 (fax)

An Affidavit executed by Mr. Johnson averring to the accuracy of the statements contained in this Application is attached as Exhibit B.

2. The principal business address, telephone number, and contact person for Wellsboro are:

Byron (Barney) Farnsworth, Jr, President and CEO
Wellsboro Electric Company
33 Austin Street
P.O. Box 138
Wellsboro, PA 16901
(570) 724-3516
(570) 724-1798 (fax)

An Affidavit executed by Mr. Farnsworth averring to the accuracy of the statements contained in this Application is attached as Exhibit C.

3. The principal business address, telephone number, and contact person for Valley are:

Ed Rogers, President and CEO
Valley Energy, Inc.
523 S. Keystone Avenue
Sayre, PA 18840-0340
(570) 888-9664
(570) 888-6199 (fax)

An Affidavit executed by Mr. Rogers averring to the accuracy of the statements contained in this Application is attached as Exhibit D.

4. In addition, 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 E.

5. The name and address of the attorney for the Companies in this matter is:

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

II. DESCRIPTION OF COMPANIES AND BACKGROUND

6. Citizens' is a Pennsylvania corporation with its principal office located in Lewisburg, Union County, Pennsylvania. Citizens' is an investor-owned, for-profit electric utility, wholly owned by C&T. Citizens' provides electric distribution services to approximately 7,241 customers in a 55-square-mile territory in and around Lewisburg. Citizens' is the Default Service Provider in its service territory.

7. Wellsboro is a Pennsylvania corporation with its principal office located in Wellsboro, Tioga County, Pennsylvania. Wellsboro is an investor-owned, for-profit electric utility, wholly owned by C&T. Wellsboro provides electric distribution service to approximately 6,497 customers in a 178-square-mile territory in and around Wellsboro. Wellsboro is the Default Service Provider in its service territory.

8. Valley is a Pennsylvania corporation with its principal office located in Sayre, Bradford County, Pennsylvania. Valley is an investor-owned, for-profit natural gas utility, wholly owned by C&T. Valley is in the business of supplying and distributing natural gas to approximately 7,564 customers in and around Sayre. Valley is the SOLR in its territory.

9. C&T is a Pennsylvania corporation with its principal office located in Lewisburg, Union County, Pennsylvania. C&T, a holding company and management services company, 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%.

III. DESCRIPTION OF THE PROPOSED SECURITIES CERTIFICATE AND TRANSACTION

9. The purpose for which the Companies and C&T desire to execute the C&T Agreement is to provide low-interest credit resources necessary for the Companies' public utility operations, including Citizens' and Wellsboro's obligations to pay GRT to the Commonwealth of Pennsylvania, and for each of the Companies to meet their respective procurement obligations as a Default Service Provider of electricity supply (Citizens' and Wellsboro) or a SOLR for natural gas supply (Valley).

10. Due to the identical nature of the requests, Citizens', Valley, and Wellsboro have elected to file a Joint Application for Securities Certificates in order to conserve Commission time and resources.

11. C&T and the Companies currently operate with a PUC-approved Line of Credit Agreement, a copy of which is attached as Exhibit F. The Line of Credit was approved in 2014 and has been amended to increase the amounts available to the individual subsidiaries.¹

¹ *Securities Certificate of Citizens' Electric Company of Lewisburg, PA reflecting the Company's Assumption of Primary Liability for Indebtedness in a Principal Amount up to \$2 Million to C&T Enterprises, Inc.*, Docket No. S-2014-2429816; *Securities Certificate of Wellsboro Electric Company reflecting the Company's Assumption of Primary Liability for Indebtedness in a Principal Amount up to \$3 Million to C&T Enterprises, Inc.*, Docket No. S-2014-2429828; *Securities Certificate of Valley Energy, Inc., reflecting the Company's Assumption of Primary Liability for Indebtedness in a Principal Amount up to \$7 Million to C&T Enterprises, Inc.*, Docket No. S-2014-2429829; and *Affiliated Interest Transactions between Citizens' Electric Company of Lewisburg, Wellsboro Electric Company and Valley Energy, Inc., with C&T Enterprises, Inc. for the Approval of Cost Allocation Methodologies Associated with this Transaction*, Docket No. G-2014-2429851; and as subsequently amended by the First Amendment to increase the Citizens' Maximum Available Amount, which was approved by Commission Order issued July 16, 2020, at the following dockets: *Securities Certificate of Citizens' Electric Company of Lewisburg, PA for up to \$4 million of Primary Liability for Indebtedness to C&T Enterprises, Inc.*, Docket No. S-2020-3020231; and *Application of Affiliated Interest Transactions between Citizens' Electric Company of Lewisburg, PA, Wellsboro Electric Company, and Valley Energy, Inc., with C&T Enterprises, Inc.*, Docket No. G-2020-3020233.

12. To obtain access to the funds needed to fulfill the Companies' requests under the Line of Credit Agreement, C&T has a line of credit with CoBank ("CoBank Master LOC"). C&T has access to a \$14 million line of credit through a Master Loan Agreement and Promissory Note and Revolving Term Loan Supplement entered into between C&T and CoBank, which expire as of June 30, 2026.

13. As part of the renewal of the CoBank financing arrangement, CoBank requested for each of the Companies to provide a Contingent Payment Guarantee, copies of which are attached as Exhibits G, H and I.

14. C&T and the Companies have negotiated the new Line of Credit Agreement in Exhibit A to reference the contingent payment guarantees and to address the reimbursement by C&T to any funds the Companies are requested to furnish funds to CoBank under the guarantees.

15. In addition, the new Line of Credit Agreement increases Wellsboro's existing Maximum Amount Available from \$3,000,000 to \$4,000,000. This increase is needed to address temporary cash flow needs for Wellsboro, including increased payments for default service supply due to the recent increases in wholesale energy market costs.

16. The Maximum Amount Available for Citizens' is \$4,000,000, while the Maximum Amount Available for Valley is \$7,000,000. These amounts are identical to the existing credit available under the existing line in Exhibit F.

17. Each Company shall be solely and individually responsible for repayment of outstanding principal borrowed by C&T on behalf of the respective Company. The Promissory Notes to be executed by the Citizens', Wellsboro, and Valley are attached to the Line of Credit Agreement in Exhibit A.

18. The C&T Agreement further requires each Company to reimburse C&T for all accrued interest and fees charged to C&T pursuant to applicable provisions of the CoBank

Master Agreement. As with any outstanding principal amounts, each Company shall be separately responsible for accrued interest and fees associated with its respective borrowing activity. The C&T Agreement does not modify or reallocate accrued interest or fees, but rather passes through any charges associated with borrowed amounts as assessed by the Master Lender. The reimbursement payments shall be due and payable to C&T within thirty (30) days of the date of written notice from C&T of fees and charges due from each Company.

IV. SUPPLEMENTAL DOCUMENTATION

19. In accordance with the requirements of Section 3.601(c)(9) of the Commission's regulations, 52 Pa. Code § 3.601(c)(9), 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 and 2025, are attached hereto as Exhibits J (Citizens'), K (Wellsboro) and L (Valley).² There have been no transactions subsequent to December 31, 2025, that substantially impact the financial status of the Companies. Fixed capital accounts are also noted on the Balance Sheets. See 52 Pa. Code § 3.601(c)(9)(i), (ii), (iii) and (v).

b. The Companies do 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).

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).

c. The capital stock of the Companies is held wholly by C&T. See 52 Pa. Code § 3.601(c)(9)(vi).

d. 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 transactions herein proposed. See 52 Pa. Code § 3.601(c)(9)(vii) & (viii).

e. The Companies’ Board of Directors will formally act in the upcoming six weeks to adopt the following draft resolutions:

- i. Citizens’—Approval expected on April 20, 2026, for new Line of Credit Agreement, \$4,000,000 Note and CoBank guarantee (Exhibit M);
- ii. Wellsboro—Approval expected on April 14, 2026, for new Line of Credit Agreement, \$4,000,000 Note and CoBank guarantee (Exhibit N);
- iii. Valley—Approval expected on May 21, 2026, for new Line of Credit Agreement, \$7,000,000 Note and CoBank guarantee (Exhibit O).

See 52 Pa. Code § 3.601(c)(9)(ix). The Companies will file the as-adopted board resolutions as an update to this filing after Valley’s Board of Directors meeting on May 21st.

f. Attached hereto as Exhibit B is the previously referenced Affidavit 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).

g. Attached hereto as Exhibit C is the previously referenced Affidavit of Byron (Barney) Farnsworth, Jr., President and Chief Executive Officer of Wellsboro, verifying the accuracy of the facts set forth in this filing. See 52 Pa. Code § 3.601(c)(9)(xii).

h. Attached hereto as Exhibit D is the previously referenced Affidavit of Ed Rogers, President and Chief Executive Officer of Valley, verifying the accuracy of the facts set forth in this filing. See 52 Pa. Code § 3.601(c)(9)(xii).

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

21. No accounts will be credited for retirements of any property resulting from this transaction. See 52 Pa. Code § 3601(c)(7)(ii)(C).

22. No existing or anticipated unusual conditions exist in the Companies' current assets or current liabilities. See 52 Pa. Code § 3601(c)(7)(iii).

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

V. CHAPTER 21 ISSUES

24. As explained in paragraphs 17-18, supra, C&T will charge Citizens', Wellsboro, and Valley the cost that it incurs from CoBank related to the Master Agreement, without mark-up. All obligations to C&T, including outstanding principal, accrued interest, and fees will be directly allocated to each Company based on the specific draws requested by the individual affiliate. If any of the Companies are required to pay CoBank pursuant to the guarantees, C&T will reimburse those amounts, subject to C&T's right to be paid by the appropriate Company or Companies for such amounts. Other costs are being split evenly in recognition of the overall benefit to all three companies of the collective nature of the Line of Credit arrangement. As such, this transaction is in accordance with the requirements set forth in Section 2102 of the Public Utility Code and the approved Affiliated Interest Agreement between and among the

C&T affiliates previously approved at Docket Nos G-2022-3031753, G-2022-3031755 and G-2022-3031756.

VI. EXTENSION OF CONSIDERATION PERIOD AND REQUESTED ACTION DATE

25. The new Line of Credit Agreement must take effect on July 1, 2026, concurrent with C&T's new financing arrangement with CoBank. The Companies voluntarily extend 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. **The Companies respectfully request that the Commission act on this filing at or before the Public Meeting scheduled for June 18, 2026.**

WHEREFORE, Citizens' Electric Company of Lewisburg, PA, Wellsboro Electric Company, and Valley Energy, Inc., respectfully request that the Commission:

- (1) Grant this Application;
- (2) Issue an Order approving the transaction detailed herein;
- (3) Approve, pursuant to Chapter 19 of the Public Utility Code, a Securities Certificate for Citizens', Wellsboro, and Valley granting primary liability for debt and contingent payment guarantees under the terms discussed herein pursuant to Section 1901(c); and
- (4) 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
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Counsel to Citizens' Electric Company of
Lewisburg, PA; Wellsboro Electric Company; and
Valley Energy, Inc.

Dated: April 14, 2026

INDEX OF EXHIBITS

A	C&T Line of Credit Agreement (New)
B	Johnson Verification
C	Farnsworth Verification
D	Rogers Verification
E	Sullivan Verification
F	C&T Line of Credit Agreement and Amendment (Existing)
G	Citizens' CoBank Guarantee
H	Wellsboro CoBank Guarantee
I	Valley CoBank Guarantee
J	Citizens' Audited Financials 2024/2025
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P	TUS Questions

LINE OF CREDIT LOAN AGREEMENT

This Line of Credit Loan Agreement (“**Agreement**”) dated July 1, 2026, is between C&T ENTERPRISES, INC., a Pennsylvania business corporation, (“**C&T**”) and VALLEY ENERGY, INC., a Pennsylvania business corporation, (“**VALLEY**”), CITIZENS’ ELECTRIC COMPANY OF LEWISBURG, PA a Pennsylvania business corporation (“**CITIZENS**”), and WELLSBOROUGH ELECTRIC COMPANY a Pennsylvania business corporation (“**WELLSBOROUGH**”, and collectively with VALLEY and CITIZENS, the “**Borrowers**”, and each, individually, a “**Borrower**”). In consideration of the mutual promises set forth herein and intending to be legally bound hereby, the parties agree as follows:

BACKGROUND

WHEREAS, CoBANK, ACB, a federally-chartered instrumentality of the United States (“**CoBank**” or “**Lender**”), has agreed to make available to C&T, a revolving line of credit in the maximum principal amounts of Fifteen Million and 00/100 Dollars (\$15,000,000) the “**Line of Credit**”, the proceeds of which Line of Credit shall be available to finance the interim capital expenditures and working capital needs of the Borrowers; and

WHEREAS, the terms and conditions governing the Line of Credit are set forth in, respectively, a certain “Revolving Line of Credit Agreement” between CoBank and C&T effective as of July 1, 2026 (the “**CoBank Loan Agreement**”, as the same may hereafter be amended, restated, modified or supplemental from time to time); and

WHEREAS, C&T and the Borrowers are entering into this Agreement for the purposes of setting forth: (i) the aggregate amount of credit available to each of the Borrowers under the Revolving Credit Loans (hereinafter defined); and (ii) the terms and conditions of the Borrowers’ obligations to repay the Revolving Credit Loans (hereinafter defined) and interest on amounts borrowed thereunder and fees and charges charged to C&T in connection therewith.

NOW, THEREFORE, intending to be legally bound hereby, the Borrowers and C&T hereby as follows:

Section 1 - The Loans

1.01 Revolving Credit Loans. C&T agrees, upon the terms and subject to the conditions set forth herein and in reliance on the representations and warranties herein set forth, to make revolving credit loans (each such loan, a “**Revolving Credit Loan**”, and such loans collectively, being hereinafter called the “**Revolving Credit Loans**”) from the date hereof until called by C&T or until the Revolving Credit Commitment (hereinafter defined) shall have been terminated in accordance with the terms of this Agreement.

Each Revolving Credit Loan shall be in an amount which, when added to the aggregate principal amount of Revolving Credit Loans then outstanding, will not exceed Fifteen Million and 00/100 Dollars (\$15,000,000) (the “**Revolving Credit Commitment**”). Schedule 1.01 attached hereto and incorporated herein by this reference sets forth the maximum principal amount available to be borrowed by each Borrower under the Lines of Credit. A Borrower shall notify C&T through its President and CEO or Treasurer, of any request for a Revolving Credit Loan hereunder, which notice shall specify the amount thereof and shall be deemed to be a certification by such Borrower confirming compliance with the conditions precedent set forth in paragraph 3.01 hereof. If approved, C&T shall make a Revolving Credit Loan to such Borrower by forwarding a check in the amount of the Revolving Credit Loan to such Borrower, or by arranging a bank transfer of funds to such Borrower.

1.02 Revolving Credit Notes. In connection with, and as evidence of each Borrower's obligations and indebtedness to C&T hereunder, each Borrower shall issue to C&T a promissory note substantially in the form attached hereto as **Exhibit "A"** (collectively, the "**Notes**" and each, individually, a "**Note**") duly executed by each Borrower, dated the Closing Date and payable to the order of C&T in the following respective principal amounts: in the case of Valley; Seven Million and 00/100 Dollars (\$7,000,000); in the case of Citizens, Four Million and 00/100 Dollars (\$4,000,000); and in the case of Wellsborough, Four Million and 00/100 Dollars (\$4,000,000). The outstanding principal balance of the Notes shall be payable upon demand. C&T shall, and is hereby authorized by each Borrower to, set forth on the reverse side of each Note or by a computer record of the principal amount of each Revolving Credit Loan made by C&T hereunder and each payment of principal. Each such notation shall, in the absence of manifest error, be prima facie evidence of the Revolving Credit Loans outstanding hereunder.

1.03 Interest and Fees. Each Borrower shall reimburse C&T for all amounts of interest charged to C&T by the Lender on amounts borrowed by C&T under the Lines of Credit for the use, and at the request of, such Borrower hereunder, as applicable, within thirty (30) days of the date of written notice from C&T of interest payments due such Borrower. Each Borrower shall also reimburse C&T for any and all fees and charges including, without limitation, any prepayment or broken funding charges, fees or penalties charged to C&T by the Lender in connection with the Line of Credit with respect to amounts borrowed by C&T under the Lines of Credit for the use, and at the request of, such Borrower, as applicable. All reimbursement payments shall be due and payable to C&T within thirty (30) days of the date of written notice from C&T of fees and charges due from such Borrower. For the avoidance of doubt, the parties to this Agreement hereby expressly acknowledge and agree that this Section 1.03 shall be strictly construed to provide that each Borrower is liable and responsible solely and exclusively for the principal, interest and fees associated with the Revolving Credit Loans that it borrows from, and the related Notes that it executes and delivers to, C&T, and that no Borrower shall have any liabilities or obligations for or with respect to the principal, interest and fees associated with the Revolving Credit Loans borrowed from C&T by the other Borrowers hereunder.

1.04 Payment on Nonbusiness Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of an installment of principal, interest shall be payable thereon at the rate per annum herein specified during such extension.

Section 2 - Representations and Warranties

Each of the Borrowers hereby represents and warrants to C&T that:

2.01 Organization, Corporate Powers, etc. it: (i) is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, without limitation on the duration of its existence and, (ii) has the corporate power and authority to own its properties and to carry on its business as now being conducted and to undertake and perform all of its obligations under this Agreement.

2.02 Authorization of Borrowing, etc. The execution, delivery and performance by the Borrower of this Agreement, the borrowings hereunder, the execution and delivery of, and the performance by the Borrower of all other actions contemplated by this Agreement: (i) have been duly authorized by all requisite corporate action, (ii) will not violate (a) any provision of law, any order of any court or other agency of government, the Articles of Incorporation, as amended, or Bylaws, as amended, of the Borrower or (b) any provision of any indenture, agreement or other instrument to which the Borrower is a party, or by which the Borrower or any of its properties is bound, and (iii) will not be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under, any such indenture, agreement or other

instrument, or result in the creation or imposition of any lien upon any of the property or assets of the Borrower other than in connection with this Agreement.

2.03 Valid and Binding Obligations. This Agreement and the Notes, when duly executed and delivered, will be valid and binding obligations of the Borrower, enforceable in accordance with their respective terms and provisions, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally.

2.04 Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Borrower) pending, or to the knowledge of the Borrower, threatened against or affecting the Borrower or any property or rights of the Borrower by or before any court or any Federal, state, municipal or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, which involve any of the transactions herein contemplated or which, if adversely determined, could materially adversely affect the business, operations, properties, assets or condition, financial or other, of the Borrower, except the prior debts due to C&T, and the Borrower is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or Federal, state, municipal or other governmental department, the Pennsylvania Public Utility Commission or any other commission board, bureau, agency or instrumentality, domestic or foreign, which default could materially adversely affect the business, operations, properties, assets or condition, financial or otherwise of the Borrower.

2.05 Title to Properties. The Borrower has good and marketable title (which as to real estate, shall mean insurable as such by a reputable title insurance company at the regular rates) to all of its properties and assets.

2.06 Agreements. The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in this Agreement or any other material agreement or instrument governing Indebtedness for Borrowed Money or the deferred purchase price of property to which it is a party.

2.07 Taxes. The Borrower has filed all tax returns and reports required by law, and all taxes which are due and payable or which have been assessed have been paid.

2.08 Security. The obligations of the Borrower to pay the principal of and interest on the applicable Revolving Credit Loan and the applicable Note and all other amounts payable by the Borrower hereunder constitute direct, unconditional and general obligations of the Borrower.

2.09 Environmental Compliance. The Borrower is in compliance in all material respects with all federal, state, and local laws and regulations governing without limitation the storage, control, removal, spill, release, or discharge of hazardous or toxic wastes, substances, and petroleum products as amended from time to time.

2.10 No Notice. The Borrower has not received any notice from the Environmental Protection Agency, Pennsylvania Department of Environmental Resources or any other person with regard to any storage, control, removal, spill, release, or discharge of hazardous or toxic wastes, substances, and petroleum products in connection with the conduct of its business.

Section 3 - Conditions Precedent

3.01 Conditions Precedent to Each Revolving Credit Loan. The obligation of C&T to lend hereunder is subject to the following conditions precedent in the case of each borrowing hereunder:

(a) Representations and Warranties. At the time of each borrowing hereunder, the representations and warranties set forth in Section 2 hereof shall be true and correct with respect to each Borrower at and as of such time with the same effect as though such representations and warranties had been made on and as of such date.

(b) No Adverse Change. At the time of each borrowing hereunder, there shall have been no material adverse change in the financial condition of each Borrower since the date of the Borrower's most recent financial statements.

(c) No Default. At the time of each borrowing hereunder, each Borrower shall be in compliance with all the terms and provisions set forth herein on its part to be observed or performed, and no Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing at the time of such borrowing or after giving effect to such borrowing.

Section 4 - Affirmative Covenants

Each Borrower hereby covenants and agrees that until the full and final payment of the principal of and interest on the Note delivered by it to C&T, the termination of the Revolving Credit Commitment, and the performance by such Borrower of all of its other obligations pursuant to this Agreement, unless C&T otherwise consents in advance in writing, it will:

4.01 Notices. Give prompt written notice to C&T of the following:

(a) any Event of Default and any event which with notice or lapse of time or both would constitute an Event of Default;

(b) all Events of Default or any event that would become an Event of Default upon notice or lapse of time or both under any of the terms or provisions of any note or of any other agreement or contract governing the borrowing of money or the deferred purchase price of property or the rights of holders of preferred stock of the Company.

(c) levy of an attachment, execution or other process against any of its property or assets, real or personal.

(d) the filing or commencement of any action, suit or proceeding by or before any court or any federal, state, municipal or other governmental department, commission or board which if adversely determined against it or any other party to such action, suit or proceeding could materially adversely affect the business, operations, properties, assets or condition, financial or otherwise, of it provided, however, that the foregoing shall not be construed to require notice of any proceedings by or before the Pennsylvania Public Utility Commission or the New York Public Service Commission; and

(e) any matter (other than those specified above and as to which it has received due notice) which has resulted in, or which it reasonably believes will result in, a materially adverse change in the financial condition or operations of it.

4.02 Maintenance of Records. Keep and maintain at its places of business, by such acts as may be necessary, full and accurate accounts and records in accordance with generally accepted accounting principles, and permit access thereto, and examination thereof.

4.03 Inspection of Properties and Books. Permit C&T through any of its officers or agents, at all reasonable times, to visit and examine or inspect any of its properties and to examine, inspect and make extracts from its books and records.

4.04 Insurance. Maintain insurance with well-rated and responsible insurance companies satisfactory to C&T on such of its respective properties and business, in such amounts, of such types and against such risks as is customarily carried by owners of similar properties and businesses, and shall furnish to C&T, upon request, a detailed list of the insurance then in effect and stating the names of the insurance companies, the types, the rates and the amounts of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

4.05 Business, Corporate Existence, etc. Maintain and preserve its corporate existence and all rights, permits, privileges and franchises presently existing if such rights, permits, privileges and franchises are required in the conduct of its business; conduct its business in an orderly and efficient manner; and continue to be duly authorized to execute and deliver any instruments and other documents to be executed and delivered hereunder.

4.06 Preservation of Properties. Keep its properties, whether owned in fee or otherwise, or leased, in good operating condition, and from time to time make all proper repairs, renewals, replacements, additions and improvements thereto needed to maintain such properties in good operating condition.

4.07 Taxes, Payment of Indebtedness, etc. Make appropriate accruals for and pay all taxes, and pay all of its indebtedness, liabilities and other obligations (including, without limitation, all taxes) as and when due or payable.

4.08 Supplementary Documentation. Upon the request of C&T, execute and deliver or cause to be executed and delivered, such further instruments, and do or cause to be done such further acts as may be necessary or as may be reasonably requested by C&T in connection with the transactions contemplated herein.

Section 5 - Negative Covenants

Each Borrower hereby covenants and agrees that until the full and final payment of the principal of and interest on its respective Note delivered by it to C&T, the termination of the Revolving Credit Commitment, and the performance by such Borrower of all of its obligations pursuant to this Agreement, unless C&T otherwise consents in advance in writing, it will not directly or indirectly:

5.01 Restriction on liens. Create or assume, or permit to exist, as security for any loan or any additional indebtedness or any guarantee thereof not in existence at the time of execution of this Agreement whether incurred by it or any other person, any lien upon or in any property or assets directly owned by it except:

- (a) liens for taxes not yet payable;

(b) liens arising in the ordinary course of business in connection with workmen's compensation, unemployment insurance or social security obligations;

(c) deposits or pledges to secure bids, tenders, the performance of contracts and leases, statutory obligations surety and appeal bonds and other obligations of like nature arising in the ordinary course of business;

(d) mechanics', workmen's, materialmen's, landlords', carriers', or other like liens arising in the ordinary course of business with respect to obligations which are not due;

Section 6 - Events of Default

The occurrence of one or more of the following shall constitute a default of and under this Agreement and the Note (collectively, "**Events of Default**" and each individually, an "**Event of Default**"):

(a) the Borrower shall fail to pay any payments on its Note when and as due and payable, and such failure shall continue uncured for more than five (5) Business Days; or

(b) the Borrower shall fail to pay promptly any principal of its Note when and as due and payable (whether at maturity or by prepayment, declaration, acceleration, extension or otherwise), and such failure shall continue uncured for more than five (5) Business Days; or

(c) the Borrower shall fail to duly perform, comply with, or observe any of the terms, conditions or covenants contained in this Agreement and such failure shall continue uncured for more than thirty (30) days after notice thereof; or

(d) any representation or warranty made in this Agreement or any statement or representation made in any document, report, opinion, schedule, letter or certificate furnished to C&T in connection with this Agreement or the borrowings hereunder shall prove to be false, misleading or incorrect in any material respect; or

(e) default shall be made in respect of any agreement or obligation relating to any Indebtedness for Borrowed Money incurred or guaranteed by the Borrower if the effect of such default has resulted in the acceleration of the maturity of such Indebtedness by a holder thereof or a trustee on behalf of such holder, or if any Indebtedness for Borrowed Money incurred by the Borrower or for any guaranty by the Borrower is not paid when due and payable (subject to any applicable grace period), whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(f) the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator for it or any of its properties or assets, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or invoking the protection or provisions of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, whether now or hereafter in effect, or an answer admitting the material allegations of a petition filed against it in any proceeding under any

such law or statute or if action shall be taken by the Borrower for the purpose of effecting any of the foregoing; or

(g) an order, judgment or decree shall be entered, without the application, approval or consent of the Borrower by any court of competent jurisdiction approving a petition seeking reorganization of the Borrower or of all or a substantial part of the properties or assets of the Borrower or appointing a receiver, trustee, or liquidator, or a receiver or trustee with respect to all or a material part of the properties or assets of the Borrower and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) days. Then at any time thereafter during the continuance of any such event, unless such default shall have been waived in writing by C&T, C&T may, by written notice to the Borrower take either or both of the following actions, at the same or different times; (i) terminate forthwith the Revolving Credit Commitment and (ii) declare the Borrower's Note and all amounts accrued hereunder to be forthwith due and payable, whereupon the Borrower's Note and all other amounts accrued hereunder shall become forthwith due and payable, both as to principal and any interest, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in such Note to the contrary notwithstanding.

Section 7 – Remedies

Without in any way limiting or compromising the demand nature of the Revolving Credit Loans made under and pursuant to this Agreement, if any of the Events of Default listed in Section 6 hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace or cure periods (if any) specified therein, then C&T may:

- (a) cease making any Revolving Credit Loans hereunder;
- (b) declare all unpaid principal outstanding on the Revolving Credit Loans, all accrued and unpaid interest thereon, and all other obligations of the Borrowers 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;
- (c) exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by C&T or owed to the Borrowers or for the credit or account of the Borrowers against any and all of the obligations of the Borrowers now or hereafter existing hereunder or under the Revolving Credit Loan. 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. The Borrowers waive all rights of setoff, deduction, recoupment or counterclaim;
- (d) pursue all rights and remedies available to C&T at law or in equity. 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. 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 of any other right, power or remedy.

Section 8 - Definitions

For the purposes hereof, each accounting term not defined herein shall have the meaning given to it under generally accepted accounting principles applied on a consistent basis. In addition to the terms defined elsewhere in the Agreement, the following terms shall have the following meanings:

“**Business Day**” shall mean any day not a Saturday, Sunday or legal holiday in the Commonwealth of Pennsylvania.

“**Indebtedness for Borrowed Money**” shall mean any indebtedness of a Borrower to any party other than C&T.

“**Lien**” shall mean any mortgage, pledge, security, interest, encumbrance, lien or charge of any kind whatsoever (including any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction).

“**Person**” shall mean any individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, joint venture, court or government or political subdivision or agency thereof.

Section 9 - Miscellaneous

9.01 Notices. All notices, demands, requests, consents, or approvals required under this Agreement to be in writing, shall conclusively be deemed to have been received by a party hereto and to be effective on the day on which delivered to such party at the address set forth by C&T (or at such other address as such party shall specify to the other parties in writing), or if sent by first class certified mail, return receipt requested, postage prepaid on the sooner of delivery or the third Business Day after the day on which mailed, addressed to such party at said address.

9.02 Scope and Survival of Agreement. This Agreement, together with the related instruments and transactions to which reference is expressly made herein, constitutes the entire agreement of the parties and supersedes all prior written and oral agreements and understandings with respect hereto between the Borrower and C&T. All covenants, agreements, representations and warranties made herein and in the certificates or other instruments or documents delivered pursuant hereto shall survive the making of the loans herein contemplated and the execution and delivery to C&T of the Notes evidencing such loans and shall continue in full force and effect so long as any amount due hereunder is outstanding and unpaid. Whenever in this Agreement reference is made to any of the parties hereto, such reference shall be deemed to include the successors, trustees and assignees of such party; and all covenants, promises and agreements by or on behalf of the Borrowers which are contained in this Agreement shall inure to the benefit of the successors and assigns of C&T, but the Borrowers may not assign or transfer any of their rights or benefits hereunder without the prior written consent of C&T.

9.03 Modification of Agreement. Unless otherwise specifically provided in this Agreement, no modification, amendment or waiver of any provision of, or any consent required by, this Agreement or the Notes, nor any consent to any departure by the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by C&T, and then such modification, amendment, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

9.04 No Waiver, etc. No failure or delay by C&T to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or the Notes, or to exercise any right, power or remedy hereunder or thereunder or consequent upon a breach hereof or thereof, shall constitute a waiver of any such term, condition, covenant, agreement, right, power or remedy or of any such breach, or preclude C&T from exercising any such right, power or remedy at any later time or times.

9.05 Severability. In case any one or more of the provisions contained in this Agreement or in the Notes should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

9.06 Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.

9.07 Headings. Headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

9.08 Time of Essence. Time is of the essence with respect to matters of performance of this Agreement and the Notes.

9.09 No Joint and Several Liability. The liability of the Borrowers under this Agreement expressly including, without limitation, with respect to the Revolving Credit Loans and the Notes, is not joint and several, rather, the liability of each Borrower shall be strictly limited, as provided in Section 1.03 above, to the principal, interest and fees associated with their respective Revolving Credit Loans borrowed from C&T hereunder and to their respective Notes evidencing such Revolving Credit Loans.

9.10 Prior Line of Credit Agreement Superseded; Outstanding Line Amounts Automatically Transferred to New Agreement. As of the Effective Date, this Agreement supersedes and replaces the Line of Credit Loan Agreement dated September 14, 2014, as amended, between and among the Parties. Any outstanding advances as of June 30, 2026, shall automatically transfer to this new Agreement with accrued interest as of the Effective Date without further request or action by the Borrower.

Section 10 – Reimbursements for Payment Guarantees

The Lender may request for the Borrowers to provide contingent payment guarantees to support the advances to C&T on the CoBank Loan Agreement. In the event that C&T fails to submit timely payment to the Lender and Lender requests performance by a Borrower or Borrowers pursuant to the guarantee(s), Borrower(s) shall timely comply with any appropriate request thereunder. After such performance, Borrower(s) shall provide notice to C&T of a request for reimbursement to the extent any amounts paid by Borrower are not appropriately allocated to Borrower's specific advance requests pursuant to the Revolving Credit Note executed by Borrower hereunder. C&T shall reimburse Borrower within ten (10) business days after receipt of notice under this Section 10. The operation of this Section shall not impair C&T's rights to seek recourse from the other Borrower(s) for their non-performance pursuant to this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, C&T and each of the Borrowers have caused this Agreement to be duly executed by their duly authorized officers, all on the day and year first above written.

C&T ENTERPRISES, INC.

By: _____
Name: _____
Title: _____
Date: _____

VALLEY ENERGY, INC.

By: _____
Name: _____
Title: _____
Date: _____

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____
Name: _____
Title: _____
Date: _____

WELLSBOROUGH ELECTRIC COMPANY

By: _____
Name: _____
Title: _____
Date: _____

Schedule 1.01

4

	Maximum Amount Available
Valley	\$7,000,000
Citizens'	\$4,000,000
Wellsborough	\$4,000,000

Exhibit "A"

3 Revolving Credit Notes attached

REVOLVING CREDIT NOTE

\$ 4,000,000.00

July 1, 2026

FOR VALUE RECEIVED, WELLSBOROUGH ELECTRIC COMPANY, a Pennsylvania corporation (the “**Maker**”) does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the “**Payee**”) UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of FOUR MILLION AND 00/100 DOLLARS (\$4,000,000), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This Note is the Maker’s Revolving Credit Note referred to in the Line of Credit Loan Agreement effective July 1, 2026 between and among the Maker, Valley Energy, Inc., and Citizen’s Electric Company of Lewisburg, PA. This Note is expressly agreed to be payable UPON DEMAND.

WELLSBOROUGH ELECTRIC COMPANY

By: _____

Name: _____

Title: _____

REVOLVING CREDIT NOTE

\$ 4,000,000.00

July 1, 2026

FOR VALUE RECEIVED, CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA a Pennsylvania corporation (the "**Maker**") does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the "**Payee**") UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of FOUR MILLION AND 00/100 DOLLARS (\$4,000,000), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This Note is the Maker's Revolving Credit Note referred to in the Line of Credit Loan Agreement effective July 1, 2026, between and among the Maker, Valley Energy, Inc., and Wellsborough Electric Company. This Note is expressly agreed to be payable UPON DEMAND.

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____

Name: _____

Title: _____

REVOLVING CREDIT NOTE

\$ 7,000.000.00

July 1, 2026

FOR VALUE RECEIVED, VALLEY ENERGY, INC., a Pennsylvania corporation (the “**Maker**”) does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the “**Payee**”) UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of SEVEN MILLION AND 00/100 DOLLARS (\$7,000,000), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This Note is the Maker’s Revolving Credit Note referred to in the Line of Credit Loan Agreement effective July 1, 2026, between and among the Maker, Citizens’ Electric Company of Lewisburg PA, and Wellsborough Electric Company. This Note is expressly agreed to be payable UPON DEMAND.

VALLEY ENERGY, INC.

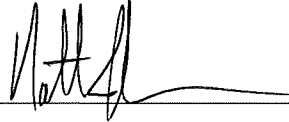
By: _____

Name: _____

Title: _____

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).

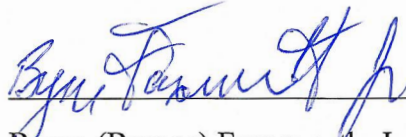


Name: Nathan Johnson
Company: Citizens' Electric Company of Lewisburg, PA
Title: President & CEO

Date: 4/8/2026

VERIFICATION

I, Byron (Barney) Farnsworth, Jr., 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: Byron (Barney) Farnsworth, Jr.

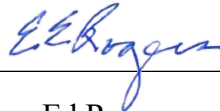
Company: Wellsboro Electric Company

Title: President & CEO

Date: 4/7/2026

VERIFICATION

I, Ed Rogers, 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: Ed Rogers

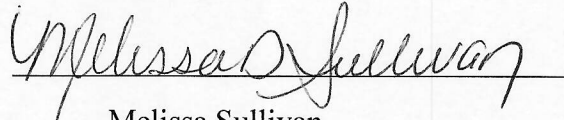
Company: Valley Energy, Inc.

Title: President & CEO

Date: April 7, 2026

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, reading "Melissa Sullivan", is written over a horizontal line.

Name: Melissa Sullivan

Company: C&T Enterprises, Inc.

Title: Chief Financial Officer

Date: April 8, 2026

LINE OF CREDIT LOAN AGREEMENT

This Line of Credit Loan Agreement (“**Agreement**”) dated September 12, 2014, is between C&T ENTERPRISES, INC., a Pennsylvania business corporation, (“**C&T**”) and VALLEY ENERGY, INC., a Pennsylvania business corporation, (“**VALLEY**”), CITIZENS’ ELECTRIC COMPANY OF LEWISBURG, PA a Pennsylvania business corporation (“**CITIZENS**”), and WELLSBOROUGH ELECTRIC COMPANY a/k/a WELLSBORO ELECTRIC COMPANY a Pennsylvania business corporation (“**WELLSBOROUGH**”), and collectively with VALLEY and CITIZENS, the “**Borrowers**”, and each, individually, a “**Borrower**”). In consideration of the mutual promises set forth herein and intending to be legally bound hereby, the parties agree as follows:

BACKGROUND

WHEREAS, National Cooperative Services Corporation, a cooperative association organized and existing under the laws of the District of Columbia (“**NCSC**”), and CoBANK, ACB, a federally-chartered instrumentality of the United States (“**CoBank**” and collectively with NCSC, the “**Lenders**” and each, individually, a “**Lender**”), have each agreed to make available to C&T, a revolving line of credit in the maximum principal amounts of Twelve Million and 00/100 Dollars (\$12,000,000) (the “**NCSC Line of Credit**”) and Twelve Million and 00/100 Dollars (\$12,000,000), respectively (the “**CoBank Line of Credit**”) and, together with the NCSC Line of Credit, the “**Lines of Credit**”), the proceeds of which Lines of Credit shall be available to finance the interim capital expenditures and working capital needs of the Borrowers; and

WHEREAS, the terms and conditions governing the Lines of Credit are set forth in, respectively, a certain “Revolving Line of Credit Agreement” between NCSC and C&T dated as of March 28, 2008, as amended (the “**NCSC Line of Credit Agreement**”), and a certain “Master Loan Agreement” between CoBank and C&T dated as of December 3, 2013 (the “**CoBank Loan Agreement**”), and together with the NCSC Line of Credit Agreement, as the same may hereafter be amended, restated, modified or supplemental from time to time, the “**Line of Credit Agreements**”); and

WHEREAS, C&T and the Borrowers are entering into this Agreement for the purposes of setting forth: (i) the aggregate amount of credit available to each of the Borrowers under the Revolving Credit Loans (hereinafter defined); and (ii) the terms and conditions of the Borrowers’ obligations to repay the Revolving Credit Loans (hereinafter defined) and interest on amounts borrowed thereunder and fees and charges charged to C&T in connection therewith.

NOW, THEREFORE, intending to be legally bound hereby, the Borrowers and C&T hereby as follows:

Section 1 - The Loans

1.01 Revolving Credit Loans. C&T agrees, upon the terms and subject to the conditions set forth herein and in reliance on the representations and warranties herein set forth, to make revolving credit loans (each such loan, a “**Revolving Credit Loan**”, and such loans collectively, being hereinafter called the “**Revolving Credit Loans**”) from the date hereof until called by C&T or until the Revolving Credit Commitment (hereinafter defined) shall have been terminated in accordance with the terms of this Agreement. Each Revolving Credit Loan shall be in an amount which, when added to the aggregate principal amount of Revolving Credit Loans then outstanding, will not exceed Twelve Million and 00/100 Dollars (\$12,000,000.00). Schedule 1.01 attached hereto and incorporated herein by this reference sets forth the maximum principal amount available to be borrowed by each Borrower under the Lines of Credit. **At no time shall aggregate borrowings hereunder exceed Twelve Million and 00/100 Dollars (\$12,000,000.00)**

in the aggregate. (“the **Revolving Credit Commitment**”). A Borrower shall notify C&T through its President and CEO or Treasurer, of any request for a Revolving Credit Loan hereunder, which notice shall specify the amount thereof and shall be deemed to be a certification by such Borrower confirming compliance with the conditions precedent set forth in paragraph 3.01 hereof. If approved, C&T shall make a Revolving Credit Loan to such Borrower by forwarding a check in the amount of the Revolving Credit Loan to such Borrower, or by arranging a bank transfer of funds to such Borrower.

1.02 Revolving Credit Notes. In connection with, and as evidence of each Borrower’s obligations and indebtedness to C&T hereunder, each Borrower shall issue to C&T a promissory note substantially in the form attached hereto as **Exhibit “A”** (collectively, the “**Notes**” and each, individually, a “**Note**”) duly executed by each Borrower, dated the Closing Date and payable to the order of C&T in the following respective principal amounts: in the case of Valley; Seven Million and 00/100 Dollars (\$7,000,000); in the case of Citizens, Two Million and 00/100 Dollars (\$2,000,000); and in the case of Wellsborough, Three Million and 00/100 Dollars (\$3,000,000). The outstanding principal balance of the Notes shall be payable upon demand. C&T shall, and is hereby authorized by each Borrower to, set forth on the reverse side of each Note or by a computer record of the principal amount of each Revolving Credit Loan made by C&T hereunder and each payment of principal. Each such notation shall, in the absence of manifest error, be prima facie evidence of the Revolving Credit Loans outstanding hereunder.

1.03 Interest and Fees. Each Borrower shall reimburse C&T for all amounts of interest charged to C&T by the Lenders on amounts borrowed by C&T under the Lines of Credit for the use, and at the request of, such Borrower hereunder, as applicable, within thirty (30) days of the date of written notice from C&T of interest payments due such Borrower. Each Borrower shall also reimburse C&T for any and all fees and charges including, without limitation, any prepayment or broken funding charges, fees or penalties charged to C&T by the Lenders in connection with the Lines of Credit with respect to amounts borrowed by C&T under the Lines of Credit for the use, and at the request of, such Borrower, as applicable. All reimbursement payments shall be due and payable to C&T within thirty (30) days of the date of written notice from C&T of fees and charges due from such Borrower. For the avoidance of doubt, the parties to this Agreement hereby expressly acknowledge and agree that this Section 1.03 shall be strictly construed to provide that each Borrower is liable and responsible solely and exclusively for the principal, interest and fees associated with the Revolving Credit Loans that it borrows from, and the related Notes that it executes and delivers to, C&T, and that no Borrower shall have any liabilities or obligations for or with respect to the principal, interest and fees associated with the Revolving Credit Loans borrowed from C&T by the other Borrowers hereunder.

1.04 Payment on Nonbusiness Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of an installment of principal, interest shall be payable thereon at the rate per annum herein specified during such extension.

Section 2 - Representations and Warranties

Each of the Borrowers hereby represents and warrants to C&T that:

2.01 Organization, Corporate Powers, etc. it: (i) is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, without limitation on the duration of its existence and, (ii) has the corporate power and authority to own its properties and to carry on its business as now being conducted and to undertake and perform all of its obligations under this Agreement.

2.02 Authorization of Borrowing, etc. The execution, delivery and performance by the Borrower of this Agreement, the borrowings hereunder, the execution and delivery of, and the performance by the Borrower of all other actions contemplated by this Agreement: (i) have been duly authorized by all requisite corporate action, (ii) will not violate (a) any provision of law, any order of any court or other agency of government, the Articles of Incorporation, as amended, or Bylaws, as amended, of the Borrower or (b) any provision of any indenture, agreement or other instrument to which the Borrower is a party, or by which the Borrower or any of its properties is bound, and (iii) will not be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under, any such indenture, agreement or other instrument, or result in the creation or imposition of any lien upon any of the property or assets of the Borrower other than in connection with this Agreement.

2.03 Valid and Binding obligations. This Agreement and the Notes, when duly executed and delivered, will be valid and binding obligations of the Borrower, enforceable in accordance with their respective terms and provisions, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally.

2.04 Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Borrower) pending, or to the knowledge of the Borrower, threatened against or affecting the Borrower or any property or rights of the Borrower by or before any court or any Federal, state, municipal or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, which involve any of the transactions herein contemplated or which, if adversely determined, could materially adversely affect the business, operations, properties, assets or condition, financial or other, of the Borrower, except the prior debts due to C&T, and the Borrower is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or Federal, state, municipal or other governmental department, the Pennsylvania Public Utility Commission or any other commission board, bureau, agency or instrumentality, domestic or foreign, which default could materially adversely affect the business, operations, properties, assets or condition, financial or otherwise of the Borrower.

2.05 Title to Properties. The Borrower has good and marketable title (which as to real estate, shall mean insurable as such by a reputable title insurance company at the regular rates) to all of its properties and assets.

2.06 Agreements. The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in this Agreement or any other material agreement or instrument governing Indebtedness for Borrowed Money or the deferred purchase price of property to which it is a party.

2.07 Taxes. The Borrower has filed all tax returns and reports required by law, and all taxes which are due and payable or which have been assessed have been paid.

2.08 Security. The obligations of the Borrower to pay the principal of and interest on the applicable Revolving Credit Loan and the applicable Note and all other amounts payable by the Borrower hereunder constitute direct, unconditional and general obligations of the Borrower.

2.09 Environmental Compliance. The Borrower is in compliance in all material respects with all federal, state, and local laws and regulations governing without limitation the storage, control, removal, spill, release, or discharge of hazardous or toxic wastes, substances, and petroleum products as amended from time to time.

2.10 No Notice. The Borrower has not received any notice from the Environmental Protection Agency, Pennsylvania Department of Environmental Resources or any other person with regard to any storage, control, removal, spill, release, or discharge of hazardous or toxic wastes, substances, and petroleum products in connection with the conduct of its business.

Section 3 - Conditions Precedent

3.01 Conditions Precedent to Each Revolving Credit Loan. The obligation of C&T to lend hereunder is subject to the following conditions precedent in the case of each borrowing hereunder:

(a) Representations and Warranties. At the time of each borrowing hereunder, the representations and warranties set forth in Section 2 hereof shall be true and correct with respect to each Borrower at and as of such time with the same effect as though such representations and warranties had been made on and as of such date.

(b) No Adverse Change. At the time of each borrowing hereunder, there shall have been no material adverse change in the financial condition of each Borrower since the date of the Borrower's most recent financial statements.

(c) No Default. At the time of each borrowing hereunder, each Borrower shall be in compliance with all the terms and provisions set forth herein on its part to be observed or performed, and no Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing at the time of such borrowing or after giving effect to such borrowing.

Section 4 - Affirmative Covenants

Each Borrower hereby covenants and agrees that until the full and final payment of the principal of and interest on the Note delivered by it to C&T, the termination of the Revolving Credit Commitment, and the performance by such Borrower of all of its other obligations pursuant to this Agreement, unless C&T otherwise consents in advance in writing, it will:

4.01 Notices. Give prompt written notice to C&T of the following:

(a) any Event of Default and any event which with notice or lapse of time or both would constitute an Event of Default;

(b) all Events of Default or any event that would become an Event of Default upon notice or lapse of time or both under any of the terms or provisions of any note or of any other agreement or contract governing the borrowing of money or the deferred purchase price of property or the rights of holders of preferred stock of the Company.

(c) levy of an attachment, execution or other process against any of its property or assets, real or personal.

(d) the filing or commencement of any action, suit or proceeding by or before any court or any federal, state, municipal or other governmental department, commission or board which if adversely determined against it or any other party to such action, suit or

proceeding could materially adversely affect the business, operations, properties, assets or condition, financial or otherwise, of it provided, however, that the foregoing shall not be construed to require notice of any proceedings by or before the Pennsylvania Public Utility Commission or the New York Public Service Commission; and

(e) any matter (other than those specified above and as to which it has received due notice) which has resulted in, or which it reasonably believes will result in, a materially adverse change in the financial condition or operations of it.

4.02 Maintenance of Records. Keep and maintain at its places of business, by such acts as may be necessary, full and accurate accounts and records in accordance with generally accepted accounting principles, and permit access thereto, and examination thereof.

4.03 Inspection of Properties and Books. Permit C&T through any of its officers or agents, at all reasonable times, to visit and examine or inspect any of its properties and to examine, inspect and make extracts from its books and records.

4.04 Insurance. Maintain insurance with well-rated and responsible insurance companies satisfactory to C&T on such of its respective properties and business, in such amounts, of such types and against such risks as is customarily carried by owners of similar properties and businesses, and shall furnish to C&T, upon request, a detailed list of the insurance then in effect and stating the names of the insurance companies, the types, the rates and the amounts of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

4.05 Business, Corporate Existence, etc. Maintain and preserve its corporate existence and all rights, permits, privileges and franchises presently existing if such rights, permits, privileges and franchises are required in the conduct of its business; conduct its business in an orderly and efficient manner; and continue to be duly authorized to execute and deliver any instruments and other documents to be executed and delivered hereunder.

4.06 Preservation of Properties. Keep its properties, whether owned in fee or otherwise, or leased, in good operating condition, and from time to time make all proper repairs, renewals, replacements, additions and improvements thereto needed to maintain such properties in good operating condition.

4.07 Taxes, Payment of Indebtedness, etc. Make appropriate accruals for and pay all taxes, and pay all of its indebtedness, liabilities and other obligations (including, without limitation, all taxes) as and when due or payable.

4.08 Supplementary Documentation. Upon the request of C&T, execute and deliver or cause to be executed and delivered, such further instruments, and do or cause to be done such further acts as may be necessary or as may be reasonably requested by C&T in connection with the transactions contemplated herein.

Section 5 - Negative Covenants

Each Borrower hereby covenants and agrees that until the full and final payment of the principal of and interest on its respective Note delivered by it to C&T, the termination of the Revolving Credit Commitment, and the performance by such Borrower of all of its obligations pursuant to this Agreement, unless C&T otherwise consents in advance in writing, it will not directly or indirectly:

5.01 Restriction on liens. Create or assume, or permit to exist, as security for any loan or any additional indebtedness or any guarantee thereof not in existence at the time of execution of this Agreement whether incurred by it or any other person, any lien upon or in any property or assets directly owned by it except:

- (a) liens for taxes not yet payable;
- (b) liens arising in the ordinary course of business in connection with workmen's compensation, unemployment insurance or social security obligations;
- (c) deposits or pledges to secure bids, tenders, the performance of contracts and leases, statutory obligations surety and appeal bonds and other obligations of like nature arising in the ordinary course of business;
- (d) mechanics', workmen's, materialmen's, landlords', carriers', or other like liens arising in the ordinary course of business with respect to obligations which are not due;

Section 6 - Events of Default

The occurrence of one or more of the following shall constitute a default of and under this Agreement and the Note (collectively, "**Events of Default**" and each individually, an "**Event of Default**");

- (a) the Borrower shall fail to pay any payments on its Note when and as due and payable, and such failure shall continue uncured for more than five (5) Business Days; or
- (b) the Borrower shall fail to pay promptly any principal of its Note when and as due and payable (whether at maturity or by prepayment, declaration, acceleration, extension or otherwise), and such failure shall continue uncured for more than five (5) Business Days; or
- (c) the Borrower shall fail to duly perform, comply with, or observe any of the terms, conditions or covenants contained in this Agreement and such failure shall continue uncured for more than thirty (30) days after notice thereof; or
- (d) any representation or warranty made in this Agreement or any statement or representation made in any document, report, opinion, schedule, letter or certificate furnished to C&T in connection with this Agreement or the borrowings hereunder shall prove to be false, misleading or incorrect in any material respect; or
- (e) default shall be made in respect of any agreement or obligation relating to any Indebtedness for Borrowed Money incurred or guaranteed by the Borrower if the effect of such default has resulted in the acceleration of the maturity of such Indebtedness by a holder thereof or a trustee on behalf of such holder, or if any Indebtedness for Borrowed Money incurred by the Borrower or for any guaranty by the Borrower is not paid when due and payable (subject to any applicable grace period), whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(f) the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator for it or any of its properties or assets, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or invoking the protection or provisions of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, whether now or hereafter in effect, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or statute or if action shall be taken by the Borrower for the purpose of effecting any of the foregoing; or

(g) an order, judgment or decree shall be entered, without the application, approval or consent of the Borrower by any court of competent jurisdiction approving a petition seeking reorganization of the Borrower or of all or a substantial part of the properties or assets of the Borrower or appointing a receiver, trustee, or liquidator, or a receiver or trustee with respect to all or a material part of the properties or assets of the Borrower and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) days. Then at any time thereafter during the continuance of any such event, unless such default shall have been waived in writing by C&T, C&T may, by written notice to the Borrower take either or both of the following actions, at the same or different times; (i) terminate forthwith the Revolving Credit Commitment and (ii) declare the Borrower's Note and all amounts accrued hereunder to be forthwith due and payable, whereupon the Borrower's Note and all other amounts accrued hereunder shall become forthwith due and payable, both as to principal and any interest, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in such Note to the contrary notwithstanding.

Section 7 – Remedies

Without in any way limiting or compromising the demand nature of the Revolving Credit Loans made under and pursuant to this Agreement, if any of the Events of Default listed in Section 6 hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace or cure periods (if any) specified therein, then C&T may:

- (a) cease making any Revolving Credit Loans hereunder;
- (b) declare all unpaid principal outstanding on the Revolving Credit Loans, all accrued and unpaid interest thereon, and all other obligations of the Borrowers 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;
- (c) exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by C&T or owed to the Borrowers or for the credit or account of the Borrowers against any and all of the obligations of the Borrowers now or hereafter existing hereunder or under the Revolving Credit Loan. 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. The Borrowers waive all rights of setoff, deduction, recoupment or counterclaim;

(d) pursue all rights and remedies available to C&T at law or in equity. 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. 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 of any other right, power or remedy.

Section 8 - Definitions

For the purposes hereof, each accounting term not defined herein shall have the meaning given to it under generally accepted accounting principles applied on a consistent basis. In addition to the terms defined elsewhere in the Agreement, the following terms shall have the following meanings:

“**Business Day**” shall mean any day not a Saturday, Sunday or legal holiday in the Commonwealth of Pennsylvania.

“**Indebtedness for Borrowed Money**” shall mean any indebtedness of a Borrower to any part other than C&T.

“**Lien**” shall mean any mortgage, pledge, security, interest, encumbrance, lien or charge of any kind whatsoever (including any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction).

“**Person**” shall mean any individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, joint venture, court or government or political subdivision or agency thereof.

Section 9 - Miscellaneous

9.01 Notices. All notices, demands, requests, consents, or approvals required under this Agreement to be in writing, shall conclusively be deemed to have been received by a party hereto and to be effective on the day on which delivered to such party at the address set forth by C&T (or at such other address as such party shall specify to the other parties in writing), or if sent by first class certified mail, return receipt requested, postage prepaid on the sooner of delivery or the third Business Day after the day on which mailed, addressed to such party at said address.

9.02 Scope and Survival of Agreement. This Agreement, together with the related instruments and transactions to which reference is expressly made herein, constitutes the entire agreement of the parties and supersedes all prior written and oral agreements and understandings with respect hereto between the Borrower and C&T. All covenants, agreements, representations and warranties made herein and in the certificates or other instruments or documents delivered pursuant hereto shall survive the making of the loans herein contemplated and the execution and delivery to C&T of the Notes evidencing such loans and shall continue in full force and effect so long as any amount due hereunder is outstanding and unpaid. Whenever in this Agreement reference is made to any of the parties hereto, such reference shall be deemed to include the successors, trustees and assignees of such party; and all covenants, promises and agreements by or on behalf of the Borrowers which are contained in this Agreement shall inure to the benefit of the successors and assigns of C&T, but the Borrowers may not assign or transfer any of their rights or benefits hereunder without the prior written consent of C&T.

9.03 Modification of Agreement. Unless otherwise specifically provided in this Agreement, no modification, amendment or waiver of any provision of, or any consent required by, this Agreement or the Notes, nor any consent to any departure by the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by C&T, and then such modification, amendment, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

9.04 No Waiver, etc. No failure or delay by C&T to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or the Notes, or to exercise any right, power or remedy hereunder or thereunder or consequent upon a breach hereof or thereof, shall constitute a waiver of any such term, condition, covenant, agreement, right, power or remedy or of any such breach, or preclude C&T from exercising any such right, power or remedy at any later time or times.

9.05 Severability. In case any one or more of the provisions contained in this Agreement or in the Notes should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

9.06 Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.

9.07 Headings. Headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

9.08 Time of Essence. Time is of the essence with respect to matters of performance of this Agreement and the Notes.

9.09 No Joint and Several Liability. The liability of the Borrowers under this Agreement expressly including, without limitation, with respect to the Revolving Credit Loans and the Notes, is not joint and several, rather, the liability of each Borrower shall be strictly limited, as provided in Section 1.03 above, to the principal, interest and fees associated with their respective Revolving Credit Loans borrowed from C&T hereunder and to their respective Notes evidencing such Revolving Credit Loans.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, C&T and each of the Borrowers have caused this Agreement to be duly executed by their duly authorized officers, all on the day and year first above written.

C&T ENTERPRISES, INC.

By: _____
Name: _____
Title: _____
Date: _____

VALLEY ENERGY, INC.

By: _____
Name: _____
Title: _____
Date: _____

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____
Name: _____
Title: _____
Date: _____

WELLSBOROUGH ELECTRIC COMPANY
a/k/a WELLSBORO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, C&T and each of the Borrowers have caused this Agreement to be duly executed by their duly authorized officers, all on the day and year first above written.

C&T ENTERPRISES, INC.

By: Bobbi J Kilmer
Name: Bobbi J Kilmer
Title: Co. President + CEO
Date: 5/29/2020
Effective 9/12/2014

VALLEY ENERGY, INC.

By: _____
Name: _____
Title: _____
Date: _____

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____
Name: _____
Title: _____
Date: _____

WELLSBOROUGH ELECTRIC COMPANY
a/k/a WELLSBORO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, C&T and each of the Borrowers have caused this Agreement to be duly executed by their duly authorized officers, all on the day and year first above written.

C&T ENTERPRISES, INC.

By: _____
Name: _____
Title: _____
Date: _____

VALLEY ENERGY, INC.

By: EE Rogers
Name: EDWARD ED ROGERS
Title: PRESIDENT & CEO
Date: 5/29/20

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____
Name: _____
Title: _____
Date: _____

WELLSBOROUGH ELECTRIC COMPANY
a/k/a WELLSBORO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, C&T and each of the Borrowers have caused this Agreement to be duly executed by their duly authorized officers, all on the day and year first above written.

C&T ENTERPRISES, INC.

By: _____
Name: _____
Title: _____
Date: _____

VALLEY ENERGY, INC.

By: _____
Name: _____
Title: _____
Date: _____

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: John A. Kelchner
Name: John A. Kelchner
Title: President + CEO
Date: 5/29/2020

WELLSBOROUGH ELECTRIC COMPANY
a/k/a WELLSBORO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, C&T and each of the Borrowers have caused this Agreement to be duly executed by their duly authorized officers, all on the day and year first above written.

C&T ENTERPRISES, INC.

By: _____
Name: _____
Title: _____
Date: _____


VALLEY ENERGY, INC.

By: _____
Name: _____
Title: _____
Date: _____

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____
Name: _____
Title: _____
Date: _____

WELLSBOROUGH ELECTRIC COMPANY
a/k/a WELLSBORO ELECTRIC COMPANY

By: 
Name: Byron Farnsworth Jr.
Title: President/CEO
Date: 6/2/2020

Schedule 1.01

	Maximum Amount Available
Valley	\$7,000,000
Citizens	\$2,000,000
Wellsborough	\$3,000,000

Exhibit "A"

3 Revolving Credit Notes attached

REVOLVING CREDIT NOTE

\$ 3,000,000.00

September 12, 2014

FOR VALUE RECEIVED, WELLSBOROUGH ELECTRIC COMPANY a/k/a WELLSBORO ELECTRIC COMPANY, a Pennsylvania corporation (the “**Maker**”) does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the “**Payee**”) UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of THREE MILLION AND 00/100 DOLLARS (\$3,000,000.00), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This Note is the Maker’s Revolving Credit Note referred to in the Line of Credit Loan Agreement dated September 12, 2014 between and among the Maker, Valley Energy, Inc., and Citizen’s Electric Company of Lewisburg, PA. This Note is expressly agreed to be payable UPON DEMAND.

WELLSBOROUGH ELECTRIC COMPANY
a/k/a WELLSBORO ELECTRIC COMPANY

By: _____

Name: _____

Title: _____

REVOLVING CREDIT NOTE

\$ 2,000,000.00

September 12, 2014

FOR VALUE RECEIVED, CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA a Pennsylvania corporation (the "**Maker**") does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the "**Payee**") UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of TWO MILLION AND 00/100 DOLLARS (\$2,000,000), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This Note is the Maker's Revolving Credit Note referred to in the Line of Credit Loan Agreement dated September 12, 2014 between and among the Maker, Valley Energy, Inc., and Wellsborough Electric Company a/k/a Wellsboro Electric Company. This Note is expressly agreed to be payable UPON DEMAND.

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

By: _____

Name: _____

Title: _____

REVOLVING CREDIT NOTE

\$ 7,000,000.00

September 12, 2014

FOR VALUE RECEIVED, VALLEY ENERGY, INC., a Pennsylvania corporation (the “**Maker**”) does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the “**Payee**”) UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of SEVEN MILLION AND 00/100 DOLLARS (\$7,000,000.00), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This Note is the Maker’s Revolving Credit Note referred to in the Line of Credit Loan Agreement dated September 12, 2014 between and among the Maker, Citizens’ Electric Company of Lewisburg PA, and Wellsborough Electric Company a/k/a Wellsboro Electric Company. This Note is expressly agreed to be payable UPON DEMAND.

VALLEY ENERGY, INC.

By: _____

Name: _____

Title: _____

**FIRST AMENDMENT TO
LINE OF CREDIT LOAN AGREEMENT**

THIS FIRST AMENDMENT (this "First Amendment") is entered into this 12 day of Aug, 2020, by and among C & T ENTERPRISES, INC. ("C & T") and CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA ("Citizens"), VALLEY ENERGY, INC. ("Valley"), and WELLSBOROUGH ELECTRIC COMPANY a/k/a WELLSBORO ELECTRIC COMPANY ("Wellsborough") (Citizens', Valley, and Wellsborough are each, a "Borrower," and collectively, the "Borrowers").

WITNESSETH:

WHEREAS, C & T has arranged one or more Lines of Credit with Master Lenders in the maximum principal amounts of up to Twelve Million and 00/100 Dollars (\$12,000,000), the proceeds of shall be available to finance the interim capital expenditures and working capital needs of the Borrowers; and

WHEREAS, the C & T and Borrowers entered into a Line of Credit Loan Agreement dated September 12, 2014 (the "Line of Credit Loan Agreement") setting forth: (i) the aggregate amount of credit available to each of the Borrowers under the Revolving Credit Loans; and (ii) the terms and conditions of the Borrowers' obligations to repay the Revolving Credit Loans and interest on amounts borrowed thereunder and fees and charges charge to C & T in connection therewith; and

WHEREAS, Citizens' desires to increase its Maximum Amount Available from Two Million and 00/100 Dollars (\$2,000,000) to Four Million and 00/100 Dollars (\$4,000,000); and

WHEREAS, C & T has secured an increase in the Master Agreement with CoBANK, ACB, a federally-chartered instrumentality of the United States ("CoBank") to increase the maximum principal amount from Twelve Million and 00/100 Dollars (\$12,000,000) to Fourteen Million and 00/100 Dollars (\$14,000,000);

NOW THEREFORE, in consideration of the foregoing, and of the mutual undertakings of the parties hereinafter set forth, and with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Amendments.**
 - a. All references to \$12,000,000 in the Line of Credit Loan Agreement shall mean \$14,000,000.
 - b. The reference in Paragraph 1.02 to the Citizens' principal amount of \$2,000,000 shall mean \$4,000,000.
 - c. Schedule 1.01 of the Line of Credit Loan Agreement shall be replaced with First Amended Schedule 1.01 attached to this First Amendment.

- d. Citizens' Revolving Credit Note attached in Exhibit A of the Line of Credit Loan Agreement shall be replaced with the Revised and Restated Revolving Credit Note attached as Exhibit A to this First Amendment.

2. **Other Terms and Conditions.** All other terms and conditions of the Line of Credit Loan Agreement not expressly altered by this First Amendment shall continue in full force and effect.

3. **Counterparts.** This First Amendment may be executed in counterparts with the same effect as if all signatures on such counterparts appeared in one document, and each such counterpart shall be deemed to be an original.

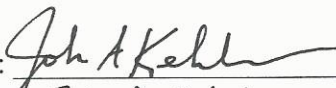
[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Second Amendment by their duly constituted officers as of the day and year first above written.

C & T ENTERPRISES, INC.

By: 
Name:
Title:

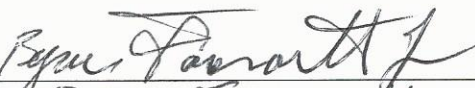
CITIZENS' ELECTRIC COMPANY OF
LEWISBURG, PA

By: 
Name: John A. Kelchner
Title: President + CEO

VALLEY ENERGY, INC.

By: 
Name: EDWARD E. ROBERTS
Title: PRESIDENT & CEO

WELLSBOROUGH ELECTRIC COMPANY

By: 
Name: Byron Farnsworth Jr.
Title: President / CEO

**First Amended
Schedule 1.01
(revised 2020)**

	Maximum Amount Available
Valley	\$7,000,000
Citizens'	\$4,000,000
Wellsborough	\$3,000,000

Exhibit A

Revolving Credit Note attached

REVISED AND RESTATED
REVOLVING CREDIT NOTE

\$ 4,000,000.00

_____, 2020

FOR VALUE RECEIVED, CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA a Pennsylvania corporation (the "**Maker**") does hereby promise to pay to the order of C&T ENTERPRISES, INC., a Pennsylvania corporation (the "**Payee**") UPON DEMAND at its office at 1775 Industrial Boulevard, Lewisburg, Pennsylvania 17837, in lawful money of the United States of America and in immediately available funds, the principal amount of FOUR MILLION AND 00/100 DOLLARS (\$4,000,000), or the aggregate unpaid principal balance of the Revolving Credit Loan made by the Payee to the Maker pursuant to Section 1.01 of the Line of Credit Loan Agreement (hereinafter defined), whichever is less, and to pay interest from the date hereof on the unpaid principal amount hereof, as provided in the Line of Credit Loan Agreement (hereinafter defined).

This revised and Restated Note is the Maker's Revolving Credit Note referred to in the Line of Credit Loan Agreement dated September 12, 2014 between and among the Maker, Valley Energy, Inc., and Wellsborough Electric Company a/k/a Wellsboro Electric Company, including any amendments thereto. This Revised and Restated Note replaces and supersedes the Note dated September 12, 2014, executed by Maker; however, any amounts outstanding as of the execution date shall automatically transfer to this Revised and Restated Note. This Revised and Restated Note is expressly agreed to be payable UPON DEMAND.

CITIZENS' ELECTRIC COMPANY OF
LEWISBURG, PA

By: _____

Name: _____

Title: _____

**GUARANTEE OF PAYMENT
LIMITED**

THIS GUARANTEE OF PAYMENT (this “**Guarantee**”) is executed as of _____, by **CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA.**, a Pennsylvania corporation (hereinafter referred to as the “**Guarantor**”) in favor of **COBANK, ACB** (hereinafter referred to as “**CoBank**”).

RECITALS

C & T Enterprises, Inc. (the “**Borrower**”) has applied to CoBank for a loan or loans or other financial accommodations in the aggregate principal amount of \$15,000,000.00. Subject to and on the terms and conditions set forth in that certain i) Amended and Restated Revolving Term Promissory Note No. 00019042T02, and ii) Credit Agreement No. 00019042SLA dated June 26, 2020 (collectively, the “**Loan Agreement**”), CoBank is willing to extend credit to the Borrower. One of the conditions of the Loan Agreement is that the Borrower obtain the guarantee of the Guarantor in the form hereof. In satisfaction of that condition, and because the Guarantor will derive substantial direct or indirect benefits from the extensions of credit to the Borrower contemplated by the Loan Agreement, the Guarantor is entering into this Guarantee.

NOW, THEREFORE, in order to induce CoBank to extend credit to the Borrower and for good and valuable other consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees as follows:

SECTION 1. Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees to CoBank, or order, on demand, the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all indebtedness, obligations and liabilities of the Borrower to CoBank arising under the Loan Agreement, all instruments and documents executed or furnished in connection therewith, and all amendments, supplements, restatements or replacements thereto or thereof (collectively, the “**Loan Documents**”). Such indebtedness, obligations and liabilities shall include all principal, interest, fees, surcharges, reimbursement obligations, expenses, stock subscription charges and all other obligations of the Company arising under the Loan Documents and all expenses of counsel incurred by CoBank in enforcing any rights under the Loan Documents, contract causes of action and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) (hereinafter collectively referred to as the “**Guaranteed Obligations**”). Notwithstanding anything to the contrary in this Section, the Guarantor’s liability hereunder shall in no event exceed \$4,000,000.00. Guarantor and, by its acceptance of this Guarantee, CoBank, each hereby confirms that it is its intention that this Guarantee and the Guaranteed Obligations of Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of the United States Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law to the extent applicable to this Guarantee and the Guaranteed Obligations. To effectuate the foregoing intention, Guarantor and, by its acceptance of this Guarantee, CoBank, hereby irrevocably agree that the Guaranteed Obligations at any time shall be limited to the maximum amount as will result in the Guaranteed Obligations not constituting a fraudulent transfer or conveyance.

SECTION 2. Guaranty of Payment; Waiver of Defenses, Etc. This Guarantee is a guarantee of payment and not of collection. The Guarantor acknowledges and agrees that this Guarantee is an absolute and independent obligation of the Guarantor and therefore waives any right to require that any action be brought against the Borrower, another guarantor or any other person or entity which is liable for all or any part of the Guaranteed Obligations, or to require that CoBank seek to enforce or resort to any remedies with

respect to any security interest, lien, encumbrance, right to setoff or similar right granted to CoBank on account of the Guaranteed Obligations. If Guarantor consists of multiple individuals and/or entities, their liability hereunder shall be joint and several, and the compromise of any claim with, or the release of, any one such individual or entity shall not constitute a compromise with, or a release of, any other such individual or entities. The Guarantor's obligations hereunder shall be payable on demand and shall be absolute and unconditional irrespective of (and the Guarantor hereby expressly waives any defense or claim of discharge based on): (i) the alteration or modification from time to time (whether material or otherwise) of the Guaranteed Obligations, including the date, time, and place of payment, an increase or decrease in the rate or rates of interest accruing on the Guaranteed Obligations, the period during which the Guaranteed Obligations may be made, the amount of the Guaranteed Obligations or otherwise; (ii) the waiver by CoBank of the Borrower's compliance with any of the terms and conditions of the Loan Documents; (iii) the forbearance by CoBank from exercising any right or remedy it may have under the Loan Documents or under law; (iv) any inability, failure, neglect or omission to obtain, perfect, maintain, enforce, or realize upon any collateral for the Guaranteed Obligations, or to pursue or obtain any deficiency judgment against the Borrower following any foreclosure of any security interest, mortgage or deed of trust; (v) the loss or impairment of any collateral, the subordination or release of CoBank's lien thereon, or the sale, pledge, surrender, exchange or substitution of any collateral; (vi) any act or omission (except acts or omissions in bad faith) of CoBank that increases the scope of the Guarantor's risk under this Guarantee, including negligent administration by CoBank of the Guaranteed Obligations; (vii) CoBank releasing, waiving, discharging, or modifying the obligations of one or more other guarantors (whether a party hereto or to a separate agreement with CoBank); (viii) the acceptance by CoBank of any partial payment on the Guaranteed Obligations or any collateral therefor, or CoBank settling, subordinating, compromising, discharging, or releasing the Guaranteed Obligations or any collateral therefor; (ix) the enforceability of the Loan Documents; (x) any defenses or counterclaims assertable by the Borrower, including any defense or counterclaim based on failure of consideration, breach of warranty, fraud, statute of frauds, bankruptcy, statute of limitations, lender liability, accord and satisfaction and usury; (xi) any setoff, counterclaim, recoupment or similar right assertable by the Borrower, the Guarantor, or other guarantor (whether a party hereto or to a separate guarantee); (xii) if applicable, the incapacity, death or disability of the Guarantor; or (xiii) any other circumstance which constitutes a legal or equitable discharge of a guarantor or surety. This Guarantee shall continue in full force and effect until ninety (90) days after written notice of termination shall have been received by CoBank. Notwithstanding the foregoing, such notice of termination shall not be effective as to: (1) any Guaranteed Obligations existing prior to the effective date of termination; (2) any Guaranteed Obligations arising thereafter pursuant to any commitment to extend credit entered into prior to the effective date of such notice (regardless of whether CoBank has or from time to time acquires a right to suspend or terminate such commitment owing to the occurrence of a default or otherwise); (3) any extensions, renewals, or refinancings of any Guaranteed Obligations referred to in (1) or (2) above made before or after the effective date of termination; and (4) interest, fees, expenses, and other Guaranteed Obligations relating to any of the foregoing. In addition, no such notice of termination shall in any manner impair or alter CoBank's rights or obligations hereunder with respect to such Guaranteed Obligations or affect or impair the obligations of any other guarantor (whether a party hereto or to a separate guarantee).

SECTION 3. Subordination and Subrogation. The Guarantor hereby agrees that all indebtedness and other obligations of the Borrower (now existing or hereafter incurred) to the Guarantor are and shall be subordinated in right of payment to the prior payment in full by the Borrower of its obligations to CoBank under the Loan Documents. During the existence of a default under the Loan Documents, no payments by the Borrower shall be accepted by the Guarantor with respect to such subordinated obligations and, if any such payments are inadvertently received, the same shall be held in trust and promptly turned over to CoBank. The Guarantor hereby waives all claims, rights or remedies that it may have at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of CoBank) to seek contribution, indemnification, or any other form of reimbursement from the Borrower, any other guarantor, or any other person or entity now or hereafter primarily or secondarily liable for any obligations of the Guarantor to CoBank, for any disbursement made by the Guarantor under or in connection with this Guarantee

or otherwise. The Guarantor hereby stipulates and agrees that any such disbursement made by the Guarantor shall be a contribution to the equity capital of the Borrower.

SECTION 4. Recovery of Payment. If any payment received by CoBank and applied to the Guaranteed Obligations is subsequently set aside, recovered, rescinded, or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Guarantor), whether by court order, administrative order, or settlement, the Guaranteed Obligations to which such payment was applied shall for the purposes of this Guarantee and all instruments or documents executed in connection herewith or securing the Guarantor's obligations hereunder, be deemed to have continued in existence, and this Guarantee shall be enforceable as to such Guaranteed Obligations as fully as if such applications had never been made, notwithstanding any termination of this Guarantee or the cancellation of any note or other agreement evidencing the Guaranteed Obligations.

SECTION 5. Information Regarding Borrower; Waiver of Notices, Etc. The Guarantor assumes responsibility for keeping fully informed of the financial condition of the Borrower, its liability hereunder and all other circumstances affecting the Borrower's ability to pay and perform the Guaranteed Obligations. The Guarantor agrees that CoBank shall have no duty to report to or notify the Guarantor of: (i) any information which CoBank shall receive about the financial condition of the Borrower (including adverse matters); (ii) the Borrower's performance under the Loan Documents (including nonpayment or the occurrence of any other default); (iii) any circumstances bearing on the Borrower's ability to perform the Guaranteed Obligations; (iv) any increases or decreases in the amount of the Guaranteed Obligations, any renewals, extensions or refinancing(s) of any Guaranteed Obligation, or any changes in the terms and/or structure of the Guaranteed Obligations, including any interest rate adjustments; (v) any actions taken by CoBank or the Borrower under any Loan Document; (vi) any matters relating to another guarantor; (vii) any matter set forth in Section 2 hereof; or (viii) any other matter relating to the Guaranteed Obligations; and the Guarantor hereby expressly and unconditionally waives any defense or claim of discharge based on the failure of CoBank to report to or notify the Guarantor of any such information. In addition, the Guarantor hereby acknowledges that it has entered into this Guarantee based upon its own independent knowledge of or investigation into the affairs of the Borrower and any other guarantor (whether a party hereto or to a separate guarantee) and has not relied in any respect on CoBank or any officers, employees, or agents thereof. In addition, although the Borrower is a legal entity, Guarantor agrees that it is not necessary for CoBank to inquire into the powers of the Borrower, or the officers, directors, or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(A) Binding Agreement. This Guarantee and each instrument and document executed in connection herewith is, or when executed and delivered will be, the legal, valid, and binding obligation of the Guarantor, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting creditors' rights generally.

(B) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Guarantor is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Guarantor, or on the ability of the Guarantor to perform its obligations hereunder or under any instrument or document executed in connection herewith, and to the best of the Guarantor's knowledge, no such actions or proceedings are threatened or contemplated.

(C) **Conflicting Agreements.** Neither this Guarantee nor any instrument or document executed in connection herewith conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which Guarantor is a party or by which it or any of its property may be bound or affected, and does not conflict with any provision of its bylaws, articles of incorporation or other organizational documents.

(D) **Consents and Approvals.** No consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Guarantor is a party or by which it or any of its property may be bound or affected, is necessary in connection with the Guarantor's execution, delivery, performance or enforcement of this Guarantee or any instrument or document executed in connection herewith, except as have been obtained and are in full force and effect.

(E) **Financial Statements; No Material Adverse Change; Etc.** The Guarantor agrees to provide to CoBank financial and credit information in form and content acceptable to CoBank, including balance sheets and income statements no less frequently than annually, as soon as they become available, no later than 120 days after each fiscal year end or at such other times as CoBank may request. All financial statements concerning the Guarantor and its subsidiaries (the "**Financial Statements**"), if any, submitted to CoBank by the Guarantor are complete and correct and fairly present the financial condition of the Guarantor and the results of the Guarantor's operations for the periods covered thereby, and were prepared in accordance with United States generally accepted accounting principles, consistently applied, or the system of accounts established by the Rural Utilities Service ("RUS"), or such other commission or body as may be agreeable to CoBank (the "**Accounting Standards**"). Since the date of the Guarantor's submission of the Financial Statements to CoBank, there has been no material adverse change in the condition, financial or otherwise, business, or operations of the Guarantor. There are no liabilities of the Guarantor, fixed or contingent, which are material but which are not reflected in the Financial Statements. Each submission of financial information or documents relating to the Guarantor will constitute a representation and warranty by the Guarantor that such information and documents are true and accurate in all material respects and do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(F) **Compliance with Laws.** The Guarantor is in compliance with all applicable laws, rules, regulations, ordinances, codes, orders or the like, including, without limitation, all laws relating to environmental protection (collectively, "**Laws**").

(G) **Compliance with Guarantee.** As of the date hereof, the Guarantor is operating its business in compliance with all of the covenants set forth in this Guarantee.

SECTION 7. Covenants. While this Guarantee is in effect, the Guarantor agrees to comply with all covenants set forth in all loan and other credit agreements between the Guarantor and CoBank and/or between the Borrower and CoBank (to the extent such covenants apply to the Guarantor), whether now existing or hereafter entered into, and all amendments, supplements, restatements and replacements to or of any such agreements, which covenants are hereby, and shall hereafter continuously be, incorporated by reference. In the event such other agreements cease to be in effect, then such covenants shall continue as provisions hereof and, at CoBank's option, this Guarantee shall be amended to specifically add those covenants to this agreement.

SECTION 8. Expenses. In the event CoBank employs counsel to protect or enforce its rights hereunder against the Guarantor, all attorneys' fees arising from such services and all expenses, costs, and charges in any way or respect arising in connection therewith or relating thereto shall be paid by the Guarantor.

SECTION 9. Notices. All notices hereunder will be in writing and will be deemed to have been duly given when addressed to the party intended to receive the same at the address of such party set forth below (or such other address either party may specify by like notice), (i) upon delivery if personally delivered to a party at such address, (ii) three days after the same is deposited in the United States mail as first class, certified mail, return receipt requested, postage paid, (iii) one business day after the same has been deposited with Federal Express or another nationally recognized overnight courier service if designated for next-day delivery, and (iv) upon delivery if sent by facsimile or electronic mail with confirmation of delivery of the same:

If to CoBank, as follows:

For general correspondence purposes:
P.O. Box 5110
Denver, Colorado 80217-5110

For direct delivery purposes, when desired:
6340 S. Fiddlers Green Cir.
Greenwood Village, Colorado 80111

Attention: Credit Information Services
Fax No.: (303) 224-6101

If to the Guarantor, as follows:

CITIZENS' ELECTRIC COMPANY OF LEWISBURG,
PA.
1775 Industrial Blvd
Lewisburg, Pennsylvania 17837

Attention: Kathleen Stauder
Fax No.: _____

SECTION 10. Amendments, Etc. This writing is intended by the parties as a final expression of their agreement and is also intended as a complete and exclusive statement of the terms of that agreement. No course of dealing, course of performance, or trade usage, and no parol evidence of any nature, shall be used to supplement or modify its terms. No amendment or waiver of any provision of this Guarantee nor consent to any departure by the Guarantor herefrom shall be effective unless the same shall be in writing and signed by CoBank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 11. No Waiver; Remedies. No failure on the part of CoBank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

SECTION 12. Choice of Law; Submission to Jurisdiction; Waiver of Venue, Service of Process; Waiver of Jury Trial.

(A) **Applicable Law.** Without giving effect to the principles of conflict of law and except to the extent governed by federal law, the laws of the State of Colorado, without reference to choice of law doctrine, will govern this Guarantee, and all disputes and matters between the parties to this Guarantee.

(B) **Submission to Jurisdiction; Service of Process.** The Guarantor hereby irrevocably consents to the nonexclusive jurisdiction of any state or federal court in Denver, Colorado, and consents that CoBank may affect any service of process in the manner and at the Guarantor's address set forth herein for providing notice or demand; provided that nothing contained in this Guarantee will prevent CoBank from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any collateral or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction.

(C) **Waiver of Venue.** The Guarantor acknowledges and agrees that the venue provided above is the most convenient form for the Guarantor and CoBank. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guarantee.

(D) **Waiver of Jury Trial.** The Guarantor hereby irrevocably waives any right it may have to a trial by jury in connection with any action direct or indirectly arising out of or relating to this Guarantee, and certifies that no representative, administrative agent or attorney of CoBank has represented, expressly or otherwise, that CoBank would not, in the event of litigation, seek to enforce the foregoing waiver.

SECTION 13. Notice of Acceptance. The Guarantor hereby waives notice of acceptance hereof.

SECTION 14. Security. This Guarantee is unsecured.

SECTION 15. Eligible Contract Participant. Notwithstanding anything in this Guarantee to the contrary, if, and to the extent the guarantee by the Guarantor of the Borrower's obligations under Interest Rate Agreements is or becomes illegal under the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute (the "**Commodity Exchange Act**"), or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act, amounts received from the Guarantor or its assets shall not be applied to such Interest Rate Agreement obligations, and such obligations shall not constitute Guaranteed Obligations for purposes of this Guarantee. If an obligation arises under an Interest Rate Agreement governing more than one transaction, this exclusion shall apply only to the portion of such obligation that is attributable to transactions for which this Guarantee is or becomes illegal.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be executed as of the date shown above by its duly authorized officers.

**CITIZENS' ELECTRIC COMPANY OF
LEWISBURG, PA.**

By: _____
Name: _____
Title: _____

**GUARANTEE OF PAYMENT
LIMITED**

THIS GUARANTEE OF PAYMENT (this “**Guarantee**”) is executed as of _____, by **WELLSBOROUGH ELECTRIC COMPANY**, a Pennsylvania corporation (hereinafter referred to as the “**Guarantor**”) in favor of **COBANK, ACB** (hereinafter referred to as “**CoBank**”).

RECITALS

C & T Enterprises, Inc. (the “**Borrower**”) has applied to CoBank for a loan or loans or other financial accommodations in the aggregate principal amount of \$15,000,000.00. Subject to and on the terms and conditions set forth in that certain i) Amended and Restated Revolving Term Promissory Note No. 00019042T02, and ii) Credit Agreement No. 00019042SLA dated June 26, 2020 (collectively, the “**Loan Agreement**”), CoBank is willing to extend credit to the Borrower. One of the conditions of the Loan Agreement is that the Borrower obtain the guarantee of the Guarantor in the form hereof. In satisfaction of that condition, and because the Guarantor will derive substantial direct or indirect benefits from the extensions of credit to the Borrower contemplated by the Loan Agreement, the Guarantor is entering into this Guarantee.

NOW, THEREFORE, in order to induce CoBank to extend credit to the Borrower and for good and valuable other consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees as follows:

SECTION 1. Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees to CoBank, or order, on demand, the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all indebtedness, obligations and liabilities of the Borrower to CoBank arising under the Loan Agreement, all instruments and documents executed or furnished in connection therewith, and all amendments, supplements, restatements or replacements thereto or thereof (collectively, the “**Loan Documents**”). Such indebtedness, obligations and liabilities shall include all principal, interest, fees, surcharges, reimbursement obligations, expenses, stock subscription charges and all other obligations of the Company arising under the Loan Documents and all expenses of counsel incurred by CoBank in enforcing any rights under the Loan Documents, contract causes of action and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) (hereinafter collectively referred to as the “**Guaranteed Obligations**”). Notwithstanding anything to the contrary in this Section, the Guarantor’s liability hereunder shall in no event exceed \$4,000,000.00. Guarantor and, by its acceptance of this Guarantee, CoBank, each hereby confirms that it is its intention that this Guarantee and the Guaranteed Obligations of Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of the United States Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law to the extent applicable to this Guarantee and the Guaranteed Obligations. To effectuate the foregoing intention, Guarantor and, by its acceptance of this Guarantee, CoBank, hereby irrevocably agree that the Guaranteed Obligations at any time shall be limited to the maximum amount as will result in the Guaranteed Obligations not constituting a fraudulent transfer or conveyance.

SECTION 2. Guaranty of Payment; Waiver of Defenses, Etc. This Guarantee is a guarantee of payment and not of collection. The Guarantor acknowledges and agrees that this Guarantee is an absolute and independent obligation of the Guarantor and therefore waives any right to require that any action be brought against the Borrower, another guarantor or any other person or entity which is liable for all or any part of the Guaranteed Obligations, or to require that CoBank seek to enforce or resort to any remedies with

respect to any security interest, lien, encumbrance, right to setoff or similar right granted to CoBank on account of the Guaranteed Obligations. If Guarantor consists of multiple individuals and/or entities, their liability hereunder shall be joint and several, and the compromise of any claim with, or the release of, any one such individual or entity shall not constitute a compromise with, or a release of, any other such individual or entities. The Guarantor's obligations hereunder shall be payable on demand and shall be absolute and unconditional irrespective of (and the Guarantor hereby expressly waives any defense or claim of discharge based on): (i) the alteration or modification from time to time (whether material or otherwise) of the Guaranteed Obligations, including the date, time, and place of payment, an increase or decrease in the rate or rates of interest accruing on the Guaranteed Obligations, the period during which the Guaranteed Obligations may be made, the amount of the Guaranteed Obligations or otherwise; (ii) the waiver by CoBank of the Borrower's compliance with any of the terms and conditions of the Loan Documents; (iii) the forbearance by CoBank from exercising any right or remedy it may have under the Loan Documents or under law; (iv) any inability, failure, neglect or omission to obtain, perfect, maintain, enforce, or realize upon any collateral for the Guaranteed Obligations, or to pursue or obtain any deficiency judgment against the Borrower following any foreclosure of any security interest, mortgage or deed of trust; (v) the loss or impairment of any collateral, the subordination or release of CoBank's lien thereon, or the sale, pledge, surrender, exchange or substitution of any collateral; (vi) any act or omission (except acts or omissions in bad faith) of CoBank that increases the scope of the Guarantor's risk under this Guarantee, including negligent administration by CoBank of the Guaranteed Obligations; (vii) CoBank releasing, waiving, discharging, or modifying the obligations of one or more other guarantors (whether a party hereto or to a separate agreement with CoBank); (viii) the acceptance by CoBank of any partial payment on the Guaranteed Obligations or any collateral therefor, or CoBank settling, subordinating, compromising, discharging, or releasing the Guaranteed Obligations or any collateral therefor; (ix) the enforceability of the Loan Documents; (x) any defenses or counterclaims assertable by the Borrower, including any defense or counterclaim based on failure of consideration, breach of warranty, fraud, statute of frauds, bankruptcy, statute of limitations, lender liability, accord and satisfaction and usury; (xi) any setoff, counterclaim, recoupment or similar right assertable by the Borrower, the Guarantor, or other guarantor (whether a party hereto or to a separate guarantee); (xii) if applicable, the incapacity, death or disability of the Guarantor; or (xiii) any other circumstance which constitutes a legal or equitable discharge of a guarantor or surety. This Guarantee shall continue in full force and effect until ninety (90) days after written notice of termination shall have been received by CoBank. Notwithstanding the foregoing, such notice of termination shall not be effective as to: (1) any Guaranteed Obligations existing prior to the effective date of termination; (2) any Guaranteed Obligations arising thereafter pursuant to any commitment to extend credit entered into prior to the effective date of such notice (regardless of whether CoBank has or from time to time acquires a right to suspend or terminate such commitment owing to the occurrence of a default or otherwise); (3) any extensions, renewals, or refinancings of any Guaranteed Obligations referred to in (1) or (2) above made before or after the effective date of termination; and (4) interest, fees, expenses, and other Guaranteed Obligations relating to any of the foregoing. In addition, no such notice of termination shall in any manner impair or alter CoBank's rights or obligations hereunder with respect to such Guaranteed Obligations or affect or impair the obligations of any other guarantor (whether a party hereto or to a separate guarantee).

SECTION 3. Subordination and Subrogation. The Guarantor hereby agrees that all indebtedness and other obligations of the Borrower (now existing or hereafter incurred) to the Guarantor are and shall be subordinated in right of payment to the prior payment in full by the Borrower of its obligations to CoBank under the Loan Documents. During the existence of a default under the Loan Documents, no payments by the Borrower shall be accepted by the Guarantor with respect to such subordinated obligations and, if any such payments are inadvertently received, the same shall be held in trust and promptly turned over to CoBank. The Guarantor hereby waives all claims, rights or remedies that it may have at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of CoBank) to seek contribution, indemnification, or any other form of reimbursement from the Borrower, any other guarantor, or any other person or entity now or hereafter primarily or secondarily liable for any obligations of the Guarantor to CoBank, for any disbursement made by the Guarantor under or in connection with this Guarantee

or otherwise. The Guarantor hereby stipulates and agrees that any such disbursement made by the Guarantor shall be a contribution to the equity capital of the Borrower.

SECTION 4. Recovery of Payment. If any payment received by CoBank and applied to the Guaranteed Obligations is subsequently set aside, recovered, rescinded, or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Guarantor), whether by court order, administrative order, or settlement, the Guaranteed Obligations to which such payment was applied shall for the purposes of this Guarantee and all instruments or documents executed in connection herewith or securing the Guarantor's obligations hereunder, be deemed to have continued in existence, and this Guarantee shall be enforceable as to such Guaranteed Obligations as fully as if such applications had never been made, notwithstanding any termination of this Guarantee or the cancellation of any note or other agreement evidencing the Guaranteed Obligations.

SECTION 5. Information Regarding Borrower; Waiver of Notices, Etc. The Guarantor assumes responsibility for keeping fully informed of the financial condition of the Borrower, its liability hereunder and all other circumstances affecting the Borrower's ability to pay and perform the Guaranteed Obligations. The Guarantor agrees that CoBank shall have no duty to report to or notify the Guarantor of: (i) any information which CoBank shall receive about the financial condition of the Borrower (including adverse matters); (ii) the Borrower's performance under the Loan Documents (including nonpayment or the occurrence of any other default); (iii) any circumstances bearing on the Borrower's ability to perform the Guaranteed Obligations; (iv) any increases or decreases in the amount of the Guaranteed Obligations, any renewals, extensions or refinancing(s) of any Guaranteed Obligation, or any changes in the terms and/or structure of the Guaranteed Obligations, including any interest rate adjustments; (v) any actions taken by CoBank or the Borrower under any Loan Document; (vi) any matters relating to another guarantor; (vii) any matter set forth in Section 2 hereof; or (viii) any other matter relating to the Guaranteed Obligations; and the Guarantor hereby expressly and unconditionally waives any defense or claim of discharge based on the failure of CoBank to report to or notify the Guarantor of any such information. In addition, the Guarantor hereby acknowledges that it has entered into this Guarantee based upon its own independent knowledge of or investigation into the affairs of the Borrower and any other guarantor (whether a party hereto or to a separate guarantee) and has not relied in any respect on CoBank or any officers, employees, or agents thereof. In addition, although the Borrower is a legal entity, Guarantor agrees that it is not necessary for CoBank to inquire into the powers of the Borrower, or the officers, directors, or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(A) Binding Agreement. This Guarantee and each instrument and document executed in connection herewith is, or when executed and delivered will be, the legal, valid, and binding obligation of the Guarantor, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting creditors' rights generally.

(B) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Guarantor is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Guarantor, or on the ability of the Guarantor to perform its obligations hereunder or under any instrument or document executed in connection herewith, and to the best of the Guarantor's knowledge, no such actions or proceedings are threatened or contemplated.

(C) **Conflicting Agreements.** Neither this Guarantee nor any instrument or document executed in connection herewith conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which Guarantor is a party or by which it or any of its property may be bound or affected, and does not conflict with any provision of its bylaws, articles of incorporation or other organizational documents.

(D) **Consents and Approvals.** No consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Guarantor is a party or by which it or any of its property may be bound or affected, is necessary in connection with the Guarantor's execution, delivery, performance or enforcement of this Guarantee or any instrument or document executed in connection herewith, except as have been obtained and are in full force and effect.

(E) **Financial Statements; No Material Adverse Change; Etc.** The Guarantor agrees to provide to CoBank financial and credit information in form and content acceptable to CoBank, including balance sheets and income statements no less frequently than annually, as soon as they become available, no later than 120 days after each fiscal year end or at such other times as CoBank may request. All financial statements concerning the Guarantor and its subsidiaries (the "**Financial Statements**"), if any, submitted to CoBank by the Guarantor are complete and correct and fairly present the financial condition of the Guarantor and the results of the Guarantor's operations for the periods covered thereby, and were prepared in accordance with United States generally accepted accounting principles, consistently applied, or the system of accounts established by the Rural Utilities Service ("RUS"), or such other commission or body as may be agreeable to CoBank (the "**Accounting Standards**"). Since the date of the Guarantor's submission of the Financial Statements to CoBank, there has been no material adverse change in the condition, financial or otherwise, business, or operations of the Guarantor. There are no liabilities of the Guarantor, fixed or contingent, which are material but which are not reflected in the Financial Statements. Each submission of financial information or documents relating to the Guarantor will constitute a representation and warranty by the Guarantor that such information and documents are true and accurate in all material respects and do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(F) **Compliance with Laws.** The Guarantor is in compliance with all applicable laws, rules, regulations, ordinances, codes, orders or the like, including, without limitation, all laws relating to environmental protection (collectively, "**Laws**").

(G) **Compliance with Guarantee.** As of the date hereof, the Guarantor is operating its business in compliance with all of the covenants set forth in this Guarantee.

SECTION 7. Covenants. While this Guarantee is in effect, the Guarantor agrees to comply with all covenants set forth in all loan and other credit agreements between the Guarantor and CoBank and/or between the Borrower and CoBank (to the extent such covenants apply to the Guarantor), whether now existing or hereafter entered into, and all amendments, supplements, restatements and replacements to or of any such agreements, which covenants are hereby, and shall hereafter continuously be, incorporated by reference. In the event such other agreements cease to be in effect, then such covenants shall continue as provisions hereof and, at CoBank's option, this Guarantee shall be amended to specifically add those covenants to this agreement.

SECTION 8. Expenses. In the event CoBank employs counsel to protect or enforce its rights hereunder against the Guarantor, all attorneys' fees arising from such services and all expenses, costs, and charges in any way or respect arising in connection therewith or relating thereto shall be paid by the Guarantor.

SECTION 9. Notices. All notices hereunder will be in writing and will be deemed to have been duly given when addressed to the party intended to receive the same at the address of such party set forth below (or such other address either party may specify by like notice), (i) upon delivery if personally delivered to a party at such address, (ii) three days after the same is deposited in the United States mail as first class, certified mail, return receipt requested, postage paid, (iii) one business day after the same has been deposited with Federal Express or another nationally recognized overnight courier service if designated for next-day delivery, and (iv) upon delivery if sent by facsimile or electronic mail with confirmation of delivery of the same:

If to CoBank, as follows:

For general correspondence purposes:
P.O. Box 5110
Denver, Colorado 80217-5110

For direct delivery purposes, when desired:
6340 S. Fiddlers Green Cir.
Greenwood Village, Colorado 80111

Attention: Credit Information Services
Fax No.: (303) 224-6101

If to the Guarantor, as follows:

WELLSBOROUGH ELECTRIC COMPANY
33 Austin Street
Wellsboro, Pennsylvania 16901

Attention: Bonnie Shadle
Fax No.: _____

SECTION 10. Amendments, Etc. This writing is intended by the parties as a final expression of their agreement and is also intended as a complete and exclusive statement of the terms of that agreement. No course of dealing, course of performance, or trade usage, and no parol evidence of any nature, shall be used to supplement or modify its terms. No amendment or waiver of any provision of this Guarantee nor consent to any departure by the Guarantor herefrom shall be effective unless the same shall be in writing and signed by CoBank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 11. No Waiver; Remedies. No failure on the part of CoBank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

SECTION 12. Choice of Law; Submission to Jurisdiction; Waiver of Venue, Service of Process; Waiver of Jury Trial.

(A) **Applicable Law.** Without giving effect to the principles of conflict of law and except to the extent governed by federal law, the laws of the State of Colorado, without reference to choice of law doctrine, will govern this Guarantee, and all disputes and matters between the parties to this Guarantee.

(B) **Submission to Jurisdiction; Service of Process.** The Guarantor hereby irrevocably consents to the nonexclusive jurisdiction of any state or federal court in Denver, Colorado, and consents that CoBank may affect any service of process in the manner and at the Guarantor's address set forth herein for providing notice or demand; provided that nothing contained in this Guarantee will prevent CoBank from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any collateral or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction.

(C) **Waiver of Venue.** The Guarantor acknowledges and agrees that the venue provided above is the most convenient form for the Guarantor and CoBank. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guarantee.

(D) **Waiver of Jury Trial.** The Guarantor hereby irrevocably waives any right it may have to a trial by jury in connection with any action direct or indirectly arising out of or relating to this Guarantee, and certifies that no representative, administrative agent or attorney of CoBank has represented, expressly or otherwise, that CoBank would not, in the event of litigation, seek to enforce the foregoing waiver.

SECTION 13. Notice of Acceptance. The Guarantor hereby waives notice of acceptance hereof.

SECTION 14. Security. This Guarantee is unsecured.

SECTION 15. Eligible Contract Participant. Notwithstanding anything in this Guarantee to the contrary, if, and to the extent the guarantee by the Guarantor of the Borrower's obligations under Interest Rate Agreements is or becomes illegal under the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute (the "**Commodity Exchange Act**"), or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act, amounts received from the Guarantor or its assets shall not be applied to such Interest Rate Agreement obligations, and such obligations shall not constitute Guaranteed Obligations for purposes of this Guarantee. If an obligation arises under an Interest Rate Agreement governing more than one transaction, this exclusion shall apply only to the portion of such obligation that is attributable to transactions for which this Guarantee is or becomes illegal.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be executed as of the date shown above by its duly authorized officers.

WELLSBOROUGH ELECTRIC COMPANY

By: _____

Name: _____

Title: _____

**GUARANTEE OF PAYMENT
LIMITED**

THIS GUARANTEE OF PAYMENT (this “**Guarantee**”) is executed as of _____, by **VALLEY ENERGY, INC.**, a Pennsylvania corporation (hereinafter referred to as the “**Guarantor**”) in favor of **COBANK, ACB** (hereinafter referred to as “**CoBank**”).

RECITALS

C & T Enterprises, Inc. (the “**Borrower**”) has applied to CoBank for a loan or loans or other financial accommodations in the aggregate principal amount of \$15,000,000.00. Subject to and on the terms and conditions set forth in that certain i) Amended and Restated Revolving Term Promissory Note No. 00019042T02, and ii) Credit Agreement No. 00019042SLA dated June 26, 2020 (collectively, the “**Loan Agreement**”), CoBank is willing to extend credit to the Borrower. One of the conditions of the Loan Agreement is that the Borrower obtain the guarantee of the Guarantor in the form hereof. In satisfaction of that condition, and because the Guarantor will derive substantial direct or indirect benefits from the extensions of credit to the Borrower contemplated by the Loan Agreement, the Guarantor is entering into this Guarantee.

NOW, THEREFORE, in order to induce CoBank to extend credit to the Borrower and for good and valuable other consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees as follows:

SECTION 1. Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees to CoBank, or order, on demand, the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all indebtedness, obligations and liabilities of the Borrower to CoBank arising under the Loan Agreement, all instruments and documents executed or furnished in connection therewith, and all amendments, supplements, restatements or replacements thereto or thereof (collectively, the “**Loan Documents**”). Such indebtedness, obligations and liabilities shall include all principal, interest, fees, surcharges, reimbursement obligations, expenses, stock subscription charges and all other obligations of the Company arising under the Loan Documents and all expenses of counsel incurred by CoBank in enforcing any rights under the Loan Documents, contract causes of action and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) (hereinafter collectively referred to as the “**Guaranteed Obligations**”). Notwithstanding anything to the contrary in this Section, the Guarantor’s liability hereunder shall in no event exceed \$7,000,000.00. Guarantor and, by its acceptance of this Guarantee, CoBank, each hereby confirms that it is its intention that this Guarantee and the Guaranteed Obligations of Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of the United States Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law to the extent applicable to this Guarantee and the Guaranteed Obligations. To effectuate the foregoing intention, Guarantor and, by its acceptance of this Guarantee, CoBank, hereby irrevocably agree that the Guaranteed Obligations at any time shall be limited to the maximum amount as will result in the Guaranteed Obligations not constituting a fraudulent transfer or conveyance.

SECTION 2. Guaranty of Payment; Waiver of Defenses, Etc. This Guarantee is a guarantee of payment and not of collection. The Guarantor acknowledges and agrees that this Guarantee is an absolute and independent obligation of the Guarantor and therefore waives any right to require that any action be brought against the Borrower, another guarantor or any other person or entity which is liable for all or any part of the Guaranteed Obligations, or to require that CoBank seek to enforce or resort to any remedies with respect to any security interest, lien, encumbrance, right to setoff or similar right granted to CoBank on account

of the Guaranteed Obligations. If Guarantor consists of multiple individuals and/or entities, their liability hereunder shall be joint and several, and the compromise of any claim with, or the release of, any one such individual or entity shall not constitute a compromise with, or a release of, any other such individual or entities. The Guarantor's obligations hereunder shall be payable on demand and shall be absolute and unconditional irrespective of (and the Guarantor hereby expressly waives any defense or claim of discharge based on): (i) the alteration or modification from time to time (whether material or otherwise) of the Guaranteed Obligations, including the date, time, and place of payment, an increase or decrease in the rate or rates of interest accruing on the Guaranteed Obligations, the period during which the Guaranteed Obligations may be made, the amount of the Guaranteed Obligations or otherwise; (ii) the waiver by CoBank of the Borrower's compliance with any of the terms and conditions of the Loan Documents; (iii) the forbearance by CoBank from exercising any right or remedy it may have under the Loan Documents or under law; (iv) any inability, failure, neglect or omission to obtain, perfect, maintain, enforce, or realize upon any collateral for the Guaranteed Obligations, or to pursue or obtain any deficiency judgment against the Borrower following any foreclosure of any security interest, mortgage or deed of trust; (v) the loss or impairment of any collateral, the subordination or release of CoBank's lien thereon, or the sale, pledge, surrender, exchange or substitution of any collateral; (vi) any act or omission (except acts or omissions in bad faith) of CoBank that increases the scope of the Guarantor's risk under this Guarantee, including negligent administration by CoBank of the Guaranteed Obligations; (vii) CoBank releasing, waiving, discharging, or modifying the obligations of one or more other guarantors (whether a party hereto or to a separate agreement with CoBank); (viii) the acceptance by CoBank of any partial payment on the Guaranteed Obligations or any collateral therefor, or CoBank settling, subordinating, compromising, discharging, or releasing the Guaranteed Obligations or any collateral therefor; (ix) the enforceability of the Loan Documents; (x) any defenses or counterclaims assertable by the Borrower, including any defense or counterclaim based on failure of consideration, breach of warranty, fraud, statute of frauds, bankruptcy, statute of limitations, lender liability, accord and satisfaction and usury; (xi) any setoff, counterclaim, recoupment or similar right assertable by the Borrower, the Guarantor, or other guarantor (whether a party hereto or to a separate guarantee); (xii) if applicable, the incapacity, death or disability of the Guarantor; or (xiii) any other circumstance which constitutes a legal or equitable discharge of a guarantor or surety. This Guarantee shall continue in full force and effect until ninety (90) days after written notice of termination shall have been received by CoBank. Notwithstanding the foregoing, such notice of termination shall not be effective as to: (1) any Guaranteed Obligations existing prior to the effective date of termination; (2) any Guaranteed Obligations arising thereafter pursuant to any commitment to extend credit entered into prior to the effective date of such notice (regardless of whether CoBank has or from time to time acquires a right to suspend or terminate such commitment owing to the occurrence of a default or otherwise); (3) any extensions, renewals, or refinancings of any Guaranteed Obligations referred to in (1) or (2) above made before or after the effective date of termination; and (4) interest, fees, expenses, and other Guaranteed Obligations relating to any of the foregoing. In addition, no such notice of termination shall in any manner impair or alter CoBank's rights or obligations hereunder with respect to such Guaranteed Obligations or affect or impair the obligations of any other guarantor (whether a party hereto or to a separate guarantee).

SECTION 3. Subordination and Subrogation. The Guarantor hereby agrees that all indebtedness and other obligations of the Borrower (now existing or hereafter incurred) to the Guarantor are and shall be subordinated in right of payment to the prior payment in full by the Borrower of its obligations to CoBank under the Loan Documents. During the existence of a default under the Loan Documents, no payments by the Borrower shall be accepted by the Guarantor with respect to such subordinated obligations and, if any such payments are inadvertently received, the same shall be held in trust and promptly turned over to CoBank. The Guarantor hereby waives all claims, rights or remedies that it may have at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of CoBank) to seek contribution, indemnification, or any other form of reimbursement from the Borrower, any other guarantor, or any other person or entity now or hereafter primarily or secondarily liable for any obligations of the Guarantor to CoBank, for any disbursement made by the Guarantor under or in connection with this Guarantee

or otherwise. The Guarantor hereby stipulates and agrees that any such disbursement made by the Guarantor shall be a contribution to the equity capital of the Borrower.

SECTION 4. Recovery of Payment. If any payment received by CoBank and applied to the Guaranteed Obligations is subsequently set aside, recovered, rescinded, or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Guarantor), whether by court order, administrative order, or settlement, the Guaranteed Obligations to which such payment was applied shall for the purposes of this Guarantee and all instruments or documents executed in connection herewith or securing the Guarantor's obligations hereunder, be deemed to have continued in existence, and this Guarantee shall be enforceable as to such Guaranteed Obligations as fully as if such applications had never been made, notwithstanding any termination of this Guarantee or the cancellation of any note or other agreement evidencing the Guaranteed Obligations.

SECTION 5. Information Regarding Borrower; Waiver of Notices, Etc. The Guarantor assumes responsibility for keeping fully informed of the financial condition of the Borrower, its liability hereunder and all other circumstances affecting the Borrower's ability to pay and perform the Guaranteed Obligations. The Guarantor agrees that CoBank shall have no duty to report to or notify the Guarantor of: (i) any information which CoBank shall receive about the financial condition of the Borrower (including adverse matters); (ii) the Borrower's performance under the Loan Documents (including nonpayment or the occurrence of any other default); (iii) any circumstances bearing on the Borrower's ability to perform the Guaranteed Obligations; (iv) any increases or decreases in the amount of the Guaranteed Obligations, any renewals, extensions or refinancing(s) of any Guaranteed Obligation, or any changes in the terms and/or structure of the Guaranteed Obligations, including any interest rate adjustments; (v) any actions taken by CoBank or the Borrower under any Loan Document; (vi) any matters relating to another guarantor; (vii) any matter set forth in Section 2 hereof; or (viii) any other matter relating to the Guaranteed Obligations; and the Guarantor hereby expressly and unconditionally waives any defense or claim of discharge based on the failure of CoBank to report to or notify the Guarantor of any such information. In addition, the Guarantor hereby acknowledges that it has entered into this Guarantee based upon its own independent knowledge of or investigation into the affairs of the Borrower and any other guarantor (whether a party hereto or to a separate guarantee) and has not relied in any respect on CoBank or any officers, employees, or agents thereof. In addition, although the Borrower is a legal entity, Guarantor agrees that it is not necessary for CoBank to inquire into the powers of the Borrower, or the officers, directors, or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(A) Binding Agreement. This Guarantee and each instrument and document executed in connection herewith is, or when executed and delivered will be, the legal, valid, and binding obligation of the Guarantor, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting creditors' rights generally.

(B) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Guarantor is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Guarantor, or on the ability of the Guarantor to perform its obligations hereunder or under any instrument or document executed in connection herewith, and to the best of the Guarantor's knowledge, no such actions or proceedings are threatened or contemplated.

(C) **Conflicting Agreements.** Neither this Guarantee nor any instrument or document executed in connection herewith conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which Guarantor is a party or by which it or any of its property may be bound or affected, and does not conflict with any provision of its bylaws, articles of incorporation or other organizational documents.

(D) **Consents and Approvals.** No consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Guarantor is a party or by which it or any of its property may be bound or affected, is necessary in connection with the Guarantor's execution, delivery, performance or enforcement of this Guarantee or any instrument or document executed in connection herewith, except as have been obtained and are in full force and effect.

(E) **Financial Statements; No Material Adverse Change; Etc.** The Guarantor agrees to provide to CoBank financial and credit information in form and content acceptable to CoBank, including balance sheets and income statements no less frequently than annually, as soon as they become available, no later than 120 days after each fiscal year end or at such other times as CoBank may request. All financial statements concerning the Guarantor and its subsidiaries (the "**Financial Statements**"), if any, submitted to CoBank by the Guarantor are complete and correct and fairly present the financial condition of the Guarantor and the results of the Guarantor's operations for the periods covered thereby, and were prepared in accordance with United States generally accepted accounting principles, consistently applied, or the system of accounts established by the Rural Utilities Service ("RUS"), or such other commission or body as may be agreeable to CoBank (the "**Accounting Standards**"). Since the date of the Guarantor's submission of the Financial Statements to CoBank, there has been no material adverse change in the condition, financial or otherwise, business, or operations of the Guarantor. There are no liabilities of the Guarantor, fixed or contingent, which are material but which are not reflected in the Financial Statements. Each submission of financial information or documents relating to the Guarantor will constitute a representation and warranty by the Guarantor that such information and documents are true and accurate in all material respects and do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(F) **Compliance with Laws.** The Guarantor is in compliance with all applicable laws, rules, regulations, ordinances, codes, orders or the like, including, without limitation, all laws relating to environmental protection (collectively, "**Laws**").

(G) **Compliance with Guarantee.** As of the date hereof, the Guarantor is operating its business in compliance with all of the covenants set forth in this Guarantee.

SECTION 7. Covenants. While this Guarantee is in effect, the Guarantor agrees to comply with all covenants set forth in all loan and other credit agreements between the Guarantor and CoBank and/or between the Borrower and CoBank (to the extent such covenants apply to the Guarantor), whether now existing or hereafter entered into, and all amendments, supplements, restatements and replacements to or of any such agreements, which covenants are hereby, and shall hereafter continuously be, incorporated by reference. In the event such other agreements cease to be in effect, then such covenants shall continue as provisions hereof and, at CoBank's option, this Guarantee shall be amended to specifically add those covenants to this agreement.

SECTION 8. Expenses. In the event CoBank employs counsel to protect or enforce its rights hereunder against the Guarantor, all attorneys' fees arising from such services and all expenses, costs, and charges in any way or respect arising in connection therewith or relating thereto shall be paid by the Guarantor.

SECTION 9. Notices. All notices hereunder will be in writing and will be deemed to have been duly given when addressed to the party intended to receive the same at the address of such party set forth below (or such other address either party may specify by like notice), (i) upon delivery if personally delivered to a party at such address, (ii) three days after the same is deposited in the United States mail as first class, certified mail, return receipt requested, postage paid, (iii) one business day after the same has been deposited with Federal Express or another nationally recognized overnight courier service if designated for next-day delivery, and (iv) upon delivery if sent by facsimile or electronic mail with confirmation of delivery of the same:

If to CoBank, as follows:

For general correspondence purposes:
P.O. Box 5110
Denver, Colorado 80217-5110

For direct delivery purposes, when desired:
6340 S. Fiddlers Green Cir.
Greenwood Village, Colorado 80111

Attention: Credit Information Services
Fax No.: (303) 224-6101

If to the Guarantor, as follows:

VALLEY ENERGY, INC.
523 S Keystone Ave
Sayre, Pennsylvania 18840

Attention: Edward Rogers
Fax No.: _____

SECTION 10. Amendments, Etc. This writing is intended by the parties as a final expression of their agreement and is also intended as a complete and exclusive statement of the terms of that agreement. No course of dealing, course of performance, or trade usage, and no parol evidence of any nature, shall be used to supplement or modify its terms. No amendment or waiver of any provision of this Guarantee nor consent to any departure by the Guarantor herefrom shall be effective unless the same shall be in writing and signed by CoBank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 11. No Waiver; Remedies. No failure on the part of CoBank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

SECTION 12. Choice of Law; Submission to Jurisdiction; Waiver of Venue, Service of Process; Waiver of Jury Trial.

(A) Applicable Law. Without giving effect to the principles of conflict of law and except to the extent governed by federal law, the laws of the State of Colorado, without reference to choice of law doctrine, will govern this Guarantee, and all disputes and matters between the parties to this Guarantee.

(B) Submission to Jurisdiction; Service of Process. The Guarantor hereby irrevocably consents to the nonexclusive jurisdiction of any state or federal court in Denver, Colorado, and consents that CoBank may affect any service of process in the manner and at the Guarantor's address set forth herein for providing notice or demand; provided that nothing contained in this Guarantee will prevent CoBank from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any collateral or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction.

(C) **Waiver of Venue.** The Guarantor acknowledges and agrees that the venue provided above is the most convenient form for the Guarantor and CoBank. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guarantee.

(D) **Waiver of Jury Trial.** The Guarantor hereby irrevocably waives any right it may have to a trial by jury in connection with any action direct or indirectly arising out of or relating to this Guarantee, and certifies that no representative, administrative agent or attorney of CoBank has represented, expressly or otherwise, that CoBank would not, in the event of litigation, seek to enforce the foregoing waiver.

SECTION 13. Notice of Acceptance. The Guarantor hereby waives notice of acceptance hereof.

SECTION 14. Security. This Guarantee is unsecured.

SECTION 15. Eligible Contract Participant. Notwithstanding anything in this Guarantee to the contrary, if, and to the extent the guarantee by the Guarantor of the Borrower's obligations under Interest Rate Agreements is or becomes illegal under the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute (the "**Commodity Exchange Act**"), or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act, amounts received from the Guarantor or its assets shall not be applied to such Interest Rate Agreement obligations, and such obligations shall not constitute Guaranteed Obligations for purposes of this Guarantee. If an obligation arises under an Interest Rate Agreement governing more than one transaction, this exclusion shall apply only to the portion of such obligation that is attributable to transactions for which this Guarantee is or becomes illegal.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be executed as of the date shown above by its duly authorized officers.

VALLEY ENERGY, INC.

By: _____

Name: _____

Title: _____

Citizens' Electric Company of Lewisburg, Pa.

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2025 and 2024

**Citizens' Electric Company of Lewisburg, Pa.
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December 31, 2025 and 2024**

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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, 2025 and 2024, 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, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the 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, 2023, 2022, and 2021, (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 2023, 2022, and 2021, presented on page 20 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**St. Louis, Missouri
March 12, 2026**

**Citizens' Electric Company of Lewisburg, Pa.
Balance Sheets
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Utility Plant, at Cost		
Electric plant in service	\$ 32,507,628	\$ 30,802,761
Accumulated depreciation	(16,189,319)	(15,229,615)
	<u>16,318,309</u>	<u>15,573,146</u>
Construction work in progress	246,128	119,314
	<u>16,564,437</u>	<u>15,692,460</u>
Other Assets and Nonutility Property		
Nonutility property	21,704	21,704
Goodwill	3,978,203	3,978,203
Regulatory assets	397,999	112,581
Cash surrender value of life insurance	170,032	175,925
Other	71,502	70,346
	<u>4,639,440</u>	<u>4,358,759</u>
Total Other Assets and Nonutility Property		
Current Assets		
Cash and cash equivalents	977,585	553,348
Accounts receivable		
Customers, net of allowance		
2025 and 2024 - \$35,000	1,478,386	1,173,451
Unbilled revenues	1,357,474	1,100,909
Other	140,750	101,732
Advances, affiliates	90,700	90,700
Inventories	337,543	303,686
Prepaid expenses and other	55,811	31,769
Under collected power costs	211,061	263,044
Prepaid taxes, net	306,837	-
	<u>4,956,147</u>	<u>3,618,639</u>
Total Current Assets		
Total Assets	<u>\$ 26,160,024</u>	<u>\$ 23,669,858</u>

**Citizens' Electric Company of Lewisburg, Pa.
Balance Sheets
December 31, 2025 and 2024**

(Continued)

	<u>2025</u>	<u>2024</u>
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	<u>12,085,649</u>	<u>11,728,535</u>
	14,716,537	14,359,423
Treasury stock, at cost; 4,770 shares	<u>(376,830)</u>	<u>(376,830)</u>
Total Stockholder's Equity	<u>14,339,707</u>	<u>13,982,593</u>
Long-Term Debt	<u>4,779,948</u>	<u>1,540,746</u>
Finance Lease Liabilities	<u>345,962</u>	<u>432,598</u>
Current Liabilities		
Current maturities of long-term debt	110,798	108,359
Current maturities of finance lease liabilities	77,789	90,626
Line of credit	2,000,000	3,300,000
Accounts payable		
Trade	159,082	136,305
Related party	104,547	229,797
Due for purchased electricity	1,103,418	839,832
Accrued expenses	279,413	291,139
Customer deposits	297,503	299,385
Accrued taxes, net	<u>-</u>	<u>38,360</u>
Total Current Liabilities	<u>4,132,550</u>	<u>5,333,803</u>
Deferred Charges and Other Liabilities		
Deferred income taxes	1,750,300	1,645,300
Accrued postretirement cost	470,673	555,864
Regulatory liability	214,516	176,954
Deferred charges - CIAC in excess of costs	126,368	-
Deferred benefits	<u>-</u>	<u>2,000</u>
Total Deferred Charges and Other Liabilities	<u>2,561,857</u>	<u>2,380,118</u>
Total Liabilities and Stockholder's Equity	<u>\$ 26,160,024</u>	<u>\$ 23,669,858</u>

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Income
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating Revenues	<u>\$ 18,611,196</u>	<u>\$ 16,378,412</u>
Operating Expenses		
Power	11,754,618	9,682,484
Distribution expenses		
Operation	1,011,268	981,866
Maintenance	656,769	644,907
Customer accounts	550,187	536,671
General and administrative	1,328,198	1,198,237
Depreciation	1,184,939	1,126,433
Taxes, other than income	1,137,361	978,426
	<u>17,623,340</u>	<u>15,149,024</u>
Operating Income Before Interest and Other Expenses	<u>987,856</u>	<u>1,229,388</u>
Other Income (Expenses)		
Interest expense	(331,693)	(307,972)
Acquisition debt expense	(556,190)	(556,189)
Other income	56,594	54,873
Other expense	(20,254)	(23,767)
	<u>(851,543)</u>	<u>(833,055)</u>
Income Before Income Taxes	136,313	396,333
Provision (Credit) for Income Taxes	<u>(277,299)</u>	<u>68,810</u>
Net Income	<u>\$ 413,612</u>	<u>\$ 327,523</u>

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Stockholder's Equity
Years Ended December 31, 2025 and 2024**

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, January 1, 2024	\$ 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	1,394,720	1,236,168	11,728,535	(376,830)	13,982,593
Net income	-	-	413,612	-	413,612
Dividends	-	-	(56,498)	-	(56,498)
Balance, December 31, 2025	<u>\$ 1,394,720</u>	<u>\$ 1,236,168</u>	<u>\$ 12,085,649</u>	<u>\$ (376,830)</u>	<u>\$ 14,339,707</u>

**Citizens' Electric Company of Lewisburg, Pa.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating Activities		
Net income	\$ 413,612	\$ 327,523
Items not requiring (providing) cash		
Depreciation and amortization	1,271,109	1,212,725
Deferred income taxes	105,000	(53,000)
Increase (decrease) in cash surrender value of life insurance	5,893	(15,881)
Changes in		
Accounts receivable	(600,518)	181,942
Inventories	(33,857)	(8,280)
Regulatory assets and liabilities	(334,026)	(36,873)
Prepaid expenses and other assets	(27,198)	3,144
Accounts payable and accrued expenses	(84,712)	(3,776)
Due for purchased electricity	263,586	(44,023)
Customer deposits	(1,882)	41,546
Accrued postretirement costs	(114,678)	(58,012)
Prepaid / accrued taxes, net	(345,197)	(268,722)
Under collected power costs	51,983	(124,913)
Net Cash Provided by Operating Activities	<u>569,115</u>	<u>1,153,400</u>
Investing Activities		
Additions to utility plant, net	(2,056,916)	(1,599,214)
CIAC in excess of costs	126,368	-
Net Cash Used in Investing Activities	<u>(1,930,548)</u>	<u>(1,599,214)</u>
Financing Activities		
Borrowings under line of credit agreement	1,200,000	1,800,000
Repayments under line of credit agreement	(2,500,000)	(1,100,000)
Principal payments on finance lease liabilities	(99,473)	(64,996)
Principal payments on long-term debt	(108,359)	(145,288)
Proceeds from issuance of long-term debt	3,350,000	-
Dividends paid	(56,498)	(42,300)
Net Cash Provided by Financing Activities	<u>1,785,670</u>	<u>447,416</u>
Increase in Cash and Cash Equivalents	424,237	1,602
Cash and Cash Equivalents, Beginning of Year	<u>553,348</u>	<u>551,746</u>
Cash and Cash Equivalents, End of Year	<u>\$ 977,585</u>	<u>\$ 553,348</u>
Supplemental Cash Flows Information		
Interest paid	<u>\$ 309,033</u>	<u>\$ 307,972</u>
Income taxes paid	<u>\$ 87,800</u>	<u>\$ 113,000</u>
Right-of-use asset obtained in exchange for new finance lease liability	<u>\$ -</u>	<u>\$ 274,697</u>

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

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, 2025 and 2024, cash equivalents consisted primarily of a daily investment fund account.

At December 31, 2025, 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, 2025 and 2024**

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

During the years ended December 31, 2025 and 2024, credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured, was approximately \$40,500 and \$27,000, 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, 2025 and 2024.

Contributions in Aid of Construction

Contributions in aid of construction (CIAC) are credited to the associated cost of the utility plant constructed.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

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 2025 or 2024.

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, 2025 and 2024**

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 \$1,357,474 and \$1,100,909 at December 31, 2025 and 2024, respectively, represent amounts delivered through December 31 and not billed to the members until the following month. Customer deposits of \$297,503 and \$299,385 at December 31, 2025 and 2024, 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, 2025 and 2024**

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, 2025 and 2024 are:

	<u>2025</u>	<u>2024</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 116,084	\$ 89,922
Interest on lease liabilities	24,391	14,931
Short-term lease cost	541	530
Total lease cost	<u>\$ 141,016</u>	<u>\$ 105,383</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	\$ 99,473	\$ 64,996
Weighted-average remaining lease term		
Finance leases	2.32 years	2.38 years
Weighted-average discount rate		
Finance leases	5.51%	5.51%

See Note 6 for future minimum lease payments and reconciliation to the balance sheet at December 31, 2025.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

Note 3. Utility Plant

Utility plant consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Electric plant in service		
Distribution plant	\$ 28,792,170	\$ 27,120,698
General plant	1,099,144	1,099,144
Equipment	2,616,314	2,582,919
	<u>32,507,628</u>	<u>30,802,761</u>
Construction work-in-progress	246,128	119,314
	<u>32,753,756</u>	<u>30,922,075</u>
Accumulated depreciation	(16,189,319)	(15,229,615)
	<u>\$ 16,564,437</u>	<u>\$ 15,692,460</u>

Note 4. Regulatory Assets and Liability

Regulatory Assets

Regulatory assets consist of the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>Amortization Period</u>
Rate case - 2022	\$ 10,029	\$ 80,155	3 years
Rate case - 2025	338,121	-	* 3 years
POLR/PJM - 2021	-	7,533	3 years
POLR/PJM - 2024 / 2025	49,849	24,893	3 years
	<u>\$ 397,999</u>	<u>\$ 112,581</u>	

* Amortization period has not begun

Amortization expense was \$86,171 and \$86,292 for the years ended December 31, 2025 and 2024, respectively.

Regulatory Liabilities

For the years ended December 31, 2025 and 2024, the Company recorded a regulatory liability of \$214,516 and \$176,954, 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.

The Company receives CIAC related to the buildout of utility plant. CIAC represents customer, developer or grant contributions toward the construction of utility plant. CIAC in excess of costs incurred is recorded as a deferred charge and represents amounts received for projects for which construction has not yet commenced, or for which incurred costs are less than CIAC received. These amounts will be recognized as CIAC and applied against the cost of utility plant as the construction progresses and the underlying assets are completed and placed into service. The Company expects these amounts to be fully offset by future construction activity within 12 months. As of December 31, 2025, the Company has \$126,368 of CIAC in excess of costs incurred. There was no CIAC in excess of costs incurred for the year ended December 31, 2024.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

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, 2025 and 2024, there was \$2,000,000 and \$3,300,000 borrowed against this line, respectively. Interest varies based on the CoBank quoted variable rate. The rate was 5.77% and 6.39% on December 31, 2025 and 2024, respectively, and is payable monthly.

While the line of credit described above is due on demand, the Company has utilized the financing for long term operating purposes and does not have sufficient liquid funds available to repay the outstanding balance on demand. The borrowings are available pursuant to a line of credit agreement that C&T maintains with a third party lender, which matures in July 2026. C&T has no intentions to demand repayment prior to the stated maturity date and intends to renew or replace the line of credit upon maturity at terms similar to those currently in place with the third party lender.

Note 6. Long-Term Debt and Finance Lease Liabilities

	<u>2025</u>	<u>2024</u>
Note payable, C&T, quarterly principal and interest payments of \$22,323; interest at 2.37%; collateralized by substantially all Company assets, paid in full June 2025	\$ -	\$ 41,016
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	905,370	945,319
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	635,376	662,770
Note payable, C&T, quarterly principal and interest payments of \$55,264; interest at 6.18%; collateralized by substantially all Company assets, due September 2055	3,000,000	-
Note payable, C&T, quarterly principal and interest payments of \$6,488; interest at 6.24%; collateralized by substantially all Company assets, due September 2055	350,000	-
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	423,751	523,224
	<u>5,314,497</u>	<u>2,172,329</u>
Less current maturities	<u>188,587</u>	<u>198,985</u>
	<u>\$ 5,125,910</u>	<u>\$ 1,973,344</u>

Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024

Aggregate annual maturities of long-term debt and payments on finance lease liabilities at December 31, 2025 are:

	Long-Term Debt	Finance Lease Liabilities
2026	\$ 110,798	\$ 97,306
2027	116,240	112,219
2028	121,963	97,039
2029	127,982	39,361
2030	134,312	39,361
Thereafter	4,279,451	94,915
	<u>\$ 4,890,746</u>	<u>480,201</u>
Less amount representing interest		<u>56,450</u>
Present value of future minimum lease payments		<u>\$ 423,751</u>

Transportation equipment under finance lease liabilities is as follows:

	2025	2024
Transportation equipment	\$ 728,483	\$ 728,483
Accumulated depreciation	<u>(372,290)</u>	<u>(268,878)</u>
	<u>\$ 356,193</u>	<u>\$ 459,605</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 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, 2025, the Company had \$250,000 outstanding letters of credit. The Company had no outstanding letters of credit as of December 31, 2024.

Note 7. Income Taxes

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

	2025	2024
Taxes currently payable (refundable)	\$ (382,299)	\$ 121,810
Deferred income taxes	105,000	(53,000)
Income tax expense (benefit)	<u>\$ (277,299)</u>	<u>\$ 68,810</u>

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

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

	2025	2024
Computed at the statutory rate (21%)	\$ 28,600	\$ 83,230
Increase resulting from		
State income taxes	114,940	5,893
Net operating loss carryforwards	(398,600)	-
Other	(22,239)	(20,313)
Actual tax expense (benefit)	\$ (277,299)	\$ 68,810

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

	2025	2024
Deferred tax assets		
Allowance for credit losses	\$ 9,400	\$ 9,600
Net operating loss carryforwards	398,600	-
Post retirement benefits	149,300	183,300
Other	108,800	95,700
	666,100	288,600
Deferred tax liabilities		
Depreciation	(2,294,300)	(1,894,400)
Other	(122,100)	(39,500)
	(2,416,400)	(1,933,900)
Net deferred tax liability	\$ (1,750,300)	\$ (1,645,300)

At December 31, 2025, the Company had \$1,799,615 in allocation of C&T consolidated unused federal operating loss carryforwards. The Company had no allocation of C&T consolidated unused federal operating loss carryforwards at December 31, 2024.

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.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

C&T contributions to the RS Plan in 2025 and 2024 represented less than 5% of the total contributions made to the plan by all participating employers. C&T made contributions to the plan of \$3,645,112 and \$3,497,266 for years ended December 31, 2025 and 2024, respectively. The Company reimbursed C&T \$508,756 and \$476,390 for its share of the contributions for the years ended December 31, 2025 and 2024, respectively. There have been no significant changes affecting the comparability of the 2025 and 2024 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, 2025 and 2024, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the 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 \$97,505 and \$89,357 for its share of contributions for the years ended December 31, 2025 and 2024, 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 \$27,000 to the Plan in 2026. 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, 2025 and 2024.

	2025	2024
C&T's benefit obligation	\$ 4,972,372	\$ 5,587,931
Company's allocation of benefit obligation	\$ 554,572	\$ 669,250
C&T's accrued benefit cost	\$ 4,972,372	\$ 5,587,931
Company's allocation of accrued benefit cost	\$ 554,572	\$ 669,250
Amounts recognized in the Company's balance sheets		
Current liability, included in accrued expenses	\$ 83,899	\$ 113,386
Non-current liability	470,673	555,864
	\$ 554,572	\$ 669,250
C&T's benefit expense	\$ 449,265	\$ 472,064
Company's allocation of benefit expense	\$ 36,185	\$ 42,284

The Company uses a December 31 measurement date for the plans. For measurement purposes, a 6.25% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2025. The rate was assumed to decrease gradually to 4.75% in 2031 and remain at that level thereafter.

The benefit obligation was calculated assuming a weighted average discount rate of 5.45% and 5.15% in 2025 and 2024, respectively.

The amount of net gain and net prior service cost expected to be recognized by the Company during 2026 is \$11,945 and \$-0-, respectively.

**Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024**

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:

2026	\$	83,899
2027	\$	78,706
2028	\$	82,182
2029	\$	105,994
2030	\$	57,709
2031-2035	\$	53,527

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.

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, 2025 and 2024, and the effected account balances at December 31, 2025 and 2024, were as follows:

	2025	2024
Allocation of overhead recorded as operating expense	\$ 475,852	\$ 473,098
Other costs in accounts receivable - other	\$ 43,800	\$ 43,800
Accounts payable - related party	\$ 104,547	\$ 229,797
Accrued vacation liability in accrued expenses	\$ 189,736	\$ 173,588
Payroll costs paid in advance and included in advances, affiliate	\$ 90,700	\$ 90,700
Interest expense	\$ 314,883	\$ 280,375
Acquisition debt expense	\$ 556,190	\$ 556,189

The Company paid C&T \$2,256,802 and \$2,057,330 for payroll and \$989,234 and \$920,419 for benefits in 2025 and 2024, respectively.

Note 10. Commitments and Contingencies

The Company has guaranteed payments on notes payable that are obligations of C&T. At December 31, 2025, the amounts outstanding on these obligations are \$8,656,377, of which \$4,890,746 is recorded by the Company, see Note 6. These obligations are being repaid in quarterly payments of principal and interest through 2055. The amounts outstanding that are not recorded by the Company are being repaid through acquisition debt expense.

Citizens' Electric Company of Lewisburg, Pa.
Notes to Financial Statements
December 31, 2025 and 2024

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 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>2025</u>	<u>2024</u>
Accounts receivable - customers, beginning of year	\$ 1,173,451	\$ 1,456,491
Accounts receivable - customers, end of year	\$ 1,478,386	\$ 1,173,451
Unbilled revenues, beginning of year	\$ 1,100,909	\$ 1,020,029
Unbilled revenues, end of year	\$ 1,357,474	\$ 1,100,909
Customer deposits, beginning of year	\$ 299,385	\$ 257,839
Customer deposits, end of year	\$ 297,503	\$ 299,385

Note 12. Subsequent Events

Subsequent events have been evaluated through March 12, 2026, 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, 2025, 2024, 2023, 2022, and 2021**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income Statistics					
Operating revenues	\$ 18,611,196	\$ 16,378,412	\$ 20,412,472	\$ 17,029,076	\$ 13,759,137
Power purchased	11,754,618	9,682,484	13,730,344	10,987,752	7,890,338
Other operating expenses	<u>5,868,722</u>	<u>5,466,540</u>	<u>5,720,391</u>	<u>5,139,130</u>	<u>4,810,283</u>
Operating income	987,856	1,229,388	961,737	902,194	1,058,516
Other expense, net	<u>(851,543)</u>	<u>(833,055)</u>	<u>(761,859)</u>	<u>(687,864)</u>	<u>(679,226)</u>
Income before income taxes	136,313	396,333	199,878	214,330	379,290
Provision (credit) for income taxes	<u>(277,299)</u>	<u>68,810</u>	<u>(76,523)</u>	<u>105,286</u>	<u>238,526</u>
Net income	<u>\$ 413,612</u>	<u>\$ 327,523</u>	<u>\$ 276,401</u>	<u>\$ 109,044</u>	<u>\$ 140,764</u>
Balance Sheet Statistics					
Working capital	\$ 823,597	\$ (1,715,164)	\$ (1,240,372)	\$ (466,530)	\$ 104,966
Total Stockholder's Equity	\$ 14,339,707	\$ 13,982,593	\$ 13,697,370	\$ 13,461,369	\$ 13,384,425
Per Share Statistics					
Basic earnings per share	\$ 3.07	\$ 2.43	\$ 2.05	\$ 0.81	\$ 1.05
Book Value Per Share	\$ 106.46	\$ 103.80	\$ 101.69	\$ 99.93	\$ 99.36

**Citizens' Electric Company of Lewisburg, Pa.
Utility Plant and Accumulated Depreciation
Year Ended December 31, 2025**

Acct. No.	Account	Utility Plant				Accumulated Depreciation						
		Cost		Retirements	Cost	Balance	Retirements	Cost of Removals	Salvage Received	Depreciation		Balance
		January 1, 2025	Additions		December 31, 2025					January 1, 2025	Rate	
Distribution plant												
302	Franchises and consents	27	-	-	27	255	-	-	-	-	-	255
360	Land and land rights	18,294	246,621	-	264,915	-	-	-	-	-	-	-
362	Station equipment	776,412	-	-	776,412	746,465	-	-	-	4.00	2,740	749,205
364	Poles, towers and fixtures	4,446,001	281,591	39,112	4,688,480	3,229,017	39,112	63,418	2,753	4.13	196,068	3,325,307
365	Overhead conductors and devices	8,440,384	448,812	57,679	8,831,517	2,156,980	57,679	100,264	16,442	4.00	343,896	2,359,375
367	Underground conductors and devices	3,663,255	268,738	6,468	3,925,525	2,278,821	6,468	3,888	281	4.00	151,051	2,419,796
368	Line transformers	3,057,802	253,522	25,018	3,286,306	2,339,391	25,018	1,424	113	4.00	126,345	2,439,408
369	Services	4,345,865	212,035	25,082	4,532,818	1,890,284	25,082	36,633	2,374	4.00	177,135	2,008,078
370	Meters	1,684,809	116,390	17,558	1,783,642	(36,607)	17,558	1,593	136	4.00	69,822	14,200
373	Street lighting and signal systems	689,618	15,735	2,827	702,526	83,181	2,827	3,586	144	4.00	47,264	124,175
General plant												
390	Structures and improvements, general plant	778,416	-	-	778,416	589,945	-	-	-	3.000	5,874	595,819
301	Organization	968	-	-	968	-	-	-	-	0.000	-	-
303	Intangible asset - EDI Equipment	319,218	-	-	319,218	319,215	-	-	-	0.000	-	319,215
391	Office furniture and equipment	444,831	33,396	-	478,227	298,465	-	-	-	8.000	39,573	338,038
392	Transportation equipment	1,421,931	(100)	-	1,421,831	852,562	-	-	-	12.500	137,072	989,634
393	Stores equipment	39,241	-	-	39,241	37,210	-	-	-	6.666	731	37,941
394	Tools, shop and garage equipment	137,291	1,771	-	139,062	85,537	-	-	-	10.000	8,679	94,216
395	Laboratory equipment	66,746	-	-	66,746	44,024	-	-	-	6.666	4,039	48,063
396	Power operated equipment	11,845	-	-	11,845	13,508	-	-	-	12.500	-	13,508
397	Communication equipment	428,037	100	-	428,137	290,756	-	-	-	6.666	9,783	300,539
398	Miscellaneous equipment	31,770	-	-	31,770	10,606	-	-	-	6.666	1,940	12,546
		<u>30,802,761</u>	<u>1,878,611</u>	<u>173,744</u>	<u>32,507,628</u>	<u>\$ 15,229,615</u>	<u>\$ 173,744</u>	<u>\$ 210,805</u>	<u>\$ 22,242</u>		<u>1,322,011</u>	<u>\$ 16,189,319</u>
	Construction work-in-process	<u>119,314</u>	<u>126,814</u> ^N	<u>-</u>	<u>246,128</u>						<u>Less charged to clearing</u>	<u>137,072</u>
		<u>\$ 30,922,075</u>	<u>\$ 2,005,425</u>	<u>\$ 173,744</u>	<u>\$ 32,753,756</u>						<u>Total depreciation</u>	<u>\$ 1,184,939</u>

(N) Net Increase

**Citizens' Electric Company of Lewisburg, Pa.
Prepaid (Accrued) Taxes, Net
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
State gross receipts tax	\$ (211,624)	\$ (86,455)
State public utility realty tax	13,123	13,123
State income tax	15,435	(1,207)
Federal income tax	490,287	36,830
Other	<u>(384)</u>	<u>(651)</u>
	<u>\$ 306,837</u>	<u>\$ (38,360)</u>

**Citizens' Electric Company of Lewisburg, Pa.
Operating Revenues and Taxes, Other Than Income
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Residential sales	\$ 12,903,782	\$ 11,286,366
Commercial and industrial sales	5,417,249	4,825,636
Public street and highway lighting sales	169,932	167,186
Customers' forfeited discounts	32,272	28,404
Rent from electric property	60,552	56,782
Other electric revenues	27,409	14,038
	<u>\$ 18,611,196</u>	<u>\$ 16,378,412</u>
Taxes, Other Than Income		
State gross receipts	\$ 1,061,624	\$ 894,130
State Pennsylvania Utility Commission assessment	59,427	63,038
State use tax	3,125	7,604
State public utility realty tax	13,185	13,654
	<u>\$ 1,137,361</u>	<u>\$ 978,426</u>

**Citizens' Electric Company of Lewisburg, Pa.
Distribution, Operation; Distribution, Maintenance;
Customer Accounts and General and Administrative Expenses
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Distribution, Operation Expenses				
Station	\$ 12,460	\$ 5,257	\$ 7,203	137.02%
Overhead lines	110,840	171,932	(61,092)	-35.53%
Underground lines	55,339	54,098	1,241	2.29%
Street lighting and signal system	13,180	12,169	1,011	8.31%
Meters	(1,937)	24,043	(25,980)	-108.06%
Engineering	158,157	147,493	10,664	7.23%
Customer installations	61,022	45,793	15,229	33.26%
Miscellaneous distribution	601,666	520,551	81,115	15.58%
Rents	541	530	11	2.08%
	<u>\$ 1,011,268</u>	<u>\$ 981,866</u>	<u>\$ 29,402</u>	<u>2.99%</u>
Distribution, Maintenance Expenses				
Station equipment	\$ 6,289	\$ 25,131	\$ (18,842)	-74.98%
Overhead lines	616,275	558,562	57,713	10.33%
Underground lines	4,404	13,331	(8,927)	-66.96%
Line transformers	15,631	31,969	(16,338)	-51.11%
Street lighting and signal system	14,170	15,914	(1,744)	-10.96%
	<u>\$ 656,769</u>	<u>\$ 644,907</u>	<u>\$ 11,862</u>	<u>1.84%</u>
Customer Accounts Expenses				
Meter reading	\$ 27,657	\$ 26,340	\$ 1,317	5.00%
Customer records and collection	482,001	483,000	(999)	-0.21%
Uncollectible accounts	40,529	27,331	13,198	48.29%
	<u>\$ 550,187</u>	<u>\$ 536,671</u>	<u>\$ 13,516</u>	<u>2.52%</u>
General and Administrative Expenses				
Salaries and benefits	\$ 776,697	\$ 699,187	\$ 77,510	11.09%
Administrative	146,719	154,815	(8,096)	-5.23%
Outside services employed	57,281	40,008	17,273	43.17%
Insurance	11,427	11,188	239	2.14%
Injuries and damage	27,183	27,339	(156)	-0.57%
General advertising	123	655	(532)	-81.22%
Miscellaneous general	94,172	93,096	1,076	1.16%
Directors' committee	33,128	16,849	16,279	96.62%
Maintenance of general plant	181,468	155,100	26,368	17.00%
	<u>\$ 1,328,198</u>	<u>\$ 1,198,237</u>	<u>\$ 129,961</u>	<u>10.85%</u>

Wellsboro Electric Company

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2025 and 2024

Wellsboro Electric Company
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December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Wellsboro Electric Company
Wellsboro, Pennsylvania

Opinion

We have audited the financial statements of Wellsboro Electric Company (Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, stockholders' 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, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

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.

Forvis Mazars, LLP

**St. Louis, Missouri
March 12, 2026**

Wellsboro Electric Company
Balance Sheets
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Utility Plant, at Cost		
Electric plant in service	\$ 43,377,243	\$ 41,101,936
Accumulated depreciation	(16,425,540)	(15,226,786)
	<u>26,951,703</u>	<u>25,875,150</u>
Construction work in progress	69,528	27,017
	<u>27,021,231</u>	<u>25,902,167</u>
Other Assets and Nonutility Property		
Nonutility property, net	140,858	144,043
Regulatory assets	288,717	40,145
Rentals and other	65,054	65,176
	<u>494,629</u>	<u>249,364</u>
Total Other Assets and Nonutility Property		
Current Assets		
Cash and cash equivalents	469,648	203,335
Restricted cash	98,699	-
Accounts receivable		
Customers, net of allowance		
2025 - \$13,484, 2024 - \$12,306	1,393,555	1,186,224
Unbilled revenues	1,032,868	667,515
Other	310,781	287,005
Advances, affiliate	49,000	49,000
Inventories	199,209	247,983
Prepaid expenses and other	9,605	8,439
Prepaid taxes, net	185,330	108,863
Under collected power costs	-	72,766
	<u>3,748,695</u>	<u>2,831,130</u>
Total Current Assets		
	<u>3,748,695</u>	<u>2,831,130</u>
Total Assets	<u>\$ 31,264,555</u>	<u>\$ 28,982,661</u>

Wellsboro Electric Company
Balance Sheets
December 31, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Stockholders' Equity		
Preferred stock, 4% cumulative, \$100 par value; authorized 2,000 shares; issued and outstanding, 2025 - 1,062 shares, 2024 - 1,256 shares	\$ 106,400	\$ 125,800
Common stock, par value \$100 per share; authorized 2,000 shares; issued 1,123 shares; outstanding 1,055.5 shares	112,300	112,300
Additional paid-in capital	127,846	127,846
Retained earnings	5,052,500	5,050,799
	<u>5,399,046</u>	<u>5,416,745</u>
Treasury stock, at cost: 67.5 common shares	(159,250)	(159,250)
Total Stockholders' Equity	<u>5,239,796</u>	<u>5,257,495</u>
Long-Term Debt	<u>18,822,294</u>	<u>18,477,675</u>
Finance Lease Liabilities	<u>416,643</u>	<u>349,544</u>
Current Liabilities		
Current maturities of long-term debt	781,499	865,074
Current maturities of finance lease liabilities	138,831	129,214
Line of credit	1,975,000	700,000
Accounts payable		
Trade	163,531	520,911
Related party	146,033	133,216
Due for purchased electricity	740,045	537,362
Accrued expenses	241,268	227,799
Customer deposits	170,000	195,713
Over collected power costs	169,555	-
Total Current Liabilities	<u>4,525,762</u>	<u>3,309,289</u>
Deferred Charges and Other Liabilities		
Deferred income taxes	1,100,900	1,172,700
Deferred charges - CIAC in excess of costs	765,995	-
Accrued postretirement cost	159,645	185,579
Regulatory liability	233,520	230,379
Total Deferred Charges and Other Liabilities	<u>2,260,060</u>	<u>1,588,658</u>
Total Liabilities and Stockholders' Equity	<u>\$ 31,264,555</u>	<u>\$ 28,982,661</u>

Wellsboro Electric Company
Statements of Income
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues	\$ 15,688,421	\$ 13,158,392
Operating Expenses		
Power	8,651,767	6,429,293
Distribution expenses		
Operation	242,485	253,121
Maintenance	1,004,348	1,085,382
Customer accounts	988,192	925,755
Sales expense, public relations	9,311	2,991
General and administrative	1,281,470	1,264,381
Depreciation	1,636,743	1,335,247
Taxes, other than income	952,280	814,557
	14,766,596	12,110,727
Operating Income Before Interest and Other Expenses	921,825	1,047,665
Other Income (Expenses)		
Interest income	20,616	38,238
Interest expense	(1,086,711)	(859,424)
Acquisition debt expense	(361,654)	(361,458)
Miscellaneous	102,202	27,835
Loss on disposal of utility plant and nonutility property	(1,590)	(81,514)
Other expense	(24,558)	(20,481)
	(1,351,695)	(1,256,804)
Loss Before Income Taxes	(429,870)	(209,139)
Credit for Income Taxes	(444,230)	(113,046)
Net Income (Loss)	\$ 14,360	\$ (96,093)

**Wellsboro Electric Company
Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024**

	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
Balance, January 1, 2024	1,258	\$ 126,000	1,055.5	\$ 112,300
Redemption of preferred stock	(2)	(200)	-	-
Dividends on preferred stock	-	-	-	-
Dividends on common stock	-	-	-	-
Net loss	-	-	-	-
Balance, December 31, 2024	1,256	125,800	1,055.5	112,300
Redemption of preferred stock	(194)	(19,400)	-	-
Dividends on preferred stock	-	-	-	-
Dividends on common stock	-	-	-	-
Net income	-	-	-	-
Balance, December 31, 2025	<u>1,062</u>	<u>\$ 106,400</u>	<u>1,055.5</u>	<u>\$ 112,300</u>

See Notes to Financial Statements

<u>Treasury Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<u>Common Shares</u>	<u>Amount</u>			
67.5	\$ (159,250)	\$ 127,846	\$ 5,200,624	\$ 5,407,520
-	-	-	-	(200)
-	-	-	(5,032)	(5,032)
-	-	-	(48,700)	(48,700)
-	-	-	(96,093)	(96,093)
67.5	(159,250)	127,846	5,050,799	5,257,495
-	-	-	-	(19,400)
-	-	-	(4,659)	(4,659)
-	-	-	(8,000)	(8,000)
-	-	-	14,360	14,360
<u>67.5</u>	<u>\$ (159,250)</u>	<u>\$ 127,846</u>	<u>\$ 5,052,500</u>	<u>\$ 5,239,796</u>

Wellsboro Electric Company
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Net income (loss)	\$ 14,360	\$ (96,093)
Items not requiring (providing) cash		
Depreciation and amortization	1,824,300	1,507,274
Deferred income taxes	(71,800)	(358,000)
Loss on disposal of utility plant and nonutility property	1,590	81,514
Provision for credit losses on accounts receivable	18,335	(7,859)
Changes in		
Accounts receivable	(614,795)	55,601
Inventories	48,774	86,057
Regulatory assets and liabilities	(261,442)	(39,594)
Prepaid expenses and other	(1,044)	(6,326)
Accounts payable, accrued expenses and other	(336,057)	25,835
Due for purchased electricity	202,683	(3,076)
Accrued postretirement cost	(20,971)	(21,190)
Deferred compensation	-	(49,441)
Prepaid taxes, net	(76,467)	26,792
Customer deposits	(25,713)	31,270
Over / under collected power costs	242,321	(53,535)
Net Cash Provided by Operating Activities	<u>944,074</u>	<u>1,179,229</u>
Investing Activities		
Additions to utility plant, net	(2,724,540)	(6,366,626)
CIAC in excess of costs	765,995	-
Proceeds from sale of property and equipment	22,325	-
Net Cash Used in Investing Activities	<u>(1,936,220)</u>	<u>(6,366,626)</u>
Financing Activities		
Principal payments on finance lease liabilities	(146,827)	(137,479)
Borrowings under line of credit agreement	2,275,000	3,700,000
Repayments under line of credit agreement	(1,000,000)	(3,000,000)
Proceeds from issuance of long-term debt	1,000,000	4,000,000
Principal payments on long-term debt	(738,956)	(650,282)
Dividends paid	(12,659)	(53,732)
Redemption of preferred stock	(19,400)	(200)
Net Cash Provided by Financing Activities	<u>1,357,158</u>	<u>3,858,307</u>
Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	365,012	(1,329,090)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>203,335</u>	<u>1,532,425</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 568,347</u>	<u>\$ 203,335</u>
Supplemental Cash Flows Information		
Interest paid	<u>\$ 1,086,711</u>	<u>\$ 859,424</u>
Right-of-use asset obtained in exchange for new finance lease liability	<u>\$ 223,543</u>	<u>\$ 66,390</u>
Income taxes paid	<u>\$ 275,005</u>	<u>\$ 10,000</u>
Income taxes refunded	<u>\$ 281,000</u>	<u>\$ 26,006</u>

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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

Wellsboro Electric Company (“Company”), also known as Wellsborough Electric Company, is a regulated public utility distributing electric service to customers in and around Wellsboro, Pennsylvania. C & T Enterprises, Inc. (“C&T”) owns all of the outstanding common stock of the Company. 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 and postretirement benefits.

Cash, Cash Equivalents and Restricted Cash

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of a daily investment fund account.

The Company maintains certain cash balances that are restricted as to use under the grant agreement with the Commonwealth of Pennsylvania. Under the terms of the agreement, grant funds totaling \$250,000 must be deposited into a separate, special expenditures account that is identifiable to the grant and insured by the FDIC. These funds may be used solely for eligible project costs incurred during the contract activity period, January 1, 2025 through December 31, 2026, and cannot be used for general operating purposes. As of December 31, 2025, \$98,699 of grant funds remain unspent in restricted cash.

At December 31, 2025, the Company’s cash accounts did not exceed federally insured limits.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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 generally due within 20 days after the date of the billing. 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, 2025 and 2024, there was \$18,335 and \$0, respectively, of credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured.

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 is 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:

<u>Utility Plant</u>	<u>Years</u>
Distribution plant	10-40
General plant	5-40
Vehicles	5

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

Nonutility Property

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

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, 2025 and 2024.

Contributions in Aid of Construction

Contributions in aid of construction (CIAC) are credited to the associated cost of the utility plant constructed.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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 Codification ("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 \$1,032,868 and \$667,515 at December 31, 2025 and 2024, respectively, represent amounts delivered through December 31 and not billed to the customers until the following month. Customer deposits of \$170,000 and \$195,713 at December 31, 2025 and 2024, respectively, represent amounts received in advance of services provided. See Note 14 for additional information about the Company's revenue.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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 does not present 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 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.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2025 and 2024, are:

	<u>2025</u>	<u>2024</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 89,824	\$ 93,050
Interest on lease liabilities	28,619	25,420
Short-term lease cost	35,196	36,561
Total lease cost	<u>\$ 153,639</u>	<u>\$ 155,031</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	\$ 146,826	\$ 137,479
Weighted-average remaining lease term		
Finance leases	4.15 years	4.0 years
Weighted-average discount rate		
Finance leases	1.64%	1.74%

See Note 7 for future minimum lease payments and reconciliation to the balance sheet at December 31, 2025.

Note 3. Utility Plant

Utility plant consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Electric plant in service		
Distribution plant	\$ 33,298,675	\$ 31,648,701
General plant	10,078,568	9,453,235
	43,377,243	41,101,936
Construction work-in-progress	69,528	27,017
	43,446,771	41,128,953
Accumulated depreciation	(16,425,540)	(15,226,786)
	<u>\$ 27,021,231</u>	<u>\$ 25,902,167</u>

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

Note 4. Regulatory Assets and Liabilities

Regulatory Assets

Regulatory assets consist of the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>Amortization Period</u>
Rate case - 2025	\$ 230,902	\$ - *	3 years
Default service plan	50,032	32,362	4 years
Other regulatory assets	7,783	7,783	3 years
	<u>\$ 288,717</u>	<u>\$ 40,145</u>	

* Amortization period has not yet begun

Amortization expense was \$16,011 and \$17,927 for the years ended December 31, 2025 and 2024, respectively.

Regulatory Liabilities

For the years ended December 31, 2025 and 2024, the Company recorded a regulatory liability of \$233,520 and \$230,379, 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.

The Company receives contributions in aid of construction (CIAC) related to the buildout of utility plant. CIAC represents customer, developer or grant contributions toward the construction of utility plant. CIAC in excess of costs incurred is recorded as a deferred charge and represents amounts received for projects for which construction has not yet commenced, or for which incurred costs are less than CIAC received. These amounts will be recognized as CIAC and applied against the cost of utility plant as the construction progresses and the underlying assets are completed and placed into service. The Company expects these amounts to be fully offset by future construction activity within 12 months. As of December 31, 2025, the Company has \$765,995 of CIAC in excess of costs incurred. There was no CIAC in excess of costs incurred for the year ended December 31, 2024.

Note 5. Nonutility Property

Nonutility property consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 51,909	\$ 51,909
Buildings and improvements	154,174	154,174
	206,083	206,083
Accumulated depreciation	(65,225)	(62,040)
	<u>\$ 140,858</u>	<u>\$ 144,043</u>

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

Note 6. Line of Credit

The Company has a \$3,000,000 revolving line of credit with C&T payable on demand. At December 31, 2025 and 2024, there was \$1,975,000 and \$700,000 borrowed against this line, respectively. Interest varies based on the CoBank quoted variable rate. The rate was 5.77% and 6.39% on December 31, 2025 and 2024, respectively, and is payable monthly.

While the line of credit described above is due on demand, the Company has utilized the financing for long term operating purposes and does not have sufficient liquid funds available to repay the outstanding balance on demand. The borrowings are available pursuant to a line of credit agreement that C&T maintains with a third party lender, which matures in July 2026. C&T has no intentions to demand repayment prior to the stated maturity date and intends to renew or replace the line of credit upon maturity at terms similar to those currently in place with the third party lender.

Note 7. Long-Term Debt and Finance Lease Liabilities

	<u>2025</u>	<u>2024</u>
Notes payable, C&T, payable in quarterly installments of approximately \$80,000 including interest through September 2038; interest at 2.76% to 4.88%; collateralized by substantially all Company assets	\$ 3,091,519	\$ 3,269,885
Note payable, C&T, quarterly principal and interest payments of approximately \$22,000; interest at 2.37%; collateralized by substantially all Company assets; due December 2028	212,623	280,213
Note payable, C&T, payable in quarterly installments of approximately \$29,000 including interest through September 2031; interest at 2.635% to 4.63%; collateralized by substantially all Company assets	532,794	615,703
Note payable, C&T, quarterly principal and interest payments of approximately \$22,000; interest at 3.575%; collateralized by substantially all Company assets; due December 2034	617,807	675,020
Note payable, C&T, quarterly principal and interest payments of approximately \$36,000; interest at 4.175% to 4.80%; collateralized by substantially all Company assets; due June 2035	1,112,580	1,204,597
Note payable, C&T, quarterly principal and interest payments of \$15,931; interest at 3.925%; collateralized by substantially all Company assets; due December 2041	754,475	787,765
Note payable, C&T, quarterly principal and interest payments of \$17,075; interest at 4.175%; collateralized by substantially all Company assets; due December 2041	794,220	828,462
Note payable, C&T, quarterly principal and interest payments of \$26,317; interest at 3.26%; collateralized by substantially all Company assets; due June 2050	1,771,576	1,818,139

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Notes payable, C&T, quarterly principal and interest payments of \$53,642; interest at 5.865% to 6.00%; collateralized by substantially all Company assets; due October 2052 through March 2053	\$ 5,778,226	\$ 5,862,965
Note payable, C&T, quarterly principal and interest payments of \$66,095; interest at 5.18%; collateralized by substantially all Company assets; due December 2054	3,941,698	4,000,000
Note payable, C&T, quarterly principal and interest payments of \$16,101; interest at 4.95%; collateralized by substantially all Company assets; due June 2055	996,275	-
Finance lease liabilities for equipment, requiring monthly principal and interest payments ranging from \$1,301 to \$3,661, collateralized by leased equipment, payments due in varying amounts through June 2035	<u>555,474</u>	<u>478,758</u>
	20,159,267	19,821,507
Less current maturities	<u>920,330</u>	<u>994,288</u>
	<u>\$ 19,238,937</u>	<u>\$ 18,827,219</u>

Aggregate annual maturities of long-term debt and payments on finance lease liabilities at December 31, 2025, are:

	<u>Long-Term Debt</u>	<u>Finance Lease Liabilities</u>
2026	\$ 781,499	\$ 165,370
2027	814,564	149,917
2028	849,128	109,648
2029	810,969	86,826
2030	846,969	69,067
Thereafter	<u>15,500,664</u>	<u>51,889</u>
	<u>\$ 19,603,793</u>	632,717
Less amount representing interest		<u>77,243</u>
Present value of future minimum lease payments		<u>\$ 555,474</u>

Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024

Transportation equipment under finance lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Transportation equipment	\$ 1,104,275	\$ 1,016,222
Accumulated depreciation	<u>(579,113)</u>	<u>(561,754)</u>
	<u>\$ 525,162</u>	<u>\$ 454,468</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 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, 2025 the Company had \$350,000 in outstanding letters of credit. The Company had no outstanding letters of credit as of December 31, 2024.

Note 8. Income Taxes

The credit for income taxes includes these components:

	<u>2025</u>	<u>2024</u>
Taxes currently payable (refundable)	\$ (372,430)	\$ 244,954
Deferred income taxes	<u>(71,800)</u>	<u>(358,000)</u>
Income tax benefit	<u>\$ (444,230)</u>	<u>\$ (113,046)</u>

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

	<u>2025</u>	<u>2024</u>
Computed at the statutory rate (21%)	\$ (90,273)	\$ (43,919)
Increase (decrease) resulting from		
State income rates	79,519	(55,584)
Net operating loss carryforwards	(422,600)	-
Other	<u>(10,876)</u>	<u>(13,543)</u>
Actual tax benefit	<u>\$ (444,230)</u>	<u>\$ (113,046)</u>

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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

	2025	2024
Deferred tax assets		
Allowance for credit losses	\$ 3,600	\$ 3,400
Post retirement benefits	51,500	58,000
Net operating loss carryforwards	422,600	-
Other	105,500	103,300
	583,200	164,700
Deferred tax liabilities		
Depreciation	(1,603,800)	(1,324,100)
Other	(80,300)	(13,300)
	(1,684,100)	(1,337,400)
Net deferred tax liability	\$ (1,100,900)	\$ (1,172,700)

At December 31, 2025, the Company had \$1,772,550 of consolidated unused federal operating loss carryforwards. At December 31, 2024, the Company had no allocations of C&T consolidated unused federal operating loss carryforwards.

Note 9. Pension, Profit-Sharing 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 2025 and 2024 represented less than 5% of the total contributions made to the plan by all participating employers. C&T made contributions to the plan of \$3,645,112 and \$3,497,266 for the years ended December 31, 2025 and 2024, respectively. The Company reimbursed C&T \$277,981 and \$271,079 for its share of the contributions for the years ended December 31, 2025 and 2024, respectively. There have been no significant changes affecting the comparability of the 2025 and 2024 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, 2025 and 2024, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the 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.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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 \$54,597 and \$51,725 for its share of contributions for the years ended December 31, 2025 and 2024, respectively.

Profit Sharing Plan

The Company has a profit sharing plan that covers all full-time employees who have attained one year of service. Contributions are discretionary and are allocated based upon eligible compensation. A vesting schedule provides for full vesting after six years of service while in the Plan. The Company made a discretionary profit-sharing plan contribution to the Plan of \$103,000 and \$89,000 for the years ended December 31, 2025 and 2024, respectively.

Other Postretirement Plans

The Company also has a defined contribution retirement plan that covers all full-time employees covered under a collective bargaining agreement who have attained the age of 18 years and have one year of service. Employees are permitted to make tax deferred contributions of up to 15% of eligible compensation. The Company makes a matching contribution to the Plan up to 5% of a participant's eligible compensation. The Company contributed \$40,622, and \$38,489 to the Plan for the years ended December 31, 2025 and 2024, respectively.

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 \$6,000 to the Plan in 2026. 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, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
C&T's benefit obligation	\$ 4,972,372	\$ 5,587,931
Company's allocation of benefit obligation	\$ 191,381	\$ 212,352
C&T's accrued benefit cost	\$ 4,972,372	\$ 5,587,931
Company's allocation of accrued benefit cost	\$ 191,381	\$ 212,352
Amounts recognized in the Company's balance sheets		
Current liability, included in accrued expenses	\$ 31,736	\$ 26,773
Non-current liability	159,645	185,579
	<u>\$ 191,381</u>	<u>\$ 212,352</u>
C&T's benefit expense	\$ 449,265	\$ 472,065
Company's allocation of benefit expense	\$ 8,736	\$ 9,188

The Company uses a December 31 measurement date for the plans. For measurement purposes, a 6.25% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2025. The rate was assumed to decrease gradually to 4.75% in 2031 and remain at that level thereafter.

The benefit obligation was calculated assuming a weighted average discount rate of 5.45% and 5.15% in 2025 and 2024, respectively.

The amount of net gain and net prior service cost expected to be recognized by the Company during 2025 is \$12,978 and \$-0-, respectively.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

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:

2026	\$	31,736
2027	\$	23,178
2028	\$	17,925
2029	\$	22,496
2030	\$	3,361
2031-2035	\$	13,771

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.

Note 10. 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.

The Company has a lease agreement with C&T for space in the primary office building, the contract renews monthly 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, 2025 and 2024, and the effected account balances at December 31, 2025 and 2024, are as follows:

	2025	2024
Allocation of overhead recorded as operating expense	\$ 425,841	\$ 442,449
Other costs in accounts receivable - other	\$ 276,900	\$ 276,900
Accounts payable - related party	\$ 146,033	\$ 133,216
Accrued vacation liability in accrued expenses	\$ 158,134	\$ 147,991
Payroll costs paid in advance and included in advances, affiliate	\$ 49,000	\$ 49,000
Interest expense	\$ 1,086,711	\$ 859,424
Acquisition debt expense	\$ 361,654	\$ 361,458

The Company paid C&T \$1,100,191 and \$1,037,111 for payroll and \$460,182 and \$450,012 for benefits in 2025 and 2024, respectively.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

Note 11. Commitments and Contingencies

The Company has guaranteed payments on notes payable that are obligations of C&T. At December 31, 2025, the amounts outstanding on these obligations are \$23,147,638, of which \$19,603,793 is recorded by the Company, see Note 7. These obligations are being repaid in quarterly payments of principal and interest through 2054. 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 12. Significant Concentration

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations.

Labor Agreement

Approximately 50% of the Company's employees are covered by a collective bargaining agreement, which expires December 31, 2026.

Note 13. 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 Wellsboro, 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 each 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 our 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.

**Wellsboro Electric Company
Notes to Financial Statements
December 31, 2025 and 2024**

Contract Balances

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

	<u>2025</u>	<u>2024</u>
Accounts receivable - customers, beginning of year	\$ 1,186,224	\$ 1,380,833
Accounts receivable - customers, end of year	\$ 1,393,555	\$ 1,186,224
Unbilled revenues, beginning of year	\$ 667,515	\$ 483,780
Unbilled revenues, end of year	\$ 1,032,868	\$ 667,515
Customer deposits, beginning of year	\$ 195,713	\$ 164,443
Customer deposits, end of year	\$ 170,000	\$ 195,713

Note 14. Subsequent Events

Subsequent events have been evaluated through March 12, 2026, which is the date the financial statements were available to be issued.

Supplementary Information

**Wellsboro Electric Company
Utility Plant and Accumulated Depreciation
Year Ended December 31, 2025**

Wellsboro Electric Company
Utility Plant and Accumulated Depreciation
Year Ended December 31, 2025

Acct. No.	Account	Utility Plant				Cost December 31, 2025	Balance January 1, 2025	Depr. Rate (%)	Accumulated Depreciation				Balance December 31, 2025
		Cost January 1, 2025	Additions	Retirements	Contributions in Aid to Construction				Credits Representing		Debits Representing		
									Depreciation	Salvage	Property Retired	Cost of Removal	
	Distribution, plant												
360	Land and land rights	\$ 178,334	\$ -	\$ -	\$ -	\$ 178,334	-	0.00	% \$ -	\$ -	\$ -	\$ -	\$ -
361	Structures and improvements	-	-	-	-	-	-	4.08	-	-	-	-	-
362	Station equipment	3,992,800	4,697	-	-	3,997,497	3,387,846	6.88	142,855	3	6,314	9,189	3,515,201
364	Poles, towers and fixtures	13,456,587	1,025,041	59,288	130,313	14,292,026	4,109,234	3.50	477,864	6,533	60,140	155,566	4,377,925
365	Overhead conductors and devices	6,083,972	807,091	55,599	107,316	6,728,149	1,811,074	3.97	248,446	3,627	48,433	46,831	1,967,883
366	Underground conduits	26,899	-	-	-	26,899	11,610	3.15	849	-	-	-	12,459
367	Underground conductors and devices	1,011,550	130,350	3,613	6,030	1,132,257	678,157	4.36	45,057	889	1,961	787	721,356
368.1	Line transformers	3,198,332	205,339	17,157	153,000	3,233,514	1,467,119	3.52	108,840	461	17,157	16,160	1,543,103
369	Services	855,309	14,893	5,562	3,343	861,298	792,780	6.00	9,304	402	5,562	7,484	789,441
369.1	Underground services	1,344,550	89,087	13,343	34,341	1,385,952	496,004	2.48	33,755	-	1,535	78	528,146
370.1	Meters	1,011,481	18,780	6,996	-	1,023,265	629,096	7.70	78,603	-	6,996	-	700,703
371	Installation on customer premises	369,617	3,153	42,310	-	330,460	15,737	10.37	34,283	798	42,310	804	7,704
373	Street lighting and signal systems	119,272	-	10,246	-	109,026	(68,911)	2.40	2,620	-	10,246	36	(76,573)
	General plant												
390.1	Structures and improvements, office	5,663,911	170,680	-	-	5,834,591	114,770	4.58	261,652	-	-	-	376,422
390.2	Structures and improvements, other	884,002	351,798	-	-	1,235,800	77,665	5.20	53,328	-	-	-	130,993
391	Office furniture and equipment	774,489	61,806	47,572	-	788,723	325,058	19.49	121,611	-	45,984	-	400,685
392	Transportation equipment	1,532,010	223,543	135,490	-	1,620,063	1,010,303	Various	168,360	-	135,491	-	1,043,172
394	Tools, shop and garage equipment	90,042	568	-	-	90,610	34,076	6.17	4,979	-	-	-	39,055
395	Laboratory equipment	15,429	-	-	-	15,429	11,291	2.66	1,162	-	-	-	12,453
396	Power operated equipment	89,815	-	-	-	89,815	1,051	3.11	2,793	-	-	-	3,844
397	Communications equipment	117,901	-	-	-	117,901	38,304	7.71	8,742	-	-	-	47,046
398	Miscellaneous equipment	-	-	-	-	-	(64)	0.00	-	-	-	-	(64)
301	Intangible plant, organization	1,046	-	-	-	1,046	-	0.00	-	-	-	-	-
303	Intangible asset - EDI	284,588	-	-	-	284,588	284,586	14.28	-	-	-	-	284,586
		<u>\$ 41,101,936</u>	<u>\$ 3,106,827</u>	<u>\$ 397,176</u>	<u>\$ 434,343</u>	<u>\$ 43,377,243</u>	<u>\$ 15,226,786</u>		<u>\$ 1,805,103</u>	<u>\$ 12,713</u>	<u>\$ 382,128</u>	<u>\$ 236,934</u>	<u>\$ 16,425,540</u>
	Construction work-in-process	27,017	42,511 ^(N)	-	-	69,528			168,360	Less charged to clearing			
		<u>\$ 41,128,953</u>	<u>\$ 3,149,338</u>	<u>\$ 397,176</u>	<u>\$ 434,343</u>	<u>\$ 43,446,771</u>			<u>\$ 1,636,743</u>	Total depreciation			

(N) Net Increase

**Wellsboro Electric Company
Prepaid Taxes, Net
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
State gross receipts tax	\$ (166,891)	\$ 124,940
State public realty tax	16,757	6,000
State capital stock and corporate loans taxes	13,116	13,116
Federal income tax	489,110	(156,426)
State income tax	(158,987)	120,114
State sales tax	<u>(7,775)</u>	<u>1,119</u>
	<u>\$ 185,330</u>	<u>\$ 108,863</u>

Wellsboro Electric Company
Operating Revenues and Taxes, Other Than Income
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Residential sales	\$ 8,433,314	\$ 6,987,418
Commercial and industrial sales	6,887,260	5,815,205
Public street and highway lighting sales	20,749	19,202
Sales for resale	21,328	18,070
Customers' forfeited discounts	33,102	28,860
Rent from electric property	262,767	266,738
Other electric revenues	29,901	22,899
	<u>\$ 15,688,421</u>	<u>\$ 13,158,392</u>
Taxes, Other Than Income		
State gross receipts	\$ 903,587	\$ 781,072
State use tax	1,081	837
Lease tax	12,369	(10,663)
State public utility realty tax	35,243	43,311
	<u>\$ 952,280</u>	<u>\$ 814,557</u>

**Wellsboro Electric Company
Distribution, Operation; Distribution, Maintenance;
Customer Accounts; Sales Expense, Public Relations
and General and Administrative Expenses
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Distribution, Operation Expenses				
Supervising and engineering	\$ -	\$ 8,121	(8,121)	100.00%
Overhead lines expense	(3,036)	769	(3,805)	-494.80%
Street lighting and signal systems expense	-	146	(146)	100.00%
Meter expenses	34,321	36,984	(2,663)	-7.20%
Miscellaneous	180,004	174,151	5,853	3.36%
Rents	31,196	32,950	(1,754)	-5.32%
	<u>\$ 242,485</u>	<u>\$ 253,121</u>	<u>\$ (10,636)</u>	<u>-4.20%</u>
Distribution, Maintenance Expenses				
Supervising and engineering	\$ 115,239	\$ 101,529	\$ 13,710	13.50%
Station equipment	3,564	3,210	354	11.03%
Overhead lines	769,756	869,787	(100,031)	-11.50%
Underground lines	34,761	30,206	4,555	15.08%
Line transformers	930	14,532	(13,602)	-93.60%
Street lighting and signal system	1,397	1,612	(215)	-13.34%
Meters	78,701	64,506	14,195	22.01%
	<u>\$ 1,004,348</u>	<u>\$ 1,085,382</u>	<u>\$ (81,034)</u>	<u>-7.47%</u>
Customer Accounts Expenses				
Meter reading expense	\$ 13,082	\$ 21,775	\$ (8,693)	-39.92%
Customer records and collection expense	956,775	903,980	52,795	5.84%
Uncollectible accounts, net	18,335	-	18,335	100.00%
	<u>\$ 988,192</u>	<u>\$ 925,755</u>	<u>\$ 62,437</u>	<u>6.74%</u>
Sales Expense, Public Relations	<u>\$ 9,311</u>	<u>\$ 2,991</u>	<u>6,320</u>	<u>211.30%</u>
General and Administrative Expenses				
Salaries	\$ 755,527	\$ 757,901	\$ (2,374)	-0.31%
Office expense	169,840	178,754	(8,914)	-4.99%
Outside services employed	144,990	137,115	7,875	5.74%
Property insurance	57,313	53,098	4,215	7.94%
Regulatory commission expenses	46,877	42,985	3,892	9.05%
Miscellaneous general expenses, net	88,724	84,584	4,140	4.89%
Rents	4,000	3,611	389	10.77%
Maintenance of general plant	102,842	72,186	30,656	42.47%
Cost allocated to power purchased	(88,643)	(65,853)	(22,790)	34.61%
	<u>\$ 1,281,470</u>	<u>\$ 1,264,381</u>	<u>\$ 17,089</u>	<u>1.35%</u>

Valley Energy, Inc.

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2025 and 2024

Valley Energy, Inc.
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December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Valley Energy, Inc.
Sayre, Pennsylvania

Opinion

We have audited the financial statements of Valley Energy, Inc. (Company), which comprise the balance sheets as of December 31, 2025 and 2024, 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, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

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 statement 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.

Forris Mazars, LLP

**St. Louis, Missouri
March 12, 2026**

Valley Energy, Inc.
Balance Sheets
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Utility Plant, at Cost		
Gas plant in service	\$ 58,773,818	\$ 56,695,793
Accumulated depreciation	(30,710,754)	(29,002,827)
	<u>28,063,064</u>	<u>27,692,966</u>
Construction work in progress	<u>359,252</u>	<u>277,959</u>
Net utility plant	<u>28,422,316</u>	<u>27,970,925</u>
Regulatory asset	<u>196,661</u>	<u>80,613</u>
Current Assets		
Cash and cash equivalents	2,193,136	802,679
Accounts receivable		
Customers, net of allowance;		
2025 - \$191,501, 2024 - \$121,040	1,081,346	936,044
Unbilled revenues	540,208	530,469
Other	665,866	289,273
Advances, affiliates	99,680	99,680
Inventories		
Natural gas	780,449	722,281
Materials and supplies	218,832	244,244
Prepaid taxes, net	122,576	315,247
Prepaid expenses and other	<u>158,982</u>	<u>143,613</u>
Total Current Assets	<u>5,861,075</u>	<u>4,083,530</u>
Total Assets	<u>\$ 34,480,052</u>	<u>\$ 32,135,068</u>

Valley Energy, Inc.
Balance Sheets
December 31, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Stockholder's Equity		
Common stock, no par or stated value, 1,000 shares authorized, issued and outstanding	\$ 3,000,000	\$ 3,000,000
Paid-in capital	94,885	94,885
Retained earnings	15,213,652	13,388,090
Total Stockholder's Equity	<u>18,308,537</u>	<u>16,482,975</u>
Long-Term Debt	<u>6,100,261</u>	<u>5,736,464</u>
Finance Lease Liabilities	<u>125,698</u>	<u>101,926</u>
Current Liabilities		
Line of credit	2,650,000	2,650,000
Current maturities of long-term debt	636,203	596,923
Current maturities of finance lease liabilities	50,827	40,425
Accounts payable	471,596	597,486
Due for purchased gas	765,611	495,267
Accrued expenses	305,325	326,713
Customer deposits	413,524	543,376
Over collected gas costs	115,639	676,841
Total Current Liabilities	<u>5,408,725</u>	<u>5,927,031</u>
Deferred Charges and Other Liabilities		
Deferred income taxes	3,149,877	2,694,069
Deferred charges - CIAC in excess of costs	189,447	-
Accrued postretirement cost	780,265	816,705
Regulatory liability	417,242	375,898
	<u>4,536,831</u>	<u>3,886,672</u>
Total Liabilities and Stockholder's Equity	<u>\$ 34,480,052</u>	<u>\$ 32,135,068</u>

Valley Energy, Inc.
Statements of Income
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues	\$ 13,165,224	\$ 12,080,198
Operating Expenses		
Gas	4,631,140	3,814,843
Distribution expenses		
Operation	1,988,064	1,933,271
Maintenance	448,950	611,071
Customer accounts	882,408	802,221
General and administrative	1,419,136	1,363,272
Depreciation	1,659,967	1,788,143
Taxes, other than income	201,020	194,168
	11,230,685	10,506,989
Operating Income Before Interest and Other Expenses	1,934,539	1,573,209
Other Income (Expenses)		
Interest expense	(474,379)	(428,818)
Other income	67,209	62,917
Other income - excess CIAC	1,008,070	-
Other expense	-	(19,063)
	600,900	(384,964)
Income Before Income Taxes	2,535,439	1,188,245
Provision for Income Taxes	611,878	276,668
Net Income	\$ 1,923,561	\$ 911,577

Valley Energy, Inc.
Statements of Stockholder's Equity
Years Ended December 31, 2025 and 2024

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
January 1, 2024	\$ 3,000,000	\$ 94,885	\$ 12,560,514	\$ 15,655,399
Dividends	-	-	(84,001)	(84,001)
Net income	-	-	911,577	911,577
December 31, 2024	<u>\$ 3,000,000</u>	<u>\$ 94,885</u>	<u>\$ 13,388,090</u>	<u>\$ 16,482,975</u>
Dividends	-	-	(97,999)	(97,999)
Net income	-	-	1,923,561	1,923,561
December 31, 2025	<u><u>\$ 3,000,000</u></u>	<u><u>\$ 94,885</u></u>	<u><u>\$ 15,213,652</u></u>	<u><u>\$ 18,308,537</u></u>

Valley Energy, Inc.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Net income	\$ 1,923,561	\$ 911,577
Items not requiring (providing) cash		
Depreciation and amortization	1,727,663	1,855,838
Deferred income taxes	455,808	(269,931)
Provision for credit losses on accounts receivable	(44,291)	(23,749)
Changes in		
Accounts receivable	(487,343)	532,843
Inventories	(32,756)	751,345
Prepaid expenses and other	(15,369)	(21,627)
Prepaid taxes, net	192,671	(164,596)
Regulatory assets/liabilities	(142,400)	(31,017)
Over/under recovered gas costs	(561,202)	(658,751)
Accounts payable and accrued expenses	(142,139)	74,195
Due for purchased gas	270,344	(457,573)
Customer deposits	(129,852)	(20,735)
Advances to affiliates	-	637
Accrued postretirement costs	(41,579)	56,943
Net Cash Provided by Operating Activities	<u>2,973,116</u>	<u>2,535,399</u>
Investing Activities		
Additions to utility plant, net	(2,034,775)	(3,751,019)
Deferred charges - CIAC in excess of costs	189,447	-
Net Cash Used in Investing Activities	<u>(1,845,328)</u>	<u>(3,751,019)</u>
Financing Activities		
Principal payments on finance lease liabilities	(42,409)	(60,220)
Borrowings under line of credit agreement	2,650,000	1,500,000
Repayments under line of credit agreement	(2,650,000)	(1,000,000)
Proceeds from issuance of long-term debt	1,000,000	1,500,000
Principal payments on long-term debt	(596,923)	(770,685)
Dividends paid	(97,999)	(84,001)
Net Cash Provided by Financing Activities	<u>262,669</u>	<u>1,085,094</u>
Increase (Decrease) in Cash and Cash Equivalents	1,390,457	(130,526)
Cash and Cash Equivalents, Beginning of Year	802,679	933,205
Cash and Cash Equivalents, End of Year	<u>\$ 2,193,136</u>	<u>\$ 802,679</u>
Supplemental Cash Flows Information		
Interest paid	<u>\$ 474,379</u>	<u>\$ 428,818</u>
Income taxes paid	<u>\$ 71,865</u>	<u>\$ 702,607</u>
Income taxes refunded	<u>\$ 70,000</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for new finance lease liabilities	<u>\$ 76,583</u>	<u>\$ 97,790</u>

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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

Nature of Operations

Valley Energy, Inc. (“Company”), a wholly-owned subsidiary of C & T Enterprises, Inc. (“C&T”), is a regulated public utility distributing natural gas to customers in the Sayre, Pennsylvania area, including Athens, Towanda, Wysox, and Waverly, New York. The Company’s operations in Pennsylvania are regulated by the Pennsylvania Public Utility Commission (“PUC”) and its operations in New York are regulated by the State of New York Public Service Commission (“NYPSC”). 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 and NYPSC. 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 Gas

The Company obtains all of its natural gas from an agreement with an energy broker that expires in March 2027. Gas costs can be different than what is recovered in base charges, resulting in over or under collected gas 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 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, 2025 and 2024, cash equivalents consisted of a daily investment fund account.

At December 31, 2025, the Company’s cash accounts exceeded federally insured limits by approximately \$250,000.

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 21 days after the issuance of the invoice. Accounts that are unpaid after the due date bear interest at 1.25% 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.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

During the years ended December 31, 2025 and 2024, credit loss expense (recoveries) related to doubtful accounts receivable, where collectability is not reasonably assured, was approximately \$44,000 and \$(12,000), respectively.

Inventories

Inventories consist of natural gas and 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 is carried at cost. Additions to utility plant and replacements of property are capitalized at cost. Retirements of utility plant or replacements are removed from utility 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:

<u>Utility Plant</u>	<u>Years</u>
Gas plant acquisition	8 - 41
Transmission plant	25 - 50
Distribution plant	33 - 50
General plant	10 - 15
Vehicles	5

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

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, 2025 and 2024.

Contributions in Aid of Construction

Contributions in aid of construction (CIAC) are credited to the associated cost of the utility plant constructed.

Income Taxes

The Company is included in the consolidated federal and State of New York income tax returns 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 Codification ("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

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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 and NYPSC approve natural gas rates for each state respectively. 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 and NYPSC. Certain expenses have been recorded as regulatory assets, and management believes these amounts are probable of future rate recovery.

Revenue Recognition

Revenue from the sale of natural gas is recognized as gas is delivered to customers. Revenues also include amounts receivable from or payable to customers through gas recovery clauses, which are adjusted annually.

Costs that are recoverable or refundable in future periods through the gas recovery clauses are deferred. Costs that are refundable or recoverable in future periods through gas cost 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 \$540,208 and \$530,469 at December 31, 2025 and 2024, respectively, represent amounts delivered through December 31 and not billed to the customers until the following month. Customer deposits of \$413,524 and \$543,376 at December 31, 2025 and 2024, respectively, represent amounts received in advance of services provided. See Note 12 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 does not present 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.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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.

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 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, 2025 and 2024 are:

	<u>2025</u>	<u>2024</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 43,839	\$ 56,627
Interest on lease liabilities	9,847	7,767
Total lease cost	<u>\$ 53,686</u>	<u>\$ 64,394</u>

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	\$ 42,409	\$ 60,220
Weighted-average remaining lease term		
Finance leases	3.2 years	3.5 years
Weighted-average discount rate		
Finance leases	3.01%	1.65%

See Note 6 for future minimum lease payments and reconciliation to the balance sheet at December 31, 2025.

Note 3. Utility Plant

Utility plant consists of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Gas plant in service		
Gas plant acquisition	\$ 4,621,318	\$ 4,621,318
Distribution plant	39,693,910	38,070,873
General plant	9,208,245	8,758,243
Transmission plant	5,250,345	5,245,359
	<u>58,773,818</u>	<u>56,695,793</u>
Construction work-in-progress	359,252	277,959
	<u>59,133,070</u>	<u>56,973,752</u>
Accumulated depreciation	(30,710,754)	(29,002,827)
	<u>\$ 28,422,316</u>	<u>\$ 27,970,925</u>

Note 4. Regulatory Assets and Liability

Regulatory Asset

Regulatory assets consist of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>Amortization Period</u>
Rate case - 2022	\$ -	\$ 52,196	3 years
Rate case - 2023	12,917	28,417	3 years
Rate case - 2025	183,744	-	* 3 years
	<u>\$ 196,661</u>	<u>\$ 80,613</u>	

* Amortization period has not yet begun

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Amortization expense was \$67,696 and \$67,695 for the years ended December 31, 2025 and 2024, respectively.

Regulatory Liability

Regulatory liability of \$417,242 and \$375,898 at December 31, 2025 and 2024, respectively, consists of 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.

The Company receives CIAC related to the buildout of utility plant. CIAC represents customer, developer or grant contributions toward the construction of utility plant. CIAC in excess of costs incurred is recorded as a deferred charge and represents amounts received for projects for which construction has not yet commenced, or for which incurred costs are less than CIAC received. These amounts will be recognized as CIAC and applied against the cost of utility plant as the construction progresses and the underlying assets are completed and placed into service. The Company expects these amounts to be fully offset by future construction activity within 12 months. As of December 31, 2025, the Company has \$189,447 of CIAC in excess of costs incurred. There was no CIAC in excess of costs incurred for the year ended December 31, 2024.

Note 5. Line of Credit

The Company has a \$7,000,000 revolving line of credit with C&T payable on demand. At December 31, 2025 and 2024, there was \$2,650,000 borrowed against this line. Interest varies based on the CoBank quoted variable rate. The rate was 5.77% and 6.39% on December 31, 2025 and 2024, respectively, and is payable monthly.

While the line of credit described above is due on demand, the Company has utilized the financing for long-term operating purposes and does not have sufficient liquid funds available to repay the outstanding balance on demand. The borrowings are available pursuant to a line of credit agreement that C&T maintains with a third party lender, which matures in July 2026. C&T has no intentions of demanding repayment prior to the stated maturity date and intends to renew or replace the line of credit upon maturity at terms similar to those currently in place with the third party lender.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 6. Long-Term Debt and Finance Lease Liabilities

	<u>2025</u>	<u>2024</u>
Notes payable, C&T, quarterly principal and interest payments ranging from \$12,530 to \$50,284, interest ranging from 2.635% to 4.800%; collateralized by substantially all Company assets; due March 2032	\$ 4,254,410	\$ 4,833,387
Note payable, C&T, quarterly principal and interest payments of approximately \$27,895, interest at 6.27%; collateralized by substantially all Company assets; due December 2054	1,482,054	1,500,000
Note payable, C&T, quarterly principal and interest payments of approximately \$18,363, interest at 6.15%; collateralized by substantially all Company assets; due December 2055	1,000,000	-
Finance lease liability for transportation equipment, requiring monthly principal and interest payments ranging from \$406 to \$1,066; collateralized by leased equipment; payments due in varying amounts through November 2030	176,525	142,351
	6,912,989	6,333,387
Less current maturities	687,030	637,348
	<u>\$ 6,225,959</u>	<u>\$ 5,696,039</u>

Aggregate annual maturities of long-term debt and payments on finance lease liabilities at December 31, 2025, are:

	<u>Long-Term Debt</u>	<u>Finance Lease Liabilities</u>
2026	\$ 636,203	\$ 63,311
2027	665,275	55,287
2028	695,706	40,312
2029	727,563	34,026
2030	760,912	16,427
Thereafter	3,250,805	-
	<u>\$ 6,736,464</u>	209,363
Less amount representing interest		32,838
Present value of future minimum lease payments		<u>\$ 176,525</u>

Transportation equipment under finance lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Transportation equipment	\$ 384,203	\$ 376,912
Accumulated depreciation	(212,166)	(282,668)
	<u>\$ 172,037</u>	<u>\$ 94,244</u>

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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 gas suppliers under the terms of this agreement. As of December 31, 2025 and 2024, the Company had \$500,000 in outstanding letters of credit.

C&T holds a first lien secured interest in the assets of the Company that are located in Pennsylvania. C&T has pledged substantially all of the Company's assets as collateral for its borrowing arrangements.

Note 7. Income Taxes

The provision for income taxes includes these components:

	<u>2025</u>	<u>2024</u>
Taxes currently payable	\$ 156,070	\$ 546,599
Deferred income taxes	455,808	(269,931)
Income tax expense	<u>\$ 611,878</u>	<u>\$ 276,668</u>

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

	<u>2025</u>	<u>2024</u>
Computed at the statutory rate (21%)	\$ 532,400	\$ 249,500
Increase (decrease) resulting from		
State income taxes	169,575	58,058
Other	(90,097)	(30,890)
Actual tax expense	<u>\$ 611,878</u>	<u>\$ 276,668</u>

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

	<u>2025</u>	<u>2024</u>
Deferred tax assets		
Allowance for credit losses	\$ 32,100	\$ 32,900
Postretirement benefits	343,900	349,000
Other	202,600	204,700
	<u>578,600</u>	<u>586,600</u>
Deferred tax liabilities		
Depreciation	(3,706,500)	(3,236,500)
Other	(21,977)	(44,169)
	<u>(3,728,477)</u>	<u>(3,280,669)</u>
Net deferred tax liability	<u>\$ (3,149,877)</u>	<u>\$ (2,694,069)</u>

At December 31, 2025 and 2024, the Company had no allocation of C&T consolidated unused federal operating loss carryforwards.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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 2025 and 2024 represented less than 5% of the total contributions made to the plan by all participating employers. C&T made contributions to the plan of \$3,645,112 and \$3,497,266 for the years ended December 31, 2025 and 2024, respectively. The Company reimbursed C&T \$611,782 and \$613,429 for its share of the contributions for the years ended December 31, 2025 and 2024, respectively. There have been no significant changes affecting the comparability of the 2025 and 2024 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, 2025 and 2024, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the 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 \$118,080 and \$113,043 for its share of contributions for the years ended December 31, 2025 and 2024, respectively.

Other Postretirement Benefit Plan

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 \$78,000 to the plan in 2026. 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, 2025 and 2024.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

	2025	2024
C&T's benefit obligation	\$ 4,972,372	\$ 5,587,931
Company's allocation of benefit obligation	\$ 860,361	\$ 901,940
C&T's accrued benefit cost	\$ 4,972,372	\$ 5,587,931
Company's allocation of accrued benefit cost	\$ 860,361	\$ 901,940
Amounts recognized in the Company's balance sheets:		
Current liability, included in accrued expenses	\$ 80,096	\$ 85,235
Non-current liability	780,265	816,705
	\$ 860,361	\$ 901,940
C&T's benefit expense	\$ 449,265	\$ 472,065
Company's allocation of benefit expense	\$ 84,588	\$ 83,317

The Company uses a December 31 measurement date for the plans. For measurement purposes, a 6.25% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2025. The rate was assumed to decrease gradually to 4.75% in 2031 and remain at that level thereafter.

The benefit obligation was calculated assuming a weighted average discount rate of 5.45% and 5.15% in 2025 and 2024, respectively.

The amount of net gain and net prior service cost expected to be recognized by the Company during 2026 is \$29,303 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:

2026	\$	80,096
2027	\$	89,578
2028	\$	46,864
2029	\$	40,668
2030	\$	24,587
2031-2034	\$	600,882

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.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 9. Related Party Transactions

The Company has a contract for service 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, 2025 and 2024 and the effected account balances at December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Allocation of overhead recorded as operating expense	\$ 478,816	\$ 151,581
Other costs included in accounts receivable - other	\$ 337,728	\$ 287,548
Payroll related costs included in accrued expenses	\$ 58,140	\$ 276,700
Accrued vacation liability included in accrued expenses	\$ 206,319	\$ 203,127
Payroll costs paid in advance and included in advances, affiliates	\$ 100,398	\$ 100,398
Interest expense	\$ 464,511	\$ 421,052

The Company paid C&T \$2,853,442 and \$2,690,807 for payroll and \$1,231,058 and \$1,222,197 for benefits in 2025 and 2024, respectively.

Note 10. Significant Concentration

Accounting principles generally accepted in the United States of America require disclosure of certain vulnerabilities due to certain concentrations.

Major Suppliers

The Company obtains all of its natural gas from an agreement with an energy broker that expires on March 31, 2027. The Company obtained approximately 98% and 95% of its natural gas and distribution from three suppliers during 2025 and 2024.

Note 11. Commitments and Contingencies

The Company has guaranteed payments on note payables that are the obligation of C&T. At December 31, 2025, the amounts outstanding on these obligations are \$6,736,464, which is fully recorded by the Company, see Note 6. This obligation is being repaid in quarterly payments of principal and interest through 2055. The Company would be required to perform under this guarantee if C&T were to default under the note payable and the bank were to demand the Company's performance.

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 12. Revenue from Contracts with Customers

Performance Obligations

The Company's revenues are derived primarily from the sale of natural gas to customers. Customers consist of commercial, industrial and residential accounts within dedicated territories in the Sayre, Pennsylvania and Waverly, New York areas.

Rates charged for natural gas sales to customers are established by the Pennsylvania PUC and NYPSC for each state, respectively. The Company provides gas to customers as one stand-ready performance obligation. Sale of natural gas 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 natural gas to customers at each customer's meter point and the customers simultaneously receive and consume the benefits of the natural gas provided. Natural gas provided to customers is accounted for as a series of performance obligations. Progress towards completion is measured using the output method [hundreds of cubic feet (CCF) received by the customer], meter readings are taken at the end of each month for billing purposes, the quantity of energy transferred is determined after the meter readings. Payments from customers are received in accordance with each member's contract, which is ordinarily 21 days from the invoice date.

Revenue associated with the natural gas performance obligation to customers are recorded as sales of natural gas and capacity to customers in our 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>2025</u>	<u>2024</u>
Accounts receivable - customers, beginning of year	\$ 936,044	\$ 935,592
Accounts receivable - customers, end of year	\$ 1,081,346	\$ 936,044
Unbilled revenues, beginning of year	\$ 530,469	\$ 360,508
Unbilled revenues, end of year	\$ 540,208	\$ 530,469
Customer deposits, beginning of year	\$ 543,376	\$ 564,111
Customer deposits, end of year	\$ 413,524	\$ 543,376

Note 13. Subsequent Events

Subsequent events have been evaluated through March 12, 2026, which is the date the financial statements were available to be issued.

Supplementary Information

**Valley Energy, Inc.
Prepaid Taxes, Net
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
State gross receipts tax	\$ (52,267)	\$ (47,166)
State sales tax	(35,857)	(24,982)
State capital tax	14,074	14,074
Federal income tax	43,680	220,236
State income tax	18,428	(3,923)
PUC assessment	30,507	31,545
Local and county taxes	1,418	19,090
PURTA	69,755	71,757
State assessment surcharges	30,993	30,993
State use tax	1,845	3,623
	<u>\$ 122,576</u>	<u>\$ 315,247</u>

Valley Energy, Inc.
Operating Revenues and Taxes, Other Than Income
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Residential sales	\$ 7,255,432	\$ 6,664,399
Commercial and industrial sales	3,128,212	2,710,690
Interruptible sales	146,530	140,340
Customers' forfeited discounts	24,271	21,703
Transportation sales	2,969,706	2,967,349
Over collected gas costs	(367,250)	(429,917)
Miscellaneous	8,323	5,634
	<u>\$ 13,165,224</u>	<u>\$ 12,080,198</u>
Taxes, Other Than Income		
Local and county taxes	\$ 167,623	\$ 164,814
PURTA	32,002	28,876
State use tax	1,395	478
	<u>\$ 201,020</u>	<u>\$ 194,168</u>

Valley Energy, Inc.
Distribution, Operation; Distribution, Maintenance;
Customer Accounts and General and Administrative Expenses
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Distribution, Operation Expenses		
Mains and services	\$ 726,136	\$ 617,994
Measuring and regulating station - general	122,345	131,889
Measuring and regulating station - city gate	50,638	58,400
Industrial/commercial meters and regulators	108,302	120,832
Meters and house regulators	203,403	201,104
Customer installations	211,898	217,960
Distribution load dispatching	402,317	371,874
Other operating expense	163,025	213,218
	<u>\$ 1,988,064</u>	<u>\$ 1,933,271</u>
Distribution, Maintenance Expenses		
Structures and improvements	\$ 23,853	\$ 46,983
Mains	124,681	165,561
Measuring and regulating station - general	92,437	118,236
Measuring and regulating station - industrial	1,908	4,473
Measuring and regulating station - city gate	4,315	6,926
Services	46,192	62,285
Meters and house regulators	116,829	163,705
Supervision and engineering	38,735	42,902
	<u>\$ 448,950</u>	<u>\$ 611,071</u>
Customer Accounts Expenses		
Meter reading	\$ 34,027	\$ 32,540
Customer records and collections	773,118	758,359
Uncollectible accounts (recoveries), net	44,291	(12,127)
Miscellaneous customer	30,972	23,449
	<u>\$ 882,408</u>	<u>\$ 802,221</u>
General and Administrative Expenses		
Salaries and benefits	\$ 780,246	\$ 778,139
Pensions and benefits	3,920	7,934
Office supplies and expense	36,645	38,485
Outside services	106,537	100,986
Property insurance	36,537	28,235
Injuries and damage	100,569	114,441
General advertising	18,238	17,140
Miscellaneous general	50,002	22,865
Directors' committee	70,169	63,995
Travel and training	69,053	30,316
Regulatory commission, net	120,799	113,345
Maintenance, general plant	26,421	47,391
	<u>\$ 1,419,136</u>	<u>\$ 1,363,272</u>

**Valley Energy, Inc.
Balance Sheet, by Division
December 31, 2025**

	<u>Valley Energy of PA</u>	<u>Valley Energy of NY</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Utility Plant, at Cost				
Gas plant in service	\$ 51,450,398	\$ 7,323,420	\$ -	\$ 58,773,818
Accumulated depreciation	(26,319,391)	(4,391,363)	-	(30,710,754)
	25,131,007	2,932,057	-	28,063,064
Construction work in progress	357,142	2,110	-	359,252
Net utility plant	25,488,149	2,934,167	-	28,422,316
Regulatory Asset	183,744	12,917	-	196,661
Current Assets				
Cash and cash equivalents	2,193,136	-	-	2,193,136
Accounts receivable				
Customers, net	724,189	357,157	-	1,081,346
Unbilled revenues	471,240	68,968	-	540,208
Other	631,885	33,981	-	665,866
Advances, affiliates	308,166	-	(208,486)	99,680
Inventories				
Natural gas	780,449	-	-	780,449
Materials and supplies	218,832	-	-	218,832
Prepaid taxes, net	221,906	-	(99,330)	122,576
Prepaid expenses and other	157,266	1,716	-	158,982
Under recovered gas costs	262,335	-	(262,335)	-
Total Current Assets	<u>5,969,404</u>	<u>461,822</u>	<u>(570,151)</u>	<u>5,861,075</u>
Other Assets				
Total Assets	<u>\$ 31,641,297</u>	<u>\$ 3,408,906</u>	<u>\$ (570,151)</u>	<u>\$ 34,480,052</u>

Valley Energy, Inc.
Balance Sheet, by Division
December 31, 2025

(Continued)

	Valley Energy of PA	Valley Energy of NY	Eliminations	Total
Liabilities and Stockholder's Equity				
Stockholder's Equity				
Common stock, no par or stated value, 1,000 shares authorized, issued and outstanding	\$ 673,408	\$ 2,326,592	\$ -	\$ 3,000,000
Paid-in capital	94,885	-	-	94,885
Retained earnings (deficit)	15,509,381	(295,729)	-	15,213,652
Total Stockholder's Equity	<u>16,277,674</u>	<u>2,030,863</u>	<u>-</u>	<u>18,308,537</u>
Long-Term Debt	<u>6,100,261</u>	<u>-</u>	<u>-</u>	<u>6,100,261</u>
Finance Lease Liabilities	<u>125,698</u>	<u>-</u>	<u>-</u>	<u>125,698</u>
Current Liabilities				
Line of credit	2,650,000	-	-	2,650,000
Current maturities of long-term debt	636,203	-	-	636,203
Current maturities of finance lease liabilities	50,827	-	-	50,827
Advances, due to affiliates	-	208,486	(208,486)	-
Accounts payable	471,596	-	-	471,596
Accrued taxes, net	-	99,330	(99,330)	-
Due for purchased gas	765,611	-	-	765,611
Accrued expenses	305,325	-	-	305,325
Customer deposits	333,395	80,129	-	413,524
Over collected gas costs	-	377,974	(262,335)	115,639
Total Current Liabilities	<u>5,212,957</u>	<u>765,919</u>	<u>(570,151)</u>	<u>5,408,725</u>
Deferred Charges and Other Liabilities				
Deferred income taxes	2,727,200	422,677	-	3,149,877
Deferred charges - CIAC in excess of costs	-	189,447	-	189,447
Accrued postretirement cost	780,265	-	-	780,265
Regulatory liability	417,242	-	-	417,242
Total Deferred Charges and Other Liabilities	<u>3,924,707</u>	<u>612,124</u>	<u>-</u>	<u>4,536,831</u>
Total Liabilities and Stockholder's Equity	<u>\$ 31,641,297</u>	<u>\$ 3,408,906</u>	<u>\$ (570,151)</u>	<u>\$ 34,480,052</u>

Valley Energy, Inc.
Schedule of Income, by Division
Year Ended December 31, 2025

	<u>Valley Energy of PA</u>	<u>Valley Energy of NY</u>	<u>Eliminations</u>	<u>Total</u>
Operating Revenues	\$ 10,729,918	\$ 2,435,306	\$ -	\$ 13,165,224
Operating Expenses				
Gas	3,663,049	968,091	-	4,631,140
Distribution expenses:				
Operation	1,515,282	472,782	-	1,988,064
Maintenance	373,279	75,671	-	448,950
Customer accounts	690,986	191,422	-	882,408
General and administrative	1,161,507	257,629	-	1,419,136
Depreciation	1,424,160	235,807	-	1,659,967
Taxes, other than income	33,397	167,623	-	201,020
	<u>8,861,660</u>	<u>2,369,025</u>	<u>-</u>	<u>11,230,685</u>
Operating Income Before Interest and Other Expenses	<u>1,868,258</u>	<u>66,281</u>	<u>-</u>	<u>1,934,539</u>
Other Income (Expenses)				
Interest expense	(388,698)	(85,681)	-	(474,379)
Other income	59,455	7,754	-	67,209
Other income - excess CIAC	-	1,008,070	-	1,008,070
	<u>(329,243)</u>	<u>930,143</u>	<u>-</u>	<u>600,900</u>
Income Before Income Taxes	1,539,015	996,424	-	2,535,439
Provision for Income Taxes	<u>336,355</u>	<u>275,523</u>	<u>-</u>	<u>611,878</u>
Net Income	<u>\$ 1,202,660</u>	<u>\$ 720,901</u>	<u>\$ -</u>	<u>\$ 1,923,561</u>

Valley Energy, Inc.
Utility Plant and Accumulated Depreciation - Pennsylvania
Year Ended December 31, 2025

Acct. No.	Account	Utility Plant				Accumulated Depreciation						
		Cost		Cost		Balance		Cost of Removals	Salvage Received	Depreciation		Balance
		January 1, 2025	Additions	Retirements	December 31, 2025	January 1, 2025	Retirements			Rate	Amount	
114	Gas Plan Acquisition Account	\$ 3,361,289	\$ -	\$ -	\$ 3,361,289	\$ 2,847,221	\$ -	\$ -	\$ -	4.21 %	\$ 74,250	\$ 2,921,471
366	Structures & Improvements	135,700	5,946	-	141,646	8,045	-	-	-	0.62	851	8,896
367	Mains	1,939,359	-	961	1,938,398	1,228,796	961	155	-	1.79	34,676	1,262,356
369	Meas. & Reg. Station Equipment	3,128,134	-	-	3,128,134	1,475,401	-	-	-	4.4	137,763	1,613,164
375	Structures & Improvements	204,061	12,155	-	216,216	105,540	-	-	-	2.63	5,576	111,116
376	Mains	15,230,311	471,441	908	15,700,844	6,558,297	908	1,359	-	2.02-3.15	353,519	6,909,549
378	Meas. & Reg Station Equipment	1,590,564	123,885	4,416	1,710,033	1,221,786	4,416	968	-	6.72	107,220	1,323,622
380	Services	10,425,139	596,205	22,669	10,998,675	4,615,223	22,669	9,971	-	3.04 - 3.41	359,581	4,942,164
381	Meters & Meter Installations	3,299,311	46,185	-	3,345,496	1,457,674	-	-	-	2.74	91,310	1,548,984
383	House Reg & House Reg & Installations	335,586	1,911	-	337,497	260,865	-	-	-	3.22	10,833	271,698
385	Ind. Meas. & Reg. Station Equipment	1,260,536	69,113	-	1,329,649	856,997	-	-	-	4.11	53,524	910,521
387	Other Equipment	9,978	-	-	9,978	7,651	-	-	-	3.66	364	8,015
390	Structures & Improvements	4,055,042	119,903	-	4,174,945	870,710	-	-	-	2.43	105,080	975,790
391	Office Furniture & Equipment	1,377,407	143,019	992	1,519,434	1,125,192	992	-	-	8.00 - 20.00	90,431	1,214,631
392	Transportation Equipment	1,214,670	106,361	-	1,321,031	1,030,914	-	-	-	10.82 - 3.33	70,196	1,101,110
393	Stores Equipment	48,547	-	-	48,547	25,536	-	-	-	6.67	2,804	28,340
394	Tools, Shop & Garage Equipment	717,364	53,761	-	771,125	523,999	-	-	-	5.00	30,780	554,779
396	Power Operated Equipment	499,529	27,952	-	527,481	382,240	-	-	-	11.76	38,368	420,608
397	Communication Equipment	245,078	-	-	245,078	179,715	-	-	-	6.67	10,176	189,891
398	Miscellaneous Equipment	14,718	-	-	14,718	1,790	-	-	-	6.67	896	2,686
301	Organization	18,666	-	-	18,666	-	-	-	-	-	-	-
304	Land & Land Rights	3,442	-	-	3,442	-	-	-	-	-	-	-
365.2	Rights of Way	42,166	-	-	42,166	-	-	-	-	-	-	-
374	Land & Land Rights	15,652	-	-	15,652	-	-	-	-	-	-	-
389	Land & Land Rights	530,258	-	-	530,258	-	-	-	-	-	-	-
		49,702,507	1,777,837	29,946	51,450,398	\$ 24,783,592	\$ 29,946	\$ 12,453	\$ -		1,578,198	\$ 26,319,391
	Construction work-in-process	174,722	182,420	-	357,142						(108,566)	
												(45,472)
		\$ 49,877,229	\$ 1,960,257	\$ 29,946	\$ 51,807,540						Total Depreciation	\$ 1,424,160

(N) Net Increase

Valley Energy, Inc.
Utility Plant and Accumulated Depreciation – New York
Year Ended December 31, 2025

Acct. No.	Account	Utility Plant			Accumulated Depreciation							
		Cost	Additions	Retirements	Cost	Balance	Retirements	Cost of Removals	Salvage Received	Depreciation		Balance
		January 1, 2025			December 31, 2025	January 1, 2025				Rate	Amount	December 31, 2025
114	Gas Plant Acquisition Account	\$ 1,260,029	\$ -	\$ -	\$ 1,260,029	\$ 899,273	\$ -	\$ -	\$ -	3.00 %	\$ 32,885	\$ 932,158
375	Structures & Improvements	1,774	-	-	1,774	1,682	-	-	-	3.00	53	1,735
376	Mains	2,100,933	87,365	461	2,187,837	1,768,008	461	187	-	3.00	45,562	1,812,922
378	Meas. & Reg Station Equipment	271,785	22,247	4,862	289,170	47,460	4,862	30	-	3.00	8,154	50,722
380	Services	2,052,328	122,372	6,419	2,168,281	888,297	6,419	6,248	-	3.00	62,431	938,061
381	Meters & Meter Installations	1,075,379	103,500	-	1,178,879	477,108	-	-	-	3.00	35,411	512,519
383	House Reg & House Reg & Installations	30,840	-	-	30,840	42,532	-	-	-	3.00	925	43,457
385	Ind. Meas. & Reg. Station Equipment	162,879	6,452	-	169,331	95,215	-	-	-	3.00	4,914	100,129
301	Organization	6,084	-	-	6,084	-	-	-	-	3.00	-	-
302	Franchises/Consents	30,842	-	-	30,842	-	-	-	-	3.00	-	-
374	Land & Land Rights	353	-	-	353	(340)	-	-	-	3.00	-	(340)
		6,993,226	341,936	11,742	7,323,420	\$ 4,219,235	\$ 11,742	\$ 6,465	\$ -		190,335	\$ 4,391,363
	Construction w ork-in-process	103,297	(101,187) ^(N)	-	2,110		Add depreciation expense allocated to New York operations				45,472	
		\$ 7,096,523	\$ 240,749	\$ 11,742	\$ 7,325,530					Total Depreciation	\$ 235,807	

^(N) Net Increase

Valley Energy, Inc.
Prepaid Taxes, Net, by Division
December 31, 2025

	<u>Valley Energy of PA</u>	<u>Valley Energy of NY</u>	<u>Total</u>
State gross receipts tax	\$ -	\$ (52,267)	\$ (52,267)
State sales tax	(15,534)	(20,323)	(35,857)
State capital tax	14,074	-	14,074
Federal income tax	106,681	(63,001)	43,680
State income tax	14,600	3,828	18,428
PUC assessment	30,507	-	30,507
Local and county taxes	-	1,418	1,418
PURTA	69,755	-	69,755
State assessment surcharges	-	30,993	30,993
State use tax	1,823	22	1,845
	<u>\$ 221,906</u>	<u>\$ (99,330)</u>	<u>\$ 122,576</u>

Valley Energy, Inc.
Operating Revenues and Taxes, Other Than Income, by Division
Year Ended December 31, 2025

	<u>Valley Energy of PA</u>	<u>Valley Energy of NY</u>	<u>Total</u>
Operating Revenues			
Residential sales	\$ 5,638,035	\$ 1,617,397	\$ 7,255,432
Commercial and industrial sales	2,130,636	997,576	3,128,212
Interruptible sales	146,530	-	146,530
Customers' forfeited discounts	19,085	5,186	24,271
Transportation sales	2,714,861	254,845	2,969,706
Under (over) collected gas costs	74,210	(441,460)	(367,250)
Miscellaneous	6,561	1,762	8,323
	<u>\$ 10,729,918</u>	<u>\$ 2,435,306</u>	<u>\$ 13,165,224</u>
Taxes, Other Than Income			
Local and county taxes	\$ -	\$ 167,623	\$ 167,623
PURTA	32,002	-	32,002
State use tax	1,395	-	1,395
	<u>\$ 33,397</u>	<u>\$ 167,623</u>	<u>\$ 201,020</u>

Valley Energy, Inc.
Distribution, Operation; Distribution, Maintenance;
Customer Accounts and General and Administrative
Expenses, by Division
Year Ended December 31, 2025

	<u>Valley Energy of PA</u>	<u>Valley Energy of NY</u>	<u>Total</u>
Distribution, Operation Expenses			
Mains and services	\$ 589,211	\$ 136,925	\$ 726,136
Measuring and regulating station - general	95,074	27,271	122,345
Measuring and regulating station - city gate	44,310	6,328	50,638
Industrial/commercial meters and regulators	90,250	18,052	108,302
Meters and house regulators	180,306	23,097	203,403
Customer installations	190,726	21,172	211,898
Distribution load dispatching	237,494	164,823	402,317
Other operating expense	87,911	75,114	163,025
	<u>\$ 1,515,282</u>	<u>\$ 472,782</u>	<u>\$ 1,988,064</u>
Distribution, Maintenance Expenses			
Structures and improvements	\$ 19,753	\$ 4,100	\$ 23,853
Mains	102,533	22,148	124,681
Measuring and regulating station - general	78,690	13,747	92,437
Measuring and regulating station - industrial	1,571	337	1,908
Measuring and regulating station - city gate	4,315	-	4,315
Services	36,282	9,910	46,192
Meters and house regulators	100,518	16,311	116,829
Supervision and engineering	29,617	9,118	38,735
	<u>\$ 373,279</u>	<u>\$ 75,671</u>	<u>\$ 448,950</u>
Customer Accounts Expenses			
Meter reading	\$ 24,039	\$ 9,988	\$ 34,027
Customer records and collections	615,849	157,269	773,118
Uncollectible accounts, net	25,907	18,384	44,291
Miscellaneous customer	25,191	5,781	30,972
	<u>\$ 690,986</u>	<u>\$ 191,422</u>	<u>\$ 882,408</u>
General and Administrative Expenses			
Salaries and benefits	\$ 647,054	\$ 133,192	\$ 780,246
Pensions and benefits	3,181	739	3,920
Office supplies and expense	29,377	7,268	36,645
Outside services	83,984	22,553	106,537
Property insurance	29,657	6,880	36,537
Injuries and damage	81,477	19,092	100,569
General advertising	13,610	4,628	18,238
Miscellaneous general	41,755	8,247	50,002
Directors' committee	56,875	13,294	70,169
Travel and training	54,099	14,954	69,053
Regulatory commission, net	98,994	21,805	120,799
Maintenance, general plant	21,444	4,977	26,421
	<u>\$ 1,161,507</u>	<u>\$ 257,629</u>	<u>\$ 1,419,136</u>

Citizens' Electric Company of Lewisburg, PA
Certified Copy of Resolution Approving
Authority to Extend
Line of Credit Loan Agreement with
C&T Enterprises, Inc. and provide
Guarantee

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

WHEREAS, a result of normal operating practice and ratemaking protocols, Citizens' Electric Company of Lewisburg, PA, must pay for certain expenses prior to collecting the amounts in rates charged to its customers, including costs associated with default service procurements and the payment of Pennsylvania Gross Receipts Tax ("GRT"); and

WHEREAS, Citizens' Electric Company of Lewisburg, PA, currently can access a line of credit of up to \$4,000,000.00 through C&T Enterprises, Inc. ("C&T"), which is supported by a Master Line of Credit arrangement entered into between C&T and CoBank, ACB ("CoBank"), when necessary; and

WHEREAS, C&T's current Master Line of Credit expires on June 30, 2026, and will be extended through June 30, 2029, by C&T board action; and

WHEREAS, Citizens' Electric Company of Lewisburg, PA., is required by CoBank to provide a contingent payment guarantee for the Master Line of Credit; and

NOW, THEREFORE, BE IT RESOLVED that the President and Chief Executive Officer of Citizens' Electric Company of Lewisburg, PA, and all other corporate officers properly designated by said person, are authorized, for and on behalf Citizens' Electric Company of Lewisburg, PA, to: (a) execute all documents necessary to agree to the extended line of credit arrangement for \$4,000,000.00 with C&T through June 30, 2029, (b) execute a guarantee to CoBank, ACB, in support of the Master Line of Credit arrangement; and (c) take such other actions as are necessary to implement this resolution.

I, _____, 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 held on the ___ day of _____, 2026.

Given under my hand and seal of said corporation, this ___ day of _____ 2026.

, Secretary



RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA.
(THE "GUARANTOR")

WHEREAS, C & T ENTERPRISES, INC. (the "Borrower") has applied or from time to time may apply to CoBank, ACB (the "Lender") for a loan or loans or other financial accommodations (individually or collectively, the "Loans").

WHEREAS, Lender is unwilling to extend credit to the Borrower unless the Guarantor guarantees payment of the Loans and all interest and other obligations and liabilities arising in connection therewith (collectively, the "Guaranteed Obligations").

WHEREAS, the Guarantor, pursuant to its formation and organization documents ("Organizational Documents"), has full power and authority to guarantee loan obligations and to secure the same with its own property as required by Lender.

WHEREAS, the **Board of Directors have** concluded that the Guarantor will directly derive material benefit from Lender making the Loans to the Borrower from time to time, and therefore it is in the best interest of the Guarantor for it to guarantee the Guaranteed Obligations.

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner.

NOW, THEREFORE, BE IT RESOLVED, that **each of the following persons or positions:** (line out any not to be authorized under this Resolution) **President & CEO, Treasurer & CFO,** and any others to be authorized under this Resolution (insert titles only) _____ (the "Authorized Signatories") of the Guarantor are hereby jointly **and severally** authorized and empowered by and on behalf of the Guarantor to: (1) execute and deliver to **Lender** an absolute and unconditional **continuing** guarantee of payment in such form and containing such provisions as any one of said **Authorized Signatories** so acting shall deem proper; (2) if and to the extent required by **Lender,** grant to Lender, by means of such instruments and documents as may be agreeable to any **Authorized Signatory,** a lien on and security interest in all or any part of the Guarantor's real and personal property as security for the Guarantor's obligations under the guarantee; and (3) execute such amendments, supplements, and restatements to any of the foregoing as any one of said **Authorized Signatories** shall from time to time deem proper.

RESOLVED FURTHER, that **each of the Authorized Signatories is hereby jointly and severally** authorized and directed to do or cause to be done, from time to time, all things which may be necessary or proper to carry out the terms and intent of these Resolutions.

RESOLVED FURTHER, that every act and action of any person heretofore executing any document or instrument delivered to **Lender** or its designee or required to create, make, enter into, perform,

C & T ENTERPRISES, INC. (00019042)
Lewisburg, Pennsylvania

amend or confirm any obligation to or in favor of Lender to accomplish the purposes of these Resolutions, and any existing guarantees of the Borrower's debt made by the Guarantor in favor of Lender, are hereby ratified, approved, adopted and confirmed as if it had been validly and lawfully authorized upon and as of the date of such act or action, notwithstanding any invalidity, defect or insufficiency that may exist or may have existed in the power or authority of such person then executing such document or instrument, and every such person and each of the Authorized Signatories are hereby jointly **and severally** delegated all necessary power and authority to effect the foregoing.

RESOLVED FURTHER, that the **the Secretary or Authorized Signatory** of the Guarantor is hereby authorized and directed to certify to Lender a copy of these Resolutions, the names and specimen signatures of the **Authorized Signatories**, and if and when any change is made in the personnel of **any Authorized Signatories**, the fact of such change and the name and specimen signatures of the new **Authorized Signatories**. Lender shall be entitled to rely on any such certification until a new certification is actually received by Lender.

CERTIFICATE

The undersigned, **the Secretary or Authorized Signatory of Citizens' Electric Company of Lewisburg, PA.**, hereby certifies that (a) the **Board of Directors** of the Guarantor, at a meeting duly called, noticed, convened, and held on the _____, did adopt the foregoing resolutions in accordance with the Organizational Documents of the Guarantor, (b) all approvals and authorizations required to effect the foregoing resolutions (including without limitation board, stockholder or member approvals, as applicable) have been obtained and remain in full force and effect and (c) said resolutions are in full force and effect on the date hereof and have not been revoked or amended in any way.

Dated this _____.

By: _____

Printed Name: _____

Title: _____

Wellsborough Electric Company
Certified Copy of Resolution Approving
Authority to Enter into an Increased
Line of Credit Loan Agreement
with C&T Enterprises, Inc.
and Provide Guarantee

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

WHEREAS, as a result of normal operating practice and ratemaking protocols, Wellsborough Electric Company must pay certain expenses prior to collecting the amounts in rates charged to its customers, including costs associated with default service procurements and the payment of Pennsylvania Gross Receipts Tax ("GRT"); and

WHEREAS, Wellsborough Electric Company currently can borrow up to \$3,000,000 from its parent company, C&T Enterprises, Inc., when necessary, under the terms set forth in a Line of Credit Loan Agreement submitted to the Pennsylvania Public Utility Commission for approval on July 1, 2014; and

WHEREAS, Wellsborough Electric Company requires access to an additional \$1,000,000 in funding under the Line of Credit Loan Agreement to meet anticipated operating needs; and

WHEREAS, C&T Enterprises, Inc.'s current Master Line of Credit with CoBank, ACB, expires on June 30, 2026, and will be extended through June 30, 2029, by C&T board action; and

WHEREAS, Wellsborough Electric Company is required by C&T Enterprises, Inc.'s lender, CoBank, ACB, to provide a contingent payment guarantee for the Master Line of Credit; and

NOW, THEREFORE, BE IT RESOLVED that the President and Chief Executive Officer of Wellsborough Electric Company, and all other corporate officers properly designated by said person, are authorized, for and on behalf Wellsborough Electric Company to: (a) execute all documents necessary to agree to the extended line of credit arrangement for \$4,000,000 with C&T through June 30, 2029, (b) execute a guarantee to CoBank in support of the Master Line of Credit arrangement; and (c) take such other actions as are necessary to implement this resolution.

I, _____, Secretary of Wellsborough Electric Company do hereby certify that the above and foregoing resolution was duly passed at a meeting of the Board of Directors held on the ___ day of _____ 2026.

Given under my hand and seal of said corporation, this ___ day of _____ 2026.

_____[Secretary Name]_____, Secretary



RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
WELLSBOROUGH ELECTRIC COMPANY
(THE “GUARANTOR”)

WHEREAS, C & T ENTERPRISES, INC. (the “Borrower”) has applied or from time to time may apply to CoBank, ACB (the “Lender”) for a loan or loans or other financial accommodations (individually or collectively, the “Loans”).

WHEREAS, Lender is unwilling to extend credit to the Borrower unless the Guarantor guarantees payment of the Loans and all interest and other obligations and liabilities arising in connection therewith (collectively, the “Guaranteed Obligations”).

WHEREAS, the Guarantor, pursuant to its formation and organization documents (“Organizational Documents”), has full power and authority to guarantee loan obligations and to secure the same with its own property as required by Lender.

WHEREAS, the **Board of Directors** have concluded that the Guarantor will directly derive material benefit from Lender making the Loans to the Borrower from time to time, and therefore it is in the best interest of the Guarantor for it to guarantee the Guaranteed Obligations.

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner.

NOW, THEREFORE, BE IT RESOLVED, that **each of the following persons or positions:** (line out any not to be authorized under this Resolution) **Chairman, Vice Chairman, Secretary, President/CEO, VP Finance & Administration** and any others to be authorized under this Resolution (insert titles only) _____ (the “Authorized Signatories”) of the Guarantor are hereby jointly **and severally** authorized and empowered by and on behalf of the Guarantor to: (1) execute and deliver to **Lender** an absolute and unconditional **continuing** guarantee of payment in such form and containing such provisions as any one of said **Authorized Signatories** so acting shall deem proper; (2) if and to the extent required by **Lender**, grant to Lender, by means of such instruments and documents as may be agreeable to any **Authorized Signatory**, a lien on and security interest in all or any part of the Guarantor’s real and personal property as security for the Guarantor’s obligations under the guarantee; and (3) execute such amendments, supplements, and restatements to any of the foregoing as any one of said **Authorized Signatories** shall from time to time deem proper.

RESOLVED FURTHER, that **each of the Authorized Signatories** is hereby jointly and severally authorized and directed to do or cause to be done, from time to time, all things which may be necessary or proper to carry out the terms and intent of these Resolutions.

C & T ENTERPRISES, INC. (00019042)
Lewisburg, Pennsylvania

RESOLVED FURTHER, that every act and action of any person heretofore executing any document or instrument delivered to **Lender** or its designee or required to create, make, enter into, perform, amend or confirm any obligation to or in favor of Lender to accomplish the purposes of these Resolutions, and any existing guarantees of the Borrower's debt made by the Guarantor in favor of Lender, are hereby ratified, approved, adopted and confirmed as if it had been validly and lawfully authorized upon and as of the date of such act or action, notwithstanding any invalidity, defect or insufficiency that may exist or may have existed in the power or authority of such person then executing such document or instrument, and every such person and each of the Authorized Signatories are hereby jointly **and severally** delegated all necessary power and authority to effect the foregoing.

RESOLVED FURTHER, that the **the Secretary or Authorized Signatory** of the Guarantor is hereby authorized and directed to certify to Lender a copy of these Resolutions, the names and specimen signatures of the **Authorized Signatories**, and if and when any change is made in the personnel of **any Authorized Signatories**, the fact of such change and the name and specimen signatures of the new **Authorized Signatories**. Lender shall be entitled to rely on any such certification until a new certification is actually received by Lender.

CERTIFICATE

The undersigned, **the Secretary or Authorized Signatory** of **Wellsborough Electric Company**, hereby certifies that (a) the **Board of Directors** of the Guarantor, at a meeting duly called, noticed, convened, and held on the _____, did adopt the foregoing resolutions in accordance with the Organizational Documents of the Guarantor, (b) all approvals and authorizations required to effect the foregoing resolutions (including without limitation board, stockholder or member approvals, as applicable) have been obtained and remain in full force and effect and (c) said resolutions are in full force and effect on the date hereof and have not been revoked or amended in any way.

Dated this _____ .

By: _____

Printed Name: _____

Title: _____

Valley Energy, Inc.
Certified Copy of Resolution Approving
Authority to Extend
Line of Credit Loan Agreement with
C&T Enterprises, Inc. and provide
Guarantee

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

WHEREAS, a result of normal operating practice and ratemaking protocols, Valley Energy, Inc., must pay for certain expenses prior to collecting the amounts in rates charged to its customers, including costs associated with natural gas procurements and certain taxes;; and

WHEREAS, Valley Energy, Inc., currently can access a line of credit of up to \$7,000,000.00 through C&T Enterprises, Inc. ("C&T"), which is supported by a Master Line of Credit arrangement entered into between C&T and CoBank, ACB ("CoBank"), when necessary; and

WHEREAS, C&T's current Master Line of Credit expires on June 30, 2026, and will be extended through June 30, 2029, by C&T board action; and

WHEREAS, Valley Energy, Inc., is required by CoBank to provide a contingent payment guarantee for the Master Line of Credit; and

NOW, THEREFORE, BE IT RESOLVED that the President and Chief Executive Officer of Valley Energy, Inc., and all other corporate officers properly designated by said person, are authorized, for and on behalf Valley Energy, Inc., to: (a) execute all documents necessary to agree to the extended line of credit arrangement for \$7,000,000.00 with C&T through June 30, 2029, (b) execute a guarantee to CoBank, ACB, in support of the Master Line of Credit arrangement; and (c) take such other actions as are necessary to implement this resolution.

I, _____, Secretary of Valley Energy, Inc., do hereby certify that the above and foregoing resolution was duly passed at a meeting of the Board of Directors held on the ___ day of _____, 2026.

Given under my hand and seal of said corporation, this ___ day of _____ 2026.

, Secretary



RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
VALLEY ENERGY, INC.
(THE “GUARANTOR”)

WHEREAS, C & T ENTERPRISES, INC. (the “Borrower”) has applied or from time to time may apply to CoBank, ACB (the “Lender”) for a loan or loans or other financial accommodations (individually or collectively, the “Loans”).

WHEREAS, Lender is unwilling to extend credit to the Borrower unless the Guarantor guarantees payment of the Loans and all interest and other obligations and liabilities arising in connection therewith (collectively, the “Guaranteed Obligations”).

WHEREAS, the Guarantor, pursuant to its formation and organization documents (“Organizational Documents”), has full power and authority to guarantee loan obligations and to secure the same with its own property as required by Lender.

WHEREAS, the **Board of Directors have** concluded that the Guarantor will directly derive material benefit from Lender making the Loans to the Borrower from time to time, and therefore it is in the best interest of the Guarantor for it to guarantee the Guaranteed Obligations.

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner.

NOW, THEREFORE, BE IT RESOLVED, that **each of the following persons or positions:** (line out any not to be authorized under this Resolution) **President & CEO, Vice President/Treasurer, Vice President Operations, Executive Assistant** and any others to be authorized under this Resolution (insert titles only) _____ (the “Authorized Signatories”) of the Guarantor are hereby jointly **and severally** authorized and empowered by and on behalf of the Guarantor to: (1) execute and deliver to **Lender** an absolute and unconditional **continuing** guarantee of payment in such form and containing such provisions as any one of said **Authorized Signatories** so acting shall deem proper; (2) if and to the extent required by **Lender**, grant to Lender, by means of such instruments and documents as may be agreeable to any **Authorized Signatory**, a lien on and security interest in all or any part of the Guarantor’s real and personal property as security for the Guarantor’s obligations under the guarantee; and (3) execute such amendments, supplements, and restatements to any of the foregoing as any one of said **Authorized Signatories** shall from time to time deem proper.

RESOLVED FURTHER, that **each of the Authorized Signatories is hereby jointly and severally** authorized and directed to do or cause to be done, from time to time, all things which may be necessary or proper to carry out the terms and intent of these Resolutions.

C & T ENTERPRISES, INC. (00019042)
Lewisburg, Pennsylvania

RESOLVED FURTHER, that every act and action of any person heretofore executing any document or instrument delivered to **Lender** or its designee or required to create, make, enter into, perform, amend or confirm any obligation to or in favor of Lender to accomplish the purposes of these Resolutions, and any existing guarantees of the Borrower's debt made by the Guarantor in favor of Lender, are hereby ratified, approved, adopted and confirmed as if it had been validly and lawfully authorized upon and as of the date of such act or action, notwithstanding any invalidity, defect or insufficiency that may exist or may have existed in the power or authority of such person then executing such document or instrument, and every such person and each of the Authorized Signatories are hereby jointly **and severally** delegated all necessary power and authority to effect the foregoing.

RESOLVED FURTHER, that the **the Secretary or Authorized Signatory** of the Guarantor is hereby authorized and directed to certify to Lender a copy of these Resolutions, the names and specimen signatures of the **Authorized Signatories**, and if and when any change is made in the personnel of **any Authorized Signatories**, the fact of such change and the name and specimen signatures of the new **Authorized Signatories**. Lender shall be entitled to rely on any such certification until a new certification is actually received by Lender.

CERTIFICATE

The undersigned, **the Secretary or Authorized Signatory** of **Valley Energy, Inc.**, hereby certifies that (a) the **Board of Directors** of the Guarantor, at a meeting duly called, noticed, convened, and held on the _____, did adopt the foregoing resolutions in accordance with the Organizational Documents of the Guarantor, (b) all approvals and authorizations required to effect the foregoing resolutions (including without limitation board, stockholder or member approvals, as applicable) have been obtained and remain in full force and effect and (c) said resolutions are in full force and effect on the date hereof and have not been revoked or amended in any way.

Dated this _____ .

By: _____

Printed Name: _____

Title: _____

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

Wellsboro Electric Company

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00030942	9005001		\$ 580,925	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005002		\$ 1,802,457	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005003		\$ 1,806,644	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005004		\$ 928,513	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005006		\$ 1,213,845	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005007		\$ 303,282	LT Fixed Rate	11/26/2003	09/30/2038
			<u>\$ 12,155,017</u>			<u>\$ 6,635,666</u>

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00051045	9006002	\$ 1,000,000	\$ 212,623	LT Fixed Rate	11/01/2006	12/31/2028

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00061153	9012001	\$ 500,000	\$ 179,386	LT Fixed Rate	12/27/2006	09/30/2031
S-00061153	9012002	\$ 500,000	\$ 181,558	LT Fixed Rate	08/31/2007	09/30/2031
S-00061153	9012003	\$ 500,000	\$ 171,850	LT Fixed Rate	02/06/2008	09/30/2031
			<u>\$ 1,500,000</u>			<u>\$ 532,794</u>

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2010-2162071	9015001	\$ 1,200,000	\$ 617,807	LT Fixed Rate	02/25/2011	12/31/2034

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2011-2240234	9016001	\$ 1,000,000	\$ 543,790	LT Fixed Rate	03/01/2012	06/30/2035
S-2011-2240234	9016002	\$ 1,000,000	\$ 568,790	LT Fixed Rate	12/29/2014	06/30/2035
			<u>\$ 2,000,000</u>			<u>\$ 1,112,580</u>

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2016-2581844	9018001	\$ 1,000,000	\$ 754,475	LT Fixed Rate	5/8/2017	12/31/2041
S-2016-2581844	9018002	\$ 1,000,000	\$ 794,220	LT Fixed Rate	6/30/2019	12/31/2041
			<u>\$ 2,000,000</u>			<u>\$ 1,548,694</u>

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2020-3019803	9022001	\$ 2,000,000	\$ 1,771,576	LT Fixed Rate	9/30/2020	6/30/2050

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2022-3033413	9023001	\$ 3,000,000	\$ 2,877,682	LT Fixed Rate	10/31/2022	9/30/2052
S-2022-3033413	9023002	\$ 2,000,000	\$ 1,934,219	LT Fixed Rate	6/15/2023	3/31/2053
S-2022-3033413	9023003	\$ 1,000,000	\$ 966,325	LT Fixed Rate	6/30/2023	3/31/2053
		<u>\$ 6,000,000</u>	<u>\$ 5,778,226</u>			

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2024-3050970	9025001	\$ 4,000,000	\$ 3,941,698	LT Fixed Rate	10/15/2024	12/31/2054
S-2024-3050970	9025002	\$ 1,000,000	\$ 1,000,000	LT Fixed Rate	9/19/2025	9/30/2055
		<u>\$ 5,000,000</u>	<u>\$ 4,941,698</u>			

Docket No. S-00030942 not to exceed \$12,200,000. The balance outstanding at December 31, 2025 was	\$ 6,635,666
Docket No. S-00051045 not to exceed \$1,000,000. The balance outstanding at December 31, 2025 was	\$ 212,623
Docket No. S-00061153 not to exceed \$1,500,000. The balance outstanding at December 31, 2025 was	\$ 532,794
Docket No. S-2010-2162071 not to exceed \$1,200,000. The balance outstanding at December 31, 2025 was	\$ 617,807
Docket No. S-2011-2240234 not to exceed \$2,000,000. The balance outstanding at December 31, 2025 was	\$ 1,112,580
Docket No. S-2016-2581844 not to exceed \$2,000,000. The balance outstanding at December 31, 2025 was	\$ 1,548,694
Docket No. S-2020-3019803 not to exceed \$2,000,000. The balance outstanding at December 31, 2025 was	\$ 1,771,576
Docket No. S-2022-3033413 not to exceed \$6,000,000. The balance outstanding at December 31, 2025 was	\$ 5,778,226
Docket No. S-2024-3050970 not to exceed \$5,000,000. The balance outstanding at December 31, 2025 was	\$ 4,941,698

Citizens Electric Company

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00990736	9001001		\$ 882,038	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001002		\$ 889,876	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001003		\$ 907,989	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001004		\$ 214,941	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001005		\$ 870,788	LT Fixed Rate	02/08/1999	12/31/2033
			<u>\$ 8,814,700</u>			<u>\$ 3,765,632</u>

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2016-2581804	9020001	\$ 1,200,000	\$ 905,370	LT Fixed Rate	5/8/2017	3/31/2042
S-2016-2581804	9020002	\$ 800,000	\$ 635,376	LT Fixed Rate	6/30/2019	3/31/2042
		<u>\$ 2,000,000</u>	<u>\$ 1,540,745</u>			

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2025-3056415	9028001	\$ 3,000,000	\$ 3,000,000	LT Fixed Rate	11/17/2025	12/31/2055

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

		\$ 3,000,000	\$ 3,000,000			
Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2025-3057846	9027001	\$ 350,000	\$ 350,000	LT Fixed Rate	12/17/2025	12/31/2055
		\$ 350,000	\$ 350,000			

Docket No. S-000990736 not to exceed \$9,315,200. The balance outstanding at December 31, 2025:	\$ 3,765,632
Docket No. S-2016-2581804 not to exceed \$2,000,000. The balance outstanding at December 31, 2025:	\$ 1,540,745
Docket No. S-20253056415 not to exceed \$3,000,000. The balance outstanding at December 31, 2025:	\$ 3,000,000
Docket No. S-2025305846 not to exceed \$350,000. The balance outstanding at December 31, 2025:	\$ 350,000

Valley Energy, Inc

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-00020894	9003001		\$ 1,067,912	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003002		\$ 1,073,333	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003003		\$ 1,080,502	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003004		\$ 287,941	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003005		\$ 744,740	LT Fixed Rate	11/07/2002	03/31/2032
		\$ 12,000,000	\$ 4,254,427			

Docket No.	Facility No.	Original Amount	12/31/2025 Balance	Issuance Type	Advance Date	Maturity Date
S-2024-3046097	9024-001		\$ 1,482,054	LT Fixed Rate	12/19/2024	12/31/1954
S-2024-3046097	9024-002		\$ 1,000,000	LT Fixed Rate	12/3/2025	12/31/1955
		\$ 1,125,000	\$ 2,482,054			

Docket No. S-00020894 not to exceed \$13,000,000. The balance outstanding at December 31, 2025:	\$ 4,254,427
Docket No. S-2024-3046097 not to exceed \$2,500,000. The Balance outstanding at December 31, 2025:	\$ 2,482,054

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
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Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

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
	Citizens'	\$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
	Wellsboro	\$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
	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
	Citizens'	\$ 2,333,333.33	Varies	Letter	10/6/2018	10/5/2021
	Wellsboro	\$ 2,333,333.33	Varies	Letter	10/6/2018	10/5/2021
	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
	Citizens'	\$ 2,333,333.33	Varies	Letter	10/6/2021	10/5/2024
	Wellsboro	\$ 2,333,333.33	Varies	Letter	10/6/2021	10/5/2024
	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

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

	Wellsboro Electric Company					
	Audit 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Preferred stock	\$ 125,800	\$ 106,000	\$ 106,000	\$ 106,000	\$ 106,000	\$ 106,000
Common stock	112,300	112,300	112,300	112,300	112,300	112,300
Additional paid in capital	127,846	127,846	127,846	127,846	127,846	127,846
Retained Earnings	5,050,799	4,414,000	5,232,000	6,965,000	7,221,000	7,967,000
	<u>5,416,745</u>	<u>4,760,146</u>	<u>5,578,146</u>	<u>7,311,146</u>	<u>7,567,146</u>	<u>8,313,146</u>
Treasury stock	<u>(159,250)</u>	<u>(159,250)</u>	<u>(159,250)</u>	<u>(159,250)</u>	<u>(159,250)</u>	<u>(159,250)</u>
Total stockholders' equity	<u>5,257,495</u>	<u>4,600,896</u>	<u>5,418,896</u>	<u>7,151,896</u>	<u>7,407,896</u>	<u>8,153,896</u>
Current debt - long term	18,477,675	18,929,000	18,148,000	17,333,000	16,484,000	15,673,000
Current debt - short term	<u>700,000</u>	<u>1,975,000</u>	<u>1,375,000</u>	<u>175,000</u>	<u>325,000</u>	<u>475,000</u>
Total current debt	<u>19,177,675</u>	<u>20,904,000</u>	<u>19,523,000</u>	<u>17,508,000</u>	<u>16,809,000</u>	<u>16,148,000</u>
Total debt	<u>19,177,675</u>	<u>20,904,000</u>	<u>19,523,000</u>	<u>17,508,000</u>	<u>16,809,000</u>	<u>16,148,000</u>
Total capitalization	<u>24,435,170</u>	<u>25,504,896</u>	<u>24,941,896</u>	<u>24,659,896</u>	<u>24,216,896</u>	<u>24,301,896</u>
Equity/Total capitalization	21.5%	18.0%	21.7%	29.0%	30.6%	33.6%
Debt/Total capitalization	78.5%	82.0%	78.3%	71.0%	69.4%	66.4%

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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	<u>(376,830)</u>	<u>(376,830)</u>	<u>(376,830)</u>	<u>(376,830)</u>	<u>(376,830)</u>	<u>(376,830)</u>
Total stockholders' equity	<u>13,982,593</u>	<u>13,903,058</u>	<u>14,401,058</u>	<u>14,961,058</u>	<u>15,369,058</u>	<u>15,631,058</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	<u>3,300,000</u>	<u>3,500,000</u>	<u>3,000,000</u>	<u>3,300,000</u>	<u>2,800,000</u>	<u>2,800,000</u>
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>18,823,339</u>	<u>18,876,058</u>	<u>18,804,058</u>	<u>19,592,058</u>	<u>19,424,058</u>	<u>19,606,058</u>
Equity/Total capitalization	74.3%	73.7%	76.6%	76.4%	79.1%	79.7%
Debt/Total capitalization	25.7%	26.3%	23.4%	23.6%	20.9%	20.3%

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

	Valley Energy, Inc					
	Audit 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Additional paid in capital	94,885	94,885	94,885	94,885	94,885	94,885
Retained Earnings	13,388,090	11,914,000	13,067,000	14,309,000	14,454,000	17,220,000
	<u>16,482,975</u>	<u>15,008,885</u>	<u>16,161,885</u>	<u>17,403,885</u>	<u>17,548,885</u>	<u>20,314,885</u>
Treasury stock	-	-	-	-	-	-
Total stockholders' equity	<u>16,482,975</u>	<u>15,008,885</u>	<u>16,161,885</u>	<u>17,403,885</u>	<u>17,548,885</u>	<u>20,314,885</u>
Current debt - long term	5,736,464	7,724,000	8,301,000	7,566,000	6,800,000	6,075,000
Current debt - short term	-	-	-	-	-	-
Total current debt	<u>5,736,464</u>	<u>7,724,000</u>	<u>8,301,000</u>	<u>7,566,000</u>	<u>6,800,000</u>	<u>6,075,000</u>
Total debt	<u>5,736,464</u>	<u>7,724,000</u>	<u>8,301,000</u>	<u>7,566,000</u>	<u>6,800,000</u>	<u>6,075,000</u>
Total capitalization	<u>22,219,439</u>	<u>22,732,885</u>	<u>24,462,885</u>	<u>24,969,885</u>	<u>24,348,885</u>	<u>26,389,885</u>
Equity/Total capitalization	74.2%	66.0%	66.1%	69.7%	72.1%	77.0%
Debt/Total capitalization	25.8%	34.0%	33.9%	30.3%	27.9%	23.0%

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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

	Wellsboro Electric Company			
	Audited 2024	Projected 2025	Projected 2026	Projected 2027
Sources and Uses of Funds:				
Operating Activities				
Net income(Loss)	(96,093)	(217,000)	670,000	1,318,000
Depreciation & Amortization	1,507,274	1,588,000	1,615,000	1,683,000
Changes in Assets & Liabilities	(231,952)	(262,000)	645,000	(19,000)
Net Cash Provided by Operating Activities	<u>1,179,229</u>	<u>1,109,000</u>	<u>2,930,000</u>	<u>2,982,000</u>
Investing Activities:				
Additions to Net Plant, net	(6,366,626)	(2,927,000)	(1,376,000)	(1,393,000)
Other	-	-	-	-
Net Cash Used in Investing Activities	<u>(6,366,626)</u>	<u>(2,927,000)</u>	<u>(1,376,000)</u>	<u>(1,393,000)</u>
Financing Activities:				
Principal Payments on Long-Term Debt	(650,282)	(549,000)	(865,000)	(781,000)
Principal Payments on Capital Leases	(137,479)	103,000	12,000	(122,000)
Net Borrowings Under Line of Credit	700,000	1,275,000	(600,000)	(1,200,000)
Dividends Paid Preferred Stock	(53,732)	(95,000)	148,000	414,000
Redemption Preferred Stock	(200)	(19,000)	-	-
Long Term Loans	4,000,000	1,000,000	-	-
Net Cash Provided By (Used In) Financing Activities	<u>3,858,307</u>	<u>1,715,000</u>	<u>(1,305,000)</u>	<u>(1,689,000)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(1,329,090)</u>	<u>(103,000)</u>	<u>249,000</u>	<u>(100,000)</u>
Ratio of Capital Expenditures to Depreciation and Amortization				
Capital Expenditures	6,366,626	2,927,000	1,376,000	1,393,000
Depreciation and Amortization	1,507,274	1,588,000	1,615,000	1,683,000
	<u>4.22</u>	<u>1.84</u>	<u>0.85</u>	<u>0.83</u>

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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

Capitalization Ratios	Audited 2024	%	Projected 2025	%	Projected 2026	%	Projected 2027
Equity	5,257,495	22%	4,600,896	18%	5,418,896	22%	7,151,896
Debt	19,177,675	78%	20,904,000	82%	19,523,000	78%	17,508,000
Total Capitalization	<u>24,435,170</u>	<u>100%</u>	<u>25,504,896</u>	<u>100%</u>	<u>24,941,896</u>	<u>100%</u>	<u>24,659,896</u>
Dividend Payout Ratio	55.9%		43.8%		22.1%		31.4%
Interest Coverage Ratio							
Earnings before Interest and Taxes	650,285		760,000		2,066,000		2,841,000
Interest Expense	859,424		1,056,000		1,149,000		1,047,000
Interest Coverage Ratio	<u>0.76</u>		<u>0.72</u>		<u>1.80</u>		<u>2.71</u>

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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

Citizens Electric Company

	Audited 2024	Projected 2025	Projected 2026	Projected 2027
Sources and Uses of Funds:				
Operating Activities				
Net income(Loss)	327,523	72,000	355,000	395,000
Depreciation & Amortization	1,212,725	1,177,000	1,241,000	1,295,000
Changes in Assets & Liabilities	(386,848)	60,000	62,000	(173,000)
Net Cash Provided by Operating Activities	1,153,400	1,309,000	1,658,000	1,517,000
Investing Activities:				
Additions to Net Plant, net	(1,599,214)	(1,358,000)	(1,504,000)	(1,610,000)
Other	-	-	-	-
Net Cash Used in Investing Activities	(1,599,214)	(1,358,000)	(1,504,000)	(1,610,000)
Financing Activities:				
Principal Payments on Long-Term Debt	(145,288)	(127,000)	(127,000)	(99,000)
Principal Payments on Capital Leases	(64,996)	(75,000)	555,000	(8,000)
Net Borrowings Under Line of Credit	700,000	(3,000,000)	(500,000)	(100,000)
Dividends Paid Preferred Stock	(42,300)	(57,000)	(57,000)	(57,000)
Redemption Preferred Stock	-	-	-	-
Long Term Loans	-	3,350,000	-	500,000
Net Cash Provided By (Used In) Financing Activities	447,416	91,000	(129,000)	236,000
Increase (Decrease) in Cash and Cash Equivalents	1,602	42,000	25,000	143,000
Ratio of Capital Expenditures to Depreciation and Amortization				
Capital Expenditures	1,599,214	1,358,000	1,504,000	1,610,000
Depreciation and Amortization	1,212,725	1,177,000	1,241,000	1,295,000
	1.32	1.15	1.21	1.24

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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
Capitalization Ratios							
Equity	13,982,593	74%	13,903,058	74%	14,401,058	77%	14,961,058
Debt	4,840,746	26%	4,973,000	26%	4,403,000	23%	4,631,000
Total Capitalization	<u>18,823,339</u>	<u>100%</u>	<u>18,876,058</u>	<u>100%</u>	<u>18,804,058</u>	<u>100%</u>	<u>19,592,058</u>
Dividend Payout Ratio	12.9%		79.2%		16.1%		14.4%
Interest Coverage Ratio							
Earnings before Interest and Taxes	704,305		448,000		859,000		918,000
Interest Expense	307,972		315,000		373,000		380,000
Interest Coverage Ratio	<u>2.29</u>		<u>1.42</u>		<u>2.30</u>		<u>2.42</u>

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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

Valley Energy, Inc.

	Audited 2024	Projected 2025	Projected 2026	Projected 2027
Sources and Uses of Funds:				
Operating Activities				
Net income(Loss)	911,577	(399,000)	1,153,000	1,242,000
Depreciation & Amortization	1,855,838	2,019,000	1,966,000	2,069,000
Changes in Assets & Liabilities	(232,016)	(372,000)	(277,000)	(7,053,000)
Net Cash Provided by Operating Activities	2,535,399	1,248,000	2,842,000	(3,742,000)
Investing Activities:				
Additions to Net Plant, net	(3,751,019)	(3,304,000)	(3,616,000)	(2,141,000)
Other	-	-	-	-
Net Cash Used in Investing Activities	(3,751,019)	(3,304,000)	(3,616,000)	(2,141,000)
Financing Activities:				
Principal Payments on Long-Term Debt	(770,685)	1,370,000	440,000	(649,000)
Principal Payments on Capital Leases	(60,220)	60,000	67,000	17,000
Net Borrowings Under Line of Credit	500,000	(450,000)	(250,000)	(950,000)
Dividends Paid Preferred Stock	(84,001)	-	-	-
Redemption Predrerred Stock	-	-	-	-
Long Term Loans	1,500,000	-	-	-
Net Cash Provided By (Used In) Financing Activities	1,085,094	980,000	257,000	(1,582,000)
Increase (Decrease) in Cash and Cash Equivalents	(130,526)	(1,076,000)	(517,000)	(7,465,000)
Ratio of Capital Expenditures to Depreciation and Amortization				
Capital Expenditures	3,751,019	3,304,000	3,616,000	2,141,000
Depreciation and Amortization	1,855,838	2,019,000	1,966,000	2,069,000
	2.02	1.64	1.84	1.03

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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
Capitalization Ratios							
Equity	16,482,975	74%	15,008,885	66%	16,161,885	66%	17,403,885
Debt	5,736,464	26%	7,724,000	34%	8,301,000	34%	7,566,000
Total Capitalization	<u>22,219,439</u>	<u>100%</u>	<u>22,732,885</u>	<u>100%</u>	<u>24,462,885</u>	<u>100%</u>	<u>24,969,885</u>
Dividend Payout Ratio	9.2%		0.0%		0.0%		0.0%
Interest Coverage Ratio							
Earnings before Interest and Taxes	1,617,063		1,626,000		1,628,000		2,846,000
Interest Expense	428,818		543,000		632,000		640,000
Interest Coverage Ratio	<u>3.29</u>		<u>3.57</u>		<u>1.45</u>		<u>2.36</u>

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 5

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

Response: Not applicable.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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: Not applicable.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
Chapter 19 Securities Certificate Registrations-Data Request
Data Request No. 7

7.) List all unregulated affiliates of the applicant.

Response: Not applicable.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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

<u>Facility No.</u>	<u>12/31/2025 Balance</u>	<u>Guarantor</u>
9005001	\$ 580,924.91	Wellsboro
9005002	\$ 1,802,457.14	Wellsboro
9005003	\$ 1,806,643.70	Wellsboro
9005004	\$ 928,512.77	Wellsboro
9005006	\$ 1,213,844.76	Wellsboro
9005007	\$ 303,282.39	Wellsboro
9006002	\$ 212,623.14	Wellsboro
9012001	\$ 179,386.23	Wellsboro
9012002	\$ 181,557.89	Wellsboro
9012003	\$ 171,849.80	Wellsboro
9015001	\$ 617,807.26	Wellsboro
9016001	\$ 543,790.40	Wellsboro
9016002	\$ 568,789.90	Wellsboro
9018001	\$ 754,474.65	Wellsboro
9018002	\$ 794,219.55	Wellsboro
9022001	\$ 1,771,576.03	Wellsboro
9023001	\$ 2,877,681.95	Wellsboro
9023002	\$ 1,934,219.47	Wellsboro
9023003	\$ 966,324.74	Wellsboro
9025001	\$ 3,941,697.70	Wellsboro
9025002	\$ 1,000,000.00	Wellsboro
9001001	\$ 882,037.54	Citizens'
9001002	\$ 889,875.96	Citizens'
9001003	\$ 907,988.81	Citizens'
9001004	\$ 214,940.91	Citizens'
9001005	\$ 870,788.35	Citizens'
9020001	\$ 905,369.78	Citizens'
9020002	\$ 635,375.67	Citizens'
9028001	\$ 3,000,000.00	Citizens'
9027001	\$ 350,000.00	Citizens'
9003001	\$ 1,067,912.27	Valley
9003002	\$ 1,073,332.78	Valley
9003003	\$ 1,080,501.64	Valley
9003004	\$ 287,940.78	Valley
9003005	\$ 744,739.77	Valley
9024001	\$ 1,482,054.12	Valley
9024002	\$ 1,000,000.00	Valley
	<u>\$ 38,544,523</u>	

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.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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
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.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

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

11.) Where current dividen payout ratio exceeds 75%, provide three-year hisotry and plan for future divi

Response: Not applicable.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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:

Wellsboro-- Wellsboro Electric has focused on reducing its debt-to-total capital ratio in recent years and remains committed to this goal going forward. However, there was a notable exception for a significant capital project involving office and crew building construction in 2023-2025. Looking ahead, Wellsboro anticipates five notes maturing within the next ten years, along with an additional nine notes maturing within the subsequent fifteen years.

In terms of obtaining new loans, Wellsboro has strategically structured tiered loan draws to capitalize on favorable interest rates whenever possible. Throughout these efforts, Wellsboro Electric has diligently maintained stable rates and reliability for its customers, while also rigorously analyzing and reducing costs and expenses.

Citizens', Electric, Wellsboro Electric and Valley Energy
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:

Parts A,C,D,and E are not applicable to this request.

Part B.

There are no extraordinary circumstances at this time; the line is for ordinary business activities.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
Chapter 19 Securities Certificate Registrations-Data Request
Data Request 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.

Wellsboro Electric Company
Citizens Electric Company
Valley Energy
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.

Wellsboro Electric Company

	Actual 2023	Actual 2024	Projected 2025	Budget 2026	Budget 2027	Budget 2028
Capital Expenditures	\$ 5,223,322	\$ 6,366,626	\$ 1,450,000	\$ 1,764,000	\$ 1,792,000	\$ 1,750,000
Depreciation Expense	\$ 1,357,134	\$ 1,507,274	\$ 1,588,000	\$ 1,615,000	\$ 1,683,000	\$ 1,783,000
Capital Expenditures to Depreciation Ratio	3.85	4.22	0.91	1.09	1.06	0.98

Citizens Electric Company

	Actual 2023	Actual 2024	Projected 2025	Budget 2026	Budget 2027	Budget 2028
Capital Expenditures	\$ 1,673,153	\$ 1,599,214	\$ 1,144,000	\$ 1,227,000	\$ 1,785,000	\$ 1,420,000
Depreciation Expense	\$ 1,188,013	\$ 1,212,725	\$ 1,167,000	\$ 1,215,000	\$ 1,320,000	\$ 1,421,000
Capital Expenditures to Depreciation Ratio	1.41	1.32	0.98	1.01	1.35	1.00

Valley Energy

	Actual 2023	Actual 2024	Projected 2025	Budget 2026	Budget 2027	Budget 2028
Capital Expenditures	\$ 1,975,933	\$ 3,751,019	\$ 3,304,000	\$ 3,616,000	\$ 2,141,000	\$ 2,143,000
Depreciation Expense	\$ 1,750,963	\$ 1,855,838	\$ 2,019,000	\$ 1,966,000	\$ 2,069,000	\$ 2,250,000
Capital Expenditures to Depreciation Ratio	1.13	2.02	1.64	1.84	1.03	0.95