



CHIEF FINANCIAL OFFICER'S REPORT 2024

Mohave Electric Cooperative operates as a not-for-profit corporation owned by our customers, called members. Our rates are set to cover the cost of doing business, not to generate a profit for shareholders like investor-owned utilities. Mohave Electric is regulated by the Arizona Corporation Commission (ACC). Our rates, rules, and regulations are all approved by the ACC.



TYLER WELDON
CHIEF FINANCIAL OFFICER

2024 FINANCIALS

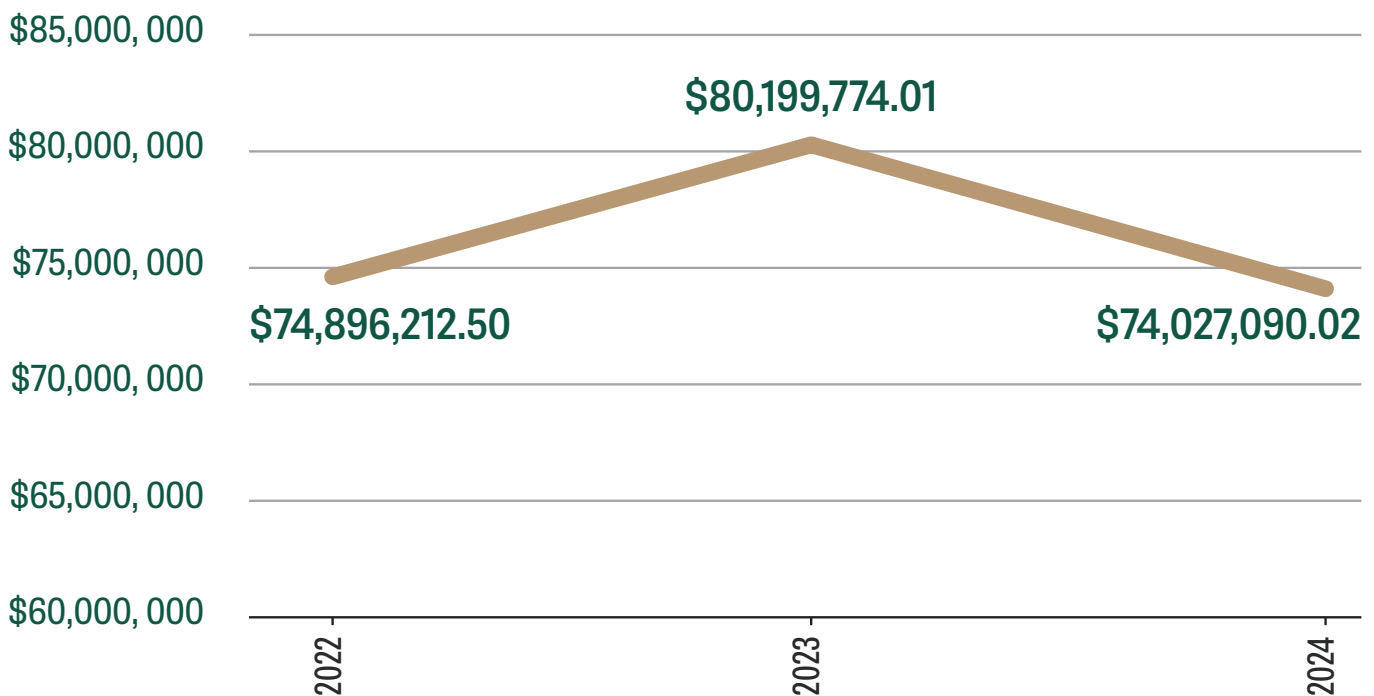
While the last few years have been a perfect storm of financially draining events, such as the 2022 Labor Day storm and volatile market power prices, this year held steady and started to trend in the right direction. The year ended with positive margins.

Power costs dropped 7.7% from 2023. Although costs are still higher than what we have seen in the past, revenues from rates and the purchased power adjustor covered purchased power costs. The purchased power adjustor (PPA) was applied as a 2-cent adder on member bills from December 2023 through August 2024. With more favorable conditions in the purchased power markets, Mohave Electric was able to reduce the PPA to 1-cent in September 2024 and ultimately reduced to 0-cents by December 2024.

The power markets were more stable pricewise than they have been in the past two years. This was largely due to the cost of generation fuel, like coal and natural gas, leveling out at moderate prices. Price spikes were still present throughout the year, but Mohave Electric was able to avoid extremely high prices due to our financial and power purchasing strategy.

We purchase power on the market when our primary generation and transmission provider is already producing our maximum power supply. These market purchases occur at certain times of peak usage during the summer, or when prices on the market are lower than the cost of us generating power in house. These prices are compared every hour of the day to make sure the most economical power is being acquired for Mohave Electric members.

HISTORICAL PURCHASED POWER COSTS



2024 ENERGY DOLLAR

HOW IT WAS EARNED

Mohave Electric Cooperative's account profile is 90% residential accounts. These accounts produced 62.6% of the Cooperative's revenues for the year. Commercial members account for 36.9% of the revenue. Other types of accounts, such as irrigation, complete the rest of the revenue with 0.5%. In 2024, Mohave Electric added 863 new service connections.

HOW IT WAS SPENT

Purchased power costs accounted for 72.87 cents of each revenue dollar collected. Tracked in the national KRTA report, Mohave Electric has maintained its position in the top 10% of cooperatives across the country for the past six years, by utilizing the majority of revenue collected towards power costs. Other cooperatives in the bottom 90 percentile have a higher ratio, spending more revenue towards expenses not related to power costs.

Controllable expenses include a variety of costs not associated with power generation, transmission, and distribution. Controllable costs do include labor and supplies but also include expenses that are not always controllable. Property taxes, insurance, and land

easements for electrical access are expenses that the cooperative must pay in order to operate. As with many other types of expenses, these costs increase year after year. While factoring in these increases, Mohave Electric kept these costs at 16.34% of revenue collected. Keeping costs low is one of Mohave Electric's top priorities.

Operating expenses also include depreciation and interest costs. These costs represent 9.06% of revenue. As reliability projects such as replacing wooden poles with non-wooden poles continue, depreciation on these assets will rise, as well as interest costs on borrowed funds to continue to improve Mohave Electric's system. These projects are greatly needed, but they do drive costs higher. Many of our inventory items have increased exponentially. For example, since 2020, the average cost of common material has increased 79%.

Each project is carefully planned and prioritized to make sure the higher cost is worth the benefit of more dependable electric service. Our priorities are to keep costs as low as possible using sound business practices while providing safe and reliable service for our members.



72.87%
Power Costs

16.34%
Expenses

9.06%
Depreciation, Interest,
and Other Expenses

1.73%
Margins

CONDENSED BALANCE SHEET

ASSETS AS OF DECEMBER 31, 2024

PLANT

Plant Cost \$167,858,992

Accumulated for Depreciation Less \$(68,722,575)

Net Utility Plant \$99,136,417

OTHER ASSETS

Cash And Equivalents \$14,023,608

Accounts Receivable \$9,725,048

Equity Investments In Associated Organizations \$63,211,719

Notes Receivable \$21,888

Other Property And Equipment \$56,000

Materials And Supplies \$3,606,335

Other Current Assets \$6,391,773

Deferred Charges \$50,256,312

Investment In Subsidiary/
Eco Development/Regulatory \$28,411,248

TOTAL ASSETS \$274,840,348

EQUITIES & LIABILITIES

EQUITIES

Memberships \$191,810

Patronage Capital \$104,164,495

Other Equities \$12,175,246

Total Equities \$116,531,551

LONG-TERM LIABILITIES

Long-Term Debt \$116,142,724

CURRENT LIABILITIES

Accounts Payable \$22,744,855

Member Deposits \$3,749,052

Other Current Liabilities \$7,504,407

Deferred Credits \$8,167,761

Total Current Liabilities \$42,166,074

TOTAL EQUITIES & LIABILITIES \$274,840,348

CONDENSED STATEMENT OF OPERATIONS AS OF DECEMBER 31, 2024

Operating Revenues \$101,583,042 100%

Operating Expenses \$16,602,418 16.34%

Electric Power Cost \$74,027,090 72.87%

Depreciation Expense \$3,941,063 3.88%

Interest On Long-Term Debt \$4,876,012 4.80%

Other Expenses \$380,513 0.38%

Total Operating Expenses \$99,827,096 98.27%

MARGINS FROM OPERATIONS \$1,755,946 1.73%

Non-Operating Income \$364,501

Non-Cash Patronage Of Associated Organizations \$1,501,438

TOTAL MARGINS \$3,621,884.75