

2024 SEPTEMBER  
**MOHAVE**  
Electric Cooperative  
ANNUAL REPORT



# 7 COOPERATIVE PRINCIPLES

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community





# 2024 Annual Report

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**Joseph Anderson**  
Board President, District 3



**J. Tyler Carlson**  
MEC Chief Executive Officer

## BOARD PRESIDENT & CEO LETTER

Mohave Electric Cooperative's mission is to provide members with safe, reliable, and affordable electric service. As MEC is member-owned, and the Board of Directors and staff are members too, we all work diligently to keep costs as low as possible for our members.

This past year has seen some challenges and solutions. Arizona and the nation are at a critical moment where demand for electricity is soaring while power supply is decreasing. In December 2023, the North American Electric Reliability Corporation (NERC) categorized Arizona with an "Elevated Risk" status, specifically having "insufficient dispatchable resources." This combined with volatile increases in market power costs, as well as an unplanned power generation turbine outage, are reasons MEC has an adder of 2¢ per kWh on member bills – the first time in ten years! Even still, MEC rates are among the lowest in the state and lower than all the neighboring investor-owned utilities.

The solution: To avoid these unforeseen and ever-changing circumstances, MEC has once again taken the lead to bring flexible power generation resources directly into our electric distribution network. With the help of our not-for-profit generation and transmission provider, Arizona Electric Power Cooperative, these resources will lock in lower costs for power generation, help avoid transmission-related outages, and diversify our energy portfolio.

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**“Good news for members, the PPA has been adjusted this month to 1¢ per kWh on member bills. Having this lower PPA will lower the overall cost of member bills. If costs remain stable MEC members can anticipate the PPA being reduced to 0¢ per kWh early next year.”**

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Other wins include some major capital infrastructure improvements and a new milestone achievement with MEC / TWN's fiber broadband project!

One observation from the past year is the increase in member engagement. The input, active participation,

and overall involvement from our members is at an all-time high. MEC's projects requested a call to action, and you stepped up! Your feedback is an exemplary action of the founding 7 Cooperative Principles. We look forward to our next steps together and what is to come next year.

# BOARD OF DIRECTORS



**Deborah Johnson**  
Vice President, District 2



**Toni Barbaro**  
Secretary, District 3



**Richard Tempelman**  
Treasurer, District 1



**John Nelssen**  
Director, District 1



**Jose "Joe" Solar**  
Director, District 2



**P. Kevin Nestrick**  
Director, District 2



**Tracy Weisz**  
Director, District 1



**Michael Bartelt**  
Director, District 3



**RELIABILITY IS #1**

# RELIABILITY

Reliability is Mohave Electric Cooperative's #1 priority - we strive to keep the lights on 100% of the time. Although, this is impossible due to uncontrollable factors such as weather, we are here to serve our members and provide you with reliable electricity to improve your quality of life.

Founded in 1946, Mohave Electric Cooperative (MEC) is a not-for-profit utility that has grown to serve 38,028 members, 45,044 meters, with more than 1,577 miles of line spanning 1,287 sq. miles from Bullhead City to Topock in the west, Hualapai to Burro Creek to the south, and Nelson to the east.

In order to provide reliable electric service, we must maintain our existing infrastructure, replace dated equipment, build new facilities, and secure new resources for our growing membership. Over the past ten years, the co-op averaged an additional 477 demand points each year. In 2023, MEC delivered

889 gigawatt-hours in retail sales to its members, and the average monthly usage by residential members decreased slightly from 971 kWh in 2022 to 952 kWh in 2023.

Mohave Electric has invested \$52.3 million over the past ten years in capital improvements to enhance our grid and provide continual electric service.

Please continue reading for a snapshot of how we maintain our electrical grid and provide reliable service to our members.



## SERVING OUR MEMBERS

Mohave Electric's Operations, Engineering and Member Service teams averaged 12,068 service orders per month including requests for new service, utility locator requests, service changes, meter reads and construction contracts.

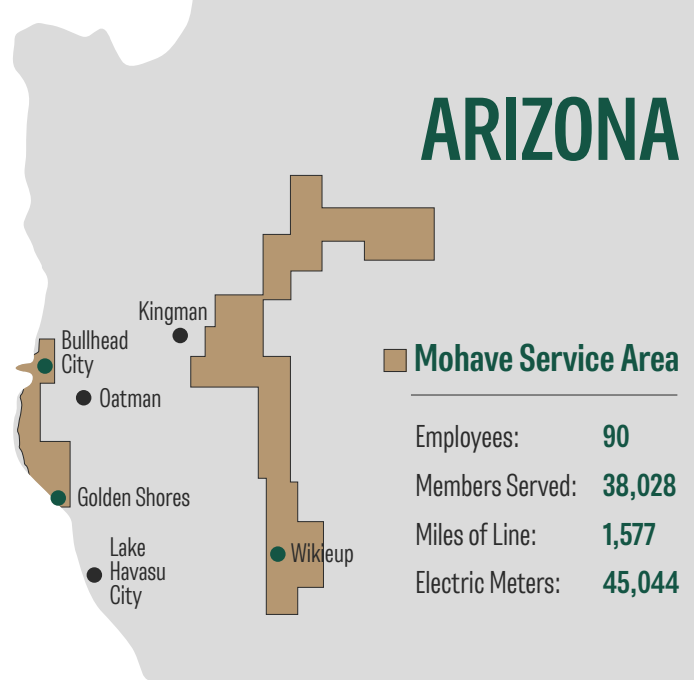
### Residential subdivisions also continue to expand.

- Canyon Trails at Fox Creek Unit 9 (47 lots)
- Village Estates E&F (89 lots)
- Villages at Stonebridge Unit 5 (31 lots)
- Marina Coves (26 lots)

### Subdivisions in progress...2023

- The Ridge at Canyon Trails Unit 6 (10 lots)
- North Fork at Laughlin Ranch (106 lots)
- Fort Mohave Airpark (77 lots)
- Villages at Stonebridge Unit 3 (48 lots)
- Arroyo Vista Estates Unit 2 (16 lots)
- Lake Mead Rancheros Unit 20 (16 lots)
- Via Dolce Phase A (62 lots)
- Mohave Landing Unit B (48 lots)
- Willow Valley (19 lots)

**In total, the listed subdivisions will bring in approximately 595 new residential lots.**



## MEMBER SERVICE REQUESTS IN 2023

|                        |                |
|------------------------|----------------|
| NEW SERVICES           | <b>705</b>     |
| SERVICE CHANGES        | <b>121,078</b> |
| UTILITY LOCATOR        | <b>9,606</b>   |
| JOB ORDERS             | <b>1,712</b>   |
| TOTAL SERVICE REQUESTS | <b>144,823</b> |

## COMMERCIAL MEMBERS

MEC helped 453 businesses connect service in our territory. This movement of business occupancy into vacant buildings is a positive trend for economic development in our community.

MEC connected the new businesses Dunkin Donuts, Topock 66 Hotel, Let it Ride Investments Parkway Storage, Maverik Bullhead City, Frito Lay, Exceptional Healthcare, Findlay Service Center, and Dollar General Bullhead Parkway.

Additional commercial projects that were in design or under construction in 2023 include Chevron I-40, Bullhead City Fire Department Laughlin Ranch Blvd., Bullhead City School District #16 Teacher Housing, Baker Storage, Circle K gas station and carwash, Bighorn Apartments, MCC Student Housing, Tesla Charging Station Wikieup, Wikieup Trading Post, and Sunshine Nail Salon.



# MEC'S ENERGY MIX

## Wholesale Purchased Power

Mohave Electric Cooperative purchases wholesale power from Arizona Electric Power Cooperative, a not-for-profit generation and transmission cooperative, and other market power resources. MEC also owns local renewable energy facilities.

Over the past decade, MEC's mix of wholesale purchased power has changed from a large reliance on coal generation to increased purchases of natural gas generation and renewable energy today. Natural gas generation is the largest portion of the 2023 energy mix and was the more cost-effective fuel. By midyear 2024 natural gas prices continued to decrease with the first half of the year, while coal prices have remained elevated.



### Energy Mix

- Coal Generation
- Natural Gas Generation
- Hydroelectric Generation
- Long-Term Power Purchases
- Utility Solar & Behind-the-Meter Renewable

MEC's diverse energy mix is an important element for keeping electric costs affordable and providing reliable service.

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# MEC'S DISTRIBUTION NETWORK

Mohave Electric has more than 24,000 poles across the 1,287 square mile service territory. MEC's comprehensive pole inspection and testing program helps keep MEC lines operating safely, prevents outages, and reduces maintenance tasks. Pole inspections are done according to USDA Rural Utilities Service guidelines using visual and "sounding" methods. MEC's drone program provides an additional resource for identifying poles that need maintenance or replacement, especially in more inaccessible areas of the service territory.

Each year MEC inspects approximately 2,000 poles in a selected area. Areas rotate every year, so each pole is inspected at least every 12 years. Above and beyond our typical pole testing, Mohave Electric has inspected 2,102 poles by drone this past year, examining hardware, connectors, conductors, and equipment. Approximately 22,825 photos were taken during these inspections which is almost 11 photos per pole. Mohave's drone pilot and linemen review these photos looking for any concerns that need attention.

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**2,000** POLE INSPECTIONS ANNUALLY



# LINE HARDENING PROGRAM

Line hardening consists of upgrading 1 of every 3 wooden poles to a non-wooden pole. Mohave Electric has been line hardening for years and is pleased with our progress to date. MEC crews have been actively replacing poles - 4.5 miles along Bullhead Parkway and 10.5 miles along Hwy 95, Bullhead City south to Mohave Valley. In 2023, \$4.3 million of the \$6.1 million project was invested with 79% of the poles completed.

**\$6** INVESTING  
MILLION

MEC is investing 6.1 million in replacing wooden poles with non-wooden poles.





## ELECTRICAL LINES

**+1,577** TOTAL MILES OF ELECTRICAL LINES

MEC's electrical lines include 116.6 miles of subtransmission line, 1,084.97 overhead and 375.81 underground distribution lines. In 2023, MEC invested \$982,251.46 to replace underground electric lines throughout our service territory. In addition to managing the lines, MEC is responsible for thousands of equipment items such as poles, insulators, guy wires, cross arms, arresters, jumpers, transformers, capaciformers, meters, capacitor and regulator banks, reclosers, terminators, avian protection devices – to name a few.

For the first time in several years, Mohave Electric is not only managing existing electricity lines, but recently finished a new five-mile line near I-40 south of Hackberry Road in our eastern service territory. A project of this magnitude takes time to complete with improvements that will include the new five-mile line, upgrading the single phase tie-in line to three phase, and a new transformer. When complete, this power can travel across the new line or allow us to reverse or switch power essentially back feeding power from MEC's Hualapai Substation south to Wikieup, creating new distribution redundancy.



## MEC LAUNCHES NEW BATTERY STORAGE PROJECTS AND A SUBSTATION PROJECT

There is no secret that summer is HOT here in northwestern Arizona, and MEC is beating the heat with new infrastructure upgrades to keep your lights and A/C on.

The population in MEC's service territory is increasing, and each household is using more and more electricity.

MEC's new battery projects will balance our existing solar energy, mitigate peak period energy use, and stabilize energy costs for our 38,028 members. The batteries can be charged from solar or the electricity grid. The batteries can be charged during off-peak hours and dispatch the power to the grid when needed. MEC's peak electricity usage during the summer is from 5:00 pm to 9:00 pm. The batteries can be charged from MEC's solar facility at an affordable cost and release the energy to the grid many hours later, allowing MEC to avoid purchasing expensive power from the energy market.

The first project, operational in October 2023, is a battery energy storage system (BESS), built without the cooperative having to make any capital investment. Instead, a purchase-power agreement with project builder EDP Renewables ensures affordable renewable energy for years to come. The 60-MW energy system can supply power for up to four hours, enough to power 4,568 homes. One of the key components to this entire system is the way the battery array is not only integrated with solar but how the power is dispatched, or sent, to the members, using the latest in artificial intelligence technology, that's where partner STEM, Incorporated, joined the team.

## “BREAKER BREAKER”

Substations transform electrical voltage from high to low or reverse and are made up of thousands of different components. One of our substations in Bullhead City received a maintenance makeover, including a circuit breaker replacement.

A circuit breaker is a protection device that safeguards the other substation components in the event an overcurrent, also known as a fault or short-circuit, is detected. Short-circuits are typically caused by trees, birds, flying debris, etc. When the breaker detects a short-circuit, it will reclose (open/close) three times. This gives the object an opportunity to clear out of the power lines, preventing an outage.

Crews replaced the circuit breaker in late April. This equipment plays a vital role in providing safe and reliable electricity to our members.



## MOHAVE ENERGY PARK UPDATE

MEC along with Arizona Electric Power Cooperative (AEPCO), our not-for-profit generation and transmission provider, have been planning for future energy needs in MEC's service territory including a long-term Integrated Resources Plan (IRP). This plan identifies a diverse energy portfolio to address current and future electricity needs for members. The most cost-effective solution identified is the combination of solar, battery energy storage systems, and natural gas generation units. As our solar and BESS projects have been built out, we have spent the past two years focusing on the flexible, quick start natural gas units. In fact, MEC's 2¢ per kWh adjustor on members' bills wouldn't have been necessary if the natural gas units were already built in combination with our solar and batteries. The units would have saved members more than \$11 million in 2022.

To move the project forward this past year, we specifically looked at multiple locations that could supply and deliver safe, reliable power and have adequate resources, such as a location near MEC's grid infrastructure and MEC's solar, access to natural gas and water, and positioned to provide emergency backup power to key community organizations, hospitals, fire departments, etc. Each natural gas turbine is also capable of ramping up from zero production to full production within 10 minutes. That means these turbines are extremely quick and flexible in responding to meet peak demand, or to respond in different system conditions, like cloudy days or extreme weather, when solar is not available.

After years of planning and multiple assessments on different site locations, THANK YOU MEC members who took the time to voice your support at the public hearings, wrote letters, wrote emails, made phone calls, and signed supporter cards! MEC and our not-for-profit generation and transmission provider, Arizona Electric Power Cooperative continue with our due diligence on the technical aspects of the project. We are looking at next steps in coordination with our long-term Integrated Resource Plan (IRP) that focuses on cost-effective and reliable power for our members.

Please continue to show your support for local natural gas generation by mailing letters of support and emailing Mohave County Board of Supervisors.

**SOLAR + BATTERIES + NATURAL GAS =  
RELIABILITY & AFFORDABILITY**

For more information please visit  
[www.mohaveenergypark.com](http://www.mohaveenergypark.com).  
Stay tuned for more updates in the future.

The second battery energy storage system (BESS) is 15 megawatts (MW) / 60 megawatt-hours (MWh) and utilizes Powin and Stem technology with grid control systems, 24/7 monitoring, and on command energy dispatch. MEC is a not-for-profit, distribution utility and has a purchase power agreement (PPA) with our not-for-profit, transmission provider – Arizona Electric Power Cooperative (AEPCO) for MEC to manage dispatching energy to and from the battery system. AEPCO, MEC, and other AZ co-ops received grant funding from the U.S. Department of Agriculture's Powering Affordable Clean Energy (PACE) program to assist with the cost of this multimillion-dollar investment over the next twenty years.

In addition, MEC is building a new substation near the new BESS project in Fort Mohave. Substations transform voltage from high to low or reverse. Essentially MEC receives power from our generation and transmission power providers, and the substation reduces this voltage so it can be released on MEC's distribution network, and travel at a lower voltage through our electrical lines so that the energy is at a safe level for your home or business. The \$2 million substation includes a 35 MVA (megavolt amperes) transformer manufactured by Virginia Transformers and will integrate with our existing 69 kV subtransmission system as well as our 25 kV distribution system. This new substation brings MEC's total to 15 substations throughout our service territory. These substations control voltage and power output to 53 different circuits.

MEC has been planning these infrastructure improvements specifically to be operational in summer 2024 to address the high temperatures and members' high electricity usage. These infrastructure projects improve reliability, manage load growth for the future, and increase our overall system capacity and flexibility during peak load periods.

# MEC LOOKING TO THE FUTURE

Mohave Electric is constantly planning for the future. We monitor the price of power on the market every hour of every day to keep rates low for our members. One of the strategies to reduce the costs of power is to secure purchased power agreements from resources like natural gas and coal to lock in low rates, or to switch fuel resources when one rapidly increases in cost.

A second strategy is to diversify MEC's power portfolio. We have a small allocation of hydroelectric power from Hoover Dam, and we've invested in three different solar farms and two battery projects in the past nine years, securing 32.9 MW of power generation and 30 MW of storage within our own distribution network. MEC is also looking at natural gas power generation in our distribution network to scale up or scale down when solar isn't available during periods of weather and nighttime hours.



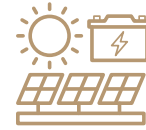
## MEC'S PLAN HAS FOUR BENEFITS:

- 1 Locks in the cost of solar lower than what outside providers can supply.
- 2 Secures the cost of power when the open market is volatile.
- 3 If our power generation suppliers experience an outage, we have limited but some local solar generation that is available to use.
- 4 Diversifies our renewable energy portfolio.

Earlier, we mentioned that growth is continuing in the area – not just increases in population – average 477 demand points each year, but also increases in the amount of power being consumed by members - in 2023, MEC delivered 889 gigawatt-hours in retail sales to its members.

To continue to meet members' electrical needs and to keep reliability balanced with affordable rates, MEC has recently completed the following projects directly within our distribution network or planned with our purchased power provider, Arizona Electric Power Cooperative (AEPCC) otherwise known as Arizona Generation & Transmission (AzG&T).

..... FALL 2023



MEC has secured a purchased power agreement for additional solar resources coupled with battery storage locally in Fort Mohave.

**17.6 MW Solar & 15 MW Battery**

..... SUMMER 2024



MEC has a stand-alone battery project which will provide power during our peak summer months, alleviating the need to buy potentially costly power on the market. To support our growing generation and storage resources, MEC recently built a new substation.

**15 MW Battery & New Substation**

..... 1ST QUARTER 2025



During intermittent production of MEC's solar resources, MEC continues to use traditional resources of natural gas and coal generation to maintain the reliability that our members count on. To further this balanced approach, MEC will secure a purchased power agreement through AzG&T for natural gas at Apache Station.

**19.5 MW Flexible Generation**

..... 2025-2027



MEC and AzG&T will secure natural gas generation locally which will provide MEC with additional generation resources directly within our distribution network.

**60 – 90 MW Flexible Generation**

..... 1ST QUARTER 2026



MEC will be securing a purchased power agreement with our provider, AzG&T who will be building additional renewable energy and storage resources at Apache Station in Benson, Arizona.

**25 MW Solar & 25 MW Battery**



# ENERGY EFFICIENCY AND RENEWABLE ENERGY PROGRAMS

MEC, as approved and required by the Arizona Corporation Commission, funds multiple energy saving programs intended to help members reduce their energy usage and save energy dollars. However, in February 2024 ACC Commissioners directed staff to proceed with a rulemaking process for the formal repeal of the Renewable Energy Standard Tariff (REST) and Energy Efficiency/Demand Side Management (EE/DMS) rules. This action creates some uncertainty with MEC's programs, although it may remove mandates imposed on utilities. MEC will continue monitoring the ACC process and will file appropriate comments that support the best interests of our members.

## Weatherization & Energy Efficiency Improvements

19 income-qualified members were helped in 2023 by MEC's program administered by Western Area Council of Governments/WACOG and City of Bullhead City.

MEC's program funding is leveraged with other government and utility funded programs to provide additional weatherization measures and greater energy savings for participating members.

MEC's program contributed \$3,000 per home for the Home Weatherization program, equaling \$68,483 for the 2023 fiscal year. MEC also continues our efforts to educate the members about energy efficiency through classroom visits, participation in science fairs, and community groups.

## Operation Cool Shade

2,100 low cost shade trees were purchased by members for the annual event which was held at the Anderson Auto Group Fieldhouse.

**2,100** LOW-COST SHADE TREES PURCHASED

## ENERGY REVIEWS

**108** RESIDENTIAL HOMES

MEC is proud to assist our members with energy reviews. Contact us to see how we can help you save money with an energy review.

## ENERGY-SAVING LIGHTBULBS

**4,213** LED LIGHTBULBS GIVEN AWAY

LEDs are distributed with Operation Cool Shade tree purchases, MEC annual meeting gift bags, and new member gift bags.

## HIGH EFFICIENCY REBATES

### HEAT PUMP REBATES

**155** RESIDENTIAL **\$163,850** TOTAL IN RESIDENTIAL

**60** COMMERCIAL **\$16,950** TOTAL IN COMMERCIAL

### A/C REBATES

**25** RESIDENTIAL **\$29,500** TOTAL IN RESIDENTIAL

### MINI-SPLIT REBATES

**319** RESIDENTIAL **\$107,650** TOTAL IN RESIDENTIAL

**6** COMMERCIAL **\$3,000** TOTAL IN COMMERCIAL



## MEC has an ongoing SunWatts Rebate for government and non-profit members.

The Renewable Energy Standard and Tariff surcharge on member bills, required by the ACC, is the funding mechanism for Renewable Energy programs. MEC's "Solar Initiatives" provides funding for solar energy systems at schools, fire stations, government buildings, and non-profit facilities throughout our service territory.

More than 45 projects are saving energy dollars through this program. Qualifying projects are selected from those operating primarily from collected taxes. Reducing the operating costs for such essential services benefits our members collectively.

### SUNWATTS RENEWABLE ENERGY INCENTIVE PROGRAM

MEC's Renewable Energy Plan includes an incentive program for residential and small commercial solar, wind, and solar water heating installations.

#### New solar systems installed 2023

Residential 417

Commercial 3

#### SunWatts Rebates 2023

Residential \$185,576.25

Commercial \$1,568.00

**SOLAR SYSTEMS INSTALLED TOTAL: 2,034**

## MOHAVE CHARGED

MEC's Mohave Charged program includes battery rebates for residential and commercial members.

Mohave Charged rebates apply to all batteries 5 kWh or higher installed after January 9, 2022.

**11 BATTERIES INSTALLED 2023**

Since 2022, Mohave Charged has rebated 21 batteries.

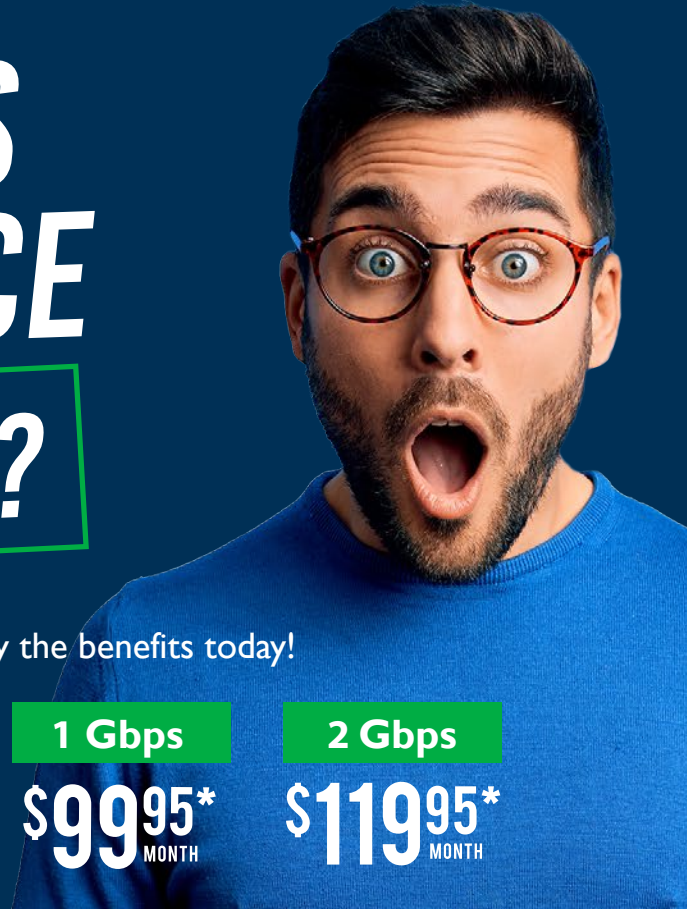




Today, more than 24,000 Mohave Electric Cooperative (MEC) members have access to TWN's fast, 100% fiber broadband services. Almost four years into construction and the majority of Bullhead City, Fort Mohave, Topock and Golden Shores is fiber ready, and good news, TWN / MEC started construction in Mohave Valley.

# FASTER SPEEDS SAME LOW PRICE

## WHO DOES THAT??



TWN internet plans just received a major boost - enjoy the benefits today!

|                          |                          |                          |                          |                           |
|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>300 Mbps</b>          | <b>500 Mbps</b>          | <b>700 Mbps</b>          | <b>1 Gbps</b>            | <b>2 Gbps</b>             |
| <b>\$49.95*</b><br>MONTH | <b>\$59.95*</b><br>MONTH | <b>\$79.95*</b><br>MONTH | <b>\$99.95*</b><br>MONTH | <b>\$119.95*</b><br>MONTH |

Unlimited Data • 100% Fiber Internet with No Term Commitments

**MEC Member Discounts Available\*\***



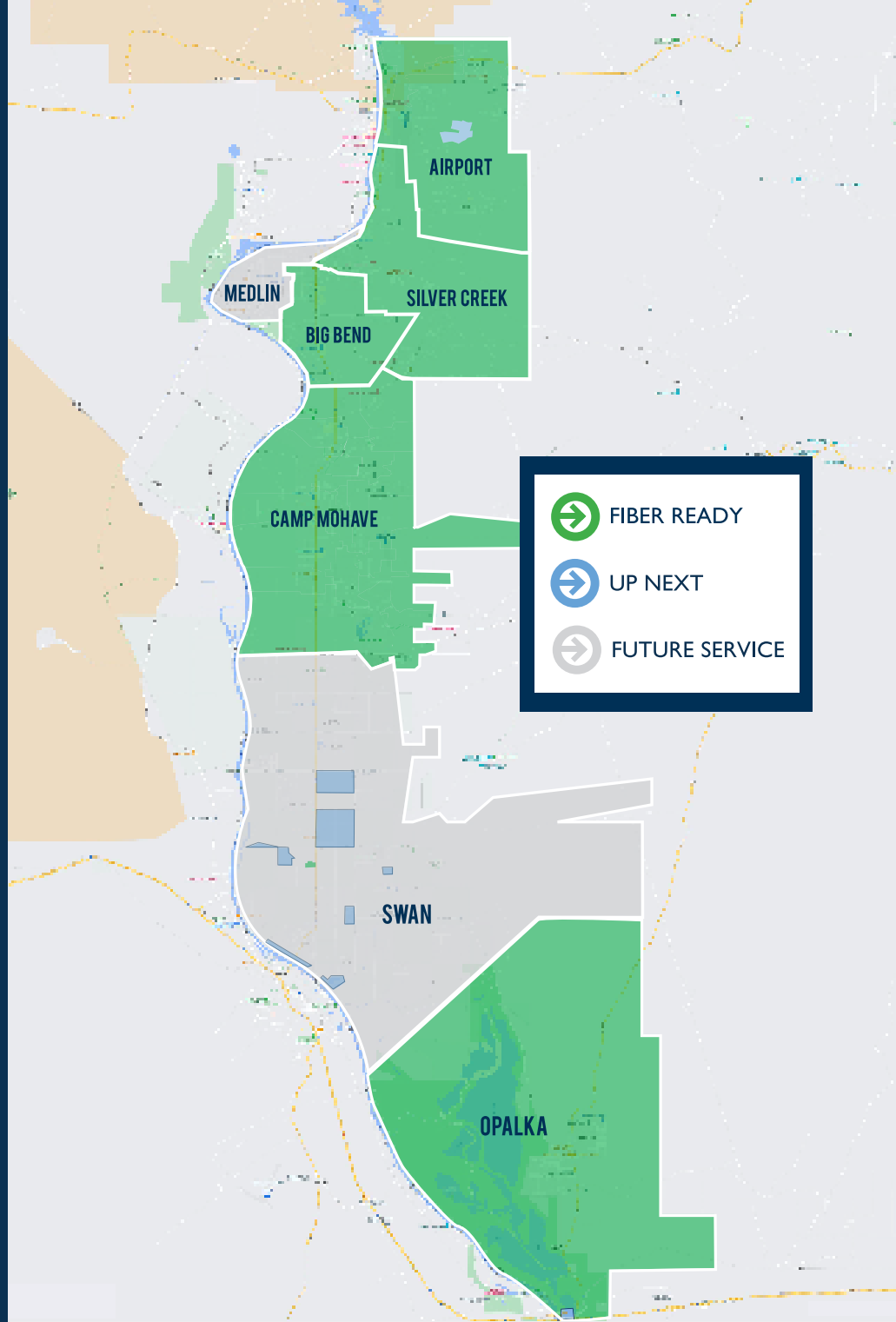
**SIGN UP TODAY!**

**888.227.2095 | [twncomm.com/mohave](http://twncomm.com/mohave)**

\*Services provided by TWN Communications. Not available in all areas. Restrictions, terms and conditions apply. Taxes, regulatory, surcharges and other charges are applicable. Rates are subject to change. Call for details or visit [twncomm.com/terms-conditions](http://twncomm.com/terms-conditions) for additional information and terms and conditions of services. Residential customers on qualifying internet plans will receive download speeds up to 2.0 Gbps, per respective plan. A 30-day notice is required to cancel service. \*\*Promotional discounts applicable to fiber residential internet service only. Up to \$12 max savings. \$5 MEC member discount may be combined with \$2 autopay discount, and only one additional \$5 discount, either \$5 active military or \$5 senior discount. Active military and senior discounts may not be stacked together. Proof of eligibility required. Only one autopay discount applicable per customer. MECAnnualMeeting 8.5x7.33 924.pdf

# ARE YOU FIBER READY?

Scan the QR Code or visit [www.twncomm.com/mohave](http://www.twncomm.com/mohave) to learn more



Visit [twncomm.com/mohave](http://twncomm.com/mohave), call 888-227-2095, or stop by TWN's local storefront at 2020 Silver Creek Road #113D, Bullhead City, AZ to learn more.

# COMMITTED TO OUR MEMBERS

## FROM THE HEART WITH RIVER FUND & OPERATION ROUNDUP®

MEC offers two ways for members to give from their hearts and help families in need. From the Heart with River Fund is a program where members can voluntarily donate \$1 each month with their electric bill payments. Members can also donate by signing up for the Operation Roundup® program. Operation Roundup® rounds up member payments to the next whole dollar.

The combined contributions of the From the Heart and the Operation Roundup® programs from MEC members totaled \$19,129.06 in 2023.



## COBANK SHARING SUCCESS

In 2012 one of MEC's lenders, CoBank, began its Sharing Success program. The program challenged cooperatives around the country to match up to \$5,000 towards a non-profit entity in the cooperatives' service territory. In 2019, matching contributions were raised up to \$10,000, and still remains today. MEC was one of the very first in the nation to accept the challenge. MEC made it for the benefit of River Fund and every year since its inception, CoBank has matched our donation. To date, River Fund has been the beneficiary of \$155,000 in challenge and matching funds through this program.

## UTILITY DEPOSIT AND APPLIANCE REPAIR/REPLACE PROGRAM

This program is funded with abandoned deposits. Arizona state statute allows MEC to donate certain unclaimed monies to nonprofit entities recognized by the State. In 2023, \$26,906.99 in unclaimed deposits were directed to River Fund.

## MOHAVE EMPLOYEES DONATE THROUGH PAYROLL DEDUCTION

In 2023, Mohave Electric Cooperative employees generously donated \$5,843 to River Fund through voluntary payroll deductions. These donations help fund a variety of community programs administered by River Fund.

## MOHAVE "MEMBERS HELPING MEMBERS" ENERGY ASSISTANCE PROGRAM

Each year MEC's Board of Directors recommends a contribution to River Fund to help members who are facing a crisis through no fault of their own to meet their electric bill payments. These annual contributions are funded through assigned capital credits that have been retired (paid to members). The use of these funds is approved by MEC's bylaws and in doing such there is no expense to the Cooperative. In 2023, MEC's Board of Directors contributed \$35,000 to River Fund for the Members Helping Members Energy Assistance Program.

**MEC is committed to our members. It is a commitment that the Cooperative will never change, nor will we take lightly.**

# CO-OP CONNECTIONS®

Mohave Electric Cooperative is more than a utility provider. We connect with our members and our community through the support of economic development, education, safety, and healthcare.

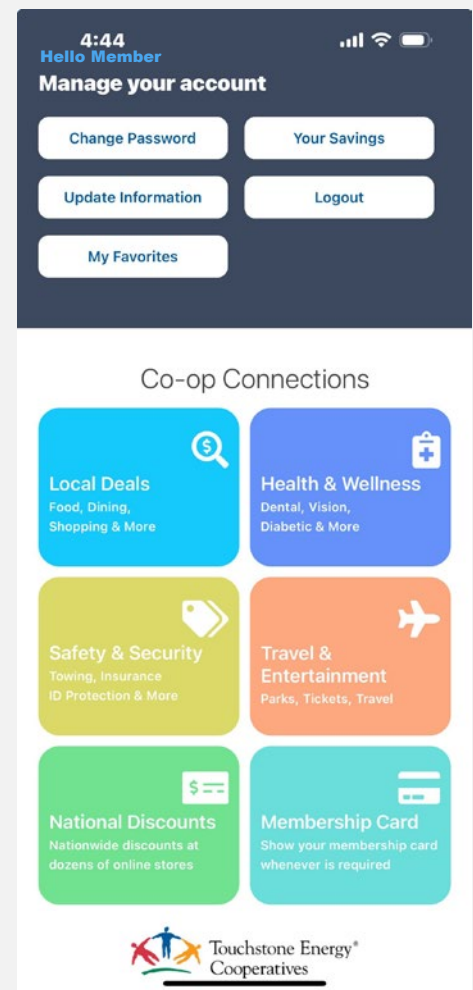


## APPLY THE SAVINGS

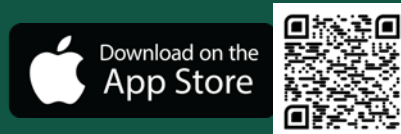
Co-op Connections®, a Touchstone Energy Program, has retail discounts or special promotions available at more than 130 local businesses and thousands of national businesses, and online.

Members can create accounts on Connections.coop or download the mobile app for convenience when members are on the go. The app is available on the App Store and Google Play platforms.

The card and the app are free, they do not expire, and anyone in the family can use them. Start saving today! Many local businesses offer discounts and promotions on food, pet care, home décor, printing, promotional items and motorsports!



Scan the QR Codes  
to download the app



## FREE ADVERTISING:

Local business owners can take advantage of free advertising with Co-op Connections®. MEC will feature your business through one of our quarterly Currents magazines, social media, radio, and on the program app. MEC will help create your ad and promote your business for you. You may change your discount or promotion at any time. Signing up is easy and it's free! Email us at [coopconnections@mohaveelectric.com](mailto:coopconnections@mohaveelectric.com). Already a Co-op Connections® business member? Reach out today to confirm or update your discount or promotion.



# ADVOCATING FOR OUR MEMBERS

## LEGISLATION, REGULATION, AND POLICY

State and federal legislation, regulation, and policy can impact electric reliability and affordability. Grand Canyon State Electric Cooperative Association and the National Rural Electric Cooperative Association support MEC by educating elected officials and advocating important issues affecting our members.

Each year MEC's CEO, Board Directors, and staff meet with state legislators, and commissioners elected to the Arizona Corporation Commission. We also traveled to Washington D.C. to meet with U.S. Senators, Congressional members, and staff. These in-person meetings are vital to our efforts to inform elected officials about legislation and regulatory actions that impact rural communities served by electric cooperatives.

# FEDERAL LEGISLATIVE AND REGULATORY

## HELP HOOVER DAM ACT AND THE HYDROPOWER DELIVERY RATE-REDUCTION OFFSET ACT

Hoover Dam is a valuable resource for many rural communities and helps provide critical grid reliability in the western United States. Surprisingly, MEC only receives a small allocation of hydropower from Hoover Dam; however, small, we support Hoover Dam legislation that will continue to provide low-cost power. Hydropower-related legislation has been introduced in both the House of Representatives and Senate. This legislation, if enacted, will provide savings for the rates cooperatives pay for hydropower.

## DIRECT PAY TAX CREDITS

Last year federal legislation was passed that provides direct payments to electric cooperatives as incentives for deploying renewable energy and battery storage technologies. As not-for-profits that are not subject to federal income taxes, cooperatives finally have parity with for-profit utilities that have long enjoyed tax credits for these projects. Arizona Electric Power Cooperative (AEP) will be receiving a direct payment benefit for the new battery storage facility in MEC's service territory.

## EPA'S POWER PLANT RULE

The proposed new greenhouse gas standards threaten a fundamental mission of electric cooperatives. At risk is our goal to deliver reliable and affordable electricity. The rule mandates unproven technologies and unachievable emissions limits on an unworkable timeframe in violation of law and Supreme Court decisions. We will join our nation's electric cooperatives and ask Congress to oppose EPA's rulemaking, and will advocate for more reasonable, achievable, and responsible standards.

## FEDERAL AND STATE FUNDING FOR INFRASTRUCTURE, CLEAN ENERGY, AND BROADBAND

MEC continues to monitor opportunities for grants and loans available for improvements to our electrical system for reliability, build clean energy projects, and expand fiber broadband. We are in discussions with Arizona Electric Power Cooperative, National Rural Electric Cooperative Association, USDA/RUS, and Arizona Commerce Authority where qualifying projects are eligible for grant funding. Government grants can offset a portion of capital investment costs and help reduce financing costs, ultimately saving money for our members.

# ARIZONA LEGISLATIVE AND AZ CORPORATION COMMISSION

## RENEWABLE ENERGY PROGRAM AND ENERGY EFFICIENCY PROGRAM

In February 2024 ACC Commissioners directed their staff to proceed with a rulemaking process for the formal repeal of the Renewable Energy Standard Tariff (REST) and Energy Efficiency/Demand Side Management (EE/DSM) rules. This action creates some uncertainty with beneficial programs funded by REST and DSM surcharges, although it may remove mandates imposed on utilities. We are monitoring the ACC process and will file appropriate comments that support the best interests of our members.

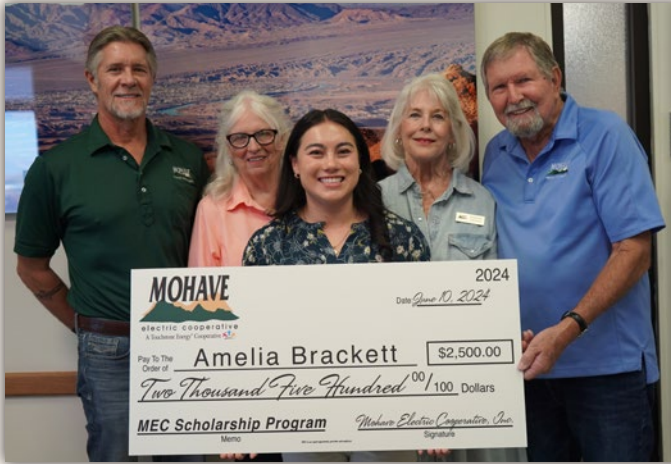
## EV COMMERCIAL CHARGING STATIONS

EV policy continues to be debated both in the Arizona legislature and at the Arizona Corporation Commission. Although electric utilities have been encouraged to support the electrification of transportation, on the other hand, legislation has been proposed that would limit flexibility for cooperatives owning commercial EV charging stations. We expect more legislative activity on this subject in the future. In a previous MEC survey, a considerable number of members voiced their opposition to EV and EV charging.

## VALUE & COST OF DISTRIBUTED GENERATION SOLAR

Although contentious, the ACC revisited the methodology established in 2017 to calculate the value and cost of solar. After multiple meetings of discussion and public comments, ACC staff will provide their recommendations to the Commission later this year, expected October 2024. In an effort to be fair and equal to all members, MEC advocates that when paying residential members for their solar overgeneration, MEC does not pay more than what we can pay for solar on the open market or the cost to use our own solar fields. This is called distributed generation and is in line with the ACC's current methodology to avoid subsidizing ratepayers via net metering.





# MEC SUPPORTS EDUCATION AND EDUCATORS

## MEC SCHOLARSHIPS

Thanks to MEC's executive leadership, students in MEC's service area attending a higher education institution this fall semester were eligible to apply for assistance up to \$5,000.

Lee Williams High School graduate, Amelia Brackett, received a \$2,500 scholarship as she enters her junior year as an accounting and operations major at Indiana University. Additionally, Kaylee McNally, a recent graduate of River Valley High School, received a \$2,500 scholarship for her upcoming studies in biomedical science at Northern Arizona University.

## CLASSROOM GRANTS

Mohave Electric Cooperative (MEC) awarded eighteen \$200 classroom grants to educators for financial assistance in making classroom learning more engaging. Thirty-two applications were received for the eighteen available grants. A team at MEC evaluated the projects submitted by educators basing their grading on creativity, following application instructions, classroom integration, as well as benefits and financial need to students. Classroom Grants are funded by assigned capital credits at no cost to the cooperative or its members.

Project ideas ranged from science, reading, math, wood working, construction, social studies, to music and organization. The eighteen selected educators represent nine schools where their various K-12 programs will be implemented. The schools are Bullhead Middle School, Camp Mohave Elementary School, Desert Star Academy, Desert Valley School, Fort Mojave Elementary School, Mohave Accelerated Learning Center, Sunrise Elementary School, Topock Elementary School, and Young Scholars Academy.

# \$5,000

## SCHOLARSHIPS

Amelia Brackett and Kaylee McNally each received \$2,500 college scholarships.

# \$3,600

## CLASSROOM GRANTS

18 \$200 classroom grants were provided to classrooms in need.



## WASHINGTON YOUTH TOUR

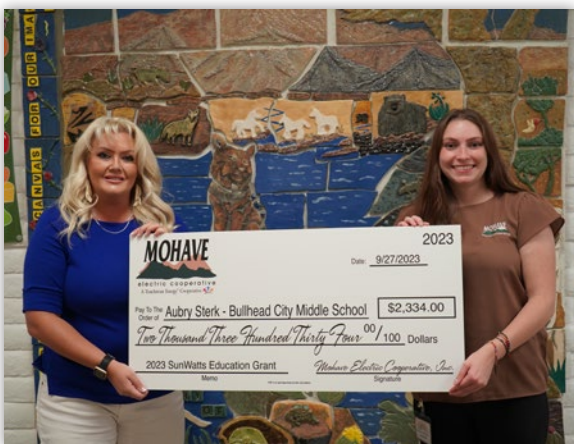
Students, whose parents, or guardians, are MEC members, are selected to represent Mohave Electric Cooperative in the annual Washington Youth Tour. The week-long excursion allows the students to interact with others from all over the country, visit our Capitol's landmarks, and learn about our country's rich history.

MEC selects participants from applicants through a competitive process that includes an essay and presentation before a panel of judges. All applicants must be high school juniors and receive parental or guardian permission to apply. This year one enthusiastic student from the program was chosen to attend the AZ Legislative Conference.



## ELECTRICAL SAFETY MAGIC SHOW

This magical comedic appearance from Scott Davis is a highly anticipated demonstration for fourth graders in MEC's service area. The 40-minute show isn't an ordinary lesson. Scott Davis uses magic to draw his audience into his message. Learning is always more fun when a magician is teaching. The program, known as Making Accidents Disappear, is designed to help students understand both the benefits and potential dangers of electricity.



## SUNWATTS EDUCATION GRANT

The SunWatts Education Grant is part of MEC's commitment to our community and is funded through REST (Renewable Energy Standard Tariff) program. Funds from the grant will be used to teach students about sustainability through curriculums designed and implemented by the grant winners.

Educators submit a short, written description of the lesson plan that teaches about renewable energy and includes materials and a cost breakdown.



# COMMUNITY SPONSORED EVENTS



- AYSO - American Youth Soccer Organization
- Back the Blue & Fire First Responder Support Parade
- MEC Elementary Schools Electrical Safety Program
- Bullhead Area Chamber of Commerce
- Bullhead City Christmas Festival
- Bullhead City Fire Department Community Risk Reduction Safety Day
- Bullhead City Lions Club
- Bullhead City Morning Kiwanis Club
- Classroom Grants Program
- Colorado River Historical Society
- Colorado River Women's Council Boombbox Parade
- Golden Shores Fire Department
- Kingman Fair 4-H Club
- Kiwanis of the Colorado River
- Laughlin Chamber of Commerce
- Los Matadores De Bullhead City
- MASH - Multiple Avenues of Successful Healthcare
- Mohave Valley Contractors Association
- National Night Out
- Newspapers in Education-Mohave Valley Daily News
- River Fund
- River Valley High School Spirit Line
- Rotary International Bullhead City
- Tri-State Warriors Football
- Veterans Parade
- Veterans United, Inc.
- VFW #6306
- Voices of the River
- Washington D.C. Annual Youth Tour



# VOLUNTEERS

Concern for Community is one of the seven principles of the Cooperative model. Our employees and Board of Directors take that to heart by volunteering countless hours to make our communities a better place to live.

Each year the MEC float in the annual Christmas Boombox Parade is loaded down with toys purchased and donated by MEC employees for the annual fire fighters toy drive. The annual Backpack Buddies program sponsored by the Legacy Foundation is another favorite community effort of MEC employees who donate time setting up and distributing items to students during the operation.

Whether it be leading a Boy Scout Troop or serving on the Board of Directors for a local non-profit, our employees and Board of Directors are making a difference in the communities we serve.

Each program across our service area meets local needs which benefit active military personnel, veterans, students, and senior citizens. The many community organizations working together with MEC employees volunteering their time, is community spirit we are proud of.

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- |  |                                       |  |
|--|---------------------------------------|--|
| Backpack Buddies - Legacy                    | Colorado River Republican Women       | Mohave Valley Fire Dept                          |
| Boys and Girls Club                          | Colorado River Women's Council        | Mohave Valley Little League                      |
| Boy Scouts of America Troop 104              | Cooperative Family Fund               | Operation Cool Shade                             |
| Bullhead Area Chamber of Commerce            | Desert Star Academy STEAM Night       | River Cities Community Theater Players           |
| Bullhead City Animal Shelter                 | Firefighters Holiday Toy Drive        | River Fund                                       |
| Bullhead City Fire District                  | Ghost Light Youth Theatre             | Tristate Military Moms                           |
| Bullhead City Recreation Dept<br>Summer Camp | Kiwanis of the Colorado River         | Veterans Parade                                  |
| Bullhead City Rotary Club                    | Mohave County Airport Authority       | Veterans of Foreign Wars<br>Post #6306 Auxiliary |
| Bullhead/Laughlin Air Show Touch-A-Truck     | Mohave Community College Foundation   | Voices of the River                              |
| CASA Council                                 | Mohave Sunrise Rotary Club            | Westcare   |
| Colorado River Historical Society            | Mohave Valley Contractors Association |  |



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# CHIEF FINANCIAL OFFICER'S REPORT 2023

Mohave Electric Cooperative operates as a not-for-profit corporation owned by our 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.



## 2023 FINANCIALS

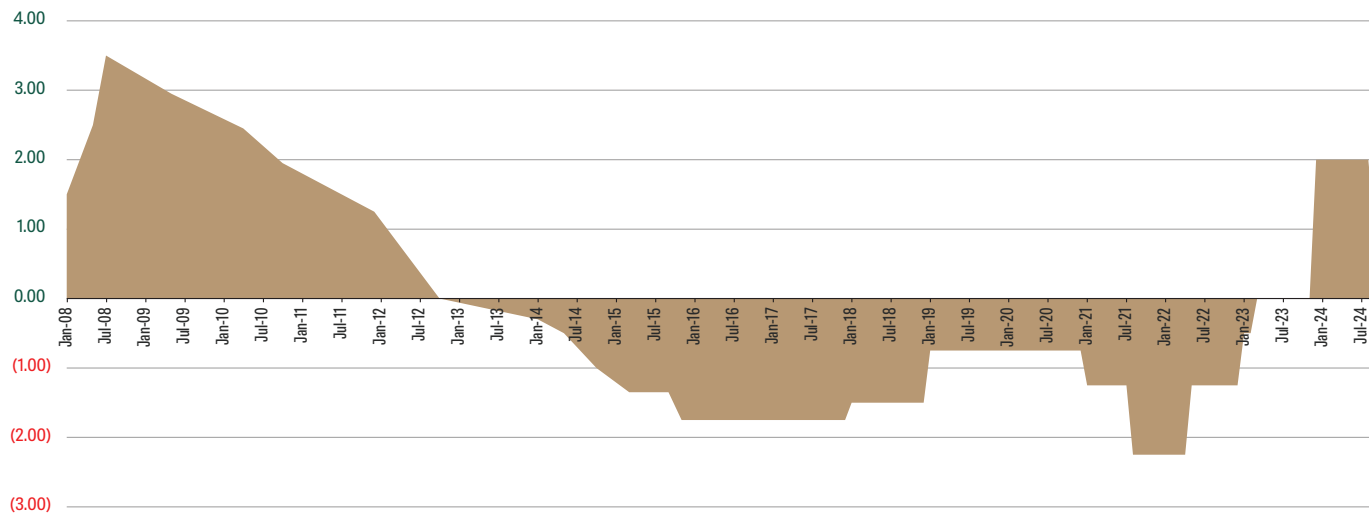
2022 was a tough year for the Cooperative, and fuel for power generation and power prices continued to affect Mohave Electric in 2023. Purchased power costs increased 7% in 2023 on top of the 37% increase in 2022.

Although forecasts for 2023 indicated the costs for natural gas and coal would be lower than 2022, they were still higher than normal. The average price of natural gas in 2023 was \$2.45, while in 2022 that price was nearly \$6.00! The average coal price increased by \$0.62, or 21%, from 2022 - 2023. By midyear 2024 natural gas prices have continued to decrease with the first half of the year averaging just over \$1.30, while coal prices have continued to elevate.

Each year, the Cooperative manages fuel prices by securing financial gas hedging transactions. This locks in the price Mohave Electric will pay for fuel costs ahead of time, up to three years in advance. For example, Mohave Electric could lock in a portion of its summer natural gas costs at \$2.50 while the daily costs on the open market could hover near double digits, and even higher when supply is low or in extreme weather. So although the summer cost is higher than long-term historical natural gas prices, Mohave Electric avoids paying the cost difference between the actual daily market price spikes and the secured hedged price.

Even with higher purchased power costs in 2023, Mohave Electric was able to maintain a \$0.00 per kWh purchased power adjustor (PPA) for most of the year. This temporary adjustor allows the Cooperative the flexibility to adjust to fluctuating power costs without having to go before the Arizona Corporation Commission with a costly rate case. The PPA can be a credit or an additional charge on member bills consistent with power costs trending higher or lower than the Cooperative's existing approved rates. For the previous ten years, the PPA had been a credit on member bills, saving members tens of millions of dollars. The PPA was changed to a \$0.02 per kWh charge in December 2023 to recoup the increases in purchased power described above.

### FUEL BANK ADJUSTOR CENTS PER KWH



Power costs have a delay between when they are incurred by MEC and when they are billed to members. MEC analyzes the current approved rates and power costs before implementing a PPA charge. If the energy portion of rates are not sufficient to cover the increased power costs, a PPA charge is added. MEC determined the current approved rates were not sufficient to cover the increased costs and therefore, implemented the \$.02 PPA charge. Most cooperatives in Arizona raised their PPAs earlier in 2023 to charge between \$.03 to \$.06 per kWh. The good thing about the PPA is its ability to change very quickly. For example, members will see a drop to \$.01 per kWh in September, and if cost projections hold where they currently are, members should see the PPA decrease to \$.0 in early 2025, if not sooner. Mohave Electric has invested significantly in the past year in local power resources to help control future costs. See pages 12 – 13 to read more about MEC’s new renewable energy, battery storage, and other resource projects that will help the Cooperative avoid buying costly power on the market. MEC will continue to invest in these resources moving forward. Please see pages 14 – 15 for additional information.

# 2023 ENERGY DOLLAR

## HOW IT WAS EARNED

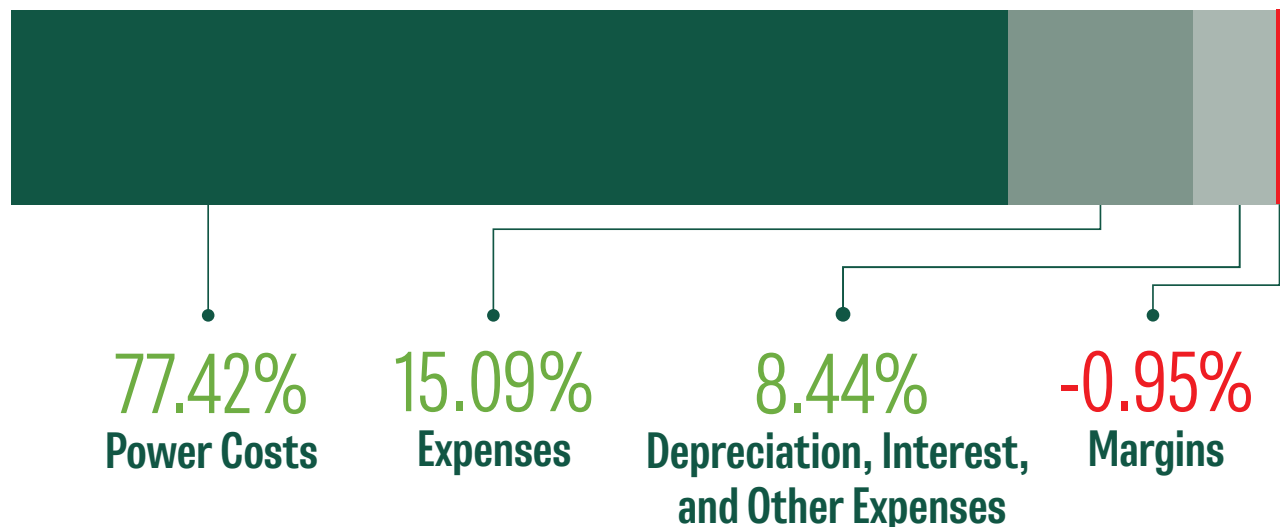
Mohave Electric is 90% comprised of residential accounts. These accounts produce 60.8% of the Cooperative's revenues for the year. Commercial members account for 38.7% of the revenue. Other types of accounts, such as irrigation, complete the rest of the revenue with 0.5%. Mohave Electric ended 2023 with 647 new services.

Controllable expenses make up the second highest expense category (15.09% of revenue). A few examples of those types of expenses would be labor, supplies, insurance, and property taxes. Although the effects of inflation are still felt across the board, the percentage of revenue used for controllable expenses only rose by 0.64% over last year. Items such as insurance and taxes are also grouped in this "controllable" bucket.

## HOW IT WAS SPENT

Purchased power costs are always the highest expense for the Cooperative. In 2023, power costs accounted for 77.42 cents of each revenue dollar collected. Due to this high cost, a high level of attention was placed on making sure the rest of the expenses were less than the 22.58 cents of the revenue dollar remaining.

The remaining costs of depreciation, interest, and other expenses round out the expenses paid, totaling 8.44%. Interest costs are higher than 2022 due to capital improvements, especially pole hardening efforts continuing since the Labor Day 2022 outage. Pole hardening consists of replacing every third wooden pole with steel or concrete in order to strengthen the electric system, improving reliability.



## CONDENSED BALANCE SHEET

### ASSETS AS OF DECEMBER 31, 2023

#### PLANT

Plant Cost \$158,582,492

Accumulated for Depreciation Less (\$65,192,001)

Net Utility Plant \$93,390,491

#### OTHER ASSETS

Cash And Equivalents \$13,271,839

Accounts Receivable \$4,325,934

Equity Investments In  
Associated Organizations \$62,208,102

Notes Receivable \$25,839

Other Property And Equipment \$60,000

Materials And Supplies \$3,429,100

Other Current Assets \$9,860,797

Deferred Charges \$44,767,263

Investment In Subsidiary/  
Eco Development/Regulatory \$29,470,872

**TOTAL ASSETS \$260,810,237**

## EQUITIES & LIABILITIES

### EQUITIES

Memberships \$188,790

Patronage Capital \$104,471,577

Other Equities \$8,707,881

**Total Equities \$113,368,249**

### LONG-TERM LIABILITIES

Long-Term Debt \$96,975,878

### CURRENT LIABILITIES

Accounts Payable \$32,750,473

Member Deposits \$3,434,793

Other Current Liabilities \$6,019,538

**Total Current Liabilities \$50,466,110**

**TOTAL EQUITIES & LIABILITIES \$260,810,237**

## CONDENSED STATEMENT OF OPERATIONS AS OF DECEMBER 31, 2023

Operating Revenues \$103,591,552 100%

Operating Expenses \$15,627,589 15.09%

Electric Power Cost \$80,199,774 77.42%

Depreciation Expense \$3,794,000 3.66%

Interest On Long-Term Debt \$4,188,220 4.04%

Other Expenses \$767,448 0.74%

Total Operating Expenses \$104,577,030 100.95%

**MARGINS FROM OPERATIONS -\$985,478 -0.95%**

Non-Operating Income -\$641,777

Non-Cash Patronage Of Associated Organizations \$1,626,169



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