



MOHAVE

Electric Cooperative

2025 SEPTEMBER

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





2025 Annual Report

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BOARD PRESIDENT & CEO LETTER

Mohave Electric Cooperative is proud to present to our members this year's Annual Report, highlighting the past year's achievements, service improvements, financial performance, and a glimpse at the current status of the Co-op.

Mohave Electric delivered outstanding reliability in 2024, achieving an average uptime of 99.97%, according to the national Key Ratio Trend Analysis (KRTA) report, which is a testament to our ongoing investment in infrastructure. Upgrades to overhead lines, underground cable, substation equipment, and fiber-optic communications have strengthened our network, electrical grid, and are delivering tangible benefits for our members.

However, the largest expense and variability for the Co-op is the cost of power generation and transmission. Mohave Electric was pleased to see power costs level out last year in comparison to 2022 and 2023 peak costs, enabling us to reduce the Purchased Power Adjustor to \$0.00 at the end of 2024. The Purchased Power Adjustor is the mechanism approved for utilities nationwide to pass along increases and savings in power costs to members. This relief in power costs helped our member bills this past summer.

Conditions for purchasing power fluctuate year-to-year, and although seem to be stabilizing now, they do not account for the continuous rise in costs of the goods and services that MEC utilizes to distribute electricity to our homes and businesses. These operational costs are also evaluated regularly to ensure MEC's current rates and charges are adequately supporting these costs while providing the reliable service our members expect.

MEC's current rates on your bill were calculated previously based on a 2021 test year. Since then, the past four years have seen significant fluctuations, including increases in the costs for poles, transformers, meters, etc. MEC contracted an energy rate analyst to review our cost of service based on our audited 2024 financials. This comprehensive study took multiple months and indicates the need for a \$6 increase to the customer charge on standard residential bills in order to appropriately recover the cost to provide service. Commercial, solar, time of use, and demand services could see a combination of slight increases in customer charge, energy rates, and demand charges. Fortunately, energy rates mostly remain unchanged for members. As a not-for-profit cooperative, MEC's rates cover the cost of service and are not marked up to generate a profit for shareholders.

This report also includes important milestones marking the numerous investments in power production and storage to help keep power costs low for our members. Additionally, it outlines our efforts to continue modernizing our energy-delivery systems and our commitment to member affordability and community programs.

On behalf of all the Board of Directors and MEC employees, we thank you for your trust, partnership, and commitment to our cooperative. Together, we will continue powering our communities—efficiently, affordably, and responsibly.



Joseph Anderson
Board President, District 3



J. Tyler Carlson
MEC Chief Executive Officer

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



Cindy Head
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 38,238 members, 45,532 meters, with more than 1,571.95 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 548 demand points each year. In 2024, MEC delivered

1,036 gigawatt-hours in retail sales to its members, and the average monthly usage by residential members increased slightly from 952 kWh in 2023 to 974 kWh in 2024.

Mohave Electric has invested \$57.9 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 11,518 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.

- North Fork at Laughlin Ranch (106 lots)
- Villages at Stonebridge Unit 3 (48 lots)
- Lake Mead Rancheros Unit 20 (16 lots)
- Willow Valley 21 (19 lots)

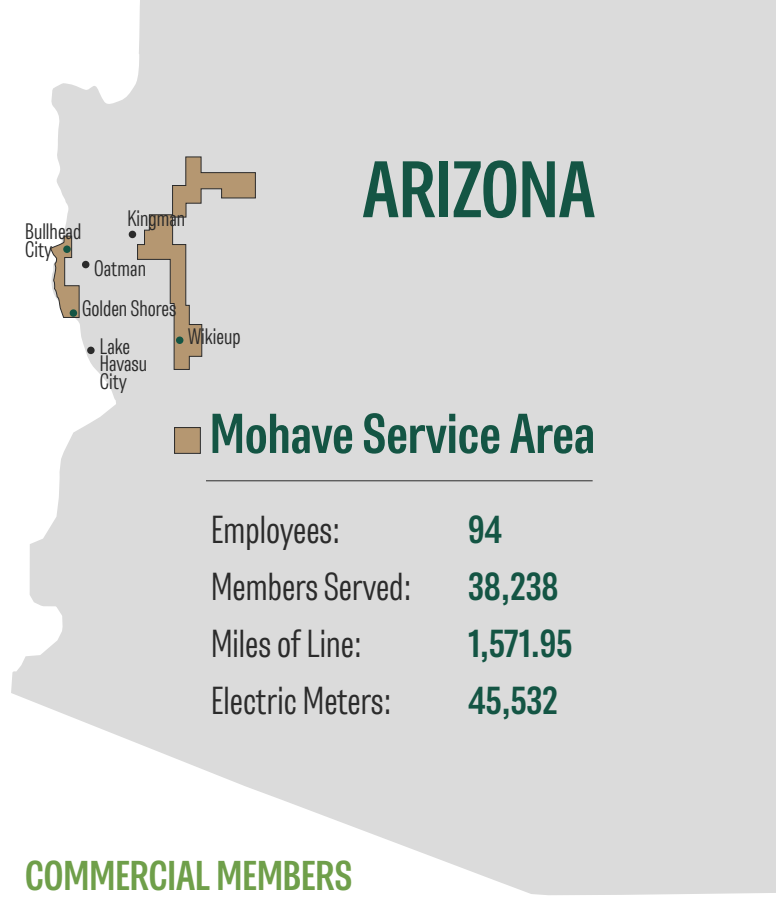
Subdivisions in progress...2024

- The Ridge at Canyon Trails Unit 6 (10 lots)
- Fort Mohave Airpark (77 lots)
- Arroyo Vista Estates Unit 2 (16 lots)
- Via Dolce Phase A (62 lots)
- Mohave Landing Unit B (48 lots)
- Rancho Heights (91 lots)
- Coyote Run (41 lots)
- Lake Mead Rancheros Unit 20 (14 lots)
- Canyon Trails Unit 12 (14 lots)
- Sunbeam Drive Townhomes (36 lots)
- Montano Ridge Unit 2 (79 lots)

In total, the listed subdivisions will bring in approximately 677 new residential lots.

MEMBER SERVICE REQUESTS IN 2024

NEW CONNECTIONS	898
START/STOP SERVICE	12,602
SERVICE CHANGES	113,909
UTILITY LOCATOR	9,235
JOB ORDERS	1,578
TOTAL SERVICE REQUESTS	138,222



ARIZONA

Mohave Service Area

Employees:	94
Members Served:	38,238
Miles of Line:	1,571.95
Electric Meters:	45,532

COMMERCIAL MEMBERS

MEC helped 397 businesses connect service in our territory. This movement of business occupancy into new and vacant buildings is a positive trend for economic development in our community.

Commercial connected

- Chevron I-40
- Tesla Charging Station I-40 and Firegrounds Road
- Bullhead City Fire Department Laughlin View Drive
- Bullhead City School District #16 Teacher Housing
- MCC Student Housing
- Mountain View Dental
- Bullhead City Senior Nutrition Center

Commercial In Design or Under Construction

- Baker Storage
- Circle K Gas Station and Carwash
- Bighorn Apartments
- Tesla Charging Station Wikieup
- Wikieup Trading Post
- Laughlin Industrial Park
- Bullhead City Amphitheater
- The Gravel Pitt Mohave Valley
- Toy Shack
- Old Trails Bridge RV Resort
- Sun River Mesa Condos
- Havasupai Apartments

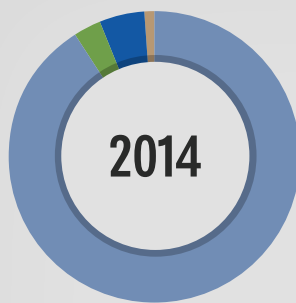


MEC'S ENERGY MIX

Wholesale Purchased Power

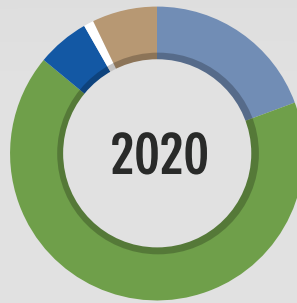
Mohave Electric Cooperative purchases wholesale power from Arizona Electric Power Cooperative, a not-for-profit generation and transmission cooperative, and other market power resources. MEC also owns local renewable energy facilities.

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 2024 energy mix and was the more cost-effective fuel. In 2024, our natural gas usage increased by 7%.



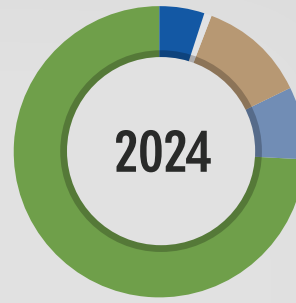
2014

91%
Coal Generation



2020

67%
Natural Gas Generation



2024

74%
Natural Gas Generation

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.

DRONE STATS 2024

32,700 Total Number of Photos

15.3 Average Number of Photos per Pole

612 Total Number of Annotations

2,134 2024 Number of Poles in Set

289 Active Flights

68h/12m/54s
Total Air Time

67h/52m/11s
Total Log Time

247 Total Mileage
(all flights)

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 standard poles in a selected area. Areas rotate every year, so each pole is inspected at least once every 12 years. Above and beyond our typical pole testing, Mohave Electric has inspected 2,134 poles by drone this past year, examining hardware, connectors, conductors, and equipment. Approximately 32,700 photos were taken during these inspections which is almost 15.3 photos per pole. Mohave's drone pilot and linemen review these photos looking for any concerns that need attention.

2,000 STANDARD POLE INSPECTIONS ANNUALLY

2,134 DRONE POLE INSPECTIONS IN 2024



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 - 10 miles from Hilltop Substation to Hualapai Substation, and 6 miles from Swan Substation to Opalka Substation. In 2024, \$4.8 million of the \$10 million project was invested with 82% of the poles completed. Since the Labor Day 2022 outage MEC is investing closer to \$20 million in line hardening.

\$10 MILLION INVESTING

MEC is investing \$10 million in replacing wooden poles with non-wooden poles.

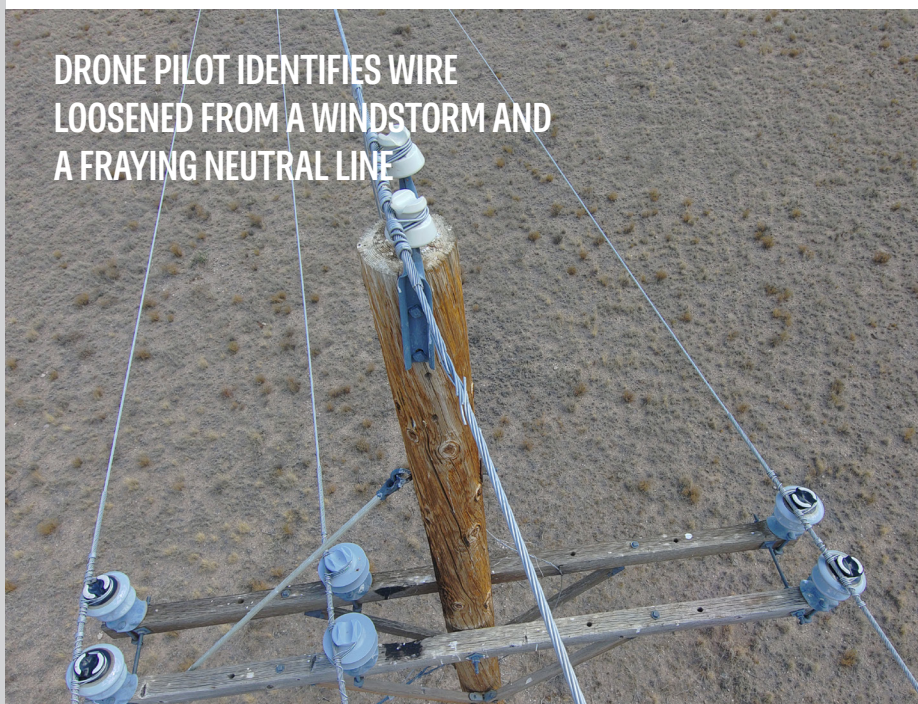


HILLTOP LINE HARDENING

32 poles were replaced adjacent to I-40 heading west near Blake Ranch Road toward Hualapai Mountain Road. The project began February 2025 and was completed at the end of April. Line hardening entails replacing every third wooden pole with a steel or iron ductile pole to strengthen reliability in high windstorms.



2024 EASTERN SERVICE AREA STATS
264 POLE INSPECTIONS
4,451 PHOTOS
2 REPAIRS



DRONE PILOT IDENTIFIES WIRE LOOSENED FROM A WINDSTORM AND A FRAYING NEUTRAL LINE



2025 LAZY Y U REPAIR AT INDIAN PONY DRIVE
WOODEN POLE SPLITTING
LOGGED FOR REPLACEMENT



ELECTRICAL LINES

+1,571.95 TOTAL MILES OF ELECTRICAL LINES

MEC's electrical lines include 116.6 miles of subtransmission line, 1,080.12 overhead and 375.23 underground distribution lines. In 2024, MEC invested \$238,954.10 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.



PROJECTS WITH



Mohave Electric Cooperative is a not-for-profit, distribution electric utility that is responsible for providing electricity directly to homes and businesses. We are not a generation and transmission (G&T) provider. Our main G&T is Arizona Electric Power Cooperative, Inc. (AEPCO) headquartered in Benson, AZ. MEC is also a member-owner of AEPCO, which generates and transmits more than 75% of our power. Programs that benefit AEPCO are passed along to MEC in terms of reliability and affordability for our members.

EMPOWERING RURAL AMERICA (NewERA)

AEPCO was selected for a \$485 million grant through the USDA Empowering Rural America (NewERA) program. This program is the most substantial investment in rural electrification since the Rural Electrification Act was signed into law in 1934 by President Franklin Delano Roosevelt – the Act that essentially gave MEC the ability to incorporate into a utility as a member-owned cooperative when investor-owned utilities would not serve this area.

The grant will facilitate major investments in new utility-scale renewable energy projects, including 730 megawatts of solar and 2,910 megawatt-hours of battery storage, benefiting 40 member cooperatives and public power utilities across the rural Southwest. This project benefits MEC and our members to the tune of \$108,978,626.

POWERING AFFORDABLE CLEAN ENERGY (PACE)

Additionally, the USDA Rural Utility Service (RUS) Powering Affordable Clean Energy (PACE) also awarded AEPCO \$55.2 million in federal funding for the development of three battery storage systems across Arizona. One of these systems will be a 15 MW / 60 MWh utility-scale battery system in Mohave Electric's service territory specifically in Fort Mohave, Arizona.

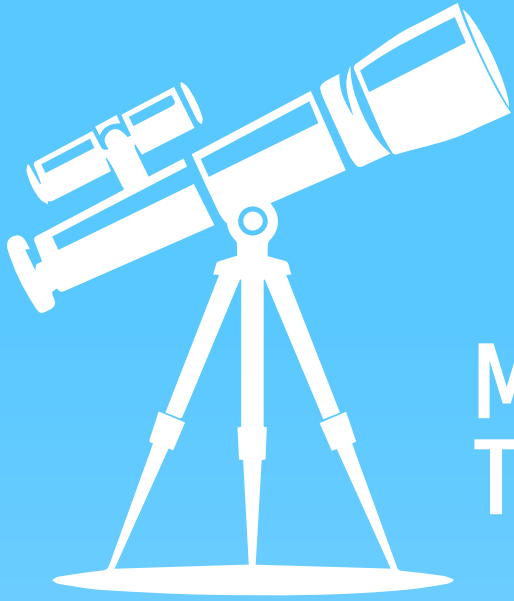
MOHAVE ENERGY PARK (MEP)

In addition to renewables and battery energy storage systems, AEPCO will be building new clean and efficient natural gas generation in MEC's service territory. The flexible generation units are designed to ramp up and down quickly. For every intermittent solar system, a reliable unit is needed to balance reliability for the overall electric grid and provide consistent power both day and night, and during periods of weather when solar and renewables are not producing power.

These natural gas units can isolate MEC from potential generation and transmission outages and help us provide emergency backup power to key institutions such as hospitals, cooling centers, fire stations, and other government entities during a major outage.

SOLAR + BATTERIES + NATURAL GAS = RELIABILITY & AFFORDABILITY

There are many more steps to come before these projects are built and online. These projects are not a one-time initiative but a part of a large plan advancing a brighter future for MEC and the members we serve.



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, Parker-Davis, and Colorado River Storage Project, and we've invested in three different solar farms and two battery projects in the past ten years, securing 32.9 MW of power generation and 30 MW of storage within our own distribution network. MEC and AEPCO are adding natural gas power generation in our distribution network to scale up or 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 Ensures some local generation to help offset a power generation power supplier outage.
- 4 Diversifies our renewable energy portfolio.

Earlier, we mentioned that growth is continuing in the area – not just increases in population – averaging 548 demand points each year, but also increases in the amount of power being consumed by members. In 2024, MEC delivered 1,036 gigawatt-hours in retail sales.

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 (AEP CO) otherwise known as Arizona Generation & Transmission (AzG&T).



FALL 2024



MEC has a stand-alone battery project which provides 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

2ND 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 secured a purchased power agreement through AzG&T for natural gas at Apache Station.

19.5 MW Flexible Generation

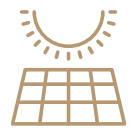
2025-2027



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

4TH QUARTER 2025



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 Cochise, Arizona.

25 MW Solar & 25 MW Battery

2027



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

80 MW Solar & 55 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/DSM) 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

8 income-qualified members were helped in 2024 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 up to \$3,000 per home for the Home Weatherization program, equaling \$24,000 for the 2024 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

48 RESIDENTIAL HOMES
1 COMMERCIAL BUILDING

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

1,279 LED LIGHTBULBS GIVEN AWAY

LEDs are distributed with MEC annual meeting gift bags, and new member gift bags.

HIGH EFFICIENCY REBATES

HEAT PUMP REBATES

172	\$216,100
RESIDENTIAL	TOTAL IN RESIDENTIAL
2	\$2,750
COMMERCIAL	TOTAL IN COMMERCIAL

A/C REBATES

13	\$10,800
RESIDENTIAL	TOTAL IN RESIDENTIAL

MINI-SPLIT REBATES

487	\$237,000
RESIDENTIAL	TOTAL IN RESIDENTIAL
8	\$3,800
COMMERCIAL	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. One additional Fire Department project is near completion.

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 2024

Residential 267

Commercial 1

SunWatts Rebates 2024

Residential \$76,142.25

Commercial \$858.00

SOLAR SYSTEMS INSTALLED TOTAL: 2,302

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.

14 BATTERIES INSTALLED 2024

Since 2022, Mohave Charged has rebated 35 batteries.



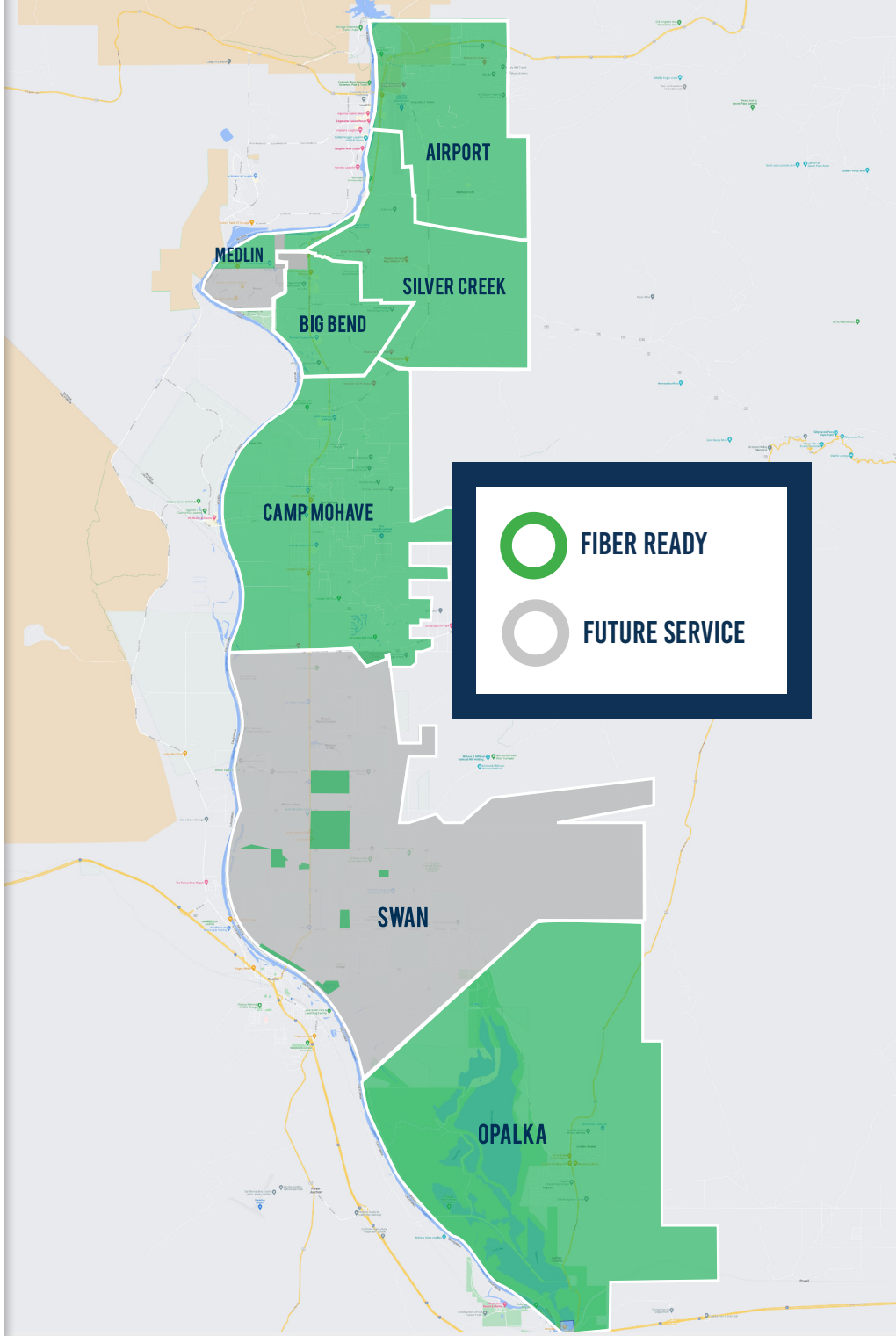


IN THE COMMUNITY

Mohave Electric Cooperative (MEC), in partnership with TWN Communications (TWN) is bringing a fast, reliable all-fiber broadband solution throughout MEC's service territory! More than 26,000 MEC members have access to TWN's 100% fiber broadband service.

TWN knows the importance of being connected. And like Mohave Electric, TWN is committed to our communities through sponsorships, donations, and volunteering.





ARE YOU FIBER READY?

Scan the QR code, call 888-227-2095, or visit www.twncomm.com/mohave 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 which rounds up member payments to the next whole dollar.

The combined contributions of From the Heart and Operation Roundup® programs from MEC members totaled \$14,245.19 in 2024.



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 in 2025 changed to \$15,000. 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 \$175,000 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 2024, \$36,759.68 in unclaimed deposits was directed to River Fund.

MOHAVE EMPLOYEES DONATE THROUGH PAYROLL DEDUCTION

In 2024, Mohave Electric Cooperative employees generously donated \$10,840 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 2024, MEC's Board of Directors contributed \$35,000 to River Fund for the Members Helping Members Energy Assistance Program, plus \$15,000 in additional funds.

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, 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!

Co-op Connections® Card

Save on Dining, Travel, Prescriptions & Much More!

RiverRock Promotions & Printing

15% OFF Any Purchase

216-403-2303

5593 South Hwy 95, Fort Mohave

EAGLE MOTORSPORTS

FREE Coast Guard Kit and a set of Fenders with purchase of Bentley Pontoon or Tri-Toon

928-257-4332

2106 Hwy 95, Bullhead City

\$5 Off Nail Trims

ADVANCED ANIMAL CARE

Call or Text for an appointment

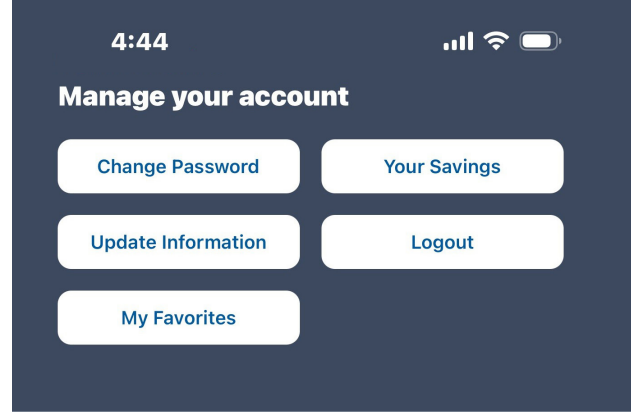
928-770-4918

5842 S Hwy 95, Fort Mohave

MOHAVE electric cooperative

Receive free advertising when you become a Co-op Connections® Business Member!

Signing up is free and easy! Email us at coopconnections@mohaveelectric.com



Co-op Connections

Local Deals

Food, Dining, Shopping & More

Health & Wellness

Dental, Vision, Diabetic & More

Safety & Security

Towing, Insurance ID Protection & More

Travel & Entertainment

Parks, Tickets, Travel

National Discounts

Nationwide discounts at dozens of online stores

Membership Card

Show your membership card whenever is required



Download on the App Store

GET IT ON Google Play

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. Already a Co-op Connections® business member? Reach out today to confirm or update your discount or promotion.



ADVOCATING FOR OUR MEMBERS

LEGISLATIVE

Every year Mohave Electric Cooperative monitors and actively participates in our statewide and national legislative process and meets with our elected representatives to advocate for continued policies that will help keep electricity reliable and our rates affordable for our members.

In January, MEC Board of Directors and senior management traveled to Phoenix, AZ – our State Capitol – to educate our elected leaders on Mohave Electric Cooperative priorities and challenges. Nearly all elections result in change, and the November 2024 election said “farewell” to some electeds with long-term historic knowledge of cooperative principles and said “hello” to 22 newcomers. 2025 marked the 57th session of the Arizona Legislature with both the AZ House and AZ Senate being occupied with a Republican majority.

One cooperative win from this trip included advancing a legislative bill to protect co-ops and other utilities against massive wildfire liability claims, as long as the utilities have taken measures to prevent wildfires from occurring. Governor Katie Hobbs signed this legislation in May, and MEC is actively working with the Arizona Department of Forestry and Fire Management to finalize our Wildfire Risk Mitigation Plan. Insurance falls under controllable expenses for MEC’s budget and limiting bureaucratic legal insurance claims is one way we can keep costs low as a not-for-profit utility.

In addition to briefing and educating the AZ Legislature, Mohave Electric met with the Arizona Corporation Commissioners (ACC). The ACC is the state regulatory body that has constitutional authority to consider several co-op activities such as ratemaking, infrastructure development, and renewable energy programs. The November election resulted in two new Commissioners of the five total with Republicans holding a 5-0 majority on the Commission. Cooperatives are self-governed utilities that believe our Board of Directors, being comprised of and elected entirely by other MEC members, are best suited to determine the course of Mohave Electric than folks down in Phoenix. MEC is educating the new Commissioners on the importance of maintaining this flexibility and work with all Commissioners to reduce regulatory lag, increase efficiencies, and streamline approvals and reporting.

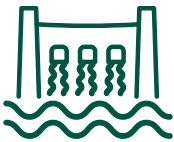
In late April MEC CEO Tyler Carlson and senior management traveled to Washington D.C. to meet with our U.S legislative representatives on behalf of our MEC members to strengthen public policies that promote electric reliability and affordability at the federal level.

With changes in our Presidency and Administration, there were a few key co-op issues to discuss and underscore with our Senate and Congressional representatives this year including:



MEETING GROWING ENERGY NEEDS

American families and businesses need the lights to stay on at a cost they can afford. Our nation's energy policies must reflect this fundamental expectation. Growth is inevitable, and over the next four years, electricity demand is forecasted to increase by nearly 16% nationwide. MEC and other co-ops across the country are advocating for national energy policies that help us keep the lights on today while meeting the energy needs of the future.



PROTECTING HYDROELECTRIC POWER

Hydroelectric power is a reliable source of low-cost energy benefiting the majority of the country, and although Arizona is home to multiple dams that supply hydroelectric power, long-standing contracts with the federal government have determined the distribution of water and power to various utilities.

Because of these decades-old federal contracts, Mohave Electric Cooperative surprisingly receives a relatively small share of hydropower: 5% of our energy mix. It is critical that MEC continues to advocate for both the preservation of this allocation and to protect our direct access to this clean energy resource from potential threats posed by other federal policies.



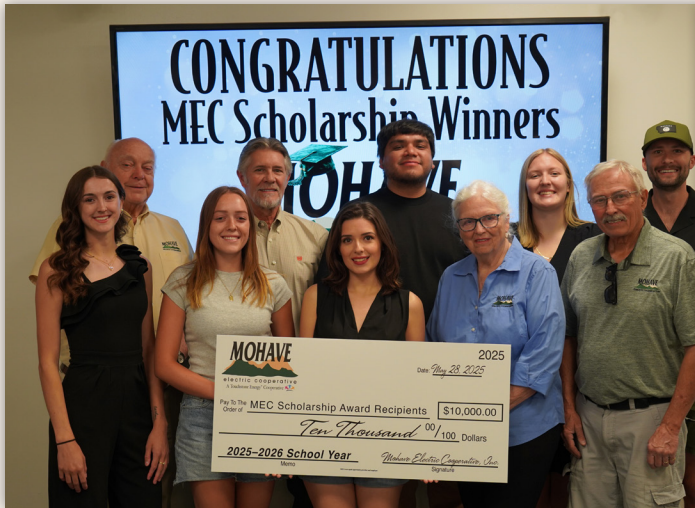
DEFENDING AGAINST WILDFIRES

The U.S. House of Representatives passed bipartisan legislation earlier this year that would expedite federal approvals to allow co-ops to harden their grids against wildfires, remove hazardous vegetation, and reduce the number of frivolous lawsuits that delay wildfire mitigation projects. The Fix Our Forests Act also received approvals from the U.S. Senate Committee on Energy and Natural Resources, but final approvals are needed before moving forward to President Trump for signature.



FIBER BROADBAND

With the change in Administration, all remaining federal grant funding is under review to ensure accountability in the use of taxpayer dollars. TWN and MEC will be applying for BEAD 2 grant funding, which, if awarded, would allow us to complete our 100% fiber-optic network and bring high-speed internet to all our rural MEC members.



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. A total of twenty-four applications were received.

A panel of judges selected six student winners: Shea Amann, attending Arizona State University; Rachel Barton, attending University of Arizona; Christopher Boggs, attending Montana State University; Christy Cerjance, attending Grand Canyon University; Savannah Furr, attending Embry-Riddle Aeronautical University-Prescott; and Anthony Siyuja, attending Coconino Community College. Each of the six students received a \$1,667 scholarship to their college for a MEC donation of \$10,000.

CLASSROOM GRANTS

Mohave Electric Cooperative (MEC) awarded eighteen \$200 classroom grants to educators for financial assistance in making classroom learning more engaging. Thirty-four 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 owl pellet dissection, hydropower generators, and financial literacy, to Lego robotics competition and sensory integration to learning centers. The eighteen selected educators represent ten schools where their various K-12 programs will be implemented. The schools are Bullhead City Middle School, Desert Light Christian Academy, Desert Star Academy, Fort Mojave Elementary School, Mohave Accelerated Learning Center, Mohave High School, River Valley High School, Sunrise Elementary School, Topock Elementary School, and Young Scholar's Academy.

\$10,000

SCHOLARSHIPS

Six students each received \$1,667 in college scholarships.

\$3,600

CLASSROOM GRANTS

Eighteen \$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 to D.C. 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 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 30-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 the REST (Renewable Energy Standard Tariff) program. Funds from the grant are 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.

Last year, Samantha Penfold of Fort Mojave Elementary School, was one of the two award recipients. Penfold expressed, "The grant will assist first grade students by allowing them to learn about renewable energy, specifically solar energy, by building simple solar ovens and cooking a s'more treat."

COMMUNITY SPONSORSHIPS AND EVENTS



NATIONAL NIGHT OUT



VETERANS PARADE



BULLHEAD CITY MORNING KIWANIS CLUB KIDS EXPO



COLORADO RIVER WOMEN'S COUNCIL BOOM BOX PARADE

AYSO - American Youth Soccer Organization

Back the Blue & Fire First Responder Support Parade

Boys & Girls Club of the Colorado River

Bullhead Area Chamber of Commerce

Bullhead City Christmas Festival

Bullhead City Fire Department Community Risk Reduction Safety Fair

Bullhead City Lions Club

Bullhead City Little League

Bullhead City Morning Kiwanis Club

Bullhead City Regional Food Bank

Christine Stamper Center for Help & Hope

Classroom Grants Program

Colorado River Historical Society

Colorado River Women's Council Boom Box Parade

Desert Star Academy

Golden Shores Fire Department

Holly Jolly Holiday Bazaar

Insanity Fast Pitch

Kingman Fair 4-H Club

Laughlin Chamber of Commerce

Legacy Connection

Los Matadores De Bullhead City

MASH - Multiple Avenues of Successful Healthcare

MEC's Electrical Safety Program

Mohave Community College Foundation

Mohave Roadrunners Track & Field

Mohave Valley Community Park

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

Topock Community Center

Tri-State Warriors Football & Cheer

Veterans United, Inc.

Veterans Parade

Veterans of Foreign Wars

Voices of the River

Washington DC 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.

Whether it be coaching a little league team or serving on the board 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.

- | | | |
|--|--|---|
| Boy Scouts of America Troop 104 | Colorado River Republican Women | Mohave Valley Fire Dept |
| Boys and Girls Club | Colorado River Women's Council | Mohave Valley Little League |
| Bullhead Area Chamber of Commerce | Connection Express | Operation Cool Shade |
| Bullhead City Fire District | Cooperative Family Fund | River Cities Community Theater Players |
| Bullhead City Little League | Desert Star Academy STEAM Night | River Fund |
| Bullhead City Recreation Dept Summer Camp | Firefighters Holiday Toy Drive | Tri-State Military Moms |
| Bullhead City Rotary Club | Ghost Light Youth Theater | Veterans of Foreign Wars Post #6306 Auxiliary |
| Bureau of Land Management AZ Resource Advisory Council | Mohave Community College Foundation | Veterans Parade |
| Christine Stamper Center for Help & Hope | Mohave County Airport Authority | Voices of the River |
| Colorado River Historical Society | Mohave County Public Lands & Recreation Commission | Westcare |
| | Mohave Sunrise Rotary Club | |



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

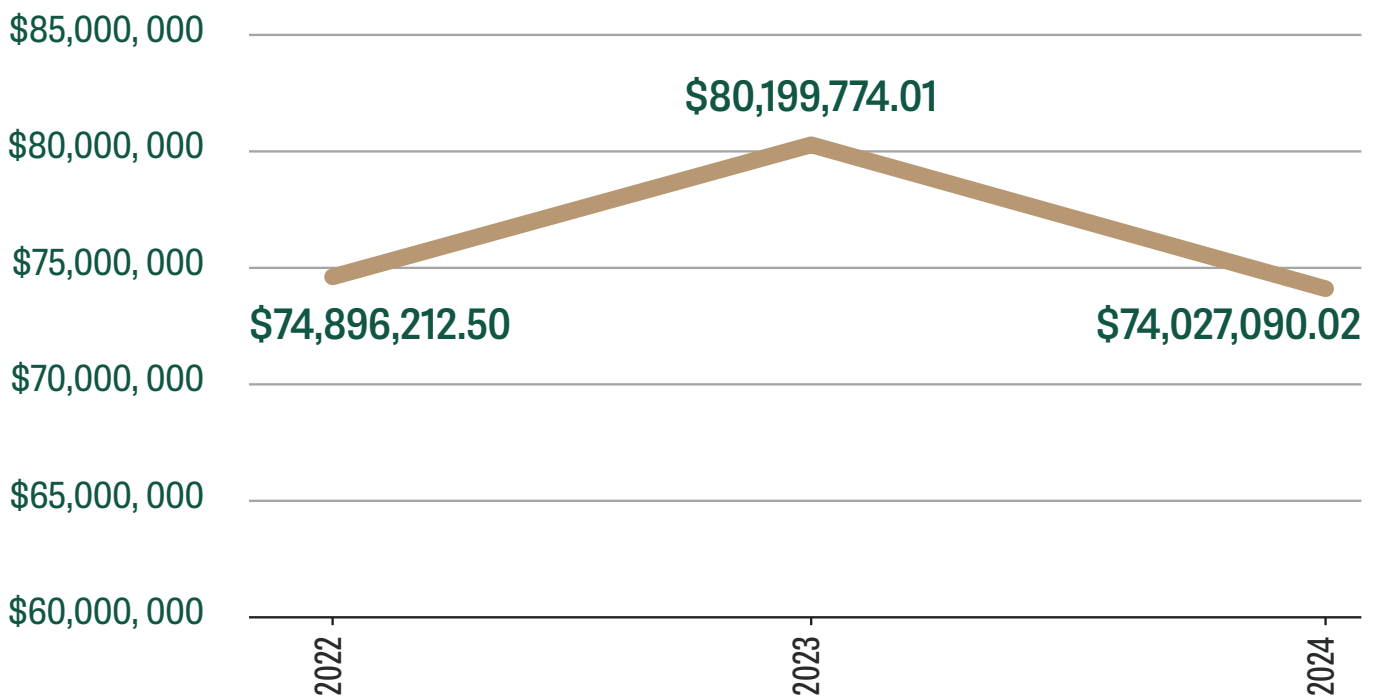
While the last few years have been a perfect storm of financially draining events, such as the 2022 Labor Day storm and volatile market power prices, this year held steady and started to trend in the right direction. The year ended with positive margins.

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%

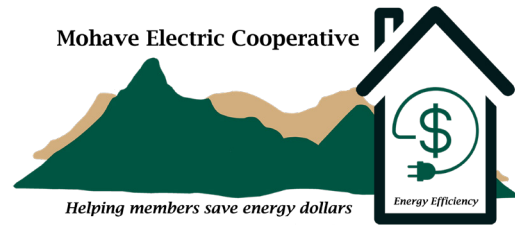
Non-Operating Income \$364,501

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

TOTAL MARGINS \$3,621,884.75



MEC **Currents**



MOHAVE
CHARGED

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