



Sulphur Springs Valley  
Electric Cooperative, Inc.

A Touchstone Energy® Cooperative



**OWNED BY THOSE WE SERVE**



**2024 ANNUAL MEETING**



Letter from  
**CEO**  
**Jason Bowling**

On behalf of the entire team at SSVEC, I am pleased to share the online version of our annual report.

This new format reflects our commitment to proper stewardship of our members' financial resources, especially during these challenging economic times. By focusing on essential information in the mailed version, we've saved \$50,000—funds directly benefiting our members.

The cost of operations has surged, with wood poles and transformers experiencing price increases of 250% and over 300%, respectively. Despite these challenges, SSVEC has maintained stable rates for eight years, thanks to our team's dedication to cost control. This includes small measures, like the report's redesign, and significant initiatives, such as last year's launch of a 20 MW solar generation facility and our fuel hedging program.

The report proudly showcases our achievements: unwavering member satisfaction, sound financial stewardship, industry-leading safety standards, unprecedented employee satisfaction, and significant community contributions. The whole team at SSVEC is committed to our mission of providing our members with safe, reliable, and affordable service.

Looking ahead, we are excited about the future. We're pursuing grant funding for resilience projects and enhancing our workforce's skills to embrace new technologies. I extend my deepest gratitude to our exceptional employees, the board of directors, and our the honor of a lifetime.



## Letter from **President Curtis Nolan**

The past year has unfolded as one of the most challenging periods in the 86-year history of our Cooperative.

Starting in January, we witnessed a significant spike in natural gas prices and electricity generation costs, reaching the highest rates seen in a decade. The heat of the summer set new temperature records, pushing our electricity consumption to unprecedented peaks. Concurrently, we navigated through substantial supply chain disruptions, which complicated our efforts to secure essential equipment and materials for reliable service.

Yet, we end this year with a sense of resilience and anticipation for the future. The board's foresight and our members' steadfast support were crucial in allowing SSVEC to manage this volatility and remain committed to our mission of delivering safe, reliable, and affordable service.

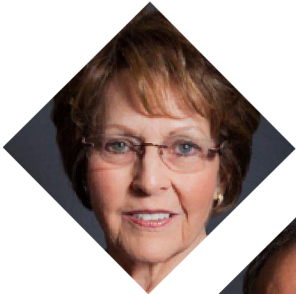
In response to the steep increase in natural gas prices, we initially raised the Wholesale Fuel Adjustment charge. We've since managed to reduce this charge to zero, a move reflecting our dedication to maintaining affordability for our members.

Looking ahead, we are enhancing our local generation capabilities. This includes increasing renewable resources and integrating fast-ramping natural gas generation, which pairs well with solar energy. By boosting our local generation, we secure more control over our energy sources and offer greater price stability to our members. This strategic shift not only aims to solidify our energy independence but also guarantees the continuation of providing safe, reliable, and affordable service to every member.

Our journey together, as crucial now as it was when this Cooperative was founded in 1938, equips us to navigate and thrive through challenging times. Together, we will continue to forge a path of resilience and sustainability for our community.



# Board of Directors



**Ms. Kathy Thatcher** represents District 1 on the Board of Directors, which includes members in Willcox, Bowie and San Simon. She shared she has always had an appreciation for SSVEC and enjoys serving the members of our community.



District 2, which includes areas in Willcox, Stewart, and Cascabel is represented by **Mr. Curtis Nolan**. He said, "Serving on the board is a charge to give back to the community."



**Mr. John Shaver**, of District 3, said, "I have always believed that the cooperative model is the greatest opportunity for communities to flourish and succeed."



Representing District 4 is **Mr. Tom Goodman**. He represents an area that combined two existing districts. It includes St. David, Huachuca City, Elgin, Sonoita, and Patagonia.



"As I grew up within the cooperative area I appreciated the contributions that SSVEC have made to the community," **Mr. Dan Barrera** has said. He represents Benson, Pomerene, Mescal and J-6 for District 6.

**Mr. Russ McNeill** represents District 8. "This area is my home. I feel a responsibility to use the experience I have been blessed with, to work and try to make Cochise County a place we can all enjoy for a long time," he has said.



**Mr. Lex Herron**, of District 9, said he wants to serve his community and represent the SSVEC members in the district where he lives. He serves members in the east and south areas of Sierra Vista.



Representing District 10 is **Ms. Janice Beam**. She is pleased to have the opportunity to be a part of SSVEC - which does so much for the people and businesses in our service territories.



**Mr. Randy Redmond** represents District 11. He says being part of the SSVEC Board is a chance to work with a great management team and a way to pay back our community.



For District 13, **Mr. Dave Kelso** represents the members in Hereford, southeast Sierra Vista and the southern portion of HWY 83. "My professional experience and education permit me to understand the technology and business aspects of SSVEC," he said.





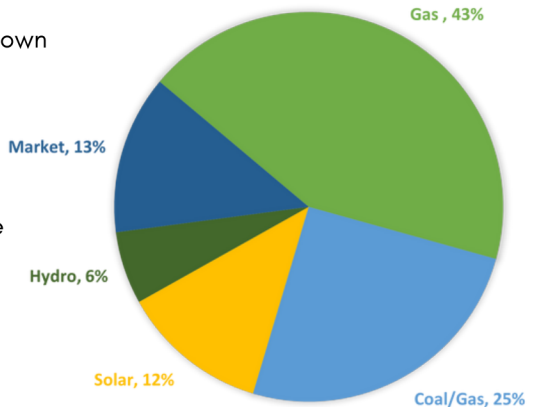
# About SSVEC

There are more than 900 electric cooperatives in the nation, each one is different because of its commitment to serve its own communities' needs. Located in the southeastern corner of the state, SSVEC's service territory covers parts of Cochise, Graham, Pima, and Santa Cruz counties. At SSVEC, we are dedicated to providing safe, reliable, and affordable energy for our members. Our Board of Directors consists of 10 representatives who are elected by members residing within districts throughout the service area. Board members oversee the Cooperative's financial operations and establish and approve its policies. Our directors have a variety of backgrounds: agriculture, public safety, small business, education, engineering, management, military, as well as the electric utility industry.

SSVEC is a not-for-profit, member-owned distribution cooperative providing electricity to more than 60,000 services over some 4,100 miles of energized line. Throughout our 86-years of progress, SSVEC has been guided by the seven Cooperative Principles: voluntary membership; democratic member control; member economic participation; autonomy and independence; ongoing education and training; cooperation with other cooperatives; and concern for the community.

We have seen major changes in our energy mix over the last few years. In 2016 over 80% of our energy was produced by coal; in 2024 we expect that number to be 25%. With the new Hoover Power Contracts, our hydropower is anticipated to have a slight increase from 5.2% to 6%. Power from natural gas is expected to jump to 46% from 3%, while solar will have grown to over 12% with the addition of our second large solar field with battery backup. There are several other projects in progress to continue to increase solar input, and we are performing these changes in a cost effective, reliable, and safe manner.

## Estimated 2024 Energy Mix



# Operation Highlights

	<b>Dec. 31, 2023</b>	<b>Dec. 31, 2022</b>
<b>Active Meters</b>	53,694	53,703
<b>New Services Connected</b>	134	66
<b>Total Electric Sales</b> (kWh)	965,619,410	903,555,313
<b>System Peak</b> (kW and Month)	241,565 (July)	230,549 (July)
<b>Miles of Energized Line</b>		
Transmission	322	322
Distribution (overhead)	3,102	3,093
Distribution (underground)	803	797
<b>Taxes Paid for the Year</b> (property, payroll, franchise, other)	\$20,615,450	\$13,625,745
<b>Patronage Capital</b>		
Margins Assigned	\$8,121,782	\$2,979,994
Retired	\$3,219,448	\$5,222,410
<b>Total Member Equity</b>	\$168,126,781	\$162,000,343
<b>Operating Revenue</b>	\$149,432,497	\$135,959,102
<b>Operating Margins</b>	\$6,298,265	\$0
<b>Non-Operating Margins</b>	\$1,832,517	\$2,979,994
<b>Capital Credit Margins</b>	\$8,121,782	\$2,979,994

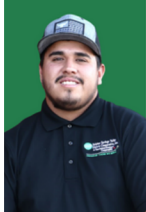
# Audited Financials

Summary Income Statement	2023	2022	Variance
<b>REVENUE</b>			
Total Operating Revenues	149,432,497	135,959,104	13,473,393
<b>EXPENSES</b>			
Cost of Power	93,304,444	88,542,236	4,762,208
Operation & Maintenance Expenses	17,438,707	16,442,599	996,107
Administrative & General Expenses	14,688,883	13,769,045	919,838
Depreciation Expense	12,138,611	12,014,926	123,686
Interest & Other	5,563,587	5,190,298	373,289
Total Operating Expenses	143,134,232	135,959,104	7,175,128
			-
Operating Margins	6,298,265	-	6,298,265
			-
G&T and Other Capital Credits	1,157,763	2,595,767	(1,438,004)
Non-Operating Margins - Interest & Other	665,754	384,227	281,527
Net Margins (Patronage Capital)	8,121,782	2,979,994	5,141,788
<b>Summary Balance Sheet</b>			
	2023	2022	
<b>ASSETS</b>			
Cash & Temporary Investments	16,248,077	15,724,804	
Accounts Receivable (Net of Allowance)	5,597,512	8,088,758	
Materials & Supplies	6,688,798	4,263,423	
Utility Plant (Net of Depreciation)	249,420,340	230,428,310	
Other Assets	3,332,515	6,532,853	
Patronage Capital (Associated Organizations)	67,245,427	66,139,113	
Total Assets	348,532,669	331,177,261	
<b>EQUITIES</b>			
Patronage Capital Allocated	166,804,066	160,874,273	
Other Equities	1,322,715	1,126,070	
Total Equities	168,126,781	162,000,343	
<b>LIABILITIES</b>			
Long Term Debt	130,718,539	112,326,234	
Capital Lease Payable	6,845,803	7,098,710	
Construction Loan	-	10,000,000	
Accounts Payable	9,469,262	9,886,817	
Other Liabilities	21,156,247	20,288,026	
Deferred Expenses	12,216,036	9,577,130	
Total Liabilities	180,405,887	169,176,918	
Total Equities & Liabilities	348,532,669	331,177,261	

For audited periods ending December 31, 2023, June 30, 2023, and June 30, 2022

# SSVEC Foundation Scholarship Recipients

CONGRATULATIONS



# 2023 in Review



The SSVEC Foundation donated \$221,598.21 to support community schools and organizations.



Introduction of the OMS (Outage Management System) has resulted in more precise metrics to improve operations.



Operation Round-up provided \$20,227.68 in funds to those in need in our communities.



Capital Credits returned to members totaled \$3,000,000.04.



35 scholarships were awarded; totaling \$140,000.



Our energy mix for solar increased from 6.5% to 12%.

# Agenda

## **Welcome and Introductions**

*Kristin Gray, Community Relations Manager*

## **Call to Order at 7:00pm**

*Curtis Nolan, President*

## **Invocation**

## **Pledge of Allegiance**

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## **Report of a Quorum**

## **Reading of Notice of Annual Meeting & Proof of Mailing**

## **Reading of 85th Annual Meeting Minutes/Action Taken\***

## **Report of Director Elections**

*Dan Barrera, Secretary*

## **Oath of Office for New Directors**

*Curtis Nolan, President*

## **Financial Report**

*Ron Lee, VP Finance and Accounting*

## **Power Supply Report**

*Daniel Wilson, SVP Operations*

## **President's Report**

*Curtis Nolan, President*

## **Chief Executive Officer's Report**

*Jason Bowling, CEO*

## **Adjournment**

*Curtis Nolan, President*

## **Billing Credits\*\* and Door Prize Drawings**

*Cory East, Manager of Key Accounts,  
Agribusiness, & Energy Management*

*\*Unapproved minutes are generally not read in their entirety at the Annual Meeting. (Complete copies of the minutes from the April 20, 2023 Annual Meeting will be posted on at [ssvec.org](http://ssvec.org) for review.) A motion for approval and a second are needed to take action on this agenda item.*

*\*\*Note: An All SSVEC Member Drawing will be held on July 1, 2024, for fifty \$100 Billing Credits*





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Annual Report