



TRICO

AN ENERGY COOPERATIVE



Annual Meeting 2023

Program and Report

WELCOME & AGENDA

Welcome to Trico's 2023 Annual Meeting. One of the most important benefits of being a Member of an electric cooperative is the ability to participate directly in the governance of your cooperative. Trico's Annual Meeting allows us to connect with you, our Members, and keep you informed about how we make a difference in the community and provide you with cost-effective and sustainable energy solutions.

Today our Board and staff will update you on Trico's services, financial strength and plans for the future. You will have the opportunity to ask questions and elect two directors to Trico's Board.

Thank you for joining us. We truly appreciate you taking the time to spend your morning with us!

AGENDA

9–11 a.m.	Registration, Informational Booths & Workshops
11 a.m.	Annual Meeting
Welcome	Lawrence Hinchliffe, President
Opening Blessing	Miguel Flores Jr.
Invocation	Joe King, Treasurer
Pledge of Allegiance	Marsha Thompson, Vice President
National Anthem	Tiff Jensen, Trico Member
Financial Report	James Freeman, Chief Financial Officer
President's Report	Lawrence Hinchliffe, President
Manager's Report	Brian Heithoff, CEO/General Manager
Question & Answer	Brian Heithoff, CEO/General Manager
Election	Brian Heithoff, CEO/General Manager
Adjourn	Lawrence Hinchliffe, President
Raffle	Rylee Schull, Trico Scholarship Recipient

Cover photo by Roni Ziemba



YOU'RE A CO-OP MEMBER

Being part of an electric cooperative (co-op) is unique. Why? Because cooperatives are not typical businesses. There are more than 900 electric co-ops in the U.S., and each is slightly different because they are designed to serve the needs of the local community. Trico was formed as a non-profit in 1945 by seven farmers and ranchers in Avra Valley to serve the community. More than 75 years later we are still committed to serving and improving the communities we power.

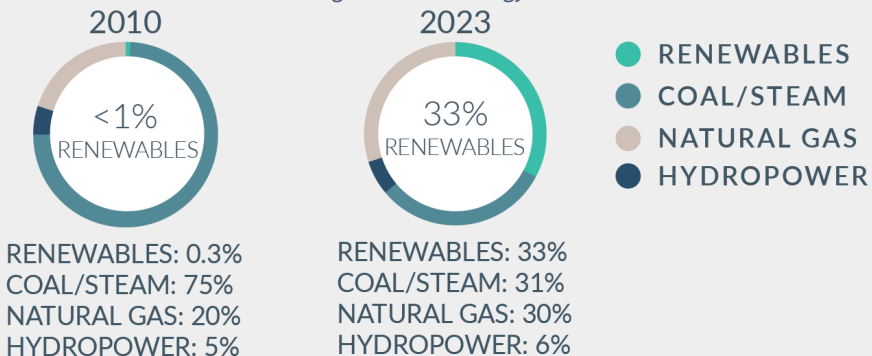
Here are a few facts to help you get to know Trico.

Trico by the Numbers

- Serve **54,929** meters in **3** counties: Pima, Pinal, and Santa Cruz counties
- Own and maintain **4,044** miles of distribution power lines
- Serve over **46,000** Members
- Over **\$32 million** total returned to members in the form of Capital Credits since 2010
- Trico Foundation has awarded **\$3.6 million** in scholarships to Members and their families since 1985
- Since 2008, Trico's POWER Grants program has provided **\$770,000** in funding to local non-profit organizations in our community

Trico's Energy Resources

We're an environmentally responsible community partner. The energy we provide to our Members comes from a diverse fuel mix that is reliable, cost-effective and sustainable. The charts below reflect the changes in Trico's energy mix from 2010 to 2023.



Community Scale Renewable Resources

Trico's community scale systems provide over 45,000,000 kilowatt hours per year of renewable energy or enough to power more than 5,000 homes. Benefits of community scale renewables are shared by all the Trico membership. Avion Solar, a 10 megawatt (MW) photovoltaic solar generating facility located near the Marana airport, provides enough energy to power about 3,000 average residential homes in the Trico service territory. The Chirreon Solar & Battery Storage Facility, 10-MW photovoltaic solar generating facility and 15-MW battery storage system located in the SaddleBrooke area, began operating in October 2022. Soon there will be a 15-MW battery at Avion Solar.

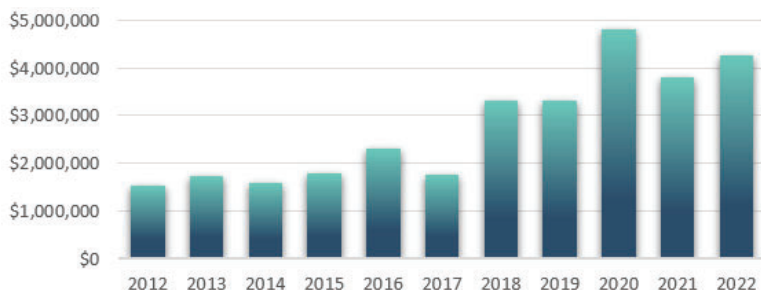
MEMBERSHIP BENEFITS

Our not-for-profit co-op was formed to bring power to the people when for-profit utilities would not. Unlike investor-owned power companies, Trico is owned by you, our Members. As a customer and an owner of Trico, you have a say in how we operate. The Trico Board of Directors, which is nominated and elected by you, guides all Trico's business decisions and has a direct impact on the Cooperative's direction and focus. The Directors are Members too, and if you choose, you can run for a seat on the Board. And, last but not least, as a Member of a not-for-profit electric cooperative, you also share in the financial success of the Cooperative through Capital Credits.

Capital Credits

While we are not-for-profit, we do need to bring in enough money to fund the business. At the end of each year, Trico calculates its margin, which is the amount its income exceeded its expenses during the year. When our Board of Directors determines it is financially feasible and prudent, and when we meet the financial requirements stated in our loan documents, we retire the Capital Credits and those Capital Credits are returned to the Members.

Trico Historical Capital Credit Retirements from 2012 to 2022



Co-op Connections Card

The Co-op Connections Card is a free benefit of being a Trico Member. By showing your Co-op Card or the Co-op Connections mobile phone app at participating retailers, you can save money on items you purchase every day. Check for participating businesses in your area by visiting www.connections.coop.

Operation Cool Shade

Planting a tree can help you save on your monthly electric costs. Shade trees cool the outer wall temperature of your home by as much as 20 degrees, saving your air conditioner and lowering your summer electric bill. As a Member, you can purchase up to three low-cost, low-water use trees annually. Sales begin in January each year.

Electric Vehicles

Members who are interested in electric vehicles (EV) can find information about EV models, tax incentives and benefits, home chargers, public charging locations, a savings calculator and more on Trico's website.

Learn more about these programs at www.trico.coop.

COMMUNITY GIVING

At Trico, we believe that connection powers our purpose. This connection brings us together as a community – with the understanding that we can do more together than we could do by ourselves. One way we support our Members and the communities we serve is through the Trico Foundation and The Trico Electric Charitable Trust.

Trico employees live in the communities we serve and throughout the year we host food drives and other donation events. As your electric cooperative, we're proud to power your life and make a difference in our community.

Trico Foundation

The Trico Foundation is a non-profit foundation organized in 1985 and funded through Capital Credit Retirements that are gifted or unclaimed.

The Trico Foundation supports:

Scholarships

Each year, the Trico Foundation awards scholarships to Trico Members and their families to attend a university, community or vocational college. Since 1985, the Trico Foundation has awarded over \$3.6 million – benefiting over 855 students.

Washington Youth Tour

Each summer the Trico Foundation sends local high school juniors on a trip to Washington, D.C., where more than 1,800 students from electric cooperatives across the country come together to visit our nation's capital.

Trico Electric Charitable Trust

POWER Grants

Twice a year, the Trico Electric Charitable Trust, which is funded through Operation Round Up, awards grants to non-profit organizations providing critical services in southern Arizona. Since 2008, Trico's POWER Grants program has provided \$735,000 in funding to local non-profit organizations.

Operation Round Up

Operation Round Up is funded by Trico Members who choose to “round up” their monthly bill payment to the next dollar. All donations are given to the Trust, a non-profit organization that determines which Trico Members, schools and organizations receive financial assistance.



Trico employees host toy drives and other donation events throughout the year.

Trico Board of Directors



Jerry Rutherford
District 1 (Dove Mountain, Marana)

Jerry was a Senior Vice President for 20 years for a cooperative in Kansas that served over 40 children's hospitals in the U.S. He is currently chair of the Financial Affairs Committee for The Highlands at Dove Mountain.

"I believe the best way to serve Members is through strategic financial planning to anticipate and prepare for the future, while managing the current day-to-day business operations."



Arnaldo Ballesteros Burruel
District 2 (Marana, Avra Valley, Picture Rocks)

Arnoldo has been a Trico Member for 36 years. He is the owner of Burruel & Burruel Farms.

"My family has been in the area for quite some time now. I am aware of the needs and challenges of Marana. My goal on the Trico Board is to continue to supply the dependable and reasonably priced power we have become accustomed to."



Darrell Birkhimer
District 3 (Avra Valley, Picture Rocks, Star Valley)

Darrell retired in December 2021 from the National Rural Electric Cooperative Association after nearly 40 years of electric utility experience.

"I have dealt with the challenges electric cooperatives face today. I would like to offer my experience serving Trico Members. I am convinced the electric cooperative business model is alive and well, able to meet the challenges."



Marsha Thompson
District 4 (Sahuarita, Green Valley)

Marsha and her husband, Roger, raised their six children in Sahuarita. She has been an active volunteer in the public school system and the White Elephant Thrift Store in Green Valley for 18 years.

"I am grateful to serve my friends and community on the Trico Board of Directors."

Trico Board of Directors

Joe King

District 5 (Three Points, Altar Valley, Arivaca, Sasabe, Green Valley)

Joe has been a Trico Member all his life. The John F. King and Son, Inc., Cattle Ranch has been a Member since 1955. He is a fourth-generation cattle rancher in Three Points. He graduated from the University of Arizona in 2003 with a degree in Agricultural Economics.

“Our Electric Cooperative is a very important part of our cattle ranch. I am very interested in energy resources and ensuring that our business and other Trico Members have access to reliable, safe and efficient power in our community.”



Lawrence Hinchliffe

District 6 (Corona de Tucson, Vail)

Larry, current Board President, has been a resident of Corona de Tucson for 14 years and has been a member of the Board for 11 years. He is retired from the U.S. Department of Energy/Atomic Energy Commission where he served as a scientist and safety officer during his 40-year career.

“I have worked hard and will continue to work hard to provide safe, reliable, affordable power to our Members and be a positive, constructive influence on the communities we serve.”



Kevin McCarthy

District 7 (SaddleBrooke, Mt. Lemmon)

Kevin is a 12-year resident of Arizona and has been a Member of Trico for three years. Kevin worked for Ross Perot at Electronic Data Systems (EDS), where he taught operating system internals and planned EDS data centers. He spent the next 30 years in domestic and global sales roles. He was elected to the Board in April 2022.

“As a longtime customer and supporter of utility cooperatives, I am interested in leveraging technology to provide stable, flexible and affordable service with a focus on renewable and alternate sources of energy.”



2023 Board of Directors Election

District 3 (Avra Valley, Picture Rocks, and Star Valley)

Darrell Birkhimer, Incumbent

Darrell is currently the Board Member representing District 3. He retired from the NRECA with 40 years of experience in the electric utilities. He has been a Journeyman Lineman, Powerline Instructor, Supervisor, and Safety and Loss Control, with 15 years of Senior Level Management across seven states, with both investor owned and electric cooperatives. He holds a B.A. in Business with a minor in Finance from Chadron State College in Nebraska, and an A.A. in Economics.



“My experience particularly in the cooperatives provides me with a unique perspective. Affordable rates should remain the Board’s top focus while ensuring reliability. The industry is changing very rapidly, and the Board must remain vigilant, educated, and experienced in reacting to protect the costs and investments of the cooperative’s Members.

“The electric cooperative model is ideal for bringing solutions for its members through an engaged Board and management team working together so that whatever technologies the member chooses they are provided the most cost-effective options.

“Members’ trust in the cooperative is a top priority.”

District 6 (Corona de Tucson, Vail)

Lawrence Hinchliffe, Incumbent

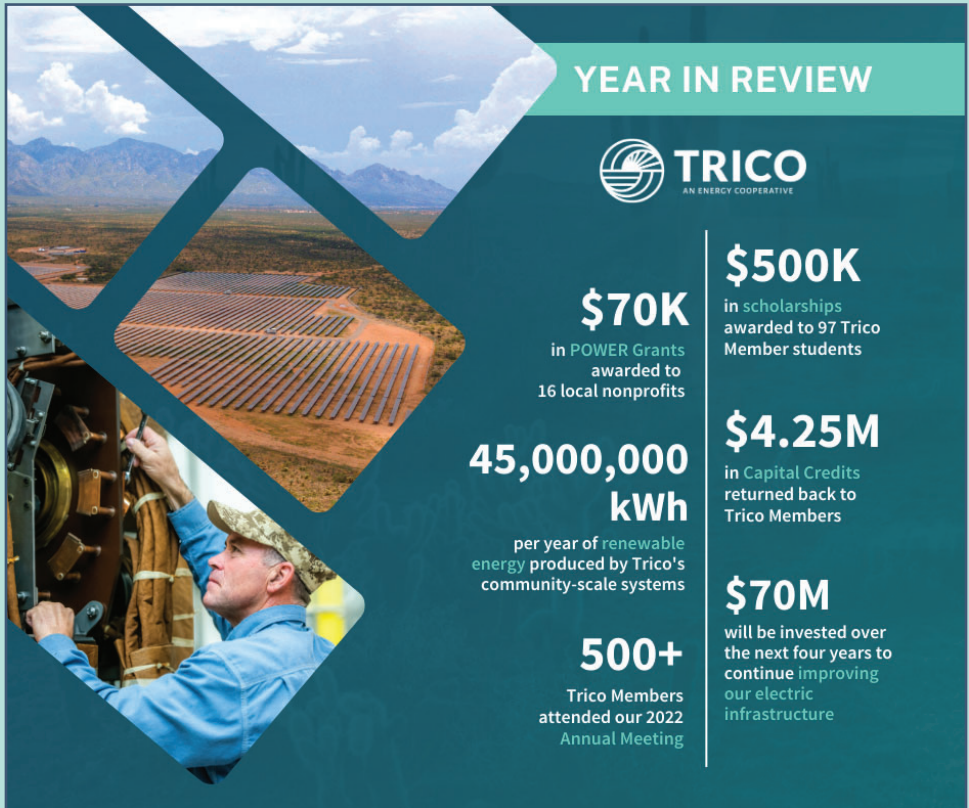
Larry has been a Member of the Trico Board for almost 15 years and is currently the Board President. He achieved degrees in Physics and Business (Masters) and had a 40- year career with the U.S. Department of Energy before retiring and moving to Corona de Tucson in 2006.



“On the Board, I continue to work for Trico to provide reliable energy to our members at the least possible cost. I also strongly support any assistance we can provide to our Members’ communities, as we did during the COVID pandemic. The electric industry is changing rapidly, and I have encouraged Trico’s efforts to find new ways to better serve Members, whether it is building up our renewable energy sources or developing new rates that will work better for our Members.

“As you know, Trico is a not-for-profit cooperative. We do not have shareholders to make profits for. We, through the Arizona Corporation Commission, have rates approved that cover the costs of delivering energy to you plus a very small margin. We control our costs to keep these rates as low as possible. This is the way of doing business that I stand for – a co-op family that looks out for its Members and changes together to do best for all of us.”

2022: Year in Review



At Trico, we aim to reduce reliance on non-renewable resources in the most economical ways. Here are some examples of this commitment:

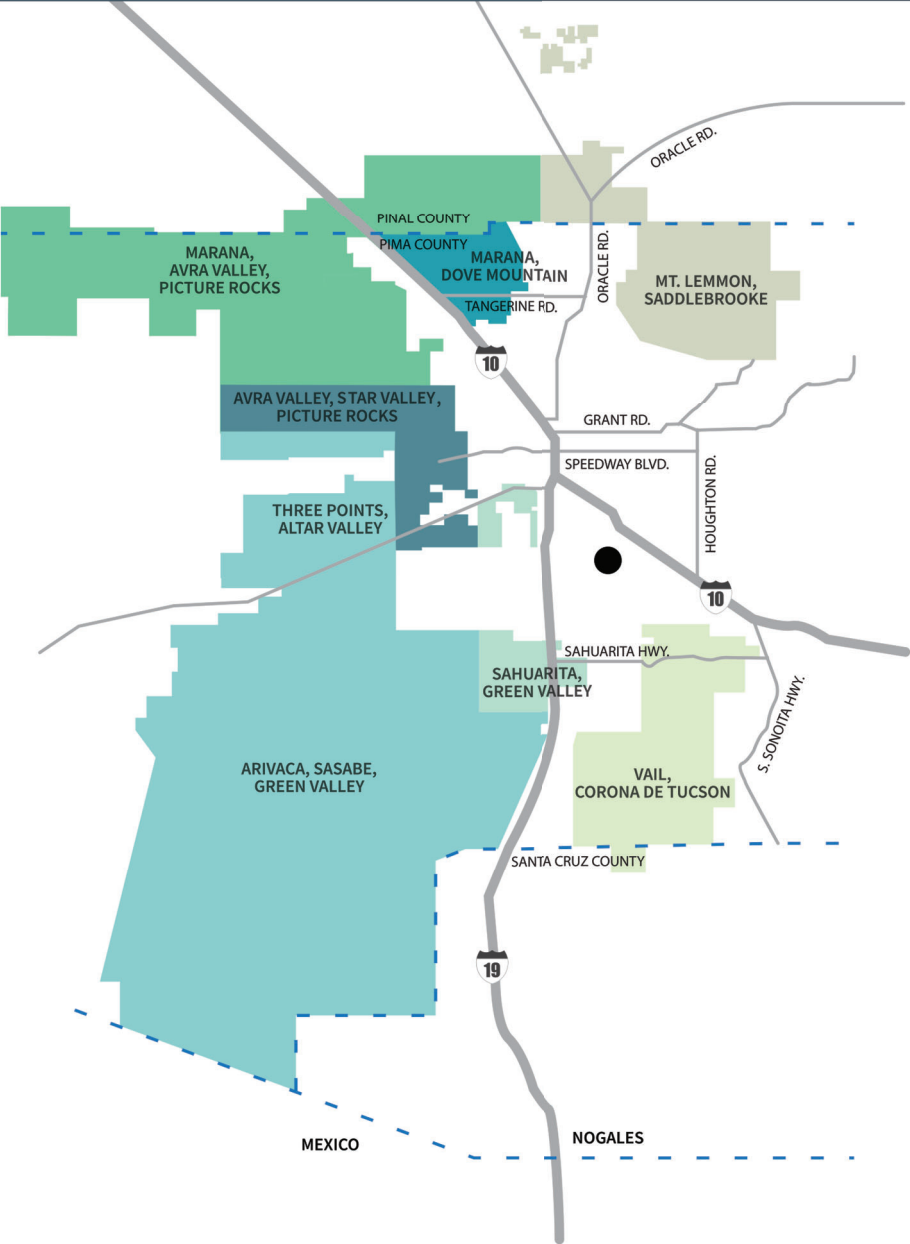
- Trico continues to develop community scale renewables as part of our commitment to meet the future energy needs of our Members. In October 2022, Trico held a ribbon cutting ceremony for the Chirreon Solar & Battery Energy Storage Facility, near SaddleBrooke. The site can produce enough solar energy to power about 3,000 average residential homes a year. The batteries can power about 4,000 homes for two hours.
- Trico is working on a number of electric vehicle (EV) rates and programs. Some of these programs will start as experimental rates designed to help us understand how our Members' use and charge their EVs, and how many EVs are purchased.
- In early 2023, Trico acquired two all-electric Ford F-150 Lightning trucks. We plan to add more electric vehicles to our fleet.
- Our Engineers and Designers have been busy rebuilding the Green Valley Substation, building a new Adonis Substation and rebuilding the Marana Substation. These upgrades to our system will allow Trico to provide cost-effective, reliable power.
- Since the start of the COVID-19 pandemic in 2020, Trico has been preparing for supply chain issues by ordering equipment in advance, working closely with our long-term supply partners, and closely tracking equipment delivery schedules. Trico buys American-made products when practical.

Service Areas and Districts

- MARANA, DOVE MOUNTAIN
- MARANA, AVRA VALLEY, PICTURE ROCKS
- AVRA VALLEY, PICTURE ROCKS, STAR VALLEY
- THREE POINTS, ALTAR VALLEY
ARIVACA, SASABE, GREEN VALLEY
- SAHUARITA, GREEN VALLEY
- VAIL, CORONA DE TUCSON
- MT. LEMMON, SADDLEBROOKE

Quick Facts

Miles of Line			
2022	4,044	2021	3,999
Total Services			
2022	54,929	2021	53,550
Energy Sales (kWh)			
2022	818,297,672	2021	790,793,680
Patronage Capital Retired			
2022	4,250,000	2021	3,800,000



2022 AUDITED FINANCIALS

Summary Income Statement	2022	2021	Variance
REVENUE			
Revenue from Energy Sales	\$103,911,246	\$105,967,717	-\$2,056,471
Other Revenue	\$576,971	\$37,988	\$538,983
Total Revenue	\$104,488,217	\$106,005,705	\$(1,517,488)
EXPENSES			
Wholesale Power & Transmission Cost	\$56,123,659	\$60,275,108	-\$4,151,449
Operation & Maintenance Expense	\$11,099,921	\$10,845,781	\$254,140
Administrative & General Expense	\$10,570,787	\$10,392,842	\$177,945
Depreciation Expense	\$11,156,026	\$9,655,112	\$1,500,914
Interest Expense	\$5,116,099	\$4,332,282	\$783,817
Total Expenses	\$94,066,492	\$95,501,125	-\$1,434,633
Distribution Margin			
(Total Revenue Less Total Expenses)	\$10,421,725	\$10,504,580	-\$82,855
Other Income			
Patronage Capital allocated (G & T)	\$1,999,258	\$1,846,579	\$152,679
Net Margins (Patronage Capital)	\$12,420,983	\$12,351,159	\$69,824

Summary Balance Sheet	2022	2021
ASSETS		
Cash & Temporary Investments	\$28,592,801	\$12,669,879
Accounts Receivable (Net of Allowance)	\$5,284,352	\$3,934,182
Accounts Receivable (Unbilled Revenue)	\$1,494,000	\$1,159,000
Materials & Supplies	\$6,877,025	\$6,040,578
Utility Plant (Net of Depreciation)	\$245,928,900	\$211,839,426
Other Assets	\$5,690,744	\$4,933,884
Patronage Capital (Associated Organizations)	\$52,104,435	\$50,544,830
Total Assets	\$345,972,257	\$291,121,779
EQUITIES		
Patronage Capital Allocated	\$131,436,673	\$110,828,235
Other Equities	\$7,184,124	\$7,127,856
Total Equities	\$145,452,990	\$137,339,571
LIABILITIES		
Long Term Debt	\$110,828,235	\$106,952,480
Capital Lease Payable	\$32,695,260	\$8,675,256
Construction Loan	\$0	\$13,483,237
Accounts Payable	\$19,421,924	\$6,059,282
Other Liabilities	\$14,706,569	\$12,779,145
Deferred Expenses	\$2,258,841	\$1,957,053
Total Liabilities	\$200,519,267	\$153,782,208
Total Equities & Liabilities	\$345,972,257	\$291,121,779

For periods ending December 31, 2022 & 2021



AT TRICO,
we are dedicated to making a difference in
the communities we serve by providing
our Members cost-effective and
sustainable energy solutions.



TRICO
AN ENERGY COOPERATIVE

**POWERED
WITH PURPOSE**

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