



Annual Membership Meeting

2024 Program and Report



WELCOME & AGENDA

Welcome to Trico's 2024 Annual Membership 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 Membership 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.

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
Opening Blessing	Miguel Flores Jr.
11 a.m.	Annual Membership Meeting
Welcome	Lawrence Hinchliffe, President
Invocation	Joe King, Treasurer
Pledge of Allegiance	Marsha Thompson, Vice President
National Anthem	Cristina Cruz, Trico employee
Financial Report Video	James Freeman, Chief Financial Officer
President's Report Video	Lawrence Hinchliffe, President
Manager's Report	Brian Heithoff, CEO/General Manager
Election	Brian Heithoff, CEO/General Manager
Adjourn	Lawrence Hinchliffe, President

Raffle prizes will be handed out throughout the meeting.



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.

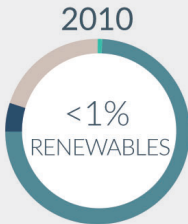
Here are a few facts to help you get to know Trico.

Trico by the Numbers

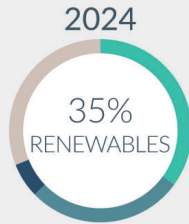
- Serve **55,000** meters in **3** counties: Pima, Pinal, and Santa Cruz counties
- Own and maintain **4,082** miles of distribution power lines
- Serve over **48,000** Members
- Over **\$37 million** total returned to Members in the form of Membership Equity since 2010
- Trico Foundation has awarded **\$4.2 million** in scholarships to Members and their families since 1985
- Since 2008, Trico's POWER Grants program has provided **\$840,000** 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 2024.



RENEWABLES: 0.3%
COAL/STEAM: 75%
NATURAL GAS: 20%
HYDROPOWER: 5%



RENEWABLES: 35%
COAL/STEAM: 28%
NATURAL GAS: 31%
HYDROPOWER: 6%

- RENEWABLES
- COAL/STEAM
- NATURAL GAS
- HYDROPOWER

Community Scale Renewable Resources

Trico is committed to making community scale renewables part of its overall resource planning in order to meet the future energy needs of our Members. Benefits of community scale renewables are shared by all the Trico membership. In 2023, we added a 15-megawatt (MW) battery storage system to our existing Avion Solar Facility, located near the Marana airport. The batteries can power about 4,000 homes for two hours. The 10-MW solar PV system produces enough power for 3,000 homes. 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 2022.

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 Member 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 Membership Equity.

Membership Equity (formerly 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 Membership Equity and it is returned to the Members.

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. To meet the growing EV demand, we have two experimental rates that benefit both EV owners and the entire Membership: EV Time of Use Rate and EV Unlimited Charging Rate.



We are proud to give back to our Members and the communities we serve. Trico provides bill assistance to our Members through donations to Wildfire and their partner agencies.

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.

As your electric cooperative, we're proud to power your life and make a difference in our community. Not only do our employees take the time to support community events in person, but the cooperative also sponsors events throughout our service territory.

Trico Foundation

The Trico Foundation is a non-profit foundation organized in 1985 and funded through Membership Equity 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 \$4.2 million – more than any electric cooperative in the country.

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 \$840,000 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 schools, first responders, and other charitable organizations receive financial assistance.

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



Every other week our employees volunteer at the Sahuarita Food Bank & Community Resource Center to support their important mission.

Trico Board of Directors



Up for election

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."



Up for election

David Proctor
District 2 (Marana, Avra Valley, Picture Rocks)

David is the Vice President of BKW Farms, which been a Trico Member for 73 years.

"For decades, BKW has cultivated relationships with residents and business owners within the Marana/Avra Valley service area, giving me great insight on how best to represent them as a director."



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 19 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.”



Up for election

Lawrence Hinchliffe

District 6 (Corona de Tucson, Vail)

Larry, current Board President, has been a resident of Corona de Tucson for 15 years and has been a member of the Board for 12 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 13-year resident of Arizona and has been a Member of Trico for four 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: Year in Review



\$5.4M

in Membership Equity
returned back to Trico
Members



\$500K

in scholarships
awarded to 97 Trico
Member students



\$70K

in POWER Grants
awarded to 11
local nonprofits

35 percent

of Trico's power
comes from
renewable energy



90 minutes

fewer outages per
year than the median
electric cooperative

Trico is dedicated to making a difference in the communities we serve by providing our Members cost-effective and sustainable energy solutions. Here are some examples of this commitment:

- One critical component of reliable power is the mix of energy resources used to generate electricity. Trico purchases power from a diverse mix of providers and some of the energy we provide is generated on Trico's own system. Trico is increasing the amount of renewable energy used to serve its Members with the goal of reducing emissions by 50% by 2032. At the same time, we are also adding new high-efficiency natural gas units, in partnership with Arizona Electric Power Cooperative, to help support the needs of the system.
- Over the last five years from 2018-2022, our Members have experienced over 90 minutes less outage time per year, than the median cooperative in the U.S. We know you rely on us to keep the lights on, and we take that responsibility seriously.
- Trico has returned Membership Equity for 14 years in a row, and in 2023 we gave back a record \$5.4 million to our Members. That is \$5.4 million that will stay in our local communities and help our Members.
- We devote a lot of attention to keeping costs down to support our Members. Trico is in the top 20% of U.S. electric cooperatives in terms of greatest number of Members served per employee. Our employees are a high-achieving, diverse group and they display the cooperative spirit every day. We get a lot done while controlling costs.

New in 2024



Providing sustainable energy solutions is part of our mission. Our Members have expressed interest in renewable energy and electric vehicles. We are launching two programs to meet the needs of our Members.

RENEWABLE ENERGY BOOST

This rate is designed to provide Trico Members with an inexpensive and flexible renewable energy option. Members on this rate benefit from a simple and transparent way to go green, without having to invest in home solar systems.

Members on this rate pay an extra \$0.01 per kWh to roundup from the amount of renewables on Trico's system (35%) to cover 100% of your usage. Trico will purchase and retire Renewable Energy Credits (RECs) from the West to account for the difference. This rate will be available in April 2024.

Learn more at www.trico.coop/sustainable-energy.

ELECTRIC VEHICLE UNLIMITED RATE

This rate is designed to support the growing EV demand, and we recognize Trico Members with EVs have different needs. Members on this rate benefit from charging their EV in the convenience of their own home with the reliability and excellent service Trico provides.

With this rate, Trico will own and install a Level 2 charger at the Member's home and provide unlimited EV charging at a fixed monthly cost when charging between the hours of 9 a.m. to 4 p.m. and 10 p.m. to 6 a.m. This experimental rate is available to the first 1,000 Trico Members who sign up.

Learn more at www.trico.coop/sustainable-energy/electric-vehicles.

SAHUARITA BATTERY ENERGY STORAGE FACILITY

Trico recently energized its Sahuarita Battery Energy Storage Facility at its Sahuarita Substation. This 10MW/40MWh battery will allow Trico to reduce power supply costs for all Members by charging the battery when power prices are low and discharging over the peak when prices are high. The battery also helps ensure Trico has sufficient power supply and will provide resilience benefits, especially during monsoon season.

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

2023	4,082	2022	4,044
------	-------	------	-------

Total Services

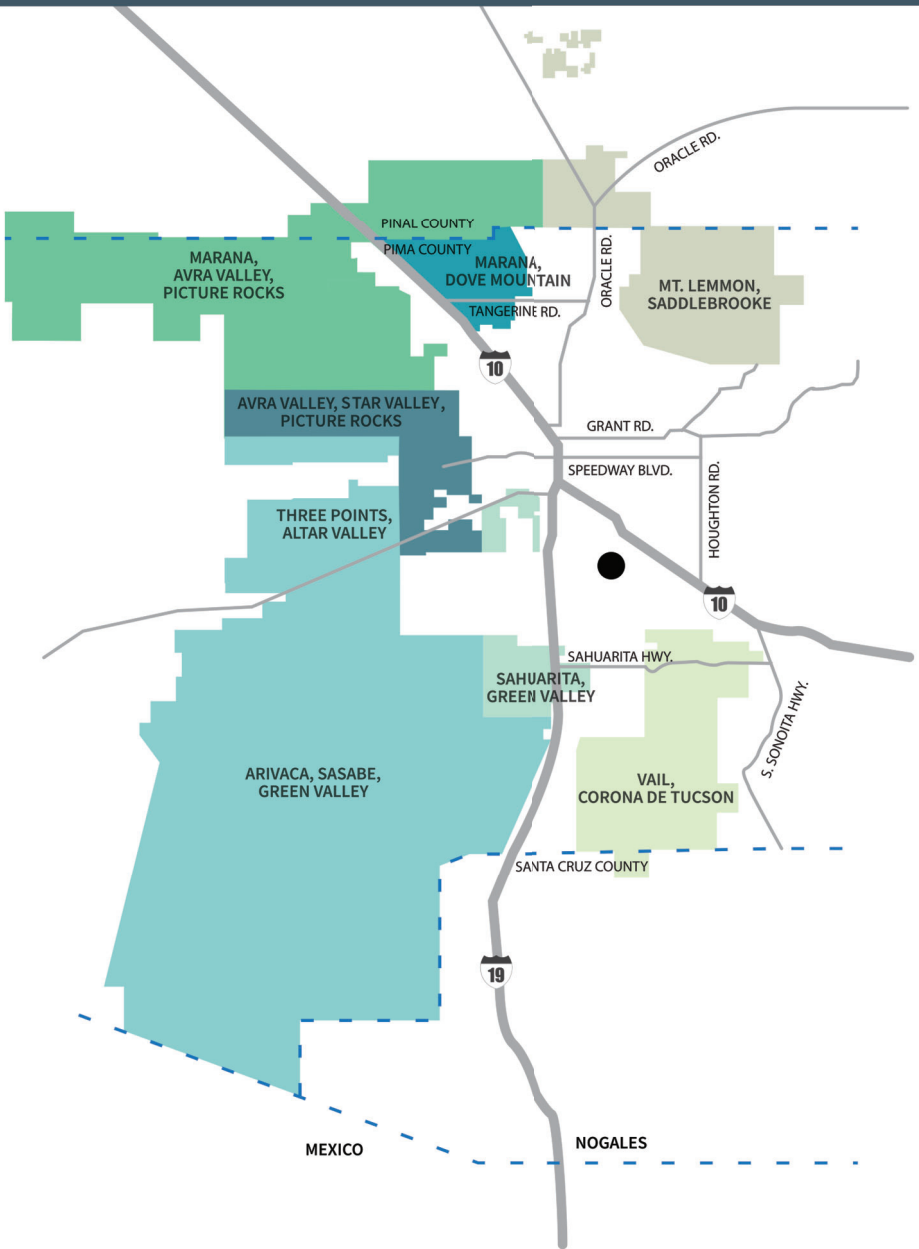
2023	55,956	2022	54,929
------	--------	------	--------

Energy Sales (kWh)

2023	866,155,295	2022	818,297,672
------	-------------	------	-------------

Membership Equity Retired

2023	5,400,000	2022	4,250,000
------	-----------	------	-----------



2023 AUDITED FINANCIALS

Summary Income Statement

	2023	2022	Variance
REVENUE			
Revenue from Energy Sales	\$122,784,952	\$103,911,246	\$18,873,706
Other Revenue	\$626,677	\$576,971	\$49,706
Total Revenue	\$123,411,629	\$104,488,217	\$18,923,412
EXPENSES			
Wholesale Power & Transmission Cost	\$70,449,210	\$56,123,659	\$14,325,551
Operation & Maintenance Expense	\$12,183,526	\$11,099,921	\$1,083,605
Administrative & General Expense	\$13,547,129	\$10,570,787	\$2,976,342
Depreciation Expense	\$12,419,198	\$11,156,026	\$1,263,172
Interest Expense	\$6,382,354	\$5,116,099	\$1,266,255
Total Expenses	\$114,981,417	\$94,066,492	\$20,914,925
Distribution Margin			
(Total Revenue Less Total Expenses)	\$8,430,212	\$10,421,725	-\$1,991,513
Other Income			
Patronage Capital allocated (G & T)	\$874,460	\$1,999,258	-\$1,124,798
Net Margins (Patronage Capital)	\$9,304,672	\$12,420,983	-\$3,116,311

Summary Balance Sheet

	2023	2022
ASSETS		
Cash & Temporary Investments	\$15,696,979	\$28,592,801
Accounts Receivable (Net of Allowance)	\$4,865,015	\$5,284,352
Accounts Receivable (Unbilled Revenue)	\$1,639,000	\$1,494,000
Materials & Supplies	\$10,685,103	\$6,877,025
Utility Plant (Net of Depreciation)	\$260,725,596	\$245,928,900
Other Assets	\$6,294,312	\$5,690,744
Patronage Capital (Associated Organizations)	\$52,732,315	\$52,104,435
Total Assets	\$352,638,320	\$345,972,257
EQUITIES		
Patronage Capital Allocated	\$142,111,284	\$138,268,866
Other Equities	\$7,216,511	\$7,184,124
Total Equities	\$149,327,795	\$145,452,990
LIABILITIES		
Long Term Debt	\$119,686,228	\$131,436,673
Capital Lease Payable	\$41,495,001	\$32,695,260
Construction Loan	\$0	\$0
Accounts Payable	\$17,249,196	\$19,421,924
Other Liabilities	\$21,695,947	\$14,706,569
Deferred Expenses	\$3,184,153	\$2,258,841
Total Liabilities	\$203,310,525	\$200,519,267
Total Equities & Liabilities	\$352,638,320	\$345,972,257

For periods ending December 31, 2023 & 2022



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**

(520) 744-2944 • www.trico.coop  /tricoelectric  /tricoelectricAZ

Trico is an equal opportunity provider and employer. A Touchstone Energy® Cooperative 