

2022

ANNUAL REPORT

85 years...



Building
on our history
to succeed in
our **future.**



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy[®] Cooperative 

Owned by those we serve.

Major construction project signals SSVEC commitment to renewable energy



Construction is well underway in McNeal, Arizona on a 20- megawatt solar field with a battery system and a new substation, both of which are scheduled to go online later this year.

A groundbreaking ceremony was held October 17, 2022 at the site with Sulphur Springs Valley Electric Cooperative (SSVEC) officials and representatives from Silicon Ranch taking up shovels to celebrate the start of construction. SSVEC has partnered with Silicon Ranch, a nationwide renewable energy contractor, to build out the solar field and battery system. The development will be constructed on a 160-acre parcel at the intersection of North Central Road and Bagby Road.

Scott Matthews, Senior Project Manager at Silicon Ranch, said solar array is expected to be operational by May 2023, with the battery system completed sometime in the fall of 2023.

Jason Bowling, Chief Executive Officer at SSVEC, said expansion of solar energy is consistent with the utility's long range plan to provide reliable service while transitioning to renewable resources.

Bowling credited the work of Senior Vice President of Operations, Daniel Wilson, Wayne Flissar, Standards and Line Design Engineer IV, Megan Resor, Engineering Services Manager, and others at the local Cooperative.

"This doesn't happen without the dedicated efforts of our employees," Bowling said. "Their commitment to the community and to the Cooperative are truly remarkable."



President's Report

More than ever before, your electric cooperative has stepped forward to stabilize your electric bill. In 2022, the SSVEC Board authorized the distribution of \$5 million in capital credit retirement, paying members of record in 1996, 1997 and 2021.

The disbursement was the largest in SSVEC history and continues to demonstrate our commitment to abide by cooperative principles. Since its founding in 1938, SSVEC has paid more than \$30 million in capital credits to its members, with more than \$10 million of that total paid in the past three years.

Due to inflation and the rising cost of fuel, SSVEC board members took additional action to stabilize electric bills and reduce the financial impact on our members. Shortly after the capital credit disbursement, board members agreed to apply all of the margin generated in 2022 against the uncollected fuel bank liability.

National and international events that occurred in 2022 dramatically increased the price of natural gas, which then increased the cost to generate electricity. During the second half of 2022, SSVEC's uncollected fuel bill climbed to \$22 million.

Investor-owned utilities pass that cost through to their customers. As a cooperative owned by the members, SSVEC chose to take action to stabilize the financial impact of the cost increase, anticipating the price of natural gas will come down.

Board members voted to apply the 2022 margin – about \$8 million – directly against the uncollected fuel bank, to hold the line on further increases in the Wholesale Fuel Adjustment charge. Members are currently paying 5-cents per kilowatt hour toward that fuel adjustment, and thanks to the board's action, that charge is not expected to increase and should gradually decrease as natural gas prices moderate.

While inflation and higher fuel prices were a focus of the SSVEC board, these were not the only issues addressed by your Directors.

Controlling operating costs helped SSVEC beat its budget by 2.5 percent in 2022, keeping our spending under control, despite not increasing our rates since 2016.

The year was also remarkable for our technology development, with the launch of the Automated Meter Interface, allowing our members to see in real-time when and where outages occur. Using a smartphone, members can now log into the SSVEC website (SSVEC.org), click on the "outage dashboard" and look at a map that provides detailed information on where outages are happening and when power is estimated to be restored.

We couldn't accomplish these goals without the dedicated efforts of SSVEC employees, who continue to work to provide reliable and affordable service to members of the cooperative. We are confident that no matter what 2023 brings, SSVEC will be ready to do whatever it takes to stay true to its mission and serve the best interests of its members.



Curtis Nolan SSVEC Board President

SSVEC Directors



An elected Board of Directors represents the more than 40,000 members of the Sulphur Springs Valley Electric Cooperative (SSVEC). Each of the 10 directors represent territorial districts within the area served by the Cooperative.

Prior to the Annual Meeting, no more than four directors stand for election within the district they represent. Members residing within each district vote to elect the director of their choice to serve a three-year term.

The role of the directors is to establish and approve the policies and finances of the Cooperative.

The Directors' Executive Committee is comprised of the four officers of the board, including the President, Vice President, Secretary and Treasurer. It acts for the Board of Directors in matters delegated by the full Board when it is not feasible to convene the entire Board.

The Executive Committee assists and advises the full Board on all questions of finance and audit issues. The committee regularly reviews key indicators that measure SSVEC's financial position.

In its capacity of handling employee and member relations issues, the Committee assists, advises, and makes recommendations to the Board on personnel matters concerning compensation and benefits. Committee members also assist and advise the Board on member relations, the Annual Meeting, environmental issues, and the SSVEC Foundation, among other issues.

All the directors serve on the Committee of the Whole, which meets prior to the regularly scheduled monthly board meeting. This committee discusses policy, finance, employee, and member relations issues.

On matters of policy, the Committee of the Whole reviews an appropriate number of policies each month which allows for a review of every policy at least once every three years.

SSVEC Board members also serve on the Foundation and Charitable Boards of Trustees but do not make decisions for the Foundation or Trust in that role. Foundation and Trust meetings are called and held separately.



Human Resources

To describe the past year as "busy" would be an understatement for the Sulphur Springs Valley Electric Cooperative (SSVEC) Human Resources group.

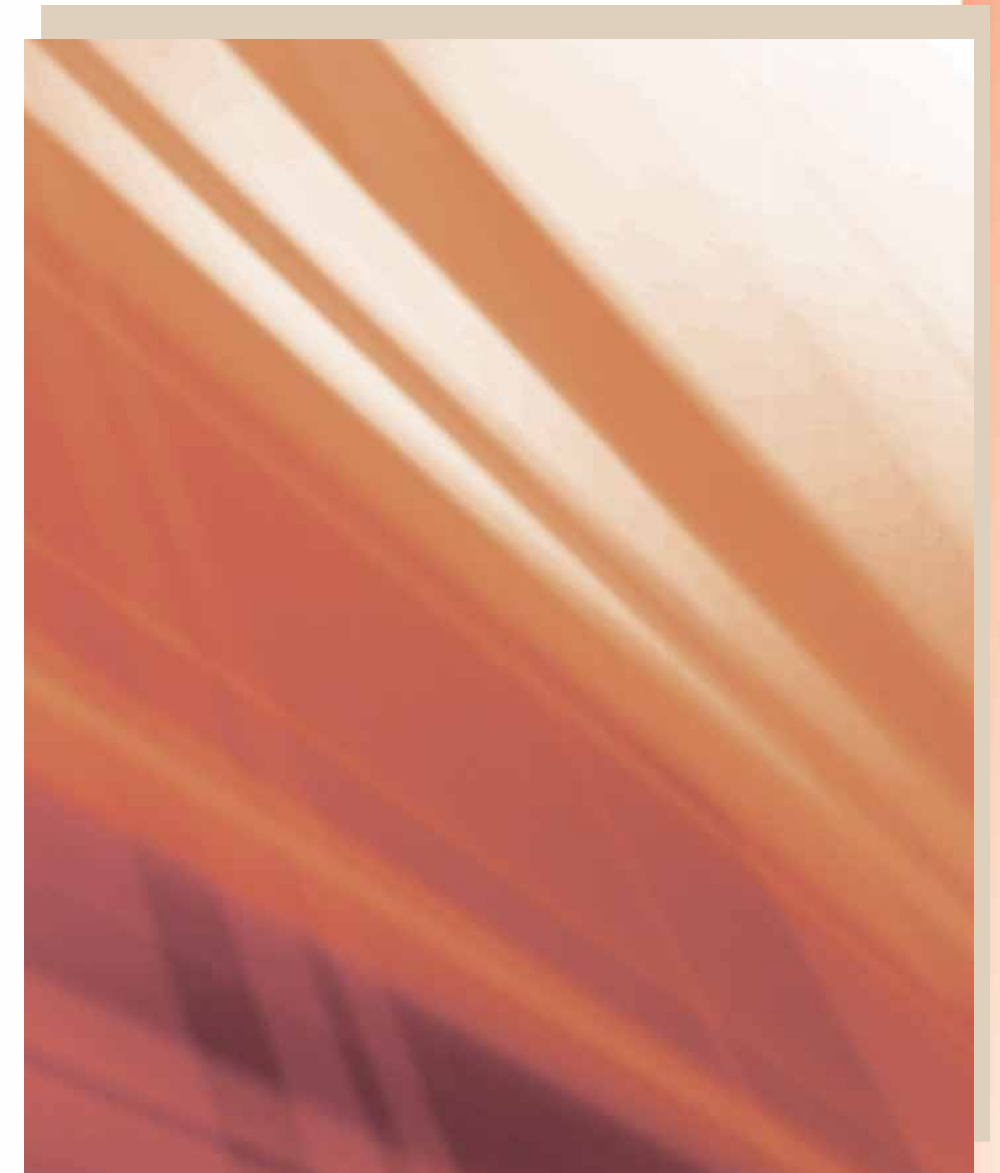
In a single year SSVEC has completely restructured and expanded its senior staff, announced the promotion of 24 employees, initiated employee surveys to improve organizational engagement, and hired a fulltime corporate counsel.

These changes have maintained SSVEC's total employee roster at 176 positions and continued our record of employee retention, now averaging more than 10.5 years.

Restructuring of the senior staff and an emphasis on employee relations has dramatically improved internal communications at SSVEC. Senior staff has more diversity and its members offer more accessibility for employees, providing frequent insights and updates to the mission and direction of the Cooperative.

Surveys of SSVEC employees – two were completed in 2022 – have provided a baseline of information on the status of employee relations and identified areas where changes and improvements were needed. The results of these surveys have proven invaluable for SSVEC leadership and generally improved the engagement and enthusiasm of Cooperative employees.

SSVEC is committed to being the very best it can be. We strive to be a great place to work and providing the best possible service to our member owners. Our recruiting efforts are focused on attracting candidates who are committed to making the Cooperative a career of serving our members and providing safe, reliable, and affordable service.



85 years... Building on our history to succeed in our future.

CEO's Report



Jason Bowling
Chief Executive Officer

If we look to history for a comparison of the tumultuous year just completed by the Sulphur Springs Valley Electric Cooperative (SSVEC), we might consider the words of Thomas Jefferson, a Founding Father and the third president of the United States.

"The boisterous sea of liberty is never without a wave."

In our 85 years of history, seldom has the convergence of so many factors contributed to the reshaping of our organization. Briefly, we can point to new leadership, the implementation of new technology, dramatic changes in the energy market, and the development of renewable resources.

Literally, all of that has happened since the start of 2022.

We don't pretend to be waging the momentous revolution that liberated America in 1776, but I feel it is valid to describe the changes we have been experiencing for the past 15 months as revolutionary.

Recognizing the state of the economy and its impact on our members, the SSVEC Board of Directors retired a record amount of capital credits — \$5 million — in December. We distributed checks to members of record in 1996, 1997, and 2021.

The need to do more emerged shortly after that record retirement. As fuel costs skyrocketed, member fuel bank debt increased to an unprecedented level, inflating member monthly bills. With SSVEC in a strong financial position, Directors took decisive action. Acting on the recommendation of the Senior Staff at SSVEC, board members approved applying all of the margin earned in 2022 — about \$8 million — against uncollected fuel bank charges.

This has never been done before. Nonetheless, it is an action which I believe to be true to our stated purpose. That is, as a cooperative, revenue does not define us. Our relationships with our members and the communities we serve define us. We truly are "owned by those we serve."

This action stabilized utility bills and shielded members from further fuel bank cost increases.

This action goes hand-in-hand with our aggressive efforts to pursue more local generation, including renewable resources. We celebrated the groundbreaking for the start of construction on a new 20-megawatt solar array and battery system in October 2022 and we effectively campaigned for the development of fast-ramping, high-efficiency natural gas turbines by our primary power provider, the Arizona Electric Power Cooperative, of which SSVEC is a member.



Together, these efforts promise to assure greater energy independence in the future and more price stability for SSVEC members, with an overriding benefit of a cleaner environment. We are excited by the prospect that our solar field will be online by June, the battery system this fall, and construction of AEPCO's new turbines is expected to get underway soon after.

All of these initiatives and the progress we are making to provide more reliable, more affordable energy to meet the increasing demand, would not be possible without our amazing employees.

In the last year, we set a record for internal promotions with 24 people stepping up to take on new responsibilities. This has generated more enthusiasm and a deeper commitment within our organization. Internal and external operations at SSVEC have improved significantly, thanks to the brilliance and dedication of all our employees.

As the fortunate CEO of this organization, I cannot express with words how pleased and proud I am to work with these talented professionals.

So although this past year has been tumultuous, I look to these and future industry revolutions with confidence guided by an understanding that the success of our history and the strength of our relationships has positioned SSVEC and its members for exciting opportunities in the coming years.



Operations

Technology, volunteers make 2022 memorable

There may not have been a better time for Sulphur Springs Valley Electric Cooperative (SSVEC) to launch its outage management system (OMS).

The system that required years of planning and 12 months to bring online became operational just as southeast Arizona experienced one of its most challenging monsoons in recent history with dramatic lightning storms, lots of rain, and strong winds.

Needless to say, the number of power outages and the amount of damage caused by the constant barrage of storms were much higher than in previous years, Vice President of Operations Nathan Hodges reported.

"We certainly experienced more weather-related challenges this year than we have in the past," Hodges said. "Our lineworkers did a great job working in bad conditions and at all hours of the day and night to keep the power on for our members."

Among the most memorable of the storms happened in the McNeal area in early August 2022, after strong winds and lightning broke poles, downed electric lines and caused a massive loss of power requiring crews from all three SSVEC construction and maintenance areas to respond.

"Unfortunately, the extent of the outage and the manpower and supplies needed to bring 100 percent of the power back online required more time than usual for us," Hodges said. "Some of our members were out of power for 24 hours."

It could have been worse, according to the VP of Operations, if not for a new technology deployed earlier in the year that pinpointed where outages were reported.

The OMS is made possible by SSVEC's new automated meter interface (AMI). The AMI upgrade required replacement of more than 60,000 of the existing, obsolete meters, with state-of-the-art meters and was completed in 2021. Working in conjunction with the AMI system, the OMS will immediately provide the location of an outage.

"Both the AMI and OMS projects required a tremendous effort by lots of people at the Cooperative, from tech services, to ICS, to our operations crew, and others, to accomplish this feat," Hodges said.

When called upon numerous times during this monsoon season, the OMS system provided key information to lineworkers on where outages occurred and how many meters were affected.

The same system can be used by members when their lights go out.

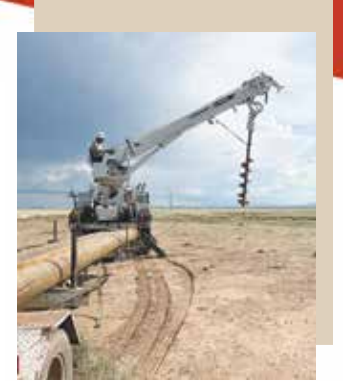
The SSVEC website (SSVEC.org) has been redesigned and features an "Outage" menu that provides a map of the entire service area. When the power stops, members can call up the map on their mobile phone and see the location and size of the outage.

"It's been great in keeping our members informed when an outage occurs," Hodges said.



Hodges also pointed to the mutual aid response by SSVEC lineworkers to Bullhead City, AZ, assisting SSVEC's sister cooperative Mohave Electric Cooperative (MEC), after a major storm swept through the city over the Labor Day weekend. The event knocked down more than 140 power poles and took out 19 miles of line.

Eight SSVEC line workers and two mechanics volunteered to make the 400-mile trip, bringing poles, insulators, and other essential equipment and materials to restore power to the thousands of residents served by MEC. The SSVEC team worked in Bullhead City for six days, where temperatures regularly climbed to 120 degrees! "Their efforts were nothing short of heroic," said Hodges. "It was a textbook example of "cooperation among cooperatives", and our guys were more than happy to help out".



Power Supply

Dramatic changes in the energy market during 2022 have added urgency to initiatives undertaken by Sulphur Springs Valley Electric Cooperative (SSVEC) to meet our mission of providing reliable and affordable service.

Even before national and international events caused natural gas prices to skyrocket and domestic policy changes resulted in reduced power generation, SSVEC was taking steps to increase our energy independence, increase our renewable resources and implement protections against volatile swings in fuel costs.

The construction of a 20 megawatt solar array with a 20 megawatt battery continues SSVEC's commitment to expand its renewable energy resources and reduce the Cooperative's dependence on power purchased from the electricity market. The project is being constructed in McNeal, with the solar array scheduled to come online in June. The battery system, which will provide 20 megawatts of power for four hours, is expected to be available in the fall of 2023.

The addition of this system will increase our renewable portfolio to more than 18 percent of the total energy mix.

In addition to the McNeal project, SSVEC is working to install a 10-megawatt battery at the existing Mesquite substation. This new energy storage system will be coupled with our existing 20 megawatt Sulphur Springs solar array installed in 2016. The combination of the two battery energy storage systems (BESSs) will allow SSVEC to ensure reliable electric capacity

to members during peak times, even after the sun goes down. This will reduce reliance on expensive short-term power purchases.

Together with other planned renewable and energy storage projects in the future, SSVEC will have greater control of the cost to generate and distribute electricity.

Another step to address the volatile energy market has changed how SSVEC purchases the fuel needed to generate electricity.

"Hedging," the practice of contracting fuel purchases at a set price in anticipation of fluctuating future costs, is now utilized to stabilize the price of energy.



In 2022 the entire Southwest region of the United States saw a dramatic increase in the price paid for fuel, specifically natural gas. The war in Ukraine, natural gas exports to Europe, closing coal and nuclear power plants, as well as regional pipeline restriction, all played a part in an entire year of record-breaking fuel costs. This inspired a new approach to address the higher costs.

To combat those increases, SSVEC started hedging fuel purchases, contracting to buy fuel long in advance of its need, to stabilize costs and reduce the financial impact on our members.

To meet its demand, SSVEC must anticipate how much energy it will need at all times throughout an entire year. Looking at the history of consumption and forecasted needs, planning engineers use a sophisticated computer model to predict energy and fuel needs throughout the entire year. Utilizing this data, fuel purchases are made in well in advance, when prices are low, to stabilize the cost of generating electricity.

Increasing utilization of renewable energy sources which require no fuel, combined with aggressive measures to stabilize the cost of fuel for traditional generation sources, are two key ways SSVEC is fighting to keep electric cost stable and affordable for our members.



Finance Department

Despite unstable energy costs and dramatic inflation pressure, Sulphur Springs Valley Electric Cooperative (SSVEC) finished 2022 ahead of budget.

The Cooperative's operating revenue has remained about the same since 2016, the last time that SSVEC successfully petitioned the Arizona Corporation

Commission (ACC) for an increase in its base rate. Recognizing that operating costs for utility poles, wires, vehicles and other equipment and services have increased, SSVEC dedicated its efforts to control spending throughout 2022.

The results were gratifying, with operating costs a full 2.5 percent below budget for the year.

If inflation and energy prices were not enough, interest rates have also been volatile during the past year. Considering that SSVEC is a "capital intensive" business, with annual expenditures for maintaining and repairing the electrical grid, the Cooperative has had success leveraging favorable interest rates compared to the market, thanks to strong relationships with our banking partners.

Like every other business, the continuing challenges created by the pandemic and its impact on the supply chain has resulted in longer lead times for standard inventory assets and much higher prices. An example

is the cost and timetable for a vital piece of equipment in our industry – bucket trucks. Prices for bucket trucks have increase more than 60 percent compared to the cost before the pandemic, and lead time for delivery is currently at three years.

Similar challenges have been encountered for other essential assets and inventory.

SSVEC continues to be aggressive in its decision-making on expenditures and the current year budget. We are confident that moving forward, this approach will prove to serve the best interests of the Cooperative and its members.



Ron Lee
Vice President of Finance



Tech Services

Anticipation and proactive efforts to identify potential problems have dramatically improved service reliability, thanks to the efforts of the Sulphur Springs Valley Electric Cooperative (SSVEC) Technical Services team.

Utilizing a FLIR (Forward Looking InfraRed) camera our team has been able to identify "hot spots" in SSVEC substations, transformers, and power lines. These issues can be repaired before an outage occurs, thereby reducing the impact of a service loss on our members.

In one instance, at the Willcox Substation, technicians located a serious problem and immediately deployed SSVEC's 22.5 MVA Mobile Substation to keep the power on, while a lengthy repair was completed. The mobile substation, now in its second full year of operation, has afforded SSVEC with an opportunity to continue providing service to members, while technical and significant repairs and equipment replacements are completed in many cases without any interruption to our members' service.

Our efforts in 2022 and beyond are now focused on more preventative inspections to address potential problems before they happen.

That mission is consistent with a new technology SSVEC will deploy in 2023. Purchase of an enterprise-level Unmanned Aerial System, commonly known as a drone, will become an integral part of the Cooperative's inspections effort. Utilizing this tool will make it

possible for SSVEC to bypass rugged terrain when needed to quickly inspect miles of line, numerous power poles, substations, and communication towers to identify possible problems and perform the necessary repair or replacement.

The drone has required members of the Technical Services team to complete special, Federal Aviation Administration (FAA) training.

The addition of the SSVEC Information Technology team in 2022 has further solidified our commitment to assure safe and reliable services, both for Cooperative employees and our members. IT team members have implemented new cybersecurity procedures, protecting the grid and computer systems that are vital to service reliability.

The IT team members have also implemented new training initiatives to keep our employees well informed on outside efforts to breach SSVEC computer security and system integrity.

Not enough can be said to appreciate the efforts of the SSVEC Fleet team, which has tirelessly kept vital equipment operational during the past two years of the pandemic. The cost and availability of new bucket trucks and other equipment needed to maintain and repair our distribution system has become prohibitive due to supply chain issues and inventory constraints.

Thanks to the skill and technical expertise of our dedicated Fleet team, SSVEC has been successful in maintaining its trucks and vehicles despite additional mileage and the normal wear and tear from continuous operations. In mid-2022, several SSVEC fleet assets transported critical personnel and equipment hundreds of miles away to support a sister cooperative. The fleet assets were operated in 115-degree, and higher, Fahrenheit for up to 14 hours a day with minimal issues.

We're looking forward to a prosperous and reliable 2023, keeping the power on at an affordable price for our members!



Member Services

SSVEC Foundation funds offer area youth opportunities

A guiding principle of Sulphur Springs Valley Electric Cooperative (SSVEC) is its investment in education and area youth.

Funding for most of the initiatives are provided by the SSVEC Foundation, which generates its revenue from unclaimed capital credits and donations from the community.

For the first time in three years, SSVEC hosted an in-person Washington Youth Tour competition, continuing a 41-year tradition. More than 900 students participated in the contest, which began in August with presentations at high schools within the SSVEC service area. Wednesday, November 16, the final 18 qualifiers assembled at the Multi-Purpose Room on the Benson school campus where the winners were announced. Nine of the final qualifiers were selected for the all-expense paid tour of the nation's capital, scheduled for June 19 to 24, while the remaining top finishers were offered an opportunity to join the tour at a significantly reduced cost.

"We want to make it possible for as many of the students that want to go, get to go," said Marcus Harston, Vice President of Marketing and Communications. "It's a trip of a lifetime that experiences our nation's capital and engenders lasting friendships."

Each February, the SSVEC Foundation attracts hundreds of students in 5th through 12th grades to participate in the Youth Engineering and Science Fair. This event offers the chance for students to display projects, earn awards and receive cash prizes. The high school grand prize winners are awarded all-expense paid trips, with their advisor, to the annual International Science and Engineering Fair (ISEF), this year in Dallas, Texas.

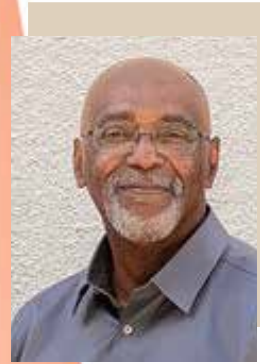
Graduating seniors, including homeschool students and those attending high schools within the SSVEC service area, also compete for one of 30, \$4,000 continuing education scholarships awarded each spring. In 2022, the SSVEC Board of Directors approved expanding the scholarship program to include five students planning to attend technical or trade schools after graduating from high school. These scholarships, like the continuing education awards, offer \$4,000 to each of the qualifying students.

The Foundation also annually sponsors \$10,000 scholarships for students attending Cochise College and the University of Arizona South.



Since 1984, when the Co-op Board voted to create the Foundation, this nonprofit organization has provided funds for the Washington Youth Tour, the Youth Engineering and Science (YES) Fair, and the SSVEC Foundation Scholarship program each year. In the true cooperative spirit, it is our SSVEC members who participate as judges in all three programs, reading and evaluating scholarship

applications, judging science fair projects, and scoring essays and interviewing Washington Youth Tour competitors.



Marcus Harston
Vice President of
Marketing and Communications

TWN

TWN committed to reliable broadband service

Since 2005, SSVEC has partnered with TransWorld Network, Corp. (TWN) to provide SSVEC members with access to high-speed wireless broadband.

For more than 20 years, TWN has been guided by a single goal... work alongside electric cooperatives to bring the best broadband services possible to the most underserved areas. Regardless of location, TWN can provide fast, reliable internet and digital phone services to both households and businesses.

To date, more than 4,500 SSVEC members (and more than 13,000 total consumers in the Southwest) have chosen TWN as their internet provider.

Now more than ever, having a dependable internet connection is important. From e-learning and remote work to virtual doctor appointments, streaming TV, and paying bills, having access to high-quality internet is more than a luxury, it's a necessity.

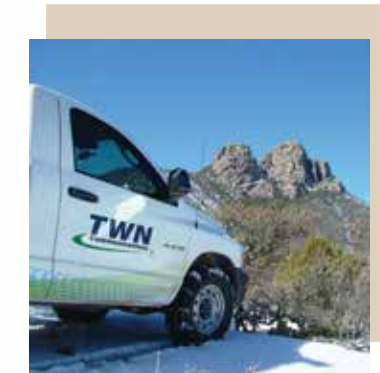
As we continue to navigate COVID-19 and the shift to a more remote lifestyle, TWN understands the growing need for greater broadband capacity. To keep up with demand, TWN has upgraded its network in the area to provide faster, guaranteed speed plans to SSVEC members.

With reliable broadband services, the community can thrive, the local economy can grow, and the quality of life for SSVEC members can improve.

TWN's residential internet plans deliver fast speeds and unlimited data, as well as provide a stable and secure connection. Additionally, TWN serves local businesses through its Enterprise Broadband product offerings. Whether a small mom-and-pop shop or a large organization, TWN works with a variety of local SSVEC businesses, creating custom solutions to meet their unique broadband needs.

As part of its commitment to keeping you connected, TWN also has a dedicated customer care team that offers around-the-clock monitoring and support. With its unbeatable customer service and devoted staff, TWN goes the extra mile to provide fast, reliable broadband services to SSVEC members.

To learn more about TWN Communications internet service for your home or business, please call 866-297-8906 or visit twncomm.com.



Operating Highlights 2022 and 2021

	December 31, 2022	December 31, 2021
Active Meters	53,703	53,249
New Services Connected	66	150
Total Electric Sales (kWh)	903,555,313	933,186,532
System Peak (kW and Month)	230,549 (July)	226,817 (June)
Miles of Energized Line		
Transmission	322	322
Distribution (overhead)	3,093	3,079
Distribution (underground)	797	790
Taxes Paid for the Year (property, payroll, franchise, and other)	\$13,625,745	\$14,453,824
Patronage Capital		
Margins Assigned	\$2,979,994	\$13,756,423
Retired	\$5,222,410	\$4,130,867
Operating Revenue	\$135,959,102	\$122,067,906
Net Margins	\$2,979,994	\$13,756,422
Members Total Equity	\$162,000,343	\$164,117,684
Operating Margins	\$0	\$10,988,917
Non-Operating Margins	\$384,226	\$221,543
Capital Credits Margins	\$2,595,767	\$2,545,963

Financial information from the Independent Auditors' Report

Pages 15 and 16 of this annual report contain the Balance Sheet and Statement of Income Patronage Capital and Other Comprehensive Loss respectively from an independent auditors' report of SSVCE accounts as of June 30, 2022.

A complete copy of the report is available for inspection by members at SSVCE offices.

Ron Lee
Chief Financial Officer
Sulphur Springs Valley Electric Cooperative

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

BALANCE SHEETS JUNE 30, 2022 AND 2021

	ASSETS	
	June 30,	
	2022	2021
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 383,067,912	\$ 387,750,606
Construction Work in Progress	14,609,691	9,866,213
	\$ 397,677,603	\$ 397,616,819
Less: Accumulated Provision for Depreciation and Amortization	171,740,500	170,692,449
	\$ 225,937,103	\$ 226,924,370
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Non-Utility Property - Net	\$ 1,257,765	\$ 1,920,639
Investments in Associated Organizations	64,101,180	61,817,087
Other Investments	1,598,943	1,806,632
	\$ 66,957,888	\$ 65,544,358
CURRENT ASSETS		
Cash	\$ 3,550,749	\$ 4,410,300
Temporary Cash Investments	1,889,481	6,713,553
ACC Mandated Energy Conservation Programs - Restricted	8,110,519	7,992,973
Accounts Receivable (Less allowance for uncollectibles of \$239,598 in 2022 and \$310,777 in 2021)	6,239,396	4,568,135
Other Accounts Receivable	1,058,903	2,748,425
Unbilled Revenue	2,974,799	2,848,879
Underbilled Power Cost Adjustment	10,334,898	
Materials and Supplies	3,311,824	2,480,923
Other Current and Accrued Assets	589,181	582,310
	\$ 38,059,750	\$ 32,345,498
DEFERRED CHARGES	\$ 1,210,723	\$ 1,099,776
TOTAL ASSETS	\$ 332,165,464	\$ 325,914,002
	EQUITIES AND LIABILITIES	
EQUITIES		
Memberships	\$ 206,845	\$ 205,345
Patronage Capital	168,681,310	160,477,901
Other Equities (Deficits)	167,481	(254,545)
Other Comprehensive Income	218,089	89,537
	\$ 169,273,725	\$ 160,518,238
LONG-TERM DEBT		
CFC Mortgage Notes Less Current Maturities	\$ 22,133,654	\$ 24,012,862
CoBank Mortgage Notes Less Current Maturities	93,704,359	98,481,630
	\$ 115,838,013	\$ 122,494,492
OTHER LONG-TERM LIABILITIES		
Deferred Compensation	\$ 1,562,098	\$ 1,744,477
ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS		
Post-Retirement Benefits	\$ 881,236	\$ 1,022,761
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 6,695,889	\$ 6,613,817
Current Maturities of APBO	59,000	53,000
Accounts Payable - Purchased Power	9,449,401	5,727,023
Accounts Payable - Other	1,985,220	1,325,182
Consumer Deposits	2,935,122	2,204,545
Accrued Taxes	2,179,893	1,993,705
Accrued Interest	321,363	364,902
Accrued Payroll	520,907	453,384
Accrued Employee Compensated Absences	3,164,855	3,154,055
Overbilled Power Cost Adjustment		3,574,192
Other Current and Accrued Liabilities	261,375	102,568
	\$ 27,573,025	\$ 25,566,373
DEFERRED CREDITS	\$ 17,037,367	\$ 14,567,661
TOTAL EQUITIES AND LIABILITIES	\$ 332,165,464	\$ 325,914,002

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

STATEMENTS OF INCOME, PATRONAGE CAPITAL, AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Years Ended June 30,				Increase (Decrease)
	2022		2021		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 56,954,242	41.9	\$ 53,260,783	45.9	\$ 3,693,459
Irrigation	23,414,421	17.3	24,713,732	21.3	(1,299,311)
Commercial and Industrial	34,923,703	25.7	31,205,342	26.9	3,718,361
Public Buildings and Other Authorities	2,554,833	1.9	2,474,275	2.1	80,558
Power Cost Adjustment	13,909,090	10.3	730,542	0.6	13,178,548
Unbilled Revenue	125,921	0.1	245,102	0.2	(119,181)
Rent from Electric Property	841,468	0.6	780,499	0.7	60,969
Other Operating Revenues	2,903,792	2.2	2,468,874	2.1	434,918
Total Operating Revenues	\$ 135,627,470	100.0	\$ 115,879,149	100.0	\$ 19,748,321
OPERATING EXPENSES					
Purchased Power	\$ 79,570,550	58.7	\$ 58,568,245	50.5	\$ 21,002,305
Transmission	484,733	0.4	456,406	0.4	28,327
Distribution - Operation	10,083,093	7.4	9,307,275	8.0	775,818
Distribution - Maintenance	4,622,923	3.4	4,009,432	3.5	613,491
Consumer Accounts	3,555,521	2.6	3,518,620	3.0	36,901
Customer Service and Information	1,161,647	0.9	982,710	0.8	178,937
Sales Expenses	431,784	0.3	449,986	0.4	(18,202)
Administrative and General	8,529,470	6.3	8,211,284	7.1	318,186
Depreciation and Amortization	12,130,623	8.9	12,977,652	11.2	(847,029)
Taxes	(19,383)	0.0	(7,704)	0.0	(11,679)
Other Interest	1,903	0.0	82	0.0	1,821
Other Deductions	358,775	0.3	324,666	0.3	34,109
Total Operating Expenses	\$ 120,911,639	89.2	\$ 98,798,654	85.2	\$ 22,112,985
OPERATING MARGINS - Before Fixed Charges	\$ 14,715,831	10.8	\$ 17,080,495	14.8	\$ (2,364,664)
FIXED CHARGES					
Interest on Long-Term Debt	4,574,152	3.4	4,819,620	4.2	(245,468)
OPERATING MARGINS - After Fixed Charges	\$ 10,141,679	7.4	\$ 12,260,875	10.6	\$ (2,119,196)
G&T and Other Capital Credits	2,417,315	1.8	2,481,581	2.1	(64,266)
NET OPERATING MARGINS	\$ 12,558,994	9.2	\$ 14,742,456	12.7	\$ (2,183,462)
NON-OPERATING MARGINS					
Interest Income and Dividend Income	\$ 127,592	0.1	\$ 111,940	0.1	\$ 15,652
Other Non-Operating Income	29,580	0.0	23,712	0.0	5,868
	\$ 157,172	0.1	\$ 135,652	0.1	\$ 21,520
NET MARGINS	\$ 12,716,166	9.3	\$ 14,878,108	12.8	\$ (2,161,942)
OTHER COMPREHENSIVE INCOME					
Change in Assumptions	128,552		(38,742)		
Post-Retirement Benefit Amortization			(1,759)		
COMPREHENSIVE INCOME	\$ 12,844,718		\$ 14,837,607		
Post-Retirement Benefit Liability Adjustment	(128,552)		40,501		
PATRONAGE CAPITAL - Beginning of Year	160,477,901		149,318,040		
NON-OPERATING MARGINS TRANSFERRED TO PRIOR YEAR DEFICIT	(330,835)		(599,367)		
PATRONAGE CAPITAL RETIRED	(4,181,922)		(3,118,880)		
PATRONAGE CAPITAL - End of Year	\$ 168,681,310		\$ 160,477,901		



35 Years
Tom Shaughnessy

2023 Anniversaries



30 Years
Brian Church
Jorge Garcia
Carlos Martinez



25 Years
Mike Cook
Ruben Nieto



20 Years
Jorge Lara
Werner Neubauer
Clint Wilharm



15 Years
Jeremy Deskins
Deana Donovan
Daniel Myers
Janice Rice
Nadine Saavedra
Doug Schroeder
Jacob Shull
David Weinberg




10 Years
Emile Brunelle
Justin Garza
Coco Kerley
Dylan Layton
Zachary Paradis
Cory Thompson



5 Years
Michael Armstrong
Karson Carrillo
Shawn Cooke
Christa Crowell
Daniel Eichelberger
Adolfo Marmolejo
Susie Prichard
Shannon Shadrick
Xander Stutzman



**Sulphur Springs Valley
Electric Cooperative, Inc.**

A Touchstone Energy™ Cooperative 

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Official Notice of Annual Meeting

The 85th annual meeting of Sulphur Springs Valley Electric Cooperative, Inc., will be held at the **Benson High School Gymnasium, 360 S. Patagonia Street in Benson, on April 20, 2023, beginning at 7 p.m.** for the general business meeting.

The purpose of the annual meeting is to consider and act on reports of business that may come before the membership.

Registration for the meeting will begin at 6 p.m.

To accomplish this, the following agenda is announced:

- **Call to Order**
- **Report on quorum**
- **Reading of the annual meeting notice and proof of its mailing.**
- **Reading of unapproved minutes of last year's meeting and action thereon.**
- **Report of director election results.**
- **Report of Board President**
- **Report of Chief Executive Officer**
- **Adjourn**

85 years... *Building on our history to succeed in our future.*