

2021
Annual Report



Reliable, affordable **energy.**



We deliver.



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy™ Cooperative 

Owned by those we serve.

Commitments to our community

One of the seven principles that guide the cooperative business model is a commitment to the community. At Sulphur Springs Valley Electric Cooperative (SSVEC), we take that commitment seriously and support local organizations that share our passion for making a difference in the communities where our members live, work and play.

Susan Pater (center, right), a representative of the Willcox Farm, Ranch and Youth Event Center, accepted a \$10,000 donation from CoBank and Sulphur Springs Valley Electric Cooperative (SSVEC). Presenting the check were Graham Kaiser (center, left), Relationship Manager at CoBank, Curtis Nolan (left), President of the SSVEC Board of Directors, and Kathy Thatcher (right), the District 1 Representative on the Board. Pater said the donation will pay for installing a new roof on the center, which hosts events for youth throughout the year.



Representatives of the Willcox Community Food Pantry accepted a \$10,000 donation from CoBank and Sulphur Springs Valley Electric Cooperative (SSVEC). Accepting the check were (center, right to left) Gerri Roberts, Co-Director of the Pantry, Nell Worden, Director of the Pantry, and Alfredo Torralba, board member and volunteer at the Pantry. Presenting the check (center, left to left) were Graham Kaiser (center, left), Relationship Manager at CoBank, and Curtis Nolan (left), President of the SSVEC Board of Directors.

Winner of the Youth of the Year scholarship for 2021 was Luisa Taite, who secured \$500 from the program sponsor, Sulphur Springs Valley Electric Cooperative (SSVEC). Pictured from the left are Jay Hamwright, Chief Professional Officer, Leticia Hamwright, SSVEC Customer Service Representative, winner Luisa Taite, Sylvia Conklin, Boys & Girls Club of Sierra Vista Board President and Eric Petermann, Boys & Girls Club of Sierra Vista Board Secretary.



It was a merry Christmas for families participating in the Salvation Army gift program. Sulphur Springs Valley Electric Cooperative (SSVEC) donated seven bikes to the Army, for distribution to kids for Christmas. Those helping with the effort include, from the left, Heather Baze, from the Salvation Army, and Paula Jackson, Scott Rogers and Robert Hardy from SSVEC. Rogers and Hardy transported and unloaded the bikes at the Salvation Army Sierra Vista parking lot.

President's Report

In 2020, a virus and social unrest brought challenges to our communities, nation, and world. These challenges may have distressed us all, but your electric cooperative rose to the occasion, getting to work for our communities. The year that followed seemed determined to hit us all even harder. Again, SSVEC responded to the worst 2021 had to offer with determination, compassion, great teamwork, and a level of concern for our community, a hallmark of the cooperative principles. We see this in SSVEC again shattering the prior year's capital credit retirement record by retiring \$4 million in capital credits in 2021.

We know our members appreciate seeing a return on their investment and SSVEC's work in the community. We also know our member's highest priority for us, the reason we exist... to provide safe,

affordable, and reliable electric service. The following strategic plan goals and results suggest we have not forgotten that priority:

- **On a goal of reducing outage duration to less than 68.47 minutes, SSVEC averaged 65.87 minutes.**
- **On a goal of achieving a member satisfaction score of 80% or better, the latest results found 87% of SSVEC members were satisfied with our service.**
- **On a goal of keeping controllable costs to less than \$531.48 per member, we spent \$497.19.**

SSVEC's employees have done and continue to do a phenomenal job. Your electric cooperative is ready for whatever comes from 2022 and beyond.



Curtis Nolan
President, SSVEC Board of Directors

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.



*Members of the Sulphur Springs Valley Electric Cooperative Board of Directors in 2021
District 1 Director Kathy Thatcher, District 6 Director and Board Secretary Dan Barrera,*



Officers on the Sulphur Springs Valley Electric Cooperative Board of Directors include, seated left, Treasurer Joseph Beam, Secretary Dan Barrera, standing left, President Curtis Nolan and Vice President Randy Redmond.

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.



included, from the left, District 8 Director Peter Gillespie, District 10 Director and Board Treasurer Joseph Beam, District 4 Director Tom Goodman, District 9 Director Lex Herron, District 13 Director Dave Kelso, District 3 Director Pat English, District 2 Director and Board President Curtis Nolan, District 11 Director and Board Vice President Randy Redmond.

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.

CEO's Report

How we respond to challenging circumstances is the measure of success.

To appreciate that statement, we need only to reflect on the success achieved by your Sulphur Springs Valley Electric Cooperative (SSVEC) during the past year. Despite daunting and unforeseen events that disrupted ambitious goals and forced quick responses, SSVEC remained financially strong and continued its commitment to provide reliable and affordable service.

Quickly summarized, SSVEC continued to upgrade its technology, maintained its impressive power restoration time, improved its standing on Wall Street and increased member equity during 2021.

We did so, without raising rates or borrowing money for the sixth consecutive year. Completion of a project three years in the making highlighted SSVEC accomplishments in 2021. Thanks to a dedicated crew of technicians, more than 50,000 meters were replaced throughout the service area. It was necessary to undertake the project when the vendor discontinued support of the meters and software and it became difficult to locate parts

for a metering system that has served SSVEC's needs for more than two decades.

The new system provides more timely meter readings and immediately notifies SSVEC when and where an outage occurs. Gone are the days when linemen would mount horses and follow a line to locate the cause of an outage!

Today, our metering system automates the reporting process and future developments will build-in features that notify our members when we are aware of an outage. It will also provide an online map of the affected area, all within minutes after a loss in power.

The system would have come in handy in July and October when SSVEC experienced massive outages after damaging windstorms throughout Cochise County. Linemen worked through the night and on weekends to restore power to Willcox, Sunsites, Tombstone, Huachuca City, Whetstone and other areas after the first major monsoon storm hit on July 7. Crews replaced 17 poles and restored power within hours to thousands of members, despite rugged terrain and limited access to some of the downed lines.

Hereford was hit hard on October 10, when a line of poles was knocked down causing an extensive outage in the community. SSVEC responded quickly, restoring power to most members before dawn and continuing to repair services until a total of 18 poles were replaced.



Members of the SSVEC Senior Staff include, from the left, Jason Bowling, Chief Administrative Officer; Jack Blair, Chief Member Services Officer; Ron Lee, Chief Financial Officer; Dan Wilson, Director of Engineering; Nathan Hodges, Chief Operations Officer; Orson Garnsey, Chief Information and Technology Officer; and Creden Huber, Chief Executive Officer.



Both incidents are a positive reflection on the dedication of our linemen to keep the power flowing and respond to members, even in dire weather conditions. Further evidence of that commitment is SSVEC's average restoration time, which has remained around 73 minutes for the past two years and ranks among the best in Arizona and across the nation.

Surviving and prospering despite the pandemic and other unexpected challenges during the past two years is a clear indication of SSVEC's financial stability. Our consistent performance in all areas of financial accountability captured the attention of the Wall Street firm, Finch Ratings, which upgraded our rating from an A- to a solid A, after inspecting our balance sheet and reviewing the results of our annual audit.

The improved rating has helped SSVEC obtain competitive interest rates on its outstanding balances and cash flow requirements, generating an annual savings to our members of about \$2.5 million for each of the past ten years. It is also a reflection on our financial stability, which continues to provide reliable electric service throughout our nearly 5,700 square mile service area, at the lowest rate per kilowatt hour in Arizona. Statewide, electricity averages 12.3-cents per kilowatt hour while SSVEC has remained at 10.3-cents since 2016.

Thanks to the foresight and consistent wisdom of the SSVEC Board of Directors, 2021 marked the first time in the 83-year history of the Cooperative that member equity – the measure of financial value held by those who own the Cooperative – exceeded total liabilities. Through a concerted effort by the board and SSVEC leadership, members of the Cooperative now hold 51 percent of the company's total equity.

Directors also acted to distribute a record amount of capital credits in 2021, returning more than \$4 million to members. It was the fourth consecutive year that Directors have voted to return a record amount of capital credits to members.

This will be my last Chief Executive Officer report after 27 years at SSVEC and 43 years in the utility industry. Never did I think, when I started in the accounting department of a small Cooperative in South Dakota in 1979, that four decades later I would be retiring from a remarkable organization that has accomplished so much for so many.

It has been my privilege to lead a talented and dedicated staff of professionals who are committed to their core to the responsibility of assuring reliable electric service at an affordable cost in Southeast Arizona.

Much as I cherish the idea of spending more time with my family and enjoying some of the pleasures that fulltime employment has denied, I know my heart will miss the fellowship, the shared sense of purpose and the professional interaction that has inspired all that SSVEC has accomplished during my tenure. Be safe and take care.



Operations

Mobile substation shines

The “christening” of SSVEC’s mobile substation, a \$2 million piece of equipment transported by a huge semi-tractor trailer, was accomplished in May 2021 during a scheduled equipment replacement at the Cottonwood Substation on Cooperative Way in Benson.

While that work represented the first, official deployment of the unit, the next time SSVEC called on its portable power unit provided a great example of why the mobile substation is vital to assuring continuous, reliable electricity to our members. A routine Monday morning inspection on August 30 by Substation/SCADA apprentice Rafael Villegas identified serious equipment problems at the Huachuca City East and West substation on Black Road.



“The find by Rafael set off a chain of events with SSVEC operations managers coordinating efforts across their service territory to shift a majority of response efforts to deploying the new mobile substation,” said Manny Gonzales, Technical Services and Fleet Manager at SSVEC.

After 12 hours of continuous work involving SSVEC’s engineering and SCADA team, a line crew and mechanic team from Sierra Vista and Benson, and multiple employees from the Technical Service department, the SSVEC team was able to safely de-energize the transformer with the faulty equipment

and place load on SSVEC’s new mobile substation without interruption to our members.

“SSVEC continues to work hard to meet the cooperative’s mission of providing safe, reliable electricity,” Gonzales said.



Meter Replacement Project finished three months and two days ahead of schedule

After years of planning and more than a year of deployment, a team of SSVEC employees representing multiple departments, completed the replacement of all the meters all across the service area.

The work was necessary after the original meters, which served SSVEC members for more than 20 years, were no longer being manufactured and supported and parts for these meters were also unavailable.

The old meters were replaced by the Advanced Metering Infrastructure (AMI), which gives many additional benefits to SSVEC and its members.



Members of different sections representing their teams support during this project

Two of the key benefits are:

- Members can monitor their usage in 15-minute intervals versus 24 hours which can assist with managing their usage better.
- And in the not-too-distant future, the meter will alert SSVEC when there is an outage. This means our members won't need to call SSVEC to report an outage, the information will be put on the SSVEC website quicker, and our crews dispatched quicker to the most likely cause of the outage.

Here are a few notable statistics on the accomplishments of the SSVEC Operations, Technical Services and Fleet Management departments in 2021.

- Approximately 54,000 meters replaced
- Approximately 800 load control switches changed
- 408 substation inspections
- 566 line device inspections
- 1,047,942 miles driven by all fleet assets
- 99.986% system uptime



Jesus Moreno and Reggie Martinez install the last single-phase meter

Engineering

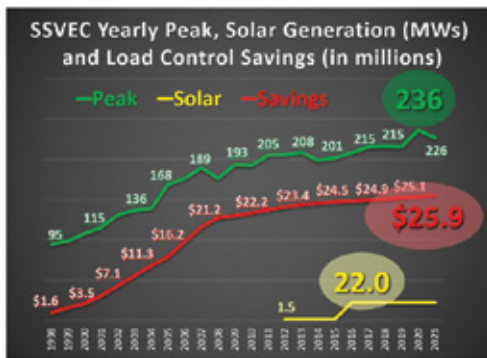
Engineering utilizes technology to lower costs, peak demand

SSVEC's yearly peak demand has steadily grown through the years from 95 megawatts (MW) in 1998 to an all-time peak of 236 MW in 2020. This is just one of many factors that SSVEC uses to predict future growth and plan for maintenance and new construction to better serve our members.

To help curtail this load growth, SSVEC has been actively installing solar sites with our first solar fields near Sonoita and San Simon constructed in 2012 producing 1.5 MWs and then the addition in late 2016 of the SSVEC Solar Field near Cochise that added 20.5 MWs for a total of 22 MWs of solar generation.

SSVEC is currently planning to add 20 to 40 MW of additional solar generation over the next few years. To lower costs and reduce our load peak, SSVEC uses our SCADA (Supervisory Control and Data Acquisition) system combined with our new AMI (Advanced Metering Infrastructure) system to control or shed some of our load at critical times which can save our members anywhere from \$5,000 to \$60,000 each month.

Over time, this savings started out at \$1.6 million in 1998 and has accumulated through the years to a total of almost \$26 million in 2021.



SSVEC uses solar generation, SCADA, and our metering system to help manage our ever-increasing load and the numerous challenges that increased load presents to our system and SSVEC.

Work Order Breakdown

The following work orders were released from Engineering Services to Operations from July 1, 2020 thru June 30, 2021

New or Retired Underground and Overhead Services

Willcox - 176
Sierra Vista - 283
Benson - 147
Total - 606

Service Upgrade Work Orders

Willcox - 41
Sierra Vista - 57
Benson - 17
Total - 115

Pole Replacement & General Work Orders

Willcox - 129
Sierra Vista - 84
Benson - 89
Total - 302

Other Miscellaneous Work Orders

Willcox - 44
Sierra Vista - 19
Benson - 7
Total - 70

Transmission Line & Substation Upgrade Work Orders

Willcox - 2
Sierra Vista - 0
Benson - 2
Total - 4

Fort Huachuca Work Orders

Total - 15

Administration

Administrative Department contribution to the Annual report

Through 2021, members have continued to experience the effects of the pandemic. Administrative department employees continued to respond with great compassion and conscientiousness.

They guided struggling members toward support agencies that helped our members with a record-shattering \$504,200 in aid.

The pandemic also affected our employees and their families. SSVEC's facilities, ICS, and HR departments moved mountains to ensure our customer service department could continue to meet our members' needs despite staffing challenges. In 2021, our small team of Customer Service Representatives answered over 58,000 calls, processed over 29,000 in-person payments, and handled 13,855 service orders.



The Human Resources Department was hard at work as well, evaluating 1,220 applications to fill 28 job openings. The HR team also demonstrated phenomenal financial stewardship keeping medical

costs flat for our employees and retirees for the third year in a row!

The last two years have taught us how important it is to be prepared for anything. The 26 employees in the administrative team spent over 1,400 hours cross-training, learning new skills, and refining current ones. Somehow, they also found the time for 200 hours of community service in 2021.

This team of employees is incredibly mission-driven and focused on serving our members, fellow employees, and community. Our member-owners should be very proud of them, as I most certainly am.



Finance

SSVEC maintains strong financial standing, despite market factors



Dramatic changes in the global energy market in 2021 and into 2022 have had a direct impact on the cost to provide power to Sulphur Springs Valley Electric Cooperative (SSVEC) members.

Ron Lee, Chief Financial Officer (CFO), reported market factors, supply chain issues and policy changes have contributed to increasing energy costs across the country and

around the world.

“SSVEC recognized this market landscape change and pursued new energy products to fill the gaps,” Lee said. “However, the new energy products were more expensive than in the past and required longer commitments than previously due to market forces.”

Lee cited changes in energy policies in California have had a significant impact on the market supply of electricity throughout the West, shrinking the availability of electricity and thereby increasing the price of power.

“This will intensify as energy usage is expected to grow by about 30 percent in the next five years due to acceptance of electrical vehicles (EV),” Lee said.

Although EV adoption will be slower in rural areas, including the SSVEC service area, the CFO said overall demand for electricity – locally and elsewhere – will increase significantly in the near future.



“Measures to mitigate these costs on our membership has been one of the Cooperative’s top priorities,” Lee said. “We’re looking at everything, but at this juncture we are actively pursuing more solar and battery storage opportunities.”

The impact of product shortages due to supply chain issues has also impacted SSVEC. Rapid growth of the national economy in 2021, following the slowdown due to the pandemic the previous year, caused prices to increase and affected the availability of essential products.

“Items such as transformers, wire, cable, and other electrical items have had both an increase in price and lead-times.

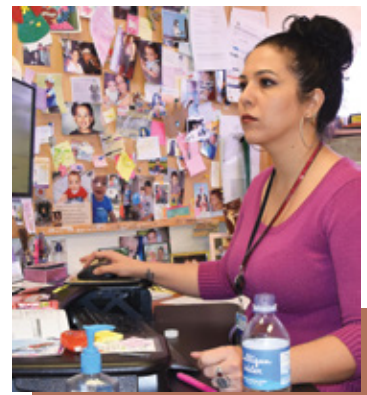
SSVEC continues to monitor market conditions closely and places orders further out to ensure material availability for upcoming projects,” Lee said.

Despite the challenges and rapid fluctuations in the energy market, SSVEC has maintained a strong financial profile.

Fitch Rating Agency, a Wall Street firm that evaluates businesses and credit worthiness, issued SSVEC an “A, Outlook Stable,” rating during its 2022 annual review. The finding

highlighted the Cooperative’s lower net leverage and improved liquidity as two main drivers for this rating. It also mentioned SSVEC’s low operating costs and the ability of its financial profile to withstand standard stress tests.

The strong financial standing, which includes not borrowing for the past five years and avoiding member rate increases since 2016, contributed to a decision by the Board of Directors in 2021 to retire more than \$4 million in capital credits to SSVEC members. The amount represented the fourth consecutive year the Cooperative has returned a record amount of capital credits to its members, with a total of more than \$10 million retired since 2018.



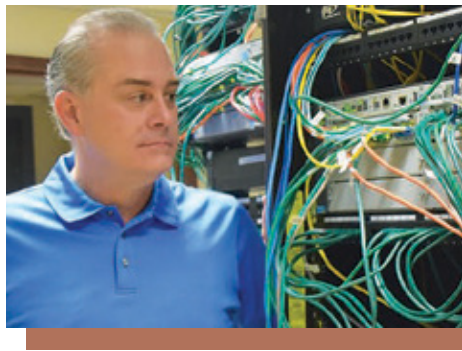
ICS

ICS improves service to members

Initiatives aimed at improving service to our members and conveying real time information when an outage occurs has been the focus of the Sulphur Springs Valley Electric Cooperative (SSVEC) Information and Communication Services (ICS) department for the past several years.

Much of that work came to fruition in 2021 and members have, or will soon, realize the benefits of the department's focused efforts.

Reprogramming of the Avaya phone system now provides members with options when they call an SSVEC office, allowing the routing of calls to specific personnel who are trained for a variety of situations.



The new system compiles responses by those who call in, allowing SSVEC to set up its staff to assure each call can be answered promptly by a CSR professional well-trained in the anticipated issue.

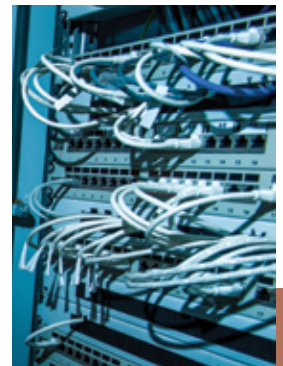
ICS has also focused on utilizing new features made possible by the replacement of obsolete meters with an automated system that provides reliable information in a timely manner. More than 50,000 new meters were installed by SSVEC technicians during the past two years, offering the advantages of more frequent meter readings and more precise locating of where outages occur.

Building on that information, SSVEC is now developing a website map that will allow members to see specific areas within the service area that are affected when an outage happens. The new feature is expected to go online during the second quarter of 2022, after more than a year of development by the ICS department.

Although 2022 has brought a welcome change in the severity and impact of the pandemic, a continuing and remarkable effort by every member of the ICS department to accommodate a variety of working conditions throughout 2021, assured SSVEC continued to be productive.

For employees who worked from home, network security was enhanced, and desktop phone systems were provided to assimilate "in-office" work responsibilities.

As 2022 gets underway, ICS is continuing its focus on expanding integration of remote services while maintaining a strong network security to better serve SSVEC members.



By responding to a series of prompts, members are directed to Customer Service Representatives on payments, service issues, billing questions or to report an outage. There is also a prompt for Spanish-speaking members, directing them to bilingual CSRs who can address issues and answer questions.

Member Services

SSVEC Foundation Supports Youth Programs

Consistent with the principles of the Cooperative, SSVEC takes an active role in local communities sponsoring programs that enrich, educate and enlighten area youth.

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



Due to the pandemic, the traditional Washington Youth Tour was canceled in 2020 and 2021. Instead, the Foundation offered scholarships for

qualified high school juniors who participated in an exhaustive selection process in the hopes of earning the tour if it was offered. More than 75 juniors took part in the competition, with nine students earning scholarships.

The tour is being restarted in 2022 and a total of 15 students have earned the honor of participating with all, or a substantial portion, of the trip being paid for by the Foundation.

The annual event brings together students representing electric cooperatives from around the country for a seven-day tour of the nation's capital.



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 Engineering and Science Fair.



Graduating seniors, including homeschool students and those attending high schools within the SSVEC service area, also compete for one of 30, \$3,000 continuing education scholarships awarded each spring. 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.





TWN

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.

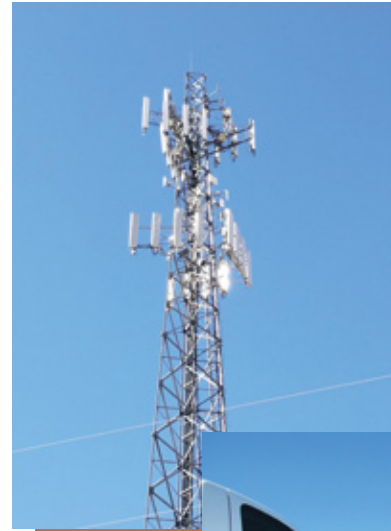
As we continue to navigate COVID-19 and the shift to a more remote lifestyle, TWN understands the growing need for greater broadband capacity. To keep up with demand, TWN has upgraded its network in the area to provide faster, guaranteed speed plans to SSVEC members.

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 2021 and 2020

	December 31, 2021	December 31, 2020
Active Meters	53,249	52,815
New Services Connected	150	377
Total Electric Sales (kWh)	933,186,532	931,592,625
System Peak (kW and Month)	226,817 (June)	235,434 (July)
Miles of Energized Line		
Transmission	322	322
Distribution (overhead)	3,079	3,077
Distribution (underground)	790	788
Taxes Paid for the Year (property, payroll, franchise, and other)	\$14,453,824	\$15,139,864
Patronage Capital		
Margins Assigned	\$13,756,423	\$13,173,792
Retired	\$4,130,867	\$3,153,862
Operating Revenue	\$122,067,906	\$109,890,751
Net Margins	\$13,756,422	\$13,173,792
Members Total Equity	\$164,117,684	\$154,486,014
Operating Margins	\$10,988,917	\$10,349,189
Non-Operating Margins	\$221,543	\$330,849
Capital Credits Margins	\$2,545,963	\$2,493,754

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 SSVEC accounts as of June 30, 2021.

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

Ron Lee
Chief Financial Officer
Sulphur Springs Valley Electric Cooperative

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

**BALANCE SHEETS
JUNE 30, 2021 AND 2020**

ASSETS

	June 30,	
	<u>2021</u>	<u>2020</u>
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 387,750,606	\$ 374,275,123
Construction Work in Progress	9,866,213	13,233,958
	<u>\$ 397,616,819</u>	<u>\$ 387,509,081</u>
Less: Accumulated Provision for Depreciation and Amortization	170,692,449	163,300,753
	<u>\$ 226,924,370</u>	<u>\$ 224,208,328</u>
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Non-Utility Property - Net	\$ 1,920,639	\$ 2,420,853
Investments in Associated Organizations	61,817,087	60,024,725
Other Investments	1,806,632	1,425,184
ACC Mandated Energy Conservation Programs - Restricted	7,992,973	7,153,266
	<u>\$ 73,537,331</u>	<u>\$ 71,024,028</u>
CURRENT ASSETS		
Cash	\$ 4,410,300	\$ 3,772,138
Temporary Cash Investments	6,713,553	9,706,433
Accounts and Notes Receivable (Less allowance for uncollectibles of \$310,777 in 2021 and \$319,479 in 2020)	4,568,135	4,072,861
Other Accounts Receivable	2,748,425	547,779
Unbilled Revenue	2,848,879	2,603,777
Materials and Supplies	2,480,923	1,768,852
Other Current and Accrued Assets	582,310	1,113,754
	<u>\$ 24,352,525</u>	<u>\$ 23,585,594</u>
DEFERRED CHARGES	<u>\$ 1,099,776</u>	<u>\$ 942,724</u>
TOTAL ASSETS	<u>\$ 325,914,002</u>	<u>\$ 319,760,674</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	\$ 205,345	\$ 202,740
Patronage Capital	160,477,901	149,318,040
Other Equities (Deficits)	(254,545)	(914,502)
Other Comprehensive Income	89,537	130,038
	<u>\$ 160,518,238</u>	<u>\$ 148,736,316</u>
LONG-TERM DEBT		
CFC Mortgage Notes Less Current Maturities	\$ 24,012,862	\$ 25,896,495
CoBank Mortgage Notes Less Current Maturities	98,481,630	103,172,404
	<u>\$ 122,494,492</u>	<u>\$ 129,068,899</u>
OTHER LONG-TERM LIABILITIES		
Deferred Compensation	<u>\$ 1,744,477</u>	<u>\$ 1,370,454</u>
ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS		
Post-Retirement Benefits	<u>\$ 1,022,761</u>	<u>\$ 1,014,278</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 6,613,817	\$ 6,668,497
Current Maturities of APBO	53,000	52,000
Accounts Payable - Purchased Power	5,727,023	5,020,557
Accounts Payable - Other	1,325,182	1,917,492
Consumer Deposits	2,204,545	2,047,062
Accrued Taxes	1,993,705	2,028,596
Accrued Interest	364,902	362,703
Accrued Payroll	453,384	403,027
Accrued Employee Compensated Absences	3,154,055	2,989,601
Overbilled Power Cost Adjustment	3,574,192	4,304,734
Other Current and Accrued Liabilities	102,568	101,228
	<u>\$ 25,566,373</u>	<u>\$ 25,895,497</u>
DEFERRED CREDITS	<u>\$ 14,567,661</u>	<u>\$ 13,675,230</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 325,914,002</u>	<u>\$ 319,760,674</u>

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

**STATEMENTS OF INCOME, PATRONAGE CAPITAL, AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Years Ended June 30,				Increase (Decrease)
	2021		2020		
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 53,260,783	46.0	\$ 53,484,855	49.7	\$ (224,072)
Irrigation	24,713,732	21.3	20,663,072	19.3	4,050,660
Commercial and Industrial	31,205,342	26.9	32,447,504	30.3	(1,242,162)
Public Buildings and Other Authorities	2,474,275	2.1	2,437,334	2.3	36,941
Power Cost Adjustment	730,542	0.6	(5,408,086)	(5.0)	6,138,628
Unbilled Revenue	245,102	0.2	(71,550)	(0.1)	316,652
Rent from Electric Property	780,499	0.7	763,609	0.7	16,890
Other Operating Revenues	2,468,874	2.2	2,828,151	2.6	(359,277)
Total Operating Revenues	\$ 115,879,149	100.0	\$ 107,144,889	100.0	\$ 8,734,260
OPERATING EXPENSES					
Purchased Power	\$ 58,568,245	50.5	\$ 53,197,469	49.7	\$ 5,370,776
Transmission	456,406	0.4	425,710	0.4	30,696
Distribution - Operation	9,307,275	8.0	10,127,949	9.5	(820,674)
Distribution - Maintenance	4,009,432	3.5	2,964,781	2.8	1,044,651
Consumer Accounts	3,518,620	3.0	3,602,278	3.4	(83,658)
Customer Service and Information	982,710	0.8	1,018,514	1.0	(35,804)
Sales Expenses	449,986	0.4	490,464	0.5	(40,478)
Administrative and General	8,211,284	7.1	7,154,816	6.7	1,056,468
Depreciation and Amortization	12,977,652	11.2	12,910,341	12.0	67,311
Taxes	(7,704)	0.0	16,439	0.0	(24,143)
Other Interest	82	0.0	79	0.0	3
Other Deductions	324,666	0.3	356,021	0.3	(31,355)
Total Operating Expenses	\$ 98,798,654	85.2	\$ 92,264,861	86.3	\$ 6,533,793
OPERATING MARGINS - Before Fixed Charges	\$ 17,080,495	14.8	\$ 14,880,028	13.7	\$ 2,200,467
FIXED CHARGES					
Interest on Long-Term Debt	4,819,620	4.2	5,115,096	4.8	(295,476)
OPERATING MARGINS - After Fixed Charges	\$ 12,260,875	10.6	\$ 9,764,932	8.9	\$ 2,495,943
G&T and Other Capital Credits	2,481,581	2.1	3,234,979	3.0	(753,398)
NET OPERATING MARGINS	\$ 14,742,456	12.7	\$ 12,999,911	11.9	\$ 1,742,545
NON-OPERATING MARGINS					
Interest Income and Dividend Income	\$ 111,940	0.1	\$ 449,004	0.4	\$ (337,064)
Other Non-Operating Income	23,712	0.0	3,512	0.0	20,200
	<u>\$ 135,652</u>	<u>0.1</u>	<u>\$ 452,516</u>	<u>0.4</u>	<u>\$ (316,864)</u>
NET MARGINS	\$ 14,878,108	12.8	\$ 13,452,427	12.3	\$ 1,425,681
OTHER COMPREHENSIVE INCOME					
Change in Assumptions	(38,742)		844,416		
Post-Retirement Benefit Amortization	(1,759)		52,842		
COMPREHENSIVE INCOME	\$ 14,837,607		\$ 14,349,685		
Post-Retirement Benefit Liability Adjustment	40,501		(897,258)		
PATRONAGE CAPITAL - Beginning of Year	149,318,040		139,091,210		
NON-OPERATING MARGINS TRANSFERRED TO PRIOR YEAR DEFICIT	(599,367)		(346,219)		
PATRONAGE CAPITAL RETIRED	(3,118,880)		(2,879,378)		
PATRONAGE CAPITAL - End of Year	\$ 160,477,901		\$ 149,318,040		

Cooperative Work Anniversaries

30



Bobby Martinez

Thirty Years

Bobby Martinez

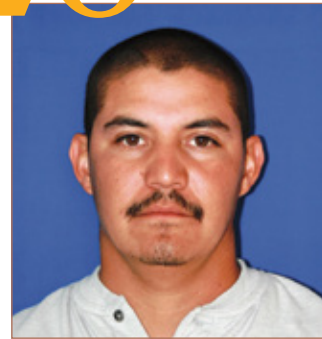
Twenty Years

Jesus Hernandez

20

Fifteen Years

Jesus Moreno
Pablo Felix (non-continuous)
John Vandermeulen
Belen Lopez-Hart
Lisa Tomerlin
Guillermo Batt
John Horney



Jesus Hernandez

15



Belen Lopez-Hart

Ten Years

Owen Mortenson
Chris Valenzuela
Rebecca Buksh
Mary Grove

10

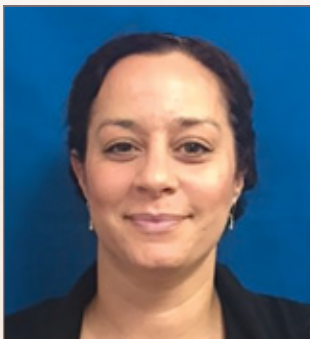
Five Years

Cindy Murphy
Diego Santillan
Michele McCollum
Adrian Fuentes
Cory East
Reed Nichols
Olyca Trujillo
Shannon Storey
Tyler Rios
Curtiss Peterson
Rafael Villegas
Leticia Hamwright
Eric Petermann



Rebecca Buksh

5



Olyca Trujillo

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Notice of SSVEC Annual Meeting

The 83rd annual meeting of the Sulphur Springs Valley Electric Cooperative, will be held at Klein Performing Arts Center, inside Buena High School, 5225 E. Buena School Boulevard, Sierra Vista, Arizona, on Thursday, April 21, beginning at 7 p.m. Registration to establish a quorum will begin at 6 p.m.

The agenda for the meeting is as follows:

- **Reports by SSVEC President Curtis Nolan and SSVEC Chief Executive Officer Creden Huber**
- **Announcement of the results of the 2022 Board of Directors elections**
- **Announcement of the winners of the 2022 SSVEC Foundation Scholarships**
- **A drawing for twenty \$50 billing credits and other prizes.**
- **Refreshments will be offered.**

Every member who registers will receive a gift and one lucky co-op member in attendance will win this year's **GRAND PRIZE**

2011 Ford F-150 Truck

The vehicle is being retired from the SSVEC fleet. Features a 3.7L V-6 flex-fuel engine that has been very well maintained throughout its 135,000 miles.

