

2025 ANNUAL REPORT

JANUARY - DECEMBER 2025



TABLE OF CONTENTS

Message from the President & CEO	4
Leadership Team	5
Mission & Strategic Goals	5
2025 Highlights	
Financial Transformation	6
Member Service & Reliability	6
Operational Efficiency & Cost Control	7
Community Impact & Growth	7
The 2025 Financial Transformation	
Reversing the Trend: A Landmark Year in Debt Reduction	8
Strategy in Action: Strategic Asset Divestment	9
Rebuilding the Foundation: Member Equity Growth	9
Power Supply Agreement: Protection from Market Volatility	9
Fiscal Discipline: Operational Cost Reductions	10
2025 Rate Adjustment	11
Audit Excellence	11
Operational Excellence	
System Reliability and Modernization	12
Driving Efficiency in Construction and Operations	13
Technology Meets Responsiveness	13
Commitment to Community	
Direct Member Assistance and Savings	15
Investing in the Next Generation	16
Empowering Community Action	17
Employees & Culture: The Foundation for Success	
Living Our Values: The Essential Attributes	19
Honoring a Legacy of Service	20
A Commitment to Communication & Transparency	
Digital-First Member Communications	21
Honoring Our Past, Guiding Our Future	22
Building on Momentum for Centennial	
2026 Strategic Priorities	23
Growth and Service Area Demands	23
Glossary of Terms	24

A MESSAGE FROM THE PRESIDENT & CEO

As we close the books on 2025, I'm honored to share the progress Tri-County Electric Cooperative (TCEC) has made in its first full calendar year under current leadership. This report tells a story of transformation—one built on financial discipline, operational excellence, and unwavering commitment to members.

The numbers speak to decisive action: TCEC reduced debt by \$64.9 million to \$833.3 million—a 7.23% reduction and the largest single-year debt reduction in the Cooperative's history since 1939. That didn't come from one decision—it came from hundreds of smaller ones, made consistently and with members in mind. We cut call wait times by 95%, maintained 99.98% system reliability, and stopped a \$40 million annual subsidy drain that had added \$240 million to debt.

Through strategic asset sales, operational efficiency, and a five-year power supply agreement, the Cooperative has fundamentally restructured its financial foundation. Member equity grew from 30.08% to 33.72%, positioning TCEC on track to reach the industry-standard 37% target in 2026.

But beyond the metrics lies a cultural shift. The TCEC Essential Attributes—ten values defining who we are and how we serve—guide every decision. TCEC team members embody these principles daily, from line workers restoring power in storms to member service representatives answering every call with care.

In these pages, you'll find evidence of disciplined stewardship: \$8.7 million in reduced controllable expenses, \$250,000 in scholarships funded by unclaimed capital credits, 77% MyTriCountyTX digital adoption, and a clean audit opinion validating our turnaround. This work reflects a leadership team willing to prioritize long-term financial health over short-term comfort. I'm grateful for their judgment, discipline, and steady execution. This is how Tri-County Electric Cooperative builds durability—for today and decades ahead.



Scott Spence
President & CEO

As TCEC builds toward its 100-year milestone in 2039, we do so from a position of renewed strength, guided by a clear mission: to provide safe, and reliable power at the lowest possible cost.

Thank you for your continued trust.

LEADERSHIP TEAM










Tri-County Electric Cooperative is led by a management team structured to execute the Cooperative's strategic priorities and ensure operational excellence across all departments.

 SCOTT SPENCE President & CEO	 ANDREA MCCLEESE Executive Vice President, Member Experience	 DUSTIN TIDBALL CFO & Senior Vice President, Finance	 TOMMY HIGGINBOTHAM Vice President, Information Technology	 BRANDI JOHNSON Vice President, Human Resources & Safety
---	---	---	---	---

MISSION

To provide safe, and reliable service at the lowest possible cost.



FINANCIAL HEALTH	SERVICE EXCELLENCE	COMMUNITY IMPACT
 <p>\$64.9 Million Debt Reduction Achieved the first total debt reduction in six years, reversing a multi-year trend.</p>	 <p>99.98% System Uptime Delivering consistent and reliable power across the cooperative's 16-county territory.</p>	 <p>\$386,475 in Energy Rebates Distributed to 3,663 members for energy efficiency improvements.</p>
 <p>\$2.52 Million in Annual Interest Savings Generated from strategic long-term debt savings and refinancing efforts.</p>	 <p>Under 35 Seconds Average Call Wait A 95% improvement from over 7 minutes in the previous year.</p>	 <p>\$250,000 in Youth Scholarships Awarded 50 scholarships of \$5,000 each to invest in the next generation.</p>
 <p>33.72% Member Equity Steadily progressing toward the long-term financial stability target of 37%.</p>	 <p>48.5% Paperless Enrollment 68,106 members enrolled, leading to a 25% reduction in billing expenses.</p>	 <p>\$100,265 from Brazos Hardship Fund Assisted 856 qualifying members with bill credits to offset legacy storm charges.</p>

2025 HIGHLIGHTS

Financial Transformation

\$64.9 Million Debt Reduction

In 2025, total debt declined by \$64.9 million to \$833.3 million, a 7.23% reduction and the largest single-year debt reduction in the cooperative's history since 1939.

33.72% Member Equity

Equity grew from 30.08% in April 2024 to 33.72% through 2025, marking steady progress toward the long-term stability target of 37%.

Reduction in CWIP

The Construction Work in Progress (CWIP) began at 18 months in 2024 to 7 months by the end of 2025.

\$1.3 Million Savings: Learning from Winter Storm Uri

Winter Storm Uri left TCEC with \$489 Million in debt and no protection from extreme ERCOT market prices.

Today, a five-year power supply agreement (2025-2029) shields members from the same volatility—saving \$1.3 million in January 2025 alone when winter weather caused market prices to spike to 219 cents per kWh.

Member Service & Reliability

99.98% System Uptime: TCEC maintained a high level of reliability across its 16-county service territory.

95% Reduction in Call Wait Times

Average wait times plummeted from over 7 minutes in March 2024 to under 35 seconds.

77% MyTriCountyTX Digital Enrollment

The MyTriCountyTX app provides 24/7 access to view and pay bills, monitor energy usage, report outages, and update account information without wait times or phone calls.

Operational Efficiency & Cost Control

\$3-5 Million Annual Supplier Savings

A strategic partnership with [Irby Utilities](#) for line equipment delivered millions in annual savings through multi-department coordination.

\$1 Million Annual Magazine Savings

Transitioning from the printed [Texas Co-op Power](#) magazine to the digital [Current Conversations](#) newsletter eliminated high printing and mailing costs.

Paperless Billing Grew 12%

Nearly half of all members (48%) now receive paperless bills—up from 36% in 2024. [Paperless billing](#) delivers bills instantly via email, eliminates mail delays, reduces paper waste, and cut 25% in billing expenses.

In-House Design and Line Crew Contractors Saves \$15.84 Million

Significant cost savings by bringing operations in-house. By completing 100% of staking projects internally, the Cooperative eliminated its reliance on external design consultants, reducing 2025 spending by \$1.84 million compared to 2024. An additional \$14 million was saved by decreasing the use of line crew contractors.

Community Impact & Growth

\$386,475 in Energy Rebates

TCEC assisted 3,663 members with HVAC tune-ups and Energy Star appliance rebates, funded entirely by unclaimed capital credits.

\$250,000 in Youth Scholarships

The Cooperative awarded its largest-ever [scholarship program](#), providing 50 students with \$5,000 each—funded entirely by unclaimed capital credits at zero cost to members.

856 Members Assisted by the Brazos Hardship Fund

\$100,265 in bill credits were distributed to help qualifying members offset Winter Storm Uri charges.

5,930 New Service Connections

High growth in the Hood and Parker county areas drove significant system expansion.

Powering Our Growing Community

In 2025, Tri-County Electric delivered over 3.3 billion kilowatt-hours of electricity to more than 114,000 active members across 145,000 meters spanning 16 counties in North Central Texas.

THE 2025 FINANCIAL TRANSFORMATION

After years of an unsustainable financial trajectory, 2025 was the year of decisive action and measurable results. Through a disciplined strategy of debt reduction, strategic asset divestment, and rigorous operational management, TCEC reversed negative trends, restoring confidence and building a foundation for long-term stability.

Reversing the Trend: A Landmark Year in Debt Reduction

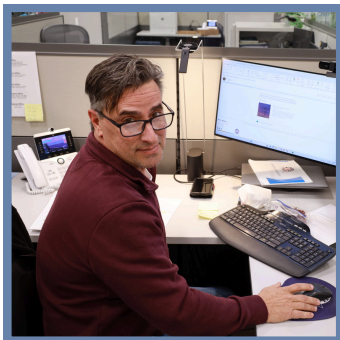


After six consecutive years of rising debt, fiscal year April 1, 2024 - March 31, 2025 marked the first reduction in total debt. This reversal was underscored by a major milestone in June 2025, when TCEC recorded **the first 12-month decrease in its line of credit balance** in nearly five years.

Looking forward, the Cooperative is on track to achieve a landmark goal: reducing total debt by an estimated \$80 Million by March 31, 2026, compared to the prior fiscal year.

“As of November 30, 2025, excluding purchased power and depreciation, every major category of expense is lower than in prior years, resulting in a total reduction in controllable expenditures of \$8.7M in the first eleven months of the year compared to 2024.”

Dustin Tidball, CFO & Senior Vice President, Finance



Strategy in Action: Strategic Asset Divestment



\$36.10
Million
in Asset Sales

A key pillar of the financial strategy was the systematic divestment of non-essential assets. This proactive approach was designed not only to accelerate debt reduction but also to permanently eliminate recurring

interest expenses, directly benefiting the Cooperative's bottom line and, ultimately, its members. Currently listed for sale or under contract are the Haslet land, Munday land, Aledo building, and Bear Creek Subdivision lots, with sales expected throughout 2026 to continue this progress.

Power Supply Agreement: Protection from Market Volatility

TCEC secured a five-year wholesale power supply agreement (2025-2029) with fixed kilowatt-hour rates, shielding members from ERCOT market volatility.

2025 Savings

- **January Winter Storm:** When ERCOT prices peaked at 219¢/kWh—over 15 times TCEC's 14.425¢ base rate—our locked-in rates saved \$1.3 Million compared to January 2024.
- **February Demand Surge:** TCEC purchased 25% more megawatt-hours, yet wholesale costs increased only 15%. Meanwhile, ERCOT experienced 58 hours above \$5,000/MWh (versus 6 hours in 2024), peaking at \$612.34/MWh.
- **Member Impact:** The Power Cost Recovery Factor (PCRF) remained a negative credit throughout 2025 instead of swinging to a substantial charge during weather events.

Learning from Winter Storm Uri

In February 2021, Winter Storm Uri left TCEC with \$489 Million in debt and no protection from extreme market prices. Today's agreement locks in wholesale rates through 2029—meaning even if another Uri-level event occurs, members' costs remain stable.

Fiscal Discipline: Operational Cost Reductions

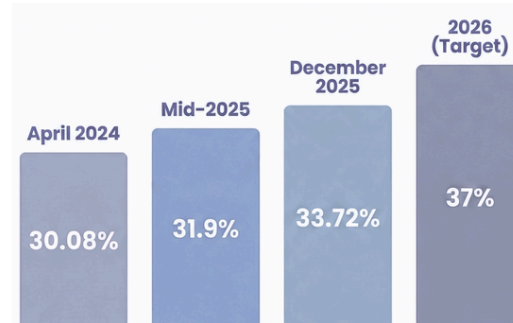
Disciplined operational management and strategic partnerships delivered millions of dollars in sustainable, recurring annual savings. These initiatives demonstrate a cultural shift toward efficiency and responsible stewardship of member resources.

<i>Initiative</i>	<i>Annual Savings & Key Details</i>
Contractor Reduction Initiative	\$14 Million: TCEC significantly reduced contractor usage in 2025 by utilizing local labor and decreasing line crew contractors, saving an additional \$14 million.
Irby Utilities Partnership	\$3-5 Million: Strategic supplier partnership for line equipment. This multi-departmental effort required changes to processes and software systems to achieve long-term cost control.
Texas Co-op Power Magazine Transition	~\$1 Million: Discontinued the printed magazine after the December 2025 issue, transitioning to faster and more cost-effective digital communications.
Paperless Billing Initiative	25% Reduction: Enrollment grew by 12% and helped reduce billing costs by 25%, while delivering bills instantly and eliminating paper waste.
In-House Construction Expansion	\$1.84 Million: Significant cost savings by bringing operations in-house. Completing 100% of staking projects internally eliminated external design consultants, reducing 2025 spending by \$1.84 million.

Rebuilding the Foundation: Member Equity Growth

Member equity represents the percentage of the Cooperative that is owned outright, free from debt. Higher equity means greater financial stability, lower risk, and better rates for members long-term.

- **Starting Point (April 2024):** 30.08%
- **Mid-2025 Progress:** 31.9%
- **December 2025 Progress:** 33.72%
- **2026 Target:** 37%



Audit Excellence

For the fiscal year 2024-2025, TCEC received an **unqualified (clean) audit opinion** from the independent accounting firm Baker Tilly.

This represents the highest possible rating an auditor can provide and serves as external validation of the successful financial and operational turnaround, confirming the accuracy of financial reporting and the strength of internal controls.

This restored financial stability was not an end in itself, but the direct result of a reimagined operational philosophy—one that drove profound efficiencies and service enhancements across every facet of the cooperative.

In my 25 years of being an auditor and the last 8 years of leading our energy division, it's a privilege to choose the organizations we partner with—and Tri-County is truly one of those partners of choice. Their leadership team exemplifies openness and transparency, treating us as true collaborators rather than just consultants. They not only value our input but actively seek ways to improve together. It's been an absolute pleasure getting to know them and witnessing their unwavering integrity and dedication to the future of their Cooperative.

Julie Desimone, Managing Principal, Baker Tilly Energy and Natural Resources

Operational Excellence

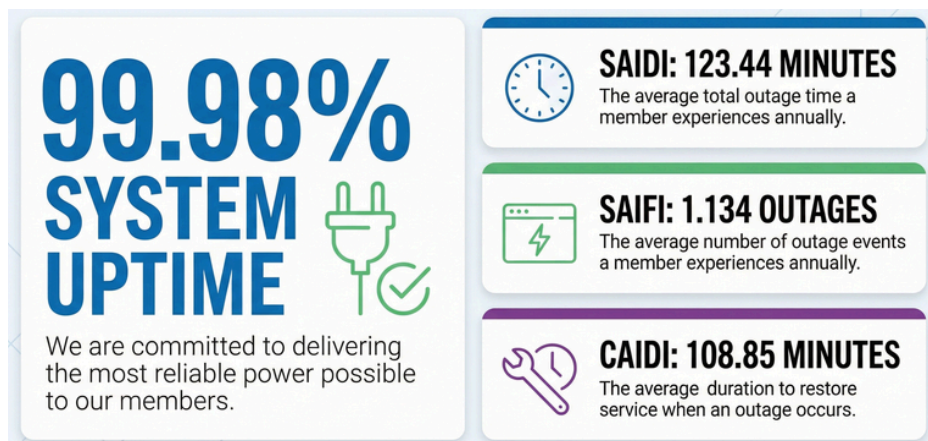
TCEC's financial turnaround was not merely an accounting exercise; it was the direct outcome of a disciplined pursuit of operational excellence. The fundamental improvements in efficiency, reliability, and service detailed here were the engine that made financial recovery possible and sustainable. These achievements reflect a cultural shift from reactive to proactive management, proving the Cooperative's renewed commitment to its core mission.

System Reliability and Modernization

TCEC maintained exceptional electric service reliability for its members, achieving **99.98% system uptime**. This performance is a testament to the dedication of the operations teams and ongoing investments in grid modernization.

- **SAIDI (System Average Interruption Duration Index): 123.44 minutes.**
The average total outage time experienced per member over the course of the year.
- **SAIFI (System Average Interruption Frequency Index): 1.134 outages.**
The average number of times a member experienced an outage.
- **CAIDI (Customer Average Interruption Duration Index): 108.85 minutes.**
The average duration of an outage when one occurs.

To further improve these metrics, TCEC launched the **System Coordination Project** in September 2025. This \$15 million investment in automated fault detection and isolation technology is designed to significantly reduce outage durations and enhance system resilience.



Driving Efficiency in Construction and Operations

A relentless focus on process improvement yielded dramatic results in how TCEC manages construction and deploys resources.

CWIP Reduction

The Construction Work in Progress (CWIP) team successfully reduced the work order closure timeline from 18 months to just **7 months**. This accelerated process significantly reduced the CWIP balance, achieving a key financial goal far ahead of the original three-year schedule.

In-House Construction Expansion

For the first time in years, in-house crews completed more jobs than contract crews, demonstrating increased internal capacity and cost efficiency.

Aledo Crew Dispatch Center

TCEC repurposed an existing building at **zero new construction cost** to create a new dispatch center. This strategic move improves crew response times and service efficiency in the hyper-growth areas near Granbury, Azle, Aledo, Hudson Oaks in Hood County and Parker County.

Technology Meets Responsiveness

The Cooperative made massive strides in member service throughout 2025, leveraging technology and process improvements to deliver faster, more accessible support across every touchpoint.



Call Center Transformation

The member service team achieved a remarkable turnaround in 2025, fundamentally transforming how members connect with their cooperative. Average call wait times plummeted from over 7 minutes in March 2024 to under 35 seconds by year-end—a 95% improvement that turned frustration into satisfaction.

The team handled 131,998 calls throughout the year with an unwavering focus on first-contact resolution, ensuring members' questions and concerns were addressed efficiently.

MyTriCountyTX app

77% of members now use the [MyTriCountyTX](#) portal and app for account management, making this high adoption rate a cornerstone of TCEC's efficiency and service strategy.



77% DIGITAL ADOPTION

The platform processed **481,529 digital payment transactions** in 2025, demonstrating members' strong embrace of self-service tools.

Paperless Billing Initiative

Paperless billing enrollment grew significantly from 50,538 accounts (36%) at year-end 2024 to 68,106 accounts (48.5%) by December 2025. resulting in a 25% reduction in billing expenses.

Flexible Payment Options

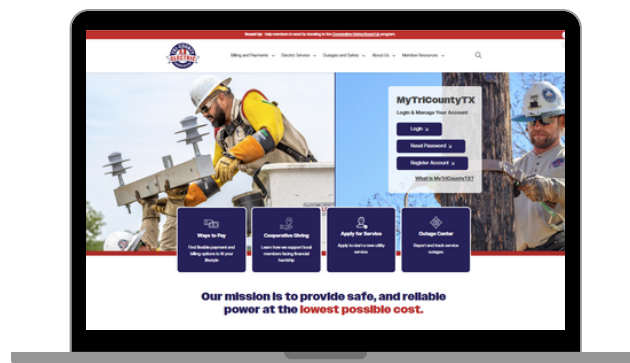
Members gained greater control over their billing with expanded options designed to fit diverse needs and preferences:

- **Auto-Pay:** 58,272 accounts enrolled (40.72%), providing members with payment convenience and peace of mind
- **Prepaid Billing:** Members pay for electricity before using it with no deposit, no due dates, and no late fees. Daily usage tracking helps members spot patterns and adjust consumption to lower costs, giving them complete control over when and how much they pay.

Modernized Website

On December 31, 2025, TCEC launched a completely redesigned website featuring faster page loads and improved mobile responsiveness, providing members with better tools and real-time information.

These internal improvements in efficiency and service were matched by a renewed commitment to transparently communicating pricing and value to members.



Discover the new [tcectexas.com](https://www.tcectexas.com)

Commitment to Community

Unlike investor-owned utilities structured to generate profits for shareholders, TCEC's mission is fundamentally rooted in serving its members and investing in the communities it calls home. This "Cooperative Difference" is guided by a set of globally recognized principles that prioritize people over profit.

These values, including democratic member control, autonomy, and education, are what distinguish the cooperative model from for-profit utilities. As member equity grows, members gain greater ownership stake and financial strength in their cooperative. Every decision at TCEC is measured against its impact on members and the communities we serve.

Direct Member Assistance and Savings

Brazos Hardship Fund

This program provided **\$100,265 in bill credits to 856 qualifying** lower-income members to help offset legacy Winter Storm Uri charges. The Member Service team conducted proactive outreach to enroll eligible members and hosted in-person application events in Azle, Granbury, Seymour, and Keller in October to provide direct assistance.

Energy Efficiency Rebates

TCEC distributed rebates for HVAC tune-ups (\$125) and the purchase of Energy Star appliances (\$50). TCEC members were reimbursed for heating system tune-ups, and the purchase of qualifying Energy Star-certified refrigerators, dishwashers, washing machines, and other household appliances.

This program, which helps members lower their energy bills, was funded entirely by unclaimed capital credits, not member rates.



Investing in the Next Generation



In 2025, TCEC awarded its largest-ever scholarship program, granting \$5,000 each. Recipients were chosen by an impartial third-party committee

of retired educators, and the program was fully funded by unclaimed capital credits and at no cost to members. The 2026 program, set to award \$200,000, was announced in the fall 2025. Applications and other information can be found online at tcectexas.com/scholarships.

Government in Action Youth Tour

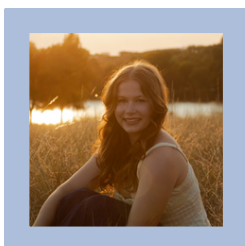
The Cooperative sponsored four outstanding high school students for an all-expenses-paid leadership trip to Washington D.C., where they engaged with government and met with other cooperative youth from across the nation.

This once-in-a-lifetime leadership opportunity helps develop future community leaders while teaching students about cooperative principles and democratic participation. The 2026 program, set to sponsor four students, was announced in the fall of 2025. Applications and other information can be found online at tcectexas.com/2025-youthtour.



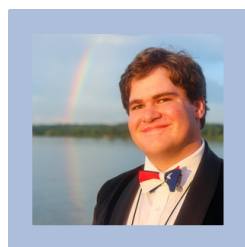
"One of the best experiences of my life where I got to meet new people, learn more about the importance of community, and explore our nation's history."

Drew Parker, Timber Creek High School (Keller ISD)



"I learned so much and made lots of friends along the way and am so glad I went! The Youth Tour was one of the best experiences I have ever had, and an opportunity you should apply for."

Hazel Stamatis, Millsap High School (Millsap ISD)



"Seeing an original copy of the Constitution, Rodin's 'The Thinker,' and the Wright brothers' plane were a couple of highlights. This is a trip of a lifetime!"

Logan Dowell, Keller High School (Keller ISD)

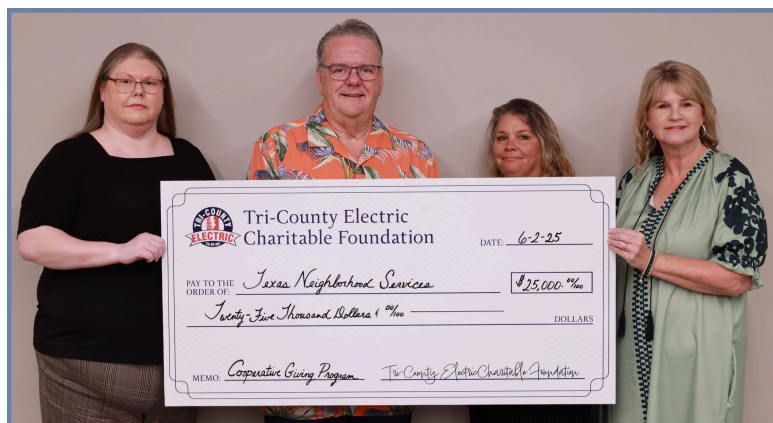
Empowering Community Action

Cooperative Giving (Round Up)

This program is managed by Tri-County Electric, a legally and financially separate 501(c)(3) organization, ensuring no member rate dollars are used unless a member opts in to donate.

The nonprofit collaborates with Texas Neighborhood Services (TNS), a reputable local organization that handles application processing and applies funds directly to members' electric bills. In 2025, contributions came from **591 members** enrolled in Round Up, along with donations from employees, board members, and the community, totaling **\$78,048**.

Of this amount, \$50,000 was sent to TNS, which provided assistance to 130 members totaling \$31,891 in direct bill support for local families facing hardship. Members needing assistance can contact Texas Neighborhood Services at txns.org to apply for support.



Empowering Community Action

Employee Volunteer Community Service

20 employees and their families volunteered with a local community agency who provided the materials to completely rehabilitate the home of a longtime member. This project, which included work on the roof, siding, windows, and HVAC system, was a living example of the "Concern for Community" principle and the Cooperative's Essential Attributes.

The work transformed not just a house but strengthened the bonds between the cooperative and the community it serves.

Blood Drive

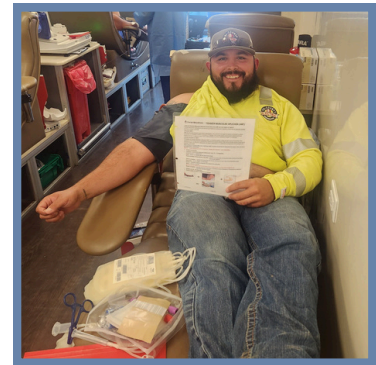
In January 2025, Tri-County Electric partnered with Carter BloodCare to host blood drives at both the Aledo and Granbury offices. **33 donors** stepped forward to give the gift of life, **collecting 34 pints of blood that helped more than 100 patients** in need of transfusions.

Each donation has the potential to save up to three lives, making this single day of service a powerful demonstration of neighbors helping neighbors.

Holiday Food Drive

In December 2025, members and employees donated hundreds of pounds of non-perishable food items to support families during the holiday season. Donations were distributed to five local nonprofit organizations including Parker County Center of Hope, Parker County Animal Shelter, and Azle Community Caring Center.

This effort ensured that families facing food insecurity had support when they needed it most.



Employees & Culture: The Foundation for Success

Living Our Values: The Essential Attributes

Financial turnaround and operational excellence require a shared commitment to how work gets done. In 2025, TCEC formalized the cultural framework guiding every team member's daily decision: the Ten Essential Attributes.

President & CEO Scott Spence introduced these attributes through monthly columns to employees, exploring one value each month. These aren't abstract ideals—they're practical behaviors defining how TCEC operates, from line workers approaching complex restorations to member service representatives resolving billing questions.

To embed these values into daily operations, TCEC launched the inaugural Essential Attributes Awards program. Employees submitted **192 peer recommendations**, recognizing colleagues who exemplified these attributes—demonstrating organization-wide cultural adoption.

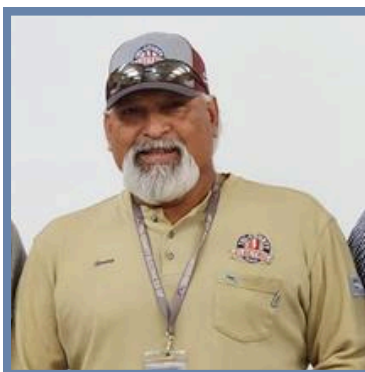
The achievements detailed in this report were made possible by people who embody these attributes every day. Culture isn't separate from performance—it's the foundation that makes sustainable performance possible.



Honoring a Legacy of Service

In 2025, TCEC celebrated the long-term service of 24 dedicated employees, whose tenure ranged from 5 to 30 years. Together, **they represent 285 combined years of experience** and institutional knowledge, forming a critical part of the Cooperative's enduring strength.

This dedicated team is committed to keeping members and stakeholders informed through transparent, modern communication strategies.



A Commitment to Communication & Transparency

Open, frequent, and transparent communication is a cornerstone of TCEC's relationship with its members and stakeholders. In 2025, the Cooperative modernized its communication channels to be more effective, timely, and financially responsible, ensuring members have unparalleled access to the information they need.

Digital-First Member Communications

Current Conversations Newsletter

This monthly email newsletter became the primary channel for Cooperative news. Over 100,000 members are subscribed to receive this online newsletter. This approach delivers information instantly, more cost-effective, and better for the environment than traditional print mailings.

Transition from Texas Co-op Power magazine

The December 2025 issue was the final one mailed to TCEC members. This strategic shift away from the printed magazine **eliminates approximately \$1 million in annual costs** for printing and postage, representing responsible stewardship of member dollars.




Online Member Information Center

TCEC established a comprehensive online hub for transparency, providing members with 24/7 access to critical documents and data. Key resources available include:

- **Board Governance:** Meeting agendas, approved minutes, video recordings of board meetings, and director election information.
- **Financial Documents:** Audited financial statements, annual reports, rate schedules, and the complete PCRFR tracker with monthly rates for the entire year.
- **Program Information:** Details for rebate, scholarship, and assistance programs, along with service policies and procedures.

Social Media

With **more than 19,000 followers**, social media provides another way TCEC communicates with members about programs, outages, and community news. Follow us on:

 LinkedIn [company/tcectexas](https://www.linkedin.com/company/tcectexas)  Facebook [@tcectexas](https://www.facebook.com/tcectexas)  Instagram [@tcectexas](https://www.instagram.com/tcectexas)

Mid-Year Transparency Report

In the summer of 2025, TCEC proactively published its first-ever [Mid-Year Review](#). This report offered a comprehensive update on financial and operational progress, reinforcing the Cooperative's commitment to accountability and open communication.

Having reviewed the significant accomplishments of 2025, this strategic focus now pivots to building on this hard-won momentum for the future.

Honoring Our Past, Guiding Our Future

Under the initiative "Learning from Those Who Built Our Foundation," TCEC leadership held special listening sessions with cooperative retirees. These meetings provided invaluable insights into the organization's history, mission, and values.

This effort to connect with the Cooperative's legacy ensures that as TCEC modernizes, it remains firmly grounded in the principles upon which it was built nearly a century ago.

As Tri-County Electric Cooperative builds toward its centennial, it does so from a position of renewed strength, guided by a clear mission to provide safe, reliable power at the lowest possible cost for generations to come.



Building on Momentum for Centennial

The milestones reached in 2025 aren't finish lines—they're the sturdy foundation propelling TCEC forward. With strong momentum and a growing service territory, the cooperative enters 2026 positioned to tackle tomorrow's challenges while delivering today's reliable service.

2026 Strategic Priorities

Financial Resilience: Continuing the path of debt reduction and growing member equity toward 2026's 37% target.

Infrastructure Investment: By coordinating and modernizing the grid with protective devices, upgraded power lines, fewer members are affected when problems occur, outages are shorter, and power restoration is faster. These improvements deliver better voltage quality to homes and businesses while reducing energy losses and equipping the system to handle growth and modern energy demands safely and reliably.

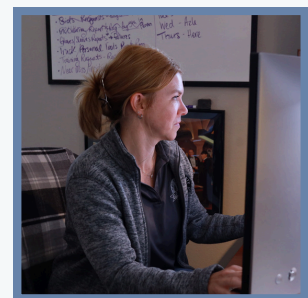
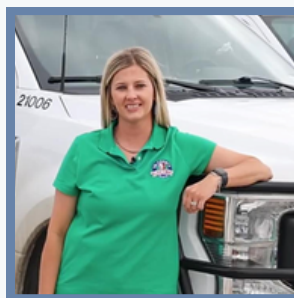
Member Service Enhancement: Expanding digital tools and continuously improving the member experience at every touchpoint.

Cultural Strength: Deepening the practice of the Essential Attributes across every department of the organization.

Growth and Service Area Demands

TCEC continues to serve a vibrant and rapidly expanding region. Managing this growth requires strategic planning and sustained investment to maintain high standards of service.

Hyper-growth in areas like Hood and Parker counties present both an opportunity and a challenge, requiring forward-thinking infrastructure investments to meet rising demand.



GLOSSARY OF TERMS

CAIDI (Customer Average Interruption Duration Index): The average duration of an outage when one occurs. Shows how quickly power is restored.

CWIP (Construction Work in Progress): Accumulated costs of infrastructure projects started but not yet completed or placed into service. High CWIP balances can signal project delays.

Distribution Charge: The rate portion covering delivery of electricity to homes and businesses. Funds poles, wires, transformers, meters, substations, and maintenance.

ERCOT (Electric Reliability Council of Texas): The independent operator managing electric power flow and wholesale markets for approximately 26 Million Texas customers, representing 90% of the state's electric load.

kWh (Kilowatt-Hour): The standard unit of electrical energy: 1,000 watts used continuously for one hour. An average TCEC member uses 1400-1600 kWh monthly.

Line of Credit: A revolving loan facility for borrowing funds up to a set limit. Provides working capital for operations, seasonal needs, and emergencies, with interest charged only on borrowed amounts.

Market Volatility: Rapid price fluctuations in wholesale electricity caused by supply-demand imbalances, weather, fuel costs, or grid emergencies. ERCOT prices can swing from negative to \$5,000 per MWh.

Megawatt-Hour (MWh): 1,000 kilowatt-hours of energy. Wholesale power trades in MWh. One MWh powers approximately 330 average homes for one hour.

Member Equity: The percentage of the cooperative's assets owned outright by members, free from debt. Higher equity means greater financial stability. Electric cooperatives typically target 30-40% equity.

PCRf (Power Cost Recovery Factor): A monthly bill adjustment reflecting the difference between budgeted and actual wholesale power costs. Appears as a credit when costs run below budget, or a charge when costs exceed projections.

SAIDI (System Average Interruption Duration Index): The average total minutes of power outage per member over a year. Lower numbers mean better reliability.

SAIFI (System Average Interruption Frequency Index): The average number of power interruptions per member during a year. Lower numbers mean fewer outages.

SEER (Seasonal Energy Efficiency Ratio): A measure of air conditioning efficiency. Higher ratings mean lower operating costs. Modern units range from 14-25 SEER; each point improves efficiency 5-10%.

Unqualified (Clean) Audit Opinion: The highest auditor assurance level, confirming financial statements are accurate and follow Generally Accepted Accounting Principles (GAAP).

Wholesale Power Costs: What cooperatives pay generation companies for bulk electricity before distribution. Typically represents 60-70% of total operating expenses.



The transformation you've read about in these pages represents more than financial recovery—it's a recommitment to the Cooperative principles upon which TCEC was founded nearly a century ago.

In 2025, we proved that disciplined management, operational excellence, and member-focused service can coexist with aggressive debt reduction. We demonstrated that transparency builds trust, that efficiency creates value, and that culture drives performance.

As we enter 2026 with momentum and clarity of purpose, I'm confident in our path forward. The foundation is solid. The team is aligned. The mission is clear.

To our members: you own this Cooperative, and these results belong to you. To employees: your dedication makes everything possible. To the communities: we're honored to serve you.

Together, we're building something that will serve generations to come.

Scott Spence
President & CEO



tcectexas.com/contact-us



[company/tcectexas](https://company.tcectexas)



817.444.3201



TCECTexas



tcectexas.com



@tcectexas

