Today's Stewardship Created Options

What was reported during the 87th Annual Meeting

The Standard Decisions Are Measured Against

Thank you to every member who joined Tri-County Electric Cooperative for the 87th Annual Meeting on September 22.

For members who could not attend, this issue covers much of the information in a format worth keeping. Some of what follows will be familiar, and that is on purpose.

New members join the Cooperative every day, but not everyone sees every email, bill message or issue of the monthly *Current Conversations* newsletter. The Annual Meeting is the right time to put the most important information in one place.

Every major decision made this year was measured against a single standard:

- Does it improve **safety**
- Does it improve **reliability**
- Does it improve the ability to **provide power at the lowest possible cost**

When the answer is yes, and when it does not come at the expense of the other two, the Cooperative moves forward.

That discipline is what turns today's stewardship into tomorrow's options.

From mid-2024 through mid-2026, TCEC was stabilizing financially. The results now show that the improvement is holding, and that changes what the conversation should be about.

Financial health was never the destination. It was necessary work, and finishing it is what finally allows the Cooperative to do things that should have been done years ago.

This team is here now, and this team owns where Tri-County goes from here.

Thank you for your partnership.

— Scott Spence, President and CEO















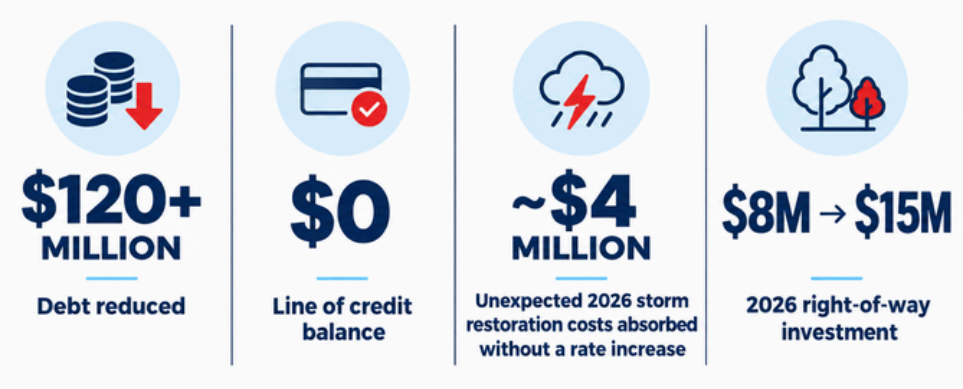




Special thanks to everyone who participated in this year's meeting.

Financial Discipline Is What Keeps the Lights On

Financial statements are a record of what happened. The discipline behind them is what determines whether Tri-County can keep the lights on reliably and affordably over the long term.



Less debt > Less interest expense > Greater financial flexibility > More options for members

Why this matters...

Most members will never see a debt payment or feel a change in interest expense. **What members will see is what financial strength makes possible.** More money moves into reliability work. The Cooperative absorbed roughly $4 million in unexpected storm restoration this year without asking members to cover it. Decisions get made with the next decade in view, instead of the next ninety days.

Capital Credits: Where Things Stand This Year

Tri-County is not-for-profit. When revenue exceeds the cost of providing service, that margin is allocated back to members as capital credits.

There is no capital credits retirement this year. Strengthening the Cooperative's financial condition had to come first.

In years past, retirements were funded with borrowed money, and borrowing to return capital credits costs members more in interest than the retirement hands back to them. This leadership team ended that practice. Capital credits will be retired out of financial strength, not out of borrowed money.

What has changed is how the decision gets made.

The improved financial position means a capital credits retirement can be considered as part of 2027 budget planning. No amount is promised here. What has changed is that the question can now be weighed from a position of strength, rather than settled by the balance sheet.

What the Independent Auditor Found

Tri-County's financial statements are audited every year by an independent firm. The purpose is straightforward. An outside firm checks whether the numbers the Cooperative reports are the numbers the Cooperative actually has.

This year the work was done by Baker Tilly, whose energy practice audits electric distribution cooperatives across the country. Baker Tilly issued an unmodified opinion on the 2026 financial statements and presented the results to the Board at its August meeting.

An unmodified opinion is the best result an audit can produce.

It means the auditors found that the financial statements present fairly, in all material respects, where the Cooperative stood as of March 31, 2026, and what its operations and cash flows were for the year. There were no exceptions, no qualifications and no unresolved concerns attached to it.

The auditors also reported that management and employees were open and responsive throughout the audit, and that management continues to strengthen the Cooperative's controls and processes.

That is two years in a row with an unmodified opinion. The financial uncertainty that shadowed earlier years is not in this report.

How Tri-County Compares Nationwide

An independent audit is one outside check. A national comparison is another.

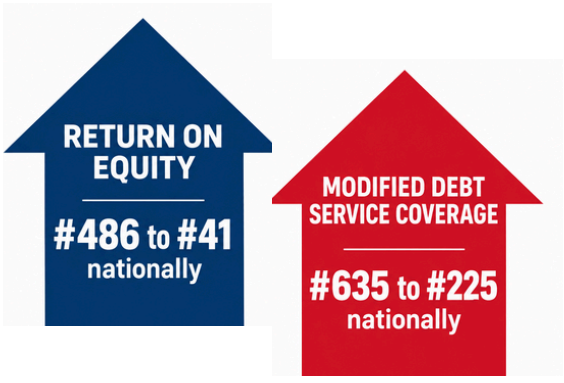
The National Rural Utilities Cooperative Finance Corporation (NRUCFC) measures the financial performance of electric cooperatives nationwide using Key Ratio Trend Analysis. The most recent results measure TCEC against 815 electric cooperatives across 135 performance measures.

Return on Equity: Moved From #486 to #41

This measures what the Cooperative earns compared with what members own in it. Moving up means margins are rebuilding member equity instead of going out in costs.

Modified Debt Service Coverage: Moved From #635 to #225

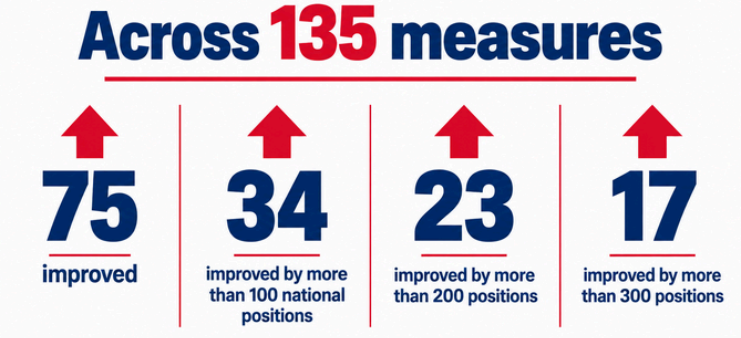
This measures whether a cooperative produces enough to comfortably cover its debt payments. Moving up means less strain and more room to invest in the system.



"Course corrections in electric cooperatives don't happen rapidly."

Cody Eaves, CFC Principal Financial and Industry Consultant

IMPROVING FINANCIAL HEALTH



"It is the industry's scorecard, and it measures this Cooperative against the whole network rather than against itself. Tri-County improved in 75 of those measures. Thirty-four of them moved more than 200 places. That is not a trophy. It is a checkup."

— Scott Spence, President and CEO

Cooperatives are built on long-lived assets and long-term debt, so financial position normally moves slowly. Every cooperative in that comparison is working on the same things at the same time, which is what makes movement of this size hard to come by. There is more work ahead on both measures.

Why Tri-County Shares This Information

These are members' finances.

Financial improvement is not something members should be asked to take on faith.

The statements are audited by an independent firm, and Tri-County's performance is measured against hundreds of other cooperatives by people who do not work here.

If the Cooperative does not report how it is performing, how would members know?

Read the Audited Financial Statements

tcectexas.com/memberinformationcenter

This Cooperative Belongs to Its Members

Members should be able to see how TCEC is performing, hear how decisions are being discussed, and review the information for themselves.

Whether a member joined decades ago or last week, all of it is available online at tcectexas.com.

Members are never asked to take this Cooperative's word for it.

Watch the Annual Meeting

tcectexas.com/annual-meeting

Putting It to Work: Nearly Doubling the Right-of-Way Investment



Some of the conditions on the Tri-County system took many years to build up. They cannot all be corrected in a single season, but they are being corrected.

> **Trees do not grow into power lines overnight. Reliability problems rarely develop overnight either.**

A tree may stand on one member's property, but the line it threatens can serve neighbors, businesses, schools and emergency facilities for miles in every direction.

Improved financial health is what created the room to nearly double this year's right-of-way investment without raising member rates.

Why the Annual Meeting Is Virtual

Tri-County serves a large and varied territory. A meeting held in one building is convenient for the members who live near it, but impractical for those who don't.

There is also the matter of cost.

The venues, meals, prizes and bill credits that go with a traditional in-person cooperative meeting are paid for by members. This Cooperative would rather keep those resources pointed at what members say matters most, which is providing safe and reliable electricity at the lowest possible cost.

No member should have to drive across a service territory or offered a prize to hear how the Cooperative is doing.

A virtual meeting also means the recording stays available. Members who could not watch on September 22 can watch it online anytime, and whenever it is convenient.

ENHANCING MEMBER SERVICES

Tri-County's Monthly Member Newsletter

Current Conversations is the monthly connection between Tri-County and its members.

The newsletter follows the work being done to enhance services, including Youth Scholarships, Youth Tour, Cooperative Giving, energy efficiency rebates, and billing options that fit different households. Each issue also includes a message from the President and CEO covering current goals, progress and plans moving forward.

When something changes, members hear it here first. The newsletter arrives by email each month, so it's worth confirming that the email address on the account is correct. Previous editions are online at tcectexas.com/current-conversations.

Keeping Member Contact Information Current

Outage updates, scheduled work and account notices all go to the phone number and email address on file. When information applies to one area, it should reach the members in that area and not everyone else.

Taking one minute to confirm the mobile number and email address in the MyTriCountyTX app or calling us at 817.444.3201 helps make sure those messages arrive.

Two Reports, Two Parts of the Tri-County Story

Tri-County's Fiscal Year Report and Annual Report cover two different parts of the Cooperative's story.

The Fiscal Year Report focuses on financial performance, operational efficiency and measurable progress, showing how the Cooperative is performing and where it is improving. It is published each April.

The Annual Report takes a broader view, covering the year's accomplishments across reliability, member service, community impact, employees and long-term priorities. Together, the two reports show the results behind the numbers and what those results mean for members. The 2026 Annual Report will be published in January 2027.

OTHER HELPFUL LINKS

Cooperative Giving

Office Hours & Locations

Member Information Center