



**Southwest Electric
Cooperative**

**2025
Operations Report**

Welcome

Thank you for attending the 87th Annual Meeting of the Members of Southwest Electric Cooperative!

Business Meeting Agenda

8:30 a.m. Registration

10:00 a.m. Business Meeting

Welcome, Nick Seiner

Call To Order, Ted Zeugin

Pledge of Allegiance & Invocation

Reading of Official Notice, Sarah Watson

Prize Drawings

Determine Quorum

Treasurers Report, Leslie Cantrell

CEO/General Managers Report

Director Election, K. Patrick Douglas

Adjournment of Meeting

Prize Drawings



**Southwest Electric
Cooperative**

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A Message from the Interim CEO and Board President



A handwritten signature in black ink, appearing to read "Ted Zeugin".

Ted Zeugin
Interim CEO
Southwest Electric Cooperative

During this last year, James Ashworth concluded a 36-year career at Southwest Electric Cooperative with 18 of those years serving as CEO/general manager. James accepted the CEO position at one of our power suppliers, Sho-Me Power Electric Cooperative, where he remains directly connected to Southwest and serving our members. During his leadership at Southwest, the cooperative achieved historic milestones in grid reliability, technological innovation, financial stability, and safety improvements. We thank James for his servant leadership to our employees and members over the past 36 years.

We are reminded of the strength and stability that have defined this cooperative throughout its 87-year history. Since our founding, Southwest Electric Cooperative has been guided by dedicated leaders who understood that a cooperative's greatest responsibility is to serve its members today while making decisions that strengthen the organization for generations to come.

That commitment to stability and

long-term stewardship remains as important today as it has ever been.

As Interim CEO, I would like to thank the Board for putting their trust in me as we navigate a transition in executive leadership and prepare for the selection of our next Chief Executive Officer.

As Board President, I want to assure our members that while leadership transitions naturally bring change, they can be confident the Board of Directors is committed to maintaining the stability, sound management and member-focused culture that have served this cooperative so well. The Board is approaching the selection of the next CEO thoughtfully and deliberately, with the long-term interests of our members and the future of the cooperative as the highest priorities.

One of the greatest benefits of Southwest Electric Cooperative's stable leadership over 87 years is the strong foundation it has helped create. Our cooperative remains in a strong financial position, providing us

with the resources and flexibility necessary to meet the challenges ahead. That financial strength is the product of decades of prudent decision-making, responsible financial management and a consistent focus on the cooperative's long-term needs.

That foundation will be increasingly important as we look toward the future.

The electric industry is experiencing significant changes, including continued growth in demand for electricity. Our power suppliers are facing the need to construct additional generation and make significant investments in infrastructure to meet both existing member demand and anticipated growth. These investments are necessary to maintain the reliable power supply our members depend on, but they will also create additional cost pressures.

Southwest Electric Cooperative will continue to work diligently to manage those pressures responsibly. Our strong financial position, combined with prudent planning and disciplined

management, will be critical as we work to provide the reliable, safe and affordable electric service our members expect.

As we move through this period of transition, we are confident in the cooperative's future. The strength of Southwest Electric Cooperative has never depended on one individual. It has been built over 87 years through the dedication of our employees, the guidance of our Board of Directors, the commitment of our leadership and, most importantly, the support and trust of our members.

We are committed to carrying that legacy forward.

On behalf of the Board of Directors and the employees of Southwest Electric Cooperative, thank you for the trust you place in us and for allowing us the privilege of serving you. We look forward to building on the strong foundation of the past while preparing Southwest Electric Cooperative for the opportunities and challenges that lie ahead.



A handwritten signature in black ink, reading "Daniel Mauss".

Daniel Mauss
President, Board of Directors
Southwest Electric Cooperative

Report on Independent Audit

The consolidated balance sheets of Southwest Electric Cooperative, Inc. and subsidiary, Southwest Fiber Communications, LLC as of October 31, 2025, and 2024, and the related consolidated statements of revenues, expenses and patronage capital and cash flows for the years then ended have been audited by the independent accounting firm of The Whitlock Company CPA's of Springfield, MO.

The financial statements are the responsibility of the Cooperative's management. The responsibility of the outside accounting firm is to express an independent opinion on the consolidated financial statements based upon their audits.

The auditors conduct their audits in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United

States. Those standards require that the independent auditors plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An independent audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The auditors believe that their audits provide a reasonable basis for the opinion they express.

In their opinion, our financial statements present fairly, in all material respects, the financial position of Southwest Electric Cooperative, Inc. and subsidiary as of October 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.



A stylized, handwritten signature in black ink that reads "Leslie A. Cantrell".

Leslie A. Cantrell
Manager of Finance & Accounting
Southwest Electric Cooperative

Leslie Cantrell began her career at Southwest in 2007 and has served as the Manager of Finance & Accounting since 2008.

Offical Notice of Meeting & Mailing

Notice is hereby given the 87th Annual Meeting of the Members of Southwest Electric Cooperative will be held at Bolivar High School in Bolivar, Missouri, at 10:00 a.m. Saturday, September 12, 2026 to take action on the following matters:

1. Report of officers and directors.
2. Election of three directors; districts one, four, and eight each for a term of three years.
3. To transact any and all other business which may properly come before the meeting or any adjournment thereof.

In connection with the election of three directors to be held at the meeting, a

nominating committee composed of Mick Hood, Polk County, Tim Logan, Hickory County, Thad Henderson, Benton County, Kenneth Bacon, Dallas County, and Robert Marchi, Benton County, who were appointed by the Board of Directors of the cooperative pursuant to the By-Laws, have nominated the following members to be voted upon for directors:

District 1	Daniel Mauss
District 4	Barry Edwards
District 8	Nancy Erickson

At the time of this printing, there were no nominations by petition.

Barry Edwards, being first duly sworn on oath, deposes and says he is the secretary of Southwest Electric Cooperative, Missouri, 53, Polk, (Hereinafter called the "Cooperative") and that the notice of the annual meeting, which is to be held on September 12, 2026, was published in the "Rural Missouri"; which was sent to the entire membership of the Cooperative at the address as it appears on the records of the Cooperative.

The annual meeting will be held at Bolivar High School in Bolivar, Missouri. He further states the above is a true and correct statement concerning the notice of the annual meeting as aforesaid.



Barry Edwards
Secretary/Treasurer, Board of Directors
Southwest Electric Cooperative

Director Election

Member control of Southwest Electric Cooperative is assured by a board of nine directors who are members of the cooperative. Each year at the annual meeting, three directors are elected by the members to serve a three-year term.

The nominating committee met on July 16, 2026 and nominated three members for election to serve on the board of directors, one member each for districts one, four, and eight.

Cooperative Principle #2 Democratic Member Control. Cooperatives are democratic organizations controlled by their members who actively participate in setting policies and making decisions.

Daniel Mauss



District One includes portions of Camden County.

Barry Edwards



District Four includes portions of Benton, Hickory, and St. Clair Counties.

Nancy Erickson



District Eight includes portions of Cedar, Hickory, and Polk Counties.

Where Does One Cooperative Dollar Go?



Operations Report

2025 By The Numbers

The utility plant increased by \$9,737,946 which is 12% of 2025 total operating revenues. This includes poles, meters, wire, and all related hardware.

In 2025, the cost of purchased power was by far SWEC's largest expense. 60.94 cents of each dollar of revenue was used to buy electricity for our members.

Operating expense per mile	\$839.08
Maintenance expense per mile	\$1,764.40
Operating & maintenance expense per meter	\$323.60
Member accounting expense per meter	\$57.41
Member service & information expense per meter	\$28.06
Administrative & general expense per meter	\$69.61
Property & other taxes per meter	\$47.69
Interest on long term debt per meter	\$30.78
Depreciation & amortization of plant	\$7,834,461
Operating revenue	\$81,129,123
Operating margins	\$965,583
Non-operating margins (interest & other)	\$494,848
Allocated capital credits (from power suppliers & vendors)	\$5,099,494
Total margins	\$6,559,925

\$2,400,000 of previously deferred operating revenue was recognized in 2025 to ensure that total margins met lender requirements.

*All figures in this report of operations are as of December 31, 2025.

General Information Comparison

	1980	1990	2000	2010	2020	2024	2025
Meters	19,715	25,977	33,724	39,303	42,038	44,496	44,904
Miles	4,006	4,392	4,889	5,333	5,556	5,565	5,581
Meters per mile	4.9	5.91	6.9	7.37	7.56	8	8.05
Investment per mile	\$4,634	\$8,336	\$13,251	\$23,104	\$35,304	\$42,034	\$43,658
kWhs sold to members (millions)	203	287	431	582	579	612	652
kWhs purchased from power supplier (millions)	222	301	477	622	614	649	688
Power cost (millions)	\$6.01	\$15.8	\$18.2	\$34	\$37.7	\$45	\$49.4
Average cost per kWh (cents)	2.711	5.259	3.832	5.46	6.15	6.96	7.19
Average monthly bill	\$34.40	\$61.64	\$70.91	\$112.34	\$122.58	\$138.87	\$144.95
Average monthly usage (kWhs)	865	929	1,061	1,233	1,148	1,146	1,210
Total plant value (millions)	\$18.5	\$36.6	\$64.7	\$123.2	\$196.1	\$233.9	\$243.6
Long-term debt (millions)	\$6.2	\$11.8	\$8.6	\$23.3	\$29.8	\$43.8	\$42.5
Employees year end	57	70	73	77	83	84	86

Your Power Supply

Southwest Electric Cooperative's power suppliers are delivering reliable and affordable generation today, building for tomorrow.

2025 reinforced a reality we've long understood: reliability is not optional. Southwest Electric Cooperative's power generation supplier, Associated Electric Cooperative made strategic investments to maintain and enhance the performance of existing generation assets while advancing new generation and transmission capacity.

Associated invested \$67.1 million in its existing coal and natural gas fleet. Construction advanced significantly in 2025 on two new gas generation projects in Oklahoma and Missouri, which together will add 840 MW of peaking capacity by 2027. Importantly, these projects were contracted in 2023, well ahead of today's competitive

market for gas-fired generation, resulting in costs roughly 30% below current industry benchmarks.

Building new generation requires equal focus on the transmission infrastructure that supports it. Associated and its transmission cooperative-owners operate a 10,245-mile transmission system and placed \$86.5 million of new transmission assets into service in 2025, adding 25 miles of new line. Notably, a multiyear joint infrastructure project between Associated and the Tennessee Valley Authority was completed in 2025. The work included upgrades to existing transmission facilities and construction of a new line across the

Mississippi River, more than doubling capacity from 750 to 1,575 MW to create new import and export opportunities.

The challenges of Winter Storm Uri in 2021 and Winter Storm Elliott in 2022 confirmed the need to add peaking generation and strengthen our transmission system to avoid the blackouts experienced by other utilities.

Associated's member-focused mission to provide reliable, affordable power remains unchanged. So does our resolve to carry it out - today and for generations to come.

David J. Tudor
CEO and general manager
Associated Electric Cooperative

Right: Construction of the new Turney Energy Center near Turney, Missouri





**Southwest Electric
Cooperative**



CELEBRATING
AMERICA
250
YEARS

