

2026 Report to EEA Members

By President David Sitton and General Manager Josh Dellinger

SAFETY

The year 2025 continued an eight-year run without any lost time accidents. However, we regret to inform you that we experienced a serious accident in early 2026. While a crew was doing line work, a piece of equipment broke and set off a chain reaction that led to an employee falling to the ground and sustaining a serious injury. The crew's training kicked in and they immediately began giving treatment and initiated our mayday procedures. Local first responders quickly arrived at the scene to assist in treatment and transportation. We express our deep and sincere appreciation for the efforts of all those involved in treating and caring for the injured employee. The injury was serious, but, thankfully, the employee is expected to make a full recovery.

There are many hazards associated with our industry. High voltages, heavy equipment, heights, and weather are just a few of the many challenges our employees must overcome. It takes training, focus, and critical thinking to work safely in an unforgiving industry. This incident served as a sober reminder of the need to focus on safety at all times and why safety is included in Empire Electric Association's mission statement.

RELIABILITY AND AFFORDABILITY

EEA periodically surveys its members. In those surveys, you consistently tell us that reliability and affordability are top priorities. You want us to provide you with reliable service and you want it to be affordable. However, reliability and affordability are naturally at odds with each other. Reliability requires an electric system to be robust and redundant, and the more robust and redundant we make our system, the more expensive it will be. EEA strives to strike the right balance between building a reliable system and keeping rates affordable.

The average consumer on EEA's system experienced 2 hours and 56 minutes of cumulative outage time in 2025. That equates to 99.97% reliability. To state it differently, the average EEA consumer had power



David Sitton



Josh Dellinger

available for 99.97% of the time in 2025. We understand how important reliability is to our members. We continually monitor and improve our electric system. One recent project that comes to mind is the Town of Dolores rebuild. Over the past two years EEA has been replacing aging infrastructure throughout Dolores so that we are positioned to reliably serve the town's needs for many years to come. This is just one example of our commitment to build, maintain, and operate an electric system that provides the power you need when you need it.

We recognize our members are facing challenging financial times and our responsibility is to keep costs under control without sacrificing reliability. We did not increase base rates in 2025 or 2026. We were able to lower the power cost adjustment (PCA) component of our rates in 2025 because of strong 2024 revenue, but we did increase the PCA in 2026 as a result of a wholesale power price increase. As difficult as it is to increase member bills, we understand it is necessary to continue to maintain reliability. To be able to maintain high reliability, our long-term financial forecast shows that we will need rate increases going forward. Sound planning by our board and faithful execution of their strategy by employees has given your cooperative strong equity and a bank of deferred revenue to help mitigate future rate impacts. We remain strongly committed to keeping your power reliable and rates affordable.

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EMPIRE ELECTRIC ASSOCIATION, INC

Empire Electric Association's primary mission is to safely, responsibly, and reliably meet the electrical energy needs of our member-owners.

Office Hours

Monday–Thursday — 7:30 a.m. to 5:30 p.m.
Friday — 7:30 a.m. to 11:30 a.m.

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pay by phone 833-923-1409

eea.coop

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@eeacortez

YOUR CO-OP NEWS

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FINANCIALS

Our 2025 operating margin was \$436,237 and our total margin was \$3,067,242. We paid \$1.8 million in capital credit retirements to our members in 2025 and another \$1.2 million in early 2026. We have now paid over \$45 million in capital credit retirements to our members since EEA was formed in 1939.

MEMBER SERVICES AND COMMUNITY INVOLVEMENT

The Town of Dolores voted to renew EEA's Franchise Ordinance in 2025. We are honored that Dolores continues to trust us as its power provider and we look forward to continuing our strong relationship with the Town.

Each year, EEA supports our communities through scholarships, sponsorships, donations, and rebates. In 2025, we donated over \$180,000 to scholarships and other community causes. We also partnered with Tri-State Generation and Transmission, Inc. to provide EEA members with over \$450,000 in energy efficiency and beneficial electrification rebates.

We also continue to prioritize excellent member service. We have vastly expanded the ways you can do business with us over the past few years. There are many things you can do remotely, such as pay your bill or inquire about a new service. However, we also recognize that some tasks are best handled in person. We have a talented and professional member services staff ready to personally serve you when needed.

POWER SUPPLY

EEA has been a member of Tri-State Generation and Transmission Association for over 30 years. Tri-State is responsible for delivering the power EEA needs to our substations. We then take that power and distribute it via our distribution system to homes and businesses throughout the service territory. Just as you trust EEA to deliver power to your home or business, we trust Tri-State to deliver power to our substations.

Tri-State is a generation and transmission cooperative. EEA is a member-owner of Tri-State similar to how our members are owners of EEA. The EEA board selects an owner-representative to join the Tri-State board and participate in Tri-State's governance. Tri-State and its members are often referred to as the "Tri-State family." True to the analogy, we don't always agree with Tri-State, but we still care about their well-being, and they care about EEA's. Tri-State has been an extremely valuable partner to EEA over the years. Tri-State provides our cooperative with as much reliable power as we need when we need it, energy efficiency rebates, member-focused programs, and other

services that contribute to EEA's success. So, when Tri-State recently asked its member cooperatives to extend their electric service contracts, it was a straightforward process for the EEA board. We did our due diligence and considered available options, but it quickly became apparent that Tri-State's value proposition was most attractive. The EEA board voted to extend our Tri-State contract to 2066. We look forward to continuing a productive and mutually beneficial relationship with Tri-State.

MEMBER SERVICES CENTER

We are pleased to report that the new Member Services Center is fully operational. We transitioned operations from the 801 N. Broadway location to the new building in December 2025.

Construction of the Member Services Center began in late 2024 and was completed November 2025. The project went smoothly and quickly, partly because the planning began long before ground was broken. EEA purchased the property in 2009 with the vision of having a campus large enough to serve our needs well into the future. The most pressing need in 2009 was to find a new location for our engineering and operations functions. We had outgrown the existing facilities and ingress and egress with large trucks had become increasingly challenging. We built the Engineering and Operations Center in 2013 to meet that need, and the plan was to eventually have our member services and administrative functions on the same campus when it made financial sense. Over the past few years, EEA received extraordinary income from property sales, the employee retention tax credit, and the sale of FastTrack, our telecommunications subsidiary. This additional income, coupled with our strong financial position, allowed us to build the new Member Services Center without putting upward pressure on rates.

The combined campus gives our employees a safe and comfortable work environment. It also has allowed us to gain efficiencies by reducing the amount of property we have to maintain and allowing most of our employees to work close to one another. We look forward to using our combined campus to meet your needs for many years to come.

THANK YOU

We express our sincere appreciation to you, our members, for your continued support. You are the reason this cooperative exists and our purpose for continuing to plan for the future. EEA has had the pleasure of serving you for the past 87 years, and we look forward to continuing to safely, responsibly, and reliably meet your electrical energy needs.

Board of Directors & District Map



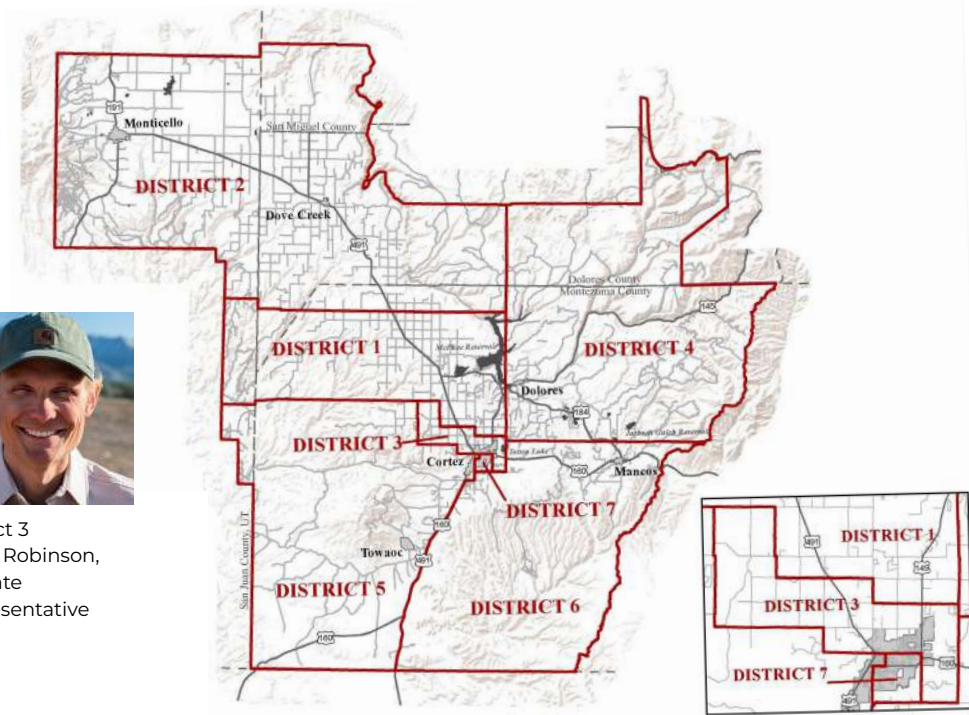
District 1
Doug Sparks



District 2
Bob Barry,
Secretary/Treasurer,
URECA Representative,
Western United
Representative



District 3
Corey Robinson,
Tri-State
Representative



District 4
Bill Mollenkopf



District 5
J. Kent Lindsay,
Vice President



District 6
David Sitton,
President



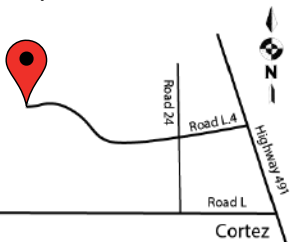
District 7
Larry Archibeque, CREA
Representative, CREA
President

EEA ANNUAL MEETING

- Light Snacks
- Special Gift
- Door Prizes
- \$10 bill credit to members that register.

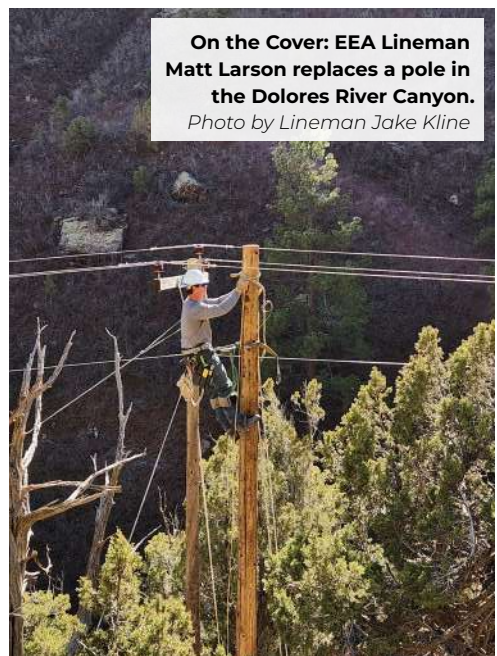
JUNE 18, 2026

**REGISTRATION
Begins at 4:30
MEETING
Starts at 5:30**



**Engineering & Operations Center
23999 Road L.4, Cortez**

**On the Cover: EEA Lineman
Matt Larson replaces a pole in
the Dolores River Canyon.**
Photo by Lineman Jake Kline

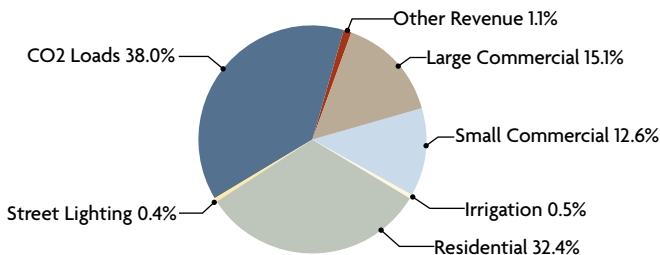


2025 FINANCIAL REPORT

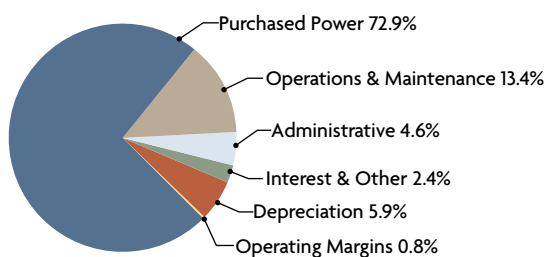
BALANCE SHEET		
	2025	2024
Assets		
Net Utility Plant	\$62,927,043	\$59,412,205
Other Assets and Investments	\$52,994,941	\$51,843,555
Current Assets	\$11,543,984	\$17,137,639
Deferred Charges	-	-
Total Assets	\$127,465,968	\$128,393,399
Liabilities and Capital		
Capital Equities	\$80,525,384	\$78,325,232
Long-Term Debt	\$33,395,722	\$35,953,059
Current Liabilities	\$11,094,718	\$11,634,483
Deferred Credits	\$2,450,143	\$2,480,625
Total Liabilities and Capital	\$127,465,968	\$128,393,399

STATEMENT OF OPERATIONS		
	2025	2024
Operating Revenue		
Residential	\$18,462,260	\$17,970,646
Irrigation	\$266,208	\$292,268
Small Commercial	\$7,207,761	\$7,653,210
Large Commercial	\$8,614,434	\$9,276,407
CO2 Loads	\$21,660,737	\$22,630,759
Street Lighting	\$221,505	\$218,423
Other Revenue	\$611,276	\$571,881
Total Operating Revenue	\$57,044,181	\$58,613,594
Expenditures		
Purchased Power	\$41,582,762	\$42,736,471
Operations & Maintenance	\$7,648,371	\$7,476,634
Administrative & General	\$2,615,888	\$2,430,974
Depreciation & Amortization	\$3,368,090	\$3,314,655
Interest & Other Deductions	\$1,390,834	\$1,475,301
Total Expenditures	\$56,605,945	\$57,434,035
Margins		
Operating Margins	\$438,236	\$1,179,559
Non-Operating Margins	\$1,231,585	\$1,381,351
G&T and Other Capital Credits	\$1,397,421	\$2,950,602
Net Margins	\$3,067,242	\$5,511,512

WHERE EMPIRE'S 2025 REVENUE CAME FROM



WHERE EMPIRE'S 2025 REVENUE DOLLARS WENT



TAXES	
Montezuma County Property Taxes	\$475,712
Dolores County Property Taxes	\$58,579
San Miguel County Property Taxes	\$3,595
San Juan County, Utah Property Taxes	\$50,049
Franchise Taxes Collected for Cities and Towns	\$764,180
Sales Taxes Collected for Cities and Towns	\$789,104
Payroll Taxes	\$508,824
Other Taxes	\$408
Total 2025 Tax Obligations	\$2,650,451

SYSTEM STATISTICS		
	2015	2025
Total active services as of 12/31/25	15,926	17,201
Total miles of line	1,944	1,974
Total kWh purchased	763,038,258	566,343,653
Total kWh sold	751,169,343	560,048,748
Average monthly kWh usage for residential class	668	701
Average monthly billing for residential class	\$99.57	\$110.16
System peak demand kilowatt	109,064	90,573
Month of peak	December	January
Number of full time employees	67	55
Total margins	\$5,115,693	\$3,067,242
Cost per kWh purchased	8.961¢	9.995¢
Cost per kWh sold	9.102¢	10.107¢
Revenue per kWh sold	9.372¢	10.186¢
Capital Credits Retired		
Empire	\$1,011,288	\$1,241,589
G & T	\$670,097	\$642,674
TOTAL	\$1,681,385	\$1,884,263

BUSINESS PROFILE

Year Organized	1939
Power Supplier	Tri-State Generation and Transmission Association, Inc., Westminster, Colorado
Service Territory	Empire Electric's 3,410 square-mile service territory includes all of Montezuma County and parts of Dolores and San Miguel counties in Colorado and part of San Juan County in Utah
Work Force	55 full time employees, 50 in Montezuma County, 3 in Dolores County, and 2 in San Juan County, Utah
Annual Payroll	\$6,282,672
Total Plant in Service	\$107,246,418
Total Assets	\$127,465,968
Transmission System	111 miles of high-voltage transmission line
Distribution System	1,413 miles of overhead distribution line, 451 miles of underground distribution line, and 20 substations
Annual Revenue	\$57,044,181
Operating Margin	\$438,236
Total Margin	\$3,067,242
Annual kWh Sales	560,048,748
Types of Service	Farm, ranches, irrigation, residential, light industrial, oil and gas pumping, and a large carbon dioxide extraction project.