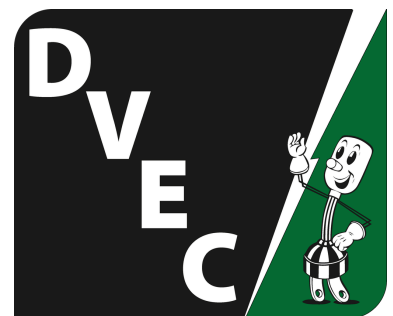


ANNUAL REPORT



**Duncan Valley Electric
Cooperative, Inc.**

2025



DVEC BOARD OF DIRECTORS



**Tom Lovett - President
District 3**



**Tom Powers - Vice Pres.
District 1**



**Frank Downs - Sec/Treas
District 2**



**Larry Avila
District 1**



**Bill Cuthbertson
District 1**



**Ernie Garcia
District 2**



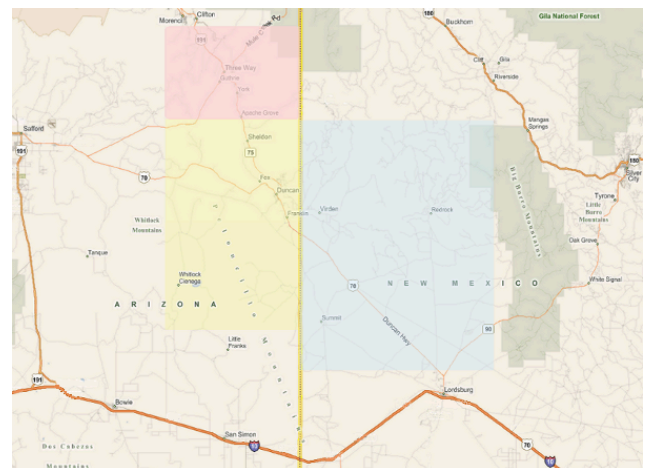
**Daniel Sanchez
District 2**

The Board of Directors is elected from the DVEC membership by the membership to represent one of three board districts throughout the service area.

DISTRICT 1 - All certified area of Duncan Valley Electric Cooperative in Greenlee County, Arizona, north of Apache Creek and Walnut Canyon. This district includes the communities of Loma Linda, Verde Lee, and York and comprises approximately 760 memberships.

DISTRICT 2 - The remaining certified area of Duncan Valley Electric Cooperative in Greenlee County, Arizona, south of Apache Creek and Walnut Canyon. This district includes the communities of Franklin, Duncan, and Sheldon and comprises approximately 800 memberships.

DISTRICT 3 - All certified area of Duncan Valley Electric Cooperative located in the State of New Mexico. This district includes the communities of Red Rock and Virden and comprises approximately 200 memberships.



DVEC EMPLOYEES

Kassi Mortensen - Chief Executive Officer

Admin. Dept.

Kimberly Waters - Office Supervisor, Senior Accountant
 Jimmie Sue Jones - Senior Customer Service Representative
 Tori Montoya - Customer Service Representative

Electric Dept.

Mike Strain - Operations Manager, Journeyman Lineman
 Dan Coats - Lead Journeyman Lineman
 Chance Hamilton - Journeyman Lineman
 Josh Barlow - Lineman Apprentice
 Laramie Wolfe - Lineman Apprentice

Natural Gas Dept.

Mark Johnson - Lead Journeyman Welder, Gas Dept.
 Lance Sexton - Journeyman Welder, Gas Dept.
 Jimmie Hughes - Gas Dept. Compliance, Journeyman Lineman

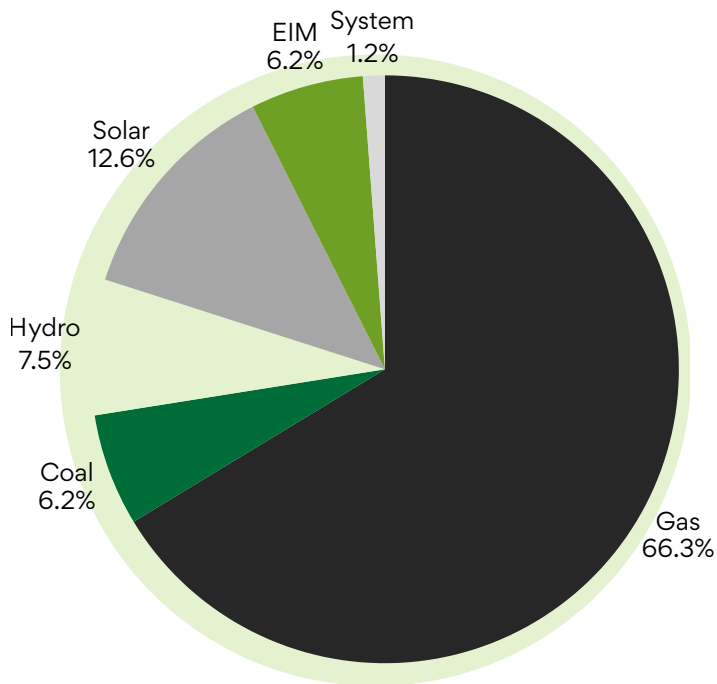


*Image generated via ChatGPT

Operating Highlights 2024 and 2025

	December 31, 2024	December 31, 2025
Active Meters	4,075	4,274
New Services Connected	47	69
Total Electric Energy Sales (kWh)	30,459,990	31,142,181
Total Natural Gas Sales (therms)	338,454	352,968
Miles of Line		
Distribution (overhead)	478	479
Distribution (underground)	4	4
Natural Gas	55.6	55.11

DVEC 2025 Diversified Electrical Energy Portfolio



DVEC is an All Requirements member of Arizona Generation and Transmission Cooperatives and receives 100% of our power through that membership.

Below, left, are the Natural Gas Generators and, right, Apache Solar II. These are two of the newest projects at Apache Station in Cochise, AZ, the main generation station for AzG&T with which DVEC participates.

EIM - Energy Imbalance Market



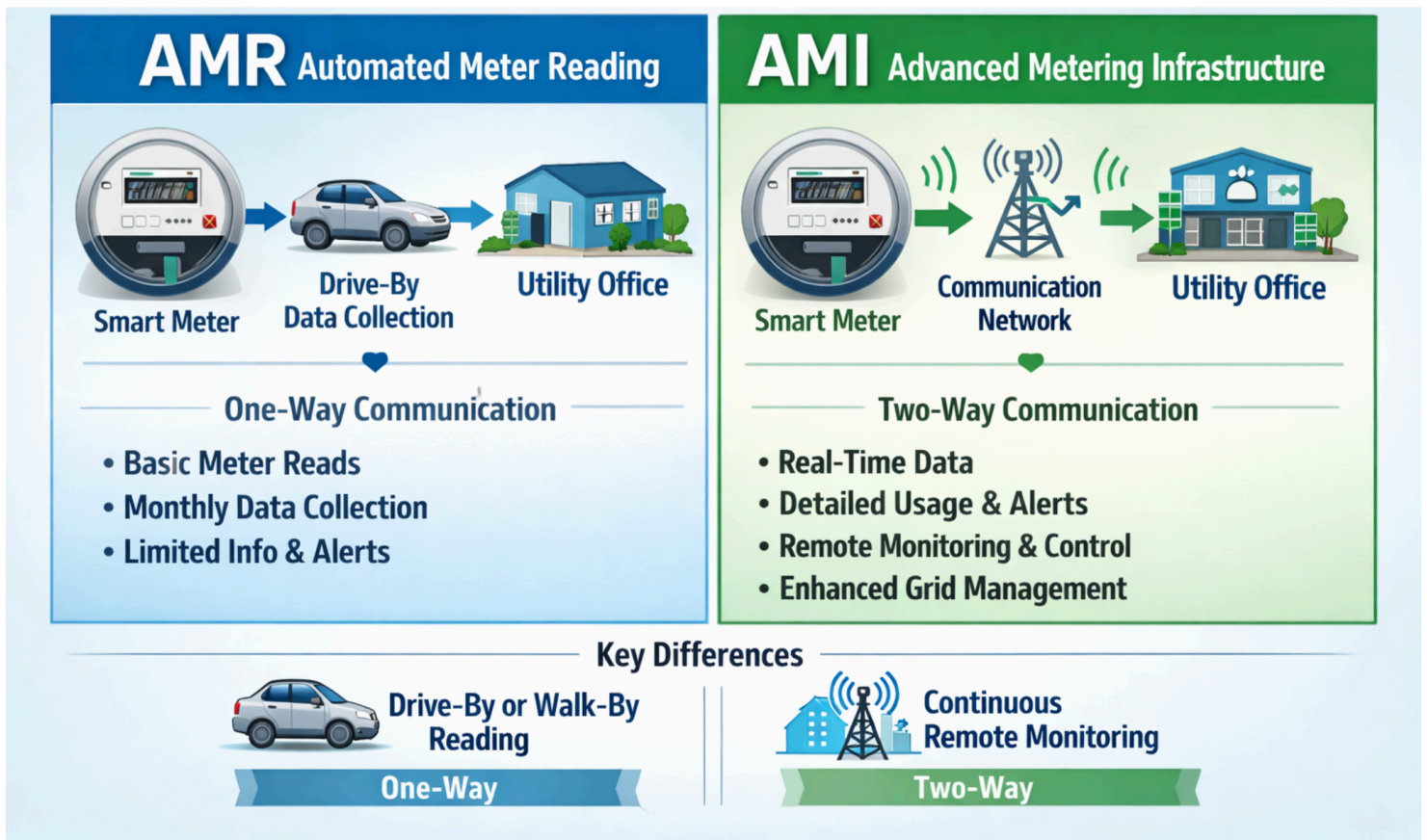
DVEC Transition from AMR to AMI

Beginning in late 2025 DVEC began upgrading from a dated AMR (Automated Meter Reading) system to a new AMI (Advanced Metering Infrastructure) system. This transition will continue to take place throughout 2026 in a hybrid fashion where the cooperative is able to collect data from both systems until the entire transition is complete.

You may see DVEC employees during normal business hours changing out your meter from the old (AMR) to the new (AMI), and on a few Fridays. Updates will be posted on social media when these off day meter installations will occur.

Please contact the office with any questions or concerns. 928-359-2503

AMR vs. AMI for Electric and Natural Gas Utilities



*Image generated via ChatGPT

DVEC THROUGHOUT 2025

- Johnnie Frie Memorial Ice Cream Social at the Greenlee County Fair
- Congratulations to Mr. Josh (DVEC Apprentice Lineman) and Mrs. Kaycee Barlow on their wedding!
- Breakfast Burros on the last day of School at Duncan HS
- Rural Electric Safety Achievement Program Certification
- Maintenance Outage Training with our Apprentice Linemen





- DVEC Washington Youth Tour Delegates and Chaperones, Mr. and Mrs. Dan and Kristin Coats
- Hosted AEPCO AV Audio Team for Duncan Graduations
- Trunk or Treat at Canyonlands Healthcare
- Congrats on 30 Years of Service to Mark Johnson
- Hosted the Annual DVEC Christmas Light Contest and the 2025 Annual Meeting
- 2025 Duncan Christmas Light Parade



Duncan Valley Electric Cooperative
Statement of Operations
Consolidated
For Period Ending December 31, 2025

	2024	2025
1. Operating Revenues	4,984,704	4,984,506
2. Cost of Energy	2,493,251	2,407,813
3. Revenue Less Cost of Energy [1 - 2]	2,491,453	2,576,693
4. Operation and Maintenance Expense		
a. Distribution Lines	968,391	1,040,357
b. Meters & Metering Equipment	93,425	114,232
c. Measuring/Regulating Stations	17,231	9,981
d. Security Lights	24,241	36,509
Subtotal	1,103,287	1,201,079
5. Consumer Expense		
a. Meter Reading	124,673	137,537
b. Billing & Collections	346,144	378,289
c. Customer Information Services	53,845	50,297
Subtotal	524,663	566,124
6. Administrative and General Expense		
a. Regulatory & Rate Case	23,592	13,588
b. Office Supplies & Expenses	100,175	62,787
c. Outside Services (Audit/Engineer/Legal/Regulatory)	31,646	42,381
d. Directors Fees	101,515	65,286
e. Miscellaneous	85,835	88,522
f. Insurance & Dues	52,190	56,936
g. Maintenance of General Plant	15,829	25,839
Subtotal	410,783	355,338
7. Other Expenses		
a. Depreciation Expense	421,521	418,725
b. Interest Expense on Long Term Debt	82,237	69,770
c. Interest Expense - Other	6,252	5,679
Subtotal	510,010	494,174
8. Total Expenses [4 thru 7]	2,548,743	2,616,715
9. Operating Margins (Losses) [3 - 8]	(57,290)	(40,022)
10. Non Operating Income (losses)		
a. Interest	173,317	194,687
b. Capital Credits	15,755	47,064
c. Other Income/(Losses)	60,456	48,854
Subtotal	249,527	290,606
11. Total Margins (Losses) [9 + 10]	192,237	250,584

Duncan Valley Electric Cooperative
 Balance Sheet
Consolidated
 For Period Ending December 31, 2025

Assets and Other Debits

	2024	2025
1. Total Utility Plant in Service - Electric	11,372,237	11,836,013
2. Total Utility Plant in Service - Gas	2,358,149	2,435,294
3. Total Utility Plant [1 + 2]	13,730,385	14,271,307
4. Accumulated Depreciation	7,939,587	8,416,835
5. Net Utility Plant [3 - 4]	5,790,799	5,854,472
6. Nonutility Property - Net	22,728	22,728
7. Invest. in Associated Organizations	3,205,980	3,200,804
8. Special Funds - Energy Efficient Loans	380	410
9. Total Other Property & Invest. [6 thru 8]	3,229,088	3,223,942
10. Cash - General Funds	463,645	489,851
11. Temporary Investments	1,503,376	1,580,535
12. Accounts Receivable	399,152	375,576
13. Materials & Supplies	374,179	266,021
14. Prepayments	22,770	60,779
15. Other Current & Accrued Assets	19,333	20,213
16. Total Current & Accrued Assets [10 thru 16]	2,782,454	2,792,975
17. Deferred Debits	112,034	(85,578)
18. Total Assets & Other Debits [5 + 9 + 16 + 17]	11,914,375	11,785,810

Liabilities and Other Credits

	2024	2025
19. Patronage Capital	7,535,553	7,535,553
20. Other Margins & Equities (Losses)	1,806,997	2,009,893
21. Total Equity [20 thru 21]	9,342,549	9,545,445
22. Long-Term Debt (includes current maturities)	1,688,307	1,599,339
23. Accounts Payable	268,672	174,000
24. Consumers Deposits	114,080	134,860
25. Other Current & Accrued Liabilities	265,621	233,580
26. Total Current & Accrued Liabilities [23 thru 26]	648,373	542,441
27. Deferred Credits	235,146	98,585
28. Total Liabilities & Other Credits [21+22+27]	11,914,375	11,785,810

Report of Directors Expenses
 For Period Ending December 31, 2025

Director Fee per Meeting	\$200.00
2025 Mileage Rate - Amount allowed by IRS	\$0.700
2025 Meal Allowance at Out of Town Meetings (per day) - Amount allowed by IRS	\$68.00

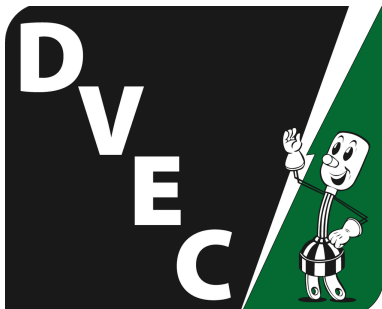
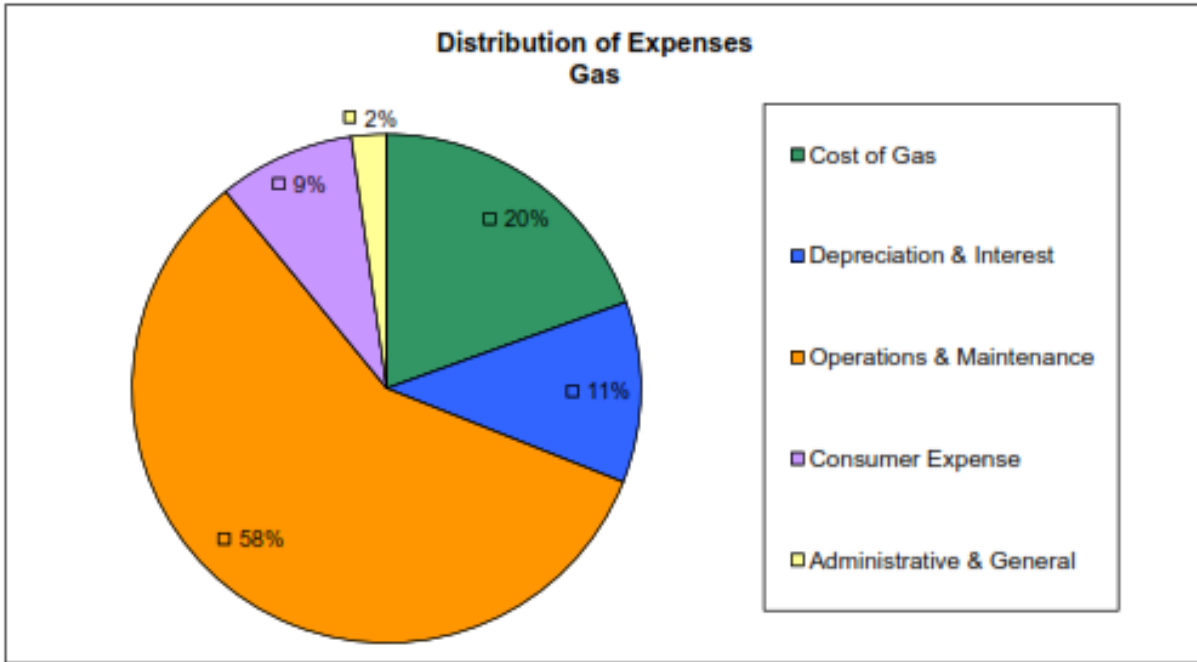
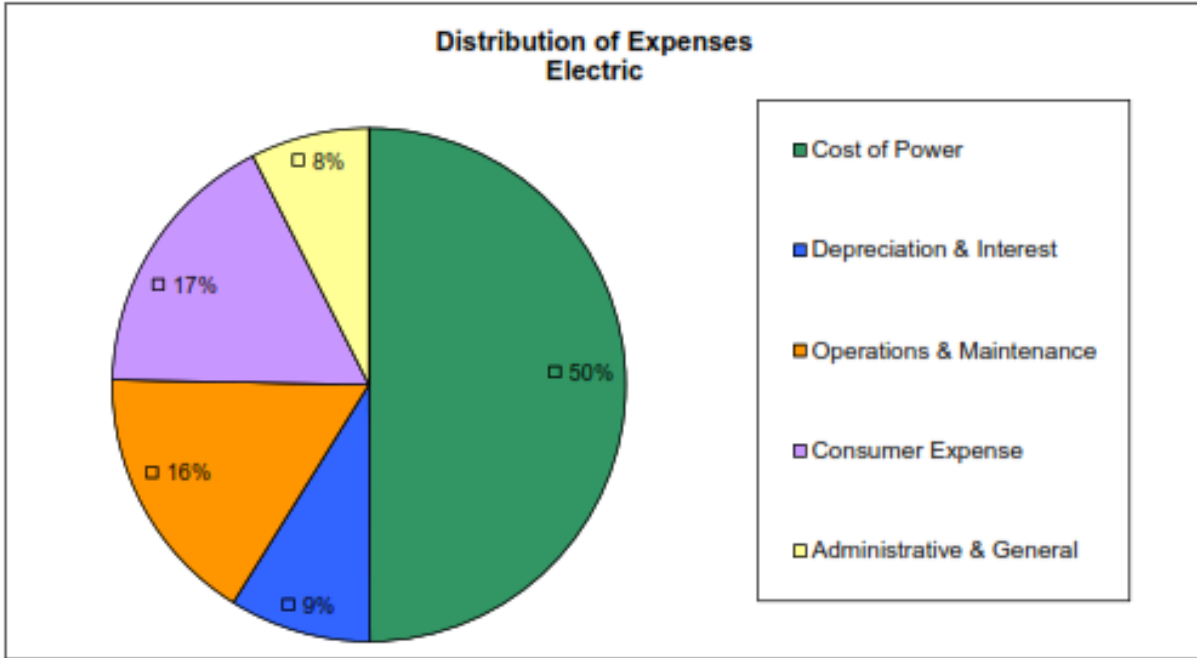
	2024		2025	
Total Annual Expenses	\$ 101,515		\$ 65,286	
	# of Meetings	Paid Meeting Days	# of Meetings	Paid Meeting Days
Regular Meetings	12	93	12	83
Special Meetings	6	25	1	7
Committee Meetings	7	25	7	22
Training/Association Meetings	13	89	6	33
Totals	38	232	26	145

Duncan Valley Electric Cooperative
Statement of Operations
Electric Division
For Period Ending December 31, 2025

	2024	2025
1. Operating Revenues	4,395,059	4,359,305
2. Cost of Power	2,367,403	2,253,808
3. Revenue Less Cost of Power [1 - 3]	2,027,656	2,105,497
4. Operation and Maintenance Expense		
a. Distribution Lines	674,427	608,533
b. Meters & Metering Equipment	70,216	97,039
c. Security Lights	24,241	36,509
Subtotal	768,884	742,081
5. Consumer Expense		
a. Meter Reading	107,017	118,731
b. Billing & Collections	310,961	336,827
c. Customer Information Services	41,932	42,018
Subtotal	459,909	497,576
6. Administrative and General Expense		
a. Regulatory Expenses	21,091	12,170
b. Office Supplies & Expenses	94,260	54,744
c. Outside Services (Audit/Engineering/Legal/Regulatory)	28,646	39,383
d. Directors Expenses	95,365	60,186
e. Miscellaneous	85,689	88,522
f. Insurance & Dues	52,190	56,936
g. Maintenance of General Plant	15,829	25,839
Subtotal	393,071	337,779
7. Other Expenses		
a. Depreciation Expense	350,596	345,193
b. Interest Expense on Long Term Debt	63,282	53,618
c. Interest Expense - Other	4,971	4,566
Subtotal	418,848	403,378
8. Total Expenses [4 thru 7]	2,040,713	1,980,813
9. Operating Margins (Losses) [3 - 8]	(13,056)	124,683
10. Non Operating Income (Losses)		
a. Interest	173,317	194,687
b. Capital Credits/Other Income	15,755	47,064
c. Other Income/(Losses)	60,456	48,854
Subtotal	249,527	290,606
11. Total Margins (Losses) [9 + 10]	236,471	415,289

Duncan Valley Electric Cooperative
Statement of Operations
Gas Division
For Period Ending December 31, 2025

	2024	2025
1. Operating Revenues	589,645	625,201
2. Cost of Purchased Gas	125,848	154,005
3. Revenue Less Cost of Purchased Gas [1 - 2]	463,797	471,197
4. Operation and Maintenance Expense		
a. Distribution Lines	293,964	431,824
b. Meters & Metering Equipment	23,209	17,193
c. Measuring/Regulating Stations	17,231	9,981
Subtotal	334,403	458,999
5. Consumer Expense		
a. Meter Reading	17,657	18,808
b. Billing & Collections	35,183	41,462
c. Customer Information Services	11,913	8,280
Subtotal	64,753	68,547
6. Administrative and General Expense		
a. Regulatory & Rate Case	2,501	1,418
b. Office Supplies & Expenses	5,915	8,043
c. Outside Services (Audit/Engineering/Legal/Regulatory)	3,000	2,999
d. Directors Fees	6,150	5,100
e. Miscellaneous	146	-
Subtotal	17,712	17,560
7. Other Expenses		
a. Depreciation Expense	70,925	73,532
b. Interest Expense on Long Term Debt	18,956	16,152
c. Interest Expense - Other	1,281	1,112
Subtotal	91,162	90,796
8. Total Expenses [4 thru 7]	508,031	635,902
9. Operating Margins (Losses) [3 - 8]	(44,234)	(164,705)
10. Non Operating Income (Losses)		0
11. Total Margins (Losses) [9 + 10]	(44,234)	(164,705)



Your Touchstone Energy[®]
Cooperative 
The power of human connections[®]