OTERO COUNTY ELECTRIC COOPERATIVE, INC.

2026 ANNUAL MEETING REPORT

Your Touchstone Energy® Cooperative

AGENDA

- 8:30 AM – Registration
- 10:00 AM – Call to Order – Charlie Mulcock, President
- Flag Presentation – Cloudcroft Boy Scout Troop & Cub Scout Pack
- Invocation – Steven Fambrough, Pastor, Trinity Baptist Church
- Welcome to Cloudcroft – Jocelyne Gillespie, Superintendent of Cloudcroft Schools
- Determination of a Quorum
- Reading of the Notice of the 87th Annual Meeting of Members of Otero County Electric Cooperative, Inc. – Secretary, Marty Mills
- Consideration of the Minutes from the 86th Annual Meeting
- Officer & Manager Reports
- Recognition of Scholarship Recipients
- Election of Trustees – Attorney, Tom Overstreet
- Scheduled Speakers
    - Chris Pink – Senior Vice-President of Operations – Tri-State Generation & Transmission
    - Vince Martinez – Chief Executive Officer – NM Rural Electric Cooperative Association
- Old Business
- New Business
- Adjournment
- Door Prizes
- Barbecue Lunch

ELECTION OF TRUSTEES

ARTICLE IV – SECTION 3. NOMINATIONS

Nominations for Trustees to be elected shall be by Petition signed by fifteen (15) or more members acting together, and who are bona fide residents of the district for which the nomination is made. The Petition shall be filed not less than twenty-five (25) days or more than forty-five (45) days before the date of the Meeting of the Members in which Trustees are to be elected. Nominations for the position of Trustee from the floor, at the annual Meeting of Members, is not allowed. The secretary shall include with the notice of the meeting, at least ten (10) days before the date of the meeting, a statement of the number of Trustees to be elected and the names and addresses of the candidates. Notwithstanding anything contained in this SECTION, failure to comply with any of the provisions of this SECTION shall not affect in any manner whatsoever the validity of any election of Trustee.

The following members have submitted a petition with the appropriate number of signatures to be considered for a position on the Board of Trustees.

Central District

Cheri Hass

Northeast District

no petition submitted

Southwest District

Kenny Blazer

PRESIDENT'S REPORT

by: Charlie Mulcock

These are challenging times in the energy industry. During the past five years, we have been dealing with energy policies that relied heavily on subsidized renewable energy programs. While those policies were intended to move the industry in a different direction, many proved to be unreliable and difficult to sustain without significant government support.

At the same time, many coal-fired generating plants that had served as the backbone of our nation's baseload power supply were shut down long before the end of their useful lives. Those closures left an already stressed electrical grid with fewer resources available when demand is high. Today, the pendulum has swung in the opposite direction. We are now in a "drill, baby, drill" environment with calls for reduced regulations, increased domestic energy production, and even the return of some previously retired coal-fired generation.

These changing political priorities have also created opportunities for new power suppliers to enter the market. Many of these companies own little or no generation or transmission infrastructure. They often promote low short-term rates, but those offers may come without long-term commitments or guarantees to meet future energy needs. This leaves those utilities in these power supply arrangements exposed to both reliability and great financial risk as power supply becomes scarcer. When energy policy changes direction every few years, planning for the future becomes increasingly difficult. Local distribution cooperatives like OCEC have very little influence over those larger national decisions.

For that reason, the OCEC Board has remained committed to our long-standing relationship with Tri-State Generation and Transmission. Over the years, Tri-State has provided the reliable wholesale power our members depend on at a fair and reasonable price. Just as importantly, they give cooperatives like OCEC a voice in discussions that affect the future of our industry. The Board continues to have confidence in Tri-State's ability to meet our long-term power needs.

Most importantly, the Board has complete confidence in the people of OCEC. Our 65 employees, under the leadership of an outstanding management team, work every day to provide the reliable service our members expect. No matter the challenges or conditions, they remain focused on keeping the lights on and serving our communities.

The success OCEC has enjoyed over the years is a direct result of their dedication, hard work, and professionalism. They are also the key to achieving our goals in the years ahead.

To each and every employee, the Board simply wants to say: Thank you. We appreciate what you do, and we are proud to serve alongside you.

Members in attendance at the 2025 Annual Meeting.

TREASURER'S REPORT

by: Scott Shafer

As part of this year's Annual Report, we are pleased to provide a brief overview of the financial condition of Otero County Electric Cooperative and highlight several key financial results from 2025.

Overall, OCEC continued with steady performance in 2025 with our total margin allocated to members of $ 2.3 million.

The average number of consumers served remained relatively unchanged in 2025. The average usage per consumer decreased in 2025 as everyone continues to use power more efficiently.

You have received a basic financial statement reflecting the state of our co-op as of December 31, 2025. The total assets are $139 million, and your owner equity is $44 million at year-end. The plant value grew 4%, and your equity position grew 3%. This is significant and confirms the financial strength of the co-op.

The total deferred revenue is $2.9 million. These funds are held in an earning account and will be used for unexpected expenses, special improvement projects, or supplemental margins in the coming years. The goal is for these funds to assist with unforeseen issues and hopefully delay or lessen the next rate increase.

Another item of note is that the Carrizozo Solar Farm operated all year and saved members $196,000 in purchased power costs with a cumulative project savings of $1,177,000, since February 2018.

Capital credit retirement continues to be one of our goals. This year we will retire approximately $884,000 back to you covering all of 2000, 2001, and a small part of 2002 allocated patronage capital. This exemplifies the cooperative principle of returning to the members net revenue not needed for operations. We are able to do this without any negative effects on the financial health of your co-op.

We are encouraged to see some stability in the interest markets and anticipate no rate increase in 2026.

Thank you for your continued support of OCEC. We hope you find this information valuable and that it provides a clear picture of the cooperative's financial health. Most importantly, we remain committed to delivering reliable power and sound financial stewardship on behalf of our membership.

Treasurer, Scott Shafer, updates members on the cooperative's financial position at last year's annual meeting.

Balance Sheet

What We Own as of December 31, 2025

Net Utility Plant	$	107,572,540
Other Property & Investments	$	21,121,975
Current Assets	$	8,925,411
Deferred Charges	$	987,621
Total	**$**	**138,607,547**

What We Owe as of December 31, 2025

Patronage Capital & Other Equity	$	44,351,563
Long-Term Debt	$	79,026,449
Long-Term Liabilities	$	1,947,992
Current Liabilities	$	8,347,092
Deferred Credits	$	4,934,451
Total	**$**	**138,607,547**

Statement of Income & Patronage

Total Operating Revenue	**$**	**36,770,218**
Purchased Power Expense	$	(17,523,169)
Operating Expenses	$	(10,465,053)
Depreciation & Amortization	$	(4,764,888)
Interest Expenses	$	(2,778,019)
Total Expenses	**$**	**(35,531,129)**
Operating Margin	$	1,239,089
Non-operating Margin	$	211,373
Realized Margin	$	1,450,462

Extraordinary Events

Tri-State G&T Capital Credit Allocation	$	473,990
Other Capital Credits and Patronage Dividends	$	365,870
Reportable Margin	$	2,290,322

GENERAL MANAGER'S REPORT

by: Mario Romero

As Otero County Electric Cooperative celebrates its 87th Anniversary, my gratitude and appreciation for the people who define this cooperative continues to increase. Every year brings its own set of challenges, and 2026 has been no exception. We have dealt with difficult weather, increasing costs, changing industry pressures, and the continuing need to serve our members and communities. Through all of that, the mission of OCEC has remained unchanged: to serve our members safely, reliably, and responsibly.

Since our last Annual Meeting, the event that stands out most was Winter Storm Fern in late January. During that storm, I had the opportunity to be out with the crew, delivering food and helping patrol line. Seeing the conditions firsthand gave me an even greater appreciation for the employees and contractors who worked through snow, downed trees, broken poles, difficult access, long hours, and constantly changing circumstances to get our members restored.

A.R.C. Power Line Construction was a tremendous help during that outage. They brought in 18 men, four bucket trucks, and four digger trucks. Penasco Gravel and Batte Enterprises brought in dozers, excavators, and the expertise necessary to remove trees and cut roads through the snow so crews could reach broken poles. We had more than one "Murphy's Law" situation during the restoration, but even with those complications, our employees and the contractors helping us adapted, solved problems, and restored every account within seven days.

I was also very proud of the way our members responded during the extended outages. The comments we saw on social media were overwhelmingly supportive, with many members expressing gratitude and prayers for our employees and contractors. Our crews and staff did an excellent job getting photos from the field to our members through our Facebook page, which made a tremendous difference in helping people understand the magnitude of what we were dealing with. Several members expressed appreciation by providing multiple meals for our crews during the storm and at employee and safety meetings afterward.

Winter Storm Fern was also the first major storm where we used drones to get a bird's-eye view for damage assessment and line patrol. That saved a tremendous amount of time and work. Our dispatchers managed the outage response exceptionally well, while line crews provided clear, timely updates on outages and restored line sections. It was the most accurate outage tracking I have seen in my career, and that accuracy helped us communicate better and manage the restoration effort more effectively.

Most importantly, we completed the storm restoration with no injuries and only minor incidents (broken mirror, lost phone, etc.). In a storm of that size, with the conditions our crew faced, that is something everyone involved should be proud of. It is also a good reminder that safety is not something we talk about only when conditions are easy. Safety also matters when the work is difficult, when people are tired, and when the pressure to restore service is high.

As we emphasize every year, safety remains our top priority for both members and employees. For members, that means operating and maintaining our electric system to strong standards and sound practices. For employees, it means doing everything reasonably possible to ensure each person goes home safely at the end of the day. We care about our employees and having a strong safety culture benefits every member of the cooperative.

In 2026, OCEC was recognized with the Carl Turner Safety Award for having incurred no claim dollars from workers' compensation insurance during the 2025 claim year. Aristeo Chaves, one of OCEC's Apprentice Linemen, was also awarded the best "good catch" for the entire state. The

Good Catch program encourages employees to identify hazards before they become an injury, an accident, or even a near miss, which is when something goes wrong, but there is no property damage or injury. While Aristeo was individually recognized, his "good catch" was just one of many submissions from our crew and is indicative of OCEC's culture and our crew's proactive approach to safety.

The same proactive approach applies to vegetation management and wildfire mitigation. Tree mortality remains high, and continued drought conditions add to the challenge. Our vegetation management crews have stayed busy clearing rights-of-way, removing hazard trees, improving access, and reducing the risk that trees or brush will contribute to outages or wildfire. This work can be difficult and, at times, inconvenient for members, but it is necessary for reliability and for the safety of our communities.

Member cooperation is critical to that work. When members allow access and understanding about why vegetation management is being performed, crews can work more safely and efficiently. That efficiency benefits the entire membership by improving reliability, reducing outage risk, and helping mitigate wildfire exposure. I appreciate the membership, who continue to work with us on this important issue, and ask for your continued cooperation.

Financially, the first five months of 2026 showed the first signs of declining margins since 2019. Costs have continued to increase, primarily because of inflationary pressures associated with equipment, materials, labor, and fuel. At the same time, energy sales are down this year, primarily due to mild weather in the first months of this calendar year. We will continue to watch these trends closely, manage expenses carefully, and make decisions with the long-term interests of our members in mind.

On the positive side, OCEC has kept rates flat and maintained healthy margins year after year since our last rate increase in 2020. Given the inflationary pressures since then, including during the COVID pandemic, I am extremely pleased with this financial outcome. That has not been the trend for many electric utilities nationally or across the state, with one neighboring utility seeing double-digit increases over the same period and another filing for an increase of more than 50%.

Looking beyond OCEC, the electric utility industry continues to face significant questions about resource adequacy. Across the country, utilities are working to make sure enough dependable generation and transmission capacity will be available when electricity is needed most. At the same time, large new loads, especially data centers, have become a national topic because of their potential impact on electricity demand, infrastructure needs, and prices.

In response, our cooperative power supplier, Tri-State, has filed what they call the High Impact Load Tariff at the Federal Energy Regulatory Commission that is intended to provide a framework for members to interconnect large loads efficiently, but not at the expense of other members. That balance is important. Growth and economic development can be good for communities, but the costs and risks created by very large loads must be handled fairly. Resource adequacy, load growth, and affordability will continue to be issues that utilities, regulators, and policymakers must work through together.

I say it each year, but I continue to appreciate and believe in the cooperative business model. Our employees, trustees, partners, and you, our members, all play a role in our success in fulfilling OCEC's mission. Please know that service to our members is our one and only priority. Every action we take and decision we make is guided by that commitment.

I am grateful for the opportunity to have led this cooperative for another year. I am thankful for the continued support and participation from our members. The work is not always easy, and the challenges facing our industry are not getting smaller, but OCEC remains committed to safety, reliability, affordability, and service to the communities we call home.

2025 ANNUAL MEETING MINUTES

The 86th Annual Meeting of the Members of the Otero County Electric Cooperative, Inc. (OCEC) was held on August 2, 2025, at the Cloudcroft High School Gymnasium.

Mr. Charlie Mulcock, OCEC Board President, called the meeting to order at 10:01 a.m.

The Cloudcroft Boys Scouts and Cub Scouts presented the colors to the stage. The National Anthem was played, followed by the Pledge of Allegiance.

Pastor Larry Evans of the Baptist Church in Cloudcroft led the invocation.

Cloudcroft Mayor Tim King welcomed the attendees to the Village of Cloudcroft and encouraged all to support the village's local businesses while in town.

Mr. Mario Romero, OCEC General Manager, welcomed members and guests to the 86th Annual Meeting of the Members. Mr. Romero thanked Jocelyne Driscoll-Gillespie, Superintendent of Cloudcroft Schools, and her staff for the use of the facilities for the Annual Meeting.

At 10:12 a.m. the presence of a quorum was announced.

Ms. Marty Mills, OCEC Board Secretary, read the Notice of the 86th Annual Meeting of the Members of Otero County Electric Cooperative Inc. and presented proof of the mailing of the meeting notice to the members of record, as provided in the Bylaws.

Mr. Keith Spaniel moved to dispense with the reading of the minutes from the 85th Annual Meeting of the Members and approve them as presented, Mr. Ray Sisneros seconded, motion carried.

Mr. Mulcock stated the President's, Treasurer's and General Manager's Reports were provided in the Annual Meeting packets that were handed out during registration.

Mr. Scott Shafer, Board Treasurer, presented the Treasurer's Report and the 2025 Financial Report o the membership. Mr. Shafer stated the Cooperative had a good year financially with total assets of $131 million and member-owner's equity at $43 million at year-end. Operating margins for the year were $2.4 million, with $1.4 million of operating revenue deferred. Deferred revenue totals $2.9 million and is invested in a separate interest bearing account, and can be used in the future for special projects and may alleviate the need for rate increases. Mr. Shafer reported OCEC retired approximately $857,000 in patronage back to members for years 2000, 2001 & 2002.

Mr. Romero addressed the membership highlighting OCEC's continued focus on wildfire mitigation, vegetation management and rights-of-way maintenance. Members were reminded that outages are either planned or caused by issues being actively repaired, and clarified that the cooperative does not implement preemptive shutdowns like some utilities. Mr. Romero thanked the OCEC Board and Employees for their hard work and thanked the membership for their support and participation in the annual meeting. Mr. Romero encouraged everyone to read his full report that was provided in the Annual Meeting packet.

Mr. Mulcock discussed the Otero County Electric Education Foundation. The funds from the program are generated from unclaimed and donated patronage capital credits. Mr. Mulcock reported the foundation has given 416 scholarships and over $1.96 million since its inception in 1989. The current scholarship amount is $1,500 per semester for the first two semesters and increases to $2,000 per semester for the remaining six fall and spring semesters. The current recipients that were in attendance were called to the stage and congratulated by the Trustees.

The 2025 – 2026 scholarship recipients are:

Bianca Artiaga, Mescalero
Melissa Barela, Carrizozo
Korbyn Beauregard, Artesia
Ellie Beug, Cloudcroft
Presley Blackburn, Ruidoso
Daniel Bluedorn, Cloudcroft
Bryanna Bradshaw, Cloudcroft
Sonia Bravo, Ruidoso
Ashley Burch, Carrizozo
Randall Campbell, Artesia
Valeria Chacon, Hondo
Daniel Chacon, Hondo
Taylor Curtis, Mayhill
Alan Darnold, Alamogordo
Karime Fernandez, Hondo
Diego Gallegos, San Patricio
Ricardo Gaston, Alamogordo
Layla Gaston, Tularosa
Julie Gonzales, Carrizozo
Maycee Griffin, Tularosa
Baylyn Grinder, Alamogordo
Guiselle Guillen, Hondo
Amanda Hibbard, Pinon
Tyler Hiles, Mescalero
Jeremiah Hill, Carrizozo
James Jarratt, Artesia
Joshua Jobe, Alamogordo
Jasmine Kennedy, Capitan
Ramie Kinney, Ruidoso
Caylin Kinney, Alto
Alexis Lucero, Alamogordo
Kiersten Lucero, Alamogordo
Tianna Lyons, Mescalero
Lazo McCarroll, Ruidoso
Nathan McMillan, High Rolls
Montana McMinn, Ruidoso
Albert Montoya, Goddard
Seth Morales, Alto
Samuel Myers, La Luz
Kyler Netzer, Alamogordo
Sophia Newton, La Luz
Warrick Nowell, Capitan
Angelina Ontiveros, Hondo
Paulina Paulik, Cloudcroft
Winney Pollard, Cloudcroft
Cooper Pritchett, Ruidoso
Wyatt Renfro, Cloudcroft
Angelo Rocha, Mescalero
MaKayla Rocha, Mescalero
Dominic Romero, Cloudcroft
Xavier Ruiz, Bent
Orlando Ruiz, Alto
Mia Simpson, Alto
Alex Singer, La Luz
Emily Spaniel, Alto
Timberly Stanbrough, Timberon
Eleck Stone, Corona
Jaya Trujillo, Alto
Ashtyn Van Arnam, Alamo
Kacee Whipple, Capitan
Bailey Wrye, Capitan
Ayla Yarbrough, Cloudcroft
Z'maury Zamora, Carrizozo

Mr. Romero reported that, during the Board's annual review, an audit of the five Trustee districts was performed. Minor corrections were made to more accurately reflect district boundaries. Mr. Romero introduced Mr. Tom Overstreet, Attorney, to conduct the election of trustees by petition.

Mr. David Powers from the Northeast District was elected by acclamation.

Ms. Marty Mills from the Central District was elected by acclamation.

Mr. Denny Burnett from the Southeast District was elected by acclamation.

Mr. Tim Rabon from the Southwest District was elected by acclamation.

Mr. Romero recognized the following OCEC employees for their years of service:

Courtney Auld – New Construction Representative – 5 years
Mark Jaramillo – Member Services Representative – 5 years
Janscen Davis – Vegetation Management Coordinator – 10 years
Julie Grinder – Chief Financial Officer – 10 years
Delbert Lucero – Chief Operating Officer – 10 years
Randy Worley – GIS Specialist – 10 years
Kelli Pruett – Manager of Member Services – 20 years

Mr. Romero recognized the following OCEC Trustees for their years of service:

Cheri Hass – Central District – 5 years
Denny Burnett – Southeast District – 10 years
Tim Rabon – Southwest District – 15 years
Scott Shafer – Northwest District – 15 years

2025 ANNUAL MEETING MINUTES
(continued)

Mr. Mulcock called for any unfinished business, there being none, Mr. Mulcock called for any new business, there was none.

Ms. Donna Haupt made a motion to adjourn the business meeting., Ms. Lori Smith seconded. Motion carried. Mr. Mulcock adjourned the meeting at 10:54 a.m.

Mr. Bob Flotte and Mr. Matt Flotte began the ticket drawing and the distribution of door prizes. The membership enjoyed a barbeque lunch.

The 2025 Annual Meeting of Otero County Electric Cooperative drew a large crowd. Members were updated on a wide variety of co-op issues, received some great company giveaways, won fabulous door prizes, and ate a delicious barbeque lunch.

2026 SCHOLARSHIP RECIPIENTS

The Otero County Electric Education Foundation was established in 1989 and has helped hundreds of students achieve their dream of attending college. Since the beginning of the scholarship program, over $2.1 million has been awarded to local graduates pursuing a degree or certificate at any accredited university, college, or vocational school.

The initial award for the class of 2026 is $1,500 per semester for first-year students. It increases to $2,000 per semester for second through fourth-year students, provided they meet the enrollment and grade-point average requirements. The total award amount for students attending eight semesters is $15,000.

In the Fall 2026 semester, 84 students will be receiving assistance through this worthwhile program, with 30 new scholarships awarded to the Class of 2026.

OCEC is proud to announce the following students as recipients.

Maitlyn Barnett, Weed
Shawn Boroski, Tularosa
Cassidy Byrd, Alto
Josiah Castillo, Roswell
Emerald Comanche, Mescalero
Jesiah Enjady, Mescalero
Emily Grinder, Alamogordo
Ethan Grinder, Alamogordo
Alexander Hendricks, Flying H
Landyn Hiles, Mescalero

Angel Kanseah, Mescalero
Levi Kennedy, Ruidoso
Roy Lent, Mescalero
Christian Little, Mescalero
Deacon Martinez, Mescalero
Isaiah Montoya, Roswell
Shane Najar, Carrizozo
Roy Quirarte, Capitan
Marisa Romero, Cloudcroft
Faith Roper, Alto

Kanae Sago, Mescalero
Gabriella Salas, Tularosa
Michael Sanchez, Mescalero
Kyra Smith, Mescalero
Carlie Taylor, Alamogordo
Peyton Tays, Arabela
Gracie Thomas, Alto
Darlene Valdez, Mescalero
Kelvin Vega, Carrizozo
Anthony Yuzos, Mescalero

Scholarship recipients attended the 2025 Annual Meeting.

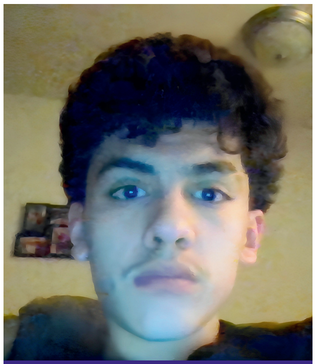
ELECTRIC COOPERATIVE YOUTH TOUR

The Electric Cooperative Youth Tour is an educational and leadership program designed for high school students, sponsored by electric cooperatives across the United States. Each June, this annual event brings together young leaders from across the country to learn about the electric cooperatives and government. Participants have the unique opportunity to experience Washington, D.C., where they meet with lawmakers, visit historical sites, and make friendships that will last a lifetime.

Otero County Electric Cooperative has sponsored students with this trip since 2017. Throughout this time, the cooperative has sent 26 students from the local area to attend the Youth Tour. By selecting motivated delegates, Otero County Electric not only provides them with valuable insights into civic engagement and the cooperative business model but also fosters leadership development and community involvement.

This commitment to youth empowerment highlights Otero County Electric's dedication to education and the cultivation of informed citizens who understand the importance of civic participation. Through its ongoing support of the Electric Cooperative Youth Tour, Otero County Electric Cooperative invests in shaping the next generation of leaders, ensuring a bright future for our communities.

2026 OCEC YOUTH TOUR DELEGATES



Kamden Diaz
Hondo High School

Brisa Johnson
Cloudcroft High School

Adalize Kanseah
Mescalero High School

Jackson Wolfe
Alamogordo High School

2026 New Mexico Youth Tour students dressed for success in front of the U.S. Capitol.