

ANNUAL REPORT

Of

Company Name: Mohave Electric Cooperative, Inc.

PO Box 22530

Mailing Address:

0

Bullhead City AZ

86439-2530

Docket No.: E-01750A

For the Year Ended: 12/31/2020

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**ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION**

ELECTRIC

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:

Arizona Corporation Commission

Compliance Section - Utilities Division

1200 West Washington Street

Phoenix, Arizona 85007

Application Type: Original Filing

Application Date: 4/8/2021

ARIZONA CORPORATION COMMISSION
 ELECTRIC UTILITY ANNUAL REPORT
 COMPANY INFORMATION

For the Calendar Year Ended: 12/31/2020

Company/Business Name:	Mohave Electric Cooperative, Inc.			
Mailing Address:	PO Box 22530			
City:	Bullhead City	State:	Arizona	Zip Code: 86439-25
Telephone Number:	(928) 763-4115	Fax Number:	(928) 763-3315	
Email:	mohaveelectric.com			

Regulatory and Management Contact				
Name:	Andrea Harless			
Title:	Executive Assistant			
Telephone No. :	(928) 763-4115			
Address:	1999 Arena Drive			
City:	Bullhead City	State:	Arizona	Zip Code: 86442
Email:	aharless@mohaveelectric.com			

Management Contact				
Name:	J. Tyler Carlson			
Title:	Chief Executive Officer			
Telephone No. :	(928) 763-4115			
Address:	1999 Arena Drive			
City:	Bullhead City	State:	Arizona	Zip Code: 86442
Email:	tcarlson@mohaveelectric.com			

Statutory Agent				
Name:	HLG Corporate Service, LLC			
Title:	Hool Coury Law, PLC			
Telephone No. :	(602) 852-5500			
Address:	2398 E Camelback Road, Ste 1020			
City:	Phoenix	State:	Arizona	Zip Code: 85016
Email:	acc@hoolcourylaw.com			

 				
Name:				
Title:				
Telephone No. :				
Address:				
City:		State:	Arizona	Zip Code:
Email:				

Ownership: Association/Co-op (A)

Counties Served: Mohave

Important changes during the year
--

No	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.

No	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.

SERVICES AUTHORIZED TO PROVIDE

Yes	Electric
N/A	Investor Owned Electric
Yes	Rural Electric Cooperative
N/A	Utility Distributed Company
N/A	Electric Service Provider
N/A	Transmission Service Provider
N/A	Meter Service Provider
N/A	Meter Reading Service Provider
N/A	Billing and Collection
N/A	Ancillary Services
N/A	Generation Provider
N/A	Aggregator/Broker
N/A	Other (Specify)

STATISTICAL INFORMATION

Retail Information

	Number of Arizona Customers	Number of kWh Sold in Arizona
Residential	38,157	436,130,001
Commercial	4,265	211,411,481
Industrial	6	82,210,902
Public Street and Highway Lighting	12	132,948
Irrigation	20	4,197,198
Total Retail	42,460	734,082,530

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale	1	64,912,280
Short-term Sales (duration of less than one-year)	0	0
Total Wholesale	1	64,912,280

Total Sold	798,994,810	KW
Maximum Peak Load	220,466	KW
Distribution System Losses	57,667,501	KW
Distribution Losses	6.73%	
Transmission Losses	0.00%	
System Average Interruption Duration Index (SAIDI)	119	
Distribution System Losses	57,667,501	
Customer Average Interruption Duration Index (CAIDI)	NA	
System Average Interruption Frequency Index (SAIFI)	NA	

VERIFICATION AND SWORN STATEMENT (INTRASTATE REVENUE ONLY)

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Mohave
Name (owner or official) title: Arden Lauxman, Chief Financial Officer
Company name: Mohave Electric Cooperative, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/2020

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

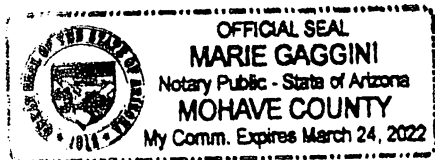
Arizona Intrastate Gross Operating Revenues Only (\$)
\$79,377,105
(The amount in the box above includes
\$5,147,430 in sales taxes
billed or collected)

Arden Lauxman
signature of owner/official
(928) 763-4115
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS 8th DAY OF April, 2021
(month) and (year)

MY COMMISSION EXPIRES 3/24/2022
(date)



Marie Gaggini
(signature of notary public)

VERIFICATION AND SWORN STATEMENT (RESIDENTIAL REVENUE)

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name): Mohave
Name (owner or official) title: Arden Lauxman, Chief Financial Officer
Company name: Mohave Electric Cooperative, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/2020

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

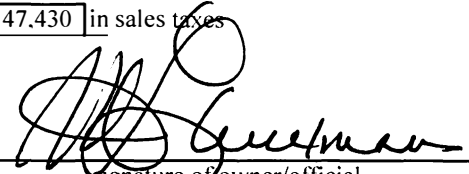
Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$79,377.105

(The amount in the box above includes

\$5,147.430 in sales taxes
billed or collected)



signature of owner/official

(928) 763-4115

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Mohave
(county name)

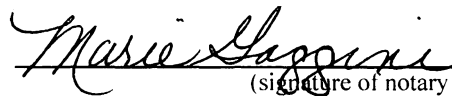
THIS 8th

DAY OF April, 2021
(month) and (year)

MY COMMISSION EXPIRES

3/24/2022
(date)




(signature of notary public)

Mohave Electric Cooperative, Inc.
 ELECTRIC UTILITY ANNUAL REPORT
 UTILITY SHUTOFFS / DISCONNECTS
 12/31/2020

UTILITY SHUTOFFS / DISCONNECTS			
Month	Termination without Notice R14-2-211.B	Termination with Notice R14-2- 211.C	Other
January	0	84	0
February	0	74	0
March	0	69	0
April	0	4	0
May	0	4	0
June	0	78	0
July	0	46	0
August	0	11	0
September	0	202	0
October	0	154	0
November	0	155	0
December	0	146	0
Total	0	1,027	0

Other (description):

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

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**ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION**

**Mohave Electric Cooperative, Inc.
and Subsidiary**

December 31, 2020

Financial Statements

**KELSO LYNCH, P.C., P.A.
CERTIFIED PUBLIC ACCOUNTANTS**

Mohave Electric Cooperative, Inc. and Subsidiary

Index

	Page
Officers, Board of Directors, and CEO	i
Independent auditor's report	1 - 2
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	3 - 4
Consolidated balance sheets	5 - 6
Consolidated statements of revenue and patronage capital	7
Consolidated statements of comprehensive income	8
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10 - 21
Supplemental Information	
Independent auditor's report on supplemental information	22
Consolidating balance sheet	23 - 24
Consolidating statement of revenue and patronage capital	25

Mohave Electric Cooperative, Inc. and Subsidiary

Officers, Board of Directors, and CEO

Name	Office	Address
Joseph Anderson	President	Bullhead City, Arizona
Deborah K. Johnson	Vice President	Bullhead City, Arizona
Toni D. Barbaro	Secretary	Bullhead City, Arizona
Rich Tempelman	Treasurer	Fort Mohave, Arizona
Michael Bartelt	Director	Bullhead City, Arizona
Cindy Christy	Director	Mohave Valley, Arizona
John B. Nelssen	Director	Kingman, Arizona
Kevin Nestruck	Director	Bullhead City, Arizona
Jose Solar	Director	Bullhead City, Arizona
J. Tyler Carlson	CEO	Bullhead City, Arizona

Independent Auditor's Report

The Board of Directors
Mohave Electric Cooperative, Inc. and Subsidiary
Bullhead City, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mohave Electric Cooperative, Inc. and Subsidiary (the Cooperative), which comprise the consolidated balance sheet as of December 31, 2020 and the related consolidated statements of revenue and patronage capital, comprehensive income, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements); and the balance sheet as of December 31, 2019 and the related statements of revenue and patronage capital, comprehensive income, and cash flows for the year then ended, and the related notes to the financial statements..

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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 we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kelso Lynch, P.C., P.A.

6700 Squibb Road, Suite 215, Mission, Kansas 66202 P.O. Box 1085, Mission, Kansas 66222-0085
913 831 1150 www.kelsolynch.com

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Kelso Lynch, P.C., P.A.

Mission, Kansas
April 7, 2021

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

The Board of Directors
Mohave Electric Cooperative, Inc. and Subsidiary
Bullhead City, Arizona

We have audited, 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, the consolidated financial statements of Mohave Electric Cooperative, Inc. and Subsidiary (the Cooperative), which comprise the consolidated balance sheet as of December 31, 2020 and 2019, and the related consolidated statements of revenue and patronage capital, comprehensive income, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated April 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kelso Lynch, P.C., P.A.

Mission, Kansas
April 7, 2021

Mohave Electric Cooperative, Inc. and Subsidiary
Consolidated Balance Sheet at December 31, 2020
and Balance Sheet at December 31, 2019

Assets

	Consolidated 2020	2019
Utility Plant		
Electric plant in service - at cost	\$ 125,285,986	\$ 114,176,491
Construction work-in-progress	18,021,412	25,293,235
	143,307,398	139,469,726
Less accumulated provision for depreciation and amortization	(54,500,606)	(50,805,444)
Net utility plant	88,806,792	88,664,282
Other Assets and Investments		
Subordinated certificates	3,166,010	3,235,692
Investments in associated organizations	56,895,402	55,187,929
Non-utility property	72,000	76,000
Other investments	22,690,935	15,681,560
Total other assets and investments	82,824,347	74,181,181
Current Assets		
Cash and cash equivalents	20,283,319	2,734,504
Temporary cash investments	886,831	662,643
Notes receivable - current portion	93,000	116,000
Accounts receivable		
Customers, net of allowance		
accounts of \$110,557 and \$75,134	3,317,654	3,451,239
Materials and supplies	1,601,067	1,578,668
Other current and accrued assets	3,877,614	3,640,146
Total current assets	30,059,485	12,183,200
Deferred Debits	16,562,607	8,932,567
Total deferred debits	16,562,607	8,932,567
Total assets	\$ 218,253,231	\$ 183,961,230

The accompanying notes are an integral part of these financial statements.

Members' Equity and Liabilities

	Consolidated 2020	2019
Members' Equity		
Patronage capital	\$ 102,766,876	\$ 100,277,322
Accumulated other comprehensive income	1,023,069	23,744
Other equities	8,226,409	7,695,830
Total members' equity	112,016,354	107,996,896
 Long-Term Debt		
Mortgage notes payable	72,226,294	56,871,320
Other long-term debt	1,104,676	
Less current maturities	(4,650,000)	(13,420,800)
Total long-term debt	68,680,970	43,450,520
 Current Liabilities		
Current maturities on long-term debt	4,650,000	13,420,800
Notes payable - lines of credit	6,650,115	1,300,000
Accounts payable	4,235,582	4,057,906
Accrued liabilities		
Taxes	1,162,140	1,131,813
Interest	79,229	75,272
Other current liabilities	4,898,340	4,824,943
Total current liabilities	21,675,406	24,810,734
 Other Liabilities		
Deferred credits	15,880,501	7,703,080
Total other liabilities	15,880,501	7,703,080
Total members' equity and liabilities	\$ 218,253,231	\$ 183,961,230

Mohave Electric Cooperative, Inc. and Subsidiary
Consolidated Statement of Revenue and Patronage Capital
and Statement of Revenue and Patronage Capital
For the Years Ended December 31, 2020 and 2019

	Consolidated			
	2020		2019	
Operating Revenue	\$ 74,374,999	100.00%	\$ 74,106,462	100.00%
Operating Expenses				
Cost of power	53,648,176	72.13%	54,775,016	73.91%
Transmission	197,253	0.27%	207,692	0.28%
Distribution - operations	3,408,754	4.58%	3,781,992	5.10%
Distribution - maintenance	1,814,969	2.44%	1,660,093	2.24%
Consumer accounts	2,033,447	2.73%	2,023,911	2.73%
Customer service and information	543,108	0.73%	461,169	0.62%
Administrative and general	4,744,328	6.38%	4,602,362	6.21%
Depreciation and amortization	4,062,705	5.46%	3,920,393	5.29%
Taxes	14,592	0.02%	-	0.00%
Other deductions	-	0.00%	93	0.00%
Total operating expenses	<u>70,467,332</u>	<u>94.74%</u>	<u>71,432,721</u>	<u>96.38%</u>
Operating Margins Before Fixed Charges	<u>3,907,667</u>	<u>5.25%</u>	<u>2,673,741</u>	<u>3.61%</u>
Fixed Charges				
Interest on long-term debt	2,514,996	3.38%	2,304,057	3.11%
Other interest	58,937	0.08%	151,844	0.20%
Total fixed charges	<u>2,573,933</u>	<u>3.46%</u>	<u>2,455,901</u>	<u>3.31%</u>
Operating Margins After Fixed Charges	1,333,734	1.79%	217,840	0.29%
G & T and Other Capital Credits	<u>1,995,034</u>	<u>2.69%</u>	<u>899,030</u>	<u>1.22%</u>
Net Operating Margins	<u>3,328,768</u>	<u>4.48%</u>	<u>1,116,870</u>	<u>1.51%</u>
Nonoperating Income				
Interest income	875,149	1.18%	892,658	1.20%
Miscellaneous income	15,027	0.02%	837,056	0.01%
Total nonoperating income	<u>890,176</u>	<u>1.20%</u>	<u>1,729,714</u>	<u>2.33%</u>
Net Margins for the Year	4,218,944	<u>5.67%</u>	2,846,584	<u>3.84%</u>
Patronage Capital at Beginning of Year	100,277,322		99,517,552	
Retirement of Capital Credits	<u>(1,729,390)</u>		<u>(2,086,814)</u>	
Patronage Capital at End of Year	<u>\$ 102,766,876</u>		<u>\$ 100,277,322</u>	

The accompanying notes are an integral part of these financial statements.

Mohave Electric Cooperative, Inc. and Subsidiary
Consolidated Statement of Comprehensive Income
and Statement of Comprehensive Income
For the Years Ended December 31, 2020 and 2019

	Consolidated	2020	2019
Net Margins	\$	4,218,944	\$ 2,846,584
Other Comprehensive Income			
Unrealized gain or loss on available-for-sale securities			
Net gain (loss) arising during period		999,325	55,235
Other comprehensive gain (loss)		999,325	55,235
Comprehensive Income	\$	5,218,269	\$ 2,901,819

The accompanying notes are an integral part of these financial statements.

Mohave Electric Cooperative, Inc. and Subsidiary
Consolidated Statement of Cash Flows and Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	Consolidated	
	2020	2019
Cash Flows From (Used For) Operating Activities		
Net margins	\$ 4,218,944	\$ 2,846,584
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation	4,346,333	3,920,393
G & T and other capital credits	(1,995,034)	(899,030)
Amortization of early debt extinguishment expense	62,770	37,662
Changes in operating assets and liabilities		
(Increase) decrease in operating assets		
Accounts receivable	133,585	(574,080)
Inventory	(22,399)	(90,960)
Other current assets	(237,468)	(570,661)
Deferred debits	(7,630,040)	6,544,223
Increase (decrease) in operating liabilities		
Accounts payable	177,676	(159,511)
Accrued taxes	30,327	30,495
Accrued interest	3,957	18,064
Other accrued liabilities	73,397	151,435
Deferred credits	8,177,421	598,606
Net cash from operating activities	<u>7,339,469</u>	<u>11,853,220</u>
Cash Flows From (Used For) Investing Activities		
Investment in plant	(4,488,843)	(9,039,370)
Patronage capital recovery	752,103	691,260
Temporary cash investments	(224,188)	259,056
Other investing activities	<u>(4,437,878)</u>	<u>3,068,840</u>
Net cash used for investing activities	<u>(8,398,806)</u>	<u>(5,020,214)</u>
Cash Flows From (Used For) Financing Activities		
Loan funds received	16,904,827	-
Retirement of long-term debt	(3,447,304)	(2,778,725)
Proceeds from line credit	18,700,115	35,600,000
Repayments on line credit	(13,350,000)	(40,950,000)
Retirement of capital credits	(1,729,390)	(2,086,814)
Other financing activities	<u>1,529,904</u>	<u>939,642</u>
Net cash from (used for) financing activities	<u>18,608,152</u>	<u>(9,275,897)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,548,815	(2,442,891)
Cash and Cash Equivalents at Beginning of Year	<u>2,734,504</u>	<u>5,177,395</u>
Cash and Cash Equivalents at End of Year	<u>\$ 20,283,319</u>	<u>\$ 2,734,504</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 2,569,976	\$ 2,437,837

The accompanying notes are an integral part of these financial statements.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

The consolidated financial statements include the accounts of Mohave Electric Cooperative, Inc. (an Arizona not-for-profit corporation) and its wholly-owned subsidiary, MEC Communications, LLC (an Arizona for-profit corporation). All references to the Cooperative include both Mohave Electric Cooperative, Inc. and MEC Communications, LLC. All significant intercompany transactions and balances have been eliminated.

Mohave Electric Cooperative, Inc. (the Cooperative) (MEC) is an electric distribution cooperative serving customers in three counties in northwest Arizona. MEC Communications, LLC (MECC) provides fiber optic services to customers in the same general geographical area as served by the Cooperative.

Accounting policies - As a regulated enterprise with a member-elected Board of Directors, the Cooperative accounts for such regulation under professional accounting standards ASC 980, Regulated Industries. The accounting policies followed by the Cooperative are in conformity with generally accepted accounting principles as they apply to a regulated electric utility. The rates are regulated by the Arizona Corporation Commission (ACC) and are designed to recover the cost of providing electric distribution to the members of the Cooperative.

The Cooperative employs the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS). As a result, the application of generally accepted accounting principles by the Cooperative differs in certain respects from such application by nonregulated enterprises. These differences primarily concern the timing of the recognition of certain revenue and expense items.

Recognition of revenue - Electric revenue and the related cost of power is recognized when electricity is consumed by the ultimate customer.

The Cooperative collects taxes from its members on behalf of taxing authorities and revenue is reported net of these taxes in the statements of revenue.

Property, plant, and equipment - Depreciation is recorded on the composite basis for transmission and distribution plant, and the unit basis (straight-line basis) for general plant, and is charged to capital and operating accounts at rates adopted by the Board of Directors in conformity with guide lines provided by AUS and the ACC. Depreciation provisions are computed on additions beginning the month after they are placed in service. When units of property are retired, their average cost (specific unit cost for substantially all of the general plant) is removed from utility plant and the cost, less net salvage, is removed from allowances for depreciation. Expenditures for normal repairs and maintenance are charged to operations as incurred.

Continuing property records are maintained on a current basis. These provide the average installed cost of the plant in service.

The Cooperative has determined that it does not have any long-lived assets for which it has a contractual or legal obligation to remove in the future.

Investments - Investments in associated organizations are carried at cost plus allocated equities. Other amounts included in investments are generally carried at cost.

Investments in debt and equity securities - As of January 1, 2019, the Cooperative adopted the provisions of Accounting Standards Update ASU 2016-01, *Financial Instruments*. The adoption of this guideline eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. The adoption of this guidance also requires equity securities to be carried on the balances sheet at fair value, with the difference between fair value and cost reported as other income on the statement of revenue and patronage capital. The standard was applied with a cumulative effect adjustment to beginning patronage capital as of January 1, 2019.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

The adjustment included reclassifying to patronage capital amounts reported in accumulated other comprehensive income for unrealized gains and losses on equity securities. The cumulative effect of the reclassification to patronage capital from accumulated other comprehensive income at January 1, 2019 was \$477,609.

Accounts receivable - The Cooperative carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Cooperative evaluates its electric accounts receivable and establishes an allowance for doubtful accounts, based on past history of bad debt write-offs, collections, and current credit conditions. Electric accounts receivable are generally considered past due if the Cooperative has not received payment by the due date of the bill and are generally turned over for collection if they remain unpaid for 60 days. It is the Cooperative's policy that accounts are written off if they remain uncollected, and collection efforts have been exhausted. Payments received on accounts after they are written off are considered a recovery of the bad debt. As of December 31, 2020 and 2019, the Cooperative had approximately \$16,379 and \$22,190, respectively, in electric accounts receivable that were over 90 days old.

Materials and supplies - Materials and supplies are priced at the lower of cost or market. Cost is determined using the average cost method.

Cash equivalents - The Cooperative considers all short-term deposits and highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents.

Income taxes - In conformity with its bylaws, the Cooperative conducts its operations on a cooperative nonprofit basis. Annual revenue, in excess of the cost of providing service, is allocated in the form of capital credits to the members' capital accounts on the basis of patronage.

The Cooperative has a letter of exemption from federal income tax, issued by the Internal Revenue Service, and files IRS Form 990 annually. An evaluation of whether or not it has any uncertain tax positions is determined on an annual basis by the Cooperative. While the Cooperative believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could be different than the positions taken by the Cooperative. The Cooperative recognizes any interest and penalties assessed by taxing authorities in income tax expense and, with few exceptions, is no longer subject to federal, state, or local income tax examinations by taxing authorities for years before 2017.

MEC Communications LLC (Company) began operations during the year ended December 31, 2020 and made the election to file IRS Form 1120 annually. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could be different than the positions taken by the Company. The Company recognizes any interest and penalties assessed by taxing authorities in income tax expense.

Note 2 - Use of Estimates, Certain Significant Risks, and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk arises from the Cooperative's granting of credit to its member customers, uninsured funds deposited in federally insured financial institutions which may be in excess of the insurance limits at various times during the year, and other uninsured cash funds of \$886,831 and \$662,643 at December 31, 2020 and 2019, respectively.

Note 3 - Assets Pledged

Substantially all assets are pledged as security for long-term debt to RUS, the Federal Financing Bank (FFB), the National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Note 4 - Utility Plant

A summary of the utility plant and accumulated depreciation follows:

	Plant Balances	
	2020	2019
Intangible plant	\$ 579	\$ 579
Transmission plant	16,447,713	14,205,333
Distribution plant	94,222,717	85,918,714
General plant	14,372,419	13,809,307
Electric plant acquisition adjustment	242,558	242,558
Total electric plant	<u>125,285,986</u>	<u>114,176,491</u>
Construction work-in-progress	18,021,412	25,293,235
Total utility plant	<u>143,307,398</u>	<u>139,469,726</u>
Accumulated depreciation		
Transmission plant	6,017,107	5,632,482
Distribution plant	38,901,965	36,669,091
General plant	9,712,421	8,583,942
Electric plant acquisition adjustment	242,558	242,558
	<u>54,874,051</u>	<u>51,128,073</u>
Retirement work-in-progress	<u>(373,445)</u>	<u>(322,629)</u>
Total accumulated depreciation	<u>54,500,606</u>	<u>50,805,444</u>
Net utility plant	<u>\$ 88,806,792</u>	<u>\$ 88,664,282</u>

Transmission plant is depreciated, under the straight-line composite basis, at the annual rate of 2.75%.

Distribution plant is depreciated, under the straight-line composite basis, at annual rates ranging from 1.80% to 19.16%.

General plant is depreciated over the estimated useful life of the assets, under the straight-line composite basis, at various rates ranging from 2% to 20%.

Note 5 - Subordinated Certificates

	2020	2019
Capital term certificates	\$ 562,410	\$ 562,410
Loan term certificates	103,600	117,500
Zero term certificates	-	55,782
Medium term notes	500,000	500,000
Member capital securities	2,000,000	2,000,000
Total	<u>\$ 3,166,010</u>	<u>\$ 3,235,692</u>

The capital term certificates yield 5%, the loan term certificates yield 3%, and the zero term certificates have no yield. All of the certificates have various maturity dates through the year 2080.

The medium terms note have interest rates ranging from 2.09% to 2.89% and mature through July 2024.

The member capital securities yield 5% and mature through December 23, 2044.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Note 6 - Investments in Associated Organizations

This category consists mainly of patronage capital due from organizations of which the Cooperative is a member.

	<u>2020</u>	<u>2019</u>
Patronage capital - CFC	\$ 416,023	\$ 437,600
Patronage capital - Arizona Electric Power Coop.	54,846,353	53,116,659
Patronage capital - NRTC	180,664	322,819
Patronage capital - CoBank	318,165	262,639
Patronage capital - Federated Rural Insurance	267,809	255,405
Patronage capital - Western United	467,216	404,254
Patronage capital - NISC	190,537	183,381
Other investments in associated organizations	208,635	205,172
Total	<u>\$ 56,895,402</u>	<u>\$ 55,187,929</u>

Note 7 - Other Investments

Other investments consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Notes receivable - renewable energy projects	\$ 63,876	\$ 160,886
Notes receivable - employees	29,305	40,401
Note receivable - economic development	2,877,265	129,875
Deferred compensation	97,929	259,186
Marketable securities	19,715,560	15,207,212
	<u>22,783,935</u>	<u>15,797,560</u>
Less current portion	(93,000)	(116,000)
Total	<u>\$ 22,690,935</u>	<u>\$ 15,681,560</u>

The notes receivable are carried at cost, are current at both December 31, 2020 and 2019, and are unsecured. The note receivable-economic development is secured by a letter of credit. Management believes they will all be collected in full. The notes receivable-employees are repaid through payroll deduction.

The Cooperative determines the appropriate classification of its investment securities (debt and equity securities) at the time of purchase and reevaluates such determinations at each balance sheet date. Investments are classified as held-to-maturity when the Cooperative has the positive intent and ability to hold the securities to maturity. For those not classified as held-to-maturity, they are classified as available-for-sale since the Cooperative does not intend to sell them in the near-term. The investments classified as held-to-maturity are stated at cost and those classified as available-for-sale are stated at fair value, as determined by quoted market prices.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

As of December 31, 2020, marketable securities consisted of the following:

December 31, 2020	Amortized Cost	Gains in Comprehensive Income	Losses in Comprehensive Income	Fair Value
Corporate bonds	\$ 8,187,628	\$ 3,062,819	\$ (2,375,974)	\$ 8,874,473
Tax-exempt bonds	6,450,310	2,000,026	(1,674,601)	6,775,735
Mutual funds	98,075			98,075
Common/PFD stocks	3,967,277			3,967,277
Total marketable securities	<u>\$ 18,703,290</u>	<u>\$ 5,062,845</u>	<u>\$ (4,050,575)</u>	<u>\$ 19,715,560</u>

As of December 31, 2019, marketable securities consisted of the following:

December 31, 2019	Amortized Cost	Gains in Comprehensive Income	Losses in Comprehensive Income	Fair Value
Corporate bonds	\$ 7,337,504	\$ 1,273,743	\$ (1,434,741)	\$ 7,176,506
Tax-exempt bonds	4,101,119	1,667,419	(1,482,678)	4,285,860
Common/PFD stocks	3,744,846			3,744,846
Total marketable securities	<u>\$ 15,183,469</u>	<u>\$ 2,941,162</u>	<u>\$ (2,917,419)</u>	<u>\$ 15,207,212</u>

Proceeds from sales of marketable securities were \$8,101,532 and \$9,872,493 in 2020 and 2019, respectively. The gross realized gains on sales of available-for-sale securities totaled \$22,293 and \$4,186 in 2020 and 2019, respectively, and the gross realized losses totaled \$190,827 and \$50,561 in 2020 and 2019, respectively. The change in net unrealized holding gains (losses) on available-for-sale securities included as a separate component of comprehensive income before tax totaled \$999,325 and \$55,235 in 2020 and 2019, respectively.

Management evaluates the need for recording an other-than-temporary impairment for these investments annually. Based on the nature and financial information available for each individual investment, the length of time and extent of its fair value being below cost and the Cooperative's ability and intent to hold the investments for a sufficient time to allow for the recovery of the cost of the investment, an other-than-temporary impairment has not been recognized as of December 31, 2020 and 2019. The following shows the unrealized losses and fair value of the Cooperative's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, at December 31:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2020						
Corporate bonds	\$ 1,107,323	\$ (100,249)	\$ 544,380	\$ (19,468)	\$ 1,651,703	\$ (119,717)
Tax-exempt bonds	14,387	(2,423)	51,636	(338)	\$ 66,023	\$ (2,761)
Totals	<u>\$ 1,121,710</u>	<u>\$ (102,672)</u>	<u>\$ 596,016</u>	<u>\$ (19,806)</u>	<u>\$ 1,717,726</u>	<u>\$ (122,478)</u>
2019						
Corporate bonds	\$ 407,762	\$ (23,451)	\$ 4,182,870	\$ (536,088)	\$ 4,590,632	\$ (559,539)
Tax-exempt bonds			1,726,970	(31,896)	\$ 1,726,970	\$ (31,896)
Totals	<u>\$ 407,762</u>	<u>\$ (23,451)</u>	<u>\$ 5,909,840</u>	<u>\$ (567,984)</u>	<u>\$ 6,317,602</u>	<u>\$ (591,435)</u>

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Note 8 - Other Current Assets

Other current assets consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accrued utility revenue	\$ 3,110,592	\$ 2,933,725
Prepaid insurance	226,106	175,127
Interest receivable	168,255	120,841
Prepaid dues	248,038	257,094
Prepaid right-of-way rent	31,339	33,311
Prepaid purchased power	-	39,680
Undistributed warehouse expense	16,034	19,049
Other prepaid expenses	77,250	61,319
Total	<u>\$ 3,877,614</u>	<u>\$ 3,640,146</u>

Note 9 - Deferred Debits

	<u>2020</u>	<u>2019</u>
Past service pension cost	\$ 132,987	\$ 177,008
Construction advances	15,392,103	7,600,962
Prepaid pension cost *	514,284	751,644
Undistributed clearing accounts	(3,858)	17,953
Accumulated under-recovery of power cost	-	38,467
Other deferred debits	527,091	346,533
Total	<u>\$ 16,562,607</u>	<u>\$ 8,932,567</u>

* Approved by RUS

Past service pension cost is amortized on the straight-line basis over future periods as allowed for under ASC 980, *Regulated Enterprises*. Amortization amounted to \$47,881 for both the years ended December 31, 2020 and 2019.

The construction advances made on transmission projects will be recovered over future periods through credits on purchased power from the Cooperative's power suppliers as per the contractual agreements.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the Retirement Security (RS) Plan (a defined benefit multi-employer plan) to make a prepayment and reduce future required contributions. The prepayment amount is the Cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, with changes in interest rates, asset returns, other plan experiences different from what is expected, plan assumption changes, and other factors could have an impact on the differential in billing rates and the 15-year period as originally expected.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Two prepayment options were available to participating entities:

1. Use current assets to make the prepayment over a period not more than four years.
2. Borrow funds sufficient to make the prepayment in a lump sum, with the repayment of the borrowed amount determined by the loan's amortization schedule.

In February 2013, the Cooperative made a prepayment of \$2,373,604 to the RS Plan. The Cooperative is amortizing this amount over ten years, as allowed for by regulated industries under ASC 980, *Accounting for the Effects of Certain Types of Regulation*. Amortization amounted to \$237,360 for both the years ended December 31, 2020 and 2019.

The Cooperative's tariffs for electric service, as approved by the ACC, include a power cost recovery factor under which any differences between the revenue generated from the power cost included in base rates and actual power cost are deferred and are either charged or credited to customers' monthly billings. As of December 31, 2019, the Cooperative had accumulated net under-recovery of \$0.

Note 10 - Members' Equity

	Patronage Capital		Accumulated Other Comprehensive Income (AOCI)	Other Equities	Total
	Allocated	Unallocated			
Balance, December 31, 2018	\$ 96,628,087	\$ 2,889,465	\$ (31,491)	\$ 6,811,423	\$ 106,297,484
Net margin		2,846,584			2,846,584
Allocation, 2018	5,735,995	(5,735,995)			
Memberships, net				2,525	2,525
Retirement of capital credits	(2,086,814)			150,542	(1,936,272)
Changes in accumulated other comprehensive income			55,235		55,235
Other changes				731,340	731,340
Balance, December 31, 2019	<u>100,277,268</u>	<u>54</u>	<u>23,744</u>	<u>7,695,830</u>	<u>107,996,896</u>
Net margin		4,218,944			4,218,944
Allocation, 2019	1,921,093	(1,921,093)			
Memberships, net				3,815	3,815
Retirement of capital credits	(1,729,390)			115,629	(1,613,761)
Changes in accumulated other comprehensive income			999,325		999,325
Other changes				411,135	411,135
Balance, December 31, 2020	<u>\$ 100,468,971</u>	<u>\$ 2,297,905</u>	<u>\$ 1,023,069</u>	<u>\$ 8,226,409</u>	<u>\$ 112,016,354</u>

Under the provisions of the RUS mortgage agreement, until the equities and margins equal or exceed 30% of the total assets of the Cooperative, the retirement of capital credits is generally limited to 25% of the patronage capital or margins from the prior calendar year. The CFC and CoBank mortgage agreement provisions differ slightly. This limitation does not usually apply to capital credit retirements made exclusively to estates.

The total equities of the Cooperative are approximately 51% and 59% of the total assets as of December 31, 2020 and 2019, respectively. Other equities consist of memberships, donated capital, accumulated other comprehensive income, and retired capital credits gain.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Changes in the accumulate balances for each component of other comprehensive income for the years ended December 31, 2020 and 2019 are presented below:

2020	Unrealized Gains on Securities	Accumulated Other Comprehensive Income
Beginning balance	\$ 23,744	\$ 23,744
Current period other comprehensive income	999,325	999,325
Ending balance	<u>\$ 1,023,069</u>	<u>\$ 1,023,069</u>
2019		
Beginning balance	\$ (31,491)	\$ (31,491)
Current period other comprehensive income	55,235	55,235
Ending balance	<u>\$ 23,744</u>	<u>\$ 23,744</u>

Note 11 - Long-Term Debt

Long-term debt consists of mortgage notes payable to RUS, FFB, CFC, and CoBank; and other long-term debt with various maturities through January 2045. The following is a summary of these notes:

	2020	2019
RUS mortgage notes	\$ 2,107,879	\$ 2,277,993
RUS cushion of credit - 5%	-	(1,940,032)
CFC mortgage note	1,366,435	1,615,258
CFC conversion fees	238,526	301,296
FFB mortgage notes	36,923,878	38,148,387
CoBank mortgage notes	31,817,106	16,769,714
Rural economic development loan	97,122	-
Payroll protection plan loan - 1.00%	1,018,550	-
	<u>73,569,496</u>	<u>57,172,616</u>
Less early extinguishment of debt expense	(238,526)	(301,296)
	73,330,970	56,871,320
Less current maturities	(4,650,000)	(13,420,800)
Total	<u>\$ 68,680,970</u>	<u>\$ 43,450,520</u>

The RUS notes have fixed interest rates that ranged from 5.00% to 5.25% as of both December 31, 2020 and 2019 and mature June 2030.

The CFC note has a fixed interest rate 5% as of both December 31, 2020 and 2019. The note carries a prepayment penalty and matures October 2025.

The FFB notes have fixed interest rates that ranged between 0.980% and 5.053% as of both December 31, 2020 and 2019. They have various maturities through January 2045.

The CoBank notes have fixed interest rates that ranged between 2.790% and 4.882% as of both December 31, 2020 and 2019. They have various maturities through June 2030.

As of December 31, 2020, FFB was committed to advance loan funds, for construction purposes, in the amounts of \$2,868,000, for which a loan agreement has been executed.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

As of December 31, 2020, CoBank was committed advance loan funds in the amount of \$25,000,000 for which a loan agreement has been executed.

Based on current obligations, principal payments toward the above long-term debt for the next five years will require approximately:

<u>For the Years Ending</u>	<u>Amount</u>
December 31, 2021	\$ 4,650,000
December 31, 2022	\$ 2,812,000
December 31, 2023	\$ 2,911,000
December 31, 2024	\$ 3,013,000
December 31, 2025	\$ 3,026,000

Note 12 - Other Current Liabilities

Other current liabilities consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Customers' deposits	\$ 3,339,211	\$ 3,322,689
Patronage capital payable	73,551	57,788
Accrued payroll	292,065	272,904
Accrued employees vacation	377,481	380,987
Accrued sick leave	760,022	771,965
Other current liabilities	56,010	18,610
Total	<u>\$ 4,898,340</u>	<u>\$ 4,824,943</u>

Note 13 - Short-Term Lines of Credit

The Cooperative has a \$6,700,000 line of credit agreement, with a variable interest rate, established with CFC. It expires December 28, 2021. As of December 31, 2020, \$6,650,115 of funds had been drawn and remained outstanding at an interest rate of 2.25%. As of December 31, 2019, \$1,300,000 of funds had been drawn and remained outstanding at an interest rate of 2.85%.

The Cooperative also has a \$4,900,000 line of credit agreement, with a variable interest rate, established with CoBank. It expires April 9, 2021. There were no funds outstanding on the line of credit as of December 31, 2020 and 2019. It was renewed for one year before the financial statement issuance date.

Note 14 - Deferred Credits

Deferred credits consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Customers' prepayments	\$ 1,717,512	\$ 1,511,766
Fuel cost over-recovery	8,850,447	-
Energy efficiency surcharge	1,865,246	2,070,644
Customers' advances for construction	2,011,190	1,562,331
Deferred revenue assessments	452,179	737,792
Deferred special equipment installation cost	87,720	615,192
Deferred compensation	612,620	871,186
Deferred retirement expense	57,058	87,645
Other deferred credits	226,529	246,524
Total	<u>\$ 15,880,501</u>	<u>\$ 7,703,080</u>

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

The Cooperative's tariffs for electric service, as approved by the ACC, include a power cost recovery factor under which any differences between the revenue generated from the power cost included in base rates and actual power cost are deferred and are either charged or credited to customers' monthly billings. As of December 31, 2020, the Cooperative had accumulated net over-recovery \$8,850,447.

Note 15 - Pension Plan

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501 (a) of the Internal Revenue Code. It is a multi-employer plan under the accounting standards. The Plan Sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative's contributions to the RS plan in 2020 and 2019 represented less than 5% of the total contributions made to the plan by all participating employers. There have been no significant changes that affect the comparability of 2020 and 2019 amounts.

Pension cost incurred during the years ended December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Past service pension cost	\$ 47,881	\$ 47,881
Current payments to plan	788,752	707,906
Amortization of prepaid pension cost	<u>237,360</u>	<u>237,360</u>
Total	<u>\$ 1,073,993</u>	<u>\$ 993,147</u>

In the RS Plan, a "zone status" determination is not required, and therefore not determined under the Pension Protections Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 80% funded at both January 1, 2020 and January 1, 2019 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding plans and surcharges are not applicable. Future contribution are determined each year as part of the actuarial valuation of the change as a result of plan experience.

Employees of the Cooperative can participate in the National Rural Electric Cooperative Association (NRECA) SelectRE 401(k) plan, provided they meet plan specifications. The Cooperative will contribute up to 5% of matching contributions for all hires prior to July 1, 2014; 6% on all hires after June 30, 2014. The Cooperative's contribution for the years ended December 31, 2020 and 2019 was \$225,372 and \$210,203, respectively.

Note 16 - Deferred Compensation

The Cooperative has a deferred compensation plan that key employees can participate in, with the Plan funded with employee payroll deductions and employer contributions. The plan allows investments in NRECA Homestead Fund securities. The Plan benefits are payable to the Cooperative, for the benefit of the employee, and the deferred compensation plan agreement between the employee and the Cooperative provides for payment of benefits in the event of death, disability, retirement, or payouts prior to such as agreed upon by the Board of Directors and the employee participant.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Note 17 - Participation in Power Pool

In 2013, the Cooperative entered into an agreement with ACES/AEPCo Power Marketing to assist in managing the Cooperative's power resources. ACES and AEPCo coordinate to act as the scheduling and dispatch agent and assist in managing the electric resources available for purchase and resale on behalf of the Cooperative.

An itemized Master Supplemental Services Agreement statement is generated monthly by AEPCo for the previous month's marketing activity. The Cooperative pays the statement or receives credit if the statement is a balance due the Cooperative, on a monthly basis as part of the monthly payment process to AEPCo for the resources consumed by the Cooperative's members. The itemized statement includes all brokerage and ancillary charges incurred in the marketing of the Cooperative's resources.

The credit due (amount due the Cooperative) from AEPCo at December 31, 2020 and 2019 amounted to \$210,476 and \$192,402, respectively, as a result of December marketing operations. Those credits (amounts due the Cooperative) were offset against the December AEPCo monthly power bills to the Cooperative when they were paid in January of 2020 and 2019, respectively.

Note 18 - Commitments

The Cooperative is an Arizona Electric Power Cooperative, Inc. (AEPCo) partial requirements customer. As a continuing Class A member of AEPCo, which is a not-for-profit generation and transmission cooperative, the Cooperative is entitled to representation on the Board of Directors of AEPCo and its affiliated corporations. The Cooperative, under the terms of an agreement with AEPCo and in consideration of payments of a fixed monthly capacity charge and fixed demand and energy charge, is entitled to 35.8% of the AEPCo resources, including transmission and allocated demand and usage levels. The Cooperative has the contractual ability to resell AEPCo provided resources in excess of the Cooperative's needs and not used by the Cooperative.

In order to meet its demand requirements, the Cooperative entered into a Transmission Agreement with TRANSCO, an Arizona not-for-profit transmission cooperative corporation, resulting from the restructuring of AEPCo. The Cooperative uses the Transmission Agreement to meet its demand usage requirements, with obligations to pay TRANSCO based on specified formulas. The agreement expires in 2035.

The Cooperative obtains a portion of its purchased power from AEPCo, as noted above, which amounted to \$42,743,981 and \$42,732,093 for the years ended December 31, 2020 and 2019, respectively. The Cooperative is also a member of Southwest Transmission Cooperative, Inc. (SWTC), which is an electric transmission cooperative. The Cooperative obtains a portion of its purchased power from SWTC, as noted above, which amounted to \$5,407,007 and \$5,538,619 for the years ended December 31, 2020 and 2019, respectively.

The amount payable for purchased power to AEPCo is \$3,655,602 and \$3,140,859 at December 31, 2020 and 2019, respectively. The amount payable for purchased power to SWTC is \$445,772 and \$430,820 at December 31, 2020 and 2019, respectively.

Note 19 - Solar Asset Purchase

On December 15, 2020, the Cooperative purchased certain assets from Mohave Sunrise Solar I, LLC, including fencing, 1600 KV and 800 KV transformers, solar modules, inverters, and racking system. The total purchase price of the assets was \$6,541,746. As of December 31, 2020, the assets are included in construction work in process, as the assets were not yet in service. The total purchase price was allocated to the individual assets, and there was no goodwill arising from this transaction.

Note 20 - Litigation

The Cooperative is involved in various legal matters that management considers to be in the normal course of business. The outcome of these various matters is unknown. Therefore, nothing is recorded in the financial statements.

Mohave Electric Cooperative, Inc. and Subsidiary
Notes to Financial Statements
December 30, 2020 and 2019

Note 21 - Commitments, Contingencies, and Subsequent Events

Management has made an evaluation of subsequent events and transactions for the period December 31, 2020 through April 7, 2021, which is the date the report was available to be issued, and determined that there were no material events that would require recognition or disclosure in the financial statements under FASB ASC 855-10, Subsequent Events.

During the year ended December 31, 2020, the ACC approved the Cooperative's application to borrow up to \$110 million to construct a broadband system in the Cooperative's territory. CoBank has committed to finance the first \$25 million tranche of financing.

On January 30, 2020, the World Health Organization (WHO) declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of public places and businesses. The coronavirus and actions taken to mitigate it could have an adverse impact on the economies and financial markets of the geographical area in which the Cooperative operates. There has been no immediate and significant impact on the Cooperative's operations. The future effect of these issues is unknown; however, the Cooperative may experience a decline in sales and the collectability of accounts receivable as individuals and businesses may be adversely impacted by the outbreak.

Note 22 - Recently Issued Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the income statement. Entities are permitted to elect not to restate comparative periods in the period of adoption. A practical expedient may be elected which eliminates the need to reassess expiring or existing contracts to identify potential leases. The practical expedient also eliminates the need to reassess classification on existing or expiring leases. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The Cooperative is evaluating the impact of the new standard on the financial statements.

Supplemental Information



Certified Public Accountants

Independent Auditor's Report on Supplemental Information

The Board of Directors
Mohave Electric Cooperative, Inc. and Subsidiary
Bullhead City, Arizona

We have audited the consolidated financial statements of Mohave Electric Cooperative, Inc. and Subsidiary as of and for the year ended December 31, 2020, and our report thereon, dated April 7, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements (collectively, the financial statements) as a whole.

The accompanying consolidating balance sheet and consolidating statement of revenue and patronage capital shown on pages 23 through 25 is presented for purpose of additional analysis of the financial statements rather than to present the financial position, results of operations, comprehensive income, and cash flows of the individual companies, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Kelso Lynch, P.C., P.A.

Mission, Kansas
April 7, 2021

Kelso Lynch, P.C., P.A.

6700 Squibb Road, Suite 215, Mission, Kansas 66202 P.O. Box 1085, Mission, Kansas 66222-0085
913 831 1150 www.kelsolynch.com

Mohave Electric Cooperative, Inc. and Subsidiary
Consolidating Balance Sheet at December 31, 2020

Assets				
	MEC	MECC	Eliminating Entries	Consolidated Balance
Utility Plant				
Electric plant in service - at cost	\$ 125,285,986			\$ 125,285,986
Construction work-in-progress	18,021,412			18,021,412
	143,307,398			143,307,398
Less accumulated provision for depreciation and amortization	(54,500,606)			(54,500,606)
Net utility plant	88,806,792			88,806,792
Other Assets and Investments				
Subordinated certificates	3,166,010			3,166,010
Investments in associated organizations	56,960,466		\$ (65,064)	56,895,402
Non-utility property	72,000			72,000
Other investments	22,690,935			22,690,935
Total other assets and investments	82,889,411		(65,064)	82,824,347
Current Assets				
Cash and cash equivalents	20,196,684	\$ 86,635		20,283,319
Temporary cash investments	886,831			886,831
Notes receivable - current portion	93,000			93,000
Accounts receivable				
Customers, net of allowance				
accounts of \$110,557 and \$75,134	3,301,589	16,065		3,317,654
Materials and supplies	1,601,067			1,601,067
Other current and accrued assets	3,858,978	18,636		3,877,614
Total current assets	29,938,149	121,336		30,059,485
Deferred Debits	16,562,607			16,562,607
Total deferred debits	16,562,607			16,562,607
Total assets	\$ 218,196,959	\$ 121,336	\$ (65,064)	\$ 218,253,231

Members' Equity and Liabilities

	MEC	MECC	Eliminating Entries	Consolidated Balance
Members' Equity				
Patronage capital	\$ 102,766,876			\$ 102,766,876
Accumulated other comprehensive income	1,023,069			1,023,069
Other equities	8,226,409	\$ 65,064	\$ (65,064)	8,226,409
Total members' equity	<u>112,016,354</u>	<u>65,064</u>	<u>(65,064)</u>	<u>112,016,354</u>
Long-Term Debt				
Mortgage notes payable	72,226,294			72,226,294
Other long-term debt	1,104,676			1,104,676
Less current maturities of mortgage notes payable	<u>(4,650,000)</u>			<u>(4,650,000)</u>
Total long-term debt	<u>68,680,970</u>			<u>68,680,970</u>
Current Liabilities				
Current maturities on mortgage notes payable	4,650,000			4,650,000
Notes payable - line of credit	6,650,115			6,650,115
Accounts payable	4,234,937	645		4,235,582
Accrued liabilities				
Taxes	1,147,548	14,592		1,162,140
Interest	79,229			79,229
Other current liabilities	4,857,305	41,035		4,898,340
Total current liabilities	<u>21,619,134</u>	<u>56,272</u>		<u>21,675,406</u>
Other Liabilities				
Deferred credits	15,880,501			15,880,501
Total other liabilities	<u>15,880,501</u>			<u>15,880,501</u>
Total members' equity and liabilities	<u>\$ 218,196,959</u>	<u>\$ 121,336</u>	<u>\$ (65,064)</u>	<u>\$ 218,253,231</u>

Mohave Electric Cooperative, Inc. and Subsidiary
Consolidating Statement of Revenue and Patronage Capital
For the Year Ended December 31, 2020

	<u>MEC</u>	<u>MECC</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
Operating Revenue	\$ 74,229,675	\$ 145,324		\$ 74,374,999
Operating Expenses				
Cost of power	53,648,176			53,648,176
Transmission	197,253			197,253
Distribution - operations	3,408,754			3,408,754
Distribution - maintenance	1,814,969			1,814,969
Consumer accounts	2,033,447			2,033,447
Customer service and information	543,108			543,108
Administrative and general	4,668,660	75,668		4,744,328
Depreciation and amortization	4,062,705			4,062,705
Taxes		14,592		14,592
Total operating expenses	<u>70,377,072</u>	<u>90,260</u>		<u>70,467,332</u>
Operating Margins Before Fixed Charges	<u>3,852,603</u>	<u>55,064</u>		<u>3,907,667</u>
Fixed Charges				
Interest on long-term debt	2,514,996			2,514,996
Other interest	58,937			58,937
Total fixed charges	<u>2,573,933</u>			<u>2,573,933</u>
Operating Margins After Fixed Charges	<u>1,278,670</u>	<u>55,064</u>		<u>1,333,734</u>
G & T and Other Capital Credits	<u>1,995,034</u>			<u>1,995,034</u>
Net Operating Margins	<u>3,273,704</u>	<u>55,064</u>		<u>3,328,768</u>
Nonoperating Income				
Interest income	875,149			875,149
Miscellaneous income (expense)	70,091		\$ (55,064)	15,027
Total nonoperating income	<u>945,240</u>		<u>(55,064)</u>	<u>890,176</u>
Net Margins for the Year	<u>4,218,944</u>	<u>55,064</u>	<u>(55,064)</u>	<u>4,218,944</u>
Patronage Capital at Beginning of Year	100,277,322			100,277,322
Retirement of Capital Credits	<u>(1,729,390)</u>			<u>(1,739,390)</u>
Patronage Capital at End of Year	<u>\$ 102,766,876</u>	<u>\$ 55,064</u>	<u>\$ (55,064)</u>	<u>\$ 102,756,876</u>

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 21 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY**

BORROWER DESIGNATION
AZ0022

PERIOD ENDED
December 2020

BORROWER NAME
Mohave Electric Cooperative, Incorporated

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part A Section C of this report.

John Carlson

3/31/2021

DATE

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**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

BORROWER DESIGNATION

AZ0022

PERIOD ENDED

December 2020

INSTRUCTIONS - See help in the online application.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues				
2. Income From Leased Property (Net)				
3. Other Operating Revenue and Income				
4. Total Operation Revenues & Patronage Capital (1 thru 3)				
5. Operating Expense – Production - Excluding Fuel				
6. Operating Expense – Production - Fuel				
7. Operating Expense – Other Power Supply				
8. Operating Expense – Transmission				
9. Operating Expense – RTO/ISO				
10. Operating Expense – Distribution				
11. Operating Expense – Customer Accounts				
12. Operating Expense – Customer Service & Information				
13. Operating Expense – Sales				
14. Operating Expense – Administrative & General				
15. Total Operation Expense (5 thru 14)				
16. Maintenance Expense – Production				
17. Maintenance Expense – Transmission				
18. Maintenance Expense – RTO/ISO				
19. Maintenance Expense – Distribution				
20. Maintenance Expense – General Plant				
21. Total Maintenance Expense (16 thru 20)				
22. Depreciation and Amortization Expense				
23. Taxes				
24. Interest on Long-Term Debt				
25. Interest Charged to Construction – Credit				
26. Other Interest Expense				
27. Asset Retirement Obligations				
28. Other Deductions				
29. Total Cost Of Electric Service (15 + 21 thru 28)				
30. Operating Margins (4 less 29)				
31. Interest Income				
32. Allowance For Funds Used During Construction				
33. Income (Loss) from Equity Investments				
34. Other Non-operating Income (Net)				
35. Generation & Transmission Capital Credits				
36. Other Capital Credits and Patronage Dividends				
37. Extraordinary Items				
38. Net Patronage Capital Or Margins (30 thru 37)				

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

INSTRUCTIONS – See help in the online application.

BORROWER DESIGNATION

AZ0022

PERIOD ENDED

December 2020

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service		33. Memberships	
2. Construction Work in Progress		34. Patronage Capital	
3. Total Utility Plant (1 + 2)		a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amortization		b. Retired This year	
5. Net Utility Plant (3 - 4)		c. Retired Prior years	
6. Non-Utility Property (Net)		d. Net Patronage Capital (a - b - c)	
7. Investments in Subsidiary Companies		35. Operating Margins - Prior Years	
8. Invest. in Assoc. Org. - Patronage Capital		36. Operating Margin - Current Year	
9. Invest. in Assoc. Org. - Other - General Funds		37. Non-Operating Margins	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. Other Margins and Equities	
11. Investments in Economic Development Projects		39. Total Margins & Equities	
12. Other Investments		(33 + 34d thru 38)	
13. Special Funds		40. Long-Term Debt - RUS (Net)	
14. Total Other Property And Investments		41. Long-Term Debt - FFB - RUS Guaranteed	
(6 thru 13)		42. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds		43. Long-Term Debt - Other (Net)	
16. Cash - Construction Funds - Trustee		44. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits		45. Payments – Unapplied	
18. Temporary Investments		46. Total Long-Term Debt (40 thru 44 - 45)	
19. Notes Receivable (Net)		47. Obligations Under Capital Leases Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)		48. Accumulated Operating Provisions and Asset Retirement Obligations	
21. Accounts Receivable - Other (Net)		49. Total Other NonCurrent Liabilities	
22. Fuel Stock		(47 + 48)	
23. Renewable Energy Credits		50. Notes Payable	
24. Materials and Supplies - Other		51. Accounts Payable	
25. Prepayments		52. Current Maturities Long-Term Debt	
26. Other Current and Accrued Assets		53. Current Maturities Long-Term Debt - Rural Devel.	
27. Total Current And Accrued Assets		54. Current Maturities Capital Leases	
(15 thru 26)		55. Taxes Accrued	
28. Unamortized Debt Discount & Extraordinary Property Losses		56. Interest Accrued	
29. Regulatory Assets		57. Other Current and Accrued Liabilities	
30. Other Deferred Debits		58. Total Current & Accrued Liabilities	
31. Accumulated Deferred Income Taxes		(50 thru 57)	
32. Total Assets and Other Debits		59. Deferred Credits	
(5+14+27 thru 31)		60. Accumulated Deferred Income Taxes	
		61. Total Liabilities and Other Credits	
		(39 + 46 + 49 + 58 thru 60)	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY</p>	<p>BORROWER DESIGNATION AZ0022</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December 2020</p>
<p>SECTION C. NOTES TO FINANCIAL STATEMENTS</p>	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY</p>	<p>BORROWER DESIGNATION AZ0022</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December 2020</p>
<p>SECTION C. CERTIFICATION LOAN DEFAULT NOTES</p>	
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

PART B SE - SALES OF ELECTRICITY

Sale No.	Name Of Company or Public Authority	RUS Borrower Designation	Statistical Classification	Renewable Energy Program Name	Primary Renewable Fuel Type	Average Monthly Billing Demand (MW)	Actual Average Monthly NCP Demand	Actual Average Monthly CP Demand
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
UC	Total for Ultimate Consumer(s)							
Dist	Total for Distribution Borrowers					0	0	0
G&T	Total for G&T Borrowers					0	0	0
Other	Total for Other					0	0	0
Total	Grand Total					0	0	0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

PART B SE - SALES OF ELECTRICITY

Sale No	Electricity Sold (MWh) (i)	Revenue Demand Charges (j)	Revenue Energy Charges (k)	Revenue Other Charges (l)	Revenue Total (j + k + l) (m)
UC					
Dist	0	0	0	0	0
G&T	0	0	0	0	0
Other	0	0	0	0	0
Total	0	0	0	0	0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY		BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020
PART B SE - SALES OF ELECTRICITY		
Sale No	Comments	
UC		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

PART B PP - PURCHASED POWER

Purchase No.	Name Of Company or Public Authority	RUS Borrower Designation	Statistical Classification	Renewable Energy Program Name	Primary Renewable Fuel Type	Average Monthly Billing Demand (MW)	Actual Average Monthly NCP Demand	Actual Average Monthly CP Demand ()
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Dist	Total for Distribution Borrowers					0	0	0
G&T	Total for G&T Borrowers					0	0	0
Other	Total for Other					0	0	0
Total	Grand Total					0	0	0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

PART B PP - PURCHASED POWER

Purchase No	Electricity Purchased (MWh) (i)	Electricity Received (MWh) (j)	Electricity Delivered (MWh) (k)	Demand Charges (l)	Energy Charges (m)	Other Charges (n)	Total (l + m + n) (o)
	0	0	0	0	0	0	0
Dist	0	0	0	0	0	0	0
G&T	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY		BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020
PART B PP - PURCHASED POWER		
Purchase No	Comments	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application	PERIOD ENDED December 2020

PART C RE - RENEWABLE GENERATING PLANT SUMMARY

Plant Name (a)	Prime Mover (b)	Primary Renewable Fuel Type (c)	Renewable Fuel (%) (d)	Capacity (kW) (e)	Net Generation (MWh) (f)	Capacity Factor (%) (g)
MSSI	Photovoltaic	Solar - photovoltaic	0.00	4400.0	344.0	0.90
Total:				4400.0	344.0	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application	PERIOD ENDED December 2020

PART C RE - RENEWABLE GENERATING PLANT SUMMARY

Plant Name (a)	Number of Employees (h)	Total O&M Cost (mils/Net kWh) (i)	Power Cost (mils/Net kWh) (j)	Total Investment (\$1,000) (k)	Percentage Ownership (%) (l)	RUS Funding (\$1,000) (m)
MSSI	0	0	0	6,722	100	0
Total:	0	0	0	6,722		0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY		BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application		PERIOD ENDED December 2020
PART C RE - RENEWABLE GENERATING PLANT SUMMARY		
Plant Name	Comments	
MSSI	Solar panel generating facility	

reUNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION AZ0022		
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART C - SOURCES AND DISTRIBUTION OF ENERGY		PERIOD ENDED December 2020		
INSTRUCTIONS - See help in the online application.				
SOURCES OF ENERGY (a)	NO. OF PLANTS (b)	CAPACITY (kW) (c)	NET ENERGY RECIEVED BY SYSTEM (MWh) (d)	COST (\$) (e)
Generated in Own Plant (Details on Parts D, E, F IC, F CC, and G)				
1. Fossil Steam	0	0	0	0
2. Nuclear	0	0	0	0
3. Hydro	0	0	0	0
4. Combined Cycle	0	0	0	0
5. Internal Combustion	0	0	0	0
6. Other	1	4,400	344	0
7. Total in Own Plant (1 thru 6)	1	4,400	344	0
Purchased Power				
8. Total Purchased Power			0	0
Interchanged Power				
9. Received Into System (Gross)			0	0
10. Delivered Out of System (Gross)			0	0
11. Net Interchange (9 - 10)			0	0
Transmission For or By Others - (Wheeling)				
12. Received Into System			0	0
13. Delivered Out of System			0	0
14. Net Energy Wheeled (12 - 13)			0	0
15. Total Energy Available for Sale (7 + 8 + 11 + 14)			344	
Distribution of Energy				
16. Total Sales			0	
17. Energy Furnished to Others Without Charge			0	
18. Energy Used by Borrower (Excluding Station Use)			0	
19. Total Energy Accounted For (16 thru 18)			0	
Losses				
20. Energy Losses - MWh (15 - 19)			344	
21. Energy Losses - Percentage ((20 / 15) * 100)			100.00 %	

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART D - STEAM PLANT**

BORROWER DESIGNATION

PLANT

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

SECTION A. BOILERS/TURBINES

NO.	UNIT NO. (a)	TIMES STARTED (b)	FUEL CONSUMPTION					OPERATING HOURS				
			COAL (1000 Lbs.) (c)	OIL (1000 Gals.) (d)	GAS (1000 C.F.) (e)	OTHER (f)	TOTAL (g)	IN SERVICE (h)	ON STANDBY (i)	OUT OF SERVICE SCHED. (j)	UNSCH. (k)	
1.												
2.												
3.												
4.												
5.												
6.	Total											
7.	Average BTU											
8.	Total BTU (10 ⁶)											
9.	Total Del. Cost (\$)											

SECTION A. BOILERS/TURBINES (Continued)

SECTION B. LABOR REPORT

SEC. C. FACTORS & MAX. DEMAND

NO.	UNIT NO. (l)	SIZE (kW) (m)	GROSS GEN. (MWh) (n)	BTU PER kWh (o)	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.					1.	No. Employees Full-Time (Include Superintendent)		1.	Load Factor (%)	
2.					2.	No. Employees Part-Time		2.	Plant Factor (%)	
3.					3.	Total Employee Hours Worked		3.	Running Plant Capacity Factor (%)	
4.					4.	Operating Plant Payroll (\$)		4.	15 Minute Gross Max. Demand (kW)	
5.					5.	Maintenance Plant Payroll (\$)		5.	Indicated Gross Max. Demand (kW)	
6.	Total				6.	Other Accts. Plant Payroll (\$)				
7.	Station Service (MWh)				7.	Total Plant Payroll (\$)				
8.	Net Generation (MWh)									
9.	Station Service (%)									

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	500			
2.	Fuel, Coal	501.1			
3.	Fuel, Oil	501.2			
4.	Fuel, Gas	501.3			
5.	Fuel, Other	501.4			
6.	Fuel SubTotal (2 thru 5)	501			
7.	Steam Expenses	502			
8.	Electric Expenses	505			
9.	Miscellaneous Steam Power Expenses	506			
10.	Allowances	509			
11.	Rents	507			
12.	Non-Fuel SubTotal (1 + 7 thru 11)				
13.	Operation Expense (6 + 12)				
14.	Maintenance, Supervision and Engineering	510			
15.	Maintenance of Structures	511			
16.	Maintenance of Boiler Plant	512			
17.	Maintenance of Electric Plant	513			
18.	Maintenance of Miscellaneous Plant	514			
19.	Maintenance Expense (14 thru 18)				
20.	Total Production Expense (13 + 19)				
21.	Depreciation	403.1, 411.10			
22.	Interest	427			
23.	Total Fixed Cost (21 + 22)				
24.	Power Cost (20 + 23)				

Remarks

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART E - HYDRO PLANT**

BORROWER DESIGNATION

PLANT

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

SECTION A. HYDRO GENERATING UNITS

NO.	UNIT NO. (a)	SIZE (kW) (b)	GROSS GENERATION (MWh) (c)	OPERATING HOURS			
				IN SERVICE (d)	ON STANDBY (e)	OUT OF SERVICE	
						SCHEDULED (f)	UNSCHEDULED (g)
1.							
2.							
3.							
4.							
5.							
6.	Total						
7.	Station Service (MWh)			HYDRAULIC DATA			
8.	Net Generation (MWh)			ITEM	(a) MAXIMUM	(b) MINIMUM	
9.	Station Service % of Gross			1. Pool Elevation (ft.)			
10.	Energy for Pumped Storage (MWh)			2. Tail Race Elevation (ft.)			
11.	Net Generation after Pumped Storage (MWh)			Water Spilled	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full-Time (Include Superintendent)		5.	Maintenance Plant Payroll (\$)		1.	Load Factor (%)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)		2.	Plant Factor (%)	
3.	Total Employee Hours Worked		7.	Total Plant Payroll (\$)		3.	Running Plant Capacity Factor (%)	
4.	Operating Plant Payroll (\$)					4.	15 Min. Gross Max. Demand (kW)	
						5.	Indicated Gross Max. Demand (kW)	

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)
1.	Operation, Supervision and Engineering	535		
2.	Water for Power	536		
3.	Energy for Pumped Storage	536.1		
4.	Hydraulic Expense	537		
5.	Electric Expense	538		
6.	Miscellaneous Hydraulic Power Generation Expense	539		
7.	Rents	540		
8.	Operation Expense (1 thru 7)			
9.	Maintenance, Supervision and Engineering	541		
10.	Maintenance of Structures	542		
11.	Maintenance of Reservoirs, Dams and Waterways	543		
12.	Maintenance of Electric Plant	544		
13.	Maintenance of Miscellaneous Hydraulic Plant	545		
14.	Maintenance Expense (9 thru 13)			
15.	Total Production Expense (8 + 14)			
16.	Depreciation	403.3, 411.10		
17.	Interest	427		
18.	Total Fixed Cost (16 + 17)			
19.	Power Cost (15 + 18)			

Remarks (including Unscheduled Outages)

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART F IC - INTERNAL COMBUSTION PLANT**

BORROWER DESIGNATION

PLANT

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

SECTION A. INTERNAL COMBUSTION GENERATING UNITS

NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS				
			OIL (1000 Gals.) (c)	GAS (1000 C.F.) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE		GROSS GENER.(MWh) (k)
								SCHED. (i)	UNSCH. (j)		
1.											
2.											
3.											
4.											
5.											
6.	Total										
7.	Average BTU									Station Service (MWh)	
8.	Total BTU (10 ⁶)									Net Generation (MWh)	
9.	Total Del. Cost (\$)									Station Service % of Gross	

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full Time (Include Superintendent)		5.	Maintenance Plant Payroll (\$)		1.	Load Factor (%)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)		2.	Plant Factor (%)	
3.	Total Employee Hours Worked		7.	Total Plant Payroll (\$)		3.	Running Plant Capacity Factor (%)	
4.	Operating Plant Payroll (\$)					4.	15 Min. Gross Max. Demand (kW)	
						5.	Indicated Gross Max. Demand (kW)	

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET (kWh) (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	546			
2.	Fuel, Oil	547.1			
3.	Fuel, Gas	547.2			
4.	Fuel, Other	547.3			
5.	Energy for Compressed Air	547.4			
6.	Fuel SubTotal (2 thru 5)	547			
7.	Generation Expenses	548			
8.	Miscellaneous Other Power Generation Expenses	549			
9.	Rents	550			
10.	Non-Fuel SubTotal (1 + 7 thru 9)				
11.	Operation Expense (6 + 10)				
12.	Maintenance, Supervision and Engineering	551			
13.	Maintenance of Structures	552			
14.	Maintenance of Generating and Electric Plant	553			
15.	Maintenance of Miscellaneous Other Power Generating Plant	554			
16.	Maintenance Expense (12 thru 15)				
17.	Total Production Expense (11 + 16)				
18.	Depreciation	403.4, 411.10			
19.	Interest	427			
20.	Total Fixed Cost (18 + 19)				
21.	Power Cost (17 + 20)				

Remarks (including Unscheduled Outages)

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART F CC - COMBINED CYCLE PLANT**

BORROWER DESIGNATION

PLANT

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

SECTION A. COMBINED CYCLE GENERATING UNITS

NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS					
			OIL (1000 Gals.) (c)	GAS (1000 CF) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE		GROSS GENER. (MWh) (k)	BTU PER kWh (l)
			SCHED.		UNSC.							
			(i)	(j)								
1.												
2.												
3.												
4.												
5.												
6.	Total											
7.	Average BTU											
8.	Total BTU (10 ⁶)											
9.	Total Del. Cost (\$)											

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full Time (Include. Superintendent)		5.	Maintenance Plant Payroll (\$)		1.	Load Factor (%)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)		2.	Plant Factor (%)	
3.	Total Employee Hours Worked		7.	Total Plant Payroll (\$)		3.	Running Plant Capacity Factor (%)	
4.	Operating Plant Payroll (\$)					4.	15 Min. Gross Max. Demand (kW)	
						5.	Indicated Gross Max. Demand (kW)	

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	500			
2.	Fuel, Oil	547.1			
3.	Fuel, Gas	547.2			
4.	Fuel, Other	547.3			
5.	Energy for Compressed Air	547.4			
6.	Fuel SubTotal (2 thru 5)	547			
7.	Generation Expenses	548			
8.	Miscellaneous Other Power Generation Expenses	549			
9.	Rents	507			
10.	Steam Expenses	502			
11.	Electric Expenses	505			
12.	Miscellaneous Steam Power Expenses	506			
13.	Allowances	509			
14.	Non-Fuel SubTotal (1 + 7 thru 13)				
15.	Operating Expense (6 + 14)				
16.	Maintenance, Supervision and Engineering	551, 510			
17.	Maintenance of Structures	552, 511			
18.	Maintenance of Generating and Electric Plant	553, 513			
19.	Maintenance of Miscellaneous Other Power Generating Plant	554, 514			
20.	Maintenance Expense (16 thru 19)				
21.	Total Production Expense (15 + 20)				
22.	Depreciation	403.4, 403.1, 411.10			
23.	Interest	427			
24.	Total Fixed Cost (22 + 23)				
25.	Power Cost (21 + 24)				

Remarks

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART G - NUCLEAR PLANT**

BORROWER DESIGNATION

PLANT

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

SECTION A. BOILERS AND GENERATING UNITS

NO.	UNIT NO. (a)	TIMES STARTED (b)	SIZE (kW) (c)	GROSS GENERATION (MWh) (d)	OPERATING HOURS			
					IN SERVICE (e)	ON STANDBY (f)	OUT OF SERVICE	
							SCHEDULED (g)	UNSCHEDULED (h)
1.								
2.								
3.								
4.								
5.								
6.	Total							
7.	Station Service (MWh)							
8.	Net Generation (MWh)							
9.	Station Service % Of Gross							

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full Time (Include. Superintendent)		5.	Maintenance Plant Payroll (\$)		1.	Load Factor (%)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll (\$)		2.	Plant Factor (%)	
3.	Total Employee Hours Worked		7.	Total Plant Payroll (\$)		3.	Running Plant Capacity Factor (%)	
4.	Operating Plant Payroll (\$)					4.	15 Min. Gross Max. Demand (kW)	
						5.	Indicated Gross Max. Demand (kW)	

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)
1.	Operation, Supervision and Engineering	517		
2.	Fuel	518.1		
3.	Less Fuel Acquisition Adjustment	518.2		
4.	Net Fuel Expense (2 - 3)			
5.	Coolants and Water	519		
6.	Steam Expenses	520		
7.	Steam From Other Sources	521		
8.	Electric Expenses	523		
9.	Miscellaneous Nuclear Power Expense	524		
10.	Rents	525		
11.	Operation Expense (1 + 4 thru 10)			
12.	Maintenance, Supervision and Engineering	528		
13.	Maintenance of Structures	529		
14.	Maintenance of Reactor Plant Equipment	530		
15.	Maintenance of Electric Plant	531		
16.	Maintenance of Miscellaneous Nuclear Plant	532		
17.	Maintenance Expense (12 thru 16)			
18.	Reactor Credits			
19.	Total Production Expense (11 + 17 - 18)			
20.	Depreciation	403.2, 411.10		
21.	Interest	427		
22.	Total Fixed Cost (20 + 21)			
23.	Less Plant Acquisition Adjustment	406		
24.	Power Cost (19 + 22 - 23)			

Remarks (including Unscheduled Outages)

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART H - ANNUAL SUPPLEMENT**

BORROWER DESIGNATION
AZ0022

PERIOD ENDED
December 2020

INSTRUCTIONS - See help in the online application.

SECTION A. UTILITY PLANT

ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Total Intangible Plant (301 thru 303)					
2. Total Steam Production Plant (310 thru 317)					
3. Total Nuclear Production Plant (320 thru 326)					
4. Total Hydro Production Plant (330 thru 337)					
5. Total Other Production Plant (340 thru 347)					
6. Total Production Plant (2 thru 5)					
7. Land and Land Rights (350)					
8. Structures and Improvements (352)					
9. Station Equipment (353)					
10. Other Transmission Plant (354 thru 359.1)					
11. Total Transmission Plant (7 thru 10)					
12. Land and Land Rights (360)					
13. Structures and Improvements (361)					
14. Station Equipment (362)					
15. Other Distribution Plant (363 thru 374)					
16. Total Distribution Plant (12 thru 15)					
17. RTO/ISO Plant (380 thru 386)					
18. Total General Plant (389 thru 399.1)					
19. Electric Plant in Service (1 + 6 + 11 + 16 thru 18)					
20. Electric Plant Purchased or Sold (102)					
21. Electric Plant Leased to Others (104)					
22. Electric Plant Held for Future Use (105)					
23. Completed Construction Not Classified (106)					
24. Acquisition Adjustments (114)					
25. Other Utility Plant (118)					
26. Nuclear Fuel Assemblies (120.1 thru 120.4)					
27. Total Utility Plant in Service (19 thru 26)					
28. Construction Work in Progress (107)					
29. Total Utility Plant (27 + 28)					

SECTION B. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION - UTILITY PLANT

ITEM	COMP. RATE (%) (a)	BALANCE BEGINNING OF YEAR (b)	ANNUAL ACCRUALS (c)	RETIREMENTS LESS NET SALVAGE (d)	ADJUSTMENTS AND TRANSFERS (e)	BALANCE END OF YEAR (f)
1. Depr. of Steam Prod. Plant (108.1)						
2. Depr. of Nuclear Prod. Plant (108.2)						
3. Depr. of Hydraulic Prod. Plant (108.3)						
4. Depr. of Other Prod. Plant (108.4)						
5. Depr. of Transmission Plant (108.5)						
6. Depr. of Distribution Plant (108.6)						
7. Depr. of General Plant (108.7)						
8. Retirement Work in Progress (108.8)						
9. Total Depr. for Elec. Plant in Serv. (1 thru 8)						
10. Depr. of Plant Leased to Others (109)						
11. Depr. of Plant Held for Future Use (110)						
12. Amort. of Elec. Plant in Service (111)						
13. Amort. of Leased Plant (112)						
14. Amort. of Plant Held for Future Use						
15. Amort. of Acquisition Adj. (115)						
16. Depr. & Amort. Other Plant (119)						
17. Amort. of Nuclear Fuel (120.5)						
18. Total Prov. for Depr. & Amort. (9 thru 17)						

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART H - ANNUAL SUPPLEMENT**

BORROWER DESIGNATION
AZ0022

PERIOD ENDED
December 2020

INSTRUCTIONS - See help in the online application.

SECTION B. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION - UTILITY PLANT (Continued)

19. Amount of Annual Accrual Charged to Expense \$	20. Amount of Annual Accrual Charged to Other Accounts \$	21. Book Cost of Property Retired \$
22. Removal Cost of Property Retired \$	23. Salvage Material from Property Retired \$	24. Renewal and Replacement Cost \$

SECTION C. NON-UTILITY PLANT

ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. NonUtility Property (121)					
2. Provision For Depr. & Amort. (122)					

SECTION D. DEMAND AND ENERGY AT POWER SOURCES

MONTH	PEAK DEMAND (MW) (a)	MONTHLY PEAKS			ENERGY OUTPUT (MWh) (e)
		DATE (b)	TIME (c)	TYPE OF READING (d)	
1. January					
2. February					
3. March					
4. April					
5. May					
6. June					
7. July					
8. August					
9. September					
10. October					
11. November					
12. December					
13. Annual Peak				Annual Total	

SECTION E. DEMAND AND ENERGY AT DELIVERY POINTS

MONTH	DELIVERED TO RUS BORROWERS		DELIVERED TO OTHERS		TOTAL DELIVERED	
	DEMAND (MW) (a)	ENERGY (MWh) (b)	DEMAND (MW) (c)	ENERGY (MWh) (d)	DEMAND (MW) (e)	ENERGY (MWh) (f)
1. January						
2. February						
3. March						
4. April						
5. May						
6. June						
7. July						
8. August						
9. September						
10. October						
11. November						
12. December						
13. Peak or Total						

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART H - ANNUAL SUPPLEMENT	BORROWER DESIGNATION AZ0022 PERIOD ENDED December 2020
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part A Section B. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**SECTION F. INVESTMENTS, LOAN GUARANTEES AND LOANS
 SUB SECTION I. INVESTMENTS**

No	Description (a)	Included (\$) (b)	Excluded (\$) (c)	Income Or Loss (\$) (d)	Rural Development (e)
	Totals				
11	TOTAL INVESTMENTS (1 thru 10)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART H - ANNUAL SUPPLEMENT	BORROWER DESIGNATION AZ0022 PERIOD ENDED December 2020
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part A Section B. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**SECTION F. INVESTMENTS, LOAN GUARANTEES AND LOANS
 SUB SECTION II. LOAN GUARANTEES**

No	Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Rural Development (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART H - ANNUAL SUPPLEMENT	BORROWER DESIGNATION AZ0022 PERIOD ENDED December 2020
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part A Section B. Identify all investments in Rural Development with an "X" in column (e). Both "Included" and "Excluded" Investments must be reported. See help in the online application.

**SECTION F. INVESTMENTS, LOAN GUARANTEES AND LOANS
 SUB SECTION III. RATIO**

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Sub Section I, 11b) and Loan Guarantees - Loan Balance (Sub Section II, 5d) to Total Utility Plant (Part A, Section B, Line 3 of this report)]	0.00 %
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**SECTION F. INVESTMENTS, LOAN GUARANTEES AND LOANS
 SUB SECTION IV. LOAN**

No	Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Rural Development (e)
TOTAL					

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART H - ANNUAL SUPPLEMENT**

BORROWER DESIGNATION

AZ0022

PERIOD ENDED

December 2020

INSTRUCTIONS - See help in the online application.

SECTION G. MATERIALS AND SUPPLIES INVENTORY

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED & SALVAGED (b)	USED & SOLD (c)	BALANCE END OF YEAR (d)
1. Coal				
2. Other Fuel				
3. Production Plant Parts and Supplies				
4. Station Transformers and Equipment				
5. Line Materials and Supplies				
6. Other Materials and Supplies				
7. Total (1 thru 6)				

RUS Financial and Operating Report Electric Power Supply – Part H - Annual Supplement

Revision Date 2013

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>OPERATING REPORT- ANNUAL SUPPLEMENT</p>	<p>BORROWER DESIGNATION AZ0022</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December 2020</p>
<p>SECTION H. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS</p>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART H - ANNUAL SUPPLEMENT	BORROWER DESIGNATION AZ0022
	PERIOD ENDED December 2020
INSTRUCTIONS - See help in the online application.	

SECTION I. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present?
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members	7. Total Amount of Fees and Expenses for Board Members \$	8. Does Manager Have Written Contract?

SECTION J. MAN-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees		4. Payroll Expensed	
2. Man-Hours Worked - Regular Time		5. Payroll Capitalized	
3. Man-Hours Worked – Overtime		6. Payroll Other	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART H - ANNUAL SUPPLEMENT		BORROWER DESIGNATION AZ0022	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020	
SECTION K. LONG-TERM LEASES			
No	Name Of Lessor (a)	Type Of Property (b)	Rental This Year (c)
	TOTAL		

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART H - ANNUAL SUPPLEMENT**

BORROWER DESIGNATION

AZ0022

PERIOD ENDED

December 2020

INSTRUCTIONS - See help in the online application.

SECTION L. RENEWABLE ENERGY CREDITS

ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)
1. Renewable Energy Credits					

RUS Financial and Operating Report Electric Power Supply – Part H - Annual Supplement

Revision Date 2013

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE				BORROWER DESIGNATION AZ0022		
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART I - LINES AND STATIONS				PERIOD ENDED December 2020		
INSTRUCTIONS - See help in the online application.						
SECTION A. EXPENSES AND COSTS						
ITEM			ACCOUNT NUMBER	LINES (a)	STATIONS (b)	
Transmission Operation						
1.	Supervision and Engineering		560			
2.	Load Dispatching		561			
3.	Station Expenses		562			
4.	Overhead Line Expenses		563			
5.	Underground Line Expenses		564			
6.	Miscellaneous Expenses		566			
7.	Subtotal (1 thru 6)					
8.	Transmission of Electricity by Others		565			
9.	Rents		567			
10.	Total Transmission Operation (7 thru 9)					
Transmission Maintenance						
11.	Supervision and Engineering		568			
12.	Structures		569			
13.	Station Equipment		570			
14.	Overhead Lines		571			
15.	Underground Lines		572			
16.	Miscellaneous Transmission Plant		573			
17.	Total Transmission Maintenance (11 thru 16)					
18.	Total Transmission Expense (10 + 17)					
19.	RTO/ISO Expense – Operation		575.1-575.8			
20.	RTO/ISO Expense – Maintenance		576.1-576.5			
21.	Total RTO/ISO Expense (19 + 20)					
22.	Distribution Expense - Operation		580-589			
23.	Distribution Expense - Maintenance		590-598			
24.	Total Distribution Expense (22 + 23)					
25.	Total Operation And Maintenance (18 + 21 + 24)					
Fixed Costs						
26.	Depreciation – Transmission		403.5			
27.	Depreciation – Distribution		403.6			
28.	Interest – Transmission		427			
29.	Interest – Distribution		427			
30.	Total Transmission (18 + 26 + 28)					
31.	Total Distribution (24 + 27 + 29)					
32.	Total Lines And Stations (21 + 30 + 31)					
SECTION B. FACILITIES IN SERVICE				SECTION C. LABOR AND MATERIAL SUMMARY		
TRANSMISSION LINES		SUBSTATIONS		1. Number of Employees		
VOLTAGE (kV)	MILES	TYPE	CAPACITY(kVA)	ITEM	LINES	STATIONS
1.		13. Distribution Lines		2. Oper. Labor		
2.				3. Maint. Labor		
3.		14. Total (12 + 13)		4. Oper. Material		
4.				5. Maint. Material		
5.		15. Stepup at Generating Plants				
6.						
7.		16. Transmission				
8.						
9.		17. Distribution		SECTION D. OUTAGES		
10.				1. Total		
11.		18. Total (15 thru 17)		2. Avg. No. of Distribution Consumers Served		
12.	Total (1 thru 11)			3. Avg. No. of Hours Out Per Consumer		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION AZ0022
	PERIOD ENDED December 2020
	BORROWER NAME Mohave Electric Cooperative, Incorporated
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

John Carlson

3/31/2021

DATE

05/21/2021, 10:04 AM

**ARIZONA CORPORATION COMMISSION
 UTILITIES DIVISION**

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	74,106,461	74,229,675	78,117,527	4,786,115
2. Power Production Expense				
3. Cost of Purchased Power	54,775,016	53,644,310	54,696,788	4,186,033
4. Transmission Expense	207,692	197,253	166,580	12,927
5. Regional Market Expense				
6. Distribution Expense - Operation	3,781,991	3,412,619	4,557,593	305,316
7. Distribution Expense - Maintenance	1,660,092	1,814,969	1,852,850	182,390
8. Customer Accounts Expense	2,023,912	2,033,447	2,528,478	193,569
9. Customer Service and Informational Expense	139,125	133,766	124,308	18,225
10. Sales Expense	322,045	409,342	334,597	64,526
11. Administrative and General Expense	4,602,362	4,668,660	4,726,329	350,237
12. Total Operation & Maintenance Expense (2 thru 11)	67,512,235	66,314,366	68,987,523	5,313,223
13. Depreciation and Amortization Expense	3,920,393	4,062,705	4,587,512	361,049
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	2,129,358	2,514,996	2,758,091	253,894
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	151,844	58,937	33,208	11,282
19. Other Deductions	8,653	7,786	16,200	2,468
20. Total Cost of Electric Service (12 thru 19)	73,722,483	72,958,790	76,382,534	5,941,916
21. Patronage Capital & Operating Margins (1 minus 20)	383,978	1,270,885	1,734,993	(1,155,801)
22. Non Operating Margins - Interest	642,702	798,940	653,295	(939,209)
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	918,798	262,030	504	39,572
25. Non Operating Margins - Other	2,076	(107,945)	0	(6,543)
26. Generation and Transmission Capital Credits	619,909	1,697,746	1,539,454	206,656
27. Other Capital Credits and Patronage Dividends	279,121	297,288	172,800	20,166
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	2,846,584	4,218,944	4,101,046	(1,835,159)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION

AZ0022

PERIOD ENDED

December 2020

INSTRUCTIONS - See help in the online application.

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	495	569	5. Miles Transmission	116.49	116.60
2. Services Retired	107	45	6. Miles Distribution – Overhead	1,067.70	1,072.29
3. Total Services in Place	46,783	47,307	7. Miles Distribution - Underground	363.14	365.85
4. Idle Services (Exclude Seasonals)	4,969	4,847	8. Total Miles Energized (5 + 6 + 7)	1,547.33	1,554.74

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	125,285,986	30. Memberships	179,715
2. Construction Work in Progress	18,021,412	31. Patronage Capital	98,547,933
3. Total Utility Plant (1 + 2)	143,307,398	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	54,500,606	33. Operating Margins - Current Year	3,265,919
5. Net Utility Plant (3 - 4)	88,806,792	34. Non-Operating Margins	953,025
6. Non-Utility Property (Net)	72,000	35. Other Margins and Equities	9,069,763
7. Investments in Subsidiary Companies	65,064	36. Total Margins & Equities (30 thru 35)	112,016,355
8. Invest. in Assoc. Org. - Patronage Capital	56,742,179	37. Long-Term Debt - RUS (Net)	1,928,676
9. Invest. in Assoc. Org. - Other - General Funds	2,653,223	38. Long-Term Debt - FFB - RUS Guaranteed	34,679,585
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	666,010	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	2,877,265	40. Long-Term Debt Other (Net)	31,987,136
12. Other Investments	20,602,391	41. Long-Term Debt - RUS - Econ. Devel. (Net)	86,126
13. Special Funds	97,929	42. Payments – Unapplied	0
14. Total Other Property & Investments (6 thru 13)	83,776,061	43. Total Long-Term Debt (37 thru 41 - 42)	68,681,523
15. Cash - General Funds	835,261	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	1,100	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	0
18. Temporary Investments	19,360,322	47. Notes Payable	6,650,115
19. Notes Receivable (Net)	93,181	48. Accounts Payable	4,234,937
20. Accounts Receivable - Sales of Energy (Net)	2,991,640	49. Consumers Deposits	3,339,211
21. Accounts Receivable - Other (Net)	309,949	50. Current Maturities Long-Term Debt	4,649,447
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	1,617,101	52. Current Maturities Capital Leases	0
24. Prepayments	16,089,189	53. Other Current and Accrued Liabilities	11,595,318
25. Other Current and Accrued Assets	3,278,847	54. Total Current & Accrued Liabilities (47 thru 53)	30,469,028
26. Total Current and Accrued Assets (15 thru 25)	44,576,590	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	7,268,580
28. Other Deferred Debits	1,276,043	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	218,435,486
29. Total Assets and Other Debits (5+14+26 thru 28)	218,435,486		

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p>AZ0022</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December 2020</p>
<p>PART D. NOTES TO FINANCIAL STATEMENTS</p>	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p style="text-align: center;">FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p style="text-align: center;">AZ0022</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p style="text-align: center;">December 2020</p>
<p>PART D. CERTIFICATION LOAN DEFAULT NOTES</p>	

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
AZ0022

PERIOD ENDED
December 2020

INSTRUCTIONS - See help in the online application.

PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	85,918,713	8,746,909	442,905	0	94,222,717
2. General Plant	8,305,004	577,455	25,376	0	8,857,083
3. Headquarters Plant	5,504,303	40,376	29,342	0	5,515,337
4. Intangibles	579	0	0	0	579
5. Transmission Plant	14,205,333	2,242,380	0	0	16,447,713
6. Regional Transmission and Market Operation Plant	0	0	0	0	0
7. All Other Utility Plant	242,558	0	0	0	242,558
8. Total Utility Plant in Service (1 thru 7)	114,176,490	11,607,120	497,623	0	125,285,987
9. Construction Work in Progress	25,293,235	(7,271,823)			18,021,412
10. Total Utility Plant (8 + 9)	139,469,725	4,335,297	497,623	0	143,307,399

PART F. MATERIALS AND SUPPLIES

ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	1,578,668	785,725	0	747,700	0	(1,542)	1,615,151
2. Other	19,049	2,228,460	0	2,245,559	0	0	1,950

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	
1. Present Year	9.600	28.000	2.600	79.200	119.400
2. Five-Year Average	105.180	76.680	10.560	77.280	269.700

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	82	4. Payroll - Expensed	6,248,483
2. Employee - Hours Worked - Regular Time	173,205	5. Payroll - Capitalized	390,197
3. Employee - Hours Worked - Overtime	4,441	6. Payroll - Other	90,651

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	1,317,500	14,934,748
	b. Special Retirements	276,113	6,105,059
	c. Total Retirements (a + b)	1,593,613	21,039,807
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	433,594	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	132,666	
	c. Total Cash Received (a + b)	566,260	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	\$ 21,551	2. Amount Written Off During Year	\$ 110,467
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ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM

1. Anticipated Loan Delinquency %	0	4. Anticipated Loan Default %	0
2. Actual Loan Delinquency %	0	5. Actual Loan Default %	0
3. Total Loan Delinquency Dollars YTD	\$ 0	6. Total Loan Default Dollars YTD	\$ 0

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application	PERIOD ENDED December 2020

PART K. kWh PURCHASED AND TOTAL COST

No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Arizona Electric Pwr Coop, Inc (AZ0028)	796			810,399,165	46,219,241	5.70	(6,883,735)	28,633,665
2	Arizona Power Authority	798			3,646,000	162,313	4.45	0	102,138
3	Exelon Energy Company	8775			40,683,260	1,785,402	4.39	0	0
4	Southwest Transmission Cooperative, Inc.	800383			0	5,407,007	0.00		5,407,007
5	*Residential Renewable Supplier	700200			2,301,389	67,718	2.94	0	0
6	*Commercial Renewable Supplier	700100			90,764	2,630	2.90	0	0
	Total				857,120,578	53,644,311	6.26	(6,883,735)	34,142,810

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION AZ0022
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INSTRUCTIONS - See help in the online application	PERIOD ENDED December 2020
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PART K. kWh PURCHASED AND TOTAL COST

No	Comments
1	
2	
3	
4	
5	
6	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION AZ0022	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020	
PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	TOTAL		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION AZ0022	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020	
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 6/7/2019	2. Total Number of Members 34,670	3. Number of Members Present at Meeting 180	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 0	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 151,101	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	1,928,676	114,346	169,809	284,155
2	National Rural Utilities Cooperative Finance Corporation	1,104,936	202,879	120,186	323,065
3	CoBank, ACB	30,882,200	1,126,822	761,397	1,888,219
4	Federal Financing Bank	34,679,585	1,162,862	1,224,509	2,387,371
5	RUS - Economic Development Loans	86,127	0	10,079	10,079
6	Payments Unapplied				
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans			13,861	
9	Principal Payments Received from Ultimate Recipients of EE Loans			82,510	
	TOTAL	68,681,524	2,606,909	2,285,980	4,892,889

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION AZ0022
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	38,157	37,849	
	b. kWh Sold			436,130,001
	c. Revenue			44,923,758
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
3. Irrigation Sales	a. No. Consumers Served	20	20	
	b. kWh Sold			4,197,198
	c. Revenue			442,521
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	4,265	4,233	
	b. kWh Sold			211,411,481
	c. Revenue			19,795,153
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	6	5	
	b. kWh Sold			82,210,902
	c. Revenue			5,641,894
6. Public Street & Highway Lighting	a. No. Consumers Served	12	12	
	b. kWh Sold			132,948
	c. Revenue			8,943
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served	1	1	
	b. kWh Sold			64,912,280
	c. Revenue			2,704,001
10. Total No. of Consumers (lines 1a thru 9a)		42,461	42,120	
11. Total kWh Sold (lines 1b thru 9b)				798,994,810
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				73,516,270
13. Transmission Revenue				0
14. Other Electric Revenue				713,404
15. kWh - Own Use				802,273
16. Total kWh Purchased				857,120,578
17. Total kWh Generated				344,006
18. Cost of Purchases and Generation				53,841,563
19. Interchange - kWh - Net				0
20. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>				220,466

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION
AZ0022

PERIOD ENDED
December 2020

INSTRUCTIONS - See help in the online application.

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)	674	218,179	2,947	5,296	966,037	17,482
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less						
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total	674	218,179	2,947	5,296	966,037	17,482

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION AZ0022 PERIOD ENDED December 2020
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
1	Non-Utility Property (NET)				
	1343 Hancock Road Building and Land	72,000	0		
	Totals	72,000	0		
2	Investments in Associated Organizations				
	Arizona Electric Power Cooperative-Membership	5	0	0	
	Arizona Electric Power Cooperative-Patronage	0	54,846,353	2,163,288	
	CoBank-Membership	1,000	0	0	
	CoBank-Patronage	0	318,165	156,166	
	Cooperative Response Center-Investment	10,000	0	0	
	Cooperative Response Center-Membership	2,500			
	Cooperative Response Center-Patronage	11,034		2,617	
	ERMCO-Membership	100			
	ERMCO-Patronage	35,644		6,645	
	Federated Rural Insurance-Patronage		267,809	31,244	
	Grand Canyon State-Equity Contribution	137,303			
	Grand Canyon State-Membership	100			
	Mohave Federal Credit Union-Membership	5			
	NISC-Membership	100			
	NISC-Patronage	190,537		13,521	
	NRECA-Membership	10			
	NRTC-Membership	1,000			
	NRTC-Patronage		56,016		
	NRUCFC-CFC/LTC		666,010		
	NRUCFC-Medium Term Note		500,000		
	NRUCFC-Member Cap Securities		2,000,000		
	NRUCFC-Membership	1,000			
	NRUCFC-Patronage		416,023	10,448	
	Sierra SW-Membership	100			
	WCS-Patronage	133,383			
	WUE-Patronage	467,216		76,646	
	MEC Communications-Subsidiary	65,063			
	Totals	1,056,100	59,070,376	2,460,575	
3	Investments in Economic Development Projects				
	Bullhead City Sign-Federal Backed	93,800			X
	Bullhead City Sign-Non Federal Backed	22,206			X
	EECLP for Future Use	22,585			X
	EECLP	2,738,673			X
	Totals	2,877,264			
4	Other Investments				
	Edward Jones Investments	9,607,086	1,076,392		
	Horizon Community Bank-CDs	290,960	250,000		
	Mohave Federal Credit Union-CD	17,541	250,000		
	CIT Bank-CDs		78,330		
	Sunflower Bank-Bonds & Stocks	6,548,421	226,280		
	Principal Financial Services	2,135,280	122,100		
	Totals	18,599,288	2,003,102		
5	Special Funds				
	Homestead Funds	97,929			
	Totals	97,929			
6	Cash - General				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION AZ0022 PERIOD ENDED December 2020
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

	CIT-General Account	704,260	126,126		
	Working Funds		4,875		
	Totals	704,260	131,001		
8	Temporary Investments				
	Mohave Federal Credit Union-Savings		50		
	NRUCFC Commercial Paper Investment		17,550,000		
	Principal Financial Services	35,468	1,729,260		
	Sunflower Bank		45,544		
	Totals	35,468	19,324,854		
9	Accounts and Notes Receivable - NET				
	Accounts Receivable-Other	309,949			
	Notes Receivable	93,181			
	Totals	403,130			
11	TOTAL INVESTMENTS (1 thru 10)	23,845,439	80,529,333	2,460,575	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION AZ0022 PERIOD ENDED December 2020
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION AZ0022
	PERIOD ENDED December 2020

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	16.64 %
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SECTION IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors	10/15/2024	206,055	29,305	
2	Energy Resources Conservation Loans				
	TOTAL		206,055	29,305	