

STAYING POWER


RELIABILITY. RESILIENCE. REALITY.

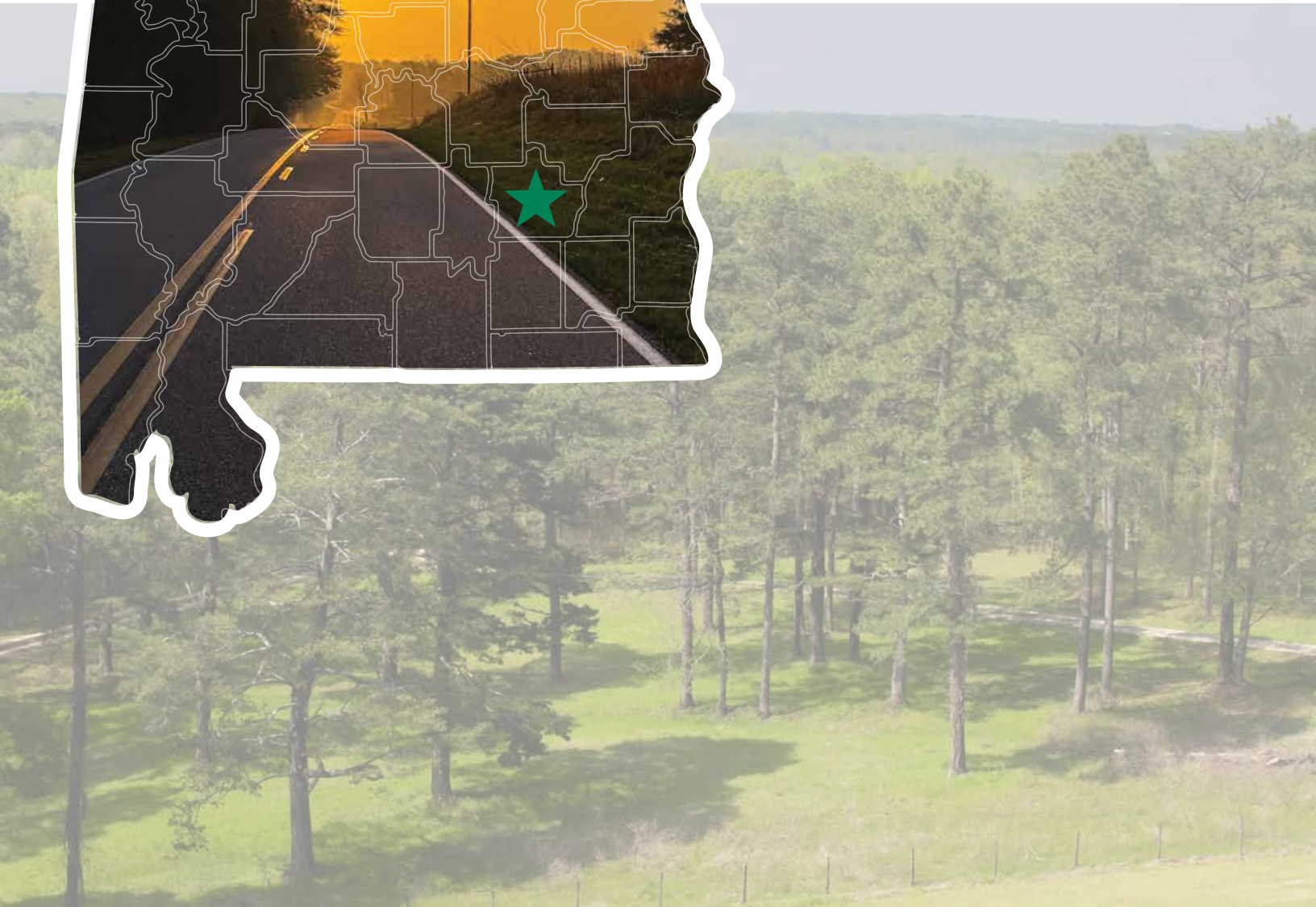
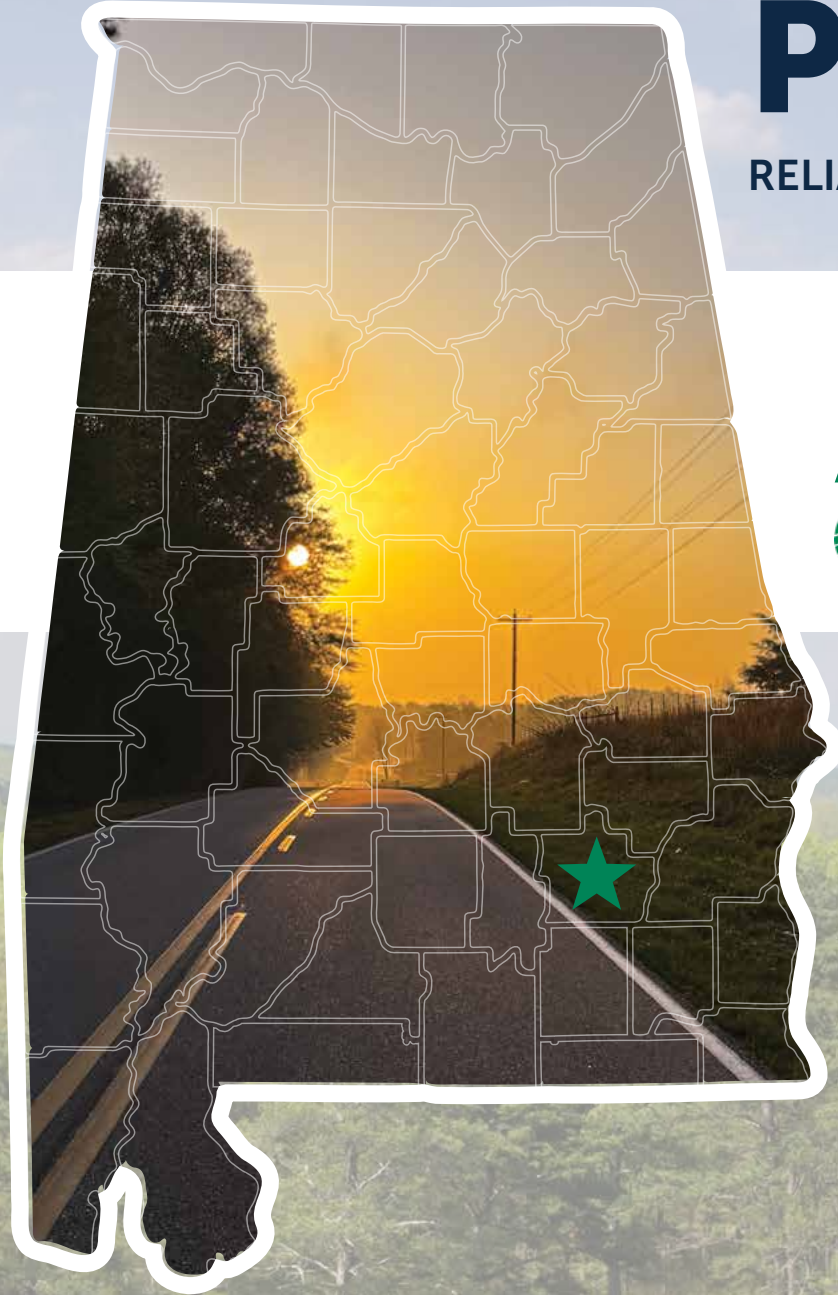
2025

ANNUAL REPORT



South Alabama
Electric Cooperative

A Touchstone Energy® Cooperative 



STAYING POWER



DAVID BAILEY
General Manager/
CEO



JAMES MAY
President

A COOPERATIVE'S STAYING POWER COMES DOWN TO RELIABILITY AND AFFORDABILITY.

In the times we live in, most of us are greatly inconvenienced when the power goes out. We depend on electricity. It fuels our lives in so many ways. It lights our homes and helps feed our families. It allows us to watch our children and grandchildren play ball under an evening sky at the local ball fields. It helps keep our loved ones comfortable and on the road to recovery when in a hospital.

When it comes to electricity, reliability is something we can all appreciate. We want the power to be on when we need it most. A lot of effort goes into keeping our distribution lines working efficiently. Our employees are always ready to respond when the power does go out, and they work tirelessly to get the power back on as quickly as possible.

South Alabama Electric Cooperative's 2025 Annual Report focuses on the challenges we face and our commitment to supply reliable and affordable electricity to our members.

Our cooperative is one of 20 member systems that distributes energy supplied by wholesale generation and transmission provider PowerSouth Energy Cooperative. The Andalusia-based PowerSouth is a key partner in how well we can serve our members. Earlier this year, PowerSouth launched its Staying Power campaign to promote a balanced and common-sense approach to energy, and we are proud to be on board with that effort.

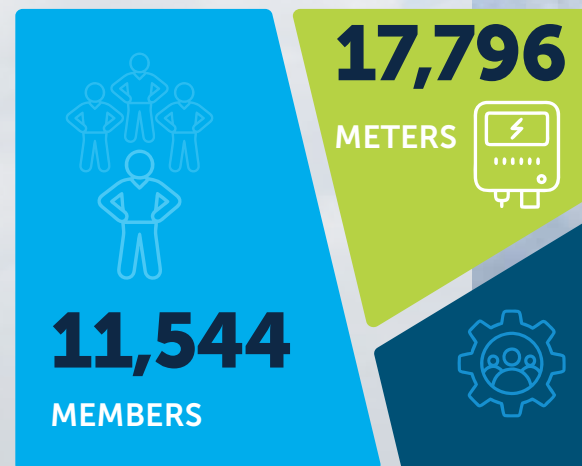
We've faced some challenges in the past year. A record snowfall in January followed a few months later by a destructive tornado certainly tested our resiliency. But we endured and made it through.

The reality of energy supply is complex. There are factors that neither the cooperative nor our generation partner can control—environmental regulations and energy policies, growing demand and, yes, fuel costs. Sometimes these realities defy common sense.

So, what does all this mean for members? You can help. Take steps to shift energy use away from peak times. Be smart about how you use your appliances and use energy efficiently.

In the meantime, we here at SAEC will continue to do all we can to make sure the lights are on when you need them.

SAEC BY THE NUMBERS



YOUR COOPERATIVE



BOARD MEMBERS



JAMES MAY
President, At Large



JOHNNY GARRETT
District 1



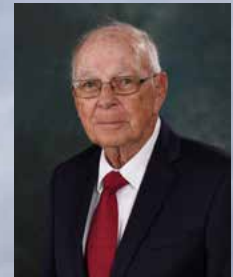
BART SNYDER
District 2



RAYMOND TROTTER
Vice President
District 3



BEN FOX
Secretary/Treasurer
District 4



DELANEY KERVIN
District 5



DAVID LOWERY
District 6



TIM SANDERS
District 7



2,877

MILES OF ELECTRIC LINE
MAINTAINED TO BRING
MEMBERS AFFORDABLE AND
RELIABLE ELECTRICITY.

THAT'S NEARLY THE
ENTIRE WIDTH OF
THE CONTINENTAL
UNITED STATES—
COAST TO COAST.

57

FULL-TIME
EMPLOYEES

SENIOR STAFF



DAVID BAILEY
General Manager
/CEO



RONALD WADE
Vice President of
Engineering
& Operations



ANDY KIMBRO
Vice President of
Member Services



ELIZABETH STOUGH
Vice President of
Finance &
Corporate Services



JASON SIPPER
Manager of Stores
& Purchases

RELIABILITY

ENSURING DEPENDABILITY IN A CHANGING LANDSCAPE

In today's tech-driven world, electricity isn't just about keeping the lights on. It's about keeping your food fresh, medical devices running and your home safe. SAEC continuously invests in new equipment, upgrades to our grid and a balanced energy mix, so that power is there when you need it most.



AT THE END OF THE DAY, YOU EXPECT YOUR ELECTRICITY TO COME ON. THAT'S OUR MAIN GOAL—TO KEEP MEMBERS CONNECTED AND RESTORE POWER QUICKLY AND SAFELY.

—Andy Kimbro,
Vice President of
Member Services



OUR CHALLENGES

Limited Supply



- Environmental regulations limit reliable sources like natural gas and coal.
- These fuels remain critical for stable, affordable electricity.

The Limits of Renewable Energy



- Intermittency: Solar doesn't generate during our peak demand, like on cloudy winter mornings.
- Storage: Batteries are expensive and not yet scalable for long-term use.
- No Peaking Ability: Renewables can't ramp up quickly during high demand the way gas plants can.

Growing Demand



- Electricity needs are rising due to weather, artificial intelligence, population growth and electric vehicles.
- It's challenging for power generation expansion to keep up with the demand.

HOW WE'RE MEETING THEM

A Balanced Energy Mix



- SAEC buys our electricity from PowerSouth, which delivers energy from natural gas and coal sources and lesser amounts from hydro, nuclear and solar.
- This mix supports affordability and around-the-clock reliability.

SAEC's Local Reliability Initiatives



- Bluff Springs Substation, slated to open in 2026, will reduce strain on our Goshen and Victoria substations, and improve reliability in this area.
- Line switches, installed every mile, let us quickly connect or disconnect sections of line, meaning fewer members are affected by outages, power is restored faster and crews stay safe.

STRENGTH THROUGH INFRASTRUCTURE HARDENING

You can't control the weather. We all experienced that firsthand as tornadoes and hurricanes ripped through SAEC's communities. But we can prepare for it. That's why we're focused on building a more resilient grid. Resilience doesn't mean your power will never go out, but it does mean that SAEC's system is better prepared to handle extreme challenges. Through smart tools, emergency preparedness and system upgrades, we're not only improving everyday performance, we're ready to respond when the next storm strikes.

OUR CHALLENGES

Extreme Weather



- Tornadoes and hurricanes frequently impact SAEC's service area.
- Total storm prevention isn't possible, but the system's ability to withstand the elements can be improved.

Copper Line Concerns



- 380 miles of aging copper remain.
- Brittle and more prone to breaking.
- Targeted by thieves.
- Estimated \$35 million cost to fully replace.

HOW WE'RE MEETING THEM

Infrastructure Upgrades



- SAEC is hardening its grid with stronger, wind-resistant poles to improve storm resistance and daily reliability.

Gradual Replacement Strategy



- Replace copper lines with aluminum, both proactively and during repairs.
- Upgrades during routine maintenance and storm-related repairs.

Dedicated Workforce



- SAEC's team works 24/7 to restore and maintain power.
- Employee commitment is key to keeping the system strong and reliable.



IT'S THAT DEDICATION THAT HELPS ENSURE OUR SYSTEM IS RESILIENT AND READY FOR THE FUTURE.

—Ronald Wade,
Vice President of
Engineering
& Operations



REALITY

OVERCOMING OBSTACLES IN POWER DELIVERY

Many factors impact the availability of electricity and how it reaches our members. From supply-chain issues and capacity concerns to increasing demand, challenges are a reality. But we're up to the task of keeping the lights on for our members.



IT'S ALWAYS OUR GOAL TO RESTORE POWER AS QUICKLY AND SAFELY AS POSSIBLE.

—Ronald Wade,
Vice President of
Engineering
& Operations



OUR CHALLENGES

Capacity Limitations



- Growing demand outpaces current generation capacity.
- Solar and wind doesn't provide a 1-to-1 replacement for traditional generation.
- Affordable, dependable sources, like coal and natural gas, are being phased out.

Supply Chain & Equipment Delays



- New bucket trucks take up to two years from order to delivery.
- Current fleet maintenance is critical to avoid downtime.
- These trucks are essential for power restoration after outages.

HOW WE'RE MEETING THEM

Advances in Technology



- In 1988, outage reporting relied solely on member phone calls.
- Limited phone lines meant slow or missed responses during major events.
- Today, smart meters at every connection detect and report outages instantly.
- Many outages can now be diagnosed and restored remotely from the SAEC office.

Improved Emergency Response



- In past accidents, live wires delayed emergency aid.
- Now, crews can cut power remotely, allowing faster, safer access for first responders.

ROOTED IN THE COMMUNITY

POWERED BY AND FOR OUR NEIGHBORS

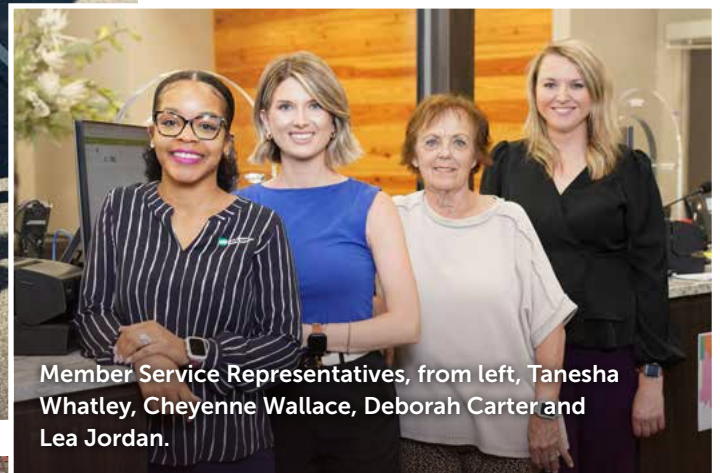
South Alabama Electric Cooperative is deeply rooted in the communities we serve. From the smiling faces that greet members during the day to the dedicated crews working through the night to restore power, SAEC is more than just a utility—we're your neighbors. While members sleep, linemen are out ensuring families stay safe and connected. Beyond keeping the lights on, employees volunteer their time at schools and local events, educating students and supporting community programs. This commitment to service, day and night, is what sets cooperatives apart and reinforces the powerful connection between SAEC and the people it serves.



Darrell Foster



SAEC employees Tony Greer, left, and Thomas Bodiford with a group of students at Pike Liberal Arts School.



Member Service Representatives, from left, Tanesha Whatley, Cheyenne Wallace, Deborah Carter and Lea Jordan.



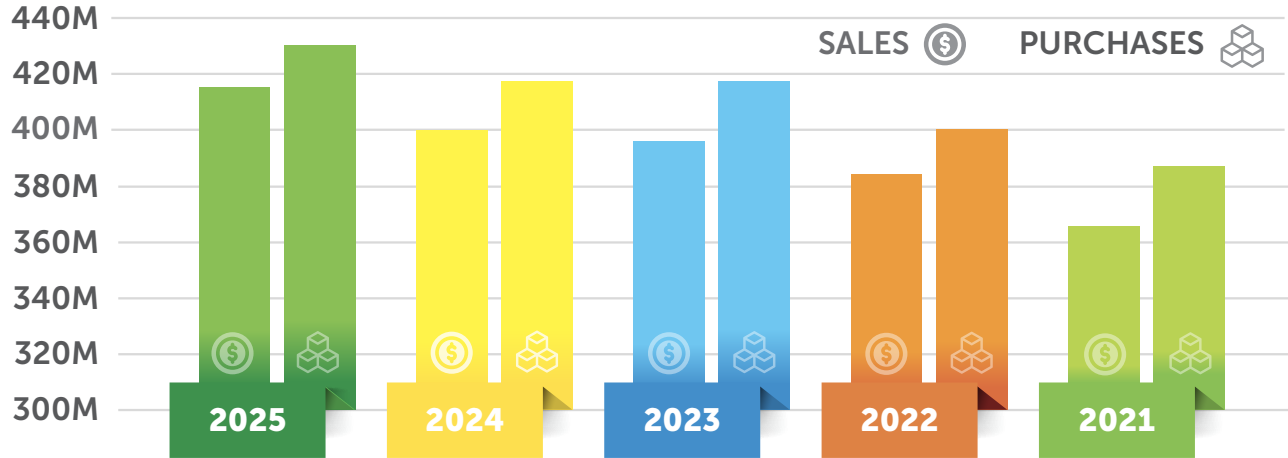
SAEC participates each year in the World of Works, a series of career exploration and workforce development initiatives.



SAEC sends two students to the National Youth Tour in Washington, D.C. each year.

FINANCIAL REVIEW

ENERGY PURCHASES AND ENERGY SALES IN kWh

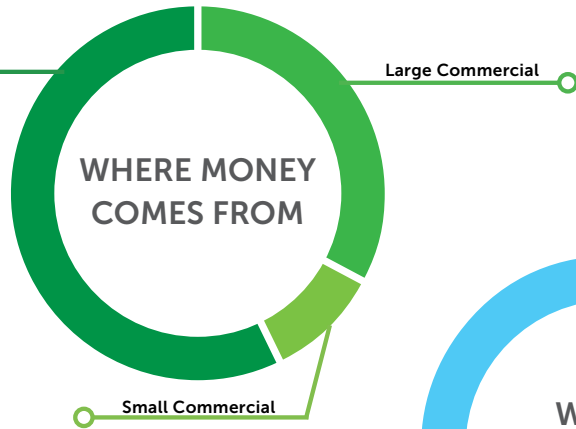


CAPITAL CREDITS RETURNED TO MEMBERS

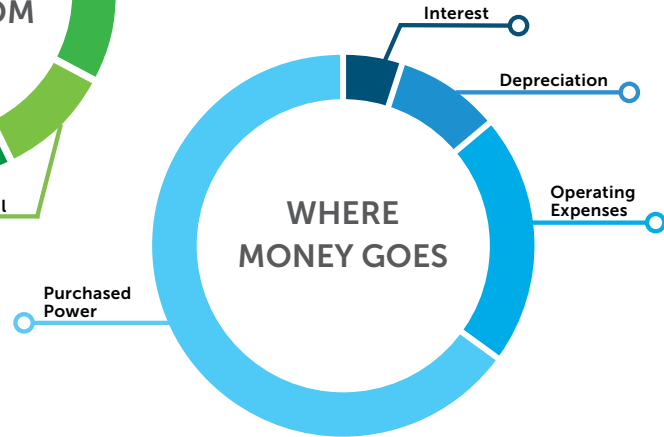
\$700,000



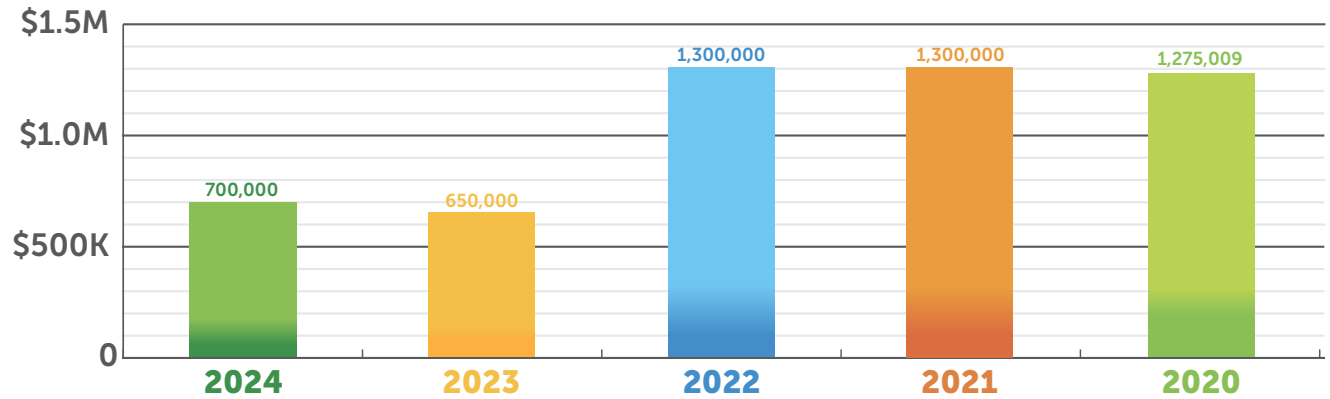
WHERE MONEY COMES FROM



WHERE MONEY GOES



CAPITAL CREDIT RETIREMENTS



ASSETS

	2025	2024
UTILITY PLANT:		
Electric plant in service—at cost	\$155,111,958	\$147,902,566
Construction work in progress	3,024,006	1,996,121
Total	158,135,964	149,898,687
Less: Accumulated provision for depreciation and amortization	25,916,122	23,244,658
Net utility plant	132,219,842	126,654,029
OTHER ASSETS AND INVESTMENTS:		
Investment in associated organizations	20,035,958	19,300,480
Marketable securities	1,698,801	972,751
Notes receivable, economic development	4,350,815	2,686,815
Other investments	700,291	686,611
Total other assets and investments	26,785,865	23,646,657
CURRENT ASSETS:		
Cash and cash equivalents	12,300,355	2,712,501
Marketable securities	9,387,959	9,267,699
Accounts receivable:		
Customers, less provision for doubtful accounts of \$402,166 in 2025 and \$436,816 in 2024	1,163,016	2,059,882
Other accounts receivable, less provision for doubtful accounts of \$17,128 in 2025 and 2024	117,640	101,625
Unbilled revenue	2,890,398	2,866,490
Materials and supplies	1,484,888	872,509
Other current and accrued assets	253,032	244,091
Total current assets	27,597,288	18,124,797
DEFERRED CHARGES	1,114,484	1,459,646
TOTAL ASSETS	\$187,717,479	\$169,885,129



FINANCIAL STRENGTH PROVIDES SAEC THE ABILITY TO SUPPLY OUR LINEMEN WITH THE PROPER MATERIALS AND EQUIPMENT TO PROVIDE RELIABLE SERVICE.

—Jason Sipper, Manager of Stores & Purchases



LIABILITIES AND EQUITIES

	2025	2024
EQUITIES:		
Memberships	\$95,512	\$90,532
Patronage capital	76,449,186	73,047,618
Other equities	3,262,215	3,012,613
Accumulated other comprehensive income	138,195	169,296
Total equities	79,945,108	76,320,059
NONCURRENT LIABILITIES		
Notes payable, net of current maturities	80,758,231	73,131,649
Rural development grant liability	2,373,634	2,073,634
Right-of-use obligations, net of current maturities	600,789	853,781
Accumulated postemployment benefit obligation	991,152	849,286
Total long-term debt	84,723,806	76,908,350
CURRENT LIABILITIES		
Current maturities on notes payable	4,177,030	4,113,766
Current maturities on right-of-use obligations	246,988	278,125
Lines of credit	6,850,000	1,650,000
Other accounts payable	1,167,196	744,766
Purchased power payable	2,761,395	2,654,240
Customer deposits	929,452	908,649
Accrued liabilities:		
Taxes	1,603,028	1,639,985
Other	1,313,476	1,357,714
Total current liabilities	19,048,565	13,347,245
DEFERRED CREDITS		
Deferred Revenue	4,000,000	3,000,000
Deferred Contract Revenue		309,475
Total Deferred Credits	4,000,000	3,309,475
TOTAL LIABILITIES AND EQUITIES	\$187,717,479	\$169,885,129

STATEMENTS OF REVENUE

	2025	2024
OPERATING REVENUE	\$57,157,507	\$53,532,603
OPERATING EXPENSES:		
Cost of Power	35,418,943	33,232,054
Distribution expenses: operations	2,666,060	2,519,328
Distribution expenses: maintenance	3,760,755	4,306,371
Consumer accounts expenses	1,833,750	1,670,120
Sales expense	136,196	142,908
Administrative and general expenses	3,305,331	3,027,906
Depreciation expense	4,696,028	4,492,590
Taxes—other	86,294	80,875
Total operating expenses	51,903,357	49,472,152
OPERATING INCOME	5,254,150	4,060,451
Interest expense	2,669,604	2,432,210
OPERATING MARGINS	2,584,546	1,628,241
G&T AND OTHER CAPITAL CREDITS	834,606	893,620
NET OPERATING MARGINS	3,419,152	2,521,861
NONOPERATING INCOME	682,416	1,538,546
NET MARGINS	\$4,101,568	\$4,060,407

“


FINANCIAL STABILITY IS A KEY FACTOR THAT HELPS ENSURE OUR COOPERATIVE THRIVES AND SERVES MEMBERS RELIABLY. STABILITY TODAY SECURES OUR COOPERATIVE'S MISSION FOR TOMORROW

—Elizabeth Stough, Vice President of Finance & Corporate Services

”



**South Alabama
Electric Cooperative**

A Touchstone Energy® Cooperative 

**P.O. Box 449 • Troy, AL 36081
334-566-2060 • 800-556-2060
southaec.com**

