



SAEC

S.T.R.O.N.G

STRONG IN EVERY SEASON



South Alabama
Electric Cooperative
A Touchstone Energy® Cooperative





2026

ANNUAL REPORT

REPORT TO MEMBERS

SAEC STRONG

CHANGE IS *INEVITABLE.* WE ALL FACE IT IN THIS LIFE.

This past year, South Alabama Electric Cooperative bid farewell to colleagues, mentors and leaders, people who really became more like family over the years. Some happily moved on to the next chapters in their lives after decades of service to the cooperative. Some, we felt like we lost too soon despite the years they were with us.

Saying goodbye is often bittersweet, but SAEC is stronger as a cooperative because of those who have worked for us in the past and those who continue to serve our members today. In the pages of this Annual Report, you'll find a common theme—STRONG, which for the purposes of this report stands for Service, Trust, Reliability, Outreach, Networks and Growth. These are things we believe are vital for SAEC to be a strong, community-minded organization for its members.

SAEC welcomed two new board members and a new CEO at our wholesale energy partner, PowerSouth Energy Cooperative, over the past year. We also hired new employees, including linemen. We have faith in the team we have at all levels, and it will take a strong team to carry South Alabama Electric Cooperative through the changes happening in the electric industry.

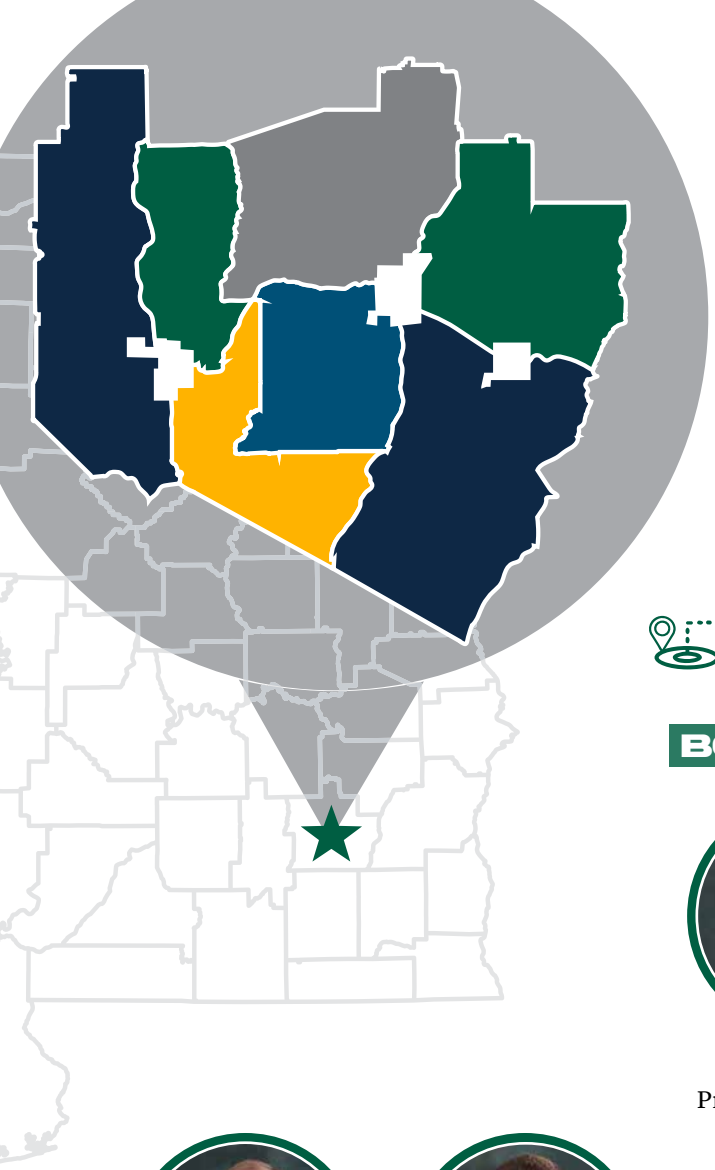
Supply chains for everything from utility poles to transformers have experienced price increases and delays in orders due to rising needs for equipment. Demand for energy has exploded around the country with data centers and artificial intelligence. More demand requires more power plant capacity to generate wholesale electricity, which eventually impacts the cooperative's wholesale power costs.

Even our daily lives create the need for more energy, whether it's a charging station for electric vehicles or just the latest electronic gadget. SAEC powers nearly 18,000 meters with roughly 3,000 miles of utility lines. We have kept rates stable for members and will continue to fight to keep the electricity we provide reliable, safe and affordable despite the changes on the horizon.

David Bailey, CEO
James May, President



PHOTO COURTESY OF LOCKHEED MARTIN



LEADERSHIP TEAMS

12,416
MEMBERS

58
FULL-TIME EMPLOYEES

17,986
METERS

2,925
MILES OF ELECTRIC LINE MAINTAINED TO BRING MEMBERS AFFORDABLE AND RELIABLE ELECTRICITY.

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



JANET KERVIN
District 5



DAVID LOWERY
District 6



TIM SANDERS
District 7

SENIOR STAFF



DAVID BAILEY
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

STRONG *IN EVERY SEASON*

SERVICE

For nearly 90 years, South Alabama Electric Cooperative has revolved around one thing—providing our members with outstanding, reliable service. While our offerings have evolved and our technology has changed, our values have only become stronger. To us, service is more than providing dependable, affordable electricity. Service is a mindset that guides everything we do.

From the moment of your initial connection to upgrades and restoration, we do it all with a human touch. We strive to provide our members with the utmost care because you're the ones who own this cooperative. Members pay our salaries, and that responsibility isn't lost on us. It's why we strive to work effectively and efficiently and do it all with a smile.

This dedication to service and to providing for our community is not something we take for granted.

That dedication to serving our members is a value we cultivate within everyone on our team—whether they're in the office or in the field—with the hope that it will continue to ripple out into the community. Service is a promise we strive to uphold every day. It may sound trite, but it's the truth. Service is our guiding light.

Service can also be measured by how you show up when things get bad. Collectively, our co-op is there to serve in all weather. Wind, rain, snow and worse, that's our time to shine. It's up to us to be there when members need us the most, providing the quality of life they deserve and demand.

That's the cooperative difference. Our dedication to service is who we've been for 89 years, who we'll continue to be next year at 90 and who we'll be for generations to come.



TRUST

You trust SAEC to keep the lights on, your food fresh, medical devices working and most of all, to do it safely. That trust is the result of 89 years of doing whatever it takes. We recognize the weight of keeping and maintaining that trust year after year.

For generations, our leadership has continued to instill this lesson in every employee: Know your members. Get to know who they are, their expectations and their unique wants and needs. And ultimately, our members don't just want to trust us. They expect us to uphold that trust. We take pride in fulfilling that expectation.







Our members trust us because they know that we will get the job done. This trust is the result of perseverance over nearly nine decades, and we don't take it lightly. It's why we don't cut corners or ever falter on safety training. It's why we'll work 10 days in a row, night and day, to restore power. We know it only takes a single misstep to unravel all the hard work we've done to build and maintain that trust. And we're happy to do that hard work, because your trust means everything.

Our members depend on us to restore power as quickly as possible when conditions cause an outage, but speed can never come at the expense of safety. Around here, we believe if it's not safe, it's not right. Along with our members, we also want our employees to trust us and trust that we'll take every step possible to look out for their safety. Each month, our employees participate in training programs coordinated through our statewide association, encompassing wide-ranging topics including pole-top rescue procedures, CPR and AED certification, fall protection, defensive driving, chain saw safety and emergency-response training. We're also making upgrades to equipment with the latest technology, to keep linemen safe when they're out in the field.

At SAEC, we strive to go beyond meeting expectations. We want to set the standard for demonstrating our commitment to earning our members' trust. Thanks for trusting us to serve you.

STRONG *IN EVERY SEASON*

RELIABILITY

As much as we want our members to rely on us for friendly service, we also want them to rely on us for dependable power. Our commitment to reliability means using careful strategic planning and data, testing and analyses to plan for tomorrow and determine the ways to ensure we will be able to meet our members' present and future needs and demands.

Every four years, we perform a rigorous and thorough engineering analysis to evaluate our electric system, confirm suspected issues that need improving and identify any unknown weaknesses that could become an issue in the future. The results of the analysis become the foundation of our four-year work plan.

We're currently halfway through the current work plan, tackling projects such as ongoing line inspections, annual upgrades to the distribution system and construction of a new substation in Coffee County, scheduled to begin service in late 2027 or early 2028. All this work has one intention—to strengthen reliability in the southern portion of our system.

Another important initiative to improve reliability is our right-of-way maintenance program. Because nearly 95% of outages are caused by trees, vegetation or small animals, we follow a four-year cycle of trimming and clearing rights of way across our entire system.

Our Advanced Metering Infrastructure is also a critical component of providing reliability to our members. These meters automatically alert us to any outage the instant it occurs, which enables us to quickly respond and restore power. It also helps members easily understand their own electric consumption and take action to control it. Keep your contact info up to date at billing.southaec.com to receive notifications about outages and more.







OUTREACH

Serving our community goes beyond providing dependable power with a smile. It means giving back to the community in as many ways as we can.



Each year, we award scholarships to students at all 10 schools within our service area, investing approximately $20,000 annually in the next generation of leaders.

We also support organizations that make a difference close to home, including volunteer fire departments, community centers, the American Cancer Society and the Troy Miracle League.

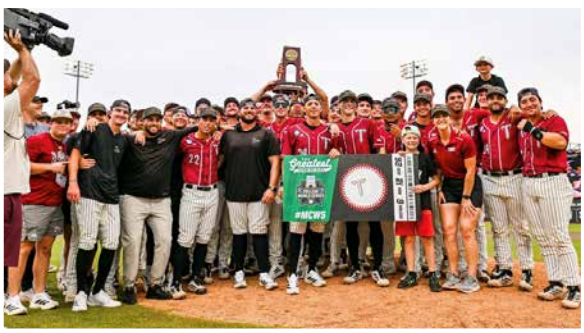


Playing a role in encouraging economic development has been a priority for SAEC for decades. Historically, SAEC has been a strong advocate for bringing jobs and investment to our rural communities. As CEO, David Bailey continues that advocacy today through the USDA's Rural Economic Development Loan and Grant Program allowing SAEC to support business growth and job creation across our area for nearly three decades. The program can provide the boost needed to help businesses expand, relocate and create new opportunities.

We also partner with local chambers of commerce and economic development organizations throughout Crenshaw, Pike and Coffee counties and are active in Grow Southeast Alabama, an 11-county regional coalition dedicated to attracting industry, supporting existing businesses and promoting economic growth.

We're proud of our outreach efforts and continue to seek ways to serve and strengthen our community. It's not just our responsibility. It's our honor.





STRONG *IN EVERY SEASON*

NETWORKS

A co-op is only as strong as those who support it. It takes a village to keep power flowing and ensure service is uninterrupted.

At the center of that network is PowerSouth Energy Cooperative, our generation and transmission cooperative and power supplier. While PowerSouth provides the electricity our members depend on, the partnership goes far beyond power, offering resources and services that help strengthen our operations.

We also work closely with the Alabama Rural Electric Association and the National Rural Electric Cooperative Association, organizations that provide employee training, safety programs, advocacy and industry support. These partnerships help ensure our employees have the knowledge and resources needed to serve members safely and effectively.

Behind the scenes, an extensive network of vendors, contractors, technology providers, financial partners and consultants helps keep the cooperative running smoothly. From outage-management software and communications systems to transformers, trucks and other essential equipment, these providers are critical to maintaining reliable service. In recent years, supply-chain challenges have made those partnerships even more valuable.

And at the heart of our network, of course, are our employees and our members. We only exist because of you.

No co-op is an island. Our networks are further proof that when we come together to cooperate, everyone benefits.



GROWTH

As much as we revere our values and traditions, we're always looking to the future here at SAEC. Because we're a part of this community and have planted seeds in the form of families that will continue living here for generations to come, we want to ensure the level of service we have now will continue for the next 90 years.

That's why we place such a strong emphasis on economic development and long-term planning. Major employers in our region, like Lockheed Martin, Wayne-Sanderson Farms and Rex Lumber, represent opportunities that require years of preparation to ensure the infrastructure is in place to support future growth. As our communities grow, we grow with you.

We also continue to invest directly in the future of our region through programs like the Rural Economic Development Loan and Grant Program, Growing Alabama Tax Credit and the Rural Hospital Investment Tax Credit initiatives. These efforts allow us to help fund projects that create jobs, improve infrastructure and strengthen essential services throughout our service area.

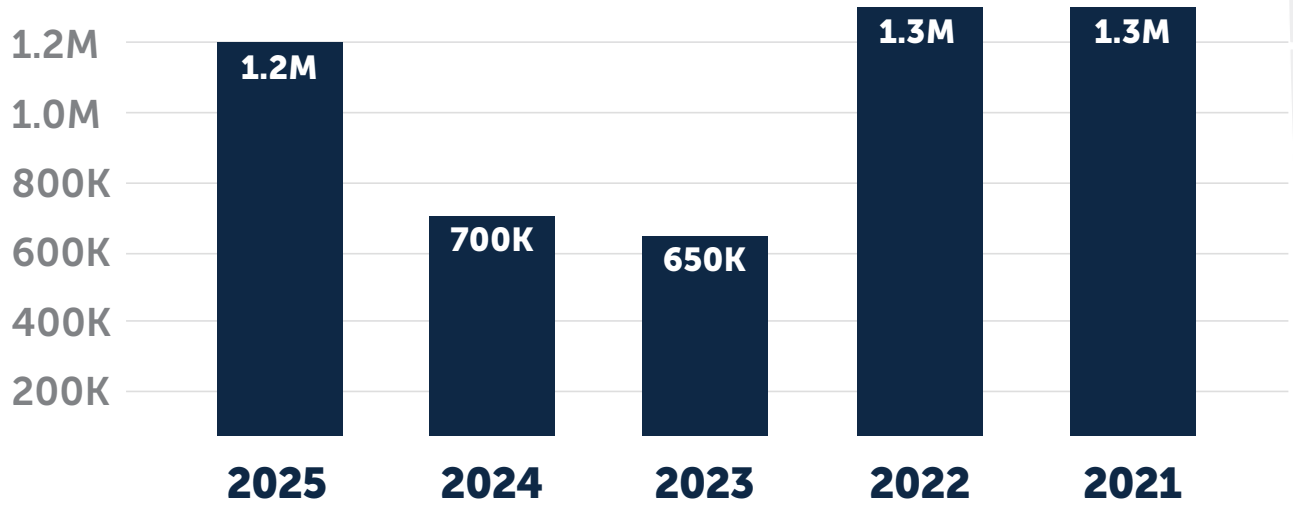
As we grow, you can be assured what won't change is our commitment to safety, reliability, reasonable costs and serving our members with a smile. Through rain or shine, we're here for you in all seasons. A co-op is only as strong as its community that surrounds it, so we're grateful to be a part of such a strong one. Thanks for being a part of SAEC and a community that will continue to flourish far into the future.





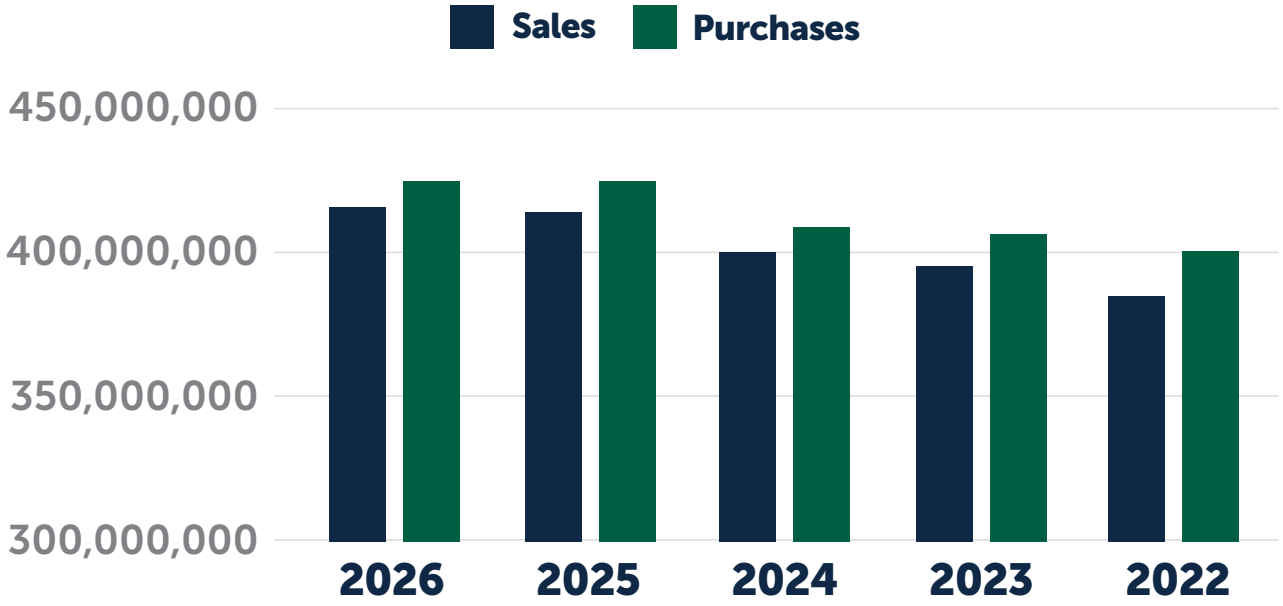


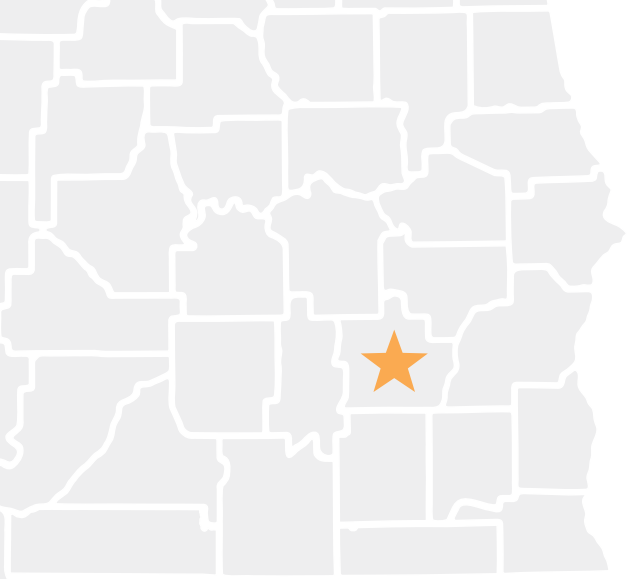
Capital Credits Retirements



CAPITAL CREDITS TO BE RETURNED TO MEMBERS IN DECEMBER 2026 – $1,200,000

Energy Purchases and Energy Sales in KWH





Operating Revenue
$59,237,906

Operating Expenses:
$57,073,522

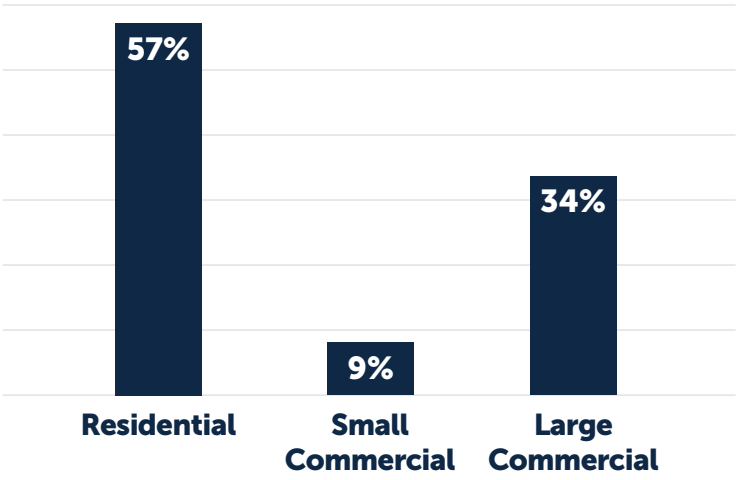
Net Margin
$4,280,948

Total Assets
$186,461,969

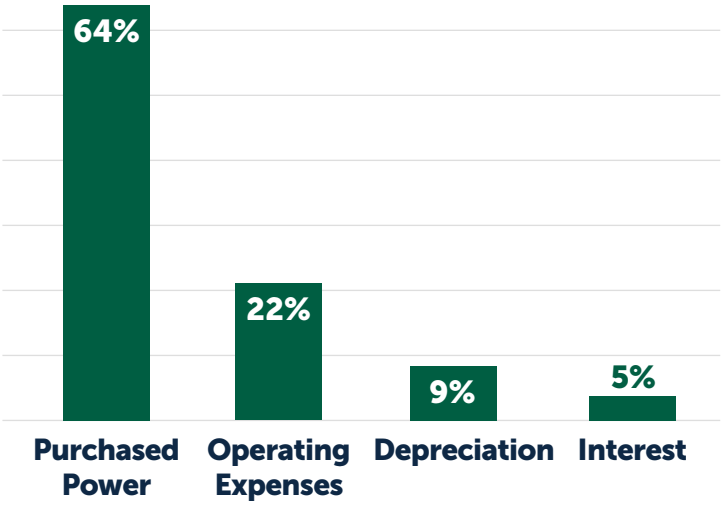
Avg. Member Cost per kWh

2025	$0.138
2024	$0.137
2023	$0.131
2022	$0.125
2021	$0.118

Where Money Comes From



Where Money Goes



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