

CHELCO NEWS

POWERED by YOU

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Load control efforts saved CHELCO members \$2.8 million in 2025

CHELCO members made a powerful impact in 2025. Through a combination of cooperative load control strategies and member participation, CHELCO successfully saved **\$2.8 million in power costs**—helping keep electric rates affordable for our members.

Electric demand fluctuates throughout the day, and during periods of high use—known as “peak” times—the cost to purchase power can rise significantly. To manage these costs, CHELCO uses several proven strategies designed to **reduce demand** during critical periods **without disrupting reliable service**.

One of those tools is **voltage reduction**, which slightly lowers system voltage during peak events. This approach helps reduce overall demand while remaining within safe operating standards for homes and businesses.

The co-op also works closely with **key commercial and industrial accounts** that can temporarily operate on-site generators during peak events. Along with our industrial members who operate on-site generators, CHELCO also runs backup generators at our headquarters campus. These efforts play an important role in reducing strain on the electric system.

CHELCO's **Switch to Save** water heater load control program is also a major contributor in savings. Participating members allow the co-

op to briefly cycle their electric water heaters off during peak periods. These short, often unnoticed interruptions make a meaningful difference when thousands of devices are working together.

Most importantly, members across our service territory stepped up by voluntarily **reducing high-energy activities** during peak alerts. Simple actions—like adjusting thermostats a few degrees, delaying large appliance and hot water use—collectively have a significant impact.

These efforts reflect the true power of the cooperative difference. When CHELCO and its members work together, everyone benefits.

By continuing these programs and building even greater participation, CHELCO can further strengthen system reliability, manage wholesale power costs, and protect the long-term value of the cooperative for all members.



CHELCO Facilities Helper, Jose Cortez stands beside co-op generators activated during peak events.

CHELCO



A Touchstone Energy® Cooperative 

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Stay Connected. Help Keep Rates Affordable.

CHELCO's load control and energy-saving efforts work best when members are informed and engaged. By making sure your contact information is up to date, you'll receive important alerts about peak demand periods and other important alerts from your cooperative.

Staying connected means staying informed—and making a difference for your cooperative and your neighbors.

To update your contact information:

- Visit CHELCO.com
- Log in to the member portal
- Call us at (850) 892-2111
- Email memberbilling@chelco.com



CEO Insights: 2026 Construction Work Plan will emphasize improved reliability, future capacity needs

Each year, we establish a budget for our construction work plan (CWP), always aimed at ensuring sustained reliability at the most affordable rates possible. Our 2026 work plan will continue on with the strong work from the past few years, with some adjustments for various new projects in store. Here are some highlights.

New Services

While it's impossible to know exactly how many new services we will be connecting in a given year, based on actual data from 2025 and the 2023-2026 CWP, we can get an accurate estimate. This year, we expect to connect around 2,800 new underground services and 300 overhead services. Additionally, we can expect to install infrastructure in 39 residential and commercial developments. In the long run, this growth is a positive for our cooperative, as it allows us to spread costs across a larger number of accounts. However, it does create a few challenges, most notably a strain on resources and manpower. That being said, our team has consistently risen to the challenge, and we will do so again this year.

Substation Upgrades

More improvements to our substations are on the horizon for 2026 with many already underway. Upgrades will be made at our Eastern Lake, Mossy Head, and Santa Rosa Beach substations to increase

capacity and support future growth in these areas. In addition, complete rebuilds are planned for our Auburn and Freeport substations, further strengthening long-term reliability.

Beyond the substations themselves, we are also enhancing the electric grid with expanded remote operation capabilities. These upgrades will give our operators instant remote access to critical functions, reducing the need for on-site trips by our crews and improving overall system efficiency and response times.

Equipment Replacement

Occasionally, it becomes necessary to replace existing equipment in the field as it ages out of service. This year, we anticipate installing or replacing nearly 1,000 transformers, including overhead and padmounts (the big green box). Additionally, 650 poles will be retired after inspections deemed them near the end of their useful life. These efforts not only keep power reliable, but also ensure the safety of our crews and members, which is always our top priority.

Sectionalizing

Sectionalizing is a process in which various devices are installed at strategic locations, limiting the number of members affected by an outage. In layman's terms, sectionalizing means breaking the power grid into smaller sections so

that when there is a problem in one area, only that section is affected. The fewer members per section, the fewer members per outage. Our crews will be installing devices to improve sectionalizing in 2026 and beyond, an effort guided by our 2026-2028 strategic plan.

Outdoor Lighting

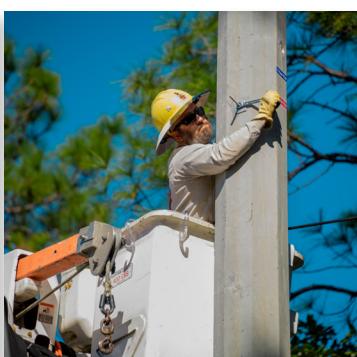
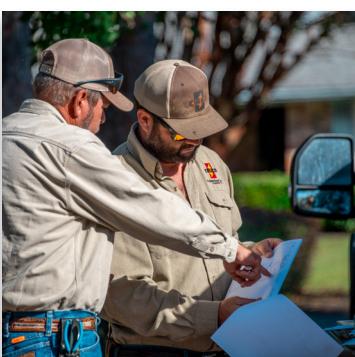
We have many value-added services at CHELCO, and one of the most popular "extras" that we offer is outdoor and decorative lighting. We anticipate the installation of around 550 decorative lights, mostly in subdivisions and new developments, and 500 standard yard lights. If you're interested in our outdoor lighting program, visit CHELCO.com/lighting or contact our Energy Services Department.

Safety First

Despite the increasing workload, our team continues to prioritize safety, and our streak of nearly 1,500 days without a lost-time injury is evidence of that. Throughout our many work plan items on our 2026 agenda, safety will continue to take precedence.

As CHELCO continues to grow, I appreciate your trust in us to power your life.

Steve Rhodes,
Chief Executive Officer



You're Invited: Experience the CHELCO Annual Meeting



CHELCO CEO Steve Rhodes gives updates on the cooperative at the 2025 Annual Meeting.

If you've never attended a CHELCO Annual Meeting, think of it as part community event, part business meeting—and 100% about you, our members.

This year's Annual Meeting will be held on Saturday, April 18, 2026, at Freeport High School. It's one of the most important and exciting events we host all year, giving members the opportunity to learn more about their cooperative, have a voice in key decisions, and enjoy a morning of family-friendly fun.

Event Details at a Glance

Date: Saturday, April 18, 2026

Location: Freeport High School

Doors Open: 8:00 AM

Business Meeting Begins: 10:00 AM

Who Can Attend: All CHELCO members and their families

Fun for the Whole Family

The CHELCO Annual Meeting is designed to be enjoyable for all ages. Families can look forward to:

- Bucket truck rides (age 16 & under)
- Bounce houses for kids
- Live entertainment
- Exhibits and demonstrations
- A complimentary breakfast

Prizes, a Bill Credit & Scholarships

Members who attend are eligible for nearly \$5,000 in door prize drawings. Children 13 and under

can also participate in special prize opportunities. Plus, a \$10 bill credit (limit one per account).

Immediately following the business meeting, CHELCO will draw **ten** winners for the **\$1,000 CHELCO Scholarship**. Applicants must be present to win. Learn more about eligibility and how to apply at CHELCO.com/scholarships.

Board of Trustees Elections

As a member-owned cooperative, CHELCO is governed by a Board of Trustees elected by the membership. In 2026, trustee seats for Districts 3, 5, and 8 are up for election. Election packets will be mailed soon and will include:

- A certification card
- A postage-paid return envelope
- Official notice of the Annual Meeting
- Candidate information and voting instructions

Your participation in the election process helps ensure strong local leadership and member representation.

We hope you'll join us for this special event and experience the cooperative difference firsthand. We look forward to seeing you on April 18 at Freeport High School for the 2026 CHELCO Annual Meeting.

Trustee Election Timeline

Feb. 5: Applications due to CHELCO by 4:00 PM

Feb. 17: Candidates' names posted in CHELCO offices

Feb. 27: Petition Deadline

March 9: Election Opens

April 13: Election Closes

April 18: Results announced at CHELCO Annual Meeting

Annual Meeting FAQ

Do I have to attend to be a CHELCO member?

No—but attending gives you a chance to be more involved in your cooperative, ask questions, and stay informed.

Is the meeting only for business matters?

Not at all. While there is an official business portion, the event is designed to be educational, engaging, and fun for the entire family.

What should I bring?

Just bring yourself (and your family). If you are a scholarship applicant, be sure to arrive on time and remain present for the drawing.

Why does CHELCO hold an Annual Meeting?

Because CHELCO is a cooperative, members are also owners. The Annual Meeting is an important way to share updates, conduct official business, and give members a voice, and it is required to host the Annual Meeting as described in CHELCO's Bylaws.

Want to learn more?

Visit chelco.com/annual-meeting.

The Usual Suspects: 2025's biggest outage culprits have been identified



Every year, CHELCO keeps detailed records of outages and their causes. Our "detectives" have identified a few familiar suspects that showed up again and again in 2025. Some struck quickly and vanished. Others left behind a much bigger mess. Here's what the evidence tells us.

Trees

Trees were responsible for 382 outages and more than 2,678,000 member minutes interrupted. While trees are among the top three suspects, they are one of the few outage causes we can actively control, unlike lightning or wildlife, which are unpredictable and unavoidable.

Tree-related outages often take longer to restore because crews must safely cut, remove, and clear heavy limbs or entire trees before repairs can begin. That's why CHELCO places a strong emphasis on right-of-way maintenance. Proactive, aggressive trimming reduces the likelihood of trees contacting power lines during storms, helping prevent outages before they occur and shortening restoration times when they do.

Lightning

Lightning was the most frequent offender, responsible for 530 outages and 499,000 member minutes of interruption. Florida's afternoon

storms pack a powerful punch, and even with protective equipment in place, a direct strike can overwhelm electrical systems in an instant. The good news? Lightning-related outages are often short-lived. Once damaged equipment is identified and isolated, power can usually be restored quickly.

Squirrels and Other Small Critters

Small but mighty, squirrels and other rodents caused 438 outages and 275,000 member minutes in 2025. These outages are usually brief. Once the issue is located and safely cleared, repairs tend to be straightforward.

Motor Vehicle Accidents

Though much less frequent, 34 vehicle accidents accounted for 512,000 outage minutes in 2025. When a pole is struck, restoration often involves replacing poles, lines, and equipment. If necessary, we must also wait for first responders to ensure the safety and well-being of all those who were involved before repairs begin.

Case Closed for 2025

No two outages are identical, but each one tells a story. We will keep our detective caps on for 2026, keeping a close eye on these culprits and doing everything we can to limit their impact and keep you powered.

For unclaimed capital credits, visit CHELCO.com/capital-credits.

America's Electric Cooperatives PAC

The America's Electric Cooperatives Political Action Committee (AEC PAC) is a grassroots PAC that supports and advocates for co-ops nationwide. AEC PAC helps co-ops, like CHELCO, implement policies at the state and federal levels that benefit cooperatives and their members.

AEC PAC is non-partisan and supports candidates who support cooperatives through their policies.

Nearly 40,000 eligible members across 47 states back AEC PAC contributions to candidates.

Visit electric.coop/PAC for more information and to learn how you can get involved to ensure that your co-op is fairly represented in office.



\$25 BILL CREDIT

If the account number below matches yours, call (850) 892-2111 to redeem a \$25 bill credit on your next power bill!

#9000165156 - JAMES