



TRICO
AN ENERGY COOPERATIVE

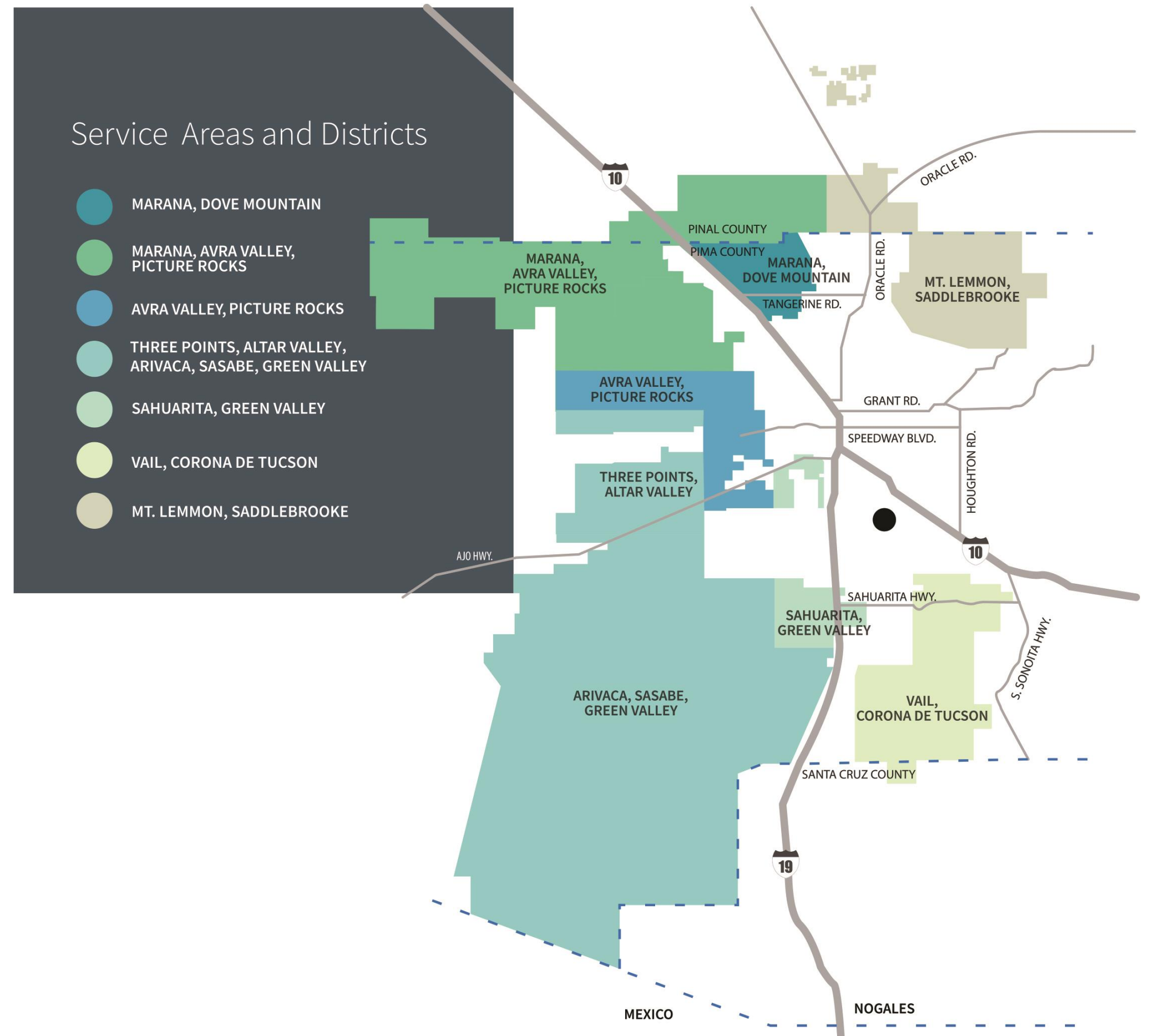
Data Center Growth

Power, Water, and Land in Southern Arizona

Brian Heithoff · Trico Electric Cooperative

About Trico

- Pima, Pinal & Santa Cruz Counties
- 7 Member-elected Directors
- 57,000 meters
- ~300 MW summer peak
- 190 employees | 4,200 miles of line
- Fully regulated by the ACC
- Partial-requirements; own IRP
- ~40% renewable; 50%+ in two years
- Carbon goal: -50% by 2032
- 12% of residential have solar/storage



Partial-requirements posture: our wholesale costs are intrinsically time-varying.

The Load Story

Why electricity demand is growing again

Load Growth Has Returned

- From 2007 to 2022, United States electricity demand was essentially flat. That period was the exception, not the norm.
- Electrification, cloud computing, and now artificial intelligence have restarted growth.
- The Phoenix market is saturating, with more than 66 data centers, and developers are looking south.
- Trico has fielded over a dozen large load inquiries in the past two years. A small number are active projects.
- Requests now arrive in hundreds of megawatts, a different order of magnitude than anything this cooperative has served.

The question is not whether large loads come to southern Arizona. It is on what terms.

The 100 MW Benchmark

Land

About 100 acres

Construction

\$200 to \$400 million

Permanent jobs

About 50

Property taxes

About \$5.2 million per year

Trico margin

\$2 to \$6 million per year

Risk management

Cash upfront and securitization

Luckett Road is entitled for 550 to 750 MW per site, five to seven times this benchmark.

Trico large load planning benchmark. A 100 MW data center would be among the largest property taxpayers in Pima County and for local school districts.

Luckett Road: What Is Public



Developer: Beale Infrastructure. Two adjacent parcels of about 300 acres each, west of Interstate 10 at Luckett and Hardin Roads.

Luckett North sits in Trico's service territory. Luckett South is in Tucson Electric Power's.

Each site is entitled for 550 to 750 MW at full buildout. Initial phases are far smaller.

Marana Town Council approved the rezonings 6 to 0 on January 6, 2026.

Air cooled and closed loop. Marana's ordinance prohibits potable water for cooling.

Construction estimated to begin in 2027, with first occupancy in late 2028 to early 2029.

The land is irrigated farmland today, served by the Cortaro-Marana Irrigation District.

Protecting Members

How Trico structures a large load

Who Pays for What

Distribution

Substations, distribution lines,
service delivery

100% CASH UPFRONT

Plus five years of operations and
maintenance, prepaid

Transmission

High voltage lines, bulk power
movement, system upgrades

100% CASH UPFRONT

Plus five years of operations and
maintenance, prepaid

Generation

Solar, battery storage,
natural gas

SLEEVE STRUCTURE

The data center contracts directly with the
asset owners

No debt on Trico's books. No Member exposure for the infrastructure or for its operations.

The Sleeve Structure



- The generation is not on Trico's or AEPCO's balance sheet, so no debt lands on the cooperative
- Trico and AEPCO provide delivery, scheduling, forecasting, and hedging services
- If the data center defaults, the dispute is between the data center and the generator
- The data center carries a capacity obligation the same way a Class A AEPCO member does
- Functionally the same as a bring your own generation approach

Risk and Mitigation

Risk	How Members are protected	Residual
Infrastructure capital	100% cash upfront before construction starts	Nominal
Infrastructure O&M	Five years prepaid	Nominal
Generation cost	Sleeve. Direct contract, off our balance sheet	Nominal
Market purchases before generation is built	Monthly floating letter of credit. No credit, no purchases	Very low
Market purchases after generation is online	Letter of credit covering mark to market exposure	Very low
Data center default	Biweekly billing, capacity obligation, right of first refusal	Very low
Stranded assets	Prepaid O&M, letter of credit backstop, off balance sheet	Very low

Source: Trico data center power supply strategy, January 2026. Residual ratings are Trico management assessments, not third party ratings.

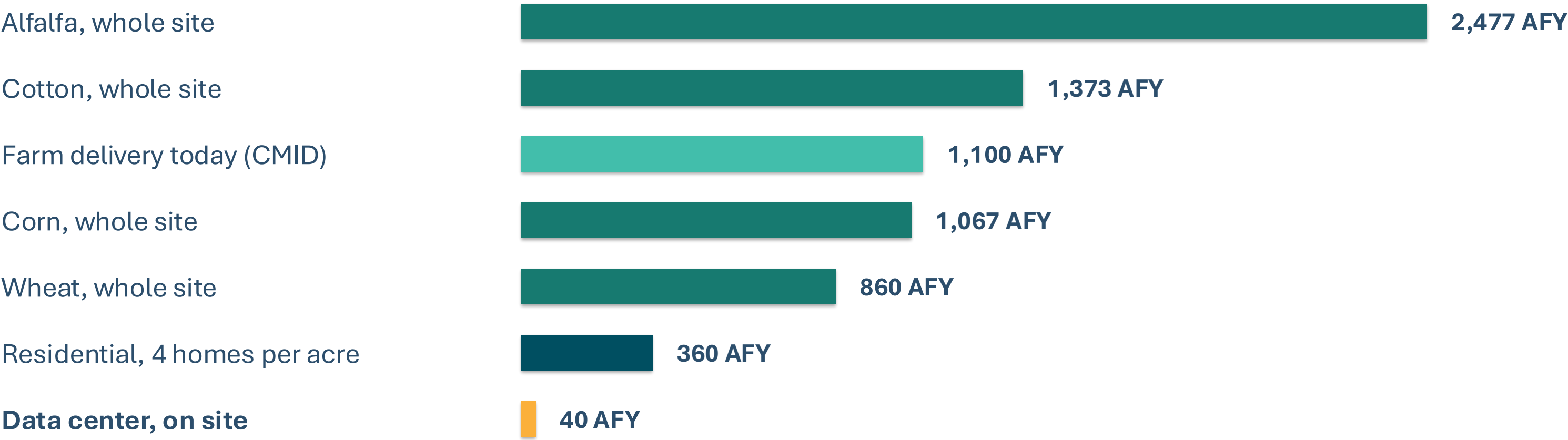
Political, reputational, and regulatory risk remain the real open items, not financial risk to Members.

Water, Land, and Tax

What it looks like on the ground

Water on 300 Acres

Estimated annual applied water for the Lockett Road North parcel under different uses, in acre-feet per year

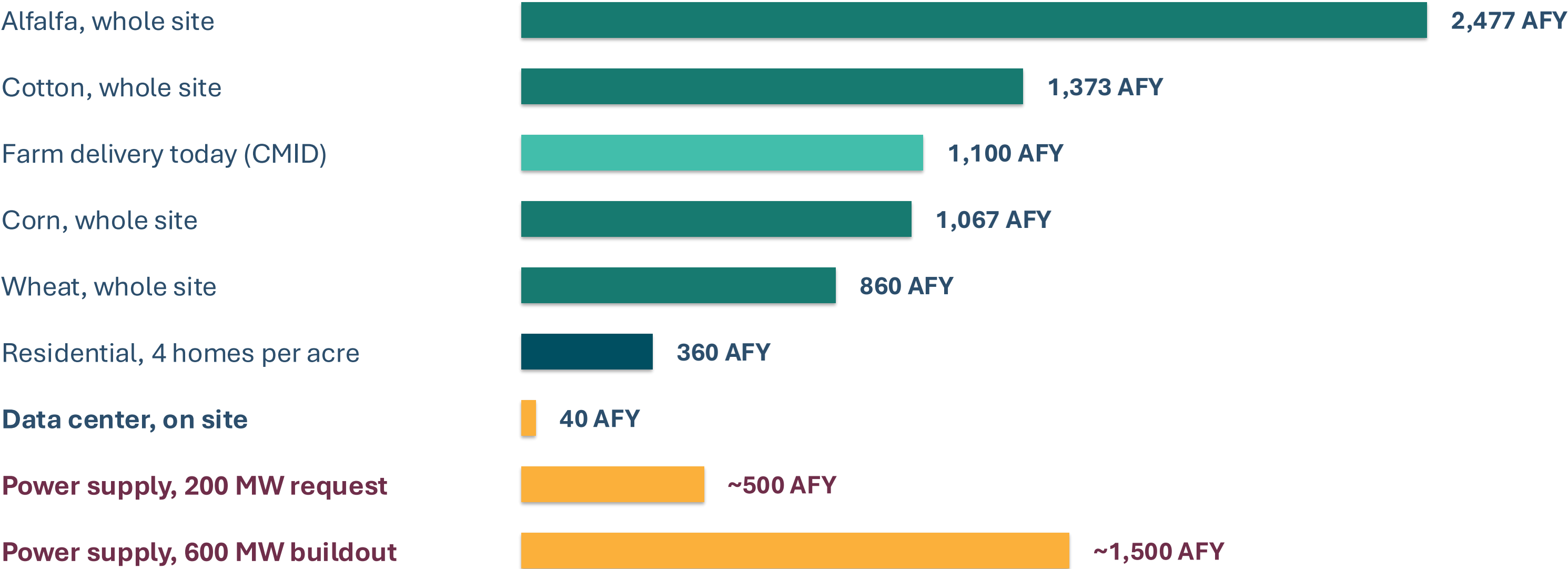


On this land, the data center is the lowest-water use on the chart.

Sources: Lockett Road North Specific Plan (Kimley-Horn, 2025); Erie et al. 1981, USDA Conservation Research Report No. 29 (consumptive use converted to applied water at 75 percent efficiency); Marana Water planning factor of 0.30 AF per home. Trico analysis, July 10, 2026.

Adding the Power Supply

Estimated annual applied water for the Lockett Road North parcel under different uses, in acre-feet per year



The power that serves the site is generated somewhere else.

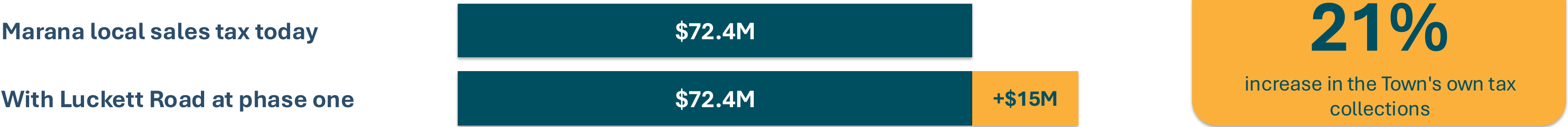
At full buildout that generation uses roughly 1,500 AFY of groundwater in another location, which puts total project water in the range of what this land uses for farming today.

Sources: Lockett Road North Specific Plan (Kimley-Horn, 2025); Erie et al. 1981, USDA Conservation Research Report No. 29 (consumptive use converted to applied water at 75 percent efficiency); Marana Water planning factor of 0.30 AF per home. Trico analysis, July 10, 2026.

Where the Tax Revenue Goes



What \$15 million a year means to a town this size



Marana levies no general property tax. Property tax flows to Pima County, the school districts, and the fire district, projected at about \$25 million and \$15 million over ten years.

The Town's recurring share arrives as transaction privilege tax, mostly construction sales tax during the build and utility tax on the electric bill afterward.

Arizona paused new data center sales tax exemptions from July 2026 through June 2029, which changes the state and county picture for projects not already certified.

Sources: Beale Infrastructure projections presented to the Town of Marana, December 2025 and January 2026; Town of Marana FY2027 adopted budget (Resolution 2026-047); Arizona Laws 2026, Chapter 140. No independent fiscal impact study has been published.

Tax Revenue at Full Buildout



Both sites at full buildout, on Beale's own phase one figures



Trico extrapolation from Beale Infrastructure's published phase one figures. Phase one is treated as one of the two roughly 300-acre sites, each entitled for 550 to 750 MW, so both sites at full buildout is twice phase one. Beale has not published a full buildout figure.

The Town's recurring share is transaction privilege tax, mostly utility tax on the electric bill, so it scales roughly with connected load. Marana still levies no general property tax. At full buildout the property tax flows to Pima County, the school districts, and the fire district.

Sources: Beale Infrastructure projections presented to the Town of Marana, December 2025 and January 2026; Town of Marana FY2027 adopted budget (Resolution 2026-047); Arizona Laws 2026, Chapter 140. No independent fiscal impact study has been published.

Questions

Brian Heithoff

Chief Executive Officer and General Manager
Trico Electric Cooperative

bheithoff@trico.coop

307-365-0791

www.Trico.Coop



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