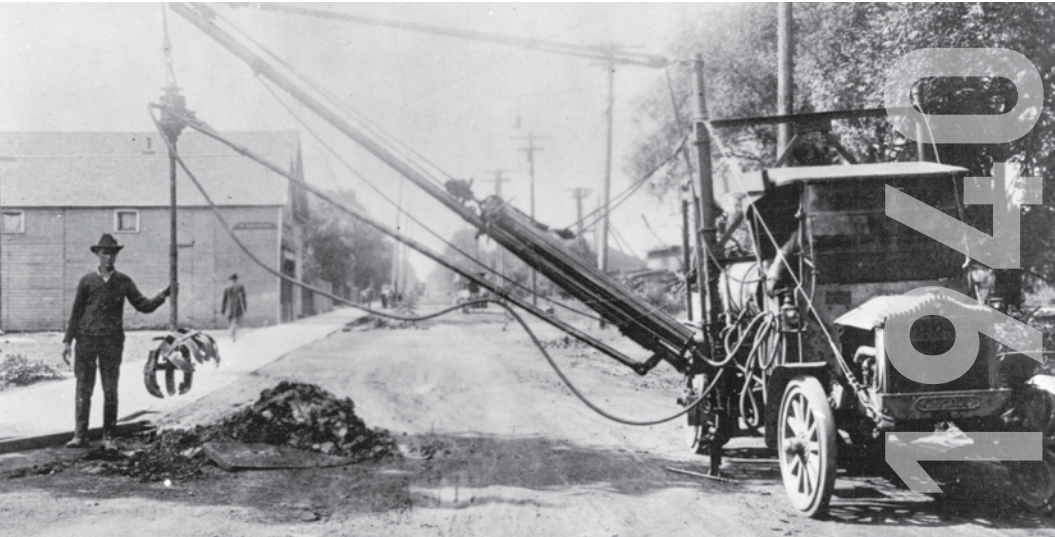



# MOVING *FORWARD*

# 80 Years of Progress



**Adams Electric  
Cooperative, Inc.**

® A Touchstone Energy® Cooperative 

ANNUAL REPORT 2019

# Our Mission

PROVIDE SAFE, RELIABLE POWER AT COMPETITIVE RATES AND IMPROVE THE QUALITY OF LIFE IN THE COMMUNITIES WE SERVE.



ADAMS ELECTRIC COOPERATIVE, INC.

*Proudly*

**CELEBRATING**

*80 Years*

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Volunteers

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12-13 ... Financial Reports

# MOVING FORWARD: 80 Years Of Progress

Dear Members,

A lot can happen in a decade, let alone eight of them. At Adams Electric we've been honored to be the providers of electricity for up to 32,500 homes, farms, businesses and members for 80 years, and counting.

Each decade comes with its own story, some tougher than others. For instance, in the 1940s our founding membership fought the "Battle of the Pole Holes" during a cold January in the Newville area of Cumberland County. They backfilled the utility pole holes dug by a private power company trying to interfere with the creation of a local cooperative. Electricity finally came to travel Adams Electric's power lines in Shippensburg and then Gettysburg, May 3, 1941, to much fanfare and celebration. See a full timeline of important events in the cooperative's history on the next page.

These significant events in Adams' history have shaped the cooperative into the organization it is today. But as we move through our 80th year of service to our members, we continue to "Move Forward" into the future.

In 2019, the cooperative added two plug-in electric vehicles (PEVs) to its fleet – an all-electric Hyundai Kona and a plug-in hybrid Mitsubishi Outlander helping Adams staff to better answer its member's questions about the up-and-coming PEV industry. Additionally, Adams Energy Resources, LLC was formed. The current primary function of the subsidiary is help local businesses install EV chargers to help improve the current charging infrastructure. Just one way we are "Moving Forward" with new technologies.

Although the annual report is a look back at 2019, you will also see some ways Adams is "Moving Forward" through our 80th year of proudly serving our members.



STEVE RASMUSSEN  
CEO/General  
Manager



GLENN E. BANGE  
Board  
President

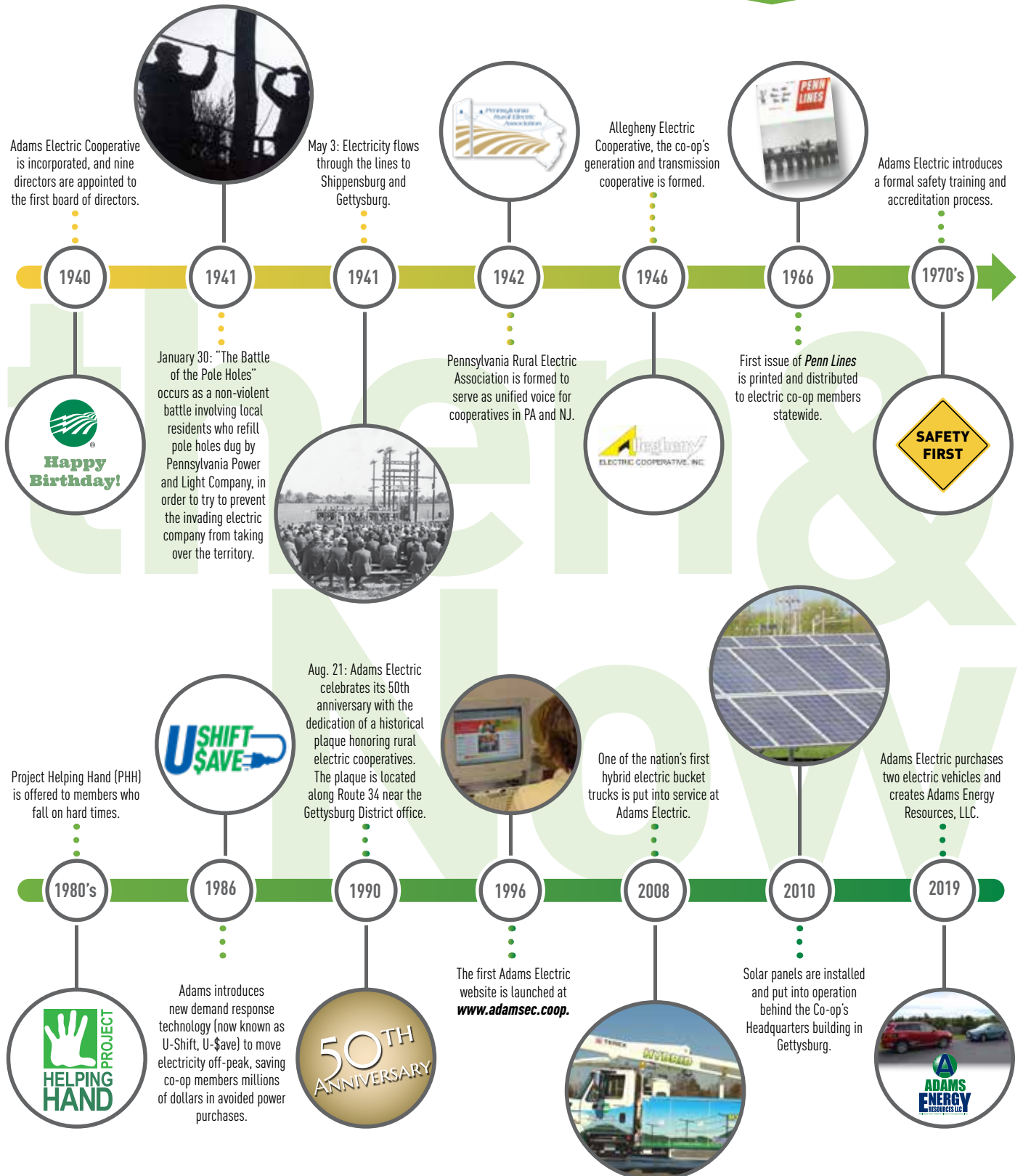


MOVING FORWARD  
80 Years of  
Progress

# MOVING FORWARD

# 80 Years of Progress

## A timeline of major events in Adams Electric's history



## ADAMS' BOARD

### Glenn Bange

Hanover  
President  
2005  
Zone 3

### Nadine Hubner

Felton  
Vice President  
2013  
Zone 6

### Thomas "Tom" Knaub

Wellsville  
Treasurer  
1999  
Zone 4

### Daniel "Dan" Eisenhart

Newville  
Secretary  
2002  
Zone 9

### Jay Grove

Shippensburg  
1992  
Zone 7

### Jay Herman

Aspers  
2019  
Zone 2

### S. Eugene "Gene" Herritt

Shippensburg  
1985  
Zone 8

### Dale Myers

Glenville  
2018  
Zone 5

### F.L. "Ray" Schwartz

Fairfield  
2006  
Zone 1

## Adams Electric Board Members

Adams Electric is governed by a board of nine directors, elected by the membership, to serve three-

year terms. For the purpose of electing these directors, and to ensure that all areas of the co-op's service territory are well represented, the cooperative is divided into nine zones. Although each director is a member of his or her zone, the entire co-op membership

votes directors into office through an election process which ends at the co-op's annual meetings each Spring.



Newly elected as board president in 2019, Glenn Bange (center) prepares to conduct a monthly board meeting. Also pictured are, from left, Jay Grove, Treasurer Tom Knaub, Jay Herman, Secretary Dan Eisenhart, Dale Myers, S. Eugene Herritt, Vice President Nadine Hubner and F.L. "Ray" Schwartz.

## MOVING FORWARD With Cooperative Support

Acre/Co-op Owners For Political Action (Co-op Owners) is a group of members and employees who invest in legislators who support cooperatives. This non-partisan political action committee gives its participants the opportunity to have their voices heard on issues affecting their co-op and their communities. Adams Electric has nearly 90 employees, directors and their spouses contributing to ACRE, the group that represents employees

and directors. One hundred and fifty members have voluntarily joined Co-op Owners and contribute as little as \$2.88 on their monthly electric bill.



CEO/General Manager Steve Rasmussen (center) explains some benefits of electric vehicles to, left, Kevin Eck, chief of staff to State Representative Stan Saylor (R-94) and John Popovich, chief of staff to State Representative Seth Grove (R-196) during the co-op's first Brats, Beverages and Bipartisan Banter ACRE Co-op Owners event held in September 2019. Brats, Beverages and Bipartisan Banter is an event in each of the co-op's three districts and hosted 150 legislators, Co-op Owners and ACRE members in 2019.



## MOVING FORWARD With Member Support

Adams Electric's member assistance fund, administered by the Adams County Community Foundation, provides limited funding – payable through agencies throughout the service territory – to members who need help paying their electric bills.

In 2019, the co-op distributed

over \$55,000 of Project Helping Hand funds to assist nearly 240 members. Project Helping Hand funds are collected from members each year through Operation Round-Up, Ownership Rewards and one-time fundraisers and donations from employees and the board.

## 80 Years of Ownership Rewards

One of the many benefits of being a member-owner of Adams Electric is the annual return of Ownership Rewards to members.

The board of directors voted once again to return Ownership Rewards to current and former members, thanks to another financially strong year. In 2019, the total return was \$1.9 million. This raises the total amount returned to nearly \$46 million since the first retirement in 1964. Ownership Rewards is based upon the allocation of an ownership share to each member based upon their annual use of electricity. This allocation continues to grow, a percentage of which is returned each year through the retirement process.



2019 total Ownership Rewards return



Total amount returned since first retirement in 1964

## Improving the Quality of Life for 80 Years

The cooperative's mission statement includes more than providing safe, reliable energy – it also seeks to improve the quality of life in the communities it serves. One way Adams works to improve life is through donations. In 2019, the cooperative supported more than 75 community organizations through direct donations.

Each year the cooperative teams with CoBank, one of Adams Electric's financial service providers, through their Sharing Success program which matches charitable donations. In 2019, four programs were awarded matching dollars from the Sharing Success program: The American Red Cross South Central PA Chapter, the Borough of Gettysburg, PA Friends of Ag Foundation and the Adams County Arts Council.



*Improving the quality of life in the communities the co-op serves comes in forms other than monetary donations. York District crew members set two poles at the Wellsville Fairgrounds. On-site during the pole donation and setting are Lineman Eric Altice, Superintendent Mike Ward, Lineman Craig Mummert, Line Serviceman Cecil Knotts and Director Tom Khaub.*

# MOVING FORWARD With Member Volunteers

## CREDENTIALS AND ELECTION COMMITTEE

Karolyn Emery  
Charlene Leatherman  
Barbara Laughman  
John Ramirez  
Lorena Cutshall  
Barry Lipschutz  
Scott Koernschild  
Kenneth Leidy  
Rev. Robert Hudson  
John Kasarda  
Charles Adler  
Earl Parshall

## SCHOLARSHIP COMMITTEE

Peggy Magaldi  
Zachary Boyer  
Francis Meyer  
Betty Lipschutz  
James Myers

Brian Lott  
Rev. Robert Hudson  
Laverne Musser  
Kathy Keller  
*Nadine Hubner \**

## MEMBER ADVISORY COMMITTEE

Mr. & Mrs. Mark Berg  
Mr. & Mrs. James Henderson  
Mr. & Mrs. George Weikert  
Mr. Gary Mantha  
Miss Heather Holt  
Mr. & Mrs. Carr Marks  
Miss Barbara Laughman  
Mr. & Mrs. James Morhaleck  
Mrs. Jeanette Martz  
Mr. & Mrs. Tom Carroll  
Mr. & Mrs. Barry Lipschutz  
Mrs. Kristina Peters  
Mr. & Mrs. James Myers

Mr. Charles Snyder, Jr.  
Mr. Jon Swanson  
Mr. & Mrs. Don Carlile  
Mr. & Mrs. Craig Johnson  
Mrs. Betty Trout  
Mr. Alexander Kalif  
Mr. & Mrs. Richard White  
Sg. Brandon Dunlap  
Mr. & Mrs. Laverne Musser  
Mr. & Mrs. Edwin Walker  
Mr. and Mrs. Stan Allen  
Mr. & Mrs. Charles Adler  
Mr. & Mrs. Earl Parshall  
Mr. & Mrs. Arthur Yingling, Jr.  
*Mr. Dan Eisenhower\**  
*Mr. Jay Herman\**  
*Mr. Dale Myers\**

*\*Board Liason*



*The Credentials and Election Committee (pictured) oversees the director election process that concludes at the co-op's annual meeting each Spring. The committee acts on behalf of the membership as a non-biased entity to manage the co-op's election, nominate candidates if there is an open board seat and make election recommendations to the board.*

MOVING FORWARD  
**80** Years of  
Progress

# MOVING FORWARD

In May 2019, the co-op purchased two PEVs as fleet cars for daily office and travel ventures – a Hyundai Kona all-electric vehicle and a Mitsubishi Outlander plug-in hybrid electric (PHEV) SUV with a goal to better educate employees and members on PEVs.



## Keeping Charging Affordable

In August 2019, the board of directors voted to offer a one-time bill credit of \$300 to any residential member who installs a Level II charging station tied to the co-op's U-Shift, U-\$ave off-peak subpanel program. The expansion of the U-Shift program offers a rate



reduction and provides the least costly way for an owner to charge their PEV. This credit assists a member with the cost of purchasing and installing a Level II EV charging station or helps cover some of the installation cost of the interruptible subpanel. Ten members have already received the one-time bill credit.



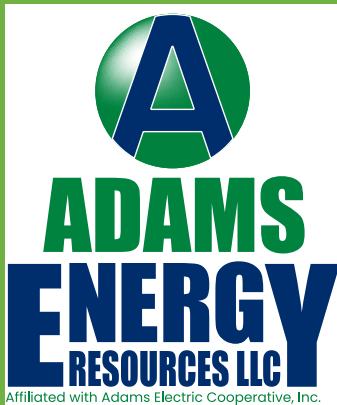


# With EVs

## Progressing with Charging Stations

In 2019 Adams Electric helped form Adams Energy Resources, LLC to assist local businesses to install Level II ChargePoint electric vehicle charging stations at business locations. The stations generate revenue and are available for public use.

Since its inception, the LLC has started the installation process for six new Level II charging stations around the co-op's service territory, including three chargers the co-op owns at its district office locations.



*Key Accounts/ Senior Safety Specialist Mike Johnson plugs the co-op's PHEV into a newly-installed charging station at Ski Liberty in Adams County. The stations, open to the public, were installed through Adams Energy Resources, LLC.*



---ROADMAP TO---

# ELECTRIC VEHICLES

## Navigate The Road Map To EVs

Adams Electric launched the Roadmap to EVs on its website in May 2019. The interactive web module, supported by ChooseEV, features information and benefits of EVs, savings and CO2 emissions reduction calculators, a charger finder map and an incentives page.

# MOVING FORWARD With Improvements

## Bull Valley Road

This 3.5 mile job added a third phase wire to an existing overhead line that increased reliability and outage restoration time in the Aspers area.

## 700 Road

This 1.1 mile equipment improvement job rehabilitated a portion of a three phase line by replacing poles, crossarms and lightning arresters in New Oxford.

## United Business Park

New predicted growth at United Business Park in Shippensburg prompted the co-op to update two feeds into the park to prepare for increased electricity use.

## Saving Through Shifting Use



Adams Electric has had a demand management program, now called U-Shift, U-\$ave, since the late 80s. Members volunteer to have a U-Shift switch installed on their water heater, AC unit or separate subpanel which can be interrupted by the cooperative during times of peak demand. In return, program participants receive a bill credit or reduced rate, depending on their program participation.

In 2019, this voluntary U-Shift program **saved Adams over \$1 million in avoided power purchases**, bringing our total savings since the inception of the program to **\$22,553,490**.

## U-Shift Switches on System

Water Heater

7,943

Air Conditioner

1,020

Separate Subpanels

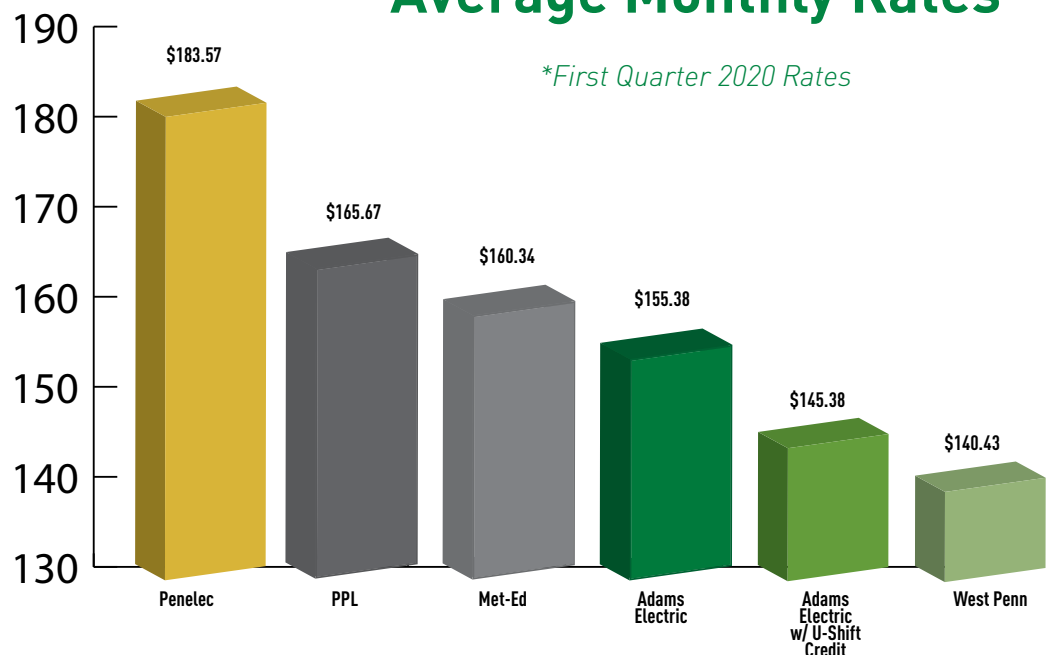
1,172

## Stable Rates for 80 Years

Rates remained unchanged for 2020 following a 2019 decision by the Adams Electric Board of Directors. Cooperative rates remain competitive with other local electric providers and members can take advantage of incentive rates to lower their monthly bill even further.

## Average Monthly Rates

*\*First Quarter 2020 Rates*



# Sources of Power

Below is a chart showing the breakdown in the sources of power used during 2019 to support the cooperative's distribution system.



## New Fairfield Substation

The cooperative's Fairfield Substation was essentially rebuilt following a two-year planning and construction process that culminated in late October 2019. The station was originally built in 1978 and received two new transformers, new circuit breakers and a new control house. The system upgrades will provide improved reliability in the Adams County area served by the substation, allows for larger load capacity and modernized the substation.



*Journeyman First Class Brandon Beard flips the switch to bring one of the new transformers online at the Fairfield Substation.*

*A new, 29-ton, 15-megavolt amp (MVA) transformer is delivered by specialty trucks to the Fairfield Substation to replace the 41-year old transformer that was previously being used.*



# MOVING FORWARD With Drones

A group of Adams Electric linemen and engineering employees attended a drone pilot training at Adams Electric in early 2020. Cooperatives nationwide have begun to use drones in their wire, pole and substation inspections. This type of technology requires highly trained and tested pilots, but would allow the cooperative to perform more frequent inspections on cooperative equipment that currently needs a helicopter to examine.

*GIS Specialist Josh Wayne checked the battery pack on the drone as part of a preflight test during drone pilot training. The drone pictured includes a regular and thermal scanning camera.*



*Line Serviceman Jon Fetter controls a drone's flight path as part of his hands-on training and testing to become a drone pilot.*



## Eighty Years of Communicating

Adams Electric launched text and email account notifications in 2019, allowing members to get important account and power alerts more quickly.

Through the SmartHub account management program, members who have an account can sign up for text or email notifications, including bill available, power outage and restoration updates and U-Shift notifications.

Over 21,000 of our 32,500 members have registered for a SmartHub account which lets members pay and view their bill, report outages, sign up for notifications, and contact us online or through a downloaded SmartHub app. Nearly 400 SmartHub users have signed up to receive text notifications.



## Progress Through Employees

Eric Altice	Mike Feathers	April Krumrine	Brian Shearer
Brian Atherton	Jon Fetter	Kornell Kuntz	Kyle Smith
Shane Atherton	Sarah Frank	Andrew Kuykendall	Rick Smith
Brandon Beard	Ryan Gelnett	Dan Leonard	Tony Spangler
Dave Bolton	Guy Gorman	Tony McCauslin	Jason Stanley
Vic Brammann	Karen Harner	Mike McKinney	Jacob Strausbaugh
Cindy Brodbeck	Mike Hawbaker	Tom McMaster	George Taughinbaugh
Rodger Brough	Jayne Hawn	Tyler Miller	Brooke Thoman
Meredith Catchings	Stacey Haynes	Andrew Mummert	Chad Thoman
Mike Chamberlin	Ty Hensley	Craig Mummert	Dina Topper
Jim Chiaruttini	Gary Hodges	Kelly Murren	Jeff Turner
Bill Collingsworth	Jordan Hoke	Sheila Neil	Brad Varner
Michele Colyer	Penny Hoover	Kami Noel	Adam Waldron
Mark Cramer	Wayne Huntsberry	Mitch Orchowski	Lynn Wallas
Morgan Crider	Mike Johnson	Steve Rasmussen	Cathy Waltz
Kevin Dehoff	Lori Kemper	Travis Rawlings	Mike Ward
Shawn Dehoff	Cecil Knotts	Rich Redding	Josh Wayne
Georgie Drowsky	Cortney Knotts	Jill Rickle	Lisa Willet
Michelle Druck-Mitchell	Laura Koontz	Max Rinehart	Rebecca Witherow
	Jay Kroeze	Tasha Sanders	

## Healthy Employees For Progressive Work

In 2019, Adams Electric received the Bronze level Workplace Health Achievement recognition for the fourth year in a row. This recognition is a science-based and evidence-informed measurement that assesses and recognizes workplace health programs. Adams Electric launched its wellness program in 2009 and continues to expand its wellness initiatives each year. The annual program includes on-site fitness equipment, plus annual health screenings, walking programs, brain health initiatives, weight management programs and newsletter campaigns.

## Supporting Education

Adams Electric expanded its scholarship program in 2019 to include scholarships for students seeking education in a Career and Trades program and for undergraduate students.

Eight scholarships were available for students specifically pursuing a vocational or technical

school track. In 2019, Adams offered five scholarships to sons and daughters of cooperative members already attending a post-secondary school; that number was increased to eight in 2020. The cooperative continues to offer scholarships to up to 27 public, private and homeschooled students heading to a two- or four-year college, and 10 adult members.



*Legal and Corporate Services Manager Jim Chiaruttini, left, and Board Vice President and Scholarship Committee Liaison Nadine Hubner, right, present scholarships to 2019 high school scholarship award recipients.*

*\*Scholarships are funded by unclaimed Ownership Rewards and do not affect rates.*

# Financial Reports

## Comparison of Calendar Years 2019 and 2018 Data

### CONSOLIDATED STATEMENTS OF OPERATION

OPERATING REVENUES	2019	2018	\$ CHANGE	% CHANGE
Electric Sales Revenue	\$66,909,158	\$67,047,208	\$(138,050)	-0.2%
Other Electric Revenue	1,242,173	1,220,433	21,740	1.8%
<b>Total Operating Revenues</b>	<b>\$68,151,331</b>	<b>\$68,267,641</b>	<b>\$(116,310)</b>	<b>-0.2%</b>

#### OPERATING EXPENSES

Wholesale Energy Supply	\$36,884,933	\$38,976,035	\$(2,091,102)	-5.4%
Variable Operating Expense	16,326,451	15,329,637	996,814	6.5%
Depreciation On Assets	5,327,576	5,124,431	203,145	4.0%
Interest On Long-Term Debt	4,357,211	4,111,974	245,237	6.0%
<b>Total Operating Expenses</b>	<b>\$62,896,171</b>	<b>\$63,542,077</b>	<b>\$(645,906)</b>	<b>-1.0%</b>

#### MARGINS

Operating Margin	\$5,255,160	\$4,725,564	\$529,596	11.2%
Non-Operating Margin	1,281,255	2,135,525	(854,270)	-40.0%
<b>Total Margins</b>	<b>\$6,536,415</b>	<b>\$6,861,089</b>	<b>\$(324,674)</b>	<b>-4.7%</b>

### CONSOLIDATED BALANCE SHEETS

ASSETS	2019	2018	\$ CHANGE	% CHANGE
Net Utility Plant Investments	\$155,895,217	\$148,153,930	\$7,741,287	5.2%
Other Long-Term Investments	23,114,719	22,772,987	341,732	1.5%
Member Energy Efficiency Loans	123,495	212,002	(88,507)	-41.7%
Cash & Temporary Investments	2,283,987	2,349,670	(65,683)	-2.8%
Account Receivables	8,689,863	7,985,119	704,744	8.8%
Material & Supply Inventories	2,045,907	1,939,277	106,630	5.5%
Other Assets & Deferred Charges	5,004,698	5,372,114	(367,416)	-6.8%
<b>Total Assets</b>	<b>\$197,157,886</b>	<b>\$188,785,099</b>	<b>\$8,372,787</b>	<b>4.4%</b>

#### LIABILITIES & EQUITIES

Lender Long-Term Loans	\$113,508,726	\$110,282,628	\$3,226,098	2.9%
Lender Line Of Credit Loans	1,513,142	3,011,657	(1,498,515)	-49.8%
Member Credit Deposits	928,438	865,538	62,900	7.3%
Major Storm Reserves	1,540,234	1,222,134	318,100	26.0%
Account Payables	5,046,024	4,841,768	204,256	4.2%
Other Liabilities & Deferred Credits	7,196,558	5,930,895	1,265,663	21.3%
Member Equities	67,424,764	62,630,479	4,794,285	7.7%
<b>Total Liabilities &amp; Equities</b>	<b>\$197,157,886</b>	<b>\$188,785,099</b>	<b>\$8,372,787</b>	<b>4.4%</b>

# Financial Reports

## Comparison of Calendar Years 2019 and 2018 Data

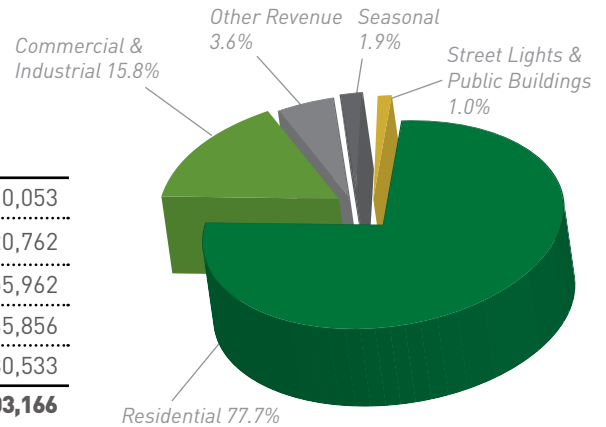
### CONSOLIDATED STATEMENTS OF MEMBER OWNERSHIP REWARDS & EQUITIES

PATRONAGE CAPITAL & OTHER EQUITIES	2019	2018	\$ CHANGE	% CHANGE
Pre-Retirement Patronage Capital	\$63,508,820	\$58,922,470	\$4,586,350	7.8%
Retirement Amount To Members	(1,812,076)	(1,815,616)	3,540	-0.2%
Year-End Patronage Capital	\$61,696,744	\$57,106,854	\$4,589,890	8.0%
Other Equities	5,195,435	4,956,545	238,890	4.8%
Patronage Capital & Other Equities	\$66,892,179	\$62,063,399	\$4,828,780	7.8%
Refundable Memberships	532,585	567,080	(34,495)	-6.1%
<b>Total Member Equity</b>	<b>\$67,424,764</b>	<b>\$62,630,479</b>	<b>\$4,794,285</b>	<b>7.7%</b>

### SOURCES OF REVENUE

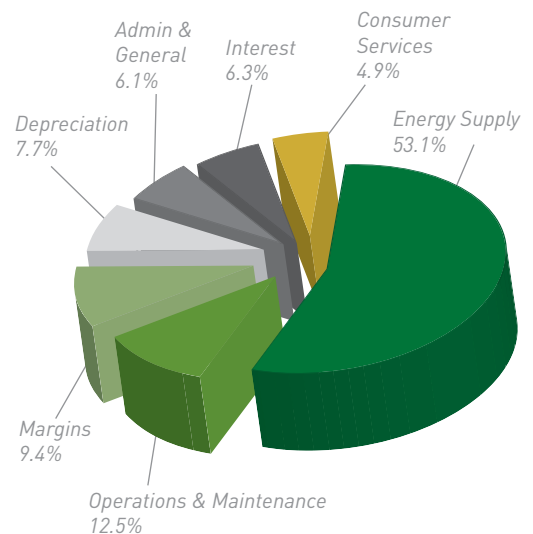
SOURCE	2019		2018	
Residential	77.7%	53,909,279	76.6%	53,910,053
Commercial & Industrial	15.8%	10,976,977	15.6%	11,020,762
Other Revenue*	3.6%	2,523,428	4.8%	3,355,962
Seasonal	1.9%	1,324,323	2.0%	1,435,856
Street Lights & Public Buildings	1.0%	698,579	1.0%	680,533
<b>Total</b>		<b>69,432,586</b>		<b>70,403,166</b>

\*Other revenue includes non-operating margin and other revenues



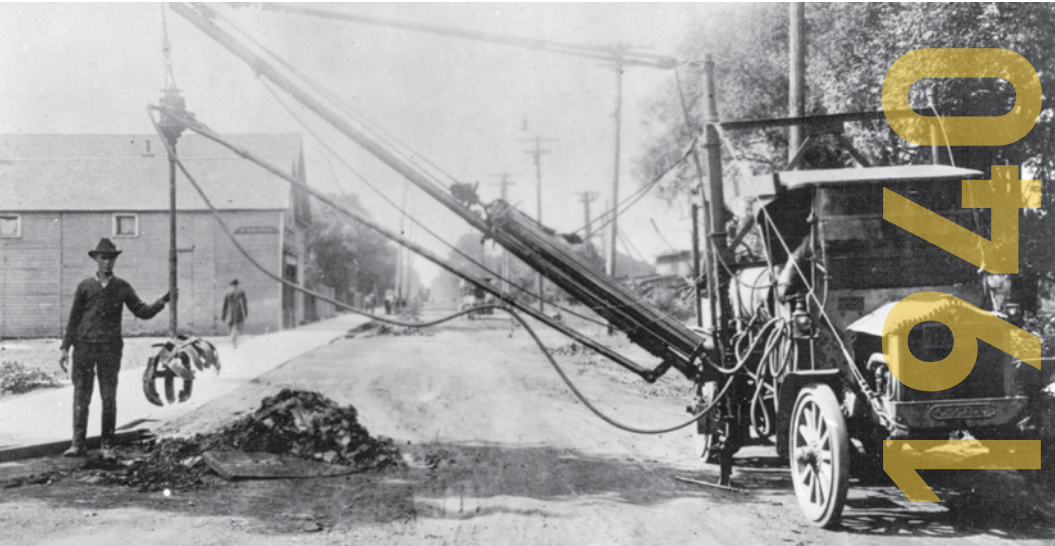
### USES OF REVENUE

SOURCE	2019		2018	
Energy Supply	53.1%	36,884,933	55.5%	38,976,035
Operations & Maintenance	12.5%	8,667,592	10.9%	7,676,837
Margins	9.4%	6,536,415	9.7%	6,861,089
Depreciation	7.7%	5,327,576	7.3%	5,124,431
Interest	6.3%	4,357,211	5.8%	4,111,974
Admin & General	6.1%	4,236,944	5.9%	4,188,273
Consumer Services	4.9%	3,421,915	4.9%	3,464,527
<b>Total</b>		<b>\$69,432,586</b>		<b>\$70,403,166</b>



Complete audited financial statements are available from Adams Electric Cooperative, Inc.'s headquarters. The independent audit of the 2018 and 2019 financial statements was compiled by the certified public accounting firm of Adams, Jenkins & Cheatham, Midlothian, Va.

# ANNUAL REPORT 2019



1940



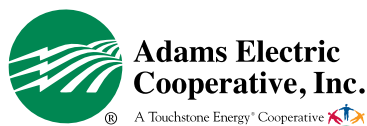
2020

## MOVING FORWARD 80 Years of Progress

### Adams Electric Cooperative

Headquarters: 1338 Biglerville Rd., Gettysburg;  
Gettysburg District: 1380 Biglerville Rd., Gettysburg;  
Shippensburg District: 10 Duncan Rd., Shippensburg;  
York District: 200 Trinity Rd., York

Contact Us: 1-800-726-2324 [adamsec.coop](http://adamsec.coop)



Adams Electric Cooperative, Inc.

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*This institution is an equal opportunity provider and employer.*