

20/20 VISION

KEEPING THE LIGHTS SHINING



Reliable.




Stable.



Responsive.



**Adams Electric
Cooperative, Inc.**

® A Touchstone Energy® Cooperative 

ANNUAL REPORT 2020

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VISION

Reliable. Stable. Responsive.

Table of Contents

1..... Letter to Members	6-7 Reliable
2..... Our Mission	8-9 Stable
3..... Leadership	10-11 Responsive
4-5 New Zone Map	12-13 ... Financial Reports

20/20 VISION

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Dear Members,

As the saying goes, hindsight is 20/20. We're not sure that any of us could have been prepared for all the curveballs 2020 threw at us, even if we had a vision of what was coming!

Through the ups and downs, the restrictions, mandates, guidelines, and daily uncertainty of COVID-19, our cooperative did its best to remain reliable, stable, and responsive to its members and the community it serves.

Reliable. Adams Electric had a great year in terms of reliability numbers. While we can't control the weather or some of the outages associated with it, we made sure to have line crews and member services personnel on-call, ready to assist in keeping your power flowing, supporting your electricity needs while you worked and attended school at home.

The cooperative remained committed to consistently providing an essential service, regardless of the surprises the past year threw at us. Although you may not have been able to visit an office in person, we were always ready to take your question or comment over the phone or by email. Phone office hours were extended for more accessibility, and when able, our offices were open by appointment. A few times we even talked to members through the doors and exchanged items through the night vaults.

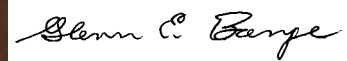
Stable. With day-to-day uncertainties facing much of the population, one thing you could count on to remain steady was your monthly electric bill. The cooperative implemented a rate realignment in January 2021, but the bottom line for most members was unaffected. Read on to learn more details of this rate restructuring.

Responsive. Adams responded to the needs of our members and communities. We voluntarily discontinued account penalties and disconnections for non-payment for much of 2020, we offered our members matching programs through our Project Helping Hand assistance fund, and we returned \$1 million through special member credits in May to all members. We canceled in-person member meetings to keep our employees', and members' health as a top priority – but explored new ways of communicating with our membership, such as teletown halls and increased social media presence. We also launched a new line of electronic notifications through our online billing portal, SmartHub.

Learn more about how the co-op remained reliable, stable and responsive as you browse through this 2020 Annual Report. While many projects and events were put on hold in 2020, this report will show you we still fulfilled our mission of providing safe and reliable power at competitive rates and helped make a difference in our communities.



STEVE RASMUSSEN
CEO/General
Manager



GLENN E. BANGE
Board
President



20/20 VISION

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Our Mission

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

7 Cooperative Principles



Voluntary and Open Membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control: Cooperatives are democratic organizations who actively participate in setting policies and making decisions. Elected representatives are accountable to the membership. Members have equal voting rights (one member, one vote).

Members' Economic Participation: Members contribute equally to the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital they invest.

Autonomy and Independence: Cooperatives are autonomous, self-help organizations. If the co-op enters into agreement with other

organizations or raises capital from external sources, it is done so based on terms that ensure control by the members and cooperative autonomy.

Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. Cooperatives also inform the general public about the nature and benefits of cooperatives.

Cooperation Among Cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for Community: While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Adams Electric Board Members

Adams Electric is guided 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 that ends at the co-op's annual meeting each spring.

In January 2021, the board of directors appointed David A. Frey of Reading Township to fill a board seat vacancy in Zone 9. Frey replaces Dan Eisenhart, who resigned in June 2020.



Glenn Bange
 Hanover
 President
 2005
 Zone 3



Nadine Hubner
 Felton
 Vice President
 2013
 Zone 6



Thomas "Tom" Knaub
 Wellsville
 Treasurer
 1999
 Zone 4



Jay Grove
 Shippensburg
 Secretary
 1992
 Zone 7



David Frey
 East Berlin
 2021
 Zone 9



Jay Herman
 Aspers
 2019
 Zone 2



S. Eugene "Gene" Herritt
 Shippensburg
 1985
 Zone 8



Dale Myers
 Glenville
 2018
 Zone 5



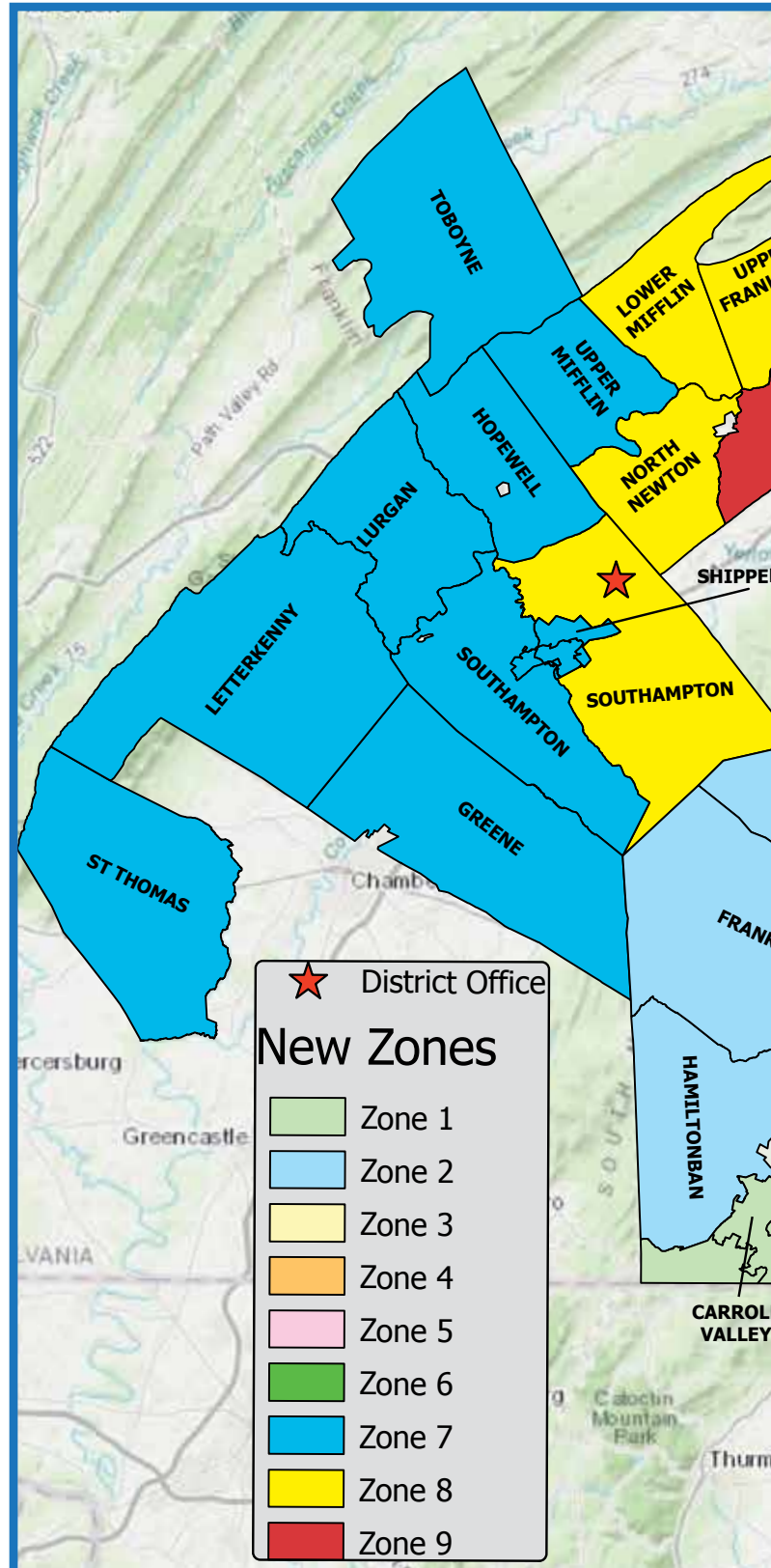
F. L. "Ray" Schwartz
 Fairfield
 2006
 Zone 1

NEW ZONE MAP

Member Zones Rebalanced

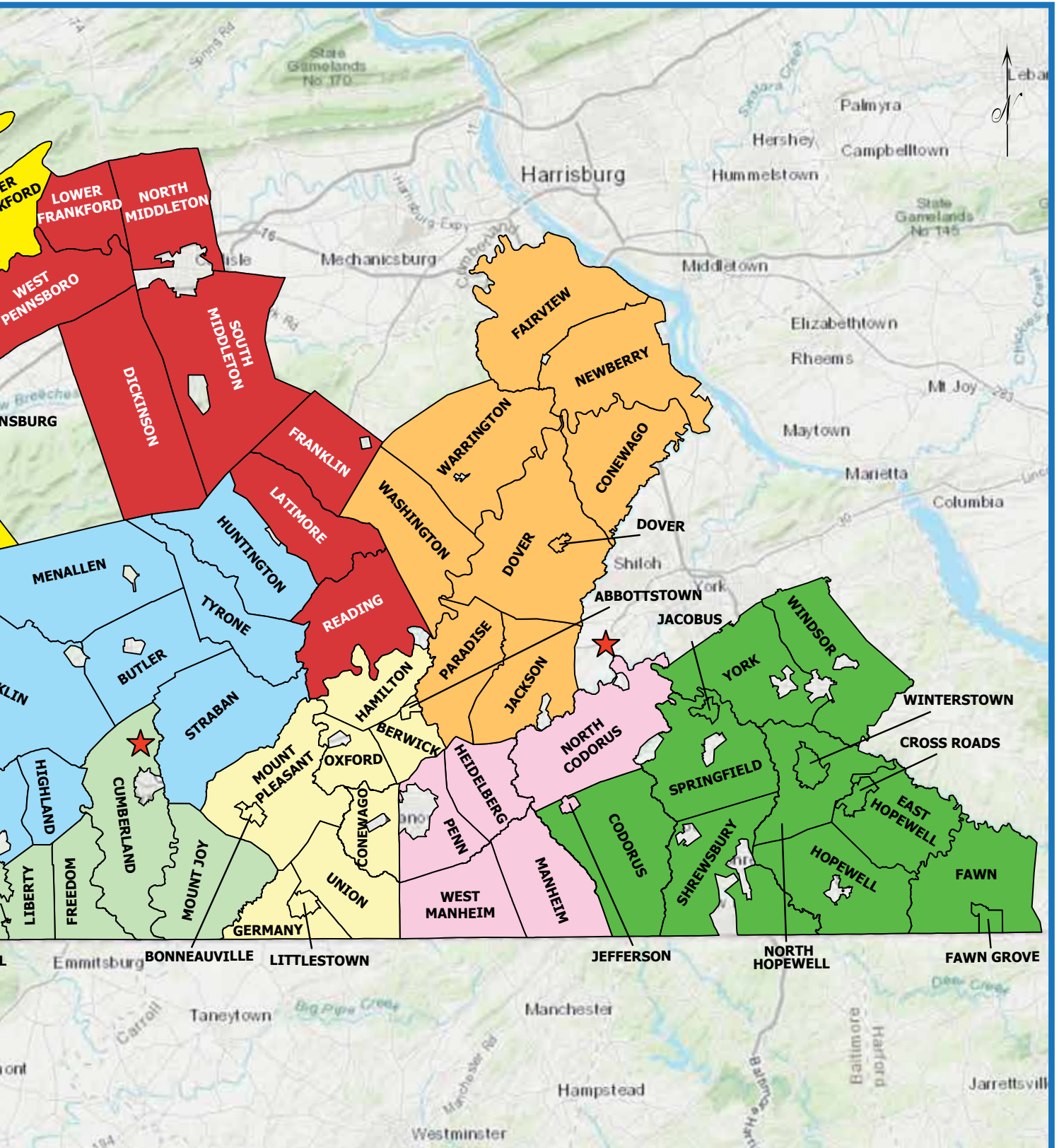
In September 2020, the board of directors voted to rebalance the nine director zones, allowing for more equitable representation of the membership based on the population of members in each service municipality.

Zone maps are periodically reviewed and the territory lines were last rebalanced in 2014. All members, regardless of zone, are still able to vote for director candidates in any open zone.



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NUCLEAR
(Susquehanna Steam Electric Station)

54.8%



HYDRO
(Raystown Hydroelectric Project and New York Power Authority)

10%



RENEWABLES
(Member Interconnections)

0.1%



MARKET PURCHASES*
*includes purchases from available and cost-efficient sources of power: nuclear, coal, renewable, etc.

35.1%

Relia

U-Shift Program Continues to Save

Adams Electric has had a demand management program, now called U-Shift, U-\$ave, since the late 1980s. Members volunteer to have a U-Shift switch installed on their water heater, AC unit or separate subpanel that 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.

New in 2020, members who installed a Level II electric vehicle (EV) charger and connected it to a U-Shift separate subpanel were eligible to receive a \$300 credit. Twenty-three members have taken advantage of these savings.

In 2020, this voluntary U-Shift program saved Adams over \$760,000 in avoided energy purchases, bringing our total savings since the inception of the program to more than \$23 million.



Switches Installed



7,636



985



1,182

Sources of Power

To the left, is a breakdown of the sources of power used during 2020 to support the cooperative's distribution system.

able.



Reliable Employees

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

Sky High on Patrol

Journeyman Second Class Jake Strausbaugh prepares for takeoff during 2020 aerial patrols. A lineworker familiar with the co-op's system flies with a licensed pilot to spot any trouble areas that may not be visible from the ground.



Inspections Prevent Outages

Annually, Adams Electric Cooperative surveys and inspects its power lines and utility poles for damage, decay, and reliability. These assessments are done in a variety of ways, including pole inspections and overhead aerial patrols.

Although in 2020, the pandemic altered some of the normal protocols associated with these inspections (knocking on member doors, etc.), the co-op instead used mail service and social media to alert members when the inspectors may be in the area.

Ownership Rewards Returned to Members

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 2021, the total returned was \$2 million. This raises the total amount returned to more than \$48 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 system.

\$2
 Million

2021 total Ownership Rewards returned

\$48
 Million

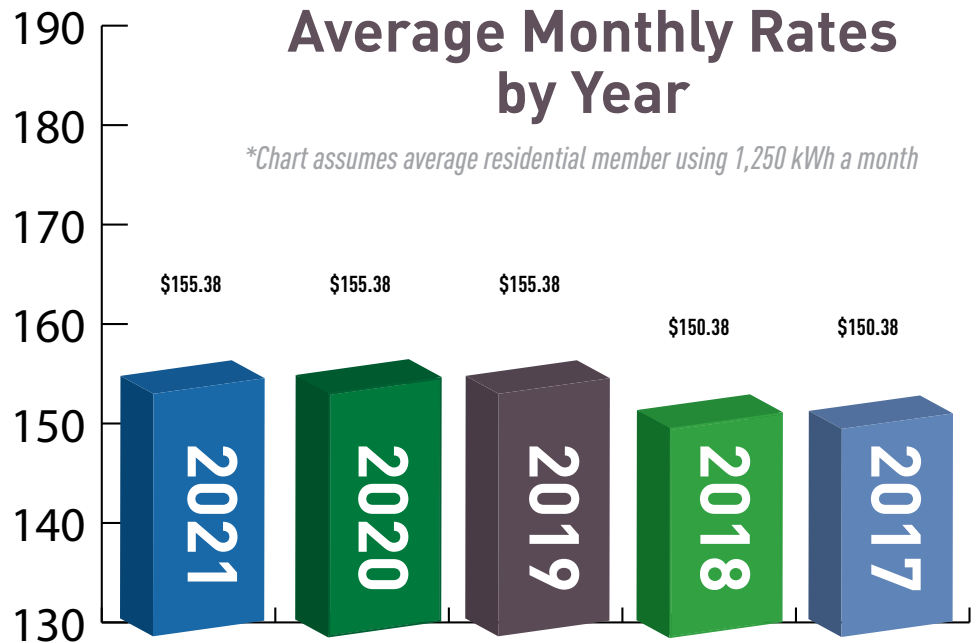
Total amount returned since first retirement in 1964

Rates Remain Stable Into 2021

The Adams Electric Cooperative Board of Directors voted to adjust rates effective Jan. 1, 2021. While the components that make up the rate were realigned, the average residential member did not see a change to their overall monthly electric bill's bottom line.

Average Monthly Rates by Year

**Chart assumes average residential member using 1,250 kWh a month*



ble.



Support for Legislators Who Support Co-ops

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 95 employees, directors and their spouses contributing to ACRE, the group that represents employees and directors. One hundred and forty members have voluntarily joined Co-op Owners and contribute as little as \$2.88 on their monthly electric bill.

Board President Glenn Bange (right) and his wife Doris speak with state Rep. Dan Moul (R-91st) at a Pennsylvania Rural Electric Association Legislative Event in 2019. Through 2020 and 2021, the co-op has remained in contact with local legislators and their offices to continue to advocate for projects that will improve and support local communities.



Respo

Assisting Members

In late March 2020, the Adams Electric board of directors voted to return \$1 million to its membership that May as a special member credit amid the COVID-19 health crisis. The special refund was returned to members as a one-time bill credit on their bills to help offset financial hardships. The amount each membership received was based on their kWh use for the previous 12 months.

The cooperative also initiated various programs to assist members who had fallen behind on their electric bills, primarily due to job loss or unforeseen expenses due to the pandemic. Using member

assistance funds, Adams distributed \$96,750 to nearly 700 members.

Adams Electric's Project Helping Hand (PHH) fund, administered by the Adams County Community Foundation, provides limited funding – payable through agencies throughout the service territory – to those who need help paying their electric bills. In 2020, the co-op distributed over \$40,100 of PHH funds to assist more than 300 members through third-party agencies.

Thank you to all employees, board members, and members who contribute to the Project Helping Hand program through Operation Round-Up, Ownership Rewards, and one-time donations.



The cooperative's mission statement involves 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 2020, the cooperative supported more than 75 community organizations through direct donations. Additional in-kind donations were made through offering time and materials through the cooperative. Above, York linemen Cecil Knotts and Jason Stanley strung a 40-foot-tall pine with LED lights in preparation for the East Berlin Area Community Center's holiday festival.

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Volunteers

Adams Electric's volunteer committees continued to meet despite pandemic challenges by moving meetings to a virtual forum.

The Credentials and Election Committee

This is an independent body of co-op members who oversee the director election process. The committee meets each year to certify petitions of candidates running for seats on the co-op's board of directors and to certify votes cast in the primary and general elections. A term is one year.

2021

Phillip Magaldi	Debra Sites	Charlene Leatherman
James (Jim) Morhaleck	Jennifer Stefanik	Phillip (Phil) Stansfield
James (Jim) Myers	Judy Hamm	Theresa Myers
John Kasarda	Charles Adler	Earl Parshall

The Scholarship Committee

This committee is made up of nine Adams Electric volunteers. The committee selects recipients of Adams Electric scholarships for undergraduate applicants and winners of the co-op's adult scholarship. A term is three years.

2020

Francis Meyer	Elizabeth Lynch	Enid Morhaleck
Betty Lipschutz	Don Myers	Brian Lott
Robert Hudson	Kathy Keller	Zachary Boyer

The Member Advisory Committee (MAC)

Made up of member-volunteers (three from each of the nine director zones and their spouses) who meet at least twice a year, this committee acts as a sounding board and focus group for the cooperative's board and management staff. A term is two calendar years, with a maximum of three consecutive terms (total of six years).

Financial Reports

Comparison of Calendar Years 2020 and 2019 Data

CONSOLIDATED STATEMENTS OF OPERATION

OPERATING REVENUES	2020	2019	\$ CHANGE	% CHANGE
Electric Sales Revenue	\$66,163,751	\$66,909,158	\$(745,407)	-1.1%
Other Electric Revenue	1,120,012	1,242,173	(122,161)	-9.8%
Total Operating Revenues	\$67,283,763	\$68,151,331	\$(867,568)	-1.3%
OPERATING EXPENSES				
Wholesale Energy Supply	\$36,329,481	\$36,884,933	\$(555,452)	-1.5%
Variable Operating Expense	16,469,840	16,282,231	187,609	1.2%
Depreciation On Assets	5,617,169	5,327,576	289,593	5.4%
Interest On Long-Term Debt	4,580,331	4,448,482	131,849	3.0%
Total Operating Expenses	\$62,996,821	\$62,943,222	\$53,599	0.1%
MARGINS				
Operating Margin	\$4,286,942	\$5,208,109	\$(921,167)	-17.7%
Non-Operating Margin	3,719,673	1,328,306	2,391,367	180.0%
Total Margins	\$8,006,615	\$6,536,415	\$1,470,200	22.5%

CONSOLIDATED BALANCE SHEETS

ASSETS	2020	2019	\$ CHANGE	% CHANGE
Net Utility Plant Investments	\$163,049,974	\$155,895,217	\$7,154,757	4.6%
Other Long-Term Investments	25,704,338	23,114,719	2,589,619	11.2%
Cash & Temporary Investments	2,864,729	2,283,987	580,742	25.4%
Account Receivables	8,597,468	8,813,358	(215,890)	-2.4%
Material & Supply Inventories	2,233,739	2,045,907	187,832	9.2%
Other Assets & Deferred Charges	4,997,755	5,004,698	(6,943)	-0.1%
Total Assets	\$207,448,003	\$197,157,886	\$10,290,117	5.2%
LIABILITIES & EQUITIES				
Lender Long-Term Loans	\$115,459,039	\$113,508,726	\$1,950,313	1.7%
Lender Line Of Credit Loans	2,000,000	1,513,142	486,858	32.2%
Member Credit Deposits	880,643	928,438	(47,795)	-5.1%
Major Storm Reserves	1,934,915	1,540,234	394,681	25.6%
Account Payables	4,890,478	5,046,024	(155,546)	-3.1%
Other Liabilities & Deferred Credits	8,641,174	7,196,558	1,444,616	20.1%
Member Equities	73,641,754	67,424,764	6,216,990	9.2%
Total Liabilities & Equities	\$207,448,003	\$197,157,886	\$10,290,117	5.2%

Financial Reports

Comparison of Calendar Years 2020 and 2019 Data

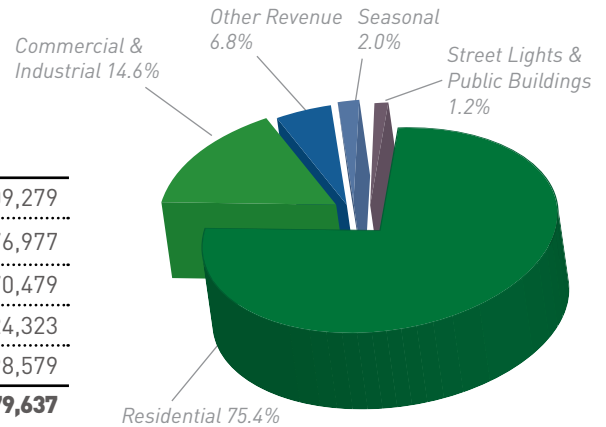
CONSOLIDATED STATEMENTS OF MEMBER OWNERSHIP REWARDS & EQUITIES

PATRONAGE CAPITAL & OTHER EQUITIES	2020	2019	\$ CHANGE	% CHANGE
Pre-Retirement Patronage Capital	\$69,800,560	\$63,616,714	\$6,183,846	9.7%
Retirement Amount To Members	(1,866,699)	(1,812,076)	(54,623)	3.0%
Year-End Patronage Capital	\$67,933,861	\$61,804,638	\$6,129,223	9.9%
Other Equities	5,199,248	5,087,541	111,707	2.2%
Patronage Capital & Other Equities	\$73,133,109	\$66,892,179	\$6,240,930	9.3%
Refundable Memberships	508,645	532,585	(23,940)	-4.5%
Total Member Equity	\$73,641,754	\$67,424,764	\$6,216,990	9.2%

SOURCES OF REVENUE

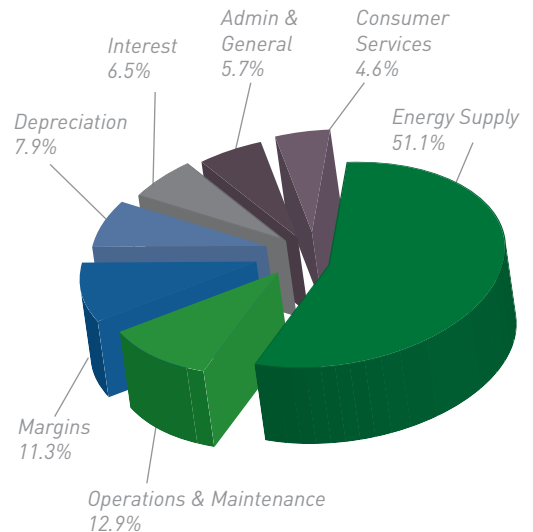
SOURCE	2020		2019	
Residential	75.4%	\$53,520,819	77.6%	\$53,909,279
Commercial & Industrial	14.6%	10,370,488	15.8%	10,976,977
Other Revenue*	6.8%	4,839,685	3.7%	2,570,479
Seasonal	2.0%	1,427,402	1.9%	1,324,323
Street Lights & Public Buildings	1.2%	845,042	1.0%	698,579
Total		71,003,436		69,479,637

*Other revenue includes non-operating margin and other revenues



USES OF REVENUE

SOURCE	2020		2019	
Energy Supply	51.1%	\$36,329,481	53.1%	\$36,884,933
Operations & Maintenance	12.9%	9,151,191	12.5%	8,667,591
Margins	11.3%	8,006,615	9.4%	6,536,415
Depreciation	7.9%	5,617,169	7.7%	5,327,576
Interest	6.5%	4,580,331	6.4%	4,448,482
Admin & General	5.7%	4,018,147	6.0%	4,192,726
Consumer Services	4.6%	3,300,502	4.9%	3,421,914
Total		\$71,003,436		\$69,479,637



Complete audited financial statements are available from Adams Electric Cooperative, Inc.'s headquarters. The independent audit of the 2019 and 2020 financial statements was compiled by the certified public accounting firm of Adams, Jenkins & Cheatham, Midlothian, Va.

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This institution is an equal opportunity provider and employer.

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

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