



focused  
on you



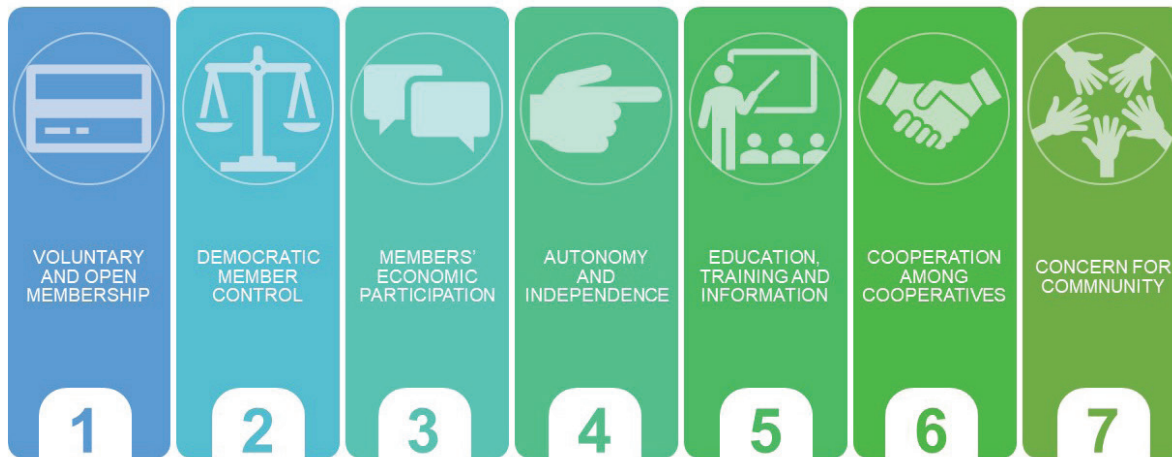
# 2021 ANNUAL REPORT



**Adams Electric  
Cooperative, Inc.**

® A Touchstone Energy® Cooperative 

# 7 Cooperative Principles



## Focused on Our Mission

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

**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 that 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 controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.

**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.

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# WELCOME



Dear Members,

Adams Electric’s mission statement of “delivering safe and reliable power at competitive rates and improving the quality of life in the communities we serve” prioritizes one thing: the member. Through the challenges of the last few years, the cooperative has remained focused on you as we continue to fulfill our mission.

The cooperative remained focused on helping our members financially. In February 2022, the cooperative’s board of directors approved a return of \$2.1 million in Ownership Rewards to current and former members. This brings the total of Ownership Rewards returned to more than \$50 million. In the face of additional economic uncertainties, the co-op’s board of directors voted to return over \$1 million to the membership in December 2021 as a Special Member Credit. Adams Electric operates on an at-cost basis and values the importance of returning excess profits to the membership.

In addition to membership returns and credits, the co-op continued to offer payment matches and grants through the Project Helping Hand fund. Adams is dedicated to remaining focused on helping the membership with their electric bills.

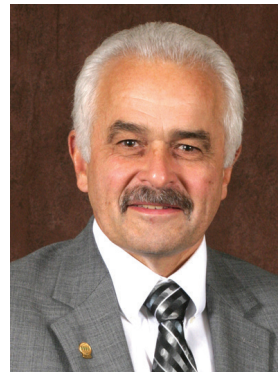
In 2021, the cooperative also focused on communicating with members in safe and preferential ways. The co-op held its first drive-thru annual meeting in May of 2021. The drive-thru event will also be held in 2022 – giving all members a choice in the way they connect and engage with co-op board and staff.

Focusing on you also means delivering reliable service where you work, go to school, and live. In 2021, Adams focused on a variety of system improvement projects to increase load capacities and make upgrades to aging equipment.

As you page through this year’s annual report, you will see how Adams is focused on you, and all the things that are important to improving your quality of life.

*Steve Rasmussen*

STEVE RASMUSSEN  
CEO/General  
Manager



*Glenn E. Bange*

GLENN E. BANGE  
Board  
President



## Focused on Rewards

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

In 2022, Adams Electric refunded \$2.1 million in capital credits to its members.

Referred to by the cooperative as Ownership Rewards since 2015, the co-op reached a milestone this year, surpassing the \$50 million mark for total rewards returned to members.

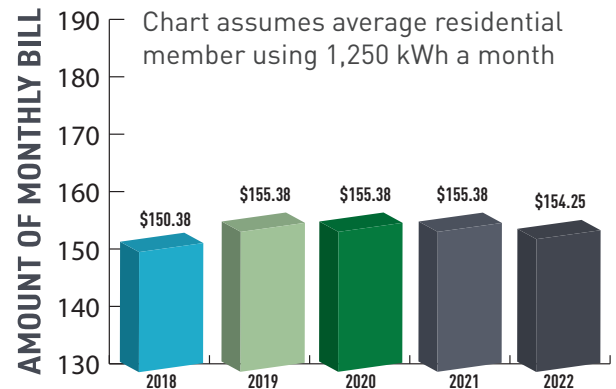
Ownership Rewards exist because Adams Electric is a not-for-profit electric cooperative. We don't have shareholders or investors who take a portion of the revenue we collect. We



are owned by the people we serve. Therefore, we use whatever money we take in to provide electrical service and maintain a financial reserve to offset borrowing and keep rates competitive.

## Focused on Rates

The Adams Electric Cooperative Board of Directors voted to adjust rates effective Jan. 1, 2022. 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.



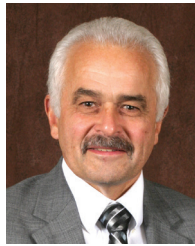
## Focused on Support

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. In 2021, Adams Electric had 91

## Adams Electric Cooperative Board of Directors

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 in the spring, and once in office, directors serve the full membership, not just their zone of representation.



**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

employees, directors and their spouses contributing to ACRE, the group that represents employees and directors. One hundred and seventy-five

members have voluntarily joined Co-op Owners as members and contribute as little as \$2.08 on their monthly electric bill.



## Focused on Reliability

Adams Electric believes in improving reliability by keeping our equipment performing properly. This means regular checks of our system through aerial patrols, pole inspection, and a variety of other maintenance.

A sample of the major improvement projects happening in each district is below:

**Gettysburg District:** During 2021, Adams replaced 17 poles from the 1970s with new poles made of ductile iron. This project was the second part of a multi-year project to replace all Fairfield transmission line poles with ductile iron poles.

**York District:** A nearly two mile stretch of conductor was replaced at the Brodbeck's Metering Point that

will allow for additional capacity. In addition, a third phase was added to enhance load balancing and increased reliability.

**Shippensburg District:** One mile of line was relocated from the right of way to along the road in the Roxbury area to allow for easier access to cooperative equipment.



*The cooperative transfers wires from an existing wooden transmission pole to a newly set ductile iron transmission pole in Adams County on a 115KV transmission line in the fall. Overall, 17 transmission poles and one overhead guy pole were replaced.*

## Focused on Power

Adams Electric uses a mix of power sources to support its system needs. In 2021, these sources included nuclear, hydro, member renewable interconnections, and purchases from the market.



**NUCLEAR**  
(Susquehanna Steam Electric Station)

**54.7%**



**HYDRO**  
(Raystown Hydroelectric Project and New York Power Authority)

**9.2%**



**RENEWABLES**  
(Member Interconnections)

**0.1%**



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

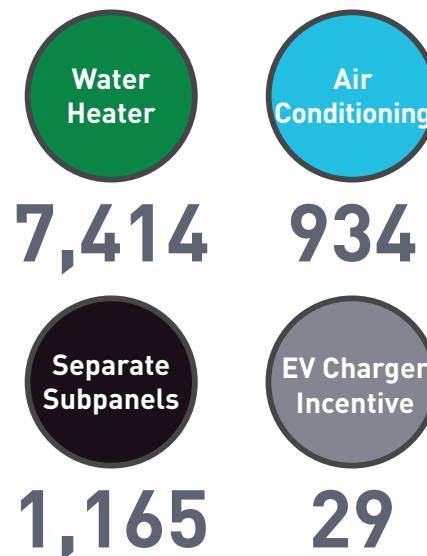
**36.0%**

## Focused on \$aving

Adams Electric's demand management program, U-Shift, U-\$ave, asks members to 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. Additionally, members who install a Level II Electric Vehicle (EV) charger and connect it to a U-Shift separate subpanel are eligible to receive a one-time \$300 bill credit.

In 2021, this voluntary U-Shift program saved Adams over **\$840,000** in avoided power purchases, bringing our total savings since the inception of the program to more than **\$24 million**.

### Switches Installed:



## Focused on Meeting

The cooperative held a drive-thru annual meeting in place of its typical large, in-person event in May 2021. The event, held in all three districts, offered directors and employees a chance to safely meet with the membership despite the pandemic. Nearly **1,500 members and guests attended** one of the meetings and received an opportunity to vote in the co-op's director election, as well as take home a meal and gift.



*Director Ray Schwartz talks to members as they travel through the cooperative's drive-thru member meeting in May. Members could pull over to converse with board or staff members.*

## Focused on the Member

Due to unanticipated income and lower costs in 2021, the cooperative's board of directors voted in November to return **over \$1 million** to the membership in December. Every membership's primary electric account

received a one-time bill credit of \$35.75.

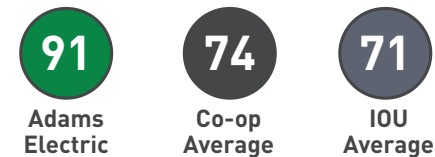
**Four factors allowed the co-op to return money to the members' hands in December:**

- 1** Power costs in 2021 were lower than expected.
- 2** Revenue was higher on the distribution side of the co-op due to weather.
- 3** Costs were lower than budgeted on distribution expenses.
- 4** An unexpected profit was made on the return of investments in other organizations.

## Focused on Results

A July 2021 telephone and email survey of Adams Electric residential members ranks the cooperative high in member satisfaction using the American Customer Satisfaction Index (ACSI).

**2021  
ACSI  
Scores**



**Adams Electric's 2021 ACSI score was 91** and its retention estimate (percentage of members who would choose Adams Electric again) is 84%. Both scores are like those seen in 2017, the last time the survey was conducted. **Adams scored in the 97th percentile among other Touchstone Energy cooperatives** in the second quarter of 2021. The cooperative industry average is 74, with the average investor-owned utility (IOU) scoring a 71.



## Focused on Volunteers

**The Credentials and Election Committee** 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 general election. A term is one year.

### The Credentials and Election Committee

Zachary Boyer	Richard Keller	James (Jim) Morhaleck
Lori Cutshall	Brian Lott	James (Jim) Myers
Dr. Robert Hudson, Sr.	Philip Magaldi	Theresa Myers
Craig Johnson	Carr Marks	David Talbert

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

### The Scholarship Committee

Judy Hamm	Elizabeth Lynch	Theresa Myers
Kathy Keller	Francis Meyer	Earl Parshall
Barry Lipschutz	Enid Morhaleck	Milford Roush

Previously known as the Member Advisory Committee, the **Member Engagement Group** provides community and member feedback, ideas and concerns related to cooperative promotions, policies, and initiatives. The group may also be asked to develop recommendations for action by the board.



*From left, GIS Specialist Josh Wayne shows director Gene Herritt and member-volunteer Craig Johnson one of the cooperative's drone controls during a 2021 Member Advisory Committee meeting.*



## Focused on Assistance

Adams Electric's member assistance 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.

**\$32,000**

Amount of Project Helping Hand funds distributed in 2021 by the co-op.

**148**

Number of members assisted by these funds (to help pay electric bills).

**88**

Number of additional members assisted through the state Emergency Rental Assistance Program.



## Focused on Community

The cooperative's mission 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 2021, the cooperative supported more than 150 community organizations through direct donations. Additional in-kind donations were made through offering time and materials through the cooperative.

*Gettysburg linemen Max Rinehart and Jake Strausbaugh string decorative lights at the United Lutheran Seminary in December. The lights and labor hours were donated by the cooperative.*

## Focused on Education

In January 2022, Adams Electric Cooperative revised the way its scholarship applications were reviewed and awarded, allowing for additional recipients when one category goes unfulfilled. Adams currently awards up to 30,

\$1,000 scholarships to high school seniors (public, private, homeschool or other) who are planning to attend a two- or four-year college or a career and trade school. The co-op also awards up to 10, \$1,000 scholarships to students already pursuing a degree and up to 10, \$1,000 scholarships to adult learners. Recipients must live on Adams Electric lines. Scholarships come from unclaimed Ownership Rewards and do not affect rates.



## Focused on Preservation

Adams' crews relocated an osprey nesting platform that the co-op installed in 2017 to help the species safely live. While the osprey migrated south for the winter, the crews took special care to lower, transport and reinstall the intact nesting platform just about 400 feet from the original location.



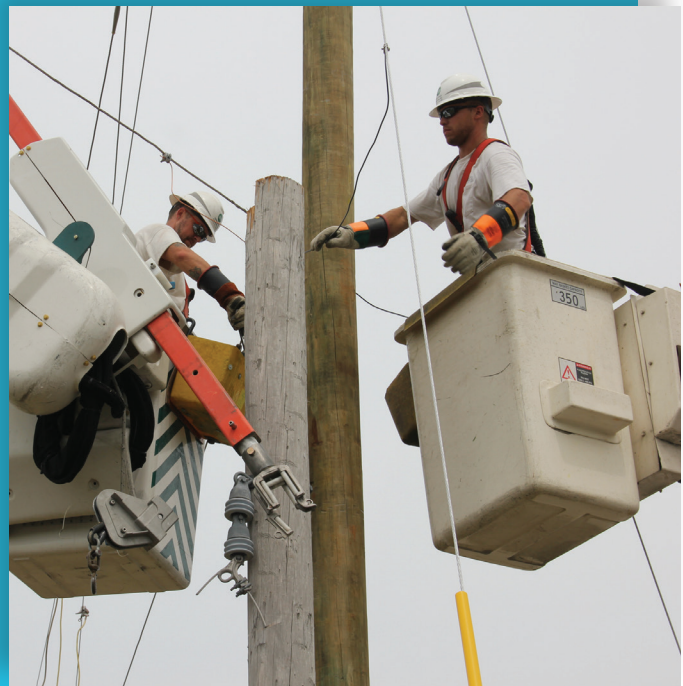


## Focused on Sharing

Manager of Operations Mike Feathers, right, hands over the keys to one of two retired digger trucks and one bucket truck that were donated to the co-op's sister cooperative in Costa Rica, Coopelesca, RL. The donation was one of more than 20 the co-op has provided over the years through the NRECA International Program.

## Focused on Training

Linemen Jason Stanley, left, and Ryan Gelnett fine-tune their skills during on-the-job training in September at the headquarters training yard. Adams Electric prioritizes safety and training for all employees to continue to provide top-level service to our members.



## Focused on Employees

**Eric Altice**  
**Wesley Ashton**  
**Shane Atherton**  
**Brian Atherton**  
**Brandon Beard**  
**Paul Blessing**  
**Victor Brammann**  
**Michelle Brandt**  
**Michael Chamberlin**  
**Morgan Chamberlin**  
**James Chiaruttini**  
**William Collingsworth**  
**Michele Colyer**  
**Mark Cramer**  
**Kevin Dehoff**  
**Shawn Dehoff**  
**Georgiana Drowsky**  
**Michelle Druck-Mitchell**  
**Michael Feathers**  
**Jon Fetter**  
**Sarah Frank**  
**Gregory Gamble**  
**Ryan Gelnett**  
**Guy Gorman**

**Karen Harner**  
**Michael Hawbaker**  
**Jayne Hawn**  
**Stacey Haynes**  
**William Hensley**  
**Gary Hodges**  
**Jordan Hoke**  
**Penny Hoover**  
**Michael Johnson**  
**Lori Kemper**  
**Cortney Knotts**  
**Cecil Knotts**  
**Jay Kroeze**  
**April Krumrine**  
**Kornell Kuntz**  
**Andrew Kuykendall**  
**Daniel Leonard**  
**Tony McCauslin**  
**Michael McKinney**  
**Thomas McMaster**  
**Morgan McSherry**  
**Meredith Miller**  
**Tyler Miller**  
**Andrew Mummert**  
**Craig Mummert**

**Kelly Murren**  
**Sheila Neil**  
**Kami Noel**  
**Mitchell Orchowski**  
**Steven Rasmussen**  
**Travis Rawlings**  
**Maxwell Rinehart**  
**Tasha Sanders**  
**Brian Shearer**  
**Kyle Smith**  
**Anthony Spangler**  
**Jason Stanley**  
**Noah Staub**  
**Jacob Strausbaugh**  
**Brooke Thoman**  
**Chad Thoman**  
**Dina Topper**  
**Jeffrey Turner**  
**Bradley Varner**  
**Adam Waldron**  
**Michael Ward**  
**Joshua Wayne**  
**Lisa Willet**  
**Rebecca Witherow**

## CONSOLIDATED STATEMENTS OF OPERATION

OPERATING REVENUES	2021	2020	\$ CHANGE	% CHANGE
Electric Sales Revenue	\$67,131,533	\$66,163,751	\$967,782	1.5%
Other Electric Revenue	1,331,643	1,120,012	211,631	18.9%
<b>Total Operating Revenues</b>	<b>\$68,463,176</b>	<b>\$67,283,763</b>	<b>\$1,179,413</b>	<b>1.8%</b>
<b>OPERATING EXPENSES</b>				
Wholesale Energy Supply	\$35,595,822	\$36,329,481	\$(733,659)	-2.0%
Variable Operating Expense	16,691,573	16,469,840	221,733	1.3%
Depreciation On Assets	5,877,065	5,617,169	259,896	4.6%
Interest On Long-Term Debt	4,561,250	4,580,331	(19,081)	-0.4%
<b>Total Operating Expenses</b>	<b>\$62,725,710</b>	<b>\$62,996,821</b>	<b>\$(271,111)</b>	<b>-0.4%</b>
<b>MARGINS</b>				
Operating Margin	\$5,737,466	\$4,286,942	\$1,450,524	33.8%
Non-Operating Margin	7,906,185	3,719,673	4,186,512	112.6%
<b>Total Margins</b>	<b>\$13,643,651</b>	<b>\$8,006,615</b>	<b>\$5,637,036</b>	<b>70.4%</b>

## CONSOLIDATED BALANCE SHEETS

ASSETS	2021	2020	\$ CHANGE	% CHANGE
Net Utility Plant Investments	\$169,697,808	\$163,049,974	\$6,647,834	4.1%
Other Long-Term Investments	32,526,084	25,704,338	6,821,746	26.5%
Cash & Temporary Investments	3,328,884	2,864,729	464,155	16.2%
Account Receivables	7,406,429	8,597,468	(1,191,039)	-13.9%
Material & Supply Inventories	2,263,824	2,233,739	30,085	1.3%
Other Assets & Deferred Charges	4,355,282	4,997,755	(642,473)	-12.9%
<b>Total Assets</b>	<b>\$219,578,311</b>	<b>\$207,448,003</b>	<b>\$12,130,308</b>	<b>5.8%</b>
<b>LIABILITIES &amp; EQUITIES</b>				
Lender Long-Term Loans	\$114,169,773	\$115,459,039	\$(1,289,266)	-1.1%
Lender Line Of Credit Loans	2,634,830	2,000,000	634,830	31.7%
Member Credit Deposits	923,827	880,643	43,184	4.9%
Major Storm Reserves	2,096,819	1,934,915	161,904	8.4%
Account Payables	5,084,734	4,890,478	194,256	4.0%
Other Liabilities & Deferred Credits	9,369,832	8,641,174	728,658	8.4%
Member Equities	85,298,496	73,641,754	11,656,742	15.8%
<b>Total Liabilities &amp; Equities</b>	<b>\$219,578,311</b>	<b>\$207,448,003</b>	<b>\$12,130,308</b>	<b>5.8%</b>

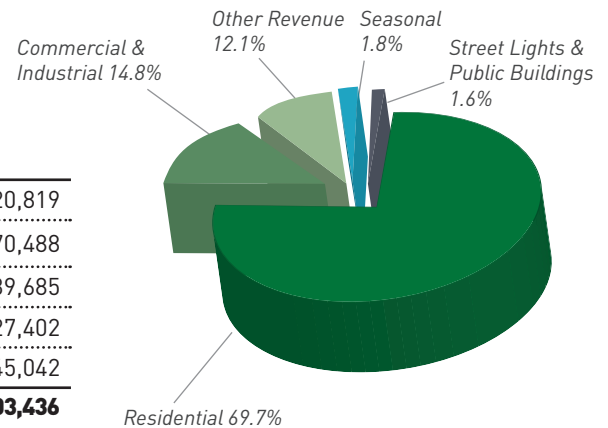
## CONSOLIDATED STATEMENTS OF MEMBER OWNERSHIP REWARDS & EQUITIES

OTHER EQUITIES	2021	2020	\$ CHANGE	% CHANGE
Pre-Retirement Ownership Rewards	\$80,151,229	\$69,800,560	\$10,350,669	14.8%
Retired Ownership Rewards	(2,031,129)	(1,866,699)	(164,430)	8.8%
Year-End Ownership Rewards	\$78,120,100	\$67,933,861	\$10,186,239	15.0%
Other Equities	6,694,061	5,199,248	1,494,813	28.8%
Ownership Rewards & Other Equities	\$84,814,161	\$73,133,109	\$11,681,052	16.0%
Refundable Memberships	484,335	508,645	(24,310)	-4.8%
<b>Total Member Equity</b>	<b>\$85,298,496</b>	<b>\$73,641,754</b>	<b>\$11,656,742</b>	<b>15.8%</b>

## SOURCES OF REVENUE

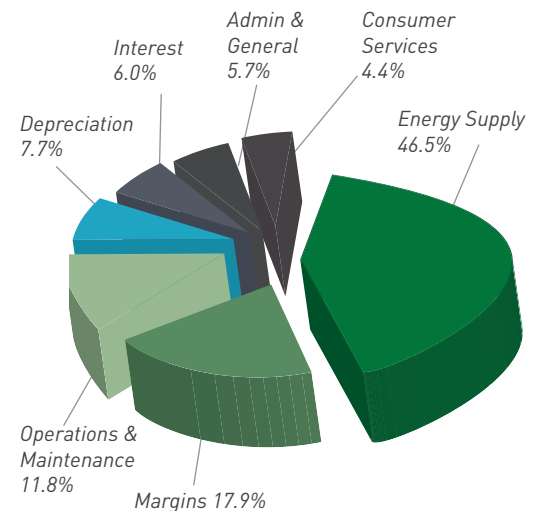
SOURCE	2021		2020	
Residential	69.7%	\$53,215,801	75.4%	\$53,520,819
Commercial & Industrial	14.8%	11,267,925	14.6%	10,370,488
Other Revenue*	12.1%	9,237,828	6.8%	4,839,685
Seasonal	1.8%	1,376,657	2.0%	1,427,402
Street Lights & Public Buildings	1.6%	1,271,150	1.2%	845,042
<b>Total</b>		<b>\$76,369,361</b>		<b>\$71,003,436</b>

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



## USES OF REVENUE

SOURCE	2021		2020	
Energy Supply	46.5%	\$35,595,822	51.1%	\$36,329,481
Margins	17.9%	13,643,651	11.3%	8,006,615
Operations & Maintenance	11.8%	8,994,522	12.9%	9,151,191
Depreciation	7.7%	5,877,065	7.9%	5,617,169
Interest	6.0%	4,561,250	6.5%	4,580,331
Admin & General	5.7%	4,337,546	5.7%	4,018,147
Consumer Services	4.4%	3,359,505	4.6%	3,300,502
<b>Total</b>		<b>\$76,369,361</b>		<b>\$71,003,436</b>

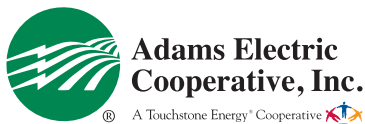


Complete audited financial statements are available from Adams Electric Cooperative, Inc.'s headquarters. The independent audit of the 2020 and 2021 financial statements was compiled by the certified public accounting firm of Adams, Jenkins & Cheatham, Midlothian, Va.

focused  
on you

2021

ANNUAL REPORT



*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

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