

ADAMS ELECTRIC COOPERATIVE, INC.

2023 ANNUAL REPORT

BUILDING
FOR YOUR
FUTURE



BUILDING FOR YOUR FUTURE

7 Cooperative Principles



OUR MISSION

Provide safe, reliable power, at competitive rates, deliver exceptional service to our membership, and help to 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 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.

BUILDING FOR YOUR FUTURE



Dear Members,

Adams Electric always has a plan for the future. As a not-for-profit electric utility, we've learned to run lean. With just 77 employees, we must wear many hats and balance many responsibilities. Multitasking and cross-training keep us at our best. This is especially true with planning and budgeting.

With a new capital budget of \$13.5 million, mostly for construction, it stands to reason that is why we are theming 2024 a year of "Building for Your Future." This all leads to growth and better service reliability.

Most of the prep work started in 2023 as we developed our long-range work plan. We're sure you've heard the word infrastructure a lot over the last year. Well, we're no different. The ability to keep power flowing relies on a stronger, more resilient infrastructure.

One major accomplishment in 2023 was fully energizing a new metering point in Parkville, York County, in October. So many employees had a hand in that project who deserve to be commended. Another large project last year was completing the installation of three-phase underground cable throughout the Amblebrook development in Gettysburg, Adams County. This subdivision, expected to add more than 1,400 new accounts to the co-op's service area, sits between our Gettysburg and Lake Heritage metering points, so transitioning the existing three-phase line and adding both three-phase and single-phase underground circuits was a major undertaking. In our Shippensburg District, we revamped our McCrea substation, including replacing several poles, oil circuit reclosers, automated switches and underground cable.

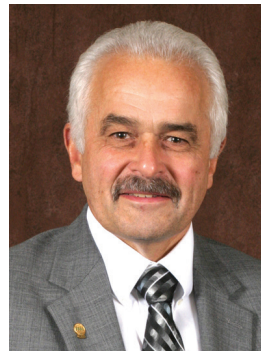
Building for the future applies to more than physical construction. We're setting the co-op up for future success by keeping the cooperative financially stable. In 2024, this translated to a small rate increase for our members, but the board of directors and cooperative staff worked to keep this minor, and we still have rates lower than other local utilities.

Staying financially stable means we can continue to return margins to our membership through Ownership Rewards. In February 2024, the cooperative's board of directors approved a return of \$2.7 million in Ownership Rewards (patronage capital credits) to current and former members. This brings the total of Ownership Rewards returned to more than \$55 million. Adams Electric operates on an at-cost basis and values the importance of returning excess profits to the membership.

How does all of this impact you? Reliability – better, greater, more dependable. We're building for your future power needs on our lines. Rest assured: Your co-op has a blueprint for the future.

Cooperatively,

STEVE RASMUSSEN
CEO/
General Manager



GLENN E. BANGE
Board
President



BUILDING FOR YOUR FUTURE



Cooperative LEADERSHIP

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 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.



Glenn Bange
Hanover
President
2005
Zone 3



Nadine Hubner
Felton
Vice President
2013
Zone 6



Thomas "Tom" Knaub
Wellsville
Treasurer
1999
Zone 4



Dale Myers
Glenville
Secretary
2018
Zone 5



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



Jay Herman
Aspers
2019
Zone 2



Jay Grove
Shippensburg
1992
Zone 7



S. Eugene "Gene" Herritt
Shippensburg
1985
Zone 8



David Frey
East Berlin
2021
Zone 9



BUILDING FOR YOUR FUTURE

The Perks of OWNERSHIP

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

In 2024, Adams Electric refunded \$2.7 million in patronage capital credits to its members. Referred to by the cooperative as Ownership Rewards, this member benefit has surpassed the \$55 million mark in 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 low.

Finances for the FUTURE

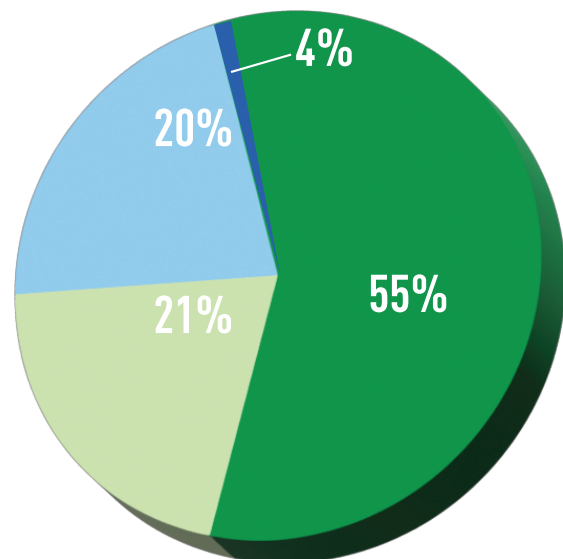
To ensure the financial stability of the cooperative, the cooperative board voted to raise rates Jan. 1, 2024. The average residential member's bill, using 1,250 kilowatt-hours (kWh) of electricity per month, increased by \$10. This increase affected both the energy supply and distribution portion of the bill.

The energy charge is for cost of electricity being generated, or purchased, and delivered to the cooperative. This is directly passed through to the membership with no markup.

The wholesale power cost adjustment (WPCA), which the co-op uses each year to rebalance the over- or under-collection of energy charges for the previous year's billed amount, increased by \$0.004 per kWh per month.

The distribution side correlates to the cost of delivering electricity from the co-op to each member's home or business in addition to the cost of maintaining reliable poles, wires, and equipment. The monthly access charge increased by \$3 per month, plus the per-kWh charge increased from \$0.029 to \$0.030 per month. The storm reserve increased to \$1.25 per month.

- Energy Charge:** This per-kWh charge represents combined charges of energy generation and transmission services. This charge is a pass-through cost that is paid to the cooperative's generation and transmission cooperative, Allegheny Electric Cooperative, Inc.
- Access Charge:** This fixed charge represents the amount to maintain distribution lines and keep equipment in place. It is included in bills whether electricity is used or not as this charge collects the fixed costs to operate the cooperative.
- Distribution Charge:** This per-kWh charge includes the costs of delivering electricity over the co-op's distribution system.
- Other:** This includes the storm reserve (a fund to collect money to cover costs associated with restoring service after a major storm) and the wholesale power cost adjustment, WPCA, (the cooperative rebalancing the prior year's billed amount by either returning or collecting additional money in the current year).



BUILDING FOR

McCrea SUBSTATION

In our Shippensburg District, the cooperative revamped our McCrea Substation, including replacing several aging poles, oil circuit reclosers, automated switches and underground cable. Additionally, the co-op reduced the number of poles in the station allowing for easier access and safer maneuvering for our crew and trucks.



Line Serviceman Brad Varner pulls wire during the rebuilding of the McCrea Substation in Shippensburg.

Parkville Metering POINT

In October 2023, the co-op fully energized a new metering point in Parkville, York County. The new metering point is the co-op's first since 2017, and it increases our electrical capacity in that area from 7 to 10 megawatts of power – creating better reliability for our members and a safer work area for our employees.

Technical Serviceman A Kornell Kuntz checks connections at the Parkville metering point before the equipment is brought online.



YOUR FUTURE



Additional Major Improvement PROJECTS:

- Installed three-phase underground electric cables throughout the Amblebrook development in Gettysburg, Adams County
- Rebuilt the express feed circuit from parts of Fairfield and Carroll Valley to Ski Liberty, one of our largest accounts
- Tied together feeders near Bloserville, Cumberland County, to allow for remote switching

BUILDING FOR YOUR FUTURE

August Storm Takes Fifth Worst STORM SPOT

On Aug. 7, 2023, a storm raced through Southern York County knocking out power to 4,603 Adams Electric members at its peak. The storm, referenced around the co-op as the “Southern York County (SYC) Stormnado,” included a confirmed tornado touch down. Five of the co-op’s 28 power delivery points were taken offline within 16 minutes. Around 9 p.m. Aug. 11 – 107 hours after impact – all storm outages were restored.

Losing power supply affected 3,822 members, and crews in the field faced labor-intensive and time-consuming repairs, including replacement of 46 broken poles. Southern York County took the brunt of the storm, but areas of Gettysburg and Shippensburg also had minor outages to restore.

The storm is one of the worst to impact the co-op service territory in the last 10 years and has earned the spot of fifth worst storm (by member outage hours) in co-op history.

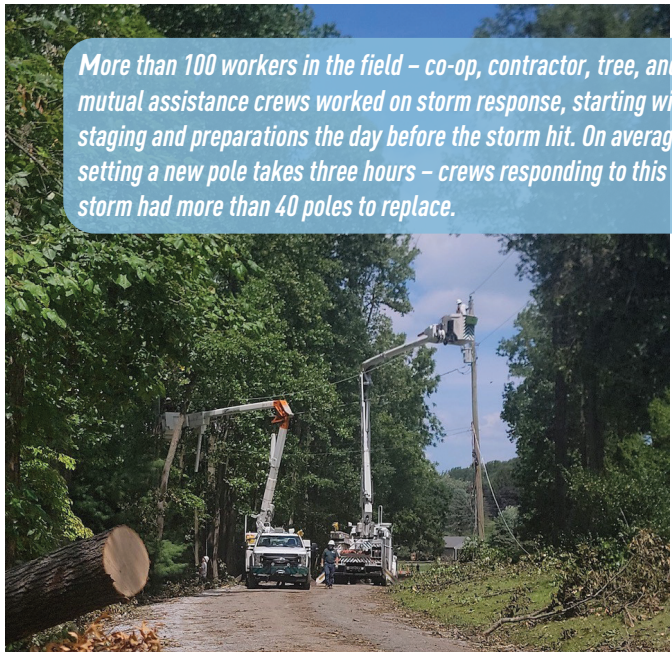
Adams Electric WORST STORMS



Damage across Southern York County affected the co-op’s electrical system, taking down poles and wires as the storm passed through.



More than 100 workers in the field – co-op, contractor, tree, and mutual assistance crews worked on storm response, starting with staging and preparations the day before the storm hit. On average, setting a new pole takes three hours – crews responding to this storm had more than 40 poles to replace.



Cooperative SAVINGS

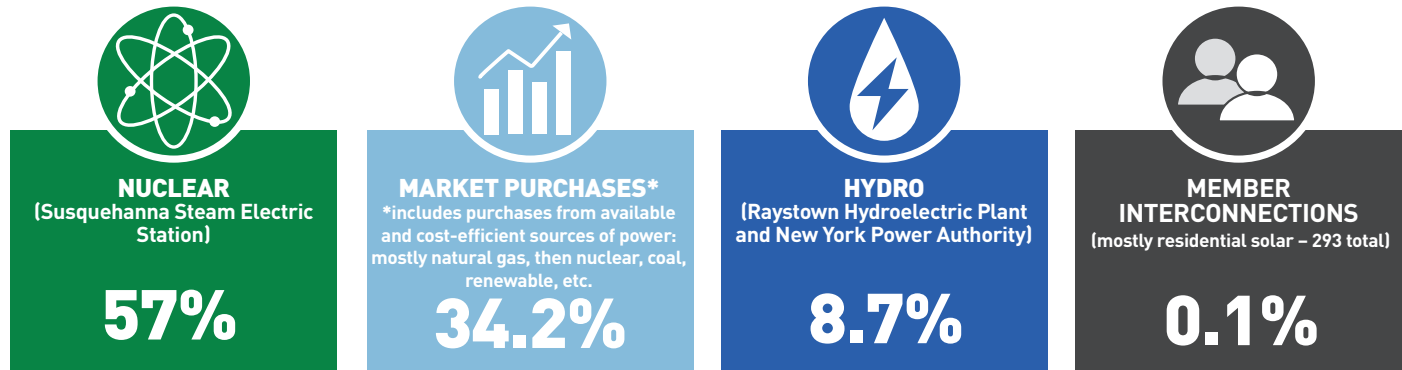
Adams Electric’s demand response management program, U-Shift, U-\$ave, asks members to volunteer to have a U-Shift switch installed on their water heater, AC unit or separate subpanel that can be interrupted by the cooperative during times of peak demand. In return, program participants receive a bill credit or reduced rate, depending on their program participation. Additionally, members who install a Level II electric vehicle charger and connect it to a U-Shift separate subpanel are eligible to receive a one-time \$300 bill credit.

In 2023, this voluntary U-Shift program saved Adams more than **\$1.4 million** in avoided power purchases, bringing our total savings since the inception of the program to more than **\$27 million**.

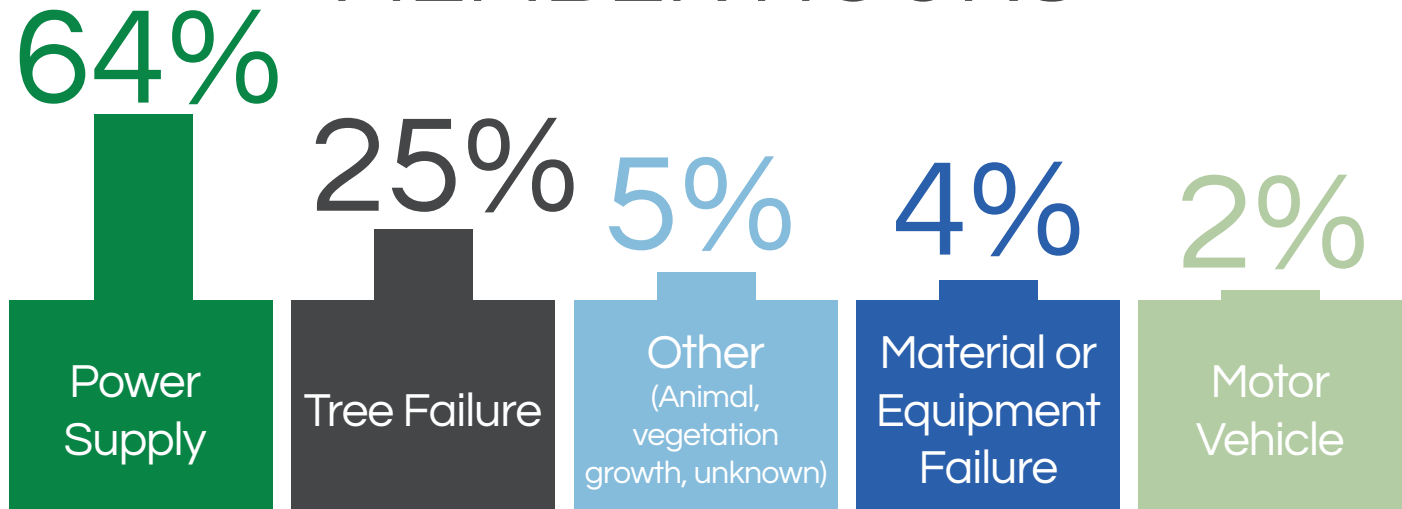
BUILDING FOR YOUR FUTURE

Power Your LIFE

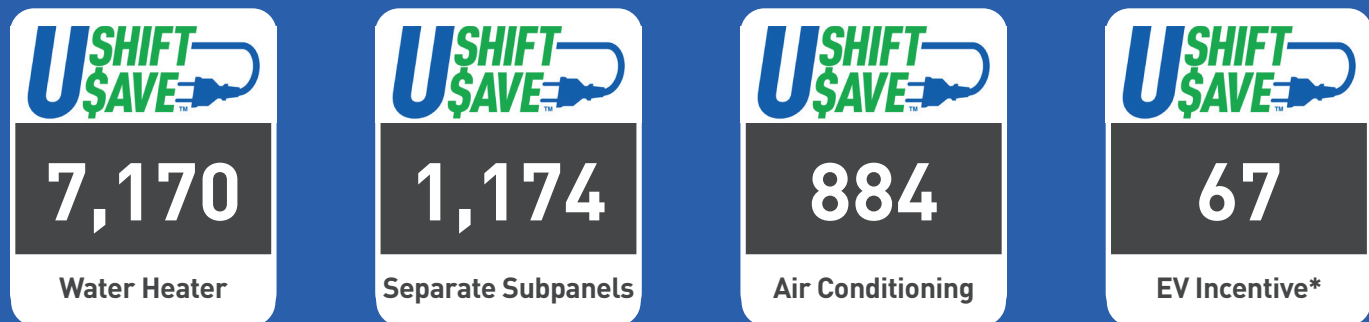
Adams Electric uses a mix of power sources to support its system needs. In 2023, these sources included nuclear, hydro, member renewable interconnections, and purchases from the market.



2023 Outage Causes by MEMBER HOURS



Switches Installed



*Members with a Level II EV Charger connected to a U-Shift Subpanel

BUILDING FOR YOUR FUTURE

Local People SERVING YOU

Adams Electric's **77 employees** work day in and day out to provide reliable and safe electric service to **34,000 members** across our five-county service territory.

Eric Altice	Karen Harner	Craig Mummert
Wesley "Wes" Ashton	Dru Hartman	Sheila Neil
Shane Atherton	Michael "Mike" Hawbaker	Kami Noel
Brandon Beard	Stacey Haynes	Angela "Angie" Phillips
Victor "Vic" Brammann	William "Ty" Hensley	Steven "Steve" Rasmussen
Michelle "Mickey" Brandt	Gary Hodges	Travis Rawlings
Nikki Byrne	Jordan Hoke	Maxwell "Max" Rinehart
Julia Cardenas	Heather Holt	Tasha Sanders
Michael "Mike" Chamberlin	Penny Hoover	Brian Shearer
Morgan Chamberlin	Michael "Mike" Johnson	Kyle Smith
James "Jim" Chiaruttini	Lori Kemper	Anthony "Tony" Spangler
Michele Colyer	Cecil Knotts	Jason Stanley
Alexis Coscia-Kranias	Cortney Knotts	Noah Staub
Mark Cramer	Andrew Koser	Jacob "Jake" Strausbaugh
Kevin Dehoff	April Krumrine	Wyatt Taughinbaugh
Shawn Dehoff	Kornell Kuntz	Brooke Thoman
Georgiana "Georgie" Drowsky	Andrew Kuykendall	Chad Thoman
Michelle Druck-Mitchell	Daniel "Dan" Leonard	Dina Topper
Michael "Mike" Feathers	Tony McCauslin	Jeffrey "Jeff" Turner
Jon Fetter	Jennifer "Jenn" McCleaf	Bradley "Brad" Varner
Sarah Frank	Michael "Mike" McKinney	Adam Waldron
Gregory "Greg" Gamble	Thomas "Tom" McMaster	Joshua "Josh" Wayne
Ryan Gelnett	Meredith Miller	Lisa Willet
Christopher "Chris" Gilbertson	Tyler Miller	Adam Willman
Guy Gorman	Kennedy Muchimba	Rebecca Witherow
Wesley "Wes" Graham	Andrew Mummert	



BUILDING FOR YOUR FUTURE

Involved in the COMMUNITY

In 2023, Adams Electric made direct donations to more than 60 local community organizations, including funds to purchase several AEDs. The cooperative also donated poles and light fixtures.

Providing Support



Adams Electric's assistance fund provides emergency support to members who need help paying their electric bill. Administered by the Adams County Community Foundation, Project Helping Hand

(PHH) provides limited funding, payable through local non-profit agencies throughout the co-op's service territory.

In 2023, the co-op distributed more than **\$61,600** of PHH funds to assist **182 members** who were having trouble keeping their electric bills from falling past due. An additional **141 members** received funds totaling **more than \$24,600**, which helped bring delinquent accounts current through the cooperative's escheats fund (a state-mandated member assistance program). In 2022 and 2023, the cooperative revised its procedures to increase the amount of assistance allowed per membership and lowered the income stipulations to allow more members to receive help.

On average, the co-op collects about **\$2,600** a month from the PHH Round-Up program, which is supported by approximately **4,500 members** per month who elect to round their electric payments up to the closest even dollar amount. Approximately **\$66,033** was collected this year through Round-Up, Ownership Rewards donations, fundraisers, and one-time donations.

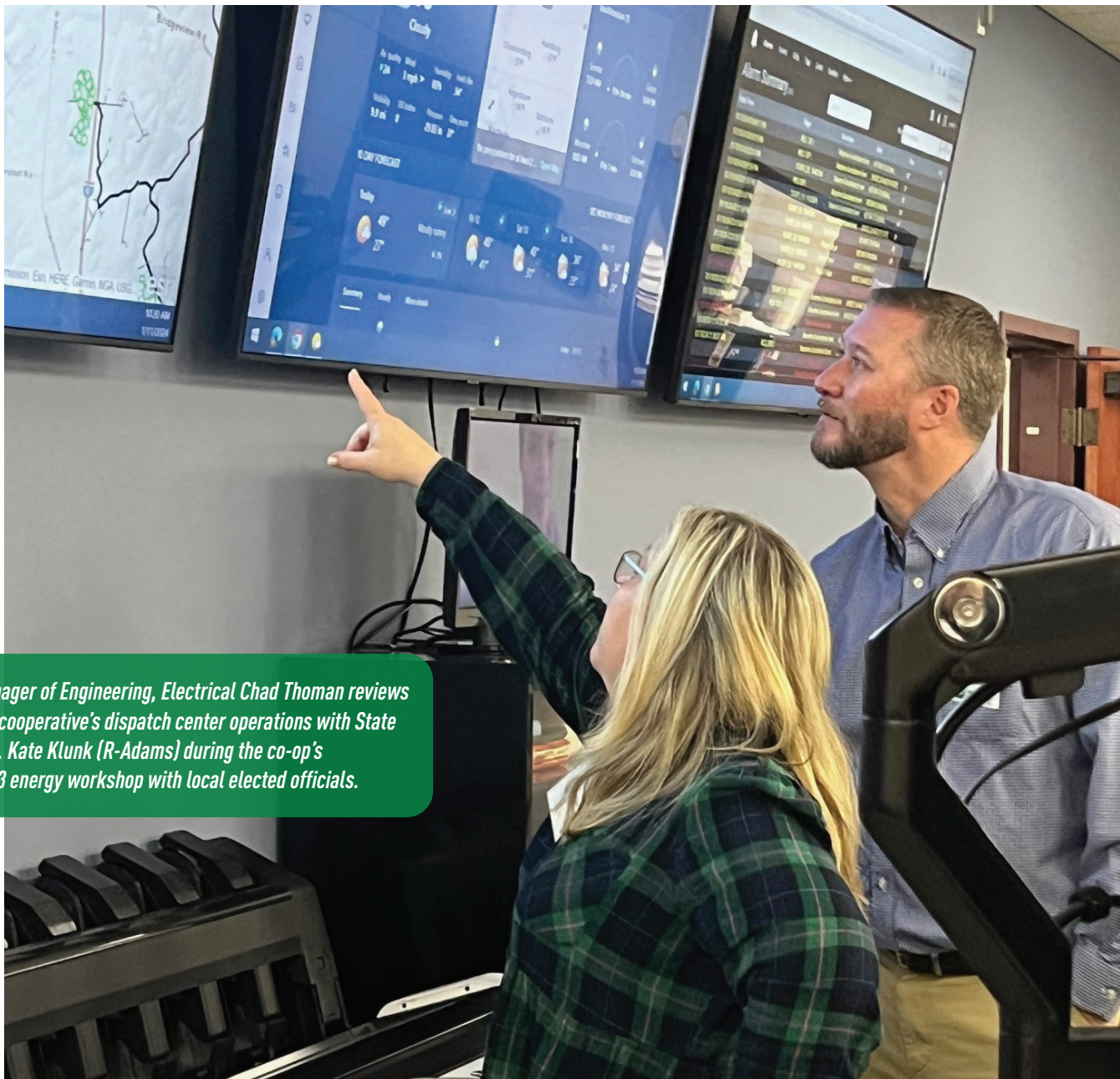


Adams Electric Cooperative donated 12 IFAK Rescue (MOLLE Bleeding Control) Trauma Kits for gunshot victims to the Cumberland Township Police Department. The department is looking to expand its equipment for each individual officer, including providing external bulletproof vests with Level III plates (hard armor), which are typically used in active shooter-type incidents, and individual first aid kits to attach to each vest. Shown, from left, are: Cumberland Township Manager Dave Blocher, Patrolman Ryan Eiker, Chief Matt Trostel, Adams Electric CEO/General Manager Steve Rasmussen, Communications/Member Relations Coordinator Kami Noel, and Purchasing/Work Order Coordinator Tasha Sanders.

Adams Electric donated the labor and machinery to assist the Gettysburg Church of the Brethren dig 14 holes in preparation for its new playground unit to be installed. Shown on the job are, from left: church representative Charles Bennett and Adams' employees Guy Gorman, Adam Waldron and Dan Leonard.



BUILDING FOR YOUR FUTURE



Manager of Engineering, Electrical Chad Thoman reviews the cooperative's dispatch center operations with State Rep. Kate Klunk (R-Adams) during the co-op's 2023 energy workshop with local elected officials.

A Seat at the TABLE

America's Electric Cooperatives PAC (formerly ACRE/Co-op Owners) is a group of members and employees who invest in legislators who support cooperative initiatives.

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 2023, Adams Electric had 93 employees, directors and their spouses contributing to America's Electric Cooperatives PAC, the group that represents employees and directors. Two hundred consumer-members voluntarily contribute to America's Electric Cooperatives PAC mostly through payments on their monthly electric bill.



BUILDING FOR YOUR FUTURE

Building up 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.

2024 Credentials and Election Committee

John Ramirez - ZONE 1	Lorena Cutshall - ZONE 4	Jodi Wadel - ZONE 7
Debra Sites - ZONE 1	James Myers - ZONE 5	John Kasarda - ZONE 8
Carr Marks - ZONE 2	Phillip Stansfield - ZONE 5	Laverne Musser - ZONE 8
Steven Heller - ZONE 3	Craig Johnson - ZONE 6	Gary Mathna - ZONE 9

The Scholarship Committee is made up of nine Adams Electric volunteers. The committee selects recipients of Adams Electric's undergraduate and adult-member scholarships. A term is three years.

2024 Scholarship Committee

Peggy Magaldi - ZONE 1	Lorena Cutshall - ZONE 4	Theresa Myers - ZONE 7
David Talbert - ZONE 2	James Myers - ZONE 5	Arthur Yingling - ZONE 8
Mike McGough - ZONE 3	Judy Hamm - ZONE 6	Earl Parshall - ZONE 9

Building the MEMBER ENGAGEMENT GROUP

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.



Manager of Corporate Services and In-House Legal Counsel Jim Chiaruttini, left, and board General Counsel Adam Boyer, center, speak with co-op member and volunteer Gary Mathna at a 2023 Member Engagement Group Meeting in Gettysburg.



BUILDING FOR YOUR FUTURE

FINANCIALS

CONSOLIDATED STATEMENTS OF OPERATION

OPERATING REVENUES	2023	2022	\$ CHANGE	% CHANGE
Electric Sales Revenue	\$75,758,560	\$69,130,931	\$6,627,629	9.6%
Other Electric Revenue	1,210,686	1,394,505	(183,819)	-13.2%
Total Operating Revenues	\$76,969,246	\$70,525,436	\$6,443,810	9.1%
OPERATING EXPENSES				
Wholesale Energy Supply	\$42,605,555	\$36,870,017	\$5,735,538	15.6%
Variable Operating Expense	17,469,704	16,441,250	1,028,454	6.3%
Depreciation On Assets	6,447,810	6,134,824	312,986	5.1%
Interest On Long-Term Debt	4,875,191	4,562,689	312,502	6.8%
Total Operating Expenses	\$71,398,260	\$64,008,780	\$7,389,480	11.5%
MARGINS				
Operating Margin	\$5,570,986	\$6,516,656	\$(945,670)	-14.5%
Non-Operating Margin	2,759,748	5,053,699	(2,293,951)	-45.4%
Total Margins	\$8,330,734	\$11,570,355	\$(3,239,621)	-28.0%

CONSOLIDATED BALANCE SHEETS

ASSETS	2023	2022	\$ CHANGE	% CHANGE
Net Utility Plant Investments	\$186,476,425	\$176,989,508	\$9,486,917	5.4%
Other Long-Term Investments	38,025,786	36,696,444	1,329,342	3.6%
Cash & Temporary Investments	4,210,449	2,976,643	1,233,806	41.4%
Account Receivables	9,531,526	9,144,925	386,601	4.2%
Material & Supply Inventories	3,758,472	3,119,170	639,302	20.5%
Other Assets & Deferred Charges	3,562,653	3,696,772	(134,119)	-3.6%
Total Assets	\$245,565,311	\$232,623,462	\$12,941,849	5.6%
LIABILITIES & EQUITIES				
Lender Long-Term Loans	\$118,707,064	\$115,454,860	\$3,252,204	2.8%
Lender Line Of Credit Loans	8,795,095	3,200,000	5,595,095	174.8%
Member Credit Deposits	882,763	949,942	(67,179)	-7.1%
Major Storm Reserves	1,776,284	2,500,258	(723,974)	-29.0%
Account Payables	5,951,055	5,937,325	13,730	0.2%
Other Liabilities & Deferred Credits	8,540,365	9,744,989	(1,204,624)	-12.4%
Member Equities	100,912,685	94,836,088	6,076,597	6.4%
Total Liabilities & Equities	\$245,565,311	\$232,623,462	\$12,941,849	5.6%

BUILDING FOR YOUR FUTURE

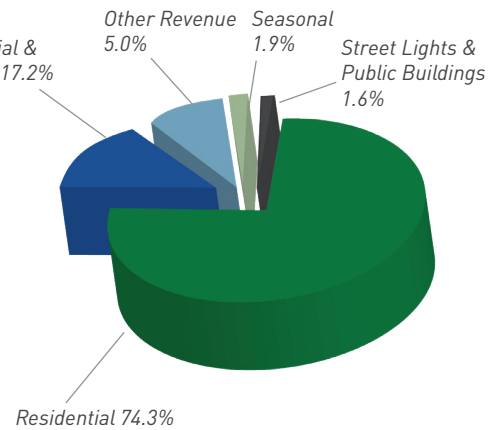
FINANCIALS

CONSOLIDATED STATEMENTS OF MEMBER OWNERSHIP REWARDS & EQUITIES

BREAKOUT OF MEMBER EQUITY	2023	2022	\$ CHANGE	% CHANGE
Pre-Retirement Patronage Capital	\$95,490,270	\$89,306,578	\$6,183,692	6.9%
Retirement Amount To Members	(2,349,269)	(2,122,978)	(226,291)	10.7%
Year-End Patronage Capital	\$93,141,001	\$87,183,600	\$5,957,401	6.8%
Other Equities	7,321,464	7,186,883	134,581	1.9%
Patronage Capital & Other Equities	\$100,462,465	\$94,370,483	\$6,091,982	6.5%
Refundable Memberships	450,220	465,605	(15,385)	-3.3%
Total Member Equity	\$100,912,685	\$94,836,088	\$6,076,597	6.4%

SOURCES OF REVENUE

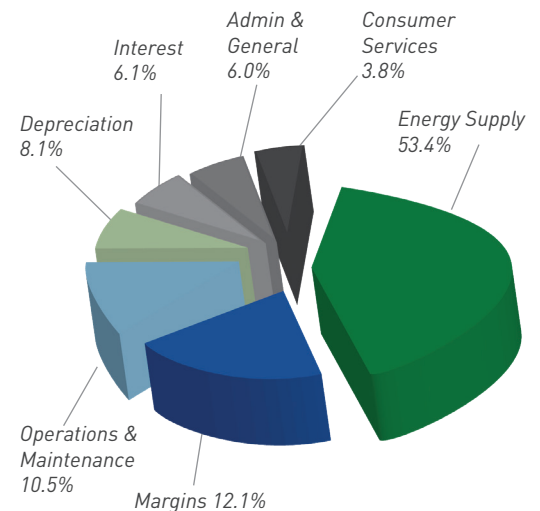
SOURCE	2023		2022	
Residential	74.3%	59,242,563	72.3%	54,652,125
Commercial & Industrial	17.2%	13,760,819	15.8%	11,908,038
Other Revenue	5.0%	3,970,434	8.5%	6,448,204
Seasonal	1.9%	1,476,004	1.8%	1,394,003
Street Lights & Public Buildings	1.6%	1,279,174	1.6%	1,176,765
Total		\$79,728,994		\$75,579,135



*Other revenue includes non-operating margin and other revenues

USES OF REVENUE

SOURCE	2023		2022	
Energy Supply	53.4%	42,605,555	48.8%	36,870,017
Margins	12.1%	9,632,567	12.2%	9,220,135
Operations & Maintenance	10.5%	8,330,734	15.3%	11,570,355
Depreciation	8.1%	6,447,810	8.1%	6,134,824
Interest	6.1%	4,875,191	6.0%	4,562,689
Admin & General	6.0%	4,791,871	5.9%	4,457,774
Consumer Services	3.8%	3,045,266	3.7%	2,763,341
Total		\$79,728,994		\$75,579,135



Complete audited financial statements are available from Adams Electric Cooperative, Inc.'s headquarters. The independent audit of the 2022 and 2023 financial statements was compiled by the certified public accounting firm of Adams, Jenkins & Cheatham, Midlothian, Va.



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Adams Electric Cooperative

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**Adams Electric
Cooperative, Inc.**

® A Touchstone Energy® Cooperative

This institution is an equal opportunity provider and employer.

