

Claverack Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives
serving Pennsylvania and New Jersey

Claverack REC

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BOARD OF DIRECTORS

Dr. Robert R. Faux, Zone 2
Chairman

570-574-3531

Angela S. Joines, Zone 3

Vice Chairman

570-756-4979

Charles R. McNamara, Zone 8

Secretary/Treasurer

570-553-4385

Timothy T. Tewksbury, Zone 6

Vice Secretary/Treasurer

570-833-2320

Charles R. Bullock, Zone 7

570-280-8470

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570-265-3599

Robert W. Fearnley, Zone 5

570-278-2288

Gary L. Hennip, Zone 4

570-247-7233

Anthony J. Ventello, Zone 9

607-765-2615

Steve Allabaugh

President & CEO

Staff

Annette Koder, Executive Assistant

Nick Berger, Director, Engineering and Operations

Shelley Young, Director, Financial Services

Brian Zeidner, Director, Member Services

Office Hours

Monday through Friday

7:30 a.m. - 4 p.m.

Jeff Fetzer, Local Pages Editor

From the President & CEO



Your cooperative was built to last

By Steve Allabaugh

AS I was looking at some old co-op photos from our archive for an upcoming project we will be unveiling in *Penn Lines* next month, I couldn't help but think about Claverack's history and everything that has occurred since we built our first mile of line 85 years ago.

From a world war and numerous other armed conflicts, struggles over civil rights, an energy crisis, deregulation of electric generation, terrorism hitting home, the financial crisis of the early 2000s, and global warming — to name just a few — there's been a lot of change and challenges over those 85 years. One thing, however, has remained the same: Claverack and the nonprofit, locally governed cooperative model on which we are based are as strong as ever, and we continue serving our members, being a part of our communities and offering services that help improve lives.

2021 - year in review

2021 certainly brought its share of challenges, but as always, our employees rose to meet them head on. First and foremost, our employees worked safely all year. We experienced numerous weather-related outages during a year in which we also had a tremendous amount of project work going on, and through it all, our employees' commitment to doing their jobs safely never wavered. Our line of work can be dangerous, but the safety program administered through our subsidiary company, C&T Enterprises, helped ensure our employees returned home from work safely every day, and I'm pleased to

report we did not experience a single lost-time incident over the course of the year.

By all accounts 2021 was a stormy year, a trend that continued into 2022. We began the year with a heavy, wet snowfall Jan. 1 and experienced numerous other weather-related events throughout the year. Additionally, our members continued to experience the effects of the emerald ash borer devastation to the region's ash trees.

Our members saw a fourfold increase in the amount of time they were without power in 2021, and that increase occurred because of the large-scale failure of ash trees outside of our maintained rights of way. Nearly all of the ash trees on members' property throughout our service territory are dead, and many have fallen. Those that remain standing have significantly decayed, making them vulnerable to failure anytime the wind kicks up.

We began combating the ash die-off problem back in 2017 and have doubled our annual investment in right-of-way maintenance since then. In 2021, we again increased our right-of-way budget by half a million dollars to specifically target ash trees outside of our maintained rights of way. We also continued our routine right-of-way maintenance program, clearing seven of our distribution circuits. We applied targeted herbicide to five others. In 2022, we are bolstering our right-of-way maintenance program by bringing on additional manpower to further target dead and dying ash trees.

We continued to adapt to changing
(continues on page 14d)

BALANCE SHEETS

| | 2021 | 2020 |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Property, plant and equipment: | | |
| In service - at cost | \$126,497,142 | \$120,625,117 |
| Construction work in progress | 1,777,431 | 786,910 |
| | <u>128,274,573</u> | <u>121,412,027</u> |
| Less accumulated provisions for depreciation | 61,232,472 | 57,979,804 |
| Total property, plant and equipment | <u>67,042,101</u> | <u>63,432,223</u> |
| Other assets and investments: | | |
| Investments in and advances to associated organizations | 13,548,894 | 10,252,862 |
| Investments in and advances to affiliate | 14,727,184 | 13,944,341 |
| Total other assets and investments | <u>28,276,078</u> | <u>24,197,203</u> |
| Current assets: | | |
| Cash | 3,882,443 | 5,156,205 |
| Temporary investments | 57,116 | 42,912 |
| Accounts receivable (less accumulated provision for uncollectible accounts of \$85,481 and \$185,361 for 2021 and 2020, respectively) | 4,638,716 | 5,205,222 |
| Materials and supplies (at average cost) | 1,145,395 | 867,852 |
| Other current and accrued assets | 768,539 | 671,634 |
| Total current assets | <u>10,492,209</u> | <u>11,943,825</u> |
| Deferred charges | <u>977,828</u> | <u>1,093,741</u> |
| | <u>\$106,788,216</u> | <u>\$100,666,992</u> |
| EQUITIES AND LIABILITIES | | |
| Equities: | | |
| Memberships | 123,760 | \$128,105 |
| Patronage capital | 50,181,861 | 46,342,887 |
| Other equities | 11,732,717 | 10,656,817 |
| Accumulated other comprehensive income | 257,058 | 288,223 |
| Total equities | <u>62,295,396</u> | <u>57,416,032</u> |
| Long-term debt: | | |
| CFC notes, less current maturities | 30,796,412 | 30,187,505 |
| Capital lease obligation, less current maturity | -- | 7,353 |
| Total long-term debt | <u>30,796,412</u> | <u>30,194,858</u> |
| Other non-current liabilities: | | |
| Other post-retirement benefits, less current portion | 3,000,242 | 3,089,757 |
| Deferred compensation, less current portion | 467,367 | 534,257 |
| Total other non-current liabilities | <u>3,467,609</u> | <u>3,624,014</u> |
| Current liabilities: | | |
| Current maturities of CFC notes | 2,391,092 | 2,095,026 |
| Current maturity of capital lease obligation | 7,353 | 7,779 |
| Accounts payable: | | |
| Purchased power | 1,789,483 | 1,676,656 |
| Capital | 544,620 | 86,372 |
| Other | 1,167,098 | 916,852 |
| Consumer deposits and prepayments | 1,290,567 | 1,204,960 |
| Other current and accrued liabilities | 989,105 | 1,015,419 |
| Total current liabilities | <u>8,179,318</u> | <u>7,003,064</u> |
| Total liabilities | <u>42,443,339</u> | <u>40,821,936</u> |
| Deferred credits | <u>2,049,481</u> | <u>2,429,024</u> |
| Commitments | <u>\$106,788,216</u> | <u>\$100,666,992</u> |

STATEMENTS OF REVENUE

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Operating revenues | \$38,659,950 | \$36,432,667 |
| Operating expenses: | | |
| Cost of power | 20,274,701 | 19,211,447 |
| Distribution - operations | 986,299 | 867,130 |
| Distribution - maintenance | 6,598,807 | 5,178,299 |
| Consumer accounts | 468,095 | 527,059 |
| Sales | 444,543 | 456,882 |
| Administrative and general | 2,700,472 | 2,877,261 |
| Depreciation and amortization | 3,997,865 | 3,952,520 |
| Taxes and other deductions | 18,617 | 10,739 |
| Total operating expenses | 35,489,399 | 33,081,337 |
| Operating margins before fixed charges | 3,170,551 | 3,351,330 |
| Fixed charges: | | |
| Interest on long-term debt | 1,260,779 | 1,329,076 |
| Operating margins after fixed charges | 1,909,772 | 2,022,254 |
| G&T and other capital credits | 3,637,456 | 1,826,950 |
| Net operating margins | 5,547,228 | 3,849,204 |
| Non-operating margins | | |
| Interest income | 50,674 | 55,666 |
| Other non-operating income | 77,692 | 65,321 |
| Equity in earnings of affiliate | 905,343 | 613,520 |
| Total non-operating margins | 1,033,709 | 734,507 |
| Net Margins | \$6,580,937 | \$4,583,711 |
| Other comprehensive income (loss) | | |
| Unrealized gains (losses) from available-for-sale securities | 15,024 | (3,438) |
| Unfunded post-retirement benefit plans: | | |
| Net actuarial gain (loss) | (1,478) | 75,750 |
| Reclassification of amounts recognized in net margins | | |
| Amortization of actuarial (gain) loss | (13,511) | (17,903) |
| Amortization of prior service cost (credit) | (31,200) | (31,200) |
| Total other comprehensive income (loss) | (31,165) | 23,164 |
| Total comprehensive income | \$6,549,772 | \$4,606,875 |

Independent Auditor's Statement

The independent accounting firm Buffamante Whipple Buttafaro, P.C., Certified Public Accountants, with headquarters in Jamestown, N.Y., has audited the cooperative's financial statements for the fiscal year ending December 31, 2021.

Complete, audited financial statements are maintained and available for inspection at the headquarters office of Claverack Rural Electric Cooperative, 32750 Route 6, Wysox, Pa. 18854.

From the President & CEO

(continued from page 14a)

workplace rules and regulations due to the COVID-19 pandemic throughout 2021. While we were able to keep our office open throughout the year and return to more normal business operations, we were unable to host an in-person annual meeting for the second consecutive year and experienced some workforce impacts during the year, as well.

The ongoing pandemic continued to reinforce the need for improved broadband access for our members and our region overall. We spent significant time and effort in 2021 preparing to begin building a fiber-optic network that will improve our electric system operations and provide high-speed internet service to many of our members.

Building for the future

We formed a subsidiary company, Claverack Communications, in 2021 to bring first-class internet service to areas of our service territory where we were awarded federal funding. Construction has begun, and we anticipate our Revolution Broadband service will begin offering high-speed internet to members in the area served by our Lime Hill substation in Bradford County by the end of 2022. We have actively pursued additional funding opportunities to help us fulfill our goal of ensuring all of our members have access to affordable high-speed broadband.

We focused on new technologies to bolster our system and better serve our members in 2021. We continued deploying our second generation advanced metering infrastructure (AMI) system, which provides enhanced outage detection capabilities and allows members to access hourly electric consumption data so they can better understand and manage their use of electricity. By the end of 2021, nearly all of the infrastructure for the system was installed. We anticipate completing meter installation by the end of 2022.

We also expanded our use of drone technology last year, which included inspecting 5,400 poles in our Lime Hill,

Middletown, Litchfield and West Warren substation areas to identify safety, reliability, and maintenance concerns. We also used the drones to help identify ash and other danger trees outside our maintained rights of way that may potentially impact reliability on those lines. In 2021, we replaced more than 600 poles across our system, strengthening and improving our infrastructure.

On a more personal note, we bid farewell to some long-term employees in our operations department last year as Doug Nichols, director of operations, and Rich Valentine, Montrose District journeyman lineworker, bid adieu to the cooperative. We also added some new employees to our team, including two in leadership positions. Nick Berger joined us as senior director of engineering and operations, and Kyle Lane began duties as director of broadband operations.

We also continued to help members in need throughout the year. Our HOPE and Operation Roundup programs assisted 130 members experiencing financial hardship with their electric bills, and, through our community services grant program, we were able to provide nearly \$50,000 to civic organizations that serve and enrich members' lives across our service territory.

As I write, we are already well into 2022, and many of the economic challenges that were emerging in 2021 have grown. Inflation was a big topic in

2021, with some "experts" suggesting inflationary pressures were transitory and prices would level out once the economy recovered from the pandemic. That hasn't been the case, and we are experiencing levels of inflation last seen in the 1970s. Supply chain constraints and labor shortages are not easing either, and the federal government has begun aggressively raising interest rates to tamp down inflation. Effectively, everything is more expensive, takes longer to get and costs more to finance.

Despite these headwinds, your cooperative remains financially strong, electric rates remained stable throughout 2021, and we were able to return nearly \$1.8 million in capital credits to members of the cooperative last year.

Looking ahead

We expect rates to remain stable throughout 2022, but we are not immune to the challenges of the current economic environment and expect there will be some impacts to rates heading into 2023.

It's a challenging environment to be sure, but your cooperative, to borrow a line from an old Johnny Cash song, has "been through the fire before." We've weathered a few challenging times over our 85 years, and you can be sure we will be here with the same mission, values and dedication to serve you, our members, as we always have. Your electric cooperative was built to last. ❁

Join Us at the 2022 Annual Meeting

Wednesday, Aug. 31, 2022
Wyoming County Fairgrounds
Meshoppen, PA

Registration: 10 a.m. to 9 p.m.
Annual Meeting: 3 p.m. under the Claverack tent

HIGHLIGHTS

- ▶ \$20 bill credit per voting member ◀
- ▶ \$25 in fair food vouchers per voting member ◀
- ▶ Revolution Broadband information booth ◀
- ▶ Meet "Eve," Claverack's Tesla electric vehicle ◀
- ▶ Co-op employees available to answer your questions ◀

CLAVERACK'S 85th ANNUAL MEETING

Wednesday, Aug. 31, 2022
Wyoming County Fairgrounds
Meshoppen, PA

10 a.m. to 9 p.m.

Registration, exhibits

3 p.m.



Business Meeting Called to Order
Introductions and Announcements
Notice of Meeting and Proof of Mailing
Approval of 2021 Annual Meeting Minutes*
Secretary/Treasurer's Report
Board Chairman's Report
President & CEO's Report
Director Election Review
Questions and Comments
Adjournment

*Copies of the 2021 annual meeting minutes will be available at the registration area during the annual meeting. They are also available at the headquarters building in Wysox and can be viewed at claverack.com.

REVOLUTION

INTRODUCING
AN EXCITING
NEW WEBSITE
FOR REVOLUTION
BROADBAND!



Claverack Communications will soon begin delivering Revolution Broadband via a state-of-the-art fiber network to many of the people in our rural communities. We are working hard to bridge the gap of the digital divide and provide more people with reliable, high-speed internet.

Let's take a look at a few of the features you can find when you visit us at RevolutionBroadband.net:

- **Register your interest.** Check out the build map on the home page to see where construction is starting. Then register your interest in our broadband services.
- **Learn about our services and pricing.** Dig into the details about the high-speed internet packages we will be offering, what's included and what the cost will be.
- **Discover the internet speed that serves you best.** Whether you want to download a movie, just a few songs, or show what you're made of in a massive multiplayer online gaming event — we have an easy-to-understand demo that helps you decide what speed is best for you.
- **Test your internet speed.** Knowing the speed you're currently getting with your internet can be a tremendous help when you're trying to determine how much you really need — it's such an easy thing to check now!

Visit us at RevolutionBroadband.net to see what areas are included in our fiber build and to register your interest.