

2023 Annual Meeting Minutes
Claverack Rural Electric Cooperative, Inc.
86th Annual Meeting of Members
Wyoming County Fairgrounds, Meshoppen, Pa.
August 30, 2023

MEETING MINUTES

The 86th Annual Meeting of Members of Claverack Rural Electric Cooperative, Inc., was held at the Wyoming County Fairgrounds, Meshoppen, PA, on Wednesday, August 30, 2023.

CHAIR ROBERT FAUX called the annual meeting to order at 3:01 p.m. and welcomed the members to the Annual Meeting of Claverack Rural Electric Cooperative.

BRIAN ZEIDNER, Claverack's director of member services, led the Pledge of Allegiance and gave the invocation.

CHAIR FAUX introduced the board of directors, CEO Steven Allabaugh, and Attorney Robert Chappell.

SECRETARY/TREASURER DANISE FAIRCHILD read the Notice of Meeting and Proof of Mailing. Secretary Fairchild announced that the 2022 annual meeting minutes were available at the registration area, at the headquarters building located in Wysox, and could be viewed on Claverack's website. *A motion was made and seconded to approve the 2022 annual meeting minutes as presented; motion carried.*

SECRETARY/TREASURER FAIRCHILD gave the Secretary/Treasurer's Report.

CHAIR FAUX presented the Board Chair Report. Chair Faux noted that Claverack energized its first lines 37 years after New York City had electricity and Claverack began to provide fiber-optic broadband service to homes 23 years after broadband began replacing dial-up internet. Chair Faux reviewed statistics comparing Claverack members vs. some local investor-owned utilities customers per mile of line. Chair Faux noted that investor-owned utilities are focused on company profit while Cooperative's are focused on the welfare and betterment of the community. "Concern for Community" is the Cooperative's seventh governing principle. With the assistance of some grant funding, the Cooperative is now providing broadband internet service, as occurred when the cooperative began providing electric service over 85 years ago. Chair Faux spoke of providing power that is both reliable and affordable. The danger tree initiative and the technology upgrades that were completed have improved reliability. Although there were some challenges due to supply chain, labor shortages, transmission costs, etc., Claverack can offer competitive rates. And last, Chair Faux reported that any excess funds collected are returned to the cooperative members in the form of capital credits.

CHAIR FAUX introduced Steven Allabaugh, President & CEO.

CEO STEVEN ALLABAUGH presented the President & CEO’s report touching on reliability, rates, and broadband. CEO Allabaugh reflected on right-of-way maintenance (ROW) budgets since the emergence of the emerald ash borer. In 2015, the annual ROW budget was approximately \$1.5 million. Since then, there has been an annual increase in the ROW budget each year, and in 2023, \$5.8 million was budgeted for ROW (about \$375 per member). The increase of nearly \$2.1 million over the 2022 ROW budget will allow the vegetation management cycle to be shortened by two years and add more tree crews to target the dead and dying ash trees, most of which are located outside the ROW’s. CEO Allabaugh reported that the \$5 per month Accelerated Ash Removal Charge (AARC) which went into effect on January 1, 2023 and will continue through December 2024. As of today, over 22,000 dead or dying “danger” trees have been cut. Management has estimated that by instituting the AARC, it would save over \$11 million in labor costs alone and power outages have already decreased 45% since last year. Claverack conducted a rate study and implemented new rates effective January 2023. Barring unforeseen circumstances, no significant changes are expected in 2024. CEO Allabaugh reported that over 300 miles of the federal and state funded 1500-mile fiber optic network has been constructed and Claverack Communications is already providing service to approximately 350 members. The mission is to provide reliable, affordable broadband service to all unserved and underserved members. As reported last year, some members are not included in the funded areas, but it is the goal of the Board and management to continue to search for additional funding sources to assure that all unserved or underserved members have access to adequate high-speed broadband service. Management has applied for additional funding from the Broadband Infrastructure Program – Capital Projects Fund Program administered through the Pennsylvania Broadband Authority. If awarded, this will allow the project to extend fiber to additional locations. CEO Allabaugh encouraged members to “Register Your Interest” and learn about our services by visiting Claverack Communications website – www.revolutionbroadband.net. CEO Allabaugh also encouraged members to visit the Claverack website – www.claverack.com, to view the 2022 annual report to review a summary of projects and activities, the audited financial statements, including the retirement of over \$1.6 million dollars in capital credits.

CEO ALLABAUGH introduced Guest Speaker Stephen Brame, Pennsylvania Rural Electric Association’s (PREA) President & CEO and the President & CEO of Allegheny Electric Cooperative (AEC), our generation and transmission provider.

GUEST SPEAKER STEPHEN BRAME reviewed information on AEC generation rates and reliability. AEC owns 65% of a generation mix of hydro (Raystown Hydroelectric) and nuclear (Susquehanna Steam), with approximately 35% exposure to the open market. Comparing this to PPL which purchases 100% open market prices. Therefore, Claverack’s generation “price to compare” is approximately 20% less than PPL. Mr. Brame spoke of energy challenges that the nation is facing moving from traditional generation sources of coal and natural gas power plants to more carbon-free sources such as wind and solar. Mr. Brame stated that public policy and resources are out of sync; and there is a need to balance reliable power with cleaner resources. Mr. Brame recognized Claverack for providing broadband to the cooperative members and asked the membership to engage with their elected officials for further assistance for broadband projects in rural areas.

CEO ALLABAUGH called for questions/comments, and he responded to the members.

- A member asked if the cooperative would consider transferring a deceased member's remaining capital credits to the cooperative for operational expenses. CEO Allabaugh explained that the State provides a mechanism of how both deceased members and unclaimed capital credits are handled and that there is a list of unclaimed capital credits which includes deceased members that is advertised from time-to-time asking for contact information of the previous member or their heirs, so those funds can be returned appropriately. Once all avenues are exhausted, those funds become part of the escheats funds that is used for community organization, member, and educational support.
- A member asked about the Regional Greenhouse Gas Initiative (RGGI). Mr. Brame provided information regarding RGGI and reiterated the reference to public policy and resources being out of sync; and the need to balance reliable power with cleaner resources.

ATTORNEY ROBERT CHAPPELL stated that the next order of business was the election of directors for Zones 1, 2 and 3. He reviewed those sections of the bylaws pertaining to the qualifications to serve on the board of directors. He thanked the members of the Credentials & Elections Committee for their service to the Cooperative and advised the membership that the purpose of the committee is to oversee the director election process, including reviewing candidate petitions, validating candidate eligibility, counting ballots (if necessary), and handling objections or protests related to the election.

ATTORNEY CHAPPELL reported the following incumbents ran unopposed: Zone 1 — Danise C. Fairchild, Zone 2 — Robert R. Faux, and Zone 3 – Angela S. Joines. Due to this year's election being uncontested, the Credentials & Elections Committee decided to dispense with formal balloting and cast a unanimous ballot at today's annual meeting on behalf of the sole nominee for each zone. Therefore, effective August 30, 2023, Danise C. Fairchild, Robert R. Faux, and Angela S. Joines stand elected immediately to serve a three-year term.

A motion was made and seconded to accept all meeting reports as presented; motion carried.

A motion was made and seconded to adjourn the meeting at 4:16 p.m.; motion carried.