

# 2021 ANNUAL REPORT

---

---

## 78TH ANNUAL MEMBERSHIP MEETING



Welcome to the 78th Annual Membership Meeting of the Steuben Rural Electric Cooperative. Please join us as we celebrate the 78th anniversary of the Cooperative. Feel free to share your favorite memories or stories with your fellow members, directors, and employees.

The business meeting, which usually lasts about one hour, will proceed as presented in the agenda found in this publication. The Board report will concentrate on our financial health, and future plans of the Cooperative.

The membership will be voting to fill four of the nine directors positions. Directors for Districts 1, 2, and 9 are scheduled for election during this meeting and will be elected to serve a three-year term for those districts while District 4 is scheduled for election to fill the remaining year of a three-year term due to vacancy of the Director representing District 4. A brief bibliography of each candidate is presented to assist in your decision making.

Following the business portion of the meeting questions submitted prior to the meeting will be addressed. If time allows, additional questions may be presented by the membership.

We will break for the chicken barbecue following the comments and reconvene in the auditorium for announcement of the election results and drawing of the raffle prize.



A friend and long-time contractor of the Cooperative unexpectedly passed away in May of this year. Stephen Lewis Strauss, Sr. (Steve) was a long-time resident of Addison NY. Among many other successful endeavors, he was the owner-operator of Strauss Tree Service, Inc.

Strauss Tree Service, Inc. has provided routine right-of-way and emergency response services to Steuben Rural Electric Cooperative for the better part of 3 decades under Steve's direct involvement and leadership. Steve spent countless hours serving the Cooperative, and was well known as a friend to many SREC members, vendors, and employees. Steve's work ethic and commitment to his businesses and family was exemplary. Steve was dependable, exhibited a model work ethic, and was one of the best at his craft. The Cooperative could always count on Steve to find a way to meet the task at hand, no matter the technical difficulty or circumstances. Aside from the day-to-day grind of routine vegetation management on our systems primary distribution lines, we could always count on Steve to answer his phone after hours. Steve sent crews and responded personally to many emergency calls through the years, and was imperative in power restoration efforts during every major storm event on the SREC system in recent memory.

Above and beyond work, Steve Strauss was a friend to many, providing advice or a humorous quip to those he worked with or encountered along the way. Steve will be missed but not forgotten. He is survived by his wife of 41 years, Diane Strauss; sons: Stephen Jr. (Yvonne) Strauss, Jason Strauss, Mathew Strauss; mother: Barbara Strauss; grandchildren: Anna, Grace, Sadie, Henry, Charlie, Emily, and Isaac Strauss. He is also survived by four siblings: Diane (Kevin) Reed, John (Candace) Strauss, Debbie (Kenny) Causer, and Craig (Bonnie) Strauss.

# MINUTES OF THE OCTOBER 16, 2021 ANNUAL MEETING

---

The 77th Annual Meeting of the Steuben Rural Electric Cooperative, Inc. was convened at the Steuben County Fairgrounds, 15 E Washington Street, Bath, New York on Saturday, October 16, 2021, as designated by the Bylaws, Article III, Meeting of Members, Section 1, Annual Meeting.

Call to Order: President McCormick called the meeting to order at 11:00 a.m.

Invocation: Pastor Veronica Seeley, Campbell Methodist Church, delivered the invocation.

Quorum: Attorney Robert Tyson declared that a quorum was present.

Introductions: President McCormick introduced the Board of Directors, Cooperative Attorney, and management employees: James McCormick, President, District 1; Janice Hoad, Secretary, District 2; Gerald Chase Jr., Director, District 5; Gordon Foster, Director, District 6; Robert Nichols, Vice-President, District 7; Randy Stankey, Director, District 8; William Moss, III, Director, District 9; Robert Tyson, Cooperative Attorney; Bryant Dillon, General Manager; and Kristen Cleveland, Executive Secretary.

Welcome: President McCormick welcomed the members to the meeting and expressed how great it was to see all the members.

Appreciation to Employees: President McCormick expressed his appreciation to the employees assisting at the meeting and appreciates everything they do to keep the Cooperative functioning smoothly and providing great service to our members.

Bill Credit Announcement: President McCormick announced the members who registered and attended today's meeting will receive a \$30.00 credit towards their electric bills, which will appear on their November billing statement.

Meeting Notice and Proof of Publication: Pursuant to the Bylaws, Article III, Section 3, Secretary Janice Hoad declared that the notice of the meeting, stating the place, day and hour and the purpose or purposes for which the meeting was called was mailed to all members at the United States Post Office in O'Fallon, Missouri on September 16, 2021.

Minutes of the October 19, 2019 & October 21, 2020 Meetings: A motion was made, seconded, and adopted to waive the readings of the October 19, 2019 and October 21, 2020 meeting minutes and accept them as published.

President's Report: President McCormick provided the President's Report. The report highlighted the 20-year extension of the agreement for the sale of Niagara Project wholesale power and energy, the sale of the 3.2MW Landfill Gas to Energy Plant in 2020, the Long-Range Engineering study, monitoring and implementation of the Cooperative's Sectionalizing study, Broadband expansion, and promotion of Energy Efficiency Programs. In addition, Mr. McCormick advised the Cooperative retired \$370,000.00 in capital credits to its members on September 30, 2021.

General Manager's Report: Mr. Dillon presented the General Manager's Report that included updates concerning the extension of the power contract; the Infrastructure Plan to improve reliability to members; Vegetation Management program; Meter Replacement program; Financial Forecasts; and the Legislative amendment to amend the Bylaws, Article III Meeting of the Members. In addition, he thanked the employees for their hard work and dedication over the past year.

Secretary and Treasurer Reports: A motion was made, seconded, and adopted to accept the 2019 & 2020 Secretary and Treasurer reports as published.

Nominating Committee Minutes July 1, 2020: Attorney Tyson read the Nominating Committee Report. The committee met on July 1, 2020, to select a slate of candidates for election to the Board of Directors in the districts scheduled for election.

Nominating Committee Minutes June 30, 2021: Attorney Tyson read the Nominating Committee Report. The committee met on June 30, 2021, to select a slate of candidates for election to the Board of Directors in the districts scheduled for election.

Introduction of Candidates for Election to the Board of Directors: Attorney Tyson stated because a quorum was not present at the 2020 Annual Meeting, due to COVID-19 restrictions, no director elections could take place. The directors previously elected to represent Districts 3, 4, and 6, Mr. Hauryski, Mr. Brockway, and Mr. Foster, respectively, continues to serve in their current positions until the 2020 Annual Meeting could be rescheduled with the understanding that when the election was held, they would only be elected to serve the remaining two years of their three-year terms. Their terms will expire in 2023. Since the July 1, 2020, Nominating Committee Meeting,

# MINUTES OF THE OCTOBER 16, 2021 ANNUAL MEETING

2020 Annual Meeting, Mr. Hauryski has chosen to resign his position as Director for District 3 and the June 30, 2021, Nominating Committee has nominated one candidate to fill the remaining two years of the three-year term for this district. In addition, Board Director, Gary Brockway recently passed away unexpectedly leaving a vacancy in District 4. The Board decided to leave Mr. Brockway's seat vacant until next year's Annual Meeting due to not having enough time to convene the nominating committee.

Attorney Tyson introduced the candidates who were nominated for the remaining two years of a three-year term to the Board of Directors: District 3: Urbana, Wayne, Bradford, Hornby, and Orange – Edward Borkowski; District 6: Thurston, Campbell, and Rathbone – Gordon Foster.

Attorney Tyson introduced the candidates who were nominated for a three-year term to the Board of Directors: District 5: Canisteo, Jasper, Troupsburg, and Woodhull – Gerald Chase, Jr.; District 7: Addison, Erwin, Corning, Tuscarora, and Lindley – Robert Nichols; District 8: Cattaraugus County – Randy Stankey.

Nominations by Petition: Attorney Tyson stated there were no director candidates brought forth by way of petition.

Close Nominations & Call for Vote: Attorney Tyson called to close the nominations and call for vote.

Election Results: Attorney Tyson stated since there was no more than 1 candidate nominated in any 1 district, he called for a motion for the secretary to cast one ballot to elect the candidates for Districts 3 and 6 to the remaining two years of a three-year term on the Cooperative's Board of Directors and Districts 5,7, and 8 for a three-year term on the Cooperative's Board of Directors.

Attorney Tyson called for and received a motion, and second to approve the nominated candidates for Districts 3, 5, 6, 7, and 8. The motion was adopted.

Attorney Tyson declared Edward Borkowski, Gerald Chase Jr., Gordon Foster, Robert Nichols, and Randy Stankey duly elected to the position of director for Districts 3, 5, 6, 7 and 8 respectively.

Attendance & Proxy Announcement: Mr. Tyson stated there were 8 members in attendance from the Cherry Creek District, and 0 proxies received. In the Bath District, there were 196 members in attendance and 0 proxies received. Mr. Tyson thanked all members for participating in this year's annual meeting and election of the current slate of directors.

Service Awards: Bryant Dillon, General Manager recognized the following employees for their years of service for 2020: James McCormick, Director/President, 40-year pin; Joshua Gauss, Operations Manager, 20-year pin; Mike Green, 2nd Class Lineman, 20-year pin; Betty Hall, Payroll/Benefits, 20-year pin; Kristen Cleveland, Member Services, 10-year pin; and Jennifer Madigan, Receptionist Cashier, 5-year pin.

For 2021: Randy Stankey, Director, 5-year pin; Matt Meyers, 1st Class Lineman, 20-year pin; Emily Murray, Staking Technician, 15-year pin; Lisa Luther, Billing Clerk, 10-year pin; and Evan Wightman, 1st Class Lineman, 5-year pin.

In addition, he advised Robert Cornell, Taylor Parsons, Douglas Hosmer-Smith, Trenton LaBarr, Scott Jones, and Kevin Hunt have been hired as linemen during 2020-2021. He further advised the Cooperative had several retirements in 2021, including Richard Swift, Douglas Hilsdorf, and Lee Ann Hoad. Combined, these individuals had 117 years of service to the Cooperative and its members.

Unfinished Business: President McCormick announced there was no unfinished business to bring before the membership.

New Business: President McCormick advised there were proposed Bylaw amendments to be considered by the membership and asked Attorney Tyson to explain same.

Attorney Tyson advised the Bylaw amendment would amend Article III Meetings of Members, Section 1, Annual Meeting as follows:

**Current Article III Meetings of Members Section 1. Annual Meeting reads:** The annual meeting or meetings of the members shall be designated in the notice of the meeting or meetings for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting or meetings. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperatives.

**Proposed Amendment to Article III Meetings of Members Section 1. Annual Meeting:** The annual meeting or meetings of the

---

# MINUTES OF THE OCTOBER 16, 2021 ANNUAL MEETING

---

members shall be designated in the notice of the meeting or meetings for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting or meetings. **The Board of Directors may, in its sole discretion, direct that meetings of members be held partially or solely by means of electronic communication, and the electronic service and/or platform by which a meeting is held shall be the place of such meeting if such meeting is held solely by means of electronic communication. The notice of the meetings shall state whether the Board of Directors has authorized the conduct of a meeting partially or solely by means of electronic communication. Meetings conducted partially or solely by means of electronic communication and any member's electronic participation in such meetings shall be subject to guidelines adopted by the Board of Directors, provided that the Board of Directors implement reasonable measures to: (i) verify that each person participating electronically is a member or a proxy of a member according to the term of these Bylaws; (ii) provide each member participating electronically with a reasonable opportunity to participate, including an opportunity to propose, object to, and votes upon a specific action to be taken by members, and to see, read, or hear the proceedings of the meeting substantially and concurrently with such proceeding; (iii) record and maintain a record of any votes or other actions taken by electronic communication at the meeting; and (iv) within a reasonable time after, but not to exceed sixty days after the meeting, distribute minutes of such meeting to the members in electronic or paper form.** Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Current Article III Meetings of Members Section 2. Special Meetings** reads: Special Meetings of the members may be called by resolution of the Board of Directors, upon written request signed by any three (3) Directors, by the President, or by ten percent (10%) or more of all the members; and it shall thereupon be the duty of the Cooperative to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the State of New York, specified in the notice of the special meeting.

**Proposed Amendment to Article III Meetings of Members Section 2. Special Meetings** proposes to add the following language (in bold) to the last sentence: Special meetings of the members may be held at any place within the State of New York, specified in the notice of the special meeting **and may also be held partially or solely by means of electronic communication.**

**Proposed Amendment to Article III Meetings of Members Section 4. Quorum** proposes to add the following language (in bold) to the first and third sentences: As long as the total number of members does not exceed five hundred (500), ten percent (10%) of the total number of members present in person or **electronically** shall constitute a quorum. In case the total number of members shall exceed five hundred (500), fifty (50) members shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person or **electronically** may adjourn the meeting from time to time without further notice, provided the Cooperative shall notify absent members of the time and place of such adjourned meeting.

**Proposed Amendment to Article III Meetings of Members Section 5. Voting** proposes to add the following language (in bold) to the last sentence: Each member shall be entitled to one (1) vote. All questions shall be decided by a vote of the majority of the members voting thereon in person or by proxy, **mail or electronic means, or any combination thereof.**

Attorney Tyson called for and received a motion, and second to approve the proposed Bylaw amendments. Attorney Tyson called for a vote to approve the proposed Bylaw amendments and all members voted to approve the amendments. The motion was adopted.

Adjournment: Mr. Dillon announced that the chicken dinners will be distributed to those members who reserved dinners following the adjournment of our meeting. Mr. Dillon called for and received a motion, and second to adjourn the meeting at 11:55 a.m. The motion was adopted.

Respectfully submitted,

Janice L. Hoad  
Secretary

# INDEPENDENT AUDITOR'S REPORT



Dave Ditanna  
Buffamante Whipple  
Buttafaro, PC

The Board of Directors  
Steuben Rural Electric Cooperative, Inc. & Subsidiary  
Bath, New York

## Opinion

We have audited the accompanying financial statements of Steuben Rural Electric Cooperative, Inc. & Subsidiary, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of revenue, expenses and patronage capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Steuben Rural Electric Cooperative, Inc. & Subsidiary as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Steuben Rural Electric Cooperative, Inc. & Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Steuben Rural Electric Cooperative, Inc. & Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of *Steuben Rural Electric Cooperative, Inc. & Subsidiary's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by man-

## INDEPENDENT AUDITOR'S REPORT

agement, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about *Steuben Rural Electric Cooperative, Inc. & Subsidiary's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Balance Sheets and Consolidating Statements of Revenue, Expenses and Patronage Capital as of and for the years ended December 31, 2021 and 2020 on pages 22 through 27, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. Other Reporting Required by Government Auditing Standards In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2022, on our consideration of *Steuben Rural Electric Cooperative, Inc.'s* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of *Steuben Rural Electric Cooperative, Inc.'s* internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cooperative's internal control over financial reporting and compliance.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.  
Jamestown, New York  
April 27, 2022



## DIRECTOR & EMPLOYEE SERVICE AWARDS 2022

Gordon Foster, Director/Treasurer - 40 Years of Service  
Kim Cruse, Bookkeeper - 10 Years of Service  
Nicholas Hess, Forester - 5 Years of Service

## CONSOLIDATED BALANCE SHEETS

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>Electric Plant</b>			
In Service - At Cost		\$51,929,362	\$50,582,824
Construction in Progress		<u>\$472,471</u>	<u>\$317,964</u>
Total Electric Plant		<u>\$52,398,833</u>	<u>\$50,900,788</u>
Less:			
Provision for Depreciation		\$19,930,554	\$19,882,465
Retirement Work in Progress		( <u>\$22,317</u> )	( <u>\$780</u> )
Subtotal		<u>\$19,908,237</u>	<u>\$19,881,685</u>
Total Electric Plant - Net		<u>\$32,490,596</u>	<u>\$31,019,103</u>
<b>Other Assets</b>			
Investments in Associated Organizations		<u>\$1,237,030</u>	<u>\$1,207,721</u>
Total Other Assets		<u>\$1,237,030</u>	<u>\$1,207,721</u>
<b>Current Assets</b>			
Cash and Cash Equivalents		\$535,568	\$1,099,567
Accounts Receivable - Net		\$1,650,663	\$1,515,833
Other Accounts Receivable		\$558,755	\$576,834
Inventory		\$452,198	\$568,932
Prepaid Expenses		<u>\$183,704</u>	<u>\$358,527</u>
Total Current Assets		<u>\$3,380,888</u>	<u>\$4,119,693</u>
<b>Noncurrent Assets</b>			
Other Regulatory Assets		\$1,315,929	\$1,584,396
Miscellaneous Deferred Debits		<u>\$42,760</u>	<u>\$20,949</u>
Total Noncurrent Assets		<u>\$1,358,689</u>	<u>\$1,605,345</u>
<b>TOTAL ASSETS</b>		<b><u>\$38,467,203</u></b>	<b><u>\$37,951,862</u></b>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>			
<b>Members' Equity</b>		<b><u>2021</u></b>	<b><u>2020</u></b>
Memberships		\$341,030	\$334,230
Patronage Capital		\$15,762,080	\$15,224,195
Other Equities		<u>\$1,895,122</u>	<u>\$1,772,221</u>
Total Members' Equity		<u>\$17,998,232</u>	<u>\$17,330,646</u>
<b>Long-Term Debt - Net</b>		<u>\$17,641,480</u>	<u>\$17,464,421</u>
<b>Current Liabilities</b>			
Long-Term Debt - Current Maturities		\$1,312,199	\$1,288,240
Line of Credit		\$500,000	\$901,588
Accounts Payable		\$382,541	\$269,539
Customer Deposits		\$22,430	\$33,230
Other Liabilities		<u>\$346,390</u>	<u>\$394,127</u>
Total Current Liabilities		<u>\$2,563,560</u>	<u>\$2,886,724</u>
<b>Noncurrent Liabilities</b>			
Other Postretirement Benefits		<u>\$263,931</u>	<u>\$270,071</u>
Total Noncurrent Liabilities		<u>\$263,931</u>	<u>\$270,071</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b><u>\$38,467,203</u></b>	<b><u>\$37,951,862</u></b>

A copy of the full audit report may be obtained by contacting the Bath District Office.

## CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES & PATRONAGE CAPITAL

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues</b>	<u>\$11,264,449</u>	<u>\$10,881,039</u>
<b>Operation and Maintenance Expenses</b>		
Cost of Purchased Power	\$2,717,846	\$2,370,510
Distribution Expense - Operation	\$1,698,234	\$1,795,440
Distribution Expense - Maintenance	\$2,010,014	\$1,829,204
Customer Accounts Expense	\$441,212	\$451,721
Customer Service and Information Expense	\$142,545	\$157,172
Administrative and General Expense	<u>\$1,236,884</u>	<u>\$1,139,261</u>
Total Operation and Maintenance Expenses	<u>\$8,246,735</u>	<u>\$7,743,308</u>
<b>Other Operating Expenses</b>		
Depreciation Expense	\$1,315,823	\$1,291,455
Interest Expense	\$633,427	\$727,492
Interest Expense - Other	\$9,006	\$581
Miscellaneous Expenses	<u>\$151,202</u>	<u>\$139,813</u>
Total Other Operating Expenses	<u>\$2,109,458</u>	<u>\$2,159,341</u>
Total Cost of Electric	<u>\$10,356,193</u>	<u>\$9,902,649</u>
<b>Net Operating Margins</b>	<u>\$908,256</u>	<u>\$978,390</u>
<b>Non-Operating Margins</b>		
Interest Income	\$27,608	\$31,955
Other Capital Credits and Patronage Dividends	\$57,416	\$35,559
Miscellaneous Non-Operating Income	<u>\$52,645</u>	<u>\$39,200</u>
Net Non-Operating Margins	<u>\$137,669</u>	<u>\$106,714</u>
<b>Net Margins</b>	\$1,045,925	\$1,085,104
<b>Patronage Capital - Beginning</b>	\$15,224,195	\$14,679,377
Less: Retirement of Patronage Capital	<u>(\$508,040)</u>	<u>(\$540,286)</u>
<b>Patronage Capital - Ending</b>	<u><b>\$15,762,080</b></u>	<u><b>\$15,224,195</b></u>

A copy of the full audit report may be obtained by contacting the Bath District Office.



---

# NOMINATING COMMITTEE REPORT 2021

---

A meeting of the Nominating Committee was held at the main office of the Cooperative, 9 Wilson Avenue, Bath, New York on Wednesday, June 29, 2022 at 5:03 p.m.

The committee members present were Curt R. Williamson, District 1; Robert Spears, District 2; Melinda Morgan, District 5; Willard Caudill, District 6; Mary Ellen Baker, District 7; Patricia Bromley, District 8; and Nicholas D. France, District 9. Also, in attendance were James McCormick, Director/Board President; Bryant Dillon, General Manager; and Kristen Cleveland, Executive Secretary.

Mr. Dillon welcomed everyone to the meeting and thanked them for taking time from their schedules to participate on the Nominating Committee. He reviewed and explained Policy 201 Director Search and Selection, Policy 202 Functions of the Nominating Committee, and Article 4 Section 2 Qualification and Tenure and Article 4 Section 3 Nominations of the Bylaws in detail with committee members.

A motion was made by Patricia Bromley and seconded by Mr. Spears to elect Mr. Caudill as a Committee Chair. The motion was adopted.

A motion was made by Mr. Caudill and seconded by Melinda Morgan to elect Mary Ellen Baker as Recording Secretary. The motion was adopted.

The meeting was turned over to Mr. Caudill to conduct the remainder of the nomination process.

The following candidates were nominated for a three-year term on the Cooperative's Board of Directors:

District 1 Nominee(s): James McCormick

District 2 Nominee(s): Janice Hoad

District 9 Nominee(s): William Moss III

The following candidates were nominated for the remaining one year of a three-year term on the Cooperative's Board of Directors due to the vacancy of the Director representing District 4:

District 4 Nominee(s): Walter Longwell

A motion was made by Mr. Williamson and seconded by Mr. France to accept the nominations for the districts scheduled for director election. The motion was adopted. The names of the nominees will be submitted to the General Manager for verification of district.

The Nominating Committee certified to the Board of Directors, as required by the Bylaws that they made a prudent effort to nominate at least two nominees from each district. A diligent search was made for candidates in Districts 1, 2, and 9 and they were able to find only one candidate willing to be nominated for the position of director from Districts 1, 2, and 9.

The Nominating Committee further certified to the Board of Directors, as required by the Bylaws that they made a prudent effort to nominate at least two nominees for the remaining one year of a three-year term for District 4. A diligent search was made for candidates in District 4, and they were able to find only one candidate willing to be nominated for the remaining one year of a three-year term for the position of director from District 4.

A motion was made by Mr. Spears and seconded by Patricia Bromley to adjourn the meeting at 5:25 p.m. The motion was adopted.

Respectfully submitted,

Mary Ellen Baker  
Recording Secretary

# DIRECTOR ELECTIONS

Districts 1, 2, & 9 are scheduled for election for a three-year term on the Cooperative's Board of Directors while District 4 is scheduled for election to fill the remaining year of a three-year term due to the vacancy of the Director representing District 4.

## DISTRICT 1

Wayland, Cohocton, Fremont,  
Avoca, Hornellsville, Hartsville,  
Greenwood, West Union



**JAMES R. MCCORMICK**

Mr. McCormick and his wife, Karen, reside on their farm in Greenwood, New York. He has been a Cooperative member for 49 years and Director for 45 years and currently serves as President of the SREC Board and Vice-President of the New York State Rural Electric Cooperatives Association. They have two grown children and five grandchildren. He is a graduate of Greenwood Central School and has an Associates Degree from SUNY-Morrisville and is a US Army Veteran. He retired as Senior Vice-President and loan officer from Steuben Trust Company. Mr. McCormick is a member of the Blessed Sacrament Church in Andover and is a former member and president of the Allegany County United Way and Jones Memorial Hospital.

## DISTRICT 2

Cameron, Howard



**JANICE HOAD**

Mrs. Hoad currently resides in Cameron Mills, New York and has been a Cooperative member for 23 years. She has three grown children and six grandchildren. She has been a Cooperative Director since 2008 and currently serves as Secretary.

She obtained her AS Degree from Corning Community College, BS and MS Degree from Alfred University. She is a retired math teacher from Canisteo Greenwood School District since 2014.

Mrs. Hoad is a member of the National Fallen Firefighter Foundation and past 4H Leader but remains active in 4H with her grandchildren.

## DISTRICT 4

Bath



**WALTER LONGWELL**

Mr. Longwell and his wife, Laurie reside in Bath, New York and has been a Cooperative member for 45 years. He and Laurie have three sons, Greg, Nathan, and Brett and six grandchildren. He is the owner of Longwell Lumber Company in Bath, New York..

Mr. Longwell was a member of the Steuben Rural Electric Cooperative Nominating Committee and Director of the Landfill Gas Project for 10 years.

## DISTRICT 9

Chautauqua County



**WILLIAM H. MOSS III**

Mr. Moss and his wife, Joanne, reside in South Dayton, New York. He has been a Cooperative member for 37 years. He and Joanne have two grown sons, Ben and David and one grandchild.

He is a graduate of Forestville Central School and currently operates a 100 cow dairy farm. In addition to operating the dairy farm, he drives school bus at Forestville Central School and performs custom work for area farmers.

Mr. Moss is a trustee of Forestville Methodist Church and belongs to the Dairy Farmers of America Milk Co-op. He enjoys motorcycleing in his free time.

Please be sure to thank the members of the Nominating Committee for a job well done again this year. A great deal of time is spent and effort made to present appropriate candidates for the position of Director to the Steuben Rural Electric Cooperative, Inc.

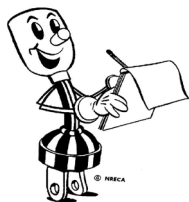
District 1 - Curt R. Williamson, Greenwood, NY  
District 2 - Robert Spears, Cameron, NY  
District 5 - Melinda Morgan, Woodhull, NY  
District 6 - Willard A. Caudill, Cameron Mills, NY

District 7 - Robert V. Nichols, Lindley, NY  
District 8 - Patricia Bromley, South Dayton, NY  
District 9 - William H. Moss III

*Thank  
You!*



Janice Hoard  
Secretary



## REPORT OF THE SECRETARY 2021

Last year's Annual Meeting was held at the Steuben County Fairgrounds in Bath, New York, on October 16, 2021. Total attendance was 196 members from the Eastern District and 8 members from the Western District. There were no proxies submitted. The directors elected to three-year terms were: Gerald S. Chase Jr., District 5; Robert V. Nichols, District 7; and Randy Stankey, District 8. The directors elected to serve the remaining two years of a three-year term were: Edward Borkowski, District 3; and Gordon Foster, District 6. The Board held regular, committee and special meetings, according to the Bylaws of the Cooperative. Attendance was nearly 100 percent.

As of January 1, 2021, there were a total of 5,370 active members representing 6,387 active metering points. For the period January 1, 2021 through December 31, 2021, the Cooperative had 61 new connects and 27 service retirements. The Board accepted 271 new memberships during 2021. The Cooperative ended 2021 with a total of 5,373 active members and 6,421 active meters. All membership records and minutes from all meetings are up-to-date and on file at the office. We welcome suggestions from the members on any item of Cooperative affairs.

## REPORT OF THE TREASURER 2021



Gordon Foster  
Treasurer

You have been provided with excerpts from the independent auditor's report on our financial Statements for the years ended December 31, 2021 and 2020. The Cooperative's operating revenues in the consolidated in financial statements decreased 3.5% from \$10,881,039 in 2020 to \$11,264,449 in 2021. The increase in operating revenues was, in large part, due to higher energy costs during the winter of 2021, compared to 2022. Energy costs are a direct pass through from our provider. Operations expenses, figured into the total cost of electric increased 4.7% from \$9,902,649 to \$10,356,193 during this time period. Again, higher energy prices contributed to a significant portion of this increase in the total cost of electric. Other controllable expenses, excluding the cost of purchase power were held to 1.4% growth from year to year. Overall net margins for the 2021 year were up 3.6%. These margins from 2021 were allocated to members, in the form of patronage capital, in May of 2022 based on their proportionate share of revenues contributed to the Cooperative.

During 2021, the Cooperative maintained its commitment to the retirement of patronage capital in order to a timely return on member capital. Patronage capital retirement amounted to \$508,040 in 2021.

## NOMINATIONS

It shall be the duty of the Board of Directors to appoint, not less than forty-five (45) days nor more than one hundred twenty (120) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than nine (9) members who shall be selected from different sections of the project area so as to insure equitable representation.

No member of the Board of Directors or any relative of a director may serve on such committee. The committee, to provide equitable representation, shall prepare and post at the principle office of the Cooperative, at least twenty (20) days before the meeting a list of nominations for directors. The committee shall make a prudent effort to nominate at least two (2) nominees from each district of the Cooperative scheduled for election. In the event that less than two (2) nominees are nominated by the committee, the committee shall certify to the Board of Directors that a diligent search was made for candidates and that less than two (2) persons were found who were willing to be nominated for the position of director from that district.

Any fifteen (15) or more members acting together may make nominations by petition not less than fifteen (15) days prior to the meetings, and the Cooperative shall post such nominations, under the direction of the Secretary of the Board of Directors, at the same place where the list of nominations made by the committee is posted. Under the direction of the Secretary of the Board of Directors, the Cooperative shall mail with the notice of the meeting or separately, but at least seven (7) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of candidates specifying separately the nominations made by petition, if any. Additional nominations made by petition shall be for the respective districts scheduled for election. The nominee in each district receiving the highest number of votes cast shall be deemed elected to the Board of Directors.

## STEUBEN RURAL ELECTRIC COOPERATIVE CELEBRATES 78 YEARS

President Franklin D. Roosevelt signed an executive order on May 11, 1935 creating the Rural Electric Administration (REA), a branch of the U.S. Department of Agriculture. The REA was formed to provide Federal loans for the construction of electrical distribution systems to serve isolated rural areas of the United States.

Steuben Electric Association, Inc. was formed under the Transportation Corporations Law in July of 1941 and converted to an electric distribution cooperative in May of 1942 with the filing of Articles of conversion under the Rural Electric Cooperative Laws of New York.

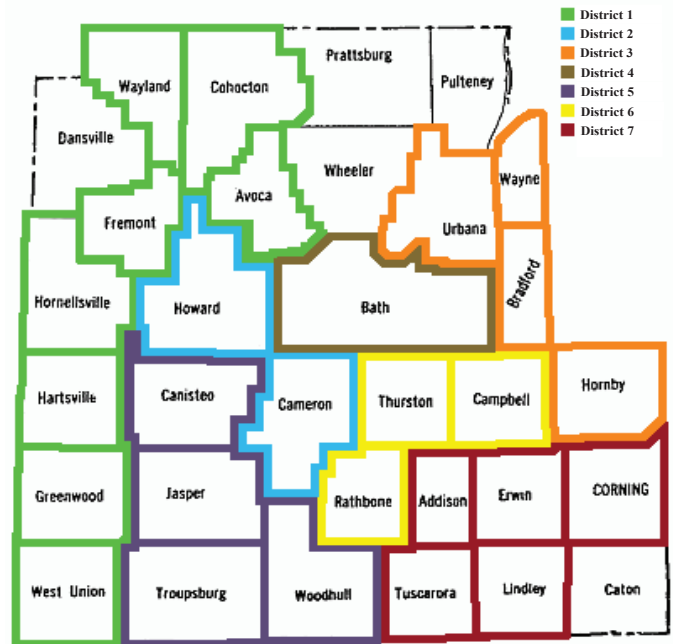
At the time the Articles of Conversion were filed, the Cooperative had 503 miles of line and 1,300 members. With the assistance of funds borrowed from the Rural Electrification Administration, now known as Rural Utilities Services (RUS), to build its electric lines, the first line was energized in 1944. Today, 78 years after energizing the first line, the Cooperative has 1,100 miles of line and serves 6,421 homes, farms, and small businesses.

Steuben Rural Electric Cooperative, Inc. and the Chautauqua-Cattaraugus Electric Cooperative, Inc. began discussing the possibility of merging in April of 1969 and the merger was completed in 1970, resulting in SREC becoming the largest of the four New York Cooperatives.

The directors and employees are proud to serve each Cooperative member, continue to practice the 7 Cooperative Principles and strive to achieve the mission statement.

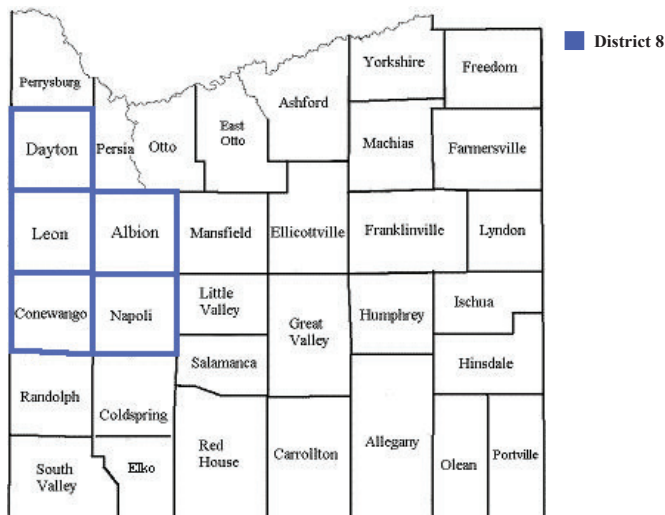
## BATH DISTRICT MAP

### Steuben County

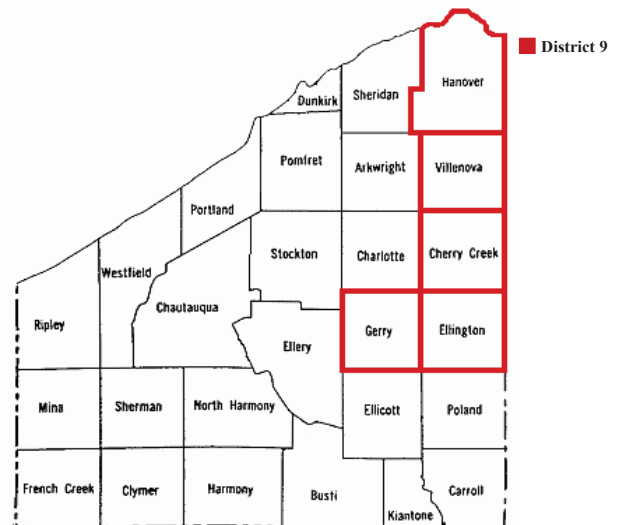


## CHERRY CREEK DISTRICT MAPS

### Cattaraugus County



### Chautauqua County



---

# BOARD OF DIRECTORS

---

## OFFICERS



**JAMES MCCORMICK**  
**PRESIDENT**  
**DISTRICT 1**



**ROBERT NICHOLS**  
**VICE PRESIDENT**  
**DISTRICT 7**



**JANICE HOAD**  
**SECRETARY**  
**DISTRICT 2**



**GORDON FOSTER**  
**TREASURER**  
**DISTRICT 6**

---

## DIRECTORS



**EDWARD BORKOWSKI**  
**DISTRICT 3**



**GERALD CHASE JR.**  
**DISTRICT 5**



**RANDY STANKEY**  
**DISTRICT 8**



**WILLIAM MOSS III**  
**DISTRICT 9**

---

## DIRECTOR QUALIFICATIONS

---

In order to be elected to the Board as a Director, candidates must meet the following qualifications (see Bylaws, Article IV Directors, Section 2 Qualifications & Tenure): Directors shall be elected by ballot at each annual meeting of the members, by and from the members, to serve until the third succeeding annual meeting of the members or until their successor shall have been elected and shall have qualified. No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who: (A) Is not a member and bona fide resident of the district within the Cooperative for which the director was elected to serve; (B) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, equipment or supplies to the Cooperative; (C) Is an employee of the Cooperative or has been an employee of the Cooperative within five (5) years from the date of the annual meeting at which the nomination will come to a vote; (D) Is unable to read, write and speak in the English language; (E) Is not able to enter into a legally binding contract; (F) Is a convicted felon; (G) Has had bills owed to the Cooperative delinquent for more than ninety (90) days within the past two (2) years.

---

## ANNUAL MEETING AGENDA

---

**9:00 am**            **Registration**  
**11:00 am**            **Business Meeting Begins**

Call to Order	Jim McCormick
Invocation	Pastor Veronica Seeley
Pledge of Allegiance	Jim McCormick
Proof of Quorum	Robert Tyson, Esq.
Welcome Message	Jim McCormick
Introductions	Jim McCormick
Employee Service Awards	Bryant Dillon
Bill Credit Announcement	Jim McCormick
Appointment of Tellers	Jim McCormick
Reading of the Meeting Notice	Janice Hoad
Approval of 2021 Minutes	Jim McCormick
President's Report	Jim McCormick
General Manager's Report	Bryant Dillon
Report of the Secretary	Janice Hoad
Report of the Treasury	Gordon Foster
Approval of Reports	Jim McCormick
Report of Nominating Committee	Robert Tyson, Esq.
Election of Directors	Robert Tyson, Esq.
Unfinished Business	Jim McCormick
New Business	Jim McCormick

**12:15 pm**            **Chicken Barbecue Recess**  
**1:15 pm**            **Election Results & Raffle Drawing**  
**Adjournment**

---

## BILL CREDIT ANNOUNCEMENT

---

**YOU WILL RECEIVE A \$30.00 CREDIT ON YOUR NOVEMBER BILLING STATEMENT UPON REGISTERING AND ATTENDING THIS YEAR'S MEETING!**

Each registered member (account) will receive a \$25.00 credit that will be applied to the member's November billing statement. In addition to the \$25.00 credit, the Board has agreed to continue with the \$5.00 credit that has always been applied to registered members' November billing statements.



---

## STATEMENT OF NONDISCRIMINATION

Steuben Rural Electric Cooperative, Inc., is an equal opportunity provider and employer. In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, domestic violence victim status, family/parental status, salary history, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident. Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found on-line at: [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

USDA is an equal opportunity provider, employer, and lender.

---

## ADDRESS

Bath District  
9 Wilson Avenue Bath, NY, 14810  
Phone: 607-776-4161  
Phone: 800-843-3414

Cherry Creek District  
5966 South Rd Cherry Creek, NY, 14723  
Phone: 716-296-5651  
Phone: 800-883-8236