
2022 ANNUAL REPORT

79TH ANNUAL MEMBERSHIP MEETING



Welcome to the 79th Annual Membership Meeting of the Steuben Rural Electric Cooperative. Please join us as we celebrate the 79th anniversary of the Cooperative.

I would like to present our members with the Steuben Rural Electric Cooperative 2022 Annual Report. The purpose of this report is to inform our membership on the status of your cooperative. The business meeting, which usually lasts about one hour, will proceed as presented in the agenda found below. Directors for Districts 3, 4, and 6 are scheduled for election during this meeting and will be elected to serve a three-year term. Chicken dinners will be available for those members that pre-ordered following the close of the business meeting and the raffle drawings. Each registered member will receive a \$30.00 credit on your November billing statement upon registering and attending this year's meeting. Feel free to share your favorite memories or stories with your fellow members, directors, and employees.

Board President - James McCormick

STEUBEN RURAL ELECTRIC COOPERATIVE CELEBRATES 79 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, 79 years after energizing the first line, the Cooperative has 1,172 miles of line and serves 6,461 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.



MINUTES OF THE OCTOBER 15, 2022 ANNUAL MEETING

The 78th Annual Meeting of the Steuben Rural Electric Cooperative, Inc. was convened at the Canisteo-Greenwood High School, 84 Greenwood Street, Canisteo, New York on Saturday, October 15, 2022, 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 10:57 a.m.

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

Quorum: Attorney Robert Tyson declared that a quorum was present. Two hundred and twenty-four members registered.

Introductions: President McCormick introduced the Board of Directors, Cooperative Attorney, and management employees: James McCormick, President, District 1; Janice Hoad, Secretary, District 2; Edward Borkowski, Director, District 3; Gerald Chase Jr., Director, District 5; Gordon Foster, Treasurer, 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.

Special Guests: President McCormick introduced the special guests in the audience: Rachel Gebhart, New York Power Authority; Rusty Pick, Board President of Delaware County Electric Cooperative; Janelle Linehan, Cooperative Services Administrator of Delaware County Electric Cooperative; and William Moss, former Director of Steuben Rural Electric Cooperative.

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

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, 2022.

Minutes of the October 16, 2021 Meeting: A motion was made, seconded, and adopted to waive the readings of the October 16, 2021 meeting minutes and accept them as published.

President's Report: President McCormick presented the President's report that included the Cooperative's financial condition, current programs and plans, and future outlook. The report highlighted the Cooperative's refinancing of a majority of its existing long-term debt at lower rates; reduction of the amount of long-term debt over the past ten years to allow for future system improvements; the ability to hold potential distribution rate increases on its members to below 2% on an annual basis over the past few years; energy supply costs; the Cooperative being well positioned to mitigate the membership from the risk of rising natural gas prices due to the 20-year extension of the agreement for the sale of Niagara Project wholesale power and energy; and the Climate Leadership and Community Protection Act. In addition, Mr. McCormick advised the Cooperative remains in a strong financial position with a stable return of members equity. On September 30, 2022 the Cooperative retired and paid over \$400,000 of member patronage capital.

General Manager's Report: Mr. Dillon presented the General Manager's report that included accomplishments over the past year and an outlook on where the Cooperative is heading in the future. The report highlighted updates concerning system replacement and upgrades that focus on reliability of electric service and resiliency of the distribution system; outage data; vegetation management; long range capital improvement plans; replacement of AMI metering; 2023 construction projects; substation transformer replacements; FEMA hazard mitigation projects; NYISO press release warning of a sharp rise in wholesale electric this winter; energy supply rates; and the Climate Leadership and Community Protection Act. In addition, he thanked the Board of Directors for their commitment to the Cooperative, its employees, and its members.

Secretary and Treasurer Reports: A motion was made, seconded, and adopted to accept the 2021 Secretary and Treasurer reports as published.

MINUTES OF THE OCTOBER 15, 2022 ANNUAL MEETING

Nominating Committee Minutes June 29, 2022: Attorney Tyson read the Nominating Committee Report. The committee met on June 29, 2022, 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 introduced the candidates who were nominated for a three-year term to the Board of Directors: District 1: Wayland, Cohocton, Fremont, Avoca, Hornellsville, Hartsville, Greenwood, and West Union – James McCormick.; District 2: Cameron and Howard – Janice Hoad; and District 9: Chautauqua County – William H. Moss III.

Attorney Tyson introduced the candidate nominated for the remaining one year of a three-year term to the Board of Directors: District 4: Bath - Walter Longwell.

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 for Districts 1, 2, 4, and 9.

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 District 4 to the remaining one year of a three-year term on the Cooperative's Board of Directors and Districts 1,2, and 9 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 1, 2, 4, and 9. The motion was adopted.

Attorney Tyson declared James McCormick, Janice Hoad, Walter Longwell, and William Moss, III duly elected to the position of director for Districts 1, 2, 4, and 9 respectively.

Attendance & Proxy Announcement: Mr. Tyson stated there were 224 members in attendance and zero 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 and James McCormick, Board President recognized the following employees for their years of service for 2022: Nick Hess, Forester/Manager, 5 years of service; Kim Cruse, Bookkeeper; and Gordon Foster, Director/Treasurer, 40 years of service.

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

New Business: President McCormick advised there was no new business to bring before the membership.

Adjournment: Mr. Dillon announced that the chicken dinners will be distributed to those members who reserved dinners in the cafeteria following the adjournment of our meeting. Mr. Dillon called for and received a motion, and second to adjourn the meeting at 11:50 a.m. The motion was adopted.

Respectfully submitted,

Janice L. Hoad
Secretary

INDEPENDENT AUDITOR'S REPORT



DAVE DITANNA

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

Opinion

We have audited the accompanying financial statements of Steuben Rural Electric Cooperative, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of revenue, expenses and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2022 and 2021, 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. 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.'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.'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 management, 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.'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITOR'S REPORT

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2023, 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. This 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 5, 2023

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 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.

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



DIRECTOR & EMPLOYEE SERVICE AWARDS 2023

Wade Nelson, Line Foreman - 35 Years of Service
 Tracy Davis, Operations Admin. - 30 Years of Service
 Robert Nichols, Director/Vice Pres. - 20 Years of Service
 Janice Hoad, Director/Secretary - 15 Years of Service
 William Moss III., Director - 10 Years of Service

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>		
		<u>2022</u>	<u>2021</u>
Electric Plant			
In Service - At Cost		\$52,392,550	\$51,926,362
Construction in Progress		<u>\$1,915,987</u>	<u>\$472,471</u>
Total Electric Plant		<u>\$54,308,447</u>	<u>\$52,398,833</u>
Less:			
Provision for Depreciation		\$20,641,580	\$19,930,554
Retirement Work in Progress		<u>(\$387,840)</u>	<u>(\$22,317)</u>
Subtotal		<u>\$20,253,740</u>	<u>\$19,908,237</u>
Total Electric Plant - Net		<u>\$34,054,707</u>	<u>\$32,490,596</u>
Other Assets			
Investments in Associated Organizations		<u>\$1,614,691</u>	<u>\$1,237,030</u>
Total Other Assets		<u>\$1,614,691</u>	<u>\$1,237,030</u>
Current Assets			
Cash and Cash Equivalents		\$873,790	\$535,568
Accounts Receivable - Net		\$1,697,160	\$1,650,663
Other Accounts Receivable		\$655,164	\$558,755
Inventory		\$491,849	\$452,198
Prepaid Expenses		<u>\$115,547</u>	<u>\$183,704</u>
Total Current Assets		<u>\$3,833,510</u>	<u>\$3,380,888</u>
Noncurrent Assets			
Other Regulatory Assets		\$1,047,460	\$1,315,929
Miscellaneous Deferred Debits		<u>\$40,143</u>	<u>\$42,760</u>
Total Noncurrent Assets		<u>\$1,087,603</u>	<u>\$1,358,689</u>
TOTAL ASSETS		<u>\$40,590,511</u>	<u>\$38,467,203</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>			
Members' Equity		<u>2022</u>	<u>2021</u>
Memberships		\$348,955	\$341,030
Patronage Capital		\$16,361,256	\$15,762,080
Other Equities		<u>\$2,122,976</u>	<u>\$1,895,122</u>
Total Members' Equity		<u>\$18,833,187</u>	<u>\$17,998,232</u>
Long-Term Debt - Net		<u>\$18,684,472</u>	<u>\$17,641,480</u>
Current Liabilities			
Long-Term Debt - Current Maturities		\$1,049,015	\$1,312,199
Line of Credit		\$0.00	\$500,000
Accounts Payable		\$1,349,311	\$382,541
Customer Deposits		\$18,985	\$22,430
Other Liabilities		<u>\$395,117</u>	<u>\$346,390</u>
Total Current Liabilities		<u>\$2,812,428</u>	<u>\$2,563,560</u>
Noncurrent Liabilities			
Other Postretirement Benefits		<u>\$260,424</u>	<u>\$263,931</u>
Total Noncurrent Liabilities		<u>\$260,424</u>	<u>\$263,931</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY		<u>\$40,590,511</u>	<u>\$38,467,203</u>

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

**STATEMENTS OF REVENUE, EXPENSES & PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues	<u>\$12,225,653</u>	<u>\$11,264,449</u>
Operation and Maintenance Expenses		
Cost of Purchased Power	\$3,351,638	\$2,717,846
Distribution Expense - Operation	\$1,727,326	\$1,698,234
Distribution Expense - Maintenance	\$2,012,530	\$2,010,014
Customer Accounts Expense	\$589,986	\$441,212
Customer Service and Information Expense	\$156,770	\$142,545
Administrative and General Expense	<u>\$1,240,191</u>	<u>\$1,236,884</u>
Total Operation and Maintenance Expenses	<u>\$9,078,441</u>	<u>\$8,246,735</u>
Other Operating Expenses		
Depreciation Expense	\$1,345,794	\$1,315,823
Interest Expense - Long Term Debt	\$588,686	\$633,427
Interest Expense - Other	\$27,274	\$9,006
Miscellaneous Expenses	<u>\$163,633</u>	<u>\$151,202</u>
Total Other Operating Expenses	<u>\$2,125,387</u>	<u>\$2,109,458</u>
Total Cost of Electric	<u>\$11,203,828</u>	<u>\$10,356,193</u>
Net Operating Margins	<u>\$1,021,825</u>	<u>\$908,256</u>
Non-Operating Margins		
Interest Income	\$31,055	\$27,608
Other Capital Credits and Patronage Dividends	\$51,406	\$57,416
Miscellaneous Non-Operating Income	<u>\$20,292</u>	<u>\$52,645</u>
Net Non-Operating Margins	<u>\$102,753</u>	<u>\$137,669</u>
Net Margins	\$1,124,578	\$1,045,925
Patronage Capital - Beginning	\$15,762,080	\$15,224,195
Less: Retirement of Patronage Capital	<u>(\$525,402)</u>	<u>(\$508,040)</u>
Patronage Capital - Ending	<u>\$16,361,256</u>	<u>\$15,762,080</u>

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

NOMINATING COMMITTEE REPORT 2023

A meeting of the Nominating Committee was held at the main office of the Cooperative, 9 Wilson Avenue, Bath, New York on Wednesday, June 28, 2023 at 5:00 p.m.

The committee members present were Curt R. Williamson, District 1; Robert Spears, District 2; Brian Elliott, District 3; Carl W. Albers, District 4; 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 Robert Spears and seconded by Melinda Morgan to elect Willard Caudill as a Committee Chair. The motion was adopted.

A motion was made by Willard Caudill and seconded by Patricia Bromley to elect Mary Ellen Baker as Recording Secretary. The motion was adopted.

The meeting was turned over to Willard 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 3 Nominee(s): Edward Borkowski

District 4 Nominee(s): Walter Longwell

District 6 Nominee(s): Gordon Foster

A motion was made by Brian Elliott and seconded by Patricia Bromley 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 3, 4, and 6 and they were able to find only one candidate willing to be nominated for the position of director from Districts 3, 4, and 6.

A motion was made by Brian Elliott and seconded by Patricia Bromley to adjourn the meeting at 5:20 p.m. The motion was adopted.

Respectfully submitted,

Mary Ellen Baker
Recording Secretary

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 3 - Brian Elliott, Savona, NY
District 4 - Carl W. Albers, Bath, NY
District 5 - Melinda Morgan, Woodhull, NY

District 6 - Willard A. Caudill, Cameron Mills, NY
District 7 - Mary Ellen Baker, Lindley, NY
District 8 - Patricia Bromley, South Dayton, NY
District 9 - Nicholas D. France, Forestville, NY

*Thank
You!*

DIRECTOR ELECTIONS - MEET THE BOARD CANDIDATES

Districts 3, 4, and 6 are scheduled for election for a three-year term on the Cooperative's Board of Directors. Your nominating committee met on June 28, 2023, and have nominated the following as candidates for your Board of Directors to be voted on at your Annual Meeting October, 14, 2023.

DISTRICT 3

Urbana, Wayne, Bradford
Hornby, Orange



EDWARD BORKOWSKI

Mr. Borkowski resides in the Town of Bradford. He has been a Cooperative member for 30 years and has served on the Board of Directors for 2 years. Mr. Borkowski recently received the Credentialed Cooperative Director Certificate from NRECA in recognition of having successfully completed 40 hours of training for the Credentialed Cooperative Director Program.

Mr. Borkowski is a graduate of Bradford Central School and Cornell University where he obtained a degree in Life Science and Agriculture. He was employed with the New York Department of Agriculture and Markets until his retirement in 2017. He has served on the Bradford Town Board for 19 years and is a former Toastmaster.

Mr. Borkowski is a member of the Sons of the American Legion, member, elector, and usher with St. Stanislaus Church in Bradford and a member of the Board of Directors for the Shooter Committee on Public Education (S.C.O.P.E.).

DISTRICT 4

Bath



WALTER LONGWELL

Mr. Longwell and his wife Laurie reside in the Town of Bath. He has been a Cooperative member for 46 years and has served on the Board of Directors for one year.

Mr. Longwell and his wife Laurie have three sons Greg, Nathan, and Brett and six grandchildren.

Mr. Longwell is the owner of Longwell Lumber Company in Bath. He was a member of the Steuben Rural Nominating Committee and was also a Director of the Landfill Gas Project for ten years.



DISTRICT 6

Thurston, Campbell
Rathbone



GORDON FOSTER

Mr. Foster resides in the Town of Thurston and has been a member of the Cooperative for 57 years. He has served on the Board of Directors for 41 years and as the President for 15 years. He is an active participant with the NYSRECA Statewide organization.

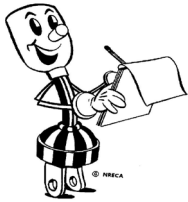
Mr. Foster obtained his AAS Degree in Engineering Sciences from Alfred Agricultural and Technical College and was employed by Corning Incorporated for 40 years as a technologist until retiring in 2005.

Mr. Foster manages a 750 acre replacement farm in Risingville and has served as Thurston Town Assessor for 48 years.





Janice Hoad
Secretary



REPORT OF THE SECRETARY 2022

Last year's Annual Meeting was held at the Canisteo-Greenwood High School in Canisteo, New York, on October 15, 2022. Total attendance was 224 members. There were no proxies submitted. The directors elected to three-year terms were James McCormick, District 1; Janice Hoad, District 2; and William H. Moss III., District 9. The director elected to serve the remaining one year of a three-year term was Walter Longwell, 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, 2022, there were a total of 5,373 active members representing 6,421 active metering points. For the period January 1, 2022 through December 31, 2022, the Cooperative had 56 new connects and 69 service retirements. The Board accepted 310 new memberships during 2022. The Cooperative ended 2022 with a total of 5,364 active members and 6,408 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 2022



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, 2022 and 2021. The Cooperative's operating revenues in the consolidated financial statements decreased 8.5% from \$11,264,449 in 2021 to \$12,225,653 in 2022. The increase in operating revenues was, in large part, due to higher energy costs during the winter of 2022, compared to 2021. Energy costs are a direct pass through from our provider. Operations and maintenance expenses, figured into the total cost of electric increased 8.2% from \$8,246,735 to \$9,078,441 during this time period. Again, higher energy prices contributed to a significant portion of this increase in the total cost of electricity. Controllable operating expenses, which include operations and maintenance expenses, less the cost of purchase power, were held to 3.6% growth from year to year. This 3.6% increase in controllable operating expenses was better than anticipated, given the recent inflation. Overall net margins for the 2022 year were up \$78,653. Margins (profit) from 2022 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 2022, 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 \$525,402 in 2022.

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.

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



WALTER LONGWELL
DISTRICT 4



GERALD CHASE JR
DISTRICT 5



RANDY STANKEY
DISTRICT 8

DIRECTOR QUALIFICATIONS



WILLIAM MOSS III
DISTRICT 9

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.

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

ANNUAL MEETING AGENDA

1. CALL MEETING TO ORDER AT 11:00 AM JAMES MCCORMICK
2. INVOCATION PASTOR VERNICA SEELEY
3. PLEDGE OF ALLEGIANCE JAMES MCCORMICK
4. NO SMOKING ANNOUNCEMENT JAMES MCCORMICK
5. FIRE EMERGENCY ANNOUNCEMENT JAMES MCCORMICK
6. CELL PHONE REMINDER JAMES MCCORMICK
7. PROOF OF QUORUM PAUL AVERY, ESQ
8. INTRODUCTIONS OF DIRECTORS/MANAGEMENT JAMES MCCORMICK
9. SPECIAL GUEST INTRODUCTIONS JAMES MCCORMICK
10. WELCOME MESSAGE JAMES MCCORMICK
11. APPRECIATION TO EMPLOYEES JAMES MCCORMICK
12. BILL CREDIT ANNOUNCEMENT JAMES MCCORMICK
13. MEETING NOTICE AND PUBLICATION JANICE HOAD
14. APPROVAL OF MINUTES OF 2022 MEMBERSHIP MEETING JAMES MCCORMICK
15. PRESIDENT'S REPORT JAMES MCCORMICK
16. GENERAL MANAGER'S REPORTS BRYAN DILLON
17. SECRETARY & TREASURER REPORTS JAMES MCCORMICK
18. NOMINATING COMMITTEE REPORT PAUL AVERY, ESQ
19. ELECTION OF DIRECTORS PAUL AVERY, ESQ
20. NOMINATIONS BY PETITION PAUL AVERY, ESQ
21. CLOSE NOMINATIONS PAUL AVERY, ESQ
22. CALL FOR VOTE & ELECTION RESULTS PAUL AVERY, ESQ
23. ATTENDANCE AND PROXY ANNOUNCEMENT PAUL AVERY, ESQ
24. EMPLOYEE SERVICE AWARDS BRYANT DILLON/JAMES MCCORMICK
25. UNFINISHED BUSINESS JAMES MCCORMICK
26. NEW BUSINESS JAMES MCCORMICK
27. RAFFLE DRAWINGS BRYANT DILLON
28. ADJOURNMENT BRYANT DILLON