



Choptank Electric Cooperative

A Touchstone Energy[®]
Cooperative



ANNUAL REPORT

2024

MEMBERS FIRST. EVERY DAY.



Mike Malandro
President & CEO



Douglas D. Scott
Chairman of the Board

**PRESIDENT
& CEO'S
MESSAGE
TO OUR
MEMBERS**

Dear Members,

Your electric cooperative celebrated some exceptional milestones over the last twelve months – all while keeping your rates stable and your electric service reliable. As always, our number one goal is reliable service that prioritizes the safety of our employees and community.

We were able to do this through careful planning and a commitment to deliver the services you need. From our call center to our supply chain managers, our engineers and our linemen, we are all working to advance our cooperative community here on the Eastern Shore.

Our broadband efforts were recognized in the 2024 Community Choice Awards as Choptank Fiber was voted the best internet service provider in the Chesapeake region. Choptank Fiber offers service to more than 12,000 families and ended the year with almost 5,000 subscribed customers.

As a cooperative, we believe investment in our youth, workforce preparedness and employee satisfaction are the keys to success. We proudly support youth literacy through scholarships, sponsorship of the Junior Achievement Center and the Youth Tour in Washington, D.C.

Our partnership with Wor-Wic Community College and the Virginia, Maryland, Delaware Association of Electric Cooperatives has graduated three classes of powerline worker pre-apprentice candidates. We also hosted Girl Power for the first time at our Salisbury training center to encourage young women to join the industry. These are just some of the ways we ensure a qualified local workforce.

Maintaining over 6,000 miles of electric lines across the Eastern Shore, we continue to receive a 99% reliability rating from the ASAI, and we are pleased that our long-term investments continue to pay off.

Choptank Electric Cooperative has served its members and community faithfully for more than 86 years and we will continue to do so many years into the future.



Mike Malandro
President & CEO

YOUR BOARD OF DIRECTORS



Douglas D. Scott
Chairman,
Dorchester County



Robert E. Arnold
Vice Chairman,
Queen Anne's County



John J. Burke, Jr.
Treasurer,
Cecil County



Matthew R. Holloway
Secretary,
Wicomico County



Amy Ireland Brandt
Caroline County



Craig N. Mathies Sr.
Somerset County



Kristen E. Nickerson
Kent County



Jeffrey D. Rathell, Sr.
Talbot County



Robert B. Thompson
Ocean Pines District



Donna Richardson West
Worcester County

CHOPTANK
ELECTRIC
COOPERATIVE
LEADERSHIP

YOUR EXECUTIVE STAFF



Mike Malandro
President
and CEO



Paula J. Bishop
Vice President of
Human Resources



Valerie T. Connelly
Vice President of Government
Affairs and Public Relations



Sarah M. Dahl
Vice President
& General Counsel



Lisa H. DeSantis
Vice President
and CFO



W. Lance Lockerman
Vice President of
Operations



Timothy W. McGaha
Vice President of
Technical Services



Leroy D. Sverduk
Vice President of
Engineering



CHOPTANK
ELECTRIC
COOPERATIVE
**MISSION
STATEMENT**

Choptank Electric and Choptank Fiber exist to provide reliable and cost-effective services that improve the quality of life for our communities.

As a member of a co-op, like yourself, we take part in a larger community connected and working together to improve the lives of others. Our members are our first partners. Your commitment to us allows us to better serve you and your community. Working together is key to improving services, bolstering local economies and dealing more effectively with social and community needs. It's one of our founding principles. In fact, it's our 6th: *Cooperation Among Cooperatives*.


One partnership we greatly benefit from is our membership with **Old Dominion Electric Cooperative®**. We are one of ten other cooperatives that own Old Dominion Electric Cooperative, also known as ODEC. Incorporated in 1948, ODEC provides reliable, safe and affordable wholesale electric service to its members here in Maryland and also neighboring states Delaware and Virginia. ODEC is a not-for-profit, tax-exempt generation and transmission cooperative that operates for the benefit of its members that are its owners.

Our partnership with the **Virginia, Maryland & Delaware Association of Electric Cooperatives** allows us to better serve our members by improving staff safety, educational and training services, and more. Our membership with VMDAEC enables us to efficiently publish Cooperative Living, providing us an opportunity to properly inform our members.



CHOPTANK
ELECTRIC
COOPERATIVE
PARTNERS

Our partnership with **Touchstone Energy® Cooperative** allows us to access a network of locally owned cooperatives across 45 states. Touchstone is a national network of electric cooperatives that provides research, resources, and employee training programs that help its member cooperatives better engage and serve our members. Together, we put members first. With the help of Touchstone Energy's resources, we can offer useful services to our members like the Co-op Connections Card, energy efficiency and renewable energy tools and information, and more.



Choptank Electric continues to work hard to deliver reliable, affordable, and safe electricity to you. With our highly trained operations and engineering team and state-of-the-art grid, we are keeping the lights on for our members 99.98% of the time.

**INCREASING
RELIABILITY &
YOUR SERVICE**

Investing in capital projects and performing preventative maintenance throughout the year enables us to increase system reliability, safety and affordability. These projects include upgrading substations and overhead power lines, installing fiber optics to our substations and transformers, and ensuring we have clean and accessible right-of-ways through our vegetation management program.



CHOPTANK
ELECTRIC
COOPERATIVE
**BY THE
NUMBERS**

6,412

MILES OF LINE

8.9

METERS PER MILE

171

FULL-TIME
EMPLOYEES

93%

MEMBERS ENROLLED
IN OPERATION
ROUND UP

99.98%

AVERAGE SYSTEM
RELIABILITY **

**MEMBER
ACCOUNTS**

57,046 - 2024

56,609 - 2023

56,154 - 2022

206

AVERAGE DAILY CALLS
TO CALL CENTER

120.2

AVERAGE TIME OF
INTERRUPTION
IN MINUTES*

1.17*

NUMBER OF OUTAGES
PER MEMBER

**Reliability rating from the Average System Availability Index.

*Excludes IEE Major Event Day interruptions.



CHOPTANK FIBER, LLC

is a wholly owned broadband subsidiary of Choptank Electric Cooperative, formed in 2020 at the request of the Cooperative's members. Choptank Fiber delivers reliable and affordable internet service to families and businesses throughout its service territory where current broadband providers wouldn't build.

In the first four years of business, Choptank Fiber has connected over 5,000 customers with high-speed internet. With nearly 2,000 miles of distribution fiber laid, service is now available to more than 12,000 locations. Since its first connection in 2021, Choptank Fiber has remained ahead of schedule in every aspect of its fiber construction and buildout process.

Residential service has expanded to include the complimentary CommandIQ mobile app for managed Wi-Fi with all packages and Choptank Fiber Voice, in-home VoIP phone lines, which can be bundled with any package. The suite of included services provide security through the ProtectIQ platform and personalization through the ExperienceIQ platform to create profiles, devices and control family and guest access.

Choptank Fiber launched their cellular service in 2024, Choptank Fiber Mobile, with standard and unlimited plans that can be bundled with any internet package. Commercial broadband packages are available with added services including cloud-based business phone lines, the SmartBiz managed business Wi-Fi service and the CommandWorx mobile app.

Choptank Fiber was proud to be named Best Internet Provider on the Eastern Shore in 2024 by our customers in the Best of the Best Chesapeake contest.

As Choptank Fiber looks to the future, it will continue to serve as the hub for technology on the Eastern Shore by providing rural businesses and consumers with the services and education they need.



12,286

Number of homes passed

\$53,500,000

*Amount of Grants
awarded since inception*

24

*Completed expansion and
infrastructure grants*

1,990

Miles of distribution fiber

8 of 9

Counties Connected

**FIBER ACTIVE
CUSTOMERS
BY COUNTY**

- Caroline - 2,118
- Somerset - 607
- Wicomico - 597
- Worcester - 529
- Dorchester - 471
- Queen Anne's - 370
 - Cecil - 251
 - Talbot - 1



CONSOLIDATED BALANCE SHEETS

ASSETS (What We Own)	<u>2023</u>	<u>2024</u>
Net Utility Plant	\$332,767,176	\$338,024,909
Investments	\$88,101,879	\$100,583,435
Cash	\$1,786,770	\$2,058,373
Accounts & Notes Receivable	\$50,371,974	\$34,075,642
Materials & Supplies	\$20,093,153	\$17,975,808
Other Current Assets	\$2,337,687	\$1,275,535
Deferred Debits	\$34,302,920	\$34,875,874
Total Assets	\$529,761,559	\$528,869,576
LIABILITIES		
Long-Term Debt	\$240,046,564	\$240,203,277
Other Non-Current Liabilities	\$3,401,066	\$3,821,975
Accounts Payable	\$29,393,443	\$28,677,955
Current Portion of Long-Term Debt	\$11,640,214	\$11,352,005
Other Current & Accrued Liabilities	\$14,988,317	\$22,165,320
Consumer Deposits	\$1,878,089	\$2,013,615
Deferred Credits	\$33,904,100	\$15,844,301
Total Liabilities	\$335,251,793	\$324,078,448
MEMBERS' NET WORTH		
Membership Fees	\$384,455	\$384,455
Accumulated Margins	\$21,789,717	\$25,030,835
Other Equities	\$172,335,594	\$179,375,838
Total Members' Net Worth	\$194,509,766	\$204,791,128
Total Liabilities + Net Worth	\$529,761,559	\$528,869,576

The consolidated financial statements include the financial performance of the Cooperative and its subsidiaries, Choptank Services Corporation (CSC) and Choptank Fiber LLC. CSC is a wholly-owned subsidiary of the Cooperative which owed a 36.56% and 37.54% interest in Mid-Atlantic Cooperative Solutions, Inc. as of 12/31/2024 and 12/31/2023, respectively. Choptank Fiber LLC operates as a broadband internet & voice-over internet protocol (VOIP) business on Maryland's Eastern Shore.

CONSOLIDATED STATEMENT OF OPERATIONS

	<u>2023</u>	<u>2024</u>
INCOME		
Revenue	\$161,076,171	\$170,601,676
EXPENSES		
Purchased Power Cost	\$97,735,440	\$91,753,489
Operations Expense	\$6,615,267	\$7,221,038
Maintenance Expense	\$10,275,414	\$11,407,561
Consumer Account Expense	\$2,563,317	\$2,590,259
Administrative & General Expense	\$11,897,979	\$12,711,706
Depreciation	\$15,141,515	\$15,914,455
Taxes	\$4,444,086	\$4,707,087
Interest Expense	\$12,707,047	\$14,642,072
Other Deductions	\$207,500	\$963,679
Total Expenses	\$161,587,565	\$161,911,346
MARGINS		
Operating Margins	(\$511,394)	\$8,690,330
Non-Operating Margins	\$909,214	\$1,994,391
G & T Capital Credits	\$1,272,880	\$1,152,052
Other Capital Credits/Patronage Dividends	\$1,210,275	\$731,094
Income Tax Expense - Deferred	(\$323,000)	(\$230,000)
Total Margins	\$2,557,975	\$12,337,867

WINTER	SYSTEM ENERGY PEAKS	SUMMER
December 23, 2024, at hour ending 8 AM with 264,019 kW.		July 6, 2024, at hour ending 6 PM with 267,434 kW.

REAL ESTATE & PERSONAL PROPERTY TAX

<u>County</u>	<u>2024</u>	<u>County</u>	<u>2024</u>
Caroline	\$962,903	Somerset	\$337,744
Cecil	\$186,744	Talbot	\$482,449
Dorchester	\$617,465	Wicomico	\$508,953
Kent	\$271,908	Worcester	\$689,304
Queen Anne's	\$292,992		
		Total	\$4,350,462

METERS

Residential	50,697
Com. & Ind.	5,925
Primary	32
Irrigation	184
Lighting	209
Total	57,047

Vegetation Management is another way that we reduce outages and increase service reliability. The primary mission of our program is to enhance reliable service to the Cooperative's members by using proven vegetation management activities such as tree trimming, tree removal, mowing, and herbicide application that conserves the vast natural resources of the Delmarva Peninsula.

Tree trimming and mowing operations have been primarily performed by Asplundh Tree Experts of Willow Grove, Pennsylvania since 2003.

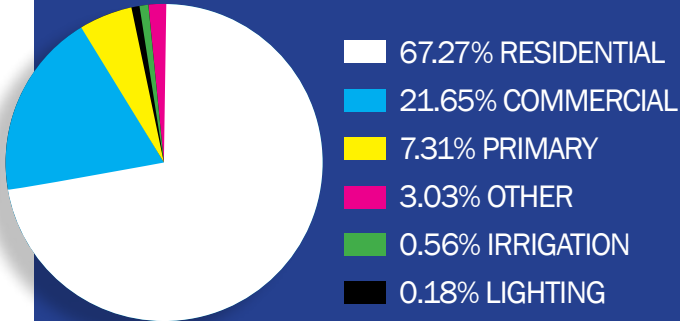
CHOPTANK
ELECTRIC
COOPERATIVE

VEGETATION MANAGEMENT

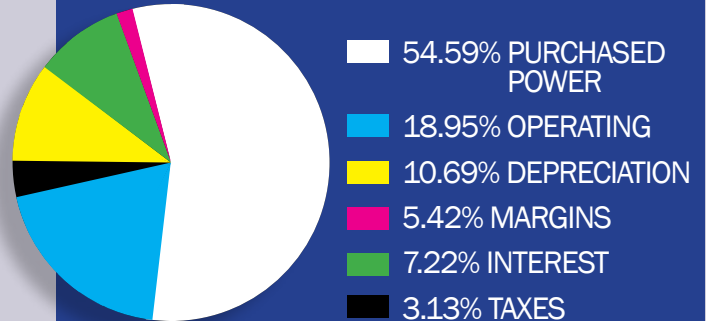
- > **TRIMMED 823 MILES OF LINE**
- > **MOWED 264 ACRES OF LAND**
- > **REMOVED 3,187 TREES**
- > **SPRAYED 632 ACRES WITH HERBICIDES**
- > **RESPONDED TO 432 MEMBER'S REQUEST FOR SERVICE RESTORATION EFFORTS**
- > **REPLANTED 202 TREES**
- > **CONVERTED 842 ACRES OF LAND**

HOW YOUR COOPERATIVE DOLLAR WAS SPENT

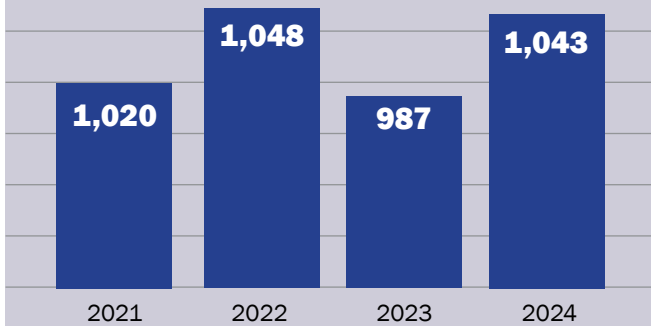
WHERE IT CAME FROM



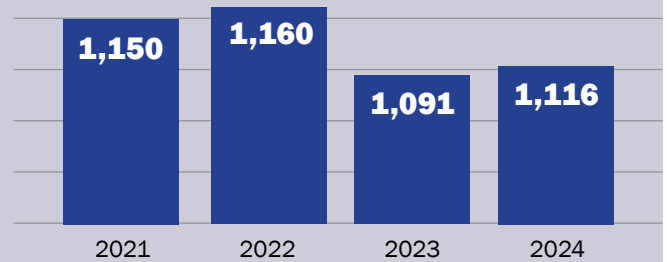
HOW IT WAS SPENT



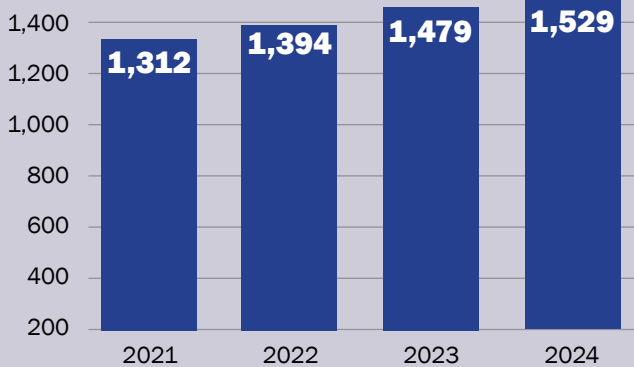
kWh SALES (IN MILLIONS)



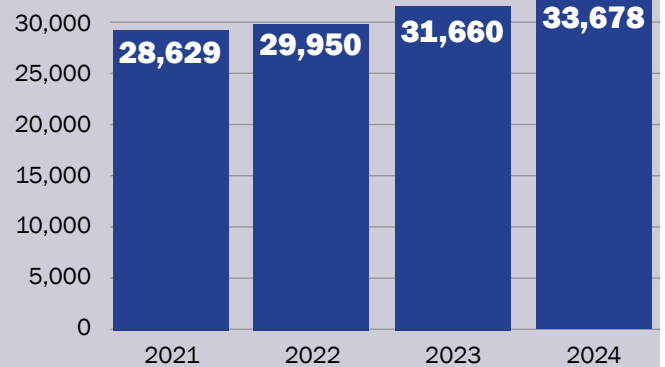
AVERAGE kWh RESIDENTIAL (MONTHLY)



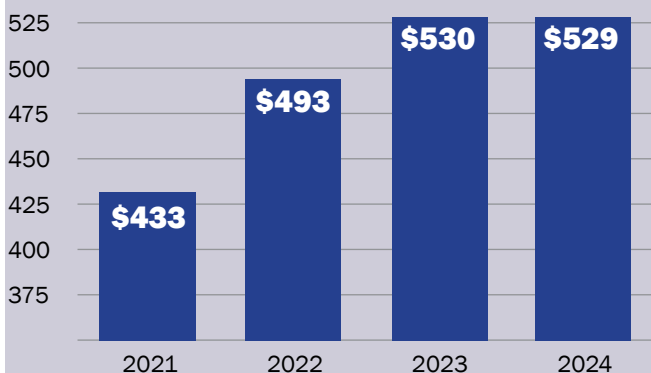
NUMBER OF NET METERING ACCOUNTS



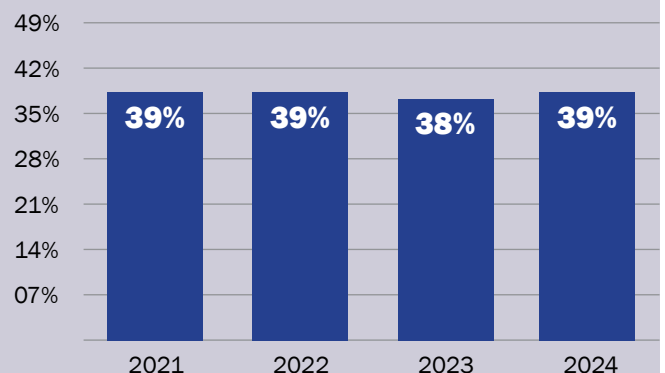
NET METERING LOAD ON SYSTEM (kW)



ASSETS (IN MILLIONS)



EQUITY AS PERCENTAGE OF ASSETS





A SMALL CONTRIBUTION GOES A LONG WAY

Giving back through the Choptank Trust

The quality of life for our members and the community has always been at the center of what we do. Modeling the Cooperative Principle Concern for Community, Choptank Electric Cooperative adopted Operation Round Up® as our community assistance program in 2004.

Operated as the non-profit Choptank Electric Trust, Inc., Operation Round Up® is a simple and rewarding way to enable members to contribute funds for local charities, needy individuals and service organizations. The Choptank Electric Trust is governed by its own Board of Directors representing all nine counties on the Eastern Shore. Members who participate in this program 'round up' their monthly electric bills to the nearest dollar and donate the difference to our program, distributing the money in our local communities. In 2024, 93% of Choptank Electric Cooperative members were enrolled in Operation Round Up®.

The Choptank Electric Trust also authorizes donations to support community programs and historical efforts. A total of \$326,548 was granted by the Trust in 2024 to support our community with food, clothing, shelter, equipment, medical and educational needs.

In the summer of 2024, the Trust donated \$2,500 to the Talbot Humane Society to upgrade their meet and greet room and support their mission. A meet and greet room is essential to a humane society as it allows the animal to meet potential adopters and their pets to ensure they go to the right home. Thanks to the Trust, many shelter animals will find their perfect family.

The Trust also donated \$1,500 to the Junior Achievement Center of the Eastern Shore. The Perdue Henson Junior Achievement Center located in Salisbury, MD provides experiential learning of financial literacy, work readiness, and entrepreneurship to more than 10,000 students each year.

The Choptank Trust plays a vital role in our community. To learn more about the Trust or to apply for a grant, visit choptankelectric.coop/operation-round-trust-fund.

> www.choptankelectric.coop/operation-round-trust-fund





EDUCATION AND COMMUNITY ENGAGEMENT

Your local electric cooperative understands the value of education and engagement in our neighborhoods, especially among the next generation. Concern for Community and Education, Training and Information are two of the seven Cooperative Principles that we follow; both of which are modeled by our public outreach efforts.

Choptank Electric participated in many activities to connect with our future leaders in 2024. Throughout these events and tours, our employees taught electric and powerline safety, careers in the utility and broadband industries, how power gets to their homes and provided hands-on interactions and demonstrations.

We continued to offer scholarship programs to help local students seeking higher education. Between our Luck of the Draw Scholarship at the Annual Meeting, the Choptank Electric Trust Scholarship and the Virginia, Maryland & Delaware Association of Electric Cooperatives (VMDAEC) Scholarship, \$36,000 was awarded to 25 deserving student members across the Eastern Shore in 2024.

Choptank Electric Cooperative took five high school students to Washington, D.C. for a week in June to

participate in NRECA's Youth Tour program. Our delegates met with their U.S. Representatives and Senators, attended fun events with thousands of other students, learned about rural electric and saw the Nation's Capital from a whole new perspective.

We continued our partnership with Delmarva Power in the utility storefront at the Perdue Henson Junior Achievement Center in Salisbury to reach more than 10,000 students from Eastern Shore schools. Our Powerline Worker Pre-Apprenticeship Program at Wor-Wic Community College graduated two more cohorts in 2024 and we hosted the annual Girl Power event at our Regional Service Center in Salisbury for the first time for female students interested in line work.

While traveling and supporting local county fairs, festivals and a variety of other events in 2024, we met with many members to talk about broadband internet and energy efficiency. Supporting our local schools and colleges, we also participated in career fairs and presentations to reach more youth.

The future of our community and industry lies within the next generation, so we are dedicating resources to keep them prepared here on the Eastern Shore.

> www.choptankelectric.coop/youth-tour



Choptank Electric Cooperative

A Touchstone Energy[®]
Cooperative



*Lighting The Eastern Shore for 87 years and counting.
Thank you to our members who make all of this possible!*

P.O. BOX 430 | DENTON, MD | 21629 | WWW.CHOPTANKELECTRIC.COOP
MEMBER SERVICE CENTER: 1-877-892-0001 | AUTOMATED MEMBER SERVICE: 1-844-975-2746
ELECTRIC OUTAGES: 1-800-410-4790 option 1 | FIBER OUTAGES: 1-800-410-4790 option 2

ABOVE: A juvenile white ibis patrols our Worcester County service territory last summer.