

# 2022 ANNUAL REPORT



**Choptank Electric  
Cooperative**

A Touchstone Energy®  
Cooperative







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

Mike Malandro  
President & CEO



Jeffrey D. Rathell  
Chairman of the Board

Dear Members,

A sense of normalcy was restored as we moved through 2022, leaving behind some COVID limitations and coming together again as a community for improved quality of life here on the Eastern Shore.

At Choptank Electric Cooperative, we made great strides with grid upgrades to modernize electric service and protect against cyber threats.

Despite supply chain challenges, Choptank efficiently managed vital components like transformers, vaults, and switches. Continuing to do business with exemplary service while also considering the safety and security of our employees and members is a priority. Our lineworker training facility in Salisbury is world-class.

A partnership with Wor-Wic Community College that developed throughout 2022 will bring the first-ever pre-apprenticeship lineworker training to Maryland so local students can receive workforce development.

We continued our high-speed internet build-out, offering broadband to thousands of families. Choptank is building infrastructure and connecting customers faster than any other provider on the Shore. By going to the most rural locations, we are meeting the needs of members who have been left behind by internet companies for too long.

With this technology, we hope to bring economic development to the area along with better educational opportunities, tele-health capabilities, increase job activities, and many different entertainment features including streaming services, video gaming technologies, and video chatting with friends and family.

Working to connect members to Choptank Fiber did not prevent us from delivering affordable, reliable, and safe electricity to our members. 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.

For over 80 years, Choptank Electric Cooperative has served its members and community faithfully – and we hope that we can continue to do so for the next 80 years.

Mike Malandro  
President & CEO



**YOUR BOARD OF DIRECTORS**



Jeffrey D. Rathell, Sr.  
Chairman,  
Talbot County



John J. Burke, Jr.  
Vice Chairman,  
Cecil County



Douglas D. Scott  
Treasurer,  
Dorchester County



Robert E. Arnold  
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Olin S. Davis, III  
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Craig N. Mathies Sr.  
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Robert B. Thompson  
Ocean Pines District



Donna R. West  
Worcester County

**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  
LEADERSHIP**

**CHOPTANK  
ELECTRIC  
COOPERATIVE  
MISSION  
STATEMENT**

Choptank Electric Cooperative exists to provide reliable and cost-effective electricity that improves the quality of life for our member-owners. We are committed to service excellence guided by the 7 Cooperative Principles.



**A**s a member of a co-op, like yourself, we take part in a larger community. A large community, connected and working together to improve the lives of our members. You. 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 6<sup>th</sup>: *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.



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  
PARTNERS**

**CHOPTANK  
ELECTRIC  
COOPERATIVE  
BY THE  
NUMBERS**

**6,369**  
MILES OF LINE

**8.82**  
METERS PER MILE

**158**  
FULL-TIME  
EMPLOYEES

**94%**  
MEMBERS ENROLLED  
IN OPERATION  
ROUND UP

**99.98%**  
AVERAGE SYSTEM  
RELIABILITY \*\*

**Member Account  
Growth Rate**

**56,142 - 2022**  
**55,599 - 2021**  
**55,188 - 2020**

**54,895**  
CALLS TO CALL CENTER

**114.5**  
AVERAGE TIME OF  
INTERRUPTION  
IN MINUTES\*

**1.25\***  
NUMBER OF OUTAGES  
PER MEMBER

\*Data includes the whole year with no major storms. It also includes DPL transmission drops.  
\*\*Reliability rating from the Average System Availability Index.





**Choptank**  
*Fiber*

**CHOPTANK FIBER, LLC** is a wholly owned broadband subsidiary of Choptank Electric Cooperative. Choptank Fiber's goal is to install broadband one community at a time and then reinvest the monthly subscription revenue into the expense of infrastructure development in the next community, until we serve the entire rural Shore.

As Choptank Fiber becomes profitable, it will pay back the electric ratepayers. So, our electric ratepayers are making a small investment. In the end, we believe it will be a win for the electric co-op member and a win for the Eastern Shore as we take a step to solve the broadband problem.

This is the cooperative model of rural residents joining together to provide a much-needed service. It is being used across the country as many co-ops have begun to offer broadband service to members. Our financial model allows longer payback on investment than a for-profit company. On the electric side, we finance projects over 30 years. On the broadband side, if we plan a 10-year infrastructure development program, that is an acceptable term for us and for our banks.



**3,500**

Number of homes passed

**\$38,100,000**

Amount of Grants awarded  
since inception (agreement to install  
service to 5,600+ unserved members)

**6 of 9**

Counties Connected

**2**

Completed 2 expansion  
grants and 2 infrastructure  
grants more than a year  
ahead of schedule

**1**

Procured and maintained one  
year's worth of construction  
materials in advance

**3,000+**

Installed 3,000+ of  
broadband access pedestals

**1,250+**

Constructed 1,250+ miles  
of distribution fiber

**Thousands**

Spliced thousands of fiber to  
complete home connections

**6 Counties**

Created public/private  
partnerships with 6 counties

**40+**

Managed 40+ construction  
crews simultaneously in  
multiple counties



CONSOLIDATED BALANCE SHEETS

<b>ASSETS</b> (What We Own)	<u>2021</u>	<u>2022</u>
Net Utility Plant	\$296,749,362	\$305,376,315
Investments	\$76,017,304	\$80,262,697
Cash	\$15,102,892	\$2,362,277
Accounts & Notes Receivable	\$24,760,966	\$56,388,667
Materials & Supplies	\$9,727,701	\$13,533,566
Other Current Assets	\$2,492,531	\$2,825,887
Deferred Debits	\$8,232,235	\$32,383,724
Total Assets	\$433,082,991	\$493,133,133
<b>LIABILITIES</b>		
Long-Term Debt	\$220,889,835	\$219,825,309
Other Non-Current Liabilities	\$1,058,516	\$1,000,336
Accounts Payable	\$6,163,962	\$17,215,036
Current Portion of Long-Term Debt	\$10,465,349	\$11,027,967
Other Current & Accrued Liabilities	\$17,448,828	\$17,467,012
Consumer Deposits	\$1,458,888	\$1,619,436
Deferred Credits	\$9,144,458	\$32,970,281
Total Liabilities	\$266,629,836	\$301,125,377
<b>MEMBERS' NET WORTH</b>		
Membership Fees	\$384,455	\$384,455
Accumulated Margins	\$3,873,018	\$21,198,341
Other Equities	\$162,195,682	\$170,424,960
Total Members' Net Worth	\$166,453,155	\$192,007,756
Total Liabilities/Net Worth	\$433,082,991	\$493,133,133

The consolidated financial statements include the financial performance of the Cooperative and its subsidiaries, Choptank Services Corporation (CSC) and Choptank Fiber LLC. CSC owns a 37.54% interest in Mid-Atlantic Cooperative Solutions, Inc. and Choptank Fiber LLC operates as a broadband business on Maryland's Eastern Shore.



CONSOLIDATED STATEMENT OF OPERATIONS

<b>INCOME</b>	<u>2021</u>	<u>2022</u>
Revenue	\$134,724,799	\$160,478,855
<b>EXPENSES</b>		
Purchased Power Cost	\$73,963,170	\$93,649,108
Operations Expense	\$4,787,098	\$5,551,027
Maintenance Expense	\$8,979,493	\$8,305,716
Consumer Account Expense	\$2,102,499	\$2,433,111
Administrative & General Expense	\$10,074,725	\$11,162,633
Depreciation	\$14,921,591	\$15,077,429
Taxes	\$4,468,112	\$4,213,529
Interest Expense	\$8,944,119	\$9,659,205
Other Deductions	\$236,680	\$163,083
Total Expenses	\$128,477,487	\$150,214,841
<b>MARGINS</b>		
Operating Margins	\$6,247,312	\$10,264,014
Non-Operating Margins	\$1,338,851	\$1,041,009
G & T Capital Credits	\$1,928,297	\$1,201,535
Other Capital Credits/Patronage Dividends	\$977,954	\$746,654
Income Tax Expense - Deferred	\$(361,000)	-
Total Margins	\$10,131,414	\$13,253,212

<b>WINTER</b>	<b>SYSTEM ENERGY PEAKS</b>	<b>SUMMER</b>
December 24, 2022, at 8 AM with 278,867 kW.		August 9, 2022, at 7 PM with 258,240 kW.

<b>REAL ESTATE &amp; PERSONAL PROPERTY TAX</b>				<b>METERS</b>	
County	2022	County	2022	Residential	50,069
Caroline	\$896,029	Somerset	\$323,583	Com. & Ind.	5,692
Cecil	\$186,103	Talbot	\$442,904	Primary	30
Dorchester	\$617,254	Wicomico	\$522,326	Irrigation	131
Kent	\$270,898	Worcester	\$671,919	Lighting	220
Queen Anne's	\$281,604			Total	56,142
		Total	\$4,212,620		





CHOPTANK  
ELECTRIC  
COOPERATIVE

VEGETATION  
MANAGEMENT

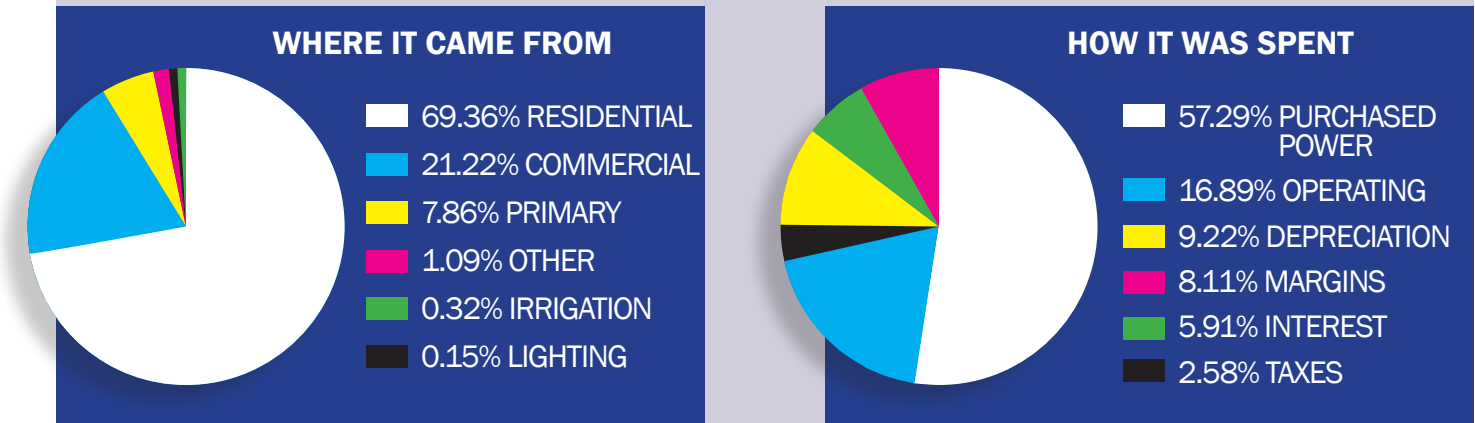
Vegetation Management is another way that we reduce outages and increase service reliability. The primary mission of our program is to enhance reliable service to the Cooperative's members by using proven vegetation management activities such as tree trimming, tree removal, mowing, and herbicide application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

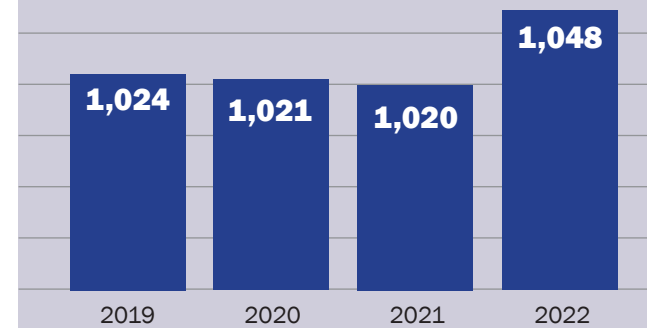
- > TRIMMED 431 MILES OF LINE
- > MOWED 244 ACRES OF LAND
- > REMOVED 2,379 TREES
- > SPRAYED 399 ACRES WITH HERBICIDES
- > RESPONDED TO 429 MEMBER'S REQUEST FOR SERVICE RESTORATION EFFORTS
- > REPLANTED 98 TREES
- > CONVERTED 764 ACRES OF LAND

CHOPTANK  
ELECTRIC  
COOPERATIVE

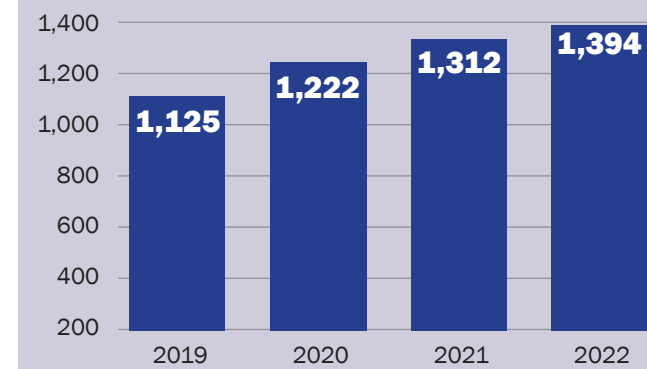
HOW YOUR COOPERATIVE DOLLAR WAS SPENT



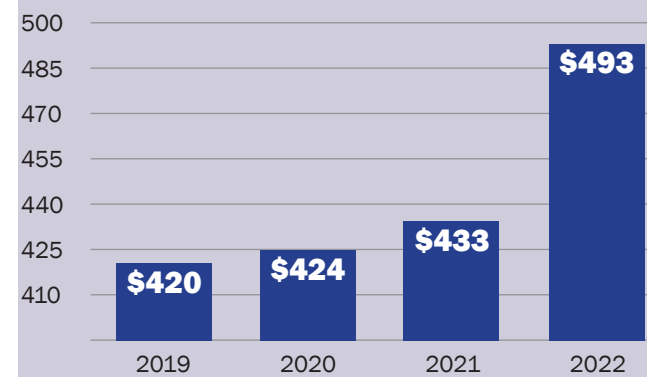
kWh SALES (IN MILLIONS)



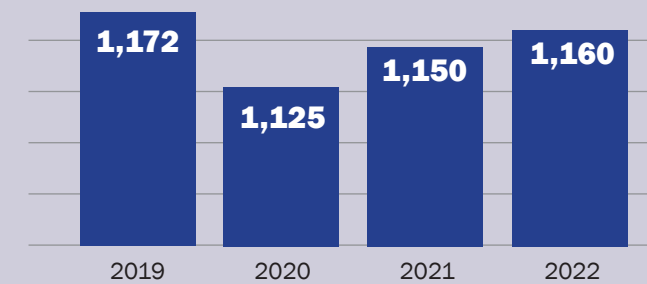
NUMBER OF NET METERING ACCOUNTS



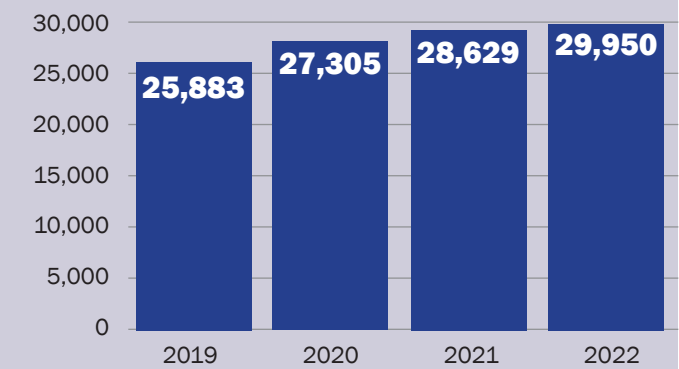
ASSETS (IN MILLIONS)



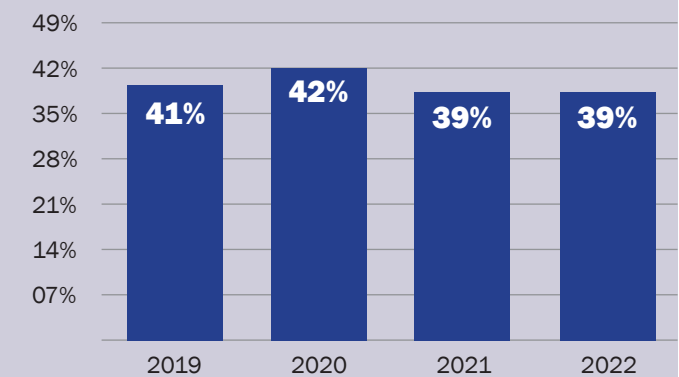
AVERAGE kWh RESIDENTIAL (MONTHLY)



NET METERING LOAD ON SYSTEM (kW)



EQUITY AS PERCENTAGE OF ASSETS





# STRENGTH IN THE COOPERATIVE WAY

## *Through the Choptank Electric Trust*

One of the Seven Cooperative Principles is Concern for Community. As a Co-op, the quality of life for our members and the community has always been at the center of what we do. The Choptank Electric Trust is an affiliate of Choptank Electric Cooperative, governed by its own Board of Directors representing all nine counties on the Eastern Shore.

The Trust donates to local organizations, charities and causes through Operation Round Up®, our community assistance program since 2004. 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 2022, 94% of our members were enrolled in Operation Round Up®.

The Choptank Electric Trust also authorizes donations to support community programs and historical efforts. **A total of \$347,876 was granted by the Trust in 2022** to support our community with food, clothing, shelter, equipment, medical, and educational needs.

In February of 2022, a donation was made by the Trust to the Skipjack Heritage Museum for restoration efforts to the City of Crisfield skipjack. This historical boat is an artifact of the museum and is now completely restored, sailing around the Tangier Sound and Island to race and to provide educational tours for students.

The Trust also donated to Jesse’s Paddle: The Jesse Klump Suicide Awareness Program, based in Worcester County. Jesse’s Paddle established an awareness campaign on the lower Eastern Shore to promote the new 24/7 crisis and suicide phone line, 988.

> [www.choptankelectric.coop/operation-round-trust-fund](http://www.choptankelectric.coop/operation-round-trust-fund)



## CHOPTANK ELECTRIC COOPERATIVE OUTREACH

## INVESTING IN OUR COMMUNITY’S YOUTH

Choptank Electric Cooperative continued to offer scholarship programs to help local students seeking higher education. Between the Luck of the Draw Scholarship, Choptank Electric Trust Scholarship, and the Virginia, Maryland & Delaware Association of Electric Cooperatives (VMDAEC) Scholarship, over \$29,000 was awarded to more than 20 deserving students across the Eastern Shore.

In partnership with the VMDAEC, we were able to take five high school juniors on a “Mini Youth Tour” in June of 2022. We toured in and around the James River in Virginia and learned about the impact electric cooperatives have on our

communities. Students experienced national museums, memorials, theme parks, and learned about the industry at Community Electric Cooperative in Windsor, VA.

While traveling and supporting local county fairs, festivals, and a variety of other events in 2022, we met with many members to talk about broadband internet and the future of Choptank Electric Cooperative. Supporting our local schools and fire departments, we also participated in hotline demonstrations, school presentations, career fairs and Junior Achievement to reach the future of our industry.

> [www.choptankelectric.coop/scholarships](http://www.choptankelectric.coop/scholarships)



Our Choptank Electric Trust Board



For 85 years and counting,  
Choptank Electric Cooperative has  
brightened The Eastern Shore's future.



**Choptank Electric  
Cooperative**

A Touchstone Energy  
Cooperative 

*Thank you to our members who make all of this possible!*



P.O. BOX 430 | DENTON, MD | 21629 | [WWW.CHOPTANKELECTRIC.COOP](http://WWW.CHOPTANKELECTRIC.COOP)

MEMBER SERVICE CENTER: 1-877-892-0001 | AUTOMATED MEMBER SERVICE: 1-866-999-4574

AUTOMATED OUTAGE REPORTING: 1-800-410-4790 | TEXT 'OUT' TO: 1-800-410-4790

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ON THE COVER: Apprentice Lineman Chas Fisher from our Cambridge Crew works on a new span of line in Wicomico County.