



**United Electric
Cooperative, Inc.**

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives
serving Pennsylvania and New Jersey

United Electric Cooperative, Inc.
Post Office Box 688
DuBois, PA 15801-0688
Customer Service: 888-581-8969
www.unitedpa.com
Outage: 800-262-8959
Office Hours: M - F 8 a.m. - 4:30 p.m.

BOARD OF DIRECTORS

Chairman
Stephen A. Marshall, District 5
1030 Donahue Rd.
Luthersburg, Pa. 15848
814-583-7320

Vice Chairman
Timothy D. Burkett, District 6
5059 Hamilton Markton Rd.
Punxsutawney, Pa. 15767
814-938-7991

Secretary/Treasurer
Eileen Pisaneschi, District 2
1964 River Hill Rd.
Frenchville, Pa. 16836
814-263-4491

DIRECTORS

Shanelle Hawk, District 1
502 Pine Run Rd.
Mayport, Pa. 16240
814-365-5646

Arden E. Owens, District 7
505 Trout Run Rd.
Shawville, Pa. 16873
814-765-6458

Richard Petrosky, District 3
P.O. Box 612
DuBois, Pa. 15801
814-371-8672

David W. Walker, District 4
631 Olanta Rd.
Olanta, Pa. 16863
814-236-3321

President & CEO
Brenda Swartzlander
Consumer Advocate
Debra Horner, ext. 8508

Kristy Smith, Editor

2021 United Electric Cooperative Annual Report

Chairman's Report



Stephen A. Marshall
Chairman of the
Board

On behalf of the board of directors, it is my privilege to present the cooperative's 2021 Annual Report, which provides an account of this past year's activities and accomplishments. On behalf of myself and my fellow board members, I would also like to take this opportunity to thank you, our members, for the trust you have placed in each of us. It is my pleasure to work with this group of focused, dedicated directors and management of United Electric Cooperative.

Despite the worldwide pandemic, United has stayed on firm financial footing and is positioned well as we move forward. 2021 was a good year, financially and productively, for your cooperative. As you read through this report, you will see that United has invested in numerous system improvement projects in our continued efforts to ensure a reliable electric system. The board of directors continually evaluates the recommendations of the line crews and engineering staff during the rebuilding and upgrading processes to meet your expectations.

As a cooperative, our members have always been the strength behind United Electric, and your unwavering support and cooperation through the years has been one of our key assets. We are thankful that our members recognize the importance of improving and maintaining our system by working together with us during line relocations, as well as providing necessary rights of way, when needed.

System reliability, although crucial, is only one piece of the puzzle, and we remain mindful that we must pro-

vide great reliability while maintaining reasonable rates. The board and staff of United continually scrutinize our internal operations and closely monitor industry issues and legislation that might affect the cooperative. United Electric, as well as our national and statewide associations, stay on top of current issues and do everything possible to lessen the effects of any new regulations on cooperatives and our membership.

I am happy to announce that for the 13th consecutive year, United was again in a position to return capital credits to our members. The amount of return for 2021 totaled \$1,143,748, which brings the total capital credits returned to our members to over \$13.2 million.

On behalf of myself and the entire board of directors, I would again like to thank our members for your support of United Electric. I would further like to thank our management and employees for their hard work and commitment to making United Electric a cooperative we can all be proud of.

We look forward to seeing you at the annual meeting on Wednesday, May 18, at the Brady Township Community Center in Luthersburg at 7 p.m. There will be a free registration gift for each member and a number of door prizes, including a General Electric 16-cubic-foot deep freezer.



Brenda Swartzlander
President & CEO

Stephen A. Marshall
Chairman of the Board

Engineering & Operations Report 2021

Operations Department

In 2021, the Operations Department continued our system improvement and replacement plan to increase reliability to you, our members. In the past year, we rebuilt close to 15 miles of line. This included the rebuilding of the three-phase line in Munderf to replace about 10 miles of aging line and create a better tie-in between our Sigel and Warsaw substations. Another tie-in project was completed between the Erhard and Five Points substations, where crews rebuilt about 2 miles of line. The deteriorating underground cable in Ames Circle near Sigel was also replaced in 2021. Construction also started on a three-phase tie-in near the Roseville area that will be completed in 2022. Along with system improvement projects, our Operations Department constructed and connected more than 150 new services for members in 2021. All of these projects were, as always, designed and built to provide more reliable electric service, as well as prepare for increased capacity in the future.

Engineering Department

The Engineering Department has a number of projects in the planning and design stage. All system improvement projects are aimed at enhancing reliability for our members. The planning and design for three of our major projects are nearing completion, and these projects will soon be ready for construction. The largest project is the complete rebuild of our McGees Mills circuits — we will be replacing more than 30 miles of line to increase reliability for our members. We also have a Five Points South project, where we will be replacing primary underground line with three-phase overhead line. This is slated to be constructed in 2022. The third major project in the design stage is upgrading our current line along Mountain Run Road near Penfield.

In 2021, the Engineering Department was kept quite busy staking just over 400 work orders for projects outside of the system improvement plan. This work, along with various other member requests, keeps all of us very busy to fulfill all members' needs.

The Operations and Engineering Departments extend a sincere thank you

to all of our members who were instrumental in aiding the successful completion of these system improvement projects. Your cooperation is essential in making these and future projects of this type a success. Allowing line relocation or the changing of poles on your property makes it possible for United Electric Cooperative to continue to improve service to you and your neighbors.

Vegetation management

Right-of-way maintenance is a crucial part of United's efforts to meet the ever-increasing demand for reliable electric service to our members. Cooperatives must employ professional tree contractors to achieve a modern and successful vegetation management program.

United Electric employs integrated vegetation management (IVM), which blends directional clearance pruning, hazard-tree removal, mowing and selective herbicide application into a systematic, cyclical approach to right-of-way management. Maximizing tree-to-line clearances, as well as mitigating hazard trees, IVM continues to lessen tree-related outages over the duration of a circuit's maintenance cycle. A solid IVM program delivers financial, environmental, ecological, and operational results that are cost-effective to the cooperative and its membership. Ignoring vegetation management concerns is not an option.

Aerial patrol

United conducts aerial patrols of our circuits as part of IVM, which locate and proactively reduce potential outage-causing hazards. The Forestry and Line Departments jointly conducted a helicopter patrol of 350 miles of line in 2021. United personnel were able to identify and correct potential problems on locations between scheduled maintenance operations by targeting trees that had broken, but not caused immediate problems from prior storms, as well as others that had fallen victim to insects or disease. United intends to continue the aerial patrol program in 2022.

In 2021, United Electric maintained approximately 600 miles of line at an average cost of \$2,781/mile. The focus of 2021's IVM program was proactive, full and mid-cycle maintenance. Through

(continues on page 14d)

Treasurer's Report

As treasurer of United Electric Cooperative, it is my privilege to present the 2021 audited financial statements for the cooperative. This year saw continued financial stability in the financial condition of the cooperative. The 2021 margins ended the year at \$3,786,394, as compared with \$2,677,031 for 2020. The margin of \$3,786,394 is 13.7% of the year's revenue and will be allocated to each member's capital credits account.



Eileen Pisaneschi
Secretary/Treasurer

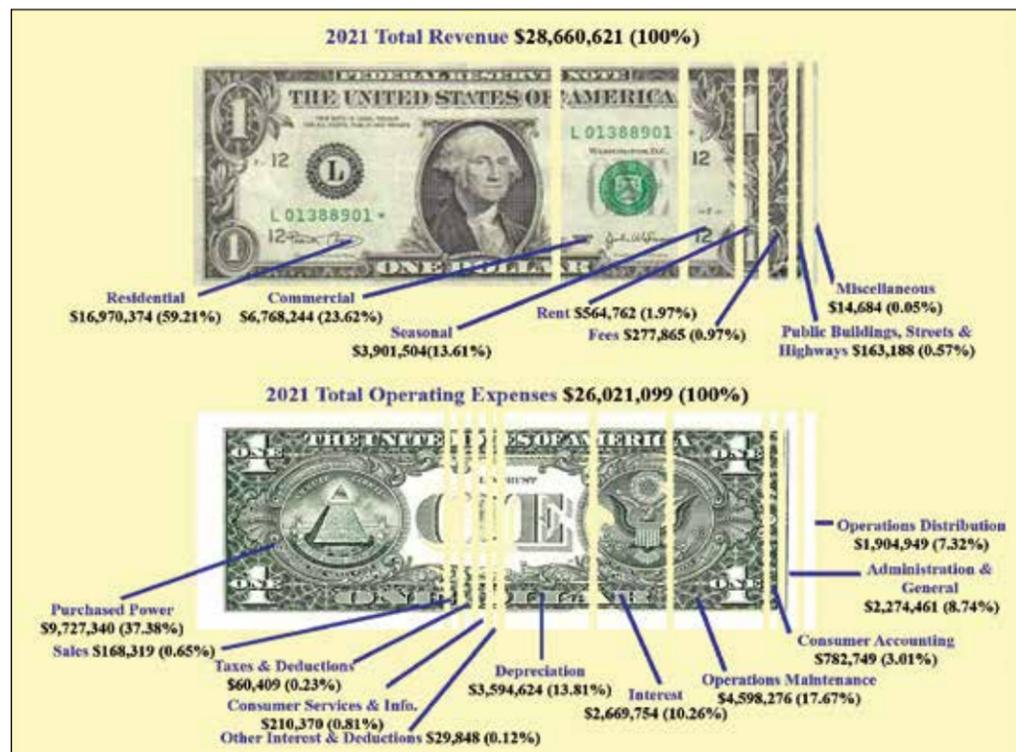
Operating revenues decreased slightly to \$27,620,621, compared to \$27,629,147 in 2020. Maintenance expenses decreased from \$4,758,599 in 2020 to \$4,598,276. Interest expense for the year was 10.3% of our operating expenses; during 2020, this amounted to 10.4%. Interest expense on long-term debt in 2021 was \$36,714 less than it was in 2020.

After allocation of this year's margins and estate retirements, the total equity of the members will increase from \$38,465,971 to \$41,307,930. The members' equity ratio for the end of 2021 is 35.96%.

During 2021, work proceeded on our construction work plan for system improvements. The cost of construction work completed during 2021 was \$4,324,540 in additions and \$1,440,327 in retirements.

The net increase in plant for 2021 was \$2,975,234. Improvements included sectionalizing lines to decrease outages, upgrading substations, adding and replacing reclosers, replacing old wire and poles, installing meters, and adding new services. This work plan has been put in place to improve the reliability of the electric service.

During 2021, a general capital credits retirement to the members was accomplished using the FIFO (First In First Out) method. The 2021 general retirement marks the 13th year in a row United has returned capital credits to the membership. The general capital credits retirement was completed in October in the amount of \$750,000. United continues to settle estate capital credits retirements, which for the year totaled \$393,748. The total amount of capital credits distributions made for 2021 amounted to \$1,143,748. ❁



FINANCIAL HIGHLIGHTS

CONDENSED STATEMENT OF OPERATIONS For the year ending December 31, 2021

	2021	2020
OPERATING REVENUES	\$ 27,620,621	\$ 27,629,147
OPERATING EXPENSES		
Purchased Power	9,727,340	9,367,316
Other Operations	5,340,848	5,613,902
Maintenance	4,598,276	4,758,599
Depreciation	3,594,624	3,488,711
Taxes	60,409	60,121
Interest on Long-term Debt	2,669,754	2,706,468
Other Interest and Deductions	29,848	16,712
Total Operating Expense	26,021,099	26,011,829
OPERATING MARGINS	1,599,522	1,617,318
NON-OPERATING MARGINS		
Total Non-Operating Margins	2,186,872	1,059,713
NET MARGINS	\$ 3,786,394	\$ 2,677,031

CONDENSED BALANCE SHEET December 31, 2021

	2021	2020
ASSETS		
Electric Plant (at cost)	\$ 129,694,654	\$ 126,719,420
Construction work in progress	1,973,933	1,006,158
Less accumulated depreciation	(37,373,214)	(35,761,308)
Net Plant	94,295,373	91,964,270
Other Assets and Investments	9,422,013	7,863,664
Current Assets	10,799,288	9,285,328
Deferred Charges	351,175	1,805,313
Total Assets	114,867,849	110,918,575
EQUITIES AND LIABILITIES		
Memberships	\$ 49,395	\$ 52,140
Patronage Capital	34,383,738	32,513,645
Other Equities	6,874,797	5,900,186
Total Equities	41,307,930	38,465,971
Long-Term Debt	62,830,535	63,653,668
Current Liabilities	7,038,485	6,193,430
Deferred Credits / Regulatory Liabilities	3,690,899	2,605,506
Total Equities and Liabilities	114,867,849	110,918,575

2021 Audit of United Electric Cooperative conducted by
Fiore, Fedeli, Snyder, Carothers LLP Certified Public Accountants

Plan to attend Annual Meeting 2022

OFFICIAL NOTICE of ANNUAL MEETING

WEDNESDAY, MAY 18, 2022, AT 7 P.M.

AT THE BRADY TOWNSHIP COMMUNITY CENTER, LUTHERSBURG, PA

Notice is hereby given of the annual meeting of members of United Electric Cooperative, Inc. The meeting will be held at the Brady Township Community Center, Luthersburg, Pennsylvania, at 7 p.m. Wednesday, May 18, 2022. The following matters will be acted upon: Reports of the Directors and Officers; Declaration of the Board Director Elections in Districts 1 & 7; any and all other business, which may come before

the meeting or any adjournment or adjournments thereof.

An admission card will not be mailed to you. Admission cards will be provided and valid membership status determined at the annual meeting registration on Wednesday, May 18, 2022.

United Electric Cooperative, Inc.
Eileen Pisaneschi, Secretary/Treasurer

Engineering Report 2021

(continued from page 14b)

the use of qualified contractors, United Electric corrects inadequate vegetation-to-line clearances, accessibility issues and danger trees before they become the cause of outages.

The success of any program is directly related to the cooperation between our members and United Electric. Proper right-of-way maintenance is critical in our efforts to maintain system reliability and to keep our rights of way clear for maintenance and repair crew access. Well-maintained rights of way lessen the potential of damage to line equipment,

translating to cost-effectiveness through increased productivity and shorter duration of storm-caused outages. Increased safety for our members, their families and United's personnel is also achieved by preventing trees from coming into contact with energized conductors. With your cooperation, we will continue to maintain safer rights of way and improve reliability throughout our system.

Wood pole inspection and treatment

United Electric maintains a systematic Wood Pole Inspection Program, which allows us to determine the serviceable life and safety of our poles. This process

also pinpoints locations of unserviceable and "danger" poles.

This procedure begins with a visual inspection of the pole from the ground to the top. If warranted, a sonic test is performed to determine decay and voids. Poles with voids are bored and probed for a more accurate determination of the extent of the void. If serviceable, the inspector will inject an internal treatment to stabilize the deterioration of the wood. Partial excavation of the pole to a depth of 6 to 9 inches follows. The inspector looks for signs of decay, green mold, bleaching, etc. If any of the aforementioned is present, a full excavation to a depth of 18 inches is performed. Decay is scraped away and a preservative and moisture barrier is then applied.

In 2021, 5,074 poles were inspected and treated at an average cost of \$31.30/pole. Sixty-five poles (1.3%) were determined to be unserviceable. From inspection reports, our engineering technicians are able to plot and create the work orders for line crews to replace the defective poles. Service orders are also issued to the Line Department for repair of damaged hardware, if applicable. ⚡

FREE REGISTRATION GIFT!

United Electric COOPERATIVE, INC.
A Touchstone Energy® Partner

ANNUAL MEETING
Wednesday, May 18, 2022 - 7:00 p.m.
Brady Township Community Center
Luthersburg, PA

- Report of Directors
- Business Session
- CEO's Report
- Results of Director Election in Districts 1 & 7

DOOR PRIZES FOR REGISTERED MEMBERS

High Voltage Demonstration preceding the meeting at 6:30 P.M.

UNITED ELECTRIC COOPERATIVE'S OFFICE WILL BE CLOSED MEMORIAL DAY, MONDAY, MAY 30.

2022 ORGANIZATION ADMISSION

This form will admit the member listed below to the **United Electric Annual Meeting held at the Brady Township Community Center, Luthersburg, Pa., Wednesday, May 18, 2022, at 7 p.m.** The member must designate and certify an official representative of the organization, business, church, etc. by completing the form below.

Name: _____

Address: _____

Phone: _____

Account Number: _____

District if known: _____

RESOLVED THAT _____ who is a member or officer of the organization named above is hereby designated official representative to the annual meeting of the members of the United Electric Cooperative, Inc. to be held in Luthersburg, Pa., on Wednesday, May 18, 2022, and any adjournment or adjournments thereof held within (60) days of said date, on all matters which at said meeting of members may properly come before them; the action of said representative and all that he or she may do is ratified and confirmed as the act of our organization. I hereby certify that the forgoing resolution is a true and correct excerpt from the minutes of the organization enacted a meeting held on the _____ day of _____, 2022, at which time a quorum was present and acting and that the above named person is an official member of the organization.

Enter Name of Organization as shown above.

(Corporate Seal)

Attest: _____