

EMEC 2024 Annual Report



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EASTERN MAINE ELECTRIC COOPERATIVE, INC.

Eastern Maine Electric Co-op is a nonprofit utility built by and belonging to the communities it serves in Aroostook, Penobscot, and Washington Counties, on Maine’s Eastern Border with Canada. The primary goal of a rural electric cooperative is to deliver reliable, safe electricity at the lowest cost consistent with sound management.

BOARD OF DIRECTORS

<i>R. SCOTT SKINNER - PRESIDENT</i>	<i>Zone 11</i>
<i>Earl C. Hill, Jr. - Vice President</i>	<i>Zone 4</i>
<i>John W. Larkin - Secretary</i>	<i>Zone 7</i>
<i>Lawrence E. Clark - Treasurer</i>	<i>Zone 3</i>
<i>David W. Johnson</i>	<i>Zone 1</i>
<i>Dana R. Hatton</i>	<i>Zone 2</i>
<i>John L. Gallant, Jr.</i>	<i>Zone 5</i>
<i>John C. Leighton</i>	<i>Zone 6</i>
<i>Timothy R. Peters</i>	<i>Zone 8</i>
<i>Dwayne A. Young</i>	<i>Zone 9</i>
<i>David A. Harbison</i>	<i>Zone 10</i>



2024 ANNUAL REPORT TO THE MEMBERSHIP

OPERATIONAL DEVELOPMENTS

Eastern Maine Electric continued its aggressive vegetation management program of the transmission and distribution rights of way. In addition to tree work done by the Co-op’s linemen, the Co-op spent approximately \$550,000 in 2024 for contractors to trim, clear, and maintain the rights of way. This ongoing effort is critical to reducing storm-related outages, when trees and branches threaten power lines. This importance is underscored by the fact that Eastern Maine Electric serves the most rural delivery territory in the most tree-shaded state in the country.¹



Truck 174, the newest bucket truck, went into service earlier this year

In the near future, the Co-op will need to replace the transformers in the Ludlow and Patten substations. The new transformers will be needed because Versant Power is converting the voltage on its transmission line feeding those two substations from 44 kV to 69 kV.

¹ In May of 2025, EMEC received delivery of a 10/14 MVA backup substation



transformer, which can be used in the Calais, Baileyville, Princeton, and Topsfield substations. This new transformer provides another back up for those substations. The Co-op has other backup transformers for the Ludlow and Patten substations.

ELECTRIC CO-OP YOUTH TOUR

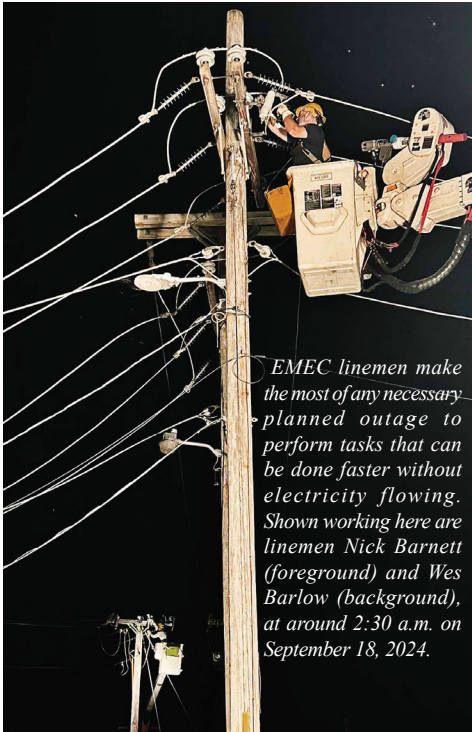
The Co-op continued its participation in the Electric Co-op Youth Tour. Electric cooperatives across the country work together to send 1,500 or more high school students to Washington, D.C. to learn about government, the law, and electric cooperatives. Sa Li of Calais High School and Lydia Aldrich of Lee Academy represented Maine at the Youth Tour in June 2025.

INDUSTRY DEVELOPMENTS

Residential Standard Offer Supply Prices ² (in cents/kWh)					
Utility	2021	2022	2023	2024	2025*
EMEC	5.90 ¢	5.90 ¢	5.90 ¢	5.90 ¢	5.90 ¢
CMP	6.45 ¢	11.82 ¢	16.63 ¢	10.64 ¢	10.61 ¢
Versant (MPD)	6.03 ¢	11.09 ¢	14.88 ¢	11.29 ¢	11.65 ¢
Versant (BHD)	6.20 ¢	11.68 ¢	15.44 ¢	10.26 ¢	10.56 ¢
<i>*EMEC's Standard Offer contract expires on 10/31/25, and the new price is not yet available.</i>					

Standard Offer Supply Prices

Since November of 2020, Co-op members have enjoyed a lower electricity supply price than most of the state. By the time the existing Standard Offer contract expires at the end of October 2025, EMEC members will have collectively saved about \$25 million



EMEC linemen make the most of any necessary planned outage to perform tasks that can be done faster without electricity flowing. Shown working here are linemen Nick Barnett (foreground) and Wes Barlow (background), at around 2:30 a.m. on September 18, 2024.

compared to the rates paid by other Maine consumers. The Standard Offer Supply chart compares Standard Offer residential prices for EMEC and the state's larger utilities from 2021 to 2025.

EMEC is working to secure the best price possible for the new Standard Offer contract, which will begin on November 1, 2025.

FINANCIAL DEVELOPMENTS

Financial Developments in the past year reflect Eastern Maine Electric's ongoing efforts to maintain and improve operations while keeping costs down for the Co-op's members. Where possible, the Cooperative seeks grants and low-interest loans to cover costs and expenditures in ways that minimize the impact on rates.

The cost to the Cooperative from the week-long December 2023 windstorm, during which hurricane-force winds were

reported, was approximately \$1.3 million. In 2024, the Co-op applied for and received assistance from the Federal Emergency Management Agency (FEMA) for \$1.17 million to help cover most of that cost. This assistance helped the Co-op avoid having to recover those costs in delivery rates.

In July of 2024, Eastern Maine Electric was conditionally granted a \$2 million Grid Resilience Grant from the State of Maine to improve its delivery grid by upgrading approximately ten miles of distribution line on Routes 191 and 214. The total project cost is estimated to be \$3 million. This strategic upgrade will strengthen the line and greatly increase the areas that could be served from alternate substations in an emergency. In May of 2025, the Co-op signed a contract with the State of Maine for the grant.

In October 2024, EMEC was conditionally approved for a transmission line grant from the Department of Energy through its Grid Resilience and Infrastructure Partnership (GRIP) program. The grant would fund \$4 million of an estimated \$8.7 million improvement project to rebuild approximately 7.5 miles of the Co-op's 69 kV transmission line. The transmission line interconnects with New Brunswick Power (NB Power) in Calais, feeding power to substations in Calais, Baileyville, Princeton, and Topsfield, as well as the Baileyville Pulp mill. The original construction of the line was completed in the early 1970s, and it would cost tens of millions of dollars to build today. Eastern Maine Electric is optimistic that a contract with the Department of Energy for the grant will be finalized.

In October 2024, Eastern Maine Electric issued \$100,000 in general retirements of capital credits to present and past Co-op members. The process of retiring capital credits is very similar to that of issuing a dividend at a for-profit company. An electric cooperative converts a small portion of its equity to an asset (cash) and distributes that to the members

based on each member's contribution to revenue in the relevant allocation years.

In December, 2024, EMEC was approved for an Electric Infrastructure Loan of \$14.5 million from the Rural Utilities Service. This loan will help fund new construction, upgrades, and other electric system improvements.

A delivery rate increase took effect as of December 7, 2024. The delivery charges per kiloWatt-hour remained the same for all rates, but the monthly flat charge (customer charge) increased \$8.15 per month for members on the residential, seasonal, and general delivery rates. The Large Commercial customer charge increased by \$48.90, and the large commercial demand charge increased 60 cents/kW. Monthly charges for security lights and street lights increased by \$1.12 per month. Even with the increased customer charges, EMEC's residential and seasonal customer charges are in line with or less than the residential customer charges of Versant and Central Maine Power

EMEC had a positive margin of \$542,702 in 2024. The Cooperative's 2024 financial ratios were: TIER³ of 1.70; OTIER⁴ of 1.22; and MDSC⁵ of 2.34.



Endnotes

1. According to an analysis of the data from the US Forest Service, about 89% of Maine has forest coverage, six percent more than its closest competitor, New Hampshire. "Forest Cover by State and Territory in the United States; Wikipedia, 4/25/25; https://en.wikipedia.org/w/index.php?title=Forest_cover_by_state_and_territory_in_the_United_States&action=history
2. "Standard Offer" is a default supply of electricity with guaranteed availability. Delivery utilities like EMEC issue the bill for both the delivery and electricity charges, but the amount collected for electricity supply charges is forwarded to the supply provider. Without Standard Offer as a guaranteed supply, some consumers might not be able to get electricity supply at all.
3. TIER (Times Interest Earned Ratio) measures the relationship between the margin and the interest expense on long-term debt. EMEC's lenders require the Co-op to meet a minimum average TIER of 1.25 on a two-out-of-three-year basis.
4. OTIER (Operating Times Interest Earned Ratio) measures the relationship between the operating margin and the interest expense on long-term debt. EMEC's lenders require the Co-op to meet a minimum average OTIER of 1.10 on a two-out-of-three-year basis.
5. MDSC (Modified Debt Service Coverage) ratio measures the relationship between the operation-related cash flow and debt service payments. EMEC's lenders require the Co-op to meet a minimum average MDSC of 1.35 on a two-out-of-three-year basis.

EASTERN MAINE ELECTRIC COOPERATIVE, INC.
BALANCE SHEET
FOR THE YEARS 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Utility Plant:		
Electric Plant in Service - at Cost	\$78,379,163	\$75,713,604
Construction Work in Progress	1,358,151	1,337,476
Total Utility Plant	79,737,314	77,051,080
Less: Accumulated Provisions for Depreciation	43,754,844	41,721,050
Net Utility Plant:	35,982,470	35,330,030
Other Assets:		
Other	4,031,220	3,460,612
Investments in Associated Organizations	1,049,377	1,039,055
Total Other Assets:	5,080,597	4,499,667
Current Assets:		
Cash and Cash Investments	6,655,901	6,639,507
Accounts Receivable - Net	2,521,634	2,734,169
Materials and Supplies	1,427,785	1,362,870
Other Current Assets	512,586	422,786
Prepayments	7,033	6,686
Total Current Assets	11,124,934	11,166,018
Deferred Debits:	2,598,056	2,944,900
Total Assets:	54,786,062	\$53,940,615
 <u>LIABILITIES & EQUITY</u>		
Equities:		
Memberships	\$51,540	\$50,960
Patronage Capital	15,286,438	14,828,359
Total Margins & Equities:	15,337,978	14,879,319
Long Term Debt, Excluding Current Maturities		
Rural Utilities Service (RUS)	5,924,675	1,289,879
Cooperative Finance Corp. (CFC)	3,587,115	4,019,363
Federal Financing Bank (FFB)	16,727,698	17,234,407
Total Long Term Debt:	26,239,488	22,543,649
Current Liabilities:		
Current Maturities of Long-term Debt	1,004,000	1,109,000
Line of Credit	381,250	2,251,250
Accounts Payable	1,062,530	2,002,620
Consumer Deposits	175,366	192,133
Accrued Interest	58,034	185,691
Accrued Expenses and Other Current Liabilities	408,544	409,162
Total Current Liabilities	3,089,724	6,149,856
Deferred Credits:	10,118,872	10,367,791
Total Liabilities & Equities:	54,786,062	\$53,940,615

EASTERN MAINE ELECTRIC COOPERATIVE, INC.

STATEMENT OF OPERATIONS

FOR THE YEARS 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Residential	\$9,906,761	\$9,724,740
Seasonal	1,244,169	1,125,400
Commercial	5,129,909	5,043,195
Street Lighting and Public Auth.	356,240	347,882
Industrial & Other	321,030	141,146
Other Electric	<u>1,024,656</u>	<u>493,786</u>
Total Operating Revenues:	17,962,765	16,876,149
Operating Expenses:		
Purchased Power	<u>6,711,126</u>	<u>6,558,206</u>
Transmission	106,213	265,935
Distribution, Operations	2,236,356	1,948,630
Distribution, Maintenance	1,565,451	1,489,824
Consumer Accounts	740,011	788,746
Customer Service & Informational Exp.	211,905	195,439
Administrative & General	2,799,101	2,450,057
Depreciation	2,385,325	2,319,700
Amortization, Regulatory Asset	249,643	249,643
Interest - Long-term, Net	571,123	720,298
Other Interest and Expenses	260,832	103,708
Total Oper. Exp. Without Purchased Power:	11,125,960	10,531,980
Total Operating Expenses:	<u>17,837,086</u>	<u>17,098,186</u>
Net Operating (Loss) Margin:	<u>125,679</u>	<u>(214,037)</u>
Nonoperating Margins:		
Interest Income	352,723	341,888
Patronage Dividends	59,019	55,263
Other	<u>5,281</u>	<u>6,683</u>
Net Nonoperating Margins:	417,023	403,834
Net Margin:	<u>542,702</u>	<u>\$189,797</u>
OTIER	1.22	0.80
TIER	1.70	1.23
MDSC (Average 2 of 3 highest)	2.34	2.68

AUDIT REPORT: the annual audit of records for the columns marked 2024 and 2023 were made by Berry Dunn, CPA's, 100 Middle Street, Portland, ME 04101. Copies of the audit report are on file with the Maine Public Utilities Commission, Augusta, Maine; the Rural Utilities Service, Washington, D.C.; and are available for inspection at the Cooperative's offices in Calais, Maine.

FIVE YEAR COMPARISONS

GENERAL STATISTICS	2024	2023	2022	2021	2020
Average Number of Active Accounts	13,194	13,072	12,995	12,864	12,722
Total Miles of Electric Lines	1,798	1,790	1,781	1,772	1,766
Amount Allocated for Bad Debts (% of retail revenue)	\$30,844	\$30,702	\$79,698	\$76,234	\$233,038
Bad Debts Written Off (actual for year)	\$47,193	\$63,532	\$63,563	\$94,409	\$62,047

REVENUE & EXPENSE STATISTICS	2024	2023	2022	2021	2020
Average Annual kWh/Member (residential)	7,507	7,509	7,290	7,023	6,916
Average Annual Billing/kWh(Residential)*	16.365	16.109	16.089	15.942	16.564
Avg. # of Consumers Per Employee	377	373	371	368	335
Operations & Maint./Mile of Line	\$2,114	\$1,920	\$1,868	\$1,742	\$1,838
Average Number of Employees	35	35	35	35	38
kWh Losses	10.56%	8.84%	9.27%	9.90%	9.30%
<i>*Includes standard offer electricity supply</i>					

REVENUE CLASS SUMMARY	KWH DELIVERED	% OF TOTAL DELIVERY	% CHANGE FROM 2023
Residential sales	60,534,953	59.0%	0.3%
Seasonal sales	4,722,119	4.6%	9.4%
Commercial sales	35,414,944	34.6%	-.1%
Street Lighting & Public Auth.	1,871,476	1.8%	-1.5%
Total Retail Delivery	102,543,492	100.0%	0.5%

