

ANNUAL REPORT 2025



Sullivan County
Rural Electric
Cooperative, Inc.



Our Mission:

Sullivan County Rural Electric Cooperative, Inc.

will provide safe, dependable electric energy and related services to its members in an environmentally sound and fiscally responsible manner.

Our Vision:

To enhance the quality of life for our members by powering growth, innovation, and community for a brighter tomorrow.

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ABOUT SULLIVAN COUNTY REC:

Sullivan County REC serves over 6,000 meters in our service territory. There are roughly 3,200 members in Sullivan County, 200 in southern Bradford County, and 2,700 in Lycoming County. Approximately 56% of the services are residential, 38% are seasonal, and 6% are commercial or industrial.

The cooperative maintains over 900 miles of line and five substations with 19 employees (ten office, nine linemen) based in Forksville, PA.

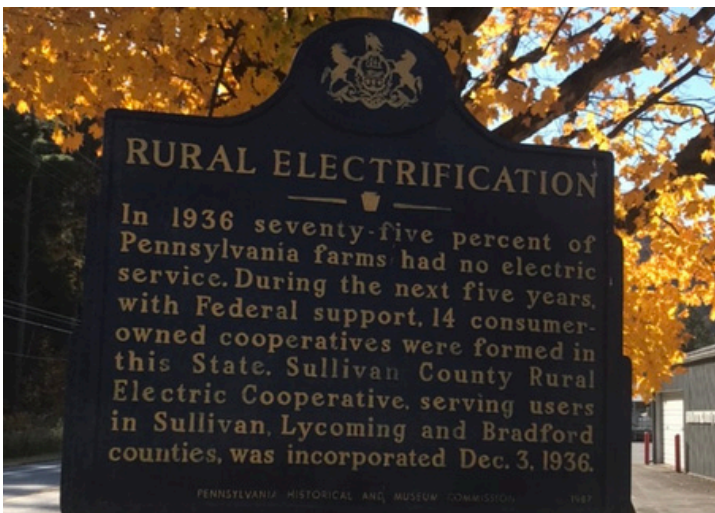
STAFF:

John Lykens,
CEO

Todd Molyneux,
Manager of Electric Operations

Heidi Roupp,
Chief Financial Officer &
Human Resources

Diane White,
Executive Assistant



EXECUTIVE REPORT

Sometimes the best way to appreciate how far we have come is to stop for a moment and look back at where we have been. In the electric utility business, much of what we accomplish happens quietly behind the scenes. A pole is replaced before it fails. A tree is removed before it causes an outage. Equipment is inspected, employees are trained, and investments are made today to meet the needs of tomorrow. Looking back at 2025, those individual efforts added up to another productive year for your cooperative.

Safety has always been and always will be your cooperative's number 1 priority. Our employees took the necessary steps to ensure everyone returned at the end of the day the same way they arrived in the morning. We expanded our commitment to public safety with the purchase of a high-voltage safety demonstration trailer that will be used to educate first responders, communications workers, and our communities about electrical hazards involving high voltage electric lines. The Safety Committee also made significant progress preparing for NRECA's Rural Electric Safety Achievement Program onsite audit by reviewing 10 of the 17 evaluation categories and correcting deficiencies identified along the way.

Providing reliable electric service does not happen by accident. In 2025, more than 81

miles of right-of-way were maintained through trimming, cutting, spraying, and mechanical mowing. We inspected 2,148 wood poles through our traditional inspection program and another 2,002 poles using drone technology. These inspections identified deteriorating poles, damaged equipment, worn out pole line material and hardware, trees issues, and more, allowing our crews to correct these issues and preventing outages from ever occurring. Preventive maintenance continues to pay dividends for your cooperative.

Financially, your cooperative remained strong. We ended 2025 with positive operating margins of approximately 4%. Unlike an investor-owned utility, those margins belong to you, our member-owners. During the year, we returned \$239,150 in capital credits back to the membership, fully retiring the remaining margins from 2002 and 2003.

We also continued investing in the electric distribution system. Contract crews rebuilt 1.3 miles of 25-kV distribution line near Forksville, increasing capacity and improving accessibility for our crews. We purchased approximately two-thirds of an acre adjacent to the Estella Substation in order to rebuild the substation while the existing substation remains in service.

Continued on page 04.

EXECUTIVE REPORT cont.

The cooperative acquired \$3.3M in Grid Resiliency Grant funds to rebuild the substation, install SCADA in of our substations, and deploy substation and distribution automation throughout our service territory.

One of our largest accomplishments of 2025 occurred behind the scenes. After approximately 10 months of preparation and training, we successfully transitioned information from multiple, independent legacy computer programs into the NISC iVUE platform. The system went live on December 8. SmartHub also went live in December and provides members with new tools to pay bills, review billing history, monitor energy use, report outages, and manage their accounts online. It was a tremendous undertaking by our employees and represents an important investment for the cooperative and the membership.

Being a cooperative also means commitment to community. During 2025, we awarded \$9,000 in scholarships to nine graduating seniors, sponsored two students to participate in Youth Tour, and helped 52 members struggling with their electric bills through our Helping Hands program. Our employees also supported food drives, holiday programs, and other community activities throughout our service territory.

When we look back at 2025, we see a year of steady progress—strengthening our

electric system, improving reliability, investing in technology, maintaining our financial health, returning capital credits to members, and supporting the communities we call home. None of these accomplishments happen because of one person. They are the result of our employees, our Board of Directors, and you—the members who own this cooperative.

So, what can you expect in 2026? We will continue the work started in 2025 by replacing approximately 2,400 meters with next-generation smart meters, continuing our vegetation management program, inspecting poles on the ground and in the air, advancing the engineering and design phase of rebuilding the Estella Substation, and deploying SCADA and distribution and substation automation. Rising generation and transmission costs will continue to challenge us, but our focus remains the same: control the costs we can control, invest wisely in our system, improve reliability and resiliency, and continue providing the safe, reliable, and affordable electric service our members expect.

On behalf of your Board of Directors and the employees of SCREC, thank you for your continued support, engagement, and support. It is a privilege to serve you.



John C. Lykens, CEO & Stephan P. Brady, Board Chair

DEPARTMENT HIGHLIGHTS

The most major change of 2025 at Sullivan County Rural Electric Cooperative came in December, when our SmartHub payment center went live for members. The new program gives our members more control over their electric account, being able to manage their energy usage, report outages directly from SmartHub, receive updates and notifications, and much more. Visit screc.com/smarthub for more info, or call the office.



What else is new?



Kevin Johnson joined the co-op as a first-year apprentice lineman.



Kim Phillips, Billing Clerk, was awarded the 2025 Winston Donaldson Community Service Award on behalf of PREA and Allegheny Electric Cooperative.



VOLUNTARY AND OPEN MEMBERSHIP

Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender or economic circumstances.



DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives (directors/trustees) are elected from among the membership and are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic manner.

THESE ARE THE WORDS WE LIVE BY.



MEMBERS' ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.



AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.



EDUCATION, TRAINING AND INFORMATION

Education and training for members, elected representatives (directors/trustees), CEOs and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.



COOPERATION AMONG COOPERATIVES

By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies and deal more effectively with social and community needs.



CONCERN FOR COMMUNITY

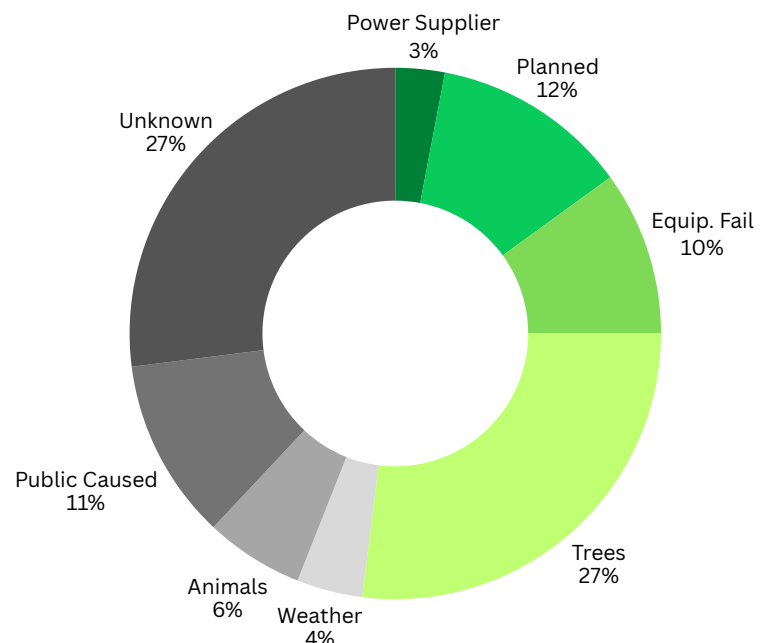
Cooperatives work for the sustainable development of their communities through policies supported by the membership.

ELECTRIC OPERATIONS

- Nine linemen for:
 - 900 miles of line
 - 21,025 poles
 - 6,086 meters
- Contracted crews from Spako's Tree Service trimmed, cut, or removed trees across 80.5 miles of right-of-way.
- American Energy Services, Inc. inspected 2,148 distribution poles.
- Zeitview inspected 95 miles of three-phase distribution line with drone technology.
- Linemen Alex Laudermilch and Kendall Achey provided storm assistance at Tri-County REC in April, giving mutual aid in restoring 5,300+ outages.
- All the equipment our linemen use while working on energized line was inspected for safety: bucket truck and digger derrick truck booms, bucket inserts, insulated line tools, rubber blankets, and line hoses.
- All members of the operations department took part in pole top rescue during May. This year it included making a mayday call, putting on climbing gear, climbing the pole and lowering the dummy to the ground, then administering CPR, AED, or first aid in under four minutes.
- SCREC hosted a chainsaw school for linemen in Pennsylvania and New Jersey electric co-ops in May.

- SCREC crews replaced six wood transmission poles in Lycoming County with ductile iron poles in September.
- Contracted crews from Everhart & Hoover replaced 100+ poles throughout our service territory to meet overhead clearance requirements for communication line attachments. The project was completely paid for by communication companies and the co-op receives pole rental fee revenue.
- Everhart & Hoover contracted crews built and moved a portion of three-phase distribution line along Rt. 87 in Sullivan County. The new line is more accessible to line crews, out of rocky cliffs and woods, and has more durable and reliable equipment.

2025 OUTAGE CAUSES:





Clockwise, from top left: SCREC linemen work together to set a ductile iron transmission pole. SCREC linemen Nolan Chase (on pole) and Darrick Higley (in bucket) practice pole top rescue. Contracted crews from Everhart & Hoover work on the new three-phase line located along Rt. 87. A contracted technician from Zeitview performs an overhead drone inspection. A tangle of downed wires and trees following a thunderstorm in July.

FINANCE & ADMINISTRATION

- Total cost of purchased power was \$5,005,259.
- Total sales reached 57,660,295 kilowatt hours (kWh).
- Average kWh usage per month:
 - Residential: 930 kWh
 - Seasonal: 280 kWh
- Capital credits were returned for members who were on our lines during 2002 and 2003:
 - 3,634 checks
 - Mailed on January 15, 2026
 - Totaling \$239,150.26
- A rate increase took effect in January to combat inflation:
 - ~1.01% for residential members
 - ~3.5% for commercial members
- The annual meeting was held virtually on May 15.
- Directors who participated in NRECA courses and received certificates were:
 - District 2 - Karen Beinlich, Board Leadership Certificate
 - District 9 - Steve Brady, recertified Director Gold
 - District 6 - Jay Lewis, recertified Director Gold
- The director election was uncontested this year, with the following incumbents keeping their positions:
 - District 2 - Karen Beinlich
 - District 6 - Jay Lewis
 - District 9 - Steve Brady
- SCREC participated in Touchstone Energy Cooperatives' inaugural Co-op Advantage Report, receiving an American Customer Satisfaction Index score of 83/100.
- The co-op celebrated five Years of Service anniversaries:
 - Alex Laudermilch - journeyman lineman, 5 years
 - Dave Kepner - crew chief, 15 years
 - Kendall Achey - senior lineman, 15 years
 - Nolan Chase - senior lineman, 25 years
 - Kathy Robbins - District 5 Director, 40 years
- Kevin Johnson joined the cooperative as a first-year apprentice lineman on November 3 (see page 04).
- Kim Phillips, Billing Clerk, was given the 2025 Winston Donaldson Community Service Award on behalf of PREA and Allegheny Electric Cooperative (see page 04).
- SmartHub, our new member account platform, went live in December. This new system gives members more access to their electric account: current/past payments, energy usage, report an outage, submit a question, receive notifications, enroll in auto pay and/or paperless billing, etc. More information is available at screc.com/smarthub.



Clockwise, from top:

Linemen Years of Service recipients: Alex Laudermilch, Dave Kepner, Kendall Achey, and Nolan Chase.

Board of Directors Chair Steve Brady presents Director Kathy Robbins with her Years of Service award.

CEO John Lykens at the Annual Meeting with re-elected directors Steve Brady, Karen Beinlich, and Jay Lewis.

HOW YOUR 2025 DOLLAR WAS USED:



MEMBER SERVICES



Diane White demonstrates electrical hazards that may be around students' homes.

- Executive Assistant Diane White and Cooperative Communicator Sarah Parrish taught electrical safety to first graders at Farrell, Renn, and Sullivan County elementary schools.
- Nine graduating high school seniors received the 2025 Sullivan County REC Craig A. Harting Memorial Scholarship:
 - Christopher Koschak
 - Leah Bedford
 - Jenna Eberlin
 - Marty Zeigler
 - Olivia Witmer
 - Allyson Witter
 - Abbigale Bowman
 - Kaycee Sontheimer
 - Ty McCoy



Sarah Parrish, left, with Youth Tour students Emily Lewis and Noah Rakestraw.

- Noah Rakestraw and Emily Lewis, two high school juniors living in our service territory, attended Youth Tour for an all-expense paid week-long educational retreat in Washington, D.C.
- SCREC donated three triaxle loads of firewood to Neighbors Helping Neighbors. The logs came from the chainsaw school our co-op hosts.
- The co-op held its second annual May Electrical Safety Month poster contest for children ages of 5-10. Winners were:
 - Colin Wax, age 7
 - Lane Fitch, age 7
 - Wyatt Fitch, age 10



Clockwise, from top left: A day camp student tries on lineman's rubber and leather gloves.

Pete Fitzgerald, on behalf of PREA, presents Sarah Parrish, representing SCREC, with communications awards. A dump truck gets loaded with logs for Neighbors Helping Neighbors.

- Operations Assistant I Jeff Spako, Senior Lineman Nolan Chase, and Sarah Parrish taught kids in kindergarten - sixth grade electrical safety through demonstrations and hands-on learning with tools, equipment, and trucks at the Crossroads Church summer day camp in Muncy.
- Co-op employees met with members and the community at the Lycoming and Sullivan county fairs in July and August.
- The SCREC communications department launched a new initiative: educational videos highlighting co-op projects. Featured videos have so far focused on American Energy Services pole inspections, Zeitview drone inspections, and SmartHub. Visit screc.com/video-library for more.
- SCREC was commended at the 2025 PREA Communications Award Ceremony with the following awards:
 - Award of Excellence for Best Website.
 - Award of Excellence for the Craig Harting Leadership Communications Award with the Penn Lines article "Your Cooperative's Vision," by CEO John Lykens.
 - Honorable Mention for Best News Story with the Penn Lines article "The Good, the Bad and the Ugly," by Sarah Parrish.
- The co-op hosted members who participate in our Political Actions Committee for an evening of politics and pizza. More info is available at screc.com/PAC.

BALANCE SHEET

<u>Assets</u>		December 31,	
		2025	2024
<u>Electric Plant</u>			
In service - at cost	\$	38,075,927	\$ 36,812,289
Construction work in progress		440,645	433,871
Total Electric Plant		38,516,572	37,246,160
Less accumulated depreciation	(	18,333,011)	(17,565,009)
Net Electric Plant		20,183,561	19,681,151
<u>Other Assets and Investments</u>			
Investments in associated organizations		3,794,109	3,739,451
<u>Current Assets</u>			
Cash - general funds		156,114	131,690
Accounts receivable less provision for uncollectible accounts of \$30,000		1,862,139	1,594,627
Materials and supplies (at average cost)		536,908	591,646
Other assets		40,307	89,587
Total Current Assets		2,595,468	2,407,550
Total Assets	\$	26,573,138	\$ 25,828,152
<u>Equities and Liabilities</u>			
		December 31,	
		2025	2024
<u>Equities</u>			
Patronage capital	\$	5,495,087	\$ 5,361,469
Permanent capital		6,580,675	6,350,865
Other equities		228,850	181,072
Total Equities		12,304,612	11,893,406
<u>Long-Term Debt Less Current Maturities</u>			
Farmer MAC mortgage notes		2,658,699	2,827,909
CFC mortgage notes		9,504,116	9,066,730
Total Long-Term Debt		12,162,815	11,894,639
<u>Current Liabilities</u>			
Cash overdrafts		138,364	169,370
Accounts payable:			
Purchased power		487,443	381,213
Other		55,689	77,475
Consumer deposits and prepayments		35,209	27,509
Other current and accrued liabilities		433,932	472,670
Current maturities of long-term debt		932,959	875,186
Total Current Liabilities		2,083,596	2,003,423
Total Liabilities		14,246,411	13,898,062
Deferred Credits		22,115	36,684
Total Equities and Liabilities	\$	26,573,138	\$ 25,828,152

STATEMENT OF REVENUE & EXPENSE

	Year Ended December 31,	
	2025	2024
<u>Operating Revenues</u>		
Sales revenue	\$ 11,980,816	\$ 11,392,967
<u>Operating Expenses</u>		
Cost of power	5,005,259	4,259,931
Distribution - operations	189,649	191,999
Distribution - maintenance	2,313,093	2,835,572
Consumer accounts	198,384	201,696
Customer service and information	480,365	415,420
Administrative and general	1,674,341	1,422,846
Depreciation	1,095,026	1,064,455
Taxes	19,807	19,175
Interest - other	24,161	22,037
Total Operating Expenses	11,000,085	10,433,131
Operating Margin Before Fixed Charges	980,731	959,836
<u>Fixed Charges</u>		
Interest on long-term debt	568,724	558,316
Operating Margin After Fixed Charges	412,007	401,520
<u>Other Operating Margins</u>		
G & T and other capital credits	219,060	285,656
Net Operating Margin	631,067	687,176
<u>Non-Operating Margins</u>		
Interest income	10,750	9,503
Other	29,971	35,389
Total Non-Operating Margin	40,721	44,892
Net Margin	\$ 671,788	\$ 732,068



SCREC linemen lend a hand during the Pennsylvania Rural Electric Association Chainsaw School, hosted by SCREC at the Sullivan County Fairgrounds in Forksville.

DIRECTORS



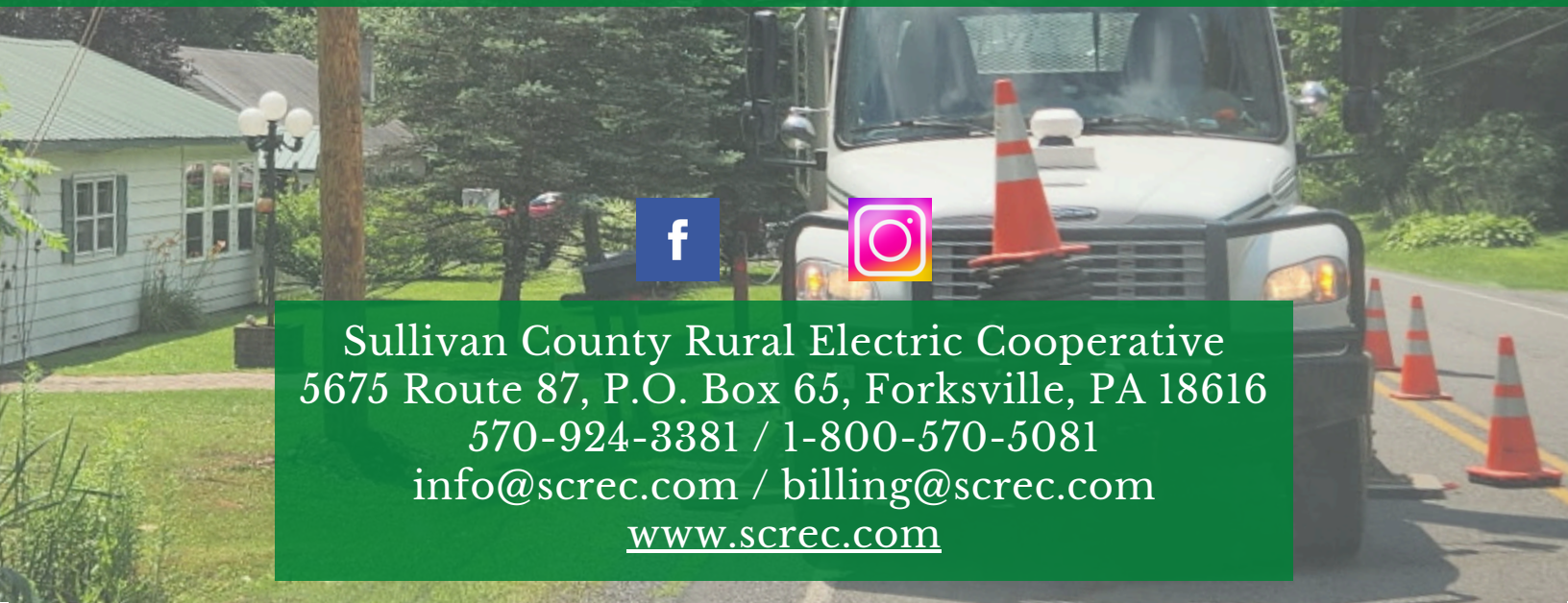
DISTRICT/DIRECTOR	COUNTY	TOWNSHIP(S)
1 - Ann Henderson	Bradford/Sullivan	Canton/Fox
2 - Karen Beinlich	Sullivan	Elkland, Hillsgrove
3 - James Lambert	Bradford/Sullivan	Overton/ Forks, Forksville Borough
4 - Jeff Hamilton	Bradford/Sullivan	Albany/ Cherry, Laporte, Laporte Borough
5 - Kathy Robbins, Secretary//Treasurer	Lycoming/Sullivan	Franklin, Jordan, Penn/ Davidson, Shrewsbury
6 - Jay Lewis	Lycoming	Mill Creek, Shrewsbury, Wolf
7 - David Rakestraw	Lycoming	Upper Fairfield
8 - Dave Aumen, Vice Chair	Lycoming	Plunketts Creek
9 - Stephan Brady, Chair	Lycoming	Cascade, Gamble, Lewis

EMPLOYEES



- Kendall Achey - *Lineman*
- Nolan Chase - *Lineman*
- Lindsay Fitch - *Member Services Representative*
- Josh Heess, Jr. - *Lineman*
- Darrick Higley - *Lineman*
- Dave Kepner - *Lineman*
- Shane Kline - *Lineman*
- Kevin Johnson - *Lineman*
- Alex Laudermilch - *Lineman*
- Tom Livezey - *Lineman*

- John Lykens - *CEO*
- Todd Molyneux - *Manger of Electric Operations*
- Sarah Parrish - *Co-op Communicator*
- Kim Phillips - *Billing Clerk*
- Heidi Roupp - *Chief Financial Officer & Human Resources*
- Jeff Spako - *Operations Assistant I*
- Diane White - *Executive Assistant*
- Lori Williams - *Accounts Payable*
- Tyler Worthen - *Operations Assistant II*



Sullivan County Rural Electric Cooperative
5675 Route 87, P.O. Box 65, Forksville, PA 18616
570-924-3381 / 1-800-570-5081
info@screc.com / billing@screc.com
www.screc.com