

ANNUAL REPORT

Find a recap of 2025
inside this issue



Pictured:
Sussex REC President & CEO Chris Reese walks with U.S. Senator Andy Kim during a tour of Sussex REC's facility. Read more about this event on page 8.

Photo By:
Bannon Brody,
Digital Content Editor
for Sen. Andy Kim



Sussex Rural Electric Cooperative, Inc.
A Touchstone Energy® Cooperative

SREC's Member Newsletter

2026, Issue 2 of 4

www.sussexrec.com
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Currents

2026
SREC BOARD OF DIRECTORS
ELECTION
BALLOTS ARRIVE IN
LATE MAY!
Take part in Democratic Member Control of your Co-op by sending in your 2026 Board of Directors Election ballot. More about this year's candidates on page 7!

Advocating For You

Our members count on reliable electricity at a price they can afford. But with power supply costs continuing to climb and the reliability of always-available power sources at risk, smart energy policies are more important than ever.

At Sussex REC, our job goes beyond keeping the lights on day to day. We are responsible for advocating on behalf of our members to ensure decisions being made at the state and federal levels protect reliable, affordable power in our local communities.

The Honorable Andy Kim, Senator of New Jersey, recently visited our office. This was the first time we've been host to a member of the Senate. We've hosted Congressman Josh Gottheimer and state leaders in the past.

As a non-partisan, not-for-profit entity, SREC representatives will join fellow electric co-ops from around the

By Chris Reese, President & CEO
contactthecEO@sussexrec.com



country in our nation's capital to engage policymakers at the National Rural Electric Cooperative Association's annual Legislative Conference. We proactively engage our elected officials to advocate for energy policies that will benefit our members, such as:

- Faster disaster recovery through improved FEMA partnerships
- Streamlining outdated and overly complex permitting rules
- Keeping reliable power plants online
- Protecting critical hydropower
- Smarter land management policies
- Maintaining funding for grid innovation and investments

These issues are important because when storms strike, every second counts, especially in rural communities. A more responsive FEMA means quicker recoveries

>> Continued on pg. 2



Sussex Rural Electric Cooperative, Inc.

President & CEO - Christopher P. Reese

Our Board of Directors

Chairman	- Jack Haggerty, Jr.
Vice Chairman	- William Kovach
Sec./Treasurer	- Ronald Dupont
Thomas Madsen	Barbara Miller
Brad Sparta	Joseph Barca
Michael Abate	Karen McDougal


<< Continued from pg. 1

and lower costs for the families and businesses we serve. Sussex REC has received almost \$2 million from FEMA aid—money our members would have had to pay otherwise.

Reliable power shouldn't get stuck in paperwork because permitting rules are outdated and slow down critical upgrades to power lines and substations. Sussex REC just experienced this issue in our territory on a section of Iron Mountain Road that runs through state parklands.

Although Sussex REC is quick, we can't replace dependable power overnight. When officials shut plants down too soon, it puts reliability at risk. That's not a risk our members want to take, nor should they have to.

Also, strong federal partnerships help keep costs down for co-op members. Federal loan and grant programs allow co-ops to strengthen the grid, prepare for extreme weather, boost cybersecurity, and explore new energy technologies, without shifting costs onto the members we serve. Sussex REC is currently applying for a federal grant that will boost our grid hardening and vegetation management efforts.


While you may not consider it on a daily basis, electricity is essential and underpins nearly every aspect of modern life. Understanding today's evolving energy landscape is important as it shapes how electricity is produced, delivered, and consumed. Advocating on behalf of Sussex REC's members is a critical part of our commitment to you. These policy priorities all come back to the same goal: making sure our members have safe, reliable and affordable power, now and in the future. 




We Want To Hear From You!

Sussex Rural Electric Cooperative is conducting a member satisfaction survey. Your feedback will help us improve our services to you and plan for the future. To take our survey, please visit this link

<https://tinyurl.com/SRECSurvey>




or scan the QR code

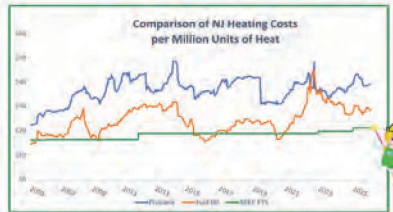
All responses are anonymous and confidential. Thanks for participating.

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2026 ANNUAL MEETING EVENT

Sussex REC's 2026 Annual Meeting Event is coming up soon! Make note of our important dates so you can take part in our democratic process, earn free Fair tickets, and join us at our in-person celebration!

IMPORTANT DATES TO REMEMBER:

**EARLY JUNE
BOARD OF
DIRECTORS
ELECTION**

MAILED BALLOTS ARRIVE
EARLY JUNE

**MONDAY, JUL. 6
ONLINE
MEETING
LAUNCH**

[WWW.SUSSEXREC.COM
/FAIR](http://WWW.SUSSEXREC.COM/FAIR)

**MONDAY, AUG. 3
★ MEMBER ★
APPRECIATION
EVENT AT THE FAIR**

BBQ PAVILION,
12 PM - 7:30 PM

Visit www.sussexrec.com/fair starting on **Monday, July 6th** to view our **Online Meeting** for business updates and register for up to two free Fair tickets!

Use these tickets to join us at our in-person **Member Appreciation Event** on **Monday, August 3rd**. Meet us at the BBQ Pavilion to chat with us, earn a \$10 bill credit and giveaways, and enter our prize drawing for a chance to win a free year of electricity!*

*Prize valued at \$1,250.00 based on average, annual electricity usage of residential member. Winner will receive a bill credit of \$1,250.00 for use between 09/2026 and 08/2027. To receive prize, winner must be member in good standing.



President & Chairman's Report



Chris Reese
President
& CEO



Jack Haggerty
Chairman
of the Board

Few members remember this community before it had electricity or how its farmers and rural neighbors worked together to bring power to the area 89 years ago. Today's members have always enjoyed electricity and expect it to always be available at the flip of a switch. We maintain an exceptionally reliable system and work hard to keep power outages to a minimum. When a problem does occur, our team works as quickly as safety allows to restore service. From the beginning, SREC's mission has remained the same: to provide our members with the highest quality of service at the lowest possible cost.

SREC members had their power on and available an average of 8,756 out of the 8,760 hours last year and our times to restore power remained consistently low. Reliable electricity doesn't happen by accident. It requires ongoing investment in our local grid—through system repairs, maintenance, upgrades, and the integration of new technologies that help us operate smarter and more efficiently. We spend over one million dollars annually on Right of Way clearing to limit interference from vegetation along our 750+ miles of line.

Ash trees and their branches, weakened over recent years by invasive pests like the emerald ash borer, make great ammunition for winds to take down power lines. In fact, trees and high winds accounted for the highest number of outages in 2025. Per the National Weather Service, New Jersey had 24 wind advisory events in 2025—11 more than normal and the highest deviation from average out of any forecast office in the U.S. We also had the most recorded wind advisories in 20 years. In 2025, high winds caused multiple wide-reaching outages for us on Halloween and the following days, as well as during the week leading up to Christmas.

Our region also experienced the coldest December in the last 15 years which was, according to njweather.org, "NJ's coldest December since 2010 and third coldest since 2000." Usage data showed how low temperatures linked to higher usage. Per the National Weather Service: "average daily temp

for December 2025 was 29.6° F, with average daily minimum temp 20.6° F." This is a stark drop from December 2024, where average daily temp was 32.1° F with daily average minimum temps of 23.0° F. SREC's office was flooded with calls about high bills as most members were caught by surprise after milder temperatures in the preceding months and past few years.

2025 was marked by increases in costs among the whole electric utility industry. SREC's rates include three components: generation, transmission, and distribution. Over recent years, we've seen large price spikes in our generation, transmission costs, and for open market power. These increases are the result of U.S. power supply struggling to meet higher demand due to early and premature closure of coal and nuclear plants and surging demand for electricity, as well as recent geopolitical events. These market forces were factors in the rate increase implemented in December. Thankfully, Sussex REC, along with its sister cooperatives in Pennsylvania, does not put all its eggs in one basket. We co-own nuclear and hydropower generation resources, insulating us from some of the impact and resulting in Sussex REC having the lowest rate in the state.

Meanwhile, the costs of operating and maintaining our local distribution system, along with costs for material, equipment, and supplies, have increased too. Key materials like transformers, poles, and wire now cost 40–100% more than they did just a few years ago. These are purchases that we cannot avoid, as we need inventory on hand for regular maintenance and for restoration from severe storms as well.

The issues and cost increases facing our industry are not due to a single cause. Rather, they are the result of a combination of market forces, policy decisions, infrastructure needs, and changing patterns of electricity use. While we can't control these external pressures, your Cooperative will continue working to manage costs, advocate for a balanced energy mix, and make strategic investments that protect both reliability and affordability for our members. >> *Continued on pg. 6*



Balance Sheet (Audited) For the years ended

Assets:

Total utility plant in service	\$ 84,959,649	\$ 82,939,472
Construction work in progress	797,931	1,192,848
	85,757,580	84,132,320

Less: Accumulated provisions for depreciation	(46,349,076)	(45,113,794)
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Net electric plant **39,408,504** **39,018,526**

Total other investments	10,836,437	9,876,207
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Total utility plant & other investments **50,244,941** **48,894,733**

Current assets:

Cash & short-term investments	2,094,691	1,090,934
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Accounts receivable, less provision for doubtful accounts of \$52,306 in 2025 & \$64,649 in 2024	2,637,295	2,921,988
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Materials & supplies	1,067,308	1,163,500
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Other current & accrued assets	2,334,852	1,536,109
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Total current assets **8,134,146** **6,712,531**

Deferred charges 7,286,467 **4,441,318**

Total Assets **\$ 65,665,554** **\$ 60,048,582**

Equities & Liabilities

Equities:

Memberships	\$ 56,175	\$ 56,030
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Patronage capital	12,933,477	12,466,568
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Other equities	15,665,905	13,993,638
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Total equities and margins **28,655,557** **26,516,236**

Non-current liabilities:

Long term debt, less current portion	19,733,720	22,727,140
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Other	457,135	60,630
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Total non-current liabilities **20,190,855** **22,787,770**

Current liabilities:

Current portion of long-term debt	256,634	1,594,275
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Other	2,695,346	106,951
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Accounts payable	1,919,677	1,813,079
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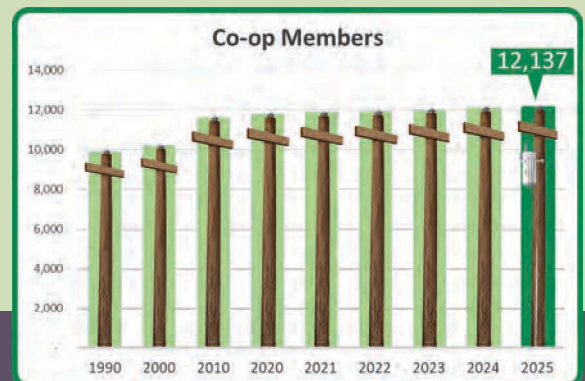
Consumer deposits	455,990	453,911
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Other current & accrued liabilities	1,841,505	1,812,613
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Total current liabilities **7,169,152** **5,780,829**

Deferred credits 9,649,990 **4,963,747**

Total Equities & Liabilities **\$ 65,665,554** **\$ 60,048,582**

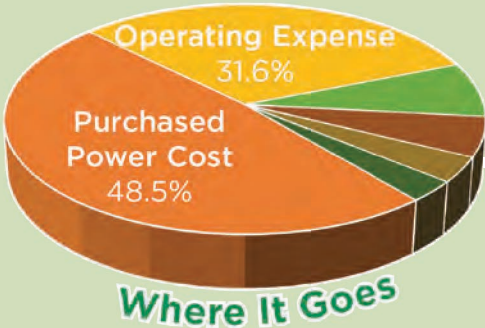


Income Statement (Audited) - For the years ended	2025	2024
Operating revenue	\$ 28,370,250	\$ 26,808,092
Operating expenses:		
Cost of power	13,761,343	12,467,389
Transmission expense	—	—
Distribution expense - operation	2,699,272	2,452,044
Distribution expense - maintenance	3,763,629	3,900,083
Member account & service expense	1,247,240	1,203,758
Administrative & general expense	2,850,761	2,782,255
Depreciation & amortization expense	2,193,666	2,118,932
Taxes	1,553	1,541
Interest - other	125,536	207,740
Total operating expenses & interest	26,643,000	25,133,742
Operating margins before fixed charges	1,727,250	1,674,350
Interest on long-term debt	(883,596)	(905,533)
Operating margins after fixed charges	843,654	768,817
Capital credits from other cooperatives	562,567	1,174,395
Net operating margins	1,406,221	1,943,212
Non-operating margins:		
(Loss) / Gain on sale of assets - net	34,839	34,927
Interest and other income	579,897	66,671
Net margin for period	\$ 2,020,957	\$ 2,044,810
Total other comprehensive (loss) / income	483,701	(18,503)
Total comprehensive income	\$ 2,504,658	\$ 2,026,307



The Co-op Dollar

How money came into your cooperative in 2025 and where it was used.



- Other Income - 6.5%
- Small Commercial - 6.2%
- Large Commercial - 4.5%
- Seasonal Accounts - 2.0%
- ETS - 1.6%
- Security Lights - 0.3%
- Depreciation - 7.7%
- Vegetation Management - 5.6%
- Interest on Debt - 3.6%
- Margins - 3.0%

Where Your Power Came from in 2025

Source	Percentage
Nuclear	51.4%
Open Market	29.9%
Hydro	8.6%
Member Solar	0.1%

2025's open market purchases came from multiple power sources, including carbon free resources.

In total, 2025 was 75% carbon free!





<< Continued from pg. 3

SREC operates at cost, so there is no budgeted mark-up of our rates to turn a profit, to increase a stock price for investors, or to cut a dividend check for shareholders. In fact, our 2025 margin stated in this Annual Report was \$843,654. That is just a 3% return on sales, compared to an industry average of 14.6%*. In this current era of affordability concerns, the cooperative tries extremely hard to live up to the “lowest possible cost” portion of our mission statement. However, our rates must still cover the rising cost of supplied power, the rising cost of materials and equipment, more preventative right-of-way maintenance, and the necessary staff working to fulfill our mission for our members.

Ongoing system upgrades and investments in technologies like AMI and SCADA with FLISR increase our resilience. Through a multi-year project, we continue to replace older transmission poles throughout the territory to strengthen our distribution system. We continue to promote services that can reduce costs. More members are adopting paperless billing as their preferred means to get their electric bill. This not only makes payment more convenient for members but also saves money for the Co-op by reducing printing and mailing costs. Like everything else, those costs have also risen in recent years. With 12,000 members on our system, each conversion to paperless billing is a significant cost savings.

Sussex REC’s wholly owned contracting subsidiary SREC Resources had a good financial year in 2025. During the last year, Resources technicians handled 11 installations of Cummins whole house generators, 7 ETS heating systems, and 26 GenerLink transfer

switches. In addition, SREC Resources works on customer-side high voltage contracting jobs for commercial and industrial customers throughout northern NJ. SREC Resources will continue to provide electrical contracting services to the area in 2026.

Sussex Rural Electric Cooperative completed year 24 of its 50-year contract with the U.S. Army to provide utility services within Picatinny Arsenal. Throughout 2025, many improvements, upgrades, and replacements were completed. Our contract with Picatinny continues to benefit the Cooperative, allowing us to maintain strong line crew coverage during storms and large jobs along with providing us with additional revenue.

Our Annual Meeting Event is coming up, once again split into an Online Meeting covering business updates and an in-person Member Appreciation Event held at the NJ State Fair. Our Online Meeting becomes available on Monday, July 6th at www.sussexrec.com/fair, where you can register to reserve up to two free Fair tickets. SREC will be at the BBQ Pavilion at the Fair on August 3rd where members who attend will receive a \$10 bill credit, prizes, and a chance to win free electricity for a year. We hope to see you there!

The cooperative difference is evident from our residential electric rate being lower than 99% of the state’s population, to expansion in grid hardening and outage management capabilities, to our relationship with members and our level of community involvement. While tomorrow seems challenging, the possibilities are promising. 🌱

Christopher P. Reese

Jack Haggerty Jr.

*According to a March 2026 analysis by The Energy & Policy Institute - www.energyandpolicy.org/utility-profit-report

2026 Board of Directors Election - Be Sure to Vote!

Electric cooperatives like Sussex REC are unique for many reasons, including operating under the principle of Democratic Member Control! As a member and part-owner of the co-op, your voice matters. You have a say in how we are led through our yearly Board of Directors elections. Even in years when nominations are uncontested, it is important to take part in the democratic process because it’s a unique benefit of co-op membership!

You can find a biography for each 2026 candidate on the next page. Be on the lookout for your mail-in ballot to arrive in early June!



Looking Back at 2025 - Viral Moment

A memorable moment in 2025 was our first viral video. Security footage of a raccoon causing an explosion in our substation gained over 4 million views in one day. If you missed it, scan the QR code or visit: www.facebook.com/reel/719753601059733.





Your Candidates for Election

SREC's service area is split into three districts with three directors per district. Each director, who must be a member of the Cooperative, serves a three-year term with 1/3 of the directors standing for reelection each year. Election of board members is held by mail-in ballots as required in our Bylaws. Ballots will arrive in early June. Results are announced as part of our Online Meeting, which will take place on Monday, July 6th.

District 1 Incumbent: Jack Haggerty, Jr.

jhaggerty@sussexrec.com



Currently serving as Chairman of the Board, Jack has been re-nominated to serve District One. A member of the Cooperative since 1974, he is marking his 45th year on the Co-op's Board and is an ex-officio member of all the Board's committees. Jack is a credentialed NRECA Director and has achieved his Leadership Certificate and Director Gold Status Certificate. Jack serves as Sussex REC's representative on the Allegheny Electric Cooperative Board of Directors and serves on the Audit, Finance, and Accounting Committee and is the Chairman of the Administrative Services Committee. He also serves as chairman of Sussex REC's subsidiary, SREC Resources.

A graduate of Clarkson University, Jack is a member of the Institute of Industrial and Systems Engineers. He served six years with the NJ National Guard and also served as an elder and president of the board of trustees for the First Presbyterian Church of Sussex.

Before retiring, Jack worked as an Engineer and Manager at Ames Rubber, as a Process Engineer for Laird Technologies, and as a Sales Engineer and Quality Engineer for Ja-Bar Silicone. Jack currently serves on the Sussex Kiwanis and as a trustee on the Old Clove Church Preservation Committee. He and his wife, Sharon, reside in Wantage. They have two sons and five grandchildren.

District 2 Incumbent: William Kovach

wkovach@sussexrec.com



Currently serving as Vice Chairman of the Sussex Rural Electric Cooperative Board and the SREC Resources Board of Directors, Bill has been re-nominated to represent District Two. As a member of the Cooperative since 1992, Bill has served on the Board for 25 years and, like the Chairman of the Board, he is an ex-officio member of all the Board's committees. He is a credentialed National Rural Electric Cooperative Association Director and has achieved his Leadership Certificate and Director Gold Status Certificate.

Bill graduated with a B.A. in Accounting and an M.B.A. from William Paterson University. Recently retired, Bill worked at the Ames Rubber Corporation in Hamburg, NJ for 45 years. For 25 of those years, he served as Vice President and CFO and was a member of Ames Rubber's Board of Directors, serving as Secretary/Treasurer.

A member of the Institute of Management Accountants, Bill has also served on the United Way board for many years and continues to volunteer and support community programs. He and his wife Helen reside in Vernon, NJ.

District 3 Incumbent: Karen McDougal

kmcdougal@sussexrec.com



Karen McDougal was appointed to Sussex Rural Electric Cooperative's Board of Directors in 2022 and has been re-nominated to serve District Three. Karen served as a Vice President with Lakeland Bank and then Provident Bank before retiring in 2025, acting as an essential piece in the success of the branches she oversaw as area manager. She possesses 47 years of experience in all aspects of banking and has focused on fraud prevention, budgeting, compliance with financial regulations, and sales in her career.

Karen is well known in the community and provides notary services locally. She is involved with numerous non-profit organizations such as Habitat for Humanity, Project Self Sufficiency, and Norwescap. She is also a member of the Wallkill Valley Rotary Club, Sussex Kiwanis, and Sussex County Chamber of Commerce.

Karen and her husband, Daniel, live in Lafayette and have been members of Sussex Rural Electric Cooperative since 1986. They have been ETS owners since the early years of the program and updated their ETS system in 2017. They are also involved in the Sussex Solar Garden community solar project.

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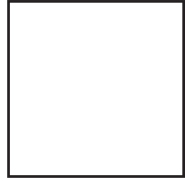


**Sussex Rural
Electric Cooperative, Inc.**

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-  **Senator Kim Comes to Sussex**

Senator Kim Comes to Sussex

By Steve Sokolowski, Marketing & Member Services Associate
ssokolowski@sussexrec.com

Electric co-ops like ours owe their origin to grassroots advocacy: President Franklin D. Roosevelt's Rural Electrification Act of 1936 answered the call from rural communities asking for affordable power and kickstarted the co-op movement, the most successful government/business partnership in U.S. history.

To support our mission, we seek out opportunities to educate elected officials so they understand how we operate and can lend their support when we need it most.

Each year, we visit multiple Congressional offices in Washington, D.C. to discuss energy issues that affect our members, all on a nonpartisan basis. Our priority, always, is to advocate for policies that support reliability and affordability for our members. We also strive to get politicians who represent our members to visit us so they can see for themselves our role and work within our community.

This year, we hosted a sitting U.S. Senator at our office for the first time. Senator Andy Kim and his team stopped by during a recent visit to Sussex County. We provided the Senator with a tour of our




facility, including a look at our automated grid management system used to reduce outage length.

Senator Kim also sat down with our leadership to discuss issues that affect reliability for you, the member.



A major focus was availability of FEMA assistance to make recovery from disasters possible. We've relied on FEMA assistance in the recent past to pay for repairs after major storms

and want to ensure those funds remain available. Senator Kim serves as ranking member on the subcommittee on disaster management.

We are thankful to Senator Kim and his whole team for the time they spent with us and their commitment to serving their constituents within our service territory. 



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