



ANNUAL REPORT

2016

Life. Made better.™

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MISSION STATEMENT

At Easton Utilities, our mission is to enhance the quality of life in our community by providing reliable, competitively priced utility and communications services through skilled, safety-oriented and customer-focused employees.

Our goal is to make life better.



THE COMPANY



COMPANY VALUES

- COOPERATION between customers and employees in setting and attaining our goals.
- INNOVATION in meeting the needs of our customers.
- COMMUNICATION with each other and our customers.
- EQUAL OPPORTUNITY for growth and excellence for every employee.
- INTEGRITY in everything we do.
- PRIDE in our work, in our dedication to public service and in striving to be our best.
- RESPONSIBILITY as a team for the efficient and reliable delivery of services to our community.

EU AT A GLANCE

102
years of service

14
average years of experience

1,946
combined years of experience

LETTER FROM THE CEO

We are pleased to publish this 2016 Annual Report for Easton Utilities to highlight our accomplishments and our commitment to the Town of Easton. It was a strong year for Easton Utilities: We remained mission driven, met our performance goals, achieved strong customer satisfaction scores, successfully implemented several key projects, and continue to build upon our strong foundation as we look into the future.

We continue to focus on providing safe and reliable service at competitive prices, with an exceptional level of customer service. This Annual Report is a reflection of just that and highlights much of what we do. It is my hope that you will see exactly how we impact the community in ways even greater than the services we provide. Our loyalty to this community is evident in our support of the many organizations and businesses in Easton, and our environmental stewardship efforts reflect our commitment to resource conservation and fiscal responsibility.

The people I have the pleasure of working with each and every day make all of this happen. We take pride in knowing the work we do each day is benefiting everyone, often in ways some people never consider. From the daily tasks of providing power or water to the high-speed internet required to do business today, the best way to sum it up can be stated simply as: Easton Utilities makes life better.



Hugh E. Grunden, P.E.
President & CEO

“The best way to sum it up can be stated simply as: Easton Utilities makes life better.”



Serving OUR CUSTOMERS

The philosophy of customer service is an unwavering principle which is noticeably ingrained in the culture at Easton Utilities.



CUSTOMER SERVICE CENTER

Customer service is a function spread across all departments at Easton Utilities; however, there is a specific team responsible for addressing customer's questions and concerns. These professionals help customers apply for service, change or upgrade service, understand their bill, and dispatch crews to assist with any outages or issues with services.

The Customer Service Department responds to up to 250 calls each day, prepares bills for over 10,000 accounts, and processes over 3,600 payments by customers who come to our lobby or drive-through window monthly.

In response to the ever-changing customer needs and expectations, the Customer Service Department is constantly trained and educated on various aspects of the business. From technical details about cable and internet to the basics of providing exceptional customer service, training is a continuous process. To ensure the commitment to customer service is evident, Easton Utilities conducts annual customer surveys to determine the level of customer satisfaction remains prominent.

3,307 TRAINING HOURS

7 DEPARTMENTS



“I’m calling to extend a compliment on the way the crews have been handling the project in Easton. They have been very courteous and we couldn’t ask for anything better.”

- VICKI L.



“I have such nice things to say about you, my television, my cable, the safety and just all good things that you can be pleased and proud of.”

- ANN W.



“I’m calling to commend your department for absolutely outstanding service which is much appreciated. It is a good bunch of guys – give them kudos!”

- BOB G.

3 COMMISSIONERS

138 EMPLOYEES

24/7 AVAILABILITY

COUNTLESS LIVES MADE BETTER!



Supporting OUR COMMUNITY

In keeping with our mission to enhance the quality of life in our community, Easton Utilities proudly supports many local organizations and events.

In addition, Easton Utilities plays an important behind-the-scenes role in Town of Easton events.



Christmas tree lighting & wreath hanging



Easton Farmer's Market



Summer street concerts



Rudolph on Talbot Town

ACE MENTOR PROGRAM
AMERICAN CANCER SOCIETY
AMERICAN DIABETES ASSOCIATION
AMERICAN RED CROSS OF DELMARVA
AVALON FOUNDATION
BARK IN THE PARK
BOY SCOUTS OF DELMARVA COUNCIL
CASA OF THE MID-SHORE
CHANNEL MARKER, INC.
CHAPEL DISTRICT ELEMENTARY PTO
CHARACTER COUNTS MID-SHORE
CHESAPEAKE LEADERSHIP FOUNDATION

CHOICES FOR LIFE
COUNTRY SCHOOL PARENTS' ASSOC.
CRITCHLOW ADKINS CHILDREN'S CENTER
CUB SCOUTS PACK 190 AND 532
DAVE HASLUP/LOU GEHRIG ATHLETIC
SCHOLARSHIP FOUNDATION
EASTON ELEMENTARY SCHOOL
EASTON ELKS LODGE #1622
EHS AFTER-GRADUATION PARTY
EASTON BUSINESS ALLIANCE
EASTON POLICE DEPARTMENT
EASTON VOLUNTEER FIRE DEPARTMENT



4th of July



Waterfowl Festival

EASTON ROTARY CLUB YOUTH AND COMMUNITY
GREATER CHESAPEAKE BALLOON FESTIVAL
HABITAT FOR HUMANITY CHOPTANK
HISTORICAL SOCIETY OF TALBOT COUNTY
JUNIOR ACHIEVEMENT OF THE EASTERN SHORE
LEADERSHIP MARYLAND
MARTIN LUTHER KING JR.
BASKETBALL TOURNAMENT
MID-ATLANTIC SYMPHONY ORCHESTRA
MID-SHORE COMMUNITY FOUNDATION
MEMORIAL HOSPITAL FOUNDATION
MIDSHORE RIVERKEEPERS CONSERVANCY

NEIGHBORHOOD SERVICE CENTER
OXFORD COMMUNITY CENTER
PICKERING CREEK AUDUBON CENTER
SHORE LEADERSHIP
SAINTS PETER & PAUL SCHOOL
TALBOT COUNTY FAMILY SUPPORT
TALBOT COUNTY OFFICE OF
ECONOMIC DEVELOPMENT
TALBOT COUNTY PUBLIC SCHOOLS
TALBOT COUNTY TEEN COURT
TALBOT COUNTY YMCA
TC CHAMBER OF COMMERCE

TC FIRE AND RESCUE
TC FRATERNAL ORDER OF POLICE LODGE #18
TALBOT PARAMEDIC FOUNDATION
TALBOT HUMANE SOCIETY
TALBOT INTERFAITH SHELTER
TALBOT PARTNERSHIP
THE BENEDICTINE FOUNDATION
THE DIXON HOUSE
TOYS FOR TOTS
WATERFOWL CHESAPEAKE
WATERFOWL FESTIVAL



Conserving THE ENVIRONMENT

Easton Utilities is committed to enhancing the quality of life in our community by making environmental stewardship a priority. Our organization proactively seeks out cost effective projects which help support our vision to conserve the environment to benefit everyone.



• BRANCHING OUT

The entire staff of Easton Utilities plants trees in Easton annually as a way of creating local environmental benefits and to demonstrate just one of the many tools available to customers to reduce our carbon footprint. In addition to their beauty, trees are effective pollution preventers and absorb CO₂. Trees provide shade in the summer reducing the need to use air conditioning, which in turn reduces the amount of electric generation. Tree roots also help to anchor soil in place and prevent erosion.

• INTERNAL RECYCLING PROGRAM

Easton Utilities offers a company-wide recycling program which has been in effect for several years. The program includes both waste from the office and waste from the homes of those employees who do not have a recycling program in their towns. Participation is encouraged and the results of the effort are shared amongst the staff. We recently added water dispensers to promote using non-disposable bottles or glasses.

• NATURAL GAS VEHICLE

In a continued effort to incorporate technologies that result in cleaner emissions and reduced operating costs, Easton Utilities has converted several of its vehicles to run on natural gas. Natural Gas Vehicles can have an immediate and positive impact on the issues of air quality, U.S. energy security, and public health. Natural gas is one of the cleanest fossil fuels and costs less at the pump than traditional fuels such as gasoline or diesel. It can also help reduce the nation's reliance on imported foreign oil since it is domestically abundant, safe and offers an environmentally responsible solution to energy needs today and tomorrow.

• THE POWER UP PROGRAM

Partnering with Habitat for Humanity Choptank, Easton Utilities is helping low-income homeowners improve energy efficiency and lower their monthly utility bills. Participants in the program will receive an audit by a certified auditor who will identify weatherization and HVAC upgrades appropriate for each home. Based on the audit, certified contractors will install the upgrades.

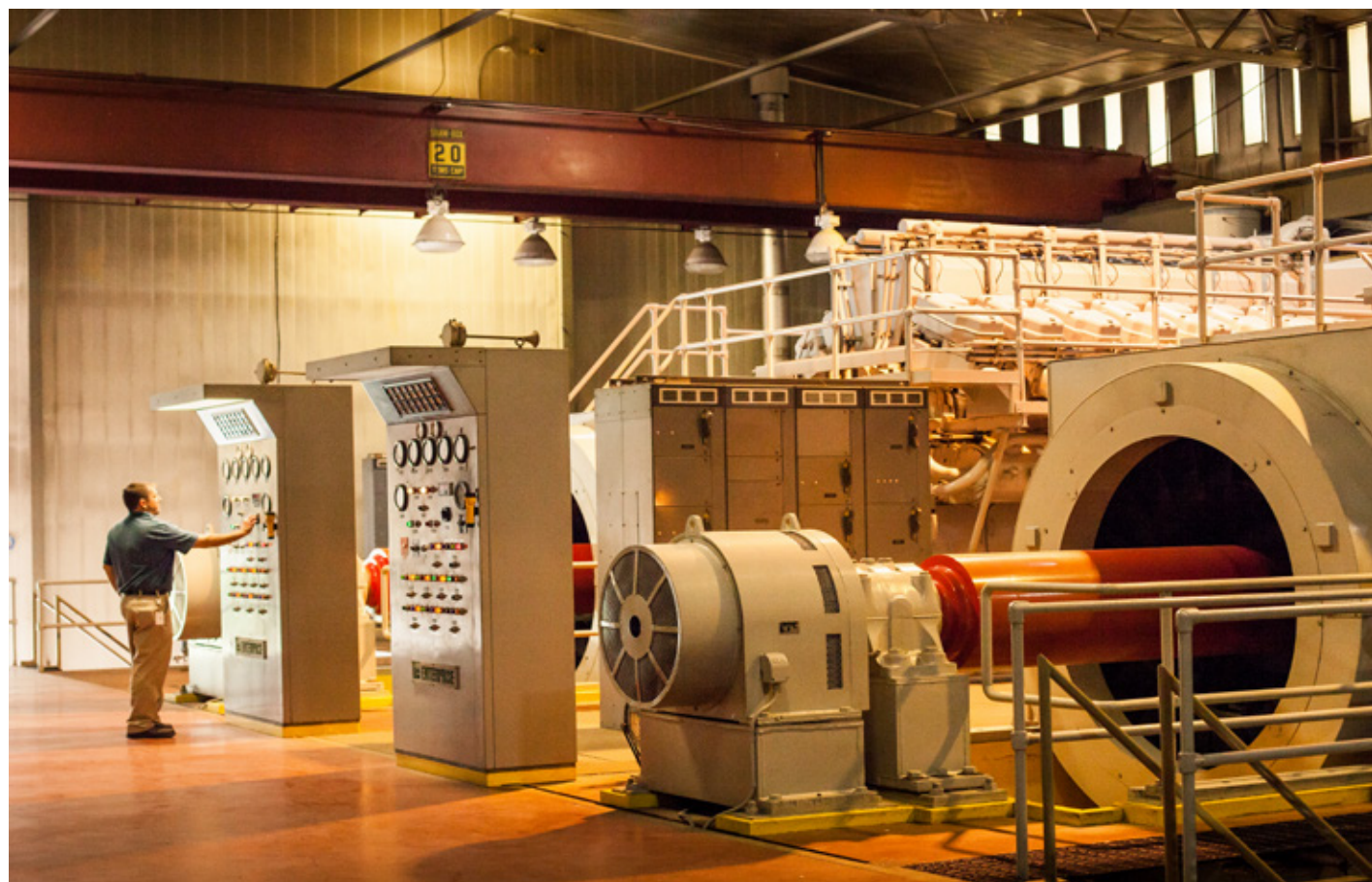


SUSTAINABILITY CAMPUS

The Easton Sustainability Campus is an envisioned system of multiple, diverse, renewable energy sources located at the Enhanced Nutrient Removal Wastewater Treatment Facility. A Landfill Gas to Energy project is the first of these renewable energy sources that will convert methane from the Mid-Shore Regional Landfill into useful energy. Funded primarily by a grant from the Maryland Department of the Environment, Easton Utilities will be adding a photo-voltaic array to the Campus. The array will produce 100% of the ENR Wastewater Treatment Facility's electrical consumption and reduce the significant number of renewable energy credits Easton Utilities is required to purchase annually. In addition, wind data is being assessed to determine the possibility of incorporating a wind turbine. All of these renewable energy sources are located in one secluded location creating a unique situation which directly benefits our community.



As a community owned, not-for-profit public power utility, Easton Utilities maintains lower rates than the national and regional averages. Connected to the PJM bulk electric power pool, our electricity is purchased through a combination of forward contracts and hourly purchases. In addition, Easton Utilities can generate electricity using 16 reciprocating diesel engines and two combustion turbines, which help offset costs during times of high electricity demand. This production is extremely beneficial and designates Easton as a microgrid, offering a more resilient energy supply and increased local control.



54
square miles
of territory



10,617
customers



69
megawatts



In 1860 Easton Gas Light Company was formed to supply manufactured gas to the town. A coal burning process plant located on West Street provided fuel for domestic, commercial and public gas street lights. Since that time, Easton Utilities has been providing a clean, efficient natural gas fuel source while focusing on safety and reliability. This has been the cornerstone of the Gas Department. We continue to invest in our infrastructure as well as in our most important asset, our employees, knowing that through them we can provide our customers with the information and service they expect.



4,587
customers



100
miles of mains
and services



8.5
square miles
of territory



118
MILES OF
WATER MAINS

2
MILLION GALLON
STORAGE TANKS

600+
FIRE HYDRANTS

1,300
GALLONS PUMPED
PER MINUTE

Since 1914 Easton Utilities has been dedicated to providing clean, clear, healthy water in plentiful supply. We pump water from naturally filtered underground aquifers (water-bearing sands) through six wells that are 1,000 to 1,200 feet deep. The water is then treated and pumped into the distribution system. Of those wells, four are drilled 1,000 feet into the Magothy Aquifer. The final two wells are drilled 1,200 feet into the Upper Patapsco Aquifer and feed directly into a water treatment plant on Glebe Road. This plant, capable of pumping over 1,300 gallons per minute, provides over half the drinking water in Easton.





117
MILES OF
SEWER MAINS

20
PUMPING
STATIONS

6,884
CUSTOMERS

1
STATE OF THE
ART FACILITY

The wastewater treatment facility is designed to remove pollutants from wastewater before it is released to local waterways. After a rigorous treatment process to remove pollutants, the treated wastewater is disinfected using ultraviolet light, and then discharged. The byproduct of the treatment process is converted into a dry, manageable product known as biosolids, which is sold to local farmers as fertilizer. Easton Utilities completed its state of the art Enhanced Nutrient Removal Wastewater Treatment Facility in 2007 and continues to improve the reduction of nitrogen and phosphorous concentrations annually.





5,771 CABLE CUSTOMERS

6,754 INTERNET CUSTOMERS

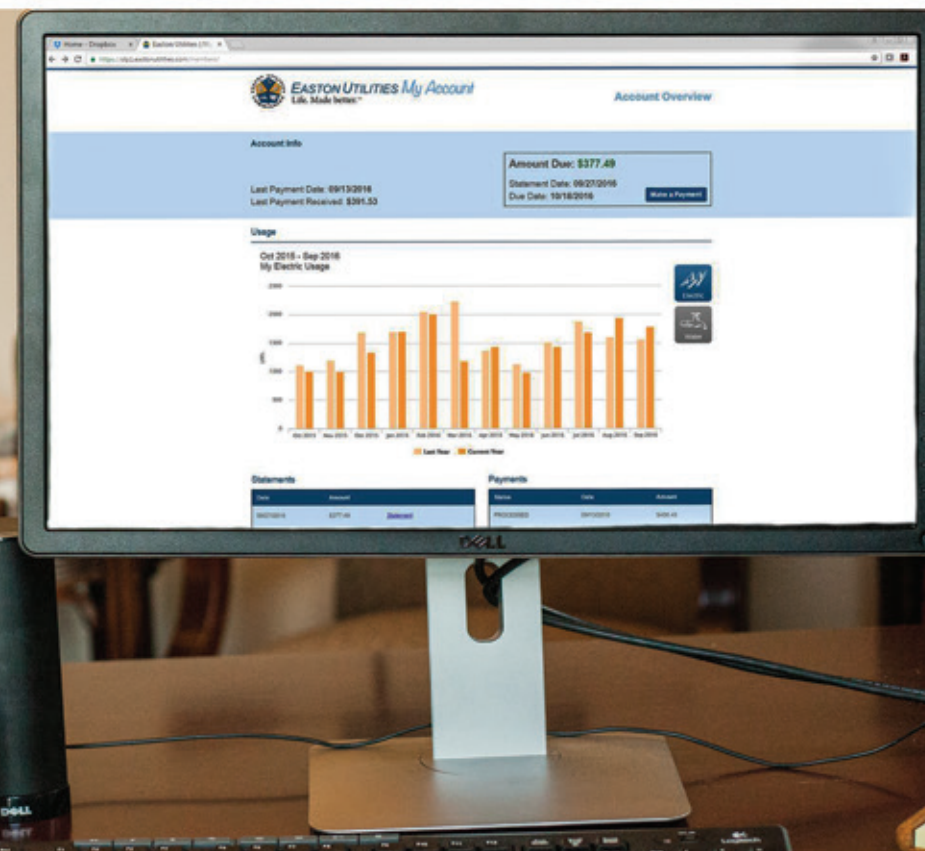
1,622 PHONE CUSTOMERS

CABLE, INTERNET, AND PHONE

Customers receive over 300 cable channels in a variety of packages including basic cable, digital cable, premium channels, high-definition (HD) and digital music with the ability to purchase on-demand services as well. In addition, Easton Velocity provides high-speed internet and exceptional technical support for residential customers and local businesses, with internet speeds up to 100 Mbps. Our DigitalVoice provides unlimited local and long distance calling in the US and Canada with modern features making this service a smart option.

PAYMENTS. MADE BETTER.

- Secure and easy
- Online payments with eCheck
- Auto-recurring payments
- Report and outage



Created in 2009, Easton Utilities has developed a unique and well-respected business unit with its IT Professional Services (ITPS). The business designs and deploys software, hardware and networking solutions for utilities, municipal and county governments, and local commercial customers. Since its launch, ITPS has grown steadily and established a reputation in both local and national markets for innovative, cost-effective solutions.

42 NATIONAL UTILITY CUSTOMERS

39 LOCAL BUSINESS CUSTOMERS

18 PRODUCTS & SERVICES OFFERED

BALANCE SHEET

THE EASTON UTILITIES COMMISSION
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	2016	2015
Assets:		
Cash and cash equivalents	\$ 8,806,209	\$ 6,357,444
CD's and money market	9,290,484	9,855,580
Accounts receivable, net	3,878,142	4,585,279
Unbilled revenue	1,138,616	1,196,086
Inventory	4,610,816	5,414,508
Prepaid expenses	7,528,256	6,229,408
Other assets	2,033,088	2,950,624
Capital assets, net	86,084,268	85,682,437
<i>Total assets</i>	<u>123,369,879</u>	<u>122,271,366</u>
Deferred outflows of resources	<u>1,942,327</u>	<u>668,810</u>
Total assets and deferred outflows	<u>\$ 125,312,206</u>	<u>\$ 122,940,176</u>
Liabilities:		
Accounts payable	\$ 2,145,979	\$ 1,860,257
Net pension liability	2,049,705	432,523
Customer deposits	1,179,132	1,176,419
Bond debt	1,654,586	2,356,670
Long-term loans	14,505,047	15,491,915
Other liabilities	2,288,581	2,356,776
<i>Total liabilities</i>	<u>23,823,030</u>	<u>23,674,560</u>
Deferred inflows of resources	<u>259,975</u>	<u>448,681</u>
Net position:		
Net investment in capital assets	69,924,636	67,857,505
Unrestricted	31,304,565	30,959,430
<i>Total net position</i>	<u>101,229,201</u>	<u>98,816,935</u>
Total liabilities, deferred inflows and net position	<u>\$ 125,312,206</u>	<u>\$ 122,940,176</u>



Easton Utilities annually saves

\$10.4 M

INCOME STATEMENT



THE EASTON UTILITIES COMMISSION STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating revenues	\$ 47,025,865	\$ 56,297,012
Operating expenses (including depreciation of \$6,578,729 and \$6,543,408)	43,660,844	51,823,777
Operating income	3,365,021	4,473,235
Other income/(expense)		
Non-operating revenues	1,975,556	721,653
Non-operating expenses (including interest of \$219,310 and \$228,039 and depreciation of \$119,478 for both years)	(2,928,311)	(2,419,110)
Increase in net position	2,412,266	2,775,778
Net position at beginning of year, as restated	98,816,935	96,041,157
Net position at end of year	<u>\$ 101,229,201</u>	<u>\$ 98,816,935</u>

the community approximately

ILLION



COMPANY GOVERNANCE

The Easton Utilities management team is committed to excellence and innovation. Guided by our mission, they lead with integrity and vision to continually move the organization forward.



Hugh E. Grunden
PRESIDENT & CEO



Theodore L. Book
DIRECTOR OF CABLE
& COMMUNICATIONS



Arnold R. Boughner, Jr.
ELECTRIC DEPT.
MANAGER



Frederick C. Christie
CHIEF INFORMATION
OFFICER



James P. Crowley
GAS DEPT. MANAGER



John J. Horner, Jr.
VICE PRESIDENT
OF OPERATIONS



Paul L. Moffett
ENGINEERING DEPT.
MANAGER, WATER &
WASTEWATER MANAGER



Steve J. Ochse
CHIEF FINANCIAL
OFFICER



Vicki L. Petro
DIRECTOR OF
HUMAN RESOURCES



Kelly A. Simonsen
MARKETING &
COMMUNICATIONS MANAGER



Tracie A. Thomas
CONTROLLER



TOWN OF EASTON

TOWN COUNCIL

The Honorable John F. Ford,
President

The Honorable Alan I. Silverstein

The Honorable Pete Leshner

The Honorable Ron E. Engle

The Honorable Megan M. Cook



Mayor Robert C. Willey



COMMISSIONERS



David J. North
CHAIRMAN



W.W. 'Buck' Duncan, Jr.
VICE CHAIRMAN



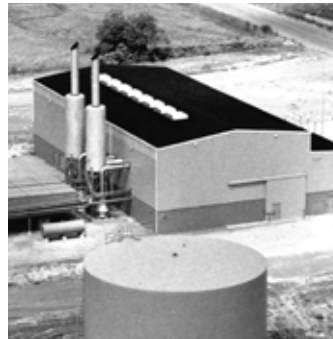
Rodanthe Hanrahan
TREASURER



OUR HISTORY

In the years leading up to Easton Utilities founding in 1914, Mayor Martin Higgins was determined to bring his vision of “a modern sewer system, well-paved, hard surface streets, concrete gutters and sidewalks, and municipally owned and operated water, gas and electric plants” to life. He launched a campaign to rally community support, lobby for authorization from the state legislature, and secure permission from the Maryland Public Service Commission. In 1923, Easton became the first municipality in the state to own all of its utilities, an arrangement that is still unique today. Easton Utilities is responsible for the operation, management and maintenance of the electric, water, wastewater, natural gas, cable television and internet utility services for the Town of Easton and portions of the surrounding area. For more than a century, Easton Utilities has been focused on efficient operations and technological innovations.

EASTON UTILITIES



1914

Easton Utilities
Commission
established

1922

Town of Easton purchases
Easton Light and
Fuel Company

1966

Convert from
manufactured gas
to natural gas

1974

Electric Department
Plant 2 constructed

1984

Cable Television
Department introduced

1998

Easton Utilities
begins offering
internet services

OUR FUTURE

As Easton Utilities continues the commitment to safety, reliability, fiscal responsibility, and customer satisfaction, the next generation of services are already in the works. An upgrade to electric Substation No. 1 will provide parallel paths of electricity to ensure redundancy and increase reliability. A new digital cable experience will be launched offering a more robust system with greater flexibility to enjoy entertainment at the customer's convenience. With a focus on energy conservation and shared renewable resources, Easton Utilities is beginning the third phase of the Easton Sustainability Campus with plans to construct a two megawatt photo-voltaic array located at the ENR Wastewater Treatment Facility. These highlights reinforce the value Easton Utilities brings to the community.

“Easton Utilities continues to build upon our strong foundation as we look into the future.”

- HUGH E. GRUNDEN
PRESIDENT & CEO

THROUGH THE YEARS



2000

Customer Service
Center opens

2005

Plant 2 expansion adds
two turbine generators

2007

State-of-the-art
Wastewater Treatment
Facility completed

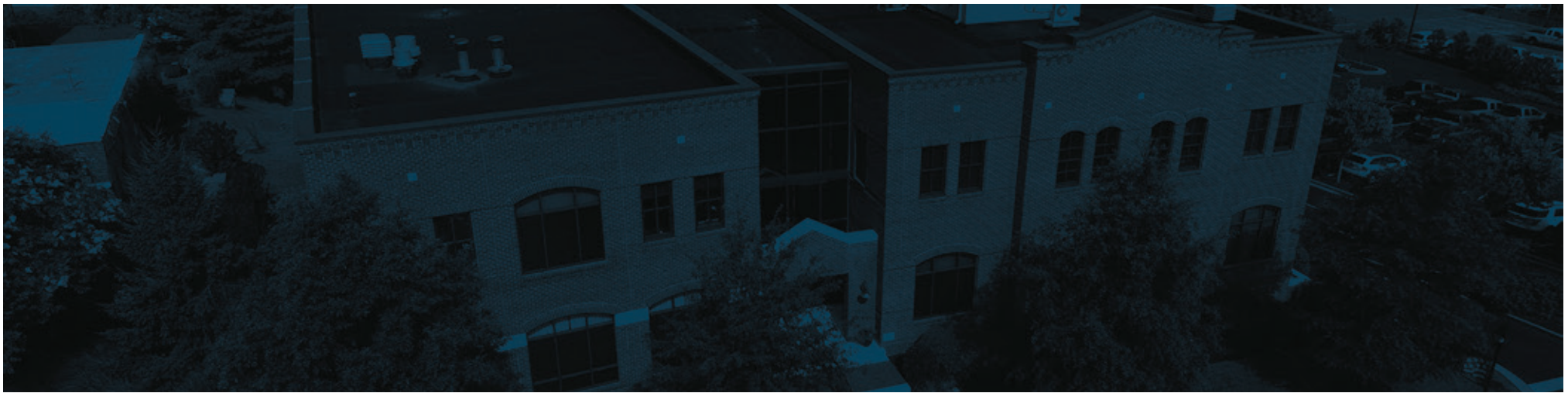
2014

Centennial
celebration

2016

Landfill Gas Pipeline &
Generator installed at
Sustainability Campus

Plant 1 renovation



Life. Made better.™

410.822.6110

WWW.EASTONUTILITIES.COM

201 N. WASHINGTON ST. EASTON, MD 21601



DESIGN BY AUDREY STULTZ | PHOTOS PROVIDED BY AUDREY STULTZ, AVALON FOUNDATION, AND TALBOT COUNTY OFFICE OF TOURISM