



POWERING LIFE

in Easton



Life. Made better.™

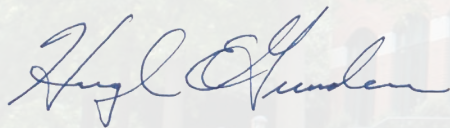
ANNUAL REPORT 2021

This report reflects our ongoing commitment to excellence during a unique year. It is my hope these pages will highlight our loyalty to the community we call home.

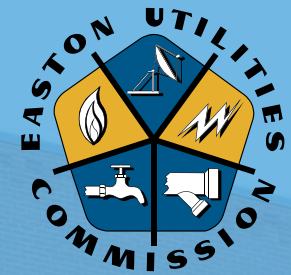
No matter what life throws at us, the team here at Easton Utilities delivers a promise to provide safe, reliable services with an exceptional level of customer service. We are guided by our mission and driven by our corporate goals. These goals are focused on safety, reliability, competitively priced services, customer and employee satisfaction, community reputation, and environmental stewardship. We had another solid year of performance in all of these areas, and I credit our people for making this happen. The incredible team we have at Easton Utilities is extraordinary and I am honored to have the good fortune of working alongside them every day.

Through our support of the many organizations and businesses in Easton, we believe together we can do great things. We value the importance of community and offer our assistance whenever our expertise provides a solution. As a local, not-for-profit organization, we pride ourselves on being essential to the quality of life and economic prosperity in Easton and Talbot County.

I hope you enjoy perusing this publication and learning more about the many ways Easton Utilities continues to make life better for our customers and our community.



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



Life. Made better.™

- 162 employees
- 2,084 years of experience
- 3 Commissioners
- 13,000+ customers served
- 7 operating departments
- 69 megawatts of electricity
- 100 miles of natural gas mains
- 3,300 gallons of water per min.
- 20 pumping stations
- 411 miles of fiber & coax cable
- 24/7/365 availability
- 107 years of service
- Countless lives made better!

Mission

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.

Vision

To be recognized by our community as providing unquestionable value.

Core Values





OUR PEOPLE

We are local.

We live here and we work here.

At Easton Utilities, we know our people are the key to success. They are the backbone of our organization and their relentless dedication to serving our customers and our community is unparalleled. We hire, train and retain some of the finest individuals who realize the valuable role they serve working for an essential service provider.

Our employees know we prioritize their safety and wellness, as well as empower them to develop personally and professionally. We invest in our people, our most important asset, by offering excellent benefits and compensation. We also have various programs in place under what we call Deliberate Development, which includes Leadership Training, Cultural Competency, Mentorship Program, Wellness Program, and much more.



ELECTRIC



GAS



WATER



WASTEWATER

OPERATIONAL OVERVIEW

As a public power utility, Easton Utilities maintains lower rates than the national and regional averages. Electricity is purchased through a combination of forward contracts and hourly purchases. We are connected to the PJM bulk electric power pool, but also have the capacity to generate 69 megawatts of electricity on demand. The ability to generate power makes Easton Utilities a microgrid and is beneficial in offering a more resilient energy supply as well as helping offset costs. Easton Utilities has been powering our community with electricity since 1914 and currently serves over 10,800 customers.

Easton Utilities has been providing clean, efficient natural gas since 1966. In 2018, the Gas Department completed the upgrade of its aged distribution system infrastructure. The project spanned approximately twenty years and consisted of replacing the steel and cast-iron underground pipe with polyethylene (PE) pipe which has a lifespan of more than 50 years. Easton Utilities natural gas system now serves over 4,700 customers in an 8.5 square mile territory.

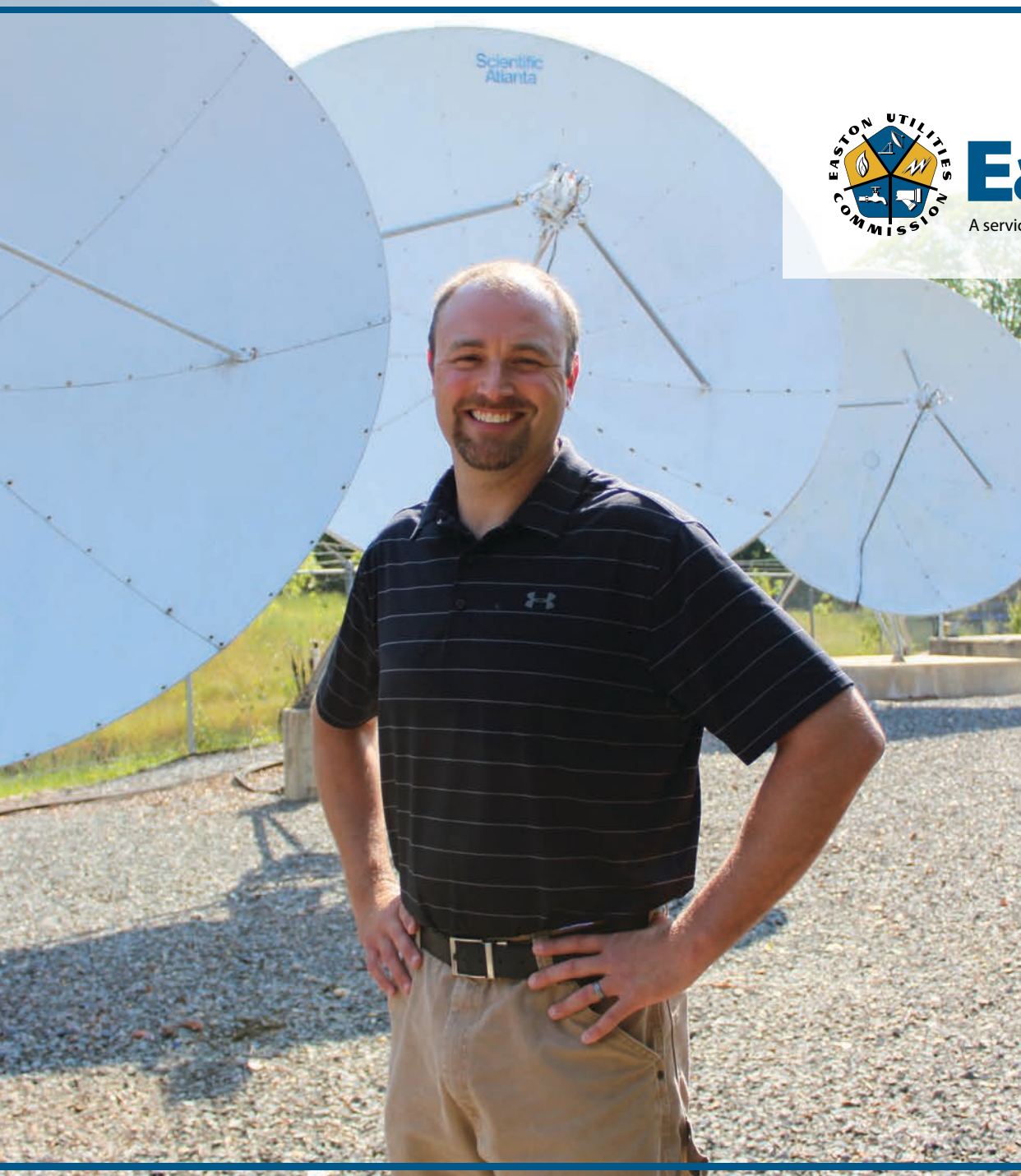
Easton Utilities prides itself on providing clean and healthy water which is pumped from naturally filtered underground aquifers (water bearing sands) through five wells over 1,000 feet deep. The water treatment plant is capable of pumping over 3,300 gallons per minute. The Water Department serves over 7,000 customers through 122 miles of water mains and 788 fire hydrants.

The wastewater system in Easton was sophisticated from the start as it was the first separate storm and sanitary sewer system in the State of Maryland. In 2007, Easton Utilities constructed a state-of-the-art Enhanced Nutrient Removal Wastewater Treatment Facility which is located at the Easton Sustainability Campus. This facility was designed to meet the new, stringent discharge requirements and is sized to provide enough capacity to meet Easton's needs in the coming years. The Wastewater Department serves over 7,000 customers through 120 miles of sewer mains and twenty pumping stations.



EastonVelocity

A service of *EASTON UTILITIES*



Easton Velocity provides high-speed internet, cable television, and digital phone services to residential and commercial customers in Easton and portions of the surrounding area. Cable television was introduced to Easton in 1984 and now consists of seven satellite dishes, a broadcast reception tower and a local weather station to provide over 275 channels. In 1998, the online division was created to provide high-speed internet access and technical support. This business unit has undergone major upgrades over the years to stay competitive while offering a superior customer experience.

In 2018, Easton Velocity started construction on a system-wide technology upgrade to replace and improve the infrastructure that delivers high-speed internet. The \$12 million project took two years to complete and now boasts enhanced reliability along with the ability to offer increased speeds, including gigabit. As a reflection of the commitment to customer satisfaction, following the upgrade Easton Velocity increased speeds to all customers without raising prices.

CONNECT TALBOT

USDA ReConnect Program

Talbot County Rural Broadband Project



EastonVelocity
A service of EASTON UTILITIES

Following an extensive application process, in mid-2020 Easton Velocity was awarded \$13.1 million in grant funding by the US Department of Agriculture (USDA) to extend broadband to significant portions of Talbot County with insufficient service. The total project will cost \$17.5 million and will cover 122 square miles, reaching up to 3,447 households and 144 farms, plus several additional facilities located within the geographic footprint. The proven financial model will be comprised of investments from the USDA, Easton Utilities, the Talbot County Council, the State of Maryland, and new customers. Construction for this five-year project will commence by the end of 2021 and will help drive economic prosperity and improve numerous quality of life issues including employment, healthcare, education and social connections.

"The benefits of this project will be immeasurable to Talbot County and the positive impacts will last a lifetime."

Hugh E. Grunden, President and CEO of Easton Utilities

USDA Application Project Statistics

- Total project: \$17.48 million
- USDA Grant Award: \$13.11 million
- 122.36 square miles
- Population of 8,607
- 3,447 households
- 144 farms
- 35 rural businesses
- 8 educational facilities
- 1 essential community facility
- 1 healthcare center



Managed Wi-Fi

Also in 2020, the division launched V-Fi, a managed whole-home Wi-Fi solution designed to seamlessly connect the internet service provided by Easton Velocity with the devices used by our customers, enabling consistent connections in every room of the home. V-Fi is designed to improve, personalize and secure the internet connection in the home. The system is comprised of hardware via extenders and robust software technology which includes a user-friendly app. This app will enable the customers to be in control of their service to include managing devices, monitoring guest and child access, and setting up profiles for each user. In addition, Easton Velocity tech support will have access to backend tools to provide additional support.



TECH SUPPORT

The Easton Velocity Technical Support team provides assistance to:

8,750 internet customers

4,700 cable TV customers

1,650 digital voice customers



Looking ahead, Easton Velocity is currently in the midst of rolling out a new platform for cable television called Vtv, which delivers content using internet protocol. With significant industry changes to cable television and how content is digested by viewers, the division has to stay current with rapidly fluctuating technology and is committed to furthering innovation. In addition, Easton Velocity is currently planning the logistics and resources required for another upgrade to the current network which would provide fiber-to-the-home for current customers.

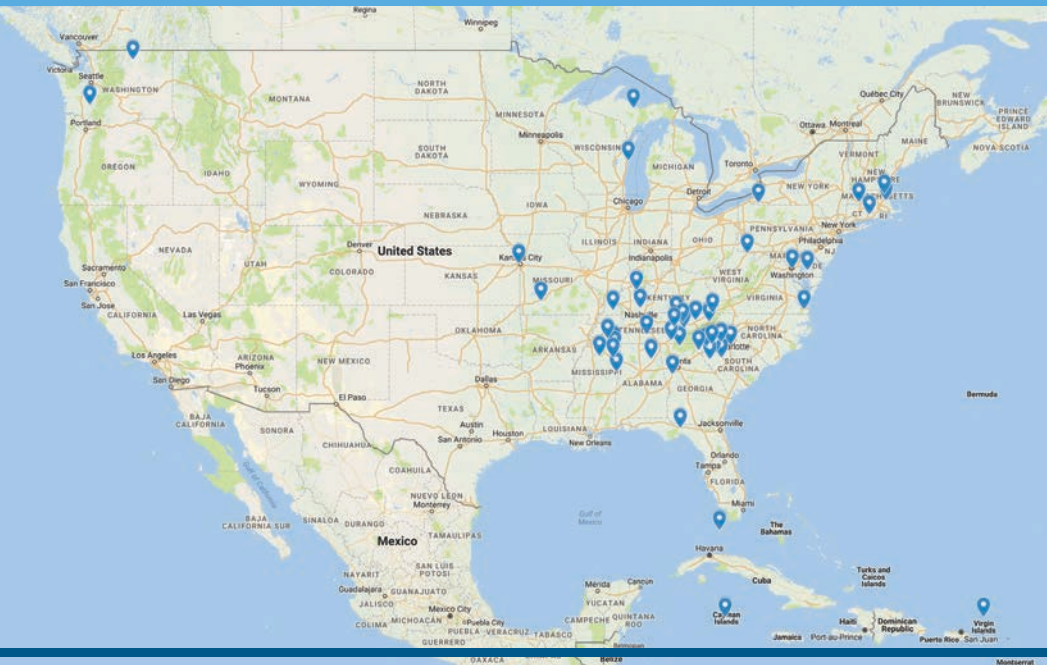


Professional Services

Created in 2009, IT Professional Services (ITPS) designs and deploys software, hardware and networking solutions for utilities, municipal and county governments, as well as local commercial customers. In addition to providing a high level of in-house IT support, this business unit helps clients improve their operations by providing unique, tailored software solutions.

Over the years, ITPS has developed a suite of products with the most popular being customer portals where customers access their accounts, pay bills online, monitor usage, and report issues. ITPS also designed a Call Center Scoreboard to provide important statistics to those with operations requiring a customer service/call center. The scoreboard can be customized and includes calls in queue, total calls, agents available, outage updates, weather, and more. The other most common product is a business portal which is used at Easton Utilities but also for companies who want to consolidate information needed by employees as well as offer a centralized location to easily access time cards, reports and resources, and important company information.

ITPS currently has over 60 national utility customers and more than 50 local business customers.



A photograph of two women, likely customer service representatives, smiling at the camera. They are wearing light blue uniforms with the Easton Utilities logo. The woman on the left has short brown hair and is wearing a light blue button-down shirt. The woman on the right has dark hair pulled back and is wearing a light blue polo shirt. They are in an office setting with a red wall and a framed picture in the background.

CUSTOMER SERVICE

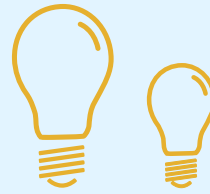
Customer satisfaction is a key driver for Easton Utilities and is ingrained in every single department's daily operation. On an annual basis, a customer survey is conducted to ensure the high level of satisfaction remains prominent.

Specifically, the Customer Service department is responsible for handling most customer inquiries. Training is a continuous process for this team of professionals who handle up to 250 calls each day and prepare bills and process payments for over 13,000 accounts monthly. The Customer Service department works tirelessly to meet the ever-changing needs and expectations of our customers. They are required to be familiar with all of our services and products as well as understanding the habits of our customers. To that end, they have been researching subtle bill modifications which are user friendly and modernized, along with analyzing a live chat feature on the website.

In addition, the Control Room is operational 24/7/365 to handle all calls after hours and emergency situations. This team of operators monitors all systems for Easton Utilities and dispatches crews as needed.

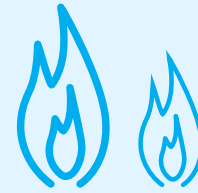
LOWER RATES = SAVINGS

On an annual basis, Easton Utilities conducts a thorough analysis of our rates compared to other regional providers. The findings for 2021 reflect that we save our customers approximately \$10 million annually, which we believe has a ripple effect in our community. It is our hope these savings are used in local restaurants, on arts and entertainment, as charitable contributions, or in other ways our customers desire.



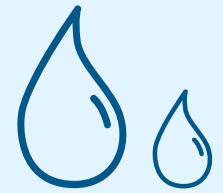
35.7%

LESS expensive than
other ELECTRIC providers



34.2%

LESS expensive than
other GAS providers



50.5%

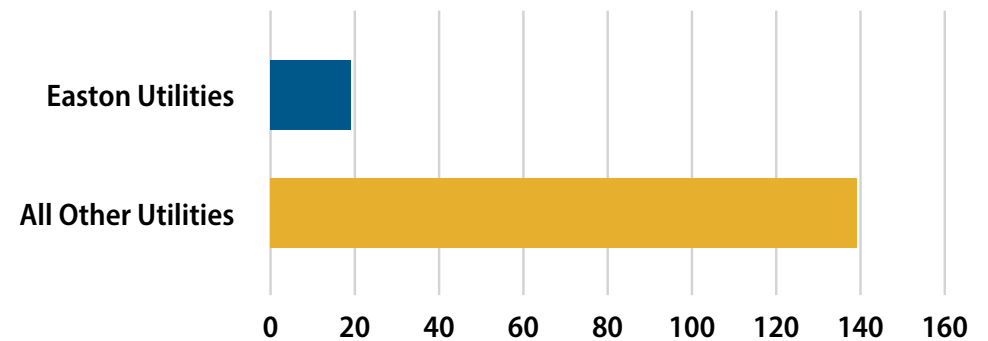
LESS expensive than
other WATER providers

AVERAGE OUTAGE TIME

Easton Utilities was recognized for achieving exceptional electric reliability in 2020 by the American Public Power Association (APPA). APPA helps electric utilities track power outage and restoration data comparing it to national statistics tracked by the U.S. Energy Information Administration for all types of electric utilities. We proudly report an average outage time per customer of approximately 19 minutes compared to the national average of 139 minutes from other US electric utilities.

MINUTES PER CUSTOMER IN 2020

excluding major events



CUSTOMER SATISFACTION

Each year, Easton Utilities retains an independent, third-party research firm, to conduct a statistically valid survey with a random sampling of customers. In November 2020, our customers participated in the digital survey conducted by Great Blue Research. Easton Utilities received an overall satisfaction rating of 94.1%, which exceeds the national average rating of 73.5% for public power utilities according to the Public Power Data Source.

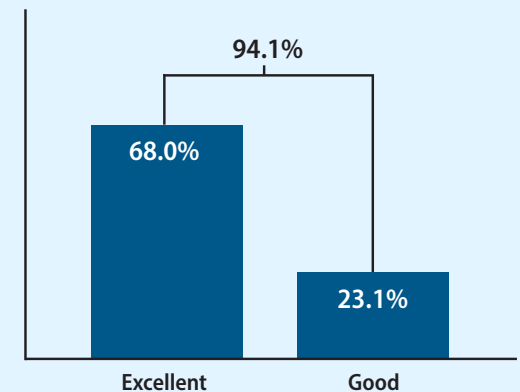


94.1%

Easton Utilities
overall customer satisfaction

National Public Power
overall satisfaction rating:

73.5%



COMMUNITY

As a pillar of the community we serve, Easton Utilities is proud to support the 250+ organizations in carrying out their mission in Easton and Talbot County. We provide significant in-kind services to assist with events such as street concerts, farmers markets, 4th of July celebrations, Waterfowl Festival, Talbot Goes Purple, and other special events.

We also have free Wi-Fi hotspots available in various locations throughout Easton for anyone who needs access to internet.



Life. Made better.™

Academy Art Museum
ACE Mentor Program
Avalon Foundation
BAAM (Building African American Minds)
Boy Scouts of Delmarva
Brookletts Place/TC Senior Center
Brighter Christmas Fund
Bryan Brothers Foundation
CASA of the Mid-Shore
Channel Marker, Inc.
Character Counts Mid-Shore
Critchlow Adkins Children's Center
Eastern Shore Land Conservancy
Easton Airport Day
Easton Little League
Easton Police Department
Easton Rotary Club
Easton Volunteer Fire Department
Empty Bowls
For All Seasons
Habitat for Humanity
Historical Society of Talbot County
Junior Achievement
Martin Luther King, Jr. Tournament

Mid-Shore Community Foundation
Multicultural Resource Center
Neighborhood Service Center
Pickering Creek Audubon Center
Shore Leadership
ShoreRivers
Saints Peter & Paul School
St. Vincent de Paul
Talbot County Parks and Recreation
Talbot County Public Schools
Talbot County YMCA
Talbot County Young Professionals
Talbot Goes Purple
Talbot Hospice
Talbot Humane Society
Talbot Interfaith Shelter
Talbot Mentors
TC Chamber of Commerce
TC Fraternal Order of Police
TCPS Education Foundation
Tidewater Rotary Club of Easton
Toys for Tots
UM Shore Regional Health
Waterfowl Festival



ENTERPRISE-WIDE PROGRAMS

SUPPLIER DIVERSITY

Easton Utilities participates in the Maryland Supplier Diversity Program, which is overseen by the Public Service Commission. The goal is to identify diverse suppliers and provide them the maximum reasonable opportunity to participate in and compete for contracts and subcontracts in our supply chain for goods and services.

TRAINING/SAFETY

All Easton Utilities employees are required annually to complete job-specific training in addition to a program of specialized safety training according to their job function. Ensuring the workforce possesses the proper knowledge and skill to perform their work is paramount. We constantly educate all employees on ways to identify risks and create a safe environment for optimal success.

ENERGY ASSISTANCE

While Easton Utilities has always remained flexible and willing to work with customers struggling to make ends meet, the hardships seen in 2020 and 2021 were significant, warranting additional measures. Our Customer Service team is dedicated to helping our limited income customers find the resources they need to maintain the essential services we provide and works closely with other community organizations to maximize this assistance.

"We strive to provide the same level of excellent service to every customer, and work to meet their specific needs whenever possible."

Tracie A. Thomas, Vice President of Customer Services

NON-ENGLISH SPEAKING CUSTOMERS

At Easton Utilities, we strategically align our goals to meet the needs of our customers. Since 2016, we've proactively worked to extend our reach to a growing population of non-English speaking customers. We have a bilingual customer service representative on our team, offer a secondary interpretation service, and consistently translate our website and other communication documents.



SUSTAINABILITY CAMPUS

The Easton Sustainability Campus was created to contain a system of multiple, diverse, renewable energy sources located at the Enhanced Nutrient Removal Wastewater Treatment Facility. In 2017, a two-megawatt solar array was completed as part of a grant-funded project by the Maryland Department of the Environment. The array produces 100% of the ENR Wastewater Treatment Facility's electrical consumption and reduces the significant number of renewable energy credits Easton Utilities is required to purchase annually. More recently, the Easton Sustainability Campus is now a home for pollinators. In a partnership with US Fish and Wildlife, we have been growing friendly native plants around the solar array to create a habitat for pollinators. Easton Utilities continues to explore additional opportunities including the feasibility of a wind turbine and battery storage.

In 2020, the Town of Easton and Easton Utilities completed the installation of four electric vehicle (EV) charging station parking spots as a way to support and encourage green transportation alternatives in downtown Easton. The location was based on charging technology, vehicle accommodation, underutilized parking, downtown accessibility, convenience, visibility, safety, pedestrian traffic and proximity to infrastructure. These "destination chargers" will give residents as well as those visiting the Town of Easton the opportunity to charge their EV's for a few hours while enjoying downtown restaurants and shopping.



Easton
Sustainability
Campus

POWERED BY *EASTON UTILITIES*

ENVIRONMENTAL STEWARDSHIP

Easton Utilities has an ongoing corporate goal focused on conservation efforts including a recycling program, a watershed clean-up initiative, habitat revitalization, and other important community restoration projects. In recent years, an Environmental Stewardship Committee was formed to research opportunities and initiatives which prioritize environmental stewardship and resource conservation. The team is focused on 'making life greener' and they have already completed an invasive species removal on Bay Street, a trash pick-up along Port Street and the Rails to Trails, and a company-wide e-recycling event. They are currently looking into constructing oyster reef sanctuaries and plan to partner with local organizations focused on restoring and protecting the waterways on the Eastern Shore.

Over the past ten years, Easton Utilities has planted more than 350 trees, all larger caliper with a stem diameter measuring 2" or more. This annual tradition includes monitoring every tree planted with teams specifically responsible for watering and maintaining the trees to ensure each one thrives.

Other important initiatives focused on resource conservation include an internal recycling program, the addition of water dispensers to reduce waste, converting streetlights to energy saving LEDs, and utilizing several alternative fuel vehicles in the company fleet.



Environmental
Stewardship
Committee



Life. Made **greener.**[™]

BALANCE SHEETS

THE EASTON UTILITIES COMMISSION STATEMENTS OF NET POSITION JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 10,888,094	\$ 9,101,128
Accounts Receivable, Net	5,024,890	4,752,182
Under-Recovered Energy Costs, Net	699,563	-
Unbilled Revenue	1,796,873	1,840,352
Inventory	4,427,050	3,931,513
Investments	27,633,619	26,850,019
Other Assets	6,084,246	1,516,710
Capital Assets, net	96,608,561	95,440,597
Total Assets	153,162,896	143,432,501
Deferred Outflows of Resources	329,685	1,406,113
Total Assets and Deferred Outflows	\$153,492,581	\$144,838,614

LIABILITIES		
Accounts Payable	\$ 2,603,253	\$ 1,736,957
Over-Recovered Energy Costs, Net	-	355,471
Customer Deposits	1,443,283	1,369,588
Other Liabilities	3,359,457	3,743,394
Loan Debt	14,041,974	15,873,172
Total Liabilities	21,447,967	23,078,582
Deferred Inflows of Resources	5,184,548	1,596,657

NET POSITION		
Net Investment in Capital Assets	82,566,587	79,567,425
Restricted for Capital Project	2,434,939	-
Unrestricted	41,858,540	40,595,950
Total Net Position	126,860,066	120,163,375
Total Liabilities, Deferred Inflows, & Net Position	\$153,492,581	\$144,838,614



INCOME STATEMENTS

THE EASTON UTILITIES COMMISSION STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES	\$ 55,196,289	\$ 52,652,930
OPERATING EXPENSES (including Depreciation of \$7,735,462 and \$7,358,432)	47,071,530	45,263,940
OPERATING INCOME	8,124,759	7,388,990
OTHER INCOME (EXPENSE)		
Nonoperating Revenues	3,216,569	3,423,369
Nonoperating Expenses (including Interest of \$221,455 and \$125,421 and Depreciation of \$149,959 and \$131,189)	<u>(4,644,637)</u>	<u>(4,127,901)</u>
TOTAL OTHER INCOME (EXPENSE)	(1,428,068)	(704,532)
INCREASE IN NET POSITION	6,696,691	6,684,458
Net Position - Beginning of Year	120,163,375	113,478,917
NET POSITION - END OF YEAR	\$ 126,860,066	\$ 120,163,375



Life. Made better.™

Note: The complete audited financial statements of Easton Utilities Commission for fiscal year 2021 may be obtained by contacting the Commission at 201 N. Washington Street, P.O. Box 1189, Easton, Maryland 21601, Attn: Controller.

MANAGEMENT TEAM

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



W. W. "Buck" Duncan, Jr.



Rodanthe Hanrahan



William B. Stagg



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



Steven J. Ochse
Senior Vice President
of Finance & CFO



John J. Horner, Jr.
Senior Vice President
of Operations & COO



Tracie A. Thomas CPA/CGMA
Vice President of
Customer Services



Vicki L. Petro
Director of
Human Resources



Frederick C. Christie
Chief Information
Officer



Theodore L. Book
Director of
Easton Velocity



John E. Hines III, P.E.
Electric
Department Manager



James P. Crowley
Gas, Meter, and
Safety Manager



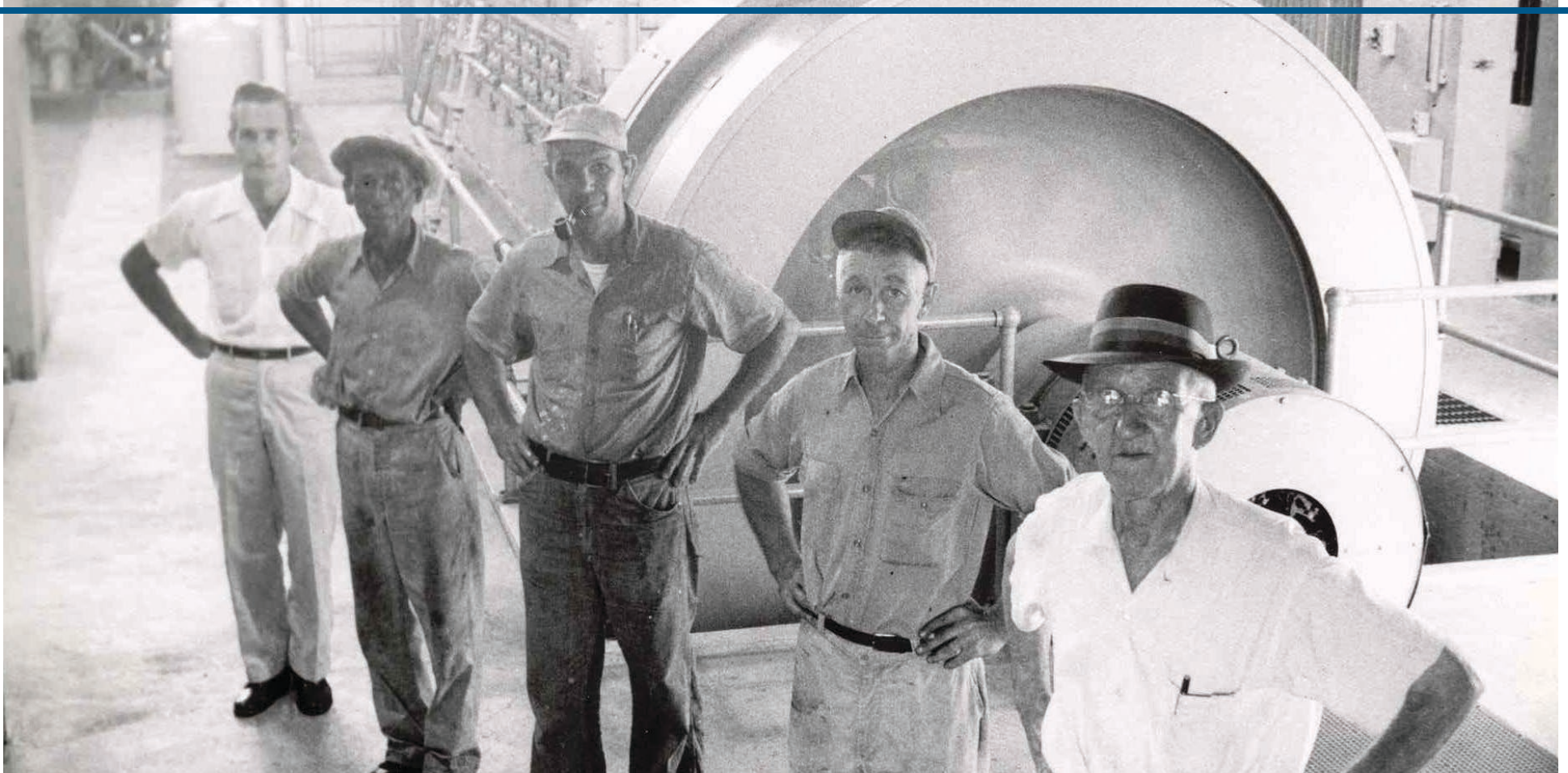
Douglas R. Abbott
Water & Wastewater
Department Manager



Paul L. Moffett
Engineering
Department Manager



Kelly A. Simonsen
Marketing and
Communications Manager



Easton Utilities was founded in 1914 based on a vision of Mayor Martin Higgins who was determined to bring “a modern sewer system, well-paved, hard surface streets, concrete gutters and sidewalks, and a municipally owned and operated water, gas and electric plants” to life. 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.

Building off the solid foundation started over a century ago, Easton Utilities will continue the commitment to safety, reliability, fiscal responsibility and customer satisfaction. By focusing on renewable energy sources, innovative technology, enhanced customer experience, and initiatives focused on leadership, wellness and cultural competency, Easton Utilities will reinforce the value we bring to the community.



Life. Made better.™

410.822.6110

201 N. WASHINGTON ST. EASTON, MD 21601

www.eastonutilities.com