



ANNUAL REPORT

2021

Here for you



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WORD FROM THE CEO & BOARD PRESIDENT.

The Board President and CEO Report is offered to the membership each year as a review of the operations of Garkane Energy Cooperative. It also highlights the efforts taken by our cooperative to remain financially strong, while maintaining reliable electric service to all our members.

Garkane faced some challenges in 2021. In October, the Board decided to implement a rate increase that had to be imposed due to rising wholesale power costs. The Board took on extra member input to help make this decision. More than 500 member comments were received. This increase took affect for Utah residents on January 1, 2022. We are still waiting on the Arizona Corpo-

ration Commission to approve the changes for Arizona members.

Another challenge Garkane faced in 2021, was the great effort involved in dealing with misappropriation of funds and theft by a former Garkane employee. Since April of 2020, the Garkane Board and Staff have worked closely with the Kane County Sheriff and District Attorney's office to complete a thorough investigation and eventually, prosecution of the case. Gratefully, Garkane was able to recover all losses ... including administrative and legal costs associated with this occurrence. Garkane has received cash for these losses. This experience was unfortunate and frustrating for all parties involved but we

are now looking forward to healing knowing the Garkane membership has been made whole.

Despite these challenges, 2021 was a good year for the Cooperative financially. Our goal has been to significantly improve member value by cutting operating expenses, improving system reliability, and gaining efficiencies through improving our technology. Because of this, Garkane sits in a strong financial position. In 2021, Garkane's revenues increased 10% to \$32,206,584, compared to \$29,254,427 in 2020. Wholesale power costs increased 14% from the previous year, leaving the cooperative with a net-margin for the year of \$3,633,052, compared to \$2,069,598 the previous year. Our

membership continues to see considerable growth and Garkane now serves 14,696 members throughout Southern Utah and Northern Arizona compared to 14,263 in 2020. We expect this growth to continue.

Garkane constantly measures the satisfaction level our members have for our services. Based on member surveys, 2021 data showed satisfaction scores for Garkane's service is trending even higher than in previous years. In 2018, the Garkane American Customer Satisfaction Index (ACSI) was 77, and in 2021, it increased to 82 which outpaced the investor-owned utilities and cooperatives' national averages. The ACSI score measures overall membership satisfaction, expectation of quality, and a comparison of the ideal utility which are all critical

measurement areas. The Garkane Board and Staff will continue working hard to provide excellent value and service for all members.

Our powerline crews continue to work on the Buckskin-to-Fredonia transmission line. This line is being upgraded from a 69-kV to a 138-kV line which will support future growth in the Kanab and Fredonia area. A major section of this upgraded line was completed in 2021.

Our Substation department has been hard at work installing new and additional fault indicators on many of our line sections to help improve reliability and response time for outages. These devices provide immediate communication back to our SCADA system to determine which section may be in a fault situation, thus providing our line crews information to respond to outages quicker and more efficiently.

Also, as a part of normal operations, our crews continue regular line maintenance, tree-trimming and substation upgrades to ensure that our members have reliable electricity, and state-of-the-art communications.

As with any challenge, it's how we respond to the challenges that measures our character. As in the past, Garkane has been committed to the membership to do its very best on all fronts. We look to the future with positivity. Garkane will provide its members safe and affordable power. We thank you for the opportunity to manage and serve on the cooperative board and look forward to continuing the high standards of service that our members have come to expect over time.

Dan McClendon – CEO/ General Manager
William Hammon – Board President



Dan McClendon
CEO / General Manager



William Hammon
Board President

BOARD OF DIRECTORS & CEO.



LaDon Torgersen
District 1



Chad Williams
District 2



Tracy Potter
District 3



Reed Munson
District 4



Terry Griffiths
District 5



George Thompson
District 6



Andy Gant
District 7



Rod Ence
District 8



William Hammon
District 9



Ray Clark
District 10



Guy Timpson
District 11



Dan McClendon
CEO / General Manager



We thank you for the opportunity to manage and serve on the cooperative board and look forward to continuing the high standards of service that our members have come to expect over history.

GARKANE PROPANE DIVISION.



James Hoyt
Propane Manager



Derrick Pollock
Propane Delivery



Douglas Owens
Propane Delivery



Eric McCormick
Propane Delivery



Dan Hatch
Propane Delivery



Rob Matthews
Propane Delivery



Bobby Owens
Propane Delivery



Dusty Riddle
Service Technician

HERE FOR YOU.

OUR EMPLOYEES ARE HERE FOR YOU.

Kanab



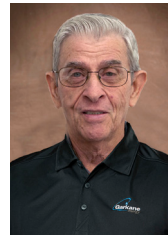
Tony Baird
Maint. Foreman



Neal Brown
Member Srv. Mgr.



Brett Bunting
Meter Reader Tech.



Leon Christensen
GIS/Mapping



James Clegg
Energy Advisor



Scott Colson
Meter Tech.



Todd Crowther
Journey Lineman



Talmage Daley
Engineer



Kaber Esplin
Database Admin.



Terek Esplin
Journey Lineman



Travis Fox
Staking Tech.



Tyler Gates
Journey Lineman



Taylor Goodnow
Boring/Row



Kit Goulding
Crew Foreman



Jeff Hafen
Journey Lineman



Gerry Hoyt
Safety Coordinator



Wes Hoyt
Sub. Tech. Foreman



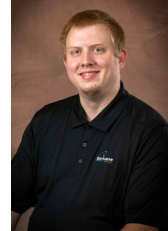
Brock Hutchings
App. Lineman



April Johnson
GIS/ Mapping



Mark Kabonic
Crew Foreman



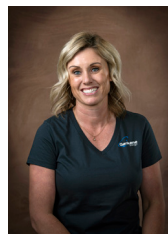
Jason Kirby
IT Supervisor



Kim Lathim
Boring / RoW



Trevor Lathim
App. Lineman



Lexie Little
HR Director



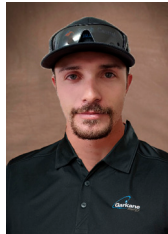
Nate Lyman
Staking Tech.



Dan McClendon
CEO



Mark Palmer
Map. Coordinator



Jake Sawyer
App. Lineman



Bryant Shakespear
COO/ Engineer



Charles Steed
Sub. Tech Appr.



Rick Stewart
Substation Tech.



Alivia Swapp
Member Ser. Rep.



Daniel Thompson
Engineer Supvr.



Garkane increased its American Consumer Satisfaction Index (ACSI) score from 77 to 82 in 2021, beating co-ops nationally, and investor owned utilities. Thanks to our employees who provide the best service possible.

Hatch EMPLOYEES

(Kanab cont...)



Wes Troy
Meter Tech. App.



Jeff Vaughn
Area Manager



Taleana Virostko
Staking Coord.



Birkette Willis
Member Serv. Rep.



Susie Anderson
Member Serv. Rep.



Kay Brooks
Line Compliance



Josh Chappell
Crew Foreman



Flint Chynoweth
Crew Foreman



Justin Cooper
Journey Lineman



Nikki Dinges
Meter Tech. Supvr.



Clayton Johnson
Meter Tech. App.



Justin Miller
Crew Superintendent



Guy Renzello
Crew Foreman



Adam Sawyer
Journey Lineman



Justin Spencer
Warehouseman



Cole Twitchell
Substation Tech.



Ralph Wilcok
Meter Reader Tech.



Rob Wolfley
Area Manager



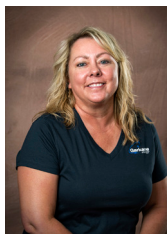
Derek Woolsey
App. Lineman



Josh Ferrin
Journey Lineman



Taylor Albrecht
Meter Technician



Mindi Wood
Member Serv. Rep.



Phillip Burr
Area Manager



Courtney Cropper
Area Manager



Saige Taylor
Accounting Supvr.



Scott Grundy
Crew Foreman



Marcus Lewis
CFO



Denise Macklin
Accounting Clerk



Cary Simmons
Accounting Clerk



Paige Tomlinson
Accounting Clerk



Heather Torgersen
Accountant II



Brad Webb
Journey Lineman

Consolidated Statements of Revenue & Patronage Capital, as of Dec. 31

	2021	2020
Operating Revenue		
Revenues	\$32,206,584	\$29,254,427
Expenses & Deductions		
Cost of Sales	14,559,122	12,565,013
Transmission Expense	698,229	522,554
Distribution Expense	3,193,795	2,809,007
Consumer Accounts Expense	786,172	761,352
Customer Service Expense	324,065	313,729
Administrative & General Expense	5,126,333	4,837,451
Depreciation & Amortization Expense	4,239,461	4,032,606
Tax Expense	684,080	749,394
Interest Expense	1,296,934	1,316,611
Other Deductions	25,433	16,404
TOTAL COST OF SERVICE	30,933,624	\$27,924,121
OPERATING MARGINS	\$1,272,960	\$1,330,306
Non-Operating Margins & Other Credits		
Interest Earnings	27,766	53,940
Other Capital Credits & Allocations	458,204	447,063
Misc. Non-Operating Income	51,168	16,318
Gain/Loss on Disposition of Property	398,238	162,051
Other (Including Extraordinary Items)	1,424,716	59,920
Provision for Income Taxes	-	-
NET MARGINS	\$3,633,052	\$2,069,598
Patronage Capital - Beginning of Year	52,544,459	51,630,084
Refund of Patronage Capital Credits	(1,577,140)	(1,155,233)
PATRONAGE CAPITAL - END OF YEAR	\$54,600,371	\$52,544,459

Consolidated Balance Sheets, as of Dec. 31

ASSETS

Long-Term Assets

Plant

Less: Depreciation

NET PLANT

Non-Utility Property

Investments in Assoc. Organizations

Other Investments

TOTAL LONG-TERM ASSETS

Current Assets

Cash

Accounts Receivable - Net

Materials & Supplies

Prepayments & Other Accrued Assets

Total Current Assets

TOTAL ASSETS

LIABILITIES & PATRONAGE

Patronage Capital

LONG-TERM DEBT

Deferred Income Tax Liability - NET

Accumulated Operating Provisions

Other Long-Term Debt

CFC Mortgage Notes

TOTAL LONG TERM DEBT

CURRENT LIABILITIES

Accounts Payable

Consumer Deposits

Other Current Liabilities

TOTAL CURRENT LIABILITIES

Deferred Credits

TOTAL LIABILITIES & PATRONAGE

2021

2020

\$141,789,686

(63,397,808)

78,391,878

3,077,287

2,117,885

472,412

84,059,462

2,327,454

5,237,248

5,295,527

808,126

13,668,355

\$97,727,817

\$138,168,735

(59,270,341)

78,898,394

3,082,146

2,079,986

198,430

84,258,956

4,566,989

4,725,936

4,400,574

772,704

14,466,203

\$98,725,159

\$54,600,371

\$52,544,459

454,493

459,567

4,380

-

442,943

1,853,931

31,299,546

33,178,617

32,201,362

35,492,115

2,980,368

2,943,764

505,355

506,088

5,797,883

5,553,980

9,283,606

9,003,832

1,642,478

1,684,753

\$97,727,817

\$98,725,159

HISTORICAL REPORT.

Garkane Energy Cooperative Statistics Electric only numbers (does not include Propane)

Year	No. of Members	Electric Revenues	KWHs Sold (Millions)	Plant (Millions)	Wholesale Power Costs	Miles of Line	Members/per Line Mile
1960	1,786	\$314,823	14.8	\$4.50	\$19,610	722	2.50
1970	2,665	924,651	42.1	8.00	51,927	1,085	2.50
1980	4,646	3,443,740	112.9	13.20	1,693,783	1,499	3.10
1990	6,273	8,527,906	120.3	28.10	3,448,521	1,672	3.75
2000	7,964	9,372,769	120.8	44.40	2,221,999	1,826	4.36
*2004	10,318	10,992,825	138.8	53.35	3,061,284	1,979	5.21
**2009	12,721	18,596,689	211.7	84.58	5,618,945	2,168	5.87
**2010	12,731	21,659,647	231.4	88.79	7,271,209	2,181	5.84
2011	12,798	21,925,338	231.5	92.65	7,369,190	2,202	5.81
2012	12,842	21,187,447	229.8	95.74	7,171,567	2,212	5.81
2013	12,825	22,746,974	248.4	102.42	7,974,991	2,225	5.83
2014	12,922	22,184,562	239.8	108.36	7,378,971	2,245	5.76
2015	13,079	23,102,962	240.5	113.01	8,380,091	2,294	5.70
2016	13,293	25,182,149	255.9	117.6	8,804,659	2,310	5.75
2017	13,320	23,818,704	241.5	122.5	9,190,139	2,393	5.57
2018	13,606	24,248,291	242.6	126.4	9,366,594	2,527	5.38
2019	13,874	24,615,222	249.9	132.5	10,783,600	2,546	5.45
2020	14,263	25,012,376	259.3	138.2	9,980,114	2,595	5.50
2021	14,696	26,238,298	268.4	141.8	10,586,489	2,628	5.59

Member Mix by Revenue %

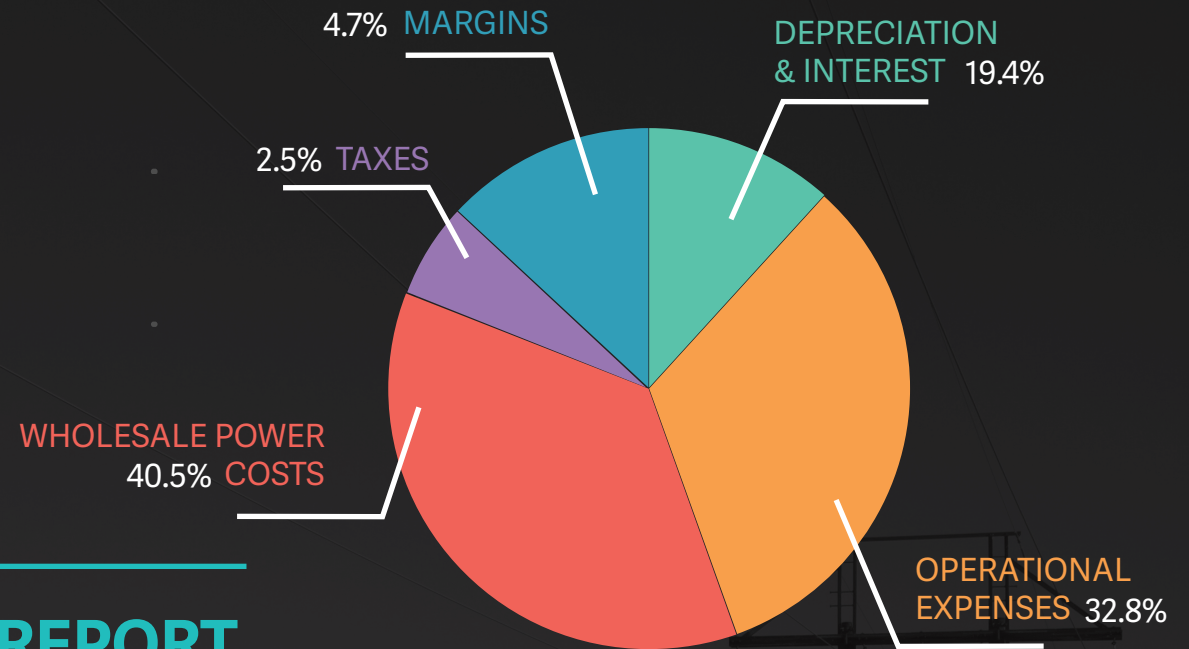
	2021	2020
Residential	54.1%	55.4%
Small Commercial	30.3%	29.0%
Large Commercial	5.1%	4.24%
Street Lights/Public Facilities	8.3%	8.5%
Irrigation	1.9%	2.7%

Cost of Service: % of Revenue

	2021	2020
Operational Expense	32.8%	31.8%
Wholesale Power Cost	40.5%	40.0%
Depreciation & Interest	19.4%	19.7%
Taxes	2.5%	2.8%
Margins	4.7%	5.1%

*Kanab City Acquisition **Twin Cities Acquisition

BY THE NUMBERS



SECRETARY TREASURER REPORT.

We are happy to report that Garkane experienced another good year financially, ending 2021 with a net margin of \$3,633,052.

Operational Expenses made up 32.8% of the cost to the cooperative, with wholesale power costs representing 40.5% of the expenditure mix. Residential consumers continue to be the largest part of the member mix at 54.1%, while small commercial accounts represented 30.3% of revenue. A major benefit of being a member-owner of the cooperative is the capital structure, which allows members to earn capital credits and have them refunded. Because the cooperative is financially strong, the Board authorized a \$1.5 million capital credit refund in 2021. I invite you to review the Financial Statements and encourage you to stay informed on issues facing your Cooperative.

Respectfully Submitted,

Ray Clark, District 10 - Secretary Treasurer

SUMMARY.

Keeping our cooperative financially strong, maintaining reliable electric service while keeping our employees and members safe is our number one goal. We're here for you.





WE OPERATE BY THE SEVEN COOPERATIVE PRINCIPLES.

These principles are a key reason that America's electric cooperatives operate differently from other electric utilities, putting the needs of their members first.

- ✓ Open & Voluntary Membership
- ✓ Democratic Member Control
- ✓ Members' Economic Participation
- ✓ Autonomy & Independence
- ✓ Education & Training
- ✓ Cooperating Among Cooperatives
- ✓ Concern For Community

HERE for YOU

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