

Executive Report

Welcome to your 2026 Annual Meeting. Your rural electric board is determined we deliver safe, reliable and competitively priced electric service to the members. This year we are having management continue to focus on continuing maintenance for a robust distribution system, capital improvements to substations, and efficiencies in system operation.

Future power supply is very important to us here at the cooperative, at Allegheny Electric Cooperative and The Pennsylvania Rural Electric Association (PREA). As you recall from years past, these two cooperatives are based in Harrisburg, where Allegheny serves as our power supplier, and PREA is our member services and legislative cooperative that helps in giving us a voice in government policy that affects the power industry. Locally, Tim Newman, New Enterprise REC Board Vice President, serves on the Allegheny Electric Cooperative Board and Leroy Walls serves as President of the New Enterprise REC Board and chairman of the PREA Board. These two director positions give New Enterprise REC a voice in power supply and legislative efforts that affect our power supply here at home.

Year 2025 was marked by increases affecting the electric utility industry. Over recent years we have seen pricing spikes in our generation, transmission and open market power purchases. These increases stem from the nations power supply struggling to meet current demand due to premature closure of coal and nuclear generators coupled with surging electricity demand and geopolitical factors. Thankfully, New Enterprise REC along with sister electric cooperatives in Pennsylvania and New Jersey Cooperatives can mitigate the full potential rise in costs through our ownership of nuclear and hydropower generation resources. The current energy environment and additional inflationary price increases for poles, conductor and line material also added to increased operational costs for the cooperative.

Despite these challenges, we continue to upgrade and maintain our cooperative distribution system. In late 2025 we energized a new addition to Waterside Substation. Throughout 2025 cooperative linemen constructed a new steel substation structure, installed underground cabling, connected new lines and protective devices that will enable Waterside Substation to serve our members for decades into the future. The completion of this project is evidence of the dedication and commitment to serving our membership the best way we know how. From start to finish the substation was completed by cooperative employees, partnered with local contractors for site excavation and concrete preparation delivering a quality cooperative asset while saving hundreds of thousands of dollars. The new station has an increased operating voltage which creates efficiencies in power delivery lowering operational costs, coupled with an increased capacity ensuring the ability to serve growing cooperative energy needs.

Our managed right-of-way program is also a big part of our budget. Active maintenance in this area helps us control tree related outages. We appreciate the support of our members, property owners, and township leaders helping us maintain the right-of-way to keep the lights on in some of the most challenging weather conditions.

Thank you for attending this year's annual meeting. We continue to take pride in our local electric cooperative, serving our members with safe, reliable and competitively priced electric service to all we serve. The cooperative will continue to honor the tradition of serving our neighbors as it has done for nearly 90 years. Feel free to stop in or give us a call and let us know how we are doing.



Leroy Walls,
Board President



Mark Morrison,
CEO/General Manager