

2023

# ANNUAL REPORT

GRID  
RELIABILITY  
SECURITY  
SUSTAINABILITY  
AFFORDABILITY



GARKANE ENERGY COOPERATIVE





## GRID RELIABILITY

Enjoying reliable power is a hallmark of being a member of the cooperative. We know your quality of life depends on it. We have a five-year work plan for maintenance and upgrades to the grid so our members can rely on us to provide power when they need it.

# INDEX

**04** Board President & CEO Report

---

**05** Cooperative Statistics

---

**06** Financial Statements - Income Statement

---

**07** Financial Statements - Balance Sheet

---

**08** Grid Sustainability

---

**09** Secretary Treasurer Report

---

**10** Board of Directors

---

**11** Employees

---

**12** Grid Security

---

**13** Operations & Safety Report

---

**14** Community Impact

---

**15** Grid Affordability

---

# BOARD PRESIDENT & CEO REPORT



**RON CAZIER**  
Board President



**DAN MCCLENDON**  
CEO/General Manager

Garkane Energy Cooperative is a not-for-profit electric cooperative serving south-central Utah and northern Arizona. The cooperative is celebrating 85 years of providing power to some of the most rural parts of Utah and Arizona. Serving such a vast area is challenging and expensive, but living and working here is worth the benefits.

In 1939, it wasn't easy for the early pioneers to obtain funding to build new power lines. The hallmark of the cooperative spirit is joining together in sharing those costs, so everyone can benefit from the low-cost power the cooperative provides. The cooperative business model provided a way to bring power to our rural communities. Garkane was formed with the purpose of providing our members with energy services of value at fair prices, thereby improving their quality of life. We continue that legacy 85 years later.

As members of Garkane Energy Cooperative, our quality of life has improved greatly over the years. Our focus in 2023 has been to improve our grid **reliability, security, sustainability** and **affordability**.

Today, the Cooperative has grown to serve over 15,676 meters. We expect this growth to continue, and have a strategic plan in place to manage growth while ensuring reliable, secure, sustainable and affordable power. But it's not easy. With the rising interest in electric vehicles and the need for more charging stations, more regulatory pressures, wildfire mitigation, wholesale power increases, and inventory supply shortages, we definitely have more work cut out for us. When we work together, and with our members support, we are up to the challenge.

The cooperative had a good year financially in 2023. We ended with a \$2,886,204 net margin. This will be allocated back to the members who purchased power. The co-op will use these funds to build, maintain and operate the co-op. At a future date, the Board of Directors will retire these funds and members will see the refund on their power bill or receive a check if they move away. This is what we refer to as the capital-credit retirement cycle. It allows the co-op to avoid borrowing money, thus ensuring lower rates for everyone.

As we continue this legacy, we promise to ensure reliable, secure, sustainable and affordable power. That's the co-op way.

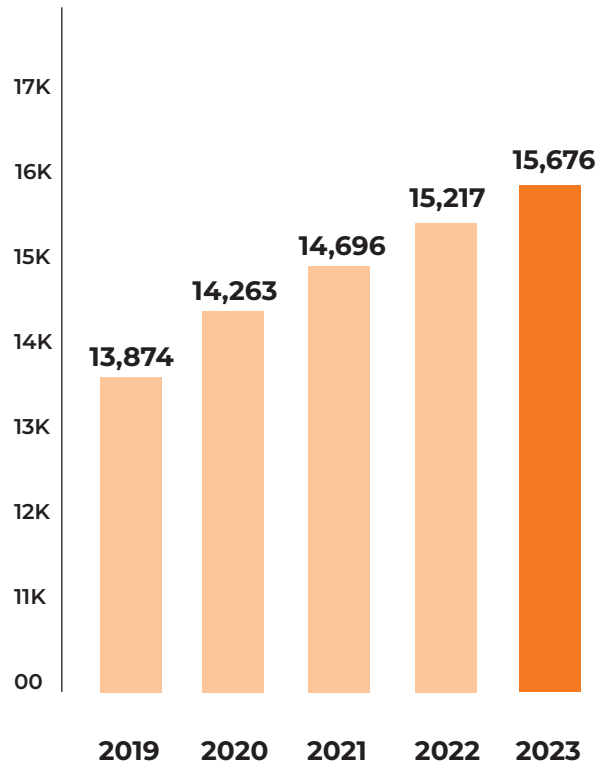




# COOPERATIVE

STATS

## MEMBERSHIP GROWTH



MILES OF LINE

**2,692**

MEMBERS PER  
MILE OF LINE

**5.82**

KWH'S SOLD  
IN MILLIONS

**293.2**

# FINANCIAL REPORT

CONSOLIDATED REVENUE STATEMENT, AS OF DEC. 31

	<b>2023</b>	<b>2022</b>
<b>Operating Revenue</b>		
Revenues	\$36,891,863	\$36,234,706
<b>Expenses &amp; Deductions</b>		
Cost of Sales	16,768,684	17,180,404
Transmission Expense	882,039	721,414
Distribution Expense	3,131,897	3,512,727
Consumer Accounts Expense	760,789	831,055
Customer Service Expense	438,629	515,962
Administrative & General Expense	6,276,813	6,213,523
Depreciation & Amortization Expense	4,488,080	4,359,108
Tax Expense	495,614	697,043
Interest Expense	1,478,573	1,299,227
Other Deductions	43,399	37,837
<b>TOTAL COST OF SERVICE</b>	<b>\$34,764,517</b>	<b>\$35,368,300</b>
<b>OPERATING MARGINS</b>	<b>\$2,127,346</b>	<b>\$866,406</b>
<b>Non-Operating Margins &amp; Other Credits</b>		
Interest Earnings	48,000	45,582
Other Capital Credits & Allocations	536,768	526,135
Misc. Non-Operating Income	60,746	96,129
Gain/Loss on Disposition of Property	133,196	131,122
Other (Including Extraordinary Items)	38,363	61,502
Provision for Income Taxes	(57,815)	
<b>NET MARGINS</b>	<b>\$2,886,604</b>	<b>\$1,726,876</b>
Patronage Capital - Beginning of Year	\$54,784,392	\$54,600,371
Prior Period Adjustment		
Refund of Patronage Capital Credits	(1,551,195)	(1,542,855)
<b>PATRONAGE CAPITAL - END OF YEAR</b>	<b>\$56,119,801</b>	<b>\$54,784,392</b>

## CUSTOMER MIX



**55.2%**



**30.17%**



**2.17%**



**4.53%**



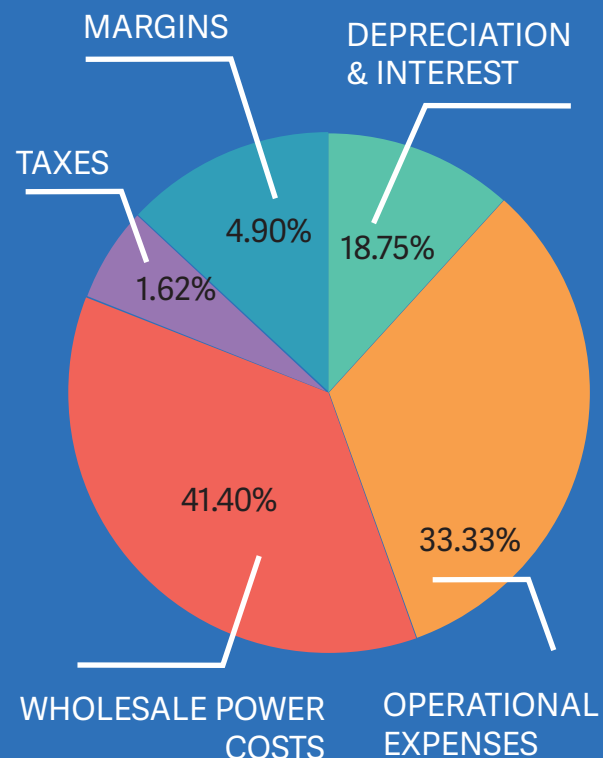
**7.93%**



CONSOLIDATED BALANCE STATEMENT, AS OF DEC. 31

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Long-Term Assets</b>		
Plant	\$150,840,211	\$147,384,040
Less: Depreciation	(70,693,936)	(67,279,368)
NET PLANT	<u>80,146,275</u>	<u>80,104,672</u>
Non-Utility Property	3,051,687	3,063,362
Investments in Assoc. Organizations	2,166,880	2,135,350
Other Investments	<u>1,645,441</u>	<u>971,465</u>
<b>TOTAL LONG-TERM ASSETS</b>	<b>\$ 87,010,283</b>	<b>\$86,274,849</b>
<b>Current Assets</b>		
Cash	4,271,387	3,668,083
Accounts Receivable - Net	7,178,388	6,590,295
Materials & Supplies	6,951,791	5,134,808
Prepayments & Other Accrued Assets	<u>452,502</u>	<u>243,517</u>
Total Current Assets	<u>18,854,068</u>	<u>15,636,703</u>
<b>TOTAL ASSETS</b>	<b><u>\$105,864,351</u></b>	<b><u>\$101,911,552</u></b>
<b>LIABILITIES &amp; PATRONAGE</b>		
Patronage Capital	\$56,119,801	\$54,784,392
<b>LONG-TERM DEBT</b>		
Deferred Income Tax Liability - NET	542,837	418,810
Accumulated Operating Provisions	26,340	10,637
Other Long-Term Debt	411,681	427,461
CFC Mortgage Notes	<u>34,422,871</u>	<u>29,658,953</u>
TOTAL LONG TERM DEBT	<u>\$35,403,729</u>	<u>\$30,515,861</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	3,159,113	4,256,826
Consumer Deposits	624,462	588,448
Other Current Liabilities	<u>7,960,029</u>	<u>10,162,508</u>
TOTAL CURRENT LIABILITIES	<u>\$11,743,604</u>	<u>\$15,007,782</u>
Deferred Credits	<u>2,597,217</u>	<u>1,603,517</u>
<b>TOTAL LIABILITIES &amp; PATRONAGE</b>	<b><u>\$105,864,351</u></b>	<b><u>\$101,911,552</u></b>

**EXPENDITURE MIX**







GRID

**SUSTAINABILITY** Supplying electricity is a capital intensive business, requiring major continual investments to the grid. Garkane regularly upgrades power lines as innovation and technology improve so the grid will sustain well into the future.



# Secretary/Treasury Report

I am happy to report that Garkane Energy experienced another good year financially. We ended the year with a net-margin of \$2,886,604. As the price of wholesale power increased in 2023, we implemented a rate increase starting in 2024 to keep the cooperative financially strong. The total cost of service decreased by \$603,783 from the previous year. The rate increase will allow us to stay ahead of rising equipment and operational costs due to in-

flationary pressures.

Garkane continues to grow with 15,676 members, adding nearly 500 new members, representing a 2.9% increase over the previous year. The financial strength of the co-op allowed the Board to authorize another \$1.5 million dollar capital credit refund. I invited you to review the full financial statements and encourage you to stay informed of the issues facing Garkane.

This is your cooperative!



**Ray Clark, District 10**

Secretary / Treasurer

## 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
2022	15,217	28,730,445	287.3	147.4	12,244,382	2,671	5.70
<b>2023</b>	<b>15,676</b>	<b>29,521,456</b>	<b>293.2</b>	<b>150.8</b>	<b>12,367,426</b>	<b>2,692</b>	<b>5.82</b>

# BOARD OF

## DIRECTORS



**Ron Cazier**  
District 1  
Board President



**Chad Williams**  
District 2



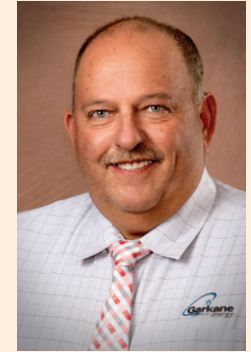
**Tracy Potter**  
District 3  
Vice President



**Reed Munson**  
District 4



**Terry Griffiths**  
District 5



**George Thompson**  
District 6



**Andy Gant**  
District 7  
Deseret Trustee



**Rod Ence**  
District 8



**William Hammon**  
District 9  
Deseret Trustee



**Ray Clark**  
District 10  
Secretary/Treasurer



**Guy Timpson**  
District 11  
URECA Trustee



**Dan McClendon**  
CEO / General Manager

Your Board of Directors are elected by the members of the cooperative. The Board dedicates time and experience to represent you. They are trained in mitigating risk, setting rates, understanding power supply, strategic planning, and financial decision-making. Two directors are selected to represent Garkane's interest as a member-owner of our wholesale power supplier, Deseret Power. One director has been selected to represent Garkane's interest in the Utah Rural Electric Cooperative Association.



# EMPLOYEES

## KANAB

Tony Baird - Substation Tech Apprentice  
Neal Brown - Marketing & Member Service Mgr.  
Wade Brush - Apprentice Lineman  
Brett Bunting - Meter Reader  
James Clegg - Energy Advisor/ Facilities  
Scott Colson - Meter Technician  
Todd Crowther - Journeyman Lineman  
Talmage Daley - Engineer  
Kaber Esplin - IT Manager  
Terek Esplin - Journeyman Lineman  
Travis Fox - Staking Technician  
James Garrard - Drafting & Design Tech.  
Tyler Gates - Journeyman Lineman  
Jarret Glover- Staking Technician  
Taylor Goodnow - Boring / RoW  
Kit Goulding - Journeyman Lineman  
Jeff Hafen - Line Compliance  
Gerry Hoyt - Safety Coordinator  
Wes Hoyt - Substation Tech. Supervisor  
Brock Hutchings - Journeyman Lineman  
Jessica Johnson - Executive Assistant  
Mark Kabonic - Journeyman Lineman  
Chris Lacorti - Utility Locating Tech.  
Shay Lamb - IT Project Coordinator  
Kim Lathim - Boring Crew / RoW  
Trevor Lathim - Journeyman Lineman  
Jon Lee - Network Administrator  
Nate Lyman - Engineer Technician  
Dan McClendon - General Manager/CEO  
Julie McQuivey - Member Service Rep.  
Codan Minniear - Warehouse / Inventory  
Bryan Pollpeter - GIS/Mapping  
Clayton Reidhead - Communications Tech.  
Zeb Rogers - Staking Technician  
Jake Sawyer - Apprentice Lineman  
Bryant Shakespear - COO  
Rick Stewart - Substation Technician  
Alivia Swapp - Field Service Rep.  
Daniel Thompson - Engineer Manager

cont...

Trace Torgersen - Journeyman Lineman  
Wes Troy - Meter Tech. Apprentice  
Jeff Vaughn - Kanab Operations Manager  
Taleana Virostko - Staking/GIS Supervisor  
Birkette Willis - Member Service Rep



## HATCH

Susie Anderson - Member Service Rep  
Kesler Blood - Mechanic  
Josh Chappell - Journeyman Lineman  
Flint Chynoweth - Journeyman Lineman  
Korde Chynoweth - Journeyman Lineman  
Justin Cooper - Journeyman Lineman  
Nikki Dinges - Meter Tech Supervisor  
Josh Ferrin - Journeyman Lineman  
Clayton Johnson - Meter Technician  
Justin Miller - Operations Manager  
Kaden Pollock - Staking Tech.  
Adam Sawyer - Journeyman Lineman  
Justin Spencer - Warehouseman  
Guy Renzello - Journeyman Lineman  
Cole Twitchell - Substation Technician  
Ralph Wilcok - Meter Reader Tech  
Rob Wolfley - Hatch Operations Manager

Kit Goulding, Journeyman Lineman



Garkane's satisfaction scores have risen steadily over the past few years. The hardworking, dedicated and professional employees seek to make the satisfaction and safety of our members their #1 priority.

## LOA

Taylor Albrecht - Meter Technician  
Phillip Burr - Loa Operations Manager  
Courtney Cropper - Journeyman Lineman  
Saige Taylor - Accounting Supervisor  
Candis Fillmore - Member Service Rep.  
Brage Greenhalg- Apprentice Lineman  
Scott Grundy - Journeyman Lineman  
Marcus Lewis - Finance Manager / CFO  
Denise Macklin - Accountant  
Cary Simmons - Accounting Clerk  
Paige Tomlinson - Accounting Clerk  
Heather Torgerson - Accountant  
Brad Webb - Journeyman Lineman  
Derek Woolsey - Journeyman Lineman

## PROPANE

Dan Hatch - Propane Delivery  
James Hoyt - Propane Manager  
Rob Matthews - Propane Delivery  
Eric McCormick - Propane Delivery  
Bobby Owen - Propane Delivery  
Derrick Pollock - Propane Delivery  
Dusty Riddle - Service Tech.  
Alex Rodriguez - Propane Delivery

# GRID SECURITY

Grid and cyber security continue to be a high priority for Garkane staff as well as making sure our members and employees are safe.

Trevor Lathim and Tyler Gates work on an aging pole, preparing it to be replaced with a new one.





# OPERATIONS & SAFETY

## REPORT

The line crews stay busy year-round with a variety of projects. The Catori Canyon subdivision in Kanab was a major project with overhead and underground lines. Crews changed 20 cross-arms on the 138 Kv transmission line in Cottonwood Canyon. They continue to work on pole change-outs for aging power lines. They completed 452 work orders in 2023.

Safety is always a number #1 priority at Garkane. Especially the safety of our members and our employees. Our crews have now worked 5-years, including over 912,000 total man hours worked without a Loss Time Accident. We held 16 safety trainings in 2023, and hold an all employee safety day each month. We have built a strong culture of safety.

*From left to right: Trevor Lathim, Kit Goulding, Todd Crowther, Jake Sawyer, and Taylor Goodnow, repairing a line on top of the TV Towers in Kanab, UT.*



*Tyler Gates works on a line on Hwy 89 in Kanab.*

When the lights come on, you probably don't think about the time and energy that goes into building, repairing, or maintaining power lines. We are proud to give you that peace of mind. A lot goes into making that happen, whether it's load controlling from the Engineering Department, or repairing a broken line in the middle of a snowstorm. Our Engineering and Operation crews are on call 24/7, 365 days a year to bring you that peace of mind.



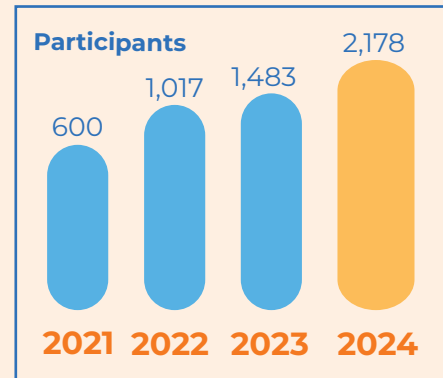
# COMMUNITY

## IMPACT

Garkane is more than just a utility, we are a community. Community's are a reflection of the values of the people that live there. As a provider to southern Utah and northern Arizona, we reflect those values. Garkane gives back in a number of ways. One of those is the Operation Roundup program, which continues to grow in popularity as more members participate. Garkane was able to donate to many great causes in 2023, and look forward to continuing that legacy in 2024.



Director Chad Williams (left) of District 2 and CFO Marcus Lewis (right) presents Rustin Grundy of the Wayne County Search & Rescue with an Operation Round-up check to assist in purchasing a drone. The funds will also help pay for training volunteers to fly the drone in search and rescue efforts in Wayne County.



Garkane continues to be an active participant in the Michael F. Peterson Youth Leadership Challenge. Each year hundreds of students from around the state spend a week at Snow College learning leadership skills, listening to motivational speakers, and having opportunities to earn scholarships. It's a fantastic camp for the youth in our service territory and Garkane is proud to help strengthen the next generation of leaders.







## GRID AFFORDABILITY

Garkane seeks to keep rates as low as possible. Enjoying low cost power is a wonderful benefit of being a member of the cooperative. The co-op strikes a fair balance between operating at a level that provides reliable power at an affordable cost.

# YOUR COOPERATIVE



A Touchstone Energy® Cooperative   
*The power of human connections®*

800-747-5403

## Loa

120 West 300 South  
Loa, UT 84747

## Hatch

468 North HWY 89  
Hatch, UT 84735

## Kanab

1802 South HWY 89A  
Kanab, UT 84741

[www.GarkaneEnergy.com](http://www.GarkaneEnergy.com)