

COOPERATIVE STRONG

2018 ANNUAL REPORT



WHEN DISASTER STRIKES, COMMUNITY COMES FIRST.

HURRICANE FLORENCE RESTORATION TIMELINE

Friday, Sept. 14

Florence makes landfall as Category 1 hurricane; 17,000 outages reported

Saturday, Sept. 15

Power restored to 6,623 members

Sunday, Sept. 16

Power restored to 1,831 members

Monday, Sept. 17

Power restored to 4,344 members

Tuesday, Sept. 18

Power restored to 4,082 members

Wednesday, Sept. 19:

100% of power restored to members



Tri-County EMC is responsible for meeting your electric needs, a significant responsibility that has an effect on your family's quality of life, and the ability to successfully operate your business. We never forget the impact of the services we provide to you, and never take for granted the substantial trust you have placed in us to meet both your needs and your expectations.

A look back at 2018 brings one event to mind that stands out above the rest — Hurricane Florence. As the storm approached, so did our preparations. Our employees sprang into action, leaving loved ones behind to spend their days working from sunrise to sunset. For days, cooperative line crews, contract crews and additional crews from Alabama and Tennessee worked to repair outages. First, the crews worked to restore power to the largest number of people. This meant addressing any transmission issues, then repairing main distribution feeder lines that deliver power from our substations to neighborhoods. Our member service representatives and call center staff worked around the clock answering calls.

The total cost of restoration to the Tri-County EMC was \$816,000. While conditions were challenging, our employees did an outstanding job of restoring power safely and timely to the members that were affected by Hurricane Florence.

Concern for the Community is one of the Cooperative's principles, but during the hurricane, our community was concerned about us. Local fire departments assisted with moving debris from roads, Best Gas and Grill of Dudley fed crews

breakfast every morning, Piggly Wiggly of Mount Olive opened their doors for the cooperative to purchase groceries for crews to have dinner each night, members of the community paid for crew's lunch and families made snacks bags to keep employees going.

You, our members, are why we work so hard during even the most trying of times. Receiving words of praise and encouragement from you throughout the long days after Hurricane Florence kept us focused on the importance of the storm restoration work and kept us going. We greatly appreciate all the thank you messages sent via social media, emails and in the mail. Your kind words, friendly smiles and waves to our employees in the field made the 16-hour days more bearable and gave purpose to our work. Tri-County EMC employees also thank our loved-ones for their support during the tense and exhausting days of restoration work.

As a cooperative, Tri-County EMC is owned by you, the members, and our employees are also our members. This structure unites us all with a special sense of service and companionship that is held with high value at Tri-County EMC. Thank you for being a positive part of the restoration process.

J. Michael Davis
General Manager




2018 AT A GLANCE

 2,615 Total miles of lines

 188,072 Calls answered, with 25,182 total active service

 316 New services connected

 1,376 KWH Average monthly residential usage

 559,421,266 Total KWH sold

 99.41% Average service reliability

 2.5 million Capital Credits returned to members

 \$26,250 Scholarships awarded to local students

 \$78,089.12 Grants funded to Bright Ideas Projects

 \$129,807.68 Given from Operation Round Up

 526,599 Continuous hours TCEMC Employees worked without a lost-time injury

 7,314 Facebook likes  46 TCEMC employees

OPERATION ROUND UP: NEIGHBORS HELPING NEIGHBORS

Operation Round Up has disbursed more than \$2 million since its inception 19 years ago. In 2018, \$129,807.68 was awarded throughout our service area, all thanks to you!

This innovative program is a community outreach project that helps local organizations and individuals who need a hand up, not a hand out. The fund comes from Tri-County EMC members who round up their monthly bill to the nearest dollar. When enrolled, the billing program automatically rounds up your monthly bill and deposits the difference into the Operation Round Up account. The average annual contribution is only \$6 per year. Nine members, your neighbors, sit on the Operation Round Up board. They review applications and approve grants.

Your contribution can:

- buy food for families in need
- help with medical emergencies
- necessities for local fire departments

OPERATION ROUND UP BOARD MEMBERS

Linda Hines, President
LA GRANGE, NC

*Michael G. Smith,
Vice President*
PINK HILL, NC

Nancy Smith, Secretary
ALBERTSON, NC

Jack Kornegay, Treasurer
MOUNT OLIVE, NC

Kelvin Coates
MOUNT OLIVE, NC

Kathy Creech
PINK HILL, NC

Ruby Andres Mojica
PINK HILL, NC

Cheryl J. Oaten
DUDLEY, NC

Dawn Stroud
KINSTON, NC

FINANCIAL STATEMENT

Beginning Balance (1/1/18)
\$64,115.95

2018 Member Deposits
\$130,268.47

Checks Issued + Bank Fees
\$129,971.69

Balance (12/31/18)
\$64,412.73

average service reliability

99.41%

FINANCIALS

Our mission is to not only to deliver reliable electric service at an affordable price, but to also go beyond the lines to provide additional opportunities that fulfill the cooperative principles.

Balance Sheets October 31, 2018 and 2017

2018

2017

ASSETS

Utility Plant

Electric Plant in service—at cost	\$ 109,480,782	\$ 106,000,470
Construction work in progress	1,940,764	1,976,174
	<u>111,421,546</u>	<u>107,976,644</u>
Less: accumulated provision for depreciation and amortization	(40,018,641)	(37,813,343)
Total Utility Plant (Net)	71,402,905	70,163,301

Other Property and Investments:

Notes receivable	2,293,278	2,533,488
CFC Term Medium-Term Note	2,000,000	0
Investments in associated organizations	2,892,802	2,694,663
Total Other Property and Investments (at cost)	7,186,080	5,228,151

Current and Accrued Assets

Cash and cash equivalents	9,310,134	6,365,615
Restricted Cash—USDA	200,571	138,751
Accounts receivable—		
trade (less provisions for doubtful accounts of (\$953,426 in 2018 and \$948,704 in 2017))	5,291,414	4,689,227
Accounts receivable—other	2,562,046	2,450,241
Materials and supplies (at average cost)	802,310	436,660
Merchandising inventory (at cost)	8,608	8,674
Prepaid assets	379,281	272,136
Total Current and Accrued Assets	18,554,364	14,361,304

Deferred Charges

44,654 107,834

Renewable energy credits (RECs)

0 540,689

Total Assets

\$ 97,188,003 \$ 90,401,279

EQUITIES and LIABILITIES

Equities and Margins:

Memberships	\$ 98,385	\$ 97,900
Patronage capital	32,068,228	29,169,684
Total Equities and Margins	32,166,613	29,267,584

Non-Current Obligations:

RUS FFB notes	32,296,752	24,862,786
RUS Cushion of Credits (unapplied payments)	(1,757,347)	(1,135,319)
NRUCFC mortgage notes	4,411,364	4,792,353
CoBank mortgage notes	13,316,753	14,191,832
NCEMC Economic Development Loan	214,333	188,333
Note payable - USDA - REDL Loan	1,779,661	1,983,051
Note payable - USDA - REDG Grants	418,767	418,767
Accumulated provision of pensions & benefits	6,673,788	9,332,400
Less: current maturities—mortgages	(2,253,654)	(1,993,253)
current maturities—		
accumulated pensions & benefits	(270,200)	(270,200)
Total Non-Current Obligations	54,830,217	52,370,750

Current Liabilities:

Current maturities of long-term debt	2,523,854	2,263,453
Accounts payable	4,545,338	3,872,619
Consumers' deposits	1,798,616	1,820,226
Other current and accrued liabilities	1,027,942	527,140
Total Current Liabilities	9,895,750	8,483,438

Deferred Credits

295,423 279,507

Total Liabilities, Equities and Margins

\$ 97,188,003 \$ 90,401,279

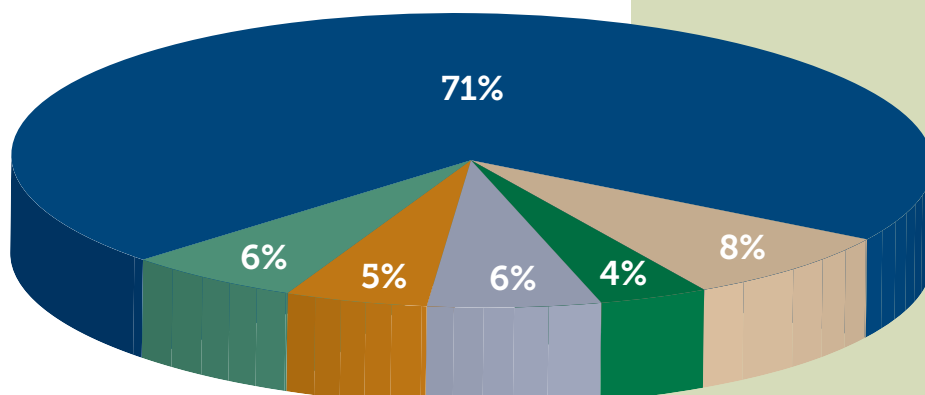
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

For the Years Ended October 31, 2018 and 2017	2018	2017
Operating Revenues	\$ 57,109,670	\$ 53,579,226
Operating Expenses:		
Transmission expense	17,178	49,713
Cost of power	40,578,081	35,624,429
Distribution—operation	1,617,058	1,624,456
Distribution—maintenance	2,813,824	2,696,394
Consumer accounts	1,988,732	2,001,750
Customer service and informational	707,384	774,963
Administrative and general	2,389,091	2,422,081
Depreciation and amortization	3,284,702	3,150,856
Total Operating Expenses	<u>53,396,050</u>	<u>48,344,642</u>
Operating Margins Before Fixed Charges	3,713,620	5,234,584
Fixed Charges		
Interest on long-term debt	<u>1,652,704</u>	<u>1,535,776</u>
Net Operating Margins	2,060,916	3,698,808
Non-Operating Margins:		
Interest income	241,816	106,132
Patronage capital—received from associated organizations	477,928	453,235
Non-operating margins—other	<u>5,265</u>	<u>(311)</u>
Total Non-Operating Margins	<u>725,009</u>	<u>559,056</u>
Net Margins for Period	2,785,925	4,257,864
Patronage Capital — Beginning of Year	29,169,684	25,239,962
ASC 715—defined benefit plan	3,006,857	2,461,600
Gain (loss) from equity investment	0	(6,748)
Retirement of capital credits	<u>(2,894,238)</u>	<u>(2,782,994)</u>
Patronage Capital — End of Year	<u>\$ 32,068,228</u>	<u>\$ 29,169,684</u>

TRI-COUNTY ELECTRIC MEMBERSHIP CORPORATION

Operating Costs as a Percentage of Operating Revenues
Year Ended October 31, 2018

- Cost of Power 71%
- Operating Margin 6%
- Consumer Accounts and Customer Service 5%
- Depreciation and Amortization 6%
- Administrative and General 4%
- Distribution—Operation and Maintenance 8%



OUR EMPLOYEES

44 YEARS

J. Michael Davis
GENERAL MANAGER

30 YEARS

Pete Jones
WORKING FOREMAN

29 YEARS

Tony Grantham
MANAGER OF
ENGINEERING

Ronald Outlaw
EQUIPMENT OPERATOR

27 YEARS

Jeff Kennedy
WORKING FOREMAN

Dana Lewis
SERVICEMAN

Denise Simmons
BILLING SPECIALIST

26 YEARS

Ken Davis
MANAGER OF FINANCE
AND ADMINISTRATION

25 YEARS

Sean Sullivan
MEMBER SERVICES
REPRESENTATIVE

24 YEARS

Leonard Person
RIGHT-OF-WAY FOREMAN

**Kenneth
Willoughby**
TREE TRIMMER

22 YEARS

William "BJ" Jones
EQUIPMENT OPERATOR

21 YEARS

Anthony Denning
WORKING FOREMAN

20 YEARS

Bill Fischer
WORKING FOREMAN

18 YEARS

Bob Kornegay
MANAGER OF MEMBER
SERVICES

16 YEARS

Andy Beavers
LINEMAN

Paula Davis
MEMBER SERVICES
REPRESENTATIVE/
CASHIER

Brad Thigpen
TREE TRIMMER

Jeremy Whitfield
PURCHASING AGENT/
WAREHOUSEMAN

14 YEARS

Todd Harrell
LINEMAN

Ron Miller
STAKING FIELD
ENGINEERING
TECHNICIAN

13 YEARS

Jerry Mazingo
LINEMAN

12 YEARS

David Thornton
SYSTEM ENGINEER

11 YEARS

Daniel Hood
LINEMAN

Ralph Kelly
LINEMAN

Ricky Richardson
WORKING FOREMAN

10 YEARS

Jo Brown
ACCOUNTANT

9 YEARS

Mike Wood
MANAGER OF
OPERATIONS

8 YEARS

Angela Anderson
CALL CENTER

Aaron Barwick
LINEMAN

Taylor Coates
SERVICEMAN

Lucinda Newell
CALL CENTER

6 YEARS

John Cozine
LINEMAN

5 YEARS

Brian Hope
APPRENTICE LINEMAN

Parker Kennedy
APPRENTICE LINEMAN

Steve Mason
MEMBER SERVICES
REPRESENTATIVE

Charles Pate
WAREHOUSEMAN

4 YEARS

Donna Hill
MEMBER SERVICES
REPRESENTATIVE/
CASHIER

**Kourtney
Humphrey**
MEMBER SERVICES
REPRESENTATIVE/
CASHIER

3 YEARS

Deidra Grantham
MANAGER OF MARKETING
AND COMMUNICATIONS

2 YEARS

Dwayne Skinner
APPRENTICE TREE
TRIMMER

Timothy Wolfe
APPRENTICE LINEMAN

1 YEAR

Barbara Birkin
MEMBER SERVICES
REPRESENTATIVE/
CASHIER

Tamah Hughes
MANAGER OF
INFORMATION
TECHNOLOGY

Lynn Walker
CALL CENTER

NEW EMPLOYEE

Marlin Painter
CALL CENTER



46 employees
committed to
serving you.

BOARD OF DIRECTORS



President
Carl Kornegay Jr.
DISTRICT 1—
DUPLIN COUNTY



Vice President
Jennings Outlaw
DISTRICT 1—
DUPLIN COUNTY



Secretary
William H. Farmer
DISTRICT 2—
WAYNE COUNTY



Treasurer
David Vinson
DISTRICT 3—
LENOIR COUNTY



Keith Beavers
DISTRICT 1—
DUPLIN COUNTY



Dallace Grady
DISTRICT 1—
DUPLIN COUNTY



Jeff Henderson
DISTRICT 2—
WAYNE COUNTY



Patrick Lynch
DISTRICT 3—
LENOIR COUNTY



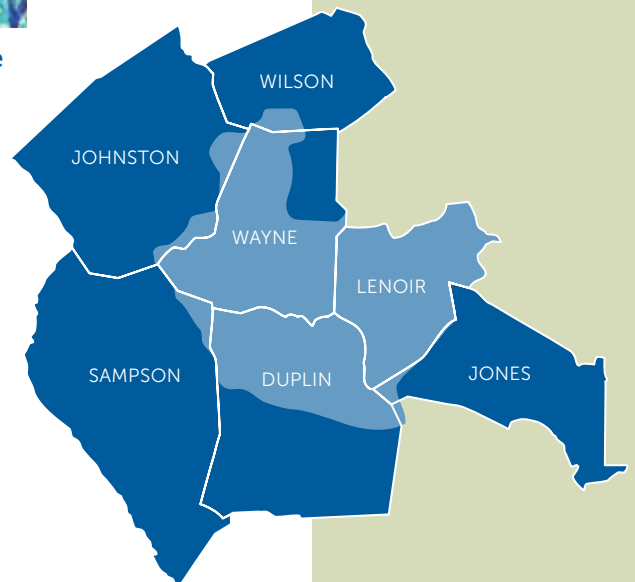
Randy McCullen
DISTRICT 2—
WAYNE COUNTY



Worth Overman Jr.
DISTRICT 2—
WAYNE COUNTY



Brandy S. Rouse
DISTRICT 3—
LENOIR COUNTY



GIVING BACK

HOUSE WISH LIST

Kitchen Items

Individual Snacks/Chips
Canned Frosting
Sugar
Relish
Iced Tea Bags
Cupcake Liners
Cream Soups
Baking Mixes
K-Cups
Mayo
Cooking Oil
Paper Bowls/Plates

Household Supplies

Windex
Trash Bags
Laundry Detergent
Maxi Pads
Snack Size Ziploc
White Bath towels/
Hand towels
White Flat & Fitted
Sheets (full size)
White Standard
Pillowcases

Office Supplies

Postage Stamps
Copy Paper

For Our Families

Preemie/
Newborn Outfits

Gift Cards/Certificates

Wal-Mart
Food Lion
Target
Piggly Wiggly
Gas Cards
Office Depot
Staples
Amazon

*** For the safety of our families, we ask that only new non-expired items are donated. We currently have an abundance of canned vegetables, pasta, and toilet paper.*



RONALD MCDONALD HOUSE OF EASTERN NORTH CAROLINA

Home is a place where you and your family enjoy spending time together, where you feel safe, where you know you'll have people that care about you around. That's the feeling The Ronald McDonald House of Eastern North Carolina provides families when they come here to stay. People need that feeling of home when something unexpected comes up like a child becoming sick or injured and they're not able to be close to their own. They might have to venture far away from their house for treatment, which puts added stress on a family both emotionally and financially. The Ronald McDonald House lets families stay together at a low cost and support one another while giving them a place to call home. Because when times are tough, that feeling of home is what a family needs to make it through.

The Ronald McDonald House of Eastern North Carolina has a second location inside the James and Connie Maynard Children's Hospital at Vidant Medical Center. The facility, known as the Ronald McDonald House at Vidant Medical Center, will serve any family with a child receiving treatment at Maynard Children's Hospital, even those on an outpatient basis. The space features a 2,500-square-foot common area for use by all families, as well as 6 guest rooms. The common area offers families a much-needed place of respite just steps away from their hospitalized children, complete with a

kitchen and dining area, playroom, outdoor patio, private bathroom with a shower, serenity lounge and laundry facilities. Their hope is to bring comfort and healing to even more families, giving them a "home away from home" inside the hospital.

The Ronald McDonald House has assisted many families within our service territory over the years. Please bring some of the following items to the Annual meeting to help them to stock their pantry.

Or you may just want to write a check for the Adopt A Family Program and give it to the representative at the meeting.

Adopt a family for One Night \$10

Adopt a family for a Week \$70

Many eastern North Carolina families with sick or injured children have benefitted from this "home away from home."

Why donate? Find out more at rmhenc.org, where you can also donate online.

Thank you for your support year after year!

