

MEMBERS MATTER

TRI-COUNTY ELECTRIC MEMBERSHIP CORPORATION 2015 ANNUAL REPORT



MEMBERSHIPMATTERS@TRI-COUNTYEMC

MEMBERSHIP MATTERS



CARL KORNEGAY, JR.,
PRESIDENT (LEFT)

J. MICHAEL DAVIS,
GENERAL MANAGER

We don't select who provides our electric service. People on opposite sides of the road or just a few miles away may be served by different electric providers, some by a stockholder-driven, investor-owned utility and others by a city-owned municipal electric system. Tri-County EMC is a not-for-profit electric cooperative owned by you, our members.

Cooperatives aren't like other businesses in your community. We exist to meet community needs and are guided by seven cooperative principles: open membership; democratic member control; members' economic participation; independence; education, training, and information; cooperation with other cooperatives; and concern for our community.

So, why does your membership matter?

Being a member of Tri-County EMC is more than receiving electricity and paying your bill. You are part of a local organization that exists to provide you with safe, reliable and affordable electric service—and doing so in a way that raises the quality of life in the communities we serve. Because electric cooperatives operate on a not-for-profit basis, they have no need to increase revenues above what it takes to run the business in a financially sound manner.

Membership matters because your electric cooperative cares about improving the quality of life in the communities we serve. We are involved in our communities; from raising money for local charities, sponsoring and coaching local sports teams, assisting with Ronald McDonald House and Kitty Askins fundraising to providing energy efficiency presentations to area schools and civic organizations. Tri-County EMC devotes time and resources to the neighborhoods where you live and work.

We believe in the future of Tri-County EMC by serving as a big supporter of our area's youth. Every year we send high school juniors on an all-expense-paid trip to Washington, D.C., to learn firsthand about our democracy and how cooperatives work. We also provide \$30,000 annually in scholarships to high school seniors in our service area; a program that was formed by the employees of Tri-County EMC and solely funded by various fundraising efforts.



TCEMC has funded over \$300,000 in scholarship monies to local high students in our service area.



Tri-County Electric
Membership Corporation
A Touchstone Energy Cooperative

MEMBERSHIPMATTERS@TRI-COUNTYEMC

Engineering students of Charles B. Aycock High built a PVC car as part of a Bright Ideas project funded by TCEMC.



Albritton Recreation Park received a \$7,500 Operation Round Up grant to assist with funding a new playground at Calypso Park.

Over the past 15 years, this program has provided scholastic opportunities to more than 700 students, totaling \$305,000. In continuing our care for the future of Tri-County EMC, the Bright Ideas grants program has funded over \$1.3 million in innovative classroom projects to teachers and students in Duplin, Lenoir and Wayne counties.

Membership matters because we understand that hardships may arise from unexpected emergencies. In those times, choices have to be made between medicine, food and electricity. With the help of you, our members, monies are available through our Operation Round-Up Program. The average co-op member's donation may be as little as a penny or as much as 99 cents, but never more than \$11.88 per year. Your willingness to allow Tri-County EMC to round up your electric bill has provided \$1,745,753.07 to families in our communities, non-

profit organizations and all local fire departments; improving the quality of life for all.

Membership matters because it entitles you to certain benefits like capital credit allocations. Capital credits represent one of the seven cooperative principles: member's economic participation. Electric co-ops aim to operate at-cost, so any excess revenues, or margins, are returned to members in the form of capital credits, based on their electric use. In 2015, your cooperative returned \$2.2 million in capital credits back to our members.

Membership matters to the employees of Tri-County EMC. Our employees are dedicated to providing safe and reliable service. We are here for you 365 days a year and work through some of the worst conditions imaginable to ensure of members have electricity. In 2015, our average service availability index (the percentage of time that service was available to our members) was 99.95%.



Committed to our communities, TCEMC provides safety demonstrations to local schools and civic organizations.

This means that just under 100% of the time we were able to keep the lights on for the membership as a whole.

Membership matters because you have a voice and a vote in how the cooperative is governed. Through democratic control, members, like you, elect members from our cooperative to serve on the board of directors. Control stays in local hands. Your board of directors, along with those who work for your cooperative, are your friends, family and fellow citizens. They are familiar with your community. You shop at the same grocery stores and they are members of your civic groups and churches. You can find them donating time at the local schools, fire departments, rescue squads or coaching a little league baseball team.

We are here to help you, work with you, support you and, most of all, serve you. The bottom line: **Membership matters** because **you matter** to Tri-County EMC.



TCEMC employees hold an Annual Scholarship Golf Tournament to raise funds that support the scholarship foundation for high school seniors.

FINANCIALS

Balance Sheets October 31, 2015 and 2014 **2015**

2014

ASSETS

UTILITY PLANT

Electric Plant in service-at cost	\$ 98,551,006	\$ 94,890,259
Construction work in progress	<u>1,039,774</u>	<u>1,330,254</u>
	99,590,780	96,220,513
Less: accumulated provision for depreciation and amortization	<u>(33,592,852)</u>	<u>(31,403,295)</u>
Total Utility Plant (Net)	65,997,928	64,817,218

OTHER PROPERTY AND INVESTMENTS

Investments in associated organizations	<u>2,341,463</u>	<u>2,202,433</u>
Total Other Property and Investments (at cost)	2,341,463	2,202,433

CURRENT AND ACCRUED ASSETS

Cash and cash equivalents	6,274,956	2,126,705
Accounts receivable—trade (less provisions for doubtful accounts of \$988,316 in 2015 and \$867,779 in 2014)	4,773,685	4,992,674
Accounts receivable—other	41,673	49,618
Materials and supplies (at average cost)	453,996	377,539
Merchandising inventory (at cost)	8,856	3,617
Prepaid assets	<u>261,781</u>	<u>250,819</u>
Total Current and Accrued Assets	11,814,947	7,800,972

DEFERRED CHARGES

55,944 91,753

RENEWABLE ENERGY CREDITS (RECS)

385,806 329,185

TOTAL ASSETS

\$ 80,596,088 **\$ 75,241,561**

EQUITIES AND LIABILITIES

EQUITIES AND MARGINS:

Memberships	\$ 96,285	\$ 94,165
Patronage capital	<u>24,926,540</u>	<u>25,350,049</u>
Total Equities and Margins	25,022,825	25,444,214

NON-CURRENT OBLIGATIONS:

RUS mortgage notes	15,753,393	16,130,703
RUS FFB notes	17,628,454	14,939,650
RUS Cushion of Credits (unapplied payments)	(17,744)	(113,428)
N.R.U.C.F.C. mortgage notes	8,209,628	6,191,825
Unamortized note discount	0	(258)
Accumulated provision of pensions & benefits	8,113,829	7,023,600
Less: current maturities—mortgages	(1,235,699)	(1,038,622)
current maturities—accumulated pensions & benefits	<u>(205,400)</u>	<u>(217,300)</u>
Total Non-Current Obligations	48,246,461	42,916,170

CURRENT LIABILITIES:

Current maturities of long-term debt	1,441,099	1,255,922
Accounts payable	3,160,481	2,904,954
Consumers' deposits	1,875,700	1,909,200
Other current and accrued liabilities	<u>840,129</u>	<u>811,101</u>
Total Current Liabilities	7,317,409	6,881,177

DEFERRED CREDITS

9,393 0

TOTAL LIABILITIES, EQUITIES AND MARGINS

\$ 80,596,088 **\$ 75,241,561**



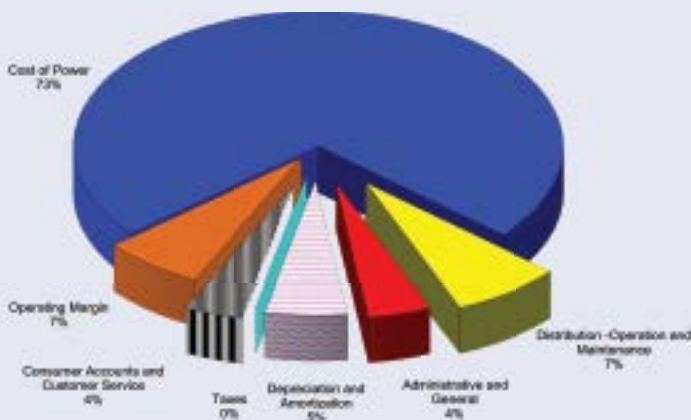
Customer service led the way in Tri-County EMC, receiving the second-highest American Customer Satisfaction Index (ACSI) score in the nation. We credit the passion and dedication of our employees for these outstanding results.

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

For the Years Ended October 31, 2015 and 2014

	2015	2014
OPERATING REVENUES	\$ 57,494,518	\$ 56,070,293
OPERATING EXPENSES:		
Transmission expense	31,609	16,250
Cost of power	41,663,333	38,765,433
Distribution-operation	1,612,227	1,752,131
Distribution-maintenance	2,605,456	2,428,648
Consumer accounts	1,582,735	1,697,212
Customer service and informational	619,972	796,866
Administrative and general	2,425,159	2,549,128
Depreciation and amortization	3,119,207	2,958,785
Gross Receipts Taxes	<u>0</u>	<u>1,039,314</u>
Total Operating Expenses	<u>53,659,698</u>	<u>52,003,767</u>
OPERATING MARGINS BEFORE FIXED CHARGES	3,834,820	4,066,526
FIXED CHARGES		
Interest on long-term debt	<u>1,696,144</u>	<u>1,749,218</u>
NET OPERATING MARGINS	2,138,676	2,317,308
NON-OPERATING MARGINS:		
Interest income	40,861	44,193
Patronage capital-received from associated organizations	200,451	240,757
Non-operating margins-other	<u>117</u>	<u>28,188</u>
Total Non-Operating Margins	<u>241,429</u>	<u>313,138</u>
Net Margins for Period	2,380,105	2,630,446
PATRONAGE CAPITAL-BEGINNING OF YEAR		
as previously reported	25,350,049	25,071,238
ASC 715-defined benefit plan	(556,400)	345,000
Retirement of capital credits	<u>(2,247,214)</u>	<u>(2,006,635)</u>
PATRONAGE CAPITAL-END OF YEAR	\$ <u>24,926,540</u>	\$ <u>25,350,049</u>

Tri-County serves Wayne, Duplin and Lenoir counties. The cooperative serves a small number of members in Johnston, Jones, Sampson and Wilson counties.



2015 AT A GLANCE

\$21,000

Scholarships awarded to local students

\$59,765.30

Grants funded to Bright Ideas Projects

\$1,945,814.34

Capital Credits Returned to Members

\$116,701.21

Given from Operation-Round Up

2,545

Miles of Energized Lines

25,683

Total Services

95,344

Hours TCEMC Employees worked without a lost-time injury

50

TCEMC Employees



J. Michael Davis,
General Manager

Management Staff

J. Michael Davis
General Manager

Ken Davis
Manager of Office Services,
Finance and Accounting

Tony Grantham, PE
Manager of Engineering

Bob Kornegay
Manager of Member
Services & Marketing

Deidra Locklear
Manager of Communications
& Public Relations

Mike Wood
Manager of Operations

Call Center

Angela Anderson
Kimberly Jackson

Yvonne Martin
Lucinda Newell

Employees

Karen Arnette
Aaron Barwick
Glenda Barwick
Andy Beavers
Robert Brogden
Jo Brown
Michael Buegeler
Taylor Coates
John Cozine
Paula Davis
Anthony Denning
Bill Fischer
Todd Harrell
Glenn Hester
Donna Hill
Daniel Hood
Brian Hope
Kourtney Humphrey
Pete Jones
William BJ Jones

Ralph Kelly
Jeff Kennedy
Parker Kennedy
Dana Lewis
Steve Mason
Ron Miller
Jerry Mozingo
Billy Newcomb
Ronald Outlaw
Charles Pate, Jr.
Leonard Person
Ricky Richardson
Denise Simmons
Earl Speight
Sean Sullivan
Brad Thigpen
David Thornton
Jeremy Whitfield
Kenneth Willoughby



Linemen

Front Row, L to R: David Thornton, Tony Grantham, Todd Harrell, William Jones, Leonard Person, Jerry Mozingo, Ken Willoughby, Robert Brogden, Bill Fischer, Brad Thigpen, Daniel Hood, Pete Jones, Ralph Kelly, Aaron Barwick, Earl Speight, Taylor Coates, Anthony Denning, Jeff Kennedy, Ronald Outlaw and Mike Wood.

Back Row, L to R: Mike Buegeler, Andy Beavers, John Cozine, Parker Kennedy, Ron Miller and Brian Hope.



Office Staff

Seated, L to R: Denise Simmons, Glenda Barwick, Kourtney Humphrey and Karen Arnette.

Front Row, L to R: Steve Mason, Donna Hill, Paula Davis, Jo Brown and Ken Davis.

Back Row, L to R: Deidra Locklear, Bob Kornegay and Sean Sullivan.



Service Men & Warehouse

L to R: Dana Lewis, Glenn Hester, Billy Newcomb, Charles Pate and Jeremy Whitfield.



BOARD OF DIRECTORS



President
Carl Kornegay, Jr.-
District 1 –
Duplin County



Vice President
Leland Heath, Jr.
District 3 –
Lenoir County



Secretary
William H. Farmer, Jr.
District 2 –
Wayne County



Treasurer
Worth Overman, Jr.
District 2 –
Wayne County



Keith Beavers
District 1 –
Duplin County



Dallace Grady
District 1 –
Duplin County



Jeff Henderson
District 2 –
Wayne County



Randy McCullen
District 2 –
Wayne County



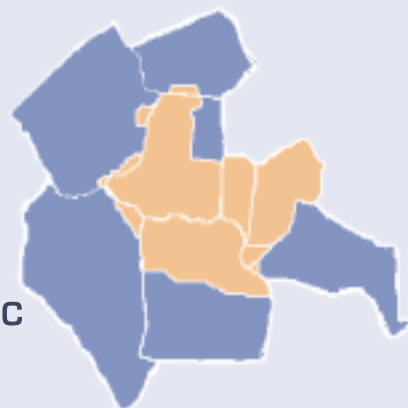
Jennings Outlaw
District 1 –
Duplin County



Brandy S. Rouse
District 3 –
Lenoir County



David Vinson
District 2 –
Wayne County



**TRI-COUNTY EMC
SERVICE AREA**

HOUSE WISH LIST

KITCHEN ITEMS

Individual Snacks & Chips
Sugar
Easy Mac
Canned Chicken
Brownie/Cake/Muffin Mixes
Canned Frosting
Paper Plates & Bowls & Disposal
Utensils
Pop Tarts
Microwave Popcorn
Fruit Cups
Coffee Creamer
Canned Pasta
Easy Noodle Soups
K Cups

HOUSEHOLD SUPPLIES

Sandwich Size Zippered bags
Deodorant
Umbrellas
Fabric Refresher
Antibacterial Wipes
Antibacterial Spray Cleaners
Laundry Detergent
Furniture Polish
White Bath and Hand Towels
Bath Mats
8 & 13 gallon Unscented
Trash Bags
White Flat & Fitted Sheets (Full)
White Standard Pillowcases

OFFICE SUPPLIES

Postage Stamps
Copier Paper

GIFT CARDS/CERTIFICATES

Wal-Mart
Food Lion
Harris Teeter
Target
Lowe's Home Improvement
Gas Cards
Staples/Office Depot

For the safety of our families, we ask that only new non-expired items are donated.



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 expanded its services! They now have a **SECOND** Ronald McDonald House inside the new 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 for \$70*

Many eastern North Carolina families with sick or injured children have benefitted from this "home away from home." Thank you for your support year after year!