



78 YEARS OF PUTTING  
YOUR SERVICE, SAFETY  
AND COMMUNITY FIRST.

# COOPERATIVE ADVANTAGE

## 2017 ANNUAL REPORT



*Tri-County EMC is committed to helping members live the cooperative advantage day in and day out. 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. We are committed to service reliability, safety, economic development and community generosity. The backbone of our organization is providing the same honest, trustworthy, and personalized service members have known since 1940.*



## **SERVICE RELIABILITY**

Tri-County EMC distribution system performed well in 2017, resulting in an available reliability of 99.97 percent for those situations within our control (excluding major storms and transmission supply outages). Even with the inclusion of major storm events and transmission supplier outages, our available reliability was a very respectable 99.97 percent. Tri-County EMC continues to monitor and upgrade our system to maintain the high level of service you've come to expect.

## **SAFETY**

Our driving and continual focus for the cooperative is the safety of our employees, our members, and the general public. The commitment to safety is reflected in the support of our board, management, and our employees. A number of years ago, Tri-County EMC implemented a safety committee focused on keeping employees and the community safe around electricity. We follow safety protocols based on leading national safety practices for the utility industry. In fact, our employees received national recognition for compliance with the Rural Electric Safety Accreditation Program in 2017. In addition to receiving national recognition, our employees worked 111,143 hours without a lost time injury. Please join us in ensuring you are taking action to remain safe in your daily activities.

## **COMMUNITY**

The Cooperative Advantage at Work — Operation Round Up! Our members continue to give back to their local communities. Lives are being changed through the small change donated each month by members who elect to "round up" their electric bill. In 2017, Operation Round Up provided more than \$100,000 in community assistance to individuals and organizations in our service area. Tri-County EMC also continues to be the leader in the state of North Carolina in providing funding to our students and teachers through our Bright Ideas Program. Educators in Duplin, Lenoir and Wayne counties received a total of \$84,063.63 in grant funding.

## **TECHNOLOGY**

We've all witnessed advances in technology in recent years. In 2017, Tri-County EMC empowered members with

the New Home Energy Advisor Tool. This tool enables our members to analyze energy use in the home as well as find areas of improvement to make their homes more energy efficient. Today, we currently have 7,003 members enrolled in our program.

Several years ago, Tri-County EMC implemented an advanced metering infrastructure (AMI) system. This primary technology upgrade has paid off for the cooperative. Service changes, remote connections and disconnections, and the reading of meters are now done from the office. This saves the cooperative and our members money because servicemen and meter readers do not have to travel to meters to make changes or obtain readings. In addition, programs and projects like AMI are aimed at improving service for our members while reducing the number of outages and the duration.

## **PROTECTING OUR MEMBERS**

While technology upgrades offer significant benefits to Tri-County EMC, we are also aware it can create new cybersecurity vulnerabilities and expand the risks associated with existing cybersecurity vulnerabilities. Cybersecurity challenges are increasing for all segments of American society, and we go to great lengths to ensure the security of both our members' data as well as the cooperative's data and operational systems. We have developed a cybersecurity protocol with continual monitoring and upgrading to ensure compliance with rules and regulations and ensure the protection, integrity and confidentiality of system and member information.

We believe that cooperatives make a better future for all of us. The fundamental principles upon which co-ops are built have served us well and will continue to offer guidance and strength. We share a close relationship with our communities that are unmatched in the energy industry. Here's to Tri-County EMC, and to the cooperative business model — a 19th century idea that is leading the electric industry through the 21st century, and 78 years is just the beginning!

**J. Michael Davis**  
General Manager

# 2017 AT A GLANCE

 2,598 Total miles of lines

 222,657 Calls answered, with 24,866 total active service

 418 New services connected

 1286 KWH Average monthly residential usage

 529,302,877 Total KWH sold

 99.97% Average service reliability

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 2.8 million Capital Credits returned to members

 \$37,500 Scholarships awarded to local students

 \$84,063.63 Grants funded to Bright Ideas Projects

 \$108,511.90 Given from Operation-Round Up

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 4,792 Facebook likes

 48 TCEMC employees

average service reliability

99.97%



# 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, 2017 and 2016 2017 2016

## ASSETS

### Utility Plant

Electric Plant in service—at cost	\$ 106,000,470	\$ 102,226,580
Construction work in progress	1,976,174	1,933,581
	<u>107,976,644</u>	<u>104,160,161</u>

Less: accumulated provision for depreciation and amortization	(37,813,343)	(36,175,870)
<b>Total Utility Plant (Net)</b>	<u>70,163,301</u>	<u>67,984,291</u>

### Other Property and Investments:

Notes receivable	2,533,488	100,000
Investments in associated organizations	<u>2,694,663</u>	<u>2,501,514</u>
<b>Total Other Property and Investments (at cost)</b>	<u>5,228,151</u>	<u>2,601,514</u>

### Current and Accrued Assets

Cash and cash equivalents	6,365,615	2,887,876
Restricted Cash—USDA	138,751	20,000
Accounts receivable—		
trade (less provisions for doubtful accounts of (\$948,704 in 2017 and \$1,040,301 in 2016))	4,689,227	4,380,943
Accounts receivable—other	2,450,241	625,554
Materials and supplies (at average cost)	436,660	389,597
Merchandising inventory (at cost)	8,674	8,773
Prepaid assets	<u>272,136</u>	<u>269,498</u>
<b>Total Current and Accrued Assets</b>	<u>14,361,304</u>	<u>8,582,241</u>

<b>Deferred Charges</b>	<u>107,834</u>	<u>43,383</u>
<b>Renewable energy credits (RECs)</b>	<u>540,689</u>	<u>498,622</u>
<b>Total Assets</b>	<u>\$ 90,401,279</u>	<u>\$ 79,710,051</u>

## EQUITIES and LIABILITIES

### Equities and Margins:

Memberships	\$ 97,900	\$ 96,305
Patronage capital	<u>29,169,684</u>	<u>25,239,962</u>
<b>Total Equities and Margins</b>	<u>29,267,584</u>	<u>25,336,267</u>

### Non-Current Obligations:

RUS FFB notes	24,862,786	17,291,930
RUS Cushion of Credits (unapplied payments)	(1,135,319)	(118,649)
NRUCFC mortgage notes	4,792,353	5,152,297
CoBank mortgage notes	14,191,832	15,036,446
NCEMC Economic Development Loan	188,333	0
Note payable - USDA - REDL Loan	1,983,051	0
Note payable - USDA - REDG Grants	418,767	100,000
Accumulated provision of pensions & benefits	9,332,400	10,824,200
Less: current maturities—mortgages	(1,993,253)	(1,546,591)
current maturities—		
accumulated pensions & benefits	<u>(270,200)</u>	<u>(217,300)</u>
<b>Total Non-Current Obligations</b>	<u>52,370,750</u>	<u>46,522,333</u>

### Current Liabilities:

Current maturities of long-term debt	2,263,453	1,763,891
Accounts payable	3,872,619	3,258,705
Consumers' deposits	1,820,226	1,837,915
Other current and accrued liabilities	<u>527,140</u>	<u>837,555</u>
<b>Total Current Liabilities</b>	<u>8,483,438</u>	<u>7,698,066</u>

<b>Deferred credits</b>	<u>279,507</u>	<u>153,385</u>
<b>Total Liabilities, Equities and Margins</b>	<u>\$ 90,401,279</u>	<u>\$ 79,710,051</u>



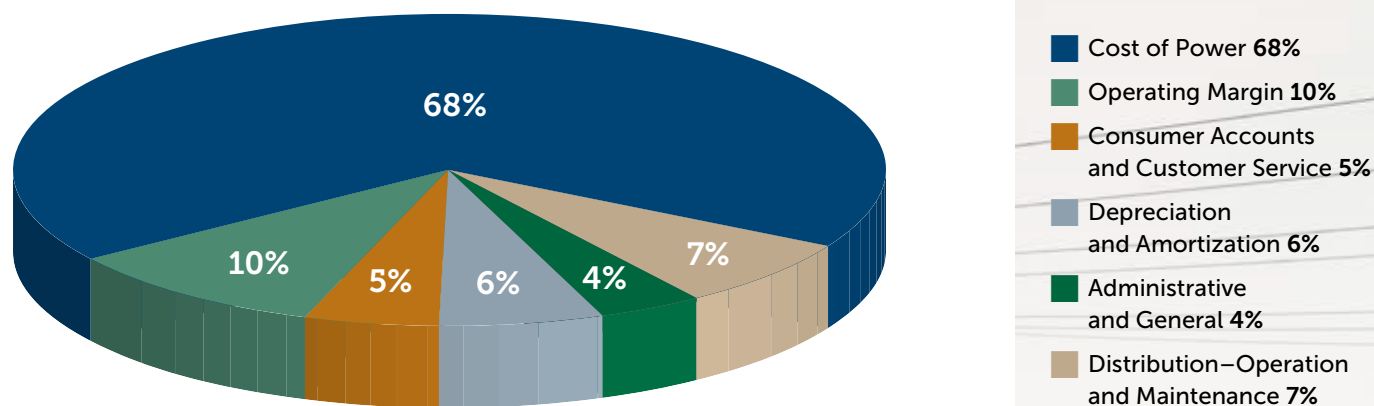


## STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

For the Years Ended October 31, 2017 and 2016	2017	2016
<b>Operating Revenues</b>	\$ 53,579,226	\$ 54,768,756
<b>Operating Expenses:</b>		
Transmission expense	49,713	129,272
Cost of power	35,624,429	36,942,573
Distribution—operation	1,624,456	1,627,368
Distribution—maintenance	2,696,394	2,677,917
Consumer accounts	2,001,750	1,614,773
Customer service and informational	774,963	742,754
Administrative and general	2,422,081	2,546,945
Depreciation and amortization	3,150,856	3,185,482
<b>Total Operating Expenses</b>	<u>48,344,642</u>	<u>49,467,084</u>
<b>Operating Margins Before Fixed Charges</b>	5,234,584	5,301,672
<b>Fixed Charges</b>		
Interest on long-term debt	<u>1,535,776</u>	<u>1,462,009</u>
<b>Net Operating Margins</b>	<b>3,698,808</b>	<b>3,839,663</b>
<b>Non-Operating Margins:</b>		
Interest income	106,132	39,479
Patronage capital—received from associated organizations	453,235	246,049
Non-operating margins—other	(311)	67
<b>Total Non-Operating Margins</b>	<u>559,056</u>	<u>285,595</u>
<b>Net Margins for Period</b>	<b>4,257,864</b>	<b>4,125,258</b>
<b>Patronage Capital — Beginning of Year</b>	25,239,962	24,926,540
ASC 715—defined benefit plan	2,461,600	(2,080,600)
Gain (loss) from equity investment	(6,748)	0
Retirement of capital credits	<u>(2,782,994)</u>	<u>(1,731,236)</u>
<b>Patronage Capital — End of Year</b>	<u>\$ 29,169,684</u>	<u>\$ 25,239,962</u>

## TRI-COUNTY ELECTRIC MEMBERSHIP CORPORATION

Operating Costs as a Percentage of Operating Revenues  
Year Ended October 31, 2017



# OUR EMPLOYEES

*Our valued employees are committed to service reliability, safety, economic development and community generosity.*

## 43 YEARS

**J. Michael Davis**  
GENERAL MANAGER

## 41 YEARS

**Glenda Barwick**  
ACCOUNTANT

## 29 YEARS

**Pete Jones**  
WORKING FOREMAN

## 28 YEARS

**Tony Grantham**  
MANAGER OF ENGINEERING

**Ronald Outlaw**  
EQUIPMENT OPERATOR

## 26 YEARS

**Jeff Kennedy**  
WORKING FOREMAN

**Dana Lewis**  
SERVICEMAN

**Denise Simmons**  
BILLING SPECIALIST

## 25 YEARS

**Ken Davis**  
MANAGER OF FINANCE  
AND ADMINISTRATION

## 24 YEARS

**Sean Sullivan**  
MEMBER SERVICES  
REPRESENTATIVE

## 23 YEARS

**Leonard Person**  
RIGHT-OF-WAY FOREMAN

**Kenneth Willoughby**  
TREE TRIMMER

## 21 YEARS

**Michael Buegeler**  
STAKING FIELD ENGINEERING  
TECHNICIAN

**William "BJ" Jones**  
EQUIPMENT OPERATOR

## 20 YEARS

**Anthony Denning**  
WORKING FOREMAN

## 19 YEARS

**Bill Fischer**  
WORKING FOREMAN

## 17 YEARS

**Bob Kornegay**  
MANAGER OF MEMBER SERVICES

## 15 YEARS

**Andy Beavers**  
LINEMAN

**Paula Davis**  
MEMBER SERVICES  
REPRESENTATIVE/CASHIER

**Brad Thigpen**  
TREE TRIMMER

**Jeremy Whitfield**  
PURCHASING AGENT/  
WAREHOUSEMAN

## 13 YEARS

**Todd Harrell**  
LINEMAN

**Ron Miller**  
STAKING FIELD  
ENGINEERING TECHNICIAN

## 12 YEARS

**Jerry Mozingo**  
LINEMAN

## 11 YEARS

**David Thornton**  
SYSTEM ENGINEER

## 10 YEARS

**Daniel Hood**  
LINEMAN

**Ralph Kelly**  
LINEMAN

**Ricky Richardson**  
WORKING FOREMAN

## 9 YEARS

**Jo Brown**  
ACCOUNTANT

## 8 YEARS

**Mike Wood**  
MANAGER OF OPERATIONS

## 7 YEARS

**Angela Anderson**  
CALL CENTER

**Aaron Barwick**  
LINEMAN

**Taylor Coates**  
SERVICEMAN

**Yvonne Martin**  
CALL CENTER

**Lucinda Newell**  
CALL CENTER

## 5 YEARS

**John Cozine**  
LINEMAN

## 4 YEARS

**Brian Hope**  
APPRENTICE LINEMAN

**Parker Kennedy**  
APPRENTICE LINEMAN

**Steve Mason**  
MEMBER SERVICES  
REPRESENTATIVE

**Charles Pate**  
WAREHOUSEMAN

## 3 YEARS

**Donna Hill**  
MEMBER SERVICES  
REPRESENTATIVE/CASHIER

**Kourtney Humphrey**  
MEMBER SERVICES  
REPRESENTATIVE/CASHIER

## 2 YEARS

**Deidra Locklear**  
MANAGER OF MARKETING  
AND COMMUNICATIONS

## 1 YEAR

**Dwayne Skinner**  
APPRENTICE TREE TRIMMER

**Timothy Wolfe**  
APPRENTICE LINEMAN

## NEW EMPLOYEES

**Barbara Burkin**  
MEMBER SERVICES  
REPRESENTATIVE/CASHIER

**Tamah Hughes**  
MANAGER OF  
INFORMATION TECHNOLOGY

**Lynn Walker**  
CALL CENTER



# 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

*The backbone of our organization is providing the same honest, trustworthy, and personalized service members have known since 1940.*



**Keith Beavers**  
DISTRICT 1—  
DUPLIN COUNTY



**Dallace Grady**  
DISTRICT 1—  
DUPLIN COUNTY



**Jeff Henderson**  
DISTRICT 2—  
WAYNE COUNTY



**Patrick Lynch**  
DISTRICT 3—  
LENOIR COUNTY



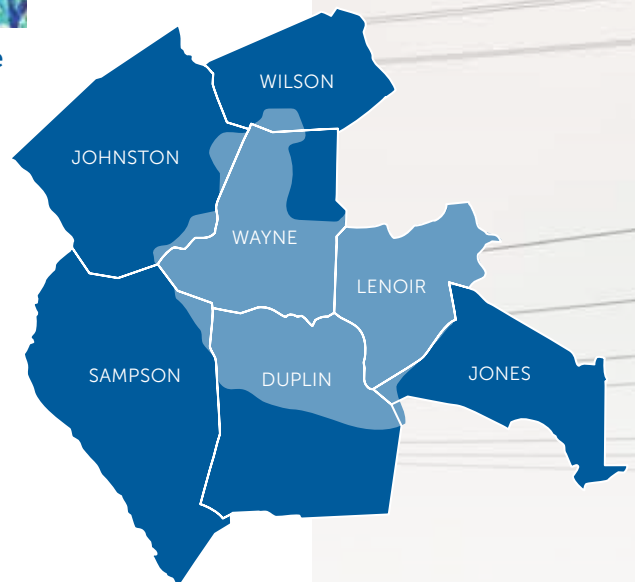
**Randy McCullen**  
DISTRICT 2—  
WAYNE COUNTY



**Worth Overman Jr.**  
DISTRICT 2—  
WAYNE COUNTY



**Brandy S. Rouse**  
DISTRICT 3—  
LENOIR COUNTY





## HOUSE WISH LIST

### Kitchen Items

Individual Snacks/Chips  
Kid-Friendly Cereal  
Baking Mixes  
Canned Frosting  
Canned Chicken  
Sugar  
K-Cups  
Grits/Oatmeal  
Mayo  
Artificial Sweeteners  
Canned Pasta  
Easy Noodle Soups  
Easy Mac  
Fruit Cup  
Iced Tea Bags  
Cooking Oil

### Household Supplies

8 & 13 Gallon Trash Bags  
Scrubbing  
Bubbles Cleaner  
White Bath Towels,  
Hand Towels  
White Flat & Fitted  
Sheets (Full Size)  
White Standard  
Pillowcases  
Clorox Wipes  
Office Supplies  
Postage Stamps  
Copy Paper

### For Our Families

Diapers & Baby Wipes  
Premie/  
Newborn Outfits  
Baby/Toddler Toys  
Puzzles, Books

### Gift Cards/Certificates

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

# GIVING BACK



## 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 six 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!

