

**YOUR COMMUNITY.  
YOUR POWER.  
YOUR SERVICE.**



**2021 ANNUAL REPORT**



## EXECUTIVE MESSAGE



*Board President  
Rebecca G. Cogan  
and CEO Eddie Oldham  
lead your cooperative  
in energizing members  
and the community.*

A strong community enjoys power that goes beyond keeping on the lights. Working together for the common good energizes everyone. Central Electric understands this. After all, the people we serve own this cooperative. We all need to bring our best in service to each member of the community as we focus on powering a brighter future.

As we all began cautiously embracing normal routines in 2021, we were happy to welcome members back to the office. Staff who had been working from home transitioned back to our headquarters in June. Improvements to our front lobby enhanced safety for walk-in visitors. But there were challenges. A general increase in costs hit our economy last year, driving up the prices of items needed to operate and maintain our power delivery system. Those higher costs — along with our commitment to keep uninterrupted power safely flowing to you — required a \$2 adjustment to your monthly basic facilities charge in May 2021.

However, the cost of wholesale power, which accounted for 59 cents of every dollar in expenses,

came in lower than projected. As a result, we passed along the savings to you through a wholesale power cost adjustment (WPCA) credit on your December bill. We also returned \$1.1 million in capital credits to member-owners who received service from us in 2001 or 2002.

Your cooperative is always looking for ways to add value to your membership. That's why we continued to listen as members expressed interest in renewable energy and sustainability in 2021.

One way we responded is through battery storage, a newer technology that delivers enhanced reliability and long-term cost savings. Last year, in partnership with the North Carolina Electric Membership Corporation (NCEMC), we began planning a battery storage facility at our Doc's Road substation near Spout Springs. NCEMC is deploying similar substation battery projects throughout the state. When demand for electricity is low, the batteries charge. The stored, lower-cost energy can be used during times when the demand for power — and its price — rises. The batteries will provide 40 megawatts of power, with Central Electric's project scheduled to come online in summer 2022.



(L) Pocket Volunteer Fire Dept. Chief David Nance accepts a \$3,000 grant made possible through members' voluntary contributions to Operation Round Up®. The funds provided payers for department volunteers. (R) As one of 10 substation batteries being deployed by North Carolina's electric cooperatives, this cutting-edge battery storage technology at our Doc's Road substation will enhance reliability for Central Electric members.

Innovative projects like this benefit everyone. Our work with other electric cooperatives across the state provides access to a larger network of resources and technologies, including renewables.

We're improving lives and keeping our communities strong in other ways, too. Your cooperative is attracting new businesses and jobs to the area. On the following pages, you'll learn more about how we're providing opportunities for tomorrow's leaders and supporting local nonprofits.

Members are also helping by rounding up their power bills to the next dollar through Operation Round Up®. Last year, nearly \$106,000 funded food pantries and other charitable organizations that assist neighbors in need.

Your cooperative remains committed to providing the electricity and services that power your life now and in the future. **This is your community, your power and your service.**

With a \$3,000 Operation Round Up® grant to the Outreach Mission of Sanford's new Street Outreach Program and the volunteer support of Central Electric employees — ranging from lineworkers to marketing and accounting staff — the agency's two Sanford locations are now more accessible.

The new ramps will accommodate individuals in wheelchairs and support Outreach Mission in helping more of the community's unsheltered homeless population.

"Many thanks to Central Electric members and employees for this double blessing to us!" said Hamer Carter, the organization's executive director. "We have a need to help get folks into our shelters who, either due to medical or age reasons, require wheelchair access. Our shelters were not equipped at the entryways to accommodate those individuals," he said.

"The Operation Round Up grant and the handicap ramps installed by the Central Electric team have been a big help to our shelter clients."



# YOUR COMMUNITY

At Central Electric, concern for community pulses through the cooperative as the heart and soul of our core principles. People inside and outside the cooperative demonstrated this in 2021. Members' voluntary contributions, through Operation Round Up®, supported 38 local nonprofits, groups and charities.

Bright Ideas grants totaling \$15,000 helped make innovative teaching projects a reality for 11 educators and their students. The "Give Us an A" program rewarded and recognized young

learners for outstanding grades, and six high schoolers each received a \$2,000 college scholarship.

When Cooperative Leadership Camp went virtual due to continued COVID-19 concerns, two local students represented Central Electric during a memorable online experience. These youth cultivated leadership skills, learned about the cooperative way of doing business and made lasting friendships with other participants across the state.



A \$1,500 Bright Ideas educational grant gives Benhaven Elementary's Paw Squad Program a boost. Fifth grade participants selected for the program become peer tutors, buddies, role models, academic assistants, and helpers for new students or for other activities at school.



**GIVING BACK**  
to the  
**COMMUNITY**

**Close to \$220,000**  
in Bright Ideas grants awarded to local educators since 1994

**More than \$853,500**  
donated by members through Operation Round Up® to help local organizations since 2013

**\$14.8 million**  
in capital credits returned to members over the last 13 years

## YOUR POWER



Members enjoy on-the-go convenience, whether it's getting a boost from the EV charger at our Sanford office location, visiting our drive-thru or using digital services available around the clock.

Both homes and businesses depend on uninterrupted, safe, affordable electricity. That electricity comes to you through a power delivery system that we must continually maintain and strengthen.

To reduce the top cause of outages last year, crews maintained equipment, trimmed trees and vegetation across 2,586 miles of power line. That's equal to the distance from our Sanford office to Los Angeles, California. Your co-op also upgraded and added new lines and equipment, as needed.

As always, we were available with information and answers for members interested in renewable energy,

including electric vehicles. Our team continued developing helpful tools and special rates for members making those transitions.

We're also part of a "Brighter Future" initiative, along with other electric cooperatives in the state, that aims to cut carbon emissions in half by the end of this decade and reach net-zero emissions by 2050. Your cooperative continues to explore new technologies that best fit your needs. While adding more emissions-free energy to our power supply mix, we will always work to ensure reliability and affordability for you.

## YOUR SERVICE



Members have told us they want energy-saving tools and convenient, 24/7 services that help reduce monthly bills. That's why we offer rebates, residential energy audits and energy-saving tools for reducing energy use and bills. Our digital services also provide ways to stay connected.

Nearly half of our members used the online member portal to pay bills and easily manage their account. Popular on-the-go tools included our Outage Texting service and mobile app.

About 150 members enrolled in energy-efficiency programs last year. Our energy advisors and website remained trusted resources for information about rooftop solar, electric vehicles (EV) and special EV rates.

**Nearly 16,000 members**

are enrolled in Outage Texting

**More than 9,000 members**

access their accounts through  
the online member portal

**8,000 mobile app  
downloads**

# FINANCIAL REPORTS

The Balance Sheet shows total assets increased by more than \$2.46 million during 2021. This raised the value of assets to more than \$124 million. Central Electric's membership fees, patronage capital and other equities totaled \$60,319,813.

This member-furnished capital represents 48.60% of Central Electric's assets. These funds are invested in Central Electric's utility plant (lines, transformers, poles, trucks, etc.) to help ensure a reliable power delivery system.

The Statement of Operations shows operating revenue increased 3.57% from 2020. The total cost of supplying electric service increased 5.38% from 2020. Wholesale power, the largest expense, represented 60.24% of all expenses.

As a cooperative, operating margins (difference between revenue and cost of service) are posted to each member's capital credits account. In 2021, operating margins were 1.89% compared with 3.58% in 2020.

The average number of consumers served increased from Jan. 1, 2021 to Dec. 31, 2021 by 1.29% as compared with 1.28% in 2020. The 2021 monthly average residential kilowatt-hours (kWh) sold per account was 1,335 kWh.

## KEY STATISTICS

At Year Ending	2021	2020	2019	2018	2017
Miles of Line Energized	2,586	2,564	2,546	2,531	2,517
Number of Consumers Served	23,696	23,394	23,098	22,840	22,681
Average Consumer kWh/month used	1,335	1,253	1,315	1,388	1,268

## THE COST OF WHOLESALE POWER

**2021**

\$33,192,104

**2020**

\$31,807,029

**2019**

\$35,269,329

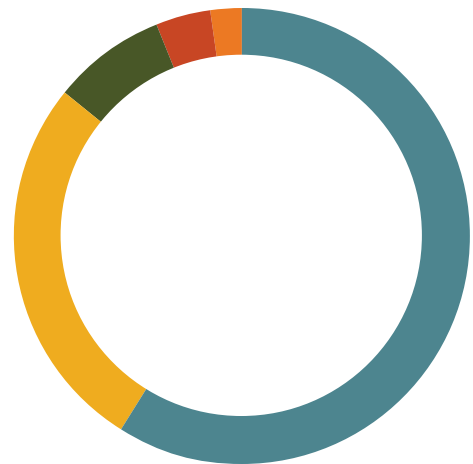
**2018**

\$35,486,166

**2017**

\$31,155,853

## HOW YOUR DOLLAR WAS SPENT IN 2021



- Cost of Purchased Power (59%)
- Operations Expense (27%)
- Depreciation (8%)
- Interest Expense (4%)
- Total Operating Margins (2%)

The simplified Balance Sheet and Statement of Operations in this report for the 2021 and 2020 calendar years should assist members' review of the cooperative's financial condition. The accounting firm of Adams, Jenkins, and Cheatham completed its audit of the cooperative in April 2022. Copies of the report are available online at *CEMCPower.com* and at the Central Electric business office. The report shows Central Electric is financially sound.

<b>BALANCE SHEET as of Dec. 31</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS:</b>		
Electric Plant at Original Cost	\$138,894,982	\$132,723,756
Construction Work in Progress	116,539	217,720
Less Depreciation	(46,935,989)	(44,021,315)
Investments/Association Organizations	20,196,883	17,603,321
Cash	1,570,155	1,536,307
Temporary Investments	255,222	1,280,219
Notes Receivable	184,392	197,802
Accounts Receivable	6,998,068	8,740,511
Material and Supplies	1,189,163	1,078,438
Prepayments and Accrued Assets	124,840	121,084
Regulatory Assets	1,499,223	2,142,024
Deferred Debits	18,401	28,065
<b>Total</b>	<b>\$124,111,878</b>	<b>\$121,647,932</b>
<b>LIABILITIES:</b>		
Long Term Debt	\$45,204,693	\$46,269,224
Consumer Deposits	1,334,583	1,518,380
Notes Payable	1,024,421	0
Accounts Payable	3,571,508	4,561,216
Accumulated Operating Provisions	5,289,410	5,270,478
Current Maturities Long Term Debt	3,131,438	3,057,954
Other Liabilities	4,236,014	4,118,717
Membership Fees	103,675	102,635
Patronage Capital & Other Equities	60,216,138	56,749,328
<b>Total</b>	<b>\$124,111,878</b>	<b>\$121,647,932</b>

<b>STATEMENT OF OPERATIONS as of Dec. 31</b>	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUE</b>	\$56,167,200	\$54,233,408
<b>EXPENSES:</b>		
Cost of Purchased Power	33,192,104	31,807,029
Transmission Expense	34,177	140,951
Distribution Expense-Operations	3,743,261	3,601,258
Distribution Expense-Maintenance	3,219,378	2,931,288
Consumer Accounts Expense	1,555,266	1,343,387
Consumer Service & Information Expense	610,249	710,445
Sales Expense	204,754	234,056
Administration & General Expense	5,436,940	5,287,428
Depreciation & Amortization Expense	4,636,173	4,218,174
Taxes	0	0
Interest on Long Term Debt	2,472,009	2,019,169
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$55,104,310</b>	<b>\$52,293,185</b>
<b>OUR MARGINS:</b>		
Operating Margins	\$1,062,890	\$1,940,223
Non-Operating Margins	3,767,259	2,374,761
<b>TOTAL MARGINS</b>	<b>\$4,830,149</b>	<b>\$4,314,984</b>

## MONEY BACK



As a member and an owner of Central Electric, you receive a unique benefit that you can "take to the bank."

Since we are a not-for-profit electric utility, a percentage of revenue left after paying expenses is returned to members in the form of capital credits. That means members get a share of what's left over after expenses are paid and some funds are set aside for emergencies and the future. In 2021, the cooperative returned \$1.1 million in capital credits to members who received service during 2001 and/or 2002, bringing the total returned to more than \$14.8 million since 2009.

# YOUR BOARD OF DIRECTORS



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**TOMMY DALRYMPLE**  
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**JAMES B. BROOKS**  
SECRETARY-TREASURER



**W. PHILLIP THOMPSON**  
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**DR. NANCY HOLMES**



**HENRY OUTZ**



**TIMOTHY PRIEST**



**HENRY RANDOLPH**



**Central Electric**  
Membership Corporation

A Touchstone Energy® Cooperative

