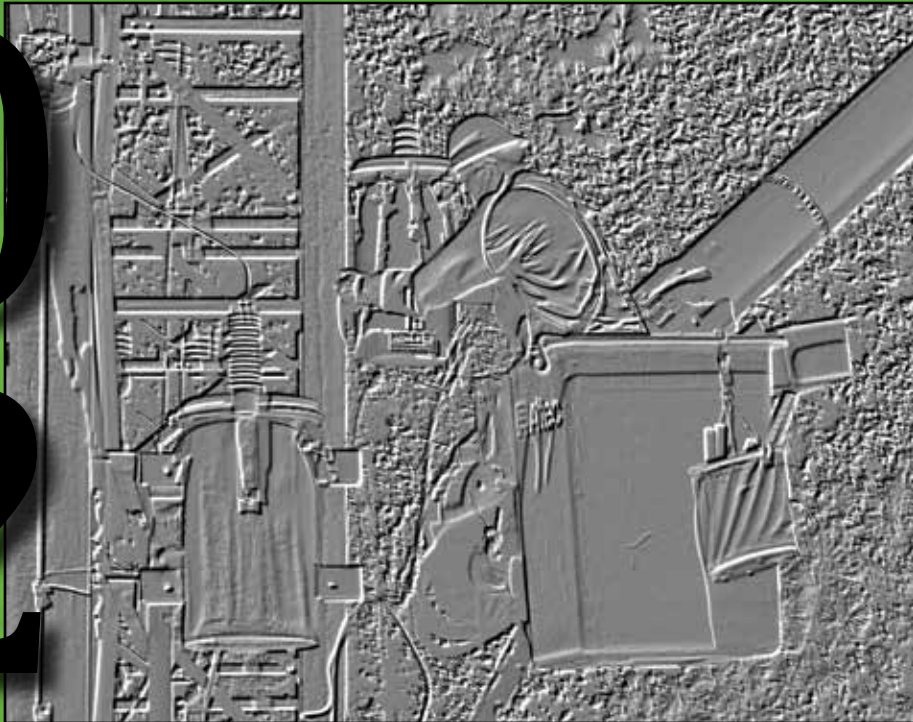


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# Resilience

# CEO's Message



## Resilience: An Essential Quality for an Electric Cooperative

Chris M. Spears, Executive Vice President & CEO

As we consider resilience in light of the past year, I believe it has been beneficial to be proactive, flexible and determined. Additionally, our mission statement has served as a guide to help us make sure that we remain focused on what is truly important. Personally, I would add that prayer has been, and remains, essential.

The mission statement of South River EMC speaks of providing safe, reliable and competitively priced electric service along with being committed to excellence and dedicated to high standards. To summarize, we must operate safely, provide reliable power and keep it affordable. Additionally, we must conduct the business of the Cooperative with integrity.

Abiding by these principles has helped South River EMC as we have navigated through the COVID-19 storm in 2020. As always, our top priority is to keep everyone safe. Protecting the health of members and employees became more elevated than ever as the nation and the world responded to the pandemic. In less than three weeks, beginning in March of 2020, a major effort took place whereby most of the office employees were set up to work from home. I have high praise for the IT team who helped to make that happen. Rotations in and out of the office have continued for many of the office

employees. Servicemen, Staking Engineers and Field Service Representatives began reporting to work directly from their homes instead of coming into the office each morning. In an effort to limit the spread of the COVID-19 virus between line crews, so that they could be available to “keep the lights on,” they began meeting at substations and worked, as much as possible, separate from other crews. COVID-19 protocols were developed with guidance from the Centers for Disease Control and the North Carolina Department of Health and Human Services. Hand sanitizer, masks and more have been, and continue to be, provided. At different times over the last year, the lobbies have been closed but we have accepted appointments since June. Additionally, we began offering virtual appointments and added a live-chat feature to our website. The drive-through windows have remained open with the exception of a few weeks in the spring of 2020.

Concerning reliability, we moved forward with system improvements, planned maintenance and upgrades. Our Linemen responded to outages as they always do and restored power as safely and quickly as possible. We also assisted some other cooperatives with power restoration efforts related

to major storms, which took place on the coast and in the western part of the state.

South River EMC utilizes the System Average Interruption Duration Index (SAIDI) to benchmark reliability. SAIDI measures minutes that the average member is without power in a given year. Excluding major events such as a hurricane, South River EMC has achieved a 38.25 percent reduction from the average SAIDI for the previous five years.

**“I believe South River EMC has succeeded at being resilient this past year, primarily by abiding by our mission.”**

With respect to electric costs and affordability, the Cooperative has also gone more than seven years without a rate increase, and yet the Cooperative has absorbed millions in major expenses related to coal ash clean up and a wholesale power increase during that same period of time. We do not anticipate a rate adjustment in 2021. However, the cost of the electricity is anticipated to increase, and could result in a rate adjustment in 2022. Nonetheless, I can assure you that we will seek to limit the impact on the members.

To assist members struggling, due to the COVID-19 pandemic, South River EMC stopped disconnecting for non-pay, before being mandated to do so. We supported the moratorium on disconnects and are allowing members even more time than required by

Executive Order to pay COVID balances. Capital Credits were also retired earlier in the year to assist those who could use some extra help sooner, than later.

Being the best we can be for our members is always at the forefront of everything we do. That is why we take member satisfaction seriously. We utilize the American Customer Satisfaction Index (ACSI) to track member satisfaction. Throughout the pandemic, our ACSI scores were between 86 and 87. As a comparison, the top electric investor-owned utility had an ACSI score of 76, and the top municipal utility had an ACSI score of 73. Overall, satisfaction at the end of the year, based on a scale of 1 to 10 with 10 being the highest, was 9.06, which is even more confirmation that the Cooperative has been performing well and meeting member expectations. I applaud our employees for the excellent service that they provide to our members and I trust that you do as well.

I believe South River EMC has succeeded at being resilient this past year primarily by abiding by our mission. It has been a team effort as we have kept the faith and continued to move through the COVID-19 storm together. I truly appreciate the patience and understanding shown by our members during this time.

As I conclude, I want to express my appreciation for the opportunity to serve as your CEO. Please feel free to reach out to me if I can be of assistance. You can email me at [CEO@sremc.com](mailto:CEO@sremc.com) or call me at the office at 910-892-8071.

# Finances

## Assets

Electric Plant at Original Cost	\$279,786,741
Less Depreciation	<u>(71,099,155)</u>
Net Plant	<b>\$208,687,586</b>
Cash	6,540,690
Investments	31,179,752
Accounts Receivable	14,715,044
Materials and Supplies	3,690,724
Prepayments, Accrued Assets & Deferred Debits	<u>205,499</u>
Total Assets	<b>\$265,019,295</b>

## Liabilities

Long Term Debt	\$108,300,336
Consumer Deposits	2,637,752
Accounts Payable	7,647,711
Deferred Credits	5,465,935
Other Liabilities	32,869,986
Membership Fees	50,675
Patronage Capital Other Equities	<u>108,046,900</u>
Total Liabilities	<b>\$265,019,295</b>

## Operating Statement

Operating Revenue & Patronage Capital Expenses	<b>\$ 95,841,529</b>
Cost of Purchased Power	58,858,122
Distribution Expense Operations	1,837,421
Consumer Accounts Expenses	2,778,939
Customer Service and Information Expenses	2,598,019
Administration General Expenses	5,232,244
Maintenance Expenses	5,993,376
Depreciation Amortization	8,655,506
Taxes	1,581,123
Interest on Long-Term Debt	<u>3,711,464</u>
Total Cost of Electric Service	<b>\$ 91,246,214</b>

## Margins

Operating Margins and Patronage Capital	\$ 4,595,315
Non-Operating Margins	151,213
Other Capital Credits and Patronage Dividends	<u>2,300,891</u>
Total Operating and Non-Operating Margins	<b>\$ 7,047,419</b>

\*Unaudited