




Here for You

2019 ANNUAL REPORT



Four County Electric
Membership Corporation

A Touchstone Energy Cooperative 



Your Cooperative had an excellent year in 2019, finishing in a strong competitive position.



This report is for you, designed to provide you with the facts and figures on the operation and financial health of your Cooperative. While this information is beneficial, our commitment to you goes beyond numbers and statistics. We are here for you, providing affordable, reliable electricity and striving to meet the needs of our members and the communities we serve.

Revenues from the sale of electricity totaled \$97,348,396, which is a 0.73% increase from 2018. More than \$2.9 million was returned to members in the form of capital credit checks. In addition, excess margins in 2019 allowed for an additional \$3.6 million to be returned to members in the form of a Wholesale Power Cost Adjustment (WPCA) credit, which was shown on members' electric bills in December 2019.

The Cost of Power

In 2019, the total cost of purchased power was more than \$67 million. Roughly 69 cents of every dollar collected went to pay for wholesale purchased power. Four County EMC receives its power from the North Carolina Electric Membership Corporation (NCEMC), which provides electricity to electric cooperatives across the state. NCEMC receives power from the Catawba nuclear plant in York, S.C., where it is a partial owner, from natural gas turbine generators in Anson and Richmond counties, and also from the open market.

Margins & Member Ownership

Margins in 2019 totaled \$4,591,479. Members enjoy strong ownership of the cooperative with 42.39 percent equity in this \$216 million business.

Long-Term Debt & Interest

We made principal and interest payments of \$10.2 million to Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank. Interest expense increased \$400,000 from 2018.

Plant Maintenance & Service Reliability

Your Cooperative's system is well maintained with an emphasis on preventive maintenance. In continuing to work for you, we spent more than \$12 million last year to improve our electric delivery system. The average outage time per member in 2019 was 2.45 hours.

Four County EMC Service Area

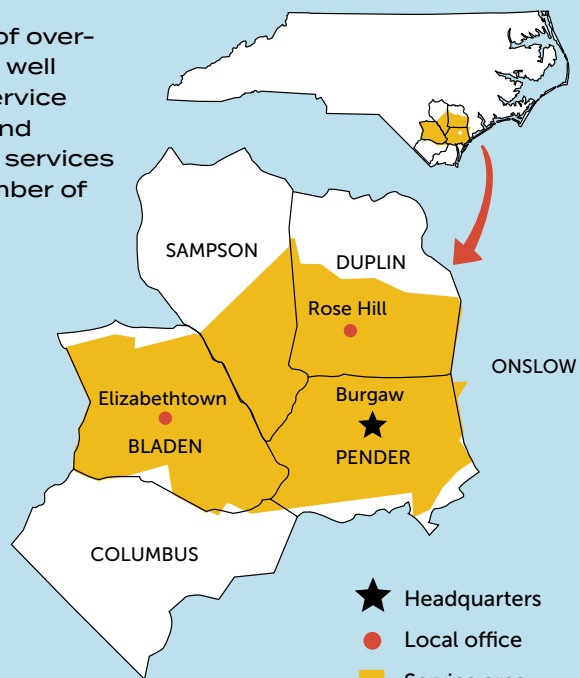
As of year-end 2019, more than 5,000 miles of overhead, underground and transmission lines, as well as 31 substations, provided reliable electric service to 32,701 services in Bladen, Duplin, Pender and Sampson counties. That's an increase of 692 services from 2018. The co-op also serves a small number of services in Columbus and Onslow counties.

Keeping the Lights On



2019 was a good year—
Your lights were on

99.97%





A year after Hurricane Florence devastated our area, Four County braced for another hurricane. On September 6, Hurricane Dorian skirted our service area as a Category 2 Hurricane. Approximately 6,600 members were without power but all outages were restored the same day. Thanks to planning and preparations learned from previous hurricanes, restoration efforts ran efficiently.

Are You a Co-op Voter?

As member-owned electric cooperatives, voting is already in our DNA. It's how we maintain an electric utility that is responsive to the consumers it serves. Voting also plays a crucial part in our representative democracy. Federal, state and local elections offer an opportunity to exercise a civic responsibility -- to select the best leaders for our communities.

This year is going to be a big one, with the possibility of unprecedented voter turnout. Co-ops must find a way to ensure that elected officials in our communities understand the issues we face.

When voters miss the chance to vote, they also lose the opportunity to communicate their concerns to our leaders about the issues that matter to us, where we work, live, and raise families.

Reliable and affordable electricity, rural infrastructure and access to rural broadband are just a few of the issues we all care about. These issues will only become priorities if we continue to express our

concerns to our elected officials. Registering to vote and showing up to the polls on Election Day are the most effective ways to send this message.

When we go to the polls with the cooperative principle of "Concern for Community" in mind, we instantly improve our political system. It's a system designed to produce a government "of the people, by the people and for the people." People like you and me.

Four County EMC has, once again, joined America's electric cooperatives in continuing the Co-ops Vote campaign to help get out the vote and insert issues important to co-ops and our communities into the public discussion. This effort will ensure that our voices are heard loud and clear every day, and especially on Election Day.

We have an opportunity to continue the dialogue with a variety of candidates this year, and now is the perfect time to ask, "what will you do to ensure we continue to have affordable and reliable electricity in our community?"



S. FRANKLIN WILLIAMS
President



This is a perfect time to confirm your voter registration is valid and encourage any new voters to register. 2020—It's a great time to go vote!

For information on how to register and vote, visit the Co-ops Vote website: www.vote.coop. You can also find voting and candidate information on our "NC Co-ops Vote" Facebook and Twitter pages.

Co-ops Vote is a non-partisan program developed by the National Rural Electric Cooperative Association (NRECA), the national service organization that represents the nation's more than 900 private, not-for-profit, consumer-owned electric cooperatives. With your vote, you will join 42 million other members across the nation to ensure that electric co-ops are a powerful voice on national issues that have a local impact.

If you have any questions, please visit www.vote.coop or contact us directly at 888-368-7289. I hope to see you at the polls! **Register by October 9 to vote in November!**

Economic and Community Development

Four County provides technical and resource assistance for economic and community development to help create new jobs; reduce unemployment and underemployment; and improve the quality of life of citizens. We will continue to work with our local communities to build a brighter future.

Last year, Four County EMC received two United States Department of Agriculture Rural Economic Development grants which helped us provide zero-interest loans to assist local communities regarding economic and community development:

- ▶ **\$300,000 loan to the Town of Dublin** to purchase a fire truck pumper tanker.
- ▶ **\$300,000 loan to the Town of Burgaw** to purchase a fire truck pumper tanker.

Four County also provided three revolving loans to assist local communities regarding economic and community developments:

- ▶ **\$300,000 loan to Pender County** for the purchase of 6,520 sq. ft. building and a 5,000 sq. ft. building that provided additional classroom space for new technical training programs.

- ▶ **400,000 loan to Bladen's Bloomin' Agri-Industrial, Inc.** for the construction of a 10,292 sq. ft. incubator which allowed a local industry to expand.
- ▶ **\$300,000 loan to Bladen's Bloomin' Agri-Industrial, Inc.** for the up-fit of a 26,490 sq. ft. incubator that provided space for consolidation of two industrial operations.

Number of new service lines in 2019 **933**

Programs, Services & Technology *by the numbers*

PREPAY ADVANTAGE

3,949 members

pay for electricity as they use it with our PREPAY ADVANTAGE PROGRAM.

This "pay before use" program is an alternative to traditional monthly billing that allows participants to determine how much and how often they pay. You are in control with Prepay Advantage; you pay for electricity how and when you choose, the same way you buy groceries or gasoline.



Four County donated **\$1,000** in FANS to facilities in our communities that serve elderly citizens.



95,058 payments

were made using our MOBILE APP. The Four County mobile app makes it easy to manage your account on-the-go.

We paid \$30,250

to 340 members in ENERGY STAR REBATES. With documentation and proof of purchase, members who purchase a qualified ENERGY STAR appliance may take advantage of the Cooperative's ENERGY STAR \$50 rebate program.



We paid \$24,575

to 78 members in HEAT PUMP REBATES. Heat pump rebates are available for any member installing a 16 SEER or greater heat pump.



74 members received COMFORT LOANS for a total of **\$391,086**

Four County offers loans to qualifying members to aid in the purchase of a new heat pump.



8,214 members

received at least one USAGE ALERT. Usage alerts and reminders help members stay on a budget and eliminate surprises on their bill.



\$500 rebates

were offered to the first 10 members who purchase an electric vehicle.



Bright Ideas winner



Youth Leadership Weekend



Basketball Camp participants



Youth Tour participant



Operation Round-Up recipient

Commitment to Community

Bright Ideas

Last year, this program awarded \$19,860 to 19 teachers to fund innovative classroom projects that benefitted more than 3,000 students in Bladen, Duplin, Pender, and Sampson counties.

Youth Leadership Weekend

Four County hosted 20 high school juniors at Youth Leadership Weekend at Camp Kirkwood in Watha. Students participated in individual and group activities

designed to teach team building and leadership skills. Two \$1,000 scholarships were also awarded.

Basketball Camp

Four County EMC sent two middle-school students to all-expense-paid summer basketball camps.

Operation Round-Up

Awarded \$73,842 in Operation Round-Up grants to local non-profit organizations and members in crisis situations.

Youth Tour

Sent a participant from Youth Leadership Weekend to Youth Tour in Washington D.C. The winner was chosen by his peers as the most outstanding leader at camp.

Scholarships

Awarded a total of \$10,000 in scholarships to students through the scholarship foundation of the four community colleges in our service area.

Community Involvement *by the numbers*



\$25,000 donated

for improvements to the Kelly dike system which failed during Hurricane Florence. With this donation, the wooden bulkhead will be rebuilt with a stronger concrete structure and the dilapidated floodgates will be replaced.



12 community meetings

were held to help keep members informed on the cooperative's programs and services.

Engineering and Operations System Upgrades

Four County EMC is continually upgrading, maintaining and applying the latest technology to improve the electric system's performance and efficiency.

▶ Substantial improvements were made at our Powell 230 kV to 69 kV point of delivery with the replacement of 35+ year old equipment and relaying with new, state of the art equipment.

▶ Added a 69 kV Circuit Switcher to the Waycross substation to improve reliability.
▶ Made numerous system improvements to reduce the adverse effects of flooding from hurricanes.

EUGENE JORDAN
Secretary-Treasurer

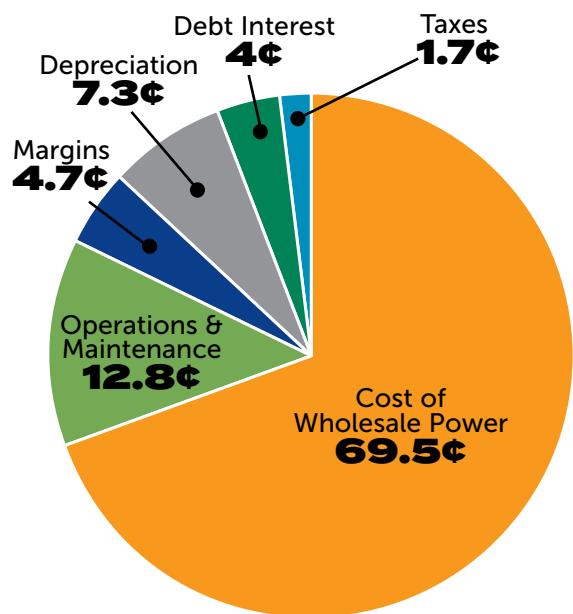


The following financial statement details the financial condition of Four County EMC upon close of business December 31, 2018 through 2019.

The financial statements were audited by Brown Edwards and Company, LLP, a certified public accounting firm in Roanoke, Va. They may be referenced at the Four County EMC headquarters in Burgaw.

Please take a moment to review these figures. Your cooperative's financial situation is stable with assets valued at over \$216 million and members holding 41.33 percent equity ownership. We should all be proud of the cooperative's financial strengths.

How Your Dollar Was Put to Work in 2019



Key Comparisons

	2018	2019
Revenue from Electricity	\$96,643,744	\$97,348,396
Margins	\$5,966,811	\$4,591,479
Members' Equity	\$88,180,845	\$89,346,997
Total Active Services	32,009	32,701
Kilowatt Hour Sales	959,993,511	968,919,313
Revenue per kWh (cents)	10.32	9.64
Average residential kWh monthly use per member	1,304	1,272

2019 Financial Statement

2018

2019

What We Took In

Operating revenue	\$96,643,744	97,348,396
Non-operating revenue and capital credits	3,391,440	3,457,946
TOTAL	\$100,035,184	\$100,806,342

What We Paid Out

Payroll, property and other taxes	\$1,599,662	\$1,612,261
Purchased power	64,916,013	67,612,910
Depreciation of plant and equipment	6,956,547	7,098,572
Interest on long-term debt	3,452,588	3,853,123
Operation, maintenance and other expenses	17,143,563	16,037,997
TOTAL	\$94,068,373	\$96,214,863

What We Had Left

Net margins for year (patronage capital)	\$5,966,811	\$4,591,479
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Assets

Value of net plant	\$161,327,058	\$166,933,384
Other investments valued at	24,048,834	25,522,022
Cash and temporary Investments	5,513,975	9,721,119
Accounts and notes owed to us	16,158,485	6,589,312
Materials and supplies	1,530,302	1,685,641
Other current and accrued assets	3,913,848	3,985,747
Deferred debits	2,240,881	1,944,076
TOTAL ASSETS	\$214,733,383	\$216,381,301

Liabilities

We owe RUS, CFC and others on long-term liabilities	\$110,315,267	\$111,807,014
We are holding deposit fees amounting to	1,165,947	1,216,317
We owe notes and accounts payable amounting to	6,092,489	8,176,874
We have allocated and unallocated margins amounting to	88,180,145	89,436,997
We have deferred credits and other liabilities amounting to	8,979,535	5,744,099
TOTAL LIABILITIES	\$214,733,383	\$216,381,301

Benefits of Being a Member

We returned more than
\$2.9 million
in Capital Credits in
the form of a check
or bill credit.



We returned approx.
\$3.6 million
to our members in a
WPCA bill credit.



In October 2019, Four County broke ground for new district offices in Elizabethtown and Rose Hill. The new office buildings will replace the 55-year old buildings in the two districts. The projects are expected to be completed by the fall of 2020.



Board of Directors

Seated (l-r): S. Eugene Jordan, Secretary/Treasurer, West Pender Directorate District; S. Franklin Williams, President, West Duplin Directorate District; Bertice L. Lanier, Vice President East Pender Directorate.

Standing (l-r): Steven Matthis, West Sampson Directorate District; Carlton Raynor, East Duplin Directorate District; Clayton Hollingsworth, At-Large Member; R. W. Blanchard, Jr. East Sampson Directorate District; Ronald J. Allen, West Bladen Directorate District; Kenneth Thornton, Jr., East Bladen Directorate District; and Arlester Fullwood, At-Large Member.

Executive Staff

Mitchell L. Keel
Chief Executive Officer

Greg Sager
*Vice President
Member Services*

Gary Chitwood
*Vice President
Finance & Accounting*

Gregg Cohn
*Vice President
Engineering*

Scott Cook
*Vice President
Operations*

Don Gatton
*Vice President
Human Resources*

Anthony Kent
*Vice President
Information
Technology*



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