

Powered by our *members*

2019 ANNUAL REPORT



Piedmont Electric
Membership Corporation

Your Touchstone Energy Cooperative 

www.pemc.coop | 800.222.3107



Membership matters

At Piedmont Electric, members matter. As your local electric cooperative, we are constantly striving to better serve you.

Each and every year, we work hard to keep costs down, provide reliable service and offer energy and money saving programs all while delivering top notch member service.

Our members are more than numbers, addresses, dollars and kilowatts, they are friends, family and neighbors. That's one of the things that makes Piedmont Electric different than other power providers. We are run by our members, for our members.

We've had the honor of serving you this past year and we look forward to exceeding your expectations this next year and for many more to come!

Stephen B. Hamlin
President and Chief Executive Officer



Bill Barber
Chairman of the Board

Here to serve you

Thank you for your support of Piedmont Electric. As board chairman these last few years, I have had the distinct honor of helping guide the cooperative along with my fellow board members.

Each board member is also a member of Piedmont Electric and was elected by the membership to represent their local communities. We are here to serve you!

We are proud of what Piedmont Electric has accomplished this past year and excited for what comes next. On behalf of the board of directors and the Piedmont Electric staff, I present to you our 2019 annual report.

Financials



Richal Vanhook
Board Treasurer

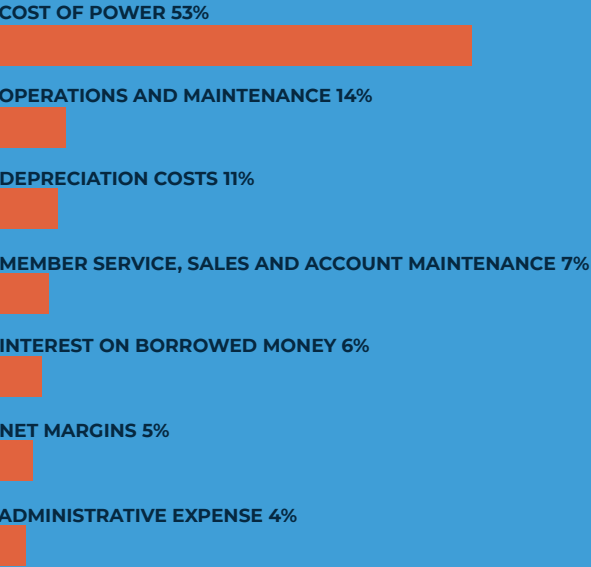
McNair, McLemore, Middlebrooks & Company, of Macon, Georgia, audited the Consolidated Financial Statements as of December 31, 2019 and 2018. The auditors have issued an unqualified opinion on those statements. The complete Independent Auditor's Report

is available for inspection at the cooperative's headquarters office in Hillsborough, North Carolina.

The Consolidated Balance Sheets and Consolidated Statements of Operations contained in this report are derived from the audited financial statements and reflect a continued strong financial position.

Until retired as capital credits, our 2019 total margins of \$3,194,640 will be used to upgrade and expand Piedmont Electric Membership Corporation's electric system to provide you, our members, with optimum service.

HOW YOUR DOLLAR IS SPENT



CAPITAL CREDITS reflect each member's ownership in Piedmont Electric. Any margins or revenues related to the sale of electric service remaining after all expenses have been paid are allocated to the co-op members in proportion to their total bills. The allocation factor, which determines your share of the co-op's margin for 2019, is 5.12%.

EXAMPLE

Year 2019 Allocation	5.12%
Excluding Sales Tax, if Your Total Bills Are	\$500
Your Capital Credit Allocation Will Be	\$25.60

CONSOLIDATED STATEMENTS OF OPERATIONS		2019	2018	CONSOLIDATED BALANCE SHEETS		2019	2018
Operating Revenues	\$63,097,907		\$64,153,821	Assets			
Operating Expenses				Total net utility plant	\$171,662,446		\$166,910,939
Cost of power	\$34,265,780		\$36,455,625	Other property and investments	16,260,651		16,457,154
Other operating expenses	16,197,970		15,706,239	Current assets	10,033,275		10,485,961
Net operating margins	12,634,157		11,991,957	Prepaid expenses and deferred charges	2,283,832		2,330,496
Depreciation	(7,200,828)		(6,914,024)		\$200,240,204		\$196,184,550
Interest	(4,279,577)		(4,182,063)	Members' Equity and Liabilities			
Net non-operating margins	2,040,888		2,142,865	Members' equity	\$63,432,407		\$61,660,197
Total Net Margins	\$3,194,640		\$3,038,735	Noncurrent liabilities	114,459,876		104,681,281
CAPITAL CREDITS*	2019		2018	Current liabilities	20,377,220		26,773,538
Capital Credits Retired to Members				Deferred credits	1,970,701		3,069,534
Estate retirements	\$523,113		\$540,957		\$200,240,204		\$196,184,550
General retirement	925,508		954,115	AT YEAR ENDING...	2019	2009	1999
Total Retired	\$1,448,621		\$1,495,072	Miles of line energized	3,585	3,472	3,092
				Number of members served	32,720	31,002	26,425
				Total kWh purchased	514,014,729	492,792,340	384,837,955
				Total kWh sold	488,010,953	451,990,459	353,891,168

*These amounts reflect actual capital credits retired and may not reflect future capital credits.

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Powering our members



32,720

Members served



488,010,953

kWh sold



\$1.4 million

Capital credits returned



8,777

Members on
paperless billing



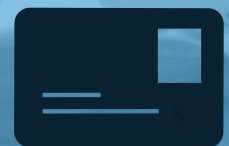
1,281

Members on
time-of-day rate



51

Members saving with
our electric vehicle rate



1,685

Members on
prepay program



226

Members on solar
rate schedule

Powering our communities



\$856,933

3 USDA
REDLG loans



\$181,000

Grants supporting
local communities



184

Members in need
provided energy
assistance



283

Free energy analyses
and high use visits to
help members save
on energy

Helping hand for the community

Piedmont Electric's Helping Hand Foundation continues to make a difference in our communities thanks to the support of members like you! The foundation helps members in need with energy assistance while also supporting local nonprofits, scholarships for students, grants for teachers and other projects that help our area continue to be a great place to live, work and raise a family.

We are so grateful to our generous members who support the foundation by rounding up! Thank you for lending a helping hand!

HELPING HAND FOUNDATION REPORT

BEGINNING BALANCE 1/1/2019	\$65,130
Contributions Received	187,807
Interest Earned	667
TOTAL FUNDS AVAILABLE	\$253,604
Grants Funded	(181,702)
Operational Expenses	(4,453)
ENDING BALANCE 12/31/2019	\$67,449



Organizations that received a grant in 2019

4-H of Caswell County
4-H of Orange County
4-H of Person County
A. L. Stanback Middle School
Alamance Community College
An Invitation for Trans4mation
Augustine Literacy Project of the Triangle
Book Harvest
Boomerang Youth Inc.
Bright Ideas Education Grant Program
Carrboro High School

Caswell County Enterprise Center
Cedar Grove Neighborhood Association
Cedar Grove Ruritan Club
Cedar Ridge High School
Durham Tech Community College
Friends of the Jerry M. Passmore Center
Grady A. Brown Elementary
Habitat for Humanity of Orange County
New Hope Camp & Conference Center
New Hope Elementary

North Carolina Jaycee Burn Center
Orange County Rural Alliance
Orange High School FFA
Orange Partnership for Alcohol & Drug-Free Youth
Pathways Elementary
Person County Public Library
Piedmont Community College
Piedmont Electric College Scholarships
Steelhorse Strangers Motorcycle Club Inc.
Stoney Creek Elementary
Woodland Elementary

Looking back at 2019

Your local cooperative is here to serve you, our members! This past year we continued to provide you the exceptional service you've come to expect while managing our costs to help keep rates steady for another year!

New internet service pilot program

Piedmont Electric and RiverStreet Networks have embarked on a new endeavor with a goal to provide reliable internet service to unserved and underserved areas. While this project will take years to fully mature, RiverStreet and Piedmont Electric are looking to provide a quality, sustainable product. If you are interested in better internet service visit Join.BuildPiedmont.com today!

Annual meeting changes

Last year, Piedmont Electric opened up board elections to online and mail-in balloting. These new methods enabled more members to participate in the governance of their cooperative. Additionally, we will be reducing the size and cost of our annual meeting this year and passing those savings along to you.

Improving our system

Whether it is planning for growth or ensuring what we have in place works, Piedmont Electric continuously works to strengthen our electric grid. From building a new Cherry Grove substation to upgrading our transformers in the Willardsville community, these efforts ensure that the lights go on when you flip the switch.

Reliably reliable

We take reliability seriously and again in 2019, Piedmont Electric delivered power for more than 99.98% of the time. When the power does go out, we have crews already in the community ready to work to restore power as quickly and safely as possible!

Looking ahead to 2020

Internet access for all

RiverStreet Networks and Piedmont Electric are working together to make sure that everyone in our community can have access to quality internet. At this time, RiverStreet Networks is determining where to expand first. Help them find areas of need by visiting Join.BuildPiedmont.com today.

New meters

Piedmont Electric contract crews will be out to your home starting this year to install a new meter. These meters will provide benefits to you like hourly energy use information and quicker outage response as well as more information for the cooperative which helps us serve you better.

Strong network

Piedmont Electric staff has mapped out the electric needs for our growing membership. System improvements include circuit upgrades for the Buckhorn and New Sharon Road areas; new breakers for our Hyco, Baynes and North Roxboro substations; and the completion of our new Cherry Grove substation. These efforts make sure we continue to power you!

Keeping members in the know

Communication is the key to any healthy relationship, and we want to ensure you know what is going on at your co-op. This year we will offer improved notifications through the SmartHub app, more proactive email notifications and a new website all in an effort to keep you up-to-date on your membership.

Emerging technologies are helping

Members save energy and money like never before! As your local, trusted energy advisor, Piedmont Electric wants to help you get the most out of the new technology you are bringing into your home. Whether you're looking to purchase a new smart thermostat, electric vehicle or rooftop solar—we may have special programs and rates to help you save money.



Board of *directors*



AT-LARGE

CASWELL



4



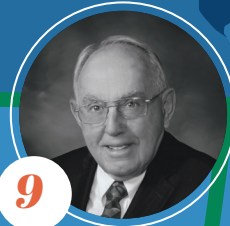
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PERSON



6

GRANVILLE



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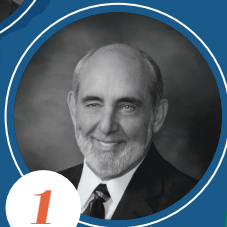
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ALAMANCE



2

ORANGE



1

DURHAM



8

DISTRICT 1 David Poythress
DISTRICT 2 Randy Kinley
DISTRICT 3 Cy Vernon
DISTRICT 4 Stephen Long

DISTRICT 5 Paul Bailey, Vice Chairman
DISTRICT 6 Beth Townsend
DISTRICT 7 Bill Barber, Chairman

DISTRICT 8 Andy Oakley
DISTRICT 9 Sam Woods, Secretary
AT-LARGE Richal Vanhook, Treasurer



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Piedmont Electric is an equal opportunity provider and employer.