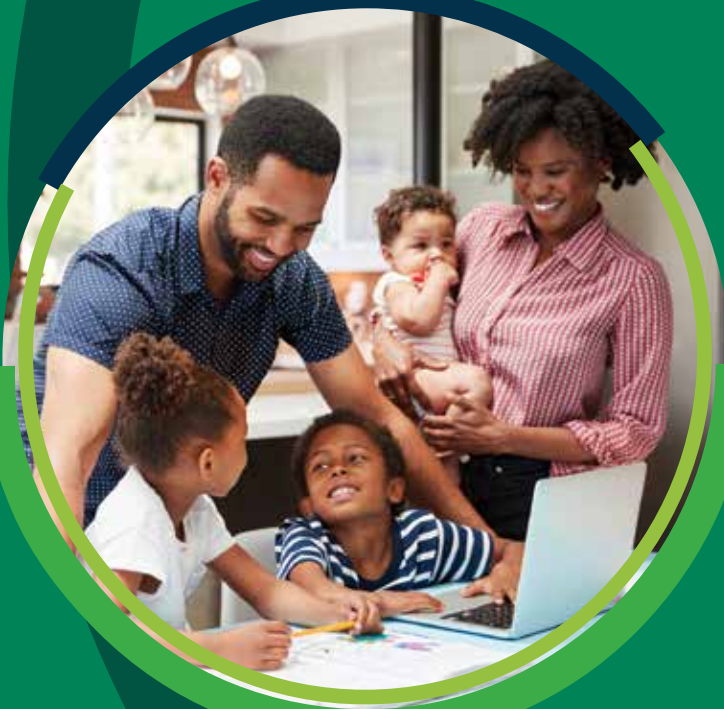


ANNUAL REPORT
2020



BUILDING A BRIGHTER
FUTURE

COVID-19

Serving members through a pandemic

At Piedmont Electric, members matter. As your local electric cooperative, we are constantly striving to better serve you. In 2020, that meant doing things in ways we never have before.

As our communities entered lockdowns in March and it looked like many of our members would be out of work for weeks or even months, Piedmont Electric made the decision to suspend disconnections for nonpayment, waive late fees and, with the help of Piedmont Electric's Helping Hand Foundation, provide more than \$70,000 in bill payment assistance.

It also meant closing our offices to visitors and having some employees work from home. While PPE (personal protective equipment) has always meant things like hardhats and rubber gloves to our lineworkers, it now includes facemasks and hand sanitizer for all employees.

While how we do our work might have changed, we always provide you with the exceptional service and value you have come to expect from Piedmont Electric. Our employees did an exceptional job of being there to answer your calls and make sure the lights stayed on across our system.

We thank our members for their support and caring throughout these challenging times. We are particularly grateful to those members who have donated to our Foundation. With your support, we have assisted hundreds of families right here in our local communities.

As we move into 2021 and beyond, know that Piedmont Electric will continue to make our communities a wonderful place to live, work and raise a family no matter what comes our way.



Stephen B. Hamlin
President and
Chief Executive Officer



Bill Barber
Board Chair



Chris B.
Line Technician



Richal Vanhook
Board Treasurer

Financials

McNair, McLemore, Middlebrooks & Company, of Macon, Ga., audited the Consolidated Financial Statements as of December 31, 2020 and 2019. 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, N.C.

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 2020 total margins of \$3,522,483 will be used to upgrade and expand Piedmont Electric's system to provide you, our members, with optimum service.

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 2020, is 5.45%.

HOW YOUR DOLLAR IS SPENT

COST OF POWER 52.7%

OPERATIONS AND MAINTENANCE 14.0%

DEPRECIATION COSTS 11.2%

MEMBER SERVICE, SALES AND ACCOUNT MAINTENANCE 7.5%

INTEREST ON BORROWED MONEY 5.8%

NET MARGINS 5.3%

ADMINISTRATIVE EXPENSE 3.5%

EXAMPLE

Year 2020 allocation 5.45%

Excluding sales tax, if your total bills are \$500

Your capital credit allocation will be \$27.25

CONSOLIDATED STATEMENTS OF OPERATIONS	2020	2019
Operating Revenues	\$65,186,861	\$63,097,907
Operating Expenses		
Cost of power	\$35,235,847	\$34,265,780
Other operating expenses	16,760,829	16,197,970
Net operating margins	13,190,185	12,634,157
Depreciation	(7,480,585)	(7,200,828)
Interest	(3,852,623)	(4,279,577)
Net non-operating margins	1,665,506	2,040,888
Total Net Margins	\$3,522,483	\$3,194,640
CAPITAL CREDITS*	2020	2019
Capital Credits Retired to Members		
Estate retirements	\$508,839	\$523,113
General retirement	1,206,792	925,508
Total Retired	\$1,715,631	\$1,448,621

CONSOLIDATED BALANCE SHEETS	2020	2019
Assets		
Total net utility plant	\$178,567,723	\$171,662,446
Other property and investments	16,094,942	16,260,651
Current assets	10,999,882	10,033,275
Prepaid expenses and deferred charges	2,061,033	2,283,832
	\$207,723,580	\$200,240,204
Members' Equity and Liabilities		
Members' equity	\$65,364,466	\$63,432,407
Noncurrent liabilities	109,100,584	114,459,876
Current liabilities	30,958,568	20,377,220
Deferred credits	2,299,962	1,970,701
	\$207,723,580	\$200,240,204

AT YEAR ENDING...	2020	2019	2000
Miles of line energized	3,601	3,482	3,161
Number of members served	33,112	31,051	27,141
Total kWh purchased	496,625,432	531,961,309	417,052,598
Total kWh sold	466,480,793	500,933,082	389,412,955

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

COVID-19 IMPACT ON

MEMBERS

The COVID-19 pandemic has had an impact on families and businesses across the nation. While Piedmont Electric remains in solid financial position, your co-op has been impacted. Here's a snapshot of how the pandemic has impacted co-op members and what we've done to help.



\$17,000

Unpaid bills 2019



\$1.1 million*

Unpaid bills 2020



\$70,000

Bill payment
assistance provided



\$270,000

Deposits returned
to members



3,931

Payment plans
set up

Help those in need in our community

This year has been a difficult one and many in our communities are still feeling the financial effects of the pandemic. If you have the means, consider donating to the Helping Hand Foundation COVID-19 Relief Fund to help those in need.

Visit pemc.coop/donate to learn more.



23 weeks

Time disconnections
suspended



\$145,000

Late fees
canceled

*We anticipate a large portion of this being paid in 2021.

HELPING HAND FOR THE

COMMUNITY



HELPING
HAND
FOUNDATION



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 individuals 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!

We need your help

Please consider donating to the Helping Hand Foundation or increasing your donation if you can. This year has hit hard so many in our community and your contribution will help. Visit pemc.coop/donate or the Helping Hand Foundation section of SmartHub to donate today.

HELPING HAND FOUNDATION REPORT

BEGINNING BALANCE 1/1/2020	\$67,448
Contributions Received	190,766
Interest Earned	485
<hr/>	
TOTAL FUNDS AVAILABLE	\$258,699
Grants Funded	(176,544)
Operational Expenses	(7,149)
ENDING BALANCE 12/31/2020	\$75,006

Organizations that received a grant in 2020

4-H of Caswell County
4-H of Orange County
4-H of Person County
AL Stanback Middle School
Bill payment assistance
Book Harvest
Bright Ideas

College scholarships
EPIC Caswell
NC Jaycee Burn Center
Orange County Rural Alliance's
Meals on Wheels
Partnership Academy
Piedmont Electric's food
and clothing drive

Want to help?

Donate today at
pemc.coop/donate.

LOOKING BACK AT

2020



Abby A.

Member Service Representative

Goal of low cost

We know that costs matter. While we strive to provide exceptional service, we also understand that we need to do that at the lowest cost we can.

Through strong financial management, Piedmont Electric was able to keep our residential energy charge the same for the sixth year in a row.

Moving forward we will continue to strive to bring you the ideal service you've come to expect at an exceptional value.

Reliably reliable

Electricity powers everything you do and we want to make sure that power is there for you when you need it. Despite the difficulties faced with the pandemic and the normal problems bad weather can bring, Piedmont Electric kept power on 99.98 percent of the year.

This past year we completed construction on our new Cherry Grove substation and changed out the transformer, relaying and circuit breakers at our Hyco substation to improve reliability for both communities and allow for easier maintenance in the future.

Additionally, we selected a vendor for our new meters which will provide more information for members about their energy use and will enable faster outage response.

Sustainability

Being a local cooperative, Piedmont Electric is concerned about more than just delivering affordable, reliable power. One of our core principles is to look out for the communities we serve to ensure they remain a good place to live, work and raise a family.

Working with our wholesale power provider, Piedmont Electric set ambitious carbon reduction goals to make sure that we do our part to protect the environment.

Piedmont Electric pledged to reduce carbon dioxide emissions 50 percent by 2030 and to have net zero carbon emissions by 2050.

Community support

Piedmont Electric and RiverStreet Networks launched a broadband pilot program in December 2019 to gauge interest to determine if a reliable, affordable internet service could be supported in the underserved areas of our communities. Many members indicated interest by signing up at join.buildpiedmont.com.

In the meantime Piedmont Electric and RiverStreet Networks have setup three, free WiFi hotspots in our community at our Person and Caswell County offices and at the Cherry Grove Ruritan Club.

Our strong community support through the Rural Economic Development Loan and Grant (REDLG) program continued in 2020 as we partnered with the United States Department of Agriculture (USDA) to help the Allensville Fire Department, Leasburg Volunteer Fire Department, Bullock Volunteer Fire Department, CEFFO Volunteer Fire and Rescue Department and Timberlake Volunteer Fire Department.

Exceptional service

Your local cooperative was created to serve you and according to our members we are one of the better utility providers in the nation at doing just that.

Piedmont Electric received an ACSI score of 87 in the member satisfaction survey. The ACSI rating system takes customer feedback to rate companies across the country. This score puts us in good company with the likes of Chick-fil-A, Apple and Amazon.

We appreciate your opinion and feedback and use this information to continue to improve our already exceptional service.

LOOKING AHEAD TO

2021



Exceptional value

Your local co-op strives to provide you with the best service possible while maintaining our goal of being a low cost provider.

This past year we conducted a cost of service study to ensure we can continue to provide you with that exceptional service you have come to expect.

This third-party study showed that only small adjustments will need to be made and no general rate increase will be necessary. More information will appear in this magazine in the months to come.

Piedmont Electric is in good financial position and is prepared to continue delivering upon our goal of providing you excellent service at a good value.

Consistently reliable

We know that electricity powers so much in your life and that you need that connection every minute of every day. We strive day in and day out to provide you with the reliable, affordable service you need and are constantly working to strengthen our electric system.

This year we will be installing new breakers at our Baynes and North Roxboro substations which will help strengthen the reliability in both of those areas.

Additionally, we will be strengthening the transmission line leading to our Baynes substation as well as working on other transmission lines in Caswell County.

Replacement equipment is installed as technology reaches the end of its useful life. Taking this proactive approach helps us provide a stronger system for our members.

Cutting edge technology

In 2021, Piedmont Electric will be installing new meters across our system. These meters will provide members with more information about their energy use which will enable members to make more informed energy decisions.

Additionally, these meters will help your local co-op respond to outages faster and better manage the electric system. This will help ensure that we continue to provide you the electricity that powers your life.

Strengthening our communities

For the past year, Piedmont Electric and RiverStreet Networks gauged interest for a better, sustainable internet solution while also seeking funding from county, state and federal programs.

We are pleased to announce that funding coupled with interest from members in Caswell County has resulted in the future buildout of a wireless solution to 2,918 households and businesses in the Caswell area.

There is also a wireless internet expansion project underway in Person County as the result of RiverStreet Networks acquiring NC Lightleap. We hope to have information, including timelines, to share in the near future for both projects.

BOARD OF DIRECTORS



AT-LARGE

CASWELL



4



5

PERSON



6

GRANVILLE



7



3

ALAMANCE



9

ORANGE



2

DURHAM



1



8

- DISTRICT 1** David Poythress
- DISTRICT 2** Randy Kinley, Vice Chair
- DISTRICT 3** Cy Vernon
- DISTRICT 4** Stephen Long

- DISTRICT 5** Stephen P. Bailey
- DISTRICT 6** Beth Townsend
- DISTRICT 7** Bill Barber, Chair

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