



Piedmont Electric
COOPERATIVE



Members Matter

Annual Report 2022

Members Matter

"Members matter" is more than just a slogan to us at Piedmont Electric Cooperative.

Members are at the front and center of every decision we make. As your local electric cooperative, we exist to serve our members with the exceptional service you have come to expect in the 85 years we have been in business.

At Piedmont Electric, you are not a customer, you are a member. That makes you a part of the cooperative with a voice in how we operate and a stake in how the co-op is run.

As a member of the co-op, you get a direct say in how the cooperative operates by voting for your locally elected board of directors.

You can also share your thoughts through our ongoing member surveys, our online member focus groups or with any of our friendly employees online, over the phone or at one of our three offices.

This local input from our members drives our decision making and is why we offer programs and services that benefit you; why we help you save energy and money; and why we strive to make sure our communities continue to be a great place to live, work and raise a family.

You are why "members matter" to us!



Stephen B. Hamlin
President and
General Manager



Bill Barber
Board Chair

Mission: To enhance the quality of life in our communities by empowering and partnering with our members.

Vision: Create superior value for our members in an ever changing energy environment.

Members Matter: By the Numbers

Your local cooperative provides the power for so many of the things that make our communities a great place to live, work and raise a family. From school yards to barn yards, shopping malls to science class, pizza to picnics and everything in between we power the most important part of Piedmont Electric Cooperative: You!

2022 FACTS

530,000,000 kWh

We purchased more than half a billion kWh of electricity to power our members in 2022.



3,600 miles of line

That electricity flowed across enough powerlines to stretch from Hillsborough to Albuquerque and back.



33,800 accounts

Those power lines fed more than 33,800 accounts across Alamance, Caswell, Durham, Granville, Orange and Person counties.



More than 1,500 of those accounts chose to use our time-of-day rate and shift electricity use away from peak times. This saves money for the member and the co-op!

More than 350 members have installed solar on their property.

89% residential

Of those accounts, nearly 9 out of 10 are places someone called home.



11% commercial and industrial

We powered your shopping, dining, working, learning, recreation and more.



99.98%

Through hurricanes and ice storms, we kept power on 99.98% of 2022.



McNair, McLemore, Middlebrooks & Company, of Macon, Georgia, audited the Consolidated Financial Statements as of December 31, 2022 and 2021. 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 2022 total margins of \$3,459,518 will be used to upgrade and expand Piedmont Electric's system to provide you, our members, with optimum service.



Richal Vanhook
Board Treasurer

Financials

HOW YOUR DOLLAR IS SPENT

COST OF POWER 50.7%

OPERATIONS AND MAINTENANCE 16.0%

DEPRECIATION COSTS 12.2%

MEMBER SERVICE, SALES AND ACCOUNT MAINTENANCE 7.2%

NET MARGINS 5.1%

INTEREST ON BORROWED MONEY 4.7%

ADMINISTRATIVE EXPENSE 4.1%

CAPITAL CREDITS EXAMPLE

Year 2022 allocation	5.2%
Excluding sales tax, if your total bills are	\$500
Your capital credit allocation will be	\$26.00

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 2022, is 5.2%.

CONSOLIDATED STATEMENTS OF OPERATIONS	2022	2021
Operating Revenues	\$67,085,281	\$65,666,340
Operating Expenses		
Cost of power	\$34,104,858	\$33,261,347
Other operating expenses	18,530,798	16,721,703
Net operating margins	14,449,625	15,683,290
Depreciation	(8,269,932)	(7,941,963)
Interest	(3,183,438)	(2,976,732)
Net non-operating margins	463,263	532,245
Total Net Margins	\$3,459,518	\$5,296,840
CAPITAL CREDITS*	2022	2021
Capital Credits Retired to Members		
Estate retirements	\$669,926	\$612,042
General retirement	1,230,425	1,354,790
Total Retired	\$1,900,351	\$1,966,832

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

CONSOLIDATED BALANCE SHEETS	2022	2021	
Assets			
Total net utility plant	\$195,720,653	\$185,659,868	
Other property and investments	14,470,371	15,940,225	
Current assets	18,828,057	10,607,651	
Prepaid expenses and deferred charges	2,137,436	2,155,832	
	\$231,156,517	\$214,363,576	
Members' Equity and Liabilities			
Members' equity	\$70,943,014	\$69,090,612	
Noncurrent liabilities	132,416,061	112,116,757	
Current liabilities	28,859,636	26,519,994	
Deferred credits	(1,062,194)	6,636,213	
	\$231,156,517	\$214,363,576	
AT YEAR ENDING...	2022	2012	2002
Miles of line energized	3,640	3,496	3,268
Number of members served	33,850	31,068	28,423
Total kWh purchased	531,539,208	479,162,988	454,378,634
Total kWh sold	497,410,942	443,968,483	420,482,076

Piedmont Electric's Helping Hand Foundation

A core principle of the cooperative movement has always been our collective strength. In that spirit, the Helping Hand Foundation has used the small monthly donations from thousands of members rounding up their monthly power bill to help assist thousands in our communities.

From helping low-income families and seniors stay warm in the winter through energy assistance programs to encouraging new and innovative learning in local students, the foundation has provided much-needed resources to those in our community.

We thank everyone who is currently or has contributed to the foundation in the past. If you are interested in helping improve our communities, please consider making a recurring or one-time donation to the foundation by visiting pemc.coop/donate or by calling 800.222.3107.

A special thank you to the foundation board members who have so graciously volunteered their time.

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|----------------------------------|--------------|
| Keith Epstein, President | Jeff Cabe |
| Gwen Vaughn, Vice President | Aaron Nelson |
| Jeanne Tate, Secretary/Treasurer | Heidi York |

HELPING HAND FOUNDATION REPORT

BEGINNING BALANCE 1/1/2022	\$62,338
Contributions Received	181,427
Interest Earned	359
TOTAL FUNDS AVAILABLE	\$244,124
Grants and Assistance Funded	(129,246)
Operational Expenses	(8,911)
ENDING BALANCE 12/31/2022	\$105,967



Organizations that received a grant in 2022

- | | |
|---|---|
| 4-H of Caswell County | Energy assistance county programs |
| 4-H of Orange County | Kidzu Children's Museum |
| 4-H of Person County | Piedmont Community College Foundation |
| Alamance Community College | Piedmont Electric's food and clothing drive |
| Book Harvest | UNC Jaycee Burn Center |
| Bright Ideas teacher grants | Washington Youth Tour |
| College scholarships | |
| Durham Technical Community College Foundation | |



Interested in helping those in your community? Visit pemc.coop/donate, email info@pemc.coop or call 800.222.3107 to learn more.



Members Matter: The Past and Present

Looking back at 2022

Each year the staff of Piedmont Electric works tirelessly to continue to improve service to our members. Check out a few of the ways we continued to improve our exceptional service to you.

Reliability you can count on

Even through hurricanes and other storms, Piedmont Electric's service is incredibly reliable and we work hard to keep it that way. Last year we completed several projects that will strengthen the reliability of our system including the completion of our Cherry Grove to Harrelson transmission line, new breakers in our Westbrook substation, upgrades to communication equipment in several substations and completing circuit upgrades.

Hurricane Ian


On Sept. 30, 2022, Hurricane Ian ripped through our service area causing 165 different outages affecting more than 8,700 of our members. Most of the damage was a result of fallen limbs or trees damaging lines and breaking poles. Piedmont Electric crews and staff worked tirelessly to ensure power was restored to each and every member. Crews from other co-ops were even brought in to speed recovery.

New meters

Faster outage response, more information for members and a more efficient electric grid are just a few of the reasons we started replacing our meters. At the end of 2022 we had replaced about 85 percent of the meters on our system. Every meter should be replaced and the system fully optimized to best serve our members by the end of 2023.

Exceptional member service

Part of what makes a cooperative special is the excellent member service you get with each and every interaction. Last year, you agreed as Piedmont Electric received an American Customer Satisfaction Index (ACSI) score of 89 in the member satisfaction survey for the first time! 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 our members' feedback and will continue to use it to improve our already exceptional service. Surveys were administered by Cooperative Insights and modeled by ACSI LLC using the proprietary ACSI methodology. ACSI is a registered trademark of American Customer Satisfaction Index, LLC.





Members Matter: The Future

Being a local co-op helps us better understand what our members will want and need as our community continues to evolve. This understanding helps us develop plans to continue to provide excellent service to our members for years to come.

A Brighter Future

Together with our members, Piedmont Electric is creating a brighter future for our people and communities. Our innovation and actions are guided by our local roots and focus on delivering value to our members and communities. In this decade and beyond, we will continue our commitment to providing reliable electricity at the lowest possible cost while also advancing the pursuit of responsible sustainability goals.

One way we do this is through our support of electric vehicles (EVs). We support EVs by offering rebates and providing a rate that encourages members to charge the EV overnight when energy demand is low. This helps balance energy use on our system and is more economical for both the member and the co-op.

Listening to our Members

What our members think matters to Piedmont Electric. We conduct ongoing surveys of our members to gather feedback and input. This year we will also be hosting two online focus groups that will give members the chance to offer additional feedback. The information we gather helps us shape our operations so that we are always keeping our members needs and wants at the forefront.

Supporting Emergency Services

For the last decade, Piedmont Electric has partnered with the United States Department of Agriculture (USDA) to offer the Rural Economic Development Loan & Grant (REDLG) program. This program helps Piedmont Electric regularly support community development efforts, in particular emergency response services and schools.

Since its inception, Piedmont Electric has helped local organizations receive more than \$18.5 million in USDA funding, which enabled the purchase of 34 fire trucks, 5 ambulances, the construction of 6 fire stations, 2 schools and a public library.

“Piedmont Electric cannot repay our firefighters for the sacrifice, courage and strength they embody every day. But we can play a small part in improving the resources they work with to save the lives of those in danger,” said Susan Cashion, VP, Compliance and Administrative Officer. “We are excited to see the positive impact these projects will bring to our communities.”

Seven Cooperative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community

Board Of Directors

CASWELL



PERSON



GRANVILLE



ALAMANCE



ORANGE

DURHAM



DISTRICT 1 David Poythress, Secretary
DISTRICT 2 Randy Kinley, Vice Chair
DISTRICT 3 Cy Vernon

DISTRICT 4 Stephen Long
DISTRICT 5 Steven P. Bailey
DISTRICT 6 Beth Townsend

DISTRICT 7 Bill Barber, Chair
DISTRICT 8 V. Kay Scurlock-Ferguson
DISTRICT 9 Richal Vanhook, Treasurer



Piedmont Electric
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Piedmont Electric is an equal opportunity provider and employer.



800.222.3107

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