



# 2017 Annual Report

# Leading The Way



## **Your Board of Directors and CEO**

Pictured above: (L to R) Francis Clifton (seated), district 3; Vice President Kelly Harrington, district 1; President Dr. E. Sue Godwin-Baker, district 6; Secretary William “Bill” E. Tew Jr., district 7; Executive Vice President and CEO Chris Spears; Dorcas Fisher, district 5; Clifton McNeill, district 8; Jeffrey Martin, district 4; Sue Flowers, district 2; and Treasurer George Williams, at-large.

# Financial Responsibility

**2016**

## Assets

Electric Plant at Original Cost	\$248,078,718
Less Depreciation	<u>65,448,800</u>
Net Plant	\$182,629,918
Cash	5,368,129
Investments	24,612,649
Accounts Receivable	10,691,592
Materials and Supplies	4,159,805
Prepayments, Accrued Assets & Deferred Debits	<u>420,263</u>
Total Assets	\$227,882,356

## Liabilities

Long-Term Debt — RUS, CFC	\$ 88,986,808
Consumer Deposits	2,621,165
Accounts Payable	6,875,300
Deferred Credits	5,401,996
Other Liabilities	33,367,452
Membership Fees	59,125
Patronage Capital Other Equities	<u>90,570,510</u>
Total Liabilities	\$227,882,356

## Operating Statement

Operating Revenue & Patronage Capital Expenses	\$ 98,117,556
Cost of Purchased Power	66,163,450
Distribution Expense Operations	2,861,780
Consumer Accounts Expenses	3,243,841
Customer Service and Information Expenses	2,995,235
Administration General Expenses	5,352,869
Maintenance Expenses	5,856,638
Depreciation Amortization	7,010,491
Taxes	76,506
Interest on Long-Term Debt	<u>3,409,754</u>
Total Cost of Electric Service	\$ 96,970,564

## Margins

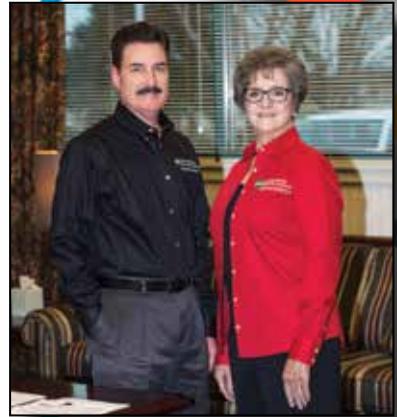
Operating Margins and Patronage Capital	\$ 1,146,992
Non-Operating Margins	297,323
Other Capital Credits and Patronage Dividends	<u>2,167,743</u>
Total Operating and Non-Operating Margins	\$ 3,612,058

*unaudited*

# Embracing Our Vision:

## *Achieving Excellence, Empowering Members*

*On the next two pages are the highlights from 2016 and some insight into this year's plans. Pictured right are CEO Chris Spears and President Dr. E. Sue Godwin-Baker.*



### **Improving Reliability**

- Completed construction of the new Benson Substation.
- Rebuilt the Manchester Breaker Station.
- Upgraded the Harrington, Collier, Old Farm and Eureka substations.
- Installed UPS (uninterruptible power supply) in 15 substations to enable communication during outages.
- As part of a major reconductoring project, we upgraded 7.4 miles of powerlines across four circuits.
- Began a four-year project to convert all outdoor lights to LED. The LED is a bright white, direct light source. LEDs have a longer lifespan and require less maintenance than high pressure sodium.
- Contract crews completed year two of a pole-inspection project. The goal of this project is to visit every utility pole on our system and identify any poles that need attention, repair or replacement. This project will take eight to 10 years to complete.

## Increasing Convenience

Many members who visit our offices are aware that we have installed a new payment kiosk at each location. The kiosks are located under the drive-through lane at each location and is available 24 hours a day.

The payment kiosk works with our billing software to provide up-to-date information, and when you make a payment it is instantly credited to your account.

With the option to pay with cash, credit or check, and the ability to pay at any time, we've taken another step in providing the services to meet your busy lifestyle.



## Offering Protection

In April, we introduced a program to our membership called **Utility Guard**. This program offers members the opportunity to purchase a little extra protection when unexpected problems occur. Utility Shield is designed to help cover the cost of problems that arise due to normal wear and tear with household wiring, plumbing, gas lines, member-owned outside gas, water, electric and sewer lines, water heater and HVAC equipment. There's also a package that helps cover the cost of replacement for household items damaged by an electrical surge.

This program doesn't in any way change the service offered by South River EMC or our responsibilities as a utility. What it does do is offer you a little peace of mind when the unexpected happens.

The program is offered through IGS Energy. The company and their product are reputable and reliable. If you haven't checked it out yet, you can find more information at [UtilityShield.com/SouthRiverEMC](http://UtilityShield.com/SouthRiverEMC) or by calling 888-974-0112.

# Weathering The Storm

When you live in a coastal state you are familiar with the fact that nothing brings a community together more than a storm, especially a hurricane. Most North Carolinians have been through their share of storms, but Hurricane Matthew was a different kind of storm for our area.

When Matthew moved ashore on October 8, it brought with it anywhere from five to 14 inches of rain. The ground was already saturated from torrential rains the previous week. As the rain fell fast and furiously, there was nowhere for it to go and mass flooding was the result. The intense rain combined with hurricane-force winds created a treacherous situation. As the storm continued, bridges and roads were washed out across our area. Around 4 p.m. on the day of the storm, Cooperative officials made the decision to recall all line crews due to safety concerns.

Early the next day the assessment and restoration began. At the peak of the storm, 28,000 members were without power. Restoration efforts were hampered by washed out roads, flooding and inaccessible areas. With the help of 159 additional line personnel and tree experts from contractors and sister cooperatives from Pennsylvania, Tennessee, Kentucky and right here in North Carolina, the restoration was complete within six days. We thank all of our members for their support and patience.



# Serving The Community

In 2007, the South River EMC Board of Directors voted to implement a program that enables members to voluntarily round up their electric bills to the next dollar and support the community. Each month, thousands of members contribute 1 to 99 cents. The strength of all these cents makes sense.

Every cent donated through the program, Operation Round Up, is used to fund various programs in the community. Not-for-profit organizations and schools can apply for funding quarterly. The program must impact South River EMC members in a positive manner and contribute to the well-being of the community. The funds are managed by a separate foundation called the Community Assistance Corporation.

South River EMC members have contributed \$1.67 million through Operation Round Up. This money has been used to fund 289 different projects for 130 organizations and schools in our five-county area.



Sexual Assault and Family Emergency (SAFE) of Harnett County



Wade Community Fire Department



# South River Electric Membership Corporation

A Touchstone Energy® Cooperative 

