



COMMUNITY
ELECTRIC
COOPERATIVE

Community Electric Cooperative 2019 Annual Report

As we celebrated an astounding 81 years of success for your cooperative last year, let's take a glance at how far we have come. Collectively, we continued our hard work to accomplish our goals, and in doing so, focused on our mission statement: "To safely provide our members exceptional, courteous, and reliable services at a competitive cost." As we often communicate with all Community Electric Cooperative stakeholders, we are not in the "power business" but rather the "people business." As a team, we strive to consistently place our attention on four main points: Safety, Reliability, Member Satisfaction and Financial Accountability. For us, it is all about you, the member!

SAFETY

Safety is a core value of Community Electric Cooperative and remains duly recognized as part of our DNA. Nothing is more important. In 2019, we successfully sought to renew and were awarded recertification as a safety-accredited cooperative through our National Rural Electric Cooperative Association. This process is to ensure that CEC employees are following the proper safety procedures in the office and the field to keep themselves, their co-workers, and the general public safe. We are very proud of this achievement and will work diligently to raise the bar even higher next year! We also enhanced both internal and external safety education programs, as well as, for the sixth year running, enriched our team member training initiatives through participation in the Gaff-n-Go Lineworker's Rodeo.

RELIABILITY

We have continued to raise the bar concerning system operations and reliability. We now utilize the newest technology to electronically manage information sent to field personnel, which improves and updates construction specifications, updates the long- and short-range work plans, along with many other operational efficiencies. In reviewing our Strategic Scorecard, we were very close to meeting our outage targets: System Average Interruption Duration Index (SAIDI) came in at 134 minutes, Consumer Average Interruption

Duration Index (CAIDI) at 106 minutes, and System Average Interruption Frequency Index (SAIFI) at 1.26.

MEMBER SATISFACTION

Favorable service reliability numbers, along with a stable rate structure and team member responsiveness, lend to a very high level of member satisfaction for your cooperative. How do we determine this? By engaging with our members during regular business hours, after hours, and anytime we are involved in the cooperative business. We listen to you, the member/owner. Your feedback is crucial to us in measuring this objective. Many of you were contacted as part of a member satisfaction survey conducted on our behalf by TSE Services, and we appreciate your help by answering the survey questions. The results of this survey indicate an excellent approval rating as compared to other Virginia cooperatives, as well as those nationally! We are very proud of this recognition, and we will strive to make it even higher in the future. Remember, we are "YOUR cooperative" and work not only to meet but to exceed your membership experience expectations.

FINANCIAL ACCOUNTABILITY

In 2019, CEC and its subsidiary, RECORE LLC (formerly Tidewater Energy Services LLC), had another financially successful year. Community Electric Cooperative earned a net

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Office Hours
Monday-Friday, 8 a.m.-5 p.m.

President/CEO
Steven A. Harmon

Local Pages Editor
Jessica Parr

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margin of \$329,967, and RECORE LLC earned a net margin of \$319,404. Combined, the net margin was \$649,371.

With the outstanding success of RECORE, we saw several positive effects on the financial affairs of both entities. Also, you may recall that in April of 2015, Community Electric Cooperative culminated its efforts with National Rural Utilities Cooperative Finance Corporation to refinance existing debt from other lenders. This decision resulted in an interest expense savings of more than \$2 million and made your cooperative a 100% CFC borrower — the first in the commonwealth of Virginia. In December of 2019, RECORE was able to declare, and pay for the fifth consecutive year, a dividend (\$800,000) to the cooperative. Many of the additional financial highlights are shown on page 17 for your review.

CAPITAL CREDITS

In recognition of our strong financial position, the board of directors approved a continuation of the cooperative's practice of retiring capital credits on a meaningful basis. During 2019, capital credit retirements were made on a general basis of \$342,202 and to estates in the amount of \$16,898, bringing the total retired during 2019 to \$359,100. This 2019 retirement brought the cumulative amount returned by

your cooperative, since its inception, to an amount above \$19 million. Very soon, your board of directors will review the cooperative's current financial position and a projection of its financials through 2020 and will consider additional general retirements of capital credits to be accomplished later in the year.

ANNUAL MEETING

Community Electric Cooperative's 2020 Annual Meeting will be held at the CEC headquarters building (warehouse facility), but in a completely different manner than ever before. Due to the COVID-19 pandemic, we are choosing not to promote a large gathering this year. As we often express, safety is a core value at CEC, and this includes the safety of our valued membership, our board, and our staff. To reduce the risk of exposure to the highly contagious virus, we plan to hold a short (15-20 minute) business meeting only to address the pertinent business of the cooperative, but of course, in a manner that adheres to the established CDC guidelines. These guidelines include social distancing and other precautionary measures such as wearing masks, proper personal hygiene, etc. Any member wishing to attend in-person is asked to give us a seven-day notice at annualmtg@comelec.coop so we can make the appropriate preparations.

Also, if you have questions suitable for this meeting, please submit them to annualmtg@comelec.coop seven days before the meeting as well. This year, we will omit oral reports, door prizes, entertainment, exhibits and refreshments (all reports from the cooperative leadership will be made available in written form upon request). **However, we will make remote participation in the meeting available for all members by live-streaming the meeting via the CEC Facebook page.** If your schedule permits, please plan to join us on Facebook this year on Tuesday evening, Aug. 11, at 7 p.m.

Respectfully submitted,



Jeannette S. Everett,
Chairman



Steven A. Harmon,
President
and CEO

Notice to the Membership

In accordance with Article IV, Section 4, of the Bylaws of Community Electric Cooperative, a nominating committee appointed by the board of directors met June 5, 2020, at the cooperative's office, Windsor, Va. The meeting was called to order by the duly elected Chairman, Donald C. Cross, who kept the minutes thereof. The Chairman then announced that the following were present:

Richard B. Brinkley	Peter C. Crocker	D. Wayne Ellis
Ashby B. Brown	Donald C. Cross	Jane T. Joyner
Gayle B. Brown	William W. Day	William F. Seiling

being all members of the Nominating Committee.

In accordance with the Bylaws, the Nominating Committee nominated the following candidates for directors for a three (3) year term to be voted upon by the membership of the cooperative at the Annual Meeting to be held Tuesday, Aug. 11, 2020, at the cooperative's headquarters building in Windsor, Va.

CITY OF SUFFOLK Chad N. Fowler	ISLE OF WIGHT CO. Robert B. Jones Sr.	SOUTHAMPTON COUNTY John W. Stewart
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Date: June 5, 2020

Donald C. Cross, Chairman



Energy Efficiency Tip of the Month

Spending more time at home?

Try an online energy audit to assess the overall efficiency of your home. Visit energystar.gov, then enter "home energy yardstick" in the search box to get started.

Annual Meeting Program

Aug. 11 at 7 p.m.

Due to the COVID-19 pandemic, we are choosing not to promote a large gathering this year. To reduce the risk of exposure to the highly contagious virus, we plan to hold a short (15-20 minute) business meeting only to address the pertinent business of the cooperative, but of course, in a manner that adheres to the established CDC guidelines.

- All members are encouraged to tune in via Facebook LIVE.
- Any member wishing to attend in-person is asked to give us a seven-day notice at annualmtg@comelec.coop so we can make the appropriate preparations.
- Also, if you have questions suitable for this meeting, please submit them to annualmtg@comelec.coop seven days before the meeting as well.
- We will be enforcing social distancing guidelines and other precautionary measures such as wearing masks, proper personal hygiene, etc.

MEETING AGENDA

1. Welcome
2. Meeting Called to Order
3. Moment of Silence
4. Invocation
5. Notice of Meeting and Date of Mailing
6. Statement of Roll Call
7. Reports in written form and available upon request
8. Minutes of Last Meeting
9. Election of Directors
10. Service Recognition
11. Old Business
12. New Business
13. Adjournment

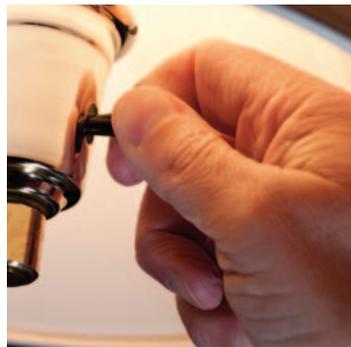
Change Habits to **BEAT THE PEAK**

You can beat the peak (and save money) by decreasing your power use when energy demand and prices are at their highest. Here are a few tips to help get you started:

Laundry for Less:

Full loads mean fewer cycles, and washers and dryers run in the late evenings add less heat and humidity to the home.

Energy can cost less outside of peak hours.



Cool Off / Calm Down:

Turn off unnecessary lighting and electronics that generate heat, resist the urge to turn down the thermostat and remember, lower fan settings use less energy.

Intramural Competition:

Online gaming with each active player using their own computer, display, gaming console and internet connection gets pricey. Play each other at home on one screen and save.



Countertop Convenience:

Range or oven cooking can really warm up a kitchen. Microwaves, convection ovens, induction cooktops, slow cookers and toaster ovens put more cooking heat where you need it.



Community Electric Cooperative

A Touchstone Energy® Cooperative 

Treasurer's Report as of Dec. 31, 2019

Operating Report

OPERATING REVENUE

Purchased Power
Operating & Maintenance Expense
Administrative & General Expense
Depreciation & Amortization Expense
Other
Interest on Long-Term Debt

TOTAL OPERATING EXPENSES

OPERATING MARGINS

Non-Operating Margins – Interest & Other
Patronage Capital Allocated from Associated Organizations

NET MARGINS

	2019	2018
OPERATING REVENUE	\$26,315,322	\$26,037,812
Purchased Power	16,648,930	16,478,501
Operating & Maintenance Expense	3,165,099	3,011,397
Administrative & General Expense	3,405,784	3,170,476
Depreciation & Amortization Expense	2,048,027	2,048,860
Other	142,451	172,816
Interest on Long-Term Debt	<u>806,028</u>	<u>798,949</u>
TOTAL OPERATING EXPENSES	\$26,216,319	\$25,765,148
OPERATING MARGINS	\$99,003	\$272,664
Non-Operating Margins – Interest & Other	174,569	84,498
Patronage Capital Allocated from Associated Organizations	<u>375,799</u>	<u>318,015</u>
NET MARGINS	\$649,371	\$675,177

Balance Sheet

ASSETS (OWNED)

Electric Plant in Service
Non-Utility Property
Accumulated Depreciation
Cash and Temporary Investments
Investments in Associated Organizations
Accounts Receivable
Material & Supplies
Other Assets

TOTAL ASSETS

EQUITIES and LIABILITIES (OWED)

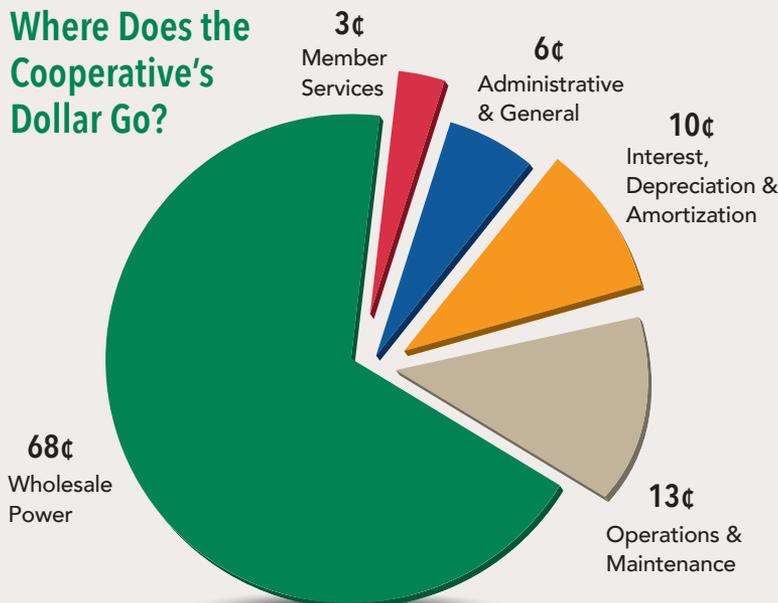
Memberships
Patronage Capital and Other Equities
Long-Term Debt
Line of Credit
Accounts Payable
Consumer Deposits
Other Liabilities

TOTAL EQUITIES and LIABILITIES

Electric Plant in Service	\$55,984,323	\$53,646,504
Non-Utility Property	3,356,191	3,604,046
Accumulated Depreciation	(24,902,131)	(23,388,440)
Cash and Temporary Investments	364,415	916,879
Investments in Associated Organizations	12,035,401	11,449,985
Accounts Receivable	2,656,442	2,597,062
Material & Supplies	1,566,643	1,332,054
Other Assets	<u>1,927,452</u>	<u>2,302,075</u>
TOTAL ASSETS	\$52,988,736	\$52,460,165
EQUITIES and LIABILITIES (OWED)		
Memberships	\$56,435	\$56,140
Patronage Capital and Other Equities	27,556,341	27,216,208
Long-Term Debt	16,550,390	17,586,765
Line of Credit	4,600,000	2,950,000
Accounts Payable	2,007,841	1,799,341
Consumer Deposits	554,718	587,906
Other Liabilities	<u>1,663,011</u>	<u>2,263,805</u>
TOTAL EQUITIES and LIABILITIES	\$52,988,736	\$52,460,165

Respectfully submitted,
Diana F. Beale
Secretary-Treasurer

Where Does the Cooperative's Dollar Go?



Cooperative Equity Level

