

October 2022 MAC Meeting



Welcome & Introductions



Maureen Moore
Communications
Manager
EnergyUnited

Safety Message

- ▶ A safety message for tonight:



TODAYS ECONONMIC ENVIRONMENT AND ITS IMPACT ON MEMBER RATES

MEMBER ADVISORY COMMITTEE

Presented by Alec Natt, CFO

October 2022

THE GOOD, THE BAD, AND THE UGLY

- ▶ Cost of power-A look at EU's Power Supply Portfolio
- ▶ Distribution Costs
- ▶ Rate Structure from a Member's View
- ▶ Looking Forward-Impacts on Member's Rates

THE BASICS OF EU'S POWER SUPPLY

- ▶ Cost of power: Estimated to be \$223M in 2022, 81% of revenue
- ▶ What are EU's generation Resources
- ▶ Projection of WPCA going forward
- ▶ Opportunities

Note: Keep in mind that natural gas prices are extremely high right now, and have a significant bearing on the cost of wholesale power

DEFINITIONS

- ▶ Capacity- The nameplate amount of a block of power from a generation facility (MW)
 - ▶ Charged Monthly, \$ per MW, regardless of run time
 - ▶ Example: “With more than 700 MW of capacity under contract, my power company is guaranteed to have enough capacity to satisfy the forecasted peak demand of 600 MW this winter”
- ▶ Energy- The amount of electricity produced over a specific period of time (MWH)
 - ▶ The amount of energy purchased varies based on how much is used
 - ▶ Example: “While sufficient megawatts of capacity were reserved, a mild winter meant the generators only had to operate at 70% to produce the megawatt hours of energy needed.”

DEFINITIONS

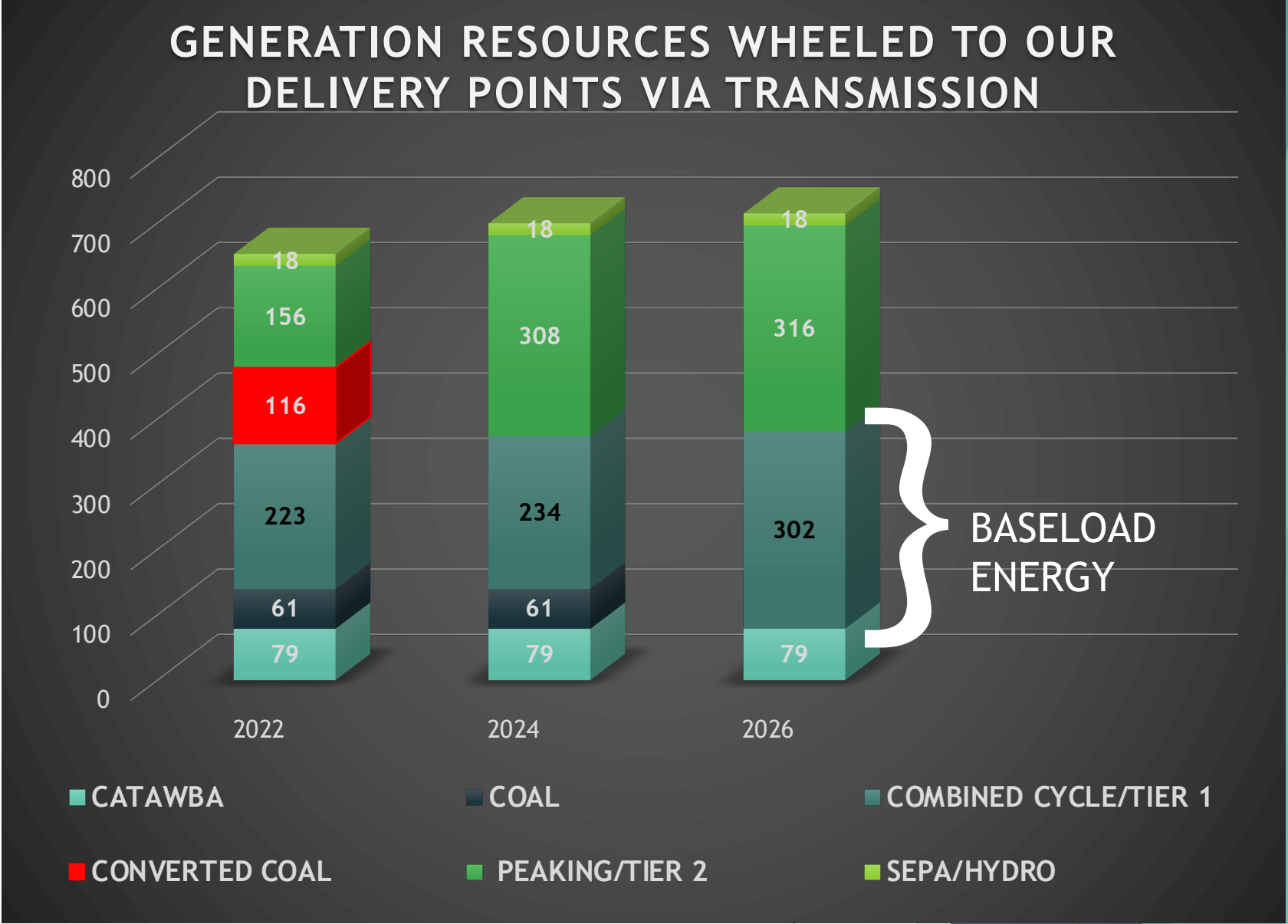
- ▶ Transmission-Cost to deliver energy to EU's grid from the power plants (Southern, Duke)
- ▶ Baseload- Generation that runs 24*7
 - ▶ Not able to ramp up or down as needed
- ▶ Peaking- Generation necessary to handle all load requirements above baseload
 - ▶ Ramps up or down quickly as needed

Calculating EU's Capacity Needs

Capacity-fixed fee to “rent” resource

- ▶ Average of EU's load during Southern Power's top ten hours of the year-in prior year
 - ▶ Multiplied by a 15% reserve factor, then adjusted for growth
- ▶ Determination of “Baseload” and “Peaking” energy requirement:
 - ▶ Total hours in year, 8,760 hours, look at the load in the 7,446th highest hour (85%)
 - ▶ Equals Baseload need
- ▶ In 2022, EU is required to purchase a minimum of 661 MW
 - ▶ 405 Baseload
 - ▶ 256 Peaking

ENERGYUNITED GENERATION RESOURCES



Catawba



CATAWBA NUCLEAR-OWNED BY NCEMC

- ▶ NCEMC owns the majority of Unit 1
- ▶ EU is allocated 79MW of capacity
 - ▶ Through 2044
 - ▶ Runs most of the time
 - ▶ Scheduled routine maintenance during the shoulder months (Spring & Fall)
 - ▶ Down longer during refueling events
 - ▶ All pass-through costs for our pro-rata share

PLANT SCHERER



COAL UNIT-(SOUTHERN WHOLESale ENERGY)

- ▶ 61 MW of capacity
- ▶ Generated from Plant Scherer in Georgia
 - ▶ Through 2025
 - ▶ Runs less than 50% of the time
 - ▶ NG pricing was lower prior to NG price spike
 - ▶ Limited generation due to limited coal

PLANT ROWAN-CC



COMBINED CYCLE BASELOAD (Southern Power)

- ▶ Combined Cycle-Baseload gas resource
 - ▶ Through 2035-Defined Capacity Quantities- (223MW-2022, 239MW-2023, then scalable)
- ▶ Sourced at Plant Rowan
 - ▶ Avoid Southern Transmission
 - ▶ Purchase firm gas transmission with capacity (positions EU at the front of the line to withdraw gas from the pipelines)
 - ▶ Runs approximately 80% of the time (weather depending)
 - ▶ Energy cost approximately 7.5 times price of natural gas (incl. adders)

PLANT ROWAN-CT



PEAKING UNITS (Southern Power)

- ▶ Combustion Turbine Engine generation
 - ▶ 156MW of Peaking
 - ▶ Lower capacity cost, higher energy cost
 - ▶ No firm transmission
 - ▶ Only runs on really hot/cold times
- ▶ Sourced at Plant Rowan
 - ▶ Energy cost approximately 11 times price of natural gas

Hydroelectric Generation



SEPA/HYDRO

- ▶ Hydro-Electric Dams in the Southeast
 - ▶ Owned by federal govt, run by Army Corps of Engineers
- ▶ Treated as Renewable Energy, Carbon Free
- ▶ 18MW
- ▶ Low Energy Cost

RENEWABLES UPDATE-BEHIND THE DELIVERY POINT

► Current Resources

- 1 MW Solar Farm in Alexander County (contract expires 2030)
- 3 MW Iredell Landfill (contract expires 2030)
- 18 MW SEPA (included in previous slide, ongoing contract)

RENEWABLES UPDATE-BEHIND THE DELIVERY POINT

► Future Resources

- 7.5 MW Solar Farm in Davie County, 10 year contract
 - Expected on-line in 2023
- Potential 10 MW Solar Farm in Harmony
- Potential 10 MW Solar Farm in Thomasville
- Another developer is looking at sites in our footprint

Iredell Transmission

- ▶ Location: Statesville, NC
- ▶ Facility: 3.2MW - 2 CAT 3520 packaged gensets
- ▶ Offtake: EnergyUnited EMC
- ▶ COD: July 2008
- ▶ DTE Responsibilities
 - Development
 - Construction
 - Facility operations
 - Wellfield construction and O&M



Taylorsville Solar Farm



- ▶ 1 MW
- ▶ Expires in 2030

Natural Gas Volatility-2021-2022 (10/14/22)





Operational U.S. LNG Export Capacity



Cove Point
5.25 MMtpa
(~0.7 Bcf/d)

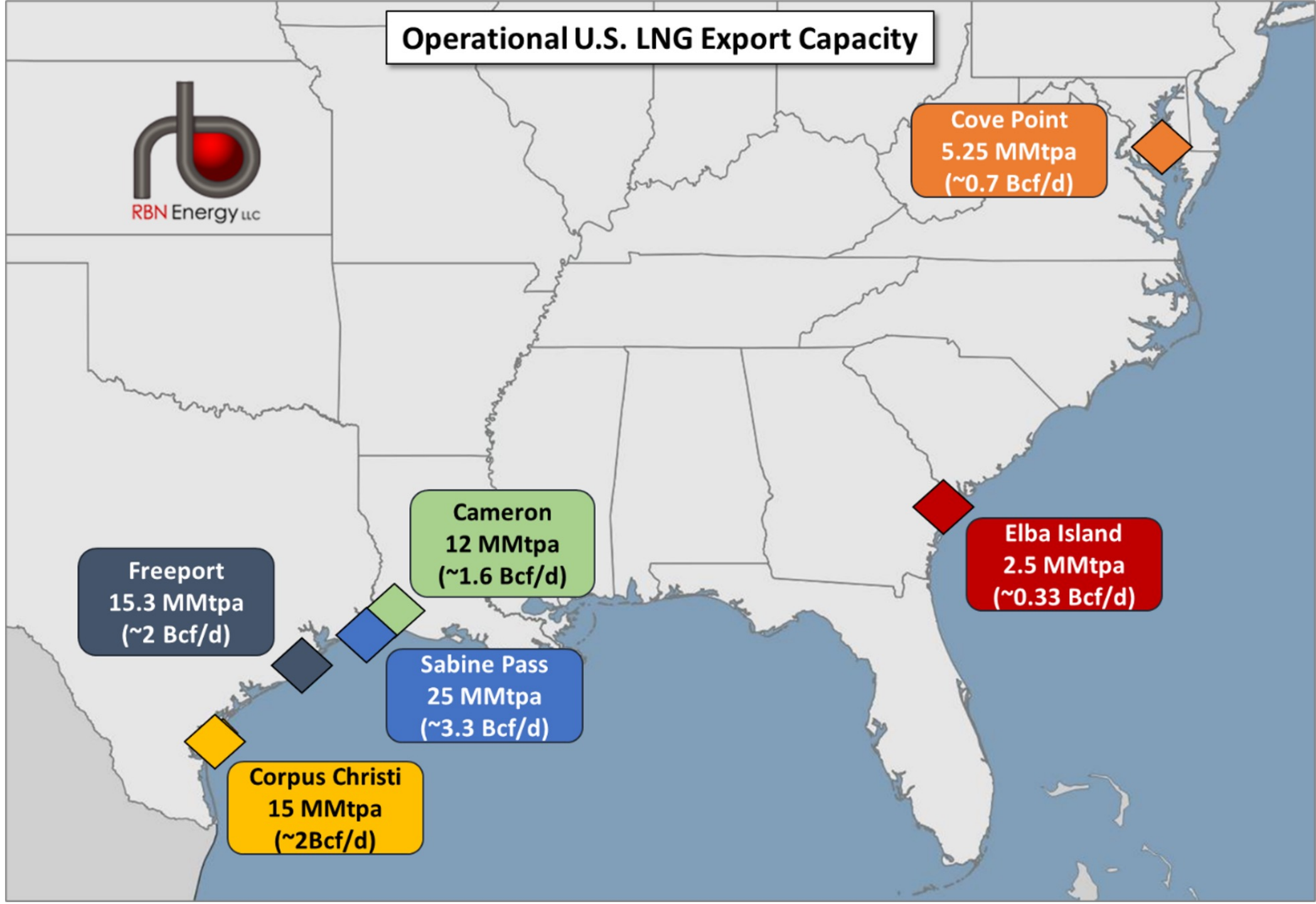
Cameron
12 MMtpa
(~1.6 Bcf/d)

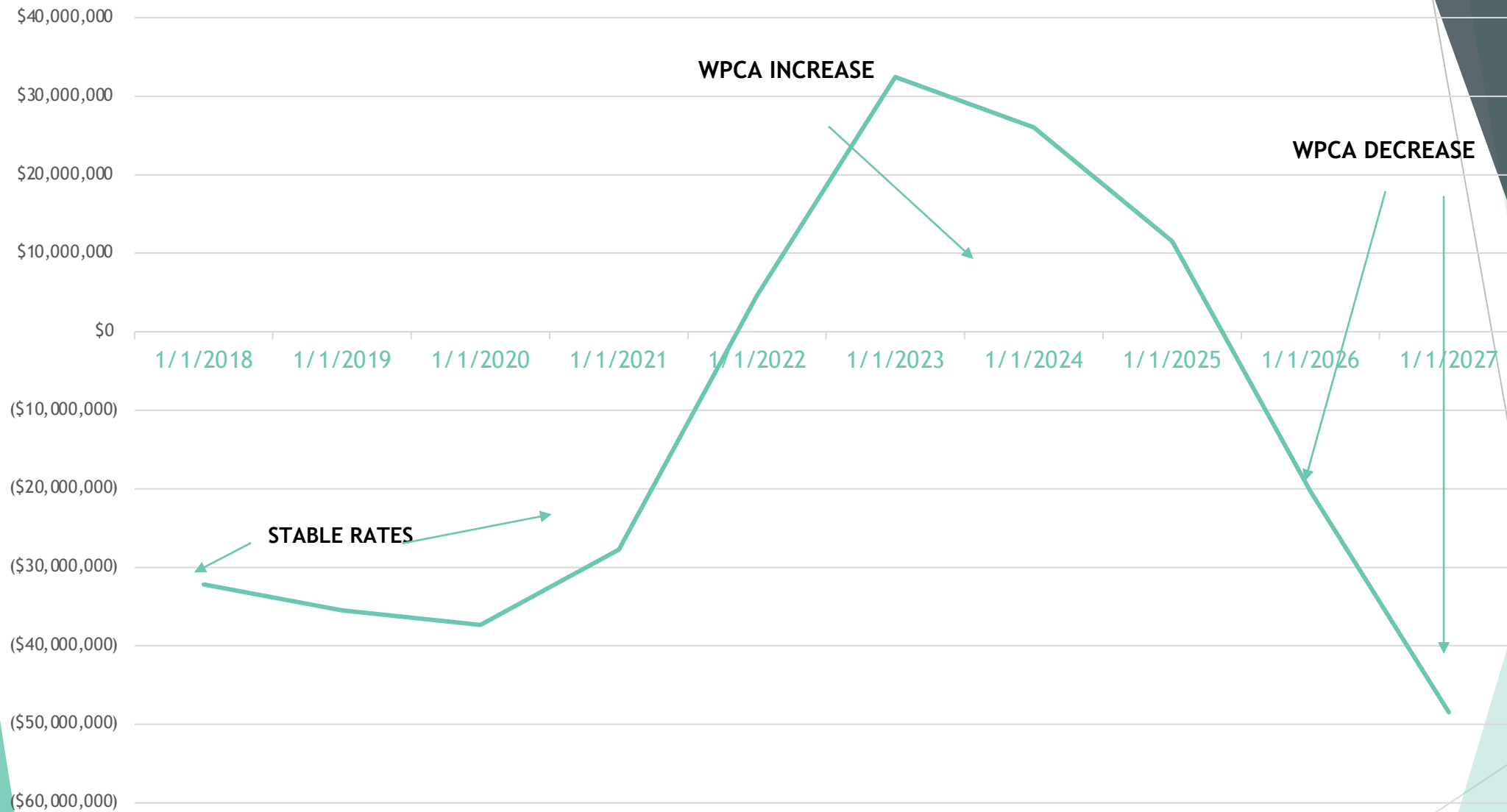
Freeport
15.3 MMtpa
(~2 Bcf/d)

Elba Island
2.5 MMtpa
(~0.33 Bcf/d)

Sabine Pass
25 MMtpa
(~3.3 Bcf/d)

Corpus Christi
15 MMtpa
(~2 Bcf/d)





Rate Stabilization Program-Forecast

Look Ahead for Impact on Members' Rates - Energy Component

- ▶ Capacity prices (fixed portion of renting the resources) are completely defined through 2035
 - ▶ No impact on members' rates for a few years
- ▶ Unless the price of Natural gas declines significantly and soon, we will need to implement a fuel surcharge in early 2023.
 - ▶ Impact can be in the 3-10% range
 - ▶ With volatility it can change dramatically



Distribution Costs

IMPACT ON OUR FACILITIES FEES

Inflation, Inflation, Inflation

- ▶ Historically, EU has forecasted inflation around 3%
- ▶ Today, we are seeing cost increases on products and fees of up to 50%
- ▶ Challenges in the labor market
- ▶ Supply chain availability and increases - transformers, wires, etc.
- ▶ Contractors renewing at significantly higher rates than existing
- ▶ Interest rates on our new borrowing have increased close to double
- ▶ All of this occurring while our growth rate is about 1.2% per year
- ▶ In addition, we have a need to increase staff to improve reliability

MEMBER IMPACT OF POTENTIAL RATE INCREASES-RESIDENTIAL FACILITY CHARGES

(EXCLUDES COST OF ENERGY IMPACT)

YEAR	FORECASTED MONTHLY FACILITY CHARGE- RESIDENTIAL
2022	\$40
2023	\$43.50-\$45.50
2024	\$46.00-\$48.50
2025	\$48.00-\$51.00
2026	\$50.00-\$54.00

Look Ahead for Impact on Members' Rates - Distribution Component (Basic Facilities Charge)

- ▶ Currently working on our 2023 Financial Budget
 - ▶ Projected costs will determine the increase in Facilities Charges
 - ▶ Expect increases to continue
- ▶ EnergyUnited will continue to look for opportunities to reduce costs through efficiencies and technologies

Adding More Detail to Billed Charges Breakdown

- ▶ The facilities fee and a wholesale power cost adjustment (WPCA) are currently summed into the ENERGY CHARGES line-item on member bills
- ▶ Plan is to transition to more transparent bill charges breakdown in January

Current Bill Format Facility Fee & WPCA Rolled into Energy Charges

Meter #	Description	Days	Services	
			From	To
200116856	REGULAR	29	05/09/2022	06/07/2022
Current Activity				
ENERGY CHARGES				\$151.52
RENEWABLE ENERGY MANDATE				\$0.75
ROUND-UP CONTRIBUTION				\$0.07
TAXES				\$10.66
Total Current Activity				\$163.00

Future Bill Details – Facility Charge & WPCA Listed Separately

Meter #	Description	Days	Services	
			From	To
200116856	REGULAR	29	05/09/2022	06/07/2022
Current Activity				
ENERGY CHARGES				\$111.52
BASIC FACILITY CHARGE				\$40.00
WHOLESALE POWER COST ADJUSTMENT (WPCA)				\$0.00
RENEWABLE ENERGY MANDATE				\$0.75
ROUND-UP CONTRIBUTION				\$0.07
TAXES				\$10.66
Total Current Activity				\$163.00

QUESTIONS/DISCUSSION

MAC Input:

Review Communications Plan for Rate Increases and share ideas on How Best to Describe our Facility Charges

Co-op Updates



Maureen Moore,
Communications
Manager

EnergyUnited BOD Election Winners

- ▶ Thank you to all who participated in this year's Board of Directors Election. The winners were announced during our Annual Meeting this year and were posted on our website.
- ▶ District 1: Jerry Anderson
- ▶ District 2: Ronnie Harrison
- ▶ District 3: Craig Black



EnergyUnited Annual Meeting

- ▶ EnergyUnited's Annual Meeting aired on WSIC Radio on September 15 at 5 p.m. and September 16 at 7:30 a.m. The broadcast was streamed on FB Live, shared on the EnergyUnited website and also on WSIC Radio's website.



My EnergyHub

- ▶ Register your account in My EnergyHub to set your account preferences, pay and view bills online, explore your energy usage and much more!



Paperless Billing

- ▶ As an at-cost energy provider, EnergyUnited always strives to provide power at the lowest possible cost. Sign up for paperless billing to help reduce our billing costs and save paper!



Sign up using My EnergyHub

Capital Credits

- ▶ This year, EnergyUnited will retire \$3.5 Million in Capital Credits. The refunds will be issued to members who received service from the cooperative in 1991, 1992, 2001 and 2021. Credits will appear on members' bills in December.



Dove Hunting

- ▶ It is illegal to shoot any perched bird that is sitting on a utility line. It is also very dangerous and repairs to damage infrastructure can be very expensive.



Every Day Empowered Stories

We will be producing a new series for our newsletter next year to highlight empowering stories with a focus on innovation and excellence. Stories will highlight members who receive service from EnergyUnited - residential members, students from schools served by EU, business leaders and more. If you have story leads or ideas, please share with Maureen or Adam.

NC Bright Ideas Update

EnergyUnited
YOUR LOCAL CONNECTION

*Visit EnergyUnited.com/bright-ideas
for more information.*

**Committed to
Supporting
Classroom
Creativity.**



**A special thanks to our Bright Ideas
volunteer judges from Lexington:**

Dan Akers
Randy Brookner

Youth Tour & Cooperative Leadership Camp

- ▶ We are now accepting applications for our 2023 Electric Cooperative Youth Tour program. Students must be sophomores or juniors and receive service from EnergyUnited at home or attend a school that receives service from EnergyUnited.
- ▶ Additionally, two finalists will receive an opportunity to participate in Cooperative Leadership Camp next summer.



COOPERATIVE
COUNCIL *of* NC

Operation Round Up

- ▶ Please consider rounding up your bill and encouraging your friends and family to do the same. Through our Operation Round-Up program founded in 1996, members can round up their monthly electric bills to the next dollar, with the difference going to the EnergyUnited Foundation. Monthly donations can range from a penny to 99 cents; on average, individual donations will be about \$6 a year.



Sign up using My EnergyHub

Lexington BBQ Festival

- ▶ EnergyUnited is a proud supporter of the 2022 Lexington BBQ Festival on Saturday, October 22nd.



Light Up Cornelius

EnergyUnited is a proud supporter of 'Light Up Cornelius' on Saturday, November 26th.



Driving Change: EVent: Saturday, September 24



Social Media



- ▶ Follow us on social media for the latest updates from EnergyUnited: Facebook, Twitter, Instagram and LinkedIn.