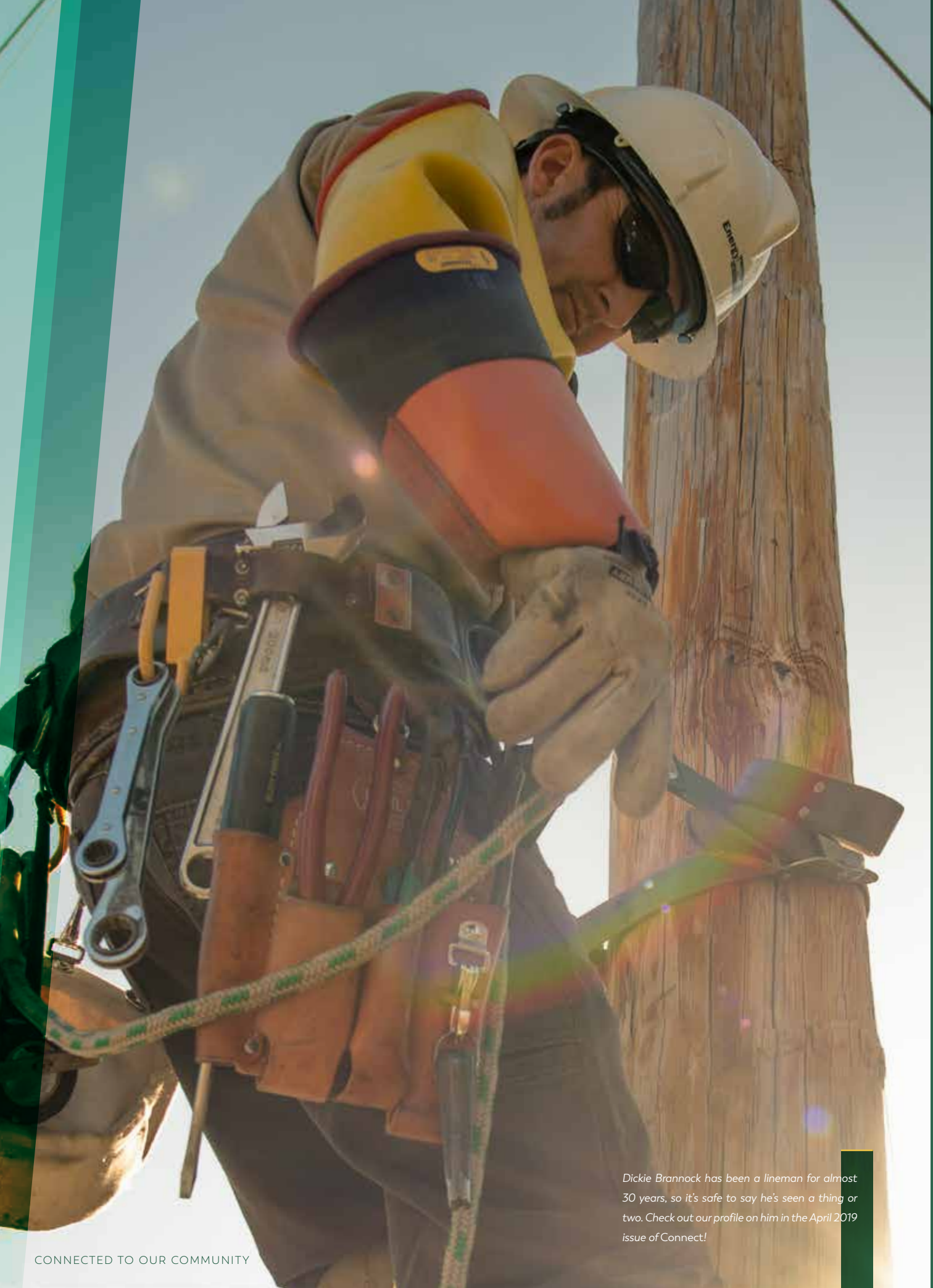




# 2018 ANNUAL REPORT

THE POWER THAT CONNECTS US





*Dickie Brannock has been a lineman for almost 30 years, so it's safe to say he's seen a thing or two. Check out our profile on him in the April 2019 issue of Connect!*

## CONTENTS

HUMBLE BEGINNINGS, BRIGHT PROMISES	02
ENERGYUNITED CORE VALUES	03
LETTER FROM THE PRESIDENT & CEO	04
MEMBER SATISFACTION	06
PLUGGED IN TO PROGRESS	08
CONSOLIDATED BALANCE SHEETS	09
A LEADING LIGHT TO A BRIGHT FUTURE	10
80 YEARS LATER WE'RE STILL FEELING POWERFUL.	12
THE POWER OF YOUR DOLLAR.	14
THE CO-OP WAY	16

At **EnergyUnited**, keeping you connected doesn't just stop when the lights turn on and the propane tank gets filled. It's about that feeling you get seeing the warm glow of your house as you pull up the driveway. It's about sharing a home-cooked meal with the ones you love. And it's about keeping you connected through relationships and opportunities within the community.

Said more simply: The past year has been dedicated to keeping you, our member-owners and customers more connected—in every sense of the word.

We're excited to share the progress we've made, and our hope is that these next several pages will show just how powerful it is to have energy *united*.

# HUMBLE BEGINNINGS, BRIGHT PROMISES

EnergyUnited has roots that date back to the late 1930s, by way of two smaller community-based providers: Crescent EMC and Davidson EMC. These two co-ops would later consolidate, forming the co-op we know and love today. Our co-op operates to improve and strengthen our community by cooperative means. Whether that's working toward a safer system to stay connected, or offering transparent prices for your power, our core values and mission illuminate everything we do. Now that's powerful.

*EnergyUnited's propane-powered Ford Explorer highlights one of the many uses for this clean fuel source.*



## OUR MISSION

EnergyUnited is a member-owned business committed to delivering reliable energy services at competitive prices.

## OUR VISION

EnergyUnited strives to be the leading energy services cooperative.

## OUR PURPOSE

To improve the quality of life for our members, customers and communities.

# CORE VALUES

### SAFETY

Keep our employees, our members and the communities we operate in safe and sound through ongoing training and a focus on creating a safety-mentality culture.

### COMMITMENT

We deeply care about our members, our employees and our communities, and strive to always do what we say we will. Character is the foundation of all worthwhile success.

### INTEGRITY

Trust each other, lead with honesty, respect our neighbors and always seek to do the right thing. It's an approach to business—and life, for that matter—that we live by.

### EXCELLENCE

Each day, we strive to be the best version of ourselves, and work to maintain the highest standards of excellence in all that we do.

*The Carolina BalloonFest is a Statesville, N.C., tradition, and the second oldest balloon festival in the country. EnergyUnited Propane is proud to support this iconic (and fun) event every autumn.*



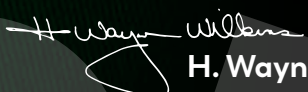
# LETTER FROM THE PRESIDENT & CEO

2018 was another productive and positive year that provided many opportunities for growth and progress. When our members and customers had suggestions, we listened. When the weather turned gloomy, we acted. And when prompted to review the past year, we reflected knowing that our promise to provide member-owners with safe, reliable and affordable services across our communities remained true, despite several challenges.

In 2018 we endured Hurricane Florence, Tropical Storm Michael and Winter Storm Diego, and through it all, worked hard to improve our outage response time. In July, we launched a state-of-the-art tool, Energy Advisor, crafted to make managing your energy usage and saving your money easy and effective. We work to keep you connected not only to power, but to every tool you need to stay empowered.

The year also brought promise in the way of new business and industry development within our state. With new business comes new jobs, growth and of course an opportunity for us to power growing facilities. We pride ourselves on being a reliable energy services provider—and we welcome new companies into our local connection.

As we continue our way through 2019, we're committed to using our learnings and experiences to continue to build on our progress, opportunities and technologies to keep you connected and empowered.

  
**H. Wayne Wilkins**

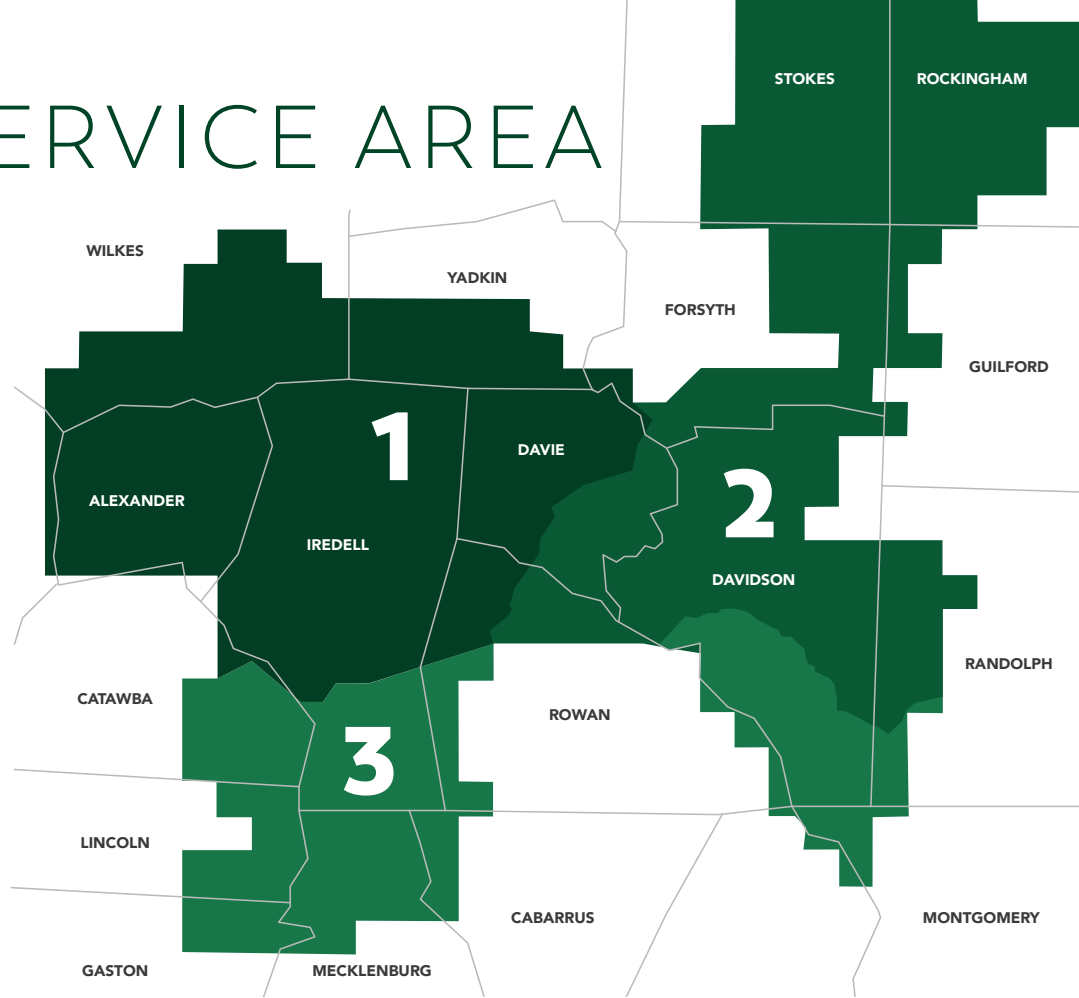
  
**Dr. Max Walser**



# OUR SERVICE AREA

North Carolina continues to grow, and so does EnergyUnited. Though we've continued to serve the same 19-county service area, the number of co-op members and propane customers has grown significantly. We are proud to serve nearly 108,000 electric members and 130,000 meters in our service area. We also offer propane service to nearly 24,000 customers in 74 counties across North and South Carolina.

*Our district boundary lines were updated as of April 2019. This map reflects the 2018 districts. For the most recent district boundary map, please refer to the inside back cover.*



## 2018 BOARD OF DIRECTORS

### DISTRICT ONE



**Edgar Cartner**  
Vice President



**Jerry Anderson**



**Ann Eller**

### DISTRICT TWO



**Dr. Max Walser**  
President



**Jeannette Overby**  
Secretary



**Mack Shoaf**

### DISTRICT THREE



**Ronnie Harrison**  
Treasurer



**Brian Sisson**



**Glenn Smith**

### EXECUTIVE STAFF

**H. WAYNE WILKINS**  
CHIEF EXECUTIVE OFFICER

**JOHN MCMURRAY**  
CHIEF OPERATIONS OFFICER

**THOMAS GOLDEN**  
CHIEF STRATEGY OFFICER

**ALEC NATT**  
CHIEF FINANCIAL OFFICER

**KATHLEEN HART**  
CHIEF INFORMATION OFFICER

**PAM BRITT**  
VICE PRESIDENT  
HUMAN RESOURCES

**JEFF RUFFNER**  
GENERAL MANAGER  
ENERGYUNITED PROPANE

*We are deeply saddened to announce the loss of longtime cooperative director, Mack Shoaf, who passed away on March 11 2019, at the age of 83. He served as a cooperative director for 43 years, and played a vital role in guiding the co-op into the new age. We send our sincerest condolences to his family and friends alike.*



# MEMBER AND CUSTOMER SATISFACTION: A COMMITMENT TO SERVICE

One of the aspects that sets a co-op apart from other energy providers is that our members are our owners. So when we talk about member satisfaction, we're also talking about keeping our owners (that's you) happy. And that co-op mentality doesn't stop there—it stretches well within our propane company to the customers we serve throughout North and South Carolina.

In 2018, we brought tools like Energy Advisor to the co-op so our member-owners would have a better way to manage cost and energy. And since many of you asked for easier payment options, more progressive technology and access to alternative energy sources, we implemented new initiatives in those areas too. Read on to learn how we kept our co-op connected in many different ways.





# KEY AREAS OF FOCUS

## CORE SERVICES

Keeping you connected to power is always at the top of our to-do list. And in 2018 we saw two hurricanes, one snowstorm and record-breaking rainfall for months at a time. We **safely restored power** to over 65,000 members during this time, and kept you informed with Text Outage alerts and Facebook, Twitter and website updates.

## PROVIDING & PROGRESSING

2018 brought the completion of the **Silver Hill Substation** and the **Tall Pines Substation**. These rebuilds were done to improve reliability, increase capacity and update aging equipment.

## KEEPING ELECTRICITY AFFORDABLE

Providing our members with reliable energy services at the lowest cost possible is at the forefront of all we do. To keep prices low, we negotiate long-term contracts with wholesale power suppliers in order to lock in basic pricing and offset future fluctuations in energy prices. When prices dip, we pass along those savings to our members through a Wholesale Power Cost Adjustment (WPCA), which totaled \$1.3M in 2018. Translation? Customer satisfaction.

## MANAGING COSTS & SAVING ENERGY

Our interactive Energy Advisor tool gives you the power to monitor energy (and cost) spending, all while providing simple solutions to lower your monthly bill. We continuously work to save you energy (and some paper) by providing other **payment options**—like our third-party pay locations, online and in-app bill pay, and our payment kiosks.

## CONNECTING TO COMMUNITY

Enhancing our community service took on many forms in 2018, including our Operation Round-Up program, Bright Ideas Education Grant program, Sports Camp and Youth Tour. Operation Round-Up funds are donated by members who round up their monthly electric bill. The donations are managed by the EnergyUnited Foundation and go to worthy grant applicants in the community. We're connecting by way of local schools as well with our Bright Ideas Program, an initiative that funds teachers' creative and innovative classroom projects; Youth Tour, which sends two students to Washington, D.C., every year; and Sports Camp, which sends two school-aged kids to basketball camp every summer.



# PLUGGED INTO PROGRESS

We're here to ensure our members and customers stay connected—to power and progress. As the times continue to change, technologies evolve and our lives become even busier, it's essential that we change along with them.

That's why we've added more convenient payment options and new kiosks in Cornelius, Lexington and Denver, which collectively processed over 8,000 payments in 2018. We launched nearly 100 third-party payment locations that operate within the business hours of big-box retailers, so you can pay at convenient locations and at the times that work for your schedule.

Our active efforts to promote and improve e-billing have led to very positive results, including a huge uptick in participation, helping us save paper and postage, and improve our long-term sustainability efforts.

Working together to better plan for and serve the needs of our members: that's the cooperative difference.

# 99.98%

## RELIABILITY RATING

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# JUST OVER 107,000

## ELECTRIC MEMBERS



# OUR CORPORATE PROFILE

## CONSOLIDATED BALANCE SHEETS

### ASSETS

UTILITY PLANT	2017	2018
Electric plant in service	\$583,090,172	\$599,072,260
Property and equipment – subsidiaries	28,478,908	30,069,909
Construction work in progress	8,284,813	10,411,832
Gross utility plant	619,853,893	639,554,001
Less accumulated depreciation	234,373,777	250,505,652
<b>TOTAL UTILITY PLANT</b>	<b>385,480,116</b>	<b>389,048,349</b>

### OTHER PROPERTY AND INVESTMENTS

Restricted property and investments	1,093,353	1,118,869
Investments in associated organizations	17,187,063	17,310,331
Goodwill	2,230,745	1,906,505
Investment in leases	120,033	53,649
Other assets	2,245,919	2,243,343
Notes receivable	3,222,500	2,767,500
<b>TOTAL OTHER PROPERTY &amp; INVESTMENTS</b>	<b>26,099,613</b>	<b>25,400,197</b>

### CURRENT ASSETS

Cash and cash equivalents	5,075,663	16,175,904
Consumer accounts receivable, less allowance for doubtful accounts of \$1,325,001 and \$1,517,135 for 2018 and 2017, respectively	17,627,348	19,068,291
Other accounts receivable	174,531	776,615
Unbilled accounts receivable	15,362,760	14,434,199
Inventories and supplies	5,880,182	6,225,576
Current maturities of notes receivable	455,000	455,000
Current investment in leases	183,334	62,789
Other current assets	1,788,647	1,955,029
<b>TOTAL CURRENT ASSETS</b>	<b>46,547,465</b>	<b>59,153,403</b>

<b>DEFERRED CHARGES</b>	<b>3,874,471</b>	<b>3,244,415</b>
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<b>TOTAL ASSETS</b>	<b>\$462,001,665</b>	<b>\$476,846,364</b>
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### EQUITIES AND LIABILITIES

EQUITIES	2017	2018
Member shares	\$535,455	\$543,210
Patronage capital	33,104,198	27,666,404
Other equities	157,797,364	169,899,814
Accumulated comprehensive gain/(loss)	(4,748,122)	(11,116,028)
<b>TOTAL EQUITIES</b>	<b>186,688,895</b>	<b>186,993,400</b>

### NON-CURRENT LIABILITIES

Long-term debt, less current maturities	170,061,800	177,398,802
Accumulated obligation for pensions and benefits, less current amount	10,322,485	9,197,539
Other non-current accrued liabilities	4,491,222	4,489,618
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>184,875,507</b>	<b>191,085,959</b>

### CURRENT LIABILITIES

Current maturities of long-term debt	14,428,540	15,414,295
Accounts payable	23,086,247	26,520,999
Consumer deposits	3,467,787	3,474,612
Other current liabilities	11,065,584	17,231,130
<b>TOTAL CURRENT LIABILITIES</b>	<b>52,048,158</b>	<b>62,641,036</b>

<b>DEFERRED CREDITS</b>	<b>38,389,105</b>	<b>36,125,969</b>
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<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$462,001,665</b>	<b>\$476,846,364</b>
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## CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND PATRONAGE CAPITAL

NON-CURRENT LIABILITIES	2017	2018
Operating revenue	\$282,621,305	\$304,415,569
Cost of sales	229,773,461	245,138,630
Gross profit on sales	52,847,844	59,276,939

### OTHER EXPENSES

Advertising, marketing and sales	757,299	810,560
Product services and labor	8,914,479	9,208,199
Other G&A expenses	13,064,616	14,311,717
Depreciation and amortization	20,752,810	21,133,646
Interest	8,579,903	8,935,128
Other	46,821	28,579
<b>TOTAL EXPENSES</b>	<b>52,115,928</b>	<b>54,427,829</b>
<b>NET OPERATING MARGINS</b>	<b>731,916</b>	<b>4,849,110</b>

### NON-OPERATING MARGINS

Interest income	3,441,961	3,877,366
Other income	2,194,441	1,669,222
Gain (loss) on disposal of property	83,901	53,525
<b>TOTAL NON-OPERATING MARGINS</b>	<b>5,720,303</b>	<b>5,600,113</b>

<b>NET MARGINS</b>	<b>\$6,452,219</b>	<b>\$10,449,223</b>
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# A LEADING LIGHT TO A BRIGHT FUTURE

At EnergyUnited, we're committed to stand as the local connection for the members, customers and communities we serve, every single day. But becoming that trusted and reliable source of energy doesn't just happen overnight. It requires planning, adapting and listening to our member-owners and customers each step of the way. The past year was full of progress, and it's all thanks to our roadmap for success. We use this plan to identify areas of business with sizeable growth opportunities, to set goals and to plan for any future challenges that may impact our members.

## **FIELD ASSET INVENTORY**

We are working with Davey Resource Group to make a thorough count of all EnergyUnited equipment on properties throughout our service area. We began this project in late 2016 and as of January 2019 have mapped over 240,000 features and have completed approximately two-thirds of our service territory. This project is scheduled for completion by the end of 2020.

## **THE PROPANE PLAN**

Propane is a powerful and versatile fuel source that doesn't often get the recognition it deserves. In 2018, we continued to share the benefits of propane with new customers, leading to the opening of our new Denver building, expansions in Shelby and Asheboro, and improved tank monitoring and automatic refill services to meet the needs of our growing demographic.

## **OPEN FOR BUSINESS**

We love North Carolina for many reasons—and as it turns out, so do a lot of major businesses moving here looking to open up shop. The past year provided us with exciting new economic successes, like providing energy to large corporations in Davidson, Iredell, Catawba and Davie counties as well as the Lake Norman area. Read on to see how we're connecting new businesses to power.





## THE POWER OF GROWTH.

### DOING OUR PART TO KEEP THE ECONOMY EMPOWERED.

North Carolina is getting energized with new economic development opportunities. The initiatives, strategies and hard work of county and state economic developers have ushered in new industry establishments statewide like Borealis in Taylorsville; Kurz, Daumar, and Oerlikon in Huntersville; Yokohama in Cornelius; Eggers in Davidson County; and the Davie Industrial Center in Davie County. These new business developments are not only a boon to the N.C. economy and employment rate, but also to EnergyUnited. Serving as the local connection to large industries is a tremendous asset to all ratepayers and a direct reflection of the growing and thriving communities we serve.

Below is a list of some of the investments and businesses announced in 2018.

DAVIDSON COUNTY  
**OVER 500 QUALITY JOBS CREATED**  
**NEW CAPITAL INVESTMENT EXCEEDING \$375M**  
**OVER 3M SQ FT**

LAKE NORMAN AREA  
**396 JOBS CREATED**  
**\$35.8M INVESTMENT**  
**125K SQ FT**

IREDELL COUNTY  
**17 MAJOR PROJECTS ANNOUNCED**  
**1,200 JOBS CREATED**  
**\$136M INVESTMENT**  
**1.1M SQ FT**

DAVIE COUNTY  
**6 MAJOR PROJECTS ANNOUNCED**  
**OVER 425 JOBS CREATED**  
**OVER \$100M INVESTMENT**  
**OVER 700K SQ FT**

CATAWBA COUNTY  
**7 MAJOR PROJECTS ANNOUNCED**  
**\$129M INVESTMENT**  
**520 JOBS CREATED**



# 80 YEARS LATER WE'RE STILL FEELING POWERFUL.

It's hard to believe your local electric cooperative recently celebrated its 80-year anniversary. From new technologies, safety protocols and growth opportunities across our 19-county service area to reinforcing infrastructure statewide, we've got a lot to celebrate. So help us blow out the candles, enjoy a slice and let's take a look at some of our highlights from the 80th year of serving members as your local connection.

## **FORTIFIED INFRASTRUCTURE**

2018 marked the second year of our six-year Construction Work Plan, which called for 190 miles of new underground construction, 35 miles of new overhead construction, six new substations and improvements to 53 existing stations. 2018 brought great progress with two of the six brand-new substations, 74.7 miles of underground line and 6.1 miles of overhead line already completed.

## **NEW TECHNOLOGIES**

We always strive to provide you with the most reliable energy, but sometimes Mother Nature has other plans. Thus, we've continued to implement and improve our technologies to report an outage. Our text alerts are a simple way to receive timely information about outage restoration efforts in your area. Plus, our outage map continues to undergo improvements and updates while staying available for our members to view 24/7.

# **\$4.4 MILLION**

**INVESTED IN DISTRIBUTION LINE IMPROVEMENTS**

to enhance capacity and reliability

*EnergyUnited was formed in 1998 by the consolidation of two strong, community-minded electric cooperatives: Crescent EMC and Davidson EMC. Now, 20 years later (and 80 years in total), EnergyUnited proudly stands as the largest energy cooperative in North Carolina.*





# 80 years

We're serving nearly

# 130,000

METERING POINTS

Supplied more than

# 2.72 BILLION KWH

OF ELECTRICITY IN 2018

EnergyUnited Propane sold

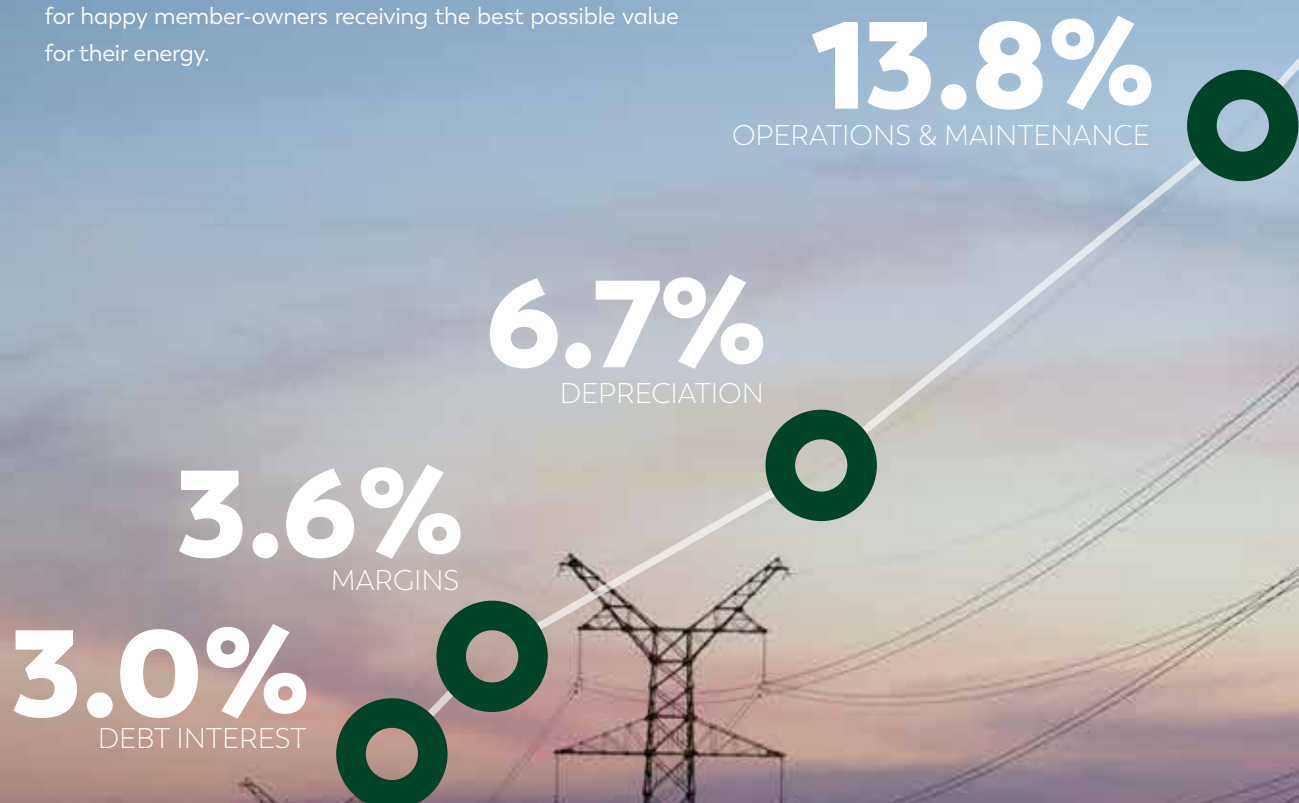
# 10 MILLION

GALLONS OF PROPANE IN 2018

# 135

# THE POWER OF YOUR DOLLAR

In order to provide our members with safe, reliable and environmentally responsible energy services at the lowest cost possible, we must carefully monitor how and where each dollar is spent. When broken down, nearly three-quarters of our expenses go directly to the cost of power, which makes for happy member-owners receiving the best possible value for their energy.







# 72.9%

COST OF POWER



# \$3.8 MILLION

IN CAPITAL CREDITS  
DISTRIBUTED  
TO MEMBERS.

Ever wonder what happens to money that's left over after EnergyUnited pays its bills? Wonder no more. Every dollar we collect that isn't used to cover current operating costs or future system repairs and improvements is returned to our members in the form of "capital credits." Capital credits are allocated to each individual member based on how much the individual paid the cooperative during a particular period. Just another reason it pays to be a co-op member.

# THE CO-OP WAY

One of the defining characteristics of a co-op is the commitment we hold to community. We provide our members with power and in return they contribute to our flourishing neighborhoods. As a co-op, we give back to the communities that raised us, from scholarship programs for our youth to teaching grants for our educators. We work together across our 19-county service area to make our future even brighter.

*Staying connected is a communal effort, but we think it's worth it. After all, it's the co-op way.*

2018 brought the launch of our new high school scholarship program called *Empowering the Future*. The scholarship opportunity is created to give two exceptional high school seniors \$5,000 toward pursuing their college careers.



CEO, H. Wayne Wilkins with 2018 student scholarship recipients: Carolina Brown (left) and David Morton (right).



**THANKS TO OUR OPERATION  
ROUND-UP PROGRAM,  
70,000 OF OUR  
MEMBERS  
HELPED OUT OTHERS IN  
NEED BY ROUNDING UP  
THEIR MONTHLY BILL TO  
THE NEAREST DOLLAR.**

Through our partnership with Touchstone Energy,  
we sent one boy and one girl to  
attend summer basketball camps at  
**UNC CHAPEL HILL &  
NC STATE UNIVERSITY.**

We also sent two bright high schoolers  
to our nation's capital for the  
**ELECTRIC  
COOPERATIVE  
YOUTH TOUR.**

There they joined over 1,500 other students to  
learn about electric cooperatives, energy policies  
and their place within American history and the  
United States government.

**OUR ENERGYUNITED FOUNDATION AWARDED OVER**

**\$350,000  
IN GRANTS  
IN 2018.**

*Our grants go to individuals, households and nonprofit organizations that have expressed a need for financial aid,  
food, supplies and even medical equipment.*

**THROUGH OUR**

**BRIGHT IDEAS PROGRAM**

**WE AWARDED 40 TEACHERS WITH EDUCATION GRANTS TOTALING**

**OVER \$40,000  
TO FUND INNOVATIVE CLASSROOM PROJECTS.**

**EnergyUnited**  
YOUR LOCAL CONNECTION

1.800.522.3793  
ENERGYUNITED.COM



REPORT AN OUTAGE:  
1.800.EUNITED OR (1.800.386.4833)

24-HOUR ACCOUNT INFORMATION:  
1.800.MEMBER1 OR (1.800.636.2371)