

A daisy flower with white petals and a yellow center is growing from a mound of sand. The flower is in the upper right quadrant of the image. The stem is thin and green, with small, fuzzy leaves. The background is a soft, out-of-focus sandy landscape.

A YEAR OF *Resilience*

2020 Annual Report



LUMBEE
RIVER EMC



2020 Executive Summary

At the beginning of the year, no one could have predicted the challenges and speed at which our world would be fundamentally changed by the unfolding events of 2020. Financial market collapses, school closures, supply shortages and mass unemployment were just a few of the perils that impacted our daily lives. Still more important, and much harder to overcome, has been the unprecedented sickness and loss of life due to the COVID-19 outbreak that has ravaged our community. Though Lumbee River EMC endured its own share of struggles, our commitment to our members has allowed us to remain resilient and focused on providing an essential service when the community needed it most.

Like most companies, Lumbee River EMC had to react quickly as the pandemic evolved. Office closures and workplace restrictions resulted in the majority of our office staff abruptly adjusting to work remotely. The cooperative's investment in technology over the years allowed for a seamless transition between office and remote operations while continuing to provide exceptional

service to our member-owners. Staggered work schedules and mask mandates became the norm for our field operators and line crews. Additionally, COVID-related safety protocols, piled on top of an already extensive list of safe operating standards, compounded the intensity of an already stressful job. In spite of it all, our crews were able to maintain a highly reliable grid with minimal

service interruptions while building a considerable number of new services.

LREMC sold 1,272,993 megawatt-hours (MWh) in 2020, compared to 1,316,719 MWh in 2019. This decrease is primarily attributed to the substantial number of schools, offices and workplaces that closed or transitioned to remote work in response to the pandemic. With the



contraction of the economy and the decline in both demand and wholesale fuel prices, LREMC's cost of power decreased approximately \$3 million compared to 2019. Operating expenses for 2020 were approximately \$2 million less than 2019, primarily due to the lower wholesale energy cost and the deferral of projects.

The board of directors authorized a \$6.07 million refund of member capital early in 2020 to help relieve some of the financial hardships facing the member-owners. In December, this was

followed by an additional \$7.0 million of special bill credits in recognition of the strong financial position of the cooperative and the needs of the members.

LREMC continues to make investments in the grid to ensure reliability, both for now and well into the future. This is especially necessary because the demand for the integration of renewables and the demand for electric vehicle charging are becoming more common.

Through it all, your cooperative delivered uncompromised service

and finished the year in a favorable financial position. We are hopeful, as we navigate through 2021, that we can put these struggles behind us and look to a Brighter Future for our cooperative and our community as a whole.



Shawn Hunt
CEO



Spencer Locklear
Chairman
Board of Directors

Minutes of the 2020 Meeting of the Members

Pursuant to due notice thereof, the 80th Annual Meeting of the Members of the Lumbee River Electric Membership Corporation was held at the Corporation's headquarters in Pembroke, North Carolina, beginning at 9:00 a.m. on Thursday, October 8, 2020.

- Registration and voting commenced at 9:00 a.m. and ended at 6:00 p.m. on Thursday, October 8, 2020, and Friday, October 9, 2020.
- The 80th Annual Meeting of Members Business Meeting was held via Facebook live due to the COVID-19 pandemic.
- Attorney Crystal Graham called the virtual meeting to order and welcomed the members to the meeting. Ms. Graham introduced Pastor Jimmy Hammonds of Bethel Hill Baptist Church to give the invocation.
- Attorney Graham introduced Secretary Brenda O. Jacobs, who read the Proof of Mailing for the Annual Meeting Notice and reported that quorum was present. Ms. Jacobs reported on September 23, 2020, the Corporation did place 55,708 Annual Meeting member notices in the United States mail with postage thereon duly paid. A copy of the proof of mailing is incorporated herein by reference, made a part of these minutes, and is available for inspection in the Minutes Book of the Corporation.
- Attorney Graham called for the approval of the October 17, 2019, Annual Meeting minutes. Upon a motion duly made and seconded, the minutes of the 2019 Annual Meeting of the Members were approved.
- Attorney Graham reported that according to Section 5.05 of the Cooperative's Bylaws, candidates are placed into nomination in one of two ways: (1) nomination by the Nominating Committee; and (2) nomination by petition containing at least fifteen (15) or more members' signatures so nominating the interested members. Attorney Graham reported that the Cooperative had received two (2) valid petitions for a nomination.
- Ms. Joan Flanagan presented the report of the Nominating Committee, placing into nomination the following names in the following districts:

District 1	Autry Lowry
District 3	Ronnie E. Hunt, Ronald G. Hammonds, David Locklear
District 5	Spencer Locklear, Lynn Emanuel
District 6	Larry Jones, Carl A. Pevia, Tony Hunt, James Hardin, Michael Locklear

- Attorney Graham introduced Mr. Ronnie E. Hunt, Chairperson of the Cooperative's Board of Directors, who gave an oral report to the membership. A copy of his comments is incorporated herein by reference, made a part of these minutes, and is available for inspection in the Minutes Book of the Corporation.
- Ms. Carmen E. Dietrich, President & Chief Executive Officer, presented her annual presentation to the membership. A copy of her comments is incorporated herein by reference, made a part of these minutes, and is available for inspection in the Minutes Book of the Corporation.
- Attorney Graham reported that the Cooperative did not receive comments and questions for the open forum, and therefore Attorney Graham closed the open forum.
- Attorney Graham announced the results of the director elections as follows:

District 1	Autry Lowry	2,923
District 3	Ronald G. Hammonds	2,099
	David Locklear	1,223
District 5	Lynn Emanuel	628
	Debra Blue Graham	1,108
	Spencer Locklear	1,782
District 6	James Hardin	1,375
	Tony Hunt	1,403
	Larry Jones	658
	Michael F. Locklear	1,002
	Carl A. Pevia	1,353

- Attorney Graham reported the drawing and awards of the door prizes and power credits would be posted on LREMC's website.
- The 2020 Annual Meeting of the Members was proclaimed adjourned.
- The 2020 Annual Meeting of Members registered 3,757 members. A file of each member registered is available with these minutes, incorporated herein by reference, made a part of these minutes, and is available for inspection in the Minutes Book of the Corporation.



Ronnie E. Hunt,
Chairperson



Brenda O. Jacobs,
Secretary

2020 Board of Directors



District 1
Autry Lowry



District 2
Roger Oxendine



District 3
Ronnie E. Hunt



District 3
Erice Locklear



District 4
Lacy Cummings



District 5
Elaine Chavis



District 5
Madie Locklear



District 5
Spencer Locklear



District 6
Sherry Carter



District 6
Rory Eddings



District 6
Brenda O. Jacobs

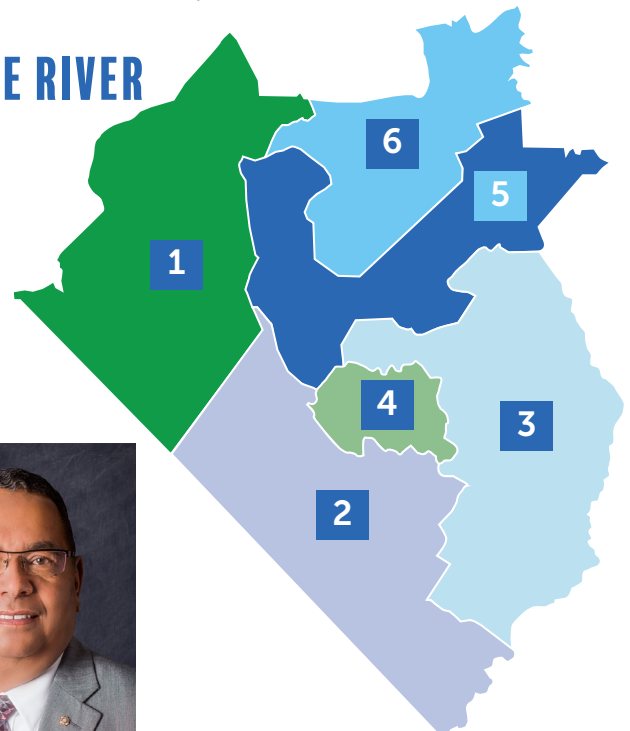


District 6
Larry Jones



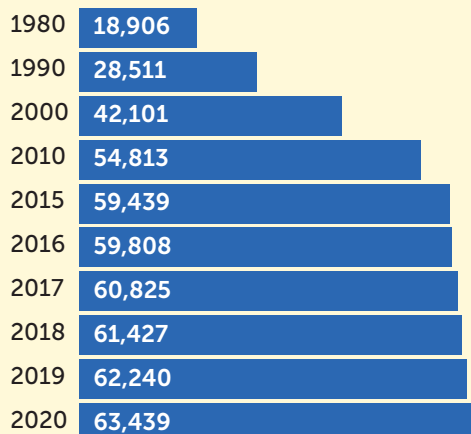
District 6
Carl A. Pevia

**LUMBEE RIVER
EMC**

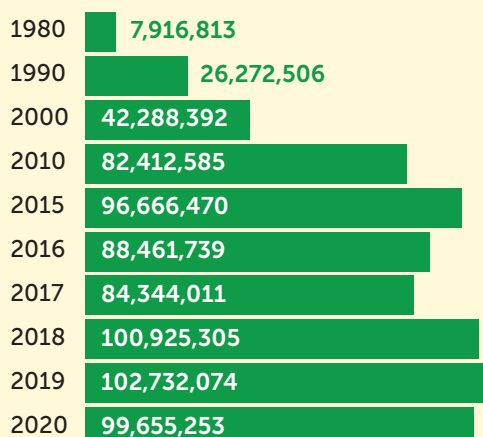


2020 Financial Reporting

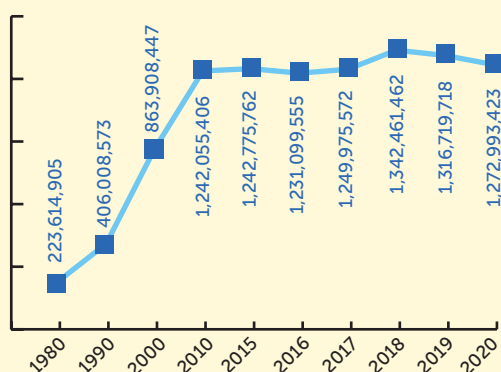
Active Services



Cost of Power



Kilowatt Hours Sold



Balance Sheet as of December 31

	2020	2019
(Consolidated)		
Assets		
Utility Plant	\$266,129,529	\$256,120,113
Investments	49,364,308	47,519,932
Current Assets	46,555,279	34,427,247
Deferred Charges	0	0
Total Assets	\$362,049,116	\$338,067,292
Equities and Liabilities		
Membership Fees	\$ 552,175	\$ 539,765
Accumulated Comprehensive Loss	168,703	(4,220,973)
Patronage Capital	129,924,404	126,714,518
Other Equities	26,688,491	23,410,259
Total Equities	157,333,773	146,443,569
Long-Term Debt	164,617,389	146,020,093
Current Liabilities	28,252,390	27,563,136
Deferred Credits	11,845,564	18,040,494
Total Equities and Liabilities	\$362,049,116	\$338,067,292

Summary of Financial Performance

(Consolidated)		
Operating Revenue	\$ 148,120,515	\$ 153,138,649
Operating Expenses	137,191,782	138,940,599
Interest Expense	5,602,213	5,636,327
Net Margins	12,795,102	15,719,925
Net Plant	266,129,529	256,120,113
Total Assets	362,049,116	338,067,292
Member Equity	\$157,333,773	\$146,443,569

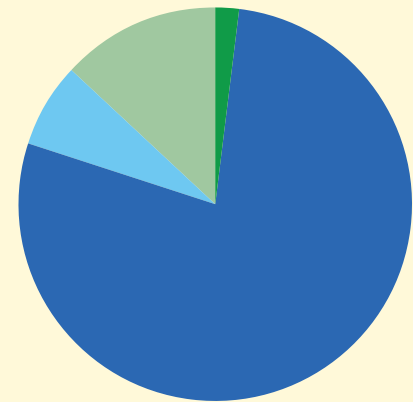
Operating Statistics

Total Active Services	\$ 63,439	\$ 62,240
Kilowatt-Hours Sold	1,272,993,423	1,316,719,718
Miles of Line	6,011	5,944
Estate and General Retirements	6,501,903	5,138,073
Number of Employees	119	127
Cost of Power	\$ 99,655,253	\$102,732,074

Statement of Operations & Patronage Capital

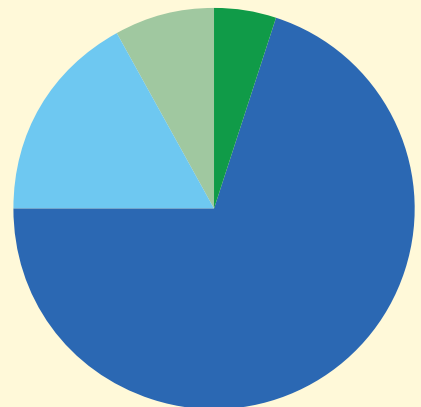
	2020	2019
(Consolidated)		
Operating Revenue	\$148,120,515	\$153,138,649
Operating Expenses		
Cost of Power	99,638,853	102,732,074
Transmission Expense	16,400	22,775
Distribution—Operation	3,315,331	2,986,834
Distribution—Maintenance	5,869,136	6,167,977
Consumer Accounts	3,128,737	3,164,977
Consumer Service	1,059,239	1,219,052
Administrative and General	10,509,474	9,686,439
Total Operating Expenses	<u>\$ 123,537,170</u>	<u>\$125,980,128</u>
Other Expenses		
Depreciation and Amortization	\$ 11,647,156	\$ 10,948,364
Taxes	2,007,456	2,012,107
Interest Expense	5,602,213	5,636,327
Total Other Expenses	<u>19,256,825</u>	<u>18,596,798</u>
Total Expenses	<u>142,793,995</u>	<u>144,576,926</u>
Operating Margins	<u>\$ 5,326,520</u>	<u>\$ 8,561,723</u>
Non-Operating Margins		
Patronage Allocations	\$ 4,299,946	\$ 3,947,961
Interest Income	1,289,392	1,683,950
Income from Equity Investments	1,606,699	1,525,845
Other	272,545	446
Total Non-Operating Margins	<u>7,468,582</u>	<u>7,158,202</u>
Net Margins	<u>\$ 12,795,102</u>	<u>\$ 15,719,925</u>
Consolidated Statements of Comprehensive Income		
Net Margins	\$ 12,795,102	\$ 15,719,925
Other Comprehensive Income (Loss)		
Net Gain (Loss) During Period	4,389,676	(3,287,326)
Amortization of Net Loss	0	0
Prior Service Credit	0	0
	<u>4,389,676</u>	<u>(3,287,326)</u>
Comprehensive Income	<u>\$ 17,184,778</u>	<u>\$ 12,432,599</u>
Patronage Capital—		
Beginning of Year	\$146,443,569	\$138,878,530
Margins	12,795,102	15,719,925
Retired Patronage Capital	(6,306,984)	(4,873,560)
Other Comprehensive Income	4,389,676	(3,287,326)
Transfers and Other Changes	12,410	6,000
Patronage Capital—End of Year	<u>\$ 157,333,773</u>	<u>\$146,443,569</u>

Electric Revenue



- 2% Public Authorities
- 78% Residential
- 7% Large Commercial
- 13% Small Commercial

Allocation of Expense



- 5% Interest & Taxes
- 70% Purchased Power
- 17% Operating Expenses
- 8% Depreciation



LUMBEE RIVER EMC

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