



Enhancing the lives **of our members**

2018 Annual Report





2018 Executive Summary

2018 was a busy and exciting year for Lumbee River EMC. We had many accomplishments and successes that focused on three core areas – reliable service, member service and community service.

Reliable Service

According to our member surveys, our most important service is ensuring that your lights stay on. Reliability and timely restoration continued to be emphasized in 2018. Statistics show, on average, that electric service for our members was available 99.97% of the time. This high percentage represents our efforts to build new lines, maintain existing lines and right-of-way vegetation control measures.

Of course, our efforts are tested from time to time. This was definitely the case when Hurricane Florence ripped through our service areas in September 2018. At the height of Florence, almost 46,000 of our members (75% of our membership) were without power. Our dedicated employees, with help from contract crews, worked long, tedious hours in often dangerous conditions to restore service. Because of their efforts, we were able to restore power to everyone that could receive power within a week.

The cooperative continued to enhance system reliability through system projects. One such project was construction of a new transmission line between our Raeford and Buffalo Springs

Substations. This 14-mile tie-line will give us back-feed capabilities for Scotland County and NW Hoke County by connecting multiple delivery points. When outages occur, having the capabilities to energize lines from other sources help us to “keep the lights on.”

Besides traditional poles and wires service, Lumbee River EMC also incorporates renewable power as part of our reliable service commitment. In 2007, very little renewable energy was produced on our system. However, in 2017, more than 7.24 million kWh from renewable energy sources was produced and utilized by sites within our service territory. Our engineering staff is available to discuss projects or answer questions for members if they are interested in implementing their own renewable energy project.

Member Service

Anticipating, and meeting the needs of our members by providing exceptional service to our members is another priority for your cooperative. Utilizing available technologies, we are able to provide a wide range of options that can meet the needs of our diverse membership.

In 2018, the most exciting effort

to provide convenient member services was the installation of our payment kiosks. We installed free payment kiosks at our Lumberton and Raeford offices and at five of your local Piggly Wiggly grocery stores. In 2019, we installed one at our Pembroke location and three at Fresh Foods grocery stores in Fairmont, Lumberton and Raeford.

We understand that affordability is important to our members and we want to help simplify how you can save money and energy at home. We offered members our Energy Advisor tool for energy usage breakdowns and targeted energy-saving recommendations. The tool allows you to see real dollar savings based on your personal use at your home. Rebate information and special use calculators are included with the tool as additional ways to help you save money.

To improve our response to calls received from our members, we established a relationship with an organization to help answer our calls. As we go forward, we will evaluate expanding that assistance to afterhours and outage related calls.

As we implemented new technologies, we saw an increase in our website activity. In March 2018,



we rolled out a redesigned website to accommodate the 230,000 visits to our site in 2017. That activity represented a 15% increase in website access since 2015. Our new design focused on the things that members are most interested in accessing. Most importantly, it is optimized for your experience, including your mobile devices.

We continued utilizing SmartHub, our web and mobile based application, that makes it easier for you to manage your account from anywhere, anytime. Through it, you can view your energy usage, report outages, make payments, receive account notifications and contact us if needed.

Community Service

One of the seven guiding principles as a cooperative is commitment to community. Lumbee River EMC strongly supports this principle. We will always support the communities in which our members live and work.

We are big supporters of our area's youth and education. In 2018, Lumbee River EMC provided more than \$30,000 in scholarships to local students. In addition, we awarded over \$20,000 in education grants to local teachers through our Bright Ideas grant program. We sponsor Science and Career fairs, as well

as trips for students, such as the Electric Cooperative Youth Tour and the Touchstone Energy Sports Camp scholarships.

Through partnerships with local agencies we continue our LREMC Cares Program, providing \$15,000 in direct support to members needing help with their power bills during the most severe winter and summer weather. Our Employees' Christmas Care Program once again supported 132 families in our communities with food and gifts for children that otherwise would have gone without.

In 2018, we reached out to our communities in several ways to provide pertinent information and improve personal relationships with those we serve. We facilitated a meeting for all local churches served by Lumbee River EMC to share information about energy efficiency and solutions to potentially reduce their energy consumption. We attended a homeowners association meeting in one of our subdivisions to hear their concerns as well. Recently, we began having community meetings in the areas we serve. We are interested in meeting our members where they are to answer their questions and provide information whenever possible.

Lumbee River EMC embraces our commitment to active leadership and support roles in our communities and wherever our members are found. We are deacons in churches, coaches, directors on community boards, volunteers on fire departments and rescue squads, and the list goes on.

We also maintain working relationships with local, state and federal elected officials. We take strong positions on behalf of members concerning any matter that impacts our ability to serve you safely, reliably and economically.

As your not-for-profit electric cooperative, Lumbee River EMC will continue to keep your interests at the center of the decisions we make and will continue to work hard each and every day to enhance the quality of life for our members and the communities we serve.



Carmen Dietrich
CEO



Ronnie E. Hunt
Chairman
Board of Directors

Lumbee River Electric Membership Corporation

Minutes of the 2018 Meeting of the Members

November 3, 2018

Pursuant to due notice thereof, the 78th Annual Meeting of the Members of the Lumbee River Electric Membership Corporation was held at the University of North Carolina at Pembroke, Givens Performing Arts Center, beginning at 1:00 p.m. on Saturday, November 3, 2018.

- Registration and voting commenced at 1:00 p.m. and ended at 7:30 p.m.
- Attorney Arlie Jacobs called the meeting to order and welcomed the members to the meeting. Mr. Jacobs introduced Reverend Jimmy Hammonds of Bethel Hill Baptist Church to give the invocation.
- Attorney Jacobs introduced the University of North Carolina at Pembroke's Chancellor, Dr. Robin Gary Cummings, who welcomed everyone to the university campus.
- Attorney Jacobs introduced Secretary Carl A. Pevia who read the Proof of Mailing for the Annual Meeting Notice and reported that quorum was present. Mr. Pevia reported on October 22, 2018, the Corporation did place 52,101 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 Jacobs called for the approval of the October 12, 2017 Annual Meeting minutes. Upon a motion duly made and seconded, the membership waived the reading of the minutes of the 2017 Annual Meeting of the Members.
- Attorney Jacobs 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 Jacobs reported that the cooperative had received four (4) valid petitions for nomination, placing into nomination Bruce Meares for District 3, Lacy Cummings for District 4, Sherry Carter and Brenda O. Jacobs for District 6. Mr. Wyatt Upchurch withdrew his name from nominations after the Nominating Committee met.

- Mr. Christopher Clark presented the report of the Nominating Committee, placing into nomination the following names in the following districts:

District 3 Erice Locklear
District 4 Jarette Sampson, Lacy Cummings

District 6 Rory Eddings, Wyatt Upchurch,
Joseph Poole, Brenda O. Jacobs,
Sherry Carter

- President & Chief Executive Officer, Carmen E. Dietrich, recognized special guests and gave a special thank you to the Bobby Deal Family and The Locklear's for providing entertainment and, also to the University of North Carolina at Pembroke for the use of their facility.
- Attorney Jacobs introduced Mrs. Madie R. Locklear, Chairperson of the Cooperative's Board of Directors, who gave an oral report 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.
- 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 Jacobs opened the floor for comments and questions. General comments from members were provided. At the conclusion of comments from the floor, Attorney Jacobs closed the open forum of the program.
- Attorney Jacobs introduced Mr. Christopher Locklear, who conducted the drawing and awards of the door prizes and power credits.
- After the drawing of the prizes, the 2018 Annual Meeting of the Members was proclaimed adjourned.
- The 2018 Annual Meeting of Members registered 2,857 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.



Madie R. Locklear,
Chairperson



Carl A. Pevia,
Secretary

2018 Board of Directors



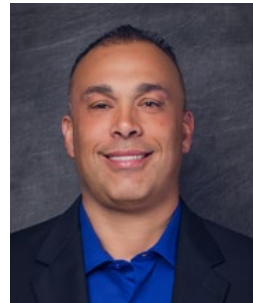
District 3
Ronnie E. Hunt
Chairman



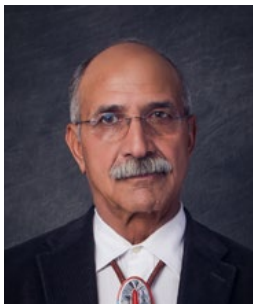
District 6
James Hardin
Vice Chairman



District 6
Carl A. Pevia
Secretary



District 5
Spencer Locklear
Treasurer



District 1
Autry Lowry



District 2
Roger Oxendine



District 4
Lacy Cummings



District 5
Ilene Oxendine



District 6
Larry Jones



District 5
Madie Locklear



District 3
Erice Locklear

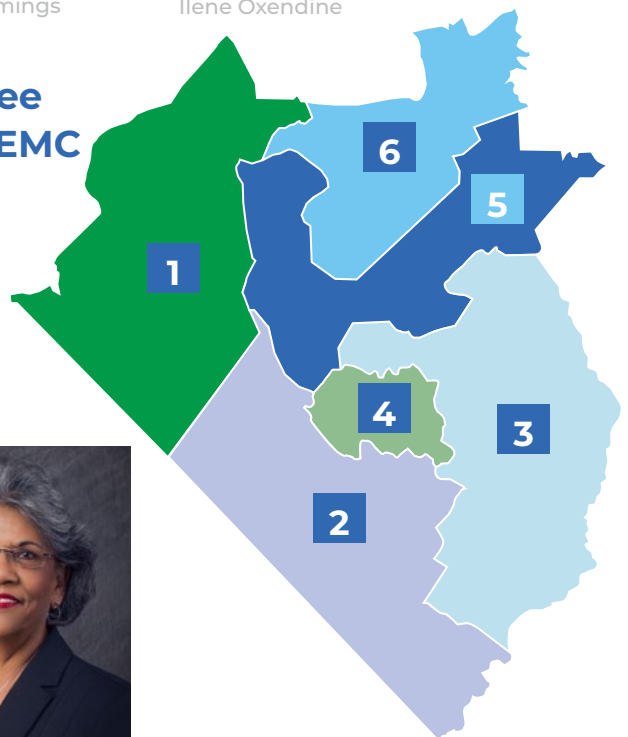


District 6
Sherry Carter



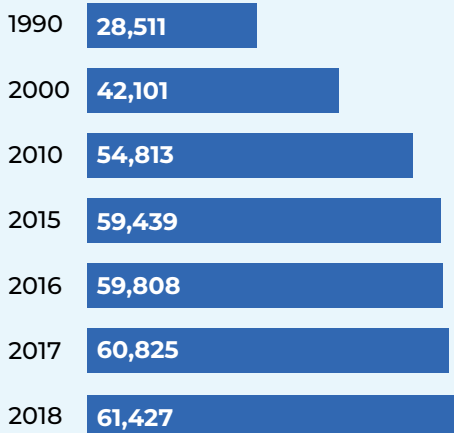
District 6
Brenda O. Jacobs

**Lumbee
River EMC**

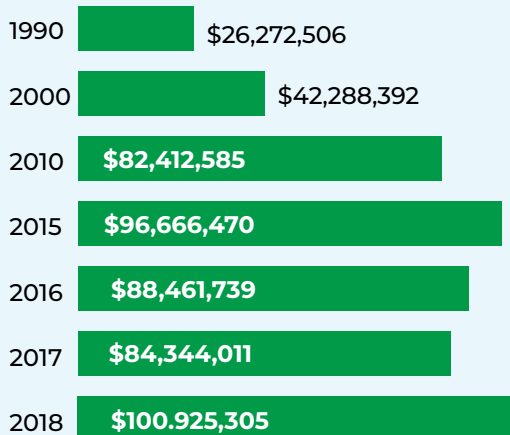


2018 Financial Reporting

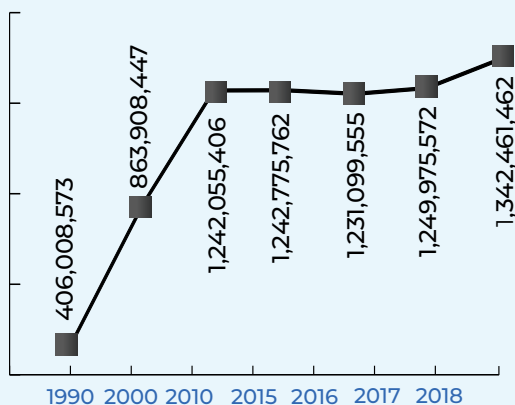
Active Services



Cost of Power



Kilowatt Hours Sold



Balance Sheet as of December 31

(Consolidated)

Assets

	2018	2017
Utility Plant	\$248,239,331	\$227,334,079
Investments	43,018,392	40,105,588
Current Assets	52,788,051	55,525,218
Deferred Charges	65,207	2,336,885
Total Assets	\$344,110,981	\$325,301,770

Equities and Liabilities

Membership Fees	\$ 533,765	\$ 528,040
Accumulated Comprehensive Loss	(933,647)	(5,014,700)
Patronage Capital	118,309,428	109,419,804
Other Equities	20,968,984	18,572,378
Total Equities	138,878,530	123,505,522
Long-Term Debt	150,277,663	138,582,023
Current Liabilities	33,512,323	21,445,304
Deferred Credits	21,442,465	41,768,921
Total Equities and Liabilities	\$344,110,981	\$325,301,770

Summary of Financial Performance

(Consolidated)

Operating Revenue	\$152,957,490	\$126,942,583
Operating Expenses	136,963,671	104,179,625
Interest Expense	5,648,024	4,951,544
Net Margins	16,783,283	12,676,580
Net Plant	248,239,331	227,334,079
Total Assets	344,110,981	325,301,770
Member Equity	\$138,878,530	\$123,505,522

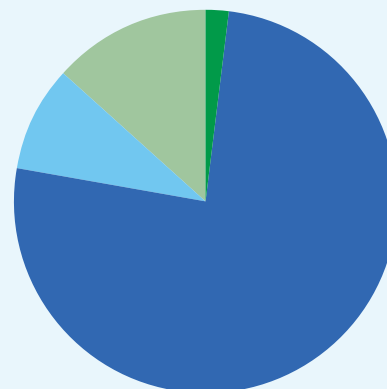
Operating Statistics

Total Active Services	\$ 61,427	\$ 60,825
Kilowatt-Hours Sold	1,342,461,462	1,249,975,572
Miles of Line	5,869	5,838
Estate and General Retirements	5,426,676	4,470,673
Number of Employees	125	120
Cost of Power	\$100,925,305	\$ 84,344,011

Statement of Operations & Patronage Capital

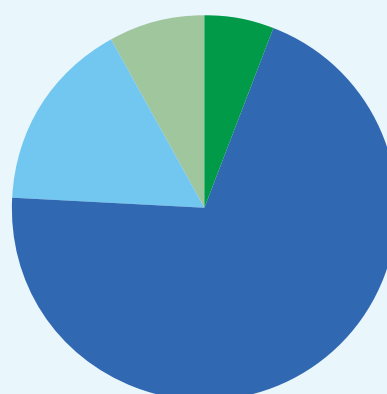
	2018	2017
(Consolidated)		
Operating Revenue	\$152,957,490	\$126,942,583
Operating Expenses		
Cost of Power	100,925,305	84,344,011
Transmission Expense	0	18,364
Distribution—Operation	2,784,723	2,848,916
Distribution—Maintenance	5,073,997	4,103,467
Consumer Accounts	3,210,636	3,050,976
Consumer Service	1,182,740	1,095,204
Administrative and General	11,050,097	8,718,687
Total Operating Expenses	\$124,227,498	\$104,179,625
Other Expenses		
Depreciation and Amortization	\$10,896,840	\$10,292,098
Taxes	1,839,333	1,740,506
Interest Expense	5,648,024	4,951,544
Total Other Expenses	18,384,197	16,984,148
Total Expenses	142,611,695	121,163,773
Operating Margins	\$10,345,795	\$5,778,810
Non-Operating Margins		
Patronage Allocations	\$3,645,324	3,390,459
Interest Income	1,584,018	1,553,874
Income from Equity Investments	1,186,032	1,820,323
Other	22,114	133,114
Total Non-Operating Margins	6,437,488	6,897,770
Net Margins	\$16,783,283	\$12,676,580
Consolidated Statements of Comprehensive Income		
Net Margins	\$16,783,283	\$12,676,580
Other Comprehensive Income (Loss)		
Net Gain (Loss) During Period	3,952,893	(1,720,500)
Amortization of Net Loss	196,060	115,000
Prior Service Credit	(67,900)	(179,200)
	4,081,053	(1,784,700)
Comprehensive Income	\$20,864,336	\$10,891,880
Patronage Capital—		
Beginning of Year	\$123,505,522	\$116,946,595
Margins	16,783,283	12,676,580
Retired Patronage Capital	(5,497,053)	(4,339,583)
Other Comprehensive Income	4,081,053	(1,784,700)
Transfers and Other Changes	5,725	6,630
Patronage Capital—End of Year	\$138,878,530	\$123,505,522

Electric Revenue

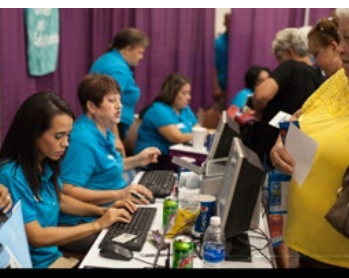


- 2% Public Authorities
- 79% Residential
- 8% Large Commercial
- 11% Small Commercial

Interest and Taxes



- 5% Interest
- 71% Purchased Power
- 16% Operating Expenses
- 8% Depreciation



**LUMBREE
RIVER EMC**

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