



EnergyUnited.
YOUR LOCAL CONNECTION

EVERY DAY **EMPOWERED**

2019
ANNUAL REPORT



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Energy is all around us. It's the backdrop to simple moments, the means for productivity and the elixir that gives life to your evening entertainment. It's what sounds the early morning alarm, heats a good shower and lends a comforting glow to your little one's nightlight. These are the moments that build a life, create memories and keep you on schedule—and it's all thanks to reliable energy.

As you go through this year's annual report you will notice the color shift from page to page like the changing light of the day. It's with this visual that we evoke the sentiment of unbridled possibility that comes with every bright new morning. The day is yours for the making, after all—we're simply here to empower it.



OUR PROMISE TO YOU, **SINCE DAY ONE**

A lot has changed since our founding back in the 1930s, but one thing that has remained constant is our commitment to our core values, mission, vision and purpose. Through these tenets we've defined ourselves as an energy services provider and a community leader—and at over 80 years strong, we don't intend on breaking that commitment anytime soon.

SAFETY

To keep our employees, members and communities safe we operate with safety protocols to protect the good of all involved. It's first on our list because it's the foundation of our co-op and our community.

INTEGRITY

We trust each other, and through a collaborative effort, decisions affecting all aspects of our business are made—and full cooperation to support these efforts is expected. It's a different approach to business, and one that we will always live by.

COMMITMENT

We are dedicated to our members, customers, employees and communities. We do what we say we will do and maintain our tradition of citizenship and service with actions that demonstrate our care for the people we serve.

EXCELLENCE

Like they say, there's always room for improvement and our pillar of excellence is no exception. We continually strive to improve our products and services so that we all can prosper both as individuals and as a corporation.

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 provider.

OUR PURPOSE

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

In 2019, EnergyUnited continued to strengthen its connection to more than 130,000 customers across North Carolina, South Carolina and Virginia by once again focusing on the things that matter most to the people we serve—both our electric members and our propane customers. That is why we have accelerated the deployment of technologies that enable us to provide enhanced energy services, offering the greatest value to our consumers.


Our new Advanced Metering Infrastructure (AMI) technology will be completely deployed by the end of 2020. This new metering system will improve our outage response efforts by notifying us directly when you experience a power outage. It will allow our operation personnel to respond quickly to various issues detected on the grid.

In addition to this technology, we continued the deployment of our Distribution Automation System—a project that first began in 2015. This system facilitates a chain of automated steps to help isolate any faults on our power lines and safely restore power to members. By identifying the location of the outage and by operating different switches, the Distribution Automation System will isolate the outage to as small a section as possible keeping a larger number of members in service.

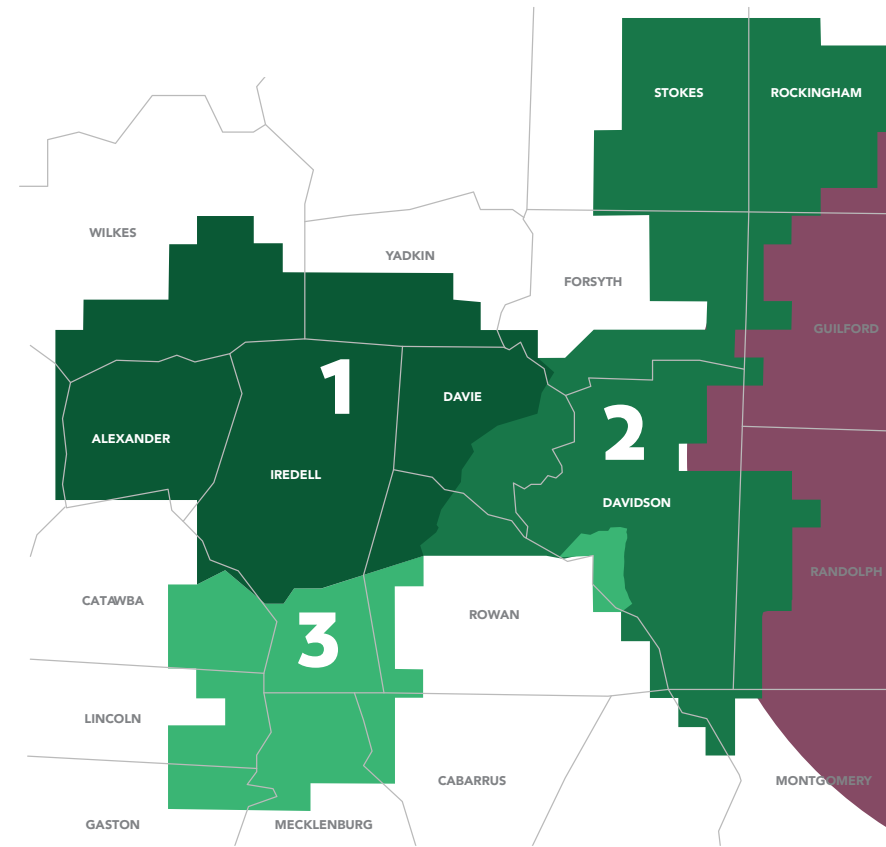
Both initiatives reflect our continued commitment to providing reliable energy to our consumers. Further, our commitment is also evidenced by strategic investments in our propane business. Thanks to the widespread installation of new tank monitors, our propane customers can now enjoy the benefits of reliable, continuous propane to power many of their most important household appliances.

While we are pleased to see immediate returns from each of these investments in reliability, we are also excited to begin studying the impact of many other long-term investments in the sustainability of our business. As we look to increase our stake in renewables and other carbon-free and low-carbon resources within our wholesale power supply portfolio, we will look for new opportunities to engage our consumers through initiatives that support our vision of being your leading energy services provider.

As we work toward this vision and continue to strive to deliver safe, affordable, reliable and environmentally responsible energy to our consumers, your energy services provider will continue to be driven by the same spirit of service that is deeply embedded in our culture. This spirit is shaped by an awareness of what it takes to meet your energy needs—to be **Every Day Empowered.**


H. Wayne Wilkins


Dr. Max Walser



OUR SERVICE AREA

In 2019, our community impact and the number of co-op meters and Operation Round-Up participants have all grown significantly. We are proud to serve nearly 110,000 electric members in 19 counties and nearly 23,000 propane customers in three states, and have positively impacted over 146 households in need and 11 nonprofits via Operation Round-Up.

2019 BOARD OF DIRECTORS

DISTRICT ONE



EDGAR CARTNER
Vice President



JERRY ANDERSON



ANN ELLER

DISTRICT TWO



DR. MAX WALSER
President



JEANNETTE OVERBY



RONNIE HARRISON
Treasurer

DISTRICT THREE



CRAIG BLACK



BRIAN SISSON



GLENN SMITH

EXECUTIVE STAFF

H. WAYNE WILKINS
CHIEF EXECUTIVE OFFICER

JOHN MCMURRAY
CHIEF OPERATIONS OFFICER

ALEC NATT
CHIEF FINANCIAL OFFICER

KATHLEEN HART
CHIEF INFORMATION OFFICER

THOMAS GOLDEN
CHIEF STRATEGY OFFICER,
VICE PRESIDENT OF ENERGY SERVICES

PAM BRITT
VICE PRESIDENT
HUMAN RESOURCES

DARRIN SHAFFER
VICE PRESIDENT
ENERGYUNITED PROPANE

A LOT WENT IN TO KEEPING YOUR 2019 EMPOWERED. HERE'S AN OVERVIEW OF EVERYTHING WE ACCOMPLISHED.

WITHIN OUR ELECTRIC CO-OP

We understand our co-op provides an essential service that empowers our communities. Which is why we're always looking at ways we can be a better community partner and employer. In 2019 we were partnered with Cleveland Community College in Shelby, Caldwell Community College in Lenoir and Forsyth Technical Community College in Winston-Salem. We also continue to grow our talented team at EnergyUnited by bringing in new employees from our local communities throughout the year.

FURTHERMORE, WE'VE MADE HUGE IMPROVEMENTS WITHIN OUR MEMBERSHIP.

In 2019, nearly 3,000 new co-op meters were added.

Over 26,000 users visited our Energy Advisor tool to learn how they could be saving more electricity and money.

We were a proud participant in a statewide push to install electric vehicle charging stations.

We welcomed a record-high number of Operation Round-Up participants in 2019. More than 78,000 individuals rounded up their monthly bill to donate to the EnergyUnited Foundation.

This allowed us to award nearly \$400,000 in grants to individuals and nonprofits.

We're always looking for ways we can meaningfully engage with the community. This past year we made extra effort to get involved at career fairs and were able to pique the interest of young minds across our great state in the field of energy services.

With our team from HR and leaders across our co-op we:

- Partnered with UNC-Charlotte and their EPIC (Energy Production and Infrastructure Center) program.
- Took the Tesla to various campuses and allowed students to see it up close, ask questions and take it for a test drive.

WITHIN OUR PROPANE BUSINESS

In 2019, our customer base spanned nearly 23,000 customers and we sold over 9 million gallons of propane.

THROUGH 2019 WE INSTALLED

129
TANKLESS
WATER HEATERS

48
PROPANE
GENERATORS

377
FIREPLACE LOGS
& SPACE HEATERS

257
UNDERGROUND
TANKS

+11%
SERVICE REVENUE
YOY

+2.2%
TOTAL GP
YOY

-3.3%
TOTAL OPERATING
EXPENSE YOY

100%
TOTAL EBITDA TO
LAST YEAR AT \$4.8M

HEADING INTO A NEW DECADE STRONGER THAN EVER

From new technologies, safety protocols and growth opportunities across our service area to reinforcing infrastructure statewide, our last year of the decade was one for the books.

NEW TECHNOLOGIES

We always strive to provide you with the most reliable energy, even when it's storming, but sometimes Mother Nature has other plans. That's why we've continued to implement and improve our technologies to report an outage. Our text alerts are a simpler way to receive information on outages in the area and their causes, and also give you an estimated restoration time.

FORTIFIED INFRASTRUCTURE

Our current Four Year Construction Work Plan covers the period 2017 through 2020. It's a campaign that called for 190 miles of new underground construction, 35 miles of new overhead construction, six new substations and improvements to 53 existing stations. 2019 brought great progress with two of the six brand-new substations. For our line construction we installed an additional 2 miles of overhead and 119 miles of underground, which continues to reflect the fact that most new facilities are going in underground.



OUR CONTINUED SUCCESS AS YOUR LEADING ENERGY SERVICES PROVIDER

OUR CORE SERVICE: KEEPING YOU CONNECTED

Keeping you connected to power is always at the top of our to-do list. This past year, we saw one hurricane and record-breaking rainfall, which gave us plenty of opportunities to navigate outages throughout our service areas as we kept you informed with Text Outage Alerts.

PROVIDING POWER, PROGRESSING FORWARD

2019 brought consistent improvements in our economic development portfolio. New businesses and corporations made a presence for themselves across our 19-county service area, bringing new jobs and new energy-service opportunities. Daumar, Oerlikon and Amazon are some of the establishments who together have brought hundreds of jobs and millions in investments to our great state.

Our Advanced Metering Infrastructure (AMI) project is also well underway. This improved system is designed to better collect data, troubleshoot energy surges and provide instant reads on electricity usage.

MANAGING COSTS & SAVING ENERGY

Our interactive Energy Advisor tool gives you the power to monitor energy usage and costs, all while providing simple solutions to lower your monthly bill. We're also working to save you energy (and some paper) with our e-billing initiative. In 2019 we awarded 24 randomly selected individuals with perks and rewards, just for signing up.

EMPOWERING THE COMMUNITY

Keeping our communities empowered took many forms this year, including our grants made through the EnergyUnited Foundation. We've also been able to award two college scholarships, two youth-tour trips, two sports-camp participants and over \$40,000 to N.C. teachers looking to augment in-class creativity and lessons. In total, we granted nearly \$400,000 to students, educators, and non profit members in 2019 alone.

KEEPING PROPANE AFFORDABLE

Our Smart Buy Plan takes the worry and uncertainty out of your monthly invoices with reliable and level billing. By calculating your monthly amount based on past usage, we're better able to help you avoid unpleasant and surprising fluctuations. In 2019, this program empowered almost 3,000 customers, leveling their monthly costs and making their lives easier through automatic delivery enrollment. Translation: No surprise fees and complete customer satisfaction.

"Our culture promotes safety, integrity, commitment and excellence and these values are displayed daily throughout our Electric and Propane organizations. I am honored to be a part of our EU family and am excited about our future."

JAMIE CRANFILL,
ENERGYUNITED HR SPECIALIST



"Thanks to the entire EnergyUnited Propane team who takes such good care of our propane needs throughout the year. I appreciate the timely tank refills and outstanding customer service, from those working in the office to the people that come to our home to refill our tank. They really care about their customers."

STEVEN RATCLIFFE,
ENERGYUNITED PROPANE CUSTOMER



"I really appreciate the mid-cycle alerts I receive each month informing me of my energy usage. It's so helpful. Thanks, EnergyUnited, for helping members better manage and save on their energy bills."

DENISE CASCARDI,
ENERGYUNITED MEMBER



"The scholarship provided a level of financial security that made my transition to college much easier."

JASON JIMENEZ,
EMPOWERING THE FUTURE SCHOLARSHIP WINNER



ACHIEVED A
99.98%

RELIABILITY RATING FROM OUR NEARLY

110,000

ELECTRIC
CO-OP
MEMBERS



OVER
9 MILLION
GALLONS OF PROPANE SOLD
TO NEARLY

23,000
PROPANE
CUSTOMERS



CORPORATE PROFILE

CONSOLIDATED BALANCE SHEETS

ASSETS			EQUITIES AND LIABILITIES		
	2019	2018		2019	2018
UTILITY PLANT			EQUITIES		
Electric plant in service	\$603,142,975	\$599,072,260	Member shares	\$550,375	\$543,210
Property and equipment	30,996,293	30,069,909	Patronage capital	29,264,127	27,666,404
Subsidiaries			Other equities	180,086,427	169,899,814
Construction work in progress	15,633,098	10,411,832	Accumulated comprehensive gain/(loss)	(22,739,424)	(11,116,028)
Gross utility plant	649,772,366	639,554,001	TOTAL EQUITIES	187,161,505	186,993,400
Less accumulated depreciation	252,582,849	250,505,652	NON-CURRENT LIABILITIES		
TOTAL UTILITY PLANT	397,189,517	389,048,349	Long-term debt, less current maturities	176,591,710	177,398,802
OTHER PROPERTY AND INVESTMENTS			Accumulated obligation for pensions and benefits, less current amount	9,174,410	9,197,539
Restricted property and investments	870,174	1,118,869	Other non-current accrued liabilities	22,016,989	4,489,618
Investments in associated organizations	18,454,563	17,310,331	TOTAL NON-CURRENT LIABILITIES	207,783,109	191,085,959
Goodwill	1,582,265	1,906,505	CURRENT LIABILITIES		
Investment in leases	14,335	53,649	Current maturities of long-term debt	15,043,509	15,414,295
Other assets	2,680,599	2,243,343	Accounts payable	26,174,569	26,520,999
Notes receivable	4,112,500	2,767,500	Consumer deposits	3,542,880	3,474,612
TOTAL OTHER PROPERTY & INVESTMENTS	27,714,436	25,400,197	Other current liabilities	9,657,961	17,231,130
CURRENT ASSETS			TOTAL CURRENT LIABILITIES	54,418,919	62,641,036
Cash and cash equivalents	12,800,679	16,175,904	DEFERRED CREDITS	39,209,541	36,125,969
Consumer accounts receivable, less allowance for doubtful accounts of \$1,471,752 and \$1,325,001 for 2019 and 2018, respectively	15,275,175	19,068,291	TOTAL EQUITIES AND LIABILITIES	\$ 488,573,074	\$ 476,846,364
Other accounts receivable	335,779	776,615			
Unbilled accounts receivable	14,132,571	14,434,199			
Inventories and supplies	6,358,141	6,225,576			
Current maturities of notes receivable	795,000	455,000			
Current investment in leases	35,473	62,789			
Other current assets	1,655,657	1,955,029			
TOTAL CURRENT ASSETS	51,388,475	59,153,403			
DEFERRED CHARGES	12,280,646	3,244,415			
TOTAL ASSETS	\$ 488,573,074	\$ 476,846,364			

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND PATRONAGE CAPITAL

	2019	2018
NON-CURRENT LIABILITIES		
Operating revenue	\$299,399,433	\$304,415,569
Cost of sales	232,626,730	245,138,630
Gross profit on sales	66,772,703	59,276,939
OTHER EXPENSES		
Advertising, marketing and sales	827,765	810,560
Product services and labor	10,050,596	9,208,199
Other G&A expenses	15,386,416	14,311,717
Depreciation and amortization	22,068,510	21,133,646
Interest	8,822,529	8,935,128
Other	335,868	28,579
TOTAL EXPENSES	57,491,684	54,427,829
NET OPERATING MARGINS	9,281,019	4,849,110
NON-OPERATING MARGINS		
Interest income	3,796,653	3,877,366
Other income	2,289,427	1,669,222
Gain (Loss) on disposal of property	197,690	53,525
TOTAL NON-OPERATING MARGINS	6,283,770	5,600,113
NET MARGINS	\$ 15,564,789	\$ 10,449,223

MORE THAN

\$3.75
MILLION

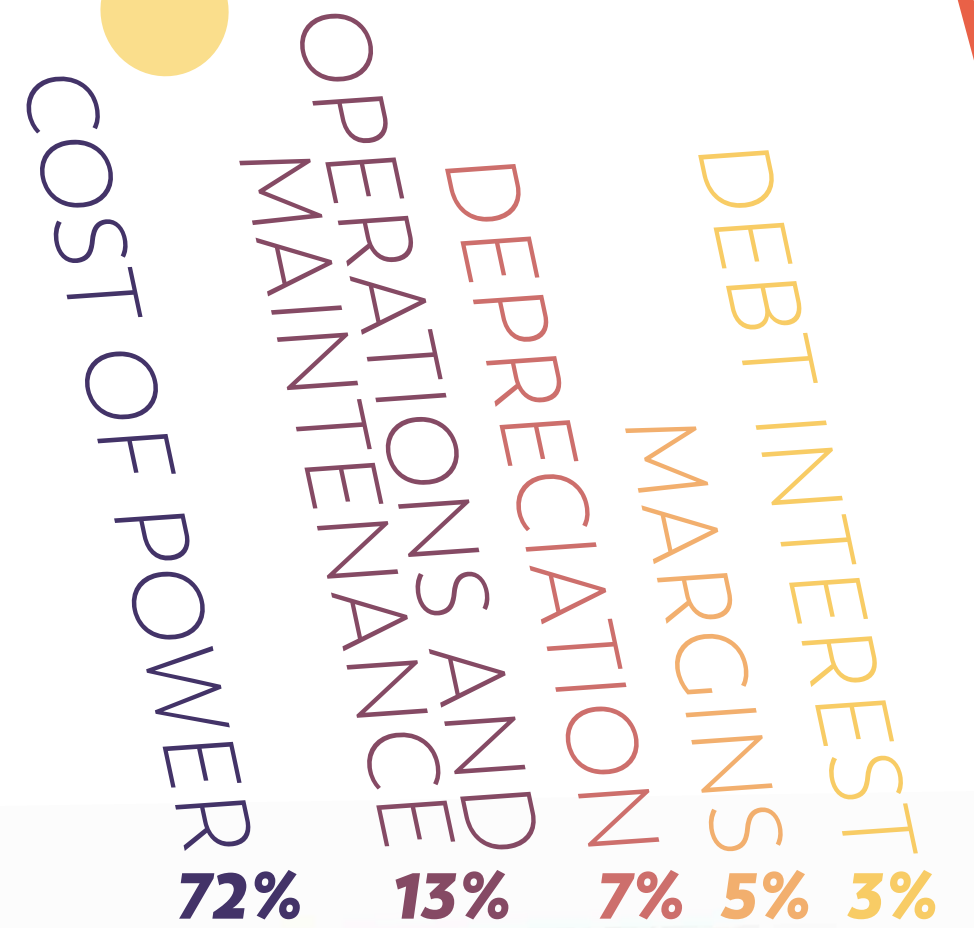
IN CAPITAL CREDITS
DISTRIBUTED TO
MEMBERS

ENERGY AT THE LOWEST POSSIBLE COST

We make sure that our members are given ways to better manage and save energy, and have access to affordable and reliable electricity. In fact, our electricity was offered at one of the best values in the state in 2019.

Although our energy saving tool, Energy Advisor, made its debut in 2018, it really picked up traction in 2019. Over the past year, we saw an increase of nearly 7,000 users, with over 26,000 households using these tools and resources to help better manage and save on their energy usage.

We awarded over 250 energy efficiency rebates for heat pumps, implemented more progressive technologies and provided access to alternate energy sources too. Just more ways we're working to keep our members, customers, communities and staff empowered, every day. And with energy savings like this, you've got more money left in your wallet to feel truly empowered.



SUSTAINABILITY REPORT



Between activism, shrinking biodiversity and bizarre weather, the environment was a hot-button item for 2019. And we couldn't agree more. That's why we pushed sustainable initiatives to drive eco-friendly energy behavior forward. We all have a part to play in responsible environmental actions—this is ours. Though it's a start, it's still not enough—we look forward to supporting even more sustainability initiatives in the future.



IN 2019 WE



Launched a community solar program in spring 2019 with employees and members.

Result: Met goal of "selling" 66 panels (22 in Statesville, 22 in Lexington, 22 in Cornelius).



Added a Tesla Model 3 to our company fleet to promote the widespread adoption of electric vehicles.

Partnered with PLUG-IN NC, a statewide advocacy group seeking to encourage the adoption of plug-in vehicles (PEV).

Purchased and installed EV charging stations in 4 offices located in Statesville, Cornelius, Lexington and Madison.



Launched our e-billing campaign to give members the opportunity to help us save on postage and paper costs.

Empowered members to better manage and save energy with targeted efficiency improvement ideas and conservation tips by encouraging them to take advantage of our Energy Advisor.

Awarded over 250 energy efficiency rebates for heat pumps.

55%

OF OUR
ENERGY MIX*
IS FROM
**CARBON-FREE
SOURCES**

11%
COAL**

**53%
NUCLEAR**

**1%
RENEWABLE**

**34%
GAS**

**1%
HYDRO**

*Does not include off system sales.

**Coal resources, pool purchases and converted gas units.
Data sourced from the 2019 Southern Power invoices.

2019 **ENERGY MIX**

This infographic represents the energy used to serve EnergyUnited's load and does not include energy used for off-system sales. Though our renewable sources (landfill gas, solar and hydro) still represent less than half of our energy makeup, we are proud that 53% of our power comes from the most energy-efficient, high-yield, and the lowest greenhouse-gas-emitting energy source there is: nuclear.

Coal energy has a large CO2 emission, and we're working to move away from sourcing this way. Eleven percent of our energy comes from coal and that number continues to decline each year.

ENERGYUNITED **PROPANE**

EnergyUnited Propane is the proud supplier of propane used to fuel vehicles, also called autogas, and provides low-emission propane to fuel school buses in Mecklenburg and Davidson counties. In addition to school buses, EU Propane was awarded a contract with the City of Charlotte to fuel over 100 fleet vehicles and work trucks with autogas. We've also installed tank monitors which ensure customer satisfaction by giving them a reliable source of fuel and reduced our costs by helping us deliver only when needed.



OUR COMMITMENT TO COMMUNITY

We are proud to support the communities we serve by offering meaningful outreach programs that empower others to take steps toward a brighter energy future. Thanks to our Operation Round-Up program, more than 1 million electric bills were rounded up in 2019 to support people in need.

In addition, the EnergyUnited Foundation awarded nearly \$400,000 in grants to individuals and nonprofits in 2019.

TOGETHER WITH THE HELP OF OUR GENEROUS MEMBERS

We sponsored sports camp scholarships for one local girl, Ivey Morrison, to attend the Wolfpack Women's Camp at NC State, and one boy, Hayden Michalak, to attend the Roy Williams Camp at UNC-Chapel Hill last summer.

Two high school students were selected to represent EnergyUnited at the 2019 Electric Cooperative Youth Tour in Washington, D.C. in June 2019 (Julia McClain and Olivia Kastor of South Iredell High School).

2019 marked the second year of our student scholarship program, Empowering the Future. South Iredell High student Jason Jimenez and West Davidson High student Parker Shoaf both received \$5,000 college scholarships to attend UNC-Chapel Hill.

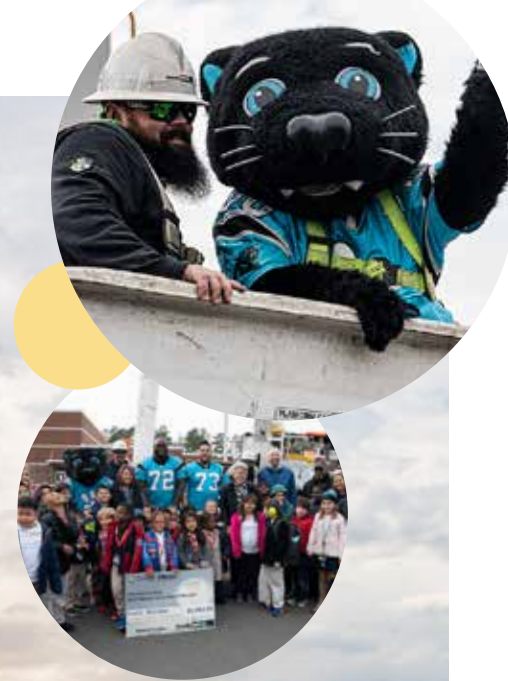
Nonprofits supported: Saving Grace K9s, G4G Ministries, Family Promise of Davie County, Iredell Christian Ministries, Rainbow Kidz, Advocacy Center of Davie County, Pastor's Pantry (Davidson County), Our Towns for Habitat for Humanity (Iredell County), South Davidson Family Resource Center, Mooresville Soup Kitchen, Just HOPE, Inc.

In 2019, the EnergyUnited Foundation awarded nearly \$400,000 in grants to 146 households and 11 nonprofits. We currently have more than 78,000 members contributing to Operation Round-Up.

Over \$40,000 was provided through educational grants to nearly 50 teachers through the Bright Ideas program.

At its core, this list of initiatives truly defines us as a co-op: a commitment to community. It's looking out for each other, not because we should, but because we want to; it's treating one another like neighbors, because well, we live here too; and it's making every effort to give back to the communities we serve because those are the roots that grew us.

Said differently: We've been empowered to create an energy co-op that exists to serve fairly, reliably and with progress ever at heart. And it's our hope that this energy keeps your days' work worthwhile, your home as sweet as ever, and your every day empowered.





EnergyUnited[™]
YOUR LOCAL CONNECTION

EVERY DAY,
EMPOWERED

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)