

# ENERGY FOR THE FUTURE



Tri-County  
EMC

2017 ANNUAL REPORT

## MESSAGE FROM CEO

The last 12 months have flown by. It seems like only yesterday that I was being introduced to you as the new CEO of Tri-County EMC. Last year, the board of directors and management agreed upon a strategic direction for your cooperative. Our goal is to provide you, our members, reliable electrical service and world-class customer care, and Tri-County is constantly working to deliver on that promise by investing in both people and technology. We are now surveying our members each quarter to find out how we are doing. I hope you will participate and let us know so we can determine how to better serve you.



RAY GRINBERG, CEO

## RELIABILITY

An extremely mild winter sent some surprises our way in the form of increased right-of-way challenges including an outbreak of the Ips Beetle, which killed many pine trees in our service area and posed an additional threat to our right-of-way. “We know that vegetation encroaching our right-of-way is an issue for us. It is one of the largest causes of power outages in our service area,” said Keith Brooks, vice president of operations. “We’re constantly working to maintain right-of-way and have trimmed nearly 300 miles of the 1,474 above ground miles of line this year.” In spite of these challenges, outages due to vegetation decreased 14 percent from last year largely due to this effort.

In addition to increasing our right-of-way efforts, another way we are improving reliability is by installing automated switches and controls to automatically backfeed sections of line. “This way, when there is a power outage, the affected area can be backfed by a different source before a lineman goes out to identify the problem,” said Lee Marsh, vice president of engineering. We will continue to add system automation throughout our service area over the next few years.

## FUEL MIX

Balancing a generation fuel mix and ensuring low wholesale power prices are challenging. Trying to anticipate environmental regulations greatly adds to the difficulty. But power generation accounts for over 60 percent of every Tri-County EMC energy dollar, so power supply decisions are critical, today and decades from now. In 2009, Oglethorpe Power—which provides power to most of the state’s cooperatives—along with Georgia Power, MEAG and the city of Dalton, began construction of units 3 and 4 at Plant Vogtle in Waynesboro, Ga. Tri-County EMC contracted for 7 MW, or 1.05 percent, of Oglethorpe Power’s 30 percent share of Vogtle Units 3 and 4. In March 2017, Westinghouse, the primary contractor at Vogtle, declared bankruptcy. Construction on the project was only 45 percent completed at the time. The bankruptcy resulted in the project owners losing a fixed-price guarantee, and they are currently estimating the costs to complete the plant, which appear to be more than double the original \$9.2 billion contract. As of August 2017, project owners are in the process of deciding whether to indefinitely suspend the project or move forward with completion with a new contractor. Regardless of the decision, Tri-County members, along with electric customers across the state, will have to pay our share of the costs for construction to date, completion costs if that option is selected, or for the additional costs to suspend the project and any needed future replacement power.

# YEAR IN REVIEW

## \$500,000

IN 2016 CAPITAL CREDIT REFUNDS  
(from 1990-1992)

## 21,298

TOTAL METERS

## 61

EMPLOYEES

## 369,115,765

KWhs USED

## 2,749

MILES OF LINE

## 7.75

METERS PER MILE OF LINE



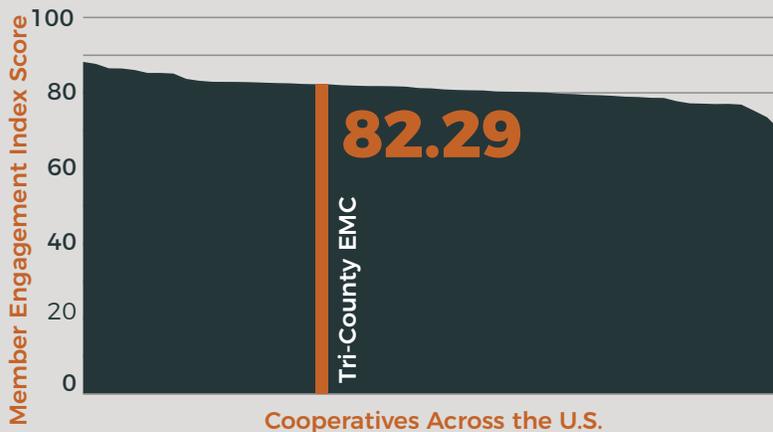
## COMMUNICATION

In order to make power outage reporting easier, you can now text your outage information to us by sending “OUT” to 85700 and following the text prompts from there. “Text messages are fast and efficient,” said Greg Mullis, vp of corporate services. “Once you’re set up in the system, you can send, and we can receive a text message in seconds. And you can receive updates about your outage by texting “STATUS”, as well as a return text when your power is restored.” The outage texting program is part of the cooperative’s portfolio of outage reporting options, which also include our mobile app and website. Members will always be able to call in an outage, but outage texting helps us get more outage information in quickly and get power back on to you faster.

In June 2017, we began an ongoing process of surveying cooperative members. Each quarter, an independent contractor will randomly survey 250 members by telephone. In the first round of surveys, our members gave us high marks, with a 9.02 overall satisfaction rating on a scale of 1-10. Also measured is a metric called the Member Engagement Index, which includes overall satisfaction and the value of and interaction with a “membership” in the cooperative. Tri-County’s first Member Engagement Index score was an 82.29, among the top third for cooperatives surveyed across the nation.

“It’s important to know what you, our members, think of the service we provide and the value you place on your electric service,” said Mullis. “In addition to overall satisfaction, we are asking specific questions about member transactions such as paying your bill, having your right-of-way trimmed or establishing new service—all in an effort to give the best possible service.” As the responses from each quarter are reviewed and analyzed for trends, they will be used to help us with decisions such as developing new training or evaluating new products or services.

## MEMBER ENGAGEMENT INDEX



Research shows that members that feel engaged with their cooperative show higher satisfaction than disengaged members. The above graph shows our Member Engagement Index score from a recent member survey compared to scores from cooperatives across the United States.

## GIVING BACK

A combination of unclaimed capital credits, Operation Roundup funds and our employees’ willingness to serve others helps us invest in our community. In the past year, the Tri-County EMC Foundation has awarded \$70,776 in Operation Roundup Grants for community needs. Those funds come directly from members rounding their bill to the next dollar. Tri-County is also investing in our future by awarding Bright Ideas Grants to local classrooms. A total of \$30,000 was awarded to teachers this year. We awarded grants to 27 teachers to go towards classroom innovation projects that would normally be unfunded. Eight scholarships totaling \$10,000 were awarded to outstanding students in our service area this year.

In addition to grants and scholarships, our employees demonstrate a commitment to our community through individual service. This year, our employees were given one optional day



of community service to use for volunteer work in our service area. “It’s easy for all of us to get caught up in the specifics of our individual jobs and lose sight of the fact that we are part of a local community,” said Ray Grinberg, CEO. “While our employees serve our members every day, we think it’s important for them to serve our community as well.” Employees participated in projects including constructing a wheelchair ramp, repairing roofs, serving meals and repairing home siding after a house fire.

## NETWORK SECURITY

Network security continues to be a trending topic in the news today, and we have it at the top of our list here as well. We continue to invest in additional network security systems and training to recognize threats and prevent intrusions into our security networks. We understand that this affects both the reliability of our electrical systems, but most importantly our member’s personal information and billing data. We have taken the additional step of encrypting our databases to further protect your personal information.

## CAPITAL CREDIT REFUNDS

One of the benefits of being a member/owner of a cooperative, is the ability to receive capital credits. Capital credits, or excess margins, are invested in distribution facilities and general plant operations so the cooperative doesn’t have to borrow additional capital. Similar to stock dividends, active members receive capital credit refunds as a bill credit. In 2016, we retired \$500,000 in capital credits from 1990-1992, the most in recent years.

# FINANCIAL SUMMMARY

## STATEMENT OF OPERATIONS (for the year ended April 30)

	2017	2016
Operating Revenue and Capital	\$ 39,949,628	\$ 38,401,774
Operating Expense		
Cost of Power Purchased	25,927,669	23,757,592
Operating the Electric System	7,937,954	7,979,322
Depreciation	3,641,015	3,557,757
Interest on Loans	3,254,950	3,333,085
Total Cost of Electric Service	40,761,588	38,627,756
Non-Operating Margins	723,332	681,736
G&T Capital Credits	680,396	688,471
Other Capital Credits	94,823	142,194
Total Patronage Capital or Margins	\$ 686,591	\$ 1,286,419

## BALANCE SHEET (as of April 30)

	2017	2016
Total Utility Plant	\$ 121,024,362	\$ 117,332,698
Less Depreciation	25,969,533	24,890,345
Net Utility Plant Book Value	95,054,829	92,442,353
Investments in Associated Organizations	14,713,451	14,005,794
Non-Utility Property	260,799	
Cash and Reserves	560,896	1,897,731
Owed to EMC on Account and Notes	1,290,133	1,175,492
Material in Inventory	215,494	188,796
Expenses Paid in Advance	22,969	24,469
Deferred Debits and Other Assets	1,236,158	1,641,006
Total Assets	\$ 113,354,729	\$ 111,375,641
Equities and Liabilities		
Consumer Deposits	\$ 843,265	\$ 811,090
Membership, Patronage Capital, Other Equities	41,664,570	41,593,940
Long-term Debt	59,108,456	62,699,596
Notes and Accounts Payable	10,275,004	4,818,754
Other Current and Accrued Liabilities	1,463,434	1,452,261
Total Equities and Liabilities	\$ 113,354,729	\$ 111,375,641

Tri-County EMC is audited by the independent accounting firm of McNair, McLemore, Middlebrooks & Co., LLC. A complete financial statement may be obtained by calling (478) 986-8108 or 1-866-254-8100, ext. 8108.



## TRI-COUNTY EMC BOARD OF DIRECTORS

(listed left to right)

**Back Row: Marion Nelson, Sammy Hall:** Vice-Chairman, **Chester Mercer, Cecil Patterson**  
**Middle Row: George "Buck" Comer, Brenda P. Green:** Chairman, **Mike Rainey**  
**Front Row: Tommy Noles:** Secretary/Treasurer, **Dan Greene**

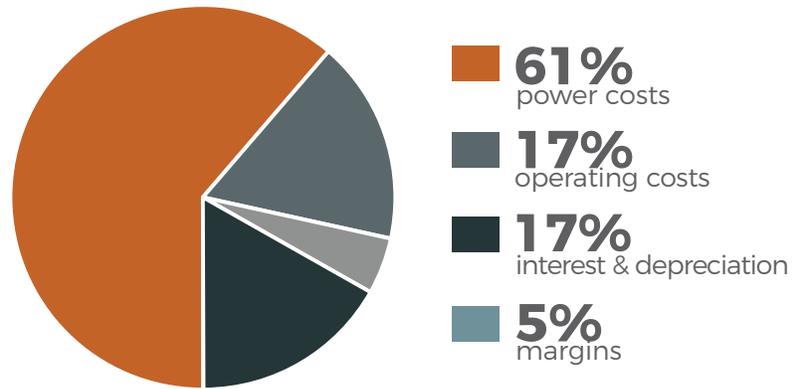
1980 - TODAY

# STATISTICAL SNAPSHOT

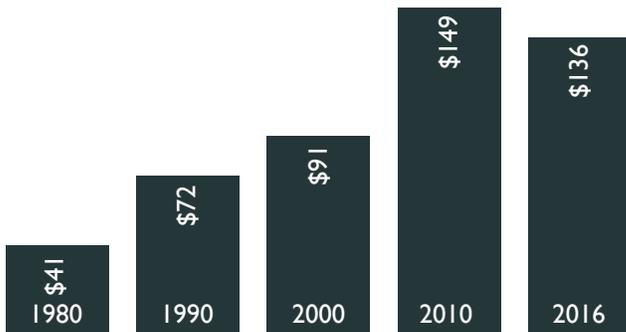
## TOTAL NUMBER OF ACCOUNTS



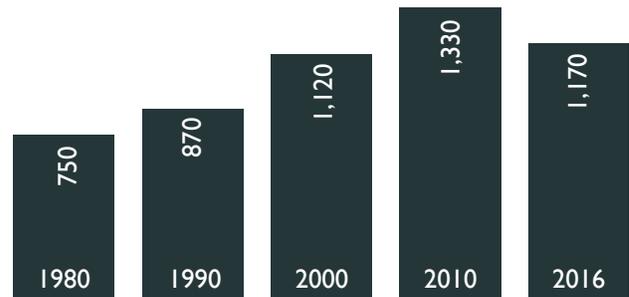
## WHERE YOUR ENERGY DOLLAR GOES



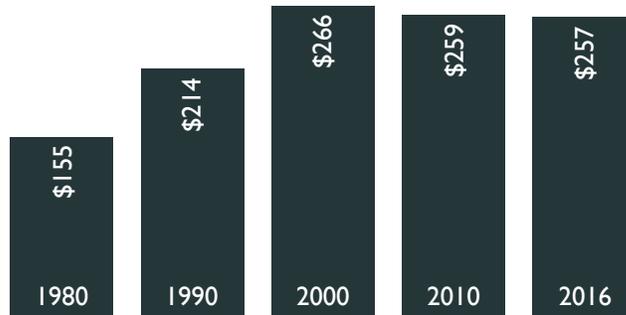
## AVERAGE MONTHLY RESIDENTIAL BILL



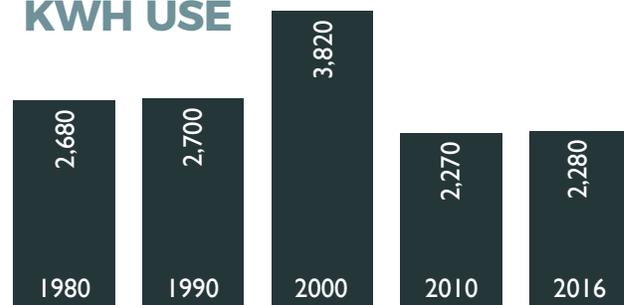
## AVERAGE MONTHLY RESIDENTIAL KWH USE



## AVERAGE MONTHLY COMMERCIAL BILL



## AVERAGE MONTHLY COMMERCIAL KWH USE



### TRI-COUNTY EMC SENIOR STAFF

Ray Grinberg | CEO  
Keith Brooks | VP of Operations  
Sarah Curry | HR Administrator

Dawn Haskins | Chief Financial Officer  
Lee Marsh | VP of Engineering  
Greg Mullis | VP of Corporate Services