

Carteret-Craven Electric Co-op

2017 Annual Report



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Carteret-Craven Electric Cooperative provides power to nearly 40,000 accounts in Carteret, Craven, Jones and Onslow counties and is part of **Touchstone Energy®**, a nationwide family of electric cooperatives exhibiting the core values of integrity, accountability, innovation and commitment to community.



Carteret-Craven Electric Cooperative

MISSION STATEMENT



WE PUT OUR MEMBERS FIRST BY PROVIDING SAFE, RELIABLE ENERGY AT THE LOWEST POSSIBLE COST AND BY DEDICATING OURSELVES TO INNOVATION, VALUE AND A COMMITMENT TO THE INDIVIDUALS AND COMMUNITIES WE SERVE.

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A Touchstone Energy® Partner



Seven Cooperative Principles

Cooperatives around the world generally operate according to the same seven core principles and values, adopted by the International Cooperative Alliance in 1995. The roots of these principles are traced to first modern co-op founded in Rochdale, England in 1844.

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

3. Members' Economic Participation

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the co-op rather than on the capital invested.

4. Autonomy and Independence

Co-ops are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done on terms that ensure democratic control by the members and maintains the cooperative's autonomy.

5. Education, Training and Information

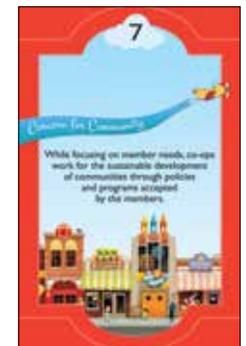
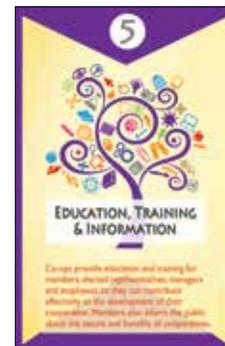
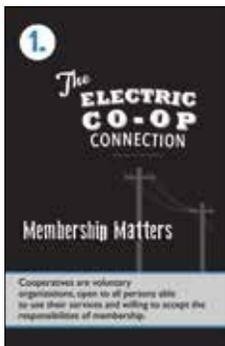
Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the co-op movement by working together through local, national, regional and international structures.

7. Concern for Community

While focusing on member needs, co-ops work for sustainable development of communities through policies and programs accepted by the members.



Financial Statement

Revenues

	2016	2017
Residential	\$ 50,230,182	\$ 50,256,501
Commercial / Industrial	\$ 12,814,587	\$ 12,816,609
Public / Other	\$ 522,219	\$ 518,312
Non-operating	\$ 1,126,394	\$ 1,432,227
Miscellaneous	\$ 1,396,442	\$ 1,337,957
Total Income	\$ 66,089,824	\$ 66,361,606

Expenses

	2016	2017
Power	\$ 40,713,745	\$ 41,022,684
Taxes, Interest, Depreciation	\$ 6,795,678	\$ 6,701,811
Administration / General	\$ 4,270,841	\$ 4,544,430
Operation / Maintenance	\$ 5,392,538	\$ 5,482,237
Customer Service / Accounting	\$ 2,271,093	\$ 2,193,032
Total Expenses	\$ 59,443,895	\$ 59,944,194
Operating Margins	\$ 6,645,929	\$ 6,417,412

Statistics

Total Services in Place	40,210	Overhead Distribution.....	1,206 miles
New Services Connected	478	Underground Distribution.....	1,173 miles
Miles of Transmission.....	63	Total Energized Line.....	2,442 miles

Board of Directors

Being a CCEC member means you have a voice in how the co-op operates, including electing fellow members to represent you on the Board of Directors. Directors are elected in May of each year to serve for three years, with terms staggered to provide continuity. They act as trustees for the co-op and protect its assets. The board members formulate, review and approve policies and provide guidelines for operation of the cooperative. Monthly, the board reviews finances, work plans, outages, audits, and strategic plans. Directors also take part in meetings of statewide associations, and they are asked to lobby on our behalf on relevant state and federal legislative issues.



District 1: Deloria Irby

Deloria Irby, of Stella, represents all of Cape Carteret and Cedar Point and parts of Jones and Onslow counties, including Highway 58 north to Maysville.

District 2: Ben Ball

Ben Ball, of Newport, represents members in Carteret County west of Highway 70, including co-op territory along Hibbs, Roberts, and Nine-Foot roads, and along Highway 24 from Dutch Treat Mobile Home Park west to the eastern limits of Cape Carteret.

District 3: Arland Bell

Arland Bell, of Havelock, represents members in Craven County, including Havelock, Highway 101 and Adams Creek Road; and Lake Road near the Carteret County-Craven County line.



District 4: Fred Fulcher

Fred Fulcher, of Pine Knoll Shores, represents Bogue Banks, including Pine Knoll Shores, Salter Path, Indian Beach and Emerald Isle.

District 5: Doug Fulcher

Doug Fulcher, Morehead City, represents the east side of Highway 70 in and around Newport up to the Mill Pond on Mill Creek Road, and those in Wildwood and Morehead City.

District 6: J. Henry Davis Jr.

Henry Davis, of Highway 101, represents Mill Creek, Highway 101 from Harlowe to Beaufort, South River and Merrimon.

District 7: Anthony Nelson

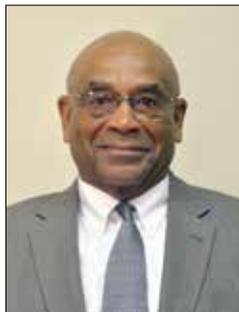
Anthony Nelson, of Harkers Island, represents members in eastern Carteret County, including Harkers Island, Otway, Straits, Fire Tower Road, Atlantic and Cedar Island.

District 8: Thom Styron

Thom Styron, of Otway, serves as an at-large director representing the entire cooperative service area.

District 9: Alvin West

Alvin West, of Havelock, holds a minority seat on the board and represents the entire cooperative service area.



Capital Credits

Following a 2016 record capital credit refund, CCEC was able to make an even larger capital credit payout in 2017 – \$5,489,648 – for current and former members of the cooperative.

CAPITAL CREDITS

2012 & Earlier	\$ 21,894,522
2013	\$ 1,179,433
2014	\$ 2,084,807
2015	\$ 3,281,476
2016	\$ 4,251,669
2017	\$ 5,489,648
TOTAL	\$ 32,691,907

Our power costs were much lower than anticipated in 2016, resulting in higher margins. For that reason, more than \$3,000,000 of the total capital credit refund is from 2016 margins. The remainder is from capital credits for the years 1990 through 2015.

“The budgeting

process has many moving parts. Our staff is diligent in researching and preparing the budget each year,” said Board President Doug Fulcher. “However, when we have a significant deviation from budgeted expenses at the end of the year, as we did in 2016, we want to get that money back to our members.”

The dollar amount returned was determined by both the number of years of membership and how much energy the member used. Just as in 2016, many co-op members saw their September 2017 bill greatly reduced or even paid in full once the credit was applied. Former members were mailed a check.

How Capital Credits Work

Unlike an investor-owned company where stockholders receive dividends, electric co-ops operate at cost. We maintain a portion of margins—capital credits—beyond day-to-day operations to offset the cost of debt to fund plant expansion. When capital credits are

retired, the money is returned to our members, based on their years of membership and annual energy use.

Learn more about how capital credits are allocated and distributed at carteretcravenelectric.coop/CapitalCredits

Call 252.247.3107 or 800.682.2217 or send an email to customerservice@ccemc.com to update your contact information. If you have questions about capital credits in general, contact Junior Accountant Tara Alderman at 252.727.2233 or taraa@ccemc.com.



New Leadership: Joplin Named CEO

Jake Joplin took over the leadership reins from CEO and General Manager Craig Conrad who retired in January 2018.

Joplin is a native of Rutherford County, and if the name sounds familiar, that's because he is the son of Rutherford EMC CEO Joe Joplin and Alice Joplin.



Jake Joplin

A graduate of NC State University's School of Engineering, Joplin has worked for CCEC since 2000. He has served as staff engineer, vice-president of engineering and operations, and mostly recently as chief operating officer. In addition to his engineering degree, he also has earned his professional engineering certification.

"I have every confidence that the level of service our members will receive will only get better in the future," Joplin said. "We have a great family of employees working day-in and day-out to bring safe, reliable, and economical power

to member's homes and businesses. As we go forward, our members can be assured that we will continue to respect the traditions of the cooperative and its founding principles, while exploring innovative energy solutions that meet changes in the industry and in the needs of our members."

Jake and his wife, Magan, live in Morehead City, and have three children, Kaitlyn, Isaac and Nathan.

"I am truly honored to be part of this cooperative family, working to improve the communities we serve," Joplin said.



Conrad served as CEO & General Manager beginning in 2000. He represented North Carolina cooperatives on a variety of state and national committees, and has had great satisfaction leading the co-op through changes such as its merger with Harkers Island EMC, AMI deployment and other technology improvements.

During his tenure, CCEC grew from 32,211 meters to 40,218, with a plant value that has more than doubled to \$139 million. Service for Conrad has been more than managing the nuts and bolts of co-op; he has truly been committed to the co-op community.

"There is no single organization in the local area that provides or gives back like the cooperative – the employees themselves in their private lives, our Harold Anderson Jr. Memorial Fund, the members' generosity through Operation RoundUP® and the Carteret-Craven Electric Foundation and employee groups that work toward raising money for a variety of charities."



Craig Conrad

Carteret-Craven Electric Foundation

One of the founding principles of this and every other electric cooperative is “Commitment to Community.”

That’s not just a catchphrase, though. It’s as important to us at CCEC as providing you reliable, affordable electricity and innovative energy solutions.

“We highlight that commitment each February because it is the



Co-op Accounting Department employees load up gifts to deliver to a needy family at Christmas. Employee teams adopt families through Project Christmas Cheer each year. Pictured are Work Order Accountant Lynn Salter, Accounting Clerk Veronica Johnson, Junior Accountant Tara Alderman and VP of Accounting Jerry Eborn.

month of love, and we sincerely love serving our members and raising the quality of life in our communities,” said Vice-president of Support Services Sarah Grider. “But just as important, our members show their love for their neighbors by contributing monthly to Operation RoundUP®.”

Each month, participants’

electric bills are rounded up to the nearest dollar amount. The average amount rounded up in a year is \$6 per member. The maximum amount anyone will contribute is \$11.88 a year. The money raised is placed with the Carteret-Craven Electric Foundation, which is run by volunteer co-op members who serve as the board of directors and review grant requests.

With 87 percent of our co-op members participating in RoundUP, the foundation has been able to award an array of grants to help fund such things as youth programs and education, veterans, food pantries, nonprofit healthcare programs and facilities, shelters for the homeless and victims of domestic violence, emergency heating and cooling assistance, and many, many other deserving organizations and individuals in Carteret, Craven, Jones and Onslow counties.

Since the program began in 1999, Operation RoundUP has distributed more than \$3 million to improve the quality of life of our friends and neighbors.

“There’s nothing more gratifying than coming to work each day knowing that with the support of our members, we are truly able to change lives and empower individuals in the communities we serve,” Grider said.



The co-op’s foundation was honored with a special “Faith Award” for its continued support of Backpack Friends, a local nonprofit that provides food to needy school children in our area. Pictured are Backpack Friends Director Danielle Abraham and foundation President Polly Johns.