

# Empowering

OUR COMMUNITY

**BRUNSWICK  
ELECTRIC**  
Membership Corporation



2019 ANNUAL REPORT



Joshua Winslow  
*CEO/General Manager*

# A Message From Your CEO/General Manager

Your electric cooperative is continuing its mission to provide reliable service at the lowest possible cost, while keeping up with a rapidly changing industry and evolving member needs. Being owned by those we serve and looking out for the best interests of our local communities are what define the cooperative difference and drive our actions. Our goal is to exceed your expectations, and toward that end we live by the set of values you see on the next page. We have a company-wide commitment to integrity and innovation and are dedicated to excellence in stewardship and all we do.

2019 proved to be another year of tremendous growth in our area. We are in the top 7% of electric cooperatives in the country for new services compared to total services, connecting 2,955 new services last year. In order to better serve you, we continue to be an industry leader in reliability. We are in the top 5% of electric cooperatives of a similar size for System Average Interruption Duration Index (SAIDI), which measures the length of miscellaneous service interruptions. We added infrastructure and completed multiple projects last year to meet the growing demand on our system.

The heartbeat of BEMC is the satisfaction of our members. Your feedback is essential, and we enjoy meeting with you individually, and visiting civic groups and other organizations, so we can hear your thoughts and needs. We take the results of our American Customer Satisfaction Index surveys seriously and listen closely to your priorities and how you think we are doing. All points of feedback are important to us, because our sole purpose is to work on your behalf. Because of your input we'll continue to bring you innovative programs and opportunities for more control, like the Time-of-Use rate option and the Ecobee smart thermostat demand control project. And, in response to your needs, as we move together towards a much more complex future, we'll be able to take advantage of new options and resources that will reduce carbon emissions.

We hope you can tell that the commitment by BEMC to each of you and all our communities goes far beyond words and is evident by our actions. And we hope that the ability and dedication of each and every employee is clear to you, because your satisfaction is behind everything we do.

# Our Values

*"Brunswick Electric is very member oriented. They offer a variety of programs that give me control over my energy usage, and their employees are just so nice and so friendly. They are astoundingly quick to respond to outages. When there was a problem with a transformer near my house and the power went out, they were there within minutes, and they had it fixed in 20 minutes! I just really appreciate them."*

*– Hilda Cooper*

*"Getting my account set up was absolutely the most pleasant experience, and very seamless. The employees at Brunswick Electric are a great group of folks. And the fact that they offer different payment options, like PrePay Power and equalized billing, shows that they really care about the membership and listen to their feedback"*

*– Robert Ciullo*

## **Cooperation**

Collaboration among our teams, listening to and working with our members, and leveraging our partnerships are key to delivering maximum value to our members.

## **Integrity**

We are accountable to our members, and operate ethically, with transparency and respect.

## **Agility**

Being flexible, adapting to a rapidly changing environment, and empowering our members and employees are central to effective and efficient outcomes.

## **Service**

Members' best interests are our only motivation, including programs that enhance our communities. Responsiveness and individual attention are our top priorities.

## **Safety**

The safety of our employees, our members and the public is paramount. This includes our commitment to keeping our members' information safe from cyber threats.

## **Innovation**

We are dedicated to being technologically advanced, proactive and forward thinking in order to provide leading-edge service to our members.

## **Stewardship**

Expert and diligent oversight of members' assets, sustainable practices that protect the environment, and being a good community partner are central to our mission.

## **Excellence**

Being an industry leader means continually educating ourselves and our members, and continuously measuring and benchmarking our performance.





## Heron's Nest, an Environmental Village Powered by BEMC

*"I love my Ecobee thermostat, it is so convenient. Being able to set the high and low temperature and not think about it after that is really great. The installation and setup went very smoothly, the unit is easy to use, and I feel like I'm doing my part while saving on my power bill."*

*– Joyce Miller*

Offering members the ability to choose a lifestyle that includes the latest technological advances in energy is important to us. That's why we partnered with the Adams Group and North Carolina Electric Membership Corporation (NCEMC) in powering the Heron's Nest, located in Shallotte near Village Point. Floor plans include programmable water heaters and thermostats, rooftop solar panels, a 50-kw solar field and on-site battery storage, all designed to lessen the carbon footprint. The village also features a microgrid, which can be disconnected from the traditional grid to act autonomously during a power outage, restoring power to its residents. The battery storage component of the microgrid can deliver energy into the grid during times of peak demand, which helps the co-op lower its wholesale power costs, which benefits everyone.

We're also conducting a pilot program at the Heron's Nest in conjunction with the Adams Group that will assess the value of a new water heater demand control technology. This involved working with Vaughn water heaters in developing units that are equipped with Carina Technologies controls, which regulates the functionality of the water heater and has an LED display. If viable, the cooperative plans to take what we learn and develop a large-scale program benefitting members who choose to participate.

Our efforts at the Heron's Nest are just some of the ways we are working to be on the forefront of industry trends, in order to provide you with options. The future will be full of choices that empower you to manage your energy use, take advantage of the latest technologies, and work with your lifestyle and preferences.



# Options That Put You in Control

*"The Time-of-Use rate option is really great. I'm not able to put a timer on my water heater, but by using some common sense, and by doing laundry and washing dishes after 10 pm I'm saving money. And I was really impressed with the folks at BEMC, they are great to work with, really top notch. They made it easy to understand and you can tell they really care about the members."*

*– George MacLeod*

*"I am retired from an electric utility and readily recognize the value to the member, and to BEMC, of Time-of-Use rates. In my first month on TOU, I saved over 25% on my electric bill. Thanks to BEMC, for providing an excellent rate option for your members to save money, and for better managing costs to the benefit of all members!"*

*– Jim Claypool*

## **Community Solar**

This clean energy option is ideal for members who want to go green and avoid installing their own solar panels. Through the Community Solar Program you can lease panels from one of two solar farms and receive a credit for the output generated by them. The solar arrays are located on Highway 17 in Bolivia and at the Peacock Substation in Chadbourn, with a total of 700 panels available for lease.

## **Ecobee Smart Thermostat**

BEMC offers an Ecobee smart thermostat at a greatly reduced price to members who wish to participate in an ongoing demand control project. The Ecobee is preloaded with Energy Star settings, and the project calls for the thermostat to adjust its setpoint 6 to 8 times a month for a 3-hour period. Members may opt out of these settings but the energy savings potential will be less.

## **PrePay Power**

Buying electricity in advance puts you in control of your power expense. With PrePay Power you buy the electricity you need, when you need it. There's no electric bill to worry about, and no deposit required to start service. You can add money to your account by phone, at one of our district offices, through SmartHub, or at a Bill Payment Terminal.

## **Time-of-Use Rates**

This option offers you a lower rate for electricity when demand on our system is low, balanced with a higher rate when demand on our system is high. It may benefit you if you are able to shift your energy consumption to times when demand is low. An application is required to sign up.

## **SmartHub**

This free app syncs with your account, allowing you to view and compare your usage on a monthly, daily and hourly basis. Looking at usage during a particular time period, and the activities and appliances used then, can help you identify your biggest energy users. Comparing usage from previous years can be beneficial in troubleshooting bills that are higher than expected. You can also pay your bill through SmartHub.

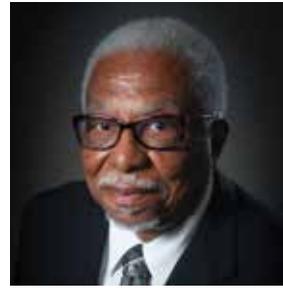
# Our Territory, Districts and ...



**District 1**  
Perry Sellers



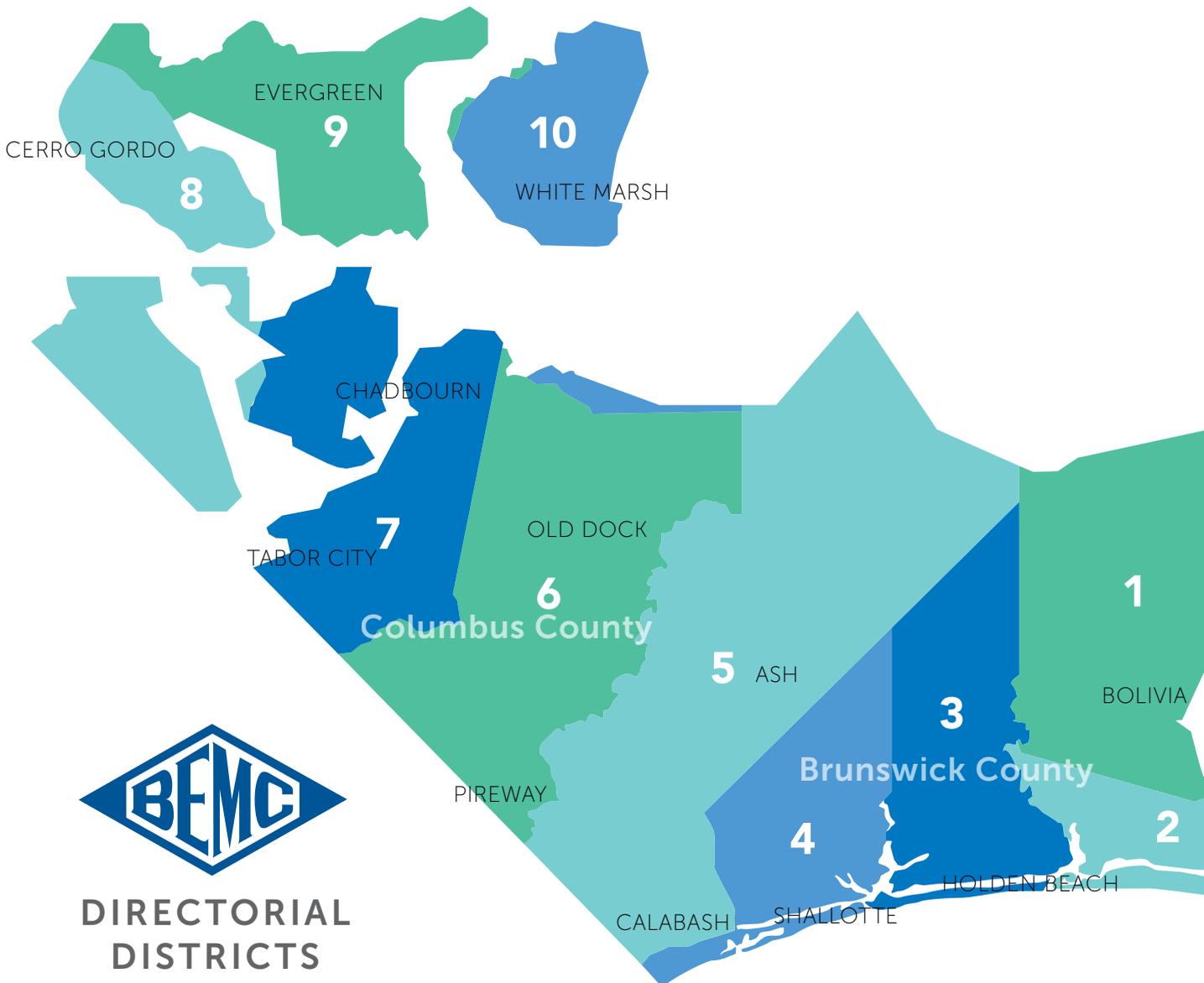
**District 2**  
Deborah Ahlers



**District 3**  
Moses C. Herring



**District 4**  
Phillip Cheers  
*Vice President*



# 2019 Board of Directors



**District 5**  
JoAnn Simmons



**District 6**  
Larry Fowler  
*Asst. Secretary/Treasurer*



**District 7**  
David Gore  
*Secretary/Treasurer*



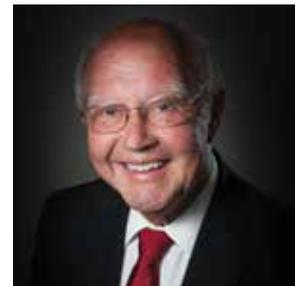
**District 8**  
Dan Strickland



**District 9**  
Calvin Duncan



**District 10**  
Frederick Tedder  
*President*



**At-Large/Brunswick Cty.**  
John Ward

The cooperative's Board of Directors are elected by the membership. Their responsibilities include planning and policy oversight, setting the long-term objectives of the co-op, and ensuring that resources are available to achieve those objectives. Their commitment includes monthly meetings to review progress and make strategic decisions, attending training and conferences, and staying up to date on industry trends. Directors represent the members in their district, yet remain concerned about the interests of all members.

*"I've been with the co-op since my mother had an account, and now I'm a member on my own. I really like the people at Brunswick Electric, they work hard to help me figure out why my bill is sometimes higher than expected, and always try to help me out when I'm in a jam."*

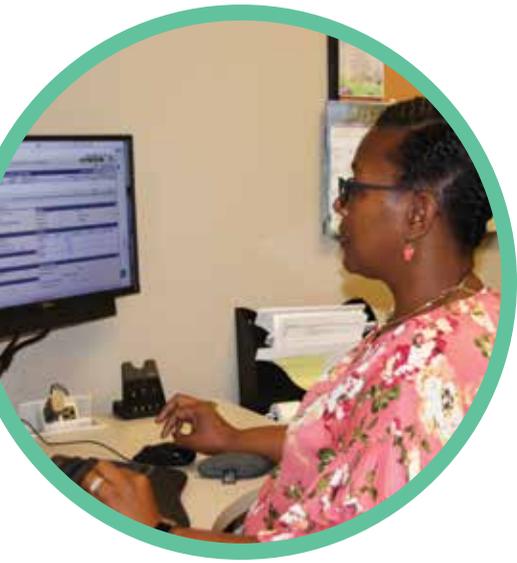
*– Vanessa Smith*



LELAND



OAK ISLAND



*"The CSR that worked with me when my sister died was so kind and helpful. The estate was still open, and she got the account transferred over into my name. She was really friendly and showed a lot of empathy, which can be rare these days. My hat's off to the beautiful lady that helped me that day!"*

*– Jeffery Resenbeck*

*"One month the post office accidentally destroyed the payment I had sent in, and returned the pieces of it to me some time later. The woman at Brunswick Electric that helped me correct the situation was amazing, she was so nice and even joked with me about it. She was super friendly and helped me straighten things out with one call."*

*– Shelley Creed*

## Member Services 2019 Highlights

Continually monitored member satisfaction survey scores that consistently remain greater than 9 on a scale from 1-10

Achieved an American Customer Satisfaction Index (ACSI) score of 89 for the 4th Quarter of 2019

Announced a Time-of-Use rate option beginning June 1, 2020, to assist members in lowering their bills if they are able to shift their usage to times other than on-peak

Installed 2,955 new services

Assisted members with more than 40,000 service orders

Personally handled more than 200,000 phone calls with a 3% abandoned rate

Continued to enhance our SmartHub app to provide more features

Retired more than \$4.78 million in capital credits, including a portion from 2018, allowing newer members to see value from their cooperative membership

## Technology 2019 Highlights

Installed a help desk system for tracking technical support requests

Added redundant data center and control center facilities for disaster recovery and business continuity

Implemented new GIS software for managing assets and inspections

Installed an automated mobile notification system for communicating outages and emergencies

Launched a secure single sign-on network authentication solution for employees

Installed advanced network traffic load balancers

Added a desktop collaboration system for instant messaging, voice and video calls

Designed a state-of-the-art technology training room

# Key Ratio Trend Analysis (KRTA)

*"I decided to participate in the Community Solar program for two reasons. First, I wanted a way to help the environment, and second, it provides a reasonable return. I enjoy getting the rebate on my monthly bill. I'm glad they're offering the program, it's just one of the many options they provide to give members flexibility in their energy use."*

*– Robert Mayhew*

## **Comparison with other electric cooperatives:**

Our Total Utility Plant (TUP) is the 34th largest in the country and 3rd largest in the state.

We are in the top 18% in the country for residential kWh sold per total kWh, a measure of residential consumer load strength, and overall stability.

We are in the top 7% in the country for new services compared to total services, indicating a rapidly growing system.

We are in the top 18% of cooperatives of a similar size for investment in our distribution plant compared to kWh sold. Investment in underground distribution lines and other resiliency measures result in nearly 100% reliability.

We are in the top 22% of cooperatives of a similar size for investment in our transmission plant compared to kWh sold.

We are in the top 5% of cooperatives of a similar size for System Average Interruption Duration Index (SAIDI), which measures the length of miscellaneous service interruptions.





# Power Supply, Engineering & Operations 2019 Highlights

*"I am so thankful for Brunswick Electric employees who are all so courteous and nice. The linemen are really on the ball, restoring service very quickly even in the worst weather. And during hurricanes they are really Johnny on the spot. I'm just really proud of them. Thank you Brunswick EMC for always being there for your members."*

*– Maryetta Hewett*

*Our reliability percentage,  
or amount of up time, is*  
**99.96%**

Upgraded transmission line from Town Creek to Winnabow Substation  
Concrete pole line framed 115 kV with distribution underbuild  
Commissioned April 8, 2019

Upgraded transmission line from Winnabow Substation to Bolivia Transmission Station  
Concrete pole line framed 115 kV with distribution underbuild  
Commissioned July 2, 2019

Installed additional transformer in Zion Hill Substation  
Commissioned July 2, 2019  
12/16/20 MVA

Completed significant line extension projects in several new and expanded communities to accommodate service to new homes

- Lighthouse Cove
- Calabash Lakes (Phase 2)
- The Farm (Fence Post extension)
- Heron's Nest
- Brunswick Assisted Living
- Cameron Woods (Phase 3)
- Saltwater Palms
- Publix (Ocean Isle Beach)
- Brunswick Forest (Phase 9)
- The Pinnacle at Mallory Creek
- Shady Oaks at Mallory Creek
- Needleleaf at Mallory Creek

Completed overhead distribution upgrades in accordance with BEMC's 4-year work plan to reliably serve our growing membership

- Hwy. 904 & Swamp Fox Hwy. (6.1 mi. of 3-phase upgrade)
- Silverspoon Rd. (3.1 mi. of 3-phase upgrade)
- Pea Landing Rd. (2.8 mi. of 3-phase upgrade)
- Russ Town Rd. (2 mi. of 3-phase upgrade)
- Van Galloway Rd. (1 mi. of 3-phase upgrade)

# Safety & Training 2019 Highlights

*We achieved the highest safety rating possible during accreditation in the Rural Electric Safety Achievement Program (RESAP). This voluntary program, implemented by NC Statewide (NCAEC) and directed by the NRECA, critiques our training, regulations, documentation, employee knowledge, equipment, vehicles, facilities and job safety performance.*

## Employee Education

Line technicians attended 24 classes and competition on safety procedures, ranging from Underground Safety and Bucket Rescue to Defensive Driving and Pole Top Rescue. Crew members are highly trained and certified in a wide variety of safety and rescue procedures to prepare them for anything they might experience in the field.

## Promotions

- 5 Employees Promoted to 1ST Class Line Technician
- 7 Employees Promoted to Apprentice III Line Technician
- 1 Employee Promoted to Apprentice II Line Technician

## Safety Committee

An employee Safety Committee was formed to oversee internal and external safety protocols.

# How Your BEMC Dollar is Managed



## Capital Credits – 2019

More than \$4.78 million was returned to members for 1999 and part of 2018. Returning credits from a recent year allowed newer members to see value in their cooperative membership.

# Empowering Our Communities 2019 Impact

*"In the past we've received Bright Ideas grants for professional quality levels to help our masonry students at state competitions, and computers to help them get OSHA certified. Bright Ideas elevated our program and really made a difference."*

*– Fred Mason  
Columbus Career &  
College Academy*

## **Community Grants | \$47,000**

Supporting organizations that do good works in the areas of family services, civic and community programs, cultural and arts programs, emergency services and economic development.

## **Bright Ideas Education Grants | \$31,520**

Providing teachers with funding for innovative classroom projects that fall outside the budget process and give students the opportunity to participate in hands-on, memorable learning experiences.

## **Warm Homes, Warm Hearts | \$52,500**

Giving our members and employees the opportunity to have their donations matched when they help their neighbors in need through this year-round utility assistance program.



*Daniel Richardson and his students  
at The COAST, The Center of Applied  
Sciences & Technology.*



Frederick Tedder  
*President,  
BEMC Board of Directors*

## A Message From Your Board President

Proudly following the mission of our founders, Brunswick Electric remains singularly focused on serving the needs of our membership. An important part of living up to the cooperative model is finding new ways to understand, and meet, your expectations. As your needs evolve, we do our best to take advantage of the latest technologies to fulfill them. As our capabilities grow, we know you count on us to develop programs that improve the way we serve you.

We answered more than 200,000 of your phone calls personally last year. Our Customer Service Representatives receive extensive training, and what they learn, during their conversations with you, shapes our actions. That's why we developed PrePay Power. Your responses to our American Customer Satisfaction Index surveys guide us as well. Because keeping rates as low as possible is important to everyone, we continually work on ways to lower peak demand, including our Ecobee smart thermostat demand control project, which will reduce energy costs for all of us. We pay attention during all our interactions with you, whether it's on the phone, in the office, in the field, or in the community, because when we listen, we learn. Because flexibility and having more control are important to you, we recently made the Time-of-Use rate option available. Now members who are able to consistently shift energy usage from times of peak demand to off-peak times can lower their energy bill. You can expect more initiatives in the future.

The beauty of the cooperative model is that we are not beholden to stockholders. This allows us to focus on the things that matter to you, like flexible payment options, weatherization loans, and green energy initiatives like Community Solar. You count on us to build and maintain a reliable infrastructure, plan for continual and future growth, and keep rates as low as possible, and because we're a cooperative, you also count on us to care about what you think. That's why we listen, and why we'll continue to deliver programs that make our communities better places to live, including Community Grants, Bright Ideas Education Grants, and the Warm Homes, Warm Hearts utility assistance program. We were founded to improve the quality of life for our members, and rest assured, we work hard toward that end every day. On behalf of our board, management and employees, we are proud to be at your service.

# Financials

## CONDENSED BALANCE SHEET

	2019	2018
<b>Assets</b>		
Net utility plant	\$ 330,494,741	\$ 320,517,978
Other property & investments	\$ 45,792,634	\$ 42,026,684
Current assets	\$ 65,984,456	\$ 58,670,834
Deferred charges	\$ 11,615,746	\$ 7,939,387
<b>Total</b>	<b>\$ 453,887,577</b>	<b>\$ 429,154,883</b>
<b>Members' Equity &amp; Liabilities</b>		
Members' equity	\$ 169,098,083	\$ 163,209,214
Noncurrent liabilities	\$ 240,149,221	\$ 217,526,634
Current liabilities	\$ 34,338,312	\$ 36,853,523
Deferred credits	\$ 10,301,961	\$ 11,565,512
<b>Total</b>	<b>\$ 453,887,577</b>	<b>\$ 429,154,883</b>

## CONDENSED STATEMENT OF OPERATIONS

	2019	2018
<b>Operating revenues</b>	<b>\$ 182,100,817</b>	<b>\$183,245,782</b>
Operating expenses:		
Cost of power	\$ 109,953,856	\$ 113,222,956
Other variable operating expenses	\$ 39,039,761	\$ 37,517,713
Depreciation	\$ 17,889,825	\$ 17,139,477
Interest	\$ 8,393,108	\$ 8,250,919
Total operating expenses	\$ 175,276,550	\$ 176,131,065
Net operating margins (before allocations)	\$ 6,824,267	\$ 7,114,717
Net non-operating margins	\$ 2,079,373	\$ 1,368,923
Total net margins (before allocations)	\$ 8,903,640	\$ 8,483,640
Patronage allocations	\$ 5,316,141	\$ 5,237,687
<b>Total Net Margins</b>	<b>\$ 14,219,781</b>	<b>\$ 13,721,327</b>

# By the Numbers

*Our bond ratings are Fitch A+ and Standard & Poor's A*

	<b>2019</b>	<b>2018</b>
Members Served	79,229	77,135
Active Services	96,189	93,899
Number of Substations	47	47
New Services Connected	2,955	2,460
Miles of Overhead Distribution Line	2,632	2,652
Miles of Underground Distribution Line	4,048	3,934
Service per Mile of Distribution Line	14.4	14.3
Miles of Transmission Line	229	228
Peak Demand	394MW	472MW
Annual Revenue	\$182,100,817	\$183,245,782
Taxes Paid	\$17,420,814	\$16,635,536
Net Utility Plant	\$330,494,741	\$320,517,978





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