



we are
OPTIMISTIC
 about the
FUTURE
 of your
ELECTRIC CO-OP



2023 Annual Report



As a member of an electric cooperative like JOEMC, you're served by an organization that puts you first.

Our primary purpose is to provide members with the value you're looking for: being easy to do business with and providing safe, reliable electricity—all while keeping the cost you pay as low as possible.

At a time when corporate profits sometimes overwhelm common sense, it's nice to know you're part

of something different. Your co-op is here, looking out for you, the members of a local company with a local board of directors, and employees living in your communities.

We know that you depend on electricity to power your lives — your homes, the places you work, the schools your children attend, and the businesses you frequent. We take that responsi-

bility seriously, working every day to meet those expectations.

JOEMC, along with the other electric co-ops of North Carolina, is working for its members to build a brighter future. We are invested in our communities and exploring new energy solutions to improve the quality of life for you and, in the end, make a difference.



2

2,524
new services built

1,301,946,136
kilowatts purchased by members

2022 Highlights



Capital Credits

The Board of Directors authorized a capital credits refund of almost \$2.3 million to those members who received electric service from the co-op during 1999 and 2021. These refunds consisted of 100% of the remaining allocated capital credits from 1999 and 25% from 2021. Since 1998, JOEMC has returned \$37.5 million in capital credits to members.

Emerging Technology

North Carolina's Electric Cooperatives announced the planned installation of cutting-edge battery energy storage technology in 10 communities across North Carolina served by electric cooperatives. JOEMC was selected to participate in the project by installing a battery in the Queens Creek Substation in the Hubert/Swansboro area. The battery will be integrated at the co-op's distribution substation, adding a local energy resource to enhance system resilience and reliability for members.

Member Focused

Continuing in the efforts to make doing business with the co-op as convenient and easy as possible, JOEMC added two additional payment kiosks in the community. With the addition of kiosks at the Piggly Wiggly in Swansboro and the Jones County Government Center in Trenton, there are now six pay stations throughout the service area for members to pay their electric bills.

Investing In Employees

VisionEMC, an employee leadership training program, was launched in 2022 to help educate, inform, and identify future leaders at the co-op. The inaugural 15-member class, made up of employees throughout the company (every department was represented), met for one day each month and

participated in a variety of activities, including taking personality strength assessments, learning leadership skills, and taking field trips to solar farms and microgrids throughout the state.

Connect To Save (CTS)

CTS, the smart thermostat and water heater demand response program started in 2020, continued to grow during the year. By the end of 2022, close to 3,200 co-op members participated in the program. Those members installed over 4,200 smart thermostats and over 800 water control devices in their homes.

Our Most Valuable Resource

The cooperative support for our children and local schools remained at the forefront during the year. The Bright Ideas Grant Program continued to make a difference, with the co-op presenting 74 grants, totaling \$77,000, to 285 educators at public schools. The co-op sponsored four area high school juniors at the annual youth tour in Washington, D.C. The students spent a week in our nation's capital, learning about the federal government and the cooperative way of doing business. JOEMC awarded three middle school students Touchstone Energy Sports Camp scholarships to attend basketball camps and also awarded 29 academic scholarships to graduating high school seniors and community college students to assist in their academic endeavors.

Happy Holidays – Here's Some Money Back!

To help with the holiday hustle and bustle, the co-op issued a one-time bill credit of \$20 on the December electric bills of all active-metered accounts. The member refund was due to a favorable reduction in JOEMC's power costs and the efficient operation of the co-op's day-to-day business.

Executive Report

John Pierce,
Chairman of the Board

Jeffery T. Clark,
CEO



Since local community members formed JOEMC, the co-op has been committed to building a brighter future for the people, businesses, and communities we serve. Our original mission was to bring electricity and new opportunities to our region. Over the years, that mission has expanded to include pursuing new energy solutions, community enrichment activities, and economic development initiatives that provide us with new ways to deliver value to our members.

We remain focused on providing reliable, affordable, and environmentally responsible electricity, looking to the years ahead. We will continue to explore and invest in new technologies that make the electric grid more flexible, efficient, resilient, and capable of supporting new energy solutions for the vitality of our communities.

As we reflect on 2022, we hope this year's annual report shows that last year set the groundwork for some exciting things ahead. We have a once-in-a-generation opportunity to harness technological advancements, sustainable initiatives, and community programs to define the world we want to live in. And for that, we are optimistic about the future of your electric co-op.

After a three-year hiatus, the JOEMC Annual Meeting of Members will return as an in-person event. We invite you to attend this year's meeting on Friday, March 31, at the American Legion Building at the Onslow County Fairgrounds in Jacksonville.

FINANCIAL HIGHLIGHTS

Providing members with the best value for the dollar is essential to your co-op, and that's why we do everything possible to hold down daily business operating

costs. In addition to providing electric service with no rate increase in 2022, JOEMC was also able to return monies to members in a couple of different ways.

One of the fundamental ways we provide value is the return of capital credits (or dividends) to our members each year. After all annual expenses in delivering electric services are paid, your share of the remaining money becomes the margins. They are credited back to your account in the form of capital credits. Since 1998, JOEMC has returned \$37.5 million in capital credits to members. In 2022, the Board of Directors authorized a return of \$2.3 million in capital credits.

In addition to capital credits, the co-op issued a one-time bill credit of \$20 on the December electric bills of all active-metered accounts. The member refund was due to a favorable reduction in our power cost and the efficient operation of the co-op's day-to-day business operations.

SYSTEM GROWTH

In 2022, the co-op continued its trend of steady growth with the addition of many new homes and businesses. This growth in our system is something that many areas (served by electric co-ops) throughout the country can't claim because they are in slow-growth or no-growth areas.

By the end of 2022, crews had built 2,524 new services, pushing the number of electric meters in our six-county service area to just under 82,000. This places JOEMC as the fourth-largest electric cooperative in North Carolina.

These additional services were comprised of single-family homes constructed in new subdivisions and

We are optimistic about the future of your electric co-op.

multi-family housing (apartments and townhomes). These new services were built throughout the co-op's service area, with a heavy concentration in the Sneads Ferry, Surf City, Richlands, and Swansboro communities. Also, close to 20 new commercial/business construction projects were completed during the year bringing new restaurants, retail shops, storage facilities, and other service businesses to our area.

RELIABILITY & IMPROVEMENTS

In our business, the name of the game is reliability, and your electric co-op continues to have one of the top reliability ratings in the country. In 2022, JOEMC kept the lights on 99.983 percent of the time.

During the year, our system projects were constructed with one goal: improving reliability. Examples of these projects include installing new equipment in growing areas (with increased power demands) to minimize power interruptions before they occur and testing existing infrastructure to identify equipment that needs upgrading. Being proactive and analyzing our system allows

your co-op to continue ensuring reliable electricity delivery.

Major power line upgrades, relocations, and replacements were made along Belt Road, Center Street, Highway 210, Great Neck Landing Road, Cow Horn Road, South Anderson Boulevard, North New River Drive, and Pickett Road. Underground cable replacement projects were completed in Brandy Wood apartments and Gateway, Summersill Estates, Brynn Marr, Hunters Creek, North Shore Country Club, and Walnut Landing subdivisions.

During the year, we began site work and construction on the new Franktown Road Substation—the substation is scheduled to come online in 2023. The Eagles Nest Substation renovation project, started in 2022, will improve reliability and power quality. Two additional substation bays were added to the Piney Green Substation to improve reliability and capacity. Due to maintenance needs, the transformer at our

Chadwick Acres Substation was replaced with an existing spare unit. Finally, the co-op's substation crews continued work on a multi-year maintenance program that will impact all of the co-op's distribution substations in the service area.

JOEMC continues to change out old transmission poles on a section of the line that ties our Elm Grove transmission substation to our Trenton Substation.

We completed a substation relay replacement project during the year that removed old transformer protection relays and replaced them with new technology that will improve future reliability. We also connected multiple other devices inside our substations, enabling us to monitor the facilities remotely. Finally, the co-op continues to utilize our Controlled Voltage Reduction project to help reduce system peak demand and allows your cooperative to save money on power costs during certain times of the year.

5

CUSTOMER SERVICE

Members rate our service among the best in the nation, according to the American Consumer Satisfaction Index (ACSI) results. JOEMC scored 89 out of a possible 100 on the ACSI in 2022. This score puts us as one of the highest-scoring co-ops in the country. As a comparison, other Touchstone Energy Co-ops across the nation scored an average of 73, while investor-owned utilities averaged 70 on the ACSI.

Locally, members gave us an overall satisfaction score of 9.25 (out of a possible 10). Other scores in the survey included a 9.21 for providing reliable energy, a 9.15 for restoring electric service when the power goes out, a 9.15 for being committed to the community, a 9.12 for having competent and knowledgeable employees, and a 9.08 for being a name you can trust.

Financials

BALANCE SHEET

	2022	2021
Assets		
Electric Plant at Original Cost	\$421,795,760	\$407,007,869
Less Depreciation	(134,566,577)	(125,844,270)
Net Value of Electric Plant	\$287,229,183	\$281,163,599
Cash	3,115,644	3,173,251
Investments	45,286,314	42,677,595
Accounts Receivable	20,369,698	19,843,572
Materials & Supplies	3,869,637	2,851,603
Prepaid & Accrued Assets	4,153,786	4,568,738
Total Assets	<u>\$364,024,262</u>	<u>\$354,278,358</u>
Liabilities		
Long Term Debt	\$143,791,723	\$143,605,306
Consumer Deposits	2,882,811	3,211,253
Accounts Payable	26,805,893	24,210,406
Deferred Credits	10,841,930	11,627,729
Other Liabilities & Credits	3,565,362	3,618,422
Patronage Capital & Other Equities	176,136,543	168,005,242
Total Liabilities	<u>\$364,024,262</u>	<u>\$354,278,358</u>

REVENUE & EXPENSES

	2022	2021
Where the Money Comes From		
Operating Revenue	\$151,998,336	\$144,817,237
Electric Revenue	\$149,405,487	\$142,242,998
Miscellaneous Revenue	2,592,849	2,574,239
Total Revenues	<u>\$151,998,336</u>	<u>\$144,817,237</u>
How the Money Was Spent		
Purchased Power	\$98,488,575	\$96,199,199
Operations & Maintenance Expense	9,110,454	6,953,640
Administrative & General	17,651,650	16,853,647
Depreciation	13,220,964	12,886,272
Taxes	1,744,331	1,777,983
Interest Expense	4,832,107	4,652,304
Other Deductions	225,290	163,038
Total Expenses	<u>\$145,273,371</u>	<u>\$139,486,083</u>
Margins		
Gross Margins	\$6,724,965	\$5,331,154
Margins Deferred	(4,000,000)	(1,500,000)
Margins Recognized from Previous Year	1,500,000	1,000,000
Margins (Capital Credits)	<u>\$4,224,965</u>	<u>\$4,831,154</u>
Percentage Capital Credits to Income	2.78%	3.34%

Board of Directors



John Pierce
Chairman
District II



Thomas Waller
Vice Chairman
District III



Cecil Hargett*
Secretary/Treasurer
District I



Nelson Burgess
At-Large



Robert Daughety
District III



Iris Horne
District II



Brandon Howard*
District II



Michael Chad Meadows
District III



Douglas Parker
District I



Dale Powell
District I

OFFICIAL NOTICE

*At a meeting held on February 23, 2023, the Committee on Nominations nominated the following candidates for Directors of the cooperative for a three-year term: Cecil Hargett (District I), Brandon Howard (District II).

NOMINATING COMMITTEE

District I

Roger Edens (Sneads Ferry), Gary Johnson (Sneads Ferry), Galen Treble (Hubert)

District II

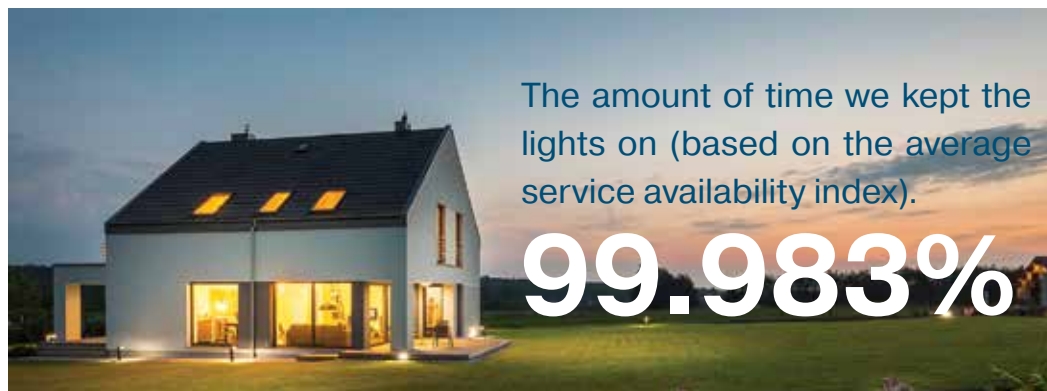
Leland Brown (Jacksonville), Pansy Horne (Beaulaville), Susan Thomas (Richlands)

District III

Tyler Griffin (Trenton), Timmy Haddock (Pollocksville), Deanna MacIntosh (Trenton)

\$33,760

Total rebates and credits issued to members for purchases of energy efficiency appliances and heating and cooling equipment.



The amount of time we kept the lights on (based on the average service availability index).

99.983%

It's back IN PERSON!

WIN this truck!



Mark your calendars and join us for a FREE fun-filled family event!

After several years of virtual meetings due to Covid-19, we are happy to announce that the JOEMC Annual Meeting of Members will be held IN PERSON this year! During the evening, we'll share brief business updates on financial reports and recent projects/investments. We're going to have a lot of fun too! There will be a variety of entertainment,

informational booths, activities for the kids, games, prizes, and Smithfield BBQ sandwiches. As in past years, we will give away a recently retired fleet vehicle truck ("as is" condition). We hope you'll join us for this FREE, family-friendly event.

Spending time with you and hearing your take on our community's

energy future is important; in fact, it's essential because the members of our community shape everything we do. As we're sure you know, the energy industry is amidst massive change. Consumer needs and changing technology impact nearly every aspect of how we manage and deliver energy to local homes, schools, and businesses.

Friday, March 31, 2023 — 5:30pm-9:00pm

JOEMC Annual Meeting of Members

American Legion Building/Onslow County Fairgrounds, 146 Broadhurst Road, Jacksonville, NC



- **5:30PM**
Doors open/registration begins
- **5:30PM-7:00PM**
Registration, bbq sandwiches, displays, games, giveaways, magician Bryan Sanders and local entertainment
- **7:00PM-7:45PM**
Business meeting
- **8:00PM-9:00PM**
The Whiskey Rebellion
- **9:00PM**
Truck giveaway—2014 Chevrolet Silverado 1500 regular cab, 2 door, 2 wheel drive, (recently retired fleet vehicle "as is" condition)