


POWERING YOUR LIFE

2014 ANNUAL REPORT

**UnionPower
Cooperative**

A Touchstone Energy® Cooperative 

At Union Power, we know 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 responsibility seriously, working to provide the electricity you need on demand, 24 hours a day. But we are much more than just a “power company.” Along with providing safe and reliable power, we empower you to use energy wisely, ensure that you get exceptional value for the money you spend, and strive to make our communities better places to live and work.

Our efficient system provides you with uninterrupted and reliable service 99.9 percent of the time. This is a result of staying ahead of growth and advancing technologies, our aggressive vegetation management program, and building and maintaining the electric infrastructure necessary to serve our membership of more than 71,000. Distribution equipment upgrades and maintenance throughout our service territory helps keep the power flowing to you by helping us identify and correct small issues before they turn into bigger, costlier problems. In addition, our vegetation management and right-of-way crews stay ahead of tree-related issues to decrease the number of outages during and after storms due to fallen trees.

With our membership growing weekly, these projects in 2014 were necessary:

- Construction started on 100,000-volt transmission line between Flowes Store Substation and the proposed Mt. Pleasant Substation in Cabarrus County. Updated structure design and higher voltage source will allow the Cooperative to serve additional members in the area and help decrease the possibility of outages.
- A second transformer and equipment was energized at Rocky River Substation in Cabarrus County to allow for serving 1,000+ homes.
- Design was completed and construction started to convert the 44,000-volt transmission line from Houston Substation to Doster Road to 100,000-volt. This will improve system reliability and electric service in this area of Union County while increasing the ability to provide power to more homes.
- Twelve Mile Creek Substation in Union County was completed and six distribution circuits energized. This substation serves 3,700 residential homes and businesses in the Waxhaw area.

We believe that helping you manage your energy use is important and we provide you with innovative tools to help. At union-power.com, you can find free online home energy audits, billing options that help you monitor energy consumption by providing daily usage and alerts, and many more energy-saving resources. The Pay Your Way program lets you prepay for your electricity and then track and adjust your daily usage.

As a not-for-profit organization, we are proud to give back to members and to our communities.

As a member of the Cooperative, you receive a return on your investment. Over the last five years, Union Power has distributed \$18.7 million back to members through capital credits! Our capital credits program is a distinctive value of cooperative membership, setting us apart from other utilities.

The Cooperative also gives back to the communities we serve by investing in students, teachers, and local charities and causes. From educational grants to our local Hospices, our employees believe in demonstrating the cooperative principle, “Concern for Community.”

A power provider that puts our members first, adding value in a variety of ways while delivering safe and reliable power to your homes and communities. That’s what Union Power Cooperative is all about, now and in the years to come.

GREG ANDRESS

Executive Vice President
and General Manager



BOARD MEMBERS



B. L. Starnes
President, District III



Lee Roy Kirk, Jr.
Vice President, District I



Jan Haigler
Secretary-Treasurer, District V



Dent H. Turner, Jr.
Asst. Secretary-Treasurer, District I



Juanita Poplin
District I



Neil W. Hasty
District IV



Carole P. Jones
District IV



Jim T. Hartsell
District VI



David G. Hyatt
District II



Tom J. Caudle
District II

SERVICE TERRITORIES

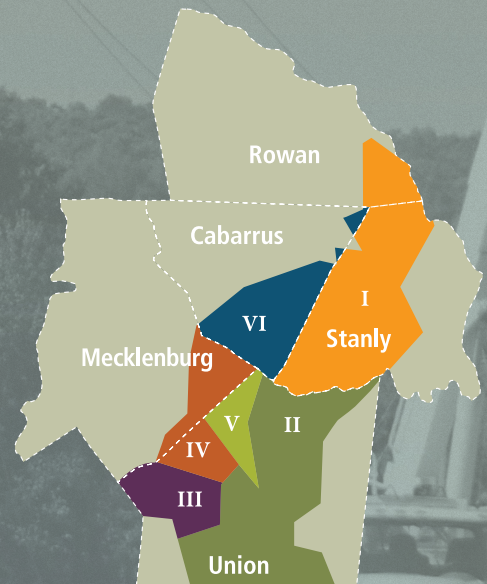
UNION COUNTY is our largest service area. It covers 3,637 miles of energized line and 48,197 meters.

STANLY COUNTY is our second-largest service area. It covers 1,017 miles of energized line and 8,556 meters.

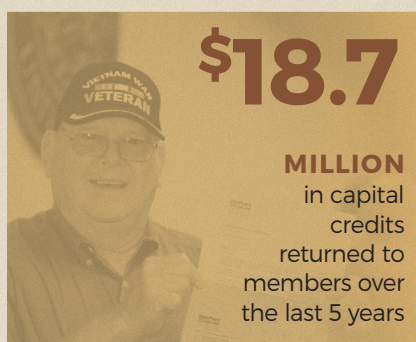
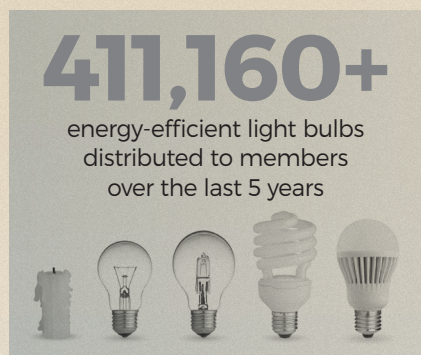
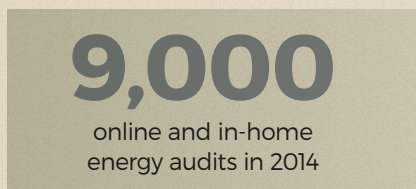
CABARRUS COUNTY is our third-largest service area. It covers 589 miles of energized line and 7,026 meters.

MECKLENBURG COUNTY covers 350 miles of energized line and 6,122 meters.

ROWAN COUNTY covers 158 miles of energized line and 1,009 meters.



EMPOWERING YOU



POWERING YOUR COMMUNITY

In the top 5% of largest electric co-ops in the nation

To date, more than \$300,000 Bright Ideas grants awarded to teachers for 310 innovative classroom-based projects

1,751 new services connected in 2014

\$21,000 in college scholarships awarded over the last 5 years

70,000+ members

More than \$240,000 raised by employees for the Hospices of Union and Stanly counties over the last 5 years

100+ local businesses offering discounts as part of our Co-op Connections Card program and nearly \$43,000 in Rx savings for members since November 2012

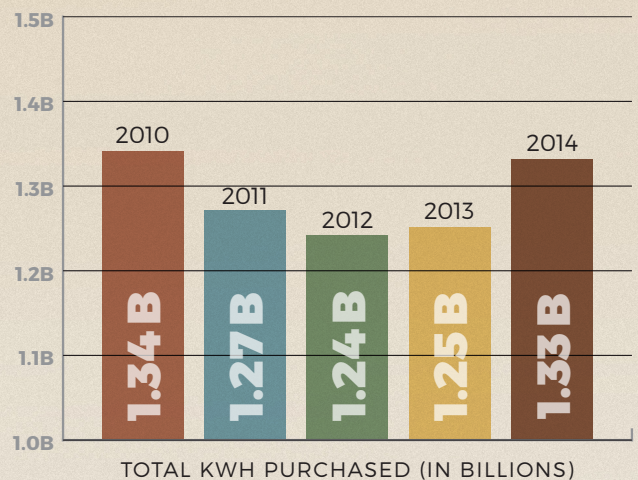
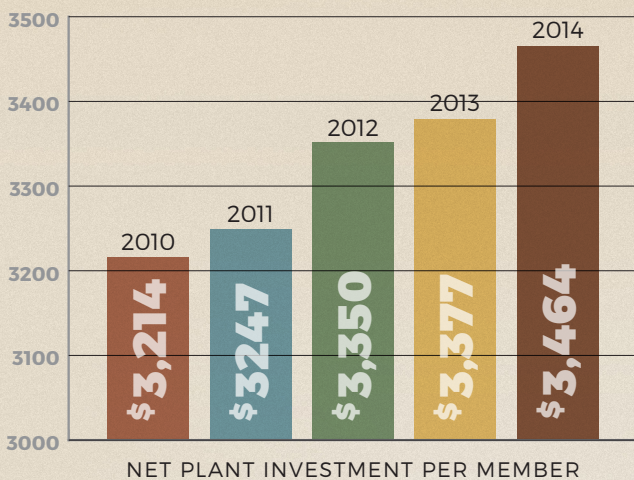
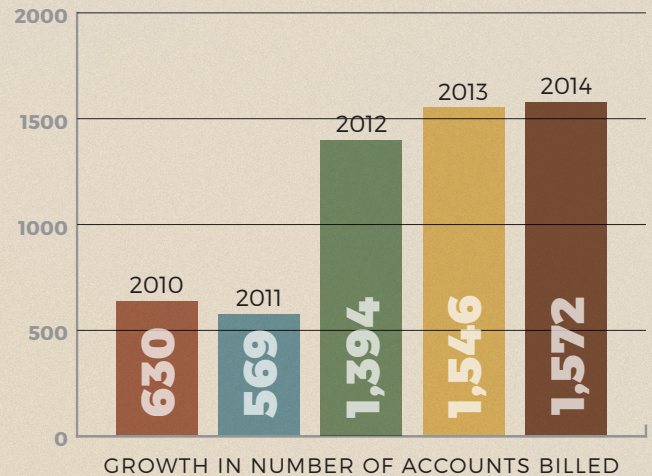
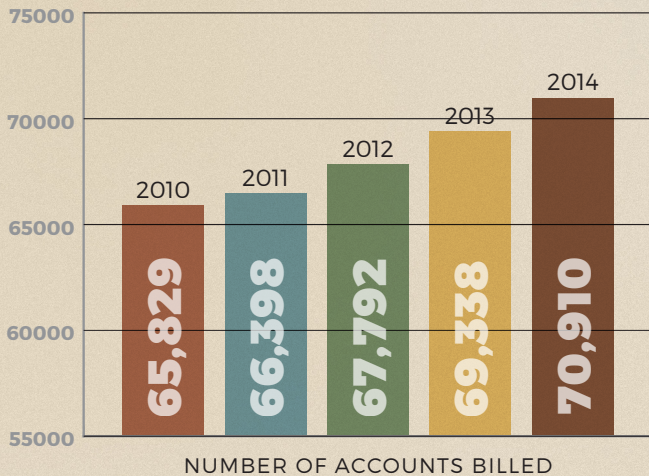
3 students each year are sent to Washington, D.C., as part of the Electric Cooperative Youth Tour

POWERING **YOUR** HOME



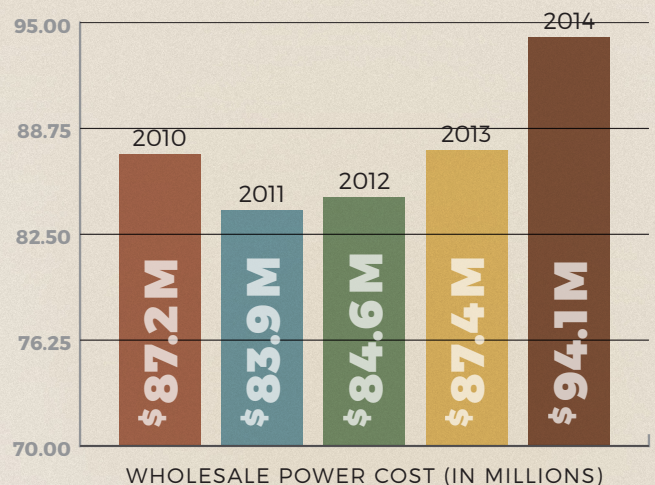
FINANCIAL INFORMATION

(December 31, 2014)



FAST FACTS

| | |
|--|-------|
| Number of Employees | 126 |
| Miles of Distribution Line | 5,751 |
| % of Distribution System that is Underground | 46% |
| Members per Mile of Distribution Line | 12 |
| Residential Average kWh Use per Month | 1,303 |



FINANCIAL STATEMENTS

(December 31, 2014)

BALANCE SHEET

ASSETS

(What We Own)

CURRENT AND OTHER ASSETS

| | | |
|---|----|------------|
| Cash and Temporary Investments | \$ | 7,418,270 |
| Accounts/Notes Receivable <i>(net of uncollectibles)</i> | | 18,739,392 |
| Materials and Supplies | | 1,919,528 |
| Other Current Assets | | 471,942 |
| Investments in Associated Organizations | | 17,324,515 |
| Other Assets | | 3,725,321 |

| | | |
|------------------------------|----|------------|
| Total Current & Other Assets | \$ | 49,598,968 |
|------------------------------|----|------------|

PROPERTY, PLANT & EQUIPMENT

(net of depreciation)

| | | |
|--|----|-------------|
| | \$ | 245,657,506 |
|--|----|-------------|

TOTAL ASSETS

| | | |
|--|----|-------------|
| | \$ | 295,256,474 |
|--|----|-------------|

EQUITY & LIABILITIES

(What We Owe)

EQUITY

| | | |
|-------------------|----|-------------|
| Patronage Capital | \$ | 102,640,632 |
| Other Equity | | 23,519,268 |
| Total Equity | \$ | 126,159,900 |

LIABILITIES

| | | |
|---|----|-------------|
| Notes Payable <i>(including current portion)</i> | \$ | 146,664,105 |
| Accounts Payable | | 9,954,099 |
| Customer Deposits | | 3,284,321 |
| Other Current Liabilities | | 4,500,843 |
| Other Liabilities | | 4,693,206 |

| | | |
|-------------------|----|-------------|
| Total Liabilities | \$ | 169,096,574 |
|-------------------|----|-------------|

TOTAL EQUITY AND LIABILITIES

| | | |
|--|----|-------------|
| | \$ | 295,256,474 |
|--|----|-------------|

STATEMENT OF OPERATIONS

OPERATING REVENUES

(Where the Money Came From)

| | | |
|-------------------------------|----|--------------|
| Operating Revenues | \$ | 145,702,114 |
| Less: Cost of Purchased Power | | (94,051,198) |
| Gross Margin | \$ | 51,650,916 |

OPERATING EXPENSES

(How the Money Was Used)

| | | |
|--------------------------|----|------------|
| Operating Expense | \$ | 26,844,583 |
| Depreciation | | 9,336,542 |
| Tax Expense | | 2,156,938 |
| Interest Expense | | 7,262,669 |
| Other Deductions | | 56,354 |
| Total Operating Expenses | \$ | 45,657,086 |
| Total Operating Margins | \$ | 5,993,830 |

NON-OPERATING MARGINS


| | | |
|---|----|-----------|
| Interest and Other Income | \$ | 1,036,087 |
| Income (Loss) from Affiliates | | 91,717 |
| Capital Credits from Associated Organizations | | 2,353,195 |
| Total Non-Operating Margins | \$ | 3,480,999 |

NET MARGINS

| | | |
|--|----|-----------|
| | \$ | 9,474,829 |
|--|----|-----------|

Complete audited financial statements are available at Union Power Cooperative's headquarters. The independent audit of 2014 financial statements was completed by the certified public accounting firm of Adams, Jenkins & Cheatham, Richmond, Virginia.



A Touchstone Energy® Cooperative 

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union-power.com