



2019 ANNUAL REPORT

# CHAMPIONING

## OUR COMMITMENT TO COMMUNITY



# EXECUTIVE MESSAGE



**GREG ANDRESS**

EXECUTIVE VICE PRESIDENT &  
GENERAL MANAGER

As your local electric cooperative, Union Power is grateful to be a part of your community and honored to provide the electricity that powers your life. And for more than 80 years – at the very heart of what we do, our mission is to make life better for the people in the communities we serve.

As I'm writing this message, we are experiencing a global pandemic that has immeasurably changed all of our lives over the past few months, impacting individuals and businesses in our community alike. I would be remiss if I didn't acknowledge the unity, resolve, and strength of the community's collective response and the hard work of our employees. I can't say enough about their dedication to and embracing of our core principles – Commitment to Community – throughout this challenging time. No matter what challenges we face, it remains our mission, every day, to deliver on our promise to provide our members with safe, reliable electric power and energy services.

Delivering on this promise requires an ongoing effort to balance investments and other priority needs across our organization. Reflecting on 2019, the investments we've made in our electric infrastructure give us the capacity to serve and meet the needs of our existing and fast-growing membership.

Significant system investments included installing new protective equipment and system communication technologies, rebuilding the Flowes Store substation,

and the completion of the Weddington to Marvin transmission line. All of which have a distinct goal of improving the reliability of our system by helping us prevent and minimize widespread outages and restore power sooner if they occur, detect patterns and problems quicker, and correct minor issues before they turn into more significant, costlier problems. These investments also contributed to the record-breaking year we had, with a system reliability rating of 99.99%.

Just as we are committed to increasing our system's reliability, the cooperative remains committed to financial strength, as highlighted in this report. In 2019, members received \$3.52 million in capital credits, which is an excellent benefit of being a member of the cooperative.

Another benefit to our members is our active involvement in local schools and communities throughout our five-county service area and our ongoing investments in education grants, scholarships, programs, and opportunities to strengthen our communities.

Our focus on championing our commitment to the communities we serve ensures we are ready and prepared to continue providing members with electric power and energy services at an exceptional value today and for many years to come.

As always, on behalf of the Board of Directors and myself, it is our privilege to serve you, the member.



# BOARD MEMBERS



**LEE ROY KIRK, JR.**

President  
District I



**DENT H. TURNER**

Vice President  
District I



**SHERISE JONES**

Secretary-Treasurer  
District V



**DAVID G. HYATT**

Asst. Secretary-Treasurer  
District II



**TOM J. CAUDLE**

District II



**B. L. STARNES**

District III



**NEIL W. HASTY**

District IV



**SUE B. THREATT**

District IV



**THOMAS E. PORTER, JR.**

District VI

## BUILDING A BRIGHTER FUTURE

TOGETHER, WE ARE BUILDING A BRIGHTER FUTURE FOR OUR COMMUNITIES AND STATE

This concept is based on three values:



### LOW CARBON

Creating a low-carbon emissions environment through sustainability and continued investment in low- and zero-emissions resources.



### GRID FLEXIBILITY

Integrating technology to make distribution grids more resilient, robust, and flexible for an energy future that includes demand response programs and new energy resources distributed across the grid.



### BENEFICIAL ELECTRIFICATION

Improving the efficiency of the energy sector by electrifying processes formerly powered by fossil fuels. Electric vehicles are a primary example of this conversion.

### OUR GOALS

2030 TARGET  
**50% REDUCTION**  
IN CARBON EMISSIONS FROM 2005

2050 TARGET  
**NET ZERO**  
CARBON EMISSIONS

# OUR MISSION

Union Power Cooperative's mission is to enhance the quality of life of our members and the communities we serve by delivering on our promise to provide safe, reliable electric power and energy services with exceptional value.

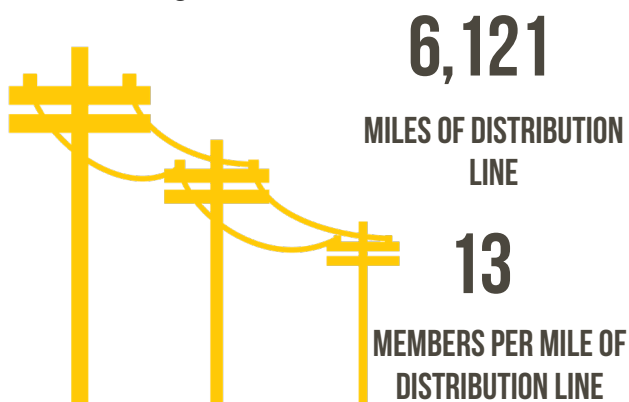


# YOUR COOPERATIVE

2019 YEAR IN REVIEW



Union Power Cooperative is an electric distribution cooperative headquartered in Monroe, NC. Incorporated in 1939, the Cooperative is a not-for-profit organization currently serving **more than 78,000 member accounts** in Union, Stanly, Cabarrus, Mecklenburg, and Rowan counties.



## SYSTEM RELIABILITY



**99.99%**  
RELIABILITY RATING



**37.52**  
MINUTES

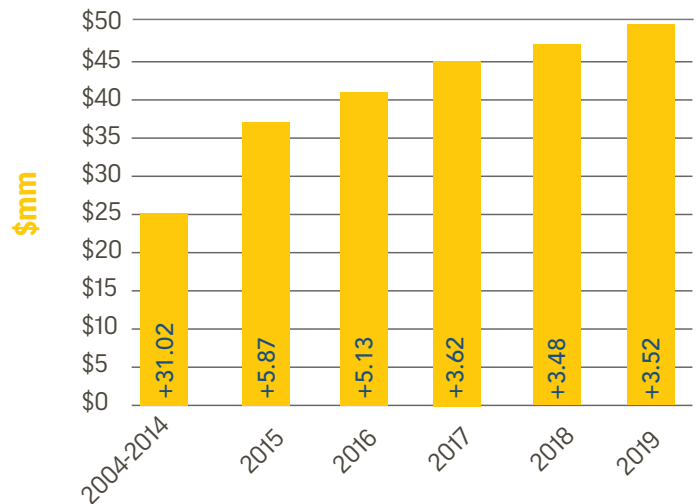
The average duration of an outage across our system during 2019.

### RELIABILITY IS A PRODUCT OF:

- Consistent upgrades and improvements to our electrical system
- An aggressive vegetation management program
- Well-trained Operations personnel and System Operators working together to restore outages

# \$52.6 million since 2004 CAPITAL CREDIT RETIREMENTS

One of the many benefits of cooperative membership is Capital Credits. When you purchase electricity from Union Power Cooperative, you become a member. Since 2004, the Cooperative has retired over \$52.6 million to the benefit of you, our members. This is in part due to our continued financial strength and stability.

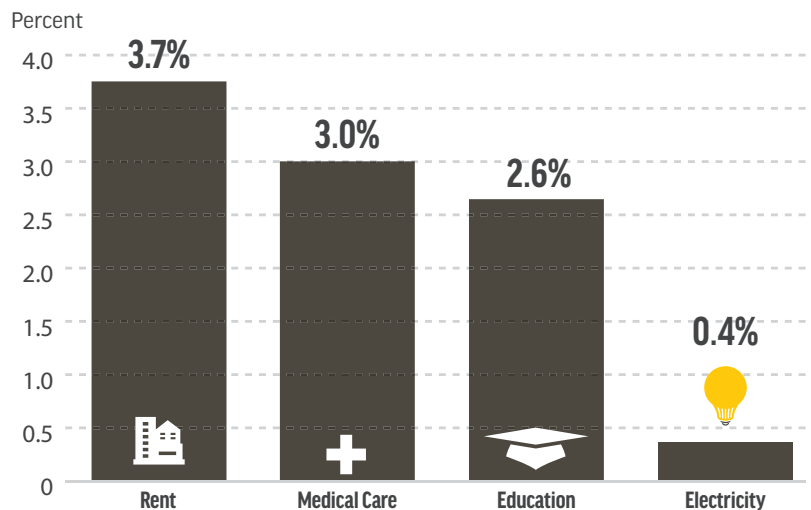


## ELECTRICITY REMAINS A GOOD VALUE

AVERAGE ANNUAL PRICE INCREASE 2014-2019

The cost of powering your home rises slowly when compared to other common expenses. Looking at price increases over the last five years, it's easy to see electricity remains a good value!

Sources: U.S. Bureau of Labor Statistics Consumer Price Index



# IN THE COMMUNITY

# \$185,618

## INVESTED IN SPONSORSHIP



### FOSTERING LEARNING BEYOND THE CLASSROOM

Union Power is proud to have partnered with North Carolina State University's Kenan Fellows Program. Former Parkwood Middle School teacher, Pam Johnson, devoted more than 120 hours to the fellowship through hands-on electric cooperative learning. She shared this experience and knowledge with her students by creating lessons and a classroom project. The project helped them understand and demonstrate how electricity is produced and delivered to cooperative members –helping to increase their awareness of various career pathways in the energy field and at electric cooperatives.



### DOING OUR PART

This past year, our linemen, energy experts, safety personnel, and engineers have all conducted presentations at numerous schools to help teach students about energy, electrical safety, and how we bring reliable power to their homes. Union Power was happy to provide first and second grade students and teachers at Prospect Elementary in Union County with surge protectors to charge and protect their Chrome Books at school.



### SUPPORTING EDUCATION AND AGRICULTURE IN OUR AREA

In partnership with the Union County 4-H Beekeeping Club, Union Power Cooperative became one of the organization's first "Bee Friendly" Partners to sponsor a child in 4-H Beekeeping. The 4-H Beekeeping Club enables today's youth to learn about bees and the art of beekeeping –helping to advance bee conservation efforts and empower communities with the education, tools, supplies, and bees needed to support sustainable agriculture in the area.

Union Power Cooperative invests in teachers, students, families, and their futures through powerful partnerships and programs that support our mission to enrich the lives of our members. This principle is woven deeply into programs like the Kenan Fellows Program for Teacher Leadership, Bright Ideas Education Grants, Touchstone Energy Sports Camp Scholarships, rural economic development, and other community-focused efforts.

# EDUCATIONAL PROGRAMS, COMMUNITY IPS, AND DONATIONS IN 2019

**G**ranted **\$19,958** to more than 20 teachers across our service area for their "bright ideas." Nearly 8,000 students benefited from the Bright Ideas grants awarded during surprise visits to classrooms.



## COLLEGE SCHOLARSHIPS



**A**warded **\$10,000** in college scholarships to high school seniors attending accredited North Carolina colleges and universities.



## IN THE SCHOOLS

**A**warded **2** middle school students with basketball camp scholarships to two of the top universities in the state.



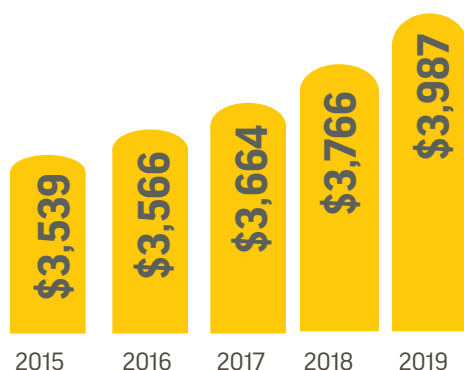
**S**ponsored **3** students on the Electric Cooperative Youth Tour to Washington, D.C. where nearly 1,700 students from across the nation attend to learn about electric cooperatives, visit historical sites, and meet our legislators.

December 31

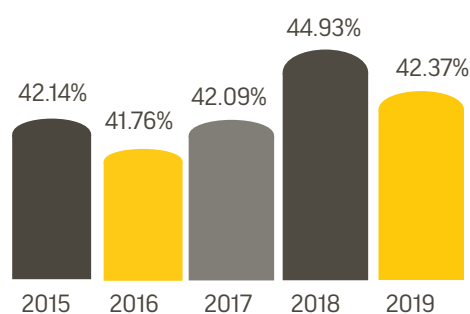
## BALANCE SHEET

	2017	2018	2019
Cash and Temporary Investments	\$ 30,461,992	\$ 24,449,632	\$ 43,576,964
Accounts/Notes Receivable - net of uncollectibles	\$ 25,442,598	\$ 23,397,606	\$ 24,171,096
Materials and Supplies	\$ 2,598,160	\$ 1,488,515	\$ 1,699,347
Other Current Assets	\$ 305,534	\$ 400,061	\$ 586,787
Investments in Associated Organizations	\$ 25,881,348	\$ 29,761,841	\$ 33,049,407
Other Assets	\$ 738,925	\$ 228,888	\$ 325,969
Total Current and Other Assest	\$ 85,428,557	\$ 79,726,543	\$ 103,409,570
Property, Plant and Equipment - net of depreciation	\$ 277,060,986	\$ 290,107,537	\$ 312,624,828
Total Assets	\$ 362,489,543	\$ 369,834,080	\$ 416,034,398
Patronage Capital	\$ 117,441,258	\$ 127,441,178	\$ 138,819,853
Other Equity	\$ 35,139,554	\$ 38,710,603	\$ 37,470,606
Total Equity	\$ 152,580,812	\$ 166,151,781	\$ 176,290,459
Notes Payable - including current portion	\$ 174,914,960	\$ 165,611,917	\$ 201,835,051
Accounts Payable	\$ 10,086,031	\$ 13,041,382	\$ 13,031,799
Customer Deposits	\$ 2,911,718	\$ 3,058,163	\$ 3,199,468
Other Current Liabilities	\$ 6,598,199	\$ 7,415,386	\$ 8,040,656
Other Liabilities	\$ 15,397,823	\$ 14,555,451	\$ 13,636,965
Total Liabilities	\$ 209,908,731	\$ 203,682,299	\$ 239,743,939
Total Equity and Liabilities	\$ 362,489,543	\$ 369,834,080	\$ 416,034,398

## Net Plant Investment per Member



## Equity as % of Assets



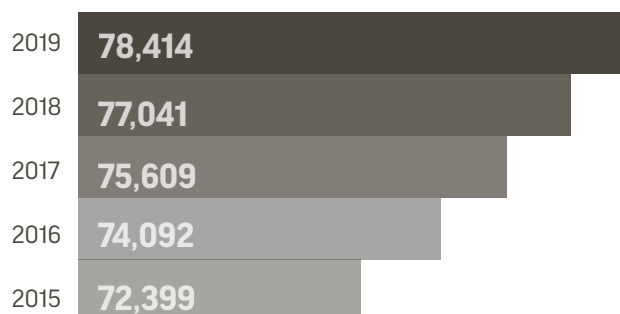
## December 31

### STATEMENT OF OPERATIONS

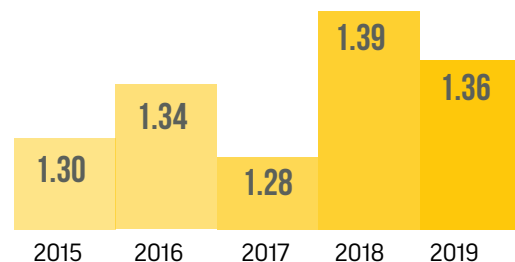
	2017	2018	2019
Operating Revenues	\$ 148,113,746	\$ 167,969,080	\$ 163,748,318
Less: Cost of Purchased Power	\$ (89,411,927)	\$ (107,853,377)	\$ (107,402,714)
Gross Margin	\$ 58,701,819	\$ 60,115,702	\$ 56,345,604
Operating Expense	\$ 29,733,800	\$ 28,429,812	\$ 28,484,555
Depreciation	\$ 11,389,435	\$ 11,758,580	\$ 12,070,012
Tax Expense	\$ 7,796	\$ 16,819	\$ 22,263
Interest Expense	\$ 6,396,987	\$ 6,499,411	\$ 6,857,166
Other Deductions	\$ 137,625	\$ 131,995	\$ 140,879
Total Operating Margins	\$ 11,036,176	\$ 13,279,086	\$ 8,770,729
Interest and Other Income	\$ 1,241,203	\$ (627,781)	\$ 1,395,300
Income (Loss) from Affiliates	\$ 1,438	\$ 192,296	\$ 11,552
Capital Credits from Associated Organizations	\$ 3,032,769	\$ 3,885,914	\$ 3,809,760
Total Non-Operating Margins	\$ 4,275,410	\$ 3,450,429	\$ 5,216,612
Net Margins	\$ 15,311,586	\$ 16,729,515	\$ 13,987,341

Complete audited financial statements are available at Union Power Cooperative's headquarters. The independent audit of 2017 through 2019 financial statements were completed by the certified public accounting firm of Adams, Jenkins & Cheatham of Richmond, Virginia.


### Member Accounts Billed



### Total kWh Sold (in billions)





A Touchstone Energy® Cooperative 

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**[union-power.com](http://union-power.com)**

*This institution is an equal opportunity  
provider and employer.*