



2020 ANNUAL REPORT

A YEAR OF STRENGTH AND RESILIENCY

EXECUTIVE MESSAGE



Greg Andress

EXECUTIVE VICE PRESIDENT
& GENERAL MANAGER

Few words could summarize the overall sentiment of the past year as we've had to adapt to the unprecedented changes the COVID-19 pandemic ushered into our lives. 2020 created unique hardships and challenges for our country, our membership, and our employees, but it also showed us just how resilient we were and that we were stronger together.

At Union Power, our mission has always been to enhance the lives of our members and support the vitality and growth of the communities we serve. And we did just that while overcoming the challenges of a pandemic, uncertain economic conditions, and other extraordinary circumstances.

At the onset of the pandemic, significant focus was placed on maintaining strong safety and operational continuity while also upholding our commitment to providing safe and reliable electric power and energy services to our members.

To achieve this, we took proactive steps to assess and make changes to our day-to-day operations and procedures and took extra safety measures to protect members and employees by closing our lobbies and transitioning the majority of our office employees to remote work. We also put protocols in place to keep our frontline workers safe, including staggered shifts and enhanced cleaning and personal protective equipment standards.

Out of concern for our members experiencing financial hardship, we quickly acted to suspend late fees and disconnects for non-payment to ensure members would not go without power. Additionally, we returned capital credits earlier in the year to get money back into the hands of our members.

And as we moved into 2021, we took a gradual approach returning to normal billing, payment, and collection practices and worked with members to offer manageable payment plans and connect them with local assistance agencies and other funding.

Despite the challenges of the pandemic, membership continued to grow at a moderate rate of 2.3%, a rate greater

than the previous five-year average. Throughout, customer service remained available to answer questions and help our members, our right-of-way maintenance program continued to thrive, and our linemen were able to continue the essential work of keeping the power on with a continued reliability rating of 99.9%.

We also successfully conducted our first virtual annual meeting and online board election.

But we did more than overcome the challenges that 2020 presented. Last summer, we announced our new vision for a Brighter Future, a long-term roadmap for providing sustainable, affordable energy; reliability and innovation; and continued local community support to enrich the people and communities we serve.

We recognize the importance of sustainability to our membership. Working with other cooperatives in the state, we share the goal of a **50% reduction in carbon emissions from 2005 levels by 2030 and net-zero carbon emissions by 2050**. Together we will achieve this by integrating renewables and innovative technologies into our already diverse generation mix. In an effort to maintain reliability and affordability, we will continue to prioritize emissions-free nuclear as a key part of our energy future. Natural gas generation, which can be dispatched quickly when needed, will also continue to serve as a critical complement to our other power sources.

Our commitment to community has been amplified by the unprecedented circumstances of the past year. We want to make sure that our communities are resilient and have the strength to succeed no matter the challenges we face, which is why we continue to invest in education grants and scholarships, zero-interest economic development loans, and clean energy efforts aimed at improving the daily lives of our members. As your electric cooperative, we remain driven to make a real difference, now and in the years to come.

YOUR 2020 BOARD OF DIRECTORS



Lee Roy Kirk, Jr.
President
District I



Dent H. Turner
Vice President
District I



Tom J. Caudle
District II



David G. Hyatt
Asst. Secretary-Treasurer
District II



B. L. Starnes
District III



Neil W. Hasty
District IV



Sue B. Threatt
District IV



Sherise Jones
Secretary-Treasurer
District V



Thomas E. Porter, Jr.
District VI

MISSION

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.

VISION

To be the premier provider of reliable, cost-competitive electric power and energy services; recognized as a committed partner in the community, an innovator in the industry, and the employer of choice.

DEMONSTRATING OUR STRENGTH & RESILIENCY



A Vision for a Brighter Future Two Voluntary Sustainability Goals

Our new vision for a Brighter Future, a long-term roadmap for providing reliability, affordability, and sustainability in a balanced approach, centers on two voluntary sustainability goals: a 50% reduction in carbon emissions from 2005 levels by 2030 and net-zero carbon emissions by 2050, along with continued use of multiple power sources, investments in innovative technology, and continued local community support.

50% reduction in carbon emissions
from 2005 levels by 2030

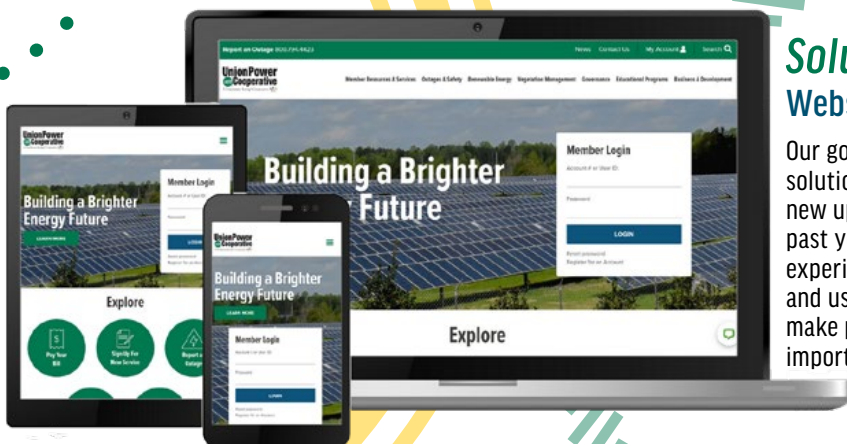
Net-zero carbon emissions
by 2050

\$30,500
to local food banks and crisis help organizations



Solutions That Work for You Website and Member Portal Redesign

Our goal is to provide exceptional service and solutions to our members. That's why we've made new updates to our website and member portal this past year, which offers a simple and improved online experience with enhanced security, more convenient and user-friendly ways to access account information, make payments, discover member resources, and get important information about the co-op.



Better Together Supporting Our Local Communities

We believe there's power in community, and we are better when we support each other and work together. Through the generosity of members who donated Power Bucks to assist members experiencing financial hardship, we helped brighten the lives of our community with the gift of power. And in a joint partnership with The Moser Group, we continued our support for Common Heart, a local nonprofit agency, by donating a matching grant to help meet the increased demand of food in our local area and provide assistance for families in need during the COVID-19 crisis. These partnerships helped to uplift our community during a difficult time, helping to make it a place where people felt cared for, healthy, and safe.



\$31,850
Invested locally in education

\$7,997

2020 Power Bucks Donations to help members who are having difficulty paying their bills.

In 2020

13
Member Accounts per mile of line

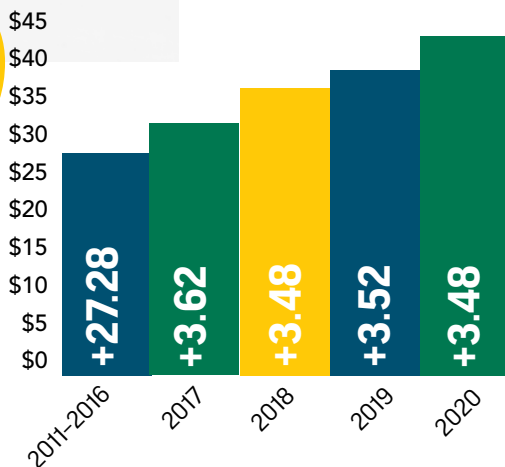
6,300+
Miles of Line

80,230+
Member Accounts in 5 counties



41.4 MILLION

Capital Credit Retirements since 2011



One of the many benefits of cooperative membership is Capital Credits. When you purchase electricity from Union Power Cooperative, you become a member. Over the past 10 years, the Cooperative has retired over \$41 million to the benefit of you, our members. This is due, in part, to our continued financial strength.

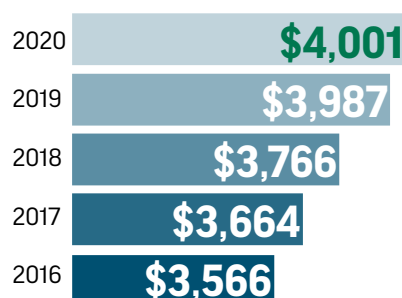
Three-Year Summary of

FINANCIAL DATA

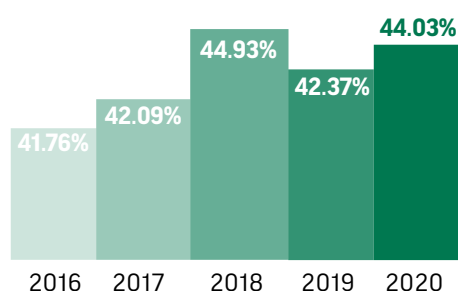
December 31

BALANCE SHEET	December 31		
	2018	2019	2020
Cash and Temporary Investments	\$ 24,449,632	\$ 43,576,964	\$ 40,911,711
Accounts/Notes Receivable - net of uncollectibles	\$ 23,397,606	\$ 24,171,096	\$ 25,641,128
Materials and Supplies	\$ 1,488,515	\$ 1,699,347	\$ 2,077,566
Other Current Assets	\$ 400,061	\$ 586,787	\$ 486,851
Investments in Associated Organizations	\$ 29,761,841	\$ 33,049,407	\$ 36,524,505
Other Assets	\$ 228,888	\$ 325,969	\$ 1,208,581
Total Current and Other Assest	\$ 79,726,543	\$ 103,409,570	\$ 106,850,342
Property, Plant and Equipment - net of depreciation	\$ 290,107,537	\$ 312,624,828	\$ 321,024,606
Total Assets	\$ 369,834,080	\$ 416,034,398	\$ 427,874,948
Patronage Capital	\$ 127,441,178	\$ 138,819,853	\$ 147,331,624
Other Equity	\$ 38,710,603	\$ 37,470,606	\$ 41,044,441
Total Equity	\$ 166,151,781	\$ 176,290,459	\$ 188,376,065
Notes Payable - including current portion	\$ 165,611,917	\$ 201,835,051	\$ 207,015,221
Accounts Payable	\$ 13,041,382	\$ 13,031,799	\$ 10,960,994
Customer Deposits	\$ 3,058,163	\$ 3,199,468	\$ 3,015,199
Other Current Liabilities	\$ 7,415,386	\$ 8,040,656	\$ 8,575,303
Other Liabilities	\$ 14,555,451	\$ 13,636,965	\$ 9,932,166
Total Liabilities	\$ 203,682,299	\$ 239,743,939	\$ 239,498,883
Total Equity and Liabilities	\$ 369,834,080	\$ 416,034,398	\$ 427,874,948

Net Plant Investment per Member



Equity as % of Assets



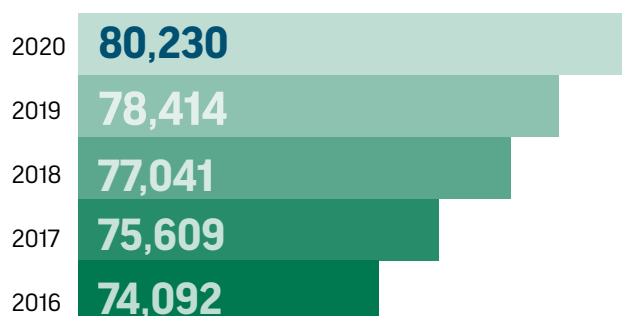
December 31

STATEMENT OF OPERATIONS

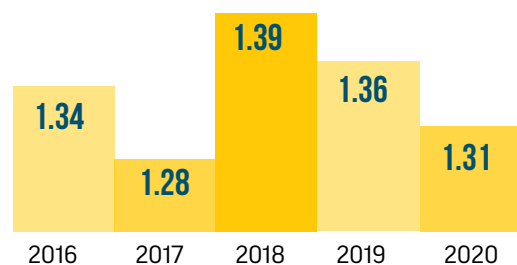
	2018	2019	2020
Operating Revenues	\$ 167,969,080	\$ 163,748,318	\$ 162,563,785
Less: Cost of Purchased Power	\$ (107,853,377)	\$ (107,402,714)	\$ (99,907,634)
Gross Margin	\$ 60,115,702	\$ 56,345,604	\$ 62,656,152
Operating Expense	\$ 28,429,812	\$ 28,484,555	\$ 31,192,655
Depreciation	\$ 11,758,580	\$ 12,070,012	\$ 12,686,616
Tax Expense	\$ 16,819	\$ 22,263	\$ 8,351
Interest Expense	\$ 6,499,411	\$ 6,857,166	\$ 7,052,338
Other Deductions	\$ 131,995	\$ 140,879	\$ 50,131
Total Operating Margins	\$ 13,279,086	\$ 8,770,729	\$ 11,666,061
Interest and Other Income	\$ (627,781)	\$ 1,395,300	\$ (491,387)
Income (Loss) from Affiliates	\$ 192,296	\$ 11,552	\$ 71,535
Capital Credits from Associated Organizations	\$ 3,885,914	\$ 3,809,760	\$ 4,087,009
Total Non-Operating Margins	\$ 3,450,429	\$ 5,216,612	\$ 3,667,157
Net Margins	\$ 16,729,515	\$ 13,987,341	\$ 15,333,218

Complete audited financial statements are available at Union Power Cooperative's headquarters. The independent audit of 2018 through 2020 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)





UnionPower Cooperative

A Touchstone Energy® Cooperative 

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union-power.com

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