



Moving ***Forward***

2021 **Annual Report**



EXECUTIVE MESSAGE

Greg Andress

Executive Vice President
& General Manager



MOVING FORWARD

Throughout the challenges of the past few years, Union Power has remained focused on delivering on our promise to enhance the quality of life of our members and the communities we serve by providing safe, reliable electric power and energy services with exceptional value. The foundation for delivering on this promise is our dedicated workforce. Our employees have shown incredible resilience while navigating the pandemic. For 15 months, our employees had to adapt to remote work, adjusted work schedules, and new procedures brought on by the pandemic. Throughout it all, they remained committed to serving the membership. In June 2021, we were able to transition all employees back into the office and return to normal operations.

We made progress toward our commitment to building a Brighter Future for the people, businesses, and communities we serve. Collectively, the cooperatives in the state introduced new technologies to our energy portfolio, including substation batteries, community solar, and demand response devices such as smart thermostats. These investments are part of an overall strategy to meet our shared goal of a 50% reduction in carbon emissions from 2005 levels by 2030 and net-zero carbon emissions by 2050. We will continue to prioritize emissions-free nuclear energy and a diverse power generation portfolio, always keeping affordability and reliability at the forefront.


Union Power continues to benefit from significant growth. In 2021, we added more than 2,000 new meters, representing a 2.54% year-over-year growth rate, our

highest growth rate in 10 years. This growth adds to our financial strength, resulting in our ability to return \$3.6 million in Capital Credits to our members in June 2021.

As our membership grows, so does the need to make investments to ensure reliability and resilience. Throughout our service territory, several large projects, including the construction and upgrading of substations, were completed during the year, and work progressed on a new transmission line between Mecklenburg and Cabarrus counties. These investments will provide value to our membership for decades to come.

Whether working to provide a low-cost, low-carbon energy future, performing upgrades to our system, or helping the communities where we live and work, our team is dedicated to providing safe, reliable electric power and energy services with exceptional value.

Union Power
Cooperative

A Touchstone Energy® Cooperative 

2021 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



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District III



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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.

Moving **FORWARD**

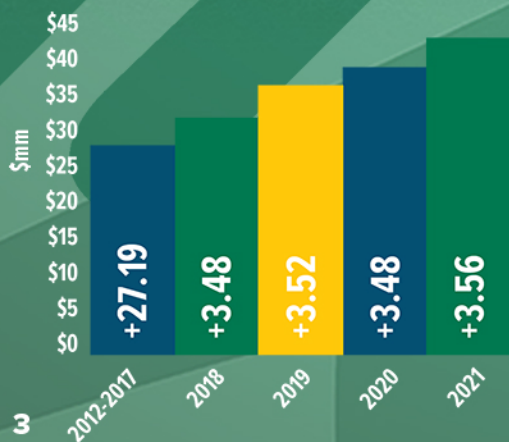


Significant Infrastructure Improvements

In 2021, multiple projects were completed to increase capacity and improve the reliability and resiliency of our electrical system. Those included two new substations, the rebuilding of an existing substation, upgrades to transmission lines in two counties, and equipment upgrades to three existing substations. In addition, permitting was completed for two new substations to be built in Union County in 2022.

\$41.2 Million

Cumulative Capital Credit Retirements Since 2012



13 Member Accounts per mile of line

6,400⁺ Miles of Line

82,264⁺ Member Accounts in 5 counties

3,200⁺ Construction Projects Completed

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 and stability.

» \$21,016

2021 Bright Ideas Grants awarded to local teachers to directly impact their students



2030 TARGET

50%

Reduction in carbon emissions from 2005

2050 TARGET

NET-ZERO

Carbon emissions



49% »

Increase of EVs in our service area from 2020 to 2021



Union Power's Vice President of Engineering & Operations David Gross (center) at the Nesbit Park Charging Station with Waxhaw's Director of Parks & Recreation Dena Sabinske (left) and Waxhaw's Town Manager Jeffrey Wells (right).

Electric Vehicle Charging Stations

As electric vehicles gain popularity, Union Power is moving forward to ensure there are public charging stations to alleviate concerns about "powering" up your vehicle. We have added a public charging station in front of our Monroe office and two other chargers across Union County, where the greatest number of electric vehicles in our service area are located.

Three-year Summary of **FINANCIAL DATA**

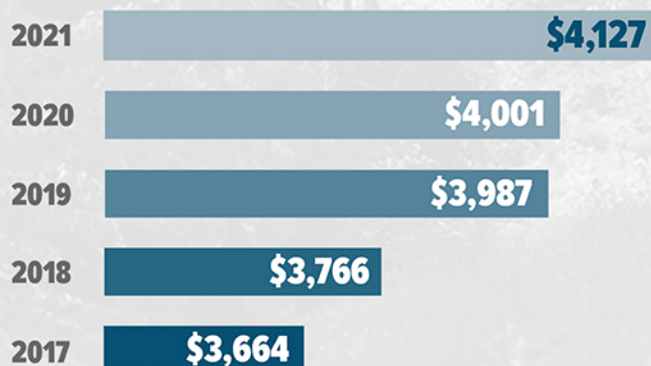


As of December 31,

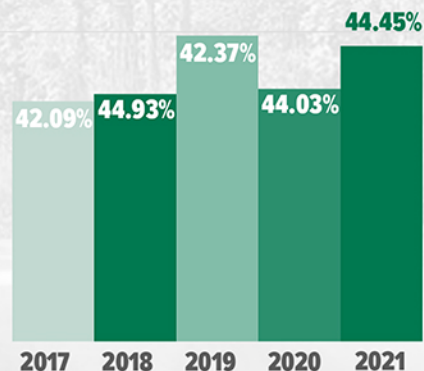
BALANCE SHEET

	2021	2020	2019
Cash and Temporary Investments	\$ 43,892,326	\$ 40,911,711	\$ 43,576,964
Accounts/Notes Receivable - net of uncollectibles	\$ 19,730,165	\$ 25,641,128	\$ 24,171,096
Materials and Supplies	\$ 2,238,946	\$ 2,077,566	\$ 1,699,347
Other Current Assets	\$ 708,498	\$ 486,851	\$ 586,787
Investments in Associated Organizations	\$ 40,147,994	\$ 36,524,505	\$ 33,049,407
Other Assets	\$ 442,625	\$ 1,208,581	\$ 325,969
Total Current and Other Assets	\$ 107,160,553	\$ 106,850,342	\$ 103,409,570
Property, Plant and Equipment - net of depreciation	\$ 339,522,752	\$ 321,024,606	\$ 312,624,828
Total Assets	\$ 446,683,305	\$ 427,874,948	\$ 416,034,398
Patronage Capital	\$ 157,424,298	\$ 147,331,624	\$ 138,819,853
Other Equity	\$ 41,130,559	\$ 41,044,441	\$ 37,470,606
Total Equity	\$ 198,554,856	\$ 188,376,065	\$ 176,290,459
Notes Payable - including current portion	\$ 212,590,709	\$ 207,015,221	\$ 201,835,051
Accounts Payable	\$ 13,368,392	\$ 10,960,994	\$ 13,031,799
Customer Deposits	\$ 2,516,713	\$ 3,015,199	\$ 3,199,468
Other Current Liabilities	\$ 9,640,538	\$ 8,575,303	\$ 8,040,656
Other Liabilities	\$ 10,012,097	\$ 9,932,166	\$ 13,636,965
Total Liabilities	\$ 248,128,449	\$ 239,498,883	\$ 239,743,939
Total Equity and Liabilities	\$ 446,683,305	\$ 427,874,948	\$ 416,034,398

Net Plant Investment per Member

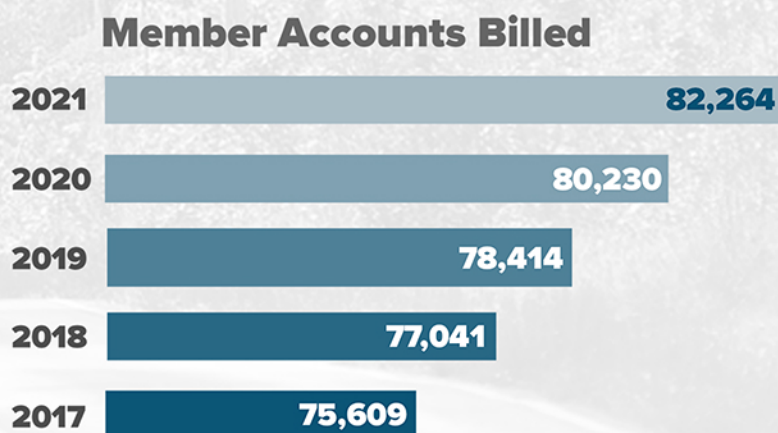


Equity as % of Assets




STATEMENT OF OPERATIONS	Year Ended December 31,		
	2021	2020	2019
Operating Revenues	\$ 162,170,700	\$ 162,563,785	\$ 163,748,318
Less: Cost of Purchased Power	\$ (100,677,113)	\$ (99,907,634)	\$ (107,402,714)
Gross Margin	\$ 61,493,587	\$ 62,656,152	\$ 56,345,604
Operating Expense	\$ 31,693,090	\$ 31,192,655	\$ 28,484,555
Depreciation	\$ 13,871,792	\$ 12,686,616	\$ 12,070,012
Tax Expense	\$ 16,112	\$ 8,351	\$ 22,263
Interest Expense	\$ 6,558,371	\$ 7,052,338	\$ 6,857,166
Other Deductions	\$ 38,932	\$ 50,131	\$ 140,879
Total Operating Margins	\$ 9,315,290	\$ 11,666,061	\$ 8,770,729
Interest and Other Income	\$ 200,547	\$ (491,387)	\$ 1,395,300
Income (Loss) from Affiliates	\$ 43,080	\$ 71,535	\$ 11,552
Capital Credits from Associated Organizations	\$ 4,152,764	\$ 4,087,009	\$ 3,809,760
Total Non-Operating Margins	\$ 4,396,391	\$ 3,667,157	\$ 5,216,612
Net Margins	\$ 13,711,681	\$ 15,333,218	\$ 13,987,341

Complete audited financial statements are available at Union Power Cooperative's Headquarters. The independent audits of 2019 through 2021 financial statements were completed by the certified accounting firm of Adams, Jenkins & Cheatham of Richmond, Virginia.





A Touchstone Energy® Cooperative 

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