

A message from —
YOUR BOARD OF DIRECTORS

With due regard for the safety and health of our members, employees, and community, we made the difficult decision in March to cancel the 2020 Annual Meeting of Members.

It was first announced that the March 27 meeting would be postponed. Later, we reviewed recommendations from federal and state agencies and, in the best interest of everyone involved, made the determination to cancel this year's event.

An integral part of the business meeting portion of the event is comments from the Chairman and Treasurer of the Board, as well as a message from our Chief Executive Officer. Despite the cancellation of our meeting, we still want to provide JOEMC members with a summary of the cooperative's financial and operational status with the year ending 2019.

We hope you find this report informative. To summarize, your cooperative is in excellent financial and operational condition. The board and employees continue to focus on you, the members of Jones-Onslow EMC, and providing a unique customer service experience and safe, affordable, and reliable electric service.

We look forward to next year's annual meeting. It's a great time and is truly a wonderful event that brings our members and community together.



Jones-Onslow EMC Board of Directors. Pictured left to right: Robert Daughety, Brandon Howard, Iris Horne, Michael Chad Meadows, Thomas Waller (Vice Chairman), Dale Powell, John Pierce (Chairman), Douglas Parker, Cecil Hargett (Secretary/Treasurer), Nelson Burgess



THE FUTURE
IS TODAY



THE VALUE OF MEMBERSHIP

Service is our mission. Jones-Onslow Electric Membership Corporation was established to provide safe, reliable, and affordable power. This has remained our mission since day one.

You are a member, not a customer. Cooperatives are businesses owned by members. And you, as members, elect the co-op's board of directors and can run for seats on the board. Your votes and participation help shape the co-op's direction.

We are not for profit. Unlike investor-owned utilities, which operate to make profits for stakeholders, Jones-Onslow EMC does not earn profits. Instead, the remaining revenue (after expenses) is returned to members in the form of capital credits.

We are community-focused. Jones-Onslow EMC is committed to making life better in our community, whether it's assisting our schools, civic organizations, or non-profits. Neighbors assisting neighbors...That's Our Co-op!

A set of principles guide us. Seven Cooperative Principles guide all co-ops: Voluntary and Open Membership; Democratic Member Control; Members' Economic Participation; Autonomy and Independence; Education, Training and Information; Cooperation Among Cooperatives; and Concern for Community.

We are committed to innovation. Jones-Onslow EMC can respond quickly to changing member needs. We are committed to experimenting and innovating in ways that benefit the communities and members we serve.



LEADING THE CHARGE



AT JOEMC, OUR EYES ARE ON THE FUTURE. We're striving to bring you innovation and continue to provide exceptional customer service. Every day, we work around-the-clock to power your homes and businesses with the latest technology like Advanced Metering Infrastructure—all while keeping electric rates low.

SOLAR



In the last five years, we've added more solar energy into our mix. Currently, we have almost 75 rooftop solar accounts on our lines. In addition, the co-op has one commercial solar farm on our system. Bondi Solar, in Jones County (close to our Elm Grove Substation), is producing over 861,000 kWh per month—that's enough power to provide electricity to 718 homes in our community every month.

EV



EVs are coming, and we're ready to embrace them at JOEMC. Electric vehicles are becoming a practical choice. They are now more affordable, offer lower maintenance costs, and have the potential to help all members by keeping rates down. Recently, we added an EV to our fleet for cleaner, more efficient driving. Also, in conjunction with North Carolina's Electric Cooperatives initiative, we've added two charging stations in the community...stay tuned, there's more to come!

TECHNOLOGY



Advanced technologies, like Advanced Metering Infrastructure (AMI), allow JOEMC to know when a meter on our system loses power. In many cases, our employees are able to diagnose the problem and be pro-active in dispatching crews to restore electric service. The co-op is also using Controlled Voltage Reduction (CVR) throughout the electrical distribution system to reduce energy and save money on our wholesale power costs.

EXECUTIVE REPORT



Jeffery T. Clark
Chief Executive Officer

John Pierce
Chairman of the Board

At Jones-Onslow EMC, our focus is clear. It's you. We are a member-owned electric cooperative and we start each day proud to power our community and bring you reliable electricity at the lowest possible price. Unlike a traditional utility where the shareholder with the most money has the most influence, each of our members has an equal voice. Together, we've largely transformed our cooperative through a series of strategic changes, all while ensuring we never lose our focus.

FINANCIAL HIGHLIGHTS

Providing our members with the best value for your dollar is essential to your cooperative and that's why we do everything possible to hold down operating costs. In addition to providing electric service with no rate increase in 2019, JOEMC also took steps during the year to avoid passing additional charges on to our consumer-members in 2020 due to the Duke Energy Coal Ash Management Compliance issue.

While we don't own any coal-fired plants, some of our electricity is purchased through contracts our power provider (North Carolina Electric Membership Corporation or NCEMC) has with Duke Energy (a portion of that purchased power does come from coal-fired plants). The expenses incurred by Duke to comply with the new regulations have been passed down to wholesale power customers like NCEMC as well as Duke's retail customers. Because of this, in 2020, our wholesale cost of power will be \$2.3 million higher than usual. To avoid passing these additional costs on to you, the decision was made to defer some credits we received from NCEMC (in 2018) into 2020, helping offset the increase. Additionally, we deferred part of our operating revenue from 2019 to 2020. If everything goes according to plan, these two actions will allow us to absorb the \$2.3 million increase without raising electric rates in 2020. Cumulatively, for the years 2018, 2019, and 2020, that will bring the total amount of expenses JOEMC has incurred because of the Duke Energy coal-ash settlement to almost \$17 million – again, without a rate increase to you, our members.

Another financial highlight of the year was the cooperative assigning capital credits to consumer-members. After all annual expenses involved in delivering electric service are paid, your share of the remaining money becomes the margins and they are credited back to your account in the form of capital credits. In 2019, the cooperative returned \$2.4 million by checks or bill credits.

SYSTEM GROWTH

In 2019, the cooperative continued its trend of steady growth with the addition of many new homes and businesses that were added to our system. This growth in our membership base is something that many areas (served by electric cooperatives) throughout the country can't claim because they are in slow growth or no growth areas. By the end of 2019, crews had built 1,836 new services, which now pushes the number of electric meters in our six-county service area to well over 76,000. This places JOEMC as the fourth largest electric cooperative in the state of North Carolina.

These additional services were comprised of single-family, custom-built homes constructed in new residential subdivisions in Jacksonville, Sneads Ferry, Surf City, Richlands, as well as Jones County. Also, close to 15 new commercial/business construction projects were completed during the year bringing new churches, food establishments, retail shops, and other service businesses to our community.

RELIABILITY & IMPROVEMENTS

In our business, the name of the game is reliability and JOEMC continues to have one of the top reliability ratings in the country. In 2019, we kept the lights on 99.986 percent of the time.

During 2019, our system projects were constructed with one goal in mind, improving reliability. Examples include installing new equipment in growing areas (with increased power demands) to minimize interruptions of power before they occur as well as testing existing infrastructure and identifying equipment that needed to be upgraded. Being proactive and analyzing our system allows your cooperative to continue to ensure the delivery of reliable electricity.

At the beginning of the year, we brought the Wheeler Creek Substation online, adding more capacity and reliability to the Sneads Ferry community. The electric load was also transferred to the new power transformer at the Swansboro Substation, increasing the capacity in the area. Also, during the

year, we experienced a transformer failure at our Haw Branch Substation. A new power transformer was purchased for the substation, and the new unit should be in place by this coming summer. Finally, the co-op substation crews continued work on a multi-year maintenance program that will impact all of our distribution substations throughout the service area.

Crews continued construction on the multi-year project to upgrade the transmission line tying the Haw Branch Substation to the West Onslow Substation. Construction also continued on the replacement of the transmission line to the South Beach Substation. Major power line upgrades, relocations, and replacements were made along Ben Williams Road as well as Cavanaughgtown Road, Pony Farm Road, Peru Road, Huffmantown Road, and Highway 24. In addition, underground cable replacement projects were completed in Brynn Marr Subdivision.

**"ANOTHER FINANCIAL HIGHLIGHT
OF THE YEAR WAS THE COOPERATIVE ASSIGNING
CAPITAL CREDITS TO CONSUMER-MEMBERS."**

Finally, our Controlled Voltage Reduction project continued with the installation of equipment in the Horace Phillips, Hugh Batts, Percy Jenkins, Pleasant Hills, Trenton, West Onslow, and Wheeler Creek substations. The equipment installed reduces system peak demand and allows your cooperative to save money on power costs during certain times of the year.

CUSTOMER SERVICE

Members rate our service among the best in the nation, according to the American Consumer Satisfaction Index (ACSI) results. JOEMC scored an 88 out of a possible 100 on the ACSI during 2019. 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 74 while investor-owned utilities average 72 on the ACSI.

Locally, members gave us a satisfaction score of 9.25 (out of a possible 10). Other scores in the survey included a 9.38 for providing reliable electric service, a 9.36 for restoring electric service when the power goes out, a 9.17 for having competent and knowledgeable employees, a 9.16 for being committed to the community, and a 9.03 for handling individual member complaints and problems.

POWER OF COMMUNITY

As a community-focused electric utility, we belong to the communities we serve. And for more than 80 years—at the very heart of what we do, our mission is to make life better for the people we serve.

The counties we provide electric service to are such great places to live because of the people who power the community. Our employees embody

the heart of our cooperative and, without a doubt, represent what is best about our community. This past year the “Power of Community” features on social media and our website focused on their stories and showcased the countless hours they contribute to their churches, local non-profits, and civic groups. Our employees know that no act of kindness, no matter how small, is ever wasted.

2020 Power of Community—JOEMC Member Focus

Your fellow co-op members are also doing great things to make our community a better place to live, work, and play. And in 2020, we’re going to recognize a few of them and showcase their efforts. Look on social media and our website (Power of Community) this year and see what your neighbors are doing to make the community better every day.

January 2020



Toni O'Neil, *Founder/Director*
Possumwood Acres
Wildlife Sanctuary

“I've always had a passion for wildlife since I was twelve.”

February 2020



Deunta Williams, *Volunteer*
Brigade Boys & Girls Club, YMCA,
Bring It On E-Sports (*founder*)

“It's about giving a kid a chance to reach higher heights.”

March 2020



Mary Ann LeRay, *Board Chair*
The Filling Station

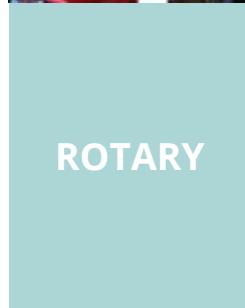
“Find a need and fill it.”



RURITAN



SCHOOL
VOLUNTEER



ROTARY



UNITED
WAY



COACH



BEE
KEEPER



RELAY
FOR
LIFE



SPECIAL
OLYMPICS



TOUCH-
STONE
TAILGATE



FIRE
FIGHTER



SHRINERS



FUND
RAISING



FINANCIALS

BALANCE SHEET

ASSETS
(What We Own)

	December 31, 2019	December 31, 2018
Electric Plant at Original Cost	\$377,966,334	\$361,684,035
Less Depreciation	(112,477,143)	(107,557,881)
Net Value of Electric Plant	265,489,191	254,126,154
Cash	3,624,261	4,735,189
Investments	34,648,239	31,354,816
Accounts Receivable	23,273,766	27,732,096
Materials & Supplies	3,971,399	2,898,327
Prepaid & Accrued Assets	3,295,922	3,167,970
Total Assets	\$334,302,778	\$324,014,552

LIABILITIES
(What We Owe)

Long Term Debt	\$137,675,597	\$134,611,139
Consumer Deposits	3,610,990	3,484,463
Accounts Payable	27,214,117	32,357,865
Deferred Credits	10,917,403	13,599,211
Other Liabilities & Credits	3,844,338	3,649,150
Patronage Capital & Other Equities	151,040,333	136,312,724
Total Liabilities	\$334,302,778	\$324,014,552

REVENUE & EXPENSES

**WHERE THE MONEY
COMES FROM**

Electric Sales	\$138,630,603	\$141,866,799
Miscellaneous Revenue	2,641,633	2,414,346
Total Revenues	\$141,272,236	\$144,281,145

**HOW THE MONEY
WAS SPENT**

Purchased Power	\$96,847,118	\$94,991,179
Operations & Maintenance Expense	7,215,823	7,417,107
Administrative & General	15,947,715	17,228,908
Depreciation	11,182,904	10,834,451
Taxes	1,662,092	1,636,291
Interest Expense	4,870,004	4,403,532
Other Deductions	183,201	166,765
Total Expenses	\$137,908,857	\$136,678,233

Margins Deferred	(\$2,500,000)	(\$3,000,000)
Margins Recognized from Previous Year	3,000,000	2,500,000
Margins (Capital Credits)	\$3,863,379	\$7,102,912
Percentage Capital Credits to Income	2.73%	4.92%

2019 BY THE NUMBERS

99.986%
of the time we kept the power on.
The average JOEMC member was
without power for **less than
73 minutes** during the year.



\$60,500
was given back to
members in energy
efficiency rebates/incentives.



1,165 kWh
was the average monthly
residential use for JOEMC
members.



76,647
total meters in the field.
35,839 were AMI meters.



6,255
followers on Facebook.



**Energy Focused.
Efficiency Driven.**

**Reliability Focused.
Safety Driven.**

**People Focused.
Community Driven.**

**Member Focused.
Service Driven.**

That's our co-op!

