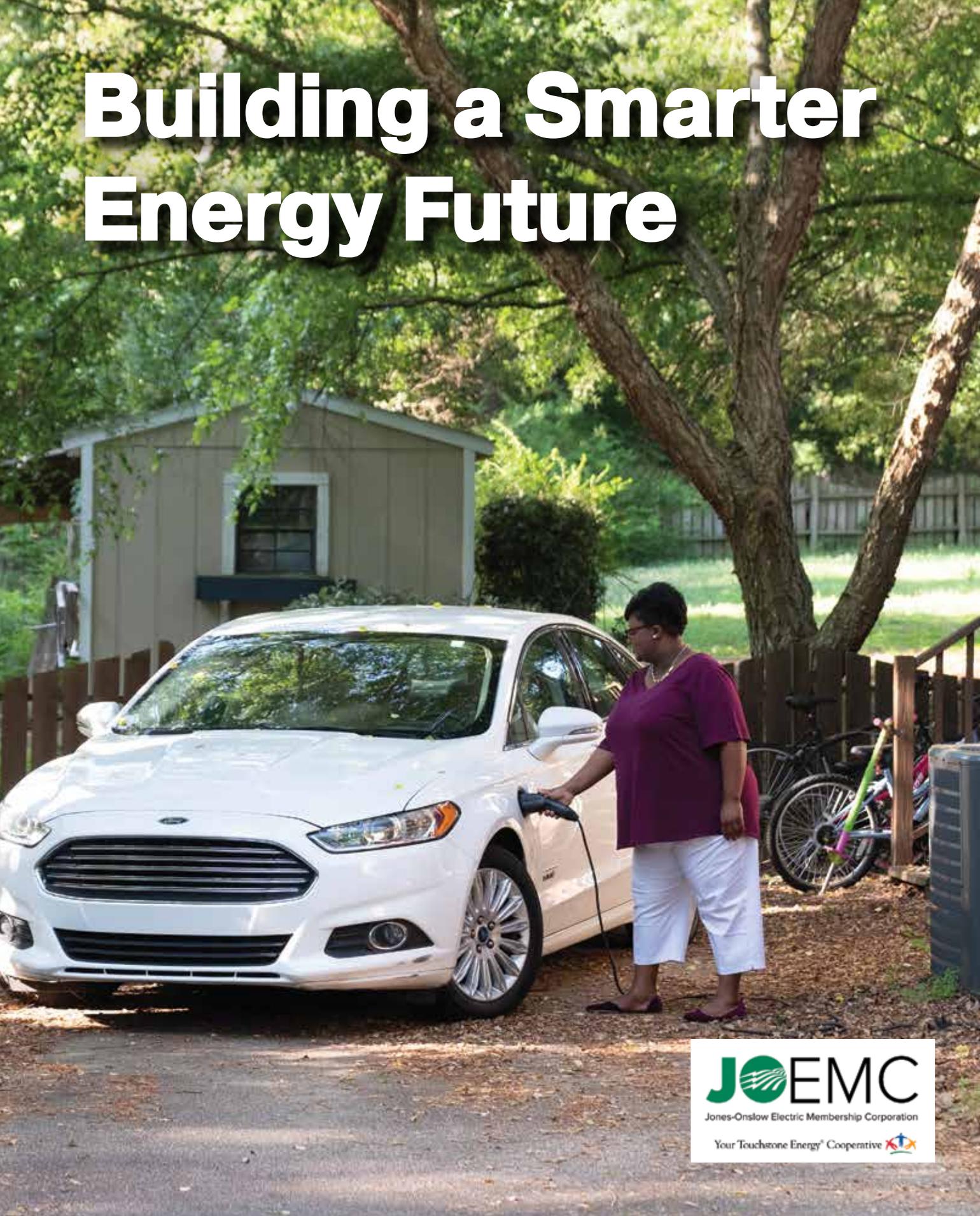


Building a Smarter Energy Future



A SMARTER ENERGY FUTURE

From the time local community members formed JOEMC, the co-op has been committed to building a brighter future for the people, businesses, and communities we serve. Our original mission was to bring electricity and new opportunities to our region. It has expanded to include pursuing new energy solutions, community enrichment, and economic development initiatives that provide us new ways to deliver value to our members.

We remain focused on providing you with reliable, affordable, and environmentally responsible electricity, looking to the decade ahead and beyond. To achieve this low-cost, low-carbon future, JOEMC is working with the state's other electric cooperatives to reach significant carbon reduction goals, targeting a 50% drop in carbon emissions from our 2005 levels by 2030 and net-zero carbon emissions by 2050. To meet these sustainability goals while upholding our commitments to reliability and affordability, the co-op will focus our efforts on areas that make the electric grid more flexible, efficient, resilient, and capable of supporting new energy solutions and the vitality of our communities.

New technologies are already leading to creating a virtual power plant, which coordinates thousands of resources across the grid, ranging from solar energy, battery storage, microgrids, smart ther-

mostats, and electric vehicle charging stations to balance supply and demand on the system. This sophisticated approach provides the growing potential for increased power reliability and lower costs for you, as well as greater convenience and control of your home electricity use. Electric cooperatives, like JOEMC, are at the forefront of these efforts and strong partnerships with our members will ensure that we all continue to benefit from a rapidly evolving energy landscape.

In addition to powering our communities, we contribute to a brighter future by empowering those we serve. This concern for community is a hallmark of the cooperative difference. Our commitment to community support has been amplified by the unprecedented circumstances we've faced since the early part of 2020. We want to make sure that our communities have the strength to succeed no matter the challenges we face, which is why we continue to invest in education grants and scholarships, support economic development by utilizing rural economic development grant programs and other efforts aimed at improving the daily lives of our members. Because we are located in and belong to the communities we serve, we remain driven to make a real difference, now and in the years to come.

We remain focused on providing you with reliable, affordable, and environmentally responsible electricity, looking to the decade ahead and beyond.



Get to Know **YOUR CO-OP**

Being part of an electric co-op team is unique. Why? Because cooperatives are not typical businesses!

Jones-Onslow EMC was formed in 1939 by members of our community—to serve the community. Our co-op was formed to bring power to the people when for-profit utilities wouldn't. There are 900 electric co-ops in the U.S., and each is slightly different because it provides services based on what the local community needs. So let's take a look at our co-op.



Since its release in the fall of 2020, the JOEMC mobile app had **over 3,000** downloads.



There are **2,490** miles of lines in the JOEMC service territory.



We service **77,418** meters throughout 6 counties (Jones, Onslow, Pender, Duplin, Craven, and Lenoir).



We kept the lights on **99.984%** of the time.



JOEMC Consumer Reps receive an average of **15,400** calls a month or **184,718** calls a year.



Your co-op has a combined average of **3,754** connects and disconnects of electric service each month.



EXECUTIVE REPORT



(L) John Pierce, Chairman of the Board, (R) Jeffrey T. Clark, CEO

The start of 2021 has been highly anticipated after a challenging year for all of us. No doubt about it, 2020 was a tough year as our community and nation wrestled with COVID-19, business closings and layoffs, work and home life, as well as educational challenges. I think most will agree it was a year like no other—certainly in our lifetime.

While we've seen our share of challenges, we are heartened because the spirit of cooperation and concern for the community, two of the core principles that guide us and set us apart, have shone brightly and made our community stronger. In addition to this community strength, your cooperative has remained steadfast in our mission to provide safe, reliable, and affordable electric service with uncompromised excellence in customer service while committing to improve the quality of life for our members through community and civic involvement.

FINANCIAL HIGHLIGHTS

Building a smarter energy future for our members means adhering to our mission in a time of new technology while remaining true to our spirit of community involvement and member care. Our focus is to continue to demonstrate value and deliver the best service at the lowest possible cost.

A fundamental way we provide value is to return money to our consumer-members in the form of capital credit retirements. After all annual expenses involved in delivering electric service are paid, your share of the remaining money becomes the margins. They are credited back to your account in the form of capital credits. In 2020, your Board of Directors authorized a return of \$1.2 million that

came back to members by checks or bill credits.

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. With that said, we were glad that during 2020 the cooperative was able to operate and provide electric service with no rate increase to members (this marked the seventh consecutive year without any rate adjustment).

However, like other costs in our lives, the expenses associated with safely delivering reliable electric service have steadily increased. Over the last seven years, we've also faced some extraordinary expenses such as hurricane restoration costs and coal ash costs. These expenses were more than \$28 million, and, again, we absorbed them without increasing rates. As we prepared our 2021 budget, it became apparent the time had come to adjust our rates to remain financially healthy; so we announced at the end of 2020 that there would be a \$4 increase to each account's monthly facility charge starting with the February 2021 bills.

SYSTEM GROWTH

In 2020, the cooperative continued its steady growth trend with the addition of many new homes and businesses that were added to our system.

Our membership base growth 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 2020, crews had built 2,125 new services, which now pushes the number of electric meters in our six-county service area to well over 77,000. This places JOEMC as the fourth largest electric cooperative in the state of North Carolina.

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 2020, we kept the lights on 99.984 percent of the time.

During 2020, 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 power interruptions before they occur and testing existing infrastructure to identify equipment that needs upgrading. Being proactive and analyzing our system allows your cooperative to continue to ensure the delivery of reliable electricity.

Major power line upgrades, relocations, and replacements were made along Batts Road, Jim Grant Avenue, Island Drive, Ennett Lane, William Gurganus Road, Huffmantown Road, South Bryan Road, Andermora Road, and Highway 172. Underground

cable replacement projects were completed at Josie Court (off Sandridge Road), Hickory Hills, Horse Creek Farms, and Mill Bridge Estates subdivisions.

Site work and construction for the co-op's new Pleasant Hill Switching Station was finished in 2020, and the facility is expected to be connected to Duke Energy's transmission grid by the middle part of this year. A new power transformer at our Haw Branch Substation was installed and energized; the transformer replaced the old unit that experienced a failure in 2019. Finally, the co-op's substation crews continued work on a multi-year maintenance program that will impact all of our distribution substations throughout the service area.

Transmission line projects completed during the year include the line replacement to the South Beach Substation and a line connecting the new Pleasant Hill Switching Station to the existing JOEMC transmission grid.

Lastly, we began a substation automation project in 2020 that will allow for remote visibility and the operation of feeder breakers in all but two of our distribution substations. We have also connected multiple other devices inside our substations, enabling us to monitor the facilities remotely. Finally, the co-op continues to utilize our Controlled Voltage Reduction project to help reduce system peak demand and allows your cooperative to save money on power costs during certain times of the year.

CUSTOMER SERVICE

According to the American Consumer Satisfaction Index (ACSI) results, members rate our service among the best in the nation. JOEMC scored an 89 out of a possible 100 on the ACSI in the fourth quarter of 2020. 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 72, municipal utilities an average of 68, and investor-owned utilities an average 72 on the ACSI.

Locally, members gave us a satisfaction score of 9.3 (out of a possible 10). Other scores in the survey included a 9.41 for providing reliable electric service, a 9.39 for having competent and knowledgeable employees, a 9.30 for being committed to the community, a 9.26 for restoring electric service when the power goes out, and a 9.13 for handling individual member complaints and problems.

FINANCIALS

BALANCE SHEET

	December 31, 2020	December 31, 2019	
ASSETS <i>(What We Own)</i>	Electric Plant at Original Cost	\$393,945,093	\$377,966,334
	Less Depreciation	(116,886,023)	(112,477,143)
	Net Value of Electric Plant	277,059,070	265,489,191
	Cash	5,536,595	3,624,261
	Investments	37,873,296	34,648,239
	Accounts Receivable	22,614,941	23,273,766
	Materials & Supplies	2,893,528	3,971,399
	Prepaid & Accrued Assets	3,888,316	3,295,922
	Total Assets	\$349,865,746	\$334,302,778
	LIABILITIES <i>(What We Owe)</i>	Long Term Debt	\$146,783,176
Consumer Deposits		3,523,648	3,610,990
Accounts Payable		27,132,035	27,214,117
Deferred Credits		9,929,767	10,917,403
Other Liabilities & Credits		3,681,148	3,844,338
Patronage Capital & Other Equities		158,815,972	151,040,333
Total Liabilities		\$349,865,746	\$334,302,778

REVENUE & EXPENSES

WHERE THE MONEY COMES FROM	Electric Sales	\$137,313,462	\$138,630,603
	Miscellaneous Revenue	\$1,680,655	2,641,633
	Total Revenues	\$138,994,117	\$141,272,236
HOW THE MONEY WAS SPENT	Purchased Power	\$93,351,506	\$96,847,118
	Operations & Maintenance Expense	6,788,098	7,215,823
	Administrative & General	16,502,951	15,947,715
	Depreciation	12,262,868	11,182,904
	Taxes	1,734,603	1,662,092
	Interest Expense	4,749,978	4,870,004
	Other Deductions	135,832	183,201
	Total Expenses	\$135,525,836	\$137,908,857
	Margins Deferred	(\$1,000,000)	(\$2,500,000)
	Margins Recognized from Previous Year	2,500,000	3,000,000
	Margins (Capital Credits)	\$4,968,281	\$3,863,379
	Percentage Capital Credits to Income	3.57%	2.73%

YOUR 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

Nominating Committee

DISTRICT I	Mr. Roger Edens Sneads Ferry, NC	Mr. Michael B. Davis Sneads Ferry, NC	Ms. Wendy Robinson Hubert, NC
DISTRICT II	Mr. Thomas Humphrey Jacksonville, NC	Mrs. Pansy Horne Beulaville, NC	Mr. Ronald Pittman Richlands, NC
DISTRICT III	Mr. Tyler Griffin Pollocksville, NC	Mr. Franklin Andrews Trenton, NC	Mr. Timmy Haddock Trenton, NC

Official Notice

At a meeting held on February 18, 2021, the Committee on Nominations nominated the following candidates for Directors of the cooperative for a three-year term:



DISTRICT I
Dale Powell



DISTRICT II
Iris Horne



DISTRICT III
Michael Chad Meadows



DISTRICT III
Thomas Waller

LET'S CONNECT VIRTUALLY

for the 2021 Annual Meeting

The connections we make with our members are at the root of what we do each day. That is why for the first time, in light of the current COVID-19 situation, Jones-Onslow EMC will conduct its **Annual Meeting VIRTUALLY** on **Friday, March 26 at 10 a.m.** on Facebook and at joemc.com. We will miss making those face-to-face connections with you at the event, but we hope you will learn a lot about your co-op by participating in this new format. And remember, even though the meeting is virtual, the prizes are still real!

Links to the Virtual Meeting

<https://www.joemc.com/2021-annual-meeting> and <https://www.facebook.com/JonesOnslowEMC>

Other ways you can stay connected with us throughout the year:

- **Through our Mobile App.** JOEMC mobile app is a fast, easy, secure way to access your account anytime...no matter where you are. You can view your balance, pay your bill, report an outage, track your usage, and schedule alerts and reminders.
- **On our social media pages.** Connect with JOEMC through our Facebook, Instagram, Twitter, and LinkedIn. Following us on social media will ensure you are current on all the happenings at your co-op.
- **Visit our website, joemc.com.** The website will put you in control of your home's energy usage by utilizing energy calculators, monitoring your daily use through the member portal, and much more.
- **Speak with one of JOEMC's Customer Service Representatives.** Sometimes just speaking to one of our representatives is the perfect connection. Call our office at (910) 353-1940 or (800) 682-1515.

