



# 2022 Annual REPORT

**Powering a  
Brighter Future  
One Member at a  
Time**



**Pee Dee Electric**

A Touchstone Energy® Cooperative



# Presenting Your Annual Report

**AS A MEMBER OF PEE DEE ELECTRIC**, you're served by a tradition-rich organization that puts you first. Throughout our 84-year history, your cooperative has focused on providing members with reliable and affordable electricity and quality member service while supporting the communities we serve.

Looking back at 2022, the year was quite challenging from a reliability perspective. A winter storm impacted the cooperative during the Martin Luther King Jr. holiday weekend, significant outages occurred due to Hurricane Ian in late September, and a windstorm hit our area on Dec. 23. Many of our cooperative members were affected by one or more of these storms, resulting in a total cost impact of approximately \$600,000. Thanks to the dedication of our employees and assistance from other electric cooperatives and electrical contractors, power restoration was carried out efficiently, despite the considerable damage caused by each storm.

## Reliability Investment

A substantial investment is made in strategies to enhance reliability, which helps minimize the impact of these storms on our distribution system. The cooperative's rights-of-way maintenance program clears our established rights-of-way so trees and other vegetation types do not interfere with our power lines. Unfortunately, most of our outages are caused by trees located outside of our rights-of-way, of which we have limited control.

During 2022, cooperative staff developed a construction work plan for implementation over the next four years, spanning from 2023 to 2026. The estimated cost of this plan is \$31.2 million. It encompasses various aspects, including serving new electric services, upgrading power lines to accommodate load growth and address the condition of specific lines, replacing aging infrastructure, and continuing our reliability program to reduce power outages. This significant investment is focused on upholding our longstanding tradition of providing reliable electric service to Pee Dee Electric's members.



CEO & Executive Vice President Donald H. Spivey (left) and Board President Richard H. Johnson

To further ensure reliability, Pee Dee Electric's system inspection program helps to identify issues across our electric system before these issues cause outages. Each year, we proactively replace a number of poles that have reached the end of their useful life as a result of this program.

Your cooperative is also using innovation to improve reliability and control costs. In cooperation with our wholesale power supplier, North Carolina Electric Membership Corporation, a solar plus battery storage system has been interconnected to our distribution system. In addition, a stand-alone battery storage system has been interconnected to one of our substations. These systems reduce wholesale power costs by reducing demand during peak periods and are useful in reducing demand during critical peak periods, as we experienced in December.

In 2022, the cooperative hired a rate consultant to perform a cost-of-service study to determine if the cooperative's electric rates were adequate to maintain the financial stability of the cooperative. As a result of the study, it was necessary for the cooperative to implement a 6.78% rate adjustment in February 2023. The main driver for the adjustment was higher wholesale power costs and the impact of inflation on the cooperative's overall costs. Pee Dee Electric's last rate adjustment was in April 2017.

## Commitment to Members and Community

Pee Dee Electric continues to provide services that are important to our members. There is the PeeDeePower mobile app and online portal, which can be accessed 24/7 through our website to manage your account and monitor energy usage, energy assessments, Prepay Electric Service, Energy Efficiency Loan Program, Co-op Connections Program, energy efficiency rebates, and a wide range of payment options to ensure convenience and satisfaction for all our valued members.

Pee Dee Electric also has several programs to support our local communities. One of our favorites is the Care to Share Program. Most members





## Our Board of Directors

### Listed from left to right standing:

Paul L. Turner III, District 1, Craig W. Ratliff, At Large, Richard H. Johnson, District 4—President, Donald H. Spivey, CEO, Benjamin F. McCallum, Jr., District 7—Sec./Treasurer, Richard V. Melton, At Large

### Listed from left to right sitting:

Donald A. Thompson, District 5—Vice President, Winnie M. Bennett, District 3, Marcia A. Lambeth, District 6, Benjamin R. Lybrand, District 2

**Not Pictured:** R. Craig Davis, Jr., District 8

participate in this program by allowing the cooperative to round up their monthly electric bill. These monies are placed in a special fund and distributed by the Board of Directors to non-profit grant applicants who provide important services to our communities.

Your cooperative supports the youth in our communities as well. Our Bright Ideas Program, Awareness Committee Scholarship Program, basketball camp opportunities, Youth Tour opportunities, and safety presentations in our local schools are available to support and encourage the young people throughout our area.

In recent years, Pee Dee Electric has become increasingly active in fostering economic development opportunities. We continue to work with local, regional and state economic development organizations, local officials and economic development prospects to improve the quality of life in the communities we serve. To further enhance our economic development efforts, the cooperative is developing land near our headquarters as an industrial or logistics park to attract new jobs into our region.

## Building a Sustainable System

While your cooperative is focused on our service territory and the communities we serve, we are keenly aware of regulations and legislation occurring at the state and national level affecting the electric industry and the impact they could have on our ability to provide reliable and affordable electricity to our members. Cooperatives fully support an “all of the above” strategy related to electric generation. This includes nuclear, natural gas, renewables (hydro, solar, wind, etc.), coal and other generating sources.

However, an alarming trend is the retirement of power plants that produce electricity virtually around the clock with more intermittent resources, such as solar and wind (the sun doesn’t always shine, and the wind doesn’t always blow). As our industry transitions in an effort to reduce carbon emissions, electric cooperatives are very concerned with the pace of this transition and its impact on reliability. We saw a glimpse of this in December when electric utilities across the Southeast had to implement rolling blackouts to prevent the entire Southeastern electric grid from shutting down.

## About Us

Pee Dee Electric is a not-for-profit cooperative whose mission is to provide power and other related services while focusing on value, quality member service, and enhancing life in the communities we serve. Pee Dee provides service to over 20,000 members throughout parts of Anson, Montgomery, Moore, Richmond, Scotland, Stanly and Union counties.

## SEVEN COOPERATIVE PRINCIPLES



# Pee Dee Electric Service Area and Directors



Paul L. Turner, III  
DISTRICT 1



Benjamin R. Lybrand  
DISTRICT 2



Winnie M. Bennett  
DISTRICT 3



Donald A. Thompson  
DISTRICT 5



Richard H. Johnson  
DISTRICT 4



Richard V. Melton  
AT LARGE



Craig W. Ratliff,  
AT LARGE



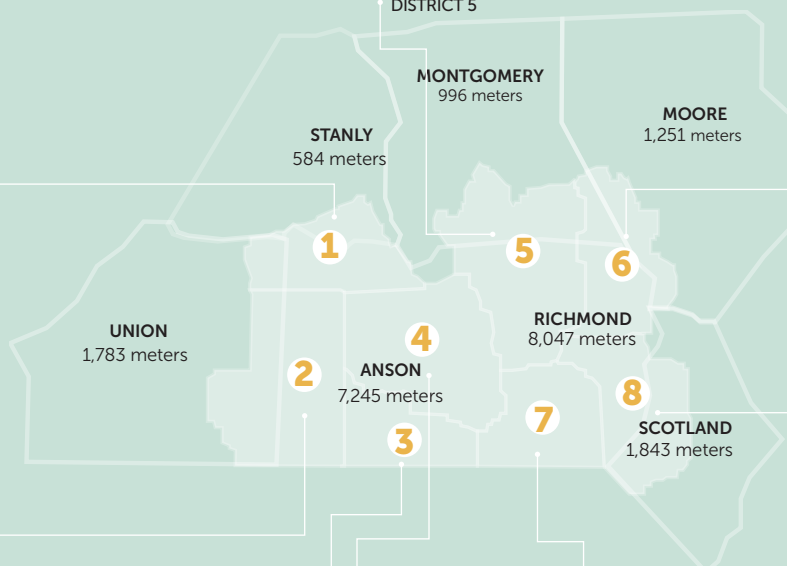
Marcia A. Lambeth  
DISTRICT 6



R. Craig Davis, Jr.  
DISTRICT 8



Benjamin F. McCallum, Jr.  
DISTRICT 7



## Our Commitment to You

We were built by and belong to the communities we serve. We genuinely care about making a positive impact, and here are a few ways we've been putting that into action. These endeavors exemplify our belief in the power of community-driven initiatives, and we remain committed to making a positive and lasting impact on the lives of those we serve.



We've awarded **\$70,000** in college scholarships over the last 10 years.

Since 2005, **\$1.7 million** has been donated to local nonprofits throughout our seven-county service area. This is made possible by members rounding up their monthly bills through our Care to Share program.



To date, more than **\$313,000** in Bright Ideas grants awarded to teachers for over 200 innovative classroom-based projects.

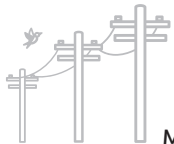
## Powering our Members

CAPITAL CREDITS RETURNED  
**\$1,067,938**



**65**

EMPLOYEES



**3,484**

MILES OF ENERGIZED LINE



**21,749**

METERS SERVED



METERS PER MILE OF LINE

**1,519** 

AVERAGE KWH USE PER MEMBER

# Capital Credits Allocation for the Year 2022



After bills are paid at the end of the year, any remaining funds the cooperative has are called margins or patronage capital. Each member has a capital credits account, and at the end of the year, we allocate our margins to each account based on the amount of electricity you use during the year.

Our revenues from the sale of electricity for 2022 were \$48,430,481. Total Margins from our operations were \$1,552,829 or 3.206305% of revenue. Margins from patronage allocations from associated organizations were \$904,784 or 1.868212% of revenue.

You can figure out your Capital Credits by multiplying your total billing for electricity by 5.074517%. For example, if your total billing for 2022

was \$1,000.00, multiply \$1,000.00 by 0.05074517, and \$50.75 will be the amount of Capital Credits assigned to your account.

## Capital Credit Process

1. Pee Dee Electric tracks the amount of electricity members use throughout the year.
2. Each year, Pee Dee calculates excess revenues (margins) after paying expenses.
3. Pee Dee uses these margins to pay down debt, invest in facilities and improvement projects, and allocate capital credits to members based on their electricity usage.
4. In 2022, Pee Dee returned capital credits to members who received electric service in 1995.

## HOW DO CAPITAL CREDITS WORK?

*Because electric co-ops operate at cost, excess revenues are returned to you in the form of capital credits.*



Pee Dee Electric tracks how much electricity each member used and purchases throughout the year.



Each year, after expenses are paid, Pee Dee Electric calculates margins (leftover funds) and allocates each member's share to their account.



Pee Dee Electric uses the margins for a time to pay down debt and to invest in plant advancements and improvements.



When financially feasible, Pee Dee Electric retires (returns) capital credits to members.

## Balance Sheet & Income Statement

ASSETS	2022	2021
<b>ELECTRIC PLANT</b>	<b>\$164,866,390</b>	<b>\$159,050,450</b>
Less Depreciation	(41,916,180)	(38,518,154)
Net Electric Plant	122,950,210	120,532,296
Cash & Investments	27,853,915	25,961,046
Account Receivable	7,221,425	6,200,140
Materials, Supplies and other Assets	4,061,963	3,928,346
Deferred Charges	581,690	311,323
<b>TOTAL ASSETS</b>	<b>\$162,669,203</b>	<b>\$156,933,151</b>
<b>LIABILITIES</b>		
Long-term Debt	76,109,779	73,988,488
Consumer Deposits	662,791	771,103
Accounts Payable	5,100,087	4,275,910
Other Liabilities & Credits	6,220,614	7,133,268
Patronage Capital & Other Equities	74,575,932	70,764,382
<b>TOTAL LIABILITIES</b>	<b>\$162,669,203</b>	<b>\$156,933,151</b>
<b>INCOME</b>		
Electric Sales	49,592,921	46,877,706
Misc. Revenue, Interest and Dividends	3,980,376	3,601,094
<b>TOTAL INCOME</b>	<b>\$53,573,297</b>	<b>\$50,478,800</b>
<b>EXPENSE</b>		
Purchased Power	\$29,069,724	\$27,648,215
Operations & Maintenance	6,913,687	5,661,899
Administrative and General	5,130,379	5,529,632
Fixed Expenses (Taxes, Interest and Depreciation)	7,230,199	6,627,698
<b>TOTAL EXPENSES</b>	<b>\$48,343,989</b>	<b>\$45,467,444</b>
<b>NET MARGINS</b>	<b>\$5,229,308</b>	<b>\$5,011,356</b>

## Electric & Other Statistics

KWH Purchased:	2022	2021
SEPA	6,724,005	11,629,578
NCEMC	413,957,615	398,363,942
Solar	848,972	898,632
<b>TOTAL PURCHASED</b>	<b>\$421,530,592</b>	<b>410,892,152</b>
<b>KWH Sales:</b>		
Residential	270,295,549	266,026,090
Commercial	109,129,076	104,772,627
Large Power	16,946,650	17,597,261
<b>TOTAL SALES</b>	<b>\$396,371,275</b>	<b>388,395,978</b>
Average Monthly KWH Usage	1,519	1,533
Average Cost per KWH Sold	\$0.1230	\$0.1187
Number of Members at Year End	21,749	21,537

The records of Pee Dee Electric were audited for the period of Jan. 1, 2022- Dec. 31, 2022, by Adams, Jenkins & Cheatham, P.C. of Richmond, Virginia. A copy of the audit is available for inspection by any member.



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To report an outage, call 1-800-693-0190

**[pdemc.com](http://pdemc.com)**