



A Brighter Energy Future



BRUNSWICK ELECTRIC
MEMBERSHIP CORPORATION

2020 ANNUAL REPORT



Joshua Winslow
CEO/General Manager

A Message From Your CEO/General Manager

Your cooperative continues to be focused on enhancing member value. Because we were created by and for members, and have no outside investors, our priorities are based solely on the needs of our membership. Our efforts on your behalf include leveraging collaborative networks of electric cooperatives to achieve large-scale results, allowing us to punch above our weight. One example is A Brighter Future, an initiative by NC electric cooperatives and BEMC to achieve sustainability goals while maintaining reliability and affordability. It is outlined on the next several pages. Our journey toward the objective of net zero carbon emissions by 2050 is and will be driven by both technology and local priorities. We support the reduction of carbon produced by electricity generation, with the bottom line that to be sustainable, energy has to be affordable.

Our energy mix, demand control programs and battery storage will all play a part in achieving our sustainability goals. Nuclear power will continue to be

increasingly significant. It is the only energy source that delivers carbon-free, reliable energy 24/7. Nuclear plants are the most efficient source of electricity, with a more than 93 percent average capacity factor, a measure of performance. Decisions regarding incorporating more renewables into the mix involve both business and environmental considerations, reflecting our values of good stewardship of our members' assets and the environment. We will be leveraging technology to bring you more programs and options that offer you flexibility in how you consume energy, and make the grid more resilient. Each part of the plan is designed with the goal of delivering value to you.

Brunswick Electric's daily operations are foundational to these efforts. They include building and maintaining a robust distribution system capable of meeting our service territory's growing needs, as we add hundreds of new services each month and existing homes and businesses increase their demand. Employee training is rigorous and

ongoing, with the goal of making your experience in dealing with us as easy as possible, including having someone personally answer your calls. Our cybersecurity plan to protect our system and data includes robust monitoring, advanced data storage, infrastructure redundancy, employee awareness training, and a maturity assessment model that identifies potential gaps and necessary improvements.

As our industry becomes increasingly complex, we will continue to build a culture of resiliency at BEMC so that your experience is straightforward. Everything we do, from collaborations with cooperative networks, to developing grid capability and securing our systems, is with you in mind. Because we want your membership to be as easy, useful, and satisfying as flipping a switch. Thank you for being a member.

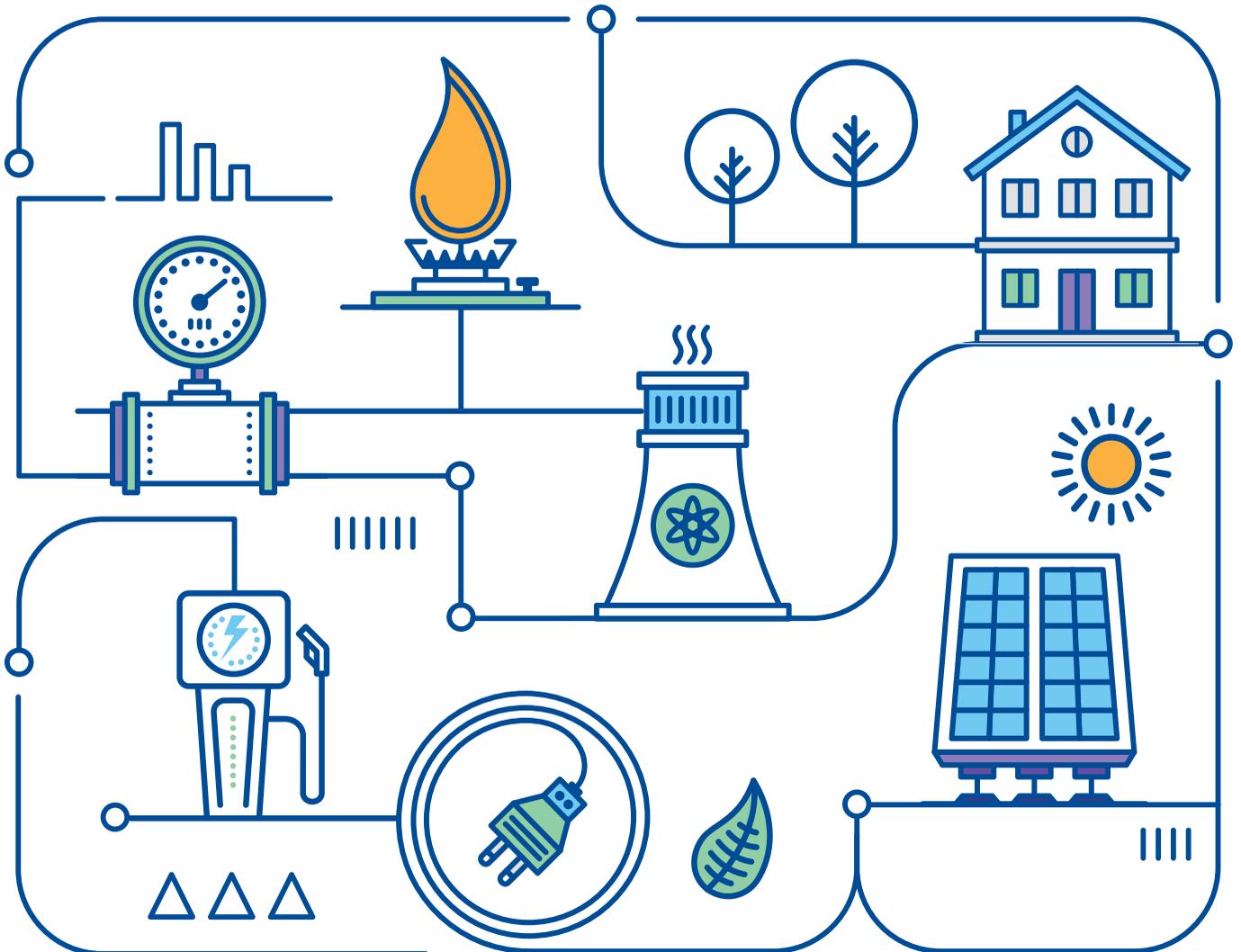
Creating a Brighter Energy Future

Preserving Reliability and Affordability while Achieving Significant Sustainability Goals

BEMC is in a leadership role as North Carolina Electric Cooperatives work together to deliver reliable, affordable, low-carbon electricity over a grid that is more efficient, resilient and secure. We're using new and existing resources and technologies to achieve our goals of a 50% reduction in carbon emissions from 2005 levels by 2030, and net-zero carbon emissions by 2050.

Our Energy Mix

We've spent the last decade reducing our dependence on carbon-intensive power generation, and as a result, our existing energy mix is 55% carbon-free. We will continue to prioritize nuclear as a key part of our energy future, supplemented by natural gas generation, which can be dispatched quickly when needed. In addition, we are increasingly integrating renewables into our already diverse array of power sources as new technology, such as battery storage, makes renewable energy a more accessible option.



Creating a Brighter Energy Future

Lowering Peak Demand and the Importance of Member Participation

By reducing peak demand, the times of highest energy use, we can lower our wholesale power costs, and avoid or delay the need for new infrastructure and new power generating facilities. We are testing and evaluating new energy solutions and innovative technologies that, with member participation, will lower peak demand and make our sustainability goals a reality. Time-of-Use rates allow members to significantly lower their bills by shifting consumption from peak times, and smart thermostat programs facilitate using less energy with very little inconvenience. Responding to Beat the Peak alerts is a way anyone can help lower peak demand. These are all ways our members can play an important role in shaping the future of the electric grid, making power more reliable, affordable and sustainable. And new programs on the horizon will offer even more control and choice.

The Future is Around the Corner

We are developing and coordinating a wide variety of resources - including solar, microgrids, batteries, EV chargers, and smart water heaters for members' homes - to dispatch generation when it is needed and trim electricity use during times of peak demand. By bringing existing and new energy resources together and enabling the direct participation of members, we are creating a modern electric grid that is more flexible, resilient, and capable of supporting new energy solutions for members and the vitality of local communities.



Creating a Brighter Energy Future

Beat the Peak

We ask members to voluntarily limit energy usage during Beat the Peak alerts, which are usually three-hour windows when we are expecting a high or low temperature for the month. We have the collective ability to reduce the rate we pay for wholesale power by lowering those peaks. You can respond to the alerts by adjusting your thermostat a few degrees, and avoiding using large appliances.



Time-of-Use

The Time-of-Use rate option offers you a lower rate for electricity during off-peak times, balanced with a higher rate during on-peak times. By shifting your energy use to times of less demand, you'll lower your bill and play a significant part in reducing peak demand. Installing a timer on your water heater and a programmable thermostat to your HVAC system can make shifting usage simple.



Smart Thermostat

A new smart thermostat program is being tested that will give you the opportunity to receive compensation for allowing us to adjust your thermostat by three degrees during peak events lasting a few hours. Your future participation in this and other optional demand response programs in development will lower peak demand, helping us control costs and reduce the need for more capacity.



"As a BEMC employee I have dedicated my life to my job, to serving our members to the best of my ability, to taking their concerns as if they were my own, and to giving them the best service they could possibly get. I will continue to broaden my abilities to serve our members and remain dedicated to my BEMC family so we can continue to be the best co-op in the country."

- Justin Ward, Lineman

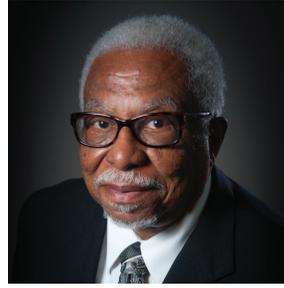
Your 2020 Board of Directors, Overseeing a Brighter Energy Future



District 1
Perry Sellers



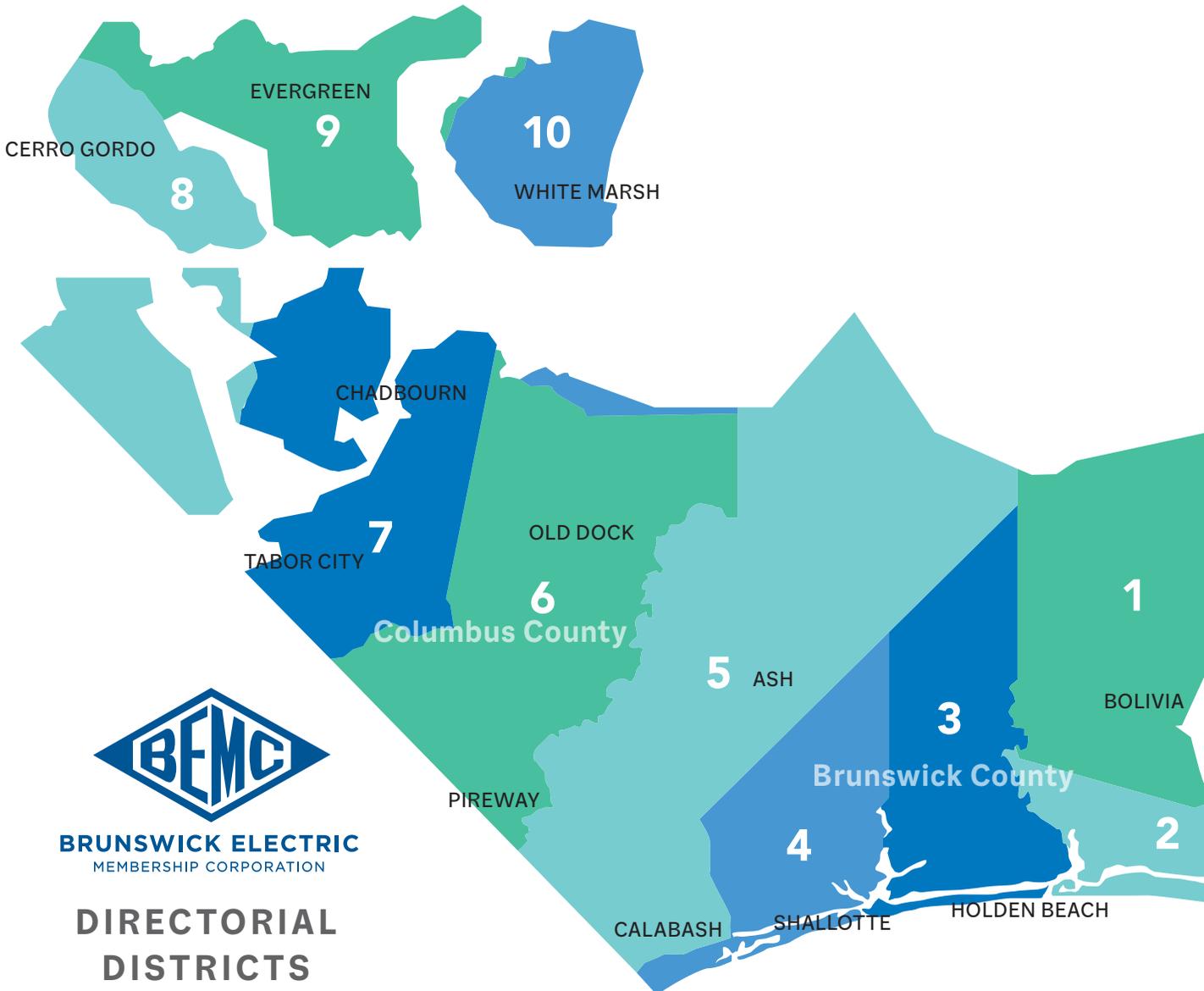
District 2
Deborah Ahlers



District 3
Moses C. Herring



District 4
Phillip Cheers
Vice President





District 5
JoAnn Simmons



District 6
Larry Fowler
Asst. Secretary/Treasurer



District 7
David Gore
Secretary/Treasurer



District 8
Dan Strickland



District 9
Calvin Duncan



District 10
Frederick Tedder
President



At-Large/Brunswick Cty.
John Ward

Elected by the membership, the Board of Directors’ responsibilities include planning and policy oversight, setting long-term objectives, and ensuring that resources are available to achieve those objectives. Their commitment includes monthly meetings to review progress and make strategic decisions, attending training and conferences, and monitoring industry trends. Directors represent the members in their district, and act in the best interest of the cooperative as a whole.

“We’re more determined than ever to negotiate the best results for our members in this rapidly changing energy landscape. It is a good feeling to be on a team that is so dedicated to providing value to the membership. Members helping members and friends helping friends.”

– John Ward, Board of Directors Vice President



LELAND



OAK ISLAND

2020 Highlights

Member Services

Continually monitored member satisfaction survey scores that remained greater than 9 on a scale from 1-10 for the majority of the year

Achieved an American Customer Satisfaction Index (ACSI) score of 86 for the 4th Quarter of 2020

Completed the first year with the Time-of-Use rate option that allows members who are able to shift their usage to off-peak times to lower their bills

Installed 2,778 new services

Assisted members with more than 42,000 service orders

Personally handled more than 200,000 phone calls with a less than 2% abandoned rate

Continued to enhance our SmartHub app to provide more features

Worked to provide personal yet safe service while adapting to pandemic conditions

“We’re completely member-centric. Our purpose is to provide superior reliability and excellent customer service, and that’s why our high member satisfaction scores mean so much to us. Using innovative technologies to develop options that help members lower their electric bills will always be a top priority, just like the personal service that members count on.”

– James Green, Manager of Member Experience

“I truly enjoy helping our members. When I know that they understand the services we can provide and how they can benefit it makes my day! I am proud to be a part of an organization focused on serving the community where I live.”

– Georgia Bland, Customer Service Representative

Technology

Implemented a warehouse management system (WMS) for barcoded inventory control

Implemented a new, advanced automated vehicle location (AVL) system for fleet management

Installed new change monitoring and vulnerability assessment tools to increase cybersecurity protection

Deployed new compact GPS devices for GIS technicians, increasing field mobility and positioning accuracy

Designed new storm crew management and damage assessment tracking tools

Added software to support remote patch management, digital signage control, and power card printing

Implemented software to provide virtual desktop infrastructure (VDI) capabilities

Added new technical solutions for wide-scale web conferencing and teleworking

“The member experience is always a top consideration for me in managing technical operations or planning improvements with Technology teams. Our members are the reason we work to provide system reliability, cybersecurity protections, fast outage resolution, and ever-improving communication capabilities. I am excited about our current technical projects that will directly benefit members in the future.”

– David Reel, Vice President Technology

Power Supply, Engineering & Operations

Upgraded Southport Distribution Substation including new transformer and relays

Upgraded recloser controls at Tom Hill, Collier and Brick Landing substations

Upgraded Town Creek Substation including new transformer and relays

Installed Infrastructure to new and existing communities and facilities to facilitate new and enhanced services

Fair Bluff Housing Complex

Sunset Ridge Townhomes

Planters Green

West Brunswick High School field house & new classroom building

Kingfish Bay

Hawthorne Pine Forest

Hawthorne Waterleaf

Hawthorne Waterside

Leland Commercial Complex - Tractor Supply

Lowes Food Shopping Center Long Beach Road

Completed distribution upgrades in accordance with BEMC's 4-year work plan to reliably serve our growing membership

Chadbourn-Clarendon Road
(5.2 miles of 3-phase upgrade)

OIB Triple CKT
(Overhead to underground conversion)

Maco Road (1.1 mile of 3-phase overhead upgrade)

Old Lennon Road
(1 mile of single-phase to 3-phase overhead upgrade)

Home Depot/Belk Parking Lot (LED upgrade)

"Working with a team of driven and reliable colleagues keeps me motivated to bring my best to the table. I know that what I'm doing here affects my community, my neighbors, and even my family. We are working hard to make something that we can be proud of, and the membership can be proud of too."

- Jessica Powell, GIS Technician



"This co-op is the best in North Carolina hands down. My lineman brothers and I work hard every day to create a brighter future for the membership by installing and updating any equipment that might be a problem, so that each member has the power they need."

- Jamal Moody, Apprentice Line Technician

2020 Highlights

Safety

Worked 255,768 hours with no lost time accidents, and drove over one million miles

Developed COVID-19 protocols and procedures to keep our members and employees safe while maintaining a very high rate of reliability during a record-breaking year of growth

Adapted to new communication demands including online meetings and training

Successfully completed NRECA Rural Electric Safety Achievement Program

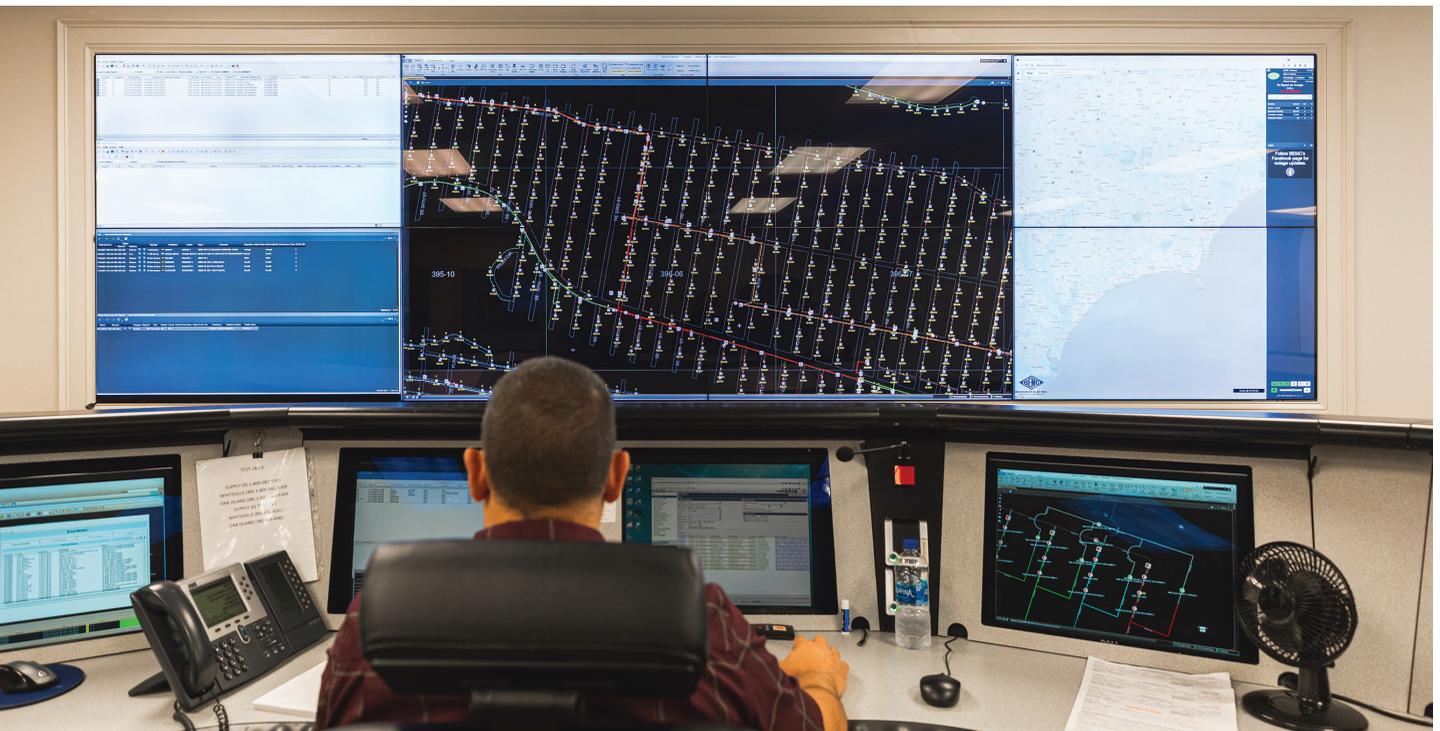
Storm response team supported BEMC's crews, and 300 contractors with housing, food and supplies during Hurricane Isaias restoration efforts

Hurricane Isaias

Hurricane Isaias made landfall at Ocean Isle Beach shortly after 11 pm on August 3rd with maximum sustained winds of 85 mph. A damaging storm surge that occurred during high tide added to the destruction, hitting parts of Oak Island especially hard. There were 48,623 services without power at the height of the storm. Restoration took more than 7,000 man-hours, with the welcome assistance of 300 additional crew, and included replacing 58 transformers and 27 poles.

"For me, our cooperative is our community - we live here, and we work here. We are community focused, engrained and dedicated to meeting our membership's current and future energy needs. Continually working to provide a brighter future for our community, this is what we do and what drives me."

- Dana Mauldin, Director of Corporate Safety, Loss Control & Training



Creating a Brighter Future for our Communities in 2020

We're committed to improving the quality of life in our communities through programs that assist those in need, help educate our youth, and support civic organizations making a difference in our members' lives.

Warm Homes, Warm Hearts – Match member and employee donations to this utility assistance program whose funds are administered by Brunswick Family Assistance and the Columbus County Department of Aging. \$80,000

Community Grants – Provide financial support to organizations that do good works in the areas of family services, civic and community programs, cultural and arts programs, emergency services and economic development. \$36,500

Bright Ideas Education Grants – Fund teachers' innovative classroom projects that fall outside the budget process so that they can offer students inspiring, hands-on learning experiences in a variety of disciplines. \$32,110

College Scholarships – Award two college scholarships to high school seniors, one in Brunswick County and one in the Columbus County area. \$10,000

“As a cooperative, we do more than provide electricity. We support the community in many ways, including sponsoring events and offering grants and scholarships. I'm grateful to see firsthand the value these programs have in our service area. Ultimately, we strive to create a brighter future with our members and communities.”

- Sherry Skumanick, Communications Specialist

“The beauty of being a cooperative is that we can achieve more collectively than we can individually, and everyone has a chance to have their voice heard. Our community programs start at the grass roots level, and grow with member involvement, improving the quality of life for our friends and neighbors.”

- Brookes Versaggi, Manager, Member Engagement and Communications



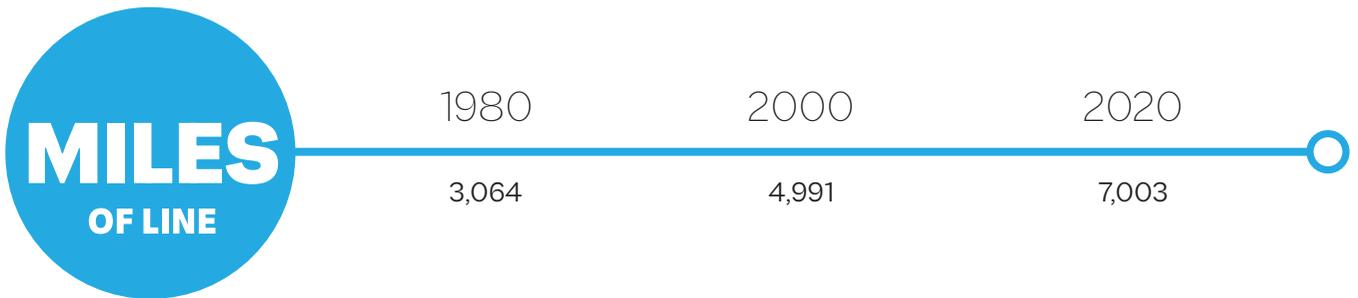
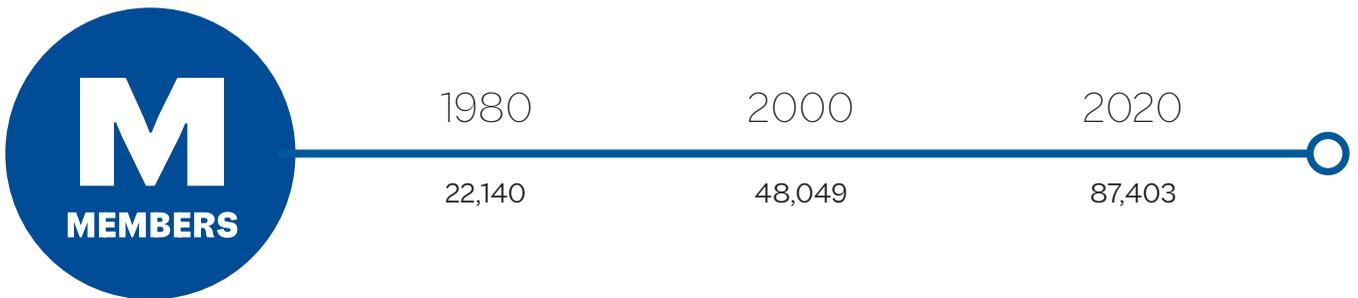
COLLEGE SCHOLARSHIP RECIPIENTS



Experience Matters

Managing Growth for a Brighter Future

For decades, our service territory has consistently been one of the fastest growing areas of the country. We're proud to have provided the foundation for that growth. Keeping ahead of the power needs of our residential and commercial membership has required continual forecasting, planning, building a system that is robust, and a commitment to searching for and developing new ways to control costs.



Managing Your BEMC Dollar



61¢	20¢	10¢	5¢	4¢
Cost of Power	Variable	Depreciation	Interest	Margins

“I was born and raised in Brunswick County and have a strong desire to serve this community. Our industry is changing at a fast pace and it’s important to me to stay up to date on innovations and technology in order to better serve the membership. My goal is to find ways to reduce cost, with flexibility and options for every household and lifestyle.”

*– Amanda Wheeler,
Member Accounts Specialist*

“I enjoy serving my fellow members with the knowledge that everything we do makes us stronger together. I love my job because it allows me to contribute to the growth and success of our community while working with a great team of people who realize, like me, that everything you do is a gift to others and to yourself.”

– Karla Murphy, Controller



Financials

CONDENSED BALANCE SHEET

	2020	2019
Assets		
Net utility plant	\$ 343,223,212	\$ 330,494,741
Other property & investments	\$ 47,694,134	\$ 45,792,634
Current assets	\$ 69,053,485	\$ 65,984,456
Deferred charges	\$ 7,865,498	\$ 11,615,746
Total	\$ 467,836,329	\$ 453,887,577
Members' Equity & Liabilities		
Members' equity	\$ 180,261,183	\$ 169,098,083
Noncurrent liabilities	\$ 243,923,954	\$ 240,149,221
Current liabilities	\$ 37,645,810	\$ 34,338,312
Deferred credits	\$ 6,005,382	\$ 10,301,961
Total	\$ 467,836,329	\$ 453,887,577

CONDENSED STATEMENT OF OPERATIONS

	2020	2019
Operating Revenues	\$ 186,007,920	\$ 182,100,817
Operating expenses:		
Cost of power	\$ 113,377,241	\$ 109,953,856
Other variable operating expenses	\$ 38,125,757	\$ 39,039,761
Depreciation	\$ 18,650,940	\$ 17,889,825
Interest	\$ 8,720,776	\$ 8,393,108
Total operating expenses	\$ 178,874,714	\$ 175,276,550
Net operating margins (before allocations)	\$ 7,133,206	\$ 6,824,267
Net non-operating margins	\$ 2,145,088	\$ 2,079,373
Total net margins (before allocations)	\$ 9,278,294	\$ 8,903,640
Patronage allocations	\$ 5,582,235	\$ 5,316,141
Total Net Margins	\$ 14,860,529	\$ 14,219,781

Our bond ratings are Fitch A+ and Standard & Poor's A

A Message From Your Board President

With 2020 behind us, we find ourselves working towards a brighter future with your best interests in mind. As an electric cooperative we do more than provide electricity; we're focused on the needs of the members and communities we serve. Whether we're navigating a pandemic, finding new ways to reduce costs, or doing community development, our commitment to you and honoring our fiduciary responsibility remains our driving force.

In the past forty years we've gone from providing 270 million kWh per year to our members to nearly 1.5 billion, and we're prepared for continued, rapid growth. The future is exciting, as technological advances, including solar energy and battery storage, help us develop new programs that deliver a better member experience and achieve sustainability goals. You can be confident that you have an expert management team in place, ready to maximize opportunities on your behalf, and that your Board of Directors is dedicated to looking five, ten, and twenty years ahead, anticipating what the future will hold.

We believe in the potential of our service territory, and the communities we serve. And we believe that the power of a community comes from those who live there. Because we are neighbors serving neighbors, and our employees and directors live in the communities we serve, we know what is expected of us. Guiding our actions is SIR, an acronym that stands for Service (what we do) Integrity (how we do it) and Reliability (our standard and product). In addition to building and maintaining a robust system, we prioritize things like developing new ways for you to save on your energy costs, investing in the next generation through Bright Ideas education grants, and working with members on an individual basis. We want to improve our members' quality of life.

In a world where individuals can sometimes feel insignificant, cooperatives place the individual on a pedestal. Be assured that the board recognizes the importance of each and every member, and we are always going to be responsible and responsive to you. We never forget that BEMC was created by members for members.



Frederick Tedder
President/BEMC Board of Directors

Electricity is such a central part of our lives that you might take it for granted, and that's fine with us. But we will never take you for granted. On behalf of our board, management and employees, thank you for being a member.

"Each month I read the comment sections of our member surveys, and they consistently make it clear to me the value that our members place on low rates for their electric service. This drives me every day in my job to make the best financial plans and decisions with the goal of providing low-cost service to our members while still ensuring the financial health of our cooperative."

- Lisa Fitzgerald, Vice President of Finance



BRUNSWICK ELECTRIC
MEMBERSHIP CORPORATION

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