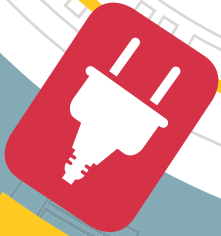


# Exceeding expectations

2017 Annual Review

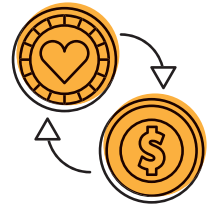


# 2017 Year in Review

Our mission is to meet or exceed our member-owners' expectations by being an outstanding provider of energy services.



11,766



**members** contributed to

Operation Round Up, a program in which they allow their bill to be rounded up to the next dollar and donate the extra money toward making our community a better place to live.



46,000

residents served in four coastal Georgia counties

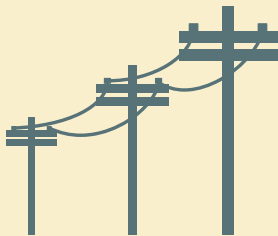
almost

\$700,000



returned to members in the form of

**capital credits**



1,626

miles of power line

1,305 new services connected in 2017



**ZERO**

lost-time accidents, continuing our excellent safety record





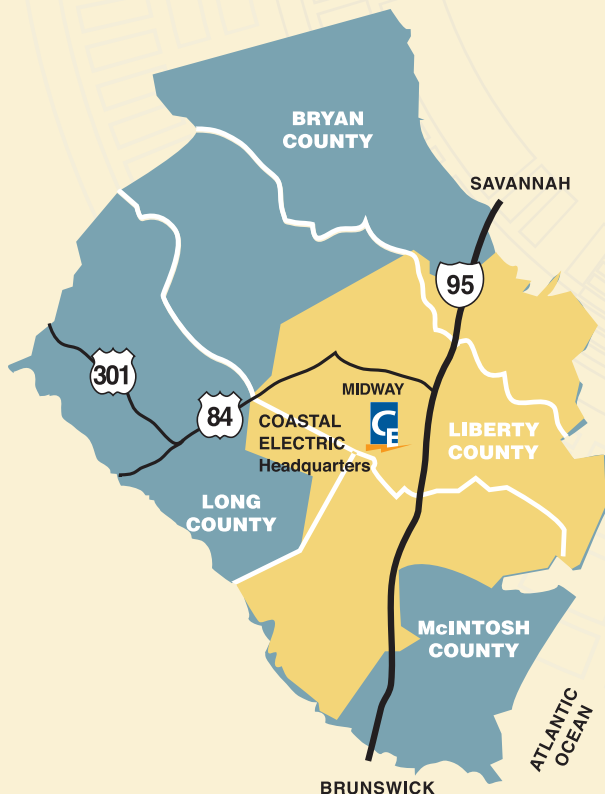
**F. Whit Hollowell Jr.**  
*Executive Vice President/CEO*

Your Coastal Electric Cooperative Board of Directors are elected by and represent YOU, our members. They live and work in our community, and they're here to make decisions in the best interest of our members—

because they are members themselves.

The board made crucial decisions in 2017, taking various challenges in stride and directing your electric cooperative toward a future of delivering excellent service while keeping electricity a great value. No matter what opportunities lie ahead for 2018, our commitment to enhancing the quality of life in our community will make the outstanding service our members have come to enjoy even better.

—F. Whit Hollowell Jr.,  
*Executive Vice President/CEO*



# Your Board of Directors



**Jack Waters**  
*Liberty County  
President*



**John Woods III**  
*Liberty County  
Vice President*



**Laura McGee**  
*Bryan County  
Secretary/Treasurer*



**W.L. Bland**  
*McIntosh County*



**Kyle Christiansen**  
*Bryan County*



**Holly Fields**  
*Liberty County*



**John B. Kearns**  
*McIntosh County*



**Kenneth Luke**  
*Bryan County*



**Reagan Odom**  
*McIntosh County*



# 2017 highlights

**F**or Coastal Electric Cooperative, 2017 was a year that exceeded expectations. It was one we faced head-on, full of challenges and opportunities.

Coastal exists to serve our members, and to do that well, we anticipate and prepare for change while positioning the organization to be a force for improvement, enhancing our members' way of life.

The most noteworthy weather event of 2017 for us, and for all of Georgia, was Hurricane Irma. At 2 a.m. Sept. 11, tropical force winds began to affect system operations. By the afternoon, around 90 percent of our system—17,200 mem-

bers—experienced outages as a result of the storm. With the assistance of crews from Owen EC, South Kentucky RECC and Asplundh, we replaced 30 broken poles and 23 damaged transformers, and cleared countless trees. By the afternoon of Sept. 13, we had restored power to all members who were able to receive it. Our crews continued to work (including weekends) to restore power as members repaired their homes.

Amid the downed trees, broken poles and storm surge came a remarkable outpouring of support from our members and the community. People with and without power left hundreds of messages praising our efforts and cheering us on. Some



# 486,860,084

kilowatt-hours powered members' homes and businesses last year.

expressed thanks to the visiting crews from Kentucky and called our own hardworking employees by name. The positivity was overwhelming and humbling.

Largely because of our response after Hurricane Irma and other weather events, Coastal Electric Cooperative was named Business of the Year by the Richmond Hill-Bryan County Chamber of Commerce. We strive to serve our community well, so the recognition was much appreciated.



In 2017, we not only focused on meeting members' present needs, but we also looked ahead and invested in the future. We launched our Learners Today, Leaders Tomorrow work study

program, giving local high school students the opportunity to explore the electric co-op working world and jump-start their careers. A business is only as strong as its employees, so we are doing our part to cultivate a capable future workforce.

We became even more involved in supporting our local schools in their science, technology, engineering and math (STEM) initiatives. Our biggest STEM project of 2017 was our electric vehicle program, which we customized for each school, as needed. From small solar cars donated to elementary school classes, to intermediate-level summer camps, to go-kart-style vehicles engineered by high school students, the electric vehicle program offered opportunities for hands-on learning and problem-solving.

Investing in our community to enhance our members' quality of life is a driving force for your cooperative. Through our involvement in economic development, local philanthropy, chambers of commerce and civic initiatives, we play a role in ensuring a positive future for the people of this place we call home.

We regularly invest in our electric system

**8** percent employee turnover ratio in 2017. Low employee turnover makes our organization stronger and saves on hiring costs.



to ensure reliability and the integrity of our equipment. In 2017, Coastal Electric extended fiber-optic cable to our Riceboro substation, increasing the speed and reliability of our communication abilities in efforts to reduce outage times. We installed more smart devices on meters, saving our members money through reduced wear on company vehicles and man-hours required to complete service orders.

In March, Coastal Electric expanded our Cooperative Solar program with the addition of a





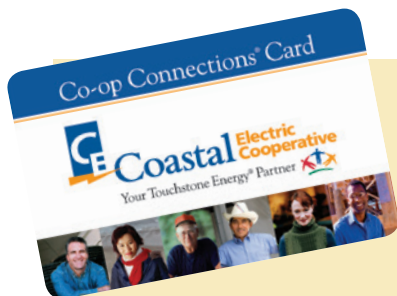
72-kilowatt (kw) array constructed at our Sapelo substation in McIntosh County. That brings the co-op's total solar capacity, either installed or under construction, to 2,330 kw, which will produce energy equivalent to the needs of 2,958 average homes for one month.

Coastal Electric Cooperative's Solar program makes it possible for members to purchase one or more 1.25-kw blocks of solar capacity each month for \$25 and receive credit on their monthly electric bill for the energy produced by that block.

The concept is popular because members can participate without investing in rooftop solar at their home, and it makes solar available to members whose home is not ideally situated to receive solar power because of shade or roof orientation. Cooperative Solar's popularity is evidenced by the fact the blocks sell out each time Coastal Electric adds capacity.



**Learners Today,  
Leaders Tomorrow**



**99**

local businesses offered discounts for Coastal Electric Cooperative members through Co-op Connections.



# 119

free home energy audits completed for members



As a cooperative, our members' needs are first on our minds, and we act to make sure we provide you the very best service. We embrace change when it benefits you, the member, and we push the envelope of progress. We made great efforts to exceed your expectations in 2017, and you can count on us to continue to do so.



# 30+

miles of underground power lines installed in

# 2017

# 1,400+

members took advantage of Advance Pay in

# 2017,



helping them better manage their energy use and allowing them service with no deposit

# 145,703



member calls fielded in **2017**

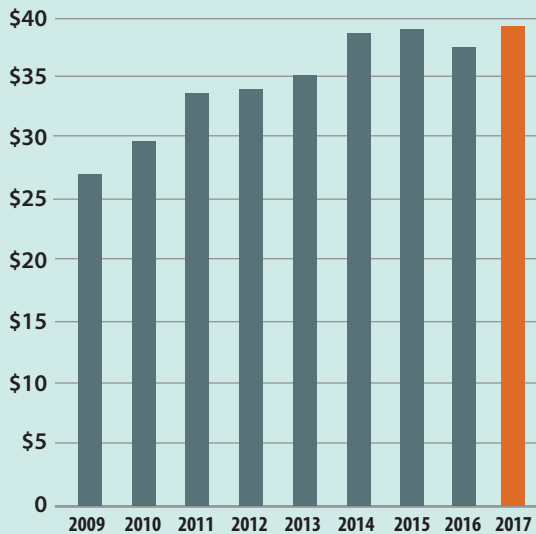
by our member service



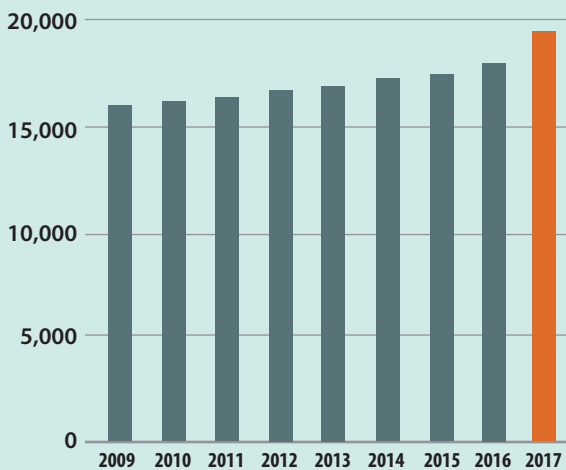
representatives and our after-hours member response center

## Cost of Purchased Power

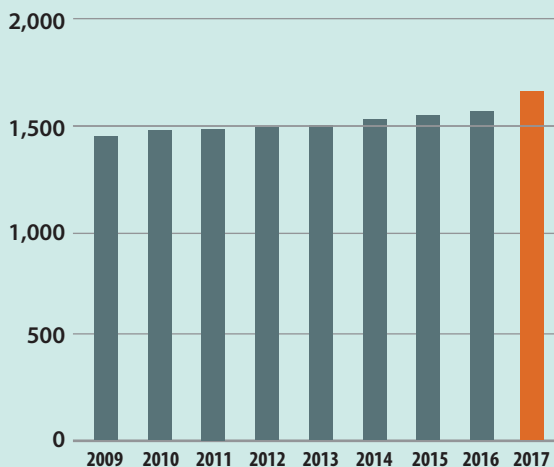
(in millions)



## Growth in Meters



## Miles of Line



## MEMBERS' EQUITY AND LIABILITIES

Years Ended December 31, 2017 and 2016

	2017	2016
<b>Members' Equity</b>		
Membership Fees	\$ 79,700	\$ 76,470
Patronage Capital	33,313,541	30,355,460
Other Equities	4,218,564	3,938,612
	<u>37,611,805</u>	<u>34,370,542</u>
<b>Long-Term Debt</b>	62,763,674	59,621,485
<b>Deferred Compensation</b>	454,829	354,624
<b>Current Liabilities</b>		
Current Maturities of Long-Term Debt	1,965,362	2,444,150
Accounts Payable	3,987,919	4,708,817
Consumer Deposits	1,114,855	1,034,480
Other	1,457,005	1,353,248
	<u>8,525,141</u>	<u>9,540,695</u>
<b>Deferred Credits</b>	196,015	207,003
<b>Total Members' Equity and Liabilities</b>	<u>\$ 109,551,464</u>	<u>\$ 104,094,349</u>

## STATEMENTS OF OPERATIONS

Years Ended December 31, 2017 and 2016

	2017	2016
<b>Operating Revenues</b>	\$ 57,290,219	\$ 54,778,049
<b>Operating Expenses</b>		
Cost of Power	39,835,336	37,676,811
Distribution Operations	2,183,191	2,356,162
Distribution Maintenance	1,316,218	1,704,190
Consumer Accounts	1,976,344	1,902,993
Consumer Service and Information	803,553	755,692
Administrative and General	2,421,868	2,424,537
Depreciation	3,364,713	3,166,082
	<u>51,901,223</u>	<u>49,986,467</u>
<b>Operating Margins Before Interest Expense</b>	5,388,996	4,791,582
<b>Interest Expense</b>	2,492,379	2,491,792
<b>Operating Margins After Interest Expense</b>	2,896,617	2,299,790
<b>Nonoperating Margins</b>	49,436	70,950
<b>Generation and Transmission Cooperative Capital Credits</b>	686,551	675,993
<b>Other Capital Credits and Patronage Capital Allocations</b>	86,573	160,255
	<u>86,573</u>	<u>160,255</u>
<b>Net Margins</b>	<u>\$ 3,719,177</u>	<u>\$ 3,206,988</u>

The complete financial annual report available upon request.



## BALANCE SHEETS

Years Ended December 31, 2017 and 2016

ASSETS	2017	2016
<b>Utility Plant</b>		
Electric Plant in Service - At Cost	\$ 106,897,271	\$ 102,109,272
Construction Work in Progress	637,437	577,491
Gross Utility Plant	107,534,708	102,686,763
Accumulated Provision for Depreciation	(24,049,233)	(22,038,717)
	83,485,475	80,648,046
<b>Other Property and Investments</b>		
Investments in Associated Organizations	12,692,697	11,984,879
Note Receivable	–	133,598
Restricted Funds	835,604	689,318
Other	–	58,047
	13,528,301	12,865,842
<b>Current Assets</b>		
Cash and Cash Equivalents	4,762,226	2,662,336
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$464,109 in 2017 and \$331,243 in 2016)	1,173,754	1,404,016
Accrued Utility Revenues	3,936,440	3,064,470
Materials and Supplies	1,445,097	1,613,452
Other	130,156	135,274
	11,447,673	8,879,548
<b>Deferred Debits</b>	1,090,015	1,700,913
<b>Total Assets</b>	<b>\$ 109,551,464</b>	<b>\$ 104,094,349</b>

## 2017 Coastal Electric Cooperative Treasurer's Report

Financial statements for the fiscal year ending Dec. 31, 2017, reflect the sound status of Coastal Electric Cooperative. Each year, we retain the services of McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, to perform an audit of the cooperative's accounting records.

This audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. The figures in this report are from the audit and represent a summary of the auditor's complete report. Copies of the audit are on file at the cooperative's headquarters.

### Laura McGee

Secretary/Treasurer  
Coastal Electric Cooperative  
Board of Directors

## STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years Ended December 31, 2017 and 2016

	Total Members' Equity	Membership Fees	Patronage Capital	Other Equities
<b>Balance - December 31, 2015</b>	\$ 31,647,565	\$ 74,475	\$ 27,868,718	\$ 3,704,372
Net Margins	3,206,988	–	3,136,038	70,950
Membership Fees	1,995	1,995	–	–
Retirement of Patronage Capital	(649,296)	–	(649,296)	–
Retired Capital Credit Gains	163,290	–	–	163,290
<b>Balance - December 31, 2016</b>	34,370,542	76,470	30,355,460	3,938,612
Net Margins	3,719,177	–	3,669,831	49,346
Membership Fees	3,230	3,230	–	–
Retirement of Patronage Capital	(711,750)	–	(711,750)	–
Retired Capital Credit Gains	230,606	–	–	230,606
<b>Balance - December 31, 2017</b>	<b>\$ 37,611,805</b>	<b>\$ 79,700</b>	<b>\$ 33,313,541</b>	<b>\$ 4,218,564</b>



# 800+

in attendance for  
the co-op's

# 77<sup>th</sup>

Annual Meeting of the  
Members June 8 at  
Midway Middle School

## 2017 Coastal Electric Cooperative

### Foundation Treasurer's Report

Financial statements for the fiscal year ending Dec. 31, 2017, reflect the sound status of the Coastal Electric Cooperative Foundation. Each year, McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, performs an audit of the foundation's accounting records.

This audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. The figures in this report, which are displayed on this page, are from the audit and represent a summary of the auditor's complete report. Copies of the audit are on file at the cooperative's headquarters.

#### Runette Parker

Treasurer

Coastal Electric Cooperative Foundation



## 2017 Coastal Electric Cooperative Foundation grants awarded

### Foundation Scholarships

Catlin Elkins	\$ 5,000.00
Rebecca Nagy	\$ 5,000.00
Nicholas Schell	\$ 5,000.00
Chelsey Quinlan	\$ 5,000.00
Cassidy Burriss	\$ 5,000.00
Joshua Stender	\$ 5,000.00
	<hr/>
	\$ 30,000.00

### Bright Ideas Winners

Richmond Hill Middle School	\$ 1,880.00
Richmond Hill Middle School	\$ 1,991.54
Richmond Hill Middle School	\$ 1,719.82
Richmond Hill High School	\$ 1,896.00
McAllister Elementary	\$ 1,933.00
Button Gwinnett Elementary	\$ 929.90
Bradwell Institute	\$ 1,998.65
Snelson Golden Middle School	\$ 1,959.95
Snelson Golden Middle School	\$ 1,077.24
First Presbyterian Christian Academy	\$ 1,674.00
Todd Grant Elementary School	\$ 1,962.10
McIntosh County Academy	\$ 1,962.10
	<hr/>
	\$ 20,984.30

### Other Grants

R.H. High (Electrathon Challenge) - Electric Cars	\$ 16,195.17
Southeastern Firefighters Burn Foundation	\$ 1,000.00
(10) Roof Repairs	\$ 18,851.41

# \$36,046

in community  
service grants  
awarded in

# 2017



## 2017 Coastal Electric Cooperative

### Foundation

### Board of Directors

#### Bryan County

Debra Hennessee  
Runette Parker  
Constance Riggins

#### Liberty County

Donna Popour  
Barbara Smith  
Gabelyn Stevens

#### McIntosh County

Jerry Adkins  
Alton Salter  
Thomas E. Wallace

## STATEMENTS OF FINANCIAL POSITION

Years Ended December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash	\$ 206,931	\$ 166,543
Temporary Cash Investments	88,629	88,541
Contributions Receivable	5,578	5,242
Interest Receivable	10	8
<b>Total Assets</b>	<b>\$ 301,148</b>	<b>\$ 260,334</b>
<b>NET ASSETS</b>		
Unrestricted	\$ 281,148	\$ 240,334
Temporarily Restricted	20,000	20,000
<b>Total Net Assets</b>	<b>\$ 301,148</b>	<b>\$ 260,334</b>

Notes, which are an integral part of this financial statement, are on file at the cooperative's headquarters.

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2017 and 2016

	2017	2016
<b>Unrestricted Net Assets</b>		
<b>Support</b>		
Contributions	\$ 164,746	\$ 193,579
Assets Released from Temporary Restriction	20,000	20,000
Contributed Services	12,331	14,577
Interest Income	104	101
	197,181	228,257
<b>Expenses</b>		
<b>Program Service</b>		
Specific Assistance to Individuals	48,841	43,976
Assistance to Other Agencies	65,195	15,312
Scholarships	30,000	30,000
<b>Supporting Service</b>		
Administrative and General	12,331	14,577
	156,367	103,865
<b>Increase in Unrestricted Net Assets</b>	40,814	124,392
<b>Temporarily Restricted Net Assets</b>		
Grants	20,000	20,000
Assets Released from Temporary Restrictions	(20,000)	(20,000)
	—	—
<b>Increase in Net Assets</b>	40,814	124,392
<b>Net Assets, Beginning</b>	260,334	135,942
<b>Net Assets, Ending</b>	\$ 301,148	\$ 260,334

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Contributions Received	\$ 184,410	\$ 212,855
Redeemed Certificates of Deposit	—	30,000
Donations Paid	(144,036)	(89,288)
Interest Received	14	4
	40,388	153,571
Cash, Beginning	166,543	12,972
Cash, Ending	\$ 206,931	\$ 166,543
<b>Reconciliation of the Change in Net Assets to Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 40,814	\$ 124,392
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
<b>Change In</b>		
Temporary Cash Investments	(88)	29,899
Contributions Receivable	(336)	(723)
Interest Receivable	(2)	3
<b>Cash Flows from Operating Activities</b>	\$ 40,388	\$ 153,571



**\$260,000**

awarded to local educators  
for more than

**227**

projects benefiting well over

**38,000**

students since Bright Ideas began



**120+**

local students  
sponsored as  
Washington  
Youth Tour  
delegates since

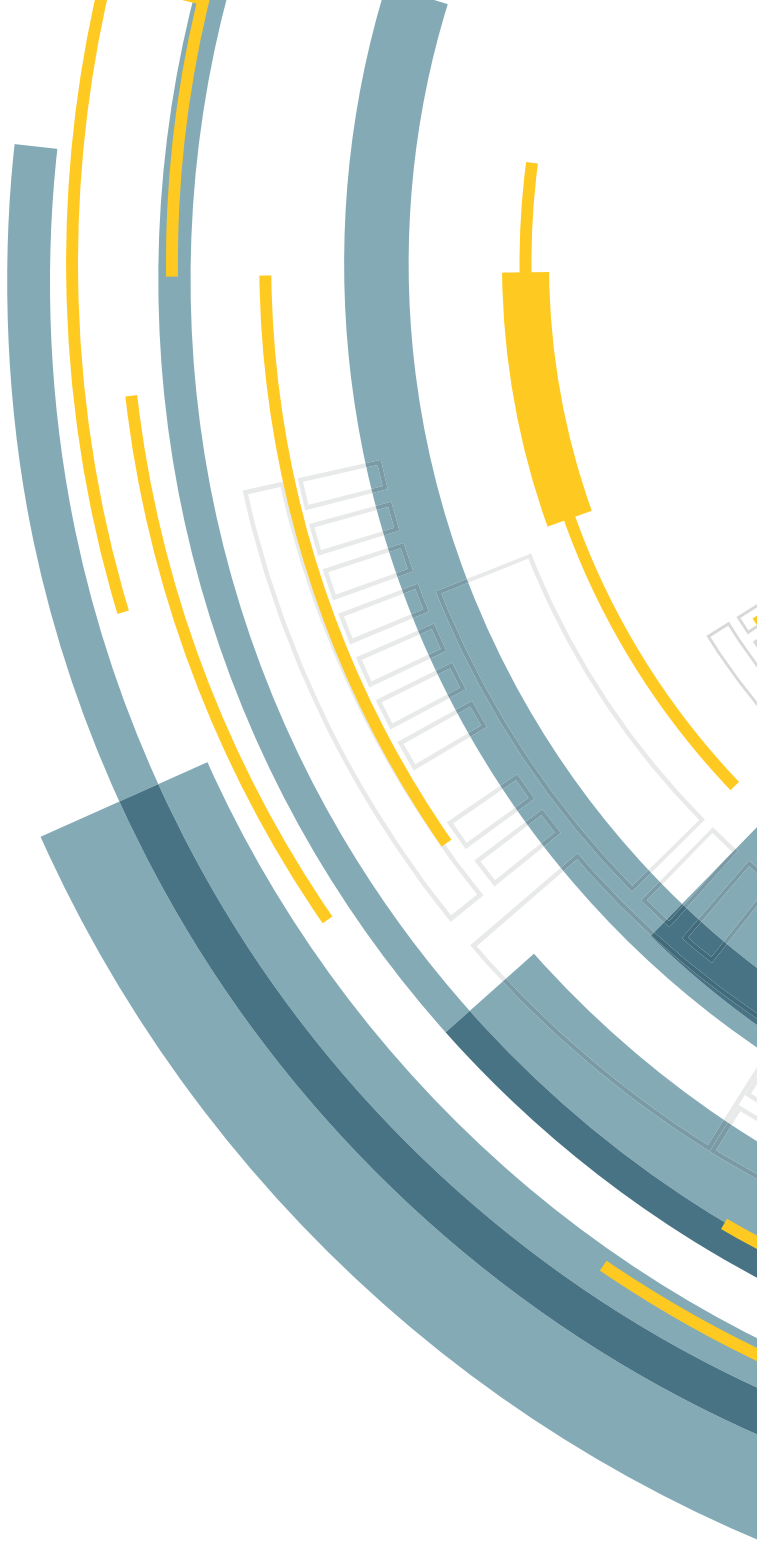
**1981**



**\$35,000+**

in scholarships awarded to  
local students in

**2017**



# Exceeding expectations



P.O. Box 109 | Midway, GA 31320  
(912) 884-3311  
(800) 421-2343

[www.CoastalElectric.Coop](http://www.CoastalElectric.Coop)

