



THE COOPERATIVE SPIRIT FOR A NEW GENERATION

2019 ANNUAL REVIEW



The Seven Cooperative Principles

Coastal Electric Cooperative is a not-for-profit electric cooperative, so we operate with the Seven Cooperative Principles at the core of everything we do. These principles are a key reason that Coastal Electric Cooperative and other electric cooperatives across the nation operate differently from other electric utilities, putting members' needs first.



- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Open and Voluntary Membership

Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender or economic circumstances.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Representatives (directors) are elected from among the membership and are accountable to the membership.

Members' Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative.

Autonomy and Independence

Cooperatives are autonomous self-help organizations controlled by their members. If they enter into agreements with other organizations or raise capital from external sources, they do so on terms that ensure democratic control, as well as their unique identity.

Education, Training and Information

Education and training for members, elected representatives (directors), CEOs and employees help them effectively contribute to the development of their cooperative. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.

Cooperation Among Cooperatives

By working together through local, national, regional and international structures, cooperatives improve services, bolster local economies and deal more effectively with social and community needs.

Concern for Community

Cooperatives work for the sustainable development of their communities through policies supported by the membership.

Your Board of Directors

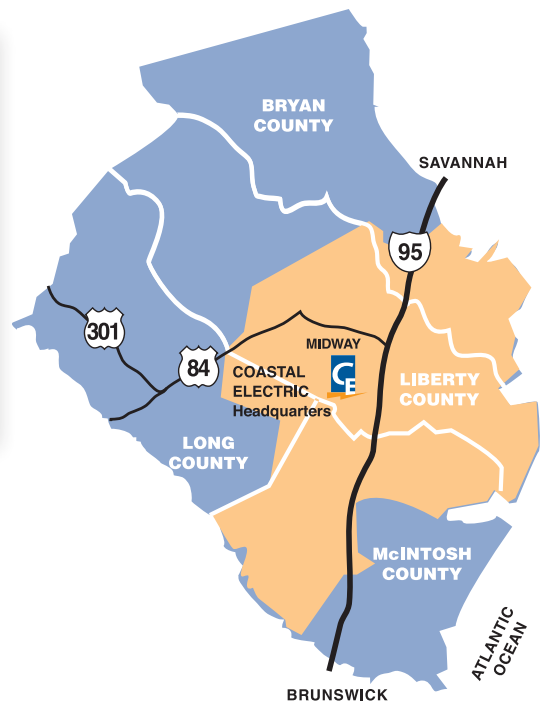
Your Board of Directors are elected by you, our members, and make decisions in the best interest of the membership as a whole. Our directors live and work in our community and are co-op members themselves.

The board made crucial decisions in 2019 that not only affected Coastal Electric Cooperative's day in, day out operations, but also laid the groundwork for a future of serving our members with excellence and value. No matter what opportunities and challenges lie ahead for 2020, we are committed to enhancing the quality of life in our communities and providing the same level of service they've come to expect and enjoy from Coastal Electric Cooperative.



Chris Fettes
Executive Vice President/CEO

Chris Fettes
Executive Vice President/CEO



Jack Waters
*Liberty County
President*



John Woods III
*Liberty County
Vice President*



Laura McGee
*Bryan County
Secretary/Treasurer*



W.L. Bland
McIntosh/Long counties



Kyle Christiansen
Bryan County



Holly Fields
Liberty County



John B. Kearns
McIntosh/Long counties



Kenneth Luke
Bryan County



Reagan Odom
McIntosh/Long counties

2019 YEAR IN REVIEW

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

21,875

meters in four coastal Georgia counties

1,679

miles of power line

17,023

members served in four coastal Georgia counties

1,051

new services connected



More than
\$1.9 million

in capital credits retired to members, for a total of more than

\$8 million in retirements to date



120+

members took advantage of custom home energy advice to save energy and money

Members contributed

\$72,262

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



ZERO

lost-time accidents, continuing our excellent safety record—six years of no lost-time accidents



2019 HIGHLIGHTS



One person can accomplish a great deal. But put a group of people together who have a shared passion for the good of all, and history shifts.

That's the difference the cooperative spirit makes.

Eighty years ago, this cooperative spirit inspired a small group of people in coastal Georgia to pool their resources and elbow grease to bring electricity to their community where it had never been possible before.

Today, the same cooperative spirit sparks ideas and supplies the motivation for a whole new generation to go beyond just supplying electricity—and to supply hope. To lay the groundwork for a bright future.



Bringing resources to rural areas

For Coastal Electric Cooperative, the cooperative spirit was the common thread woven throughout 2019. Even in the first few months, it was in full force as we banded together with other electric cooperatives and co-op members across Georgia to ask our legislators to pass Senate Bill 2 to remove barriers to broadband expansion in rural Georgia.

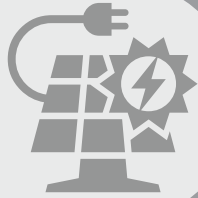
On April 26, 2019, Gov. Brian Kemp signed SB 2, allowing electric cooperatives to evaluate how they might contribute to the expansion of broadband services in their respective areas. It was a win for rural Georgians that resulted from cooperation



Over **30** miles of
underground power
lines installed in 2019

743,063

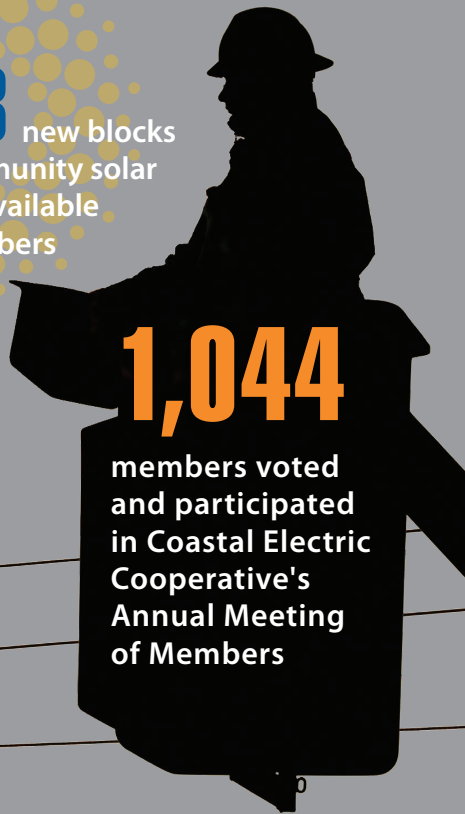
kilowatt-hours of solar power generated



Over 1,500 members took advantage of Advance Pay in 2019



608 new blocks of community solar made available to members



1,044

members voted and participated in Coastal Electric Cooperative's Annual Meeting of Members

156,317



member calls fielded in 2019 by our member service representatives and our after-hours member response center



among cooperative leaders, concerned legislators and those rural residents themselves.

Also in 2019, Coastal Electric Cooperative became the second electric cooperative in the nation and the first in Georgia to be accepted into OSHA's Safety & Health Achievement Recognition Program (SHARP). The program recognizes small businesses that operate exemplary safety and health programs.

Coastal Electric's desire to build and maintain a strong safety culture always keeps the well-being of employees and our members in mind.

Co-op people continue to lead

Nowhere was the cooperative spirit more evident in 2019 than in the shining accomplishments of our employees.

In the spring, a group of Coastal Electric employees put their own solutions into action to address the widespread problem of declining pollinator populations. They planted a pollinator garden among solar panels outside co-op headquarters in Midway, along with a patch of sunflowers to help sustain some new residents on the grounds—a colony of honeybees.

Employees helped care for the colony throughout the year, doing our part as good environmental stewards and using the





4 bright local students

completed the Learners Today, Leaders Tomorrow work study program

project to raise awareness about pollinators in the community and encouraging others to do the same.

Making progress for the future

Possibly one of the greatest examples of what the cooperative spirit can accomplish in 2019 was the 4.5-mile overhead-to-underground conversion of electric service along Highway 144, though the planning and groundwork began much earlier.

This collaborative community improvement project was designed to alleviate congestion along the main roadway that runs through Richmond Hill and Bryan County, improving safety and efficiency in the most densely populated area of Coastal Electric Cooperative's service territory. The project also included a communication conduit to accommodate the installation of fiber-optic cable, which will provide reliable communications to new Smart Grid equipment along the corridor.

By the time Coastal Electric Cooperative completed our portion of the project on Nov. 25, crews had laid 158,148 feet of underground primary wire and 229,912 feet of conduit, installed 20 switches and set 67 terminating cabinets. It was our most complex distribution project undertaking to date.

Several other major system improvements were engineered and built during 2019, such as conversion of the overhead three-phase and single-phase facilities to underground line along Contentment Bluff Road in McIntosh County. Coastal Electric also rebuilt and converted to underground Smart Grid of line along Youmans Road and Drum Point in Liberty County that had been severely damaged during recent hurricanes.

In 2019, Coastal Electric purchased a Tesla Model 3 to better study the real-life operating challenges and opportunities of electric vehicles (EVs). It boasts a range of more than 300 miles



225

 lives saved through on-site blood drives

on a single charge and operates at an electricity equivalent of gasoline costing 50 cents per gallon. Over time, data collected will put us in a position to better assist our members in making smart energy choices about EVs.

Wrapping up a legacy

December was a fitting time for co-op members to celebrate the cooperative spirit, as Coastal Electric Cooperative retired more than \$1.9 million to members who received electricity from 1991-1997 and part of 1998. By the end of 2019, Coastal Electric had retired almost \$8 million in capital credits to members. It's just one benefit of being a member of a community-owned electric cooperative.

Whit Hollowell spent almost 20 years serving the members of Coastal Electric Cooperative, and December 2019 was his last month as the co-op's executive vice president and CEO. A 13-year employee of Coastal Electric, Vice President of Engineering and Operations Chris Fettes, succeeded Hollowell as executive vice president and CEO in January 2020.

The cooperative spirit was alive and well in 2019 and will continue to propel us into a future of innovation, integrity, accountability and commitment to the communities we serve.

514,295,491

kilowatt-hours powered members' homes and businesses last year



2019 Coastal Electric Cooperative Treasurer's Report

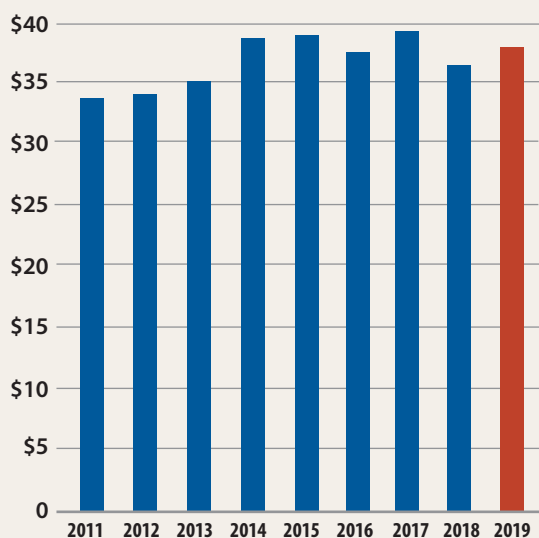
Financial statements for the fiscal year ending Dec. 31, 2019, reflect the sound status of Coastal Electric Cooperative. Each year, we retain the services of McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, to perform an audit of the cooperative's accounting records.

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

Cost of Purchased Power (in millions)



BALANCE SHEETS

Years Ended December 31, 2019 and 2018

	2019	2018
ASSETS		
Utility Plant		
Electric Plant in Service - At Cost	\$ 117,305,190	\$ 111,739,868
Construction Work in Progress	7,450,388	871,217
Gross Utility Plant	124,755,578	112,611,085
Accumulated Provision for Depreciation	(28,645,610)	(26,500,477)
	96,109,968	86,110,608
Other Property and Investments		
Investments in Associated Organizations	14,346,258	13,456,645
Restricted Funds (Including Restricted Cash of \$5,420,688 and \$441,827 as of December 31, 2019 and 2018, respectively,)	5,992,703	878,410
	20,338,961	14,335,055
Current Assets		
Cash and Cash Equivalents	1,470,188	11,434,531
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$300,583 and \$647,005 in 2019 and 2018, respectively)	1,333,300	1,024,294
Accrued Utility Revenue	3,709,377	3,911,090
Materials and Supplies	2,570,534	3,272,794
Other	137,735	83,875
	9,221,134	19,726,584
	381,382	350,290
Deferred Debits	381,382	350,290
Total Assets	\$ 126,051,445	\$ 120,522,537

MEMBERS' EQUITY AND LIABILITIES

	2019	2018
Members' Equity		
Membership Fees	\$ 85,115	\$ 82,725
Patronage Capital	41,889,434	40,014,377
Other Equities	5,558,026	4,910,974
	47,532,575	45,008,076
Long-Term Debt	62,672,691	65,264,673
Deferred Compensation	572,015	436,583
Current Liabilities		
Current Maturities of Long-Term Debt	1,960,038	2,054,685
Accounts Payable	4,622,703	4,621,006
Consumer Deposits	1,294,516	1,189,550
Other	1,750,877	1,530,520
	9,628,134	9,395,761
Deferred Credits	5,646,030	417,444
Total Members' Equity and Liabilities	\$ 126,051,445	\$ 120,522,537

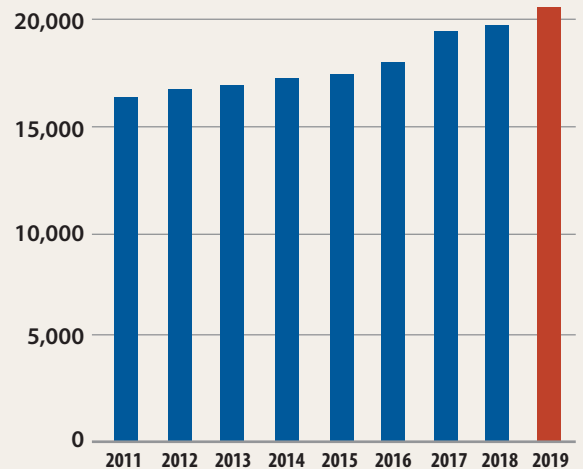
The complete financial annual report available upon request.

STATEMENTS OF OPERATIONS

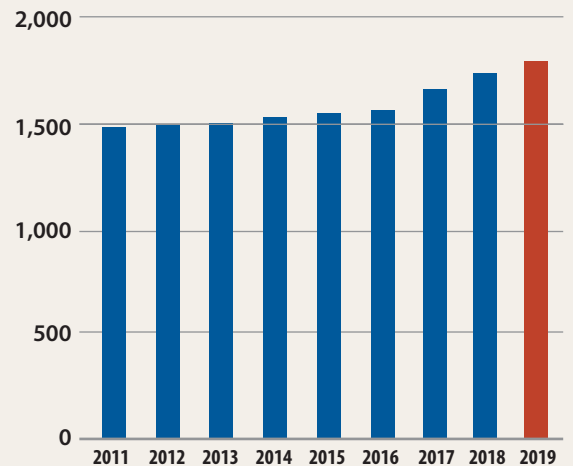
Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues	\$ 55,981,345	\$ 59,808,743
Operating Expenses		
Cost of Power	37,154,143	36,572,440
Distribution Operations	2,422,400	2,485,164
Distribution Maintenance	1,439,552	1,408,566
Consumer Accounts	2,088,627	2,032,480
Consumer Service and Information	877,196	905,104
Administrative and General	2,950,304	2,761,087
Depreciation	3,782,692	3,521,201
	50,714,914	49,686,042
Operating Margins Before Interest Expense	5,266,431	10,122,701
Interest Expense	2,451,106	2,459,945
Operating Margins After Interest Expense	2,815,325	7,662,756
Nonoperating Margins	108,343	94,972
Generation and Transmission Cooperative Capital Credits	819,285	729,920
Other Capital Credits and Patronage Capital Allocations	158,487	117,775
Net Margins	\$ 3,901,440	\$ 8,605,423

Growth in Meters



Miles of Line



STATEMENT OF CHANGES IN MEMBERS EQUITY

Years Ended December 31, 2019 and 2018

	Total Members' Equity	Membership Fees	Patronage Capital	Other Equities
Balance - December 31, 2017	\$ 37,611,808	\$ 79,700	\$ 33,313,543	\$ 4,218,565
Net Margins	8,605,423	-	8,510,451	94,972
Membership Fees	3,025	3,025	-	-
Retirement of Patronage Capital	(1,809,617)	-	(1,809,617)	-
Retired Capital Credit Gains	597,437	-	-	597,437
Balance - December 31, 2018	45,008,076	82,725	40,014,377	4,910,974
Net Margins	3,901,440	-	3,880,689	20,751
Membership Fees	2,390	2,390	-	-
Retirement of Patronage Capital	(2,005,632)	-	(2,005,632)	-
Retired Capital Credit Gains	626,301	-	-	626,301
Balance - December 31, 2019	\$ 47,532,575	\$ 85,115	\$ 41,889,434	\$ 5,558,026

Foundation Scholarship Winners (\$5,000 each)

Elijah Legg
 Calie Ann Peterson
 Caroline Rykard
 Noah Maxwell
 Bethany Belfield
 Jackson Bixler
 Marcus Debry
 Cassie Taylor



2019 Coastal Electric Cooperative

Foundation Treasurer's Report

Financial statements for the fiscal year ending Dec. 31, 2019,, reflect the sound status of the Coastal Electric Cooperative Foundation. Each year, McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, perform 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

\$25,000+

awarded in
community
service grants in

2019



2019 Coastal Electric Cooperative

Foundation Board of Directors

Bryan County

Steve Hibberts
Runette Parker
Constance Riggins

Liberty County

Donna Popour
Barbara Smith
Gabelyn Stevens

McIntosh County

Jerry Adkins
Eric Grissino
Thomas E. Wallace

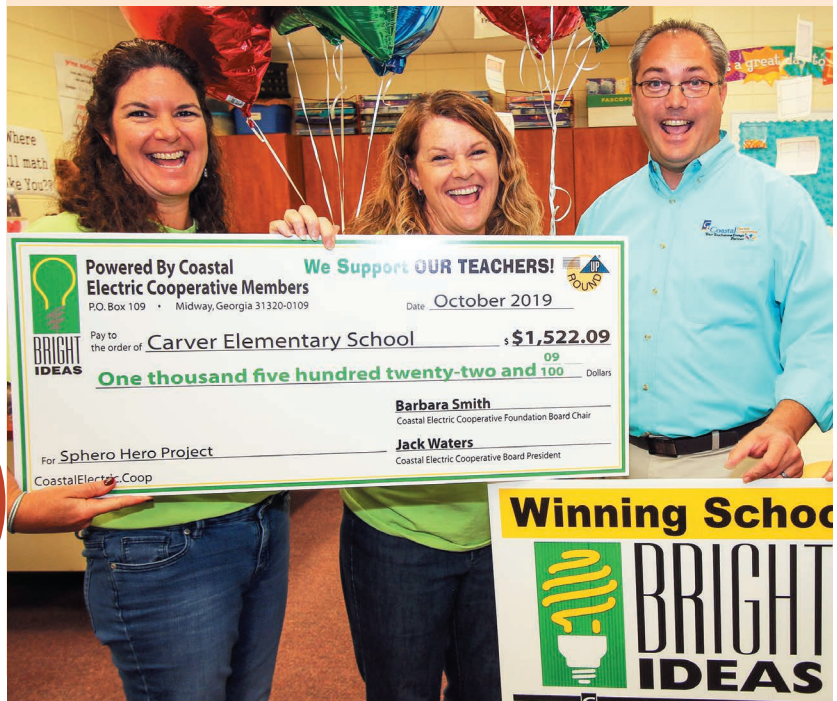


2019 Coastal Electric Cooperative Foundation grants awarded

Bright Ideas Winners

Richmond Hill High School	\$7,323.13
McAllister Elementary	\$4,744.13
Richmond Hill Middle School	\$4,325.50
Lyman Hall Elementary	\$3,639.42
George Washington Carver Elementary	\$3,469.50
McIntosh County Academy	\$3,002.87
Liberty Elementary	\$1,844.00
Frank Long Elementary	\$1,791.27
Midway Middle School	\$1,667.35
Waldo Pafford Elementary	\$1,215.01

\$33,022.18



STATEMENTS OF FINANCIAL POSITION

Years Ended December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 131,646	\$ 193,560
Temporary Cash Investments	130,436	109,143
Contributions Receivable	6,261	5,852
Interest Receivable	15	13
Total Assets	\$ 268,358	\$ 308,568
NET ASSETS		
Net Assets Without Donor Restriction	\$ 248,358	\$ 288,568
Net Assets With Donor Restrictions	20,000	20,000
Total Net Assets	\$ 268,358	\$ 308,568

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, 2019 and 2018

	2019	2018
Change in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions	\$ 75,959	\$ 73,294
Assets Released from Restriction	20,000	20,000
Contributed Services	5,667	5,477
Interest Income	1,417	696
	103,043	99,467
Expenses		
Program Services		
Community Assistance		
Bright Ideas Grants	37,589	27,225
Washington Youth Tour	30,000	6,000
Assistance to Other Agencies	7,000	10,131
Scholarships	44,952	30,000
Individual Assistance	18,045	13,214
Supporting Services		
Administrative and General	5,667	5,477
	143,253	92,047
Change in Net Assets Without Donor Restrictions	(40,210)	7,420
Net Assets With Donor Restrictions		
Grants	(20,000)	20,000
Assets Released from Restrictions	20,000	(20,000)
Change in Net Assets With Donor Restrictions	-	-
Change in Net Assets	(40,210)	7,420
Net Assets, Beginning	308,568	301,148
Net Assets, Ending	\$ 268,358	\$ 308,568

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Contributions Received	\$ 95,549	\$ 93,020
Donations Paid	(137,586)	(86,570)
Interest Received	123	179
	(41,914)	6,629
Cash Flows from Investing Activities		
Purchased Certificate of Deposit	(20,000)	(20,000)
Net Decrease in Cash	(61,914)	(13,371)
Cash, Beginning	193,560	206,931
Cash, Ending	\$ 131,646	\$ 193,560
Reconciliation of the Change in Net Assets to Cash Flows from Operating Activities		
Change in Net Assets	\$ (40,210)	\$ 7,420
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Change In		
Temporary Cash Investments	(1,293)	(514)
Contributions Receivable	(409)	(274)
Interest Receivable	(2)	(3)
Cash Flows from Operating Activities	\$ (41,914)	\$ 6,629



Four students

received our first-ever scholarships exclusively for those pursuing technical careers



More than \$33,000

in Bright Ideas grants awarded to local educators in 2019, funding 21 innovative classroom projects

Thirty-eight years

of sponsoring local students to participate in the Washington Youth Tour leadership experience

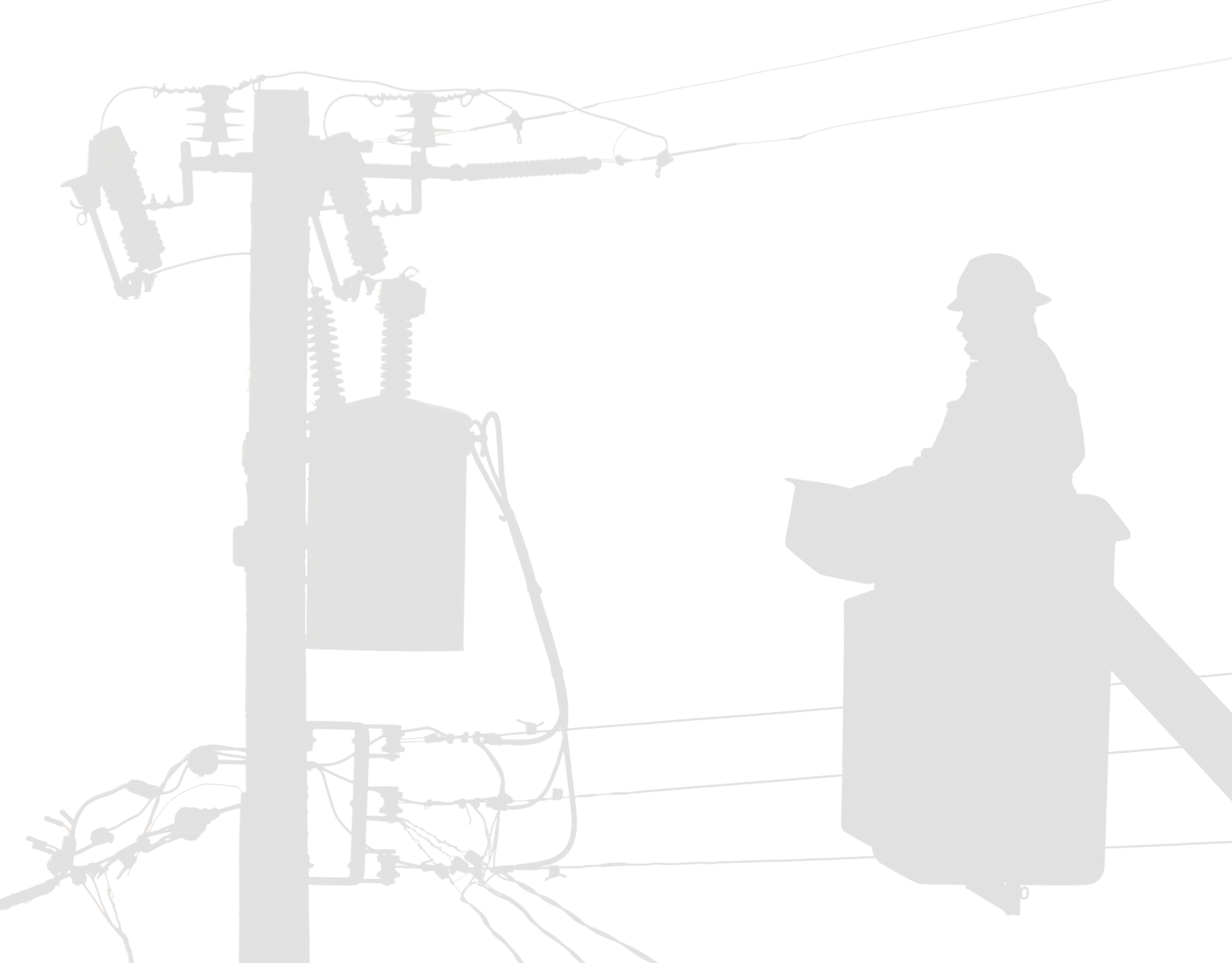


Almost

\$45,000

in scholarships awarded to local students in

2019



THE COOPERATIVE SPIRIT FOR A NEW GENERATION



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www.CoastalElectric.Coop

