

2020 ANNUAL REVIEW

ALWAYS ON



The 7 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. 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.
- 2. 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.
- 3. 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.
- 4. 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.
- 5. 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.
- 6. 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.
- 7. Concern for Community**

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

Your Board of Directors

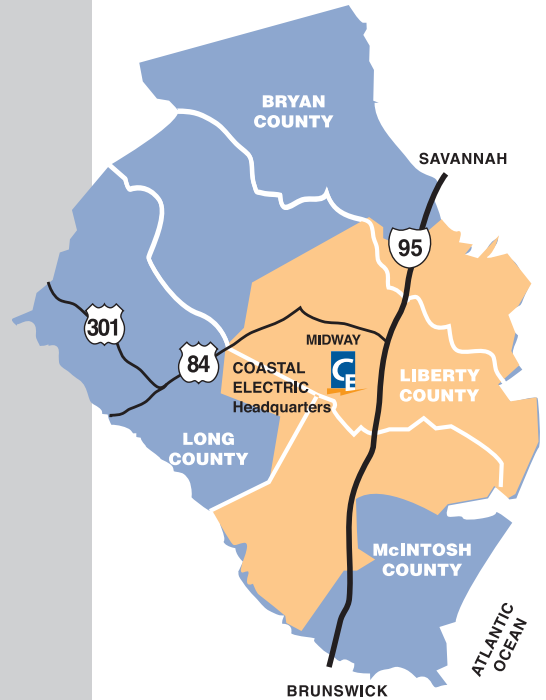
Your Board of Directors are elected by you, our members, and make decisions in the best interest of the membership as a whole. Our directors live and work in our community and are co-op members themselves.

The board made crucial decisions in 2020 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 2021, we are committed to enhancing the quality of life in our communities and providing the same level of service that members have 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*



Chuck Gaskin
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

2020

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

YEAR IN REVIEW



1,710

miles of power line

22,535

meters in four coastal Georgia counties

1,108

new services connected



21,127

consumers served in four coastal Georgia counties

Almost

900,000

working hours with zero lost-time accidents



More than \$2.4 million

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



\$10.7 million

in retirements to date

Members contributed

\$77,065

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—seven years of no lost-time accidents

2020 HIGHLIGHTS



In 2020, life as we knew it came to a screeching halt.

Businesses shut down, workplaces closed, schools turned to screens for instruction and time stood still.

Many spent the year unsure of what was happening, much less what was next. 2020 put normal functions of our society in survival mode.

But in the midst of it all, positive change happened. Together, we learned and we adapted. Unlikely heroes stepped up with solutions and ideas. Progress elbowed its way through daunting obstacles.

For Coastal Electric Cooperative, 2020 was a year of uncertainty and challenge, as for everyone else. But no matter how the circumstances changed, one thing remained—we exist to serve our members. We're proud to say we not only served in 2020, but also that we added value far beyond "survival mode."

When the world stopped, we were Always On.

Meeting the challenges

When the COVID-19 pandemic began to affect our communities, we faced the same challenges as other businesses—how to continue to operate while keeping our employees and the public safe. We closed our lobbies for a time, equipped employees to work from home and modified safety practices for those who simply couldn't.

Even at the height of the pandemic, we never stopped providing excellent service to our members, and we're happy to report that during 2020, only two employees tested positive for COVID-19.

When our members faced widespread financial hardship, we took action like never before, suspending nonpayment cutoffs, making special arrangements on an individual basis and pointing those in need to available assistance. In June, the Coastal Electric Cooperative board made the unprecedented decision to allow the early return of \$2.4 million in capital credits to members—six months ahead of schedule to help meet members' immediate needs, instead of at year's end, which is the usual time for capital credit refunds. The return was the single largest in the company's history.

But we didn't stop there.

Moving forward

While most of the nation hit the pause button in 2020, the men and women of Coastal Electric Cooperative worked to improve our system and even prepared to bring new services to our members. We secured both the necessary capacity and the infrastructure to serve our growing community.

In 2020, we continued to pursue a project that will provide a reliable, carbon-free source of power well into the future—Vogle Units 3 and 4. We also added more solar to our generation mix in 2020, now totaling 4 megawatts and making 1,000 additional blocks of Cooperative Solar available to our members.

The purpose of the power is to meet our members' changing needs. In a year of economic slowdown, Coastal Electric powered economic

4,712,445

kwh of solar used to generate electricity for Coastal Electric members

Almost **1,600** members took advantage of Advance Pay in 2020



1,000

new blocks of community solar made available to members

1,741

members voted and participated in Coastal Electric Cooperative's Member Appreciation Days

128,653

member calls fielded in 2020 by our member service representatives and our after-hours member response center



development, bringing new jobs and employers, like Medline, FedEx and Hooker Furniture, to the territory.

We provided power for members who are looking to be good stewards of the environment and their own money by switching to electric vehicles (EV). In 2020, we developed a new EV time-of-use rate that will become available to members in 2021, and we acquired new EV chargers to strategically connect our service territory. One had already been providing free charging in the Publix parking lot in Richmond Hill, one was installed in 2020 at the new Frances Meeks Elementary School in Richmond Hill, and three more were installed in early 2021 at businesses in Bryan, Liberty and McIntosh counties.

Closing the broadband gap

At no time did rural areas' dire need for high-speed internet become more apparent than in 2020. As families were forced to work and attend school from home, the lack of broadband became an even bigger obstacle.

In July 2020, the Senate gave final passage to House Bill 244, which tapped the Georgia Public Service Commission (PSC) to determine electric cooperative pole attachment rates, terms and conditions. And on Dec. 15, the PSC voted to offer a co-op-proposed financial incentive to qualified broadband providers that will agree to deliver new high-speed internet service in unserved areas.

Almost **50** miles of underground power lines installed in 2020

507,091,521

kilowatt-hours powered members' homes and businesses last year



2 bright local students



completed the Learners Today, Leaders Tomorrow work-study program

The PSC also voted to support reasonable terms and conditions, with an enhancement to require faster repair of safety violations. Together, co-ops believe these measures will spur the expansion of broadband into rural areas through economic efficiency, certainty and increased safety and reliability of attachments on co-op poles.

In addition to offering incentives to existing broadband providers to expand rural broadband across Georgia, in 2020, we actively prepared to bring reliable, fast internet to our own members. Coastal Electric Cooperative began discussions with existing communications companies, seeking a partnership that could help us achieve that goal.

We also won a bid for government funding to help us install fiber in areas of our territory where it currently doesn't exist. Adding to our system of approximately 27 miles of backbone fiber, we anticipate the construction of 145 miles of new fiber.

Beyond internet, fiber-enabled smart meters will provide Coastal Electric with a virtually instantaneous, dynamic view of the health and performance of our smart grid.

Always improving

We focused on new ways to serve our members in 2020, but we also worked to make our existing services even better. Coastal Electric employees invested their time and efforts to strengthen our system to weather storms and even everyday hazards.

In early 2020, we began a 2-year project to replace 2.1 miles of existing overhead lines with new overhead spacer cable along Limerick Road, 3.5 miles along Lake George and 0.8 miles along Court Drive in Liberty County. Once completed, the spacer cable will increase reliability during severe weather, or when one of the area's majestic oak trees decides to drop a branch on the line.

In 2020, we engineered and completed major system improvements, such as converting



overhead line to underground in Sweet Hill, Contentment Bluff Road, Maxwellton, Starr Creek, Silver Stream and taps off the Highway 144 Spur, increasing electric reliability to members who live in these areas.

To increase reliability and power quality for our Riceboro service area, we made improvements to the Riceboro substation, which serves industrial, commercial and residential loads.

In January, the long-awaited opening of the new I-95 Belfast Keller Interchange was a welcomed event in Bryan County, to ease regular traffic flow and improve access to the interstate during emergencies. Coastal Electric's 25 kV distribution lines that previously crossed I-95 in this location were replaced with new underground lines.

Keeping our commitment

2020 took a toll on our long-held philanthropic efforts when the national Washington Youth Tour was canceled for the first time since its inception in 1964. But our commitment to community shone like never before. Even though many of our local schools went online, adopted hybrid models and restricted in-person visitors, we still were able to award \$47,000 in Principal's Fund donations and \$29,000 in Bright Ideas grants, all made possible by the generous donations of members to the Coastal Electric Cooperative Foundation.

Coastal Electric crews traveled across the country to help other cooperatives restore power to hurricane-battered service territories, as 2020 boasted the most storms on record.

"Always On"—Because we provide essential services that you, our members, depend on, it's not a phrase we take lightly. Just as we found a way to not only continue to serve, but also to progress in the tumultuous year that was 2020, we'll continue to adapt and stay steady at the same time, for you, in 2021 and beyond. When it comes to our members and our community, the men and women of Coastal Electric Cooperative will continue to serve, continue to excel and continue to be Always On.



195 lives saved through on-site blood drives

2020 Coastal Electric Cooperative Treasurer's Report

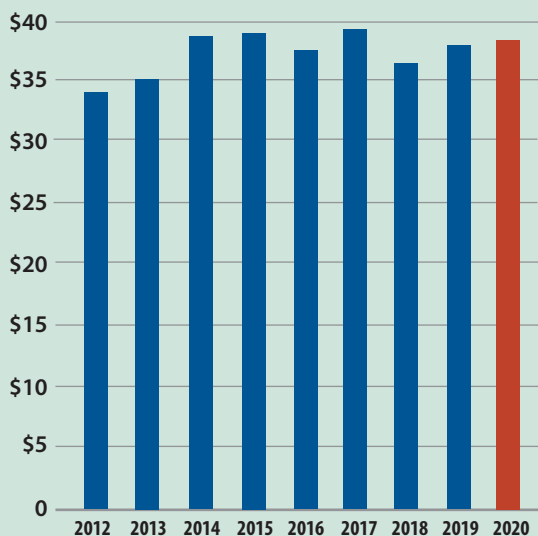
Financial statements for the fiscal year ending Dec. 31, 2020, reflect the sound status of Coastal Electric Cooperative. Each year, we retain the services of McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, to perform an audit of the cooperative's accounting records.

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, 2020 and 2019

ASSETS

Utility Plant

| | | |
|--|----------------|----------------|
| Electric Plant in Service - At Cost | \$ 128,731,437 | \$ 117,305,190 |
| Construction Work in Progress | 1,984,069 | 7,450,388 |
| Gross Utility Plant | 130,715,506 | 124,755,578 |
| Accumulated Provision for Depreciation | (30,410,041) | (28,645,609) |
| | 100,305,465 | 96,109,969 |

Other Property and Investments

| | | |
|--|------------|------------|
| Investments in Associated Organizations | 15,141,922 | 14,346,258 |
| Restricted Funds (Including Restricted Cash of \$5,421,597 and \$5,420,688 as of December 31, 2020 and 2019, respectively) | 5,908,321 | 5,992,703 |
| | 21,050,243 | 20,338,961 |

Current Assets

| | | |
|---|------------|-----------|
| Cash and Cash Equivalents | 2,460,667 | 1,470,188 |
| Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$341,356 and \$300,583 in 2020 and 2019, respectively) | 1,474,871 | 1,333,300 |
| Accrued Utility Revenue | 4,153,122 | 3,709,377 |
| Materials and Supplies | 2,322,673 | 2,570,534 |
| Other | 138,999 | 137,735 |
| | 10,550,332 | 9,221,134 |

Deferred Debits

| | | |
|---------------------|-----------------------|-----------------------|
| | 365,086 | 381,382 |
| Total Assets | \$ 132,271,126 | \$ 126,051,446 |

MEMBERS' EQUITY AND LIABILITIES

Members' Equity

| | | |
|-------------------|------------|------------|
| Membership Fees | \$ 85,380 | \$ 85,115 |
| Patronage Capital | 46,339,380 | 41,896,810 |
| Other Equities | 5,645,215 | 5,550,651 |
| | 52,069,975 | 47,532,576 |

Long-Term Debt

| | | |
|--|------------|------------|
| | 65,753,527 | 62,672,691 |
|--|------------|------------|

Deferred Compensation

| | | |
|--|---------|---------|
| | 486,724 | 572,015 |
|--|---------|---------|

Current Liabilities

| | | |
|--------------------------------------|-----------|-----------|
| Current Maturities of Long-Term Debt | 1,968,820 | 1,960,038 |
| Accounts Payable | 4,303,649 | 4,622,701 |
| Consumer Deposits | 1,358,010 | 1,294,516 |
| Other | 1,329,033 | 1,750,879 |
| | 8,959,512 | 9,628,134 |

Deferred Credits

| | | |
|--|-----------|-----------|
| | 5,001,388 | 5,646,030 |
|--|-----------|-----------|

Total Members' Equity and Liabilities

| | | |
|--|----------------|----------------|
| | \$ 132,271,126 | \$ 126,051,446 |
|--|----------------|----------------|

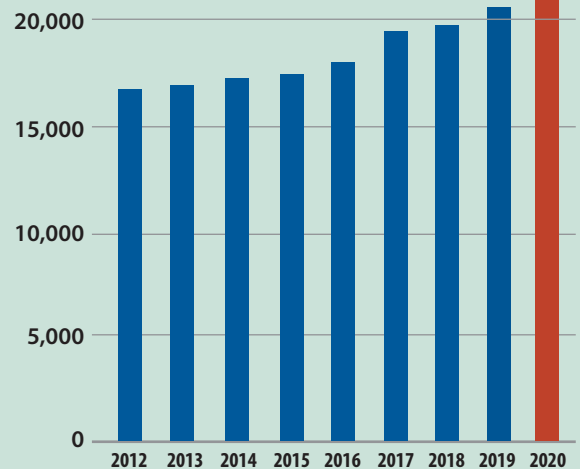
The complete financial annual report available upon request.

STATEMENTS OF OPERATIONS

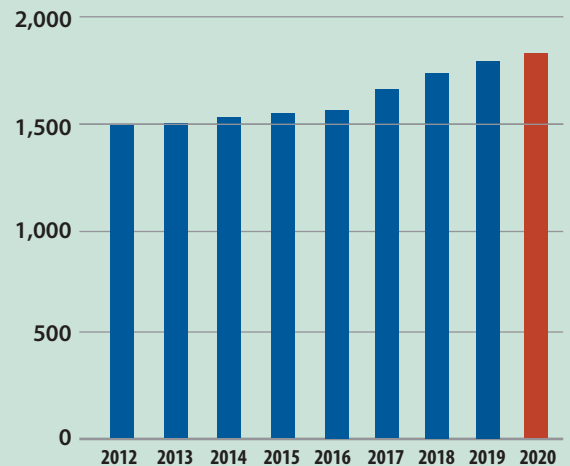
Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|---------------|---------------|
| Operating Revenues | \$ 60,510,009 | \$ 55,981,345 |
| Operating Expenses | | |
| Cost of Power | 37,449,076 | 37,154,143 |
| Distribution Operations | 2,824,885 | 2,422,400 |
| Distribution Maintenance | 1,617,725 | 1,439,552 |
| Consumer Accounts | 2,090,359 | 2,088,627 |
| Consumer Service and Information | 903,804 | 877,196 |
| Administrative and General | 3,178,391 | 2,950,304 |
| Depreciation | 4,132,942 | 3,782,692 |
| | 52,197,182 | 50,714,914 |
| Operating Margins Before Interest Expense | 8,312,827 | 5,266,431 |
| Interest Expense | 2,424,587 | 2,451,106 |
| Operating Margins After Interest Expense | 5,888,240 | 2,815,325 |
| Nonoperating Margins | 56,162 | 108,343 |
| Generation and Transmission Cooperative Capital Credits | 814,187 | 819,285 |
| Other Capital Credits and Patronage Capital Allocations | 138,513 | 158,487 |
| Net Margins | \$ 6,897,102 | \$ 3,901,440 |

Growth in Meters



Miles of Line



STATEMENTS OF CHANGES IN MEMBERS EQUITY

Years Ended December 31, 2020 and 2019

| | Total Members' Equity | Membership Fees | Patronage Capital | Other Equities |
|------------------------------------|-----------------------|-----------------|-------------------|----------------|
| Balance - December 31, 2018 | \$ 45,008,076 | \$ 82,725 | \$ 40,109,349 | \$ 4,816,002 |
| Net Margins | 3,901,440 | — | 3,793,093 | 108,347 |
| Membership Fees | 2,390 | 2,390 | — | — |
| Retirement of Patronage Capital | (2,005,632) | — | (2,005,632) | — |
| Retired Capital Credit Gains | 626,302 | — | — | 626,302 |
| Balance - December 31, 2019 | 47,532,576 | 85,115 | 41,896,810 | 5,550,651 |
| Net Margins | 6,897,102 | — | 6,889,722 | 7,380 |
| Membership Fees | 265 | 265 | — | — |
| Retirement of Patronage Capital | (2,447,152) | — | (2,447,152) | — |
| Retired Capital Credit Gains | 87,184 | — | — | 87,184 |
| Balance - December 31, 2020 | \$ 52,069,975 | \$ 85,380 | \$ 46,339,380 | \$ 5,645,215 |

2020 Foundation Scholarship winners (\$5,000 each, renewable annually up to \$20,000)

Isabella Martinez
Olivia Hulett
Kaylee Kim
Jacob Castle
Garrett Stigall
Mascolo Miller



2020 Coastal Electric Cooperative

Foundation Treasurer's Report

Financial statements for the fiscal year ending Dec. 31, 2020, 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

\$70,000

in scholarships

awarded to

local students in

2020



2020 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

STATEMENTS OF FINANCIAL POSITION

Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 259,144 | \$ 131,646 |
| Temporary Cash Investments | 131,713 | 130,436 |
| Contributions Receivable | 6,692 | 6,261 |
| Interest Receivable | 16 | 15 |
| Total Assets | \$ 397,565 | \$ 268,358 |
| NET ASSETS | | |
| Net Assets Without Donor Restriction | \$ 377,565 | \$ 248,358 |
| Net Assets With Donor Restrictions | 20,000 | 20,000 |
| Total Net Assets | \$ 397,565 | \$ 268,358 |

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



2020 Coastal Electric Cooperative Foundation grants awarded

Bright Ideas winners by school

| | |
|--|------------|
| Richmond Hill Middle School | \$6,366.81 |
| Button Gwinnett Elementary School | \$4,673.55 |
| McIntosh County Academy | \$2,732.60 |
| Liberty Elementary School..... | \$2,469.84 |
| Richmond Hill High School..... | \$2,344.88 |
| Bradwell Institute | \$2,000.00 |
| Liberty College and Career Academy | \$2,000.00 |
| Frances Meeks Elementary School..... | \$1,970.38 |
| Lyman Hall Elementary School..... | \$1,860.00 |
| Frank Long Elementary School..... | \$1,732.48 |
| Carver Elementary School..... | \$1,543.65 |



STATEMENTS OF ACTIVITIES

Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|------------|------------|
| Change in Net Assets Without Donor Restrictions | | |
| <i>Revenue and Support</i> | | |
| Contributions | \$ 323,667 | \$ 75,959 |
| Assets Released from Restriction | 20,000 | 20,000 |
| Contributed Services | 5,792 | 5,667 |
| Interest Income | 1,290 | 1,417 |
| | 350,749 | 103,043 |
| <i>Expenses</i> | | |
| Program Services | | |
| Community Assistance | | |
| Bright Ideas Grants | 29,694 | 37,589 |
| Washington Youth Tour | 30,000 | 30,000 |
| Assistance to Other Agencies | 4,500 | 7,000 |
| The Principal's Fund | 47,000 | - |
| Scholarships | 70,000 | 44,952 |
| Individual Assistance | 34,556 | 18,045 |
| Supporting Services | | |
| Administrative and General | 5,792 | 5,667 |
| | 221,542 | 143,253 |
| Change in Net Assets Without Donor Restrictions | 129,207 | (40,210) |
| 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 | 129,207 | (40,210) |
| Net Assets, Beginning | 268,358 | 308,568 |
| Net Assets, Ending | \$ 397,565 | \$ 268,358 |

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|------------|-------------|
| Cash Flows from Operating Activities | | |
| Contributions Received | \$ 343,236 | \$ 95,549 |
| Donations Paid | (215,750) | (137,586) |
| Interest Received | 12 | 123 |
| | 127,498 | (41,914) |
| Cash Flows from Investing Activities | | |
| Purchased Certificate of Deposit | - | (20,000) |
| | | |
| Net Increase (Decrease) in Cash | 127,498 | (61,914) |
| Cash, Beginning | 131,646 | 193,560 |
| Cash, Ending | \$ 259,144 | \$ 131,646 |
| Reconciliation of the Change in Net Assets to Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 129,207 | \$ (40,210) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | | |
| Change In | | |
| Temporary Cash Investments | (1,277) | (1,293) |
| Contributions Receivable | (431) | (409) |
| Interest Receivable | (1) | (2) |
| Cash Flows from Operating Activities | \$ 127,498 | \$ (41,914) |



\$29,694

in Bright Ideas grants awarded to local educators in 2020, funding 19 innovative classroom projects



Local principals received

\$47,000

to use toward the well-being of students and faculty

\$39,056

awarded to assist local agencies and individuals in 2020



ALWAYS ON



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

www.CoastalElectric.Coop

