

# **EXCELSIOR ELECTRIC MEMBERSHIP CORPORATION**

## **ANNUAL REPORT NEWSLETTER**



The 81st Excelsior EMC Annual Members' Meeting will be held on Friday, May 17, 2019, at the Nessmith-Lane Conference Center on the campus of Georgia Southern University in Statesboro, Georgia.

# Line Items

BRONSON BRAGDON  
*Editor*

## BOARD OF DIRECTORS

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**Lindy Chester, *Manager***  
***Financial & Accounting Services***  
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***Member Services***

## When Your Power is Off – Call (912) 685-2115 or (912) 764-2123

When your power goes off, don't stay in the dark longer than you have to. To restore your power as quickly as possible, we need your correct phone number. Your phone number is the quickest way for us to locate your home or business when you call to report an outage.

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# EXECUTIVE REPORT

BY W.D. Johnson, Chairman  
Greg Proctor, President/CEO



Since its beginning, Excelsior EMC has proven itself a company devoted to serving its members. Our Cooperative started 81 years ago when neighbors and local leaders worked together to bring electricity to our area. For those first members of Excelsior EMC, electricity helped transform their homes, businesses, farms and schools. That spirit of cooperation continues to drive us to do what's best for our members and community today. We're committed to providing you, our members, with safe, reliable, and affordable electricity. That means making infrastructure improvements to ensure reliable electricity and finding ways to keep your electric costs low.

We know that the price you pay for energy is very important. Excelsior EMC has always taken pride in being a low-cost provider and 2018 was no different. According to the most recent Georgia Public Service Commission (PSC) summer rate survey, Excelsior EMC was the lowest-cost provider in the state at the 1,500 and 2,000 kWh usage level of the 41 EMCs and Georgia Power. We were second lowest at the 500 and 1,000 kWh levels. The PSC's winter rate comparison contained in this newsletter shows that Excelsior EMC remains among the lowest cost providers in the state. Our Board of Directors and employees are committed to doing all they can to keep your rates low. We are truly proud of all of those who work for Excelsior EMC and applaud their daily efforts to ensure that the work gets done at the lowest cost possible.

For the third year in a row, reliable power was challenged by a hurricane. Hurricane Michael knocked out power to 52% of our system. For the third year in a row, our employees along with the help of our fellow EMCs, contractors, and former employees did whatever it took to restore power safely and as quickly as possible. Our crews responded immediately after the storm passed and were able to restore power to all who were ready to receive it in less than 52 hours from when they began. I am extremely proud of our employees for their safety and hard work in restoring power.

Energy sales got off to a rapid start in 2018 with extreme temperatures in January. Even with the relatively mild summer temperatures, annual energy sales were 8% higher than 2017. We responded to your request to speak with a live agent when reporting outages by joining Cooperative Response Center (CRC). CRC specializes in call center operations allowing us to utilize their resources to increase the number of calls taken by live operators during major storm events. We continue to utilize technology as a means of improving service and reducing cost by offering a smart phone app that lets you pay your bill, report and monitor your outage and monitor your usage from your smart phone. Our Pay-Your-Way prepaid metering option continues to grow. This billing method allows members to obtain electrical service without having to pay high deposits and provides flexibility for paying your electric bill much like putting gas in your car.

A review of the financial and other operating information in this newsletter shows that your Cooperative is financially sound. Our employees are highly skilled and dedicated to providing you with the level of service you are accustomed to receiving. Most importantly, day in and day out, the Board of Directors and all employees of Excelsior EMC make every decision with your best interest in mind. We look forward to seeing you at this year's Annual Meeting.

# RATE COMPARISON

## Summer 2018

Utility	\$/500 kWh	\$/1,000 kWh	\$/1,500 kWh	\$/2,000 kWh
Georgia Power Company	\$63.62	\$131.08	\$207.58	\$284.05
Excelsior EMC	\$59.03	\$99.06	\$146.09	\$193.12
Avg of 41 GA EMCs and Georgia Power	\$72.34	\$124.28	\$180.25	\$236.87

## Winter 2019

Utility	\$/500 kWh	\$/1,000 kWh	\$/1,500 kWh	\$/2,000 kWh
Georgia Power Company	\$62.16	\$108.38	\$152.56	\$196.73
Excelsior EMC	\$68.06	\$107.72	\$147.38	\$187.04
Avg of 41 GA EMCs and Georgia Power	\$72.60	\$121.24	\$167.94	\$214.03

NOTE: The average size home with 1,500-1,800 square feet of living area will use approximately 1,500-2,000 kWhs per month when heating and cooling is required.

Excelsior EMC does an outstanding job keeping rates competitive considering we do not have the number of meters per mile of line (revenue potential) to share costs.

Our primary goal at Excelsior EMC is to provide you with the best service at the lowest possible cost.

### METERS PER MILE OF LINE

Average of Investor Owned Utilities..... 34 meters per mile of line  
 Average of GA EMCs ..... 10.7 meters per mile of line  
 Excelsior EMC ..... 6.92 meters per mile of line

# BALANCE SHEET DATA

AS OF DECEMBER 31, 2018

## WHAT WE OWN (ASSETS)

We have cash on deposit	\$ 780,685
We have funds invested	3,370,000
We have other property & investments	18,885,723
We have accounts, notes & interest receivable	3,732,179
We have inventories of material	327,724
We have prepayments	3,977,115
We have deferred debits	708,691
We have capital plant	64,183,866
<b>WE HAVE TOTAL ASSETS</b>	<b>\$95,965,983</b>

## WHAT WE OWE AND MEMBERS' EQUITY (LIABILITIES)

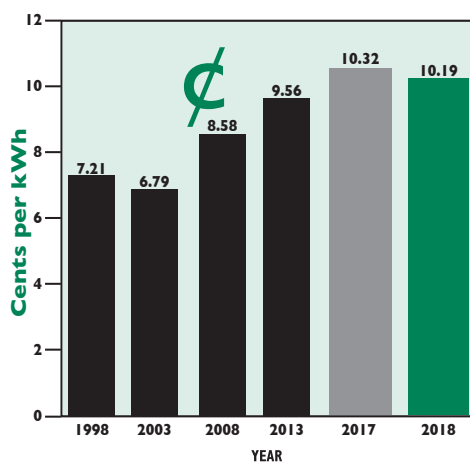
We owe CFC	\$ 7,041,153
We owe FFB	17,715,381
We have other current & accrued liabilities	3,416,540
We have other noncurrent liabilities	735,675
We have deferred credits	8,965,644
We have membership fees	371,758
We have consumer deposits	797,280
We have margins & equities	56,922,552
<b>WE HAVE TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$95,965,983</b>

# OPERATING STATISTICS

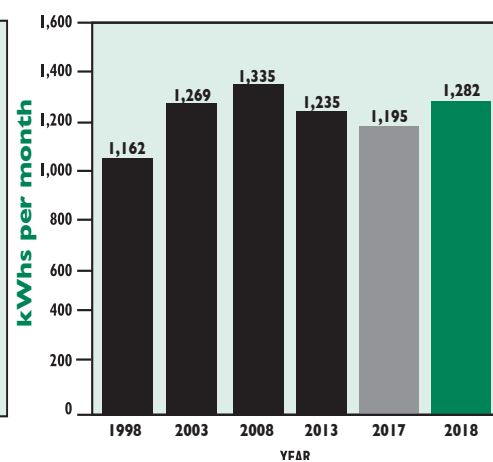
AS OF DECEMBER 31

INCOME	2018	2017	2016	2015
Operating Revenue	\$40,544,197	\$ 38,008,790	\$ 38,462,840	\$ 37,625,642
Non-operating Revenue	642,782	446,867	337,408	370,337
<b>Total Income</b>	<b>\$41,186,979</b>	<b>\$ 38,455,657</b>	<b>\$ 38, 800,248</b>	<b>\$ 37, 995,979</b>
OPERATING EXPENSES				
Cost of Power	\$27,970,768	\$ 25,895,394	\$ 26,346,724	\$ 25,660,391
Distribution Operations	2,139,959	2,021,156	1,941,328	2,202,049
Distribution Maintenance	2,936,174	2,604,774	2,583,943	1,977,197
Consumer Accounts	1,129,521	1,275,871	1,270,917	1,237,038
Consumer Information & Sales	141,924	137,851	138,538	200,105
Administrative & General	1,720,012	1,527,481	1,555,417	1,695,083
Depreciation & Amortization	2,765,239	2,655,111	2,663,301	2,672,578
	<b>\$ 38,803,597</b>	<b>\$ 36,117,638</b>	<b>\$ 36,500,168</b>	<b>\$ 35,644,441</b>
Operating Margins Before Interest Expense	\$2,383,382	2,338,019	2,300,080	2,351,538
Interest Expense	1,317,743	1,276,987	1,328,785	1,380,623
Operating Margins After Interest Expense	\$ 1,065,639	\$ 1,061,032	\$ 971,295	\$ 970,915
Power Supply Cooperative Capital Credits	822,437	782,428	783,629	792,411
Capital Credits - Associated Organizations	121,266	187,028	165,641	127,328
<b>NET MARGINS</b>	<b>\$ 2,009,342</b>	<b>\$ 2,030,488</b>	<b>\$ 1,920,565</b>	<b>\$ 1,890,654</b>

AVERAGE COST PER kWh SOLD  
(Residential)



AVERAGE kWhs PER MONTH  
(Residential)




## COST OF PURCHASED POWER

Year	\$ Cost of Power	kWhs Purchased	Cents per kWh
1998	14,071,717	296,039,724	4.75
2003	15,941,084	362,613,582	4.40
2008	26,877,139	415,621,211	6.47
2013	25,082,551	393,722,545	6.37
2017	25,895,394	396,991,263	6.52
2018	27,970,768	419,709,812	6.66

# SECRETARY-TREASURER'S REPORT

BY G.W. Johnson, Jr.





**McNAIR MCLEMORE  
MIDDLEBROOKS & CO**  
CERTIFIED PUBLIC ACCOUNTANTS

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Post Office Box One | Macon, Georgia 31202  
478-746-6277 | mmmcpa.com

March 25, 2019

The Board of Directors  
Excelsior Electric Membership Corporation  
Metter, Georgia

As reported on February 14, 2019, we have audited the balance sheet of the **Excelsior Electric Membership Corporation** as of December 31, 2018 and the related statements of operations, changes in members' equity, and cash flows for the year then ended. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

In our opinion, the previously submitted balance sheet and statements of operations, patronage capital, and cash flows present fairly, in all material respects, the financial position of the Excelsior Electric Membership Corporation as of December 31, 2018 and results of its operations and the changes in its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying balance sheet data was reconciled to the audited balance sheet. The operating statistics presented for the year ended December 31, 2018 were reconciled to the audited financial statements.

McNair, McLemore, Middlebrooks & Co., LLC  
McNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC

I am pleased to report that Excelsior EMC had a financially stable year in 2018. Detailed information on the financial condition of your Cooperative is provided in this issue of Line Items. We realize that this information will be especially beneficial to members who are unable to attend the 81st Annual Meeting.

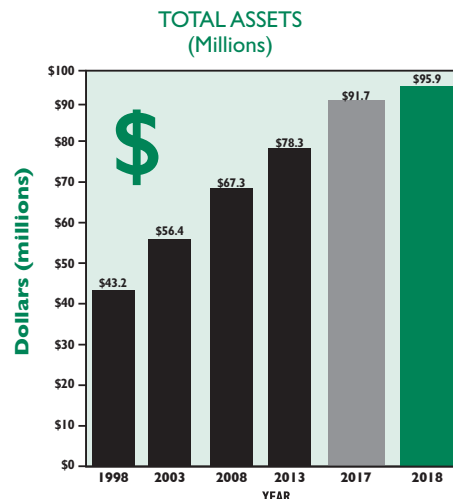
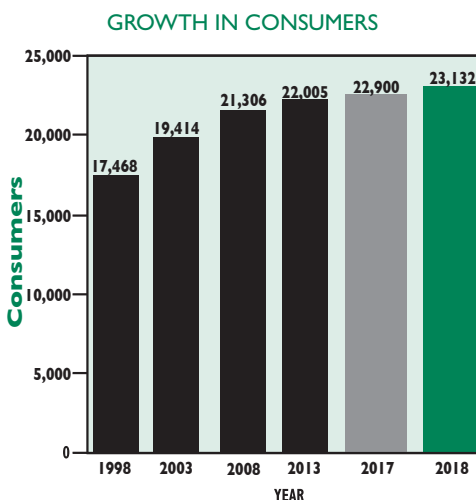
At the end of 2018, the Cooperative's total assets were in excess of \$95.9 million. Also at the end of 2018, the Cooperative had a total of 23,132 consumers as compared to 22,900 at the end of 2017. The average energy cost for residential members decreased from 10.32¢ in 2017 to 10.19¢ in 2018. The Cooperative still provides some of the lowest rates in the state according to the most recent Georgia Public Service Commission's Residential Electric Rate Surveys. A comparison of Excelsior EMC's rates with its competitors is detailed on page three of this newsletter.

Our auditors, McNair, McLemore, Middlebrooks & Co., Certified Public Accountants, completed an audit of the Cooperative's accounting records. The financial information presented represents only a summary of your auditor's report. Copies of the audit are on file at the Cooperative's headquarters office in Metter. Should you have any questions, please feel free to contact the staff for full explanation.

All financial decisions are made with you, the member-owner, in mind. The overall goal of the Cooperative remains the same each year: to provide

our member-owners with safe, dependable electric service at the lowest possible cost.

The Cooperative's Board of Directors and our employees are dedicated to serving each of you. We appreciate the cooperation and understanding you continue to provide.



### Where Your 2017 & 2018 Dollar Went...

	2018	2017
Purchased Power	67.9	67.3
Maintenance	7.1	6.8
Depreciation & Amortization	6.7	6.9
Operations	5.2	5.3
Administration	4.2	4.0
Interest	3.2	3.3
Consumer Accounting & Info. Expense	3.1	3.7
Operating Margins	2.6	2.8

# GROWTH OF YOUR COOPERATIVE

2018 proved to be another year of growth for Excelsior EMC. An accelerating economy contributed to the increase in Excelsior's membership through the year. There were 578 new electric services connected and more than 30 miles of new power line constructed in 2018. Additional infrastructure is an indicator of consumer growth. At the end of 2018, Excelsior EMC was serving 23,132 consumers in eight southeast Georgia counties over 3,352 miles of line. Annual kWh sales increased from 2017 by 8.19% to 402.8 million kWhs in 2018. The Cooperative's non-coincident peak demand of 130.5 megawatts occurred in January 2018 and was 15.79% more than the 2017 system peak demand.

In 2008, the Cooperative was serving 21,306 consumers. Since then, it has seen an average growth rate of 0.83% per year. Over the last five years, the average growth in consumers has increased to 1.00% per year. Last year, growth in consumers was 1.0%.

In 2018, the average residential consumer used approximately 1,282 kWhs per month, which is down from 1,335 per month in 2008. The Residential Service Rate is applicable to farms, homes, churches, schools, and community halls whose load requirements do not exceed 50 kVA of installed transformer capacity. For households on this rate with approximately 1,500-1,800 square feet of living area, the average energy usage would be approximately 1,000-1,200 kWhs per month when heating and cooling is not required, and approximately 1,500-2,000 kWhs per month when heating and cooling is required.

The average residential cost per kWh sold in 2018 was 10.19¢ per kWh, as compared to 10.32¢ in 2017. Please refer to the Georgia Public Service Commission's Summer 2018 and Winter 2019 Residential Electric Rate comparison information on page three in this newsletter for the most current information.

Construction of homes and apartments steadily increased throughout the year. Georgia Southern University, East Georgia State College and Ogeechee Technical College continue to draw students to the area, where housing markets are working to keep up with the influx of people. Upon graduation from these post-secondary schools, many folks settle in the surrounding areas. Custom home construction has increased as people inhabit the area to enjoy the beautiful countryside.

Our members can rest assured that we are making every effort to deliver the highest quality power, improve service reliability and keep power costs affordable. Safe, reliable power at the lowest cost possible has been the driving force behind your Cooperative for 81 years now and will remain our primary objective as we continue to meet the needs of our members.

## SERVICE AWARDS



**NELSON HOBBS**  
Information  
Technology (IT) Specialist  
15 Years



**JODY WILSON**  
Lineman  
15 Years



**JIM O'BRIEN**  
Supervisor  
of Engineering  
25 Years



**MATT SMITH**  
Construction  
Crew Leader  
25 Years



**JESSIE GOODMAN**  
Manager,  
Construction & Maintenance  
30 Years



**CHRIS HOWELL**  
Construction  
Crew Leader  
30 Years



**BOBBY EDENFIELD**  
Lead Lineman  
35 Years

*Thank you  
for your  
service &  
dedication!*



# SOME RULES PERTAINING TO REGISTRATION AT EXCELSIOR EMC'S 2019 ANNUAL MEETING

## NEW MEMBERS

Subject to rules of general application, new members will be allowed to register at the annual meeting if such member has, on or before Thursday, May 2, 2019, (1) made a written application for membership, (2) agreed to purchase electric energy as specified in the bylaws and other rules, (3) agreed to be bound by the articles of incorporation and bylaws, and (4) paid their membership fee.

## SPOUSAL REGISTRATION

In keeping with Excelsior EMC's longstanding practice, a member's spouse may register and receive prizes at the annual meeting. However, the ability of a spouse to register expressly depends upon that person's ability to provide the Cooperative with adequate proof of their identity as a member's spouse. Furthermore, as each membership is entitled to only one vote, measures will be taken to prevent the registration of both a member and his or her spouse.

## POLICY CONCERNING THE REGISTRATION OF ORGANIZATIONAL MEMBERSHIPS

All organizations (for example, corporations, clubs, churches, schools, governmental bodies and other firms) which are members of Excelsior EMC and wish to register at the annual meeting of members will be required to complete a Letter of Authorization, a copy of which has been included in this newsletter. The Letter of Authorization shall be signed by a duly appointed officer or agent of the organization and shall be proof that the organization has authorized the individual named on the Letter of Authorization to represent the organization at the annual meeting.

Any individual who seeks to represent an organization at the annual meeting will be required to present at the meeting both (1) a Letter of Authorization (copy enclosed), duly signed by an authorized officer or agent of that organization, authorizing that individual to represent the organization, and (2) an annual meeting registration card.

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# LETTER OF AUTHORIZATION

FOR THE USE OF CORPORATIONS, CLUBS, CHURCHES, SCHOOLS,  
GOVERNMENTAL BODIES AND OTHER FIRMS ("ORGANIZATIONS")

\_\_\_\_\_ has been appointed to represent \_\_\_\_\_  
(Print name of person authorized to vote on behalf of the Organization.) (Print name of the Organization as it appears on the bill.)

as its voting delegate and to receive prizes for the Organization at the annual meeting of the members of Excelsior Electric Membership Corporation on Friday, May 17, 2019.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of officer or agent of the Organization. Must be the Organization's Chairman of the Board, President, Vice-President, Secretary, Treasurer or other officer or agent of the Organization, or if the Organization is a church, its pastor or a member of the church's official Board.)

\_\_\_\_\_  
(Print the title of the officer or agent who has signed the authorization.)

# OFFICIAL NOTICE OF ANNUAL MEETING

The 81st Annual Meeting of the Members of Excelsior Electric Membership Corporation will be held at the Nessmith-Lane Conference Center on the campus of Georgia Southern University in Statesboro, Georgia on Friday, May 17, 2019, at 2:30 p.m. The order of business at the Annual Meeting shall be as follows:

1. **Call to Order (1:30 P. M.)**
2. **Recess for Registration (1:30 P. M. to 2:30 P. M.)**
3. **Recall To Order and Determination of Quorum (2:30 P. M.)**
4. **Closing of Registration (Approximately 2:30 P. M.)**
5. **Proof of Notice**
6. **Action on Minutes of Previous Meeting**
7. **Presentation of Reports**
8. **Election of Directors**
9. **Unfinished Business**
10. **New Business**
11. **Adjournment**

The Nominating Committee, appointed under provisions contained in the Bylaws of the Cooperative, nominated the following named to serve as Directors of the Cooperative for a period of three years:


**District 7     Jordy Carter**  
1215 North Lewis Street  
Metter, GA 30439-3168

**District 8     Billy Hickman**  
103 Turkey Trail  
Statesboro, GA 30458-8957

**District 9     Wade C. Hodges**  
2882 W C Hodges Road  
Statesboro, GA 30461-2479

Every effort is being made to make this both an informative and enjoyable meeting for all who attend. We are looking forward to seeing you at the Annual Meeting.

Dated this 3<sup>rd</sup> Day of May, 2019

  
G. W. Johnson, Jr., Secretary

***PLEASE NOTE: Children will not be permitted in auditorium during business session.***

***Registration Card to be mailed separately.***

Periodicals Postage  
Paid at  
Statesboro, GA 30458