

# Trust. Innovation. Community.

2017 Annual Report



LAURENS ELECTRIC COOPERATIVE, INC.

A Touchstone Energy® Cooperative 





**Charles Adair**  
CHAIRMAN OF THE BOARD



**J. David Wasson Jr.**  
PRESIDENT AND CEO

As a not-for-profit electric cooperative owned by the people we serve, every decision we make and action we take at Laurens Electric Cooperative is centered on the benefit to our members.

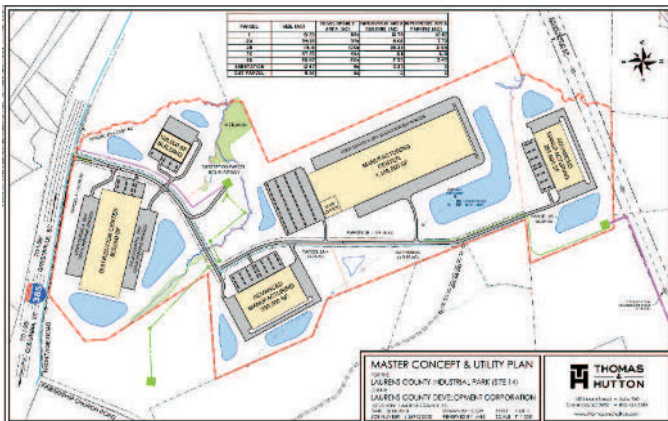
# Trust.



## Customer Satisfaction.

Last year we continued to achieve above-industry scores on the American Customer Satisfaction Index (ACSI), which provides a uniform and independent measure of consumer experience. Laurens Electric far surpassed benchmarks set by other utilities, such as the Investor-Owned Utility Average and even Touchstone Energy® Cooperatives.

OUR EMPLOYEES ARE YOUR FRIENDS AND NEIGHBORS.



LEC PARTNERED WITH OTHER INDUSTRY LEADERS TO BEGIN CREATION OF THE CONNEXIAL CENTER INDUSTRIAL PARK IN LAURENS COUNTY.

## Economic Development.

That's why we work with businesses, industrial leaders and economic development teams to bring growth and jobs to our area. LEC continues to capitalize on the development of the Highway 101 corridor in Spartanburg County and has recently partnered with other industry leaders to create the Connexial Center Industrial Park in Laurens County.

But while working for the economic health of our community, the co-op always maintains a focus on the financial stability of the co-op and you—our member-owners.

## Capital Credits.

As a member-owned electric utility, last year the cooperative returned \$904,000 in patronage capital credits, which are similar in nature to the dividends paid to stockholders in investor-owned utilities. You could consider this money your dividend as a member-owner of the co-op. Members who are owed \$100 or less received the credit to their accounts in October. Call us to see if you have unclaimed credits.

## Reliable, Responsive.

The bottom line in our service to you is reliability. When storms approach or the potential for outages occurs, our line crews are on call and ready to work. We coordinate with local news channels to keep you informed, and we maintain our web site and social media channels to keep you up to date. Beyond our work at home, we also assist other co-ops during times of great need. In 2017, we sent crews to Blue Ridge Electric Co-op to help with power restoration after Hurricane Irma and to Habersham Electric Co-op in Georgia to help with power restoration after a winter storm. Co-ops helping co-ops is one of the Seven Cooperative Principles we adhere to and ensures if we suffer a disaster here, other co-ops will return the favor.

LINE CREWS WORK TO RESTORE POWER AFTER DAMAGING WINDS CREATED OUTAGES FOLLOWING HURRICANE IRMA IN SEPTEMBER.



In addition to making sure the lights stay on, we also stay on top of the latest technology and innovation with an eye toward the future.

# Innovation.

## Trusted Energy Advisor.

As new energy sources and technologies emerge, we want to be your trusted energy advisor. Our members have expressed an increasing interest in solar energy, so in addition to completing the second Community Solar Farm in 2017, we also created a Solar Advisory and Installation program.

LEC COMPLETED ITS SECOND COMMUNITY SOLAR FARM IN 2017.



LEC Solar



THE SOLAR ADVISORY AND INSTALLATION PROGRAM WAS CREATED TO ENSURE THAT OUR MEMBERS MAKE THE BEST DECISION FOR THEM AND HAVE THE OPPORTUNITY TO HAVE PEACE OF MIND THEY'RE GETTING GOOD QUALITY EQUIPMENT AND INSTALLATION AT A FAIR PRICE.

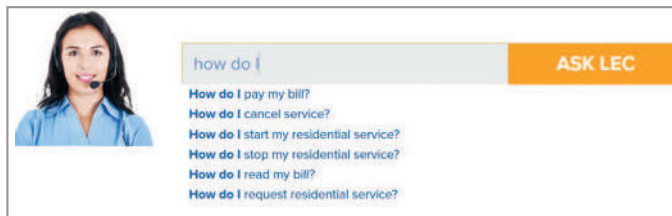
Designed for members who are considering adding solar panels on their homes, through this program we can walk you through the process and help you understand the economics. If you decide solar is right for you, you can even choose to use Laurens Electric to install the solar panels at your home. There is no better assurance or peace of mind than allowing your cooperative to help you make the transition to solar.

## Convenience and Communication.

In 2017 we restructured LaurensElectric.com with an emphasis on accessibility, simplification, and easier navigation for co-op members. Members can log in to their account at multiple locations throughout the site, find payment and billing options, energy efficiency advice, and rebates and incentives. A translation option, also available on every page within the site at the very top, includes most major languages. The site is also ADA (Americans with Disabilities Act)-compliant, so that people with hearing or vision difficulties have equal access to content.

In addition to the web site and social media channels including Facebook, Twitter and Instagram, LEC created an app for iPhones, iPads and Androids. Once you download for free, you can make a payment, report a power outage, check your usage and even set up payment reminders.

THE LEC APP IS FAST, EASY AND FREE.



WE ASKED OUR MEMBER SERVICE REPRESENTATIVES WHAT QUESTIONS YOU ASK THEM MOST OFTEN AND CREATED A SEARCHABLE FEATURE ON OUR HOME PAGE CALLED ASK LEC.

## ProTec™ Services,

a division of Laurens Electric Cooperative, celebrated 20 years as a BBB Accredited and award-winning business in 2017. ProTec serves 10,000 customers throughout the Carolinas, offering security systems, fire alarms, closed-circuit TV, access control, LifeGuard medical response systems, appliance/HVAC protection, surge suppression, and more. Visit the web site at ProTecService.com or find us on Facebook to see how ProTec can protect you.



PROTEC OFFERS THE LATEST TECHNOLOGY, LIKE DOORBELL CAMERAS, TO KEEP YOU SAFE, SECURE AND CONNECTED.





# Community.

Throughout the year, Laurens Electric Cooperative organizes programs and charitable events. The co-op sponsors local high school students each year to attend Washington, D.C. Youth Tour and the South Carolina Cooperative Youth Summit. We host hundreds of the area's elementary school children to visit Santa each December, hold an annual employee United Way fundraiser, and reach out to the community through our women's charitable group, WIRE (Women Involved in Rural Electrification).

In 2017, our biggest fundraising events—the Million Dollar Hole in One Shootout, annual Poker Run and Charity Golf Tournament—raised more than \$40,000.

THE ANNUAL MILLION DOLLAR HOLE IN ONE SHOOTOUT, STAFFED BY EMPLOYEES WHO VOLUNTEER THEIR TIME ALONG WITH THEIR FAMILIES AND FRIENDS, IS ONE OF THE EVENTS THAT HELP US FUND SEVERAL GIVING PROGRAMS.

**Cooperative Caring.** Laurens Electric helps hundreds of families in need each year through our Cooperative Caring program, which supplies funds to the Golden Strip Emergency Relief and Resource Agency and Laurens Baptist Crisis Center. They distribute the funds to local member families in need of help paying their utility bills.



LEC'S TECHNICAL SERVICES DEPARTMENT EMPLOYEE JIM LONG, PICTURED HERE WITH HIS WIFE AND TRIPLETS, PAID FORWARD \$500 TO CHILDREN'S HOSPITAL OF GREENVILLE HEALTH SYSTEM, SAYING "IF IT WEREN'T FOR THE CHILDREN'S HOSPITAL, ESPECIALLY THE STAFF IN THE NICU, I WOULDN'T HAVE THREE CHILDREN TODAY."

**Pay it Forward.** With the Pay it Forward program, every LEC employee is entered into a random monthly drawing to receive \$500 to pay forward in any way he or she chooses. The program allows employees, who are co-op members' friends and neighbors, a hands on opportunity to contribute to their communities.

To date there are more than 40 examples of LEC employees paying it forward to their communities. See them all at [LaurensElectric.com/PayItForward](http://LaurensElectric.com/PayItForward).

**Community Impact Initiative.** At the end of 2017, Laurens Electric announced a new Community Impact Initiative to take effect in 2018. The program will provide grants of up to \$2000 intended for public charitable purposes that enrich the quality of life of citizens in the communities we serve. Community members apply through their local Chambers of Commerce in Laurens, Mauldin, Simpsonville and Fountain Inn. Suggested interest areas are community development, education, the environment, health or arts and culture.



COMMUNITY IMPACT INITIATIVE GRANTS SO FAR INCLUDE \$500 TO THE FOUNTAIN INN FIRE DEPARTMENT TO PROVIDE EMERGENCY KITS FOR LOCAL SCHOOLS AND \$1,000 TO SIMPSONVILLE ELEMENTARY SCHOOL'S LEADERSHIP DEVELOPMENT PROJECT.

**Thanks to our employees who volunteer their time, and thanks to the members of the community who participate in and support these events, the co-op has raised \$600,000 to invest back into the community since 2003.**



**Joe Nicholson**  
DISTRICT 1



**Bill Hendrix**  
DISTRICT 2



**Lewis Harrison**  
DISTRICT 3



**Charles Adair**  
DISTRICT 4



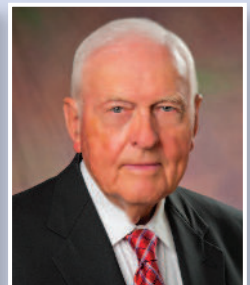
**Leroy Blakely**  
DISTRICT 5



**Eddie Abrams**  
DISTRICT 6



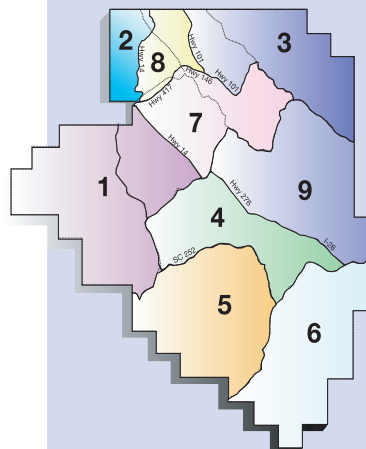
**Marty Cook**  
DISTRICT 7



**E.E. Hendrix**  
DISTRICT 8

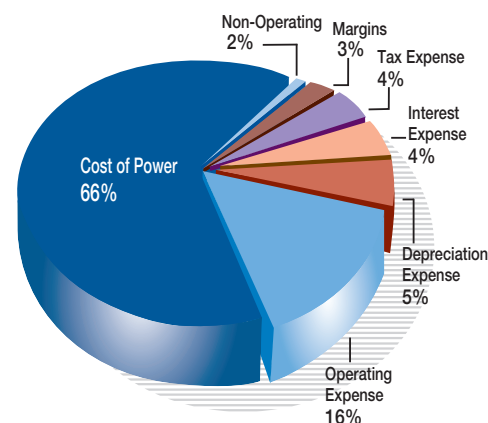


**Mitchell Powers**  
DISTRICT 9

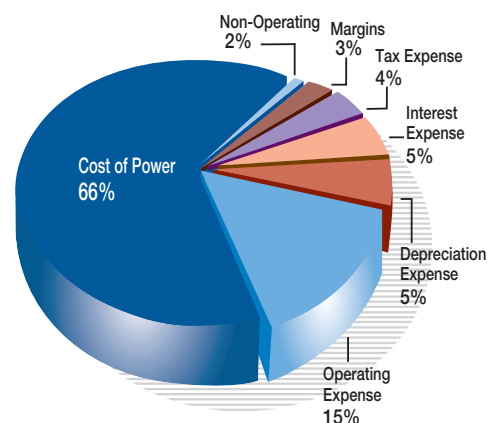


## Balance Sheet

Assets	2017	2016
<b>UTILITY PROPERTY, PLANT &amp; EQUIPMENT</b>		
Total Utility Plant in Service	\$ 253,116,287	\$ 240,390,536
Construction Work in Progress	7,628,357	9,507,473
Total Utility Plant	260,744,644	249,898,009
Less: Accumulated Depreciation	79,941,384	77,726,631
Net Utility Plant	180,803,260	172,171,378
Non Utility Plant	0	0
Investments in Associated Organizations and		
Other Property	22,349,955	19,541,544
Total Property, Plant & Equipment	203,153,215	191,712,922
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	12,580,720	18,552,761
Accounts Receivable	8,764,513	8,443,892
Notes Receivable	0	41,086
Materials and Supplies	1,666,889	1,332,138
Prepayments and Other Current Assets	342,370	272,418
Total Current Assets	23,354,492	28,642,295
<b>DEFERRED DEBITS</b>	178	0
<b>TOTAL ASSETS</b>	<b>\$ 226,507,885</b>	<b>\$ 220,355,217</b>
<b>Liabilities &amp; Equities</b>		
<b>EQUITY</b>		
Memberships	\$ 307,220	\$ 304,000
Patronage Capital & Other Equities	65,158,751	60,330,653
Total Equity	65,465,971	60,634,653
<b>CURRENT LIABILITIES</b>		
Accounts & Notes Payable	8,711,231	7,664,494
Member Deposits	2,764,968	2,832,573
Accumulated Operating Provisions	9,197,283	10,217,951
Other Current and Accrued Liabilities	11,615,272	11,959,002
Total Current Liabilities	32,288,754	32,674,020
<b>LONG-TERM DEBT</b>	124,674,476	123,331,629
<b>DEFERRED CREDITS</b>	4,078,684	3,714,915
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>\$ 226,507,885</b>	<b>\$ 220,355,217</b>



2017 Operating Expense



2016 Operating Expense

## Statement of Operations and Patronage Capital

	2017	2016
<b>ELECTRIC REVENUE</b>	<b>\$ 126,851,153</b>	<b>\$ 126,067,490</b>
<b>OPERATING EXPENSE</b>		
Cost of Power	87,192,437	86,469,981
Distribution Expense	8,471,863	8,153,391
Customer Account & Service Expense	4,178,940	4,234,295
Sales Expense	713,275	701,791
Administrative and General Expense	7,502,541	7,008,738
Depreciation Expense	6,671,441	6,360,528
Tax Expense	5,076,462	5,145,877
Other Expense	281,855	107,915
Total Operating Expense	120,088,814	118,182,516
Operating Margins Before Interest and Capital Credits	6,762,339	7,884,974
<b>INTEREST ON LONG-TERM DEBT</b>	<b>6,087,529</b>	<b>6,068,782</b>
Operating Margins Before Capital Credits	674,810	1,816,192
<b>NON-OPERATING MARGINS</b>		
Capital Credits from Related Organizations & Other Non-Operating Margins	2,952,497	2,434,458
<b>NET MARGINS</b>	<b>\$ 3,627,307</b>	<b>\$ 4,250,650</b>
Margins & Equities, Beginning of Year	\$ 60,634,653	\$ 58,341,038
Retirement of Capital Credits	904,028	750,000
Margins & Equities, End of Year	\$ 65,465,971	\$ 60,634,653