


Local People. Serving You.



2018 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, everything we do is for the benefit of our members. After all, we live here. We are your friends and neighbors. The Board of Directors who represent you are all co-op members, as are many of our employees. We take pride in providing the best service we can to the communities we call home.

Customer Satisfaction is our first priority.

In 2018 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.



Capital Credits are a benefit of ownership.

As a member-owned electric utility, last year the cooperative returned \$1,000,000 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, affordable power is the bottom line.

We have our finger on the pulse of energy industry challenges, changes, and policies that can impact our members, and work continuously to keep rates stable while keeping the power on.

We maintain rights of way year-round to lessen the chances of outages, but when storms approach or the potential for outages occurs, our line crews are on call and ready to work.

Beyond our work at home, we also assist other co-ops during times of great need. In 2018, we sent crews to Virginia to help with power restoration after Hurricane Michael. 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.

Technology and innovation keep you informed.

We coordinate with local news channels and maintain our web site and social media channels to keep you up to date. But we've also invested in methods of communication that put the power in your hands.

Members can visit the Outage Center on our web site to sign up for outage alerts via text message. Then they can report an outage or check the status of an ongoing outage with a cell phone.

Visitors to the web site can also sign up to receive customized notifications about electric usage, receive due date reminders and be notified in case of severe weather and emergencies by signing in to the their account and selecting their preferences in the Member Portal.

Don't forget to get the LEC Connect App in your favorite app store – it's free.



MEMBERS CAN GET CUSTOMIZABLE NOTIFICATIONS ABOUT OUTAGES, THEIR ELECTRIC USAGE, OR EMERGENCIES VIA TEXT.



OUR EMPLOYEES ARE YOUR FRIENDS AND NEIGHBORS.



LEC LINE CREWS TRAVEL TO HELP OTHER CO-OPS IN NEED AFTER NATURAL DISASTERS.





Economic Development means community development.

That's why we work with businesses, industrial leaders and economic development teams to bring growth and jobs to our area. LEC has partnered with other industry leaders to create the Connexial Center industrial park in Laurens County.

Located along Interstate 385, the park provides an opportunity for growth, jobs and financial investment in our community.

We are your trusted energy advisor.

As new energy sources and technologies emerge, our members have expressed an increasing interest in solar energy. In addition to our two Community Solar farms, we created a Solar Advisory and Installation program.

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.

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



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.



ProTec provides more services for members.

ProTec Services is a division of Laurens Electric and a BBB Accredited and award-winning business. ProTec serves more than 10,000 customers throughout the state, 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.



Commitment to community is a core value.

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).

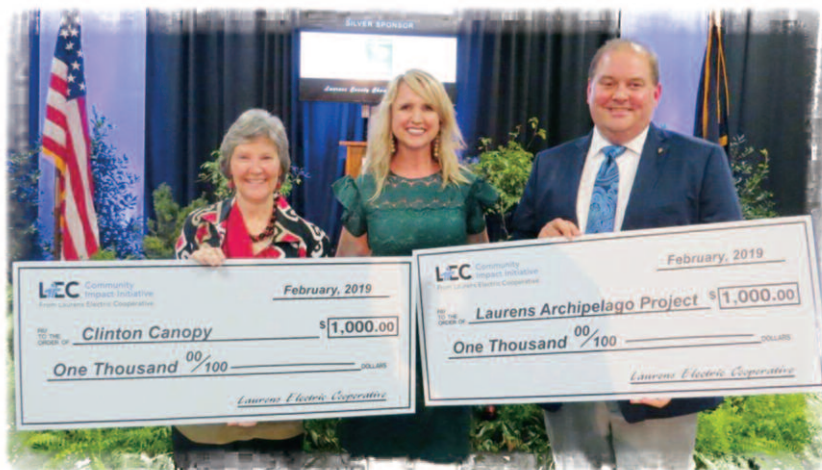
In 2018, our biggest fundraising events - the **Million Dollar Hole in One Shootout and Charity Golf Tournament** - raised more than \$40,000.



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.



CUSTOMER SERVICE REPRESENTATIVE CRYSTAL WEST (LEFT), PAID FORWARD \$500 TO THE HENSLEY FAMILY OF TAYLORS. 2-YEAR OLD NICOLETTE, HERE WITH HER MOM BRANDI, NEEDS A SPECIAL COMMUNICATIONS DEVICE TO HELP HER CONNECT TO OTHERS.



SUSAN GALLOWAY (LEFT) AND JONATHAN IRICK (RIGHT) ACCEPTED FUNDS ON BEHALF OF TWO PROJECTS AWARDED VIA LAURENS ELECTRIC'S COMMUNITY IMPACT INITIATIVE, PRESIDED OVER BY LAURENS COUNTY CHAMBER OF COMMERCE PRESIDENT AND CEO AMANDA MUNYAN (CENTER) AT THEIR ANNUAL BANQUET.

As a not-for-profit cooperative, these fundraising events allow us to raise money for several giving programs.

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.

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.

In 2018, Laurens Electric began its **Community Impact Initiative**. The program provides 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.

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



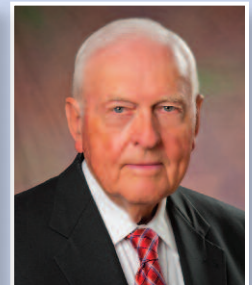
Leroy Blakely
DISTRICT 5



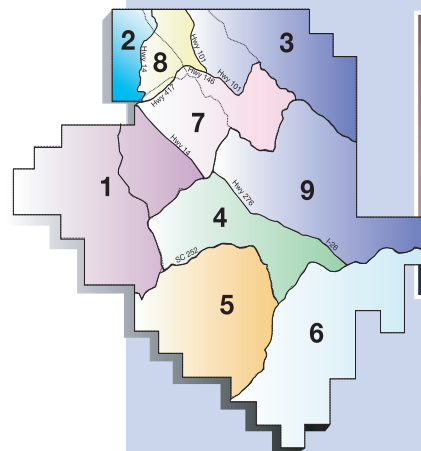
Eddie Abrams
DISTRICT 6



Marty Cook
DISTRICT 7



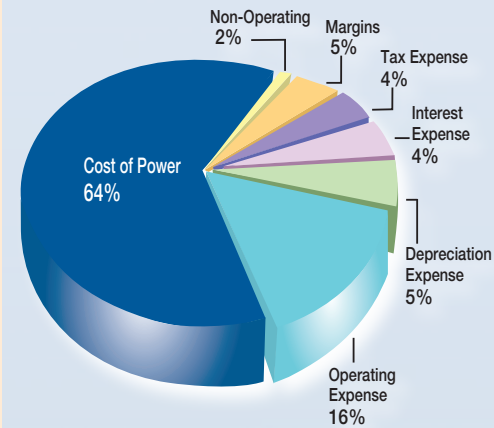
F. E. Hendrix
DISTRICT 8



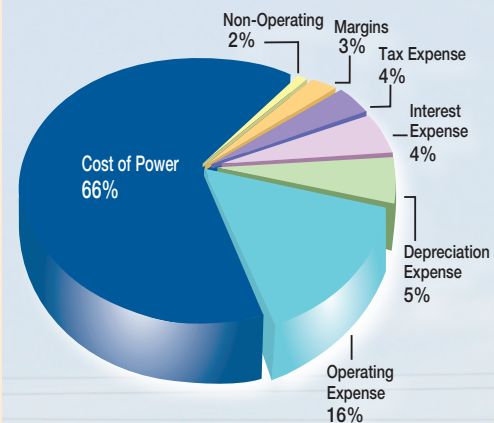
Mitchell Powers
DISTRICT 9

Balance Sheet

	2018	2017
Assets		
UTILITY PROPERTY, PLANT & EQUIPMENT		
Total Utility Plant in Service	\$ 262,270,231	\$ 253,116,287
Construction Work in Progress	8,284,458	7,628,357
Total Utility Plant	270,554,689	260,744,644
Less: Accumulated Depreciation	81,563,077	79,941,384
Net Utility Plant	188,991,612	180,803,260
Non Utility Plant	0	0
Investments in Associated Organizations and Other Property	24,144,225	22,349,955
Total Property, Plant & Equipment	213,135,837	203,153,215
CURRENT ASSETS		
Cash & Cash Equivalents	5,627,470	12,580,720
Accounts Receivable	10,513,837	8,764,513
Notes Receivable	4,076,489	0
Materials and Supplies	1,609,759	1,666,889
Prepayments and Other Current Assets	296,768	342,370
Total Current Assets	22,124,323	23,354,492
DEFERRED DEBITS		
	0	178
TOTAL ASSETS	\$ 235,260,160	\$ 226,507,885
Liabilities & Equities		
EQUITY		
Memberships	\$ 312,060	\$ 307,220
Patronage Capital & Other Equities	71,712,156	65,158,751
Total Equity	72,024,216	65,465,971
CURRENT LIABILITIES		
Accounts & Notes Payable	8,804,560	8,711,231
Member Deposits	2,770,686	2,764,968
Accumulated Operating Provisions	10,027,406	9,197,283
Other Current and Accrued Liabilities	12,442,865	11,615,272
Total Current Liabilities	34,045,517	32,288,754
LONG-TERM DEBT		
	122,111,237	124,674,476
DEFERRED CREDITS		
	7,079,190	4,078,684
TOTAL LIABILITIES & EQUITIES	\$ 235,260,160	\$ 226,507,885



2018 Operating Expense



2017 Operating Expense

Statement of Operations and Patronage Capital

	2018	2017
ELECTRIC REVENUE	\$ 138,143,167	\$ 126,851,153
OPERATING EXPENSE		
Cost of Power	92,403,553	87,192,437
Distribution Expense	9,341,292	8,471,863
Customer Account & Service Expense	4,504,687	4,178,940
Sales Expense	234,624	713,275
Administrative and General Expense	8,408,696	7,502,541
Depreciation Expense	7,145,039	6,671,441
Tax Expense	5,439,488	5,076,462
Other Expense	104,587	281,855
Total Operating Expense	127,581,966	120,088,814
Operating Margins Before Interest and Capital Credits	10,561,201	6,762,339
INTEREST ON LONG-TERM DEBT		
Operating Margins Before Capital Credits	5,894,949	6,087,529
	4,666,252	674,810
NON-OPERATING MARGINS		
Capital Credits from Related Organizations & Other Non-Operating Margins	2,495,804	2,952,497
NET MARGINS	\$ 7,162,056	\$ 3,627,307
Margins & Equities, Beginning of Year	\$ 65,465,971	\$ 60,634,653
Retirement of Capital Credits	1,000,000	904,028
Margins & Equities, End of Year	\$ 72,024,216	\$ 65,465,971

