

AUGUST 2018 A Touchstone Energy® Cooperative 

Alabama LIVING

Central Alabama
Electric
COOPERATIVE

2017
Annual
Report



2018 Member Appreciation Day
& Annual Meeting

CAEC's West Operations Center
Verbena, I-65 Exit 200
Registration 4 p.m.
Friday, August 10th

Executive Report

Deep Connections



As a utility company, Central Alabama Electric Cooperative (CAEC) *could* have just one goal—to provide reliable electricity to our members. But, we're more than that. We are an organization deeply connected to the communities we serve because we were created by those very communities.

Eighty years ago, neighbors and friends came together to build something better than just a “power company,” they built an electric co-op that was, in fact, powered by the people. Over the years, that cooperative, CAEC, has grown and been shaped by the unique needs and desires of the people it serves here in central Alabama.

As an electric cooperative, one of our main priorities is delivering reliable and safe energy at an affordable price. But our employees take this a step further, by taking their jobs personally and striving for service excellence. While on paper this is apparent with our average 2017 American Customer Satisfaction (ACSI) score of 85, which is above the industry average, it's in the field where our employees truly shine. Whether it's working during and after a storm to restore service, getting to personally know members who walk in the door of our offices or looking for new and innovative ways to improve how we provide service to every member, your cooperative employees always have you in mind when they arrive to work each day.

Beyond the workplace, we are connected to the cities, towns and neighborhoods we serve because we live there too. As a cooperative, CAEC invests in education through programs such as Youth Tour and Bright Ideas Grants, economic development by working alongside local and national partners to bring jobs to our area, and we partner with civic groups and local business organizations in an effort to make this an even better place to live. Our employees take their own time to connect to others by leading on the sidelines of local youth leagues, serving in ministries, building homes for those in need or donating their time to local libraries, fire departments, schools and serving in our military.

It is this dedication to the people in our area that has led us to go beyond the power lines and investigate a potential initiative—high speed internet (broadband). Just like the needs of those who founded CAEC in 1938, we again find many in our area lacking a service that can greatly enhance their quality of life. It is a very similar story to what our founders faced 80 years ago, with for-profit companies once again not willing to provide service to rural areas, which lack enough density to be profitable and worth their investment. We know the benefits that broadband can bring—better connection to economic development initiatives, healthcare, education and agricultural advances just to name a few. But should your co-op step in?

Traditionally, the needs of our membership have helped guide CAEC's direction, which is the reason we are asking our members to take our Broadband Access Survey (www.caecaccess.coop). The results from this survey will help us determine if there is a true demand for broadband service in our area and help decide whether or not to pursue the project. Installing broadband is an expensive decision, which is why there is a financial commitment required as part of the survey. We can assure you that your board and cooperative employees are researching every possible scenario, having dialogue with cooperatives who have gone through a similar undertaking and measuring the pros and cons of such an endeavor.

Throughout our 80-year history, CAEC has been deeply connected to the people we serve—and 2017 was no different. As we celebrate our last 80 years and look to finish 2018, we do so with potential opportunities presenting themselves—ones that we will investigate with our members' best interest in mind and a sustained dedication to providing quality service.

Tom Stackhouse
President/CEO

Terry Mitchell
Chairman, Board of Trustees

Neighbors & Community

CAEC's service area covers 3,100 square miles in 10 counties. And throughout that landscape are all the cities, towns and neighborhoods we serve, but more importantly are the people who connect us to each other and make us a strong community.

We strive to make life better for those we serve. Whether it's serving as a board member of a community association or putting boots on the ground as volunteers, our employees inhabit a culture of giving back to others. In 2017, CAEC employees and members came together for our 5th Annual Tide vs. Tiger Food Drive, benefitting the Montgomery Area Food Bank (MSFB), which serves six counties in our 10-county service area. In total, over \$860 was raised to supply over 5,600 pounds of food to local families in need. To date, this annual effort has raised more than \$1,400.

We also partner with the local business community to offer unique discounts for CAEC members through the Co-op Connections Card Program. Last year we highlighted this partnership with our first ever Co-op Connections Card Day, spotlighting several businesses in the community and special discounts for that day. This program also benefits our members with the prescription savings it offers, which has yielded nearly \$640,000 in savings for CAEC members since the program began in 2008.

A unique aspect of the electric cooperative community is that it stretches beyond borders. We're connected to a network of co-ops throughout the world, and we help each other whenever possible. In 2017, as part of the National Rural Electric Cooperative Association's International Program, we sent two CAEC employees to the towns of Caracol and Corteaux, Haiti. While there, our employees assisted local mechanics in repairing a number of their vehicles, and they instructed the Haitian mechanics on the importance of performing regular maintenance on their line trucks. Tools were given to the utilities so they would be more capable of doing repair work more efficiently in the future, and CAEC employees were also able to repair a generator during their trip to Haiti.



118



CAEC EMPLOYEES LIVING IN THE COMMUNITIES THEY SERVE

111 LOCAL Co-op Connection Card Businesses

12,000

People served by the Caracol Community Electrification Program in northern Haiti

Future Leaders

One of the greatest impacts we can have on our future is equipping and preparing upcoming generations. CAEC has had a long-lasting dedication to the youth in our area; and in 2017, we increased that commitment by helping introduce a new program: the Empower Energy Education Workshop. Hosted by co-ops from across Alabama and northwest Florida, over 500 teachers and educators were provided engaging and fun activities about electricity generation and distribution with a focus on energy education. This initiative is designed to promote a balanced approach to energy education in the classroom and provide learning resources to teachers, which in turn help students become more knowledgeable about energy.

Our Bright Ideas Grant program awarded \$16,000 in grants for 21 projects. These hands-on activities, ranging from robotics to aquaponics and agriculture, will benefit more than 3,600 students in our service territory.

CAEC employees also took education to the classroom through safety and energy efficiency demonstrations. Additionally, we attended several different career fairs throughout our territory, allowing employees to educate students about the many roles available at more than 900 cooperatives throughout the country. We also hosted job shadow days at the co-op to give students a hands-on view of the workplace environment. In addition, 16 students participated in our Explorers Program—a collaboration with the Boy Scouts of America that introduces interested students to the world of engineering.

The long-standing and successful Youth Tour program sent three CAEC delegates to Washington D.C. for the highest-attended Washington Youth Tour in history—with more than 1,800 students from throughout the country. Furthermore, CAEC delegate Allison Flowers was voted the State Youth Leadership Council (YLC) representative for Alabama. This honor allowed her to speak and interact on a national stage with cooperative employees, board members and other leaders.

240+

Local students taking part in the Explorer program

1968

The year Alabama began participating in the Youth Tour Program

BRIGHT IDEAS GRANTS



Benefitting over 115,000 students SINCE 1998

\$3K

in scholarships in 2017



Technology

Today we are constantly connected through ever-changing technology. From gaining valuable information to taking care of shopping and banking, the way we conduct business has greatly evolved during the last few years.

Our members are embracing the ease of technology when making bill payments—46 percent are being made by E-payments. With this in mind, in 2017, we introduced texting technology to make doing business with us even easier. From your phone, you can now pay your bill, report an outage or check on your energy usage any time of day. Payment kiosks are also a popular form of payment, comprising about 9 percent of all payments. Last year we added a kiosk location to the Concorde Travel Plaza in Jemison off Interstate 65.

Technological advances are also impacting the way our members live, such as advances in electric vehicles (EVs) and charging stations. To be a better source of information for our members, an all-electric Chevrolet Bolt EV was added to our fleet of company vehicles. We also installed a public charging station at our Prattville Headquarters. This will allow us to analyze the data on how the cars drive, mileage and savings data, return on investment and efficiency in comparison to regular gas engine vehicles.

In 2017:

326,589

E-Payments

58,308

Kiosk payments

Recovery

There may be nothing that brings us together like a significant weather event or natural disaster. But no matter what happens, electric cooperatives are there for each other, providing a network of support and aid whenever disaster strikes.

Last September, Hurricane Irma hit Florida as one of the most powerful Atlantic storms since 2007 with maximum sustained winds of 130 miles per hour. After restoring the 1,535 CAEC members who lost power, our eyes turned to our co-op neighbors in Florida who were greatly impacted by this storm. We dispatched 16 line workers to Clay Electric Cooperative in Keystone Heights, Fla., where they worked over a week-long period to restore power to approximately 90 percent of their members who had been affected.

900+

Electric
distribution
co-ops aiding
each other
across the U.S.

About a month later, on October 7, Tropical Storm Nate quickly blew through our service territory and left us with more than 6,200 members without power, mostly from fallen trees and limbs in eight of our 10 counties. Through hard work and dedication, all outages were restored within 24 hours.

Our true test of recovery hit on a cold, December day. From December 8-10, CAEC employees worked relentlessly to restore power from the snow storm that caused 407 outages and affected more than 11,000 members in all 10 of our counties. This time, we received the aid from crews including Asplundh and Covington, Cullman, Pioneer, Pea River, South Alabama, Southern Pine and Wiregrass Electric Cooperatives. It was one of the most widespread and prolonged outages that CAEC had encountered in years. Throughout both of these significant weather events, our members were patient, understanding and flooded our social media accounts with words of encouragement and kind thoughts—reminding us that we work for the best members in the business.



2,385



Reactions
comments
& shares

on nine Facebook
posts about the
December 8th
snow storm



Statement of Financial Condition

as of Dec. 31, 2017

Assets

Total Utility Plant	\$242,184,119
Less Accumulated Depreciation	<u>(56,357,082)</u>
Net Utility Plant Value	185,827,037
Equity in Associated Organizations	43,311,239
Cash	842,358
Temporary Investments	214,163
Accounts Receivable	11,131,861
Prepayments	2,539,948
Material in Inventory	930,064
Other Current and Accrued Assets	11,001
Deferred Charges	<u>3,466,333</u>
Total Assets	<u>\$248,274,004</u>

Liabilities and Member Equity

Membership, Equities and Deposits	\$99,528,421
Long-term Debt	128,794,298
Non-current Liabilities	2,568,107
Notes and Accounts Payable	8,267,463
Other Current & Accrued Liabilities	8,991,218
Deferred Credits	<u>124,497</u>
Total Liabilities and Member Equity	<u>\$248,274,004</u>

Statement of Operations

Revenue

Electric Revenue	\$86,143,306
Other Operating Revenue	<u>2,270,584</u>
Total Revenue	<u>\$88,413,890</u>

Expenses

Cost of Purchased Power	\$53,209,962
Distribution & Operation Maintenance	10,857,244
Consumer Accounting, Service & Sales	6,727,979
Administrative and General	<u>6,294,673</u>
Total Operations & Maintenance Expense	\$77,089,858
Depreciation Expense	6,684,297
Interest Expense	4,655,354
Other Deductions	<u>15,558</u>
Total Cost of Electric Service	<u>\$88,445,067</u>
Total Operating Income	(\$31,177)
Interest Income	298,389
Income from Equity Investments	335,162
Capital Credits from Associated Org.	1,432,301
Patronage Capital	<u>\$2,034,675</u>

Note: The Official Audit Report for the year ending Dec. 31, 2017, will be presented at the Aug. 10, 2018 Annual Meeting.



BOARD OF TRUSTEES

(Pictured from Left to Right)

Jimmie Harrison Jr., Maplesville; Patsy M. Holmes, Wetumpka; Chase Riddle, Prattville; David Kelley Sr., Rockford;
Mark S. Presnell Sr., Secretary/Treasurer, Wetumpka; Terry Mitchell, Chairman, Stewartville; Charles Byrd, Vice-Chairman, Deatsville;
C. Milton Johnson, Statesville; Van Smith, Billingsley; Mark Gray, Clanton

MANAGEMENT TEAM

(Not Pictured)

Tom Stackhouse, President/CEO

Julie Young, Vice President, Business and Administrative Services; Chuck Billings, Vice President, Customer and Energy Services;
Jimmy Gray, Vice President, Engineering and Operations; Damali Clark, Vice President, Corporate and Financial Services

CAEC'S REBATE PROGRAM



LET'S POWER SAVINGS



Central Alabama
Electric Cooperative

A Touchstone Energy® Cooperative 



CAEC offers rebates on dual fuel and mini-split systems for both standard and manufactured homes. The minimum SEER rating allowed is 15 on standard homes.

In addition, we offer rebates for new and existing manufactured homes replacing an electric furnace with a heat pump.

Rebate qualifications are below. For more information, contact us at 1-800-545-5735 ext. 2118.

Standard Homes:

Dual Fuel or Mini-Split Unit:

- 15 SEER: \$300 per ton
- 16 SEER or greater: \$350 per ton

Manufactured Homes:

New Manufactured Homes, replacing the electric furnace with a heat pump receive the following:

- 2 to 2.5 tons: \$400
- 3 to 4 tons: \$600
- 5 tons: \$700

Existing Manufactured Homes, converting from an electric furnace to a heat pump receive the following:

- \$400 per ton to the homeowner

Dual Fuel or Mini-split:

- 14 SEER: \$250 per ton
- 15 SEER: \$300 per ton
- 16 SEER or greater: \$350 per ton

Installer must have a business license for installing HVAC systems. A load calculation must be performed on the home and a copy must be turned in to CAEC (this ensures that the heat pump will be properly sized for the home). For manufactured homes, an inspection of skirting must be completed by CAEC. Proof of purchase of the unit (invoice) required.

Is your voice being heard?

From renewable power to the lack of broadband internet in rural America, there are a lot of issues being discussed both locally and on the national stage. Are you part of it?

You can join the 30,000+ individuals already working together on the Action Committee for Rural Electrification® (ACRE). Membership in ACRE Co-op Owners for Political Action® is easy, and for a couple of dollars a month, you can have a great impact on an important dialogue. Simply give us a call at (800) 545-5735. After you join, your electric bill will display a monthly ACRE membership fee of \$2.08.



Central Alabama
Electric Cooperative

A Touchstone Energy® Cooperative 

Complete form and mail to: CAEC, 103 Jesse Samuel Hunt Blvd. Prattville, AL 36066

Yes! Enroll me in ACRE so that MY voice can be heard in our nation's capital!

I understand a low membership fee of \$2.08 will be added to my monthly electric bill.

Name _____ Account Number _____

Address _____ Phone Number _____

E-mail _____ Signature _____