

# 2022

ANNUAL REPORT

# ENERGIZING

OUR COMMUNITY



**Covington Electric  
Cooperative, Inc.**

A Touchstone Energy® Cooperative



## BOARD OF TRUSTEES



**Charles Grace**  
District I – Dozier



**Dr. Bill King**  
*Assistant Sec./Treas*  
District II – Andalusia



**W.B. Smith Jr.**  
*Chairman*  
District III – Brantley



**C. Heflin Smith**  
*Vice Chairman*  
District IV – Kinston

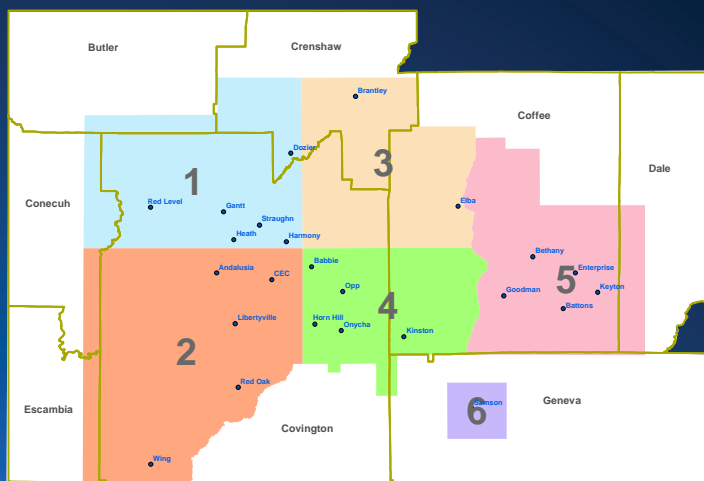


**Trey Martin**  
District V – Enterprise



**Patricia Janasky**  
*Sec./Treas.*  
District VI – Samson

## CEC SERVICE TERRITORY



Covington Electric Cooperative is a member-owned electric distribution cooperative serving approximately 24,300 meters in parts of six counties: Covington, Coffee, Crenshaw, Geneva, Escambia and Dale.

**Headquarters:**

18836 U.S. Highway 84 | Andalusia, AL 36421

**Branch Office:**

19349 Hwy 134 | Enterprise, AL 36330



**covington.coop**

800-239-4121 — Toll Free

800-239-1193 — Report Outages



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# The Executive Report

Covington Electric Cooperative is proud of its nearly 80 years of service. Since 1944, your cooperative has been committed to improving the quality of life for CEC members with electricity and other programs throughout its service area.

CEC has always remained local and connected to the members who comprise this organization. This allows us to better understand the needs of our members. CEC employees and board members are your neighbors. We see what is important to you because it's also important to us.

We're excited about the progress that was made on key projects in 2022. Right now, Buzz Broadband is bringing thousands of CEC members high-speed, reliable internet for the first time ever. The Buzz staff and contractors are working tirelessly to get you connected. Our goal is to have internet access available to all CEC members by the end of this year. Broadband internet service is crucial to business, quality of life and education. We hope this service will dramatically move our communities forward just like electricity did eight decades ago.

Additionally, we've completed construction on the CEC Community Solar Garden near our headquarters in Sanford. This solar garden allows CEC members to purchase power that has been generated with solar energy. We understand how important investing in renewable, green energy is to the CEC membership.

As always, we welcome your comments and concerns. We look forward to connecting with CEC members at various events throughout the year. Whether you're giving us feedback as you pay your bill in person or calling our offices, we encourage you to continue reaching out because we appreciate hearing from you.

That's why we believe in "energizing" our communities through the power we provide and so much more.



A handwritten signature in black ink that reads "Mark Parker".

**Mark Parker**  
CEC President, CEO &  
General Manager



A handwritten signature in black ink that reads "W.B. Smith Jr.".

**W.B. Smith Jr.**  
Chairman, CEC  
Board of Trustees



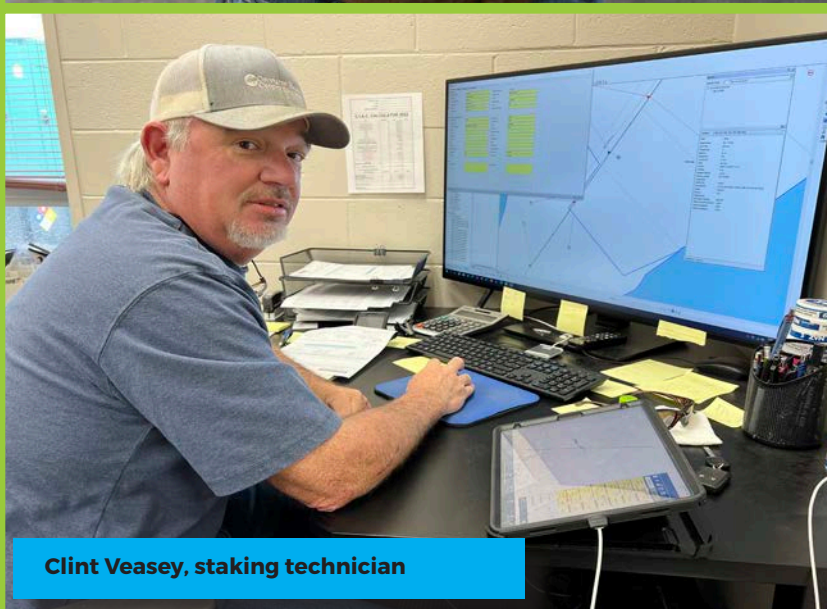
# ENERGIZING | SERVICE & RELIABILITY



**John Johnson, construction foreman**



**Daniel Hart, warehouse specialist**



**Clint Veasey, staking technician**



**Dan Harris, dispatcher**

## KEEPING THE LIGHTS ON

Since 1944, Covington Electric Cooperative has provided reliable power to homes and businesses with a commitment to community that has never wavered. Members, the people we serve who own this cooperative, are the heart of this company and we've never taken that for granted.

Service excellence is one of CEC's primary objectives. Barring major developments beyond its control—such as major storms or a power failure at the wholesale power supply level—CEC is determined to provide as near 100 percent uninterrupted service as is humanly possible.

CEC's employees are highly skilled and dedicated to their jobs. They take great pride in their work and understand that electricity is a critical service used by everyone. When our service area is hit with severe weather, our crews respond with an eager determination to restore service as quickly as possible. In 2022, CEC experienced a few isolated outages that lasted longer than normal because of the type of damage that occurred. Fortunately, the co-op did not experience any widespread prolonged outages last year. Our sister co-ops in Florida were not as lucky. CEC sent a crew to south Florida last fall to assist Lee County Electric Cooperative with their restoration efforts after Hurricane Ian caused extensive damage to their electric distribution system (see picture right). Co-ops always embrace the mantra of "neighbors helping neighbors" when disaster strikes.



## UTILIZING TECHNOLOGY

Service interruptions at CEC have significantly improved through the years thanks to system investments like power line right-of-way maintenance, facilities connected with fiber technology, implementation of smart meters, and the creation of a dispatch control center that streamlines work orders and outage response efforts. Within the last 20 years, hundreds of miles of outdated power lines insufficient to meet a growing demand for electric service, have been rebuilt or upgraded.

Technology has also made a big impact on the way our member service representatives are able to assist members, particularly with questions about their usage or options to pay their bills.

## SAFELY DELIVERING ELECTRICITY

CEC has an ongoing safety program, with regular meetings of employees for training in safe work procedures. Employees also participate in online safety training courses and hands-on activities to help increase awareness of safety hazards and improve safety prevention efforts. CEC's goal is to eliminate on-the-job accidents, as well as accidents involving property—both CEC's and others.

Promoting safety awareness to CEC members and the public is important. That's why CEC employees conduct electrical safety demonstrations and provide free electrical safety information online, at each office location, and by mail upon request. CEC strives to work and live 100 percent safe every day.



# ENERGIZING | COMMUNITY INVOLVEMENT



Grant recipients at Straughn High School



Montgomery Youth Tour Delegates



WOW West Career Expo

## BRIGHT IDEAS

CEC offers the Bright Ideas grant program to help teachers with learning initiatives that are not covered by traditional funding. The program is available to K4-12 teachers at schools that are served by CEC. In December, CEC awarded more than \$22,000 in grants to 40 teachers at multiple schools. These grants are helping teachers implement exciting projects in their classrooms that might not otherwise be possible.

## CAREER EXPOS

CEC participates in several career expos each year. These events introduce students to various careers and provides them with an opportunity to ask questions and learn about jobs available within their own communities.

## SCHOLARSHIPS

Each year, CEC offers up to 14 (\$1,000) scholarships through the Electric Cooperative Foundation. There is one technical college scholarship and one four-year college scholarship for the six schools that CEC serves. The co-op also offers two scholarships with the same guidelines for qualifying students attending high schools not served by CEC. Scholarship recipients must be a high school senior and the dependent of a CEC member to be eligible.

## YOUTH TOUR

Although students weren't able to travel to Washington, D.C., for the national Youth Tour program in 2022, CEC sponsored nine local delegates to attend the Montgomery Youth Tour program. CEC's delegates toured sites around the capital and learned about the state's history. The National Rural Electric Cooperative Association created the Youth Tour program in the 1950s to educate students about the nation's history and the role electric cooperatives played in it. The tradition continues on state and national levels today.

As you can see, your electric co-op supports a wide range of beneficial programs and events within its service territory. Some programs include the Liberty Learning Super Citizens Program, A Cooperative Environment, and American Red Cross Blood Drives. To learn more about CEC's community involvement visit [covington.coop](http://covington.coop).

# ENERGIZING | THE FUTURE



**Beth Foreman, MSR**

## COMMUNITY SOLAR

In 2022, CEC completed its Community Solar Garden located across the street from our headquarters in Sanford. This program gives CEC members a flexible option to have a portion of their electricity generated with renewable energy. Participants sign a 12-month agreement to buy an average of 155 kWh per month for a flat rate of \$20. This program will not lower a subscriber's electric bill. If you are interested in participating in this program, you can do so online via our website or by calling our office to speak with a MSR.

## MODERN CONVENIENCES

It's never been easier to conduct business with your electric co-op. We have multiple ways to pay your bill 24/7 that include using the kiosks in Sanford, Enterprise or Samson lobbies, as well as online through our website or app. Members can also pay over the phone anytime using the IVR. CEC encourages its members to use other online tools like monitoring energy usage, chatting with an MSR during regular business hours, reporting an outage using our free app or applying for service all with the simple touch of a button.

Other services and products provided by CEC include energy audits, surge suppression, water heater sales, electric grill and smoker sales, and all members should have a Co-op Connections Card (it provides discounts on thousands of products and services nationwide).

CEC also offers Flex Advantage, a pre-pay program that allows members to purchase electricity in advance and avoid delinquent fees and deposits for service. To learn more about any of these products or services, simply contact CEC by phone, email or visit our website [covington.coop](http://covington.coop).



**Forrest Withrow, IT specialist**



# ENERGIZING | BUZZ BROADBAND



Maury Coale, Business Dev. Coordinator

## WELCOME TO THE HIVE



Buzz Broadband is a fiber-to-the-home business that is a subsidiary of CEC. It delivers information almost at the speed of light, making it the best technology for internet service. The build-out of Buzz continues, but great progress was made in 2022, despite many challenges such as supply chain issues and labor shortages. We expect to complete the build-out of this monumental project by the end of 2023. Every CEC member will have access to this world-class internet service. Those who have it now are raving about the speed and quality.

We are very proud to be helping bridge the digital divide in this country, particularly in the rural areas that we serve. You can learn all about Buzz Broadband by visiting the website

## BUZZ BY THE NUMBERS

CEC members with access to Buzz Broadband

11,245

Total miles of fiber

1,519

Average weekly new customers

62

Total grants received through the end of 2022

15,300,000

BUZZ employees

8

Landline phone services using Buzz Broadband

253

Total customers connected as of March 3, 2023

2,569



Powered by Covington Electric Cooperative



# STATEMENT OF | REVENUE & EXPENSES

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>REVENUE:</b>		
Total Revenue	<u>\$62,309,787</u>	<u>\$54,572,249</u>
<b>EXPENSES:</b>		
Cost of Purchased Power	\$34,356,413	\$30,072,118
Operations & Maintenance	7,717,613	6,645,083
Administrative & General	3,831,643	4,339,905
Consumer Accounting	1,545,558	1,524,268
Member Services & Sales	890,660	910,036
Depreciation & Amortization	5,187,235	4,628,467
Tax Expenses	1,593,741	1,251,975
Interest on Long-Term Debt	<u>3,589,790</u>	<u>3,011,234</u>
<b>TOTAL EXPENSES:</b>	<u>\$58,712,653</u>	<u>\$52,383,086</u>
<b>MARGINS:</b>		
Operating Margin	\$3,597,134	\$2,189,163
Non-Operating Margin	<u>44,095</u>	<u>1,818,349</u>
<b>TOTAL MARGINS:</b>	<u>\$3,641,229</u>	<u>\$4,007,512</u>
<b>CAPITAL CREDIT ASSIGNMENTS:</b>		
PowerSouth Energy Cooperative	\$608,803	\$610,723
Other Sources	<u>234,127</u>	<u>180,350</u>
<b>TOTAL CAPITAL CREDITS:</b>	<u>\$842,930</u>	<u>\$791,073</u>
<b>TOTAL MARGINS, ALL SOURCES:</b>	\$4,484,159	\$4,798,585



# BALANCE SHEETS | 2021-2022

## ASSETS:

**2022**

**2021**

### Utility Plant:

Utility Plant	\$179,290,595	\$165,681,662
Construction Work in Progress	\$22,042,849	\$19,202,678
	<u>\$201,333,444</u>	<u>\$184,884,340</u>

Less: Accumulated Depreciation	(\$46,233,127)	(\$43,698,041)
Net Utility Plant	\$155,100,317	\$141,186,299

### Other Assets and Investments:

Investments in Subsidiary Companies	(\$393,228)	\$125,048
Investments in Associated Organizations	\$26,613,471	\$25,884,284
Economic Development Notes Receivable	\$184,738	\$207,733
Other Investments	\$200,000	\$200,000
	<u>\$26,604,981</u>	<u>\$26,417,065</u>

### Current Assets:

Cash and Cash Equivalents	\$7,106,977	\$3,267,215
Notes Receivable (Net)	\$5,336,116	\$1,282,232
Accounts Receivable (Net)	\$13,716,863	\$2,353,309
Materials and Supplies	\$1,531,646	\$1,448,667
Prepayments	\$337,924	\$330,968
Other Current and Accrued Assets	\$4,518,596	\$3,199,224
	<u>\$32,548,122</u>	<u>\$11,881,615</u>

### Deferred Charges:

Deferred Debits	\$386,635	\$674,825
	<u>\$386,635</u>	<u>\$674,825</u>

Total Assets	<u>\$214,640,055</u>	<u>\$180,159,804</u>
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# BALANCE SHEETS | 2021-2022

## LIABILITIES AND EQUITIES

**2022**

**2021**

### Equities:

Memberships	\$98,758	\$97,473
Patronage Capital	\$72,519,452	\$73,890,812
Other Equities	\$12,528,293	\$7,290,606
Total Equities	\$85,146,503	\$81,278,891

### Long-Term Liabilities:

Mortgage Notes	\$106,987,883	\$80,983,775
Obligations Under Capital Leases - Non Current	\$1,806,030	\$1,468,021
Payments - Unapplied	(\$4,124,533)	(\$8,359,734)
Other Liabilities	\$2,929,885	\$3,479,815
Total Long-Term Liabilities	\$107,599,265	\$77,571,877

### Current Liabilities:

Current Maturities on Long-Term Liabilities	\$5,943,550	\$5,385,163
Accounts Payable	\$4,822,363	\$3,766,652
Member Deposits	\$2,103,880	\$1,979,055
Accrued Liabilities	\$8,572,633	\$9,526,305
Other Deferred Credits	\$451,861	\$651,861
Total Current Liabilities	\$21,894,287	\$21,309,036

Total Equities and Liabilities	\$214,640,055	\$180,159,804
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This includes RUS-FFB, CFC, CoBank and Leases on vehicles.



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