

POWER WITH PURPOSE

ANNUAL REPORT

2024



Covington Electric
Cooperative Inc.

A Touchstone Energy® Cooperative



CEC Board of Trustees



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OUR MISSION

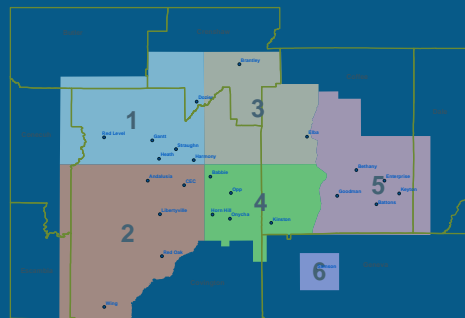
Keeping our core priorities in focus 24/7: Safety, Service, Member Satisfaction, and Employee Development.

ABOUT US

CEC is an electric distribution cooperative serving approximately 24,400 meters in parts of six counties. CEC was built by the communities it has served since 1944. And, because we answer to local members like you, rather than out-of-state shareholders, CEC has a personal understanding of investment needs and member expectations while safely upholding our commitment to providing outstanding reliable energy and innovative services like Buzz Broadband.

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The Executive Report

Across our great nation, electric cooperatives have been a vital part of rural development and under-served communities since the late 1930s. As not-for-profit organizations, we are owned by the people we serve—the members, and we're guided by those elected by their fellow members to serve on the board of trustees. Covington Electric Cooperative's mission goes beyond providing reliable electricity. We purposely plan, strive and work to make a positive and lasting impact on the communities we serve. By focusing on member satisfaction, economic development, energy efficiency, education, charitable causes and innovative services like Buzz Broadband, we're empowering our communities and helping them to thrive.

Empowerment is what drives us. CEC was created decades ago to solve a big problem, and it did this by providing a revolutionary service in local communities that were being left behind. Investor-owned utilities were not interested in expanding into rural areas because the profit margins were either too low for their shareholders, or non-existent. So, a handful of farmers and other rural citizens united in 1944 to get access to the same life-changing infrastructure as those living in the cities. That infrastructure was electricity, and it was a pivotal turning point in history. At the time, only 14% of people living in our current service area had access to electric power. But through that initial collaboration of rural citizens, CEC was formed and today serves approximately 24,400 meters in parts of six counties.

In recent years, our communities were once again being left behind. This time it was through a lack of access to fast affordable fiber internet. Offering fiber services, like Buzz Broadband, can help improve quality of life for rural citizens now just like electricity did in the 1940s. Fiber internet provides fast reliable connections for education, healthcare, and business opportunities. It enhances remote learning, allowing students to participate in online courses without interruptions, and enables telemedicine services, making healthcare more accessible. For businesses, fiber connectivity advances innovation, enabling businesses to reach larger, potentially global, customer bases. Fiber internet helps bridge the digital divide, promoting social inclusion and economic growth by giving rural communities equal access to opportunities available in most cities.

As we move forward, CEC and Buzz Broadband will continue to help foster economic development initiatives that attract industry and new business ventures that will bring more employment opportunities to our area. We're increasingly supportive of energy solutions that offer members access to renewable energy options. We're committed to working with members to help reduce their energy consumption through energy efficiency education and online resource tools, as well as heat pump rebates and discounted Energy Star Rheem water heaters.

We know that a thriving community depends on a well-educated and skilled workforce. That's why we provide scholarships to local students, grants for teachers at schools served by CEC, and leadership development opportunities for high school juniors. We also participate in career expos and financial literacy programs in our area each year. By investing in efforts like these, CEC is helping prepare community members for a wide range of jobs which can lead to higher wages, better job stability, and improved economic conditions.

CEC is much more than just a power provider—we are integral to the growth and success of our communities. By prioritizing economic development, sustainability, education, and community engagement, we're making a positive impact on the lives of our members. Through our innovative approach and deep community ties, CEC proudly continues to be a powerful force for positive change.



Mark Parker

Mark Parker
CEC President and CEO

W.B. Smith Jr.

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

Community Involvement

Youth Tour

Every year the Rural Electric Youth Tour leadership program enables high school juniors from across the state and nation to visit historical sites, learn about government, hear from motivational speakers, and participate in team building activities. Juniors attending high schools served by CEC are given an opportunity in the fall to compete in an essay competition for a chance to participate in the program. Two students are selected from each of the six high schools served by CEC. Those students later compete through an interview competition for an opportunity to attend the national Washington Youth Tour. What made 2024's program extra special for us is that one of our Youth Tour participants, Orrin Douglas of Straughn High School, was selected to represent the state of Alabama as a delegate on the Youth Leadership Council (YLC) in Washington, D.C. Douglas was also chosen as the National Runner-Up Spokesperson for the council.



Scholarships

The CEC board of trustees is committed to education. That's why the co-op offers multiple scholarship opportunities for high school seniors who are looking to further their education at college or technical college. Each year through the Electric Cooperative Foundation in Montgomery, CEC offers two \$1,000 scholarships (one for a senior heading to college and one for a senior heading to technical college) at each high school served by the cooperative. These schools include Red Level, Kinston, Brantley, Samson, Pleasant Home, and Straughn. The primary requirements to apply for a scholarship are the applicant must be the dependent of a CEC member and a senior in high school. These scholarships are offered in addition to the two At-Large \$1,000 Scholarships (one for a senior heading to college and one for a senior heading to technical college) that are available annually to qualified high school seniors attending schools not served by CEC.



Student Career Expos & Financial Literacy Programs

CEC participates in career expos and financial literacy programs to help educate our youth about careers that are available within their own communities and to get a taste of what it takes to be financially responsible. These events are extremely beneficial to young people who will be going out on their own in a few short years. It helps them better understand how their decisions, whether it be choosing a job or buying a home, can impact their lives in a very big way.

Other Ways We're Making A Difference

CEC invests in the communities that we serve because we deeply value meaningful initiatives to enhance the lives of our members. That's why our co-op is firmly committed to supporting educational opportunities, charitable organizations, blood drives, economic development efforts and other worthy causes. Visit CEC online at www.covington.coop to explore all the ways that your electric cooperative is making a positive difference.



Let's stay connected

Member Engagement

Connecting with the co-op members who jointly own CEC is vital to our success and to your satisfaction. Members need to know about the co-op's operations, financials, services, safety, and community involvement, but it's just as important to know about the challenges, issues and concerns that we face as an electric utility. The world is transforming at a faster pace than ever before and CEC is adapting by finding new ways to connect with our members. This includes keeping the virtual annual meeting format that was first conducted out of necessity in 2020 because of the covid pandemic. Mail-in and online voting increased member participation in board elections by more than 20 percent that year, and has maintained that figure or surpassed it each year since going virtual. In an effort to reconnect face-to-face with our members in a more efficient manner and celebrate 80 years of service, CEC hosted its first annual Member Appreciation Days last October. These events brought members to their nearest CEC office and allowed them to interact with CEC staff and learn more about the services we provide in a relaxed informal setting. For some members, this was the first time they had ever visited a CEC office location. CEC plans to continue and grow these events in the coming years.

Expanding Member Communications

One of the newest platforms for member engagement is through our monthly email newsletter, CEC Power Posts. It goes out to all members who have an active email address associated with their electric account. Through email, CEC can inform members about the latest news, updates, services, and events in a more timely manner because there is no lead time like we have with our magazine, Alabama Living. In addition to social media platforms which include Facebook, X, Youtube and Instagram, we now have the ability to distribute mass text notifications to members for more urgent news like planned power outages, load control events, or other special alerts.

The CEC Website Is A 24/7 Information Resource

CEC has maintained a website on the World Wide Web since the late 1990s. It's gone through many transformations and upgrades and today it's an essential resource for the CEC membership. Anything you want to learn about relating to CEC can be found on our user-friendly website. From heat pump rebates, water heater sales, new electric service, bylaws and board meetings to payment options, energy efficiency, and solar information, the CEC website is a treasure trove of useful information. You can also chat online with a CEC member service representative during regular business hours.

The CEC Safety Circuit Trailer Unveiled

During last year's Christmas parade season, CEC featured our new state-of-the-art CEC Safety Circuit demonstration trailer that is being used to help educate members of all ages, and the public, about the importance of electrical safety awareness. CEC line workers will operate the CEC Safety Circuit at various co-op events, and other functions or meetings upon request.

Improving Member Satisfaction

Covington Electric Cooperative is honored to have earned a 2024 Customer Satisfaction Award from the American Customer Satisfaction Index (ACSI®) based on our member survey results. This high achievement is possible because of the hard work our employees put into the co-op, the leadership we have from our board of trustees, and because we have members who understand our mission and commitment to service excellence. Gaining valuable insights through survey research is one of the best ways for CEC to identify our strengths and areas for improvement. It can also provide tangible guidance on future endeavors initiated by your co-op.





Since 1944, Covington Electric Cooperative has served our communities by providing safe and reliable electricity. In 2024, we celebrated our 80th anniversary by finding new ways to connect with members, while reaffirming our long-standing commitment of enhancing the lives of those we serve—the CEC member-owners.



Buzz Broadband:

Fast. Reliable. Fiber.

Since October 2021, Buzz Broadband has been connecting CEC members to fast reliable fiber internet service. Our employees and contractors have worked very hard during the last few years to construct the Buzz Broadband network. Currently, we are down to less than one mile of underground fiber to complete the build out. Buzz subscribers are very pleased with the speed, quality and affordability of our fiber service. We are proud to play a role in helping bridge the digital divide in our country, especially for the rural areas that we serve in south Alabama.



**Prices begin
as low as
\$59.95
per month!**

**GET
SPEEDS
of 200 Mbps,
1 Gbps or
2 Gbps!**

Average weekly
new customers

40

Landline phone
services using
Buzz Broadband

679

Number of Buzz
employees

13

Fiber customers
using Buzz
Broadband internet

7,498

Total grants
awarded through
the end of 2024

\$15,300,000

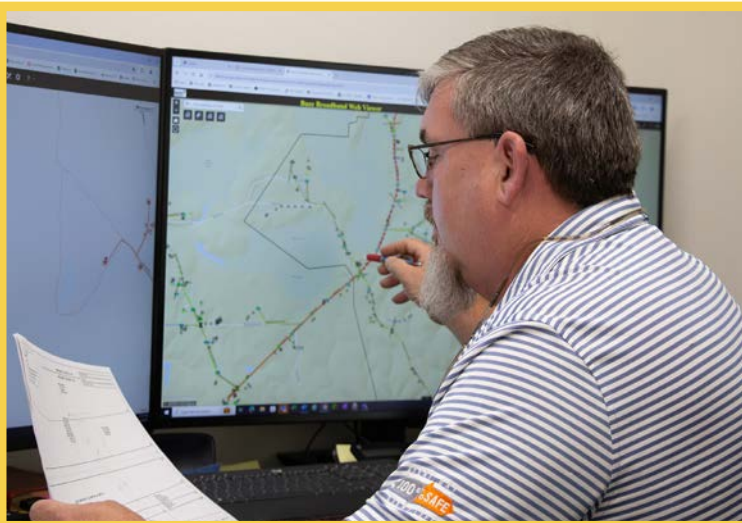
Total miles
of fiber

1,541



**No Contracts!
No Fees!
No Data Caps!
No Brainer!**





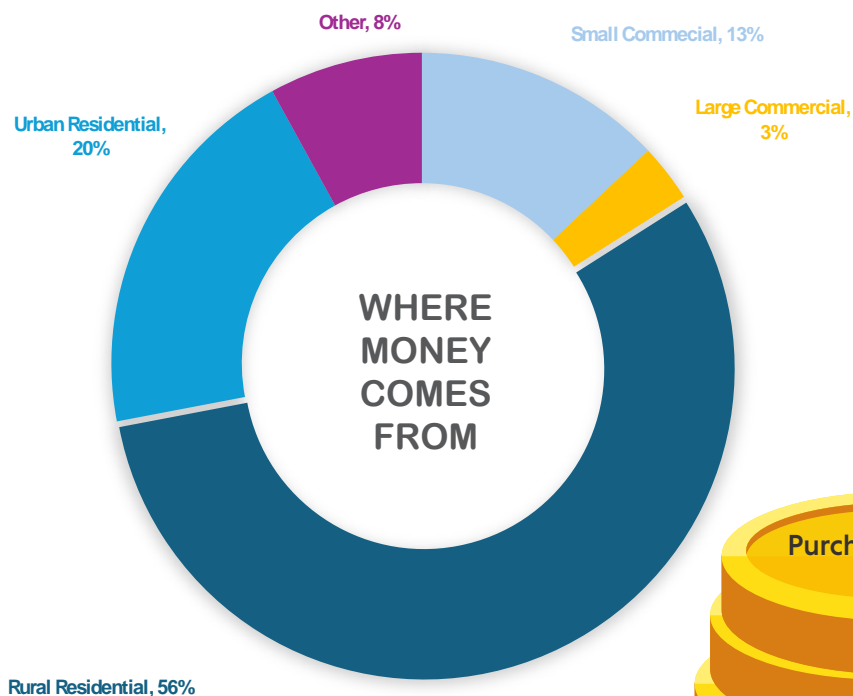
STATEMENT OF | REVENUE & EXPENSES

	2024	2023
TOTAL REVENUE:	\$69,391,635	\$64,788,844
Electric	\$63,833,379	\$61,661,521
Other	5,558,256	3,127,323
OPERATING EXPENSES:		
Cost of Purchased Power	\$37,192,990	\$34,836,923
Operations & Maintenance	8,818,127	7,788,659
Administrative & General	3,809,073	3,745,243
Consumer Accounting	1,788,987	1,677,141
Member Services & Sales	1,085,944	908,664
Depreciation & Amortization	6,052,380	5,435,496
Tax Expenses	1,716,247	1,641,798
Interest on Long-Term Debt	4,494,339	4,526,421
Total Operating Expenses:	\$64,958,087	\$60,560,345
MARGINS:		
Operating Margin	\$4,433,548	\$4,228,449
Non-Operating Margin	1,659,822	1,885,139
Total Margins:	\$6,093,370	\$6,113,638
CAPITAL CREDIT ASSIGNMENTS:		
PowerSouth Energy Cooperative	\$602,701	\$603,187
Other Sources	245,941	289,570
TOTAL CAPITAL CREDITS:	\$848,642	\$892,757
TOTAL MARGINS, ALL SOURCES:	\$6,942,012	\$7,006,395

CAPITAL CREDITS
RETURNED TO
MEMBERS IN 2024



\$849,696



BREAKDOWN:
HOW EVERY
DOLLAR IS
SPENT



BALANCE SHEET | ASSETS

	2024	2023
Utility Plant:		
Utility Plant	\$217,653,864	\$188,711,573
Construction Work in Progress	12,271,819	30,515,709
	229,925,683	219,227,282
Less: Accumulated Depreciation	(51,218,873)	(50,710,709)
Net Utility Plant	\$178,706,810	\$168,516,573
Other Assets and Investments:		
Investments in Subsidiary Companies	(\$34,471)	(\$149,492)
Investments in Associated Organizations	28,577,123	27,585,629
Economic Development Notes Receivable	1,404,181	160,210
Other Investments	150,000	15,150,000
Total Other Assets and Investments	\$30,096,833	\$42,746,347
Current Assets:		
Cash and Cash Equivalents	\$8,328,462	\$5,797,604
Notes Receivable (Net)	7,331,224	6,611,349
Accounts Receivable (Net)	11,263,203	12,889,982
Materials and Supplies	3,443,603	4,147,287
Prepayments	283,179	349,999
Other Current and Accrued Assets	4,071,756	4,349,999
Total Current Assets	\$34,721,427	\$34,146,220
Deferred Charges:		
Deferred Debits	\$0	\$25,225
Total Deferred Charges	\$0	\$25,225
Total Assets	\$243,525,070	\$245,434,365

BALANCE SHEET | LIABILITIES & EQUITIES

2024

2023

Equities:

Memberships	\$101,618	\$99,858
Patronage Capital	92,238,181	87,079,248
Other Equities	4,641,137	4,317,294
Total Equities	\$96,980,936	\$91,496,400

Long-Term Liabilities:

Mortgage Notes	\$120,647,682	\$125,719,540
Obligations Under Capital Leases - Non Current Payments - Unapplied	691,502 —	1,173,521 —
Other Liabilities	3,832,861	3,519,109
Total Long-Term Liabilities	\$125,172,045	\$130,412,170

Current Liabilities:

Current Maturities on Long-Term Liabilities	\$6,810,544*	\$7,732,762*
Accounts Payable	3,677,213	4,061,742
Member Deposits	2,394,173	2,136,810
Accrued Liabilities	8,318,298	9,342,620
Other Deferred Credits	171,861	251,861
Total Current Liabilities	\$21,372,089	\$23,525,795
Total Equities and Liabilities	\$243,525,070	\$245,434,365

*NOTICE ABOUT FINANCIAL REPORTS: This includes RUS-FFB, CFC, CoBank and Leases on vehicles



Covington Electric Cooperative Inc.

A Touchstone Energy[®] Cooperative 



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