

Lumbee River EMC

2022 ANNUAL REPORT

Working together to work for you





➤ Safety

Lumbee River EMC has a strong track record regarding safety, prioritizing the well-being of our employees so that they return to their families each day. The cooperative invests in safety training programs, equipment maintenance, and infrastructure upgrades to minimize the risk of electrical accidents and outages. By adhering to strict safety protocols and fostering a culture of safety awareness, we continue to provide reliable electricity while ensuring the safety of our employees. In 2022, our employees drove almost a million miles and worked over 225,000 hours without a lost time injury.

➤ Transmission & Distribution Systems

Ensuring our members have reliable electricity is a primary goal of Lumbee River EMC. After all, reliable electric service contributes to a higher quality of life for our members. The cooperative performs regular, required maintenance on our electric system. This maintenance helps ensure that your homes remain well-lit, heated or cooled as necessary, and that appliances and devices function as expected. Substation redundancy also plays a critical role in ensuring Lumbee River EMC can provide reliable service to our members. Having redundant systems means that if one element fails or requires maintenance, the backup system can seamlessly take over, preventing power outages and thus reducing the possibility of service interruptions to our members. Protecting our substations is also a top priority of Lumbee River EMC. Ensuring their security is essential to prevent disruptions in the power supply, protect public safety, and safeguard against potential acts of sabotage or terrorism. Some ways we are working to protect our substations include adequate perimeter security, 24-hour surveillance, and adequate lighting.

➤ Financial Health

Purchased power continues to be the largest portion of our overall expenses (69%). Still, our rates remain competitive compared to other electric utility providers in and around our service area. As we work to keep your energy costs affordable, Lumbee River EMC is dedicated to finding innovative ways to expand our programs to assist our members with managing their energy usage. We provide information to assist members in making behavioral changes to reduce their electric costs, including usage breakdowns, helpful tips, and smart technology devices. For additional information, you can visit lumbeeriver.com.

Capital credits are a unique feature of cooperatives like Lumbee River EMC. They represent the ownership interest that members have in the cooperative. Instead of paying dividends to shareholders like larger investor-owned utilities, cooperatives allocate any excess revenue or margins back to their members in the form of capital credits. These capital credits are essentially the members' share of the cooperative's profits.

➤ Community Commitment

Beyond our primary role of delivering safe, reliable, and affordable electric service to our members, Lumbee River EMC is dedicated to balancing the scales by significantly contributing to our community. Our outreach programs help members understand the cooperative business model, the importance of civic responsibility, and community involvement.

Annually, programs such as our Youth Tour allow students in our service area to travel with a group of other peer delegates from the state to Washington, D.C. for a week each June. These future leaders learn first-hand what it is like to be involved in politics, participate in community service, and learn about today's pressing issues in the energy industry. Students interact with our local elected representatives in the U.S. House and Senate and understand how decisions affect our industry.

Lumbee River EMC is committed to rewarding academic excellence and assisting the students of our members in their pursuit of higher education—our cooperative awards four \$4,000 four-year scholarships and two \$1,200 two-year

scholarships each spring. The selection process considers academic achievement, financial need, extracurricular activities, personal essays, and educational recommendations.

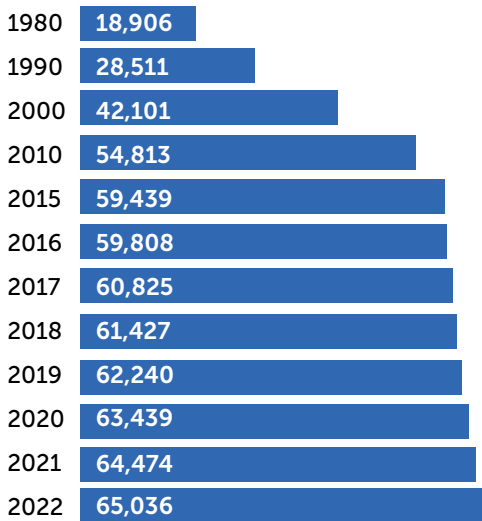
We also understand the importance of working together with our local teachers and educators to provide them with the tools necessary to "think outside the box" and bring the traditional classroom to a new level of learning. Once a year, K-12 teachers in our service area are encouraged to apply for grants of up to \$2,000 from Lumbee River EMC to help fund in, and sometimes out, school projects that provide students with an innovative way of learning. The Bright Ideas program reflects the cooperatives' commitment to bettering the communities we serve, and we see no better way than by arming teachers with the materials they need to provide stimulating classroom instruction for our youth. In 2010, Lumbee River EMC awarded 13 grants, contributing \$21,535.52 to teachers in Robeson, Scotland, Hoke and Cumberland counties.

And once again, working hard to support those who need us most in the community, Lumbee River EMC continues to fund programs like the LREMC Cares, which provide financial aid to our members needing assistance paying their electric bills. Fundraisers such as our annual golf tournament and monthly member contributions combine to reach out to members who need help. With the help of nonprofit organizations in all four of our service counties, Lumbee River EMC helped members in Hoke, Robeson, Scotland, and Cumberland counties in 2010 for the LREMC Cares Program. This effort and contribution of funds helped 228 members pay their electric bills and paid for and distributed 55 fans during the "Fans For Seniors" program.

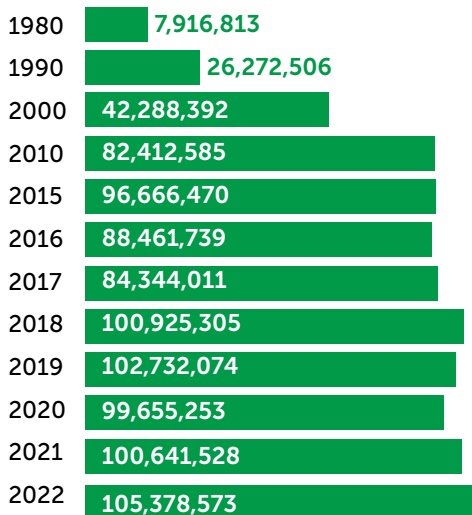
These programs and events are just a snapshot of LREMC's commitment to the community and the lives and well-being of our members. Through our involvement with these programs, Lumbee River EMC can reach out to those who live and work in the community and exemplify our basic purpose as a cooperative...to serve our member/owners. Following that simple principle, we will always find the balance we seek and be prepared and steadied to meet tomorrow.

2022 Financial Reporting

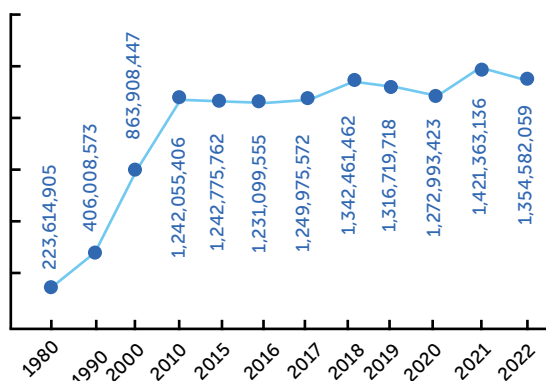
Active Services



Cost of Power



Kilowatt Hours Sold



Balance Sheet as of December 31

	2022	2021
(Consolidated)		
Assets		
Utility Plant	\$278,098,156	\$268,482,779
Investments	565,200,00	56,435,014
Current Assets	34,880,031	54,226,527
Deferred Charges	388,468	0
Total Assets	\$369,886,655	\$379,144,320
Equities and Liabilities		
Membership Fees	\$564,315	\$560,655
Accumulated Comprehensive Loss	5,754,526	2,381,137
Patronage Capital	125,114,459	130,051,167
Other Equities	31,392,138	29,694,398
Total Equities	162,825,438	162,687,357
Long-Term Debt	168,811,730	180,003,205
Current Liabilities	29,856,216	26,109,286
Deferred Credits	8,393,271	10,344,472
Total Equities and Liabilities	\$369,886,655	\$379,144,320

Summary of Financial Performance

	2022	2021
(Consolidated)		
Operating Revenue	\$152,082,143	\$150,084,189
Operating Expenses	144,727,916	137,635,495
Interest Expense	4,772,358	4,610,487
Net Margins	6,525,205	14,726,414
Net Plant	278,098,156	268,482,779
Total Assets	369,886,655	379,144,320
Member Equity	\$162,825,438	\$162,687,357

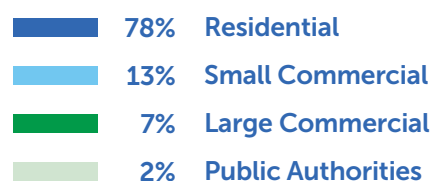
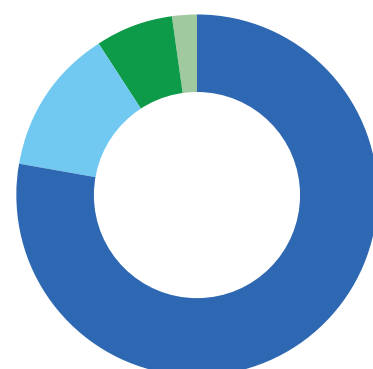
Operating Statistics

	2022	2021
Total Active Services	65,036	64,474
Kilowatt-Hours Sold	1,354,582,059	1,360,524,158
Miles of Line	5,273	6,059
Estate and General Retirements	10,574,907	12,605,836
Number of Employees	109	112
Cost of Power	\$105,378,573	\$100,641,528

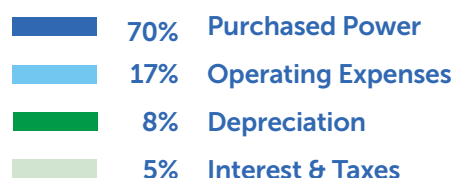
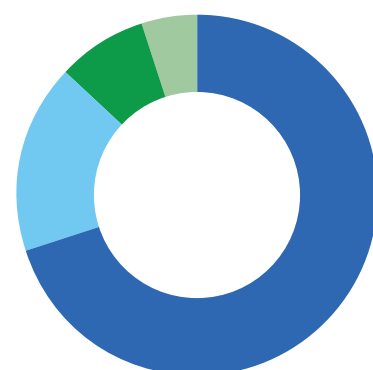
Statement of Operations & Patronage Capital

	2022	2021
(Consolidated)		
Operating Revenue	\$152,082,143	\$150,084,189
Operating Expenses		
Cost of Power	105,375,170	100,627,629
Cost of Sales	945,072	0
Transmission Expense	3,403	13,899
Distribution—Operation	3,352,751	2,461,657
Distribution—Maintenance	7,094,053	5,844,676
Consumer Accounts	1,278,316	2,534,182
Consumer Service	1,087,022	924,131
Administrative and General	11,259,705	11,189,838
Total Operating Expenses	\$130,395,492	\$123,596,012
Other Expenses		
Depreciation and Amortization	\$12,395,745	\$12,039,212
Taxes	1,936,679	2,000,271
Interest Expense	4,772,358	4,610,487
Total Other Expenses	19,104,782	18,649,970
Total Expenses	149,500,274	142,245,982
Operating Margins	\$2,581,869	\$7,838,207
Non-Operating Margins		
Patronage Allocations	\$4,147,875	\$4,293,172
Interest Income	162,856	202,379
Income from Equity Investments	(545,285)	2,265,317
Other	177,890	127,339
Total Non-Operating Margins	3,943,336	6,888,207
Net Margins	\$6,525,205	\$14,726,414
Consolidated Statements of Comprehensive Income		
Net Margins	\$6,525,205	\$14,726,414
Other Comprehensive Income (Loss)		
Net Gain (Loss) During Period	3,373,389	2,212,434
Amortization of Net Loss	0	0
Prior Service Credit	0	0
	<u>3,373,389</u>	<u>2,212,434</u>
Comprehensive Income	\$9,898,594	\$16,938,848
Patronage Capital—		
Beginning of Year	\$165,687,357	\$157,333,773
Margins	6,525,205	14,726,414
Retired Patronage Capital	(9,764,173)	(11,593,744)
Other Comprehensive Income	3,373,389	2,212,434
Transfers and Other Changes	3,660	8,480
Patronage Capital—End of Year	\$165,825,438	\$162,687,357

Electric Revenue



Allocation of Expense





A Legacy of Service

Lumbee River EMC's commitment to serving its community has been unwavering since its inception. In 1940, electricity was a luxury for many rural residents, and the cooperative set out to change that.

LREMC embarked on a mission to illuminate the lives of its members by providing reliable electricity to rural communities.

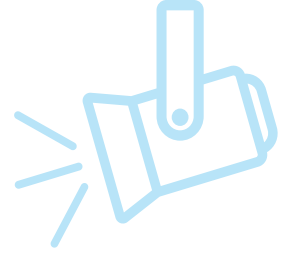
Over the decades, Lumbee River EMC has not only fulfilled this mission but has also embraced innovation and adaptation to meet the evolving needs of its members. As we celebrate over eight decades of service, let's reflect on the journey and look forward to what's to come.

As we look back, it is evident that change has been the only constant. The cooperative's ability to adapt, innovate and serve its members has been remarkable. The cooperative has consistently evolved from

upgrading infrastructure to adopting new technologies to provide members with the best possible service. The expansion of its service area, the introduction of energy-efficient programs, and the incorporation of renewable energy sources are just a few examples of how Lumbee River EMC has kept pace with the changing energy landscape.

With a bright future ahead, Lumbee River EMC is committed to delivering safe, reliable and affordable energy for future generations. Together, we will continue to light the way towards a brighter, more energy-efficient future.

Lumbee River Retiree Spotlight



Annette R. Adams

Position: Member Service Representative **Started:** 2002
Previous Position: Cashier **Years Employed:** 21 Years

What are your plans after retirement? I plan to just enjoy life! Spend time with family and friends. Maybe do a little traveling. I may possibly start my own business at some point.

What's changed since you started at LREMC? Me! I am older, wiser and slower, LOL! A lot has changed since I started working at Lumbee River EMC. Computer technology and system upgrades have made the Cashier/Member Service Representative positions much more manageable.

Technology has changed the way we operate. I can recall working like a beast on the first and third of the month when the checks came out, taking payments in the offices. Now we have the SmartHub app, pay by phone, kiosk and payment centers to name a few, which have drastically reduced the in-office traffic. I recall going to the bank to make daily deposits, and now we have Loomis pick-ups. I remember having to make our way to the office during snow and ice storms to answer calls- now we can log in from home. I am sure there will be more changes that will improve how LREMC operates.

LREMC is always looking for new ways to benefit its employees and members.



Otis Flowers

Position: General Foreman **Started:** 1990
Previous Positions: Warehouse, Right-of-Way, Apprentice, 1st Class Lineman **Years Employed:** 34

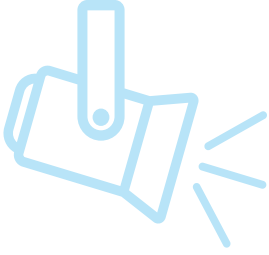
What are your plans after retirement? After I retire, my main goal is to relax and enjoy life. I will spend my days unwinding, doing hobbies and traveling. I look forward to exploring new destinations, experiencing diverse cultures, and creating cherished memories with loved ones. Retirement is the perfect opportunity to embark on some new adventures.

What's changed since you started at LREMC? I've witnessed many changes working at LREMC. When I first joined, we had 22,000 consumers, but now, we proudly serve over 54,000 members. That is a lot of growth. In those days, it was a routine for every lineman to climb utility poles daily. Now, we have the convenience of having many bucket trucks. There was a time when the company only had four.

Our work environment has also evolved significantly; we've moved into a new building and expanded our operations to encompass multiple locations. These changes reflect the growth and progress of our organization. We've been able to adapt to meet the growing needs of our members.



All Lumbee River EMC Offices will be closed Thursday, Nov. 23, and Friday, Nov. 24, in observance of Thanksgiving. Enjoy your family and friends this holiday season!



Ann Locklear

Position: Supervisor of Accounting

Previous Position: Plant Accountant

Started: 2002

Years Employed: 21

What are your plans after retirement? I want to enjoy my family and spend more time with them. I have three grandchildren and another one on the way. I also love the outside, taking care of my flower garden and other plants. I need to play catch-up on things that never get done and maybe some traveling a little later down the road. There are so many people who don't make it to this point- I just want to thank God for his blessings.

What's changed since you started at LREMC? It is a very exciting time right now at Lumbee River. In 21 years, we have changed so much. We went from a small office in Red Springs that leaked whenever it rained to a state-of-the-art, multi-million-dollar HQ office in Pembroke.

Becoming our own ISP is also in the works as we speak. We all realize the importance of fiber in our community, and this move will be better for all of us.

I feel like our current talent and expertise have never been better. With the inevitable changes coming down the pipeline, I am confident that Lumbee River is ready for whatever comes our way.



Walter White

Position: Vice President of Corporate Services

Previous Position: Vice President of Customer Service and Marketing

Started: 2002

Years Employed: 21

What are your plans after retirement? I plan to travel and spend more time with my kids and friends.

What's changed since you started at LREMC? When I started at LREMC, we read meters with handheld devices. This meant that a meter reader read every meter as they drove along defined routes—the members' billing period was based on where they lived. We were evaluating an automated meter reading system that would allow us to read meters over the power lines, thus allowing us to bill neighbors at different times of the month. Now, we are evaluating the next generation of reading capabilities that will use our fiber optics backbone to capture these readings and other information about the health of our network and usage patterns across the entire cooperative.

We no longer employ meter readers but seek the technical staff needed to maintain all the new technologies. The tech being deployed has increased tremendously. The changes that will be realized in the next several years from renewable energy applications to electric vehicles, are remarkable!

congratulations

The Board of Directors, your fellow employees and our members wish you a Happy Retirement! Your service and dedication to Lumbee River EMC were seen, felt and made a significant impact on the community and cooperative. Retirement is a well-deserved time for relaxation and new adventures. Congratulations on this milestone, and may their future be filled with happiness and fulfillment!



Powering homes. Connecting community.

We've been working on something big. Lumbee River EMC is offering our fiber internet and voice services under the name RIVR Tech, and we can't wait to share this with you.

The RIVR Tech brand blends community and innovation, harnessing technology while paying homage to the Lumber River that flows through Robeson, Scotland, and Hoke counties. Our trusted team is here to bring essential connections to our communities.

We are sure you have questions, so we've answered a few of the big ones below:

What is RIVR Tech?

RIVR Tech is the innovation arm of Lumbee River EMC. We share our staff and our strong dedication to the communities we serve. While Lumbee River EMC is focused on electric service, RIVR Tech will be focused on fiber broadband, digital voice, and any future technologies that make our home a better place to live and work.

Where is fiber service available?

RIVR Tech will provide internet services to some of the rural regions of Robeson County, encompassing areas like Rennert, Union, Pembroke, Red Springs, and other nearby locations.

Are you planning to expand your service area?

Yes, we're expanding! Several of the rural areas we serve still need reliable access to high-speed internet—a service that plays a critical role in improving economic development, educational opportunities, healthcare access, and quality of life for our neighbors. We have plans to expand our fiber network beginning next year. Stay tuned for an announcement with more information about our expansion plans.

Why fiber internet?

In today's world, high-speed internet is as essential as electricity. Fiber is the gold standard, powering remote work, online learning, and energy efficiency. Our investment in fiber will also help catalyze growth and support economic development here at home.

What services will you offer?

Choose between two simple internet plans: RIVR 100 (100Mbps) and RIVR Gig (1,000Mbps) with symmetrical speeds, unlimited data, and no contracts. Plus, Wi-Fi Pro (Managed Wi-Fi) and digital voice services.

Thank you for your support and membership. Stay tuned for more updates as we prepare to take back ownership of our fiber services.

