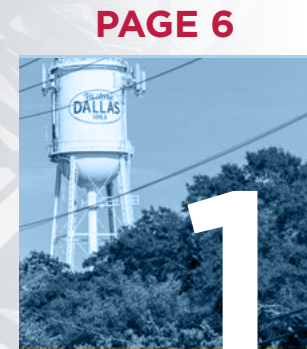




The energy behind public power

2019 *ANNUAL REPORT*

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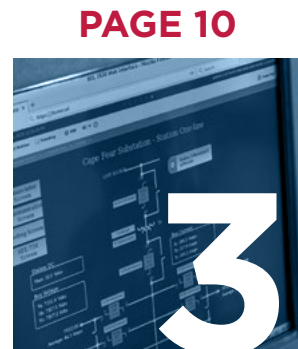
THE VALUE OF PUBLIC POWER

Telling the story of NC Public Power and the benefits it brings to our communities.



WORKFORCE DEVELOPMENT

Attracting and retaining outstanding employees has never been more important. Career development plans can help.



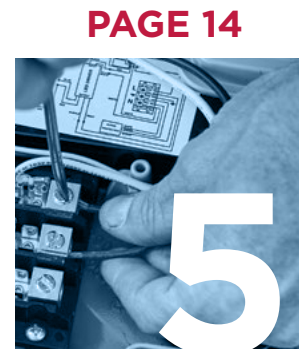
CONTINUOUS IMPROVEMENT

A commitment to excellence means always looking for ways to improve our operations and better serve our customers.



GRID MODERNIZATION

How can we keep our nation's electric system strong? By continuing to invest in our electric infrastructure and embracing new technologies.



WHOLESALE POWER COST

Everything we do begins with a safe, reliable, and affordable power supply. It's the energy that fuels our communities.

MESSAGE FROM THE CHAIR AND CEO

When we think about our public power communities, there is one word that always springs to mind first. Community. From the small towns to growing cities across the state, public power communities share a deep commitment to improving the quality of life for our residents. We often do that by working together and learning from the success of our fellow public power communities.

The value of public power begins with community. As local power providers, we are singularly focused on serving our community. Our neighbors are our customers. And all of us — from lineworkers and customer service representatives to city managers and council members — work hard to provide safe, reliable power that keeps our communities shining bright.

Our annual report puts a spotlight on how our members are improving their communities. These stories tie back to the five strategic priorities embraced by ElectriCities and its members.

You will see how Wilson's grid modernization efforts are moving it toward its goal of becoming a smart city. Learn how Morganton is successfully reducing its power costs and how Dallas is leveraging new technologies to communicate the value of public power.

You can also read about how a new SCADA system is helping Granite Falls continuously improve its operations, and how Smithfield is partnering with others to help introduce high school seniors to job opportunities in public power.

We are proud to celebrate the successes of these communities — and all public power communities — who strive each day to improve their cities and towns through the value of public power.



Mr. James A. Gallagher
Chair, Gastonia



Mr. Roy L. Jones
Chief Executive Officer



Mr. James A. Gallagher
Chair, Gastonia



Mr. John P. Craft
Vice Chair, La Grange



Mr. Stephen H. Peeler
Secretary, Lincolnton



Mr. Dan R. Brown
Morganton



Mayor Newell Clark
Lexington



Mr. Donald I. Evans
Wilson



Mr. Jonathan Franklin
Louisburg



Dr. Virginia D. Hardy, PhD
Greenville Utilities Commission



Mayor Barry C. Hayes
Granite Falls



Mr. Nick L. Hendricks, Jr.
Kings Mountain



Mayor Vivian A. Jones
Wake Forest



Mr. Randy E. McCaslin
High Point



Mr. Tony W. Sears
Kinston



Mr. David W. Trego
Fayetteville PWC



Mr. E. Todd Clark
NCMPA1 Chair, Newton



Mr. Troy R. Lewis
NCEMPA Chair, Tarboro

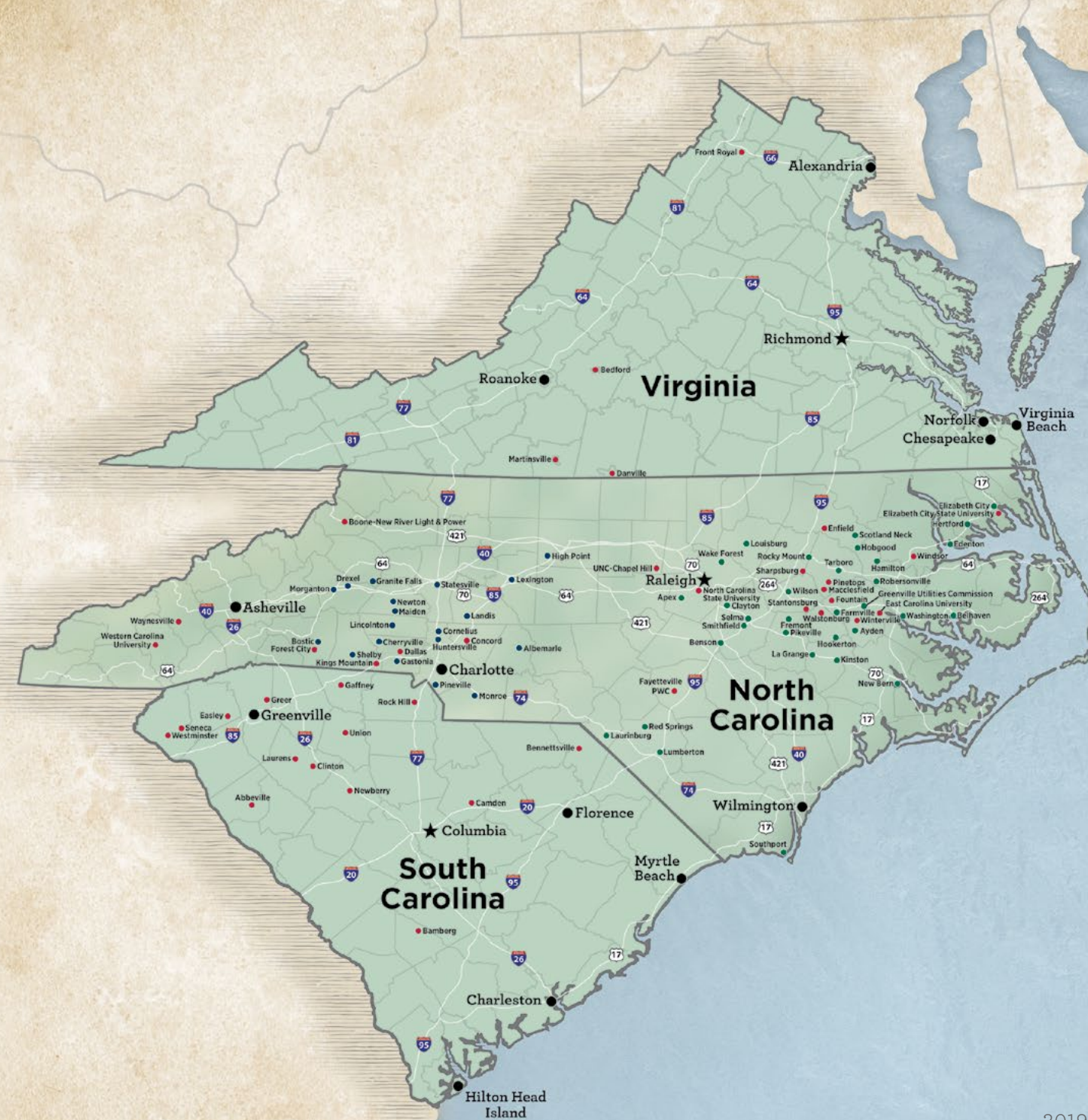
LEADERSHIP TEAM

Roy L. Jones
Chief Executive Officer

F. Timothy Tunis
Chief Financial Officer

Matthew E. Schull
Chief Operating Officer

David M. Barnes
Chief Legal & Ethics Officer



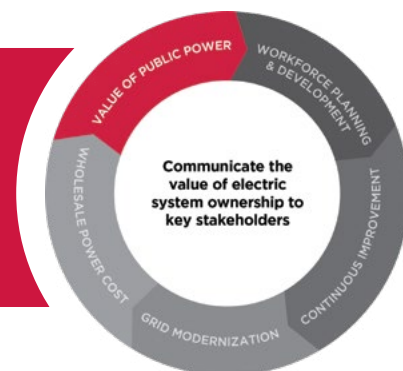


1

Dallas NORTH CAROLINA

THE VALUE OF PUBLIC POWER

There are a lot of advantages to living in a NC Public Power community, but not everyone recognizes them. In fact, some customers may not even realize their power is provided locally. How do we change that? By telling our story and sharing the value of public power.



After spending nearly three decades in the Town of Dallas' electric department, Doug Huffman is a firm believer in the value of public power.

"As a public power community, we can manage our whole system for the benefit of our community," Huffman says. "We've been able to retain employees who have knowledge of the entire grid. They can be at any switchpoint in our system within five minutes, and we have incredible restoration times because of that."

Huffman's story dates back to 1991, when he left his job as an electrical contractor for a full-time lineworker position in Dallas. He took a pay cut in exchange for the security, benefits, and growth opportunities that came with the move to Dallas, a rural Southern community located twenty miles west of Charlotte.

Now, 28 years later, Huffman runs the department and takes tremendous pride in providing impeccable service to the town's 3,600 customers. He credits ElectriCities

for helping connect a small community like Dallas to North Carolina's public power family and helping it prosper by introducing the town to new ideas and opportunities.

The electric department includes 13 employees who are likely to greet residents by name with a friendly smile. Collectively, they have more than a century of experience — but continue looking for new ways to add value.

One example: the introduction of the Nixle messaging system that enables the town to immediately communicate with customers about power outages, special events, road closings, and other important items.

"We can send a message into people's homes in the middle of the night to tell them why the power is off and provide restoration updates," Huffman says. "It helps get the word out to everybody at once."

He later adds, "I don't mean to brag, but we don't need to use it too often."

The Nixle technology sends notifications by email or text message. Huffman says it's as an easy-to-use solution, especially for an older population that hasn't fully embraced social media. And it's proven wildly popular — the number of subscribers has steadily grown to nearly 1,000 residents. ♦

“We've been able to retain employees who have knowledge of the entire grid. They can be at any switch-point in our system within five minutes, and we have incredible restoration times because of that.”

— DOUG HUFFMAN
Electrical Director, Town of Dallas

OUR SUPPORT ♦

ElectriCities provides communications support and resources to help members spread the word about the value of public power, including materials to celebrate Public Power Week, social media campaigns, and a variety of promotional materials. It also consults with members as they develop their own events and campaigns to highlight the benefits of public power.



2

Smithfield NORTH CAROLINA

WORKFORCE DEVELOPMENT

Our workforce is changing. Employees with decades of public power experience are retiring in record numbers, and a new generation of utility workers must be recruited and trained. Providing competitive compensation and a clear career path are critical to attracting, developing, and retaining outstanding employees.



Ted Credle, the Public Utilities Director in Smithfield, understands the importance of assembling a strong team to serve local residents. He knows you need talented and dedicated employees who bring a friendly attitude and passion for service to the job — and just how hard it can be to find them.

With an impending wave of retirements that will soon affect public power communities across the nation, Credle knew he wouldn't be able to solve this challenge overnight. To prepare, he first turned his attention to the widely projected shortage of experienced lineworkers.

Smithfield joined forces with its neighbors in Benson, Clayton, and Selma to establish the Johnston County Lineworkers Academy, a program launched in 2018 to train high school seniors for a career in public power. The academy provides a combination of classroom training and internship experience, followed by a six-month course at Nash Community College to complete their lineworker training.

The program has already generated considerable interest — both from high school students and other public power communities who want to replicate the academy.

"We needed to begin developing a pipeline to replace workers who might leave," Credle says. "These students can graduate high school in June, complete their training in December and immediately start earning a good salary as a lineworker."

The candidates are an impressive bunch. "It says a lot for them to get up on a Saturday morning at 7:00 am," Credle says. "It speaks to a great quality in them that they are willing to make that sacrifice and explore what opportunities are out there."

Smithfield currently employs six lineworkers — and half of that crew consists of long-time workers who will soon be eligible to retire with benefits. To help the town compete more effectively with other utilities, Smithfield recently conducted two pay studies that compared its salaries against other nearby municipalities.

For Credle, the outcome was

no surprise: Smithfield's electrical workers were underpaid. The town council approved increases over a two-year period that boosted worker pay by nearly 10 percent. That has helped Smithfield become more competitive, although it still cannot compete financially with what some of the investor-owned utilities can offer.

Fortunately, public power communities like Smithfield have other advantages it can offer lineworkers, regardless of whether they have years of experience or are just starting out. Those benefits include the chance to serve the local community, career advancement opportunities, and the ability to stay close to home rather than spend their days traveling the state.

"When an employee thinks about leaving, we want that choice to be a difficult one," Credle says. "Our lineworkers take great pride in their job, and we take great pride in them." ♦

“ We needed to begin developing a pipeline to replace workers who might leave,” Credle says. “These students can graduate high school in June, complete their training in December and immediately start earning a good salary as a lineworker.” ”

OUR SUPPORT

ElectriCities works with NC Public Power communities to establish career development programs and provide assistance with compensation studies. A host of training programs are available through ElectriCities, including safety training, leadership training, and lineworker training programs.

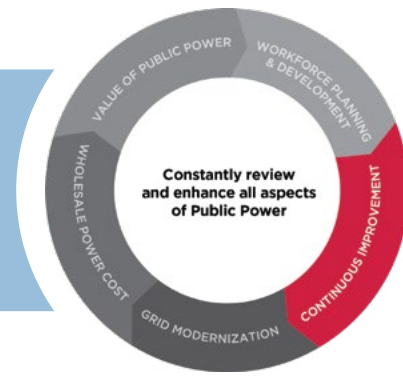
In addition, ElectriCities is actively promoting energy careers to students and working in partnership with other utilities to address workforce challenges.



Granite Falls NORTH CAROLINA

CONTINUOUS IMPROVEMENT

Being successful means always looking for ways to improve. For NC Public Power communities, that means embracing new technologies and adopting new processes to meet changing customer expectations.



The first use of electricity in Caldwell County happened in Granite Falls on December 5, 1888. Dignitaries in Granite Falls threw the switch less than ten years after Thomas Edison invented the first incandescent electric light bulb. Thus, Granite Falls led the way into the future for this area! It would be 17 years later before another part of Caldwell County would have electricity.

The Town of Granite Falls is a small

community in western North Carolina, best known as the hometown of country music superstar Eric Church and for the sparkling waters splashing over the large granite boulders along Gunpowder Creek. The town is also well known for the friendliness of its citizens and their great sense of community pride.

Electric Director Rick Sisk readily admits that Granite Falls hasn't always been on the cutting edge when it comes to technology.

With the full support from Mayor Barry Hayes, the Town Council, and Town Manager Jerry Church, things are beginning to change under Sisk's leadership. Gone is an out-dated, 30-year-old SCADA system that was "broken more than it was up and running." The old system required the Electric Department to print reams of daily logs, tediously ride the circuits to pinpoint outages, and travel to the substation to manually take circuits offline.

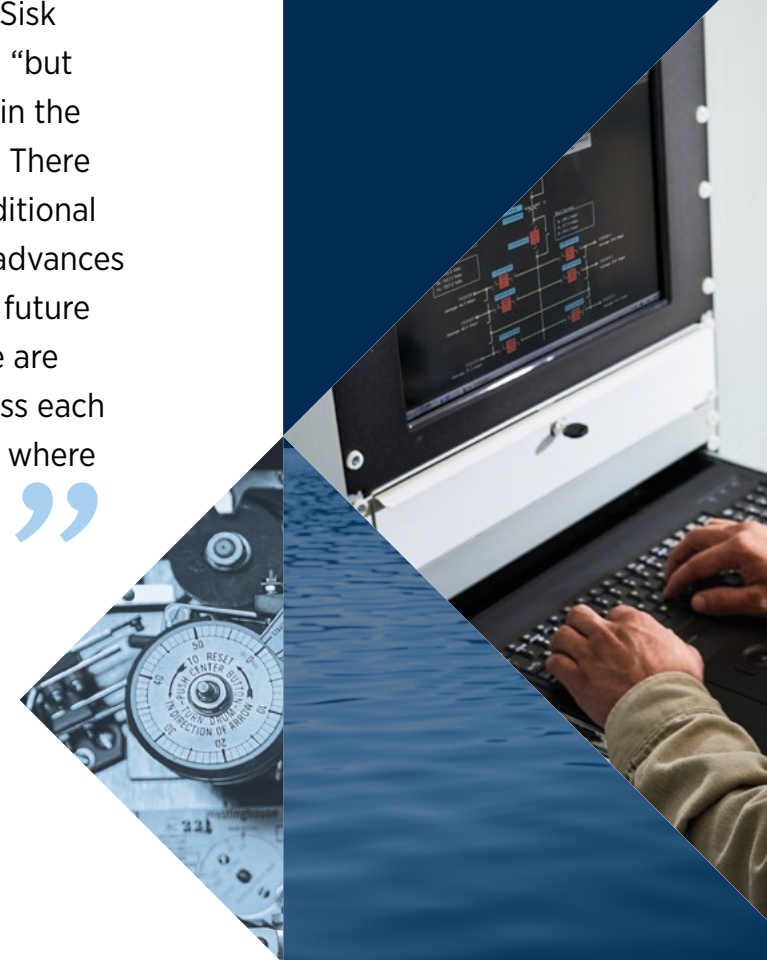
Today, Granite Falls and its 2,500 electric customers are enjoying the benefits of a new, cost-effective SCADA system offered by ElectriCities. The system provides tremendous advantages for Sisk and his team by delivering real-time data that enables employees to better monitor the status of its distribution system

and operate equipment remotely.

"We haven't even tapped into its full potential yet," Sisk acknowledges, "but we're heading in the right direction. There are a lot of additional technological advances planned in the future and we feel we are making progress each year in getting where we need to be."

Moving forward, the town's new SCADA system will serve as a foundation for continued improvements in its electric distribution system. Electric Department employees have also installed more than 1,000 electric meters that can be read remotely and plan to eventually deploy smart meters to all electric customers. For the Town of Granite Falls, it's all about making incremental and continuous improvements. ♦

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OUR SUPPORT

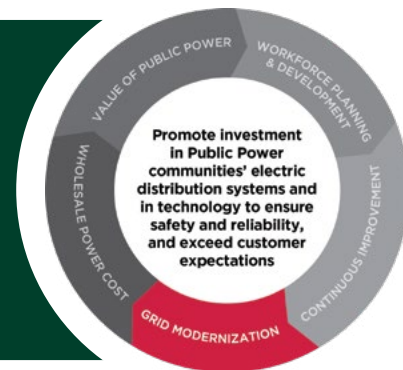
ElectriCities regularly shares information about emerging issues and new technologies that can help public power communities improve their operations. In addition, ElectriCities consults with utility directors and connects public power providers to share best practices and innovative ideas.



Wilson NORTH CAROLINA

GRID MODERNIZATION

Our nation's electric grid is one of the largest and most reliable in the world. More than 600,000 miles of transmission lines safely deliver energy to millions of homes and businesses. With our electric system being asked to do more than ever before, we must continue to invest in infrastructure improvements and new technologies that will keep our electric system reliable and efficient.



Developing a smart city may seem like a far-fetched dream for many communities, but the City of Wilson is determined to make it a reality.

The city has spent the past several years undertaking a massive effort to install 75,000 smart meters across its electric, gas, and water utilities. When the deployment of the final 600 water meters is complete later this year, the advanced meter infrastructure

will serve as an important part of the foundation for its smart-city ambitions.

Beyond the obvious advantages of smart meters — from eliminating the need for manual meter reading and enabling remote connections to pinpointing power outages and proactively identifying water leaks — smart meters provide another important benefit: mountains of data.

“We’re getting continuous data,” says

electrical engineer Daniel Mendoza, who helped spearhead the AMI installation since joining Wilson Utilities in 2017. “It’s pretty cool when you can pull a meter and see everything it tells you.”

One challenge Wilson faced was figuring out the best way to manage that data. After a period of trial and error, Wilson invested in building its own data management software solution.

“The key is to really understand what you want from an AMI system before you start. Know what type of information you want to receive and how you plan to use it. Otherwise, you’ll receive all of this data but have trouble knowing how to properly leverage it,” Mendoza says.

Another piece of advice: invest

in a professional database system and qualified IT personnel who can help you tap into the full benefits that smart meters offer.

For Wilson, it runs data analytics that spots abnormalities across all three utilities. One unexpected result — discovering meters that had been tampered with by customers.

With the AMI deployment wrapping up and a strong analytics solution in place, Wilson is now turning its attention toward its aspirations to become a smart city. It already has LED lights in downtown it can customize for specific city events (dimmed for outdoor movies, brightened for street festivals, etc.). Next, it hopes to add sensors across the city as part of its continuing evolution. ♦

“After a period of trial and error, Wilson invested in building its own data management software solution. “The key is to really understand what you want from an AMI system before you start,” says electrical engineer Daniel Mendoza.”



OUR SUPPORT

ElectriCities regularly advises NC Public Power communities on infrastructure improvements and keeps members abreast of emerging technologies — from smart meters to SCADA solutions — that can improve operations, increase efficiencies, and enhance customer service.

5

Morganton NORTH CAROLINA

WHOLESALE POWER COST

Securing a safe, reliable, and affordable power supply is the foundation of everything we do. It enables NC Public Power providers to effectively serve our customers, attract new businesses, and power our communities.



Residents in Morganton saw their electric rates continue to drop in 2019. A six percent decrease in 2018 was followed up with an additional three percent drop that took effect in August 2019. For the average customer, the changes will save them more than \$100 a year.

Those rate decreases, city officials say, are one of the many benefits of being a public power community.

“We are able to better control our power costs because we are not beholden to any private investors or shareholders,” says Brooks Kirby, Electric Services Director. “As a public power provider, we do not work to make a profit off of our power service, and instead work only to deliver high quality power service to our customers.”

One way Morganton has worked to control its power costs is by keeping its

distribution system as efficient as possible. One example: replacing oversized transformers to improve load efficiency and make the entire system more efficient. Those savings are passed along to customers.

In addition, Morganton is adding new delivery in 2020 that will enable it to more effectively tie together circuits across the city. That will not only improve efficiency, it will improve the system’s reliability and reduce the likelihood of power outages.

The city recently embarked on a cost of service study that will show how attractive its rates are to new industry hoping to locate in Morganton. The study will also evaluate how power usage is impacted by customer consumption and help the city better understand the load patterns of its larger customers.

“ElectriCities has provided invaluable information on our overall power costs and projections for the next six to 12 months,” Kirby says. “This helps us to identify how our residential and industrial customers use our power service, which will aid us in fine-tuning our rate structures once the study is completed.”

For Morganton, the value of public power goes far beyond the ability to provide reliable service at competitive rates.

“The greatest advantage lies in having local people working in our Electric Service Department. People who know our customers, who know our community, and who are invested in our city. Our linemen know their neighbors and are committed to helping them receive the best power service possible,” Kirby says. ♦

“Morganton has worked to control its power costs by keeping its distribution system as efficient as possible. One example: replacing oversized transformers to improve load efficiency and make the entire system more efficient. Those savings are passed along to customers.”

OUR SUPPORT

ElectriCities is committed to providing a stable, affordable wholesale power supply for NC Public Power communities through the North Carolina Eastern Municipal Power Agency and North Carolina Municipal Power Agency Number 1. ElectriCities provides support to members by consulting on rate issues, conducting energy audits in public power communities across the state, and educating customers about ways to improve energy efficiency.



Front and back cover photo: City of Statesville, N.C.

ElectriCities of NC, Inc.
1427 Meadow Wood Blvd.
Raleigh, NC 27604
919-760-6000
www.electricities.com



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