

Cullman Electric Cooperative

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2020 Annual Report

By Robert Tidwell

Cullman Electric Cooperative had big plans heading into 2020, with a new substation coming together, office renovations in the works, and behind-the-scenes planning underway for the fiber-optic construction project that would improve our electric service and bring broadband high-speed internet to our members.

But those projects — and most everything else in all of our work and personal lives — took a back seat to the COVID-19 pandemic. Electricity is an essential service, so our employees continued to work throughout the year, but our focus changed. We adjusted our programs and operations to make sure we continued serving our members while protecting the health of our employees and their families.

While our top priority is to provide safe, reliable and affordable energy to you, equally important is our mission to enrich the lives of the members we serve. This focus to benefit the larger community is central to the way we operate as a cooperative. That's why the co-op canceled late fees and disconnections for several months. It's why we made donations and acquired grant funding to help our hospital and other community

support agencies. It's why our linemen traveled to Louisiana after Hurricane Laura, and helped our neighbors in south Alabama after Hurricane Sally and Hurricane Zeta.

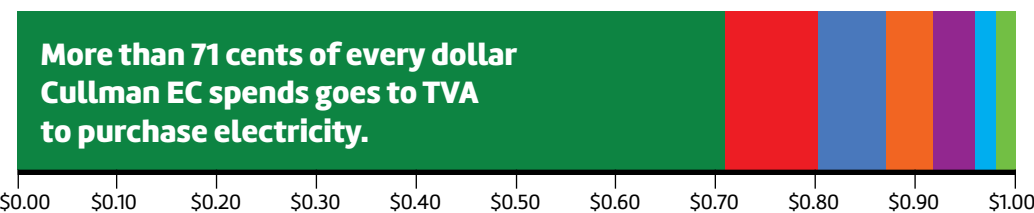
Cullman Electric Cooperative knows that electricity is a critical need for modern-day life, but it takes more than poles and power lines to make a community. The local pages inside this month's issue of Alabama Living are filled with information that reflect how your cooperative is improving the quality of life for our members as a reliable energy provider and a community leader.

All of the difficult and unexpected challenges that came up in 2020 didn't stop your co-op from achieving its goals. I'm proud to say that our new substation is online, office renovations are complete, and all of the planning for Sprout Fiber Internet will result in the first paying customers receiving gigabit-speed internet later this month.

On behalf of the entire board of trustees, I want to say thank you for the opportunity to serve you and to help our community continue to prosper. ■

Robert Tidwell is the Chairman of the Cullman Electric Cooperative Board of Trustees.

Distribution of Expense Dollar in 2020



More than 71 cents of every dollar Cullman EC spends goes to TVA to purchase electricity.

Purchased Power from TVA: 71.10%; Operations & Maintenance: 9.36%; Depreciation: 6.75%; Administrative & General: 4.73%; Taxes: 3.64%; Consumer Accounts & Customer Service: 2.32%; Interest: 2.10%

Cullman Electric Cooperative is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Contact Information

Office Locations

Cullman - headquarters
1749 Eva Road NE
Cullman, AL 35055

Addison - branch office

31132 US Hwy 278 West
Addison, AL 35540

Phone

256-737-3200 (main business number)
800-242-1806 (toll free)
256-737-3201 (report an outage)

Website & Social Media

www.cullmanec.com
Follow Cullman Electric Cooperative on Twitter, Facebook and Instagram @cullmanec

Payment Options

Draft

Pay your bill by automatic draft from your checking account or credit card

Online

Payments may be made 24 hours a day by check, credit card or debit card on our website at www.cullmanec.com

Kiosks

Payments may be made 24 hours a day at Cullman EC's offices on Eva Road and in Addison. The kiosk located at Hopper's Family Market in Fairview is available during regular business hours

By Mail

Cullman Electric Cooperative
PO Box 2303
Cullman, AL 35056

Night Deposit

Available at Cullman and Addison office locations

Balance Sheet

As of June 30, 2020 and 2019

Assets	2020	2019
Net Utility Plant	165,511,414	156,961,677
Other Assets and Investments	7,193,210	7,627,930
Current and Accrued Assets	38,970,008	45,171,882
Deferred Debits	1,850,039	2,253,499
Total Assets	\$213,524,671	\$212,014,988
Equities and Liabilities		
Equities	118,879,210	115,763,134
Long-Term Liabilities	67,294,559	70,549,208
Current Liabilities	27,350,902	25,702,646
Total Equities and Liabilities	\$213,524,671	\$212,014,988

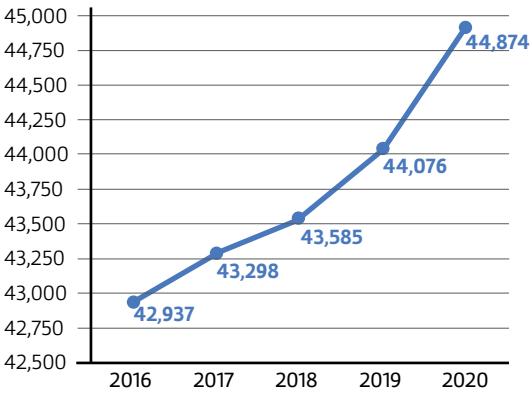
Statement of Revenue and Expenses

For Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenue	115,428,212	119,719,642
Expenses:		
Purchased Power	80,932,756	84,058,067
Operations and Maintenance	10,650,734	10,183,766
Consumer Accounts and Member Service	2,642,998	2,564,601
Administrative and General	5,385,481	4,344,689
Depreciation	7,682,939	7,478,102
Taxes	4,147,325	4,205,558
Interest	2,384,393	2,770,346
Total Expenses	113,826,626	115,605,129
Net Operating Margins	1,601,586	4,114,513
Non-Operating Margins and Other Comprehensive Income	1,511,435	1,550,065
Net Margins for the Year	3,113,021	5,664,578

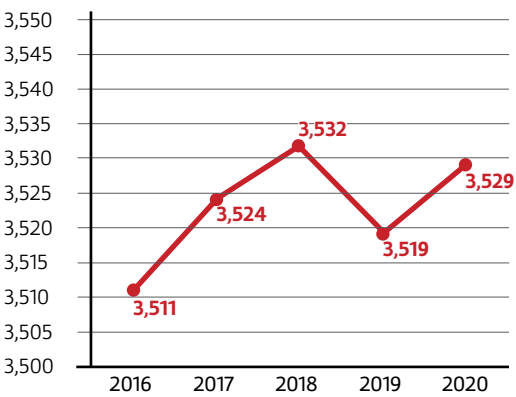
Cullman Electric Cooperative's fiscal year 2020 financial statements were audited by the independent accounting firm of Wear, Howell, Strickland, Quinn & Law, LLC. The audited financial statements and the independent auditors' reports are available for your review by appointment at the offices of Cullman Electric Cooperative, 1749 Eva Road Northeast, Cullman, Alabama.

Member Accounts



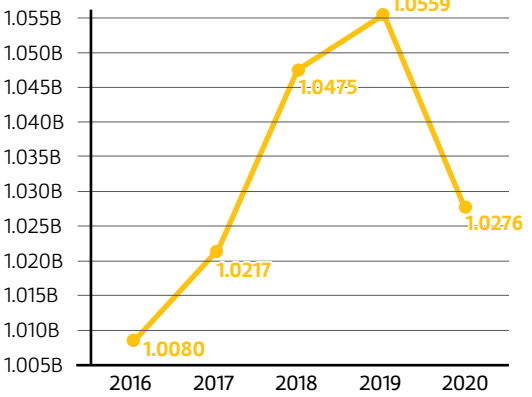
10-year trend: Cullman EC has added 2,572 member accounts since 2010. In the first six months of fiscal year 2021, member accounts have grown to more than 45,000.

Miles of Power Line



10-year trend: Cullman EC has added 82 miles of power line since 2010. New GPS technology implemented in 2019 helped to update and improve data accuracy.

KiloWatt Hours Sold (billions)



10-year trend: Despite a decline in 2020 as business and industrial production slowed due to COVID-19, electricity sales exceeded 1 billion kWh for the ninth time in 10 years.

ROADTRIP2020

Cullman Electric Cooperative made great progress over the past year while navigating many unexpected curves in the road.

May 15, 2020

Cullman EC makes \$10,000 donations to Cullman Regional, North Alabama Agriplex, and Cullman Caring for Kids Food Bank through the TVA COVID-19 Community Care Fund.



Jan. 6, 2020

Internal planning begins for Cullman EC's fiber broadband construction project.



March 16, 2020

COVID-19 pandemic leads to Cullman EC offices closing and suspension of late fees and cutoffs.



April 12, 2020

Easter Sunday storms, including a tornado at Johnson's Crossing, cause major damage and power outages that take several days to repair.

Oct. 17, 2020

Major planned outages completed to perform maintenance at the Addison and Helicon substation as well as TVA transmission line repairs.



August & September 2020

Cullman EC linemen travel to Louisiana after Hurricane Laura and South Alabama after Hurricane Sally to assist with storm recovery.



Sept. 26, 2020

86th Annual Meeting hosted as a virtual event.



June 18, 2020

Cullman EC hosts press conference to introduce Sprout Fiber Internet.



Nov. 18, 2020

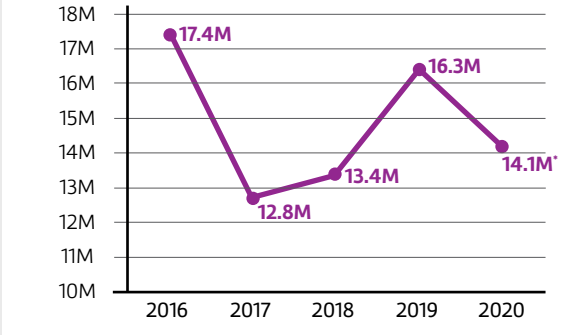
Ryan Creek substation, located off County Road 222 and I-65, comes online. It is the co-op's 17th substation.



Dec. 1, 2020

Sprout Fiber Internet installed in "friendly" homes and businesses for testing ahead of planned launch in January 2021.

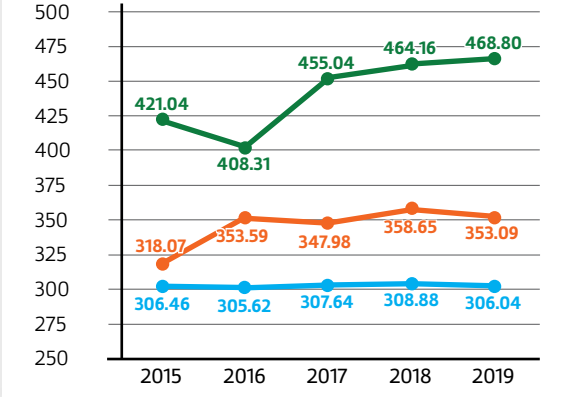
Customer Minutes Out (millions)



Right-of-way cutting, system maintenance and good weather reduce the frequency and length of outages. 2017, 2018 and 2020 had the fewest minutes out over the past 10 years.

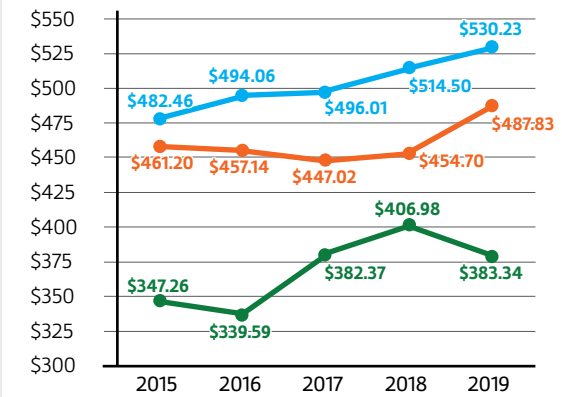
*Statistics are for the calendar year. Estimate for December 2020 was made using historical monthly average.

Meters per Employee



Cullman EC's consistently ranks in the top 10 percent of electric co-ops in the United States when looking at meters per employee, and is the second best electric co-op in Alabama.

Operating Expense per Member



Cullman EC's ranks in the top 15 percent of electric co-ops in the United States for total operating expenses per member, and is the third best electric co-op in Alabama.