



A Touchstone Energy® Cooperative 

2020 ANNUAL REPORT

WE
ARE A COOPERATIVE

CEO'S MESSAGE

Cooperatives like Coast Electric were formed to bring light, opportunity and prosperity to rural Americans. Our commitment has always been to our members and those values remain the same more than 80 years later. 2020 was a year when nothing was as expected, and we all faced many new challenges. Whether we were making changes to our Operation Round Up program to better meet the needs of our community, offering online activities to students learning from home, or restoring power in the wake of Hurricane Zeta, we demonstrated our commitment to serving our members. We always have and always will work hard to safely provide reliable and affordable electricity while improving life in our community.

I am proud to work for a cooperative that played such an important role in changing the landscape of south Mississippi when we brought electric service to our communities decades ago, and I am proud to now be part of a venture that is once again changing lives for the better, and forever. Coast Electric's mission is to improve the quality of life and economic development in the communities we serve and now, CoastConnect, our high-speed internet and phone subsidiary, is continuing that mission. Where you live will no longer dictate the opportunities available to you. Besides offering the best technology available, CoastConnect is locally owned and operated by the same people who have been powering your homes and businesses for generations. Through pandemics, hurricanes, and whatever else may come, we are here for you.

Ron Barnes
President/CEO



ABOUT US

Coast Electric Power Association, headquartered in Kiln, Miss., provides reliable, affordable electric service to Hancock, Harrison and Pearl River counties. Formed in 1937 by members of the community, the not-for-profit cooperative now provides power to more than 85,000 homes and business across over 7,000 miles of line. Our board of directors, advisory committee, management team and employees are committed to serving our consumer-members 24 hours a day, seven days a week, while striving to make our communities a better place to live, work and play.

Coast Electric is one of 11 electric cooperatives to receive power from Cooperative Energy, our generation and distribution cooperative headquartered in Hattiesburg, Miss. Together, these cooperatives provide electrical service to 55 counties in Mississippi, from the delta to the coast. Coast Electric is part of the National Rural Electric Cooperative Association, an organization that represents more than 900 electric cooperatives serving 42 million Americans. As a Touchstone Energy Cooperative, Coast Electric is also part of a nationwide family with a strong brand identity that allows participating electric co-ops to tell their stories with one voice and to serve as advocates for members.

THE POWER OF SERVICE

On Oct. 28, 2020, Hurricane Zeta made landfall in Louisiana as a Category 3 storm and brought devastation to the Mississippi Gulf Coast. At the peak of the storm, 82.7% of Coast Electric meters were without power and 15 substations were without transmission service. Coast Electric's mission is to provide reliable electric service, and as soon as it was deemed safe to work, crews began assessing damage and restoring service. Zeta was a fast and furious storm leaving behind more than 1,100 broken poles, 1,880 trees to cut and 1,400 spans of wire to repair. With the assistance of 407 employees from neighboring cooperatives and companies, we proudly achieved 95% restoration by Nov. 2.

With the 2020 general election on Nov. 3, our crews also faced the obstacle of restoring power to voting precincts and courthouses so Mississippi voices could be heard. Employees worked hard under difficult circumstances to allow for a safe election and that work did not go unnoticed. Secretary of State Michael Watson awarded Coast Electric and three other power companies the National Association of Secretaries of State Award for our efforts restoring power to voting precincts ahead of the election and ensuring our own first responders were able to exercise their right to vote. We are grateful for the dedicated co-op employees, both ours and those from visiting cooperatives, for their hard work restoring power to our members and critical community facilities.



THE POWER OF CONNECTION

In 2020, the power of connection became more important than ever. Seemingly overnight, access to reliable, high-speed internet became a critical spoke of modern infrastructure. As residents and businesses of south Mississippi began to adapt to remote working, distance learning and telemedicine, Coast Electric embarked on a journey to improve the quality of life and enhance economic development in Hancock, Harrison and Pearl River counties. CoastConnect, a high-speed internet and phone service subsidiary of Coast Electric, began with a pilot project funded by the federal CARES Act in July of 2020 and we connected our first subscriber on Nov. 3, 2020.

By the end of 2020, we successfully connected 320 subscribers and now, one year later, we are proudly providing world class internet and phone service, with no data caps, to over 3,000 subscribers. This is great progress, but we still have work to do, and we are committed to offering our services in all areas of our service territory. Building a fiber system takes time, and we know our members are eager, but we think the wait is worth it. This place we call home is special. Coast Electric has been powering our communities for generations and now, we are honored to connect them with CoastConnect.



THE POWER OF COMMUNITY

In 2018, Coast Electric made changes to its Operation Round Up program to extend our community commitment, all thanks to the help of our members rounding up their monthly bills. In 2020, members donated \$423,434.05 to be given back to our communities. Typically, 65% of donations are distributed as grants to local charitable organizations, 10% of donations are placed in an endowment for future giving opportunities, and 25% of donations are allocated to our energy assistance program, Share Your Blessings. As times change, we change too, and when COVID-19 began to affect the livelihood of many of our members, we made an update to our Operation Round Up program to best meet the needs of our community.

For the months of April through August of 2020, 100% of Operation Round Up donations were allocated to Share Your Blessings to bring immediate relief to those who felt the financial impact of COVID-19. With this change, \$227,463.06 of Operation Round Up donations were used to help keep the lights on for 488 families in south Mississippi. In August, the allocations of funds returned to normal, and we resumed issuing grants to local organizations. Concern for community is one of the seven principles that guide Coast Electric. Programs like Operation



Round Up would not be possible without the generosity of our members and our cooperative principles. Your spare change may not seem like much but together, we are making big changes!

BOARD OF DIRECTORS

JAMES BALDREE – Hancock County Position 1
GIL ARCENEAUX – Hancock County Position 2
PAUL D. GUICHET – Hancock County Position 3
CHARLES LOPEZ – Harrison County Position 1
TERI EATON – Harrison County Position 2

GORDON REDD – Harrison County Position 3
RICHARD DOSSETT – Pearl River County Position 1
FRANK MCCLINTON – Pearl River County Position 2
DOUG MOONEY – Pearl River County Position 3

MANAGEMENT TEAM

RON BARNES – President and CEO
SAMANTHA COOLEY – Executive Assistant
SCOTT BROWN – Vice President of Engineering
ARCHIE DICKENS – Vice President of Safety, Compliance,
Right-of-Way, Facility and Fleet Services
WILSON EATON – Staff Attorney
JOHN HOLSTON – Chief Financial Officer
GUY JOHNSON – Vice President of Western Division
and Economic Development

LOUIS LEE – Vice President of Project Management
BRUCE MARIE – Vice President of Purchasing
and Energy Management
STEVE PITZER – Vice President of Eastern Division Operations
and Special Projects
MELISSA RUSSO – Vice President of Communications,
Public Relations and Member Services
MARILYN SEFTON – Chief Human Resources Officer

ADVISORY/COMMUNITY TRUST COMMITTEE

HANCOCK COUNTY
DUJUAN BOSARGE
LLOYD RAMIREZ JR.

HARRISON COUNTY
RAYMUNDA BARNES
ANDERSON HILL
EJ ROBERTS

PEARL RIVER COUNTY
KEITH CAVALIERE
BILLY JOE LEE
ROSS WATKINS

HIGHLIGHTS

- We achieved an all-time high score of 90 on the American Customer Satisfaction Index.
- Members donated \$423,434.05 in Operation Round Up funds.
- Members filled 2,109 prescriptions and saved \$41,637.70 through Co-op Connections.
- The energy management team certified 123 Comfort Advantage homes, 616 home heat pump change outs and 120 commercial heat pump change outs and completed 240 energy audits.
- The engineering department completed 43% of a long-term voltage conversion project to improve service reliability.
- The engineering and operations departments deployed iPads with upgraded active outage management and damage assessment data that allows for on-site compilation of outages and system damage during severe weather disturbances.
- Employees raised more than \$16,000 for local charities, including the American Heart Association Heart Walk, Hancock County Relay for Life and Making Strides Against Breast Cancer campaign.
- The right of way department maintained 1,588 miles of line including 422,290 trims, 21,538 tree removals and 3,451 hazard removals.
- We partnered with Tiki Delivery in Hancock County to sponsor their Feeding the Front Line program to provide meals to local healthcare workers.
- We partnered with CoBank's Sharing Success program to donate \$19,800 to local food pantries.
- We retired more than \$3,967,647 in capital credits to Coast Electric members.
- Employees pledged \$27,000 to the United Way of South Mississippi.
- We announced a new payment option, Checkout, which allows members to conveniently pay their bill at local retail locations including CVS, Dollar General, Family Dollar and more.

JAMES GINN

June 8, 1941 – June 2, 2021

On June 8, 2021, on what would have been his 80th birthday, we celebrated the life of Coast Electric Board Member James Ginn. Mr. Ginn served the members of Coast Electric as a board representative for nearly 20 years. Mr. Ginn's contributions to this community are evident through his tireless service to our members, his long and successful career at Hancock Whitney, his dedication to his church and his love for his family. Mr. Ginn was always kind, always humble and always found ways to serve those around him. He will be missed by all of us who were lucky enough to know him.



FINANCIAL STABILITY

COAST ELECTRIC POWER ASSOCIATION AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2020 AND 2019

ASSETS AND DEFERRED DEBITS

	2020	2019
PROPERTY, PLANT, AND EQUIPMENT:		
Electric plant in service - at cost	\$ 382,264,778	\$ 364,898,912
Internet plant	1,847,659	
Construction work-in-progress	8,339,556	3,911,585
	<u>392,451,993</u>	<u>368,810,497</u>
Less: Accumulated provision for depreciation and amortization	112,430,000	104,494,256
Net property, plant, and equipment	<u>280,021,993</u>	<u>264,316,241</u>
OTHER ASSETS AND INVESTMENTS:		
Investments in associated organizations	83,409,289	80,160,786
Investments, restricted	4,269,350	4,360,700
Economic development loan receivable	82,650	322,037
Total other assets and investments	<u>87,761,289</u>	<u>84,843,523</u>
CURRENT ASSETS:		
Cash and cash equivalents	1,578,464	2,861,464
Accounts receivable		
Customers, net allowance for doubtful accounts of \$1,121,288 and \$941,582	7,751,010	8,083,895
Undercollected billings	2,675,139	128,701
Other accounts receivable	2,044,474	2,543,334
Unbilled revenue	12,628,609	10,991,771
Materials and supplies	3,069,092	2,527,175
Prepaid power	560,322	
Other current and accrued assets	405,276	362,272
Total current assets	<u>30,712,386</u>	<u>27,498,612</u>
DEFERRED DEBITS:		
Regulatory assets	5,749,034	6,835,273
Other	185,691	256,719
Total deferred debits	<u>5,934,725</u>	<u>7,091,992</u>
Total assets and deferred debits	<u>\$ 404,430,393</u>	<u>\$ 383,750,368</u>

EQUITIES, LIABILITIES AND DEFERRED CREDITS

	2020	2019
EQUITIES:		
Memberships	\$ 489,835	\$ 480,835
Accumulated other comprehensive loss - unrecognized components of net periodic benefit costs	(6,764,147)	(5,193,098)
Other equities	21,982,703	21,093,920
Patronage capital	186,243,827	180,857,342
Retained deficit	(741,132)	
Total equities	<u>201,211,086</u>	<u>197,238,999</u>
NONCURRENT LIABILITIES:		
Notes payable, net of current maturities	119,548,240	99,978,189
Bonds payable, net of current maturities	25,191,448	26,259,837
Right of use obligation, net of current maturities	1,664,436	1,699,130
Payroll Protection Program loan, net of current maturities	1,769,978	
Accumulated postemployment benefit obligation	20,796,473	19,068,611
Total noncurrent liabilities	<u>168,970,575</u>	<u>147,005,767</u>

CURRENT LIABILITIES:

Current maturities on notes and bonds payable	8,310,784	7,649,425
Current maturities of right of use obligation	894,194	830,052
Current maturities on Payroll Protection Program loan	2,675,022	
Current portion of post-employment benefit obligation	1,078,541	961,825
Accounts payable		
Purchased power		11,127,602
Other	2,687,132	2,321,694
Customer deposits	7,419,129	7,564,971
Line of credit	500,433	1,500,000
Accrued liabilities		
Payroll and compensated absences	5,775,877	6,156,157
Interest	523,486	880,403
Other	769,311	513,473
Total current liabilities	<u>30,633,909</u>	<u>39,505,602</u>

DEFERRED CREDITS:

Regulatory liabilities	<u>3,614,823</u>	
Total deferred credits	<u>3,614,823</u>	

Total equities, liabilities, and deferred credits	<u>\$ 404,430,393</u>	<u>\$ 383,750,368</u>
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COAST ELECTRIC POWER ASSOCIATION AND SUBSIDIARY CONSOLIDATED STATEMENTS OF REVENUE FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
OPERATING REVENUE				
Revenue from customers	\$ 195,025,297	97.74%	\$ 196,614,126	97.61%
Other	4,515,595	2.26%	4,821,567	2.39%
Total operating revenue	<u>199,540,892</u>	<u>100.00%</u>	<u>201,435,693</u>	<u>100.00%</u>
OPERATING EXPENSES:				
Cost of power	134,274,915	67.29%	134,856,288	66.95%
Distribution expenses - operations	8,258,012	4.14%	7,849,464	3.90%
Distribution expenses - maintenance	16,135,103	8.09%	15,530,776	7.71%
Consumer accounts expenses	5,453,113	2.73%	5,668,647	2.81%
Customer service and informational expenses	2,552,793	1.28%	2,601,882	1.29%
Administrative and general expenses	10,414,294	5.22%	10,543,202	5.23%
Depreciation expense	11,982,415	6.00%	11,295,032	5.61%
Taxes	2,091,620	1.05%	2,206,667	1.09%
Total operating expenses	<u>191,162,265</u>	<u>95.80%</u>	<u>190,551,958</u>	<u>94.59%</u>
OPERATING MARGINS BEFORE FIXED CHARGES	<u>8,378,627</u>	<u>4.20%</u>	<u>10,883,735</u>	<u>5.41%</u>
FIXED CHARGES:				
Interest on long-term debt	3,616,104	1.81%	4,186,905	2.08%
Other interest	225,797	0.11%	270,706	0.13%
Total fixed charges	<u>3,841,901</u>	<u>1.92%</u>	<u>4,457,611</u>	<u>2.21%</u>
OPERATING MARGINS AFTER FIXED CHARGES	4,536,726	2.27%	6,426,124	3.20%
G & T AND OTHER CAPITAL CREDITS	<u>4,266,304</u>	<u>2.14%</u>	<u>3,525,310</u>	<u>1.75%</u>
NET OPERATING MARGINS	<u>9,951,434</u>	<u>4.95%</u>	<u>13,079,829</u>	<u>6.42%</u>
NON-OPERATING INCOME:				
Interest income	282,997	0.14%	375,395	0.19%
Miscellaneous income	9,400	0.00%	66,023	0.03%
Total non-operating income	<u>292,397</u>	<u>0.14%</u>	<u>441,418</u>	<u>0.22%</u>
NET MARGINS FOR THE YEAR	\$ 9,095,427	4.55%	\$ 10,392,852	5.17%

COAST ELECTRIC POWER ASSOCIATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
NET MARGINS	\$ 9,095,427	\$ 10,392,852
OTHER COMPREHENSIVE INCOME:		
Postemployment benefit plan		
Net (loss) gain arising during period	(1,913,949)	(433,398)
Amortization of prior service costs	342,900	342,900
Other comprehensive (loss) gain	(1,571,049)	(90,498)
COMPREHENSIVE INCOME	\$ 7,524,378	\$ 10,302,354



MISSION STATEMENT

We exist to safely provide our member-owners superior service and dependable electricity at the lowest possible price and to improve the economy and quality of life in our community.

NONDISCRIMINATION STATEMENT

This institution 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.



A Touchstone Energy® Cooperative 

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