

t is with great pleasure that we bring you the 81st Annual Report of Surry-Yadkin Electric Membership Corporation. In addition, I would like to invite you to virtually attend our 81st Annual Business Meeting being held via YouTube Live on Oct. 25, 2022, at 7 p.m.

This 81st year of service has continued to provide us with the opportunity to serve our members based on cooperative values that make us unique and relevant to the rural communities we are so fortunate to serve.

Despite continued challenges, from supply chain to increased prices of equipment and materials and ongoing health-related matters stemming from COVID-19, we have maintained an impeccable safety record and continued to upgrade and improve our infrastructure so we can uphold our pledge to "provide outstanding service that powers our rural communities."

In 2021, we invested \$9 million in our infrastructure, bringing the value of our system less depreciation to \$125,314,240. This year, we are happy to report that we will be retiring approximately \$3 million in capital credits to our members. Our members who had service in 1996 and 1997 should have received a refund on their electric bills prior to the Oct. 25 Annual Meeting. Former members who had service in 1996 and 1997 will be mailed a check at their last known address.

This year's Annual Report is a chance to provide our members with updates and key information about the cooperative and our business operations. We look forward



to sharing this with you, and we hope you will join us for our virtual Annual Business Meeting on Oct. 25 via YouTube Live or take time to watch the meeting the following day on our website, syemc.com.

We encourage our members to vote in this year's elections for members of the Board of Directors. A new option for voting this year is through the SmartHub online portal and app. Those voting either via mail-in or digital ballot will be entered in a drawing for a chance at several bill credits. Ballots, being handled by third-party vendor Survey and Ballot Systems, must be returned by 5 p.m. Oct. 24, 2022.

Results of the election and winners of the drawing will be announced during the Annual Meeting.

A Community Information Session is being planned for 2023 at a location in the Elkin/State Road area of our service territory. We look forward to connecting with our members at this event. More details will be provided in Carolina Country in the coming months.

We appreciate the support of you — our members.

Don't just go green,



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Have your bill paid automatically each month via bank draft or recurring payment.

S OP OP GREEN



Read your monthly newsletter and Carolina Country online. Receive an email notice days before the printed version is mailed.





Manage your energy use, pay bills, report outages with the SmartHub app.

Learn more at syemc, com



District 1Karoline Overby
Secretary



District 2Stephen Hutson



District 3Willard Swift
Vice President



District 4Brenda Hardy



District 5 Alvin Reid Jr.



District 6Stephen Joyce



District 7 Lee Von "Toby" Speaks President



District 8David Miller
Treasurer

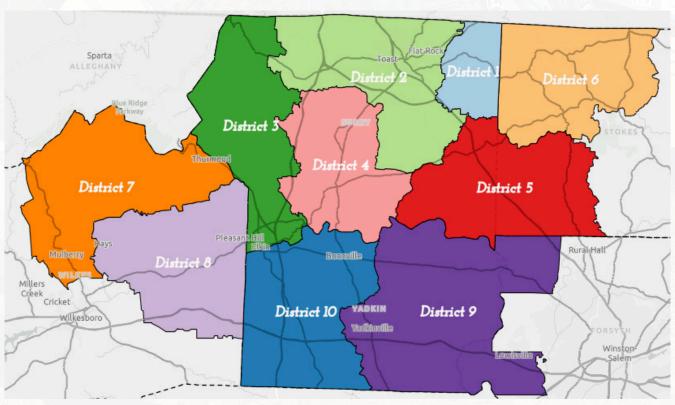


District 9David Pendry



C

District 10
Eddie Campbell



Community info session planned for 2023

In 2020, during a Value of Power series in Carolina Country, Surry-Yadkin EMC announced it would be hosting Community Information Sessions for members around the service territory. Unfortunately, shortly after the announcement, the cooperative had to delay plans for those information meetings due to the COVID-19 outbreak.

In fall of 2021, the cooperative held its first Community Information Session at Salem Baptist Church in Dobson. Then in 2022, two more sessions were held — one at East Bend Senior Center and one at Westfield Baptist Church.

The information sessions provided members with a chance to meet cooperative employees and board members. They allowed members to learn more about different areas of the cooperative, such as solar and renewables, transmission and distribution projects, financials like capital credits, energy savings tips and more.

Refreshments were provided and those in attendance were entered into a drawing for a chance to win door prizes and gift cards. Attendees also were given the opportunity to schedule home energy audits with the cooperative's Member Support and Energy Services team.

A fourth Community Information Session is being planned for 2023 in the Elkin/State Road area. Once plans are finalized, the cooperative will make an announcement in Carolina Country and on social media to let members know where we will be. The staff looks forward to meeting with members again.



Jaye Hall, right, a member of Surry-Yadkin EMC's Member Support & Energy Services team, speaks with a member about energy savings and energy efficiency options during the Community Information Session at East Bend Senior Center.







Value-added products available to members

Inforeseen home repairs and general maintenance are responsibilities that come with being a homeowner. Unfortunately, some of these repairs are unpredictable and can be extremely costly. Surry-Yadkin EMC has partnered with outside agencies to offer members additional services and resources that are beneficial during these types of occurrences.

The newest value-added products available are through a partnership with Generac and Carolina Generators, which is also a member of Surry-Yadkin EMC.

The Generac/Carolina Generators partnership offers affordable back-up generators to members. Generac, founded in 1959, was the first to engineer affordable, stand-by generators. The company also designed the first engine developed specifically for the rigors of generators.

Generac offers a wide range of power products, including portable, residential, commercial and industrial generators. They are the leading designer and manufacturer of manual and fully automatic transfer switches and accessories for back-up power applications — up to 2 megawatts.

Carolina Generators, owned and operated by Brad Harrison, is a licensed Generac dealer and will install and provide service options for the generators purchased through the partnership with Surry-Yadkin EMC.



A partnership with HomeServe, an optional service offered to members, provides home emergency repair plans that are not covered by homeowners' insurance. Plans are individualized, covering plumbing, heating and cooling, and electrical repairs.

Often, homeowners are unaware of their responsibility to cover maintenance and repairs of water and sewer laterals, and more.

HomeServe finds it important to remind customers that should an electrical service line break, it is the responsibility of the homeowner to repair the damage. Repairs could range from \$3,000 to \$10,000 or more.

HomeServe assists more than 4 million homeowners in the U.S. and Canada and has an A+rating with the Better Business Bureau. Members who choose service can call to report problems 24 hours a day, 7 days a week. HomeServe sends out technicians who are local and licensed to cover repairs, and a 90-day guarantee is provided with each maintenance.

HomeServe is a service that is optional to members. All payments, repair requests, and communication will take place between the member and HomeServe. Fees will appear separately from monthly SYEMC billings.

For additional information on how you can get started with either of these services, visit syemc.com/value-added-products-services.

Inventory to improve outage response, efficiency

Surry-Yadkin EMC in partnership with Davey Resource Group (DRG) has completed a nearly two-year process of performing an audit to accurately assess the cooperative's inventory in the field. This information provides the cooperative with the capability to create brand new mapping data that will show staff where everything is, down to each unit on a pole.

Furthermore, this data supplies a new outage model that will improve outage predictions, decrease the total time of an outage and raise efficiency in locating the exact cause of an outage. Now, when an outage occurs, staff can look at the Geographic Information System (GIS) and pinpoint exactly the location and what equipment is needed to repair damage once they are on scene to assess the outage.

SYEMC's engineering technicians also will benefit from the new system. Before the new system was in place, technicians were forced to rely on information that was missing data. Today, their jobs will be more efficient thanks to the accuracy of the new mapping system.

During the audit, DRG inventoried 58,512 distribution poles and 1,458 transmission poles. The review also included 28,316 active meters and 235 inactive meters. In addition to other beneficial data, 14,121 yard lights, 19,139 overhead transformers and 2,839 underground transformers were assessed.

In addition to the accuracy of the new mapping data, there are also benefits with taxable assets. Taxes are based off the location and number of the co-op's assets, and the inventory allows the cooperative to have an updated count of these assets.

The success of this project will be beneficial to all parties involved. Members will start to notice improvements in restoration times, and staff will have a better understanding of how they can better serve members through more accurate data.

Community projects benefit those in need

oncern for Community is one of the key guiding principles by which the cooperative operates. This community aspect includes everything from educating people on electrical safety to providing support for those in need.

In the fall of 2021, the employees were teamed up in groups and went head-to-head to see who could donate the most food during Surry-Yadkin's annual food drive to benefit the Second Harvest Food Bank. The regional food bank supports the smaller food banks in our five-county service area, and beyond. In 2021, cooperative employees donated 7,896 pounds of food to Second Harvest.

The food drive is typically held in October and November. The dates will be announced in the October Carolina Country and on social media so that members can participate as well.

Cooperative employees volunteer for a Community Projects Committee, which determines the projects they will take part in each year. In addition to the food drive, the committee rallied employees to donate money to sponsor children for Christmas. Ten children from the Surry-Yadkin service area were sponsored with Christmas gifts and clothes.

Also, for the first time in two years, the Community Projects Committee was able to host the 10th annual Surry-Yadkin EMC Charity Golf Tournament in June of 2022. The committee set out with a goal of raising \$30,000 to benefit four area nonprofits — Yadkin Valley United Fund, Grace Clinic of Elkin, the Greater Mount Airy Ministry of Hospitality, which oversees the Shepherd's House and Helping Hands Foundation, and Second Harvest Food Bank.

Once the sponsorships came in, the committee had raised \$39,000, donating \$9,750 to each of the four organizations. In addition, 120 players hit the golf course at Cedarbrook Country Club, with a wait-

ing list of teams still wanting to participate. With such success, the committee is looking to reorganize the tournament some for 2023 to accommodate more golfers and allow for more funds to be raised.

The Shepherd's House, a nonprofit shelter for women and families, moved into a new location this past year, and Surry-Yadkin EMC was able to donate some IT (information technology) manpower to support getting the new location set up.

Surry-Yadkin's members also help support those in need in the community through the Operation Round Up program. Members who are willing opt in to having their monthly bill rounded up to the nearest dollar (never more than \$11.88 a year). Those funds are then distributed to area nonprofits such as food banks, school backpack programs, homeless shelters and more, as well as to victims of house fires and catastrophic illness. A board made up of co-op members meets three times a year to determine where the funds are distributed.

The cooperative also supports several youth programs, in addition to hosting field trips at the office and solar farm and going out and visiting youth at schools. Each year, \$6,250 is provided to teachers from the service area through Bright Ideas Education Grants. The cooperative sponsors two high school juniors as delegates to the NC Youth Tour, which includes a week-long trip to Washington, D.C., and a \$500 scholarship, as well as one student to the Cooperative Council of North Carolina's Cooperative Leadership Camp. Also, each summer, the cooperative sends a middle-school girl and boy to basketball camp at NC State University and the University of North Carolina at Chapel Hill, respectively, through Touchstone Energy Sports Camp Scholarships. More information on these programs can be found at syemc.com.



Representatives of three the nonprofits that benefitted from the 2022 SYEMC charity golf tournament are on hand at Cedarbrook Country Club to help out with the tournament. The day's efforts raised \$39,000, which was donated in four checks for \$9,750 to Yadkin Valley United Fund, Grace Clinic of Elkin, Second Harvest Food Bank and the Greater Mount Airy Ministry of Hospitality, which oversees The Shepherd's House and Helping Hands Foundation.

About \$3 million in capital credits retired

This year, 2022, Surry-Yadkin EMC is refunding capital credits to those members who had service in 1996 and 1997. During its July meeting, the board of directors approved the retirement of approximately \$3 million in capital credits. This includes 100 percent of 1996's and 1997's capital credit retirement. Members should see those retirements as a credit on their bills prior to the October annual meeting.

Over its 82 years, Surry-Yadkin Electric has retired

\$38.5 million to its member-owners.

One of the 7 Cooperative Principles that Surry-Yadkin EMC follows as a not-for-profit, member-owned cooperative is Members' Economic Participation. Part of the members' economic participation includes allocating and distributing any excess margins the cooperative may have when it is financially feasible to do so. These returns are known as capital credits.

Capital Credits

The Who, What, When, Where & Why

Who

As an electric cooperative, the members of the cooperative are the primary source of ownership (equity) funds for the cooperative.

Members must invest in their cooperative. The equity built within the cooperative is used for leverage to finance large projects that are necessary to upgrade the system to improve system reliability and provide electric service to our members.

What

Members' equity is created by the excess margins that remain after all the year's expenses have been paid. Any revenues above the cost of doing business are considered margins. These margins represent capital furnished by the members to the cooperative for use as operating capital.

The cooperative must keep or retain a portion of each year's cooperative earnings as equity capital to use for a period of time. Like any business, a cooperative must have adequate funds to pay bills, make investments in the system such as building new lines and replacing outdated copper lines and old poles and improving service reliability through projects such as new transmission lines and substations, and have reserves for risk management (storm damage, for example). Equity capital is one of the measures by which financial institutions use to lend funds to the cooperative to pay for the cost of construction as part of the long-range planning goals.

When

At the end of the year, the margins are allocated to each member as capital credits based upon how much electricity was used during the year. For example, if the total membership paid in \$50 million toward their power bills and at the end of the year \$3 million in margins remain after expenses are paid, the \$3 million in margins will be allocated to each member based on the percentage that each member paid in. If member A paid in \$2,700 a year for electric service and member B paid in \$12,000 a year for service, the capital credit amount allocated to member A would be \$162 and the allocation for member B is \$720. A record of each member's capital credits is kept on file by year of allocation.

Where

If financial conditions allow, the board of directors will pay out (or retire) capital credits to members. Having strong and healthy financial ratios is important to continue the well-being of the cooperative and must be present before retiring members' equity.

Surry-Yadkin EMC retires capital credits back to its members using the FIFO method — First In, First Out; the first ones on our system will be the first ones paid out. Once a year, the board will vote to retire the oldest year(s) or a portion of year(s) as a general retirement based on financial conditions. For example, the capital credits from 1994 were retired across two years, 2019 and 2020. We have had years when we've been able to retire more than one year. The general retirement typically occurs prior to the annual meeting held in October each year.

The board also will approve special capital credit retirements at the monthly board meeting to estates and to other types of early retirements. The special capital retirements are retired at an amount discounted to net present day value.

Why

Members receive a refund on their investment in the form of a capital credit retirement because Surry-Yadkin EMC is an electric cooperative, a not-for-profit organization that operates at the cost to provide service.

A Brighter Future: Cooperatives work together to meet energy goals

In 2020, North Carolina's Electric Cooperatives launched A Brighter Future initiative, with three main goals — providing reliable, low-carbon electricity with a goal of net-zero emissions by 2050; to incorporate innovation and technology into the grid; and to support community development to improve the lives of co-op members and strengthen the communities served by co-ops.

The power portfolio for Surry-Yadkin EMC is one provided through a partnership with the co-op's wholesale power provider, North Carolina Electric Membership Corporation. More than half the power comes from emissions-free nuclear generation. NCEMC acquires its power from a number of sources including its ownership of a 61.51-percent share of the Catawba Nuclear Station's Unit 1 in York County, S.C.

Less than 5 percent of the co-op's power is through coal-fired generation. The other sources of power include natural gas, renewables such as solar and wind, hydro and purchases from the wholesale market, primarily PJM, which is a regional transmission organization (RTO) serving 13 states, and wholesale suppliers such as Duke Energy, American Electric Power (AEP), Southern Power, BP Energy Company, Shell and Morgan Stanley.

Microgrids are one way the cooperatives are incorporating innovation and technology into the electric grid serving our members. At present, North Carolina's Electric Cooperatives has five microgrids online. Different than a power plant, a microgrid is a small electric system that combines several energy resources and control technologies to provide power to an area. While they are connected to the main energy grid, they also can operate independent of the grid.

NCEMC's microgrids include Ocracoke, which launched in 2017 in partnership with Tideland EMC and includes a controller, solar panels, battery storage, internet-connected smart thermostats, water heater controls and a diesel generator.

The Butler Farm microgrid, in Lillington, is a project that incorporates co-op-owned components and farm-owned resources. It utilizes biogas produced from hog waste along with solar, battery storage and a diesel generator to support the needs of the farm, as well as selling power produced through a partner-ship with South River EMC. The Butler Farm microgrid launched in 2018.

Two residential projects also serve as microgrids for North Carolina's Electric Cooperatives. Heron's

Nest in Shalotte is a partnership between developer The Adams Group and Brunswick Electric Membership Corporation, and Eagle Chase in Youngsville is being developed by NCEC in partnership with builder Winslow Homes and Wake Electric.

Heron's Nest was the state's first residential microgrid. The site, once fully developed, will have at least 30 homes equipped with solar panels, demand response water heaters, demand response Ecobee programmable thermostats and an option for electric vehicle charging. It also will include a larger community solar array with battery storage.

The goal of Eagle Chase is to provide enhanced electric service reliability and resiliency while reducing peak electricity costs. During outages, the microgrid will be able to support the neighborhood for up to 36 hours, and during normal operations, it remains connected to the main grid to provide power diversity and increased reliability. The residential microgrid includes a propane-powered generator and a battery system, as well as integrating smart water heater controls and homes prewired for electric vehicle charging.

The fifth microgrid is a partnership between NCEC, egg producer Rose Acre Farms and local cooperative, Tideland EMC. The project will integrate solar panels, energy storage and other NCEC-owned components with resources owned by the farm, such as existing backup diesel generators.

Agribusiness partnerships beyond microgrids also are part of the innovation and technology being incorporated by cooperatives. Locally, Surry-Yadkin EMC has partnered with Hollar and Greene Produce in Surry County on an eTRU (electric transport refrigeration unit) project. This BEST (Beneficial Electrification & Sustainable Technologies) Solution will help enhance Hollar and Greene's operations, allowing their refrigerated trailers to be powered by electricity rather than using the onboard diesel generator for cooling during load staging. This alternative fuel technology will allow Hollar and Greene to meet sustainability goals and improve operational efficiency.

Surry-Yadkin EMC also is a participant in the Brighter Future initiatives through its solar farm in the Fairview community as well as its electric vehicle charging network. The EV network includes a DC Fast Charger at Circle K at the Zephyr Road/I-77 interchange, as well as Level II chargers at Fairfield Inn in Elkin, Hampton Inn at the Zephyr Road interchange, the Surry-Yadkin EMC main office, Surry Communications' Dobson of-

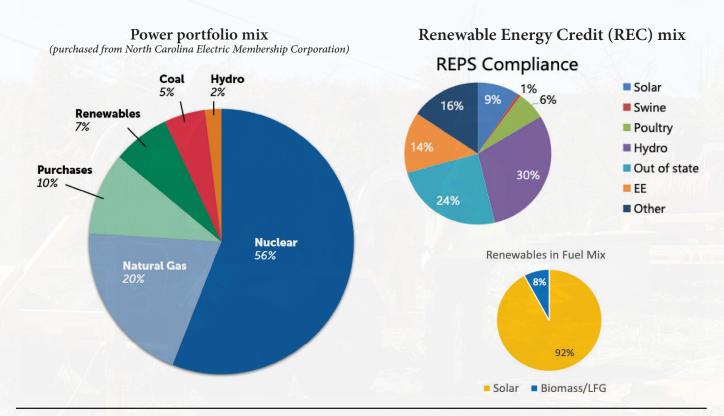
fice, Surry Community College's main Dobson campus and one to be installed at the Hanging Rock State Park visitors center. Additional Level II chargers are in the works in the service area as well.

Community development in Surry-Yadkin EMC's area includes partnerships with community organizations such as Mount Airy and Lewisville fire departments for United States Department of Agriculture's Rural Economic Development Loan & Grant (REDLG) program.

Other community development efforts include Bright Ideas Education Grants, Kenan Fellows Program for Teacher Leadership, Touchstone Energy Sports Camp Scholarships, NC Youth Tour, 4-H Partnership, UNC Burn Center and the Brighter World Initiative, which sends linemen to help bring power to areas that don't have access to electricity.

For more information on A Brighter Future, visit ncelectriccooperatives.com/brighter-future.

Where does SYEMC power come from? & What is our renewable breakdown?



Communications efforts continue to grow

Advancements in communication efforts have increased throughout the year for Surry-Yadkin EMC members. Social media has played a significant role in the delivery of information, such as power outages, employee introductions, safety tips, hours of operation, and more. Surry-Yadkin's social media presence is through Facebook, Twitter and Instagram.

In addition to informing members of outage repairs, co-op news and energy efficiency tips, SYEMC also uses social media as a tool to connect with members on a personal level through interactive posts. Engagement with and among members has expanded significantly through social media posts, which often times are interactive and thought-provoking — permitting the member to comment and post photos that relate to the post, print coloring pages for their children, and much more.

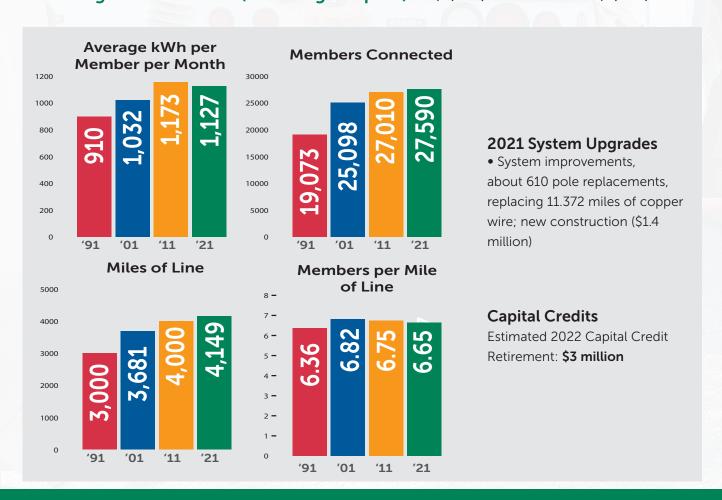
If you do not have a social media account, SYEMC also delivers news and important information on the

new and improved website, syemc.com. The new website launched in July 2022 and is updated routinely. Available on this site are the latest podcasts, Carolina Country magazines, informational videos and any news-worthy events affecting our members and co-op family. Additionally, emails containing important updates and co-op news are sent to those who have chosen to share their email addresses with the cooperative.

As the cooperative continues to increase communications efforts, it is also significant to mention that text message alerts are a feature which will be coming to members soon. Electing to receive text messages is something that will be completely optional to members. It is also a service that allows for the delivery of news and outage updates quickly and effectively. When text alert options are available, the cooperative will notify members of its availability.

Statement of Operations

Revenues	2020	2021
Sale of Electric Energy	\$52,128,927	\$52,520,777
Non-Operating Revenue		
Capital Credits from Associated Organizations	1,111,856	1,261,538
Total Revenue	\$53,514,835	\$53,916,027
Expenses		
Purchased Power	27,223,373	\$26,321,333
Operations of Lines	3,439,252	4,735,888
Maintenance of Lines and Property	5,809,114	5,891,069
Consumers Accounting and Collecting	1,690,964	1,447,959
Consumer Services and Information Expenses	234,250	404,273
Administrative and General Expenses	4,215,421	4,659,206
Depreciation	4,364,352	4,480,319
Interest on Long-Term Debt and Other	2,260,722	2,094,478
Other Operations Deductions	4,978	2,500
Total Expenses	\$49,242,426	\$50,037,025
Net Margins for the Year (Patronage Capital)\$4,272,409	\$3,879,002



Balance Sheet 2020 2021 What We Own **Utility Plant** Investments \$16,973,179 \$21,181,010 **Current Assets** Cash on Hand and in Bank.....\$2,959,936 **Deferred Assets** \$746,980 \$614,271 Total Assets and Other Debits..................\$148,980,479................160,081,171 What We Owe **Membership Equity Long-Term Debt Current Liabilities** Accounts Payable.......3,480,508 **Total Liabilities and Other Credits**.....\$148,980,479.....\$160,081,171

Members making a difference



operation Round Up is a member-supported relief program that was started in December 2001 through Surry-Yadkin Electric Membership Corporation. Over 20

years later, member contributions have assisted in aiding 26 community agencies and hundreds of individuals and families in need throughout SYEMC's service area.

Operation Round Up

2021 donations	\$57,609
Donations since 2001	\$1,653,228

Infrastructure upgrades aid grid efficiency

Surry-Yadkin EMC continues to upgrade and update its power grid annually through routine maintenance and other special infrastructure projects. Supply chain issues, which many industries are facing at this time, have led to delays in the completion of a couple of major projects, but work is almost complete on those.

During 2021, Surry-Yadkin replaced 610 of its 58,512 poles and 11.372 miles of copper line as part of its annual upgrade process. Each pole takes anywhere from two to six hours to replace, depending on the attachments on the pole and the accessibility of the pole. Surry-Yadkin's aging infrastructure still includes 40-year-old poles and 80-year-old copper lines, and the annual replacement project helps keep the co-op moving in a direction of renewing the system for safety and reliability for its members.

Two large infrastructure projects kicked off in 2020 and 2021 as well — the construction of the new Double Creek substation just northeast of Pilot Mountain in Stokes County, and the construction and upgrade of the Yadkin County transmission lines between Yadkin, Baltimore and East Bend substations.

The Double Creek substation is the end-product of a multi-year project that included the construction of a four-mile transmission line from the Westfield substation to the site of the new Double Creek substation. Construction on the substation began in July of 2020. The substation should be completed and energized in mid- to late November this year.

The Double Creek substation will help ease the load and burden on other substations in the Westfield, Francisco and Hanging Rock areas. The new substation also will provide a way to back feed

distribution circuits to help reduce outage times and the number of members affected and to provide the needed capacity for future growth in these areas.

The lines, poles and equipment have been upgraded to newer standards and capacities for many more years of service. Surry-Yadkin EMC's substation department employees are constructing the Double Creek substation.

With this project, a double-circuit distribution line is being built along N.C. 268 going east from the new substation. This line will allow future projects that could help split power loads and offer a back-feed potential for sections of line in the case of outages.

The Yadkin County transmission project began in March of 2021. It should be completed near the end of September this year. The construction was contracted to Lee Electric Construction.

The project included construction and upgrading of the transmission lines in Yadkin County, replacing lines that were installed 53 years ago and wooden poles averaging 30 years or older with steel poles to avoid woodpecker damage. It also will raise the height of the conductor to help avoid trees falling from outside of the right-of-way and making contact with the conductor. The smaller 2/0 conductor, rated for 275 amps, also is being replaced by a new 795 conductor, rated for 905 amps.

The construction is being built to allow for future growth and many years of service by using specifications for the future conversion from 44 kilovolts (kV) to 100 kilovolts as growth requires. The increase to 100 kV decreases line loss and makes the system more efficient.



Contractors attach insulators to a new pole before they erect it as they work on a transmission line upgrade this year.



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