

A photograph of utility infrastructure silhouetted against a sunset sky. The scene includes power lines, a utility pole with a transformer, and a water tower in the background. The sun is a bright, glowing orb on the horizon, casting a warm orange glow. The entire image is framed by a thick orange border.

2021 ANNUAL REPORT

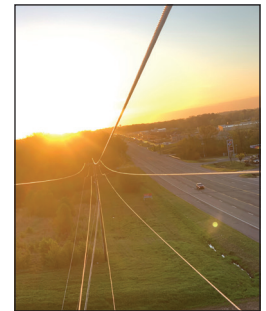


To our customer-members

2020 is a year we will remember for its challenges and success. It has been and continues to be a difficult time for our nation, states and communities. How we deal with adversity defines us:

For Chickasaw Electric Cooperative, the dedication of our co-op employees to respond in all kinds of conditions and at all hours of the day and night is proof of our resilient spirit.

The support and kindness shown by our board members and employees toward one another and toward our customer-members were equally impressive responses. We have seen compassion, support, strength and determination from our customer-members as well.



Powerful Leadership

Electric co-ops are owned by the people they serve, not by the government. Customer-members elect board members — people they know and trust from their communities — to represent their interests and set policies and procedures for our member-owned cooperative.

This form of member-regulated leadership gives the power to the people served, the families and business owners in each community and all those who use the cooperative's services and pay electric bills each month. When those in leadership positions have the best interests of our communities at heart, the opportunities are endless.

Board members, attorney and management team



Chip Reeves
District 1
4 years of service



June Walker
District 2
48 years of service



Mary Lou Thomas
District 3
16 years of service



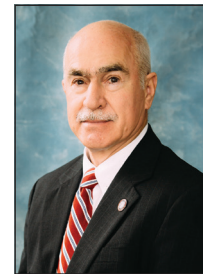
Gordon Tomlin
District 4
12 years of service
Re-elected



Phil Burrows
District 5
5 years of service



Jimmy Morrison
District 6
26 years of service



Vip Lewis
District 7
24 years of service
Re-elected



Royce Reeves
District 8
48 years of service



Howard Dowdy
District 9
36 years of service
Re-elected



Bill Rhea
District 10
9 years of service



Tom Minor
Attorney

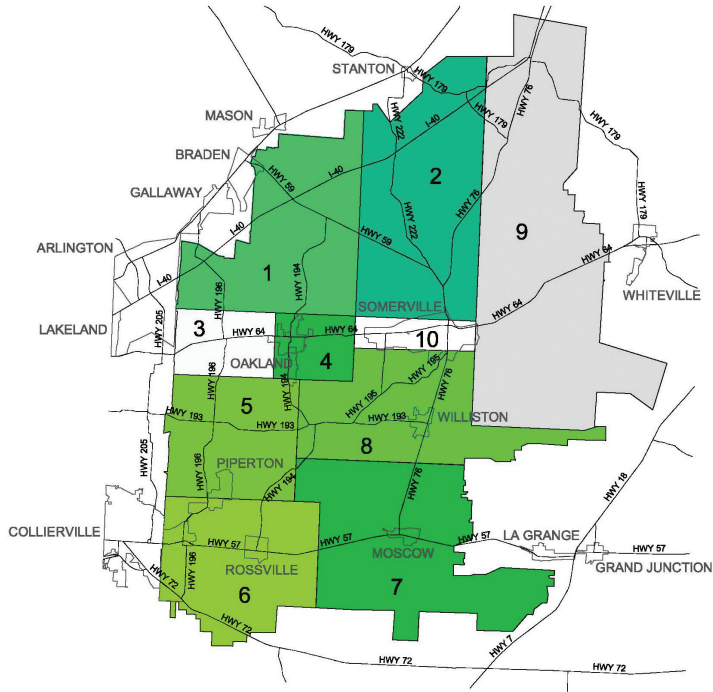


Loyd Muncy
General Manager



Glenn Fones
Assistant Manager

Board districts





System upgrades are designed to lower system losses, improve load balance and reliability, and allow further growth implemented in various locations. Over the last year, we have begun and completed a few system improvement projects that will harden our system for existing and future customer-members. First, we completed construction of the Piperton Substation; this will relieve loading from the Rossville Substation and increase our capacity in the rapidly growing area of southwest Fayette County and Marshall County. We also added additional distribution circuits in the Piperton area to support the growing residential and commercial demand.

We have completed construction of an additional circuit out of the Oakland Substation; this will help provide service to the rapid development of underground utilities in subdivisions in the northern sector of the city of Oakland. As a proactive measure to continue to provide reliable power to the city of Oakland, Chickasaw Electric also constructed a tie line between Highway 64 and Mebane Road. This tie line will improve system capacity and reliability in the area.

Chickasaw Electric has also started the process of adding a second power transformer in the Moscow Substation; this will provide redundancy in the unfortunate event that our existing, aging power transformer fails.

In the city of Somerville, Chickasaw Electric continues to make improvements to the existing infrastructure. Recently, Chickasaw Electric replaced the outdated, direct buried P.E. cable that served Maplewood Village and Oakwood Manor Apartments with EPR (ethylene propylene rubber) cable installed in conduit. EPR cable provides the most optimum balance of electrical and physical properties to promote a long, maintenance-free service. We are currently in year four of our five-year plan to replace outdated system controls. These modern controls are more dependable ways of protecting our assets.



CEC facts

- Member-owned electric distribution cooperative
- Employees: 64
- Board members: 10
- Serves power to more than 21,500 members in Fayette, Harde-man and Haywood counties in Tennessee and part of Benton and Marshall counties in Mississippi.
- 18,216 of the members served are residential.
- Formed in August 1940.
- Maintains more than 33,554 poles and 1,580 miles of line.
- Operates 10 substations
- Has the lowest rates among the 21 other electric cooperatives across TVA's service area.

Impacting our community

Chickasaw Electric supports events and programs aimed at improving the lives of people living in our local communities. The Washington Youth Tour provides a once-in-a-lifetime experience to high school juniors in our service area. Each student who won the Washington Youth Tour essay competition received a \$2,000 scholarship; due to the COVID-19 pandemic, the Washington Youth Tour trip was canceled this year.



From left are Washington Youth Tour Writing Contest winners Victoria Hinesley, Fayette Academy; Makenzie Holmes, Fayette Ware High School; and Sarah Garner, Rossville Christian Academy.

Member Growth

This past year, CEC's membership continued to see steady growth; more than 940 members have been added to the cooperative since 2019.



Top left, Chickasaw Electric employees perform a high-voltage safety demonstration at the Fayette County Cotton Festival. Our high-voltage safety demonstration gives an up-close and personal look at the power distribution system and the dangers that exist around live power lines. Our employees teach the public how to be safe around power lines: Don't climb trees near power lines and what to do if you're involved in a car accident and power lines are down (stay in the car until our employees arrive to de-energize the lines). Bottom left, Chickasaw Electric also visits local schools to teach students the importance of electric underground safety.



What is right-of-way, and why is it necessary?

A right-of-way, when it comes to utilities, is an agreement that allows a utility to use or access a piece of property according to the easement terms.

Easements are areas designated for overhead and underground utility access and are usually defined when a lot or neighborhood is first platted.

Easements are implemented because it is more efficient and less expensive to run utility lines straight through neighborhoods than it is to run them around parcels of land. Having right-of-way means that utilities can access the area to fix utility-related problems or perform maintenance. Easements outline general property rights by others, while right-of-way (as its name implies) is a specific property right. Chickasaw Electric

has the rights to your whole property to trim the vegetation as often as may be needed. Chickasaw Electric also has free access to the consumer's premises to inspect, read meters, repair or maintain lines, or remove said lines.

Here are some frequently asked questions from the Federal Energy Regulatory Commission:

Q: Who decides whether an electric utility can cut down a tree near a power line?

A: The choice of how to trim trees and manage vegetation growth near a power line is primarily made by the electric utility, subject to state and local requirements and laws, applicable safety codes and any limitations or obligations specified in rights-of-way agreements.

Q: The power lines near my house don't seem to be near the trees. So why are my trees getting trimmed anyway?

A: There are two reasons for this: First, electric utilities are required to maintain the appropriate clearance between trees and power lines. On a cool, still day, it may appear that there is ample clearance. However, power lines sag as they

expand in the summer due to air temperature and heavy use. Clearances around the lines must account for this as well as wind, which causes the lines to sway. Second, electric utilities usually prune or remove vegetation to a distance greater than the minimum clearances to account for future growth, movement of trees or power lines due to wind, conductor sag due to heat and line loading, and other factors.

Q: The trees are in my yard. Why can't I stop the utility from cutting down or trimming my trees?

A: An electric utility is granted an easement or a right-of-way on private property in order to build and maintain power lines. The terms of a utility right-of-way — defining the rights of the parties for building and maintaining electric lines — are specified in rights-of-way agreements. These agreements are usually attached to a property deed. If the customer-member helped keep the vegetation on their

property trimmed when needed, we would not have to cut as much.

Q: How is the right-of-way cleared?

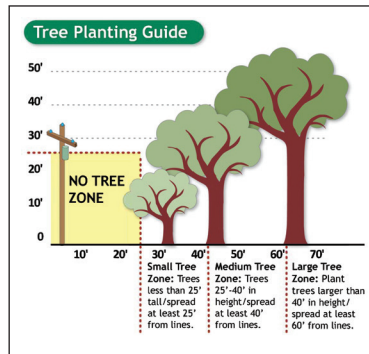
A: The right-of-way is cleared by cutting, trimming and, where permissible, applying herbicides.

In most cases, all shrubs, brush and trees are removed from under primary (main) high-voltage overhead power lines. They are also removed, as necessary, around secondary low-voltage power lines that bring power from the transformer to your meter.

Chickasaw Electric Cooperative treats all members equally when removing vegetation.

Magazine and website

Be sure to check out *The Tennessee Magazine* and our website, CECPowerUp.com, to see where our right-of-way crews are trimming trees to know if we are in your area.



Protecting homeowners: Dial 811 before you dig

Due to the pandemic, DIY projects are at an all-time high, a trend likely to continue through the remainder of 2021. Backyard improvements such as gardening, landscaping and building decks and fences are the most common.

With so many outdoor projects involving digging, how can homeowners be sure they are staying safe? Just dial **811**.

“As a homeowner, it is your responsibility to call Tennessee 811,” says Chickasaw Electric Safety Coordinator Terry Nicholson. “The location of utility lines such as water, electric, gas or cable TV/internet vary, and you don’t want to be responsible for an outage in your neighborhood or something worse.”

Tennessee 811 is a nonprofit organization that helps homeowners and contractors locate underground utility lines so digging can proceed safely.

Calling is required by law, so if you dig without calling and damage utility lines, fines can be assessed, and the repair costs come out of your pocket. Remember: A call to Tennessee 811 will not cover private utility lines, and a call to Tennessee 811 will not cover member-owned lines.

Contact Tennessee **811** 24/7/365 by dialing **811** or **1-800-351-1111** or via the online e-ticket program at tenn811.com. You must call at least three working days in advance of digging but not more than 10.

Know what’s below: Different spray paint colors are used to indicate what utility lines lie below the ground’s surface.

Orange: Communication lines such as cable television and broadband fiber, alarm or signal lines, cables or conduit.

Red: Electric lines, cables, conduit, lighting cables.

Yellow: Natural gas, oil, steam, petroleum, or other gaseous materials.

Blue: Potable water.

Green: Sewer and drain.

Purple: Reclaimed water irrigation and slurry.

White: Proposed excavation.

Examples of member-owned and private lines

Tennessee 811 does not cover the location of private and member-owned lines. Examples of private lines are secondary water and sewer lines that run from your meter to your house. You might need to contact your local city government, tax assessor or register of deeds to help locate these lines.

Also not covered are member-owned lines such as invisible fencing, outdoor lighting and irrigation. These lines are maintained by the property owner and not the utility or service provider. Tennessee 811 maintains a list of private locators that can help with finding these lines.

5 STEPS FOR SAFE DIGGING

Working on an outdoor project? Always call 8-1-1 first, because you never know what’s below. Here are five easy steps for safe digging:

Source: call811.com

1. NOTIFY

Call 8-1-1 or make a request online two to three days before you start.



2. WAIT

Wait two to three days for a response to your request. Affected utilities will send a locator to mark any underground utility lines.



3. CONFIRM

Confirm that all affected utilities have responded by comparing the markers to the list of utilities the 8-1-1 call center notified.



4. RESPECT

Respect the markers provided by the affected utilities. They are your guide for the duration of your project.



5. DIG CAREFULLY

If you can't avoid digging near the markers (within 18-24 inches on all sides, depending on state laws), consider moving your project.

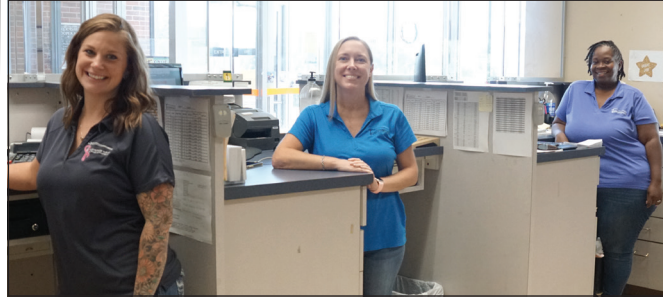


Treasurer's report

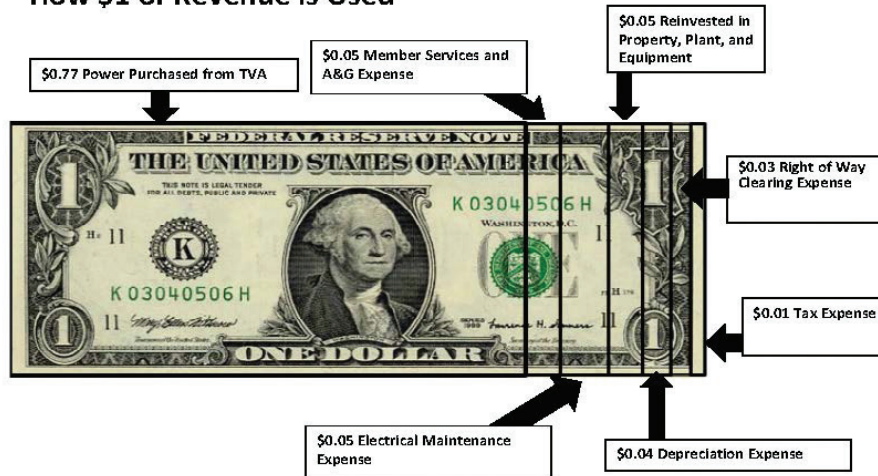
Assets	2021	2020
Utility plant (less depreciation)	\$35,666,404.82	\$35,179,637.11
Cash and investments	10,736,512.25	8,347,168.85
Accounts receivable	3,028,376.46	2,859,818.04
Electric material	390,362.34	374,788.08
Prepayments and other current assets	283,611.03	61,869.51
Deferred debits	—	<u>200.00</u>
Total assets	\$50,105,266.90	\$46,823,481.59
Liabilities		
Long-term debt	—	—
Accounts payable	3,994,077.84	3,749,711.41
Customer deposits	1,509,423.79	1,527,310.21
Taxes and other liabilities	935,000.20	663,858.29
Deferred credits	<u>523,269.66</u>	<u>270,425.78</u>
Total liabilities	\$6,961,771.49	\$6,211,305.69
Owners' equity:		
Membership fees	106,863.00	103,688.00
Retained earnings	<u>43,036,632.41</u>	<u>40,508,487.90</u>
Total owners' equity	\$43,143,495.41	\$40,612,175.90
Total liabilities and owners' equity	\$50,105,266.90	\$46,823,481.59

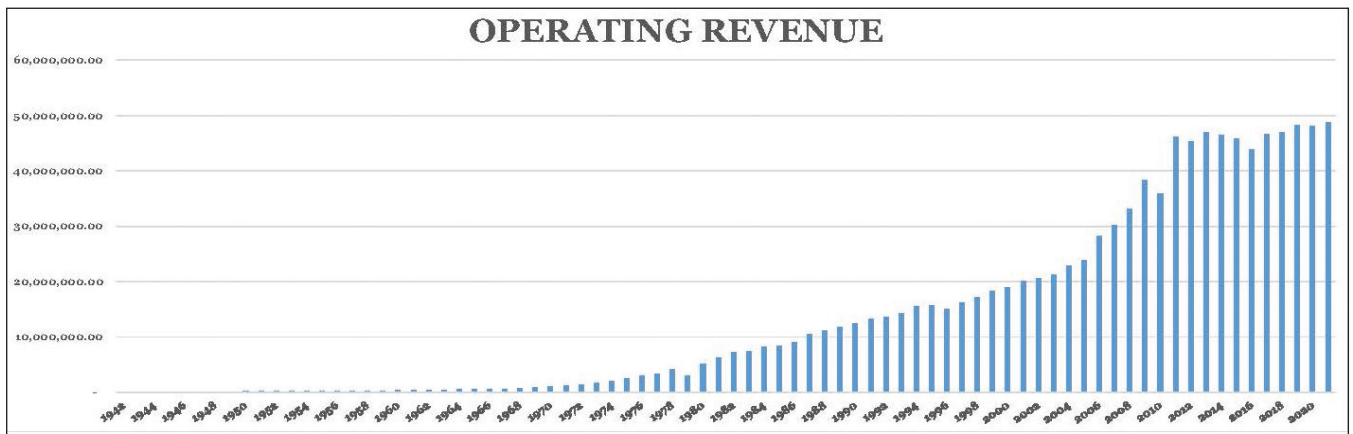
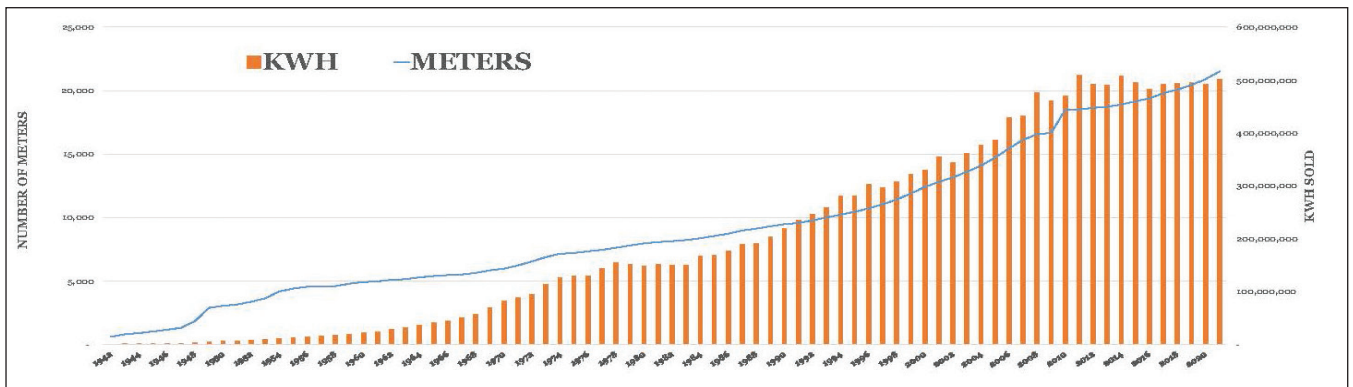
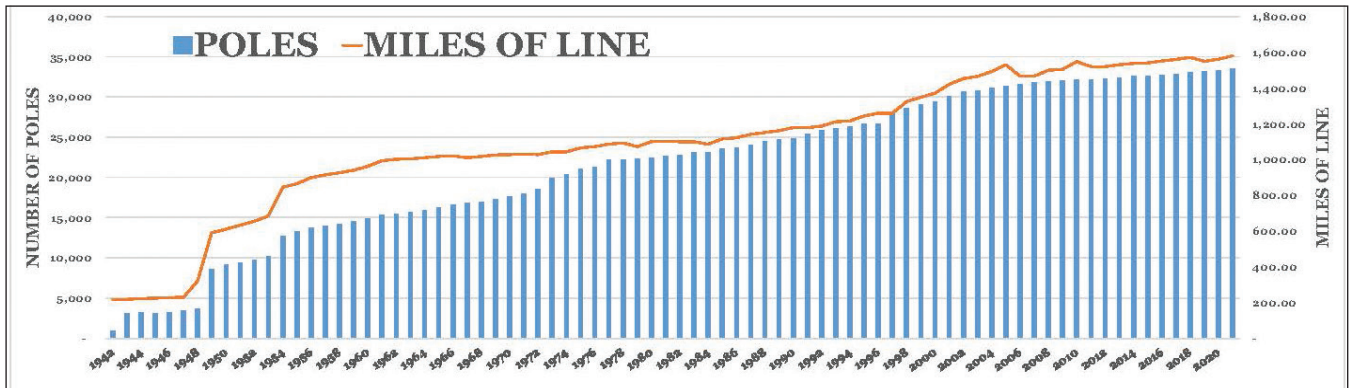
Income and Expense Statement

Revenue	2021	2020
Electric sales	\$47,214,160.11	\$46,922,003.52
Additional Revenue on Accounts	351,804.39	311,932.21
Other operating revenue	1,179,247.96	1,108,600.55
Other Revenue	<u>128,878.53</u>	<u>228,227.31</u>
Gross Revenue	\$48,874,090.99	\$48,570,763.59
Expenses		
Purchased power	\$37,653,821.80	\$38,694,990.93
Operating and maintenance	6,251,118.41	6,341,829.08
Depreciation and taxes	<u>2,441,006.27</u>	<u>2,169,029.47</u>
Total expense	\$46,345,946.48	\$47,205,849.48
New income used for new plant additions	\$2,528,144.51	\$1,364,914.11



How \$1 of Revenue is Used







Contact



P.O. Box 459,
17970 Highway 64 East,
Somerville, TN 38068



CECPowerUp.com



901-465-3591



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