


# RELIABLE RESILIENT RESPONSIVE

2021 Annual Report



**Gibson Electric  
Membership Corporation**

® Your Touchstone Energy® Cooperative 



**GIBSON  
CONNECT™**

85 years ...

# RELIABLE, RESILIENT & RESPONSIVE

2021 marked Gibson Electric Membership Corporation's 85<sup>th</sup> year of service to our member-owners. As we celebrate this anniversary, we remember and are thankful for the vision and determination of those farmers who first formed Gibson Electric. They literally brought light and a better way of life to this area.

Today we continue to face challenges and embrace opportunities. 2021 was no exception. Alongside our members, we pressed through the pandemic, focusing our efforts on how we could support our communities. We felt the forceful impact of several storms, including the December 10 tornadoes that caused considerable damage and outages for 21,600 of our 39,379 members.

Still, we forged ahead with system improvements, including upgrades to our Alamo substation; and we connected another 3,500 members to the essential service of high-speed, fiber-based internet.

Because we are owned by those we serve, Gibson EMC has a unique accountability and commitment to our members. We carry on the cooperative's 85-year strong tradition of improving the quality of life for our member-owners.

We are reliable, resilient and responsive.



**Steve Sanders**  
*Chairman*



**Dan Rodemaker**  
*President and CEO*





*From left, a Service Electric employee assists Line Crewleader Eugene Stephens and First Class Lineworkers Kerry Kuykendall and Payton Featherston with preparations to set a pole following the May 2021 tornadoes.*



# RESPONDING WELL

During the past year, we endured four major storm events. Tornadoes and damaging winds struck Lake and Obion counties in Tennessee and Fulton County in Kentucky May 4-6, followed by damaging winds to Crockett, Gibson and Madison counties in Tennessee May 6-7.

In August, thunderstorms and damaging winds caused outages throughout our 12-county service area.

Then on December 10, tornadoes slammed us again in Dyer, Gibson, Lake and Obion counties in Tennessee and in Fulton and Hickman counties in Kentucky. These tornadoes caused electric outages to nine of our 21 substations, affecting more than half of our membership. The December tornadoes also damaged 17 miles of Gibson Connect's high-speed fiber network and interrupted internet service to 2,480 Gibson Connect subscribers.

Our employees worked long, hard hours, and the amount of work they did was impressive. They replaced 290 poles in the five days following the December 10 tornadoes.

We applaud all of our employees who helped with service restoration – from the lineworkers to the member service team who answered our members' calls to those who kept our

*A Gibson EMC lineworker surveys the tornado damage in Kenton, Tennessee, from his bucket.*

employees and those from our neighboring electric systems fed. We have an exceptional team.

We also appreciate our neighboring utilities who helped us restore power following these damaging events. Service restoration would have taken much longer without their expert assistance.

We are especially proud and thankful that our employees and those assisting us had no injuries during service restoration following these major events.

While we cannot avoid weather-related outages, we always respond immediately to restore service as quickly as we safely can.

To ensure we remain prepared to serve our members well, Gibson EMC did a long-range system study in 2021. This long-range study is performed on a 10-year cycle and looks 20 years



Barry Smith, VP of Engineering and Operations

into the future. It projects future electric loading and serves as a guide for system improvements.

We also did a construction work plan in 2021; this is a detailed plan that we do every four years in which we develop the specific projects to accomplish the needs demonstrated in the long-range system study.

We continued to make improvements throughout our 12-county system. One particularly large project we completed in 2021 was the first of a two-phase substation upgrade to enhance service reliability for our members in Crockett County.

Another on-going program Gibson EMC executes to strengthen service reliability is vegetation management. It is one of our largest cost drivers. In fact, the cost to trim a mile of line has gone up 188 percent since 2014. Gibson EMC trims trees

on a five-year rotation, about 700 miles of line annually at a cost of roughly \$5 million per year. Despite its high cost, this is work we must do.

Without a strong vegetation management program, we would experience far more outages and incur additional cost associated with service restoration. Our members' service reliability is not something we can compromise.

“ We have a strong emphasis on safety because we care about our employees. The Rural Electric Safety Achievement Program (RESAP) helps us ensure we are following the electric safety protocols considered best practices for our industry. This year Gibson EMC was recertified through our national association as

meeting RESAP requirements. We are proud of this accomplishment, but even prouder of our employees for working safely. In 2021, employees from Gibson EMC's Trenton, Hickman, and Tiptonville member service centers and Gibson Connect's employees had zero lost-time accidents.”



Substation Crewleader Charles Lamb, left, and Substation Technician Jake Davis perform upgrades in Gibson EMC's Alamo, Tennessee, substation.



*Fiber I/R Tech 2 David Yates, above left, installs a fiber service; Tech Support Maribel Vega answers a member's question about our high-speed internet, TV and phone services.*

## GROWING GIG ACCESS

Gibson Connect, our not-for-profit, wholly-owned subsidiary, has experienced many of the same challenges Gibson EMC has faced – staffing shortages due to the pandemic, storms and supply chain problems – but it also achieved momentous milestones.

In 2021, we neared completion of a 100-GIG ring, strengthening internal communications between our member service centers and enhancing our ability to remotely monitor and control our electric system. This work helps ensure capacity and diversity throughout our system and provides a secure backbone for our fiber-to-the-home offerings.

Since we began construction in June 2018, we have connected 11,200 members and built 2,809

miles of high-speed fiber in eight counties. We also added employees and contractors to speed the buildout and enhance the depth of technical support.

We built 20 hotspots throughout our service area to provide high-speed internet access. We have about 650 miles of fiber network left to build. As we near the end of the buildout in Tennessee, we eagerly await Kentucky's response to our broadband grant application. It has been difficult to wait, but while we are committed to providing high-speed internet access to all of our members, we also are committed to doing so as economically as possible.

Grant awards of \$8.5 million have helped to hold down our costs in Tennessee; and any grant

dollars we can obtain in Kentucky will be important in holding down costs to build in our sparsely populated Kentucky areas.

We thank everyone who has subscribed to Gibson Connect's high-speed, fiber-based services. Supporting this business not only provides a subscriber with unsurpassed internet service and limitless entertainment options, but it also helps hold down electric and internet costs for the entire Gibson EMC membership.



*Charles Phillips, Gibson EMC VP of Technical Services and Gibson Connect VP of Operations*

The Fiber Broadband Association (FBA) awarded the Dr. Charles Kao Award for Community Broadband to Charles Phillips, Gibson EMC VP of Technical Services and Gibson Connect VP of Operations. The award recognizes individuals who honor Dr. Kao's innovation

and connect communities with fiber optic technology. The FBA said Phillips received the award in recognition of his and Gibson EMC's commitment to provide high-speed internet to the co-op's communities through state-of-the-art fiber broadband.

# OUR PEOPLE

Whether through the delivery of electric service or high-speed, fiber-based internet service, we continuously strive to provide exceptional products, but it is our people who set us apart. Our board members and employees care about our members; we genuinely want to serve you well.

One way we do this is by taking steps to protect your data. To combat the ever-changing cybersecurity threat, in 2021 we upgraded our payment system, our member payment portal and our firewalls.

During the past year, we offered flexibility to our members who needed extra time to pay during challenging times; and we provided information on resources available to help with electric bills.

We offered new and easier ways to make an application for electric service, pay your bill, request a payment extension, report outages and more.

The new online application form is a popular offering, and the updated member payment portal provides more features and security enhancements. Since the pandemic began, many members have embraced electronic transactions. Use of the Gibson EMC payment app increased by more than 25 percent over the past two years, and use of all forms of electronic payments increased by more than 5 percent.

“Gibson Connect delivers ... I like that it is faster; I can watch more things being able to stream different platforms, and I have not increased costs to do it. I would definitely recommend Gibson Connect, because it is a fast, economical service!”

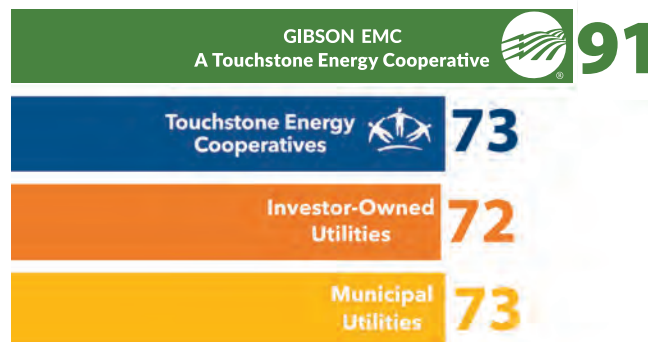
Because we want to be sure we are meeting your wants and needs, we periodically conduct a residential customer satisfaction survey.

In October 2021, we enlisted the National Rural Electric Cooperative Association Market Research group to perform an online survey. A sample of 1,499 members was randomly selected to receive the survey, and 420 responded, giving us a 95 percent confidence level.

Respondents' ratings yielded an American Customer Satisfaction Index (ACSI) score of 91. Benchmarked against the ACSI scores of others within the electric industry, the average for other Touchstone Energy



Joyce Brown, Gibson County



*Gibson EMC received an American Customer Satisfaction Index (ACSI) score of 91 from a survey of its members in Fall 2021. Benchmarked against other ACSI surveys within the electric industry, Gibson EMC's score was 18 points higher than other U.S. Touchstone Energy Cooperatives and Municipal Utilities and 19 points higher than the ACSI score of Investor-Owned Utilities.*

Cooperatives was 73, and the average for all other co-ops was 72.

Gibson EMC 's ACSI score of 91 placed your cooperative in the 95<sup>th</sup> percentile among the 107 Touchstone Energy Cooperatives receiving an ACSI score in the third quarter of 2021. We are grateful for your positive feedback and all the kind words. We also appreciate your sharing how we can improve as this gives us a guide for continuous improvement.

# SOCIALLY RESPONSIBLE

One of the areas in which survey respondents rated us high was social responsibility. This comes naturally for us. We are part of the communities we serve. Our employees and board members are your next door neighbors, the folks you cheer beside at ball games and sing with at church.

During 2021, Gibson EMC partnered with CoBank, a national cooperative bank, to contribute a total of \$20,000 in "Sharing Success" grants to 501(c)(3) nonprofits who are improving the quality of life in our communities.

Through our annual Kentucky Beautify the Bluegrass project, our employees rescued and restored eight picnic tables in Jeffrey R. Green Memorial Park in Hickman, Kentucky;

and through our Tennessee Cooperative Day of Service, our employees donated and delivered school supplies to Spring Hill Elementary School in Trenton, Tennessee. Our employees also contributed 743 lbs. of food to our local food banks through Dan's Cans, the employees' annual canned foods drive.

In Kentucky our members helped others in the area through our Change for the Community program. Members can opt in to round up their electric bills to the next dollar and that "change" goes to local 501(c)(3) nonprofit organizations. In 2021, the Change for the Community Committee presented \$7,200 to nonprofits in our Kentucky service area. We are working to expand this great program to our Tennessee communities.

In partnership with area Chambers of Commerce, local industrial boards and elected officials,

Gibson EMC and Gibson Connect supported local businesses and worked to attract new employers to our area. We also engaged with our younger generations through safety and education programs, career exploration and leadership development. In 2021, Gibson EMC awarded four \$1,000 scholarships and four \$500 scholarships to high school juniors from across our service area through our annual Cooperative Creative Writing Competition.

## OUR PLEDGE

With an 85-year record of reliability, resilience and responsiveness, your cooperative has a wonderful story to tell. We are grateful to the visionaries who built Gibson EMC in 1936 and to everyone who has contributed to the stewardship of our co-op ever since.

We are also grateful to the 39,379 member-owners we serve in northwestern Tennessee and in western Kentucky. You are the reason we exist, and we pledge to be responsive, reliable and resilient as we continue to serve you and these communities we all call home.

*From left, First Class Lineworker Josh West and Apprentice Lineworker Garrett Dowdy interact with Kentucky students during a safety demonstration.*





# BOARD OF TRUSTEES



**Steve Sanders**  
*Chairman*  
*District 1*



**Keith Heglar**  
*Vice-Chairman*  
*District 2*



**Tony Bargery**  
*District 3*



**Jim Turner**  
*District 4*



**Wray Pulliam**  
*District 5*



**Joan Mouser**  
*District 6*



**Rana Buchanan**  
*District 7*



**Bob McCurdy**  
*Acting Secretary-  
Treasurer/District 8*



**Brian McDaniel**  
*District 9*



**Keith Forrester**  
*District 10*



**Eric Dupree**  
*District 11*



**Bruce Kimbell**  
*District 12*

## PRESIDENT AND CEO & ATTORNEY



**Dan Rodamaker**  
*President and CEO*



**Randy Camp**  
*Attorney*

## IN MEMORIAM

This past year, we mourned the death of Board Member Richard Skiles. He was appointed to the board in January 2002 to represent Kenton and the rest of District 9 and was elected to his position later that year. Skiles was the board's Secretary-Treasurer when he passed away. We appreciate his valuable contribution to Gibson EMC and its members.



# The 2021 Consolidated Financial Statements

(The Consolidated Financial Statements include the operations of Gibson Electric Membership Corporation and Gibson Connect, LLC.)

## Assets

Electric Plant	\$268,695,866
Depreciation	<u>(97,246,148)</u>
Net Plant	171,449,718
Reserve & Cash Fund	4,341,454
Current & Accrued Assets	19,122,456
Deferred Debits	<u>4,367,618</u>
<b>Totals Assets</b>	<b><u><u>\$199,281,246</u></u></b>

## Equities and Liabilities

Current & Accrued Liabilities	\$15,490,532
Deferred Credits	2,750,421
Membership Investment	259,601
Long-Term Debt	64,722,308
Earnings Reinvested in System Assets	<u>116,058,384</u>
<b>Total Equities and Liabilities</b>	<b><u><u>\$199,281,246</u></u></b>

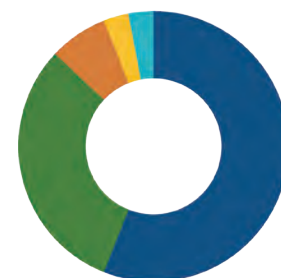
## Revenue and Expense Statement

Operating Revenue	<u>\$103,895,783</u>
Purchased Power Expense	67,270,281
Operations Expense	12,325,860
Maintenance Expense	6,521,119
Depreciation Expense	8,533,457
Tax Expense	<u>2,421,378</u>
<b>Net Margin from Operations</b>	<b>\$6,823,688</b>
Non-Operating Income	614,302
Interest Expense	<u>1,331,526</u>
<b>Net Margin</b>	<b><u><u>\$6,106,464</u></u></b>

## 2021 Revenue Per \$1

Gibson received \$103,895,783 in revenues for the fiscal year that ended December 31, 2021. Our revenues came from several sources: residential members, commercial and industrial members, miscellaneous income, lighting, and broadband.

- Residential: 56¢
- Commercial & Industrial: 31¢
- Broadband: 7¢
- Lighting: 3¢
- Miscellaneous Income: 3¢



## 2021 Expenses Per \$1

Gibson EMC buys power from the Tennessee Valley Authority. In the fiscal year that ended December 31, 2021, we spent 72% of our electric sales revenue to pay our TVA power bill. The other 28% was used for operations, maintenance, depreciation, interest and tax expenses.

- Purchased Power from TVA: 72¢
- Operations, Maintenance, Depreciation, Interest & Tax Expenses: 28¢



## Auditor's Statement

Gibson Electric Membership Corporation's books were audited by the firm of Alexander, Thompson, Arnold, PLLC, Certified Public Accountants, Union City, Tenn. Copies of the audit report will be on file beginning July 1, 2022, at Gibson EMC's Corporate Office, 1207 S. College St., Trenton, Tenn., 38382.

## Statistical Information

	2019	2020	2021
Number of Electric Services	38,792	39,002	39,379
Number of Internet Services	3,138	7,125	10,948
Member-Owner Equity	\$105,295,506	\$109,951,920	\$116,058,384
Long-Term Debt	\$32,140,453	\$43,233,416	\$64,722,308
Interest Paid	\$1,265,341	\$967,100	\$1,331,526
Total Kilowatt-Hours Sold	886,703,046	847,090,584	876,511,306
Average Monthly Residential Kilowatt-Hour Consumption	1,330	1,253	1,302
Number of Full-Time Employees (Electric and Broadband)	109	119	126
Meters per Mile	11.0	11.1	11.1
Miles of Electric Line	3,519	3,528	3,542
Miles of Fiber Line	1,390	2,140	2,680
Taxes Paid	\$1,757,338	\$1,951,664	\$2,147,311
Wholesale Power Cost as % of Electric Sales Revenue	75%	72%	72%

## Ad Valorem & Property Tax Payments

Each year Gibson EMC pays ad valorem and property taxes to the towns and counties in which the cooperative has infrastructure. The amount of taxes paid is based on the assessed value of the infrastructure, including buildings, substations, transformers, poles and lines. The 2021 ad valorem and property taxes paid are below.

### Tennessee

Crockett County	\$299,223.00
Dyer County	\$53,223.00
Gibson County	\$868,944.52
Haywood County	\$3,356.70
Lake County	\$240,741.00
Lauderdale County	\$30.00
Madison County	\$54,531.00
Obion County	\$433,132.43
<b>Total</b>	<b>\$1,953,181.65</b>

### Kentucky

Carlisle County	\$16,035.09
Fulton County	\$57,644.40
Graves County	\$907.32
Hickman County	\$54,728.57
Commonwealth of Kentucky	\$64,813.86
<b>Total</b>	<b>\$194,129.24</b>
<b>2021 TAXES</b>	<b>\$2,147,310.89</b>



Substation Technician Jake Davis works in the Alamo substation relay house.

## **CORPORATE**

P.O. Box 47 | 1207 S. College St.  
Trenton, TN  
731-855-4740

## **ALAMO**

402 Egghill Rd. | Alamo, TN  
731-696-5961

## **HICKMAN**

1702 Moscow Ave. | Hickman, KY  
270-236-2521

## **MEDINA**

201 Hwy. 45 E. North | Medina, TN  
731-855-4660

## **TIPTONVILLE**

1515 Church St. | Tiptonville, TN  
731-253-7181

## **TRENTON**

1207 S. College St. | Trenton, TN  
731-855-4660

## **TROY**

602 C.C. Gurien Drive | Troy, TN  
731-536-5920

## **GIBSON CONNECT**

1207A S. College St. | Trenton, TN  
731-562-6000

[gibsonemc.com](http://gibsonemc.com)  
[gibsonconnect.com](http://gibsonconnect.com)  
[join.gibsonconnect.com](http://join.gibsonconnect.com)

