



WE CONNECT

2022 Annual Report



**Gibson Electric
Membership Corporation**

® Your Touchstone Energy® Cooperative 



**GIBSON
CONNECT**

WE CONNECT



Gibson Electric Membership Corporation is your local, not-for-profit, member-owned and member-controlled electric cooperative. For 86 years we have strived to enhance our members' quality of life by providing exceptional services that are reliable, affordable and safe.

- Through substations and meters, Gibson Electric connects our member-owners to light and power and energizes our local communities.
- Through our fiber-optic network, Gibson Connect, our not-for-profit subsidiary, connects our communities to a world of knowledge, entertainment, markets and jobs.
- We connect our young people to opportunities through programs like the Washington Youth Tour, Tennessee Youth Leadership Summit, Kentucky Frankfort Youth Tour, and 4-H Electric Camp.
- We connect our communities to assistance resources by supporting local non-profits who minister to the needs of members.

We connect everyday – whether we're helping a residential member with a bill arrangement, assisting a commercial/industrial member with energy efficiency needs, installing your high-speed internet service or coaching your child's baseball team. We are local and invested members of our communities.

This annual report will highlight connections we have made during 2022 to serve our members and our communities.

An Eventful, Rewarding Year

2022 was an eventful and rewarding year for Gibson Electric Membership Corporation and Gibson Connect.

- Gibson EMC completed a comprehensive power supply analysis and signed a 20-year rolling contract with the Tennessee Valley Authority. We also made extensive infrastructure improvements to enhance electric service to our members.
- Gibson Connect, our not-for-profit broadband subsidiary, completed the network buildout for our Tennessee counties and started construction in Kentucky. At the close of 2022, we had constructed 3,120 miles of fiber and connected 14,482 member-owners to high-speed, fiber-based internet service. We also shortened the connection times for new subscribers in all zones where we have completed construction.

We encourage all of Gibson EMC's member-owners to take advantage of our Gibson Connect internet service. It's the best available product and subscribing to Gibson Connect not only helps us keep our internet service affordable, but it also helps us keep our electric service affordable.

Wholesale Power Supply

After a comprehensive analysis and contemplation, the Gibson EMC board of trustees decided to sign TVA's 20-year rolling agreement. Gibson EMC leadership felt it was important on behalf of our 39,315 member-owners to fully analyze TVA's offering and other options before we moved from our current five-year contract to TVA's 20-year rolling agreement.

After a thorough evaluation of the marketplace for power supply, our Gibson EMC board resolved to award TVA a long-term contract amendment. TVA met Gibson EMC's criteria of being reliable, affordable and resilient. In this decision as with all others,

Front cover: *Gibson EMC's substation team prepares to install control wiring in a 161kV circuit breaker at the newly constructed Alamo substation. From left are Substation Crewleader Charles Lamb and Substation Technicians Jake Davis and Hunter Smith. Back cover:* *After splicing fibers, Gibson Connect Installation/Repair Tech 2 Brian Hinten prepares them for storage in a splice can.*

we are 100% driven to do what is in the best interest of our member-owners.

TVA's 20-year rolling contract resulted in a 3.1% wholesale credit to Gibson EMC. This credit was an important consideration as we work to keep our rates affordable.

Unfortunately, in December, Winter Storm Elliott brought an arctic outbreak to much of the country. Gibson EMC, as well as TVA, set new winter records for demand. For the first time in its nearly 90-year history, TVA required Gibson EMC and other distributors to perform rolling blackouts.

In the midst of the brutally cold weather and record high demand, TVA had multiple power generation units unexpectedly go offline. This was a serious situation that could have caused catastrophic damage to the power grid and long-term, widespread outages. Thankfully, this was avoided; but we do sincerely regret that our members were inconvenienced.

Since then, Gibson EMC and other distributors have been evaluating how our teams can perform better if we are ever called upon to do this again; and we are working with TVA to ensure that our communities have the generation they need when they need it.

At right, from left: Line Crewleader Bret Taylor and Line Crewleader Trent Cary (standing on digger/derrick truck) watch for safety concerns as Apprentice Lineworker Connor Adams and First Class Lineworker Michael Atkins attach guy wires to an anchor rod.





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Our vegetation management program, which keeps trees, plants and other vegetation away from power lines and equipment, helps prevent outages.

During 2022, Gibson EMC continued updates to our infrastructure to ensure we are prepared to deliver power to our members' homes and communities.

- In October we completed construction of our Alamo, Tennessee, substation. The new substation will enhance service reliability for the 2,644 members it serves in the eastern third of Crockett County.
- We are performing a thorough inspection of our entire 12-county electric system for National Electric Safety Code compliance; and we are continuing the work of changing out poles, crossarms and other equipment to strengthen service reliability for all our members.
- The ongoing maintenance and construction of our electric system remains a bit challenging due to inflation and supply chain issues affecting everything from meter bases and transformers to trucks. We have adjusted our purchasing process to stage orders, building in longer lead times. These adjustments have enabled us to maintain a sufficient supply and to continue meeting our members' needs.

● Vegetation management is work that we must do to provide reliable service. However, it has continued to be a strain on two fronts – cost and completion. The annual cost has risen \$3 million since Gibson EMC's last rate increase in 2018. The vegetation management cost increase, along with other rising prices, will likely necessitate a rate increase in 2023. Labor shortages also have caused our vegetation management contractors to fall behind, so we have instituted a plan to get this work back on schedule.

● In 2022, the board decided to move ahead with plans for a new district office in Clinton, Kentucky. We sold our Hickman warehouse to a private party and our Hickman Member Service Center to Fulton County. Because Clinton is geographically centered in our Kentucky service area, the new office will enable us to perform work throughout our four Kentucky counties more efficiently and respond more quickly during outages for both Gibson EMC and Gibson Connect.

We also completed work on operations facilities at our corporate location in Trenton.

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Through Fiber

Providing access to high-speed, fiber-based internet service is an especially impactful way we're working to improve the quality of life for our communities. Since 2017 when Tennessee law changed to allow us to provide this service directly to our members, we have been building our fiber network and connecting our members as we've passed their homes and businesses.

- We were awarded two Tennessee grants of about \$1 million each for the South Fulton area in Obion County and the Maury City area in Crockett County. We completed construction of our fiber network in Tennessee in December.
- In July, we were awarded a grant for \$4,650,880 through the Kentucky Broadband Deployment Program. The grant will help fund our \$15 million broadband infrastructure project to make high-speed, fiber-based internet service available to our members in Fulton, Hickman, Carlisle and Graves counties. By the end of 2023, we plan to have access to all of our eligible members.
- In early 2022, we began offering hosted PBX to our commercial

customers. Hosted PBX enables us to meet all of our customers' phone needs. We create a customized solution and provide a price inclusive of everything from the service to the phones. We take care of as much or as little as the customer desires. The customer can make changes to their system through a Gibson Connect portal or we can do it all. Our system is custom built, and there's just one number to call for all phone needs and maintenance.

- In July we engaged with our members by surveying our TV subscribers and inviting input from a focus group on our TV product. Both groups voiced support for continuing the TV service and indicated preference of a small price increase for the service to cover its costs. We continue to work with our vendors to enhance service quality.



Gibson Connect Installation/Repair Tech 1 Zach Elliott tests the light level before starting an installation.

From left: Judge Executive Kenny Wilson, Judge Executive Jim Martin, Gibson EMC Board Assistant Secretary-Treasurer Bruce Kimbell, Gibson EMC Vice President of Technical Services/Gibson Connect Vice President of Operations Charles Phillips and Judge Executive Greg Terry participated in the Kentucky Broadband Deployment Program grant check presentation to Gibson EMC.



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Through Our Communities



Fiber Services Assistant Dee Leah Sullenger, above left, talks with a member about Gibson Connect's internet, phone and TV service at our 2022 Annual Meeting.

In 2022, Gibson EMC and Gibson Connect continued to support our members and communities in meaningful ways.

- We partnered with Co-Bank to donate matching funds totaling \$5,000 each to the Rives Volunteer Fire Department, Kenton Ministerial Alliance, Cayce Fire Department and Samburg-Reelfoot Volunteer Fire Department.
- We also partnered with TVA to donate a total of \$97,368 to provide \$70,000 in member assistance through the Northwest Tennessee Economic Development Council and West Kentucky Allied Services. The remaining \$27,368 in economic development grants was donated to the Obion County Joint Economic Development Corporation, the Industrial Development Board of Crockett County, the Middle Fork Bottoms Recreation Area, the Greater Gibson County Chamber of Commerce, the Reelfoot Area Chamber of Commerce and the Tiptonville Main Street Association.
- Our Kentucky Change for Communities program donated \$13,700 to 11 nonprofit organizations. In 2023 we will expand our Change for Communities program to Tennessee.
- We worked closely with our state and local economic development partners, as well as with TVA to support existing industry expansions and new industry locations, including Sinova Silicon in Tiptonville, Tennessee.
- We engaged with our younger generations through safety and education programs, career exploration and leadership development. In 2022, Gibson EMC awarded five \$1,000 scholarships and five \$500 scholarships to high school juniors from across our service area through our annual Cooperative Creative Writing Competition.



Key Accounts Representative Cynthia McClure, above left, visits with a member-owner at our 2022 Alamo Member Appreciation Event. Below, Manager of Member Care Debbie Weatherford shares energy efficiency tips with Holy New Beginnings Senior Ministry's SWAT (Seniors with a Testimony) Team.

Gibson EMC supports local students' participation in a variety of leadership programs. From left, Ben Pugh, a junior at Gibson County High School; Gibson EMC Member Services Specialist Sarah Williams; and Chloe Meade, a junior at Union City High School, visit the Tennessee Capitol during the 2022 Youth Leadership Seminar.



WE CONNECT

●●●●● Through Service

We are committed to providing you with affordable, reliable and safe electric service, as well as affordable, high-speed, fiber-based internet, phone and TV services. We also strive to make doing business with us easy and convenient through the delivery of outstanding customer service and technical support.

- We continue to make investments to protect the security of the data

we manage and the reliability of our power grid. This includes regular employee training to increase their awareness of cybersecurity issues and ways to safeguard our information.

- Knowing the value of providing local technical support to our Gibson Connect subscribers, we expanded our team as our subscribers increased in number. Not only are we providing excellent technical support, but we also are creating local jobs.

- Access to high-speed internet service is truly transformational and an important part of having access is affordability. We are working hard to manage the cost of our broadband buildout and to maintain affordable access. This is why Gibson Connect offers the federal government's Affordable Care Program (ACP) and the Lifeline discounts to qualifying members. These programs lower the cost of residential plans to households that meet the federal eligibility guidelines. We encourage our members to check eligibility by calling 731-562-6000 or by visiting affordableconnectivity.gov or lifelinesupport.org.

- Gibson EMC offers a variety of billing and payment options. During the past year, our electronic options – particularly our electronic bill service, Gibson EMC app and automated telephone system – have gained popularity. E-billing ensures you receive your bill on time and includes a link for easy payment. If you'd rather pay by phone, you can just call, and our automated system will walk you through that



Above, Trenton Member Service Representative Haley Wilson processes a member's payment.



President and CEO, Attorney, Board of Trustees

From left, front row: Assistant Secretary-Treasurer Bruce Kimbell, Chairman Steve Sanders, Vice-Chairman Keith Heglar and Secretary-Treasurer Bob McCurdy; second row: Joan Mouser, Wray Pulliam, Tony Bargery, Attorney Randy Camp, Keith Forrester, Eric Dupree, President and CEO Dan Rodamaker, Jim Turner, Rana Buchanan and Brian McDaniel.

option. Of course, automatic bank draft takes all of the work out of bill paying. With these options, you still receive your monthly bill, and the bank draft is processed on your bill's due date. The gibsonemc.com website also makes payment easy and convenient.

- Gibson EMC's heat pump financing program has picked up during 2022. This program enables members whose applications are approved to finance up to \$15,000 on a heat pump loan and make the payments over up to 10 years on their monthly electric bills. We also finance water heaters for qualified members.

We Connect

We are grateful to have a dedicated team of 128 Gibson EMC and Gibson Connect employees sharing a cumulative 1,782 years of experience. Being local - living and working alongside our members - creates a uniquely strong connection. We truly care and wholeheartedly embrace a commitment to serve you exceptionally well.

The 2022 Consolidated Financial Statements

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

Assets

Electric Plant	\$302,176,357
Depreciation	(102,947,862)
Net Plant	199,228,495
Reserve & Cash Fund	1,173,198
Current & Accrued Assets	23,954,675
Deferred Debits	4,306,040
Totals Assets	\$228,662,408

Equities and Liabilities

Current & Accrued Liabilities	\$32,812,340
Deferred Credits	3,330,872
Membership Investment	260,380
Long-Term Debt	71,399,825
Earnings Reinvested in System Assets	120,858,991
Total Equities and Liabilities	\$228,662,408

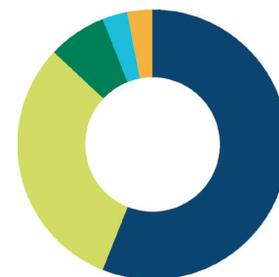
Revenue and Expense Statement

Operating Revenue	\$120,331,226
Purchased Power Expense	80,530,926
Operations Expense	13,678,704
Maintenance Expense	8,432,449
Depreciation Expense	9,360,483
Tax Expense	2,788,166
Net Margin from Operations	\$5,540,498
Non-Operating Income	1,099,016
Interest Expense	1,838,907
Net Margin	\$4,800,607

2022 Revenue Per \$1

Gibson received \$120,331,226 in revenues for the fiscal year that ended December 31, 2022. Our revenues came from several sources: residential members, commercial and industrial members, miscellaneous income, lighting, and broadband.

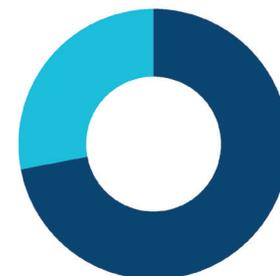
- Residential: 55¢
- Commercial & Industrial: 31¢
- Broadband: 9¢
- Lighting: 2¢
- Miscellaneous Income: 2¢



2022 Expenses Per \$1

Gibson EMC buys power from the Tennessee Valley Authority. In the fiscal year that ended December 31, 2022, we spent 73% of our electric sales revenue to pay our TVA power bill. The other 27% was used for operations, maintenance, depreciation, interest and tax expenses.

- Purchased Power from TVA: 73¢
- Operations, Maintenance, Depreciation, Interest & Tax Expenses: 27¢

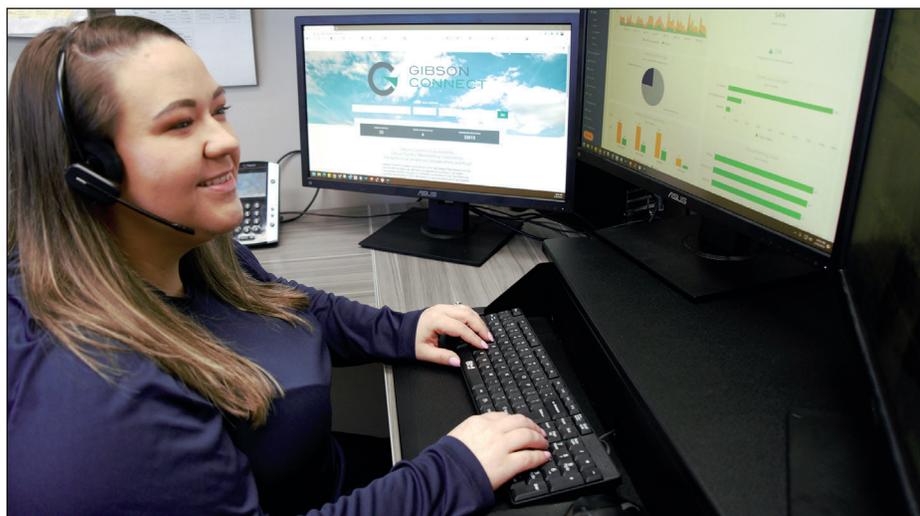


Auditor's Statement

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, 2023, at Gibson EMC's Corporate Office, 1207 S. College St., Trenton, Tenn., 38382.

Statistical Information

	2020	2021	2022
Number of Electric Services	39,002	39,379	39,315
Number of Internet Services	7,125	10,948	14,482
Member-Owner Equity	\$109,951,920	\$116,058,384	\$120,858,991
Long-Term Debt	\$43,233,416	\$64,722,308	\$71,399,825
Interest Paid	\$967,100	\$1,331,526	\$1,838,907
Total Kilowatt-Hours Sold	847,090,584	876,511,306	897,226,653
Average Monthly Residential Kilowatt-Hour Consumption	1,253	1,302	1,321
Number of Full-Time Employees (Electric and Broadband)	119	126	128
Meters per Mile	11.1	11.1	11.1
Miles of Electric Line	3,528	3,542	3,554
Miles of Fiber Line	2,140	2,680	3,120
Taxes Paid	\$1,951,664	\$2,147,311	\$2,405,658
Wholesale Power Cost as % of Electric Sales Revenue	72%	72%	73%



Gibson Connect Tech Support Representative Autumn Porter answers questions for a member.

Ad Valorem and 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. As we have built out our high-speed fiber network to provide internet, phone and TV services, the taxes we have paid to our communities have increased by over 50% since 2017. The 2022 ad valorem and property taxes paid are below.

Tennessee

Crockett County	\$379,982
Dyer County	\$62,774
Gibson County	\$1,040,256
Haywood County	\$3,238
Lake County	\$267,198
Lauderdale County	\$33
Madison County	\$57,072
Obion County	\$398,874
Total	\$2,209,427

Kentucky

Carlisle County	\$17,546
Fulton County	\$62,724
Graves County	\$1,039
Hickman County	\$48,705
Commonwealth of Kentucky	\$66,217
Total	\$196,231

2022 TAXES

\$2,405,658



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

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