

Pee Dee Hi-Lite



2001 Annual Report

Supplement to Carolina Country
July 2002

2001 President and CEO's Report

It is with pride that we present to you, the member-owners of Pee Dee Electric Membership Corporation, this 2001 Annual Report on the activities and financial condition of your cooperative.

Cooperative Activities

Providing a high standard of customer service continues to be the number one priority at Pee Dee Electric. Your cooperative invested significantly in improving the reliability of our electric system during 2001. The cooperative invested \$4.8 million to make system improvements and replacements of existing lines to ensure reliable service to our members. This money was also used to build power lines to energize 739 new services. In addition to the investment mentioned above, the cooperative spent more than \$2.4 million to clear rights of way, perform maintenance on substations and various types of operational equipment, and perform other maintenance activities to improve the reliability of the electric service we provide to our members.

During 2001, the cooperative placed an emphasis on improving the cooperative's communication with our members. The cooperative installed a new phone system, improving our ability to handle calls from our members efficiently and effectively. The cooperative updated its web site, www.pdemc.com, to provide better information to our members using the Internet, including the ability to view and pay electric and Internet bills online. In addition to information in "The Pee Dee Hi-Lite," bill stuffers are being used to communicate policy changes and other important information to our members. We believe communication is a key ingredient to quality customer service.

Pee Dee Electric believes in being a responsible corporate citizen that contributes to our local communities. The cooperative's Bright Ideas program awarded more than \$11,000 to educators for innovative teaching projects in our local schools. The cooperative's Awareness Committee awarded four \$1,000 scholarships to the children of cooperative members. The funds for the scholarships were raised at the Pee Dee Golf Classic, which was sponsored by the Awareness Committee. In addition, the cooperative funds scholarships at Richmond Community College, South Piedmont Community College, and Montgomery Community College. The cooperative is also active in the 3rd Graders Go to Work program, JobReady program,

Farm City Week, local Christmas parades, PeopleFest, ThunderFest, our local Chambers of Commerce and economic developers, and other local community activities.

Member and kWh Sales Growth

During 2001, the cooperative saw a net gain of 209 new electric accounts. The total number of meters served at the end of 2001 was 19,734. Total kWh sales amounted to 324 million kWh, which was a 2.1% increase over the previous year.

Operating Revenues

During 2001, operating revenues totaled \$27.4 million—an increase of \$1.2 million, or 4.5% over the previous year. Of that amount, \$26.9 million came from the sale of electricity, with the remainder coming from service charges, pole attachment rental fees, and Internet service revenues.

Wholesale Power Costs

Purchased Power Costs totaled \$17.4 million in 2001—an increase of \$.5 million from the previous year. Purchased Power Costs represent 66% of the total expenses of the cooperative.

Capital Credit Retirements

Pee Dee Electric refunded more than \$135,000 in a capital credit general retirement to cooperative members and approximately \$137,000 in capital credits to the estates of deceased members during

2001. In addition, the cooperative refunded over \$81,000 in membership fees to all members during 2001.

Total Margins

Total Margins during 2001 were \$1.2 million. Total Member Equities, which represents the member's ownership in the cooperative, totaled \$17.9 million as of December 31, 2001. This means that Pee Dee Electric members own 38 percent of the cooperative's \$46.9 million business.

It is with pride that we present to you, the member-owners of Pee Dee Electric Membership Corporation, this 2001 Annual Report on the activities and financial condition of your cooperative.



Richard H. Johnson
President



Donnie Spivey
CEO & Executive Vice
President

Consolidated Statement of Income and Expense

	1999	2000	2001
TOTAL OPERATING REVENUE (What We Took In)	\$24,674,173	\$26,431,179	\$27,721,881
OPERATING EXPENSES			
Cost of Purchased Power	15,791,212	16,803,914	\$17,360,253
Internet Access Expense	150,349	313,213	\$380,619
Transmission Expense	597	607	0
Distribution Expense - Operations	1,051,889	958,925	1,161,639
Distribution Expense - Maintenance	1,670,906	1,501,577	1,530,937
Consumer Accounts Expense	950,906	910,203	1,006,766
Customer Service and Information Expense	142,426	77,000	72,725
Sales Expense	51,981	37,404	41,070
Administrative and General Expenses	1,724,248	1,682,699	1,357,599
Depreciation and Amortization Expense	1,352,445	1,444,520	1,581,179
Taxes	785,585	839,895	882,157
Interest on Long-Term Debt	923,911	991,185	1,085,783
Interest Expense - Other	12,028	229,540	177,960
Other	24,520	56,502	22,458
TOTAL OPERATING EXPENSES (What We Paid Out)	\$24,633,003	\$25,847,184	\$26,661,145
OPERATING MARGINS (before patronage allocations)	\$41,170	\$583,995	\$1,060,736
Patronage allocations	61,377	81,760	124,582
NET OPERATING MARGINS	102,547	665,755	1,185,318
NON-OPERATING MARGINS			
Interest Income	129,318	77,521	61,818
Gain (loss) on sale of plant	(38,505)	17,908	(18,448)
Miscellaneous	538	27,039	1,051
Loss on investment	0	(90,712)	(41,725)
TOTAL MARGINS (What We Had Left Over)	\$193,898	\$697,511	\$1,188,014

The above statements are presented on a consolidated basis. The records of Pee Dee Electric were audited for the period January 1, 2001 to December 31, 2001 by Adams, Akin, Jenkins & Cheatham, pc of Richmond, Virginia. A copy of the audit is available for inspection by any member.

Electric and Other Statistics

KWH Purchased:

SEPA	5,526,485	5,930,953	4,758,490
NCEMC - CP&L Area	255,063,442	271,077,872	268,256,408
NCEMC - Duke Area	69,806,822	72,273,031	71,283,406
TOTAL PURCHASED	330,396,749	349,281,856	344,298,304

KWH Sales:

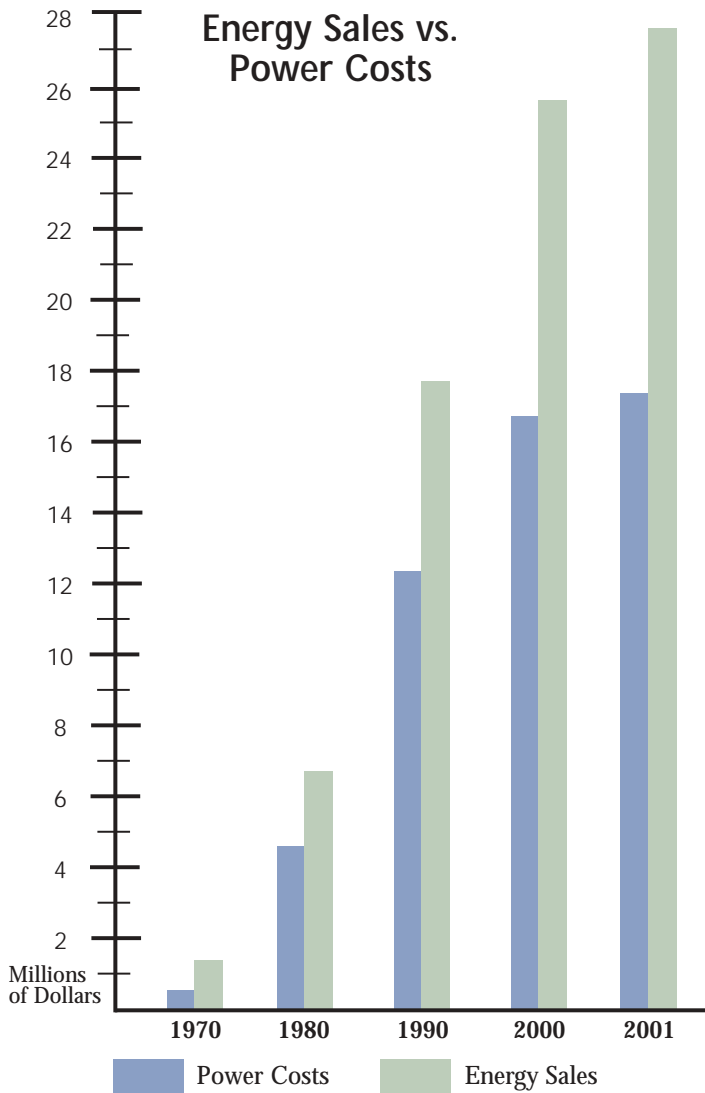
Residential and Farm	242,973,892	255,668,894	259,959,971
Commercial	49,500,277	53,779,584	56,740,235
Large Power	8,206,875	8,113,600	7,563,040
TOTAL SALES	300,681,044	317,562,078	324,263,246
Average Monthly KWH Usage	1,322	1,367	1,376
Average Cost per KWH Sold	\$0.0805	\$0.0809	\$0.0830
Number of Members at Year End	19,068	19,525	19,734

How Your 2001 Operating Dollars Were Used



4.5% Interest 6.1% Taxes & Other 5.7% Depreciation 4.3% Margins 17.1% General Operations 62.3% Cost of Power

Energy Sales vs. Power Costs



	POWER COSTS	ENERGY SALES
1970	\$0.6 million	\$1.4 million
1980	\$4.6 million	\$6.8 million
1990	\$12.3 million	\$17.8 million
2000	\$16.8 million	\$25.7 million
2001	\$17.4 million	\$27.7 million

MEMBERS SERVED

1950	1980	2001
5,566	12,596	19,734
1960	1990	
7,680	15,846	
1970	2000	
9,356	19,525	

AVERAGE MONTHLY kwh PER MEMBER

1950	1980	2001
104	943	1,376
1960	1990	
325	1,099	
1970	2000	
611	1,367	

TOTAL ASSETS (in millions)

1970	1990	2001
\$5.0	\$24.3	\$46.9
1980	2000	
\$12.4	\$43.9	

Pee Dee Electric Membership Corporation

Board of Directors



Millard E. Russell
District 1
Years of Service: 27



Benjamin R. Lybrand
District 2
Years of Service: 4



J. Harold Moore
District 3
Years of Service: 14



Richard H. Johnson
District 4
Years of Service: 30



Donald A. Thompson
District 5
Years of Service: 4



Marcia A. Lambeth
District 6
Years of Service: 2



Benjamin F.
McCallum, Jr.
District 7
Years of Service: 12



Charles D. Smith
District 8
Years of Service: 22



Neal D. Hicks, Jr.
Director at Large
Years of Service: 17



Craig W. Ratliff
Director at Large
Years of Service: 24



Winnie M. Bennett
Director at Large
Years of Service: 1



Pee Dee Electric Membership Corporation



Touchstone Energy
The power of human connections

Pee Dee Electric