



York
Electric Cooperative, Inc.

2003 AR



York
Electric Cooperative, Inc.

Your Electric Cooperative in 2003

continued

Just Rewards

Once again proving that we are not just another utility, we returned \$932,595 in the form of Capital Credits to our members in 2003. As a non-profit cooperative, we do not have stockholders. Therefore, each year we return revenue that exceeds our actual cost to supply power back to our members. Capital Credits are determined based on the amount of a member's annual electric usage.



Economic Impact

York Electric remained a dynamic force in our area's economic development efforts. We strengthened our partnership with business leaders, governmental officials and others to help bring in jobs and recruit quality industries. The year 2003 also saw increased activity at our East York Industrial Park, conveniently located in proximity to I-77 and I-85. Thanks to aggressive marketing, a prime location and affordable electric rates, the park added approximately 150 new jobs with a \$10 million investment in 2003.

By the Numbers

Serving our residential, commercial and industrial customers is the number one commitment of our 94 employees. We continued to see strong growth patterns emerge in 2003 and worked diligently to meet today's demands and tomorrow's opportunities.

2003 -

Number of Accounts

Total	Residential	Commercial	Other
32,892	29,927	2,613	352

Miles of Distribution Line: 3,096

Members per Mile of Line: 10.62

Annual Revenue: \$50,565,719

Investment in Plant Assets: \$115,901,877 (Gross Plant)

Annual Peak Demand: 151,132 kw

Annual Energy Sales: 579,512,881 kwh



York Electric Cooperative is one of more than 600 Touchstone Energy® cooperatives in 44 states that deliver energy and energy solutions to more than 17 million members every day. Touchstone Energy® cooperatives are local, active members of their communities dedicated to serving commercial, industrial, agricultural and residential members with integrity, accountability, innovation and commitment to community.

With your support in 2003 we showed why we are Your Electric Cooperative.

Sincerely,

Roy E. Wilkerson, Chairman

Paul Basha, President and Chief Executive Officer



Financials

BALANCE SHEETS

Year Ended December 31,

ASSETS

UTILITY PLANT

Electric Plant in Service-at Cost	\$109,737,377	\$115,901,877
Construction Work in Progress	2,853,458	2,442,125
Gross Utility Plant	112,590,835	118,344,002
Accumulated Provision for Depreciation	(20,952,789)	(23,353,821)
	<u>91,638,046</u>	<u>94,990,181</u>

OTHER PROPERTY AND INVESTMENTS

Investments in Associated Organizations	5,773,134	4,306,411
Non-Utility Property	1,449,205	1,449,205
	<u>7,222,339</u>	<u>5,755,616</u>

CURRENT ASSETS

Cash-General	4,911,701	7,794,530
Accounts Receivable (less accumulated provision for uncollectible accounts of \$270,586 in 2003 and \$284,900 in 2002)	2,146,406	1,958,540
Interest Receivable	9,177	19,750
Materials and Supplies	1,373,978	1,216,692
Prepayments	256,442	247,110
	<u>8,697,704</u>	<u>11,236,622</u>

DEFERRED DEBITS

	517,954	-0-
TOTAL ASSETS	<u>\$108,076,043</u>	<u>\$111,982,419</u>

EQUITIES AND LIABILITIES

Year Ended December 31,

EQUITIES

Membership Fees	\$ 150,410	\$ 154,840
Patronage Capital	31,230,192	31,064,741
Other Equities	2,482,397	2,572,438
	<u>33,862,999</u>	<u>33,792,019</u>

LONG-TERM DEBT

RUS Mortgage Notes	49,120,206	52,557,074
NRUCFC Mortgage Notes	13,077,665	12,752,836
	<u>62,197,871</u>	<u>65,309,910</u>

OTHER LONG-TERM LIABILITIES

Accumulated Provision for Postretirement Benefits	3,980,308	4,692,800
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CURRENT LIABILITIES

Current Maturities of Mortgage Notes	1,235,000	1,594,000
Accounts Payable	3,667,010	3,449,819
Consumer Deposits	1,127,470	968,020
Accrued and Withheld Taxes	1,682,576	1,817,855
Other Current and Accrued Liabilities	322,809	357,996
	<u>8,034,865</u>	<u>8,187,690</u>

TOTAL EQUITIES AND LIABILITIES	<u>\$108,076,043</u>	<u>\$111,982,419</u>
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Financials

DETAIL OF PATRONAGE CAPITAL

Year Ended December 31,	2002	2003
Assignable	\$ 1,592,889	\$ 2,602,047
Assigned	30,661,855	29,395,289
	<u>32,254,744</u>	<u>31,997,336</u>
Retired	(1,024,552)	(932,595)
	<u>\$ 31,230,192</u>	<u>\$ 31,064,741</u>

STATEMENT OF REVENUE AND PATRONAGE CAPITAL

OPERATING REVENUE AND PATRONAGE CAPITAL	<u>\$ 48,704,689</u>	<u>\$ 50,565,719</u>
OPERATING EXPENSES		
Cost of Power	31,042,434	30,678,331
Distribution Operations	2,809,010	3,228,256
Distribution Maintenance	2,376,281	2,563,189
Consumer Accounts	1,911,798	2,215,964
Consumer Services and Information	141,067	118,900
Administrative and General	2,215,358	2,376,230
Sales	493,472	484,132
Depreciation	3,487,300	3,703,837
Other	29,917	55,486
	<u>44,506,637</u>	<u>45,424,325</u>
OPERATING MARGINS BEFORE INTEREST EXPENSE	4,198,052	5,141,394
INTEREST EXPENSE	<u>3,206,362</u>	<u>3,111,901</u>
OPERATING MARGINS AFTER INTEREST EXPENSE	991,690	2,029,493
NON-OPERATING MARGINS		
Interest Income	125,923	66,280
Misc. Non-Operating Income	1,673,767	51,411
	<u>1,799,690</u>	<u>117,691</u>
GENERATION AND TRANSMISSION COOPERATIVE CAPITAL CREDITS	419,987	324,610
OTHER CAPITAL CREDITS AND PATRONAGE CAPITAL ALLOCATIONS	<u>55,289</u>	<u>130,253</u>
NET MARGINS	3,266,656	2,602,047
PATRONAGE CAPITAL - BEGINNING OF YEAR	30,661,855	29,395,289
TRANSFERRED TO OTHER EQUITIES	(1,673,767)	-0-
RETIREMENTS	(1,024,552)	(932,595)
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 31,230,192</u>	<u>\$ 31,064,741</u>



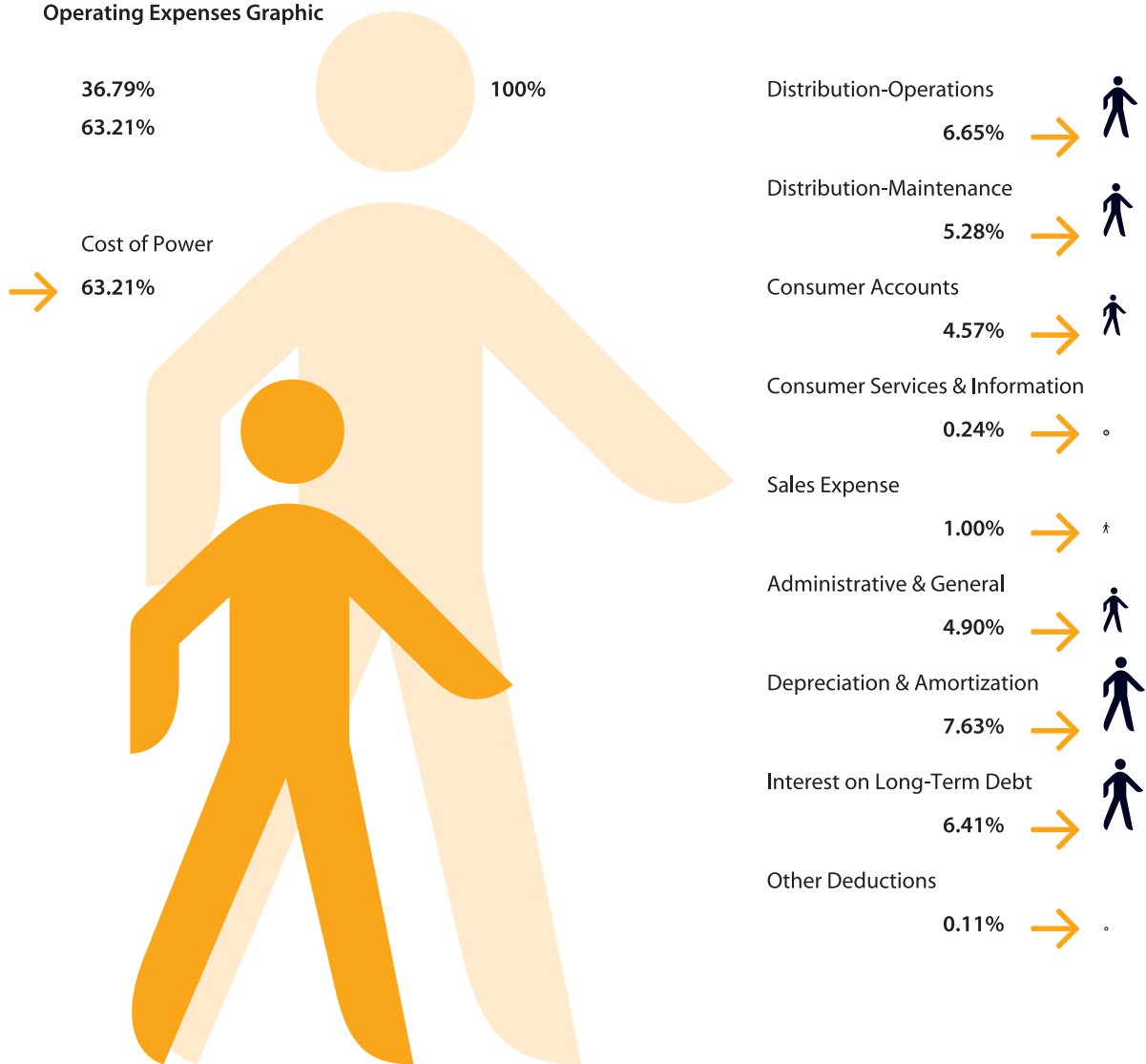
Growth & Financials

Active Accounts

32,892 in 2003 The number of active accounts has risen by 4,306, over 15%, in five years.



Operating Expenses Graphic





York
Electric Cooperative, Inc.

Your Electric Cooperative in 2003

The year 2003 was a successful one for York Electric Cooperative. It was a year in which we worked hard to achieve our mission to provide unsurpassed, innovative and diversified service at a reasonable cost while improving the quality of life and promoting integrity, economic development, safety and a vision of the future.

It was a year in which we, as we have for more than 60 years, remained focused on serving the homes, farms, businesses and large industries in Cherokee, Chester, Lancaster and York Counties. In 2003, York Electric was truly Your Electric Cooperative.

Safety First

The safety of our members is paramount at York Electric. That is why we conduct safety demonstrations for our members throughout our four-county service area. We also provide ongoing safety training for our staff (as well as cross-training) and were thrilled to be recognized in 2003 for our safety efforts.

In February 2003, York Electric exceeded one million man-hours worked without a lost time accident. Additionally, we were presented the 2002 President's Safety Contest Award from the statewide association of electric cooperatives.

Community Commitment

York Electric is not just another utility company. As a Touchstone Energy® cooperative, we are part of the communities we serve and we are committed to improving members' lives. We take pride in being an active community partner; a cooperative where member-owners have a say in how we do business.



In 2003, we:

- Allocated \$152,704.05 to 19 organizations and 20 individual families as part of the Operation Round Up® program.
- Sent two local high school juniors to represent us as delegates on the Washington Youth Tour.
- Awarded a \$1,000 scholarship in conjunction with Touchstone Energy to the high school senior who embodied the "spirit of cooperation."
- Awarded a \$750 School to Work Scholarship to an eligible York Comprehensive High School student.
- Distributed 23 "Get Charged! Electricity and You" electricity education kits to middle schools in York County. The kits, created in partnership with Discovery Channel School and Touchstone Energy, helped students understand the power and purpose of electricity.
- Partnered with Touchstone Energy to stage a Million Dollar Hole-in-One Shootout to raise money to provide identification kits to first graders across South Carolina.
- Conducted interactive and educational safety demonstrations for local schools and other groups.

Leading the Way

Robert O. Williams retired in 2003 after almost 43 years with York Electric. However, York Electric's Board of Trustees and employees are excited about the future, thanks to the leadership abilities of Paul Basha, our new President and CEO. Paul is a registered professional electrical engineer and a 14-year employee of York Electric. He has proven experience and will work to maintain a high level of integrity while also strengthening the Cooperative's community involvement, customer service standards and economic development efforts.

Board Members

↑ Paul Basha
President and Chief Executive Officer



District 7 ↑ Roy E. Wilkerson
Chairman



District 2 ↑ E. Jack Cornwell
Trustee



District 1 ↑ Woodrow W. Culp
Trustee



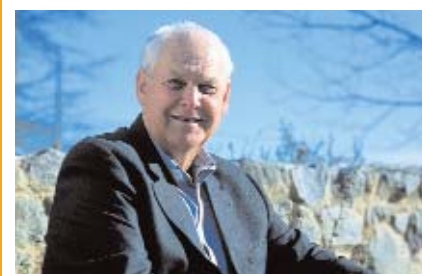
District 3 ↑ J. A. Darby (Deceased)
Trustee



District 8 ↑ M. Blanche McCarter
Trustee



District 4 ↑ Paul D. Poston
Secretary/Treasurer



District 9 ↑ Oscar Sadler
Vice Chairman



District 5 ↑ Poinzettia Stephens
Trustee



District 6 ↑ Charles R. (Dick) Burrell
Trustee

