

ANNUAL REPORT

2011

2012 Annual Meeting

June 14, 2012, 7 p.m.

J.E. Broyhill Civic Center

Lenoir, NC



EXECUTIVE MESSAGE

As a member of an electric cooperative, you're being served by a company that puts its members first. Our primary purpose is to give you the value you're looking for: being easy to do business with and providing reliable electricity — all while keeping the cost you pay as low as possible.

We're excited to be delivering value to our members by being rated in the top five utilities in the country for best customer satisfaction. Serving you is our highest priority and we constantly monitor how you feel about the service you get from Blue Ridge.

Electricity has become a basic expectation from consumers, and Blue Ridge has one of the top reliability ratings in the country. Last year, we kept the lights on 99.98 percent of the time. That's quite an achievement with the severe weather and challenges of our mountains! It's also thanks to line technicians, engineers, dispatchers and others who work on our power lines, substations, rights of way, and power delivery coordination and respond quickly to outages.

Rising energy costs are affecting utilities and consumers across the country, but Blue Ridge Electric successfully contained expenses for wholesale power and reduced operating costs in 2011. While rising costs will affect all of us in the near future, our efforts helped protect Blue Ridge members longer than would have otherwise been possible. In fact, early last year, your board of directors approved a three-month temporary rate reduction which saved members \$3 million during record cold weather when electricity bills were at their peak last winter.

Blue Ridge employees also played a strong role in reducing costs through an employee-led effort called WorkSmart. Employees saved members \$2 million through efforts such as: using technology and finding ways to be more efficient; eliminating the need to replace retiring employees; reviewing contracts for better pricing while retaining quality; and reducing paper use by using more electronic options.

We know that rising costs will affect us in the near future and we'll be keeping members informed through your monthly newsletter, *Membership Matters*, inside *Carolina Country* magazine, and at BlueRidgeEMC.com. The primary driver is environmental regulation. We need an intelligent national energy policy that balances environmental needs with consumer costs. Utilities across the nation are also faced with the need

to build more generation plants and electricity delivery systems to meet consumer demand, move power efficiently and reliably, as well as handle renewable energy projects.

We expect to see these factors impact Blue Ridge Electric's rates by two to three percent per year over the next five years or longer.

Blue Ridge Electric will be working with elected officials — and possibly asking for your help — to encourage development of a national energy policy that includes a comprehensive nuclear power strategy, clean coal, natural gas, renewable energy, energy efficiency and more domestic and North American oil production.

Be assured that your cooperative will be working in every possible way on a local, state and national level to protect our members and keep your costs as low as possible during the era of rising costs we see ahead. We'll also remain true to our cooperative roots to stay committed to our local communities, providing you with the care you deserve and reliable electricity at the most affordable cost as we work to add value to your life and our region as a whole.




Doug Johnson
Chief Executive Officer


Kenneth Greene
President



A Touchstone Energy® Cooperative 

2011 BLUE RIDGE ELECTRIC FINANCIAL REPORT

OPERATING STATEMENT

(for Years Ending December 31, 2011
and 2010 (dollars in the thousands))

	2011	2010
Income		
Operating Revenues	\$152,074	\$155,678
Less Operating Expenses		
Cost of Power	71,854	77,057
BRE Cost of Sales	13,418	12,757
Operations & Maintenance	31,826	33,681
Depreciation & Amortization	12,474	11,971
Taxes	3,988	4,097
Interest	9,174	8,859
Total Operating Expenses	142,734	148,422
Margins from Operations	9,340	7,256
Non-Operating Margins	1,058	859
Total Margins	\$ 10,398	\$ 8,115

BALANCE SHEET

(for Years Ending December 31, 2011
and 2010 (dollars in the thousands))

	2011	2010
Assets		
Electric Facilities	\$391,409	\$382,433
Less Accumulated Depreciation	106,402	98,005
Net Electric Facilities	\$285,007	\$284,428
Non-Electric Facilities Property & Equipment	8,350	8,593
Current Assets		
Cash & Cash Equivalents	\$ 10,234	\$ 7,866
Accounts Receivable (Net)	17,026	20,796
Inventory	4,112	3,569
Other Current Assets	617	850
Total Current Assets	\$ 31,989	\$ 33,081
Investments	18,096	8,920
Other Assets	6,353	6,434
Total Assets	\$349,795	\$341,456
Liabilities & Member Equity		
Margins & Equities		
Memberships	\$ 144	\$ 150
Other Equities	690	1,719
Patronage Capital	129,791	121,846
Total Membership Ownership	\$130,625	\$123,715
Current Liabilities		
Accounts Payable	\$ 9,273	\$ 10,078
Lines of Credit	--	--
Other Current & Accrued Liabilities	12,861	10,754
Total Current Liabilities	\$ 22,134	\$ 20,832
Long Term Debt	180,471	178,797
Other Non-Current Liabilities	16,565	18,112
Liabilities & Member Equity	\$349,795	\$341,456

Board of Directors



Back Row:

Tom Trexler, Watauga District; **Bradley McNeill**, Ashe District; **Jimmy Hemphill**, Caldwell District; **John Wishon, Jr.**, Alleghany District; **J.B. Lawrence, Jr.**, Watauga District; **David Boone**, Ashe District; **David Eggers**, Caldwell District; **Bryan Edwards**, Alleghany District

Front Row:

Charity Gambill-Gwyn, Asst. Secretary-Treasurer, Alleghany District and Director-at-Large; **Jeff Joines**, Vice President, Caldwell District; **Kenneth Greene**, President, Ashe District; **Joy Coffey**, Secretary-Treasurer, Watauga District

BLUE RIDGE ELECTRIC

- Electric sales FY 2011 were 1.27 billion kilowatt hours, a 5.8% decrease from the prior year.
 - The current number of electric consumers reached 73,871 for a .09% increase over the prior year.
- Current-year investment in electric utility facilities exceeded \$12 million.

BLUE RIDGE ENERGIES, LLC (BRE)

- Blue Ridge Energies product sales volume exceeded 5.9 million gallons, a 15% decrease during FY 2011. The decline in gallons sold was caused by a 13% decrease in heating degree days.

2011 BLUE RIDGE ELECTRIC MEMBERS FOUNDATION FINANCIAL REPORT



MEMBERS WORKING TOGETHER IN OUR COMMUNITIES

The Blue Ridge Electric Members Foundation was formed in 2006 to help improve the quality of life in our local communities.

Members Foundation facts:

- 100% of all donations are used to help members and local communities
- The Foundation is funded by members who give through the Operation Round Up programs and a Blue Ridge Electric contribution of \$25,000 from the profits of Blue Ridge Energies (heating fuels subsidiary.)
- Local grants to non-profit programs and services are funded through the Members Foundation.
- Crisis heating assistance for member households in need is supported by the Members Foundation and administered by local helping agencies.
- Energy-saving weatherization assistance programs by local helping agencies are funded through the Members Foundation.

STATEMENT OF ACTIVITIES

(for Years Ending December 31, 2011 and 2010)

Revenue	2011	2010
General Public Contributions	\$262,503	\$246,759
Value of Contributed Services	19,300	12,350
Interest	77	217
Total	\$281,880	\$259,326

Expenses

Assistance Provided	248,117	277,476
Administrative Services	19,300	12,350

Change in Unrestricted Net Assets	\$ 14,463	\$(30,500)
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Unrestricted Net Assets

Beginning of Year	28,072	58,572
End of Year	\$ 42,535	\$ 28,072

STATEMENT OF FINANCIAL POSITION

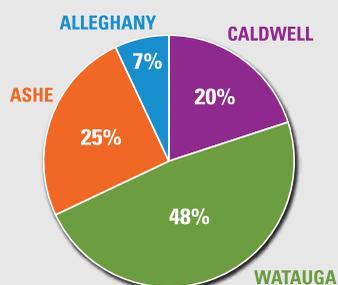
(for Years Ending December 31, 2011 and 2010)

Assets	2011	2010
Cash and Cash Equivalents	\$ 34,385	\$ 19,734
Due from Related Party	8,150	8,338
Total Assets	\$ 42,535	\$ 28,072

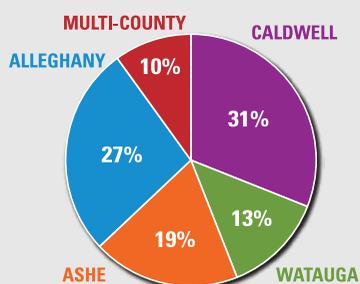
Liabilities and Net Assets

Current Liability	--	--
Unrestricted Net Assets	\$ 42,535	\$ 28,072
Total Liabilities and Net Assets	\$ 42,535	\$ 28,072

2011 ASSISTANCE BY DISTRICT

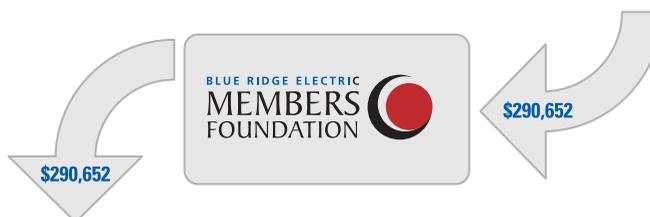


MEMBER ASSISTANCE



FOUNDATION AWARDS

WHERE THE FUNDS COME FROM:



WHERE THE FUNDS GO:

