



# 2012 ANNUAL REPORT

Maximum **value** to our members



**2013 Annual Meeting**  
**June 13, 2013, 7 p.m.**  
Blue Ridge Electric's corporate office  
Lenoir, NC

## EXECUTIVE MESSAGE

Delivering on the cooperative difference to provide maximum value to our members is the reason behind every strategic goal and effort we make. In 2012, we were recognized for our efforts to benefit members when we were chosen to receive the international Balanced Scorecard Hall of Fame award. This award recognizes strategic planning, execution, achievement and performance. Most importantly, it reflects our employees' work to deliver the very best service to our members.

A key area of strategy execution and performance is customer satisfaction. Last year, member ratings put Blue Ridge Electric in the top three best-performing

utilities in the nation, according to the American Consumer Satisfaction Index. These ratings also put us at a record high of 9.3 on a 10-point scale on cooperative industry surveys. I'm proud of this

accomplishment because it reflects how our employees treat our members—whether we're restoring an outage, trimming trees, setting up a new service or helping you on the phone or in our office.

Electric reliability is another area where your cooperative performs in the top quartile of the nation's best-performing utilities. Outages are kept to a minimum and restored quickly when they do occur so that electricity is flowing 99.98 percent of the time.

As a not-for-profit cooperative, our goal is to provide the lowest cost electricity possible. This is a critical area of planning and execution as our nation sees unprecedented cost pressures from increasing regulations, modernizing an aging power grid, upgrading power delivery systems, and constructing new power generation plants to comply with new environmental regulations. To ensure we keep your bill as low as possible, internal strategies to contain operational costs are in place so that none of the future rate adjustments are coming from factors we have under our direct control.

Helping offset rising costs are our two subsidiaries: **Blue Ridge Energies**, which provides propane, heating fuels, generators and home gas appliances through showrooms in our district offices, and **RidgeLink**, which leases the cooperative's excess fiber optic network

capacity to other businesses. These separate, for-profit companies are producing nearly \$1.2 million in funds that go directly to help keep rates—and your bill—lower.

Also helping contain costs is our WorkSmart program. Employees have identified ways to avoid spending more than \$3 million in costs that members would have otherwise had to cover. WorkSmart ideas range from using technology to create efficiencies to consolidating job responsibilities and not replacing retiring employees when possible.

Unfortunately, all these efforts will not be able to totally offset the impact of rising wholesale power costs. This represents the largest portion of our budget—and your bill. While we have the best pricing in the marketplace from our provider, Duke Energy Carolinas, wholesale power cost increases are forecast to impact Blue Ridge members with rate increases for at least the next five years. Through our strategy to control costs, our goal is to keep these increases to no more than two to three percent annually, which are much lower than we've seen other utilities implementing.

Even in the wake of rising costs, the cooperative business model is providing value in many different ways—from containing rising costs to delivering the best customer service and electric reliability.

We hope you feel the value of being a cooperative member. As a member, you are much more than a customer—you are an owner of your cooperative. That's why we're committed to demonstrating the cooperative difference in all the ways we serve our members and work to improve the quality of life for our local communities.



**Doug Johnson**  
Chief Executive Officer

**Kenneth Greene**  
President

## OPERATING STATEMENT

(for Years Ending December 31, 2012 and 2011 (dollars in the thousands))

<i>Income</i>	<i>2012</i>	<i>2011</i>
Operating Revenues	\$153,643	\$152,074
<i>Less Operating Expenses</i>		
Cost of Power	74,108	71,854
BRE Cost of Sales	11,102	13,418
Operations & Maintenance	32,271	31,826
Depreciation & Amortization	12,805	12,474
Taxes	4,019	3,988
Interest	9,026	9,174
Total Operating Expenses	143,331	142,734
Margins from Operations	10,312	9,340
Non-Operating Margins	1,724	1,058
Total Margins	\$ 12,036	\$ 10,398

## BALANCE SHEET

(for Years Ending December 31, 2012 and 2011 (dollars in the thousands))

<i>Assets</i>	<i>2012</i>	<i>2011</i>
Electric Facilities	\$402,332	\$391,409
Less Accumulated Depreciation	116,536	106,402
Net Electric Facilities	\$285,796	\$285,007
Non-Electric Facilities Property & Equipment	9,175	8,350
<i>Current Assets</i>		
Cash & Cash Equivalents	\$ 5,320	\$ 10,234
Accounts Receivable (Net)	20,802	17,026
Inventory	4,347	4,112
Other Current Assets	991	617
Total Current Assets	\$ 31,460	\$ 31,989
Investments	10,342	18,096
Other Assets	6,548	6,353
Total Assets	\$343,321	\$349,795
<i>Liabilities &amp; Member Equity</i>		
<i>Margins &amp; Equities</i>		
Memberships	\$ 138	\$ 144
Other Equities	546	690
Patronage Capital	139,139	129,791
Total Membership Ownership	\$139,823	\$130,625
<i>Current Liabilities</i>		
Accounts Payable	\$ 9,922	\$ 9,273
Lines of Credit	—	—
Other Current & Accrued Liabilities	12,582	12,861
Total Current Liabilities	\$ 22,504	\$ 22,134
Long Term Debt	159,251	180,471
Other Non-Current Liabilities	21,743	16,565
Liabilities & Member Equity	\$343,321	\$349,795

## BLUE RIDGE ELECTRIC

Electric sales for 2012 = **1.26 billion kilowatt hours**, a 1.1 percent decrease from the prior year.

The current number of electric consumers reached **74,218** for a 0.47 percent increase over the prior year.

Current-year investment in electric utility facilities exceeded **\$13 million**.

## 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; and **Joy Coffey**, Secretary-Treasurer, Watauga District.



## BLUE RIDGE ENERGIES, LLC



Blue Ridge Energies sales volume declined 14 percent in 2012 due to **warmer winter** weather.

# 2012 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 percent 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 nonprofit 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.

## STATEMENT OF ACTIVITIES

(for Years Ending December 31, 2012 and 2011)

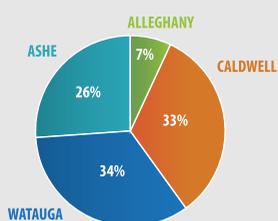
	2012	2011
<b>Revenue</b>		
General Public Contributions	\$267,851	\$262,503
Value of Contributed Services	19,500	19,300
Interest	139	77
<b>Total</b>	<b>\$287,490</b>	<b>\$281,880</b>
<b>Expenses</b>		
Assistance Provided	273,861	248,117
Administrative Services	19,500	19,300
<b>Change in Unrestricted Net Assets</b>	<b>\$ (5,871)</b>	<b>\$ 14,463</b>
<b>Unrestricted Net Assets</b>		
Beginning of Year	42,535	28,072
End of Year	\$ 36,664	\$ 42,535

## STATEMENT OF FINANCIAL POSITION

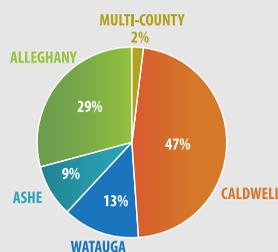
(for Years Ending December 31, 2012 and 2011)

	2012	2011
<b>Assets</b>		
Cash and Cash Equivalents	\$ 98,613	\$ 34,385
Due from Related Party		8,150
<b>Total Assets</b>	<b>\$ 98,613</b>	<b>\$ 42,535</b>
<b>Liabilities and Net Assets</b>		
Current Liability		
Due from Related Party	61,949	—
Unrestricted Net Assets	\$ 36,664	\$ 42,535
<b>Total Liabilities and Net Assets</b>	<b>\$ 98,613</b>	<b>\$ 42,535</b>

## 2012 ASSISTANCE BY DISTRICT



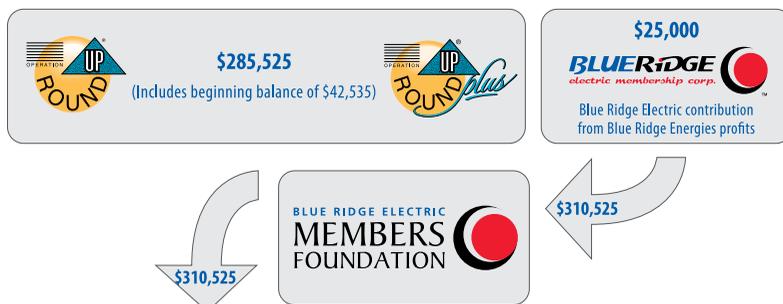
## CRISIS HEATING ASSISTANCE



## FOUNDATION AWARDS

## 2012 BLUE RIDGE ELECTRIC MEMBERS FOUNDATION

### WHERE THE FUNDS COME FROM:



### WHERE THE FUNDS GO:

