



2014
ANNUAL
REPORT
MEMBERS
MATTER

A FEW WORDS FROM OUR PRESIDENT & CEO

As a cooperative, everything we do at Blue Ridge Electric centers on providing the best value to our members. That includes keeping your bill as low as possible and being involved in our communities to enhance your quality of life. And it certainly includes keeping your electricity flowing and providing the best member service!



Because of our efforts to manage wholesale power costs and operational expenses, we were able to provide important and valuable benefits to members in 2014, including:

3 MONTHS Temporary Rate Reductions During The Coldest Months	\$4.4 MILLION Capital Credits Giving Members Refund Equal To 1 Month Electricity	0% INCREASE Another Year Of No Rate Increases To Our Members
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The extreme winter weather in our service area is challenging and that's why we're very proud to share that your cooperative is a national leader in electric reliability. Keeping the lights on 99.95 percent of the time puts your cooperative among the top quartile of utilities nationally.

We're also a national leader in member satisfaction, ranking among the top three utilities in customer satisfaction according to the American Customer Satisfaction Index.

As we plan for what our members need from us now and as the utility of the future, our key strategic goals all point toward member value. Benefitting our members in every way from providing reliable, affordable electricity to improving local economies and quality of life is the driving force of why we exist as a cooperative: to serve you, our member-owners!

– Kenneth Greene, President (Above left) & Doug Johnson, CEO (Above right)

2015 ANNUAL MEETING

June 11, 2015, 4:00 PM

Blue Ridge Electric Corporate Office, Lenoir NC

A Touchstone Energy® Cooperative

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BLUE RIDGE ELECTRIC 2014 ANNUAL REPORT

On Cover: Chad Gilbert, Blue Ridge Electric lineman

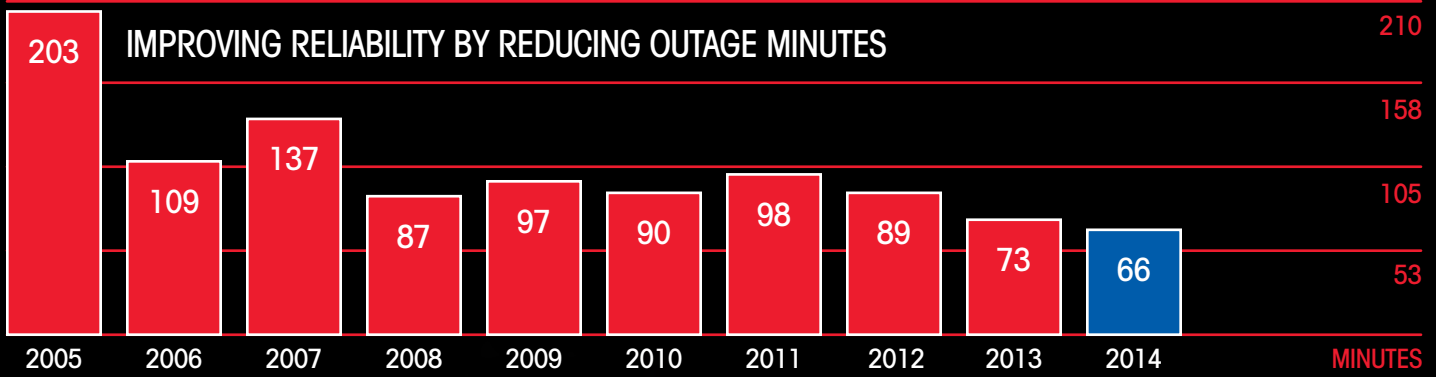
87% MEMBER SATISFACTION

I've experienced utility service in nine different homes, in four states, and none has served me better than Blue Ridge Electric. It is truly a pleasure to belong to an electric membership and to receive such outstanding service. And MY electric cooperative truly shows it cares about its members by supporting programs like the BROC donation center in Warrentsville. It's a genuine, deeply felt privilege to be a member.

– Carol Peters
Ashe County



Based on the American Customer Satisfaction Index




Our area regularly gets ice, snow, and heavy winds during the winter months. During my first years living here, I expected I would have power outages to contend with. I even purchased a generator. However, in nine years, the power has never been off long enough to necessitate the use of the generator.

– Jason Carpenter
Caldwell County

REDUCTION IN POWER OUTAGES **66%** 2005 – 2014

\$3.5 MILLION WORKSMART SAVINGS

Avoided Annual Costs Based On Employee Initiatives



1.3 BILLION
Kilowatt Hour Sales In 2014

74,932
Electric Members Served In 2014



24% INCREASE
Propane Sales Volume Due To Cold Weather & Increased Customer Base

\$100,000
Subsidiaries Contribution To Members Foundation

BOARD OF DIRECTORS



BACK ROW

Tom Trexler, Watauga District; **Bradley McNeill**, Ashe District; **Jimmy Hemphill**, Caldwell District; **John Wishon, Jr.**, Alleghany District; **James Burl (JB) Lawrence**, 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.

CORPORATE FINANCIAL REPORT

OPERATING STATEMENT

	Years Ending Dec 31 (dollars in thousands)	
INCOME	2014	2013
Operating Revenues	\$168,326	\$164,382
LESS OPERATING EXPENSES		
Cost of Power	81,356	82,468
BRE Cost of Sales	18,716	14,263
Operations & Maintenance	34,588	34,253
Depreciation & Amortization	13,641	13,024
Taxes	2,258	4,380
Interest	9,683	9,406
Total Operating Expenses	\$160,242	\$157,794
Margins from Operations	8,084	6,588
Non-Operating Margins	3,102	2,675
Total Margins	\$11,186	\$9,263

BALANCE SHEET

	Years Ending Dec 31 (dollars in thousands)	
ASSETS	2014	2013
Electric Facilities	\$431,683	\$418,450
Less Accumulated Depreciation	134,649	125,642
Net Electric Facilities	297,034	292,808
Net Non-Utility Property	14,591	11,276
Current Assets		
Cash & Cash Equivalents	\$10,521	\$10,521
Accounts Receivable (Net)	21,608	21,103
Inventory	5,730	5,357
Other Current Assets	1,659	1,848
Total Current Assets	\$39,518	\$38,829
Investments	19,963	12,649
Other Assets	13,586	14,927
Total Assets	\$384,692	\$370,489
LIABILITIES & MEMBER EQUITY		
Margins & Equities		
Memberships	\$126	\$132
Other Equities	2,491	3,891
Patronage Capital	149,749	143,669
Total Membership Ownership	\$152,366	\$147,692
Current Liabilities		
Accounts Payable	\$10,720	\$11,149
Lines of Credit		434
Other Current & Accrued Liabilities	14,328	13,931
Total Current Liabilities	\$25,048	\$25,514
Long Term Debt	177,077	171,917
Other Non-Current Liabilities	30,201	25,366
Liabilities & Member Equity	\$384,692	\$370,489

FOUNDATION FINANCIAL REPORT

Helping members in need and making local communities better is what the Blue Ridge Electric Members Foundation is all about. We'd like to personally thank our members for contributing to Operation Round Up® to help support the Members Foundation, with 100 percent of all donations going to help families and our communities. Last year during record weather and heating needs, you stepped up even more to join employees and our subsidiaries to support our special "So No One Goes Cold" campaign. This effort raised \$126,557 that went directly for crisis heating assistance to local people in need.

STATEMENT OF ACTIVITIES

Years Ending Dec 31

REVENUE	2014	2013
General Public Contributions	\$357,601	\$273,141
Value of Contributed Services	19,500	19,500
Interest	16	87
Total	\$377,117	\$292,728

EXPENSES

Assistance Provided	\$353,376	\$278,266
Administrative Services	19,500	19,500

Change in Unrestricted Net Assets \$4,241 (\$5,038)

UNRESTRICTED NET ASSETS

Beginning of Year	\$31,626	\$36,664
End of Year	35,867	31,626

STATEMENT OF FINANCIAL POSITION

Years Ending Dec 31

ASSETS	2014	2013
Cash and Cash Equivalents	\$25,967	\$28,304
Due from Related Party	9,900	3,322

Total Assets \$35,867 \$31,626

LIABILITIES & NET ASSETS

Unrestricted Net Assets	\$35,867	\$31,626
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Total Liabilities and Net Assets \$35,867 \$31,626

GIVING BACK

I have participated in Operation Round Up for many years. I tell everyone to round up their bill because you'll never miss it. I believe in doing what is right and Blue Ridge believes in that, too. When I needed a helping hand, Blue Ridge Electric, with funds through Operation Round Up, helped me get a much needed delivery of fuel from Blue Ridge Energies.

— Ann Ferguson
Caldwell County



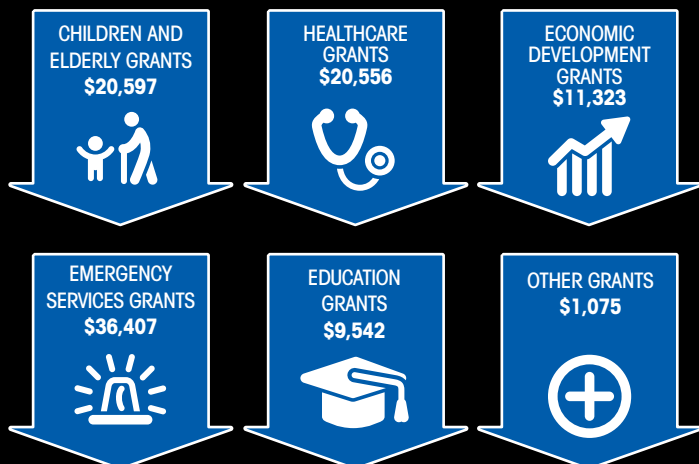
SOURCES OF 2014 FOUNDATION FUNDS – WHERE THE FUNDS COME FROM



\$389,243

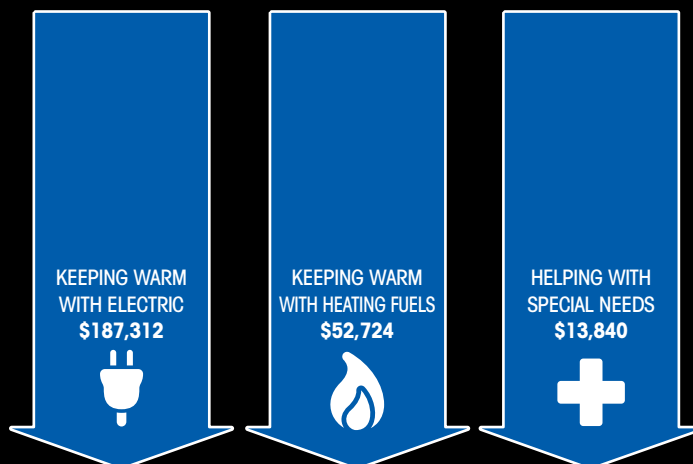
DISTRIBUTION OF 2014 FOUNDATION FUNDS – WHERE THE FUNDS GO

FUNDING TO ASSIST COMMUNITIES



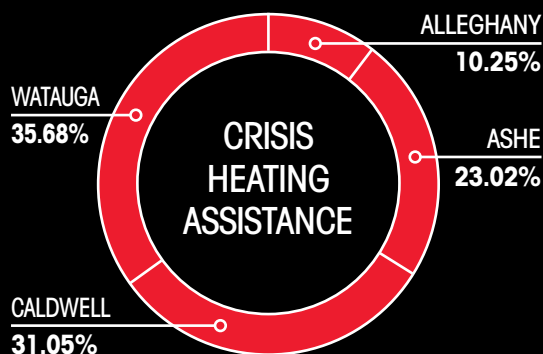
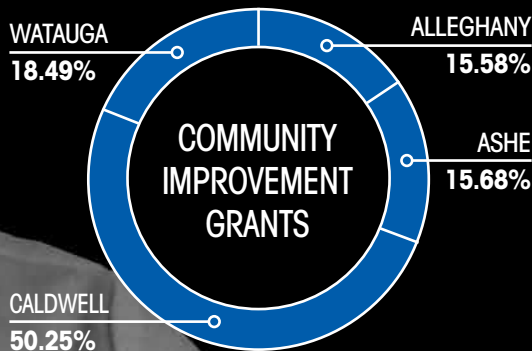
\$99,500

FUNDING TO ASSIST FAMILIES



\$253,876

\$353,376





COMMITTED TO
SERVING MEMBERS

100%



I appreciate Blue Ridge Electric making programs like FlexPay available. It's helped me save on electricity, and I don't worry about a large monthly bill looming over my head because I can pay as I go. It's also helped my son and daughter be aware of how usage affects cost. We are all fans of FlexPay for making my life easier and offering a simpler way to save and pay.

– Sharon Keller
Watauga County

Automated Service Methods

In-Person Service Methods

6%

District Kiosks

18%

Online, Website

15%

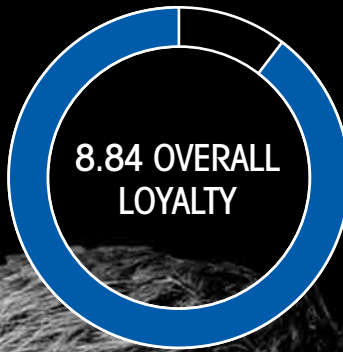
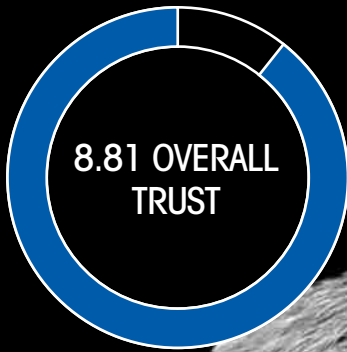
Self-Service Phone Options

21%

Bank Draft

40%

Member Representative Via Phone and District Office



Based on a 10-point scale, our members gave us high marks for satisfaction in 2014. Co-op members across North Carolina also gave high marks for trust and loyalty (2013 Cooperative Difference Survey, Touchstone Energy).

The Rural Electric Youth Tour gave me a chance to engage with my elected officials, connect with other leaders in rural communities, and see firsthand the power of political participation and advocacy. For the opportunities to work in grassroots advocacy for the National Rural Electric Cooperative Association, I am grateful to my hometown electric cooperative.

— Jacob Brooks
Alleghany County

79% BELIEVE CO-OPS
IMPROVE THEIR COMMUNITY



Based on 2013 Cooperative Difference Survey by Touchstone Energy