

2014 Annual Meeting

June 12, 2014, 4 p.m

Blue Ridge Electric's

corporate office

Lenoir, NC

2013 Annual Report

BLUERIDGE
electric membership corp.



A Touchstone Energy® Cooperative ™

EXECUTIVE MESSAGE

Improving our members' lives is at the heart of all we do at Blue Ridge Electric. We are proud to report your cooperative is in sound financial shape so we're able to deliver reliable, safe electricity to you, our members even in a mountainous terrain with severe winter weather. This is our first and most important priority, but our value to members goes beyond this.

Providing electricity at the most affordable cost is a key strategic goal. Due to extreme cost pressure from



Through the Rural Economic Development Loan and Grant Program, Blue Ridge Electric presented a \$1 million loan to Exela Pharma Sciences, LLC, in December to expand their business and add more jobs in Caldwell County.

a combination of factors, including the need to modernize the power grid, increasing environmental regulations, and the need to build new power plants, wholesale power costs are rising for all utilities and consumers. We

have a three-prong approach to protect our members as much as possible from rising costs.

First, we've secured the most favorable wholesale supply agreement with Duke Energy Carolinas and we continuously monitor our wholesale costs.

We've also engaged every employee in a WorkSmart effort to reduce costs and avoid spending where possible without impacting customer service. Since its inception, this has helped offset rising costs by over \$10 million that members would have otherwise had to cover.

Our separate, for-profit subsidiaries are also helping offset rising costs for members. In 2013, these subsidiaries produced more than \$2 million that was used for operations and are funds that members don't have to pay.

These three efforts helped us keep last fall's rate adjustment to 2.5 percent. While most utilities including Blue Ridge are anticipating annual rate adjustments for the near future, we are

pleased to keep ours at a lower level than we've seen from many other utilities.

Providing the best customer care experience for all members is a top goal as well. Members consistently rate us among the top 3 utilities in the country for customer service and on a 10-point scale, we averaged 9.3 in 2013.

Reliability is expected from members, and we're pleased to report we're among the top quartile in the nation for keeping the power flowing at 99.95 percent of the time — and getting it back on quickly when an outage occurs.

Finally, as one of the largest companies headquartered in northwest North Carolina, we believe it's our responsibility to help drive quality of life improvements in local communities. A primary example is our Members Foundation which provides crisis heating assistance to those in need, as well as community grants targeted to make life better through quality health care, education and economic development. A member committee helps guide the Foundation, which is funded by contributions from the profits of your cooperative's subsidiaries and by members' contributions to Operation Round Up®.

Our desire is to deliver the best value to you, our members. From delivering reliable, affordable electricity to improving the quality of life with economic development and community improvement initiatives. We're committed to demonstrating our purpose and the cooperative difference to our members and to our communities to make life better, now and in the future for northwest North Carolina!

Kenneth R. Greene *Doug Johnson*



Kenneth Greene
President

Doug Johnson
Chief Executive Officer

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.



In support of cancer awareness and prevention organizations locally, Blue Ridge Energies donated a penny for each gallon delivered last year in specially marked "Fueling the Fight" propane delivery trucks. Employees also made special appearances with the trucks at local events.

BLUE RIDGE ENERGIES, LLC

Blue Ridge Energies sales volume increased by **33** percent in 2013 due to **colder winter** weather and a **larger** customer base.

OPERATING STATEMENT

(for Years Ending December 31, 2013 and 2012 (dollars in the thousands))

<i>Income</i>	<i>2013</i>	<i>2012</i>
Operating Revenues	\$164,382	\$153,643
<i>Less Operating Expenses</i>		
Cost of Power	82,468	74,108
BRE Cost of Sales	14,263	11,102
Operations & Maintenance	34,253	32,271
Depreciation & Amortization	13,024	12,805
Taxes	4,380	4,019
Interest	9,406	9,026
Total Operating Expenses	\$157,794	\$143,331
Margins from Operations	6,588	10,312
Non-Operating Margins	2,675	1,724
Total Margins	\$ 9,263	\$ 12,036

BALANCE SHEET

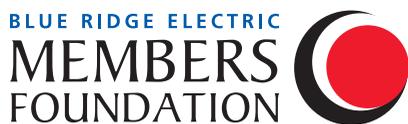
(for Years Ending December 31, 2013 and 2012 (dollars in the thousands))

<i>Assets</i>	<i>2013</i>	<i>2012</i>
Electric Facilities	\$418,450	\$402,332
Less Accumulated Depreciation	125,642	116,536
Net Electric Facilities	292,808	285,796
Non-Electric Facilities Property & Equipment	11,276	9,175
Current Assets		
Cash & Cash Equivalents	\$ 10,521	\$ 5,320
Accounts Receivable (Net)	21,103	20,802
Inventory	5,357	4,347
Other Current Assets	1,848	991
Total Current Assets	38,829	31,460
Investments	12,649	10,342
Other Assets	14,927	6,548
Total Assets	\$370,489	\$343,321
<i>Liabilities & Member Equity</i>		
Margins & Equities		
Memberships	\$ 132	\$ 138
Other Equities	3,891	546
Patronage Capital	143,669	139,139
Total Membership Ownership	\$147,692	\$139,823
Current Liabilities		
Accounts Payable	\$ 11,149	\$ 9,922
Lines of Credit	434	-
Other Current & Accrued Liabilities	13,931	12,582
Total Current Liabilities	\$ 25,514	\$ 22,504
Long Term Debt	171,917	159,251
Other Non-Current Liabilities	25,366	21,743
Liabilities & Member Equity	\$370,489	\$343,321

BLUE RIDGE ELECTRIC

Electric sales for 2013 = **1.29 billion kilowatt hours**, a **2.7** percent increase from the prior year.

The current number of electric consumers reached **74,575** for a **0.48** percent increase over the prior year. Current-year investment in electric utility facilities exceeded **\$17 million**.



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, 2013 and 2012)

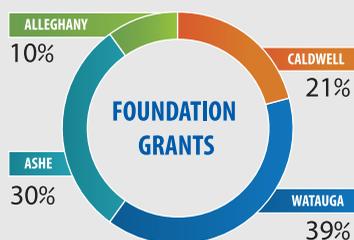
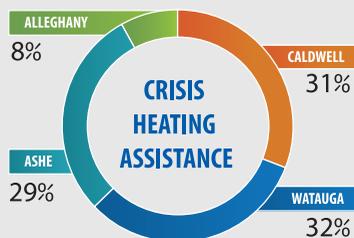
	2013	2012
Revenue		
General Public Contributions	\$ 273,141	\$ 267,851
Value of Contributed Services	19,500	19,500
Interest	87	139
Total	\$ 292,728	\$ 287,490
Expenses		
Assistance Provided	278,266	273,861
Administrative Services	19,500	19,500
Change in Unrestricted Net Assets	\$ (5,038)	\$ (5,871)
Unrestricted Net Assets		
Beginning of Year	36,664	42,535
End of Year	\$ 31,626	\$ 36,664

STATEMENT OF FINANCIAL POSITION

(for Years Ending
December 31, 2013 and 2012)

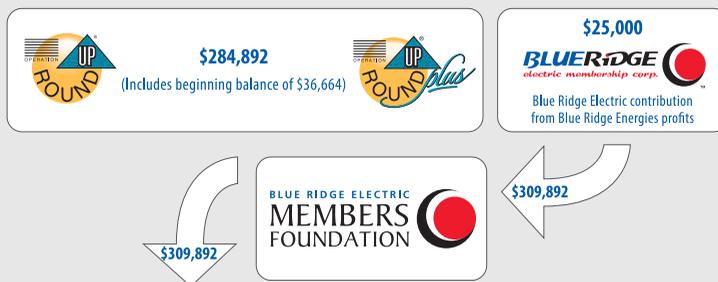
	2013	2012
Assets		
Cash and Cash Equivalents	\$ 28,304	\$ 98,613
Due from Related Party	3,322	
Total Assets	\$ 31,626	\$ 98,613
Liabilities and Net Assets		
Current Liability		
Due from Related Party		61,949
Unrestricted Net Assets	\$ 31,626	\$ 36,664
Total Liabilities and Net Assets	\$ 31,626	\$ 98,613

2013 ASSISTANCE BY DISTRICT



2013 BLUE RIDGE ELECTRIC MEMBERS FOUNDATION

WHERE THE FUNDS COME FROM:



WHERE THE FUNDS GO:

