



Together We Power On

2020 ANNUAL REPORT



A Touchstone Energy® Cooperative 

Dear Member,

It's impossible to discuss the past year without stating the obvious: 2020 brought with it many unforeseen challenges due to the onset of COVID-19. While all of our members and employees were impacted in some way, our dedication to providing reliable electricity and keeping your bills as low as possible while meeting responsible sustainability goals never faltered. This commitment is the living embodiment of our "Together We Power On" annual report.

During these unprecedented times we protected our employees, all while maintaining essential energy services for our members, which includes dependable electricity along with propane and fuels. We remained committed to our Brighter Future vision announced last year with the support of North Carolina's electric cooperatives network.

This initiative signals a new era for Blue Ridge Energy members. While our original mission was to bring electricity and new opportunity to our region, the pursuit of new energy solutions has come to the forefront of our efforts, all for the sake of delivering new value to our members. Looking ahead, it means we're placing emphasis on providing energy that is affordable but also environmentally responsible. Our Brighter Future initiative launch this past year has set ambitious goals centered on reducing carbon emissions.

Here are some additional highlights from 2020:

- As a part of the Brighter Future initiative, we started the process to install a utility-scale solar facility, a system that will have the capability to produce more than 19 million kilowatt hours annually, and help control peak demand wholesale power costs which can help stabilize rates.
- We created our "In This Together" COVID-19 relief fund in response to members' need for crisis bill assistance due to the pandemic. All donations to this special campaign and to Operation Round Up® were used to help 2,331 families pay their energy bills.
- We were pleased to continue giving back to the community in other ways, including securing USDA funds for important emergency response projects and a job expansion effort.
- For eight straight years there have been no rate increases! And we recently returned over \$5 million in capital credits to our members.

We're looking ahead with an optimistic eye for our collective future. In 2020 we learned that we, and our members, are as resilient as ever and

"Together We Power On!"

Jeff Joines, President
Doug Johnson, CEO

CHECK OUT
CAROLINA COUNTRY
COVER WRAP
for more information on
this year's Annual Meeting!



Together We Powered On During COVID-19

During the pandemic, Blue Ridge Energy worked hard to demonstrate the cooperative difference. We mobilized to raise and distribute record-level crisis energy bill assistance under the "In This Together" campaign. Your Board, management, employees, and members contributed in addition to donations from your cooperative's subsidiaries: Propane and Fuels and RidgeLink.

While early 2021 has shown progress in the fight against COVID-19, for many members the struggle continues. We are here to help in any way that we can and are committed to sticking together to help our neighbors who continue to be impacted by the pandemic.

IN THIS TOGETHER
RELIEF FUND



Raising Crisis Relief Funds

The past year created unique hardships and challenges for our membership and the employees working to serve you each day. In good times and bad, being there for our members is a top priority and it's reflected in the effort of the employees at Blue Ridge Energy.

The "In This Together" Relief Fund filled a need in 2020 to alleviate financial stress on families and individuals struggling to pay their electric and propane and fuels bills.

Today, we remain committed to distributing crisis assistance funds from the Blue Ridge Energy Members Foundation funded by Operation Round Up® donations and contributions from the profits of your Propane and Fuels and RidgeLink subsidiaries.

We hope you'll join us by making a donation to Operation Round Up®. Any amount you can contribute, no matter how big or small, will make a difference.

Providing Safety and Convenience During COVID-19

We felt it was our duty to keep employees and members safe from COVID-19. Once the pandemic began, we shifted to new operating practices, ranging from requiring masks, social distancing protocols, sanitizing, and when necessary, closing our offices. It was important to keep employees safe so that we could continue providing essential energy services to homes, businesses and communities.

We offer many non-contact ways to do business, including our website, mobile app, payment kiosks, envelope deposit slips, drive-thrus, phone and mail.

To Assist Our Members During COVID-19, We:

- Suspended late fees and service disconnections—even before and after the governor's order
- Set up customized payment plans for large bill balances
- Offered additional crisis energy bill assistance options

Prepare For a Brighter Future

Our Brighter Future vision starts with a long-term focus on delivering sustainable energy. To achieve a low-carbon future and meet our goal of providing low cost, reliable electricity to members, we are working with the state's other electric cooperatives to reach significant carbon reduction goals, targeting a 50 percent drop in carbon emissions from 2005 levels by 2030, and net zero carbon emissions by 2050.

To meet sustainability goals while upholding our commitments to reliability and affordability, our efforts are focused in areas that make the electric grid more flexible, efficient, resilient, and capable of supporting new technology.

We will explore and utilize solar energy, battery storage, smart thermostats, and electric vehicle charging stations to balance supply and demand. In addition, we'll be purchasing energy from the builder and owner of a utility-scale Brighter Future Solar facility located in southern Caldwell County, providing savings on peak demand power costs to help keep rates low.

A Brighter Future means giving back. In addition to the Members Foundation and Operation Round Up®, our Youth Leadership Track, Bright Ideas Grants, No Barriers Warriors Expeditions, the pursuit of state and federal grants for broadband deployment, economic development and emergency response show our commitment to local communities.



Charging Stations for EVs

Consumer adoption of electric vehicles (EVs) is growing. Additional charging stations have been added in our service area to help attract visitors and bolster local economies. In addition to three public EV chargers we've helped secure for Blowing Rock, West Jefferson and Lenoir, we were awarded \$73,000 to install a DC Fast Charger at our Boone office this year as part of a U.S. Environmental Protection Agency settlement with Volkswagen.

A key benefit to members is that it can help us manage rising power costs. For example, because most charging occurs at home, beginning in June we will offer an EV time-of-use rate on a limited basis. Overnight charging will lead to a more efficient grid as it creates demand for power at a time when the grid has historically been underutilized. Electricity is most expensive when demand is highest. Spreading demand across nighttime hours can help fill demand valleys and create new revenue to keep rates lower for all members.

50%
Reduction in
carbon emissions
BY 2030

0%
Net carbon
emissions
BY 2050

Expanding Our Solar Capabilities

When we launched our five community solar gardens, members responded with enthusiasm, subscribing to all 1,904 panels, with many seeing it as a great way to support renewable energy if rooftop solar wasn't feasible due to home location or price and maintenance of their own system.

Now we're excited for the launch of our Brighter Future Solar facility which offers a two-part benefit to members: to help us meet low carbon as well as low cost goals. This 50-acre facility will produce 19 million kilowatt hours of carbon-free electricity annually, enough to power 1,600 homes.

This project will help us keep member rates stable by allowing us to manage periods of peak demand for electricity and associated higher wholesale power cost. With no construction costs as the facility is constructed and owned by the developer Oriden, the cooperative is purchasing the full output of the project from Oriden through a 25-year power purchase agreement.

Helping with Broadband

The pandemic has highlighted the critical need for high-speed internet for homes, businesses and quality of life. Blue Ridge Energy is dedicated to helping bring access to locations in our service area that lack this essential service. Just as government funding was essential in the 1930s to bring electricity to rural areas, state and federal grants are now necessary to help finance the extremely high cost of building the infrastructure to reach smaller communities. Thanks to a state GREAT (Growing Rural Economies with Access to Technology) grant, Blue Ridge Energy's RidgeLink subsidiary has begun the engineering and construction of fiber-optic infrastructure to bring high-speed internet to parts of northeastern Caldwell County. After construction, SkyBest Communications will begin offering high-speed internet to homes and businesses. We will be seeking other grants and continue this partnership to help fill this need for other Blue Ridge Energy communities.

Blue Ridge Energy ranks among the most reliable electric providers in the country.

99.99%
Electric Reliability

1.27 Billion
Electric kilowatt hours sold in 2020

77,844
Electric meters in 2020

2013
Last rate increase

Improving Reliability

Your cooperative is progressing with a multi-year plan to upgrade 60-year-old transmission lines and add a new substation to improve electric reliability and capacity. This \$46 million project will provide electricity to all of Watauga County and serve backup capacity for the rest of the Blue Ridge Energy electric system. The new line increases capacity by converting an existing 100 kilovolt (kV) line to a 230 kV line to meet current and future member growth and demand for electricity. The project also includes the new substation in the Rutherford community. Our engineers continuously monitor and plan for the cooperative's electric plant system so that we can achieve our overarching mission: to provide members with the most reliable and lowest cost electric service possible.



Capital Credits

This benefit to cooperative members means more than \$5 million reached members this May either as a bill credit or check! Over the history of annual capital credits refunds for Blue Ridge members, over \$81 million has been returned. These funds are used to invest in reliability and operations until they're retired and returned to the members we serve who benefit from this important cooperative advantage!

Together, Let's Beat The Peak

Beat The Peak member volunteers and other demand control efforts held down the cost of wholesale power by nearly \$600,000 last year! As the highest expense, wholesale power cost control helps keep rates stable. Reducing peak demand helps most of all. Over 7,700 members have joined Beat The Peak to shift or reduce electricity usage during a few key times when the cooperative sends texts or notifications that Beat The Peak is in effect. Actions are as simple as grilling out, delaying laundry or raising thermostats a few degrees.

Sign up by texting BTP to 70216.



Value to Members

Blue Ridge Energies, LLC, a subsidiary company of Blue Ridge Energy, provides propane, heating fuels, and gas heating appliances to a growing territory from showrooms and offices in Lenoir, Boone, West Jefferson, Sparta, and Morganton. We also serve Independence, VA, from our Sparta location.

\$3.2 Million

Member benefit from subsidiaries Blue Ridge Energies, LLC and RidgeLink, LLC, the cooperative's telecommunications subsidiary

\$50,000

Contribution to Members Foundation from subsidiaries Blue Ridge Energies, LLC and RidgeLink, LLC

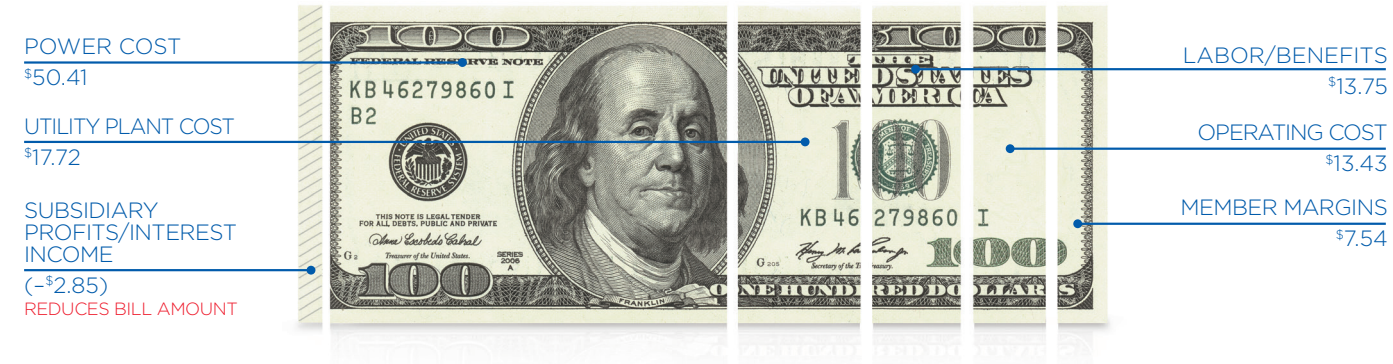


VISIT ONE OF OUR SHOWROOMS TODAY!

- Products We Offer:
- Gas Logs & Fireplaces
 - Water Heaters
 - Grills
 - Space Heaters
 - Outdoor Fireplaces
 - Fire Pits & Tables
 - Outdoor Furniture
 - Outdoor Kitchen
 - Generators
 - Patio Heaters

Electric Bill Breakdown

Based on a \$100 Bill



Jeff Joines President Caldwell District	David Eggers Vice President Caldwell District	Joy Coffey Secretary—Treasurer Watauga District	John Wishon, Jr. Assistant Secretary-Treasurer Alleghany District
David Boone Ashe District	Bryan Edwards Alleghany District	Mitch Franklin Alleghany District	James Burl (JB) Lawrence Watauga District
Kelly Melton Caldwell District	Cindy Price Ashe District	Tom Trexler Watauga District	James Young Ashe District

No board group photo available this year due to COVID-19 precautionary measures.

Check Out Our New Podcast!

Join Us

Over \$2 Million Awarded for Local Projects

Your cooperative continues to help local communities with job retention and development, emergency response and other quality of life services through funding awarded by USDA's Rural Economic Development Loan and Grant Program (REDLG).

- 2020 Projects:
- Alleghany: Piney Creek VFD New Fire Station (\$415,400)
 - Ashe: Fleetwood VFD New Fire Station (\$1,250,000)
 - Caldwell: Town of Hudson (HUB) New Elevator (\$33,500)
 - Caldwell: Little River VFD Fire Station Addition (\$222,000)
 - Watauga: Zionville VFD Fire Truck Purchase (\$223,200)

COOPERATIVE CONSOLIDATED FINANCIAL REPORT

OPERATING STATEMENT	2019	2020
Year Ending Dec 31 (dollars in thousands)		
INCOME		
Operating Revenues	\$160,251	\$163,816
LESS OPERATING EXPENSES		
Cost of Power/Sales	\$81,500	\$82,226
Operations & Maintenance	42,371	44,911
Depreciation & Amortization	20,038	18,241
Taxes	1,972	2,066
Interest	9,153	8,849
TOTAL OPERATING EXPENSES	\$155,034	\$156,293
Margins from Operations	5,217	7,523
Non-Operating Margins	5,172	4,008
Income Tax Expense	382	646
Total Margins	\$10,007	\$10,885
BALANCE SHEET		
Year Ending Dec 31 (dollars in thousands)		
ASSETS		
Electric Facilities	\$553,514	\$571,834
Less Accumulated Depreciation	183,420	194,543
Net Electric Facilities	370,094	377,291
Net Non-Utility Property	23,216	24,215
CURRENT ASSETS		
Cash & Cash Equivalents	\$7,410	\$16,967
Accounts Receivable (Net)	15,729	21,156
Inventory	6,404	5,905
Other Current Assets	4,055	3,158
TOTAL CURRENT ASSETS	\$33,598	\$47,186
Investments	13,759	14,158
Other Assets	15,584	11,354
TOTAL ASSETS	\$456,251	\$474,204
LIABILITIES & MEMBER EQUITY		
MARGINS & EQUITIES		
Memberships	\$99	\$94
Other Equities	4,101	4,098
Patronage Capital	174,273	179,108
TOTAL MEMBERSHIP OWNERSHIP	\$178,473	\$183,300
CURRENT LIABILITIES		
Accounts Payable	\$15,275	\$11,877
Lines of Credit	6,000	0
Other Current & Accrued Liabilities	25,834	27,640
TOTAL CURRENT LIABILITIES	\$47,109	\$39,517
Long Term Debt	199,387	220,329
Other Non-Current Liabilities	31,282	31,058
LIABILITIES & MEMBER EQUITY	\$456,251	\$474,204

Foundation Financial Report

The Blue Ridge Energy Members Foundation is yet another example of how together we power on. Once again, in 2020 our members contributed to Operation Round Up® to help support the Members Foundation. Every dime donated goes toward helping our families and communities, and every year we're thankful for the generosity of our members. We never take it for granted!

STATEMENT OF ACTIVITIES		2019	2020
Year Ending Dec 31			
REVENUE			
General Public Contributions		\$296,264	\$340,037
Value of Contributed Services		24,500	26,967
TOTAL		\$320,764	\$367,004
EXPENSES			
Assistance Provided		405,673	324,156
Administrative Services		24,500	26,967
CHANGE IN UNRESTRICTED NET ASSETS		(\$109,409)	\$15,881
UNRESTRICTED NET ASSETS			
Beginning of Year		\$189,158	\$79,749
End of Year		\$79,749	\$95,630
STATEMENT OF FINANCIAL POSITION		2019	2020
Year Ending Dec 31			
ASSETS			
Cash and Cash Equivalents		\$79,749	\$95,630
TOTAL ASSETS		\$79,749	\$95,630
LIABILITIES AND NET ASSETS			
Unrestricted Net Assets		\$79,749	\$95,630
TOTAL LIABILITIES AND NET ASSETS		\$79,749	\$95,630

Neighbors Still Helping Neighbors

Year after year, we strive to meet the needs of our members, which include continuing to have a positive impact on our communities. One way we're meeting these needs is by making sure our members' voices are heard.

Even during the pandemic, we worked to maintain healthy Member Advisory Committees (MACs). These committees consist of at least 10 members appointed by the Board of Directors. They met virtually this past year and serve as a full sounding board for the cooperative.

In addition, our Community Leaders Council (CLC), comprised of community leaders from each of the four districts, has provided input and worked with us regarding local, state, and national issues of interest to the cooperative.

Operation Round Up® remains at the heart of our community support efforts for the cooperative. Your Operation Round Up® contributions help

keep members warm with emergency energy bill assistance as well as providing food, clothing, health care, and other vital services that benefit those in need throughout our service area. Last year, due to the COVID-19 pandemic, The Blue Ridge Energy Members Foundation focused 100 percent of its community assistance on helping members struggling to keep up with their electric and fuel bills.

Blue Ridge Energy recognized the impact of the pandemic was going to have on our members and quickly launched the In This Together campaign to ask our members, employees and board to give a little more so we could help the hundreds of members who were experiencing COVID-19 related hardships. We are proud of the response we received as over \$62,000 in extra donations allowed Blue Ridge Energy to reach a donation total of \$340,037 in 2020 and provide much needed assistance to a record number of members.

Source of 2020 Foundation Funds



\$324,452
Operation Round Up®
(Includes Balance Forward From 2019)



\$50,000
Blue Ridge Energies, LLC
RidgeLink, LLC
Subsidiary Profits



\$45,334
Capital Credits
Donations to Operation
Round Up®

\$419,786

Distribution of 2020 Foundation Funds

\$324,156

HELPING MEMBERS STAY WARM
WITH ELECTRICITY, FUELS AND
SPECIAL NEEDS

Community Highlights



\$544,000
BRIGHT IDEAS GRANTS

In 2020, Blue Ridge Energy awarded Bright Ideas grants to 22 classrooms worth \$25,000. To date, Blue Ridge Energy has awarded more than \$544,000 directly to local classrooms impacting well over 100,000 students.

IN THIS TOGETHER
RELIEF FUND

2,331
MEMBERS ASSISTED

The In This Together Relief Fund was created to help families and members struggling during the pandemic to pay their electric and/or fuel bills and \$265,066 was used to help 2,331 members requesting assistance.



\$542,000
LEADERSHIP TRACK SCHOLARSHIPS

The Blue Ridge Energy Leadership Track awards \$32,000 annually to students successfully participating in this leadership development and college preparedness program. To date, Blue Ridge Energy has awarded more than \$542,000 in scholarships.