

20 ANNUAL REPORT

18 MEMBER FOCUSED. YOUR COOPERATIVE ADVANTAGE.



BlueRidge  TM
ENERGY

A Touchstone Energy® Cooperative 



Dear Member,

As your cooperative modernizes and innovates to continue providing the best value to members, our core commitment remains steadfast: keeping your electricity reliable and your bill as low as possible.

Keeping rates stable is the most important way we can help keep your bill lower. We're very pleased to say that due to our favorable wholesale power cost, 2019 will mark six straight years we've completed with no rate increase for members!

The net benefit from our subsidiaries is also helping keep rates affordable. While our Blue Ridge Energy Propane and Fuels subsidiary delivers propane, heating fuels, and gas heating appliances to the region, our RidgeLink subsidiary offers business-to-business broadband and telecommunications services. Last year we posted \$3.3 million in net benefit from the subsidiaries, and these funds go directly to help hold down rates.

These results are backed by excellent employee performance in all of our Key Performance Indicators, especially reliability, customer service, and safety. We rank among the best in the nation in these categories, which is a testament to our entire team working to achieve the best results for our members and customers.

Following through on our member-centric mission includes other landmark moments in 2018 to benefit members:

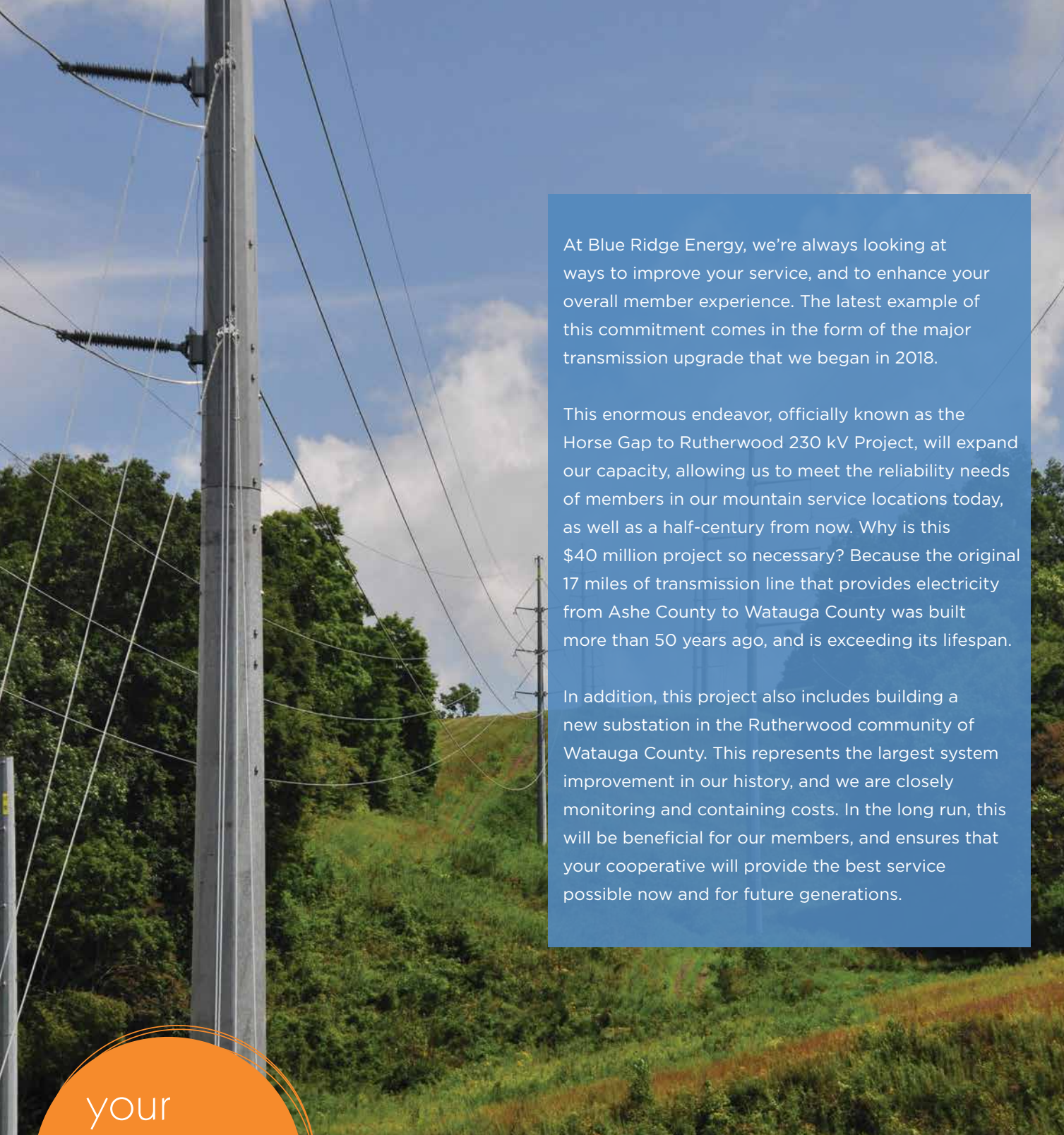
- Over 4,000 members joined our "Beat the Peak" program to help keep rates lower for all by shaving demand during peak electricity demand periods. Combined with the cooperative's other demand control programs, this translated to over \$450,000 in wholesale power cost savings.
- Started construction of a new 230kV line and substation from Ashe County to Watauga County, which is the largest construction project in our history to provide the capacity and reliability needed to serve members.
- Returned over \$5 million to members through our capital credits refund, and another \$5.24 million will be returned by May, 2019.
- Began construction on a new corporate headquarters building to serve as the hub for three companies: your cooperative and its two subsidiaries. It also includes a secure dispatch center where our entire electric system is monitored and coordinated for members and line technicians as well as our wholesale power source.

Blue Ridge Energy is improving lives in our service area in many different ways, a few of which you'll see in this annual report. We hope you see our devotion to the people and communities we serve all across northwest North Carolina and beyond.

- Jeff Joines, President / Doug Johnson, CEO

2019 Annual Meeting
June 27, 2019, 4 PM

Corporate Office, Lenoir NC



At Blue Ridge Energy, we're always looking at ways to improve your service, and to enhance your overall member experience. The latest example of this commitment comes in the form of the major transmission upgrade that we began in 2018.

This enormous endeavor, officially known as the Horse Gap to Rutherford 230 kV Project, will expand our capacity, allowing us to meet the reliability needs of members in our mountain service locations today, as well as a half-century from now. Why is this \$40 million project so necessary? Because the original 17 miles of transmission line that provides electricity from Ashe County to Watauga County was built more than 50 years ago, and is exceeding its lifespan.

In addition, this project also includes building a new substation in the Rutherford community of Watauga County. This represents the largest system improvement in our history, and we are closely monitoring and containing costs. In the long run, this will be beneficial for our members, and ensures that your cooperative will provide the best service possible now and for future generations.

your
cooperative
advantage

Successfully kicked off "Beat The Peak" with over 4,000 members joining this voluntary member effort to conserve electricity when usage is at its highest. This program along with other cooperative efforts have saved members nearly half a million dollars. Sign up today as working together is your cooperative advantage!





technology & innovation

As a cooperative, Blue Ridge Energy belongs to the members and communities we serve. Our core directive is keeping your costs low while providing the best, most reliable service. Our innovation to achieve this includes growing your electric cooperative to include a Propane and Fuels subsidiary company with service in all district offices. A second subsidiary, RidgeLink, provides businesses in NC and beyond with broadband and telecommunications service. Your subsidiaries are contributing over \$3 million annually that go directly to help hold down member rates. We believe in the cooperative business model and all the benefits that means for local communities.



Come visit one of four district offices and see for yourself what innovative and beautiful energy-saving products are available. Whether you are looking for an indoor or outdoor fireplace, heater, back-up power generator, water heater or decorative outdoor products such as gas grills, fire tables and fire pits, stop by your local cooperative district office first.

Outdoor Kitchens

Fireplaces

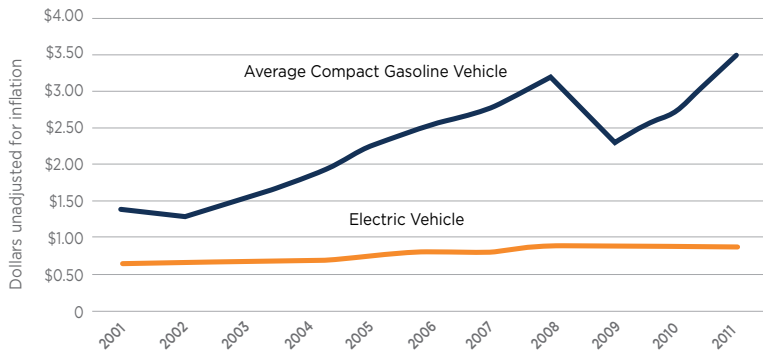
Fire Pits

Water Heaters



While the obvious benefit of an electric vehicle (EV) is the environmental impact, there are serious cost savings, too! EVs have lower operating costs and driving economy. New models can travel up to 200 miles on a single charge. And, public charging stations are increasing. Your cooperative helped secure funding for public EV chargers in Blowing Rock and West Jefferson, and installed the fastest charger on the market at our Caldwell District office for public use!

Gasoline vs. Electric: Cost to drive 27 Miles



Comparison assumes a 27 mpg gasoline vehicle (average compact fuel efficiency) and an electric vehicle efficiency of 0.34 kWh/mile. Sources: EIA 2013a; EIA 2013b; EIA 2013c.



Hundreds of Dollars in SAVINGS A YEAR

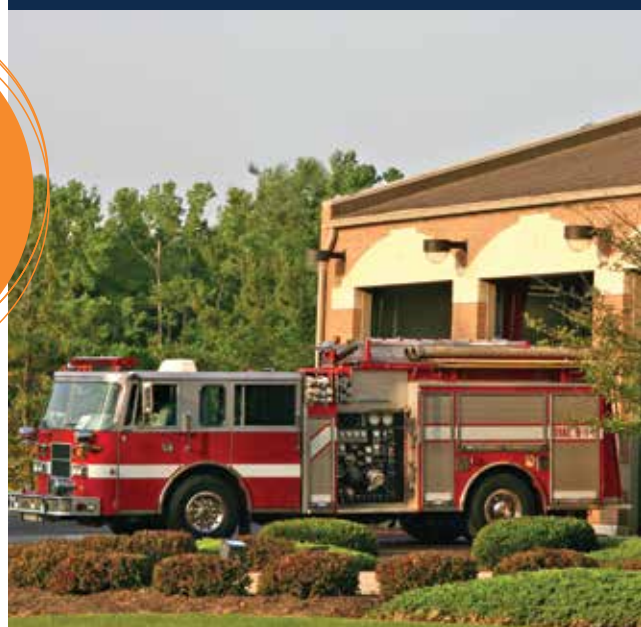
To support local economic and community development, we've secured over \$6 million in zero-interest loans and grants since 2005 for projects approved by the Rural Economic Development Loan and Grant program (REDLG). Most recently, Blue Ridge Energy was awarded over \$2.8 million in zero-interest loans for the following approved projects:



City of Lenoir: \$1.36 million to build a new fire department for an underserved area of homes, businesses, and three schools.

Adhezion Biomedical, LLC: \$1 million to help this surgical component manufacturer expand and create 40 new jobs.

Grace Chapel Fire Department: \$552,000 to help purchase a water pumper truck and rescue equipment.



\$300,000 GRANT FOR A NEW FIRE DEPARTMENT



Largest capital credits return ever in 2018

In May of 2018 we returned over \$5 million in capital credits to our members, and this year we did the same. Capital credits are truly a unique benefit, and serve as a reminder that you're not only a Blue Ridge Energy member, but an owner too.



ELECTRIC BILL BREAKDOWN

POWER COST
\$54.91

UTILITY PLANT COST
\$15.64

SUBSIDIARY PROFITS/INTEREST INCOME
(-\$ 3.65)
REDUCES BILL AMOUNT



LABOR/BENEFITS
\$12.65

OPERATING COST
\$13.10

MEMBER MARGINS
\$7.35



As a cooperative, we are member owned which means we're held to a higher standard. So whether it's by offering capital credits, managing system upgrades, or responding swiftly during severe winter weather, we'll do whatever it takes to ensure we provide good value to the people we serve.

- Doug Johnson, CEO

Board of Directors



Left to Right:

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

\$251 Thousand in WorkSmart Savings

Operating expense reduction based on employee initiatives identified in 2018

\$3.3 Million

Member benefit from subsidiaries: Blue Ridge Energies, LLC and RidgeLink, LLC

1.35 Billion

Kilowatt Hours sold In 2018

76,466

Meters in 2018

\$50,000

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

COOPERATIVE CONSOLIDATED FINANCIAL REPORT

OPERATING STATEMENT

Year Ending Dec 31 (dollars in thousands)

	2017	2018
INCOME		
Operating Revenues	\$156,699	\$174,708
LESS OPERATING EXPENSES		
Cost of Power	74,270	82,389
BRE Cost of Sales	11,285	15,517
Operations & Maintenance	38,640	43,666
Depreciation & Amortization	15,812	16,258
Taxes	1,814	1,941
Interest	8,475	8,734
TOTAL OPERATING EXPENSES	\$150,296	\$168,505
Margins from Operations	6,403	6,203
Non—Operating Margins	4,895	4,832
Total Margins	\$11,298	\$11,035

BALANCE SHEET

Year Ending Dec 31 (dollars in thousands)

ASSETS		
Electric Facilities	\$494,338	\$515,726
Less Accumulated Depreciation	158,759	168,828
Net Electric Facilities	335,579	346,898
Net Non—Utility Property	23,532	24,796
CURRENT ASSETS		
Cash & Cash Equivalents	\$6,700	\$12,438
Accounts Receivable (Net)	24,341	22,982
Inventory	5,674	6,582
Other Current Assets	2,152	2,357
TOTAL CURRENT ASSETS	\$38,867	\$44,359
Investments	12,966	13,225
Other Assets	12,668	13,591
TOTAL ASSETS	\$423,612	\$442,869

LIABILITIES & MEMBER EQUITY

MARGINS & EQUITIES		
Memberships	\$109	\$104
Other Equities	2,710	4,516
Patronage Capital	165,053	170,157
TOTAL MEMBERSHIP OWNERSHIP	\$167,872	\$174,777
CURRENT LIABILITIES		
Accounts Payable	\$12,828	\$13,911
Lines of Credit	37,500	0
Other Current & Accrued Liabilities	24,618	24,287
TOTAL CURRENT LIABILITIES	\$74,946	\$38,198
Long-Term Debt	149,139	194,367
Other Non—Current Liabilities	31,655	35,527
LIABILITIES & MEMBER EQUITY	\$423,612	\$442,869

electric
reliability

FOUNDATION FINANCIAL REPORT

Helping members in need and making local communities better is what the Blue Ridge Energy 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.

STATEMENT OF ACTIVITIES	2017	2018
<i>Year Ending Dec 31</i>		
REVENUE		
General Public Contributions	\$294,241	\$299,210
Value of Contributed Services	23,693	24,164
TOTAL	\$317,934	\$323,374
EXPENSES		
Assistance Provided	303,214	292,266
Administrative Services	23,693	24,164
CHANGE IN UNRESTRICTED NET ASSETS	(\$8,973)	\$6,944
UNRESTRICTED NET ASSETS		
Beginning of Year	\$191,187	\$182,214
End of Year	\$182,214	\$189,158

STATEMENT OF FINANCIAL POSITION	2017	2018
<i>Year Ending Dec 31</i>		
ASSETS		
Cash and Cash Equivalents	\$182,214	\$189,158
TOTAL ASSETS	\$182,214	\$189,158
LIABILITIES AND NET ASSETS		
Unrestricted Net Assets	\$182,214	\$189,158
TOTAL LIABILITIES AND NET ASSETS	\$182,214	\$189,158

Results of Operations
electric
reliability **99.99%**

We are proud to share that your cooperative is a national leader in electricity reliability. Keeping the lights on 99.99% of the time puts your cooperative among the top quartile of utilities nationally.

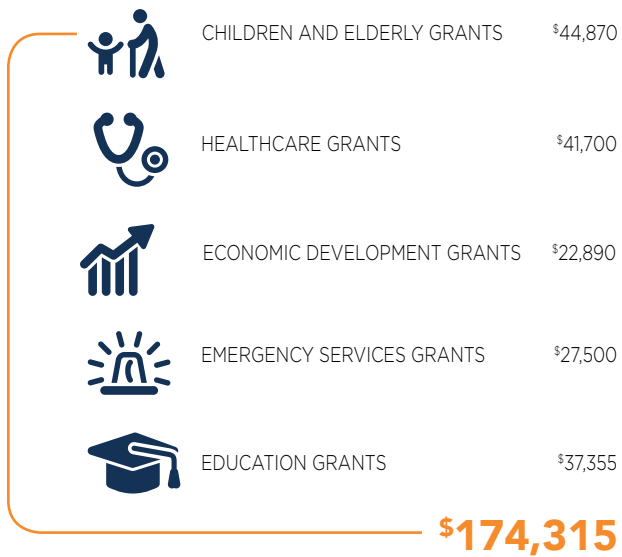


Sources of 2018 Foundation Funds

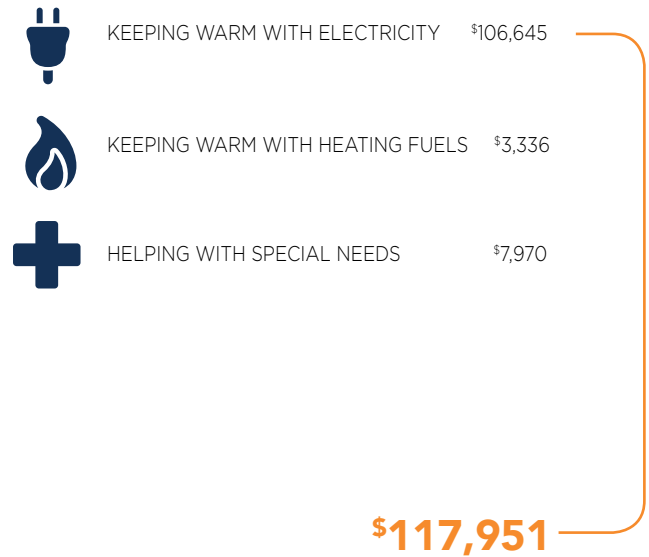


Distribution of 2018 Foundation Funds

Funding to Assist Communities



Funding to Assist Families



\$292,266

