

# A BRIGHTER FUTURE



2019 ANNUAL REPORT

**BlueRidge**  **ENERGY** <sup>TM</sup>

A Touchstone Energy® Cooperative 



“Focusing on what matters most to our members, employees, customers and our communities.”

Dear Member,

The start of this year has brought with it unprecedented challenges. But while COVID-19 has disrupted our daily lives in different ways, it has not altered our commitment to providing value to our members. Even during these extraordinary times, we feel it's more important than ever to continue providing reliable electricity and keep your bill as low as possible while meeting responsible sustainability goals.

Though no one knows how long the pandemic will affect us, it doesn't change the fact that we are building a brighter energy future. In the near future, we will be announcing a North Carolina Electric Cooperatives campaign called "Brighter Future" to put forth our goals for these key objectives: 1) to enrich the lives of our communities and members; 2) low carbon goals; and 3) low rates goals. In looking at what we accomplished last year, we're pleased to share that we're maintaining this momentum into 2020 and for generations to come.

We're very pleased that for seven straight years there have been no rate increases. And in November and December, we passed along over \$7 million in savings to our members as a result of lower-than-expected wholesale power costs and one-time settlements with our supplier.

Here are some additional achievements from 2019 to highlight:

- To upgrade capacity and reliability, we continued the most ambitious construction project in our cooperative's history: our new 230 kV line and substation that stretches from Ashe County to Watauga County.
- To follow a national best practice standard, we enhanced the net metering rate for our members who have rooftop solar systems. Going forward, each year we will annually purchase any excess kilowatt hours produced by these systems.
- We completed construction on our new state-of-the-art corporate headquarters to house three critical systems in one location: the electric cooperative, our Propane and Fuels subsidiary, and our RidgeLink telecommunications business-to-business subsidiary. Among the staff and systems, technology, security, and communications connecting our power grid, substations and power lines, as well as a 24/7 system operators station and member/customer contact center, are located at the new corporate headquarters, all to support our operations and members.

In reading this letter and the rest of this year's annual report, it's clear that Blue Ridge Energy is improving lives in our communities, all while upholding our high standard of service. We continue to focus on what matters most to our members, customers and communities as we work together for a "Brighter Future"!

- Jeff Joines, President / Doug Johnson, CEO

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



## A Brighter Future

Together we are creating a “Brighter Future.” Our innovation and actions are focused on delivering value to our members and communities. We will continue our commitment of providing electricity at the lowest possible cost while also advancing the pursuit of responsible sustainability goals like low-carbon electricity.

Our goal is **50%** carbon reduction by 2030 and Net **0%** by 2050 by reducing carbon emissions from fossil fuel vehicles, and adding solar and other renewables, battery storage and special rates and pricing programs.



## Low Cost Electricity

Be a champion and join over 6,000 participating members in **BEAT THE PEAK**, a voluntary program to help hold down power costs for all members. By shifting or reducing usage of electricity a few hours during peak periods, members saved \$547,000 in wholesale power cost savings in 2019!



# SOLAR POWER



In late 2019, the 5<sup>th</sup> community solar garden was constructed in the Kings Creek area of Caldwell County.

TOTAL OF

915 PARTICIPATING MEMBERS

1,904 PANELS

5 COMMUNITY SOLAR GARDENS

## Utility-Scale Solar Facility

Blue Ridge Energy plans to install a utility-scale solar facility to generate and feed solar energy into the grid for the benefit of our members. The cooperative's sights are set on building a "Brighter Future" and a utility-scale solar facility is one of the fastest ways to reduce carbon emissions. In other areas of the nation, utility-scale solar has proven to produce reliable, clean energy at a stable price. This new facility will be located on 50 acres and will produce 19+ million kWh annually that will help control wholesale power cost to keep rates stable.

## Reliability Project

The largest electric reliability project in Blue Ridge Energy's history is progressing with preparation of the site for the new Rutherford Substation in Watauga County. The substation is part of the cooperative's transmission line upgrade to increase capacity and improve reliability for members in the mountain services areas. This project also includes the upgrade of a more than 50-year-old transmission line. The new line will increase capacity by converting an existing 100 kV line to a 230 kV line to meet current and future member growth and demand for electricity.

This is a vital project as we must ensure meeting needs year round, especially during severe cold winter weather.



## Fire Trucks Delivered to our Communities After Being Awarded USDA Funds

The REDLG program is an important tool for helping rural communities across the nation compete for critical services such as safety, health care, education and job development. We're pleased we were able to secure three loans in 2019. This makes a total of eight loans worth over \$4.4 million that we've been able to secure from the USDA's Rural Economic Development Loan and Grant program for local emergency services such as fire trucks, fire departments and a fire safety training trailer for emergency personnel.

COLLETTSVILLE  
Fire Department

**\$360,000**  
LOAN ASSIST

Purchasing a 3,000 gallon  
water pumper truck.

NEW RIVER  
Fire Department

**\$276,000**  
LOAN ASSIST

Purchasing a 3,000 gallon  
water pumper truck.

PATTERSON  
Fire Department

**\$220,000**  
LOAN ASSIST

Purchasing a 2,200 gallon  
water pumper truck.



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

**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

## CAPITAL CREDITS

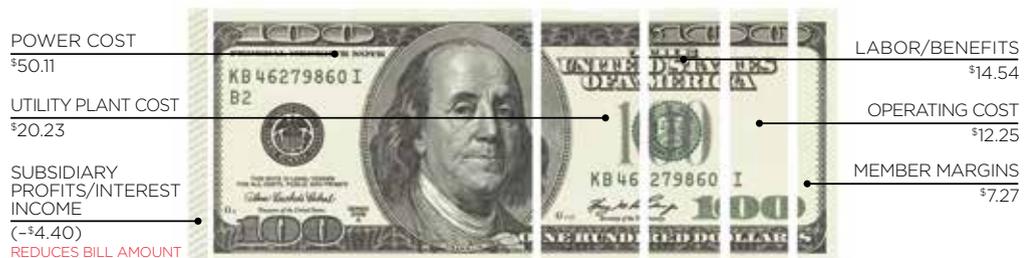
returned to members again in 2019

In May 2019, we returned over \$5 million in capital credits to our members as a result of lower-than-expected wholesale power costs. 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.

## RESULTS OF OPERATIONS

ELECTRIC RELIABILITY **99.99%**

### ELECTRIC BILL BREAKDOWN





# COOPERATIVE CONSOLIDATED FINANCIAL REPORT

## OPERATING STATEMENT

Year Ending Dec 31 (dollars in thousands)

2018

2019

### INCOME

Operating Revenues	\$174,733	\$160,251
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### LESS OPERATING EXPENSES

Cost of Power	\$82,389	\$69,008
BRE Cost of Sales	15,517	12,492
Operations & Maintenance	43,666	42,371
Depreciation & Amortization	16,258	20,038
Taxes	1,941	1,972
Interest	8,734	9,153

### TOTAL OPERATING EXPENSES

\$168,505	\$155,034	
Margins from Operations	6,228	5,217
Non-Operating Margins	5,175	5,172
Income Tax Expense	368	382
Total Margins	\$11,035	\$10,007

## BALANCE SHEET

Year Ending Dec 31 (dollars in thousands)

### ASSETS

Electric Facilities	\$515,726	\$553,514
Less Accumulated Depreciation	168,828	183,420
Net Electric Facilities	346,898	370,094
Net Non-Utility Property	24,796	23,216

### CURRENT ASSETS

Cash & Cash Equivalents	\$12,438	\$7,410
Accounts Receivable (Net)	22,982	15,729
Inventory	6,582	6,404
Other Current Assets	2,357	4,055

### TOTAL CURRENT ASSETS

\$44,359	\$33,598	
Investments	13,225	13,759
Other Assets	13,591	15,584

### TOTAL ASSETS

\$442,869	\$456,251
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## LIABILITIES & MEMBER EQUITY

### MARGINS & EQUITIES

Memberships	\$104	\$99
Other Equities	4,516	4,101
Patronage Capital	170,157	174,273

### TOTAL MEMBERSHIP OWNERSHIP

\$174,777	\$178,473
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### CURRENT LIABILITIES

Accounts Payable	\$13,911	\$15,275
Lines of Credit	0	6,000
Other Current & Accrued Liabilities	24,287	25,834

### TOTAL CURRENT LIABILITIES

\$38,198	\$47,109	
Long-Term Debt	194,367	199,387
Other Non-Current Liabilities	35,527	31,282

### LIABILITIES & MEMBER EQUITY

\$442,869	\$456,251
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**\$212 Thousand in 2019 WorkSmart Savings**  
**\$43.3 Million Cumulative WorkSmart Savings**  
 Operating expense reduction based on employee initiatives

**\$3.7 Million**

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

**1.31 Billion**

Electric kilowatt hours sold in 2019

**77,170**

Electric meters in 2019

**\$50,000**

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

# 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.

<b>STATEMENT OF ACTIVITIES</b> Year Ending Dec 31	2018	2019
<b>REVENUE</b>		
General Public Contributions	\$299,210	\$296,264
Value of Contributed Services	24,164	24,500
<b>TOTAL</b>	<b>\$323,374</b>	<b>\$320,764</b>
<b>EXPENSES</b>		
Assistance Provided	\$292,266	\$405,673
Administrative Services	24,164	24,500
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>\$6,944</b>	<b>(\$109,409)</b>
<b>UNRESTRICTED NET ASSETS</b>		
Beginning of Year	\$182,214	\$189,158
End of Year	\$189,158	\$79,749

<b>STATEMENT OF FINANCIAL POSITION</b> Year Ending Dec 31	2018	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$189,158	\$79,749
<b>TOTAL ASSETS</b>	<b>\$189,158</b>	<b>\$79,749</b>
<b>LIABILITIES AND NET ASSETS</b>		
Unrestricted Net Assets	\$189,158	\$79,749
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$189,158</b>	<b>\$79,749</b>

## COMMUNITY HIGHLIGHTS

### \$50,000 BRIGHT IDEAS GRANTS

Grants awarded directly to 41 classrooms and teachers to benefit thousands of area students, teachers, schools, and communities.

### \$32,000 LEADERSHIP TRACK SCHOLARSHIPS

Scholarships awarded to students for leadership development, resume building and college preparedness.

# Empower Enhance Engage

As always, our highest priority is meeting the specific needs of cooperative members. Year in and year out we work diligently to have a positive impact on our communities. Empowering, enhancing, and engaging—that's the cooperative way.

While the infographics on these pages provide a great breakdown of our collective impact, we want to share a few other initiatives that highlight additional ways we're adding value for our members. For example, we were recently recognized as one of only three state utilities selected by the Department of Environmental Quality's N.C. Weatherization Assistance Program for a grant to help low-income members benefit from community solar resources.



We're also preparing for the day when electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) become more ever-present. By monitoring consumer adoption of EVs and PHEVs, and analyzing how that could create a more efficient electric grid, we can work to keep member costs low—and potentially reduce carbon emissions from fossil fuel vehicles in the process.

Our innovation and actions are guided by our local roots and focus on delivering value to cooperative members and communities. In our pursuit of sustainability goals like delivering low-cost, low-carbon electricity over a grid that is more efficient, resilient and secure, we will be working together for a "Brighter Future".

# SOURCES OF 2019 FOUNDATION FUNDS — WHERE THE FUNDS COME FROM



Operation Round Up  
\$396,788

(Includes Balance Forward From 2018)



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



Capital Credits  
Donations to Operation  
Round Up  
\$38,633



**\$485,421**

## DISTRIBUTION OF 2019 FOUNDATION FUNDS

### FUNDING TO ASSIST COMMUNITIES



CHILDREN AND  
ELDERLY GRANTS  
\$56,000



HEALTHCARE  
GRANTS  
\$105,000



ECONOMIC  
DEVELOPMENT  
GRANTS  
\$24,000



EMERGENCY  
SERVICES GRANTS  
\$56,356



EDUCATION  
GRANTS  
\$86,644

**\$328,000**

### FUNDING TO ASSIST FAMILIES



KEEPING WARM  
WITH  
ELECTRICITY  
\$73,052



HELPING MEMBERS  
STAY WARM WITH  
FUELS AND  
SPECIAL NEEDS  
\$4,621

**\$77,673**

**\$405,673**

