

# 2017 ANNUAL REPORT



## WHY MEMBERS MATTER

**BlueRidge**  
**ENERGY**



TM

A Touchstone Energy® Cooperative 



## OUR MEMBERS matter



Dear Member,

Providing good value to the people we serve is the foundation of your cooperative that continues today for our electric members, propane and fuels subsidiary customers, and the work by our business-to-business telecommunications subsidiary, RidgeLink.

Your subsidiaries' financial benefit, along with your cooperative's management of wholesale power cost, is helping keep rates – and member bills – as low as possible! That's very important with the cost pressure we're seeing from wholesale power and investments required to sustain our power delivery system for superior electric reliability.

Key results for 2017 include your cooperative's ability to provide members with lower bills from a multi-year temporary rate reduction that concluded March, 2017. This was made possible due to lower wholesale power and operation costs, saving members from paying an additional \$27 million!

Members also received nearly \$5 million in capital credits refunds! This record amount is made possible by strong financial management and is one of the benefits of your membership in the cooperative.

Excellent electricity reliability is invaluable, and we sincerely thank our line technicians and other employees for their commitment to ensuring you have top-notch electric power service. Even in one of the nation's most difficult, mountainous terrains with severe weather, Blue Ridge Energy's reliability consistently ranks among the top quartile in the nation!

Supporting cleaner energy is important to us all, and your cooperative's four community solar gardens were fully subscribed in 2017. This monthly subscription model gives members easy, affordable access to participate in renewable energy.

Emerging electric vehicle (EV) trends have recently become an area of emphasis for us. Last year, we helped the towns of Blowing Rock and West Jefferson secure EV charging stations to help support tourism, plus we installed our own DC fast charger at our Caldwell district office that is drawing chargers locally and others on their way to mountain destinations.

Care for our members and communities we serve drives Blue Ridge Energy's innovative initiatives such as founding the Blue Ridge Electric Members Foundation a decade ago. With member donations to Operation Round Up®, the Foundation plays a crucial role in helping those in need of crisis bill assistance. When abnormally cold weather began in late December, the Foundation responded with increased assistance, followed by a special campaign to help even more. The Foundation also supports long-term quality of life improvement projects to help local areas thrive.

Thriving communities are also the reason cooperatives are the conduit for USDA's Rural Economic Development and Grant (REDLG) funds. In 2017, Blue Ridge Energy helped secure REDLG funds for several critically needed projects to ensure fire and safety protection for communities served by the Gamewell, Lenoir, and Fleetwood fire departments.

The foundation of our cooperative remains the people we serve, and each employee must have the heart of a servant to work at Blue Ridge! How you feel about our daily work for you – whether it's by phone, website, office, restoring your power, or providing other services – matters to us most. We're pleased to say our customer satisfaction scores from members rank us among the top performing utilities in the nation.

As a cooperative, our purpose is timeless: to make life better for our members and communities. As a member of Blue Ridge Energy, we hope you share in the feeling of value as we work to keep your bill low and improve the quality of life throughout northwest North Carolina.

– Kenneth Greene, President (Right) & Doug Johnson, CEO (Left)

## OUR FUTURE matters



Photos by Todd Bush/Boone NC and Bob Huffman/Hickory NC

Blue Ridge Energy has completed its transformation into a one-stop source for all your energy needs. Each district office features a spacious showroom to highlight an array of products and programs available from your member-owned cooperative and its propane and fuels subsidiary.

Your electric cooperative remains at the forefront of Blue Ridge Energy with the same important benefits you have come to rely on such as capital credits, reliable local service and competitive rates. Our propane and fuels subsidiary has played a key role in keeping rates low and at the same time, has offered members a variety of products and services from an established name you know.

As our technologies and needs change, our desire for energy solutions continues to grow. With the diversification of our subsidiaries, Blue Ridge Energy is committed to meeting the needs of our members, now and in the future.

Come visit your district office 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 cooperative district office first.

## JOINING TOGETHER matters



There has been no rate increase since 2013, and your cooperative is working hard to maintain this positive trend. To aid in this effort, we're asking you to help us hold down costs for all Blue Ridge Energy members by becoming part of Beat The Peak! With this voluntary program, you receive alerts and then take action by reducing your electricity usage for a few hours when people are using the most electricity – typically just a few of the hottest summer afternoons. The result is we all enjoy lower electric bills all year long. When we join together, it makes a difference for all members!





# QUALITY OF LIFE matters

Blue Ridge Energy encompasses both your member-owned cooperative and our propane and fuels subsidiary. As your cooperative, our purpose remains the same: to make life better for our members and communities throughout northwest North Carolina.

## RIDGELINK ADDS VALUE

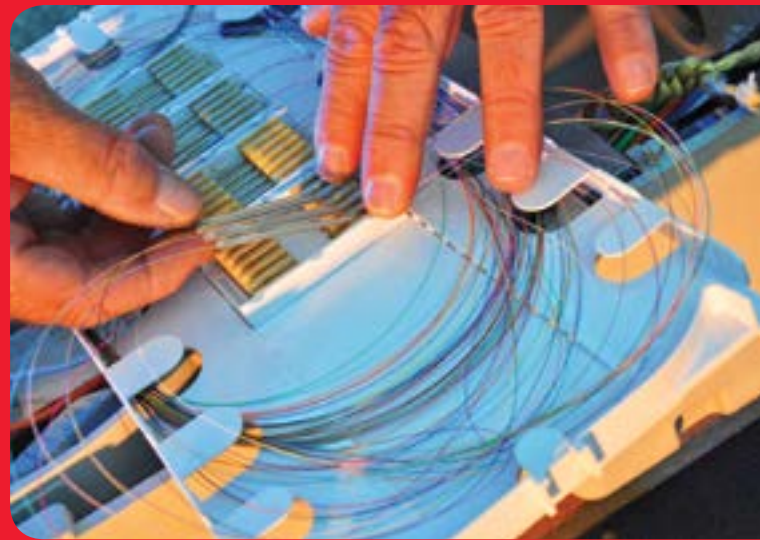
While your member cooperative remains the center of Blue Ridge Energy, the subsidiaries add value to your benefits. These separate businesses produce profits that help offset rising costs and keep electric rates lower than would otherwise be possible – all to benefit members. Our subsidiary, Ridgeline, LLC, is a company formed to help Blue Ridge Energy more fully utilize the fiber optic system the cooperative has put in place for its electric system. Ridgeline leases fiber capacity to businesses such as wireless providers, internet service providers and data centers. So it helps ultimately with things like: improved cellular service in our mountains, information or internet access for health, education and government. It also helps our area be positioned for the future as it makes us be more competitive for jobs, in addition to improving quality of life.

## RIGHT-OF-WAY MAINTENANCE

We live in and serve a very mountainous region filled with lots of trees and rough terrain – both of which make restoring power after a storm difficult. Right-of-way maintenance helps keep your electricity reliable and ensures that outages, when they do occur, can be handled quickly and safely. We appreciate your support of our efforts to keep the right-of-way cleared and your power on.

## NEW MOBILE APP

It is easier than ever to pay your bill, check your account balance or report power outages right from your smart phone. Our new mobile app, which works on both Apple and Android systems, allows easy access to outage maps and allows you to receive alert notifications when needed. Visit [blueridgeenergy.com](http://blueridgeenergy.com) to download the app, and while there, take some time to browse our new, user-friendly website that makes checking out all your member services and products as simple as a single click.



# FUTURE ENERGY matters

## COMMUNITY SOLAR GARDEN

Would you like to be a part of a solar energy project, but do not want the hassle or expense of owning your own rooftop panels? Our community solar gardens are the perfect solution. All 1,472 panels in our four initial gardens sold out quickly in 2017 as members lined up to be a part of an affordable renewable energy program. Located in Caldwell, Watauga, Ashe and Alleghany counties, these first solar gardens began generating electricity in November and were on track to produce energy to power 60 average households. A fifth community garden is coming in 2018. While member subscriptions are \$4.50 per panel per month, the cooperative owns and maintains the panels. Participants receive a monthly credit on their bill reflecting the energy produced by the solar garden.

- Four community solar gardens are fully subscribed – a total of 1,472 panels
- Sites produced a total of 615,766 kWh, or about 153,940 kWh per site

## EV CHARGING STATIONS

The future is here, and Blue Ridge Energy is doing its part to bring the latest innovations to our communities through its support of electric vehicle (EV) charging stations. Your cooperative recently installed a new Level 3 EV charging station at the Caldwell district office. Featuring the fastest charger on the market, the station is available to service the latest additions to the growing electric vehicle market. Lending its support to tourism development efforts in Blowing Rock and West Jefferson, the cooperative also helped secure utility grant funds for a charging station in those towns.





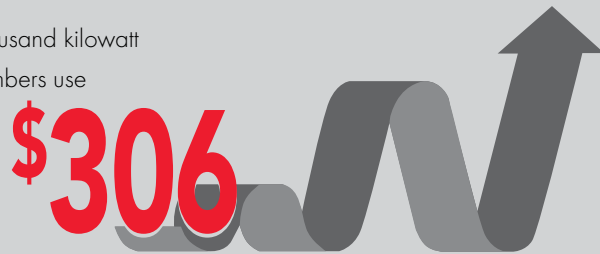
# LARGEST capital credits return EVER IN 2017 **\$4.85 million**

A unique benefit for our members is capital credits, which represent the members' invested capital in the cooperative. The ongoing annual process of allocating capital credits reduces the need for loans and as a result holds down the costs for our members. When the board of directors retire the capital credits, the funds are returned to those who use our service – you, the members.



## TEMPORARY RATE REDUCTION SAVINGS

Members have received a temporary rate reduction of \$9–\$18 per thousand kilowatt hours of electricity used since 2014 through March 2017. Average members use 1,000 kilowatt hours per month for a total savings to our members of



We are pleased to share that rates are stable at 2013 levels while adding services and keeping reliability and customer satisfaction rates at an all-time high.

## MONEY BACK

Member savings have totaled millions from the temporary rate reduction implemented in 2014 through 2017. The four-year reduction was possible from a combination of factors, including lower costs than projected for wholesale power and reduced operating costs achieved by your cooperative.

**\$27  
MILLION**

## ELECTRIC BILL BREAKDOWN

POWER COST \$ 53.52	LABOR/BENEFITS \$ 13.22
UTILITY PLANT COST \$ 16.30	OPERATING COST \$ 12.22
SUBSIDIARY PROFITS/INTEREST INCOME (- \$ 3.40) REDUCES BILL AMOUNT	MEMBER MARGINS \$ 8.14

## BOARD OF DIRECTORS



### BACK ROW

**Left to Right:** Tom Trexler, Watauga District  
Kelly Melton, Caldwell District  
Bradley McNeill, Ashe District  
John Wishon, Jr., Alleghany District  
David Boone, Ashe District  
James Burl (JB) Lawrence, Watauga District  
Mitch Franklin, Alleghany District  
Bryan Edwards, Alleghany District

### FRONT ROW

Jeff Joines, Vice President, Caldwell District  
Kenneth Greene, President, Ashe District  
Joy Coffey, Secretary–Treasurer, Watauga District  
David Eggers, Assistant Secretary–Treasurer, Caldwell District

# COOPERATIVE CONSOLIDATED FINANCIAL REPORT

OPERATING STATEMENT  
Year Ending Dec 31 (dollars in thousands)

	2016	2017
<b>INCOME</b>		
Operating Revenues	\$ 141,530	\$ 156,699
<b>LESS OPERATING EXPENSES</b>		
Cost of Power	68,458	74,270
BRE Cost of Sales	9,185	11,285
Operations & Maintenance	36,841	38,640
Depreciation & Amortization	14,570	15,812
Taxes	353	1,814
Interest	8,481	8,475
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 137,888</b>	<b>\$ 150,296</b>
Margins from Operations	3,642	6,403
Non–Operating Margins	5,423	4,895
Total Margins	\$ 9,065	\$ 11,298

**BALANCE SHEET**  
Year Ending Dec 31 (dollars in thousands)

<b>ASSETS</b>		
Electric Facilities	\$ 480,613	\$ 494,338
Less Accumulated Depreciation	156,430	158,759
Net Electric Facilities	324,183	335,579
Net Non–Utility Property	22,168	23,532
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$ 5,502	\$ 6,700
Accounts Receivable (Net)	21,233	24,341
Inventory	5,212	5,674
Other Current Assets	3,212	2,152
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 35,159</b>	<b>\$ 38,867</b>
Investments	12,355	12,966
Other Assets	11,239	12,213
<b>TOTAL ASSETS</b>	<b>\$ 405,104</b>	<b>\$ 423,157</b>

## LIABILITIES & MEMBER EQUITY

<b>MARGINS &amp; EQUITIES</b>		
Memberships	\$ 114	\$ 109
Other Equities	2,479	2,710
Patronage Capital	159,330	165,053
<b>TOTAL MEMBERSHIP OWNERSHIP</b>	<b>\$ 161,923</b>	<b>\$ 167,872</b>

## CURRENT LIABILITIES

Accounts Payable	\$ 14,717	\$ 12,828
Lines of Credit	11,000	37,500
Other Current & Accrued Liabilities	22,825	24,174
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 48,542</b>	<b>\$ 74,502</b>
Long Term Debt	163,709	149,139
Other Non–Current Liabilities	30,930	31,644
<b>LIABILITIES &amp; MEMBER EQUITY</b>	<b>\$ 405,104</b>	<b>\$ 423,157</b>

**\$251 Thousand in  
WorkSmart Savings**

Operating expense reduction based on employee initiatives identified in 2017

**\$2.2 MILLION**

Member Benefit from Blue Ridge Energies, LLC and RidgeLink, LLC Subsidiaries

## KEY NOTES

**1.27 BILLION**

Kilowatt Hour Sales In 2017

**76,093**

Meters In 2017

**\$50,000**

Contribution To Members Foundation from Blue Ridge Energies, LLC and RidgeLink, LLC

# COMMUNITY matters

## FEDERAL GRANT SECURED FOR FIRE TRUCK

Your member-owned cooperative has applied for and received several federal rural economic development grants that are being used to fund multiple significant community projects including a \$470,000 zero interest loan to help the Gamewell Fire Department purchase a new 1,000 gallon pumper truck. This loan is just another way Blue Ridge Energy works to support all aspects of economic and community development and make life better for its members and area residents.



# FOUNDATION FINANCIAL REPORT

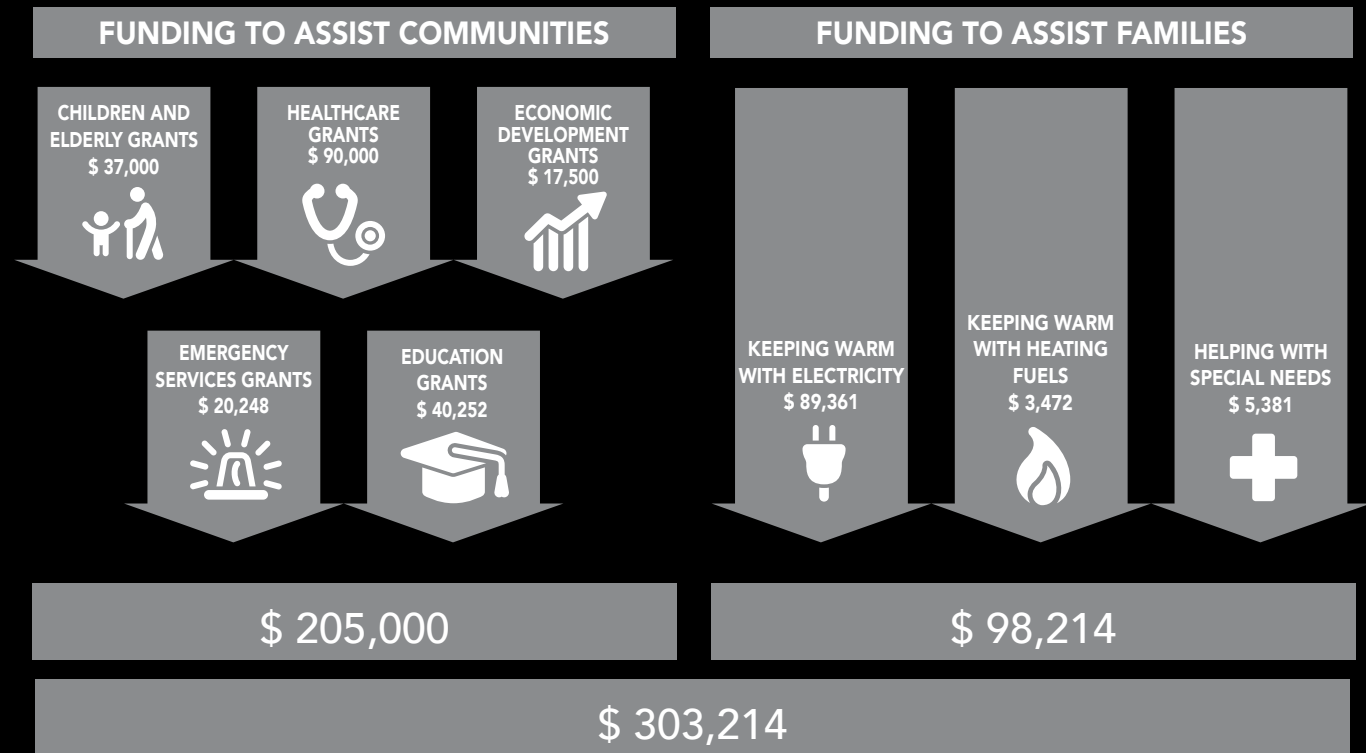
Helping members in need and making local communities better is what the Blue Ridge Electric Members Foundation is all about. We'd like to personally thank our members for contributing to Operation Round Up® to help support the Members Foundation, with 100 percent of all donations going to help families and our communities.

STATEMENT OF ACTIVITIES <small>Year Ending Dec 31</small>	2016	2017
<b>REVENUE</b>		
General Public Contributions	\$ 332,624	\$ 294,241
Value of Contributed Services	23,500	23,693
<b>TOTAL</b>	<b>\$ 356,124</b>	<b>\$ 317,934</b>
<b>EXPENSES</b>		
Assistance Provided	246,382	303,214
Administrative Services	23,500	23,693
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>\$ 86,242</b>	<b>[\$ 8,973]</b>
<b>UNRESTRICTED NET ASSETS</b>		
Beginning of Year	\$ 104,945	\$ 191,187
End of Year	\$ 191,187	\$ 182,214
<b>STATEMENT OF FINANCIAL POSITION <small>Year Ending Dec 31</small></b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 191,187	\$ 182,214
<b>TOTAL ASSETS</b>	<b>\$ 191,187</b>	<b>\$ 182,214</b>
<b>LIABILITIES AND NET ASSETS</b>		
Unrestricted Net Assets	\$ 191,187	\$ 182,214
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 191,187</b>	<b>\$ 182,214</b>

## SOURCES OF 2017 FOUNDATION FUNDS - WHERE THE FUNDS COME FROM



## DISTRIBUTION OF 2017 FOUNDATION FUNDS — WHERE THE FUNDS GO



# 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.

