



MOVING. FORWARD. TOGETHER.

2016 ANNUAL REPORT

A Touchstone Energy® Cooperative 



BlueRidge
ENERGY

A Message To Our Members From Our President & CEO

Dear Member,

Our top priority is keeping your bill as low as possible while providing outstanding reliability and member-customer service.

Through excellent management of your cooperative, we're able to achieve these goals.

A key result is the savings for members of nearly \$27 million on their electric bills through our temporary rate reduction that was in effect for the first quarter of 2017, all of 2016 and portions of the two years prior.

Another result is the largest capital credits retirement in our cooperative's history last year which resulted in nearly \$5 million coming back to members through bill credits and checks!

We're also pleased to share that rates are stable at 2013 levels for the remainder of 2017.

Our propane and fuels and telecommunications subsidiaries are also playing a big role by producing profits that go directly to help hold down your rates while filling a dual role of providing services that greatly enhance and improve the quality of life in our communities.

Reliability of your electricity scores us among the top performing utilities in the nation. Our line technicians' response and the work of our entire operations team in planning, construction, vegetation management and keeping our system up to date achieves these results.

Caring for those we serve with excellent service, options and convenience is our hallmark. Our scores rank us among the top utilities in the nation for customer satisfaction. As a cooperative business, we believe it is vital for us to have the heart and soul of a servant!

Our Members Foundation is helping us join with members to meet critical needs to improve local communities. Our mission is two-fold: to meet emergency crisis heating assistance and, with a longer range vision, to fund special projects of not-for-profits with the goal of improving health, education and economic development so our region grows and thrives.

While your cooperative and its propane and fuels subsidiary have joined together under one brand known as Blue Ridge Energy, we want to assure you that the cooperative difference is one thing that will never change. You are still a member of one of the top-performing electric cooperatives in the nation. We fully understand that our members are the owners of this cooperative and that we exist to serve and benefit you!

Moving forward as your trusted energy solutions company includes change, but the one thing that never changes is the fact we remain your cooperative!

As a member of this cooperative, you will always have the benefits that go along with membership including capital credits, local people serving you with the best reliability and care, a commitment to keeping your bill low and looking ahead to ensure we're here as your trusted energy advisors to meet your needs, now and in the future!

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

2017 Annual Meeting
June 22, 2017, 4 PM

Blue Ridge Energy
Corporate Office, Lenoir NC

Cover: In 2016, Blue Ridge Energy installed community solar gardens in Caldwell, Watauga, Ashe and Alleghany counties. Interested members can subscribe to the energy output of one or more panels.



Moving.



Forward.



Together.

SINGLE SOURCE FOR INNOVATIVE ENERGY SOLUTIONS...

THE NEW BLUE RIDGE ENERGY!

Over the years, the landscape of energy has certainly changed. Still today, it continues to evolve. Though we have all faced new energy challenges together, the good news is that cutting-edge energy solutions have allowed us to adapt accordingly. Now, in an effort to help navigate this ever-changing landscape, we've made a fundamental shift - we've changed our name to Blue Ridge Energy.

Though we have a new name, our commitment to you will remain exactly the same. We'll continue to deliver a comprehensive range of energy solutions in the most efficient and cost-effective way possible as your member-owned cooperative.

Going forward, Blue Ridge Energy will encompass both your member-owned cooperative and our propane and fuels subsidiary. By coming together under the same brand name, we are positioned to be your single source for innovative energy solutions. At Blue Ridge Energy, our goal is to be your trusted energy advisor.

MEMBER BENEFITS

As a member of the cooperative, you receive a benefit called capital credits. Capital credits are the working capital of the cooperative until they're retired in the form of a refund to members.



A SINGLE COMPANY

LOOKING TO THE FUTURE



Electric Services: Blue Ridge Energy will remain a member-owned cooperative, which means you'll keep important member benefits like capital credits and local people serving you with the best reliability and care.



Propane and Fuels: Your cooperative's subsidiaries have played a crucial role in keeping rates lower. Products include indoor and outdoor fireplaces, heaters, backup power generators, and decorative outdoor products including gas grills, fire tables and fire pits. Visit your local showroom to see our selection.



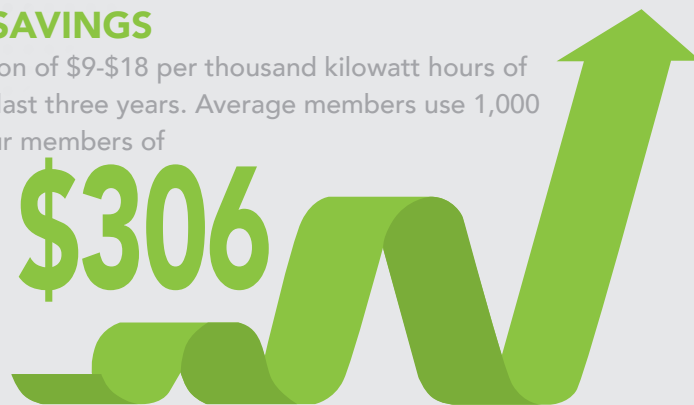
Energy Solutions: We are expanding our products and services to give you more ways to improve your life through exciting new technologies. We will be here as your trusted energy advisor to assist you in finding the best solutions to fit your needs.

MEMBER savings

TEMPORARY RATE REDUCTION SAVINGS

Members have received a temporary rate reduction of \$9-\$18 per thousand kilowatt hours of electricity used for a total of 22 months over the last three years. 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 for the remainder of 2017.



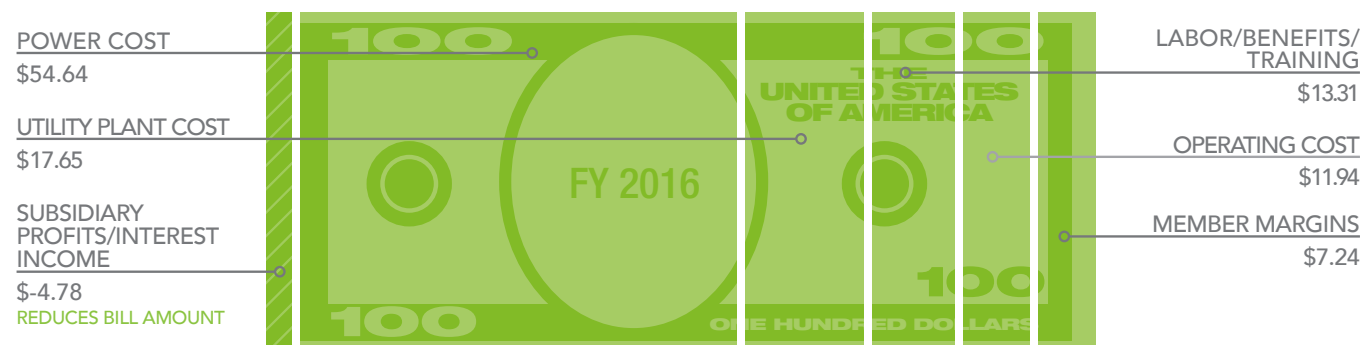
MONEY BACK

Member savings have totaled millions from the temporary rate reduction implemented over the past three years. The three-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

LARGEST capital credits return EVER IN 2016 \$4.8 million

ELECTRIC BILL BREAKDOWN



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 FINANCIAL REPORT

OPERATING STATEMENT

Years Ending Dec 31 (dollars in thousands)

	2016	2015
INCOME		
Operating Revenues	\$141,530	\$157,417
LESS OPERATING EXPENSES		
Cost of Power	68,458	78,416
BRE Cost of Sales	9,185	11,394
Operations & Maintenance	36,841	35,788
Depreciation & Amortization	14,570	14,066
Taxes	353	206
Interest	8,481	9,613
TOTAL OPERATING EXPENSES	\$137,888	\$149,483
Margins from Operations	3,642	7,934
Non-Operating Margins	5,423	3,374
Total Margins	\$9,065	\$11,308

BALANCE SHEET

Years Ending Dec 31 (dollars in thousands)

	2016	2015
ASSETS		
Electric Facilities	\$480,613	\$448,548
Less Accumulated Depreciation	156,430	144,872
Net Electric Facilities	324,183	303,676
Net Non-Utility Property	22,168	16,526
CURRENT ASSETS		
Cash & Cash Equivalents	\$5,502	\$18,783
Accounts Receivable (Net)	21,233	16,511
Inventory	5,212	5,419
Other Current Assets	3,432	12,082
TOTAL CURRENT ASSETS	\$35,379	\$52,795
Investments	12,355	10,390
Other Assets	11,434	11,872
TOTAL ASSETS	\$405,519	\$395,259

LIABILITIES & MEMBER EQUITY

MARGINS & EQUITIES

Memberships	\$114	\$120
Other Equities	2,479	2,882
Patronage Capital	159,330	155,755
TOTAL MEMBERSHIP OWNERSHIP	\$161,923	\$158,757

CURRENT LIABILITIES

Accounts Payable	\$14,717	\$10,505
Lines of Credit	11,000	
Other Current & Accrued Liabilities	23,241	27,264
TOTAL CURRENT LIABILITIES	\$48,958	\$37,769
Long Term Debt	163,709	176,208
Other Non-Current Liabilities	30,929	22,525
LIABILITIES & MEMBER EQUITY	\$405,519	\$395,259

\$247 Thousand in WorkSmart Savings

Operating expense reduction based on employee initiatives identified in 2016.

\$2.8 MILLION
Member Benefit from Blue Ridge Energies and RidgeLink Subsidiaries
KEY NOTES
1.283 BILLION
Kilowatt Hour Sales In 2016
75,705
Electric Accounts Served In 2016
\$75,000
Contribution To Members Foundation from Blue Ridge Energies and RidgeLink Subsidiaries



RESULTS OF OPERATIONS

ELECTRIC RELIABILITY

We are proud to share that your cooperative is a national leader in electricity reliability. Keeping the lights on of the time puts your cooperative among the top quartile of utilities nationally. **99.98%**

MEMBER SATISFACTION

Blue Ridge Energy is among the highest in member satisfaction **89%**

Touchstone Energy Cooperatives 77%

Utility Industry Average 75%

Source: American Consumer Satisfaction Index (ACSI) Scores for 2016, National, Sector and Industry Results

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	2016	2015
Years Ending Dec 31		
REVENUE		
General Public Contributions	\$332,624	\$307,575
Value of Contributed Services	23,500	23,000
Interest	0	10
TOTAL	\$356,124	\$330,585
EXPENSES		
Assistance Provided	246,382	238,507
Administrative Services	23,500	23,000
CHANGE IN UNRESTRICTED NET ASSETS	\$86,242	\$69,078
UNRESTRICTED NET ASSETS		
Beginning of Year	\$104,945	\$35,867
End of Year	\$191,187	\$104,945
STATEMENT OF FINANCIAL POSITION	2016	2015
Years Ending Dec 31		
ASSETS		
Cash and Cash Equivalents	\$191,187	\$104,945
TOTAL ASSETS	\$191,187	\$104,945
LIABILITIES AND NET ASSETS		
Unrestricted Net Assets	\$191,187	\$104,945
TOTAL LIABILITIES AND NET ASSETS	\$191,187	\$104,945

SOURCES OF 2016 FOUNDATION FUNDS – WHERE THE FUNDS COME FROM



DISTRIBUTION OF 2016 FOUNDATION FUNDS – WHERE THE FUNDS GO

