

Blue Ridge Energy Telephone Town Hall, April 24, 2018

Allison:

Hello and welcome. Welcome. We see a few of you dialed in early. We are so happy to see you. Welcome to everyone who is just joining this live telephone town hall meeting that we have for you this evening. You are live on the line with Blue Ridge Energy. We are calling out to you this evening to open up the conversation with you and answer any questions that you may have. The way to get in line with a question is to press zero on the keypad on your phone.

Again, welcome everyone. Welcome to this live telephone town hall meeting we have for you this evening. You are live on the line with Blue Ridge Energy. We dial out to you to open up the conversation. We want to inform you as well as answer your questions. If you have questions this evening, press zero on the keypad on your phone. You can do that now or at any time throughout this call. If you would prefer not to go live, that's okay. Still press zero so we can answer your question, and just let your operator know that you'd rather not go live, and then I can read that question over the air for you. Also, this evening, we're collecting email addresses. If you would like to receive some information via email, please press seven on the keypad on your phone right now, and we can collect your email address. Again, press zero on the keypad on your phone to get in line with a question and seven to sign up for email updates.

While we are waiting for more and more members to join, I'm going to give you a few updates and information here. We really appreciate our line technicians here at Blue Ridge Energy, and we know you do too. Many of you have expressed appreciation to our linemen during April as we celebrate Linemen Appreciation Month. Blue Ridge Energy's service area is predominantly very rugged, mountainous, and rough terrain in western North Carolina, as we serve Watauga, Ashe, Alleghany, and Caldwell counties as well as parts of Avery, Wilkes, and Alexander. We've had cold, windy, and wet weather lately that has brought down large trees and winds and damaged the electric system. We really appreciate our linemen who have responded quickly and they ... Excuse me. They respond any time, day or night, to get the power back on as quickly as possible.

Also, something else exciting and near and dear to my heart that I love, one of the best ways to ensure reliable electricity and provide safety for our linemen is well-maintained right-of-ways. Our goal is to balance the reliability with the scenic beauty of our area. A method that we have begun incorporating into our vegetation management is called aerial tree trimming. It involves using a helicopter with an aerial saw and a specially-trained pilot. We also have trained spotters who are on the ground in constant communication with the pilot. This method has been used by utilities across the nation for years as a more environmentally-friendly, safe practice. As with our other right-of-way trimming, Blue Ridge notifies members well in advance of the work. Many people have enjoyed watching the helicopter as it has doing his work. We started in

Alleghany County last fall and have continued in Watauga County this winter as weather has permitted.

Again, want to welcome everyone. Welcome to this live telephone town hall meeting we have for you this evening. You're live on the line with Blue Ridge Energy. We're calling out to you this evening to open up the conversation with you. We have lots of information for you, so stay on the line so you don't miss a thing. The way to ask a question is to press zero on the keypad on your phone. Don't be shy. Get in line with that question early so that we can get it answered over the air. If you'd rather just ask a question and not go live, you can let your operator know that, and I'd be happy to read your question over the air. Again, press zero on your keypad on your phone to get in line with that question. Also, this evening, press seven on the keypad on your phone to sign up and receive news and information from us as well as new energy-saving programs. That's a really great way for us to keep in contact with you. Again, press seven to sign up for those updates via email.

Also, this evening, we're going to have a series of polling questions. This is where we ask you what's important to you. Please do vote on these. Your opinion really matters. The first polling question of the evening goes like this. Let me actually get my system up here. I brought the wrong one up. All right, here we go. First polling question, again, just vote simply on the keypad on your phone, goes like this: Did you know that, in addition to providing electricity, Blue Ridge Energy offers propane and heating fuels? Please press one on the keypad on your phone if you did know that, and please press two if you did not. Again, did you know that, in addition to providing electricity, Blue Ridge Energy offers propane and heating fuels? Press one for yes and two for no. It looks like many of us did know that, that Blue Ridge Energy also provides propane and heating fuels as well as electricity. Looks like about 83% of our listening audience was aware of that.

This subsidiary was formed to help keep rates lower for members of the cooperative, and its profits help achieve this. Our electric and propane and fuel operations are now together in each district office. I hope that everyone also knows that Blue Ridge Energy offers gas, hearth, and home products in the district office showrooms as well as from a Morgantown propane and fuels office. These products are quality products that add value and beauty to any home, so I hope that you'll stop by sometime to check out the variety that we have.

While we're talking about our district office showrooms, our Propane and Fuels offer a regular monthly special. This is really awesome. You can find this online or on your statement. For April, the special is 30% off complete outdoor kitchens, which mom would love for Mother's Day. I can attest to that. Also, I want to tell you be on the lookout for the May special because there might be a good idea coming for Father's Day. I will give you a hint. It may involve a discount on grills, so keep an eye out on our social media channels to check out those monthly specials.

Again, I'm going to take this moment quickly to welcome everyone who is just joining our live telephone town hall meeting this evening. You're live on the line with Blue Ridge Energy. To get in line with a question, press zero on the keypad on your phone. Don't be shy. Again, press zero on the keypad on your phone to get in line with that question. We will be going live to questions here in just a moment. If you would rather not go live, that's okay, so press zero so we can get your question answered, and I can read that over the air. Also, press seven on the keypad on your phone to sign up for email ... to provide us your email address to receive news and information as well as new energy-saving programs. That's a great way for us to keep you updated. Again, that is seven on the keypad on your phone to sign up for that.

A quick reminder here, it has been over a year, but we have had a name change here at Blue Ridge. We are now Blue Ridge Energy. This brand name encompasses both your electric cooperative and your propane and fuel subsidiary. Blue Ridge is still a cooperative, though. It includes all your member benefits like capital credits and refunds or the fact that you're a member-owner of the cooperative. While I am speaking of capital credits, I have some great news for everyone. We have over \$5 million in capital credit refunds that are coming to members in May. If you are due a refund of \$35 or more, you'll get a check in the mail. Be sure to watch your mailbox in early May, so just a few weeks here. Those checks will start getting mailed out May 4th, so keep a lookout for that. If you are due less than \$35, you'll see it as a credit on your account in May. Capital credits are a special benefit of belonging to a cooperative like Blue Ridge Energy.

I have one more poll question before I introduce our CEO and the man of the evening here. Everybody, it's again just simply voting on the keypad on your phone. Question goes like this: Did you know that Blue Ridge Energy has a new program called Beat the Peak to help hold down rates for all members? Please press one on the keypad on your phone for yes and two on the keypad on your phone for no. Again, did you know that Blue Ridge Energy has a new program called Beat the Peak to help hold down rates for all members? Press one for yes and two for no.

That is the perfect way for me to introduce our host of the evening. It is now my pleasure to introduce Doug Johnson, CEO of Blue Ridge Energy. Doug will be sharing information about this exciting new program that Blue Ridge Energy is offering to help hold down rates for all members as well as he'll be discussing other strategic initiatives. Doug, please take it away, sir.

Doug Johnson:

Thank you, Allison. It's so good to be with you this evening. I want to especially say thank you to our members that are joining us tonight for this our first telephone town hall for 2018. As Allison said, I want to talk with you about some important strategic initiatives that Blue Ridge has underway that will help you in managing your electric bill.

Recently, I was reading a magazine article in a magazine called Utility Dive magazine. It said there's four things that consumers really want from their electric utility. As I read, I thought, okay, I want to make sure that we at Blue Ridge Energy are delivering the things that consumers want. First, they want more clean energy and more energy-efficiency assistance. They want good usage data and flexibility around their bill. They want peak reduction programs, and they want the utility to be innovative to keep rates affordable. Let's look at each one of these, and let me give you an update on some things that I believe are important to you as members that we're doing in these areas.

With regard to more clean energy, we're well on our way to meeting the North Carolina Renewable Energy Portfolio Standard heading towards 10% renewable energy in our portfolio by 2021. We're at about 8% today. Also, we're just extremely excited with the response of our members to our community solar gardens. We provided four solar gardens last year and really set a state record of selling out all the subscriptions. 1,472 panels were fully subscribed within 10 months, so thank you to our members for making this program such a success. We had a lot of members asking us to provide a fifth solar garden, and we're in the planning stages for that for later this year. We already have a waiting list of over 150 members, so we're very excited about how our members are participating in our subscription program in a very affordable way to bring more renewable energy to your home.

We also know that our members want to be able to see us as your trusted energy advisor. We're doing a lot of development and training with the folks in our district offices and in our contact center around being energy specialists for you, so when you call us or come by and see us, we'll be able to advise you on any energy question you have. Whatever you're wanting to do at your home, then we can give you advice, whether it's solar, wind, or if you're wanting to do something to make your home more energy efficient. We have lots of talented people that can meet with you and help you in those areas.

We also have been doing a lot around technology to provide you with a lot more information around your usage. That's one of the second points that mentioned a minute ago is giving better access to your usage data and giving you flexibility with it. We're giving you products out of this automated metering system that allows you to track your usage at your home or your business, your kilowatt hours on a daily basis to keep up with how much you're using. We also have this feature accessible through our mobile app and our website and a lot of information available to you there to help you manage your bill.

We introduced flex pay a few years ago, which is a pay-as-you-go metering program, not expecting many over maybe three or four thousand people to participate. To our surprise, today we have 6,600 members participating in flex pay and just paying as they go. Almost all of them are telling us that they're saving money on their bill. They've been able to reduce their usage by being on this program. We're offering net metering and net billing for members that

want to put solar on their homes or use other renewable energy, so this is a program that we now have well over 100 members participating in.

The program Allison mentioned a few minutes ago is our newest program, and we just have announced Beat the Peak, that you can receive from us a text, or an email, or a phone call, if you'd like, to let you know that we're experiencing a peak demand for power and that if we could collectively work together as members and turn something off or reduce our usage, we could have a good financial impact for the cooperative. In fact, we're thinking that we could save several hundred thousand dollars a year if the members will just voluntarily agree to sign up for Beat the Peak. Let us send you a message. It's most likely going to be in the summertime. It's on those hot days between 2:00 and 7:00 when the air conditioners are running hard, and it's the most stress on the power system that we're experiencing a peak, and that affects our wholesale power cost.

If we get thousands of members to sign up to voluntarily help us with this, we can work together to help the cooperative be more efficient to keep your bill lower. I'm real excited to tell you we already have over 1,600 members that have signed up in the first few weeks of this offering. If you haven't signed up for Beat the Peak, please feel free to go onto our website and sign up and let us send you a text, email, or give you a phone call so you can be one of our partners that's helping us to save money.

Finally tonight, I want to talk with you about innovation to keep rates affordable. One of the things that we're most proud of is what we've been able to do through our subsidiaries that Allison talked about a few minutes ago, Propane and Fuels, and our RidgeLink telecommunications subsidiary. These two for-profit companies are providing about \$2.5 million in annual benefit for the cooperative, which equals about 25% of the margin requirements that we have each year. This has been a great help to us. Many of our members are participating with us and using our Propane and Fuels company. That is one way we're all working together in an innovative way to help hold our bills down and keep our rates as low as possible.

The final good news I'll share with you tonight is we've been studying, throughout the first three or four months of the year, what our cost situation is and evaluating some of the new costs that we've seen from our wholesale power provider, Duke Energy, around coal ash. We had shared some time ago last year that we might see a rate increase in 2018 because of these new costs. Well, the good news tonight is, because of the tax cut bill in Congress, we're going to be able to offset most of those costs for this year, and so we'll be able to tell you with pretty good confidence this evening that you will not see a rate increase in 2018, which means that our rates have not increased since 2013. We're very proud of that, and we'll continue to work hard to do everything that we can in that area.

Also, as Allison said a minute ago, we're excited that we're returning over \$5 million in capital credits to our members. Many of you that have been members from several years are going to get a check over \$35. In fact, almost 20,000 checks will be going out around the first week of May. Thank you for your time again tonight, and I am looking forward to responding to as many questions tonight as our time allows. Allison, I want to turn it back over to you to moderate our question and answer time.

Allison: Absolutely. Thank you so much, Doug. We're going to go to Paula here in just a moment, but first I want to remind everyone to get in line with a question like Paula did. Press zero on the keypad on your phone. Also, this evening, press seven to sign up to receive news and information via email and especially new energy-saving programs. That's one of the best ways that we can contact you, so press seven to get signed up with your email address and zero to get in line with a question. With that, we have Paula live. Paula, please go ahead.

Paula: Hi. Thank you for all you do and especially for your solar program. However, I am concerned about Duke Energy and their wanting the price hike. I think it went through a lot of people listening and hearing about how they want to raise our price. However, it's, to my knowledge, it is their job to clean up the mess that they made and, over the years, they could have paid for this little by little instead of polluting waters downstream from their plants. To me, it's pretty nifty that they are asking for us for a rate increase. I'd like your response.

Doug Johnson: Yes, Paula. Thank you for asking about that. This has been something of great concern to a lot of North Carolinians. As you know, Duke Energy retail ... Their retail side is what you're talking about requesting a rate increase. You've heard a lot about with their case before the North Carolina Utilities Commission. The commission did grant the retail payers for Duke Energy Progress in eastern North Carolina to pay for the coal ash clean up. The Duke Energy Carolinas retail rate case that ... We're a part of Duke Energy Carolinas. That's where we buy power. It's expected to be decided upon by the North Carolina Utilities Commission in June.

The wholesale customers like Blue Ridge, and there's about 32 of us, negotiated with Duke. We had two choices. Duke came to us and said, "We're going to begin charging you your allocated share of coal ash, and we can reach agreement around this and begin paying it, or we'll have a battle at FERC, the Federal Energy Regulatory Commission." I don't want to go too far, but all of us decided that trying to battle this out in Washington before the Federal Energy Regulatory Commission was far too expensive a process for us, and we would be better off to settle with them, begin paying our share of the coal ash. In our contracts, anything that the North Carolina Utility Commission disallows, we get that same disallowance if they disallow anything for retail.

Keep it in mind, Paula, these are federal and state laws that require Duke to do this. I realize there are lots of different views in terms of how much consumers

should pay for this but, at this point, it appears the North Carolina Utilities Commission is going to say that the consumers should pay for it.

Allison: All right, excellent. Thank you so much, Doug, and thank you, Paula, for your participation. We're going to go straight on to our next live caller of the evening. Again, press zero to get in line with your question. Conan, go ahead. You are live.

Conan: Do you all offer propane benefits for consumers in Ferguson, North Carolina?

Doug Johnson: We do, yes, Conan. You want to know if we could provide propane to you?

Conan: Yes, that's right.

Doug Johnson: Yeah. Well, what I would ask you to do is to call us and let us check and see where you live. You would be sort of on the edge of our area, but if we have service in that area to some of the people, then we would be willing to serve you. I probably would need to get one of my operations managers to look at this. We'll have your name from your question tonight, and we will follow back up with you to see if that's something we can do.

Allison: Excellent. Thank you so much, Conan. We're going to keep moving along here. We have Dorothy up live next. Dorothy, please go ahead.

Dorothy: I'd like to know how much it costs to send out that monthly newsletter.

Doug Johnson: Okay. You're talking about our Carolina Country Magazine that we send out. Most of that is paid for by the advertising that we do in the magazine, so it's a very low-cost matter for us to send out a magazine with our newsletter in it. I'm hesitant to quote the cost off the top of my head, but I'm pretty sure it's less than \$5 a year per member.

Allison: All right, excellent. Thank you so much, sir, and thank you, Dorothy, for your participation. Another reminder, please press seven on the keypad on your phone to sign up so that we can give you information via email. Press zero to get in line with your question. We have Russell up live next. Russell, please go ahead.

Russell: Hi. How are you tonight?

Doug Johnson: Hey, Russell. I'm doing well. How are you?

Russell: Good. I'm over in Fleetwood. I understand there's four solar gardens up and running right now. You may have answered the question in the beginning of this call, but I was wondering if ... Well, I was going into this tonight wondering when the next farm was going to be started or next garden, but you had thought

maybe by the end of the year. That's what I was just wondering, a timeframe. Great.

Doug Johnson: Yeah. Are you on our waiting list for it, Russell? Are you interested in signing up?

Russell: Yeah.

Doug Johnson: You can go to our website and sign up or if you tell me on the phone that you want to be on it, we'll get you on the list.

Russell: Okay.

Doug Johnson: Yeah, the fifth solar garden is coming. Our staff is working on finding a good site for us right now. Then we'll see what the response is whether we need to do a sixth, but if our members like this ... Our area is sort of a tough solar area. There's a lot of trees, and mountains, and shading, and so a lot of our members like the fact that they can subscribe to a solar panel that's well-positioned and get their renewable energy without having to put something on their roof, and so we've been real excited with the response, and I certainly appreciate your interest.

Allison: Absolutely. Thank you so much, Russell. We have James up live next, and then we're going to go to a few polling questions. Go ahead, James. Please tell us where you're from and what your question is.

James: Hi. I'm James from Boone.

Doug Johnson: Hi, James.

James: I had a question. Hey, buddy. How are you?

Doug Johnson: I'm good. [crosstalk 00:24:19]-

James: I heard that Duke was going to give a reduced rate with the new tax reform going through, and I haven't heard anything about Blue Ridge doing it, but now I have learned that we're a subsidiary of Duke, so I imagine-

Doug Johnson: No. We're not a subsidiary of Duke. I want to make sure. We are a wholly-owned electric cooperative owned by the members we serve. We're a private corporation in the state of North Carolina that operates as a cooperative. We have contract with Duke Energy to provide our wholesale power to us, so we buy all our power from Duke Energy and resell it to all of our members for their homes, businesses, churches, schools, and everything that we serve.

The tax cut act, I mentioned a little bit ago about our rates. We were thinking that the coal ash cleanup cost might cause us to need to do a rate increase, but the tax cut act gave us enough relief in our wholesale power cost that we won't

need to raise rates for coal ash cost, so we did get a benefit, and it did allow us to defer the 2018 rate increase another year.

Allison: All right, excellent. Thank you so much, Doug. Now we have our, oh, one more polling question here of the evening. We have another ... or not a polling question, I'm sorry, a live caller. We've got James up live next. James, go ahead.

James: James, Alleghany County, North Carolina. How are you all doing?

Doug Johnson: Hey, James. How are you doing?

James: I'm doing good. Look, last year I had a solar company come out here. I was going to put solar panels up. When he got out of the car, he said, "Look, buddy. I'd love to help you, but your co-op, Blue Ridge Electric, wants to charge \$50 a month for what power you don't use." How are we saving the consumers any money if I want to put solar panels out, and you all are going to charge me \$50 a month anyway?

Doug Johnson: Well, he doesn't have a good understanding of how our net metering rate works, James. I don't have time this evening to go into all the detail, but I've got a couple of folks that are really strong energy specialists in the solar area, and we'll get your name and number and call you this week and talk with you how you could use solar at your home to your advantage. If you want Blue Ridge Energy to provide power backup for you, then you've got to pay your fair share of use of the grid, so to speak. You want to have the wires into your home still. You're not disconnecting from the grid, so you have to pay what it takes to back you up, so to speak.

If you have excess solar power, you want to sell that to us and put it across our grid into the energy marketplace. There is a cost in there that has to be paid, but depending on how much solar you put in, we're still finding that a lot of members that are interested in solar are able to make it work quite well and are quite satisfied with what we're doing. I think we need to get our expert energy specialist with you and get you some more information. If you want to proceed, we have some solar companies that we work with that don't misspeak about the cooperative.

Allison: All right, excellent. Thank you so much, Doug. We're going to go to a few polling questions. We did a few earlier. Thank you so much to everyone who participates in these. These really help us to get a feel for what's on your mind as well. The first polling question ... I have two back to back. First one goes like this: If it were a voluntary program, would you agree to take simple steps like turning off a light to help hold down member rates? Please press one for yes and two for no. Again, just simply voting on the keypad on your phone. If it were a voluntary program, would you agree to take simple steps like turning off a light to help hold down member rates? Press one on the keypad on your phone for yes and two for no.

While we all weigh in on that, I'm going to remind everyone press zero on the keypad on your phone to get in line with a question. You can also press seven on the keypad on your phone to sign up to receive news and information as well as new energy-saving programs, so it's a really great way for us to keep you updated. We had a bunch of people press seven before. We're just about through with that queue, so now is a great time to press seven to sign up for that.

Looks like, on that last one, we had 98% of our listeners who would be willing to take those simple steps to help hold down member rates, so now onto another related polling question. Keep pushing those buttons. We love it. We want to know, if given the opportunity, would you sign up to receive notification alerts about when to take these actions, like turning off lights like we just discussed, to help hold down rates for all of our members? Press one for yes and two for no. Again, if given this opportunity, would you sign up to receive notification alerts about when to take these small little actions like turning off lights to help hold down rates for you and all members? Press one for yes and two for no.

I'll get you the answer to that here in just a moment right after we take James live on the air. James, go ahead, sir. You are live.

James Wyss: I'm James [Wyss 00:29:44] from Lexington, North Carolina. I have a home on the parkway. I recently had a generator that's powered by propane installed in case my power goes out, and it's already happened twice since I had the generator installed. I just wondered if you all offered that in Alleghany County?

Doug Johnson: Yes. A couple of things, James. It has been a very difficult last three or four months with wind, rain, snow, and extreme cold, so apologize that you've had a couple of outages, but hopefully, things worked like you had planned. We do offer, and sell, and maintain generators through our Propane and Fuels company. That's something that's available to any member that would like to participate in that, and I'll have a price on ... Anywhere from partial-house to whole-house stand-by generation is available. Thank you for your question.

Allison: Thank you so much, James. All right. Now I'm going to reveal the results of that last poll. We had 93% of our listening audience who would want to sign up to receive those notification alerts about when to take these small little actions.

Now we're going to go to Cass live next. Let me find it on my screen. I am so sorry here. There we go. Everything's moving around. Here we go, Cass. Please tell us where you're from and what your question is.

Cass: I'm from Lenoir, North Carolina. I guess my question was more about ... Duke Energy, they send out these light bulbs and all that stuff. If Blue Ridge offers that, I mean, that's great. I'm just not aware of it. You always try to take advantage of those, but more along the lines we use kilowatts per hour, I'm always looking at my big appliances. Does Blue Ridge offer any discounts on

specific brands or appliances or would they in the future, maybe discount programs for certain [crosstalk 00:31:46]?

Doug Johnson: Yeah. Yeah, look on our website, Cass. You'll find that we do some rebates for different appliances from heat pumps to different appliances. We do offer some of that. If you remember, not you are, you also have access to ElecTel Cooperative's credit union. They do some financing for energy efficiency, [inaudible 00:32:07] pumps, upgrades, solar systems, lots of different things, so you might want to look at that because they have some really good interest rates and good terms. We do a lot in that area. We don't give away light bulbs, but we're ... We do provide a lot of lighting assistance and recommendations to folks and work together. Again, we want to be the place that you turn when you need information or have questions about energy use. Thanks, Cass.

Allison: All right, excellent. Perfect. Thank you so much, Cass. With that, we have just about reached the end of our allotted time, so Doug, I'd like to turn this back to you for just a few closing remarks.

Doug Johnson: Okay. Thanks so much, Allison, and thank you again to the members who joined us tonight. This is something that ... this telephone town hall that we think is important as a cooperative to have communication with our members to give you an opportunity to ask questions. If your question did not ... we were not able to ask your question, we will note that, and we'll have someone on our staff call you this week to make sure that we talk with you and answer any other questions that you may have. Again, thank you for joining us tonight, and thank you for the relationship that we enjoy with you our member owners.