

TOGETHER WE SAVE



2010 Annual Report



Randolph Electric
Membership Corporation

Your Touchstone Energy® Cooperative 

Dear Members:

With rising costs almost everywhere we turn, it's more important than ever to save where we can. Over the past year, increasing fuel costs and slow economic growth have created a challenging environment for your electric cooperative, which has prompted us to look at the many ways we can partner with members to better manage energy consumption.

Touchstone Energy's nationwide energy efficiency campaign, **Together We Save**, is built on the concept of making small changes to achieve big results, and that has been our focus throughout the year. In 2010, we built up our renewable energy investments, communicated energy costs to members, implemented new technology within our electric infrastructure, and increased energy conservation and efficiency efforts to make a better cooperative for you.

SAVING WITH INNOVATION

During 2010, your cooperative continued conservation and efficiency efforts to meet the Renewable Energy Portfolio Standard (REPS) established by Senate Bill 3 (SB-3) in 2007. We added more renewable energy to our generation mix, including energy generated from swine and poultry waste, as well as additional wind and solar resources. We also offered rebate programs for lighting efficiency upgrades and made resources available to members to help them save energy and money at their homes and businesses.

Congress did not pass a comprehensive climate bill in 2010, though the U.S. Environmental Protection Agency (EPA) began regulating greenhouse gasses in January 2011, using the Clean Air Act to curb carbon emissions. Through our grassroots campaign, "Our Energy, Our Future," hundreds of members have contacted their elected officials to let them know that they oppose this action because it will raise the cost of electricity generated from fossil fuel plants in an already difficult economy.

**Steve Harris, Board President and
Dale Lambert, Chief Executive Officer**

SAVING WITH TECHNOLOGY

New technology helps us keep your electric bills affordable and reduces our environmental impact. Randolph EMC made great strides this past year toward completing our new substation in the New Hope area. Once operational, the substation will improve reliability to nearly 1,800 members.

Likewise, the cooperative began deploying our state-of-the-art advanced metering infrastructure system in 2010. This system allows us to remotely communicate to and from the electric meters at your homes and businesses using "smart meters." Smart meters have the capability of pinpointing outages and rerouting power when needed, which will help us control operating costs and improve service reliability.

Nearly 10,000 smart meters have been installed across our system, and by 2012, all of our meters should be up to speed. This investment will cut our operational costs not only during outages, but also throughout our day-to-day operations.

SAVING THE COOPERATIVE WAY

While we're efficient and innovative, above all else we're member focused. No matter what comes our way we'll continue to put you, our members, first. As a not-for-profit cooperative, we allocate money to you when our revenues exceed costs. We're proud to report that in 2010, Randolph EMC returned \$2,011,789 to our members in the form of capital credits. This retirement represents the





2011 Randolph EMC Board of Directors

Seated, left to right: Sue Spencer, Jerry Bowman, Paul Hurley, James Andrews, Bobby Wright, Tammie Phillips.
Standing, left to right: Britt Smith, Del Cranford, Larry Routh, Steve Harris, Dale Lambert.

balance of 1985 and 63 percent of the patronage capital for 1986, as well as estate retirements.

As a member, you have a voice in how your co-op operates by having the opportunity to elect fellow members to our board of directors and to participate in satisfaction surveys. We appreciate you recognizing our efforts to serve you better with a score of 87 on the American Customer Satisfaction Index (ACSI) survey. This score is among the highest scores received by electric utilities nationwide.

The Randolph EMC distribution system was once again blessed not to have experienced any major storm damage in 2010. Winter's record cold temperatures increased energy consumption for Randolph EMC, and brought winter weather to our area during the Christmas holiday. Although we had scattered outages, it was not a devastating storm, and all outages were restored the same day.

Randolph EMC continued our community commitment by supporting numerous local charities and community organizations. Through

members' participation in People Helping People, we were able to extend much needed assistance to nearly 43 families within our service territory. Our Bright Ideas Grant program distributed \$10,000 for education for the 16th year to local teachers for their creative and innovative ideas for helping give children a better educational experience.

We thank you for being a member of Randolph Electric Membership Corporation. Working together, we can all make small changes to make a big difference. We appreciate your business and thank you for the opportunity to serve you year after year.

Cooperatively yours,

Steve Harris
Steve Harris,
President, Randolph
EMC Board of Directors

Dale F. Lambert
Dale F. Lambert
Chief Executive Officer



BUILDING A SMART FOUNDATION

Advanced Metering Infrastructure (AMI) technology allows us to communicate with the electric meters at your homes and businesses right from the cooperative office. It is an important element in advancing the capabilities of the electrical grid into what many refer to as the “Smart Grid.”

The foundation for the AMI technology requires that Randolph EMC replace our existing mechanical power meters with advanced solid-state meters, often referred to as “smart meters.” These meters offer decreased costs and increased efficiency for both the cooperative and members.

The advantages of smart meters include:

- Remote meter readings, which eliminate having to visit your property to read the meter each month. We do plan to physically read each meter on an annual basis.
- Access to kilowatt-hour use on an hourly basis to assist with energy use questions.
- Prepaid metering opportunities that will potentially eliminate late fees and deposit requirements for those accounts that choose to participate.
- More detailed information about the extent of power outages and the status of restoration efforts for the storm center.
- Enhanced monitoring of numerous aspects of the electrical system and control devices already in place.

In October, 2010, we began replacing all of Randolph EMC’s 31,000-plus meters to the new smart meters. Our goal was to complete meter changes by fall of 2012. It now appears we will complete them by January, 2012. Be sure to read the *Watts Working* newsletter in *Carolina Country* each month to follow our progress as we install this exciting new technology.

MEMBER SATISFACTION

Twice a year, Randolph EMC measures service performance by participating in a Member Satisfaction Survey which includes questions scored by the American Customer Service Index (ACSI). This survey helps us get an idea of what’s most important to our members. We are happy to report that Randolph EMC received high satisfaction scores in both areas of the survey.

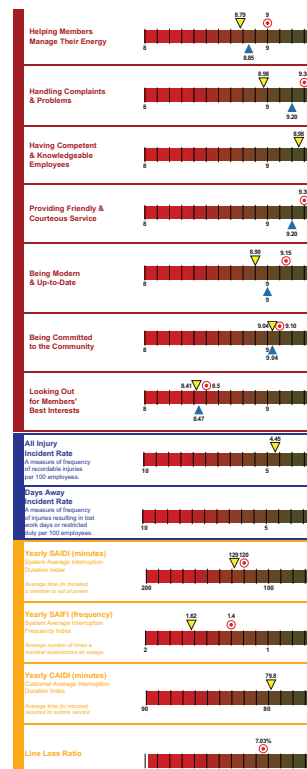
Customer Satisfaction Tracking breaks down customer service into nine specific areas of focus:

- 1) Handling complaints and problems
- 2) Being friendly and courteous
- 3) Having competent and knowledgeable employees
- 4) Looking out for members’ best interests
- 5) Being committed to the community
- 6) Providing good value for the money
- 7) Being modern and up-to-date
- 8) Providing reliable service
- 9) Helping members manage their energy

Randolph EMC’s mean rating for all of these areas totaled 9.02 on a 10-point scale.

We use the surveys’ data to identify the areas that most need improvement. We then set goals for those areas.

We have incorporated this information into a “dashboard” of sorts called the Balanced Performance Scorecard (right). This chart is posted throughout both offices so that employees are reminded of our goals daily.





This program is one more example of how small actions can make a big difference.

NEW HOPE SUBSTATION

The New Hope substation (left) serves to reinforce the electrical system reliability for our community and will be an important resource to meet our energy needs now and in the future.

The station is now energized, and will eventually serve nearly 1,800 members in the New Hope area in western Randolph county.

EFFICIENCY & CONSERVATION

Senate Bill 3 (SB-3) that was passed in 2007 by the North Carolina legislature established a Renewable Energy Portfolio Standard (REPS) for our state that applies to all electric utilities. For Randolph EMC, by 2018, up to 10 percent of our kilowatt-hour sales must be from a combination of purchasing renewable energy generation and from off-setting potential energy sales through conservation. These are measured in Renewable Energy Credits (RECs).

Randolph EMC remains a member of GreenCo Solutions, which helps the co-op in obtaining RECs and with compliance reporting to the North Carolina Utilities Commission.

In 2010, the cooperative secured poultry- and swine-waste-to-energy projects and additional solar resources to comply with the state renewable energy regulations. This year marks the first benchmark in the REPS mandate for 0.02 percent of our energy portfolio to come from solar generation. The following chart shows the details of meeting the solar RECs benchmark.

Solar Renewable Energy Credits 2010	
178.243	RECs purchased through 12/31/10
\$23,054.32	Cost of all solar RECs
\$129.34	Average cost per solar REC

The next mandate benchmark is in 2012, which requires renewable resources and efficiency efforts make up three percent of our kilowatt-hour sales. We are happy to report that Randolph EMC has already met the 2012 requirements, and we will continue our conservation and efficiency efforts into the future.

PEOPLE HELPING PEOPLE

People Helping People donated \$6,800 to families and individuals in need in 2010, which totals nearly \$55,000 in donations in the past 10 years.

SAFETY

National Safety Accreditation

The cooperative received national recognition for its comprehensive safety curriculum from the Rural Electric Safety Accreditation Program. This program provides a management tool for continuous safety and loss control assessment that is specific to electric utilities. The certificate is the thirteenth to be awarded to Randolph EMC for making safety a priority.

First Place at State Pole-Top Rescue Competition

Lineman Danny Lee (below) placed first in the 12th Pole Top Rescue Competition for North Carolina's electric cooperatives, completing the drill in one minute and 59 seconds.

Lee competed in the category that required using a personal fall restraint that protects the climber from falls during the ascent and descent on the utility pole. All linemen at Randolph EMC are required to use this type of protective device on the job. He has been with Randolph EMC for 10 years.



Financial Report

What We Took In

Operating Revenue	\$ 61,741,018
Non-Operating Revenue	\$ 51,650
Capital Credits from Associated Organizations	\$ 802,310
Total	\$ 62,594,978

What We Paid Out

Purchased Power	\$ 37,639,747
Gross Receipts and Property Taxes	\$ 1,956,256
Depreciation of Plant and Equipment	\$ 4,429,332
Interest Expense	\$ 3,351,770
Operation, Maintenance, & Other Expenses	\$ 13,102,214
Total	\$ 60,479,319

What We Had Left

Net Margin for the Year (Patronage Capital)	\$ 2,115,659
--	---------------------

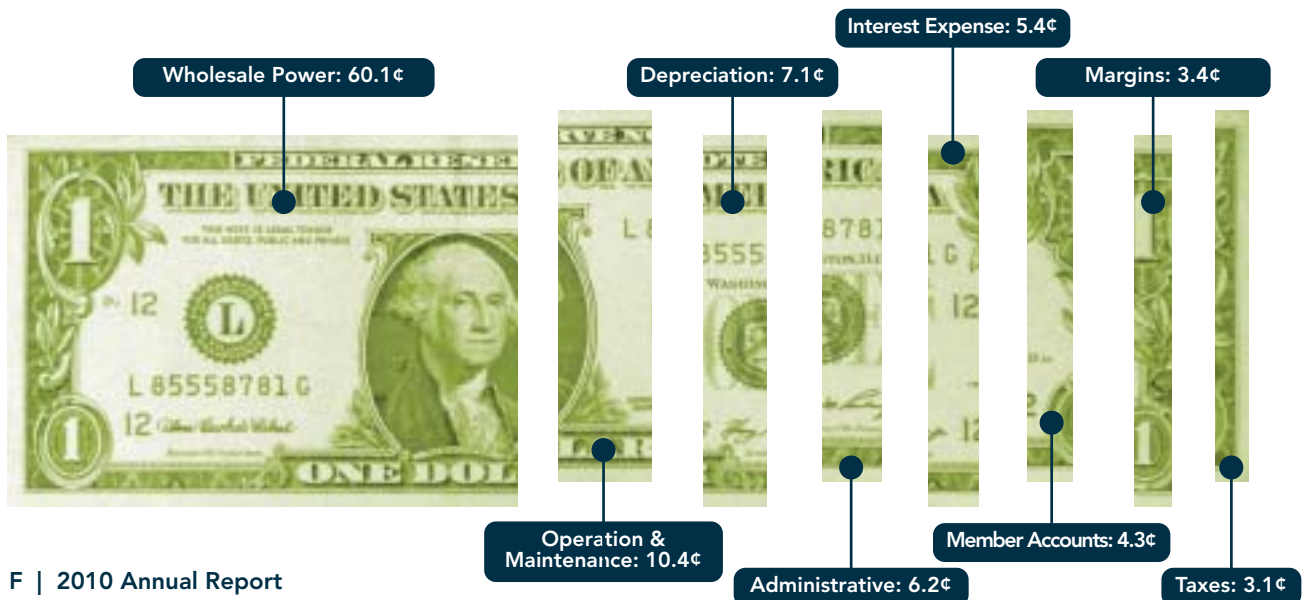
Assets

Our plant is valued at	\$ 118,366,738
We have other investments worth	\$ 6,589,446
We have cash and temporary investments in the amount of	\$ 737,935
We have accounts and notes receivable amounting to	\$ 9,132,099
We have prepaid expenses amounting to	\$ 380,979
Our materials and supplies are worth	\$ 1,172,713
Total Assets	\$ 136,379,910

Liabilities

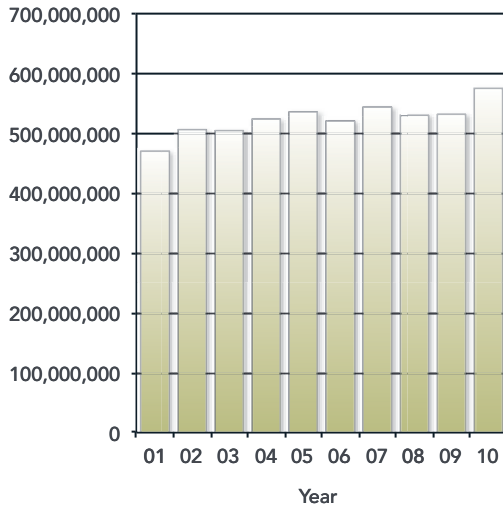
We owe RUS, NRUCFC, and FFB	\$ 67,699,254
We have allocated and unallocated margins amounting to	\$ 54,000,091
We owe accounts payable amounting to	\$ 5,620,552
We are holding deposit fees amounting to	\$ 983,950
We have other current and accrued liabilities amounting to	\$ 4,047,017
We have deferred credits and other liabilities amounting to	\$ 4,029,046
Total Liabilities	\$ 136,379,910

The 2010 Revenue Dollar

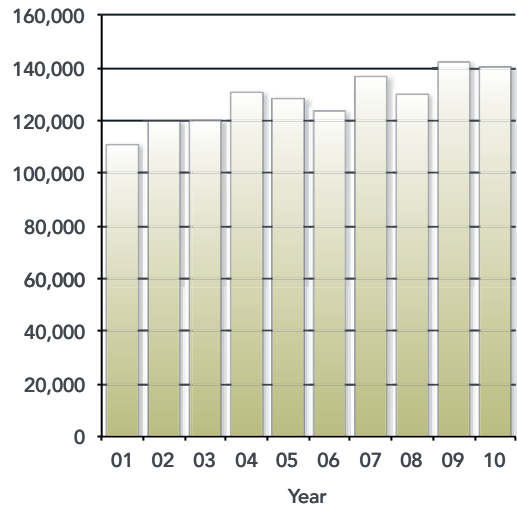


Power Trends

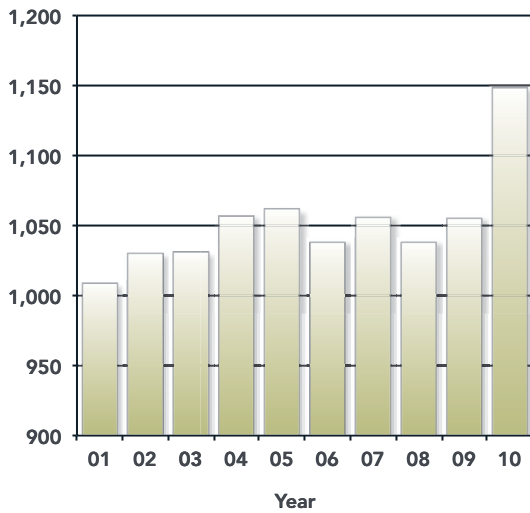
kWh Purchased



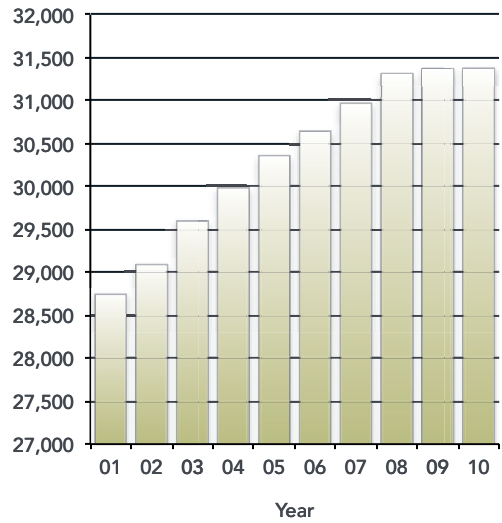
Annual Peak kW Demand



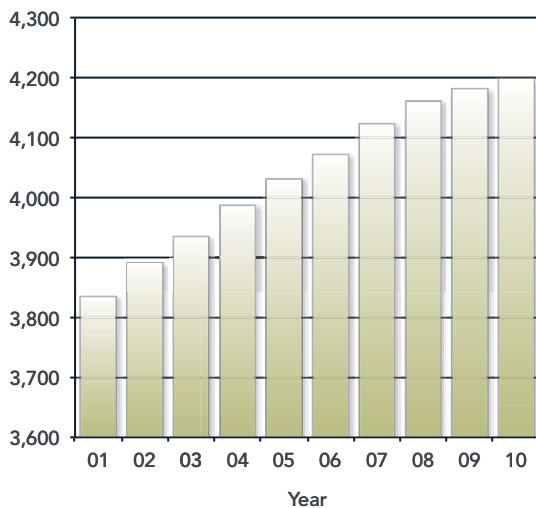
Average Monthly kWh Use Per Home



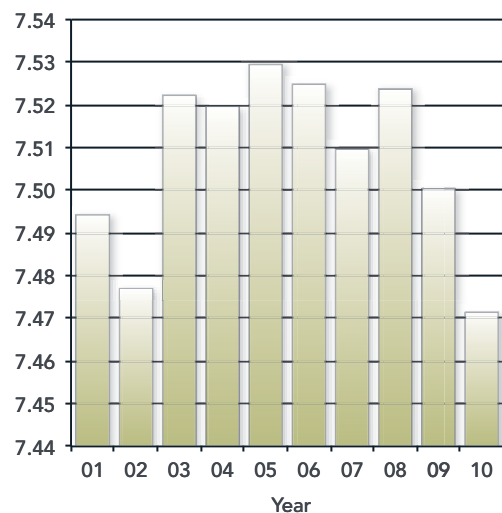
Number of Meters Served



Miles of Line



Meters Per Mile of Line





Randolph Electric Membership Corporation

Your Touchstone Energy® Cooperative 

Asheboro Office	Robbins Office
879 McDowell Road	201 S. Middleton Street
Asheboro, NC 27205	Robbins, NC 27325
(336) 625-5177	(910) 948-3401
(800) 672-8212	(800) 868-7014

www.RandolphEMC.com