



Powering Communities,

Empowering Members



2013 Annual Report



**Randolph Electric
Membership Corporation**

Your Touchstone Energy® Cooperative 

Dear Members,

As you most likely remember, Randolph Electric celebrated a 75th Anniversary in 2013—that's three-quarters of a century of powering communities and empowering members so they can have a better quality of life, quality service and reliable energy.

So what exactly does 75 years mean to us? It means we're just getting started. Since 1938, we've grown just as our members and communities have grown and we look forward to 75 more years of providing excellent service while continually seeking efficiencies in our operations and targeting ways we can increase the value of your cooperative.

With that being said, your cooperative's Board of Directors and employee team would like to thank you for helping us score 88 out of 100 in our most recent American Customer Satisfaction Index survey. Your feedback places Randolph EMC above the national average for Touchstone Energy cooperatives and a full 15 points higher than the investor-owned utility average across the nation.

Even though American Customer Satisfaction Index recognizes "customer" satisfaction, Randolph Electric's member-owners are in fact the true "owners" of their cooperative. That is an important distinction that serves as our motivation to provide each of you with a level of service that you have come to expect.

This high level of service is most important when the challenges of our industry have an effect on electric rates. In 2013, your Board of Directors conducted a Cost-of-Service and Rate Study to determine whether the revenues received are reflective of the cost for providing service. As a result, the Board approved adjustments to REMC's basic facilities and base rates.

Although the recent rate adjustments were only nominal increases, Randolph EMC recognizes the need to help members save money each month. The MyUsage program that became available for our residential members in 2013 is

designed to empower members to take control of their energy to use less electricity and help them save money. Likewise, the FlexPay program is an extremely valuable flexible payment option that works with any member's budget.

Giving money back to members is just as exciting as helping members save money. For the second year, nearly every active member received a portion of the \$2.75 million in capital credits that the Board of Directors retired to the membership last June. This general retirement included the remaining capital credit balances for 1989, 44 percent of the remaining 1990 balance, and 31 percent of the remaining patronage capital from 2012.

As we look back on 2013 and all its accomplishments, we thank you for being a member of Randolph Electric Membership Corporation. Given your cooperative's tremendous history, strong heritage and numerous achievements, we are positioned to embrace the future, face the challenges ahead and thrive for the benefit of the members.

Cooperatively yours,



Bob Wright,
President, Randolph
EMC Board of Directors

Dale F. Lambert,
Chief Executive Officer



Randolph EMC Board of Directors



Officers

(seated, left to right)

Bob Wright,
President

Tammie Phillips,
Assistant
Secretary-Treasurer

Sue Spencer,
Secretary-Treasurer

Jerry Bowman,
Vice President

Directors & Staff

(standing, left to right)

Britt Smith

Delbert Cranford

James Andrews

Larry Routh

Steve Harris

Billy Maness

Dale Lambert

Powering Communities

Since 1938, we have been delivering electricity to power communities across Randolph, Moore, Montgomery, Chatham and Alamance counties. Although it's an extremely important part of our business, "powering communities" means much more than just keeping the power lines energized. It means that member-owners can be assured that their employees will work around the clock to restore power during a storm. It means having support in Raleigh and Washington when it comes to issues that could affect electric rates. It means having a local office to visit or call where real people answer questions and provide information.

The Power of Reliability

When the lights go out, our goal is to restore your power as quickly and safely as possible. In 2013 and into 2014, we experienced record cold weather, which resulted in record demand and energy usage by our members. In fact, REMC set a new, all-time peak of 159 MW on January 30th, 2014, exceeding the previous record by 6 MW.



Up until March 7th, even with a few close calls, we were spared widespread outages and significant storm damage. Since the ice storm of 2002, the ice storm of March 2014 was the worst ice storm to hit the Randolph EMC system. Crews worked to repair 106 poles and 53 transformers during the storm, which affected 13,225 members — 42 percent of the membership. Every member that we serve in Alamance County was without power at some point during the storm, and 63 percent

of our Randolph County members were out of power. With the help of contract and sister cooperative crews, all electricity was restored within four days' time.

The Power of People

Each year, REMC employees and board members attend various legislative meetings and events in Raleigh and Washington. Attending these events allows us meet face-to-face with elected officials to discuss issues critical to the success of our cooperative.

The Cooperative Action Network, available online at Action.coop, is an important new tool that allows you, as members, to get involved in the legislative process as well. This website helps explain the issues that affect members. Action.coop allows members to get involved by emailing government officials regarding current issues.

The most pressing issue before co-ops now are proposed Environmental Protection Agency (EPA) regulations for power plants that will basically remove coal as a future source of fuel.

We encourage you to visit the Cooperative Action Network at www.action.coop to ask the EPA to work with electric co-ops for practical solutions to our energy needs. Sending this message can help us continue to provide affordable, reliable power well into the future.

The Power of Communication

Staying in touch with our members with timely information is essential. For members who visit our offices, we've added information screens in each lobby. On these screens, we post up-to-date messages, safety tips, energy saving tidbits and other key information to help keep you informed. Be sure to check them out the next time you stop by!

As a way to share information in a more "social" setting, Randolph Electric launched Facebook and Twitter pages within the last year, allowing us to reach a broader audience



REMC awarded \$10,000 to local teachers in Asheboro City, Randolph, and Montgomery County Schools as part of the Bright Ideas grant program.



Employees graciously gave of their own funds to support charitable organizations, including Toys for Tots, the United Way, and the American Cancer Society.



PHP received an extra \$10,000 for its reserves in 2013, thanks to national credit union CoBank's matching grant program. This money helped to fund donations to more than 80 REMC families in need over the past year.

in less time. When members 'Like' our page, along with outage information, they'll also learn about everything from important safety information to energy-efficiency news to upcoming Cooperative programs and events.

We learned quickly that having Facebook and Twitter were wonderful tools for members during recent storms. Because members can access both Facebook and Twitter from a data-enabled mobile device, it's easy to keep up with outage restoration progress and feel connected during a storm or power outage. To access our social media pages, click on the Facebook and Twitter logos on www.RandolphEMC.com.

Empowering Members

With the completion of our advanced metering installation, REMC has implemented a variety of value-added services designed to empower members to take charge of their energy use.

MyUsage.com

Being able to understand how your home uses energy is the first step toward conservation and efficiency. In the fall, REMC launched MyUsage.com, a free online service that allows any residential members to monitor how much electricity is being used in their home each day. Daily kilowatt-hour reports are overlaid with the high and low temperatures recorded for the day, making it easy to recognize how weather affects energy use.



You can also choose to receive daily use alerts by e-mail and high use alerts when daily use exceeds a certain threshold. The program even has a smart phone app to keep you connected while you're away from home.

FlexPay

REMC's new FlexPay program truly puts members in control of their energy use by allowing them to pay for electricity as they use it. With a FlexPay account, you can "fill up" your electric account just like you fill up the gas tank in your car—one gallon at a time or with a full tank.

With a FlexPay account, participants do not receive traditional monthly billing statements because their usage and balance are calculated daily. There are no deposits, due dates, late fees or connection fees required, and it's a great payment option for any residential members who enjoy the convenience of paying their energy bills on their own terms. FlexPay is especially useful for the following:

- Members who frequently travel
- Multiple tenant locations
- New members who owe a deposit
- Rental properties
- Vacation homes
- Members on a fixed income



Member-Owned Generation Program

Empowering members to save energy helps the cooperative as well. REMC's Member-Owned Generation Program uses participants' back-up generators to provide demand relief during times when wholesale suppliers may have difficulty meeting peak load levels.

In 2013 participants received updates about the changes at meetings held throughout REMC's service territories. Some of the new changes include:

- A demand credit is applied monthly in equal amounts and is based on an individual's summer peak demand allocation, regardless of energy consumption.
- Notification in advance of control period.
- Participating members receive fuel reimbursement for the control hours and are allowed one control period "miss" per year due to operator or equipment failure.



REMC's employees and board members raised over \$1,600 to purchase Christmas gift cards for the patients and families spending the holiday in the NC Jaycee Burn Center in Chapel Hill.



Electrical safety education is one of the most valuable services we can provide. Above, students at High Falls Elementary School were treated to a live-line demonstration.



With REMC's Co-op Connections Card, members can save on a variety of goods and services while supporting local businesses. Members have saved nearly \$60,000 in prescription costs since the program began!

Financial Report

What We Took In

Operating Revenue	\$ 60,025,523
Non-Operating Revenue	\$ 222,733
Capital Credits from Associated Organizations	\$ 845,081
Total	\$ 61,093,337

What We Paid Out

Purchased Power	\$ 35,003,557
Gross Receipts and Property Taxes	\$ 2,586,433
Depreciation of Plant and Equipment	\$ 4,949,495
Interest Expense	\$ 3,300,995
Operation, Maintenance & Other Expenses	\$ 13,405,915
Total	\$ 59,246,395

What We Had Left

Net Margin for the Year (Patronage Capital)	\$ 1,846,942
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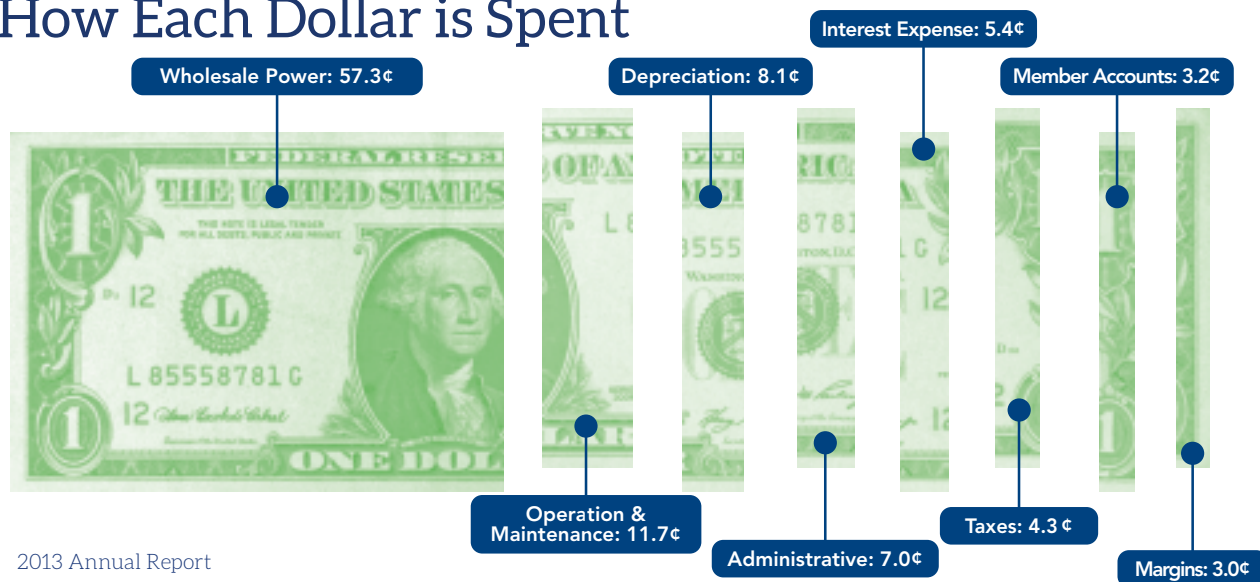
Assets

Our plant is valued at	\$ 124,958,111
We have other investments worth	\$ 7,750,633
We have cash and temporary investments on hand in the amount of	\$ 1,948,507
We have accounts and notes receivable amounting to	\$ 5,176,962
We have prepayments and other assets amounting to	\$ 8,113,605
Our materials and supplies are worth	\$ 1,182,362
Total Assets	\$ 149,130,180

Liabilities

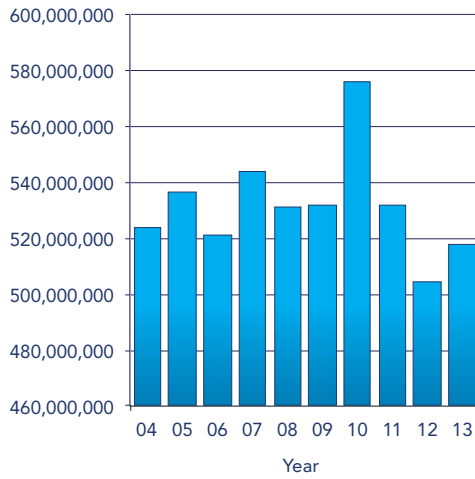
We owe debt on our plant of	\$ 82,060,960
We have patronage capital and unallocated margins amounting to	\$ 52,083,798
We owe accounts payable amounting to	\$ 4,255,153
We are holding deposit fees amounting to	\$ 947,720
We have other current and accrued liabilities amounting to	\$ 5,379,899
We have deferred credits and other liabilities amounting to	\$ 4,402,650
Total Liabilities	\$ 149,130,180

How Each Dollar is Spent

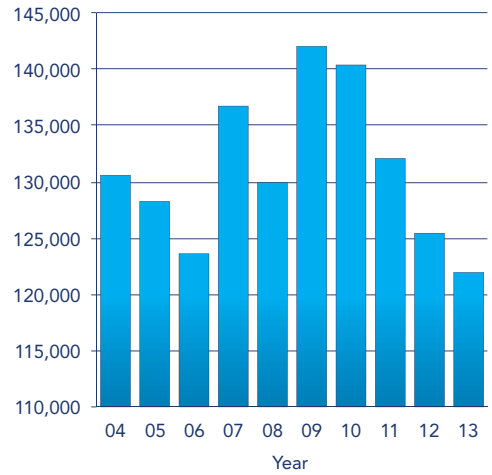


Power Trends

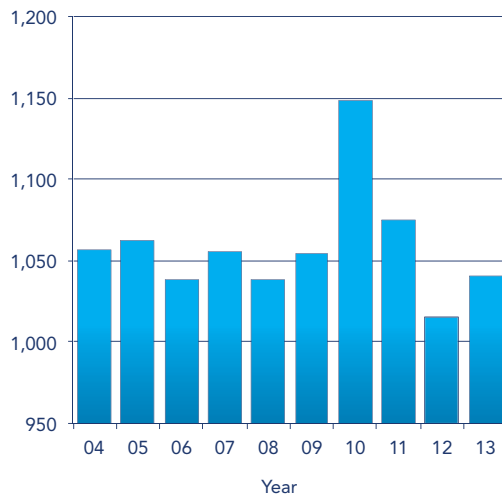
kWh Purchased



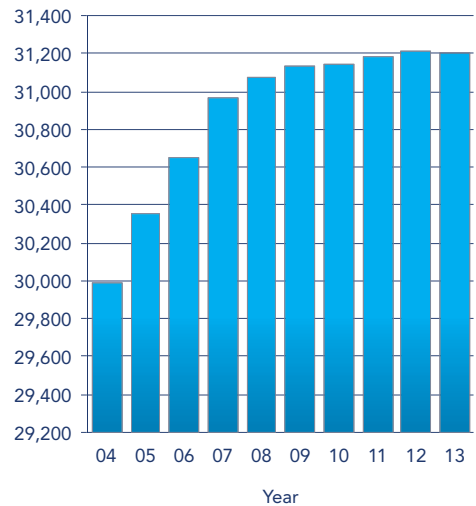
Annual Peak KW Demand



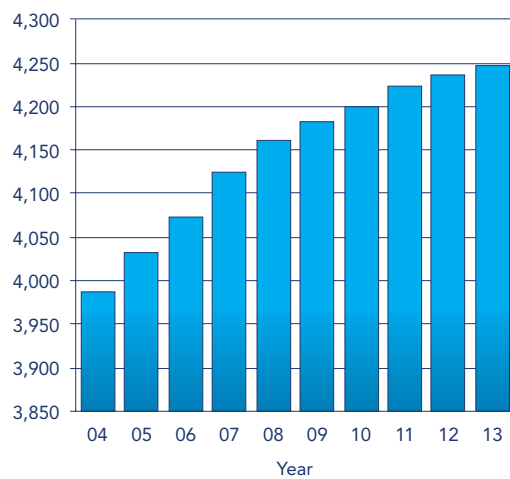
Average Monthly kWh Use Per Home



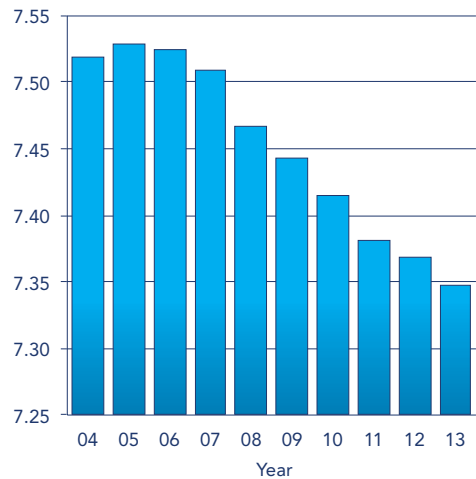
Number of Meters Served



Miles of Line



Meters Per Mile of Line





Randolph Electric Membership Corporation

Your Touchstone Energy® Cooperative 

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