



Pride in Our Past...
Progress in Our Future



Randolph Electric
Membership Corporation

Your Touchstone Energy® Cooperative 

2012 Annual Report



Dear Members,

This year marks an important milestone at Randolph Electric Membership Corporation. As we celebrate our 75th Anniversary, it's a good time to reflect with pride in our past and progress in our future. We're proud of our rich history, and we think our longevity is a testament to the cooperative business model and is representative of the power in numbers when a group comes together for a common cause.

Today, Randolph Electric is much more than just a "local electric company." The cooperative business model centers around seven principles: voluntary and open membership; democratic member control; members' economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

These basic principles guide Randolph Electric each day as we provide a service that enhances the quality of life of our members. This past year, we have made it a priority to maintain open communication with employees, members, regulatory agencies and political leaders to foster a greater understanding of industry challenges and opportunities. We have also focused on bringing value-added services to help members manage their energy use and save money.

With that being said, we appreciate you recognizing our efforts to serve you better. A score of 87 on the American Customer Satisfaction Index (ACSI) survey in the last quarter of 2012 indicates that REMC ranks among the highest scores received by electric utilities nationwide in member satisfaction.

One of our most rewarding achievements over the past year was the successful implementation of a new capital credits policy. Nearly every active member—97 percent—of Randolph EMC received a portion of the \$2.75 million in capital credits that the Board of Directors retired to the membership last June. In an effort to include more members in the general retirement, the Board evaluated the retirement process last year. They determined that the cooperative was able to use a hybrid process for its general retirement. This method is a

combination of the first-in, first-out method and last-in, first-out method. Using this process, the general retirement included the remaining capital credit balances for 1987 and 1988, 36 percent of the remaining 1989 balance, and 42 percent of the remaining patronage capital from 2011. Any Randolph EMC members who received electric service during that time were included in the 2012 retirement. REMC will continue this hybrid process for 2013.

LOOKING AHEAD ...

One way Randolph Electric is committed to providing added value to our members is by launching a new program designed to help members take full control of their energy use. Randolph EMC will be offering a new "prepaid" program, which allows members to pay for electric service before it is delivered. Instead of waiting to find out how much is owed each month, program participants pay for electricity from funds they have already deposited into an account. When the account falls below a certain amount, the member is notified by a telephone call, text message or email and they simply deposit more money into their account. More information about this exciting program will be available soon in our monthly member newsletter, *Watts Working*, as well as on our website www.RandolphEMC.com.

As we look back on 2012 and all its accomplishments, we thank you for being a member of Randolph Electric Membership Corporation. While we have grown in size over the years, our goal has remained constant: to be



2012 Board of Directors



trusted to safely and consistently exceed our members' expectations for reliability, service, value, and community support. So join us in celebrating this special occasion and let's look forward to another 75 years of providing you with safe, reliable, and affordable electricity—and so much more.

Cooperatively yours,

Bob Wright,
President, Randolph EMC
Board of Directors

Dale F. Lambert
Chief Executive Officer

REMC 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



In 2012, members saved \$39,625 in prescription costs using Co-op Connections Card discounts.



People Helping People gained several new participants at last year's annual meeting with the help of member volunteers.



Employees raised more than \$1,600 for patients in the N.C. Jaycees Burn Center in December, 2012.

PROVIDING VALUE AT EVERY OPPORTUNITY

For three-quarters of a century your Board of Directors have provided trustworthy leadership that sets policy that puts members first. This is achieved through implementing new technologies, continually seeking efficiencies in our operations and targeting ways we can improve the service and value we deliver to you.

Advanced Meter Installation Complete

In 2012, Randolph Electric completed installing the advanced digital meters across the system. This project consisted of replacing mechanical electric meters with digital meters that use our existing power lines to provide two-way communication to and from our offices. We have already experienced increased efficiency in our operations and improved outage management capability during storms. The system also provides additional monitoring and control of our electrical distribution system, which helps us identify potentially troublesome areas and helps reduce outage time. Having this new infrastructure in place has provided the foundation for offering members more value-added services.

Co-op Connections® Card Puts Value in Members' Wallets

REMC launched the Co-op Connections Card last year and the program continues to grow. We feel this card adds tremendous value to your membership by providing local savings at retail locations and restaurants, as well as savings on several health-related services. There isn't a lot we can do about the cost of wholesale power, so we're offering the Co-op Connections card as a way to save money on the other things our members spend money on throughout the month. REMC members saved more than \$39,000 in prescription costs alone in 2012. And, as an added

bonus, we're promoting our local businesses so that members can keep their hard-earned money in the communities where they reside. Visit RandolphEMC.com for more information about the card and a listing of all of the local and national discounts available to REMC members.

COMMUNITY COMMITMENT STILL GOING STRONG

Randolph Electric is more than a electric utility. Our employees are an integral part of the community. Our goal of providing excellent customer service and supporting our home communities has been a priority for decades. Because 2012 was declared the International Year of Cooperatives, Randolph Electric had the chance to celebrate our legacy of innovation and remind us of what's important—putting PEOPLE first—all throughout the year.

People Helping People

People Helping People (PHP) is a voluntary program that allows members to round up their electric bill to the nearest dollar each month. All of the "spare change" contributed by participants adds up to a significant amount each month. PHP received one outstanding contribution from national credit union CoBank through their grant program, which requires a matching amount from the associated cooperative. CoBank awarded the organization \$2,500, and with REMC's match, PHP received an additional \$5,000 in its reserves in 2012. In all, People Helping People donated over \$10,000 to help more than 60 families and organizations in REMC's service territory in 2012.

Support for the NC Jaycees Burn Center

North Carolina's electric cooperatives have long been supporters of the North Carolina Jaycee Burn Center in Chapel Hill. The center provides state-of-the-art burn



Randolph EMC donated more than 45 bicycles to the Toys for Tots program.



Mrs. Laura Heflin was awarded \$1,900 from REMC's Bright Ideas educational grant program.



REMC was featured in national RE magazine in recognition of the co-op's top-level commitment to safety.

treatment and rehabilitation for patients who have had severe and life threatening burns and provides burn prevention education. For the second year, Randolph EMC employees contributed money for gift cards and children's gifts to distribute around Christmastime. A total of \$1,626 was raised for the cause in 2012.

Helping at Home

Each year, Randolph EMC offers employees the opportunity to donate to charitable organizations in our communities through the United Way Campaign. Last year, REMC employees raised an outstanding \$22,700 for Randolph County agencies—an increase over recent years' campaigns. In addition to supporting the United Way, employees held fundraisers of all sorts to purchase 47 bicycles for the U.S. Marine Corps' Toys for Tots program. Randolph Electric is very proud of the giving nature of our employees. Their contributions are 100 percent voluntary, which is a true testament to the caring spirit of your cooperative employees.

Bright Ideas

Randolph Electric Membership Corporation awarded \$10,000 in grants to eight teachers across Randolph and Montgomery counties as part of the Bright Ideas grant program. Bright Ideas honors K-12 educators who put great thought and effort into designing innovative, creative projects that enhance their students' learning experience.

FOCUS ON SAFETY

Electricity is an essential part of our daily lives. With reliable and affordable electricity the centerpiece of Randolph Electric's focus, how that electricity gets delivered to our members safely is a top priority. Randolph Electric, along with other electric cooperatives across the country, have collaborated to create an enhanced national safety program to ensure our employees and members are safe at all times. This

program, called Rural Electric Safety Achievement Program (RESAP) embraces fundamental guiding principles that are essential to achieving safety excellence.

National Recognition for Our Dedication to Safe Work

The October 2012 issue of Rural Electric (RE) Magazine featured Randolph Electric Membership Corp. in its cover story titled "Tailgate Talks." The cooperative's top-level commitment to the RESAP program prompted the magazine to contact CEO Dale Lambert to talk about how employees have worked together to cultivate a successful safety culture. RESAP is a service of the National Rural Electric Cooperative Association (NRECA) and strives to promote the highest standards of safety among electric cooperatives. "Tailgate Talks" are simply crew meetings that take place at the beginning of each day to discuss the details of the tasks the crew must complete that day. As is referenced in the article, REMC considers it one of the most important practices in safety for its line technicians working in the field.

Metal Theft Prevention Victory

Electric utilities across the state are celebrating legislation passed by the North Carolina General Assembly that made it harder for thieves to cash in on stolen metal. The Metal Theft Prevention Act of 2012 prohibits recyclers from making any cash payment for copper to any seller. REMC sustained nearly \$50,000 in losses due to copper theft and damages related to the thefts in 2012. Utilities consider this a victory not only because it helps to eliminate copper as a quick source of cash, but because it can do a great deal to prevent utility employees—and possibly consumers—from being hurt or killed because thieves have stolen wire from poles, leaving our facilities improperly grounded.

Financial Report

What We Took In

Operating Revenue	\$	59,276,008
Non-Operating Revenue	\$	256,030
Capital Credits from Associated Organizations	\$	873,339
Total	\$	60,405,377

What We Paid Out

Purchased Power	\$	34,567,637
Gross Receipts and Property Taxes	\$	2,592,993
Depreciation of Plant and Equipment	\$	4,716,208
Interest Expense	\$	3,172,093
Operation, Maintenance, & Other Expenses	\$	12,394,721
Total	\$	57,443,652

What We Had Left

Net Margin for the Year (Patronage Capital)	\$	2,961,725
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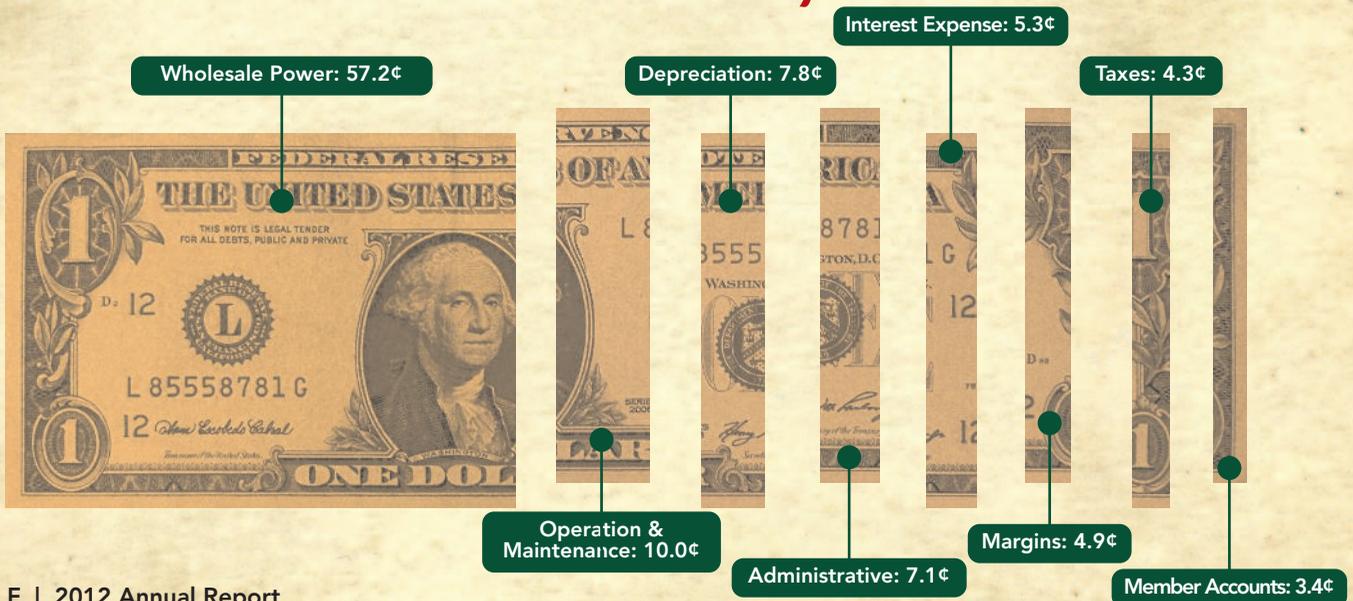
Assets

Our plant is valued at	\$	123,632,721
We have other investments worth	\$	6,989,754
We have cash and temporary investments on hand in the amount of	\$	2,237,766
We have accounts and notes receivable amounting to	\$	5,218,753
We have prepayments and other assets amounting to	\$	4,664,768
Our materials and supplies are worth	\$	1,154,768
Total Assets	\$	143,898,530

Liabilities

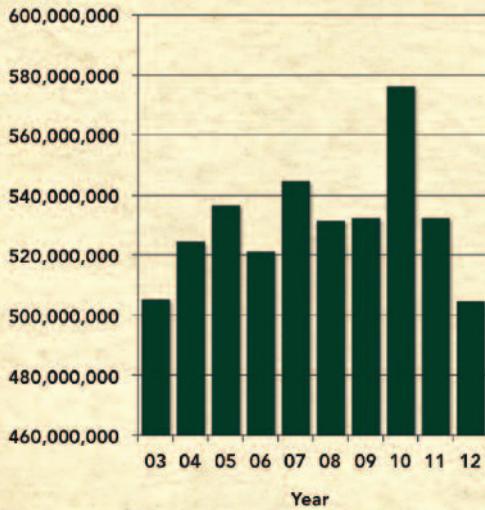
We owe RUS, NRUCFC, and FFB	\$	74,936,120
We have allocated and unallocated margins amounting to	\$	53,544,870
We owe accounts payable amounting to	\$	4,383,531
We are holding deposit fees amounting to	\$	995,793
We have other current and accrued liabilities amounting to	\$	5,516,618
We have deferred credits and other liabilities amounting to	\$	4,521,598
Total Liabilities	\$	143,898,530

How Each Dollar is Spent

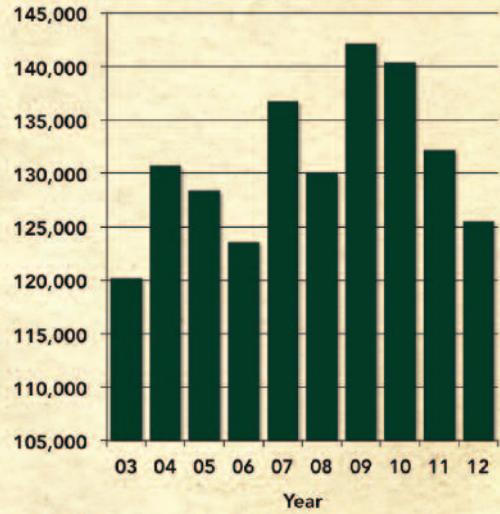


Power Trends

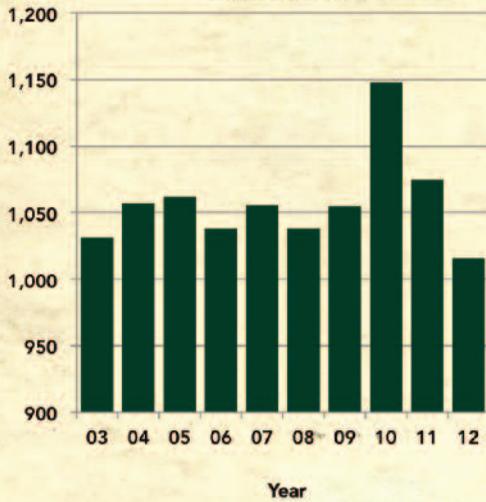
kWh Purchased



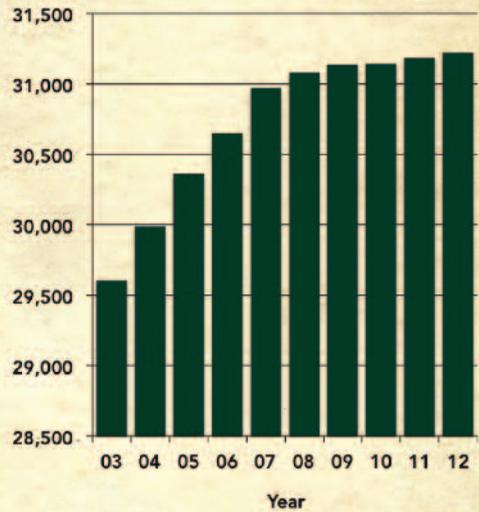
Annual Peak KW Demand



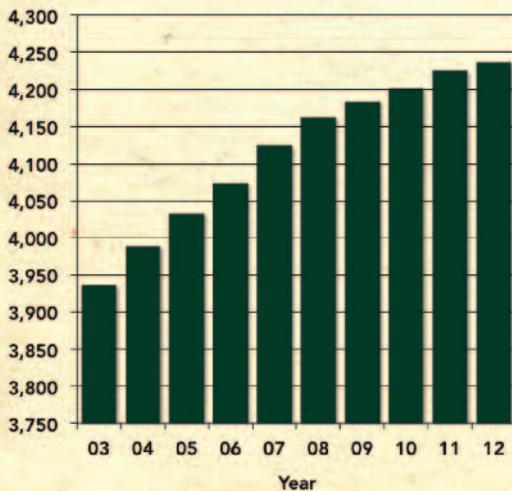
Average Monthly kWh Use Per Home



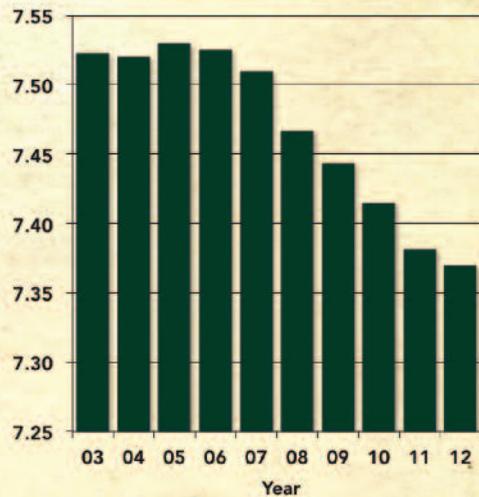
Number of Meters Served



Miles of Line



Meters Per Mile of Line





Randolph Electric Membership Corporation

Your Touchstone Energy® Cooperative 

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