Official Notice of the Annual Meeting

The Annual Meeting of Randolph Electric Membership Corp. is to be held in the gymnasium at Southwestern Randolph High School, 1641 Hopewell Friends Road, Asheboro, at 7 p.m. on Friday, June 17, 2016. The agenda for the meeting includes the following:

1. Report from officers, directors and committees.
2. Election of directors from districts 1, 3, and 6.
3. Transaction of such other and further business as may come before said meeting or any adjournments thereof.

Adjacent to this notice is the registration/prize coupon for the Annual Meeting. This is pursuant to Article II, Section 2.03 of the cooperative bylaws. Each member is urged to come out to support and be a part of their cooperative.

Respectfully,

Sue Spencer
Sue Spencer, Secretary-Treasurer
Bring a Canned Food Donation for a Chance to Win $50 Cash

Free Homemade Ice Cream

Children’s Entertainment by Circus Daze

Prizes & Bikes of All Sizes

Come early to enjoy local music from Thickety Creek Bluegrass Band! The band prides itself with playing traditional style bluegrass and gospel music. The group consists of Stephen Thompson on mandolin, Jacob Thompson on bass, Larry Williams on dobro, William Britt on guitar and Matthew Nance on banjo.

Directions to Southwestern Randolph High School
1. From I-73, take McDowell Road exit and head west.
2. At end of McDowell Road, turn left onto Mack Road.
3. At end of Mack Road, turn right onto Hopewell Friends Road. SWRHS will be approximately .5 miles on the left.
Directorate Elections

Pursuant to Article III, Section 3.03 of the Bylaws of the Cooperative, the District Nominating Committees met at the office of the cooperative in Asheboro, North Carolina, on April 25, 2016, at 6 p.m. By action of the committee, upon motion made and seconded, the following members were nominated for the Director position of Directorate Districts 1, 3 and 6, respectively.

Mr. James Andrews, District 1

James Andrews joined Randolph EMC’s Board of Directors in 2000. He is a Credentialed Cooperative Director and has earned his Board Leadership Certification. Mr. Andrews is a native of Alamance County, where he still resides. He attended Sylvan High School in Snow Camp and East Carolina University, and currently works as a self-employed Certified Public Accountant. Because of his financial expertise, Mr. Andrews was appointed in 2004 by the National Rural Electric Cooperative Association and Cooperative Finance Corporation to serve on the Capital Credits Advisory Task Force. This committee conducted a study of capital credits issues to provide guidance to cooperatives when forming a capital credits policy.

In his spare time, Mr. Andrews enjoys finding old cane mills and old farm equipment. He has been married to his wife, Clorinda, of Siler City, for 28 years.

Mr. Larry Routh, District 3

Larry Routh has represented District 3 on Randolph Electric Membership Corporation’s Board of Directors since 1983. Mr. Routh is a Credentialed Cooperative Director and has completed his Board Leadership Certification.

Mr. Routh is a native of Randolph County where he graduated from Grays Chapel School. He earned his heavy equipment operators certification from the National School of Heavy Equipment, and during his service in the U.S. Army, was certified in missile equipment by the Army Engineering School. In 2004, he retired from General Electric Supply after 34 years of employment.

Mr. Routh is currently a co-owner of Ruthless Outdoor Adventures (ROA), which specializes in outdoor adventures in North Carolina and Virginia. In his spare time he enjoys cruising in his restored 1964 Chevelle Malibu and participating in area car show competitions. Traveling, gardening, attending local high school football games, and watching NASCAR and ACC games are also among his favorite pastimes. He also served on the Climax Station 42 Fire Department, and has the distinction of being an original fireman who started the station. He also served 12 years as secretary for the station’s Board of Directors. He currently serves on the Fire Fighters Refund Board of Directors.

Mrs. Sue Spencer, District 6

Sue Spencer is a Credentialed Cooperative Director, representing District 6 on Randolph Electric Membership Corporation’s Board of Directors. She joined the board in 2003 where she currently serves as Secretary-Treasurer.

Mrs. Spencer graduated from Seagrove School and then attended the University of North Carolina at Greensboro where she received a B.A. and Master’s Degree in Education (M.Ed.), and Masters of Library Science degree (MLS). Mrs. Spencer held teaching positions at both Asheboro City and Randolph County Schools and served as Director of Media and Technology for Randolph County Schools. Upon retiring from the school system, she taught at UNC-G in the Library Science Department and coordinated the School Library Media Program. She is currently retired from UNC-G. She and her husband, Bill, have been married for 52 years and enjoy spending time with their children and grandchildren. Mrs. Spencer is a member of Seagrove United Methodist Church, where she serves as the church’s organist.
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POWERING A NEW GENERATION OF SERVICE
Dear Members,

Being an electric co-op means being a trusted energy advisor to meet the ever-growing and ever-changing expectations of our member-owners. As technology advances, we’re committed to powering a new generation of service with solutions like community solar, smart grid technologies and investments in the cooperative’s plant assets and infrastructure.

REMC is dedicated to community growth, quality of life, and a positive vision for the future. One of our goals is to provide electricity in such a way that you don’t even think about it—the power is just there when you need it. In reality, much thought and effort goes into delivering electricity to you, our member-owners. Aggressive maintenance, system planning, process improvements and utilization of technology are all critical to maintaining and improving the delivery of reliable electric service to our member-owners. We invest in our infrastructure so that we can continue to meet your expectations well into the future.

Solar energy has become more popular in recent years as more people are looking for renewable sources of energy. In 2015, our vision of implementing solar into our energy portfolio came sharply into focus when we announced plans to build a solar farm. Today, REMC’s SunPath Community Solar option is a simple, affordable way for members to participate in renewable energy that also benefits all cooperative members. Providing this community solar option ties to the cooperative principle abides by, especially “Member Economic Participation” and “Concern for Community.”

While we are working to grow our services to better serve our members, is there anything that won’t change as we continue to power a new generation? Yes, it’s our commitment to you, our member-owners. At Randolph Electric, it is all about you, and we will continue to be your trusted energy resource.

Cooperatively yours,

Bob Wright, President, Randolph EMC Board of Directors

Dale F. Lambert, Chief Executive Officer

Bob Wright

Dale F. Lambert
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
**Operations Support Facility**

On November 30, 2015, REMC celebrated the completion of our new storage building. The 17,515-square-foot facility shields nearly $3 million worth of equipment from the elements, including:

- Two mobile substations
- A track machine used when bucket trucks cannot access a location
- A tractor trailer used for pulling large equipment
- Spare line trucks and other special equipment

Protecting this expensive equipment helps us to reduce maintenance, avoid premature replacement costs and keep the equipment in better working order for response during everyday construction and extended storm outages. The building may also serve as a meeting facility and support center during major storm events, as it has showers and food-preparation accommodations for use during storm restoration.

**Infrastructure Upgrades**

With dramatic changes occurring within the electric utility industry, we have placed a great deal of emphasis on preparing Randolph EMC to meet your future needs and expectations. To do this, your cooperative continues to invest heavily in upgrading and improving the electric infrastructure on the system to increase reliability and to meet future load requirements.

Last year, REMC completed a new Robbins substation and began constructing a substation to support recent and future growth in and around the city of Asheboro. These new stations combine today’s highest safety standards with time-tested design features to provide safe, reliable electric service for decades to come.

**Improved Service Options**

In July, cooperative members noticed a simplified account number and streamlined bill after REMC implemented a new billing system. Members also have access to a new online member portal to manage account information, pay bills and monitor current and past electricity usage. As an added benefit, members may also set up high usage alerts, due date reminders and payment confirmations.
SunPath™ Community Solar
At the end of 2015, REMC energized its new 100-kilowatt SunPath™ Community Solar farm, located adjacent to the Asheboro office. Community Solar is a concept that offers any interested REMC member the option to utilize locally produced, clean energy to help offset their carbon footprint without making any changes to their property.

Instead of installing and retaining ownership of their own solar energy system, members subscribe to the energy produced by the SunPath Community Solar panels. Participants are then credited monthly for the energy produced by the number of panels in their subscription, based on the cooperative’s published Solar Energy Credit at the time of billing.

Monthly and full-term subscriptions are available exclusively to Randolph EMC members on a first-come, first-served basis and members may subscribe to any number of available panels they wish. We invite you to learn more about SunPath Community Solar by visiting our website at www.RandolphEMC.com.

ecobee3 Smart Thermostat Pilot Program
In May of last year, Randolph EMC launched a “smart” thermostat pilot project with our statewide association designed to involve 120 member participants. For the pilot, these members purchased a half-price ecobee3 thermostat, which is Wi-Fi enabled so that it can be controlled remotely from a computer or smart phone. The pilot project utilized this wireless connectivity to send a signal to the thermostat to raise or lower the temperature a few degrees during times when demand for electricity is greatest and most expensive.

This project helped the cooperative evaluate the cost, technology and member benefits on a small scale before possibly launching a large-scale program. The pilot program will continue through May 2016.
Financial Report

What We Took In

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$62,015,461</td>
</tr>
<tr>
<td>Non-Operating Revenue</td>
<td>159,313</td>
</tr>
<tr>
<td>Capital Credits from Associated Organizations</td>
<td>1,069,568</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$63,244,342</strong></td>
</tr>
</tbody>
</table>

What We Paid Out

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased Power</td>
<td>$36,491,039</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>745,433</td>
</tr>
<tr>
<td>Depreciation of Plant and Equipment</td>
<td>5,228,226</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,244,270</td>
</tr>
<tr>
<td>Operation, Maintenance &amp; Other Expenses</td>
<td>13,869,983</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$59,578,951</strong></td>
</tr>
</tbody>
</table>

What We Had Left

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Margin for the Year (Patronage Capital)</td>
<td>$3,665,391</td>
</tr>
</tbody>
</table>

Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our plant is valued at</td>
<td>$128,211,113</td>
</tr>
<tr>
<td>We have other investments worth</td>
<td>$10,983,666</td>
</tr>
<tr>
<td>We have cash and temporary investments on hand in the amount of</td>
<td>$3,787,349</td>
</tr>
<tr>
<td>We have accounts and notes receivable amounting to</td>
<td>$6,087,876</td>
</tr>
<tr>
<td>We have prepayments and other assets amounting to</td>
<td>$7,157,100</td>
</tr>
<tr>
<td>Our materials and supplies are worth</td>
<td>$1,287,811</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$157,514,915</strong></td>
</tr>
</tbody>
</table>

Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>We owe debt on our plant of</td>
<td>$89,614,861</td>
</tr>
<tr>
<td>We have patronage capital and unallocated margins amounting to</td>
<td>54,005,663</td>
</tr>
<tr>
<td>We owe accounts payable amounting to</td>
<td>3,874,932</td>
</tr>
<tr>
<td>We are holding deposit fees amounting to</td>
<td>767,786</td>
</tr>
<tr>
<td>We have other current and accrued liabilities amounting to</td>
<td>6,490,012</td>
</tr>
<tr>
<td>We have deferred credits and other liabilities amounting to</td>
<td>2,761,661</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$157,514,915</strong></td>
</tr>
</tbody>
</table>

How Each Dollar is Spent

- Purchased Wholesale Power: 57.70¢
- Operation & Maintenance: 11.31¢
- Administrative: 7.05¢
- Interest Expense: 5.13¢
- Member Accounts: 3.56¢
- Taxes: 1.18¢
- Margins: 5.80¢
Power Trends

kWh Purchased

Average Monthly kWh Use Per Home

Annual Peak KW Demand

Number of Meters Served

Miles of Line

Meters Per Mile of Line

2015 Annual Report