



# **YOUR** Co-op **YOUR** Power

*Roanoke Electric Cooperative's 2010 Annual Report*



## **EXECUTIVE** Summary

***Roanoke Electric Cooperative is just an electric company, right? Wrong! YOUR cooperative is a local business powering YOUR local economy. As we reflect on the successes of 2010 in this report, we're ever so mindful to affirm the importance of the role YOU have in our success.***



*Allen Speller*

Allen Speller,  
Chairman

Roanoke Electric Cooperative is special because it is owned by you. We are not-for-profit, and we are guided by a set of principles that reflect the best interest for each of you. You share equally in the control of the cooperative. Therefore, you share equally in the success. While all seven of the principles that guide cooperatives are important, the third principle, Member's Economic Participation, ranks very high as one that specifically embodies the value of cooperative membership.

By being a member of Roanoke Electric Cooperative, you invest in the business to provide capital for a strong and efficient operation. All net savings (margins) left after bills are paid and money is set aside for operations and improvements are returned to you.

This is important because your cooperative is paying back \$750,000 to you in 2011. A portion of this money will be paid to retire all monies owed to members who had an account in 1980. The remainder will be paid to all members regardless of the year with a value determined by calculating the total amount owed to you individually compared to the total amount owed to all members.

We understand that today brings about difficult economic circumstances. If there is ever a time to acknowledge the value of capital credits, it's probably now. You can be on the lookout for a check in the mail from your cooperative very soon.

Capital Credits and member control make cooperatives very different from other forms of electric utilities. Roanoke Electric's power truly comes from the people; the cooperative is owned and governed by the people it serves. To sum it all up, this is your cooperative; therefore, you have the power.

We thank you for another year of service and hope that you'll enjoy reviewing the many accomplishments of your cooperative identified in this report.



*Curtis Wynn*

Curtis Wynn,  
President and CEO

# **WORK** Summary

***"Your Co-op – Your Power" is more than just a theme; it is a way of life for Roanoke Electric Cooperative. We want to take this time to celebrate you—the members. You have a vital role in the success of the organization. You have shown that by responding to our calls to be politically engaged and controlling energy costs through decreased consumption. We appreciate your efforts!***

## **Engineering, Operations, and Technical Services**

Strong operational performance is important to an electrical utility. Technology, efficiency and growth drive day-to-day operations in this department to provide operational excellence to our members. This includes handling outages quickly and efficiently, maintaining the cooperative's rights-of-way, and building infrastructure to meet the electrical needs of the membership.

In 2010, this department completed the remaining Construction Work Plan work that was scheduled for 2006 through 2009. The work consisted of replacing old deteriorated copper wire and adding additional phases to balance the loads. The project's completion resulted in improved system reliability.

Your cooperative uses a sophisticated engineering tool that allows us to operate more cost-effectively and efficiently by identifying potential system issues real time and serving you with a reliable system. We aggressively examine the outage restoration statistics to determine what changes are necessary to shorten dispatching and outage times.

The cooperative is phasing in work management software that connects a cross functional team of employees to each individual request for service thus limiting the need to route inquiries from one

department to another. This is proving to streamline workflow and improve efficiency – because when your employees are connected, they know more and they can do more.

Right-of-way maintenance is a priority for Roanoke Electric Cooperative. Our crew keeps trees trimmed and keeps brush or unwanted vegetation sprayed leaving a "clean-cut" appearance. A benefit of a good right-of-way maintenance program is improved power quality since tree growth and foliage are major causes of power outages.

A significant project started in 2010 is capturing and storing all geographically referenced data on the entire electrical system all the way to the meter on each individual member's home and business. This will be a multi-year project that will result in more accurate records on the assets we have on the system that we can map to via Global Positioning Systems (GPS). This will allow us to better plan for growth and expansion of the system, as well as to plan for contingencies during major outages. With the improved maps, we will be able to perform system analyses that will allow us to be more proactive to the electrical system's conditions.

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Visit [www.roanokeelectric.com](http://www.roanokeelectric.com)

### Member Services and Marketing

The driving goal of this department is “remarkable” customer service. We use the word remarkable literally; our goal is to provide service so good that people remark on it. We constantly strive to meet and exceed member expectations by delivering exceptional customer service. Providing members with up-to-date accurate information is part of our mission of providing good value and quality. From answering the phone to restoring electricity from a power outage, we are working together to keep your electric service affordable and reliable.

Roanoke Electric Cooperative is dedicated in our continued efforts of putting you, our members, first. Saving money by providing prepaid metering allows members a more convenient way of paying for electricity while managing energy consumption and maximizing efficiency.

Moving forward with the completion and implementation of the Strategic Communications Plan (SCP) was a highlight for the overall organization. This plan integrates the organization's programs, public education, services and advocacy efforts. By planning a long-term strategy, Roanoke Electric Cooperative will position itself to be more proactive and strategic to the existing environment. Implementing such a plan shows team work among the different departments and illustrates how we are working

together to achieve the cooperative's mission.

One benefit of our plan is the successful launch of a newly designed website. Visit [www.roanokeelectric.com](http://www.roanokeelectric.com) and let us know what you think. The site is much easier to navigate so you can access any portion of the site with minimal clicks. There is also a link to our newly launched Facebook page, which keeps you up-to-date with very useful and timely information provided by your co-op. Please “Like” our page by clicking on the Facebook image on our web site. Another neat feature you'll find on our site is a new Member Service Portal. This portal will grant more options to service your account on the Internet, such as setting alerts to know about profile changes, when payments are received, and when your due date is approaching. In the very near future, more information on daily and hour usage will be available on this portal. Finally, another great feature will be a real time link to Roanoke Electric's outage mapping system. This will give real time outage numbers on our system and the location of any current outages on our system.



### Community and Public Relations

REC recognizes the importance of education and economic development and we are committed to supporting our communities. In 2010, we further enhanced the company's existing community relations programs.

REC has assisted in granting more than \$50,000 to area youth and non-profit organizations through programs such as Operation RoundUp, Bright Ideas and The Roanoke Electric Scholarship. All-expense-paid trips for area youth to attend prestigious camps such as the Roy Williams and Kellie Harper Basketball camps were also provided along with an opportunity to attend an all-expense-paid Rural Electric Youth Tour and the Youth Leadership Conference.

REC continues to invest in the community via sponsorships and community and youth programs. The programs range from electric safety demonstrations to job-shadowing opportunities.



Board member from District 2 (right), Delores Amason, presents *Local Lights: America's Electric Cooperatives* to Robert Gregory, assistant librarian at the Scotland Neck Memorial Library. The cooperative has issued this book, which commemorates 75 years of existence for electric cooperatives in the United States, to all area libraries to include in their catalogs.

## **Roanoke Electric Subsidiaries**

### **The Roanoke Center**

[www.roanokecenter.org](http://www.roanokecenter.org)

The Roanoke Center is a community and business resource which promotes technology-based economic development in the five-county region comprised of Bertie, Gates, Halifax, Hertford and Northampton counties. The Roanoke Center markets its technology-based solutions statewide and nationally as a way to sustain its efforts financially and to create jobs locally.

This facility is housed at the former Roanoke Electric Cooperative Rich Square location. The public is encouraged to visit and learn about the many programs available at the Center.

### **The Buyer Supplier Network**

[www.whoswhosystem.com](http://www.whoswhosystem.com)

[www.rfqhosting.com](http://www.rfqhosting.com)

Buyer Supplier Networks (BSNs) are regionally focused economic development initiatives which connect buyers, i.e. corporations and public sector agencies with locally owned qualified and diverse suppliers. This concept, a key functional area of the Roanoke Center, is driven by two web based technologies – the Who's Who System and the RFQhosting system. The Who's Who system is a registry for businesses that affords them the opportunity to deliver products and services to larger buyers. The RFQhosting system is the component of Buyer Supplier Network that handles the bid management process for buyers. This is where the same registrants in the Who's Who System will present their quotes on requested products and services to prospective buyers.

### **Human Resources and Accounting Department**

The Human Resources and Accounting Department is a service-orientated team that supports a fair and equitable work environment as well as provide financial information to the CEO, Board of Directors and department heads to assist them toward solid financial decisions. The team provides expert consultation to REC and subsidiary employees, serves as a resource for the REC Board of Directors, and performs finance and accounting services for Roanoke Electric Cooperative and its affiliate organizations. Responsible for developing and carrying out programs involving personnel administration including recruitment and retention efforts, training, safety

and wellness programs, this department is committed to a holistic approach to excellence that includes maintaining a qualified and diverse workforce.

### **Training**

Being able to staff critical positions is important in any organization. That's why employee training is an ongoing process which Roanoke Electric takes seriously. Cooperative employees and directors take advantage of training and workshops sponsored by NCAEC, NRECA, local community colleges and other organizations.

The Human Resources staff has been cross-trained to handle benefits administration and payroll. Other employees are being cross-trained in accounting functions.

### **Health and Wellness**

REC has expanded their wellness program through the implementation and administration of the "Rewards for Life" program. This incentive tracking wellness program rewards employees for taking a more active role in their health. Employees received incentives for completing different wellness activities and programs. Health screenings are administered by ViQuest and are a required activity in the NRECA Wellness Program. Employees and directors received the yearly flu vaccination. The Cooperative also provides employees, directors, and spouses with the means to exercise at our on-site fitness center.

Because of the high participation rate the wellness program, REC will receive a discount on health premiums for the next year.

### **2010 Financial Reporting**

Roanoke Electric Cooperative's 2010 Combined Financial Audit was completed McNair, McLemore, Middlebrooks & Co., LLP. The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States.



*Lieutenant Governor Walter Dalton (center) and NC Senator Ed Jones (left) met with area officials at the REC office to discuss economic development incentives targeting northeastern North Carolina.*

# FINANCIAL Report

<b>Where The Money Came From:</b>	<b>Statistics of Operations:</b>	
	Fiscal Year ending December 31, 2010	
	<b>What We The Cooperative Collected:</b>	
	Total Electric Revenue	\$34,242,773
	Non-Operating Interest	\$501,251
	<b>Total Revenues:</b>	<b>\$34,744,024</b>

<b>How The Money Was Used</b>	<b>What The Cooperative Paid Out:</b>	
	Cost of Power	\$18,625,534
	Transmission Expense	\$0
	Distribution/Operating Expense	\$2,118,039
	Maintenance Expense	\$2,020,816
	Consumer Account Expense	\$1,334,755
	Customer Service and Information	\$406,870
	Administrative and General Expense	\$3,255,634
	Depreciation	\$2,411,294
	Taxes	\$1,108,990
	Interest on Long Term Debt	\$2,004,699
	Other Deductions	\$8,853
	<b>Total Expenses</b>	<b>\$33,295,484</b>
	Income (loss) from equity investments	(\$31,578)
<b>Total Margins</b>	<b>\$1,416,962</b>	

## Balance Sheet as of December 31, 2010

<b>What We Own</b>	<b>Assets (Membership Patronage Capital and other Equities)</b>	
	Electric Plant In Service, less depreciated	\$65,142,123
	Other Property and Investments	\$6,698,931
	Cash & Cash Investments	\$3,113,709
	Consumer and Accounts Receivable	\$5,405,122
	Materials and Supplies	\$835,038
	Other Assets	\$110,222
	Deferred Charges	\$74,664
	<b>Total Assets</b>	<b>\$81,379,809</b>

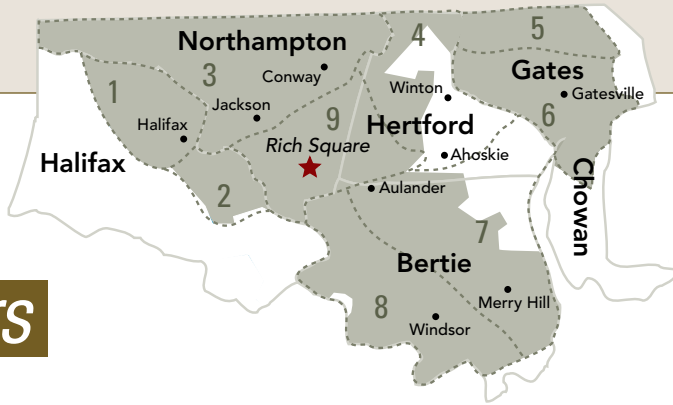
<b>What We Owe</b>	<b>Liabilities (What We Owe):</b>	
	<b>Membership Patronage</b> (Capital Credits and other Equities)	<b>\$26,450,911</b>
	Long Term Debt to REA, CFC and Others	\$41,088,784
	Accounts Payable	\$5,233,390
	Consumer Deposits	\$1,080,272
	Deferred Credits	\$643,188
	Other Liabilities	\$4,774,361
	Other Current & Accrued Liabilities	\$2,108,903
	<b>Total Liabilities</b>	<b>\$81,379,809</b>

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## How Your Dollar is Spent





# BOARD of Directors

*Our **MISSION** is to provide safe, reliable and affordable electricity while enhancing the quality of life in the diverse communities we serve.*



**District 1**  
Columbus Jeffers



**District 2**  
Delores Amason  
(secretary-treasurer)



**District 3**  
Carolyn Bradley



**District 4**  
Robert "Nat" Riddick  
(vice chairman)



**District 5**  
Ken Jernigan



**District 6**  
Millard Lee



**District 7**  
Darnell Lee



**District 8**  
Allen Speller  
(chairman)



**District 9**  
Chester Deloatch

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