

ANNUAL REPORT '08



Roanoke Electric Cooperative

Your Touchstone Energy® Cooperative 

Find A  
Balanced Solution 

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

# executive

## SUMMARY

### Still finding a balanced solution

As you may recall, last year's executive summary emphasized the importance of you connecting with Congress on the front end of the comprehensive energy debate—thus last year's theme, Our Energy, Our Future. Well, a year has passed and we are currently amidst one of the most pivotal times in the history of our nation. The proposed American Clean Energy and Security Act of 2009 has been a lightning rod for debate. While there is still a lot to discuss before passage, the projections indicate an increase in energy costs. We thank you for your previous responses to the calls to action. We've made some progress; however, there is still work to be done.

On the state level, Renewable Energy and Energy Efficiency Standards were enacted in the 2007 session of the North Carolina General Assembly. The cooperative began work to be in compliance in 2008. Your cooperative joined GreenCo Solutions, Inc. in June 2008. GreenCo Solutions is a not-for-profit company developed to help cooperatives with their compliance plan as well as develop energy efficiency and renewable programs. The cooperative will receive Renewable Energy Certificates by investing in energy efficient programs and renewable projects. This month, members will see a new line item on their bills labeled "Renewable Energy Charge." This fee offsets the cost associated with meeting the mandates of this legislation. The cost associated with the state legislation is significantly lower than cost projected from the federal bill. Fortunately, the impact of the state legislation was lessened through the efforts of the cooperative's non-profit affiliate, the Roanoke Construction Group.

While addressing these areas, we continue to stay committed to providing safe, reliable and affordable electricity, while enhancing the quality of life in the diverse communities we serve. In an effort to better serve you through our facilities, we broke ground on the new headquarters in 2008. The new facility, located in Ahoskie, will be one that should accommodate the changing needs of our membership. It should be completed approximately the latter part of October 2009. We look forward to our Rich Square site allowing us to expand some community development services offered through the Roanoke Center as well as serve as a payment center for Roanoke Electric.

Your cooperative also went through an Organizational Assessment in 2008 that began reaping immediate benefits and should continue on. We've invested in training in the areas of business improvement to ensure you are getting the best value for your investment in REC and strategically changed existing processes to ensure greater results. Also, safety is no longer a priority at REC, it is a culture. Your cooperative has always performed well in this area; however, we can't afford to sit back on our laurels. That momentum of raised safety awareness has carried over in 2009.

We prefaced this summary by conveying the importance of contacting legislators on the front end of the debate to reduce carbon emissions. Now we are amidst the debate. Pending legislation has implications leaning toward increased cost to produce power. Your cooperative needs you to be active in this debate. The challenge is still on to "Find A Balanced Solution." Please join the debate by visiting [www.findabalancedsolution.com](http://www.findabalancedsolution.com) and calling your legislator at 1-877-40-225-2623 (1-877-40BALANCE).



Curtis Wynn  
*Executive Vice President & CEO*



Allen Speller  
*President*



Curtis Wynn



Allen Speller

# work

## SUMMARY



CISNC focuses on supporting, strengthening and participating in public education so all students can reach their optimum potential. This workshop entitled "Mentoring Youth Training Workshops" was enjoyed by community leaders, mentors, faith-based leaders and teachers.

Roanoke Electric Cooperative (REC) remains committed to finding balanced solutions for the delivery of more efficient and effective services to its members. We're continually refining the organization so that we meet growing demand. REC is managing construction of a new headquarter building in Ahoskie. We've also implemented cost-saving measures through management-level training, moved toward profitability with our subsidiaries, and improved overall safety and recycling programs throughout REC.

### Human Resources

Nurturing internal relationships with REC employees and its Board of Directors are as important as the relationships we build with consumer-members. We have a unique role with our employees

and directors, providing personalized consultation and support, in medical and disability insurance, policymaking, wage and salary reviews, payroll activity, and recruitment. And to ensure our employees reach their full potential, REC provides training and employee development.

### HEALTH AND WELLNESS

We're continuing our effort to design programs that improve our employees' health. It's another way to manage costs. Our health and wellness program through NRECA offers REC the chance to earn discounts of up to 6 percent on medical and prescription drug rates. REC employees, directors and their spouses also have access to our on-site fitness center, which adds convenience to their daily routines.

Health screenings, cardiovascular

health, nutrition and diabetes education and weight management programs are also available to employees.

### TRAINING AND SEMINARS

As for safety, it comes first at REC. We take pride in our low rate of workplace injuries. We empower our employees to be proactive safety leaders, as part of REC's commitment to ongoing safety awareness and training. Our safety training includes office safety, defensive driving, back safety, hazard recognition, substation safety, first aid/CPR, and pole top rescue.

We have also facilitated seminars on Lean Six Sigma Techniques, managing money, balancing stress, customer service, drug/alcohol and conducting effective performance appraisals.

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# work

## SUMMARY *continued*

### EMPLOYEE RELATIONS

We make it easy for employees and directors to access important information through our Intranet Web site. With the click of a mouse, our staff can login and access valuable documents, such as withholding forms, personnel policies and job descriptions.

Roanoke Electric Cooperative employs 61 full-time employees and three part-time staff.

### Finance and Accounting

Our Finance and Accounting Department provides comprehensive and accurate financial information to the Chief Executive Officer, Board of Directors and department heads that assist with solid financial decision-making.

In 2008, we continued to strengthen our internal control procedures, reduced the number of year-end journal entries and closely monitored and tracked monthly expenses to budgeted amounts. We also completed the latest Combined Financial Audit Report, which was per-

formed by McNair, McLemore, Middlebrooks & Co., LLP.

REC was advanced an additional \$2 million in Rural Utility Service (RUS) loan funds. These funds were used to provide REC with additional funding to meet its financial obligations.

### Engineering, Operations and Technical Services

Constant advances in technology and other improvements in the energy business help us meet growing demand for electric service. It's our job to meet these demands with optimum skill and employee performance levels.

We operate and maintain 12 substations and 2,200 miles of line and procure and maintain REC's fleet, tractors and other equipment.

We sustain our co-op's electric distribution system, while accommodating existing and forecasted growth for our service territory, as part of the CWP. In addition, we continue to provide construction oversight of the new REC

headquarter facility slated for completion in October. Other departmental milestones include:

- Significant progress toward completing the 2006-2009 Construction Work Plan (CWP)
- 95 percent of construction is complete for the new headquarter facility. Construction will remain in progress until the completion date of October 2009.
- The final phase of Remote Terminal Unit (RTU) upgrades were completed with the replacement of circuit boards in four substations.
- Four of 12 substations received Automatic Meter Reading (AMR) upgrades.
- Six reclosure controls were replaced at the Windsor Substation.

### Member Services and Marketing

There are two areas of extreme importance to us—we continue to strive for member service excellence, and to have a direct connection with the whole community. We gain satisfaction in knowing that members have the most up-to-date information about REC and its services. We administer community, youth and marketing programs, and we coordinate the call center, billing, cash register, field collection and meter reading.

### MEMBER SERVICES

Our "Member Care" team continues to hit high marks in prompt and courteous service delivery to our members through new technology systems. In 2008, we were able to upgrade our interactive voice response system, which accepts payments 24 hours daily to be able to send broadcast messages to groups of members. It provides another layer of reminders for delinquent members and will be able to offer other communications, i.e., planned outages, meeting reminders, etc.



Roanoke Electric Cooperative provides local students with an opportunity to attend the all-expenses-paid Rural Electric Youth Tour to Washington, D.C..

In 2008, we successfully launched Kilowatcher, the cooperative's prepaid metering program. This serves as an alternative to connecting service with a higher security deposit. Other great features include being able to manage cost better due to monitoring daily usage more closely through in-home displays. The cooperative plans to offer the in-home displays for the purpose of monitoring usage in 2009.

The cooperative developed a comprehensive energy efficiency program that will ultimately enhance area homes to be more energy efficient. A network of area contractors are being trained to meet the cooperative's standard for home improvements. Our member service representatives continue to provide comparative energy usage for members, so they can identify key drivers in rising household costs.

Our staff continues to promote usage of the cooperative's Web site, [www.roanokeelectric.com](http://www.roanokeelectric.com). It is full of useful information on learning energy efficiency and communicating with the office.

### COMMUNITY AND PUBLIC RELATIONS

Our community holds the key to its prosperity. Some of the ways we expose our youth to the kinds of experiences that lead to great opportunities are through our sponsorships and programs. We celebrate and recognize the importance of education, community and economic development.

REC continues to fund programs such as Operation RoundUp, Bright Ideas and The Roanoke Electric Scholarship. Each year, several of our youth participate in an all-expenses-paid trip to the Roy Williams and Kay Yow Basketball camps, the Rural Electric Youth Tour to Washington, D.C., and the Youth Leadership Conference.

### KEY ACCOUNT AND GOVERNMENT RELATIONS

Constant changes and revisions in policies make what we do valuable to members in rural service territories like ours. It's our job to nurture relationships in our communities, and connect with local, state and national legislators. The cooperative has started a campaign to address pending legislation to address climate change. Members are still reminded to visit [www.findabalancedsolution.com](http://www.findabalancedsolution.com).

We maintain a schedule of visits with our largest consumers to ensure the tools are available to sustain their businesses. These key accounts receive a free, monthly online newsletter that offers cutting-edge business strategies. Other services for businesses are available at the Roanoke Center.

#### The Roanoke Center [www.roanokecenter.org](http://www.roanokecenter.org)

The Roanoke Center is a vital business and technology telecenter for the entire Northeast region in North Carolina, mainly serving businesses and residents in Bertie, Gates, Hertford, Northampton, and Perquimans counties. It continues to provide financial literacy, wealth-building, business counseling, available office space, computer, accounting and administrative services.

#### RFQ Hosting [www.rfqhosting.com](http://www.rfqhosting.com)

RFQ Hosting is an online procurement system that connects suppliers with new



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customers and buyers with quality products and services at competitive prices. It enables companies to purchase their products and services efficiently.

#### Who's Who System [www.whoswhosystem.com](http://www.whoswhosystem.com)

The Who's Who System enables businesses to promote their products and services and access to pre-qualified construction, commodity, and professional service vendors.

#### Roanoke Construction Group (RCG) [www.roanokeconstructiongroup.com](http://www.roanokeconstructiongroup.com)

RCG offers a number of training and business-related programs that prepares contractors for construction jobs. It was created to grow and support small and Historically Underutilized Businesses (HUB) that provide construction and construction-related services.



*Cooperative employees undertake training for safety and customer service.*

## Financial Summary 2008

### *Statistics of Operations*

Fiscal Year ending December 31, 2008

#### *What We The Cooperative Collected:*

Total Electric Revenue	\$32,069,061.00
Non-Operating Interest	\$316,117.00
<i>Total Revenues</i>	<i>\$32,385,178.00</i>

#### *What The Cooperative Paid Out:*

Cost of Power	\$17,174,858.00
Transmission Expense	\$0.00
Distribution/Operating Expense	\$1,441,998.00
Maintenance Expenses	\$1,784,243.00
Consumer Acct. Expense	\$1,010,863.00
Customer Service and Info.	\$261,549.00
Sales Expense	\$0.00
Admin. and Gen. Expense	\$2,716,036.00
Depreciation	\$2,117,175.00
Taxes	\$1,018,995.00
Interest on Long Term Debt	\$1,818,180.00
Other Deductions	\$8,436.00
Total Expenses	\$29,352,333.00
Income (loss) from equity investments	(\$119,335.00)
<i>Total Margins</i>	<i>\$2,913,510.00</i>

## Balance Sheet as of December 31, 2008

#### *Assets (Membership Patronage Capital and other Equities)*

Electric Plant In Service, less depreciated	\$54,960,130.00
Other Property and Investments	\$4,005,371.00
Cash & Cash Investments	\$1,633,387.00
Consumer and Acct. Receivable	\$5,434,147.00
Notes Receivable	\$224,600.00
Materials and Supplies	\$1,630,919.00
Other Assets	\$17,165.00
Deferred Charges	\$1,163,122.00
<i>Total Assets</i>	<i>\$69,068,841.00</i>

#### *Liabilities (What We Owe)*

Membership Patronage (Capital Credits and other Equities)	\$22,435,382.00
Long Term Debt to REA and CFC	\$35,264,286.00
Accounts Payable	\$3,228,367.00
Consumer Deposits	\$1,174,636.00
Deferred Credits	\$167,756.00
Other Liabilities	\$5,974,868.00
Other Current & Accrued Liabilities	\$823,546.00
<i>Total Liabilities</i>	<i>\$69,068,841.00</i>

## Financial Summary 2008

### Statement of Revenue

Operating Revenues	\$629,335.00
<b>Operating Expenses</b>	
Cost of Goods Sold	0
Customer Service and Information	0
Administrative and General	\$718,391.00
Taxes	0
Total	\$718,391.00
Operating Margins Before Interest Expense	(\$89,056.00)
Interest Expense	0
Operating Margins After Interest Expense	(\$89,056.00)
Net Margins	(\$89,056.00)

## Balance Sheet as of Dec. 31, 2008

### Assets

<i>Plant</i>	
Nonutility Plant in Service-At Cost	\$2,933.00
Gross Plant	\$2,933.00
Accumulated Provision for Depreciation	\$0.00
Dues from Affiliates	\$39,076.00
Total Utility Plant	\$42,009.00
Other Investments	\$0.00

### Current Assets

Cash and Cash Equivalents	\$163,767.00
Notes Receivable Current Portion Accounts	\$0.00
Receivables (Net)	\$124,652.00
Accrued Utility Revenues	\$0.00
Materials and Supplies	\$0.00
Other	\$0.00
Total Assets	\$288,419.00
Deferred Debits	\$0.00
Total Assets	\$330,428.00

### Equities and Liabilities

Donated Capital	\$0.00
Capital Stock	\$0.00
Retained Earnings	(\$1,080,700.00)
Long Term Debt	\$0.00

### Current Liabilities

Accounts Payables	\$5,903.00
Due to Roanoke EMC	\$1,392,631.00
Other	\$12,594.00
Total Liabilities	\$1,411,128.00
Deferred Credits	\$0.00
Total Equities and Liabilities	\$330,428.00

## Financial Summary 2008

### Statement of Revenue

Operating Revenues	\$175,912.00
<b>Operating Expenses</b>	
Cost of Goods Sold	\$122,492.00
Customer Service Expense and Information	\$26,649.00
Administrative and General	\$124,816.00
Taxes	\$0.00
Total	\$273,957.00
Operating Margins Before Interest Expense	(\$98,045.00)
Interest Expense	\$21,590.00
Operating Margins After Interest Expense	(\$119,635.00)
Nonoperating Revenue	\$300.00
Net Margins	(\$119,335.00)

## Balance Sheet as of Dec. 31, 2008

### Assets

<i>Plant</i>	
Nonutility Plant in Service-At Cost	\$1,018.00
Gross Plant	\$1,018.00
Accumulated Provision for Depreciation	\$0.00
Total Utility Plant	\$1,018.00
Other Investments	\$0.00

### Current Assets

Cash and Cash Equivalents	\$4,658.00
Notes Receivable-Current Portion	\$0.00
Accounts Receivable (Net)	\$114,341.00
Accrued Utility Revenues	\$0.00
Materials and Supplies	\$0.00
Other	\$146.00
Total Assets	\$119,145.00
Deferred Debits	\$0.00
Total Assets	\$120,163.00

### Equities and Liabilities

Donated Capital	\$540,000.00
Capital Stock	\$10,000.00
Retained Earnings	(\$3,418,952.00)
Long Term Debt	\$255,000.00
Total	(\$2,613,952.00)

### Current Liabilities

Mortgage Notes	\$70,000.00
NRUCFC Line-of-Credit	\$0.00
Accounts Payables	\$0.00
Due to Roanoke EMC	\$2,565,480.00
Due to Roanoke Economic Development, Inc.	\$25,477.00
Other	\$241.00
Deferred Credits	\$72,917.00
Total Liabilities	\$2,734,115.00
Total Equities and Liabilities	\$120,163.00

# board of directors

We represent your interests as a co-op member

The cooperative's board represents you in safeguarding your assets in the cooperative. The board consists of nine members who are also members of the cooperative and represent each of the co-op's directorate districts. Their responsibilities include determining objectives and setting policies, adopting long-range plans and employing a CEO who oversees daily operations. The board meets monthly to help set guidelines for management decisions. You, as a co-op member, have a responsibility to select and evaluate directors and participate in co-op affairs.

*Standing: Allen Speller, District 8 (Board President); Curtis Wynn, Executive Vice President & CEO; Ken Jernigan, District 5; Millard Lee, District 6; Darnell Lee, District 7; Robert "Nat" Riddick, District 4 (Vice President)*

*Seated: Johnnie P. Garner, District 1 (Assistant Secretary-Treasurer); Everette Winslow, REC's General Counsel; Carolyn Bradley, District 3; Delores Amason, District 2 (Secretary-Treasurer); and Chester Deloatch, District 9*

