

Wake Electric

2014 ANNUAL REPORT

Innovations and ideas
lighting your world
for 75 years



75 YEARS IN REVIEW: Progress and Accomplishments



This year, as we review Wake Electric's accomplishments in 2014, we also are celebrating our 75th anniversary. In all of this time, as technology has evolved and ideas have grown, we have evolved and grown to better serve you, the member. Take a look.

Jim Mangum, CEO

Roy Ed Jones, Board President

1 Feb. 1940
E.T. Kearns, Jr., an agriculture teacher at Wake Forest High School, calls a meeting of 40 Wake Forest farmers interested in getting electricity.

2 Feb. 1940
First applications for Wake Electric membership are signed by 317 farmers in Wake, Franklin, Durham, Granville and Vance counties.

10 1983
Wake Electric begins offering members free energy audits to help conserve energy and make their homes more energy efficient.

9 1982—Wake Electric begins installing load management switches on members' water heaters and central air conditioners to control power costs and help members save money. Wake Electric paid \$44 a year to participating members who had both.

11 1987
Co-op meter readers began reading meters with handheld devices.

12 1988
The Board designated the Fred M. Alford Memorial Scholarship in Mr. Alford's honor. He died on January 28, 1988, while on duty.

13 1988—Raleigh tornado touches down on Nov. 28 in Umstead State Park and destroyed nearly 2,500 residences and entire shopping centers. It moved into Wake Electric's territory in northern Wake County and through Franklin County, killing four people and wiping out large parts of the co-op's electric system.

22 2007—The NC General Assembly passes Renewable Energy and Energy Efficiency Portfolio Standards (REPS), requiring 10 percent of energy sold by electric cooperatives be created through renewable energy resources by 2018.

21 1997—Wake Electric launches its first website for members.

20 1996
The co-op sets up its first Internet connections and email service in its offices.

23 2012
Wake Electric begins replacing area lights with LED lighting.

24 April 2013
The co-op begins offering PrePay for members.

25 Feb. 2015
New downtown Wake Forest building opens on 100 S. Franklin Street.

3 **March 1941**
First power lines are energized on March 22.

4 **April 1950**
Headquarters building is constructed in downtown Wake Forest.

5 **Oct. 1954**
Hurricane Hazel: massive destruction of electric system

8 **1968**
Wake Electric begins automatic data processing for billing and accounting.

7 **March 1966**
25th Anniversary—Annual Meeting

6 **1960**
Half of Wake Electric's 4,376 members did not have running water and 96 percent did not have air conditioning.

14 **March 1991**
50th Anniversary—Annual Meeting

15 **Oct. 1994**
Wake Electric offers Bright Ideas teacher grants.

16 **1995**—The co-op announces plans for Operation RoundUp, a voluntary program which allows members to round up their electric bill to the next dollar amount. These funds are used for scholarships and grants to non-profit organizations.

19 **1996**
A new Interactive Customer Service System allows members to get account information and report outages using their touch-tone telephones.

18 **Sept. 1996**
Hurricane Fran causes widespread damage in Wake Electric's service territory.

17 **Aug. 1996**—Co-op begins accepting credit card payments.

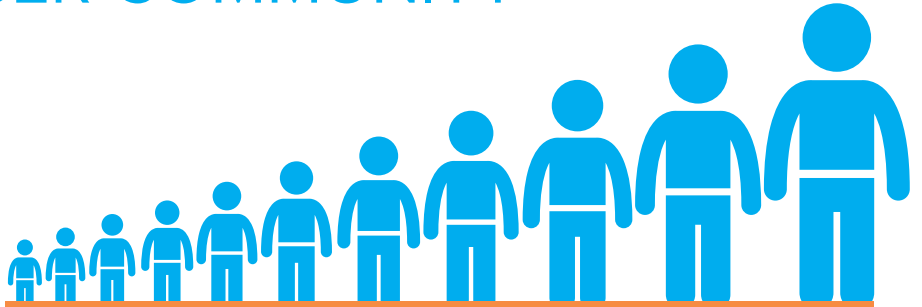


➤ OUR MEMBER COMMUNITY



SmartHub accounts

Approximately 50% of members have an account



PowerUp w/PrePay

increased by **400 members** in 2014 to more than **1,100** at end of year



LED area lights

Completed more than 6,600 exchanges of yard lights in 2014 (project began in 2012)



Created PayNow

A quick pay online service

\$24,000



in scholarships and youth programs to local students

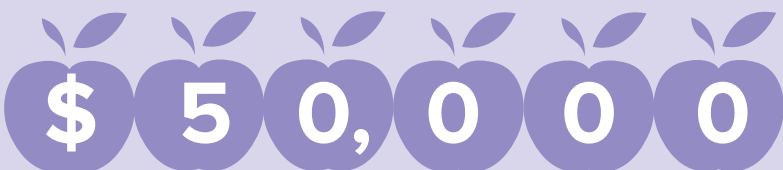


Flexible bill cycle

An offering for new residential connects (more than 100/month)



2 area students sent to **Touchstone Energy Sports Camps**



Gave out \$50,000 in Bright Ideas grants to teachers



\$10,000

in Wake Electric and employee contributions to United Way



Approx. \$1,000,000
in general retirement
Capital Credits



“Give us an A”
\$25 Visa gift cards
to 120 students



Close to
\$1 million
USDA loan to Youngsville
Fire Department to
purchase new truck



More than \$23,000
in Operation
RoundUp grants



\$20,000
in Classroom Technology
grants to teachers



Call Volume

Took over **100,000 calls**
for the year with
an abandon rate of 1%

Wake Electric Foundation Report for 2014

BEGINNING BALANCE 1/1/2014	\$201,000
Contributions Received	143,546
Bank Fees	(116)
Total Funds Available	\$344,430

COMMUNITY GRANTS

Wake County Smart Start	Prevent Blindness NC
Corinth Volunteer Fire Dept	A Blessing, Inc.
Shepherd Youth Ranch	Alice Aycock Poe Center
Special Olympics North Carolina	Autism Society of NC
Bridges of Hope Outreach Ministry	Granville County Extension Volunteer Association
Care & Share of Franklin Co.	Assistance League of Triangle Area
Friends of Franklin Co. Cancer Center	Meals on Wheels of Wake County
Genesis Outreach, Inc.	Safe Space, Inc.
Hospice of Wake County	Seby B. Jones Performing Arts
Make a Wish of Eastern NC	

COMMUNITY GRANTS TOTAL **\$(23,410)**

EDUCATIONAL

Bright Ideas Teacher Grants	(53,558)
Classroom Technology Grants	(20,473)
2014 Rural Electric Youth Tour	(6,200)
Wake Electric Scholarships	(23,750)
Give Us An “A”	(3,160)

EDUCATIONAL GRANTS TOTAL **\$(107,141)**

MEMBER ASSISTANCE **(16,600)**

ENDING BALANCE 12/31/14 **\$197,279**

For more information on Operation RoundUp, visit www.wemc.com.

➤ PUTTING IDEAS INTO ACTION IN 2014






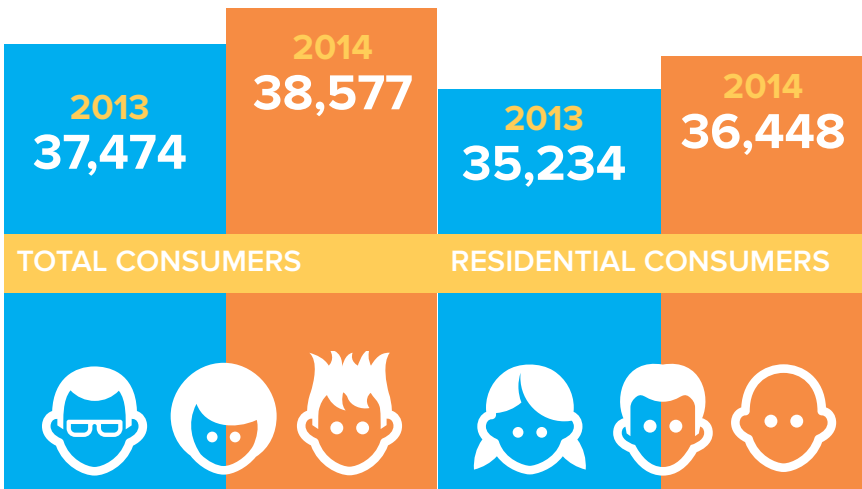
Our Work in the Field

In 2014 we added:

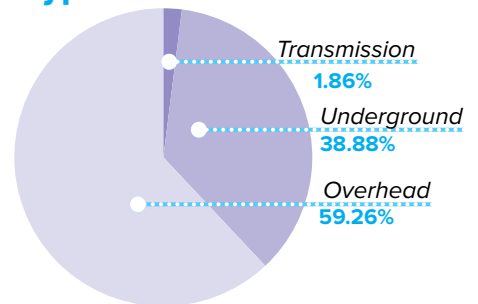
- 13 overhead services
- 1232 underground services
- 515 area lights
- 37 miles of underground

Total miles of line

	Transmission	
	2014	58
	2013	58
	Overhead	
	2014	1,849
	2013	1,851
	Underground	
	2014	1,213
	2013	1,176
	Total	
	2014	3,120
	2013	3,085



Type of line used



Our Members

RESIDENTIAL KWH SALES (EXCLUDING SEASONAL)

510,874,182 in 2013

542,407,382 in 2014

TOTAL KWH SALES

674,268,845 in 2013

710,504,419 in 2014

AVERAGE MONTHLY KWH/RESIDENTIAL MEMBER

1,228 in 2013

1,259 in 2014

FINANCIALS

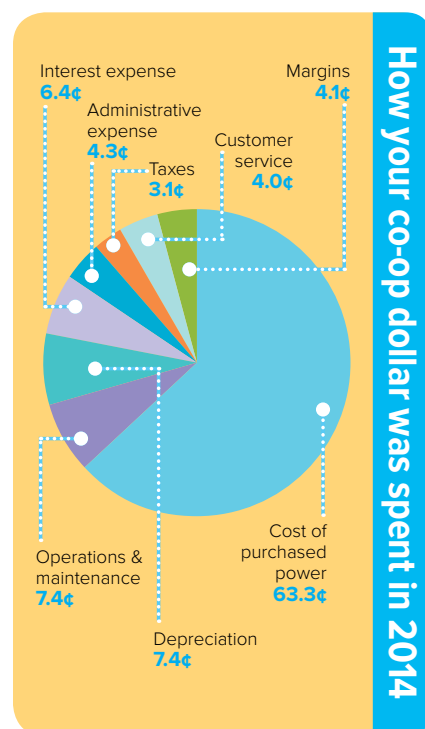
CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31	2014	2013
ASSETS		
Utility plant		
Property, plant, & equipment	\$207,860,292	\$200,676,092
Less: accumulated depreciation	(49,112,109)	(45,136,957)
Net plant	158,748,183	155,539,135
Construction work in progress	11,893,634	4,157,848
TOTAL NET UTILITY PLANT	170,641,817	159,696,983
OTHER ASSETS		
Investments in associated organizations	13,115,755	18,007,097
Economic development project investments	1,055,943	396,000
Other investments	1,810,879	1,810,879
Nonutility property	1,513,945	1,496,277
TOTAL OTHER ASSETS	17,496,522	21,710,253
CURRENT ASSETS & DEFERRED CHARGES		
Cash & cash receivables	387,998	422,775
Accounts receivable	9,906,613	10,264,478
Other current assets	3,839,148	3,151,146
Deferred charges	977,443	1,074,140
TOTAL CURRENT ASSETS & DEFERRED CHARGES	15,111,202	14,912,539
TOTAL ASSETS	\$203,249,541	\$196,319,775
Equities & liabilities		
Equities		
Membership fees	\$169,750	\$163,750
Patronage capital	59,909,788	55,986,607
Other equities	4,455,109	4,345,749
TOTAL EQUITIES	64,534,647	60,496,106
TOTAL LONG-TERM DEBT	112,096,585	112,621,774
CURRENT LIABILITIES		
Current portion of long-term debt	1,072,000	941,000
Operating line of credit	12,416,596	9,226,189
Accounts payable & deferred credits	9,943,353	9,594,070
Other accrued liabilities	1,566,384	1,921,603
Consumer deposits	1,619,976	1,519,033
TOTAL CURRENT LIABILITIES	26,618,309	23,201,895
TOTAL EQUITIES & LIABILITIES	\$203,249,541	\$196,319,775

We began 2014 amidst strong growth. As a result, we were able to invest in updating our system, new technology, and new services—all to ensure the affordable, reliable power and great service our members have come to expect.

CONSOLIDATED STATEMENT OF OPERATIONS

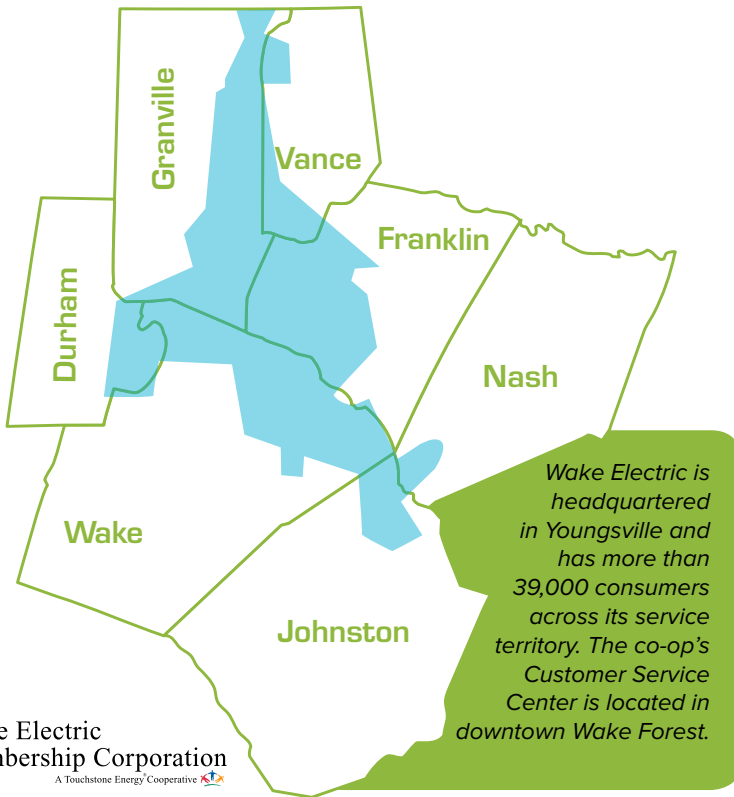
AS OF DECEMBER 31	2014	2013
OPERATING REVENUE	\$82,304,689	\$80,505,145
OPERATING EXPENSES		
Cost of purchased power	52,095,080	49,835,654
Operations & maintenance	6,114,759	5,946,529
Consumer accounting	2,779,231	2,591,990
Consumer service & information	480,423	453,282
Administrative & general	3,629,627	3,650,257
Depreciation	6,058,199	5,763,856
Taxes	2,515,984	3,561,940
TOTAL OPERATING EXPENSE	73,673,303	71,803,508
OTHER INCOME/EXPENSES		
Interest expense on debt	(5,293,908)	(5,620,516)
Patronage capital from other cooperatives	1,750,903	1,788,513
Other income/(expenses)	72,427	235,494
TOTAL OTHER INCOME/EXPENSES	(3,470,578)	(3,596,509)
NET MARGINS	\$5,160,808	\$5,105,128



Wake EMC's financial records were audited by McNair, McLemore, Middlebrooks & Co., LLP, of Macon, Georgia. The reports for the fiscal years ending December 31, 2014 and 2013 are available for review at the Cooperative's facility in Wake Forest, N.C.

OUR BOARD OF DIRECTORS

Wake Electric is overseen by a talented and engaged board. Our board governs all major co-op decisions and offers input and guidance for organizational decisions.



P.O. Box 1229, Wake Forest, NC 27588 • 919.863.6300 • 800.474.6300 • www.wemc.com

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Wake Forest

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