

Wake ElectriConnection

For members of Wake Electric Membership Corporation



"The power to make a difference"

DECEMBER 2014

Cory Lawrence, serviceman, places 8th in Statewide Pole Top Rescue Competition

In October, Cory Lawrence, a Wake Electric serviceman, participated in the Pole Top Rescue Competition for North Carolina's electric cooperatives. This year's competition featured two categories based on the type of fall restraints used by the competitors. One group secured themselves in the traditional way with a lifeline and life hook, while the other group used personal fall restraints that protect from falls during the ascent and descent. Lawrence took home the 8th prize in the personal fall protection category.

Lawrence is a frequent participant in the biennial Pole Top Rescue Competition. He has worked at Wake Electric for 14 years. He and his wife, Dana, live in Youngsville with their daughters, Grace Ann and Carly.

More than 600 of North Carolina's electric cooperative line workers began the year competing for the 2014 title. Winners of local cooperative and regional competitions advanced to the state championship, and a total of 24 people, including Lawrence, competed in October.

In the Pole Top Rescue scenario, line workers place an emergency radio call, don climbing gear, scale 20 feet up a utility pole, rig a rope, lower a 105-pound mannequin and begin CPR. These actions in the Pole Top Rescue Competition are the same ones all North Carolina electric cooperative line workers must perform in less than five minutes in order to maintain their certification to work on co-op lines.



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Cory Lawrence, serviceman, has worked for Wake Electric for 14 years. He is a frequent participant in N.C.'s electric cooperatives' annual Pole Top Rescue Competitions.

Happy Holidays!

Wake Electric offices are closed for the holidays on Wednesday, Dec. 24, Thursday, Dec. 25, and Thursday, Jan. 1. For emergencies, call 800.474.6300 or 919.863.6300.



YOU get the credit

Wake Electric retires more than \$1 million to members this month

It's time for you to get the credit—capital credits that is—or helping build, sustain, and grow your local electric cooperative. In mid-December, Wake Electric will retire \$1 million to its members.

When you signed up to receive electric service from Wake Electric, you became a member of an electric cooperative. While investor-owned utilities like Duke Energy return a portion of any profits back to their shareholders, electric co-ops operate on an at-cost basis. So instead of returning leftover funds, known as margins, to folks who might not live in the same region or even the same state as you do, Wake Electric allocates and periodically retires capital credits to its members, based on how much electricity you purchased during a year. Your co-op has consistently paid general retirements since 1995, our 20th consecutive year.

This year, patronage capital earned in the year 1989 will be fully retired, as will a small portion of the patronage capital earned from 1990 through 2013. Capital credits earned prior to 1989 have already been fully retired.

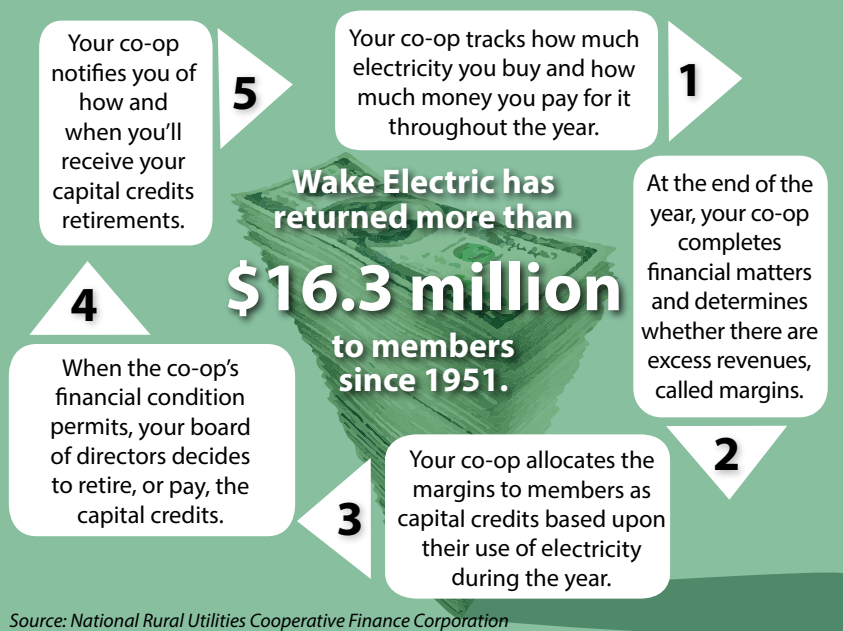
If your patronage capital

retirement equals or exceeds our minimum check amount of \$15 then you will receive your capital credit retirement through a check in the mail, reflecting your contribution of capital to, and ownership of, the cooperative during those years. That

span of time may seem like a long time ago. However, those funds helped us keep the lid on rates and reduced the amount of money we needed to borrow from outside lenders to build and expand a reliable electric distribution system.

How Do Capital Credits Work?

Because electric co-ops operate at cost, any excess revenues, called margins, are returned to members in the form of capital credits.



COMMON CAPITAL CREDITS QUESTIONS

WHAT ARE CAPITAL CREDITS?

An electric cooperative operates on an at-cost basis by annually “allocating” to each member, based upon the member’s purchase of electricity, net margins remaining at the end of the year; later, as financial condition permits, these allocated amounts—capital credits—are retired. Capital credits reflect each member’s ownership in, and contribution of capital to, the cooperative. This differs from dividends investor-owned utilities like Duke Energy pay shareholders, who may or may not be customers of the utility.

WHERE DOES THE MONEY COME FROM?

Member-owned, not-for-profit electric co-ops set rates to generate enough money to pay operating costs, make payments on any loans, and provide an emergency reserve. At the end of each year, we subtract expenses from the revenue collected during the year, resulting in net margins.

HOW ARE NET MARGINS ALLOCATED?

Net margins are allocated to members as capital credits based on their purchases from the cooperative—how much power the member used. Member purchases may also be called patronage.

DOES DUKE POWER OR YOUR LOCAL MUNICIPALITY RETIRE CAPITAL CREDITS?

No. Within the electric industry, capital credits only exist at not-for-profit electric cooperatives owned by their members.

ARE CAPITAL CREDITS RETIRED EVERY YEAR?

Each year, the Wake Electric Board of Directors makes a decision on whether to retire capital credits

based on the financial health of the cooperative. During some years, the co-op may experience high growth in the number of new accounts, or severe storms may result in the need to spend additional funds to repair lines. These and other events might increase costs or plant investment, causing the board not to retire capital credits. For this reason, Wake Electric’s ability to retire capital credits reflects the cooperative’s strength and financial stability. The board alone decides whether to retire capital credits.

DO I LOSE MY CAPITAL CREDITS IN THE YEARS THE CO-OP DECIDES NOT TO MAKE RETIREMENTS?

No. All capital credits are allocated for every year members have been served by Wake Electric and are maintained until such time as the board retires them. Prior to this year’s retirement, Wake Electric retired all capital credits from 1940 to 1988.

WHAT YEARS WILL BE RETIRED IN DECEMBER 2014?

Wake Electric will be retiring all of the remaining capital credits to members who purchased electricity from the cooperative in 1989 and a portion of the capital credits from 1990 through 2013.

HOW MUCH WILL BE RETIRED IN TOTAL IN 2014?

Approximately \$1 million will be retired as a general retirement, plus the capital credits of deceased members.

I DID NOT GET ELECTRIC SERVICE FROM WAKE ELECTRIC FROM 1989 TO 2013. WILL I GET ANY RETIREMENT?

No. This year, capital credit retirements will only be made to members who purchased electricity from 1989 through 2013.

HOW OFTEN DO MEMBERS RECEIVE CAPITAL CREDIT RETIREMENTS?

The Wake Electric Board of Directors

makes a decision each year by late October whether or not to retire capital credits. When the cooperative is strong enough financially and member equity levels are high enough, the board directs staff to retire some portion of past years’ capital credits.

HOW WILL THE RETIREMENT WORK FOR INACTIVE OR FORMER MEMBERS?

Inactive or former members who no longer purchase electricity from Wake Electric (but who purchased electricity during the years being retired) will receive a check in mid-December. Due to the expense involved in processing printed checks, the minimum retirement check that will be written to current, inactive, and former members will be \$15. Active members who are getting less than \$15 see the retirement added to future capital credit retirements and a check will be issued at that time once the minimum check amount is met or exceeded.

WHAT IF I HAVE MOVED?

If you move or no longer have electric service with Wake Electric, it is important that you inform the cooperative of your current address, so that future retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credit retirement, even if you move out of the Wake Electric service area. If the co-op has your current address, then Wake Electric will send your retirement check by mail.

Did You Know?

Electric cooperatives have retired \$12 billion to members since 1988—\$814 million in 2013 alone. Because electric co-ops operate at cost, any excess revenues, called margins, are allocated and retired to members in the form of capital credits.

2014 Classroom Technology Grant Winners

Nine teachers in Johnston and Wake counties were awarded Classroom Technology grants. The total amount of grant monies awarded was \$20,473. These grants for one piece of technology are awarded annually by Wake Electric. From iPads to software, teachers will be able to guide their students in new and creative ways. Public school and community college teachers in the seven counties served by the co-op, which are Durham, Franklin, Granville, Johnston, Nash, Vance, and Wake counties, are eligible to apply.

Since the program's inception in 2005, close to \$210,000 in technology grants have been awarded throughout the counties served by Wake Electric.

CLASSROOM TECHNOLOGY GRANT WINNERS FOR 2014

Shannon Pawlak	Riverwood Elementary	Johnston
Donna Hawkins	Smithfield Middle	Johnston
Heather Futrell	East Wake Academy	Wake
JoEllen Holder	Smithfield-Selma High	Johnston
Patricia Kilmer	Panther Creek High	Wake
Joann Blumenfeld	Dillard Drive Middle	Wake
Samantha Ainsworth	Poe Magnet	Wake
Michele Lee	David Drive Middle	Wake
Lisa Williams	Knightdale Elementary	Wake

MAC meetings provide insight into issues impacting your co-op

Ever wonder how the economy and current politics affect electricity costs?

Why natural gas has become such an important natural resource in energy production?

What is the future of coal in producing electricity?

Wake Electric members are invited to explore these topics and more by attending annual Member Advisory Committee (MAC) meetings. This past October, more than 180 members joined Jim Mangum, general manager and CEO of Wake Electric, to discuss trends and issues affecting the energy industry today, including proposed Environmental Protection Agency (EPA) regulation of carbon dioxide emissions.



Elvin and Nell Hart of Kittrell are long-time members of Wake Electric, and have been attending MAC meetings for many years.

In addition to serving up delicious down-home Southern cooking, the meeting included several drawings for \$25 credits on members' electric bills. The next round of MAC meetings will be in February 2015, so stay tuned for details in January's *ElectriConnection* or visit www.wemc.com/MACmeetingsandcommunity.aspx. New MAC members are always welcome!

Wake ElectriConnection

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P.O. Box 1229, 414 East Wait Avenue,
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