You aren’t just a customer of an electric utility. You are a member of a cooperative.

Affordable & reliable electricity
Infrastructure & industry
Community partnerships
Quality education
Innovation
Local prosperity
Economic growth
Strong local institutions
Support of those we serve

Look inside to find out how Wake Electric provided and worked for your community in 2016.
The Cooperative Difference

As a Wake Electric member, you are part of an association of people united to meet the common aspirations and economic, social and cultural needs of the local community. The ultimate goal of that association for Wake Electric employees is to provide you with affordable and reliable power.

New technology allows us to provide that power to you in more efficient and environmentally friendly ways than ever before. Though it is easy to take the 24/7 availability of power for granted, your electric co-op does not. We are ever cognizant of the economic and societal benefits provided by affordable electricity.

And while electric utility industry operations are undergoing unprecedented technology and regulatory change, this focus never changes, never wavers: To provide you with reliable, economically competitive and environmentally sustainable electric service. Please, take the time to look through this report to discover the many ways we demonstrated cooperative values in 2016.

Cooperative Principles

As nonprofit businesses driven by values, cooperatives share internationally agreed-upon principles and act together to build a better world through cooperation. Here are the guidelines by which cooperatives put their values into practice.

1. VOLUNTARY AND OPEN MEMBERSHIP
   Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. DEMOCRATIC MEMBER CONTROL
   Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In cooperatives, members have equal voting rights (one member, one vote).

3. MEMBER ECONOMIC PARTICIPATION
   Members contribute equitably to, and democratically control, the capital of their cooperative. A cooperative does not earn profits. Instead, any margins, or revenues, remaining after all expenses have been paid, are returned to the members in the form of capital credits.
In Memoriam

The Wake Electric family is saddened by the passing of two board members in 2016. Both served their members with dedication and passion for many decades. Wake Electric will miss the thoughtful and inspired support of both men.

Newman “Bill” I. Bailey, 81, of Wake Forest, passed away on July 21, 2016. Bill and his wife, Suzanne, were members of the Woodland Baptist Church. He was a charter member of the Stony Hill Rural Fire Department in 1958 where he served for more than 35 years. He served as Fire Chief from 1975 to 1980 and was instrumental in adding a second fire station on New Light Road in 1997.

Mr. Bailey initially served on the Wake Electric Board of Directors from 1978 until 1989 and then again from 1997 until 2016. He was designated as a Credentialed Cooperative Director by the National Rural Electric Cooperative Association in 1998 and further recognized with the Board Leadership Certificate in 2002.

James Howard Conyers, 87, passed away November 26, 2016. Mr. Conyers was a retired district director for crop insurance with the USDA. He felt extremely honored that his farm, located in the Pocomoke community in western Franklin County, was listed as a Century Family Farm in North Carolina. He and his wife, Lorena, were long-time members of Popes Chapel Christian Church.

Mr. Conyers gave more than 42 years of dedicated service to the members of Wake Electric serving on the board from 1974 until 2016. In April 2015, Mr. Conyers was presented with a 40-year service award by the N.C. Association of Electric Cooperatives. NCAEC is the trade association for 26 electric cooperatives in N.C., including Wake Electric. He was designated as a Credentialed Cooperative Director in 2000 and recognized with the Board Leadership Certificate in 2003.

4. AUTONOMY AND INDEPENDENCE
Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. EDUCATION, TRAINING AND INFORMATION
Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

6. COOPERATION AMONG COOPERATIVES
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. CONCERN FOR COMMUNITY
Cooperatives work for the sustainable development of their communities through policies approved by their members.
Serving Our Members
Community - Sustainability - Technology

Here at Wake Electric, we strive to provide more than affordable and reliable power to our members. We also use the latest technology to give our members more options and ensure fast and efficient service. We also give back to those communities we serve in numerous ways.

$10,000 in Wake Electric & employee contributions to United Way

PowerUp with PrePay
More than 1,600 MEMBERS in 2016 chose the ease of pre-paying for power. There is no deposit required and members purchase power when convenient.

Wake Electric provided public access to 3 electric vehicle charging stations at the Youngsville and Wake Forest offices. We also added 2 stations at the Triangle North Executive Airport in Louisburg.

Launched a Time of Use pilot program—Members saved up to 25% on electric rates.

Returned approximately $1.4 million in Capital Credits to members

Offered a special electric vehicle rate to our growing numbers of EV drivers

Sent 2 students to Touchstone Energy Sports Camps at NCSU and UNC-Chapel Hill

Gave $35,096 in Operation RoundUp grants to local non-profits

Gave $29,625 in scholarships to local students
WE Care Recap for 2016

BEGINNING BALANCE 1/1/2016
Contributions Received 146,224
Bank Fees/Check Reorder (47)
Interest Earned 282
Total Funds Available $350,900

COMMUNITY GRANTS
Dillard Drive Middle School
Granville County Search & Rescue
Special Olympics of NC
American Red Cross
Prevent Blindness NC
Alice Aycock Poe Center
Autism Society of NC
Bunn Fire Department
Care & Share of Franklin County
Franklin County 4H
Meals on Wheels-Wake County
Remnant Community Dev.
Safe Space, Inc.
Seby Jones Performing Arts
Zebulon Gifted & Talented Magnet Middle
Franklinton High School
Neuse Charter School
Brassfield Road Elementary
East Wake Academy
Wilson’s Mills Elementary School
Rolesville High Shool
Southern School of Energy & Sustainability

COMMUNITY GRANTS TOTAL $(35,096)

EDUCATIONAL
Bright Ideas Teacher Grants (50,506)
Classroom Technology Grants (19,270)
2016 Rural Electric Youth Tour (3,300)
Wake Electric Scholarships (29,625)
Give Us An “A” (3,248)

EDUCATIONAL GRANTS TOTAL $(105,948)

MEMBER ASSISTANCE (15,000)

ENDING BALANCE 12/31/16 $194,856

Gave $70,000 in grants to area teachers

3 members installed residential SOLAR PANELS, bringing the total to 64

Granted a $225,000 REDLG loan to the Creedmoor VFD for the purchase of a fire truck

Close to 50% of Wake Electric members use SmartHub, our online service.

New technology has decreased call volume from 100,000 in 2015 to 81,000 in 2016

Co-ops care about the communities they serve.
In the Field

Technology is changing the way Wake Electric operates, making us faster, more efficient and even more reliable than before. Our objective is not to maximize rate of return but to minimize costs to the members. In 2016, some of our innovations included:

- Upgrading over 6,000 residential and commercial street lights to LED.
- Employing new technology in the field, which allowed us to maintain over 250 miles of right-of-way through integrated vegetation management (twice the miles completed in any previous year.)
- Continuing to add devices in the field that communicate across the system to help us pinpoint problems faster and safer than ever before.
- Upgrading two high voltage substations in the Butner and Creedmoor areas with sectionalizing equipment that can reduce the miles of line affected by a transmission outage by up to 75%.
- Saving hundreds of thousands of dollars through conservation voltage reduction (CVR) in all substations.
- Upgrading existing GPS vehicle locating system with new technology in all company vehicles for increased safety and more efficient work scheduling.
- Providing mobile tools that allow linemen to have full visibility of the system in real time to make operations and daily work faster and safer.
- Upgrading over 6,000 residential and commercial street lights to LED.
- Employing new technology in the field, which allowed us to maintain over 250 miles of right-of-way through integrated vegetation management (twice the miles completed in any previous year.)
- Continuing to add devices in the field that communicate across the system to help us pinpoint problems faster and safer than ever before.

Our Consumers

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Consumers</th>
<th>Residential Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40,183</td>
<td>37,859</td>
</tr>
<tr>
<td>2016</td>
<td>41,935</td>
<td>39,562</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential KWh Sales</th>
<th>Total KWh Sales</th>
<th>Average Monthly Kwh/Residential Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>558,155,419</td>
<td>727,706,139</td>
<td>1,250</td>
</tr>
<tr>
<td>2016</td>
<td>565,464,741</td>
<td>732,471,000</td>
<td>1,215</td>
</tr>
</tbody>
</table>

In 2016 we added:

- 25 overhead services
- 1,756 underground services
- 60.8 miles of underground line
- 3 solar installations

Total miles of line

<table>
<thead>
<tr>
<th>Year</th>
<th>Transmission</th>
<th>Overhead</th>
<th>Underground</th>
<th>Total Miles Energized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>58</td>
<td>1,851</td>
<td>1,255</td>
<td>3,164</td>
</tr>
<tr>
<td>2016</td>
<td>58</td>
<td>1,850</td>
<td>1,315</td>
<td>3,223</td>
</tr>
</tbody>
</table>
The Financials

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31 2016 2015

ASSETS

Utility plant
Property, plant, & equipment $233,881,588 $224,240,538
Less: accumulated depreciation (55,828,364) (53,042,844)
Net plant 178,053,224 171,197,694
Construction work in progress 3,832,545 4,299,924
TOTAL NET UTILITY PLANT $181,885,769 $175,497,618

OTHER ASSETS
Investments in associated organizations 16,643,638 14,838,564
Economic development project investments 1,518,172 1,531,951
Other investments 1,810,879 1,810,879
Nonutility property 1,510,472 1,515,576
TOTAL OTHER ASSETS $21,483,161 $19,696,970

CURRENT ASSETS & DEFERRED CHARGES
Cash & cash receivables 516,799 428,016
Accounts receivable, net 9,544,003 9,484,937
Other current assets 4,566,471 4,807,313
Deferred charges 757,296 875,452
TOTAL CURRENT ASSETS & DEFERRED CHARGES $15,384,569 $15,595,718

TOTAL ASSETS $218,753,499 $210,790,306

EQUITIES & LIABILITIES
Equities
Membership fees $183,995 $176,275
Patronage capital 70,416,351 65,495,948
Other equities 4,780,688 4,597,372
TOTAL EQUITIES $75,381,034 $70,269,595

TOTAL LONG-TERM DEBT $117,206,465 $118,854,469

CURRENT LIABILITIES
Current portion of long-term debt 1,731,000 1,500,000
Operating line of credit 8,983,468 9,754,412
Accounts payable & deferred credits 12,067,633 7,109,972
Other accrued liabilities 1,731,361 1,666,532
Consumer deposits 1,652,538 1,635,326
TOTAL CURRENT LIABILITIES $26,166,000 $21,666,242

TOTAL EQUITIES & LIABILITIES $218,753,499 $210,790,306

CONSOLIDATED STATEMENT OF OPERATIONS
AS OF DECEMBER 31 2016 2015

OPERATING REVENUE $86,566,286 $85,965,104

OPERATING EXPENSES
Cost of purchased power 55,625,038 54,660,515
Operations & maintenance 6,038,434 6,379,409
Consumer accounting 2,998,010 3,064,918
Consumer service & information 534,743 539,979
Administrative & general 3,704,061 3,622,808
Depreciation 6,774,547 6,498,876
Taxes 1,785,328 1,340,202
TOTAL OPERATING EXPENSE $77,460,161 $76,106,707

OTHER INCOME/EXPENSES
Interest expense on debt (5,411,904) (5,326,582)
Patronage capital from other cooperatives 2,542,086 2,346,222
Other income/(expenses) 78,564 (5,587)
TOTAL OTHER INCOME/EXPENSES $(2,791,254) $(2,985,947)

NET MARGINS $6,314,871 $6,872,450

Parts of Wake Electric’s territory continue to grow rapidly, especially in Wake County. As part of our mission to provide our members with reliable and affordable power, the co-op invested in new technology, services and system updates.

Wake Electric's financial records were audited by McNair, McLemore, Middlebrooks & Co., LLP of Macon, Georgia. The reports for the fiscal years ending December 31, 2016 and 2015 are available for review at the cooperative's facility in Wake Forest, NC.
Our Board of Directors

Wake Electric’s board is committed to providing members with affordable and reliable power. The board governs all major co-op decisions, offering input and guidance for organizational decisions.

Reuben Matthews  
PRESIDENT  
Middlesex

Suzy Morgan  
VICE PRESIDENT  
Wake Forest

Joe Eddins  
SECRETARY  
Zebulon

Mike Dickerson  
TREASURER  
Oxford

Joe Hilburn  
Raleigh

Bob Hill  
Wake Forest

Allen Nelson  
Stovall

Rodney Privette  
Rolesville

Wake Electric is headquartered in Youngsville and serves 42,000 consumers across its service territory. The co-op’s Customer Service Center is located in downtown Wake Forest.