Replacing meters

Utilizing “Smart Grid” technology

Replacing lights with LEDs

Providing battery back-up

Offering a PrePay option

Purchased solar Renewable Energy Certificates

Installed a solar array

Offers an Electric Vehicle charging stations

Provided Classroom Technology grants

Awarded Bright Ideas teacher grants

Gave scholarships

Issued grants to local non-profit agencies

Initial deployment of a “self-healing” grid

PROUD OF OUR PROGRESS
Over the past 20 years, Wake Electric has been among the fastest growing electric cooperatives in North Carolina. Nationally, the average number of meters served by a typical co-op is 14,300. Wake Electric, at more than 43,000 meters, is three times larger.

Not only has Wake Electric provided affordable and reliable electricity during this time of explosive growth, the co-op has also become one of the most technologically progressive utilities in the nation.

In December 2017 and January 2018, central North Carolina experienced extraordinarily cold weather, causing members to use much more electricity to heat their homes and water than they normally would at this time of year. During such times of demand and high usage, Wake Electric does not increase rates and our members pay the same rate amount that they do at any other time of the year. Some members used two to three times more power than usual to keep warm, causing a higher monthly bill. Wake Electric’s system was able to efficiently handle these high loads, thanks to system made strong by continuous upgrades and improvements.

Wake Electric is here for you, working all year to maintain a healthy, balanced system. That work has included:

- **Replacing all of our meters with Advanced Metering Infrastructure (AMI),** which allows our members access to their hourly usage.
- **Utilizing “Smart Grid” technology to pinpoint fault locations,** which means faster restoration. Automated switches provide fast isolation of outage areas and improved system resiliency.
- **Replacing all of our area lights, parking lot lights and streetlights with new LED units** at no additional costs to members.
- **Providing battery back-up on all traffic lights in our territory.** The batteries can power the traffic lights for four hours. This enhances public safety when there is a power outage in our area.

- **Offering a voluntary PrePay option to pay electric bills.** This allows members to pay no late fees, transaction fees, or connection/disconnection charges. No deposits are required. More than 1,700 members have selected the PrePay option.

Reliability and customer satisfaction are top priorities of Wake Electric.

For outage times, Wake uses the major event day method for calculating the system average interruption duration index (SAIDI). In 2017, our index was 72.8 minutes. The five-year average is 73.5 minutes. A regional for-profit utility reported its SAIDI of nearly double that of Wake Electric at 144 minutes for 2016, which means their customers were without power twice as much as Wake Electric members.

The co-op also participates in surveys to evaluate our members’ satisfaction with their electric service. Our score for the fourth quarter of 2017 was 83, a higher score than many other utilities in the region.

Renewable energy and electric vehicles are also a focus of the co-op.

Wake Electric:

- **Purchased solar Renewable Energy Certificates (RECs) equal to 65 million kilowatt hours.** This is equivalent to 10,000 residential rooftop solar installations.
- **Installed a solar array** at our Wake Forest facility.
- **Offers an Electric Vehicle Rate,** and provides EV charging stations at our offices in Wake Forest and in Youngsville. We also provide stations at the Louisburg Airport in Franklin County.
Not only has Wake Electric provided affordable and reliable electricity during this time of explosive growth, the co-op has also become one of the most technologically progressive utilities in the nation.

Wake Electric is an engaged corporate citizen.

As you’ll see in this report, in 2017, we provided:

- Classroom Technology grants
- Bright Ideas teacher grants
- Scholarships for college and community college tuition, basketball camps, and youth tours to Washington, D.C.
- Grants to local nonprofit agencies

Wake Electric’s progressiveness continues.

- Our distribution system is already 43 percent underground.
- Wake Electric completed initial deployment of its self-healing grid in 2012. In 2017, the co-op continued improving efficiencies, making us one of the fastest healing grids in the nation.

We think when you read this year’s report, you’ll see that our members are enjoying the benefits of grid modernization. We operate with the same commitment and conviction that electrified rural North Carolina more than 75 years ago. Our employees demonstrate the spirit, strength and imagination to meet the challenges of today and the future.
PROUD OF OUR PROGRESS

COMMITMENT TO COMMUNITY

- Operation RoundUp grants to nonprofits: $36,839
- Sent 2 students to Touchstone Energy Sports Camps at NCSU and UNC-Chapel Hill
- Wake Electric and employee contributions to United Way: $10,000
- Bright Ideas teacher grants: $50,000
- Classroom Technology grants to public schools and community colleges: $20,000
- Strong supporter of local chambers of commerce.
- College scholarships: $23,000
- Sent 2 high school students on Youth Tour to D.C.
- Give us an “A” program granted Visa gift cards to students with “A” grades on report cards: $3,200
WE Care Recap for 2017

BEGINNING BALANCE 1/1/2017 $194,856
Contributions Received 147,610
Bank Fees/Check Reorder –
Interest Earned 1,067

TOTAL FUNDS AVAILABLE $343,533

Community Grants
- Alice Aycock Poe Center
- Franklin County Education Foundation
- Middlesex Volunteer Fire Department
- Optimist International
- Special Olympics of NC
- Wake Forest Area Crisis Tri-Area
- Camp Kanata
- Pillow Packs
- Assistance League of Triangle
- Franklin Granville Vance Smart Start
- American Red Cross
- Autism Society of NC
- Bailey Fire Department
- Brassfield Volunteer Fire Dept
- Feeding Franklin, Inc
- Franklin County Cooperative
- Meals on Wheels of Wake County
- Northeast Wake Backpack Buddies
- Vance County 4-H
- Care & Share of Franklin County
- Transitions Lifecare

COMMUNITY GRANTS TOTAL $(36,839)

Educational
- Bright Ideas Teacher Grants (49,364)
- Classroom Technology Grants (19,000)
- 2017 Rural Electric Youth Tour (6,800)
- Wake Electric Scholarships (23,000)
- Give Us An "A" (3,248)

EDUCATIONAL GRANTS TOTAL $(101,412)

MEMBER ASSISTANCE $(11,000)

ENDING BALANCE 12/31/17 $194,282

COMMITMENT TO SERVICE

PrePay grew to over 1,700 members; a no deposit, pay-as-you go program

Wake offered a residential Time of Use pilot program — 80% of participants remains on the rate after the pilot was over

Over 50% of members have signed up for SmartHub, our online service

Call volume continued to drop, even with meter growth on the system. More and more members choose to use SmartHub and other electronic means for bill payment and communication with the co-op.

75% of all payments made in electronic form

Electric vehicles on our system increased to 40

Achieved 99% AMI deployment

11 members installed residential solar panels, bringing total to 75 members
2017 innovations and successes include:

- Upgrading the Franklinton substation
- Saving hundreds of thousands of dollars through conservation voltage reduction (CVR)
- Converting vast majority of residential and commercial street lights to LED lighting
- Achieving a distribution system of 43% underground

**Our Consumers**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Consumers</th>
<th>Residential Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>41,935</td>
<td>39,562</td>
</tr>
<tr>
<td>2017</td>
<td>43,593</td>
<td>41,264</td>
</tr>
</tbody>
</table>

**Residential KWh Sales (excluding seasonal)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$565,464,741</td>
<td>$575,800,788</td>
</tr>
</tbody>
</table>

**Total KWh Sales**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>732,471,000</td>
<td>747,869,863</td>
</tr>
</tbody>
</table>

**Average Monthly KWh/Residential Consumer**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,215</td>
<td>1,163</td>
</tr>
</tbody>
</table>

**Total miles of line**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Overhead</td>
<td>1,850</td>
<td>1,847</td>
</tr>
<tr>
<td>Underground</td>
<td>1,315</td>
<td>1,371</td>
</tr>
<tr>
<td>Total Miles Energized</td>
<td>3,223</td>
<td>3,276</td>
</tr>
</tbody>
</table>
Wake Electric continues to be one of the fastest growing co-ops in North Carolina and in the nation. We continue to balance costs, affordability, and reliability as part of our continued commitment to our members.

### Consolidated Statement of Operations

**As of December 31**

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUE</strong></td>
<td>$88,481,742</td>
</tr>
</tbody>
</table>

#### OPERATING EXPENSES

- **Cost of purchased power**: 54,966,226 (55,625,038)
- **Operations & maintenance**: 5,833,429 (6,038,434)
- **Consumer accounting**: 2,988,012 (2,998,010)
- **Consumer service & information**: 559,414 (534,743)
- **Administrative & general**: 4,251,387 (3,704,061)
- **Depreciation**: 7,063,129 (6,774,547)
- **Taxes**: 1,225,748 (1,785,328)

**TOTAL OPERATING EXPENSE**: $76,887,345 ($77,460,161)

#### OTHER INCOME/EXPENSES

- **Interest expense on debt**: (5,292,616) (5,411,904)
- **Patronage capital from other cooperatives**: 2,595,594 (2,542,086)
- **Other income/(expenses)**: (238,615) (78,564)

**TOTAL OTHER INCOME/EXPENSES**: (2,935,637) ($2,791,254)

**NET MARGINS**: $8,658,760 ($6,314,871)

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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, 2017 and 2016 are available for review at the cooperative’s facility in Wake Forest, NC.
Wake Electric’s board members focus on regulatory and compliance matters, strategy, risk management, leadership development, affordability, and reliability. Our board understands that co-ops must continuously evolve and embrace new technology as the electric grid becomes smarter and smarter.

Wake Electric is headquartered in Youngsville and serves 43,500 consumers across its service territory. The co-op’s Customer Service Center is located in downtown Wake Forest.

Reuben Matthews
PRESIDENT
Middlesex, District 9

Suzy Morgan
VICE PRESIDENT
Wake Forest, District 5

Joe Eddins
SECRETARY
Zebulon, District 8

Mike Dickerson
TREASURER
Oxford, District 3

Greg Fuller
Zebulon, District 2

Joe Hilburn
Raleigh, District 4

Bob Hill
Wake Forest, District 6

Allen Nelson
Stovall, District 1

Rodney Privette
Rolesville, District 7