

PROUD OF OUR PROGRESS



Replacing meters

Utilizing "Smart Grid" te

Replacing lights with

Providing battery ba

Offering a PrePay optio

Purchased solar

le Energy Certific

Installed a solar arr

Offers an Electric Vehicle

Charging stations

Provided Classroom

Technology grants

Awarded Bright Ideas teach

Gave scholars

Issued grants to local

nonprofit agencies

Initial deployment of a

"self-healing" grid

Wake Electric

2017 ANNUAL REPORT

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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.



Jim Mangum
CEO



Reuben Matthews
Board President



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



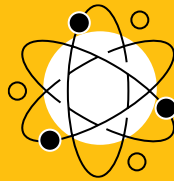
Wake Electric
& employee contributions
to United Way

\$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



COMMITMENT TO SERVICE



Every year, Bright Ideas grants fund interesting projects.



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

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**

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



RESIDENTIAL KWH SALES (EXCLUDING SEASONAL)

\$565,464,741 in 2016

\$575,800,788 in 2017

TOTAL KWH SALES

732,471,000 in 2016

747,869,863 in 2017

AVERAGE MONTHLY KWH/RESIDENTIAL CONSUMER

1,215 in 2016

1,163 in 2017



Total miles of line

Transmission

2016	58
2017	58

Overhead

2016	1,850
2017	1,847

Underground

2016	1,315
2017	1,371

Total Miles Energized

2016	3,223
2017	3,276

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.

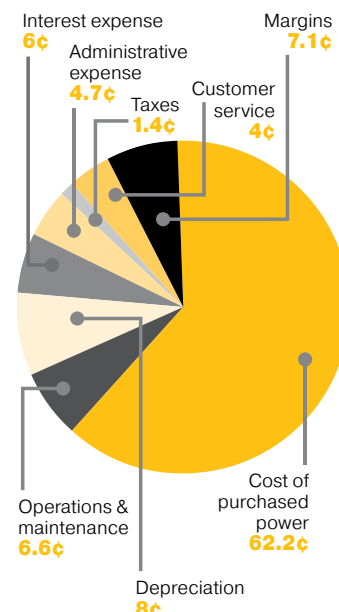
Consolidated Balance Sheets

AS OF DECEMBER 31	2017	2016
ASSETS		
Utility plant		
Property, plant, & equipment	\$243,384,575	\$233,881,588
Less: accumulated depreciation	(60,488,793)	(55,828,364)
Net plant	182,895,782	178,053,224
Construction work in progress	5,816,831	3,832,545
TOTAL NET UTILITY PLANT	188,712,613	\$181,885,769
OTHER ASSETS		
Investments in associated organizations	18,232,039	16,643,638
Economic development project investments	1,598,317	1,518,172
Other investments	1,810,879	1,810,879
Nonutility property	306,246	1,510,472
TOTAL OTHER ASSETS	21,947,481	\$21,483,161
CURRENT ASSETS & DEFERRED CHARGES		
Cash & cash receivables	693,115	516,799
Accounts receivable, net	10,505,188	9,544,003
Other current assets	5,316,312	4,566,471
Deferred charges	517,406	757,296
TOTAL CURRENT ASSETS & DEFERRED CHARGES	17,032,021	\$15,384,569
TOTAL ASSETS	\$227,692,115	\$218,753,499
EQUITIES & LIABILITIES		
Equities		
Membership fees	\$191,660	\$183,995
Patronage capital	77,699,823	70,416,351
Other equities	4,966,994	4,780,688
TOTAL EQUITIES	82,858,477	\$75,381,034
TOTAL LONG-TERM DEBT	114,413,846	\$117,206,465
CURRENT LIABILITIES		
Current portion of long-term debt	1,834,000	1,731,000
Operating line of credit	5,924,122	8,983,468
Accounts payable & deferred credits	18,983,427	12,067,633
Other accrued liabilities	1,952,142	1,731,361
Consumer deposits	1,726,101	1,652,538
TOTAL CURRENT LIABILITIES	\$30,419,792	\$26,166,000
TOTAL EQUITIES & LIABILITIES	\$227,692,115	\$218,753,499

Consolidated Statement of Operations

As of December 31	2017	2016
OPERATING REVENUE	\$88,481,742	\$86,566,286
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

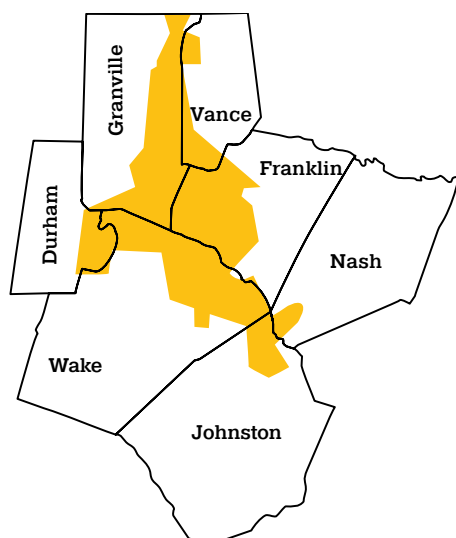
How your co-op dollar was spent in 2017



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.

PROUD OF OUR PROGRESS

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.



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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