

1979 ANNUAL REPORT

Wake
Electric
Membership
Corporation

Wake Forest,
North Carolina





PRESIDENT'S REPORT

from John M. Ferrell

"...we are working towards ownership of power generation facilities, because we believe it is the best way to assure and control our power supply."

As April 11, our Annual Meeting date, approaches, we are aware that forty years ago this month, Wake EMC was granted a charter by the State of North Carolina. However, the first power lines were not energized until 1941, so we will not celebrate our 40th anniversary until next year.

This forty year period has been one of tremendous growth and change for our country and for our Cooperative. Today we stand on the threshold of the electronic, the computer and the space age. Wake EMC has grown from less than 400 consumers to over 8,000 consumers ... far beyond the concept of its founders.

Throughout this period, when change and technical advancement has been almost unbelievable, there has been one constant — the responsibility of providing, as efficiently and as economically as practicable, the electric energy needs of Wake EMC members.

The members energy needs have grown and changed with the times; they remain the major concern of your Board of Directors. An adequate, dependable power supply, rising energy cost, the effects of inflation are issues that confront us.

In 1979 your Board approved an energy conservation policy to provide advisory and planning services to assist members on utilization of electric energy and other sources of energy, and to provide guidance in the detection of energy waste.

Through our statewide association, we are working towards ownership of power generation facilities, because we believe it is the best way to assure and control our power supply. We also believe research in other sources of electric energy, such as peat, solar, wind and hydro-power generation should be explored. Your Board has approved in principle the establishment of a non-profit alternative energy corporation as suggested by the North Carolina Utilities Commission. We will continue to support those projects believed to be in the best interest of the Cooperative.

We have fought excessive wholesale power cost, again through our statewide association, with some success. Many of you have received, or will receive shortly, a refund check for excess power charges as a result of a negotiated settlement with CP&L late in 1979. The fight continues.

Our headquarters facilities were expanded and renovated in 1979 and organizational changes approved to improve the efficiency of services provided by the Cooperative.

A general retirement of capital credits for members of record in 1961 was authorized by the Board and checks were mailed in November. This retirement was in addition to the capital credits paid to estates, and was in accord with the Equity Management Policy approved by the Board some years ago.

Your Board believes your Cooperative to be in sound financial condition, that it is a well-managed and well-operated business. As we enter the 1980's, a new general manager has been employed. Earl F. Shoaf, a most qualified and highly recommended young man, will assume his duties as general manager of your Cooperative in the near future. We look forward to our association with him.

Your directors are ever cognizant of their responsibility as your elected representatives. It is our hope that you are equally mindful of your responsibility as a member of Wake EMC, and that you will fulfill your responsibility by attending your Annual Meeting. You are Wake EMC, it is your responsibility to elect the directors to serve on your Cooperative's governing board. The members will also elect the Committee on Nomination for 1981. This committee is responsible for the selection of director candidates to be presented to you at next year's annual meeting. Our Cooperative is based on the concept of one member, one vote. I urge your participation. Make your plans now and join us for the program developed to inform you of your Cooperative's activities. I shall look forward to seeing you at the meeting on April 11.

MANAGER'S REPORT

from Linwood K. Stephenson



"It is ever the goal of your management to serve the best interests of the member-consumers, and we pledge our best efforts in the attainment of that goal."

In 1979 your Cooperative continued to provide adequate and dependable electric service despite increased inflation and uncertain energy supplies.

Below is a summary of some meaningful areas of performance.

Cost of Power - The cost of wholesale power continues to be a major concern. Although cost per kilowatt hour remained relatively stable at 2.7 cents last year, the total cost of power was \$2,736,187, an increase of 5.7 percent over 1978.

During the year you paid an average of 4.5 cents per KWH for electric power, this represents an increase of 0.2 cents. But your average monthly kilowatt hour used decreased from 918 to 901 kilowatt hours. This was the result of reasonably mild seasons and your conservation efforts.

Through our statewide power supply cooperative, North Carolina Electric Membership Corporation, a negotiated settlement of one long-pending wholesale rate case was finalized late in December. The refund received in this settlement, over \$400,000, will be returned to the members upon REA approval.

Capital Credits Returned - A general retirement of capital credits amounting to \$34,302 was made to members in November as patronage capital furnished in 1961. And \$23,242 was refunded to estates of deceased members. Thus, \$57,544 in capital credits was returned to the member-consumers of the Cooperative in 1979.

Plant Investment - The total value of utility plant increased by nearly \$1-million in 1979, including renovations and additions to the Cooperative headquarters facilities. New lines were built, existing lines and services upgraded and capacity of substations increased. Some equipment was purchased and rights-of-way acquired for a new substation to be completed in 1980. Such system improvements allow your Cooperative to continue to meet your power needs, as well as provide for future needs. And with improved work areas, your employees will be able to perform more efficiently.

Continuity of Service - You experienced greater continuity of service in 1979 than the average for the previous 5 years. Average outage time was 2.6 hours per consumer compared to the 5-year average of 5.3 hours. Fortunately, there were no major storms and about 24 percent of all outages were caused by our power suppliers. The 5-year average was greatly influenced by the severe storms in 1978, when the average hours per consumer was 14.45.

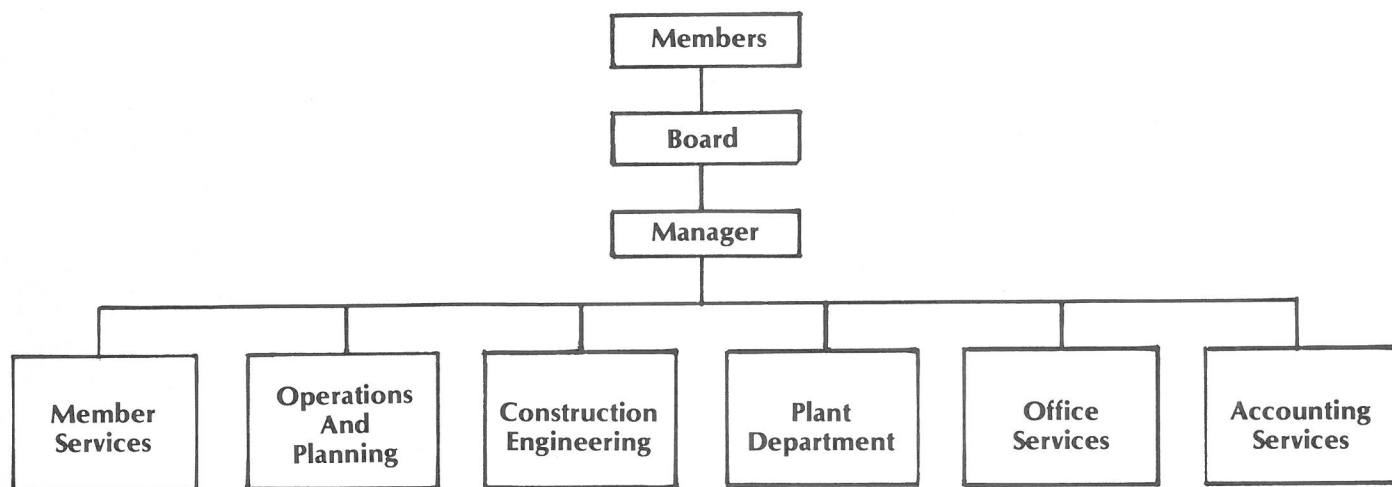
Past and Future - Last year, your Cooperative employed its first designated Manager of Accounting Services. Expertise in money management becomes increasingly important in today's economy. The in-house computer, to be installed in 1980, will be one of this position's major responsibilities.

The Member Services Department gave special emphasis to providing information and assistance to members in beneficial use and conservation of energy. This effort will be continued in 1980.

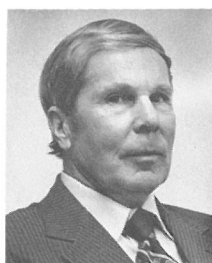
Wake EMC's General Manager of eight years, Doug Leary, resigned as of December 31st to accept a gubernatorial appointment to the North Carolina Utilities Commission. Upon request of the Board of Directors, I agreed to serve as interim manager until a permanent general manager could be employed. Early this year, Earl F. Shoaf was appointed to fill the position and will assume his duties prior to April 15.

Wake EMC's future cannot be predicted by a crystal ball, such has not been devised. However, the indicators we do have foretell a continuation of member growth and energy demand. It is ever the goal of your management to serve the best interest of the member-consumers, and we pledge our best efforts in the attainment of that goal. We ask your support and understanding in the year ahead. Working together, we shall be able to meet all challenges the future holds.

ORGANIZATION



BOARD OF DIRECTORS



John M. Ferrell
President
District 3
Durham County



Ben L. Husketh
Vice President
District 2
Granville County



Robert Joe Eddins
Secretary
District 1
Wake County



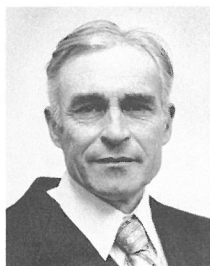
J. Howard Conyers
Treasurer
District 3
Franklin County



Newman I. Bailey
District 1
Wake County



Roy Ed Jones
District 1
Wake County



Roger Moss
District 2
Vance County



Dan E. Woody
District 2
Granville County



Russell L. Peele
District 4
Johnston County



Clanton Earl Smith
Director-At-Large

MEMBER SERVICES



Philip W. Price
Energy Planning
Specialist

This Department works directly with members to assist them in the efficient use of and conservation of energy. Free home energy audits, with assistance in selecting the proper size heating and cooling equipment, are performed for members of Wake EMC.

Off peak use of electricity is promoted and load management activities are coordinated by this Department. They are also responsible for publications, youth programs, and membership



meetings to achieve understanding, involvement, and support of the membership.

Youth programs include: the "Rural Electric Youth Tour of Washington, D.C."; the North Carolina Cooperative Council's Youth Camp; work with 4-H'er's and school groups.



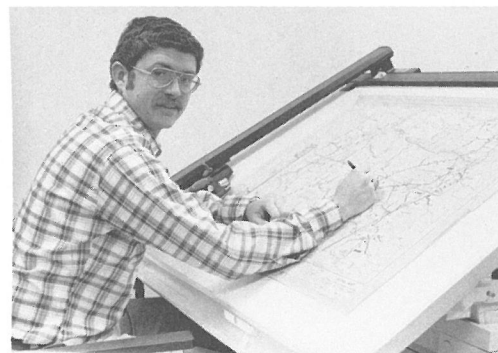
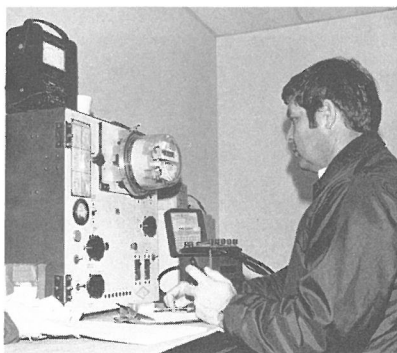
OPERATIONS AND PLANNING



James E. Mangum, Jr.
Staff Engineer

Major responsibilities of the Operations and Planning Department include the efficient use of existing facilities and planning the timely expansion of the electric system. They make load studies, keep equipment records and maintain maps of the electric system. The Department negotiates and administers contracts for large power users and special applications of electric service. They are responsible for maintaining the accuracy of all electric meters and measurement devices on the system.

The purchasing and warehousing of materials and supplies are performed by this Department.

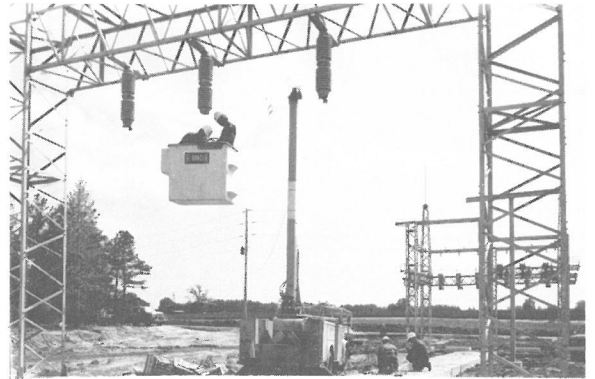


CONSTRUCTION ENGINEERING



Ivor G. Critcher
Construction
Engineer

To provide for the continuing needs of the members, this Department engineers line construction and stakes construction work. The construction of major projects, such as substations and transmission lines, is the responsibility of the Construction Engineering Department. The Department also provides an inspection of the electric plant to assure uniform construction in accordance with approved specifications and standards.



PLANT DEPARTMENT



R.M. (Bob) Cooper
Line Superintendent

The Plant Department constructs and maintains all distribution lines that serve the members. They are responsible for patrolling the system and all maintenance including clearing and reclearing rights-of-way.

Good equipment, technical know-how, hard work and efficient supervision are the ingredients that keep the electric system working smoothly.



OFFICE SERVICES



Ann S. Curren
Manager of Office
Services

This Department maintains all of the consumer accounting records, including the billing and collection of member accounts, and handling requests for the retirement of capital credits to estates. Requests for new electric service come to this Department first. They route service orders and requests to the proper departments. The servicemen, who installed the electric meter on your home and provide routine maintenance for security lights, are a part of this Department.



ACCOUNTING SERVICES



Fred D. Chandley
Manager of
Accounting Services

Accounting Services maintains a general and plant accounting system that accurately accounts for all assets, liabilities, ownership, operating expenses, and revenues of Wake EMC. They prepare financial reports, budgets and other reports required by regulatory agencies. They are responsible for the data processing service that supports all of the departments and the Cooperative. The Department keeps management informed on all matters relating to the financial status of the Cooperative.



WAKE ELECTRIC MEMBERSHIP CORPORATION

BALANCE SHEET

DECEMBER 31, 1979

ASSETS (WHAT WE OWN)

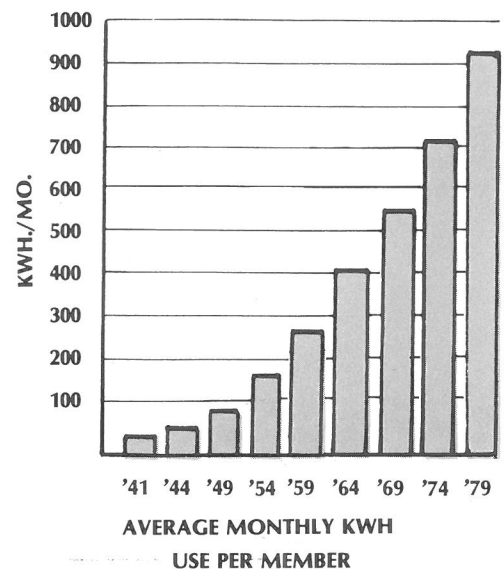
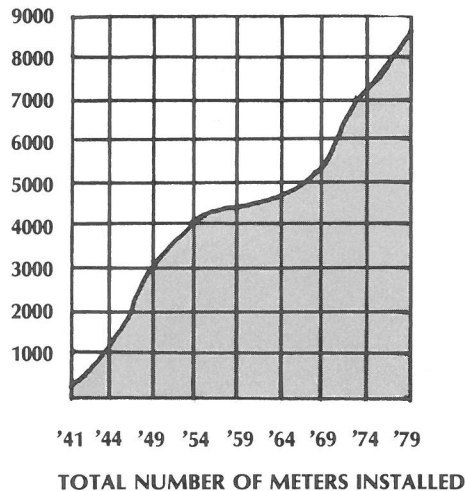
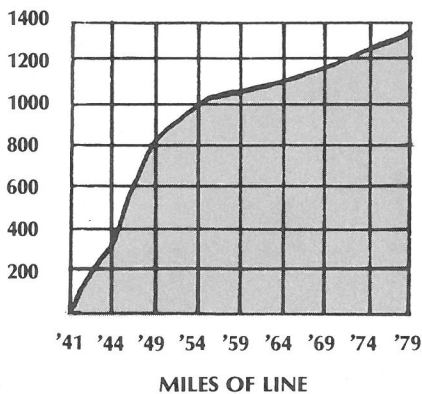
Net Value of Electric Plant	
Electric Plant in Service	\$8,763,970
Less Reserve for Depreciation	\$2,291,294
TOTAL NET ELECTRIC PLANT	\$6,472,676
Cash on Hand and Cash Investments	488,898
Investments in Associated Organizations	351,699
Other Investments and Property	108,901
Consumer Accounts Receivable	867,842
Materials and Supplies	83,418
Deferred Charges and Other Receivables	67,009
TOTAL ASSETS	\$8,440,443

LIABILITIES (WHAT WE OWE)

Memberships, Patronage Capital and Other Equities	\$2,363,636
REA & CFC Mortgage Notes and Other Long Term Debt	5,173,708
Accounts Payable	323,128
Consumer Deposits	48,694
Other Current and Accrued Liabilities	20,610
Deferred Credits and Other Liabilities	510,667
TOTAL LIABILITIES	\$8,440,443

Auditor's Statement

Wake EMC was audited for the year ending December 31, 1979 by Ernst and Whinney, an independent Certified Public Accounting Firm of Raleigh, North Carolina. The financial position of Wake Electric Membership Corporation was found to be in conformity with generally accepted accounting principles applied on a consistent basis. The complete Accountant's Report is available for inspection at the Cooperative's Headquarters Office in Wake Forest, North Carolina.



Statistics of Operation For Year Ending December 31, 1979

REVENUE (WHERE THE MONEY CAME FROM)

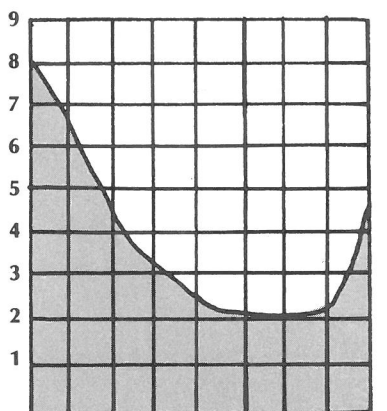
Total Electric Revenue	\$4,198,226
Non-Operating & Interest Revenues	116,813
TOTAL	\$4,315,039

EXPENSES (HOW THE MONEY WAS SPENT)

Purchased Power	\$2,736,187
Operations and Maintenance of Electric Plant	214,822
Consumer Accounting and Bill Collecting Expense	152,946
Consumer Service and Informational Expense	27,880
Administrative & General Expense	205,392
Depreciation	221,748
Taxes	162,017
Interest on Long Term Debt	214,738
Other Deductions	2,059
TOTAL	\$3,937,789

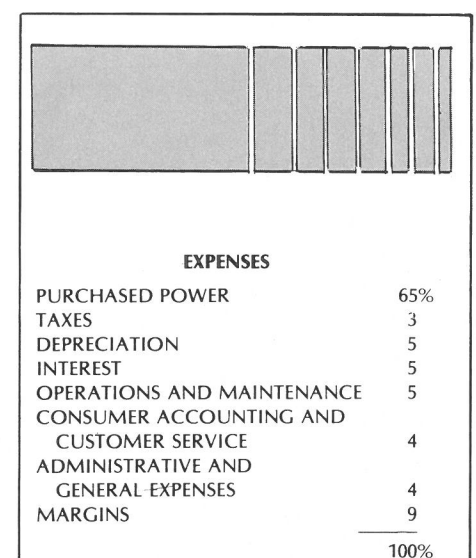
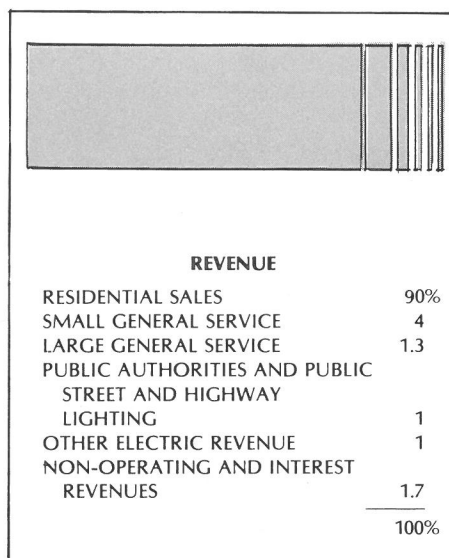
MARGINS (WHAT WE HAD LEFT)

Operating Margins and Patronage Capital	\$ 260,437
Non-Operating Margins	116,813
TOTAL	\$ 377,250



'41 '44 '49 '54 '59 '64 '69 '74 '79

AVERAGE COST PER KWH



Annual Meeting - 1980



The Sourwood Mountain Cloggers

The 1979 winners of the National Grange Talent Show will perform at Wake EMC's Annual Meeting. The Sourwood Mountain Cloggers, formed about two years ago, are from the Wilton area. They do precision dancing, with each dancer starting on the same foot and follow a routine, and also perform "free style" in which each dancer does his or her own routine or as many different steps as they wish.

Kneeling, Fran Waters, Wanda Gail Toler; Standing, Tammie Mason, Lynn Strother, Carolyn Kearney, Wanda Ann Oakley; Back Row, Tommy Preddy, Tony Kearney, Glenn Preddy, Jerry Pearce, Brad Coley, and Jeff Preddy.

Food Available

The Athletic and Band Booster Clubs of Wake Forest-Rolesville High School will prepare and sell food from 5:30 until 7:00 P.M. at the Annual Meeting. The money they make will be used to support their clubs' activities.

The first three hundred members to register will receive a ticket for a free hamburger or hot dog and drink.



Prizes

A free hamburger or hot dog and drink to the first 300 members who register in person!

Prize Drawing

GRAND PRIZE - G.E. Micro Wave Oven
Other Prizes - Blenders, Radios, Clocks, Smoke Alarms, Circular Saws, Hair Dryers and Other Prizes

Friday, April 11 / Wake Forest-Rolesville Senior High School

Wake Forest, North Carolina / Registration 5:30 - 7:00 P.M.

Wake Electric Membership Corporation Annual Members Meeting Program April 11, 1980

REGISTRATION 5:30 P.M.

ENERGY EXHIBITS OPEN 5:30-7:00 P.M.

YOUTH MEETING 6:00 P.M.

ENTERTAINMENT - Sourwood 6:30 P.M.
Mountain Cloggers

MEETING CALLED TO ORDER 7:15 P.M.

Invocation Reverend Marshall Neathery
Pastor
Rolesville Baptist Church

Welcome L.K. Stephenson
Acting Manager
Wake EMC

President's Report John M. Ferrell, President
Wake EMC Board of Directors

Officer's Report Audio-Visual Presentation

Entertainment Sourwood Mountain Cloggers

Manager's Comments L.K. Stephenson

Youth Contest Phil Price
Member Services Department
Wake EMC

BUSINESS SESSION
Election of Directors
Election of Committee on Nominations

ADJOURNMENT 9:15 P.M.

PRIZE DRAWING Fred Chandley, Manager
Accounting Services
Wake EMC

Exhibits

- Heat Pumps
- Woodstoves
- Solar Energy
- Insulation
- Future Energy Supplies
- Wake EMC's Youth Programs

Exhibits will be open from 5:30 until 7:00 P.M.

Youth Meeting

- WHAT? - Entertainment, Movies, Refreshments, Prizes
- WHEN? - Annual Meeting Night - April 11, 1980
- WHERE? - Wake Forest-Rolesville High School
- WHO CAN COME? - All school age children of members

Program

REGISTRATION 6:00 P.M.

WELCOME 6:15 P.M.

ENTERTAINMENT - Sourwood 6:30 P.M.
Mountain Cloggers

LATE REGISTRATION 7:15 P.M.

WALT DISNEY MOVIE - "I'm No Fool With Electricity"

SAFETY SHOW - Art Willis, NCAEC, Director of Job Training and Safety

REFRESHMENTS

MOVIE - "The Magic Rolling Board"

DR. SEUSS MOVIE - "The Lorax"

WALT DISNEY MOVIE - "How to Have An Accident At Home"

PRIZE DRAWING

YOUTH PRIZES

GRAND PRIZE - Portable Radio — OTHER PRIZES - Monopoly Games, Puzzles, Frisbee, Horseshoes

WAKE ELECTRIC MEMBERSHIP CORPORATION

OFFICIAL NOTICE OF OF ANNUAL MEETING OF MEMBERS

The Annual Meeting of the Members of Wake Electric Membership Corporation will be held in the Wake Forest-Rolesville Senior High School Gymnasium in Wake Forest, North Carolina, at 7:00 P.M., on Friday, April 11, 1980, to take action upon the following matter:

1. The reports of officers, directors and committees;
2. The election of four (4) directors of the Cooperative;
3. The election of a nine (9) member Committee on Nominations;
4. All other business which may come before the meeting or any adjournment or adjournments thereof.

In connection with the election of four directors scheduled for this meeting, the following members have been nominated for directors by the Committee on Nominations, elected by the members of the Cooperative at their annual meeting on the 23rd day of March, 1979:

Robert Joe Eddins	District 1, Wake County, for a term of 3 years
Ben L. Husketh	District 2, Granville & Vance Counties, for a term of 3 years
John M. Ferrell	District 3, Durham & Franklin Counties, for a term of 3 years
C. Earl Smith	Director-at-Large, for a term of 3 years

Additional nominations for directors may be made at the meeting.

Robert Joe Eddins

Robert Joe Eddins, Secretary
Wake Electric Membership Corporation

Wake Electric Membership Corporation
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Wake Forest, North Carolina 27587

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