



A shared

HISTORY FUTURE



Wake Electric
2015 ANNUAL REPORT

Changing lives for over 75 years through
commitment to community and technology

In last year's annual report, Wake Electric celebrated 75 years of service to our members. This year, we want to remind our members that while we are proud of that service and that our past is intertwined with the progress and the history of this region, your co-op is also looking ahead. We are connecting future generations to that rich history by innovating through technology, including smart meters, fiber optics, online services for our members, connectivity across our system, demand response, renewables integration and much, much more.

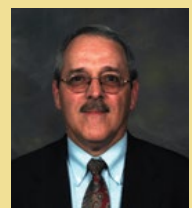
For nearly a century, the electricity provided by co-ops was referred to as the "next greatest thing." Here, in the 21st century, in a time when electricity is firmly entrenched in almost everyone's lives, Wake Electric is committed to continuing to provide you with a new vision for the next greatest thing. How will we do that? By being:

- * a trusted energy advisor to meet changing member expectations.
- * a partner in exciting new technologies from the smart grid to the smart home.
- * an energy provider driven by its responsibility to the people it serves and committed to resilience, reliability, safety and affordability.

We encourage you to read through the 2015 annual report to find out exactly how Wake Electric has been manifesting that vision for your benefit every single day for the past year. And that year was made possible by 75 years of building, innovation and commitment to those communities we have so proudly served.



Jim Mangum
CEO



Reuben Matthews
Board
President



Wake Electric employees and members are saddened by the passing of dedicated Board President Roy Ed Jones, Jr., age 78. He passed away on October 21, 2015, at his home. Jones, who served District 6, joined the board in 1975 and was elected president in 1992, a position he held until his death. Not only was he a devoted, highly active member of Wake Electric, he was also a devoted husband of 59 years, loving father, and lifetime community supporter.

Jones was ever a strong advocate of the cooperative principles of democratic member control, members' economic participation,

autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community.

That concern for community extended well beyond Wake Electric. He was a 1958 charter member of the Rolesville Fire Department, where he served as chief for 21 years. Jones also was part owner of JVC Homes and Jones Dairy Farm with his brother. He was born in Wake County, and was the son of the late Alethia Holden Jones and Roy Ed Jones, Sr.

Roy Ed is survived by his wife, Barbara Jean Jones; sons, Charles Jones and his wife, Janet; Glenn Jones and friend; and



Roy Ed Jones, Jr.

Jamie Hurst, all of Wake Forest; a brother, Robert Jones and his wife, JoAnn of Louisburg; grandchildren, Crissy Riggan, Kevin Jones, Bradley Jones, Courtney Jones, Taylor Jones and McKenzie Jones; two great-grandchildren, Landon Riggan and Garrett Riggan, as well as several nieces and nephews.

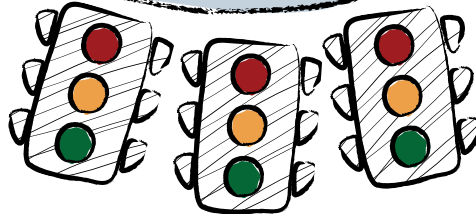
We will miss his engaging participation and spirit of support.

LED lighting technology has the potential to be a “game changer” in many ways. One unexpected way has been to help prevent accidents at traffic lights.

LED traffic lights use much less electricity to operate, which makes them practical for installing battery back-up systems to operate signals during a power outage. While the average annual outage time for any Wake Electric service location is only about two hours per year, even a short outage affecting a traffic signal at a busy intersection can cause a serious problem.

In addition to the obvious public safety issues, inoperable traffic signals can cause traffic

TRAFFIC LIGHTS THAT STAY ON DURING POWER OUTAGES



jams that make it difficult for Wake Electric’s service vehicles to move from place to place to restore electric service. As a result, Wake Electric has installed battery back-up systems on all the traffic signals in our service area. These systems provide about four hours of normal operation. We have also installed an extra “smart meter” to monitor the output of the battery back-up system and report any problems or if the battery power had been depleted.

While we are not aware of any other electric utility in North Carolina that provides this service, we think that it is a great opportunity that other electric utilities should consider.

FIRST ELECTRIC TRAFFIC LIGHT CONSIDERED NUISANCE

We often take modern technology for granted, like the traffic light. But ever wonder what roads were like before stop lights?

In the early 1900’s, automobiles were joining the throngs of horses, buggies and trolley cars on the roads of Salt Lake City, Utah. Traffic problems began cropping up. According to Linda Thatcher, a Utah State Historical Society librarian, “streetcars stopped wherever they liked to let pas-



sengers off, cars made U-turns anywhere, and vehicles traveled on either side of the street.”

So the local police chief appointed Lester Farnsworth Wire, 24, to head the first traffic squad in 1912.

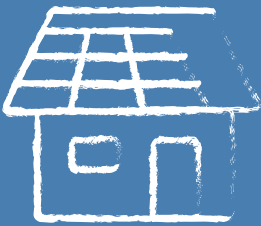
Wire began the design for what is believed to be the world’s first electric traffic signal. The signal, which many thought looked like a giant birdhouse, was a square wooden box painted bright yellow. It had a red light and a green light

on all four sides, was mounted on a pole in the center of the intersection and connected to electric cables used by the trolley cars.

The community apparently did not like being told when to stop and start at intersections. Thatcher noted that “sometimes officers arrived to find that the light had been knocked over and destroyed during the night. But as time went on the signal became better accepted...” Unfortunately for Wire, he waited until too late to patent his ideas and never received money for his invention.

The first patented electric traffic signal with three colors, red, green and a cautionary yellow, was developed in Cleveland, Ohio, by African-American inventor Garrett Morgan (who applied for the patent in 1923). He sold the rights to his invention to General Electric for \$40,000.

Community & Technology



55 members
 installed solar panels
 at their residences

LED area lights
 Added 414 in 2015,
 making the total more than
7,000

Public access to
**three electric vehicle
 charging stations**
 available at the Youngsville
 and Wake Forest offices

2 area students sent to
**Touchstone Energy
 Sports Camps**
 at NCSU and
 UNC-Chapel Hill

MoneyGram
 Created a quick bill payment
 service at local retailers.

Residential membership
 at the end of 2015:

37,196

YES

Gave out \$50,000
 in Bright Ideas grants
 to teachers

More than \$18,000
 in Operation
 RoundUp grants

\$24,000

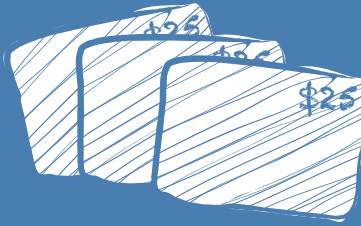
in scholarships and youth
 programs to local students

PowerUp w/PrePay
 increased by
300 members in
 2015 to more than
1,400 at end of year

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



Approximately
\$1 million
in Capital Credits
returned to members



"Give us an A"
\$25 Visa gift cards
to 120 students

Call Volume

Took over
100,000 calls
for the year



SmartHub accounts

Approximately
50% of members
have a SmartHub account
which allows them to:

- * Manage their accounts 24/7
- * Pay bills online
- * Report service issues

WE Care Foundation Report

BEGINNING BALANCE 1/1/2015	\$197,279
Contributions Received	143,800
Bank Fees	-
Interest Earned	281
Total Funds Available	\$341,360

COMMUNITY GRANTS

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

COMMUNITY GRANTS TOTAL **\$(18,738)**

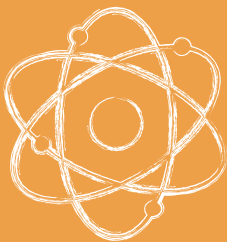
EDUCATIONAL

Bright Ideas Teacher Grants	(50,262)
Classroom Technology Grants	(19,154)
2015 Rural Electric Youth Tour	(6,400)
Wake Electric Scholarships	(21,125)
Give Us An "A"	(3,240)

EDUCATIONAL GRANTS TOTAL **\$(100,181)**

MEMBER ASSISTANCE **(18,000)**

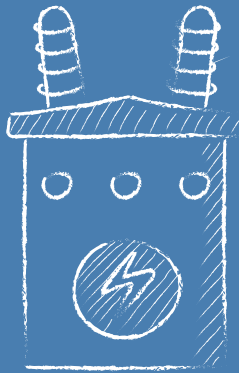
ENDING BALANCE 12/31/14 **\$204,441**



\$20,000

in Classroom Technology
grants to teachers

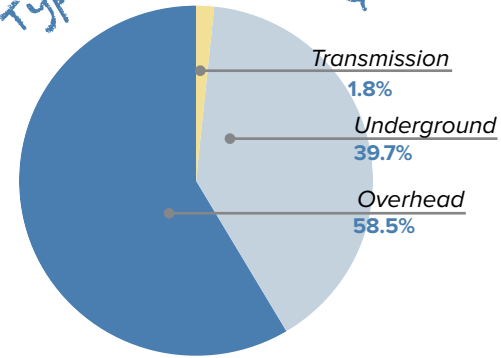
Work In The Field



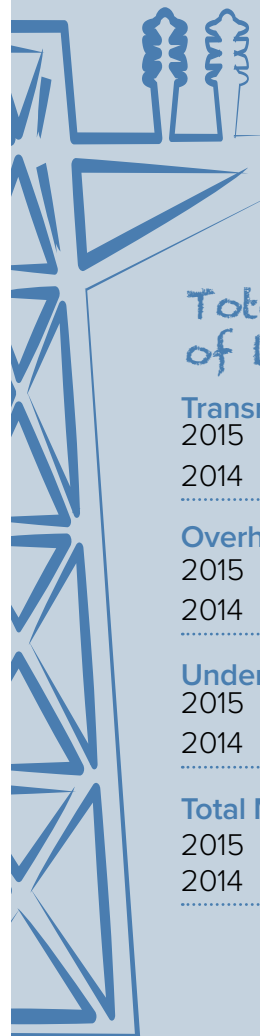
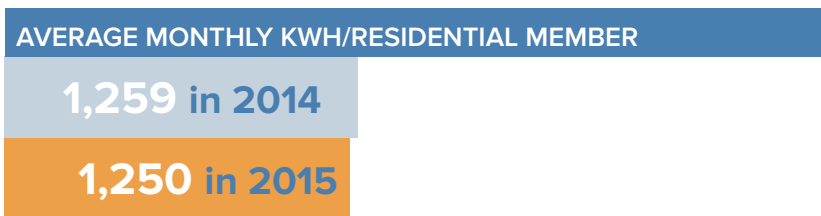
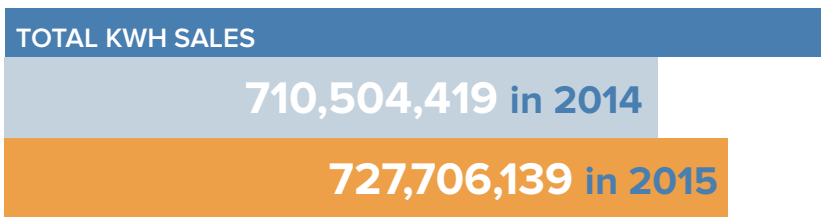
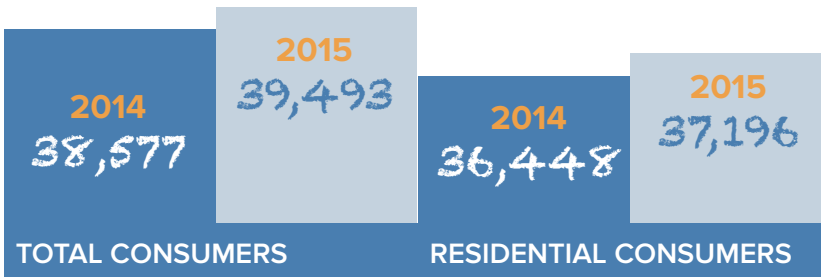
In 2015 we added:

- * 22 overhead services
- * 1,476 underground services
- * 414 new area lights
- * 41.42 miles of underground lines
- * 31 residential solar installations added for a total of 55

Type of line used



Our Members



Total miles of line

Transmission	
2015	58
2014	58
Overhead	
2015	1,851
2014	1,849
Underground	
2015	1,255
2014	1,213
Total Miles Energized	
2015	3,164
2014	3,120

Financials

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31	2015	2014
Assets		
Utility plant		
Property, plant, & equipment	\$224,240,538	\$207,860,292
Less: accumulated depreciation	(53,042,844)	(49,112,109)
Net plant	171,197,694	158,748,183
Construction work in progress	4,299,924	11,893,634
TOTAL NET UTILITY PLANT	175,497,618	170,641,817

OTHER ASSETS

Investments in associated organizations	14,838,564	13,115,755
Economic development project investments	1,531,951	1,055,943
Other investments	1,810,879	1,810,879
Nonutility property	1,515,576	1,513,945
TOTAL OTHER ASSETS	19,696,970	17,496,522

CURRENT ASSETS & DEFERRED CHARGES

Cash & cash receivables	428,016	387,998
Accounts receivable	9,484,937	9,906,613
Other current assets	4,807,313	3,839,148
Deferred charges	875,452	977,443
TOTAL CURRENT ASSETS & DEFERRED CHARGES	15,595,718	15,111,202

TOTAL ASSETS	\$210,790,306	\$203,249,541
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Equities & liabilities

Equities		
Membership fees	\$176,275	\$169,750
Patronage capital	65,495,948	59,909,788
Other equities	4,597,372	4,455,109
TOTAL EQUITIES	70,269,595	64,534,647

TOTAL LONG-TERM DEBT	118,854,469	112,096,585
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CURRENT LIABILITIES

Current portion of long-term debt	1,500,000	1,072,000
Operating line of credit	9,754,412	12,416,596
Accounts payable & deferred credits	7,109,972	9,943,353
Other accrued liabilities	1,666,532	1,566,384
Consumer deposits	1,635,326	1,619,976
TOTAL CURRENT LIABILITIES	21,666,242	26,618,309
TOTAL EQUITIES & LIABILITIES	\$210,790,306	\$203,249,541

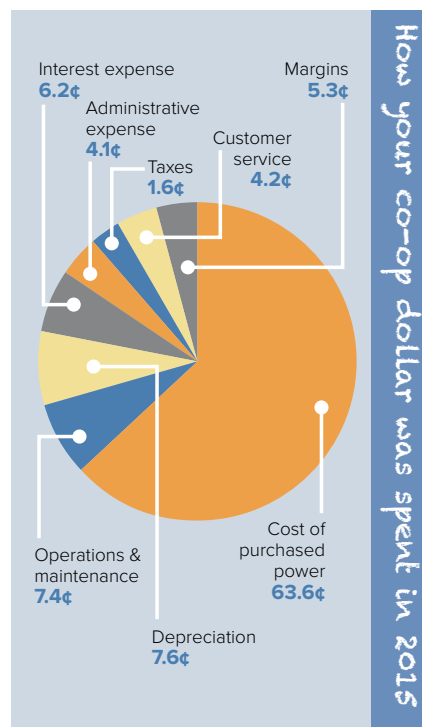
Major growth continued in Wake Electric's service territory, especially in Wake County. To meet our members' needs for affordable, reliable power, the co-op invested in new technology, new services, and updating the system.

CONSOLIDATED STATEMENT OF OPERATIONS

AS OF DECEMBER 31	2015	2014
OPERATING REVENUE	\$85,965,104	\$82,304,689
OPERATING EXPENSES		
Cost of purchased power	54,660,515	52,095,080
Operations & maintenance	6,379,409	6,114,759
Consumer accounting	3,064,918	2,779,231
Consumer service & information	539,979	480,423
Administrative & general	3,622,808	3,629,627
Depreciation	6,498,876	6,058,199
Taxes	1,340,202	2,515,984
TOTAL OPERATING EXPENSE	76,106,707	73,673,303

OTHER INCOME/EXPENSES

Interest expense on debt	(5,326,582)	(5,293,908)
Patronage capital from other cooperatives	2,346,222	1,750,903
Other income/(expenses)	(5,587)	72,427
TOTAL OTHER INCOME/EXPENSES	(2,985,947)	(3,470,578)
NET MARGINS	\$6,872,450	\$5,160,808



Wake EMC's financial records were audited by McNair, McLemore, Middlebrooks & Co., LLP, of Macon, Georgia. The reports for the fiscal years ending December 31, 2015 and 2014 are available for review at the Cooperative's facility in Wake Forest, N.C.

Our Board of Directors

Wake Electric is overseen by a talented and engaged board. Our 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



Howard Conyers
 TREASURER
 Franklinton



Bill Bailey
 Wake Forest



Mike Dickerson
 Oxford



Joe Hilburn
 Raleigh



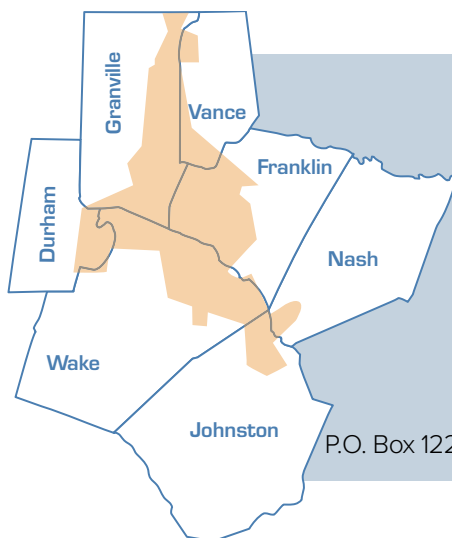
Bob Hill
 Wake Forest



Allen Nelson
 Stovall



Rodney Privette
 Rolesville



Wake Electric is headquartered in Youngsville and as of press time has a total membership of 35,717 consumers across its service territory. The co-op's Customer Service Center is located in downtown Wake Forest.



P.O. Box 1229, Wake Forest, NC 27588 • 919.863.6300 • 800.474.6300 • www.wemc.com