

Touchstone Energy<sup>®</sup>  
Cooperatives

# 2011 ANNUAL REPORT



# EXECUTIVE SUMMARY

Perhaps most important of all, co-ops are independent and community-focused, not tied to the purse strings of far-flung investors. Co-ops help drive local economic development, fund scholarships, support local charities, and work to make life better in the areas they serve—the heart of the cooperative difference.

## A MATTER OF PRINCIPLES

You might be surprised by the number of co-ops around you. Co-ops like Roanoke Electric have been formed to sell and produce electricity, offer financial and banking services, provide housing and health care, and much more.

So where did the bright idea for co-ops come from? It is a matter of principles (seven, to be exact). The modern cooperative movement traces its roots to a store started by weavers in the town of Rochdale (pronounced Rotch-dale) in northern England in 1844. The group was guided by a set of principles drawn up by one of its members, Charles Howarth. When introduced into the U.S. by the National Grange in 1874, these “Rochdale Principles” fueled a cooperative explosion.

Stated in many ways, the Rochdale Principles require that a cooperative must be open for anyone to join. Every member retains one voice, one vote. Modern cooperatives, including electric cooperatives, retain that principle in their structure and bylaws. Electric co-ops hold member business meetings annually, allowing members to elect fellow consumers to guide the co-op and have a say in the organization.

There also have to be real member benefits. For example, members of electric co-ops often get money back (called capital credits or patronage refunds) when the co-op is in good financial shape. For example, Roanoke EC distributed \$6.5 million back to members over the past 10 years—nothing to sneeze at. During August 2012, you will receive your portion of the \$300,000.

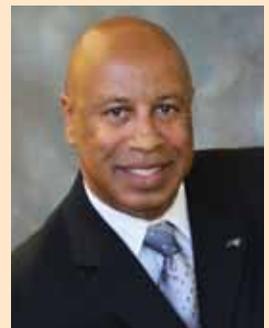
Education remains another big focus for cooperatives. Electric co-ops provide safety information in schools, share ideas on how to make your home more energy efficient to keep electric bills affordable, and make sure elected officials and opinion leaders know about the co-op business model. Because there is strength in numbers, co-ops tend to stick together when tackling regional and national issues. Your co-op began a series of “Straight Talk about Energy” forums in 2011 to keep you informed of issues that support and threaten the way we do business. We are hosting these in our area board districts. We’ll be posting information on our website and in our newsletter about an event scheduled near you.

Perhaps most important of all, co-ops are independent and community-focused, not tied to the purse strings of far-flung investors. Co-ops help drive local economic development, fund scholarships, support local charities, and work to make life better in the areas they serve—the heart of the cooperative difference.

Learn more about Roanoke EC’s strides to measure up to these founding principles as you review the 2011 Annual Report and as always, learn more at [www.roanokeelectric.com](http://www.roanokeelectric.com).



*Curtis Wynn*  
**Curtis Wynn,**  
President and CEO



*Allen Speller*  
**Allen Speller,**  
Chairman



Welcome sign to  
Roanoke EC’s annual meeting

# WORK SUMMARY

## THE YEAR OF THE COOPERATIVE: BUILDING A BETTER WORLD

Roanoke Electric Cooperative (Roanoke EC) and other electric cooperatives across the United States are pleased to join in celebrating the 2012 International Year of the Cooperatives as designated by the United Nations General Assembly. This celebration, launched in October 2011, raises public awareness of the invaluable contributions of cooperative enterprises to poverty reduction, employment generation and social integration. In addition, we are also celebrating 74 years of working together to empower people to improve their lives through economic and social progress for a better tomorrow. Our history demonstrates how we can build a better world together. More than 74 years ago, nearly 90 percent of our rural ancestors were living in the dark—forced to rely on iceboxes to cool food, kerosene lamps for lighting, wood stoves for cooking, and wells for water. By banding together, we now deliver power to 42 million Americans in 47 states. There are 29,200 co-ops of all kinds across America and more than 1 billion co-op members around the world. Despite the diversity of cooperatives across industries and regions, they share values and principles. In summary form, these principles are:

- 1) Voluntary and open membership
- 2) Democratic member control
- 3) Member economic participation
- 4) Autonomy and independence
- 5) Education, training and information
- 6) Co-operating among cooperatives
- 7) Concern for the community

### ENGINEERING, OPERATIONS, AND TECHNICAL SERVICES

Technology remains a driving force for day-to-day operations in this department. Continuing strong operational performance and aligning goals with technology investments position the cooperative to respond to your electrical needs.

In 2011, the cooperative worked closely with consulting engineers to prepare and implement a Construction Work Plan. Although the process was fundamentally challenging, it was necessary for developing the budget and scheduling work for construction projects through 2014. Staff started

system improvements according to the plan in 2011 and made significant progress in spite of delays due to Hurricane Irene and a wet fall.

As mentioned earlier, technology heavily influences our daily lives. From cell phones to computers, it is embedded in most of everything we do. Whether it is to improve efficiency or to develop new services, Roanoke EC is harnessing technology to improve the way we do business. The cooperative's Information Technology team worked closely with every co-op employee to equip each one with the tools necessary to provide high-quality service.

This department also led the cooperative staff through a safety improvement plan to define objectives, identify shortcomings and key areas of improvement, and address issues, all of which will reduce the risk of injury. Roanoke EC is committed to ensuring that hazards are properly identified and controlled at all times.

In 2011, the cooperative began performing field audits of each service location. This project will confirm all operational components of each service and list them in the cooperative's mapping system. This information supports damage prevention, maintenance and inventory of utilities, and analyses of utility usage supplying the staff with the tools necessary to meet your needs.

### MEMBER SERVICES AND MARKETING

The overall objective for this department is to provide Superior Customer Service. Superior Customer Service begins with a capital "S":

- Service that makes members feel special
- Service that makes members want to visit the office and do business
- Service that makes members recommend Roanoke EC's services

The department continues to implement the Strategic Communication Plan developed in 2010. Our primary focus is on building and strengthening the communications and marketing of all co-op programs.

In continued efforts to strengthen the connection with our members and deepen the quality of our communication with you, we have launched some major components of the plan. We rolled



Roanoke EC Straight Talk Community Forum held at Greater Wynns Grove Baptist Church in Colerain



Building good will and supporting the community: Employees spent the holidays accepting donations for the Salvation Army



John Meeks of the FDIC discusses financial literacy at the Roanoke Chowan Partners for Progress (RCP) meeting



Charles Bryant (above) Corey Hayes (bottom) provided information at area schools for Career Day



Students from the nation's cooperatives on the DC Youth Tour

out a more user-friendly website, [www.roanokeelectric.com](http://www.roanokeelectric.com), and Facebook page in 2011. Both tools are instrumental in getting out information. The website also has a link to an outage map that proved to be very useful during recovery efforts after Hurricane Irene, along with updated Facebook postings. We are on target in 2012 to bring you Twitter, another social media tool so REC can continue delivering up-to-date news and information in a timelier manner and to be more interactive with members. Please follow your cooperative on Facebook and Twitter: [www.facebook.com/roanokeelectric](http://www.facebook.com/roanokeelectric) and [www.twitter.com/roanoke\\_ec](http://www.twitter.com/roanoke_ec).

We have collaborated with our billing software provider to roll out a variety of projects. For instance, the member service portal grants you account access to perform a number of services 24/7 over the Internet. We have also been able to offer an enhanced Prepaid Metering program and an improved outdoor lighting tracking and billing process. Both will allow for better record keeping and more efficient problem solving.

Another upgrade gives members who pay through third-party bill payment services such as banks and independent services. This service can ensure payment posting on your scheduled payment date due to the transaction converting to an electronic payment.

As a not-for-profit electric cooperative, Roanoke EC allocates annual operating margins, or profits, to members receiving service during the year. We allocate margins (money available after paying all bills) using a proportional ratio (using the dollar amount of electric service that each member purchases in a year compared to the total electric service purchased by all members). We then pay

them back to you through capital credit retirements. We mail Capital Credit checks to former and current members with a retirement amount of \$10 and above.

We coordinate energy efficiency programs through GreenCo Solutions, a statewide green company for electric cooperatives. The Manufactured Housing Program and the Refrigerator Recycling Program are two of the many programs available. These programs support your investments in energy efficient projects. We also offer home energy audits to make sure you are getting the best value out of the energy you use each month.

### COMMUNITY AND PUBLIC RELATIONS

Roanoke EC is continuing to make strides in the educational and economic development arena. Our record of accomplishments proves we are committed to supporting our communities.

We offer grant programs to youth and non-profit organizations through Operation Roundup, Bright Ideas and the Roanoke Electric Scholarship. We also offer all-expense-paid trips for area youth to attend prestigious camps such as the Roy Williams and Kellie Harper Basketball camps. We support the Rural Electric Youth Tour and the Cooperative Youth Leadership Camp hosted in Washington, D.C., and the NC Future Farmers of America Center at White Lake, N.C., respectively. These opportunities afford our young people a chance to learn about leadership, teamwork, electric co-ops, and our nation's history.

Roanoke EC also invests in the community via sponsorships and community and youth programs. The programs range from electric safety demonstrations to job-shadowing opportunities.

## ROANOKE EC SUBSIDIARIES

### THE ROANOKE CENTER

[www.roanokecenter.org](http://www.roanokecenter.org)

The Roanoke Center is an innovative community and business resource that promotes technology-based economic development in the five-county region comprised of Bertie, Gates, Halifax, Hertford and Northampton counties. Believing that home-grown businesses provide economic stability and prosperity, The Roanoke Center markets its technology-based solutions statewide and nationally. These efforts sustain the Roanoke Center financially and create jobs locally.

The center is housed in the former Roanoke Electric Cooperative's facility in Rich Square. We encourage you to visit and learn about the many programs available at The Roanoke Center.



Roanoke EC Straight Talk Community Forum held at Cedar Landing Baptist Church in Windsor

### THE BUYER SUPPLIER NETWORK

[www.bsncentral.com](http://www.bsncentral.com)

Buyer Supplier Networks (BSNs) are regionally focused economic development initiatives, which connect buyers, i.e. corporations and public sector agencies with locally owned qualified and diverse suppliers. This concept, a key functional area of The Roanoke Center, facilitates two web-based technologies—the Who's Who System ([www.whoswhosystem.com](http://www.whoswhosystem.com)) and the RFQhosting system ([www.rfqhosting.com](http://www.rfqhosting.com)). The Who's Who system is a registry for businesses that gives them the opportunity to deliver products and services to larger buyers. The RFQhosting system is the component of the Buyer Supplier Network that handles the bid management

process for buyers. This is where the same registrants in the Who's Who System will present their quotes on requested products and services to prospective buyers.

### HUMAN RESOURCES AND ACCOUNTING DEPARTMENT

The Human Resources and Accounting Department continues to provide sound financial services for the cooperative and its affiliate organizations and develops and carries out programs promoting a healthy workforce and work environment.

They have been very innovative in streamlining the accounts payable process by reducing the number of physical checks drawn. This project has improved overall cash management and vendor relations for the organization.

A new initiative this department is working on is developing an Emergency Response Manual for employees. The department remains committed to a complete approach to excellence that includes maintaining a qualified and diverse workforce.

### TRAINING

Staffing critical positions are important in any organization. That is why employee training is an ongoing process that Roanoke EC takes seriously. Cooperative employees and directors eagerly take advantage of training and workshops sponsored in-house or by NCAEC, NRECA, local community colleges and other organizations.

### HEALTH AND WELLNESS

Employees are important to Roanoke Electric Cooperative's success. Keeping them and their families safe, healthy and happy is important to ensuring that REC can continue its mission. Roanoke Electric's wellness program is about more than just physical fitness or losing weight. It is about physical, mental and financial wellness to achieve a long, fulfilled and prosperous life. Employees and their spouses have participated in many wellness programs.

### 2011 FINANCIAL REPORTING

McNair, McLemore, Middlebrooks & Co., LLP completed Roanoke Electric Cooperative's 2011 Combined Financial Audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States.



Diversified Energy of Rich Square recently moved its office to the former Roanoke EC site. They are also participants of the cooperative's Co-op Connections program



Roanoke EC's message sign in Ahoskie



Patrice Jordan (at front desk) is ready to welcome and assist members

# FINANCIAL REPORT



<b>Where The Money Came From:</b>	<b>Statistics of Operations:</b>
	Fiscal Year ending December 31, 2011
	<b>What We The Cooperative Collected:</b>
	Total Electric Revenue \$34,941,730
	Non-Operating Interest \$582,759
	<b>Total Revenues: \$35,524,489</b>

<b>How The Money Was Used</b>	<b>What The Cooperative Paid Out:</b>
	Cost of Power \$19,217,553
	Transmission Expense \$0
	Distribution/Operating Expense \$1,398,126
	Maintenance Expense \$1,957,762
	Consumer Account Expense \$1,612,225
	Customer Service and Information \$596,382
	Administrative and General Expense \$3,050,507
	Depreciation \$2,580,417
	Taxes \$1,085,229
	Interest on Long Term Debt \$2,041,944
	Other Deductions \$56,608
	<b>Total Expenses \$33,596,753</b>
	Income (loss) from equity investments (\$81,233)
	<b>Total Margins \$1,846,503</b>

## Balance Sheet as of December 31, 2011

<b>What We Own</b>	<b>Assets (Membership Patronage Capital and other Equities)</b>
	Electric Plant In Service, less depreciated \$64,654,062
	Other Property and Investments \$6,362,531
	Cash & Cash Investments \$2,634,654
	Consumer and Accounts Receivable \$6,772,273
	Materials and Supplies \$954,496
	Other Assets \$92,827
	Deferred Charges \$1,194,617
	<b>Total Assets \$82,665,460</b>

<b>What We Owe</b>	<b>Liabilities:</b>
	<b>Membership Patronage (Capital Credits and other Equities) \$26,104,133</b>
	Long Term Debt to REA, CFC and Others \$43,787,342
	Accounts Payable \$2,511,948
	Consumer Deposits \$1,011,986
	Deferred Credits \$259,426
	Other Liabilities \$6,225,157
	Other Current & Accrued Liabilities \$2,765,468
	<b>Total Liabilities \$82,665,460</b>

# HOW YOUR DOLLAR IS SPENT

**Taxes . . . . . 3¢**

**Cost of Borrowing Money 6¢**

**Plant Cost . . . . . 7¢**

**Net Margins . . . . . 4¢**

**Cost to Operate . . . . . 25¢**

**Cost of Power . . . . . 55¢**

**Total . . . . . \$1.00**



James Taylor participates in Pole Top Rescue



State Senator Ed Jones attended the 2011 annual meeting



REC employee Debbie Robbins entertained the children during Family and Friend Day at the co-op

# BOARD OF DIRECTORS

Our mission is to provide safe, reliable and affordable electricity while enhancing the quality of life in the diverse communities we serve.



**District 1**  
Columbus Jeffers



**District 2**  
Delores Amason  
(secretary-treasurer)



**District 3**  
Carolyn Bradley



**District 4**  
Robert "Nat" Riddick  
(vice chairman)



**District 5**  
Ken Jernigan



**District 6**  
Millard Lee  
(asst. secretary-treasurer)



**District 7**  
Darnell Lee



**District 8**  
Allen Speller  
(chairman)



**District 9**  
Chester Deloatch

