

Executive Message

Building a smarter energy future for our members means providing affordable, reliable electricity in a new era of technology while remaining true to our cooperative spirit of community involvement and member care. As a member-owned cooperative, our focus is on demonstrating value as well as delivering service at the lowest possible cost.

A key way cooperatives provide value is to return money to our members in the form of capital credits retirements. In 2009 and again this year, your Board of Directors was pleased to authorize a return of \$2 million that came back to members by checks and bill credits.

Your Board also recently provided value by approving a two-month temporary rate reduction to help members during what became the coldest winter in decades. Extremely cold weather led to an increase in heating and electricity usage by members, demonstrated by the peak usage record set this year.

Value is also delivered through the Blue Ridge Electric Members Foundation. As members give to Operation Round Up® and your cooperative contributes through the profits of



Kenneth Greene, President, and Doug Johnson, CEO

our heating fuels subsidiary Blue Ridge Energies, a record number of families received a total \$106,866 to help keep warm. An additional \$106,275 was awarded to programs and services that contribute to local quality of life. Learn more about how the Members Foundation is helping our communities on pages 6 and 7 of this report.

Reliable electric service is key to providing good value to our members. In 2009, we began deploying our automated metering infrastructure including smart meters to integrate with America's next generation of fully digital, connected electric systems. Combined with steps we've taken to upgrade our power lines and substations, our ability to offer reliable electricity and new energy efficiency programs and services is enhanced.

As our nation experiences growing demand for electricity during a time when it's becoming more expensive to produce and transmit power, our efforts to keep electricity affordable focus on the single most expensive part of our business: wholesale power supply. While we've secured a favorable long term contract, we continue working to ensure your access to electricity at the lowest possible cost—a challenge during a period when our nation's electric grid is undergoing modernization and power generation plants need to be constructed for adequate, reliable electricity. Affordability is especially challenging as the nation builds transmission lines needed to interconnect renewable energy sources with power delivery systems.

These factors, coupled with a recovering economy and competition for fuels and construction materials from developing countries, are putting price pressure on our industry and all consumers. Because legislative and regulatory requirements could financially burden our consumers, we're keenly watching and involved in Capitol Hill activities. We're asking you to do the same. Join us by voicing the need to ensure climate change policy goals are affordable, fair, and achievable at www.ourenergy.coop.



The most devastating storm in decades hit Christmas Day when ice affected nearly half of the cooperative's 7,000 miles of line and broke nearly 200 poles. Line technicians and other employees worked around the clock for six days with assistance from 12 cooperatives and others to fully restore power to 27,983 members who were affected at the height of the storm.



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We set annual key indicators to measure our performance in critical areas that benefit members. Here are the results from 2009:

Electric System Reliability

This past year, we kept your power on 99 percent of the time, which is among the best reliability records for utilities. This was achieved through maintaining our right of way around power lines and reliability improvement projects such as substation and line upgrades.

Especially challenging to reliability was the most devastating storm in decades that hit our area on Christmas Day. Ice took down or affected nearly half of the cooperative's 7,000 miles of line and broke nearly 200 poles. Line technicians and other employees worked around the clock for six days with assistance from 12 cooperatives and others to fully restore power to members. During this and other severe storms this winter, automated smart meters assisted in our reliability and restoration efforts by pinpointing outages and speeding detection of problem areas. Smart meters will be fully installed across our system by the end of 2010.

Customer Service

Members rate our service among the best in the nation, according to the American Consumer Satisfaction Index results showing Blue Ridge Electric 11 points ahead of the national average and four points better than the top rated investor-owned utility. On local satisfaction surveys, members rated us highly with an overall 9.1 on a 10-point scale.

Operating Cost



To help hold down costs for members, an initiative known as WorkSmart was created to help employees identify ways to "work smarter" by improving efficiencies. Employee efforts under WorkSmart have produced both one-time and long-term savings for members totaling nearly \$1 million.

Safety

As of December 31, 2009, 178 employees had worked 547,891 hours without a lost-time accident while driving more than 1.3 million miles annually to serve members.

Blue Ridge Energies

The cooperative's subsidiary offers propane and heating fuels, gas logs, fireplaces and more in showrooms located in the cooperative's district offices. In 2009, the subsidiary continued a tradition of superior customer service which resulted in a net benefit to Blue Ridge Electric members of \$1.4 million. To help customers control costs, Blue Ridge Energies continued to offer customer savings programs such as Refer a Friend and Senior Citizens discount.

As of December 31, 2009, the subsidiary's 37 employees had worked 157,915 hours without a lost-time accident while driving more than 380,000 miles annually to serve customers.

In Summary

Your cooperative is planning and preparing to ensure affordable, reliable electricity now and for future generations. Last year, Blue Ridge Electric achieved very strong performance results that benefit the members of this cooperative. Long-term strategic planning by your Board and management team helps ensure your cooperative remains stable and performs efficiently for you, our members. From interconnecting with the smart grid, working with members to save money by saving energy, supporting our communities to revitalize our area, or coordinating with elected officials to advance the cooperative mission of providing affordable electricity, you can be assured that our employee team is dedicated to demonstrating the cooperative difference through personal touch service and member value.


A handwritten signature in black ink, appearing to read "Doug Johnson".

Doug Johnson
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Kenneth R. Greene".

Kenneth Greene
President



A Touchstone Energy Cooperative 

Your Board of Directors



Representing the Members of Blue Ridge Electric

Your Board is comprised of members living throughout the cooperative's service territory who provide strategic planning and policy oversight for the cooperative with the goal of acting in the best long-term interests of the membership. Board members are (l to r):

Front Row:

Kenneth Greene - President - Ashe District
Joy Coffey - Secretary-Treasurer - Watauga District
Charity Gambill-Gwyn - Asst. Secretary-Treasurer
Alleghany District and Director-at-Large
Jeff Joines - Vice President - Caldwell District

Back Row:

Bryan Edwards - Alleghany District
Clayton Cooke - Watauga District
Bradley McNeill - Ashe District
David Boone - Ashe District
Martha McKnight - Alleghany District
J.B. Lawrence Jr. - Watauga District
David Eggers - Caldwell District
Jimmy Hemphill - Caldwell District

