

# Membership MATTERS

## Members Only NEWS For Members of Blue Ridge

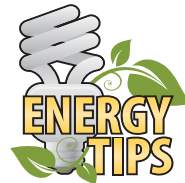
### RidgeLink Subsidiary Formed

Blue Ridge Electric has recently organized a new company called RidgeLink, LLC. RidgeLink is a limited liability company that is wholly owned by the cooperative. We were also recently granted a certificate of Public Convenience and Necessity by the North Carolina Utilities Commission to serve as a Competitive Local Provider (CLP). RidgeLink was formed to help the cooperative provide value to its membership by more fully utilizing the fiber optic system the cooperative has put in place for its electric system.

Brad Shields, of Boone, will serve as chief operating officer of RidgeLink. He has been employed with Blue Ridge Electric for more than 10 years as director of information technology and communications.

### Your Personal Computer

If you're wondering when you should turn off your personal computer for energy savings, here are some general guidelines to help you make that decision.



- Screen savers do not reduce energy use by monitors. Automatic switching to sleep mode or manually turning monitors off is always the better energy-saving strategy.
- Turn off your personal computer monitor when you're away from your PC for 20 minutes or more, and both the CPU and the monitor if you will be away for two hours or more.

These simple acts will help conserve energy and save money each month.

*For cost effectiveness, you also need to consider how much your time is worth. If it takes a long time to shut down the computer and then restart it later, the value of your time will probably be much greater than the value of the amount of electricity you will save by turning off the computer.*

#### CORPORATE OFFICE

PO Box 112 • Lenoir, NC 28645

CHIEF EXECUTIVE OFFICER  
Doug Johnson

EDITOR  
Renée R. Whitener

PRODUCTION SUPERVISOR  
Susan Simmons

#### DISTRICT OFFICES

Caldwell (828) 754-9071  
Watauga (828) 264-8894  
Ashe (336) 246-7138  
Alleghany (336) 372-4646  
From Wilkes (336) 838-4655  
PowerLine® 1 (800) 448-2383  
(PowerLine® is an automated account information and outage reporting system.)

Toll Free 1 (800) 451-5474  
(for members outside the service area)

To report an outage at any time,  
call one of the numbers listed above.

OFFICE HOURS  
8:30 am - 5:00 pm, Monday - Friday  
Night deposit available.

Visit us on the web:  
[www.BlueRidgeEMC.com](http://www.BlueRidgeEMC.com)

# Membership MATTERS



### Energy Budget Tools

Blue Ridge Electric offers the following tips to help you manage your electricity usage and costs:

**Practice Energy Saving Actions:** An energy efficient home will help you reduce energy usage and contain energy costs. Take simple steps to target the largest household energy users: set thermostats to the lowest comfortable level in winter (or highest in summer), reduce hot water use by installing low-flow shower heads and only washing clothes or dishes when there's a full load, and replace traditional incandescent light bulbs with compact fluorescent lights (CFLs).

**Take Advantage of Budget Billing:** This payment plan equalizes your bills during the year. We estimate your annual electricity usage (based on your prior usage) and divide it evenly for 12 months. In the twelfth month, we "true up" any difference between your estimated and actual usage. If your usage is more than projected, you pay the difference. If it's lower than projected, the credit is applied to your future bills until it's depleted, thereby reducing your amount owed.

**Helping Members:** In this struggling economy when some members may have difficulty paying their bills, the cooperative offers the following help to members:

- We offer payment arrangements to extend your payment due date. While these are \$10 each, it's far less expensive than a \$40 delinquent fee.
- Call us as soon as possible if you can't meet your due date. We'll work with you to set up a payment installment plan.
- Contact us before your account becomes subject to disconnection. By that time, no payments have been made for two months.
- During extreme circumstances, special assistance may be available at helping agencies. Blue Ridge members show tremendous support for the cooperative's Operation Round Up® program that provides emergency heating assistance to those who qualify and apply at their local social service agency. To offer assistance to as many people as possible, funds are limited to \$100 per member per year. This "member helping member" program can provide much needed relief.

## Coal Increases Affects Wholesale Power Costs

As I've been communicating in recent months, a combination of market forces is continuing to put upward price pressure on the electric utility industry and Blue Ridge Electric. The rising cost of fuels to generate electricity is the primary reason consumers across the nation are seeing increases in their monthly electric bills.

At Blue Ridge Electric, our wholesale power costs for 2009 are projected to be about eight percent higher than we budgeted late last year. The most significant factor driving this increase is higher coal costs. The declining economy has also adversely affected the electric power industry just as it has most other industries. In order for us to recover this increase in wholesale power cost, it is necessary for us to increase the amount of our monthly wholesale power cost adjustment (WPCA). This increase will be effective on this month's bills. (Please see side bar for details.)

Since coal represents almost 50 percent of the fuel mix used to generate electricity within Duke Energy's generation area serving North Carolina, any increase in the price of coal greatly affects our power costs. Since late 2007, spot prices for Central Appalachian Coal have increased from about \$45 per ton to over \$150 per ton. More recently due to the economic

downturn, spot coal prices have dropped to around \$60 per ton and longer term contracts (one to three years) are averaging \$60 to \$90 per ton. This level of cost is about 50 percent more than just two years ago. The increase is primarily a result of global coal demand, significant increases in mining costs, and higher commodity prices in general.

While we regret having any cost increase during difficult economic times, this is not an avoidable cost for the cooperative. During 2008, we under-collected about \$4.4 million in wholesale power cost, and we project our rates will under-collect an additional \$5 million in 2009. Each dollar that we collect from members through the WPCA produces about \$1.1 million in revenue which will enable us to recover this additional cost by the end of 2009.

Whereas we have little control over fuel costs affecting wholesale power, we can control increase in our operational costs for the cooperative. The good news is that Blue Ridge Electric employees are managing operational costs very efficiently. In fact, our operating expenses were \$1.7 million under budget for 2008, and we have projected only a modest 2.65 percent increase in our operating expenses for 2009. In addition, the board

of directors at their January 29 meeting approved a \$1 million charge-off for the WPCA. In essence, the board reduced 2008 margins to help offset part of this additional WPCA cost. This action reduces the WPCA charge by about \$1 per month per member.

We are likely to see additional increases in wholesale power costs in the coming years due to renewable energy legislation, carbon taxes, the construction of new electric generation plants, and investments in our nation's transmission grid. The cooperative will do everything we can to keep the financial impact for you at an acceptable level.

As a member-owned cooperative, you can be assured that Blue Ridge Electric will continue to aggressively pursue ways to reduce and manage our operating costs so that we can provide the best value to you and deliver reliable power for your home, business, schools, and communities. We will also provide an excellent program of energy efficiency ideas through our new GreenSmart initiative. Through our GreenSmart portfolio, we will help you manage your electric bill and at the same time help reduce our impact on global climate change.

An Editorial by Chief Executive Officer Doug Johnson



## WPCA Update

Due to rising wholesale power costs, it is necessary to increase the Wholesale Power Cost Adjustment (WPCA) on your monthly bill from \$4 to \$9 per 1,000 kwh (kilowatt hours). The typical usage for a residential member is 850 kwh per month, which means the average member will experience a monthly WPCA of \$7.25.

The WPCA is used when the cooperative's actual wholesale power cost is greater than the amount set in our rates. We evaluate power costs monthly, so the WPCA charge could change based on the cost of electric generation fuels during 2009. The WPCA recovers only the amount being charged to Blue Ridge by our wholesale power supplier, Duke Energy Carolinas.



## More News

### Bill Item Reflects Environmental Requirements

With the goal of improving the environment for future generations through greater use of renewable energy and energy efficiency, North Carolina was one of 30 states to pass a law requiring all electric utilities to meet Renewable Energy and Energy Efficiency Portfolio Standards (REPS).

The law requires electric cooperatives to meet up to 10 percent of their energy supply through renewable energy resources or energy efficiency measures by 2018. Part of Blue Ridge Electric's plan includes coordinating with our wholesale power supplier to ensure our power supply includes a percentage of renewable energy. Renewable energy is generated from natural resources such as wind, sunlight, and water.

Blue Ridge is implementing energy efficiency programs because they offer the most economical and fastest way to help improve the environment and meet REPS requirements by providing an avenue for Blue Ridge Electric and our members to partner together.

For example, Blue Ridge Electric has begun selling discounted compact fluorescent light bulbs (CFLs) to help members replace traditional incandescent light bulbs with energy saving CFLs. Water heater wraps are also being sold, and home weatherization assistance for low-income households will be offered. We are also developing a pilot program to provide online data tools that make it easier to monitor electricity usage and costs.

Later this fall, the cooperative is planning a rebate program for members who install solar thermal water heating systems. Solar water heating systems use the sun to heat the water, which is then held in a storage tank until ready for use. A traditional water heating system still provides additional heating but its use is typically reduced by up to two-thirds.

Knowing that renewable resources are more expensive than traditional generation fuels and to help fund efforts to meet REPS, the General Assembly also provided for cost caps in the law. This cap also serves to protect consumers from extreme power bill increases.

To recoup some of the costs for implementing measures to achieve the REPS law, a line item called "NC Renewables/Energy Eff Chrg" will appear on your bill starting in June. Currently, the amount of this charge is 32 cents for residential members. The law allows utilities to recover up to an annual \$10 per residential meter, \$50 per commercial meter, and \$500 per industrial meter. These amounts gradually increase in 2012 and 2015.

More efforts will be planned in coming years to meet the 2018 deadline as Blue Ridge Electric works to do our part for a cleaner environment and a sustainable energy future. For more information, visit [BlueRidgeEMC.com/GreenSmart](http://BlueRidgeEMC.com/GreenSmart).



Blue Ridge Electric and Blue Ridge Energies Offices will be Closed  
Friday, April 10, in Observance of Good Friday.