

# Membership MATTERS



## Your Share of \$2 Million in Capital Credits Coming in May

Thanks to a \$2 million capital credits retirement recently approved by the board of directors, some 52,000 members will be receiving capital credits refunds in May.

Members qualifying for a capital credits refund of \$25 or more will receive a check delivered separately from their electric bill. Those qualifying for a refund of less than \$25 will receive a credit on the electric bill they receive in May. Capital credits are a unique benefit for members of cooperative businesses and represents your ownership in Blue Ridge Electric.

As a cooperative, Blue Ridge Electric doesn't earn profits. Instead, any revenues remaining after all expenses have been paid each year are considered "margins." Each member's share of the year's margins is assigned to a special account in their name. The funds assigned to this account are called capital credits and are based on the amount of electricity purchased during the year. For a period of time, capital credits are used as working capital to help finance major long-term, reliability projects in order to help offset the need to borrow funds, thereby helping keep your electricity rates lower. As a member-owned cooperative, Blue Ridge Electric strives for a healthy balance between debt and equity to ensure the cooperative's financial health and stability as well to ensure you receive reliable electricity delivered with outstanding customer service.

Each year, the Board evaluates the return of a percentage of capital credits to members based on the cooperative's financial condition. Over the history of Blue Ridge Electric, more than \$30 million (including the 2010 refund) in capital credits have been refunded to members.

Look for your capital credits check or bill credit this May! We're pleased to be sending these funds and providing value to our member-owners through the cooperative's capital credits system.

*Members qualifying for a capital credits refund of \$25 or more will receive a check delivered separately from their electric bill. Those qualifying for a refund of less than \$25 will receive a credit on their electric bill that they receive in May.*

# THE *Perspective*

## Members Benefit from Capital Credits

One of the unique benefits of cooperative membership is having an electric service provider that works to provide you with the best value. The capital credits program used by cooperatives is one of the best examples.

We want members to be well informed about capital credits because it represents your ownership in Blue Ridge Electric. We also want to ensure you're aware of the funds coming back to you such as this year's \$2 million capital credits retirement approved by your Board of Directors (see page 1 for details).

Capital credits may be an unusual term but they're a key member benefit. Until capital credits are returned to the members, they are invested in power lines, transformers, substations, and other assets that provide you with reliable electric service. Capital credits are the margins — the revenues minus expenses of the cooperative — allocated to our members based on their purchase of electricity. About 75 percent of each year's margins are retained for a period of time for use as capital to maintain the electric system. The remaining 25 percent is used to return capital credits to members.

There's a larger story behind capital credits, however. To assure your return of capital credits and the fiscal health of your cooperative, your board of directors has approved an equity management plan. The plan sets a goal for a member equity level of 35 to 40 percent of assets. It includes a schedule for the regular return of member equity in the form of capital credits. A cooperative's equity level is one of the best indicators of its financial health because it reflects the maintenance of an appropriate level of equity or member investment in the cooperative. Our members currently have just over 35 percent equity invested in the cooperative, which is \$117.9 million out of \$336.1 million in total assets.

The equity plan also guides your board in making decisions about key financial issues. It allows the cooperative to generate adequate capital to fund growth and operations without retaining member funds any longer than necessary.

Money to operate a cooperative comes from two sources: the amount members pay for electric service and long-term loans. Our goal is to maintain a balance of member equity and debt in order to give members the lowest possible cost for service over the long term. The equity plan determines how much of the cooperative's investment in electric system assets will be covered through member rates and how much will be covered by loans. It also helps us meet financial requirements of our lenders.

Since the inception of Blue Ridge Electric, \$30,432,817 (including the 2010 refund) in capital credits has been returned to members through annual capital credits retirements. We think that's something to celebrate as one of the ways Blue Ridge Electric provides value to its members and we're pleased to be diligent in returning a portion of your capital credits investment to you this May!

An Editorial by  
Chief Executive Officer Doug Johnson



## The Benefit of Capital Credits

*One of the business principles of a cooperative is providing "at cost" service to its consumers, which means cooperatives don't exist to earn a profit. With a cooperative, there is no stock to be purchased or sold; the members are the owners of the business. Capital credits are a benefit of belonging to a cooperative and they represent your ownership in Blue Ridge Electric.*

### **What happens to my capital credits if I move or am no longer a member?**

*Your capital credits remain on our records in your name and member number until they are retired. To ensure you receive your capital credits refund, you should always alert Blue Ridge Electric of any address changes.*

### **What happens to the capital credits of a member who dies?**

*The capital credits of a deceased member may be paid on a discounted basis without waiting for general retirements over several years. However, these estate payments are not automatic. The estate executor must request the credits by submitting a Certification of Entitlement form and a copy of the death certificate to the cooperative.*

# More News

## An Appalachian Summer Festival Concert Celebration featuring: **Blood, Sweat & Tears**

### Ticket Order Form

Tickets may be ordered from ASU by phone, FAX, mail, or at [www.BlueRidgeEMC.com](http://www.BlueRidgeEMC.com):

- For mail orders, cut (✂) this form out and send it along with your check, money order, VISA® or MasterCard® number to:  
 Farthing Auditorium Box Office  
 Appalachian State University  
 PO Box 32057  
 Boone, NC 28608-2057  
*\*Tickets will be held at the box office and can be picked up at the Holmes Convocation Center on the day of the concert, or they can be mailed back if a self-addressed envelope is included and received by July 13.*
- For phone orders using your VISA® or MasterCard®, call toll free: 1-800-841-2787 or (828) 262-4046 in the Boone area. Hours: 10 a.m. - 5 p.m., Monday - Friday. **Blue Ridge members: to receive your discount, have your electric account number ready.**
- FAX this order form with your VISA® or MasterCard® number to: (828) 262-2848.
- To order tickets over the Internet, go to [www.BlueRidgeEMC.com](http://www.BlueRidgeEMC.com) and click on "ASU Concert Tickets."

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Blue Ridge Electric account number *(required for discount)* \_\_\_\_\_  
 Phone (day) \_\_\_\_\_ (evening) \_\_\_\_\_

Adult tickets _____ x \$25 = \$ _____	<input type="checkbox"/> Check: (payable to ASU)
Children's tickets _____ x \$ 5 = \$ _____ <i>(12 years &amp; younger)</i>	Charge to my: <input type="checkbox"/> Visa® <input type="checkbox"/> MasterCard®
Subtotal \$ _____	Credit Card # _____
Handling Charge \$ <u>    \$2.00    </u>	Exp. Date _____
Grand Total \$ _____	_____

Signature \_\_\_\_\_

**All tickets must be purchased through ASU.**



## An Appalachian Summer Festival Concert Celebration

with Blood, Sweat & Tears  
 Saturday, July 24 at 7:30 p.m.

Holmes Convocation Center, Appalachian State University  
 Doors open at 6:30 p.m.

Adult tickets with Blue Ridge Electric member discount - \$25 (regularly \$30)  
 Children's tickets - \$5

\*All tickets must be purchased through ASU

Sponsored by: Blue Ridge Electric Membership Corporation

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## Members Only NEWS ~For Members of Blue Ridge Electric

**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
Wilkes	(800) 451-5474
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(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)

## New Technology Being Installed in Watauga County

Specialized Technical Services (Team STS), a contractor for Blue Ridge Electric, is currently installing automated “smart” meters in the cooperative’s Watauga County service area.

The automated metering infrastructure (AMI) being installed across the Blue Ridge Electric system holds many benefits for both members and the cooperative. In addition to providing a powerful tool that helps the cooperative even further improve and monitor the reliable flow of electricity to members, AMI brings the latest technology to automated metering and the electric system as a whole. With AMI, energy usage is communicated over the power lines to the cooperative with precise accuracy. This will eventually offer members detailed information about their home or business energy usage which could be used to help better control energy costs and improve efficiency.



## Being Smart with All Types of Energy

**Myth:** It is better to let your vehicle idle than turn the engine off – turning the engine back on uses more fuel than idling.

**Fact:** Idling uses more fuel than turning off your engine and restarting it. As a rule of thumb, turn off your engine if you will be idling for more than 30 seconds. “You should not turn your engine off at a traffic light,” said David Champion, senior director of auto testing for *Consumer Reports*. “However, if you are stuck at a train crossing or bridge opening, and it is likely you are going to be parked for a number of minutes, you should turn off your engine.”

Source: [EnergyHog.org](http://EnergyHog.org)