



Blue Ridge Mountain EMC

2018 Annual Report

80th
Anniversary
1938 - 2018

Executive Summary

Let me begin by thanking our membership for your steadfast support of Blue Ridge Mountain EMC (BRMEMC). This year marks the 80th anniversary of your co-op. During the past 80 years, we have faced many challenges, resulting in many changes. However, amid those changes, providing safe, reliable electric service with a commitment to excellence has always been and continues to be our primary objective. BRMEMC's pioneers provided the foundation for our success today, and it is our responsibility to do the same for future generations.

In this year's Annual Report, we are providing an update on the operations of your EMC, along with financial information for the 2017 calendar year.

During 2017, BRMEMC experienced several large outages that affected members throughout our five-county service territory. Tropical Storm Irma and Winter Storm Benji caused significant damage to our system. Fortunately, the dedication and determination of the BRMEMC workforce was able to minimize members' outage times.

Despite the storms this year, your EMC constructed more than 36 miles of new power lines while maintaining 6,000 miles of existing distribution lines and nearly 40 miles of transmission lines. Your cooperative owns and maintains 10 distribution substations and one transmission switching station.

One notable project completed in 2017 was the rebuild and upgrade of the Blairsville distribution substation. In addition, our engineering and operations staff completed a four-year work plan, which schedules and lists all necessary construction planned across the electric network over that time period. This work plan includes new line extensions, additional substations and source upgrades, and any system improvements necessary to support continued growth.

In 2017, we added approximately \$9,379,500 in new electric and broadband plant, resulting in a total plant value as of December 2017 of more than \$257 million. This past year, we also added 735 electric meters,

giving us a year-end total of 52,342 connected meters. Our meter growth rate continues to outpace the national metrics, which I see as a strong indicator of the growth and prosperity in the territory we serve.

In addition to providing electric services, BRMEMC continues to offer several other value-added services.

We supply broadband to more than 7,000 of our members. The BRMEMC staff has worked diligently the past two years to increase the subscriber count where our broadband infrastructure already exists. This effort has been so successful that we are now comfortable with rolling out fiber extensions to new, previously unserved areas on the system.

More information on broadband will be shared during the next budget year. Similar to when electric lines were installed in the 1930s and 1940s, the installation of broadband services across our system will take years. But helping to bridge this digital divide is the right thing to do for Blue Ridge EMC's members.

In 2017, BRMEMC entered into a strategic marketing partnership with EMC Security to offer home and commercial security services. I am encouraged that this partnership will prove fruitful, both for EMC Security and BRMEMC members.

Finally, I want to express my appreciation to BRMEMC's Board, management, and employees for their commitment to meeting the needs of our membership. We are proud of the past 80 years and look forward to many bright years ahead! We hope to see you at the Annual Meeting on Saturday, Sept. 8, 2018, at the Union County Fine Arts Facility in Blairsville, GA.



General Manager
Jeremy Nelms



Balance Sheet

| Utility Plant | 2016 | 2017 |
|--|-----------------------|-----------------------|
| Electric Plant in Service | \$ 250,764,851 | \$ 257,362,537 |
| Construction Work in Progress | \$ 2,156,733 | \$ 5,249,931 |
| Accumulated Provision for Depreciation | \$ 76,851,291 | \$ 82,621,225 |
| Net Utility Plant | \$ 176,100,293 | \$ 179,991,243 |
| Non-Utility Property | \$ 0 | \$ 0 |
| Investments in Associated Organizations | \$ 4,956,731 | \$ 3,992,508 |
| Current Assets | | |
| Cash—General and Temporary Cash Investments | \$ 489,393 | \$ 6,107,835 |
| Accounts Receivable | \$ 4,133,491 | \$ 4,902,663 |
| Materials and Supplies | \$ 1,544,821 | \$ 1,431,681 |
| Prepayments | \$ 126,206 | \$ 404,093 |
| Other Current Assets | \$ 5,036,142 | \$ 5,174,782 |
| Total Current Assets | \$ 11,330,053 | \$ 18,021,054 |
| Deferred Debits | \$ 2,546,252 | \$ 3,467,011 |
| Total Assets | \$ 194,933,329 | \$ 205,471,816 |

| Equities | 2016 | 2017 |
|---|-----------------------|-----------------------|
| Memberships | \$ 275,421 | \$ 285,454 |
| Equity in Co-op | \$ 58,112,331 | \$ 63,920,404 |
| Total Equities | \$ 58,387,752 | \$ 64,205,858 |
| Long-term Debt | \$ 112,855,106 | \$ 116,221,054 |
| Other Non-Current Liabilities | \$ 4,170,362 | \$ 3,495,090 |
| Current Liabilities | | |
| Notes Payable | \$ 0 | \$ 0 |
| Accounts Payable | \$ 9,592,675 | \$ 10,067,887 |
| Consumers' Deposits | \$ 4,230,235 | \$ 4,194,283 |
| Accrued and Withheld Taxes | \$ 975,600 | \$ 1,542,209 |
| Accrued Interest— RUS, CFC and FFB | \$ 4,245,484 | \$ 5,602,402 |
| Other | \$ 454,378 | \$ 127,210 |
| Total Current Liabilities | \$ 19,498,372 | \$ 21,533,991 |
| Deferred Credits | \$ 21,737 | \$ 15,823 |
| Total Equities and Liabilities | \$ 194,933,329 | \$ 205,471,816 |

Statement of Revenue and Expense

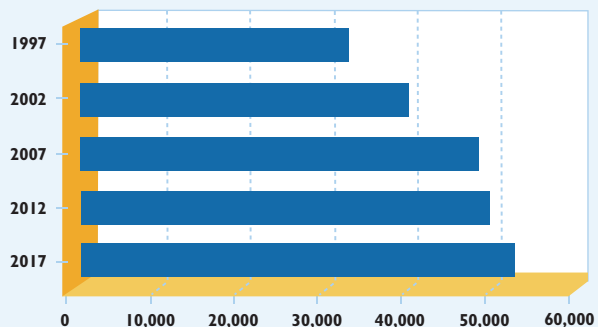
| | 2016 | 2017 |
|---|----------------------|----------------------|
| Operating Revenue | \$ 86,065,902 | \$ 84,893,526 |
| Operating Expense and Interest | | |
| Cost of Power | \$ 54,697,217 | \$ 53,512,081 |
| Distribution Operations | \$ 3,316,388 | \$ 3,054,559 |
| Distribution Maintenance | \$ 5,708,367 | \$ 6,410,031 |
| Consumer Accounts | \$ 2,845,139 | \$ 2,951,480 |
| Consumer Service and Information | \$ 893,348 | \$ 1,212,908 |
| Administrative and General | \$ 2,497,004 | \$ 2,875,538 |
| Depreciation | \$ 7,299,742 | \$ 7,559,516 |
| Taxes | \$ 634,455 | \$ 699,436 |
| Interest | \$ 4,681,333 | \$ 4,678,162 |
| Total Operating Expense and Interest | \$ 82,572,993 | \$ 82,953,711 |

| | 2016 | 2017 |
|--|---------------------|---------------------|
| Net Operating Margins | \$ 3,492,909 | \$ 1,939,815 |
| Non-Operating Margins | \$ 557,255 | \$ 3,035,492 |
| Other Comprehensive Income | \$ (307,200) | \$ 960,800 |
| Net Margins | \$ 3,742,964 | \$ 5,936,107 |
| Earnings Reinvested in System: | | |
| Beginning of Year | \$ 54,102,757 | \$ 58,112,331 |
| Prior Year's Adjustments | \$ 266,610 | \$ (128,034) |
| Earnings Reinvested in System: | | |
| End of Year | \$ 58,112,331 | \$ 63,920,404 |
| Paid Back to RUS, CFC, FFB and CoBank | \$ 4,245,484 | \$ 5,602,402 |

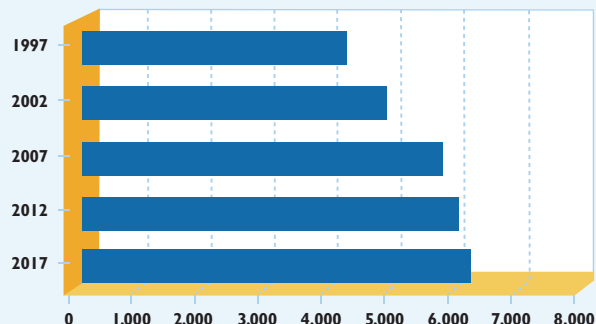
Numbers reflect calendar year totals.



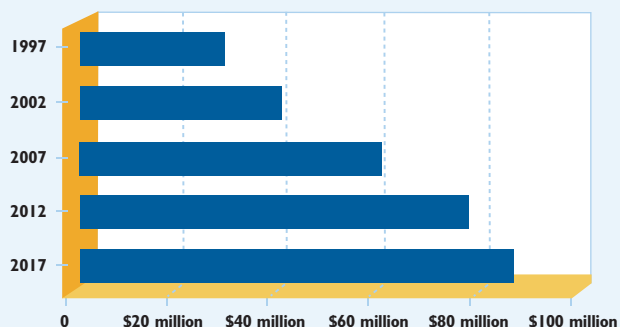
Meters Served



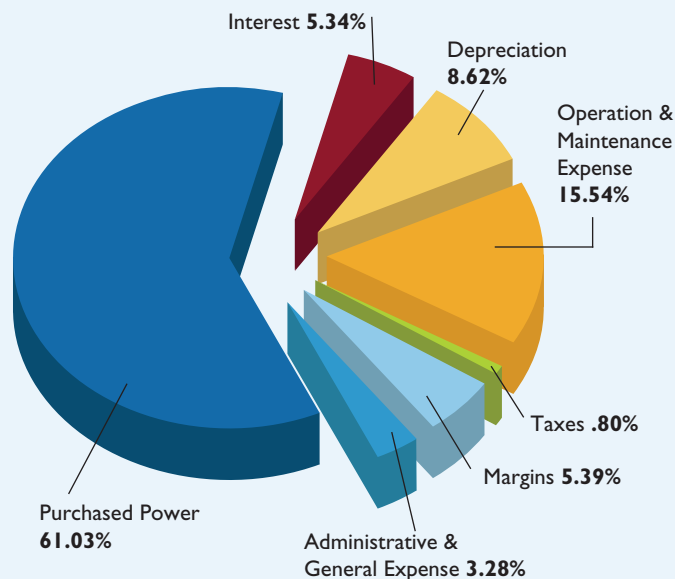
Miles of Line



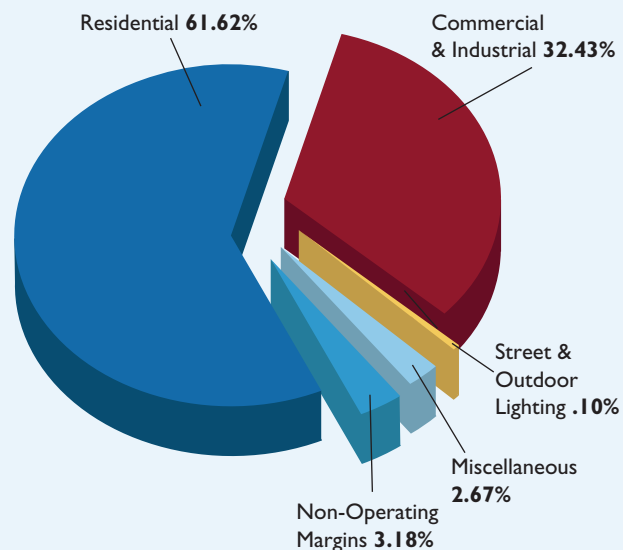
Electric Revenue



Uses of Revenue



Sources of Revenue



Numbers reflect calendar year totals.

BRMEMC Annual Meeting



Join Us As We Celebrate 80 Years of Service to Our Members

Saturday, September 8, 2018

**Union County Schools
Fine Arts Center
926 Panther Overlook
Blairsville, GA**

**Registration:
8 a.m. to 10 a.m.**

**Business session:
10 a.m.**

**Entertainment:
The Union County High School
Jazz Band and Chamber Choir**

**Free door prizes
Grand prize drawing:
Flat-screen TV**

BRMEMC Board of Directors Voting Information

Voting by Mail

- Every BRMEMC member will receive a ballot by mail.
- Follow carefully the voting instructions on your ballot.
- Make sure to use the return envelope provided in your Ballot Packet. DO NOT bring your ballot to the BRMEMC office.
- Mail-in ballots must be received no later than Sept. 7, 2018.

Voting online

- Go to www.directvote.net/brmemc/ to access the login page of the official BRMEMC Ballot.
- Use **Member Number** and **Election Passcode** found on your mailed ballot.
- Follow carefully the online voting instructions.
- Online voting ends on Sept. 6, 2018.

Voting in person

- You can vote at the Annual Meeting on Sept. 8, beginning at 8 a.m.
- The Annual Meeting is at the Union County Schools Fine Arts Center.

If you have any problem voting online, please email support@directvote.net or call 1 (866) 909-3549. If you have additional questions, please call (706) 379-3121, or for more information, log on to our website at www.brmemc.com.