

2011 ANNUAL REPORT

Cooperatives Building a Better World



Randolph Electric
Membership Corporation

Your Touchstone Energy® Cooperative 

2012
International
Year of



Cooperatives

Dear Members:

You're a member of Randolph Electric, so you know we're focused on providing safe, reliable and affordable power. But this community-driven business model doesn't stop at your light switch. There are 29,200 co-ops across America taking many forms and our business model works for dairy farmers and small business owners, financial institutions, grocery stores, insurance, housing, and child care.

Electric cooperatives may only serve 12 percent of American consumers, but our lines cover 75 percent of this great nation. By banding together, we deliver power to 42 million Americans in 47 states.

Over 75 years ago, nearly 90 percent of our rural ancestors were living in the dark—forced to rely on iceboxes or spring houses to cool food, kerosene lamps for lighting, wood stoves for cooking, and fetching water from wells. The reason: the big investor-owned utilities had decided there was no profit to be made extending power lines into the countryside to hook up farms and small towns.

That's where the co-op business model came into play. In 1938, Randolph Electric's founding members—folks like you—took on a big challenge, tackling the feat of bringing power and hope to the rural areas of central North Carolina by forming an electric cooperative.

This year, 2012 has been declared the International Year of Cooperatives. It's a chance for us to celebrate our legacy of innovation and to remind us of what's important in business—putting PEOPLE first.

COMMITMENT TO COMMUNITIES

One of REMC's seven cooperative principles is "Concern for Community." We show concern for our members through supporting things that make our area a better place to call home. Randolph EMC supports numerous community organizations, fundraisers and events.

One of the most important keys to our community's strength lies within the opportunities to help our schools and students succeed. That's why each year we earmark \$10,000 to help fund educators' creative projects as part of our Bright Ideas grant program. In 2011, we funded eight programs in local schools



Mrs. Tammy Applegate's students at Asheboro High School enjoyed learning calculus by building roller coaster models with materials bought with Bright Ideas grant funding.

that will have an impact on more than 2,000 students per year.

Our employees are also committed to helping our community thrive. In 2011, they raised thousands of dollars for the United Way and Relay for Life, donated several pints of blood to the American Red Cross, and even surpassed their goal for donating bicycles to the U.S. Marine Corps' Toys for Tots program.

In addition, employees rallied together last December to create a special Christmas for the patients, families and staff who spent their holiday in the NC Jaycee Burn Center in Chapel Hill. Their efforts provided gift cards for each patient, toys for the children and food for the staff. Some employees even took time away from their own Christmas celebrations to deliver the gifts to the Burn Center. This certainly was one of the highlights of the year, and an experience that employees will never forget.

But we are a cooperative—we know we can't do it all on our own. That's why we cooperate with you through our People Helping People program. Together we donated more than \$6,500 to organizations and families in our local area last year. You, working with other members in our community, have donated nearly \$61,500 since the program began in 2001.

A LEGACY OF INNOVATION

During the International Year of Cooperatives 2012, we also want to celebrate our legacy of INNOVATION. Co-ops adapt quickly to change, and we find solutions to improve service for you, our members. That's the power of cooperation.

Innovation takes many forms, from energy efficiency

and renewable energy efforts to transforming the electric grid. Each innovative step forward builds a better community for all of us.

Advanced Meter Installation

Deploying state-of-the-art solutions like our advanced metering infrastructure system helps us control operating costs and improve service reliability. More than 22,000 electronic meters have been installed across our system, and by the end of 2012, all of our meters should be up to speed. This investment will cut our operational costs not only during outages but throughout our day-to-day operations. New technology helps us keep your electric bills affordable and reduces our environmental impact.

New Hope Substation

Randolph EMC also completed construction of its New Hope substation this past year, and thousands of members are enjoying more reliable service as a result.

The New RandolphEMC.com

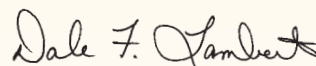
Randolph Electric is always looking for new ways to add value to your membership. In December, 2011, we unveiled a new design for our Web site. Our goal for www.RandolphEMC.com is to become the go-to place for our members. The site is there when you need it for everyday updates, important energy-efficiency and power-saving tips, and outage information.

We thank you for being a member of Randolph Electric Membership Corporation. By uniting neighbors and friends to meet common needs, cooperative enterprises build a BETTER world, and we are honored to have you as a part of ours.

Cooperatively yours,



Bob Wright,
President, Randolph
EMC Board of Directors



Dale F. Lambert
Chief Executive Officer

2011 Randolph EMC Board of Directors



Bob Wright
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President



Jerry Bowman
District 4
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Sue Spencer
District 6
Secretary-Treasurer



Tammie Phillips
District 7
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James Andrews
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Steve Harris
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District 9



Larry Routh
District 3



Randolph EMC employees deliver gifts and donations to the NC Jaycee Burn Center on Christmas Day.



Employees and friends of REMC raise thousands of dollars for Relay for Life each year by holding a golf tournament fundraiser.



REMC crews traveled to various states to aid in restoring power after storms. Here, crews repair tornado damage at a church in Eutaw, Ala.



Tracy Bates talks with a student about his duties as a lineman at a school career fair.

Employees raise enough money to donate 28 bicycles to the U.S. Marine's Toys for Tots program.



Efficiency & Conservation

Senate Bill 3 (SB-3) that was passed in 2007 by the North Carolina legislature established a Renewable Energy Portfolio Standard (REPS) for our state that applies to all electric utilities. For Randolph EMC, by 2018, up to 10 percent of our kilowatt-hour sales must be from a combination of purchasing renewable energy generation and from off-setting potential energy sales through conservation. These are measured in Renewable Energy Credits (RECs). REMC participates in GreenCo Solutions, a cooperative that helps us obtain RECs and with compliance reporting to the North Carolina Utilities Commission.

Figure 1. 2011 Energy Efficiency Programs: Annual kWh Savings

Efficiency Program	kWh Saved in 2011
ENERGY STAR Lighting	1,692,000
Residential Water Heating Efficiency Kits	372,000
Agricultural Lighting Rebate	714,000
Commercial/Industrial Lighting Rebate	108,000
Total	2,886,000

Although we will continue to add to our bank of RECs, Randolph EMC has already met the 2012 REPS requirement of renewable resources and efficiency efforts making up three percent of kilowatt-hour sales.

Senate Bill 3 also requires the co-op to incorporate energy efficiency measures into its power portfolio. Figure 1 (on opposite page) details how many kWh members saved by participating in Randolph EMC's efficiency programs in 2011.

Storm Assistance

The Randolph EMC distribution system was once again blessed not to have experienced any major storm damage in 2011, but our neighboring cooperative utilities were not so fortunate.

Employees assisted Central, Piedmont and South River Electric Membership Corporations when tornadoes tore through their service territories. Crews also traveled to Eutaw, Ala., to restore power to members of Black Warrior Electric Membership Corporation after the tornado outbreaks damaged the electric system there. Hurricane Irene also affected several North Carolina cooperatives, which gave our crews another opportunity for storm assistance.

We are extremely proud of our line crews and the work that they do. We are also very fortunate to have such a wide network of cooperatives to call on, should we ever need assistance in a storm situation.

Legislative Activity

Randolph EMC kept a close eye on legislation that could impact members in 2011. Though no energy legislation was passed, the cooperative has monitored issues concerning Rural Utilities Service loans for co-ops and EPA regulations on coal ash and greenhouse gas emissions. REMC will continue to follow legislative activity, keep you informed and provide ways for you to contact our elected officials.

—Thanks for the—
HIGH
—MARKS.—



We'd like to thank our members for helping us score an 88 in the recent American Customer Satisfaction* Index. Your feedback puts Randolph EMC a full five points higher than the utility industry average.

Even though ACSI recognizes "customer" satisfaction, REMC members are in fact "owners." That's an important distinction. And it's why we strive to provide a level of service that's second to none.

Naturally, we're honored. But it won't go to our head. We'll remain the dependable source of electricity our members never have to think twice about. Unless, of course, they're being surveyed by the ACSI.

Looking Out for You.

*Touchstone Energy ACSI member ratings using the ACSI customer satisfaction survey questions are compared to the ACSI ratings of residential customers of the U.S. largest investor-owned energy utilities.

Financial Report

What We Took In

Operating Revenue	\$	59,803,499
Non-Operating Revenue	\$	164,418
Capital Credits from Associated Organizations	\$	897,446
Total	\$	60,865,363

What We Paid Out

Purchased Power	\$	36,246,047
Gross Receipts and Property Taxes	\$	1,995,324
Depreciation of Plant and Equipment	\$	4,669,606
Interest Expense	\$	3,143,162
Operation, Maintenance, & Other Expenses	\$	12,489,642
Total	\$	58,543,781

What We Had Left

Net Margin for the Year (Patronage Capital)	\$	2,321,582
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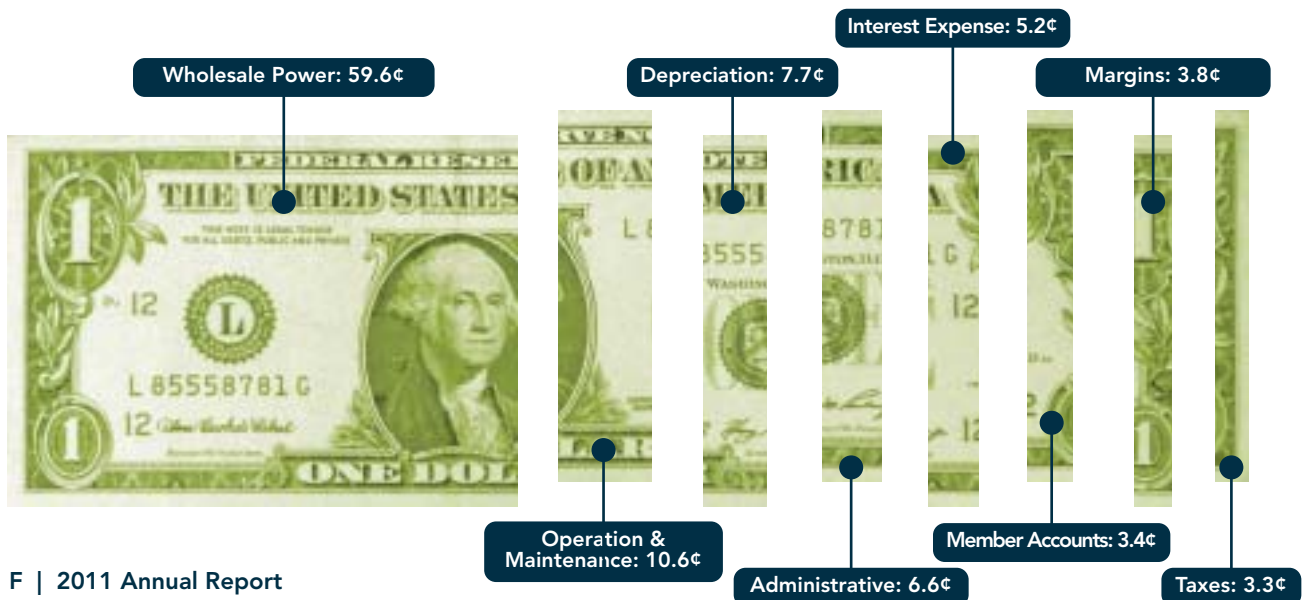
Assets

Our plant is valued at	\$	121,460,072
We have other investments worth	\$	7,213,362
We have cash and temporary investments on hand in the amount of	\$	1,033,319
We have accounts and notes receivable amounting to	\$	4,540,962
We have prepayments and other assets amounting to	\$	4,467,885
Our materials and supplies are worth	\$	1,041,086
Total Assets	\$	139,756,686

Liabilities

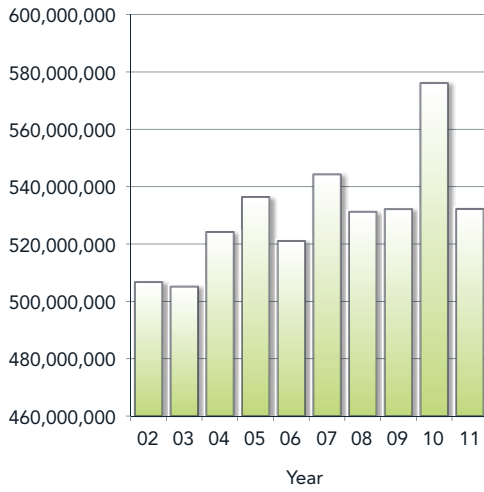
We owe RUS, NRUCFC, and FFB	\$	71,744,671
We have allocated and unallocated margins amounting to	\$	53,799,859
We owe accounts payable amounting to	\$	4,573,180
We are holding deposit fees amounting to	\$	991,300
We have other current and accrued liabilities amounting to	\$	3,973,243
We have deferred credits and other liabilities amounting to	\$	4,674,433
Total Liabilities	\$	139,756,686

The 2011 Revenue Dollar

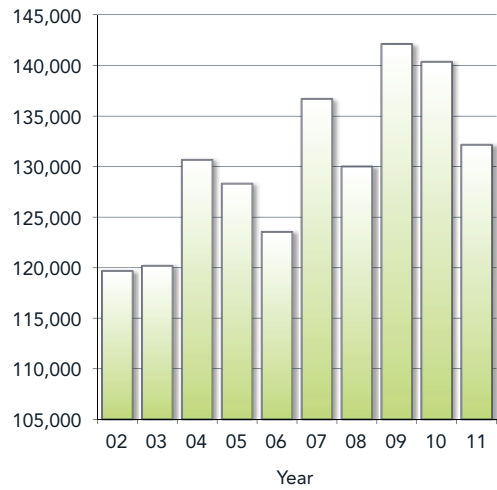


Power Trends

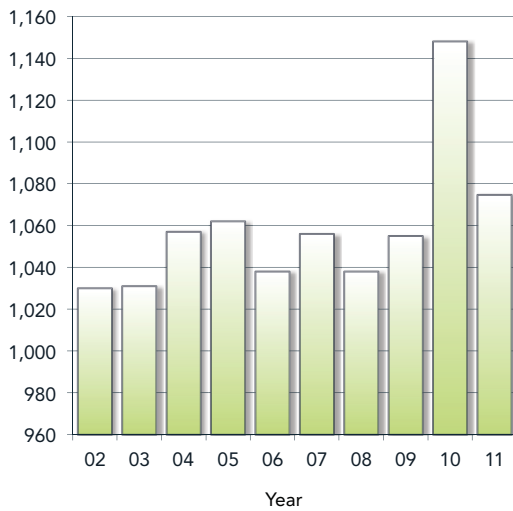
kWh Purchased



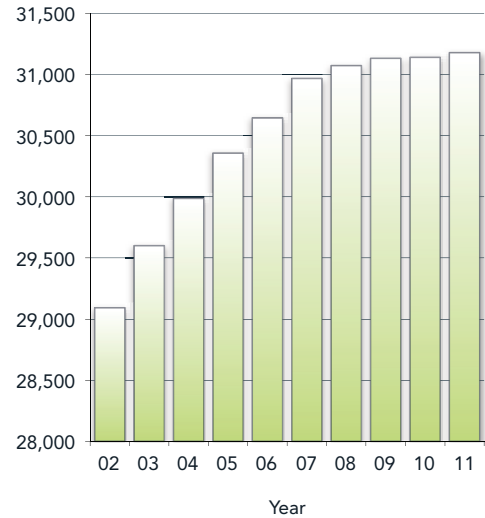
Annual Peak kW Demand



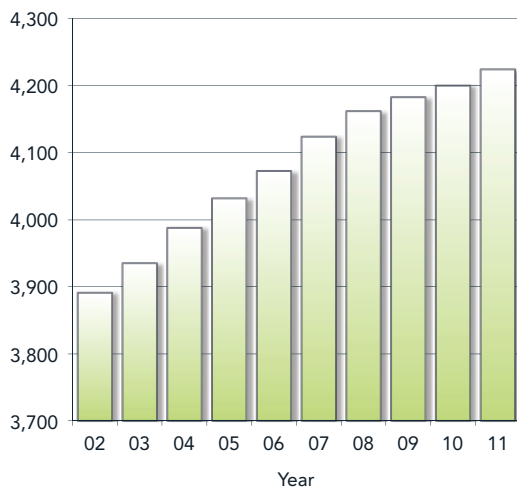
Average Monthly kWh Use Per Home



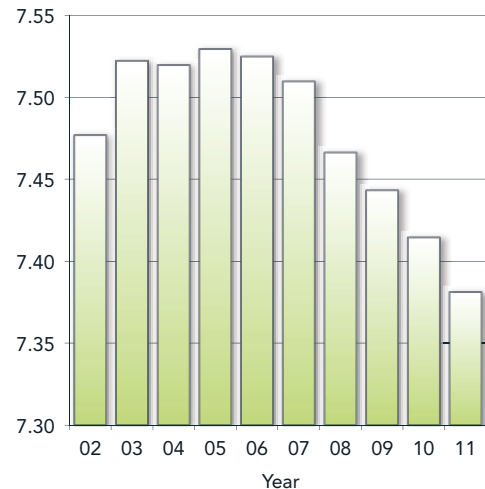
Number of Meters Served



Miles of Line



Meters Per Mile of Line





Randolph Electric Membership Corporation

Your Touchstone Energy® Cooperative 

Asheboro Office
879 McDowell Road
Asheboro, NC 27205
(336) 625-5177
(800) 672-8212

Robbins Office
201 S. Middleton Street
Robbins, NC 27325
(910) 948-3401
(800) 868-7014

www.RandolphEMC.com