

Lumbee River

ELECTRIC MEMBERSHIP CORPORATION

***Looking
out for our
members***



A Touchstone Energy[®] Cooperative

2 0 0 7 A N N U A L R E P O R T

BOARD OF DIRECTORS



Roger Oxendine
Chairman
District 2



Robert L. Strickland
Vice Chairman
District 3



Broughton Oxendine
Treasurer
District 5



Maggie Hunt
Secretary
District 6

2008 Credentials and Election Committee

James McRae, *Chairperson*
Wade Hunt, *Vice Chairperson*
Rose McNeill, *Secretary*
Gene Locklear
Betty Grimsley
Douglas Locklear
Robert Brayboy
Robert Fairley
Bobby Freeman
David Locklear
Earl Wallace
Freddie Chavis
George Lessane
Laymon Locklear
Della Maynor Brown
Joan Balfour
Joseph Whitley Jr.
Mary Jones
Thomas Cooper
Deborah Purcell
Shirl Rising



Wyatt Upchurch
District 6



Madie Rae Locklear
District 5



Ruth Oxendine
District 5



Ambrose Locklear, Jr.
District 3



William Hollingsworth
District 6



James Hardin
District 6



Herbert Clark
District 1

2008 Nominating Committee

James Leach, *Chairperson*
Cheryl Cunningham, *Secretary*
Jerry Newman
Gregory Hunt
Minnie C. Bullard
James Jacobs, Jr.
Lena Carter Tubbs
Cedric Locklear
Ima Wilson
Harold Brock
Tony Hunt
Richard Smith



Proctor Locklear, Jr.
District 6



Lacy L. Cummings
District 4

The Lumbee River EMC Board of Directors and staff would like to say THANK YOU to the cooperative members who served on the Annual Meeting Committees this year.

Minutes of the 2007 Annual Meeting of the Members – October 18, 2007

Pursuant to due notice thereof, the 67th Annual Meeting of the Members of Lumbee River Electric Membership Corporation was held at the University of North Carolina at Pembroke, Performing Arts Center, beginning at 1:00 p.m. on Thursday, October 18, 2007.

1. Registration and voting commenced at 1:00 p.m. and ended at 8:00 p.m.

2. Attorney Arlie Jacobs called the meeting to order and welcomed the members to the meeting. Mr. Jacobs introduced Reverend Crafton Chavis of Piney Grove Baptist Church who delivered the invocation.

3. Attorney Jacobs introduced Chancellor Allen C. Meadors, of the University of North Carolina at Pembroke. He welcomed the members to the university campus and spoke briefly of all new campus growth. In addition, after 57 years, he spoke of the renewed UNCP football program and invited all members to attend the last home football game for the season.

In conclusion, Chancellor Meadors asked all the members to continue to support the university

4. Attorney Jacobs introduced Secretary Maggie Hunt who read the proof of mailing of the notice for the annual meeting and reported that a quorum was present. Ms. Hunt reported that on September 27, 2007 and September 28, 2007, the Corporation did place 44,414 annual meeting members' notices in the United States mail with postage thereon duly paid. A copy of the proof of mailing is incorporated herein by reference, made a part of these minutes and is available for inspection in the Minutes Book of the Corporation.

5. Attorney Jacobs called for the approval of the minutes of the 2006 Annual Meeting, held October 12, 2006. Upon a motion duly made and seconded, the membership waived the reading of the minutes of the 66th Annual Meeting of Members.

6. Attorney Jacobs reported that according to Section 4.05 of the Cooperative's Bylaws, candidates are placed into nomination in one of two ways: (1) nomination by the Nominating Committee; and (2) nomination by petition containing at least fifteen (15) or more members' signatures so nominating the interested members. Attorney Jacobs reported that the cooperative had received one (1) petition for nomination, placing into nomination for the District 2, Mr. Gerald Gooslyb.

7. Mr. Douglas Locklear presented the report of the Nominating Committee, placing into nomination the following names in the following districts.

District 2	Roger Oxendine
District 5	Madie R. Locklear Broughton Oxendine
District 6	James Hardin

8. Attorney Jacobs introduced Mr. Roger Oxendine, Chairman of the Cooperative's Board of Directors, who gave an audiovisual presentation of his report to the membership. A copy of his report is incorporated herein by reference, made a part of these minutes and is available for inspection in the Minutes Book of the Corporation.

9. President/CEO Ronnie E. Hunt recognized special guest and gave a special thanks to The Unity Quartet and The McNeill's for providing entertainment, and also to the University of North Carolina at Pembroke for the use of their facility.

10. President/CEO Ronnie E. Hunt of Lumbee River EMC presented his report to the membership outlining challenges faced by cooperative in upcoming years regarding the environment and renewable energies. With legislative mandates in place for the use of renewables, he spoke of the need to incorporate wind, solar and bio-mass into our fuel mix. The legislation allows the annual collection of up to \$10 from all residential electric consumers beginning in 2008, with an increase in 2014 not to exceed \$24 annually. Mr. Hunt spoke of carbon emissions from coal plants and the adverse affect to air quality. He spoke of the efforts of Lumbee River EMC and North Carolina Electric Membership Corporation (NCEMC), our statewide organization, to stay abreast of these issues at the state and national level. Mr. Hunt told members about the benefits of member participation in Rural Electric Action Program (REAP) and Action Committee for Rural Electrification (ACRE), as well as the annual \$35.00 membership fee. These monies go to support campaigns of state and federal candidates that are in support of the cooperatives. If you are interested in joining REAP and/or ACRE, he asked the members to contact either Carmen Dietrich or Walter White.

In conclusion, Mr. Hunt thanks members for their continued support and involvement in the affairs of Lumbee River EMC.

11. Attorney Arlie Jacobs opened the floor for question and/or comments.

Pauline McNeill: 3681 130 W. Rowland, North Carolina

Question: Why doesn't Robeson County have a recycling location like the one in South Carolina?

Answer: Landfills collect trash and they bury it. Once buried and it starts to decay it produces a gas. Someone in the County has partnership with someone to tap into the gas and this will produce electricity.

Question: Why do my lights keep blinking off for a few seconds? This causes me to keep setting my clocks. What is happening at this time?

Answer: I will ask the staff to take a look tomorrow and see if we can resolve this problem.

Comment: Thank LREMC for the great service.

Mark Moses: 492 Odum Road, Lumberton, North Carolina

Comment: One of the worst lightning storms came through. The lights didn't flicker one time. Would like to thank the coop for a great job for keeping the lights on during the storm.

Paul Jones:

Comment: There have been good things brought to our county. I am tired of board members lying. If I don't get a dime of capital credits and the membership survivors get it that is all that matters. If I have to put my name in the running, I will. This board needs a change of adding white, black and Indian.

Jessie Locklear: Rowland, North Carolina

Question: Why are my lights staying off 2 to 3 hours and causing my clocks to blink? Why can't the light bills stop when this happens?

Answer: Mr. Hunt informed the members that Progress Energy had a problem and that caused LREMC to have problems.

Margaret Evans: 213 Stoney Park Road, Fayetteville, North Carolina

Comment: There is an easement that runs through my property. The people that ran the lines they saved telephone pole lines and left them lying in my yard. They took the wire from the pole and left the odd pieces in the ground. I call Lumbee River on Friday and I explained to them that I was afraid my grandchildren could get hurt. I was told that this matter would be taken care of on Monday around 10:00 a.m. I only have good words for Lumbee River.

Pauline McNeill: 3681 130 W. Rowland, North Carolina

Comment: Capital credits that are given out are a good thing. My husband passed away and I received his capital credits. Progress Energy customers wish they had it.

Answer: Capital credit checks were taken from years 1983 to 1995. The money left behind belongs to you the members.

Joyce Dial: 135 Woodola Lane, Pembroke, North Carolina

Question: How long does it take to receive your capital credits after your husband dies?

Answer: Mr. Hunt informed Ms. Dial once all paperwork is completed then it is passed on to the Clerk of Court and they distribute.

Billy Hunt: Fairmont, North Carolina

Comment: In 2005 my wife passed away. I worked at the Funeral Home and received her Death Certificate within (2) days. Brought my paperwork to the coop and in less than (2) weeks I received \$1,250.00.

Phyllis Murdock: 8656 Turnpike Road, Raeford, North Carolina

Question: Who are the people that cut the trees close to the power lines? They cut the limbs and leave them at the edge of my yard. I go to work and return home and notice that the lights have been blinking. Have to reset all the clocks and (2) days later same thing.

Answer: Lumbee River will take a look at this a correct the problem.

12. Attorney Jacobs introduced Mr. Ronald Anderson, who conducted the drawing and awards of the door prizes and power credits

1	3		
The results of the election, which were certified by Credentials and Election Committee Chairman James McRae, were announced by Attorney Jacobs as follows:			
District	2	Roger Oxendine	1,371
		Gerald Gooslyb	943
District	5	Madie Rae Locklear	1,422
		Broughton Oxendine	927
District	6	James Hardin	1,588

14. After the drawing of the prizes, the 2007 Annual Meeting of the Members was proclaimed adjourned.

15. Registered members for the 2007 Annual Meeting of Members was 2,388. A list of each member registered is attached to these minutes, incorporated herein by reference, made a part of these minutes and is available for inspection in the Minutes Book of the Corporation

Signed:

Maggie Hunt, Secretary Roger D. Oxendine, Chairman

EXECUTIVE REPORT



TODAY, the electric utility industry is facing greater changes than we have seen in the history of the industry. We must address increasing demand for more electricity while balancing concerns for the environment. As a nation, we must add more generating resources to meet growing electric consumption. We must also deal with the impacts of global warming on the environment. Often these objectives seem to be pulling us in different directions.

As your electric cooperative, our main objective is to provide you, our members, with reliable, affordable electricity. It is our job to make prudent, long-term energy decisions that will benefit you and the communities we serve. Today these decisions are affected by politics like never before. Every method of supplying power is being impacted by the debate surrounding how best to meet climate change goals. Federal policy limiting carbon dioxide emissions is certain, although specifics are still up in the air. There is no doubt that it will take massive investments in new technology - and soon - to find a balance in meeting both our energy and climate change goals. The Electric Power Research Institute estimates it will take a research investment of \$1.4 billion a year from now until 2030 to develop new technology such as carbon capture and storage for our power plants. Once this technology is developed and proven, it will be expensive to add them to existing coal power plants as well as increasing the construction cost of new ones. Once this advanced technology is added to the equation, our coal burning power plants can continue to be an effective portion of our fuel mix while isolating carbon dioxide emissions.

Many experts believe that with the right financial commitment from the federal government, cost-effective carbon capture and storage technology could become commercially available around 2020. But this is just one potential piece of the puzzle to balance generation needs and environmental responsibility. Another component is nuclear generation. A renewed interest in construction of nuclear plants has begun to receive some headline attention across the country. Currently, there are plans for adding approximately 27



Roger Oxendine
Chairman, Board of Directors



Ronnie E. Hunt
President and CEO

gigawatts of nuclear generation in the United States. This is roughly one third of the total nuclear capacity needed based on Electric Power Research Institutes estimates. The last nuclear plant in the United States to be brought online occurred back in 1996. Given the long time required to construct these plants, it is questionable as to what role they can play in meeting our near term needs.

In 2007 the North Carolina legislature passed a bill that requires that 10% of our electric generation come from renewable resources (solar, wind, biomass) by 2018. When this is included, along with all of the activity going on at that federal level, we are going to see significant pressures on our rates.

At Lumbee River EMC, we are dedicated to keeping you supplied with reliable and affordable electricity. In the end, it will be the pocketbooks of our members that are most affected by state and federal action on climate change. It is more important than ever that we all engage with our elected officials as these mandates continue to be defined.

In 2007, Lumbee River, along with our national and statewide electric cooperative organizations, started a dialogue with lawmakers. This dialogue is focused on three areas: capacity, technology and affordability. Lumbee River needs your involvement in this dialogue. We are evolving and embracing change on a national and global scale. We also continue to focus on improving the quality of life right here in the communities we serve. We will continue to offer the programs that have touched your lives for decades. In addition, we will be introducing new programs that can help minimize the impact of these higher energy costs. Because at the end of the day, that is what your electric co-operative is all about: providing you, our member, with safe, reliable and affordable power. Be a part of this dialogue by visiting www.ourenergy.coop or calling our office for more information.

“We are evolving and embracing change on a national and global scale. We also continue to focus on improving the quality of life right here in the communities we serve.”



Thanks for the HIGH Marks!

We'd like to thank our members for helping us score an "83" in the recent American Customer Satisfaction* Index. Your feedback puts Lumbee River EMC a full 11 points higher than the utility industry average.

Even though ACSI recognizes "customer" satisfaction, Lumbee River EMC 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.

*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.



STATEMENT OF AUDIT

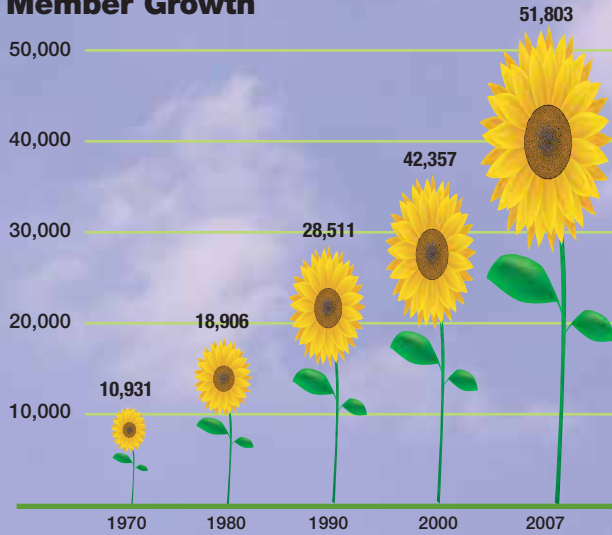
The accounting firm of **Goodman & Company, Danville, VA**, conducted an audit of the balance sheet and related statements of revenues and patronage capital and cash flows as of December 31, 2006 and 2007. This audit was conducted in accordance with generally accepted auditing standards, including examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presented.

In the opinion of the auditor, the financial statements of Lumbee River EMC present fairly, in all material respects, the financial position of Lumbee River Electric Membership Corporation as of December 31, 2006 and 2007, and the results of its operations and its cash flows for the years then ended to be in conformity with generally accepted accounting principles.

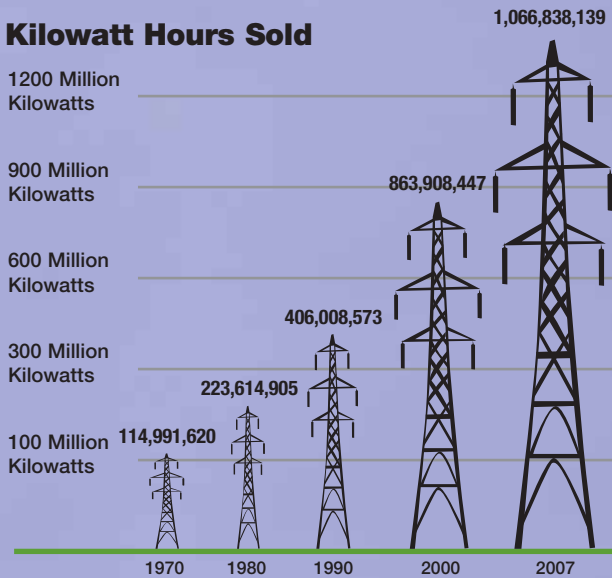
Assets/Deferred Charges	2006	2007
Net Utility	131,872,000	140,715,765
Investments	5,999,034	6,263,908
Cash	1,448,256	1,194,837
Notes and Accounts Receivable	17,605,861	17,713,974
Materials and Supplies	555,648	344,167
Other Current and Accrued Assets	258,733	3,289,786
Deferred Charges	2,556	2,696
Total Assets	157,742,088	169,525,133
Liabilities/Members' Equity	2006	2007
Membership	436,201	448,096
Equities and Margins	59,908,717	62,341,192
Long Term Debt	69,101,061	72,184,542
Accounts Payable	12,461,478	13,177,528
Other Non-Current Liabilities	0	8,778,306
Other Current and Accrued Liabilities	15,801,468	12,595,469
Deferred Credits	33,163	0
Total Liabilities	157,742,088	169,525,133
Monies We Collected		
Revenues	2006	2007
Sales of Electric Power	93,827,775	98,766,742
Miscellaneous Electricity Revenue	1,612,034	2,000,429
Total Electric Revenues	95,439,809	100,767,171
Cost of Providing Service		
Expenses	2006	2007
Purchased Power	64,602,558	67,923,095
Operations and Maintenance	4,537,507	4,712,216
Consumer Accounting	4,270,702	4,574,873
Administration and General Expense	5,997,506	6,500,271
Depreciation	5,302,533	5,570,689
Taxes	4,397,110	4,596,285
Interest	3,646,026	4,057,941
Other Deductions	120,813	0
Total Liabilities	92,874,755	97,935,370
What We Had Left		
Margins	2006	2007
Operating Margins	2,565,055	2,831,801
Other Margins	436,757	342,082
Non-Operating Margins	191,545	221,034
Gen. and Trans. Capital Credits	527,278	212,351
Income (Loss)	873,365	560,606
Total Margins Assigned	4,594,000	4,167,874



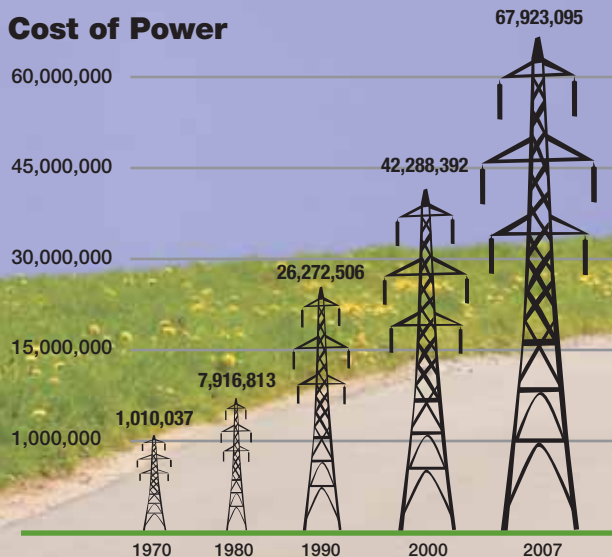
Member Growth



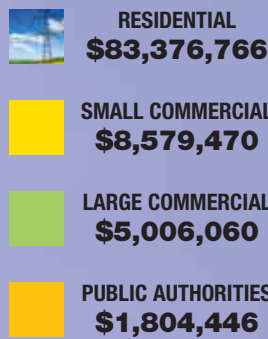
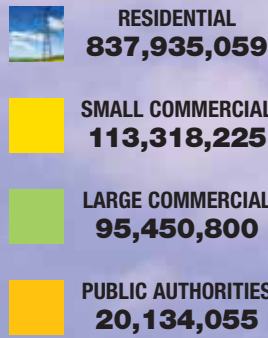
Kilowatt Hours Sold



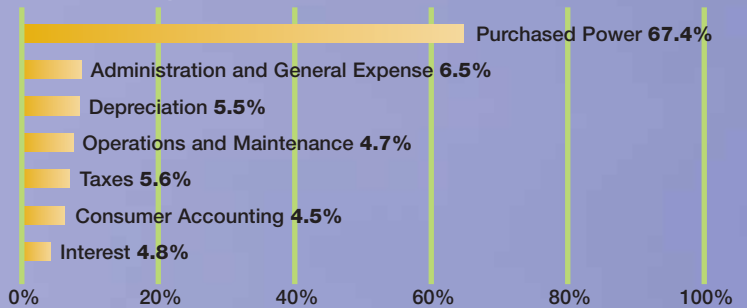
Cost of Power



STATEMENT OF AUDIT



How were your revenue dollars allocated in 2007?





Lumbee River
ELECTRIC MEMBERSHIP CORPORATION



A Touchstone Energy[®] Cooperative



LUMBEE RIVER EMC

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