

**innovative** **Spotlight on Excellence**

The co-operative difference **Capital credits**

**Integrity** Energy Star Leadership in Housing Award

Looking out for you **accountable**

**Safety First** Provides Reliable Service

Concern for Community **in trust**

Member Engagement Knowledgeable Employees

**Lumbee River EMC**  
**Annual Report 2008**

dem **affordable**

Education, training and information **and open**

Balancing Economics and Environmental Concerns **service**

A name you can trust **commitment**

Empowering Members **Membership**

Diverse Membership **Reliable Service**

**Excellence** Dedicated Board of Directors

Outstanding Employees Democratic Member Control

**National Community Service Award** **Integrity**

Committed to Renewables **Credits**

# BOARD OF DIRECTORS



**Roger Oxendine**  
*Chairman*  
District 2



**Broughton Oxendine**  
*Vice Chairman*  
District 5



**Robert L. Strickland**  
*Treasurer*  
District 3



**Maggie Hunt**  
*Secretary*  
District 6

Lumbee River EMC is governed by a 13 member Board of Directors. These member-directors are elected each year by their fellow coop members at the Annual Member Meeting. They bring together a wealth of knowledge, business skills and personal experience that provide the expertise needed to make Lumbee River EMC a successful cooperative. They are charged with establishing policies and overseeing financial decisions that are in the best interest of cooperative members.

## 2009 Credentials and Election Committee

James McRae, *Chairperson*

Della Maynor Bowen, *Secretary*

- Gene Locklear • Betty Grimsley
- Douglas Locklear • Robert Brayboy
- Robert Fairley • Bobby Freeman
- David Locklear • Earl Wallace
- Freddie Chavis • George Lessane
- Laymon Locklear • Wade Hunt
- Brad McMillian • Joan Balfour
- Joseph Whitley Jr. • Mary Jones
- Jervis Locklear • Deborah Purcell
- Shirl Rising

## 2009 Nominating Committee

James Leach, *Chairperson*

Cheryl Cunningham, *Secretary*

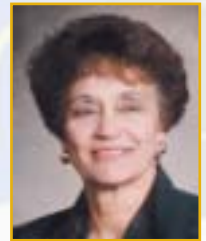
- Richard Campbell • Gregory Hunt
- Minnie C. Bullard • James Jacobs, Jr.
- Lena Carter Tubbs • Cedric Locklear
- Annette Jones • Ima Wilson • Harold Brock
- Elaine B. Lambert • Richard Smith



**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



**Proctor Locklear, Jr.**  
District 6



**Lacy L. Cummings**  
District 4

## Cooperative Principles

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training, and information
- Cooperation among cooperatives
- Concern for community

## Cooperative Facts

**Total miles of line:**

Overhead 3,349  
Underground 1,884

**Counties served:**

- Cumberland • Hoke
- Robeson • Scotland

**Number of accounts:** 53,100

**Number of employees:** 112

**Monthly Board Meeting:** Third Tuesday

**Date first energized:**

April 5, 1941

**Power Suppliers:**

North Carolina Electric Membership Corp.  
Southeastern Power Administration

## Minutes of the 2008 Annual Meeting of the Members – October 9, 2008

Pursuant to due notice thereof, of the 68th Annual Meeting of the Members of the 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 9, 2008.

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 Horace Oxendine of Gray Pond Baptist Church to give the invocation.
3. Attorney Jacobs introduced Chancellor Allen C. Meadors, of the University of North Carolina at Pembroke. Chancellor Meadors welcomed the members to the university campus.
4. Attorney Jacobs introduced special guest Congressman Mike McIntyre, representing the Congressional District #7.
5. President/CEO Ronnie E. Hunt provided a summary of Congressman Mike McIntyre's involvement with Lumbee River EMC. Congressman McIntyre expressed his support for North Carolina cooperatives and their mission. Congress McIntyre spoke briefly about the importance of economic development in our rural counties.
6. Attorney Jacobs introduced Secretary Maggie Hunt who read the proof of mailing of notice of the annual meeting and reported that quorum was present. Ms. Hunt reported on September 19, 2008, the Corporation did place 45,496 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.
7. Attorney Jacobs called for the approval of the minutes October 18, 2007 Annual meeting. Upon a motion duly made and seconded, the membership waived the reading of the 67th Annual meeting of Members minutes.
8. 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 member.  
  
Attorney Jacobs reported that the Cooperative declared acclamation of Directors.
9. Mrs. Cheryl Cunningham presented the report of the Nominating Committee, placing into nomination the following names in the following districts.

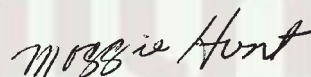
District – 1	Herbert Clark
District – 3	Robert Strickland
District – 5	Ruth Oxendine
District – 6	Maggie Hunt
	William Hollingsworth

10. Attorney Jacobs introduced Mr. Roger Oxendine, Chairman of the Cooperative's Board of Directors, who gave an audiovisual presentation of this 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 of the Corporation.
11. President/CEO Ronnie E. Hunt recognized special guests and gave a special thank you to The Locklear Brothers and The Locklear Family for providing entertainment and also to the University of North Carolina at Pembroke for the use of their facility.
12. President/CEO Ronnie E. Hunt shared highlights of his career, discussed the importance of member participation in their electric cooperative and thanked the employees for their dedicated service during his time as President/CEO.
13. President/CEO Ronnie E. Hunt introduced the new President/CEO Randall S. Jones. Mr. Jones presented his annual report by audiovisual to the membership. A written copy of the annual report is incorporated herein by reference, made a part of these minutes, and is available for inspection in the Minutes Book of the Corporation.
14. Attorney Arlie Jacobs opened the floor for comments. No questions were put forth, therefore Mr. Jacobs closed the open forum of the program.
15. The results of the election, which were certified by Mr. James McRae of the Credentials and Election Committee, were announced by Attorney Jacobs as follows:

District – 1	Herbert Clark	614
District – 3	Robert Strickland	680
District – 5	Ruth Oxendine	672
District – 6	Maggie Hunt	605
	William Hollingsworth	448

16. Attorney Jacobs introduced Mr. Ron Anderson, who conducted the drawing and awarding of the door prizes and power credits.
17. After the drawing of the prizes, the 2008 Annual Meeting of the Members was proclaimed adjourned.
18. The 2008 Annual Meeting of Members registered 865 members. 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



Signed:  
Roger D. Oxendine, Chairman



# EXECUTIVE REPORT

## TEN QUICK TIPS TO SAVE ENERGY

Interested in saving energy but not sure where to start? Try this list of ten bright ideas for saving and conserving energy. Even small changes can make a big difference.

### REPLACE YOUR LIGHT BULBS

Compact Fluorescent Lights (CFL) are 70% more efficient than incandescent bulbs.

### INSULATE YOUR ATTIC

Attics can be great sources of heat loss in the winter and heat gain in the summer. Payback will vary, but you'll usually recover the cost within two years.

### WEATHERIZATION

Weatherizing your home means sealing where air can infiltrate such as doors, windows and places where pipes enter the home. The cost of this varies depending on the age and construction of your home.

### PROGRAMMABLE THERMOSTATS

The average home will spend over \$1,000 a year on heating and cooling. Programmable thermostats adjust the temperature in winter and in summer as well as during unoccupied hours. At a cost of \$50 - \$150 the payback can be seen in well under a year

### MAINTAIN YOUR HVAC SYSTEM

Your heating and cooling system equipment runs best when properly maintained. Change your filters on a regular basis. Having your HVAC system serviced on an annual basis will ensure that your system is not costing you more than it should, as well as increasing the life of the system.

### UNPLUG

Check around the house to see if devices are unnecessarily plugged in. Cell phones, iPod chargers and appliances are still drawing power when not in use. Be aware that plasma TVs and entertainment systems are drawing power even when they are off. Also switching computers off or using the computer's power management settings to allow standby mode when it's not needed. A computer can use as much electricity as a new refrigerator.

### CONDUCT YOUR OWN ENERGY AUDIT

Do you really need two refrigerators? Is there a fish tank with no fish? Is your house so hot in winter that you need to wear a Hawaiian shirt? Walk around your house to see if there are any large appliances you don't use or areas that are especially drafty. You might discover a lot of savings on your own. For more information on do-it-yourself energy audits visit [www.lumbeeriver.com](http://www.lumbeeriver.com).

### REPLACE YOUR SINGLE PANE WINDOWS

Upgrading to more energy efficient windows can help control temperature and air infiltration in your home. This is probably one of the more costly upgrades you can do but depending on the age of your windows and climate, the payback may be just a few years.

### SAVE WITH THE STIMULUS PACKAGE

Homeowners can take advantage of the efficiency tax credit of up to \$1,500, or 30 percent, of the cost for new energy upgrades. This includes weatherization activities as well as installation of efficient heating, ventilation, and air conditioning systems.

### CONTACT LUMBEE RIVER EMC, YOUR ELECTRIC COOPERATIVE

Your cooperative has several programs that can help you save energy. Including low-cost weatherization loans to help cover the expense of making your home more energy efficient.

As you review the annual report, we believe that you will agree with us in saying 2008 was a good year for the cooperative and that we are positioned well for the future. This report provides you with year-end financial statements and summarizes a few highlights of the past year.

A major change that definitely had an impact on the cooperative in 2008 was the appointment of Randall S. Jones as the cooperative's new President/CEO to replace Ronnie E. Hunt upon his retirement in early 2009. Mr. Jones, a lifetime resident of Robeson County, has been employed with the cooperative for 27 years, joining the cooperative in 1981.

### Additional highlights of 2008:

**Cost of Power** – We value you as a member and place a strong emphasis on providing you with exceptional service. To maintain the quality, reliability and integrity of the services we provide, it is necessary for us to adjust our pricing structure from time to time. In November 2008 the cooperative implemented its first rate adjustment since May 2006. However, the amount you pay for electricity is still a great value. In fact, Lumbee River's electric rates are lower than the majority of electric providers in our service area.

**Construction and Maintenance** – Multimillion-dollar investments in new construction, system improvements and ordinary replacements projects were made all across the co-op's distribution network in 2008. The largest project was the construction of a new substation. The Arabia substation was constructed to provide electricity to Clean Burn Fuels, the new ethanol plant located in Hoke County and the surrounding area.

The cooperative also increased the capacity of its Wayside substation to meet the increasing demand for electricity. Another 28 MVA transformer was installed along with a circuit switcher, high side and low side bus bar and related structures.



**Roger Oxendine**  
*Chairman, Board of Directors*



**Randall S. Jones**  
*President and CEO*

**Service Reliability** – In addition to system improvements, the co-op continued to conduct its right-of-way maintenance program approving a new three-year contract for right-of-way maintenance.

**Economic Development** – During these stressful economic times efforts to support job creation and sustainability take on added importance. Congressman Mike McIntyre and John Cooper, USDA Rural Development State Director, delivered a check to the cooperative for \$750,000. This funding allowed the retention of 128 jobs and the creation of seven new jobs.

**At-cost Operation** – The cooperatives' financial success in 2008 allowed the Board of Directors to approve refunds of capital credits to you. Capital credits are your share of the difference between revenues and costs in any given operating year. We returned \$1 million in capital credits to our members/owners.

**Energy Legislation** – In response to the national debate on energy legislation and North Carolina's own energy legislation, a majority of North Carolina electric cooperatives created a not-for-profit company to focus on energy efficiency initiatives and renewable resources. GreenCo Solutions, Inc. will aggregate services related to green energy, develop energy efficiency programs, and create pilot projects for the development of renewable energy resources. GreenCo Solutions will also provide compliance

reporting and tracking for member cooperatives related to Renewable Energy Portfolio Standards (REPS) established by Senate Bill 3.

**Energy Efficiency** – The cheapest and cleanest power remains the power that's never generated. As a result, energy efficiency education remains at the forefront of Lumbee River's efforts to help members control costs. In 2008, the co-op introduced several new programs that support energy efficiency and conservation. The programs assist our members with controlling their energy usage, possibly reducing their energy costs. For more information about these programs please visit our website at [www.lumbeeriver.com](http://www.lumbeeriver.com).

**Safety and Training** – The co-op achieved a safety goal of 200,000 hours worked without a lost-time accident in 2008. In fact, Lumbee River EMC employees completed 2008 with only one lost-time accident. Heavy emphasis is placed on both safety training and job training. The coop logged 1,075,560 miles and worked 244,418 hours.

We hope that each of you, our members, is pleased with our service and that we met your expectations throughout the year. Our goal of providing you with excellent service at the most reasonable cost possible continues to be the purpose that drives all we do on your behalf.

## Environmental Concerns

### Did you know Electric Cooperatives . . .

- Are located in **80%** of the nation's counties
- Serve **40 million** members
- Supply power to **75%** of the U.S. land mass
- Maintain **44%** of the nation's electricity distribution structure
- Ranked **#1** in customer satisfaction among the utility industry, according to the American Customer Satisfaction Index



# 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, 2007 and 2008. 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, 2007 and 2008, and the results of its operations and its cash flows for the years then ended to be in conformity with generally accepted accounting principles.

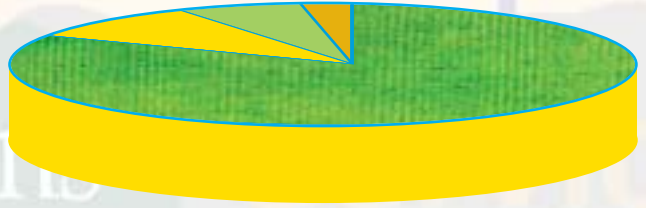
<b>Assets/Deferred Charges</b>	<b>2007</b>	<b>2008</b>
Net Utility	140,715,765	146,941,878
Investments	6,263,908	7,276,442
Cash	1,194,837	3,320,853
Notes and Accounts Receivable	17,713,974	25,351,971
Materials and Supplies	344,167	368,512
Other Current and Accrued Assets	3,289,786	1,311,066
Deferred Charges	2,696	0
<b>Total Assets</b>	<b>169,525,133</b>	<b>184,570,722</b>
<b>Liabilities/Members' Equity</b>	<b>2007</b>	<b>2008</b>
Membership	448,096	455,055
Equities and Margins	62,341,192	68,383,657
Long Term Debt	72,184,542	85,912,219
Accounts Payable	13,177,528	14,409,567
Other Non-Current Liabilities	8,778,306	7,329,284
Other Current and Accrued Liabilities	12,595,469	8,080,940
Deferred Credits	0	0
<b>Total Liabilities</b>	<b>169,525,123</b>	<b>184,570,722</b>
<b>Monies We Collected</b>		
<b>Revenues</b>	<b>2007</b>	<b>2008</b>
Sales of Electric Power	98,766,742	102,680,154
Miscellaneous Electricity Revenue	2,000,429	1,883,751
<b>Total Electric Revenues</b>	<b>100,767,171</b>	<b>104,563,905</b>
<b>Cost of Providing Service</b>		
<b>Expenses</b>	<b>2007</b>	<b>2008</b>
Purchased Power	67,923,095	69,417,864
Operations and Maintenance	4,712,216	5,373,855
Consumer Accounting	4,574,873	3,350,179
Administration and General Expense	6,500,271	6,989,045
Depreciation	5,570,689	5,982,320
Taxes	4,596,285	4,328,482
Interest	4,057,941	4,119,108
Other Deductions	0	0
<b>Total Liabilities</b>	<b>97,935,370</b>	<b>99,560,853</b>
<b>What We Had Left</b>		
<b>Margins</b>	<b>2007</b>	<b>2008</b>
Operating Margins	2,831,801	5,003,051
Other Margins	342,082	389,393
Non-Operating Margins	221,034	276,172
Gen. and Trans. Capital Credits	212,351	521,401
Income (Loss)	560,606	1,126,327
<b>Total Margins Assigned</b>	<b>4,167,874</b>	<b>7,316,344</b>

# STATISTICS

## Member Growth

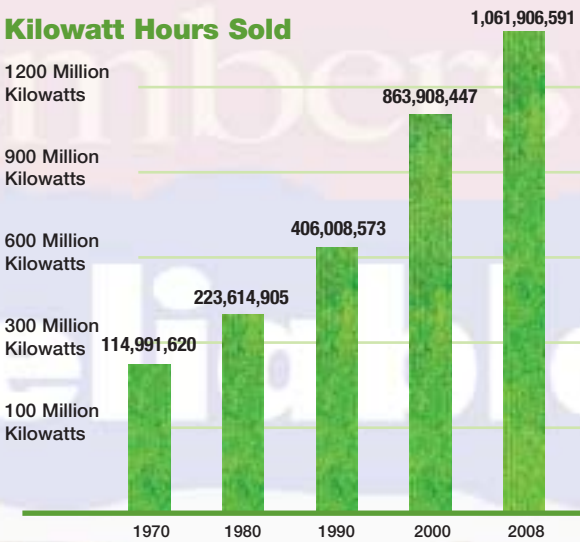


## 2008 SOURCES OF REVENUE

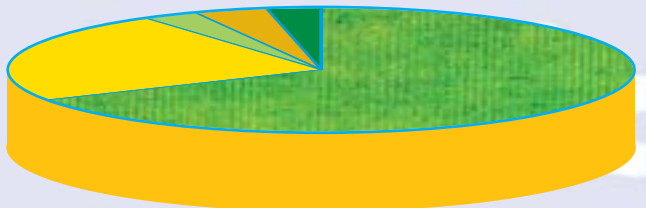


- RESIDENTIAL 84%**  
Homes, churches, clubs, and community houses provided 84% of LREMC's revenue.
- SMALL COMMERCIAL 9%**  
Business accounts whose annual load average is 1000 KVA or less per month provided 9% of the revenue.
- LARGE COMMERCIAL 5%**  
Commercial and industrial accounts whose annual load average is over 1000 KVA per month provided 5% of the revenue.
- PUBLIC AUTHORITIES 2%**  
Schools, street lighting, and other community accounts provided 2% of LREMC's revenue.

## Kilowatt Hours Sold

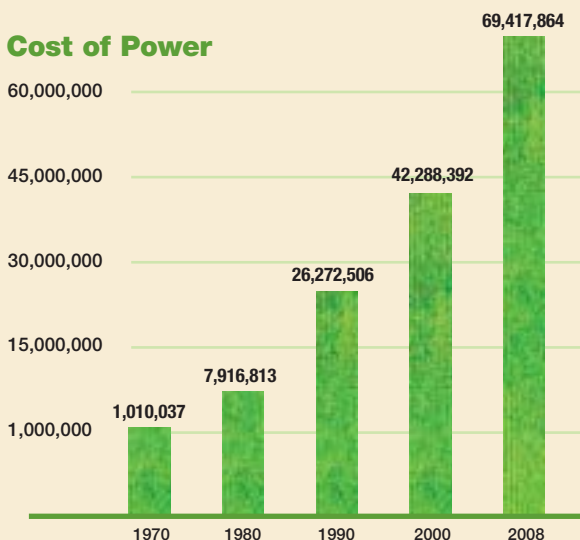


## 2008 EXPENSES AND MARGINS



- PURCHASED POWER 68%**  
Purchased power is your Cooperative's largest expense item and is the cost of getting electricity to our substations from the suppliers who generate it.
- OPERATIONS AND MAINTENANCE 22%**  
This includes a construction and maintenance cost of lines, as well as trucks and equipment that the employees use in their work. It also includes office equipment, buildings, salaries, and other operational expenses.
- DEPRECIATION 3%**  
Equipment, buildings, and lines have a "quantity of usefulness", and day by day as they are used, the "quantity of usefulness" is consumed or expires.
- INTEREST 4%**  
This is the interest we paid on long-term debt-money borrowed from the Rural Utilities Service, Farmer Mack Loans, and National Rural Utilities Cooperative Finance Corporation to finance construction of lines and substations.
- MARGINS 3%**  
Margins represent the amount of money taken in by the Cooperative over and above expenses. Other organizations call this "profit". Since we are a non-profit organization, the margins are reinvented to build lines. This helps decrease the amount of money that must be borrowed. The margins are later returned to the members in the form of Capital Credits.

## Cost of Power



# Innovative Spotlight on Excellence

The co-operative difference Capital credits


Integrity Energy Star Leadership in Housing Award

Looking out for you accountable

Safety First Provides Reliable Servi

Concern for Community n trust

Member Engagem Knowledgeable Employees



**Lumbee River**  
ELECTRIC MEMBERSHIP CORPORATION

P.O. Box 830, 605 E. Fourth Avenue, Red Springs, NC 28377  
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