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1989 EMC ANNUAL REPORT

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C O N T E N T S

Executive Message

People

Service

Power Supply

Communications

Savings

North Carolina's Electric Membership Corporations

Financial Highlights



A NEW GENERATION OF SERVICE

The North Carolina Electric Membership Corporation (NCEMC) is the organization serving the 28 electric co-operatives that bring power to 550,000 consumers across the state. Our job at Statewide is to help you, the directors and employees of our Member Systems, to do the best possible job for your own customers. We are dedicated to performing the tasks that will promote and enhance the efforts of your EMC.

Statewide, with its Member Systems, continues to serve the purpose that brought electric co-ops into being: to create and to preserve the high quality of life in rural North Carolina. As we approach the new decade, we are also at work on another task: to aid in the economic development of our smaller communities. And, we are moving ahead, to respond to the new and coming needs of our Member Systems. As the decade turns, we close a successful year and enter a new generation of service.





E X E C U T I V E M E S



WAYNE KELLER EXECUTIVE VICE PRESIDENT

It's traditional to make changes and new beginnings on the first day of a new year or in the opening days of a new ten years. But in 1989 at NCEMC, we got an early start. For Statewide and for our Member Systems, it was an important year in many ways: a good financial year, a year of truly heroic efforts to repair the damages from a hurricane, tornadoes, and ice. And yet, nothing was more important in the past year than the new beginning we made toward the organization we will become in the 1990's, a highly-focused team that is dedicated to quick and reliable service.

As you know, I came to the job of





S A G E



executive vice president this past October. Prior to my arrival, I had spent 30 years working at a Member System. When I left the Blue Ridge executive position to come to Raleigh, the co-op was the only employer I'd ever had. I mention this for one important reason: NCEMC is in the process of reshaping to become the best tool it can possibly be for the Member Systems. And as we move in this direction, I will draw on my own background on the front line of service to consumers, as well as on every other source that will help us better serve our Member Systems.

Our definition of good service is broad. It includes the first construction program ever undertaken by NCEMC, the Outer Banks generation facilities, expected to be on-line in September. By building our own facilities, we'll be able to generate electricity for peak times at a lower cost than buying from a supplier. Our long-term plan is to develop similar facilities at locations across the state.

Good service also means that we want to provide the kind of training your people need, that we are intent on providing the right assistance—with marketing, lobbying, legal services, economic development, emergency services, materials supply, public relations—for the Member Systems to perform at their best.

Big challenges are ahead of us in the coming years. We are more than equal to the tasks. We are beginning the new decade, not only with our own generation facilities in the making, but with a team re-dedicated to the highest standards of service. I look forward to working with you in the days ahead.

Wayne D. Keller





P E O P L E

We're one of North Carolina's top twenty companies, by whatever means of calculation you want to use. Our service reaches into 95 of the state's 100 counties. Our current assets are over 1.5 billion. Our reach is wide; we serve the largest geographic area of any of the state's utilities. And our people... We believe it is our people, finally, who are our greatest asset.

One of our most important functions at Statewide is providing the training for the people who work for our Member Systems. What is offered is based on what the EMCs need. For example, in 1989 a new program was introduced, a three-and-a-half day course in installation of underground utility equipment. This program was so popular that when the planned two courses were finished and demand was still high, we scheduled two more offerings of the class. We also work hard at training our staff here in Raleigh to perform at peak abilities. In the past year, the eight members of our Credit Union staff took a course designed to improve assistance to the individual consumer; they learned how to look at a Credit Union member's accounts, listen to the member's plans, and figure out what financial services and strategies would be most helpful.

Training programs are offered throughout the year in both technical and administrative skills. In the technical fields, we are concerned, not only with performance, but with safety. This year, as part of the job of ensuring safety, we held a second Pole-Top Rescue Competition here on the grounds in Raleigh, and Ernest Chavis, a first-class lineman with Lumbee River EMC took the honors of the day. You begin, he said, by "hollering out, 'Are you okay?'" to the 120 pound dummy dangling at the top of the utilities pole. When there's no answer, the lineman climbs the pole, performs mouth-to-mouth resuscitation, and brings the dummy safely to the ground. Chavis made the rescue, with a record time of one minute and 48.7 seconds, about 5 seconds ahead of the next best time. He had practiced for the event in advance, and he's convinced the experience would help him if he ever needed to make such a rescue in earnest.

The pole-top competition is an event with a carnival feel to it—reporters and photographers gather to watch the race. It is one of the more visible parts of a year-round schedule that is designed to keep people working well and safely. The apprentice lineman program is a series of courses at four different levels that begins with an introductory class and produces, in the fourth year, journeymen who can handle any problem or job that arises on an electrical distribution system.

In 1989, we not only trained our people, but we added to the staff personnel who can provide new and needed skills. This year, we brought on board an expert in investments, to make the most profitable use of our reserves. We began important marketing research, to answer



A test of emergency readiness,
Our Pole-Top Rescue competition.





questions we need answered about both our consumers and our competition. Another new staff member is now at work on load research. Yet another is answering member EMC requests on the development of new and innovative retail rates. We've added needed backup with two new technicians of SCADA and load management maintenance, a new operator to help during load control periods, and a technician for the mobile substation pool.

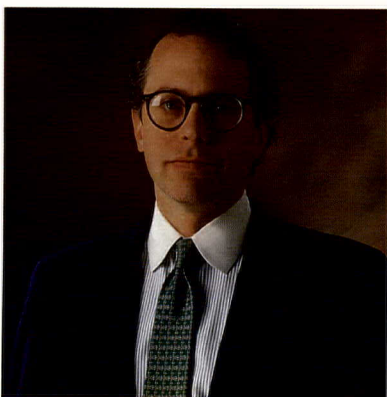
In summer of 1989, Sandy Perry came to NCEMC to become the director of residential marketing. Since then, she has moved with such efficiency to serve Member EMCs that Walter O'Neal at Tideland EMC compared her speedy results to laser delivery.

"Most folks and most things," O'Neal said, "could always use some improvement. But not Sandy. The only way she could have gotten the stickers I ordered to me any faster would have been to send them by laser."

She came here from Florida Power & Light Company in Miami, where she was managing a \$3.5 million budget. "This is a lot more fun," she said. She likes the variety of her responsibilities in helping the EMCs market to home consumers. "I'm having a ball."



Sandy Perry
Director of Residential Marketing



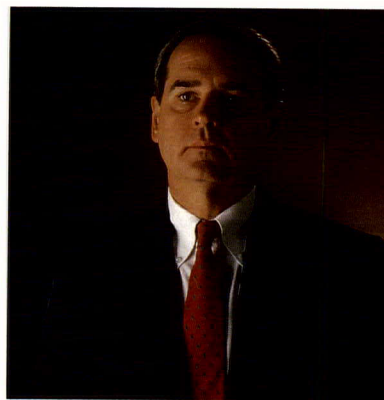
Wink Hilliard
Portfolio Manager

Those who keep a close eye on the bottom line will be pleased with our investment results this year. "With an interest income in 1989 of approximately \$15 million, compared to approximately \$10.5 million in 1988, we should feel proud and confident of the dedicated staff we have assembled with our cooperative's program," said Mark Suggs, manager of Pitt & Greene EMC.

"The addition of our new Portfolio Manager Wink Hilliard laid the groundwork for gains in excess of \$600,000, from the sale of government securities." This type of income will allow us to reduce annual revenue requirements and lower the cost of wholesale power.

The Hugo emergency effort began at 11:58 p.m. on a night last fall, when Lewis Hobson, TEMA materials supply manager, heard on the news that Hugo was coming ashore. "I left home and came into the office," he said. "Shortly after that, the calls started coming in." There were so many requests for materials and help that he brought in workers from Virginia, Tennessee, and Georgia.

For the first ten days after the storm struck, Hobson didn't see home in daylight. He stayed at work until midnight, went home for a few hours sleep, then was back on the job again at 4 a.m. He was not the only one working overtime. "We employed every available man in the state," he said. And working at top speed, they got the job done.



Lewis Hobson
Material Supply Manager

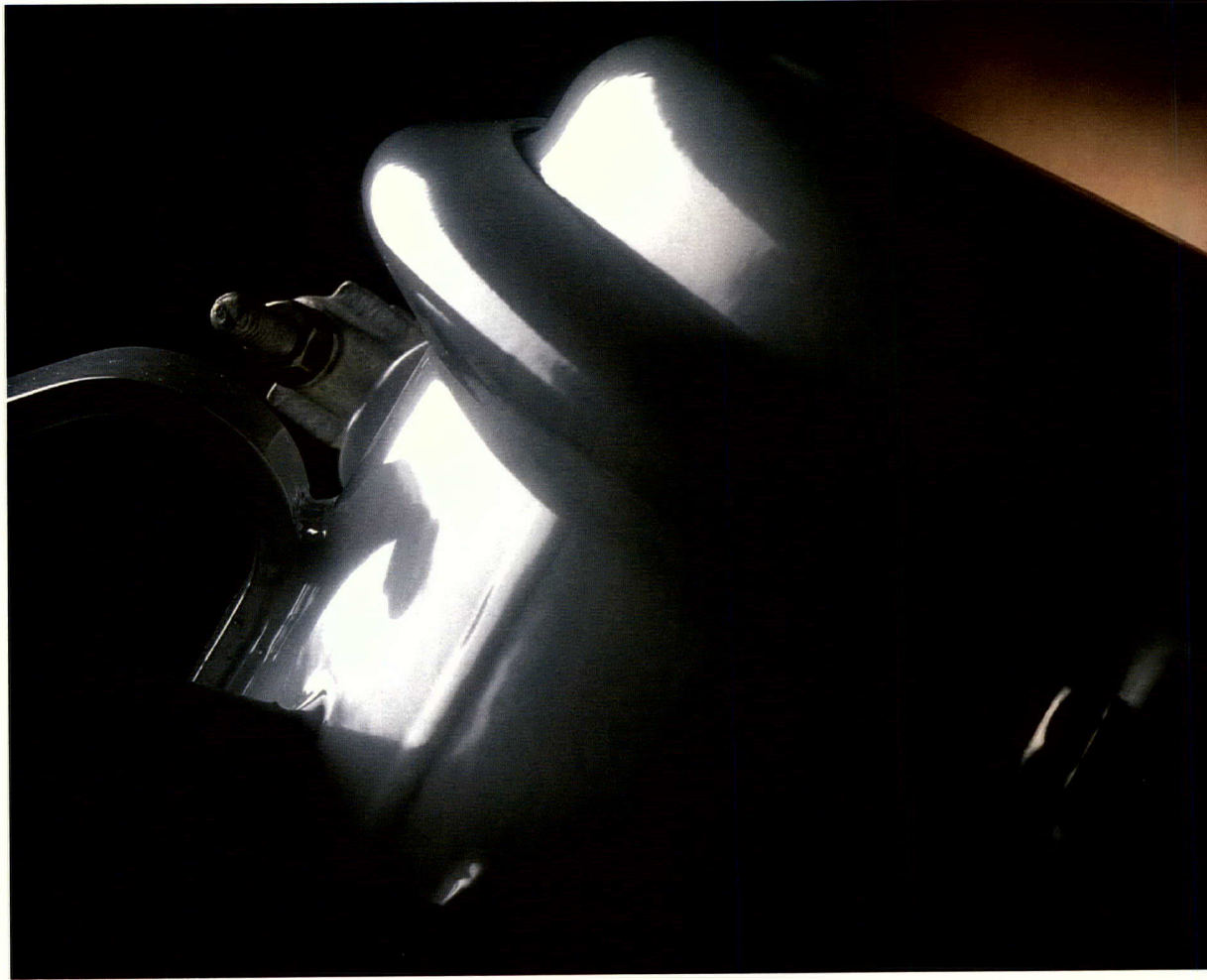




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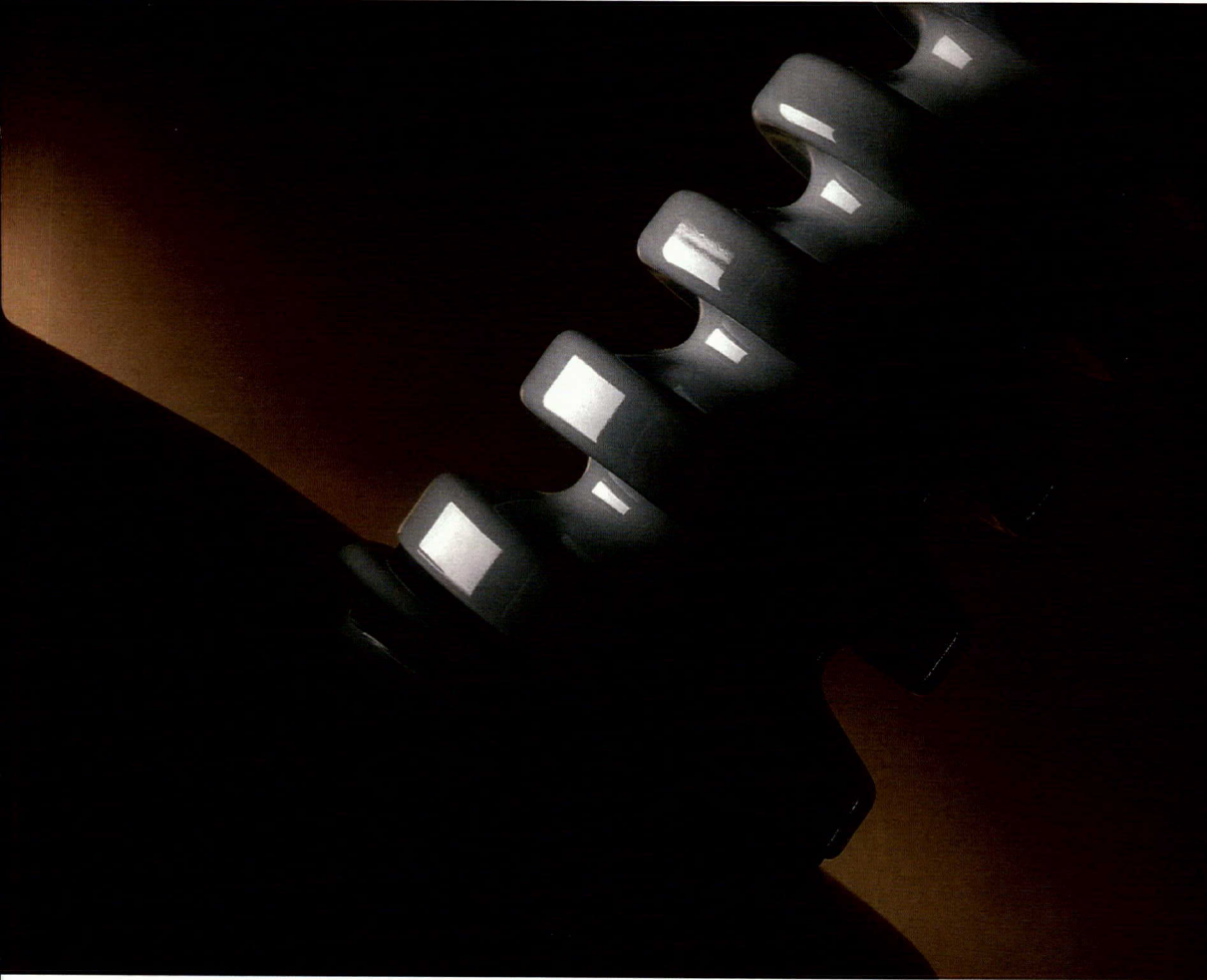
S E R V I C E



THE POWER TO TRANSFORM THE WAKE OF A HURRICANE.



· WAKE · UNION · TRI-COUNTY · TIDELAND · SURRY YADKIN · SOUTH RIVER · RUTHERFORD · ROANOKE · RANDOLPH · PI



Our people are a team that is chosen and trained to give excellent service. In 1989, our capacity to perform well was put to the test by the demands of the year's turbulent weather: winter ice, followed by a spring of violent tornadoes, and then Hugo, the hurricane that did \$1 billion in damages and left half a million people in Charlotte without electricity. The year closed with more ice and coastal snow storms. It was a year when emergency crews often worked 24 hours a day, and trucks of equipment and supplies were coming and going from the TEMA warehouse like a rescue brigade.

It was a year when the staff and the crews performed extraordinary service. "They were good," said Lewis Hobson, material supply manager for TEMA, or Tarheel Electric Membership Association, Inc. Hobson and his staff pull together the teams to help Member

Systems in emergency situations. During the crisis periods, these crews worked without stopping. "They go on adrenalin and dedication," Hobson said, "with very, very, few accidents." The teams that were assembled came from several surrounding states, to take on the job of rebuilding damaged equipment and restoring power to homes, hospitals and businesses.

While this was an extraordinary year, life as usual at TEMA is anything but slow-paced. This organization is the result of the Member Systems' joining forces to create a source of materials and equipment, bought at bulk prices. "Our philosophy is that we are employed by the Member Systems who own us," Hobson said, "and when they yell, we jump." TEMA keeps in stock about 1300 different items, and takes pride in the ability to fill the most difficult requests.





This was a year in which NCEMC not only did battle with the weather, but took a striking initiative in another area: marketing. The organization put into action plans that were made in 1988, creating several "firsts." This was the year of our first-ever statewide and national TV advertising. This is an undertaking that would be too expensive for Member Systems to undertake singly, but was very effective and economical when handled at Statewide. We worked with other rural electric co-ops across the country to mount the national campaign, and handled the North Carolina campaign from our own offices. The spots we ran reminded viewers of the good effects of electricity, from home cooking to CAT scans. We called it "The Magic Touch," from the Platters' song that played in the background. Another marketing first for the year was cooperative advertising with the local EMCs. We joined forces with Member EMCs to sponsor local advertising, dividing the cost between the local system and Statewide. The theme of our marketing campaign is, fittingly, A New Generation of Service.

Our marketing this year went far beyond advertising. Our new residential marketing director began a program that will give rebates to consumers who buy an electric water heater. This year, we also began offering people a chance to "test-drive" a security light. A family can have the light installed, and if they don't like it at the end of three months, we'll take it away.

Another avenue of service to our Member Systems was the EMC Employees Credit Union. In 1989, the Credit Union had its 20th anniversary. It was a year of good growth, with assets continuing to increase at the recent rate of about \$1 million a year. This year, assets topped \$11 million. Savings accounts grew at a steady pace, and the year showed a very healthy growth in loans, particularly for automobiles.

The Credit Union took several actions in the past year to improve service to its members. We lowered the minimum amount of deposit required for money market accounts to allow more people to participate. Visa Card requirements were changed to allow more people to qualify. In addition, we raised the interest we pay on large deposits into CDs and IRAs. And, we complied with the new regulations on Visa Cards and home equity loans that call for supplying more information to the consumer. This year the Credit Union also participated in a statewide advertising campaign, in conjunction with other credit unions in the state.



While we worked night and day.



In Hugo's wake.



Repairing hurricane damage.





Billboards and other forms of advertising explained the concept of the credit unions, that they are member-owned organizations. Featured in the newspaper ads was one of our own EMC employees, Dorothy Hall, offices services supervisor for Piedmont Electric. "The credit union watches my savings account," she said, "and if it needs to be pulled into a money market, they pull it into a money market. They constantly work to get me the best interest rate on my money."

Excellent service was provided in still other areas. Our lawyers continued to handle such matters as territorial disputes, proceeding with an anti-trust case in one district. The legal staff obtained the first certificates of public need for the new generating plants on the Outer Banks. And they secured the approval of the North Carolina Utilities Commission for the electric water heater marketing campaign.

Our staff also performed such services as providing the AC power factor testing for members of the substation pool, and doing the annual power requirement studies for every co-op in the state.



Making a pitch for electric power.



An award-winning way to reach our consumers.

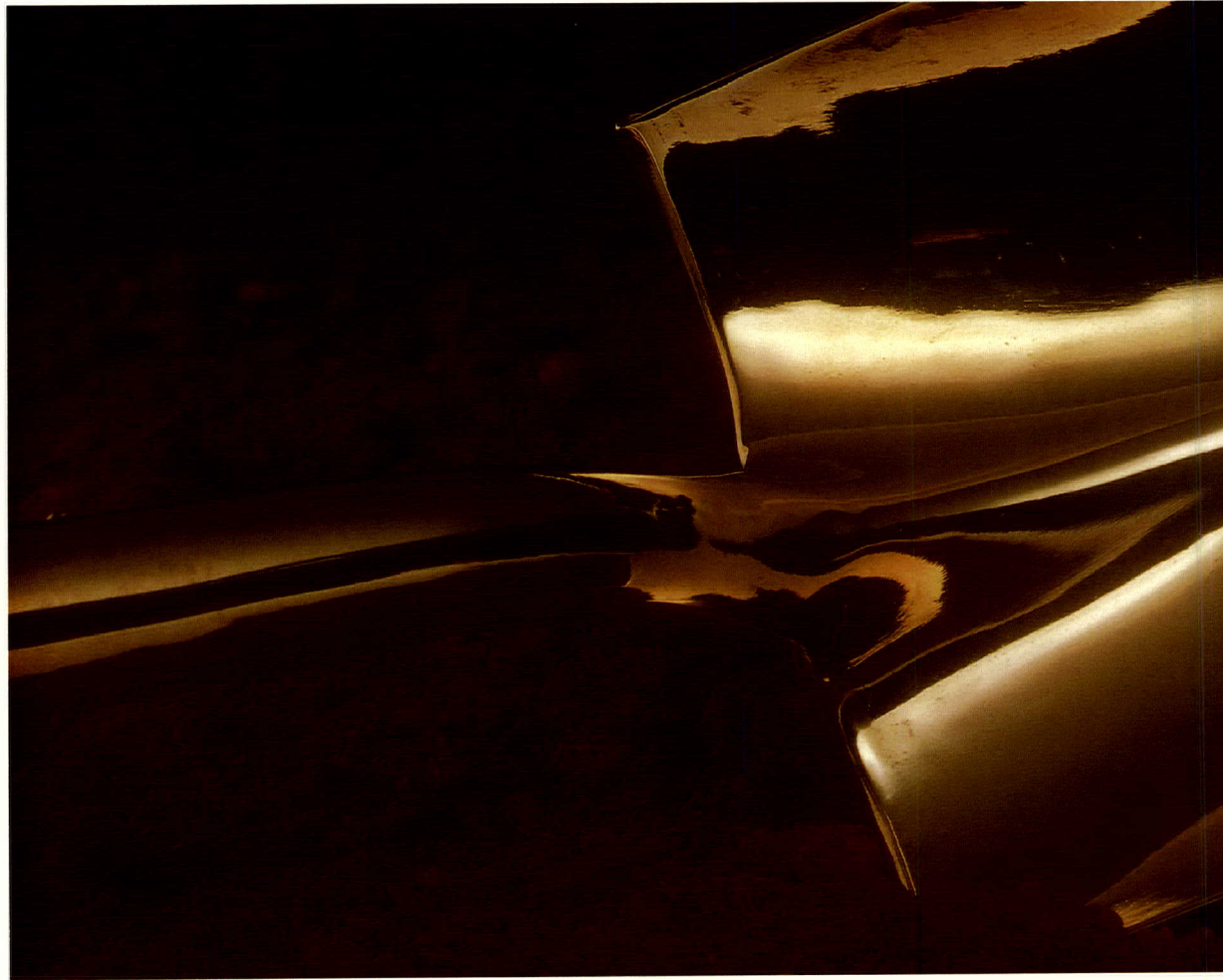




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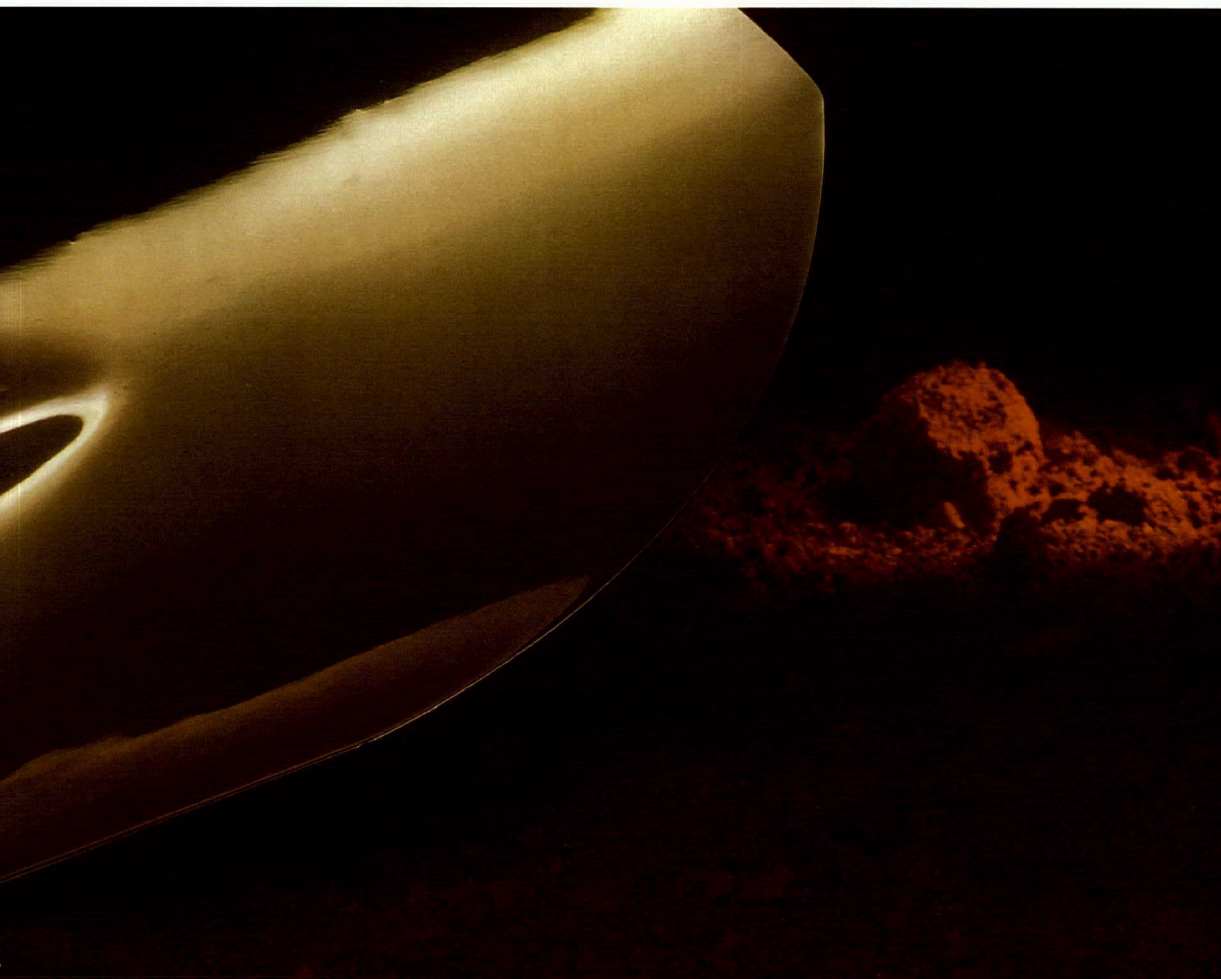
P O W E R S U P P L Y



**BREAKING NEW GROUND, WE BUILD OUR
OWN CAPACITY TO GENERATE.**



· WAKE · UNION · TRI-COUNTY · TIDELAND · SURRY YADKIN · SOUTH RIVER · RUTHERFORD · ROANOKE · RANDOLPH · PIT



Our primary service is to provide a reliable and sufficient supply of power to the Member EMCs. This year we have taken a historic step in improving our abilities to meet this obligation. We break ground this spring for the construction of our first generating facilities, at Buxton and Ocracoke. With the facilities going on line in early fall, we will have 12,000 kilowatts of peak generating capacity at Buxton and 3,000 kilowatts at Ocracoke. This will give us power for peak periods at a cost much less than we would pay to purchase the same capacity.

The new Outer Banks facilities are the first part of long-term commitment to supply our own resources. Eventually, we hope to have similar facilities across the state. The licensing process is underway for a 30,000 kilowatt plant in the Blue Ridge EMC service territory. The original schedule was delayed to answer questions from area citizens about the environmental impact of the construction. License approval is now

anticipated within the next few months, with completion of the project expected in early 1991. We project that this plant will reduce power costs by a total of \$35 million after the cost of construction.

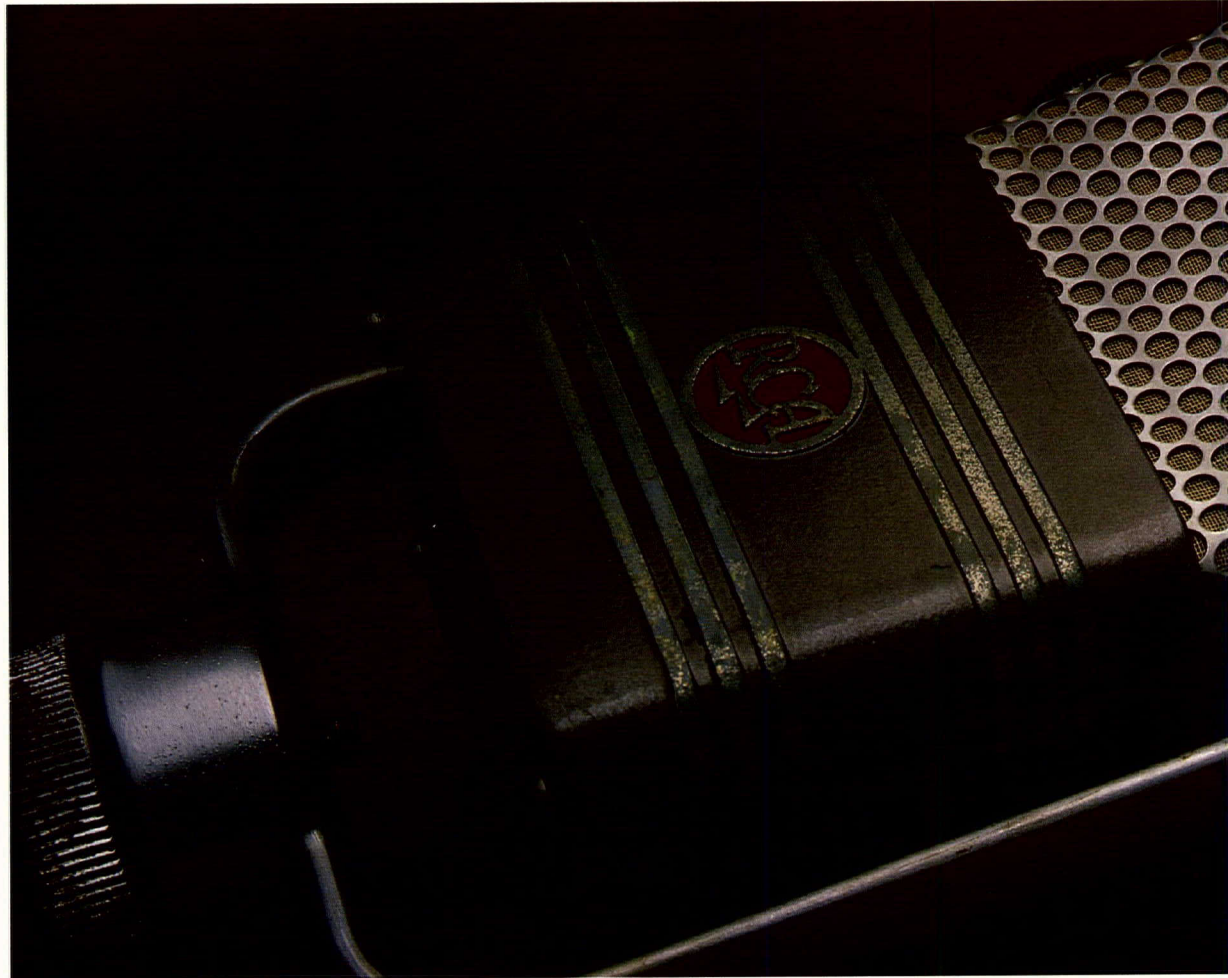
This unit and the ones on the Outer Banks will not only create lower-cost peak power, but also coordinates well with our baseload capacity from the share we own in Duke Power Company's Catawba Nuclear Plant in York, South Carolina. We continue negotiations with Duke to arrive at a satisfactory means of handling Catawba capacity after 1995. Litigation is now underway that would hold open the possibility of moving some of our capacity to CP&L.

Operations at Catawba in the past year were again very smooth. Day after day, we set a new record for days on-line. The units operated at 70% availability. This is the third consecutive year that the station has operated above a 65% capacity factor.





C O M M U N I C A T I O N S



MAKING SURE THAT OUR MESSAGE IS HEARD.

Our marketing and advertising campaigns presented our message to the world this year more effectively than ever before. In addition, we were very active in communications efforts with the system of electric co-ops in North Carolina.

This year an audit of our entire organization provided us a blueprint for our future. One of the chief results of that study in the coming year will be a clearer focus on the services that we provide and on our communications. We have already begun to improve the systems of communication within our statewide network. One thing we've done is circulate a flyer that asks: How Are We Doing? We need to know how effectively we are serving the Member EMCs, and whether we

have the support of the EMCs for the directions we're taking in such areas as power supply.

As always, we have held throughout the year mini-conferences and the annual member services conference for the exchange of information. Our newsletters have also helped in this process. "AEC News and Views" goes to staff and directors; "Tips and Topics," to member services/member relations personnel in the co-ops. "The Lineman" is a quarterly for co-op linemen that focuses on safety and good job performance. "Women's Notes" goes to the women in the co-ops who are involved in volunteer groups. And "The Insider" is the publication for Statewide employees.





Carolina Country, Statewide's award-winning monthly publication, is now bringing in national advertising through a joint venture with other rural electric magazines called the Sunrise Consumer Magazine Network.

Another communications effort involves contacts with media. We kept the public up to date on outages and the work of repair crews during the year's rough weather, sending regular dispatches through PR Newswire, a computer network reaching newspapers and broadcast studios throughout the state. We also held news conferences and did other media work on the Deep Gap diesel project.

Within Statewide, we improved our communications and productivity by making further progress in the installation of LAN, a local area computer network that allows our computers to "talk" to each other easily.

At the state and federal levels, our lobbyists were busy this year speaking for the interests

of the EMCs. We worked in support of a bill passed by the N.C. Legislature that makes tampering with a load management device illegal. We worked against a bill on the siting of transmission lines that would have adversely affected the co-ops by requiring an extra level of regulation. When the bill was sent to a study committee, it was effectively delayed. Another bill we supported would allow a rural community to band together for street light assessments through county taxation. The bill was passed by one chamber, and is still alive for further consideration. At the federal level, much work was done on the Rural Development Partnership Act of 1989. This is a bill to revitalize rural America by offering many opportunities for economic development, such as small business loans, water and sewer programs, and incubator projects for businesses. The co-ops would be the central agencies for putting many of these programs into action. This legislation is still pending.



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S A V I N G S



A YEAR OF FINANCIAL SUCCESS.

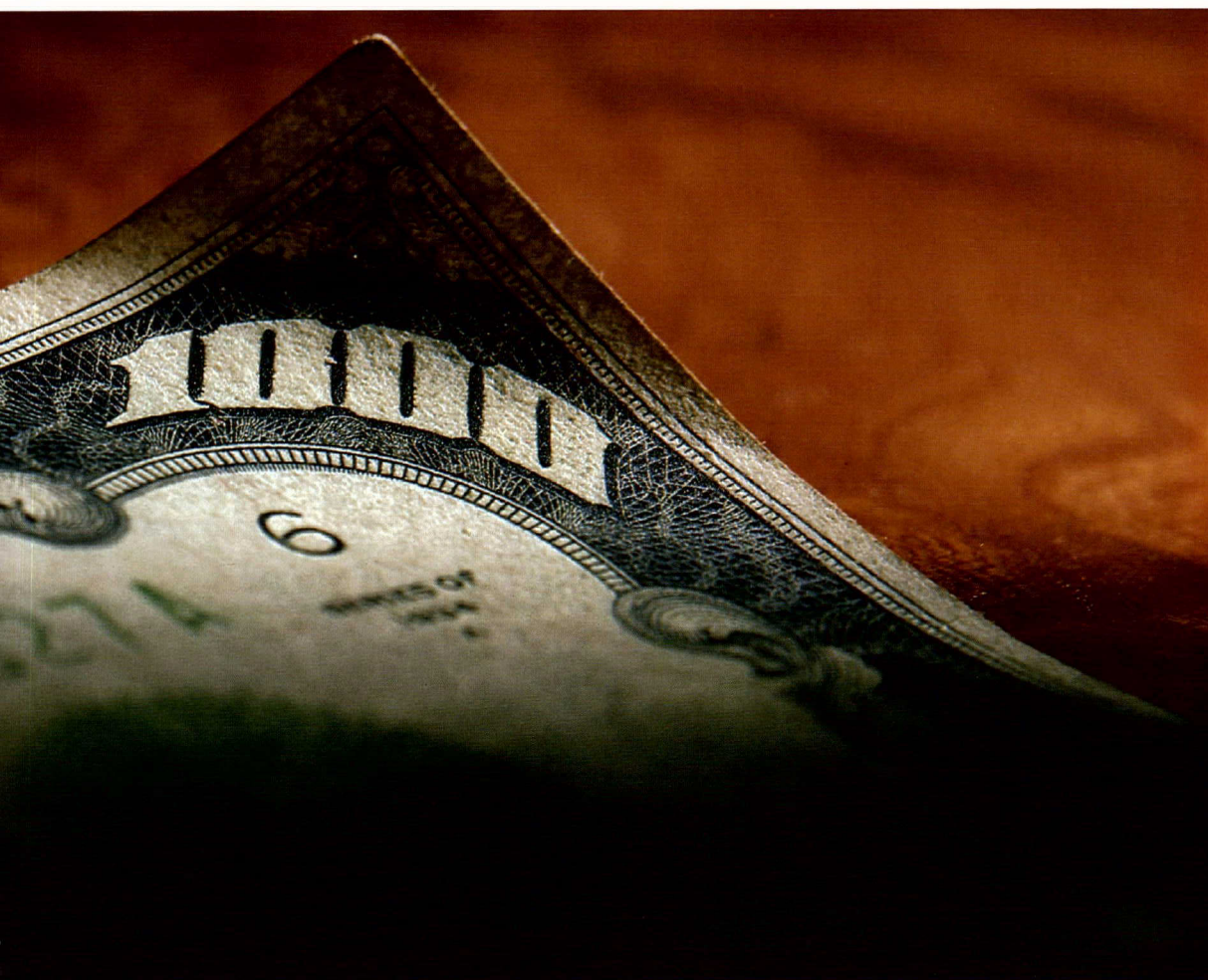
Our job is to provide service at the lowest possible cost. In 1989, we performed well financially. Most of our operations were within budget. We experienced favorable costs for power supply, and the margins earned were better than expected.

Several actions taken in the past year are helping to improve our financial picture, now and in the coming years. The Outer Banks generation facilities to be built this spring will allow us to meet peak needs at a lower cost than we'd pay to buy the same amount of power. This will limit the rise of retail rates.

We are also saving a great deal of money—more than \$20 million in the last year—by a variety of load control systems. This was the third year in a row in which we were successfully on load



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control during the Duke Power annual peak. And 1989 was the first year we have done load control on the coincident peak of each of the three supplier areas. We were on target 32 out of 33 times.

A successful negotiation with Duke Power has resulted in an \$11 million refund. This will settle a number of disputes over Catawba Station contracts. Disputes with Duke Power have kept the Legal Division fully engaged during the past year. Major disputes include \$100 million that Duke owes NCEMC in "normalized" taxes and Duke's plan to sell 400 megawatts of capacity to CP&L from 1992 through 1997. NCEMC believes this 400 megawatt sale will interfere with its use of part of its Catawba station capacity in the CP&L area of North Carolina.

CP&L has agreed to install \$1 million worth of line switches. We presented an argument that this action was necessary to keep us on a par with other CP&L customers. The switches will be installed over the next three years.

Recently we have hired an investments specialist to maximize our returns. And this year, as a result of closer attention to our investments, we traded in some Treasury bonds in a timely manner, with gains of \$600,000.

We're at work on the refinancing of our Federal Finance Bank guaranteed loan, which is used for generation and transmission projects. Because rates have dropped, we're now seeking authority from Congress to refinance at a lower rate, which would give us tremendous savings.

In 1989, as always, TEMA margins were distributed among the co-ops. A total of \$889,069 was divided among Member Systems based on the amount of their purchases during the year.





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NORTH CAROLINA'S ELECTRIC MEMBERSHIP CORPORATIONS



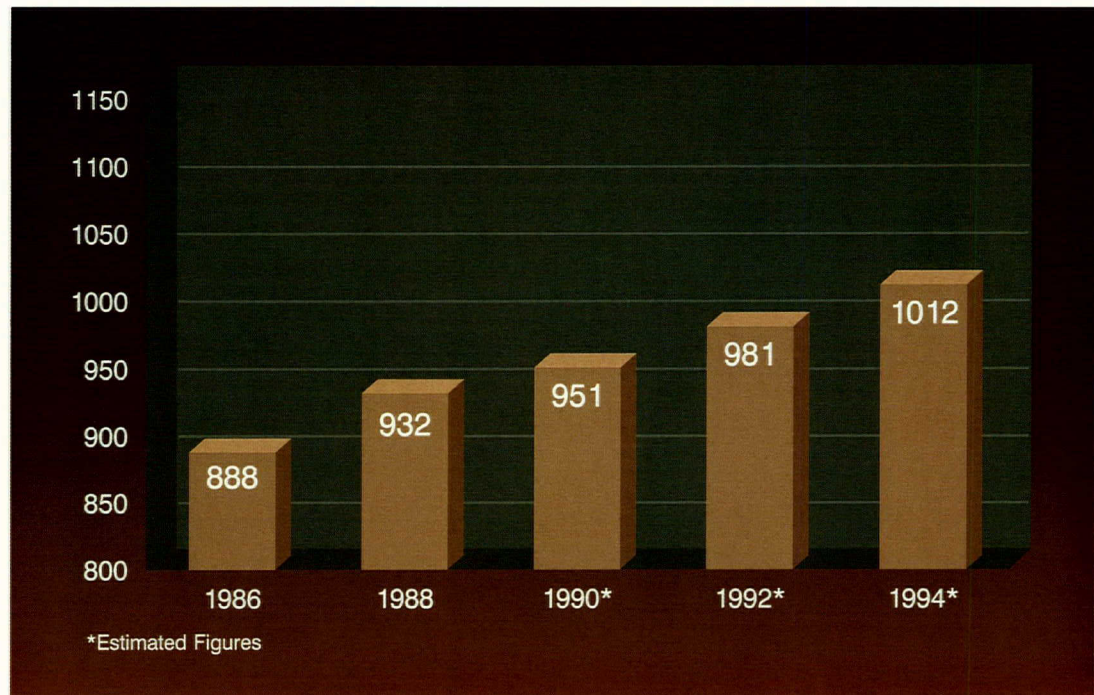
1. Albemarle EMC, Hertford
2. Blue Ridge EMC, Lenoir
3. Brunswick EMC, Shallotte
4. Cape Hatteras EMC, Buxton
5. Carteret-Craven EMC, Morehead City
6. Central EMC, Sanford
7. Crescent EMC, Statesville
8. Davidson EMC, Lexington
9. Edgecombe-Martin County EMC, Tarboro
10. Four County EMC, Burgaw
11. French Broad EMC, Marshall
12. Halifax EMC, Enfield
13. Harkers Island EMC, Harkers Island
14. Haywood EMC, Waynesville
15. Jones-Onslow EMC, Jacksonville
16. Lumbee River EMC, Red Springs
17. Pee Dee EMC, Wadesboro
18. Piedmont EMC, Hillsborough
19. Pitt & Greene EMC, Farmville
20. Randolph EMC, Asheboro
21. Roanoke EMC, Rich Square
22. Rutherford EMC, Forest City
23. South River EMC, Dunn
24. Surry Yadkin EMC, Dobson
25. Tideland EMC, Pantego
26. Tri-County EMC, Dudley
27. Union EMC, Monroe
28. Wake EMC, Wake Forest

North Carolina Association of Electric Cooperatives, Inc.
 North Carolina Electric Membership Corporation
 3400 Sumner Blvd., P.O. Box 27306, Raleigh, NC 27611
 Tarheel Electric Membership Association, Inc.
 3925 Tarheel Drive, P.O. Box 18500, Raleigh, NC 27619



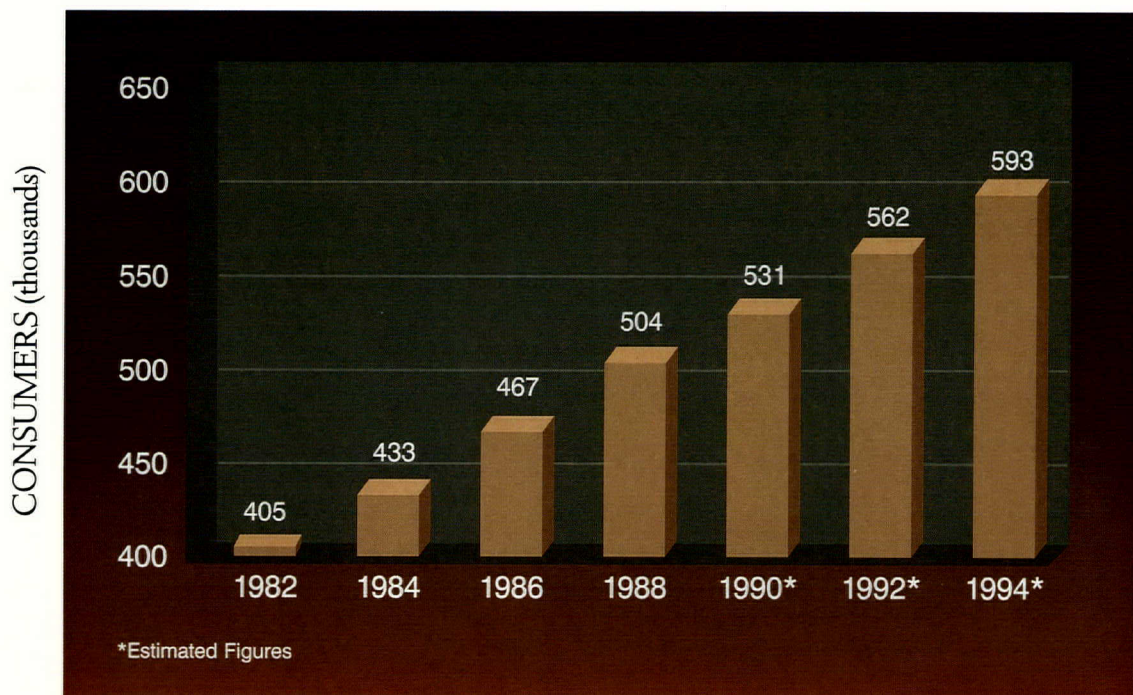


RESIDENTIAL MONTHLY KWH PER CONSUMER

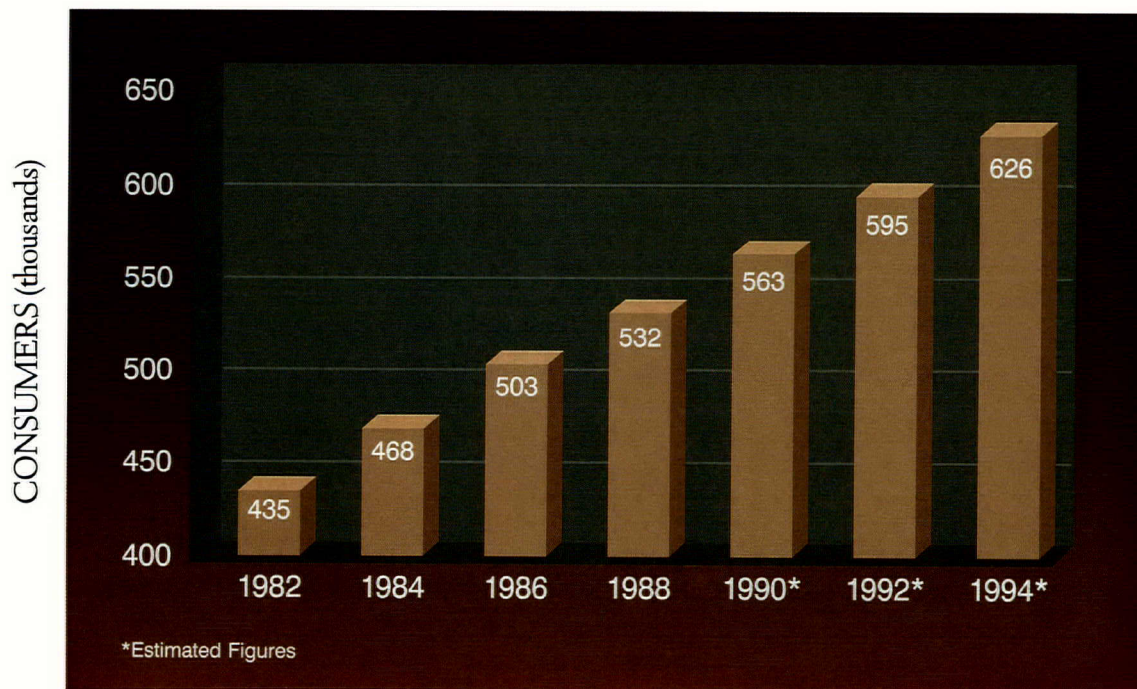




RESIDENTIAL CONSUMERS-FARM & NON-FARM



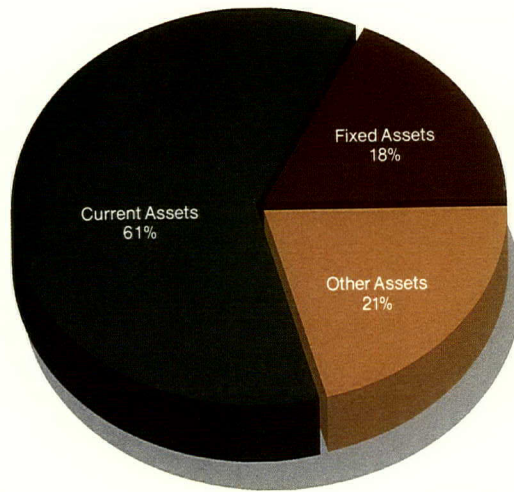
CONSUMERS SERVED



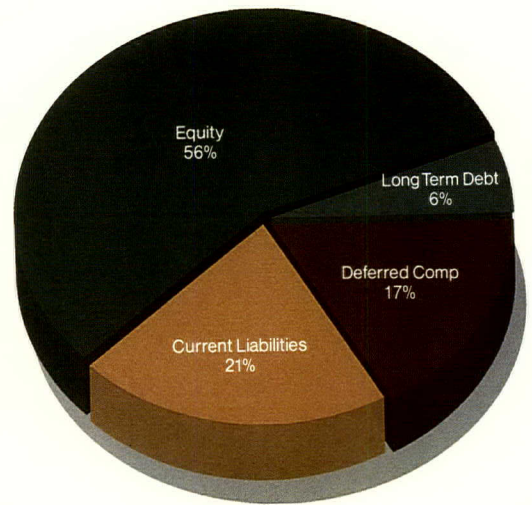


NCAEC FINANCIAL HIGHLIGHTS

ASSETS



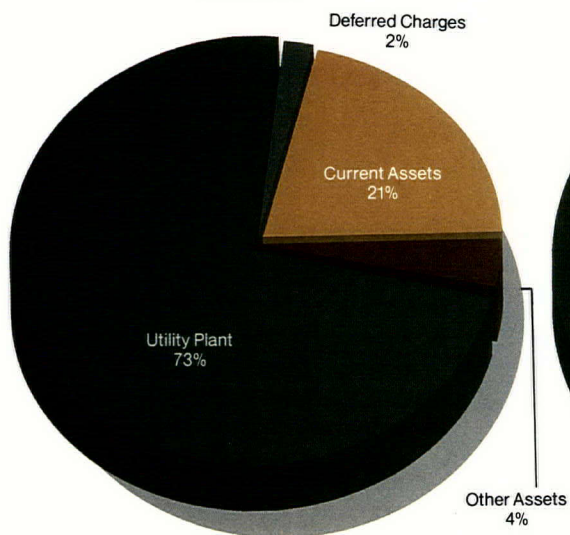
EQUITIES AND LIABILITIES



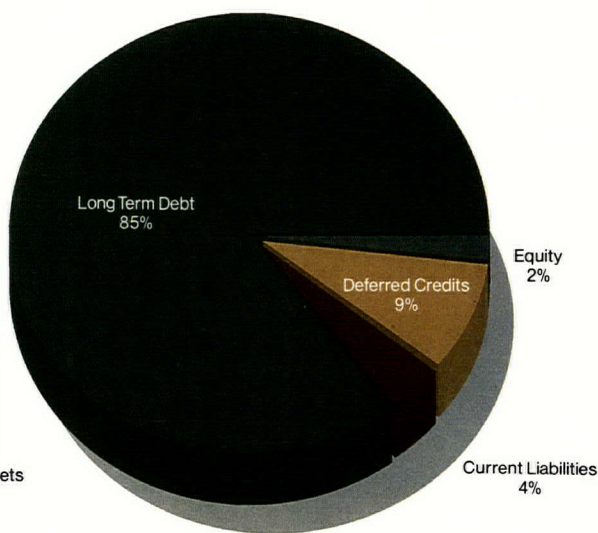


NCEMC FINANCIAL HIGHLIGHTS

ASSETS

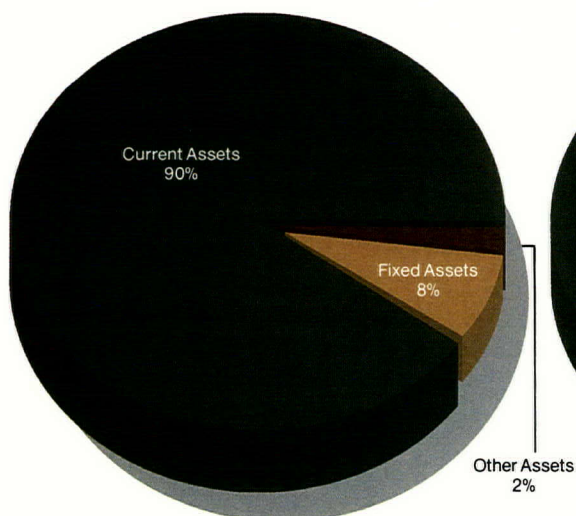


EQUITIES AND LIABILITIES

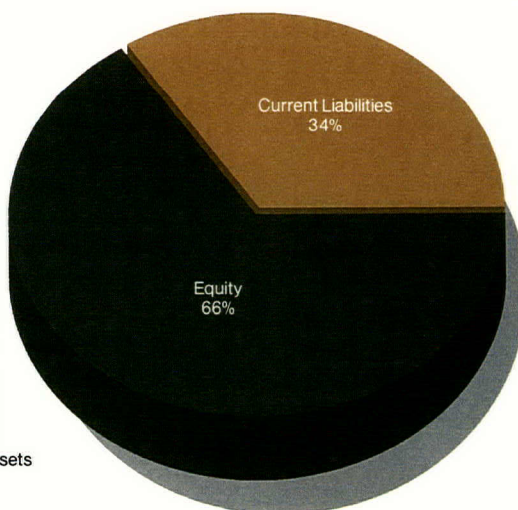


TEMA FINANCIAL HIGHLIGHTS

ASSETS



EQUITIES AND LIABILITIES



NORTH CAROLINA ASSOCIATION OF ELECTRIC COOPERATIVES
STATEMENT OF OPERATIONS AND MEMBER EQUITY
 For the years ended December 31, 1989 and 1988
 (Unaudited)

	1989	1988
Operating Income		
Dues	\$1,302,405	1,125,402
Publication Income	1,335,193	1,237,273
Total Operating Income	<u>2,637,598</u>	<u>2,362,675</u>
Operating Expenses		
Administrative and General	1,638,360	1,420,417
Publication Expense	1,126,117	1,015,063
Total Operating Expenses	<u>2,764,477</u>	<u>2,435,480</u>
Operating Income (Loss)	<u>(126,879)</u>	<u>(72,805)</u>
Other Income (Expenses)		
Interest Income	21,171	23,851
Interest Expense	—	—
Total Other Income (Expenses)	<u>21,171</u>	<u>23,851</u>
Net Margin (Loss)	<u>(105,708)</u>	<u>(48,954)</u>
Membership Equity—Beginning of Year ...	486,146	535,100
Membership Equity—End of Year	<u>\$ 380,438</u>	<u>486,146</u>

NORTH CAROLINA ASSOCIATION OF ELECTRIC COOPERATIVES
BALANCE SHEET
 For the years ended December 31, 1989 and 1988
 (Unaudited)

	1989	1988
ASSETS		
Current Assets		
Cash	\$ 155,792	229,056
Accounts Receivable (Net)	291,030	313,598
Inventories	3,143	2,097
Prepaid Expenses	26,667	26,691
Total Current Assets	<u>476,632</u>	<u>571,442</u>
Fixed Assets		
Office Furniture and Fixtures	179,169	183,814
Vehicles	98,648	101,954
	277,817	285,768
Less: Accumulated Depreciation	131,966	155,792
Total Fixed Assets	<u>145,851</u>	<u>129,976</u>
Other Assets		
Deferred Charges—Past Service Cost, Pension Plan	11,713	17,569
Deferred Compensation Fund	152,673	144,934
Membership Certificates	200	200
Total Other Assets	<u>164,586</u>	<u>162,703</u>
Total Assets	<u>\$ 787,069</u>	<u>864,121</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Note Payable—Current Portion	\$ —	—
Accounts Payable	117,779	100,672
Accrued Liabilities	82,079	53,492
Unearned Income	—	24,777
Total Current Liabilities	<u>199,858</u>	<u>178,941</u>
Long Term Debt		
Note Payable	53,400	53,400
Less: Current Portion	—	—
Total Long Term Debt	<u>53,400</u>	<u>53,400</u>
Deferred Compensation Reserve	<u>152,673</u>	<u>144,934</u>
Total Liabilities	<u>405,931</u>	<u>377,275</u>
Equity		
Membership Fees	700	700
Members' Equity	380,438	486,146
Total Equity	<u>381,138</u>	<u>486,846</u>
Total Liabilities and Equity	<u>\$ 787,069</u>	<u>864,121</u>

NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION
STATEMENT OF OPERATIONS AND PATRONAGE CAPITAL
 For the years ended December 31, 1989 and 1988
 (Unaudited)

	<u>1989</u>	<u>1988</u>
Operating Revenues		
Electric energy revenues	\$644,947,605	634,899,336
Other operating revenue	<u>401,729</u>	<u>268,401</u>
Total Operating Revenues	<u>645,349,334</u>	<u>635,167,737</u>
Operating Expenses		
Production	59,218,629	60,939,078
Cost of purchased power	361,319,169	345,099,819
Transmission expenses	10,698,619	11,237,540
Administrative and general expenses	7,213,951	5,257,952
Maintenance	23,432,585	21,555,687
Depreciation	53,594,820	53,233,007
Taxes	<u>30,919,652</u>	<u>37,106,326</u>
Total Operating Expenses	<u>546,397,425</u>	<u>534,429,409</u>
Operating Margin	<u>98,951,909</u>	<u>100,738,328</u>
Other Income		
Interest	14,925,992	10,516,050
Other	<u>352,041</u>	<u>87,646</u>
Total Other Income	<u>15,278,033</u>	<u>10,603,696</u>
Interest Charges		
Total interest expense	110,239,607	109,579,775
Less: Interest charged to construction	-	-
Amortization of debt expense	<u>1,235,078</u>	<u>1,214,852</u>
Total Interest Charges	<u>111,474,685</u>	<u>110,794,627</u>
Net Margin	<u>2,755,257</u>	<u>547,397</u>
Patronage Capital - Beginning of Year	<u>16,656,113</u>	<u>16,108,716</u>
Patronage Capital - End of Year	<u>\$ 19,411,370</u>	<u>16,656,113</u>

NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION
BALANCE SHEET
 For the years ended December 31, 1989 and 1988
 (Unaudited)

	<u>1989</u>	<u>1988</u>
ASSETS		
Utility Plant		
Property, plant and equipment	\$1,443,421,525	1,429,236,072
Less: Accumulated depreciation	<u>311,734,301</u>	<u>236,386,480</u>
	1,131,687,224	1,192,849,592
Construction work in progress	<u>30,179,622</u>	<u>20,324,418</u>
Total Utility Plant	<u>1,161,866,846</u>	<u>1,213,174,010</u>
Other Assets		
Investments in associated organizations	<u>7,639,658</u>	<u>7,635,215</u>
Other Investments	<u>64,208,446</u>	<u>46,208,908</u>
Total Other Assets	<u>71,848,104</u>	<u>53,844,123</u>
Current Assets		
Cash	5,444,499	65,048
Special deposits	-	28,667,340
Temporary cash investments	139,519,445	131,718,497
Accounts receivable	198,385,888	176,088,144
Other current assets	<u>55,497</u>	<u>241,673</u>
Total Current Assets	<u>343,405,329</u>	<u>336,780,702</u>
Deferred Charges	<u>23,988,205</u>	<u>22,024,244</u>
	<u>\$1,601,108,484</u>	<u>1,625,823,079</u>
EQUITIES AND LIABILITIES		
Equities		
Membership Fees	\$ 700	700
Patronage Capital	<u>19,411,370</u>	<u>16,656,113</u>
Total Equities	<u>19,412,070</u>	<u>16,656,813</u>
Long Term Debt	<u>1,363,032,903</u>	<u>1,388,411,308</u>
Current Liabilities		
Notes payable	-	-
Accounts Payable -		
Trade	39,971,005	52,063,695
Affiliated Companies	-	167,616
Interest accrued	25,308,083	25,947,886
Other accrued expenses	<u>2,923,496</u>	<u>7,656,255</u>
Total Current Liabilities	<u>68,202,584</u>	<u>85,835,452</u>
Deferred Credits	<u>150,460,927</u>	<u>134,919,506</u>
	<u>\$1,601,108,484</u>	<u>1,625,823,079</u>

TARHEEL ELECTRIC MEMBERSHIP ASSOCIATION, INC.
STATEMENT OF OPERATIONS AND PATRONAGE CAPITAL
For the years ended December 31, 1989 and 1988
(Unaudited)

	<u>1989</u>	<u>1988</u>
Sales (Net)	\$ 35,207,933	33,951,239
Cost of Goods Sold		
Beginning Inventory	3,284,384	3,489,965
Purchase (Net)	33,315,267	31,677,179
	36,599,651	35,167,144
Less: Ending Inventory	3,172,012	3,284,384
Total Cost of Goods Sold	33,427,639	31,882,760
Gross Margin	1,780,294	2,068,479
Operating Expenses	759,724	721,454
Operating Margin	1,020,570	1,347,025
Other Income		
Interest Income	99,534	59,483
Miscellaneous Income	68,644	45,044
Total Other Income	168,178	104,527
Interest Expense	-	-
Net Margin	1,188,748	1,451,552
Patronage Capital - Beginning of Year	4,428,695	3,910,834
Change in ACRS Depreciation Reserve	-	-
Less:		
Retirement of Patronage Certificates . . .	549,093	572,071
Patronage Capital Reclassified to		
Current Liabilities	300,873	361,620
Patronage Capital - End of Year	\$ 4,767,477	4,428,695

TARHEEL ELECTRIC MEMBERSHIP ASSOCIATION, INC.
BALANCE SHEET
For the years ended December 31, 1989 and 1988
(Unaudited)

ASSETS	<u>1989</u>	<u>1988</u>
Current Assets		
Cash	\$ 499,073	170,022
Accounts Receivable - Trade	2,774,411	2,350,984
Accounts Receivable - Other	10,460	11,328
Inventories	3,181,042	3,294,758
Prepaid Expenses	14,595	14,580
Total Current Assets	6,479,581	5,841,672
Fixed Assets		
Office Furniture and Fixtures	48,715	47,173
Vehicles	43,611	38,267
Warehouse Equipment	109,284	103,503
Buildings	614,019	614,017
	815,629	802,960
Less: Accumulated Depreciation	413,220	383,414
	402,409	419,546
Land	157,250	157,250
Total Fixed Assets	559,659	576,796
Other Assets	191,060	165,554
Total Assets	\$7,230,300	6,584,022
LIABILITIES		
Current Liabilities		
Accounts Payable	\$2,094,640	1,720,255
Accrued Liabilities	66,610	72,752
Patronage Capital Payable	300,873	361,620
Total Current Liabilities	2,462,123	2,154,627
Total Liabilities	2,462,123	2,154,627
Equity		
Membership Fees	700	700
Patronage Capital	4,767,477	4,428,695
Total Equity	4,768,177	4,429,395
Total Liabilities and Equity	\$7,230,300	6,584,022

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