

The EMC Annual Report

1984

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Accounting to our Members



North Carolina's electric cooperatives concluded an eventful and fast-paced year in 1984.

It was the first full year of power supply operation for North Carolina EMC, the generation and transmission arm of the organization. The close of the year saw \$1.1 billion invested by our members in the jointly-owned Catawba Nuclear Station. At year end, the Nuclear Regulatory Commission had granted a full power license to Duke Power Company to commence the escalation of power in Unit #1 of the station. Commercial operation of the unit is expected by mid-year 1985.

North Carolina EMC went to the public market under the auspices of CFC late in the year to market \$140 million in floating/fixed-rate tax-exempt pollution-control bonds to replace a portion of the REA/FFB financing on Catawba. The G&T Board took this action to further reduce the cost of power to be produced by the plant. Other innovative methods of reducing the cost of capital to our capital-intensive power-supply system will undoubtedly be required in the future.

Efforts continued throughout the year to move the installation of load management switches at local member systems to its first stage of successful operation. As the cost of generating capacity continues to rise into the foreseeable future, the ability to restrain the rate of increase in demand will save increasing millions of dollars in power cost for our consumer-members.

Major efforts were expended during the year to negotiate an equitable solution to the power supply needs in the CP&L-served areas of the state. At year end, no progress in this regard could be reported.

Exploratory contacts have been made with more than a dozen alternate power suppliers throughout the southeastern portions of the nation. Any feasible alternatives in this effort are being actively pursued by management in concert with the Power Supply Committee. Unfortunately, present federal law and the philosophy of the current Federal Energy Regulatory Commission offer essentially no help in making it possible for wholesale customers of monopoly power suppliers to enter and share equitably in the bulk power exchange market.

These are recognized as only the beginning steps in our efforts to achieve effective influence, control, or ownership of an assured and adequate source of wholesale power in order to provide, at the lowest possible cost, total electric service throughout our assigned service areas.

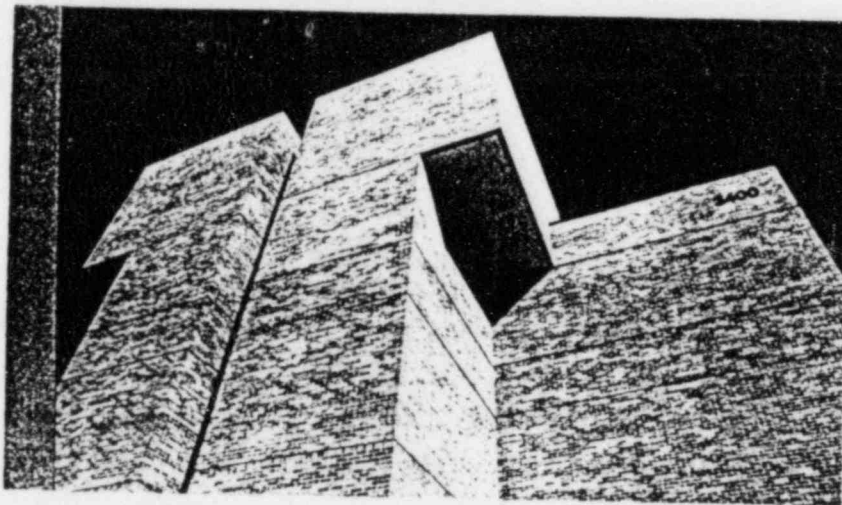
During 1984, it became increasingly apparent to our Board and management that the pioneer legislative efforts of the mid-60's to ensure territorial protection for the sparsely populated, high-cost rural areas of our state were proving inadequate against the increasing frequency of encroachment by some municipal utilities in the state. We remain resolute in our determination to achieve and maintain territorial protection to assure the continued development of economically sound systems able to adequately serve all present and future electric power requirements in each member system's service territory - regardless of the consumer's location or profitability.

Our efforts during the year, together with those of most of the nearly 1,000 electric co-ops across the nation, proved unsuccessful in reaching a legislative solution to the long-term problems facing the REA Insured Revolving Fund. Although reduced load growth (which translates into the need for less funds for construction of electric distribution and transmission facilities) and two successive annual interest income shortfall appropriations to the Revolving Fund by the Congress may have postponed the date when the Fund is depleted, an equitable solution to this critical problem must yet be provided. Rural electric cooperatives must develop and maintain effective influence or control of assured and adequate sources of capital - not only for the needs of member systems; but of even greater financial consequence, to meet the generation and bulk transmission requirements of the total system as well. That capital must also be obtained at the lowest cost possible, sufficient to enable rural consumers to continue to participate in the economic and social progress afforded their more prosperous and profitable urban neighbors. In concert with our fellow-cooperatives across the nation, this issue will again be addressed. The need and the justification remain.

If the program's future is to be as successful as it has been throughout its first half-century, rural electric members and their leaders must maintain active interest and participation in appropriate legislative and governmental activities.

Participation in training and education programs was at one of the highest levels ever achieved by statewide member systems. We remain convinced that well-trained and informed board members and employees ensure the strength and viability of our organizations for the future. This, we believe, translates into more economical and cost effective service for the ultimate consumer/members.





Your material supply program through Tarheel Electric Membership Association reached a record-high \$21.1 million in member patronage. The 28 member systems availed themselves of a wide variety of materials and services to reach this high plateau. Unhappily, those services included calling on a long list of cooperative construction and service crews that responded in the spring to a devastating series of tornados that wreaked havoc across the breadth of the eastern third of the state, and then in the fall, they again responded "down-east" when Hurricane Diana reversed course and flattened portions of Brunswick County and adjoining areas. Out of these tragedies we are reminded afresh that it is by working together – as cooperatives – that we are able to accomplish the difficult task of electrifying rural North Carolina. Each cooperative board, manager, and employee participating in the contribution of approximately \$60,000 for the American Red Cross, as well as the Salvation Army, in their tornado disaster relief programs, should feel a sense of pride in the spirit of generosity and helpfulness that are apparent in this selfless act.

Another important project completed during the year, and one long anticipated and much appreciated by the staff, was the construction of new North Carolina EMC headquarters facilities. This building is expected to provide efficiencies and improved service for the membership for many years into the future.

The year just past has been a good one for your statewide organizations. Although we did not achieve every objective desired, significant progress as an organization has been made and economies were realized on a number of fronts by our membership. The dedication of our board members, their staff, and that of our statewide employees made our progress possible. Thank you for your support and for your leadership.

James M. Hubbard
Executive Vice President



The Directors of NCAEC

NCAEC Officers

Hassel B. Gann, President

R.W. Blanchard, Secretary-Treasurer

Emmett Patterson, Vice President



Edgecombe-Martin Co. EMC

Rudolph Sexton

W.K. Benson

Four County EMC

L.P. Beverage

R.W. Blanchard, Jr.

French Broad EMC

Charles R. Tolley

James W. Ray

Albemarle EMC

Dorris B. White

L.A. Harris, Jr.

Blue Ridge EMC

Wayne Keller

John Austin

Brunswick EMC

David J. Batten

Fred A. Tedder

Cape Hatteras EMC

Clifton E. Austin

Jack S. Gray

Carteret-Craven EMC

Eugene Clayborne

W.J. Wynne, Jr.

Central EMC

L. Reid Harris

Henry E. Jones

Crescent EMC

Donald D. Rice

Henry C. Gabriel

Davidson EMC

Wayne Wilkins

Hassel B. Gann

Halifax EMC

Michael E. Finney

A.C. Cox, Jr.

Harkers Island EMC

E. Travis Davis

Oliver S. Griffen

Haywood EMC

John W. Browning

Emmit Wood

Jones-Onslow EMC

Alvin C. Morton

Hugh L. Batts

Lumbee River EMC

Ronnie Hunt

Elias Rogers

Pee Dee EMC

Emmett S. Patterson

Richard Johnson

Piedmont EMC

Earl J. Ross

Richard Roberts

Pitt & Greene EMC

Mark A. Suggs

Horace Moore

Randolph EMC

Bob L. McDuffie

T. Harold Terry

Roanoke EMC

Eugene W. Brown, Jr.

Matthew Grant

Rutherford EMC

Gary A. Whitener

Joseph Quinn

South River EMC

Marvin O. Marshall

Kyle Harrington

Surry-Yadkin EMC

J. Kelly Hutchens

W.E. Collins

Tideland EMC

Glenn A. Carowan

Carroll Austin

Tri-County EMC

Robert S. Holmes

Leslie J. Bell

Union EMC

Philip L. Wally

J. Grant Duncan

Wake EMC

James E. Mangum, Jr.

John Ferrell



NRECA Director

Horace Moore

Pitt & Greene EMC

The Directors of NCEMC

NCEMC Officers

Marvin O. Marshall, President
Philip L. Wally, Vice President
Wayne Keller, Secretary-Treasurer



Albemarle EMC
Dorris B. White

Blue Ridge EMC
Wayne Keller

Brunswick EMC
David J. Batten

Cape Hatteras EMC
Fred J. Neuman

Carteret-Craven EMC
David M. Chadwick

Central EMC
L. Reid Harris

Crescent EMC
Donald D. Rice

Davidson EMC
Wayne Wilkins

Edgecombe-Martin Co. EMC
Noel Lee, Jr.

Four County EMC
L.P. Beverage, Jr.

Halifax EMC
Michael E. Finney

Harkers Island EMC
E. Travis Davis

Haywood EMC
John W. Browning

Jones-Onslow EMC
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Lumbee River EMC
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Philip L. Wally

Wake EMC
James E. Mangum, Jr.

The Directors of TEMA

TEMA Officers

Jimmy R. Horton, President
Richard Johnson, Vice President
Eugene Brown, Secretary-Treasurer



Crescent EMC
Jimmy R. Horton

Davidson EMC
Hassel B. Gann

Four County EMC
R.W. Blanchard

Pee Dee EMC
Richard Johnson

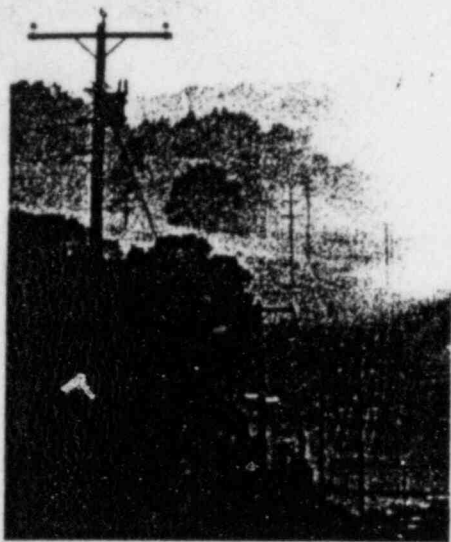
Pitt & Greene EMC
Horace Moore

Randolph EMC
Bob L. McDuffie

Roanoke EMC
Eugene Brown

South River EMC
Charles Collier

Union EMC
Philip L. Wally



Power Supply

1984 was a year of transition. NCEMC in November of 1983 became a fully operational entity with the implementation of the Catawba Agreement with the Duke Power Company. This became the first full year of operation as a power supplier to 27 EMCs across North Carolina.

Under the Catawba Agreement, NCEMC is eligible to receive capacity and energy from Duke Power Company's McGuire I nuclear plant until Catawba I becomes operational. This power is received at substantial savings to the member cooperatives through the wholesale full requirements contracts with NCEMC.

Although the power from the McGuire and Catawba stays in the Duke service area, the savings from the Catawba Agreement are passed through the NCEMC rate structure to all member systems on an equitable basis. The annual savings flowed to all members were \$7,573,000. This represents an average of 2.9% savings for each cooperative.

NCEMC in 1984 met its full service requirements with its 27 member cooperatives by supplying power to meet a maximum monthly NCP demand of 1,384,004 KW, and selling 5,875,235,084 KWHs of energy, generating electric revenue of \$254,439,832. The average cost per KWH sold by rate area was as follows: CP&L 4.75¢, Vepco 4.39¢, and Duke Power 3.88¢. The composite rate for NCEMC was 4.33¢.

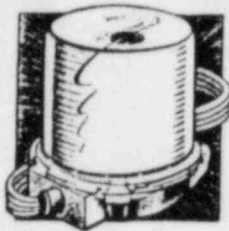
A long range goal of NCEMC is to become self-sufficient with generation sources in supplying all the member long-term power needs. As part of an on-going effort to achieve this goal and to provide power to members at a reasonable cost, negotiations continued with CP&L on joint ownership of generation and transmission facilities.

Two major construction projects continued to move towards completion. The Catawba Nuclear Generating Station being constructed by Duke Power Company near Charlotte, is partially owned by NCEMC. Its 644 MW ownership represents 56.25% share of the Catawba Unit No. 1. Unit 1 construction was completed the latter part of the year and received its low power license from the Nuclear Regulatory Commission in December. It is scheduled for commercial operation in June 1985. The second unit is scheduled to be in service in June 1987.

In an effort to assure that the construction and operation of the Catawba Nuclear Plant is performed in the interest of its member cooperatives, a Plant Monitoring Program was approved by the NCEMC Board of Directors. This will require on site representatives by NCEMC staff at the Catawba plant.



Doug Leary
power supply
manager



The second major construction project is the installation of a statewide load control system that will give the 27 member systems the ability to shed load during peak load periods. Over 16,000 switches were installed on residences of member-consumers to manage water heater and air conditioning demand. The communication system that will supply the signal to cut off and on the switches was completed in 90% of the cooperatives. Some load was managed by a few systems by use of Back-Up Controllers. All member cooperatives will have a load management system operational by Spring of 1985. The remaining phase of construction will be the Central Control System located in Raleigh to be completed in 1986. This will give NCEMC the capability to control peaks on each member's system in concert with the peak occurring at the generating source. The potential for controlling power cost is significant with this process.

The mission will continue to be the supplying of reliable power at the most economical price. It is believed that the power supply project in progress will provide a good foundation for achieving that objective in supplying the future total power needs of NCEMC's membership.

Finance & Accounting

1984 was a landmark year for the three statewide organizations during which the Division of Finance & Accounting continued its support to strengthen the financial stability and internal controls of NCAEC, NCEMC and TEMA.

TEMA's total revenues, which exceeded \$21 million, set an all time high, while improving the number of times the inventory was turned over to 6.2 times, up from 4.1 times in 1983. Both NCAEC's income and expenses compared favorably with budget expectations. And NCEMC completed its first full year serving as power supplier for its 27 member cooperatives.

During 1984, the Director of Finance & Accounting concentrated primarily on NCEMC related matters. As of year end, NCEMC's total investment in the Catawba Nuclear Plant exceeded \$1.1 billion, while total operating revenues for the year exceeded a quarter of a billion dollars.

Plans to finance the pollution control portion of the Catawba Nuclear Plant culminated in November, 1984 with the sale of \$140 million of Pollution Control Bonds. The bonds have a 30-year maturity and a variable interest rate of which \$40 million carry a weekly variable rate and \$100 million carry a semi-annual interest rate. The initial rates on the issue were 5.9% and 6¾% respectively. This had a beneficial effect on NCEMC's imbedded interest rate which was 10.511% as of 12/31/84 as compared to 12.299% as of 12/31/83.

NCEMC continues to monitor the plant construction activities at Catawba, and as in prior years, has completed an audit of the associated costs. This audit has raised several charges with which NCEMC does not agree. During 1985 NCEMC intends to pursue attempts to resolve these items equitably.

Noting that this is the first time ever that NCEMC will have a generating plant in operation, the Division of Finance & Accounting concentrated much of its efforts during 1984 in anticipation of the Catawba Nuclear Plant going into commercial operation during June, 1985. NCEMC's contractual obligation with Duke Power Company requires NCEMC to provide several estimates to Duke concerning NCEMC's fixed and variable costs for its portion of the Catawba Nuclear Plant. NCEMC has taken every precaution to ensure that the interest of its member cooperatives has been safeguarded.



Orrie Balli
manager of
finance and accounting



During 1984 the NCEMC Board approved the purchase of an IBM 4361 which would enable NCEMC to bring its data processing in-house, improving system reliability at reduced cost. NCEMC took receipt of the new computer late in December, 1984, and anticipated that four to six months will be required to transfer its application to it from the service bureau.

Legal

Negotiations with CP&L for ownership interests in generating plants and transmission lines hit a stalemate in 1984, but were later resumed when CP&L indicated that it was willing to modify its position on demand allocation methods for supplemental power. Talks were also had with Duke Power Company concerning the possibility of purchasing power for use by NCEMC's CP&L-served systems.

The antitrust case against CP&L moved into the final stages of discovery, with lawyers from CP&L taking testimony under oath (depositions) from managers and former managers and board members and former board members of NCEMC's CP&L-served systems. Trial of the case is expected to begin in January 1986.

CP&L's wholesale rate increase for 1984 was settled when CP&L agreed to drop Phase II of the new rate, an \$8 million per year increase that was supposed to become effective on April 27, 1984. Phase I, a \$12.9 million annual increase, became effective on November 27, 1983. Meanwhile, CP&L has filed a 1985 wholesale rate case, Phase I of which (\$14,686,788 or 10.2%) will become effective February 14 and Phase II of which (\$7,738,072 or 5.4%) is scheduled to become effective July 14.

The Vepco 1984 rate case was settled by Vepco's agreement to reduce our rates by \$270,000 per year. The Settlement Agreement was still awaiting approval by the Federal Energy Regulatory Commission when this report went to press. Vepco said it would file a 1985 wholesale rate increase on March 29.

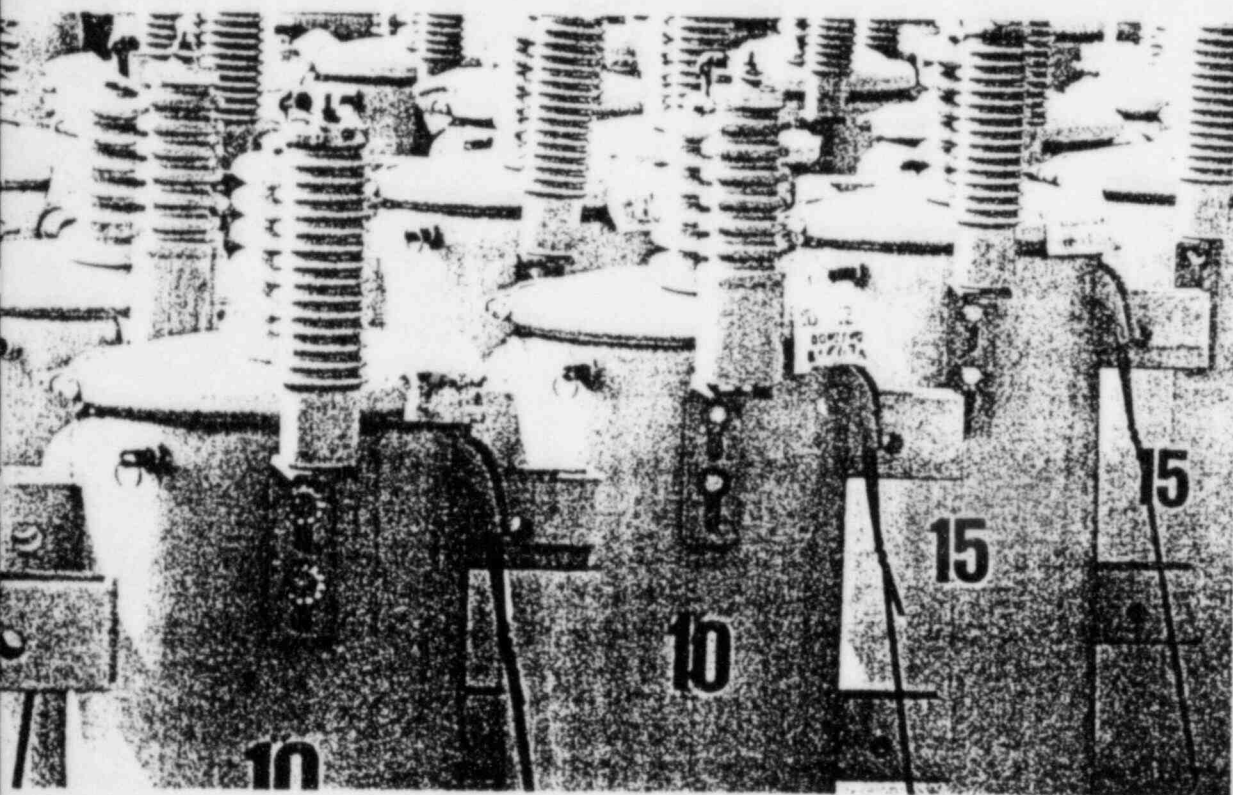
Preliminary victories were obtained by the Cooperatives in the lawsuits brought by Electricities challenging our right to SEPA power from the Georgia-Alabama Projects and the Kerr-Philpott Projects. Appeals are pending in the Fourth Circuit.

During 1984 the legal department also concerned itself with ad valorem taxes, the Catawba deficiency loan and the pollution control bond issue, Carolina Country collections and the myriad of daily problems that face your three statewide organizations.



Tom Bolch
legal counsel





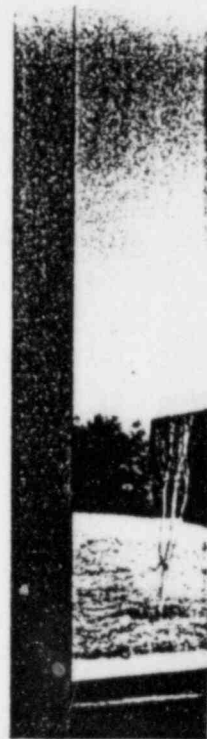
Material Supply

During 1984 Tarheel Electric Membership Association experienced its most active year, both in total revenues and margin production. Total revenues exceeded \$21,000,000 with margins of \$830,000. While total revenues grew by more than 30% over the previous year, and margins increased 20%, we witnessed only a 4% increase in expenses to operate the program. The Board of Directors' and Management's goal to effectively maintain the material supply program at the lowest possible cost consistent with good business practice, provides the members not only a competitive and reliable source for their material requirements, but also a return on their materials purchased investment. Margins are returned to members in cash and patronage certificates.

While current policy requirement of certificate retirement is ten years, the TEMA Board of Directors approved early retirement of certificates for margins produced during 1976 (\$166,682) and 1977 (\$235,114) our first two years of operation. Early certificate retirement and the lack of short-term borrowed funds requirement are indicators that the organization is on sound footing and financially stable.



Lewis Hobson
material supply
manager



Through communications with our members and the close observation of our material in the warehouse, we were able to achieve a rollover in our inventory value every sixty days, thereby reducing overhead costs for carrying charges associated with inventory investment. Approximately 65% of the total revenue production during the year by the material supply program was achieved through shipments from our warehouse. This calculates to over 700 truckloads of hardware, conductor, transformers and other products received at the warehouse, stored, and then shipped to member systems.

It became evident early in the year that North Carolina's construction industry would be building at record pace in many areas and our member systems would have to react to the requirement of providing reliable service by upgrading existing lines and building new extensions. This was achieved because of the commitment the 28 electric membership corporations have to their member-owners. This same commitment is shared by your statewide staff - to provide the member systems with products and services for maintenance and construction in order that they may provide optimum service to the consumer.

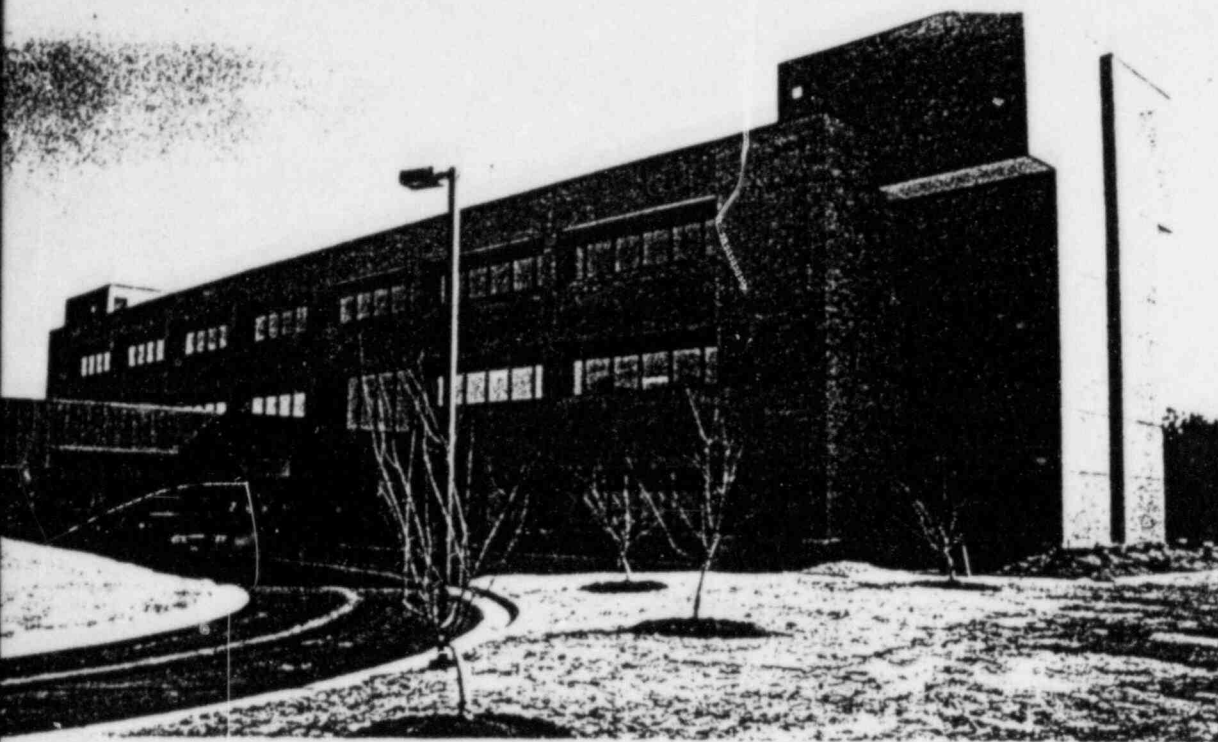
During the year, many lives were lost and property damage reached millions of dollars, when tornadoes and a hurricane ravaged our state, destroying homes, businesses and cooperatives' lines. Through the emergency work plan for North Carolina electric cooperatives, neighbors assisted neighbors when EMC personnel aided those affected by working around the clock to quickly rebuild lines and restore service.

It was doubly gratifying, immediately following the March tornados, to witness the additional financial assistance totalling approximately \$60,00 contributed to the the Red Cross and the Salvation Army by member cooperatives and their employees.

This dedication is also employed by your statewide employees. We will continue utilizing our best efforts to maintain, operate, and develop your materials program with the guidance of our member systems. We will provide the service expected of the material supply program and we will react to the needs of our members.

We are appreciative of the support of our members and continue our pledge of assistance to our member systems in providing for the member-owners.





Association and Corporate Services

One of the most exciting projects during 1984 was the construction of the new headquarters building at 3400 Sumner Boulevard. Even though occupancy did not take place in '84, the majority of work was completed.

Our previous headquarters location at 3333 North Boulevard was sold, with closing scheduled for early 1985. The new construction, disposition of the old building, and related activities required substantial staff time. In late December, the building was complete enough for the Credit Union to occupy space on the first floor.

During the year, Personnel conducted nearly 100 interviews to fill 18 vacancies. It also coordinated the revision and updating of the Employee Personnel Manual. As in previous years, a wage and salary survey was conducted by NCAEC for members.

Safety is always a top priority in our industry. Our program has continued to successfully revolve around the safety-meeting concept. Three safety specialists hold regular meetings across the state and responded to special needs as required.

In 1984 we completed a three-part, seven-day Staking Technician's School. During the fall we held a Substation Maintenance School. We also held three Apprentice Lineman Schools and various annual conferences for EMC employees.

The REA Workorder Workshop and the Annual Directors' Conference topped the high mark for best-attended training programs in 1984.

The NCAEC Package Plan for NRECA courses continued for the third year to enroll 25 EMCs in the program – the most EMCs ever enrolled, and attendance at the three NRECA courses in the plan totalled 170 participants.

The Pre-Retirement Seminar and the Data Processing Conference, though new programs, were well attended.

We appreciate the continued support and look forward to continued successes in the year ahead.



David Williams
manager of
association and corporate services



James Lee Burney
manager of
public affairs

Public Affairs

In the area of government relations, national issues were top priorities throughout 1984, as we worked on legislation that pertained to our federal/financing program. Efforts were mounted to pass federal legislation that would restrict the Federal Energy Regulatory Commission's policy to charge wholesale customers part of their construction-work-in-progress costs. We were successful in the House but the issue did not come before the Senate for consideration.

Member services activities included the statewide annual Member Services Conference and twelve mini-conferences. The statewide conference in Chapel Hill was attended by 40 EMC member service representatives. The mini-conferences, four on each subject, included audio-visual production, newsletter production, and time management. These workshops were held in various locations throughout the state, and involved 100 participants.

The load management promotion continued with updated materials retaining the "Volunteer to Shave" theme for the second phase of the campaign.

Programs involving women and youth included the annual Women's Fall Forum with 50 participants, and the annual Youth to Washington Tour with 35 young people from across the state. The Youth Tour Scholarship, sponsored by the Women's Committee, is coordinated through NCAEC and is awarded annually to a Youth Tour participant.

In preparation for the celebration of the 50th Anniversary of REA, an oral history of the rural electrification movement in North Carolina was conducted. Fifty volunteers and EMC staff members attended four interviewer training sessions across the state. Tapes were collected and transcribed, and information from the interviews provided material for a 1985 commemorative calendar. Further informational materials for use during the coming anniversary year will be provided through the oral history program.

In 1984, Carolina Country reduced the total number of pages published in response to declining advertising revenues. Even so, the magazine functioned as an important vehicle for the dissemination of information on political issues of special interest to Tar Heel co-op consumer-members.

Two special editions were largely devoted to coverage of the candidates in the statewide elections. Also, extensive space throughout the 12 issues was allocated to reports on legislative efforts to revamp the rural electric financing mechanism.

In other communications activities, the information services staff provided regular liaison with representatives of the news media in their coverage of the financing legislation as it would affect North Carolina.

The staff also kept the media informed about conditions in the affected EMC territories during the spring tornadoes that swept through the state and during Hurricane Diana's attack on the coast.





The information services staff also organized and coordinated a one-day workshop for about 40 EMC newsletter editors, offering them specialized instruction in writing, editing and layout skills. The workshop, featuring a nationally recognized publications consultant, was developed especially for co-op communications personnel.

The economic and community development efforts continued to progress as more and more EMCs were exposed to new industrial and commercial clients. Our exposure has been enhanced by new brochures describing the role of NCEMC, and individual brochures that picture each EMC and its function. In addition, our national and state advertising campaign has started to produce results which will end up in increased activity for our EMCs. The EMCs have responded to the challenge. However, their greatest success lies before us.

Credit Union

People helping people—how important that ideal is to us all. In this cooperative spirit, your Credit Union continued to experience vigorous growth and expansion of services during 1984. Our growth is evidence of our confidence and optimism that your Credit Union is coming of age during a period of much change within financial institutions. Technology, deregulation, reregulation, taxation, and the economy are all factors within our environment that have influenced our cooperative spirit during this past year.

Considering these factors, and after several intense planning sessions, the Board of Directors adopted our first long-range strategy plan during April, 1984. Among the more notable goals in this plan are: capitalization to 8% capital to assets within five years; new organizational development and human resource development to include our move to the new NCEMC building, new computer hardware, and new staff and staff reorganization; more communications and marketing, including marketing to retirees and family members; and increased use of technology for delivery of present and new services.

Of prime importance within this last goal is the VISA Credit Card and Share Draft Card program adopted last year for implementation during mid-1985. Much progress toward fulfillment of this and many other goals was made during 1984 as we accomplished 45 of 48, or 94%, of our short-term, one-year goals contained within our strategy plan.

Our vivacious spirit and financial strength becomes evident, as 1984 was another record year of growth. As of December 31, 1984, our assets had grown to \$6.3 million, an increase of 31% since 1983. Loans increased by 24% to \$3.9 million, and our 2,941 members had on deposit with our Credit Union a little over \$6 million. Growth in capital also kept pace as we experienced increases in undivided earnings of 51% and an increase of 30% in overall capital.

It is with a great amount of satisfaction and pride that we look back on 1984, and as we also look toward the future of EMC Employees Credit Union. There's no doubt that the cooperative spirit is certainly alive and well at our Credit Union.



Leg Fogle
credit union
manager



The Financial Highlights of NCAEC

NORTH CAROLINA ASSOCIATION OF ELECTRIC COOPERATIVES
STATEMENT OF OPERATIONS AND MEMBER EQUITY
 For the years ended December 31, 1984 and 1983
 (Unaudited)

	1984	1983
Operating Income		
Dues	\$ 820,401	859,311
Publication Income	827,677	834,985
Total Operating Income	1,648,078	1,694,296
Operating Expenses		
Administrative and General	950,575	951,110
Publication Expense	709,501	676,616
Total Operating Expenses	1,660,076	1,627,726
Operating Income (Loss)	(11,998)	66,570
Other Income (Expenses)		
Interest Income	25,837	27,095
Interest Expense	(3,180)	(3,075)
Total Other Income (Expenses)	22,657	24,020
Net Margin	10,659	90,590
Membership Equity - Beginning of Year	471,647	393,504
Membership Equity - End of Year	\$ 482,306	\$ 484,094

NORTH CAROLINA ASSOCIATION OF ELECTRIC COOPERATIVES
BALANCE SHEET
For the years ended December 31, 1984 and 1983
(Unaudited)

ASSETS	1984	1983
Current Assets		
Cash	\$ 275,921	\$ 293,627
Accounts Receivable (Net)	181,221	186,526
Inventories	21,180	19,749
Prepaid Expenses	24,482	15,321
Total Current Assets	502,804	515,223
Fixed Assets		
Office Furniture and Fixtures	115,662	44,834
Vehicles	56,679	56,451
	172,341	101,285
Less: Accumulated Depreciation	56,880	49,488
Total Fixed Assets	115,461	51,797
Other Assets		
Deferred Charges - Past Service Cost, Pension Plan	40,996	46,852
Deferred Compensation Fund	45,584	22,337
Membership Certificates	200	200
Total Other Assets	86,780	69,389
Total Assets	\$ 705,045	\$ 636,409
LIABILITIES AND EQUITY		
Current Liabilities		
Note Payable - Current Portion	\$ 882	\$ 832
Accounts Payable	58,514	14,652
Accrued Liabilities	37,998	33,698
Unearned Income	23,735	23,888
Total Current Liabilities	121,129	73,070
Long Term Debt		
Note Payable	56,208	57,040
Less: Current Portion	882	832
Total Long Term Debt	55,326	56,208
Deferred Compensation Reserve	45,584	22,337
Total Liabilities	222,039	151,615
Equity		
Membership Fees	700	700
Member's Equity	482,306	484,094
Total Equity	483,006	484,794
Total Liabilities and Equity	\$ 705,045	\$ 636,409

The Financial Highlights of NCEMC

NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION
STATEMENT OF OPERATIONS AND PATRONAGE CAPITAL
 For the years ended December 31, 1984 and 1983
 (Unaudited)

	1984	1983
Operating Revenues		
Electric energy revenues	\$ 254,447,734	\$ 41,730,843
Other operating revenue	12,478	1,059,990
Total Operating Revenues	<u>254,460,212</u>	<u>42,790,833</u>
Operating Expenses		
Cost of purchased power	239,138,521	39,547,536
Transmission expenses	10,439,695	1,657,317
Administrative and general expenses	2,258,572	1,058,845
Depreciation	35,186	29,348
Taxes, other than income taxes	329,583	114,053
Total Operating Expenses	<u>252,201,557</u>	<u>42,407,099</u>
Operating Margin	<u>2,258,655</u>	<u>383,734</u>
Other Income		
Interest	367,731	44,762
Other	2,450	1,836
Total Other Income	<u>370,181</u>	<u>46,598</u>
Interest Charges		
Total interest expense	107,292,420	102,471,952
Less: Interest charged to construction	(107,272,113)	(102,460,860)
Amortization of debt expense	5,736	1,543
Total Interest Charges	<u>26,043</u>	<u>12,635</u>
Net Margin	<u>2,602,793</u>	<u>417,697</u>
Patronage Capital - Beginning of Year	<u>1,777,750</u>	<u>1,360,053</u>
Patronage Capital - End of Year	<u>\$ 4,380,543</u>	<u>\$ 1,777,750</u>

NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION
BALANCE SHEET
For the years ended December 31, 1984 and 1983
(Unaudited)

ASSETS	1984	1983
Utility Plant		
Property, plant and equipment	\$ 969,861	\$ 941,469
Less: Accumulated depreciation	(226,917)	(184,400)
	742,944	757,069
Construction work in progress	1,126,163,094	913,326,702
Total Utility Plant	1,126,906,038	914,083,771
Other Assets		
Investments in associated organizations	7,109,061	21,513
Current Assets		
Cash	230,926	37,148,152
Special deposits	24,997,328	-
Temporary cash investments	8,516,000	-
Accounts receivable	22,672,601	23,863,343
Other current assets	794,953	73,939
Total Current Assets	57,211,808	61,085,434
Deferred Charges	6,772,047	1,828,995
	<u>\$ 1,197,998,954</u>	<u>\$ 977,020,013</u>
EQUITIES AND LIABILITIES		
Equities		
Membership Fees	\$ 700	\$ 700
Patronage Capital	4,380,543	1,777,750
Total Equities	4,381,243	1,778,450
Long Term Debt - Excluding Current Maturities	1,167,920,021	924,949,978
Current Liabilities		
Current maturities of long-term debt	3,345	3,121
Accounts Payable -		
Trade	23,379,723	23,234,042
Affiliated Companies	43,923	42,459
Interest accrued	907,158	24,952,603
Other accrued expenses	91,593	97,035
Total Current Liabilities	24,425,742	48,329,260
Deferred Credits	1,271,948	1,962,325
	<u>\$ 1,197,998,954</u>	<u>\$ 977,020,013</u>

The Financial Highlights of TEMA

TARHEEL ELECTRIC MEMBERSHIP ASSOCIATION, INC.
STATEMENT OF OPERATIONS AND PATRONAGE CAPITAL
For the years ended December 31, 1984 and 1983
(Unaudited)

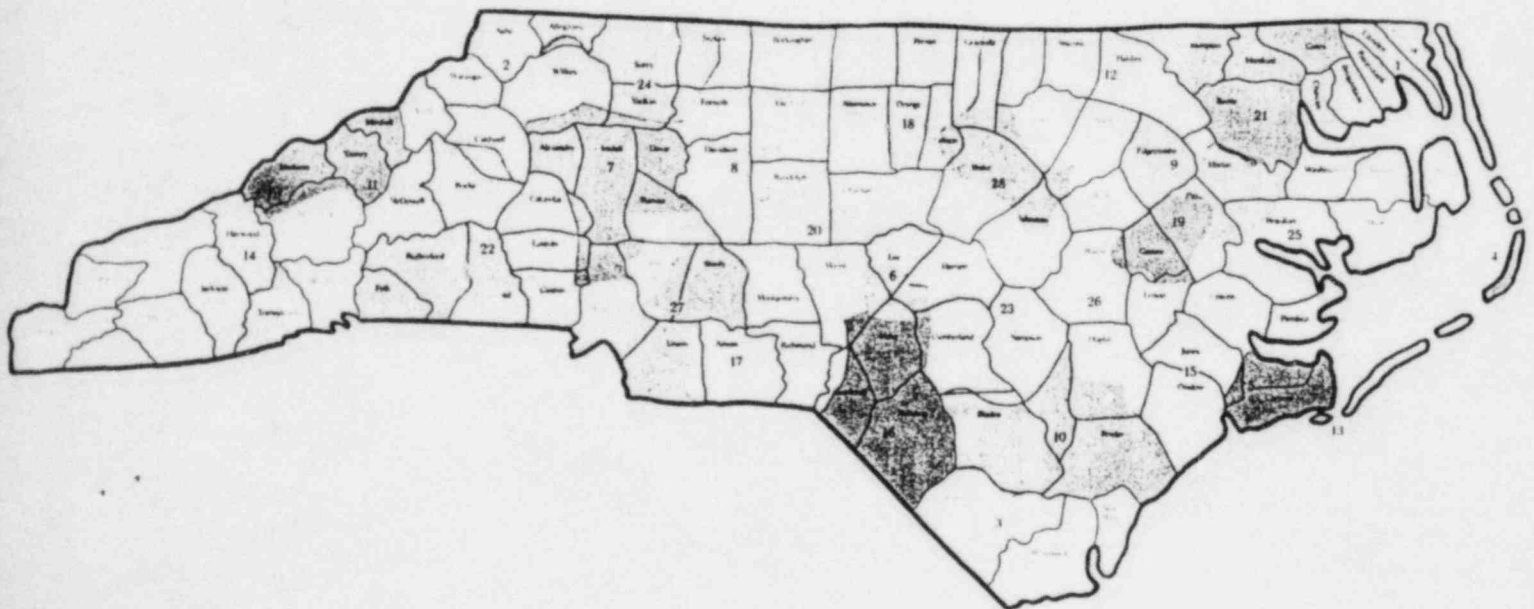
	1984	1983
Sales (Net)	<u>\$ 21,080,006</u>	<u>\$ 16,381,004</u>
Cost of Goods Sold		
Beginning Inventory	1,736,460	1,607,794
Purchase (Net)	<u>19,637,259</u>	<u>15,267,937</u>
	21,373,719	16,875,731
Less: Ending Inventory	<u>1,707,853</u>	<u>1,736,460</u>
Total Cost of Goods Sold	<u>19,665,866</u>	<u>15,139,271</u>
Gross Margin	<u>1,414,140</u>	<u>1,241,733</u>
Operating Expenses	<u>640,677</u>	<u>609,658</u>
Operating Margin	<u>773,463</u>	<u>632,075</u>
Other Income		
Interest Income	72,916	56,359
Miscellaneous Income	<u>58,668</u>	<u>75,754</u>
Total Other Income	<u>131,584</u>	<u>132,113</u>
Interest Expense	<u>74,606</u>	<u>77,403</u>
Net Margin	<u>830,441</u>	<u>686,785</u>
Patronage Capital - Beginning of Year	2,535,864	2,153,453
Add: Decrease in ACRS Depreciation Reserve	7,424	(419)
Less: Retirement of 1977 Patronage Certificates	235,114	166,682
Patronage Capital Reclassified to Current Liabilities	<u>167,573</u>	<u>137,273</u>
Patronage Capital - End of Year	<u>\$ 2,971,042</u>	<u>\$ 2,535,864</u>

TARHEEL ELECTRIC MEMBERSHIP ASSOCIATION, INC.
BALANCE SHEET
For the years ended December 31, 1984 and 1983
(Unaudited)

ASSETS	1984	1983
Current Assets		
Cash	\$ 540,038	\$ 742,099
Accounts Receivable - Trade	2,064,437	986,736
Accounts Receivable - Other	4,585	12,226
Inventories	1,707,853	1,736,460
Prepaid Expenses	32,377	34,582
Total Current Assets	4,349,290	3,512,103
Fixed Assets		
Office Furniture and Fixtures	37,895	109,298
Vehicles	25,378	25,157
Warehouse Equipment	69,683	68,687
Buildings	514,714	502,631
	647,670	705,773
Less: Accumulated Depreciation	232,675	227,523
	414,995	478,250
Land	157,250	157,250
Total Fixed Assets	572,245	635,500
Other Assets	60,935	57,527
Total Assets	\$ 4,982,470	\$ 4,205,130
LIABILITIES		
Current Liabilities		
Mortgage Payable - Current Portion	\$ 3,758	\$3,472
Accounts Payable	948,930	647,768
Accrued Liabilities	74,302	52,706
Patronage Capital Payable	167,573	137,273
Total Current Liabilities	1,194,563	841,219
Long Term Debt		
Note Payable to Members	438,900	438,900
Mortgage Payable	381,654	385,126
Less: Current Portion	3,758	3,472
	377,896	381,654
Total Long Term Debt	816,796	820,554
Reserve for ACRS Depreciation	(631)	6,793
Total Liabilities	2,010,728	1,668,566
Equity		
Membership Fees	700	700
Patronage Capital	2,971,042	2,535,864
Total Equity	2,971,742	2,536,564
Total Liabilities and Equity	\$ 4,982,470	\$ 4,205,130

North Carolina Electric Membership Corporations

1. Albemarle EMC, Hertford
2. Blue Ridge EMC, Lenoir
3. Brunswick EMC, Shallotte
4. Cape Hatteras E. AC, Buxton
5. Carteret-Craven EMC, Morehead City
6. Central EMC, Sanford
7. Crescent EMC, Statesville
8. Davidson EMC, Lexington
9. Edgecombe-Martin Co. 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. Lumber 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
 Tarheel Electric Membership Association, Inc.
 3400 Summer Blvd., P.O. Box 27306, Raleigh, NC 27611