

THE SOUND & THE FURY



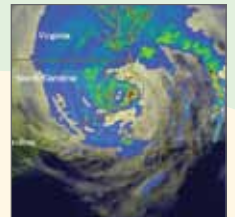
A Touchstone Energy® Cooperative

2011 Annual Report to Members &
Official Notice of 2012 Annual Meeting



“Faith is the strength by
which a shattered world
shall emerge into the light.”

Helen Keller



Hurricane season rages on for many

On Tuesday, September 6, 2011, 11 days after Hurricane Irene caused the Pamlico Sound to flood the small community of Jarvis Landing in Aurora, Karen Braxton, 42, looked out at what was left of her home’s foundation. She and her golden retriever Max swam to safety to a neighbor’s house moments before her house was lifted off its foundation during the storm’s surge. The Braxtons are still negotiating with their insurance company so they can rebuild their Tideland EMC-served home.

Shawn Rocco photo. Reprinted with permission of The News & Observer of Raleigh, North Carolina.

2011

The year in review

While Hurricane Irene dominated the year's headlines, there was a great deal of Tideland Electric news being made throughout 2011.

861 members signed up for E-bill

The renewable energy mandate charge declined

Tideland distributed 1,285 loblolly pine seedlings on NC Arbor Day

The co-op allocated 2010 margins at a rate of 8.046¢ per \$1 of revenue received

Tideland awarded eight \$1,000 college scholarships to local high school seniors

Tideland and its employees contributed \$4,993 to local Relay for Life events

Tideland vice president J. Douglas Brinson was elected president of the North Carolina Association of Electric Cooperatives

Co-op directors distributed box fans for the elderly at local senior service centers

Tideland held its 70th Annual Meeting of Members

The Pains Bay fire in mainland Dare County ignited on May 4 and was declared extinguished on August 28

Paul Spruill was hired as the co-op's new chief executive officer and general manager

On July 29, the co-op set a new summer peak demand record of 91.6 megawatts

Hurricane Irene made landfall on August 26. Only 200 Tideland meters remained energized when the storm subsided. Power was fully restored on September 4.

In response to member requests, Tideland established a Facebook page

Tideland brought back its popular refrigerator and freezer recycling program

The co-op completed construction of a new substation in Ponzer

Area teachers received nearly \$14,000 in Bright Ideas funding

Tideland refunded over \$1 million in member capital credits

Executive Message

To Our Member-Owners:

Paul Spruill
General Manager & CEO

Picking up the pieces

While we were blessed that Hurricane Irene did not take the life of a single Tideland member, the storm wiped out many livelihoods, homes and cherished memories.

In the immediate aftermath, Tideland EMC lost 598 metered services, and nine months later, we have only regained 90 services, many of which are FEMA trailers that house hurricane victims. The number of services we lost to date equates to all the services we gained between the years 2006 and 2010. Nearly half a decade of system growth was decimated by Irene. How many of those services will ultimately be restored remains to be seen. Whenever the cooperative's fixed costs have to be spread among fewer members no one is spared, so we are hopeful many more services will be restored in 2012 and beyond.

The impact of the storm on our finances was greatly minimized thanks to FEMA, which agreed to reimburse the co-op for \$2.8 million of hurricane-related expenses. That translates into \$126.65 for every Tideland-served account and thus dollars we did not have to collect from our membership to pay for system repairs.

Kilowatt-hour sales sharply declined in 2011 as temperatures returned to normal following the weather extremes of 2010. Sales would have further declined were it not for fuel switching, as an increasing number of members converted to electricity for space and water heating needs.

After two years of favorable wholesale power market conditions allowed significant fuel adjustment credits to members, we did have to implement a fuel adjustment charge starting in April 2011. The fuel adjustment acts as a pass-through to reflect current market prices and by the end of 2011 was down to two-tenths of a cent per kilowatt-hour.

Like so many of you, Tideland EMC is doing more with less. In 2007, we had one employee for every 325 members served. Today we have one employee for every 370 members served. Nationally, electric co-ops average one employee for every 291 members served and we are close to the North Carolina average of 1:383. Our employees have met the challenges of rapid technological change while adhering to the cost-cutting measures necessary in the current economic climate. By year end we had successfully replaced all but 300 mainland electric meters as we neared the automated metering infrastructure finish line. The new meters allow us to adhere to more consistent billing schedules. They also allow us to troubleshoot from the office issues related to blinks, outages and questionable patterns of energy use. The meters also alert the co-op to possible meter tampering so we can act quickly to investigate and prosecute.

In 2011, we continued to improve member communications through the use of social media and are exploring ways to utilize text messaging or email news alerts to provide service updates. We brought back the popular refrigerator and freezer recycling program to encourage members to

Financial Spotlight

Cooperative Balance Sheet • Comparative Statement of Income & Expense

ASSETS	2011	2010
Electric Plant	\$105,263,694	\$99,582,540
Less Depreciation	(17,462,517)	(16,406,684)
Net Electric Plant	87,801,177	83,175,856
Cash & Investments	7,747,413	7,107,579
Accounts Receivable	8,192,648	5,381,467
Materials, Supplies & Other Assets	2,840,263	3,249,072
Prepayments	194,059	40,093
TOTAL	\$106,775,560	\$98,954,067

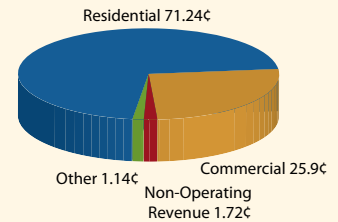
LIABILITIES	2011	2010
Long Term Debt	\$56,668,191	\$52,588,774
Consumer Deposits	1,070,651	1,073,392
Accounts Payable	3,700,187	3,941,315
Other Liabilities & Credits	11,244,137	8,119,324
Patronage Capital & Other Equities	34,092,394	33,231,262
TOTAL	\$106,775,560	\$98,954,067

INCOME	2011	2010
Electric Sales	\$43,129,781	\$44,563,543
Misc. Revenue, Interest & Dividends	791,668	1,722,044
TOTAL	\$43,921,449	\$46,285,587

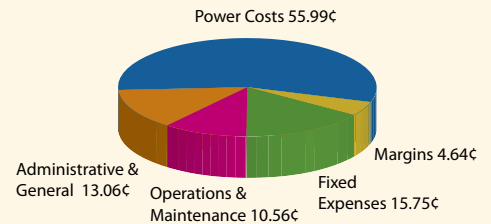
EXPENSE	2011	2010
Purchased Power	\$24,588,033	\$25,538,953
Operations & Maintenance	4,640,177	4,075,921
Administration & General	5,735,301	6,081,790
Fixed Expenses (taxes, interest & depreciation)	6,919,324	7,050,429
TOTAL	\$41,882,835	\$42,747,093

NET MARGINS	2011	2010
	\$2,038,614	\$3,538,494

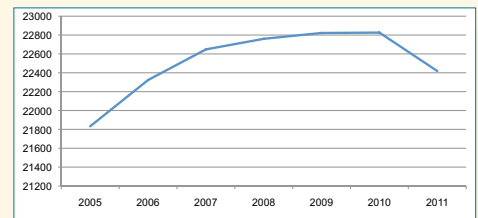
WHERE EACH DOLLAR CAME FROM



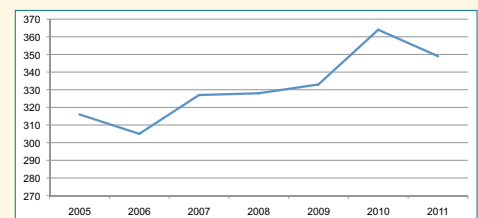
WHERE EACH DOLLAR WENT



METERS BILLED (year ending December 31)



KILOWATT HOUR SALES (in millions of kWh)



reduce wasteful energy use. We also rolled out a new Fourth Grade Foresters program to educate future Tideland members about the advantages of planting trees away from the utility right-of-way.

Prudent fiscal management allowed Tideland EMC to refund over \$1 million in member capital credits in 2011, bringing total capital credit retirements to \$9.85 million. If you had service with us in 2011, 4.455% of the dollars you paid for energy have been set

aside as member equity and will be refunded to you through future retirements.

In 2011, we learned that in a 216-hour period electric cooperative linemen could rebuild vast amounts of utility infrastructure that were ransacked by a slow moving hurricane. It takes longer to rebuild lives. Our challenge as co-op members in 2012 and beyond is to help our neighbors recover. Until then, their storm rages on.

Official Notice of Annual Meeting

You are hereby notified that the 2012 Annual Meeting of Members of Tideland EMC will be held at Beaufort County Community College in Washington, NC, on Thursday, May 17, at 7:00 p.m. to take action upon the following matters:

- 1) the reports of officers, directors and committees;
- 2) the election of three directors of the cooperative to serve three-year terms; and
- 3) the transaction of such other and further business which may come before the meeting, or any adjournment thereof.

In accordance with the Cooperative's bylaws, the nominating committee nominated the following members as candidates for seats on the Board of Directors:

District 4: Jimmy Burbage
District 5: Paul Sasnett
District 6: Wayne Sawyer
District 8: Clifton Paul

There were no nominations by petition thus the nominees for districts 4, 5, 6 and 8 will be deemed elected.

Meeting registration will begin at 6:30 p.m.

Clifton Paul
Secretary

Board Officers & Directors



Paul Sasnett
President



J. Douglas Brinson
Vice-President



Clifton Paul
Secretary



David Ipock
Treasurer



Rudy Austin



Jimmy Burbage



Leon Bryant



Mark Carawan



Garry Jordan



Wayne Sawyer

