

2020

Annual Report

Power through it all.



DEMCO ELECTRIC COOPERATIVE

In 1938 DEMCO was established to bring electricity to southeast Louisiana. At that time, the first lines powered 750 meters. Now one of the largest electric co-ops in the country, DEMCO powers 113,000+ meters in seven parishes: Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, Tangipahoa, and West Feliciana.

DEMCO is a not-for-profit electric cooperative that purchases power from a wholesale power supplier, then distributes that power to our members at our cost. About 65-70% of what you pay for electricity goes directly to the power supplier and the remaining 30-35% remains with the cooperative and pays for everything associated with distributing that power to cooperative members.

Local service and attention to the unique needs of our members is in large part what makes our co-op so successful. The decisions about your co-op are guided by a member-elected local board of directors, who represent all members.

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PRESIDENT'S REPORT

The President's Report is offered to the membership each year to highlight milestones and report on DEMCO operations.

2020 was certainly a year for the history books. First, we faced an historical pandemic which forced a complete shutdown to life as we know it. COVID health and safety protocols were implemented and enforced so our workforce could stay well to keep the power on for our members and communities. DEMCO set up office technology for employees to work remotely from home, and field workers, such as linemen, servicemen, operations and engineering personnel followed strict new procedures to stay well and be ready when needed.

A few months following the mandatory quarantine, ten hurricanes made U.S. landfall and two hit Louisiana. Although Cristobal, Marco, Laura and Sally dodged DEMCO service areas, October 9, 2020 brought Hurricane Delta – one of the worst weather events to impact the DEMCO system since Hurricane Gustav and the Flood of 2016. On the Saturday morning of Hurricane Delta, outages peaked at 42,000 and by mid-day on Monday, 36,000 meters were re-energized. Thanks to "Cooperation Among Cooperatives", mutual aid crews from other electric co-ops joined DEMCO crews, and together the 250-large workforce implemented a well-coordinated and complex restoration plan to repair 169 broken poles and 407 lines across the 8,787 miles-span of distribution line.

On behalf of the entire board of directors, I want to thank the team of employees at DEMCO who responded so well during these challenges posed by 2020. "Team DEMCO" lived up to their bold name and performed above and beyond the call of duty during this historic year. They tackled the challenges before them and did so on behalf of our cooperative members.

Amidst a challenging year, DEMCO made big strides forward. A strategic decision was made to purchase and implement a new best-in-class software system that will help DEMCO deliver world-class service to the membership.

A review of DEMCO 2020 system statistics shows DEMCO's kilowatt-hour (kWh) sales were 2,109,781,338. The number of members billed was 113,581. Total miles of line equal 8,887, and system peak demand was 544 MW. Electric plant in service \$721,265,052, an increase from \$688,627,466 reported in 2019.

Two new board members were seated to fill vacancies, Mrs. Tresa Byrd serving St. Helena Parish, and Mr. Mike Anderson serving East Feliciana Parish. Board directors were re-elected without opposition to serve a three-year term: Steve Irving serving East Baton Rouge Parish, Mike Anderson serving East Feliciana Parish, Dennis Lott serving Livingston Parish, and Richard Sitman serving St. Helena Parish.

I speak for the entire board when I say that it is an honor to represent you and we welcome your input. Please reach out to any of us whenever we can be of assistance.

In service,



Danny Berthelot, President
DEMCO Board of Directors



CEO MESSAGE

As the CEO and general manager of DEMCO, it is my pleasure to provide an overview of 2020.

We started off the new year with a new look for our co-op publication Along these LINES, reformatted from newsprint to a magazine. Now with improved legibility and photo resolution, DEMCO continues the tradition of stories that highlight our co-op, our local communities, with added features of Louisiana's heritage. In February, we launched Co-op Connections, a free discount program for our co-op members to save on dining, retail, pharmaceuticals, and healthcare.

March began with plans for our first annual membership meeting and expo, but then everything came to a halt as COVID-19 began to spread across the country and throughout Louisiana. Little did we know that this worldwide pandemic would change our way of life for the next twelve months and beyond.

As an essential service, DEMCO swiftly implemented health and safety protocols to protect our members, crews and staff. In compliance with Governor Edwards' executive order, our district offices closed, and employees were set up to work from home – except the line crews and essential workers necessary to keep our members in power. These employees abided by strict strategies to guard them and their fellow workers from exposure - staggering work shifts, wearing protective equipment such as gloves and face masks, sanitizing equipment, and minimizing contact with anyone outside of their assigned crew.

During COVID, we delivered meals to area hospitals for essential workers; we purchased gift cards from DEMCO-member-restaurants and included them in care packages delivered to DEMCO-member essential workers - grocery stores, nursing homes; teachers; and fire departments. We donated \$10,000 to the Greater Baton Rouge Food Bank and \$10,000 to the Baton Rouge Health District in partnership with the Co-Bank Sharing Success Program; and \$10,000 to the East Baton Rouge Council on Aging for the

LOTUS food drive for seniors through the Watermark Community Partner grant.

In April, we hosted our annual DEMCO essay contest using a remote event platform, with twelve member-students competing and four winners chosen to receive a \$2,000 scholarship prize. As part of our 2020 Annual Meeting, fifty DEMCO member-students were randomly selected to win a \$2,500 scholarship – with both programs totaling \$133,000 – an investment in our youth and our community.

We faced a very active hurricane season and were fortunate that Hurricanes Marco, Laura and Sally dodged our service areas. Only a few weeks later, DEMCO was hit by Hurricane Delta – the largest hurricane to hit our system since Gustav. But we weathered the storms, we weathered COVID, and through it all we took great pride in serving you – our members.

While our purpose is to provide safe and reliable energy, DEMCO operates by seven key cooperative principles. These principles focus on effectively serving our member/owners and continuously demonstrating our concern for and commitment to community. We always aim to be a catalyst for good and we always take this mission and responsibility to heart.

I know we can all agree that 2020 will go down in history as a year we will never forget. Together we encountered a significant threat – the first of its kind – and we powered through. Our world has changed in so many ways, but DEMCO is steadfast. We love this community and we take great pride in serving you, our co-op members.

In service,



Randy Pierce
CEO and General Manager



MISSION, VISION, VALUES

Our mission, vision and values guide our work and keep our focus steadfast.

MISSION

DEMCO is focused on enhancing the quality of life for members by providing safe, reliable and competitively priced energy services.

VISION

DEMCO strives to be an industry leader by being a trusted services provider for our members, an employer of choice and a respectable business partner that puts the community at the heart of everything we do.

VALUES

Our values serve as the organizational foundation that guides our decisions and direction. Our core values are Safety, Our People, Integrity, Member Focused and Innovation/Process Excellence.

BOARD OF DIRECTORS

Fellow members are locally elected via a democratic process to ensure the way we conduct business is in the best interest and representative of our members. Board directors serve a three-year term.

DISTRICT 1	Elinda Taillon <i>Ascension Parish</i>	DISTRICT 8	Dennis Lott <i>Secretary/Treasurer Livingston Parish</i>
DISTRICT 2	Jill McGraw <i>East Baton Rouge Parish</i>	DISTRICT 9	Daniel Berthelot <i>President Livingston Parish</i>
DISTRICT 3	Randy Lorio <i>East Baton Rouge Parish</i>	DISTRICT 10	Richard "Dickie" Sitman <i>St. Helena Parish</i>
DISTRICT 4	Steve Irving <i>Vice President East Baton Rouge Parish</i>	DISTRICT 11	Tresa Byrd <i>St. Helena Parish</i>
DISTRICT 5	Mike Anderson <i>East Feliciana Parish</i>	DISTRICT 12	Melissa Dufreche <i>St. Helena Parish</i>
DISTRICT 6	Glenn DeLee <i>East Feliciana Parish</i>	DISTRICT 13	Kevin Beauchamp <i>West Feliciana Parish</i>
DISTRICT 7	Leslie Falks <i>Livingston Parish</i>	Visit www.DEMCO.org/About-Us/Board-Directors to learn more about DEMCO Board of Directors.	

CONCERN FOR COMMUNITY

DEMCO is proud to invest in our members by hosting and participating in events that have a positive impact on our communities. We are proud to partner and sponsor organizations that help our communities grow and prosper. Each year co-op staff and members voluntarily contribute financial resources to support various social causes in the communities served by DEMCO.

Although 2020 presented real challenges in the way we interacted with our members and community, we found ways to make a difference.

We delivered masks and meals to area hospitals for essential workers; we purchased gift cards from DEMCO-member-restaurants and included them in care packages delivered to DEMCO-member essential workers - grocery stores, nursing homes; teachers; and fire departments.

For graduating seniors throughout our seven-parish service territory, we posted yard signs at each district office and billboards highlighting the Class of 2020: Bright Futures Ahead! We know that spotlighting the graduates during a time when festivities were eliminated was an important gesture, and our way to give a big shout to show our support.

DEMCO programs also continued investing in the education of youth across our service areas, with scholarships totaling \$133,000. This year because of COVID, the annual NRECA youth trip to Washington, D.C. was canceled, so the four DEMCO essay contest winners received a \$2,000 scholarship, comparable to the value of the trip. Also, fifty DEMCO member-students were awarded a DEMCO Scholarship of \$2,500.

In conjunction with the CoBank Sharing Success program, DEMCO received \$15,000 to match our \$15,000 divided among three local charities: \$10,000 to the Greater Baton Rouge Food Bank,

\$10,000 to the Baton Rouge Health District, and \$10,000 to the East Baton Rouge Council on Aging for LOTUS food drive for seniors.

In addition to co-op directed efforts, DEMCO employees made voluntary contributions to two local organizations, \$73,419 to the Dream Day Foundation and \$11,422 to Capital Area United Way. Although annual employee usually averages \$65,000, in 2020 DEMCO employees went beyond that generous amount by \$20,000, donating \$84,841 to these worthy causes.

Through the Operation Roundup program, DEMCO members throughout our seven-parish service area voluntarily "round up" their monthly bill to the nearest dollar which goes toward funding the DEMCO Foundation. About two-thirds of DEMCO members participate each year, and the average contribution is \$6.00. Over the years, the DEMCO Foundation has granted over \$5.8 million to assist DEMCO members through a hardship.

Established in 1997, the DEMCO Foundation is a non-profit charitable subsidiary of DEMCO, funded by the members through Operation Round-Up, for members in times of need. DEMCO members are eligible to apply for funding up to \$2,500 per calendar year. A DEMCO Foundation Board made up of community members reviews monthly applications and determines which to fund.

THE DEMCO FOUNDATION

Established
in 1997

Funded by Members
for Members

A NONPROFIT CHARITABLE SUBSIDIARY OF DEMCO

820 SCHOLARSHIPS
TOTALING \$938,916

SCHOOL UNIFORM AWARDS OF
\$205,568 PURCHASED AND
DISTRIBUTED TO OVER 800 CHILDREN

\$236,840 TO OVER 200 FAMILIES IMPACTED BY HOUSE
FIRES OR TORNADOES

\$462,242 IN FUNDS HAVE BEEN PROVIDED FOR
MEDICATION AND MEDICAL EXPENSES
FOR THE ELDERLY AND DISABLED

\$452,267 TO FUND HANDICAP-ACCESSIBLE
RAMPS AND CRITICAL HOME REPAIRS

OVER \$2.1 MILLION HAS HELPED
FAMILIES

REMAIN IN THEIR HOMES THROUGH RENT AND MORTGAGE ASSISTANCE

HELPING MEMBERS IN TIMES OF NEED

ECONOMIC DEVELOPMENT

Louisiana residents have the lowest electric rates in the country, and DEMCO works hard to do all we can to keep costs low for our members. We know that when we attract new commercial and industrial members, our co-op members benefit.

In addition to powering new businesses, bulk rate power supply helps keep residential prices down – a factor fueling growth in DEMCO service areas.

DEMCO has always played a major role in powering economic growth in the region. Attracting and working with residential and commercial developers helps to shape our communities and contribute to a strong local economy.

Communities throughout our seven-parish service area have seen a lot of growth in recent years and 2020 is no exception. Even in the face of a pandemic, residential subdivision growth in the seven-parish DEMCO service territory was consistent and strong. There were 851 new residential lots developed in 2020. Zachary had a multi-family development with 144 units, pool and clubhouse; Livingston parish is sprouting new subdivision such as The Belmont on Hwy 16 which project more than 500 lots once completed; Ascension Parish continues steady development with additional subdivisions ranging from 20-82 lots; and Central added a new commercial shopping site with two major chain-businesses seeking leases. The new RV Shop on Millerville Road in Baton Rouge was one of several new commercial developments and interest is growing in Livingston parish for RV parks with three on the development horizon.

As we continually effort to grow the co-op, our members benefit. Economic development is not only a factor of keeping rates low for our members, but also helps regional growth and overall quality of life.

FINANCIALS

ASSETS

20202019

UTILITY PLANT

Electric Plant in service	\$ 713,428,909	\$688,627,466
Construction work in progress	1,682,353	10,135,750
Other fixed assets	<u>7,682,849</u>	<u>3,350,150</u>
	722,794,111	702,113,366
Less: accumulated depreciation	<u>(183,758,163)</u>	<u>(179,968,446)</u>
Total utility plant, net	<u>539,035,948</u>	<u>522,144,920</u>

INVESTMENTS AND OTHER ASSETS

Investments in associated organizations	10,916,351	10,914,351
Notes receivable, long-term portion	16,788	28,638
Certificate of Deposit pledged	<u>-</u>	<u>600,000</u>
Total investments and other assets	<u>10,933,139</u>	<u>11,542,989</u>

CURRENT ASSETS

Cash and cash equivalents	11,710,846	13,437,181
Current portion of notes receivable	<u>149,202</u>	<u>183,805</u>
	<u>11,860,048</u>	<u>13,620,986</u>

ACCOUNTS RECEIVABLE

Consumers net of allowance	12,009,612	9,855,588
Other receivables	7,796,757	4,957,352
Unbilled revenue	10,825,623	10,735,853
Deferred fuel adjustment	-	-
Materials and supplies	4,518,346	4,152,126
Other current and accrued assets	<u>2,304,641</u>	<u>1,582,020</u>
	<u>37,454,979</u>	<u>31,282,939</u>
Total current assets	<u>599,284,114</u>	<u>578,591,834</u>

OTHER ASSETS

Deferred charges	53,433,239	52,413,735
Deferred income tax asset	<u>185,380</u>	<u>257,280</u>
Total other assets	53,618,619	52,671,015

Total assets \$652,902,733 \$631,262,849

FINANCIALS

EQUITIES & LIABILITIES

2020

2019

EQUITIES

Memberships	\$445,935	\$457,070
Patronage	111,914,061	112,762,645
Other equities	<u>9,477,655</u>	<u>9,997,307</u>
 Total equity	<u>121,837,651</u>	<u>123,917,022</u>

LONG-TERM DEBT

Notes payable, less current maturities	406,607,895	413,081,289
Deferred interest-RUS notes	<u>258,381</u>	<u>363,303</u>
 Total long-term debt	<u>406,866,276</u>	<u>413,444,592</u>

CURRENT LIABILITIES

Current maturities of notes payable	11,890,921	13,435,212
Current portion of post-retirement benefit obligation	1,899,395	1,820,639
Lines of credit	26,000,000	-
Accounts payable	16,429,828	12,554,134
Consumer deposits	8,671,473	8,372,409
Accrued interest	542,114	520,667
Other accrued expenses and deferred credits	2,204,027	1,816,072
Customer refund	<u>4,880,381</u>	<u>5,945,218</u>
 Total current liabilities	72,518,139	44,464,351

DEFERRED CREDITS AND OTHER LIABILITIES

Accrued post retirement benefits	46,101,287	44,573,234
Deferred Credits	<u>5,579,380</u>	<u>5,563,650</u>
 Total deferred credits & other liabilities	51,680,667	50,136,884
 Total equities and liabilities	<u>652,902,733</u>	<u>631,962,849</u>

FINANCIALS

OPERATING REVENUE

2020

2019

	<u>202,863,692</u>	<u>212,860,107</u>
OPERATING EXPENSES		
Cost of power	114,943,762	123,778,362
Cost of sales	2,082	11,660
Distribution-operations	7,340,997	7,863,218
Distribution-maintenance	18,718,167	19,414,867
Consumer accounts	7,326,906	6,288,663
Administrative and general	10,846,694	9,885,306
Depreciation and amortization	22,051,792	20,822,473
Taxes	6,161,625	6,121,066
Other	<u>3,202,000</u>	<u>3,129,255</u>
 Total operating expenses	<u>190,594,025</u>	<u>197,314,870</u>

Operating margins before fixed charges	<u>12,269,667</u>	<u>15,545,237</u>
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FIXED CHARGES

Interest on long-term debt	13,715,035	13,994,254
Amortization on Reacquired debt	22,646	22,646
Other interest	<u>532,033</u>	<u>395,615</u>
 Total fixed charges	<u>14,269,714</u>	<u>14,412,515</u>
 Operating margins after fixed charges	<u>(2,000,047)</u>	<u>1,132,722</u>

CAPITAL CREDITS

	<u>491,174</u>	<u>425,814</u>
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NON-OPERATING MARGINS

Interest income	207,098	699,551
Other income	<u>41,096</u>	<u>24,852</u>
 Total non-operating margins	<u>248,194</u>	<u>724,403</u>
Income Tax Benefit	<u>(107,556)</u>	<u>(103,857)</u>
Net margins	<u>(1,368,235)</u>	<u>2,179,082</u>

PATRONAGE CAPITAL, BEGINNING OF YEAR

	112,762,645	115,817,091
Margins Transferred to Other Equities	<u>519,651</u>	<u>(5,233,528)</u>

PATRONAGE CAPITAL, END OF YEAR

	<u>111,914,061</u>	<u>112,762,645</u>
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EMPLOYEES

Betty Adams	Johnathan Crowder	Thomas Hodges	Chasity McClure	Corey Sharpe
Adam Aime	Rickey Cummings	Cole Holden	Page McClure	Levy Sibley
Walt Aldridge	Doug Dalgo	James Holden	Theodore McCray	Nicole Sibley
Justin Andrews	Danny Delatte	Avesia Holland	Brian Merritt	Brandon Simon
Brock Andrus	Edward DeLee	Thomas Holland	Haley Merritt	Abigail Smith
Drew Arbour	Scott DeLee	Dante Holmes	Matthew Michael	Kellie Smith
Jake Arledge	Jenny Desselle	Scott Hoppe	Pernell Miles	Jared Soileau
Hijah Armstrong	Marissa Doiga	Collin Howell	Josh Miller	Charles Spillman
Wendy Armstrong	Patrick Donohue	Austin Hudspeth	Scott Miller	Steven Spring
Andrew Arnold	Michael Doughty	Coraneisha Hughes	Justin Milton	Darren St. Pierre
Marc Aucoin	Galen Dunbar	Jodie Innes	Paula Mims	Jeremy Starns
Shinell Aultman	Tiffany Dunn	Jeremy Jett	Yuan Mizell	Jeffrey Stewart
Kenneth Bailey	Wade Duplessie	David Jewell	Jacob Moore	Larry Stewart
Braydon Ballard	Joshua Ellis	Andrea Johnson	Tiffany Moore	Raymond Stewart
Jason Ballard	Vince Estes	Esha Johnson	Ben Morein	Ashton Stokes
Penny Bates	Brad Everett	Mike Johnson	Bubba Morgan	Blake Sullivan
Jonathan Beland	George Fage	Toni Johnson	Garrett Motichek	Erica Sullivan
Jeff Bellington	Cade Felps	Tylar Keefer	Quanika Muse	Patrick Tanner
D'Aaron Bennett	Frank Fowler	Moussa Keita	Lyle Newell	Michael Taylor
Traymond Benton	Penny Fruge	Jaymis Kenney	Alex Newman	Marci Templet
Troy Bergeron	Lauren Garaudy	Lisa Key	Chad Norred	Agra Templet
Jamie Berry	Cecil Garaudy	Tommy Klein	Eric Ouber	Craton Templeton
Trent Bigner	Mason Gautreaux	Michael Knight	Jacob Overhultz	Aaron Terrance
Jeremy Blouin	Matt Gibson	Missy Knoblauch	Russchelle Overhultz	Justin Terrell
Kenneth Bourgeois	Twyla Gibson	Ben Kyzar	Braden Owens	Wendy Thibodeaux
Daniel Brooks	Cody Glascock	Chad LaCost	Phillip Pace	Richie Thomas
Chase Broussard	Cole Glascock	Chad Landry	Kerri Pagano	Rusty Todd
Lori Broussard	Travas Glascock	Destiny Landry	Brady Parker	Maderis Trout
Lacey Brown	Andy Graham	Devin Landry	Jacob Parker	David Tucker
Julie Burns	John Green	Jake Lane	Melvin Parker	Bianca Tyson
Luke Butler	Dusty Guarino	Joe Langlois	Luke Patterson	Johnathan Vann
Ashley Carradine	Katie Guessfeld	David Latona	Brett Patterson	Heather Verrett
Scot Carraway	Jeff Guffey	Jeff Lea	Lori Peek	Rhowanda Vessel
Nick Carruth	Kip Guidry	Jordan Lee	Daniel Pendergist	Chase Wascom
Andy Castello	Stephanie Guidry	Kaleb Lee	Mark Phillips	Jeremy Wascom
Gabriela Castillo	Michelle Guidry	Louis Lee	Randall Pierce	Doug Watson
Beau Caston	Kelli Guidry	Roman Lee	Daniel Poirrier	Carl Watts
Brooke Causey	Kate Guillot	Sarah Lee	Donnie Prest	Daniel Watts
Todd Chauvin	Lee Guillot	Sherri Lee	Josh Prestridge	Hannah Watts
Michael Chiasson	Aaron Guitreau	Shawn Little	Matthew Reed	Jordan Watts
Veronica Claiborne	Cody Harper	Mark Liuzza	Ryan Reed	Michael Welborn
Jamie Coats	Darren Harrell	Lorenza Lively	Terrie Reed	Carl Westbrook
Dominique Comeaux	Philip Harris	Ken Lofton	Anita Reviere	Darrel White
Kevin Commander	Anne Hawes	Jared Louque	Elishea Rheams	Royland Wicker
Donny Compton	Kelvin Haymon	Valarie Lozano	Nakita Ricard	J. Caleb Wilkinson
Josh Conleay	Kelly Heroman	Jared Mack	Sandra Richard	Derrick Willis
Patricia Courtney	Zachary Herring	Patrick Mansfield	Sam Rosso	Dale Wolfe
Sheri Cox	Caleb Herring	Jeffrey Marino	Rachel Roule	Bodhi Wright
Eric Crain	Mystery Hester	Chanon Martin	Kathy Sanches	Tyler Zimmerebner
Daniel Cross	Orlando Hill	Eathan Martin	Linda Sanders	
Dustin Crouch	Ray Hill	Mel Martin	Asa Scott	



PROVIDING SAFE, RELIABLE AND AFFORDABLE ELECTRICITY TO CO-OP MEMBERS SINCE 1938.

DEMCO.ORG