

2017 ANNUAL REPORT

DEMCO
MEMBER
— FOR —
LIFE



OUR MISSION

DEMCO EXISTS TO SERVE OUR MEMBERS THROUGH PROFESSIONALLY TRAINED EMPLOYEES — PROVIDING — SAFE, RELIABLE & AFFORDABLE ELECTRICITY AS WELL AS OTHER HIGH-QUALITY PRODUCTS & SERVICES.

AS A GOOD CORPORATE CITIZEN, DEMCO IS COMMITTED TO STIMULATING THE ECONOMIC GROWTH AND PROSPERITY OF OUR AREA THROUGH ETHICAL CONDUCT AND SOUND BUSINESS PRINCIPLES.



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THE PRESIDENT'S REPORT



"IT'S HARD WORK RESTORING POWER AFTER A DISASTER BUT WE KNOW HOW IMPORTANT IT IS TO THE FAMILIES AND BUSINESSES OF THIS COMMUNITY."

LUKE BUTLER, LINEMAN

Following the flood of 2016, DEMCO faced the task of re-establishing a firm financial footing during 2017. Your cooperative did just that. While continuing to assist members in need, DEMCO kept itself in a position to continue paying down debt all the while expanding infrastructure. This time has been challenging for us all, however we continue to be strong.

Your locally owned electric cooperative continues its mission to bring safe, reliable and affordable power to over 108,000 meters on a system covering seven parishes. Although approaching 80 years old, DEMCO makes advancements that improve reliability, yet still puts quality customer service in the forefront.

We will also look into the future to serve new areas. Where there is opportunity, we will be there. As we continue to seek these opportunities to serve new members, we are humbled to serve existing members to the best of our ability.

As we grow, we continue to utilize a power delivery system that will save our members money. When we can bring additional accounts and members online, it allows us to keep costs down for all members - new and those who have been served by DEMCO for decades. Each member is important to us.

A review of DEMCO's 2017 system statistics shows a year that dips in sales growth, but not in the amount of members served or infrastructure. This can be accredited to strategic growth which allows us to serve where the need is the greatest. DEMCO's kilowatt-hour (kWh) sales went from 2,130,429,844 in 2016 to 2,030,798,923 in 2017. The number of members billed increased from 108,278 in 2016 to 108,682 in 2017. Total miles of line in operation showed an average of 8,467 miles by the end of 2016, and by the end of 2017 totaled 8,557 miles.

We are honored as your board of directors to represent the membership of DEMCO through 2017. We hope to deliver to you the quality service you expect through the delivery of safe, reliable and affordable power that has made this electric cooperative as strong as it is today.

In closing, I would like to thank Ms. Ann Samuel and Mr. Joe Self for their many years of service as DEMCO board members, both of whom have made the decision to retire this year. Also I would like to congratulate Ms. Jill McGraw, Mr. Clarence Brock and Mr. Leslie Falks for their re-election to another three-year term to serve the DEMCO members of their respective districts. This is also a great opportunity to congratulate our newest member of the board Mr. Frank Johnson who will represent District 11 in St. Helena Parish. Finally, it is my pleasure to serve all DEMCO members as the president of the board. In all that matters, we appreciate the support shown to us from the members of this cooperative.

In service,

Richard Sitman, President
DEMCO Board of Directors

DEVELOPMENT

DEMCO's economic development efforts have shown huge successes in 2017. Projects throughout the service territory are not only coming to fruition but are sparking additional growth.

The team at DEMCO has made great strides in working with developers who are meeting the needs of residential, commercial and industrial members. These projects have worked in conjunction with DEMCO's Engineering Department to deliver safe, reliable and affordable power to new developments.

One area in particular that is experiencing exponential growth is that of the Interstate 12 corridor. The cooperative is excited to be serving new and expanded retail and residential loads along this active area of our state.

The Greens at Millerville in the 70816 area of Baton Rouge and the fantastic new All Star Nissan and All Star Kia in the Juban Crossing area are certainly all highlights of this growth along this stretch of the interstate.

As DEMCO continues to grow with the needs of our members, we all continue to build with the pace of success in industry. The cooperative looks forward to serving the needs in this area and beyond.



"WORKING WITH COMMERCIAL AND INDUSTRIAL MEMBERS IS VITAL TO THE GROWTH THAT WE ARE SEEING IN OUR SERVICE AREA."

RICKEY CUMMINGS, MANAGER, SAFETY & LOSS CONTROL

COMMUNITY



"THIS SCHOLARSHIP HAS ALLOWED ME TO TAKE MY DREAMS EVEN FURTHER - THANKS DEMCO."

YEMOJA A., DEMCO SCHOLARSHIP WINNER

It is one of the foundational principles of cooperatives all over the world to have concern for community; moreover, it is in DEMCO's culture and mission statement to be a good corporate citizen.

Members throughout our seven-parish service territory choose to participate in a program called Operation RoundUp. This program rounds each participating member's bill up to the nearest dollar and contributes that extra change to the DEMCO Foundation. These funds are used to help DEMCO members who have experienced some form of hardship or have fallen on hard times.

The DEMCO Foundation has been in existence since 1997 and has reached a pinnacle amount in its contributions of over \$5,000,000. These funds have gone to help members with mobility concerns in building accessibility ramps to their homes, academic scholarships, school uniforms, and many other basic needs to members who desperately need this assistance.

Over the last 20 years, the DEMCO Foundation has been the saving grace for so many members in their times of need. More recently during the flood of 2016, the DEMCO Foundation was able to provide assistance to members who experienced tremendous loss following the tragic event.

Year after year, the nonprofit arm of your cooperative has been in a position to help so many. Following the heart of the cooperative way, DEMCO has made such a great difference in the lives of members just like you.

This monumental dollar amount would not be possible if it were not for the caring spirit and sacrifices of all of the participating DEMCO members. Together we can make a change for the better.

OUR SERVICES

DEMCO FOUNDATION

Through the years, the DEMCO Foundation has provided much needed assistance to DEMCO members in their most dire times of need.

This foundation is funded by and awarded to DEMCO members. Individual assistance, college scholarships and emergency assistance are available to members through a confidential process.

DIXIE BUSINESS CENTER

After the flood of 2016 devastated the Dixie Business Center in Denham Springs, Louisiana, the team went right to work in a restoration project.

Two of the three buildings have been restored and are assisting businesses once again. As part of its offerings, the incubator owns office space for long or short-term lease.



"I'M PROUD TO WORK HERE. KNOWING THAT MY EMPLOYER HAS THE BACK OF THE COMMUNITY IS IMPORTANT TO ME."

VERONICA CLAIBORNE, MANAGER, CONSUMER ACCOUNTING

BOARD OF DIRECTORS



DISTRICT 1 | ASCENSION PARISH
CLARENCE BROCK



DISTRICT 2 | EAST BATON ROUGE PARISH
JILL MCGRAW



DISTRICT 3 | EAST BATON ROUGE PARISH
RANDY LORIO



DISTRICT 4 | EAST BATON ROUGE PARISH
STEVE IRVING
VICE PRESIDENT



DISTRICT 5 | EAST FELICIANA PARISH
ALICE FAYE MORRIS



DISTRICT 6 | EAST FELICIANA PARISH
GLENN DELEE



DISTRICT 7 | LIVINGSTON PARISH
LESLIE FALKS



DISTRICT 8 | LIVINGSTON PARISH
DENNIS LOTT
SECRETARY/TREASURER



DISTRICT 9 | LIVINGSTON PARISH
DANIEL P. BERTHELOT



DISTRICT 10 | ST. HELENA PARISH
RICHARD SITMAN
PRESIDENT



DISTRICT 11 | ST. HELENA PARISH
FRANK JOHNSON



DISTRICT 12 | TANGIPAHOA PARISH
EUGENE O. TRAYLOR



DISTRICT 13 | WEST FELICIANA PARISH
FREDDY METZ

DEMCO'S BOARD OF DIRECTORS IS COMPOSED OF 13 INDIVIDUALS WHO ARE ELECTED BY THE GENERAL MEMBERSHIP TO REPRESENT THE MEMBERSHIP IN ALL MATTERS PERTAINING TO THEIR ELECTRIC COOPERATIVE.

YEAR IN REVIEW



"THE OPPORTUNITY TO TOUR WASHINGTON, D.C.,
WILL BE AN EXPERIENCE I'LL NEVER FORGET."

COOPER R., DEMCO'S WASHINGTON, D.C., YOUTH TOUR WINNER

JANUARY

DEMCO's Economic Development Team participated in the Livingston Economic Development Council's annual meeting. Business leaders from Livingston Parish and surrounding areas joined to discuss and collaborate on the latest happenings in economic development.

FEBRUARY

The DEMCO Cooking Team had the distinct honor to cook for the visiting Air Force Academy baseball team as they faced Paul Mainieri's LSU team. The group served the players as well as their families on the LSU campus immediately following the game.

MARCH

Central Private School celebrated its reopening of the school campus following the devastating flood of 2016. DEMCO played an instrumental role in providing the power necessary for the project that enabled these students to return to their home campus.

APRIL

DEMCO linemen were on hand to speak to Live Oak High School's electrician trade class. The staff provided a lecture to students studying to become licensed electricians on the safety precautions taken by DEMCO crews throughout the cooperative's service territory.

MAY

East Baton Rouge Parish director Steve Irving, Livingston Parish director Dennis Lott, East Feliciana Parish director Faye Morris, and St. Helena Parish director Richard Sitman all returned to the DEMCO Board of Directors as each was re-elected for a three-year term.

JUNE

Local students Joseph Howard, Megan Dedon, Lisa Taylor, and Rain Scott-Catoire each won an all-expenses paid trip to Washington, D.C., as the 2017 winners of DEMCO's Rural Electric Co-op Youth Tour Essay Contest.

YEAR IN REVIEW

JULY

DEMCO presented its safety demonstration to area campers at the Alliance Safety Council's Adventures in Safetyland Camp. The camp educates participants in several areas of safety including electrical safety.

AUGUST

DEMCO participated in the dedication of the new Industrial Park in St. Francisville. This park will provide a wonderful opportunity for a new or expanding business, and DEMCO looks forward to the chance to serve them the safe, reliable power they need to succeed.

SEPTEMBER

In order to celebrate the preview party of the LPB documentary "The Vietnam War: Louisiana Remembers," the station asked DEMCO to prepare food for the event. DEMCO is proud to play a small part in honoring these heroes.

OCTOBER

DEMCO hosted its live line school for cooperative linemen all around the state of Louisiana. The Association of Louisiana Electric Cooperatives will hold several training opportunities at DEMCO's state-of-the-art training yard located at its headquarters office.

NOVEMBER

Association of Fundraising Professionals Baton Rouge Chapter named the DEMCO Foundation as the Outstanding Philanthropic Foundation of 2017. This was a great honor for the Foundation as it also celebrated 20 years of helping members.

DECEMBER

DEMCO saw an amazing snowfall that left the cooperative's service territory blanketed for several days. Crews leapt into action to restore all members who were affected by the unusual precipitation in South Louisiana.



"HELPING OUR MEMBERS IS CORE TO OUR PHILOSOPHY SO IT'S ONLY FITTING THAT I AM ABLE TO DO THAT EVERY DAY."

TWYLA WILSON, CUSTOMER SERVICE REPRESENTATIVE

EMPLOYEES



"PEOPLE JUST EXPECT THE LIGHTS TO COME ON
- THAT'S EXACTLY WHY WE WORK SO HARD TO
MAKE THAT HAPPEN."

KENNETH BAILEY, SERVICEMAN

Mary Acosta
Betty Adams
Walt Aldridge
Justin Andrews
Jacob Arledge
Hijah Armstrong
Wendy Armstrong
Andrew Arnold, II
Marc Aucoin
Shinell Aultman
Kenneth Bailey
Jason Ballard
Penny Bates
Kewana Bell
Jeff Bellington
Troy Bergeron
Tim Berringer
Jamie Berry
Trent Bigner
Jeremy Blouin
Kenneth Bourgeois, Jr.
Brent Bradley
Daniel Brooks
Chase Broussard
Lori Broussard
Julie Burns
Luke Butler
Cameron Campanile
Ashley Carradine
Nick Carruth
Andrew Castello
Beau Caston
Brooke Causey
Todd Chauvin
Michael Chiasson, Sr.
Veronica Claiborne
Jamie Coats
Kevin Commander
Josh Conleay
Patricia Courtney
Eric Crain
Johnathan Crowder
Rickey Cummings
Frederick Dabney, Sr.
Doug Dalgo, II
Danny Delatte
Edward DeLee
Scott DeLee
Jenny Desselle
Tara Divis
Paula Dixon
Patrick Donohue
Michael Doughty
Ronnie Douglas
Galen Dunbar
Tiffany Dunn

Wade Duplessie
Norman Engler
John Ervin, II
Vince Estes
Cade Felps
Frank Fowler
Penny Fruge
Cecil Garaudy
Richard Garon, Jr.
Cole Glascock
Travas Glascock
Cody Glascock
Andy Graham
Vernon Graham
John Green
Dusty Guarino
Kelli Guidry
Kip Guidry
Stephanie Guidry
Michelle Guidry
Lee Guillot
Aaron Guitreau
Darren Harrell
Philip Harris
Kelvin Haymon
Mystery Hester
Orlando Hill
Ray Hill, Jr.
Beverly Hodges
Cole Holden
James Holden
Avesia Holland
Thomas Holland
Dante Holmes
Collin Howell
Austin Hudspeth
Jeremy Jett
David Jewell
Mike Johnson
Esha Johnson
Toni Johnson
Chanon Johnson
Andrea Johnson
Dale Johnson
Tylar Keefer
Moussa Keita
Thomas Klein, Jr.
Michael Knight
Missy Knoblauch
Ben Kyzar
Chad LaCost, IV
Chad Landry
Devin Landry
Jan Landry
Jake Lane
David Latona

Jeff Lea
Sherri Lee
Roman Lee
Kaleb Lee
Louis Lee
Shawn Little
Mark Liuzza, Jr.
Lorenza Lively
Ken Lofton
Jared Louque
Valarie Lozano
Patrick Mansfield
Jeffrey Marino
Eathan Martin
Melvin Martin
Chasity McClure
Page McClure
Theodore McCray, Jr.
Haley Meadows
Brian Merritt
Pernell Miles
Josh Miller
Scott Miller
Luke Millet
Justin Milton
Yuan Mizell
Raymond Mizell
Tiffany Moore
Ben Morein
Christopher Morrisette
Garrett Motichek
Quanika Muse
Chad Norred
Eric Ouber
Jacob Overhultz
Russchelle Overhultz
Braden Owens
Phillip Pace
Kerri Pagano
Jacob Parker
Melvin Parker
Mike Parker, Sr.
Lori Peek
Daniel Pendergist
Mark Phillips, Jr.
Gina Pickering
Daniel Poirrier
Donald Prest
Joshua Prestridge
Ethan Pullman
Jackie Purvis, Jr.
Krystal Raymond
Matthew Reed
Terrie Reed
Anita Reviere
Nakita Ricard

Sandra Richard
Sam Rosso
Rachel Roule
Linda Sanders
Asa Scott
Corey Sharpe
Levy Sibley
Brandon Simon
Abigail Smith
Kellie Smith
Jared Soileau
Charles Spillman
Steven Spring
Darren St. Pierre
Jeremy Starns
Wayne Stevenson
Larry Stewart, Jr.
Raymond Stewart, Jr.
Ashton Stokes
Erica Sullivan
Blake Sullivan
Patrick Tanner
Esther Tapia
Michael Taylor
Marci Templet
Agra Templet
Cration Templeton
Aaron Terrance
Mason Thacker
Wendy Thibodeaux
Richie Thomas
Russell Todd
Maderis Trout
David Tucker
Bianca Tyson
Ryan Vandersypen
Johnathan Vann
Jimmie Varnado
Rhowanda Vessel
John Vranic
Debbie Walker
Chase Wascom
Jeremy Wascom
Booker Washington
Doug Watson
Daniel Watts
Hannah Watts
Carl Watts
Carl Westbrook
Darrel White
Royland Wicker
Caleb Wilkinson
Derrick Willis
Bodhi Wright
Tyler Zimmerebner
Phillip Zito

FINANCIALS

ASSETS 2017 2016

UTILITY PLANT

Electric Plant in service	\$645,810,466	\$623,089,844
Construction work in progress	17,564,277	25,892,046
Other fixed assets	<u>3,497,854</u>	<u>3,067,780</u>
	666,872,597	652,049,670
Less: accumulated depreciation	<u>(161,658,230)</u>	<u>(153,209,390)</u>

Total utility plant, net 505,214,367 498,840,280

INVESTMENTS AND OTHER ASSETS

Investments in associated organizations	10,544,279	10,361,588
Notes receivable, long-term portion	<u>62,642</u>	<u>64,188</u>

Total investments and other assets 10,606,921 10,425,776

CURRENT ASSETS

Cash and cash equivalents	111,023	6,003,864
Current portion of notes receivable	43,552	26,922
Accounts receivable		
Consumers	10,829,058	12,107,975
Unbilled revenue	13,377,389	10,544,805
Other receivables	9,258,857	6,327,700
Deferred fuel adjustment	277,430	833,286
Materials and supplies	4,978,080	4,927,177
Prepaid expenses	<u>988,316</u>	<u>967,616</u>

Total current assets 39,863,705 41,739,345

OTHER ASSETS

Deferred charges	73,508,165	77,822,591
Intangible, net	802	800
Certificate of deposit-pledged	<u>600,000</u>	<u>600,000</u>

Total other assets 74,108,967 78,423,391

Total assets \$629,793,960 629,428,792

EQUITIES & LIABILITIES 2017 2016

EQUITIES

Memberships	\$446,390	\$438,400
Patronage	<u>114,367,870</u>	<u>109,719,216</u>
Total equity	<u>114,814,260</u>	<u>110,157,616</u>

LONG-TERM DEBT

Notes payable, less current maturities	<u>375,494,787</u>	<u>388,989,246</u>
Deferred interest-RUS notes	522,479	765,174

Total long-term debt 376,017,266 389,754,420

CURRENT LIABILITIES

Current maturities of notes payable	13,357,405	12,971,841
Lines of credit	14,754,453	-
Accounts payable	22,990,572	29,802,753
Consumer deposits	7,943,039	7,655,112
Accrued interest	2,288,762	2,285,559
Other accrued expenses and deferred credits	2,280,584	2,173,073
Customer refund	624,336	624,336

Total current liabilities 68,136,944 55,512,674

DEFERRED CREDITS AND OTHER LIABILITIES

Accrued post retirement benefits	65,665,300	68,612,700
Accrued vacation and sick pay	<u>5,160,190</u>	<u>5,391,382</u>

Total deferred credits & other liabilities 70,825,490 74,004,082

Total equities and liabilities \$629,793,960 \$629,428,792

**DIXIE ELECTRIC MEMBERSHIP CORPORATION
AND SUBSIDIARIES CONSOLIDATED
STATEMENTS OF OPERATIONS AND PATRONAGE
CAPITAL YEAR ENDED DECEMBER 2016**

	2017	2016
OPERATING REVENUE	\$208,449,119	\$208,012,454
OPERATING EXPENSES		
Cost of power	124,622,544	128,700,467
Cost of sales	5,633	15,842
Distribution-operations	8,218,955	7,978,557
Distribution-maintenance	15,420,863	13,802,072
Consumer accounts	7,079,342	7,139,630
Administrative and general	7,721,592	8,000,600
Depreciation and amortization	19,639,636	18,891,310
Taxes	5,664,572	5,653,554
Other	2,642,868	2,130,337
Total operating expenses	191,016,005	192,312,371
Operating margins before fixed charges	17,433,114	15,700,083
FIXED CHARGES		
Interest on long-term debt	12,795,695	12,735,361
Other interest	835,056	670,752
Total fixed charges	13,630,751	13,406,113
Operating margins after fixed charges	3,802,363	2,293,970
CAPITAL CREDITS	670,909	1,178,555
NON-OPERATING MARGINS		
Interest income	147,561	147,437
Other income (expense)	27,822	139,415
Total non-operating margins	175,383	286,852
Net margins (deficit)	4,648,655	3,759,377
PATRONAGE CAPITAL, BEGINNING OF YEAR	109,719,215	105,959,839
PATRONAGE CAPITAL, END OF YEAR	\$114,367,870	\$109,719,216

SYSTEM STATISTICS

108,682 | **1,536**
AVERAGE MEMBERS BILLED/MONTH | AVERAGE KWHs/MONTH/MEMBER

12.7 | **8,557**
AVERAGE MEMBER/MILE OF LINE | TOTAL MILES OF LINE

2,030,798,923
TOTAL KWHs SOLD

1,261 | **\$153.41**
AVERAGE KWHs/MONTH/RESIDENTIAL MEMBER | AVERAGE MONTHLY REVENUE/MEMBER

2,149,385,000
TOTAL KWHs BOUGHT

535.7 MW | **JAN**
SYSTEM PEAK DEMAND | MONTH OF SYSTEM PEAK



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