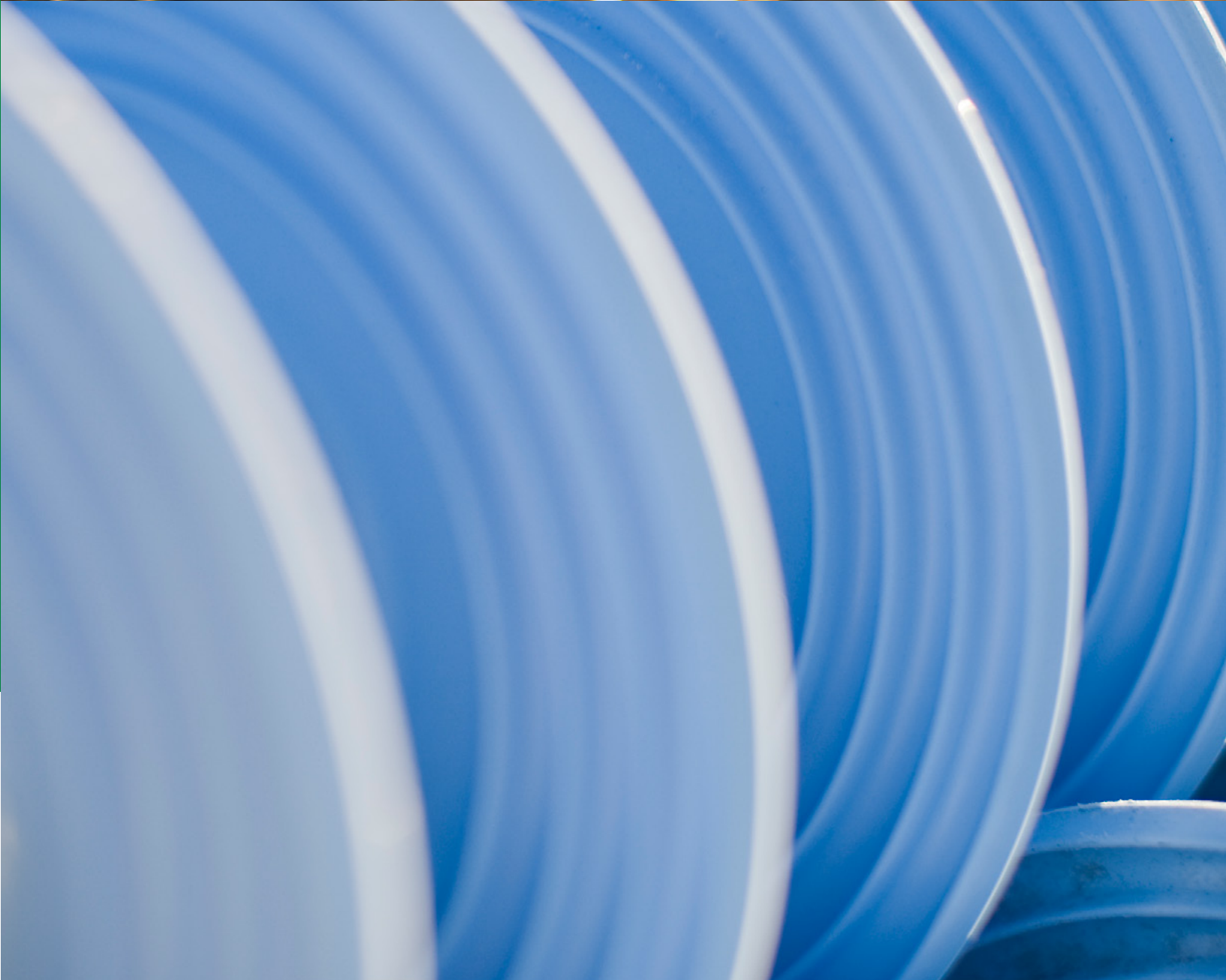
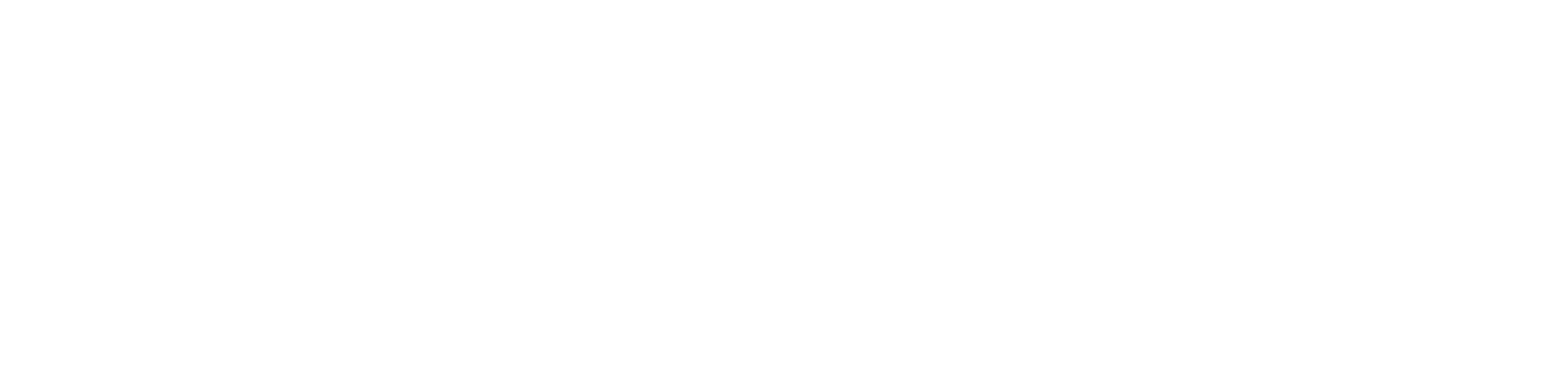




2019 Annual Report





President's Report

The President's Report is offered to the membership each year, as a review of DEMCO operations, and highlights efforts taken by your cooperative to delivery safe, reliable and affordable service.

In 2019, I along with other board directors met with DEMCO leadership to create a five-year strategic plan. Detailed goals and objectives were established to guide steady and progressive change and growth of your co-op. Clear direction of the organization that balances long-term objectives, operational priorities and financial discipline will position DEMCO for ongoing success.

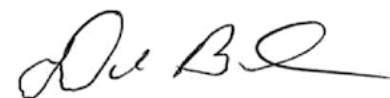
A review of DEMCO 2019 system statistics shows DEMCO's kilowatt-hour (kWh) sales were 2,131,274,672. The number of members as of December 2019 was 111,777, up from 110,312 in 2018. Total miles of line continue to increase, now at 8,787 and electric plant in service increased from \$670,052,629 in 2018 to \$688,627,466 as of the end of 2019.

In July, Tropical Storm Barry impacted over 6,000 members with power outages and over 250 crew members were deployed for restoration. Also, in 2019, DEMCO reported 924,357 man hours worked without a lost time accident. Reaching this mark is a testament to the day-to-day mental fortitude and spirit of the incredible staff who serve our electric cooperative members.

In closing I'd like to thank Faye Morris and Frank Johnson for their years of service to the board and DEMCO's membership as they have recently made the decision to retire from their roles. Mike Anderson is now representing members in District 5 – East Feliciana Parish, and Tresa Byrd of District 11 in St. Helena Parish represents the members there. Also, congratulations to Steve Irving, representing District 4 – East Baton Rouge Parish; Dennis Lott, representing Livingston Parish – District 8; and Richard Sitman, representing St. Helena Parish – District 10, for their reelection to another three-year term. Moreover, I would like to thank the entire board of directors as they reelected me as their board president - I appreciate their confidence in me. It is my pleasure to serve all DEMCO members as the president of the board.

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,



Daniel P. Berthelot, President
DEMCO Board of Directors



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Team DEMCO: Giving Back to the Community

DEMCO is a dynamic part of our community. The directors and employees of DEMCO are keenly focused on the communities we serve. We are committed to local people working for local good. We live and work alongside our members, and we value the investment of our time and resources into the communities we serve.

Strengthening our local economy makes sound business sense. At DEMCO, we pursue policies and projects that are good for the community because what's good for our community is likewise good for the cooperative.

We have strong roots in this community. DEMCO has been in business since 1938. Our business began here, and we would not pull up stakes to pursue greener pastures elsewhere. We regularly participate in community events and continually think about what we can do today and how can we make a difference in the communities we serve.

It takes time and money and a lot of heart and spirit to enrich the lives of our members and the communities we serve. Each year, DEMCO employees voluntarily contribute to two local organizations – Dream Day Foundation and Capital Area United Way. Annual employee giving averages \$65,000.

The benefits to the community aren't only financial in nature. We open doors for our young people with scholarship programs and the annual National Rural Electric Youth Tour trip to Washington, D.C. In 2019, 17 DEMCO member-students were awarded a \$2,500 scholarship. Other educational programs promote electrical safety through programs in schools and online. Each year, DEMCO tours local schools with our Electrical Safety Magician, Fire in the Wire, and Bucket Truck Demonstrations.

We also strengthen the community by supporting local charities. We help our members and neighbors in need by sponsoring such things as blood and food drives, Race for the Cure, Dream Day, United Way, Boy & Girl Scouts, etc. We are proud to say that DEMCO employees participated in a blood drive in July and September, with a total of 93 blood donations.

The co-op is made up of people who care. Our employees go out of their way to better the communities in which they live. They coach youth sports teams, serve on school committees and participate in church activities. Many are co-op members like you – in fact 67% of DEMCO employees are co-op members - and like you they want to make their hometowns stronger.

Remember that when it comes to DEMCO, our local community comes first because home is where our heart is.

CEO Message

DEMCO is structured much like the foundation of democracy upon which our nation is governed. Democratic member control is something that distinguishes a cooperative from other types of electric utility providers, such as municipal or investor-owned power suppliers.

Locally owned, DEMCO is led by members who are democratically elected to serve on the board of directors. We believe that the best hands to guide the cooperative are those who are served by it.

This business model has kept DEMCO strong for over eight decades, and we trust that it will keep us strong for many years to come. The cooperative structure dictates that everything we achieve in terms of margins either goes toward system improvements – for things like safety, reliability and service - or into the communities we serve.

DEMCO has grown from our humble beginnings in 1938 with 700 members to where we are now in 2019 - about half a million people rely on DEMCO for power. Our membership, although primarily residential, is growing to include commercial and industrial accounts. Focusing on our growing member base while keeping rates competitive and continuing to give back to the community are key components of a new five-year strategic plan.

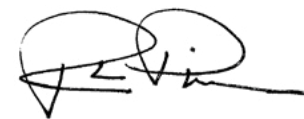
In addition to safety and reliability goals – which address ongoing maintenance of system components - poles, wires, meters, and more, DEMCO is also working to develop a supply portfolio that will give us the flexibility to buy power at prices that will help stabilize rates for the future.

Affordability is important to us. Paying less for the power we buy helps us lower the cost to distribute that power to each member.

We are diligently working to begin implementing tactics of our new plan. Whatever the future holds, DEMCO is poised to meet the challenges. Our values and principles are steadfast, and the community-minded spirit of DEMCO employees who live and work alongside you is strong.

Thank you for being a valued DEMCO member. We appreciate you and work hard to keep you in reliable, affordable, safe power.

In service,



Randy Pierce
CEO and General Manager



Economic Development

DEMCO is a \$700 million not-for-profit electric distribution cooperative that powers 112,000 meters that serve about half a million people in southeast Louisiana. A top 100 company in East Baton Rouge, DEMCO serves 92% residential member base, with about 12.7 meters per mile of line.

Although Louisiana residents have the lowest electric rates in the country, 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, all of our members benefit.

Additional bulk rate power supply not only powers new businesses, but it helps keep residential prices down – a factor fueling growth in DEMCO service areas.

Communities throughout our seven-parish service area have seen a lot of growth in recent years and 2019 is no exception. Continued multiuse growth - business and commercial developments - are popping up along the I-12 corridor and there is no end in sight.

DEMCO has always played a major role in powering economic growth in the region. In 2019, DEMCO established a full-time staff with business development, engineering design and operations professionals, trained to provide value-added services and to help bring new business to the communities we serve.

With an impressive foundation upon which to grow, DEMCO aims to bring new accounts and members online. Each member is important to us and each member makes the co-op stronger. When we provide high-quality service to existing members and actively prospect new residential, commercial and industrial members, our co-op grows and our members benefit.

DEMCO knows that attracting and working with residential and commercial developers helps to shape our communities and contribute to a strong local economy.

In a study conducted in 2019 that evaluated the economic impact of DEMCO 2014-2018, DEMCO supported 1,103 jobs annually in the local community; contributed \$353 million in the local economy and generated \$93 million in state/local taxes.

Economic development is not only a factor of keeping rates low for our members. Our role in providing power is essential to the region's growth and overall quality of life.

Economic Impact
2014 - 2018

1,103 jobs supported

\$353 million
contributed to local economy

\$93 million
generated in state/local taxes

Board of Directors

DEMCO 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.

Each director is elected for a term of three years. Elections are alternating allowing four directors to be elected each year with five directors elected every third year.

DISTRICT
1 | **Clarence "Bimbo" Brock**
Ascension Parish

DISTRICT
2 | **Jill McGraw**
East Baton Rouge Parish

DISTRICT
3 | **Randy Lorio**
East Baton Rouge Parish

DISTRICT
4 | **Steve Irving**
Vice President
East Baton Rouge Parish

DISTRICT
5 | **Mike Anderson**
East Feliciana Parish

DISTRICT
6 | **Glenn DeLee**
East Feliciana Parish

DISTRICT
7 | **Leslie Falks**
Livingston Parish

DISTRICT
8 | **Dennis Lott**
Secretary/Treasurer
Livingston Parish

DISTRICT
9 | **Daniel P. Berthelot**
President
Livingston Parish

DISTRICT
10 | **Richard "Dickie" Sitman**
St. Helena Parish

DISTRICT
11 | **Tresa Byrd**
St. Helena Parish

DISTRICT
12 | **Melissa Milton Dufreche**
Tangipahoa Parish

DISTRICT
13 | **Kevin Beauchamp**
West Feliciana Parish

Services

DEMCO FOUNDATION

Founded in August 1997, the DEMCO Foundation is a non-profit organization established to assist DEMCO members in times of need.

The foundation is funded by DEMCO members through a voluntary program that rounds each participating member's bill up to the nearest dollar. About 60% of all DEMCO members choose to participate in Operation Roundup, with an average annual contribution of \$6. These funds are then used to help DEMCO members who are in need.

A DEMCO Foundation Board made up of community members reviews monthly applications and determines which to fund. Disbursements include: 734 scholarships totaling \$831,416; school uniform awards of \$204,668 purchased and distributed to over 800 children; and \$236,190 to over 200 families impacted by house fires or tornadoes. Funds of \$445,111 have been provided for medication and medical expenses for the elderly and disabled, as well as \$446,517 to fund handicap-accessible ramps and critical home repairs. Over \$2 million has helped families remain in their homes (rent and mortgage).

Year after year the nonprofit arm of your cooperative has helped so many. Following the heart of the cooperative way, DEMCO makes a great difference in the lives of our members.

With lifetime disbursements of over \$5.5 million, this program is made possible due to the caring spirit and sacrifices of all participating DEMCO members. Together we continue to make our communities stronger.

DIXIE BUSINESS CENTER

As a small business incubator, the Dixie Business Center (located in Denham Springs, Louisiana) offers valuable resources to small businesses in the area. As part of its offerings the incubator offers office space for long or short-term lease.

Financials

ASSETS	2019	2018
UTILITY PLANT		
Electric Plant in service	\$688,627,466	\$670,052,629
Construction work in progress	10,135,750	10,664,833
Other fixed assets	<u>3,350,150</u>	<u>3,338,070</u>
	702,113,366	684,055,532
Less: accumulated depreciation	<u>(179,968,446)</u>	<u>(173,511,577)</u>
Total utility plant, net	<u>522,144,920</u>	<u>510,543,955</u>
INVESTMENTS AND OTHER ASSETS		
Investments in associated organizations	10,914,351	10,528,597
Notes receivable, long-term portion	28,638	40,488
Certificate of Deposit pledged	<u>600,000</u>	<u>600,000</u>
Total investments and other assets	<u>11,542,989</u>	<u>11,169,085</u>
CURRENT ASSETS		
Cash and cash equivalents	13,437,181	7,360,027
Current portion of notes receivable	<u>183,805</u>	<u>91,964</u>
	<u>13,620,986</u>	<u>7,451,991</u>
ACCOUNTS RECEIVABLE		
Consumers net of allowance	9,855,588	13,268,156
Other receivables	4,957,352	6,197,445
Unbilled revenue	10,735,853	11,956,088
Deferred fuel adjustment	-	-
Materials and supplies	4,152,126	3,978,835
Other current and accrued assets	<u>1,582,020</u>	<u>1,556,857</u>
	<u>31,282,939</u>	<u>36,957,381</u>
Total current assets	<u>578,591,834</u>	<u>566,122,412</u>
OTHER ASSETS		
Deferred charges	52,413,735	63,065,913
Deferred income tax asset	<u>257,280</u>	<u>330,987</u>
Total other assets	<u>52,671,015</u>	<u>63,396,900</u>
Total assets	<u>\$631,262,849</u>	<u>\$629,519,312</u>

EQUITIES AND LIABILITIES

	2019	2018
EQUITIES		
Memberships	\$457,070	\$451,695
Patronage	112,762,645	115,817,091
Other equities	<u>9,997,307</u>	<u>4,763,779</u>
Total equity	<u>123,917,022</u>	<u>121,032,565</u>
LONG-TERM DEBT		
Notes payable, less current maturities	413,081,289	393,234,157
Deferred interest-RUS notes	<u>363,303</u>	<u>472,097</u>
Total long-term debt	<u>413,444,592</u>	<u>393,706,254</u>
CURRENT LIABILITIES		
Current maturities of notes payable	13,435,212	12,336,390
Current portion of post-retirement benefit obligation	1,820,639	1,754,496
Lines of credit	-	10,861,843
Accounts payable	12,554,134	15,505,671
Consumer deposits	8,372,409	8,155,822
Accrued interest	520,667	523,385
Other accrued expenses and deferred credits	1,816,072	2,065,039
Customer refund	<u>5,945,218</u>	<u>2,897,792</u>
Total current liabilities	44,464,351	54,100,438
DEFERRED CREDITS AND OTHER LIABILITIES		
Accrued post retirement benefits	44,573,234	55,033,854
Deferred Credits	<u>5,563,650</u>	<u>5,646,201</u>
Total deferred credits & other liabilities	50,136,884	60,680,055
Total equities and liabilities	<u>631,962,849</u>	<u>629,519,312</u>

DEMCO and Subsidiaries Consolidated Statements of Operations and Patronage Capital Year Ended December 2019

	2019	2018
OPERATING REVENUE	<u>212,860,107</u>	<u>224,685,148</u>
OPERATING EXPENSES		
Cost of power	123,778,362	136,907,211
Cost of sales	11,660	3,064
Distribution-operations	7,863,218	8,352,070
Distribution-maintenance	19,414,867	15,001,814
Consumer accounts	6,288,663	6,671,926
Administrative and general	9,885,306	8,179,718
Depreciation and amortization	20,822,473	23,287,627
Taxes	6,121,066	5,867,471
Other	<u>3,129,255</u>	<u>2,138,286</u>
Total operating expenses	<u>197,314,870</u>	<u>206,409,187</u>
Operating margins before fixed charges	<u>15,545,237</u>	<u>18,275,961</u>
FIXED CHARGES		
Interest on long-term debt	13,994,254	12,228,211
Amortization on Reacquired debt	22,646	338,383
Other interest	<u>395,615</u>	<u>1,228,116</u>
Total fixed charges	<u>14,412,515</u>	<u>13,794,710</u>
Operating margins after fixed charges	<u>1,132,722</u>	<u>4,481,251</u>
CAPITAL CREDITS	<u>425,814</u>	<u>562,563</u>
NON-OPERATING MARGINS		
Interest income	699,551	228,710
Other income	<u>24,852</u>	<u>615,362</u>
Total non-operating margins	<u>724,403</u>	<u>844,072</u>
Income Tax Benefit	<u>(103,857)</u>	<u>325,114</u>
Net margins	<u>2,179,082</u>	<u>6,213,000</u>
PATRONAGE CAPITAL, BEGINNING OF YEAR	<u>115,817,091</u>	<u>109,972,327</u>
Margins Transferred to Other Equities	<u>(5,233,528)</u>	<u>(368,236)</u>
PATRONAGE CAPITAL, END OF YEAR	<u>112,762,645</u>	<u>115,871,091</u>



Employees

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



**DEMCO IS FOCUSED ON
ENHANCING THE QUALITY
OF LIFE FOR MEMBERS BY
— PROVIDING —
SAFE, RELIABLE AND
COMPETITIVELY PRICED
ENERGY 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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