DEMCO exists to serve the members/customers through professionally trained employees providing safe, reliable and affordable electricity as well as other high-quality products and 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.
It takes good capital and a great business model to position a company in today’s economy to propel itself into the top tier of America’s business rankings. However, to build a company to make lasting change and dynamic culture, one would need to have a clear vision and solid leadership. With these great assets, a company can not only sustain itself with financial success, but can also last through any number of obstacles.

This defines the success story written on DEMCO. In 2013, we enter the locally owned electric cooperative’s 75th year. Although not easy, DEMCO has survived and thrived through good times and bad. As we celebrate 75 years of success, we look at the people who were instrumental in starting the journey of the cooperative, and we look at the strong leadership through the years that have kept DEMCO on solid ground.

That success is no accident. The leadership of your cooperative has worked hard throughout the years to bring you safe, reliable and affordable power. It is this mission that helped drive the individuals in DEMCO’s past, and it also motivates the employees and leadership today.

Hard work and dedication are at the center of these men and women as we move into the future. 2012 saw the hard work necessary to secure the next long-term power contract and to restore power after another devastating storm in Hurricane Isaac. All efforts made daily to provide every member with necessary power were done with the member in mind. Your democratically elected board worked diligently to ensure that these core values of safe, reliable and affordable power were secured through both contract negotiations as well as our response to adversity caused by a storm.

As we take a look at the year, it is evident that we are continuing to grow. Our infrastructure growth has been planned with the future in mind. As communities continue to grow, we are growing right along with them to provide the power necessary to meet their needs. As an electric cooperative, a successful growth pattern will keep us on the right track to keep costs down for the members we serve.

A review of DEMCO’s 2012 system statistics reflects another solid year. DEMCO’s kilowatt-hour (kWh) sales were 2,048,644,455. The number of members billed increased from 100,487 in 2011 to 101,601 in 2012. Total miles of line in operation showed an average of 8,140 miles by the end of 2012.

It is a serious commitment we, the board of directors, have undertaken to represent you, the valued members of this electric cooperative, and report to you that we continue strongly into the future as we reflect on the strength of our past. It is our hope to continue to bring you the quality service you have come to know.

In closing, I would like to thank the members of the DEMCO Board of Directors for allowing me to serve as President of the Board. I consider it both an honor and a privilege to serve in this position. I also want to thank you, the members of DEMCO, for your continued commitment to this organization and the support you have shown for this board of directors.

In service,

Richard Sitman, President
DEMCO Board of Directors
Not only do DEMCO employees make personal, financial donations year after year to the Dream Day Foundation and the Capital Area United Way campaigns, but they also give of their time to help host the annual Dream Day Fishin Galore Event. This act of generosity has enabled hundreds of youth fighting disease, along with their families, a chance to forget about the inevitable pressures of their conditions.

DEMCO and its board of directors showed its commitment to community by investing in members’ education. In 2012 DEMCO awarded 10 one-year college scholarships to the children of DEMCO members.

Furthermore, your electric cooperative sponsored safety programs in area schools reaching thousands of elementary-aged children in its seven-parish service territory with valuable safety instruction.

DEMCO also sponsored its 34th Annual Rural Electric Youth Tour Essay Contest where hundreds of area high school juniors competed for a once-in-a-lifetime trip to Washington, D.C. DEMCO was honored to sponsor the top four performers among their peers to participate in this experience. This program has touched the lives of so many in the communities served by DEMCO.

“Commitment to community” is one of the seven guiding principles of electric cooperatives. DEMCO is well-versed in how it lives up to this principle. The DEMCO family of employees is proud of the many areas it serves in the communities surrounding the cooperative’s service territory. As volunteers and donors, they contribute to great organizations such as the Louisiana Safety Council, the Mary Bird Perkins Cancer Center, Louisiana 4-H, and many more.
POWERED BY LEADERSHIP

BOARD OF DIRECTORS
JANUARY 2012
DEMCO finalized a new 10-year all-requirements power contract with Cleco Power, LLC. With the cooperative’s existing contract set to expire in 2014, DEMCO’s leadership concluded an exhaustive search for a wholesale power provider that could supply the 578 megawatts needed to provide safe, reliable and affordable electricity to members in seven parishes.

FEBRUARY 2012
DEMCO continued its commitment to safety and reliability by hosting its semi-annual Right-of-Way training for employees and contractors. A healthy Right-of-Way program is key to ensuring that service reliability remains at levels expected by DEMCO members.

MARCH 2012
Local high school students Rachel Crowell, Natalie Dupuy, Kaila Kelly, and Derek Wooden each won an all-expense paid trip to Washington, D.C. The four were winners in the 2012 DEMCO Rural Electric Youth Tour essay contest.

APRIL 2012
Ascension Parish Director Clarence Brock, Livingston Parish Director Leslie Falks, East Baton Rouge Parish Director Ann Samuel, and St. Helena Parish Director Joe Self all returned to the DEMCO Board of Directors as each was re-elected for a three-year term.

MAY 2012
DEMCO and its employees once again served as the title sponsor for the 18th Annual Dream Day Foundation Fishin’ Galore event held at the 3 Bar E Ranch in Clinton, Louisiana. DEMCO employees contributed over $62,000 through payroll deductions, all of which benefited St. Jude’s Children’s Research Hospital.

JUNE 2012
DEMCO demonstrated one of its core business principles, Commitment to Community, by participating in the inaugural St. Francisville Summer Fun Day in West Feliciana Parish. Alongside other community partners, DEMCO staff members shared valuable messages of electrical safety and energy efficiency to hundreds of cooperative members.

JULY 2012
As part of DEMCO’s efforts to provide safety education to its members, the cooperative sponsored and participated in the Louisiana Safety Council’s Adventures in Safetyland Camp. Electric cooperative employees presented numerous electrical safety demonstrations to the camp participants throughout the month-long event.

SEPTEMBER 2012
The ribbon was cut on a brand new medical facility in Livingston Parish. The Our Lady of the Lake Hospital in Walker was officially opened to the public after a ribbon-cutting ceremony and heartfelt blessing. DEMCO is honored to provide power to this needed facility in this growing community.

AUGUST 2012
As its peak, Hurricane Isaac caused power outages to approximately 68,000 DEMCO members’ homes and businesses. However, with the help of over 800 linemen and service personnel from around the country, DEMCO was able to restore power in five days. This storm will be particularly remembered for its massive flooding throughout portions of the DEMCO service area.

OCTOBER 2012
The DEMCO family mourned the loss of longtime friend, Mr. Sonny Samuel. Samuel spent the greater part of his lifetime as both an employee and board director at the cooperative. His tenure at DEMCO spanned 56 years, ranging from 1949-2005.

NOVEMBER 2012
Members of DEMCO’s cooking team prepared their award-winning jambalaya for 4-H members from across the state. The participating youth were winners of the annual 4-H Educational Trip. DEMCO employees were honored to recognize and serve these outstanding leaders of tomorrow for their accomplishments.

DECEMBER 2012
DEMCO conducted on-camera interviews of longterm members, directors and employees who have been instrumental in the cooperative’s success since its inception in 1938. Those featured told stories of rural electrification and of DEMCO’s role in bringing electricity to rural communities that investor-owned utilities refused to serve. After production, the videos were shared with all through a special section of the DEMCO.org website commemorating DEMCO’s 75th Anniversary.
2012 saw the opening of several large-scale facilities that are sure to make an impact on the economy and the communities in which they are found. Our Lady of the Lake Regional Medical Center, located on Highway 447 in Walker, Louisiana, received a special blessing and was then opened to the public. Also, the Central Community School System opened the doors to a brand new campus serving two separate groups of grade school children in the community. A new intermediate school and a new middle school campus were filled with school children at the start of the 2012-2013 school year for the first time. This marked the completion of an approximate $33,000,000 campus.

Another exciting project revealed in the 2012 calendar year was a great investment in St. Helena Parish. The Northshore Technical Community College Florida Parishes Branch Campus completed its new campus in the rolling hills of Greensburg. DEMCO is honored to be selected to serve this great area where many young men and women have chosen to further their education. The campus offers students an opportunity to study a myriad of subjects from the culinary arts to automotive technologies. One field unique to the campus is the Electric Line Technician department.

With local ownership and control, and a focus on providing services and promoting community growth, cooperatives are considered by many to be an ideal business model for local economic development. Your electric cooperative, DEMCO, was once again proud to provide safe, reliable and affordable electricity to its diverse and expanding commercial development portfolio throughout 2012. Delivering quality power to local businesses and commercial account holders is something that DEMCO takes seriously, recognizing that the cooperative plays an important role in assisting growth in local economies. Consistent investments in infrastructure have provided DEMCO with the quality necessary to not only compete with investor-owned utilities, but to be chosen over them to provide growing businesses with the power they need to succeed.
The DEMCO Foundation is a non-profit charitable organization established to provide financial assistance to DEMCO members in their times of need. Individual assistance as well as college scholarships and emergency assistance are also available.

The Dixie Business Center, located in Denham Springs, Louisiana, is a small business incubator which offers consulting, administrative and financing support for new businesses. Office space is also available for long or short-term lease.

DEMCO is a proud supporter of Touchstone Energy’s Together We Save program. In 1938, it set out to provide safe, reliable and affordable electricity to its members. Through this mission we saw the lives of our neighbors improved and our communities grow. Now, we have a larger responsibility - to use energy wisely. The Together We Save program educates members on how to efficiently use energy in ways that can save them money.
Betty Adams
Karl Albritton
Justin Andrews
Jacob Arledge
Michael Armstrong
Wendy Armstrong
Marc Aucion
Shanelle Austman
Kenneth Bailey
Sean Baranetz
John Ballard
Jason Ballard
Kody Beachamp
Keith Beaudouay
Jaff Bellington
Dobra Bennett
Toby Bergeron
James Berry
Trent Biggar
Jeremy Bibbin
Melody Bourgeois
Kenneth Bourgeois Jr.
Brent Bradley
Dobra Broadhurst
Daniel Brooks
Jolie Burris
Steve Cantu
Casey Carrier
Donnie Carter
Andy Castille
Beau Caston Jr.
Daddy Chambers
Michael Chassin Sr.
Varena Cliburne
James Coats
Donna Cody
Kevin Commander
Josh Conley
Rehime Corbin
Patricia Courney
Eric Crain
Dana Cross
Johnathan Crowdor
Ricky Culmann
Richard Cutter
Fred Cherry Jr.
Douglas Dalgo II
Denny Delatte
Scott Dela
Robert Dela Jr.
Paula Digna
Darrell Dognet
Patrick Doremphie
Wade Dulessie
Martha Dunen
Angela Elyse
Norman Engler
Vince Estes
Jeremy Farrill
Jamie Fortenberry
David Fournet
Frank Fowler
Kendall French
Hiola Gamson
Suan Gancarcik
Cecil Garaudy
Shannah Gadir
Corey Gall
Travis Glasscock
Culley Gosia
Vernon Graham
Andy Graham
John Green
Dusty Guarino
Michaell Guady
Stephanie Guylay
Lis Guiffet
Cindy Hackett
Andy Hall
Amberhan Hanecon
Darin Harrell
Phillip Harris
Daryl Hassell
Chad Heire
Ray Hill Jr.
Beverly Hodges
James Holdren
Thomas Holland
Aviva Holland
Billy Holman
Austin Hudspatch
Holly Jackson
Warren Jefferson
Larry Jenkins
Dave Jewell
Dere Johnson
Andrea Johnson
Charon Johnson
Tony Johnson
Kelleneb, Janet
Tammy Kelly
Josh Kiteleased
Thomas Klein Jr.
Michael Knight
Riley Kazes
Chad LaCastr Jr
Jill Lander
Davin Landry
Chad Landry
Michael Landry Sr.
Jale Laine
David LaBona
Jeff Lea
Louis Lee
Dentary Lee
Shawn Little
Chanel Lucas
Jeff Lyons
Othry Mahlbring
Melvin Martin
Melanie Matress
Ron May
Page McGuire
Chadly McClarie
Theodore McCray Jr.
Anita McNeill
Tony McNeese
Hiley McEwans
Brian Merritt
Johnny Metz
Perrial Mills
Sonya Miles
Scott Miller
Josh Miller
Justin Minton
Raymond Mizell
Tiffany Moore
Bar Moran
Bubba Munn
Guaranta Mule
Chad Nored
Eric Ollier
Russcheille Overhultz
Jr. Overhultz
Philip Pace
Malvin Parker
Shawn Parker
Michael Parker Sr.
Lori Peak
Shane Pendarvis
Paola Peres
Kelli Persac
Mark Phillips Jr.
Gina Rickering
Daniel Poirier
Donna Prout
Jr. Prestridge
Jackie Purvis Jr.
Krystal Raymond
Terra Read
Matt Read
William Reily
Donna Reckes
Sam Rosso
Rachel Russel
Randy Rushing
Linda Sanders
Nicholas Saucer
Asa Scott
Arthur Sellers Jr.
Fred Self
Corey Sharpa
Lavie Sleeby
Brandon Simon
Danni Simtum
Jared Soleau
Chuck Spellman
Steven Spring
Daren St. Pierre
Jeremy Starbo
Jaila Starns
Wayne Stevenson
Lori Stewart
Raymond Stewart Jr.
Blake Sullivan
Missy Sumrall
Patricia Teme
Esther Tapia
Charles Tate
Agra Templat
Marc Templet
Aaron Tenace
Mason Thacker
Richie Thomas
Allen Thomas
Alvin Thompson
Buddy Thompson III
Rusty Tod
Kieve Tucker
Daage Tucker
Turk Tyers
Jimmie Varnado
John V calend
Debbie Walker
Jersey Wallace
Booker Washington
Doug Watson
Dale Watts
Cari Watts
James Wells
Carl Westbrook
Darel White
Robby White
Reylind Wicker
Colb Wilkinson
Cindy Wills
Shaly Wintz
Ronnie Woodyards
John Woodburn
Curtis Yaun
Joe Young Sr.
Phil Zito

POWERED BY DEDICATION
OUR EMPLOYEES

18
19
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Plant</td>
<td>$427,561,669</td>
<td>$402,282,950</td>
</tr>
<tr>
<td>Electric Plant in service</td>
<td>36,455,414</td>
<td>31,661,471</td>
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<tr>
<td>Construction work in progress</td>
<td>4,491,947</td>
<td>4,654,915</td>
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<tr>
<td>Other fixed assets</td>
<td>564,973,547</td>
<td>524,655,341</td>
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<tr>
<td>Less: accumulated depreciation</td>
<td>(127,411,878)</td>
<td>122,372,391</td>
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<tr>
<td>Total utility plant, net</td>
<td>$427,561,669</td>
<td>$402,282,950</td>
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<tr>
<td>Investments and Other Assets</td>
<td>9,354,521</td>
<td>9,351,113</td>
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<tr>
<td>Investments in associated organizations</td>
<td>476,362</td>
<td>716,966</td>
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<tr>
<td>Notes receivable, long-term portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments and other assets</td>
<td>9,354,521</td>
<td>9,351,113</td>
</tr>
<tr>
<td>Current Assets</td>
<td>37,189,538</td>
<td>27,914,134</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>241,603</td>
<td>241,602</td>
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<tr>
<td>Current portion of notes receivable</td>
<td></td>
<td></td>
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<tr>
<td>Accounts receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumers (net of allowance for uncollectible accounts of $450,466 in 2012)</td>
<td>7,819,887</td>
<td>8,137,478</td>
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<tr>
<td>Unbilled revenue</td>
<td>4,938,027</td>
<td>9,641,326</td>
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<tr>
<td>Other receivables (net of allowance of $150,000 in 2012)</td>
<td>7,486,340</td>
<td>4,916,721</td>
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<tr>
<td>Deferred fuel adjustment</td>
<td>3,109,384</td>
<td>3,877,043</td>
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<tr>
<td>Materials and supplies</td>
<td>7,645,178</td>
<td>3,877,043</td>
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<tr>
<td>Prepaid expenses</td>
<td>1,318,892</td>
<td>1,130,156</td>
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<tr>
<td>Total current assets</td>
<td>37,189,528</td>
<td>27,914,134</td>
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<tr>
<td>Other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred charges</td>
<td>34,011,156</td>
<td>29,981,227</td>
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<tr>
<td>Intangible, net</td>
<td>800</td>
<td>800</td>
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<tr>
<td>Certificate of deposit-pledged</td>
<td>310,000</td>
<td>100,000</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$508,267,684</td>
<td>469,680,224</td>
</tr>
</tbody>
</table>
**EQUITIES & LIABILITIES**

<table>
<thead>
<tr>
<th>Equities</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships</td>
<td>$420,980</td>
<td>$414,065</td>
</tr>
<tr>
<td>Patronage</td>
<td>81,912,869</td>
<td>82,614,943</td>
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<tr>
<td>Total equity</td>
<td>82,333,849</td>
<td>83,029,008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-Term Debt</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable, less current maturities</td>
<td>323,948,363</td>
<td>305,275,449</td>
</tr>
<tr>
<td>Deferred interest-RUS notes</td>
<td>3,692,714</td>
<td>4,216,671</td>
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<tr>
<td>Total long-term debt</td>
<td>327,641,077</td>
<td>309,492,020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed overdraft</td>
<td>1,337,336</td>
<td>2,998,129</td>
</tr>
<tr>
<td>Current maturities of notes payable</td>
<td>11,326,817</td>
<td>6,936,219</td>
</tr>
<tr>
<td>Line of credit</td>
<td>32,417,432</td>
<td>15,406,326</td>
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<tr>
<td>Accounts payable</td>
<td>32,417,432</td>
<td>15,406,326</td>
</tr>
<tr>
<td>Consumer deposits</td>
<td>7,432,265</td>
<td>7,086,950</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>861,521</td>
<td>1,673,083</td>
</tr>
<tr>
<td>Other accrued expenses and deferred credits</td>
<td>2,463,728</td>
<td>1,939,702</td>
</tr>
<tr>
<td>Deferred fuel adjustment</td>
<td></td>
<td>1,671,081</td>
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<tr>
<td>Customer refund-Cajun</td>
<td>624,136</td>
<td>624,136</td>
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<tr>
<td>Total current liabilities</td>
<td>68,259,392</td>
<td>50,421,436</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Credits and Other Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued post-retirement benefits</td>
<td>23,735,900</td>
<td>21,443,000</td>
</tr>
<tr>
<td>Accrued vacation and sick pay</td>
<td>5,574,756</td>
<td>5,295,760</td>
</tr>
<tr>
<td>Total deferred credits &amp; other liabilities</td>
<td>29,310,656</td>
<td>26,737,760</td>
</tr>
</tbody>
</table>

**TOTAL EQUITIES AND LIABILITIES**

<table>
<thead>
<tr>
<th>2012</th>
<th>408,267,684</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>469,680,224</td>
</tr>
</tbody>
</table>

**SYSTEM STATISTICS**

- Average Consumer Billed/Mo.: 101,601
- Average Consumer/Mile of Line: 8.140
- Average Miles of Line: 2,048,644,455
- Total kWhs/Month/Consumer: 1,680
- Average kWhs/Month/Residential Consumer: 1,352
- Average Monthly Rev/Consumer: 313,145
- Total kWhs Bought: 2,167,377,455
- System Peak Demand: 523,245
- Month of System Peak: June

**OPERATIONS & PATRONAGE CAPITAL**

**Operating Revenue**

- 2012: $167,381,768
- 2011: $171,232,487

**Operating Expenses**

- Cost of power: 93,208,769
- Cost of sales: 72,819
- Distribution-operations: 6,501,792
- Distribution-maintenance: 18,329,677
- Consumer accounts: 5,981,872
- Administrative and general: 8,747,309
- Depreciation and amortization: 15,614,758
- Taxes: 4,807,009
- Total: 155,104,527

**Operating margins before fixed charges**

- 2012: 12,277,241
- 2011: 20,478,971

**Fixed Charges**

- Interest on long-term debt: 12,852,112
- Other interest: 836,900
- Total fixed charges: 13,689,012
- Operating margins after fixed charges: (1,411,771)

**Capital Credits**

- 2012: $147,984
- 2011: 880,729

**Non-operating Margins**

- Interest income: 210,723
- Other income (expense): 258,100
- Total non-operating margins: 148,431
- Net margins (deficit): (702,074)

**Patronage Capital, beginning of year**

- 2012: 82,614,943
- 2011: 77,393,724

**PATRONAGE CAPITAL, END OF YEAR**

- 2012: $81,912,869
- 2011: 82,614,943