DEMCO

2015

POWERING LIVES

Brightening the Future
DEMCOS EXITS 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,
DEMCOS
IS
COMMITEMTED TO STIMULATING THE
ECONOMIC GROWTH &
PROSPERITY OF OUR AREA THROUGH
ETHICAL CONDUCT &
SOUND BUSINESS PRINCIPLES.

LO4 President’s
Report 12 Year in Review

Economic
Development 06 Services 14

Community 08 Employees 15

Board of
Directors 10 Financials 16
As a member-owned business model, the positive growth helps us achieve our goals that are spelled out in our mission statement: to provide safe, reliable and affordable power. Throughout 2015, we made every effort to deliver this to you, our valued members.

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.


This board of directors holds a great honor to represent the valued membership of DEMCO through another successful year. We are also proud to report to you that the dedication of this leadership has led to another strong year, and we look forward to representing you for years to come. We hope to continue to deliver 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 the DEMCO Board of Directors for allowing me to serve the membership as the president of the board. I also want to thank you, the members of DEMCO, for the support you have shown the board of directors. This support brings us encouragement in order to represent you the best we can.

In service,
Richard Sitman, President
DEMCO Board of Directors

IN 2015 DEMCO SAW A CONTINUED TREND OF SUCCESSFUL GROWTH.
The Board of Directors & Employees alike understand the value in such growth.

As a member-owned business model, the positive growth helps us achieve our goals that are spelled out in our mission statement: to provide safe, reliable and affordable power. Throughout 2015, we made every effort to deliver this to you, our valued members.

YOUR LOCALLY OWNED ELECTRIC COOPERATIVE CONTINUES TO BRING Reliable Power TO OVER 106,000 METERS ON A SYSTEM THAT SPANS 7 PARISHES.

As we continue to seek opportunities to serve our members, we take note that our times is bright, a future that will be a strong foundation for more economic development and growth through communities that are looking for opportunities of employment, industry that gives back and a solid investment in the education of our children. As DEMCO continues to grow, we will keep the utmost concern for the members we serve.

No matter the size of your cooperative, we will always be focused on you, the member. From our employees to our executive management team to the 13 members of the democratically-elected board of directors, our main priority will always be you.
Future plans include expanding our system to accommodate high-paced residential growth along the I-10 and I-12 corridors as well as the commercial and industrial growth occurring in and around the Greater Baton Rouge Metropolitan Area.

Investing heavily, but wisely, in continuous upgrades to substations, transformers, conductors, reclosers, and other power distribution equipment is critical to ensuring a delivery system that is not only reliable in fair weather but strong enough to withstand inclement conditions.

Our operations, engineering, and construction departments make the best use of the latest technological advancements in the industry.

POWERING THE FUTURE

$30 Million New Section Construction & Expansion, Plus An Additional $15 Million Toward System Maintenance.

Over the last two years, SERCO has invested more than $30 million in new construction and expansion, plus an additional $15 million toward system maintenance.
by supporting organizations such as the American Heart Association Heart Walk, the annual Get Your Rear in Gear: Colon Cancer Awareness Run and the 2 Seam Dream Foundation’s Love Baseball Hate Cancer annual home run derby. These are just a few examples of how DEMCO is living up to the title of

In 2015, 10 one-year college scholarships were awarded to the children of DEMCO members. Furthermore, DEMCO committed to education by touring schools throughout the cooperative’s seven-parish service territory and bringing the electrical safety magic show “Making Accidents Disappear.”

Together, the members of DEMCO’s workforce gave from their own pockets toward worthy causes.

In 2015, employees gave over $80,000 to the dream day foundation benefitting St. Jude Children’s Research Hospital and United Way.

Programs like these allow our true cooperative spirit to shine.

DEMCO shows the utmost respect for individuals who choose to better themselves through higher education.
DISTRICT 4
Steve Irving
Vice President
East Baton Rouge Parish

DISTRICT 1
Dennis Lott
Secretary/Treasurer
Ascension Parish

DISTRICT 8
Clarence Brock
Secretary/Treasurer
Livingston Parish

East Baton Rouge Parish

DISTRICT 11
Ann Samuel
Vice President
East Baton Rouge Parish

DISTRICT 13
Randy Lorio
Vice President
Ascension Parish

DISTRICT 12
Alice Faye Morris
Vice President
St. Helena Parish

DISTRICT 2
Ann Samuel
Vice President
East Baton Rouge Parish

DISTRICT 5
Alice Faye Morris
Vice President
West Feliciana Parish

DISTRICT 3
Ann Samuel
Vice President
East Baton Rouge Parish

DISTRICT 6
Glenn DeLee
Secretary/Treasurer
East Feliciana Parish

DISTRICT 9
Daniel P. Berthelot
Secretary/Treasurer
Livingston Parish

DISTRICT 7
Leslie Falks
Secretary/Treasurer
Livingston Parish

DISTRICT 10
Glenn DeLee
Secretary/Treasurer
Livingston Parish

DISTRICT 11
Eugene O. Traylor
Secretary/Treasurer
Livingston Parish

DISTRICT 12
Freddy Metz
Secretary/Treasurer
West Feliciana Parish
In support of the cause of BREAST CANCER AWARENESS AT THE SUSAN G. KOMEN RACE FOR THE CURE, more than 70 runners, joggers and walkers participated on DEMCO's team. The team is made up of employees, their families and friends.

DEMC0 joined community leaders in LIVINGSTON PARISH as they performed a ceremony CELEBRATING THE OPENING OF THE NEW COURTHOUSE that the cooperative is honored to serve.

DEMC0 was honored at the 2015 Connect Conference hosted by the National Rural Electric Cooperatives Association to receive a national award for communications. THE COOPERATIVE WON THE SPOTLIGHT ON EXCELLENCE AWARD FOR BEST TOTAL COMMUNICATION PROGRAM.

DEMCO continued our service to the communities we serve by appearing at several area schools to Promote Electrical Safety, THE MESSAGE IS A GREAT ONE, & THE BUCKET TRUCK ALWAYS STEALS THE SHOW.

DEMCO held its UNDERGROUND POWER DISTRIBUTION TRAINING CLASS at our state-of-the-art field training area located at co-op headquarters on Wax Road.

DEMCO sent 10 college students off to PURSUE THEIR DREAMS WITH A TWO-SEMESTER SCHOLARSHIP. The cooperative awards scholarships to members (or their children) through a random drawing each year.

For the second year in a row, DEMCO EMPLOYEES DONNED THEIR Pink Hardhats to commemorate Breast Cancer Awareness Month. Field personnel used the pink personal protective equipment throughout the month to SHOW THEIR COMMUNITY SPIRIT & SUPPORT FOR THE CAUSE.

At the end of another Hurricane Season, DEMCO WAS GLAD TO HAVE REPORTED NO MAJOR INCIDENCES CAUSED BY TROPICAL WEATHER. However, each year the cooperative refreshes a detailed emergency response plan to prepare each department and employee for a situation that may warrant a large-scale response.

Throughout 2015, DEMCO shared in the CELEBRATION OF 15 EMPLOYEES AS THEY MADE A DECISION TO RETIRE FROM SERVICE TO THE COOPERATIVE. WHEN THESE MEMBERS OF THE WORKING FAMILY DECIDED TO RETIRE, THEY COMPLETED 492 YEARS OF QUALITY SERVICE TO THE MEMBERS OF DEMC0.
The Demco Foundation is a Nonprofit Charitable Organization providing financial assistance to Demco members in their times of need.

Individual assistance, college scholarships and emergency assistance are available to members through a confidential process.

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

Betty Adams
Justin Andrews
Jacob Arledge
Wendy Armstrong
Hijah Armstrong
Dena Arnold
Andrew Arnold II
Marc Andrews
Andy Arledge
Curtis Yaun
Phillip Zito
Darryl Hassell
Philip Harris
Darren Harrell
Lee Guillot
Stephanie Guidry
Michelle Guidry
Dusty Guarino
John Green
Andrew Graham
Vernon Graham
Cody Glascock
Travas Glascock
Cecil Garaudy
Penny Fruge
Frank Fowler
David Fournet
Cade Felps
Vince Estes
John Ervin II
Norman Engler
Brister Dupont
Wade Duplessie
Tiffany Dunn
Galen Dunbar
Kevin Beauchamp
Kenneth Bailey
Shinell Aultman
Marc Aucoin
Andrew Arnold II
Dena Arnold
Hijah Armstrong
Wendy Armstrong
Jacob Arledge
Justin Andrews
Betty Adams

Jacob Overhultz
Eric Ouber
Chad Norred
Quanika Muse
Freddie Moreno
Ben Morein
Tiffany Moore
Raymond Mizell
Yuan Mizell
Justin Milton
Scott Miller
Josh Miller
Pernell Miles
Sonya Miles
Brian Merritt
Haley Meadows
Theo McCray Jr.
Page McClure
Chasity McClure
Raelyn McAdams
Mel Martin
Patrick Mansfield
Jeff Lyons
Jared Louque
Lorenza Lively
Shawn Little
Louis Lee
Roman Lee
Leann Lee
Paula Dunaway
Terry Wolfe
Chasity Rose
Derek Roy
Sherry Trew
Bobby Walker
Debra Walker
Blake Stewart
Hannah Smith
Vince Smith
Jimmie Smith
Paul Smith
Beth Smith
Brian Smith
Dominic Smith
David Smith
Jared Soileau
Brandon Simon
Levy Sibley
Corey Sharpe
Fred Self
Arthur Selders Jr.
Asa Scott
Nick Saucier
Linda Sanders
Rachel Roule
Sam Rosso
Sandra Richard
Nakita Ricard
Terrie Reed
Matt Reed
Krystal Raymond
Jackie Purvis Jr.
Donnie Prest
Daniel Poirrier
Gina Pickering
Mark Phillips Jr.
Kelli Persac
Lori Peek
Kelli Pearson
Mark Phillips
Don Phillips
Daniel Painter
Downtown Print
Janel Prestridge
Javier Parrin Jr.
Kymal Raymond
Hart Ross
Terry Ross
Rhonda Ross
John Ross
Dobie Wilke
Jeremy Watson
Deborah Washington
Doug Watson
Richard Watts
Scott Watts
Bruce West
Carl West
Patricia Testa
Darrel White
Robby White
Kayla White
Chas White
Brett White
Hannah Watts
Carl Watts
Hannah Watts
Doug Watson
Booker Washington
Jeremy Watson
Mason Thacker
Aaron Terrance
Agra Temple
Esther Tapia
Patrick Tanner
Blake Stewart
Eugene Toupin
Hans Turk
Marc Tournel
Alice Thermon
Marty Thann
Wendy Thibodeaux
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Agra Temple
Esther Tapia
### Assets

#### UTILITY PLANT

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Plant in service</td>
<td>$602,226,037</td>
<td>$577,688,041</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>11,811,308</td>
<td>12,099,021</td>
</tr>
<tr>
<td>Other fixed assets</td>
<td>5,710,918</td>
<td>5,708,911</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(1,447,477)</td>
<td>(1,695,747)</td>
</tr>
<tr>
<td>Total utility plant, net</td>
<td>599,096,087</td>
<td>583,235,015</td>
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</tbody>
</table>

#### INVESTMENTS AND OTHER ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in associated organizations</td>
<td>9,352,269</td>
<td>9,426,487</td>
</tr>
<tr>
<td>Notes receivable, long-term portion</td>
<td>56,377</td>
<td>64,377</td>
</tr>
<tr>
<td>Total investments and other assets</td>
<td>9,408,636</td>
<td>9,490,844</td>
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</table>

#### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,623,192</td>
<td>$1,623,192</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>2,265,404</td>
<td>2,265,404</td>
</tr>
<tr>
<td>Current portion of notes receivable</td>
<td>48,037</td>
<td>48,037</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(16,078,800)</td>
<td>(16,078,800)</td>
</tr>
<tr>
<td>Deferred fuel adjustment</td>
<td>(7,561,469)</td>
<td>(7,561,469)</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>(6,004,669)</td>
<td>(6,004,669)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(895,301)</td>
<td>(1,480,180)</td>
</tr>
<tr>
<td>Total current assets</td>
<td>32,962,115</td>
<td>42,987,181</td>
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</tbody>
</table>

#### OTHER ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred charges</td>
<td>11,170,941</td>
<td>10,179,004</td>
</tr>
<tr>
<td>Intangible, net</td>
<td>994</td>
<td>994</td>
</tr>
<tr>
<td>Certificates of deposit-pledged</td>
<td>660,000</td>
<td>118,000</td>
</tr>
<tr>
<td>Total other assets</td>
<td>12,130,935</td>
<td>10,307,004</td>
</tr>
<tr>
<td>Total assets</td>
<td>$594,719,387</td>
<td>$587,823,718</td>
</tr>
</tbody>
</table>

### Equities & Liabilities

#### EQUITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships</td>
<td>$468,535</td>
<td>$455,526</td>
</tr>
<tr>
<td>Patronage</td>
<td>163,509,839</td>
<td>181,321,902</td>
</tr>
<tr>
<td>Total equity</td>
<td>184,488,364</td>
<td>191,553,303</td>
</tr>
</tbody>
</table>

#### LONG-TERM DEBT

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable, long-term portion</td>
<td>352,072,234</td>
<td>323,527,248</td>
</tr>
<tr>
<td>Deferred amount 5% notes</td>
<td>1,118,149</td>
<td>1,090,030</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>353,191,383</td>
<td>324,617,278</td>
</tr>
</tbody>
</table>

#### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed overdraft</td>
<td>5,032,840</td>
<td>5,032,840</td>
</tr>
<tr>
<td>Current maturities of notes payable</td>
<td>10,486,827</td>
<td>11,631,275</td>
</tr>
<tr>
<td>Loan credit</td>
<td>10,486,824</td>
<td>11,631,275</td>
</tr>
<tr>
<td>Accrued payables</td>
<td>11,358,121</td>
<td>15,348,291</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>7,654,847</td>
<td>7,968,947</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>682,341</td>
<td>775,007</td>
</tr>
<tr>
<td>Other accrued expenses and deferred credits</td>
<td>5,046,718</td>
<td>6,420,719</td>
</tr>
<tr>
<td>Customer refund</td>
<td>624,336</td>
<td>624,336</td>
</tr>
<tr>
<td>Rate adjustment plan</td>
<td>2,204,941</td>
<td>2,204,941</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>69,472,242</td>
<td>81,337,399</td>
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</tbody>
</table>

#### DEFERRED CREDITS AND OTHER LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred past retirement benefits</td>
<td>9,722,788</td>
<td>10,680,500</td>
</tr>
<tr>
<td>Deferred vacations and sick pay</td>
<td>9,022,669</td>
<td>9,882,483</td>
</tr>
<tr>
<td>Total deferred credits &amp; other liabilities</td>
<td>18,745,457</td>
<td>20,563,983</td>
</tr>
<tr>
<td>Total equities and liabilities</td>
<td>$594,719,387</td>
<td>$587,823,718</td>
</tr>
</tbody>
</table>
### System Statistics

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Members Billed/Mo.</strong></td>
<td>106,226</td>
<td>8,406</td>
</tr>
<tr>
<td><strong>Total Miles of Line</strong></td>
<td>12.6</td>
<td>2,143,453,882</td>
</tr>
<tr>
<td><strong>Total Kwhs Sold</strong></td>
<td>2,143,453,882</td>
<td></td>
</tr>
<tr>
<td><strong>Average Kwhs/Month/Member</strong></td>
<td>12.6</td>
<td></td>
</tr>
<tr>
<td><strong>Average Monthly Rev./Member</strong></td>
<td>1,682</td>
<td></td>
</tr>
<tr>
<td><strong>Average Monthly Rev./member</strong></td>
<td>1,682</td>
<td></td>
</tr>
<tr>
<td><strong>Month of System Peak</strong></td>
<td>JANUARY</td>
<td></td>
</tr>
<tr>
<td><strong>Total Kwhs Bought</strong></td>
<td>$2,272,117,000</td>
<td></td>
</tr>
<tr>
<td><strong>System Peak Demand</strong></td>
<td>602.517</td>
<td></td>
</tr>
</tbody>
</table>

### Operations & Patronage Capital

#### 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$206,898,748</td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$212,226,368</td>
<td></td>
</tr>
<tr>
<td>Cost of power</td>
<td>174,587,299</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>7,662</td>
<td></td>
</tr>
<tr>
<td>Interconnection-operations</td>
<td>6,806,563</td>
<td></td>
</tr>
<tr>
<td>Intercity maintenance</td>
<td>104,105,320</td>
<td></td>
</tr>
<tr>
<td>Transmitter accounts</td>
<td>6,529,637</td>
<td></td>
</tr>
<tr>
<td>Administrative and general</td>
<td>19,513,203</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>5,105,320</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>5,105,320</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2,105,320</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>189,313,823</td>
<td></td>
</tr>
<tr>
<td>Operating margins before fixed charges</td>
<td>18,584,925</td>
<td></td>
</tr>
</tbody>
</table>

#### 2014

<table>
<thead>
<tr>
<th>Category</th>
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<th>Expenses</th>
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</thead>
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<td>Cost of power</td>
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<td></td>
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<td>124,587,290</td>
<td></td>
</tr>
<tr>
<td>Interconnection-operations</td>
<td>124,587,290</td>
<td></td>
</tr>
<tr>
<td>Intercity maintenance</td>
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<td></td>
</tr>
<tr>
<td>Transmitter accounts</td>
<td>124,587,290</td>
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</tr>
<tr>
<td>Administrative and general</td>
<td>124,587,290</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>124,587,290</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>124,587,290</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>124,587,290</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>189,313,823</td>
<td></td>
</tr>
<tr>
<td>Operating margins before fixed charges</td>
<td>18,584,925</td>
<td></td>
</tr>
</tbody>
</table>

### Fixed Charges

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on long-term debt</td>
<td>12,498,143</td>
<td></td>
</tr>
<tr>
<td>Other interest</td>
<td>1,843,203</td>
<td></td>
</tr>
<tr>
<td>Total fixed charges</td>
<td>14,341,346</td>
<td></td>
</tr>
<tr>
<td>Operating margins after fixed charges</td>
<td>15,995,590</td>
<td></td>
</tr>
</tbody>
</table>

### Capital Credits

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patronage Capital, Beginning of Year</td>
<td>181,321,282</td>
<td></td>
</tr>
<tr>
<td>Patronage Capital, End of Year</td>
<td>185,968,059</td>
<td></td>
</tr>
</tbody>
</table>

### Non-Operating Margins

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>108,526</td>
<td></td>
</tr>
<tr>
<td>Other income (expenses)</td>
<td>141,750</td>
<td></td>
</tr>
<tr>
<td>Total non-operating margins</td>
<td>82,976</td>
<td></td>
</tr>
<tr>
<td>Net margin (deficit)</td>
<td>4,414,075</td>
<td></td>
</tr>
</tbody>
</table>

### Patronage Capital

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patronage Capital, Beginning of Year</td>
<td>101,321,202</td>
<td></td>
</tr>
<tr>
<td>Patronage Capital, End of Year</td>
<td>105,959,839</td>
<td></td>
</tr>
</tbody>
</table>