



DEMCO

2014

annual report

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

In 2014 DEMCO made great strides to update its articles of incorporation. This task was embraced and supported by the board and the employees alike. Everyone worked together to communicate the message at hand and serve the members with the information necessary to place their vote on the system-wide special membership vote. I would like to commend all on a job well done.

Your locally owned electric cooperative has survived through good times and through bad, but in considering our future we see great opportunity for growth. It is this future that will continue to make DEMCO one of the strongest and largest electric cooperatives in the country.

As we look forward to more opportunities to serve our members, we see a bright future. A future that may carry with it new and exciting ways to deliver safe, reliable and affordable power; moreover we will continue to keep our members first with every decision we make. DEMCO will continue to grow, all the while keeping our utmost concern for the members we serve.

To achieve this quality and to sustain it for so long has been due to strong leadership through the years. As we continue to lead this cooperative we will do so as those that came before us, with a strong emphasis on our mission and a willingness to serve you, our members.

A review of DEMCO's 2014 system statistics reflects another solid year. DEMCO's kilowatt-hour (kWh) sales grew from 2,112,245,646 in 2013 up to 2,127,470,503 in 2014. The number of members billed increased from 103,055 in 2013 to 105,137 in 2014. Total miles of line in operation showed an average of 8,233 miles by the end of 2013, and by the end of 2014 totaled 8,330 miles.



We are honored as the board of directors to represent the valued membership of DEMCO through another successful year. Moreover we are 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 to you the quality service that has made history at this electric cooperative.

In closing, I wish to thank the DEMCO Board of Directors for the invitation to serve as the President of the Board for the coming year. Moreover, I want to thank the members of DEMCO for their continued commitment to this organization and the support that has been shown this board of directors.

In service,

A handwritten signature in black ink that reads "Richard W. Sitman".

Richard Sitman, President
DEMCO Board of Directors



SOLID FOUNDATION, BRIGHT FUTURE

THE POWER IS IN YOUR HANDS

As DEMCO remembers a strong foundation in its early years, it looks forward to a bright future. In 2014 an historic event took place as the locally-owned utility brought to the member-owners a decision to make. The membership chose in a landslide decision to update the cooperative's outdated articles of incorporation.

The board of directors supported the movement to update this antiquated language and the leadership of DEMCO stepped up to prepare a more progressive filing with the Louisiana Secretary of State's Office. These updated articles were adopted by the membership in a system-wide vote and will allow the utility to operate in a more efficient manner all the while maintaining the integrity and democracy of a true cooperative business model.

This special membership vote,
**THE FIRST OF ITS KIND IN
DEMCO HISTORY, PASSED
WITHOUT AN ISSUE.**

Members realized the importance of such a measure and supported the board of directors in moving forward with the measure.



VOTE
YES

The vote was marketed efficiently and successfully. A low budget grass-roots effort among all DEMCO employees was carefully planned and executed. The results were in the passing of the measure to support this progressive effort by a landslide vote.

Moreover, the locally-owned electric cooperative was recognized with a national award for the overall communication effort necessary to promote the vote. From old-school campaign buttons to social media updates, the company worked as one unit to promote the vote of the members. And for that, DEMCO won the Spotlight on Excellence Award for Best Total Communication Program.

Just like in the classic cooperative business model, the membership was given the opportunity to have their voices heard. And with that, DEMCO was given the tools necessary to continue to move forward and keep current.



COMMUNITY

At DEMCO, we are proud to call ourselves good corporate citizens. As a matter of fact, we included that promise in our mission statement. However, we not only say it, we live it by our commitment to community in a variety of ways, most notably through employee volunteerism and contributions to such worthy organizations as the Boy Scouts of America, the 2 Seam Dream Foundation, Susan G. Komen Race for the Cure and many more.

As a primary financial sponsor,

**DEMCO EMPLOYEES
DONATED, \$82,444.71**

in 2014 to the St. Jude's Dream Day and
Capital Area United Way campaigns.

Employees give each year to these worthy organizations. It is programs like this that allow our true cooperative spirit to shine.

DEMCO shows the utmost respect for individuals who choose to better themselves through higher education. In 2014 ten 1-year college scholarships were awarded to the children of DEMCO members. Furthermore, DEMCO committed to electrical safety education by making appearances in schools, camps and other youth organizations to deliver an impactful message to young people throughout the cooperative's seven-parish service territory. DEMCO also sponsored area 4-H youth groups through partnerships and employee volunteerism.

BOARD OF DIRECTORS

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. 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.

Steve Irving
Vice President

DISTRICT 4
East Baton Rouge Parish

Clarence Brock
DISTRICT 1
Ascension Parish

Dennis Lott
Secretary/Treasurer

DISTRICT 8
Livingston Parish

Randy Lorio
DISTRICT 3
East Baton Rouge Parish

Ann Samuel
DISTRICT 2
East Baton Rouge Parish

Alice Faye Morris
DISTRICT 5
East Feliciana Parish

Leslie Falks
DISTRICT 7
Livingston Parish

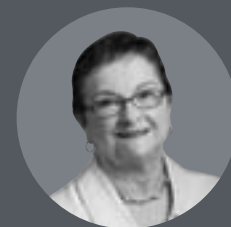
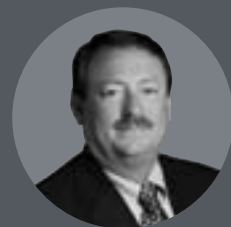
Glenn DeLee
DISTRICT 6
East Feliciana Parish

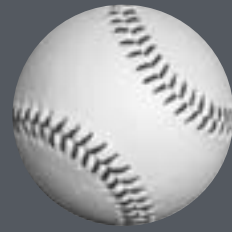
Daniel P. Berthelot
DISTRICT 9
Livingston Parish

Joseph Self Sr.
DISTRICT 11
St. Helena Parish

Eugene O. Traylor
DISTRICT 12
Tangipahoa Parish

Freddy Metz
DISTRICT 13
West Feliciana Parish





JANUARY

LSU baseball and Major League Baseball greats partnered with DEMCO to support the 2 Seam Dream Foundation and their efforts to strike out cancer at the organization's annual home run derby.



FEBRUARY

DEMCO was honored to serve the cooperative community by aiding the National Council of Farm Cooperatives (NCFC) with their annual meeting. The NCFC serves cooperatives and other farmer-owned enterprises all across America.



MARCH

Local high school students Mazie Dieterich, Whitney Hartmann, Katie Oliver and Maggie DiLeo each won an all-expense paid trip to Washington, D.C. The four were winners in the 2014 DEMCO Rural Electric Youth Tour essay contest.



APRIL

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.



MAY

DEMCO and its employees once again served as the title sponsor for the 20th annual Dream Day Foundation Fishin' Galore event held at the 3 Bar E Ranch in Clinton, Louisiana. DEMCO employees contributed over \$67,876.13 through payroll deductions, all of which benefited St. Jude's Children's Research Hospital.



JUNE

4-H University is held on LSU's campus where thousands of junior high and high school students converge to participate in academic challenges. DEMCO is called upon to host the Cooperative Public Speaking contest in which participants execute an oral presentation with the subject matter focused on the cooperative business model with a chance to win an all-expense paid trip hosted by the LSU AgCenter's 4-H Department.

2014 YEAR IN REVIEW

DEMCO's integrated electric distribution system covers 15,000 square miles and is one of the fastest growing cooperatives in the nation.



JULY

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. Campers enjoyed the activity presented by electric cooperative employees throughout the month-long event.



AUGUST

DEMCO sent 10 college students off to pursue their dreams with a two-semester scholarship. Five of the ten were named in honor of citizens, who served the cooperative in many ways; Dr. Bob Jones, Mr. Toler McCutcheon, Mr. Chance Morris, Mr. T.N. "Sonny" Samuel and Ms. Carrie Thomas.



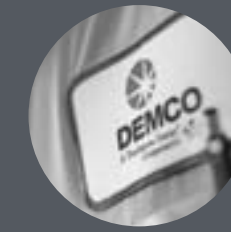
SEPTEMBER

DEMCO members voted in a landslide to adopt updated articles of incorporation for the cooperative. The affirmative vote overwhelmingly approved key measures that will improve the locally-owned utility's competitive edge for many years to come.



OCTOBER

DEMCO employees were issued pink hardhats to commemorate Breast Cancer Awareness Month. Field personnel used the pink personal protective equipment throughout the month to show their community spirit and support for the cause.



NOVEMBER

Each year in November, DEMCO takes time to honor its employees for reaching milestones in their service to the members. In this particular year 28 employees were honored for their service. 15 for five years, 5 for ten years, 6 for fifteen years, 3 for twenty years, 1 for twenty-five years, 1 for thirty years, and 5 for thirty-five years of service.



DECEMBER

DEMCO employees pooled personal resources to give back to the community during the holiday season. Along with family and friends, they collected enough donations of new toys and donations to bring a special Christmas to 13 families in need during this time.



SERVICES

The diversity of DEMCO's products and services are designed to help its members, but also to improve the overall efficiency of its entire operation. Improving operational efficiency helps fulfill its mission of providing safe, reliable and affordable electricity to all of its members.

DEMCO FOUNDATION

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.

DIXIE BUSINESS CENTER

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.



EMPLOYEES

Betty Adams
Justin Andrews
Jacob Arledge
Wendy Armstrong
Hijah Armstrong
Dena Arnold
Andrew Arnold, II
Marc Aucoin
Shinell Aultman
Kenneth Bailey
Jason Ballard
Kevin Beauchamp
Jeff Bellington
Debra Bennett
Troy Bergeron
Jamie Berry
Trent Bigner
Jeremy Blouin
Kenneth Bourgeois, Jr.
Brent Bradley
Debra Broadhurst
Daniel Brooks
Chase Broussard
Randy Buchanan
Julie Burns
Nick Carruth
Greg Carruth
Andy Castello
Beau Caston, Jr.
Todd Chauvin
Mike Chiasson, Sr.
Veronica Claiborne
Myra Clark
Jamie Coats
Donna Cody
Kevin Commander
Josh Conleay
Patricia Courtney
Eric Crain
Johnathan Crowder
Rickey Cummings
Richard Cutrer
Fred Dabney, Sr.
Doug Dalgo, II
Danny Delatte
Scott DeLee
Robert DeLee, Jr.
Jenny Desselle
Tara Divis
Paula Dixon
D.J. Doguet
Patrick Donohue
Galen Dunbar
Tiffany Dunn
Wade Duplessie
Martha Durden
Angie Elsey

Norman Engler
John Ervin, II
Vince Estes
Jeremy Farriel
Cade Felps
David Fournet
Frank Fowler
Penny Fruge
Cecil Garaudy
Rhianna Garon
Travas Glascock
Cody Glascock
Calvin Goza
Andy Graham
Vernon Graham
John Green
Dusty Guarino
Stephanie Guidry
Michelle Guidry
Lee Guillot
Bridget Guillot
Darren Harrell
Philip Harris
Darryl Hassell
Chuck Heine
Mystery Hester
Ray Hill, Jr.
Beverly Hodges
Jimmy Holden
Thomas Holland
Avesia Holland
Billy Holleman
Austin Hudspeth
Warren Jefferson
Larry Jenkins
Jeremy Jett
David Jewell
Toni Johnson
Chanon Johnson
Andrea Johnson
Dale Johnson
Andre Jones
Kenneth Jones
Tommy Klein, Jr.
Mike Knight
Missy Knoblauch
Chad LaCost, IV
Jan Landry
Devin Landry
Chad Landry
Mike Landry
Jake Lane
David Latona
Jeff Lea
Kaleb Lee
Dentory Lee
Louis Lee

Roman Lee
Shawn Little
Lorenza Lively
Jared Louque
Jeff Lyons
Cheryl Malbrough
Melvin Martin
Raelyn McAdams
Page McClure
Chasity McClure
Theodore McCray, Jr.
Anita McNeal
Haley Meadows
Brian Merritt
Johnny Metz
Pernell Miles
Sonya Miles
Josh Miller
Scott Miller
Justin Milton
Raymond Mizell
Yuan Mizell
Tiffany Moore
Ben Morein
Freddie Moreno
Bubba Munn
Quanika Muse
Chad Norred
Eric Ouber
Russchelle Overhultz
Jacob Overhultz
Phillip Pace
Kerri Pagano
Shawn Parker
Melvin Parker
Jacob Parker
Mike Parker, Sr.
Tammy Patton
Lori Peek
Shane Pendarvis
Paula Perry
Kelli Persac
Mark Phillips, Jr.
Gina Pickering
Daniel Poirrier
Donnie Prest
Josh Prestridge
Jackie Purvis, Jr.
Krystal Raymond
Matt Reed
Terrie Reed
William Reily
Nakita Ricard
Sandra Richard
Sam Rosso
Rachel Roule
Randy Rushing

Linda Sanders
Nick Saucier
Asa Scott
Arthur Selders, Jr.
Fred Self
Corey Sharpe
Levy Sibley
Brandon Simon
Jared Soileau
Chuck Spillman
Steven Spring
Darren St. Pierre
Jeremy Starns
Wayne Stevenson
Lori Stewart
Larry Stewart, Jr.
Raymond Stewart, Jr.
Blake Sullivan
Erica Sullivan
Patrick Tanner
Esther Tapia
Agra Templet
Marci Templet
Aaron Terrance
Mason Thacker
Wendy Thibodeaux
Richie Thomas
Alvin Thompson
Buddy Thompson, III
Rusty Todd
David Tucker
Turk Tynes
Ryan Vandersypen
Jimmie Varnado
Rhowanda Vessel
Debra Walker
Jeremy Wascom
Booker Washington
Doug Watson
Carl Watts
Hannah Watts
James Wells
Carl Westbrook
Robby White
Darrel White
Royland Wicker
Caleb Wilkinson
Derrick Willis
Shelly Wintz
John Woodburn
Bodhi Wright
Curtis Yaun
Joe Young
Phill Zito

FINANCIALS

Assets

2014 2013

UTILITY PLANT

Electric Plant in service	\$577,688,941	\$546,945,012
Construction work in progress	23,725,870	29,857,126
Other fixed assets	<u>3,789,911</u>	<u>4,477,139</u>
	605,204,722	581,279,277
Less: accumulated depreciation	<u>(139,079,038)</u>	<u>(133,883,988)</u>
<i>Total utility plant, net</i>	<u>466,125,684</u>	<u>477,395,289</u>

INVESTMENTS AND OTHER ASSETS

Investments in associated organizations	9,425,867	9,131,665
Notes receivable, long-term portion	<u>94,318</u>	<u>233,760</u>
<i>Total investments and other assets</i>	<u>9,520,185</u>	<u>9,365,425</u>

CURRENT ASSETS

Cash and cash equivalents	1,623,782	695,001
Restricted cash	2,266,943	3,835,795
Current portion of notes receivable	155,518	241,603
Accounts receivable		
Consumers <i>(net of allowance for uncollectible accounts of \$455,895 in 2014)</i>	10,067,659	10,251,801
Unbilled revenue	12,200,444	11,114,491
Other receivables <i>(net of allowance of \$457,922 in 2014)</i>	1,916,169	4,126,725
Deferred fuel adjustment	6,491,595	3,940,272
Materials and supplies	6,664,895	5,898,218
Prepaid expenses	<u>1,480,180</u>	<u>1,409,845</u>
<i>Total current assets</i>	<u>42,867,185</u>	<u>41,513,751</u>

OTHER ASSETS

Deferred charges	69,159,864	66,345,945
Intangible, net	800	800
Certificate of deposit-pledged	<u>150,000</u>	<u>150,000</u>
<i>Total other assets</i>	<u>69,310,664</u>	<u>66,496,745</u>
<u>Total assets</u>	<u>\$587,823,718</u>	<u>\$542,036,134</u>

System Statistics

AVERAGE MEMBERS BILLED/MO. 104,504	TOTAL MILES OF LINE 8,330	1,425 AVERAGE KWHs/MONTH/ RESIDENTIAL MEMBER
AVERAGE MEMBER/ MILE OF LINE 12.6	TOTAL KWHs SOLD 2,127,470,503	
MONTH OF SYSTEM PEAK JANUARY	AVERAGE KWHs/MONTH/MEMBER 1,697	AVERAGE MONTHLY REV./MEMBER \$164.03
TOTAL KWHs BOUGHT 2,265,301,512		SYSTEM PEAK DEMAND 613,373

Equities & Liabilities

2014 2013

EQUITIES		
Memberships	\$434,128	\$427,565
Patronage	<u>101,321,202</u>	<u>93,421,406</u>
<i>Total equity</i>	<u>101,755,330</u>	<u>93,848,971</u>
LONG-TERM DEBT		
Notes payable, less current maturities	323,737,268	335,052,773
Deferred interest-RUS notes	<u>1,654,538</u>	<u>2,351,068</u>
<i>Total long-term debt</i>	<u>325,391,806</u>	<u>337,403,841</u>
CURRENT LIABILITIES		
Managed overdraft	5,272,844	4,909,472
Current maturities of notes payable	11,831,225	12,750,546
Line of credit	53,422,244	31,957,751
Accounts payable	15,744,294	14,764,947
Consumer deposits	7,966,967	7,703,308
Accrued interest	775,007	7,703,308
Other accrued expenses and deferred credits	3,428,539	2,182,218
Customer refund	624,336	624,336
Rate moderation plan	2,266,943	3,835,795
<i>Total current liabilities</i>	<u>101,332,399</u>	<u>79,527,739</u>
DEFERRED CREDITS AND OTHER LIABILITIES		
Accrued post retirement benefits	53,680,500	48,259,500
Accrued vacation and sick pay	<u>5,663,683</u>	<u>5,731,159</u>
<i>Total deferred credits & other liabilities</i>	59,344,183	53,990,659
<i>Total equities and liabilities</i>	<u>\$587,823,718</u>	<u>\$564,771,210</u>

Operations & Patronage Capital 2014 2013

OPERATING REVENUE	\$212,226,368	\$179,143,475
OPERATING EXPENSES		
Cost of power	126,131,817	95,611,900
Cost of sales	6,321	21,878
Distribution-operations	7,704,695	7,016,230
Distribution-maintenance	16,407,317	13,535,613
Consumer accounts	6,269,364	5,724,181
Administrative and general	9,358,684	8,350,554
Depreciation and amortization	17,948,559	16,487,500
Taxes	5,456,730	4,993,644
Other	2,602,096	2,401,341
<i>Total operating expenses</i>	<u>191,885,583</u>	<u>154,142,841</u>
<i>Operating margins before fixed charges</i>	20,340,785	25,000,634
FIXED CHARGES		
Interest on long-term debt	12,334,147	13,143,470
Other interest	1,222,668	1,030,470
<i>Total fixed charges</i>	<u>13,556,815</u>	<u>14,173,940</u>
<i>Operating margins after fixed charges</i>	<u>6,783,970</u>	<u>10,826,694</u>
CAPITAL CREDITS	940,184	617,715
NON-OPERATING MARGINS		
Interest income	220,398	141,997
Other income (expense)	<u>(44,756)</u>	<u>(77,869)</u>
<i>Total non-operating margins</i>	<u>175,642</u>	<u>64,128</u>
<i>Net margins (deficit)</i>	7,899,796	11,508,537
PATRONAGE CAPITAL, BEGINNING OF YEAR	93,421,406	81,912,869
PATRONAGE CAPITAL, END OF YEAR	\$101,321,202	\$93,421,406

An everyday
commitment to
ensure the power
is in your hands.



DEMCO.org