

DEMCO

2015

POWERING LIVES

Brightening the Future

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 &
PROSPERITY
OF OUR AREA THROUGH
ETHICAL CONDUCT &
SOUND BUSINESS PRINCIPLES.

TABLE OF CONTENTS

04 PRESIDENT'S
Report

12 *Year IN Review*

Economic
DEVELOPMENT **06**

Services **14**

08 *Community*

15 EMPLOYEES

BOARD of
DIRECTORS **10**

Financials **16**



THE PRESIDENT'S REPORT

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 future 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.

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 2015 system statistics reflects another solid year. DEMCO's kilowatt-hour (kWh) sales grew from 2,127,470,503 in 2014 to 2,143,453,882 in 2015. The number of members billed increased from 105,137 in 2014 to 106,226 in 2015. Total miles of line in operation showed an average of 8,330 miles by the end of 2014, and by the end of 2015 totaled 8,406 miles.

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 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 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 this 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

POWERING THE FUTURE

ECONOMIC DEVELOPMENT



OVER THE PAST FIVE YEARS, DEMCO HAS
AVERAGED AN ANNUAL EXPENDITURE OF
\$30 MILLION
IN *New System Construction*
& *Expansion*, PLUS AN ADDITIONAL
\$15 MILLION
TOWARD *System Maintenance*.

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 & CONSTRUCTION DEPARTMENTS
make the best use of the latest technological advancements in the industry.



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.

MAKING THE
COMMUNITY
Shine Brighter



EACH YEAR
DEMCO
 & OUR *Employees*
 MAKE A COMMITMENT
 TO THE COMMUNITIES WE SERVE
 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
"GOOD CORPORATE CITIZEN."



JUST AS **DEMCO** CARES
 FOR THOSE IN NEED IN THE COMMUNITY,
 SO DOES OUR FAMILY OF EMPLOYEES.
 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 benefiting 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.

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."



BOARD OF DIRECTORS



STEVE IRVING
Vice President
DISTRICT 4
East Baton Rouge Parish



DENNIS LOTT
Secretary / Treasurer
DISTRICT 8
Livingston Parish



CLARENCE BROCK
DISTRICT 1
Ascension Parish



ANN SAMUEL
DISTRICT 2
East Baton Rouge Parish



RANDY LORIO
DISTRICT 3
East Baton Rouge Parish



ALICE FAYE MORRIS
DISTRICT 5
East Feliciana Parish



GLENN DELEE
DISTRICT 6
East Feliciana Parish



LESLIE FALKS
DISTRICT 7
Livingston 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 & 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.



APRIL

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.

FEBRUARY

DEMCO 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.



• MARCH •

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.



MAY

DEMCO 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.

• JUNE •

LOCAL HIGH SCHOOL STUDENTS BROOKS COURTNEY, ANNA JOLIBOIS, MOLLY MAGEE, & THOMAS WOLFF

each won an all-expense paid trip to Washington, D.C. The four were winners in the

2015 DEMCO RURAL ELECTRIC YOUTH TOUR ESSAY CONTEST

and joined other Louisiana winners on this trip of a lifetime.

JULY

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 PROVIDES EMPLOYEES WITH THE TECHNICAL KNOWLEDGE AND SKILLS TO PERFORM THEIR WORK AS

Safely & Efficiently AS POSSIBLE.

• SEPTEMBER •

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.



NOVEMBER

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.

• AUGUST •

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.

OCTOBER

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.

• DECEMBER •

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 DEMCO.

SERVICES

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

**(located in Denham Springs, Louisiana)
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	Johnathan Crowder	Chuck Heine	Roman Lee	Russchelle Overhultz	Erica Sullivan
Justin Andrews	Rickey Cummings	Mystery Hester	Louis Lee	Phillip Pace	Blake Sullivan
Jacob Arledge	Ric Cutrer	Ray Hill Jr.	Shawn Little	Kerri Pagano	Patrick Tanner
Wendy Armstrong	Fred Dabney Sr.	Beverly Hodges	Lorenza Lively	Jacob Parker	Esther Tapia
Hijah Armstrong	Doug Dalgo II	Jimmy Holden	Jared Louque	Melvin Parker	Agra Templet
Dena Arnold	Danny Delatte	Avesia Holland	Jeff Lyons	Mike Parker Sr.	Marci Templet
Andrew Arnold II	Scott DeLee	Thomas Holland	Patrick Mansfield	Tammy Patton	Aaron Terrance
Marc Aucoin	Robert DeLee Jr.	Billy Holleman	Mel Martin	Lori Peek	Mason Thacker
Shinell Aultman	Jenny Desselle	Austin Hudspeth	Raelyn McAdams	Kelli Persac	Wendy Thibodeaux
Kenneth Bailey	Tara Divis	Warren Jefferson	Chasity McClure	Mark Phillips Jr.	Richie Thomas
Jason Ballard	Paula Dixon	Jeremy Jett	Page McClure	Gina Pickering	Buddy Thompson III
Kevin Beauchamp	D.J. Doguet	David Jewell	Theo McCray Jr.	Daniel Poirrier	Rusty Todd
Jeff Bellington	Patrick Donohue	Andrea Johnson	Anita McNeal	Donnie Prest	David Tucker
Debra Bennett	Michael Doughty	Toni Johnson	Haley Meadows	Josh Prestridge	Turk Tynes
Troy Bergeron	Galen Dunbar	Chanon Johnson	Brian Merritt	Jackie Purvis Jr.	Ryan Vandersypen
Jamie Berry	Tiffany Dunn			Krystal Raymond	Jimmie Varnado
Trent Bigner	Wade Duplessie			Matt Reed	Rhowanda Vessel
Jeremy Blouin	Brister Dupont			Terrie Reed	John Vranic
Kenny Bourgeois Jr.	Norman Engler			Nakita Ricard	Debra Walker
Brent Bradley	John Ervin II			Sandra Richard	Jeremy Wascom
Daniel Brooks	Vince Estes			Sam Rosso	Booker Washington
Lori Broussard	Cade Felps			Rachel Roule	Doug Watson
Chase Broussard	David Fournet			Linda Sanders	Hannah Watts
Mary Broussard	Frank Fowler			Nick Saucier	Carl Watts
Julie Burns	Penny Fruge	Dale Johnson	Sonya Miles	Asa Scott	Carl Westbrook
Nick Carruth	Cecil Garaudy	Andre Jones	Pernell Miles	Arthur Selders Jr.	Darrel White
Greg Carruth	Travas Glascock	Tommy Klein Jr.	Josh Miller	Fred Self	Robby White
Andy Castello	Cody Glascock	Michael Knight	Scott Miller	Corey Sharpe	Royland Wicker
Beau Caston Jr.	Vernon Graham	Missy Knoblauch	Justin Milton	Levy Sibley	Caleb Wilkinson
Todd Chauvin	Andrew Graham	Chad LaCost IV	Yuan Mizell	Brandon Simon	Derrick Willis
Mike Chiasson Sr.	John Green	Chad Landry	Raymond Mizell	Jared Soileau	Shelly Wintz
Veronica Claiborne	Dusty Guarino	Devn Landry	Tiffany Moore	Chuck Spillman	John Woodburn
Myra Clark	Michelle Guidry	Jan Landry	Ben Morein	Steven Spring	Bodhi Wright
Jamie Coats	Stephanie Guidry	Jake Lane	Freddie Moreno	Darren St. Pierre	Curtis Yaun
Kevin Commander	Lee Guillot	David Latona	Quanika Muse	Jeremy Starns	Phillip Zito
Josh Conleay	Darren Harrell	Jeff Lea	Chad Norred	Wayne Stevenson	
Patricia Courtney	Philip Harris	Dentory Lee	Eric Ouber	Larry Stewart Jr.	
Eric Crain	Darryl Hassell	Kaleb Lee	Jacob Overhultz	Raymond Stewart Jr.	



FINANCIALS

Assets

	2015	2014
UTILITY PLANT		
Electric Plant in service	\$602,226,337	\$577,688,941
Construction work in progress	17,371,926	23,725,870
Other fixed assets	3,716,876	3,789,911
	<u>623,315,139</u>	<u>605,204,722</u>
Less: accumulated depreciation	(144,117,837)	(139,079,038)
Total utility plant, net	<u>479,197,302</u>	<u>466,125,684</u>
INVESTMENTS AND OTHER ASSETS		
Investments in associated organizations	9,732,292	9,425,867
Notes receivable, long-term portion	76,037	94,318
Total investments and other assets	<u>9,808,329</u>	<u>9,520,185</u>
CURRENT ASSETS		
Cash and cash equivalents	1,423,759	1,623,782
Restricted cash	-	2,266,943
Current portion of notes receivable	40,737	155,518
Accounts receivable		
Consumers (net of allowance for uncollectible accounts of \$324,779 in 2015)	9,474,738	10,067,659
Unbilled revenue	11,126,594	12,200,444
Other receivables (net of allowance of \$377,336 in 2015)	2,581,809	1,916,169
Deferred fuel adjustment	2,163,880	6,491,595
Materials and supplies	6,235,297	6,664,895
Prepaid expenses	895,301	1,480,180
Total current assets	<u>33,942,115</u>	<u>42,867,185</u>
OTHER ASSETS		
Deferred charges	71,170,841	69,159,864
Intangible, net	800	800
Certificate of deposit-pledged	600,000	150,000
Total other assets	<u>71,771,641</u>	<u>69,310,664</u>
Total assets	<u>\$594,719,387</u>	<u>\$587,823,718</u>

Equities & Liabilities

	2015	2014
EQUITIES		
Memberships	\$440,555	\$434,128
Patronage	105,959,839	101,321,202
Total equity	<u>106,400,394</u>	<u>101,755,330</u>
LONG-TERM DEBT		
Notes payable, less current maturities	372,072,334	323,737,268
Deferred interest-RUS notes	1,119,148	1,654,538
Total long-term debt	<u>373,191,482</u>	<u>325,391,806</u>
CURRENT LIABILITIES		
Managed overdraft	-	5,272,844
Current maturities of notes payable	11,484,927	11,831,225
Line of credit	13,495,524	53,422,244
Accounts payable	13,930,121	15,744,294
Consumer deposits	8,154,847	7,966,967
Accrued interest	682,344	775,007
Other accrued expenses and deferred credits	2,100,143	3,428,539
Customer refund	624,336	624,336
Rate moderation plan	-	2,266,943
Total current liabilities	<u>50,472,242</u>	<u>101,332,399</u>
DEFERRED CREDITS AND OTHER LIABILITIES		
Accrued post retirement benefits	58,732,700	53,680,500
Accrued vacation and sick pay	5,922,569	5,663,683
Total deferred credits & other liabilities	64,655,269	59,344,183
Total equities and liabilities	<u>\$594,719,387</u>	<u>\$587,823,718</u>

Operations & Patronage Capital

	2015	2014
OPERATING REVENUE	\$206,898,748	\$212,226,368
OPERATING EXPENSES		
Cost of power	124,587,290	126,131,817
Cost of sales	3,682	6,321
Distribution-operations	8,065,263	7,704,695
Distribution-maintenance	16,810,080	16,407,317
Consumer accounts	6,529,697	6,269,364
Administrative and general	7,570,239	9,358,684
Depreciation and amortization	18,415,130	17,948,559
Taxes	5,638,282	5,456,730
Other	2,144,159	2,602,096
Total operating expenses	189,763,822	191,885,583
Operating margins before fixed charges	17,134,926	20,340,785
FIXED CHARGES		
Interest on long-term debt	12,496,163	12,334,147
Other interest	1,043,305	1,222,668
Total fixed charges	13,539,468	13,556,815
Operating margins after fixed charges	3,595,458	6,783,970
CAPITAL CREDITS	944,222	940,184
NON-OPERATING MARGINS		
Interest income	160,236	220,398
Other income (expense)	(61,279)	(44,756)
Total non-operating margins	98,957	175,642
Net margins (deficit)	4,638,637	7,899,796
PATRONAGE CAPITAL, BEGINNING OF YEAR	101,321,202	93,421,406
PATRONAGE CAPITAL, END OF YEAR	\$105,959,839	\$101,321,202

SYSTEM STATISTICS

AVERAGE MEMBERS BILLED/MO.

106,226

TOTAL MILES OF LINE

8,406

1,397

AVERAGE KWHS/MONTH/RESIDENTIAL MEMBER

AVERAGE MEMBER/MILE OF LINE

12.6

TOTAL KWHS SOLD

2,143,453,882

AVERAGE KWHS/MONTH/MEMBER

1,682

AVERAGE MONTHLY REV./MEMBER

\$155.95

MONTH OF SYSTEM PEAK

JANUARY

TOTAL KWHS BOUGHT

2,272,117,000

SYSTEM PEAK DEMAND

602.517



DEMCO

DIXIE ELECTRIC MEMBERSHIP CORPORATION

A Touchstone Energy® Cooperative 

DEMCO.ORG