



DEMCO

A Touchstone Energy
Cooperative 

COMMUNITY POWER

2021 ANNUAL REPORT

ASCENSION • EAST BATON ROUGE • EAST FELICIANA • LIVINGSTON • ST. HELENA • TANGIPAOHA • WEST FELICIANA



DEMCO ELECTRIC COOPERATIVE

In 1938 DEMCO was established to bring electricity to southeast Louisiana. The first lines powered 750 meters. Now one of the largest electric co-ops in the country, DEMCO powers 114,000+ meters in seven parishes: Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, Tangipahoa, and West Feliciana.

DEMCO is a not-for-profit electric cooperative that purchases power from a wholesale power supplier, then distributes that power to our members. About 65 to 70 percent of a DEMCO bill is the cost of wholesale power, and 30 to 35 percent is the cost for DEMCO to distribute the electricity to a home or business. Any profit is reinvested in the co-op to maintain and improve our system, staffing and the communities we serve.

Local service and attention to the unique needs of our members is in large part what makes our co-op so successful. The decisions about your co-op are guided by a member-elected local board of directors, who represent all members.



PRESIDENT'S REPORT

The President's Report is offered to the membership each year to highlight milestones and report on DEMCO operations.

In 2021, the COVID pandemic continued to impact our members, the co-op, and the world. DEMCO continued to pivot in order to provide the highest possible service, while keeping a safe environment for employees, members and the community.

In February, a polar outbreak named "Winter Storm Uri" caused historically low temperatures, ice and snow to grip many regions of the country, stressing both electric generating capacity and the ability of the transmission grid to move power from state to state and region to region. The freezing rain and temperatures affected DEMCO and other electric generation and distribution systems across the southern United States. Fortunately, DEMCO was not part of any curtailed supply or rolling blackouts, and the extraordinary wholesale power cost was spread across twelve months in members' bills, May 2021-April 2022.



Later in 2021, DEMCO service areas were struck with Hurricane Ida - the worst natural disaster ever to hit the cooperative. More than 90 percent of DEMCO members were without power and the weeks-long restoration took 1000+ crewmen, contractors, and DEMCO staff to implement a well-coordinated and complex restoration plan. With more than four-thousand broken poles, four-hundred transformers damaged or destroyed, and thousands of miles of power line damaged or down, the three-week power restoration cost about \$65 million dollars and thousands of hours of employee/contractor time and effort. DEMCO is working with FEMA and GOHSEP to recover expenses. Through all this, the DEMCO board of directors joined with me in thanking the dedicated family of DEMCO employees for their tireless work to restore power after Hurricane Ida.



In June, DEMCO converted to a new software system. All DEMCO member accounts successfully converted to the new MyDEMCO, and DEMCO staff began calibrating systems and processes. The decision to transition was founded in audit outcomes of 2019, which revealed the need to improve business operations transparency, software, and processes.





PRESIDENT'S REPORT

In October, DEMCO signed new wholesale power contracts with NextEra Energy to take effect in April 2024, if approved by the Louisiana Public Service Commission. These new contracts will mean lower and more stable rates for our members, with savings estimated around \$160 million over the ten-year life of the contracts.

Another significant milestone reached by DEMCO in 2021 is the achievement of one million man hours without a lost-time accident. This is a tremendous accomplishment that requires daily effort and a safety mindset of each team member.

A review of DEMCO 2021 system statistics shows DEMCO's kilowatt-hour (kWh) sales were **2,111,490,757**. The number of members billed was **114,420**. Total miles of line equal **8,954**, and system peak demand was **612 MW**. Electric plant in service is **\$807,112,019** of which **\$62,806,234** is related to Hurricane Ida Work in Progress, an increase from **\$722,794,111** reported in 2020.

I speak for the entire board when I say that it is an honor to represent you. Please reach out to any of us whenever we can be of assistance.

In service,

Danny Berthelot, *President*
DEMCO Board of Directors



Four board members were re-elected without opposition, each to serve a three-year term.

DISTRICT

1



Elinda Taillon
Ascension Parish

DISTRICT

7



Leslie Falks
Livingston Parish

DISTRICT

2



Jill McGraw
East Baton Rouge Parish

DISTRICT

11



Tresa Byrd
St. Helena Parish



CEO MESSAGE

In 2021 DEMCO continued to confront the challenges of the worldwide COVID pandemic. Co-op members were also impacted by winter storm Uri in February, an increase in wholesale power costs, and the devastating Hurricane Ida. An overview of these events is provided below.

In mid-February, Winter Storm Uri blew across DEMCO service areas delivering freezing temperatures and rain that quickly turned to ice on poles, trees and power lines. Due to the weight from icy build up, our system suffered broken poles in 36 locations, downed wire in 127 locations and outages to over 22,000 meters.



The polar outbreak caused historically low temperatures that gripped many regions of the country and stressed the electric generating capacity and the ability of the transmission grid to move power from state to state and region to region. Fortunately, DEMCO was not part of any curtailed supply or rolling blackouts; however, the unprecedented demand for wholesale power costs resulted in higher bills for many regions including our co-op members.

DEMCO spread the costs of Winter Storm Uri over a year to prevent a shocking increase in one month. The Louisiana Public Service Commission allowed this approach for all utilities to help all ratepayers.

In April, DEMCO hosted our 45th annual essay contest using a remote event platform, with twelve member-students competing and four winners chosen to receive a \$2,000 scholarship prize.

The four winners of the DEMCO 2021 Essay Contest and a \$2,000 scholarship are: Allie Slater, Central High School, Nia Jerro, Central High School, Destiny Kelly, Denham Springs High School, and Madison Brignac, French Settlement High School.



Allie Slater



Nia Jerro



Destiny Kelly



Madison Brignac

At the May annual membership meeting, DEMCO marked twenty-eight years of our scholarship program by awarding twenty-eight \$2,500 scholarships to DEMCO-member eligible students.

DEMCO also launched a new all-expense-paid leadership and educational program for 9th and 10th grade DEMCO member-students. Seven students were selected to participate in the Youth Cooperative Ambassador Program (YCAP): Shawn Comminey, II, Dutchtown High School; DeVone Holiday, Jr., St. Helena College and Career Academy; Yu'Toria Jones, Zachary High School; Aaron Kelly, Central High School; Brennan Michelli, Central High School; London Sanford, Northeast High School; and Abrielle Steele, Live Oak High.



Shawn Comminey II



DeVone Holiday Jr.



Yu'Toria Jones



Aaron Kelly



Brennan Michelli



London Sanford



Abrielle Steele

Investing in area youth demonstrates DEMCO's commitment to our members and the communities we serve.



CEO MESSAGE

The ongoing COVID pandemic resulted in worldwide supply chain issues, which cascaded into a shortage of digital chips like the ones used in smart meters. As a result, DEMCO decided to curtail the smart meter change-out of 70,000 meters in order to preserve inventory. Additional supply chain coping strategies were implemented to prepare for and stay in front of continued impacts.

Beginning in the summer, wholesale power costs for DEMCO members increased approximately 60 percent, primarily due to Cleco Power's decision to close the Dolet Hills Power Station. These costs were pushed into the rates of all CLECO consumers, including wholesale customers like DEMCO, causing an increase in retail rates by about 25 percent, exacerbated by higher fuel costs over the same period.

In November, ribbon cuttings commemorated two new DEMCO member service centers located in St. Francisville and Denham Springs. DEMCO elects to have a physical and personal presence in each community we serve, and these buildings and the staff who work there are reminders of our local co-op spirit.

In December, DEMCO launched a funding partnership with Dolly Parton's Imagination Library in St. Helena Parish, with administrative partner and local affiliate Volunteers of America. This book-gifting program is for children ages 0-5 to inspire a love of reading, and is a meaningful way to add lasting value to our members' lives.

In the 4th quarter, DEMCO announced signing new wholesale power contracts for review and approval by the Louisiana Public Service Commission. DEMCO will boldly and aggressively advocate for the adoption of these contracts on your behalf and the economic benefits to our seven-parish service area.

If approved, these new power supply contracts will take effect in April 2024 and will save DEMCO members \$160 million over the ten-year life of the contracts.

In an economic impact study, Dr. James Richardson, Professor Emeritus of Louisiana State University, projects the economic outcomes of lower electricity prices, and the results are staggering. Because of DEMCO members spending less on electricity, they will likely spend these savings in other areas of the economy resulting in almost \$270 million in increased economic transactions, which will lead to about \$90 million in additional personal earnings, almost 3,000 new jobs, and over \$12 million in additional state and local tax receipts.

As DEMCO employees, we strive to do our very best every day. Our number one priority is to deliver excellent service to you – our co-op members.

In service,

Randy Pierce
CEO and General Manager



Mission Statement

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



BOARD OF DIRECTORS

Fellow members are locally elected via a democratic process to ensure the way we conduct business is in the best interest and representative of our members. Board directors serve a three-year term.

DISTRICT

1



Elinda Taillon
Ascension Parish

DISTRICT

8



Dennis Lott
Secretary/Treasurer
Livingston Parish

DISTRICT

2



Jill McGraw
East Baton Rouge Parish

DISTRICT

9



Daniel Berthelot
President
Livingston Parish

DISTRICT

3



Randy Lorio
Vice President
East Baton Rouge Parish

DISTRICT

10



Richard "Dickie" Sitman
St. Helena Parish

DISTRICT

4



Steve Irving
East Baton Rouge Parish

DISTRICT

11



Tresa Byrd
St. Helena Parish

DISTRICT

5



Mike Anderson
East Feliciana Parish

DISTRICT

12



Melissa Dufreche
Tangipahoa Parish

DISTRICT

6



Glenn DeLee
East Feliciana Parish

DISTRICT

13



Kevin Beauchamp
West Feliciana Parish

DISTRICT

7



Leslie Falks
Livingston Parish

Visit www.DEMCO.org/About-Us/Board-Directors to learn more about DEMCO Board of Directors.



FINANCIAL

ASSETS

UTILITY PLANT

	2021	2020
Electric Plant in service	\$729,109,742	\$713,428,909
Construction work in progress	1,708,591	1,682,353
Other fixed assets	76,293,686	7,682,849
	807,112,019	722,794,111
Less: accumulated depreciation	<u>(195,885,375)</u>	<u>(183,758,163)</u>
Total utility plant, net	<u>611,226,644</u>	<u>539,035,948</u>

INVESTMENTS AND OTHER ASSETS

Investments in associated organizations	11,147,872	10,916,351
Notes receivable, long-term portion	144,760	16,788
Certificate of Deposit pledged	-	-
Total investments and other assets	<u>11,292,632</u>	<u>10,933,139</u>

CURRENT ASSETS

Cash and cash equivalents	12,049,221	11,710,846
Current portion of notes receivable	150,000	149,202
	<u>12,199,221</u>	<u>11,860,048</u>

ACCOUNTS RECEIVABLE

Consumers net of allowance	14,695,355	12,009,612
Other receivables	7,742,578	7,796,757
Unbilled revenue	10,119,126	10,825,623
Deferred fuel adjustment	1,849,519	-
Materials and supplies	7,725,060	4,518,346
Other current and accrued assets	1,568,842	2,304,641
	<u>43,700,480</u>	<u>37,454,979</u>

OTHER ASSETS

Deferred charges	46,772,899	53,433,239
Deferred income tax asset	112,214	185,380
Total other assets	<u>46,885,113</u>	<u>53,618,619</u>

Total assets	<u>\$725,304,090</u>	<u>\$652,902,733</u>
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FINANCIAL

EQUITIES & LIABILITIES

	2021	2020
EQUITIES		
Memberships	\$404,815	\$445,935
Patronage	111,914,061	111,914,061
Other equities	<u>(1,306,275)</u>	<u>9,477,655</u>
Total equity	<u>111,012,601</u>	<u>121,837,651</u>
LONG-TERM DEBT		
Notes payable, less current maturities	432,694,659	406,607,895
Deferred interest-RUS notes	<u>163,495</u>	<u>258,381</u>
Total long-term debt	<u>432,858,154</u>	<u>406,866,276</u>
CURRENT LIABILITIES		
Current maturities of notes payable	15,050,790	11,890,921
Current portion of post-retirement benefit obligation	1,873,872	1,899,395
Lines of credit	47,036,083	26,000,000
Accounts payable	45,709,504	16,429,828
Consumer deposits	8,819,714	8,671,473
Accrued interest	3,141,887	542,114
Other accrued expenses and deferred credits	2,010,977	2,204,027
Customer refund	<u>-</u>	<u>4,880,381</u>
Total current liabilities	123,642,827	72,518,139
DEFERRED CREDITS AND OTHER LIABILITIES		
Accrued post retirement benefits	43,701,054	46,101,287
Deferred Credits	<u>14,089,454</u>	<u>5,579,380</u>
Total deferred credits & other liabilities	57,790,508	51,680,667
Total equities and liabilities	<u><u>725,304,090</u></u>	<u><u>652,902,733</u></u>



FINANCIAL

OPERATING REVENUE

	2021	2020
	238,947,191	202,863,692
OPERATING EXPENSES		
Cost of power	152,259,111	114,943,762
Cost of sales	10,152	2,082
Distribution-operations	7,891,065	7,340,997
Distribution-maintenance	21,039,058	18,718,167
Consumer accounts	7,140,004	7,326,906
Administrative and general	14,018,981	10,846,694
Depreciation and amortization	23,127,643	22,051,792
Taxes	7,336,978	6,161,625
Other	3,060,713	3,202,000
Total operating expenses	235,883,705	190,594,025
Operating margins before fixed charges	3,063,486	12,269,667
FIXED CHARGES		
Interest on long-term debt	13,768,867	13,715,035
Amortization on Reacquired debt	22,646	22,646
Other interest	831,296	532,033
Total fixed charges	14,622,809	14,269,714
Operating margins after fixed charges	(11,559,323)	(2,000,047)
CAPITAL CREDITS	543,789	491,174
NON-OPERATING MARGINS		
Interest income	153,930	207,098
Other income	153,684	41,098
Total non-operating margins	307,614	248,196
Income Tax Benefit	(76,008)	(107,556)
Net margins	(10,783,928)	(1,368,235)
PATRONAGE CAPITAL, BEGINNING OF YEAR	111,914,061	112,762,645
Margins Transferred to Other Equities	(10,783,928)	519,651
PATRONAGE CAPITAL, END OF YEAR	111,914,061	111,914,061



DEMCO EMPLOYEES

Adam Aime
Walt Aldridge
Justin Andrews
Brock Andrus
Drew Arbour
Jake Arledge
Hijah Armstrong
Andrew Arnold
Marc Aucoin
Shinell Aultman
Kenneth Bailey
Jason Ballard
Braydon Ballard
Penny Bates
Jonathan Beland
Jeff Bellington
D'Aaron Bennett
Traymond Benton
Troy Bergeron
Jamie Berry
Trent Bigner
Tia Billoups
Jeremy Blouin
Kenneth Bourgeois
Joshua Braunschweig
Daniel Brooks
Lori Broussard
Lacey Brown
Julie Burns
Luke Butler
Ashley Carradine
Scot Carraway
Nick Carruth
Andy Castello
Gaby Castillo
Beau Caston
Brooke Causey
Jodie Chapman
Todd Chauvin
Mike Chiasson
Veronica Claiborne
Jamie Coats
Dominique Comeaux
Kevin Commander
Donny Compton
Patricia Courtney
Sheri Cox
Eric Crain
Daniel Cross
Dustin Crouch
Johnathan Crowder

Rickey Cummings
Doug Dalgo
Danny Delatte
Scott DeLee
Edward DeLee
Jenny Desselle
Marissa Doiga
Patrick Donohue
Michael Doughty
Galen Dunbar
Tiffany Dunn
Wade Duplessie
Josh Ellis
Vince Estes
Brad Everett
George Fage
Cade Felps
Frank Fowler
Penny Fruge
Erin Gallahue
Charlie Gallup
Cecil Garaudy
Lauren Garaudy
Mason Gautreaux
Twyla Gibson
Matt Gibson
Travas Glascock
Cody Glascock
Cole Glascock
Andy Graham
John Green
Dusty Guarino
Katie Guessfeld
Jeff Guffey
Michelle Guidry
Kelli Guidry
Stephanie Guidry
Kip Guidry
Lee Guillot
Kate Guillot
Aaron Guitreau
Cody Hanna
Cody Harper
Darren Harrell
Philip Harris
Anne Hawes
Kelvin Haymon
Kelly Heroman
Caleb Herring
Allana Herring
Zachary Herring

Mystery Hester
Ray Hill
Orlando Hill
Thomas Hodges
Jimmy Holden
Cole Holden
Tommy Holland
Avesia Holland
Dante Holmes
Scott Hoppe
Collin Howell
Austin Hudspeth
Cole Hudspeth
Coraneisha Hughes
Jeremy Jett
David Jewell
Andrea Johnson
Toni Johnson
Esha Johnson
Tyler Keefer
Moussa Keita
Jaymis Kenney
Lisa Key
Joel Kilpatrick
Tommy Klein
Michael Knight
Missy Knoblauch
Benjamin Kyzar
Chad LaCost
Devin Landry
Chad Landry
Destiny Landry
Jake Lane
Joe Langlois
David Latona
Jeff Lea
Louis Lee
Kaleb Lee
Roman Lee
Sarah Lee
Jordan Lee
Shawn Little
Mark Liuzza
Lorenza Lively
Ken Lofton
Jared Louque
Valarie Lozano
Jared Mack
Patrick Mansfield
Peggy Maranan
Jeffrey Marino

Melvin Martin
Chanon Martin
Eathan Martin
Page McClure
Theo McCray
Brian Merritt
Haley Merritt
Matthew Michael
Pernell Miles
Scott Miller
Josh Miller
Justin Milton
Brady Milton
Paula Mims
Yuan Mizell
Tiffany Moore
Jacob Moore
Ben Morein
Bubba Morgan
Garrett Motichek
Quanika Muse
Lyle Newell
Alex Newman
Chad Norred
Eric Ouber
Russchelle Overhultz
Jacob Overhultz
Braden Owens
Phillip Pace
Kerri Pagano
Melvin Parker
Jacob Parker
Brady Parker
Luke Patterson
Brett Patterson
Lori Peek
Daniel Pendergist
Mark Phillips
Randy Pierce
Daniel Poirrier
Donnie Prest
Josh Prestridge
Terrie Reed
Matt Reed
Ryan Reed
Anita Reviere
Elishea Rheams
Nakita Ricard
Sandra Richard
Sam Rosso
Rachel Roule

Kathy Sanches
Linda Sanders
Asa Scott
Corey Sharpe
Levy Sibley
Nicole Sibley
Brandon Simon
Kellie Smith
Abigail Smith
Jared Soileau
Steven Spring
Jeremy Starns
Raymond Stewart
Jeffrey Stewart
Larry Stewart
Ashton Stokes
Darren StPierre
Blake Sullivan
Erica Sullivan
Patrick Tanner
Michael Taylor
Agra Templet
Marci Templet
Cration Templeton
Aaron Terrance
Justin Terrell
Wendy Thibodeaux
Richie Thomas
Rusty Todd
Maderis Trout
David Tucker
Ashley Tuminello
Bianca Tyson
Johnathan Vann
Heather Verrett
Rhowanda Vessel
Jeremy Wascom
Chase Wascom
Carl Watts
Hannah Watts
Jordan Watts
Daniel Watts
Michael Welborn
Carl Westbrook
Darrel White
Royland Wicker
Caleb Wilkinson
Derrick Willis
Dale Wolfe
Bodhi Wright
Tyler Zimmerebner



DEMCO

A Touchstone Energy
Cooperative 

2021 ANNUAL REPORT

Providing safe, reliable, and competitively priced energy services to co-op members since 1938.