

# 2018 ANNUAL REPORT POINTS OF LIGHT



**DEMCO**  
DIXIE ELECTRIC MEMBERSHIP CORPORATION  
A Touchstone Energy  
Cooperative 



#### OUR MISSION

DEMCO exists to serve our members 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.

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# THE PRESIDENT'S REPORT

*The President's Report is offered to the membership each year as a review of DEMCO operations and highlights the efforts taken by your electric cooperative to keep reliable service and stay financially secure.*

Since the onboarding of our new CEO in August 2018, I have observed the steadfast hard work and deep commitment of DEMCO leadership, staff and board directors to deliver our mission to co-op members.

Founded in 1938, DEMCO is one of the largest of 900 electric co-ops in the country. DEMCO is also Louisiana's largest co-op serving 110,000 metered members and maintaining 8,600 miles of power line in seven parishes – Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, Tangipahoa, and West Feliciana.

This year, after many years as a DEMCO board director, I serve as your President, and it is a real pleasure to do so. I will work hard with the 218 DEMCO staff members and every board director in our collective mission to deliver safe, reliable and affordable electrical service to you – our co-op members.

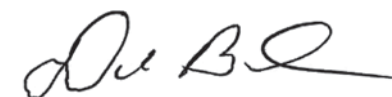
With an impressive foundation upon which to grow, DEMCO aims to bring new accounts and members online. Each member is important to us, and each member makes the co-op stronger. When we provide high-quality service to existing members and actively prospect new residential, commercial and industrial members, our co-op grows and our members benefit with lower costs.

**A review of DEMCO's system statistics shows DEMCO's kilowatt-hour (kWh) sales were 2,161,771,613 in 2018, an increase of 6% from 2,030,798,923 kWh sales in 2017.**

The number of members billed increased to 110,312 in 2018, up by 2% from 108,682 in 2017. Total miles of line in operation are steadily increasing, now at 8,600 miles of line, up from 8,557 miles in 2017 and 8,467 miles in 2016. Also noteworthy is an increase in system peak demand, from 535.7 MW in 2017 to 662 MW in 2018, a 24% increase.

In closing, I would like to thank Freddy Metz and Eugene Traylor for their many years of service as DEMCO board members. Each retired in 2019. Congratulations to Glenn DeLee representing District 6 members of East Feliciana Parish and Randy Lorio representing District 3 members of East Baton Rouge Parish for their re-election to another three-year term. This is also a great opportunity to welcome the newest member of the board Kevin Beauchamp who will represent District 13 members of West Feliciana Parish. I would also like to thank the members of District 9 Livingston Parish for my re-election to the board to represent them. I appreciate your confidence in me.

I look forward to serving DEMCO members with my fellow board directors and pledge that we will work with you to make ours the safest, most reliable and affordable electric cooperative. It is our privilege and a pleasure to represent you.



In your service,  
**Danny Berthelot, President**  
DEMCO Board of Directors





# CEO MESSAGE

In August 2018, I joined DEMCO as CEO and General Manager. As a career co-op professional, my experience is vast and varied. My work with local, regional and national co-op members and leaders has uniquely readied me for my work at DEMCO, the largest electric cooperative in Louisiana and one of the largest of 900 in the United States.

**With 110,000 meters and 8,600 miles of power line, DEMCO is a powerhouse. DEMCO has a state-of-the-art modern system of electric transmission and distribution facilities that includes 10 metering points for wholesale power and 41 substations for system reliability.**

The DEMCO team is comprised of dedicated and knowledgeable hard-working men and women who energize our business and communities across a seven-parish service area: Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, Tangipahoa, and West Feliciana.

Since 1938, DEMCO has kept family, friends and community connected, and we understand the spirit that helped create this co-op must be continually nurtured.

DEMCO, your electric cooperative, works hard by investing time, money and expertise in community and economic development projects, educating students about safety and the environment, and generously donating time, energy and resources to charities, schools and community events.

As we continue to look toward the future, you can be confident that DEMCO will commit to explore new ways to serve our members and our community. While times and technology will continue to change, our commitment to you will not.

**Randy Pierce**  
*CEO and General Manager*



SPARKING GROWTH



# ECONOMIC DEVELOPMENT

DEMCO's economic development efforts have shown huge successes in 2018. Projects throughout the service territory are not only coming to fruition but are sparking additional growth.

The team at DEMCO has made great strides in our work with developers, and we pledge to continue meeting the needs of residential, commercial and industrial members.

One area in particular that is experiencing exponential growth is the Interstate 12 corridor. The cooperative is excited to be serving new and expanded retail and residential loads along this active area of our service area. DEMCO welcomes residential subdivision members in Hidden Point, Fairview Gardens, Camden Oaks, Highland Lakes, Hunter's Ridge, Cedar Pointe, Arbor Grove, Sanctuary at Oak Colony, and Mariner's Cove.

Large commercial projects are also moving forward with a three-story Pelican Credit Union main site on O'neal Lane, a Hobby Lobby at Juban Crossing, a Green Season on Central Thruway, and Superior Ford in Zachary.

Economic development is key to expanding our membership base and the consequential spread of cost to all members.

**As DEMCO continues to grow with the needs of our members, we all continue to build with the pace of success in industry. The cooperative looks forward to serving the needs in this area and beyond as the membership's interest grows.**



POWERING COMMUNITY

# COMMUNITY

It is one of the foundational principles of cooperatives all over the world to have concern for community. Moreover, it is in DEMCO's culture and mission statement to be a good corporate citizen.

Members throughout our seven-parish service territory choose to participate in a program called Operation Roundup. This voluntary program rounds each participating member's bill up to the nearest dollar and contributes that extra change to the DEMCO Foundation. Over 66,472 DEMCO members participate each year, and the average contribution by each is \$6. These funds are then used to help DEMCO members who have experienced some form of hardship or have fallen on hard times.

**The DEMCO Foundation has been in existence since 1997 and has reached a pinnacle amount in its contributions of more than \$5,000,000.**

A DEMCO Foundation Board made up of community members reviews monthly applications and determines which to fund. Disbursements include: 656 scholarships totaling \$733,916; school uniform awards of \$192,657 purchased and distributed to over 800 children; and \$234,689 to over 200 families impacted by house fires or tornadoes. Funds of \$445,111 have been provided for medication and medical expenses for the elderly and disabled, as well as \$443,682 to fund handicap-accessible ramps and critical home repairs. Over \$2,000,000 has helped families remain in their homes (rent and mortgage).

Over the last 21 years the DEMCO Foundation has been the saving grace for so many members in times of need. Year after year the nonprofit arm of your cooperative has helped so many. Following the heart of the cooperative way, DEMCO has been there and made such a great difference in the lives of members just like you.

This monumental dollar amount would not be possible if it were not for the caring spirit and sacrifices of all participating DEMCO members. Together we continue to make our communities stronger.



REPRESENTING MEMBERS

# BOARD OF DIRECTORS

**DISTRICT 1**  
**Clarence "Bimbo" Brock**  
*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**  
*East Baton Rouge Parish*

**DISTRICT 10**  
**Richard "Dickie" Sitman**  
*St. Helena Parish*

**DISTRICT 4**  
**Steve Irving**  
*Vice President*  
*East Baton Rouge Parish*

**DISTRICT 11**  
**Frank Johnson**  
*St. Helena Parish*

**DISTRICT 5**  
**Alice Faye Morris**  
*East Feliciana Parish*

**DISTRICT 12**  
**Eugene Traylor**  
*Tangipahoa Parish*

**DISTRICT 6**  
**Glenn DeLee**  
*East Feliciana Parish*

**DISTRICT 13**  
**Kevin Beauchamp**  
*West Feliciana Parish*

**DISTRICT 7**  
**Leslie Falks**  
*Livingston Parish*



MAKING A DIFFERENCE

# SERVICES

## DEMCO Foundation

Through the years, the DEMCO Foundation has provided much needed assistance to DEMCO members in their most dire times of need. This foundation is funded through the Operation Roundup Program funded by and awarded to DEMCO members. About two-thirds of our membership participates with an annual donation averaging \$6, which yields about \$400,000 annually to award to members in need. Individual assistance, college scholarships and emergency assistance are available to members through a confidential process.

## Dixie Business Center

The Dixie Business Center is a business incubator supported by your cooperative and has made great strides in recovering from the "Flood of 2016." In 2018, the Center's occupancy rate reached over 70%. We expect 2019 to reach a higher percentage of occupancy. The Dixie Business Center buildings have been restored and are being leased.





**SERVING MEMBERS**

# EMPLOYEES

Mary Acosta  
 Betty Adams  
 Walt Aldridge  
 Justin Andrews  
 Jacob Arledge  
 Hijah Armstrong  
 Wendy Armstrong  
 Andrew Arnold  
 Marc Aucoin  
 Shinell Aultman  
 Kenneth Bailey  
 Jason Ballard  
 Penny Bates  
 Kewana Bell  
 Jeff Bellington  
 Troy Bergeron  
 Jamie Berry  
 Trent Bigner  
 Jeremy Blouin  
 Kenneth Bourgeois  
 Daniel Brooks  
 Chase Broussard  
 Lori Broussard  
 Julie Burns  
 Luke Butler  
 Cameron Campanile  
 Ashley Carradine  
 Nick Carruth  
 Andrew Castello  
 Gabriela Castillo  
 Edgar Caston  
 Brooke Causey  
 Todd Chauvin  
 Michael Chiasson  
 Veronica Claiborne  
 Jamie Coats  
 Kevin Commander  
 Josh Conleay  
 Patricia Courtney  
 Eric Crain  
 Daniel Cross  
 Johnathan Crowder  
 Rickey Cummings  
 Frederick Dabney  
 Doug Dalgo  
 Danny Delatte  
 Edward DeLee  
 Scott DeLee  
 Jenny Desselle  
 Paula Dixon  
 Patrick Donohue  
 Michael Doughty  
 Ronnie Douglas  
 Galen Dunbar  
 Tiffany Dunn

Wade Duplessie  
 John Ervin  
 Vince Estes  
 Cade Felps  
 Frank Fowler  
 Penny Fruge  
 Cecil Garaudy  
 Cole Glascock  
 Travas Glascock  
 Cody Glascock  
 Andy Graham  
 John Green  
 Dusty Guarino  
 Kip Guidry  
 Stephanie Guidry  
 Michelle Guidry  
 Kelli Guidry  
 Lee Guillot  
 Aaron Guitreau  
 Darren Harrell  
 Philip Harris  
 Kelvin Haymon  
 Mystery Hester  
 Orlando Hill  
 Ray Hill  
 Cole Holden  
 James Holden  
 Avesia Holland  
 Thomas Holland  
 Dante Holmes  
 Scott Hoppe  
 Collin Howell  
 Austin Hudspeth  
 Jeremy Jett  
 David Jewell  
 Mike Johnson  
 Esha Johnson  
 Toni Johnson  
 Chanon Johnson  
 Andrea Johnson  
 Tylar Keefer  
 Moussa Keita  
 Thomas Klein  
 Michael Knight  
 Missy Knoblauch  
 Ben Kyzar  
 Chad LaCost  
 Mark LaCost  
 Chad Landry  
 Devin Landry  
 Jan Landry  
 Jake Lane  
 David Latona  
 Jeff Lea  
 Sherri Lee

Roman Lee  
 Kaleb Lee  
 Louis Lee  
 Shawn Little  
 Mark Liuzza  
 Lorenza Lively  
 Ken Lofton  
 Jared Louque  
 Valarie Lozano  
 Patrick Mansfield  
 Jeffrey Marino  
 Eathan Martin  
 Melvin Martin  
 Chasity McClure  
 Page McClure  
 Theodore McCray  
 Haley Meadows  
 Brian Merritt  
 Pernel Miles  
 Josh Miller  
 Philip Miller  
 Luke Millet  
 Justin Milton  
 Yuan Mizell  
 Tiffany Moore  
 Ben Morein  
 Christopher Morrissette  
 Garrett Motichek  
 Quanika Muse  
 Chad Norred  
 Eric Ouber  
 Jacob Overhultz  
 Russchelle  
 Overhultz  
 Lacey Overmeyer  
 Braden Owens  
 Phillip Pace  
 Kerri Pagano  
 Jacob Parker  
 Melvin Parker  
 Lori Peek  
 Daniel Pendergist  
 Gina Pickering  
 Randy Pierce  
 Daniel Poirrier  
 Donald Prest  
 Joshua Prestridge  
 Krystal Raymond  
 Matthew Reed  
 Terrie Reed  
 Anita Reviere  
 Nakita Ricard  
 Sandra Richard  
 Sam Rosso  
 Rachel Roule

Linda Sanders  
 Asa Scott  
 Corey Sharpe  
 Levy Sibley  
 Brandon Simon  
 Abigail Smith  
 Kellie Smith  
 Jared Soileau  
 Charles Spillman  
 Steven Spring  
 Darren St. Pierre  
 Jeremy Starns  
 Wayne Stevenson  
 Jeffrey Stewart  
 Larry Stewart  
 Raymond Stewart  
 Ashton Stokes  
 Erica Sullivan  
 Blake Sullivan  
 Patrick Tanner  
 Esther Tapia  
 Michael Taylor  
 Marci Templet  
 Agra Templet  
 Craton Templeton  
 Aaron Terrance  
 Mason Thacker  
 Wendy Thibodeaux  
 Richie Thomas  
 Russell Todd  
 Maderis Trout  
 David Tucker  
 Bianca Tyson  
 Ryan Vandersypen  
 Johnathan Vann  
 Rhowanda Vessel  
 Chase Wascom  
 Jeremy Wascom  
 Booker Washington  
 Doug Watson  
 Daniel Watts  
 Hannah Watts  
 Carl Watts  
 Carl Westbrook  
 Darrel White  
 Royland Wicker  
 Caleb Wilkinson  
 Derrick Willis  
 Twyla Wilson  
 Bodhi Wright  
 Tyler Zimmerebner  
 Phillip Zito

# FINANCIALS

## ASSETS

2018

2017

### UTILITY PLANT

Electric Plant in service	\$670,052,629	\$645,989,261
Construction work in progress	10,664,833	16,741,682
Other fixed assets	<u>3,338,070</u>	<u>3,319,057</u>
	684,055,532	666,050,000
Less: accumulated depreciation	<u>(173,511,577)</u>	<u>(160,506,964)</u>
Total utility plant, net	<u>510,543,955</u>	<u>505,543,036</u>

### INVESTMENTS AND OTHER ASSETS

Investments in associated organizations	10,528,597	10,544,279
Notes receivable, long-term portion	40,488	62,642
Certificate of Deposit pledged	<u>600,000</u>	<u>600,000</u>
Total investments and other assets	<u>11,169,085</u>	<u>11,206,921</u>

### CURRENT ASSETS

Cash and cash equivalents	7,360,027	111,023
Current portion of notes receivable	<u>91,964</u>	<u>316,488</u>
	7,451,991	427,511

### ACCOUNTS RECEIVABLE

Consumers net of allowance	13,268,156	10,829,645
Other receivables	6,139,883	9,095,857
Unbilled revenue	11,956,088	13,376,801
Deferred fuel adjustment	-	277,430
Materials and supplies	3,978,835	4,978,080
Other current and accrued assets	<u>1,556,857</u>	<u>1,350,230</u>
	36,899,819	39,908,043

Total current assets	<u>566,064,850</u>	<u>557,085,511</u>
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### OTHER ASSETS

Deferred charges	63,039,162	73,276,507
Intangible, net	-	803
Deferred income tax asset	<u>330,987</u>	<u>-</u>

Total other assets	<u>63,370,149</u>	<u>73,277,310</u>
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<b>Total assets</b>	<b><u>\$629,434,999</u></b>	<b><u>\$630,362,821</u></b>
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SECURING ASSETS

# EQUITIES & LIABILITIES

	2018	2017
<b>EQUITIES</b>		
Memberships	\$451,695	\$446,390
Patronage	115,817,091	109,972,327
Other equities	<u>4,763,779</u>	<u>4,395,543</u>
Total equity	<u>121,032,565</u>	<u>114,814,260</u>
<b>LONG-TERM DEBT</b>		
Notes payable, less current maturities	393,234,157	375,494,787
Deferred interest-RUS notes	<u>472,097</u>	<u>522,479</u>
Total long-term debt	<u>393,706,254</u>	<u>376,017,266</u>
<b>CURRENT LIABILITIES</b>		
Cash Overdraft	-	3,897,793
Current maturities of notes payable	12,336,390	13,357,405
Current portion of post-retirement benefit obligation	1,754,496	1,561,600
Lines of credit	10,861,843	14,754,453
Accounts payable	15,505,671	22,828,732
Consumer deposits	8,156,822	7,943,038
Accrued interest	523,385	2,288,762
Other accrued expenses and deferred credits	2,280,584	-
Customer refund	<u>2,897,792</u>	<u>2,230,815</u>
Total current liabilities	<u>54,042,876</u>	<u>68,862,598</u>
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Accrued post retirement benefits	55,033,854	64,103,700
Deferred credits	<u>5,619,450</u>	<u>6,564,997</u>
Total deferred credits & other liabilities	<u>60,563,304</u>	<u>70,668,697</u>
<b>Total equities and liabilities</b>	<u>\$629,434,999</u>	<u>\$630,362,821</u>

# DIXIE ELECTRIC MEMBERSHIP CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS AND PATRONAGE CAPITAL YEAR ENDED DECEMBER 2018

	2018	2017
<b>OPERATING REVENUE</b>	\$224,685,148	\$208,436,695
<b>OPERATING EXPENSES</b>		
Cost of power	136,907,211	124,622,544
Cost of sales	3,064	2,633
Distribution-operations	8,352,070	8,218,955
Distribution-maintenance	15,001,814	15,420,863
Consumer accounts	6,671,926	6,583,770
Administrative and general	8,179,718	7,677,972
Depreciation and amortization	23,287,627	19,666,257
Taxes	5,867,471	5,664,572
Other	<u>2,138,286</u>	<u>2,736,291</u>
Total operating expenses	<u>206,409,187</u>	<u>190,593,857</u>
Operating margins before fixed charges	<u>18,275,961</u>	<u>17,842,838</u>
<b>FIXED CHARGES</b>		
Interest on long-term debt	12,228,211	12,795,695
Amortization on Reacquired debt	338,383	408,784
Other interest	<u>1,228,116</u>	<u>835,056</u>
Total fixed charges	<u>13,794,710</u>	<u>14,039,535</u>
Operating margins after fixed charges	<u>4,481,251</u>	<u>3,803,303</u>
<b>CAPITAL CREDITS</b>	<u>562,563</u>	<u>670,909</u>
<b>NON-OPERATING MARGINS</b>		
Interest income	228,710	147,292
Other income	<u>615,362</u>	<u>27,151</u>
Total non-operating margins	<u>844,072</u>	<u>174,443</u>
Income Tax Benefit	325,114	-
Net margins	6,213,000	4,648,655
<b>PATRONAGE CAPITAL, BEGINNING OF YEAR</b>	109,972,327	105,702,862
Transfer to other equities	<u>(368,236)</u>	<u>(378,990)</u>
<b>PATRONAGE CAPITAL, END OF YEAR</b>	<u>\$115,817,091</u>	<u>\$109,972,327</u>

AVERAGE MEMBERS BILLED/MONTH

110,312

AVERAGE KWHS/MONTH/MEMBER

1,633

TOTAL KWHS BOUGHT

2,124,892,000

TOTAL KWHS SOLD

2,161,771,613

# SYSTEM STATISTICS

AVERAGE KWHS/MONTH/  
RESIDENTIAL MEMBER

1,352

AVERAGE MONTHLY REVENUE/MEMBER

\$165.15

SYSTEM PEAK DEMAND

669.6 MW

TOTAL MILES OF LINE

8,679

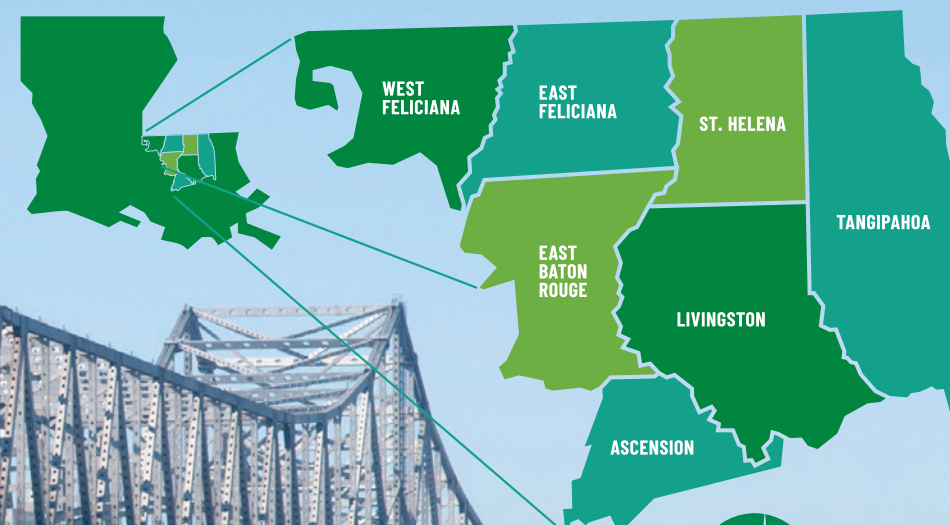
AVERAGE MEMBER/  
MILE OF LINE

12.7

MONTH OF  
SYSTEM PEAK

JAN

SERVICE  
AREAS





PROVIDING SAFE, RELIABLE AND  
AFFORDABLE ELECTRICITY TO  
CO-OP MEMBERS SINCE 1938.

[DEMCO.ORG](http://DEMCO.ORG)