



Amicalola Electric Membership Corporation



2014 Annual Report

Amicalola EMC Annual Report



**Official Publication
Amicalola Electric
Membership Corporation
544 Highway 515 South
Jasper, GA 30143**

Charles L. Gibson, *President*

Board of Directors

- Charles R. Fendley, *Chairman* Post #3
- John H. Bennett, Jr., *Vice Chairman*...Post #6
- Randall Ponder, *Sec.-Treas.* Post #1
- James H. Bryan Post #4
- Kathy Burt Post #7
- Travis D. Cline Post #5
- Wm. Leon Davis Post #9
- David J. Pierce Post #2
- Reggie Stowers Post #8

TELEPHONE NUMBERS TO CALL IN CASE OF POWER INTERRUPTIONS:

Outage Hotlines

- 706-253-0359
- 706-276-0359
- 706-864-0359

Amicalola Electric Membership Corporation

544 Hwy. 515 South
Jasper, GA 30143
Telephone: 706-253-5200

www.amicalolaemc.com

Eastern District Office

1234 Dawsonville Hwy.
Dahlonega, GA 30533
706-864-7979

Northern District Office

150 Tabor Street
Ellijay, GA 30540
706-276-2362

Office Hours: Monday through Friday
8:00 a.m. - 5:00 p.m.
Closed on Saturday, Sunday, and holidays

Beacon Editor:

Stacey Godfrey Fields, CCC

*Cover photo by Todd Payne,
Amicalola EMC employee.*



Executive Report

2014 marked another successful year for the cooperative. We continue to provide value to our members by keeping our rates lower than the state average and the local investor-owned utility.

The annual return of capital credits to our members is one way you benefit from being a cooperative member. The Board of Directors has approved the return of margins from 1995 and 1996. If you purchased electricity from the cooperative during this time period, you will receive a credit on this month's power bill. Members no longer on our system will receive a check by mail. It is important to notify us with your correct mailing address if you are no longer on our system. This refund brings the total amount returned to our members since 2005 to almost \$20 million.

This Annual Report contains several graphs and statistics about our growth, sales and investment in our infrastructure. It also shows where the money goes that you pay to the cooperative each month. I hope you will take the time to look over this important information. This report also contains our auditor's opinion reflecting the accuracy of our financial statements. Their opinion is a clean opinion which means our accounting records are accurately presented.

We continue to keep our members informed and protect their interests through state and national legislative efforts. Members of the Board of Directors and executive staff attend the annual cooperative national legislative conference each year in Washington, D.C. Meeting face to face with senators, representatives and their staff continues to be an effective way to help them understand our concerns and issues.

Many of you joined a national effort to send a message to the Environmental Protection Agency (EPA) telling them to keep your electric rates affordable. Over 1 million messages were sent from electric cooperative members across the country. The EPA's new regulations are forcing the cost of generating electricity to rise unnecessarily.

2014 saw the arrival of some new businesses in our service area. Among those was Orlaco, a global leader in developing and manufacturing camera systems for heavy equipment, which chose Jasper as their North American headquarters, with plans to expand throughout the United States.

We were able to present grants to our local communities in 2014, in compliance with Georgia's unclaimed property laws O.C.G.A. §44-12-236. Among these were college scholarships and teacher grants through the Bright Ideas program. In addition, the Boys and Girls Clubs of North Georgia received a grant, with a matching grant from Co-Bank (a national cooperative bank serving industries across rural America). Other recipients included 43 volunteer fire departments within our service area; Chamber of Commerce offices in Cherokee, Dawson, Gilmer, Lumpkin and Pickens counties; Hill City Elementary and Reinhardt University.

Thanks to the generosity of our members who have chosen to participate in our Operation Round Up program, we have given back more than \$1.8 million to needy individuals and 501(c)(3) charities in our service area in the past 16 years.

We are proud of the many efforts we've made to enhance the development of our service area. Our efforts confirm that the cooperative spirit is still alive and well, and we continue to adhere to the cooperative principles on which we were founded.

Locally owned and operated, we exist only to provide electricity to our members at the lowest possible cost. Please join us on Saturday, Oct. 3, for the Annual Meeting of the Membership.



Charles Gibson
President/CEO



Charles R. Fendley
Chairman

Charles Gibson, *President/CEO*

Charles R. Fendley, *Chairman*

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Amicalola Electric Membership Corporation Jasper, Georgia

ANNUAL MEETING MINUTES
October 4, 2014

CALL TO ORDER—Chairman Charles R. Fendley, having determined from the registration clerks that a quorum was present, called the 73rd Annual Meeting of Members of Amicalola Electric Membership Corporation to order on Oct. 4, 2014. The meeting was held at the headquarters facility in Jasper, Ga.

INVOCATION—The Rev. Scott Watkins gave the invocation. Following the invocation, members and guests joined in pledging allegiance to the U. S. flag.

WELCOME—Chairman Fendley welcomed members and visitors on behalf of the Board of Directors and expressed appreciation to The Principles providing the singing today.

BUSINESS SESSION—Attorney Phil M. Landrum III conducted the meeting.

NOTICE OF MEETING—Attorney Phil M. Landrum III read the meeting notice and proof of mailing of the notice of the 2014 Annual Meeting.

MINUTES AND FINANCIAL REPORT—Attorney Landrum stated that in keeping with a motion adopted at the 1953 Annual Meeting, reading of the minutes of the 2013 Annual Meeting would be dispensed with, unless called for, since copies of these minutes and the Financial Report of the Cooperative as of Dec. 31, 2013, Audit had been forwarded to members as part of the official notice of the meeting. As there was no call for reading of the minutes, a motion was made, seconded and carried that the minutes be approved as submitted. Accordingly, Attorney Landrum announced that the minutes of the 2013 Annual Meeting were approved as mailed.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS—There was no new business.

NOMINATING COMMITTEE REPORT—Attorney Landrum recognized the Nominating Committee members who were present, and then read the report

Continued on page 30F

Board nominees



Post 2 – Fannin and Gilmer counties

David J. Pierce has served on Amicalola EMC's Board of Directors since 1991. He has earned the NRECA Director Certificate, Credentialed Cooperative Director Certificate and the Board Leadership Certificate. He was elected to the Board of Directors of the National Rural Telecommunications Cooperative (NRTC) in 2010. Pierce is a self-employed farmer and land developer. He and his wife, Jessie, live in Ellijay and have three grown children and ten grandchildren.



Post 2 – Fannin and Gilmer counties

William C. Elliott is nominated by petition. He is a native of Ellijay and a graduate of Gilmer High School. He is a retiree of Amicalola EMC, following a 34-year career as a line crew employee, most recently as a Service Foreman. He is a small business owner and rental property owner. He has also been involved in community activities for many years. He has three grown children and four grandchildren.



Post 5 – Cherokee County

Travis D. Cline has served on Amicalola EMC's Board of Directors since October 2003. He earned the NRECA Credentialed Cooperative Director Certificate in 2005 and the Board Leadership Certificate in 2009. Cline is employed as a Plant Manager at Philips Healthcare in Kennesaw. He has an engineering degree from Southern Tech and a master's degree in business administration from Kennesaw State University. He and his wife, Kelly, have two children.



Post 8 – Dawson and Lumpkin counties

Reggie Stowers has served on Amicalola EMC's Board of Directors since 1993 and holds the Credentialed Cooperative Director Certificate. He has served on the Finance and Policy committees. Stowers received a Bachelor of Science degree in agriculture and a Master of Education degree from the University of Georgia. He is a retired teacher, following a 34-year career with the Dawson County Board of Education. He and his wife, Carolyn, live in Dawsonville and have two grown children.

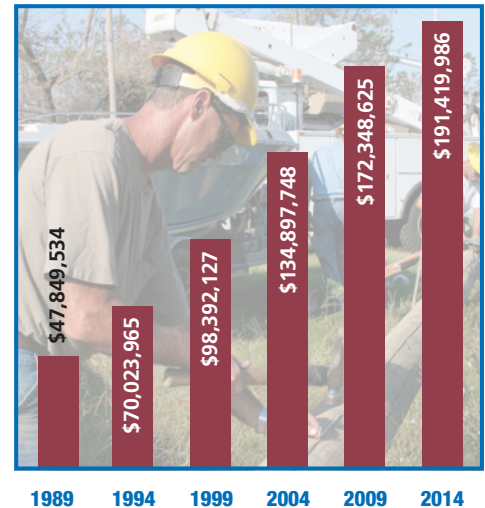
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Balance Sheet Data

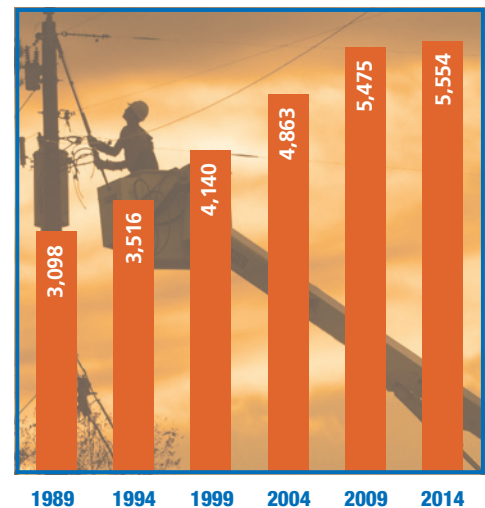
For years ended December 31

	2014	2013
Utility Plant		
Electric Plant in Service—At Cost	\$ 190,356,132	\$ 186,912,162
Construction Work in Progress	1,063,854	1,231,090
	191,419,986	188,143,252
Accumulated Provision for Depreciation	(67,483,774)	(63,203,982)
	123,936,212	124,939,270
Other Property, Investments and Restricted Funds		
Investments and Restricted Funds	8,349,739	8,241,176
Current Assets	13,959,246	14,017,563
Deferred Debits	2,844,778	3,197,322
Total Assets	\$149,089,975	\$150,395,331
Equities		
Memberships	\$ 760,964	\$ 751,614
Patronage Capital	64,335,564	63,581,678
Other	4,324,726	4,088,163
	69,421,254	68,421,455
Long-term Debt	44,742,781	47,114,563
Post-retirement Benefits Other Than Pensions	0	172,470
Current Liabilities	19,828,637	19,560,930
Deferred Credits	15,097,303	15,125,913
Total Equities and Liabilities	\$149,089,975	\$150,395,331

Plant Investment (in dollars)



Miles of Line



REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the accompanying balance sheets of Amicalola Electric Membership Corporation as of December 31, 2014 and 2013 and the related statements of revenue and patronage capital and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

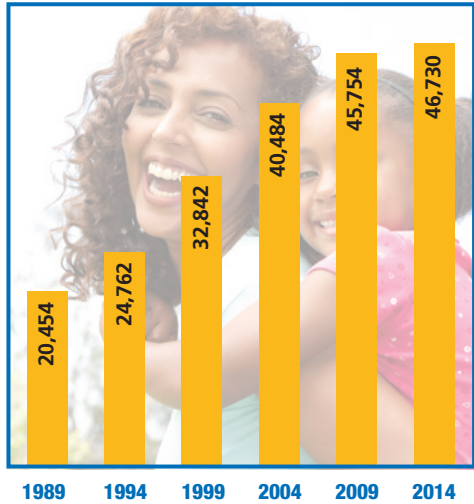
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amicalola Electric Membership Corporation as of December 31, 2014 and 2013, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McNair, McLemore, Middlebrooks & Co., LLP

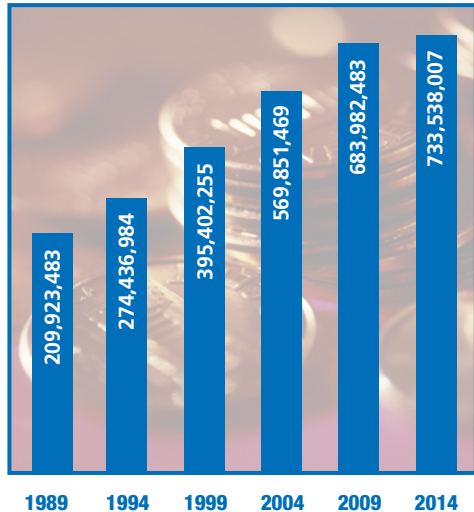
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLP

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Consumer Growth



kWh Sales (in hours)



Operating Statistics

For the years ended December 31

	2014		2013	
	Amount	Percent	Amount	Percent
Operating Revenues	\$ 85,899,807	100.00 %	\$83,390,920	100.00%
Operating Expenses				
Cost of Power	\$ 61,367,050	71.44	\$58,633,675	70.31
Distribution Expenses	15,155,880	17.64	15,155,448	18.18
Depreciation	5,899,816	6.87	5,985,879	7.18
Interest Expense	2,911,608	3.39	3,290,565	3.95
	<u>85,334,354</u>	<u>99.34</u>	<u>83,065,567</u>	<u>99.62</u>
Operating Margins	565,453	0.66	325,353	0.38
Other Revenue	2,463,251	2.87	2,675,103	3.21
Net Margins	<u>\$ 3,028,704</u>	<u>3.53%</u>	<u>\$ 3,000,456</u>	<u>3.60%</u>

Notice of 2014 Capital Credit Assignments

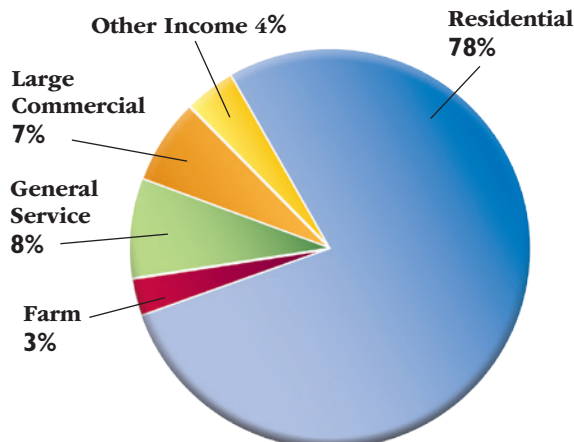
2014 capital credit allocation based on patronage revenue of \$82,418,255

	Allocation	Percentage
AEMC	\$ 2,603,738	0.031592
G & T	396,356	0.004809
Total	\$ 3,000,094	0.036401

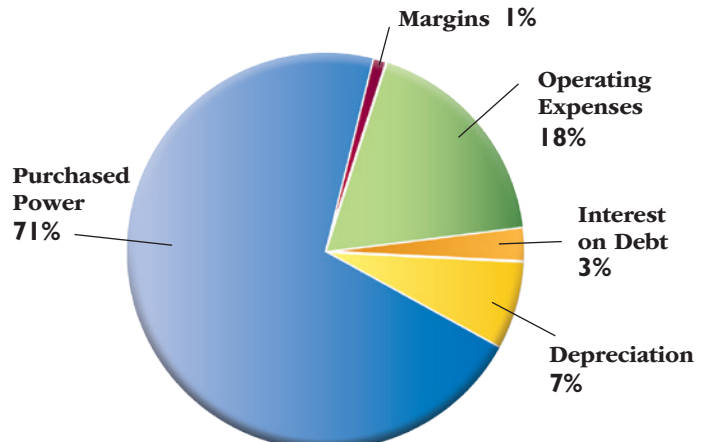
To compute your capital credits, multiply the above percentage by the amount paid on energy and security lights during 2014. For assistance, call 706-253-5200.

The Co-op Dollar

Where It Comes From



Where It Goes



Annual Meeting minutes,

Continued from page 30C

of the Committee placing in nomination the following to serve as Directors for three-year terms ending at the Annual Meeting 2017: John H. Bennett Jr., Post 6, Cherokee/Bartow counties; Charles R. Fendley, Post 3, Pickens County; Randall Ponder, Post 1, Gilmer/Murray counties. There were no nominations by petition, and these directors were re-elected by acclamation.

ELECTION/CREDENTIALS COMMITTEE—Attorney Landrum then introduced the following who had been appointed to serve as the 2014 Election/Credentials Committee: Edward E. Tucker, Carl Hill Jr., Steve Garrison, Grady Evans, Clayton Vaughters.

CHAIRMAN'S REPORT—Chairman Fendley added a few comments to the executive summary included in the Annual Report. He reported that with the return of both the 1993 and 1994 margins the Board of Directors approved returning \$1.6 million in capital credit refunds this year. Since 2005, general refunds have totaled almost \$18 million dollars. Returning capital credits is one of the principles on which the co-op was founded and the board takes this responsibility seriously. The co-op must meet certain financial guidelines before RUS will allow the capital credits returned, but Amicalola EMC has continued to meet the required guidelines year after year. Fendley commended the CEO and management and employees for operating the co-op with the interest of its members in mind. Amicalola EMC electric rates continue to be very competitive, it is supportive to our youth through its scholarship program and it provides grants to teachers through the Bright Ideas program.

CEO'S REPORT—CEO Charles Gibson thanked everyone for coming to the 73rd Annual Meeting of Members. He reported that the co-op completed a bid process for an energy contract earlier this year which should keep our rates steady through 2022. In today's political and regulatory environment there is always something that may affect rates, and the EPA has proposed a new set of regulations on emissions for existing generating plants that will have significant cost impacts to be borne by the members. He called for the members to be engaged and take a stand for the "all-of-the-above fuel strategy" of having a diverse fuel mix, including nuclear, coal and natural gas. Concluding on a positive note, the local economy is now showing positive member growth.

RECOGNITION OF GUESTS—Chairman Fendley recognized all veterans who were present. Operation Round Up Trustees Don Quinton, Jo Ann Vick, Steve Garrison,



E.C. Kelley Jr. and Tommy Allison were recognized. The 2014 Washington Youth Tour winners who assisted were recognized, and they were Mary Jo Brooks, Gilmer High School; Laiken Owens, Pickens High School; and Andrew Haygood, Pickens High School. Fredia Watkins who represents the American Heart Association was acknowledged for her assistance. Retired employees and retired CEOs Stan Dean and Bob Payne were welcomed. Nell Watson, widow of the late Ray Watson, and Betty Bruce, widow of the late Winston Bruce, whose husbands served on the board many years, were also welcomed. The following guests also attended: Jim Jess, GEMC's *GEORGIA Magazine*; Barbara Hampton, Georgia Transmission Corp.; Scott Mozley, Oglethorpe Power Corp.; and Michael Montgomery, Georgia Systems Operations Corp. Fendley also acknowledged state Rep. Rick Jasperse, who represents the 11th District in the Georgia House of Representatives, and Jerry Barnes, Pickens County Commissioner.

PRESENTATION OF AWARDS—CEO Gibson announced the names of service award recipients for 5, 10, 15, 20, 25, 30, 35 and 45 years of service. All of these employees were commended for their years of service. Joel Fellows received a commemorative watch for his thirty years of service. Bill Capstick and Pat Evans were recognized for 35 years of service. Director John H. Bennett Jr. also received a 30-year service award.

DISTRIBUTION OF PRIZES—Dawson Roberts drew the tickets for gifts provided by vendors and Amicalola EMC.

Being no further business, Chairman Fendley adjourned the meeting.

Randall Ponder, *Secretary*

Charles R. Fendley, *Chairman*

Important information for Annual Meeting

REGISTRATION

Registration for the 2015 Annual Meeting will be held in the Truck Maintenance and Storage Building of the headquarters facility beginning at 11:30 a.m. The registration area will be marked. Adjacent to the registration area is the meeting area for the Annual Meeting.

VOTING

Voting by members will be in accordance with the cooperative's Bylaws.

In the event it is necessary that votes be counted by election tellers, only votes by registered voting members will be counted.

Only members who are present may vote. A qualified member is one who has paid a membership fee and signed an application for service. Only one vote for each member will be allowed. To vote for a church, club or other

organization, bring the completed Letter of Authorization with you when registering.

SPECIAL SERVICES

Amicalola EMC will provide special seating arrangements for the hearing impaired and the disabled. Members needing assistance are asked to contact the headquarters office prior to the Annual Meeting.

PRIZES

At the time of registration, each voting member will be given a voting member identification sticker and prize stub.

Eligibility for ballot and prize stubs will be established from board acceptance through Aug. 27, 2015. Winning prize stubs must be held by the person to whom it is issued.

The Primitive Quartet to perform at Annual Meeting



The Primitive Quartet has been traveling and singing gospel music for 41 years. They count it a joy and privilege to spread the gospel through song.

Their music is the traditional mountain shape note style singing, accompanied by acoustical instruments including the mandolin, banjo, fiddle, guitars and acoustic bass.

LETTER OF AUTHORIZATION

For Churches, Clubs or Organizations at Annual Meeting

(Name of Secretary of organization or other designated official)
has been appointed to represent

(Name of church, club or other organization)

(Address of church, etc.)

Account Number

as its voting delegate at Amicalola EMC's Annual Membership Meeting on Saturday, Oct. 3, 2015.

(Signature of Secretary of organization or other designated official)

Witnesses:

(If you are to be the representative of your church, club or other organization at the Annual Meeting, please have this form completed and bring it with you to the meeting.)

Official Notice of Annual Meeting of Amicalola Electric Membership Corporation

The 2015 Annual Meeting of Amicalola Electric Membership Corporation will be held at the Amicalola EMC Headquarters Facility located at 544 Highway 515 South, Jasper, Pickens County, Georgia, on Saturday, Oct. 3, 2015, beginning at 1:30 p.m. to take action on matters listed below. Registration begins at 11:30 a.m.

1. Reports and recommendations of officers and others.
2. Election of three Directors for three-year terms.
3. Handling such other items of business as may properly come before the meeting or any adjournment thereof.

Directors previously elected, but whose respective terms do not expire until the dates indicated are:

James H. Bryan..... (Post 4 – Pickens/Gordon counties)..... Term expires October 2016
Kathy Burt (Post 7 – Dawson/Forsyth counties)..... Term expires October 2016
William Leon Davis (Post 9 - Lumpkin County)..... Term expires October 2016
John H. Bennett, Jr...... (Post 6 – Cherokee/Bartow counties)..... Term expires October 2017
Charles R. Fendley (Post 3 - Pickens County)..... Term expires October 2017
Randall Ponder (Post 1 – Gilmer/Murray counties)..... Term expires October 2017

In connection with the election of three Directors, terms to expire October 2018, scheduled to be held at this meeting, the following members have accepted nominations for Directors made by the Committee on Nominations appointed by the Board of Directors of the cooperative pursuant to the Bylaws:

David J. Pierce..... (Post 2 – Gilmer/Fannin counties)
Travis D. Cline..... (Post 5 – Cherokee County)
Reggie Stowers (Post 8 – Dawson/Lumpkin counties)

Nomination by Petition

William C. Elliott..... (Post 2 – Gilmer/Fannin counties)

RANDALL PONDER, SECRETARY



Program for Meeting October 3, 2015

- Registration begins 11:30 a.m.
- Entertainment 12:30-1:30 p.m.—The Primitive Quartet
- Call to Order 1:30 p.m.
- Invocation
- Welcome
- Determination of Quorum
- Reading of Notice of Meeting
- Minutes of Previous Meeting
- Unfinished Business
- New Business
- Reports of Officers, Directors, Committees
- Adjourn