

Your Cooperative working for you

For Tri-County EMC's members, 2013 has been a year of growth, not in numbers, but in service and efficiency, all with a continuity of the principles that have driven the cooperative for 74 years. While 2012 saw a decline in total kWh sales and revenue, the cooperative added programs and systems offering enhanced customer service and more options for taking part in your cooperative's business.

Perhaps the overriding theme of 2012 and 2013 was a continued trend of milder temperatures, lower kWh usage, and reduced revenue. The total of 346 million kWh consumed in 2012 was 8.5% lower than the total for 2011. Revenue saw a similar decrease of \$3.7 million or 8.7% from the \$42 million in 2011 total revenue. While the total number of accounts has remained virtually flat since 2007—a year that saw 3.5% growth in meters—the average residential account has continued to use less, dropping to 1,132 kWh per month, the lowest average since 2004. "There are three driving factors here," commented Vice President of Energy Services Greg Mullis. "The weather has been extremely mild, both summer and winter, with record-setting rainfall. Members are truly conserving. And foreclosures continue to be prevalent, leaving the meter on when no one is living there."

For the cooperative, the continued challenge of balancing kWh usage, revenue, and rates becomes even more difficult when facing a third consecutive year of mild temperatures and no growth. "When our members use less energy, we purchase less wholesale power, so those costs go down," said C. Hill Bentley, CEO. "But the fixed costs that remain—the costs to maintain power lines, read meters, and serve our members' needs—don't go away. Instead, they are spread over fewer kWhs, making it a challenge to keep rates low." Operating costs as a percentage of total revenue did increase in 2012 by about 3.5% over 2011, but rates, other than the normal wholesale power costs, did not increase, and no rate increase is planned for 2014.

While the number of meters did not grow in the past year, considerable work went into growing the distribution system. Over 195 miles of distribution lines were re-insulated in preparation for the voltage conversion of Lick Creek Substation. The 3,100 plus Tri-County members served by this substation will benefit from increased reliability and enhanced voltage profiles.

In the fall of 2013, two new automated systems will be installed. In September, an Integrated Voice Response (IVR) system will be implemented, giving Tri-County EMC members many additional options for communicating with the cooperative. According to Greg Mullis, "the system will give you a completely automated solution for paying your bill, getting automated alerts, and reporting outages. Of course, you can still talk to a customer service representative during business hours, but this system will allow you to access your account twenty-four hours a day. And it will very quickly receive outage calls, reducing the hold times some members have experienced in the past if a substantial number of members opt to use the system." In addition to phone based enhancements, members will also have a new app offering bill payments, historical usage reporting, and outage reporting from a smart phone.

The second automated system being installed in 2013 is an Outage Management System (OMS). "The Outage Management System will take the outage calls received through the IVR and quickly begin to map and diagnose outages," commented VP of Distribution Services Lee Marsh. "The system uses our GIS mapping system to reference the locations of homes with outages and our protective equipment to predict the location of an outage." By giving the control center a better picture of exactly where and how many outages are occurring, the right number of employees can more quickly be marshaled to where they are needed, reducing outage times. Additionally, members will be able to view outage maps online, giving instant feedback on the outages occurring at any time.



Tri-County
EMC
2013 Annual Report

year in review

recent accomplishments

- Enrolled more than 400 units in No Sweat Program
- Online voting for board of directors election
- Completed preparation for Lick Creek Substation Conversion

- 938 members participating in pay•your•way
- Recovered more than \$134,000 in bad debt through pay•your•way since April 2010

From a legislative perspective, Tri-County EMC's staff continues to work with Georgia's elected officials regarding solar energy and access to Georgia utilities' transmission and distribution systems. H.B. 657 would give one solar company utility status—legislatively declaring them the lone Georgia solar utility—and allow access to power lines and infrastructure paid for by utility customers. "Tri-County EMC has been committed to providing renewable energy for our members since 2001," said CEO C. Hill Bentley. "But to subsidize a for-profit business by allowing access to the electrical grid that our members paid for is a concern. But more frightening is the very real threat that this legislation could result in higher costs and reduced reliability."

In August of 2013, Tri-County EMC added a manager of safety and training to the cooperative's senior staff. "This was a position that we have had in the past and have been handling with multiple personnel in recent years," said Bentley. "We have had a great track record of safety over the past decade, but with new regulations, required record-keeping, and our commitment to safety, hiring a full-time professional to handle our safety efforts and training was an important step."

In balloting for the 2012 Annual Meeting, cooperative members voted to change Tri-County EMC's bylaws to permit electronic voting in future elections. The 2013 annual meeting election will feature the opportunity for members to choose either traditional paper or online

voting. "Voting in the cooperative's annual meeting process, be it for a director candidate or a bylaw change, is the greatest demonstration of the way cooperative members exercise control over the direction of their business," commented Greg Mullis.

Concern for community, one of the seven cooperative principles, continues to drive Tri-County EMC activities in the community. Operation Roundup, in its thirteenth year, is mere months from reaching \$1,000,000 in member contributions. Since September of 2012, Operation Roundup saw a total of \$65,951 in grants funded to 96 projects or needs in the Tri-County EMC service area. Additionally, \$20,000 in Bright Ideas Grants, funded by unclaimed capital credits through H.B. 431, was awarded for classroom innovation projects in area schools. The cooperative also awarded four Operation Roundup scholarships, three Tri-County EMC scholarships, and sponsored two participants in the Georgia EMC Washington Youth Tour.

In what continue to be challenging financial times, your cooperative continues to be strong. Effective planning and efficient operation are key to the success of the cooperative. In a year where growth in meters and kWh sales have stopped, growth in service to Tri-County EMC's members remains stronger than ever. The cooperative, your cooperative, is strong because of the power of you.

Tri-County EMC Board of Directors

Left to Right

Cecil Patterson
Brenda P. Green,
Vice-Chairman
Chester Mercer
Tommy Noles,
Secretary/Treasurer
Marion Nelson
Mike Rainey
Tom Thompson, Jr.,
Chairman
Dan Greene
Sammy Hall



financial summary

for the years ended April 30

Statement of Operations

(for the years ended April 30)

	2013	2012
Operating Revenue and Capital	\$ 41,404,869	\$ 42,130,399
Operating Expense		
Cost of Power Purchased	26,273,917	27,545,049
Operating the Electric System	6,595,830	7,012,657
Depreciation	3,292,570	3,225,297
Interest on Loans	3,177,490	3,242,112
Total Cost of Electric Service	39,339,807	41,025,115
Patronage Capital and Operating Margins	2,065,062	1,105,284
Non-Operating Margins	335,501	289,449
G&T Capital Credits	589,164	589,684
Other Capital Credits	125,166	101,772
Total Patronage Capital or Margins	\$ 3,114,893	\$ 2,086,189

Balance Sheet

(as of April 30)

	2013	2012
Assets		
Total Utility Plant	\$ 107,029,487	\$ 102,691,479
Less Depreciation	20,892,920	19,514,114
Net Utility Plant Book Value	86,136,567	83,177,365
Investments in Associated Organizations	12,006,627	11,380,005
Cash and Reserves	312,336	1,331,524
Owed to EMC on Account and Notes	1,686,487	1,441,008
Material in Inventory	308,266	331,347
Expenses Paid in Advance	1,030,798	3,458,201
Deferred Debits and Other Assets	1,844,644	151,583
Total Assets	\$ 103,325,725	\$ 101,271,033
Equities and Liabilities		
Consumer Deposits	\$ 827,615	\$ 842,165
Membership, Patronage Capital, Other Equities	36,936,988	34,310,970
Long-term Debt	59,829,170	61,754,705
Notes and Accounts Payable	4,311,727	3,113,428
Other Current and Accrued Liabilities	1,420,225	1,249,765
Total Equities and Liabilities	\$ 103,325,725	\$ 101,271,033

Tri-County EMC is audited by the independent accounting firm of McNair, McLemore, Middlebrooks & Co., LLC. A complete financial statement may be obtained by calling Tri-County EMC at (478) 986-8108 or 1-866-254-8100, ext. 8108.

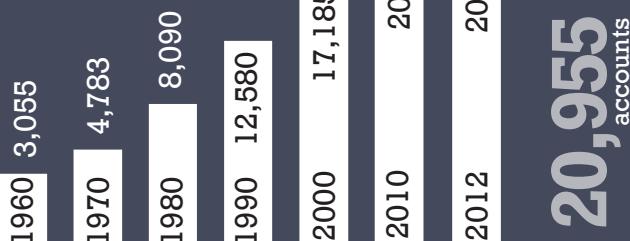


statistical snapshot

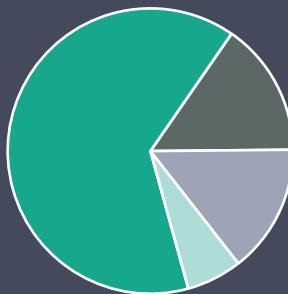
1960 - today



total number of accounts



where your energy dollar goes



- 62.92% power costs
 - 16.14% interest & depreciation
 - 15.80% operating costs
 - 5.14% margins



average monthly residential bill



\$133.89



average monthly residential kWh usage



1,263
kWh



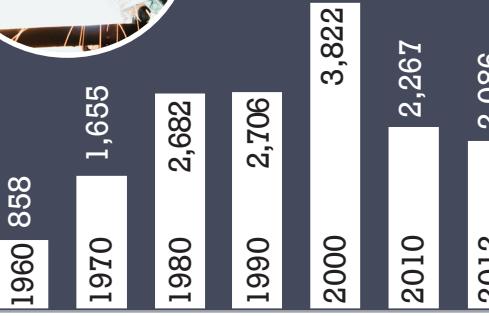
average monthly commercial bill



\$249.91



average monthly commercial kWh usage



2,086 kWh



Tri-County
EMC

Senior Staff

Donald Appling - VP of Construction Services
Keith Brooks - Manager of Safety & Training
Sarah Curry - Human Resources Coordinator

Dawn Haskins - VP/CFO
Lee Marsh - VP of Distribution Services
Greg Mullis - VP of Energy Services

C. Hill Bentley - CEO