

CELEBRATING 80 YEARS

ALONG THESE

# LINES

Sawnee EMC 2017 Annual Report  
and Official Notice of Member Meeting



# SEMC BOARD OF DIRECTORS

Front row (l-r):

Donna Yost, District 8

Terry Mathis, District 7

Gary Porter, District 4  
(Secretary-Treasurer)

Back row (l-r):

Larry Evans, District 5

Roger Coker, District 1

Rodney Reese, District 9  
(Vice Chairman)

Tim Heard, District 6

Lamar Sexton, District 3

Marshall Millwood, District 2  
(Chairman)

## ON THE INSIDE

We've Built a Tradition of Service . . . 3

We Deliver More Than Electricity . . . 5

We Stand Ready for the Future . . . 7

Financial Highlights . . . . . 9

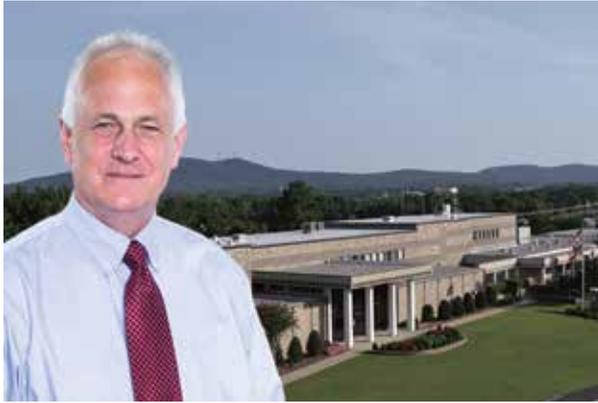
Annual Meeting  
Registration Card . . . . . 10

Official Notice of  
Member Meeting . . . . . 10

Annual Meeting  
Schedule of Events . . . . . 11



# DEAR SAWNEE EMC MEMBER:



Greetings from the staff and Board of Directors of Sawnee EMC. Enclosed you will find our 2017 Annual Report, which has the theme "Along These Lines; Celebrating 80 Years of Service."

The concept of service is deeply rooted in our culture and is very much ingrained in everything we do. Many businesses have the concept of "service" as a key tenant of their mission, but for the staff of Sawnee, we truly exist to serve you and exceed your expectations.

At the end of the day, the principles of "service" and "members first" are what sets Sawnee EMC apart from all other energy providers. These two concepts were the cornerstones of our founding back in 1938 and remain key principles in our daily life 80 years later.

Please take a few minutes to read how our staff is meeting the energy needs of our members with cutting-edge technology, investing in economic development in our service area with innovative solutions, and supporting local charities who serve the less fortunate with member driven donations.

Eighty years is a long time, and so much has been accomplished by those that gave of themselves to this great Cooperative. None of these accomplishments would have been possible without the hard work and dedication of the men and women that have called Sawnee EMC home; we thank them for their sacrifice and service.

We hope you enjoy reading this year's report and we look forward to meeting, and exceeding, your energy needs today and into the future.

Sincerely

Michael A. Goodroe  
President and CEO



Sawnee EMC is the 3rd largest co-op in GA and the 9th largest in the U.S.

Sawnee EMC has over 155,000 members, 40 substations and 10,896 miles of distribution line.

Out of the 94 electric utilities in Georgia, Sawnee's rates are among the lowest.

Sawnee's territory covers portions of 7 counties, including Cherokee, Dawson, Forsyth, Fulton, Gwinnett, Hall and Lumpkin.

"We're  
**MORE**  
than  
**ELECTRICITY,**  
we're  
**SERVICE."**

ALONG THESE LINES

# WE'VE BUILT A TRADITION OF SERVICE

In this fast-paced, ever connected world we live in, it's difficult to imagine life without our mobile devices and the electricity needed to power them... but in the 1930s, that's exactly the way it was for much of rural America, including here in north Georgia.

## BEFORE THE LIGHTS CAME ON

Electric companies chose not to extend electric power lines into the less populated rural areas because it would not be profitable. So, while city residents enjoyed the conveniences that electricity brought them, people in the area Sawnee EMC serves today had no choice but to carry water from a well, wash their clothes by hand, and read by the light of a kerosene lamp.

## IT'S A "NEW DEAL"

Part of President Roosevelt's "New Deal" with America was the creation of the Rural Electrification Administration (REA). This program provided low interest loans to groups of rural Americans who had a desire to form their own electric companies, called Cooperatives. It wasn't long before a group of local Forsyth County residents came together to start the process of bringing electricity to their farms and communities.



## THROWING THE SWITCH

On July 16, 1938, Forsyth County Electric Membership Corporation was incorporated. The community was buzzing with activity and excitement as the Cooperative's first Board of Directors helped light the way to bring power to the rural residents of Forsyth County and the adjoining areas. This exciting project came to fruition in a historic event on June 22, 1939, when the first 168 miles of line was energized.



January 20, 2018

My uncle Bolton Price just turned 90 years old. He remembered Mr. Cagle signing them up for electric service at rural route, Canton, Georgia (3376 Billings Road) this was in 1939. W.O Price. There was a switch box with screw-in type fuses and the lights were pull chains. A radio was the first appliance; they listened to WSB. Later he remembers getting a Norge refrigerator; before, the fresh milk was lowered into well by rope to cool. Mr. Price was 11 years old and he thinks the first bill was \$1.27, and their house was at the end of the line. The Price family farmed and raised chickens and crops. My Dad and Uncle Bolton were carpenters and built the house in 1964 where he still lives at 3376 Billings Road, Canton, GA. Most of this family is still using electricity from Sawnee EMC.



Forsyth County was one of the first counties in Georgia to organize a membership organization and obtain power in the rural area.

---

When the switch was thrown on June 22, 1939, approximately 750 homes received electric power.

---

The fee to become a member was originally \$5.00. This fee has not changed in 80 years and is the same today.

ALONG THESE LINES

# WE DELIVER MORE THAN ELECTRICITY

Part of being a member-owned electric cooperative means being involved within the communities we serve. We believe this involvement helps to build stronger communities.

## SHARING THROUGH CHARITABLE GIVING

In June 2002, the Sawnee EMC Board of Directors established the Sawnee Foundation and shortly thereafter the Foundation established Operation Round Up, a program to provide assistance to local charitable organizations. The program is overseen by the Foundation and 100% of the donated funds go back into the communities we serve. Participating Sawnee EMC members voluntarily "round up" their electric bill to the next highest dollar and that "additional change" goes to the Sawnee Foundation, and is then distributed to qualifying charities.

## PATRONAGE CAPITAL

This is the very crux of being a Sawnee member. Because we are a not-for-profit cooperative and as provided for in our bylaws, each year members receive an assignment of what is known as patronage capital (all monies in excess of operating expenses and costs). Each member's assignment is based on the amount of revenue they provided Sawnee through their electric bills during that particular year. Patronage capital assignments and refunds demonstrate the cooperative model works for Sawnee and its members.



## SERVICE THROUGH LEADERSHIP

Sawnee EMC regularly surveys its members; not only to find out how we are doing, but also to seek suggestions as to how we might better serve our members. In 2017, our American Customer Satisfaction Index (ACSI) Score was 92, out of 100; the highest energy utility score in the nation compared to companies measured in the ACSI syndicated research. In July of 2018, Sawnee EMC received an award from J.D. Power for "Highest Customer Satisfaction Among Cooperatives; a national award of which we are very proud. Also, our members told us in our annual customer satisfaction survey that 95% like what we are doing and rated us favorably. Our focus for 80 years has been to provide reliable and affordable electricity, coupled with world-class service... and that will never change.





Since inception, the Sawnee Foundation has donated over \$3 million to local charitable organizations and educational scholarships.

In 2017, Sawnee EMC returned approximately \$9.9 million in patronage capital to eligible current and former members.

Over 56,000 members have been customers of True Natural Gas, SEMC's preferred natural gas provider.

Every month, an average of 17,000 members participate in Operation Round Up.

Over the past 5 years, Sawnee has had an average score of 90 on the ACSI - one of the most recognized customer satisfaction indices in the U.S.

ALONG THESE LINES

# WE STAND READY FOR THE FUTURE

From harnessing the power of the sun to providing energy to charge an electric vehicle, Sawnee is delivering innovative energy solutions for our members, both now and for future generations.

## GET ENERGIZED

Sawnee EMC is preparing for a more “connected” future. With more and more members driving electric vehicles, we stand ready to meet their evolving energy needs. Since most electric vehicle charging occurs at home, Sawnee offers support to members through a variety of rate options and a dedicated electric vehicle website at [sawnee.com/pev](http://sawnee.com/pev).

## CLEAN AND RENEWABLE ENERGY

A portion of the electricity Sawnee EMC members use every day is generated from solar. Sawnee participates in numerous utility scale solar projects located around the state. Sawnee also purchases this solar energy, at a fixed and competitive price, allowing for an environmentally friendly and diversified electric generation portfolio.

## “ALWAYS ON” COMMUNICATION

Sawnee’s members have different communication needs and our staff strives to find options that work for everyone. First and foremost, you can reach a person 24/7/365 at Sawnee’s headquarters in Cumming. Additionally, members can chat online at [sawnee.com](http://sawnee.com), connect with us on social media, text a question, concern or inquiry or download our free app that connects you to your electric account and provides a wealth of energy and account information.



## POWERING OUR ENERGY FUTURE

While Sawnee EMC prepares for the future, we remain grounded in the present. Our goal is to look out for the members we serve and ensure that any actions we take, will serve the greater good of those that depend on us for their energy needs. You have entrusted us with the assets of this great cooperative, and we take that challenge seriously and do so with great pride. This is the cooperative difference and what makes electric cooperatives special. Our members’ best interests will always drive every action we take. Thank you for being a member of Sawnee EMC and allowing us to serve your electric needs.





Sawnee is purchasing 70 MW of clean, renewable energy.

---

Members have access to a dedicated site about solar at [sawnee.com/solar](https://www.sawnee.com/solar).

---

Sawnee supports over 100 residential and commercial members who installed solar at their location.

---

Approximately 15,000 members utilize Sawnee's app each month.

---

Sawnee has 5,232 Facebook followers and 1,700 followers on Twitter.

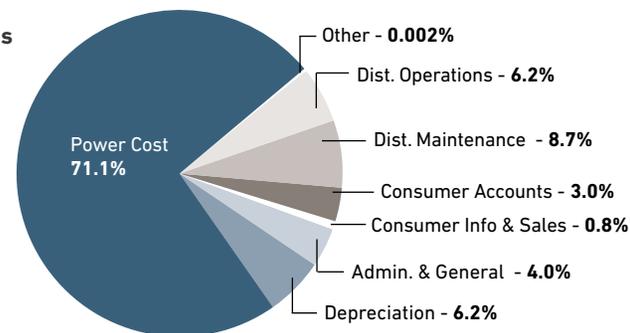
## SAWNEE ELECTRIC MEMBERSHIP CORPORATION BALANCE SHEETS

ASSETS	2017	2016
<b>Utility Plant</b>		
Electric Plant in Service-At Cost	\$595,741,812	\$574,944,734
Construction Work in Progress	5,950,676	7,646,298
Gross Utility Plant	601,692,488	582,591,032
Accumulated Provision for Depreciation	(124,073,177)	(124,694,776)
	477,619,311	457,896,256
<b>Other Property and Investments</b>		
Investments in Associated Organizations	41,876,626	40,179,384
Restricted Funds	107,071,270	97,071,270
Other Investments	478,730	478,730
	149,426,626	137,729,384
<b>Current Assets</b>		
Cash and Cash Equivalents	11,126,116	24,590,806
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$88,659 in 2017 and \$398,977 in 2016)	31,895,489	27,662,857
Materials and Supplies	3,201,592	3,249,017
Prepayments	232,343	98,667
Interest Receivable	432,235	413,169
	46,887,775	56,014,516
<b>Deferred Debits</b>	<b>1,420,540</b>	<b>63,572</b>
<b>Total Assets</b>	<b>\$675,354,252</b>	<b>\$651,703,728</b>
<b>MEMBERS' EQUITY &amp; LIABILITIES</b>	<b>2017</b>	<b>2016</b>
<b>Members' Equity</b>		
Membership Fees	\$184,480	\$192,610
Patronage Capital	226,040,861	217,345,141
Other Equities	22,204,264	18,830,612
	248,429,605	236,368,363
<b>Long-Term Liabilities</b>		
Long-Term Debt	239,182,730	237,635,912
Accumulated Provisions for Postretirement Benefits	28,382,583	25,397,330
Other Liabilities	650,106	378,357
	268,215,419	263,411,599
<b>Current Liabilities</b>		
Long-Term Debt - Current Portion	10,024,000	9,100,000
Accumulated Provisions for Postretirement Benefits Other Than Pensions - Current	823,084	678,048
Accounts Payable	18,917,787	19,106,226
Consumers' Deposits	7,851,740	7,449,802
Accrued and Withheld Taxes	4,059,364	6,225,127
Other	9,750,563	12,106,637
	51,426,538	54,665,840
<b>Deferred Credits</b>	<b>107,282,690</b>	<b>97,257,926</b>
<b>Total Members' Equity And Liabilities</b>	<b>\$675,354,252</b>	<b>\$651,703,728</b>

## STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	2017	2016
<b>Operating Revenues</b>	<b>\$355,871,803</b>	<b>\$331,606,986</b>
<b>Operating Expenses</b>		
Cost of Power	233,004,950	224,297,922
Distribution Operations	20,332,800	19,490,960
Distribution Maintenance	28,429,271	21,310,805
Consumer Accounts	9,706,814	10,202,188
Consumer Information and Sales	2,716,378	2,599,132
Administrative and General	13,047,239	13,380,206
Depreciation	20,378,496	17,607,273
Other	6,255	8,782
	\$327,622,203	\$308,897,268
<b>Operating Margins Before Interest Expense</b>	<b>28,249,600</b>	<b>22,709,718</b>
<b>Interest Expense</b>	<b>11,757,958</b>	<b>11,841,016</b>
<b>Operating Margins After Interest Expense</b>	<b>16,491,642</b>	<b>10,868,702</b>
<b>Nonoperating Margins</b>	<b>6,215,699</b>	<b>5,442,036</b>
<b>Generation and Transmission Cooperative Capital Credits</b>	<b>1,321,837</b>	<b>1,169,181</b>
<b>Other Capital Credits and Patronage Capital Allocations</b>	<b>706,589</b>	<b>782,390</b>
<b>Net Margins</b>	<b>24,735,767</b>	<b>\$18,262,309</b>
<b>Total Members' Equity - Beginning</b>	<b>\$236,368,363</b>	<b>\$228,321,233</b>
<b>Net Margins</b>	<b>24,735,767</b>	<b>18,262,309</b>
<b>Retirement of Patronage Capital</b>	<b>(12,763,930)</b>	<b>(10,305,822)</b>
<b>Membership Fees</b>	<b>(8,130)</b>	<b>(8,740)</b>
<b>Other Equities</b>	<b>97,535</b>	<b>99,383</b>
<b>Total Members' Equity-Ending</b>	<b>\$248,429,605</b>	<b>\$236,368,363</b>

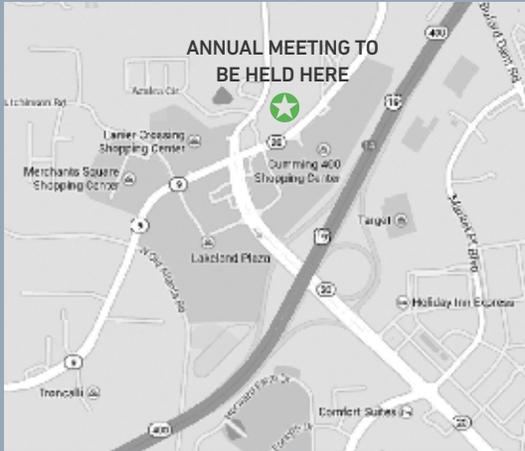
### Operating Expenses



To view the complete financial statements contained in our 2017 Financial Audit, please visit our website at [www.sawnee.com](http://www.sawnee.com). If you wish to receive a printed copy of our 2017 financial audit, please contact Mrs. Ginny Ellis, Chief Financial Officer, at 770-887-2363, extension 7578, or via email at [gabby.ellis@sawnee.com](mailto:gabby.ellis@sawnee.com).

This institution is an equal opportunity provider and employer.

# JOIN US FOR OUR 80<sup>TH</sup> ANNUAL MEETING OF MEMBERS!



The 2018 Annual Meeting will be held at SEMC's headquarters:

**543 Atlanta Highway  
Cumming, GA 30040**

See the schedule of events on page 11 for a complete listing of the planned activities. Times are estimated and may vary.

## **IMPORTANT: THIS IS YOUR ANNUAL MEETING REGISTRATION CARD!**

Please bring this notice with you to the Annual Membership Meeting on Saturday, October 6, 2018 and present it at the Registration Desk. Door prizes will be awarded and you must be present to win.



P.O. Box 266  
Cumming, Georgia 30028  
770-887-2363  
Fax - 770-886-8119  
1-800-635-9131  
www.sawnee.com

September 14, 2018

## **OFFICIAL NOTICE OF MEMBER MEETING**

**80TH ANNUAL MEMBERS' MEETING TO BE HELD ON OCTOBER 6, 2018**

Dear Sawnee EMC Member,

In accordance with Article 3, Section 3.03, Notice of Member Meeting, of the Bylaws of Sawnee Electric Membership Corporation ("the Corporation"), notice is hereby given that the 2018 Annual Membership Meeting of the Corporation will be held Saturday, October 6, 2018, at Sawnee EMC's headquarters located at 543 Atlanta Highway, Cumming, Georgia. Registration will be from 8:00 a.m. to 11:00 a.m. The Annual Meeting will convene at approximately 9:30 a.m., with the business session scheduled to begin at approximately 10:20 a.m.

The purpose of the meeting is to transact any and all business that might properly come before the membership, at that time. Reports from officers, directors, committees and the district election(s), as well as any unfinished and/or new business, will be presented to the membership.

We urge you to make plans to attend this very important meeting of your Cooperative.

Respectfully,

Gary Porter  
Secretary-Treasurer

# 2018 ANNUAL MEETING AGENDA

**8:00 A.M. - 10:00 A.M.**

## CONTINENTAL BREAKFAST

- Enjoy muffins, pastries and, of course, those delicious homemade biscuits. Bottled water, juice, coffee and soft drinks will also be available

**8:00 A.M. - 11:00 A.M.**

## REGISTRATION

- Bring your meeting Registration Card and present it at the Registration Desk

**9:00 A.M. - 9:25 A.M.**

## GENERAL ENTERTAINMENT

- Chestatee Elementary Chorus

**9:30 A.M.**

## WELCOME AND ANNOUNCEMENTS

- Meeting begins (Reserved parking for handicapped attendees and sign language interpreter will be available)

**9:35 A.M. - 10:00 A.M.**

## GENERAL ENTERTAINMENT

- Power Taps Cloggers

**10:05 A.M.**

## INTRODUCTIONS

**10:15 A.M.**

## AWARD PRESENTATIONS

**10:20 A.M.**

## BUSINESS SESSION

- Business Meeting Begins
- Report of Quorum
- Reading of Official Notice of Meeting and Proof of Mailing
- Reading of Minutes of Prior Meeting
- Report of District Director Elections
- Presentation of Reports by CEO
- Unfinished Business
- New Business
- Business Meeting Adjourns

**10:45 A.M.**

## FEATURED ENTERTAINMENT

- The Wiseman Brothers

**11:15 A.M.**

## AWARDING OF DOOR PRIZES

- General Prizes – There will be energy credits and prizes given away
- Children's Prize – One bicycle to a child 12 years of age or younger

**11:45 A.M.**

## MEETING ENDS

(Note: Times are estimated and may vary from what is shown above.)

Visit us at [www.sawnee.com](http://www.sawnee.com)



<b>BAR CODE</b>
Name 1
Name 2
Address 1
Address 2
City, state Zip