



**STRENGTH IN
MEMBERSHIP**

SAWNEE ELECTRIC
MEMBERSHIP CORPORATION
**2015 Annual Report and
Official Notice of Member Meeting**

“Being responsible stewards of our beautiful environment, meeting the ever-changing energy needs of over 144,000 members, and remaining focused on our untiring dedication to “keep the lights on” is what we strive for each and every day.”

— Michael Goodroe
President & CEO



Dear Sawnee EMC Members,

Please accept our warmest wishes from your Board of Directors and staff at Sawnee Electric Membership Corporation. We are proud to provide you with our 2015 Annual Report, which contains key financial data and pertinent information about your cooperative, Sawnee EMC.

The theme of this year’s Annual Report is **“Strength in Membership”** and we have featured a few of the many activities we have recently undertaken to help further our mission. These include our community involvement, a review of our rate competitiveness, and other projects; all shining examples of our commitment to you, our member, to whom we proudly serve electricity. Being responsible stewards of our beautiful environment, meeting the ever-changing energy needs of over 144,000 members, and remaining focused on our untiring dedication to “keep the lights on” is what we strive for each and every day.

By being a Sawnee EMC member, you receive a commitment of service from over 305 dedicated staff members, who’s single focus every day is to meet your energy needs, no matter what challenges or weather conditions we encounter. Providing reliable electric service at reasonable rates, coupled with “world class” customer service, is what our dedicated staff is all about.

Our corporate slogan is “we’re more than electricity, we’re service”. It defines who we are and frames the core values of our mission and professionalism, while never losing sight that we were created by a handful of forward-thinking individuals, over 78 years ago, who believed whole-heartedly in “service first”.

In closing, please accept my commitment that we will always be good stewards of your assets and will strive to exceed your expectations, in all that we do. We truly are “co-op folks” who understand that you, our member, comes first above all else.

Best wishes and thank you for being a member of Sawnee EMC.

Sincerely,

Michael A. Goodroe
President and CEO

SAWNEE EMC BOARD OF DIRECTORS



PICTURED LEFT TO RIGHT:

Front Row:

Donna Yost, District 8

Rodney Reese, District 9 (*Secretary-Treasurer*)

Terry Mathis, District 7 (*Chairman*)

Marshall Millwood, District 2
(*Vice Chairman*)

Lamar Sexton, District 3

Back Row:

Gary Porter, District 4

Larry Evans, District 5

Tim Heard, District 6

Roger Coker, District 1

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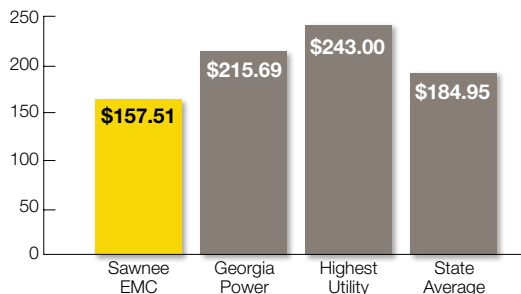
Sawnee EMC Fast Facts 11

WORKING TOGETHER TO **KEEP RATES LOW**

It takes partnership and teamwork to keep rates and energy bills affordable. The conservation programs that Sawnee offers include rebates and incentives to members for making certain energy efficient upgrades at their home or business. But, reducing usage is only half the battle. Sawnee is ever mindful of keeping its operating costs as low as possible; constantly searching for ways to lower the overall cost of purchasing power, which takes up 74% of every dollar. When we all work together to keep bills affordable, everyone benefits. That's the cooperative difference.

Out of 94 Utilities in Georgia, Sawnee's Rates are the 11th Lowest

A rate comparison by the Georgia Public Service Commission

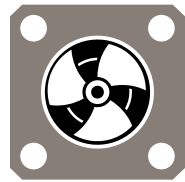


This data is from a recent (2015) summer survey by the GA PSC for 1,500 kilowatt-hours.

Source: Georgia Public Service Commission 2015 Summer Retail Rate Survey

Load Management

Our Load Management Program helps balance the demand for electricity, with the ability to generate and purchase it economically. This innovative program truly represents energy efficiency at work.



1,567
SWITCHES
INSTALLED
IN 2015

Members participating in Load Management have a switch connected to their outside AC unit; this switch is installed free of charge. During times of peak energy demand, Sawnee will cycle the unit(s) off for brief periods of time, which creates an overall reduction in peak demand. Learn more about this money-saving program at www.sawnee.com/switch.

Smart Savers Program

“Smart thermostats”, which are connected to the Internet, make it easier than ever to manage your energy usage. You can manually adjust your thermostat via your mobile device, or simply set a schedule that optimizes your energy usage based on your schedule. Additionally, you can also allow Sawnee to help you control your AC usage during the heat of the summer, and receive an incentive

for doing so. By enrolling your thermostat into this program, you agree to let Sawnee make brief, limited adjustments to your thermostat during times of peak demand. You can learn more about being a Sawnee Smart Saver at www.sawnee.com/smartsavers.

Rebates & Incentives

Making energy efficient upgrades can not only help reduce your electric consumption, but also improves the level of indoor comfort. Sawnee EMC offers residential and commercial programs that provide incentives for energy efficient upgrades. Become one of over 40,000 members who receive these credits each year.



HELPING BUILD STRONGER COMMUNITIES

The mission of the Sawnee Electric Membership Foundation is to assist in strengthening the communities served by Sawnee EMC. The Foundation accomplishes this mission by providing financial assistance to selected charitable organizations supported by its Operation Round Up Program.

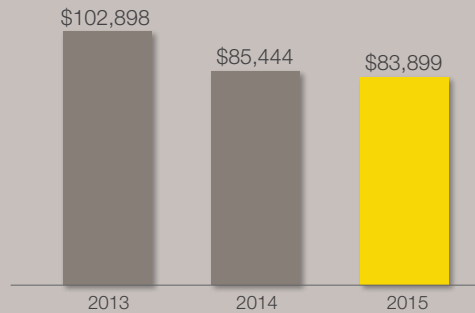
Operation Round Up

Through Operation Round Up, participants allow their monthly electric bill to be “rounded up” to the next whole dollar, and they donate this “extra change” to the Foundation, which helps worthwhile organizations in our communities. The Foundation uses 100% of the funds to assist those in need throughout Sawnee’s seven (7) county service area. Learn more about the Foundation and its programs at www.sawnee.com/round_up.

Scholarship Programs

For over a decade, the Sawnee Foundation has taken applications from local high school seniors for its “Youth Scholarship Program”, and is proud to have done so. In 2015, the Foundation awarded fifteen (15) local high school seniors, each with a \$4,000 scholarship to go towards their college education.

SEMC FOUNDATION CHARITABLE ORGANIZATION DONATIONS



In May of 2015, a new scholarship program was created to honor the legacy of a SEMC employee who lost his life in the line of duty. The Brian Johnson Memorial Scholarship sponsors students with a grant of up to \$1,500 to help fund their enrollment into the Technical College System of Georgia’s Electrical Lineworker Program. To date, two (2) scholarships have been awarded.

In 2016, the Foundation established an additional grant program which allows eligible colleges and universities to submit applications for the funding of special needs. Under this program, three (3) local colleges will be using the scholarship money, totaling \$30,000, to aid local military veterans who are seeking a college degree.



PROGRESSIVE PROJECTS THAT **ADD VALUE**

1 Preventative Maintenance

Sawnee has been diligent for many years to make sure that the power you receive is not only affordable, but also safe and reliable. On a continuous basis, we replace aging infrastructure before it has the chance to fail. We also inspect, maintain, and proactively replace items such as poles and transformers on a regular basis. Finally, because animals (such as squirrels) are a leading cause of outages in our area, we go the extra mile to protect our equipment from them to help prevent outages.



173 POWER
OUTAGES CAUSED
BY ANIMALS IN 2015

2 Solar Farms in South Georgia

For several years, we have supported responsible and economical ways to diversify our overall energy portfolio, especially when it is cost effective and helps mitigate the effects of carbon with regard to generating electricity. Our two (2) newest endeavors, near Hazlehurst and Butler, Georgia, will produce 72 MW of clean, renewable solar energy. These projects utilize over 300,000 solar modules, which capture the sun's energy and convert it to electricity and import it onto the electric grid.

3 Billing and Energy Alerts

Designed for people who wish to be notified about the status of their electricity usage, these two (2) alert programs generate customized email notifications to keep you “in the know” about how much power you are using. These voluntary programs allow you greater flexibility in monitoring and controlling your energy bill. These programs give participants the power to avoid a potential “sticker shock” when opening their monthly billing statement.

4 Right of Way Management

Sawnee's extensive right of way maintenance procedures protect power quality and prevent outages by keeping plant growth at a reasonable distance from electric lines. Limbs brushing against lines can cause blinks and temporary outages. First-hand evidence of proactive tree trimming efforts is reflected in Sawnee's outstanding outage and restoration numbers when compared to other utilities in the state.

5 Streetlight Repair

Sawnee EMC maintains over 38,000 streetlights throughout its seven (7) county service territory. Unlike the meter at your home or business, a streetlight does not automatically notify us when it's out. Sawnee EMC makes every effort to repair a streetlight outage promptly, but we need your help. If you see a streetlight in your area that is not working properly, let us know and we'll be glad to address the issue. You can report a streetlight outage online at www.sawnee.com or via Sawnee EMC's free app for iOS and Android users.



“All of these preventative measures are designed to protect our distribution system and provide our members with reliable electricity. When we keep our lines clear of faults and our facilities properly maintained, outages are drastically reduced.”

— Gary Mauldin
Chief Operating Officer



FINANCIAL HIGHLIGHTS

To view the complete financial statements contained in our 2015 Financial Audit, please visit our website at www.sawnee.com. If you wish to receive a printed copy of this year's financial audit, please contact Mrs. Ginny Ellis, Chief Financial Officer, at 770-887-2363, extension 7578, or via email at ginny.ellis@sawnee.com.

This institution is an equal opportunity provider and employer.



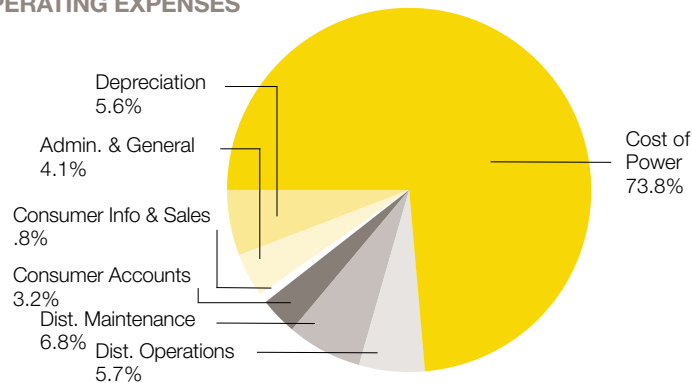
SAWNEE ELECTRIC MEMBERSHIP CORPORATION **BALANCE SHEETS**

ASSETS	2015	2014
UTILITY PLANT		
Electric Plant in Service-At Cost	\$552,277,583	\$528,362,598
Construction Work in Progress	4,996,753	438,168
Gross Utility Plant	557,274,336	528,800,766
Accumulated Provision for Depreciation	(125,995,744)	(119,028,994)
	431,278,592	409,771,772
OTHER PROPERTY AND INVESTMENTS		
Investments in Associated Organizations	38,803,995	37,880,188
Restricted Funds	87,071,270	70,271,270
Other Investments	478,730	378,730
	126,353,995	108,530,188
CURRENT ASSETS		
Cash and Cash Equivalents	8,491,859	11,973,617
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$393,173 in 2015 and \$497,405 in 2014)	13,365,323	14,160,075
Materials and Supplies	3,523,292	3,112,184
Prepayments	7,093,408	7,082,197
Interest Receivable	258,832	172,399
	32,732,714	36,500,472
DEFERRED DEBITS	5,156,229	7,508,437
TOTAL ASSETS	\$595,521,530	\$562,310,869
MEMBERS' EQUITY AND LIABILITIES		
MEMBERS' EQUITY		
Membership Fees	\$201,350	\$210,625
Patronage Capital	211,752,288	209,376,142
Other Equities	5,374,595	5,048,994
	217,328,233	214,635,761
LONG-TERM LIABILITIES		
Long-Term Debt	200,431,435	208,358,078
Accumulated Provisions for Postretirement Benefits	24,114,947	20,943,711
Other Liabilities	216,204	54,051
	224,762,586	229,355,840
CURRENT LIABILITIES		
Long-Term Debt - Current Portion	8,054,000	7,769,000
Line-of-Credit	10,161,686	-
Accumulated Provisions for Postretirement Benefits Other Than Pensions - Current	600,646	506,360
Accounts Payable	25,733,850	19,552,725
Consumers' Deposits	7,030,266	6,732,963
Accrued and Withheld Taxes	3,107,829	3,252,637
Other	11,471,948	10,223,256
	66,160,225	48,036,941
DEFERRED CREDITS	87,270,486	70,282,327
TOTAL MEMBERS' EQUITY AND LIABILITIES	\$595,521,530	\$562,310,869

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	2015	2014
OPERATING REVENUES	\$313,859,965	\$325,842,179
OPERATING EXPENSES		
Cost of Power	219,375,665	241,740,172
Distribution Operations	16,967,880	15,881,100
Distribution Maintenance	20,075,804	13,723,121
Consumer Accounts	9,487,209	9,347,973
Consumer Information and Sales	2,355,559	2,154,714
Administrative and General	12,274,918	11,447,049
Depreciation	16,853,235	16,088,754
Other	8,614	6,620
	<u>297,398,884</u>	<u>310,389,503</u>
OPERATING MARGINS BEFORE INTEREST EXPENSE	\$16,461,081	\$15,452,676
INTEREST EXPENSE	<u>11,146,090</u>	<u>10,924,832</u>
OPERATING MARGINS AFTER INTEREST EXPENSE	5,314,991	4,527,844
NONOPERATING MARGINS	4,985,812	4,491,741
GENERATION AND TRANSMISSION COOPERATIVE CAPITAL CREDITS	1,031,159	2,095,528
OTHER CAPITAL CREDITS AND PATRONAGE CAPITAL ALLOCATIONS	534,018	472,487
NET MARGINS	\$11,865,980	\$11,587,600
PATRONAGE CAPITAL - BEGINNING	209,376,142	209,733,742
RETIREMENT OF PATRONAGE CAPITAL	<u>(9,489,834)</u>	<u>(11,945,200)</u>
PATRONAGE CAPITAL - ENDING	\$211,752,288	\$209,376,142

OPERATING EXPENSES



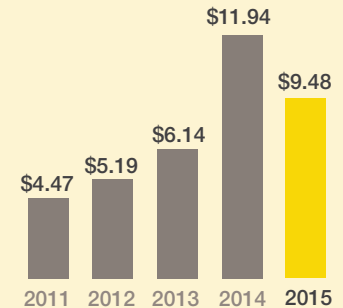
PATRONAGE CAPITAL

In 2015, Sawnee retired over \$9 million to 87,000 eligible active and former members through a general retirement of patronage capital for the years 1994 through 1997. This action provided an average refund of approximately \$103 to members who received electric service from Sawnee EMC at any time between 1994-1997. These refunds are due to the fact that Sawnee EMC is a non-profit electric cooperative and each year its members receive an assignment of what is known as “patronage capital” in the records of the Cooperative. The assignment for each member is based on the amount of capital they provided through their electric bill(s) for that year.

Patronage capital is just another example of why the cooperative business model is successful and a tangible demonstration of how member ownership works at Sawnee EMC.

PATRONAGE CAPITAL

General Retirements / Deceased Member Estates
(\$ millions)





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Fax – 770-886-8119
1-800-635-9131
www.sawnee.com

September 16, 2016

OFFICIAL NOTICE OF **MEMBER MEETING**

78TH ANNUAL MEMBERS' MEETING TO BE HELD ON OCTOBER 1, 2016

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 2016 Annual Membership Meeting of the Corporation will be held Saturday, October 1, 2016, 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.

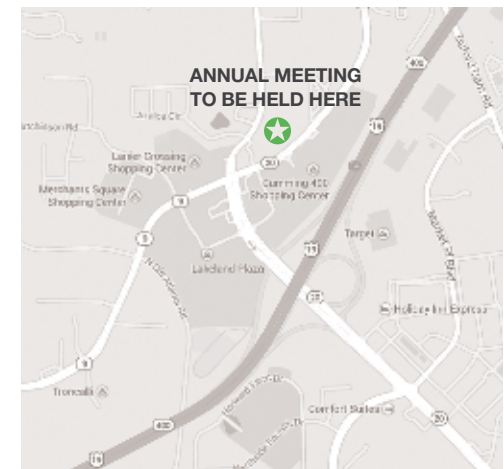
We urge you to make plans to attend this very important meeting of your Cooperative.

Respectfully,

Rodney H. Reese
Secretary-Treasurer

THE 2016 ANNUAL MEETING WILL
BE HELD AT SEMC HEADQUARTERS:

543 ATLANTA HIGHWAY
CUMMING, GA 30040



COME JOIN US FOR OUR 78TH ANNUAL MEETING OF MEMBERS!

See the schedule of events to the left 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 1, 2016 and present it at the Registration Desk. Door prizes will be awarded and you must be present to win.

2016 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, juices, 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

- 8 Up With Dixie - Dixieland Band

9:30 A.M.

WELCOME AND ANNOUNCEMENTS

- Meeting begins (Reserved seating and parking for handicapped attendees will be provided)

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

GENERAL ENTERTAINMENT

- Dawson County High School Chamber Singers

10:05 A.M.

INTRODUCTIONS

10:15 A.M.

AWARD PRESENTATIONS

10:20 A.M.

BUSINESS SESSION

- 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

- Shoal Creek Bluegrass Band

11:15 A.M.

AWARDING OF DOOR PRIZES

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

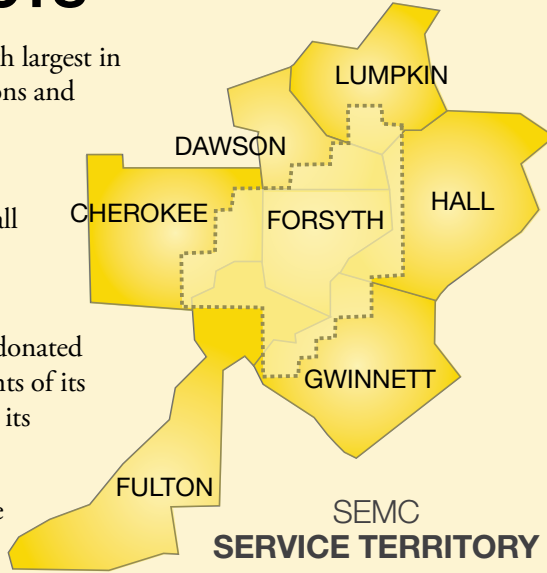
11:45 A.M.

MEETING ENDS

Note: Times are estimated and may vary

SAWNEE EMC FAST FACTS

- Sawnee EMC is the third largest co-op in GA; ninth largest in the U.S., with over 144,000 members, 39 substations and 10,451 miles of distribution line.
- Service territory includes portions of 7 counties: Cherokee, Dawson, Forsyth, Fulton, Gwinnett, Hall and Lumpkin; one of the fastest growing areas in the nation.
- The Sawnee Electric Membership Foundation has donated over \$2 million to charitable organizations, recipients of its Bright Ideas and Youth Scholarship programs since its inception in 2003.
- Over 1,000 members utilize Sawnee EMC's mobile app on a daily basis.
- Over 4,000 members have signed up to receive Billing or Energy Alert notification emails.
- Sawnee EMC has over 3,354 Facebook "likes" and 1,174 followers on Twitter.
- Sawnee EMC has 305 dedicated and professional staff members who strive each day to meet the energy needs of its members.



Visit us at www.sawnee.com



543 Atlanta Highway
Cumming, GA 30040

BAR CODE

Name 1
Name 2
Address 1
Address 2
City, state Zip