

# DELIVERING MORE



**SAWNEE EMC**  
2019 ANNUAL REPORT

 **SAWNEE**<sup>®</sup>  
An Electric Membership Corporation

# DEAR SAWNEE EMC MEMBERS



Greetings. On behalf of the Board of Directors and the staff of Sawnee EMC, please accept your electric cooperative's 2019 Annual Report. After much review and consideration regarding the pandemic, concern for your safety and that of our staff, we feel the best course of action is to postpone our 2020 Annual Meeting until 2021. With this in mind, we look forward to seeing you at our 83rd Annual Meeting of Members next year.

I encourage you to read this Annual Report and learn more about how we are positioning Sawnee EMC to address the financial, physical and technological challenges of today and for years to come. As you will see, 2019 was another outstanding year with several major accomplishments achieved. On page 9, you will find an abbreviated version of our 2019 financial audit. The full audit is available for download at [sawnee.com](http://sawnee.com) or you can request a copy be provided to you via U.S. Mail.

We have chosen "Delivering More" as the theme of this year's Annual Report. We will focus on three (3) distinct areas; the way we "surpassed limitations" during COVID-19 to meet the needs of our members, the products and services we provide "beyond the kilowatt" and finally, how we are "exceeding expectations" with world class customer service and exceptional reliability under an array of challenging conditions.

The successes we now enjoy are a direct result of the hard work and dedication of our staff and we thank them for all they do for our members each day. Our team of dedicated professionals is the main reason Sawnee EMC has one of the highest customer satisfaction scores in the nation, as well as, some of the best reliability metrics in our industry.

Also, I want to recognize the forward-looking vision of our Board of Directors. They embrace and support the mission of this great cooperative and place the needs of the membership above all else. The Board ensures the membership has a voice in every decision that is rendered.

I hope you enjoy reading this year's Annual Report and afterwards, you too can feel that we are in fact "Delivering More" to meet your energy needs. It is our distinct pleasure to be more than just your electric provider, but also a part of the fabric of the diverse communities we serve.

Wishing you all the best.

Sincerely,

Michael A. Goodroe, President and CEO



## DELIVERING MORE

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## SEMC BOARD OF DIRECTORS

*Left to Right:*

- Donna Yost - District 8
- Gary Porter - District 4 (Vice Chairman)
- Rodney Reese - District 9 (Chairman)
- Larry Evans - District 5
- Terry Mathis - District 7
- Tim Heard - District 6
- Marshall Millwood - District 2
- Roger Coker - District 1 (Secretary-Treasurer)
- Lamar Sexton - District 3 (Retired 12/31/2019)



**Adapting to COVID-19** At Sawnee EMC, our members are at the heart of everything we do, and the COVID-19 pandemic was not any different. While our dedicated professionals are always prepared to respond in challenging

situations, our members were on the forefront of our minds during this time. In a short period of time, our staff collaborated and thought about how, in addition to the continuation of reliable electricity, we could focus our

efforts toward providing assistance and financial relief to our members during an unprecedented and extraordinary time.



### **SPECIAL GENERAL RETIREMENT OF PATRONAGE CAPITAL**

In support of our members who were facing financial difficulties due to the COVID-19 pandemic, Sawnee EMC's Board of Directors swiftly approved a special general retirement of patronage capital in March totaling approximately \$10 million. Every person who was an active member of Sawnee EMC in 2019 received either a credit on their April 2020 billing statement or a check if they were no longer a member.



### **SUSPENSION OF DISCONNECTIONS AND LATE FEES**

Our staff immediately recognized members may have had difficulty meeting their financial commitments, including their electric bills. As a cooperative leader, on March 13th all disconnections and late fees were suspended until May 31st. Additionally, a COVID-19 Payment Plan was formulated to assist members with outstanding balances and allowed them six (6) months to pay any accrued amounts.

### **BASE RATE DELAY**

We have always worked closely with our members experiencing hardship, as well as, regarding any issues concerning their service or making a payment on their account. To aid in that effort during COVID-19, and in support of our members, Sawnee's Board of Directors approved the suspension of a planned base rate increase which has been postponed until April 2021.

### **COMMUNICATION IS KEY**

After food and shelter, electricity may be one of the top needs for a home or business, especially during quarantine. During COVID-19, our staff proactively dedicated itself to communicating information concerning what was occurring with regard to the pandemic and its effect on our operations. During any crisis, whether an ice storm or major power outage, we are committed to making sure our members know what is happening and how they can keep in touch with us to conduct business. Through emails, letters, website postings and social media, we work diligently to make sure you stay in the know. At Sawnee EMC, We're More Than Electricity, We're Service.



# SURPASSING LIMITATIONS



## SEMC Foundation

Through the Sawnee Foundation's Operation Round Up Program, local hospital employees received a lunch in April to show support of frontline health care providers. Also, the Foundation approved emergency funding of \$150,000 for local food banks and \$10,100 to assist area schools with summer lunch programs.



# BEYOND THE KILOWATT



## Superior Customer Service

Whether it is face to face, over the phone or online, superior customer service is a priority. Sawnee EMC is dedicated and committed to being the best electric company you can engage with. We set aggressive goals for ourselves...not average goals, but "best in class" goals.



**General Retirement of Patronage Capital** We are a not-for-profit electric cooperative. A distinct advantage and unique feature of our business model is that we return patronage capital to members. This means that margins, or the

money that is left at the end of the year after expenses are paid, are allocated to the members of the cooperative. The amount of patronage capital is based on how much electricity is purchased by a member in a particular year. In 2019,

approximately \$10 million was retired to eligible current and former members who received electric service from Sawnee EMC during 2001 and 2002. Learn more at [sawnee.com/patcap](http://sawnee.com/patcap).



93%

**ACSI SURVEY** The American Customer Satisfaction Index gauges the satisfaction and engagement of electric cooperative members nationwide. In 2019, Sawnee received a score of 93 out of 100, exceeding the national average for electric utilities across the country.

**RELIABILITY** Reliable power means doing more of what you love. One aspect of reliable service is making sure you do not have an outage and miss out on doing what you love as a result. In 2019, the average outage for a member only lasted approximately 30 minutes. This high mark for reliable service reflects decades of planning and investment related to Sawnee's electrical system. Reliability is one of our annual strategic goals and will always remain a top priority for our staff.

**RESTORATION** Restoring power after widespread outages is a big job that involves more than simply throwing a switch or removing a tree from a line. It involves a huge coordinated effort with hundreds of lineworkers operating in very dangerous situations. There is nothing routine about restoring power after a storm. Sawnee is committed to restoring electric power to all members as safely and quickly as possible. Our goal is to safely restore power to the greatest number of members in the shortest time possible.





**Essential Employees** Sawnee EMC employs more than 350 dedicated professionals who have a vested interest in the cooperative, live and work by our core values and share a commitment to powering our community and empowering our

members to improve the quality of their lives. Each and every day our employees aim to serve the needs of Sawnee's membership by being member focused, conscientious and performing under the best sense of cooperative values and beliefs.

**CUSTOMER SERVICE** Customer service is more than talking to our members; it is about exceeding their expectations as a Sawnee EMC member. Each and every interaction we have with our members is an opportunity to connect, solve problems, and show you that we care about the experience you have with Sawnee. In addition to our on site representatives, Sawnee EMC also has a variety of online customer self service channels such as online account management, automated telephone service and an app to handle everything you need regarding your electric account.

**OUR CREWS** These individuals often find themselves in challenging situations, so our lives may be a bit brighter. The approximate 120 linemen who work for Sawnee EMC have more than 1,180 years of combined experience. Often, they will work long hours on high-voltage power lines until electricity is restored to every member. In howling winds and torrential rain, or in freezing and icy conditions, they always respond to an outage. No matter the time - day or night, weekday or weekend - if the lights go out, so do they.

Approximately 40 Sawnee EMC Customer Service Representatives are available to answer any question or inquiry regarding your electric account. We stand ready to answer your phone call, email, chat or text.



# EXCEEDING EXPECTATIONS



## Energy Services

Our Energy Services team of experts can identify customized solutions focused on energy conservation to lower your energy costs.



## Engineering

Our Engineering professionals look for ways to make electricity more reliable. They identify future challenges so electricity is available when you need it.

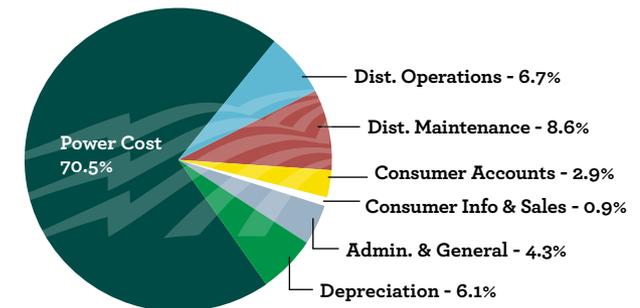
## Sawnee Electric Membership Corporation BALANCE SHEETS

Assets	2019	2018
<b>Utility Plant</b>		
Electric Plant in Service-At Cost	\$651,961,175	\$620,317,526
Construction Work in Progress	7,700,509	9,565,226
Gross Utility Plant	659,661,684	629,882,752
Accumulated Provision for Depreciation	(127,826,612)	(126,927,042)
	531,835,072	502,955,710
<b>Other Property and Investments</b>		
Investments in Associated Organizations	42,673,143	41,159,106
Restricted Funds	137,071,270	122,071,270
Other Investments	478,730	478,730
	180,223,143	163,709,106
<b>Current Assets</b>		
Cash and Cash Equivalents	49,562,993	7,849,318
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$111,533 in 2019 and \$73,279 in 2018)	32,722,252	32,855,178
Materials and Supplies	3,667,704	4,076,614
Prepayments	379,382	241,074
Interest Receivable	1,471,429	1,106,267
	87,803,760	46,128,451
<b>Deferred Debits</b>	435,734	294,468
<b>Total Assets</b>	<b>\$800,297,709</b>	<b>\$713,087,735</b>
<b>Members' Equity &amp; Liabilities</b>	<b>2019</b>	<b>2018</b>
<b>Members' Equity</b>		
Membership Fees	\$168,695	\$176,170
Patronage Capital	247,762,268	238,243,472
Other Equities	24,162,507	23,118,844
	272,093,470	261,538,486
<b>Long-Term Liabilities</b>		
Long-Term Debt	301,695,610	227,918,485
Accumulated Provisions for Postretirement Benefits	32,863,910	25,171,738
Other Liabilities	213,530	431,818
	334,773,050	253,522,041
<b>Current Liabilities</b>		
Long-Term Debt - Current Portion	11,301,000	10,414,000
Accumulated Provisions for Postretirement Benefits Other Than Pensions - Current	958,104	1,011,230
Line of Credit	-	22,820,183
Accounts Payable	19,839,926	18,525,230
Consumers' Deposits	8,997,549	8,159,422
Accrued and Withheld Taxes	4,833,381	4,943,954
Other	10,314,192	9,957,142
	56,244,152	75,831,161
<b>Deferred Credits</b>	137,187,037	122,196,047
<b>Total Members' Equity And Liabilities</b>	<b>\$800,297,709</b>	<b>\$713,087,735</b>

## Statements of REVENUE AND PATRONAGE CAPITAL

	2019	2018
<b>Operating Revenues</b>	\$361,057,252	\$360,104,084
<b>Operating Expenses</b>		
Cost of Power	233,123,478	242,411,692
Distribution Operations	22,058,935	20,667,046
Distribution Maintenance	28,494,105	25,116,637
Consumer Accounts	9,737,459	10,019,525
Consumer Information and Sales	2,824,770	2,817,348
Administrative and General	14,323,517	12,637,071
Depreciation	20,073,207	19,278,801
Other	9,927	10,000
	\$330,645,398	\$332,958,120
<b>Operating Margins Before Interest Expense</b>	<b>30,411,854</b>	<b>27,145,964</b>
<b>Interest Expense</b>	<b>12,129,149</b>	<b>11,753,182</b>
<b>Operating Margins After Interest Expense</b>	<b>18,282,705</b>	<b>15,392,782</b>
<b>Nonoperating Margins</b>	<b>738,221</b>	<b>8,609,107</b>
<b>Generation and Transmission Cooperative Capital Credits</b>	<b>1,205,465</b>	<b>(1,160,925)</b>
<b>Other Capital Credits and Patronage Capital Allocations</b>	<b>566,127</b>	<b>531,508</b>
<b>Net Margins</b>	<b>\$20,792,518</b>	<b>\$23,372,472</b>
<b>Total Members' Equity - Beginning</b>	<b>\$261,538,486</b>	<b>\$248,429,605</b>
<b>Net Margins</b>	<b>20,792,518</b>	<b>\$23,372,472</b>
<b>Retirement of Patronage Capital</b>	<b>(10,326,701)</b>	<b>(10,354,295)</b>
<b>Membership Fees</b>	<b>(7,475)</b>	<b>(8,310)</b>
<b>Other Equities</b>	<b>96,642</b>	<b>99,014</b>
<b>Total Members' Equity-Ending</b>	<b>\$272,093,470</b>	<b>\$261,538,486</b>

## OPERATING EXPENSES



To view the complete financial statements contained in our 2019 Financial Audit, please visit our website at [www.sawnee.com](http://www.sawnee.com). If you wish to receive a printed copy of our 2019 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.

# NOTICE of POSTPONEMENT

## 2020 Annual Meeting of Members

Dear Sawnee EMC Member,

We find ourselves in challenging times that require us to look at things in a different perspective. The purpose of this letter is to provide notice to the members of Sawnee EMC that the 2020 Sawnee EMC Annual Meeting will be “postponed” until October 2, 2021, due to concerns with the Corporation’s ability to hold an Annual Meeting safely and not spread COVID-19 among our members and our staff. The safety of everyone involved is our first and foremost concern.

As you may know, the Bylaws state Sawnee EMC is generally required to hold an Annual Meeting of Members each year on the first Saturday in October. This is in order to present the membership with certain reports from the officers, provide an update on activities within the cooperative, including the most recent director election results, and to act upon matters that might properly come before the membership, at that time.

The Bylaws authorize the Board of Directors to set an alternate Annual Meeting date, other than the one established in the Bylaws. That said, the Board has determined October 2, 2021, will serve as the date for the 2020 Annual Meeting of Members.

We will be using this Annual Report to provide insight into the “day to day” affairs of the Cooperative, including our audited 2019 financial report. You can also find updates on the status of the 2020 director elections on our web site at [sawnee.com/elections](http://sawnee.com/elections). There was no unfinished business from the 2019 Annual Meeting of Members and any “new” business will be addressed by those members in attendance on October 2, 2021.

In closing, I will encourage you to contact the staff should you have questions concerning the information contained within this Annual Report or the Annual Meeting approach that is being deployed for 2020.

We look forward to seeing you at the Annual Meeting in 2021.

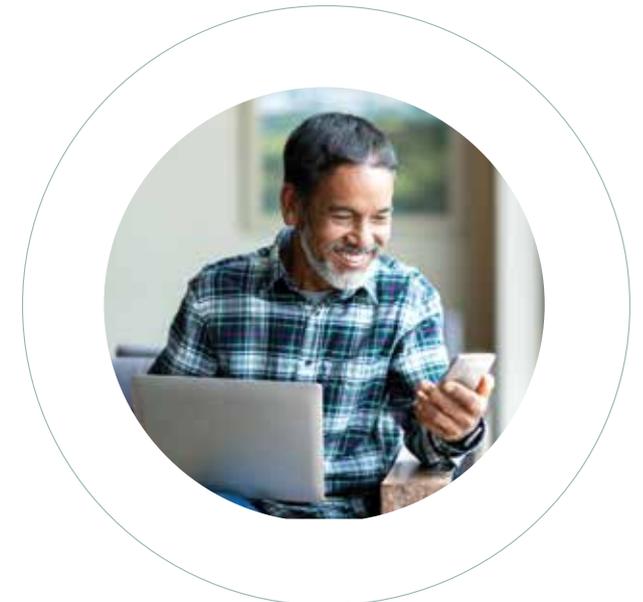
Sincerely,



Rodney H. Reese, Chairman



In support of Article 3, Section 3.07 of Sawnee EMC’s Bylaws, and until such time as the 2020 Annual Meeting can occur, please find on the foldout a list of reports to the membership about Sawnee EMC. Feel free to contact Sawnee EMC’s Customer Call Center at 770-887-2363 or email [customerservice@sawnee.com](mailto:customerservice@sawnee.com) if you have any questions or need additional information.





# LIST OF REPORTS

## **Presentation of Reports By Officers, Directors and Committees**

The 2020 Annual Report will serve as the report from the Officers, Directors and Committees for 2020 to the membership. Additional reports, where needed, will be provided to the membership at the 2020 Annual Meeting of Members scheduled to be held on Saturday, October 2, 2021.

## **Election of Directors**

The 2020 director elections results are as follows:

- **District #3 (Cumming)**  
A Directorate District Meeting concluded on September 8, 2020. The most recent election information and results can be found at [sawnee.com/elections](http://sawnee.com/elections).
- **District #5 (Ducktown)**  
Mr. Larry Evans was re-elected as provided for in the Bylaws.
- **District #8 (Ocee)**  
Ms. Donna Yost was re-elected as provided for in the Bylaws.

*Continued on back of foldout*



# CONTINUED REPORTS

## **Unapproved Minutes of the 2019 Annual Membership Meeting**

Due to the postponement of the 2020 Annual Meeting, the minutes from the 2019 Annual Meeting will be put forth before the membership for consideration at the 2020 Annual Meeting of Members scheduled for Saturday, October 2, 2021. A copy of the 2019 Annual Meeting minutes can be reviewed online at [sawnee.com/annual-meeting](http://sawnee.com/annual-meeting).

## **Unfinished Business from 2019 Annual Meeting of Members**

There was no unfinished business from the 2019 Annual Meeting of Members that needs to be considered by the membership.

## **New Business for 2020 Annual Meeting of Members**

No new business currently exists. Therefore, any “new” business that might properly come before the membership will be addressed by those members in attendance during the 2020 Annual Meeting of Members scheduled for Saturday, October 2, 2021.

# POSTPONEMENT OF 2020 ANNUAL MEETING

At Sawnee EMC, we place great value on the safety and welfare of our members and employees and constantly strive to provide exceptional customer service and reliability.

Sawnee EMC's Annual Meeting is generally a gathering of over 1,000 members and guests. With the prevalence of COVID-19 in our area, we need to do all we can to mitigate potential exposure and spread of this virus.

Therefore, after much review and consideration, the Board of Directors has determined it is in the overall best interest of our members, employees, and guests to postpone our 2020 Annual Meeting of Members until Saturday, October 2, 2021.

We look forward to welcoming our members and guests at the Annual Meeting in 2021.



“We’re MORE Than Electricity, We’re Service.”