

GRADY E.M.C. NEWS

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76th

The 76th Grady EMC Annual Membership Meeting will be held on Friday, October 17th, 2014 at 10:00 a.m. in the EMC operations complex located directly behind the EMC headquarters office building on Highway 84 West in Cairo, Georgia. Registration will begin at 8:00 a.m. followed by the business meeting at 10:00 a.m.

Members have the opportunity to participate in the election of directors who will represent them in the Co-op. The directors are elected each year on a rotation basis to serve three-year terms. This year, directors will be elected from districts three and six. You are encouraged to participate in this process as you are vital to the progress and service of your co-op.

Annual Meeting

Friday, October 17, 2014

Entertainment for this year's meeting will be the **ROB MILLS FAMILY** from Michigan. The family consists of Rob, his wife Angie, and their three children, Levi, Jacob, and Emily. Their music is a ministry that seeks to fulfill a purpose...to see people come to the life changing touch of Jesus Christ. Although Rob has celebrated his 26th year of sharing the gospel in song, he now has the thrill of having his family involved in the ministry. They are a dynamic family and have entertained at churches, camp meet-

ings, and concert venues across the country. They will perform from 8:30 a.m. until 10:00 a.m. You are invited to come and enjoy the entertainment, refreshments, and fellowship. Free gifts will be given to those registering at the meeting.

The directors, staff and employees of your Co-op look forward to seeing and visiting with you on this day. The mission of Grady EMC remains the same; to provide high quality, affordable electricity to all our membership. Remember, Grady EMC is owned by you and is directed by a Board of Directors that you have elected. ■



Registration begins at 8:00 A.M.

Meeting Begins at 10:00 a.m.

MEMBERSHIP DOES HAVE ITS PRIVILEGES.



GRADY EMC



"Your local cooperative with access to the world's power."

T.A. (Bo) ROSSER, Jr.
President

BOARD OF DIRECTORS

LAMAR CARLTON
Chairman - District 3

ROBERT E. LEE
Vice-Chairman - District 6

DEWEY BROCK, Jr.
Secretary/Treasurer - District 1

CAYLOR OUZTS
District 2

JAMES FREEMAN
District 4

H. LAMAR STRICKLAND
District 5

JAMES LEWIS
District 7

Attorney
CLAIRE CHASON

**United States Department of Agriculture
Rural Utilities Service
STATEMENT OF NONDISCRIMINATION**

THIS INSTITUTION IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER.

GRADY EMC is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, sex, religion, age, or disability shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is T. A. (Bo) Rosser, Jr. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D. C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Annual Report

for Year 2013

Chairman and Manager's Report

Grady EMC has completed another successful year of operations under the guidance of your board, staff and employees. We are proud to report our continued success in the face of challenging weather and external factors. A third party audit was completed for Fiscal Year 2013 with another outstanding review. Despite our success, there are many challenges ahead, including the latest EPA rulings as well as continued weather and load changes throughout our system.

First, we are taking steps to continue to provide affordable electricity as power supply has been challenged by the federal government's recent rulings. Increased cost for emissions is both prudent and necessary in order to stay compliant with the desires of our current administration for a greener environment. Regardless of our personal feelings about these rulings, they will lead to greener electrical service and higher rates. Though rate increases will likely be necessary in the coming years to offset the costs of these new EPA regulations, Grady EMC will continue to do its best to minimize the impact on members. We have already established a number of programs and practices to save our members money:

- Green Power EMC, Georgia Energy Cooperative and Oglethorpe Power continue to provide our wholesale power to meet our daily energy needs.

We have several net metering customers who provide their excess generated power back to the cooperative.

- We are proud to announce we have secured the long-term power supply to meet our needs into the future and have long-term projects that will help maintain our power costs. Baconton Power was a project that Grady EMC led over 10 years ago with Three Notch EMC and it was part of the original Sowega Power project. It was a bold move, and Grady EMC's leadership was the key to making the Baconton plant a success that has and will continue to stabilize power costs for our members.

Next, quality service and reliability remain some of our highest priorities, which we focus on preserving and improving through various areas and programs.

- System Upgrades: We continue to stay focused on system upgrades, including our right of way program and pole inspection programs. The wet weather has created additional challenges for both of these programs, but they are vital to continue the steadfast service our members have grown to expect.

- Facility Improvements: We are utilizing our newly completed facility to expand our technology offerings as well as our controls and systems, which will allow for more effective and efficient response to member needs, outages, service orders and work orders.

- Employee Training: We have expanded our training and safety programs because these areas are key to the overall success of Grady EMC. A well-trained workforce is critical to derive the greatest benefit from the systems in place.

As Grady EMC members, you can be proud to know your cooperative is truly one of the leading cooperatives in the state. Our recent projects have established a bedrock foundation for the membership of Grady EMC to rely upon into the future. For years to come, members will receive the benefits of an elected board equipped with a knowledgeable and hardworking staff and employees. Join me in applauding your cooperative for being a leader, not a follower. We are here to serve our members and are always open to suggestions, comments and questions.

Serving you always,

T. A. (Bo) Rosser, Jr.

President and General Manager

Secretary and Treasurer's Report

FINANCIAL STATEMENTS for the fiscal year ended December 31, 2013 reflect the sound status of Grady Electric Membership Corporation.

Each year we obtain the services of Certified Public Accountants to perform an audit of the corporation's accounting records. This audit includes an examination of the cooperative's consolidated balance sheets, related statements of consolidated revenues, comprehensive margins, changes in equities, cash flows for the year then ended, and notes to the financial statements.

Our auditor, Nichols, Cauley & Associates, LLC, conducts our audit in accordance with generally accepted auditing standards, and Government Auditing Standards issued by the Comptroller General of the United States

Respectfully Submitted,
Dewey Brock, Jr.
Secretary-Treasurer

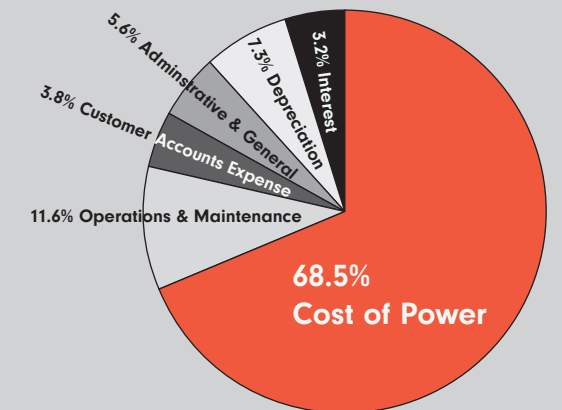
STATEMENT OF REVENUE AND PATRONAGE CAPITAL

	2013	2012
Revenues	\$37,653,889	\$36,451,505
Operating Expenses:		
Cost of Power	\$25,574,530	\$25,287,800
Distribution Expense—Operation of Lines	2,128,996	2,002,521
Distribution Expense—Maintenance of Lines	2,210,744	1,778,822
Consumer Accounts Expense	1,436,216	1,292,497
Administrative and General Expense	2,106,217	2,022,173
Depreciation and Amortization Expense	2,721,683	2,632,692
Interest	1,203,478	1,249,605
Total Expenses	\$37,381,864	\$36,266,110
Operating Margins	\$272,025	\$185,395

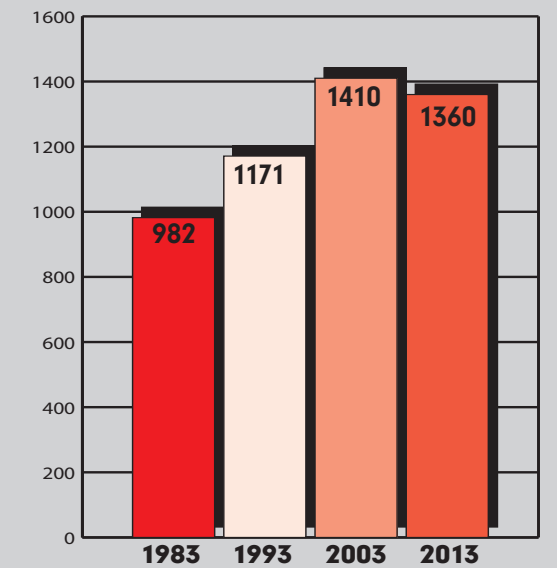
BALANCE SHEET As of December 31, 2013

	2013	2012
What We Own—Assets		
Cash on Hand and Temporary Investments	1,663,996	1,497,557
Investments in Associated Organizations	15,000,573	13,851,971
Accounts Receivable	6,056,021	5,813,609
Stock Materials and Supplies	481,067	551,753
Cost of System, Less Depreciation	72,649,985	70,332,131
Deferred Charges	47,671	31,083
Other Current Assets	276,014	239,611
Total Assets	\$96,175,327	\$92,317,715
Our Equity and What We Owe—Liabilities & Equity		
Long-Term Mortgage Notes, RUS, CFC & Other	33,765,450	35,316,258
Membership Fees	66,280	66,390
Patronage Capital and Other Equities	43,406,459	41,770,481
Other Liabilities	18,937,138	15,164,586
Total Liabilities & Equity	96,175,327	92,317,715

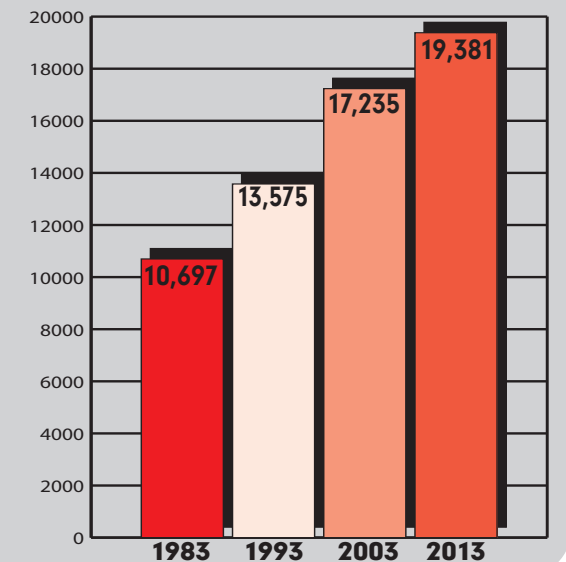
Where Your Dollars Were Spent



Average Kilowatt Hours used per month per meter 1983 through 2013



Number of Active Meters 1983 through 2013



"Election of Directors"

(Excerpted from By Laws of Grady EMC Directors)

SECTION 4.01. NUMBER AND GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors. The Board shall exercise all of the powers of the Cooperative except such as are by laws or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members. The Board of Directors shall not appoint or elect any committee to exercise the authority of the Board. However, the Board may appoint or elect from its own membership one or more committees, each consisting of at least two directors, for the purpose of serving in an advisory or recommendatory capacity to the Board.

SECTION 4.02. QUALIFICATIONS. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative and receiving service therefrom at his primary residential abode: PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a director, from the Directorate District in which such member is located, if he or such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year round resident within or in close proximity to an area served by the Cooperative; BUT PROVIDED FURTHER, that no more than one (1) such person may serve on the Board of directors at the same time. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least (18) years of age or is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies, to among others the members of the Cooperative. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage to which he was not a party. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the cooperative lacks eligibility under this section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4.03 ELECTION. At each annual meeting of the members, directors shall be elected by secret written ballot by the members and, except as provided in the first proviso of Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED that, Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. TENURE. Directors shall be so nominated and elected that one director from or with respect to Directorate Districts Nos. 3 and 6 shall be elected for three-year terms at an annual member meeting in 2014; one director from or with respect to Directorate Districts Nos. 1, 4 and 7 shall be elected for three-year terms at the next succeeding annual member meeting in 2015; one director from or with respect to Directorate District Nos. 2 and 5 shall be elected for three-year terms at the next succeeding annual member meeting in 2016, and so forth. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.06. Nominations.

(a) The Board shall appoint, not less than sixty (60) days nor more than one hundred twenty (120) days before the date of the meeting at which members of the Board are to be elected, a committee on nominations, consisting of not less than five (5) nor more than eleven (11) Members who shall be selected so as to give equitable representation on the Committee for the geographical areas served by the Cooperative (the "Nominating Committee"). The committee shall meet and nominate not less than one (1) nor more than two (2) qualified Member(s) for each seat on the Board for which a vacancy will occur by term expiration. The committee shall report such nominations to the Board not less than thirty (30) days before the meeting. Such nominations shall be posted at the principal office of the Cooperative at least thirty (30) days before the meeting.

(b) In addition, any fifty (50) or more Members of the Cooperative acting together may make additional nominations in writing submitted to the Secretary of the Cooperative not less than thirty (30) days prior to the meeting (the "Nominating Petition"), and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Nominating Petition shall:

(1) list on each page of the Nominating Petition the name of the proposed nominee;

(2) indicate on each page of the Nominating Petition the Director position for which the proposed nominee will run; and

(3) contain the printed names, addresses, telephone numbers and original dated signatures signed within sixty (60) days of the first signature.

(c) The Cooperative shall include in the notice of the meeting a statement of the number of Directors to be elected and showing separately the nominations made by the Nominating Committee and the nominations made by petition, if any.

At the Member Meeting, no nominations may be made from the floor except that such nominations may be made and shall be allowed for any position to be filled for which there would not otherwise be any eligible nominee. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board after the election of Directors.

SECTION 4.07. Manner of Voting for and Election of Directors.

(a) Directors shall be elected to fill the seats for those Directors whose terms are expiring at each Annual Meeting.

(b) Voting for election of Directors shall be by secret ballot; PROVIDED, however that when a nominee has no opposition, secret written ballots shall be dispensed with in respect to that particular election, and voting may be conducted at the Annual Meeting of the Members by voice vote or in any other proper manner. Balloting for contested elections of Directors shall begin not less than one and one-half hours (1 ½) and not more than (3) hours prior to the commencement of the business session of the Annual Meeting with the report on the

number of Members present and Persons represented in order to determine the existence of a quorum. Ballot boxes shall be opened and maintained until the commencement of the business session of the Annual Meeting. Upon commencement of the business session, an announcement shall be made that the voting shall come to a close. Those Members in line to register and vote at the time the announcement is made to close the voting shall be allowed to vote.

Directors shall be elected by a majority vote of those Members authorized to vote for them at the meeting at which the election is to be held. Should no candidate receive a majority vote of those Members present and voting, then a run-off ballot shall be taken between the two candidates receiving the greatest number of votes.

Nominating Committee Meeting

The Nominating Committee is scheduled to meet September 4, 2014 at 10:00 a.m. at the Grady EMC office building. They will appoint designated names from each district in which two of whom will be elected as Directors of Grady Electric Membership Corporation. The Board of Directors met August 6 and approved the following names as the 2014 Nominating Committee:

Douglas Roddenberry
James Robert Maxwell
Robert L. Gainey
Ronald W. Smith

Cole L. Prince
Lowell E. Dollar
Freddie Bryant
Julian E. Robinson