

The Executive Report



Anthony H. Sinclair
President and CEO



James W. Fulton, III
Chairman

Annual Report to the Members

Our Directors, management staff and outstanding team of employees are looking forward to seeing you at this year's 66th Coweta-Fayette EMC Annual Meeting and Member Appreciation Day on October 12 at our Palmetto headquarters. We have secured a useful gift just for you for attending this year's annual event, which should prove to be extra special. At this meeting, Members will be presented with some proposed bylaw amendments, which – if voted on and approved – would provide you with the future opportunity to cast a ballot on co-op issues either in person, by mail or online, as opposed to the current "in-person only" policy in place.

At Coweta-Fayette EMC, we have a proven history of exceeding our Members' expectations since 1945, a fact we are extremely proud of. What makes your cooperative such a great organization is that we build upon our successes knowing we can always do better. Providing options and solutions to Member requests is something we take seriously. Coweta-Fayette EMC's Directors and employees want to provide flexibility and convenience, while at the same time allowing for transparency and accountability. The proposed bylaw amendments up for consideration are a good example of the co-op responding proactively to our Members. Whenever possible, we embrace new technology to maximize efficiency and enhance service.

For our employees to consistently provide exceptional service, it requires dedication, skill, professionalism and resolve. Your employees play for the team, and we believe in following the "Golden Rule." Whether it is our operations and engineering personnel responding during adverse weather to restore your power quickly, our CSRs providing excellent customer service with a smile or our IT and marketing staff implementing cutting-edge technology to make your life better, our goal is to give you our 100% best!

We have recently experienced some encouraging commercial growth and subdivision development. The economy has not completely recovered, but our area has been one of Georgia's bright spots. We experienced a slight .88% increase in Membership in 2012.

Your co-op team works closely with economic development authorities, Chambers and others. We assist these organizations in leadership positions promoting the unique opportunities available in our service area and the region.

As a result of a 4.57% decrease in energy sales in kWh in 2012 (primarily weather-driven), our Operating Revenue and Patronage Capital decreased by 6.49%. Our Cost of Power decreased by 8.28% as a result of purchasing less energy and a reduced purchase power cost from low natural gas prices. The Non-Cost of Power-related costs of providing electric service in 2012 were 2.89% higher than in 2011 due to an increase in maintenance and operations expenses and fewer new construction "capital projects." The co-op's Total 2012 Patronage Capital or Margins was 10.5% lower than in 2011.

In 2012, we retired over \$2.1 million in capital credits for "operating margin" patronage for the years 1985-1986 by sending checks to Members. After careful analysis of our financial situation and due to low refinanced loan interests rates, the cooperative at mid-year 2013 has already taken steps to retire a little over \$1.8 million in capital credits allocated for "operating" patronage in the year 1987 and over \$1.7 million in capital credits allocated based on patronage for the "non-operating" CFC banking loan patronage for the years 1975-1983. All Members who have "non-operating" capital credits allocated based on patronage in the years 1975-1983 or "operating" patronage allocated for 1987 will be sent a check or receive a credit on their bill in late September 2013 if the amount to be retired is less than \$2.

The cooperative's Total Long-Term Debt, which includes long-term debt net of payments-unapplied in our cushion of credit account, decreased by \$5,431,262. Our Members will save millions in interest cost in the years ahead as a result of long-term loan refinancing and sound financial stewardship by our employees and Directors. Our blended rate of interest on existing loans is extremely low. The lowest individual long-term loan interest rate we were able to obtain during the last few years from the Federal Financing Bank was an amazing 2.465%. Future interest rates are expected to be much higher.

Your co-op team has done a great job during the last year ensuring you are priority one. We continue to work closely with other Georgia cooperatives and utilities, as well as those throughout the nation, to limit costly federal energy legislation and heavy-handed EPA regulation. You can rest assured that we are doing everything in our power to keep rates as low as possible with active engagement at local, regional and national levels.

Coweta-Fayette EMC continues to be optimistic that our service area is poised for economic prosperity, which will enhance the quality of life for our Members by creating excellent jobs and a bright future for our children. We are prepared to meet any foreseeable challenge with confidence, determination and professionalism.

We hope you enjoy this year's annual meeting. Chairman Fulton and I look forward to seeing you there!

For the Team,

Anthony H. Sinclair "Tony"

Anthony H. Sinclair "Tony"
President and CEO

James W. Fulton, III
James W. Fulton, III
Chairman

Balance Sheet

WHAT WE OWN

Lines, Office Building and Operations Equipment	2012	\$295,934,368
Less: Reserve for Depreciation		\$85,582,382
		<u>\$210,351,986</u>

General – Cash	\$2,794,342
Commercial Paper	\$10,700,000
Investments	\$52,846,888
Receivables	\$9,529,292
Materials and Supplies	\$1,709,988
Prepaid Expenses and Other Accrued Assets	\$396,804
Deferred Debits	\$0
TOTAL OF WHAT WE OWN	<u>\$288,329,300</u>

WHAT WE OWE

To the Government and CFC	\$140,602,897
Less: Payments on Principal and Deferred Interest	\$19,624,894
	<u>\$160,227,791</u>

To Consumers Deposits	\$3,806,851
To Material Suppliers (Notes & Accounts Payable)	\$11,390,570
To Accrued Taxes & Interest	\$4,264,152
Deferred Credits and Non Current Liabilities	\$1,013,799

OUR EQUITY IN ABOVE ASSETS

Membership Fees	\$1,568,101
Patronage Capital & Other Equities	\$106,058,036
TOTAL OF WHAT WE OWE	<u>\$288,329,300</u>

Statistics of Operation

WHAT WE TOOK IN	2011	2012
Operating Revenue and Patronage Capital	\$155,034,928	\$144,963,943

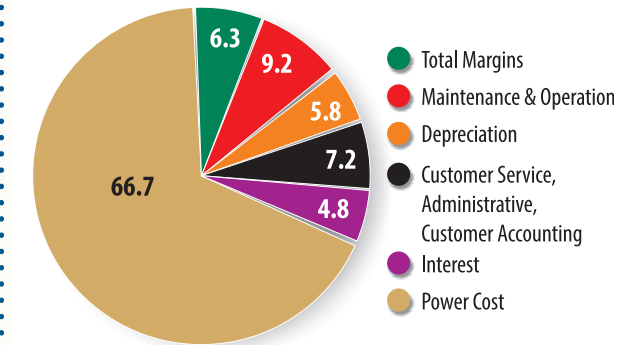
WHAT WE PAID OUT

Operating Revenue Deductions		
Operations Expense:		
Cost of Power	\$108,405,665	\$99,427,507
Distribution Expenses	\$7,528,202	\$7,638,236
Consumer Accounts Expense	\$4,473,551	\$4,499,001
Customer Service and Information Expense	\$777,125	\$724,031
Sales Expense	\$528,520	\$546,000
Administrative & General Expense	\$4,000,402	\$4,045,612
Maintenance Expense:		
Distribution System	\$6,917,031	\$6,064,786
General Plant	\$1,020,494	\$884,131
Depreciation and Amortization	\$8,564,757	\$8,727,750
Interest On Outstanding Debt	\$7,818,884	\$7,116,327
Total Cost of Electric Services	<u>\$150,034,631</u>	<u>\$139,673,381</u>

WHAT WE HAD LEFT

Operating Margins and Patronage Capital	\$5,000,297	\$5,290,562
Non-Operating Margins - Other	\$2,148,505	\$820,125
Total Operating and Non-Operating Margins	\$7,148,802	\$6,110,687
OPC and OTHER Patronage Capital (CFC & GRESO)	\$3,314,534	\$3,248,058
Total Operating and Non-Operating Margins Including OPC and Other Patronage Capitals (CFC & GRESO)	<u>\$10,463,336</u>	<u>\$9,358,745</u>

How Your Dollar Was Spent



Membership
Coweta-Fayette Electric
Membership Corporation

Financial statements for the calendar year ending December 31, 2012 in the 2013 Official Annual Meeting Notice reflect the sound status of Coweta-Fayette Electric Membership Corporation. The figures presented are from our annual financial report to RUS.

We retained the services of McNair, McLemore, Middlebrooks & Company, LLP, Certified Public Accountants, to perform an audit of the corporation's accounting records for the fiscal year ending May 31, 2013.

This audit includes an examination of the cooperative's balance sheets, related statements of revenue and expenses and appropriate remarks concerning each. Copies of audits are filed at the cooperative's office for your review.

J. Neal Shepard, Jr., Secretary-Treasurer
Coweta-Fayette Electric Membership Corporation
Board of Directors

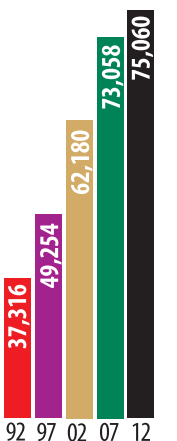
Average KWH Used Per Member Per Month



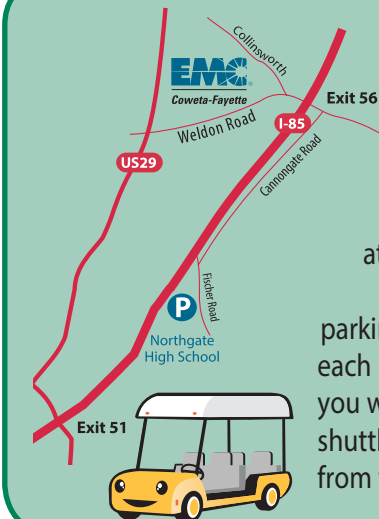
Miles of Line



Member Accounts



PARKING



To provide easy access and more capacity, our main lot will be at Northgate High School, 3220 Fischer Road, Newnan. For disabled members, spaces are located at the front EMC entrance on Collinsworth Road. Limited parking may also be available at the EMC on Weldon Road.

Just follow the signs to EMC Annual Meeting parking lots. Our employees will be available at each location to assist you with a continuous shuttle service to and from the meeting.



ANNUAL MEETING AGENDA

Saturday, October 12

8:30 - 11:00 am

Registration - Free Gifts

9:00 - 11:30 am

Midway Games
Children's Activities
Health Fair
Showcase of Services

9:00 - 9:45 am

Bingo

9:45 am

Entertainment from
Alvarado Road Show

10:00 am

Prize Drawings
Annual Meeting
Business Session

11:05 am

Voting for Directors and
Proposed Bylaw Change
Prize Drawings
More Music

Grand Prize Drawing!
You must be present to win.

Capital Credit Factor

Since Coweta-Fayette EMC is a member-owned organization, any margins that remain after expenses are assigned to our member-owners annually. The percentage allocated for 2012 is 6.45%. These funds become part of our equity until they are returned to you as approved by our Board of Directors.

Official Notice

Annual Members' Meeting of Coweta-Fayette Electric Membership Corporation Palmetto, Georgia. October 12, 2013

YOU ARE HEREBY notified that the Annual Meeting of the Members of the Coweta-Fayette Electric Membership Corporation will be held on Saturday, October 12, at the Coweta-Fayette EMC office near Palmetto. Action will be taken on the following:

1. The report of Officers, Directors, and Committees.
2. Change of bylaws that might come before the members.
3. All other business which may come before the meeting or any adjournment thereof.
4. The election of three Directors of the Cooperative for a term of three (3) years. The three Directors nominated by the Committee on Nominations appointed by the Board of the Cooperative pursuant to the bylaws are:

Seat 1	Seat 2	Seat 1
Fayette County	Fayette County	Coweta County
Therol Brown	K.M. Spaller	J. Neal Shepard

Registration for voting will begin at 8:30 am and **end at 11:00 am.**

*J. Neal Shepard, Jr., Secretary-Treasurer,
Coweta-Fayette Electric Membership Corporation*

Anthony H. Sinclair, President and CEO
C. Bradford Sears, Jr., Attorney
Douglas B. Warner, Attorney

BOARD OF DIRECTORS
James W. Fulton, Chairman
Therol Brown, Vice Chairman
J. Neal Shepard, Jr., Secretary-Treasurer
W. L. Clements
Ross Henry
Alice J. Mallory
K. M. Spaller
Elwood Thompson
Mildred A. Winkles

POWERlines

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Coweta-Fayette EMC is an Equal Opportunity
Affirmative Action Employer/M/F/V/H



Coweta-Fayette

770-502-0226
www.utility.org



Don't Forget Your Gift for Attending!



Each registered member family will receive a large, vented, wind-proof umbrella just for registering. **Please bring the address portion of this mailing with you to claim your member gift.** Come and join the fun early – registration closes at 11 a.m.

Attention: Disabled Members

Our annual meeting facilities are accessible to people with disabilities. However, if special requirements are needed, let us know, and we will be happy to provide them.



We regret we cannot accommodate any pets other than service animals. In consideration of your fellow members, please leave them at home. Thank You.



Annual Meeting Special Edition 2013

Annual Meeting and Member Appreciation Day

Saturday, October 12, 9 am - Noon

EMC Headquarters, 807 Collinsworth Road, Palmetto

Don't miss our Annual Meeting and Member Appreciation Day! For the 66th year, we're looking forward to hosting all the Members who join us each fall for a morning of fun, food, gifts, games, prizes and important co-op business. Mark your calendars now for this exciting event.

Fun and Information for All

Plenty of popcorn, cotton candy and soft drinks will be available all morning. For adults, there will be bingo, gift drawings and booths full of valuable EMC information. For kids, there will be games, arts and crafts, and prizes. Activities will include skeeball, a shooting gallery, the double frog launcher, magna fish, tabletop carnival games, sports challenges and much, much more!

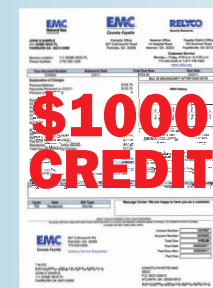
Health Fair

Once again, the healthcare professionals from Piedmont Fayette and Piedmont Newnan will be providing adult health screenings. Health information will be available on sleep disorders, fitness/rehabilitation, nutrition, diabetes, smoking cessation/lung health, cardiovascular services/ imaging/rehabilitation, maternity/women's services, vein care, heartburn, wound care, cancer, stroke and breast health/women's imaging. Be sure to come early to participate in this valuable event – the health fair is always a crowd pleaser!



Grand Prize

The most anticipated time at the Annual Meeting is the prize drawings during the business meeting for both adults and children. Sponsored by your EMC, Relyco Security and True Natural Gas, each registered Member will have his/her name in the grand prize drawing for a chance to win a \$1,000 electric bill credit. You must be present to win; registration closes at 11 am.



Entertainment

Back by popular demand, we'll all be entertained by *Alvarado Road Show*, before and during our business meeting.

Important Proposed Bylaw Vote

During the business session of this year's annual meeting, Members will be voting on some important bylaw changes. These changes are necessary to offer future voting options like earlier voting at the meeting and mail-in or online ballots. The proposed changes are enclosed in this mailing for your review. Everyone's vote is important, so please come and cast your vote at the meeting on October 12.