

Powered to Serve
Cobb Electric Membership Corporation
2017 Annual Report

TABLE OF CONTENTS

LETTER TO MEMBERS	C
BY THE NUMBERS	D
FOCUSED ON SAFETY	E
FOCUSED ON SOLAR	G
FOCUSED ON SERVICE	H
BOARD CANDIDATES	I
BOARD OF DIRECTORS	J
TREASURER'S REPORT	K
STATISTICAL PROFILE	L

At Cobb EMC, our focus is clear. It's you.

We are a member-owned electric cooperative, and we start each day proud to power our community and bring you reliable electricity at the lowest possible price.

Unlike a traditional utility where the shareholder with the most money has the most influence, each of our members has an equal voice. Together, we've largely transformed our cooperative through a series of strategic changes, all the while ensuring that we never lose our focus.

Focused on the future

As part of our commitment to operate as cost-effectively as possible, we restructured operations in April to function more efficiently. Meanwhile, our rates remain low – the lowest in the state, according to the Georgia Public Service Commission's 2016 Summer Residential Rate Survey. While we work to keep current costs

low, we're also looking forward, planning for our future energy needs.

Diversifying our energy portfolio helps us keep costs low while being environmentally responsible. This spring, we expanded our solar energy portfolio, which has increased 270 percent over the past year. During certain times of the year, 30 percent of Cobb EMC's energy needs can now be met by solar, and the Smart Electric Power Alliance recently named Cobb EMC the eighth utility in the nation for our annual solar watts per customer.


We've also continued to uphold our 99.99 percent reliability rating, thanks to one of the world's most technologically advanced distribution systems.

Focused on making life easier

Life is busy. We want to help simplify how you can save money and energy at home.

We've added a Smart Choice Rate that allows you to save money by reducing energy use during peak hours, and we are exploring additional rate structures.

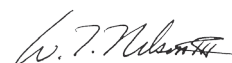
Earlier this year, we launched a new website and app that make it easier for you to manage your account from home, work and anywhere in between. Thanks to our smart meters, you can view your energy use by the hour. Should you experience an outage, we've improved our online outage map to show estimated restoration times.

Cobb EMC members can also save money on natural gas through partnership discounts offered by our wholly-owned subsidiary, Gas South, one of Georgia's fastest-growing natural gas providers. 

Focused on making a difference

For more than 79 years, Cobb EMC has brightened our community. Thanks to generous donations from members, the Cobb EMC Community Foundation has donated nearly \$3 million to nonprofits within the five counties we serve. Our employees have also given hours of their time, building a Habitat house for a deserving family, hosting community recycling events and assembling 30 wagons equipped with IV poles, so Children's Healthcare of Atlanta patients could ride to treatments in a wagon, rather than a wheelchair.

We consider ourselves a neighbor in our community, and we believe in acting like one. We're working hard to continue to make our community a wonderful place in which to work and live.



Chip Nelson
President and CEO



Tripper Sharp
Chairman

LOWEST RATES IN THE STATE



According to the Georgia Public Service Commission's 2016 Summer Residential Rate Survey.

99.99%

Cobb EMC's reliability rating and the amount of time the average member experienced uninterrupted service.

Outside of major storm events, based on the 2016 Average Service Availability Index (ASAI).

34.21

Average length of an outage (in minutes)



NINETY

electric safety presentations

Cobb EMC scored a **90** in the latest American Customer Satisfaction Index



Electric co-ops, like Cobb EMC, are locally owned and controlled by our members to serve your needs.



Number of members that have downloaded the free Cobb EMC app to pay bills, view electric use, report and view outages, and more.

9,000+

MILES OF LINE

200,500+

METERS

94,697

POLES

Members saved **\$15,373** in pharmacy costs with the Co-op Connections® Card. More than 60,000 national and regional pharmacy chain stores participate in the prescription discount.



Members received **\$113,987** in energy-efficient home improvement loans.

GAS SOUTH

Cobb EMC members have **saved over \$6.5 million** with Gas South since 2007.

Gas South offers Cobb EMC members exclusive permanent discounted rates, no deposit (up to a \$150 value) and no connection fees (\$60 instant savings).

\$3 MILLION

Generous Cobb EMC members who opt to round up their bills to the nearest dollar have given nearly \$3,000,000 to benefit neighborhood nonprofits since 2013.



Cobb EMC works year-round
to ensure we are reliable, prepared
and ready to respond to outages.

Our success takes a commitment from our employees who work each day with a goal to serve our members and go home safely.

That promise begins with our ability to mobilize quickly in the event of any disaster. When Hurricane Matthew hit coastal Georgia in October and violent tornadoes ripped through South Georgia in January, our linemen packed their bucket trucks and drove toward the damage to lend aid to other EMCs. Electric cooperatives are known for helping one another during natural disasters, and we're proud to be of service.

Our team's focused dedication has also garnered several honors for our co-op over the past year. One of our crews earned the Georgia Utilities Coordinating Council's coveted Golden Backhoe Award for safe digging practices and utility lines marking through Georgia 811.

And in May 2017, Cobb EMC linemen beat out all other EMCs and brought home 16 awards, including first place overall, from the 23rd annual

Georgia Lineman's Rodeo, an event that tests linemen's skills. These wins came on the heels of the International Lineman's Rodeo in October, where our linemen placed fourth in the overall competition, bringing home 13 awards in all. The all-day competitions improve safety training, which is critical in an industry where safe work practices can mean the difference between life and death.

Our focus on members never waivers, and our skilled, knowledgeable and dedicated employees are ready to provide 24/7 service, 365 days a year.



We're committed to affordable renewable energy. And we're proud to be one of the nation's renewable energy leaders.

Cobb EMC remains committed to providing our members renewable energy while still keeping rates low for members. These efforts helped us earn the ranking of the eighth utility in the nation for solar watts per customer, according to the Smart Electric Power Alliance.


Over the years, we've welcomed renewables, and in 2016, we expanded our solar portfolio through generation from the Hazlehurst Solar Facility. The 30-year power purchase agreement with Green Power EMC, coupled with 2016 solar expansions, brings Cobb EMC's solar portfolio to a 270-percent increase over last year.

Our solar initiatives include:

- Hazelhurst Solar Facility – 5.04 MW
- Azalea Solar Power Facility – 7.7 MW
- Sandhills Solar Facility – 111 MW

We've provided opportunities to make solar possible for anyone:

- For the member who wants to learn about solar options, we host solar seminars where industry experts answer questions.
- For the member who wants to participate in solar energy but rents, or simply doesn't get enough sunlight where they live, we offer the Cooperative Solar program.
- For the member who is ready to choose rooftop solar, our program allows you to get started in seven easy steps.



When we can plan for the future,
expand our renewable energy mix and still
offer members low rates, we all benefit.

Cobb EMC commits to safely delivering reliable, competitively priced electricity while being accountable to our member-owners through sound governance, management, operating practices and improving quality of life in our local communities.



BOARD CANDIDATES



Edward Crowell, District 1

Edward Crowell was elected to the board of directors in 2011, the first director elected to help chart a new course for Cobb EMC.

He was elected first chairman of the new board and served two terms in that position. He has served as chair of the human resources committee and currently serves as board vice chairman and chair of the governance committee.

Crowell also serves on the audit and human resources committees.

Crowell has completed the NRECA Credentialed Cooperative Director course and has earned the Board Leadership Certification. In a confidential survey of board members and senior staff, he was rated one of the two most highly effective members of the Cobb EMC board.

Background and experience

Crowell was an active leader as Cobb EMC rewrote bylaws and submitted them for member approval, rewrote all corporate policies, increased accountability to members and safety emphasis for employees, lowered controllable costs, created a strategic plan, adopted new rates and rate structures and diversified the energy portfolio of the organization.

These changes and others brought Cobb EMC national recognition, statewide EMC of the Year recognition, record-high member satisfaction and, as of 2016, the lowest rates of any EMC in the state.

Crowell holds a bachelor's degree from Liberty University and a master's degree from Georgia State University, and has additional training in finance and accounting from Georgia Tech. He has served on the boards of two national organizations and has been president and CEO of the Cobb-based GMTA and GMTA Foundation (a not-for-profit) for the past 24 years. Crowell has also served in a variety of community and church volunteer roles.

Ed and Cynthia, his wife of 28 years, are active members of North Metro Church. They have two adult children, one a

UGA graduate and one in his senior year of college at UND.

From the candidate

It is a privilege to be a steward for the membership of Cobb EMC, and to work with the fine men and women of the board, management and staff. We've accomplished much in renewing and refocusing Cobb EMC, and I look forward to tackling the challenges ahead to ensure we continue to improve. I am committed to ensuring this organization remains true to its mission and strives to be its best for both members and employees. Thank you for allowing me to continue to serve.

A handwritten signature in black ink, appearing to read 'Ed Crowell'.

Edward Crowell



David Tennant, District 6

Elected to the board in 2011, I have had the privilege to serve and represent you, the co-op's membership.

Your current board has made significant progress in that time, including the following:

- Rewrote the EMC's bylaws and governance policies for more integrity and transparency.
- Cancelled the proposed \$2 billion coal plant that

was planned for central Georgia.

- Reduced costs to bring the EMC in line with other co-ops.
- Significantly improved the safety record and safety culture.
- Improved system reliability.
- Received a national award from NRECA (2013).
- Received Georgia EMC's "EMC of the Year" Award (2014).

And, Cobb EMC is recognized – out of 94 EMCs and other electric utilities in Georgia – as having the lowest rates in the state in 2015 (Public Service Commission survey).

Background and experience

With degrees in engineering and business, I have an extensive energy/utility background with over 20 years of experience in engineering,

operations, marketing and consulting.

Below are some of my energy highlights:

- Developed three alternative energy projects in Honduras, Central America.
- Lived in the Caribbean for two years and turned around a large electric utility.
- Directed the design of a clean energy project (\$100 million) in Canada that won an award for technical and managerial excellence.

We are now entering a phase of continuous improvement: looking to further improve the EMC's service and reliability, while keeping electric rates as low as possible. I am currently serving as chairman of the Energy Portfolio Committee, and a member of the Governance and Public Affairs and Education committees.

Additional information and credentials

- Credentialed by NRECA as an EMC board member
- Awarded NRECA's Board Leadership Certification
- Registered Professional Engineer (Georgia)
- Certified Project Management Professional (PMI)
- Resident of Cobb County for 30 years, married with two grown children

I am asking for your support, so that I may continue to represent your interests on the board at Cobb EMC. Thank you for taking the time to read my bio.

A handwritten signature in black ink, appearing to read 'David V. Tennant'.

David V. Tennant



Malcolm Swanson, District 7

Malcolm “Cooter” Swanson was elected to the board of directors in 2011 when the members of Cobb EMC decided they wanted a new direction for their co-op.

Since that time in 2011, I have been privileged to be a part of a board of directors that has implemented positive changes that have led to recognition for our co-op across the country. These changes have meant some of

the lowest rates in the state of Georgia and the highest member satisfaction rating ever achieved by Cobb EMC. We have brought renewable energy into our energy portfolio and transparency in the board room that allows members to be informed about their co-op. We have worked to reduce controllable costs and increase efficiencies throughout Cobb EMC. These measures have entailed a great deal of work by your board of directors and the leadership at Cobb EMC. I am proud of the results.

Background and experience

I am a graduate of Troy University with a degree in mathematics. I have owned a screen printing and embroidery business for 33 years in Cobb County. I served on the Cobb County Parks and Recreation board for more

than 15 years and as chairman for two terms. I am on the board of directors of the North Georgia State Fair and have served as president.

I am an active member of Marietta First Baptist Church and serve as a deacon. I have been a longtime mentor and coach of youth sports and coached the baseball team at Kennesaw State University in the inaugural season of intercollegiate baseball. I am married to Nancy Dansby Swanson, and I have three adult children who all reside in Cobb County.

I serve as the secretary-treasurer, chairman of the Human Resources Committee, member of the Finance Committee and Public Affairs and Education Committee. I have completed National Rural Electric Cooperative Association certifications such

as Credentialed Cooperative Director (CCD), Board Leadership Certification (BLC) and Director Gold Certification.

I appreciate the members giving me the opportunity to work on their behalf, as well as the privilege to work with the other directors. Since day one, we have worked to better the co-op and be a voice for our members. I believe we have accomplished that goal, and I will continue to strive to make our co-op the best we can for our members and our employees.

Malcolm Swanson
Malcolm Swanson

Left to right, back row: Eric Broadwell, David Tennant, Vice Chairman Edward Crowell, Secretary-Treasurer Malcolm Swanson, Rudy Underwood; Left to right, front row: Kelly Bodner, Bryan Boyd, Chairman Tripper Sharp, David McClellan



**Cobb EMC is regulated by a board of nine directors,
elected from and by the membership.**

TREASURER'S REPORT

Cobb Electric Membership Corporation is a not-for-profit electric membership corporation whose purpose is to provide electric service to its members. The consolidated financial statements present the financial position and results of operations of Cobb Electric Membership Corporation and its wholly-owned subsidiaries, Cobb Energy Management Corporation and Gas South, LLC.

McNair, McLemore, Middlebrooks & Co., LLC conducted our audits as of and for the year ended April 30, 2017 and 2016 in accordance with auditing standards generally accepted in the United States of America.

The financial information included in this report represents a summary of our consolidated financial condition and operating results. Copies of the audited consolidated financial statements and quarterly interim reviews are available on our website. We encourage you to review these statements for a more comprehensive review of our financial condition.



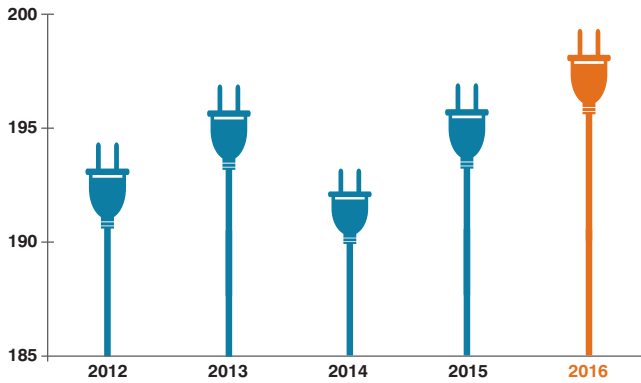
Malcolm Swanson
Secretary and Treasurer

Balance Sheets - Consolidated Assets	2017	2016
Net Utility Plant	\$ 612,394,896	\$ 594,574,474
Other Property and Investments	213,769,047	208,137,123
Current Assets	95,661,771	90,349,418
Other Assets	9,577,294	14,776,469
	\$ 931,403,008	\$ 907,837,484

Balance Sheets - Consolidated Equities and Liabilities		
Equities	\$ 331,136,823	\$ 292,164,820
Long-Term Liabilities	464,788,342	477,366,222
Current Liabilities	126,775,230	127,868,744
Deferred Credits	8,702,613	10,437,698
	\$ 931,403,008	\$ 907,837,484

Consolidated Statements of Operations		
Operating Revenues	\$ 766,624,419	\$ 726,928,799
Operating Expenses:		
Cost of Revenues	551,785,366	499,781,324
Distribution Operations	8,650,034	8,181,545
Distribution Maintenance	21,859,821	22,306,252
Consumer Accounts	13,173,840	15,303,083
Consumer Service and Information	1,528,950	1,664,419
Administrative, Selling and General	75,404,929	78,715,500
Depreciation and Amortization	32,161,283	35,567,123
Operating Taxes	3,150,895	4,116,195
	707,715,118	665,635,441
Operating Margins Before Interest Expense	58,909,301	61,293,358
Interest Expense	(22,422,047)	(24,377,260)
Operating Margins After Interest Expense	36,487,254	36,916,098
Nonoperating Margins	1,716,198	1,757,937
Reduction in Workforce	(6,071,787)	—
Generation and Transmission Patronage Allocations	6,444,091	6,262,313
Other Capital Credits and Patronage Allocations	2,364,005	2,857,549
Net Income Before Income Taxes	40,939,761	47,793,897
Income Tax Expense	8,619,000	9,909,000
Net Income	\$ 32,320,761	\$ 37,884,897

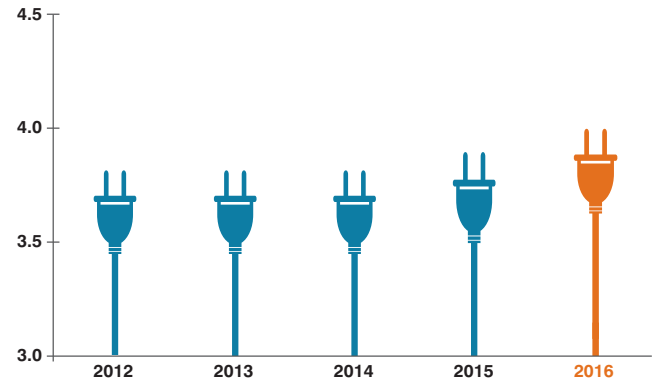
2016 Year-end



Number of Active Meters
199.7 (In thousands)

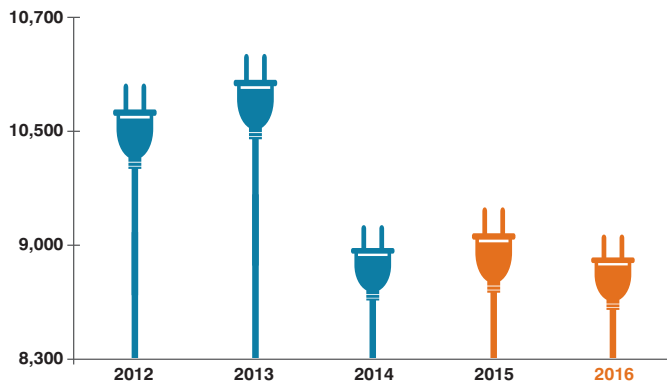
2012: 194.9
2013: 197.6
2014: 194.6*
2015: 197.0

*Due to sale of Pataula District.



Kilowatt-Hour Sales
4.1 (In billions)

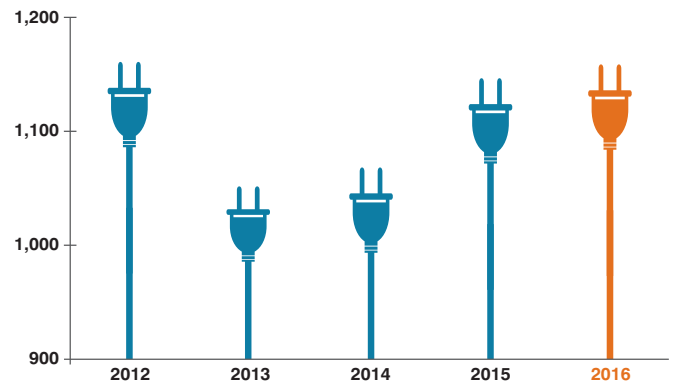
2012: 3.8
2013: 3.8
2014: 3.8
2015: 3.9



Miles of Line
9,068**

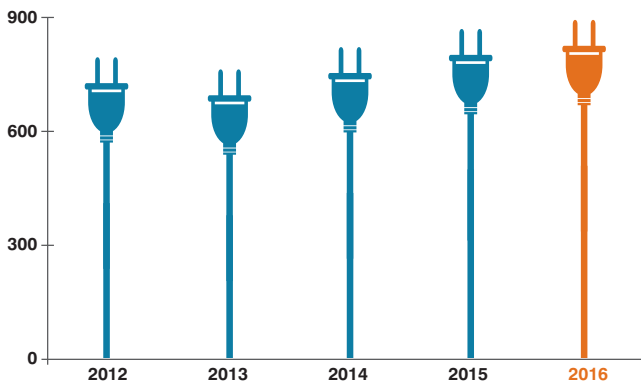
2012: 10,608
2013: 10,664
2014: 9,156*
2015: 9,230

*Due to sale of Pataula District.
**Due to system true-up.



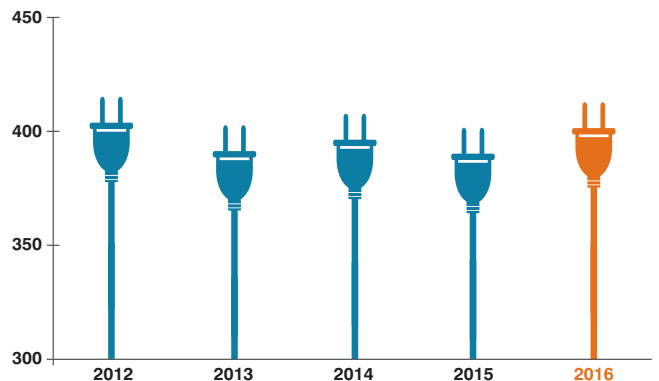
Peak Load
1,170.2 (In thousands of kilowatts)

2012: 1,178.1
2013: 1,049.0
2014: 1,085.5
2015: 1,162.4



Total Plant Value
899.5 (In millions of dollars)

2012: 838.3
2013: 814.3
2014: 843.9
2015: 868.5



Total Operating Revenue
420.9 (In millions of dollars)

2012: 421.7
2013: 403.8
2014: 412.7
2015: 402.1



A large white circle is centered on a blue background. On the left side, a power line and a worker's arm wearing a yellow and green sleeve are visible. The text is centered within the white circle.

**Our purpose is mighty: to power communities, and
empower members to improve the quality of their lives.**