

Amicalola EMC 2001 Annual Report

GEMC

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M A G A Z I N E

October 2002

**Come to
Amicalola
EMC's Annual
Meeting, Oct. 5**



Executive Report

ROBERT L. PAYNE
President/CEO

BOARD OF DIRECTORS
CHARLES R. FENDLEY
Post #3
Chairman

John H. Bennett, Jr. Post #6 <i>Vice Chairman</i>	Randall Ponder Post #1 <i>Sec.-Treas.</i>
Winston G. Bruce Post #5	Wm. Leon Davis Post #9
James H. Bryan Post #4	David J. Pierce Post #2
Kathy Burt Post #7	Reggie Stowers Post #8

TELEPHONE NUMBERS TO CALL IN
CASE OF POWER INTERRUPTIONS

**Amicalola Electric
Membership Corporation**
544 Hwy 515 South Jasper,
Georgia 30143
Telephone (706) 253-5200 or
1(800) 992-6471

District Offices
Eastern District Office
1234 Dawsonville Highway
Dahlonega, Georgia 30533
(706) 864-7979

Northern District Office
150 Tabor Street
Ellijay, Georgia 30540
(706) 276-2362

www.amicalolaemc.com

Office Hours: Monday through Friday
8:00 A.M. - 5:00 P.M.

Closed on Saturdays, Sundays and holidays

The year 2001 was a very interesting year. We struggled through the challenges and storms of the 1990s, the uncertainty of Y2K, but 2001 proved to be the most interesting and will probably have the greatest impact on the future than any of the previous years.

The year began with a nationwide energy crisis. The industry was feeling the pressures of excessively high natural gas prices. When gas prices escalated, the wholesale electric market followed suit. The last few months of 2001 were quite a different story. Gas prices declined, the electric market stabilized, and power cost settled down. Even the weather cooperated with favorable conditions. As the industry began to recover, catastrophe hit our nation with the tragic events of Sept. 11.

Then we saw the fall of several giant corporations because of unethical or illegal business tactics trying to create chaos in the electric marketplace in order to artificially inflate prices. The collapse of Enron, a giant in the electric energy and gas business, halted retail competition and started the fall of the huge energy trading business that was supposed to be the future for our industry. Total chaos for the marketplace was an understatement.

In all of the uncertainty in 2001, you may wonder how this affects your Cooperative and you. Because we are a Cooperative—locally owned, run by the owners for the benefit of the owners and structured the way we are—we were not fully exposed to a lot of the turmoil encountered in the industry. We were only impacted by some of the high natural gas prices. While the nation was in the midst of rolling blackouts and outrageous energy prices, we kept the lights on and prices under control. We were able to do this because the members of Amicalola EMC owned the electricity delivered to their homes—from the power plant where it was generated to the outlet in the living room. By the very nature of our business, our electric cooperative is designed to put members first and help protect us from these types of activities.

We continue to plan so as to minimize the impact of the volatility raging in the industry today. We have always built or purchased generation capacity to supply our needs making us less vulnerable to the chaotic conditions that existed during 2001.

In spite of all the happenings of 2001, your Cooperative continued its fast-paced growth rate, continued its accelerated rate of completion of work plan projects, and had a record-setting year.

Review these highlights in our Annual Report, and come visit your Cooperative at our Annual Meeting on Oct. 5 2002.



Robert L. Payne and Charles R. Fendley

Charles R. Fendley
Chairman

Robert L. Payne
President/CEO

Board Nominees

POST 1 – Gilmer/
Murray counties



Randall Ponder was elected to the Board of Directors in 1990. He serves as Secretary-Treasurer of the Board of Directors and Chairman of the Finance Committee. Ponder serves as a Director on the Georgia Energy Cooperative Board of Directors. He is retired, and he and his wife, Sharlene, have two sons and four grandchildren. They live in Gilmer County.

POST 3 – Pickens
County



Charles R. Fendley was elected to the Board of Directors in 1972. In 1999 Fendley earned the Credentialed Cooperative Director Certificate. He serves as Chairman of the Board of Directors. He serves on the Georgia Transmission Corp. Board of Directors and as Chairman. Fendley is employed at Crescent Bank of Jasper. He is a member of the Lions Club, Cherokee Shrine Club, and Appalachian Scottish Rite Association. Fendley and his family live in Pickens County.

POST 6 – Cherokee/
Bartow counties



John H. Bennett Jr. has served on the Board of Directors since 1984. In 1999, Bennett earned the Credentialed Cooperative Director Certificate. He presently serves as Vice Chairman of the Board of Directors, Chairman of the Policy Committee, and Member Representative on the OPC Board of Directors. Bennett is Broiler Manager at ConAgra Poultry in Canton. He is a Deacon at Goshen Baptist Church and serves on the Board of Crescent Bank and on the Board of Trustees for Reinhardt College. He and his wife, Joy, have three children and four grandchildren. They live in Cherokee County.

AMICALOLA ELECTRIC MEMBERSHIP CORPORATION JASPER, GEORGIA

ANNUAL MEETING MINUTES - October 6, 2001

CALL TO ORDER - Chairman Charles R. Fendley, having determined from the registration clerks that a quorum was present, called the 60th Annual Meeting of Members of Amicalola Electric Membership Corporation to order at 1:40 p.m. on October 6, 2001. The meeting was held at the headquarters facility in Jasper, Georgia.

The DAV Chapter #47 presented the flags, attendees joined in the Pledge of Allegiance to the American Flag, followed by Mary Jo Brown leading the song God Bless America.

INVOCATION – Retired Director Lawton Burt gave the invocation.

WELCOME - Chairman Fendley welcomed members and visitors on behalf of the Board of Directors. He expressed appreciation to the Southern Voices Quartet for providing the entertainment and thanked DAV Chapter #47 members Gene Teague, Byrnes L. Goldey,

Sr., Max Wood, and Ernie Breeding for the Presentation of Flags.

NOTICE OF MEETING - Attorney Phil M. Landrum, Jr. read the meeting notice and proof of mailing of the notice of the 2001 Annual Meeting.

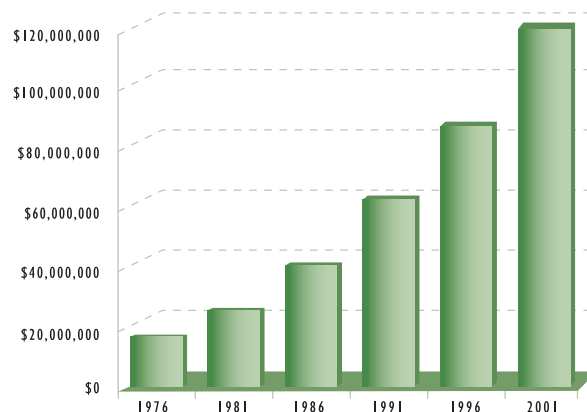
MINUTES AND FINANCIAL REPORT - Attorney Landrum stated that in keeping with a motion adopted at the 1953 Annual Meeting, reading of the minutes of the 2000 Annual Meeting would be dispensed with unless called for since copies of these minutes and the Financial Report of the Cooperative as of December 31, 2000 Audit had been forwarded to members as part of the official notice of the meeting. As there was no call for reading of the minutes, a motion was made, seconded, and carried that the minutes be approved as submitted. Accordingly, Attorney Landrum announced that the minutes of the 2000 Annual Meeting were approved as mailed.

(Continued on page F)

BALANCE SHEET DATA DECEMBER 31

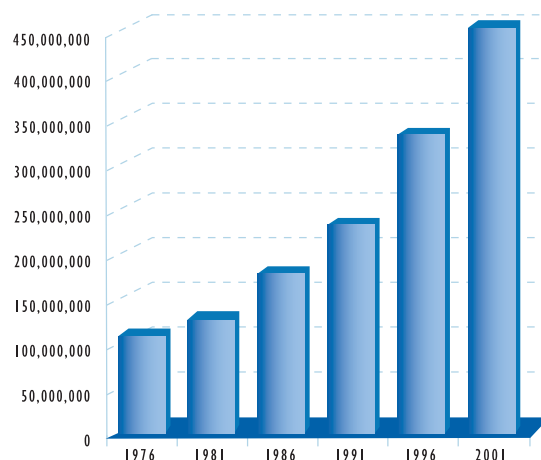
	2001	2000
Utility Plant		
Electric Plant in Service—At Cost	\$111,885,786	\$104,372,929
Construction Work in Progress	938,310	1,287,235
	<hr/>	<hr/>
	112,824,096	105,660,164
Accumulated Provision for Depreciation	(28,069,159)	(26,650,258)
	<hr/>	<hr/>
	84,754,937	79,009,906
Investments and Restricted Funds	<hr/>	<hr/>
	5,494,135	7,454,810
Current Assets	<hr/>	<hr/>
	12,597,610	4,522,757
Deferred Debits	<hr/>	<hr/>
	2,863	3,607
Total Assets	<hr/>	<hr/>
	\$102,849,545	\$90,991,080
Equities		
Memberships	\$571,412	\$545,267
Patronage Capital	30,855,572	28,538,614
Other	269,531	224,913
	<hr/>	<hr/>
	31,696,515	29,308,794
Long-term Debt	<hr/>	<hr/>
	58,360,364	48,039,983
Post-retirement Benefits other than Pensions	<hr/>	<hr/>
	2,215,600	2,053,344
Current Liabilities	<hr/>	<hr/>
	9,839,126	10,808,889
Deferred Credits	<hr/>	<hr/>
	737,940	780,070
Total Equities and Liabilities	<hr/>	<hr/>
	\$102,849,545	\$90,991,080

Utility Plant



kWh Sales

(in hours)



REPORT OF INDEPENDENT ACCOUNTANTS

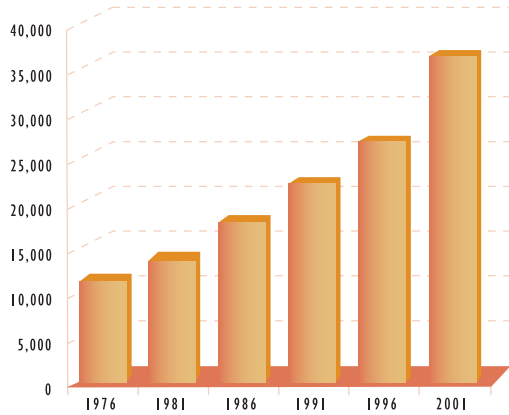
As reported on February 22, 2002, we have audited the balance sheets of the Amicalola Electric Membership Corporation as of December 31, 2001 and 2000, and the related statements of revenue and patronage capital, and cash flows for the years then ended. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the balance sheets and statements of revenue and patronage capital, and cash flows, referred to above, present fairly, in all material respects, the financial position of the Amicalola Electric Membership Corporation as of December 31, 2001 and 2000, and results of its operations and the changes in its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

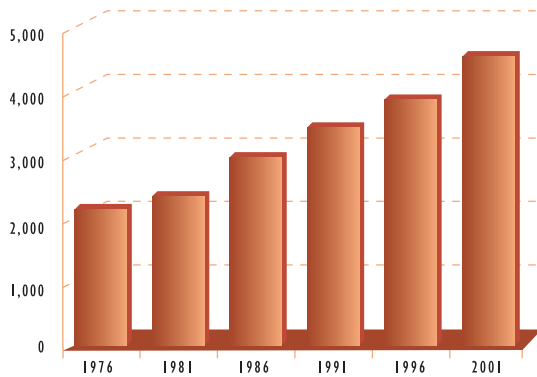
The accompanying balance sheet data, which was excerpted from the audited balance sheet, is in agreement with the audited statements. The operating statistics presented for the year ended December 31, 2001 and 2000 were compared with the audited financial statements and found to be agreement.

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLP

Consumer Growth



Miles of Line



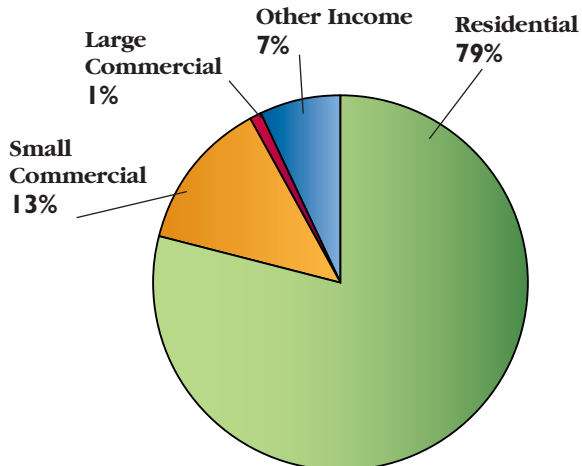
OPERATING STATISTICS

FOR THE YEARS ENDED DECEMBER 31

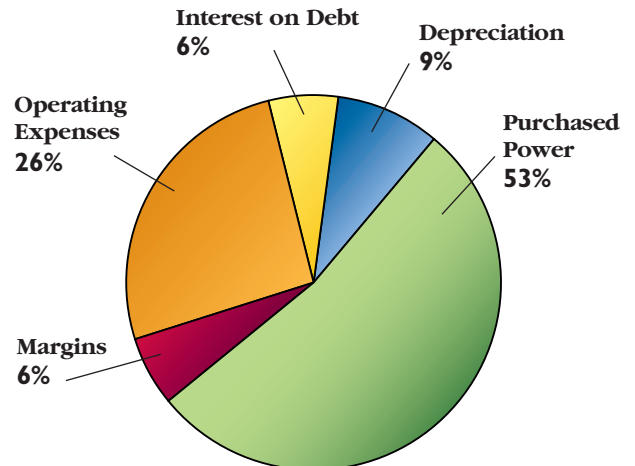
	2001		2000	
	Amount	Percent	Amount	Percent
Operating Revenues	\$43,852,352	100.00%	\$41,124,924	100.00%
Operating Expenses				
Cost of Power	\$23,210,426	52.93	22,463,559	54.62
Distribution Expenses	9,960,495	22.71	9,815,928	23.87
Depreciation	3,753,266	8.56	3,527,499	8.58
Interest Expense	2,721,783	6.21	2,669,160	6.49
	<u>39,645,970</u>	<u>90.41</u>	<u>38,476,146</u>	<u>93.56</u>
Operating Margins	<u>4,206,382</u>	<u>9.59</u>	<u>2,648,778</u>	<u>6.44</u>
Other Charges	<u>1,614,455</u>	<u>3.68</u>	<u>1,662,865</u>	<u>4.04</u>
Net Margins	<u>\$2,591,927</u>	<u>5.91%</u>	<u>\$985,913</u>	<u>2.40%</u>

The Co-op Dollar

Where it Comes From



Where it Goes



AMICALOLA ELECTRIC MEMBERSHIP CORPORATION

JASPER, GEORGIA

CHAIRMAN'S REPORT – Chairman Fendley gave an informative report on energy-related issues on the local, state, and national levels. During this past year, the Co-op has grown to over 35,000 meters with over 4,300 miles of line. The Co-op continues to be very sound financially and growing at a very rapid pace. The Co-op, for the first time in several years, did not get hit with a major storm.

CEO'S REPORT — CEO Bob Payne welcomed everyone to the 60th Annual Meeting. He discussed a statewide campaign to inform members, allies, and regulators on the vital role EMCs play in the communities they serve. Brochures are available to take home for further review. One brochure, "The Truth about EMCs," covers many of the issues. The complex energy challenges our country is facing cannot ignore electric cooperative consumers, or we too will be in a situation much like what happened in California. The changes occurring in our industry today and the emerging national debate about our nation's energy needs make this time in our history critically important. One of the main items to emphasize to our legislators is to put customers first. With Georgia's population growing at a rapid rate, and our service area growing about 60% over the last decade, preparing for tomorrow's energy needs is an ongoing challenge, but the EMCs are taking no chances and continually adding new generation. Our goal remains the same: to ensure the safe, reliable delivery of electricity to our homes and businesses at an affordable price far into the future.

NOMINATING COMMITTEE REPORT - Attorney Landrum recognized the Nominating Committee members who were present, and then read the report of the Committee placing in nomination the following to serve as Directors for three-year terms ending at the Annual Meeting 2004: James H. Bryan, Kathy Burt, William L. Davis.

There were no nominations by petition. A motion was made, seconded, and approved for the Secretary to cast a unanimous vote for the three nominees named by the Nominating Committee to serve a three-year term ending at the Annual Meeting in 2004.

ELECTION/CREDENTIALS COMMITTEE — Chairman Fendley thanked the members for their vote of confidence in re-electing the nominees to the Board. He then introduced the following who were present who had been appointed to serve as the 2001 Election/Credentials Committee: J. D. Edge, Floyd Puckett, J. A. Townsend, Clayton Vaughters, Freddie J. Vick.

RECOGNITION OF GUESTS — Chairman Fendley introduced and welcomed the following guests: Scott Mozley, Member Services Manager, Oglethorpe Power Corporation; Gary Galdi, Georgia Systems Operations Corporation; Ann Orowski, *GEORGIA Magazine* Editor, Georgia EMC; Glenn Wrightson, Utility Consulting Group; Jerrold Young, Ellijay Telephone Company; Lee McClendon, GRESKO; Retired Director Lawton A. Burt; Retired CEO Stan Dean; Pickens County Sheriff Billy Wofford, and Freida Watkins with the Pickens County Heart Association who was available for taking blood pressures, and Custom Renovational Services representatives J. W. Chastain and Mike Davis who provided a display. Operation Round-Up Trustees attending included Gene Cornelison, Chairman, and Edgar Land, Treasurer.

Chairman Fendley also welcomed those who were attending for their First Annual Meeting.

UNFINISHED BUSINESS — There was no unfinished business.

NEW BUSINESS – There was no new business.

PRESENTATION OF AWARDS – CEO Payne announced the names of service award recipients for 5, 10, 15, 20, 25, 30 and 35 years of service and stated that these awards would be given at a later date. All of these employees were commended for their years of service.

Director David Pierce was recognized for 10 years of service, and Director Leon Davis was recognized for 25 years of service.

Chairman Fendley introduced the members of the Board of Directors and Attorney Phil M. Landrum, Jr., who will be retiring at the end of the year. Attorney Phillip Landrum, III, was introduced and he will be assuming the duties of Corporate Attorney.

DISTRIBUTION OF PRIZES – Ashley Fowler drew the tickets for the distribution of gifts. Being no further business, Chairman Fendley adjourned the meeting at 2:35 p.m.

Randall Ponder, Secretary

Charles R. Fendley, Chairman

IMPORTANT INFORMATION

REGISTRATION

Registration for the 2002 Annual Meeting will be held in the Truck Maintenance and Storage Building of the headquarters facility from 12:30 p.m. until 1:30 p.m. The registration area will be marked. Adjacent to the registration area is the meeting area for the Annual Meeting.

VOTING

Voting by members will be in accordance with bylaws of the cooperative.

In the event it is necessary that votes be counted by election tellers, only votes by registered "voting members" will be counted.

Only members who are present may vote. A member is one who has paid a membership fee, signed application for service and the location so qualified in receiving service. Only one vote for each member.

To vote for a church, club or other organization, bring the completed letter of authorization with you when registering.

SPECIAL SERVICES

Amicalola EMC will provide special seating arrangements for the hearing impaired and the disabled. Members needing assistance are asked to contact the headquarters office prior to the Annual Meeting.

PRIZES

At the time of registration, each voting member will be given a "voting member" identification sticker and prize stub.

Eligibility for ballot and prize stubs will be established from board acceptance through August 22.

Winning prize stubs must be held by the person to whom it is issued.



Little Mountain to Entertain at Annual Meeting

Little Mountain is a bluegrass gospel group based in Dawsonville, Georgia. Its members Keith Chester, Richard Prow, Randy Fausett and Ted Bearden have played and sung gospel music all of their lives. Using a variety of instruments, Little Mountain performs an array of musical selections including many songs from the past as well as a number of original songs. Their love for the bluegrass gospel style of music is evident by the way they perform each song. Since beginning to perform publicly in 1998, Little Mountain has become a much-sought-after group for church and other singings. Their unique style of vocal harmony and instrumentation is sure to bring a smile to people of all ages as they use their music to share the message of God's love.

LETTER OF AUTHORIZATION For Churches, Clubs or Organizations at Annual Meeting

_____ has been appointed to represent

_____ (Name of church, club or other organization)

_____ (Address of church, etc.) Account No. _____

as its voting delegate at Amicalola EMC's Annual Membership Meeting on Saturday, Oct. 5

_____ Secretary of organization or other designated official

WITNESSES:

(If you are to be the representative of your church, club or other organization at the Annual Meeting, please have this form completed and bring it with you to the meeting.)

OFFICIAL NOTICE OF ANNUAL MEETING OF AMICALOLA ELECTRIC MEMBERSHIP CORPORATION

The 2002 Annual Meeting of Amicalola Electric Membership Corporation will be held at the Amicalola EMC Headquarters Facility located at 544 Highway 515 South, Jasper, Pickens County, Georgia, on Saturday, Oct. 5 2002, beginning at 1:30 p.m. to take action on matters listed below. Registration begins at 12:30 p.m.

1. Reports and recommendations of officers and others.
2. Election of three Directors for three-year terms.
3. Handling other items of business that may come before the meeting or any adjournment thereof.
Directors previously elected, but whose respective terms do not expire until the dates indicated are:

Winston G. Bruce (Post 5—Cherokee County)Term expires October 2003
David Pierce (Post 2—Gilmer/Fannin counties)Term expires October 2003
Reggie Stowers (Post—8 Dawson/Lumpkin counties)Term expires October 2003
James H. Bryan (Post 4—Pickens/Gordon counties)Term expires October 2004
Kathy Burt (Post 7—Dawson/Forsyth counties)Term expires October 2004
Wm. Leon Davis (Post 9—Lumpkin County)Term expires October 2004

In connection with the election of three Directors, terms to expire October 2005, scheduled to be held at this meeting, the following members have accepted nominations for Directors made by the Committee on Nominations appointed by the Board of Directors of the Cooperative pursuant to the bylaws:

John H. Bennett Jr.Post 6—Cherokee/Bartow counties
Charles R. FendleyPost 3—Pickens County
Randall PonderPost 1—Gilmer/Murray counties

RANDALL PONDER, SECRETARY

PROGRAM FOR MEETING OCTOBER 5

- Registration begins 12:30 p.m.
- Entertainment 12:30—1:30 p.m. – Little Mountain
- Call to Order—1:30 p.m.
- Invocation
- Welcome
- Determination of Quorum
- Reading of Notice of Meeting
- Minutes of Previous Meeting
- Chairman’s Report
- President/CEO’s Report
- Report of Nomination Committee
- Introduction of Nominees
- Recognition of Guests
- Business Session – Unfinished Business, New Business
- Adjourn