FOCUS ON THE HORIZON
MEMBERSHIP | ENERGY | SAFETY
We commit 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.
Over the past year, Cobb EMC’s board of directors and employees have focused our efforts on increased accountability, stronger governance and lower operating costs. We live by the cooperative difference—we are not driven by profits and making a return for shareholders. Our focus is on keeping this business financially strong on your behalf and continuing to provide you safe, reliable service at the lowest possible cost.

To improve accountability, the board of directors recommended adding a “Member Bill of Rights” as a preamble to Cobb EMC’s bylaws, and this change was voted in by members during last year’s Annual Meeting.

Additionally, as a not-for-profit electric cooperative, Cobb EMC is required by law to assign certain margins as capital credits that are typically returned to a cooperative’s members on a revolving basis. Cobb EMC this year reached a $98 million class action settlement agreement, under which the company paid capital credits to individuals and businesses who had accounts with Cobb EMC at any time prior to Dec. 31, 2012, and who filed claims with the court-ordered third-party settlement administrator. Disbursing these required capital credits meant Cobb EMC could close the books on that chapter in our company’s history, improve our accountability to our members and put an even stronger focus on our core mission of providing electrical power.

On the governance front, all nine directors have now received the National Rural Electric Cooperative Association’s (NRECA) Credentialed Cooperative Director certificate, which keeps directors up-to-speed on the changing environment of the electric utility industry. Kelly Bodner (District 3), David McClellan (District 4), Tripper Sharp (District 5), David Tenant (District 6), Bryan Boyd (District 8) and Eric Broadwell (District 9) have also received NRECA’s Board Leadership certificate.

A significant focus of our time and efforts this past year has been on controlling costs and making real changes that save members money. To directly impact members, we offer rewards to those who enrolled in paperless billing. In addition to helping them cut down on clutter, the billing option helps us keep costs down so we can pass along the savings.

Behind the scenes, CFO Robert Steele helped Cobb EMC restructure its line of credit with a different bank group that provided the company significant savings and greater administrative flexibility. Additionally, the company’s new “Today my goal is Zero injuries” program has helped the co-op realize savings in insurance premiums.

More financial changes came about in 2013 as the cooperative navigated the financial complexities of an unprecedented company-wide offer of voluntary employee separation packages that reduced our workforce by nearly 20 percent and will save the co-op annually.

At the end of last year, the board of directors also prepared and executed the sale of Cobb EMC’s Pataula District in Southwest Georgia, providing an influx of year-end cash flow and reducing long-term operating expenses for the co-op.

These efforts positioned the company well throughout 2013, and Cobb EMC was able to issue three rate reductions in January 2013, July 2013 and January 2014. We work to control costs on our end, but we also go to great efforts to educate our members on ways you can save energy at home.

While operational efficiencies helped the cooperative realize savings, our wholly owned subsidiary, Gas South, continued successes over the past year as one of the state’s fastest growing natural gas providers.

As we move forward, we are operating under a corporate strategic plan that focuses on initiatives that will meet or exceed member expectations. The decisions we’ve made this year reflect our mission to control costs and bring power to our members at the lowest possible price, despite national and industry pressures. In the next year and in the coming decades, an item that will be especially important to us is acting as your advocate to control expected cost increases from the Environmental Protection Agency’s new rules on carbon output. Though it is too early to tell how significant impacts will be, the rules do require investment in energy conservation programs and in low or zero carbon output power generation facilities. These facilities are typically more expensive than other sources. Thankfully, Cobb EMC anticipated the new regulations and has begun preparing for them over the past several years by expanding our renewable energy portfolio. We finalized a power purchase agreement from Azalea Solar, one of the largest solar power plants in Georgia, in addition to our green power generated through hydro, biomass and reclaimed methane gas from landfills.

Throughout the last year, forward thinking and strategic planning have protected the company during significant periods of change and transition, and they have positioned the company to emerge ready to achieve financial growth. As always, we will keep you informed of industry changes and corporate progress, and we’re proud to have each of you as a member of Cobb EMC.
Cobb EMC’s current incident and injury record is the lowest in our cooperative’s history. This achievement is made possible by our safety department’s routine trainings and spot inspections. The success also takes a commitment from our employees who come to work each day with a goal of zero accidents.

This dedication has garnered several honors for our cooperative over the past year. One of our underground teams earned the Georgia Utilities Coordinating Council’s coveted Golden Backhoe award for safe digging practices and utility lines marking through Georgia 811.

Another of our line crews received state and national honors for their quick efforts to save the life of a local motorist. When the crew noticed the man gasping for breath and clutching his chest, they ran to his aid and closed a lane of traffic for safety. They received the Georgia EMC Life Saving Award and the national Touchstone Energy® Power & Hope Award.

And in May, Cobb EMC linemen beat out all other EMCs and brought home 10 awards from the 20th annual Georgia Linemen’s Rodeo, an event that tests linemen’s skills under poor conditions. The all-day competition improves safety training, which is critical in an industry where safe work practices can mean the difference between life and death.

Additionally, we are proud to show our appreciation for local public safety personnel. Each year, we sponsor the Cobb Chamber of Commerce’s Public Safety Appreciation Breakfast and host both the Five Alarm appreciation luncheon for firefighters and emergency medical crews and the Steak Out luncheon for law enforcement.

We commit to safely delivering...
Cobb EMC works year-round to ensure we are reliable, prepared and ready to respond to outages. Our teams are highly skilled and trained, which means our restoration times are among the best in the nation.

This year, Cobb EMC earned the Cobb Chamber of Commerce’s first Cutting EDGE Technology User Award for the cooperative’s deployment of a smart grid project. Although the award recognizes Cobb-based companies that excel in using high-end technology in innovative ways to improve Cobb County, Cobb EMC’s project benefits members in all five counties of the co-op’s service district.

Members now enjoy increased service reliability, as the smart grid system minimizes impacts from system outages. In fact, outage duration times have been reduced to an average of less than 90 seconds for 64 percent of members who are impacted by an outage. That average will improve as the Cobb EMC team deploys additional technologies.

Cobb EMC’s system also allows the co-op to automatically restore power from the company’s state-of-the-art power control center, when possible, rather than sending out our service trucks. This automation reduces the time our members’ lights are off, lowers operating expenses and cuts down on fuel emissions by having fewer trucks on the road.

When severe weather is predicted, our trucks are stocked and our crews are ready to mobilize if an outage occurs. Back at headquarters, our power control team monitors our system 24/7. So, if your power goes out, we can start working immediately to get you back up-and-running. This year, we also launched our outage map and storm center online, www.cobbemc.com/outagecenter.

During the February storm, our employees worked around the clock to keep power on for our members. As hours passed and ice crept in, caterers brought in meals for those on-call at our Marietta headquarters, and employees slept on air mattresses so each shift could stay alert. As new waves of sleet and trees fell on lines, Cobb EMC’s system held up well. The average restoration time was less than one hour, and the longest any member was without power was less than four hours.

Electric cooperatives are known for coming to help when another co-op faces storm damage. In December 2013, relief crews drove to Virginia in hopes of beating the sleet and snow that were predicted to weigh down limbs and snap trees, triggering widespread outages. Cobb EMC crews joined those from Rappahannock Electric Cooperative (REC) to help make repairs in service territory that was densely wooded and difficult to access. As temperatures increased, melting ice brought flooding, forcing crews to wade through knee-deep water to make repairs. Despite these difficulties, all of REC’s members were back online before Cobb EMC crews made their way home for the holidays. In February, we once again proudly volunteered to send crews and trucks to assist both Jefferson Energy Cooperative and Coweta-Fayette EMC. Our teams worked alongside their crews and other contractors to help restore power.
MEMBERSHIP
...while being accountable to our member-owners...

As a member-owned cooperative, Cobb EMC operates differently than a traditional utility. You are a member – not simply a customer, which means you are getting more for your money. You are a part of this company, and you have a say in the way things work. Our co-op is looking out for each of our members, and we are continually working to introduce programs that make your life easier.

On the billing side, our PrePay payment option provides you greater flexibility and control over your electric bill. With PrePay, instead of receiving a traditional bill each month, you can monitor your electric use and pay-as-you-go. And, we are currently hard at work on a new bill and billing system that will debut next year and make paying your bill a simple process.

We are also putting money back in your pocket. Our Co-op Connections® Card offers our members valuable discounts at pharmacies and at local and national retailers. Simply show your card and save. To date, Cobb EMC members have saved $48,200 in pharmacy discounts alone.

Cobb EMC also strives to have a presence in our community because this is our home too. At the end of the day, we want to be both a good co-op and a good neighbor. We are incredibly proud of and thankful to our members who have made a difference by rounding up their electric bill to the nearest dollar for local charities. Their generous donations of small change have added up to raise more than $417,700 for nonprofits across our community through Operation Round Up.

Cobb EMC’s commitment to our community also includes a variety of educational initiatives. Our annual Literacy Week promotes life-long reading habits and connects children’s book authors to more than 11,000 area students through visits to 22 schools. Each year, we also offer a scholarship contest where high school juniors interview for scholarships, a summer internship and a chance to attend the Washington Youth Tour, a week-long leadership trip to Washington, D.C.
...through sound governance, management, operating practices and improving quality of life in our local communities.
LEADERSHIP

By local residents and members of Cobb EMC

BOARD OF DIRECTORS

NOMINEES FOR DIRECTOR ELECTION

EDWARD CROWELL | DISTRICT 1 | Board member since 2011

Edward Crowell worked for 20 years as CEO of Cobb-based Georgia Motor Trucking Association, Inc. Crowell has more than 15 years experience serving as a board member for several national member-based organizations and 19 years of government affairs work. His early career included training in finance and accounting, public policy research and some work with financial due-diligence teams. Crowell holds two degrees in political science from Liberty University and Georgia State University. He is an active volunteer in the community, including having served as a youth soccer coach, Sunday school teacher and member of several church committees, animal shelter volunteer, Polk Street Players volunteer and involved in other charitable projects around the area. He was also appointed to the Cobb Neighborhood Safety Commission by Attorney General Sam Olens, who was Cobb County Commissioner at the time. Crowell and his wife, Cynthia, reside in Powder Springs and have two children.

Certifications: Credentialed Cooperative Director (CCD) Certification from NRECA

DAVID TENNANT | DISTRICT 6 | Board member since 2011

David Tennant currently holds the office of chairman. He served as the COO of a publicly-held company and his energy experience spans more than 25 years. Tennant received the “Project of the Year” award for a $200 million alternative energy project in 2012 and has had numerous off-shore and domestic engagements totaling over $3.5 billion. He is also the Chair Emeritus 2014 for the Atlanta Chapter of the Project Management Institute. He lived and worked for two years in the Caribbean in the successful turnaround of a major utility, saving over $140 million in yearly operating costs. Tennant holds a bachelor’s degree in mechanical engineering from Florida Atlantic University, a master’s in technology and science policy from Georgia Tech and an executive MBA from Kennesaw State University. Tennant and his wife, Jan, live in Kennesaw.

Certifications: Credentialed Cooperative Director (CCD) and Board Leadership Certification from NRECA. P. E., Professional Engineer, Georgia PMP, Project Management Professional (PMI)

MALCOLM SWANSON | DISTRICT 7 | Board member since 2011

Malcolm “Cooter” Swanson chairs the audit committee. He is a life-long resident of Cobb County. Swanson is a graduate of Troy University where he received a degree in mathematics. For the last 30 years, Swanson has owned a screen-printing and embroidery business in Cobb County. He served on the Cobb County Parks and Recreation Commission for more than 15 years and as chairman for two terms. Swanson also serves on the board of directors of the North Georgia State Fair and has served as president. An active member at Marietta First Baptist Church, Swanson is on the board of trustees and also participates as a deacon. He has served in several additional capacities at his church, including teaching Sunday school and serving on two pastor search committees. He has mentored youth as a coach in baseball and basketball, as well as coaching Kennesaw State University’s inaugural season of intercollegiate baseball. Swanson is married to Nancy Dansby Swanson and has three children.

Certifications: Credentialed Cooperative Director (CCD) Certification from NRECA
## Cobb Electric Membership Corporation and Subsidiaries
### Consolidated Financial Statements as of and for the Year Ended April 30, 2014

#### Balance Sheet - Consolidated Assets

<table>
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<tr>
<th>Item</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tr>
<td>Net Utility Plant</td>
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<tr>
<td>Other Property and Investments</td>
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<tr>
<td>Current Assets</td>
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<td>Other Assets</td>
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<tr>
<td><strong>Total Assets</strong></td>
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<td><strong>$911,824,532</strong></td>
<td><strong>$911,824,532</strong></td>
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#### Balance Sheet - Consolidated Equities and Liabilities

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<tr>
<th>Item</th>
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<td>Equities</td>
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<td>Long-Term Liabilities</td>
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<td>Current Liabilities</td>
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<td>Deferred Credits</td>
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<td><strong>Total Liabilities</strong></td>
<td><strong>$911,824,532</strong></td>
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<td><strong>$911,824,532</strong></td>
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#### Consolidated Statement of Operations

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<th>Item</th>
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<th>2012</th>
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<td>Operating Expenses:</td>
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<tr>
<td>Cost of Revenues</td>
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<td>Distribution Operations</td>
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<td>Distribution Maintenance</td>
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<td>Consumer Accounts</td>
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<tr>
<td>Consumer Service and Information</td>
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<tr>
<td>Administrative, Selling and General</td>
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<tr>
<td>Depreciation and Amortization</td>
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<tr>
<td>Operating Taxes</td>
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<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>$403.8 million</strong></td>
<td><strong>$403.8 million</strong></td>
<td><strong>$403.8 million</strong></td>
<td><strong>$403.8 million</strong></td>
<td><strong>$403.8 million</strong></td>
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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.

David McClellan  
Secretary and Treasurer
ANNUAL MEETING

In compliance with the bylaws of Cobb Electric Membership Corporation, Article II, Section 2.03, you are hereby notified that the 2014 Annual Meeting of the Cobb Electric Membership Corporation will be held on Saturday, September 20, 2014 at the North Georgia State Fair, Jim R. Miller Park.

Registration will begin at 8 a.m. and close with the start of the business session at 9:30 a.m. Photo identification must be provided at registration. For more details, please visit www.cobbemc.com/annualmeeting.

VOTING

NOMINEES FOR DIRECTOR ELECTION IN 2014

No new nomination petitions were submitted to the secretary of the board of directors, so incumbent candidates will be running unopposed.

• DISTRICT 1 – Edward Crowell
• DISTRICT 6 – David Tennant
• DISTRICT 7 – Malcolm Swanson

In the event that you cannot attend the Annual Meeting, you may appoint a qualified member of your household to attend the Annual Meeting or vote in your stead. See Section 2.07B of the bylaws for additional information. Commercial, government and church groups must provide authorization to represent their organizations at registration. See Section 2.07A of the bylaws for additional information. For more details, please visit www.cobbemc.com/bylaws.

Throughout the last year, forward thinking and strategic planning have protected the company during significant periods of change and transition, and they have positioned the company to emerge ready to achieve financial growth. As always, we will keep you informed of industry changes and corporate progress, and we’re proud to have each of you as a member of Cobb EMC.

– Excerpt Officers’ Message
Cobb Electric Membership Corporation
P.O. Box 369
Marietta, GA 30061
770-429-2100