



Focused on You

Annual Report 2014



Innovation through vision.
Quality through service.



A Touchstone Energy[®] Cooperative
The power of human connections

Board of Directors and Senior Management



Diverse Power Incorporated is led by a 10-member board of directors, shown here with the cooperative's president and legal counsel, from left: President/CEO Wayne Livingston, Directors David Murphy, vice chairman; Charles Knight, Richard Williams, Larry Williamson, Larry Keith, Cheryl Meadows, Jimmy Bailey, secretary; Dr. Bill Couch, chairman; Roy Tollerson, Harrell Landreth and Board Attorney Ray McKenzie.



Handling daily operations at Diverse Power are senior management staff, from left: Senior Vice President/COO Randy Pruett, Senior Vice President/CFO Wade Hall, President/CEO Wayne Livingston and Senior Vice President/CTO Randy Shepard.

On the Cover

Cover photos, clockwise from top left: • Diverse Power line crews work early on an autumn morning in Whitesville. • Washington Youth Tour Delegate B.J. Garcia, far left, of Pine Mountain Valley jumps for joy at the Washington Monument. • Children with and without special needs have equal fun on the handi-capped-accessible playground, funded with a Diverse Power Foundation grant, at Park Elementary School in Hamilton. • Diverse Power Board Chairman Bill Couch, left, and President/CEO Wayne Livingston, center, welcome Calhoun County farmer Bob McLendon to the Pataula Farmers' Luncheon in Leary.

Photo Credits

Photos by Jackie Kennedy, except: cover, Washington Youth Tour photo by Byron McCombs; page 20B, photos by Lee Cathey; and page 20I, Washington Youth Tour delegates, photo by Louis Tonsmeire.

Diverse Power Incorporated provides electricity to almost 35,000 meters on 5,000 miles of power lines in Troup, Harris, Meriwether, Muscogee, Calhoun, Clay, Quitman and Randolph counties and parts of Early, Stewart, Terrell, Heard and Coweta counties in Georgia and Chambers County, Ala. As a not-for-profit cooperative, Diverse Power's primary goal is to provide safe, reliable and affordable electricity to our members. We also partner with various organizations to enhance our communities through education, civic and philanthropic initiatives.

Executive Summary

It's been quite a year at Diverse Power. In fact, we've had so much going on, it's been a challenge, at times, to keep up. But we love a good challenge.

Our greatest accomplishments in the past 12 months have been introducing a new, advanced radio system throughout our service territory and upgrading electric services to our members in the Pataula District.

The acquisition of the Pataula District in 2014 increased our membership—and our workload—by almost 20 percent in one day. Since then, we've been getting to know our southwest Georgia members while improving the electric distribution system that serves them. To better equip their farms and irrigation systems with reliable electric service, our construction crews have converted single-phase power lines to three-phase, while our right-of-way crews have cleared trees and limbs to decrease the risk of downed lines during storms. Our Pataula members say they've experienced fewer outages and faster response times. We look forward to continuing progress there.

A huge project in recent months had its origins a few years ago when we started purchasing radio channels in west Georgia and east Alabama while consistently enhancing our extensive fiber optics network. With these channels and fiber in place, we started building new radio towers and last year launched our brand new TETRA radio system. Boasting state-of-the-art technologies, the TETRA system provides increased radio coverage and improved sound quality throughout our service area, making the jobs of our employees in the field more safe and efficient, thereby improving speed and quality of service for you, our members.

Along with these major projects, Diverse Power has maintained and improved lines throughout our entire 14-county service area in order to give you the exceptional service you've come to rely on. While doing so, we have continued to demonstrate our commitment to community by sponsoring delegates on a variety of leadership training events, expecting the lessons they learn will spark new skills and ambition to serve their communities. Our Diverse Power Foundation distributed a record number of scholarships this year through the Operation Round Up program, and we've continued to support schools in their innovative approaches to classroom instruction.

Also, in 2014, we joined electric cooperatives across the country to oppose the Environmental

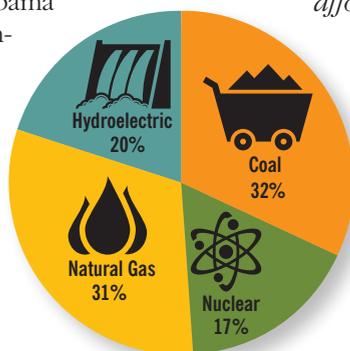


Diverse Power's service area includes two recreational lakes, West Point Lake in our northern territory and Lake Walter F. George, shown here, in our southern territory.

Protection Agency (EPA) in its plans to limit carbon dioxide emissions from new and existing power plants. Almost 36,000 comments from Georgia's electric cooperative members were combined with more than 1 million comments from electric co-op members across the nation and submitted to the EPA in opposition of the proposed regulations.

Since we were organized almost 80 years ago, the mission of Diverse Power has been to provide safe and *affordable* electricity to our members. The proposed EPA regulations could result in shutting down our most affordable source of power. We receive 32 percent of our electricity from coal, and we find it entirely possible to deliver electricity while balancing affordability and environmental stewardship—but not under the proposed rules. Power providers simply cannot afford to cut coal from their fuel mix.

In the meantime, two new nuclear reactors, currently under construction at Vogtle Electric Generating Plant, are scheduled to come on-line in 2019. That's good news to Georgia's electric industry, which recognizes nuclear energy as a proven technology that's both safe and clean.



Dr. Bill Couch
Chairman, Diverse Power Board of Directors

Wayne Livingston
President/CEO, Diverse Power

Diverse Power Senior Vice President/CTO Randy Shepard spearheaded efforts in 2014 to upgrade radio systems throughout the cooperative's service territory.



Focus on:

New Technologies

Our motto at Diverse Power is “Innovation through vision. Quality through service.” In 2014, we lived up to this adage in a big way.

Expanding radio communications

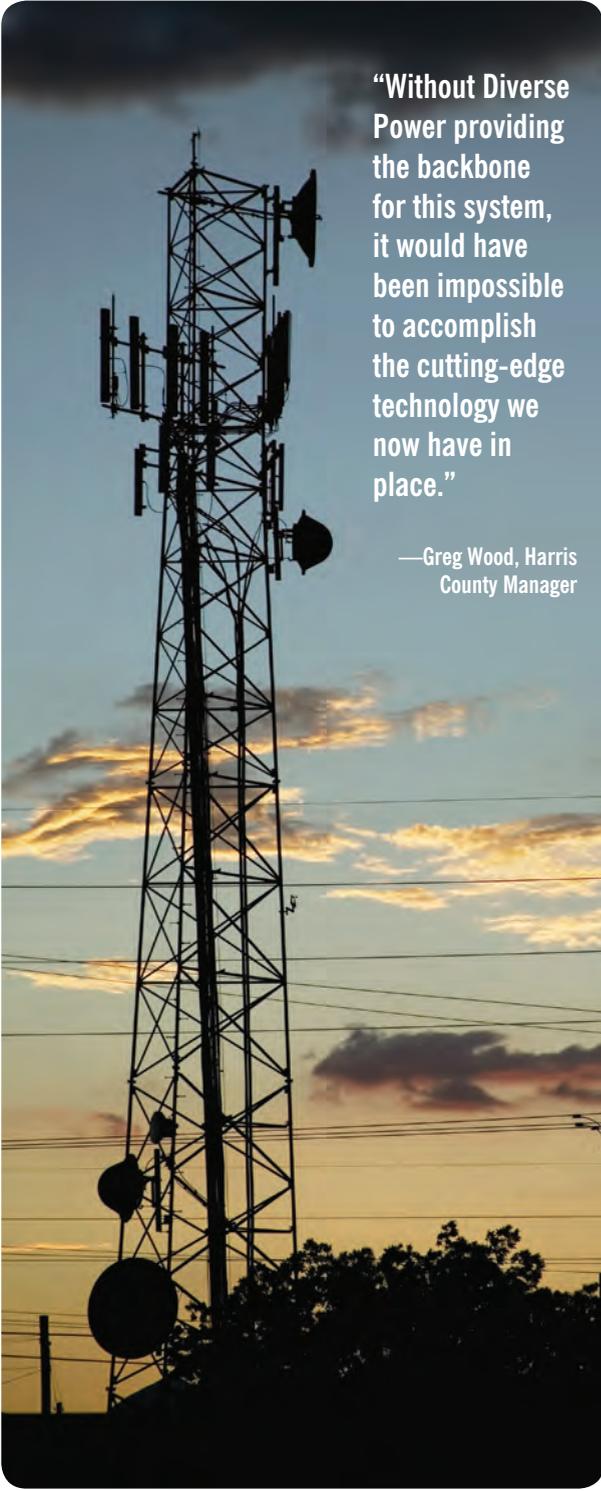
Over the past 12 months, Diverse Power worked tirelessly to install a new, state-of-the-art radio system dedicated to providing better communications for our employees with the added benefit of offering enhanced radio coverage in our communities. With the acquisition of radio channels and construction of new radio towers, we launched the TETRA system to provide clearer and continuous radio coverage throughout our territory.

The new system enables portable radio coverage with GPS location services, improves safety for our employees and speeds up service to our members. The highly innovative technology allows for a larger coverage area, exceptional sound quality and a potentially endless network of communications. Since signing on with our network, Harris County now has countywide radio coverage that enables government officials, law enforcement and emergency responders to communicate more effectively during emergencies.

“Without Diverse Power providing the backbone for this system, it would have been impossible to accomplish the cutting-edge technology we now have in place,” says Harris County Manager Greg Wood.

While the TETRA radio system has been the standard in Europe for decades, it is relatively new here; Diverse Power’s efforts in 2014 marked TETRA’s first and largest public application in the U.S. New projects are ongoing, including one with Georgia Right of Way, a right-of-way maintenance cooperative jointly owned by Diverse Power, Rayle EMC in Washington, Snapping Shoals EMC in Covington and Walton EMC in Monroe. Each of these EMCs plans to add their own radio towers to the network. Meanwhile, talks continue with other Georgia electric cooperatives, area municipalities and county governments that could benefit from our focus on technology.

Our enhanced radio system is a win-win for our employees, whose jobs are made safer; our members, who benefit by improved service; and our communities, who can make their neighborhoods safer when they take advantage of our radio network.



“Without Diverse Power providing the backbone for this system, it would have been impossible to accomplish the cutting-edge technology we now have in place.”

—Greg Wood, Harris County Manager



Diverse Power member Ann Hunt, of LaGrange, and her grandson, Charlie Thompson, son of Jon and Heather Thompson, of LaGrange, enjoy the music at Diverse Power's Annual Meeting in 2014.

Focus on:

Members

Without our members—the families, farms and businesses to whom we provide electricity and related services—Diverse Power would not exist. We are beholden to them and do our best to meet their power needs.

Record number at Annual Meeting

Diverse Power Incorporated held its 78th Annual Meeting of Members May 14, 2014, at its headquarters in LaGrange and at Andrew College in Cuthbert for members of the Pataula District. A total of 815 members registered with family members and guests bringing total attendance at the two locations to more than 2,000, a modern-day attendance record.

75th anniversary of Pataula

This year marks the 75th anniversary of our Pataula District, which started out as Pataula EMC in 1940 with offices in Cuthbert. Since acquiring the Pataula District in 2014, Diverse Power Incorporated has focused on getting to know our southernmost members while improving the electric distribution system in its seven southwest Georgia counties. With our office in Cuthbert, the Pataula District consists primarily of farms and timberland with agriculture as the major industry and peanuts, corn and cotton the major crops. In the past year,

Diverse Power crews converted two-phase power lines to three-phase and energized a new substation in order to provide more reliable electric service. Crews also cleared right-of-way to minimize outages caused by fallen limbs.

Co-op Connections Card

With our Co-op Connections Card® program, we provide businesses the opportunity to take advantage of free advertising and offer our members savings on local products and services, as well as at national chains. Our members can save money simply by showing their Co-op Connections Card at businesses that offer special savings. A complete listing of Co-op Connections Card partners is available at diversepower.com.

Green energy and other efforts

Diverse Power continues to offer members an opportunity to supply part of their electric needs with cleaner, renewable energy from natural resources through Green Power EMC, the first renewable energy program in Georgia.

Diverse Power is co-owner of Georgia Right of Way, a nonprofit cooperative that serves electric utilities by clearing right of way for new power lines, maintaining right of way for existing lines and providing emergency clearance after storms.



Farmers in our Pataula District, like Bob McLendon, center, produce peanuts, corn and cotton in southwest Georgia.

A Diverse Power Foundation grant made this handicapped-accessible playground possible at Park Elementary School in Hamilton.



Focus on:

Community

At Diverse Power, we demonstrate our commitment to the seventh cooperative principle, *concern for community*, by assisting area organizations and individuals in a number of ways.

Boosting education

Three schools received **Diverse Power Foundation grants** in 2014: Park Elementary, Hamilton, \$8,000 for a handi-capped-accessible playground; Lafayette Christian, LaGrange, \$2,500 for a solar power project; and Heard County High, Franklin, \$1,167 for a water conservation program. At Park Elementary, the new playground makes it possible for all students, with or without special needs, to play together. "Diverse Power plays an integral part in our success," says Principal Janice Owens. "They have granted us funds for various initiatives which have directly impacted instruction of our students. They've never let us down."

Diverse Power Foundation scholarships were presented to 37 high school seniors, a record number. The winning students each received a \$3,000 scholarship to the technical institute, junior- or four-year college of their choice. Scholarships are made possible through **Operation Round Up**[®], a philanthropic program managed by the Diverse Power Foundation, in which co-op members "round up" their monthly power bill to the next dollar, with the difference supporting area education.

Harris County High School senior Mallory Harris was named winner of the **Walter Harrison Scholarship**, an annual award presented by Diverse Power and other Georgia EMCs to a select few students each spring. Harris, of Fortson, will attend the University of Georgia in the fall.

As a partner of the **Georgia High School Association** (GHSA), Diverse Power sponsors championship high school football and other games and promotes GHSA through public television service announcements.



Diverse Power delegates visited the U.S. Capitol during the 2014 Washington Youth Tour.

Cultivating leadership and citizenship

Diverse Power sponsored three teens on the annual **Washington Youth Tour** in June 2014, including Randolph-Clay High School student Kaylor Gilbert, of Cuthbert, and Harris County High School students Katelyn Flynn, of Hamilton, and B.J. Garcia, of Pine Mountain Valley. Visiting the nation's capital provides a focus on history and government lessons that can't be duplicated in the classroom.

In July, Garcia joined Anthony Santiago, of Midland, and 55 more students from across Georgia as Diverse Power delegates at the **Georgia Cooperative Council Youth Leadership Conference** in Covington

for lessons on leadership skills and the role cooperatives play in their communities.

Jonathan and Heather Thompson, of LaGrange, represented Diverse Power at the 2014 **Co-op Education Conference for Couples** while Troup County farmers Matt and Brittany Comerford served as host couple at the event, which fosters cooperative and community leadership.

Helping others

Diverse Power donated two GE hydro-spring heat pump water heaters to assist in meeting EarthCraft building standards for a specialized house built in Harris County for Sgt. 1st Class Michael Schlitz, an Army veteran critically wounded in Iraq. The Gary Sinise Foundation constructed the customized home to help Schlitz restore his independence. Built on Diverse Power lines, the **Smart Home** includes other energy-efficient measures such as LED lights, ENERGY STAR appliances and top-of-the-line insulation and HVAC equipment.

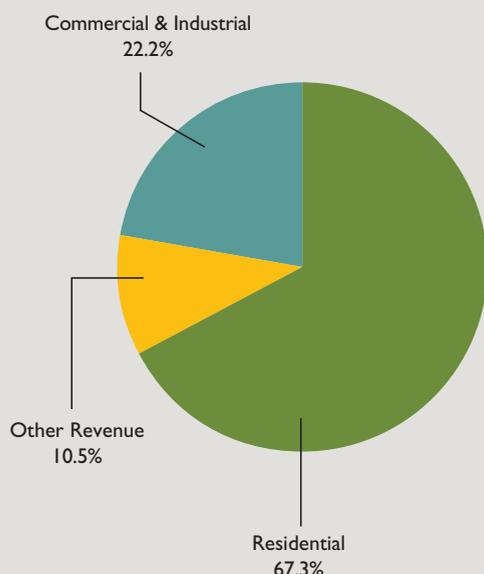


Diverse Power's Scott Sawyer helped the co-op fit a local Smart Home for a wounded Army veteran.

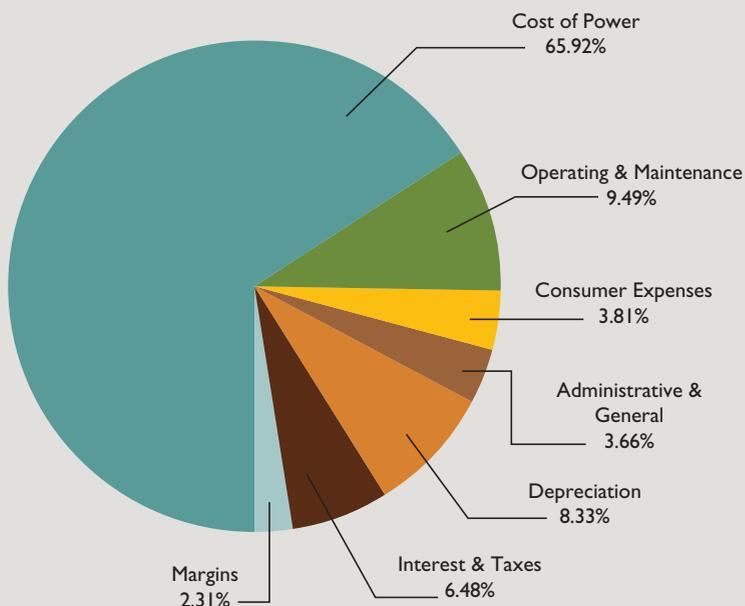
Consolidated Income Statement

	December 31, 2014	December 31, 2013
REVENUE		
Operating Revenue.....	\$ 85,787,460	\$ 65,300,317
Non-Operating Revenue (Loss)	\$ 47,700	\$ 281,053
TOTAL REVENUE.....	\$ 85,835,160	\$ 65,581,370
EXPENSES		
Cost of Power Purchased.....	\$ 57,524,571	\$ 42,240,598
Operation Expense.....	\$ 2,057,087	\$ 1,751,210
Maintenance Expense.....	\$ 6,221,529	\$ 4,899,227
Consumer Accounts Expense.....	\$ 2,780,497	\$ 2,156,051
Consumer Service & Information.....	\$ 541,707	\$ 524,321
Administrative & General Expense	\$ 3,189,749	\$ 2,953,473
Depreciation Expense	\$ 7,272,768	\$ 5,501,849
Taxes	\$ 1,179,321	\$ 904,847
Interest Expense.....	\$ 4,473,939	\$ 3,144,568
TOTAL EXPENSES.....	\$ 85,241,168	\$ 64,076,144
MARGINS AND PATRONAGE CAPITAL		
Operating and Non-operating Margins	\$ 593,992	\$ 1,505,226
Generation and Transmission Capital Credits	\$ 269,863	\$ 260,468
Other Capital Credits	\$ 1,153,156	\$ 983,216
TOTAL MARGINS AND PATRONAGE CAPITAL.....	\$ 2,017,011	\$ 2,748,910

Sources of Revenue



Uses of Revenue



Consolidated Balance Sheet

ASSETS AND OTHER DEBITS	December 31, 2014
UTILITY PLANT	
Total Utility Plant in Service.....	\$ 192,256,342
Construction Work in Progress.....	\$ 1,911,487
Accumulated Provision for Depreciation.....	(\$ 65,459,431)
NET UTILITY PLANT.....	\$ 128,708,398
OTHER PROPERTY AND INVESTMENTS	
Non-utility Plant.....	\$ 594,240
Investment in Associated Organizations.....	\$ 11,176,012
Securities Available for Sale.....	\$ 0
Notes Receivable.....	\$ 0
Other Investments.....	\$ 11,288
TOTAL OTHER PROPERTY AND INVESTMENTS.....	\$ 11,781,540
CURRENT AND ACCRUED ASSETS	
Cash.....	\$ 4,142,250
Accounts Receivable - Net.....	\$ 8,219,756
Materials and Supplies.....	\$ 1,711,604
Other Current & Accrued Assets.....	\$ 531,957
TOTAL CURRENT AND ACCRUED ASSETS.....	\$ 14,605,567
DEFERRED DEBITS.....	\$ 336,303
TOTAL ASSETS AND OTHER DEBITS.....	\$ 155,431,808
LIABILITIES AND OTHER CREDITS	
EQUITY AND MARGINS	
Membership Fees.....	\$ 132,547
Patronage Capital.....	\$ 50,615,807
Accumulated Other Comprehensive Income.....	(\$ 1,394,000)
Other Equities.....	\$ 8,506,955
TOTAL EQUITY AND MARGINS.....	\$ 57,861,309
LONG-TERM DEBT.....	\$ 78,143,509
OTHER LONG-TERM LIABILITIES.....	\$ 4,440,600
CURRENT AND ACCRUED LIABILITIES	
Mortgage Notes - Current Portion.....	\$ 3,765,000
Accounts Payable.....	\$ 6,138,006
Consumer Deposits.....	\$ 1,473,034
Accrued and Withheld Taxes.....	\$ 2,209,745
Other Current & Accrued Liabilities.....	\$ 1,400,605
TOTAL CURRENT AND ACCRUED LIABILITIES.....	\$ 14,986,390
DEFERRED CREDITS.....	\$ 0
TOTAL EQUITIES, LIABILITIES AND OTHER CREDITS.....	\$ 155,431,808

Official Notice

2015 Diverse Power Annual Meeting

Notice is hereby given that the 2015 Annual Meeting of the Members of Diverse Power Incorporated, an Electric Membership Corporation, is being held on Wednesday, May 13, 2015, at the Diverse Power headquarters located at 1400 South Davis Road, LaGrange, Ga., and in the Pataula District at the Andrew College Gymnasium located at 501 College Street, Cuthbert, Ga. Registration begins at 10:30 a.m., and the business session will be called to order at 2 p.m.

Action will be taken on the following matters:

1. Report on the number of members present in order to determine the existence of a quorum.
2. Reading of the notice of the Annual Meeting and proof of mailing statement.
3. Reading of the unapproved minutes of the 2014 Annual Meeting and taking any appropriate action thereon.
4. Presentation and consideration of reports by the officers, directors and committees.
5. Election of four directors of the cooperative for terms of three years to fill the expiring terms in District 1, Seat 4; District 1, Seat 5; District 2, Seat 3; and District 3, Seat 1.
 - A. In accordance with Article I, Section 4.06 of the Diverse Power Incorporated Bylaws, the Nominating Committee met on Jan. 29, 2015, and nominated:
 - District 1, Seat 4:** Larry Williamson
 - District 1, Seat 5:** Jimmy Bailey
 - District 2, Seat 3:** Richard Williams
 - District 3, Seat 1:** Cheryl Meadows
 - B. In accordance with Article IV, Section 4.06 of the Diverse Power Incorporated Bylaws, other nominations made by petition are:
 - District 1, Seat 4:** None
 - District 1, Seat 5:** None
 - District 2, Seat 3:** None
 - District 3, Seat 1:** None
6. Unfinished Business.
7. New business.
8. Adjourn.

Door prizes and grand prizes will be awarded at the meeting.



Jimmy Bailey, Secretary

Country-Gospel duo to perform at Annual Meeting



A musical duo based in Nashville, Tenn., Randy and Sherri Miller combine contemporary Christian music with Southern rock, country and gospel to create a one-of-a-kind, uplifting sound. Randy performed with the Kingsmen Quartet for seven years and has won numerous gospel music awards, along with being inducted into the Alabama Music Hall of Fame for lifetime achievement. Sherri began her singing career with her family gospel group, The Kenny Parker Trio, and has performed with many country artists, including Dolly Parton and Charlie Daniels. Make plans to enjoy the sounds of Randy and Sherri Miller at **Diverse Power's Annual Meeting on May 13.**



Annual Meeting Schedule of Events and Order of Business

10:30 a.m.-2 p.m.

Registration of Members and Lunch

12 noon

Welcome..... Jack Morman, Master of Ceremonies
Entertainment Randy and Sherri Miller, Gospel Duo

1:30 p.m.

Invocation and Presentation of Colors

Introduction..... Wayne Livingston, DPI President/CEO

2 p.m.

Business Session..... Ray McKenzie Jr., Legal Counsel
Drawing for Door Prizes and Grand Prizes