


Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011		D Employer identification number 58-0301471	
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Jackson Electric Membership Corporation		E Telephone number (706) 367-5281
	Doing Business As		G Gross receipts \$ 467,007,550
	Number and street (or P O box if mail is not delivered to street address) PO BOX 38	Room/suite	
	City or town, state or country, and ZIP + 4 JEFFERSON, GA 30549		
	F Name and address of principal officer		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I Tax-exempt status <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) (12) ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach a list (see instructions)	
J Website: ▶ N/A		H(c) Group exemption number ▶	
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1938	M State of legal domicile GA

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SERVICE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	441
	6 Total number of volunteers (estimate if necessary)	6	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,185,868	
b Net unrelated business taxable income from Form 990-T, line 34	7b	350,961	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	464,037,376	462,426,355
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,444,988	3,395,327
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,081,984	1,185,868
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	469,564,348	467,007,550
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	
14 Benefits paid to or for members (Part IX, column (A), line 4)			17,119,787
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		742,865	734,378
16a Professional fundraising fees (Part IX, column (A), line 11e)			0
b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		442,508,547	449,153,385
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		443,251,412	467,007,550
19 Revenue less expenses Subtract line 18 from line 12		26,312,936	0
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	790,117,279	832,806,637
	21 Total liabilities (Part X, line 26)	498,076,699	518,145,441
	22 Net assets or fund balances Subtract line 21 from line 20	292,040,580	314,661,196

Part II		Signature Block	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has knowledge.			
Sign Here	***** Signature of officer		
	Randall Pugh President & CEO Type or print name and title		
Paid Preparer's Use Only	Preparer's signature J RANDOLPH NICHOLS		Date
	Firm's name (or yours if self-employed), address, and ZIP + 4		
	McNair McLemore Middlebrooks Post Office Box One Macon, GA 312020001		

May the IRS discuss this return with the preparer shown above? (see instructions)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐ Yes ☒ No

1

Briefly describe the organization's mission

TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SERVICE

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 467,007,550 including grants of \$) (Revenue \$ 462,426,355)

TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SERVICE

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d














Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 467,007,550

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	No
2	Is the organization required to complete Schedule B, Schedule of Contributors(see instructions)?	2	No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	Yes
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II and IV	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III and IV	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20a	No
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

<div>Part V</div> <div>Statements Regarding Other IRS Filings and Tax Compliance</div>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	170
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return	2a	441
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
b	If "Yes," enter the name of the foreign country: <input type="text"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	No
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	No
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7f	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	No
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	No
10 Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11 Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders	11a	459,718,148
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	3,967,497
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a	No
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the aggregate amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b	No

Part VI

Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI ☒

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	9		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	No
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	15a	Yes
b	Other officers or key employees of the organization	15b	Yes
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶GA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ JACKSON EMC PO BOX 38 JEFFERSON,GA 30549 (706) 367-5281

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Lynn Price Director	3.00	X						23,936	0	0
(2) Charles B Steele Vice Chairman	4.00	X		X				16,138	0	0
(3) Charles Gorham Director	3.00	X						12,690	0	0
(4) Otis Jones Chairman	5.00	X		X				18,305	0	0
(5) John Mitchell Director	3.00	X						27,711	0	0
(6) Rodney Chandler Sec-Treas	4.00	X		X				25,911	0	0
(7) Ray Jones Director	3.00	X						10,165	0	0
(8) Alton Thornton Director	3.00	X						6,016	0	0
(9) Bill E Carpenter Director	3.00	X						15,613	0	0
(10) Randall Pugh President & CEO	40.00			X				460,344	0	117,549
(11) James H Crawford Jr VP-Cust/Dist Servs	40.00					X		232,566	0	62,499
(12) Greg S Keith VP-Finance/Acctng	40.00					X		226,105	0	62,499
(13) Roy A Stowe VP- Mktg Mem Rel	40.00					X		233,232	0	62,499
(14) James D Smith VP- Engineering/Op	40.00					X		226,995	0	62,499
(15) William F Sanders District Mgr-Gains	40.00					X		142,232	0	40,642

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,677,959		408,187

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 21

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4 Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
C H Guernsey and Company PO Box 96-0012 Oklahoma City, OK 731960012	Wholesale Power Cons	176,851
Taylor Tree Service 2224 Riverbend Road Demorest, GA 30535	Right-of-Way	246,009
STS LLC PO Box 860788 Orlando, FL 328860788	Right-of-Way	441,082
Elie T Studivant Jr 428 Martin L King Jr Avenue Jefferson, GA 30549	Right-of-Way	194,112
Corus Group LLC 130 Technology Parkway Norcross, GA 30092	Comp Network Support	602,440

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►9

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		0				
Program Service Revenue			Business Code					
	2a	Pole Rental	221000	2,499,991	2,499,991			
	b	Patronage Cap-Assoc Org	221000	261,169	261,169			
	c	Electric Energy Sales	221000	459,665,195	459,665,195			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		462,426,355				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		3,395,327			3,395,327	
	4	Income from investment of tax-exempt bond proceeds . . .		0				
	5	Royalties		0				
	6a	Gross rents	(i) Real	(ii) Personal				
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)		0				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss)		0				
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . . .		0				
9a	Gross income from gaming activities See Part IV, line 19	a						
b	Less direct expenses	b						
c	Net income or (loss) from gaming activities . . .		0					
10a	Gross sales of inventory, less returns and allowances	a						
b	Less cost of goods sold	b						
c	Net income or (loss) from sales of inventory . . .		0					
Miscellaneous Revenue		Business Code						
11a	Cooperative Choice, LLC	900001	1,185,868		1,185,868			
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		1,185,868					
12	Total revenue. See Instructions		467,007,550	462,426,355	1,185,868	3,395,327		

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	17,119,787	17,119,787		
5	Compensation of current officers, directors, trustees, and key employees	734,378	734,378		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	0			
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0			
9	Other employee benefits	0			
10	Payroll taxes	0			
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	0			
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	0			
13	Office expenses	1,050,183	1,050,183		
14	Information technology	0			
15	Royalties	0			
16	Occupancy	0			
17	Travel	0			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	21,437,632	21,437,632		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	27,342,181	27,342,181		
23	Insurance	0			
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Purchased Power	350,226,753	350,226,753		
b	Distribution Operations	10,792,228	10,792,228		
c	Distribution Maintenance	12,793,607	12,793,607		
d	Consumer Accounts	12,171,613	12,171,613		
e	Admin & General Exp	7,682,919	7,682,919		
f	All other expenses	5,656,269	5,656,269		
25	Total functional expenses. Add lines 1 through 24f	467,007,550	467,007,550	0	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1,493,526	1	1,599,513
	2	Savings and temporary cash investments			38,200,000	2	64,200,000
	3	Pledges and grants receivable, net				3	0
	4	Accounts receivable, net			24,981,120	4	26,449,351
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L				6	0
	7	Notes and loans receivable, net				7	0
	8	Inventories for sale or use			11,144,595	8	9,644,198
	9	Prepaid expenses and deferred charges			507,784	9	3,733,487
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	817,055,628			
	b	Less accumulated depreciation	10b	219,586,599	584,933,128	10c	597,469,029
	11	Investments—publicly traded securities				11	0
	12	Investments—other securities See Part IV, line 11				12	0
	13	Investments—program-related See Part IV, line 11			126,091,562	13	129,061,545
	14	Intangible assets				14	0
	15	Other assets See Part IV, line 11			2,765,564	15	649,514
	16	Total assets. Add lines 1 through 15 (must equal line 34)			790,117,279	16	832,806,637
Liabilities	17	Accounts payable and accrued expenses			63,570,479	17	63,542,603
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			375,917,738	23	406,735,186
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			58,588,482	25	47,867,652
	26	Total liabilities. Add lines 17 through 25			498,076,699	26	518,145,441
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets				27	
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds			2,762,720	30	2,859,840
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds			289,277,860	32	311,801,356
	33	Total net assets or fund balances			292,040,580	33	314,661,196
	34	Total liabilities and net assets/fund balances			790,117,279	34	832,806,637

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	467,007,550
2	Total expenses (must equal Part IX, column (A), line 25)	2	467,007,550
3	Revenue less expenses Subtract line 2 from line 1	3	0
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	292,040,580
5	Other changes in net assets or fund balances (explain in Schedule O)	5	22,620,616
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	314,661,196

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		No

Additional Data

Software ID: 11000144
Software Version: 2011v1.2
EIN: 58-0301471
Name: Jackson Electric Membership Corporation

Form 990, Special Condition Description:

Special Condition Description

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
Jackson Electric Membership Corporation

Employer identification number

58-0301471

Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4

Number of states where property subject to conservation easement is located ▶ _____

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
▶ \$ _____

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance				
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i)

unrelated organizations

3a(i)

Yes

No

(ii)

related organizations

3a(ii)

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		5,710,097		5,710,097
b Buildings				
c Leasehold improvements				
d Equipment		811,345,531	219,586,599	591,758,932
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				597,469,029

Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	

Part XIV

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Membership Fees \$97120 Donated Capital \$21895 Retired Capital Credits \$1323 Book Margins \$27262846 Capital Credit Retirements \$ -4762568

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization Jackson Electric Membership Corporation	Employer identification number 58-0301471
---	--

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
<input checked="" type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
c Participate in, or receive payment from, an equity-based compensation arrangement?		No
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a The organization?		
b Any related organization?		
If "Yes," to line 5a or 5b, describe in Part III		
6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?		
b Any related organization?		
If "Yes," to line 6a or 6b, describe in Part III		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

Part II

Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) William F Sanders	(i) (ii)	137,152	290	4,790	33,876	6,766	182,874	
(2) Roy A Stowe	(i) (ii)	191,135	32,760	9,337	47,333	15,166	295,731	
(3) Randall Pugh	(i) (ii)	435,962	370	24,012	102,383	15,166	577,893	
(4) James H Crawford Jr	(i) (ii)	191,135	33,465	7,966	47,333	15,166	295,065	
(5) James D Smith	(i) (ii)	191,135	32,564	3,296	47,333	15,166	289,494	
(6) Greg S Keith	(i) (ii)	191,135	33,112	1,858	47,333	15,166	288,604	

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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**JACKSON ELECTRIC MEMBERSHIP CORPORATION
JEFFERSON, GEORGIA**

**Board Policy No. 106
Services of Consultants**

I OBJECTIVE

- A. To establish the policy governing the employment, selection, and use of consultants.
- B. To define the relationships existing between employed consultants, the Board of Directors, and the President/CEO.

II POLICY CONTENT

A. Employment and Use of Consultants, Public Accounting Firms, or Attorneys

- 1 It is recognized that effective management is the most important factor which contributes to the success of the Cooperative. Furthermore, in the formulation, adoption, execution and audit of Bylaws, policies, plans, and programs, there is a need for the services of consultants to supply the Board of Directors and the President/CEO with advice and assistance that will provide for well-informed decisions.
- 2 Therefore, the President/CEO will provide for consulting services in the estimated annual operating budget which is submitted to the Board of Directors for their review, consideration, and appropriate action. The provisions will include the use of specialized technical knowledge for the following areas--but not to the exclusion of other areas which may be essential and desirable in the operation of Jackson Electric Membership Corporation in order that its objectives may be attained
 - a. Legal Attorney or Attorneys - The regular Cooperative attorney on monthly retainer fee basis for stipulated functions plus compensation for additional services rendered. Special legal counsel where specialized expertise is required, such as labor law or antitrust.
 - b. Engineering Engineer or Engineers employed for specific projects or on a continuing retainer service contract for engineering system studies, inspection of completed work orders, and performing other specialized duties on the basis of regular and special requirements.
 - c. Accounting: Independent Certified Public Accountants employed for the financial audit of the accounting records and related practices to meet the requirements of the lending agencies and effective internal financial management.
 - d. Management Management consultants employed to study, analyze, and recommend improvements in management practices in the areas of policy formulation, program planning and administration of the salary and wage.

program and personnel policies and who are employed on a planned and when required basis upon acceptance of cost proposals.

- e. Retail Rates: Rate consultants engaged if required to undertake cost of service studies and to develop retail rates and related conditions of service
- f. Other Consultants desired for their specialized technical knowledge on problems of a non-recurring nature.

B. Selection of Consultants, Public Accounting Firms, or Attorneys

- 1. Consultants, public accounting firms, or attorneys will be selected by the Board of Directors when their services are essential for audits of records and accounts, legal opinions on policy, conducting of surveys, and making analyses of management practices, or to make major engineering studies; however, the President/CEO will be responsible for recommending the best qualified persons or firms.
- 2. Authority is delegated to the President/CEO for the selection of consultants, public accounting firms, or attorneys when their services are needed to supplement the regular permanent staff or to serve as an advisor to the President/CEO on specific operating problems.

C. Relationships

- 1. Attorney
 - a. The Attorney will have a reporting relationship to the Board of Directors in all those areas relating to basic legal entity, in all areas concerned specifically with operating management, the Attorney will recognize a reporting relationship direct to the President/CEO
 - b. The Attorney selected to represent the Cooperative will be available at all regular and special meetings of the Board of Directors and at the annual membership meetings to review and render opinions on current and potential legal difficulties which may be inherent in present or proposed Bylaws, policies, and actions
 - c. The Attorney will be responsible for providing legal services on specific problems when requested and for representing the Cooperative before courts and commissions when such representation is deemed necessary by the Board of Directors and/or the President/CEO. A bill will be submitted for such services and approved by the President/CEO
 - d. Opinions relative to legal services furnished in connection with specific operations problems will be submitted to the President/CEO
 - e. Compensation for legal counsel may be on an hourly or fee-for-service basis or a combination thereof. Any form of percentage based on a loan or other form of capital acquisition should not be used as a basis for payment of legal services.

2. The Consulting Engineer or engineering firm may have a direct reporting relationship to the Board of Directors when the areas of employment such as study, analysis, and review have been specifically determined by the Board with a corresponding responsibility for a functional reporting relationship to the President/CEO; when used to supplement the regular permanent staff or to serve as advisor to the President/CEO in the areas of operating management for specific engineering operating problems, the direct reporting relationship will be to the President/CEO with a functional reporting responsibility to the Board of Directors.
3. Public Accounting Firm
 - a. The Public Accounting Firm will have a direct-reporting relationship to the Board of Directors when employed by the Board to perform audits of records and accounts but the President/CEO shall be kept informed and provide all possible assistance and advice in making records and accounts available. The Board and/or President/CEO shall be responsible for requesting professional comments beyond minimum audit requirements. When rendering accounting advice and assistance in connection with day-to-day operations the independent Certified Public Accountant's reporting relationship will be directly to the President/CEO and through the President/CEO to the staff.
 - b. The Public Accounting Firm will prepare IRS Form 990 under the direction of the President/CEO. The draft of Form 990 will be reviewed by the Board of Directors before it is submitted to the Internal Revenue Service and the Board of Directors will have full access to all supporting documentation and to the persons responsible for preparing Form 990. The minutes of the meeting of the Board of Directors shall annually document the review of Form 990.
4. The Management Consultant will render technical advice and assistance on the administration of approved policies, plans, and programs and the Cooperative's management improvement program in particular. In the carrying out of these responsibilities, the Management Consultant's reporting relationship shall be directly to the President/CEO and through the President/CEO to the staff. In reporting on the recommendations resulting from the management audit or appraisal or recommendations on revisions needed in Board-approved policies or plans, the reporting relationship shall be directly to the Board but with the full knowledge and understanding of the President/CEO.
5. Rate consultants, if engaged, will work with, and through, the President/CEO on their studies but may be asked to present their recommendations to the Board of Directors or a committee of the Board.

III RESPONSIBILITY

The President/CEO shall be responsible to the Board for recommendations to provide for inclusion of consultant's appearance and reports on the agenda for Board meetings. The President/CEO shall have a further responsibility to furnish advice and counsel to the Board on the employment, selection and use of consultants; this responsibility includes adequate provision in the annual operating budget.

BOARD APPROVED	APRIL 12, 1985
EFFECTIVE DATE	MAY 1, 1985
REVISED DATE.	NOVEMBER 23, 1987
REVISED DATE	NOVEMBER 6, 1992
REVISED DATE.	JANUARY 5, 1996
REVISED DATE.	DECEMBER 7, 2007
REVISED DATE	SEPTEMBER 5, 2008

JACKSON ELECTRIC MEMBERSHIP CORPORATION

BYLAWS

ARTICLE I Member-Customers

Section 1 Qualifications and Obligations. Any natural person, firm, association, electric membership corporation, foreign electric cooperative, corporation, domestic or foreign, limited liability company, business or other trust, partnership, Federal agency, state or political subdivision or other entity (each hereinafter referred to in this section as "applicant") to which the Cooperative may lawfully provide electric service, may become a member-customer in the Cooperative, under such conditions and terms as may be prescribed by the Board of Directors. The applicant must also agree to purchase from the Cooperative electric energy as hereinafter specified and agree to comply with and be bound by the articles of incorporation of the Cooperative, these bylaws and any amendments thereto, and such rules and regulations as may from time to time be adopted by the Board of Directors provided, however, that an applicant shall become a member-customer unless disapproved by the Board of Directors. A member-customer who purchases electric energy and service for resale shall be a "wholesale member-customer." All other member customers shall be "retail member-customers." The term "member-customer" as used herein shall refer to both retail and wholesale member-customers. Pending membership applications shall be submitted to the Board of Directors at each regular meeting of the Board. No member-customer may own more than one (1) membership in the Cooperative and a member customer shall be entitled to only one (1) vote in the exercise of the person's rights as a member customer of Jackson EMC.

The term "member customer" as used in these bylaws shall include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Unless one or both request in writing that the membership shall be singular and held by only one of them, the membership of lawfully married persons shall be deemed a joint membership. The words "member customer," "applicant," "person," "his" and "him," as used in these bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the records of the Cooperative, and all provisions relating to the rights, powers, terms, conditions, responsibilities, and liabilities of membership shall apply equally to them. Without limiting the generality of the foregoing:

- a. The presence at a meeting of either or both shall constitute the presence of one member-customer and a joint waiver of notice of the meeting.
- b. The vote of either or both shall constitute one joint vote. PROVIDED, that if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote.
- c. Notice to, or waiver of notices signed by, either or both shall constitute, respectively, a joint notice or waiver of notice.
- d. Suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership.
- e. Each, but not both, concurrently, shall be eligible to serve as an officer or director of the Cooperative, but only if both meet the qualifications required therefor.

Section 2 Membership Fee. The membership fee shall be set by the Board of Directors, payment of which shall make the member-customer eligible for membership in the Cooperative. An additional fee, as approved by the Board, shall be paid for each retail service connection by a member-customer. Such fees are not subject to refund.

Section 3 Purchase of Electric Energy. Each retail member-customer shall, as soon as electric energy shall be available, purchase from the Cooperative all central station electricity used on the premises referred to in the membership application of such retail member-customer, and shall pay therefor at rates which shall from time to time be fixed by resolution of the Board of Directors; provided, however, that the electric energy which the Cooperative shall furnish to any retail member-customer may be limited to such an amount as the Board of Directors shall from time to time determine. The terms of service under which the Cooperative shall furnish electric energy and service to a wholesale member-customer shall be as prescribed in a separate written contract between the Cooperative and such wholesale member-customer. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by member-customers as capital and each member-customer shall be credited with the capital so furnished as provided in these bylaws. Each member-customer shall pay to the Cooperative such minimum amount as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed. Each member-customer shall also pay all obligations which may from time to time become due and payable by such member-customer to the Cooperative, as and when the same shall become due and payable.

Section 4 Non-liability for Debts of the Cooperative. The private property of the member customers of the Cooperative shall be exempt from executions for the debts of the Cooperative, and no member-customer shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 5 Expulsion of Member-customers. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two thirds (2/3) of the member customers thereof, expel any member customer who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative, or these bylaws, or any rules or regulations adopted from time to time by the Board of Directors. Any member customer so expelled may be reinstated as a member-customer by a vote of the member customers at any Annual or Special Meeting of the member customers. The action of the member customers with respect to any such reinstatement shall be final.

Section 6 Withdrawal of Membership. Any member customer may withdraw from membership upon payment in full of all debts and liabilities and satisfaction of all obligations of such member-customer to the Cooperative, and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 7 Transfer and Termination of Membership.

- a Membership in the Cooperative and a certificate representing the same shall not be transferable except as hereinafter otherwise provided, and upon the death, cessation of existence, termination of service, expulsion or withdrawal of a member-customer the membership of such member-customer shall thereupon terminate, and the certificate of membership of such member-customer shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the mem-

ber-customer from the debts or liabilities of such member-customer to the Cooperative. Nor shall such termination of membership result in any loss of equity which the member-customer might otherwise have in the margins of the Cooperative as a result of his capital contribution.

- b Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon divorce of the holders of a joint membership, such membership shall be assigned to the party as the court order directs, or if the court order does not direct or if the Cooperative is not made aware of the court order, and upon termination of the joint membership, the accounts of the former couple shall be reestablished as determined by the Cooperative: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

Section 8 Request for Information. In accordance with Chapter 34-C, 510 of HB 136, Georgia, 1981, any member-customer has the right to request pertinent information relative to the business of the Cooperative.

ARTICLE II Meetings of Member-Customers

Section 1 Annual Meetings. The annual meeting of the member customers shall be held during either the month of September or October each year on a date as established by the Board of Directors, at such place at Jefferson, in the County of Jackson, State of Georgia, as shall be designated in the notice of the meeting, for the purpose of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may legally come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the member customers as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture of the charter or dissolution of the Cooperative.

Section 2 Special Meetings. Special meetings of the member customers may be called by written request of the majority of directors or upon a written request signed by at least ten percent (10%) of all the member customers, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the member-customers may be held at any place within the County of Jackson, in the State of Georgia, specified in the notice of the special meeting.

Section 3 Notice of Member-Customers' Meetings. Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member-customer, provided however, that with respect to all meetings at which directors are to be elected, such notice shall be delivered not less than ten (10) days, nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered five (5) days from deposit in

the United States mail, if mailed other than by first class mail. The notice shall be addressed to the member-customer at the member-customer's address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both joint member-customers. The failure of any member-customer to receive notice of an annual or special meeting of the member-customers shall not invalidate any action which may be taken by the member-customers at any such meeting.

Section 4 Quorum. One hundred fifty (150) of the member-customers present at the beginning of the meeting shall constitute a quorum for the transaction of business at all meetings of the member-customers. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member-customer. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

Section 5 Voting. Each member-customer shall be entitled to one (1) vote, and no more, upon each matter submitted to a vote at a meeting of the member-customers. At all meetings of the member customers at which a quorum is present at the beginning of the meeting, all questions shall be decided by a vote of a majority of the member-customers voting thereon, except as otherwise provided by law, the articles of incorporation of the Cooperative, or these by-laws. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote, and no more, upon each matter submitted to a vote at a meeting of the member-customers. Voting by member-customers other than member-customers who are natural persons shall be allowed upon the presentation to the Cooperative, prior to, or upon registration at each member customer meeting, of satisfactory evidence entitling the person presenting the same to vote. No member-customer shall have the right to cumulate his votes by giving one candidate a vote, or votes, equal to his vote multiplied by the number of directors to be elected, or by distributing such votes on the same principal among any number of such candidates.

Unless otherwise provided in the Articles of Incorporation or in the bylaws of the Corporation, meetings of member customers shall be conducted in accordance with the latest edition of *Robert's Rules of Order*, however, failure to so conduct any meeting shall not render invalid any action taken at such meeting, unless objection citing such failure is made at the time such action is taken.

Section 6 Order of Business. The order of business at the annual meeting of the member customers, and so far as possible at all other meetings of the member customers, shall be essentially as follows:

- 1 Report on member-customers present to verify having a quorum
- 2 Submission of proof of the publication and mailing of the notice of the annual meeting
- 3 Reading of unapproved minutes of previous meetings of the member-customers and the taking of necessary action thereon
- 4 Presentation and consideration of, and action upon, reports of officers, directors and committees
- 5 Election of directors
- 6 Unfinished business

7. New business.
8. Adjournment.

Section 7 Credentials and Election Committee. The Board of Directors, may, before or during any meeting of the member-customers, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of member-customers not less than three (3) nor more than nine (9). Committee members shall not be members of the Nominating Committee, Cooperative employees, directors or candidates for director. Furthermore, a Committee member shall not be a close relative of any of the foregoing persons (i.e., any person who cannot be a member of the Committee). In appointing the Committee, the Board may consider the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary. It shall be the responsibility of the Committee:

- a to resolve any disputes or questions concerning the validity of petitions of nomination and the qualification of candidates for election to the Board of Directors of the Cooperative,
- b to tabulate all ballots or votes cast,
- c to rule on the effect of any ballots or votes irregularly marked or cast,
- d to resolve any dispute concerning the eligibility [to vote] of any individual presenting himself/herself at the annual meeting,
- e to resolve any dispute concerning the eligibility of any individual presenting himself/herself at the annual meeting to vote on behalf of an organization which is a member customer entitled to vote at such annual meeting, and
- f to rule upon all other questions that may arise relating to member-customer voting and the election of directors

Any protest or objection concerning any ballot or vote must be in writing, signed by one or more member customers ("Protester(s)"), and filed with the Chairman or Secretary of this Committee or their designee(s) not later than 5:00 p.m., on the third (3rd) business day following the adjournment of the meeting in which the voting is conducted. The Committee shall, after the Chairman's notice to all affected candidates, be reconvened. The Committee shall hear such evidence as is presented by the Protester(s) and any affected candidate, all of whom may be heard in person, by counsel, or both. The Committee shall, within thirty (30) days after such hearing, render its decision. The Committee shall act by majority vote and may not act on any matter unless a majority of the Committee is present at a meeting. The Committee's decision on all matters covered by this Section shall be final.

Without limiting the foregoing duties and prerogatives of the Committee, upon request of the person presiding at the meeting, or any member-customer entitled to vote at the meeting, the Committee shall make a report, in writing, of any challenge, questions, count, or matter determined by the Committee and execute a certificate of any fact found by them. Any such report or certificate made by them shall be prima-facie evidence of the facts stated and of the vote as certified by them.

As used in this Section, "close relative" means a person who, by blood or by marriage, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

In the exercise of its responsibility, the Committee shall be paid such per diem as the Board may determine and for mileage expenses for transportation to meetings of the Committee in an amount equal to the deductible amount authorized from time to time by the Internal Revenue Service.

In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.

ARTICLE III Directors

Section 1 General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors, which shall exercise all of the powers of the Cooperative except such as are by law, or by the articles of incorporation of the Cooperative, or by these bylaws conferred upon or reserved to the member-customers

Section 2 Qualifications and Tenure. At each annual meeting of the member customers, three (3) directors shall be elected, by and from the member-customers, to serve for a term of three years, or until their successors shall have been elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of directors, in the following rotation: one from Hall County or Lumpkin County, one from Barrow County, one from Gwinnett County, one from Banks County or Franklin County, one from Jackson County, one from Madison County or Oglethorpe County, one from Clarke County, one from Jackson County, and one from Gwinnett County. A person shall be eligible to qualify as a candidate, run for, or remain a director in the Cooperative only if such person.

- 1 will be eighteen (18) years of age or older on the date of election, and
- 2 is a member customer of the Cooperative and bona fide resident of one of the counties represented, and
- 3 is receiving service from the Cooperative at his primary residence unless temporarily prevented from doing so by causes beyond such member-customer's control, and
- 4 is not a member of, employed by or financially interested in an enterprise or organization which competes with the Cooperative or regularly contracts with the Cooperative, except such employment, membership or financial interest which is, in the judgment of the directors, excluding the director in question, so inconsiderable and incidental as not to pose a reasonable prospect of a conflict of interest (PROVIDED, however, that this determination shall be made by the Credentials and Election Committee if the person is a potential nominee or candidate for director, or if the directors, excluding the director in question, request the Committee to rule), and
- 5 is not currently, nor has been within the five (5) years immediately preceding the date of the election, an employee of the Cooperative, an employee or director of a competing utility or enterprise, a close relative of an employee of the Cooperative, or a close relative of an employee or director of a competing utility or enterprise. As used in this Section, "close relative" means a person who, by blood or by marriage, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal, and
- 6 is not the incumbent of or candidate for an elective public office in connection with which

any remuneration is received either as a salary, fee, per diem, or reimbursement for services in any form; and

- 7 has not failed to attend more than four (4) consecutive meetings of the board, except when such absence is excused by a vote of the board of directors for reasonable cause, or who has not failed to attend, for any reason, twelve (12) consecutive meetings of the board, or who has not been determined by the Credentials and Election Committee to be incapable of fulfilling the duties of a director.

When membership is held jointly by a husband and wife, either one, but not both, may be elected a director; provided, however, that neither one shall be eligible to become or remain a director, or hold a position of trust in the Cooperative, unless both shall meet the qualifications hereinabove set forth.

Nothing contained in this section shall affect the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by a provision of this Section and in which one or more of the directors have an interest materially adverse to that of the Cooperative

Section 3 Amendments to County Representation of Directors. Notwithstanding the allocation of directors among the counties served by the Cooperative, the Board may, at such time that a director's office becomes vacant due to resignation, failure to meet the qualifications as set forth in Article III, Section 2 of these bylaws, or death, by two-thirds (2/3) majority vote, determine that the allocation of directors among the counties should be changed, as appropriate, to correct any significant inequitable disparity in the representation of the membership on the Board. Written notice stating the amendments made pursuant to this Section shall be provided to the members not less than five (5) days prior to the date on which the nominating committee for the next annual meeting shall first convene

Section 4 Nominations. It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days nor more than one hundred fifty (150) days before the date of the meeting of the member-customers at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) member customers, who shall be selected as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. The membership shall be notified of the member customers appointed to the nominating committee, prior to any nomination of directors. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting a list of nominations for directors, but any fifteen (15) or more member customers may make other nominations by petition in writing over their signatures not less than fifteen (15) days prior to the day of the meeting, and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. Such nominations by petition shall be delivered during normal business hours (8:00 a.m. to 5:00 p.m.) to the corporate office in Jefferson, Georgia. The Secretary shall mail, with the notice of the meeting, a statement showing the number of directors to be elected. Unless all persons properly nominated to run for a particular seat on the Board of Directors are deceased or withdraw in writing from candidacy prior to the election, no other nominations shall be in order. The member-customers may at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of the section shall not affect in any manner whatsoever the validity of any election of directors

Section 5 Vacancies. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve for the unexpired term or until their successors shall have been elected and shall have qualified.

Section 6 Compensation. Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum per diem and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, committee meetings, and attendance on other business of the Cooperative. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director be employed and receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the member-customers.

Section 7 Rules and Regulations. The Board of Directors shall have power to make and adopt such policies, rules, and regulations, not inconsistent with law, the articles of incorporation of the Cooperative, or these bylaws as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

Section 8 Account System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service (RUS, formerly REA) of the United States of America. The Board of Directors shall, as soon as practicable, after the close of each audit year cause to be made a complete audit of the accounts, books, and financial conditions of the Cooperative. A summary of such audit reports shall be available for inspection by the member customers at the following annual meeting.

Section 9 Removal of Directors and Officers. Any member customer may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten percent (10%) of the member-customers, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the member customers and any vacancy created by such removal may be filled by the member customers at such meeting. The director or officer against whom such charges have been brought shall be served with a copy of the charges at least fifteen (15) days previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel, and to present evidence, and the person or persons bringing the charges against him shall have the same opportunity.

Section 10 Indemnification. The Cooperative, through the Board of Directors, shall have the power to indemnify any officer, director, employee, and agent of the Cooperative who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, and to purchase and maintain liability insurance on their behalf against any liability asserted against him in such capacity.

Section 11 Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service (formerly REA) of the United States of America prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

ARTICLE IV

Meeting of Directors

Section 1 Regular Meetings. A regular meeting of the Board of Directors may be held without notice, other than this bylaw, immediately after, and at the same place as, the annual meeting of the member-customers. A regular meeting of the Board of Directors shall be held monthly at such date, time, and place as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice, other than such resolution giving the date, time, and place thereof.

Section 2 Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the President/CEO, or by any three (3) or more directors. The person or persons authorized to call special meetings of the Board of Directors may fix the date, time and place for holding of any special meeting of the Board of Directors called by them. The Board of Directors may participate in a special meeting of such Board by means of conference telephone or similar communications technology in which all persons participating in the meeting can hear each other, and participation in such a meeting pursuant to this Section 2 shall constitute presence in person at such meeting.

Section 3 Notice. Notice of the date, time and place, and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The five (5) day written notice requirement is not applicable in the event the directors receive notice via telephone, telefax or e-mail, prior to such special meeting in emergency situations or when time is of essence. The attendance of the director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called and convened.

Section 4 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5 Manner of Acting. Except for provisions in Article XIII, the act of the majority of the directors present at a meeting of the directors at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V

Officers

Section 1 Number. The officers of the Cooperative shall be Chairman, Vice Chairman, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person.

Section 2 Election and Term of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after

each annual meeting of the member-customers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the

Board of Directors following the next succeeding annual meeting of the member-customers, or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

Section 3 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors, whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4 Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5 Chairman. The Chairman:

- a. Shall be the principal executive officer of the Cooperative, and shall preside at all meetings of the member-customers and of the Board of Directors;
- b. Shall have signature affixed with that of the Secretary on certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed, and
- c. In general shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time

Section 6 Vice Chairman. In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman, and shall perform such other duties as from time to time may be assigned to him by the Board of Directors

Section 7 Secretary. The Secretary shall

- a. Supervise the keeping of the minutes,
- b. See that all notices are duly given in accordance with these bylaws or as required by law,
- c. Be responsible for the safekeeping of the corporate records and of the seal of the Cooperative, and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws,
- d. Keep a register of the post office address of each member-customer, which shall be furnished to the Secretary by such member-customers,
- e. Have his signature affixed with that of the Chairman on certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;

- f. Have general charge of the books of the Cooperative in which a record of the member-customers is kept;
- g. Keep on file at all times a complete copy of the bylaws of the Cooperative, containing all amendments thereto, which copy shall always be open to the inspection of any member-customer, and upon specific request of a member-customer to forward copy of the bylaws and amendments thereto at the expense of the Cooperative; and
- h. In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8 Treasurer. The Treasurer shall:

- a. Be responsible for all funds and securities of the Cooperative;
- b. Be responsible for issuance of receipts for monies due and payable to the Cooperative from any source whatsoever, and the deposit of such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- c. In general perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him by the Board of Directors

Section 9 Delegation of Secretary-Treasurer's Responsibilities. Notwithstanding the duties, responsibilities, and authorities of the Secretary Treasurer hereinbefore provided in Sections 7 and 8, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of such officer's duties to one or more agents, other officers or employees of the Cooperative who are not directors.

Section 10 President and Chief Executive Officer The Board of Directors may appoint a president and chief executive officer who may be, but shall not be required to be, a member-customer of the Cooperative. The President and Chief Executive Officer shall

- a. manage the day to day operations and activities of the Cooperative,
- b. subject to such corporate policies as are established by the Board of Directors from time to time, have the power to enter into and execute contracts on behalf of the Cooperative and to sign certificates, contracts, or other instruments on behalf of the Cooperative, and
- c. have such other duties and powers as may be prescribed by the Board of Directors from time to time

Section 11 Bonds of Officers. The Board of Directors shall require the treasurer of the Cooperative or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors, in its discretion, may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety

as it shall determine. The premiums for such bonds shall be paid from the funds of the Cooperative.

Section 12 Compensation. The powers, duties, and compensation of any officers, agents, and employees shall be fixed by the Board of Directors.

Section 13 Reports. The officers of the Cooperative shall submit, at each annual meeting of the member-customers, reports covering the business of the Cooperative for the previous year, showing the condition of the Cooperative at the close of such year.

ARTICLE VI

Contracts, Checks, and Deposits

Section 1 Contracts. Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract, or execute and deliver any instrument, in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer, officers, agent, or agents of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3 Deposits. All funds of the Cooperative shall be deposited, from time to time, to the credit of the Cooperative in such financial institutions as the Board of Directors may select, provided that reserve funds may be invested in such securities as the Board of Directors may designate.

ARTICLE VII

Membership Certificates

Section 1 Certificates of Membership. Membership in the Cooperative may if the Board so resolves be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors, not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall have signature affixed of the Chairman and the Secretary of the Cooperative.

Section 2 Issue of Membership Certificate No membership certificates shall be issued for less than the membership fee fixed by the Board of Directors in accordance with these bylaws.

ARTICLE VIII

Revenues and Receipts

Section 1 Subject to the provisions of any mortgage or deed of trust given or assumed by the Cooperative, the Board of Directors shall, after the expiration of each fiscal year, apply the revenues and receipts for such fiscal year

- a First -- to the payment of all obligations and expenses, including maintenance and op-

erating expenses, of the Cooperative, properly chargeable against its revenues and receipts for such fiscal year and to the establishment of a reserve for the payment of interest on the principal of all outstanding notes, bonds, or other evidences of indebtedness issued, or the payment of which shall have been assumed by the Cooperative, in an amount which shall not be less than an amount equal to the total of the interest and principal payments required to be made during the next following calendar year with respect to such notes, bonds, or other evidences of indebtedness; and

- b. Second -- to the establishment and maintenance of a general reserve fund for working capital to provide, among other things, for insurance, taxes, maintenance, improvements, new construction, depreciation, and contingencies in an amount which the Board of Directors shall deem reasonable, and
- c. Third -- to provide for the payment of an annual subscription to the monthly news publication of \$3 50 per year by each member-customer from the amount accruing to him
- d. Such application shall be made after the expiration of the fiscal year, and all revenues and receipts paid in by the member-customers for the furnishing of electric service for each fiscal year not needed for the First, Second, and Third purposes mentioned above shall be credited to the member-customers on a pro rata basis according to the amount of business done with each during the period. By so doing, the Cooperative shall be operated on a cooperative not for-profit basis for the mutual benefit of its member-customers

Section 2 In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all member-customers will through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a not for profit basis, the Cooperative is obligated to account on a patronage basis, to all of its member-customers for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses, at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the member customers as capital. The Cooperative is obligated to pay, by credits to a capital account, for each member customer all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member customer is clearly reflected and credited in an appropriate record to the capital account of each member customer, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member customer of the amount of capital so credited to his account provided, that individual notices of such amounts furnished by each member-customer shall not be required if the Cooperative notifies all member customers of the aggregate amount of such excess and provides a clear explanation of how each member-customer may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any member-customer shall have the same status as though they had been paid to the member-customer in cash, in pursuance of a legal obligation to do so, and the member-customer had then furnished the Cooperative corresponding amounts for capital.

Section 3 In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired, without priority, on a pro-rata basis before any payments are made on account of property rights of member-customers.

Notwithstanding the above, the Board of Directors, at its discretion, may allocate capital credits for an individual, member-customer, or class of member-customers based upon rates

and cost of service for that member-customer or class.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to member-customers' accounts may be retired in full or in part. After January 1, 1976, and thereafter, the Board of Directors shall determine the method, basis, priority, and the order or retirement, if any, for all amounts furnished as capital. Provided further, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credits which corresponds to capital credited to the account of the Cooperative by G & T Systems and other Federated organizations such as CFC, state-wide marketing groups, and similar organizations. Such rules shall (a) establish a method for determining such portion of capital credited to each member-customer for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portion of capital credited to the Cooperative's member-customers, (c) provide for appropriate notifications to member-customers with respect to such portion of capital credited to their accounts, and (d) preclude a general retirement of such portion of capital credited to member-customers for any fiscal year prior to the general retirement of other capital credited to member-customers for the same year or of any capital credited to member-customers for any prior fiscal year.

Section 4 Capital, credited to the account of each member customer, shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor, and only to successors in interest or successors in occupancy in all or a part of such member-customer's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise. In any fiscal year in which the margins to be allocated, a negative margin is incurred by the Cooperative, such "loss" will be carried forward and applied against margins accrued in the next fiscal year or years, prior to allocation of positive margins for such years

Section 5 Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any member customer who is a natural person, if the legal representatives of his estate request in writing, that the capital credited to any such member customer be retired prior to the time such capital would otherwise be retired, under the provisions of these bylaws, to retire capital credited to any such member customer immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and legal representatives of such member customer's estate shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby

Section 6 When capital credited to a member-customer's account is retired by action of the Board of Directors as authorized in Article VIII, Section 3, and the payment of the retired capital cannot be accomplished because the member-customer cannot be found, and the check is returned by the Postal Department or not presented for payment, the same shall be disposed of as follows:

- a Placed in a "Deferred Credits" account and paid to the original payee or his estate, if claimed by the person entitled thereto, less expenses incurred by the Cooperative to maintain records relating to such accounts
- b The Board of Directors is vested with wide discretion in the administration of this Section
- c Tender of capital refunds shall be presumed to be accomplished when a check of the Cooperative is properly mailed to the member-customer at his last address shown on

the books of the Cooperative.

Section 7 The member-customers of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each member-customer, and both the Cooperative and the member-customers are bound with such contract, as fully as though each member-customer had individually signed a separate instrument containing such terms and provisions.

ARTICLE IX Waiver of Notice

Any member-customer or director may waive, in writing, any notice of meetings required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either husband or wife shall be deemed a waiver of notice of such meeting by both joint member-customers. The attendance of a member-customer at any meeting shall constitute a waiver of notice of such meeting by such member-customer, except in case a member-customer shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened

ARTICLE X Disposition and Pledging of Property

The Cooperative may not sell, mortgage, lease, or otherwise dispose of or encumber any of its property other than,

- a. The Cooperative's Board of Directors, without requirement of the member customers' vote or consent, is empowered to authorize any sale, lease, lease sale, exchange, or other disposition of less than substantially all of the Cooperative's properties and assets which in any one year will not exceed in value ten percent (10%) of the value of all property of the Cooperative and to authorize the execution and delivery of mortgages, deeds of trusts, or any other security instruments covering all or any part of the Cooperative's property and assets, all as provided for in subsections (a) and (b) of Section 46-3-400 of the Georgia Code
- b. A sale, lease, exchange, or other disposition of all or substantially all the property and assets of the Cooperative with or without the good will of the Cooperative, in all cases other than those dealt with in Georgia Code Section 46-3-400 may be made upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, either real or personal, including, but not limited to, bonds or other securities of other electric membership corporations or of foreign electric cooperatives, or shares, bonds, or other securities of any other corporations, either domestic or foreign, as shall be authorized in the following manner
 - (1) The Board of Directors shall adopt a resolution recommending such sale, lease, exchange, or other disposition, specifying to the extent that the Board sees fit any or all of the terms and conditions thereof and the consideration to be received by the Cooperative therefor and directing the submission thereof to a vote at a meeting of member-customers which may be either an annual or a special meeting. Before adopting a resolution recommending such sale, lease, lease-sale, exchange, or other disposition, the Board of Directors shall designate three (3) independent appraisers, expert in such matters, to render their individual

opinions as to the value of the Cooperative's assets and properties, including its good will and going business value, and as to any other terms and conditions which, in their respective judgments, should be considered. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are recommended, if any), then determines that such a resolution should be adopted by it, it shall first give every other Georgia electric membership corporation (which has not made the proposal for such sale, lease, lease-sale, exchange or disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric membership corporations, which notice shall attach a copy of the proposal which the Board has tentatively decided to recommend and a copy of the reports of the three (3) appraisers. Such electric membership corporations shall be given not less than thirty (30) days within which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

- (2) Written notice shall be given to each member-customer not less than 30 days before such meeting, in the manner provided in Georgia Code Section 46-3-263 for giving of notice of meetings of member-customers, and, regardless of whether the meeting is an annual or a special meeting, shall state that the purpose or one of the purposes is to consider the proposed sale, lease, exchange, or other disposition and shall fairly summarize the material features of the proposed transaction. Such written notice shall also be mailed, on the earliest date such notice is given to any member-customer of the Cooperative. Notice that the sale, lease, exchange, or other disposition is proposed and of the date, time, and place of the proposed meeting of member-customers for the purpose of voting on such disposition shall be delivered not less than 30 days nor more than 90 days before such meeting to the publisher of each newspaper which is the official organ of each county in which the electric membership corporation provides service or to the publisher of one or more newspapers of general circulation published within each such county whose most recently published annual statement of ownership and circulation reflects a minimum of 60 percent paid circulation, together with a check, draft, or money order in the amount of the required charge for payment of the cost of publishing such notice and a request that such notice be published one time as soon as practicable but, in any event, within ten days after receipt of the notice by the newspaper. Such notice shall be published by each newspaper within ten days of its receipt of the notice, but failure of any newspaper to comply with such publication requirement shall not affect the validity of the meeting of member customers at which the disposition is approved and shall not affect the validity of the disposition.
- (3) At such meetings, the member customers may authorize such sale, lease, exchange, or other disposition and may approve or fix, or may authorize the Board of Directors to fix, any or all of the terms and conditions thereof and the consideration to be received by the electric membership corporation therefor. Such authorization shall require the affirmative vote of a majority of the member-customers of the Cooperative.
- (4) After such authorization by a vote of the member-customers, the Board of Directors may nevertheless in its discretion abandon such sale, lease, exchange, or other disposition of assets, subject to the rights of third parties under any contracts relating thereto, without further action or approval by the member-customers.

ARTICLE XI

Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December the same year.

ARTICLE XII

Membership in Other Organizations

The Board of Directors may formally vote on the Cooperative becoming a member of another organization. This would be done with an affirmative vote of the majority of the Board of Directors, at a meeting called as provided in the bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business. The Board of Directors may also, at their discretion, grant a general authorization for the Cooperative to join various organizations for the purpose of acquiring, developing, or promoting the best interest of the Cooperative, providing that such authorization is consistent with any related codes, laws, or other legal considerations.

ARTICLE XIII

Amendments

These bylaws may be altered, amended, or repealed by the affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors, at any regular or special meeting, providing the Board of Directors sign a waiver of notice. However, except as provided in Article III, Section 3, the Board of Directors shall not have the power to alter, amend, or repeal the bylaws or adopt new bylaws directly relating to the election of the Board of Directors.

REVISIONS

DECEMBER, 1964 -- ARTICLE VIII
APRIL, 1971 -- ARTICLE X
JUNE, 1971 -- ARTICLE II
JANUARY, 1975 -- ARTICLES I, II, III, V, VI, VII, VIII, IX, X
DECEMBER, 1975 -- ARTICLE VIII
SEPTEMBER, 1977 -- ARTICLE X
JUNE, 1982 -- ARTICLES I, II, III, VII, VIII, XIII
SEPTEMBER, 1982 -- ARTICLES I, II, III, VII, VIII, XIII
JULY, 1983 -- ARTICLE VIII
FEBRUARY, 1986 -- ARTICLE VIII
FEBRUARY, 1988 -- ARTICLES IV, V, VII
AUGUST, 1988 -- ARTICLES I, II, IV, V, VI, VII, VIII, X, XII
NOVEMBER, 1988 -- ARTICLE VIII
JANUARY, 1991 -- ARTICLES II, III, XIII
MARCH, 1991 -- ALL REFERENCES TO "CONSUMER" CHANGED TO "MEMBER-CUSTOMER "
MARCH, 1994 -- ARTICLE I, SEC 2
SEPT, 1996 -- ARTICLE I, SEC 1, ARTICLE II, SEC 6 (PROXY VOTING) ELIMINATED, ARTICLE II, SEC. 7,
NEW SECTION ADDED ON CREDENTIALS AND ELECTION COMMITTEE, ARTICLE III, SEC 2 & 3
NOVEMBER, 1996 -- REA CHANGED TO RUS, ARTICLE I, SEC 7(B), ARTICLE II, SEC 1 & 5,
ARTICLE III, SEC 3, 7, 10, ARTICLE IV, SEC 5, ARTICLE VII, SEC 3 (ELIMINATED),
ARTICLE VIII, SEC 1(D), SEC 2
MAY, 2002 -- ARTICLE IV SEC 2 & 3
JUNE, 2003 -- ARTICLE II, SEC 3
SEPTEMBER, 2006 -- ARTICLE III, SEC 3, ARTICLE XIII
MARCH, 2007—ARTICLE III, SEC 2

**JACKSON ELECTRIC MEMBERSHIP CORPORATION
JEFFERSON, GEORGIA**

**Board Policy No. 404
Wage and Salary Administration**

I. OBJECTIVE

- A To establish wages and salaries that will attract and retain qualified personnel and encourage their superior performance, growth and development.
- B To provide each employee with an awareness that his or her pay compares fairly with what is paid for other positions having similar duties and responsibilities both within the Cooperative and with other organizations within the recruiting area.
- C To assure both management and employees that performance will be appraised systematically, fairly and consistently, and that each employee will be provided with the advice, counsel, assistance and training needed to enable him or her to develop, improve and advance within the organization within demonstrated capabilities. This will enable management to provide these things on a fair, systematic and controlled or predetermined basis in order to avoid unnecessary salary and training expense and to permit the Board of Directors and the President/CEO to determine more accurately budget requirements and training needs

II. POLICY CONTENT

It shall be the policy of Jackson Electric Membership Corporation to maintain a systematic Wage and Salary Plan which will

- A Enable employees to maintain a standard of living for themselves and their families which will encourage them to be productive employees for the Cooperative.
- B Recognize superior performance of employees in the fulfillment of their duties and responsibilities for the Cooperative
- C Provide the incentive for employees to increase productivity on the job and to become better skilled in the activities related to their job performance

III. WAGE AND SALARY PLAN

In Accordance with the above statement of objectives and policy, the Cooperative's Wage and Salary Plan shall be based upon the following provisions

- A. Each non-Executive Level employee shall be assigned as determined by the position which they occupy, to one of these groups
 - 1. Clerical, Technical, Crafts
 - 2. Management, Supervisory, Professional
- B. Each position in these groups shall be assigned a position classification and pay range establishing the relative importance of the position to the Jackson Electric Membership Corporation based upon:
 - 1. The responsibilities, knowledge, skill and effort required as compared to other positions within the Cooperative.
 - 2. Wages and salaries paid for similar positions in the labor market
- C. Eligible employees will be considered each year for a performance pay increase which shall be based on the rating of their performance appraisal. An employee's performance will be appraised prior to his or her established salary review date.
- D. New employees will receive a performance appraisal at the completion of their first six (6) months of employment. If they enter the salary plan above the minimum step, the first salary review date may vary. Existing employees who are given a new job in the Cooperative must also fulfill a six (6) month probation in the new job and they will also receive a performance appraisal at the completion of the first six (6) months in the new position unless otherwise determined.
- E. The employees in the Clerical, Technical, Crafts group shall be eligible to receive an economic adjustment in their rate of pay on January 1 of each year. The degree of the adjustment shall be determined by the Board based on a recommendation from the President/CEO. The January 1 adjustment should be determined at the regular December meeting of the Board.
- F. Employees in the Management, Supervisory, and Professional group shall be eligible for an annual merit increase based on the employees' performance. This will be represented as an increase within the employees' assigned salary range.
 - 1. The size of a merit increase awarded to an employee will be based upon (1) performance in accomplishing the duties and responsibilities of the assigned position, (2) the time interval since employment or the last merit or promotional increase; (3) the position in the range of the employee's current salary, and (4) the ability of Jackson EMC to provide an increase. All merit increases must be fully documented by a performance review.
 - 2. Within the financial parameters approved by the Board of Directors, the President/CEO, based on the recommendation of the Manager, Corporate Administration, will annually determine merit increase guidelines. These guidelines will be communicated to all division, department, and district managers for their use in determining merit increase amounts for employees under their supervision.

- G. The CTC and MSP Salary and Wage Plans shall be administered in such a manner that each employee can recognize that his or her position is being evaluated objectively, and that his or her performance is appraised fairly.

IV PRESIDENT/CEO AND EXECUTIVE LEVEL SALARY PLAN

- A. Determination regarding the compensation of the President/CEO is made by the Board of Directors utilizing the recommendations made by an outside consultant based on data collected from similar organizations both in terms of revenue and customers served. No Board member, who has a conflict of interest related to the compensation process, may participate in the discussion or vote on the compensation decision. Compensation for the President/CEO shall be reasonable and set in advance. The Board of Directors shall contemporaneously document its deliberations and decisions regarding compensation of the President/CEO in the Board minutes.
- B. Determination of the Executive Level compensation plan is made by the President/CEO utilizing the recommendations made by an outside consultant based on data collected from similar organizations both in terms of revenue and customers served. The President/CEO may not have a financial interest with respect to the determination of the Executive Level compensation arrangement. The President/CEO shall insure that the outside CPA firm completing the IRS Form 990 reports the compensation of all key employees as required by the Form 990. Compensation for key employees shall be reasonable and set in advance.

V. REVIEW AND UPDATE OF WAGE AND SALARY PLAN

Adjustment to Wage and Salary Ranges The salary ranges of the Wage and Salary Plans shall be adjusted each year based on salary surveys, economic conditions, rate of inflation, financial condition of the system, and other pertinent factors. The Board of Directors will approve a budgeted dollar amount with which to administer the salaried employees' plan. The Board effectively adjusts the ranges for non-salaried jobs by approving the economic adjustments for this group as stated earlier in Section III F.

VI INCENTIVE BONUS AWARD PROGRAM

- A. In order to provide a mechanism for recognizing outstanding individual contributions to the achievement of Jackson EMC's objectives and to encourage employees to extend beyond the scope of their position responsibilities, an Incentive Bonus Award Program will be utilized.
- B. Only full time employees will be eligible to participate in the program and only extraordinary performance that extends beyond the scope of an individual's position requirements will be considered. The extraordinary performance must also meet established criteria and have a significant measurable impact on the operations of Jackson EMC.
- C. All formal written recommendations for incentive bonus awards will be reviewed by the Manager of Corporate Administration, and approved by the President/CEO.

VII COMPLIANCE

Jackson Electric Membership Corporation will comply with any and all regulations established by agencies having jurisdiction over wages and salaries and administer the wage and salary system in a nondiscriminatory manner.

VIII. RESPONSIBILITY

- A. The President/CEO is responsible for administering this policy and for recommending to the Board or its committee any changes deemed desirable.
- B. The Board of Directors is responsible for approving major changes or revisions of the Wage and Salary Plan

BOARD APPROVED	NOVEMBER 8, 1985
EFFECTIVE DATE	NOVEMBER 8, 1985
REVISED DATE	NOVEMBER 23, 1987
REVISED DATE	DECEMBER 4, 1987
REVISED DATE	FEBRUARY 5, 1993
REVISED DATE	MARCH 5, 1999
REVISED DATE	SEPTEMBER 5, 2008

**JACKSON ELECTRIC MEMBERSHIP CORPORATION
JEFFERSON, GEORGIA**

**Board Policy No. 116
Conflict of Interest**

I. OBJECTIVE

To spell out those areas where the directors and employees of Jackson EMC should avoid conflicts of interest, or any appearance of conflict of interest, so that the affairs of Jackson EMC will always be carried out in a businesslike and ethical manner.

II. CONTENT

- A. Directors and employees are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors consultants, or financial houses, which obligate or induce them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, with the best interest of Jackson EMC uppermost in mind. This does not prohibit receiving gifts or favors of nominal value or casual entertainment which meets all standards of ethical business conduct, and involves no element of concealment
- B. The complete confidentiality of business information must be respected at all times. Directors and employees are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to Jackson EMC both inside or outside the organization, or in any way using such information for personal gain or advancement, or to the detriment of Jackson EMC, or to individually conduct negotiations or make contracts or inquiries on behalf of Jackson EMC unless officially designated to do so
- C. Directors and employees are prohibited from acquiring or having a financial interest in any property which Jackson EMC acquires or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which Jackson EMC does business. This does not prohibit the ownership of securities in a publicly owned company except in a substantial amount by those in a position to materially influence or affect the business relationship between Jackson EMC and such publicly owned company. Any other interest in or relationship with an outside organization or individual having business dealings with Jackson EMC is prohibited if this interest or relationship might tend to impair the ability of the Directors or employees to serve the best interests of Jackson EMC. If members of the immediate family of a Director or employee have a financial interest as specified above, such interest shall be fully disclosed to the Chairman of the Board of Directors or the President/CEO, respectively, as appropriate, who shall decide if such interest should prevent Jackson EMC from entering into a particular transaction, purchase, or employment of services. The term "immediate family" means children or their spouse, husband, wife, sister, brother, parents, foster or stepparents, grandparents, aunts, uncles, mother or father-in-law, sister or brother-in-law, or any relative residing in the Jackson EMC's Directors' or employees' households

- D. Every Director and employee of Jackson EMC is expected to avoid situations which might be construed as conflicts of interest since it is not feasible in a policy statement such as this to describe all the circumstances and conditions that might be or have the potential of being considered conflicts of interest.

III. RESPONSIBILITY

- A. Each Director of Jackson EMC shall make every reasonable effort to comply with the letter and spirit of this policy.
- B. The Board is responsible for reviewing all policy interpretations or violations concerning members of the Board or the President/CEO.
- C. The President/CEO is responsible for reviewing all policy interpretations or violations concerning employees of the cooperative
- D. Each Director and employee must disclose any situation which, in their opinion, violates, may violate, or could appear to violate the intent of this policy.

BOARD APPROVED	APRIL 12, 1985
EFFECTIVE DATE	MAY 1, 1985
REVISED DATE	NOVEMBER 23, 1987
REVISED DATE	AUGUST 7, 1992

**JACKSON ELECTRIC MEMBERSHIP CORPORATION
JEFFERSON, GEORGIA**

Conflict of Interest Requirement Guidelines
(In Support of Board Policy No. 116)

The following criteria and definitions are provided as guidelines for consideration by all Jackson EMC Directors and employees with regard to Board Policy 116, "Conflict of Interest." No attempt has been made to provide precise criteria for every possible situation. This would not be practical; however, what is provided supports the intent of the policy which is to avoid situations that might be construed as conflict of interest. It is appropriate and correct for any Director or employee to review in advance with the Chairman of the Board or the President/CEO respectfully, as appropriate, any interest, relationship, or transaction where there may be a potential conflict with this policy.

The Policy in paragraph II, A states:

Directors and employees are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial houses, which obligates or induces them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, with the best interests of Jackson EMC uppermost in mind. This does not prohibit receiving gifts or favors of nominal value or casual entertainment which meets all standards of ethical business conduct, and involves no element of concealment.

The following is provided as acceptable criteria in applying this directive:

- | | | |
|---|---|--|
| 1 | <u>Gifts</u> are something tangible or intangible voluntarily transferred from one person to another without compensation. | <u>Prohibited</u> from accepting any gift in the form of cash, cash equivalent or securities. <u>Prohibited</u> from accepting excessive entertainment. <u>Prohibited</u> from accepting gifts in any form when the aggregate of such gifts exceeds a fair market value of \$200 per annum. |
| 2 | <u>Favors</u> are defined for the purpose of this Policy as the transfer of something tangible or intangible from one person to another in return for some guaranteed action. | <u>Prohibited</u> from accepting any favor in any form. |
| 3 | <u>Fees</u> are defined as payment for professional service. | <u>No</u> fee will be accepted in connection with any Jackson EMC project so long as the individual serves as a JEMC Director or employee. |
| 4 | <u>Loans</u> | Full and prior disclosure of loans to Directors, employees, family members, or corporations, and partnerships in which the Director or employee has a significant financial interest is required if (1) the transaction is from an institution or entity JEMC does normal business with, <u>and</u> (2) if the loan(s) are in excess of \$100,000 (home mortgage loans exempted) cumu- |

lative from a financial institution such as a bank, savings and loan association, mortgage company, etc. A list of financial institutions servicing JEMC is attached. Loans to Directors and employees from suppliers, vendors, contractors, consultants, or others with which JEMC transacts business are prohibited in any amount.

The Policy in paragraph II, B states:

The complete confidentiality of business information must be respected at all times. Directors and employees are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to Jackson EMC both inside or outside the organization; or in any way using such information for personal gain or advancement; or to the detriment of Jackson EMC; or to individually conduct negotiations or make contacts or inquiries on behalf of Jackson EMC unless officially designated to do so.

This requires no clarification

The Policy in paragraph II, C states:

Directors and employees are prohibited from acquiring or having a financial interest in any property which Jackson EMC acquires or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which Jackson EMC does business. This does not prohibit the ownership of securities in a publicly owned company except in a substantial amount by those in a position to materially influence or affect the business relationship between Jackson EMC and such publicly owned company. Any other interest in or relationship with an outside organization or individual having business dealings with Jackson EMC is prohibited if this interest or relationship might tend to impair the ability of the Directors or employees to serve the best interests of Jackson EMC. If members of the immediate family of a Director or employee have a financial interest as specified above, such interest shall be fully disclosed to the President/CEO or the Board of Directors, as appropriate, which shall decide if such interest should prevent Jackson EMC from entering into a particular transaction, purchase, or employment of services. The term "immediate family" means children or their spouse, husband, wife, sister, brother, parents, foster parents, or stepparents, grandparents, aunts, uncles, mother or father in law, sister or brother in law, or any relative residing in the Jackson EMC's Directors' or employees' households.

Areas requiring clarification are

1. Financial Interest includes stocks, bonds, loans, share in profits, partnerships, investment options or rights and other proprietary interests. Full and prior disclosure of holdings of more than 1 percent of any class of outstanding security, or 5 percent or more interest in a partnership or association. Disclosure also is required if serving as an Officer or Director of the organization.
2. Services are defined as useful labor. Full, prior disclosure of any direct or indirect services to be provided to an entity or person (i.e., Officer, Director, employee, consultant). No fee for services will be paid to any employee of JEMC unless previously discussed with and approved by the President/CEO after being determined to be a bona-fide and crucial service for JEMC. The availability

of the service from competitive sources shall be a priority consideration.

- 3 Consideration refers to deliberation, discussion, or vote as a Director.

The Policy in paragraph III, D states:

Every Director and employee of Jackson EMC is expected to avoid situations which might be construed as conflicts of interest since it is not feasible in a policy statement such as this to describe all the circumstances and conditions that might be or have the potential of being considered conflicts of interest.

To meet these guidelines, the following is recommended

- A For routine administration of the Policy:
 - 1. All Directors and key employees shall complete an annual certification of compliance statement
 - 2. All Directors shall voluntarily refrain from voting on or discussing agenda items where any appearance of conflict of interest may exist
- B For cases where (1) an apparent conflict exists, (2) a disclosure is required, or (3) a failure to make proper disclosure occurs
 - 1. The Chairman of the Board will act as Administrator for all Policy actions involving Directors or the President/CFO
 - 2. The President/CFO will act as Administrator for all Policy actions involving employees
 - 3. The JEMC General Counsel will provide legal support to the Chairman of the Board and/or the President/CFO as required
 - 4. Matters of potential conflict of interest and those requiring prior disclosure should be submitted to the Chairman of the Board for Directors and the President/CFO, and to the President/CEO for employees

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JACKSON ELECTRIC MEMBERSHIP CORPORATION (JACKSON) IS A MEMBER OF A NUMBER OF ORGANIZATIONS WHERE A JACKSON OFFICER OR DIRECTOR MAY SERVE AS JACKSON'S REPRESENTATIVE ON THE BOARD OF DIRECTORS. THESE INDIVIDUALS SERVE AT THE PLEASURE OF JACKSON AND CAN SERVE ONLY AS LONG AS THEY REPRESENT JACKSON. THE FOLLOWING INDIVIDUALS SERVED IN SUCH POSITIONS:

RANDALL PUGH - DIRECTOR OF OGLETHORPE POWER CORPORATION (OPC); DIRECTOR AND SECRETARY-TREASURER OF GEORGIA SYSTEM OPERATIONS CORPORATION (GSOC); DIRECTOR OF GREEN POWER ELECTRIC MEMBERSHIP CORPORATION (GREEN POWER); DIRECTOR OF COOPERATIVE CHOICE, LLC (COOPERATIVE CHOICE)

CHARLES B. STEELE - DIRECTOR OF GEORGIA ELECTRIC MEMBERSHIP CORPORATION (GEMC)

OTIS JONES - DIRECTOR OF GEORGIA TRANSMISSION CORPORATION (GTC)

OPC IS A NOT-FOR-PROFIT GEORGIA ELECTRIC MEMBERSHIP CORPORATION OWNED BY 38 RETAIL ELECTRIC DISTRIBUTION COOPERATIVE MEMBERS. OPC PROVIDES WHOLESALE ELECTRIC SERVICE TO ITS MEMBERS FOR A SUBSTANTIAL PORTION OF THEIR POWER REQUIREMENTS FROM A COMBINATION OF ITS GENERATION ASSETS AND POWER PURCHASED FROM POWER MARKETERS AND OTHER SUPPLIERS.

JACKSON PAID \$149,623,428 FOR THE ABOVE SERVICES PROVIDED BY OPC DURING 2011.

GSOC IS AN INDEPENDENT, NOT-FOR-PROFIT SYSTEM OPERATIONS COMPANY OWNED BY 38 OF GEORGIA'S ELECTRIC MEMBERSHIP CORPORATIONS (MEMBER SYSTEMS). AS THE SYSTEM OPERATOR, THE CORPORATION ENSURES RELIABLE, INDEPENDENT SYSTEM OPERATIONS BY CONTROLLING AND MONITORING ELECTRIC GENERATION, TRANSMISSION AND DISTRIBUTION ASSETS OWNED BY OGLETHORPE POWER CORPORATION, GEORGIA TRANSMISSION CORPORATION, THE MEMBER SYSTEMS AND OTHER CUSTOMERS. THE CORPORATION ENABLES THEIR MEMBERS' PARTICIPATION IN THE ENERGY MARKET IN GEORGIA AND THE SOUTHEAST BY PROVIDING A RANGE OF OPERATIONS SERVICES THAT ALLOW THEIR MEMBERS TO TRANSACT, OPTIMIZE AND ACCOUNT FOR THEIR BUSINESS IN THE WHOLESALE ENERGY MARKET. THE CORPORATION IMPLEMENTS PURCHASE AND SALES CONTRACTS, SCHEDULES AND MONITORS INDIVIDUAL HOURLY TRANSACTIONS, DISPATCHES AND MONITORS GENERATION ASSETS, CAPTURES THE NECESSARY DATA FOR BILLING, AND ENSURES CUSTOMER CONFIDENTIALITY BY FOLLOWING STRICT STANDARDS OF CONDUCT. THE CORPORATION MONITORS THE SUBSTATIONS FROM WHICH THEIR MEMBERS SERVE THEIR LOAD, AND RESPONDS TO SYSTEM ANOMALIES AND PROACTIVELY WORKS TO CORRECT OR PREVENT POTENTIAL ISSUES AND TO MINIMIZE OUTAGES.

JACKSON PAID \$404,867 FOR THE ABOVE SERVICES PROVIDED BY GSOC DURING 2011.

GREEN POWER IS A NOT-FOR-PROFIT CORPORATION ORGANIZED TO:

- FURNISH ELECTRICAL ENERGY AND SERVICE
- ASSIST ITS MEMBERS IN THE EFFICIENT AND ECONOMICAL USE OF ENERGY
- ENGAGE IN RESEARCH AND PROMOTE AND DEVELOP ENERGY CONSERVATION AND SOURCES AND METHODS OF CONSERVING, PRODUCING, CONVERTING AND DELIVERING ENERGY
- ENGAGE IN ANY LAWFUL ACT OR ACTIVITY NECESSARY OR CONVENIENT TO EFFECT THE FOREGOING PURPOSES

JACKSON PAID \$2,021,300 FOR THE ABOVE SERVICES PROVIDED BY GREEN POWER DURING 2011.

COOPERATIVE CHOICE IS A LIMITED LIABILITY COMPANY THAT PROVIDES SALES AND INSTALLATION OF ALARM SYSTEMS ALONG WITH MONTHLY MONITORING SERVICES.

JACKSON RECEIVED A DISTRIBUTION OF \$1,392,000 FROM COOPERATIVE CHOICE DURING 2011.

GEMC IS A NOT-FOR-PROFIT CORPORATION ORGANIZED TO:

- FOSTER, DEVELOP AND ENCOURAGE THE PROGRAM OF RURAL ELECTRIFICATION IN THE STATE OF GEORGIA
- FURTHER THE GENERAL WELFARE AND TO PROMOTE THE INTEREST OF THE MEMBERS OF GEMC; TO FURTHER THE SAFETY, STABILITY, SECURITY AND PROSPERITY OF ELECTRIC

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- COOPERATIVES; TO AID IN SOLVING THE PROBLEMS COMMON TO ELECTRIC COOPERATIVES
- DISSEMINATE INFORMATION RELATING TO THE RURAL ELECTRIFICATION PROGRAM; TO COOPERATE WITH FEDERAL, STATE AND MUNICIPAL AGENCIES IN THE PROMOTION OF RURAL ELECTRIFICATION AND NATIONAL, STATE, COMMUNITY AND RURAL DEVELOPMENT; TO PROVIDE SERVICES AND INFORMATIONAL PROGRAMS THAT WILL STIMULATE LOCAL GROWTH, STABILITY AND SECURITY AND STRENGTHEN THE ELECTRIC COOPERATIVE PROGRAM IN GEORGIA
 - OTHERWISE ASSIST THE MEMBERS OF GEMC TO PROVIDE ELECTRIC ENERGY TO INHABITANTS OF MEMBER SERVICE AREAS AT THE LOWEST POSSIBLE COST CONSISTENT WITH SOUND ECONOMY

JACKSON PAID \$564,261 FOR THE ABOVE SERVICES PROVIDED BY GEMC DURING 2011.

GTC IS A NOT-FOR-PROFIT CORPORATION ORGANIZED TO:

- TRANSMIT ELECTRICITY FROM POWER SUPPLIERS TO POWER DISTRIBUTORS, THE ELECTRIC MEMBERSHIP COOPERATIVES (EMCs); THE EMCs DISTRIBUTE POWER TO RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CUSTOMERS
- PERFORMS JOINT PLANNING WITH THE STATE'S OTHER MAJOR UTILITIES AND THE EMCs TO MEET THE NEED FOR RELIABLE ELECTRIC SERVICE
- CONSTRUCTS AND MAINTAINS FACILITIES NECESSARY TO PROVIDE RELIABLE TRANSMISSION SERVICES
- PROVIDES OPEN ACCESS TO TRANSMISSION FACILITIES BASED ON AVAILABLE CAPACITY
- BUILDS NEW TRANSMISSION FACILITIES TO KEEP PACE WITH GROWTH WHILE BEING A GOOD STEWARD OF GEORGIA'S ENVIRONMENTAL, CULTURAL AND COMMUNITY RESOURCES
- PROVIDES ASSOCIATED UTILITY SERVICES

JACKSON PAID \$27,445,422 FOR THE ABOVE SERVICES PROVIDED BY GTC DURING 2011.

PATRONAGE DIVIDENDS PAID

PART 1, LINE 14 - BENEFITS PAID TO MEMBERS: THE INSTRUCTIONS FOR 2011 FORM 990 CLARIFY THAT BENEFITS PAID TO MEMBERS SHOULD INCLUDE THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO THE MEMBERS (ALSO REFERRED TO AS PATRONS) OF 501(C) (12) ORGANIZATIONS. IN ACCORDANCE WITH THIS CHANGE IN INSTRUCTIONS, THE COOPERATIVE HAS REPORTED ON PART 1, LINE 14 FOR THE CURRENT YEAR THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO THE COOPERATIVE'S PATRONS FOR THE 2011 CALENDAR YEAR. THE PRIOR YEAR INFORMATION IS PRESENTED AS FILED ON THE COOPERATIVE'S 2010 FORM 990 AND DOES NOT INCLUDE PATRONAGE DIVIDENDS PAID TO PATRONS. HOWEVER, THE COOPERATIVE DID IN FACT PAY PATRONAGE DIVIDENDS TO ITS PATRONS IN THE FORM OF PATRONAGE CAPITAL ALLOCATIONS FOR THE 2010 CALENDAR YEAR. THE PRESENTATION AS REQUIRED FOR THE 2010 FORM 990 DID NOT INSTRUCT 501(C) (12) ORGANIZATIONS TO REPORT THE PATRONAGE DIVIDENDS PAID AS A FUNCTIONAL EXPENSE AND THUS WAS NOT INCLUDED AS SUCH ON THE 2010 FORM. THE COOPERATIVE'S PRACTICE OF ALLOCATING PATRONAGE CAPITAL HAS NOT CHANGED FROM THE PRIOR YEAR, BUT THE REPORTING REQUIREMENTS AS OUTLINED IN THE FORM 990 INSTRUCTIONS HAS CHANGED.

FORM 990, PART IX, LINE 4 - BENEFITS PAID TO MEMBERS

THE INSTRUCTIONS FOR THE 2011 FORM 990 CLARIFIES THAT THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO MEMBERS (ALSO REFERRED TO AS PATRONS) SHOULD BE REPORTED ON PART IX, LINE 4 AS BENEFITS PAID TO OR FOR MEMBERS. PATRONAGE DIVIDENDS PAID IS THE PROCESS BY WHICH THE COOPERATIVE ALLOCATES PATRONAGE CAPITAL TO ITS MEMBERS ON A COOPERATIVE BASIS. AS SUCH, THE COOPERATIVE OPERATES ON A NONPROFIT BASIS.

THE COOPERATIVE'S TAX EXEMPT PURPOSE IS TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SERVICE AND TO DO SO ON A COOPERATIVE BASIS. OPERATING ON A COOPERATIVE BASIS IS DEFINED AS SUBORDINATION OF CAPITAL, DEMOCRATIC

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CONTROL AND OPERATING AT COST. THE COOPERATIVE OPERATES AT COST THROUGH THE PAYMENT OF PATRONAGE DIVIDENDS (ALSO REFERRED TO AS ALLOCATIONS OF PATRONAGE CAPITAL) TO ITS PATRONS.

THE AMOUNT REPORTED ON PART IX, LINE 4 REPRESENTS THE AMOUNT OF PATRONAGE CAPITAL THAT HAS BEEN ALLOCATED OR TO BE ALLOCATED TO THE PATRONS RESULTING FROM THEIR PURCHASE OF ELECTRICITY FROM THE COOPERATIVE FOR THE 2011 CALENDAR YEAR. SUCH AMOUNTS ARE ALLOCATED SUBSEQUENT TO YEAR-END IN A FAIR AND EQUITABLE MANNER ON THE BASIS OF PATRONAGE. THE AMOUNTS ALLOCATED TO THE PATRONS ARE DONE IN ACCORDANCE WITH THE COOPERATIVE'S BYLAWS. A COPY OF THE COOPERATIVE'S BYLAWS HAS BEEN INCLUDED AS A PART OF THIS RETURN.

PATRONAGE DIVIDENDS PAID FOR CURRENT YEAR - \$17,119,787.

FORM 990 REQUIRES 501(C)(12) ORGANIZATIONS TO REPORT THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO ITS MEMBERS, PATRONS, AS AN EXPENSE. U.S. GAAP DOES NOT RECOGNIZE THIS AMOUNT AS AN EXPENSE, BUT RATHER A COMPONENT OF EQUITY. THE RESULT IS A RECONCILING ITEM BETWEEN FORM 990 EXPENSES AND THOSE REPORTED ON THE BOOKS OF THE CORPORATION. IN ADDITION, THE AMOUNT TO BE ALLOCATED IS \$10,143,059 LESS THAN RECORDED BOOK MARGINS BECAUSE \$10,143,059 WAS RECOGNIZED AS BOOK INCOME, BUT WAS ALLOCATED TO MEMBERS IN THE YEAR RECEIVED. THIS RESULTS IN FORM 990 INCOME BEING \$10,143,059 LESS THAN BOOK INCOME IN ORDER TO COMPLY WITH U.S.GAAP FOR BOOK PURPOSES AND TO COMPLY WITH FORM 990 INSTRUCTIONS FOR TAX REPORTING PURPOSES.