RETOOLING FOR THE FUTURE

2015 ANNUAL REPORT

GREYSTONE
POWER CORPORATION
An Electric Membership Corporation

Our Mission:

To provide reliable and cost-competitive electric and related services that position the cooperative as the utility of choice.

Who is a Member?

If you receive a bill each month from GreyStone Power, you're a member—and an owner—of this electric cooperative. That's because GreyStone Power is owned by the people it serves. Those same people are at the center of everything we do.

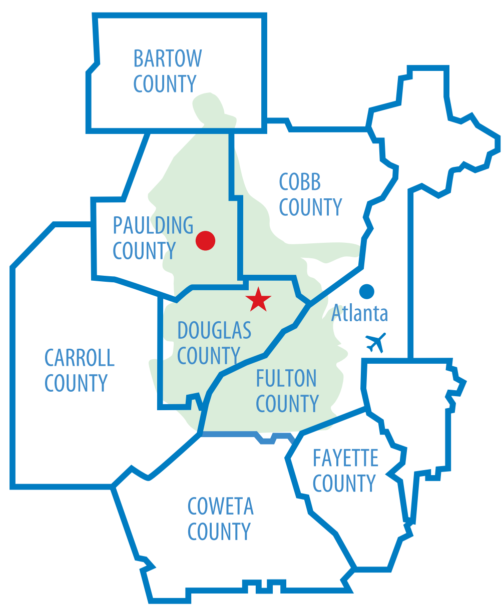
Corporate Profile

GreyStone Power is a member-owned, not-for-profit electric cooperative, serving portions of eight west metro Atlanta counties. We provide electricity to more than 110,000 homes, businesses, schools and industries with more than 120,000 meters.

At A Glance

Statistics at the end of each year

	NUMBER OF METERS	OPERATING REVENUE	MILES OF LINE	KILOWATT-HOURS SOLD
2015	120,424	$287,330,209	6,823	2,718,476,807
2005	101,354	$163,756,090	5,688	2,110,097,757
1995	60,986	$ 82,089,816	3,767	997,914,800
1985	39,745	$ 33,146,637	2,771	549,197,004
1975	28,556	$ 9,998,006	2,247	361,670,070



● Dallas Office

★ Douglasville Office & Corporate Headquarters

GREYSTONE POWER CORPORATION
An Electric Membership Corporation

RETOOLING FOR THE FUTURE

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EXECUTIVE MESSAGE

If you've ever used a pair of scissors or cut a piece of wood, you know the importance of having a sharpened blade. The duller the scissors or the saw, the more difficult it is to accomplish the task at hand.

The same is true in business, as author Stephen Covey pointed out in "The 7 Habits of Highly Effective People." By taking time to "sharpen the saw," we can more effectively and easily get the job done.

That wisdom guided many of our actions in 2015, as we retooled for the future to provide you with the most reliable and affordable electric service possible before higher power costs arrive at our doorstep.

With power costs accounting for 75 percent of our expenses, managing those costs is both a constant priority and a challenge. In 2015, we negotiated a new power supply contract that significantly cut wholesale power costs, setting the course for a 2016 reduction to rates that were already among the lowest in the state. In addition, we worked with industry allies on Capitol Hill to help control future power costs.

The cost of wholesale power was only one of the major expense areas we retooled in 2015. By changing billing systems, we were able to save a projected $15 million over the next 10 years. While the new system did not offer as many special features as the previous one, the cost savings benefited every member.

Balancing expenses while providing continuous, reliable electric service—all within a safe environment—is an ongoing challenge at GreyStone Power, from maintaining right-of-way areas and the power delivery system to building new lines that energize growing communities.

At the same time, we're looking for energy- and time-saving tools for the people we serve. These range from energy efficiency programs to convenient payment options.

To enhance the quality of life outside the home, GreyStone supports the community through recognition events, scholarships, youth programs and Partners in Education as well as many other efforts underwritten by the GreyStone Power Foundation, Inc., funded by you, the member.

To enhance the quality of the environment, we're also working on a cooperative solar project that will launch in 2016 or early 2017.

These are just some of the tools we use to serve you and the local community. And as we sharpen our saw at certain points, we're carefully retooling for a solid—and very bright—future.

Gary Miller
President/CEO

Jennifer Denyse
Board Chair

Providing reliable power at the lowest possible cost tops the to-do list for any electric utility. Doing so while delivering top-notch service requires every tool in the toolbox.

For example, we spent more than $2.7 million on right-of-way maintenance in 2015. That's a lot of money, but essential for continuous electric service delivered by almost 7,000 miles of power line, substations and other equipment.

We offset this and other expenses by negotiating favorable power supply contracts. That's one reason it is so important for us to monitor the market for the best price for wholesale power.

But we're interested in more than lowering our own expenses. Helping you save money and energy remains a priority for us. That's

One of the benefits that co-op members can literally "take to the bank" is capital credits. These would be called margins in a for-profit business.

In 2015, we were able to return $5 million in capital credits to GreyStone Power members.

ENGINEERING & OPERATIONS

Balancing reliable power and low operating costs

Continuous electric service requires planning, teamwork and responsiveness. From left: Barry Strickland, lead lineman; Andre Reed, line foreman; and Steve Findley, Operations Department manager, review safety procedures that help ensure jobs are safely accomplished.

why GreyStone Power members were invited to an energy efficiency seminar, called EE101, the evenings of April 14 and Nov. 10. Participants learned how to weatherize their homes, manage their energy use and learn about helpful services and rebates.

One example of these is the HVAC Tuneup Rebate Program. It offered a $50 rebate for tuneups during April, May and June 2015.

In 2015, members were also introduced to a new way of reporting an outage: online in our website's Storm Center. While there, viewers can monitor the status of any outages, as well.

While the year had its share of unavoidable weather-related outages, an expert staff of system operators and engineers were able to minimize the length of outage time more than ever before by using new restoration techniques. This led to a reliability rating of 99.98 percent.

As the saying goes, safety first. In 2015, we received a **perfect** safety accreditation score, the highest ever awarded by Georgia Electric Membership Corp. (GEMC).

We made strides in renewable energy, as well. Our cooperative solar effort, which will launch in late 2016 or early 2017, will help members capture their share of the sun. GreyStone has been supporting renewable energy since helping to begin the Green Power EMC cooperative in 2001. Through it, we support research, development and the production of clean energy.

It's all part of an ongoing effort to positively impact our environment and future generations.

MEMBER SERVICES

Creating convenient options for YOU

From left: GreyStone Power's Ilda Benitez, member services team lead; Clay Matthews, member services rep II; and Jennifer Saint-Jean, member services rep II, are some of the dedicated professionals who work with those who contact the office. Their goal is to find solutions that meet members' needs.

People are busier than ever before, and we understand. When living on the go, you need convenient, easy ways to do business with us.

That's why online bill payment services were a focus in 2015. Bill payment kiosks were installed at both our Douglasville and Dallas offices, as well as other convenient locations in the service area.

The kiosks take credit cards, debit cards, cash and check payments. They help keep operating costs down, too.

A payment app and an outage reporting app also provide ways for members to keep track of their accounts through mobile devices.

A prepaid payment option continued to gain participants. This pay-as-you-go plan allows you to "fill up your meters" the same way you fill your gas tank by paying up front. The prepaid service allows members to better manage their energy use.

Those who have chosen this option have become more energy conscious, and many have seen their bills decrease.

Another way to manage power bills is by weatherizing the home. But improving your home's energy efficiency can sometimes require a little extra financial help. That's why we partnered with GEMC Federal Credit Union to provide the HomePlus loan (2.9 percent APR for up to $5,500).

Cost savings are available to GreyStone members through the Co-op Connections® Card, good at more than 277 local businesses and participating businesses across the nation. The program gives members access to coupons for use at 160 grocery store chains, 30,000 national brand name stores and online outlets.

The Co-op Connections® Card, a free discount card available to all GreyStone Power members, has saved local participants more than $2.1 million.

GreyStone Power members can also save through our ancillary services, including:

- Gas South, offering discounted natural gas,
- GEMC Federal Credit Union with its competitive loan rates,
- EMC Security, providing low-cost security services. For example, EMC Security offers a medical alert "pendant" that allows for direct, voice-to-voice contact with an operator 24/7 and can be used both inside and outside the home.

These services work together to provide convenient tools to make your life a little easier, while saving you money.

Both the cooperative itself and GreyStone Power members provide financial strength for the community. Some 24,426 members voluntarily agree to have their power bills rounded up each month, with that extra change funding the GreyStone Power Foundation, Inc.'s Operation Round Up Program.

In 2015, the Foundation donated more than $445,000 to organizations, including Boys and Girls Clubs, Make-A-Wish Georgia, The S.H.A.R.E. House, Warehouse of Hope and many more.

Thanks to those contributions from members through Operation Round Up, the Foundation awarded $3,000 scholarships to five local students. Recipients included Andrieka Austin, Kathryn Davis, Jessica Kim, Joshua Eric Smith and Jeffrey Summey.

GreyStone Power employees have raised about $184,000 over several years of support for the American Cancer Society's Relay for Life, March of Dimes and Gabe's Chemo Duck. In 2015, they also raised $22,500 for United Way and received the United Way Award for Excellence in Campaign.

Two technical college students, Abisai Perez and Sally Wells, each accepted $2,500 Tim B. Clower scholarships named in honor of our former CEO.

Another way we energize the community is through capital credits. *(See description on page 6.)* By returning to GreyStone members a portion of what they have paid the cooperative, money is put back into the community. That helps fuel the local economy.

Sometimes, community support comes through educational opportunities. For example, five high school students represented GreyStone on the 2015 Youth Tour to Washington, D.C. Local delegates Alexei Antonovich, Cheyenne Tippens, Vincent Buckman, Jordan Fitzgerald and Andrew Sheffield joined students from electric cooperatives throughout the U.S. to learn more about the democratic process and build leadership skills, while also visiting historic landmarks.

GreyStone also partnered with the State of Georgia to remember a historic event. On Nov. 4, the co-op honored 92 Vietnam War-era veterans in conjunction with Gov. Nathan Deal's initiative to present these veterans with the Vietnam War Certificate of Honor.

The event was held at our Douglasville headquarters to honor the veterans with the respect and gratitude they deserve. In commemoration, it coincided with the 50th anniversary of the Vietnam War.

By learning from the past, and being attuned to the present, GreyStone Power is retooling for the future.

CONCERN FOR COMMUNITY

Energizing the local community

From left: Ashley Kinnard, GreyStone's public relations & communications coordinator, joins Inspiring Scholars Academy students Mariah McKoy, Klark Reese and Director Danielle Hardy. The GreyStone Power Foundation, Inc. contributed funds to purchase 16 laptops for their K-12 program.

BOARD OF DIRECTORS

Gary Miller
President/CEO

Jennifer DeNyse
Board Chair
District 5

Jim Johns
Vice Chair
District 8

Milton Jones
Secretary-Treasurer
District 7

Genevieve Cole
District 1

John Walton
District 2

David Hagenow
District 3

Neal Dettmering
District 4

Maribeth Wansley
District 6

Ed Garrard
District 9

CHANGES OF NOTE

We mourned the passing of GreyStone Power Board members Calvin Earwood and Charles Rutland in 2015. Earwood represented District 1 for 38 years, serving nine of those as Chairman. He retired from the Board in 2015.

Calvin Earwood

Rutland, who represented District 3, served GreyStone members for nearly 60 years, including 26 years on the Board and 33 years as an employee. We are grateful for these men and their many years of experienced and dedicated service.

Charles Rutland

Director Burnell Redding, who represented District 4, retired in 2015, after 46 years of service. Redding was President of the Board from 1981 through 1985. He also served many years as Secretary-Treasurer.

Burnell Redding

Ed Garrard, who represented District 9, will retire Oct. 8, 2016, after serving for 18 years.

Ed Garrard

We thank both these men for their years of commendable service to GreyStone Power members.

GreyStone Power Districts & the Counties Represented

District 1:
Paulding and Bartow counties

District 2:
Paulding County

District 3:
Douglas and Paulding counties

District 4:
Carroll and Douglas counties

District 5:
Carroll and Douglas counties

District 6:
Fulton, Fayette and Coweta counties

District 7:
Fulton County

District 8:
Douglas County

District 9:
Cobb County

KEY STATISTICS

The record low temp for 2015: Jan. 8 = 11° F.

The record high temp for 2015: Aug. 4 = 97° F.

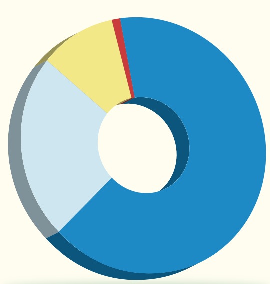
Operation Round Up **SUPPORTED** **59** organizations in need.

More than **1,529** new services added.

High-voltage safety demonstrations were presented to 13 elementary schools.

GreyStone members paid an average of **$4.23** per day to energize the home.

(That's less than the cost of a fancy cup of coffee.)



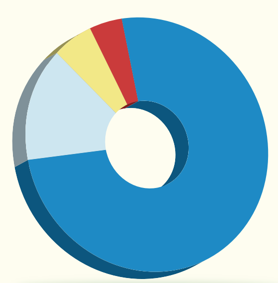
65.43% Residential

23.43% Small Commercial

10.21% Large Commercial

0.93% Public Lighting

where the money comes from



75.46% Purchased Power

14.70% Operating Expenses

5.64% Depreciation

4.20% Interest

where the money goes

MCNAIR,MCLEMORE,MIDDLEBROOKS & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS
389 Mulberry Street • Post Office Box One • Macon, GA 31202
Telephone (478) 746-6277 • Facsimile (478) 743-6858
mmmcpa.com

October 19, 2015

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GreyStone Power Corporation

Report on the Financial Statements
We have audited the accompanying financial statements of **GreyStone Power Corporation**, which comprise the balance sheets as of August 31, 2015 and 2014, and the related statements of revenue, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GreyStone Power Corporation as of August 31, 2015 and 2014, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements
In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2015 on our consideration of GreyStone Power Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering GreyStone Power Corporation's internal control over financial reporting and compliance.

MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC

McNair, McLemore, Middlebrooks & Co., LLC

ASSETS

	2015	2014
Utility Plant		
Electric Plant in Service-At Cost	**$ 461,178,172**	$ 444,361,184
Construction Work in Progress	**5,639,247**	6,110,439
Gross Utility Plant	**466,817,419**	450,471,623
Accumulated Provision for Depreciation	**(111,937,680)**	(101,663,011)
	354,879,739	348,808,612
Other Property and Investments		
Investments in Associated Organizations	**23,628,407**	22,629,474
Other Investments	**724,378**	614,922
	24,352,785	23,244,396
Current Assets		
Cash and Cash Equivalents	**51,701,952**	57,866,605
Short-Term Investments	**23,900,000**	23,900,000
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of $798,110 in 2015 and $684,028 in 2014)	**30,199,360**	24,022,939
Materials and Supplies	**3,052,490**	2,147,509
Prepayments	**10,944,531**	11,989,524
Other	**1,521,103**	1,280,755
	121,319,436	121,207,332
Deferred Debits	**3,942,088**	3,154,937
Total Assets	**$ 504,494,048**	$ 496,415,277

See accompanying notes which are an integral part of these financial statements.

MEMBERS' EQUITY and LIABILITIES

	2015	2014
Members' Equity		
Membership Fees	**$ 1,101,075**	$ 1,067,095
Patronage Capital	**220,014,545**	202,151,478
Other	**7,679,270**	7,112,038
	228,794,890	210,330,611
Long-Term Debt	**219,589,667**	231,338,733
Current Liabilities		
Current Portion of Long-Term Debt	**10,115,456**	9,580,790
Accounts Payable	**16,730,777**	17,274,127
Consumer Deposits	**19,225,619**	18,387,941
Other	**9,402,663**	8,912,563
	55,474,515	54,155,421
Deferred Credits	**634,976**	590,512
Total Members' Equity and Liabilities	**$504,494,048**	$496,415,277

See accompanying notes which are an integral part of these financial statements.

Statements of Revenue for the Years Ended August 31

	2015	2014
Operating Revenues	**$287,330,209**	$276,550,532
Operating Expenses		
Cost of Power	**203,167,256**	206,482,455
Distribution Operations	**8,094,569**	7,677,516
Distribution Maintenance	**7,722,628**	7,704,285
Consumer Accounts	**7,367,154**	6,657,224
Consumer Information and Sales	**6,068,138**	2,641,230
Administrative and General	**10,339,148**	9,209,524
Depreciation	**15,184,654**	15,191,379
Total Operating Expenses	**257,943,547**	255,563,613
Operating Margins Before Interest Expense	**29,386,662**	20,986,919
Interest Expense	**11,299,531**	11,392,196
Operating Margins	**18,087,131**	9,594,723
Nonoperating Margins	**3,695,112**	3,066,284
Generation and Transmission Cooperative Capital Credits	**898,059**	1,024,131
Other Capital Credits and Patronage Capital Allocations	**410,424**	299,071
Net Margins	**$ 23,090,726**	$ 13,984,209

See accompanying notes which are an integral part of these financial statements.

Statements of Changes in Members' Equity for the Years Ended August 31, 2015 and 2014

	Total Members' Equity	Membership Fees	Patronage Capital	Other Equities
Balance, August 31, 2013	$ 200,225,510	$ 1,051,890	$ 192,263,273	$ 6,910,347
Net Margins	13,984,209	-	13,984,209	-
Membership Fees	15,205	15,205	-	-
Retirement of Patronage Capital	(4,096,004)	-	(4,096,004)	-
Retired Capital Credit Gains	201,691	-	-	201,691
Balance, August 31, 2014	210,330,611	1,067,095	202,151,478	7,112,038
Net Margins	23,090,726	-	23,090,726	-
Membership Fees	33,980	33,980	-	-
Retirement of Patronage Capital	(5,227,659)	-	(5,227,659)	-
Retired Capital Credit Gains	567,232	-	-	567,232
Balance, August 31, 2015	**$228,794,890**	**$1,101,075**	**$220,014,545**	**$7,679,270**

See accompanying notes which are an integral part of these financial statements.

Statements of Cash Flows for the Years Ended August 31

	2015	2014
Cash Flows from Operating Activities		
Net Margins	**$ 23,090,726**	$ 13,984,209
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities		
Depreciation	**15,884,725**	16,097,410
Bad Debt Provision	**421,561**	586,692
Patronage Capital from Associated Organizations	**(1,308,483)**	(1,390,187)
Equity in Earnings from Partnership Interests	**(677,566)**	(648,939)
Net Postretirement Benefit Cost	**3,133,095**	970,414
Prepaid Power Applied	**17,681,996**	13,863,209
Interest Earned on RUS Cushion-of-Credit	**(1,633,610)**	(1,430,324)
Postretirement Healthcare Plan Premiums	**(312,444)**	(304,765)
Change In		
Accounts Receivable	**(6,597,982)**	(1,750,078)
Prepaid Power	**(17,933,503)**	(11,030,433)
Other Current Assets	**(1,764,499)**	1,449,607
Deferred Debits	**(787,151)**	964,572
Accounts Payable	**(543,350)**	5,272,677
Other Current Liabilities	**490,100**	(184,268)
Deferred Credits	**882,142**	(1,244,601)
	30,025,757	35,205,195
Cash Flows from Investing Activities		
Extension and Replacement of Plant	**(21,955,852)**	(21,232,055)
Materials and Supplies	**(904,981)**	1,698,991
Return of Equity	**877,660**	917,495
	(21,983,173)	(18,615,569)
Cash Flows from Financing Activities		
Advances from Long-Term Debt	**-**	20,368,762
Advances to RUS Cushion-of-Credit	**-**	(15,000,000)
Principal Repayment of Long-Term Debt	**(9,580,790)**	(18,075,274)
Retirement of Patronage Capital	**(5,227,659)**	(4,096,004)
Other	**601,212**	216,896
	(14,207,237)	(16,585,620)
Net Increase (Decrease) in Cash and Cash Equivalents	**(6,164,653)**	4,006
Cash and Cash Equivalents - Beginning	**57,866,605**	57,862,599
Cash and Cash Equivalents - Ending	**$ 51,701,952**	$ 57,866,605
Supplemental Disclosure of Cash Flow Information		
Cash Payments of Interest	**$ 11,214,400**	$ 11,331,927

See accompanying notes which are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

Accounting policies of the Corporation reflect practices appropriate to the electric utility industry and accounting principles generally accepted in the United States of America (U.S. GAAP). The records of the Corporation are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as modified and adopted by the Rural Utilities Service (RUS). The following describes the more significant of those policies.

Nature of Operations

GreyStone Power Corporation is a not-for-profit corporation organized to provide electric service to its members. The Corporation operates as a cooperative whereby all monies in excess of cost of providing electric service are capital, at the moment of receipt, and are credited to each member's capital account.

Regulated Operations

The Corporation, in its rate-making capacity, accounts for certain revenue and expense deferrals in accordance with *Accounting Standards Codification (ASC) 980*.

Long-Lived Assets

The Corporation evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether impairment has occurred is based on either a specific regulatory disallowance or an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a provision for loss if the carrying value is greater than the fair value. For assets identified as held for sale, the carrying value is compared to the estimated fair value less the cost to sell in order to determine if an impairment provision is required. Until the assets are disposed of, their estimated fair value is reevaluated when circumstances or events change.

U.S. GAAP requires the present value of the ultimate cost for an asset's future retirement be recorded in the period in which the liability is incurred. The cost should be capitalized as part of the related long-lived asset and depreciated over the asset's useful life. The Corporation has no legal retirement obligations related to its distribution facilities; therefore, a liability for the removal of these assets will not be recorded. Management believes the actual cost of removal, even though not a legal obligation, will be recovered through rates over the life of the distribution assets.

Utility Plant

Electric distribution plant is capitalized at cost less related contributions in aid of construction. In general, electric distribution plant is capitalized at the time it becomes part of an operating unit and has been energized. However, certain items of plant referred to as special equipment items (meters, transformers, oil circuit reclosers, etc.) are capitalized at the time of purchase along with related estimated cost of installation.

Depreciation and Maintenance

Depreciation of distribution plant is provided using composite straight-line rates. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its capitalized cost and its cost of removal less salvage are charged to the accumulated provision for depreciation. Provision has been made for depreciation of distribution plant at weighted average straight-line composite rate of 3.37 percent per annum.

Depreciation of general plant is provided on a straight-line basis over the estimated useful lives of the various assets. The weighted average rate on general plant is 7.22 percent per annum.

The costs of maintenance, repairs and replacements of minor items of property are charged to maintenance expense accounts.

Accounts Receivable and Credit Policies

Accounts receivable are stated at the amount billed to the consumer. Once an electric consumer's service is shut off and the account is approximately 90 days past due, the Corporation writes off the associated accounts receivable. An allowance is made for doubtful accounts based on experience and other circumstances which may affect the ability of consumers to meet their obligations. Accounts considered uncollectible are charged against the allowance. Receivables are reported on the balance sheets net of such accumulated allowance.

Investments in Associated Organizations

Investments in associated organizations primarily include investments in other cooperative organizations. Other than Oglethorpe Power Corporation (OPC) capital credits, investments in other cooperative organizations represent capital investments made primarily to obtain an economical source of financing, product or service. Investments in other cooperative organizations, other than OPC capital credits, are carried at cost plus allocated equities in accordance with *ASC 905-325-30*. The Corporation has elected to account for OPC capital credits as a financial instrument under U.S. GAAP, based on an expectation of a return of capital. OPC capital credits are measured at fair value on an annual basis.

Materials and Supplies

Materials and supplies are generally used for construction and for operation and maintenance work, and are not for resale. Cost is determined by the moving average method of inventory valuation. They are charged to construction or operations at moving average cost when used.

Cash Equivalents, Short-Term and Other Investments

Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. Similar instruments with an original maturity of more than three months, but less than one year, are considered short-term investments. Any instruments that mature in more than one year are included in other investments.

Equities and Margins

The Corporation is organized and operates under the cooperative form of organization. As such, patronage capital or margins are allocated to patrons on the basis of individual consumption of electric energy. Under provisions of the long-term debt agreements, until the total equities and margins equal or exceed 30 percent of the total assets of the Corporation, the return to patrons of capital contributed by them is limited. The Corporation's equities were 45 and 42 percent of total assets as of August 31, 2015 and 2014, respectively.

Operating Revenues and Patronage Capital

Electric revenues include patronage capital and are billed monthly to consumers on a cycle basis. Electric rates for the Corporation include provisions to permit the board of directors to adjust billings for fluctuations in fuel costs, purchased power costs and certain other costs. Electricity which had been used by the members of the Corporation but had not been billed to the members was not recorded. The components of this unbilled revenue can fluctuate based on factors including rate structure, weather, period of use, cost of purchased power and other factors. As a result, the overall estimate of unbilled revenues could be significantly affected, which could have a material impact on the Corporation's results of operations if recorded in the financial statements. Unbilled electric revenue was estimated to be approximately $13,900,000 and $12,469,000 as of August 31, 2015 and 2014, respectively.

Sales Tax

A portion of the Corporation's sales are subject to sales tax. The Corporation collects the sales tax from the customers and remits the tax to the appropriate taxing authority. The Corporation excludes the taxes collected and remitted from revenues and cost of sales.

Cost of Purchased Power

Cost of power is expensed as consumed.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(12) of the Internal Revenue Code which provides, in part, that the Corporation derive at least 85 percent of its annual gross income from members to retain the exemption. The Corporation expects to meet the requirement for the tax year ended December 31, 2015. Accordingly, no provision for income taxes has been made in the financial statements.

(1) Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2015-09, *Revenue from Contracts with Customers*. ASU 2015-09 is designed to create greater comparability for financial statement users across industries and jurisdictions through a more principles-based approach than companies in the United States are used to following. The standard will require companies to recognize revenue through a five-step process: (1) identify the contract with the customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction type, (4) allocate the transaction price to the separate performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The standard is effective for nonpublic companies for annual reporting periods beginning after December 15, 2018. The standard will require the Corporation to accrue unbilled electric revenue with retrospective application and will require a change in accounting principle in the period adopted.

Reclassifications

Certain reclassifications have been made within the August 31, 2014 financial statements to conform to the August 31, 2015 presentation. The reclassifications had no effect on net margins for the year ended August 31, 2014.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 19, 2015, the date the financial statements were available to be issued.

(2) Utility Plant

Listed below are the major classes of the electric utility plant as of August 31:

	2015	2014
Distribution Plant	**$418,042,306**	$401,533,918
General Plant	**43,135,866**	42,827,266
Electric Plant in Service	**461,178,172**	444,361,184
Construction Work in Progress	**5,639,247**	6,110,439
	$466,817,419	$450,471,623

(3) Investments in Associated Organizations

	2015	2014
National Rural Utilities Cooperative Finance Corporation		
Capital Term Certificates	**$ 1,743,887**	$ 1,743,887
Capital Credits	**944,222**	930,544
Georgia Rural Electric Service Corporation		
Capital Credits	**1,720,012**	1,628,049
Georgia Transmission Corporation		
Contributed Capital	**2,860,384**	2,860,384
Capital Credits	**12,914,693**	12,032,210
Smarr EMC		
Contributed Capital	**318,393**	318,393
Capital Credits	**1,736,109**	1,799,070
Other	**1,390,707**	1,316,937
	$23,628,407	$22,629,474

(4) Other Investments

Other investments are comprised of the following as of August 31:

	2015	2014
Investment in GEMC 220, LLC	**$ 14,539**	$ 14,539
Investment in Cooperative Choice, LLC	**709,839**	600,383
	$724,378	$614,922

The Corporation accounts for its investments in GEMC 220, LLC and Cooperative Choice, LLC utilizing the equity method. For the year ended August 31, 2015, the Corporation recorded income of $675,566, as a component of nonoperating margins, related to these investments.

(5) Prepaid Power Program

The Corporation has elected to participate in a prepayment of power bills program initiated by one of its wholesale power providers. Under the terms of the program, the Corporation prepays its wholesale power costs and earns a prepayment discount on its power bills. The Corporation had prepaid power costs of $5,606,272 and $5,291,765 as of August 31, 2015 and 2014, respectively. Those amounts are classified as prepayments on the balance sheets.

(6) Deferred Debits

Deferred debits are comprised of the following as of August 31:

	2015	2014
Benefits Clearing	**$3,857,999**	$2,925,161
Transportation Clearing	**34,477**	112,498
Long-Range Work Plans	**48,552**	63,577
Other	**1,060**	53,701
	$3,942,088	$3,154,937

(7) Deferred Credits

Deferred credits are comprised of the following as of August 31:

	2015	2014
Marketing Incentives	**$ 387,035**	$ 315,609
Unearned Pole Rental Income	**247,730**	273,670
Other	**211**	1,233
	$ 634,976	$ 590,512

(8) Patronage Capital

	2015	2014
Assignable	**$ 18,792,121**	$ 8,338,294
Assigned	**275,060,781**	262,423,882
	293,852,902	270,762,176
Retired	**(73,838,357)**	(68,610,698)
	$ 220,014,545	$202,151,478

(9) Other Equities

	2015	2014
Retired Capital Credits-Gains	**$ 7,114,962**	$ 6,529,471
Donated Capital	**458,773**	477,032
Other	**105,535**	105,535
	$ 7,679,270	$ 7,112,038

(10) Debt

Long-term debt consists primarily of mortgage notes payable to the United States of America acting through RUS, Federal Financing Bank (FFB) and CoBank. The notes are secured by a mortgage agreement among the Corporation, FFB and CoBank. Substantially all the assets of the Corporation are pledged as security for long-term debt of the Corporation. The notes generally have 35-year maturity periods and are payable on an installment basis.

Holder of Note	Weighted Average Interest Rate	2015	2014
RUS	4.95%	**$ 84,043,004**	$ 86,855,280
FFB	3.65%	**168,906,095**	173,796,530
CoBank	4.58%	**10,455,619**	12,333,698
		263,404,718	272,985,508
Maturities Due Within One Year		**(10,115,456)**	(9,580,790)
		253,289,262	263,404,718
RUS Advance Payments Unapplied		**(33,699,595)**	(32,065,985)
		$219,589,667	$231,338,733

The Corporation's mortgage agreement requires the maintenance of certain financial ratios. The Corporation achieved all the required ratios at December 31, 2014, the most recent measurement date.

On May 26, 2015, the board of directors approved refinancing of the Corporation's RUS notes with CoBank. The anticipated closing date of this debt refinance is November 2015.

The Corporation has a $26,700,000 line-of-credit with NRUCFC which had no outstanding balance as of August 31, 2015 and 2014. The Corporation also has a $20,000,000 line-of-credit with CoBank which had no outstanding balance as of August 31, 2015 and 2014.

Principal maturities of long-term debt are as follows:

Year	Amount
2016	$ 10,115,456
2017	10,462,904
2018	10,899,581
2019	11,405,020
2020	11,520,482
Thereafter	209,001,275
	$ 263,404,718

The Corporation had unadvanced loan funds on commitment from FFB of $37,073,000 as of August 31, 2015. The availability of the funds is contingent on the Corporation's compliance with one or more preconditions set forth in the mortgage agreement.

The Corporation has made unapplied advance payments to the RUS Cushion-of-Credit program. Under this program the Corporation may make voluntary deposits into a special cushion-of-credit account. The cushion-of-credit account balance accrues interest to the Corporation at a rate of 5 percent per annum. The use of the cushion-of-credit account is restricted to funding the future debt service payments that the Corporation is obligated to pay against its outstanding indebtedness to RUS and FFB.

(11) Retirement Benefits

Defined Benefit Pension Plan

Pension benefits for substantially all employees of the Corporation are provided through participation in the RS Plan, a defined benefit plan qualified under Section 401 and tax-exempt under 501(a) of the Internal Revenue Code. The plan sponsor's employer identification number is 53-0116145 and the plan number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Corporation's annual contributions to the program represented less than 5 percent of total contributions made to the plan by all participating employers and are equal to the amounts recorded for pension cost. Contributions were approximately $3,194,000 and $3,181,000 for the years ended August 31, 2015 and 2014, respectively.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was greater than 80 percent funded at January 1, 2015 and 2014 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Defined Contribution Plan

The Corporation also provides additional employee benefits to substantially all employees through the NRECA sponsored defined contribution Savings Plan (401-k). In this defined contribution plan, the Corporation's contributory portion of costs of this plan totaled $156,500 and $128,000 for the years ended August 31, 2015 and 2014, respectively.

Postretirement Healthcare Benefits

The Corporation provides major medical benefits upon retirement as follows:

- For employees hired prior to June 1, 1992 who have reached early (age 55) or normal (age 62 or 30 years of service) retirement dates with 10 years or more of active service with the Corporation at the time retirement commences, the Corporation shall bear the expense of premium payments for employee coverage under the higher deductible plan that the Corporation approves for employees.
- Regular, full time employees hired between June 1, 1992 and December 31, 2004 with 20 to 25 years of active service with the Corporation at normal retirement dates shall have 50 percent of the premium paid by the Corporation for employee coverage; those with 25 to 30 years shall have 75 percent of the premium paid by the Corporation for employee coverage; and those reaching 30 years or more of active service shall receive the benefit of having 100 percent of the employee premium paid for the coverage for the higher deductible plan that the Corporation approves for employees.
- Corporation employees hired on or after January 1, 2005 shall not be eligible for any major medical insurance benefits upon retirement, regardless of the number of years of active service with the Corporation.
- Regular, part-time employees and employees, hired prior to January 1, 2005, with less than the required years of active service and who retire in good standing shall be permitted to retain coverage for them, their spouses, and their dependents by paying the full premium.

The status of the Corporation's postretirement healthcare plan as of August 31 is detailed as follows:

	2015	2014
Accumulated Postretirement Benefit Obligation, Beginning	**$20,718,350**	$17,737,081
Service Cost	**620,525**	722,214
Interest Cost	**936,190**	1,143,680
Change in Actuarial Assumptions	**1,604,656**	1,420,140
Actual Benefits Paid	**(312,444)**	(304,765)
Accumulated Postretirement Benefit Obligation, Ending	**23,567,277**	20,718,350
Fair Value of Plan Assets, Beginning	**26,695,124**	24,379,505
Contributions	**312,444**	304,765
Actual Benefits Paid	**(312,444)**	(304,765)
Actual Return on Plan Assets	**28,276**	2,315,619
Fair Value of Plan Assets, Ending	**26,723,400**	26,695,124
Funded Status - Over (Under)	**$ 3,156,123**	$ 5,976,774

The plan's funded status is included in prepayments on the balance sheets as of August 31, 2015 and 2014.

Net postretirement benefit cost consisted of the following for the years ended August 31:

	2015	2014
Service Cost	**$ 620,525**	$ 722,214
Interest Cost	**936,190**	1,143,680
Actual Return on Plan Assets	**(28,276)**	(2,315,619)
Amortization of Actuarial Loss	**1,604,656**	1,420,139
	$ 3,133,095	$ 970,414

The Corporation's accumulated postretirement benefit obligation (APBO) and net postretirement benefit cost are calculated using various actuarial assumptions and methodologies. The assumptions include discount rates, healthcare trend rates, mortality rates and other factors. Actuarial assumptions are reviewed on an annual basis.

Weighted average assumptions for the years ended August 31 are as follows:

Description	2015	2014	2013
Discount Rate on Net Postretirement Benefit Cost	**4.55%**	4.90%	4.00%
Discount Rate on Projected Benefit Obligation	**4.40%**	4.55%	4.90%
Healthcare Cost Trend Rate			
Initial	**7.00%**	7.00%	8.65%
Ultimate	**5.00%**	5.00%	5.65%
Fiscal Year Reached	**2021**	2020	2019

Based on the third-party actuarial study, the impact of the health care trend rates is as follows:

	1% Decrease in Rates	1% Increase in Rates
Change in APBO, End of Year	$ (4,166,082)	$5,483,525
Change in Sum of Service and Interest	$ (298,229)	$ 397,356

The Corporation has elected to recognize actuarial gains or losses in the year incurred. As a result, the Corporation does not recognize comprehensive income related to its postretirement healthcare plan.

The Corporation's expected future benefit payments under the plan are as follows:

Year	Amount
2016	$ 431,469
2017	464,685
2018	537,413
2019	603,816
2020	686,124
2021 - 2025	4,947,636

Plan assets are held in a trust and administered by an independent investment management company (the Trustee). The trust is a separate legal entity. Assets held by the trust are not subject to the general creditors of the Corporation, and have been placed in the trust for the specific purpose of funding the Corporation's postretirement healthcare obligation.

The following table sets forth the weighted-average asset allocations of the plan assets as of August 31:

Year	Cash and Cash Equivalents	Fixed Income Securities	Foreign Equities	Domestic Equities	Total
2015	**1.05%**	**79.06%**	**4.51%**	**15.38%**	**100.00%**
2014	2.60%	72.05%	8.29%	17.06%	100.00%

The Corporation, through the Trustee, employs a total-return investment approach whereby a mix of foreign and domestic equity securities and fixed income investments is used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

The current asset allocation adheres to the Corporation's overall investment strategy for plan assets. The fair value measurement is based on unadjusted quoted market prices in active markets for identical assets. This is considered a Level 1 fair value measurement, measured utilizing the market approach, in accordance with U.S. GAAP.

The Corporation estimates that it will make no voluntary contributions to the trust during the year ended August 31, 2016.

(12) Commitments

The Corporation has entered into various long-term contracts to meet the power supply demands of its consumers. The Corporation has a commitment to pay for its assignment of fixed costs through the term of these contracts, as well as any variable cost incurred above the allocated fixed cost amounts.

The most significant of these contracts and related fixed costs for the year ended August 31, 2015 were as follows:

Corporation/Facility	Contract Expiration	Percentage of Fixed or Designated Cost	Fixed Cost
Oglethorpe Power Corporation			
Chattahoochee Energy Facility	12/31/2025	6.8084%	$ 2,586,086
Talbot EMC	12/31/2025	20.7685%	6,052,348
Doyle Facility	8/25/2015	3.7930%	606,794
All Other OPC Resources	12/31/2050	5.8921%	41,452,310
Smarr EMC			
Smarr Energy Facility	12/31/2015	6.9417%	492,136
Sewell Creek Energy Facility	12/31/2015	3.9080%	704,896

In addition to these items, the Corporation has agreed to guarantee .7816 percent of the outstanding indebtedness of Smarr EMC related only to the Sewell Creek Facility. The total indebtedness for the facility as of December 31, 2014 was approximately $12,900,000 and the Corporation's maximum potential obligation as of that dates was approximately $100,800. This amount decreases as the value of the indebtedness decreases.

The Corporation is a member of a transmission cooperative known as Georgia Transmission Corporation and, as such, has a Member Transmission Service Agreement which was executed in 1996. This agreement, and an approved extension, requires the Corporation to take transmission-related services through December 31, 2060. Transmission services under this agreement were approximately $15,763,000 for the year ended August 31, 2015 and are expected to remain relatively constant in the immediate future. Transmission service is recorded as a component of cost of power.

The Corporation has an agreement with a third party to provide power requirement needs through December 31, 2015. As part of the agreement, the Corporation has agreed to meet certain financial covenants or provide credit enhancement in accordance with the terms of the agreement. The Corporation currently meets the required covenants. The cost under the agreement was approximately $101,311,000 for the year ended August 31, 2015. On March 6, 2015, the Corporation signed an agreement with the third party to provide power requirement needs through December 31, 2022.

The Corporation is party to a Purchase Power Agreement with the Southeastern Power Administration (SEPA), acting through the United States Department of Energy, for electric power generated by federal reservoir projects. The cost incurred under the agreement was approximately $2,053,000 for the year ended August 31, 2015. Costs related to this contract are expected to remain relatively constant in future years.

The Corporation has entered into various assignment and assumption agreements through Green Power EMC and its participating members. These "green power" agreements are in support of the Corporation's receiving capacity and energy from the various renewable generation projects that the Corporation has chosen to participate in through Green Power EMC. The Corporation incurred approximately $1,146,000 capacity and energy payments for these generation assets in the year ended August 31, 2015.

Under current law, the Corporation has the ability to recover these costs from its members; however, any change to existing laws could adversely affect the ability to recover these costs.

The Corporation is involved in various other unresolved legal actions. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible losses or recovery, the Corporation believes these unresolved legal actions will not have a material effect on its financial position or results of operations and intends to vigorously defend its position related to the unresolved issues. However, any resolution that differs from management's position could adversely impact the financial statements.

(13) Contingencies

A class-action lawsuit was filed on March 13, 2014, in the Superior Court of DeKalb County, Georgia by *Edgar "Ed" Walker, Philip Caltabiano, Grant Meade and Samer Khashan, Individually and on Behalf of Others Similarly Situated against Oglethorpe Power Corporation ("OPC"), Georgia Transmission Corporation ("GTC"), Walton Electric Membership Corporation (EMC), Jackson EMC, and Sawnee EMC (Civil Action File No. 14-CV-2932-8).* The lawsuit challenges the patronage capital distribution practices of Georgia EMCs. The Plaintiffs are four former members of Sawnee EMC, Jackson EMC, Walton EMC and Cobb EMC who have filed suit on behalf of themselves and all former members of Georgia's retail distribution EMCs. The plaintiffs also seek to certify a "defendant" class consisting of all EMCs that are members of OPC and GTC, other than Cobb EMC. The Court has not yet addressed whether to certify a class of defendants, and has assigned the case to a Special Master.

It is too early to estimate the likelihood of an unfavorable decision regarding the Corporation's inclusion in a certified class of defendants in this case. However, certifications of defendant classes are extremely rare. Given that the lawsuit seeks to impose an obligation on all Defendants to return all capital on a cycle of not less than thirteen years, if the Court certifies a class of defendants that includes the Company, and if the Plaintiff's action against the Company is successful, the case could have a significant impact on the Corporation's financial condition.

A proposed order has been issued by the Special Master which dismisses all claims against all defendants on both procedural and substantive grounds. The proposed order is under consideration by the trial judge, who is expected to act on the proposed order no earlier than November 2015.

(14) Concentrations

As of August 31, 2015, commercial paper and medium-term notes of NRUCFC in the amount of $54,500,000 which were held by the Corporation were included in cash and cash equivalents and short-term investments. These instruments are not secured or otherwise subject to federally insured deposit liability coverage.

In addition, the Corporation has an investment account through CoBank which totaled $14,397,906 as of August 31, 2015. This amount is included in cash and cash equivalents on the balance sheets and is not secured or otherwise subject to federally insured deposit liability coverage.

The Corporation maintains interest-bearing cash balances in multiple financial institutions; those cash balances throughout the year periodically exceed the federally insured deposits limits. The Corporation believes that its cash is not exposed to any significant risk and the Corporation has not experienced any loss in accounts which exceed federally insured limits.

The Corporation serves customers in the state of Georgia. The geographic concentration of the Corporation's customers results in a concentration of credit risk with respect to the collection of accounts receivable. Credit evaluations are performed on most potential customers before accepting them for service. Depending upon the results of the credit evaluation, a deposit may be required. If a customer does not pay its bill based on the terms of its service agreement, the Corporation may require a consumer deposit as a condition for continued service.

(15) Fair Value of Financial Instruments

Fair Value Hierarchy

The Corporation records certain financial and nonfinancial assets using fair value measurements. The Corporation uses a hierarchical disclosure framework that prioritizes the level of market price observability to measure investments at fair value.

The guidance establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2. Valuations based on quoted market prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following valuation techniques are used to estimate the fair value of each class of financial instrument:

(1) ***Market approach.*** The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business) and deriving fair value based on these inputs.

(2) ***Income approach.*** The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts.

(3) ***Cost approach.*** The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (often referred to as current replacement cost). This approach assumes that the fair value would not exceed what it would cost a market participant to acquire or construct a substitute asset or comparable utility, adjusted for obsolescence.

Recurring and Nonrecurring Fair Value Measurements

The Corporation has cumulative capital credit notifications from OPC totaling $49,027,980 and $45,295,620 as of December 31, 2014 and 2013 respectively. OPC assigns patronage capital on a calendar year basis. The Corporation has elected to account for OPC capital credits as financial instruments under U.S. GAAP, based on an expectation of a return of capital, and measures these capital credits at fair value on an annual basis (recurring fair value measurement) using significant unobservable inputs (Level 3). No market data exists for these instruments.

(15) Fair Value of Financial Instruments (Continued)

Recurring and Nonrecurring Fair Value Measurements (Continued)

The Corporation had no nonrecurring fair value measurements for the years ended August 31, 2015 and 2014, respectively.

Recurring fair value measurements included in the financial statements are as follows:

	Carrying Value as of August 31	Fair Value Measurements Using: Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
2015					
Recurring Fair Value Measurement					
Investments in Associated Organizations					
OPC Capital Credits	$ -			$ -	$ -
2014					
Recurring Fair Value Measurement					
Investments in Associated Organizations					
OPC Capital Credits	$ -			$ -	$ -

Unobservable inputs are inputs that reflect management's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Level 3 fair value measurements for the years ended August 31 are as follows:

	2015	2014
Beginning Balance		
Transfers into Level 3	$ -	$ -
Total Gains or Losses for the Period	-	-
Included in Margins		
Patronage Notifications	**3,732,360**	3,176,780
Fair Value Adjustment(s)	**(3,732,360)**	(3,176,780)
Purchases, Issues, Sales and Settlements	-	-
Ending Balance	$ -	$ -

(15) Fair Value of Financial Instruments (Continued)

Recurring and Nonrecurring Fair Value Measurements (Continued)

Gains and losses included in earnings for each period are presented as a component of generation and transmission cooperative capital credits in statements of revenue.

For Level 3 fair value measurements, the Corporation's management determines the fair value measurement valuation policies and procedures. In accordance with board policy, the board of directors assess and approve the fair value measurement policies and procedures. On an annual basis, management determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and any available third-party information. There were no changes in the valuation techniques during the current year.

Quantitative information about Level 3 fair value measurements for the years ended August 31, 2015 and 2014 is as follows:

Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Percentage
OPC Capital Credits	$-0-	Discounted Cash Flow	Expected Return of Capital	0.0%

The significant unobservable input used in the fair value measurement of the Corporation's OPC capital credits is an expected return of capital. Management has assessed that no expected return of capital exists based on the following factors:

- Uncertainty as to return of capital since no capital has been returned in recent years.
- Capital returns limited by debt agreements.
- Review of major construction and related debt requirements.
- Regulatory environment.
- No known market.

An increase in the percentage of expected capital returns would result in a significantly higher fair value measurement.

(15) Fair Value of Financial Instruments (Continued)

Other Fair Value Disclosures Required by U.S. GAAP

A summarized schedule of the Corporation's financial instruments is as follows:

		August 31, 2015		August 31, 2014	
	Technique	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
FINANCIAL ASSETS					
Other Investments					
Not Practicable to Estimate Fair Value	N/A	**$ 724,378**	**$ 724,378**	$ 614,922	$ 614,922
Cash and Cash Equivalents	(1)	**51,701,952**	**51,701,952**	57,866,605	57,866,605
Short-Term Investments					
NRUCFC Commercial Paper	(1)	**30,600,000**	**30,600,000**	47,318,700	47,318,700
NRUCFC Medium-Term Notes	(1)	**23,900,000**	**23,900,000**	23,900,000	23,900,000
FINANCIAL LIABILITIES					
Long-Term Debt	(1)	**229,705,123**	**225,762,240**	240,919,523	249,548,485
Consumer Deposits	(1)	**19,225,619**	**19,225,619**	18,387,941	18,387,941

Investments in other cooperative organizations, excluding OPC capital credits, which are included in investments in associated organizations, represent capital investments made primarily to obtain an economical source of financing, product or service. These investments were made without an expectation of a return of capital and therefore not considered to be financial instruments. Furthermore, the Corporation does not consider NRUCFC term certificates to be financial instruments due to the fact that these investments are directly related to borrowing.

The fair value of the Corporation's long-term debt is based on the current rates offered to the Corporation for debt of the same or similar maturities.


CHROM

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