

Connecting with our community

2016 Annual Report



A Touchstone Energy Cooperative 



Looking back at 2016, it's easy to recognize the tremendous changes we witnessed as a nation and as a commonwealth, even some changes here in our own community.

As fortunes were rising and falling in politics and other news events, one thing that didn't change was Owen Electric Cooperative's commitment to you—our member—and to our community.

Reliability goes beyond knowing your lights will come on when you flip the switch.

For 80 years, since local farmers and citizens first formed Owen Electric, we have been here to power our communities.

Electric cooperatives are driven by people, not profits, and improving the quality of life for our members is a priority.

As a member-owner of Owen Electric, your co-op is locally owned and controlled for the benefit of all our members. Unlike investor-owned utilities, a cooperative's goal is not to make a profit, but to provide a reliable and affordable product. Your membership matters because you have a voice—you can attend annual meetings, offer suggestions, and vote for a board of directors that is charged with running your co-op.

This annual report focuses on how Owen Electric connects with our communities in a variety of ways beyond providing safe, reliable, and affordable electric service to you, our member-owner.

GROWING ECONOMIC DEVELOPMENT

One way we are a true community partner is our commitment to support and grow the communities we serve, encouraging development to improve our members' quality of life. That means being proactive and working with other economic development entities to attract jobs and industry.

The owner-member electric cooperatives of East Kentucky Power Cooperative, our power supplier, recently developed PowerVision. This innovative program uses the latest drone technologies to provide an aerial showcase of available commercial and industrial tracts across areas served by Kentucky's Touchstone Energy Cooperatives.

SAFETY FIRST

Safety is our top priority at Owen Electric, for both co-op employees and the members we serve. To paraphrase a quote, "electricity is a useful servant but a terrible master." Each day our service to you begins with that idea and safety in mind. We believe a safe community is a prosperous community.

Owen Electric works with a number of partners to cultivate a culture of safety. We speak with students, first responders and other emergency management professionals, and, in partnership with the Kentucky Association of Electric Cooperatives, present electric



Cover: Owen Electric lineman Charlie Colligan, with daughter, Josie, connects with our members almost every day working in the service area making sure safe, affordable, and reliable electricity gets to you. Photo: Tim Webb

Left: Owen Electric is one of several electric co-ops that take part in Kentucky's Touchstone Energy Cooperatives' Honor Flight that takes military veterans to Washington, D.C. Residential Services Manager Jude Canchola was one of two "guardians" from Owen Electric who accompanied veterans on their one-day trip. Photo: Tim Webb



Above: John Fitzgerald, a lineman for Owen Electric, spends much of his spare time volunteering with Grand Paws Search Dog Association. John and the Grand Paws team often conduct their training on Owen Electric's grounds, using the acreage that comprises a nature trail and crew training grounds to work active and up-and-coming search dogs. He's pictured here with his wife, Meg; children, Levi and Leah Kate; and German shepherd Kaden. Photo: Whitney Duvall



One of Owen Electric's biggest community events is the annual meeting, held in June. Above, Jamie Olds and Mendy Simpson stand ready to hand out shirts to children attending the 2016 annual meeting. Photo: Whitney Duvall

safety demonstrations at community events. Owen Electric's line technicians and employees continually receive training and participate in awareness programs.

We also work continuously to deliver the safety message, through our monthly safety column in *Kentucky Living* magazine and in the interactions with Member Services teams.

POWERFUL INNOVATIONS

As technology gets more sophisticated, so does Owen Electric, raising the standards for reliable electricity. Delivering the energy you need in your homes and businesses involves a complex process. State-of-the-art equipment helps make that process a little more clear.

Technology has also helped Owen Electric serve you more efficiently. From online payments to checking your energy use, you are afforded the most up-to-the-minute information. In our fast-paced world, technology now even offers you a way to pay as you go with our Prepay Service option.

WAYS WE CONNECT

Of the seven core cooperative principles Owen Electric endorses, we could argue the most important is Concern for Community. Cooperatives work for the sustainable development of communities, through policies approved by our members.

You see your cooperative's name on the banners of local youth sports teams, as a sponsor of community events, and with co-op employees volunteering their time for local charities. The Honor Flight, Special Olympics Kentucky, and local Christmas gift donation projects are just a few.

Owen Electric is proud to call this community home, and we know our commitment to "Connect with Our Community" is something you expect, just as much as the light that follows when you flip a switch in your home.



agenda

OFFICIAL BUSINESS MEETING AGENDA ANNUAL MEETING OF MEMBERS OWEN ELECTRIC COOPERATIVE

Where: Grant County High School, Dry Ridge, KY
When: Friday, June 16, 2017
Registration: 4:30 p.m.
Business Meeting: 7:00 p.m.

The annual meeting of the members of Owen Electric Cooperative will be held at the Grant County High School, Dry Ridge, Kentucky, at 7:00 p.m., Eastern Daylight Time, Friday, June 16, 2017. The business session will be held for the purpose of taking the following actions:

- Report of the Officers and Directors.
- The election of three (3) Directors to serve for four (4) years each.
- To consider any and all other business that may properly come before the meeting or any adjournment or adjournments thereof.

In connection with the election of Directors scheduled for this meeting, the following cooperative members have been nominated by the Committee on Nominations appointed by the Board of Directors of the corporation pursuant to its bylaws.

For Four-Year Terms:

Alan Ahrman, District 4

John Grant, District 5

Hope Kinman, District 7

Registration of members will start at 4:30 p.m., Eastern Daylight Time, Friday, June 16, 2017. All members must register in order to be eligible to participate in the business meeting and prize drawings and receive appreciation gifts. (Proper ID required for registration.)

A program of entertainment will be presented.

Owen Electric Cooperative, Inc.
Rick Messingschlager, Secretary



*Robert True, District 3
Chairman*



*Alan Ahrman, District 4
Vice Chairman*



*Rick Messingschlager, District 6
Secretary-Treasurer*



*Charlie Richardson
District 1*



*Eddie McCord
District 2*



*John Grant
District 5*



*Hope Kinman
District 7*

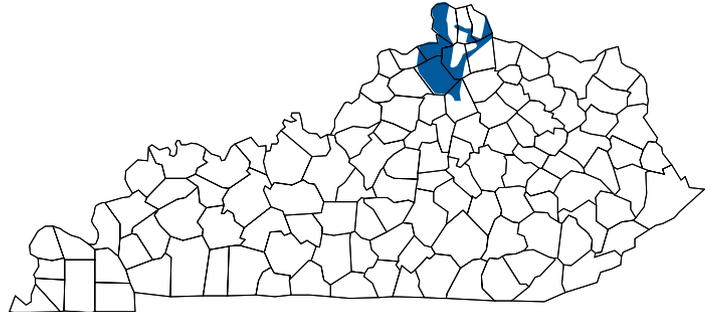


*Mark Stallons
President and CEO*

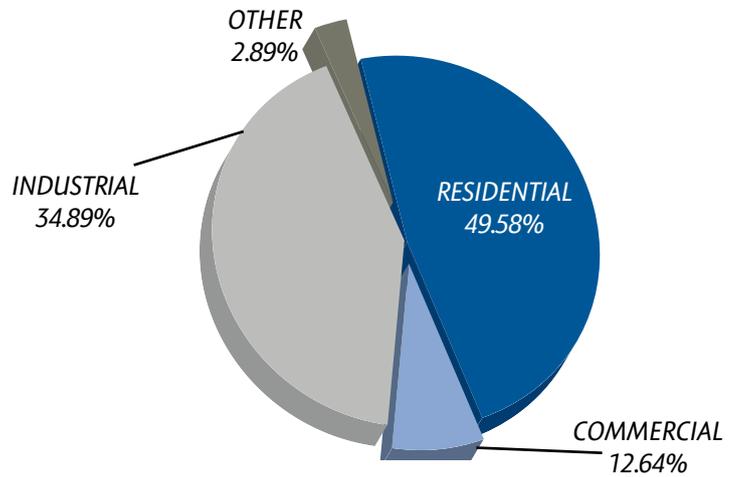


*James Crawford
Attorney*

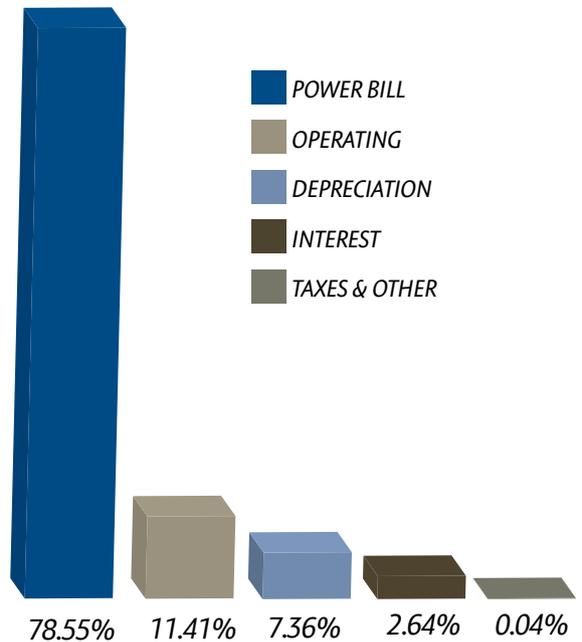
SERVICE AREA



REVENUE SOURCES



MAJOR COSTS



STATEMENT OF OPERATIONS

For the Year Ending December 31, 2016

Operating Revenue.....	\$166,981,371
Operating Expense	
Purchased Power.....	\$128,136,426
Operating System	\$18,614,273
Depreciation.....	\$12,014,642
Interest on Loans	\$4,312,402
Taxes & Other Deductions	\$65,636
Total Cost of Electric Service.....	\$163,143,379
Operating Margins	\$3,837,992
Non-Operating Margins	\$648,174
G & T Capital Credits.....	\$7,043,084
Other Capital Credits.....	\$202,695
Patronage Capital and Margins	\$11,731,945

BALANCE SHEET

December 31, 2016

ASSETS

Total Utility Plant.....	\$265,342,082
Less Depreciation.....	\$126,619,831
Net Utility Plant.....	\$138,722,251
Investment in Assoc.	
Organization.....	\$77,934,639
Cash.....	\$10,109,672
Accounts Receivable.....	\$15,689,640
Inventory.....	\$869,832
Expenses Paid in Advance.....	\$248,286
Deferred Debits and	
Other Assets.....	\$ 4,879,317
Total Assets	\$248,453,637

LIABILITIES

Liabilities and	
Members' Equities.....	\$118,099,318
Long-Term Debt	\$84,624,700
Notes and	
Accounts Payable.....	\$22,495,942
Other Current Liabilities.....	\$3,801,835
Consumer Deposits	\$2,317,533
Regulatory Liabilities.....	\$ 1,062,634
Other Deferred Credits	\$950,483
Postretirement	
Benefit Liability.....	\$15,101,192
Total Liabilities	
and Members' Equities	\$248,453,637

Stop by our Annual Meeting booth



Cooperative Solar
solar power from Owen Electric

CooperativeSolar.com  



OFFICIAL NOTICE

2017 ANNUAL MEETING

FRIDAY, JUNE 16



Grant County
High School
Dry Ridge, KY

Registration: 4:30 p.m.
Business Meeting: 7:00 p.m.

Featuring
**Olivia
Henken**

- Reptiles & Amphibians Booth
- Meal by Grant County Cattlemen
- Kids Photo with Lineman
- Inflatables
- Appreciation Gifts



FREE Energy-saving light bulbs for members who attend!

OWEN Electric

A Touchstone Energy Cooperative 