

BRIDGING OUR COMMUNITIES



2019 Annual Report

 **Blue Grass Energy**
A Touchstone Energy[®] Cooperative 

Making life better, the cooperative way[®]

LETTER FROM OUR LEADERSHIP




Dennis Moneyhon
Board Chairman




Michael I. Williams
President & CEO

Bridges are a very important part of our roadways and interstates. They provide a way to get where people need to go—that might have been impossible to reach before. At Blue Grass Energy, we understand our role of being the bridge for our members to safe, affordable and reliable energy. After all, serving our members is the reason we exist.

However, we do more than just exist. We are powered by our purpose of making life better, the cooperative way—six words that seem simple, but at Blue Grass Energy they provide our daily directive.

As the needs of our members continue to evolve, we look for ways we can be the bridge between those needs and the solutions. Over the last year, not only have we invested in our infrastructure to ensure members have safe, reliable and affordable energy, but we have continued investing in our communities through our young members and organizations.

As you know, keeping our members and employees safe is another priority. This has never been more paramount than in the last few months. This letter was written in April when the coronavirus public health situation was in full swing. Many of you noticed the measures we immediately put in place to protect the health of our members and our employees. This resulted in significant changes to our daily operations. With alternate work schedules and lobby closures, we understand you have felt the impact. We thank each of you for your patience during these changes.

Out of the same concern, we have made the decision to restructure our annual meeting this year. As social distancing constraints and the effects of the pandemic force us to adapt, we will be livestreaming our annual meeting. The meeting date and time is June 4 at 3:30 p.m. Information of how to view the meeting will be on our website as well as on the following pages.

This is a significant change to our yearly event, but we want to remain engaged with our members. So, for the first time, members can pick up their LED bulbs and register for the meeting on the same day at the drive-thru of each of our four local offices.

We thank you again for your patience and understanding in the last year. But one thing that has not changed: our commitment to our members. We remain excited to continue serving you and thank you for the continued opportunity.

YOUR BOARD OF DIRECTORS



DISTRICT 8

Dennis Moneyhon
Chairman
Foster



DISTRICT 4

Gary Keller
Vice Chairman
Harrodsburg



DISTRICT 7

Jane Smith
Secretary-Treasurer
Waddy



DISTRICT 1

Paul Tucker
Sadieville



DISTRICT 2

Richard Cobb, IV
Richmond



DISTRICT 3

Doug Fritz
Paint Lick



DISTRICT 5

Lu Young
Nicholasville



DISTRICT 6

Jody Hughes
Lawrenceburg

*Due to currently declared states of emergency and current orders of federal, state and local authorities, and out of an abundance of caution for our members and employees, we will conduct our annual meeting this year **by livestream**.*

*Read carefully as the **registration times and location have changed** from our typical in-person meeting.*

2020 ANNUAL MEETING

Official Notice of the Annual Meeting of
Blue Grass Energy

Thursday, June 4, 2020

Registration: 7:30 a.m.–3:30 p.m.
at each local office drive-thru

Business Meeting: 3:30 p.m.
via Livestream (bgenergy.com)

The annual membership of Blue Grass Energy organizes to take action on the following matters:

1. Quorum call.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Presentation of reports of officers, directors, and committees.
4. Report on election of directors.
5. Other information.
6. Adjournment.

agenda

Please see the last page of this insert and visit bgenergy.com for additional information regarding registration for the meeting and participation in the meeting via Livestream.



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 Blue Grass Energy
A Touchstone Energy
Cooperative 

US DOT 0709525 KY

RELIABILITY

Our responsibility to deliver a reliable supply of energy at the lowest possible cost is one we take very seriously. We consider it a privilege to provide power to our members at some of the most competitive rates in our area.

One of the ways we accomplish this is with our intensive maintenance and upgrades we perform to our system. In a similar way to how we maintain our vehicles with regular oil changes, inspections and tire rotations, our system must also be properly maintained.

Throughout the year, we regularly conduct pole and line inspections. Our goal is to find a potential issue before it becomes a problem. For example, if we

find a weak pole that has damage from the environment, we replace that pole. Doing so ensures that pole is as strong—and reliable—as it can be.

In 2019, members experienced 99.7% reliability in their service. That ranks among the top percentages in the nation.

As we continue being the bridge to reliable power, our members can be confident that our employees will continue our planning, construction and vegetation management programs to ensure you have power when you need it.



VALUE

American businessman and philanthropist Warren Buffett is credited as saying, “Price is what you pay. Value is what you get”. At Blue Grass Energy, you can rest assured your co-op membership provides unique value.

Over the last four years alone, we have returned approximately \$8 million back to our members and communities through capital credits. These credits reflect any margins left over at the end of the year after all expenses are paid. That means you are buying your power at cost. The

employees at your co-op work each day on controlling expenses so that you have the lowest electric rates possible.

In addition, our Co-op Connections Card program continued to expand. The number of discounts offered to members increased in both number and variety. In prescription discounts alone, BGEnergy members saved over \$5,000 last year. That is money that stayed in your pocket.

We also increased our economic development efforts. Working with East

Kentucky Power Cooperative, we were able to facilitate several expansions of our industrial members. This brought new jobs to our communities which, in turn, is making life better for our members.

To ensure your membership remains valuable, we will continue to respond to our member’s needs and work on your behalf. Embracing technologies and training employees in the latest industry trends provides the bridge for us to continue growing the value of cooperative membership.

BRIDGING OUR COMMUNITIES

A commitment to our communities is not only one of our seven cooperative principles, it is the very essence of who we are. As a member-owned cooperative, everything we do is focused on making life better, the cooperative way, and we do this in a variety of ways.

One way is investing in our youngest members. In 2019, we awarded \$15,000 in scholarships to graduating high school seniors to help support their continuing education. In addition, we sponsored seven students on the Washington Youth Tour. We take our responsibility seriously to cultivate leadership skills in our future leaders.

We continued our support of Honor Flight Kentucky to sponsor two veterans on a one-day trip to Washington, D.C., as well. This was the 10th year of honoring our veterans with the trip.

One of our biggest contributions last year came in the form of our corporate giving. An all-time-record was raised by our employees for Kentucky Wounded Heroes. Through employee-led efforts and the support of our members, we were able to donate \$21,570 to veterans and first responders who have been wounded in the line of duty.

Not only does your co-op and its employees give back, but so do our members through Pennies for Purpose.

This program allows members to round up their electric bills to the nearest dollar. These funds then go to charitable causes across our 23-county service area. 2019 was the inaugural year for the program and we had just over 700 members enrolled. The program awarded its first donation of \$1,000 to Miracle Point Playground in Pendleton County, a fully accessible and inclusive playground for children and adults who use wheelchairs, orthotic braces, walkers, etc.

We understand the vital role our cooperative plays in the lives of our members and communities. As we go forward, we will continue to look for ways to bridge the needs of our communities.





OUR FOCUS ON SERVICE

Connecting our members with ways to make their life better is a daily goal at Blue Grass Energy. We routinely look for ways to provide convenience by offering engaging ways to reach us.

We take our commitment to providing superior member service to heart. That is why we still have local offices. We want to be a part of the communities we serve and easily available to all of our members.

One of the highlights from last

year was our response time to our members' calls. Those choosing to contact us via phone had the lowest on-hold time in five years.

We also saw the number of members utilizing our smartphone app grow. More and more, members are taking advantage of this option, which allows them to have control of their account in the palm of their hand. Substantial upgrades were made to the app to improve its functionality. From reporting outages to seeing

daily usage, the app is a great way for members to manage their energy.

We redesigned our website to improve usability. Members can easily find what they are looking for and manage their account with ease.

As a result of these efforts, we tied our all-time-high member satisfaction score in 2019.

Going forward, we are pleased to be your trusted source for energy, information and to provide you with outstanding member service.

JOIN US **ONLINE** FOR BLUE GRASS ENERGY'S

ANNUAL MEETING

LIVESTREAM (BGENERGY.COM)

Visit one of our
four local offices
on June 4 to
register and
receive your free
energy-saving
LED bulbs.



Thursday, June 4, 2020

Registration: 7:30 a.m.-3:30 p.m.
at each local office drive-thru

Business meeting: 3:30 p.m.
via Livestream

Statement of Operations

For the Year Ending
December 31, 2019

Operating Revenue	\$126,152,314
Operating Expense:	
Wholesale Power Cost.....	\$91,669,653
Operating the Electrical System.....	17,544,525
Depreciation	10,185,029
Interest on Loans	3,629,863
Taxes & Other Deductions	93,188
Total Cost of Electric Service	\$123,122,258
Patronage Capital & Operating Margins	\$3,030,056
Non-Operating Margins	1,024,639
Capital Credits assigned from other Cooperatives	5,272,527
Patronage Capital & Margins.....	\$9,327,222

This institution is an equal opportunity provider and employer.

Balance Sheet

As of December 31, 2019

ASSETS

Total Utility Plant	\$275,977,230
Less Accumulated Depreciation	105,689,568
Net Utility Plant Book Value.....	\$170,287,662
Other Property & Investments.....	\$81,116,996
Cash & Temporary Investments	9,209,135
Accounts Receivable.....	4,765,304
Inventory	1,299,867
Expenses Paid in Advance	273,753
Deferred Debits & Other Assets	9,525,614
Total Assets	\$276,478,331

LIABILITIES & EQUITY

Membership & Other Equities	\$144,689,730
Long-Term Debt	106,303,338
Notes and Accounts Payable.....	12,140,609
Other Current & Accrued Liabilities.....	12,839,315
Deferred Credits & Miscellaneous.....	505,339
Total Liabilities & Equity.....	\$276,478,331