

# THE POWER OF CHANGE

2020 Annual Report



*Making life better, the cooperative way®*

# FROM OUR LEADERS

The year 2020 was an extraordinary one on many levels. Decades from now, we will remember the challenges that arrived at our door because of a global pandemic. It will be a year remembered for social distancing, face coverings, members working and students learning from home. But, hopefully, 2020 will also be remembered as the year that taught us about the power of change and how resilient we are.

This time last year, we had implemented major changes in the way we were doing business with our members. Because safety is a top priority at Blue Grass Energy, we quickly realized at the pandemic's onset that we had to offer alternative ways to interact to keep everyone safe. The willingness of our members to adapt during this pandemic and the support you showed us as we navigated these changes has truly been amazing. We want to thank each of you for your patience and understanding of the changes we made—especially with the closing of our lobbies.

In spite of the many challenges we faced, we took each one as they came and implemented solutions to continue providing safe ways for our members to do business with us. Over the next several pages, you will see how the unanticipated changes allowed us to find new ways, and alter some old ways, to provide safe, reliable, and affordable energy to our members.

While 2020 was a year like no other in our 84-year history, the unique characteristics of being a cooperative were a solid guide for us navigating a public health crisis. It was the power of the changes we made that allowed us to continue making life better, the cooperative way.

It is our honor to serve the members of Blue Grass Energy.



A handwritten signature in black ink, appearing to read "D Moneyhon".

Dennis Moneyhon  
Board Chair



A handwritten signature in black ink, appearing to read "Michael I. Williams".

Michael I. Williams  
President & CEO

# 2021 ANNUAL MEETING AGENDA

## Official Notice of the Annual Meeting of Blue Grass Energy

Thursday, June 3, 2021

**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.

## BOARD OF DIRECTORS



**Dennis Moneyhon**  
*Chair*  
Foster  
District 8



**Gary Keller**  
*Vice Chair*  
Harrodsburg  
District 4



**Jane Smith**  
*Secretary-Treasurer*  
Waddy  
District 7



**Paul Tucker**  
Sadieville  
District 1



**Richard Cobb IV**  
Richmond  
District 2



**Doug Fritz**  
Paint Lick  
District 3



**Lu Young**  
Nicholasville  
District 5



**Jody Hughes**  
Lawrenceburg  
District 6

# R E L I A B I L I T Y

Providing reliable energy every day is a cornerstone at Blue Grass Energy. The importance of that focus was highlighted during 2020 as a large number of our members began learning and working from home.

Even with the changes required for social distancing, we were able to seamlessly and safely adjust our operations by using the industry's best technology. The result delivered one of our highest reliability numbers ever. On average, our members had power to their homes and businesses 99.8% of the time.

Many hours of planning and work is behind that near-perfect number. Despite the challenges we faced, we proactively replaced a record number of utility poles across our system. By replacing these poles at the early signs of wear, we prevent future interruptions in service.

We also continued keeping our rights-of-way clear. Using a responsible approach in clearing lines of vegetation, we are able to prevent and restore outages more quickly. Because we use industry-recommended tree-care practices, we were recognized by the National Arbor Day Foundation as a Tree Line USA Utility for the 7th year. This honor recognizes our commitment to proper tree pruning, planning and care along the rights-of-way.

While we experienced many changes in our everyday operational work, one thing did not change—and that is our continued commitment to delivering reliable service to our members.







# VALUE

Like people from across the world, 2020 brought many challenges for our members and communities. Some of those were financial struggles caused by the pandemic. In March, we began to put procedures in place to assist those members.

We were sensitive to each situation and proactively offered multiple solutions. Working with individual members, we were able to establish nontraditional payment plans and arrangements. Our goal was to make life better, the cooperative way, for each family.

In 2020, we also returned over \$2 million to members through capital credits. This is one of the unique benefits of cooperative membership. These credits reflect any margins left over at the end of the year after all expenses are paid. That means members are buying their power at cost. Over the last five years, we have returned over \$10 million to the members in our communities, which provided a much-needed boost to the Kentucky economy.

Blue Grass Energy's economic development investments also showed dividends. We saw industrial members expand and new companies arrive. Additional jobs and extended investments provided sustainability for the commonwealth. This growth benefits not only our members, but everyone in the community.



# S E R V I C E

A fundamental characteristic of a utility, especially a cooperative, is providing outstanding service. After all, serving our members is truly the reason we exist.

So, when things began to change due to the pandemic, we did what we do best. We responded by putting our members first, even in this challenging situation. Thankfully, our Information Technology (IT) group was ready. Harnessing the power of our established cutting-edge technology, our member service representatives and other employees were able to log in to our network from home. We were able to continue providing the high-quality service our members deserve while following recommended safety precautions.

We helped members understand how to do business with us in new, safer ways instead of in person. With the Blue Grass Energy app, members could use their smart phones and tablets to communicate and pay bills, along with access to our essential website. Last year, usage and payments submitted through our app surpassed many of our more traditional ways to pay, like mail or dropping by the office. While we missed our traditional in-person interactions, we knew it was the right thing to do.

Even though our service may have looked a bit different than normal, the outcome was the same. Just as we have the last 84 years, we were able to take care of our members through a challenging time. In fact, our members gave us our highest member satisfaction scores in the history of our cooperative.



A commitment to our communities is not only one of our seven cooperative principles, but also the very essence of who we are. The pandemic served to only strengthen that commitment. From helping members find assistance with their bills to making contributions to local charities through our Pennies for Purpose program, our focus never wavered.

We were sensitive to the fact some members were faced with financial impacts due to job loss or sickness. This concern caused us to temporarily pause our yearly fundraising for the cooperative's 2020 chosen charity, Parkinson's Foundation. We understood many members and employees who typically donate simply did not have the resources to contribute.

But that didn't stop our Pennies for Purpose program—2020 was the biggest year for participant growth and donations. Due to the generous contributions of nearly 800 of our members, donations were made to charities that make life better in our local communities.

In 2020, we continued supporting our youngest members. Sadly, our Washington Youth Tour was canceled, but we were still able to make life better for our chosen participants. We gifted them computers in lieu of the trip. While we know it couldn't replace the amazing experience that is the Washington Youth Tour, it was an investment in their future.

We also awarded another \$15,000 in scholarships to graduating high school seniors. We know investing in their continuing education is an investment in our communities.



## 2020 RECIPIENTS

- **Early Bird Foundation** \$500 to support, encourage and empower past, present and expecting NICU families in Kentucky.
- **Lawrenceburg/Anderson County Tourism Commission** \$500 to develop the Rails to Trails program.
- **Jessamine County Food Pantry** \$500 to provide food for those in need.
- **First Generation Women Achievers of the Bluegrass** \$1,000 to fund scholarships for women who are the first in their family to attend college.
- **Cynthiana-Harrison County YMCA Child Development Center** \$1,500 to help fund the childcare facility.



DENISE MYERS

JOIN US ONLINE FOR BLUE GRASS ENERGY'S LIVESTREAM

# ANNUAL MEETING

[bgenergy.com](http://bgenergy.com)



Visit one of our four  
local drive-thru locations  
on June 3 to receive  
your free energy-saving  
LED bulbs.

**Thursday, June 3, 2021**

**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, 2020

Operating Revenue .....	\$118,008,143
Operating Expense:	
Wholesale Power Cost.....	\$82,544,809
Operating the Electrical System .....	17,957,590
Depreciation .....	10,477,845
Interest on Loans .....	3,216,313
Taxes & Other Deductions .....	92,298
Total Cost of Electric Service .....	\$114,288,855
Patronage Capital & Operating Margins ....	\$3,719,288
Non-Operating Margins .....	738,202
Capital Credits assigned from other Cooperatives .....	3,451,016
Patronage Capital & Margins.....	\$7, 908,506

## Balance Sheet

As of December 31, 2020

### ASSETS

Total Utility Plant .....	\$288,521,222
Less Accumulated Depreciation .....	111,458,883
Net Utility Plant Book Value.....	\$177,062,339
Other Property & Investments.....	83,896,674
Cash & Temporary Investments .....	2,292,781
Accounts Receivable.....	5,593,667
Inventory .....	2,083,681
Expenses Paid in Advance .....	258,931
Deferred Debits & Other Assets .....	9,925,790
Total Assets .....	\$281,113,863

### LIABILITIES & EQUITY

Membership & Other Equities .....	\$153,867,968
Long-Term Debt .....	100,647,673
Notes and Accounts Payable.....	15,041,686
Other Current & Accrued Liabilities.....	11,078,564
Deferred Credits & Miscellaneous.....	477,972
Total Liabilities & Equity.....	\$281,113,863

This institution is an equal opportunity provider and employer.