

2022 ANNUAL REPORT



Official Notice of the Annual Meeting of Blue Grass Energy

Business Meeting:

Thursday, June 1, 3:30 p.m.
via livestream ([bgenergy.com](https://www.bgenergy.com))

Registration:

May 31, 7:30 a.m.–3:30 p.m. at
Richmond and Cynthiana offices

June 1, 7:30 a.m.–3:30 p.m. at
Lawrenceburg and Nicholasville
offices

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

PURPOSE, PEOPLE & POWER

...It's who we are



Making life better, the cooperative way®

PURPOSE, PEOPLE & POWER

Purpose, people and power. Simple words, but paired together, they accurately reflect our mission. They tell the story of our 86 years of service. They also predict the focus of our future: continuing to provide safe, reliable and affordable energy to our members.

A purpose is “the reason for which something is done or created or for which something exists.” Making life better, the cooperative way, is our purpose. It is the reason we were formed back in 1937. Our early members needed electricity to make their lives easier on their farms in rural Kentucky. Though much has changed in more than eight decades, we understand the need for reliable power hasn’t.

Our people, both members and employees, are what set us apart. We aren’t just an electric company. We are a cooperative group of men and women who work hard each day to understand and meet the needs of our communities. We know members not only expect reliable power—they also deserve it. That is why we prepare on a daily basis for both the expected and unexpected causes of service interruptions.

On the following pages of this report, you can read about how we worked to serve our members, and, hopefully, made life better for them in 2022. Our decision-making process remained based on our purpose and guided by the seven cooperative principles.

We are honored to provide power to our communities and look forward to making life better, the cooperative way, for many years to come. Thank you for allowing us to serve you.



Michael I. Williams
President & CEO



Dennis Moneyhon
Chair
District 8, Foster



Gary Keller
Vice Chairman
District 4, Harrodsburg



Jane Smith
Secretary-Treasurer
District 7, Waddy



Paul Tucker
District 1, Sadieville



Richard Cobb IV
District 2, Richmond



Doug Fritz
District 3, Paint Lick



Lu Young
District 5, Nicholasville



Jody Hughes
District 6,
Lawrenceburg

2022 Blue Grass Energy YEAR IN REVIEW

PURPOSEFUL SERVICE

Other companies have a customer service department, and all cooperatives have members, not customers. That's why, at Blue Grass Energy, we are a member service cooperative. Each employee is dedicated to one thing: making life better, the cooperative way, for our members.

Providing outstanding member service is how we do that. At the end of 2022, state sales tax requirements changed for all people and businesses purchasing services from utilities in Kentucky. At times, the process of declaring a primary domicile was confusing for many. We committed to reaching out to our members to guide them through the process. We used *Kentucky Living* magazine notices, emails, letters and even phone calls to reach our members and ensure they were not charged unnecessary fees.

Another example of service is our new payment kiosk. This pilot project uses technology to enhance our service to members. In addition to the many traditional options for payment, Blue Grass Energy added a kiosk at our Nicholasville location. Now, members can make 24/7 payments using cash, check or card with no fees—even when the offices are closed for the day.

We continued to be a reliable source for energy and information. We helped members manage their energy and save money through a variety of programs. Our virtual energy assessment tool and in-home energy audits provided hundreds of members the information they needed to improve their energy efficiency and be more comfortable in their home. Our mobile app and website offered easy, fee-free account management.

Surveying is important to us. Feedback from our members equips us to improve our service in the future. That is why we continued our member surveying program. We study and track each response. The American Customer Satisfaction Index (ACSI) helps us with a rating from our responses. We appreciate our members awarding us with an all-time-high score in 2022.

LOCAL COMMITMENT

Blue Grass Energy and our employees genuinely care about improving the quality of life for our members and local areas. Our employees volunteer as coaches, ministers and Boy Scout leaders, to name just a few of the ways they give back.

But we do more than volunteer. We support our communities financially as well. Our corporate charity is a great example. This program is 100% led by our employees. Each year, they select a charity that also makes life better throughout our service area. In 2022, that organization was Kentucky



CancerLink. Working together, employees raised \$16,166.51 that went directly to reduce barriers to cancer screening, diagnosis and treatment for Kentuckians.

Our Pennies for Purpose program continued to grow as well. This program is funded by our members who voluntarily round up their monthly bill to the next dollar. That additional “round up” change goes into a special account and is managed by a committee of volunteer members. In 2022, they awarded grants to CASA of Lexington, Hope's Healing Hands Food Pantry, Early Bird Foundation, Paddling for Cancer Awareness and Humane Society Animal League.

Investing in our youngest members remains a priority. We awarded \$1,500 scholarships to 10 graduating high school seniors who are continuing their education. We invested in leadership training for two students by sponsoring them on our Washington Youth Tour.

Because we are a not-for-profit cooperative, any realized revenues are returned to our members, not out-of-state

Blue Grass Energy Crew
Chief Derek Bell and
Lineman Chris Johnson.
Photo: Tim Webb



Blue Grass Energy
Member Service
Representative
Rachel Cooper.
Photo: Tim Webb

STATEMENT OF OPERATIONS

As of December 31, 2022

Operating Revenue \$158,496,933

OPERATING EXPENSE

Wholesale Power Cost..... \$121,345,153
 Operating the Electrical System..... 19,509,629
 Depreciation..... 11,461,030
 Interest on Loans 3,010,548
 Taxes & Other Deductions 30,104
 Total Cost of Electric Service \$155,356,464
 Patronage Capital & Operating Margins..... 3,140,469
 Non-Operating Margins..... 12,058
 Capital Credits Assigned from
 other Co-ops..... 4,315,169

Patronage Capital and Margins \$7,467,696

BALANCE SHEET

As of December 31, 2022

ASSETS

Total Utility Plant..... \$314,342,140
 Less Accumulated Depreciation..... (127,193,289)
 Net Utility Plant Book Value 187,148,851
 Other Property & Investments..... \$87,502,183
 Cash & Temporary Investments 4,711,249
 Accounts Receivable 10,996,626
 Inventory..... 4,038,365
 Expenses Paid in Advance..... 714,287
 Deferred Debits and Other Assets..... 10,689,457
Total Assets \$305,801,018

LIABILITIES

Memberships and Other Equities \$166,736,841
 Long-Term Debt..... 109,313,563
 Notes and Accounts Payable..... 19,233,096
 Other Current & Accrued Liabilities..... 9,947,978
 Deferred Credits & Miscellaneous..... 569,540
Total Liabilities & Equity \$305,801,018

shareholders. Each day, we work diligently to manage our members' investment in the cooperative. In 2022, we returned just over \$2 million to our members. That is money that went directly back into our local economies and reflects our commitment to keeping power reliable and rates as low as possible.

DEPENDABLE POWER

Blue Grass Energy is dedicated to building and maintaining a power grid that improves efficiency and reliably deliver power to our members. While we are familiar with industry changes, last year brought a unique set of challenges. We experienced significant material and equipment delays due to global supply chain issues. Not only were items difficult to obtain, their pricing was impacted as well.

However, our skilled purchasing group worked diligently to find solutions during a difficult material and vehicle market. We creatively found solutions to ensure our members were not impacted. The relationship with vendors and other utilities allowed us to continue seamless service for our members.

We also unified with other utilities to create a framework of uniform permitting for pole attachments. We understand the critical need of broadband service and this permitting process will allow streamlined attachments to our infrastructure, allowing broadband providers to fast-track through our area.

Our safety record is another highlight from 2022. Employees drove thousands of miles and worked thousands of hours to ensure your power is there when you need it. All of it was done with zero lost-time accidents. This speaks to the work ethic and attention to detail our people exhibit while serving you.

But that is routine for Blue Grass Energy employees. Since we were founded in 1937, we have understood the impact that service and reliable power have in our 23 counties. As we have been for the last 86 years, we are here all the time, especially if you need us.