

2023 ANNUAL REPORT

Official Notice of the annual meeting of Blue Grass Energy

Business Meeting:

Thursday, June 6, 3:30 p.m.

Livestreamed from Nicholasville Office (at bgenergy.com)

Registration/Member Appreciation:

June 5, 7:30 a.m.–4 p.m. at Richmond and Cynthia offices

June 6, 7:30 a.m.–3:30 p.m. at Lawrenceburg and Nicholasville offices

The Annual Meeting of the membership of Blue Grass Energy shall be conducted for the following purposes:

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

THERE IS VALUE IN MEMBERSHIP



Making life better, the cooperative way®

THERE IS VALUE IN MEMBERSHIP

Human nature programs us to want to be a part of something or belong to something bigger than ourselves. As a member of Blue Grass Energy, you are a part of an organization that is making life better for our communities, and your membership comes with a value others do not receive.

Buying power at cost, having local offices and being governed and served by your neighbors are just a few of the values of your membership. There are no distant stockholders. Only the people, in central/north central Kentucky, served by the cooperative, are involved.

This annual report reflects on 2023 and reports on some of the highlights and achievements that illustrate how we continue to cultivate the benefits of being our member. You will see how our commitment to our purpose—making life better, the cooperative way—remains unwavering. Every decision we make is guided by this purpose, ensuring that your needs are at the forefront of everything we do. From investing in infrastructure to implementing innovative technologies, we are dedicated to delivering the value and reliable service you deserve.

As this report shares, we are preparing your cooperative for the future through grid improvement and sound financial planning. We remain committed to being good stewards of your investment in the cooperative, reliable service and your satisfaction as well.

We are honored by the trust you continue to place in us as representatives of the leadership at your electric cooperative. On behalf of our entire team, we extend our gratitude for your ongoing support. Thank you for being part of our cooperative family.



Michael I. Williams
President & CEO



Dennis Moneyhon
Chair
District 8, Foster



Gary Keller
Vice Chair
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

2023 Blue Grass Energy YEAR IN REVIEW

THE VALUE OF MEMBERSHIP

The economy has been a much-discussed topic in the U.S. over the last several years. The ups and downs have impacted all of us. Everyone is looking for, and appreciates, a good value. At Blue Grass Energy, we are pleased to report your cooperative membership has only grown with benefits.

HERE FOR YOU

Since 1937, we continue to have a local presence in our 23-county service area. “Concern for Community” is one of our seven guiding cooperative principles. Today, we have four local offices to serve our members. While many of you use automated ways to engage with us, we understand that some members want to come in and see us for a personal connection. We still offer that and value each opportunity.

As a cooperative, we are owned by you, not some distant stockholder. And we are led by local people just like you. Our decisions are made by your neighbors and friends here in central/north central Kentucky.

This local control has allowed us to manage expenses and keep our rates competitive both locally and nationally. In January, the U.S. Energy Information Administration published an average cost of 15.45 cents per kWh in the United States. In Kentucky, that average cost is 12.27 cents per kWh. At Blue Grass Energy, our members pay 11.56 cents per kWh. That is a 34% lower price than the national average.

For perspective, our standard member uses just over \$4.50 worth of electricity each day. For less than a fast-food meal, members can keep their home warm or cool, heat their water, charge their devices and watch television. Now that is value.

INVESTING IN YOU

Making life better, the cooperative way, is our purpose at Blue Grass Energy. One of the ways we do that is through technology. It is one of the biggest impacts on our industry. We have steadily invested in system improvements for many years.

We use equipment that gathers and processes feedback from the power grid. This important technology provides faster and more detailed information for our operations and engineering departments. The better information we receive from system performance, the better we can prevent service interruptions. It also allows us to operate more efficiently while increasing reliability of service. Efficiency and fewer service interruptions mean savings for you.

Each employee has a commitment to being a good steward of your investment in Blue Grass Energy. That commitment is evident in the capital credits we return to our members. Because we are a not-for-profit cooperative, any realized revenues are



returned to our members. In 2023, we returned \$2.6 million.

That brought the total of refunded margins to over \$15 million in the last seven years. That is \$15 million that stayed in our local economies. We are proud to be putting money back into the pockets of the members we serve. That also sets us apart from other utilities that give money to stockholders.

Another way we are keeping money in your pocket is with the Co-op Connections program. As a benefit to your membership, you can access thousands of discounts, both locally and nationally. It helps highlight the small businesses in our area, too, providing much-needed support. Plus, savings can be found at your pharmacy. Cooperative members in Kentucky saved over \$8,000 on prescriptions alone in 2023 through Co-op Connections. Learn more at connections.coop.

HELPING YOU MANAGE ENERGY

Through our trained energy advisors, *Kentucky Living* magazine and online resources such as our website and social media, Blue Grass Energy provides members with the knowledge to manage their energy.

We can help guide members to savings and increased comfort in their home. Last year, we worked with over 1,200 members to understand and improve their energy consumption.

Colton Searcy, left, and Brennon Love are Blue Grass Energy linemen. Photo: Tim Webb



In June of 2023, students from Blue Grass Energy joined others from across the nation to learn about and tour Washington, D.C. Shown at the U.S. Capitol, clockwise from left, are Jakob Barker, West Jessamine High School; Cooper Bartlett, West Jessamine High School; Maci Presnell, Scott County High School; and Leah Rennels, Anderson County High School. Photo: Tim Webb

That translates to money saved on their power bill. Many of these members enrolled in our Smart Thermostat program. Those members received rebates up to \$110. This is in addition to the energy they will save and the yearly bill credits.

Many members also took advantage of our free Virtual Energy Assessment tool online.

SERVING YOU

One of the most notable challenges for all of us last year was the significant wind event in March. Over an eight-hour period, our area experienced 70–80 mph winds. This resulted in broken poles, many spans of wire down and left more than 36,000 members without power—that’s more than half of our entire membership.

However, in true cooperative fashion, we went to work. Another of our seven cooperative principles is “Cooperation Among Cooperatives.” Within a day, we had more than 218 professionals from co-ops out of state and across Kentucky arrive to help with restoration. Power was restored to all in just five days. That was the largest and fastest restoration in our history—demonstrating our ability to provide safe and efficient work for our members.

Even with an inconvenience of a multiday outage, our members graciously understood we were working for them. We were accessible and provided informative updates multiple times a day. We understand we are blessed with amazing members. And when they expressed appreciation for us, we were humbled.

We know they appreciated our efforts because a few months after the storm, we submitted for our annual ACSI (American Consumer Satisfaction Index) score. This score tells us how our members think we are doing. It returned with the highest score in our 87-year history. Once again, we appreciate your loyalty to the cooperative.

You can rest assured that as an owner of this co-op, our team will continue to make investments on your behalf, growing the value of your membership in Blue Grass Energy.

STATEMENT OF OPERATIONS

As of December 31, 2023

Operating Revenue \$148,939,920

OPERATING EXPENSE

Wholesale Power Cost..... \$112,244,948

Operating the Electrical System..... 19,783,215

Depreciation 12,114,517

Interest on Loans..... 2,989,562

Taxes & Other Deductions 293,220

Total Cost of Electric Service \$147,425,462

Patronage Capital & Operating Margins.. \$1,514,458

Non-Operating Margins..... 495,351

Capital Credits Assigned from
other Co-ops 2,503,231

Patronage Capital and Margins \$4,513,040

BALANCE SHEET

As of December 31, 2023

ASSETS

Total Utility Plant..... \$332,469,145

Less Accumulated Depreciation..... (135,506,980)

Net Utility Plant Book Value \$196,962,165

Other Property & Investments..... \$89,862,008

Cash & Temporary Investments..... 3,858,903

Accounts Receivable 10,470,355

Inventory 3,954,457

Expenses Paid in Advance..... 734,070

Deferred Debits and Other Assets 9,441,879

Total Assets \$315,283,837

LIABILITIES

Memberships and Other Equities \$169,861,729

Long-Term Debt..... 108,947,022

Notes and Accounts Payable 26,313,311

Other Current & Accrued Liabilities 9,463,514

Deferred Credits & Miscellaneous 698,261

Total Liabilities & Equity \$315,283,837