

Kenergy begins annual pole inspection

HENDERSON, Ky. – Contract employees working for Kenergy Corp. will begin the co-op's annual pole-inspection process this week in Union County.

Contract crews are scheduled to inspect 4,000 poles in Union and Henderson counties before heading into other counties in Kenergy's service territory.

In most cases, members should be notified before crews enter private property; however, the location of poles may make notification difficult or impossible. Sometimes it is necessary for contractors to use recreational vehicles, such as four-wheelers, and other modes of transportation to access poles.

Kenergy members may see crews of two to four men walking in fields. Contract employees will wear hard hats. They carry shovels, tarps and buckets while on the job.

Each contract employee is expected to carry a card explaining who they are and what type of work is being conducted on behalf of Kenergy. A crew foreman should be available to answer questions as well.

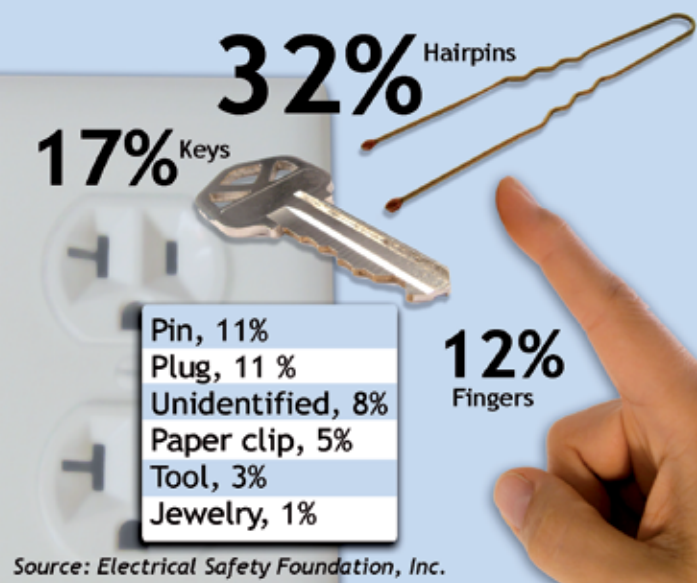
For more information, please contact Kenergy at 800-844-4832.

mark **YOUR** calendar

March	Washington Youth Tour winners will be announced
May 30	Offices Closed - Memorial Day
June 7	Kenergy Annual Meeting in Henderson.
Sept. 16	Member Appreciation Day

Objects Commonly Placed in Electrical Outlets

Every year, 2,400 children are injured after inserting household objects into electrical outlets. These are the most common objects placed in outlets:



Recipe for squash dressing

2 cups chopped squash
2 cups cornbread, crumbled
2 eggs
1 can cream of chicken, mushroom or celery soup
1/2 cup butter or margarine, melted
1 onion, chopped
salt and pepper to taste



Peggy Cox
Fredonia, Kentucky

Preheat oven to 350 degrees. Mix all ingredients together, place in greased casserole dish and bake for 30 minutes.

You have the power to make a difference.

Fuels used to generate electricity are getting more expensive. That's driving prices up. Your electric cooperative is working hard to make a difference.



And you can do your part, too.

Caulk or weather strip windows and doors to make your home more energy-efficient. A typical home can lose as much as one-third of its heat through leaks.

Statement of Nondiscrimination

Kenergy Corp. is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provision of the Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age or disability shall be excluded from participation in, admission or access to, denied benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities. The person responsible for coordinating this organization's nondiscrimination compliance efforts is Keith Ellis, Vice President of Human Resources. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

The FOCUS

March 2011



Monthly Newsletter for Kenergy Members

Big Rivers, Kenergy prepare for rate filing

From Feb. 4 Gleaner

HENDERSON, Ky. – Big Rivers Electric Corp. and Kenergy Corp. have informed state regulators of their intention to seek increases in their electric rates.

"I can't really discuss specifics," Big Rivers President and CEO Mark Bailey said on Feb. 3. "We're still crunching numbers and we still need to take it to our board (at its meeting on Feb. 18); they haven't approved it yet."

Utility companies regulated by the Kentucky Public Service Commission are required to give state regulators 30 days' notice before filing a request to increase rates. The PSC's review of rate increases usually lasts several months.

Big Rivers operates power plants and a transmission system that provides wholesale electricity to Kenergy Corp. The co-op then distributes that power to 55,000 member-owners.

In early February, Big Rivers and Kenergy sent letters notifying the PSC of their intention to file for "a general rate adjustment."

Bailey said Big Rivers is exploring a rate increase for multiple reasons. In December, it joined MISO – the Midwest Independent System Operator, which manages the electric transmission system over several states and a portion of Canada – at an annual cost of \$5 million to \$6 million.

Joining other power companies in MISO helps bolster Big Rivers' operational reliability, helps Big Rivers' customers pool their generating reserves to meet federal requirements and provides a "broader market to buy power from or sell to," Bailey said.

Big Rivers also faces maintenance cost requirements at its four power plants that "are more than we've been able to spend," Bailey said. "We need additional money to do that."

Meanwhile, Kenergy CEO Sandy Novick said the co-op and its board are grappling with the prospect of an increase in Big Rivers' wholesale rates. "We've certainly been involved in the deliberations at Big Rivers and the analysis leading up to their filing."

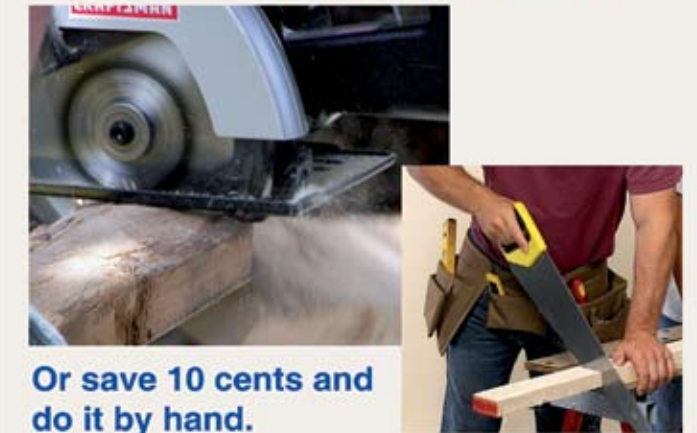
Cannelton hydroelectric project

Story inside



Electricity is a good value!

You can cut one hundred 2x4s for less than 10 cents with an electric skill saw.



Or save 10 cents and do it by hand.

Kenergy sets new record



Renee Beasley Jones
Communications Manager

You walk in your home, flip a switch, and a light comes on. We know it's irritating when it doesn't work that way.

Outages happen for many reasons. When a co-op maintains 7,000 miles of line – enough to stretch across the nation and back with lots to spare -- frequent outages are a fact of life.

For the most part, our outages are small. At any given moment, we may have one or two homes or businesses without power across the 14 counties we serve. Trust this: Whether it's one member or 1,000, Kenergy takes every

outage very seriously.

But here's the real reason for this column. In January, Kenergy set an outage record that caused us to whoop it up. The co-op went more than 58 hours without losing power to a single member.

I know. Fifty-eight hours seems like an awfully short period of time to you, but, in reality, it's a nearly impossible feat. Our previous record was 24 hours.

Don't think 58 hours means Kenergy is unreliable. Quite the contrary. Compared to other co-ops our size, Kenergy's new outage record is enviable. Continued inside... **NEW RECORD**

During 2010, Kenergy Corp. and you, its member-owners, proudly invested more than \$186,000 in co-op sponsored programs, such as college scholarships and the Washington Youth Tour; regional economic development; various civic organizations, including 4-H Clubs, United Way and Junior Achievement; arts-and-culture agencies; and public events in the 14 counties the co-op serves. In previous surveys of Kenergy's owners, more than 90 percent of respondents said it was important to them that the co-op gives back to the communities in which the co-op serves.



Artist's drawing of final project

HANCOCK COUNTY, Ky. – To build the Cannelton hydroelectric project, American Municipal Power, Inc., (AMP) ordered parts from companies around the world.

But when AMP needed electricity to power the plant's construction site, AMP came to nearby Kenergy Corp., which serves Hancock County and parts of 13 other counties in western Kentucky.

"Kenergy is proud to play a role in building the new Cannelton hydroelectric project," said Sandy Novick, Kenergy's CEO. "This is an exciting renewable energy project that has created many construction jobs for Hancock County and the region."

AMP estimates its electricity needs eventually will exceed 5,000 kilowatts, up from its present 600 kilowatts. Power needs will increase as AMP's contractor gears up the batch plant, which will make concrete for the massive project.

AMP's requirements for electricity exceeded Kenergy's capacity, considering the co-op's existing distribution facilities. Although the Cannelton project started in May 2009, Kenergy did not learn the full scope of electrical power needs until the autumn of 2010, so the tight timeframe didn't allow time for the

Kenergy powers new 'green energy' project

Co-op uses innovative thinking, mobile substation to energize a hydroelectric construction site

co-op to build a permanent transmission line and substation.

Kenergy's team quickly devised a creative solution: The co-op put into use one of its mobile substations, which is expected to be operational today (Feb. 2). Once Kenergy solved its customer's capacity issue, the task became one of timing and coordination.

"All Kenergy came together to make that happen," said Kenergy Vice President of Engineering John Newland. "What first seemed impossible – providing for a large load in four months – became a completed task, including ample capacity provided by using resources available without duplication or excessive investment by either the utility or the customer."

Kenergy officials estimate the co-op's length of service for the Cannelton project will be up to four years.

The Cannelton hydro project -- so named because it sits at the left



Work progressing on the coffer dam

bank end of the Ohio River's Cannelton Dam – is a \$416 million project. At its peak of construction, the project will employ about 400 unionized workers.

Some interesting facts about the Cannelton hydro plant:

- The 84-megawatt power plant will rise about 10 stories high. Nine of those will be under water.
- The closest upriver dam is 108 miles away, making the Cannelton Locks & Dam upstream pool the longest in the nation.

- To create the coffer dam, or gigantic crater where the power plant eventually will be built, crews excavated 1.3 million cubic yards of earth. That dirt was placed on property near the construction site. The volume of dirt raised the height of the property by 40 feet.



Transmission tower near the construction site

The hydro plant – one of four AMP projects on the Ohio River -- should be operational in early 2014. The power will be transmitted via Vectren lines to the Midwest Independent System grid.

AMP provides wholesale power to municipalities in Kentucky, Ohio, Virginia, West Virginia, Pennsylvania and Michigan. In all, the Cannelton plant's electricity will serve some of the power needs for up to 79 public power communities.



Coffer dam as of late January 2011

Once construction is complete, the power plant will employ seven to nine full-time employees, said AMP Project Site Representative Steve Childress.

"We generate electricity every way we can," Childress said of AMP. "... We are starting some wind farms, and we have hydro and natural gas-fired plants."

Hydro plants provide a viable renewable energy solution, Childress said, but many other advantages exist. For instance, hydro plants don't generate waste products, and they operate quietly.

Hancock County Judge-Executive Jack McCaslin is pleased that the Cannelton power plant is becoming a reality. He and other county officials lobbied Congress to secure tax credits for the project. "(The power plant) is going to put a lot of people to work in the Tri-State, so that's going to be good for our area and surrounding communities."

2011 Kenergy Corp. Member of the Year

In an effort to recognize the many good deeds of our member-owners, Kenergy Corp. has started a new program titled Member of the Year. The charity for which the winner volunteers receives \$1,000 in honor of our member's community service.

If you know of a Kenergy member who is a selfless volunteer, please take the time to fill out a nomination form in their behalf.

The guidelines are:

- Only Kenergy Corp. members are eligible for Member of the Year.
- The nominee's volunteer activities must be performed within Kenergy's 14-county service area.
- Kenergy members are welcome to nominate themselves for this award. Don't be shy. This could be your chance to earn a \$1,000 donation for your favorite civic organization.
- Nominations must be received by 4:30 p.m. on October 3, 2011. Nomination forms are available in Kenergy offices, at co-op events and on the co-op's Web site at www.kenergycorp.com. Completed forms should be mailed to the Member Services Department, Kenergy Corp., PO Box 18, Henderson, KY 42419-0018. Forms may be delivered to any of our offices or faxed to (270) 685-2279 to the attention of Renee Beasley Jones. She may be reached by email at rjones@kenergycorp.com
- Eligible members will volunteer their time to nonprofit, civic organizations only, excluding churches or religion-based groups.
- Elected officials, Kenergy employees and members of the co-op's Board of Directors are excluded from participation.
- A panel made up of five Kenergy Member Resource Committee members will select the winner.

The winner will be announced at the December 1, 2011 Member Resource Committee meeting at the Owensboro Country Club. The winner and a representative from his or her favorite charity will be expected to attend the event.

New record... continued from page 1

How can that be?

Take a moment to consider where our 7,000 miles of line runs. Much of it stretches across fields – where cows, birds, snakes, raccoons and squirrels can become problems. For instance, in 2010, up to 941 Kenergy outages resulted from critters coming into contact with our equipment.

A cow scratching its back on one of our guy wires can shake the power pole, make the lines flop and blow a fuse. Trust me. It has happened!

Now, let's talk about lightning. It caused 520 Kenergy outages last year.

Lightning is a weather-related event, but we deal with others, too. Wind, cold, snow, ice and rain figure into the equation. Besides lightning, poor weather conditions caused 63 outages last year.

None of this takes into account the people-related outages in 2010. Yes, people.

Every year, cars crash into our poles, tractors run over guy wires, bulldozers push down trees and backhoes dig into underground wires. In 2010, wrecks and human-related errors caused 229 outages.

All 1,753 outages mentioned above were beyond our control. That adds up to more than four outages a day.

Actually, some would argue that most of the remaining 1,161 outages that occurred on Kenergy's system last year were beyond our control as well. Blown fuses, equipment failures and falling trees can't be helped anymore than you can prevent your washing machine from going kaput or your light bulb from reaching the end of its life.

Yes, we're beating our chests over 58 hours without an outage. We're proud of that new record, but we're not resting on our laurels. Your Kenergy team will continue to work on reaching new milestones because it boils down to one thing: improving service for our members.