… During the next few minutes, I’d like to give you a brief update on how Kenergy has performed during the past year and the priorities and challenges we see looking forward.

Financially, Kenergy finished the year with $472 million in total revenues and net margins of $5 million.

Being an electric cooperative, these margins have been distributed to all of you on Kenergy’s books and represent your ownership interest in Kenergy.

Over time, these funds are returned to members when financial conditions permit. In fact, earlier this year, the Kenergy Board approved a $3 million retirement of equity back to our members. If you were a member of Kenergy in 1984, 1985 and 1986, you should see this in a credit on your June electric bill.
This is a great demonstration of value of belonging to a cooperative. If we collect more in our rates than we need to keep the cooperative strong, we give it back to members.

Operationally, 2014 was a good year in other areas as well. We accomplished a great deal, including:

- Connecting 698 new services to the Kenergy system.
- Constructing more than 47 miles of new power line.
- Clearing 1,123 miles of vegetation from our right-of-way.
- Replacing 624 defective poles.

These activities get to the core of the work our folks do to provide a high level of reliable service to you.

Speaking of service reliability: In 2014, the average Kenergy consumer experienced 126 minutes of power outages and just fewer than two occurrences. This is not bad performance, but it’s certainly not where we aspire to be.

Consistent with our strategic goals of achieving best-in-class performance in our industry, Kenergy is making significant investments to improve service reliability and overall service to you.

This includes a major investment in advanced metering that will allow Kenergy staff to detect outages immediately at their occurrence — with no communication necessary from members — and take action quickly to restore power promptly.

Last year was noteworthy for other reasons as well.
In a business that is unforgiving and full of hazards, we were pleased to be recognized for our strong safety performance by receiving the Governor’s Safety Award. This award is provided to businesses for achieving 500,000 work-hours without a lost-time accident.

Again, this is a great testimony to Kenergy employees.

Some of you may have noticed our theme for this Annual Meeting — Embracing Technology, Improving Service. We thought this was appropriate given the level of investment Kenergy has made over the past year to better serve its members.

This has included:

- New web applications that allow our members to report meter readings, pay their bills and conduct other transactions 24/7 — anywhere they have Internet access and using whatever mobile device they prefer.

- A text messaging platform that allows members to text in outages and for us to communicate outage status and other important communications over texting.

- A redesigned corporate website to allow members and business partners to access information faster.

- Field-deployed software and electronic devices that our linemen use to work more efficiently.

- A new state-of-the-art outage management software system that allows Kenergy to manage and restore power during severe outage events more quickly.

This is very exciting stuff. Clearly, Kenergy is no longer just a business of poles and wires, but an information technology company. This is
technology that we can embrace to improve the service we provide to you.

To wrap up, I would like to share some thoughts on the future.

The electric utility industry is very much in transition. EPA regulations are forcing many power plants to shut down before the end of their useful lives.

Concerns over climate change is resulting in states embracing renewable resources of energy.

Consumers are considering distributed generation, including solar resources, as a means of generating their own power instead of buying it off the grid.

Advances in battery and other storage technologies are being advanced.

Information technologies are available that will allow utilities such as Kenergy to operate more efficiently, offer new services to members and provide you, the consumer, information to allow you to make informed decisions.

As a member-owned electric cooperative, Kenergy will be evaluating all of these developments on your behalf, and with the intent of providing you reliable, safe and affordable electric service to the best of our ability.