

Member  
owned.  
**Service  
driven.**

JUNE 2020

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# MemberMatters

**Kenergy**<sup>®</sup>

[www.kenergycorp.com](http://www.kenergycorp.com)



All Kenergy  
offices will be  
closed Friday,  
July 3rd for  
Independence  
Day.

We hope you  
enjoy a safe  
holiday with  
your family.

## 2019 KENERGY FINANCIAL OVERVIEW



**K**energy sold about 55 million fewer kWh's to its rural members in 2019 than it did in 2018, causing a decrease in net margins year-over-year. The average residential member used 1,252 kWh's per month in 2019 compared to 1,325 kWh's per month in 2018. Weather is always the most significant driver when it comes to changes in our members' electric usage, and 2019 was no exception. During 2019, our service territory experienced much more normal weather than in 2018. We also know that each year our members use electricity more efficiently, which has a smaller, yet very real impact on the amount of energy our members require.

With sales trending down, it has become all the more important for Kenergy to continue its focus on controlling cost. Successfully controlling costs resulted in 2019 net margins that were only down \$1.4 million year-over-year, while revenue less power cost was down \$2 million. Kenergy's Controllable Cost per Member was \$353 in 2019 versus \$376 in 2018.

*cont. on page 2*



# Financial Report

STATEMENT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018		
	2019	2018
Electric Revenue	\$391,163,368	\$401,289,356
Miscellaneous	1,866,206	2,046,703
<b>TOTAL OPERATING REVENUE</b>	<b>\$393,029,574</b>	<b>\$403,336,059</b>
Cost of Purchased Power	\$352,421,358	\$360,756,775
Distribution Plant Expense	12,805,002	13,732,418
Customer Accounting & Collecting Expense	3,392,505	3,371,929
Customer Service & Information Expense	313,631	302,351
General Office, Administrative & General Expense	3,959,547	4,280,309
<b>TOTAL OPERATING EXPENSE</b>	<b>\$372,892,043</b>	<b>\$382,443,782</b>
Depreciation Expense	\$13,441,792	\$13,067,479
Interest on Long-Term Debt	5,168,629	5,374,547
Other Deductions	824,898	782,649
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$392,327,362</b>	<b>\$401,668,457</b>
<b>Operating Margins (Loss)</b>	<b>\$702,212</b>	<b>\$1,667,602</b>
Non-Operating Margins	2,094,499	2,579,090
<b>TOTAL MARGINS (Loss)</b>	<b>\$2,796,711</b>	<b>\$4,246,692</b>

## Financial Overview ... continued from page 1

While Kenergy focuses on controlling operations, maintenance, member service and administrative and general costs, Kenergy must continue to construct new services and replace old or deteriorated electric poles in order to preserve a reliable electric system for its members. During 2019, Kenergy spent \$14.5 million on capital projects. These projects do not affect net margins immediately, however, these assets must be depreciated over their useful lives, which increases depreciation expense over time. Kenergy's depreciation expense increased \$374,313 from 2018 to 2019.

The 2018 Farm Bill contains a provision that phases out the "Cushion of Credit" program over the next few years. This program allowed electric co-ops to earn 5% interest on excess funds placed into an account earmarked for future debt service payments. This will significantly decrease Kenergy's interest income over the next few years. However, there is a silver lining. This provision in the Farm Bill also allows co-ops to use their Cushion of Credit balance to prepay outstanding debt without prepayment penalty. Kenergy used Cushion of Credit funds to prepay \$15.9 million in debt during 2019. This will reduce

interest expense and help offset the reduction in interest income.

Even though net margins were lower in 2019, Kenergy strives to return capital to its members as long as the co-op maintains healthy cash flow, an equity ratio within the board of director's guidelines, and financial ratios that meet our lenders' requirements. Having met all of these objectives, Kenergy returned \$2.8 million to current and former members through a capital credit retirement in 2019. Over the last eight years, Kenergy has returned \$23.1 million to its current and former members.

BALANCE SHEET		
<b>ASSETS</b>		
Total Utility Plant	\$342,332,886	\$332,064,794
Less Accumulated Provision for Depreciation	(137,450,979)	(128,178,793)
<b>NET UTILITY PLANT</b>	<b>\$204,881,907</b>	<b>\$203,886,001</b>
Investments	\$6,617,892	\$6,652,950
Cash & Cash Equivalents	3,523,599	1,408,073
Accounts Receivable	20,482,857	28,555,296
Other Assets	13,253,260	14,387,002
<b>TOTAL ASSETS</b>	<b>\$248,759,515</b>	<b>\$254,889,322</b>
<b>MEMBERS' EQUITIES</b>		
Memberships	\$224,785	\$223,215
Patronage Capital	65,670,913	66,889,565
Other	11,385,774	10,188,097
<b>TOTAL MEMBERS' EQUITIES</b>	<b>\$77,281,472</b>	<b>\$77,300,877</b>
<b>LIABILITIES</b>		
Long-Term Debt	\$128,933,216	\$128,214,922
Current Liabilities	39,728,669	46,716,335
Other	2,816,158	2,657,188
<b>TOTAL LIABILITIES</b>	<b>\$171,478,043</b>	<b>\$177,588,445</b>
<b>TOTAL MEMBERS' EQUITIES &amp; LIABILITIES</b>	<b>\$248,759,515</b>	<b>\$254,889,322</b>

## SCHOLARSHIP APPLICATIONS AVAILABLE ONLINE!

**Deadline to apply is June 30th**

**K**energy has an established annual scholarship program that assists in financing the higher education of students whose family are cooperative members. In 2020, the cooperative will continue to award three \$1,000 scholarships and twenty-four \$500 scholarships. These scholarships can be used for tuition, fees, campus housing, textbooks, computers, school supplies and other costs directly related to the recipient's education.

The scholarship application is located at [www.kenergycorp.com](http://www.kenergycorp.com) under 'Our Programs' and then by clicking the '2020 Scholarships' tab.

During the first week of July, a random computerized drawing

will be held and the winners will be contacted following the drawing. Winners must contact Jeanette Weedman via email by July 31, 2020 verifying that they received notification and accept the scholarship. If this is not done, the scholarship will be forfeited and an alternate student will be drawn as a winner.

### Eligibility and Criteria

The student must be a Kenergy member or have his or her primary residence with a parent or legal guardian who receives electric service from Kenergy.

High school seniors or graduates may apply. They must attend or have plans to attend college during the upcoming fall or spring semester. Applicants must be

enrolled in a full-time program (no fewer than 12 credit hours) at a fully accredited college, university, technical college or trade school. Post-graduate college students also may apply. Non-traditional students are welcome as well.

Kenergy scholarships are one-time-only awards. Previous winners may not apply.

Scholarship recipients must permit Kenergy to use their names, parents' names, county of residence and photograph in the cooperative's publications, including the member newsletter.

### Questions?

Contact Jeanette Weedman at 800-844-4832 extension 6157 or email [jweedman@kenergycorp.com](mailto:jweedman@kenergycorp.com)



## Ice Cream Sandwich Recipe

*There's no better way to celebrate the longest day of the year (June 20th) than with an ice cream sandwich! This recipe is an easy way to make your favorite treat at home.*

### Ingredients

- 1 cup** (2 sticks) unsalted butter
- 2 cups** chocolate chips
- 1 cup** granulated sugar
- 2 eggs**
- 1 teaspoon** vanilla
- 2 cups** all-purpose flour
- 1/2 cup** unsweetened cocoa
- 1 teaspoon** baking soda
- 1/4 teaspoon** salt
- 1/2 gallon** (8 cups) home-style vanilla ice cream
- 1 cup** mini chocolate chips



### Directions

1. Preheat oven to 350°F. Line two (18x13-inch) rimmed baking sheets with foil and spray generously with non-stick cooking spray. Set aside.
2. In a large microwavable bowl, melt the butter and chocolate chips, stirring every 30 seconds, until melted and smooth. Let cool slightly. Whisk in the sugar then the eggs and vanilla until well combined.
3. In a medium bowl, whisk together the flour, cocoa, baking soda and salt. Add to the chocolate mixture, stirring until thick and smooth.
4. Divide the dough in half and press each half into the bottom of the prepared baking sheets. The dough should be thin and cover the bottom of the pan completely.
5. Bake for 10 minutes, rotating the sheets half way through. Let the baking sheets cool on a wire rack for 15 minutes and then put them in the freezer for an additional 15 minutes.
6. Meanwhile, beat the ice cream on low speed in an electric mixer fitted with the paddle attachment until smooth. Stir in the chocolate chips.
7. Once the cookie sheets have frozen for 15 minutes, remove and spread one cookie completely and evenly with the ice cream. Lift the other cookie from the pan with the sides of the foil. Flip the cookie over onto the ice cream layer of the other cookie sheet and press down gently. Remove the foil from the cookie that is now the top layer. Tent the cookie sheet with another piece of foil and return to the freezer for at least 2 hours.
8. To cut the ice cream sandwiches, lift them from the cookie sheet with the foil and place on a flat work surface. With a sharp knife, cut into rectangles measuring about 2.25 x 4-inches in size. You should get 21 ice cream sandwiches total.
9. Serve immediately or wrap each sandwich tightly with plastic wrap and return to the freezer until ready to serve.

*Recipe and picture provided by The Baker Mama.*

## Featured Businesses Offering Discounts



### Culver's

Buy 1 Value Basket Get FREE Dish Custard  
3020 Highland Pointe Drive,  
Owensboro

### Ferrell's Hamburgers

FREE Large Drink with Purchase of Double  
Cheeseburger  
112 N Main Street, Madisonville

### Gary's Drive-in Restaurant

FREE Medium Drink with Purchase of Sandwich  
and Side  
2220 Veach Road, Owensboro

### Mil's Dairy Drive In

Buy 1 Chunker Frozen Dessert, Get 1 Half Off  
10154 Highway 54, Whitesville

### Popeyes

FREE 2 pc Dinner with Purchase of 3 Pc Dinner  
and Medium Drink; 2 Pc with Biscuit \$2.49; 8 Pc  
Chicken Only \$8.99 Boneless or Bone-In  
2906 Highway 54, Owensboro

### Ritz's of Owensboro

Cheeseburger - Buy 1 Get 1 Free  
4925 Frederica Street, Owensboro  
4527 Highway 54, Owensboro

**If you are a business wanting to participate in the Co-op Connections program, please contact Jeanette Weedman at (270) 689-6157 or [jweedman@kenergycorp.com](mailto:jweedman@kenergycorp.com)**

**Neither Touchstone Energy nor Kenergy will be liable for products or services or any inaccuracy in stated discounts/offers listed as published.**



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