

RESILIENT
RELIABLE
RESPONSIVE

ANNUAL 2019 REPORT



A Touchstone Energy Cooperative 



RELIABLE

The Three R's in education are "reading, 'riting and 'rithmetic."

Promoters of sustainability preach the Three R's of "reduce, reuse and recycle."

And here at Inter-County Energy, we have our own Three R's: "reliable, resilient and responsive."

Over the next three years, you will hear a lot more about how these words resonate with the people who serve you at Inter-County Energy.

In 2020, we are focusing on the first of those Three R's: Reliable.

In electricity terms, the concept of reliability is pretty straightforward. Your electricity is on almost all the time and it's been getting better every year. For Inter-County Energy, the total amount of time without power (an outage) is less than two hours a year—that means their electricity is on 99.977169% of the time.

At Inter-County Energy, reliability is no accident. It takes attention, dedication and a variety of measures to maintain reliable electric service:

- ▶ By replacing outdated mechanical electric meters with automated meters, Inter-County Energy not only measures how much electricity you use, but we can monitor any disruption and the voltage quality of that electricity. With automated meters, Inter-County Energy can respond more quickly to outages.

- ▶ To spot and solve outages faster, Inter-County Energy Cooperative has invested in high-tech monitoring systems. These SCADA (Supervisory Control and Data Acquisition) systems use several computer monitors in a control room, each showing a different view of Inter-County Energy service area, including weather maps and detailed schematics of each power line, substation and home or business served.

- ▶ A portion of your Inter-County Energy bill goes toward regular inspection, maintenance and replacement of the power grid infrastructure, such as poles, wires and transformers. By staying ahead of aging infrastructure, we can prevent some power outages.

- ▶ Our right-of-way crew W.A. Kendall are reliability champions. Trees are one of the major causes of power outages in areas with overhead utility lines. When trees contact live wires they may become conductors of electricity and cause power outages or create dangerous situations for anyone coming in contact with them. That's why it is so important for our crews to maintain right-of-way near overhead lines.

Being reliable doesn't just mean working to keep the lights on. At Inter-County Energy, being reliable also means working every day to earn your trust, so that you have confidence that the people who work at the co-op and the people who serve on our board are dependable and responsible stewards of this tremendous community asset.

We take pride in a workforce that is not only reliable in its unique skills and constant training to safely operate our electrical system, but also reliable in its commitment to their fellow neighbors who are served by Inter-County Energy.

Inter-County Energy was built by, belongs to and is led by people in the communities we serve in Boyle, Casey, Garrard, LaRue, Lincoln, Madison, Marion, Mercer, Nelson, Rockcastle, Taylor and Washington counties.

Inter-County Energy is led by an elected board of six community leaders that provides guidance and oversight to ensure that the needs of the co-op membership are represented in all decisions. Board members have a fiduciary duty that requires them to attend monthly board meetings and participate in regular education and training on industry trends and developments.

■ Cover photos: Jenko Ataman; Tim Webb

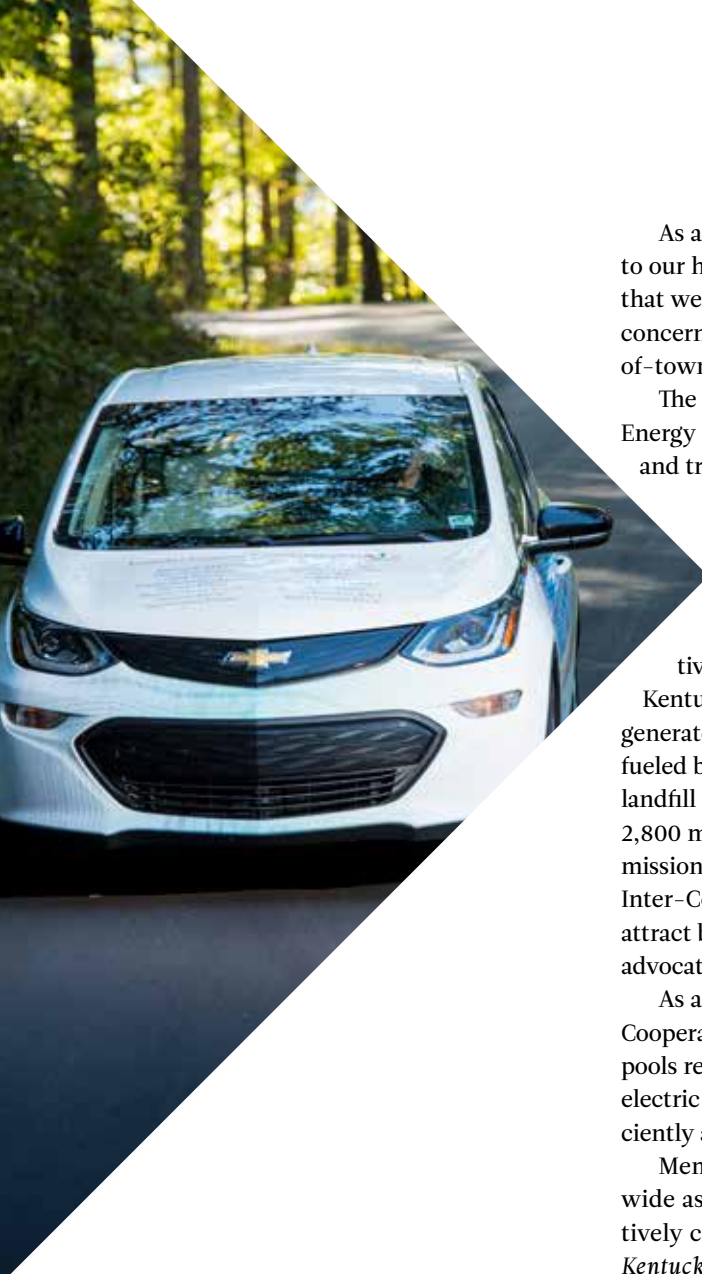
■ Opposite top, Judy Ross, left, Data Entry Clerk, talks with Dan Hitchcock, Vice-President of Member Services look over a set of house plans.

■ Opposite bottom, Inter-County Energy's President/CEO Jerry Carter talks with Senior Vice-President of Finance and Administration Sheree Gilliam. Photos: Joe Imel



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As a local cooperative, our loyalty to our hometown operation means that we make decisions with local concerns in mind, not those of out-of-town shareholders.

The reliability of Inter-County Energy is also the result of strategic and trusted partnerships.

Inter-County Energy is an owner of East Kentucky Power Cooperative (EKPC), a not-for-profit, member-owned cooperative that provides energy to 16 Kentucky electric co-ops. EKPC generates energy at power plants fueled by coal, natural gas, solar and landfill methane, and delivers it over 2,800 miles of high-voltage transmission lines. This partnership helps Inter-County Energy keep rates low, attract business, create jobs and advocate for our local communities.

As a member of Kentucky Electric Cooperatives, Inter-County Energy pools resources with the other 25 electric co-ops in Kentucky to efficiently and effectively serve you.

Membership in this state-wide association helps us effectively communicate with you in *Kentucky Living* magazine, speak up for co-op interests in Frankfort and Washington, and coordinate critical safety training and mutual aid

response during major outages and disasters.

Being a reliable member of the community also means understanding the duty we have to each other. We are proud to provide scholarships to high school seniors, sponsor youth on the annual co-op Washington Youth Tour and support local community activities and school programs. Co-op employees and board members are active and reliable members of the community, volunteering and committed to improving the quality of life here.

In 2019 Inter-County Energy raised more than \$9,600 to provide Christmas gifts and groceries for 33 children in 16 families who are members of the cooperative. Since 2008, we have provided Christmas gifts and food for 282 children and raised over \$42,000. This would not be possible without the support of the businesses and individuals who donate to our annual silent auction.

Being reliable means people can count on you to do what you say you will do. It means being trustworthy and dependable. At Inter-County Energy, we know that reliability is a goal that must be constantly earned. Thank you for your trust and support as we work to deliver safe, affordable and reliable electricity.

■ The era of electric vehicles is our future and electric co-ops are leading the way with our ChargeChangeKY cars to educate members. Read the latest on electric vehicles and find useful fact sheets at KentuckyLiving.com when you search "electric vehicles."

■ Inter-County Energy and Kentucky's Touchstone Energy Cooperatives are proud partners of Special Olympics Kentucky and support its athletes and events across the state. Photos: Tim Webb





Jerry Carter
President and CEO



Joseph Spalding
Chairman



Jason E. Todd
Vice Chairman



James K. Preston
Secretary-Treasurer



William Peyton



Allen Goggin



Louis Kerrick



James Hadden Dean
Attorney

SPECIAL MESSAGE FROM INTER-COUNTY ENERGY'S BOARD OF DIRECTORS

2020 INTER-COUNTY ENERGY ANNUAL MEETING CANCELED

We regret to inform you that because of the COVID-19 pandemic, Inter-County Energy has canceled its 2020 annual meeting due to the nature of the meeting. It would be difficult to adhere to social distancing standards as set forth by the governor's office. Inter-County Energy will be hosting a Member Appreciation event in October. Please keep an eye out for more information in future issues of *Kentucky Living*, on our website and on social media.



2019

INTER-COUNTY EN

ACTIVE ACCOUNTS

As of December 31, 2019

Garrard	4,870
Lincoln	7,399
Boyle.....	3,625
Marion	5,686
Mercer	2,018
Nelson	409
Casey	1,962
LaRue.....	161
Washington	248
Taylor	77
Madison.....	49
Rockcastle	34

ACCOUNTS BILLED

2019	26,538
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AVERAGE KWH USAGE

(residential per month)

2019	1,174
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MILES OF LINE

2019	3,928
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CONSUMERS PER MILE

2019	6.8
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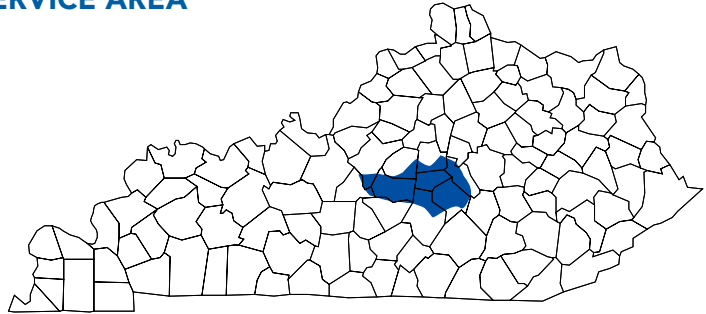
FOR INFORMATION AND INQUIRIES

Inter-County Energy
1009 Hustonville Rd
Danville, KY 40422

PO Box 87
Danville, KY 40243

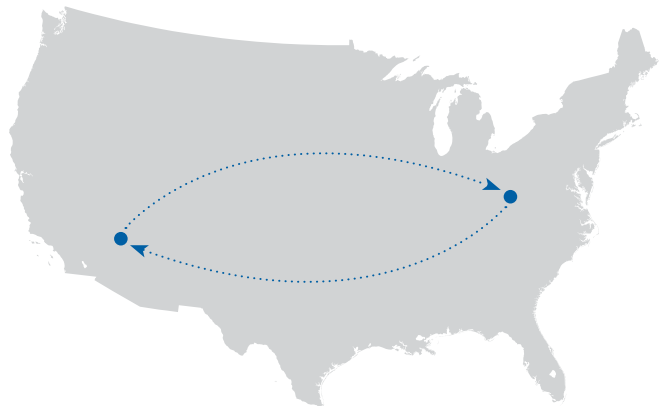
(859) 236-4561
(888) 266-7322
www.intercountyenergy.net

SERVICE AREA

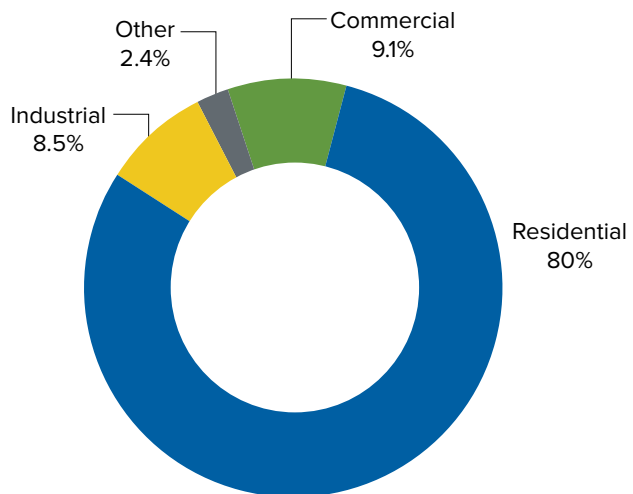


MAINTAINING LINE TO KEEP MEMBERS CONNECTED

Inter-County Energy Cooperative maintains **3,928 miles** of line in 12 counties in the cooperative territory. **That is roughly enough line to stretch from Danville, Kentucky to Las Vegas, Nevada, and back.**



REVENUE SOURCES



ENERGY COOPERATIVE YEAR IN REVIEW

STATEMENT OF OPERATIONS

As of December 31, 2019

Operating Revenue and Patronage Capital...\$51,496,900

OPERATING EXPENSE

Purchased Power	\$33,461,944
Operating System.....	\$10,140,452
Depreciation	\$4,452,998
Tax Expense Other	\$65,361
Interest on Loans	\$2,313,905
Other Deductions.....	\$21,596
Total Cost of Electric Service	\$50,456,256
Operating Margins	\$1,040,644
Non-Operating Margins	\$129,716
G & T Capital Credits	\$1,918,661
Other Capital Credits	\$104,847
Patronage Capital and Margins.....	\$3,193,868

BALANCE SHEET

As of December 31, 2019

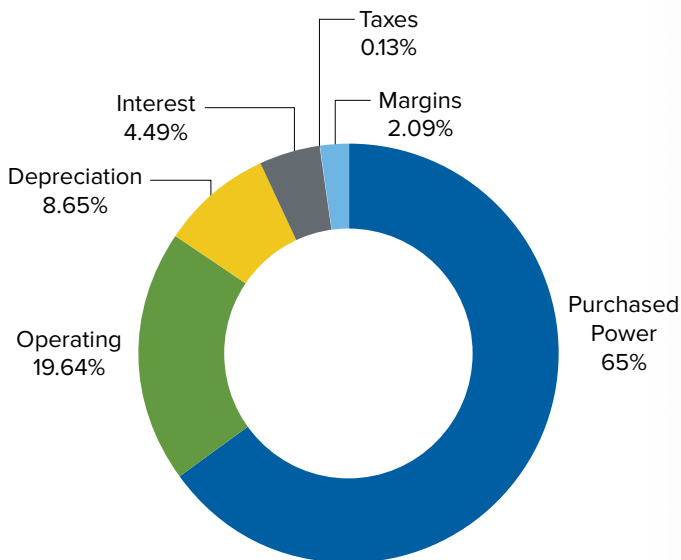
ASSETS

Total Utility Plant.....	\$135,897,190
Less Depreciation	\$42,787,243
Net Utility Plant	\$93,109,947
Investments in Associate Organization.....	\$31,765,021
Cash.....	\$2,588,914
Accounts and Notes Receivable.....	\$5,525,290
Inventory.....	\$453,648
Prepaid Expenses	\$403,758
Deferred Debits and Other Assets	\$716,895
Total Assets.....	\$134,563,473

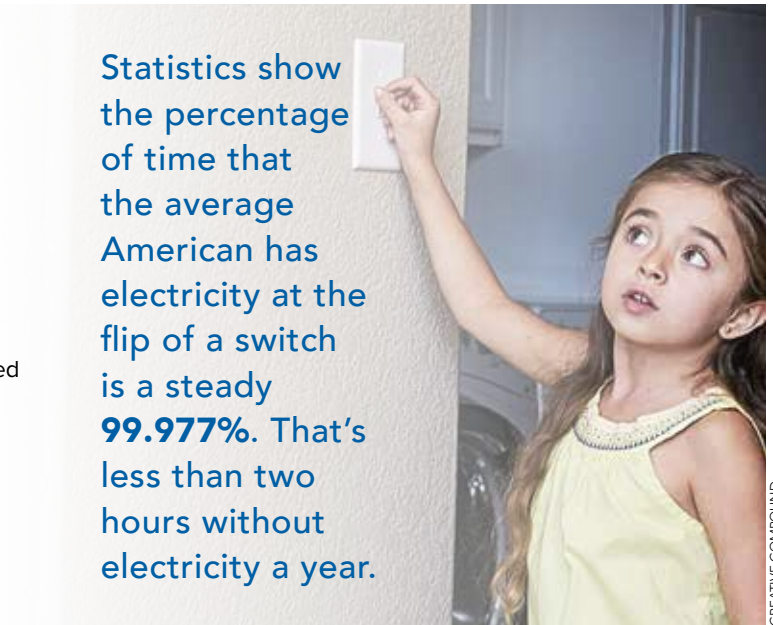
LIABILITIES

Consumer Deposits.....	\$637,442
Membership and Other Equities	\$49,841,917
Long-Term Debt	\$75,342,614
Notes and Accounts Payable	\$4,442,779
Other Current and Accrued Liabilities.....	\$4,298,721
Total Liabilities.....	\$134,563,473

MAJOR COSTS



Statistics show the percentage of time that the average American has electricity at the flip of a switch is a steady **99.977%**. That's less than two hours without electricity a year.



CREATIVE COMPOUND

2020

INTER-COUNTY ELECTRIC PROVIDES FOR ITS MEMBERS

On the last day of 2019 when the World Health Organization first learned of dozens of cases of a pneumonia-like illness in Wuhan, China, the world had no idea that the coronavirus pandemic was about to spread rapidly to take thousands of lives—and close businesses—all across the globe.

In the months that followed, nearly everything shut down. March Madness was canceled. The Kentucky Derby was postponed. The magical world of Disney closed for public safety. Even our own annual youth tour visits to Frankfort and Washington, D.C., were canceled.

Inter-County Energy's members' safety and well-being is and always will be a priority for us. At the time of this writing, our commonwealth is still under a state of emergency with only a few restrictions being eased and only under strict guidelines. Your board of directors feel it is important to further protect you—our members—during the ongoing health emergency and cancel this year's annual meeting.

During this unprecedented event, many of us have learned the importance of being flexible and realized how truly special it is when families are able to spend time together. We have also learned how many unsung heroes are among our co-op family and in our service area.

- ▶ Thanks to the people across our local communities who have taken food to others, supported their local businesses, helped neighbors, or called friends and relatives who have been home alone just to see how they were doing.
- ▶ Appreciation for our nurses, doctors, first responders, fire and police for their sacrifices to ensure our well-being at the sake of their own has grown immensely and is long overdue.
- ▶ A loud SHOUT OUT to all the other essential workers still working to keep our lives somewhat normal during these abnormal times. We couldn't do it without you!
- ▶ Our members' patience and understanding did not go unnoticed when concerns about COVID-19 changed Inter-County Energy's operations forcing our office lobbies to close and alternate work schedules to be initiated.
- ▶ We also want to recognize our lineworkers and all of our employees who kept our members' lights on and normal business functions going. Their efforts are truly heroic work.

We've all been battling against this horrible pandemic. But please remember that our nation has faced and overcome many crises. We will overcome COVID-19. We're in this together!



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