

RESILIENT
RELIABLE
RESPONSIVE

ANNUAL 2019 REPORT



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 Fleming-Mason 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 Fleming-Mason 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 most people, 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 Fleming-Mason Energy, reliability is no accident. It takes attention, dedication and a variety of measures to maintain reliable electric service:

▶ To spot and solve outages faster, Fleming-Mason Energy 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 Fleming-Mason Energy's service area, including weather maps and detailed schematics of each power line, substation and home or business served.

▶ A portion of your Fleming-Mason 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 crews 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 Fleming-Mason 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 Fleming-Mason Energy.

Fleming-Mason Energy was built by, belongs to and is led by people in the communities we serve, with over 24,000 members in eight counties.

Fleming-Mason Energy is led by an elected board of seven 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.

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 Fleming-Mason Energy is also the result of strategic and trusted partnerships.

■ Cover photos: Tim Webb

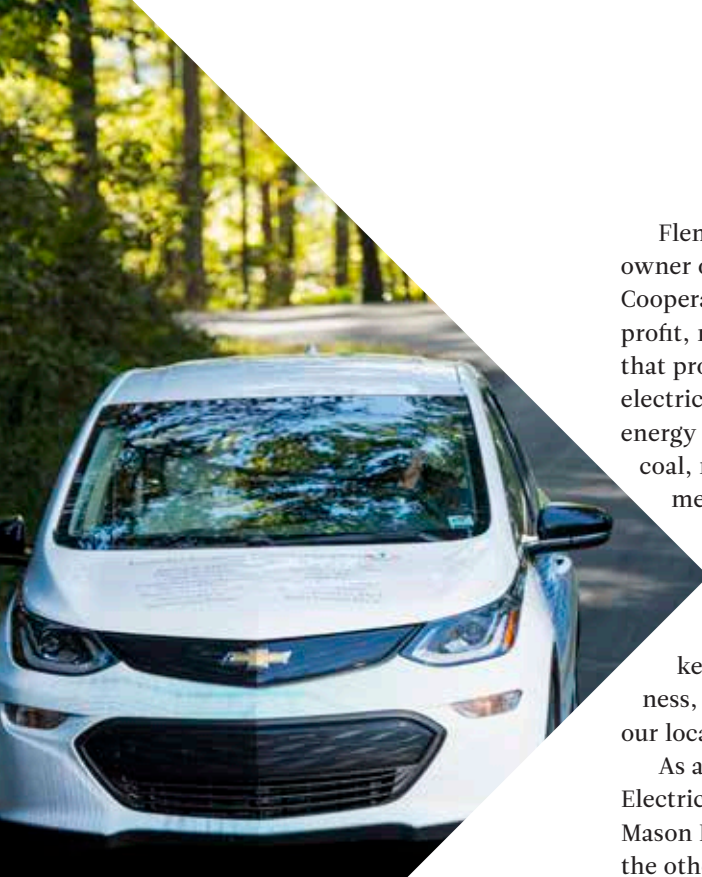
■ Opposite top, Fleming-Mason Energy is committed to helping grow jobs in our region. Part of that commitment involves facilitating USDA loans for qualified companies like GreenTree Forest Products in Wallingford. From left, James Wells, FME President and CEO Joni Hazelrigg, Greg Wells and Michelle Murphy.

■ Opposite bottom, Crew Leader Jamie Hawkins uses Fleming-Mason Energy's safety trailer to demonstrate how dangerous electricity can be. Each year, FME hosts several demonstrations for area schools and civic groups. Photos: Tim Webb



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Fleming-Mason 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 Fleming-Mason Energy keep rates low, attract business, create jobs and advocate for our local communities.

As a member of Kentucky Electric Cooperatives, Fleming-Mason Energy pools resources with the other 25 electric co-ops in Kentucky to efficiently and effectively serve you. Membership in this statewide 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, sponsor rising high school seniors on the annual co-op Washington Youth Tour, support local arts and athletics. 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 partnership with *Kentucky Living* magazine and the Kentucky governor's office, Fleming-Mason Energy is proud to support the Beautify the Bluegrass initiative. In years past, employees, friends, family and directors have refreshed a local state park and 4-H camp.

Being reliable means people can count on you to do what you say you will do. It means being trustworthy and dependable. At Fleming-Mason 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."

■ Fleming-Mason Energy and Kentucky's Touchstone Energy Cooperatives are proud partners of Special Olympics Kentucky and support its athletes and events across the state.





■ Fleming-Mason Energy's board of directors, from front left, Secretary-Treasurer Dina Gooding; Chairman Lonnie Vice; and Vice Chairman Tom Saunders; from back left, Attorney Marvin Suit; Rick Hord; Regina Rose; Fleming-Mason Energy President and CEO Joni Hazelrigg; Tim Eldridge; John Roe; and Attorney Earl Rogers III. Photo: Tim Webb

ANNUAL MEETING OF MEMBERS OF FLEMING-MASON ENERGY COOPERATIVE, INC.

Where: 1449 Elizaville Road, Flemingsburg, Kentucky

When: Thursday, July 9, 2020

Drive-Thru Registration: 7:30 a.m.–6 p.m.

Business Meeting: 10 a.m.

The annual membership meeting of this co-op organizes to take action on the following matters:

1. Report on the number of members present in person in order to determine the existence of a quorum
2. Report on the numbers of members represented by proxy and names of their respective proxies
3. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
4. Reading of unapproved minutes of previous meeting of members and taking of necessary action thereon
5. Presentation and consideration of reports of officers, directors, and committees
6. Election of directors
7. Unfinished business
8. New business
9. Adjournment

Report of Nominating Committee

April 9, 2020

Having been appointed as a nominating committee to nominate candidates for directors of Fleming-Mason Energy Cooperative, Inc. to be voted on at the 82nd Annual Meeting to be held July 9, 2020, we the undersigned nominate the following candidates:

District #1
Tom Saunders

District #4
Dina Gooding

Nominating committee: Steve Brown, Ronnie Fern, Jim Gruenke, Janice Monahon and Mark Thomas

AGENDA

2019

FLEMING-MASON E

ACTIVE ACCOUNTS

As of December 31, 2019

| | |
|------------------------|--------|
| Bath County | 2,709 |
| Bracken County | 827 |
| Fleming County | 6,744 |
| Lewis County | 4,950 |
| Mason County | 2,999 |
| Nicholas County | 868 |
| Robertson County | 881 |
| Rowan County | 4,651 |
| TOTAL | 24,629 |

ACCOUNTS BILLED

| | |
|------------|--------|
| 2009 | 23,721 |
| 2019 | 24,629 |

AVERAGE KWH USAGE

(residential per month)

| | |
|------------|-------|
| 2009 | 1,049 |
| 2019 | 1,072 |

MILES OF LINE

| | |
|------------|-------|
| 2009 | 3,517 |
| 2019 | 3,635 |

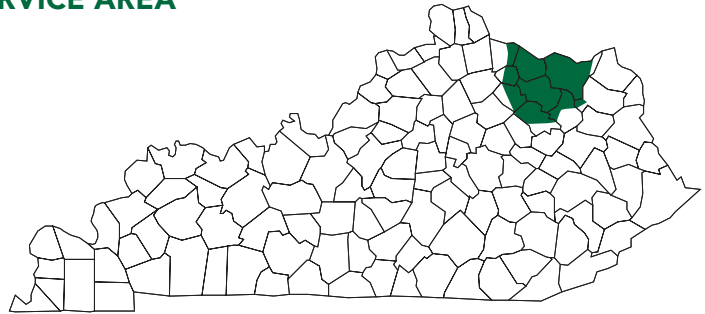
CONSUMERS PER MILE

| | |
|------------|------|
| 2009 | 6.74 |
| 2019 | 6.78 |

FOR INFORMATION AND INQUIRIES

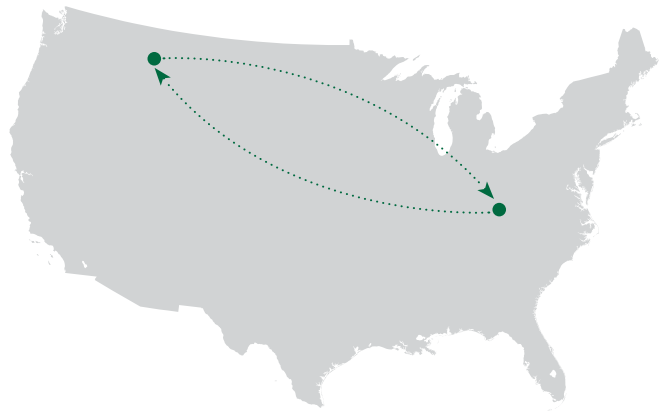
1449 Elizaville Rd.
 Flemingsburg, KY 41041
 (800) 464-3144
 www.fme.coop

SERVICE AREA

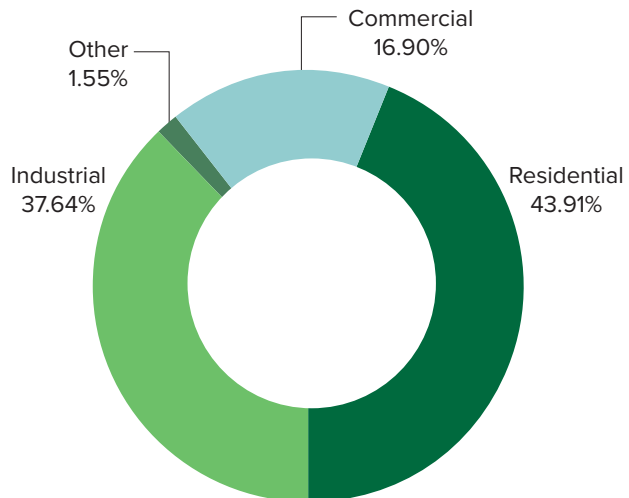


MAINTAINING LINE TO KEEP MEMBERS CONNECTED

Fleming-Mason Energy maintains **3,635** miles of line in eight counties in the cooperative territory. **That is roughly enough line to stretch from Lexington, Kentucky, to Butte, Montana, and back.**



REVENUE SOURCES



ENERGY COOPERATIVE YEAR IN REVIEW

STATEMENT OF OPERATIONS

As of December 31, 2019

Operating Revenue\$68,423,754

OPERATING EXPENSE

Purchased Power\$54,937,878
 Operating System.....8,032,969
 Depreciation.....3,692,913
 Interest on Loans1,193,501
 Other Deductions.....343,363
 Total Cost of Electric Service\$68,200,624

Operating Margins\$223,130
 Non-Operating Margins278,689
 G & T Capital Credits3,078,937
 Other Capital Credits172,535
 Patronage Capital and Margins.....3,753,291

BALANCE SHEET

As of December 31, 2019

ASSETS

Total Utility Plant.....\$112,005,634
 Less Depreciation42,015,655
 Net Utility Plant\$69,989,979
 Investments in Associate Organization.....\$49,419,693
 Cash & Investments2,018,032
 Accounts Receivable6,668,854
 Notes Receivable1,443,527
 Inventory.....366,816
 Prepaid Expenses210,688
 Deferred Debits and Other Assets6,506
 Total Assets.....\$130,124,095

LIABILITIES

Member Deposits.....706,110
 Membership and Other Equities63,422,469
 Long-Term Debt39,887,212
 Notes and Accounts Payable22,918,298
 Other Current Liabilities3,190,006
 Total Liabilities.....\$130,124,095

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.



2020

Official Notice

FLEMING-MASON ENERGY ANNUAL MEETING AND MEMBER APPRECIATION DAY THURSDAY, JULY 9 • 7:30 A.M.–6 P.M.

FLEMING-MASON ENERGY HEADQUARTERS

1449 Elizaville Road
Flemingsburg, Kentucky

DRIVE-THRU REGISTRATION ONLY: 7:30 a.m.–6 p.m.

Due to social distancing and following state guidelines, annual meeting registration will be by drive-thru only.

Business Meeting: 10 a.m. on Fleming-Mason grounds

Members will receive a bucket, bulbs and gift at drive-thru registration.

Registered members will be entered in drawing to win cash prizes and need NOT be present to win. Drawings to be held after close of business that day. Winners will be notified by phone and listed on our Facebook and www.fme.coop pages.



www.fme.coop

*The Fleming-Mason Energy office will be closed Thursday, July 9, 2020. Our dispatch and payment centers are available 24/7 and can be reached by calling 1-800-464-3144.