



Annual Report 2014

ABOUT US

Kosciusko REMC has just over 40 employees and nine directors who strive to deliver exceptional service to the co-op membership, make a positive impact in the community and carry on the co-op's long-standing mission of providing safe, reliable and affordable power.

As we look back on 2014, we take pride in the partnerships, programs and investments we've made that continue to support the KREMC mission.



PROGRAM

- 8:30 a.m.** Doors open. Refreshments available in the cafe. Be sure to review the materials in the welcome packet. Among these materials are the board election ballot, a summary of the 2015 candidates, the 2014 KREMC Annual Report and a member survey.
- 8:30-10 a.m.** Visit the Energy Expo which includes informational booths for the Co-op Connections Card, energy efficiency, Power Moves® rebates, KCH Health/Wellness screenings and more.
- 8:30-10 a.m.** Bucket truck rides available in the parking lot. (Weather permitting.)
- 9-11 a.m.** A special children's program, for kids ages 4 through 12 available downstairs, featuring a "Live Line Electricity Demonstration," a "Dress Like a Lineman" photo booth and craft area.
- 10 - noon** Business Meeting

BUSINESS MEETING AGENDA

Call to Order – William Stump Jr., Chairman of the Board

Presentation of Colors – Cub Scout Pack 3736

National Anthem

Invocation – Wayne Adams, KREMC Service Technician

Proof of Notice of Meeting to Members – Terry Bouse, Secretary/
Treasurer

Approval of the 2014 Annual Meeting Minutes – Terry Bouse

Nominating Report – David Sands, Nominating Committee
Chairman

Director Election – Emily Cowan, Manager of Marketing &
Customer Service

Executive Reports

Secretary/Treasurer – Terry Bouse

Chairman of the Board – William Stump Jr.

President & CEO – Bruce Goslee

Intermission

(Please use this time to bring your children back to the auditorium with you to enjoy the entertainment and prize drawings. The children's program will close immediately following intermission.)

Entertainment – "Hannah & Tim Bushong"

Prize Drawings – Jayne Brunetto, Financial Systems Analyst, and
Katy Berger, Communications Specialist

Election Results – David Sands

2014 MINUTES

KOSCIUSKO RURAL ELECTRIC MEMBERSHIP CORPORATION
ANNUAL MEETING MINUTES
APRIL 26, 2014

The 75th Annual Meeting of the Kosciusko Rural Electric Membership Corporation was held April 26, 2014, at the Warsaw Community Church facility in Warsaw, Ind. Board Chairman William Stump Jr. called the meeting to order at 10 a.m. with the presentation of colors by Cub Scout 3735 and the national anthem by vocalist Joline Lock. Director Fred Powell gave the invocation.

Mike Rees, Senior Account Executive for WRSW and ESPN Radio, recognized special guests: Todd Henry, Wabash Valley Power Association; Tony Graber, Indiana Statewide Association; Holly Huffman and Mandy Kent, Electric Consumer; Allison McSherry, Constituent Liaison, on behalf of Congressman Marlin Stutzman; Brian Spaulding, Field Representative for Jackie Walorski; and Gary Gerlach, Carroll White REMC and ISA Secretary-Treasurer. Rees also announced the 2013 Touchstone Energy Camp and Youth Tour delegates. Next, the current KREMC board of directors was introduced.

Director Terry Bouse, Secretary-Treasurer, read the "Proof of Notice" and declared a quorum present. Members were provided a copy of the 2013 annual meeting minutes which were approved as presented.

David Sands, Chairman of the Nominating Committee, introduced the candidates up for election. The nominees were:

Terry Bouse	Rick Parker	Robert Huffman
Stan Miller	William Leininger	Steve Miner
Paul "Butch" Troke	Bryan Sponseller	Kent Ring

Emily Cowan, KREMC Manager of Marketing and Customer Service, conducted the election. Following the election, Director Bouse presented the Secretary-Treasurer report.

Chairman William Stump Jr. addressed the membership, thanking the members for coming and for supporting the co-op. He paid tribute to the veterans attending the meeting and to the dedicated employees and members who are the strength of our country. He then introduced CEO Bruce Goslee who delivered his executive report. Mr. Goslee also presented a special video of Kosciusko REMC's history in honor of the cooperative's 75th anniversary.

The adults' and children's door prize drawing was conducted by Rees, Katy Berger and Jayne Brunetto with help from KREMC employees and directors.

Entertainment was then provided by The West Central Quartet, a jazz band from Fort Wayne.

To conclude the annual meeting, David Sands reported the following election results: Incumbents Terry Bouse and Rick Parker were re-elected for a 3-year term. Steve Miner was elected for a 3-year term to fill the open seat vacated by Thomas Shively.

The meeting adjourned at 11:45 p.m.

BOARD NOMINEES



Anthony Fleming

Anthony Fleming has been a KREMC board member since 2012, and has served in his position as the KREMC representative to the Wabash Valley Power board since 2014. He is a Purdue University graduate with a degree in mechanical engineering. Fleming retired from Biomet in May 2006 after 23 years of service. He serves on the advisory board of Purdue University's School of Biomedical Engineering. Fleming and his wife, Christy, have two children: Lilly and Rosie. They reside in Warsaw and attend Sacred Heart Catholic Church.



Robert (Bob) K. Huffman

Robert K. Huffman has been a Kosciusko REMC member for 39 years. He has earned a bachelor's degree from Manchester College, a master's degree from St. Francis College, and an education specialist degree from Indiana State University. Huffman began his teaching career as a teacher and coach at Mentone High School. He is a member of the First Church of God and the Indiana Retired School Superintendents Association. Huffman resides at Hoffman Lake, and is married to Cheryl. They have six children and seven grandchildren.

BOARD NOMINEES



William Stump Jr.

William Stump Jr. has been a KREMC board member since 1982, and has served in his current position of chairman of the board since 2012. He retired from the military, and is a partner in Stump Farms, specializing in grain farming. Stump and his wife, Diana, live in Washington Township. They are the parents of a daughter, Sheila, and two sons, William III and Brian. The Stumps attend the North Webster Church of God.



John Hand

John Hand has been a Kosciusko REMC member for 19 years. He attended North Carolina State University majoring in computer engineering. Hand spent 27 years working for Hand Industries and has been the president since 2000. He is the manager and board member for the Hand Family Foundation, Inc. and previously served on the Heartline Pregnancy Center and Lake City Enterprise, Inc. boards of directors. He and his wife, Florell, have two adult children and attend Valley Springs Fellowship Church.

BOARD NOMINEES



Dan Tucker

Dan Tucker has been a KREMC board member since 2009. He is a 1991 graduate of Tippecanoe Valley High School. He graduated in 1995 from Ball State University with a Bachelor of Science degree in exercise science and in 1998 from the University of Indianapolis with an Associate of Science degree in physical therapy. Tucker is employed as a physical therapist assistant at KCH Regional Rehabilitation Center, where he has worked for 15 years. In his leisure time, Tucker is a member of the NRA and Ducks Unlimited. Tucker and his wife, Caren, reside in Akron with their children, six-year-old Kaytlin Jo and four-year-old Konner. The family attends Beaver Dam United Methodist Church.



Rick Klotz

Rick Klotz has been a Kosciusko REMC member for 15 years. He graduated from Triton High School. Klotz has worked for the United Parcel Service for 26 years and is a delivery driver. He and his wife have three children and reside in Warsaw.

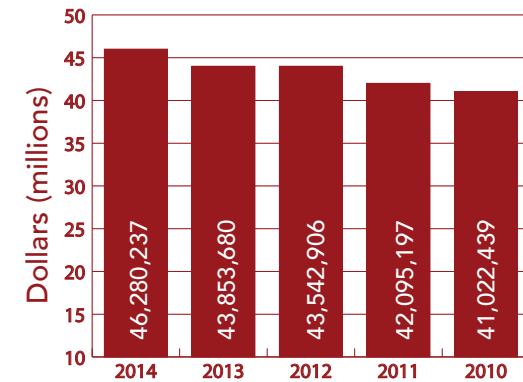
2014 FINANCIALS

An analysis conducted by our corporate lender determined that KREMC was in the top 2.7 percent of co-ops nationally at managing local costs.

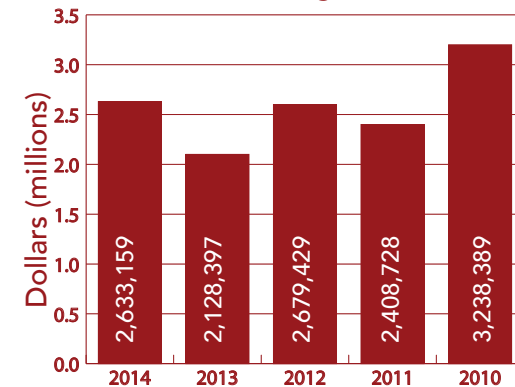
Condensed Statement of Operations
(unaudited for year ended December 31)

	2014	2013
Operating Revenue	46,280,237	43,853,680
Less: Power Cost	35,853,835	34,044,240
Gross Margin	10,426,402	9,809,440
Less: Controllable Costs	9,069,264	8,856,964
Operating Margin	1,357,138	952,476
Plus: Total Non-Operating Margins	1,276,021	1,175,921
Net Margins	2,633,159	2,128,397

Operating Revenue



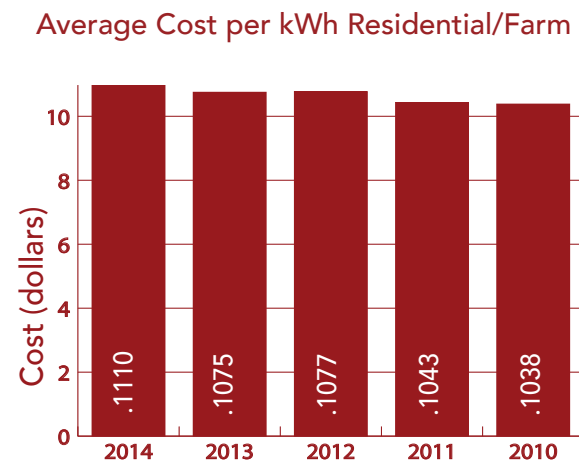
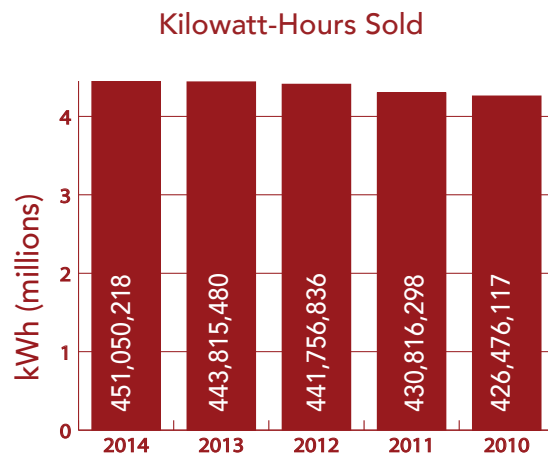
Net Margins



POWER SUPPLY

KREMC joined with 21 other REMCs to form Wabash Valley Power Association (WVPA) to purchase wholesale power, in 1963. Since then, WVPA has not only provided competitive wholesale power rates but has also been instrumental in helping KREMC members conserve energy and save money.

In 2014, through the WVPA POWER MOVES® program, KREMC commercial, farm and residential members received over \$85,000 in the form of incentives and rebates.



*kWh for residential/farm for 2010-2013 excludes seasonal rates

RELIABILITY

More than 17,000 Northern Indiana residences and businesses rely on Kosciusko REMC to provide reliable power every day. But reliable power isn't as easy as flipping the switch, it takes careful planning and year-round maintenance to keep the lights on.

Operational Reliability

Last year, KREMC crews provided 150 miles of line clearance to make sure the required distance between vegetation and equipment was maintained. Crews also replaced 450 poles while rebuilding 18 miles of line to ensure the safety and reliability of our system.

On average KREMC members were without electricity for 5.21 hours of the 8,766 hours in a year, giving the co-op's electric distribution system a 99 percent reliability rate.



To become a journeyman lineman, employees must successfully complete the Rural Electric Apprenticeship Program (REAP) which is a four-year program requiring 576 hours of classroom instruction combined with at least 8,000 hours of on-the-job training.

Causes of power outages



Storms



Trees



Animals



Auto



Source

ENGAGEMENT

Kosciusko REMC is known for the safe, reliable, and affordable electricity we provide to Kosciusko and the surrounding counties. But our commitment to the co-op membership and community goes far deeper than the poles we set and the lines we run.



As a not-for profit cooperative, we partner and give back to the community in many different ways - all focused on improving the community that we serve. Throughout the year, these and other efforts were supported:

Touchstone Energy Camp; Youth Tour to Washington, D.C.; the local and regional spelling bee; Junior Achievement's Biz Town; and field trips to the Fort Wayne Children's Zoo for local elementary schools.

KREMC awarded six \$1,000 John H. Anglin scholarships, judged local 4-H electric projects, and donated \$5,000 to Combined Community

Services (CCS). Employees also volunteered to help distribute school supplies at the annual Tools for School event hosted by CCS.

The members of KREMC showed their true spirit as they rounded up their bills in support of the Operation Round Up program contributing \$71,165.70 to local non-profit organizations. During the holiday season, members also made anonymous donations totalling over \$1,700 to help fellow members with their electric bills.

MEMBER SERVICE

In 2014, Kosciusko REMC continued to improve processes, update software, invest in technology and train employees in order to provide the highest level of member service possible.

KREMC members paid the lowest residential rate in the state among cooperatives, for an average bill of \$4.17 per day.

The KREMC Co-op Connections Card offered; retail discounts from 90 local businesses, savings on travel, cash back from online shopping and valuable coupons. The healthy savings discounts extended to vision, lab/imaging, dental, chiropractic, hearing and prescriptions. Last year, KREMC members saved 36 percent (\$9,400) on prescriptions by using the card.

Forty-five members received free home energy audits to help reduce energy use and save money.

Customer service representatives answered almost 40,000 calls, 93 percent of which were answered in the first 30 seconds.

The KREMC website was redesigned to provide concise, timely information to members. An "Outage Center" was also added giving members up-to-date information during major power outages.

Co-op Connections® Card



Kosciusko REMC

A Touchstone Energy® Cooperative



2010 

KREMC served 17,305 accounts.

2012 

KREMC served 17,574 accounts.

2014 

KREMC served 17,667 accounts.

SURVEY

How would you rate the following: (1=unsatisfactory, 2=poor, 3=good, 4=excellent)

Energy Expo 1 2 3 4

Which booth was of most value to you?

Business Meeting 1 2 3 4

What topics would you be interested in hearing about next year?

Entertainment 1 2 3 4

Suggestions for next year:

Overall Meeting 1 2 3 4

What was your favorite part of the meeting?

Kids Program 1 2 3 4 N/A

What was the best part?

SURVEY

How did you learn about the KREMC Annual Meeting? (circle all that apply)

Electric Consumer

Newspaper

Email from KREMC

Official Notification U.S. Mail

Monthly Bill Insert

Facebook/Twitter

How many years have you been a KREMC member?

0-5 yrs

5-10 yrs

10-20 yrs

20-35 yrs

35-50 yrs

50+ yrs

How many annual meetings have you attended in the past? _____

Additional Comments:

2014 BOARD OF DIRECTORS



Back row, from left Terry Bouse (secretary-treasurer), Fred Powell (vice chairman), William Stump Jr. (chairman), Dan Tucker and Steve Miner. Front row, from left, Tony Fleming, Kim Burht, Pam Messmore and Rick Parker.

SAFE

RELIABLE

AFFORDABLE

ELECTRICITY



Kosciusko REMC

www.kremc.com