

Currently Speaking

**Guernsey-Muskingum
Electric Cooperative, Inc.**
17 S. Liberty St.
New Concord, Ohio 43762
740-826-7661 — 800-521-9879
www.gmenergy.com

Board of Directors

Jim RexChairman
Jay GrayVice Chairman
Shirley StutzSecy.-Treasurer
Ed BayDirector
John EnosDirector
Brian HillDirector
Duane ParksDirector
Daniel J. GunsettCounsel
Jerry Kackley General Manager/CEO

Electric Rates

Farm and Home Service
rate schedule R-1*

Service Availability Charge

\$18/month

First 500 kWh/month

@ 12.769¢/kWh

Over 500 kWh/month

@ 10.645¢/kWh

Seasonal Residential Service
annual rate schedule S-1*

Service Availability Charge

\$216/year

First 800 kWh/year

@ 20.769¢/kWh

Over 800 to 6,000 kWh/year

@ 11.645¢/kWh

Over 6,000 kWh/year

@ 10.645¢/kWh

(Your minimum annual charge will be \$216 per year for service between March 1, 2015, and Feb. 28, 2016.)

Commercial Service
rate schedule C-1*

Service Availability Charge

\$18/month

First 1,500 kWh/month

@ 12.769¢/kWh

Over 1,500 kWh/month

@ 10.645¢/kWh

*Rider T —

Kilowatt-Hour Tax applies to all rate schedules and must be added to the rates shown.

First 2,000 kWh/month .465¢/kWh

Next 13,000 kWh/month .419¢/kWh

Over 15,000 kWh/month .363¢/kWh

Join us for the Annual Meeting of Members

APRIL IS ALMOST HERE, and you know what that means...

It's time for your cooperative's annual meeting on **Saturday, April 11**. In this issue of *Country Living*, you will find the Official Notice for the Annual Meeting of Members that provides additional details about the meeting and the activities taking place. I realize that everyone is busy, but I hope you will be able to attend so you can learn a little bit more about the cooperative, talk with our employees and board members, and participate in the business meeting. **THIS IS YOUR COOPERATIVE!**

Again this year, we will hold a question-and-answer session after the business meeting is adjourned and the door prizes have been awarded. We hope this will give members a forum that will enable them to ask questions and get feedback from the board and management. This should also help us to keep the business meeting as short as possible for those members who are on a tight schedule. If you have a question that you feel would be of interest to other members, send it to my attention, and we'll do our best to answer it during the Q & A session.

So I hope that you will join us. If you don't come just to hear me speak, at least come to visit with some of your neighbors and enjoy a perfectly grilled hotdog — or two! See you there! God bless! ☸



Jerry Kackley,
General Manager/CEO

Annual meeting attendees receive cast iron skillet

What awaits you at your Guernsey-Muskingum Electric Cooperative annual meeting in April? Along with the great entertainment, food and fellowship with your co-op neighbors, there is always a small gift given to members who attend the annual meeting. This year, registered members will receive a cast iron skillet. And as an extra bonus, those who stay through the end of the business meeting will receive an oven mitt. We can't wait to see you there! ☸



Free lightbulbs

Looking for free lightbulbs? Each member who attends the 78th Annual Meeting will receive free lightbulbs.

Your Touchstone Energy® Partner 



You have an opportunity as an owner of your electric co-op to directly participate in shaping the future. Join your fellow members/owners in electing two members to the board of directors, hearing firsthand updates from your co-op leaders and learning about special programs offered by your cooperative. Mark your calendar now! There will be something for everyone.

Every registered member receives

- Free lightbulbs
- Free lunch — hot dogs grilled by linemen

Door prizes (must be present to win):

- Miscellaneous electric appliances
- Electric grill
- Energy credits

Entertainment:

- The Yurco Boys
- Magician Dave Lehman (kids staying for the noon show will receive a beanie tiger)

Various displays and demonstrations

Q & A session:

Again this year, we will hold a question-and-answer session after the business meeting is adjourned and the door prizes have been awarded. We hope this will give members the chance to ask questions and get feedback from the board and management. And as always, board members and employees are available to talk to you one-on-one throughout the morning.

IT'S YOUR COOPERATIVE ... PLEASE COME! HAVE FUN!

FILL UP WITH KNOWLEDGE AND FOOD.

FOR MORE DETAILS, PLEASE CALL 1-800-521-9879.

OFFICIAL NOTICE OF ANNUAL MEETING OF MEMBERS BRING THE FAMILY!

Guernsey-Muskingum Electric Cooperative, Inc.

78th Annual Meeting Saturday, April 11, 2015

Larry W. Miller Intermediate School, New Concord

Registration begins at 9:30 a.m.

Business meeting begins at noon



James Rex, Chairman





Children's entertainment:

At noon, while mom and dad are learning about their cooperative, kids will see magician Dave Lehman. Dave has entertained tens of thousands of people in live shows and through television and radio.

And as tradition since 1998, kids 12 and under who stay until the business meeting has concluded will get to take home their own beanbag animal. This year's animal is a tiger. So kids, send your parents into the business meeting while you watch Magician Dave Lehman and then pick up your animal. ☺



Bring an antique toy, get 3 CFLs

The tradition continues: For years, the fine members of Guernsey-Muskingum have brought their own personal items to the Annual Meeting for a display. This year, bring in your antique toy (before 1980) for others to enjoy and receive a box of three compact fluorescent lightbulbs. (Only one box per person.)



Combat High Energy Bills! Schedule a FREE Home Energy Audit.

In a continuing effort to help our members save energy and money, Guernsey–Muskingum Electric Cooperative provides an experienced Energy Advisor, Ray Crock, to conduct on-site, home energy audits. Appointments are filling up quickly so call today to make your reservation!

Contact our Member Service Department at 1-800-521-9879.
Visit TogetherWeSave.com for helpful energy saving tips.

The Yurco Boys to perform at 78th Annual Meeting

Guernsey-Muskingum Electric is proud to present **The Yurco Boys** as this year's annual meeting entertainment. The Yurco Boys consist of Tanner Yurco playing the banjo, Lane Yurco playing the mandolin and Clayton Neil on guitar.



GMEC offers safe, easy generator connection



IF YOU HAVE or are planning to purchase a portable generator, Guernsey-Muskingum Electric offers a connection option that is safe and easy. GenerLink™ allows you to provide power to all parts of your

home without using extension cords or needing an electrician. We install the GenerLink behind your electric meter as shown in the picture.

SAFE

GenerLink eliminates the use of extension cords and other connections that can be hazardous to members and cooperative employees.

GenerLink detects when a generator is operating and automatically disconnects from the utility grid, eliminating dangerous backfeed.

EASY

GenerLink is equipped with GenerLok™, a unique interlocking cord system that provides quick and easy connection of a portable generator.

GenerLink is easily installed by a cooperative employee behind a member's electric meter and requires no rewiring of the member's electrical system.

With GenerLok, members have the flexibility to run virtually any appliance, up to the capacity of their generator, by simply energizing appliances from the breaker panel.

Like many of our products and services to members, we have priced the GenerLink to just cover costs, and prices include installation.

GENERLINK™	PRICE
30 Amp Non-Surge Protection (MA23-N)*	\$658.05
30 Amp Surge Protection (MA23-S)*	\$738.30
40 Amp Non-Surge Protection (MA24-N)*	\$770.40
40 Amp Surge Protection (MA24-S)*	\$861.35
*price includes 20' cable, additional cable is available for \$50 per 20'	

Call GMEC member services at 800-521-9879 with any questions. When calling to place an order, please have the manufacturer, model number and size of your generator ready. ☎

IT PAYS TO BUY QUALITY!

TWO WAYS TO SAVE:

1) Rebates for water heaters purchased at Guernsey-Muskingum:

Prices include: FREE Delivery
FREE Maintenance (except cleaning), including parts and labor
FREE Pressure Relief Valve
FREE Radio-Controlled Switch

50-gallon: dimensions 22 3/4" dia. x 51" hght. (Weight = 230 lbs.)

\$600 Average Wholesale Price

\$500 Co-op Cost

\$175 Member Discount

\$325 Member Cost*

80-gallon: dimensions 26" dia. x 58" hght. (Weight = 325 lbs.)

\$700 Average Wholesale Price

\$575 Co-op Cost

\$200 Member Discount

\$375 Member Cost*

Installation available for an approximate charge of \$120.

*Prices do not include any taxes.

2) Rebates for water heaters purchased elsewhere

\$100 cash back for:

- 50-gallon or larger
- 7-year warranty
(or longer)

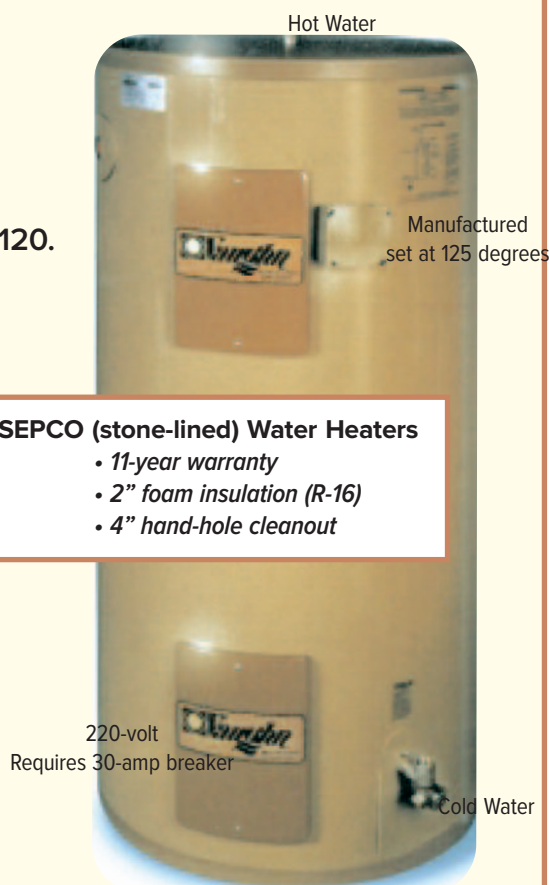
\$50 cash back for

- 40-gallon
- 7-year warranty
(or longer)

SEPCO (stone-lined) Water Heaters

- 11-year warranty
- 2" foam insulation (R-16)
- 4" hand-hole cleanout

To qualify for all rebates,
members must allow the free
installation of a radio-controlled switch.
Call Guernsey-Muskingum for more details.
740-826-7661 or 1-800-521-9879



Your rights and responsibilities in voting for GMEC directors

THE ANNUAL MEETING

Provisions regarding the annual meeting are in your cooperative's Code of Regulations. An annual meeting shall be held each year for the purpose of electing directors and transacting all appropriate and necessary business. Each member must be given written or printed notice stating the place, day and hour of the meeting.

ELECTION OF BOARD MEMBERS

The provisions for electing members of the board of directors also are included in the cooperative's Code of Regulations. One or more member-consumers are eligible for nomination to each available position on the board. Nominees must reside in the cooperative district they are nominated to represent. All nominations are made from the floor at the annual meeting.

VOTING

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at the meeting. All questions shall be decided by a vote of a majority of the members present at the meeting. The spouse of a member not present may vote on behalf of such member at the meeting.

REQUIREMENTS FOR MEMBERSHIP

Any person, whether a natural person or firm, association, corporation, partnership, body public or subdivision thereof, will become a member of Guernsey-Muskingum Electric Cooperative, Inc. (hereinafter called the "Cooperative"), upon receipt of electric service from the Cooperative, provided that he/she has first: (a) made a written application for membership therein; (b) agreed to purchase from the Cooperative electric power and/or energy as specified; (c) agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board of Directors of the Cooperative.

THE CODE OF REGULATIONS

The Cooperative Code of Regulations is available to all members on the Cooperative website, www.gmenergy.com; additional copies of the Code are available at the Cooperative office to any member upon request.

If you are disabled and need special accommodations at the Annual Meeting please call Kim Swinehart at 1-800-521-9879.

ELECTIONS

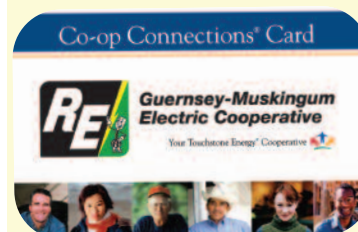
One director from each of the following districts will be elected for a three-year term:

District 1 – includes Muskingum County townships of Cass, Falls, Hopewell, Jackson, Licking, Madison, Muskingum, Newton and Springfield; Licking County township of Hopewell; and Perry County township of Madison.

District 4 – includes Guernsey County townships of Adams, Cambridge, Knox, Liberty and Westland.

Co-op Connections Card

The Co-op Connections® Card is free to all GMEC members, and one card can be used by the entire family. The card can also be used to receive discounts nationwide on lodging, entertainment, dining and more. Visit www.gmenergy.com and click on the link to explore the possible discounts available to you.



OFFICIAL NOTICE – MEDICAL CERTIFICATION

Medical certification forms are available upon request at the Guernsey-Muskingum Electric Cooperative, Inc., office in New Concord. The purpose of the medical certification is to temporarily delay termination of service for nonpayment when the medical condition of a resident of the household is such that disconnection would further endanger his or her health. During the certified period, the member should endeavor to pay the bill, make arrangements for payment, or obtain assistance for payment of the bill from a social agency.

In all cases where discontinuation of service would be especially dangerous to the life and welfare of the occupants within a household, the consumer should contact the cooperative and request a "Medical Certification" form. **This form must be completed, certified by a licensed physician or local board of health, and filed with the cooperative.**

It is hard to believe that it is 2015 already. We're not sure where 2014 went, but it was certainly a good year for your cooperative. Many of you may have attended one of our regional meetings last fall and heard about the increased sales that resulted from the "polar vortex" we experienced during January and February. This extremely cold weather contributed to sales that were 9.7 million kWh greater than 2013 and helped the co-op to offset the lower sales we experienced during a very mild summer. Stronger sales help us to keep the rates stable, but more about that later.

As we mentioned last year, GMEC's new service connections have dropped significantly over the past few years because of the economy in Southeastern Ohio. In 2010 and 2011, new services were around 150 in each year. This is drastically lower than the 400 to 500 new services we were accustomed to installing just 10 years earlier. With the economic uncertainty in our area, consumers either can't afford to build a new home or they are reluctant to build. We did see a slight increase in new services in 2012 as we connected 185 new service points, and that trend continued in 2013 as 217 new services were installed. However, we saw a decrease in 2014 as only 164 new service points were established. The good news is that many of these new services were commercial accounts that use more electricity than the typical residential member and bring jobs to our area, too.

Obviously, many of these new commercial members are a direct result of the surge in the oil and gas industry in our part of the state. Even if you live under a "Utica Shale" rock, you are probably aware that things are changing quickly around here. The companies that establish wells, pipelines, processing equipment and support services in GMEC service territory may not be handing checks to all of us, but the revenue that they generate is substantial, and that's a good thing for all of the members of the cooperative. The oil and gas services that we have connected in the past three years provided over \$760,000 in revenue to the co-op in 2014 alone. And that does not include other businesses and individuals that benefit by providing indirect services like fuel, food, housing and more. In addition, these new commercial members have helped to strengthen the co-op's infrastructure of poles and wire by paying nearly \$1.4 million toward system improvements and construction. While Utica activity may slow because of lower oil and gas prices, we expect that additional sales and system improvements will continue to benefit our members in 2015 and beyond.

The cooperative's revenues must support the maintenance and operations activities of the cooperative. In addition, the operating margins must be substantial enough to help fund the plant improvements that are needed throughout our service territory, which enable us to continue to supply the safe and reliable service that our members deserve. We are happy to inform you that operating margins in 2014 were \$1.8 million, which represents about a 5.6 percent return on the \$33.2 million in revenues for the year. These margins will ultimately be returned to the members over future years but, in 2014, we used them to improve your electric facilities while minimizing the amount of money we needed to borrow. We spent over \$3.4 million on utility plant construction and improvements in

2014, including new services, power line rebuilds and pole replacements. Our right-of-way program continues to be strong as we spent about \$1.5 million to clear trees and brush. We should note here that 2014 was a very low year for outages, with an average of only three hours of outages per member for the entire year. While the focus on right-of-way clearing and system improvements had a great impact on outages, Mother Nature was also kind to us in 2014, and we pray that 2015 brings similar results. We will continue to improve our electric plant in 2015 to help ensure safe and reliable electricity for our members.

Now, back to those rates.

Over the past few years, our members have seen their bills increase significantly, and you are not alone. Cooperatives and utilities across the country are experiencing the same issues. Your board of directors hates to raise rates as much as you hate seeing higher bills because, as members, they pay these same rates. Most of the increases that you have seen over the past few years are a pass-through of the increased costs that Buckeye Power, our wholesale electricity supplier, has incurred in generating the electricity our members need. The primary factor contributing to Buckeye's increases are the costs of the environmental upgrades required to meet stricter emissions regulations. Now that the significant investment of \$1.2 billion in pollution controls is complete, we have seen stable rates from Buckeye in 2013 and 2014. But what does that mean for GMEC members? In 2013, the cooperative had no rate increase for the first time since 2003! In 2014, rates were lowered three separate times for a total of 3 mills, or savings of around \$3-\$4 per month for the average member. And, for the first time in our history, the cooperative gave a one-month rate refund of one cent per kilowatt-hour based on the average monthly use for each member during 2014! This refund appeared on your January 10 billing as a credit, with the average member seeing a savings of \$10-\$15. Not huge, but not bad! It is still too early to tell how 2015 will go, and it is likely that generation and transmission costs will rise slightly, which could result in a small rate increase to our members.

But we must remain vigilant. We have informed our members about a movement by the U.S. Environmental Protection Agency (EPA) and the current administration to create new, stricter emissions limits on carbon dioxide for new and existing coal-burning generation plants. The rules are expected to be finalized later this summer. Electric co-ops across this country called on their members to make their voices be heard, and



Jerry Kackley
General Manager/CEO



James Rex
Chairman

1.2 million of you did just that by contacting the EPA using e-mails or cards. We are very concerned about these regulations because this appears to be an attempt to eliminate coal as an option for power generation. This is not an “all-of-the-above” energy production strategy as we have been promised. Instead, it is an “all-but-coal” strategy that could lead to an economic disaster. Many of you may have read about the shortages of natural gas, propane and electricity during the polar vortex in January 2014. Even with coal-powered generation available, the northeast came dangerously close to experiencing brownouts. The price of electricity on the wholesale market skyrocketed, but fortunately, Buckeye Power has invested in sufficient capacity for its members, and we were not subjected to such extreme price swings. The bottom line is this: If the regulations are implemented as proposed, our members could see their bills increase by \$40-\$50 per month!

Your cooperative is concerned about the environment. We understand that our members want clean air and water. We all want to leave this world a better place for our children and grandchildren. But like it or not, we are dependent on electricity in almost every aspect of our lives — it is a necessity. Coal-fired power generation has enabled our country to prosper, and it still supplies nearly 40 percent of our country’s electricity needs. Any energy strategy that attempts to eliminate coal will likely cause electric bills to skyrocket, and reliability will suffer. Our energy focus should include all sources of generation, including solar, wind, hydro, nuclear, natural gas and coal. It should encompass not only electric power generation but also the transportation, manufacturing, and energy production and innovation industries. We must all conserve and become more efficient users of energy. Our goal is, and always has been, to make sure that our members have reliable, safe and affordable electricity. That is why we exist.

Your cooperative is a not-for-profit utility owned by those it serves: you, the members. Any money remaining after expenses, called the “margins” of the cooperative, are returned to you as capital credits. These flow back to our members on Main Street instead of investors on Wall Street. In 2014, your board of directors continued the policy of refunding capital credits to members or the estates of deceased members. 2014 was a record year for your co-op as over \$776,000 of patronage was returned to our members, with most members receiving these as a credit (reduction) on their December electric bills. Since our inception, the cooperative has returned nearly \$13 million to members and former members! This is a real example of your ownership of the cooperative.

Each year provides new challenges and opportunities. As we begin 2015, our focus, as always, will be on serving the needs of our members and keeping your cooperative strong while providing safe, reliable and affordable electricity. With God’s help and the support of our members, we will continue to do just that.

BALANCE SHEETS

December 31, 2014 and 2013
(see independent auditors’ report)

	2014	2013
ASSETS (Notes 1 and 2)		
ELECTRIC PLANT: (Note 3)		
In Service – at cost	\$72,967,891.91	\$ 71,427,111.36
Construction Work in Progress	270,592.85	70,973.32
Subtotal	<u>\$73,238,484.76</u>	<u>\$ 71,498,084.68</u>
Less Accumulated Provision for Depreciation and Amortization	<u>(17,234,987.56)</u>	<u>(16,667,050.44)</u>
Net Electric Plant	<u>\$56,003,497.20</u>	<u>\$ 54,831,034.24</u>
OTHER ASSETS AND INVESTMENTS:		
Investments in Associated Organizations (Note 4)	\$13,423,460.49	\$ 12,695,694.23
Other Investments – Nonutility Property	70,660.26	73,765.50
Total Other Assets and Investments	<u>\$13,494,120.75</u>	<u>\$ 12,769,459.73</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,454,753.83	\$ 1,151,679.52
Cash – Construction Funds	–0–	–0–
Special Deposits	1,000.00	1,000.00
Accounts Receivable (less accumulated provision for uncollectible accounts of \$306,283.05 in 2014 and \$275,270.55 in 2013)	3,625,756.73	3,886,088.87
Other Current Assets	27,534.61	27,514.47
Materials and Supplies	1,018,856.16	886,922.24
Prepayments	37,889.65	37,989.65
Total Current Assets	<u>\$ 6,165,790.98</u>	<u>\$ 5,991,194.75</u>
DEFERRED CHARGES (Note 5)	<u>\$ 2,139,960.72</u>	<u>\$ 2,857,053.89</u>
TOTAL ASSETS	<u>\$77,803,369.65</u>	<u>\$ 76,448,742.61</u>
EQUITIES AND LIABILITIES (Note 1)		
EQUITIES:		
Patronage Capital (Note 6)	\$32,864,805.06	\$ 30,513,262.51
Other Equities (Note 7)	418,895.06	418,895.06
Total Equities	<u>\$33,283,700.12</u>	<u>\$ 30,932,157.57</u>
LONG-TERM DEBT:		
RUS Mortgage Notes Less Current Maturities (Note 8)	\$33,337,064.04	\$31,623,260.77
CFC Mortgage Notes Less Current Maturities (Note 8)	4,708,443.33	5,215,957.92
Regulatory Liability (Note 10)	650,000.00	726,038.71
Total Long-Term Debt	<u>\$38,695,507.37</u>	<u>\$ 37,565,257.40</u>
CURRENT LIABILITIES:		
Current Maturities of Long-Term Debt	\$ 1,400,984.00	\$ 1,291,230.00
Note Payable – Short-Term	–0–	2,144,508.64
Accounts Payable – Purchased Power	1,635,244.66	1,714,385.15
Accounts Payable – Other	734,064.83	788,258.31
Consumer Deposits	381,793.87	357,375.67
Accrued Taxes	1,099,716.26	1,083,520.32
Other Current Liabilities	369,024.93	362,433.12
Total Current Liabilities	<u>\$ 5,620,828.55</u>	<u>\$ 7,741,711.21</u>
CONTINGENT LIABILITIES (Note 10)		
DEFERRED CREDITS (Note 11)	<u>\$ 203,333.61</u>	<u>\$ 209,616.43</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$77,803,369.65</u>	<u>\$ 76,448,742.61</u>

(A complete copy of the auditor's report and notes is available at the cooperative's office.)

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

*For the years ended December 31, 2014 and 2013
(see independent auditors' report)*

	2014	2013
OPERATING REVENUES	\$33,194,974.80	\$32,546,350.64
OPERATING EXPENSES:		
Cost of Power	\$18,982,175.88	\$18,235,833.14
Distribution – Operation	2,049,166.02	2,006,422.97
Distribution – Maintenance	2,283,349.06	2,585,152.62
Consumer Accounts Expense	1,112,004.35	1,134,630.98
Customer Service and Information Expense	381,887.22	373,661.73
Administrative and General	2,136,307.59	1,787,267.18
Depreciation and Amortization	1,925,828.73	1,899,870.68
Taxes	1,082,963.00	1,041,194.00
Interest on Long-Term Debt	1,401,452.89	1,487,473.88
Other Interest Expense	34,122.68	70,222.57
Total Operating Expenses	<u>\$31,389,257.42</u>	<u>\$30,621,729.75</u>
Operating Margins Before Capital Credits	\$ 1,805,717.38	\$ 1,924,620.89
BUCKEYE CAPITAL CREDITS	1,131,328.64	876,896.34
OTHER CAPITAL CREDITS	<u>81,283.53</u>	<u>67,997.34</u>
Net Operating Margins	\$ 3,018,329.55	\$ 2,869,514.57
NONOPERATING MARGINS:		
Interest and Dividend Income	\$ 106,464.30	\$ 60,702.63
Miscellaneous Nonoperating Income (Expense)	<u>(6,373.45)</u>	<u>12,224.39</u>
Total Nonoperating Margins	<u>\$ 100,090.85</u>	<u>\$ 72,927.02</u>
NET MARGINS FOR PERIOD	\$ 3,118,420.40	\$ 2,942,441.59
PATRONAGE CAPITAL – Beginning of Year	30,513,262.51	28,180,705.60
Retirement of Capital Credits	776,194.88	626,272.57
Capital Credits Reassignable	<u>(9,317.03)</u>	<u>(16,387.89)</u>
PATRONAGE CAPITAL – End of Year	<u>\$32,864,805.06</u>	<u>\$30,513,262.51</u>

(A complete copy of the auditor's report and notes is available at the cooperative's office.)

STATEMENTS OF CASH FLOWS

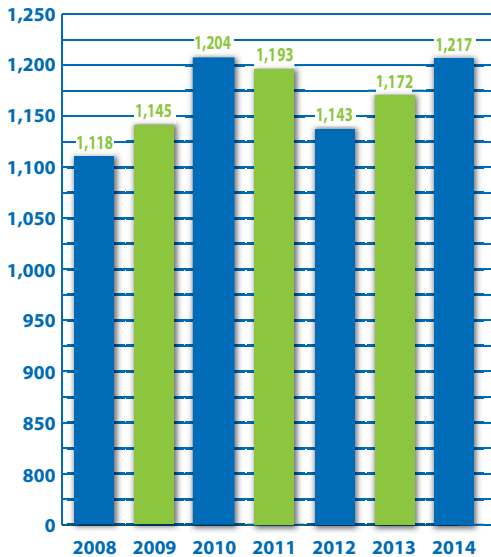
*For the years ended December 31, 2014 and 2013
(see independent auditors' report)*

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Consumers	\$33,455,306.94	\$32,301,985.16
Interest and Dividend Income	106,984.78	60,678.19
Capital Credits	483,535.61	510,093.85
Cash Provided by Operating Activities	\$34,045,837.33	\$32,872,757.20
Cash Paid to Suppliers and Employees	\$26,324,217.86	\$26,578,414.63
Interest and Taxes Paid	2,734,947.68	2,837,493.67
Cash Disbursed for Operating Activities	\$29,059,165.54	\$29,415,908.30
Net Cash from Operating Activities	\$ 4,986,671.79	\$ 3,456,848.90
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction and Acquisition of Plant	\$ (1,951,530.78)	\$ (1,687,662.77)
Proceeds from Disposal of Plant	(1,147,327.58)	(1,155,085.41)
Investment in Associated Organizations	1,310.30	960.79
Other Nonoperating Income (Expense)	(5,806.78)	(13,694.19)
Net Cash Used by Investing Activities	\$(3,103,354.84)	\$ (2,828,093.20)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Change in Consumer Deposits	\$ 24,418.20	\$ 25,365.00
Payments on Long-Term Debt	(2,683,957.32)	(1,153,523.94)
Payments on Short-Term Debt	(2,379,481.69)	-0-
Patronage Capital Credits Retired	(776,194.88)	(626,272.57)
Proceeds from Long-Term Debt	4,000,000.00	1,500,000.00
Proceeds from Short-Term Debt	234,973.05	90,457.74
Net Cash from Financing Activities	\$(1,580,242.64)	\$ (163,973.77)
NET INCREASE IN CASH	\$ 303,074.31	\$ 464,781.93
CASH – Beginning of Year	1,151,679.52	686,897.59
CASH – End of Year	\$ 1,454,753.83	\$ 1,151,679.52
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NET MARGINS	\$ 3,118,420.40	\$ 2,942,441.59
ADJUSTMENTS TO RECONCILE NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and Amortization	\$ 1,925,828.73	\$ 1,899,870.68
Buckeye Power, Inc., and Other		
Capital Credits (Noncash)	(729,076.56)	(434,799.83)
Provision for Uncollectible Accounts		
Receivable	31,012.50	88,996.22
(Increase) Decrease in:		
Customer and Other Accounts Receivable	229,319.64	(333,068.37)
Current and Accrued Assets – Other	(128,748.82)	(17,854.09)
Deferred Charges	717,093.17	(941,420.09)
Increase (Decrease) in:		
Accounts Payable	(133,333.97)	294,537.59
Accrued Taxes	16,195.94	30,623.54
Current and Accrued Liabilities – Other	(69,446.90)	(50,976.44)
Deferred Credits	(6,282.82)	(25,665.40)
Miscellaneous Nonoperating		
(Income) Expense	6,373.45	(12,224.39)
Capital Credits Reassignable	9,317.03	16,387.89
Total Adjustments	\$ 1,868,251.39	\$ 514,407.31
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,986,671.79	\$ 3,456,848.90

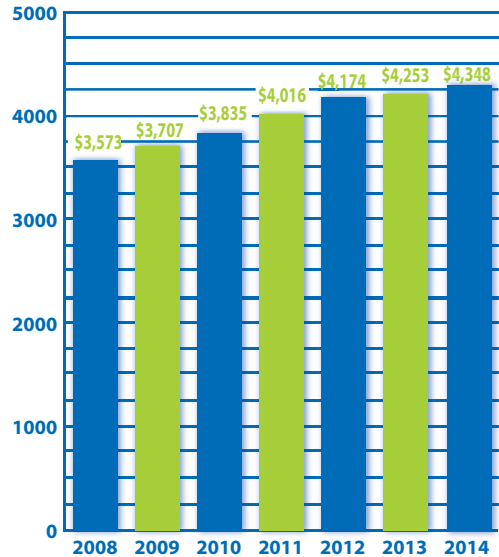
(A complete copy of the auditor's report and notes is available at the cooperative's office.)

GUERNSEY-MUSKINGUM TRENDS

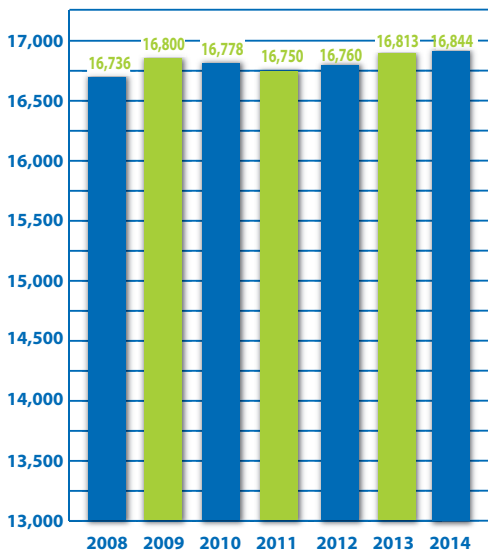
Average Monthly Use
(kWh — all consumers)



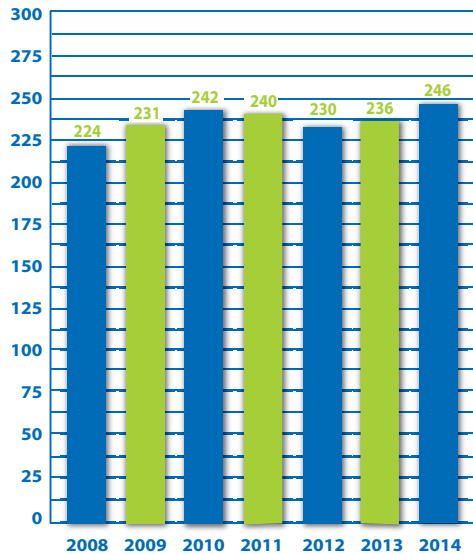
Plant Investment
(Dollars per consumer)



Consumers Served



kWh Sold Annually
(in millions)



HOW YOUR POWER BILL DOLLAR WAS SPENT

Cost of Purchased Power	57.18%
Line Operations & Maintenance	13.05%
Tax Expense	3.26%
Interest on Long-Term Debt.....	4.33%
Administrative & General	6.44%
Depreciation	5.80%
Consumers Accounting & Collecting	3.35%
Operating Margin	5.44%
Customer Service Expense	1.15%

