



RURAL
MISSOURI

Sac Osage Electric Cooperative

P.O. Box 111, 4815 E HWY 54
El Dorado Springs, MO 64744
Telephone: 800-876-2701

June 2017

News

Visit us on the Web - www.sacosage.com

Official Notice

2017 Annual Meeting of the Members

Tuesday, June 13, 2017

FEATURED ENTERTAINMENT

That Dalton Gang



**Touchstone
Energy Hot Air
Ballon Rides!!!**



**Take Notice!
This year's Business Meeting will
start at 6:30 p.m.**

The 2017 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc., will be held at the Cooperative headquarters, 4815 E. HWY 54, El Dorado Springs, Missouri, at 6:30 p.m., Tuesday, June 13, 2017, to take action upon the following matters:

- 1) Report of officers, directors and committees;
- 2) Such other business as may properly come before the meeting or any adjournment thereof.
- 3) Board of Directors' Proposal to determine the approval or disapproval of Proposed Amendment to Article IV, Section 3 of the Bylaws of Sac Osage Electric Cooperative regarding director qualifications (ballot included inside).

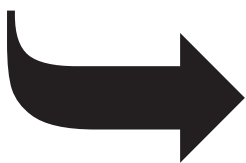
There was one (1) nominee from each of districts 4, 5 and 6. According to the Bylaws, Article IV, Section 4, if only one (1) person is nominated for the position of director in any district, ballots shall not be mailed and the person nominated shall be deemed elected at the Annual Meeting of the Members. Any director elected without opposition shall commence serving immediately after the election results are announced at the annual meeting of the members. The director biographical sketches are located inside the back cover of the Rural Missouri.

By order of the Board of Directors of Sac Osage Electric Cooperative, Inc.
Jan Neale, Secretary

Registration Card
SOEC's Annual Meeting
Tuesday, June 13, 2017
(must be present to win prizes)



Be sure to cut out and bring this registration card to the Annual Meeting to receive door prizes and meal.





Summary of 2016 Annual Meeting Minutes

The 2016 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc. was held Tuesday, June 14, 2016, at the offices of the Cooperative, 4815 East Highway 54, El Dorado Springs.

Member registration was open from 5:00 p.m. to 6:30 p.m. Names of those who registered were entered into a drawing for prizes to be awarded later in the meeting.

Entertainment was provided by "Randy Newman aka Doofus". Following the Pledge of Allegiance, the National Anthem and the prayer of invocation, Neale Johnson, President of the Board, called the meeting to order. He announced Chris Hoberock, attorney, was appointed by the board to conduct the business portion of the meeting. Mr. Hoberock announced that 232 registered members were required for a quorum. A total of 343 members had registered, so the meeting proceeded.

The Inspectors of Election/Credentials Committee Members were introduced and administered an oath. Candidates for the three positions on the board were introduced:

District 1; Tim Minehardt, District 2; George "Tony" Underwood and District 3; Donald R. Levi. Mr. Hoberock stated that according to the Bylaws unopposed candidates are automatically elected without a vote. Therefore, Tim Minehardt, George "Tony" Underwood and Donald R. Levi were declared elected.

Upon motion, second, and voice vote, the Minutes of the 2015 Annual Meeting were approved. Copies of the minutes were available at the meeting to any member.

Reports for the Cooperative's President and Treasurer were included in the June issue of the Rural Missouri publication. Members heard the report from the Cooperative's General Manager. During the business meeting the floor was opened for any unfinished business and or new business. No member requested recognition for unfinished business or new business.

Following the adjournment of the meeting, additional drawings were made for cash gifts and other prizes.



Consolidated Balance Sheet

ASSETS:	
Net Plant in Service	\$37,997,763
Investments and Other Property	\$8,106,624
Current Assets	\$3,374,502
Deferred Debits	\$935,490
Total Assets	\$50,414,379
LIABILITIES & CAPITAL:	
Capital Equities	\$22,653,296
Total Long-Term Liabilities & Obligations	\$24,730,444
Current Liabilities	\$2,891,888
Deferred Credits	\$138,751
Total Liabilities & Capital	\$50,414,379

Consolidated Statement

REVENUES:	
Operating, Capital & Other Revenues	\$18,784,068
EXPENSES AND OTHER DEDUCTIONS:	
Purchased Power Expense	\$9,178,030
Operating & Maintenance Expenses	\$2,996,944
Accounting and Collection Expenses	\$556,597
Other Customer Expenses	\$155,653
Administrative & General Expenses	\$1,541,646
Depreciation	\$1,590,221
Taxes and Provision for Taxes	\$6,332
Interest on Long-Term Debt	\$1,214,001
Other Interest Expense	-
Other Deductions	\$25,223
Total Expenses & Other Deductions	\$17,264,647
Net Margin	\$1,519,421

2017 Annual Meeting Program Schedule

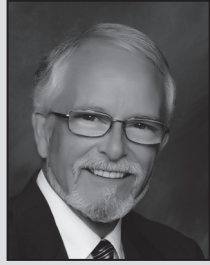
- 5:00-? Touchstone Energy Hot Air Balloon Rides
- 5:00 - 6:30 Registration of Members
- 5:15 - 6:15 Entertainment "That Dalton Gang"
- Children's Prize Drawings
- 6:30 p.m. Business Meeting Call to Order
- Invocation
- National Anthem
- Special Guest Speaker Barry Hart
- General Manager's Report
- Adjournment
- Grand Prizes: Large Flat Screen TV, Apple iPad, Kindle, Garmin GPS and other prizes.
- Free Brisket Sandwiches, Chips, Drink & Schwan's Ice Cream Sandwiches
- Door Prizes & Children's Prizes



Candidates for Sac Osage Electric Cooperative Board of Directors

District 4

My name is Raymond (Ray) Huesemann. I live on an acreage east of Osceola with Ann, my wife of fifty years. We have been members of the Sac Osage Electric Cooperative for thirty-nine years.



Ray Huesemann

I attended Hanover College, Depauw University, Ohio State University of Missouri, and Drake University, culminating in a J.D. degree (law). Following service in the military, I became the Prosecuting Attorney for St. Clair County, and then served as Associate Circuit Judge for St. Clair County for another twenty-four years. I am currently retired and enjoying grandchildren and country living.

I have completed courses to become a Credentialed Cooperative Director and additional Board Leadership Courses. Our cooperative is facing challenges such as governmental regulation, renewable energy requirements, distributed generation, and continually increasing costs for equipment and supplies. Keeping your electric rates at a reasonable level, making your service reliable, and operating the cooperative in a manner which is responsive to your needs as member-owners are goals shared by myself and all the Directors.

I am proud to represent District 4 on the Board and appreciate the confidence you have placed in me. I am asking for your continued support and will strive to represent each of you.

District 5

Mr. Gary Ashby is a longtime resident of Vernon County who grew up in rural Lee's Summit and later moved to the Nevada area in 1970, where he started a long and successful career overseeing electric and gas operations at what was originally Missouri Public Service Company.



Gary Ashby

Gary has devoted his life to his wife Martha, and to raising two sons and a daughter, all of whom still reside in the area. He currently works alongside his two sons in their successful cattle operation, the realization of a lifetime dream. Most of all, he enjoys his family time, which includes being with his children, seven grandchildren and three great grandchildren.

Gary recently retired from Kansas City Power and Light after 43 years of service and took the position of Field Representative for the Nevada area Mo-Kan Livestock Market. Gary was appointed to his position as Director of District 5 for Sac Osage Electric Cooperative in October 2014, where he has used his qualifications in the electric utility industry to benefit our members.

District 6

My name is Gene Brockus. I was born and raised in Independence. After graduation from High School, I served in the United States Air Force, later becoming an electrician on commercial construction. I worked several years in the KCPL power plants. In 1975 my family and I moved to St. Clair County where we began a cow-calf operation on our farm. I worked as Plant Services Director at Sac Osage Hospital for twelve years, later retiring from the electrical trade in 1999.



Gene Brockus

My wife and I have two children and seven grandchildren who keep us involved in school, church and community activities. A priority in our lives has been to work toward improving life for others. I am currently a member of the Vista Road district and Optimist Club in Osceola.

I have a keen interest in power generation and the distribution industry. I consider it a great honor to represent the patrons of District 6.

Sac Osage Cooperative belongs to its patrons and should work for all of us. My pledge to you is that I will always work to that purpose.





News

~ Serving our members' needs since 1940 ~

2017 ANNUAL MEETING PRESIDENT'S REPORT



Neale Johnson

The Board of Directors, management and staff invite you to the 78th Annual Meeting of Members of Sac Osage Electric Cooperative. Please join other Cooperative members and employees on Tuesday, June 13, 2017 to enjoy food, entertainment and fellowship as we conduct the business of the Cooperative. The business portion of the meeting will begin at 6:30 p.m.

This January began with the retirement of two of our long-time employees, Nahwana Maslen (Accounting Clerk) and Rodger Culbertson (Line Superintendent). Each had provided over 40 years of dedicated service to the Cooperative and they will be missed. Due to these retirements, a number of staff members have transitioned to new positions and responsibilities. They are to be complimented on how well they have handled the changes. All of our Cooperative employees are to be commended on their skill and dedicated service to the membership.

Your Board of Directors stay educated and well informed with Cooperative issues on the state and local level through the Association

of Missouri Electric Cooperatives, Associated Electric Cooperative Inc. and KAMO Power. These organizations are central to our distribution cooperative's business. Board Director Don Levi is our representative to the Association of Missouri Electric Cooperatives in Jefferson City, Missouri. Board Director Jim Murray is our representative to KAMO Power in Vinita,

Oklahoma. The Cooperative also receives support and guidance from our national organization, the National Rural Electric Cooperative Association. Last year, Sac Osage Electric was also proud to become a member of Touchstone Energy Cooperative, which provides technical and informational support to cooperatives nationwide.

Our right-of-way clearing continues to proceed efficiently. As you travel throughout our service area, please notice the great progress that has been made. While this winter was mild, this clearing program has proven to be effective in reducing power outages throughout the year.

The Cooperative continues to be aggressive with system maintenance

and upgrades. The completion of the Geographic Information System (GIS) mapping of our electrical system last year has helped identify and locate areas of concern. The Cooperative has replaced over 170 bad poles in just the first 3 months of this year. Additionally, a 3-year meter replacement program will soon be complete. This program required the replacement of all old analog meters with new state-of-the-art digital meters. This technology upgrade will greatly enhance and improve the accuracy and efficiency of the system.

Throughout the year, the Board of Directors have continued to address the difficult cost and rate structure issues it faces. Recent state legislative action and evolving federal regulatory guidelines create uncertainty in many areas. Sac Osage Electric strives to be responsive to the needs of its 8,600 members and provide the most cost-effective and reliable power possible.

Last year we encouraged the membership to sign up for Operation Roundup, where electric bills are "rounded up" to the next whole dollar, which would amount to no more

than \$11.88 per year. While we have had some additional participation in the program, we would still appreciate greater numbers. All of the funds that are generated are dispensed to local charities. Please call the Cooperative office to participate. When you call the office, you might also request information about the various payment options that are available, such as prepay, level pay, autopay, pay-by-phone, Smarthub and ACH bank draft. One of these options might simplify your payment experience.

Thank you.

Neale W. Johnson

2017 ANNUAL MEETING TREASURER'S REPORT

It has been my pleasure serving you as Sac Osage Electric Cooperative's Secretary-Treasurer for the past year. One of the duties of your Board is to assist management in the budget-making process.

The basis for a reliable 2017 budget depends on an accurate prediction of sales. Residential kWh sales, which represent almost 92% of our revenue, are vulnerable to fluctuations caused by weather. For 2017, budgeted sales were increased by just 0.3%, predicting that any increase in members served would be largely offset by energy efficiency measures. No rate increase was passed along by KAMO Power in 2017, with budgeted purchased power costs going up only 0.2%.

The 2017 Construction Work Plan calls for budgeted total spending of \$3,445,685 for: 118 new member extensions; two single-phase to three-phase conversions on the Iconium #8 feeder; continued replacement of

bad poles identified during GIS mapping; and regulator, capacitor and miscellaneous distribution equipment upgrades. We are also in the final year of our 3-year Automatic Meter Reading (AMR) system upgrade, with budgeted costs in 2017 of \$387,761.

To preserve the progress made over the last several years in our right-of-way maintenance program, the board budgeted \$240,000 toward spraying the right-of-way on lines served by the Lockwood, Arcola, Bona and Cedar Springs Substations. Right-of-way clearing for lines served by the El Dorado Springs and Walker substations is budgeted at \$1,008,090, which is roughly the 2016 level.

Our independent auditor, Kevin Kelso, from Mission, Kansas, recently reported to the board that all 2017 financial activities and records complied with generally accepted accounting practices. The audit revealed no misstatements of information and all

recorded transactions met RUS rules and regulations. Therefore, I am pleased to report that the cooperative ended 2016 in an acceptable financial position.

The total margins to be allocated to our 2016 member consumers were \$1,519,421.45, which will help finance future cooperative capital improvements. These margins will eventually be returned based upon the amount of electricity each member purchased in 2016. During the year ending December 31, 2016, total refunds authorized to patrons amounted to \$750,000.

Additional information regarding the balance sheet and statement of revenue and expenses may be found in this issue of the Rural Missouri. Also, you may request an official copy of the audit by calling the office during normal business hours.



Jan Neale

Please join us Tuesday, June 13, 2017 at the Annual Meeting of the Members to have good food and entertainment, participate in the business meeting, and maybe even leave with one of the several prizes to be given away. We look forward to seeing you there!

Jan Neale, Secretary-Treasurer

See you at the Annual Meeting!