



Sac Osage Electric Cooperative

News

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Official Notice

2018 Annual Meeting of the Members

Tuesday, June 12, 2018

FEATURED ENTERTAINMENT

Robin Hood



The 2018 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc., will be held at the Sac Osage Electric Headquarters, 4815 E. HWY 54, El Dorado Springs, Missouri, at 6:30 p.m., Tuesday, June 12, 2018, 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.

There were two (2) nominees from district 8 and one (1) nominee each from districts 7 and 9. 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.

Therefore, pursuant to the Bylaws, Article IV, Section 4, members in District 8 will receive a ballot and Districts 7 and 9 will not receive a ballot.

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

Take Notice!
Your registration card is on the back page!



Summary of 2017 Annual Meeting Minutes

The 2017 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc. was held Tuesday, June 13, 2017, at the offices of the Cooperative, 4815 East Highway 54, El Dorado Springs.

Tables for member registration were 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 “That Dalton Gang”. 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 introduced Chris Hoberock, attorney, appointed by the board to conduct the business portion of the meeting. Mr. Hoberock announced that 233 registered members were required for a quorum. A total of 376 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 4: Raymond Huesemann, District 5: Gary Ashby and District 6: Ronald (Gene) Brockus. Mr. Hoberock stated that according to the Bylaws unopposed candidates are automatically elected without a vote; therefore, Raymond Huesemann, Gary Ashby and Ronald (Gene) Brockus were declared elected.

Upon motion, second, and voice vote, the Minutes of the 2016 Annual Meeting were approved. Copies of the minutes were available at the meeting to any member.

Members heard a 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.



Balance Sheet December 31, 2017

Assets:

Net Plant in Service	\$ 39,210,382
Investments and Other Property	\$ 8,618,273
Current Assets	\$ 5,200,037
Deferred Debits	\$ 778,545
Total Assets	53,807,237

Liabilities and Capital:

Capital Equities	\$ 23,497,292
Total LT Liabilities and Obligations	\$ 27,367,483
Current and Noncurrent Liabilities	\$ 2,773,147
Deferred Credits	\$ 169,315
Total Liabilities and Capital	53,807,237

Statement of Revenue & Expenses For the Year Ended December 31, 2017

Revenues:

Operating Capital & Other Revenues	\$ 17,648,662
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Expenses and Other Deductions:

Cost of Power	\$ 8,988,041
Operating and Maintenance Expenses	\$ 3,030,355
Customer Accounts Expense	\$ 581,082
Other Customer Expenses	\$ 157,078
Administrative and General	\$ 1,449,631
Depreciation	\$ 1,641,417
Taxes and Provision for Taxes	\$ 5,884
Interest on Long-Term Debt	\$ 1,214,405
Other Interest Expense	\$ -
Other Deductions	\$ -
Total Expenses & Other Deductions	17,067,893

Net Margin	580,769
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Annual Meeting Program Schedule

5:00 - 6:30 Registration of Members

5:15 - 6:15 Entertainment “Robin’s Hood”

6:30 p.m. Business Meeting Call to Order

Children’s Prize Drawings

Invocation

National Anthem

General Manager’s Report

Adjournment

Grand Prizes: Large Flat Screen TV, Apple iPad, Kindle, Garmin GPS and other prizes.

Free Pulled Pork Sandwiches, Chips, Drink & Schwan’s Ice Cream Sandwiches

Door Prizes & Children’s Prizes

Candidates for Sac Osage Electric Cooperative Board of Directors

District 7

I have been a long-time resident of the Iconium area, where I presently have a small cow/calf operation. My wife and I have been members of the Sac Osage Electric Cooperative for 47 years. I am honored to be your District 7

Board member, where I have served as both President and Vice-President. I also represent Sac Osage Electric Cooperative on the KAMO POWER Board of Trustees in Vinita, Oklahoma, where I currently serve on the Steering Committee.

I have completed the Credentialed Cooperative Director training program and also attended advanced board leadership classes. The Cooperative faces many challenges in the coming years as the cost of doing business continually rises. As your director, my objective will be to provide safe, reliable, and affordable electricity for our membership. I appreciate your trust in me as your Board member.



Jim Murray

District 8

I'm Amy Hedrick and I have been an El Dorado Springs resident my entire life. I have worked for Mid Missouri Bank since 2003 and I'm currently the Senior Vice President of the Stockton, Missouri location. I have been active in many organizations in the Cedar County area over the past several years including University Missouri Extension Council, County Law Enforcement Restitution Fund Board of Trustees, CRIME Stoppers board, Cedar County Memorial Hospital Auxiliary, Nine Wonders Optimist Club, and Kaysinger Basin Regional Planning Commission board member. I look forward to the opportunity to serve as a board member for Sac Osage Electric Cooperative District 8.



Amy Hendrick

I am a lifelong resident of El Dorado Springs and my wife Alice and I have been a member of Sac Osage Electric Cooperative nearly 40 years. We have two daughters Sonia Hacker and Alexa Heiserman. We attend the Church of God (Holiness) in El Dorado Springs where we actively participate in church events. We owned and operated Hacker's Jewelers in El Dorado Springs and Nevada for 39 years along with a variety of other businesses. Civically, I have served on the boards of POPS Museum, El Dorado Springs and Nevada Chambers of Commerce, Hoffman Financial, and Missouri Jewelers Association. I have served as President of El Dorado Springs Chamber of Commerce and State President of Missouri Jewelers Association.



Ken Hacker

I grew up in a rural cooperative home where my father was manager of Sac Osage Electric and later retired from Osage Valley Electric of Butler, Missouri. Through this experience I have witnessed the many changes of the operations of rural electric cooperatives, from doing almost everything manually to today's advances in technology and renewable energy. Since, I have recently retired from the jewelry business, I can now devote my time and offer my years of business experience to represent the consumers by serving on the Sac Osage Electric Cooperative board.

If elected, I promise to use good common sense to make progressive decisions for the future benefit of Sac Osage Electric and its consumers.

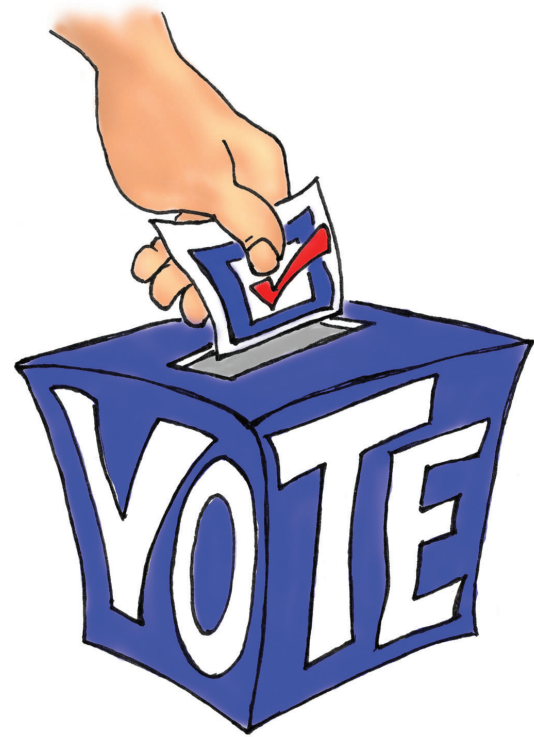
District 9

Since 2010, I have represented District 9 on Sac Osage Electric Cooperative Board of Directors. My Credentialed Cooperative Director training courses were completed in 2011 and I have continued updating my education regarding the electric business model and board leadership through relevant courses and meetings. I am honored to serve with the Sac Osage board of directors and I know that all of us are dedicated to working for our Cooperative members and with our employees by making responsible informed business decisions.



Neale Johnson

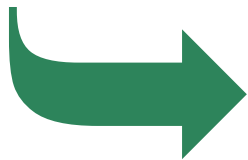
I am a lifelong resident of Cedar County and live near Caplinger Mills where I attended elementary school. I graduated from Stockton High School Class of 1965 and Drury College in 1969. I received my DDS degree from UMKC School of Dentistry and retired from my general dental practice after 34 years in 2007. My wife Frances and I have a son and daughter and five grandchildren. I have served on several community and civic boards and presently serve on the board of the Stockton Nursing Home Corporation and Citizens Memorial Healthcare Foundation Board.



Join Us



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



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



Registration Card
SOEC's Annual Meeting
Tuesday, June 12, 2018
(must be present to win prizes)



2018 ANNUAL MEETING PRESIDENT'S REPORT

Once again it is my privilege, along with the Board of Directors and staff, to welcome you to the 79th annual meeting of Sac-Osage Electric Cooperative. The meeting will be held on June 12th at cooperative headquarters on Highway 54 east of El Dorado Springs. Please come and join us for an evening of food, entertainment and prizes as well as for the business meeting which will begin at 6:30 PM.

The cooperative continues to be run efficiently and responsibly for the good of our membership. While we all do our very best here, mother nature plays a greater role over our business than we would like to admit. Sometimes that works to our benefit however. The cold weather in January and February caused an all time record usage across the area. Associated Electric, KAMO Electric, and Sac-Osage Electric had record peak demands. While usage helps the bottom line, it also drives up costs for everyone. Associated Electric (our power generator) and KAMO (our transmission source) have had rate increases which have been passed on to us (the power distributor). In order to be fiscally responsible, our

rates must also be adjusted. Our cooperative is currently working on a new rate structure which will ultimately be an equitable solution for the membership. That rate structure will be explained in detail in our publications and the effect it will have on the billing for our members.

Since the last annual meeting we have had two long time employees retire. Mark Frieze who served the Stockton area for many years earned a much deserved retirement. We wish he and his wife, Sheila, many years of happiness. Mary Smith retired from the front office as a consumer service representative. We wish Mary and her husband Terry much happiness as well. Mary worked with the cooperative since 1998 and Mark had been with us since 1978. The dedication and years of service of our employees continues to be a major part of the cooperative's success.

The cooperative continues to achieve great progress with right-of-way clearing. The work continued through the winter in spite of the cold temperatures. It is a never ending part of maintaining the integrity of the system. The importance

of the process demonstrates itself especially during the winter and during the storm season with fewer outages due to down limbs in the power lines.

The cooperative nearing completion of its three year project of replacing all the old analog meters in the system with state of the art digital ones. They provide much greater overall accuracy and efficiency for the system. The cooperative also works to maintain an aging grid with continued pole replacements and other component upgrades where ever indicated.

As well as working to make physical system upgrades, cybersecurity has become an issue not only to the whole country, but also to electric cooperatives. Cooperatives must be ever vigilant in safe guarding the integrity of the grid on both the national and local level. Our cooperative participates in education and training exercises on an ongoing basis.

It has been another successful year for Sac-Osage and we look forward to providing the membership with safe, dependable and affordable electricity for years to come. It's hard to believe that



Neale Johnson

the cooperative has been in business for 79 years! What a testament to the quality of Sac-Osage Electric Cooperative.

In closing, we continue to encourage the membership to participate in Operation Roundup. The response has been good and we are on track to have the best year ever. It will allow us to donate more to the area charitable organizations that we help support. We look forward to meeting and visiting with you at the annual meeting.

Thank you,
Neale W. Johnson

2018 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 major factors effecting the 2018 budget are sales revenue and purchased power expenses. Residential kWh sales represent almost 92% of our electric revenue and are subject to fluctuations caused by weather. For the last 3 years, sales have trended downward due to mild weather and low growth. For 2018, budgeted sales were kept the same as in 2017, anticipating that more normal weather patterns might be somewhat offset by energy efficiency measures.

A rate increase by KAMO Power, in combination with other factors, resulted in budgeted purchased power costs increasing 6.8%, or roughly \$625,699. Purchased

power represents about 53% of the total cost of electric service. The increase in purchased power costs made it necessary for the Board to reduce proposed expenses and raise revenue 2.4% in 2018 through an increase in the service availability charge.

The 2018 Construction Work Plan calls for total spending of \$2,077,125 for new extensions, tie lines, conversions; replacement of bad poles, transformers, regulators, AMR improvements and miscellaneous distribution upgrades and replacements. This is 40% below the 2017 construction budget.

The Board approved \$800,000 for contract tree-trimming in 2018, which is \$208,090 less than what was budgeted in 2017. \$80,000 has been budgeted for spraying lines coming out of the El Dorado and Cedar Springs substations.

The total margins to be allocated to our

2017 member consumers were \$1,518,670. These margins will eventually be returned based upon the amount of electricity each member purchased in 2017. During the year ending December 31, 2017, total refunds authorized to patrons amounted to \$825,000.

Our independent auditor, Kevin Kelso CPA PC PA, recently reported that the 2017 financial statements complied with generally accepted accounting practices. The audit revealed no misstatements of information and all recorded transactions met RUS rules and regulations. I am pleased to report that the Cooperative concluded 2017 in an acceptable financial position.

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



Jan Neale

office during normal business hours.

Please join us Tuesday, June 12, 2018 at the Annual Meeting of the Members to enjoy good food and entertainment, participate in the business meeting, and have a chance to win one of the many prizes to be given away. We look forward to seeing you there!

Jan Neale, Secretary-Treasurer