

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 Rex Chairman
Jay Gray Vice Chairman
Shirley Stutz Secy.-Treasurer
Ed Bay Director
John Enos Director
Brian Hill Director
Duane Parks Director
Joseph P. Boeckman Counsel
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, 2016, and Feb. 28, 2017.)

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

Your Annual Meeting

On April 2, YOUR cooperative will hold an annual meeting for the 79th year. The Official Notice of the Annual Meeting of Members was included with your March bill. In this issue of *Country Living*, you will find additional details about the meeting and the activities that will take place. While the annual meeting gives members the opportunity to participate in the election of directors and other business, it also serves other purposes.

This meeting gives each of our members a chance to come and visit with the employees and directors of the cooperative. These are the men and women who work each day to provide safe, reliable and affordable electricity to you and your family. You will see various displays designed to teach and entertain. You will see friends and neighbors who share common experiences and concerns.

The Annual Meeting has always been designed to help educate our members about the cooperative and the issues that we face in providing electricity to portions of nine counties in southeastern Ohio. As member-owners, you have a right and a responsibility to understand your cooperative and the mission it serves. 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 opportunity to ask questions and get feedback directly from cooperative management.

So, bring your family and your appetite — the hot dogs will be grilled and ready to eat. **THIS IS YOUR COOPERATIVE!** See you there.

*Have a wonderful day!
God Bless! Jerry*



**Jerry Kackley,
General Manager/CEO**

Energy Efficiency Tip of the Month



Earth Day is April 22. Plant a deciduous tree near your home (but far away from power lines!). Deciduous trees lose their leaves during the fall, allowing sunlight to warm your home. The extra shade during summer months will keep your home cooler and give your AC a much needed break.

Source: energy.gov



79th Annual Meeting

Saturday, April 2

Larry W. Miller Intermediate School,
New Concord

BRING THE FAMILY!

Larry W. Miller Intermediate School, New Concord

Registration begins at 9:30 am

Business meeting begins at noon



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

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 that this will give members the chance to ask questions and get feedback from 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.**





‘Efficient’ products to **AVOID**

If energy-savings claims sound too good to be true, they probably are

WHEN IT COMES TO SAVING ENERGY, *caveat emptor* is alive and well. We are all bombarded by claims that border on outright falsehoods, so it pays to view savings claims from third parties with caution. Remember, if it sounds too good to be true, it generally is.

Electric space heaters drain energy savings from your home if used incorrectly. Companies make elaborate claims about the amount of money you can save and charge exorbitant sums for their products. The advertisements frequently target consumers on fixed incomes, presenting false hope while extracting precious dollars from their customers. Many of these space heaters appear to be well-made, but they typically offer no better economy than any other 1,500-watt electric heater. Bottom line: Electric space heaters should only be used to heat small spaces — not your entire home.

Black boxes that claim to clean up power, protect appliances, and reduce energy use come and go. These often require an electrician to install and claim to improve power quality, smooth out power fluctuations and store energy so you can reduce your bills. Save your money. The concepts they present are already in use by Guernsey-Muskingum and require utility-size equipment to deliver them. Something that can fit in a shoebox is not going to deliver any value in the areas promised. If you are concerned about protecting your sensitive appliances and elec-

tronics, talk to Ray Cook about surge protection.

When you see the ad that reads, “The power companies don’t want you to know,” skip it. These are generally claims around building your own renewable energy source from parts easily obtained at the local hardware store or a motor that produces limitless “free” electricity. This is the energy-industry equivalent of “phishing” e-mails that attempt to scam people out of money by requesting their banking information.

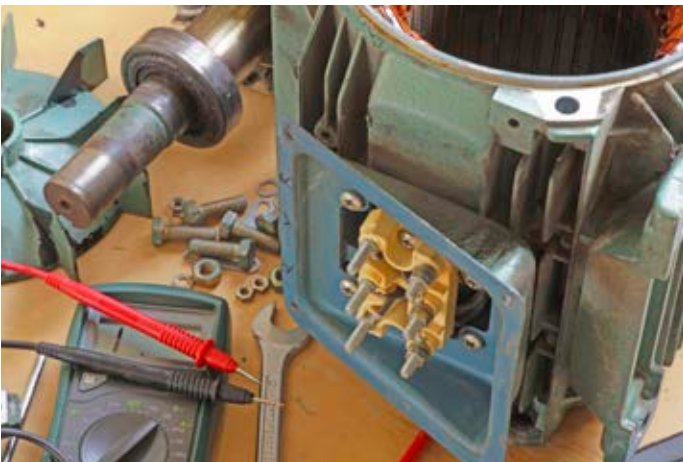
There is a product that claims it will replace **basement dehumidifiers** and save tons of money. It basically is a fan system that vents all the basement air outside. Yes, dehumidifiers can be expensive to run and are a nuisance when you have to empty the water. The problem with these fan systems is that when you blow all the basement air outside, it is replaced with “conditioned” air, or the air that’s heated and cooled, from other parts of the house. That makes your heating and cooling system work harder and dramatically reduces the promised savings. Here’s an alternate solution: Set the dehumidifier to 60 percent and run a hose to the floor drain. This resolves the hassle of emptying water and really reduces the power use while keeping the basement acceptably dry.

Finally, a **non-technology warning**: Scammers love to call or stop by claiming they represent the local power company. Never give anyone personal or financial information who claims to be a Guernsey-Muskingum employee without confirming their identity. Ask for a call-back number from the caller, then check with Guernsey-Muskingum. Ask the door-to-door person for a Guernsey-Muskingum ID. If they really are a co-op employee, they’ll be able to prove it.

Most of us want to save energy and keep our bills manageable. Technology can help do this, but be careful. Call Guernsey-Muskingum at 740-826-7661 before making any investments in technology that seem too good to be true. You’ll be glad you did. ☞



Ray Cook,
Energy Advisor



Sales claims that consumers can make their own generators or motors that provide “free” or “limitless” electricity are a scam.

Members encouraged to bring old Country Living issues to Annual Meeting for display

The tradition continues: For years, the fine members of Guernsey-Muskingum have been bringing their own personal items to the Annual Meeting for a display. This year bring in your old copies of *Country Living*, from 2000 or older, for others to enjoy and receive gift. Only one gift per person.



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 on 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 zebra. So kids, send your parents into the business meeting while you watch magician Dave Lehman, and then pick up your animal.

FREE LIGHTBULBS

Looking for free light bulbs? Your free light bulbs will be waiting for you at your 79th Annual Meeting. Each member who attends will receive free lightbulbs.

Guernsey-Muskingum offers a safe and easy connection for portable generators



If you have or are planning to purchase a portable generator, Guernsey-Muskingum Electric is offering an option for connecting it 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 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 their breaker panel.

Like many of our products and services to members, we have priced the GenerLink to just cover costs, as our 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 questions. When calling to place an order, please have the manufacturer, model number and size of your generator ready.

Annual Meeting entertainment features a cappella group

We are pleased to bring you One-A-Chord A Capella Quartet to your 79th annual meeting. One-A-Chord's first album "Shades of the Past" was selected by the Contemporary a Cappella Society of America as the Best a Cappella Doo Wop Album of 2005. Members Tyler McCort, Terry McCord, Tony Huntsman and Brad Wilson will delight you with an array of doo wop, classic oldies and gospel songs beginning at 11 a.m. on the main stage.



One-A-Chord
A Capella Quartet

Your rights and responsibilities as a GMEC member

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

As excerpted from the cooperative's code of regulations: "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's website, www.gmenergy.com; additional copies of the code are available at the cooperative's 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 3 – includes Muskingum County townships of Blue Rock, Brush Creek, Clay, Harrison and Meigs; Noble County townships of Brookfield and Sharon; and Morgan County townships of Bloom, Bristol, Manchester, Meigsville and York.

District 5 – includes Tuscarawas County townships of Clay, Oxford, Perry, Rush, Salem and Washington; Guernsey County township of Wheeling; and Harrison County township of Freeport.

REPORT FROM MANAGEMENT

2015 WAS ANOTHER GOOD YEAR for your co-op. While the weather in February couldn't match the record chill of 2014, January and March actually reflected stronger sales than the prior year. But the unseasonably warm weather in November and December caused sales to drop much lower than 2014. When the year was through, overall sales were slightly better than 2014 by about 0.3 percent, but the strength was in commercial and industrial sales as residential sales were down by 2.8 million kWh. Stronger sales helped us to keep the rates stable in 2015 and even allowed for a slight rate decrease ... 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 2015, there were only 155 new service points connected. This is drastically lower than the 400 to 500 new services we were accustomed to installing just 10 to 15 years ago. In 2015, we expected to see continued growth in new connections to well sites, compressor stations, and other companies that provide support services to the oil and gas industry, but this growth quickly stagnated as oil and gas prices plummeted. While this is absolutely wonderful for us at the gas pumps, it seems to have thrown our local and national economies into a bit of turmoil. Many of our newest and largest commercial members can be attributed to the development of the Utica Shale in our part of the state. However, your cooperative continues to see increased revenue from our new and existing commercial members, and this benefits all of our members. While we cannot know for sure what the future holds, it is likely that the Utica Shale development will continue, but it appears that it will occur at a much slower pace than experts predicted.

The cooperative's revenues must support our maintenance and operations activities. In addition, the operating margins must be substantial enough to provide capital for the plant, or equipment and infrastructure, 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 2015 were \$1.7 million, which represents about a 5 percent return on the \$33.4 million in revenues for the year. These margins will ultimately be returned to the members over future years, but in 2015, we used them to improve your electric facilities while minimizing the amount of money we needed to borrow. We spent nearly \$5.1 million on utility plant construction and improvements in 2015, including new services, power line rebuilds and pole replacements. We began the second year of a meter replacement program, so many of you may see a new electronic meter in place of the old electromechanical meter. These meters are not the "smart" meters that you may have been reading about, and they are only a fraction of the cost.



Jerry Kackley
General Manager/CEO



James Rex
Chairman

Our right-of-way program continues to be strong, as we spent about \$2.3 million to clear trees and brush in 2015. Our financial strength has enabled us to focus resources on a major issue affecting our right-of-way. If you attended our annual meeting or one of our four regional meetings, you have heard us talk about a tiny pest that is creating a big mess. The emerald ash borer has moved into southeastern Ohio, and ash trees are dying at an alarming rate. In 2015, we focused additional crews on cutting dead or "danger" trees that could fall on cooperative lines, causing issues in the future. While this is an expensive and tedious task, we will continue to devote resources over the next few years to help ensure that your electric service remains reliable. A special "thank-you" goes to members who let us cut outside of our normal right-of-way — now that's the cooperative spirit! We should note here that 2015 was a very low year for outages for our members, with an average of only five hours of outage per member for the entire year.

Now back to those rates ...

Prior to 2013, our members have seen their bills increase significantly, and they were not alone. Cooperatives and utilities across the country were experiencing the same issues. Fortunately, during the last three years, there has not been a single rate increase for the members of our cooperative! In fact, the cooperative's rates have actually gone down by a total of 3 mils, or savings of around \$3 to \$4 per month for the average member. And, for the first time in our history, the cooperative gave a "one-month" rate refund of 1 cent per kilowatt-hour based on the average monthly use for each member during 2014! This refund appeared on your January 10, 2015, billing as a credit, with the average member seeing a savings of \$10 to \$15. While we expected a slight rate increase in 2015, we were actually able to maintain the rates and even gave an additional "temporary" 3 mil reduction in October, November and December. Not huge, but not bad! It is still too early to tell how 2016 will go, but the warmer-than-normal winter could impact sales and put pressure on rates.

So we must remain vigilant. The Environmental Protection Agency, under directions from the current administration, has now issued rules creating new stricter emission

limits on carbon dioxide for coal-burning power plants. These rules have effectively eliminated the construction of any new coal plants in the United States and, if they stand, the EPA will shut down many coal plants currently operating across this country. The Supreme Court of the United States has recently recognized the tremendous impact that these rules could have and has halted implementation of the rules until after their legality has been determined. 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 strategy as we have been promised. Instead, it is an “all-but-coal” strategy that could lead to an economic disaster. And the impact on the environment will be almost unnoticeable. While plants in the U.S. are closed, new coal plants will open every week in China, India and other countries. The bottom line is this: If the rules are not overturned, our members could see their bills increase by \$40 to \$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 generation has enabled our country to prosper, and it still supplies a tremendous portion of our country’s electricity needs. Any energy strategy that attempts to eliminate coal will likely cause electric bills to increase significantly, 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 generation but also transportation, manufacturing, and energy production and innovation. 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, the margins of the cooperative, is returned to you as capital credits. In 2015 your board of directors continued the policy of refunding capital credits to members or the estates of deceased members. 2015 was another record year for your co-op, as over \$779,000 of patronage was returned to our members, with most members receiving these as a credit (reduction) on their December electric bill. Since our inception, the cooperative has returned nearly \$13.7 million to members and former members! This is a real example of your ownership of the cooperative.

2015 provided your cooperative with many challenges and opportunities. As we begin 2016, we will continue to focus 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, 2015 and 2014

(see independent auditors’ report)

	2015	2014
ASSETS (Notes 1 and 2)		
ELECTRIC PLANT: (Note 3)		
In Service – at cost	\$ 75,539,952.36	\$ 72,967,891.91
Construction Work in Progress	350,404.52	270,592.85
Subtotal	<u>\$ 75,890,356.88</u>	<u>\$ 73,238,484.76</u>
Less Accumulated Provision for Depreciation and Amortization	<u>(17,454,983.48)</u>	<u>(17,234,987.56)</u>
Net Electric Plant	<u>\$ 58,435,373.40</u>	<u>\$ 56,003,497.20</u>
OTHER ASSETS AND INVESTMENTS:		
Investments in Associated Organizations (Note 4)	\$ 14,584,364.96	\$ 13,423,460.49
Other Investments – Nonutility Property	<u>67,555.02</u>	<u>70,660.26</u>
Total Other Assets and Investments	<u>\$ 14,651,919.98</u>	<u>\$ 13,494,120.75</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 797,023.94	\$ 1,454,753.83
Cash – Construction Funds	–	–
Special Deposits	–	1,000.00
Accounts Receivable (less accumulated provision for uncollectible accounts of \$303,560.46 in 2015 and \$306,283.05 in 2014)	3,366,641.69	3,625,756.73
Other Current Assets	31,837.52	27,534.61
Materials and Supplies	818,890.22	1,018,856.16
Prepayments	<u>52,668.88</u>	<u>37,889.65</u>
Total Current Assets	<u>\$ 5,067,062.25</u>	<u>\$ 6,165,790.98</u>
DEFERRED CHARGES (Note 5)	<u>\$ 1,353,187.40</u>	<u>\$ 2,139,960.72</u>
TOTAL ASSETS	<u>\$ 79,507,543.03</u>	<u>\$ 77,803,369.65</u>
EQUITIES AND LIABILITIES (Note 1)		
EQUITIES:		
Patronage Capital (Note 6)	\$ 35,544,410.37	\$ 32,864,805.06
Other Equities (Note 7)	<u>418,895.06</u>	<u>418,895.06</u>
Total Equities	<u>\$ 35,963,305.43</u>	<u>\$ 33,283,700.12</u>
LONG-TERM DEBT:		
RUS Mortgage Notes Less Current Maturities (Note 8)	\$ 333,320,584.53	\$ 33,337,064.04
CFC Mortgage Notes Less Current Maturities (Note 8)	4,242,500.19	4,708,443.33
Regulatory Liability (Note 10)	–	650,000.00
Total Long-Term Debt	<u>\$ 337,563,084.72</u>	<u>\$ 38,695,507.37</u>
CURRENT LIABILITIES:		
Current Maturities of Long-Term Debt	\$ 1,446,978.00	\$ 1,400,984.00
Note Payable – Short-Term	175,246.15	-0-
Regulatory Liability (Note 10)	110,000.00	-0-
Accounts Payable – Purchased Power	1,556,321.00	1,635,244.66
Accounts Payable – Other	728,089.62	734,064.83
Consumer Deposits	411,149.61	381,793.87
Accrued Taxes	1,123,161.63	1,099,716.26
Other Current Liabilities	<u>275,287.36</u>	<u>369,024.93</u>
Total Current Liabilities	<u>\$ 5,826,233.37</u>	<u>\$ 5,620,828.55</u>
CONTINGENT LIABILITIES (Note 10)		
DEFERRED CREDITS (Note 11)	<u>\$ 154,919.51</u>	<u>\$ 203,333.61</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 79,507,543.03</u>	<u>\$ 77,803,369.65</u>

(The accompanying notes are an integral part of this statement.)

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

For the years Ended December 31, 2015 and 2014
(see independent auditors' report)

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES	\$ 33,382,475.61	\$ 33,194,974.80
OPERATING EXPENSES:		
Cost of Power	\$ 18,749,560.36	\$ 18,982,175.88
Transmission Expense	2,035.30	-
Distribution - Operation	1,924,360.32	2,049,166.02
Distribution - Maintenance	3,290,434.52	2,283,349.06
Consumer Accounts Expense	1,013,724.99	1,112,004.35
Customer Service and Information Expense	392,039.57	381,887.22
Administrative and General	1,881,004.52	2,136,307.59
Depreciation and Amortization	1,956,038.04	1,925,828.73
Taxes	1,084,160.00	1,082,963.00
Interest on Long-Term Debt	1,354,785.35	1,401,452.89
Other Interest Expense	11,202.78	34,122.68
Total Operating Expenses	<u>\$ 31,659,345.75</u>	<u>\$ 31,389,257.42</u>
Operating Margins Before Capital Credits	\$ 1,723,129.86	\$ 1,805,717.38
BUCKEYE CAPITAL CREDITS	1,554,383.35	1,131,328.64
OTHER CAPITAL CREDITS	<u>68,216.29</u>	<u>81,283.53</u>
Net Operating Margins	\$ 3,345,729.50	\$ 3,018,329.55
NONOPERATING MARGINS:		
Interest and Dividend Income	\$ 104,925.83	\$ 106,464.30
Miscellaneous Nonoperating Income (Expense)	(1,109.41)	(6,373.45)
Total Nonoperating Margins	<u>\$ 103,816.42</u>	<u>\$100,090.85</u>
NET MARGINS FOR PERIOD	<u>\$ 3,449,545.92</u>	<u>\$ 3,118,420.40</u>
PATRONAGE CAPITAL - Beginning of Year	32,864,805.06	30,513,262.51
Retirement of Capital Credits	(779,065.27)	(776,194.88)
Capital Credits Reassignable	<u>9,124.66</u>	<u>9,317.03</u>
PATRONAGE CAPITAL - End of Year	<u>\$ 35,544,410.37</u>	<u>\$32,864,805.06</u>

(The accompanying notes are an integral part of this statement)

STATEMENTS of CASH FLOWS

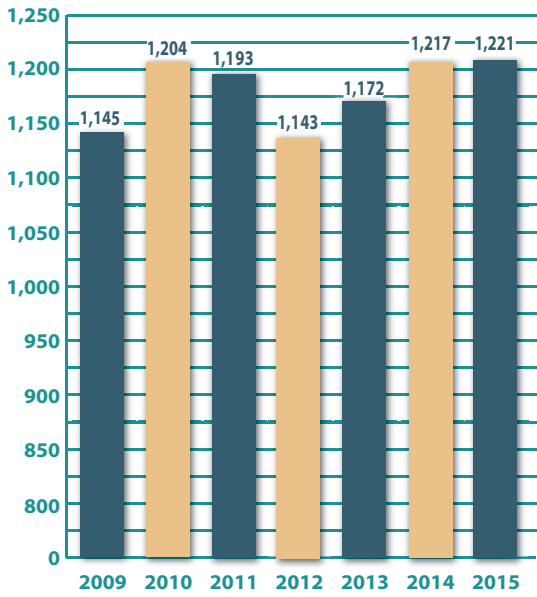
For the years ended December 31, 2015 and 2014
(see independent auditors' report)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Consumers	\$ 33,641,590.65	\$ 33,455,306.94
Interest and Dividend Income	105,025.83	106,994.78
Capital Credits	471,966.77	483,535.61
Cash Provided by Operating Activities	<u>\$ 34,218,583.25</u>	<u>\$ 34,045,837.33</u>
Cash Paid to Suppliers and Employees	\$ 26,767,503.34	\$ 26,324,217.86
Interest and Taxes Paid	2,698,622.52	2,734,947.68
Cash Disbursed for Operating Activities	<u>\$ 29,466,125.86</u>	<u>\$ 29,059,165.54</u>
Net Cash from Operating Activities	<u>\$ 4,752,457.39</u>	<u>\$ 4,986,671.79</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction and Acquisition of Plant	\$ (3,059,912.54)	\$ (1,951,530.78)
Proceeds from Disposal of Plant	(1,328,001.70)	(1,147,327.58)
Investment in Associated Organizations	(10,271.60)	1,310.30
Other Nonoperating Income (Expense)	(1,109.41)	(5,806.78)
Net Cash Used by Investing Activities	<u>\$ (4,399,295.25)</u>	<u>\$ (3,103,354.84)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Change in Consumer Deposits	\$29,355.74	\$24,418.20
Payments on Long-Term Debt	(436,428.65)	(2,683,957.32)
Payments on Short-Term Debt	-	(2,379,481.69)
Patronage Capital Credits Retired	(779,065.27)	(776,194.88)
Proceeds from Long-Term Debt	-	4,000,000.00
Proceeds from Short-Term Debt	175,246.15	234,973.05
Net Cash from Financing Activities	<u>\$ (1,010,892.03)</u>	<u>\$ (1,580,242.64)</u>
NET INCREASE IN CASH	\$ (657,729.89)	303,074.31
CASH - BEGINNING OF YEAR	<u>1,454,753.83</u>	<u>1,151,679.52</u>
CASH - END OF YEAR	<u>\$ 797,023.94</u>	<u>\$ 1,454,753.83</u>
RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NET MARGINS	\$ 3,449,545.92	\$ 3,118,420.40
ADJUSTMENTS TO RECONCILE NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and Amortization	\$ 1,956,038.04	\$ 1,925,828.73
Buckeye Power, Inc. and Other Capital Credits (Noncash)	(1,150,632.87)	(729,076.56)
Provision for Uncollectible Accounts Receivable	(2,722.59)	31,012.50
(Increase) Decrease In:		
Customer and Other Accounts Receivable	261,837.63	229,319.64
Current and Accrued Assets - Other	184,989.04	(128,748.82)
Deferred Charges	786,773.32	717,093.17
Increase (Decrease) In:		
Accounts Payable	(84,898.87)	(133,333.97)
Accrued Taxes	23,445.37	16,195.94
Current and Accrued Liabilities - Other	(633,737.57)	(69,446.90)
Deferred Credits	(48,414.10)	(6,282.82)
Miscellaneous Nonoperating (Income) Expense	1,109.41	6,373.45
Capital Credits Reassignable	9,124.66	9,317.03
Total Adjustments	<u>\$ 1,302,911.47</u>	<u>\$ 1,868,251.39</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,752,457.39	\$ 4,986,671.79

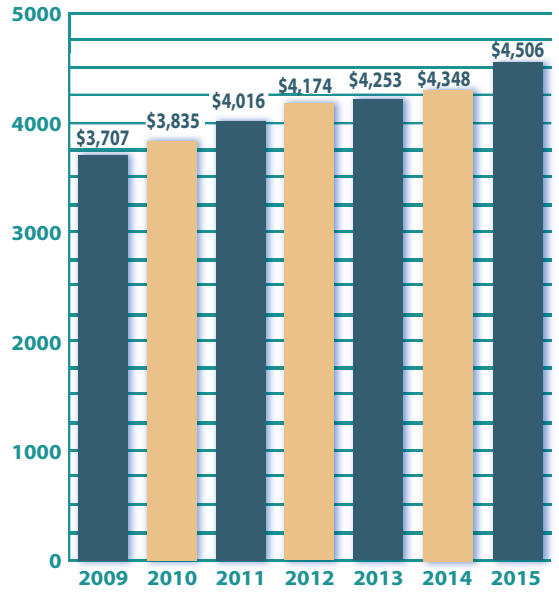
(The accompanying notes are an integral part of this statement)

GUERNSEY-MUSKINGUM TRENDS

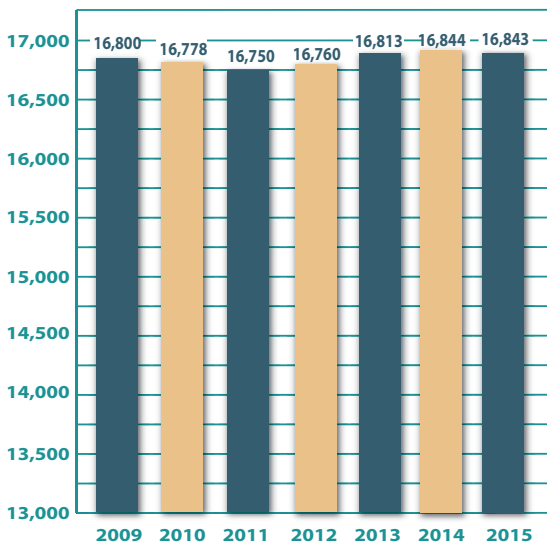
Average Monthly Use
(kWh — all consumers)



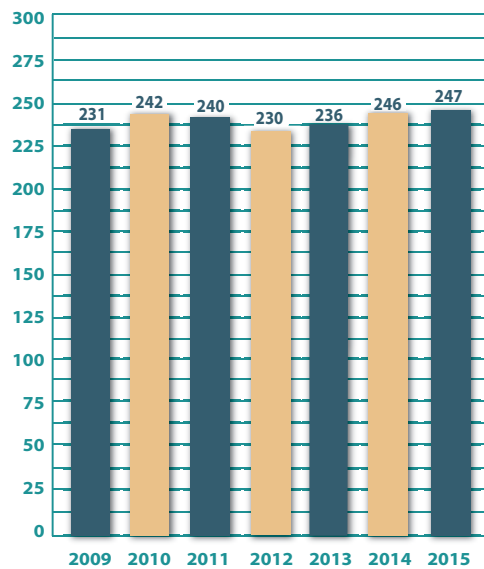
Plant Investment
(Dollars per consumer)



Consumers Served



kWh Sold Annually
(in millions)



Cost of Purchased Power	56.17%
Line Operations & Maintenance	15.63%
Tax Expense.....	3.25%
Interest on Long-Term Debt	4.09%
Administrative & General.....	5.63%
Depreciation	5.86%
Consumers Accounting & Collecting	3.04%
Operating Margin	5.16%
Customer Service Expense	1.17%

