

Our Greatest Assets



2017
ANNUAL REPORT



An electric cooperative is truly a unique organization. You, our member-owners, are the reason that we exist. Since 1937, as the waters receded from The Great Flood, Jackson Purchase Energy Corporation has been providing you with the electric power that is integral to your quality of life.

Because we are unique, our priorities reflect that. Some companies value only productivity and a bottom line. But we value more than that—we value people.

We value the people who keep your power on—from the sons, fathers, brothers, and Little League coaches who make up our line crews to the neighbors, mothers, and church volunteers who answer the phones when you call. Our employees are our most valuable asset.

We also value you—our member owners. We take our jobs as stewards of your cooperative very seriously because of that. You are the reason that we rise, often in the very early morning, and continue working even through storms and uncomfortable temperatures, to guarantee that the electric service we provide to you is as reliable as possible.

In these pages, you'll read about the assets that JPEC holds and the monetary value of those. Because we value transparency with the dollars that you send us every month, we publish this document with as

much information as possible for you. Throughout these pages, you'll see evidence of miles of lines, accounts served, services we provide, and infrastructure that we build and maintain.

There are quite a few numbers in this document, but we hope that you know the thing that we value the most is our greatest asset—our people.

POWER IN PEOPLE

The employees who serve your cooperative may all be members of your communities, but they are not all alike.

Some have served for many years and have strong roots in the place where they live. They have seen the days before instant communications, long days without power during severe winter storms, and long nights digging holes for replacement poles. But, they have also seen the cooperative grow and become more efficient and more attuned to the needs of the member-owners.

Working alongside those employees are some who have fewer years under their belts, those who are eager to learn the cooperative model, who may even bring with them experience from other cooperatives or other communities. They see the future of our cooperative—the limitless services that technology and innovation can provide for our member-owners.

Cover: Jackson Purchase Energy's Vice President of Engineering and Operations, Scott Ribble, and Electronic Technician Mike Downing (recently retired after 34 years), shown in front of a new solar array at Mike Miller Park in Draffenville.

Below: The 10 kW solar demonstration project allows JPEC members, students, and the public to monitor production in real time, view the cost of generation, and research solar technology online at Solar.BigRivers.com.

Left: JPEC's Vice President of Finance and Accounting Jeff Williams with Plant Accountant Sonja Collier discuss purchasing and inventory of materials—such as poles, transformers, and wire—which are critical to have on hand for daily maintenance as well as quick restoration during a major storm event. Photos: Joe Imel



This is not unlike the diversity of the members we serve. Because we work with you and for you every day, we know that your needs are different because you are all different.

Our diverse team of employees and the directors who serve as your voice in this cooperative are committed to working together to deliver energy to you on the hottest days, the coldest nights, and every day in between—that is the value of Jackson Purchase Energy Corporation.

POWER IN COMMUNITIES

In Western Kentucky, our strengths lie in our ability to support one another, to rally behind those who need it, and to band together when hard times arise. We see this every day as we live, work, and play in the communities that we serve.

It is why JPEC continually supports the communities that we serve. From volunteering and giving to local charitable and civic organizations to working hand-in-hand with local governments to attract new jobs to our area, we value our commitment to our communities.

Because of this commitment, we have partnered with our power provider, Big Rivers Electric Corporation, to bring solar power demonstration projects to three local communities. Located at Livingston County Middle School in Burna, Mike Miller Park in Draffenville, and McCracken County High School in West Paducah, these demonstration projects are designed to educate our members about the costs and benefits of solar power.

Each of these 10 kW systems is available for hands-on inspection by local students and the general public. The power production of each system is tracked in real time and published on a website—solar.bigrivers.com—that shows the relationship between weather conditions, power production, and the cost of the power.

POWER IN COOPERATION

For the employees, directors and management of JPEC, our greatest strength is the trust you give us through your membership. You are more than customers, you are our member-owners.

Together, we are powerful.



JPEC's Manager of Technical Services, Ward Morgan, examines an electronic circuit board from one of the co-op's approximately 30,000 meters. Photo: Joe Imel

JACKSON PURCHASE ENERGY CORPORATION BOARD OF DIRECTORS



Erick Harris
Chair



Jack S. Marshall
Vice-Chair



Wayne Elliott
Secretary/Treasurer



Lee Bearden
Director



William Birney
Director



Dr. Ivus Crouch
Director



Chuck Mullen
Director



Lori Thompson
Director



Dennis L. Cannon
President & CEO



Richard Walter
General Counsel

GUIDELINES FOR MEETING PARTICIPANTS

- In accordance with the bylaws, the annual meeting will follow parliamentary procedure and Robert's Rules of Order.
- The Chair will ensure parliamentary procedure and Robert's Rules of Order are followed.
- Members shall stand if they wish to speak. When recognized by the Chair, the member shall state his/her name and address.
- Each member may speak once on each motion. Exceptions may be granted by the Chair. Discussion will alternate for and against the motion.
- Members may speak for two minutes. An impartial time keeper will notify the member when the time has expired. Exceptions may be granted by the Chair to extend the time limit.
- Cellular phones and pagers shall be turned off or set to silent mode during the meeting.
- Food and drinks are not allowed in the auditorium. Smoking is not allowed in the Luther F. Carson Four Rivers Center.

2018
OFFICIAL BUSINESS MEETING
GUIDELINES

2017

JACKSON PURCHASE ENERGY CORPORATION

SERVICE AREA



ACTIVE ACCOUNTS

As of December 31, 2017

BALLARD.....	3,069	10.3%
CARLISLE.....	541	1.8%
GRAVES.....	2,402	8.1%
LIVINGSTON.....	5,791	19.4%
MARSHALL.....	4,842	16.1%
MCCRACKEN.....	13,439	44.3%
TOTAL.....	30,084	100.0%

ACCOUNTS BILLED

2017.....	30,084
2007.....	28,917

AVERAGE KWH USAGE

Residential per month	
2017.....	1,156
2007.....	1,340

MILES OF LINE*

2017.....	2,963
2007.....	3,270

CONSUMERS PER MILE

2017.....	10.15
2007.....	8.79

* JPEC implemented a new, electronic mapping system in 2008. The improved accuracy of this GIS-based system accounts for the decline in the number of miles of line between 2007 and 2017.

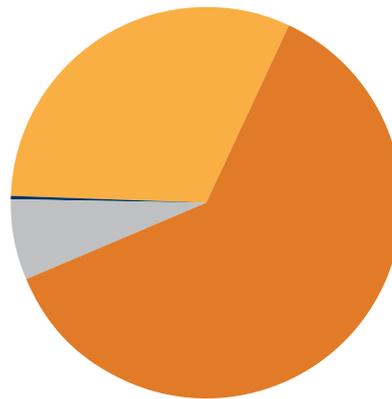
FOR INFORMATION AND INQUIRIES

2900 Irvin Cobb Drive
Paducah, KY 42003

(270) 442-7321 or (800) 633-4044

www.jpenergy.com

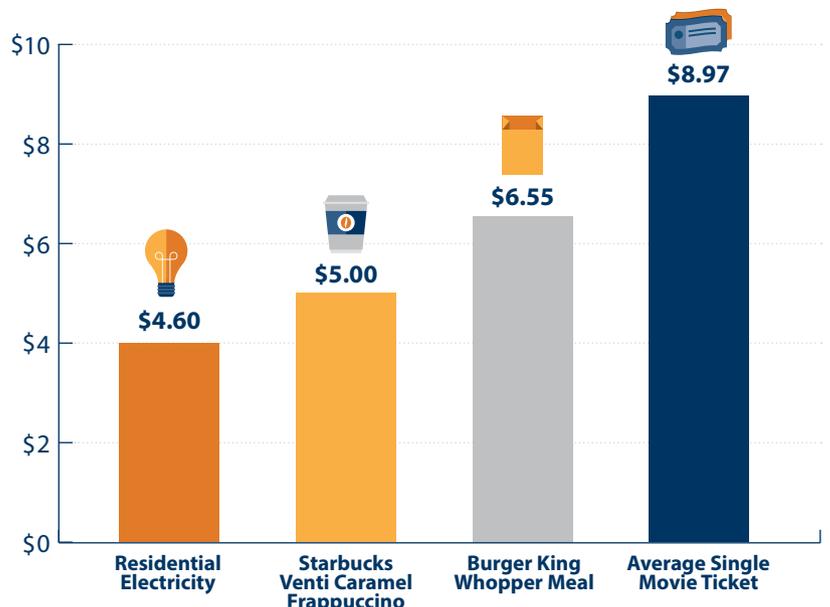
REVENUE SOURCES



- 61.9% RESIDENTIAL
- 31.3% COMMERCIAL
- 6.6% INDUSTRIAL
- 0.2% OTHER

ELECTRICITY REMAINS A GOOD VALUE

In today's world, costs are rising for nearly all consumer goods. For an average residential member of JPEC, however, electricity cost per day remains a good value. At only \$4.60 per day on average, electricity costs are lower than the costs of many items that our members purchase every day.



STATEMENT OF OPERATIONS

As of December 31, 2017

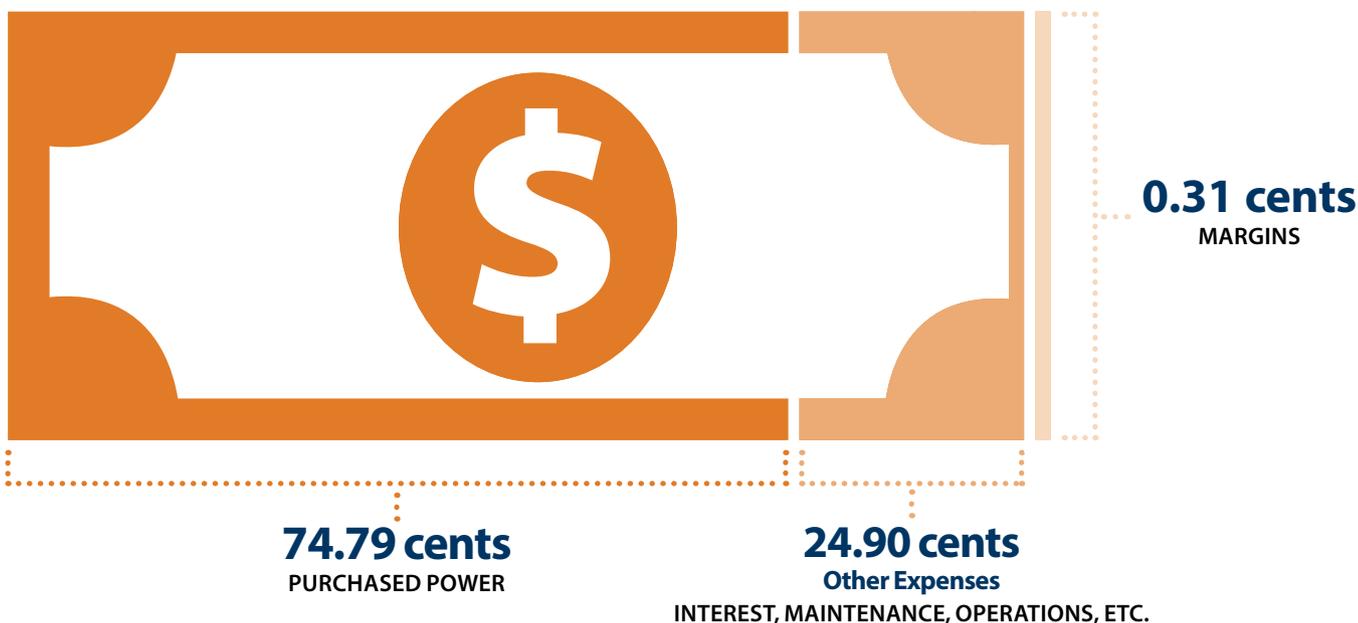
Operating Revenue.....	\$70,888,297	100.00%
OPERATING EXPENSE		
Purchased Power	\$53,014,406	74.79%
Operating the System.....	9,730,199	13.73%
Depreciation	5,696,129	8.04%
Taxes.....	81,520	0.11%
Interest Expense	2,142,149	3.02%
Other Expenses	1,915	0.00%
Cost to Provide Electric Service	\$70,666,318	99.69%
Operating Margins.....	\$221,979	0.31%
Other Income.....	441,952	0.62%
Capital Credits from Other Co-ops.....	251,994	0.36%
Total Margins.....	\$915,925	1.29%

BALANCE SHEET

As of December 31, 2017

ASSETS	
Total Utility Plant.....	\$160,726,516
Less Depreciation	(66,201,524)
Net Utility Plant.....	94,524,992
Investment in Associated Organizations	3,438,845
Cash and Temporary Investments.....	2,009,182
Accounts Receivable	5,133,888
Inventory	2,179,335
Expenses Paid in Advance.....	239,535
Deferred Debits and Other Assets	4,203,580
Total Assets	\$111,729,357
LIABILITIES	
Memberships and Other Member Equity.....	\$48,201,481
Long-Term Debt.....	45,940,601
Accounts Payable	6,272,510
Consumer Deposits	2,288,656
Other Current and Accrued Liabilities	8,132,083
Deferred Credits.....	894,026
Total Liabilities and Member Equity	\$111,729,357

HOW EACH DOLLAR IS USED



AGENDA

2018 ANNUAL MEETING OF MEMBERS

Luther F. Carson Four Rivers Center

Thursday, June 21, 2018

4:00 p.m. Registration Begins

4:45 p.m. Entertainment: Jeff Stice

6:00 p.m. Platform Activities

- **Welcome** Erick Harris, Chair
- **Invocation**
- **Presentation of Colors and Pledge of Allegiance to the Flag of the United States of America** Paducah Tilghman High School Navy Junior Reserve Officer Training Corps
- **Introductions** Erick Harris, Chair
 - **Board of Directors**
 - **General Counsel**
 - **Notable Guests**
- **Management's Report** Dennis L. Cannon, President & CEO
- **Introduction of Scholarship Recipients** Jack S. Marshall, Vice Chair, and Lee Bearden, Director
- **Introduction of Youth Tour Participants** Lori Thompson, Director, and William Birney, Director
- **Presentation of Guidelines for Meeting Participants** (see page 5) Erick Harris, Chair

Official Business Meeting

1. Adoption of Guidelines for Meeting Participants.
 2. Report on the number of members present in person in order to determine the existence of a quorum.
 3. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
 4. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
 5. Presentation and consideration of reports of officers, directors, and committees.
 - Financial Report
 6. Tellers' report of election of directors and any other balloting. Mark Viets, Chair, Tellers Committee
 7. Unfinished business (none).
 8. New business.
 9. Adjournment.
- **Comments from the Floor**
Questions or comments not in the form of a motion. 20 minutes maximum.
 - **Drawings for Door Prizes**



2018
OFFICIAL BUSINESS MEETING
AGENDA