

Carroll Electric Cooperative, Inc.  
2017 ANNUAL MEETING  
Manager's / CEO's Comments: Larry Fenbers

Good morning and welcome,

Another year has gone by and we continue to see change in our communities and in our lives. This year we are celebrating 80 years as a cooperative. Just think of the changes that have occurred over those 80 years.

Two years ago you voted on bylaw amendments that provide for more options in how you vote and elect your trustees. We are seeing that change in action by the number of members who voted online, by telephone, or by mail-in ballot. This year over 90 members cast their ballots prior to the annual meeting. The amendment presented to you this year will allow us to continue early voting through the start of the meeting. If you waited in line to vote today, I urge you to consider the many options available for early voting prior to next year's meeting.

So what's been going on the past year with your cooperative? And what does the future hold? On the reliability front — We worked with AEP and upgraded the transmission voltage of our Summitville Substation from 23kV to 69kV.

We also upgraded our Leesville Substation with a larger transformer and regulators to handle the new Rover Compressor Station.

We will be replacing the transformer in our Ross Substation, because a significant fault occurred, damaging the transformer.

We continue to rebuild aging lines and improve our tie capacities between substations. Trees continue to cause a significant number of outages and we are continuing the more aggressive approach to this problem that we started in 2010. This year we are addressing areas served by our Amsterdam and Malvern Substation areas. Next year we will be addressing the Mohawk, Sugar Grove, and Springfield Substation areas as well as one line from our Washington Substation.

Most of the tree related outages are coming from trees outside our normal ROW corridor. These are primarily dead ash trees, a problem we will be addressing for the next several years and which you will hear more about later.

Weather continues to play a part in our lives and our financials. This year we have seen some milder weather impact residential sales. While this mild weather may have helped your monthly bills it hurt the co-ops bottom line.

An even bigger impact to our financials is a continued decline in kilowatt hour sales to our commercial accounts. We've lost several large commercial loads, primarily coal mines, which have lessened revenues even more.

We hope to see a change in that soon. The Rover Compressor Station that I mentioned earlier will increase kilowatt hour sales, once the facility is fully operational. Also this fall, The Bluffs, should come on line at the former Atwood Lodge.

A Financial Report was included in this month's Ohio Cooperative Living. One very positive note from our 2016 financials is that we returned over \$820,000 in capital credits to our members.

This past spring we completed a new Strategic Planning Session and have been implementing and planning some of those initiatives.

We have taken a hard look at our computer systems and what we can improve upon from a cyber security standpoint.

We are also implementing changes to how we take credit card payments to better protect you, our members.

We continue to address the thousands of dead or dying ash trees that threaten service reliability. You'll hear more about this issue from our guest speaker next.

And we are working to provide better communication to our members when we do have outages. I'd like to take a moment to talk about our employees. For a number of years you've heard me announce the completion of another year with an impressive record of Zero Lost Time Accidents. As you've already heard, one of our linemen was injured on the job. Despite this incident, safety is still a vital part of our daily life. This year, we completed another three-year cycle with the Rural Electric Safety Achievement Program. 2017 marks 42 years of our participation in this program. We did well in this evaluation, with one exception, and we took immediate steps to address that area. RESAP, as it's called, is all about continuous improvement and protecting our employees. We learn from it on a regular basis.

2017 also marked year seven of our participation in the Carroll County Relay for Life. Through various fund raisers our team raised almost \$10,000 bringing our 7 year total to over \$106,000. Thank you to everyone who supported our efforts.

And last, - let's recognize the staff and your board of trustees and thank them for their work throughout the past year. Let's give them a round of applause!

THANK YOU