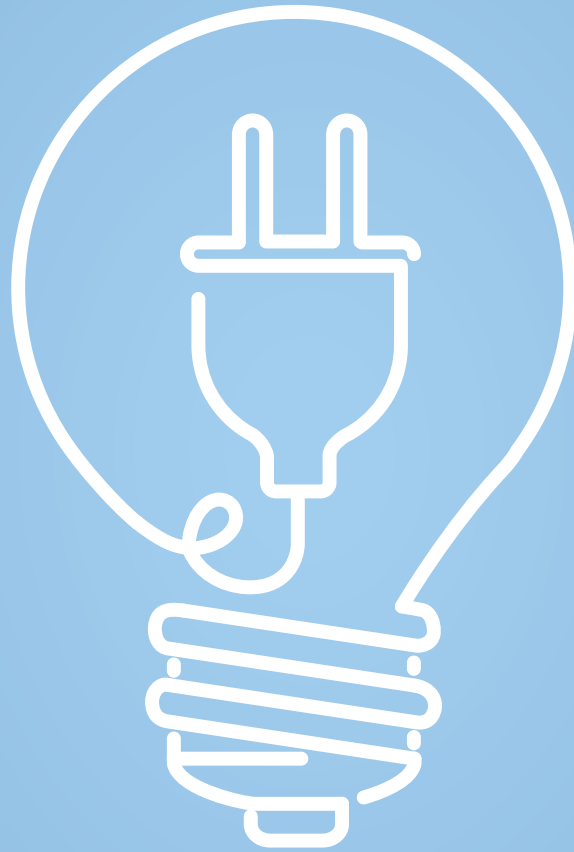


# Powering Lives for 80 Years



2016 YEAR IN REVIEW

*South Central  
Power Co.*

A Touchstone Energy<sup>®</sup> Cooperative 

# Powering Lives for 80 Years



President Franklin D. Roosevelt understood that illuminating the nation's farmland would improve the lives of rural Americans. The establishment of the Rural Electrification Administration (REA) and electric cooperatives are among his enduring legacies.



Relying on the New Deal program, our founders established South Central Rural Electric Cooperative in May 1936. The fledgling co-op built 125 miles of line with a \$125,000 REA loan and set our first pole in September 1937. The first line was energized on December 23, 24 and 25, 1937, lighting the homes of 288 members near Lancaster.



*Our co-op  
has come a  
long way . . .*

*Today, we are among  
the nation's 20 largest  
electric cooperatives.*



Your investment in South Central Power exceeds \$272 million, representing a 55.7 percent equity level. For the 28th consecutive year, Capital Credits were returned to members in 2016.

As your elected representatives, the Board of Trustees gives careful consideration to the decisions we make on your behalf. This thoughtful planning has resulted in a sturdy electric system and a financially sound cooperative that will last well into the future.

*Kenneth D. Davis*  
Chairman, Board of Trustees

# Poised for the Future

Electric cooperatives were born out of innovation. In the 1930s, rural Americans did for themselves what city utilities would not: electrify their farms and power their lives.

*South Central Power's spirit of innovation is alive and well today.*

To improve reliability, we've coupled regular maintenance with technology. We have more data than ever before to help us troubleshoot, locate line and equipment malfunctions, and evaluate equipment replacement needs. We increased the number telephone lines into the co-op to decrease hold times. Information about your account and our programs are available anytime through our interactive telephone system and website.

Financially, 2016 was another successful year. Assets increased 4 percent and operating revenue increased by 3 percent.

As we move into 2017, your electric cooperative is poised for continued success both financially and operationally. Our mission is to deliver safe, reliable electric service that adds value to the lives of our members. In doing so, we are committed to exploring and implementing new innovations that will power the lives of our members for decades to come.

*Richard Lemonds*  
President & CEO

# Clear Rights of Way

South Central Power uses best practice vegetation control techniques set forth by the International Society of Arboriculture.



The goal: maintain adequate clearance between trees and electric lines to minimize power outages for members.

At more than \$9 million, vegetation control is the co-op's second largest controllable expense.

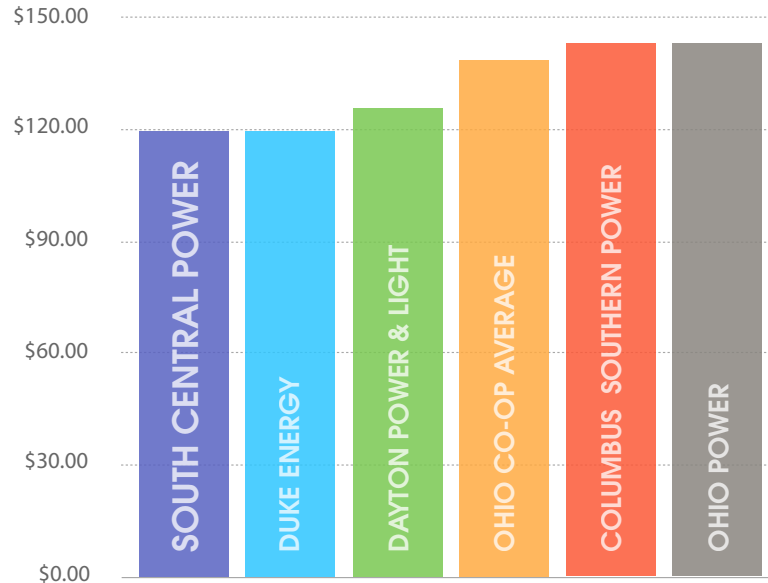
3,922 miles  
of line  
trimmed  
and treated

13,000  
hazard trees  
removed



# Comparative Bill

*per 1,000 kilowatt-hours for residential service\**



*\*Investor-owned standard service offer August 2016*



## Your member **service** experience

The American Customer Satisfaction Index (ACSI) measures satisfaction across 10 economic sectors and 40 key industries, including electric utilities.

### 2016 ACSI Scores

**South Central Power: 86**

Ohio electric cooperative average: 85

Touchstone Energy® cooperatives: 77

Largest U.S. electric cooperatives: 76

# 2016

## Statistics at a Glance

Total Active Electric Consumers 118,647

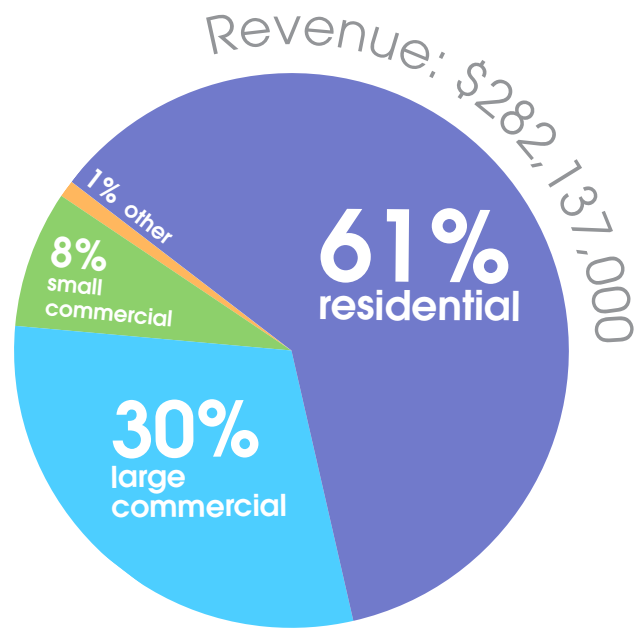
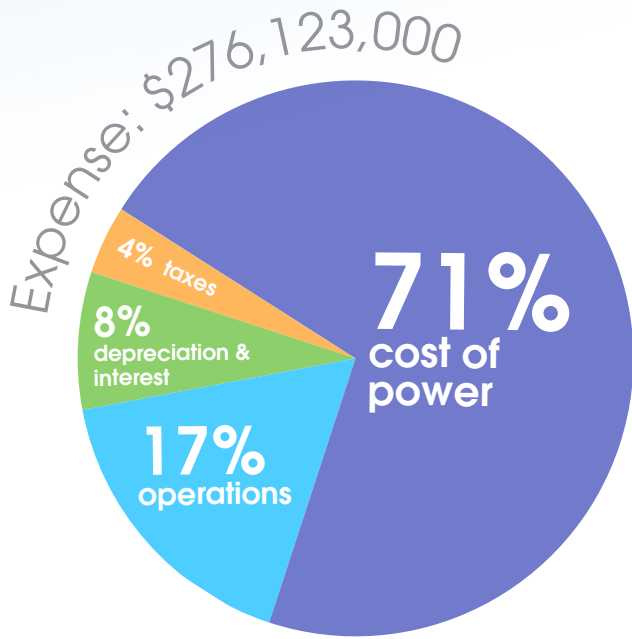
New Electric Consumers Added 2,184

Miles of Line 12,051

Kilowatt Hours Sold 2,665,702,478

Total Assets \$488,591,000

Net Operating Margin \$6,013,000



# *Your investment in* South Central Power

All South Central Power electric members have a capital credit account. Capital credits represent each member's share of the co-op's profits (called margins) based on electricity purchased in a given year. Since 1978, more than \$135 million in cumulative capital credits have been returned to members.

## *Capital Credits Payments*

**2016: \$9,062,000**

2006: \$5,497,703

1996: \$2,367,166

1986: \$787,923

1978: \$336,921

*South Central Power Company's audit as of December 31, 2016 was completed by GBQ Partners, LLC, of Columbus, Ohio. Copies of the report are available at each South Central Power district office or at [www.southcentralpower.com](http://www.southcentralpower.com)*

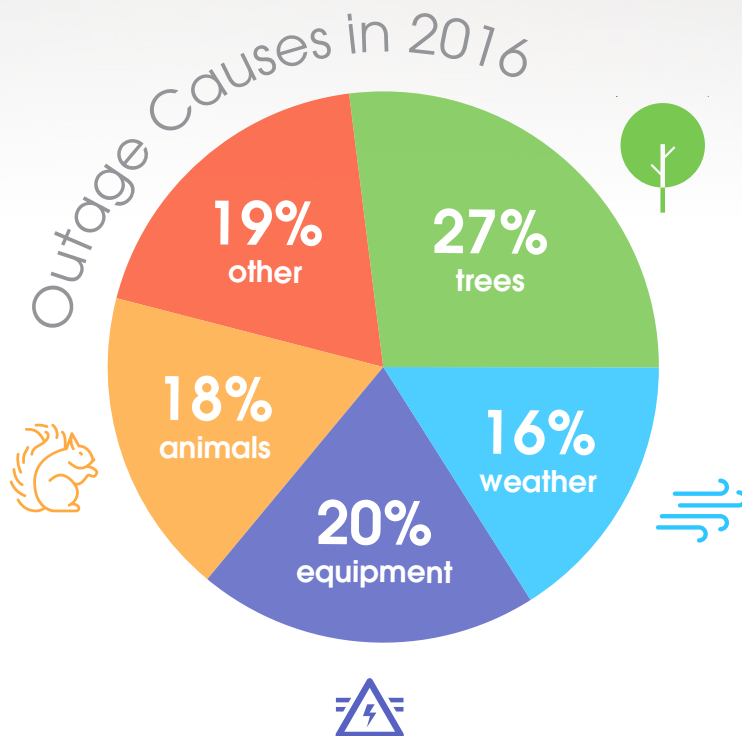
# Keeping Your Lights ON

99.96%  
of the time\*



On average in 2016, members were without electric service for 224 minutes.\* Our five-year average of 261 minutes per consumer is a full two hours less than the five-year average in the year 2012.


*\*Excludes major events*






## Net value of your utility plant

\$301,997,330

sub-stations  4 substations rebuilt  
1 switching station built  
1 small mobile transformer refurbished

lines  7.5 miles of transmission line built  
14 miles of distribution overhead line built  
7.4 miles of underground line built

poles  20,600 poles tested and treated  
600 poles replaced

### Cost to build

A substation: \$1.9 million

Transmission line: \$250,000/mile

Overhead single-phase distribution line: \$65,000/mile

Overhead three-phase distribution line: \$140,000/mile

Underground single-phase distribution line: \$100,000/mile

Underground three-phase distribution line: \$243,000/mile



# Safety

## Our Top Priority

South Central Power's priority is for each employee to return home safely every day. All employees participate in safety training, but it is our line crews who routinely face high-risk situations. Their safety equipment is vital to protecting them from the dangers of electricity.

# Equipping your Lineman



Lineman Aaron Slatzer

*total equipment cost \$4,427*

# Mission

Our cooperative exists to deliver safe, reliable electric service that adds value to the lives of our members.

# Vision

The cooperative strives to be a model of operational excellence recognized for quality of service, superior value and being a strong presence in the community.

# We Value

- The safety of our employees and the general public
- Integrity, professionalism and accountability in all that we do
- Exceptional service
- Responsible financial management
- Communication, collaboration and teamwork
- Engaged, informed and innovative employees

