Hollingsworth retires from the Pioneer Board of Trustees after 16 years of service

Dwain Hollingsworth was recognized during the business portion of Pioneer’s Annual Meeting and Cooperative Spirit Day on March 19 for his 16 years of service with Pioneer, which includes four years on the Champaign County board and 12 years on the board of trustees. He held the position of second vice chair at the time of his retirement.

While serving on the board, he obtained the Credentialed Cooperative Director and Board Leadership certificates and attended numerous training courses through the National Rural Electric Cooperative Association.

“One of my biggest [personal] accomplishments on the board of trustees was understanding the workings of an electric cooperative, including rates and everything that goes into it — it is more than lines and poles,” Hollingsworth says.

During his retirement, Hollingsworth will continue to dedicate much of his time to his family livestock operation, children and grandchildren.

“I’ve enjoyed going to meetings [national or statewide] and talking to people from other cooperatives about the different issues they face and how they handle those issues,” Hollingsworth says.

Along with being involved in board decisions, he says he has also enjoyed and will miss the other members of the board of trustees and the Pioneer employees.

“Dwain was very dedicated to the board and serving the membership, and he will be greatly missed for that reason,” says Ron Clark, chair of the Pioneer Board of Trustees. “He was an excellent board member and always had the best interest of the members in every decision he was a part of.”

Pioneer thanks Dwain Hollingsworth for his dedication throughout the past 16 years and wishes him best of luck during his retirement.
Pioneer awards 2016 scholarships

Pioneer is proud to announce the four recipients of its 2016 scholarships. The high school seniors were selected from a talented pool of 39 applicants from 15 schools throughout the Pioneer Electric service territory. Mindy Schmitmeyer and Dalton Hanlin were awarded $2,000 each, and Erin Gaerke and Troy Riley were awarded $1,500 each. All winners are the children of Pioneer members.

First Place Mindy Schmitmeyer
Daughter of Gary and Kelly Schmitmeyer
School Anna High School
College Ball State University
Major Special Education
Activities Junior leaders, church youth group and ministry, 4-H, band, SADD, Family, Career and Community Leaders of America, basketball, cross-country, lifeguard, retirement facility volunteer
Awards/Honors National Honor Society, Honor Roll

First Place Dalton Hanlin
Son of William Jr. and Robin Hanlin
School Graham High School
College The Ohio State University, University of Kentucky or University of Cincinnati
Major Mechanical Engineering
Activities Summer leadership seminars through the U.S. Air Force, U.S. Naval Academy and West Point, Business Professionals of America, Students Making a Difference, freshman focus leader, football, basketball, Homecoming court, church volunteer, various mission trips
Work Billy Kasper’s Body Shop, Matt Meginnes
Awards/Honors National Honor Society, National Technical Society, Academic Excellence, Urbana Daughters of the American Revolution Good Citizen Award
Second Place Erin Gaerke
Daughter of Jason and Judie Gaerke
School Russia High School
College The Ohio State University
Major Operations Management/Agricultural Communication
Activities Shelby County Junior Fair Board, Shelby County Junior Leaders, Russia Livestock 4-H Club, Shelby County 4-H camp counselor, St. Remy Youth Group, student council, band, Science Olympiad, Envirothon and Academia, track, cross-country, Teens for Truth, library aide, band aide, FTA, BASF’s Global Family Program, Buckeye Girls State
Awards/Honors Frederick Douglass and Susan B. Anthony Award, Applefest Queen, Martha Heinz Award–Poultry, top student in various classes

Second Place Troy Riley
Son of Kevin and Michelle Riley
School Houston High School
College University of Cincinnati
Major Mechanical Engineering
Activities Great Ohio Bicycle Adventure volunteer, school cleanup, summer cross-country camp volunteer, Shelby County Select soccer team, cross-country, track, teacher’s aide, spirit mob
Work Automotive detailer at Dan Hemm Auto Mall, Wendy’s crew member
Awards/Honors Honor Roll, Honda-OSU math medal recipient, Edison Community College Dean’s List, Wildcat Award for academics

CONGRATULATIONS AND GOOD LUCK to all the students who participated in our scholarship competition this year!
Arbor Day is April 29 — share what you are doing to celebrate trees

We want to know what our members are doing to celebrate trees throughout the month of April.

Whether you’re part of an organization that plants trees or are just completing general maintenance on your own trees, take a picture and share it on our Facebook page — www.facebook.com/PioneerEC, or, if you do not have a Facebook account, send an e-mail to member@pioneerec.com with a photo attached, and we will share it for you!

Pioneer and other electric cooperatives celebrate lineworkers on April 11

The National Rural Electric Cooperative Association (NRECA) has designated the second Monday of April to be National Lineman Appreciation Day.

Each year electric cooperatives throughout the country recognize the hard work and dedication that line personnel show, often in less than ideal weather and dangerous conditions.

“I hope that I could send my thanks to them for all the times they are out in all kinds of weather restoring the service for me,” a Pioneer member said in a recent survey.

Each of Pioneer’s linemen and linemen trainees go above and beyond to keep members fully powered and protected every day.

Pioneer joins numerous other cooperatives throughout the country on April 11 by recognizing the continued dedication and efforts shown by its own line crew.

#ThankALineman

Co-op Connections VENDOR SPOTLIGHT

ALEXANDER SEWER & DRAIN SERVICE
10% OFF all drain and septic tank cleaning.

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THE FLOOR STORE BY PROPERTY PROS
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937-552-7836  |  www.propertyproslimited.com

Want to learn more about our Co-op Connections program? Are you interested in becoming a vendor?
Check out our website, www.pioneerec.com, or call us at 800-762-0997.
2015 ANNUAL REPORT
PIONEER RURAL ELECTRIC COOPERATIVE
7 COOPERATIVE PRINCIPLES

VOLUNTARY AND OPEN MEMBERSHIP
Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership.

DEMOCRATIC MEMBER CONTROL
Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions.

MEMBERS’ ECONOMIC PARTICIPATION
Members contribute equitably to, and democratically control, the capital of their cooperative.

AUTONOMY AND INDEPENDENCE
Cooperatives are autonomous, self-help organizations controlled by their members.

EDUCATION, TRAINING AND INFORMATION
Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives.

COOPERATION AMONG COOPERATIVES
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together.

CONCERN FOR COMMUNITY
While focusing on member needs, cooperatives work for the sustainable development of their communities.
Throughout 2015, Pioneer positioned itself for continued success as a dedicated, advanced, not-for-profit cooperative that has the equipment, technology and employees to provide its membership with top-quality service and reliability.

In the past year, we have added three new, local linemen; focused on optimizing the security of our members by forming an internal cyber security task force; upgraded out-of-date equipment; performed preventive maintenance on substations in Shelby and Champaign counties; and completed a project to serve the new Proctor & Gamble facility in Union. We accomplished all of this while still keeping the safety of our employees and members our top priority.

When reflecting on how the electric industry has changed, even in the last 20 years, technology is one part that has been integrated into nearly every aspect of the industry — from dispatching crews to remote switching and automatic meter reading. These upgrades and changes throughout the years have not only decreased outage times per member, but also greatly reduced potential outages by tracking blinks with our advanced metering systems.

In an electric cooperative, member-consumers, who are also the owners, have the ability to improve their own energy efficiency and help provide cost savings for power generation and transmission, which directly impacts their electric bills as well as those of their fellow members.

In 1937, members used 1.3 million kilowatt-hours (kWh) of electricity; by 2015, that number had increased to 639.9 million kWh. To ensure we have very reliable, cost-effective power for all the ways we will use electricity in the future, we need to work collectively, as a cooperative, and continue our strong focus on members’ energy needs and expectations, energy savings and efficiency, and good stewardship toward our environment.

The board of trustees, as well as the management team, are making decisions for 2016 and the future based on the cooperative difference — that when you, our member and owner, are satisfied, we have succeeded as a cooperative. This satisfaction is largely determined by the feedback you provide on our member satisfaction survey. We appreciate your participation and are proud of attaining a score of 88 in 2015 — our highest in 10 years of measuring.

As a cooperative, working together is key to our success. Your phone calls, e-mails and kind words of appreciation provide us the positive reinforcement to continue to serve you each and every day.

Ronald P. Clark, Chair
Ronald P. Salyer, President & CEO
Eighty years of dedication & cooperation

Historical Statistics

1937
Members 3,000
Miles of Line 1,085+
Used 1.3 million kWh

1980
Members 10,900
Miles of Line 2,014+
Used 164.5 million kWh

2015
Members 16,600
Miles of Line 2,686
Used 639.9 million kWh
It’s no secret that in the early to mid-1930s, rural residents all over the country were unable to obtain electric service for their homes and farms. Unlike today, it was very uncommon for investor-owned utility companies serving neighboring residential cities and towns to offer rural consumers electricity, mostly because of the strong belief that they would not be profitable due to the distance that separated each home. If they did offer electric service in rural areas, the farmer’s cost to set poles, string lines and hook up service was very high.

In late spring 1935, with the help of President Franklin D. Roosevelt’s New Deal, Congress approved the passage and appropriation of a $100 million loan fund — a loan to be spent as quickly as possible in places where it would have the greatest impact. Among the programs funded was electric service to rural areas.

On November 14, 1935, 500 people, mostly rural residents, gathered in Piqua to celebrate the groundbreaking and erection of the first electric cooperative pole in the U.S. to be financed by the Rural Electrification Administration (REA). That pole would go on to support 193 miles of power line and bring electricity to 700 rural farms with the help of Miami Rural Electric Cooperative, Inc. The newly constructed lines served the three county cooperatives — Miami, Shelby and Champaign — which would merge six months later to become Pioneer Rural Electric Cooperative, Inc., a utility company owned by the people it served. It would be another six months after the initial pole setting that the first home, electrified by Pioneer, would see the lights come on.

(Continued on page 20H)
Line construction continued at a rapid pace until the United States entered World War II, and many of the same materials used for stringing line and setting poles were needed for the war effort.

Eileen “Butter” Rousseau, a former employee of Pioneer, recalled that at the time of the war, her mother saw the future of the electric cooperative as a staple of the area even then.

"During the ’40s, Piqua had two big war plants, one being Lear Avia. I heard they paid 90 cents an hour!” Butter says. “While my mom was fixing dinner, I announced that I was going to put in an application there — which, in turn, mom said, ’Eat your dinner; you’re not doing anything of the kind. Pioneer will still be here when those plants are long gone.’ Mom was always right.”

**FACILITY CHANGES**

For Butter, Pioneer holds a special place in her heart. In June 1941, five days after graduating high school and at just 18 years old, she began working for the cooperative. Although she initially retired in 1946 to be a full-time mom, Butter returned to Pioneer part time in 1954 and officially retired in 1994 — nearly 45 years after she started.

Butter, who began as a cashier and later moved into billing and capital credits roles, predominantly recalled the office location and management changes throughout those 45 years.

The initial office, on Union Street, now Wood Street, in Piqua, consisted of just five office employees — the manager, A.E. Halterman, and four staff members. Computers were still a long way off, and clock cards were mailed to members to be marked and returned to the cooperative for billing.

The Union Street office was one room with four chatty ladies, Butter recalled.

“We returned to work one Monday morning to find that plywood ‘stalls’ had been built around each desk. Mission was not accomplished, though; we found a way to communicate — by tossing notes over the top of the stalls,” Butter laughed.

History does repeat itself, however, which Butter discovered when she toured the building that was remodeled in 2014: Each employee had his or her own “stall” — or cubicle.

“I didn’t see any note tossing, though,” Butter added.

In 1942, Pioneer moved into a large home at the corner of Water and Downing streets in Piqua. Although
this building is no longer standing, the building where equipment was stored still stands on the property.

In 1960, Pioneer moved into its current location, along State Route 36 in Piqua. Robert L. Roberts became the new manager, and the addition of employees and computers in the late 1960s contributed to the changes and success of the cooperative.

“"I was very proud having worked for Pioneer. We were like family. Employees respected each other and helped each other when needed," Butter says.

TECHNOLOGY

Long-time Pioneer Trustee Paul Workman recalls being on the leading edge of technology during his tenure.

“SCADA (Supervisory Control and Data Acquisition) was a big part of the picture when I first became a trustee," says Workman, who served on the Pioneer Board of Trustees for 17 years, beginning in 1997. “We were able to be one of the first to be involved with Beta projects with NISC (National Information Solutions Cooperative).”

Constantly being on the progressive edge of technology, compared to other cooperatives, provided Pioneer the opportunity to have input on software that was then distributed to other cooperatives throughout the country.

The implementation of SCADA began in 1987 and is still used today.

In 1998, Pioneer joined the Touchstone Energy® alliance of electric cooperatives, setting them apart from other electric providers, and launched its first website, offering members information electronically.

SUCCESS + GROWTH

In 1937, Pioneer had nearly 3,000 members on nearly 1,100 miles of line, using an average of just 38 kWh each month. In comparison, members used 639.9 million kWh of electricity in 2015, with residential consumers’ use averaging 1,325 kWh per month, per member. Today, Pioneer serves more than 16,600 member-consumers and owns more than 2,600 miles of line.

Workman believes the success of Pioneer is a result of the forward-looking mindsets of the CEOs and staff who have always kept up to date and informed about the industry. Their knowledge and preparedness, combined with the board of trustees’ decisions supporting them and the membership’s trust, have made Pioneer the successful business that it is today.

“Our (Pioneer’s) main concern has always been service to the members of Pioneer," Workman says.

1978: On January 26 and 27, 1978, a major blizzard rolled through Ohio and knocked out electricity to 1,500 Pioneer members. Restoration took four days.

1980: Members saw Pioneer capital credits checks in their mailboxes in 1981. The refunds represented members’ cooperative patronage.

1985: Electric cooperatives, including Pioneer, celebrated the 50th anniversary of the Rural Electrification Administration.

1987: Pioneer began to implement SCADA technology, allowing quick and accurate alerts and the ability to remote switch during an outage.

1988: Pioneer joined the Touchstone Energy alliance of electric cooperatives. Originally, the brand’s purpose was to differentiate co-ops from other electric utilities.

1990: Pioneer launched the first website was launched to give members access to information electronically.

1995: Electric cooperatives, including Pioneer, celebrated the 50th anniversary of the Rural Electrification Administration.

1998: Pioneer’s first website was launched to give members access to information electronically.

2000: During Ohio’s bicentennial in 2003, Pioneer was recognized as the first electric cooperative in the state.

2003: During Ohio’s bicentennial in 2003, Pioneer was recognized as the first electric cooperative in the state.

2005: The Piqua headquarters was renovated to increase safety and security, enhance the use of technology, and improve communications.

2008: Pioneer built an Urbana district facility to replace the Scioto Street building and act as a disaster recovery site. It has a pole yard and adequate warehouse and garage space.

2014: The Piqua headquarters was renovated to increase safety and security, enhance the use of technology, and improve communications.

2015: Pioneer launched a new website with simple navigation and easy-to-find links to our most commonly accessed pages.

1998: Pioneer joined the Touchstone Energy® alliance of electric cooperatives, setting them apart from other electric providers, and launched its first website, offering members information electronically.
Some things have changed throughout the past 80 years ...

DIFFERENT FACES
YOUR FRIENDS AND NEIGHBORS

Our employees — your friends and neighbors — are dedicated to meeting and exceeding your needs in every way possible.

In the next five years, 15 percent of Pioneer’s 62 employees will be eligible for retirement, and we have added or replaced 10 employees in the past two years. Faces will continue to change; however, our mission remains the same.

“2015 was a year of growth, challenges and change. We hired new personnel and put a lot of emphasis on hiring local talent — particularly our linemen — to help shorten response times and increase our quality of service.”

— Beverly Martin, Human Resource Manager
Pioneer continues to be a progressive leader in technological advances in an effort to better serve the membership, increase security, and decrease the number and length of outages by using advanced metering systems and remote switching.

“In 2015, the IT department focused its efforts on cyber security through a stringent assessment of our current technologies. We found that in some areas, we could do better and have made improvements to that end. Protecting our members’ data is of utmost importance at Pioneer.”

— Jon Watkins, Manager of Information Services

Pictured (right): Pioneer Manager of Engineering Jeff Dietz uses the SCADA room to track outages and control equipment remotely.
2015 Projects

FIREWALL UPGRADES/ REMEDIATION
Legacy firewalls were replaced and audited to increase security and protect our members.

CYBER SECURITY
An internal cyber security task force was formed to create specific policies for Pioneer’s unique business structure.

OFFICE 365 UPGRADE
Employees’ software was upgraded to a hybrid version of Office 365 that allows them to access e-mail and other important files through Microsoft Cloud and on site.

SCADA UPGRADE
Up-to-date software was purchased with plans to fully implement it by the end of 2017.
Others have remained the same ...

RELIABILITY FOR OUR MEMBERS

Our goal is to exceed the energy needs and expectations of our member-consumers by providing safe, high-quality and responsive service. Pioneer uses SCADA technology for remote switching; smart meters to detect problems in advance; preventive maintenance, such as pole testing, animal cover-up and tree trimming; and on-call line crews, 24 hours a day, seven days a week, 365 days a year, to ensure the utmost reliability for our members.

“Pioneer Electric continues to test and update the distribution system to provide its members with high-quality and reliable service.”

— Lynn Maniaci, Director of Technical Services and Engineering

Pictured (right): Pioneer Lineman Dan Chernetski works on power lines outside McCartyville Substation in Shelby County in October 2015.
Maintenance and Upgrades

HONDA SUBSTATION
Added a third transformer

MINGO SUBSTATION
Replaced a 69,000-volt air-break switch

McCARTYVILLE DELIVERY POINT
Replaced and updated equipment, including reclosures, bypass switches, regulators and lightning arrestors

MONTGOMERY DELIVERY POINT
Completed a project to serve Proctor & Gamble

CONDUCTOR REPLACEMENT
Southwest of Sidney
Two miles of Hardin-Wapak and Stangle roads

REGULATOR REPLACEMENT
Southwest Troy
397 members

East Sidney
1,074 members, Fairlawn Local School
SAFETY
FOR OUR EMPLOYEES

We are proud to maintain high safety standards while providing our members with quality, dependable service around the clock. 2015 was a successful year for Pioneer’s operations and safety department. In addition to several new linemen trainees joining the line crew, Pioneer recorded no injuries or accidents that resulted in time off. The end of 2015 marked 1,042 days since the last accident resulting in time off.

“Despite several organizational changes and changes to our workforce, we were able to maintain a high standard of productivity, decrease our outage numbers, and, most important, we had zero lost-time accidents in 2015. That is a very successful year for our operations and safety departments — a testament to our employees!”

— Doug Fox,
Manager of Operations and Safety

Pictured (right): Leader Lineman John Holcolm is fully dressed in personal protective equipment as he completes substation work.
Maintenance and Upgrades

ANIMAL COVER-UP
Completed cover-up on four electrical feeders providing service to 1,500 members

TREE REMOVAL
Removed 1,400+ ash trees in 2015, 3,000+ since the initiative began in 2013

POLE TESTING AND REPLACEMENT
Tested 5,494 poles, 169 needed to be replaced

*Increased emphasis on system upgrade and maintenance has dropped our outage numbers to all-time lows.

AVERAGE OUTAGE TIME PER MEMBER

<table>
<thead>
<tr>
<th>Year</th>
<th>2005-2009</th>
<th>2010-2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes</td>
<td>153</td>
<td>90</td>
<td>69</td>
</tr>
</tbody>
</table>

*Excludes major events, such as storms*
Pioneer employees, management and board of trustees dedicate time around the service territory teaching, training, and providing information to members and children of members through various forms of community involvement. In addition, we have updated our website to be more user friendly, and we continue to adjust and add payment options and ways to track energy use to better serve the membership.

“To remain successful over 80 years, the cooperative has had to change with the electric utility industry — and, more importantly, with the membership. In 2015, we focused on updating our messages and expanding the options available to members to get information from us or to us, options that fit their lifestyle and preferences. Whether it’s on our website, in social media posts, through our mobile app, in bill inserts and messages, on the local pages of Country Living magazine, or even in person at one of our offices, we want members to have timely, accurate and useful contacts with their cooperative.”

— Nanci McMaken, Vice President & Chief Communications Officer

Pictured (right): Pioneer Substation & Field Technician Doug Simon demonstrates electrical safety and the proper use of personal protective equipment for the fourth- and fifth-grade classes at Fort Loramie Elementary School in April 2015.
Member Benefits

SCHOLARSHIPS
Four high school seniors, all children of Pioneer members, were awarded scholarships totaling $7,000 in 2015.

1st Female: Courtney Mulford, Casstown
1st Male: Jacob Pleiman, Russia

2nd Female: Cassandra Jutte, Minster
2nd Male: John Schmiesing, Sidney

The 2015 competition consisted of 32 applicants from 17 schools throughout the Pioneer service territory.

CO-OP CONNECTIONS
Members benefit from the discounts provided through the Co-op Connections® program. From prescriptions to restaurants, it’s the one card that does it all®.

In 2015, Pioneer members without prescription drug coverage saved more than $14,300 using their card.

COMMUNITY INVOLVEMENT
Safety demonstrations were provided to nearly 400 students and 90 adults in 2015.

Pioneer participated in the Miami County Park District’s Fall Fest scarecrow contest. The design won the Director’s Choice Award.

WEBSITE UPDATE
Our website was updated with simple navigation and easy-to-find links.

REBATES RECEIVED
Residential: 107 HVAC, 17 Insulation
Commercial: 4 Lighting
### Balance Sheet as of December 31, 2015

**ASSETS**

**Electric Plant**
- In Service - at cost: $104,294,546
- Construction Work in Progress: 804,269
  - Subtotal: $105,098,815
- Less Accumulated Provision for Depreciation and Amortization: 31,790,428
  - Net Electric Plant: $73,308,387

**Other Assets & Investments**
- Investments in Associated Organizations: $32,114,605
  - Total Other Assets & Investments: $32,114,605

**Current Assets**
- Cash & Cash Equivalents: $1,853,920
- Accounts Receivable (less accumulated provision for uncollectible accounts of $49,491): 4,268,011
- Materials and Supplies: 771,111
- Prepayments - Buckeye Power, Inc.: 2,885,096
  - Other Current Assets: 1,283,327
  - Total Current Assets: $11,061,465

**Deferred Debits**
- $1,180,248

**Total Assets**
- $117,664,705
## Balance Sheet as of December 31, 2015

### EQUITIES AND LIABILITIES

#### Equities
- Patronage Capital: $60,407,009
- Accumulated Other Comprehensive Income: $311,500
- Other Equities: $1,955,865
- Total Equities: $62,674,374

#### Long-Term Debt
- CFC Mortgage Notes Less Current Maturities: $43,859,362
- Total Long-Term Debt: $43,859,362

#### Other Noncurrent Liabilities
- Accumulated Provision for Pensions & Benefits: $1,643,863
- Obligations Under Capital Leases Less Current Maturities: $854,980
- Total Other Noncurrent Liabilities: $2,498,843

#### Current Liabilities
- Current Maturities of Long-Term Debt: $1,500,055
- Current Maturities of Obligations Under Capital Leases: $322,925
- Accounts Payable - Purchased Power: $3,516,064
- Accounts Payable - Other: $551,065
- Consumer Deposits: $249,667
- Accrued Taxes: $1,655,868
- Current Maturities of Accumulated Provision for Pensions and Benefits: $99,092
- Other Current Liabilities: $657,430
- Total Current Liabilities: $8,552,166

#### Deferred Credits
- $79,960

#### Total Equities and Liabilities
- $117,664,705

---

“Throughout 2015, we evaluated alternative health insurance providers, worked with our local bargaining unit, and changed policies related to providing post-employment medical insurance. In return, we were able to reduce our anticipated health insurance costs for 2016 by $294,000, not only saving our employees money, but the cooperative as well.”

— Susan Knore, Vice President & Chief Financial Officer
### Statement of Revenue & Patronage Capital for the year ended December 31, 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$63,242,848</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Cost of Power</td>
<td>$44,948,906</td>
</tr>
<tr>
<td>Distribution - Operation</td>
<td>4,894,018</td>
</tr>
<tr>
<td>Distribution - Maintenance</td>
<td>2,552,795</td>
</tr>
<tr>
<td>Consumer Records and Collection Expense</td>
<td>996,239</td>
</tr>
<tr>
<td>Administrative and General Expense</td>
<td>2,179,561</td>
</tr>
<tr>
<td>Sales Expense</td>
<td>576,179</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>3,468,128</td>
</tr>
<tr>
<td>Taxes</td>
<td>1,611,380</td>
</tr>
<tr>
<td>Other Income Deductions</td>
<td>27,640</td>
</tr>
<tr>
<td>Interest on Long-Term Debt</td>
<td>2,033,782</td>
</tr>
<tr>
<td>Other Interest Expense</td>
<td>7,412</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$63,296,040</td>
</tr>
<tr>
<td>Operating Loss Before Capital Credits</td>
<td>$(53,192)</td>
</tr>
<tr>
<td>Buckeye Capital Credits</td>
<td>3,601,769</td>
</tr>
<tr>
<td>Other Capital Credits</td>
<td>200,390</td>
</tr>
<tr>
<td>Net Operating Margins</td>
<td>$3,748,967</td>
</tr>
<tr>
<td>Nonoperating Margins</td>
<td></td>
</tr>
<tr>
<td>Interest and Dividend Income</td>
<td>$109,169</td>
</tr>
<tr>
<td>Other Nonoperating Income</td>
<td>2,985</td>
</tr>
<tr>
<td>Total Nonoperating Margins</td>
<td>$112,154</td>
</tr>
<tr>
<td>Net Margins</td>
<td>$3,861,121</td>
</tr>
<tr>
<td>Patronage Capital - Beginning of Year</td>
<td>$58,615,495</td>
</tr>
<tr>
<td>Retirement of Capital Credits - General</td>
<td>(1,742,402)</td>
</tr>
<tr>
<td>Retirement of Capital Credits - Estate</td>
<td>(327,205)</td>
</tr>
<tr>
<td>Patronage Capital - End of Year</td>
<td>$60,407,009</td>
</tr>
</tbody>
</table>

**HOW YOUR ELECTRIC DOLLAR WAS SPENT IN 2015**

- **Buckeye Purchased Power**: 71%
- **Operations & Maintenance**: 12%
- **Depreciation**: 5%
- **Taxes**: 3%
- **Interest**: 3%
- **Administrative**: 3%
- **Consumer Accounting**: 2%
- **Customer Service & Sales**: 1%

**Other**: 29%
Statement of Cash Flow for the year ended December 31, 2015

Cash Flows from Operating Activities

Cash Received from Consumers $63,358,482
Interest and Dividend Income 109,169
Capital Credits 1,207,542
   Cash Provided by Operating Activities $64,675,193
Cash Paid to Suppliers and Employees $57,373,090
Interest and Taxes Paid 3,953,774
   Cash Disbursed for Operating Activities $61,326,864
   Net Cash from Operating Activities $3,348,329

Cash Flows from Investing Activities

Construction and Acquisition of Plant $(3,523,995)
Proceeds from Disposal of Plant (1,174,094)
Investment in Associated Organizations 54,365
Other Nonoperating Income 2,985
   Net Cash Used by Investing Activities $(4,640,739)

Cash Flows from Financing Activities

Decrease in Consumer Deposits $(17,480)
Proceeds from Long-Term Debt 5,000,000
Payments on Long-Term Debt (1,518,031)
Patronage Capital Credits Retired (2,069,607)
   Net Cash Used by Financing Activities $1,394,882

Net Increase in Cash $102,472
Cash - Beginning of Year 1,751,448
Cash - End of Year $1,853,920

Reconciliation of Net Margins to Net Cash Provided by Operating Activities

Net Margins $3,861,121

Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities

Depreciation $3,468,128
Buckeye Power, Inc. & Other Capital Credits (Noncash) (2,594,617)
Provision for Uncollectible Accounts Receivable (3,139)
   (Increase) Decrease In:
      Customer and Other Accounts Receivable 419,828
      Current and Accrued Assets - Other (137,177)
      Deferred Debts (74,787)
Increase (Decrease) In:
   Accounts Payable (517,552)
   Accrued Taxes 77,072
   Current and Accrued Liabilities - Other 120,592
   Deferred Credits (1,055,733)
Other Nonoperating (Income) Loss (2,985)
Accumulated Provision for Pensions and Benefits (18,806)
Obligations Under Capital Lease 263,794
Donated Capital 153
Retired Capital Credits - Gain 170,331
   Total Adjustments $(612,792)
   Net Cash Provided by Operating Activities $3,348,329
All leading to ...

A SUCCESSFUL FUTURE

The Pioneer Board of Trustees and management team are constantly working hard and making decisions with the best interest of our membership in mind. Even after 80 years of successful business, we still strive to better meet the needs of our members who count on us for reliable, dependable service at affordable prices.

MISSION STATEMENT
To exceed the energy needs and expectations of our member-consumers by providing safe, high-quality and responsive service at competitive prices, consistent with sound business practices and in adherence to the seven cooperative principles.

2 locations
60+ employees
16,600+ members

20X COUNTRY LIVING • APRIL 2016
PIONEER BOARD OF TRUSTEES

Pictured left to right, back row: Ted Black, Duane Engel, Dwain Hollingsworth, Ron Clark and Colleen Eidemiller
Pictured left to right, front row: Ron Bair, Ed Sanders, Orville Bensman and Terry Householder