

2023 ANNUAL REPORT



SUPPORT | **ADVOCATE** | EDUCATE





ADVOCATE

The word “advocate” carries a rich and profound meaning, and it’s what South Kentucky RECC is all about.

The Latin root words of “advocate” mean “to call to one’s aid.” At the heart of our member-owned cooperative is the mission to improve the quality of life for the people we serve.

For new members of South Kentucky RECC, this concept may be difficult to grasp. Why should a power company care about me? Isn’t it just some corporation that says things like that to sound good to its shareholders?

South Kentucky RECC advocates for our members because we belong to our members. As a cooperative, there are no out-of-town shareholders or parent companies profiting off our members. South Kentucky RECC is a not-for-profit utility that, from the very beginning in 1938 to this day, has been led by and owned by the people we serve.

It means being your consumer-advocate and standing up for your rights, interests and needs. Here are some key ways we advocate for you:

AFFORDABLE RATES

South Kentucky RECC works with East Kentucky Power Cooperative to keep electric rates as low as possible. We not only advocate for fair, just and reasonable rate structures, but our cooperative team also is accountable to members to manage our operations efficiently. This ensures that we can offer some of the most competitive electricity rates in the country.

RELIABILITY

We understand the essential role electricity plays in your daily life. Our cooperative invests in maintaining and upgrading our infrastructure to ensure a reliable power supply. We advocate for robust and resilient systems to minimize outages, and when they do occur, we strive to restore power quickly.

South Kentucky RECC also has a proactive approach to right-of-way (ROW) maintenance with our Vegetation Management Plan that intends to limit safety and reliability threats posed by trees and other vegetation growing too close to our power lines.

▲ Above, members of SKRECC’s accounting department gain firsthand insights at Cooper Power Plant in Somerset, bridging finance with operations for a brighter tomorrow. Shown are Christy Stevens, left, Marylou Henderlight, Christina Shyrock, Aaron Baldwin and Travis Mofield. Photo: Morghan Blevins

▲ Above right, SKRECC linemen stand tall, ready to tackle any challenge and keep the lights on for the communities we serve. Pictured from left are Dillon Embry, John Jones, Shawn Whitis, Tyler Brown, Dustin Floyd and Dylan Hatcher. Photo: SKRECC staff

▶ A future SKRECC lineman in the making. Luke Parkey’s ambition to light up the world shines brightly. Luke is the grandson of SKRECC retiree Bruce Parkey. Photo: Jeannie Wood

▶ Cover: Two South Kentucky RECC lineworkers complete a job. Photo: Brandon Wesley



MEMBER EDUCATION

An informed member is an empowered member. We advocate for your right to understand your energy consumption and how to use electricity efficiently. Through *Kentucky Living* and online resources, South Kentucky RECC provides our members with the knowledge to make informed decisions about energy use.

COMMUNITY ENGAGEMENT

We believe in the power of community, and we advocate for the well-being of the communities we serve. Our cooperative actively supports local initiatives, charitable organizations and economic development efforts. Together, we strengthen our communities and advocate for their growth and prosperity.

South Kentucky RECC's employees volunteer at the Ronald McDonald House and the Special Olympics, in addition to participating in local community events year-round. South Kentucky RECC sponsored five students for the Washington Youth Tour and gave out nine senior scholarships in 2023.

And through our Blue Jeans for a Cause campaign, South Kentucky RECC employees donated more than \$3,300 to local charities last year.

TRANSPARENCY AND ACCOUNTABILITY

Advocacy is also about being transparent and accountable in our actions. South Kentucky RECC shares



operational updates and important decisions with you, our members.

Your input and participation in the cooperative's governance is crucial, and we advocate for and promote your right to elect the cooperative board. No matter the size of your home or your business, each member of South Kentucky RECC gets one vote.

Your democratically elected board members represent you and protect your interests.

South Kentucky RECC also regularly updates our membership in the pages of *Kentucky Living*, on our website, on social media and at local civic functions and events, such as Chamber of Commerce meetings.

RESILIENCE AND INNOVATION

We advocate for innovation and adaptability in a changing world. The energy landscape is evolving, and South Kentucky RECC is committed to staying at the forefront. By investing in smart technologies and exploring new ways to generate and distribute electricity, we ensure that you have access to the best services and the most cutting-edge solutions.

SPEAKING UP

Working with the 25 other electric cooperatives in Kentucky and more than 900 nationwide South Kentucky RECC has a voice in Frankfort and Washington, D.C., speaking up on your behalf so policymakers understand the far-reaching consequences of their decisions.

In 2023, members of South Kentucky RECC's board of directors and management

team met with lawmakers in Washington, D.C., to relate how recent policies have affected our ability to deliver reliable and resilient energy at reasonable rates.

Our advocacy also means speaking up before a crisis rears its head, and making sure that elected leaders know South Kentucky RECC is paying attention to their votes.

We not only encourage our members to cast their ballots to decide who represents them on South Kentucky RECC board, we also participate in the nonpartisan Co-ops Vote initiative, reminding members to register and vote in elections.

CHALLENGES AND TRIUMPHS

The past year brought challenges that tested our resolve. From extreme weather to a regulatory environment that threatens the reliability of the electric grid, South Kentucky RECC is always focused on solutions and safety.

We celebrate triumphs in our daily advocacy for the safety and well-being of our employees and members, speaking up for your interests and adapting to new realities. Our commitment to you and your communities remains unwavering.

LOOKING AHEAD

As we reflect on the past year, we acknowledge that advocacy for our members is not a one-time effort but an ongoing journey. We are excited about the path ahead, as we continue to advocate for your best interests, ensuring that South Kentucky RECC remains a trusted partner in your lives.

Thank you for your ongoing support and trust. It is your belief in the cooperative spirit that drives us to advocate for you each day. Together, we light up our communities, empower our members and embrace a brighter future.

From back left, Directors Greg Redmon, Boris Haynes, Brent Tackett and President and CEO Kevin Newton. From front left, Tommy Nelson, Chairperson Cathy Epperson and CV Hansford. Photo: Tommy Wilson

Cooperative spirit shines bright as SKRECC employees rally together to feed lineworkers, ensuring they are fueled during a major power outage. Together, we "weather the storm." Photo: Morghan Blevins

South Kentucky RECC proudly sponsors local veterans each year for Honor Flight Kentucky. SKRECC employees and their family members excitedly await the arrival of the heroes as they return home after a day of touring Washington, D.C., and being honored for their service. Photo: SKRECC staff





▲ Supporting families facing tough times and providing them with the comfort of a home away from home is the power of community and kindness. SKRECC members and employees team up each year to help those who need it the most by giving back to Ronald McDonald House of the Bluegrass.

TIM WEBB

SKRECC STAFF

MORGHAN BLEVINS

2023 South Kentucky RECC YEAR IN REVIEW

ACTIVE ACCOUNTS

As of December 31, 2023

Adair.....	657
Casey.....	1,843
Clinton.....	6,658
Cumberland.....	21
Laurel.....	7
Lincoln.....	1,264
McCreary.....	6,213
Pulaski.....	29,802
Rockcastle.....	78
Russell.....	10,986
Wayne.....	12,892
Pickett, TN.....	162
Scott, TN.....	21
Total.....	70,604

ACCOUNTS BILLED

2013.....	66,211
2023.....	70,604

AVERAGE KWH USAGE (residential per month)

2013.....	1,097
2023.....	964

MILES OF LINE

2013.....	6,771
2023.....	7,099

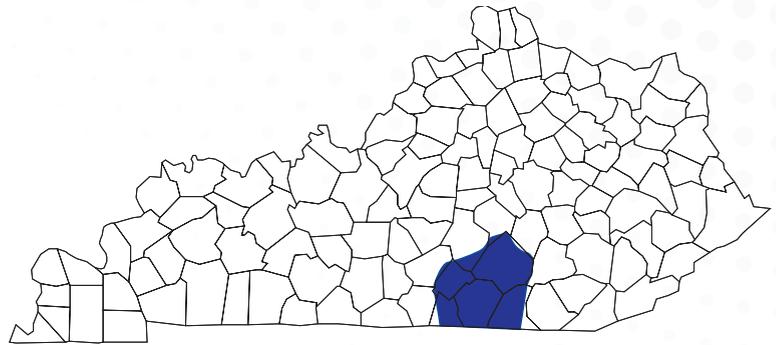
CONSUMERS PER MILE

2013.....	9.78
2023.....	9.95

FOR INFORMATION AND INQUIRIES

200 Electric Avenue
Somerset, KY 42501
(800) 264-5112
www.skrecc.com

SERVICE AREA

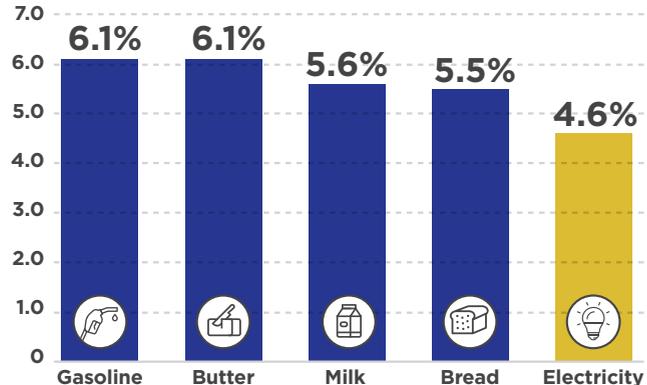


ELECTRICITY REMAINS A GOOD VALUE

Although inflation has led to increasing costs in many areas of our lives, the cost of powering your home rises slowly when compared to other common goods. Looking at price increases over the last five years, electricity remains a good value.

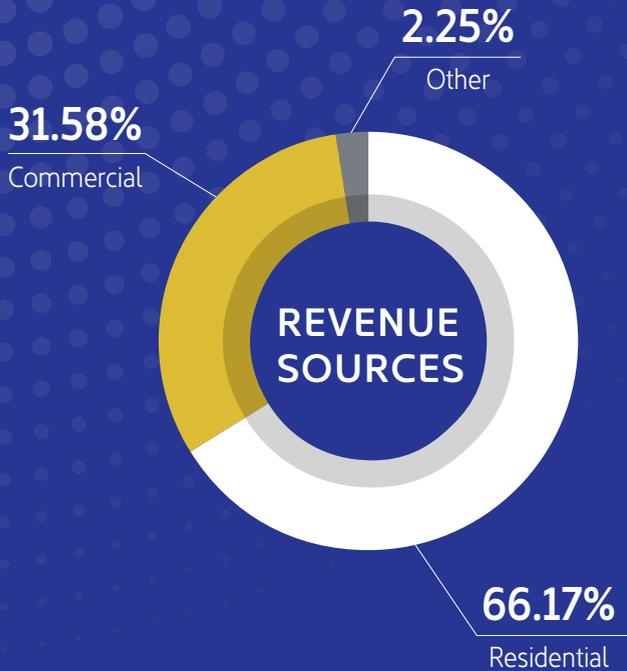
Average Annual Price Increase 2017-2022

Percent



Source: U.S. Bureau of Labor Statistics
Consumer Price Index

FINANCIALS



STATEMENT OF OPERATIONS

As of December 31, 2023

Operating Revenue.....\$149,181,851

COST OF ELECTRIC SERVICE

Cost of Electricity Purchased from
East Kentucky Power\$107,061,154

Cost of Operating the Distribution
System\$29,098,376

Depreciation Expense \$10,348,538

Interest Expense on Loans \$5,532,219

Public Service Commission Assessment \$130,855

Other Deductions.....\$27,863

Total Cost of Electric Service..... \$152,199,055

Gross Margins from Electric Service..... (\$3,017,154)

Non-Operating Income \$4,335,519

Net Margins (Deficit).....\$1,318,365

BALANCE SHEET

As of December 31, 2023

ASSETS

Total Poles, Wires and
Other Equipment..... \$322,935,140

Loss Accumulated Depreciation..... \$104,221,037

Net Value of Poles, Wires and
Other Equipment.....\$218,714,103

Investments in Associated
Organizations.....\$94,871,392

Cash and Equivalents\$16,997,431

Accounts and Notes Receivables\$7,749,575

Material in Inventory \$2,580,440

Prepaid Expenses \$460,088

Other Assets \$10,051,657

Total Assets\$351,424,686

LIABILITIES AND MEMBERS' EQUITY

Consumer Deposits \$2,791,987

Members and Other Equities.....\$169,070,898

Long-Term Notes Payable \$147,747,421

Notes and Accounts Payable

Owed to Vendors\$21,430,938

Other Liabilities\$10,383,442

Total Liabilities and Members' Equity\$351,424,686

SOUTH KENTUCKY RECC ANNUAL MEMBERSHIP DAYS

June 11, 2024
Wayne and McCreary
county offices

June 12, 2024
Russell and Clinton
county offices

June 13, 2024
Somerset office

7 a.m.–6 p.m.
ALL TIMES ARE LOCAL



JUSTIN MAYFIELD

South Kentucky RECC will host Annual Membership Days on June 11, 12 and 13 at its offices from 7 a.m. until 6 p.m. local time.

Members can participate in the drive-thru events at the Wayne and McCreary county offices on June 11; the Russell and Clinton county offices on June 12; and the event will wrap up on June 13 when members can drive-thru in Somerset at the headquarters. Office lobbies and drive-thrus will be closed to business transactions in that office the day of the event with the exception of the Somerset drive-thru. It will remain open. Members can still conduct business by telephone.

Members will only be able to register once. When members register, they will receive a bucket and two LED lightbulbs. Their name will be entered into a drawing at each office for several door prizes. Members will also be entered into a drawing for a 2006 Mercury Monterey. The winner of the Monterey will be announced on Thursday, June 13, during our live-streamed annual meeting.

**MEMBERS, PLEASE BRING
YOUR BILL TO ASSIST
WITH REGISTRATION**



MORGHAN BLEVINS



WADE HARRIS



WADE HARRIS

SOUTH KENTUCKY RECC INTRODUCES ONLINE VOTING FOR 2024 DIRECTOR ELECTIONS

OPTIONS TO VOTE INCLUDE EARLY ONLINE VOTING AND IN-PERSON VOTING VIA DRIVE-THRU AT ANNUAL MEMBERSHIP DAYS

South Kentucky RECC members play an active role in shaping the future direction of the co-op, reinforcing the cooperative principles of democratic member control and participation. This year, SKRECC members will have the opportunity to cast their ballots for the director seats in Districts 4 and 7.

In a move to enhance member engagement and convenience, South Kentucky RECC is adding an early online voting option for its upcoming director elections. Members may choose one of two convenient ways to cast their ballots in the director election: either online through their SKRECC SmartHub account or in-person via a drive-thru method at the co-op's Annual Membership Days in June. Members may only cast one ballot in the election using either of these voting options.

VOTE ONLINE USING SMARTHUB

With the introduction of online voting, members may cast their ballots with just a few clicks by using their SKRECC SmartHub account. To access the online ballot, members must log in to their SKRECC SmartHub account via computer or SmartHub app on their smart device, click on the VOTE NOW button and follow the instructions to finish casting their ballot. Online voting begins at midnight Sunday, May 26, and ends Saturday, June 9, at midnight. Any member that wishes to vote online, but who has not created a Smarthub account can do so easily by going to skrecc.smarthub.coop and clicking on REGISTER NOW.

VOTE IN-PERSON AT ANNUAL MEMBERSHIP DAYS

Members may also cast their ballot in person at the co-op's annual membership days in June. Members will register at the event and once membership is confirmed, the member will

The screenshot shows the 'SAMPLE BALLOT' interface for the South Kentucky RECC District 4 and District 7 Director Elections. At the top, the SKRECC logo is displayed with the tagline 'A TruGreen Energy Cooperative'. Below the logo, the text reads 'South Kentucky RECC District 4 and District 7 Director Elections'. Instructions for casting a vote are provided: 'To cast a vote: • Check the box next to your selection. • To change your vote, click the box again and the mark will be removed. • To review your selections, click the "Go to Ballot Confirmation" button.' A link for 'View All Candidate Biographies' is also present. The ballot is divided into two sections: 'District 4 (Wayne County)' and 'District 7 (Casey/Lincoln/Pulaski Counties)'. Each section lists candidates with checkboxes and 'View Bio' links. For District 4, the candidates are William Allen, Jr., Webb Upchurch, and Abstain. For District 7, the candidates are Lee Coffee, Brent Tackett, and Abstain. At the bottom, there is a 'Go to Ballot Confirmation' button, a 'Contact technical assistance.' link, a 'Logout' button, and a 'POWERED BY SBS' logo.

securely cast his or her ballot electronically. In-person voting will occur during South Kentucky RECC's annual membership days held at its five district offices June 11-13, 2024. The schedule is as follows: Wayne and McCreary county offices on June 11; Russell and Clinton county offices on June 12; and Somerset headquarters on June 13. Voting times are 7 a.m. to 6 p.m. each day, local time.

By offering both online and drive-thru voting options, South Kentucky RECC is making it easier than ever for members to exercise their right to vote in director elections. This dual approach accommodates varying preferences and circumstances, ensuring that every member has a voice in selecting the leadership of the cooperative.

SEE THE NEXT PAGE FOR DIRECTOR CANDIDATE BIOS.

DISTRICT 4 CANDIDATE BIOGRAPHIES (WAYNE COUNTY)

WILLIAM ALLEN

William is a seventh generation vegetable, tobacco, cattle, grain farmer and small business owner of Allen Farms Produce, in Frazer. He graduated from Wayne County High School and the University of Kentucky, where he majored in agricultural economics and minored in business. He and his wife, Samantha, are members of First Christian Church in Monticello. They have two children, Henry and Tate. He is committed to making a positive impact for South Kentucky RECC.



KELLIE CARTER PHOTOGRAPHY

WEBB UPCHURCH

Richard (Webb) Upchurch is a native of Wayne County. He is self-employed in the HVAC, plumbing and electric business (following the footsteps of his father, who started the business over 50 years ago). He and his wife, Jody, have been married for 25 years and have five children. Webb serves as a deacon at Mt. Zion Baptist Church. He also enjoys farming as a pastime: raising beef cattle, hair sheep and honeybees.



UPCHURCH FAMILY

DISTRICT 7 CANDIDATE BIOGRAPHIES (CASEY/LINCOLN/PULASKI COUNTIES)

LEE COFFEE

Lee is a resident of Pulaski County, growing up in Eubank, where he still lives with his wife, Terri. He's a graduate of Eubank High School. He is a veteran. Lee has worked in the building trade for over 50 years. He's also a master electrician. From 2012-2016, Lee served as a South Kentucky RECC director, during which he also served as representative on the East Kentucky Power Cooperative Board.



JUSTIN MAYFIELD

BRENT TACKETT

Brent Tackett is a lifelong resident of Pulaski County. He spent 46 years as an educator, coach and athletic director, and is a lifetime farmer. He attends First Christian Church in Somerset, where he serves as an Elder and member of the board. He has been married to Anne Hoffman Tackett for 56 years and has two children, Jim Tackett and Christy (Rodney) Oakes. Brent has served 8 years as a South Kentucky RECC director.



TOMMY WILSON PHOTOGRAPHY

**FOR MORE COMPREHENSIVE BIOGRAPHIES OF THE
CANDIDATES, VISIT OUR WEBSITE AT WWW.SKRECC.COM.**

EMPOWERING TOMORROW: ENSURING ELECTRICAL SAFETY AWARENESS IN KIDS DURING ELECTRICAL SAFETY MONTH

Kids are naturally curious. It's how they learn.

But children sometimes have difficulty distinguishing between what's safe and what's dangerous, especially when it comes to electrical safety. To them, outlets may look like fun spaces to put small things, electrical boxes are good hiding spots, and power boxes have fun switches.

To help parents teach their children about being safe around electricity, South Kentucky RECC shares these tips for talking about it with your family.

Below left, South Kentucky RECC's very own safety robot, Buzz, captivates the attention of Nancy Elementary students on career day. The students learned about electrical safety and the magic behind light switches. At SKRECC, we love to brighten up local schools and spark the imaginations of future leaders. Photo: Jackson Smith

Below right, safety is the top priority at South Kentucky RECC. Our safety demo trailer is another way we share valuable knowledge and hope to help prevent emergencies before they happen. Photo: Morghan Blevins

START EARLY

As soon as your children are old enough to understand what you say, begin having the safety conversation and repeat it often. The more you talk about it, the more likely your kids are to retain the information and recognize a dangerous situation.

TAKE A TOUR

A child's understanding increases when the safety lesson is fun and interactive. Support your safety talk with a tour around the house. Point out electrical outlets, appliance power cords and the electrical panel while talking about safety precautions for each. You can also venture outside to talk about electrical boxes, power lines and outdoor outlets. By making electrical safety interactive, your kids will have fun while learning how to be safe.

MAKE IT INTERESTING

The internet has many free and valuable resources for fun safety lessons. Safe Electricity's Electric Universe website (eec.electricuniverse.com) offers videos, games and activities to reinforce safety messages. The Electrical Safety Foundation offers a variety of

age-appropriate resources, including some in Spanish, at esfi.org/kids-safety.

Whatever your teaching method, ensure your kids know how to play it safe around electricity.



The Conservation Clubhouse program gives students the chance to learn about electrical safety and some of Kentucky's wildlife creatures. From learning how to stay safe around power lines to discovering the wonders of local wildlife, it was a fantastic experience that sparked curiosity and excitement in all of us! Pictured is Abigail Hutton, daughter of SKRECC Chief of Corporate Relations Doug Hutton. Photo: Morghan Blevins





Board of Directors

Cathy Crew Epperson, Chairperson
Brent Tackett, Vice Chairman
Boris Haynes, Secretary/Treasurer
CV Hansford
Tommy Nelson, Jr.
Greg Redmon

President & CEO

Kevin Newton

Communications Administrator

Morghan Blevins

SKRECC Offices:

Clinton County

715 Snow Rd., Albany, KY 42602
(606) 387-6476

McCreary County

51 Center Ave., Whitley City, KY 42653
(606) 376-5997

Pulaski County

200 Electric Ave., Somerset, KY 42501
(606) 678-4121

Russell County

2405 N. Main St., Jamestown, KY 42629
(270) 343-7500

Wayne County

780 N. Main St., Monticello, KY 42633
(606) 348-6771

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Address all correspondence to: Discovering South Kentucky, P.O. Box 910, Somerset, KY 42502.

Visit www.skrecc.applicantpro.com/jobs/ to explore exciting career opportunities with the South Kentucky RECC Team.

South Kentucky RECC is an equal opportunity employer and provider.

Visit www.skrecc.com to pay your bill online, to visit our outage center, or for more information about the Co-op Connections Program.

To report an outage 24/7/365, please call your local office, (800) 264-5112, or set up your account to be able to text outages. Please do not report outages via social media.

Plug into South Kentucky RECC. Follow us on social media:



BUYING A NEW HOME?

Make sure its electrical system is up to snuff

.....
Have a licensed electrical inspector thoroughly check out any home you're buying, especially if it's older.

THE ELECTRICAL PROFESSIONAL WILL:

- Identify any fire or safety hazards. These include frayed, exposed or damaged wires, as well as inside and outside receptacles not protected with arc or ground fault circuit interrupters and tamper-resistant outlet electrical receptacles.
- Make sure all the electrical components are working safely.
- Identify any problem areas or wiring mistakes.
- Help meet insurance risk assessment inspection requirements.

ALEXANDR IVASCHENKO/ADOBE STOCK

REMEMBER AND HONOR

South Kentucky RECC offices and drive-thrus will be closed Monday, May 27, in observance of Memorial Day.

In case of emergency or to report an outage, please call (800) 264-5112 for dispatch.



REDPIXEL/ADOBE STOCK