



RELIABLE
RESILIENT
RESPONSIVE

ANNUAL 2020 REPORT



RESILIENT

Resilience is an important concept for South Kentucky RECC. Though we are proud of and committed to a strong record of safe and reliable electric service for the 70,000 connected meters in 11 Kentucky and two Tennessee counties, how we deal with adversity is what defines us. The dedication of our co-op employees to respond in all kinds of conditions and all hours of the day and night is a hallmark of this resilient spirit. This was most recently shown during the ice and snow storms in February 2020.

Employees worked day and night, clocking more than 15,000 hours in one week, in terrible conditions, to restore power to our members as quickly and safely as possible.

This past year has been difficult for our nation, our state and the communities we serve. The economic consequences of the pandemic and safety restrictions will be felt for a long time. From the beginning of this crisis, South Kentucky RECC has worked with those who are struggling and connected our members with resources to help.

South Kentucky RECC is committed to bolstering local businesses and works with all our economic development agencies in an effort to attract new employers. With some of the most competitive electric rates in the country and our record of reliability and resilience, we have a great story to tell.

Though no one predicted the pandemic, a commitment to safety and resilience means that South Kentucky RECC trains for any unforeseen circumstance. As a result, no electric service was compromised by the restrictions and illnesses that affected other aspects of our community. We have worked with all federal, state and local

agencies and emergency management officials to ensure that co-op employees instrumental in maintaining the electrical grid are able to perform their duties despite health restrictions on public movement.

We know that the members who own SKRECC are counting on us to do whatever it takes to power our communities, hospitals, businesses, farms and homes. Throughout the COVID-19 crisis, South Kentucky RECC has focused on keeping members and employees safe, while continuing to deliver reliable service.

As part of this commitment to safety, South Kentucky RECC CEO Ken Simmons joined the leaders of all 24 electric distribution co-ops in Kentucky pledging to meet several key safety goals. This statewide commitment prioritizes the elimination of employee electrical contacts, and the reduction of all incidents and their severity.

South Kentucky RECC was built by, belongs to and is led by people in the communities we serve—an elected board of seven community leaders that provides guidance and oversight to ensure that the needs of the co-op membership are represented in all decisions. Board members have a fiduciary duty that requires them to attend monthly board meetings and participate in regular education and training on industry trends and developments. This locally owned and operated model is key to our resilience because the SKRECC board makes decisions with local concerns in mind, not those of out-of-town shareholders.

South Kentucky RECC is an owner of East Kentucky Power Cooperative (EKPC), a not-for-profit, member-owned cooperative that provides energy to 16 Kentucky electric co-ops. EKPC generates electricity at power plants fueled by

■ Cover, top, Line Technician Rick Shelton was one of South Kentucky RECC's resilient employees who helped the co-op keep power flowing through 2020, despite the unusual circumstances. Photo: Brian Taylor*

■ Opposite top, Chief Operations Officer Kevin Newton reviews outages from February's ice storm with dispatchers Jeremiah Purcell and Andy Maybrier. Photo: Joy Bullock

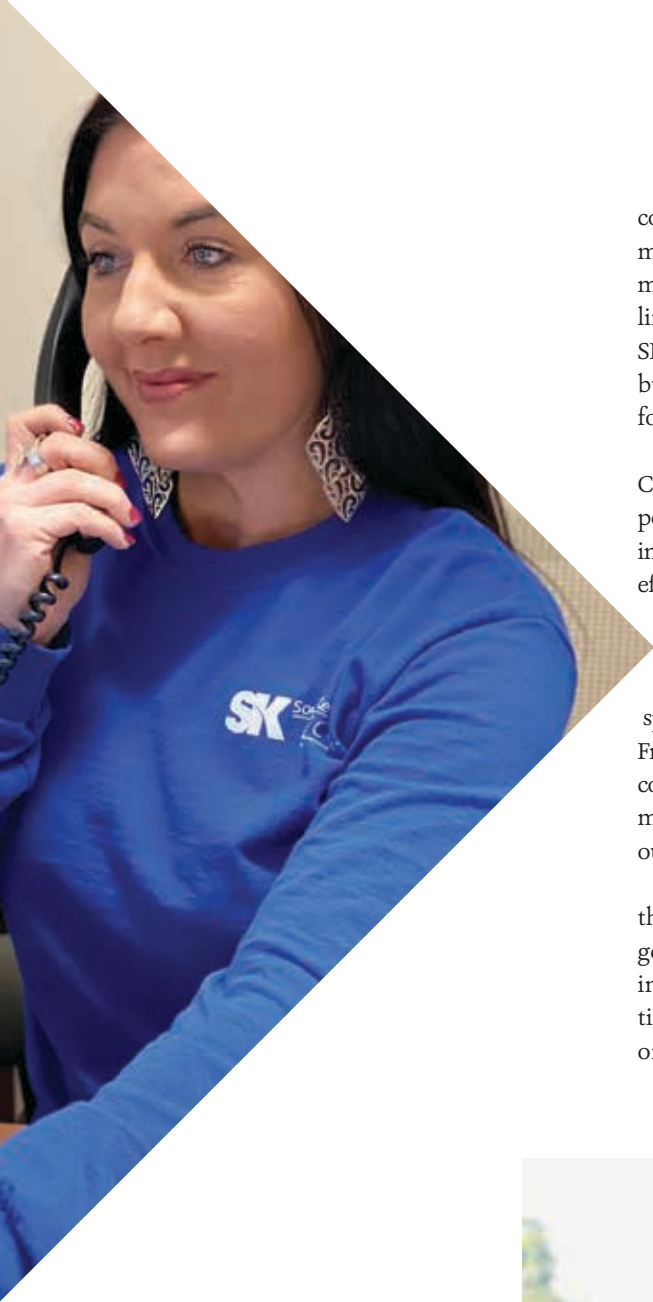
■ Opposite bottom, District Service Center Representative Merritt Jones initiates service with a new South Kentucky RECC member. Photo: Kim Humble

*Disclaimer: This employee was not near energized lines.



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Kentucky RECC
was built by,
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coal, natural gas, solar and landfill methane, and delivers it over 2,800 miles of high-voltage transmission lines. This partnership helps SKRECC keep rates low, attract business, create jobs and advocate for our local communities.

As a member of Kentucky Electric Cooperatives, South Kentucky RECC pools resources with all electric co-ops in Kentucky to efficiently and effectively serve you. Membership in this statewide association helps us effectively communicate with you in *Kentucky Living* magazine, speak up for co-op interests in Frankfort and Washington, and coordinate critical safety training and mutual aid response during major outages and disasters.

The resilience of SKRECC and the members who own the co-op go hand in hand. Our investments in our members and our communities include the many local organizations that the co-op has

supported over the years, such as several area food pantries, the American Red Cross, local schools and school programs and many others. South Kentucky RECC also provides scholarships for the young people in our area and supports local arts and athletics. Co-op employees and board members are active and reliable members of the community, volunteering and committed to improving the quality of life here.

The dictionary definition of resilient matches the culture of South Kentucky RECC, “able to recoil or spring back into shape after bending, stretching or being compressed.”

Like all of Kentucky and America, our communities have been through a lot over the last year. But the resilient spirit we share has allowed us to persevere and look forward to brighter days ahead, powered by South Kentucky RECC.

■ Above, South Kentucky RECC Service Center Supervisor Kendra Baker discusses a member’s account with them over the phone. Co-op employees proved they were resilient in 2020 by providing service to members in a number of ways, including by phone. Photo Bobbie Coggins

■ Right, in 2020, despite the unexpected circumstances, South Kentucky RECC employees, such as District Service Center Representative Gay Lee Phillips, provided service to members in a variety of ways and as efficiently as possible. Photo: Toni Shadoan



2020 BOARD OF DIRECTORS



Greg Redmon
Chairperson
District 2



Cathy Crew Epperson
Vice Chairperson
District 1



Greg Beard
Secretary/Treasurer
District 5



Rick Halloran
Director
District 3



Boris Haynes
Director
District 6



Billy Gene Hurd
Director
District 4



Brent Tackett
Director
District 7



Ken Simmons
President & CEO



MD Goss
General Counsel



■ 2020 saw South Kentucky RECC providing outage assistance for co-ops in Georgia, Louisiana and Alabama for three separate hurricanes—Sally, Delta and Zeta. In turn, SKRECC received assistance during February's 2021 snow and ice storm from out-of-state (as well as in-state) cooperatives. Photo: Joy Bullock

2020

SOUTH KENTUCKY

ACTIVE ACCOUNTS

As of December 31, 2020

Adair.....	641
Casey.....	1,819
Clinton.....	6,677
Cumberland	24
Laurel	6
Lincoln	1,260
McCreary	6,177
Pulaski	28,957
Rockcastle	79
Russell	10,545
Wayne	12,929
Pickett, TN	169
Scott, TN	21
TOTAL	69,304

ACCOUNTS BILLED

2010	66,550
2020	69,304

AVERAGE KWH USAGE

(residential per month)

2010	1,198
2020	1,030

MILES OF LINE

2010	6,735
2020	6,975

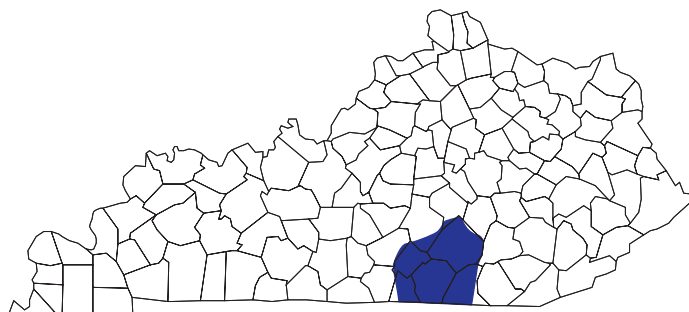
MEMBERS PER MILE

2010	9.88
2020	9.94

FOR INFORMATION AND INQUIRIES

200 Electric Avenue
Somerset, KY 42502
(800) 264-5112
www.skrecc.com

SERVICE AREA



How Americans Use Electricity

The latest data from the U.S. Energy Information Administration shows the combined use of clothes washers and dryers, computers, dishwashers, small appliances and other electrical equipment (noted as "other uses" below) accounts for nearly 40% of electricity consumption in American homes.



4.2%

TVs & related equipment



5.2%

lighting



7.4%

refrigerators & freezers



12.1%

water heating



15.8%

space cooling



16.3%

space heating



39%

all other uses

Source: EIA, Annual Energy Outlook 2020

¹Includes consumption for heat and operating furnace fans and boiler pumps. ²Includes miscellaneous appliances, clothes washers and dryers, computers and related equipment, stoves, dishwashers, heating elements, and motors.

KEY RECC YEAR IN REVIEW

STATEMENT OF INCOME

For year ended December 31, 2020

Operating Revenue\$119,151,498

OPERATING EXPENSE

Cost of Electric Service

Cost of Electricity Purchased from
East Kentucky Power\$82,678,137

Cost of Operating the
Distribution System\$19,310,157

Depreciation Expense\$9,295,542

Interest Expense on Loans\$5,517,897

Public Service Commission Assessment.....\$160,956

Other Expenses\$20,451

Total Cost of Electric Service\$116,983,140

Gross Margins from Electric Service\$2,168,358

Non-operating Income\$6,841,897

Net Margins (Deficit)\$9,010,255

BALANCE SHEET

As of December 31, 2020

ASSETS

Total Poles, Wires
and Other Equipment\$286,747,673

Less Accumulated Depreciation\$86,264,200

Net Value of Poles, Wires
and Other Equipment\$200,483,473

Investments in Associated
Organizations\$87,165,548

Cash and Equivalents\$13,753,433

Accounts and Notes Receivables\$7,438,040

Material in Inventory\$1,440,356

Prepaid Expenses\$525,342

Other Assets\$11,344,005

Total Assets\$322,150,197

LIABILITIES AND MEMBERS' EQUITY

Consumer Deposits\$1,728,026

Members and Other Equities\$149,721,023

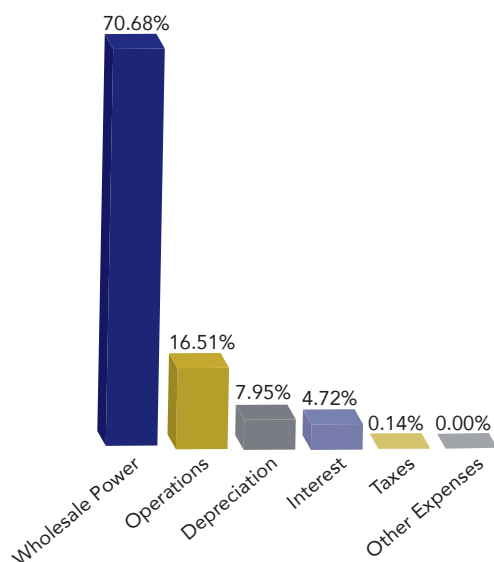
Long-term Notes Payable\$138,502,812

Notes and Accounts Payable
Owed to Vendors\$19,785,451

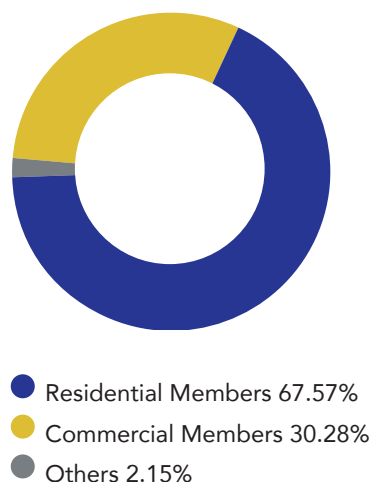
Other Liabilities\$12,412,885

Total Liabilities and Members' Equity\$322,150,197

MAJOR COSTS



REVENUE SOURCES





2021

SOUTH KENTUCKY RECC MEMBERSHIP DAY

THURSDAY, JUNE 10, 2021

South Kentucky RECC has announced that it will hold Membership Day on June 10 at all its offices. SKRECC's staff and management team recommended and the board agreed it would be prudent to forgo the 2021 annual meeting due to ongoing concerns related to COVID-19. As there are no action items requiring a membership vote, the co-op may elect to not have a formal meeting of the membership.

South Kentucky RECC CEO Ken Simmons says the major deciding factors were ongoing health and safety concerns for the membership.

"For the past year, the health and safety of our members, as well as our employees, have been our top priority. Our board of directors and management team do not want to unnecessarily put anyone at risk, and decided a drive-thru event would be the best course of action," says Simmons.

South Kentucky RECC Membership Day will allow members to drive-thru at their local offices on June 10 to register for prizes and receive a bucket and lightbulbs. (Watch for our June issue for more details and a complete listing of prizes.)

In addition, registering members on Membership Day will be entered into a drawing for a 2011 Ford Ranger 4x4 pickup truck.

Make plans now to attend!

Mark your calendars!

Members, please bring a copy of your bill on Membership Day.



SK South Kentucky
RECC
A Touchstone Energy Cooperative