

2022 ANNUAL REPORT



SUPPORT | ADVOCATE | EDUCATE



SUPPORT

South Kentucky RECC only exists because of the member-owners who own our cooperative.

When South Kentucky RECC was founded in 1938, friends and neighbors banded together to create a new kind of electric utility—one where the voice of every person made a difference.

Electric cooperatives brought electric power to the countryside when no one else would. Today, South Kentucky RECC and more than 900 other electric co-ops across America continue to answer that call. Focusing on customer needs, South Kentucky RECC provides much more than competitively priced, reliable energy. We are committed to supporting our communities and improving the quality of life for the member-owners who live here.

OUR BOARD

The support and dedication of our board is essential. In addition to their supervision and guidance of South Kentucky RECC, board members receive important education and

training, so they are prepared to support your co-op as we deal with the complex challenges of electric service.

Every member of the South Kentucky RECC board of directors is a member of this co-op, democratically elected by the membership to represent the interests of all members, not special interests or outside agendas. South Kentucky RECC board members are your neighbors, and decisions are made with local concerns and members in mind, not out-of-town shareholders.

MEMBER SUPPORT

As a cooperative, South Kentucky RECC is your consumer advocate, speaking up for common-sense policies that promote reliable power as cost-effectively as possible.

With the support of our fellow co-ops, we advocate for member interests, such as preventing extra charges from appearing on your bill, promoting a robust mix of energy sources and protecting the not-for-profit cooperative business model.

▲
Top: Crews prepare for mutual-aid restoration efforts in Georgia and South Carolina. South Kentucky RECC stands ready to lend a hand to sister co-ops.

Above right: South Kentucky RECC employees and their families await the return of veterans aboard Honor Flight 2022 at Blue Grass Airport.

►
Students at Burnside Elementary Career Day are excited to hear all about being a lineworker from Line Technician Josh Johnson. Photos: SKRECC Staff

On the cover: The sun sets on another day of hard work by South Kentucky RECC lineworkers. Photo: Bernice Flynn/SKRECC member-owner



Amid rampant inflation, South Kentucky RECC is a resource hub for members who need help. We follow the cooperative principle of “Concern for Community.” South Kentucky RECC employees volunteer at the Ronald McDonald House and at the Special Olympics Kentucky, in addition to participating in local community events year-round. South Kentucky RECC sponsored two students for the Washington Youth Tour and gave out eight senior scholarships in 2022. SKRECC also began giving back in another way in 2022 when employees started donating to a “Blue Jeans for a Cause Campaign” and returning those proceeds to local charities.

COMMUNICATIONS

South Kentucky RECC is committed to open, transparent and helpful communications. In *Kentucky Living*, social media and on www.skrecc.com, we share updates, tips and important information about our communities. We work to combat scam attempts targeting our members, from phone scams to dishonest sales pitches.

As a consumer advocate, South Kentucky RECC is a clearinghouse for reliable information about matters that affect your bill and electric service, such as the rising costs for fuels used to create electricity, energy efficiency ideas to help manage your costs, and protecting the sales tax exemption for utility



services
at primary
residences.

South Kentucky RECC supports members with our SmartHub app, Simple Saver program for thermostats and A/C rebates and energy audits when energy usage drastically increases.

ECONOMIC DEVELOPMENT

In partnership with Kentucky's Touchstone Energy Cooperatives, South Kentucky RECC supports local businesses and works 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.

ON THE LINE

All of us at South Kentucky RECC are committed to the safe support of our membership. Though any business benefits from a safety culture, the inherent dangers of electricity require South Kentucky RECC to be especially dedicated to safety.

Our crews follow strict guidelines and receive regular training so that they can return home safely no matter the conditions or tasks at hand.

South Kentucky RECC crews are always ready to lend a hand. SKRECC participated in mutual aid deployments in 2022, sending crews to Georgia and South Carolina to assist with restoration efforts for Hurricane Ian.

A SUPPORT NETWORK

Many people find support networks in a circle of friends, their extended family, a local church, self-help groups and even online communities. Our cooperative is supported by our members, as well as East Kentucky Power Cooperative, the statewide association Kentucky Electric Cooperatives and the collaboration of more than 900 electric cooperatives across the country.

As South Kentucky RECC provides this annual report of our operations, please know how much we value and rely on your support. We're here for you, too, as we all work together to support our local communities.

Right, South Kentucky RECC Board of Directors, seated from left, Brent Tackett, District 7; Chairperson Cathy Crew Epperson, District 1; Vice-Chairperson Billy Gene Hurd, District 4; standing, from left, Greg Redmon, District 2; Secretary/Treasurer Boris Haynes, District 6; Rick Halloran, District 3; Tommy Nelson Jr., District 5; and South Kentucky RECC President and CEO Kenneth Simmons. Photo: Tommy Wilson Photography

Left, South Kentucky RECC is committed to community. Director of Member Services Doug Hutton, left, presents a donation to April Slagle of From the Heart Ministries of Pulaski County. In June 2022, SKRECC employees began giving back by donating to a "Blue Jeans for a Cause Campaign." Photo: SKRECC Staff



Left, South Kentucky RECC Lead Materials Coordinator Kevin Helton, left, and Materials Coordinator Jordan Milby work alongside Energy Services/Member Engagement Manager Alan Coffey to fill buckets with lightbulbs for eastern Kentucky flood victims. Photo: Morghan Blevins



Safety remains a top priority at South Kentucky RECC. Line Technician Nick Jones prepares to give a safety demonstration to a local school. Please contact SKRECC if you are interested in a member of our team bringing our safety message to your service organization, church group or school. Photo: SKRECC staff

2022 South Kentucky RECC YEAR IN REVIEW

ACTIVE ACCOUNTS

As of December 31, 2022

Adair.....	646
Casey.....	1,840
Clinton.....	6,777
Cumberland.....	22
Laurel.....	5
Lincoln.....	1,267
McCreary.....	6,250
Pulaski.....	29,638
Rockcastle.....	79
Russell.....	10,901
Wayne.....	13,149
Pickett, TN.....	168
Scott, TN.....	20
Total.....	70,762

ACCOUNTS BILLED

2022..... 70,762

AVERAGE KWH USAGE

(residential per month)

2022..... 1,052

MILES OF LINE

2022..... 7,062

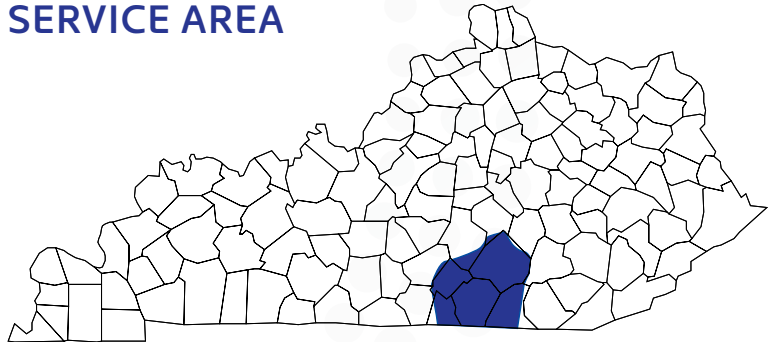
CONSUMERS PER MILE

2022..... 10.02

FOR INFORMATION AND INQUIRIES

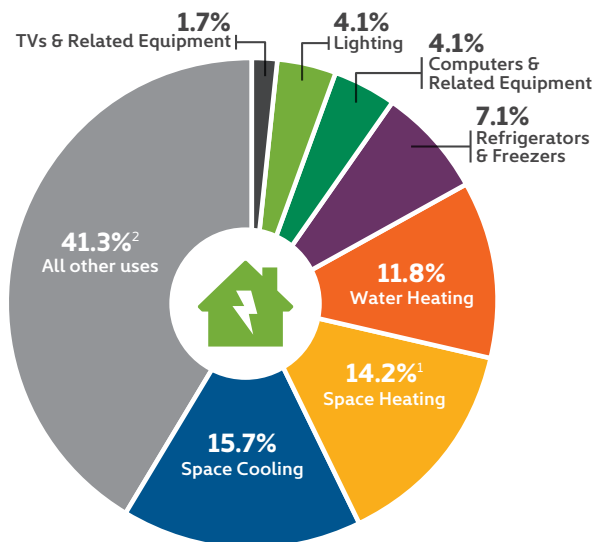
200 Electric Avenue
Somerset, KY 42501
(800) 264-5112
www.skrecc.com

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, dishwashers, small appliances and other electrical equipment (noted as "all other uses" below) accounts for the largest percentage of electricity consumption in American homes.

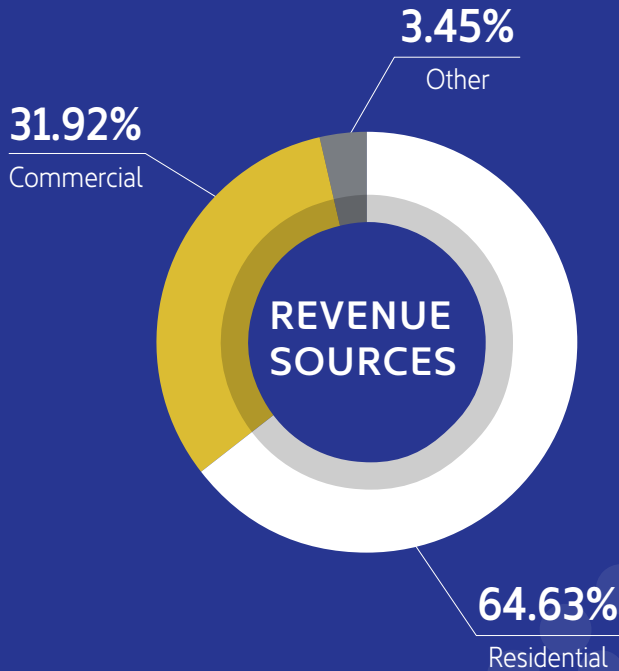


Source: Energy Information Administration 2021

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

NRECA

FINANCIALS



STATEMENT OF OPERATIONS

As of December 31, 2022

Operating Revenue.....\$160,843,393

COST OF ELECTRIC SERVICE

Cost of Electricity Purchased from East Kentucky Power\$120,218,607

Cost of Operating the Distribution System\$21,964,089

Depreciation Expense\$9,964,099

Interest Expense on Loans\$5,254,158

Public Service Commission Assessment.....\$127,723

Other Deductions\$30,450

Total Cost of Electric Service.....\$157,559,126

Gross Margins from Electric Service.....\$3,284,267

Non-Operating Income\$6,302,069

Net Margins (Deficit)\$9,586,336

BALANCE SHEET

As of December 31, 2022

ASSETS

Total Poles, Wires, and Other Equipment.....\$308,620,624

Loss Accumulated Depreciation.....\$98,343,090

Net Value of Poles, Wires and Other Equipment.....\$210,277,534

Investments in Associated Organizations.....\$93,234,799

Cash and Equivalents\$15,616,384

Accounts and Notes Receivables\$11,647,568

Material in Inventory\$2,042,773

Prepaid Expenses\$491,392

Other Assets\$11,717,097

Total Assets.....\$345,027,547

LIABILITIES AND MEMBERS' EQUITY

Consumer Deposits\$2,681,345

Members and Other Equities.....\$166,772,976

Long-Term Notes Payable\$139,773,946

Notes and Accounts Payable Owed to Vendors\$24,066,120

Other Liabilities\$11,733,160

Total Liabilities and Members' Equity.....\$345,027,547

SOUTH KENTUCKY RECC ANNUAL MEMBERSHIP DAYS

June 6, 2023

Wayne and McCreary
county offices

June 7, 2023

Russell and Clinton
county offices

June 8, 2023

Somerset office

7:30 AM - 4:30 PM

ALL TIMES ARE LOCAL



MORGHAN BLEVINS

South Kentucky RECC will hold annual Membership Days on June 6, 7 and 8 at its offices from 7:30 a.m. until 4:30 p.m., local time.

On June 6, members can visit the drive-thrus at the Wayne and McCreary county offices; on June 7, the drive-thrus will be held at the Russell and Clinton county offices; and the event will wrap up on June 8 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 2007 Chevrolet Trailblazer. The winner of the Trailblazer will be announced on Friday, June 9.

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



PHOTOS: WADE HARRIS



SOUTH KENTUCKY RECC IMPLEMENTS NEW ELECTION PROCESS FOR 2023

Since 2013, voting in South Kentucky RECC's director elections has been by mail using an out-of-state balloting company. Increased mailing costs have now made this process very expensive. To save cooperative resources, this year's director election will instead be held by in-person voting in conjunction with member appreciation days in early June. Important aspects of this new voting process are discussed below.

HOW WILL THE VOTING PROCESS WORK?

Members will register at South Kentucky RECC's member appreciation days to vote in person. Once membership is confirmed, the member will cast his or her vote live by marking a confidential paper ballot that will be counted electronically. Each member is limited to one vote.

WHO IS ELIGIBLE TO VOTE?

In order to vote, you must be the South Kentucky RECC "member" of record, defined as the applicant designated on the written application for membership in whose name the electric service account is titled.

IF I'M UNSURE ABOUT WHO THE MEMBER IN MY HOUSEHOLD IS HOW CAN I FIND OUT?

You can contact South Kentucky RECC's Member Service department to find out whether you or another individual in your household is the "member" of record for purposes of voting in the election by calling 1-800-264-5112. This should be done before coming to cast your vote.

WHEN CAN MEMBERS VOTE?

Live voting will occur during South Kentucky RECC's member appreciation days held at its five district offices June 6-8, 2023.

**OTHER QUESTIONS?
CALL 1-800-264-5112
FOR MORE INFORMATION.**

ADAM JONES/DANITA DELMONT/ADOBE STOCK



REMEMBER AND HONOR

South Kentucky RECC offices and drive-thrus will be closed Monday, May 29, in observance of Memorial Day.

In case of emergency or to report an outage, please call 1-800-264-5112 for dispatch.

DISTRICT 3 CANDIDATE BIOGRAPHIES AND SAMPLE BALLOT

Rick Halloran is a resident of Pulaski County and a graduate of Somerset High School. He is currently serving his 12th year as a South Kentucky RECC director. He served as Chairman of the board during this time. He also sits on the Kentucky Electric Cooperative statewide board of directors where he represents South Kentucky RECC. He completed the director Leadership programs through the National Rural Electric Cooperative Association with a Gold Credential Certificate.



TOMMY WILSON PHOTOGRAPHY

CV is a life long resident of Pulaski County, graduated from Eastern Kentucky University with a BBA degree with an emphasis on Economics. He began a banking career the day after college graduation, retiring after 44 years. He is currently a beef cattle farmer, Auctioneer/Real Estate agent with Ford Brothers/Weichert Realtors.



ANGELA VAUGHT PHOTOGRAPHY

OFFICIAL BALLOT FOR SOUTH KENTUCKY RECC	
ELECTION HELD ON June 06, 2023	
Precinct <i>SKYRECC</i>	
Instruction Text: Please use a black or blue pen to mark your ballot. To vote for your choice in this contest, completely fill in the box provided to the left of your choice.	SAMPLE
BOARD of DIRECTORS (Vote for One) ☐ RICK HALLORAN ☐ CHARLES V (CV) HANSFORD	

Sample Ballot:12000010100011

000000001102

Sample Ballot

7243031129

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

WHY WE TRIM TREES

May is typically the stormiest month of the year here in Kentucky. When spring's wild winds blow, they can bring down limbs and topple trees—and that can compromise the reliability and safety of your electricity.

Trees falling into power lines due to high winds can knock out power to hundreds of members in a second. Not only do lines come down, but utility poles can snap under the weight of fallen trees, causing lengthy power outages. Downed lines are also a serious safety hazard. Tragedy can happen if a person touches or steps on an energized line that has been pulled to the ground by a fallen tree.

South Kentucky RECC's proactive approach to right-of-way (ROW) maintenance is designed to limit the safety and reliability threats related to trees growing too close to power lines. ROW refers to the land we use to construct, maintain, replace or repair underground and overhead power lines. Clearing the ROW is critical to keeping the power flowing to your home.



BEFORE

South Kentucky RECC has recently adopted a new vegetation management plan. Under this plan, South Kentucky RECC is committed to a six-year rotation of vegetation management of our individual ROW circuits. Our entire 7,000 miles of power lines will be cut and maintained on a rotational basis, every six years.



AFTER

Not all storm-related outages can be prevented, but we can certainly minimize the damage by keeping the ROW clear. So when you see ROW crews clearing trees, remember that their work is helping South Kentucky RECC provide reliable service to our members.

SKRECC STAFF

FLAGPOLE SAFETY

Memorial Day, the last Monday in May, honors those who have died in American wars. To mark this day, many people fly the American flag.

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Being patriotic is important, but so is being safe when working with flagpoles. Whether you are installing a fiberglass or a metal flagpole, follow these tips to be safe:

1. Call 811 before digging to install a flagpole.
2. Be overly cautious when working around power lines. Maintain at least a 15-foot clearance around power lines and any nearby trees. Consider both the flagpole and the flag for the 15-foot clearance.
3. If a pole comes in contact with a power line, serious injury or death can occur to anyone holding the pole or standing nearby.
4. Any object touching an overhead power line could serve as a conduit for the electricity should it reach the ground, including humans.
5. A typical residential flagpole, which is installed in the ground, is 20–25 feet tall. When using a 20-foot pole with a recommended maximum flag size of 3x5 feet, the pole should be no closer than 45 feet to any overhead power lines. If you are using a 25-foot pole with a recommended maximum flag size of 4x6 feet, the pole should be no closer than 51 feet from any existing overhead power lines.
6. Check local regulations and building codes before installing a flagpole.



BIRGIT KORBEN/ADOBE STOCK

Board of Directors

Cathy Crew Epperson, Chairperson
Billy Gene Hurd, Vice Chairperson
Boris Haynes, Secretary/Treasurer
Rick Halloran
Tommy Nelson, Jr.
Greg Redmon
Brent Tackett

President & CEO

Ken Simmons

Communications Specialist

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

Discovering South Kentucky is a newsletter insert to *Kentucky Living* magazine and is published by the Kentucky Electric Cooperatives, Louisville, KY, and by South Kentucky Rural Electric Cooperative Corporation, P.O. Box 910, Somerset, KY 42502, (606) 678-4121.

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

Visit www.skrecc.com/career-opportunities 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:



THANK YOU!

There are so many to whom we owe a debt of gratitude for their assistance during Windstorm 2023.

To our members: We humbly thank you for the many acts of kindness shown, for your patience, and, most of all, for your prayers as we restored power.

To the many businesses and community groups within our service territory that

reached out to us during this major outage event, we say we are proud to be part of such caring, supportive communities.

This was a challenging time, and it truly warmed our hearts to see so many help us rise to the challenge and get the job done. We are forever grateful.

The Board of Directors and Employees of South Kentucky RECC



◀ Artwork sent to SKRECC from some amazing pre-K students at Shopville Elementary in Pulaski County.



Wayne County Middle School students presented SKRECC lineworkers with treat bags and thank you notes during Windstorm 2023. Pictured in front of the SKRECC truck are Apprentice Line Technician Gabe Dick and Lead Line Technician Byron Koontz. Photo: SKRECC Staff