



Communicate | Innovate | Participate

2025 Annual Report

South Kentucky RECC



This annual report highlights the work of South Kentucky RECC over the past year and how we serve our members every day. As a member-owned electric cooperative, we believe transparency matters—from how we deliver reliable electric service and manage costs to how we invest in our system and support our communities. This report offers a look at what we accomplished in 2025, the priorities guiding our decisions and how our work reflects the cooperative principles that put members first.

The theme of this year's report is COMMUNICATE, reflecting our duty to clearly convey to members how South Kentucky RECC operates and what drives reliability and cost. In 2025, that responsibility took on even greater meaning.

Last May, a devastating tornado tore through our service area, causing widespread damage to homes, businesses and critical infrastructure. It was one of

the most defining events of the year for our cooperative and the communities we serve. In the days that followed, our crews—alongside mutual aid partners from across the state and beyond—worked tirelessly to restore power safely and efficiently. Just as important, we worked to keep our members informed every step of the way.

Even now, the effects of that storm remain. Rebuilding is ongoing, and strengthening our system for the future continues to shape our work. The lessons learned during that event are influencing how we plan, communicate and invest moving forward—ensuring we are even better prepared for whatever comes next.

Throughout the year, we shared timely updates in *Kentucky Living*, on www.skrecc.com, across our social channels and through SmartHub. Whether during major outages or everyday operations, we are committed to providing

members with clear, accurate and accessible information.

We're eager to answer questions—from understanding your bill to energy-saving tips—and we advocate with policymakers so they understand how their decisions affect our ability to serve you. We remain present in the community, supporting economic development, developing young leaders, interacting with local groups and boosting civic events.

In 2025, our cooperative participated in local parades and community events, supported schools and organizations throughout our service area and contributed to causes such as Honor Flight, Ronald McDonald House and Special Olympics. We were also honored as the 2025 Business of the Year by the Somerset-Pulaski County Chamber of Commerce. In addition, we continued investing in youth and education through the Washington Youth Tour, scholarships, career fairs and safety demonstrations.

SAFETY FIRST

Communication in the field

Clear and consistent communication with our employees is vital, especially when it comes to safety. Our lineworkers follow a disciplined approach that includes task briefings, tailgate talks, radio protocols and written switching and clearance procedures. We also work with fellow cooperatives across Kentucky to control costs and access top-tier training, reinforcing practices that keep everyone safe.

During the severe weather events of 2025—including the May tornado—clear communication among crews, mutual aid partners and statewide coordinators was essential to restoring power safely and efficiently. That same commitment to communication extends beyond our crews and into the communities we serve. We are always eager to answer questions, provide energy education and demonstrate electrical safety for civic groups and schools.



BRANDON WESLEY

WHERE YOU HEAR FROM US

Connecting with our members is a top priority. South Kentucky RECC was built by, belongs to and serves members like you, so we strive to meet you where you are.

KENTUCKY LIVING

A recent survey shows our members rely on *Kentucky Living* more than any other source for information about South Kentucky RECC. It remains a cost-effective and trusted way to share important updates while supporting our mission to improve quality of life in our communities.

WEBSITE AND APP

Through www.skrecc.com and SmartHub, members can view usage, pay bills, report outages, track restoration and access programs. During severe weather, we provide real-time updates, outage maps and safety information in one place.

SOCIAL MEDIA

Follow South Kentucky RECC on Facebook, X and Instagram for timely updates on outage restoration, planned work, scam alerts, right-of-way maintenance and community events.

DIRECT HELP

Call or visit us in person—we're here to help with billing options, payment assistance and answers to your energy questions.

ANNUAL MEMBERSHIP DAYS AND COMMUNITY PRESENCE

We share updates, answer questions and gather feedback at schools, civic groups, fairs and Annual Membership Days. Being present in the community is an important part of how we communicate.



Friendly service at the window—
Monticello District Member Services
Representative Ashlee Bell assists
a member at the drive-thru. Photo:
Justin Mayfield

COMMUNICATION PRIORITIES

Reliable electricity powers everyday life, and we work hard to make sure it's something you can count on.



RELIABILITY

Keeping the lights on remains our top priority. In 2025, this meant not only responding to major storm damage but also continuing long-term system improvements. We communicate openly about grid reliability, system planning and the challenges facing the electric industry, including growing demand and changes in how electricity is generated and delivered. We also advocate for policies that support reliability, affordability and local decision-making.



FINANCIAL HEALTH AND TRANSPARENCY

Like the members we serve, we have faced rising costs. Inflation has increased the cost of power and the materials needed to maintain and rebuild our system—especially in the wake of storm damage. As a not-for-profit cooperative, we work to manage these costs responsibly and communicate clearly so members understand what they pay for and why. Our annual independent audit confirms that our financial statements are accurate and fair, and we publish financials for member review.



COOPERATIVE PRINCIPLES

Cooperatives around the world operate according to seven core principles. These principles guide how South Kentucky RECC serves you. We put members first and are committed to open, honest communication.

Clear communication invites participation—and participation makes South Kentucky RECC stronger, more resilient and better prepared for the future. In a year shaped by both challenge and progress, that connection has never been more important.

Top left, co-op employees meet with U.S. Sen. Rand Paul to discuss reliability, system improvements and the importance of policies that support dependable and affordable electric service for members. Photo: Morghan Blevins; Center, an SKRECC lineworker performs routine maintenance to ensure system reliability. This work is an example of the co-op's commitment to responsible financial management and transparent communication with members. Photo: Brandon Wesley; Top right, co-op employees connect with members during Annual Membership Days, handing out buckets and bulbs while reinforcing the cooperative's commitment to service, communication and member engagement. Photo: Wade Harris



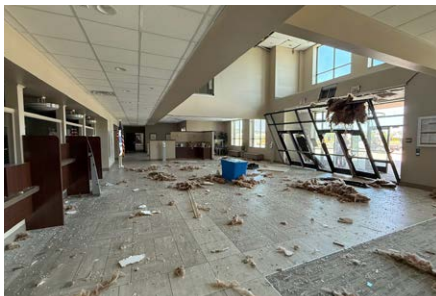
From back left, President & CEO Kevin Newton, Directors Greg Redmon, Boris Haynes, CV Hansford. Center, Cathy Epperson and Brent Tackett. Front, William Allen. Not pictured, Tommy Nelson. Photo: Joy Turpin

On May 16, 2025, a devastating EF-4 tornado struck South Kentucky RECC's headquarters, causing extensive damage and disrupting normal operations. In response, SKRECC employees, first re-

sponders and community partners came together quickly to ensure safety and begin recovery efforts.

While the loss of the facility was significant, the cooperative's commitment

to serving its members never wavered. SKRECC is now in the process of rebuilding, with a focus on emerging stronger and better equipped to serve its members and communities for years to come.



PHOTOS: CHRIS HAYES

SOUTH KENTUCKY RECC

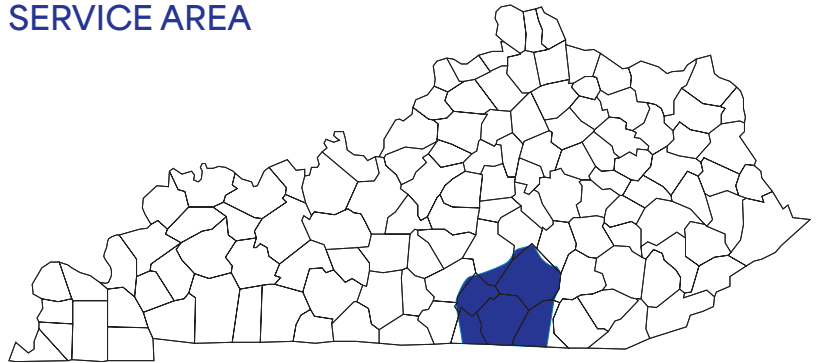
2025 by the numbers

ACTIVE ACCOUNTS

As of December 31, 2025

Adair	658
Casey.....	1,872
Clinton.....	6,774
Cumberland.....	19
Laurel.....	4
Lincoln.....	1,282
McCreary.....	6,317
Pulaski.....	30,542
Rockcastle.....	83
Russell.....	11,239
Wayne.....	13,133
Pickett, TN.....	165
Scott, TN.....	23
Total.....	72,111

SERVICE AREA



9.97

MEMBERS
PER MILE

1,060

AVERAGE KWH
USAGE

(residential per
month)

7,177

MILES OF LINE

72,111

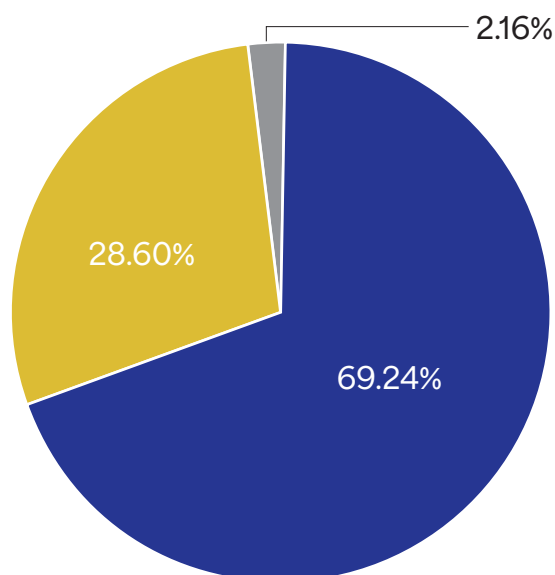
ACCOUNTS
BILLED

FOR INFORMATION AND INQUIRIES

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

2025 FINANCIAL OVERVIEW

REVENUE SOURCES



STATEMENT OF OPERATIONS

As of December 31, 2025

Operating Revenue \$165,899,673

COST OF ELECTRIC SERVICE

Cost of Electricity Purchased
 from East Kentucky Power \$118,709,868
 Cost of Operating the Distribution System 29,431,723
 Depreciation Expense 11,184,531
 Interest Expense on Loans 5,718,788
 Public Service Commission Assessment 156,524
 Other Deductions 56,504
 Total Cost of Electric Service \$165,257,938
 Gross Margins from Electric Service 641,735
 Non-Operating Income 5,941,681
 Net Margins (Deficit) \$6,583,416

BALANCE SHEET

As of December 31, 2025

ASSETS

Total Poles, Wires, and Other Equipment \$333,561,122
 Loss Accumulated Depreciation 114,594,306
 Net Value of Poles, Wires and Other Equipment 218,966,816
 Investments in Associated Organizations 99,300,460
 Cash and Equivalents 25,864,539
 Accounts and Notes Receivables 37,446,531
 Material in Inventory 2,974,786
 Prepaid Expenses 635,715
 Other Assets 10,600,095
Total Assets \$395,788,943

LIABILITIES AND MEMBERS' EQUITY

Consumer Deposits \$3,140,371
 Members and Other Equities 173,005,496
 Long-Term Notes Payable 169,795,921
 Notes and Accounts Payable Owed to Vendors 28,115,626
 Other Liabilities 21,731,529
Total Liabilities and Members' Equity \$395,788,943

2026 SOUTH KENTUCKY RECC ANNUAL MEMBERSHIP DAYS

JUNE 9, 2026
Wayne and Clinton county offices

JUNE 10, 2026
McCreary and Russell county offices

JUNE 11, 2026
Pulaski County–Somerset Mall

7:30 a.m. – 6 p.m.
ALL TIMES ARE LOCAL

South Kentucky RECC is gearing up to roll into its Annual Membership Days, set for June 9, 10 and 11 from 7:30 a.m. until 6 p.m. local time, with events taking place at each district office location and an off-site location for its Somerset headquarters.

On June 9, members can visit the drive-thrus at Wayne and Clinton county offices; on June 10, the drive-thrus will be held at the Russell and McCreary county offices; and the event will wrap up on June 11 when members can drive-thru at the Somerset Mall. Office lobbies and drive-thrus will be closed to business transactions in that office the day of the event. 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 2002 Ford Explorer. The winner of the Explorer will be announced on the evening of Thursday, June 11.

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



BRANDON WESLEY



JUSTIN MAYFIELD



JUSTIN MAYFIELD