



2022 ANNUAL REPORT

SUPPORT | ADVOCATE | EDUCATE



West Kentucky
Rural Electric

Your Touchstone Energy[®]
Cooperative 



SUPPORT

Because you are reading this annual report, chances are you already know that West Kentucky Rural Electric Cooperative only exists because of the consumer-members who own our cooperative.

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

Electric cooperatives brought electric power to the countryside when no one else would. Today, West Kentucky RECC and more than 900 other electric co-ops across America continue to answer that call. Focusing on member needs, West 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 consumer-members who live here.

OUR BOARD

The support and dedication of our board is essential. In addition to providing supervision and guidance of West 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 West 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. West Kentucky RECC board members are your neighbors, not some corporate or activist types who live hundreds or thousands of miles away.

MEMBER SUPPORT

As a cooperative, West Kentucky RECC is your consumer advocate, speaking up for commonsense policies which promote reliable power as cost-effectively as possible.

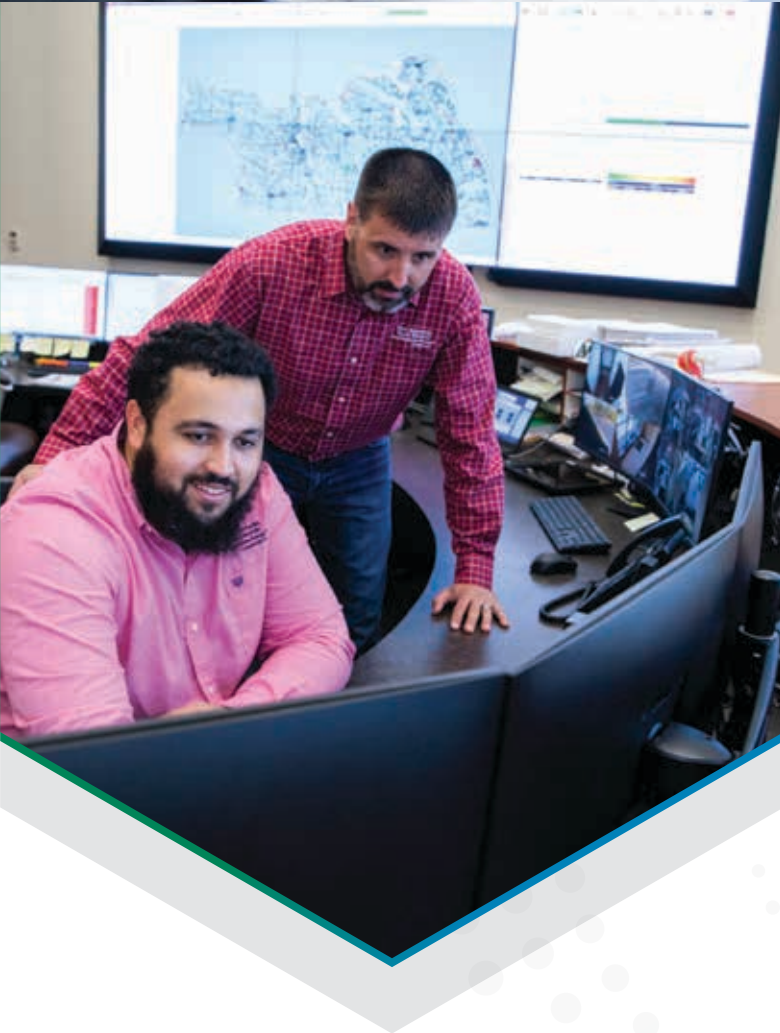
With the support of our fellow co-ops, we advocate for member interests, such as preventing extra charges from appearing on your bill, promoting a robust mix of energy sources and protecting the not-for-profit cooperative business model.

▲ Above, our senior team, from left, VP of Operations Michael Evans, VP of Engineering Justin McCann, President and CEO David Smart, VP of Information Technology JB Beckley, VP of Finance & Administration Heather Foley.

Above right, Kristina Hinton, CSR supervisor in billing, shows a customer WKRECC's Home Energy Efficiency Guide.

► Dispatcher Austin Key, left, and Project Engineer Nate Kendall analyze reports and develop strategy in working through a power outage. Photos: Joe Imel

On the cover: Lineman Johnny Dixon, left, and Foreman Dale Madding get suited up to start their day. Photo: Joe Imel



Amid rampant inflation, West Kentucky RECC is a resource hub for members who need help. We follow the cooperative principle of “Concern for Community.”

Concern for community means many things here at West Kentucky RECC. We aim to encourage, uplift and support programs that bolster our community. Throughout 2022 we were proud to support the following programs and community efforts:

- WKRECC awarded eight academic scholarships and one vocational scholarship to student members.
- In partnership with our lender CoBank, we donated to the local backpack programs to help ensure our children within our community have food.
- We partnered with Western Kentucky & Tennessee Telecommunication Cooperative to host “Pumpkins in the Park,” a free, large scale community event filled with games and fun for the community.
- The co-op sponsored a student for the Kentucky Electric Cooperative Youth Tour experience.
- We are proud partners and supporters of economic development, to ensure continued growth within our communities.
- Employees support our schools with safety demonstrations and attend school programs such as reality zone, career fairs and more.



- We partner with Tennessee Valley Authority to award “Community Care” grants to family resource and youth service centers in each county to provide additional support and assistance for students and their families.

- We proudly partner with TVA in the Home Uplift Program. To date, over 60 homes have been “uplifted” within our community.
- We developed a partnership with Samaritan’s Purse in providing electricity to the 65 new homes being constructed after the tornado.

COMMUNICATIONS

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

As a consumer advocate, West 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.

West Kentucky RECC also continues to support member needs and concerns by providing home energy audits, free of charge to members, 24/7 availability for members to report outages or concerns by calling our dispatch

center or by referencing our outage map at www.wkrecc.com. WKRECC proudly offers the budget billing program along with other cost saving directives and programs. Our customer service employees are always glad to help.

ECONOMIC DEVELOPMENT

In partnership with the Tennessee Valley Authority, West Kentucky RECC supports local businesses and works to attract new employers. In 2022, WKRECC was proud to add IPACKCHEM, PRCO and Osmundson Manufacturing to this list. 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 West 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 West 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.

In 2021, following our experience with the tornado, multiple agencies and partners came to our aid, to help us rebuild and work through the devastation. Providing mutual aid is the cooperative way, and WKRECC proudly sent crews to Berkley Electric Cooperative in South Carolina in October to assist with hurricane restoration efforts.

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. We are supported by our members, as well as the Tennessee Valley Authority, Kentucky Electric Cooperatives and the collaboration of more than 900 electric cooperatives across the country.

As West 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.

From front left: Troy English, District 4, Marshall; Chad Willett, District 3, Graves; Bennie Adair, District 4, Marshall; Bob Hargrove, District 1, Calloway; and Jed Clark, District 3, Graves. From back left: Mike Burchett, District 1, Calloway; Kevin Crider, District 2, Carlisle/Hickman; Jamie Potts, District 1, Calloway; David Smart, President and CEO; Dennis Barnes, District 4, Marshall; and Mark Elliott, District 3, Graves.

Left, Lineman Russ Kirby attends a career fair at North Murray Elementary School. Photo: Jodie Hansen



AGENDA

Annual Meeting of Members of West Kentucky Rural Electric Cooperative Corporation

Mayfield Business Office

Business Meeting: Saturday, July 8, at 2 p.m.

The annual membership meeting of this co-op organizes to take action on the following matters:

1. Call of the roll or the waiver of the call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of or the motion to dispense with the reading of the unapproved minutes of the previous meeting of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Unfinished business.
6. New business.
7. Adjournment.

2022 West Kentucky RECC YEAR IN REVIEW

Manager's Report

Support, advocate and educate. As I reflect on 2022 at your cooperative, I want to touch on how these themes have been instrumental over the years in bringing safe, affordable and reliable electricity to our communities and how they will be essential moving forward to meet the sustainability goals of our country.

In May 1933, President Roosevelt signed the TVA Act, creating a new federal corporation tasked with controlling flooding, providing electricity and taking

care of the environment in the Tennessee Valley. In 1936, President Roosevelt continued to make a difference when he signed the Rural Electrification Act that provided the availability of federal loans for the installation of electric distribution systems in rural America. As a result, a group of visionaries and community leaders formed West Kentucky RECC in 1938 to meet the electricity needs in our area.

WKRECC was formed to support a better quality of life for those we serve, to support economic development and to build stronger communities. Our employees continue to meet the vision of our founders as we serve you today.

Advocacy is defined as public support for a particular cause or policy. Rural electricity is available today because people worked together for the common good. Reliable electricity is essential for the health and well-being of a country and its citizens. Over the years, electric cooperative leaders have advocated and lobbied for maintaining a safe, reliable and affordable electric grid. These advocacy efforts have helped build the most reliable electric grid in the world. As we begin the transition to cleaner energy sources and environmental sustainability, it is critical that cooperative members throughout the United States strongly advocate for a continued supply of reliable and affordable electricity.

Now, I want to discuss the most important theme of this annual meeting, Educate. America is facing a reliability crisis due to the speed at which our country is attempting to transition to cleaner energy sources. To meet the environmental sustainability goals set forth by our elected officials and regulatory agencies, without jeopardizing reliability and affordability, consumers must be educated on how to use electricity more wisely, efficiently and at different times of the day.

The cooperative will roll out new

demand response programs over the next year. The purpose of these programs is to limit the amount of electricity that must be generated during peak load times. Peak load times in the Tennessee Valley generally occur on summer afternoons and winter mornings. Demand reduction programs, such as water heater and heating and cooling system control, are aimed at reducing the amount of electricity needed during these peak times. To ensure that consumers don't have forced outages, we must all embrace these programs and work together for the common good. It is critical, now more than ever, that people understand how electricity is made, delivered and priced.

This transition to cleaner energy sources must be handled in such a way that maintains reliability and affordability while minimally impacting our quality of life, the health of our families and the economic viability of our communities.

IN REVIEW

2022 was another solid financial year for your cooperative, with margins of more than \$3 million (see Treasurer's Report).

With solid leadership from your board and management team, West Kentucky Rural Electric managed rising costs, supply chain shortages, load growth and weather challenges, while continuing to invest in projects with long-term benefits.

Improvements in 2022 include implementing new technologies for operational efficiencies, enhancing our communications network, energizing new substations, designing new member programs, and launching our online app to help members easily track energy usage and pay their bills.

Here at West Kentucky RECC, we consider it an honor to call Western Kentucky home and to serve you and with you. Thank you for your business.

—David Smart, President & CEO

ACTIVE ACCOUNTS

As of December 31, 2022

Calloway	13,794
Carlisle	1,476
Graves	12,413
Hickman	170
Marshall	12,332
Total	40,185

ACCOUNTS BILLED

2022 40,185

AVERAGE KWH USAGE

(residential per month)

2022 1,198

MILES OF LINE

2022 4,217

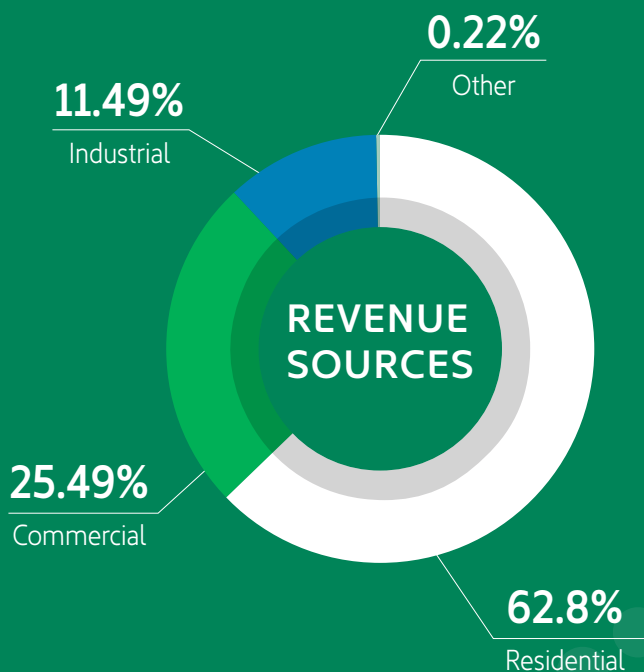
CONSUMERS PER MILE

2022 9.52

FOR INFORMATION AND INQUIRIES

West Kentucky RECC
1218 West Broadway
Mayfield, KY 42066
(877) 495-7322
www.wkrecc.com

FINANCIALS



Treasurer's Report

As treasurer of West Kentucky Rural Electric Cooperative, thank you for the opportunity to present the 2022 financial statements of the cooperative.

For the year ended December 31, 2022, here are a few highlights from the financial report:

- \$3,647,614 was added to member equity resulting in 53.39% total equity
- Of the \$17,912,284 operating expenses, \$3,000,000 was used to maintain the right-of-way and \$400,000 was used for routine pole maintenance
- Total utility plant increased by \$8,351,543
- Debt decreased by \$4,585,774
- 63% of overall revenue is provided by residential members

The goal of the board and management is to continue to meet the financial requirements and keep the rates as low as feasibly possible while providing safe, reliable electric service, as well as excellent customer service. We are happy to report that your cooperative remains financially stable.

-Chad Willett, Treasurer

STATEMENT OF OPERATIONS

As of December 31, 2022

Operating Revenue..... \$102,747,118

OPERATING EXPENSE

Purchased Power.....\$69,639,298

Operating System.....17,912,284

Depreciation7,040,563

Taxes2,941,800

Interest on Loans.....1,786,076

Other Deductions 286,261

Total Cost of Electric Service \$99,606,282

Operating Margins\$3,140,836

Non-Operating Margins.....126,637

Other Capital Credits 380,141

Patronage Capital and Margins \$3,647,614

BALANCE SHEET

As of December 31, 2022

ASSETS

Total Utility Plant \$217,659,278

Less Depreciation67,693,880

Net Utility Plant149,965,398

Investments in Associate Organization3,499,949

Cash 2,548,979

Accounts and Notes Receivable 13,369,594

Inventory..... 3,090,514

Prepaid Expenses..... 452,586

Deferred Debits and Other Assets.....757,113

Total Assets\$173,684,133

LIABILITIES

Consumer Deposits..... 2,607,560

Membership and Other Equities 92,737,014

Long-Term Debt.....54,754,231

Notes and Accounts Payable.....14,729,439

Other Current Liabilities.....8,855,889

Total Liabilities\$173,684,133

Official Notice

2023

West Kentucky Rural Electric Cooperative Corporation Annual Meeting

SATURDAY, JULY 8

Drive-thru registration and voting

FRIDAY, JULY 7

The 2023 Members' Meeting will be online Saturday, July 8. Drive-thru registration and voting will take place Friday, July 7.

Members are invited to view the live annual business meeting at 2 p.m. on our website at <https://wkrecc.com>. Click the "Annual Meeting" box for details on how to view.

Members may also choose to attend the business meeting in person at the West Kentucky RECC Community Room, located at the rear of the business office at 1218 West Broadway in Mayfield. There will be no food, entertainment or gifts at this business meeting. Members planning to attend should have already registered, either on Friday at your nearest registration location, or at the Mayfield office from 10 a.m. to noon, Saturday, July 8.

Registration: 11 a.m.–6 p.m. at these locations:

- Calloway County High School rear parking lot
- Carlisle County High School parking lot
- Graves County High School front parking lot
- Marshall County High School parking lot

SATURDAY, JULY 8

Registration: 10 a.m.–Noon

- West Kentucky RECC business office in Mayfield

Member must have photo identification to register and vote.

Bring this magazine or a copy of your West Kentucky RECC bill so staff can scan the bar code to speed registration. Registration can be completed with member's name and address if no bar code is available.

Gifts and door prizes

Each member who registers for the annual meeting will receive a gift.

All registrants will be entered in a random drawing to win prizes, cash and bill credits. Winners will be announced during the meeting and prizes will be mailed to the winners.



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