

2023 ANNUAL REPORT



SUPPORT | **ADVOCATE** | EDUCATE



West Kentucky
Rural Electric

Your Touchstone Energy[®]
Cooperative 



ADVOCATE

The word “advocate” carries a rich and profound meaning, and it’s what West Kentucky Rural Electric Cooperative 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 West Kentucky Rural Electric Cooperative, 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?

West 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 of our members. West 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

West Kentucky Rural Electric Cooperative works with the Tennessee Valley Authority 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.

WKRECC is a part of the Kentucky Rural Electric Cooperative Caucus, meeting with legislators to advocate for the interests of local co-op consumer members across the commonwealth.

A national study showed that electric cooperatives in Kentucky, including WKRECC, have some of the lowest overhead costs of any utilities in the nation.

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.

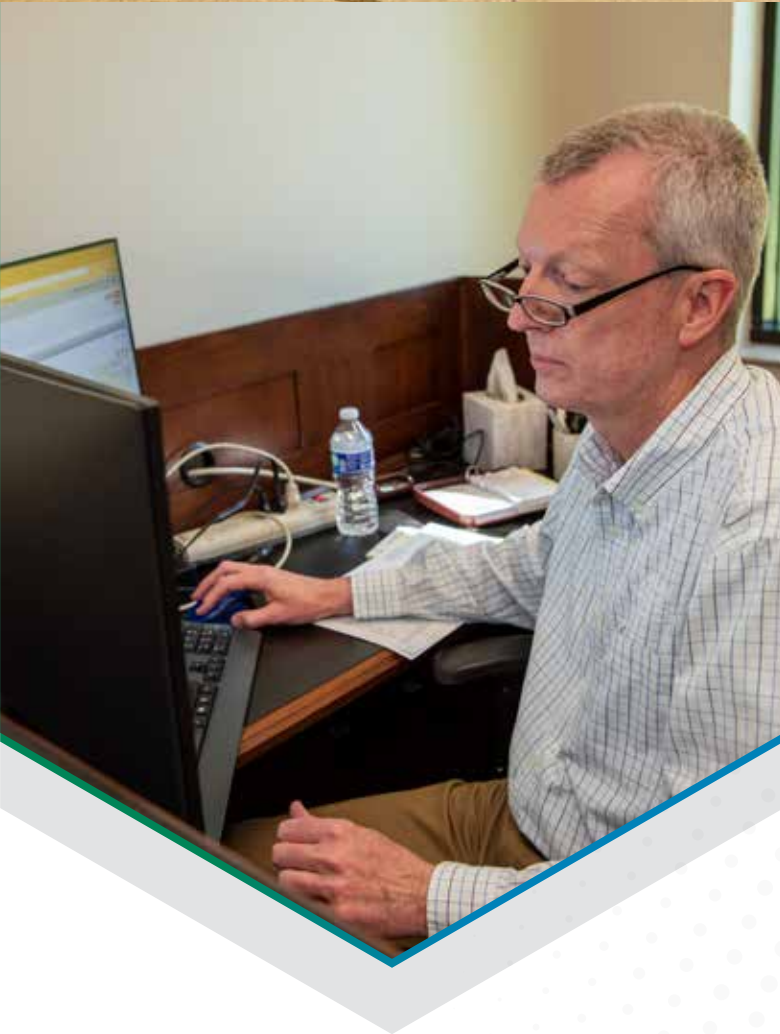
Our commitment to reliability was evident when we worked to identify and repair weaknesses in our East Murray Substation. The goal was to proactively mitigate those deficiencies, such as poles that were deteriorating, rotting or had been damaged by birds. Due to limited access

▲
Standing, from left, Dispatcher Austin Key, VP of Engineering Justin McCann, President & CEO David Smart, VP of Finance & Administration Heather Foley, VP of Operations Michael Evans and VP of Information Technology Jerry Beckley. Seated, Energy Engineer Corey Belcher and Dispatch Supervisor Steve Gossett.
Photo: Joe Imel

Above right, West Kentucky RECC linemen. Photo: Jodie Hansen

▶
Member Services Representative Kevin English. Photo: Joe Imel

On the cover: Foreman Levi Weatherford and crews work to restore and repair damaged poles in multiple areas throughout the East Murray substation. Repairs will increase reliability. Photo: Jodie Hansen



and tough landscape, had WKRECC not been proactive in making repairs, members in this area would have potentially sustained extended outages in instances of bad weather.

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 workshops, *Kentucky Living* and on-line resources, West Kentucky RECC provides our consumer-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.

Throughout 2023 we were proud to support the following programs and community efforts:

- We awarded eight academic scholarships and four vocational scholarships to student members.
- In partnership with CoBank, we donated to local backpack programs to help ensure the children of our community have food.
- We partnered with Western Kentucky & Tennessee Telecommunication Cooperative to host “Pumpkins in the Park,” a free community event filled with games and fun for the community.



- The co-op sponsored three students for the Kentucky Electric Cooperatives youth tour experience.

- We support economic development to encourage continued growth within our communities.
- Employees support our schools with safety demonstrations and attend school programs such as reality zone, career fairs and more.
- Our employees were effective, along with our partners at TVA, in encouraging local schools to apply for the School Uplift and Stem grants. Schools in our service territory have been awarded hundreds of thousands of dollars to enhance their facilities and to stay up to date with the latest technology.

TRANSPARENCY AND ACCOUNTABILITY

Advocacy is also about being transparent and accountable in our actions. WKRECC shares our financial reports, 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 WKRECC gets one vote.

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

In addition to updates and engagement at the co-op annual meeting, West Kentucky RECC 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 the Rotary Club, Chamber of Commerce and community events. Our team members take active roles within our communities through

volunteerism and participation, which is encouraged by West Kentucky RECC and its board.

RESILIENCE AND INNOVATION

We advocate for innovation and adaptability in a changing world. The energy landscape is evolving, and WKRECC 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.

Our recent investments in enhancing our maps and system modeling will allow WKRECC to better utilize existing infrastructure and artificial intelligence to automate inspection, mapping and other daily routine tasks. The annual savings is likely to be greater than \$200,000 per year, directly benefiting our members.

SPEAKING UP

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

President and CEO David Smart meets with lawmakers in Frankfort and Washington to relay how recent policies have affected our ability to deliver reliable and resilient energy at reasonable rates.

When local governments attempted to affix new fees on your electric bill unrelated to your electric service, we banded together with our fellow cooperatives to challenge these policies and keep bills as low as possible.

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

We encourage our members to cast their ballots to decide who represents them on the WKRECC board, and we participate in the nonpartisan Co-ops Vote initiative, reminding members to register and vote in elections.

LOOKING AHEAD

As we reflect on the past year, we acknowledge that advocacy for our consumer-members is not a one-time effort but an ongoing journey. We are excited about the path ahead and grateful to remain a trusted partner in your lives.

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.

Energy Engineer Corey Belcher leads a solar farm tour for University of Kentucky engineering students. Photo: Jodie Hansen



AGENDA

Annual Meeting of Members of West Kentucky Rural Electric Cooperative Corporation

Mayfield Business Office

Drive-thru registration: Friday, July 12, 11 a.m.—6 p.m. at

Virtual Business Meeting: Saturday, July 13, at 2 p.m.,

Livestreamed via link on www.wkrecc.com.

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

1. Report on the number of members present in person in order to determine the existence of a quorum
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 approved meeting of the members and the taking of necessary action thereon
4. Presentation and consideration of reports of officers, trustees, and committees
5. Report on the election of board members
6. Unfinished business
7. New business (or other business if properly raised)
8. Adjournment

2023 West Kentucky RECC YEAR IN REVIEW

Manager's Report

Legislation, regulation and appropriation. As I reflect on 2023 at your cooperative, I want to touch on how these themes will continue to impact the cooperative's ability to provide safe, affordable and reliable electricity to our communities.

LEGISLATION

As a result of the TVA Act and the Rural Electrification Act, West Kentucky RECC was formed in 1938 to meet local electricity needs.

Over the next few decades, America

ACTIVE ACCOUNTS

As of December 31, 2023

Calloway	13,929
Carlisle	1,491
Graves	12,436
Hickman	174
Marshall	12,514
Total	40,544

ACCOUNTS BILLED

2023 40,544

AVERAGE KWH USAGE

(residential per month)

2023 1,065

MILES OF LINE

2023 4,223

CONSUMERS PER MILE

2023 9.6

FOR INFORMATION AND INQUIRIES

West Kentucky RECC
1218 West Broadway
Mayfield, KY 42066
(877) 495-7322
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went through the industrial revolution and air pollution became increasingly apparent. The Clean Air Act of 1970 was introduced and passed by Congress; it was amended in 1977 and again in 1990.

The Clean Air Act of 1990 imposed many requirements on the electric generation industry to reduce the amount of air and water toxins that are emitted from coal-fired generation plants. Many of the required improvements were very expensive to implement, leading to increases in the cost of electricity. Let me explain how Clean Air Act legislation has impacted the electric generation industry.

REGULATION

The Clean Air Act defines the Environmental Protection Agency's responsibilities for protecting and improving the nation's air quality and the stratospheric ozone layer. Although many parts of the clean air legislation were detailed, other parts set out only the general outlines of the law's regulatory programs and left many key terms undefined. Over the years, the EPA has placed more stringent requirements on electric generation plants as technologies evolved that could further reduce emissions. Recently released EPA regulations, aimed at forcing a move to more renewable and clean generation sources, were established to reduce greenhouse gas emissions (primarily carbon dioxide), to enact more stringent mercury and air toxic standards, and to increase steam effluent limitations. These new regulations will force the closure of many fossil-fuel fired generation plants. The cost of complying with the regulations, the inability to comply with these regulations and the plant closures that will result from these will lead to less reliable, higher cost electricity.

The move toward more renewable and clean generation sources leads to how appropriations are affecting the industry.

APPROPRIATIONS

The Infrastructure Investment and Jobs Act and the Inflation Reduction Act incorporate funding aimed at driving investments in renewable and clean generation sources.

In addition to funding transportation, clean water upgrades and internet service, the IIJA also created incentives and funding for electric vehicle market growth, electric vehicle chargers and construction of renewable and clean generation sources.

The IRA enhanced or created more than 20 tax incentives for clean generation sources and the manufacturing of the materials needed to build these sources.

These appropriations are aimed at trying to hasten the transition to cleaner generation sources. However, this shift will come with potential consequences, like higher costs, less reliability and possibly periods without electric power in our homes and businesses.

As we are being forced by regulation and incentivized by appropriations to transition to cleaner generation sources, we must keep reliability and affordability of electricity as the primary goals.

IN REVIEW

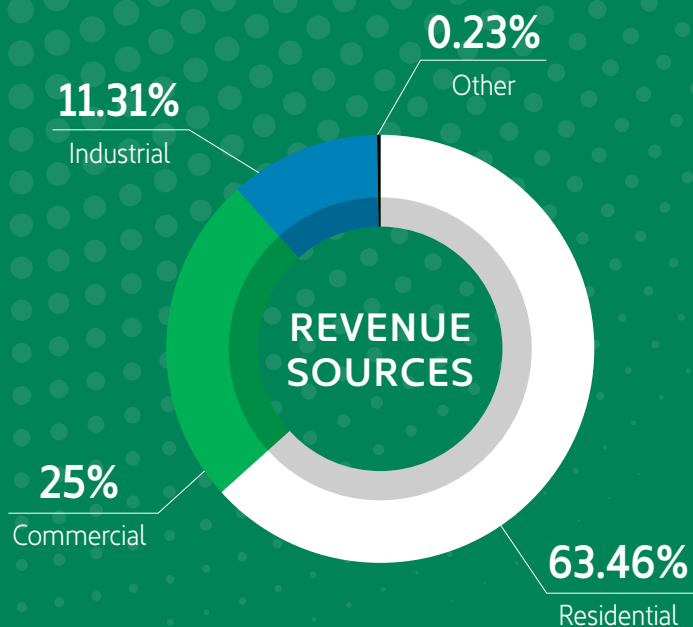
With solid leadership from your board and management team, our co-op managed rising costs and supply chain shortages while keeping rates as low as possible. We also advocate for reliable and affordable electricity for our members.

Improvements in 2023 included energizing the new Kenlake substation in eastern Calloway County, relocating our Murray office to provide easier access and implementing new technologies that make our day-to-day operations more efficient.

It's an honor to call Western Kentucky home and to serve you and with you. Thank you for your business.

—David Smart, President & CEO

FINANCIALS



Treasurer's Report

Following are some highlights from the cooperative's financial report for the year ended December 31, 2023:

- Total revenue for the year was \$94,267,498.
- Total cost of providing electric service including purchased power was \$94,042,634.
- The cooperative's total operating expenses were \$18,816,957.
- Operating expenses included \$3,000,000 to maintain the right-of-way and \$1,500,000 for storm restoration.
- The cooperative ended the year with 4,223 miles of electric lines.
- 796 new services were connected and 352 services were retired.
- Total utility plant increased by \$14,529,694.
- Debt had a net increase of \$11,623,336.
- \$847,078 was added to member equity resulting in 53.39% equity.
- 63% of total revenue is provided by residential members.

With inflationary impacts on material and labor, the cooperative will be taking rate actions, for the first time since 2009, in April and October 2024.

-Chad Willett, Treasurer

STATEMENT OF OPERATIONS

As of December 31, 2023

Operating Revenue..... \$94,267,498

OPERATING EXPENSE

Purchased Power.....\$62,708,522

Operating System.....18,816,957

Depreciation.....7,399,623

Taxes 2,714,353

Interest on Loans2,224,019

Other Deductions179,160

Total Cost of Electric Service \$94,042,634

Operating Margins \$ 224,864

Non-Operating Margins.....113,623

Other Capital Credits508,591

Patronage Capital and Margins \$847,078

BALANCE SHEET

As of December 31, 2023

ASSETS

Total Utility Plant\$232,188,972

Less Depreciation 72,082,416

Net Utility Plant\$160,106,556

Investments in Associate Organization \$3,848,732

Cash5,438,080

Accounts and Notes Receivable 10,083,734

Inventory.....2,946,710

Prepaid Expenses.....465,604

Deferred Debits and Other Assets..... 843,521

Total Assets\$182,732,937

LIABILITIES

Consumer Deposits.....\$2,783,015

Membership and Other Equities 93,584,826

Long-Term Debt.....66,377,567

Notes and Accounts Payable.....11,489,564

Other Current Liabilities..... 8,497,965

Total Liabilities \$182,732,937

Official Notice

2024

West Kentucky Rural Electric Cooperative Corporation Annual Meeting

SATURDAY, JULY 13

Drive-thru registration and voting

FRIDAY, JULY 12

Drive-thru 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 13

Drive-thru registration: 10 a.m.–Noon

- West Kentucky RECC business office in Mayfield

Member must have photo identification to register and vote.

Bring the postcard that you received in the mail or 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.

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 WKGT Tech Park Gymnasium, located at 101 Technology Park Drive 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 WKRECC Mayfield office located at 1218 W. Broadway from 10 a.m. to noon, Saturday, July 13.



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