

2024 ANNUAL REPORT



SUPPORT | ADVOCATE | EDUCATE



West Kentucky
Rural Electric

Your Touchstone Energy®
Cooperative





EDUCATE

The word “educate” speaks directly to the purpose of West Kentucky Rural Electric and our mission to empower, inform and support our members.

At West Kentucky Rural Electric our mission extends beyond delivering safe and reliable electricity to homes and businesses as cost-effectively as possible. We are accountable to our members and take special care to educate them, and the general public, about how energy use impacts the community.

As the energy landscape evolves, this role is more important than ever. Through ongoing communication, we provide clear, relevant and accessible information, whether through workshops, wkrecc.com, community forums or *Kentucky Living*.

COOPERATIVE PRINCIPLES

Our efforts are guided by the Seven Cooperative Principles, notably the fifth principle: “Education, Training and Information.” We keep members informed on energy issues and educate our workforce to maintain a skilled and courteous team. Through our active involvement in all four of our service territories in our school systems, economic development organizations, Chambers

of Commerce, Murray State University programs, and working closely with our family resource and youth service centers, along with presenting safety demos to all schools, our employees foster strong community connections.

INNOVATING FOR THE FUTURE

Our commitment to education extends to our own learning, as we seek energy solutions that will serve our members.

- **Advanced metering infrastructure.** This technology lets members monitor their energy use in real time with the member portal, which can be accessed through www.wkrecc.com. These meters provide precise usage data, helping members make informed decisions about energy conservation.
- **Automated outage detection.** Our AMI system enables us to detect outages immediately and pinpoint affected areas without waiting for member reports. This reduces response times and improves service reliability.
- **Renewable energy initiatives:** WKRECC has the information members need to know before purchasing and installing solar panels on a home or business. We lay out the facts and educate

▲ The dispatch team came color coordinated. Crews had a large task at hand as storms rolled through our area Memorial Day weekend and caused extensive damage throughout our service territory. From left, Dispatcher Austin Key, Dispatch/IT Supervisor Steve Gossett and Manager, Planning & Applications in Engineering Ricky Binkley. Photo: Jodie Hansen

Representatives from electric co-ops around Kentucky meet with Sen. Mitch McConnell. Photo: Wade Harris

► WKRECC President and CEO David Smart presents to the Murray Chamber of Commerce on protecting the grid. Photo: Jodie Hansen

On the cover: Safety Coordinator Justin Rickman showcases the WKRECC safety demo trailer and discusses electrical safety with the Murray Fire Department. Photo: Jodie Hansen



members so they can make informed decisions. Through our partnership with the Tennessee Valley Authority, we work to be your trusted energy advisors.

ELECTRIC SAFETY AND EDUCATION

Through comprehensive and continuous education, our lineworkers develop a deep understanding of the risks and safety standards of high-voltage work. WKRECC partners with our statewide co-op association, Kentucky Electric Cooperatives, to convey the competency standards required for professional certification and the protocols needed to respond to emergencies effectively. This safety culture extends to our education of co-op members to be aware of their surroundings, identify risks and make smart choices.

West Kentucky RECC performs safety programs at the request of local schools and organizations. Our skilled line technicians use a variety of live-line simulations to demonstrate the dangers of electricity and share tips on how to stay safe.

This commitment to safety is amplified when we respond to outages. While our crews focus on restoring power as quickly as possible, we remind members of electric safety, including staying away from downed lines and proper generator use.

MUTUAL AID

When disaster strikes, co-ops quickly deploy staff and equipment to emergency and recovery zones to help sister co-ops.



After the remnants of Hurricane Helene knocked out power to more than 100,000 people in Kentucky, WKRECC first restored service to our own members, then sent crews to our sister co-ops both here in Kentucky, to Fleming-Mason Energy, and to Satilla Energy in Georgia.

Because the national network of transmission and distribution infrastructure owned by electric cooperatives was built to federal standards, line crews from any co-op in America can arrive on the scene ready to provide support.

EDUCATING MEMBERS AND POLICYMAKERS

We're dedicated to delivering factual, transparent information to members, policymakers and the community. False narratives about energy reliability and pricing can lead to confusion and decisions that don't serve our members' best interests. We are proactive in sharing accurate information in *Kentucky Living*, on our website, wkrecc.com, and through social media.

Our team engages with legislators, providing a grounded understanding of co-op operations and the unique needs of our members. We ensure policymakers understand how energy policy affects reliability, affordability and accessibility. This year, West Kentucky Rural Electric joined meetings with lawmakers in Washington, D.C., Frankfort and at Kentucky Electric Cooperative offices, advocating for policies aligned with members' best interests.

RESILIENT AND RELIABLE

An informed community is a resilient one. This

year, we emphasized the importance of reliability and infrastructure investments by communicating the steps we take to ensure uninterrupted service. For instance, our recent completion of the distribution loop feed along Symsonia highway, and the double circuit construction along highway 94, have enhanced effectiveness for backup feeds to these areas, which has reduced outage response times and has improved service reliability, ultimately mitigating outages.

To keep costs as low as possible, we balance essential infrastructure updates with sound resource planning. With the challenges of inflation and federal regulations affecting generation costs, we are working hard to keep electricity as affordable as possible for our members.

CO-OP FINANCIAL HEALTH

Financial health and transparency are foundational to our mission. We share detailed financial reports each year, inviting members to review them and reach out with questions. Through open communication about operations, finances and cooperative governance, we maintain our members' trust and confidence.

EDUCATION IS A PRIORITY

As we look to the future, our commitment to educate, empower and serve our members grows even stronger. We pledge to continue providing accurate, transparent information and building an engaged, informed community. Together, we will power a bright future for West Kentucky RECC and those we serve. Thank you for your support and participation.

Crews work to replace a pole that directly feeds a large portion of our Graves County service territory.
Photo: Jodie Hansen

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. Photo: Wells Studio

Safety Coordinator Justin Rickman and Lineman Russ Kirby conduct a safety demonstration for the Construction Safety class at Murray State University.
Photo: Jodie Hansen





AGENDA

Official notice of Annual Meeting of Members of West Kentucky Rural Electric Cooperative Corporation

Drive-thru registration: Friday, July 11, 10 a.m.—5:30 p.m. at Carlisle, Calloway, Graves and Marshall County high schools

Virtual Business Meeting: Friday, July 11, at 7 p.m.

WKRECC Community Room at Mayfield Business Office.

Also 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. Report of the numbers of members represented by proxy and names of their respective proxies.
3. 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.
4. Reading of unapproved minutes of previous meeting of members and taking necessary action thereon.
5. Presentation and consideration of reports of officers, directors and committees.
6. Election of directors.
7. Unfinished business.
8. New business.
9. Adjournment.

NOMINATING COMMITTEE

On April 10, 2025, at 1 p.m. the Nominating Committee met at the Mayfield office and presented the following nominees:

District 1 (Calloway County) – Robert "Bob" Hargrove (4-year term)

District 3 (Graves County) – Chad Willett (4-year term)

District 4 (Marshall County) – Troy English (4-year term)

Nominated by petition:

District 3 (Graves County) – Kenneth "Pete" Galloway (4-year term)

2024 West Kentucky RECC YEAR IN REVIEW

Manager's report

Reliability, affordability and electric demand. As I reflect on 2024 at your cooperative, I want to discuss how these themes have and will continue to impact the Tennessee Valley Authority and West Kentucky RECC.

RELIABILITY

Since the formation of TVA in May 1933 through the TVA Act, TVA has provided reliable electricity to all or parts of seven states that we refer to as the "Valley." North Carolina, Georgia, Alabama,

Mississippi, Tennessee, Virginia and Kentucky residents and communities have all grown, prospered and experienced a better quality of life thanks to the dependable generation and transmission of electricity by TVA. Throughout the 1970s-2000s, TVA had generation assets that produced enough capacity to not only meet the needs of the Valley but to take on additional demand for electricity.

The transition to more efficient houses and businesses and low population growth led to a decade in the 2010s during which TVA made the business decision not to build additional generation capacity.

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. With concerns about global warming growing in America, the Environmental Protection Agency put in place more stringent rules and regulations over the last few years that were aimed at forcing generation companies to close their coal-fired generation. The business decisions to close coal plants in America were made due to unrealistic emission control expectations and prohibitive compliance costs. As a result, TVA made the decision to start closing many of its aging coal generation assets, which reduced the overall generation capacity of TVA.

Today, TVA does not own enough generation capacity to meet the demand during extreme hot and cold conditions in the Valley. TVA relies on the market and purchase power agreements with third parties to meet the demand during these periods.

Winter Storm Elliott in 2023 marked the first time in TVA's history that it was forced to issue an order instructing local power companies, like West Kentucky RECC, to reduce their load so that the TVA system could remain stable due to TVA's lack of generation capacity and the

unavailability of market power.

AFFORDABILITY

The Clean Air Act and subsequent EPA regulations have driven up the cost to generate electricity. In addition to the regulatory side of costs, TVA is currently building several new generation plants to try to meet the demand for additional electricity and to rely less on third party power producers and purchase power agreements. Since the pandemic, inflation has driven up the cost of doing business at a rapid pace. As a result, TVA is adding generation capacity at a very expensive cost per MWh. Unfortunately, the combination of regulatory compliance and the cost associated with building new generation is going to increase the cost of electricity for all of us. Therefore, it is vital that we all continue to use electricity as efficiently as possible.

ELECTRIC DEMAND

Since the pandemic, the Valley has seen three times the population growth and economic development as the rest of the country. In addition to meeting the electricity needs of these new residences and businesses, TVA is also faced with meeting the growing electric demand for data mining, like cryptocurrency, and the move toward artificial intelligence. AI uses a tremendous amount of electricity. One AI data center can use as much electricity as the entire membership of West Kentucky RECC. America wants and needs to be a leader in hosting AI technology. TVA's long-standing history of delivering reliable power at affordable rates makes the Valley a highly sought after location for these AI companies. TVA must continue to build new generation to keep up with the rapid electric demand growth brought about by these technologies and continued population growth in the Valley.

—David Smart, President & CEO

ACTIVE ACCOUNTS

As of December 31, 2024

Calloway	14,087
Carlisle	1,483
Graves	12,496
Hickman	174
Marshall	12,597
Total	40,837

ACCOUNTS BILLED

2024	40,837
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AVERAGE KWH USAGE

(residential per month)

2024	1,065
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MILES OF LINE

2024	4,223
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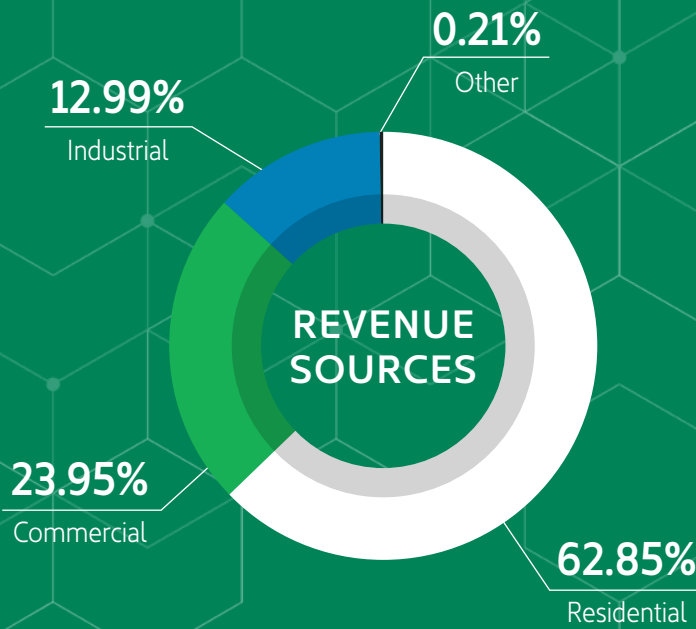
CONSUMERS PER MILE

2024	9.67
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FOR INFORMATION AND INQUIRIES

West Kentucky RECC
1218 West Broadway
Mayfield, KY 42066
(270) 247-1321
www.wkrecc.com

FINANCIALS



Treasurer's Report

Following are some highlights from the cooperative's financial report for the year ended December 31, 2024:

- Total revenue for the year was \$102,476,592
- Total cost of providing electric service including purchased power was \$101,510,756
- The cooperative's total operating expenses were \$21,127,871
- Operating expenses included \$3,000,000 to maintain the right-of-way
- The cooperative ended the year with 4,223 miles of electric lines
- 697 new services were connected, and 347 services were retired
- Total utility plant increased by \$14,529,694
- Debt had a net decrease of \$1,113,621
- \$1,598,976 was added to member equity resulting in 51.20% equity
- 63% of total revenue is provided by residential members.

With inflationary impacts on material and labor, the cooperative took rate action for the first time since 2009 in April and October 2024 as part of a multi-year rate plan.

—Chad Willett, Treasurer

STATEMENT OF OPERATIONS

As of December 31, 2024

Operating Revenue..... \$102,476,592

OPERATING EXPENSE

Purchased Power..... \$67,052,105

Operating System..... 21,127,871

Depreciation..... 7,925,229

Taxes..... 2,914,830

Interest on Loans..... 2,354,695

Other Deductions..... 136,026

Total Cost of Electric Service \$101,510,756

Operating Margins..... \$965,836

Non-Operating Margins..... 159,178

Other Capital Credits..... 473,962

Patronage Capital and Margins \$1,598,976

BALANCE SHEET

As of December 31, 2024

ASSETS

Total Utility Plant..... \$240,339,152

Less Depreciation..... 75,757,164

Net Utility Plant..... \$164,581,988

Investments in Associate Organization \$4,100,739

Cash..... 2,403,350

Accounts and Notes Receivable..... 12,034,673

Inventory..... 2,424,363

Prepaid Expenses..... 597,308

Deferred Debits and Other Assets..... 848,107

Total Assets \$186,990,528

LIABILITIES

Consumer Deposits..... \$2,725,724

Membership and Other Equities..... 95,777,494

Long-Term Debt..... 65,263,946

Notes and Accounts Payable..... 13,770,264

Other Current Liabilities..... 9,453,100

Total Liabilities \$186,990,528

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2025

West Kentucky Rural Electric Cooperative Corporation Annual Meeting

FRIDAY, JULY 11

Drive-thru registration:

Friday, July 11, 10 a.m.–5:30 p.m.
at the following locations:

- Calloway County High School
- Carlisle County High School
- Graves County High School
- Marshall County High School

No Saturday registration

Member must have photo ID to register and vote.

Bring the postcard 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 registered member will receive a gift.

All registrants will be entered in a random drawing to win cash prizes or bill credits. Winners will be announced during the meeting, and WKRECC will contact those members who won.

Members are invited to view the live annual business meeting at 7 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 WKRECC headquarters, 1218 W. Broadway in Mayfield. There will be no food, entertainment or gifts at this business meeting.



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