


RELIABLE  
**RESPONSIVE**  
RESILIENT

## ANNUAL 2021 REPORT



A Touchstone Energy Cooperative 



# RESPONSIVE

■ Cover, South Kentucky RECC Lead Line Technician Michael Crawford, left, and Construction Manager Brian Taylor change a broken pole in mountainous terrain in McCreary County. Photo: Preston Tucker

■ Opposite top, South Kentucky RECC is responsive to members' needs. Staking Engineer Luke Stevenson, Field Services Manager Bruce Parkey, Work Order Coordinator Christina Cundiff and Staking Engineer Ben Burton review plans to relocate a three-phase line, in conjunction with an East Kentucky Power Cooperative transmission line, at the new App Harvest facility in eastern Pulaski County. Photo: Joy Bullock

■ Opposite bottom, a McCreary County crew sets a pole for a new service in that county. Photo: Joy Bullock

**B**ecause we are owned by the people we serve, South Kentucky RECC has a unique accountability to our member-owners. Throughout our history, it has been our duty to respond and adapt quickly to new and changing circumstances.

Every generation brings its own unique set of challenges, from equipment shortages during World War II to costly regulations in recent decades. Through it all, South Kentucky RECC has worked with fellow cooperatives across Kentucky and the nation to advocate for at-cost and reliable electric service for you.

As you know, the last few years have been full of challenges for everyone, including your co-op. And in this annual report, we would like to share a few examples of how South Kentucky RECC is responsive to those needs with the best interests of our local communities always top of mind.

At our core, South Kentucky RECC is responsive to the members we serve because we are led by fellow co-op members. 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, not some corporate or activist types who live hundreds or thousands of miles away.

We are proud of our board and grateful for their service. In addition to their supervision and guidance of South Kentucky RECC, board members receive important education and training, so they are prepared to deal with the complex world of electric service.

From ice and snowstorms, to flooding and tornadoes across the state, 2021 was one of the most challenging weather years in Kentucky history. South Kentucky RECC was extremely responsive to these challenges, as we received much needed assistance from and provided much needed assistance to our sister co-ops across the state.

Of course, these natural disasters came amid the second year of COVID-19. Though everyone is ready for the end of the pandemic, it is the responsibility of South Kentucky RECC to comply with laws and regulations and to protect the health and safety of employees and members.

In efforts to keep our members and employees safe, we closed offices until July; we had a number of employees work remotely to reduce the risk of exposure and spread of COVID-19; we expanded payment options and services available by telephone to help members; we supported community COVID-19 efforts; and we adjusted the annual meeting to accommodate safety measures.

We know from our safety culture that complacency is a threat, so while our team worked to preserve member access to South Kentucky RECC, we also remained intentional about following safety protocols.

Being responsive to this crisis also means addressing its economic implications. While maintaining the financial stability of South Kentucky RECC, our board and staff have continued to work with members who face financial uncertainty, connecting them with resources and helping them stay current on their bill rather than racking up large balances.

After holding rates steady for 10 years, South Kentucky RECC began the process in 2021 of applying for a rate adjustment with the Kentucky





South  
Kentucky RECC  
was built by,  
belongs to and is led  
by people in the  
communities  
we serve







Public Service Commission. The co-op's current rates are based upon costs from approximately 10 years ago, and continued inflationary pressures on costs related to materials and technology needs have driven the need for an adjustment in rates. As proposed, the increase would take place over a two-year period, in an effort to lessen the full effect of the adjustment on South Kentucky RECC members. The overall impact of the proposed adjustment would be 7.7%. As of this printing, the PSC had not ruled on the application.

Following the cooperative principle of "Concern for Community," South Kentucky RECC and our employees support our members and their charitable efforts. We continue supporting such organizations as March of Dimes, American Cancer Society and Ronald McDonald House Charities. While it was different, due to COVID-19, we also continued with the Washington Youth Tour, which was done virtually, and provided senior

scholarships to nine high school seniors in our service territory.

In partnership with Kentucky's Touchstone Energy Cooperatives, South Kentucky RECC is responsive to the needs of 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.

We are grateful to the people who built South Kentucky RECC in 1938 and everyone who has contributed to the stewardship of our co-op ever since. They all were responsive to the challenges and opportunities they faced. We are also grateful to the approximately 58,000 members we serve in southcentral Kentucky. You are the reason we exist, and we pledge to be responsive, reliable and resilient as we work to serve you and the communities we all call home.

Thank you for letting South Kentucky RECC serve you, and feel free to reach out to us anytime you have a question.

■ Above, South Kentucky RECC tree trimmer Kevin Cornett is one member of the co-op's right-of-way team who works diligently to keep trees trimmed and out of co-op power lines. Photo: Joy Bullock

■ Top right, South Kentucky RECC Line Technician Jeremy Rayborn is part of the crew that pulled wire across the lake for an expansion at Marina at Rowena. Photo: Eric Chumbley

■ Bottom right, being located on beautiful Lake Cumberland sometimes makes for interesting work. South Kentucky RECC's track vehicle recently had to be shipped across the lake at Marina at Rowena in Clinton County to be used to set a pole. Photo: Bruce Parkey







■ 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



■ South Kentucky RECC AMI/Dispatch Coordinator Joni Cable registers a member at the 2021 Membership Day in Russell County. More information on this year's event on page 26H. Photo: Joy Bullock



■ South Kentucky RECC Energy Services & Member Engagement Manager Alan Coffey explains to member Brittany Pittman-Hardcorn how her heat pump operates during extremely cold weather. Photo: Joy Bullock

# 2021

# SOUTH KENTUCKY

## MEMBERS BY COUNTY

As of December 31, 2021

Adair.....	651
Casey.....	1,832
Clinton.....	6,750
Cumberland.....	21
Laurel.....	5
Lincoln.....	1,256
McCreary.....	6,226
Pulaski.....	29,354
Rockcastle.....	76
Russell.....	10,731
Wayne.....	13,029
Pickett, TN.....	172
Scott, TN.....	20
<b>TOTAL.....</b>	<b>70,123</b>

## ACCOUNTS BILLED

2011.....	66,259
2021.....	70,123

## AVERAGE RESIDENTIAL KWH USAGE

(per month)

2011.....	1,132
2021.....	1,077

## MILES OF LINE

2011.....	6,755
2021.....	7,018

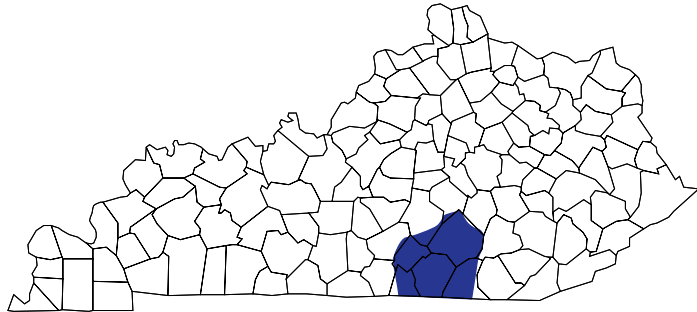
## CONSUMERS PER MILE

2011.....	9.81
2021.....	9.99

## FOR INFORMATION AND INQUIRIES

200 Electric Avenue  
Somerset, KY 42502  
(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, computers, dishwashers, small appliances and other electrical equipment (noted as "other uses" below) accounts for nearly 40% of electricity consumption in American homes.



**4.2%**

TVs & related equipment



**5.2%**

lighting



**7.4%**

refrigerators & freezers



**12.1%**

water heating



**15.8%**

space cooling



**16.3%**

space heating



**39%**

all other uses

Source: EIA, Annual Energy Outlook 2020

<sup>1</sup>Includes consumption for heat and operating furnace fans and boiler pumps. <sup>2</sup>Includes miscellaneous appliances, clothes washers and dryers, computers and related equipment, stoves, dishwashers, heating elements, and motors.

# KEY RECC YEAR IN REVIEW

## 2021 STATEMENT OF EARNINGS

As of December 31, 2021

Operating Revenue .....\$133,752,012

### COST OF ELECTRIC SERVICE

Cost of Electricity Purchased From  
East Kentucky Power .....\$96,010,219

Cost of Operating the  
Distribution System .....\$20,751,714

Depreciation Expense .....\$9,627,826

Interest Expense on Loans .....\$5,239,775

Public Service Commission Assessment.....\$155,255

Other Expenses .....\$39,285

Total Cost of Electric Service .....\$131,824,074

Gross Margins from Electric Service .....\$1,927,938

Non-Operating Income .....\$7,502,836

Net Margins (Deficit) .....\$9,430,774

## BALANCE SHEET

As of December 31, 2021

### ASSETS

Total Poles, Wires, and Other Equipment .....\$295,252,932

Less Accumulated Depreciation .....\$90,990,972

Net Value of Poles, Wires, and  
Other Equipment.....\$204,261,960

Investments in Associated Organizations.....\$89,750,882

Cash and Equivalents .....\$7,636,715

Accounts and Notes Receivables .....\$10,869,814

Material in Inventory.....\$1,798,503

Prepaid Expenses .....\$473,720

Other Assets.....\$9,463,659

Total Assets.....\$324,255,253

### LIABILITIES AND MEMBERS' EQUITY

Consumer Deposits .....\$1,761,127

Members and Other Equities .....\$156,480,337

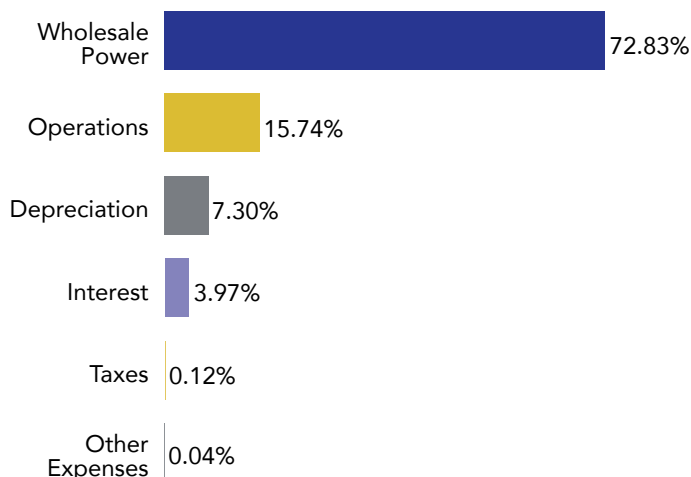
Long-Term Notes Payable .....\$129,727,820

Notes and Accounts Payable  
Owed to Vendors .....\$22,909,349

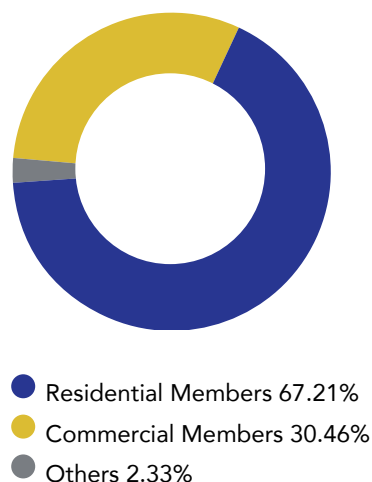
Other Liabilities .....\$13,376,620

Total Liabilities and Members' Equity.....\$324,255,253

## MAJOR COSTS



## REVENUE SOURCES





# SOUTH KENTUCKY RECC ANNOUNCES MEMBERSHIP DAYS

**S**outh Kentucky RECC will hold annual Membership Days on June 7, 8 and 9 at its offices from 7:30 a.m. until 5:30 p.m., local time.

On June 7, members can visit the drive-thru at the Wayne and McCreary county offices; on June 8, the drive-thru will be held at the Russell and Clinton county offices; and the event will wrap up on June 9 when members can drive-thru in Somerset at the headquarters. Office lobbies will be closed for Membership Day when it is held in that office. Members can still make payments in the drive-thru or conduct business by telephone that day. Members will only be able to register one time.

When members register, they will receive a bucket and two LED lightbulbs. Their names will be entered into a drawing at each office for a 65-inch, Hisense Roku, 4K television; a 15-inch, 64 GB, Acer Chromebook laptop; or a Hart electric, 20-volt cordless string trimmer/blower kit.

In addition, Membership Days will kick off the chance for members to be entered into a drawing for a 2012 Chevrolet Colorado 4x4 pickup truck. Each registering member's bucket will have a form to update their account(s) information. Forms will also be arriving in upcoming months' bills. Those that are completed and returned to South Kentucky RECC by August 31 will be entered into the drawing for the truck.

Make plans now to attend!



JOY BULLOCK

**Members, please bring  
a copy of your bill on  
Membership Day to assist  
with registration.**

## SAVE THE DATE! ANNUAL MEMBERSHIP DAY

**June 7, 2022**

Wayne and McCreary county offices

**June 8, 2022**

Russell and Clinton county offices

**June 9, 2022**

Somerset office

*Registration: 7:30 a.m. – 5:30 p.m. local time*



**SK** South Kentucky  
**RECC**  
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