


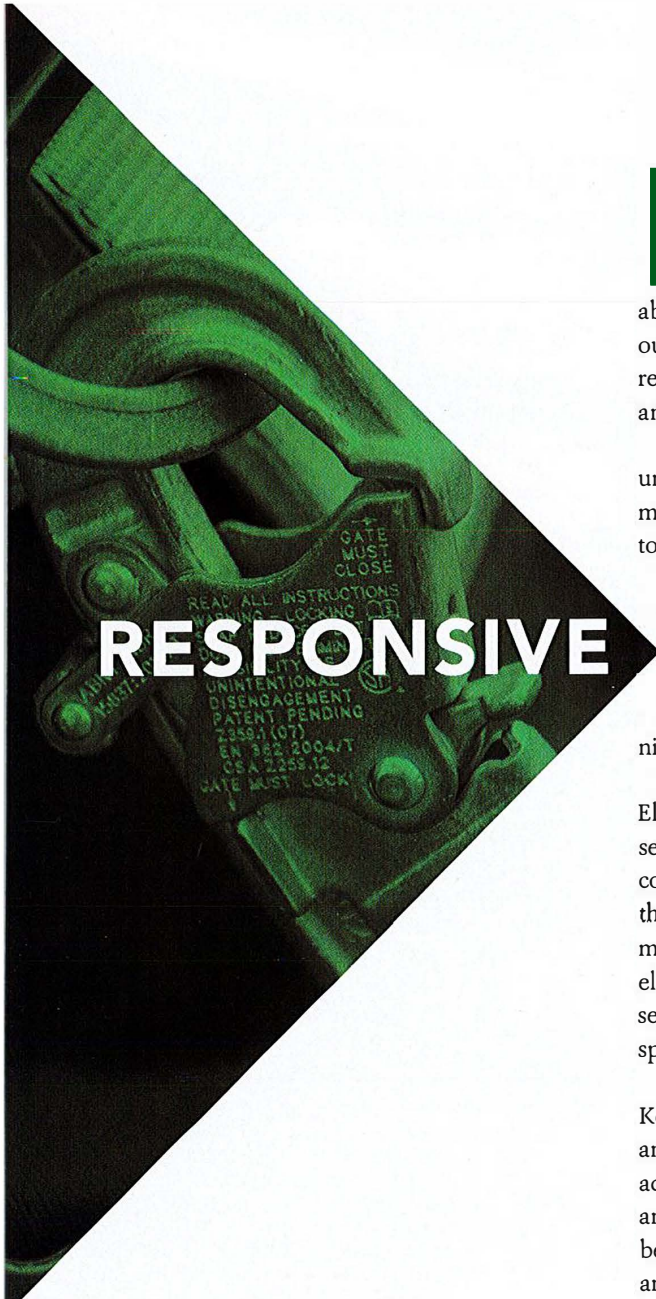
RELIABLE
RESPONSIVE
RESILIENT

ANNUAL 2021 REPORT



West Kentucky
Rural Electric

Your Touchstone Energy[®]
Cooperative 



RESPONSIVE

Because we are owned by the people we serve, West Kentucky Rural Electric Cooperative is accountable to our members. 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.

In this annual report, we will share a few examples of how West Kentucky RECC responds to challenges with the best interests of our members and local communities always in mind.

At our core, West Kentucky Rural Electric is responsive to members we serve because we are led by fellow co-op members. Every member of the WKRECC 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.

We are thankful for West Kentucky RECC's board of directors and grateful for their guidance. In addition to their individual skill sets and diverse experience, board members receive important education and training, so they are prepared to respond effectively to the complex and ever-changing world of electric service.

Severe weather always requires a safe, effective and efficient response and 2021 offered its share of challenges.

West Kentucky RECC missed the worst of the winter storms early in the year, which allowed us to send crews to help Clark Energy and Licking Valley RECC, where snow and ice brought down lines and broke poles. We answered the call again in May when our neighbor to the south, Gibson Electric, was faced with rebuilding following a vicious

spring storm. We are always ready to step in and help other cooperatives because we know they will help us when the storms shift our way.

That's exactly what happened around 9:30 p.m. on December 10 when an EF4 tornado slammed through the West Kentucky RECC service area, leaving behind a 38-mile path of destruction. WKRECC's responsiveness was on full display as our teams gathered overnight to develop a plan and, by daybreak, fanned out to assess the damage. Within 48 hours, we had 115 crew members from other cooperatives on site, working with our team to get the lights back on for WKRECC members. Together, we restored power to most members within five days.

West Kentucky RECC also responded to the needs of our employees affected by the storm. We partnered with vendors, other cooperatives and organizations to collect donations to help with their economic and material needs. We are thankful our employees were physically safe and that WKRECC's essential equipment was spared. We continue to pray for those who lost loved ones and suffered devastating loss.

Of course, these weather challenges came amid the second year of COVID-19. As we look forward to the end of the pandemic, it is West Kentucky RECC's responsibility to comply with laws and regulations and protect the health and safety of employees and members. Over the course of 2021, we did this by temporarily closing offices to the public, limiting interaction among line crews and hosting our annual meeting online with drive-thru registration.

Being responsive to the pandemic also means addressing its economic implications. While protecting the financial stability of WKRECC, our board and staff have continued to work with members who face

■ Cover, Lineman Dale Madding conducts a routine inventory check ahead of an assignment. Photo: Joe Imel

■ Opposite top, from left, Dispatcher Austin Key and Steve Gossett, engineering information systems and monitoring manager, work from WKRECC's 24/7 dispatch center to coordinate safe, efficient response to outage reports. Photo: Joe Imel

■ Opposite bottom, A new transformer is set in place at WKRECC's John Ed Walker Substation in Mayfield. Photo: Roger Gough



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





■ Above, Apprentice Lineman Zach Williams welcomes visitors to "Pumpkins in the Park," a fall festival hosted by West Kentucky RECC and local telephone cooperative, West Kentucky & Tennessee Telecommunications.

■ Right, West Kentucky RECC Board Treasurer Bob Hargrove, left, and President & CEO David Smart, right, present a \$15,000 donation to Murray-Calloway County Economic Development Chair David Graham to support MCED's efforts to recruit new industry to Calloway County. Photos: Georgann Lookofsky

financial uncertainty, connecting them with resources and assistance. When the moratorium on electrical disconnects expired, West Kentucky RECC helped members set up loans to pay off outstanding balances.

Following the cooperative principle of "Concern for Community," WKRECC and our employees supported our members and their charitable efforts. Examples include:

- Partnering with Tennessee Valley Authority to award "Community Care" grants to Family Resource and Youth Services Centers in each county to provide additional support and assistance for students and their families.
- Partnering with our lender, CoBank, to provide donations for backpack and snack pack programs that help make sure students who depend on school lunches have extra food on the weekends.
- Making donations to local economic development agencies to support their efforts to market our region to business and industry.
- Partnering with Western Kentucky & Tennessee Telecommunications Cooperative to host "Pumpkins in the Park," a fall festival for the community with food, activities, games and giveaways.
- Presenting eight scholarships for member-students.

In partnership with the Tennessee Valley Authority, West Kentucky Rural Electric 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. In September, WKRECC added Soluna Computing, a data center in Calloway County devoted to crypto mining. As one of WKRECC's leading users of electricity, Soluna's sizable power bill helps spread costs and keep rates low for our members.

We are grateful to the visionaries who built West Kentucky Rural Electric Cooperative in 1938 and everyone who has contributed to the stewardship of our co-op ever since. They succeeded because they were responsive to the challenges and opportunities they faced. We are also grateful to the 31,500 members we serve in Calloway, Carlisle, Graves, Hickman and Marshall counties. 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 West Kentucky Rural Electric serve you, and feel free to reach out to us anytime you have a question.





■ Front row, from 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. Back row, from left, Mike Burchett, District 1, Calloway; Kevin Crider, District 2, Carlisle/Hickman; Jamie Potts, District 1, Calloway; David Smart, President & CEO; Dennis Barnes, District 4, Marshall; and Mark Elliott, District 3, Graves. Photo: Wells Studios

ANNUAL MEETING OF MEMBERS WEST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

Where: Online at <https://wkrecc.com> and in-person at the WKRECC
Community Room, located behind the Mayfield business office,
1218 West Broadway, Mayfield.

When: Saturday, July 9, 2022

Business Meeting: 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. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.



AGENDA

2021

WEST KENTUCKY YEAR IN REVIEW

ACTIVE ACCOUNTS

As of December 31, 2021

Calloway	13,715
Carlisle	1,486
Graves	12,336
Hickman.....	169
Marshall	12,388
TOTAL	40,094

ACCOUNTS BILLED

2021.....	40,094
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AVERAGE KWH USAGE

(residential per month)

2021.....	1,779
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MILES OF LINE

2021.....	4,203
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CONSUMERS PER MILE

2021.....	9.74
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FOR INFORMATION AND INQUIRIES

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

MANAGER'S REPORT

Responsiveness lies at the very heart of our electric cooperative. West Kentucky Rural Electric was founded in 1938 in response to our members' need for electricity and we continue to respond to your needs today, providing safe, affordable, reliable electricity and helping our communities respond to 21st century challenges.

There were many great examples of responsiveness in 2021. From the dedicated work of your electric cooperative employees to the caring volunteers who flooded the area after the December tornado, responsiveness was critical to meeting the needs of our members, friends and neighbors in a very difficult time.

But we believe responsiveness is so much more.

It is the cohesiveness of the American spirit and people willing to make sacrifices for others.

It is first responders, government leaders, businesses and citizens working together to save and restore communities when disaster strikes.

It is the mutual effort to provide financial support for fellow Americans in need.

And responsiveness is also the personal commitment to meet the needs of others by volunteering, being a foster parent, coaching a team, teaching a class or caring for the elderly. We see this kind of response every day and it makes us proud of the communities and the people we serve.

At WKRECC, being responsive also means providing great customer service. We take pride in responding quickly and effectively to your questions and service requests and getting the lights back on when bad weather leaves you in the dark. WKRECC is also responsive when our communities are faced with challenges. We work with our fellow utilities, elected officials, local leaders, economic development corporations and other service agencies to

bring new jobs, deliver financial assistance and help ensure the economic sustainability needed to make our communities a great place to raise your family.

As your electric service provider, WKRECC is also charged with looking ahead and responding to our changing industry. In the face of material shortages, technology changes, growth in the electric vehicle market, renewable energy integration and other impacts on our electric system, we worked throughout 2021 to ensure our procedures, policies, rates and programs are ready to respond to the needs of our members in a rapidly changing energy landscape.

IN REVIEW

2021 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 while investing in projects with long-term benefits. Over the course of the year, your co-op met the service needs of hundreds of new members, built a new Pilot Oak substation in southern Graves County and began construction of a new Kenlake substation in eastern Calloway County. These new installations will allow for more back-feed options, which should help reduce the length of outages caused by equipment failure, accidents or storms. Other improvements include enhancing our communications network, redesigning our website and launching a project to provide an 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 to serve with you. Thank you for your business.

—David Smart, President & CEO

STATEMENT OF OPERATIONS

As of December 31, 2021

Operating Revenue\$87,968,346

OPERATING EXPENSE

Purchased Power\$54,909,487
 Operating System.....\$18,457,778
 Depreciation\$6,810,824
 Taxes\$2,497,703
 Interest on Loans\$1,917,754
 Other Deductions.....\$345,917

Total Cost of Electric Service \$84,939,463

Operating Margins\$3,028,883

Non-Operating Margins\$143,196

Other Capital Credits\$ 294,097

Patronage Capital and Margins..... \$3,466,176

BALANCE SHEET

As of December 31, 2021

ASSETS

Total Utility Plant.....\$209,307,735

Less Depreciation\$64,226,394

Net Utility Plant\$145,081,341

Investments in Associate Organization.....\$3,292,279

Cash.....\$10,703,400

Accounts and Notes Receivable.....\$8,860,398

Inventory.....\$2,044,168

Prepaid Expenses.....\$445,655

Deferred Debits and Other Assets\$701,456

Total Assets \$171,128,697

LIABILITIES

Consumer Deposits.....\$2,620,985

Membership and Other Equities\$87,825,400

Long-Term Debt\$59,340,005

Notes and Accounts Payable\$11,729,204

Other Current Liabilities\$9,613,103

Total Liabilities.....\$171,128,697

TREASURER'S REPORT

As treasurer of West Kentucky Rural Electric Cooperative, thank you for the opportunity to present the 2021 financial statements of the cooperative.

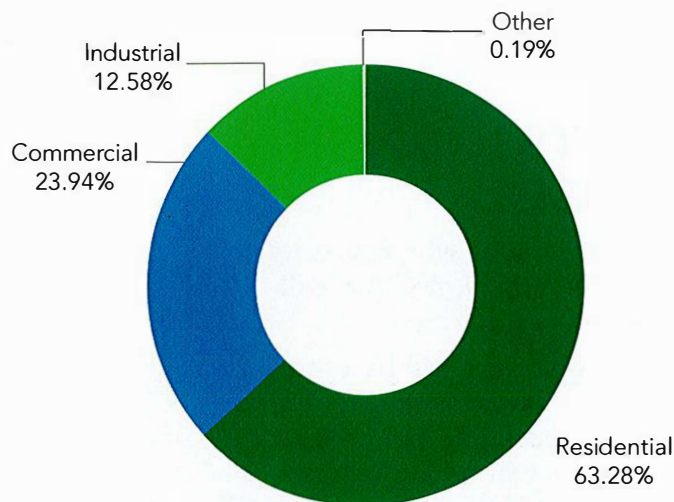
For the year ended December 31, 2021, here are a few highlights from the financial report:

- \$3,466,176 was added to member equity resulting in 51% total equity;
- Of the \$18,457,778 operating expenses, \$3,000,000 was used to maintain the right-of-way and \$625,000 was used for routine pole inspections;
- Total utility plant increased by \$7,079,354;
- Debt decreased by \$3,659,818;
- 63% of overall revenue is provided by residential members;
- The co-op did experience growth in commercial revenues during 2021.

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 even through the pandemic and the costs incurred during the December tornado, your cooperative remained financially stable and will not require a rate increase for 2022.

—Bob Hargrove, Treasurer

REVENUE SOURCES



Official Notice

2022

WEST-KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION ANNUAL MEETING SATURDAY, JULY 9, 2022

WADE HARRIS

The 2022 Members' Meeting will be held online on Saturday, July 9. Drive-thru registration and voting will take place Friday, July 8.

Members are invited to view the live annual business meeting 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, July 8, at your nearest registration location, or on Saturday, July 9, at the Mayfield office from 11 a.m.–1 p.m.

GIFTS & 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.

FRIDAY, JULY 8

DRIVE-THRU REGISTRATION AND VOTING

Friday, July 8, 2022, 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

- Members may also register on Saturday, July 9, at the West Kentucky RECC business office in Mayfield from 11 a.m.–1 p.m.
- Member must have photo identification to register and vote.
- Bring this magazine or a copy of your West Kentucky RECC bill to speed registration. Registration can also be completed with the member's name and address.

On April 14, 2022, the West Kentucky RECC Nominating Committee met virtually and presented the following nominees for four-year terms:

District 1 Calloway County—James Potts
District 3 Graves County—Jed Clark
District 4 Marshall County—Benny Adair

All the nominees listed above were unopposed and will be elected by acclamation during the business meeting on Saturday, July 9.

Voting

During the drive-thru registration, West Kentucky RECC members are asked to vote on the following:

- Administrative Motions (1. Waive the call of the roll of members; 2. Waive the reading of the notice of the meeting; 3. Dispense with reading of the unapproved minutes of the previous meeting.)
- Approve Treasurer's Report and President's Report as printed in the July 2022 issue of *Kentucky Living* magazine.
- Approve three unopposed nominees for terms on the WKRECC Board of Directors.

Bob Hargrove, Secretary-Treasurer



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