

GUIDING PRINCIPLES

Owned by you, working for you



A Touchstone Energy® Cooperative 

2015 ANNUAL REPORT

Cover: Left to right, standing, Billy Wells (Warehouse Clerk), Gwen McCubbin (Collections Coordinator), Greg Lee (Vice President Fort Knox Operations), Jason Mattingly (Meter and Power Use Controller), Patsy Whitehead (Communications Manager), and Sonny Woodson (Staking Technician). Front: Mickey Miller, President and CEO. Photo: Joe Imel

Right: Nolin RECC Energy Services Coordinator Todd Drake and co-op members Peter and Emilia Daguiar-Marchiony (with 7-month-old Giavanna) discuss adding needed insulation in their home. Photo: Joe Imel



THE GUIDING PRINCIPLES

Nolin RECC is proud to be unique.

We are unique in that we are a cooperative business, owned by you, working for you, and guided by The Seven Cooperative Principles, which 171 years after they were first written, are still relevant today.

This annual report highlights the achievements your cooperative has made by adhering to these principles.

For instance, we rely on the principle of Cooperation Among Cooperatives as we work with our partner co-ops to deal with new EPA regulations.

Kentucky enjoys inexpensive and reliable electricity thanks to its coal-fired power plants, which supply about 90 percent of our electricity.

As the EPA's Clean Power Plan places steep limits on carbon emissions from those plants, Nolin is working with our national association and a network of 900 co-ops across the country to craft innovative solutions and a united response.

While the regulations may ultimately impact how we generate your energy, our mission of safe, reliable, and affordable electric service does not change.

KEEPING ENERGY AFFORDABLE

The principles of **Open and Voluntary Membership** and **Democratic Member Control** ensure you have a say in how Nolin RECC does business.

Elected by you, our board of directors sets policy and hires a co-op president/CEO, who in turn



hires professionals to carry out our mission.

Nolin exerts its **Autonomy and Independence** in crafting strategy and hiring decisions.

We employ experts in the fields of engineering and operations, information technology, communications, member services, and community and economic development. Some of the best, brightest, most creative, and dedicated people have chosen careers that serve their communities working at Nolin.

HOW REGULATIONS IMPACT YOUR ELECTRIC RATES

Current and yet-to-be implemented regulations affect the cost to generate electricity. To comply, our

co-op power supplier has invested hundreds of millions of dollars in environmental control equipment.

Because the new EPA regulations will force us to use less coal to generate electricity, we expect to see energy prices gradually increase for Kentuckians over the next several years.

We take our **Members' Economic Participation** very seriously as we watch out for your interests. Unlike investor-owned utilities, Nolin RECC does not create profits for investors and shareholders. Any excess dollars or margins are either reinvested in the co-op or returned to our members in the form of a capital credit or check.

We provide energy audits, rebates, and energy-efficiency tools to encourage you to actually use less electricity, which keeps costs lower for all members.

STAYING SAFE AND STAYING INFORMED

Since delivery of electricity is a complex process, Nolin places a

high value on providing **Education, Training, and Information**. Working with the Kentucky Association of Electric Cooperatives' Safety & Loss Prevention team, we are proud of our safety record. In April Nolin was presented the Governor's Safety and Health Award representing over 500,000 accident-free work hours.

We have also expanded our informational services to members over the past year by joining Facebook. Our official site is Nolin Rural Electric Cooperative Corporation. You will find outage information and news about important events happening at Nolin RECC on our Facebook site—be sure to like our page and share our posts.

***Below:** Students from EC3 visit Nolin RECC to learn about how a cooperative business works. In this photo the students are receiving a lesson on Nolin's 24-hour dispatch center. Photo: Patsy Whitehead*



In addition to Facebook, timely and important information about Nolin member benefits can be found on our website at www.nolinrecc.com and in *Kentucky Living* magazine.

YOUR COMMUNITY IS OUR COMMUNITY

Your cooperative employees are your neighbors. Because of our **Concern for Community**, we support and participate in many area causes and events. Nolin is part of your community, and we will continue to

participate in events and activities that help us all. You'll see co-op employees volunteering for local community groups, conducting school safety programs, and sponsoring local events.

Each day, Nolin RECC remembers who owns our co-op—you do. Thank you for your trust as we remain guided by The Seven Cooperative Principles in each of our decisions to protect and improve the quality of life for our community.

Cooperatives operate according to the same core principles and values. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England, in 1844.

VOLUNTARY AND OPEN MEMBERSHIP

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

MEMBERS' ECONOMIC PARTICIPATION

Members contribute equally to, and democratically control, the capital of the

cooperative benefitting members in proportion to the business they conduct with the cooperative rather than on the capital invested.

AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by members and maintains the cooperative's autonomy.

EDUCATION, TRAINING AND INFORMATION

Cooperatives provide education and training for members, elected representatives, managers, and employees so they can

contribute effectively to the development of their co-op.

COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

CONCERN FOR COMMUNITY

While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.



DIRECTOR CANDIDATE PROFILES

DISTRICT 2 (The Northeast Service Area)



GENE STRANEY was elected by the members to the Nolin RECC Board of Directors in 1986, and currently serves as vice chair. Mr. Straney completed the Board of Directors Certification Program through the National Rural Electric Cooperative Association in 1993. He owns and operates G & P Construction (located in Elizabethtown), and has been a residential homebuilder and developer in Hardin County since 1973.

Originally from Vine Grove, Straney grew up on a farm and graduated from Vine Grove High School. He is an usher and member of Severns Valley Baptist Church in Elizabethtown. Gene and his wife, Kay, live in Elizabethtown and have two children, Melissa (Jeff) Gregory, and Greg (Melissa) Straney. The Straneys also have five grandchildren, Jey, Ryder, Harper, Emerson, and Dupree.

Personal remarks from Gene Straney: "As a resident of this community and a member of the Nolin board, I will work for you, the owners of Nolin. My goal is to keep your interests and well-being at the top of my priority list. I will work to maintain the lowest electric rates possible while still providing you with quality service."



GLENN NICHOLS, a lifelong resident of Hardin County, is vice president of John Nichols Used Cars and Parts in Elizabethtown. He is a graduate of East Hardin High School and earned his Bachelor of Science degree in finance from Western Kentucky University in 1988.

Glenn and his wife of 27 years, Suzanne, are members of St. James Catholic Church. They have six children, Chris (Autumn), Erika (Kyle), Matthew, Patrick, Sarah, and Carson. The couple also have four grandchildren.

Mr. Nichols is a Board Director for First Citizens Bank, former Board Member of the Kentucky Auto and Truck Recyclers Association, and past president of the Central Hardin High School baseball boosters. For numerous years he has served as a youth baseball and basketball coach in Hardin County.

Personal remarks from Glenn Nichols: "As a lifelong resident of Hardin County, I will offer my business and educational experience to help Nolin RECC merge past successes with future ideas. I will work to keep our members' interests first, while looking toward future development. My hard work and family value will serve all of our members well."

DISTRICT 6 (The Northern Service Area)



JOHN TINDALL served 36 years in the U.S. Army, which included active duty and reserves. Originally from Memphis, Tennessee, he is a 1967 graduate of the University of Tennessee, Knoxville, and a 1993 graduate of the U.S. Army War College. John and his wife, Mary, have lived in Radcliff 42 years, and have five grown children and nine grandchildren (another due in June). The Tindalls attend St. Brigid Church in Vine Grove. He is managing partner in Five Star Consulting, which specializes in Department of Defense and government contracting. In addition, John works in real estate management and development.

Mr. Tindall is a member of the Hardin Memorial Health Foundation Board. In addition, he is chairman emeritus and board member of USA Cares, commissioner and treasurer of the Hardin County Water District #1, and vice chair of the CORE Committee. He is a past chair of North Hardin Economic Development Authority, a past president of the Radcliff Rotary Club, and served as co-chair of the Governor's 2005 BRAC Task Force.

Personal remarks from John Tindall: "Part of life's richest rewards is to be able to give back to the community in which one lives. I hope to draw against my experience in business, the military, and past community service to help our cooperative grow and prosper."



LAWRENCE IRELAND was appointed to the Board in 1987 and elected to the Board by the Nolin members in 1989. In 1991, he completed the Board of Directors Certification Program through the National Rural Electric Cooperative Association. Lawrence is a graduate of Sonora High School and grew up on the family farm

in Sonora. For the past 49 years he has owned and operated Ireland Heating & Cooling in Radcliff. He and his wife, Mayonia, have four sons, Steve, Larry, Tim, and Wayne. They also have eight grandchildren and 10 great-grandchildren.

The Irelands are members of Hodgenville Pentecostal Church, and for the past 38 years Mr. Ireland has been serving as a Board Member at the church. He currently serves as Church Assignment Secretary and is past Chaplain of the Otter Creek Gideon Camp. Mr. Ireland served as a past Board Member of the Pentecostal Children's Home for 40 years.

Personal remarks from Lawrence Ireland: "The members of Nolin RECC are what make this cooperative strong, and as a director representing Nolin members, I intend to keep your interests foremost when making any decisions at the co-op. I will continue to look for new ways to improve your quality of life, and I encourage your input on matters that affect your co-op."

Annual Meeting Program

Exhibits, Displays, and
Health Fair
Open at 5:00 p.m.

Registration &
Early Entertainment
Begin at 5:30 p.m.-8:00 p.m.

Business Session 7:00 p.m.

PRIZE DRAWINGS

For Members Registering

- GRAND PRIZE-\$500 CASH
- TWO \$250 CASH PRIZE GIVEAWAYS
- TEN \$50 CASH PRIZE GIVEAWAYS
- EARLY BIRD DRAWING FOR ELECTRIC BILL CREDITS
- BICYCLES FOR CHILDREN 12 & UNDER

FREE

11-QUART BUCKET
& LIGHT BULBS

to each member
registering.



COME TO THE COOKOUT!

Starting at 5:00 p.m. our friends the
Pork, Beef, and Dairy Producers
will sell their delicious pork burgers,
hamburgers, pork chops, rib-eye steaks,
and ice cream.

Have dinner with us!
Don't miss it
—it's your annual meeting!

Official Notice



ANNUAL MEMBERSHIP MEETING

Friday, June 24, 2016

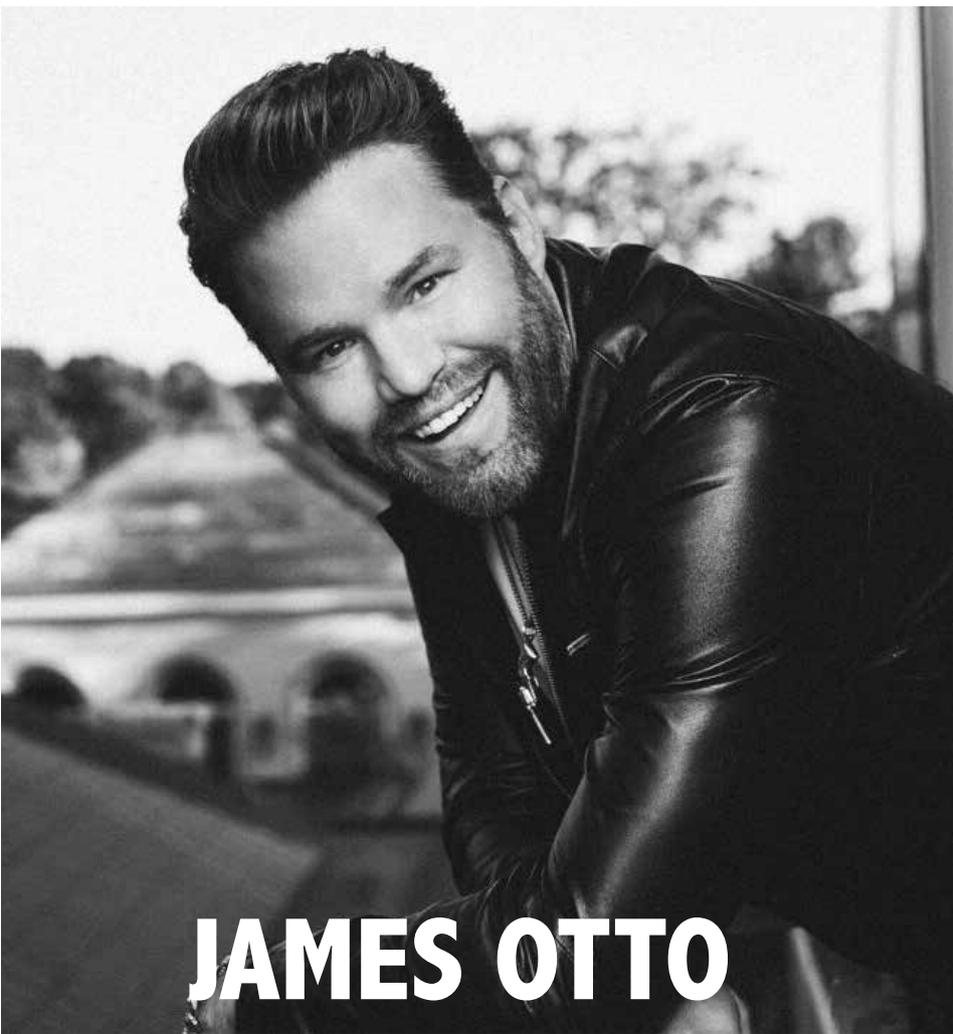
John Hardin High School
W. A. Jenkins Road, Elizabethtown

ENTERTAINMENT

Children's Games & Rides
Free Health Fair and Exhibits

RACHEL'S FACE PAINTING





JAMES OTTO



FREE COMMUNITY HEALTH FAIR

AARP Smart Driver Program

Atria Senior Living

CASA of the Heartland

DaVita Dialysis

Elizabethtown Lions Club
Vision Screening

Hardin County Co-op Extension Service

Hardin County Diabetes Coalition

Hardin County Schools

Hardin County Sheriff

Hardin Memorial Health

HealthSouth Rehabilitation Hospital

Heartland Better Hearing

Helmwood Healthcare

Kentucky Organ Donation
Trust for Life

Lincoln Trail District Health
Department/Nutrition

Radcliff Fire Department

Richard Gilbert - Cranial Reflexologist

Sam's Club

Sick Call Mobile Clinic

Sleep Telemedicine Services

Tender Touch Senior Services

STATEMENT OF OPERATIONS

For the Year Ending December 31, 2015

Operating Revenue.....	\$73,097,168.00
Operating Expense	
Purchased Power.....	\$53,516,376.00
Operating System.....	15,848,280.00
Depreciation.....	4,098,824.00
Interest on Loans.....	2,921,143.00
Other Deductions.....	6,869,693.00
Total Cost of Electric Service.....	\$83,254,316.00
Operating Margins.....	\$(10,157,148.00)
Non-Operating Margins.....	2,023,978.00
Other Capital Credits.....	3,818,427.00
Patronage Capital and Margins.....	-4,314,743.00

BALANCE SHEET

For the Year Ending December 31, 2015

ASSETS

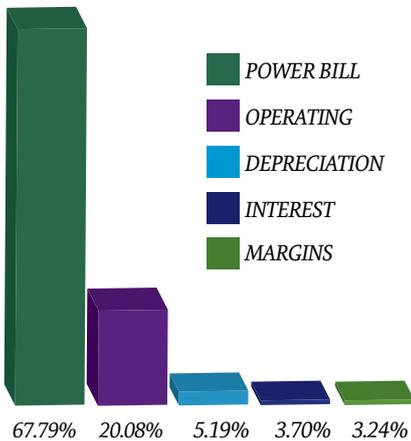
Total Utility Plant.....	\$112,927,352.00
Less Depreciation.....	43,172,359.00
Net Utility Plant.....	\$69,754,993.00

Investment in Assoc. Organization.....	\$38,474,598.00
Cash.....	1,706,407.00
Notes Receivable.....	74,804,283.00
Inventory.....	1,077,448.00
Total Assets.....	\$185,817,729.00

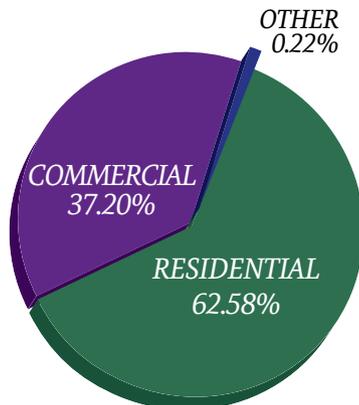
LIABILITIES

Membership and Other Equities.....	67,493,771.00
Long-Term Debt.....	92,346,766.00
Notes and Accounts Payable.....	13,205,308.00
Other Current Liabilities.....	4,058,279.00
Noncurrent Liabilities.....	8,713,605.00
Total Liabilities.....	\$185,817,729.00

MAJOR COSTS



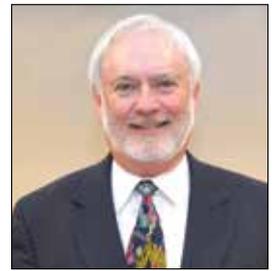
REVENUE SOURCES



BOARD OF DIRECTORS



David P. Brown
Chair



Gene Straney
Vice Chair



A.L. "Buddy" Rosenberger
Sec-Treasurer



Lawrence Ireland



R.E. "Rick" Thomas



Linda Grimes



John J. Scott
Attorney



Mickey Miller
President and CEO