



Factors that impact your energy bill

There is no question that the inflationary impacts facing our economy have taken a significant toll on nearly all of us. We know that this has had upward pressure on our members' energy bills. Here is some insight as to why that is happening and to help explain why costs are increasing. We will focus on three key areas and how they impact your energy usage and the Fuel Adjustment Clause (FAC): increased input fuel costs, supply chain concerns and extreme weather patterns.

For all of our Nolin RECC members, the energy rates themselves do not change on a month-to-month basis. Nolin RECC last had a rate increase in 2017. Our generation and transmission provider, East Kentucky Power, last had a rate increase in 2021. What does change each month is the amount of energy you use and the cost associated with the FAC.

When the weather is very hot or very cold, we use more energy. We have seen record heat across much of the United States this summer. This impacts you in two significant ways. At a local level, the amount of energy required to cool your home increases and, as a result, many of you have probably observed higher kWh totals on your bill. In the bigger picture, the cost of producing energy goes up significantly because of increased demand and a limited capacity—with the capacity challenges increased by logistics and procurement issues (parts, equipment, labor shortages, etc.) up and down the supply chain.

Where we get electricity is changing

For a variety of reasons, the days of coal-fired generation resources providing electricity to the overwhelming majority of rural Kentuckians are gone. Environmental regulations have complicated coal, public safety concerns remain with nuclear generation, and increased emphasis and subsidies placed on “renewable” energy resources such as solar and wind have left nearly all energy markets in the United States with a much more diversified generation portfolio. Natural gas resources have also increased significantly as policymakers have created an environment that nearly eliminates the ability to bring new coal resources online. While there are some benefits to a diversified portfolio, there are also real drawbacks—we are experiencing these now.

Across the U.S., many coal plants and nuclear reactors have closed over the last decade. This has depleted a significant portion of the most reliable and cost-effective energy available. Solar and wind resources are not dispatchable, meaning they cannot be relied upon for consistent and ongoing output. This brings natural gas into focus, a commodity that fuels over 40% of U.S. generation—more than double its market share from 20 years ago. Natural gas prices are at their highest levels in 13 years and have more than doubled since the beginning of the year.

Fuel Adjustment Clause

It's this extreme variance in input fuel cost that ultimately impacts the FAC charge. It is designed to allow utilities to pass through the cost of fuels to our members without impacting our base rates. The FAC charged to members is what Nolin pays—we make nothing on this charge—it merely covers the cost of input fuels. As recently as last year, the FAC passed on to you was a credit of more than half a cent per kWh. So far this year, it has ranged between a one to two cent charge per kWh. This fluctuation reflects the massive swing in fuel costs.

We are in this together

We provide electricity to you at our cost. When our sound fiscal responsibility does leave us with some residual margin at the end of the year, we make every effort to return it promptly as a capital credit to our members. We will be demonstrating that again this year by retiring \$5.5M in capital credits back to our members. This will bring our four consecutive year retirement

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by Greg Lee

From the
President/CEO

EMPLOYEE SPOTLIGHT



SARAH FELLOWS

Nolin RECC Apprentice Line Technician
Jacob Hart, 1.5 years of service



SARAH FELLOWS

Wide Open Utility Service Apprentice
Trimmer Chase Knox, 1.5 years of service



Office closure:

Our offices will be closed Monday, Sept. 5, in observance of Labor Day.

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total to over \$15.7M.

We care about our members. Though it may be impossible, we strive for each interaction with us to be positive. As we

have since 1938, we will remain steadfast in our effort to serve you with the utmost integrity and strive to constantly improve in our service to you.

Tips for prepping your heat pump for winter

Schedule preventive maintenance

This is the most effective step to maintaining your heat pump. It is recommended to have your HVAC system serviced twice a year, once in the spring and once in the fall. Having your system running at its peak performance going into winter is essential. An underperforming system will cause your auxiliary heat to run more than necessary and extended use of auxiliary heat is one of the main causes of higher winter electric bills. By making heat pump maintenance a priority, you can expect improved performance, lower heating bills and fewer inconvenient breakdowns.

Protect the outdoor unit

Your first instinct might be to build a blockade around your heat pump to protect it. However, this restricts airflow and can damage the equipment. Make sure you do not have plants or structures around the outdoor unit. Your heat pump needs airflow to operate properly. If you have dogs, it is also important to make sure they are not able to urinate on the outdoor unit, over time this will cause major damage to the coils. If you are thinking about other steps to protect your unit, it is important to follow advice from a qualified heat pump contractor to ensure you do not hinder performance.

Switch the thermostat from "cool" to "heat"

This may seem basic, but we talk to several members each winter who have accidentally put their heat pump into emergency heat. If your system is in emergency heat, your heat pump is now operating as an electric furnace and will

drive up your heating costs. Double check to make sure your system is in heat mode when we start having colder weather.

Operate your heat pump efficiently in winter

■ Learn about the defrost cycle. Occasionally, cooler air may come from your air vents. When the outside temperature is below freezing, the heat pump will automatically start operating in reverse to melt any ice that may have formed on the unit. This defrost cycle should be brief and not impact home comfort. The outdoor fan does not run during the defrost cycle and you may hear a whoosh and see a big burst of steam when the system goes out of the defrost cycle, this is normal.

■ Check and change the air filter as needed. Because heat pumps operate with longer cycles than furnaces, the air filter can easily become clogged with dust and debris. To ensure the best airflow, change the filter monthly or at the recommended interval suggested by the HVAC contractor. Quite simply, clogged filters can cause high electric bills.

■ Keep air registers open. To maintain a balanced system, your home's registers should remain open and unblocked at all times. Check return and supply vents and make sure no furniture, rugs or draperies block them. This promotes more efficient heating and helps you enjoy more even temperatures throughout the home. Blocked return and supply vents can also cause the auxiliary heat to run more frequently as well.

For more information about heat pumps and winter heating options, go to www.nolinrecc.com.

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A Touchstone Energy® Cooperative

Commitment to community

You will often see our employees helping out in our communities. We are proud to serve our friends and neighbors.

How to reach Nolin RECC

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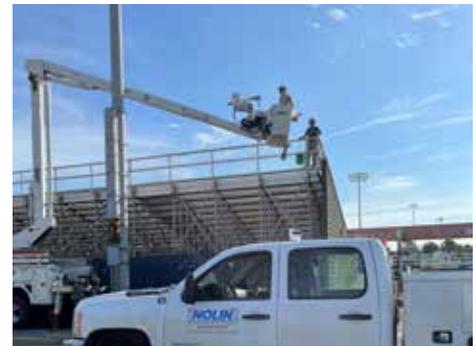
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Nolin RECC Line Technician Anthony Huff shares about his career with students at Creekside Elementary School. He is pictured with his son, Graham. Photo: Kaitlin Huff



Nolin RECC Line Technician Ryan Ray hangs the flag for the Hardin County Fair. Photo: Nolin RECC Line Technician Brad Camp



Nolin RECC Line Technicians Jay Eastridge (in bucket) and Josh Hess install flag holders in the Central Hardin High School stadium. Photo: J.C. Wright

 Find ways to save energy and save money this winter at www.nolinrecc.com/energy-savings



Right-of-way work schedule

To keep our members informed, we are providing information about where our right-of-way crews plan to work each month.

This information is subject to change.
September 2022: Cissal Hill Road, Peak Hollow Road, Salem Church Road, River Road, Lafollette Road.