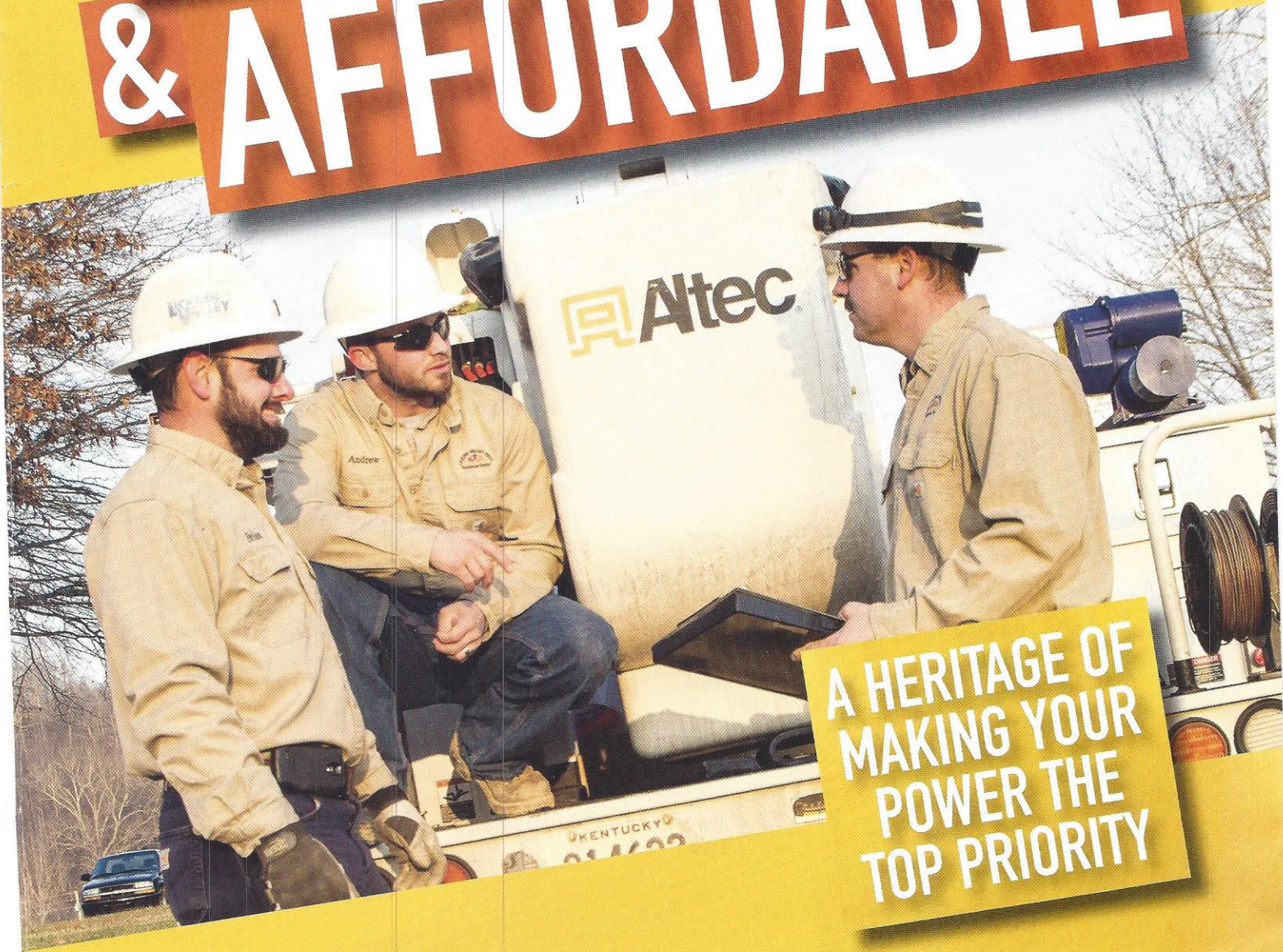


75
YEARS
LICKING
VALLEY
Rural Electric Cooperative Corporation

2014
ANNUAL REPORT

RELIABLE
& AFFORDABLE



**A HERITAGE OF
MAKING YOUR
POWER THE
TOP PRIORITY**

Reliability and Affordability: a heritage of making your power the top priority

Part of the Licking Valley RECC team bringing you reliable and affordable electricity shown here are Kerry Howard, general manager/ CEO; John May, manager of Administrative Services; and Tommy Conley, general superintendent. Photo: Tim Webb



Nothing is more important for Licking Valley RECC than making sure you have electricity when you want it, at the most reasonable cost possible.

Reliable and affordable electricity motivated farmers more than 75 years ago, when batteries, generators, or no power at all separated them from the people in town. They organized themselves into user-owned utilities so they could be part of modern American society.

A lot has changed over the decades. But what will never change is Licking Valley RECC's mission of making your power the top priority.

This annual report gives you the basics of the past year. For an even better sense of Licking Valley RECC, come to this year's annual meeting for some important business, and an entertaining and fulfilling sense of community.

ON THE COVER: Planning a safe and productive workday are Licking Valley RECC employees, left, Brian Lawson, lineman; center, Andrew Graham, lineman, and right, Leroy Phipps, supervisor, construction crew. Photo: Tim Webb

75
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Fuel factor

Over the past year you've heard a lot from Licking Valley RECC about the effects of environmental rules, especially about the Environmental Protection Agency proposals to regulate carbon dioxide emissions from coal-fired power plants.

There's a good reason for that attention: those proposals will affect the reliability and affordability of your electricity.

During the past two winters we've had extended cold spells that required Licking Valley RECC to use all its available sources of electricity to allow you to heat your home.

The EPA's proposed regulations make it so difficult to continue to operate coal power plants that some of them are being shut down, even here in Kentucky, where coal provides the fuel for nearly all of our electricity.

Replacing coal with renewable fuels like solar and wind energy would be extremely expensive and difficult, and maybe even impossible. For now, natural gas is currently being used to meet near-term needs.

In other words, the actions of the federal government are threatening the reliability and affordability of your electricity.

Licking Valley RECC will continue working with co-ops and other utilities across the state and nation to make any proposed rules as fair as possible to our community. Electric co-op representatives in Frankfort and Washington, D.C., will continue to work with officials at all levels to protect the reliability and affordability of your electricity.



The heritage of electric co-ops' reliable and affordable electricity in America goes back more than 75 years, shown in these photos.

Top, death-defying crews built transmission lines in the fast-growth years after World War II. Today, workers follow much stricter safety procedures. Photo: National Rural Electric Cooperative Association

Below, in the 1960s Jimmy Adkins prepares an appliance for installation into a member's home. Licking Valley RECC still encourages the use of electric appliances but ENERGY STAR ones by offering various incentives. Photo: co-op files



Top, Rex Childers, Charlene Spencer, Eva Nevius, and Gertrude Nickell may be discussing the merits of electricity! Photo: co-op files

Below, Mrs. Donnie Patrick (1960s) was proud of her new electric heater, which replaced her coal stove. Now Licking Valley RECC offers an incentive to replace these heaters with an energy-efficient heat pump.



24/7 safety

Licking Valley RECC preaches and practices attention to safety around electricity all the time. For employees, especially linemen regularly out in the field, strict procedures are followed. No shortcuts allowed. They regularly attend training and awareness sessions. For you at home, Licking Valley RECC uses every means of communication to remind you how to stay safe around electricity. You'll be able to see a live demonstration of the power of electricity at the Licking Valley RECC annual meeting this summer, by watching one of the presentations at the co-op electric safety exhibit.

Save energy, save money

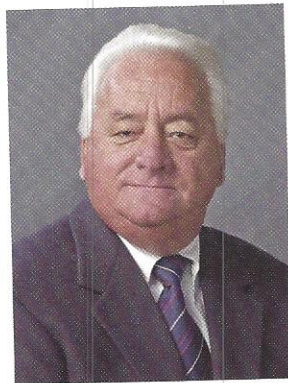
Licking Valley RECC helps you use your electricity as efficiently as possible through information and incentive programs. It's good business, making the best use of resources, and it's good for your budget. Contact Licking Valley RECC for advice on getting the best value from your energy dollar.

Community neighbor

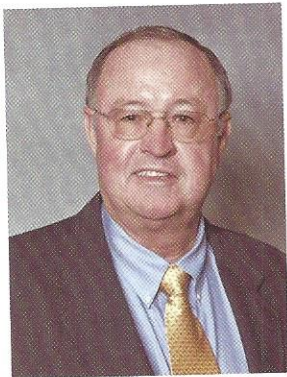
Electricity means more than lights. As your member-owned utility, Licking Valley RECC sees reliable and affordable electricity as an essential part of a strong community. Involvement in economic development, youth and scholarship programs, and other local priorities are part of what makes Licking Valley RECC a good neighbor in the community.



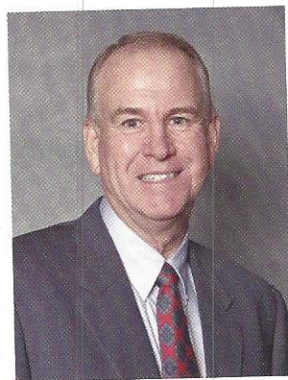
*Darrell Cundiff
President*



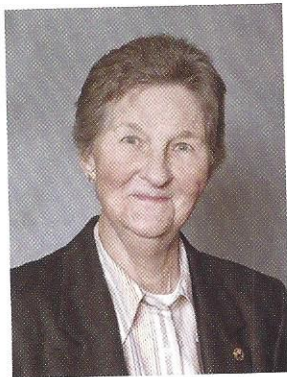
*Michael Adams
Vice President*



*Ted A. Holbrook
Secretary-Treasurer*



Tommy Hill



Dolores D. Jones



J. Frank Porter



C. K. Stacy



Philip Williams



*Gregory D. Allen
Attorney*



*Kerry K. Howard
General Manager/CEO*

Official Business Meeting Agenda Annual Meeting of Members Licking Valley Rural Electric Cooperative Corporation

Where: Malone Office Complex

When: May 15, 2015

Registration Time: 5:00 p.m.–6:45 p.m.

Business Meeting Time: 6:45 p.m.

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. 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 approved meeting of the members and the taking of necessary action thereon
4. Presentation and consideration of reports of officers, trustees, and committees
5. Report on the election of board members in an election year
6. Unfinished business
7. New business (or other business if properly raised)
8. Adjournment



MEMBERS SERVED

(as of December 31, 2014)

Breathitt.....	1693
Elliott.....	10
Lee.....	156
Magoffin.....	2987
Menifee.....	250
Morgan.....	4193
Wolfe.....	3089
Rowan.....	1
Total.....	12,379

Accounts Billed

2014.....	17,378
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Average Kilowatt-hour Use (Residential per month)

2004.....	1,020
2014.....	1,018

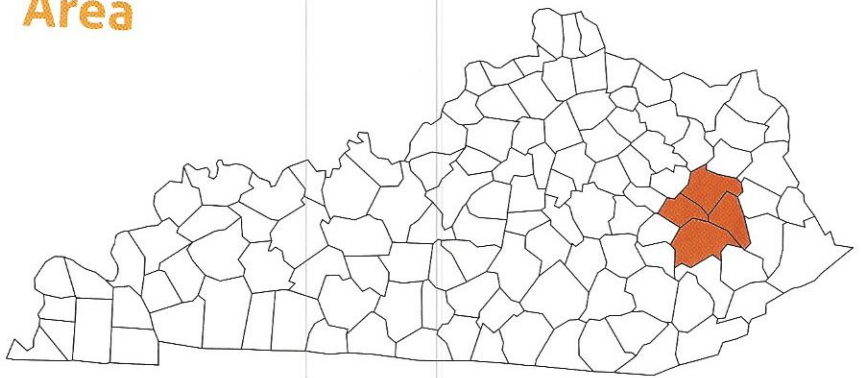
Miles of Line

2004.....	1,991
2014.....	2,057

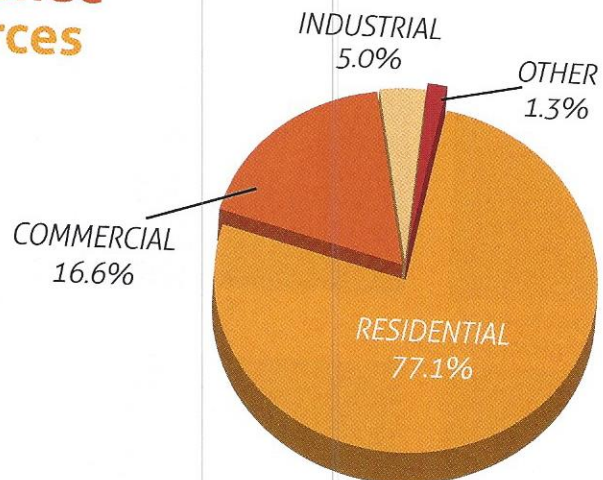
Consumers Per Mile

2004.....	8.00
2014.....	8.45

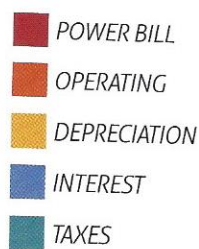
Service Area



Revenue Sources



Major Costs



75
YEARS

WING VALLEY
Rural Electric Cooperative Corporation

Statement of Operations

For the Year Ending December 31, 2014

Operating Revenue.....	\$29,768,430
Operating Expense	
Purchased Power	\$20,366,956
Operating System	6,886,451
Depreciation	2,130,224
Taxes	38,994
Interest on Loans.....	494,604
Other Deductions	28,838
Total Cost of Electric Service.....	\$29,946,067
Operating Margins.....	\$(177,637)
Non-Operating Margins.....	29,879
G & T Capital Credits	1,394,546
Other Capital Credits.....	76,561
Patronage Capital and Margins.....	1,323,349

Balance Sheet

For the Year Ending December 31, 2014

ASSETS	
Total Utility Plant.....	\$66,856,977
Less Depreciation.....	24,423,220
Net Utility Plant.....	\$42,433,757
Investment in Assoc. Organization	\$14,095,766
Cash.....	280,188
Accounts Receivable	6,468,473
Inventory.....	457,502
Expenses Paid in Advance	244,153
Total Assets	\$63,979,839
LIABILITIES	
Consumer Deposits.....	1,304,107
Membership and Other Equities.....	31,139,485
Long-Term Debt.....	24,426,367
Notes and Accounts Payable.....	3,116,586
Other Current Liabilities.....	955,844
Noncurrent Liabilities.....	3,037,450
Total Liabilities.....	\$63,979,839



LICKING VALLEY 75

Rural Electric Cooperative Corporation YEARS

2015 ANNUAL MEETING

FRIDAY, MAY 15

Malone Office Complex
Malone, KY

Registration: 5 p.m.–6:45 p.m.

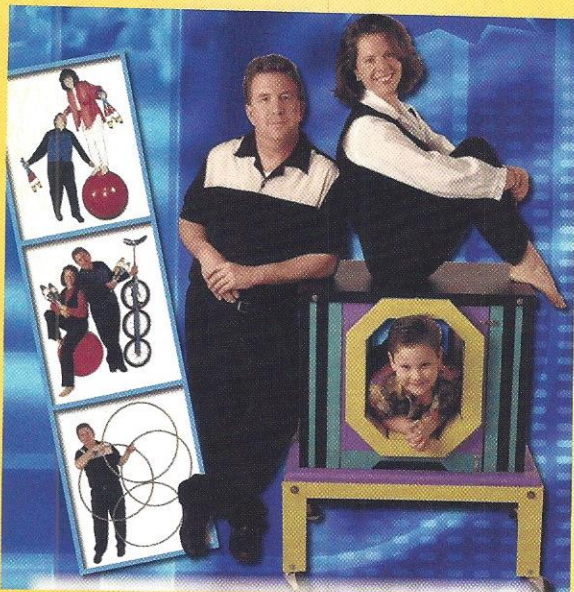
Business Meeting: 6:45 p.m.



FREE

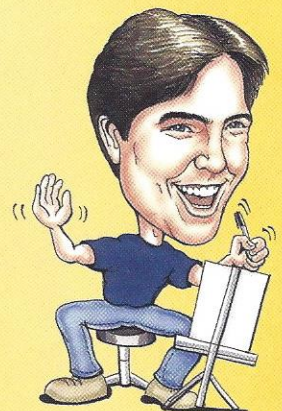
Energy-saving light bulbs for members who attend!

Brian Free and Assurance



- Caricaturist
- Free Food
- Health Screenings
- Safety Demonstration
- Appalachian Troubadours
- Classic Car Cruise-In

Children's entertainment
Ned & Joan



Caricaturist
Denny Whalen