



CO-OP RELIABILITY

THE 2007 ANNUAL REPORT OF NOLIN RURAL ELECTRIC COOPERATIVE

Celebrating 70 years of reliability to our members and our community!



RURAL ELECTRIC COOPERATIVE CORPORATION

A Touchstone Energy® Cooperative



The power of human connections



CO-OP RELIABILITY

A MESSAGE FROM YOUR CEO AND BOARD CHAIR

The word reliability has a couple of different meanings at Nolin RECC.

It means keeping your electricity on.

That might call for sending a crew of lineworkers out in a thunderstorm or blizzard in the middle of the night to repair downed wires as quickly as possible. Or working on ways to avoid power interruptions of even a few milliseconds, to protect the newest, modern electronics used in homes and businesses today.

It also requires looking into the future, by building the power plants and transmission lines that will be needed to ensure you'll have all the electricity you want 20 and 30 years from now.

A less technical definition of reliability refers to someone you can count on in all sorts of situations. In other words, a good neighbor.

Nolin strives to meet that meaning of a helpful, well-informed energy neighbor as well.

We can offer expert advice on how to use energy efficiently. As a local, member-owned cooperative, Nolin stays involved in a wide range of community support activities. From education scholarships, to membership in charitable organizations, to economic development, Nolin takes pride in its role of helping improve your quality of life.

We're pleased to provide you with this annual report on another successful year for Nolin RECC. In describing the activities and results of 2007, it makes sense to view it as a year of continued reliability.

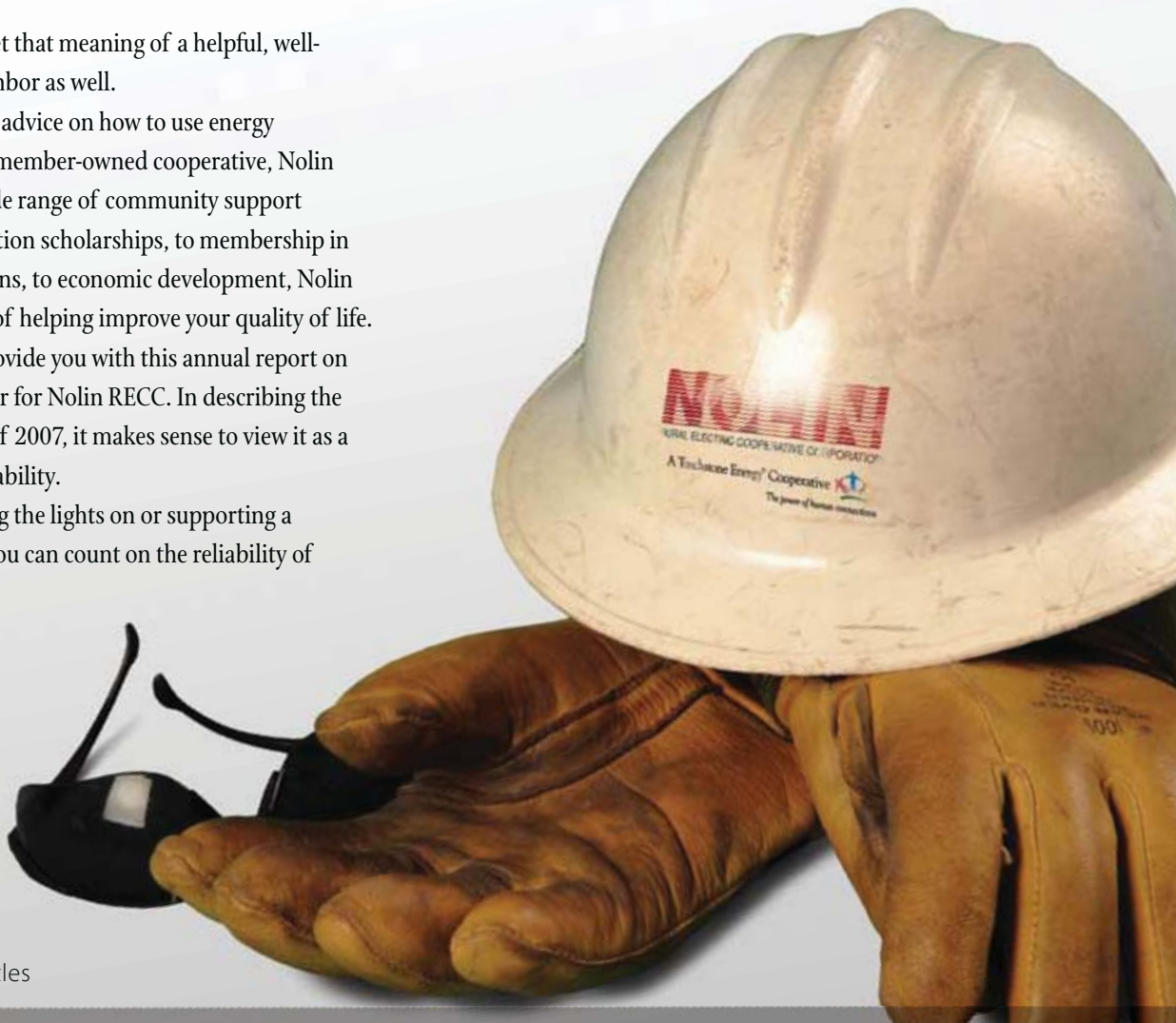
Whether it's keeping the lights on or supporting a community activity, you can count on the reliability of Nolin RECC.



Mickey Miller, Nolin RECC President & CEO and
David P. Brown, Nolin RECC Board Chair

On the cover:

Helping keep your electricity safe and reliable are Nolin Rural Electric Co-op line technician Josh Hess (top) and Donnie Propes, maintenance superintendent.



Photos by: Jim Battles

RELIABLE ELECTRICITY

In 2007, the average member of Nolin Rural Electric Cooperative had electricity 99.99612 percent of the time.

That many decimal places make that number hard to imagine. What it adds up to is that electricity flowed to area homes and businesses pretty much all the time. Nolin takes enormous pride in that record of reliability.

And even that incredible record is improving.

In 2007, Nolin took steps to further reduce outage time.

Co-op work focused on quick response to storm outages last year. And we continued right-of-way vegetation clearing programs to keep tree limbs and other brush from interfering with power lines.

But these days, some of the most significant improvements in the delivery of electricity to you comes in high-technology ways we could hardly have imagined even 10 years ago.

Electric distribution systems have been designed so that, to some extent, they can repair themselves after routine disturbances. For example, when a bird or squirrel comes in contact with a bare wire, electronic switches sense the disturbance and respond in milliseconds.

You wouldn't even notice that if you were reading a book under your living room lamps.

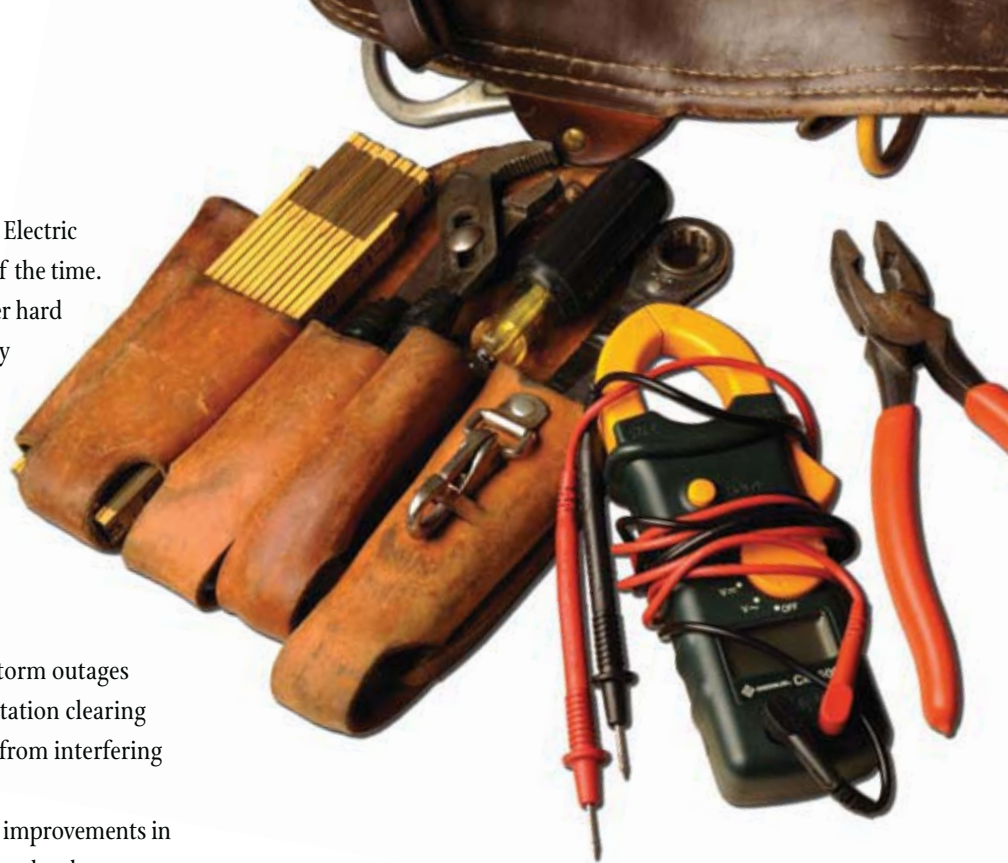
If you were typing on your computer, however, that fraction of a second could cost you an hour of work, as it quickly shut down then rebooted. That's in addition to the irritation of having to reset the flashing digital clocks in the house.

Nolin recognizes that these high-tech realities raise the standards of reliability. Part of your cooperative's work plan has been to find ways of reducing outages that last even a fraction of a second.

To avoid interference from animals, we've added barriers in critical areas. Transformers are being redesigned and even poles reconfigured, to reduce the chances for even brief outages.

For especially precise and critical power needs that can't risk any length of outage, Nolin works with home and business owners on different ways to protect their sensitive appliances and equipment.

As technology gets more sophisticated, so do we, raising the standards for reliable electricity.



RELIABLE VALUE

Costs are rising in many industries, especially in the energy business or any endeavor that relies on oil, which has seen huge cost increases in the past year.

Nolin has been affected by these cost increases as well. We make every effort to keep business operations effective and efficient, to provide you the most affordable and reliable electric service, at the lowest possible cost. As you know, there are times when cost increases must be passed along to the members, to make sure the co-op operates from a sound financial position.

You can rely on Nolin to keep cost increases to the bare minimum required to maintain the high value of electric service you rely on.

Nolin also works to make sure you can depend on that value of electricity for years to come. Demand for electricity is growing at a rate faster than new power plants are being built. The new power plants that will be required will be expensive. You can rely on us to ensure new electricity generation in the coming years will be as economical as possible.

ENVIRONMENTALLY RELIABLE

One of the biggest energy stories in the news during the past year has been concerns about emissions of greenhouse gases being blamed for global warming.

Nolin RECC brings special expertise to this large and complex energy and environmental issue. We participate in national organizations of scientists, engineers, and policy experts who pay special attention to climate change. They're working on several advanced, highly complex techniques and technologies that could actually reduce the amount of greenhouse gases being emitted in this country over the next 20 years.

One of those greenhouse gas reduction plans is not complicated at all, and all of us can do it in our homes and businesses. It's called using energy efficiently.

Energy efficiency has so much potential to be an important part of our energy future that experts have called it "the fifth fuel," in addition to the coal, natural gas, nuclear, and hydroelectric power supplying nearly all of our electricity.

Nolin has a long history of working with its members to help them make the best use of their electric energy. We offer a number of programs that members use regularly, to reduce energy inefficiencies around the home and business.

One solution that combines efficiency and technology is the use of compact fluorescent bulbs. These new lights cost more than regular incandescent bulbs, but they use one-fourth the electricity to produce the same amount of light, and they last 10 times as long. That's a solution that can help the environment, and save you money. For those reasons, Nolin has been promoting compact fluorescent bulbs for years. In fact, since 2003 we handed out nearly 20,000 free compact fluorescent bulbs to members attending the Nolin RECC annual meeting. That promotion is part of a coordinated effort by electric co-ops all across Kentucky. In the past four years, Kentucky electric co-ops have distributed more than 400,000 compact fluorescent light bulbs, saving Kentuckians more than \$4 million, and reducing carbon dioxide emissions by more than 78,000 tons.

Environmental and energy concerns are one of the most important and pressing concerns of the day. Nolin is providing its members with reliable advice for analyzing and acting on the best course for our energy future.

A RELIABLE NEIGHBOR

As a local, member-owned utility, Nolin RECC values its role in our community.

Our schools are among the most important foundations of the community, and we support their educational efforts in a number of ways. From electric safety demonstrations in classrooms, to participation in scholarship programs, to statewide involvement in college and university projects, Nolin can be counted on to act on its commitment to education.

Nolin is also actively involved in improving our local quality of life by being a part of our local economic development activities, working to enhance jobs and income in our community. Employees of Nolin are active in boards, clubs, and civic groups all around the service territory.

One of the most visible ways this reliability can be seen is with your annual meeting every summer. This meeting provides a rallying point for the progress and recognition of co-op and community activities. The important business of the co-op is conducted at this meeting, including reports on the co-op's financial position and board elections. It's also a fun event where families can come and spend time among their neighbors.

So whether it's an annual community business meeting or dependable electricity today and into the future, you can count on Nolin RECC. That's co-op reliability.

Nolin Rural Electric Co-op Communications Coordinator Patsy Whitehead talks with James Monroe of Elizabethtown, a Nolin member for more than 25 years, about compact fluorescent light bulbs. Nolin promotes the use of these bulbs because they use energy more efficiently.



DIRECTOR CANDIDATE PROFILES

DISTRICT 1

(The Northwest Service Area)



A. L. "Buddy" Rosenberger is a Hardin County farmer who raises corn, soybeans, small grains, beef cattle, and operates a Holstein dairy. His farm is located in the Rineyville area near Four Corners. After graduating from Valley High School, he attended the University

of Kentucky and earned a Bachelor of Science degree in Agriculture. Mr. Rosenberger served three years active army duty, including a 13-month tour in Vietnam as a helicopter pilot.

Buddy and his wife, Carol, are members of Rineyville Baptist Church. They have two married children, Fritz and Gretchen, and eight grandchildren. Attending UK football and basketball games is a favorite activity for Buddy and Carol.

Mr. Rosenberger has served as a Nolin director since July 1978, and during the past 14 years he has held the office of Secretary-Treasurer. He is a Credentialed Cooperative Director through the National Rural Electric Cooperative Director Education Program. In addition, he represents Nolin on the East Kentucky Power Cooperative Board serving as secretary, and is former chair of the Power Planning and Major Projects Committee.

Personal remarks from Buddy Rosenberger:

"I believe in the cooperative way of doing business. Member ownership and democratic control works for the benefit of all members regardless of age or status. Cooperatives laid the foundation for rural America and continue to improve lifestyles for everyone."

DISTRICT 4

(The Eastern Service Area)



David P. Brown is a farmer near Hodgenville. He and his brother raise corn, soybeans, and about 150 Holstein heifers. Mr. Brown is employed by IMI Concrete in Elizabethtown. He and his wife, Michelle, have four daughters, Kaelyn, 21, Danielle, 19, Ivy, 12, and

Presley, 8. The family attends Our Lady of Mercy Church in Hodgenville. David helps to coach his two younger daughters' basketball teams and is dedicated to spending as much time as possible with his family.

Mr. Brown began serving on the Nolin board in June 1994 and was elected President of the board in 2003. He is a Credentialed Cooperative Director through the National Rural Electric Cooperative Association Director Education Program. He is past Treasurer of LaRue County Dairy Association. He previously served as District Chairperson of the Mid-Am Dairyman, Inc. Milk Cooperative, is past President of LaRue County Extension Council, and is a former board member of LaRue County Farm Bureau. David is also past President of the Hardin and LaRue County Dairy Herd Improvement Association.

Personal remarks from David Brown:

*"I am committed to **all** members and will do my best to ensure you continue to receive low-cost, reliable electric service. I believe in the Touchstone Energy® Cooperative values and will ensure your co-op maintains a strong presence in our communities with needed services and support systems. I am dedicated to providing you (including students and new members) with education and vital co-op related information. I look forward to the opportunity to serve the Nolin members for another term."*

Don't forget to vote for your directors. All ballots must be returned to Nolin RECC by 5:00 PM, Thursday, June 12.

Annual Meeting Program

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

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

Business Session 7:00 p.m.

Prize Drawings For
Members Registering

- Home Computer System
 - Theme Park Tickets
 - Other Electrical Appliances
 - Early Bird Drawings for
Electric Bill Credits
 - Bicycles and Big Wheels
-

FREE

11-Quart Bucket, Light Bulbs,
& Special Gifts 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

FRIDAY, JUNE 13

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



FREE!

Energy-saving lightbulbs
for members who attend!

Children's Games and Rides
Free Health Fair and Exhibits



Nolin Rural Electric Cooperative Corporation Annual Membership Meeting

**FEATURED
ENTERTAINER**
MIKE SNIDER &
THE MIKE SNIDER
STRING BAND



**CHILDREN'S
ENTERTAINER**
RICK ARNOLD



CARICATURIST
DENNY WHALEN

Free Community Health Fair

Elizabethtown Lions Club
(vision screening)

Healthsouth Rehabilitation
Hospital

Hardin Memorial Hospital

Hardin County Health Dept.

Hardin County Diabetes Coalition

Eriksen Chiropractic

Lincoln Trail Health Department
WICK Program

Lincoln Trail Medical Reserve Corp.
(Special needs project)

Lincoln Trail Behavioral
Health System

Trust for Life Organ Donation

Sick Call Mobile Clinic

Arbonne

KY Division of Emergency
Management

Asplundh

Hardin County Co-op Extension
Service

Department of Fish and Wildlife

KY Educational TV

Hardin County Schools

Hardin County Sheriff's Department

*Plan to join us as we celebrate
the 70th Nolin Rural Electric
Cooperative Annual Meeting!*

FINANCIAL RESULTS

YOUR BOARD OF DIRECTORS

Statement of Operations

For the Year Ending December 31, 2007

Operating Revenue	\$62,355,140
Operating Expense	
Purchased Power	\$47,230,540
Operating System	10,759,026
Depreciation	3,056,209
Interest on Loans	4,828,538
Other Deductions	416,540
Total Cost of Electric Service	\$66,290,853
Operating Margins	(3,935,713)
Non-Operating Margins	5,856,915
Other Capital Credits	432,060
Patronage Capital and Margins	\$2,353,262

Balance Sheet

For the Year Ending December 31, 2007

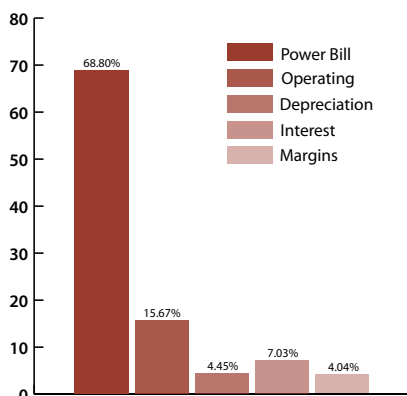
Assets

Total Utility Plant	\$84,115,542
Less Depreciation	26,367,194
Net Utility Plant	\$57,748,348
Investment in Assoc. Organization	\$12,686,063
Cash	7,264,006
Accounts Receivable	72,289,523
Inventory	647,579
Total Assets	\$150,635,519

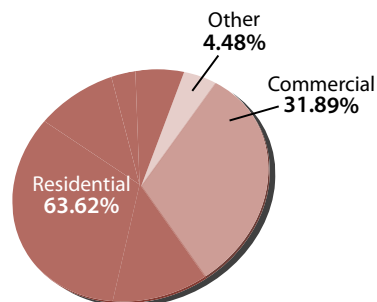
Liabilities

Membership and Other Equities	35,814,227
Long-Term Debt	89,315,153
Notes and Accounts Payable	10,458,762
Other Current Liabilities	5,339,608
Noncurrent Liabilities	9,707,769
Total Liabilities	\$150,635,519

MAJOR COSTS



REVENUE SOURCES



David P. Brown
Chair

Gene Straney
Vice Chair



A.L. Rosenberger
Secretary-Treasurer

Lawrence Ireland



Rebecca Loyall

Rick Thomas



John J. Scott
Attorney

Michael L. Miller
President & CEO

