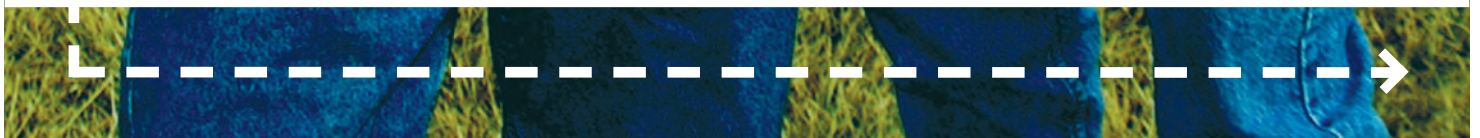




NOLIN RECC 2003
ANNUAL REPORT

COMMUNITY

COMMITMENT



COMMUNITY COMMITMENT

In the past year we've seen a lot of news that has affected all of us who live in the Nolin RECC service area.

The year 2003 began with an ice storm that knocked out power for thousands of people, including electric co-op consumers, mainly in eastern Kentucky. In August a massive power outage blacked out the northeast part of the country for 24 hours, reminding the nation of the importance of electricity. And of course in different ways we've all been a part of the heroism of our troops overseas and the families supporting them here at home.

But some things don't change. Among those is the commitment of Nolin RECC to provide reliable electric service at the best possible price, and to do our part to strengthen our local community.

Helping keep our community strong feels like the right thing to do. However, it also makes sound business sense. As an electric utility our success is tied to the prosperity of the people and businesses in our community. But there's an even more basic reason for Nolin's community commitment. As a co-op, those who receive electricity from us own us. That makes the co-op, the community, and the people who live here inseparable. In many ways, the co-op and our community are one and the same.

On the Cover: Nolin line technicians Terry Hudson and Kenny Brown display one of the large light bulbs they install at local ballparks. Photo: Jim Battles



COMMUNITY PARTNERS

One of the most visible signs of Nolin RECC's community commitment is the relationship between the co-op and many different community groups. Nolin works with organizations and agencies, each expert in strengthening a different aspect of our community.

One of the most regular of those relationships is the work Nolin does with our local schools. From scholarships, to safety demonstrations, to different types of club and classroom support, Nolin places a high value on our children's education.



COMMUNITY MEETING

Nolin RECC's annual meeting provides a centerpiece and rallying point to mark the progress and recognition of the cooperative's activities. There's important business to conduct at this meeting—reports on the co-op financial position and board elections—but we also hope it can be an enjoyable community event.

Not many businesses have annual meetings like Nolin, and that's because it is a cooperative, owned by its users. For most large corporations, only a handful of stockholders owns enough shares to matter in any vote taken. But at an electric co-op, where everyone who buys electricity is a member/owner, and where one member gets one vote, there's good reason to make the annual meeting a fun community event that celebrates the success of the co-op and its members.



COMMUNITY PRESENCE

Nolin RECC is here and it's staying here.

That's a mighty bold promise these days, with business closings and relocations so common. But it's one that can be made with confidence because of the nature of the electric co-op. Nolin exists to serve the members in this community, in bad times and good times. As a result of the local, consumer-owned nature of the cooperative, this community is much more than a customer base, it's who and what the co-op is. Because the purpose and the people of the co-op are such a part of the community, every time you call or come in the office you can expect to see the same friendly faces that have always been there to greet you.



COMMUNITY RELIABILITY

Last year's ice storms and the power blackout in the Northeast showed that unplanned and uncontrollable forces

could upset the flow of electricity. Nolin provides a level of reliable service that any business would envy—you can always count on electricity being there when you want it and need it.

But when there is an interruption, our top priority is to restore electric power. In a storm, crews immediately head out into the weather to repair the problem as quickly as possible. Nolin employees are commended day in and day out for the work they do, especially when weather delivers a crisis.

In some ways, knowing how to respond to last summer's blackout that affected eight northeastern states and part of Canada was even more difficult than repairing storm damage. When our own electricity goes out, it's clear the job is to get power restored right away. But things are less clear when the nation's largest power outage hits, and no customers in Kentucky lose their electricity. But there were actions to take. This was a time to re-evaluate our reliability procedures to make sure all emergency and preventive maintenance plans were in place. And we did that. It also required strong national public policy action. So Nolin worked to support state and national organizations to help craft policies, rules, and funding systems that will make our country's sys-



Above, Todd Drake, Nolin RECC Energy Management Coordinator, gives an electrical safety demonstration to Rineyville Elementary School students. Photo: Jim Battles

Below, Nolin Rural Electric Co-op joins with other Kentucky co-ops in sponsoring high school students on a summer educational trip to Washington, D.C. Photo: Tammy Simmons



tem of generating, transmitting, and distributing electricity as reliable as it can be.

Your co-op has a great record of keeping the lights on, and it's working to maintain that record and make it even better.



Safety is a matter of never letting your guard down and never taking shortcuts. Nolin RECC works every day to remind you and other members of our community that, wonderful as electricity is, it can be deadly when misused. In speeches, demonstrations, and publications, Nolin lets people know that electric safety needs to stay a top-of-the-mind issue.

Nolin is also committed to educating our line workers and other employees on safety issues. We continually maintain safety standards and conduct training and awareness programs for all employees. Because of our high level of safety awareness, Nolin has a longstanding history of excellent safety records.



Electricity prices in Kentucky remain among the lowest in the nation. For the past several years, wise use of our local coal resources and sound planning and management has made Kentucky's electric rates the envy of the nation. It's a major selling point used by state officials when they seek to recruit industry to locate in our state. Those rates also help fuel our own local economy.



The Nolin RECC annual meeting mixes the business meeting of the co-op with fun for everyone. Photo: CheyAnne Bradfield



Much of what this report describes traces back to a unique style of community ownership, and all the benefits that produces. Profits aren't sent off to distant investors. For one thing, your co-op is operated as a break-even, not-for-profit utility—its sole purpose is to benefit local

consumer members. Second, Nolin's headquarters sits right here in your community. Co-op employees live here and cash and spend their paychecks nearby. Nolin operations and projects take place locally, and benefit the local community.

For reasons large and small, Nolin RECC has an overwhelming community commitment.

--- 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 Chairperson. Mr. Straney completed the Board of Directors Certification Program through the National Rural Electric Cooperative Association in 1993. He has been a self-employed residential homebuilder and developer in Hardin County since 1973. His company, G&P Construction, is located in Elizabethtown and is owned and operated by Gene and his son.

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. They have two grown children, Melissa and Gregory, and one grandson. A second grandson is expected in June.

Straney developed a love for nature and the environment at an early age. He is an avid fisherman, and collects arrowheads and antique guns.

Gene Straney's personal remarks about the cooperative are: *"My goal is to keep your interests (as the owners of this co-op) at the top of my priority list. In addition, I will continue to work to provide you with quality service, and will strive to maintain the low electric rates we now have at Nolin."*



Glenn Ross is a financial consultant employed by Hilliard Lyons in Elizabethtown. Prior to his 11-year tenure with Hilliard Lyons, Mr. Ross was a hospital administrator for 17 years. He has been married 29 years to his wife, Karen. They have three children: Jennifer, 25, Suzanne, 22, and Michelle, 18. Mr. Ross and his family are active members of Severns Valley Baptist Church where Glenn is a Deacon and volunteers for the Christian Life Center Ministry. Bible study and family time are daily activities for Glenn. He also enjoys golfing, rose gardening, and power walking.

Mr. Ross received his Bachelor's in Vocal Music Education from West Virginia University and holds a Master's in Healthcare Administration from George Washington University.

Glenn is a member of the Elizabethtown Noon Rotary Club where he serves as the Board member responsible for International Service and is the club's Song Leader. He was chosen in December 2003 to represent Kentucky Rotary Clubs as the Team Leader for a Group Study Exchange Team visit to South Korea for the month of April 2004. Glenn and his family are active members of the Elizabethtown Emmaus Community.

Glenn Ross' personal remarks about the cooperative are: *"I believe Nolin operates its business today much the same way they did 65 years ago—people helping people! A cooperative should strive to provide quality services to its membership. Nolin RECC does this very well. If I am elected to serve on the board, I will work hard to maintain top quality electric services at competitive prices."*

District 6 (The Northern Service Area)



Lawrence Ireland was appointed to the Board in 1987 and elected to the Board by Nolin members in 1989. In 1991, he completed the Board of Directors Certification Program through the National Rural Electric Cooperative Association. As a 1948 graduate of Sonora High School, Lawrence grew up on the family farm in Sonora. For the past 37 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 six grandchildren and three great-grandchildren.

The Irelands are members of Hodgenville Pentecostal Church, and for the past 26 years, Mr. Ireland has been serving as a Board Member at the church. He is currently serving as Chaplain of the Otter Creek Gideon Camp and for 36 years has served as a Board Member of the Pentecostal Children's Home.

Lawrence Ireland's personal remarks about the cooperative are: *"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."*



Fred Mayfield lives in Radcliff with his wife of 40 years, the former Alice Davis. He is owner and operator of Jacobs-Lane Company Jewelers in Radcliff. He is a Deacon and member of LaRue Baptist Church, as well as Song Leader and Choir Director. The Mayfields have three children: Rebecca, Todd, and Allison; and 5 grandchildren.

Mr. Mayfield belongs to the Kentucky Retail Jewelers, National Jewelers Association, Radcliff/North Hardin Chamber of Commerce, and Association of United States Army and Promise Keepers. Fred is very active in his church and routinely helps out with construction repair and maintenance. He is involved in wood-working and remodeling projects throughout the year.

Fred Mayfield's personal remarks about the cooperative are: *"Running a business requires good people with a team spirit and effort. The co-op principles exist to provide great service along with the best electric rates in the country. As a director I would work to continue the great job that is being done on the local and national levels."*

FREE HEALTH FAIR

- Elizabethtown Lions Club
(vision testing)
- Lincoln Trail Health
Department
- Hardin County Home Center
- Healthsouth Rehabilitation
Hospital
- American Red Cross
- Hardin Memorial Hospital
- Almost Family Adult Daycare
- Commission for Children with
Special Health Care Needs
- CareTenders
- Eriksen Chiropractic
- Lincoln Trail Behavioral
Health System

FREE EXHIBITS

- Starpath of Hardin County
- KY Division of
Emergency Management
- Hardin County Co-op
Extension Service
- Knights Mechanical
- Department of Fish and Wildlife
- Kentucky Educational TV
- Hardin County Schools
- Dever Enterprises
- Geothermal Specialists
- Hardin County Sheriff's
Department
- Ringler Heating and Cooling

Official Notice

Entertainment Featuring:



THE FOX BROTHERS
Country Gospel Musical Group

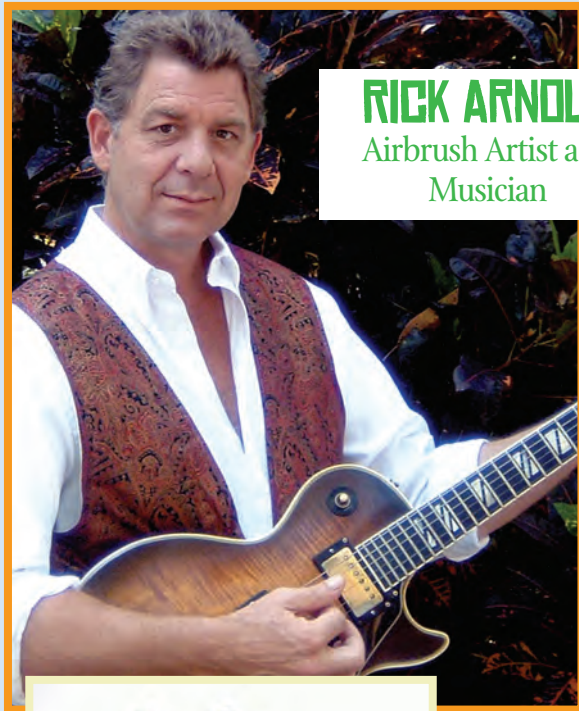


**MISS NOLIN
RECC BEAUTY
PAGEANT**
For details, call Patsy
Whitehead at 765-6153

Prize Drawings

TV and VCR Combination Set • Theme Park Tickets
• Other Electrical Appliances • Early Bird Drawings
for Electric Bill Credits • Bicycles and Big Wheels

-----Nolin Rural Electric -----
Cooperative Corporation
Annual Membership Meeting



RICK ARNOLD

Airbrush Artist and
Musician



DON NOBLE

Caricaturist

Free
Buckets
and Bulbs!

Come to the Cookout

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

ANNUAL MEETING PROGRAM

When: Friday, June 11

Where: Central

Hardin High School

**On U.S. 62W (Leitchfield Road)
3 miles west of Elizabethtown**

**Exhibits, Displays, Food,
and Health Fair**

Open at 4:30 p.m.

Registration Begins at 5:30 p.m.

Business Session 7:00 p.m.

ORDER OF BUSINESS

- 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) Presentation of unapproved minutes of previous meetings and the taking of necessary action thereon.
- 4) Presentation and consideration of reports of officers, directors, and committees.
- 5) Special orders.
- 6) Unfinished business.
- 7) New business.
- 8) Adjournment.

NOLIN RECC FINANCIAL RESULTS

STATEMENT OF OPERATIONS For the Year Ending December 31, 2003

Operating Revenue and Patronage Capital	\$39,843,723
Operating Expense	
Cost of Purchased Power	\$27,042,338
Operating the Electric System.....	9,553,046
Depreciation	2,442,621
Interest on Loans	1,208,965
Other Deductions	458,372
Total Cost of Electric Service	\$40,705,342
Patronage Capital & Operating Margins	(861,619)
Non-Operating Margins	821,742
Capital Credits Assigned from other Cooperatives	1,950,421
Patronage Capital or Margins	\$1,910,544

BALANCE SHEET

For the Year Ending December 31, 2003

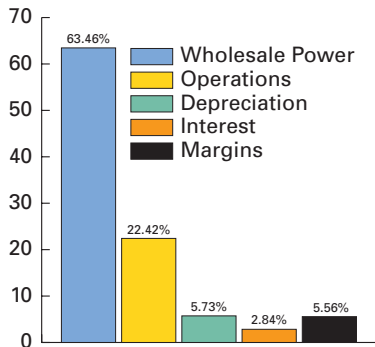
WHAT WE OWN

Total Utility Plant	\$68,572,491
Less Accumulated Depreciation	19,068,101
Net Utility Plant Book Value.....	\$49,504,481
Non-Utility Property and Investments	\$12,036,133
Cash and Temporary Investments	2,580,321
Accounts Receivable.....	29,909,382
Material in Inventory	331,217
Total Assets of Your Cooperative	\$94,361,534

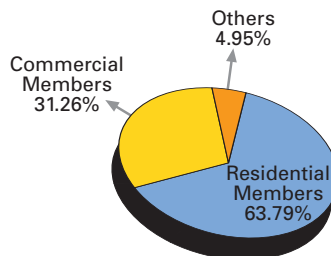
WHAT WE OWE

Membership and Other Equities	30,408,465
Long-Term Debt.....	55,509,734
Notes and Accounts Payable	5,206,973
Other Current and Accrued Liabilities.....	3,022,575
Deferred Credits and Miscellaneous	213,787
Total Liabilities and Equities	\$94,361,534

MAJOR COSTS



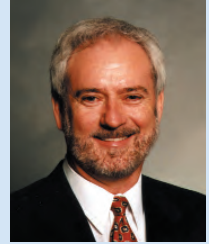
REVENUE SOURCES



YOUR BOARD OF DIRECTORS



David P. Brown
Chair



Gene Straney
Vice Chair



A.L. Rosenberger
Secretary-Treasurer
EKP Director



Lawrence Ireland



Rebecca Loyall



Robert C. Wade



John J. Scott
Attorney



Michael L. Miller
President & CEO