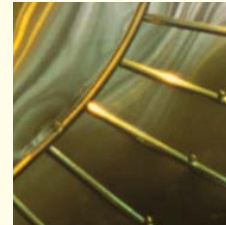


2003 ANNUAL REPORT



A CLOSER LOOK



A Touchstone Energy[®] Cooperative 

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ATTACHED FILES

**Report of Independent
Auditors**

**Consolidated Financial
Statements**

EAST KENTUCKY POWER COOPERATIVE

East Kentucky Power Cooperative (EKPC) is a not-for-profit generation and transmission (G&T) electric utility with headquarters in Winchester, Ky. EKPC provides wholesale energy, transmission and support services to 16 distribution cooperatives. Together, EKPC and the member cooperatives are known as Kentucky’s Touchstone Energy Cooperatives.

The member distribution systems supply energy to meters serving nearly 479,000 Kentucky homes, farms, businesses and industries across 89 counties. The member systems are locally owned, operated and governed by the people who use their energy and services.

Financial Highlights

FIVE-YEAR STATISTICAL SUMMARY

	2003	2002	2001	2000	1999
Net Margins - \$1,000	\$29,398	\$37,428	\$30,418	\$8,742	\$7,083
TIER	1.66	1.95	1.81	1.23	1.19
DSC	1.35	1.73	1.76	1.45	1.34
Fuel Expense - \$1,000	\$137,103	\$146,506	\$132,044	\$114,139	\$114,879
Construction Expenditures - \$1,000					
Generation	\$221,949	\$155,713	\$137,155	\$56,334	\$8,550
Transmission	\$27,101	\$25,149	\$18,691	\$16,720	\$17,434
General	\$12,762	\$9,649	\$1,833	\$3,205	\$3,556
Investment In Facilities - \$1,000					
Original Cost	\$1,810,211	\$1,558,890	\$1,367,586	\$1,210,372	\$1,132,220
Long-Term Debt - \$1,000	\$952,987	\$762,079	\$688,839	\$631,084	\$630,477
Total Assets - \$1,000	\$1,328,532	\$1,026,947	\$912,811	\$829,247	\$796,961
Number of Employees - Full-Time	599	600	616	645	647
Cost of Coal Purchased					
\$/ton	\$34.13	\$32.35	\$32.93	\$27.94	\$28.01
\$/MBtu	\$1.39	\$1.33	\$1.36	\$1.14	\$1.13
Amount of Coal Purchased - tons	3,615,196	3,815,851	4,052,988	3,541,601	3,820,545
Generation - MWh	9,061,760	9,873,289	9,211,819	9,162,952	9,388,160
System Peak Demand - MW					
Winter Season	2,589	2,568	2,217	2,322	2,169
Summer Season	1,996	2,120	1,980	1,941	1,754
Sales to Other Utilities - MWh	71,224	513,874	899,286	770,747	840,778
Member Load Growth - %					
Energy	0.7	6.9	2.8	6.1	7.6
Demand	(0.6)	6.2	3.6	5.6	6.9
Load Factor - %	51	58	52	52	53
Miles of Line	2,629	2,607	2,579	2,560	2,551
Installed Capacity - kVA	8,824,466	8,722,747	8,637,947	8,583,147	8,473,947
Distribution Substations	299	292	284	276	265

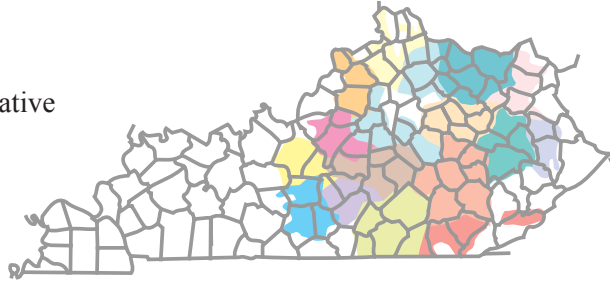
EAST KENTUCKY POWER COOPERATIVE

	(Dollars in Thousands)		
	2003	2002	% Increase (Decrease)
Operating Revenue	\$447,124	\$429,489	4.1
Operating Expenses	\$384,888	\$358,907	7.2
Net Margins	\$29,398	\$37,428	(21.5)
Fuel Expenses for Generation	\$137,103	\$146,506	(6.4)
Purchased Power Cost	\$102,028	\$62,371	63.6
Interest Cost	\$45,069	\$39,577	13.9
Members' Equities	\$167,535	\$140,702	19.1
Construction Expenditures	\$261,812	\$190,511	37.4
Assets	\$1,328,532	\$1,026,947	29.4
Sales to Member Cooperatives (MWh)	11,442,556	11,352,094	0.8
System Peak Demand (MW)			
Winter Season	2,589 *	2,568	0.8
Summer Season	1,996	2,120	(5.8)
Number of Member System Consumers	478,944	468,891	2.1

* set January 31, 2004

The 16 distribution cooperatives, which are called the member systems, own EKPC. The 16 co-ops include:

- Big Sandy RECC
- Blue Grass Energy Cooperative
- Clark Energy Cooperative
- Cumberland Valley Electric
- Farmers RECC
- Fleming-Mason Energy Cooperative
- Grayson RECC
- Inter-County Energy
- Jackson Energy Cooperative
- Licking Valley RECC
- Nolin RECC
- Owen Electric Cooperative
- Salt River Electric Cooperative
- Shelby Energy Cooperative
- South Kentucky Rural Electric
- Taylor County RECC



EAST KENTUCKY POWER GENERATION

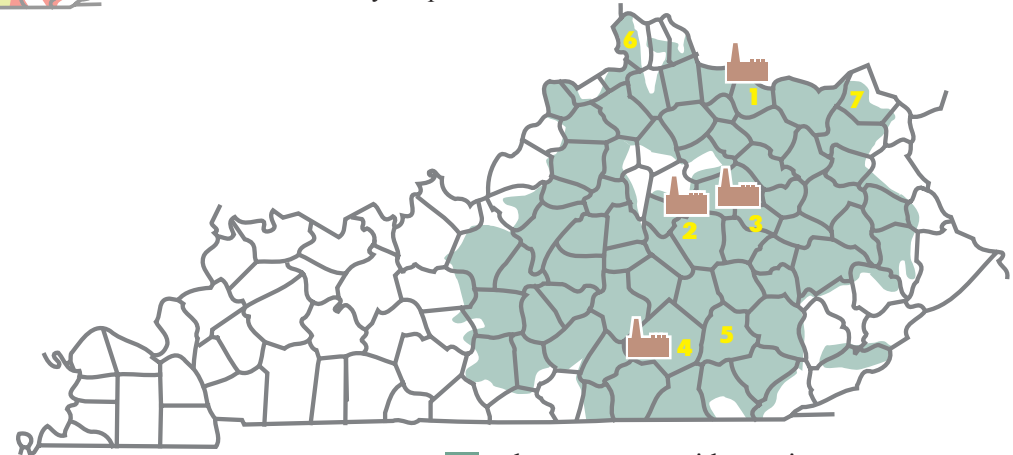
1	Spurlock	850 net MW
2	Dale	196 net MW
3	Smith	Summer
	Combustion	478 net MW
	Turbine	Winter
	Units	646 net MW
4	Cooper	341 net MW

Landfill Gas Plants

5	Laurel Ridge	3.2 net MW
6	Bavarian	3.2 net MW
7	Green Valley	2.4 net MW

Southeastern
Power Adm. (SEPA),
hydro power

170 MW



■ shows system wide service area

A LETTER FROM THE
CHAIRMAN AND CEO



**Often times, the details
make all the difference.**

If you take a closer look at the advances EKPC made in 2003, you'll find that these details included everything from the construction of renewable energy plants to helping remedy damage caused by a destructive ice storm. It was a year in which the details - components, ideas, people - made all the difference for our organization.

In 2003, the ideas and efforts of our employees and member systems helped encourage both external and internal growth.



from left:
Delno Tolliver, *Chairman of the Board*
Roy Palk, *President and CEO*



A closer look at 2003 achievements:

- ◆ EKPC continued its trend of improved system reliability.
- ◆ Work on Spurlock Station's new E.A. Gilbert Generating Unit continued toward an April 2005 completion.
- ◆ EKPC opened Kentucky's first renewable energy plants.
- ◆ EKPC implemented a plan to optimize the skills and talents of our employees.

Hard work. Dedication. Commitment.

Our employees and members took these three values to heart in 2003, and in the process put into motion a series of projects and plans that will undoubtedly create positive, rewarding possibilities for EKPC and the future of its member systems.

As you read through the following material, take a closer look at EKPC - you'll find that our organization is moving toward a brighter, more prosperous future.

Delno Tolliver

Delno Tolliver,
Chairman of the Board

Roy M. Palk

Roy Palk,
President and CEO



Year in Review

A CLOSER LOOK

Work On Gilbert Unit Progresses

By the end of 2003, nearly 75% of the construction on the Gilbert Unit at Spurlock Station in Maysville, Ky. had been completed.

Named in honor of long-time EKPC Board Member E.A. "Ned" Gilbert, the \$400 million unit will produce 268 megawatts of power when it goes commercial in the spring of 2005. That's enough electricity to power the homes in 30 cities the size of Maysville.

Nearly 700 people are involved in the construction of the unit. Based on a \$20 million annual payroll, the jobs are providing a major economic boost to Mason County and the surrounding region. Approximately 35 additional employees will be hired to operate the unit.

The 345 kilovolt transmission project for the Gilbert Unit, which extends from Spurlock Station into Ohio, was approved by the Kentucky Public Service Commission, and subsequently, the Ohio Plant Siting Board in 2003.



Construction on the new Gilbert Unit



Kentucky's First Landfill Gas Plants Open

2003 was an innovative year at EKPC. The Cooperative dedicated Kentucky's first renewable energy plants, which produce electric power from methane collected from decaying municipal waste. At most landfills, the methane is either emitted into the atmosphere or burned off. The three new plants (located at the Bavarian Landfill in Boone County, the Laurel Ridge Landfill in Laurel County and the Green Valley Landfill in Greenup County) produce clean, renewable energy.

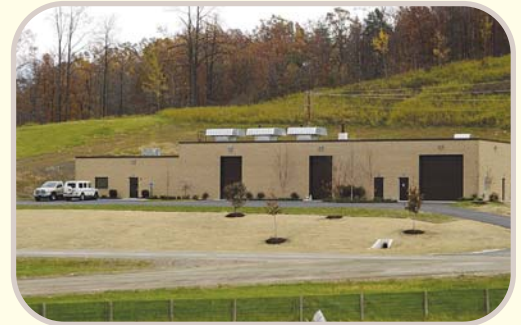
The energy from these plants is enough renewable electric power for EKPC members to supply about 7,000 Kentucky homes. Each plant cost about \$4 million to build, and as a result of the plants beginning production, EKPC now ranks as one of the leaders in renewable energy production in the southeastern United States.

Participating member systems market the output of the landfill gas plants through a renewable energy program called EnviroWatts. This program provides retail customers the option of obtaining all or a portion of their monthly electric supply from renewable energy sources. At the end of 2003, 13 EKPC member co-ops had adopted the program.

Bavarian




Green Valley



Laurel Ridge





EKPC Adds Two Combustion Turbines to J.K. Smith Station

In January 2004, the PSC granted EKPC permission to construct two additional combustion turbine units at J.K. Smith Station.

During 2003, EKPC worked to finalize an agreement on the purchase of the two CTs from Calpine, a company based in San Jose, Calif. The new CTs will assist EKPC in meeting growing demand for power on the system.

EKPC needs approximately 200 megawatts of additional capacity by winter 2004-2005. The two General Electric combustion turbine units each provide up to 80 megawatts of power in the summer and up to 100 megawatts during the winter. Smith Station currently provides 478 net megawatts of peaking capacity in the summer and 646 net megawatts during the winter.

Construction began during the spring of 2004 with the units scheduled to be in operation by December 2004.

System Continues Rapid Expansion

The hectic pace of building new substations and lines on the EKPC system continued during 2003. By the end of December, Power Delivery Expansion teams completed 7 new substations, almost 31 miles of new transmission lines and taps, and nearly 50 miles of reconductors.



Substation construction



New Gas Pipeline Built at Smith

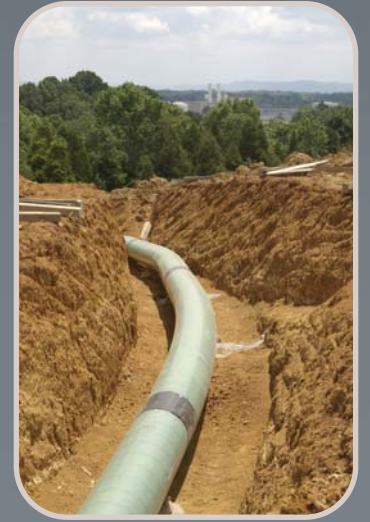
Workers completed construction on a new underground gas pipeline to Smith Station in 2003. The new line is almost seven miles long and gives EKPC an additional source of natural gas for the combustion turbines at Smith Station.

EKPC Assists Firms in Job Creation

During 2003, EKPC assisted in the addition or expansion of 29 industries served by the member systems. As a result, there will be approximately 1,480 new jobs created because of these facilities. These companies will use approximately 21 megawatts in their plants and will invest nearly \$190 million into the Kentucky economy for land, buildings and equipment.

System Reliability Stays High

In 2003, system reliability was the best ever for EKPC. The average system load was out of service 16 minutes in 2003. This is 8 minutes below the target performance for the year.



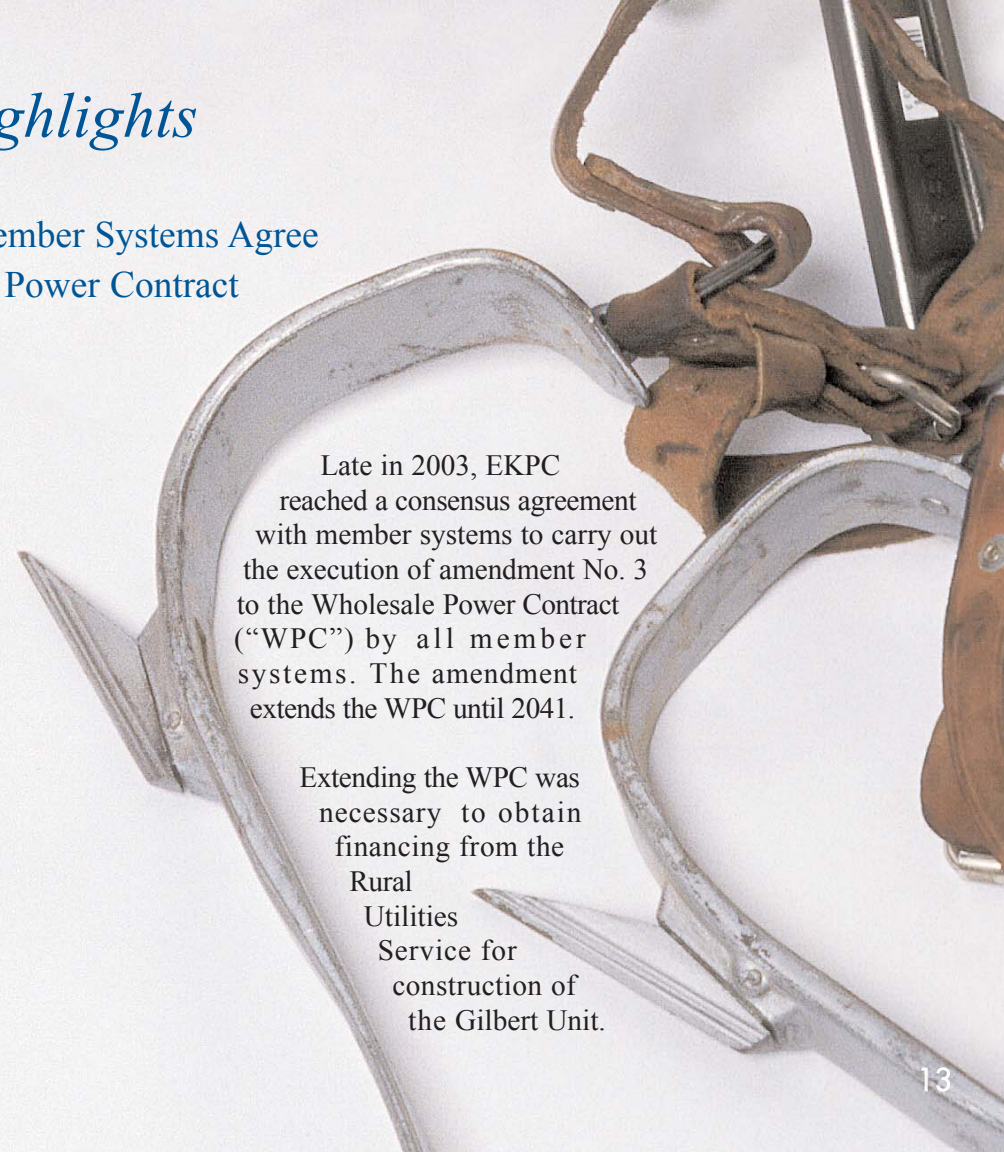


Other Highlights

EKPC and Member Systems Agree To Wholesale Power Contract

Late in 2003, EKPC reached a consensus agreement with member systems to carry out the execution of amendment No. 3 to the Wholesale Power Contract (“WPC”) by all member systems. The amendment extends the WPC until 2041.

Extending the WPC was necessary to obtain financing from the Rural Utilities Service for construction of the Gilbert Unit.



2003 Ice Storm Makes An Impact

On Saturday, February 15, 2003, an ice storm took its toll on everything from trees and streets to rooftops and powerlines, leaving thousands of member distribution system customers without power. Crews from EKPC and member systems worked around the clock for days to brave the elements and make the repairs necessary to restore power.

Our ASUI (Average Service Unavailability Index) was also exceptionally good in 2003. EKPC hit 35 minutes (average system unavailability), including the storm, compared to 59 minutes in 1998 and 165 minutes in 1994 – our two previous major storm years.





System Stays On During Northeast Blackout

In August 2003, during the largest blackout in U.S. history, EKPC experienced a sharp but brief spike in system frequency as millions of people in the Northeast lost power. The blackout underscored public statements EKPC made during 2003 on the need to upgrade and build new transmission lines to ensure the future reliability of the system.

Units Generation Figures

In 2003, EKPC posted generation of 9,061,760 net MWh. Dale Station generated 1,201,176 net MWh. Cooper Station generated 1,867,679 net MWh, while Spurlock Station produced 5,842,487 net MWh and Smith Station generated more than 138,563 net MWh. EKPC's three new landfill gas plants generated 11,855 MWh in 2003.

Spurlock



J.K. Smith



Cooper



Dale





Other Key Projects & Events

Environmental Communications Program Grows

Since its debut in 1999, the Environmental Communications program has brought educational programs to more than 200,000 Kentucky students of all ages on behalf of the member systems and Touchstone Energy.

Biologists representing Kentucky's Touchstone Energy Cooperatives teach the importance of protecting native plants and animals. The presentations are so popular that reservations are made more than one year in advance.

During Earth Day 2003 at the Louisville Zoo, thousands of people packed the Celebrate the Earth program, which was sponsored by the co-ops and Touchstone Energy. Visitors learned about the need to protect Kentucky's natural treasures and received co-op posters of the Dragonflies of Kentucky.

ACES Power Marketing Adds Five New Members

In January 2003, ACES Power Marketing ("APM") announced that Hoosier Energy Rural Electric Cooperative and Southern Maryland Electric Company had joined 12 other electric cooperative power suppliers as an equal owner in APM, a services and power marketing alliance of generation and transmission cooperatives. With these additions APM has increased in size to 14 full member/owners, including EKPC.





Capital Needs Increase


Due primarily to capital expenditures related to the Gilbert Unit and the new emission control equipment at Spurlock Station, EKPC incurred additional long-term debt of \$285,593,000 during 2003. Interest expense for 2003 was \$45,069,000, or \$5,492,000 more than 2002 (\$39,577,000). Net margins for 2003 were \$ 29,398,000 compared to \$37,428,000 for the year ending 2002.

Rates Task Force Formed

In May 2003, a task force composed of directors, member system managers and EKPC personnel was formed to conduct a comprehensive review of EKPC's wholesale rates to its member systems. The task force was established to evaluate rate options and to ensure that rates are equitable to all member systems. Recommendations are expected in 2004.

PSC Approves Touchstone Energy Home Program

The PSC approved a new program for member systems that features an energy efficient home that provides up to a 30 percent decrease in monthly electric bills. Called Touchstone Energy Home, the program provides a rebate for customers who build a new home with more efficient water heaters, better insulated windows, and extra insulation in the floors, walls and attic.



The advertisement features a photograph of a smiling woman and man in a kitchen. The woman is holding a newspaper, and the man is cooking. The text 'Home Sweet Home' is overlaid on the image. The top right corner has the 'Touchstone Energy Home' logo. The bottom left corner contains promotional text, and the bottom right corner has the Touchstone Energy Cooperative logo.

Touchstone Energy Home

Home Sweet Home

Especially if it's a Touchstone Energy Home.

*When you build our home, you can save up to 30 percent annually.**

That's sweet.

A Touchstone Energy Cooperative

Creating Staff Optimization

During the Leadership Team meeting in August 2003, the Leadership Team decided that future staff levels would be flexible, depending upon performance goals and business needs.

Crews Maintain Excellence In Performance

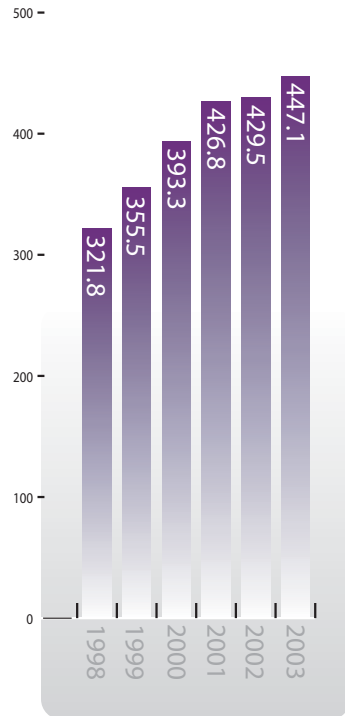
Maintenance crews established new levels of performance in regulator repair and maintenance. Crews also significantly exceeded their goals for cross arm replacements, danger tree removal and right-of-way spraying.



Financial Highlights

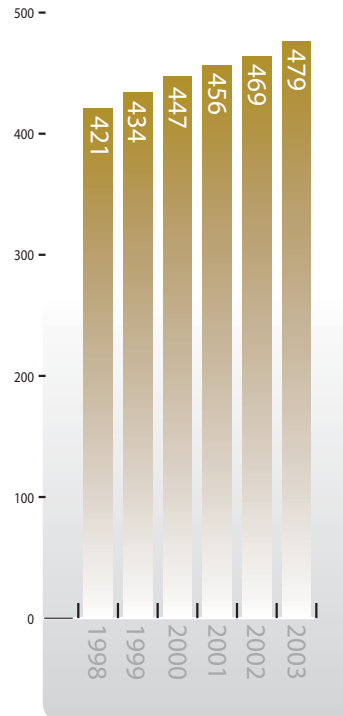
Operating Revenue

in \$Millions



Member Consumer Meters

Year-End in Thousands



Operating Revenue, Expenses And Margins

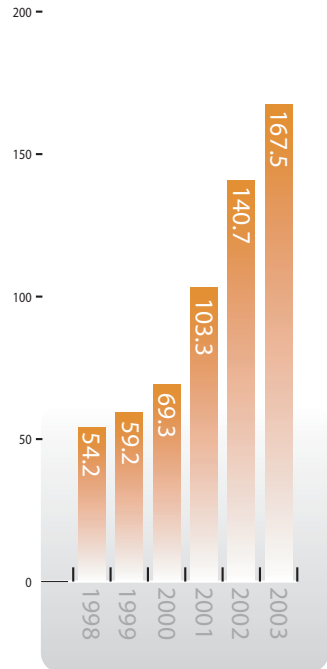
Revenue from sales to East Kentucky's member distribution cooperatives was \$441.1 million during 2003, an increase of 7.0 percent compared to 2002. Revenue per kilowatt-hour was 38.54 mills, compared to 36.32 mills in 2002. Revenue from off-system sales was \$3.2 million in 2003, compared with \$15.0 million in 2002.

Total operating revenue increased by 4.1 percent to \$447.1 million. Total operating expenses increased by 7.2 percent to \$384.9 million in 2003, compared with \$358.9 million in 2002. Fuel expense was \$137.1 million in 2003, a decrease of 6.4 percent. Purchased power costs increased 63.6 percent to \$102.0 million compared with \$62.4 million in 2002.

Other production expenses decreased to \$32.2 million from \$34.0 million in 2002. Other operating expenses increased to \$44.6 million from \$40.8 million in 2002. Depreciation expense decreased to \$31.2 million from

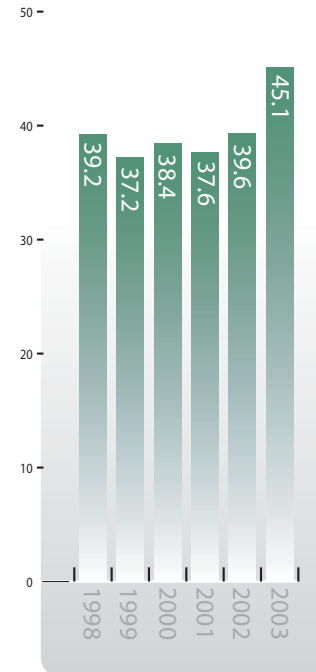
Members' Equities

Year-End in \$Millions



Interest Cost

in \$Millions



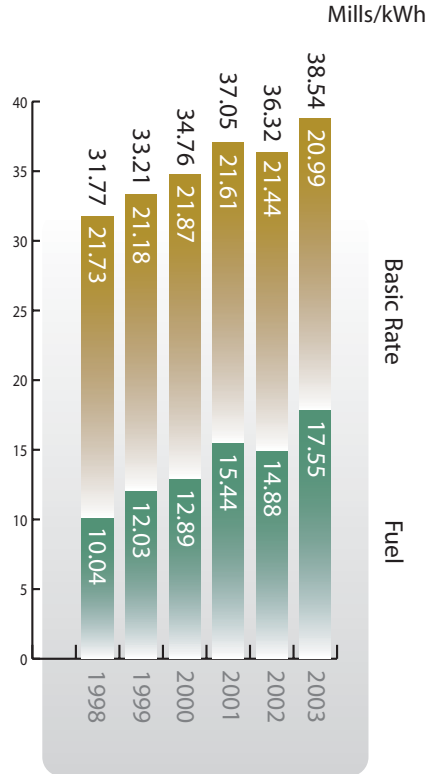
\$45.1 million in 2002. During 2003, the Cooperative extended the useful life of both the Cooper and the Spurlock Power Stations. This change in the estimated useful lives of these plants reduced 2003 depreciation expense by approximately \$12.6 million. Maintenance expense was \$37.9 million compared to \$30.2 million in 2002.

Interest expense increased to \$45.1 million in 2003 from \$39.6 million in 2002. East Kentucky had a margin of \$29.4 million in 2003, compared with a margin of \$37.4 in 2002.

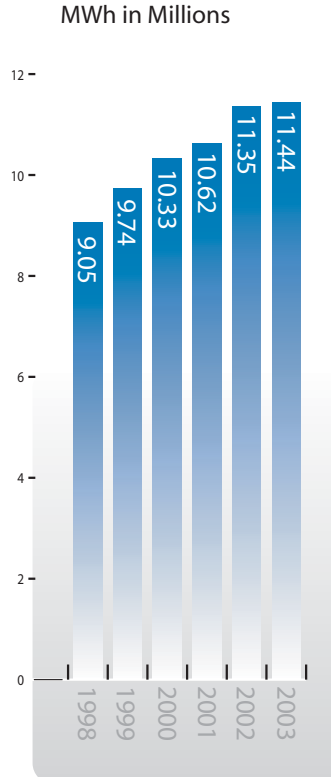
Member System Sales

Sales to the member systems were 11.4 million megawatt-hours in 2003, an increase of less than 1 percent over 2002. The coincident system peak for the 2003 summer period was 1,996 MW on August 14. The 2003-2004 winter season system peak was 2,589 on January 31, 2004. The annual load factor based on coincident system peak was 51% in 2003.

Power Cost to Members



Energy Sales to Members



Interchange Power Transactions

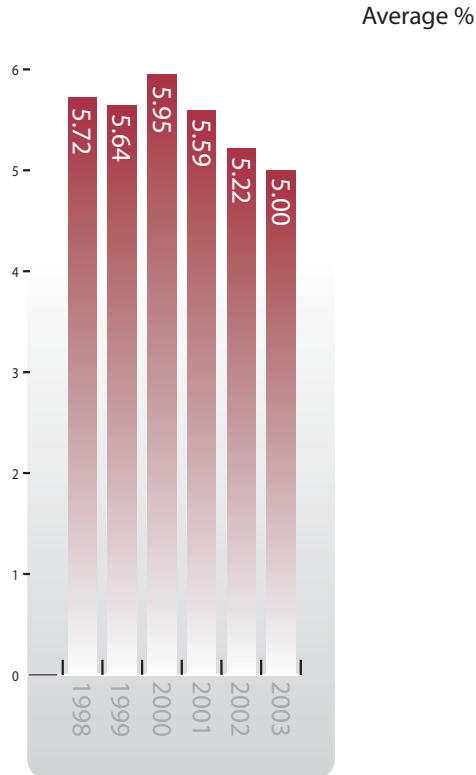
Off-system sales were 71.2 thousand megawatt-hours in 2003, compared with 513.9 thousand megawatt-hours in 2002. Power purchases were 2.8 million megawatt-hours in 2003.

Generation Of Power

East Kentucky has coal fired generating facilities at Dale Station in Clark County, Cooper Power Station in Pulaski County, and Spurlock Station in Mason County. Generation from these coal-fired units are supplemented during peak times by combustion turbines at the Smith Generating Facility in Clark County. Generation is also provided by three landfill gas generators. East Kentucky's generating facilities produced 9.06 million megawatt-hours in 2003, compared with 9.87 in 2002.

East Kentucky's power stations burned 3.69 million tons of coal in 2003, compared with 4.02 tons in 2002. The cost of coal burned during 2003, including handling, was \$1.351 per million Btu, or \$33.23 per ton. The cost of coal purchased during 2003 was \$1.39 per million Btu or \$34.13 per ton.

Average Interest Rate on Long-Term Debt Year-End



The combustion turbines at the Smith Generating Facility consumed 2.0 million gallons of oil with a cost of \$0.603 per gallon or \$4.348 million Btu. The combustion turbines also consumed 1,600,041 MCF of natural gas with a cost of \$6.70 per MCF.

Dale Units 3 and 4 consumed 7,759.4 emission allowances, Cooper Station Units 1 and 2 consumed 20,595.5 emission allowances, Spurlock Station Units 1 and 2 consumed 40,362.4 emission allowances and J. K. Smith Units 1, 2, 3, 4, and 5 consumed 10.9 emission allowances during 2003.

Interest Costs

Gross interest expense was \$45.1 million. The prime rate decreased from 4.25 percent to 4.00 percent during 2003. During the year, Federal Financing Bank (FFB) interest rates for long-term advances increased from 4.88 percent to 4.93 percent.

Of the total \$1,047.4 million debt outstanding, current interest rates range from a low of 2.00 percent to a high of 10.66 percent for 2003. The average annual rate on all debt decreased from 5.220 percent in 2002 to 5.002 percent in 2003.

Virtually all of East Kentucky's outstanding FFB debt has been converted to long-term fixed rates. Because of favorable rates in the tax-exempt bond market, a total of \$135.6 million of pollution control and solid waste disposal revenue floating/fixed rate bonds is being kept in the variable rate mode. This rate averaged 1.28 percent for 2003.

General Funds

Due to large expenditures for power production construction projects and the significant amount of loan advances, East Kentucky was able to maintain its general fund level throughout 2003. The general funds balance is being invested in interest-bearing securities, including some medium-term bonds maturing in future years.

ACES Power Marketing (APM).

A services and power marketing alliance of generation and transmission cooperatives.

Availability.

The total percentage of time generating units are available for service, whether being operated or not. It is used to measure the reliability of utility generating facilities.

Baseload Generation.

Units normally operated to serve loads on an around-the-clock basis.

Brand.

An advertising term that describes an organization's image with the public.

British Thermal Unit (Btu).

A measure of heat content in fuels.

Bulk Power.

Large amounts of electricity that are transmitted over high-voltage lines.

Bundling.

Combining all costs into one rate, as opposed to separate charges for generation, transmission and energy services.

Capacity.

The limit at which a generating unit or station can produce electricity for extended periods.

Clean Air Act.

The federal law that places strict limits on emissions such as sulfur dioxide by utilities.

Combustion Turbine.

A turbine powered by natural gas or fuel oil that usually generates electricity at times when system demand is highest.

Distribution Substations.

Point of delivery of electricity from the G&T to the distribution cooperative, where the voltage of electricity is reduced prior to distribution to customers.

Electricity.

Energy that can easily be converted into light, heat and power; the motion of electrons through a conductor.

Environmental Protection Agency (EPA).

U.S. government agency that oversees environmental regulations such as federal rules on emissions of nitrogen oxide by utilities.

Federal Energy Regulatory Commission (FERC).

A government agency which regulates the transmission of natural gas, oil by pipeline and wholesale sales of electricity in interstate commerce.

Generation and Transmission Cooperative.

G&Ts are not-for-profit organizations that generate and transmit electric energy to distribution systems. The distribution systems, which sell the energy to retail customers, own the G&T.

Independent System Operator (ISO).

An independent organization that controls the bulk transmission system and schedules the use of the system for many utilities instead of each company doing its own scheduling.

Kilowatt.

1,000 watts, which are the standard measure of electrical power.

Kilowatt-hour (kWh).

One thousand watts for one hour. The basic unit measuring electric power consumption.

Load.

The amount of electric power required to meet customer demand in a given period of time.

Megawatt.

1,000 kilowatts.

Member Systems.

Individual cooperatives that own the G&T. The systems buy wholesale energy from the G&T, and then sell energy and services to retail customers.

National Rural Utilities Cooperative Finance Corporation (NRUCFC).

A cooperative that provides financing and a full range of financial services to its more than 1,000 member systems and affiliates.

Off-system Sales.

Sales of surplus energy by the G&T to entities other than its member systems.

Peaking Units.

Generating units that assist in serving electrical loads that occur during the periods of greatest customer demand.

Regional Transmission Organization (RTO).

Coordinates bulk power transactions for a regional group of transmission system owners, instead of each system dispatching such transactions individually.

Reliability.

A measure of how much a utility provides dependable power while minimizing outages and blinks.

Rural Utilities Service (RUS).

A program that improves the quality of life in rural America through a variety of loan and grant programs in electric energy, telecommunications and water and waste water disposal.

Selective Catalytic Reduction (SCR).

Equipment that removes nitrogen oxide from combustion gases before discharge into the atmosphere.

Service Territory.

An area in which a utility is required or has the legal right to supply electric service to retail consumers.

Southeastern Electric Power Administration - SEPA.

Quasi government entity that markets hydro electric power from US Army Corps of Engineers-owned dams in the southeastern United States.

Supervisory Control and Data Acquisition - SCADA.

A computer system that monitors and provides remote control of substation devices and equipment. The technology can improve system reliability.

Substation.

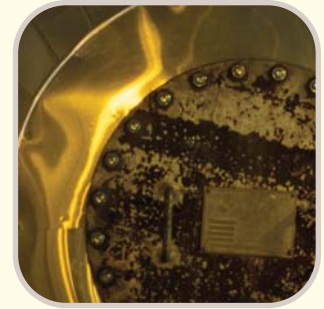
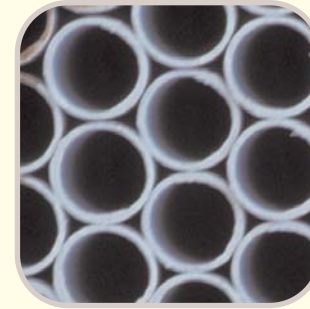
Equipment that switches, changes or regulates electric voltage.

Tariff.

A published collection of rate schedules, and terms and conditions for use of service.

Touchstone Energy.

The marketing brand that electric cooperatives across the nation have adopted. More than 600 cooperatives have joined the alliance.





Paul Atchison

POWER DELIVERY

Responsible for the transmission system from the generating plant substation through the distribution substation. This includes transmission planning, dispatch, engineering, construction, operations and maintenance.



Randy Dials

POWER PRODUCTION

Responsible for operation and maintenance of the generating facilities, design engineering and construction of new generation, sustaining plant equipment through production engineering, fuel procurement, environmental affairs and generation dispatch.



Gary Crawford

MEMBER SERVICES

Responsible for providing value added support to the member systems in the areas of marketing, communications, market research, environmental communications, Envision Energy Services, and business development, including economic development and non-traditional power projects.



Dale W. Henley

LEGAL

Provides corporate-wide legal guidance and counsel to ensure maximum protection of the Cooperative's legal rights and further ensures that operations are within the limits prescribed by law.



Barry Mayfield

GOVERNMENTAL AFFAIRS

Oversees governmental relations at both the national and state levels, which includes monitoring all pertinent legislation and ensuring that cooperative principles are protected and enhanced.



David G. Eames

FINANCE AND PLANNING

Responsible for accounting, budgeting, treasury management, risk management, business insurance, materials management, auditing, strategic planning, resource planning, pricing and research and development.



Doug Oliver

HUMAN RESOURCES AND
SUPPORT SERVICES

Responsible for human resources, administrative services, records management, travel and meetings, headquarters facilities and information technology.

OPERATIONS, SERVICES & SUPPORT COMMITTEE

Studies, advises and makes recommendations on matters relating to the overall management of the Cooperative, including the annual budget, work plan, financial programs, marketing & member support and other corporate functions.

BOARD MEMBERS



Licking Valley RECC

Mike Adams



Jackson Energy

Fred Brown



Salt River Electric

Jimmy Longmire



South Kentucky Rural Electric

Rick Stephens



Shelby Energy
Vice-Chairman

Wayne Stratton

SYSTEM MANAGERS



Clark Energy

Overt Carroll



Big Sandy RECC

Bobby Sexton



Inter-County Energy

Jim Jacobus



Nolin RECC

Mickey Miller



Fleming-Mason Energy

Tony Overbey

FUEL & POWER SUPPLY COMMITTEE

Makes recommendations on matters related to fuel and power supply, including fuel procurement, generation planning and other matters.

BOARD MEMBERS



Inter-County Energy

Danny Divine



Clark Energy

Jack Ginter



Farmers RECC

C.F. Martin



Owen Electric
Secretary-Treasurer

Sam Penn



Nolin RECC

A.L. Rosenberger



Fleming-Mason Energy

Lonnie Vice

SYSTEM MANAGERS



Blue Grass Energy

Dan Brewer



Licking Valley RECC

Bill Duncan



Grayson RECC

Carol Fraley



Cumberland Valley Electric

Ted Hampton



Taylor County RECC

Barry Myers

POWER DELIVERY COMMITTEE

Responsible for transmission and power delivery, including transmission planning, system reliability, telecommunications and other functions.

BOARD MEMBERS



Grayson RECC

**Donnie
Crum**



Taylor County RECC

**P.D.
Depp**



Blue Grass Energy

**E.A.
Gilbert**



Big Sandy RECC

**Wade
May**



Cumberland Valley Electric
Chairman

**Delno
Tolliver**

SYSTEM MANAGERS



South Kentucky
Rural Electric

**Allen
Anderson**



Shelby Energy

**Dudley
Bottom**



Farmers RECC

**Jackie
Browning**



Salt River Electric

**Larry
Hicks**



Owen Electric

**Bob
Marshall**



Jackson Energy

**Don
Schaefer**

AUDIT COMMITTEE

Responsible for assisting the board in performing its oversight responsibilities by recommending the external auditor to conduct the annual financial audit, reviewing the findings of the annual financial audit, and performing other duties as outlined in the Audit Committee Charter.

BOARD MEMBERS



Nolin RECC

**A.L.
Rosenberger**



Shelby Energy
Vice-Chairman

**Wayne
Stratton**



Salt River Electric

**Larry
Hicks**



Inter-County Energy

**Jim
Jacobus**

SYSTEM MANAGERS

The accompanying consolidated financial statements of East Kentucky Power Cooperative, Inc. and Subsidiary were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best judgements and estimates. The other financial information included in this Annual Report is consistent with the consolidated financial statements.

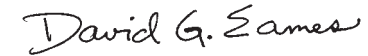
The Cooperative maintains a system of internal controls, including accounting controls. The system of controls provides for appropriate division of responsibility and the application of policies and procedures that are consistent with high standards of accounting and administration. The Cooperative believes that its system of internal controls provides reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable for use in preparing financial statements.

The consolidated financial statements have been audited by the Cooperative's independent certified public accountants, Crowe Chizek and Company LLC, whose opinion appears on the next page.

The Board of Directors, through its Audit Committee consisting solely of outside directors and member system managers, meets with Crowe Chizek and Company LLC and representatives of management to review their activities and to discuss accounting, auditing and financial matters and the carrying out of responsibilities and duties of each group. Crowe Chizek and Company LLC has full and free access to meet with the Audit Committee to discuss their audit results and opinions, without management representatives present, to allow for complete independence.



Roy M. Palk
President and CEO



David G. Eames
Vice President, Finance and Planning

[CLICK HERE FOR THE
CONSOLIDATED FINANCIAL STATEMENTS](#)



Touchstone Energy[®]
Cooperatives

Touchstone Energy is an alliance of local, consumer-owned utilities across the country committed to providing superior service at affordable rates to all customers large and small.

There are more than 600 Touchstone Energy cooperatives in 45 states, serving more than 17 million customers every day, making Touchstone Energy the largest utility network in the nation.

In 2003, Kentucky's Touchstone Energy Cooperatives sponsored the All "A" Classic, which showcases student competitions in art, music, academics, cheerleading, ROTC drill teams, baseball, softball and basketball for the small high schools in Kentucky.

All members of the alliance are committed to serving our member-owners with:

Integrity

Accountability

Innovation

Commitment to Community



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