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Lane-Scott Electric Cooperative, Inc.
P.O. Box 758
Dighton, KS 67839-0758

This is your registration card.
Please bring it to the Annual Meeting.

OFFICIAL NOTICE of Annual Meeting

The Annual Meeting of the members of the Lane-Scott Electric Cooperative, Inc. will be held at the Lane County Fairgrounds, Tuesday, July 8, 2008, in Dighton. The events will begin at 6:30 p.m. with a meal catered by Stan Hoss, with the business meeting to follow.

The election of three trustees, approval of the minutes of the 2007 Annual Meeting, the treasurer's report and manager's report are all on the agenda.

The committee on nominations, appointed by the Board of Trustees, has nominated the following members as candidates for the offices of trustees. Ed Gough representing Lane and Gove counties; Richard Sorem representing Finney and Hodgeman counties; and Paul Seib, Jr. representing Rush and Ness Counties.

Other nominations may be made by petition or from the floor at the meeting. Of the persons nominated, and any other nominations made by petition, or from the floor, it will be necessary to elect three trustees to succeed the persons whose terms expire at the meeting.

Lane- Scott

Electric Cooperative

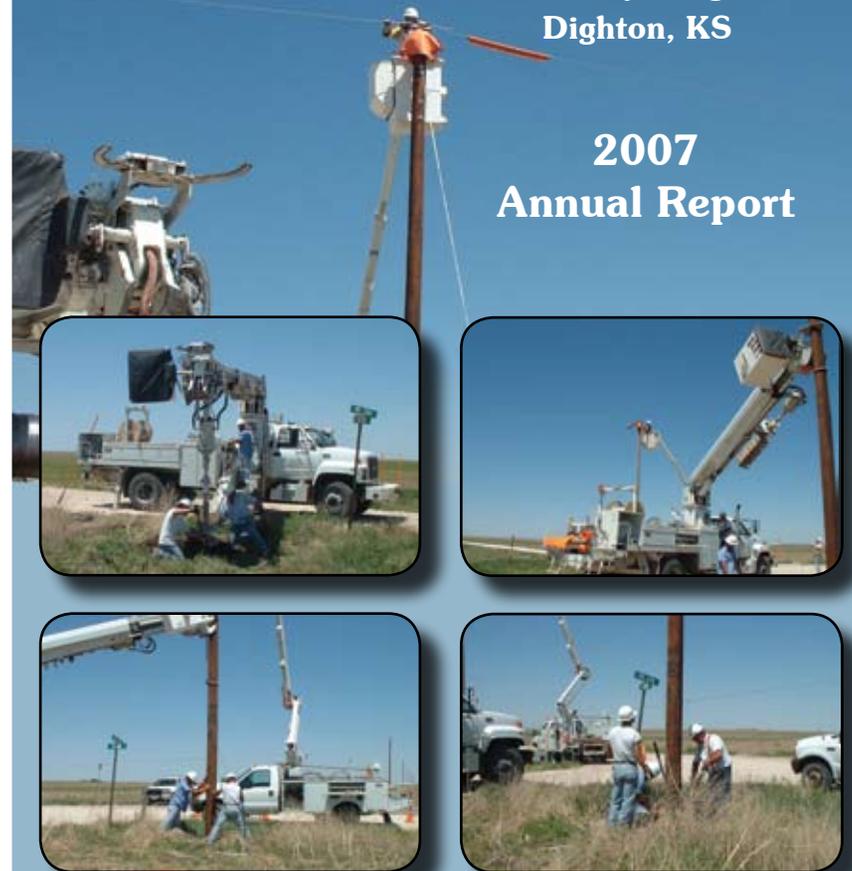
A Touchstone Energy®
Cooperative 

Official Notice of 58th Annual Meeting

Tuesday,
July 8, 2008

6:30 p.m. Dinner
7:30 p.m. Annual Meeting
Lane County Fairgrounds
Dighton, KS

2007 Annual Report



Guest Speaker

L. Earl Watkins, Jr. was selected to be Sunflower's president and CEO in June 2004. He is the fourth person to hold this position since the cooperative was formed in 1957. For more than twenty-four years, he served as general counsel for Sunflower. This provided him with invaluable experience in a wide range of legal services, including union negotiations and elections, electric and gas utility regulation, utility financing, and human resources administration.



L. Earl Watkins, Jr.
President and
Chief Executive Officer
Sunflower Electric
Power Corporation

Earl was admitted to practice law in Kansas in 1973 after earning his Juris Doctorate degree from the University of Kansas in 1973. Earl began his civilian career following his four-year service in the United States Air Force Judge Advocate Corps in 1973-1977. He was in private practice from the time he left the Air Force until November 2001 when he became Sunflower's Executive Vice President and General Counsel.

Earl is keenly focused on continuing the development of Sunflower's culture which is based on its 'TRAITS' of trustworthiness, respect and dignity, accountability, integrity, technical competence, and servant leadership.

He believes the consistent application of these values enable Sunflower to always reach the "best answer" in each decision as Sunflower continues to live its mission statement of providing reliable, long-term power supply and transmission services to its Member-Owners.

About the Cover

The pictures on the front cover show Lane-Scott's employees repairing an electrical line after one of the many storms in 2007.

The 2007 New Year started off with a crash as electric lines and poles came down with the ice. No sooner did we get our consumers electrified, then a tornado careened through our system destroying homes in its wake.

Barely a month later high winds broke poles on our sub-transmission line near Ransom. It was only May. The rest of the year, though busy, proved to be less exciting – to no one's dismay.

Scenes like these pictures will be a common sight as our crews work to restore our system after such a tough year.

This is your

Registration Card

BRING THIS CARD TO THE ANNUAL MEETING

Visit us on the web at www.lanescott.coop

The 7 Co-op Principles

Like cooperatives throughout Kansas and the nation, Lane-Scott Electric Cooperative is special because it is owned by the consumers it serves and because it is guided by a set of seven principles that reflect the best interests of those consumer/owners:

- 1. Voluntary and Open Membership**
- 2. Democratic Member Control**
- 3. Members' Economic Participation**
- 4. Autonomy and Independence**
- 5. Education, Training, and Information**
- 6. Cooperation Among Cooperatives**
- 7. Concern for Community**

Junior Board



Heather Applegarth



T.J. Penka



Courtney Klitzke



Tyrel George



Ian Huck



Shane MacNair



Dane Whitley



Adria Doll

The Junior Board of Trustees is an educational program to encourage youth in our community to learn about cooperatives. This will include field trips and boardroom discussions on the operation and organization of cooperatives in general with emphasis on electrical cooperatives. The Board meets four times a year. Visit our website to learn more – www.lane-scott.com.

The current members of the Junior Board are shown above. Parents of the board members are: Heather Applegarth – Brad and Tonya Applegarth; Tyrel George – Mr. and Mrs. Neal George; T.J. Penka – Terry and Debbie Penka; Dane Whitley – Mr. and Mrs. Brent Whitley; Ian Huck – Lance and Irene Huck; Shane MacNair – Mr. and Mrs. Mickey MacNair; Courtney Klitzke – Coral Klitzke; Adria Doll – Eric and Shelly Doll.

Energy conservation is everyone's responsibility,

contact Lane-Scott Electric

for ways to conserve your energy needs.

Program

Annual Meeting Agenda

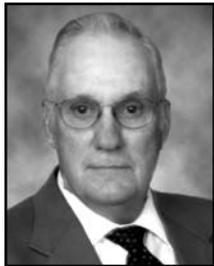
6:30 p.m. Dinner catered by Stan Hoss

7:30 p.m. Call to Order..... President Larry Jasper

- Early Bird Prize Drawing
- Introduction of Guests
- Report on Quorum
- Approval of Minutes of 2007 Annual Meeting
- Treasurer's Report
- 2007 Steamboat Springs Youth Tour Report, Shayla Mann, Helena Harmison
- 2008 Washington D.C. Youth Tour Report, Amie Mumma, Helena Harmison
- Manager's Report, Earl Steffens
- Guest Speaker – L. Earl Watkins, President and Chief Executive Officer, Sunflower Electric Power Corporation
- Drawing for Door Prizes
- Junior Board of Trustees
- Election of Trustees
- Unfinished Business
- New Business

Visit our website at www.lane-scott.com

Report To Members



**Larry Jasper
President**

Message From The President And The General Manager



**Earl N. Steffens
General Manager**

On behalf of the Trustees and employees of Lane-Scott Electric Cooperative and High Line Services, LLC we would like to extend a special invitation for you to attend the fifty-eighth annual meeting of your cooperative.

Lane-Scott Electric Cooperative, Inc had an interesting 2007 to say the least. The year got off to a devastating start with the ice storm the last few days of 2006. It took most of the first six weeks to get all the services up and energized with electricity followed by the engineering task of figuring out what had to be done to our system. Peak Power Engineering does our engineering work, and they did a nice job of evaluating the damage and helping prepare the FEMA documentation. Lane-Scott submitted the various projects to FEMA for approval. As things progressed, our crews kept working on various projects because we knew that even if FEMA didn't help us we had a lot of work to do. In early fall we did get the approval of FEMA to go ahead with the projects we had submitted. The approval was for approximately 20 million dollars, not including the initial restoration cost of 4.5 million that had been previously approved. Lane-Scott now has four contract crews in place, and we are trying to use our own linemen as much as possible. Lane-Scott is looking at about four years to complete the 350 plus miles of line that FEMA has approved. This is a gigantic undertaking for our cooperative, but five years from now Lane-Scott will have a much improved system.

The Aquila acquisition was completed in 2007 with the spin down on 12-31-2007. We expect this acquisition to be very good for Lane-Scott as we took on an area basically bordering our existing territory. Lane-Scott virtually doubled in the number of services (now totaling 5973), but added only 335 miles of line (total miles of energized line is 1991). This increased our density from 1.6 to 3.0 customers per mile. Not a big jump, but in the rural electric world it creates many advantages for our members. This acquisition will take some getting used to by all. At Lane-Scott we not only had to learn a whole new member base, but these new members also had to learn about us. The Aquila employees that are now part of Lane-Scott had to learn our system.

Safety is never taken for granted at Lane-Scott. Our employees have a regular monthly safety meeting with instructors from Kansas Electric Cooperatives (KEC). This year our employees received a certificate for "No Lost Time Accidents" of 389,511 hours worked without a lost time accident. The safety of our employees and our members is always on our minds as we do the work necessary to keep the lights on for your home and business.

System growth continues as we continue to see an increase in the number of oil

Youth Tour

Washington, D.C. Youth Tour



Courtney Klitzke and Erik Steffens (above) stopped for a Kodak moment during the Youth Tour to Washington, D.C. in June of 2007. Helena Harmison and Amie Mumma represented Lane-Scott at this year's 2008 Youth Tour to Washington, D.C.



Helena Harmison



Amie Mumma

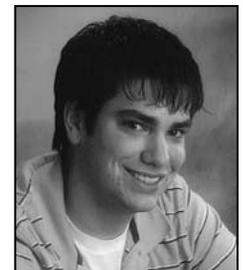
Colorado Energy Seminar



Helena Harmison and Shayla Mann (above) posed in the Rocky Mountains for a photo during last year's Energy Seminar in Steamboat Springs, CO. Matraca Mann and Kyle Grose will represent Lane-Scott at this year's 2008 Energy Seminar.



Matraca Mann



Kyle Grose

Home Energy Saving Tips

Computers, printers, air conditioners, TVs, VCRs, DVD and CD players, fax machines, blow dryers, microwaves . . . We're more "plugged in" than ever before. By 2015, consumer electronics and small appliances will account for almost 30 percent of all household electricity use. As the cost of energy continues to increase, the cost for being so plugged in will become more apparent.

Look for the ENERGY STAR label, the symbol for energy efficiency, when shopping for room air conditioners, other heating and cooling equipment, major appliances, lighting, home office equipment, windows, and electronics. Find retailers near you by checking online at: <http://www.energystar.gov>.

Install appropriate insulation for the Kansas climate, and seal air leaks to increase your comfort, making your home quieter and cleaner.

Do online "window-shopping" at: www.efficientwindows.org. Discover how high-performance Energy Star windows can increase comfort and reduce heating and cooling costs by as much as 30 percent.

Forgetful? A programmable thermostat automatically coordinates indoor climates with your daily and weekend patterns. And you don't have to remember to turn the air conditioning or heating off when you won't be home.

Here's more:

- When refinancing your home, consider including energy-efficiency home improvements. Your interest may be tax deductible.
- Switch to cold water washing of laundry and save up to \$63 a year.
- Close blinds or shades on the south- and west-facing windows during the day or install shading devices such as trellises or awnings.
- Turn off everything not in use: lights, TVs, computers.
- Has your furnace or air conditioner been serviced lately? These hard-working appliances are the largest consumers of energy in most homes. Periodic service can improve their efficiency and extend their lifespans. If you hire a professional technician, ask about simple maintenance tasks you can perform yourself.
- How many old-fashioned incandescent lights do you have? These traditional bulbs use three times more electricity than modern compact fluorescent lamps (CFLs). Buy and install CFLs in any light fixtures you use more than a few hours a day.
- How old is your refrigerator? The newest refrigerators take advantage of technology that cuts their consumption to one-quarter that of older units. Shop for an ENERGY STAR® rated refrigerator to get the most efficient models. Buy a smaller refrigerator than you currently have for added savings.

Many additional tips and free resources for all types of home and vehicle energy use can be found on the Alliance to Save Energy consumer web site www.ase.org/consumers.

wells, both new and converted from other energy sources to electric. This conversion also includes irrigation accounts. This growth has other effects on our system. The Manning substation has been doubled in size, and Dighton 1 substation increased three times in size with a new transformer to replace the existing 1960 model. Lane-Scott operations department was extremely busy this year; we completed 95% of our 2006-2007 Work Plan of 4.3 million dollar project. We are now in the beginning stages of our 2009-2012 Construction Work Plan as we are using 2008 as a buffer year because of all the FEMA work we have to complete and the large number of new services being installed. Last year we added 82 new services and at the present rate we will increase that significantly this year.

Lane-Scott and the City of Dighton continue to work together on both the operation and maintenance agreement for the city's electrical system and the purchaser of wholesale power. This relationship has had many positive benefits for both sides, and we continue to see this as a good thing as we move forward.

Lane-Scott was able to pay back capital credits to its members in the amount of \$167,416 in 2007 and in total have paid back over two million dollars to our members since we started.

Lane-Scott had a good year financially. Some areas did better than others, but our overall company wide margins were \$799,278. This gives us a TIER (Times interest earned ratio) of 2.76, and we needed a 1.25 to meet all our financial covenants with our lenders. Of the \$799,278, the biggest contribution was from High Line Services, LLC of \$595,535.00, with our resale department, electric margins, city operation and maintenance income, and interest income filling out the balance of margins.

High Line Services, LLC had a good year. This was in part due to the storm work with Lane-Scott, Brown-Atchison in northeastern Kansas, Victory Electric, and regular work for Lane-Scott and Sedgwick County Electric. High Line was started as both an industry wide need for contractors and a hope that this would help stimulate some economic development for the community of Dighton. In both cases, we have found a need for contractors and have brought good paying jobs to our community. Currently High Line Services, LLC has a total of 16 employees. These employees have contributed to our community, our schools and are an overall asset to Dighton. High Line Services has 46,565 hours with "No Lost Time Accidents" through the end of 2007.

Sunflower Electric Power Corporation has been a valuable partner to us this year and every year. Lane-Scott buys all our power from Sunflower, but Sunflower is more than that to us. Sunflower helped us organize and finish the Aquila acquisition, helps on the economic development front, and works with us on many other issues too numerous to count. Sunflower has worked extremely hard to advance the Holcomb coal fired generation; as we all realize that without the low cost of coal fired generation our electric rates will be impacted significantly.

Lane-Scott is committed to the improvement of all the communities we serve. This is done either with volunteer work, monetary donations or just being there to help when we are needed. Community and youth activities are vital to the success of our communities, and we work hard to help out in both of these areas. In 2002, Lane-Scott Electric started a Junior Board of Trustees. The activities this year included a visit to the Sunflower Power Plant at Holcomb. We have the following Junior Trustees leaving us this year: Dane Whitley, Ness County, Tyrell George and Ian Huck, Scott County. Lane-Scott takes an active role in supporting our young people, as we realize that our youth is our future. Lane-Scott is sponsoring two youth to Washington D.C. and two youth to Steamboat Springs, CO. These trips help our youth learn about how

our federal government works in Washington D.C. along with all the history behind it; in Steamboat Springs they learn how the cooperative system operates and its many advantages for its members.

In closing, 2007 was an eventful, interesting and challenging year. By our Trustees, quality Lane-Scott employees, Sunflower Electric, KEC (our statewide association), RUS and CFC, Peak Power, our members, and the local communities working together, we met the challenges and have exceeded expectations. Lane-Scott is excited about 2008 and looks forward to working with all of you in the future.

Lane-Scott Employees

<u>EMPLOYEE</u>	<u>JOB TITLE</u>
Earl N. Steffens	General Manager
Dow Morris	Assistant Manager
Kathy Lewis	Manager of Financial Services
Jodi Marsteller	Administrative Assistant
Tanya Burns	Senior Billing Clerk
Rebecca Torson	Billing Clerk
Carrie Borell.....	Customer Services
Bob Venters.....	Resale Manager/Member Services
Kalo Mann	Electrician
Al Berndt.....	HVAC
Michael Pollock	Apprentice Electrician
Charlie Bauer	Apprentice Electrician
Vic Torson	Manager of Electrical Operations
Gary Lewis.....	Foreman
David Howard	Journeyman Lineman
Nathan Burns.....	Journeyman Lineman
Myron Seib.....	Journeyman Lineman
Kasey Jenkinson.....	Journeyman Lineman
Ben Mann	Journeyman Lineman
Henry Morrow.....	Journeyman Lineman
Dal Hawkinson.....	Journeyman Lineman
Chad Rupp.....	Apprentice Lineman
Chris Terhune.....	Apprentice Lineman
Tracy Fenley	Apprentice Lineman
Deanne Shull	Warehouse Person
Kevin Bradstreet	Meter Reader
Sylvia Whipple	PT-Meter Reader
Bob Kennemer	PT-Maintenance Engineer
Melva Barnett.....	PT-Custodian

The last year has seen tremendous growth on the system and the storm damage will continue to be a significant workload while the crews maintain and complete the existing work plan. With the new members from Aquila, Lane-Scott has doubled its total member base and increased the miles of line by 335 miles. Manager Steffens then thanked the employees and reminded the members to express any concerns with him at any time.

President Jasper then called for additional registrations. There were no additional registrations.

Manager Steffens introduced Stuart Lowry, Executive Vice President and General Council of Kansas Electric Cooperative, Inc. Stuart Lowry expressed how Chester Reed had helped him early in his own career when Chester served on the KEC Board. He then discussed the Aquila acquisition and how cooperatives are different than corporations in that they are owned by the members and the members are involved in the decisions of the cooperative such as the bylaw amendments that will be voted on tonight. The Mid Kansas Electric Cooperative is another example of the cooperative difference, displaying that several coops were able to join together to purchase the Aquila territory which none would have been able to do alone. He then discussed how prior to 1992 all cooperatives were regulated but since that time, cooperatives with less than 15,000 members can vote to deregulate pursuant to a strict legal procedure. Lane-Scott has had great cost savings since voting to deregulate in 1992 since they no longer have to seek regulatory authority from the Kansas Corporation Commission for various changes such as rate changes.

President Jasper recognized the Junior Board of Trustees consisting of, Camron Shay, Ellen Huschka, Traci Goebel and Ashley Ming.

Attorney Gasper presided over the election of trustees. The members of the nominating committee met and submitted names of three individuals as nominees for three trustee positions: Larry Jasper, representing Lane County and Gove County; Eric Doll, representing Finney County and Hodgeman County; and, Bruce Wilkens, representing Scott County and Logan County. President Jasper called for additional nominations from the floor. There were no additional nominations. On motion duly made, seconded and carried the nominations ceased and a unanimous ballot was cast for the named nominees.

Attorney Gasper presented the proposed bylaw changes as presented in the mailing to the members. On motion to adopt the proposed bylaw changes, duly made, seconded and carried a unanimous ballot was cast for amending the bylaws as proposed.

President Jasper called for unfinished business. There was no unfinished business. President Jasper called for new business. There was no new business.

There being no new business, President Jasper called for a motion to adjourn. By motion duly made, seconded and carried the meeting was adjourned at 8:33 o'clock p.m. on July 10, 2007.

At various times during the meeting, attendance prizes were given away to members by drawing. The winners were; Alan Scott, Tala Shapland, Raymond Rumpel, Keith Messenger, Ira Davis, Eugene Shapland, Don Hagans, Warren Sherwin, Joyce Shull, Jay Walker, Bonnie Donecker, Henry York, Jessie Ming, Dwayne Seifried, Anna Eikelberger, Robert Ming, Kenneth Doebbeling, John Horacek, Max Oyler, Alan Berndt, Ilene Norton, Kenneth York, Nelson Schwartz, Mishler Ock, Fuller-Stroup, NFR Trucking, James Eaton, Anthony Ivey, Lester Bockelman, Howard Burnett, Shane Root, Elmer Erskin, K-D Farms, John Faulconer and Martha Owen.

Lane-Scott's commitment to maintaining cooperative principles while delivering services to members at competitive rates. Lane-Scott faced many challenges in the past year from the ice storm, the Aquila acquisition and tornadoes and Manager Steffens thanked the employees for all of their dedication and hard work. It is estimated that it will take five years to have the system back to where it was prior to the ice storm. The work plan has been submitted to FEMA and is awaiting approval. The initial storm restoration cost \$4.6 million and 85% of that has been reimbursed by FEMA at this time. The work plan of \$24 million has been submitted to FEMA and it is expected to have an answer on the approval within a few months.

Approximately \$164,240 was returned to members in year 2006, with more than 1.85 million dollars returned to date. Lane-Scott's total utility plant increased by \$2 million in year 2006. Lane-Scott's wholesale price for electricity has remained consistent, but the cost of power in 2006 was over \$850,000 higher than 2005. This was due to increased sales but the Sunflower outage at Holcomb Station to upgrade the system also contributed to the increase. In 2006, our company wide margin was \$249,906. This includes operating revenue from Lane-Scott of \$26,374, interest earned, capital credits and dividends of \$60,000; our Resale and City of Dighton of \$74,325 and High Line Services, LLC of \$89,340. All areas had a good year and we look for steady progress as we move forward.

High Line Services continues to make steady progress and is showing good margins and the resale department continues to make a profit and assist our members. This is the second profitable year for High Line Services and this year is off to a favorable start. High Line Services currently has fifteen employees and is becoming a vital part of the community. Manager Steffens then introduced the High Line Services employees. High Line Services was a significant force in assisting with the ice storm and have been working steadily to help Lane-Scott with new services to our system.

Sunflower Electric Power Corporation is the power supplier for Lane-Scott Electric, as well as western Kansas. Sunflowers' rates have been consistent for the last few years and with the addition of two new coal fired generation plants in Holcomb, this will give us a second shaft in case Holcomb should have any major problems and give us rate stability in the future. Manager Steffens thanked the members for their support of the air permit and helping to move this project forward. He also thanked Earl Watkins and his staff for the many things they do to help Lane-Scott members and employees in taking care of the utility business.

Lane-Scott continues its excellence in the safety program and strives to improve on its safety accreditation scores. Lane-Scott has passed the 327,000+ hours of "NO LOST TIME ACCIDENTS". Safety is never taken for granted at Lane-Scott as we continue to bring our employees home safely to their families each and every day.

Kansas Electric Cooperative, Inc. (KEC) continues to publish the Country Living magazine. KEC also provides Lane-Scott with regular safety meetings; apparatus testing and lead legislative efforts.

Lane-Scott sponsors two high school students to attend the Government in Action program in Washington D.C. and sponsor two students to attend the leadership program in Steamboat Springs, Colorado. Lane-Scott also offers a \$500 scholarship to any Lane-Scott family member pursuing a career in the electric utility field. Lane-Scott also supports various 4-H groups, FFA groups, electric car races and school functions in the area. Lane-Scott has also assisted in Economic Development with two current loans to the City of Dighton, for a fire truck, and to the Hometown Pride grocery store in Healy. High Line Services has also had a significant impact on the local economy.

Nominating Committee Report

Report of Nominating Committee

The Lane-Scott Electric Cooperative, Inc.

June 2, 2008

A meeting of the Nominating Committee was held on Monday, June 2, 2008, commencing at 6:30 p.m. in the offices of the cooperative at 410 South High Street, Dighton, Kansas. Members of the Nominating Committee present were Alan James, Joe Cramer, and Robert Scheib representing Lane and Gove Counties; Randy Scheuerman and John Beaton representing Scott and Logan Counties; Kenneth Schlegel and Lane Copeland representing Rush and Ness Counties; and Marvin Bohling and Grover Whipple representing Finney and Hodgeman Counties. Also attending were Joseph Gasper, Attorney, and Earl N. Steffens, General Manager.

By vote the Committee nominated the following individuals:

Ed Gough for the position of Trustee representing Lane and Gove Counties

Richard Sorem for the position of Trustee representing Finney and Hodgeman Counties.

Paul Seib, Jr. for the position of Trustee representing Rush and Ness Counties.

Lane-Scott Electric Cooperative

Has Electricians as well as Heating and Air Conditioning personnel on staff for all of your residential, agricultural and commercial needs. We give free estimates on all jobs. If we can assist you in any way with your needs call 620-397-5327 or 800-407-2217 or stop by our office at 410 South High for any questions or needs that you might have.

Members' Financial Report

Statement of Operations

	2005	2006	2007
Operating Revenue	\$6,187,957	\$6,885,147	\$9,393,434
Wholesale Cost of Power	\$3,395,274	\$4,261,647	\$6,048,804
System Operations & Maintenance Exp.	\$731,678	\$836,602	\$896,403
Consumer Billing & Service Expense	\$190,589	\$260,710	\$396,578
Administrative & General Expense	\$617,646	\$667,433	\$822,834
Total Operations & Maint. Exp.	\$4,935,187	\$6,026,392	\$8,164,619
Depreciation Expense	\$491,857	\$481,757	\$558,790
Interest on Long Term Debt	\$251,803	\$347,510	\$624,982
Other Deductions	\$4,375	\$3,114	\$13,873
Total Cost of Electric Service	\$5,683,222	\$6,858,773	\$9,362,264
Operating Margins	\$504,735	\$26,374	\$31,170
Non-Operating Margins Interest	\$33,709	\$44,495	\$33,772
Income From Equity Investments	\$8,981	\$89,340	\$595,535
Margins Other	\$100,159	\$74,325	\$92,387
Other Capital Credits & Dividends	\$7,330	\$15,372	\$46,414
Patronage Capital Or Margins	\$654,914	\$249,906	\$799,278

Property Taxes Paid By County

	2004	2005	2006	2007
Finney	\$12,527	\$13,088	\$13,053	\$13,231
Gove	\$5,329	\$5,611	\$5,844	\$6,507
Hodgeman	\$16,929	\$16,138	\$16,918	\$19,807
Lane	\$120,772	\$128,067	\$135,470	\$134,485
Logan	\$494	\$523	\$568	\$598
Ness	\$48,559	\$51,455	\$51,764	\$58,857
Scott	\$29,028	\$34,680	\$36,873	\$37,534
TOTALS	\$233,637	\$249,561	\$260,488	\$271,019

Minutes of 2007 Annual Meeting

The Lane-Scott Electric Cooperative, Inc.

The year 2007 annual meeting of the members of Lane-Scott Electric Cooperative, Inc. was held on Tuesday, July 10, 2007, at the Lane County Fair Grounds in Dighton, Lane County, Kansas. The meeting commenced at 7:30 o'clock p.m., pursuant to notice mailed to all members in accordance with the bylaws of the cooperative. An announcement by President was made to apologize that due to a clerical error, some people with Dighton post office boxes did not receive their notice.

The meeting was called to order by President Larry Jasper. President Jasper welcomed those in attendance and introduced guests including: Alan Westfall of Stanion Electric; Ralph Ostmeier, Kansas Senate; Larry Powell, Kansas Representative; Sunflower Electric Power Corporation was represented by Earl Watkins, CEO; Mitchell Hall, staff member of Jerry Moran; and Richard Prather of Lyon-Coffee Cooperative.

A petition in favor of the Holcomb expansion is available for signing and President Jasper encouraged members to sign the petition which will be sent to the Governor.

President Jasper next introduced the members of the Board of Trustees, the manager and legal counsel.

Attorney Gasper certified notice of the annual meeting was mailed to members at each members address as it appears on the records of the cooperative. Attorney Gasper reported 191 members were in attendance, constituting a quorum.

President Jasper referred the members to the printed minutes of the 2006 Annual Meeting appearing in the notice of the annual meeting. On motion duly made, seconded and carried, the reading of the minutes of the 2006 Annual Meeting was waived and the minutes were approved as printed.

President Jasper next referred the members to the Treasurer's Report appearing in the notice of the annual meeting. On motion duly made, seconded and carried, the reading of the Treasurer's Report was waived and the report appearing in the notice of the annual meeting was approved as printed.

President Jasper next called for the employees of the cooperative to stand and be recognized. President Jasper introduced the new employees; Carrie Borell, Chris Terhune, Lester Stoecklein, Myron Seib, Larry Kraft and Tracy Fenley. President Jasper recognized all of the employees for their work in restoring power to the members during the ice storm.

Manager, Earl Steffens, reported that Tyrel George had attended the youth tour in Steamboat Springs but was unavailable to present a report at the meeting. Erik Steffens and Courtney Klitzke presented reports about their Washington DC Youth Tour.

Manager, Earl Steffens, presented his report. Manager Steffens welcomed all members, both old and new to the 57th annual meeting. Manager Steffens recognized Chester Reed who was first elected to the Lane-Scott Electric Cooperative Board of Trustees in 1980 serving for fifteen years. Chester also served as a trustee to the Kansas Electric Cooperative Board. Manager Steffens introduced Chester's wife Joyce and his family in attendance.

Employees were introduced to and recognized for their dedication and loyalty. Manager Steffens also thanked the Board of Trustees for their leadership and Joe Gasper, attorney for his guidance on legal matters. Manager Steffens acknowledged

Board Candidates

■ **Ed Gough** has been a member of Lane-Scott Electric Cooperative, Inc. Board of Trustees for twelve years. Ed moved to Lane County in 1973 from Mound City, Ks. He and his wife, Paula live in rural Lane County.

Ed is the Assistant Manager of Lane County Feeders of Dighton. His hobbies include golf, hunting and fishing. Ed is also an accomplished vocalist and musician and has performed in local events.



Ed Gough

■ **Richard (Dick) J. Sorem** grew up on a dry land farm in northwest Hodgeman County, on which he currently lives with his wife, Linda and two daughters Riley, age 13 and Ramey, age 11. Dick went thru the Jetmore school system and graduated from the University of Kansas with a Bachelor of Science in Electrical Engineering. In 1982 Dick returned to farm with his father and took over the farm when his father retired in 1992.

Currently Dick serves on several boards including, Hodgeman County Health Center Board of Trustees and the Farmers St. Bank Board of Directors. In his spare time Dick enjoys bicycling and any activities that involve his children.



Richard Sorem

■ **Paul Seib, Jr.**, Secretary of Lane-Scott Electric Cooperative, Inc. Paul and his wife Shelby farm in rural Ness County where they raised six children. They operate a family farm and ranch raising wheat, milo, and feeder cattle. Shelby also operates a jewelry store in Ness City. Paul has served on the Lane-Scott Electric Cooperative, Inc. Board of Trustees for thirty years.

Paul is the Lane-Scott Electric Cooperative, Inc. representative to our power supplier, Sunflower Electric Power Corporation, where he is past Chairman of the Board. Paul currently is serving as a director for Farm Credit Services in Ness City. He is past director on various boards including Western Fuels and Western Power Producers.



Paul Seib, Jr.

Members' Financial Report

Balance Sheet

	<u>2005</u>	<u>2006</u>	<u>2007</u>
ASSETS			
Total Cost of Our System	\$15,954,666	\$17,974,863	\$29,698,101
Less: Depreciation	(\$6,423,198)	(\$6,727,732)	(\$11,747,307)
NET VALUE OF OUR PLANT	\$9,531,468	\$11,247,131	\$17,950,794
Cash & Temporary Investments	\$710,335	\$471,521	\$276,832
Investments in Associated Organizations	\$529,852	\$605,238	\$1,619,985
Owed to Us for Electricity & Misc. Service	\$744,743	\$861,125	\$2,613,838
Expenses Paid in Advance	\$65,459	\$0	\$72,019
Value of Materials on Hand	\$337,746	\$542,558	\$978,692
Misc. Deferred Debits	\$139,800	\$290,542	\$277,869
TOTAL ASSETS	\$12,059,403	\$14,018,115	\$23,790,029
LIABILITIES			
Long-Term Loans Owed to REA & CFC	\$5,946,794	\$7,866,477	\$9,458,263
Notes Payable	\$0	\$0	\$5,333,414
What We Owe for Insur., Taxes, Supplies, etc.	\$283,554	\$450,856	\$648,879
Consumer Deposits	\$67,288	\$60,253	\$106,702
Other Current & Accrued Liabilities	\$418,246	\$198,236	\$362,874
Misc. Deferred Credits	\$0	\$0	\$1,792,166
TOTAL LIABILITIES	\$6,715,882	\$9,575,822	\$17,702,298
NET WORTH			
Patronage Capital Credits	\$4,578,382	\$5,089,058	\$5,149,437
Other Equities	\$765,139	\$373,235	\$938,294
TOTAL VALUE OF OUR EQUITY	\$5,343,521	\$5,442,293	\$6,087,731
TOTAL LIABILITIES & EQUITY	\$12,059,403	\$14,018,115	\$23,790,029
OUR SYSTEM EQUITY	44.3%	38.8%	25.6%
T.I.E.R. (REA Minimum = 1.50)	3.83	1.88	3.80
% OF DEPRECIATED PLANT IN SERVICE	40.3%	37.4%	39.6%

Your Neighbors Serving as Your Cooperative's Trustees



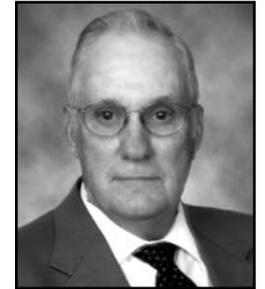
Ed Gough
Trustee
Lane & Gove Counties



Dick Jennison
Vice President
Lane & Gove Counties



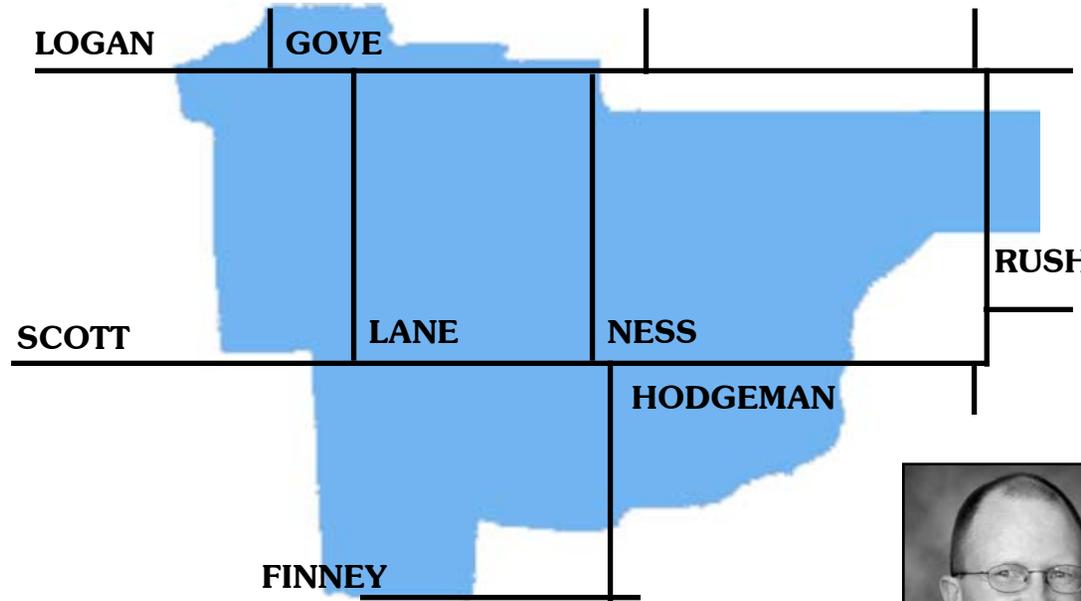
Bruce Wilkens
Trustee
Scott & Logan Counties



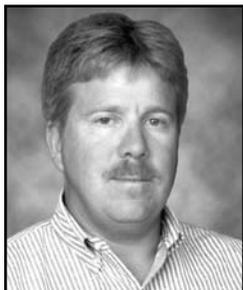
Larry V. Jasper
President
Lane & Gove Counties



Craig Ramsey
Trustee
Scott & Logan Counties



Paul Seib, Jr.
Secretary
Rush & Ness Counties

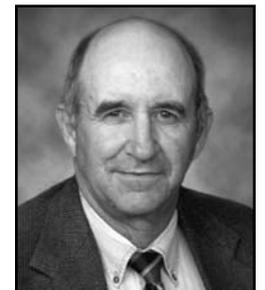


Eric Doll
Trustee
Finney & Hodgeman Counties

Lane-Scott provides electrical power to more than 5,900 services in the Western Kansas Counties of Lane, Scott, Gove, Ness, Finney, Logan, Hodgeman and Rush.



Dick Sorem
Treasurer
Finney & Hodgeman Counties



Harold Hoss
Trustee
Rush & Ness Counties