
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 10, 2007, 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 2006 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. Larry Jasper representing Lane and Gove counties; Bruce Wilkens representing Scott and Logan counties; and Eric Doll representing Finney and Hodgeman 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, Inc.
P. O. Box 758
Dighton, KS 67839-0758

PRESORTED
FIRST CLASS MAIL
U. S. POSTAGE PAID
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PERMIT NO. 651

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

**Lane-
Scott**

Electric Cooperative

A Touchstone Energy®
Cooperative 



Official Notice of 57th Annual Meeting

Tuesday, July 10, 2007

6:30 p.m. Dinner

7:30 p.m. Annual Meeting

Lane County Fairgrounds, Dighton, KS



**Winter Ice Storm . . .
The Road to Recovery**

2006 ANNUAL REPORT

Dedication



Fredrick Chester Reed
*Former Member of
Lane-Scott Board of Trustees*

Fredrick Chester “Jiggs” Reed passed away March 12, 2007.

Chester was a former member of the Lane-Scott Electric Cooperative Board of Trustees on which he served for 15 years, from 1980-1995. He was active in the Pawnee Acre community and a member of the Kalvesta United Methodist Church for 43 years, as well as serving on the Kansas Electric Cooperative Board.

Chester attended rural Enterprise School and graduated from Beeler High School in 1945.

His wife Joyce survives Chester. Other survivors include: a son Roger, Garden City; two daughters, Bonnie Molz, Lakin; and Martha Swank, Garden City; three brothers, Guy and Tom, both of Kalvesta, and Roy, Cimarron; two sisters, Betty Keilman, Ness City, and Dawn Habiger, Cimarron; and seven grandchildren; Mathew Molz, Wamego; Amy Molz, Lakin, Darren Reed, Memphis, Tennessee; Melinda Reed, Rachael Swank, Reagan Swank, and Raylyn Swank, all of Garden City.

Chester was a dedicated Trustee who never knew a stranger, and will be missed by his family and friends as well as the Lane-Scott Electric family.

Guest Speaker

Stuart S. Lowry is Executive Vice-President/General Counsel at Kansas Electric Cooperatives, Inc., the Kansas statewide. In 2004, he was appointed by Governor Kathleen Sebelius as the electric cooperative representative to the Kansas Energy Council, a state policy making board addressing a wide range of energy issues. He also serves on the CFC Integrity Fund committee. Prior to assuming the statewide managers position in July 2004, he was a partner in the law firm of Lowry & Johnson in Valley Falls, Kansas, where he served as corporate counsel to the statewide and six distribution electric cooperatives and as special counsel to others on the many legal issues facing electric cooperatives in Kansas, including corporation commission proceedings, bylaw revisions and development of service rules and regulations for deregulated cooperatives. He is a second generation electric cooperative attorney and his father Gordon Lowry started representation of electric cooperatives over 50 years ago.



Stuart S. Lowry
**Executive Vice President/
General Counsel**
Kansas Electric Cooperatives, Inc.

Stuart is a graduate of the University of Kansas and Washburn University School of Law. He and his wife, Lauren, have three children, Meg (17), Connor (14) and Griffin (8).

This is your

Registration Card

BRING THIS CARD TO THE ANNUAL MEETING

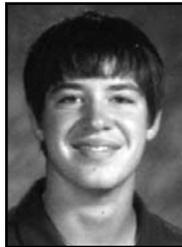
Visit us on the web at www.lanescott.coop

**Energy conservation is everyone's responsibility,
contact Lane-Scott Electric
for ways to conserve your energy needs.**

Junior Board



Ashley Ming



Camron Dane Shay



Courtney Klitzke



Tyrel George



Ian Huck



Traci Goebel



Dane Whitley



Ellen Huschka

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.



A typical scene of poles and power lines down after the massive winter ice storm.

Program

Annual Meeting Agenda

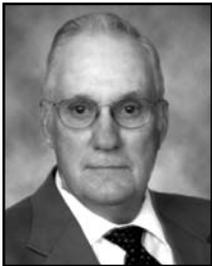
6:30 p.m. Dinner catered by Stan Hoss

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

- Early Bird Prize Drawing
- Introduction of Guests
- Report on Quorum
- Approval of Minutes of 2006 Annual Meeting
- Treasurer's Report
- 2006 Steamboat Springs Youth Tour Report, Tyrel George
- Washington D.C. Youth Tour Report, Erik Steffens & Courtney Klitzke
- Manager's Report, Earl Steffens
- Guest Speaker – Stuart Lowry, Executive Vice President/ General Counsel, Kansas Electric Cooperatives, Inc.
- Drawing for Door Prizes
- Junior Board of Trustees
- Election of Trustees
- Vote on Bylaw Amendments
- Unfinished Business
- New Business

Visit our website at www.lanescott.coop

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, I would like to extend a special invitation for you to attend the fifty-seventh annual meeting of your cooperative. Lane-Scott continues to achieve excellence in their safety program. Our employees have worked 327,588 hours with “No Lost Time Accidents,” through the end of 2006. Lane-Scott is very proud of this as we continue to build on this total.

Board of Trustees and management staff participated in a daylong strategic planning session in November of 2006. This strategic planning provided an opportunity for the Board of Trustees and management staff to exchange ideas and discuss the future goals and objectives of your cooperative. Just as we started to execute our plan of attack the ice storm hit our whole system and a tornado that affected parts of Ness and Hodgeman counties. Lane-Scott is still trying to catch up from these events and will be for the next five years.

Lane-Scott had a solid year financially. Our margins for 2006 at the cooperative were \$249,906. Lane-Scott is required to make a 1.25 TIER (times interest earnings ratio) to meet our mortgage requirements, this year our TIER was at 1.87. Our Resale Department showed profits of \$62,854 for the year as well as providing a valuable service to our members and customers in the community. Our subsidiary, High Line Services, LLC, showed significant improvement over last year with a profit of \$89,340 for the year. Lane-Scott continues to have a good working relationship with the City of Dighton as we continue to have a wholesale power agreement and operating and maintenance agreement with them. Lane-Scott had an equity level of 36% and Lane-Scott has a total utility plant of \$20,000,000 at the end of 2006.

Lane-Scott operations department was extremely busy this year; we were in the first year of our two-year work plan and have about 65% of our 4.3 million dollar project complete. Without the doubt the most significant event of the year was the ice storm. This storm left some people without electricity for 16 days and the cooperative lost approximately 2700 poles in all parts of our system. Lane-Scott had up to 100 people from outside crews and our own employees for about a five-week period. Our system is still fragile in many areas but with determination Lane-Scott will get the system back and even better than before the storm. Before the ice storm damaged our system we had added 126 new services this year, as

Hodgeman Counties – two (2) trustees.

The Lane-Scott Board of Trustees in adding the Aquila acquisition, we also added some territory in Rush County. By adding Rush County it will give us fair representation and include the new county in our territory to our trustee nomination process.

The Board of Trustees of Lane-Scott Electric is recommending that both of these changes be made to our existing bylaws; the voting will take place at our 57th Annual Meeting on July 10, 2007 in Dighton.

Washington, D.C. Youth Tour Photo Highlights



Courtney Klitzke visits with Congressman Jerry Moran on the steps of the U.S. Capitol.



Erik Steffens poses in front of the White House during the Youth Tour to Washington, D.C.

Proposed Bylaw Amendments

Lane-Scott Electric Cooperative will be asking the members to vote on amending the bylaws of the cooperative. The purpose of the amendments is to modernize the bylaws and better prepare Lane-Scott for the future.

The proposed changes are printed below and on the following page. It is proposed that wording with “~~strikethrough~~” type be deleted from the bylaws and replaced with the “underlined” wording.

BYLAW UPDATE FOR THE JULY 10, 2007

LANE-SCOTT ANNUAL MEETING

Both proposed by law changes are in Article IV – Trustees

The first one will be in Section 3. **Qualifications.** No person shall be eligible to become or remain a trustee of the Cooperative who:

- a. is not a member and bona fide resident of the county or counties that the member is to represent;
- b. is not using, receiving, or purchasing a Cooperative Service in the county or counties that the member is to represent; ~~or~~
- c. fails the conflict of interest trustee qualifications set out in this section; or
- d. has been employed by the Cooperative, or subsidiary of the Cooperative, within the five year period, prior to the beginning of the proposed trustee’s term.

As the board reviewed the Lane-Scott bylaws and the Aquila acquisition, this issue came up and upon review of many cooperatives throughout the cooperative network; this was a common theme. Our thoughts were that a period of separation would be a good idea for all parties involved. The range was from never allowing a past employee to be on the board to no time of separation but the average throughout the cooperatives was a five year period, so we decide to propose that.

The second change will be to Section 4. **Nominations.**

The last sentence reads: Provided further that in keeping with the principle of geographical representation on the board of trustees so nominated and elected, said trustees shall reside in and be residents of the various counties as follows: Lane and Gove Counties- three (3) trustees; Scott and Logan Counties- two (2) trustees; Ness and Rush Counties – two (2) trustees; Finney and

compared to other years 30-40 new services on the average. The GIS (global information system) will give us much valuable information about our total system that we use everyday to better serve our members and make our own system maps. This type of data will also help our engineers predict where the future line construction projects should be to better serve the needs of our members. This will be an ongoing project, as we continue to build line and improve our plant we will use GIS information to keep current. Lane-Scott purchased 80.2 million-kilowatt hours from our power supplier, Sunflower Electric Power Corporation; this is the third year in a row that we have reached new peaks for total kilowatt sales by our cooperative. Maintaining our electrical system is a big job and our linemen go out in many difficult weather conditions to make sure that our members have electricity to run their homes and businesses. This was never more evident than this last New Year as our lineman and all employees worked endless hours during the ice storm to get the electricity back to all our members.

Lane-Scott office took on a major project this last year and that was a complete conversion of our computer system as well as implementing all the billing and account information of the new Lane-Scott members from the old Aquila system. This was a tremendous undertaking, countless hours of extra time had to be spent by our office personal in order to make this possible.

In July of 2005 Lane-Scott along with the other Sunflower members formed a limited liability company called Mid-Kansas Electric Cooperative (MKEC) for the purpose of acquiring the Kansas Aquila electric territory that had come up for sale. In September, MKEC was notified that we were the high bidder and the process to acquire this property is underway; we completed this acquisition on April 1, 2007. For Lane-Scott this will mean adding 2580 new members and 330 miles of line to our current system. The territory will include the cities and close surrounding areas of Alexander, Arnold, Bazine, Brownell, McCracken, Ness City, Ransom and Utica; most of this territory lies within our current system and will provide many synergies for the cooperative.

Sunflower Electric Power Corporation is our power supplier and we are fortunate that this is a coal-fired generation plant; as that is the most economical at this point and looks like it will be in the future. Sunflower is in the process of adding new generation to their existing generation and part of this plan will be to give all the Sunflower members a second shaft for generation of electricity in the event that something should happen to the first one. This is also a very significant undertaking and one that will have a significant benefit to western Kansas in the years to come.

Lane-Scott continues to retire capital credits and paid back to our members \$164,240 in 2006; these were from the years of 1985-1986. Lane-Scott is on a 21-year rotation of capital credits; the Board of Trustees makes a decision each year on the amount of capital credits to retire depending on the financial condition of the cooperative. Lane-Scott has paid back to its members \$1,859,691 in capital credits since it started.

In 2002, Lane-Scott Electric started a Junior Board of Trustees. We have four junior board members that will be leaving us this year, they are Ashley Ming of Dighton, Camron Shay of Healy, Traci Goebel of Jetmore and Ellen Huschka of Garden City, and we will recognize them for their time on the Junior Board of

Trustees. Lane-Scott hopes this education was worthwhile to them and will help them in their future. Today's youth will be the future of this and other cooperatives. With this in mind, Lane-Scott is sponsoring two youth trips, one trip to Washington D.C. and the other to Steamboat Springs, CO. Lane-Scott also offers a \$500 scholarship for a family member of a Lane-Scott member going into the electrical utility field.

Safety is never taken for granted at Lane-Scott. Our goal is to bring our employees home safely to their families each and every day. You can be proud of your Lane-Scott employees. Their diligence and competence keeps the lights on without causing danger to employees, members or the public. We appreciate our membership and are thankful for the integrity and dedication of the Lane-Scott Electric Cooperative, Inc. employees.

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	Billing Clerk
Carrie Borell.....	Customer Service
Bob Venters.....	Resale Manager/Member Services
Kalo Mann	Master Electrician
Al Berndt.....	HVAC Technician
Michael Pollock	Apprentice Electrician
Vic Torson	Manager of Electrical Operations
Gary Lewis.....	Foreman
Larry Kraft.....	Foreman
David Howard	Journeyman Lineman
Lester Stoecklein	Journeyman Lineman
Nathan Burns.....	Journeyman Lineman
Myron Seib.....	Journeyman Lineman
Kasey Jenkinson.....	Journeyman Lineman
Ben Mann	Journeyman Lineman
Henry Morrow.....	Journeyman Lineman
Dal Hawkinson.....	Apprentice Lineman
Chad Rupp.....	Apprentice Lineman
Chris Terhune.....	Apprentice Lineman
Deanne Shull	Warehouse Person

able to purchase a 10,000 acre ranch which would be large enough to support additional plants. The country is sitting on large coal reserves and it appears that coal will be a long term viable natural resource on which to produce energy. The Holcomb two unit will be owned by Golden Spread, MKEC and possibly an eastern Kansas Coop. Last fall Tri-State Electric Cooperative agreed to purchase two 700 MW units to be built at Holcomb. Construction is expected to begin on the additional units in July, 2007, 2008, and 2009. The MKEC purchase has been a unique opportunity for Lane-Scott and the other Sunflower members. The Aquila purchase is expected to close in September or October of 2006. This purchase will double the size of Lane-Scott as well as the other members of MKEC.

President Jasper recognized Joanna Fay as a post-graduate member of the Junior Board of Trustees.

President Jasper 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: Richard Jennison, representing Lane County and Gove County; Harold Hoss, representing Ness County; and, Craig Ramsey, representing Scott 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.

President Jasper 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 8:23 o'clock p.m. on July 11, 2006.

At various times during the meeting, attendance prizes were given away to members by drawing. The winners were; Alvin Johnston, Tracy Hagans, J.R. Mauch, Scott Hoffman, Gladys M. York Family Trust, Darwin Whipple, Laverne Carlson, Alberto Chavarria, Kenyon McCaudle, Burton Rose, Roberta Shay, Sylvia Martin, Noisy's Storage Units, Max Blakely, Vance Shay, Tim O'Brien, Leland Moore, Guy Reed, Healy Grade School, Robert Scheib, Robert Dague, Brent Whitley, Raymond Lamoree, Methodist Church of Beeler, Beeler Post Office, Delroy Moore, Tom Reed, Eugene Boone, Keith Cramer, Terry Penka, Kenneth York, Robert Ming and Gene Shepard.

proved a rebate that gave \$200,000 back to all active members. Lane-Scott's total utility plant increased by \$852,000.00 in year 2005 and now just under \$16 million dollars. Lane-Scott is replacing line and maintaining the plant as is needed for the members to receive quality service. Lane-Scott's wholesale price for electricity has remained consistent, allowing the cooperative's equity level to grow to 44.3%. At the close of 2005, the times interest earnings ratio (TIER) stood at 3.83, above the required minimum of 1.5. The depreciated power plant is now 40%, down from 57% in the 1990's. In 2005, margins from electric sales totaled \$504,735.00, which when combined with the \$9,000.00 margin of Highline Services, the resale department margin of \$37,000.00 and the city operating agreement margin of \$51,000.00, resulted in a company wide margin of \$654,914.00. The first five months of 2006 is off to a slow start due to a major outage at the Holcomb Plant, but expect for things to turn around with the completion of the outage. 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. We have done a lot of maintenance and system upgrades in the last year. Lane-Scott has completed the current four-year work plan and has begun on the new two-year work plan. Lane-Scott has had tremendous growth over the past eighteen months in the form of new oil load and conversion of irrigation accounts. With this growth, Lane-Scott has undertaken an aggressive two-year work plan, which will be financed with a RUS loan of approximately \$4.5 million. Lane-Scott employees have accumulated in excess of 285,000 employee-hours without a lost-time accident. Local dispatching services are working well. High Line Services, LLC is a wholly owned subsidiary of Lane-Scott and was formed three years ago. The subsidiary, High Line Services, has accumulated 62,000 hours of employee-hours without a lost-time accident. Kansas Electric Cooperative, Inc publishes Kansas Country Living which is provided to members as well as provide other services to Lane-Scott. Sunflower Electric Power Corporation was recognized for stable wholesale power rates, making margins possible. Manager Steffens introduced members of the junior board of directors and emphasized Lane-Scott's dedication to youth programs including support of youth through 4-H, schools and the electric car competition. Lane-Scott has supported economic development through its revolving loan program. In July of 2005, Lane-Scott along with other Sunflower members, formed Mid-Kansas Electric Cooperative (MKEC) for the purpose of acquiring the Kansas Aquila electric territory that had come up for sale. In September, MKEC was notified it was the high bidder and the process to acquire the territory is underway. For Lane-Scott this will mean adding 2,450 new customers and 330 miles of line to the current system. Most of the territory lies within Lane-Scott's current system and will provide many synergies for the cooperative. Lane-Scott expresses its sympathies to the family and friends of Grant Burch, an employee of Bird Electric, who was killed in an electrical contact accident on Lane-Scott's system. In closing, Manager Steffens emphasized Lane-Scott is experiencing tremendous growth and the employees are extremely busy with this new activity.

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

Manager Steffens introduced the guest speaker, Earl Watkins of Sunflower Electric. Earl Watkins began by discussing the recent announcement of the expansion of the Holcomb units from one unit with three additional new units. He discussed how Sunflower began this plan over twenty-five years ago when they were

Nominating Committee Report

Report of Nominating Committee

The Lane-Scott Electric Cooperative, Inc.

May 29, 2007

A meeting of the Nominating Committee was held on Tuesday, May 29, 2007, commencing at 6:30 o'clock 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 Ness County; 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:

Larry Jasper for the position of Trustee representing Lane and Gove Counties

Bruce Wilkens for the position of Trustee representing Scott and Logan Counties.

Eric Doll for the position of Trustee representing Hodgeman County.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating Revenue	\$6,088,114	\$6,187,957	\$6,885,147
Wholesale Cost of Power	\$3,350,071	\$3,395,274	\$4,261,647
System Operations & Maintenance Exp.	\$716,677	\$731,678	\$836,602
Consumer Billing & Service Expense	\$185,210	\$190,589	\$260,710
Administrative & General Expense	\$595,942	\$617,646	\$667,433
Total Operations & Maint. Exp.	\$4,847,900	\$4,935,187	\$6,026,392
Depreciation Expense	\$425,132	\$491,857	\$481,757
Interest on Long Term Debt	\$219,628	\$251,803	\$347,510
Other Deductions	\$3,360	\$4,375	\$3,114
Total Cost of Electric Service	\$5,496,020	\$5,683,222	\$6,858,773
Operating Margins	\$592,094	\$504,735	\$26,374
Non-Operating Margins Interest	\$25,896	\$33,709	\$44,495
Income From Equity Investments	(\$203,358)	\$8,981	\$89,340
Margins Other	\$56,447	\$100,159	\$74,325
Other Capital Credits & Dividends	\$4,306	\$7,330	\$15,372
Patronage Capital Or Margins	\$475,385	\$654,914	\$249,906

Property Taxes Paid By County

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Finney	\$15,462	\$12,527	\$13,088	\$13,053
Gove	\$5,721	\$5,329	\$5,611	\$5,844
Hodgeman	\$17,556	\$16,929	\$16,138	\$16,918
Lane	\$140,619	\$120,772	\$128,067	\$135,470
Logan	\$598	\$494	\$523	\$568
Ness	\$56,822	\$48,559	\$51,455	\$51,764
Scott	\$29,403	\$29,028	\$34,680	\$36,873
TOTALS	\$266,180	\$233,637	\$249,561	\$260,488

Minutes of 2006 Annual Meeting

The Lane-Scott Electric Cooperative, Inc.

The year 2006 annual meeting of the members of Lane-Scott Electric Cooperative, Inc. was held on Tuesday, July 11, 2006, 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.

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; Dave Holthaus of KEC; Ralph Ostmeyer of Grinnell, Kansas Senate; Virginia Beamer, Kansas Representative; Sunflower Electric Power Corporation was represented by Earl Watkins, CEO, and Clare Gustin, Senior Manager of Member Services; Rae Bevans and Darlene Lucas of Pioneer Electric Cooperative; and Richard Prather of Lyon-Coffey Electric Cooperative.

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 176 members were in attendance, constituting a quorum.

President Jasper referred the members to the printed minutes of the 2005 Annual Meeting appearing in the notice of the annual meeting. On motion duly made, seconded and carried, the reading of the minutes of the 2005 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; Chad Rupp, Dow Morris, and Michael Pollock. President Jasper presented Kathy Lewis and David Howard with watches representing their fifteen years of employment with the Cooperative. Vic Torson was presented with a plaque to commemorate his thirty years of employment with the Cooperative.

Camron Shay and Andrea Scheurman presented reports about their Steamboat Springs Youth Tour. Colby Hagans and Marit Ehmke presented reports about their Washington DC Youth Tour.

Manager, Earl Steffens, presented his report. 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 Lane-Scott's commitment to maintaining cooperative principles while delivering services to members at competitive rates. Approximately \$173,959 was returned to members in year 2005, with more than 1.7 million dollars returned to date. Additionally, The Board of Trustees ap-

Board Candidates

■ **Bruce Wilkens** is the incumbent director serving Scott and Logan Counties. Bruce is a life long resident of Scott County. He and his wife, Jonny Bill, have three grown children, Carrie, Tamara, and Courtney. The Wilkens have a dryland and irrigated farming operation in Scott County where they raise wheat, milo, and corn.

Bruce has been a member of the Lane-Scott Board since November 1982. He is currently a member of Scott County Pheasants Forever and attends the Scott City United Methodist Church. Bruce has also served as a board member for both Scott Co-op Association and Kansas Wheat Commission.



Bruce Wilkens

■ **Eric Doll** is the incumbent director serving Finney and Hodgeman Counties. Eric is a life long resident of Finney County. He is a graduate of Garden City High School and Fort Hays State University. He and his wife, Shelly, have three children.

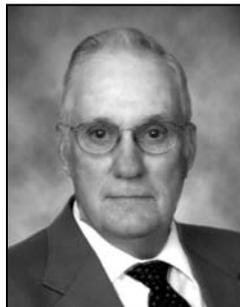
Eric has been a member of the Lane-Scott Board since 1995. He is the owner/operator of Doll Land & Cattle, Inc. He is a former director for the Kansas Cattle-men's Association, and he has previously served as a member of the Finney County Farm Bureau board.



Eric Doll

■ **Larry Jasper** is the incumbent director serving Lane and Gove Counties. Larry is a life long resident of Lane County. He and his wife Virginia have five grown children. The Jaspers and their youngest son, Frank, have a farming operation in Lane and Gove Counties.

Larry has been a member of the Lane-Scott Board for twenty-seven years. He has served as President of the board for twenty years. Larry is currently a member of St. Theresa's Catholic Church in Dighton, the Knights of Columbus-Third Degree Council 3210, and a Fourth Degree Member of the Bishop Forest Assembly-Ness/Dighton. He is a Lane County Feeders board member and a previous member of SDSI (Southwest Developmental Services, Inc.) Larry has previously served as a school board member for USD #482 in Dighton.



Larry Jasper

Members' Financial Report

Balance Sheet

	<u>2004</u>	<u>2005</u>	<u>2006</u>
ASSETS			
Total Cost of Our System	\$15,102,342	\$15,954,666	\$17,974,863
Less: Depreciation	(\$6,131,373)	(\$6,423,198)	(\$6,727,732)
NET VALUE OF OUR PLANT	\$8,970,969	\$9,531,468	\$11,247,131
Cash & Temporary Investments	\$158,945	\$710,335	\$471,521
Investments in Associated Organizations	\$542,236	\$529,852	\$605,238
Owed to Us for Electricity & Misc. Service	\$715,828	\$744,743	\$861,125
Expenses Paid in Advance	\$0	\$65,459	\$0
Value of Materials on Hand	\$279,397	\$337,746	\$542,558
Misc. Deferred Debits	\$0	\$139,800	\$290,542
TOTAL ASSETS	\$10,667,375	\$12,059,403	\$14,018,115
LIABILITIES			
Long-Term Loans Owed to REA & CFC	\$5,170,319	\$5,946,794	\$7,866,477
Notes Payable	\$0	\$0	\$0
What We Owe for Insur., Taxes, Supplies, etc.	\$221,128	\$283,554	\$450,856
Consumer Deposits	\$43,168	\$67,288	\$60,253
Other Current & Accrued Liabilities	\$387,715	\$418,246	\$198,236
TOTAL LIABILITIES	\$5,822,330	\$6,715,882	\$9,575,822
NET WORTH			
Patronage Capital Credits	\$4,752,125	\$4,578,382	\$5,089,058
Other Equities	\$92,920	\$765,139	\$373,235
TOTAL VALUE OF OUR EQUITY	\$4,845,045	\$5,343,521	\$5,442,293
TOTAL LIABILITIES & EQUITY	\$10,667,375	\$12,059,403	\$14,018,115
OUR SYSTEM EQUITY	45.4%	44.3%	38.8%
T.I.E.R. (REA Minimum = 1.25)	3.24	3.83	1.88
% OF DEPRECIATED PLANT IN SERVICE	40.6%	40.3%	37.4%

Your Neighbors Serving as Your Cooperative's Trustees



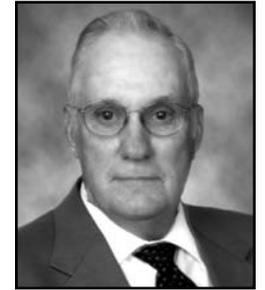
Ed Gough
Trustee
Lane & Gove Counties



Dick Jennison
Vice President
Lane & Gove Counties



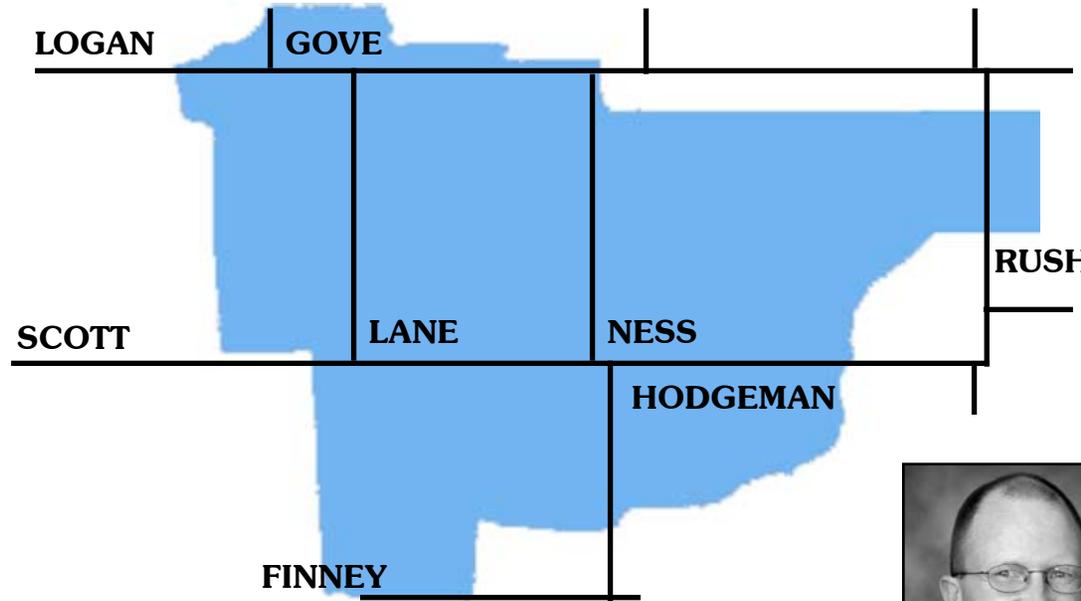
Bruce Wilkens
Trustee
Scott & Logan Counties



Larry V. Jasper
President
Lane & Gove Counties



Craig Ramsey
Trustee
Scott & Logan Counties



Paul Seib, Jr.
Secretary
Ness County

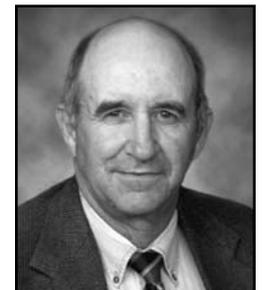


Eric Doll
Trustee
Finney & Hodgeman Counties

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
Ness County