

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

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

**RETURN SERVICE REQUESTED**

**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 9, 2013, 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 2011 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. Eric Doll, representing Finney and Hodgeman Counties; Rad Roehl, representing Lane and Gove Counties and Bruce Wilkens, representing Scott and Logan 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 63rd  
Annual Meeting**

**Tuesday,  
July 9, 2013**

**6:30 p.m. Dinner**

**7:30 p.m. Annual Meeting**

**Lane County Fairgrounds  
Dighton, KS**

**2012 Annual Report**

# Guest Speaker

---

## **Kyle Nelson**

Sr. Vice President and Chief Operating Officer,  
Sunflower Electric Power Corporation



**Kyle Nelson**  
Sr. Vice President and  
Chief Operating Officer,  
Sunflower Electric  
Power Corporation

Kyle Nelson joined Sunflower in 1989. He began his service as a generation engineer and was promoted to Sr. Vice President & Chief Operating Officer in 2008. He has worked with Sunflower's generation expansion task force since May 2001. Kyle's experience prior to Sunflower includes five years with the United States Navy where he served as a commissioned officer. He is a graduate of Oklahoma State University, earning a bachelor of science degree in mechanical engineering in May 1984. He became a licensed professional engineer in February 1993.

# Nominating Committee Report

---

## **Report of Nominating Committee The Lane-Scott Electric Cooperative, Inc. June 3, 2013**

A meeting of the Nominating Committee was held on Monday, June 3, 2013, 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 Ed Wiltse, General Manager.

By vote the Committee nominated the following individuals:

- **Rad Roehl** for the position of Trustee representing Lane and Gove Counties
- **Eric Doll** for the position of Trustee representing Finney and Hodgeman Counties.
- **Bruce Wilkens** for the position of Trustee representing Scott and Logan Counties.

This is your

# Registration Card

**BRING THIS CARD TO THE ANNUAL MEETING**

**Visit us on the web at [www.lanescott.coop](http://www.lanescott.coop)**

---

# Lane-Scott Employees

---

**ED WILTSE**—General Manager

**DOW MORRIS**—Assistant Manager

**KATHY LEWIS**—Manager of Financial Services

**JODI MARSTELLER**—Administrative Assistant

**REBECCA CAMPBELL**—Billing Clerk

**CARRIE BORELL**—Customer Service Representative

**BOB VENTERS**—Resale Manager/Member Services

**KALO MANN**—Master Electrician

**MARK MCCULLOCH**—Hvac Technician

**MICHAEL POLLOCK**—Master Electrician

**MARY HEATH**—Administrative Assistant

**VIC TORSON**—Manager of Electrical Operations

**DAVID HOWARD**—Construction Foreman

**NATHAN BURNS**—Maintenance Foreman

**KASEY JENKINSON**—Crew Chief

**BEN MANN**—Crew Chief

**HENRY MORROW**—Journeyman Lineman

**DAL HAWKINSON**—Journeyman Lineman

**CHAD RUPP**—Journeyman Lineman

**LARRY KRAFT**—Journeyman Lineman

**MYRON SEIB**—Journeyman Lineman

**CHRIS TERHUNE**—Journeyman Lineman

**MARK LEWIS**—Journeyman Lineman

**DEANNE SHULL**—Warehouse Clerk

**KEVIN BRADSTREET**—Meter Reader

**BOB KENNEMER**—Part Time-Maintenance Engineer

**KAYLA BORELL**—Part Time-Custodian

**LESLEE CHAVARRIA**—Part Time-Custodian

**DIAMOND BROWN**—Part Time-Custodian

# Junior Board



Kayla Borell



Taylor Gabel



Taylor George



Chad Myers



Cecily Rebarchek



Riley Sorem



Leslie Speer



Mariah York

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](http://www.lane-scott.com).

The current members of the Junior Board are shown above. Parents of the board members and the counties they represent are:

- **Representing Lane and Gove Counties** – Cecily Rebarchek – Cecil and Becky Rebarchek;
- **Representing Lane and Gove Counties** – Kayla Borell – Kent and Carrie Borell;
- **Representing Scott and Logan Counties** – Mariah York – Ken and Janet York;
- **Representing Scott and Logan Counties** – Taylor George – Neil and Judy George;
- **Representing Ness and Rush Counties** – Taylor Gabel – Kevin and Shelly Gabel;
- **Representing Finney and Hodgeman Counties** – Riley Sorem – Richard and Melinda Sorem;
- **Representing Lane and Gove Counties** – Leslie Speer – Dean and Amy Speer;
- **Representing Finney and Hodgeman Counties** – Chad Myers – Calvin and Diane Myers;

# Program

## Annual Meeting Agenda

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

7:30 p.m. Call to Order ..... President Dick Jennison

- Early Bird Prize Drawing
- Introduction of Guests
- Report on Quorum
- Approval of Minutes of 2012 Annual Meeting
- Treasurer’s Report
- Recognition of Employees and Trustees
- 2012 Steamboat Springs Youth Tour Report  
Michael Wehkamp and Ruth Hair
- 2013 Washington, D.C., Youth Tour Report,  
Ruth Hair and Taylor Gabel
- Manager’s Report, Ed Wiltse
- Guest Speaker – Kyle Nelson, Sr. Vice President and  
Chief Operating Officer, Sunflower Electric Power  
Corporation
- Junior Board of Trustees
- Election of Trustees
- Unfinished Business
- New Business

Visit our website at [www.lanescott.coop](http://www.lanescott.coop)

# Report To Members

## Message from the President and General Manager

The 63rd annual meeting for Lane-Scott Electric Cooperative will be held on July 9, 2013, at the Lane County Fairgrounds. The meal will be served beginning at 6:30 p.m., and the meeting will be called to order at 7:30 p.m. We invite you to join us for dinner and, most importantly, to take part in the annual meeting of your electric cooperative.

As we reflect on 2012, which was designated as the International Year of the Cooperative, it's important to celebrate Lane-Scott's accomplishments. Kilowatt hour sales increased by 2.25 percent last year, mainly due to growth in the oil sector. We anticipate that load on the system will continue to grow as new technologies for oil and natural gas exploration are utilized in the Mississippi Lime play. This is an area that stretches from north central Oklahoma through central and western Kansas. To help accommodate this growth, an engineering study indicated the need for a new substation in the area being served by the existing Beeler substation. This substation, along with the addition of a 28 MVA transformer will increase the capacity and reliability in the Beeler area and enhance our ability to serve oil, irrigation and other load.

One of the seven cooperative principles is "cooperation among cooperatives". This principle allows individual cooperatives to accomplish more for their members by working together. Certainly, our relationship with Sunflower Electric Power Corporation and Mid-Kansas Electric Company exemplify this ideal. Sunflower and Mid-Kansas, both wholesale generation and transmission (G&T) providers, were formed by Lane-Scott and other electric distribution cooperatives to better serve you, our member. This means that you not only own Lane-Scott, but you also have indirect ownership of Sunflower and Mid-Kansas. Having access to wholesale transmission and power that is produced by a diverse resource mix of coal, natural gas, hydro, and the Kansas wind allows us to keep your electric costs as low as possible.

Over the years our relationship with Sunflower and Mid-Kansas has benefited our members in many ways. In 2012, our G&T's spoke out on our behalf regarding federal environmental regulations that would unnecessarily raise electric rates without respectively improving the environment. Specifically, flaws in two regulatory efforts were challenged by a diverse group of industry and electric professionals. Opposition to the Mercury and Air Toxic Standards emission limits for new coal and oil-fired generation units—limits that could not be guaranteed achievable by the electric industry—resulted in the EPA issuing a new proposed rule with modified emission limits for new units. Efforts were also taken to protect our projects from the

*(continued on page 3)*



**Richard Jennison**  
President



**Ed Wiltse**  
General Manager

# Youth Tour

## Washington, D.C. Youth Tour



**Liz Heath and Matthew Mulville (above) stopped for a Kodak moment during the Youth Tour to Washington, D.C., in June 2012. Ruth Hair and Taylor Gabel represented Lane-Scott at this year's 2013 Youth Tour to Washington, D.C.**

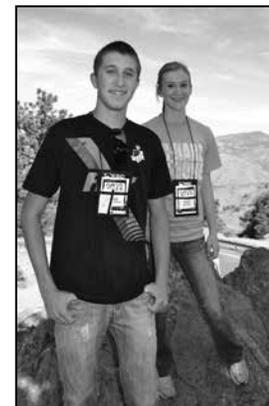


**Ruth Hair**



**Taylor Gabel**

## Cooperative Youth Leadership Camp



**Ruth Hair and Michael Wehkamp (above) posed in the Rocky Mountains for a photo during last year's Cooperative Youth Leadership Camp in Steamboat Springs, CO. Lauren Sargent and Braden Mishler will represent Lane-Scott at this year's 2013 camp.**



**Lauren Sargent**



**Braden Mishler**

# Minutes of 2012 Annual Meeting

(continued from page 9)

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

Manager Morris introduced the guest speaker, Stuart Lowry President and CEO of Sunflower Electric and asked him to speak. Highlights of his presentation are as follows:

- He has been President and CEO of Sunflower Electric for eight months;
- Sunflower continues to move forward with the Holcomb Expansion project. EPA regulations have significant impact on this project and are barriers that will have to be overcome to complete the project;
- KDHE has approved the air permit for the Holcomb Expansion but construction has not begun due to litigation and EPA changes which raise uncertainty;
- An outage will occur in January at Holcomb Station in order to replace the burners to comply with new EPA regulations. This will be at a cost of approximately \$21 million;
- Sunflower continues to attempt to keep costs as low as possible to provide energy to its members at a low cost;
- A new generation facility is being planned in Grant County to provide additional capacity for increases in demand;
- Members are encouraged to contact Lane-Scott or Sunflower staff if they have any questions regarding the Holcomb expansion.

Manager Morris recognized Junior Board of Trustees members Darrick York, Catherine Huck, Mathew McMillen, Austin Vieux and Sarah Mulville.

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: Richard Jennison, representing Lane County and Gove County; Craig Ramsey, representing Scott County and Logan County; and, Harold Hoss, representing Ness County and Rush County. Attorney Gasper 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 Jennison called for unfinished business. There was no unfinished business. President Jennison called for new business. There was no new business.

There being no new business, President Jennison called for a motion to adjourn. By motion duly made, seconded and carried the meeting was adjourned at 8:10 o'clock p.m. on July 10, 2012.

At various times during the meeting, attendance prizes were given away to members by drawing. The winners were: Guy Johnson, Howard Fenley, Roberta Shay, Kenneth York, Roselma Farmer, Robert Borthwick, Laverne Carlson, Orville Hair, Wilbur Albers, Howard Richards, Dan Wehkamp, United Methodist Church of Dighton, Vincent Strickler, Terry Donecker, Beverly Martin, Sara's Storage Sheds, Alan Scott, Leland Moore, Elmer Erskin Living Trust, Allen Schuler, Terry Harrold, Bonnie Donecker, James Brown.

# Report To Members

(continued from page 2)

proposed New Source Performance Standards. This would have negatively impacted the development of new fossil-fueled steam electric and natural gas combined cycle units with a generating capacity greater than 25 megawatts.

Collaboration among the member cooperatives resulted in the planned construction of the Mid-Kansas' Rubart Station project, a 110 MW facility that will be located 13 miles east of Ulysses. This natural gas station will consist of 12 fast-start reciprocating engines that can be brought online quickly to meet fluctuating market conditions and respond to wind resource changes. The addition of the Rubart Station will power economic opportunities in the system which will enhance reliability of service and help maintain rates. Construction has begun on the project, which is expected to be operational by late spring 2014. Another cooperative principle is "concern for community". We at Lane-Scott are committed to building a better community. Employees hang Christmas lights, assist in community clean up, serve on the city council, school board, Pheasants Forever, help with lighting on ball fields, and are involved in many other area activities. We continue to have a Junior Board of Trustees, which recently toured Holcomb Station. The 2012/2013 Junior Trustees are Cecily Rebarchek, Healy; Chad Myers, Kalvesta; Taylor George, Scott City; Leslie Speer, Dighton; Taylor Gabel, Ness City; Mariah York, Healy; Riley Sorem, Jetmore and Kayla Borell, Dighton. Lane-Scott continues to support our youth by sponsoring two students on the Government in Action Youth Tour to Washington, D.C., and two to the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado. These opportunities serve to educate our young people about the impact of a democracy and the continued importance of electric cooperatives across our nation.

As a result of our load growth and commitment to the cooperative, Lane-Scott was able to close 2012 with positive operating margins and meet all of our loan requirements with margins from the sale of electricity of more than \$234,000. High Line Services, a wholly owned subsidiary of Lane-Scott, had profits of more than \$350,000 for the year. High Line crews worked on hurricanes Issac in Louisiana and Sandy in New York and Connecticut and are currently working in Missouri, Oklahoma and Arkansas.

We are happy to report that during all of the work accomplished, Lane-Scott continued its No Lost Time accident performance. Our staff has now worked 673,594 hours since the last lost time accident in January, 1999. This achievement represents our dedication to educating and training our staff, which ultimately helps in our service to you.

Lane-Scott has seen many changes since its initial founding, but our dedication to the cooperative way has never been stronger. We are working every day to protect the way of life you value. We hold true to the cooperative principles providing reliable electricity at the lowest possible cost. We commit to you, our members, that we will conduct business honestly and with the utmost integrity. It's who we are; it's what we do.

# Members' Financial Report

## STATEMENT OF OPERATIONS

	2010	2011	2012
<b>Income</b>			
Operating Revenue	\$13,057,889	\$14,446,759	\$15,223,186
<b>Expenses</b>			
Cost of Power	\$8,480,304	\$9,162,901	\$9,876,010
Operations	\$2,863,754	\$3,218,357	\$3,081,911
Depreciation & Amortization	\$813,571	\$958,300	\$1,113,616
Interest	\$943,524	\$991,275	\$903,352
Miscellaneous	\$9,360	\$14,717	\$14,058
<b>Total Expenses</b>	\$13,110,513	\$14,345,550	\$14,988,947
<b>Operating Margins</b>	-\$52,624	\$101,209	\$234,239
<b>Non-Operating Margin</b>	-\$417,297	\$161,058	\$1,920,947
<b>Patronage Capital Or Margins</b>	-\$469,921	\$262,267	\$2,155,186

## Property Taxes Paid By County

	2009	2010	2011	2012
Finney	\$13,878	\$11,777	\$13,997	\$15,693
Gove	\$7,051	\$4,975	\$5,535	\$5,537
Hodgeman	\$19,478	\$16,668	\$17,933	\$18,796
Lane	\$140,768	\$147,305	\$155,822	\$168,525
Logan	\$571	\$548	\$587	\$606
Ness	\$151,879	\$140,054	\$135,044	\$146,407
Scott	\$37,980	\$39,546	\$37,330	\$49,536
Rush	\$13,352	\$12,306	\$11,219	\$12,499
<b>Totals</b>	\$384,957	\$373,179	\$377,467	\$417,599

# Minutes of 2012 Annual Meeting

## The Lane-Scott Electric Cooperative, Inc.

The year 2012 annual meeting of the members of Lane-Scott Electric Cooperative, Inc. was held on Tuesday, July 10, 2012, 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 Richard Jennison. President Jennison welcomed those in attendance and introduced guests including: Alan Westfall, Stanion Electric; Larry Powell, Kansas Representative Dist. 117; Mitch Holmes, Ruth Teichman, Dennis McKinney and John Ewy, all candidates for the Kansas Legislature; Chuck Look, Prairieland Electric; Loren Ochs, Victory Electric, David Schneider, Western Electric; Blaine Elliot, Techline; Lyle Kroeker and Carlos Ibarra, Kriz Davis; Dave Holthaus, KEC; Sunflower Electric Power Corporation was represented by Stuart Lowry, Clare Gustin, Nikki Pfannenstiel and Abby McGreevy.

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

Joseph Gasper, legal counsel certified notice of the annual meeting was mailed to members at each members address as it appears on the records of the cooperative and reported 178 members were in attendance, constituting a quorum.

President Jennison referred the members to the printed minutes of the 2011 annual meeting appearing in the notice of the annual meeting. On motion duly made, seconded and carried, the reading of the minutes of the 2011 annual meeting was waived and the minutes were approved as printed.

President Jennison next referred the members to the Treasurer's Report appearing in the notice of the annual meeting and informed the members that the financial audit had not yet been completed. 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 Jennison announced that a notice will be placed in the Country Living magazine when the audit is complete and copies of the audited financials will be available at the office for anyone wishing to review it.

President Jennison next called for the employees of the cooperative to stand and be recognized. President Jennison commemorated Kasey Jenkinson for fifteen years of employment with Lane-Scott Electric.

Chad Myers and Loretta Harmison presented reports about their Steamboat Springs Youth Tour in 2011. Mathew Mulville and Liz Heath presented reports about their Washington DC Youth Tour in 2012.

Manager, Dow Morris, presented his report, emphasizing:

- Significant growth has continued in 2011 in both the number of services as well as the amount of energy sold. The increases in sales help keep the costs lower for all members.
- The acquisition of the former Aquila territory was completed five years ago and it is hoped that the assets will be spun down soon which will complete the transaction.
- The board has approved an ECA for the Lane-Scott Electric rates which passes the cost of purchased power through to the members.
- The Lane-Scott Electric employees are a great group of employees. The employees are very safety oriented which has contributed to Lane-Scott Electric having no lost time for twelve years and approximately 622,000 hours.

(continued on page 10)

# Board Candidates

■ **Rad Roehl** was appointed to the Lane-Scott board of Trustees in October of 2009 to fill the position of the late Larry Jasper. He represents Lane and Gove counties.

Roehl is a graduate of Dighton High School and Kansas State University with a Bachelor of Science Degree in agriculture. He and his wife Kathryn are lifelong residents of Lane County and have three grown sons. They farm in the surrounding area.



**Rad Roehl**

■ **Eric Doll** is the incumbent director serving Finney and Hodgeman counties.

Doll is a lifelong 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.

He has been a member of the Lane-Scott Board of Trustees since 1995. He is the owner/operator of Doll Land & Cattle, Inc.

Doll 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.

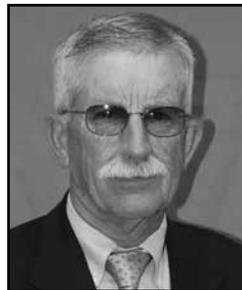


**Eric Doll**

■ **Bruce Wilkens** is the incumbent director serving Scott and Logan Counties.

He is a lifelong 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.

Wilkens 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. He has also served as a board member for both Scott Co-op Association and Kansas Wheat Commission.



**Bruce Wilkens**

# Members' Financial Report

## BALANCE SHEET

	2010	2011	2012
<b>ASSETS</b>			
Total Utility Plant	\$36,709,652	\$38,614,950	\$40,768,184
Less Depreciation	-\$12,607,659	-\$12,671,450	-\$13,524,603
<b>NET VALUE OF OUR SYSTEM</b>	<b>\$24,101,993</b>	<b>\$25,943,500</b>	<b>\$27,243,581</b>
<b>LIABILITIES</b>			
Cash & Temporary Investments	\$2,803,341	\$2,131,948	\$3,701,398
Receivables	\$3,397,903	\$2,256,753	\$2,425,771
Pre-Payments	\$0	\$0	\$0
Materials & Supplies	\$471,447	\$461,540	\$487,854
Other Current Assets	\$2,760	\$2,760	\$2,760
Deferred Debits	\$270,047	\$281,450	\$271,242
<b>TOTAL ASSETS</b>	<b>\$31,047,491</b>	<b>\$31,077,951</b>	<b>\$34,132,606</b>
Long Term Debt	\$14,631,862	\$18,412,098	\$18,602,045
Notes Payable	\$8,515,069	\$5,048,795	\$5,844,264
Accounts Payable	\$864,706	\$1,139,635	\$1,077,474
Consumer Deposits	\$124,967	\$120,367	\$108,389
Other Current & Accrued Liabilities	\$363,985	\$382,135	\$393,181
Deferred Credits	\$0	\$0	\$0
Equities & Margins	\$6,546,902	\$5,974,921	\$8,107,253
<b>TOTAL LIABILITIES</b>	<b>\$31,047,491</b>	<b>\$31,077,951</b>	<b>\$34,132,606</b>

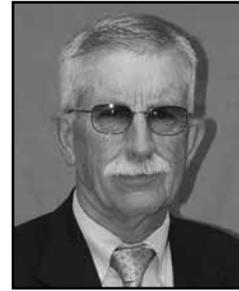
# Your Neighbors Serving as Your Cooperative's Trustees



**Ed Gough**  
Trustee  
Lane & Gove counties



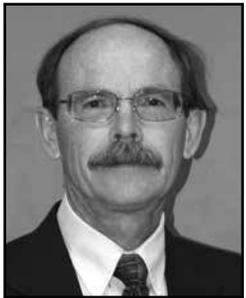
**Dick Jennison**  
President  
Lane & Gove counties



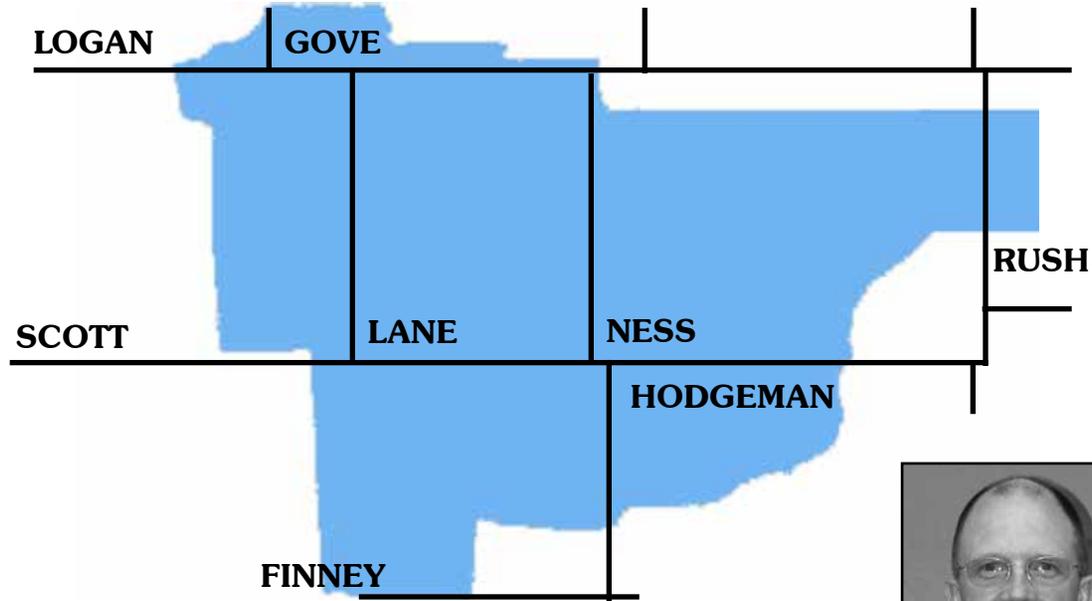
**Bruce Wilkens**  
Trustee  
Scott & Logan counties



**Rad Roehl**  
Trustee  
Lane & Gove counties



**Craig Ramsey**  
Vice President  
Scott & Logan counties



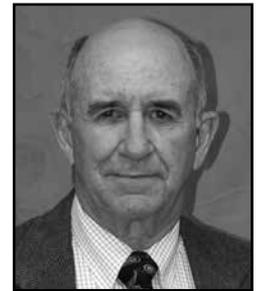
**Paul Seib, Jr.**  
Secretary  
Rush & Ness counties



**Eric Doll**  
Treasurer  
Finney & Hodgeman counties



**Dick Sorem**  
Trustee  
Finney & Hodgeman counties



**Harold Hoss**  
Trustee  
Rush & Ness counties

*Lane-Scott provides electrical power to more than 6,200 services in the Western Kansas counties of Lane, Scott, Gove, Ness, Finney, Logan, Hodgeman and Rush.*