



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for August 9, 2021 at 7:00 p.m.

Proposed Agenda:

1. Call to Order
2. Reorganization of the Board
3. Reading and Approval of Minutes
4. Presentation of Check Register
5. Presidents Report
6. Attorneys Report
7. Sunflower EPC Report
8. KEC Report
9. General Managers Report
10. Old Business –
 - a. Board Policy 113 Capital Credits
 - b. Kansas Hazard Mitigation Plan Resolution
11. New Business
 - a. IRS Form 8821
 - b. NRECA Regional Meeting Enrollment / NRECA and Federated Delegate
12. Safety Report
13. Executive Session – if requested
14. Adjourn

Upcoming Events:

Sunflower Board Meeting	Hays	August 23
LSEC / KEC Coops Vote!	Ness City	August 24
Office Closed – Labor Day		September 6
LSEC Board Meeting	Dighton	September 13
NRECA Annual Meeting	Las Vegas, NV	September 28-30

#	item	Board Packet	Supplemental information
3	Minutes	yy	
4	Check Register(s)	yy	
	Payroll	yy	
7	Sunflower Report	yy	
8	KEC Report	yy	
9	GM Report	yy	
	Financials		
	Form 7	yy	
	Statistical Report	yy	
	Non-operating margins		yy
	Operations		yy
	Engineering		yy
	Outage statistics		yy
	Transformer losses		yy
	Member Service		yy
	Warehouse		yy
	IT-Compliance		yy
	IT / Cybersecurity		yy
10	Old Business		
a	Board Policy 113 Capital Credits	yy	
	BSGM information slides		yy
	July Packet information		yy
b	KS Hazard Mitigation Plan	yy	
	July Packet information		yy
11	New Business		
a	IRS Form 8821	yy	
b	NRECA Regional Meeting	yy	
	Federated Delegate		
	NRECA Code of Conduct		yy
12	Safety Report		
	Safety Meeting minutes	yy	
	Safety Council minutes	yy	
	Safety Program Monthly Report	yy	
	KEC Safety Report		yy

**MINUTES OF THE REGULAR JULY 2021
MEETING OF THE BOARD OF TRUSTEES
OF THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.**

CALL TO ORDER

A regular meeting of the Board of Trustees of the Lane-Scott Electric Cooperative, Inc., was held on Monday, July 12, 2021, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:59 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Eric Doll, Richard Sorem, Paul Seib Jr. and Craig Ramsey. Also present Richard McLeon IV, Doug Somerhalder, PE, and Joseph Gasper, Attorney. Chad Griffith was absent.

CONSTRUCTION WORK PLAN

Doug Somerhalder, P.E with C.H. Guernsey & Company presented the 2022-2024 Construction Work Plan to the board. Highlights of his presentation include the following:

- The overall cost of the CWP is \$5.6 million. The improvements were made based on input from Manager McLeon and Nate Burns along with an analysis of the system. The focus of the CWP is communications, line maintenance and Headquarters' improvement.
- Item 301 is the Beeler Sub. This improvement will allow Utica to be served from the east direction.
- The Twin Springs loop will have three 100-amp regulators added to address potential voltage issues.
- The plan calls for replacement of 762 distribution poles and 162 transmission poles as well as replacing 10 miles of copperweld conductor. There will be an upgrade of the three Dighton substations, installation of three regulators, a capacitor bank, OCRs and a three-phase electronic recloser.
- The improvements are projected to save the coop \$21,990 per year.
- The pole inspection is about 40% of the cost but many of the poles on the MKEC side have not been inspected recently. The pole testing will be done by ultrasound.

Doug Somerhalder left the meeting after the conclusion of the CWP presentation.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on June 7, 2021. *Hearing no corrections to the minutes, President Jennison declared the minutes stand approved as corrected.*

CASH DISBURSEMENTS

President Jennison called for questions regarding the check list for the month.

There were no questions regarding the checks.

PRESIDENT'S REPORT

President Jennison had no current items to report.

ATTORNEY'S REPORT

Attorney Gasper had no current items to report.

REPORT OF SUNFLOWER DELEGATE

A copy of the Sunflower report was included in the board packet and emailed to the trustees.

Paul Seib Jr., Lane-Scott's delegate to Sunflower, added to the written report:

- The Fort Dodge unit is 53 years old and could cost \$12 million to update.
- The PPP loan of \$10 has been partially forgiven and \$2 million may have to be repaid but it may also be forgiven as well.
- In the event that Sunflower gets money back from the winter storm event, this will go back to the members.

KEC REPORT

Trustee Hoss reported that there was no KEC meeting

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- The residential rate was 13.05 cents and the overall rate was 11.43 cents y.t.d.
- ASAI shows 99.99% service availability. The winter storm is not included in this calculation.
- The strategic plan is 49.75% complete up from 41.25% the last quarter.
- The Christmas party is scheduled for December 18 at the St. Theresa Parish Hall.
- The annual meeting agenda and program is included in the board packet.
- Work is beginning on the initial stages of the OSHA SHARP program. Currently Midwest Energy is the only Kansas electric cooperative in the program. Once SHARP status is completed, LSEC will be exempt from OSHA programmed inspections for 2 years initially and then renewals for up to three years.
- LSEC will host a Co-ops Vote event on August 24 in the Ness City Bank Building. KEC will have the presentation and LSEC will provide a lunch.
- The y.t.d. sales are up \$196,273 over the 5-year average. The total operating expenses are up due to increased labor expense from maintenance, depreciation, interest on long term debt and closing of various work orders.
- Available cash on hand is \$7,581,638.
- There are four generators waiting to be shipped and one in stock to be installed. The electricians received 12,000 feet of duct that will be approximately a \$25,000 sale once installed.

RECEIPT OF MANAGER'S REPORT

The board received the Manager's report as indicated herein, and there were no follow-up questions.

SAFETY REPORT

A safety report was included in the board packet.

OLD BUSINESS

1. Construction Work Plan

- *A motion to approve the Construction Work Plan as it was presented was made, duly seconded and carried.*

2. Drug and Alcohol Policy

- Attorney Gasper reviewed the amended drug and alcohol policy with the board.
- *A motion to approve the drug and alcohol Policy #524 as contained in the board packet was made, duly seconded and carried.*

NEW BUSINESS

1. Kansas Hazard Mitigation plan

- The requested adoption of a resolution regarding the Kansas Hazard Mitigation Plan was discussed. The proposed resolution had language that could obligate LSEC to significant monetary improvements of the system. Manager McLeon discussed proposed changes with the board and the matter was tabled pending additional changes to the language of the resolution.

2. Capital Credit Policy 113

- A draft of proposed changes to policy 113 was included in the board packet. Additional conversation with the auditor will be held regarding consequences of the changes. The matter was tabled for further discussion.

3. NRECA & KEC Delegates

- *A motion to appoint Harold Hoss as the NRECA voting delegate at the KEC annual meeting and Manager McLeon as the alternate voting delegate was made, duly seconded and carried.*

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:12 p.m., on Monday, July 12, 2021.

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Accounts Payable Check Register

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06/11/2021 To 07/07/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2448 06/11/2021	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	840.10
47207 06/11/2021	CHK	46	LANE COUNTY TREASURER	Title Fees on Leased Trucks	50.00
2447 06/14/2021	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	190.34
2446 06/16/2021	WIRE	384	UPS	postage	5.80
47208 06/16/2021	CHK	1	FORT HAYS STATE UNIVERSITY	Carlee Falx ID #28392449 scholarship	2,500.00
47209 06/16/2021	CHK	1	NESS CO 4-H LIVESTOCK POOL	4-H Donation	200.00
47210 06/16/2021	CHK	1	NESS COUNTY FAIRBOARD	Advertising	300.00
47211 06/16/2021	CHK	20	BASIN ELECTRIC POWER COOP	Dispatch Fees for May	2,130.17
47212 06/16/2021	CHK	105	CITY OF NESS CITY	Monthly Invoice	4,905.59
47213 06/16/2021	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	3,719.70
47214 06/16/2021	CHK	135	CITY OF BAZINE	Franchise Fee	1,231.99
47215 06/16/2021	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	200.00
47216 06/16/2021	CHK	352	AG-NEWS	Advertising	215.00
47217 06/16/2021	CHK	391	ULINE	Fire Resistant cabinet	1,870.84
47218 06/16/2021	CHK	476	ETCHED IN STONE	Michael Pollock-15 yr gift	350.00
47219 06/16/2021	CHK	745	GOVE COUNTY ADVOCATE	Advertising-Board of Trustees	44.00
47220 06/16/2021	CHK	903	NISC	Monthly Invoice	537.41
47221 06/16/2021	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	153.85
47222 06/16/2021	CHK	189	COBANK ACB	Overpayment for loan 00063705T01	24,461.06
2449 06/18/2021	WIRE	274	VERIZON WIRELESS	Monthly Invoice	692.72
2450 06/18/2021	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	491.43
2451 06/22/2021	WIRE	384	UPS	Postage	12.10
2453 06/24/2021	WIRE	101	ATMOS ENERGY	Monthly Invoice	50.10
2457 06/24/2021	WIRE	265	HASLER - POSTAGE ACH	Postage	250.00
2452 06/25/2021	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	124.24
2454 06/25/2021	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	19,923.04

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Accounts Payable Check Register

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06/11/2021 To 07/07/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2455 06/25/2021	WIRE	1290	WEX BANK	Monthly Invoice	145.07
47223 06/25/2021	CHK	1	DIGHTON SWIMMING POOL	Kick off to Summer Raffle-C Riffle	130.00
47224 06/25/2021	CHK	1	MCCRACKEN RODEO	Sponsorship	260.00
47225 06/25/2021	CHK	1	RACHEL SEE	Kick off to Summer Raffle	130.00
47226 06/25/2021	CHK	79	POSTMASTER	Postage Newsletter	99.43
47227 06/25/2021	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	71.56
47228 06/25/2021	CHK	113	HALL'S SAFETY EQUIPMENT CORP	Clothing Allowance-Leighton	447.95
47229 06/25/2021	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	4,512.10
47230 06/25/2021	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	6,102.00
47231 06/25/2021	CHK	198	OTIS ELEVATOR COMPANY	Maintenance on elevator	142.89
47232 06/25/2021	CHK	317	JOHN DEERE FINANCIAL	Oil for chainsaw	33.63
47233 06/25/2021	CHK	467	DIGHTON CHIROPRACTIC	Dr Bennett Visits	200.00
47234 06/25/2021	CHK	472	C.H. GUERSNEY & COMPANY	Rate Schedule Labor	17,690.25
47235 06/25/2021	CHK	1234	JF BEAVER	Annual Meeting	3,091.89
2456 06/29/2021	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	114.36
47236 06/29/2021	CHK	46	LANE COUNTY TREASURER	Title fee on Leased Truck #136	10.00
47237 07/01/2021	CHK	1	FORT HAYS STATE UNIVERSITY	Kayler Getz Scholarship	1,500.00
47238 07/01/2021	CHK	1	NRECA INTERNATIONAL FOUNDATION	Donation	1,000.00
47239 07/01/2021	CHK	34	AMERICAN SAFETY UTILITY CORP	Monthly Invoice	79.73
47240 07/01/2021	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly invoice	33,154.70
47241 07/01/2021	CHK	107	CINTAS CORPORATION #449	Monthly Invoice	27.13
47242 07/01/2021	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	4,314.00
47243 07/01/2021	CHK	175	CBC LAWN CARE	Lawn Care	2,420.91
47244 07/01/2021	CHK	380	GRAINGER	Monthly Invoice	373.94
47245 07/01/2021	CHK	439	BOLINGER, SEGARS, GILBERT & MOSS,	Audited Financial Statements	4,000.00
47246 07/01/2021	CHK	445	ROADRUNNER AUTOGLASS & WINDSH	Windshield Repair for #150 & 117	300.75

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Accounts Payable Check Register

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06/11/2021 To 07/07/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
47247 07/01/2021	CHK	803	ALTEC INDUSTRIES, INC	Truck #136	354.59
47248 07/01/2021	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Ness City	94.57
47249 07/01/2021	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Office Supplies	310.59
47250 07/01/2021	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	381.75
47251 07/01/2021	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	317.90
2458 07/02/2021	WIRE	274	VERIZON WIRELESS	Monthly Invoice	314.24
2459 07/06/2021	WIRE	281	INTERNAL REVENUE SERVICE	Registration/Tags #112	144.00
2460 07/07/2021	WIRE	468	U.S. BANK	Monthly Credit Card Invoice	3,755.00
2461 07/07/2021	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA GR 1-July Group Insurance	2,253.04
2462 07/07/2021	WIRE	180	NRECA	NRECA Grp 1 Adm Fee-July Grp Ins Adm Fee	195.04
Total Payments for Bank Account - 2 :					(62) 153,922.49
Total Voids for Bank Account - 2 :					(0) 0.00
Total for Bank Account - 2 :					(62) 153,922.49
Grand Total for Payments :					(62) 153,922.49
Grand Total for Voids :					(0) 0.00
Grand Total :					(62) 153,922.49

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Payroll/Labor Check Register

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Pay Date: 06/01/2021 To 06/30/2021

Empl Name	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay
5 KATHERINE E LEWIS	10,145.62	0.00	184.00	0.00	1,194.02	82.92	3,162.07	5,789.53
					768.83	0.00	5,414.32	
21 CARRIE M BORELL	5,332.32	0.00	184.00	0.00	693.41	23.76	947.56	3,691.35
					397.85	0.00	4,007.87	
22 REBECCA L CAMPBELL	4,784.00	0.00	184.00	0.00	784.20	11.92	891.58	3,108.22
					347.89	0.00	3,793.06	
26 RICHARD A MCLEON	19,166.66	0.00	184.00	0.00	700.14	265.82	6,845.19	11,621.33
					1,486.59	0.00	6,672.02	
34 KALO M MANN	7,874.46	0.00	203.00	0.00	1,104.70	196.06	1,831.45	4,938.31
					609.33	0.00	3,721.44	
35 NATHAN A BURNS	6,635.04	0.00	184.00	0.00	699.58	37.90	1,772.94	4,162.52
					506.73	0.00	3,207.25	
50 KASEY R JENKINSON	9,367.02	0.00	206.00	0.00	1,472.92	32.26	2,169.71	5,724.39
					707.16	0.00	5,076.29	
55 BENJAMIN L MANN	8,729.35	0.00	196.00	0.00	1,299.62	31.76	2,035.58	5,394.15
					666.47	0.00	3,764.53	
74 DAL S HAWKINSON	7,966.01	0.00	187.00	0.00	1,089.53	11.34	1,801.13	5,075.35
					598.37	0.00	4,965.99	
84 MICHAEL S POLLOCK	8,392.86	0.00	209.00	0.00	1,444.45	12.58	1,548.69	5,399.72
					631.12	0.00	4,692.49	
85 CHAD A RUPP	8,471.30	0.00	197.00	0.00	1,042.69	92.44	1,887.09	5,541.52
					643.23	0.00	4,965.99	
89 CHRIS R TERHUNE	8,480.01	0.00	196.00	0.00	1,157.91	29.64	2,590.68	4,731.42
					639.10	0.00	4,965.99	
91 LARRY D KRAFT	13,252.74	0.00	313.60	0.00	310.53	585.66	4,270.79	8,671.42
					1,046.75	0.00	4,644.82	
93 MYRON E SEIB	10,817.95	0.00	236.50	0.00	1,337.58	53.78	2,375.96	7,104.41
					819.80	0.00	4,965.99	
99 KEVIN A BRADSTREET	8,471.30	0.00	197.00	0.00	938.91	35.28	2,472.75	5,059.64
					647.41	0.00	3,049.13	
108 MARK R MCCULLOCH	7,291.33	0.00	197.00	0.00	1,936.47	43.86	1,785.40	3,569.46
					557.39	0.00	3,219.79	
117 LEIGHTON J AYERS	8,536.52	0.00	196.00	0.00	740.62	24.10	1,924.53	5,871.37
					643.01	0.00	4,732.72	

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Payroll/Labor Check Register

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Pay Date: 06/01/2021 To 06/30/2021

Empl Name	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay
129 STACEY L FOOS	193.19	0.00	12.25	0.00	0.00	0.00	15.67	177.52
					17.10	0.00	0.00	
130 ANN MARIE JENNINGS	4,447.28	0.00	184.00	0.00	539.69	16.14	852.83	3,054.76
					320.00	0.00	3,103.63	
131 DIANA KUHLMAN	4,390.24	0.00	184.00	0.00	763.91	21.50	716.96	2,909.37
					329.44	0.00	2,470.83	
132 DELLON SHELTON	5,363.72	0.00	196.00	0.00	294.97	3.10	1,440.75	3,628.00
					406.81	0.00	1,917.19	
134 SCOTT A BRIAND	3,496.00	0.00	184.00	0.00	160.42	6.00	519.89	2,815.69
					256.01	0.00	1,961.78	
135 BLAKE MCVICKER	8,953.13	0.00	219.50	0.00	532.06	6.36	2,537.29	5,883.78
					681.65	0.00	2,158.00	
136 ELI O RUPP	540.00	0.00	35.00	0.00	0.00	0.00	55.89	484.11
					47.79	0.00	0.00	
Grand Total:	\$ 181,098.05	\$ 0.00	4,468.85	\$ 0.00	\$ 20,238.33	\$ 1,624.18	\$ 46,452.38	\$ 114,407.34
					\$ 13,775.83	\$ 0.00	\$ 87,471.12	



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING – JULY 21, 2021

CURRENT ACTIVITIES

FERC Order 2222

FERC Order 2222, also referred to as the 2x4 Order, addresses the use of Distributed Energy Resources (DERs) behind and in front of distribution meters. Tariff requirements include allowing DER aggregators (DERA) to register their aggregations under one or more participation models that accommodate the physical and operational characteristics of the DER aggregation. Compliance filings to FERC are due in April 2022, the expected FERC approval is anticipated in 2022, and SPP's Market design changes are anticipated in mid-2024.

Members are encouraged to consider the approach that works best for their members. DERAs that are customers of utilities distributing more than 4 million MWhs in the previous fiscal year must register using an approved 60-day onboarding process involving the distribution utility (DU), DERA, and SPP. The process is expected to take six months for new market participants, 45 days for existing market participants.

SPP will host a series of stakeholder meetings to review FERC Order 2222. The first meeting was held June 22, and the second was held on July 19. Upcoming SPP meetings are scheduled for August 19, September 23, and October 22. The next Sunflower and Member debrief is scheduled for Aug. 13.

SPP Holistic Integrated Tariff Team (HITT) C2 Byway Waiver Process

On June 11, FERC rejected the filing "without prejudice." A revised proposal will be filed after SPP addresses FERC's identified deficiencies. Current work includes incorporating tariff language on criteria that the SPP Board will apply when considering the waiver (SPP specifically noted the percentage of power flow or amount of benefits to other regions) and outlining transparency of the waiver process. Revisions are expected to be available to working groups in August and to the SPP Board in October. The filing with FERC may move to early 2022. Staff recommended inviting SPP staff to a future Board meeting to discuss SPP's approach to the FERC filing.

ICARE

Behind-the-Meter Generation

A C&I customer in a Member service territory has purchased an idled cellulosic ethanol plant and plans to modify the facility to produce renewable diesel for sale in California. The customer would like to install a behind-the-meter (BTM) solar facility and has been evaluating BTM solar options with their distribution utility and Sunflower.

BTM solar provides customers with the opportunity to reduce their overall cost of energy to serve their load by shaving their coincident peak and their energy usage from the grid, which decreases their WHM Energy charges and WHM Demand charges. However, if participating in the Sunflower Renewable Energy Program, a customer can avoid the administrative burden of

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building and owning a facility, Sunflower protects the WHM Demand and Energy revenue, and the Member protects distribution Demand and Energy revenue. Staff showed comparisons using a customer load with no solar, with the Sunflower solar program, and BTM solar. To be competitive with BTM solar, Sunflower may need to consider enhancements to the Sunflower Renewable Energy Program. The Board was asked to bring suggestions for enhancements.

Stand-by Service Tariff

The rising popularity of customer behind-the-meter (BTM) resources has created a need for Sunflower to develop a tariff structure that allows for the proper recovery of providing standby services. Unless the customer goes completely off-grid, it must pay for the ability to receive energy from the utility when the BTM resource is not generating. In addition, the uncertainty of the BTM resource at any given hour will impact the system's coincident peak, creating risk for Sunflower and our Members. Staff presented revisions to the Standby Rider that will allow for proper recovery of standby services.

Board action: The Sunflower Board approved the Standby Rider as presented, effective July 21, 2021.

Renewable Energy Rider

Revisions were made to the Renewable Energy Rider to reflect current dates and one verbiage correction.

Board action: The Sunflower Board approved the Renewable Energy Rider as presented.

Member Leases

Sunflower and Members entered into lease transactions decades ago to finance transmission assets operated by Sunflower, transactions that did not always include detailed property descriptions. Three leases cover approximately 58 facilities, 45 of which have expired. While most of the leases have expired, in many cases the property ownership has not been transferred to Sunflower. Sunflower staff and Board discussed the benefits and drawbacks of transferring the assets. Questions that will need answers include those such as who has responsibility for replacement, operation, compliance, insurance or property taxes; which assets would be transferred; when and how they would be transferred; and cost recovery. This discussion topic is connected to previous discussion regarding Federal Energy Regulatory Commission (FERC) functional demarcation rules, and the Board recommended first finalizing the demarcation project.

Safety Culture Initiatives

Staff reported on work being conducted on the safety culture initiative, which is part of Sunflower ICARE strategy. As requested previously by the Board, staff researched safety programs at peer utilities that share reporting structure similarities and found our current structure (Safety Manager>VP>CEO) is similar to our peers. Key roles were defined: the Safety Steering Team (SST), composed of management; focus groups; the Safety Continuous Improvement Team (SCIT) composed of staff from across the company; and the Safety Department. After determining the desired future of the safety program, staff defined critical success factors. Accomplishments to date include reviewing and updating the safety procedures, a new investigation process (TapRoot®), safety bulletins, improvements in safety education, and leading indicator metrics. Ongoing work includes habit mastery training, improved trainings and communications, TapRoot® training for key staff, a refreshed safety brand, and development of cardinal rules. A future goal is to move from a reactive-based reward program to a program that recognizes positive safety actions and participation.

PRESIDENT'S REPORT

Power Supply and Delivery

Uncertainty remains around the costs of Storm Uri. Sunflower has learned of \$278,000 in additional costs but has also filed three pending disputes totaling approximately \$42 million. Disputes by other entities could also impact our final cost.

Transmission Policy and Planning

To address the emergence of electric vehicles (EV), Sunflower has engaged Burns & McDonnell in a study to analyze EV expansion scenarios and how each could impact the Sunflower system. Among other issues, the study will address charging times and impacts on the system. EV accelerators include factors such as policy and regulation, declining battery costs, more EV infrastructure, an increase in gasoline prices, and public preference. Delays in the growth of EVs include factors such as lack of infrastructure, concern about vehicle range, material delays, and public resistance.

Technology Services

OSI "monarch" is Sunflower's EMS and SCADA system that serves critical generation and transmission functions across Sunflower. A defined framework enables a formal upgrade process every three years, with the first formal upgrade completed in November 2020. Due to pandemic restrictions, Sunflower moved from on-site OSI engineers to a secure Vendor Remote Access (RA) system, a cost-effective and efficient solution that delivered remote support from OSI software engineers and support specialists. The upgrades provided improved functionality, efficiency, stability, and security. Specifically, recent upgrades allowed for automatic failover to an alternate site, no planned outages for routine system maintenance, and enhancements to systematic load shedding (utilized during the February cold weather event). The next targeted OSI "monarch" upgrade is tentatively scheduled for 2024.

External Affairs & Member Services

Sunflower staff will host Sen. Mike Thompson for dinner on Monday, Aug. 2, at the KEC summer meeting. Members should contact KEC if they are interested in hosting other legislators.

Corporate Services

A spot purchase for Sunflower's normal business was made for 45,000 tons of 8,850 Btu coal and 90,000 tons of 8,600 Btu coal.

Board action: The Sunflower Board approved the spot coal purchase as presented.

Financials

Overall Member loads were down 1.43% from budget for the month and 2.88% year to date. Large industrial loads were down 4.86% from budget for the month and 1.84% from budget year to date. Year-to-date operating expenses were down 22.7% from budget, a large portion due to the \$10 million Paycheck Protection Plan (PPP) loan forgiveness. The Cold Weather Event caused an increase in the ECA of \$276.22/MWh over budget for the month of February and was the primary contributor to the increase in the year-to-date average Member rate of \$100.39/MWh.

2021 Load Forecast

Staff reviewed the Load Forecast Study completed by Clearspring Energy Advisors, LLC. Historical data provided by Members and Sunflower's billing department, weather conditions, local economics, and local demographics were factored into the study.

The current year forecast is lower than the 2020 forecast, mainly due to load reduction in the commercial and industrial class. Both existing pumping loads and new pumping loads are lower

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than previously forecast, likely due to COVID-19 and oil and gas prices. The impact of the current forecast on the projected 2022 margin is approximately \$5 million. Sunflower staff will seek Board approval of the 2021 Load Forecast Study in August.

Insurance Renewal

Property insurance prices continue to increase much faster than inflation. The 2021 increase for Sunflower is \$2.3M (9.2%), initially a 20% increase that was offset by a property value decrease. The Board supported the insurance renewal for a \$1 million deductible at a premium of \$2,303,735. A separate terrorism policy was renewed at a premium of \$22,400 (\$250 million policy limit, \$50k deductible).

Legal

Board action: The Sunflower Board approved the filing of a joint application at KCC by Sunflower and Wheatland for approval of a flat reservation 34.5 kV reservation charge between Wheatland and the City of Garden City.

Board action: The Sunflower Board approved the sale of property by Sunflower to Wheatland.

KEC

A request for extension of comments regarding the Lesser Prairie Chicken has been filed and has Congressional support.

The KEC summer meeting will be held from July 30 – Aug. 2 in Overland Park. The agenda includes four classes for directors, keynote speakers, a proclamation honoring the 80th anniversary of KEC; and discussion of 2022 legislative issues. The location of the meeting will assist in promoting KEC's initiative to have co-ops "adopt" urban legislators to inform them about the mission and concerns of electric cooperatives.

The KEC Summer Safety Summit is scheduled for Aug. 12.

WFA ANNUAL MEETING DELEGATES & ALTERNATES

Board action: The Sunflower Board selected Stuart Lowry and Jana Horsfall as delegates; Wes Campbell and Tracy Davis, alternates.

8. KEC Report

Summary of the KEC Summer Meeting, KEC Membership Meeting, and KEC Board Meeting

KEC celebrated the 80th Anniversary of its charter at the 2021 Summer Meeting. The meeting was held on Monday, Aug. 2, at the Overland Park Marriott.



The event led off with remarks and an update on congressional activities from Sen. Jerry Moran, followed by a report on the KEC Advocacy Framework by Leslie Kaufman, KEC's vice president of government relations and legal counsel. Robert Bryce, who was sponsored by CFC, shared his thoughts on renewables, hydrocarbons, and nuclear energy, and discussed the February weather event in Texas.

Gov. Laura Kelly joined KEC in celebrating the statewide association's 80th Anniversary by signing a proclamation. Kansas utility/energy chairs State Sen. Mike Thompson and State Rep. Joe Seiwert shared their expectations for the coming legislative session and answered questions.

The luncheon included a leadership presentation by Gen. Paul E. Funk II. General Funk shared "Funk's Fundamentals" which is a list of life lessons he's collected throughout his career. Attendees also viewed a video compilation from the participants of the Kansas Electric Youth (KEY) Leadership Conference, and heard from Maggie Brull, sponsored by Western, who was selected as the Kansas Youth Spokesperson.

During the KCRE update, co-ops reaching the gold, century, and president's level through KCRE contributions were honored. The KCRE officers announced that 2021 marks the 25th anniversary of the KCRE golf open, a key fundraiser for the PAC. Teri Viswanath, CoBank's lead economist of power, energy, and water, shared how co-ops should prepare for the energy consumer of the future.

Attendees heard updates from CFC, CoBank, Federated Rural Electric Insurance Exchange, and NRECA. There were also pre-recorded presentations from sponsors including Bolinger, Segars, Gilbert & Moss; Border States Electric; GridLiance; ITC Great Plains; MarksNelson; Sunbelt-Solomon Solutions; Toth and Associates; Walker and Associates; and WaterFurnace. New to the meeting this year, the Platinum Sponsors were invited to participate in a vendor trade show on Aug. 2. Attendees had the opportunity to visit with these industry partners in the main hallway outside of the meeting rooms.

Prior to convening the summer board meeting, Scott Luecal facilitated the CCD course 2630.1 Strategic Planning and the Board Leadership course 974.1 Rate Making Strategies and Policy Decisions for Electric Cooperative Boards. Mike Marsch facilitated the Board Leadership course 943.1 Conversation Skills Outside the Boardroom. Mary McLaury facilitated the new Board Leadership course 953.1 Improving Board Decision-Making Quality.

In official action at the NRECA Membership Meeting after the KEC Summer Meeting

, the participating NRECA Members re-elected Pat Morse, Victory, to the position of Kansas NRECA Director.

Following the NRECA Membership Meeting, the KEC Board met and heard the finance report through June 2021 and a progress report on the management evaluation.

8. General Manager's Report

A. Rates and Reliability Dashboard

Rate Summary - June 2021

	current month (\$/kWh)	year to date (\$/kWh)
Residential	0.1108	0.1260
Residential - Seasonal	0.1919	0.2029
Irrigation	0.0813	0.0846
C&I 1000kVa or less	0.1116	0.1135
C&I over 1000 kVA	0.1158	0.1084
Public Street and Lighting	0.1247	0.1297
Other Sales to Public Authorities	0.1322	0.1392
Sales for Resale - Other	0.0863	0.1099
Total Sales price per kWh:	0.1098	0.1135

June 2021		
SAIDI	2.38	Interruption DURATION / average for every member (hrs)
SAIFI	1.65	Interruption FREQUENCY / Average # of Interruptions per customer
CAIDI	1.44	Customer Average Interruption Duration Index - IF you are out, how long to expect (hrs).
ASAI	99.97%	Service Availability (Winter Storm Uri is not included)

B. Administration

- 1) Cost of Service Study. Initial indications are that the consultants will be recommending an adjustment to the monthly charges to recover inflationary losses. According to the Bureau of Labor Statistics \$100.00 in January 2016 has the same buying power as \$114.68 in June 2021. That would equate to increasing the monthly charge from \$25.00 to \$28.67. Other factors to consider:
 - a. Fees. All fees are being re-calculated.
 - b. Line Extension. Line Extension breakeven is being evaluated to compare the cooperatives investment in a line compared to the revenue that class produces. For example, if we assume that a power line serving a single residential account is depreciated over 28 years and that the house will produce a net margin of \$1,049.22 over the life of the power line (\$937 per year x 4.0% rate of return x 28 years). Our average residential line extension credit is around \$1,000.00 with a maximum of \$8,580.00. The most likely outcome would be changing Line Extension to a flat dollar amount per revenue class.
 - c. Irrigation. Removing the horsepower charge and instead charging a demand charge.
 - d. Demand Charges. Amend demand charges to match our costs.
 - e. Access charges. We are likely to need Distribution and Transmission (34.5kV) access charges before our next rate adjustment. This covers our capital and administrative costs for members using our lines to move power. Examples would be the American Warrior generation project and the City of Dighton.
- 2) Tariff. Adjusting rates and processes will also require updating our Tariff. I have been working on this for over a year.
- 3) The Credit Card records are available for the Boards review.

C. Operations Report

- 1) New Construction included various connections and service expansions: Citadel Oil Davis lease, Stacey Lawrence water well, MG Oil Lawrence # 15, and Shakespeare Oil CTB-6 pump.
- 2) July 9th Storm. High winds and lightning caused around 20 broken poles in Ness, Lane, and Rush County. We also had many floaters and bad transformers.
- 3) Accidents (2). Custom Harvester caught the neutral with the spout on his grain cart by McCracken. Also, an asphalt dump trailer raised his end into the primary at Lane County Feeders.

D. Member Services highlights

- 1) Annual Meeting Update. The Annual Meeting was another success with 143 members attending the Business meeting. Attendance from 2016 to 2019 averaged 148, last year was 172 on the strength of 87 mail-in ballots. A total of 389 people were served dinner. Election results were:
 - a. Lane-Gove: Richard Jennison 74 / Sara McWhirter 21
 - b. Ness-Rush: Harold Hoss 86
 - c. Scott-Logan: Craig Ramsey 86
 - d. Bylaw Amendments: All 9 revisions passed
- 2) Co-ops Vote: Lane-Scott will be hosting a Co-ops Vote Event on August 24th, at 11:30am at the Ness City Bank Building. KEC is responsible for the program and content. Lane-Scott will host and provide a light lunch. KEC is inviting legislators, and Lane-Scott provided contact information of local county commissioners, city council, and relevant Lane-Scott Key Accounts. Trustees will be receiving invitations from KEC as well.

E. Operating Margins

- 1) June Income Statement. I do not believe that the Income Statement has been correct since February. I believe this because it continues to show Operating Margin losses while Sales are up and outpacing expenses. Basically, I think that we are over-accounting for wholesale power purchases. Winter Storm Uri expenses really shuffled the deck on wholesale power costs. I have asked Randy Robbins at BSGM to conduct a mini-Audit.
 - a. Year to Date Sales are up 14.36% (\$1,089,984) over last year and 9.59% (\$759,574) over the 2016-2020 average.
 - b. The cost of wholesale power is up \$1,252,053 over last year.
 - c. Total Operating Expenses are up \$410,810 over last year and up \$642,139 over the YTD 2016-2020 average. This would normally be absorbed by the additional \$1,089,984 in sales.
 - d. The obvious problem is in our accounting of the additional wholesale power cost. We may, or may not, be able to make journal adjustments. If not, we will miss our OPTIER and ODSC ratios again this year.
 - e. Billing Past Due (current – August 3, 2021)
 - i. 30 day – \$37,672.57
 - ii. 60 day – 1,151.26
 - iii. 90 day – 7,049.28

- 2) Balance Sheet.
 - a. Cash Balances remain strong at \$7,294,069.
 - b. Equity as a percent of Capitalization is up at 36.66%
 - c. General Funds level is up at 19.39%
 - d. Current Ratio is stable at 1.83.
 - e. Total Long-term debt is \$37,020,027 down \$1,683,035 (4.5%) from a high of \$38,703,062 in March 2021.

F. Non-Operating Margins

- 1) Our year-to-date Non-Operating margins [Form 7, Part A, Lines 22(b) + Line 25(b) + Line 27(b)] is a \$26,165 gain.
- 2) Retail Services.
 - a. A \$6,150.62 loss in June and a YTD loss of \$80,438.22.
 - b. Resale Hours (YTD). Billable hours represent 73.59% of total hours.
 - c. Outstanding Balances. (as of August 3, 2021)
 - i. 30-60 day -\$ 3,041.81 (includes: Von Johnson – 720.65, Calvin Ehmke – 863.18, Marcellus Moving – 531.61, The Brothers Bar and Grill – 460.17)
 - ii. 60-90 day - \$ 94.99
 - iii. Over 90 day - \$ 3,801.47 (includes: Marcellus House Moving - \$2,977.53, Black Dog – 706.04)
- 3) Interest earned (YTD) – \$101,181.
- 4) Other capital Credits and patronage Dividends (YTD) – \$21,597

G. Warehouse Report

- 1) Generac. Generac delivery times averaging 28 weeks now. Two more Generac generators were sold/ordered this month, bringing our total of waiting to be shipped up to six. We currently have two in stock waiting to be installed. Pricing for the Generac Service Plan is finalized and we will be offered with all new purchases, and we will reach out to those who have already received their generators to see if they would like to purchase this protection plan.
- 2) Monthly Specials. For the month of July, we offered furnace filters with a 20% discount. This special seems to have been received well by our members and has driven foot traffic up in the Retail Building. An average month sees around 5 filters sold in the store; with the special we sold over 100 filters sold.
- 3) Inventory to be Billed/Future Margins: \$31,750.00 in margin yet to be realized.
 - a. 8 Generac generators: \$68,000 average gross/\$20,000 average net margin
 - b. 12,000' Duct: \$30,500 gross/\$10,000 net margin
 - c. 1500' 1/0 Duct: \$5,284 gross/\$1750 net margin

Respectfully submitted,

Richard McLeon, MBA
General Manager

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION <div style="text-align: right;">KS0042</div>
	PERIOD ENDED June 2021
INSTRUCTIONS - See help in the online application.	BORROWER NAME <div style="text-align: right;">The Lane-Scott Electric Cooperative, Inc.</div>

This information is analyzed and used to determine the submitter’s financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII
(check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Richard McLeon

7/28/2021
DATE

PART A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	7,933,003	8,533,161	8,526,740	1,593,119
2. Power Production Expense				
3. Cost of Purchased Power	4,423,297	5,675,349	5,150,530	1,348,371
4. Transmission Expense	1,071			(974)
5. Regional Market Expense				
6. Distribution Expense - Operation	745,857	596,883	509,863	72,826
7. Distribution Expense - Maintenance	404,080	678,252	349,999	109,994
8. Customer Accounts Expense	95,221	111,807	90,204	18,782
9. Customer Service and Informational Expense	19,250	34,272	18,722	2,420
10. Sales Expense	26,026	35,210	23,788	4,820
11. Administrative and General Expense	657,162	798,987	594,955	116,324
12. Total Operation & Maintenance Expense (2 thru 11)	6,371,964	7,930,760	6,738,061	1,672,563
13. Depreciation and Amortization Expense	814,892	918,166	864,932	153,498
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	662,535	663,226	619,208	112,445
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	998	74	1,257	11
19. Other Deductions	5,858	5,756	6,300	1,560
20. Total Cost of Electric Service (12 thru 19)	7,856,247	9,517,982	8,229,758	1,940,077
21. Patronage Capital & Operating Margins (1 minus 20)	76,756	(984,821)	296,982	(346,958)
22. Non Operating Margins - Interest	128,461	101,181	130,549	45,084
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(22,841)	(96,613)	13,750	(6,151)
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	18,198	21,597	20,000	0
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	200,574	(958,656)	461,281	(308,025)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION KS0042		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED June 2021		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	25	22	5. Miles Transmission		
2. Services Retired	24	24	6. Miles Distribution – Overhead	2,036.59	2,035.37
3. Total Services in Place	6,038	6,040	7. Miles Distribution - Underground	7.53	7.66
4. Idle Services (Exclude Seasonals)	255	238	8. Total Miles Energized (5 + 6 + 7)	2,044.12	2,043.03
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	58,331,671		30. Memberships	0	
2. Construction Work in Progress	113,280		31. Patronage Capital	21,708,073	
3. Total Utility Plant (1 + 2)	58,444,951		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	18,653,505		33. Operating Margins - Current Year	(984,821)	
5. Net Utility Plant (3 - 4)	39,791,446		34. Non-Operating Margins	567,465	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	132,862	
7. Investments in Subsidiary Companies	219,889		36. Total Margins & Equities (30 thru 35)	21,423,579	
8. Invest. in Assoc. Org. - Patronage Capital	10,935,796		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	33,472,786	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	7,841,198	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	4,293,957	
14. Total Other Property & Investments (6 thru 13)	11,828,605		43. Total Long-Term Debt (37 thru 41 - 42)	37,020,027	
15. Cash - General Funds	49,086		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	100		45. Accumulated Operating Provisions and Asset Retirement Obligations	0	
17. Special Deposits	25		46. Total Other Noncurrent Liabilities (44 + 45)	0	
18. Temporary Investments	6,537,993		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,335,726	
20. Accounts Receivable - Sales of Energy (Net)	1,541,591		49. Consumers Deposits	106,365	
21. Accounts Receivable - Other (Net)	284,997				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,262,741	
23. Materials and Supplies - Electric & Other	375,089		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	65,091		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	125,807		53. Other Current and Accrued Liabilities	1,198,065	
26. Total Current and Accrued Assets (15 thru 25)	8,979,779		54. Total Current & Accrued Liabilities (47 thru 53)	4,902,897	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	2,746,673		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	63,346,503		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	63,346,503	

LANE-SCOTT ELECTRIC ENERGY SALES STATISTICS FOR JUNE 2021

CLASS OF SERVICE	NO. RECEIVING SERVICE		kWh SOLD		AMOUNT BILLED		Y.T.D AVERAGE		SALE PRICE PER kWh Y.T.D.
	Y.T.D. AVG.	THIS MONTH	THIS MONTH	Y.T.D.	THIS MONTH	Y.T.D.	kWh USED	AMOUNT	
Residential Sales	2,229	2,229	2,503,844	11,070,258	\$277,530	\$1,395,020	828	\$104.32	12.60
Residential Sales-Seasonal	50	51	11,848	49,825	\$2,325	\$12,298			
Irrigation Sales	331	332	1,323,105	2,567,366	\$107,614	\$217,169			
Small Commercial	1,851	1,850	4,123,044	23,852,922	\$460,316	\$2,708,306	2,148	\$243.86	11.35
Large Commercial	178	178	2,791,812	16,211,968	\$400,786	\$2,032,583	15,223	\$1,908.53	12.54
Public Street Lighting	13	13	35,946	215,676	\$4,483	\$27,965			
Public Building Sales	49	49	30,811	176,771	\$4,072	\$24,599			
Non-Domestic	1,057	1,059	166,066	973,372	\$31,817	\$195,258			
City of Dighton	1	1	988,877	4,329,412	\$85,301	\$475,617	721,569	\$79,269.50	10.99
Idle Services on rate 90	38	37	0	0	\$0	\$0			
Large Industrial	3	3	2,961,030	17,210,890	\$265,547	\$1,591,356	956,161	\$88,408.67	9.25
Irrigation Horsepower Charges	0	0		0		\$267,015			
Total Energy Sales	5,799	5,802	14,936,383	76,658,460	\$1,639,791	\$8,947,186			11.67
Other Electric Revenue					(\$46,672)	(\$414,025)			
Total					\$1,593,119	\$8,533,161			

SUBSTATION DATA

Substation	(NCP)KW	kWh Purchased	Cost Per kWh	kWh Sold	Line Loss	Load Factor-P	Load Factor-S
Beeler-Sub 3	6,959	4,198,898		3,278,376	21.92%	83.80%	65.43%
Dighton-Sub 1 - 7200	2,701	1,422,980		1,270,684	10.70%	73.17%	65.34%
Dighton-Sub 2 - 14400	4,414	2,460,837		2,417,330	1.77%	77.43%	76.06%
Manning-Sub 4	6,737	3,364,921		3,138,005	6.74%	69.37%	64.69%
LS Seaboard-Sub 5	230	98,020		103,961	-6.06%	59.19%	62.78%
Twin Springs Lo 7.6-Sub 7	354	179,316		161,827	9.75%	70.35%	63.49%
Twin Springs Hi 14.1-Sub 8	361	151,549		136,323	10.05%	58.31%	52.45%
City of Dighton	2,571	881,198	8.4500	881,198	0.00%	47.60%	47.60%
City of Dighton - WAPA	185	107,679	2.8500	107,679	0.00%	80.84%	80.84%
Alexander 115	2,256	977,880		885,211	9.48%	60.20%	54.50%
Ness City 115	5,383	2,140,103		2,555,789	-19.42%	55.22%	65.94%
Total	32,151	15,983,381	6.9300	14,936,383	6.55%	69.05%	64.52%

RUS/CFC LOAN FUND TRANSACTIONS

MISC.

OTHER STATISTICS

				Y.T.D	M.T.D.
Gross Obligation to RUS	\$ 54,111,889	General Fund Balance	\$48,831	Miles Energized	2043.03
Pymts Applied Against Principal	\$ 19,786,183	MMDA Investments	\$436,456	Density	2.84
Net Obligation to RUS	\$ 34,325,706	Cash Available at Month End	\$485,287	kWh Purchased	81,696,887
CFC Line of Credit	\$ -			kWh Sold (Inc. Office Use)	76,696,894
CoBank Line of Credit	\$ -	CFC Investments - CP, SN, MTN	\$6,101,537	Percent of Line Loss	6.12%
CFC Note #9004-RUS refinance	\$ 5,693,113	CFC CTC's	\$221,958	Idle Services	238
CFC Note #9006-RS Prepymt	\$ 376,914			Oper. Revenue Per kWh Sold	11.13
CoBank Note-Feb 21 Winter Event	\$ 2,561,904			Expense Per kWh Sold	12.41
PPP Loan	\$ 619,088.00			Income Per Mile	779.78
				Expense Per Mile	949.61

ACCOUNT AGING

	Current	30-89 Days	90 Plus
Irrigation Accounts Receivable	\$66,469	\$3	
Electric Accounts Receivable	\$1,437,461	\$14,105	\$6,343
Retail Accounts Receivable	\$57,989	\$516	\$3,801

10. b. Board Policy 113 Capital Credits

The Board of Trustees identified Capital Credit discounting as part of the February 2019 Strategic Plan. This was part of the Primary Strategic Goal to develop a financial plan. The upside would be returning member patronage while limiting future obligations and improving equity. Last month I presented a draft policy for discussion and stating that I would be speaking with Bill Miller, CPA at BSGM on the issue.

Bill is the BSGM Capital Credit expert and provides consulting accounting services to many cooperatives separate from the BSGM Audit process. Our initial discussion centered around the process of discounting estates. I had prepared a normal retirement schedule with a 5.0% discount per year up to 30 years. Bills recommendation was that rather than a fixed percentage, we determine the discount rate annually based on the net present value of the allocation using a market-based discount rate such as the LSEC weighted cost of capital or blended interest rate.

He also advised that the Board consider applying discounted retirements to:

1. Bad Debts
2. Inactive patrons – current year disconnects
3. Inactive patrons – prior year disconnects
4. Negotiated contracts such as the City of Dighton
5. Allocated but not retired G&T Capital Credits.

The structure would be based on LSEC historical outlays and annual limits on cash outlays should be established. The analysis must be done within the limitations of the Bylaws and existing (or proposed) policies. He emphasized that each cooperative should do what is right for the Cooperative and its membership, and that the analysis is necessary for the program to be legally defensible.

Because they offer this as a consulting service to cooperatives, I asked Bill what BSGM would charge us to prepare the analysis, policy upgrades, and recommendations. He proposed a study at \$4,600.00. Making the presentation in Dighton would be an additional \$2,175.

I have engaged Bill to make the study, recommendations, and policy upgrades and will bring this item back to the Board for further consideration before the end of 2021.

10. a. Kansas Hazard Mitigation Plan Resolution

Resolution 2021 0809 Recognizing the Kansas Homeland Security Regions A. B. C. and D Hazard Mitigation Plans is amended from last month presentation (Resolution 2021 0712) as follows:

1. Amend Resolution

Delete:

“Whereas, The Cooperative has amended all County Mitigation Action tables pertinent to LSEC as attached to this Resolution; and”

Addition:

“Whereas, This Resolution is conditional upon the acceptance and amendment of all County Mitigation Action tables pertinent to LSEC as in Attachment A of this Resolution; and”

2. Add Attachment A (table)

3. Amend table:

A. Description:

From: “Enhance and upgrade all power lines within the County to better withstand all hazard events.”

To: “Maintain all cooperative power lines within the County to better withstand reasonable hazard events”

B. Estimated Cost:

From: “As needed”

To: “As determined by the Cooperative”

Staff requests that Board of Trustees to approve LSEC Resolution 2021 0809 Recognizing the Kansas Homeland Security Region A, B, C, and D Hazard Mitigation Plans.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS

RESOLUTION 2021 0809

Recognizing the Kansas Homeland Security Regions A, B, C, and D Hazard Mitigation Plans

Whereas, The Lane-Scott Electric Cooperative, Inc. (LSEC or “the Cooperative”) recognizes the threat that natural hazards pose to people and property within our community; and

Whereas, undertaking hazard mitigation actions will reduce the potential for harm to people and property from future hazard occurrences; and

Whereas, the U.S. Congress passed the Disaster Mitigation Act of 2000 (“Disaster Mitigation Act”) emphasizing the need for pre-disaster mitigation of potential hazards;

Whereas, the Disaster Mitigation Act made available hazard mitigation grants to state and local governments; and

Whereas, an adopted Hazard Mitigation Plan is required as a condition of future funding for mitigation projects under multiple Federal Emergency Management Agency (FEMA) pre- and post-disaster mitigation grant programs; and

Whereas, the Kansas Division of Emergency Management and FEMA Region VII officials have reviewed the Kansas Homeland Security Region A, B, C, and D Hazard Mitigation Plans, and approved them contingent upon this official adoption of the participating governing body: and

Whereas, the Lane-Scott Electric Cooperative owns, maintains, and operates over two thousand miles of energized line in all or parts of Logan, Gove, Scott, Lane, Ness, Rush, Finney, and Hodgeman counties as authorized by the Kansas Corporation Commission, and

Whereas, LSEC desires to comply with the requirements of the Disaster Mitigation Act and to augment its emergency planning efforts with the Kansas Homeland Security Region A, B, C, and D Hazard Mitigation Plans; and

Whereas, This Resolution is conditional upon the acceptance and amendment of all County Mitigation Action tables pertinent to LSEC as in Attachment A of this Resolution; and

Now, therefore, be it resolved, that the Lane-Scott Electric Cooperative, Inc. recognizes the Kansas Homeland Security Region A, B, C, and D Hazard Mitigation Plans as amended by this resolution; and

Be it further resolved, the Lane-Scott Electric Cooperative, Inc. will submit this Adoption Resolution to the Kansas Division of Emergency Management and FEMA Region VII officials to enable the plan's final approval.

CERTIFICATION OF THE SECRETARY

I, Paul Seib, Jr., certify that I am Secretary of the Lane-Scott Electric Cooperative, Inc. Board of Trustees. I further certify that the above is a true excerpt from the Board of Trustees meeting held on the 12th day of July 2021, at which a quorum was present.

Paul Seib, Jr., Secretary

(Seal)

Attachment A

The table below amends the County Mitigation Action Tables pertinent to the Lane-Scott Electric Cooperative for Kansas Region A, B, C, and D (Logan, Gove, Scott, Lane, Ness, Rush, Finney, and Hodgeman counties).

Action Identification	Description	Hazard Addressed	Responsible Party	Overall Priority	Goal(s) Addressed	Estimated Cost	Potential Funding Source	Proposed Completion Timeframe	Current Status
Lane-Scott Electric COOP-1	Maintain all cooperative power lines within the County to better withstand reasonable hazard events.	Utility / Infrastructure Failure	CEO / General Manager	High	1,2	As determined by the Cooperative	Private and Federal	As needed	continuous

11. a. IRS Form 8821

IRS Form 8821 Tax Information Authorization is a required form that designates who may receive confidential Tax Information from the IRS. Kathy has been functioning in this role for many years, but we were advised that there was not a Form 8821 on file. This submission allows authorization to research and amend tax information as necessary. An IRS form 8821 is not required to submit information.

We are taking the occasion of this submission to add Diana Kuhlman to the form. Diana has been assuming multiple Human Resource duties from Kathy.

The form covers the period Jan 2019 to Jul 2024. The IRS will not allow the form to be dated beyond three years from filing and will have to be re-submitted in the spring of 2024.

Staff requests that Board of Trustees to approve IRS form 8821 as presented.

Tax Information Authorization

- Go to www.irs.gov/Form8821 for instructions and the latest information.
► Don't sign this form unless all applicable lines have been completed.
► Don't use Form 8821 to request copies of your tax returns or to authorize someone to represent you. See instructions.

OMB No. 1545-1165
For IRS Use Only
Received by:
Name _____
Telephone _____
Function _____
Date _____

1 Taxpayer information. Taxpayer must sign and date this form on line 6.

Taxpayer name and address Lane-Scott Electric Coop., Inc. PO Box 758 Dighton, Ks. 67839	Taxpayer identification number(s) 48-0526038
	Daytime telephone number 620-397-5327
	Plan number (if applicable)

2 Designee(s). If you wish to name more than two designees, attach a list to this form. **Check here if a list of additional designees is attached** ☐

Name and address Katherine E. Lewis PO Box 758 Dighton, Ks. 67839 Check if to be sent copies of notices and communications <input checked="" type="checkbox"/>	CAF No. _____ None PTIN _____ Telephone No. _____ 620-397-5327 Fax No. _____ 620-397-5997 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address Diana Kuhlman PO Box 758 Dighton, Ks. 67839 Check if to be sent copies of notices and communications <input checked="" type="checkbox"/>	CAF No. _____ None PTIN _____ Telephone No. _____ 620-397-5327 Fax No. _____ 620-397-5997 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>

3 Tax information. Each designee is authorized to inspect and/or receive confidential tax information for the type of tax, forms, periods, and specific matters you list below. See the line 3 instructions.

☐ By checking here, I authorize access to my IRS records via an Intermediate Service Provider.

(a) Type of Tax Information (Income, Employment, Payroll, Excise, Estate, Gift, Civil Penalty, Sec. 4980H Payments, etc.)	(b) Tax Form Number (1040, 941, 720, etc.)	(c) Year(s) or Period(s)	(d) Specific Tax Matters
Payroll	W-4, 940, 941, 941-x & 1096	Jan 2019 - Jul 2024	Not Applicable

4 Specific use not recorded on the Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. See the instructions. If you check this box, skip line 5 ☐

5 Retention/revocation of prior tax information authorizations. If the line 4 box is checked, skip this line. If the line 4 box isn't checked, the IRS will automatically revoke all prior tax information authorizations on file unless you check the line 5 box and **attach a copy** of the tax information authorization(s) that you want to retain ☐
To revoke a prior tax information authorization(s) without submitting a new authorization, see the line 5 instructions.

6 Taxpayer signature. If signed by a corporate officer, partner, guardian, partnership representative (or designated individual, if applicable), executor, receiver, administrator, trustee, or individual other than the taxpayer, I certify that I have the legal authority to execute this form with respect to the tax matters and tax periods shown on line 3 above.

► IF NOT COMPLETED, SIGNED, AND DATED, THIS TAX INFORMATION AUTHORIZATION WILL BE RETURNED.

► DON'T SIGN THIS FORM IF IT IS BLANK OR INCOMPLETE.

Signature Richard Jennison	Date President
Print Name	Title (if applicable)

11. b. NRECA 2021 Regional Meeting

The 2021 NRECA Regional Meeting for Regions 7 & 9 will be held September 28-30, 2021, in Las Vegas, NV. The meeting will be held in-person or online. The meeting will be held at the JW Marriott Las Vegas and Early Bird registration ends August 27, 2021. NRECA has published an Event Code of Conduct & Policies and is recommending that all in-person attendees wear a mask while indoors and follow CDC guidelines. I have registered for the in-person meeting.

Any Trustee wishing to attend should contact Diana as soon as possible.

The Schedule includes:

1. Training. 952.1 Increasing Influence and Building Board Consensus and 971.1 Governance Challenges of the Evolving Distribution Cooperative
2. NISC Regional Meeting
3. CFC District Meeting
4. Region 7 Federated Director Elections
5. Region 7 NRECA Business Meeting

Staff requests that the Board designate a Voting Delegate and an Alternate for the Federated Election and NRECA Business Meeting.

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF JULY 2021

1. Leighton Ayers, Blake McVicker, and Chad Rupp OSHA 10-hour General Industry training.
2. Chris Terhune and Carrie Borell OSHA Sharp program application. Researched BLS national average.
3. Lane-Scott Electric safety manual amendments were approved. New safety manuals were made to be given out at the December safety meeting and to discuss amendments with employees. Until then employees will continue to follow the KEC recommended safety manual.
4. Researched safety app programs and electronic form software options and pricing.
5. Richard McLeon, Chris Terhune, and Carrie Borell attended Sunflower Electric meeting to discuss radio communication equipment and project plan.
6. Chris Terhune and Richard McLeon met with Mobile Radio Service about radio quotes.
7. Chris Terhune and Carrie Borell filed KDOT overlength permits.
8. RESAP/Self-Assessment/Annual Supervisor Inspection improvements **completed**:
 - Retail Warehouse – main office walkways need cleared and truck bay needs walkways marked.
9. Ann Jennings's member safety awareness publishes to either KCL newsletter, social media, and/or the Lane Scott Electric website concerning:
 - Farmers and Large Equipment Overhead Line Safety Video
 - Tree Trimming
10. Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Compliance One drug and alcohol monthly roster report.
 - OSHA 300A non-recordable incident report.
11. In-House July safety meeting topics: Safety summary, CPR, AED, and First Aid training. July safety minutes are included in the board packet.
12. In-House July council meeting project follow ups. Minutes are included in the board packet.

SAFETY PROJECTS IN PROGRESS AS OF JULY 2021

1. RESAP/Self-Assessment/Annual Supervisor Inspection improvements **in progress**:
 - Truck #173 – upper boom chipped (Working with Brady at Altec to fix.)
 - Truck #110 – 2 traffic signs needed are ordered.
 - Ness Truck Bay – broken windowpane south end near highway is broken and needs replaced.
2. RESAP/Self-Assessment/Annual Supervisor Inspection improvements in **work plan**:
 - Bazine Substation – center switch beside regulators needs changed out.
 - Dighton City West Substation – needs switch bypass on north side of substation.
 - Ness City Substation – arrestors blown and need replaced.
 - Ransom Substation – arrestors blown, and needs replaced.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

July 14, 2021

Chris Terhune called the meeting to order at 8:03am.

Minutes were read: Dal Hawkinson made a motion to approve the June 30th minutes and Myron Seib seconded. Minutes were read and approved as printed.

Present: Richard McLeon, Kasey Jenkinson, Ben Mann, Dal Hawkinson, Chris Terhune, Myron Seib, Kevin Bradstreet, Leighton, Ayers Dellon Shelton, Blake McVicker, Nate Burns, Scott Briand, Kalo Mann, Michael Pollock, Mark McCulloch, Carrie Borell, and Diana Kuhlman

Absent: Chad Rupp, Rebecca Campbell, Ann Marie Jennings, and Kathy Lewis

Truck report of inspections:

105	Dellon Shelton	OK
110	Blake McVicker	OK
112	Leighton Ayers	OK
117	Chris Terhune	OK
123	Mark McCulloch	OK
132	Kevin Bradstreet	OK
135	Nate Burns	OK
136	Dellon Shelton	OK
143	Michael Pollock	OK
144	Kalo Mann	OK
145	Chris Terhune	OK
150	Kasey Jenkinson	OK
173	Kevin Bradstreet	OK
174	Dal Hawkinson	OK
191	Blake McVicker	OK
193	Myron Seib	In Shop
200	Ben Mann	OK
304	Black McVicker	OK
305	Myron Seib	OK

Trailer and Equipment report of inspections:

502	Myron Seib	OK
507	Myron Seib	OK
515	Myron Seib	OK
504	Chris Terhune	OK
505	Chris Terhune	OK
508	Chris Terhune	OK
509	Chris Terhune	OK
513	Chris Terhune	OK
516	Chris Terhune	OK
700	Chris Terhune	OK
701	Chris Terhune	OK
702	Chris Terhune	OK
512	Scott Briand	OK
514	Scott Briand	OK

Warehouse, building, and pole yard inspections:

Ness City Warehouse	Myron Seib	OK
Ness Pole Yard & Transformer Dock	Myron Seib	OK
Warehouse	Scott Briand	OK
Pole Yard & Transformer Dock	Scott Briand	OK
Office	Diana Kuhlman	OK

Personal Tools: All Passed

Gloves Monthly Test Results: #91, #17 Rejected

Conductor Covers Annual Test Results: #8, #15 Rejected

Line Hose Annual Test Results: All Passed

Substation and Regulator Report: Ben Mann reported the change out of regulators on Scott City 3-phase and City circuit are in progress. Chris Terhune discussed planning to do a backfeed to change out Healy and Ness City arrestors

PCB Report: None to report

Line Clearance: Lane County Country Club, Brenner Farm, Carlynn Foos, and Solida tree trimming is continuing to work in Ness City northwest section.

Accident and Near Misses: Kevin Bradstreet reported air seeder caught the secondary line. Ben Mann reported grain cart auger caught in line at the Alexander substation

Old Business:

- ◆ Carrie Borell discussed billing instructions for the meter number and positions is not available at this time because it requires a module integration. Quote was for \$23,000 for implementation. This is postponed for a possible future upgrade consideration.

New Business:

- ◆ Chris Terhune reported on the annual ground test results. All Passed. RESAP assessment is on July 23. The OSHA Sharp program application is completed except for the section to determine meets the Bureau of Labor Statistics national average. Chris will research where to obtain this data.
- ◆ Richard McLeon discussed the new drug and alcohol policy was approved. The policy is for the purpose of providing employees a support system to help manage or gain assistance in any area that may be affecting their emotional or physical health. Insurance covers any type of counseling that is needed. Individuals may reach out to the general manager for personal assistance or about others that may not realize they are in need without with party's concern of repercussions. Ultimate goal is to be proactive in our health to prevent one strike you are out enforcement. Work plan was approved, and we will start on the Motorola radio replacement and the north yard lot improvements project plans. Training program was discussed that all training requests will be taken to Richard for approval, Diana will handle reservations as needed, and meeting certification or notices will be given to Chris to include in the employee training files. Blake McVicker and Dellon requested an opportunity to attend the Pratt hot line schooling September 8th – 10th and the metering and transformer schooling. Chris Terhune and Kasey Jenkinson would like to attend the capacitor training. Dellon McVicker and Dal Hawkinson would like to attend the staking training in September.
- ◆ Carrie Borell discussed employee outage notification options that could be received by email, text, or AppSuite. It was agreed that the notifications could be a distraction during an outage, and it would be best to have SRS dispatch manage the outage notifications. Carrie will contact SRS and NISC OMS to begin software integration with SRS multispeak platform. This will give them the outage alerts that have been reported via other mobile means in addition to phone calls that are reported. Employee outage notifications are tailored to the employee's preferences. If employees are also interested in receiving the employee outage notifications, they can contact Carrie and can be set up at that time. Dal Hawkinson inquired on how SRS would handle notifications during 8-5pm working hours. Office staff would be dispatching during those hours, but Carrie will confirm with SRS. Carrie asked that as employees come across AppSuite data needs to notify her so improvements to the software can be done.
- ◆ Dal Hawkinson reported that we will be working on programming OMS to be able to perform auto-restore process.
- ◆ Ben Mann discussed the collector lost communication issue during the storm outage. Dal Hawkinson reported that Arnold was rebooted, and Utica was hit by lightning. Collector age and replacement

options were discussed. Towers added to system would help with some of the connectivity issues and possible analysis of the collector positioning was discussed.

- ◆ Kevin Bradstreet reported 14 broken poles from the storm.
- ◆ Reviewed the safety summary.

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
SAFETY COUNCIL COMMITTEE MEETING
July 13, 2021

Leighton Ayers called the meeting to order at 8:10pm.

Minutes were read: Chris Terhune made a motion to approve the January 13th minutes and Richard McLeon seconded. Minutes were read and approved as printed.

Present: Richard McLeon, Chris Terhune, Leighton Ayers, and Carrie Borell

Absent:

Old Business:

- ◆ Chris Terhune reported that Ben Mann marked and labeled the Twin Springs and Manning substations. Pole bunks in Ness and Dighton are labeled. Double throw switch inspections are being done with the formal line patrol which is in progress. EAP, DRP, and ERP projects are in progress. Lane Scott Electric safety manual amendments have been approved and training is planned for December until then the KEC recommended safety manual will continue to be used. Skidding tongs have been replaced with lifting tongs.
- ◆ Richard McLeon reported we are getting Ness concrete quotes.
- ◆ Carrie Borell reported several of the safety inspection forms and storage options have been tested. Did some trials on several safety app software to create the forms with and currently have not found a user-friendly or cost-effective program yet. Continuing to research other software and communicating with other cooperatives to see what they are using. Haven't went further on it this month due to working on other projects and will start back on it.

New Business:

- ◆ Safety budget was discussed. Chris will get traffic signs for truck 110, replacement sign case for truck 112, replacement window paid for Ness window.
- ◆ Chris Terhune discussed the replacement of the Ness windows that are broken. OSHA VPP Sharp program application is complete once the Bureau of Labor Statistic national percentage can be determined. Chris will contact Midwest who has completed the application to find out where to find that data. Chris is working on the overlength annual permits and transformer bad dock updates. Preparations for the RESAP visit on July 23rd were discussed. Manning arrestors have been replaced. Need to repair or replace switch by Healy. Leighton Ayers discussed back feed options to do substation repairs. Altec has not been able to get here to repair chips on truck 173 and it was discussed to contact Ness Body Shop to see if they are able to do that type of work. Dighton sub and Saddlehorn pump station regulator stands were discussed. Trucks will be cleaned for the annual meeting. Pole change outs are being done from storm damage.
- ◆ Richard McLeon discussed Bruce at Federated doing accident investigation training. Board approved drug and alcohol policy amendments that go in affect now to a one strike program, if an accident occurs the employee will be drug tested, and options to randomly increase drug testing. Work plan to start dirt work and leveling of the north lot and pour concrete on the Ness shop floor. City of Dighton is trying to take over the Dollar General. Lane Scott will bid on the City O&M contract in May. On call situation was discussed with the board members. Kansas hazard mitigation plans are not approved at this time, but amendments to the plan are being worked on. OSHA training progress was discussed. Demo trailer project will be moved to 2022 project. Border States contract expires in April and at that time stocking and inventory process will be managed through Scott in the warehouse.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Secretary