



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for September 12, 2022, at 7:00 p.m.

Proposed Agenda:

1. Call to Order
2. Reading and Approval of Minutes
3. Presentation of Check Register
4. Presidents Report
5. Attorneys Report
6. Sunflower EPC Report
7. KEC Report
8. General Managers Report
9. Old Business
10. New Business
 - a. NRECA 401(k) and R&S plans
 - b. BSGM Audit Engagement Letter
 - c. Load Forecast Study
 - d. 2023 LSEC Annual Meeting Date
11. Safety Report
12. Executive Session
13. Adjourn

Upcoming Events:

Sunflower Board Meeting	Hays	Sep 21
Sunflower CEO screening interviews	Portland, OR	Sept 26-27
NRECA Regional	Portland, OR	Sep 27-29
LSEC Board		Oct 3
KEC Board	Wichita	Oct 4-5

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		Kathy	Non-operating margins		2	
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**MINUTES OF THE REGULAR AUGUST 2022
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, August 8, 2022, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:52 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Chad Griffith, Paul Seib Jr. and Craig Ramsey. Also present Richard McLeon IV and Joseph D. Gasper, Attorney. Eric Doll and Richard Sorem were absent.

REORGANIZATION AND ELECTION OF OFFICERS

President, Jennison asked Attorney Gasper to chair the meeting for the election of officers. Attorney Gasper called for nominations for president to serve until the next election of officers following the annual meeting in year 2023.

President Jennison was nominated to serve as president. The nomination was seconded and it was moved that nominations cease and that a unanimous ballot be cast for President Jennison. The motion was duly seconded and carried.

A motion to retain the remaining current officers in their positions for the next year, as follows: Vice President, Craig Ramsey, Secretary, Paul Seib, Jr., and Treasurer, Eric Doll was made. The motion was seconded and carried.

Attorney Gasper called for action on the time and place for the monthly meeting. A motion to *maintain the current schedule of 7:00 p.m. on the first Monday of each month for the board meeting was made, duly seconded, and carried.*

The board discussed Trustee compensation and no action was taken to change the compensation levels.

A motion to appoint Paul Seib, Jr., and Manager McLeon as the Sunflower delegates and President Jennison and Kathy Lewis as the alternate Sunflower delegate was made. The motion was seconded and carried.

A motion to appoint Craig Ramsey as the KEC delegate and Manager McLeon as the alternate KEC delegate was made. The motion was seconded and carried.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on July 11, 2022. *Hearing no corrections to the minutes, President Jennison declared the minutes stand approved as printed.*

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 discussed language on the Trustee election at future annual meetings with the board.

REPORT OF SUNFLOWER DELEGATE

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

Trustee Seib added the following:

- There was a meeting with ACES to discuss the hedging program.
- The coal trains are now more on schedule than they had been previously.
- Holcomb is back online.

KEC REPORT

The KEC meeting was attended by Manager McLeon and a report was included in the board packet. He also added the following:

- The new cybersecurity position was approved as recommended by the cybersecurity committee. This position will assist KEC members with cybersecurity initiatives.
- The RS and 401(k) plan restatement was approved.
- A donation of \$1,000 to the CFC Integrity Fund was approved.
- The Management Evaluation committee report was approved.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- The monthly overall rate was 11.29 cents and year-to-date overall rate was 11.10 cents.
- LSEC is about \$500,000 ahead of budget. The power costs are eroding the distribution margins.
- LSEC is looking at methods of balancing the ECA recovery such as a 12-month rolling average to help with leveling out the ECA.
- ASAI is 99.97 for the year with the majority of outages being planned.
- Approximately 400 people were served a meal at the annual meeting. The electronic registration worked very well.
- The operations department continues to be busy with maintenance.
- There were six new connects for the month.
- Ann Marie is working on information for a BRIC grant project.
- A DEI plan for FEMA is being worked on for submission.
- Wholesale power costs were \$297,688 above last month which is 23.8% above last month. This reduced the distribution revenue to \$373,701 or \$65,331 below the 10 year average.
- Total Operating Margins are \$-85,203 with Total Margins of \$16,705. Non-operating Margins showed a gain of \$30,981 for the month and \$51,836 year-to-date. The electricians showed a gain of \$68,300 with HVAC at a loss of \$22,991.
- There are some generators on hand waiting on transfer switches so they can be installed.
- Inventory is a little higher than normal as supplies are bought when they are available.

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

There was no old business before the board.

NEW BUSINESS

1. Board Policy 508

- The safety committee and General Manager researched and developed changes to policy 508 at the request of the board.
- Key amendments include:
 - Expansion of “Training” to include all employees, employee professional development and identifying roles and responsibilities for training and record retention.
 - Updating and defining various responsibilities for safety and incident reporting.
 - Removal of specific responsibilities for disciplinary action and enforcement. The policy put much of the disciplinary action in the hands of the safety committee and defined a specific process. The amendment requires the safety committee to review every potential safety incident and present their findings to the General Manager.
- *A motion to approve the amended board policy 508 as presented to the board was made, duly seconded and approved.*

2. Tariff for Electric Service

- Manager McLeon reviewed the proposed tariff with the changes that have been discussed at prior meetings. The tariff is the culmination of two years of work to update the existing 2013 rules and regulations to include the 2022 rate schedules. Manager McLeon will verify with KCC that the new tariff will not have to be filed with the KCC.
- The tariff makes various updates that are consistent with the current rates, fees, rules, and regulations.
- The board discussed the billing and payment language in Section P(7) and determined that language should be consistent with the language stated in Section O(5)(a).
- *A motion to adopt the proposed 2022 tariff with the changes to Section P(7) by adding of the language contained in Section O(5)(a) was made, duly seconded and carried.*

3. Board Policy 112

- The proposed board policy 112 has changes to reflect moving fees for service calls to the tariff and removes the General Manager from revising service fees and placing it with the Board.
- *A motion to amend Board Policy 112 as presented was made, duly seconded, and carried.*

4. Board Policy 114

- Board policy 114 is no longer necessary as the delinquent accounts are addressed in the tariff so it is recommended to rescind the policy.
- *A motion to rescind Board Policy 114 was made, duly seconded, and carried.*

5. Board Policy 120

- Board Policy 120 is no longer necessary as the meter testing is addressed in the tariff.
- *A motion to rescind Board Policy 120 was made, duly seconded, and carried.*

6. Board Policy 125.

- Staff proposes amendments to Board Policy 125 to remove specific pricing and charges and to memorialize current work practices. The Resale Department is not governed by the KCC and therefore pricing may be amended with market conditions, sale, etc.
- *A motion to adopt the proposed Board Policy 125 was made, duly seconded, and carried.*

7. Regional Meeting Delegates

- Manager McLeon was designated the NRECA and CFC voting delegate and President Jennison the alternate voting delegate for the NRECA Region 7 meeting.

EXECUTIVE SESSION

A motion to enter executive session to discuss personnel matters was made, duly seconded and carried at 8:46. The board came out of executive session at 9:40.

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 9:41 p.m., on Monday, August 8, 2022.

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Accounts Payable Check Register

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2796 08/08/2022	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA Gr 1-August Group Ins	2,717.41
2797 08/08/2022	WIRE	180	NRECA	NRECA Gr 1 Adm Fee-August Gr Ins Adm Fee	223.50
2795 08/09/2022	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS-Group Ins	46,892.47
2798 08/09/2022	WIRE	168	ONLINE INFORMATION SERVICES, INC	Monthly Invoice	70.04
2799 08/09/2022	WIRE	468	U.S. BANK	Monthly Credit Card Invoice	18,731.73
2800 08/09/2022	WIRE	1267	AFLAC	Monthly Premiums	833.42
2801 08/10/2022	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,290.48
48803 08/10/2022	CHK	1	PRATT COMMUNITY COLLEGE	Scholarship ID#23249 Taylor Cable	1,500.00
48804 08/10/2022	CHK	1	THE RUSH COUNTY NEWS	Advertising	148.00
48805 08/10/2022	CHK	30	HAROLD HOSS	August Board Meeting	387.50
48806 08/10/2022	CHK	37	JETMORE REPUBLICAN	Advertising	32.00
48807 08/10/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,309.55
48808 08/10/2022	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	214.95
48809 08/10/2022	CHK	55	NESS COUNTY NEWS	Advertising	98.60
48810 08/10/2022	CHK	59	NRECA	Rural Electric Magazine	585.00
48811 08/10/2022	CHK	60	PAUL SEIB JR	August Board Meeting	391.25
48812 08/10/2022	CHK	63	RICHARD JENNISON	August Board Meeting	366.25
48813 08/10/2022	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	104.65
48814 08/10/2022	CHK	104	HOME OIL CO	Monthly Fuel Invoice	1,438.00
48815 08/10/2022	CHK	105	CITY OF NESS CITY	July Pay Station and Postage	616.00
48816 08/10/2022	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	232.11
48817 08/10/2022	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	140.97
48818 08/10/2022	CHK	164	FAIRBANK EQUIPMENT INC.	Monthly Invoice	142.21
48819 08/10/2022	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Kasey Jenkinson	567.67
48820 08/10/2022	CHK	179	RAD ROEHL	August Board Meeting	361.25
48821 08/10/2022	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	592.91

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
48822 08/10/2022	CHK	194	POST ROCK	Advertising	300.00
48823 08/10/2022	CHK	202	CHAD GRIFFITH	August Board Meeting	396.88
48824 08/10/2022	CHK	220	LANDIS+GYR TECHNOLOGY, INC	July SaaS Fee	845.66
48825 08/10/2022	CHK	226	KANSAS CORPORATION COMMISSION	Qtrly Assesment	443.84
48826 08/10/2022	CHK	238	ILLINOIS MUTUAL	Premiums	153.20
48827 08/10/2022	CHK	269	ANIXTER INC	Monthly Invoice	7,410.56
48828 08/10/2022	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Monthly Invoice	565.43
48829 08/10/2022	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	200.00
48830 08/10/2022	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	59,141.44
48831 08/10/2022	CHK	373	KANSASLAND TIRE CO. INC OF HAYS	Monthly Invoice	2,231.00
48832 08/10/2022	CHK	380	GRAINGER	Monthly Invoice	58.57
48833 08/10/2022	CHK	386	SEILER INSTRUMENT & MFG CO INC	Survey	1,995.00
48834 08/10/2022	CHK	387	WESTERN FUEL & SUPPLY	Monthly Invoice	450.94
48835 08/10/2022	CHK	395	DOLLAR GENERAL - REGIONS 410526	Monthly Invoice	84.44
48836 08/10/2022	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Substation Maintenance	3,250.20
48837 08/10/2022	CHK	427	DIGHTON HERALD LLC	Advertising	137.00
48838 08/10/2022	CHK	450	RANDALL G EVANS	August Board Meeting	350.63
48839 08/10/2022	CHK	479	CASE BECKMAN	Lawn Care for July	310.00
48840 08/10/2022	CHK	506	K&J FOODS	Supplies-Safety Meeting	179.86
48841 08/10/2022	CHK	525	CHROMALOX INC	Monthly Invoice	105.93
48842 08/10/2022	CHK	526	THE LAW OFFICES OF JOHN R. DIETRIC	Legal Consulting-July	1,025.00
48843 08/10/2022	CHK	773	BRETZ, INC.	Monthly Invoice	823.05
48844 08/10/2022	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fees	64.80
48845 08/10/2022	CHK	1030	THE SCOTT COUNTY RECORD	Advertising	77.40
48846 08/10/2022	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	119.29
48847 08/10/2022	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Invoice	132.87

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
48848 08/10/2022	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	283.50
48849 08/10/2022	CHK	1251	TECHLINE, LTD	Monthly Invoice	2,204.03
48850 08/10/2022	CHK	1254	EAGLE RADIO	Advertising	455.00
48851 08/10/2022	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	459.24
48852 08/10/2022	CHK	1299	DEANNE DECHANT	Cookies for Board Meeting	72.00
48853 08/10/2022	CHK	1300	CRAIG RAMSEY	August Board Mtg and KEC Summer Mtg	2,212.50
48854 08/10/2022	CHK	1303	LANE COUNTY IMPLEMENT, INC	Monthly Invoice	36.00
2803 08/11/2022	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	816.43
2802 08/12/2022	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	190.15
48855 08/16/2022	CHK	2	CASHIER ACCOUNT	Cash Drawer	115.00
48856 08/16/2022	CHK	3	MJ'S STITCHING & SCREENING	Fall 2022 Tshirt Advertising	217.00
48857 08/16/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	54,500.00
48858 08/16/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	8,042.93
48859 08/16/2022	CHK	59	NRECA	2022 NRECA Membership Dues	7,237.00
48860 08/16/2022	CHK	79	POSTMASTER	Postage	110.46
48861 08/16/2022	CHK	105	CITY OF NESS CITY	Monthly Invoice	26.24
48862 08/16/2022	CHK	126	CARRIE BORELL	KEC Supervisor Class	324.50
48863 08/16/2022	CHK	169	AMERICAN ELECTRIC-GARDEN CITY	Monthly Invoice	1,809.80
48864 08/16/2022	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	1,128.74
48865 08/16/2022	CHK	198	OTIS ELEVATOR COMPANY	Elevator Maintenance contract	9,493.75
48866 08/16/2022	CHK	233	KANSAS REC ACCOUNTANTS ASSOCIA	Dues-Kansas Act Association	100.00
48867 08/16/2022	CHK	494	UTILITY ASSET MANAGEMENT INC.	Pole Testing	7,640.00
48868 08/16/2022	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Monthly Invoice	62.93
48869 08/16/2022	CHK	527	MOBILE RADIO SERVICE, INC.	Radio for Truck # 201	579.44
48870 08/16/2022	CHK	803	ALTEC INDUSTRIES, INC	Parts #112	504.57
48871 08/16/2022	CHK	903	NISC	Monthly Invoice-veriphone for retail	10,918.32

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Accounts Payable Check Register

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2804 08/18/2022	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	556.80
2806 08/23/2022	WIRE	101	ATMOS ENERGY	Monthly Invoice	54.90
2807 08/25/2022	WIRE	1290	WEX BANK	Monthly Fuel Invoice	482.33
2808 08/25/2022	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	25,573.23
2805 08/26/2022	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	112.85
48872 08/26/2022	CHK	1	ALLEN COMMUNITY COLLEGE	SCholardship-from 2020 CYLC	1,500.00
48873 08/26/2022	CHK	1	STERLING COLLEGE	Community Education Scholarship	1,500.00
48874 08/26/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Youth Tour-Colorado	2,250.00
48875 08/26/2022	CHK	105	CITY OF NESS CITY	Franchise Fee	8,593.19
48876 08/26/2022	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	53.47
48877 08/26/2022	CHK	135	CITY OF BAZINE	FRanchise Fee	2,661.21
48878 08/26/2022	CHK	150	CHRIS TERHUNE	Meeting Expense-Safety Summitt	27.48
48879 08/26/2022	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	10,075.21
48880 08/26/2022	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Dal & Kasey	434.87
48881 08/26/2022	CHK	242	KINNEY GLASS INC	Door Repair	4,656.45
48882 08/26/2022	CHK	380	GRAINGER	Monthly Invoice	221.36
48883 08/26/2022	CHK	406	RICHARD MCLEON	Mtg Expense	167.25
48884 08/26/2022	CHK	517	UNITED RENTALS INC.	Pipe Bender-LCF	1,087.90
48885 08/26/2022	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Monthly Copier contract	127.73
48886 08/26/2022	CHK	527	MOBILE RADIO SERVICE, INC.	Radio Equipment for Ness & Dighton Tower	31,860.23
48887 08/26/2022	CHK	745	GOVE COUNTY ADVOCATE	Advertising	48.00
48888 08/26/2022	CHK	790	SOLOMON CORPORATION	OCR Repair	1,000.37
48889 08/26/2022	CHK	903	NISC	License Renewals	2,983.75
48890 08/26/2022	CHK	1306	KCRE	2022 KCRE Gold Sponsorship	175.00
2809 08/29/2022	WIRE	183	HIBU INC	Advertising	10.00
48891 08/29/2022	CHK	1	FIRST NATIONAL BANK	Land Rights-Dighton City Sub West	14,471.99

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2810 08/30/2022	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	70.87
2811 09/01/2022	WIRE	44	NEX-TECH WIRELESS, LLC	Monthly Invoice	392.94
2812 09/01/2022	WIRE	265	HASLER - POSTAGE ACH	Postage	250.00
48892 09/01/2022	CHK	1	NESS CITY ROTARY	Dues	111.00
48893 09/01/2022	CHK	20	BASIN ELECTRIC POWER COOP	July Dispatch fees	2,129.32
48894 09/01/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	59,000.00
48895 09/01/2022	CHK	34	AMERICAN SAFETY UTILITY CORP	Canvas Bolt Bag	26.73
48896 09/01/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Accounting Workshop	5,695.50
48897 09/01/2022	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	91,636.81
48898 09/01/2022	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	232.12
48899 09/01/2022	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	2,409.00
48900 09/01/2022	CHK	182	G.E.M.S. INC	Monthly Invoice	398.40
48901 09/01/2022	CHK	186	BRIDGEWELL RESOURCES LLC	Poles	25,714.50
48902 09/01/2022	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Truck #193 Repairs	9,692.05
48903 09/01/2022	CHK	351	J&D PUMP AND SUPPLY LLC	Monthly Invoice	66.13
48904 09/01/2022	CHK	380	GRAINGER	Monthly Invoice	93.23
48905 09/01/2022	CHK	395	DOLLAR GENERAL - REGIONS 410526	Supplies	218.96
48906 09/01/2022	CHK	444	HAYS CAR & TRUCK ALIGNMENT, INC.	Truck 150 Alignment	266.44
48907 09/01/2022	CHK	473	SCOTT BRIAND	Clothing Allowance	250.00
48908 09/01/2022	CHK	803	ALTEC INDUSTRIES, INC	Truck #200	4,585.63
48909 09/01/2022	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	261.60
48910 09/01/2022	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Supplies	112.69
48911 09/01/2022	CHK	1293	DAL HAWKINSON	Per diem-Staking School Phase 2	379.50

Total Payments for Bank Account - 2 : (127) 587,059.43

Total Voids for Bank Account - 2 : (0) 0.00

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**Accounts Payable
Check Register**

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total for Bank Account - 2 :					(127) 587,059.43
Grand Total for Payments :					(127) 587,059.43
Grand Total for Voids :					(0) 0.00
Grand Total :					(127) 587,059.43

09/02/2022 9:19:23 am

Payroll/Labor Check Register

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Pay Date: 08/01/2022 To 08/31/2022

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
5	KATHERINE E LEWIS	08/14/2022	6214	5,368.03	0.00	88.00	0.00	647.53 405.46	42.32 0.00	1,670.86 2,785.28	3,049.64 1,005.00 175.00 1,869.64	DD DD DD
21	CARRIE M BORELL	08/14/2022	6215	2,938.32	0.00	88.00	0.00	406.33 217.56	16.14 0.00	528.78 2,157.14	2,003.21	DD
22	REBECCA L CAMPBELL	08/14/2022	6216	2,559.04	0.00	88.00	0.00	539.02 179.31	11.76 0.00	457.85 2,007.25	1,562.17 300.00 1,262.17	DD DD
26	RICHARD A MCLEON	08/14/2022	6217	9,875.00	0.00	88.00	0.00	435.08 722.51	229.20 0.00	2,895.76 3,373.76	6,544.16	DD
34	KALO M MANN	08/14/2022	6218	4,031.16	0.00	99.00	0.00	602.40 308.02	70.25 0.00	911.55 1,890.28	2,517.21	DD
35	NATHAN A BURNS	08/14/2022	6219	3,368.64	0.00	88.00	0.00	395.28 256.50	19.28 0.00	890.65 1,645.72	2,082.71	DD
50	KASEY R JENKINSON	08/14/2022	6220	5,945.28	0.00	110.00	0.00	823.91 447.07	35.75 0.00	1,493.34 2,684.84	3,628.03	DD
55	BENJAMIN L MANN	08/14/2022	6221	4,970.78	0.00	100.00	0.00	661.46 378.90	17.10 0.00	1,209.34 2,003.22	3,099.98	DD
74	DAL S HAWKINSON	08/14/2022	6222	4,682.79	0.00	101.00	0.00	584.52 350.22	5.85 0.00	1,132.58 2,554.95	2,965.69	DD
84	MICHAEL S POLLOCK	08/14/2022	6223	3,856.36	0.00	95.00	0.00	661.46 287.04	6.29 0.00	736.71 2,387.22	2,458.19 100.00 25.00 25.00 25.00 2,283.19	DD DD DD DD DD
85	CHAD A RUPP	08/14/2022	6224	5,249.57	0.00	104.50	0.00	569.49 396.03	37.95 0.00	1,519.84 2,554.95	3,160.24	DD
89	CHRIS R TERHUNE	08/14/2022	6225	3,945.04	0.00	88.00	0.00	617.87 294.49	15.23 0.00	1,160.97 2,554.95	2,166.20	DD
93	MYRON E SEIB	08/14/2022	6226	4,389.80	0.00	92.00	0.00	698.96 332.21	27.75 0.00	835.17 2,242.24	2,855.67	DD
99	KEVIN A BRADSTREET	08/14/2022	6227	5,249.57	0.00	104.50	0.00	476.13 402.61	35.13 0.00	1,608.20 1,559.41	3,165.24	DD
108	MARK R MCCULLOCH	08/14/2022	6228	2,437.84	0.00	62.00	0.00	1,003.33 182.90	23.22 0.00	469.76 1,630.48	964.75	DD
117	LEIGHTON J AYERS	08/14/2022	6229	5,421.37	0.00	109.00	0.00	404.74 407.50	16.03 0.00	1,339.86 2,436.60	3,676.77 150.00 3,526.77	DD DD

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Payroll/Labor Check Register

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Pay Date: 08/01/2022 To 08/31/2022

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
129	STACEY L FOOS	08/14/2022	6230	129.60	0.00	8.00	0.00	0.00	0.00	9.92	119.68	DD
								10.96	0.00	0.00		
130	ANN MARIE JENNINGS	08/14/2022	6231	2,420.00	0.00	88.00	0.00	434.58	8.64	462.26	1,523.16	DD
								172.54	0.00	1,621.82		
131	DIANA F KUHLMAN	08/14/2022	6232	2,553.00	0.00	91.00	0.00	439.28	13.33	431.00	1,682.72	DD
								190.58	0.00	1,303.35		
132	DELLON R SHELTON	08/14/2022	6233	2,753.53	0.00	88.00	0.00	172.56	1.75	731.78	1,849.19	DD
								208.10	0.00	1,000.14		
134	SCOTT A BRIAND	08/14/2022	6234	1,969.44	0.00	88.00	0.00	264.20	3.00	290.85	1,414.39	DD
								139.61	0.00	1,505.28		
135	BLAKE T MCVICKER	08/14/2022	6235	4,079.53	0.00	90.00	0.00	884.88	3.30	1,102.25	2,092.40	DD
								309.67	0.00	1,242.24		
5	KATHERINE E LEWIS	08/30/2022		5,368.03	0.00	96.00	0.00	647.53	48.12	1,673.03	3,047.47	
			6236					405.90	0.00	2,785.28	1,005.00	DD
											175.00	DD
											1,867.47	DD
21	CARRIE M BORELL	08/30/2022	6237	3,430.82	0.00	100.50	0.00	433.04	17.49	653.17	2,344.61	DD
								255.33	0.00	2,170.49		
22	REBECCA L CAMPBELL	08/30/2022		2,791.68	0.00	96.00	0.00	566.94	14.64	517.55	1,707.19	
			6238					197.33	0.00	2,018.88	300.00	DD
											1,407.19	DD
26	RICHARD A MCLEON	08/30/2022	6239	9,875.00	0.00	96.00	0.00	435.08	243.68	2,323.18	7,116.74	DD
								145.63	0.00	3,373.76		
34	KALO M MANN	08/30/2022	6240	4,010.00	0.00	99.50	0.00	602.40	73.55	906.68	2,500.92	DD
								306.66	0.00	1,890.28		
35	NATHAN A BURNS	08/30/2022	6241	3,847.14	0.00	99.00	0.00	395.28	22.01	1,060.78	2,391.08	DD
								293.33	0.00	1,661.03		
50	KASEY R JENKINSON	08/30/2022	6242	4,953.12	0.00	100.00	0.00	866.65	39.92	1,137.64	2,948.83	DD
								371.51	0.00	2,704.27		
55	BENJAMIN L MANN	08/30/2022	6243	4,916.70	0.00	99.50	0.00	661.46	21.37	1,191.75	3,063.49	DD
								375.10	0.00	2,022.65		
74	DAL S HAWKINSON	08/30/2022	6244	4,539.04	0.00	99.50	0.00	627.56	6.57	1,079.15	2,832.33	DD
								339.27	0.00	2,572.88		
84	MICHAEL S POLLOCK	08/30/2022		5,026.36	0.00	118.50	0.00	693.46	8.23	1,070.13	3,262.77	
			6245					376.67	0.00	2,403.22	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											3,087.77	DD
85	CHAD A RUPP	08/30/2022	6246	4,763.19	0.00	103.50	0.00	605.36	42.15	1,339.75	2,818.08	DD

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Payroll/Labor Check Register

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Pay Date: 08/01/2022 To 08/31/2022

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
89	CHRIS R TERHUNE	08/30/2022	6247	5,880.17	0.00	119.50	0.00	359.15 653.74 442.98	0.00 21.00 0.00	2,572.88 1,885.05 2,572.88	3,341.38	DD
93	MYRON E SEIB	08/30/2022	6248	6,773.71	0.00	129.50	0.00	755.00 515.55	40.42 0.00	1,627.06 2,260.92	4,391.65	DD
99	KEVIN A BRADSTREET	08/30/2022	6249	4,763.19	0.00	103.50	0.00	515.58 365.74	39.67 0.00	1,428.22 1,577.34	2,819.39	DD
117	LEIGHTON J AYERS	08/30/2022	6250	4,572.67	0.00	100.00	0.00	411.91 342.77	18.52 0.00	1,038.75 2,443.77	3,122.01 150.00 2,972.01	DD DD DD
129	STACEY L FOOS	08/30/2022	6251	76.95	0.00	4.75	0.00	0.00 6.50	0.00 0.00	5.89 0.00	71.06	DD
130	ANN MARIE JENNINGS	08/30/2022	6252	2,722.50	0.00	98.00	0.00	456.58 195.85	10.71 0.00	539.48 1,632.82	1,726.44	DD
131	DIANA F KUHLMAN	08/30/2022	6253	2,732.40	0.00	98.00	0.00	472.40 204.45	15.05 0.00	470.40 1,314.39	1,789.60	DD
132	DELLON R SHELTON	08/30/2022	6254	4,010.31	0.00	117.50	0.00	185.07 304.30	2.35 0.00	1,177.97 1,012.65	2,647.27	DD
134	SCOTT A BRIAND	08/30/2022	6255	2,148.48	0.00	96.00	0.00	273.15 152.91	-2.34 0.00	332.69 1,514.23	1,542.64	DD
135	BLAKE T MCVICKER	08/30/2022	6256	6,096.45	0.00	123.50	0.00	884.88 464.22	6.58 0.00	1,852.73 1,260.17	3,358.84	DD
Grand Total:				\$ 181,491.60	\$ 0.00	4,056.25	\$ 0.00	\$ 22,866.08 \$ 13,020.94	\$ 1,328.96 \$ 0.00	\$ 45,200.33 \$ 84,905.91	\$ 113,425.19	



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING – AUGUST 17, 2022

Meeting guests were Todd Bartling, vice president of Renewables Development at NRCO, and Denzil McGill, chief information officer at Victory.

ICARE

2022 Rate Study

Sunflower and Power System Engineering staff gave further updates on the 2022 Rate Study to assess rates to ensure they reflect the total cost of capacity. One impetus behind the study is to proactively secure contributions to fixed costs if customers install Behind the Meter Generation. Cost of Service Study results show that a modest realignment in rates may be needed.

This month, staff reported on updated revenue calculations, the effects of increasing the High Load Factor Credit, and the impacts of Behind the Meter Generation. Extended discussion occurred around High Load Factor options since a change in Non-Coincident Peak rates—if that is the rate option chosen by the Board—will have a large impact on industrial customers, particularly pumping loads.

Staff will continue to study WHM tariff options and will report back to the Board in September with updated costs. Board approval for the 2023 rate will be sought at the September Board meeting.

CURRENT ACTIVITIES

Sunflower New Board Member Orientation

New Board Member Orientation is scheduled for Tuesday, September 20, at 1 p.m. in the Hays Board room. No registration is required, and all are welcome.

Sunflower's Vision Measure Update

After the first strategy cycle in 2020, the Board implemented a three-pronged vision statement: Sunflower will make western Kansas the Number 1 place to live and work by maintaining low rates, managing risk, and furthering the success of our Members and those they serve. Staff then identified 13 drivers and developed 23 measures to evaluate progress. Since the new vision statement centers around the Number 1, it made sense to use “1” as the target.

In the second quarter of each year, an annual evaluation is conducted to determine whether Sunflower is meeting the target goal of 1. In 2022, the average for all vision measures was 1.01. This year the average for all vision measures improved to 1.04.

One of Sunflower's measures is to be in the lower quartile for average member rates among similar size G&Ts. In the past, Sunflower has reached this goal. Currently, Sunflower is in the second quartile, moving from fourth to eighth. Ranking was influenced by G&Ts that didn't have to recover from the staggering costs of Storm Uri and could maintain lower Member rates.

Sunflower/Member Project Interaction

The process map for Sunflower and Member interaction on Member projects identifies points in the project process that require Sunflower and Member alignment and agreement. The goal is to identify and close gap between the current state and the project interaction the Members

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want to see. A survey will be disseminated to Members asking for feedback on opportunity for improvement at each Sunflower/Member Project interaction point. Identified gaps that might suggest strategic changes in the Sunflower/Member Project workflow will be discussed at the December Strategy Session.

Sunflower Members' Conference

The 2022 Members' Conference is scheduled for Nov. 15 at FHSU for 9 a.m. to 4 p.m. Member survey results were received, and an agenda is being developed.

PRESIDENT'S REPORT

Operations

On July 7, the FD4 unit experienced an automatic generator trip associated with low excitation voltage. The rotor was shipped to Atlanta, GA, for repairs and will be returned next week. While the rotor was out of the machine, a complete battery of tests and inspections was completed on the FD4 generator stator as part of the synchronous condenser conversion. Part of the repair costs will be allocated to the synchronous condenser conversion project.

Garden City Complex Power Distribution Center (PDC) Project

Staff reported on the completed SWEEP (Sunflower-Wheatland Electrical Expansion Project). SWEEP was driven by Wheatland Electric's asset sale to the City of Garden City. A portion of the 34.5 kV system was sold to the City of Garden City and the Garden City Complex facilities were separated from it. This resulted in the Garden City Complex going from two 115 kV sources through three paths to one 115 kV source and one path.

When planning the PDC Project, the goals were to extend the practical service life of the Garden City Complex, improve reliability, and reduce complexity of the system. The PDC Project included installing a new PDC building with 4.16 kV and 480 switchgear and battery bank; a new 12 MVA 115/4.16 kV transformer; and a new emergency generator. The project was completed on schedule, within budget, and with no injuries or compliance violations.

Power Supply & Delivery

Sunflower Solar Project @ Russell

Todd Bartling, vice president of Renewables Development at NRCO, joined staff in updating the Board on the Russell solar project. Current work is focused on determining the buildout and ownership of the project. Sunflower issued 19 Request for Proposals (RFPs), receiving six Engineer Procure Construct (EPC) offers and nine Power Purchase Agreement (PPA) offers in response. Prices are coming in higher than expected. Costs, financing, tax credits, NTC mitigation, capacity needs, and our generation interconnection queue status will be evaluated to determine whether to stay on the current schedule (complete construction in 2024), delay the project to see if pricing pressures ease up, or cancel the project. In September, staff will request Board direction regarding how to proceed with the project.

Energy Hedging Review and Extreme Weather Event Analysis

Staff reviewed the performance of Sunflower's 2022 energy hedging products and discussed considerations for procuring hedge products in different seasons. Sunflower's winter hedge, Holcomb outage hedge, and summer hedge created significant added variable energy costs. For future consideration of hedging products, historical weather data was analyzed to determine extreme weather trends. Information from 24 regional weather stations across the SPP region

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was used for a temperature analysis. This approach allowed locations to be weighted or shut off to narrow the region included in the analysis. Results showed that 1970–2000 had more extreme cold weather events than 2000–2022, but since 2010 the frequency and magnitude of extreme cold weather events have started to increase. January has historically had the highest frequency of extreme cold weather events, but the highest magnitude extreme events have occurred in December and February. The weather events that resulted in the coldest weather in the southern part of the region had the most impact on gas-fired generation, and those events have been occurring about every three years since 2011. All four of the most extreme cold weather events since 2010 resulted in a spike in natural gas prices, but two of the events had relatively modest natural gas price spikes compared to the other two.

Staff will continue to work with ACES to evaluate the hedging strategy for next winter. The analysis will be presented to the Board in September, at which time staff will ask for a recommendation on how to proceed.

Transmission Policy & Planning

C2 Waiver

FERC issued a deficiency letter on July 28 on the C2 Byway Cost Allocation Waiver, requesting additional information to process the filing. Specifically, FERC is seeking information regarding the amount of discretion the SPP board would have about whether a request meets the benefit criterion and the basis upon which the SPP board will make its decision to approve or deny a request. SPP's response is due by Aug. 28., and Sunflower staff are drafting responses to the deficiency letter to share with aligned joint commenters, SPP, and KCC. A final decision by FERC is expected in November.

Uniform Local Planning

The process for Uniform Local Planning is being finalized: facilitating transmission owner schedules a meeting with the Network Customers; first vote is a load-weighted vote of the Network Customers in the zone requiring an amount of load equal to the largest load in the zone plus one-half of the remainder of the load in the zone; second vote (if first passes) requires approval of more than 50% of the Network Customers and Transmission Owners (TOs) in the zone. TOs and Network Customers can challenge the vote. If not approved, the Zonal Planning Criteria (ZPC) would revert to the most recently approved ZPC, or if no ZPC has been approved, the SPP Planning Criteria.

SPP's Planning Reserve Margin (PRM)

SPP requires all Load Responsible Entities (LREs) to own or procure sufficient capacity to meet their noncoincident peak load plus a Planning Reserve Margin (PRM), which is currently 12%. Analysis of demand and capacity shows a deficit in 2027 due to load growth and increasing resource retirements. SPP is, therefore, increasing the PRM requirement to 15% in 2023.

Technology Services

Data Analytics Framework

Sunflower continues to work with 1898 & Co., a division of Burns & McDonnell, and our Members on an analytics program to analyze the penetration of emerging technologies in the Sunflower system.

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Corporate Services

Safety Presentation

Carl Potter, CSP, made a safety presentation as part of the Sunflower Safety Summit. A recording of the presentation is available to Sunflower's Members.

Union Negotiations

Union negotiations were successfully concluded in 2.5 days. Staff recommended the Board approve the terms of the Collective Bargaining Agreement (October 1, 2022, to September 30, 2025) between Sunflower and Local Union No. 304, International Brotherhood of Electrical Workers.

Board action: The Sunflower Board approved the terms of the Collective Bargaining Agreement as presented.

Board action: The Sunflower Board approved the Retirement Security Plan as required every five years.

Financials

Overall Member loads were down 0.17% from budget for the month and 0.99% from budget year to date. Large industrial loads were down 5.40% from budget for the month and 3.21% from budget year to date. Year-to-date operating expenses were down 5.85% from budget for the month and up 4.82% from budget year to date.

2023-2025 Budget

Staff presented the preliminary 2023-2025 budget. No new staffing is requested for 2023, with the total approved positions remaining at 431.5. Two new positions are requested in both 2024 and 2025. Member rates are trending up mostly due to current cost pressures from inflation, supply chain issues and fuel prices.

Staff will schedule meetings with individual Members to review and answer questions, noting any significant changes and seeking approval for the 2023 budget in September.

2022 Load Forecast

Two scenarios were used for the 2022 load forecast: the Base Forecast is based on current customer load and used for budgets and transmission planning; the Growth Forecast factors in projected new loads (e.g., load expansions, EVs, DERs). The Base Forecast shows increasing MWh sales through 2024 before declining slightly. The Growth Forecast shows slight growth thru 2025. In 2022, the main Member load classes consisted of 38% large commercial and industrial, 31% general commercial and industrial, 16% residential, and 6% irrigation. Staff will seek approval for the 2022 load forecast in September.

Western Fuels Association Annual Meeting

Board action: The Sunflower Board approved Jana Horsfall and Tracy Davis as voting delegates; Wes Campbell and Will Wylie, alternates.

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CFC District 7 Meeting

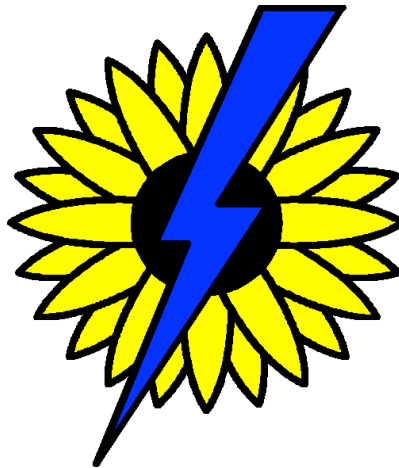
Board action: The Sunflower Board approved Bruce Mueller as voting delegate and Wes Campbell as alternate for the CFC District 7 Meeting in Portland, OR, on September 28.

BUSINESS STRATEGY REPORT

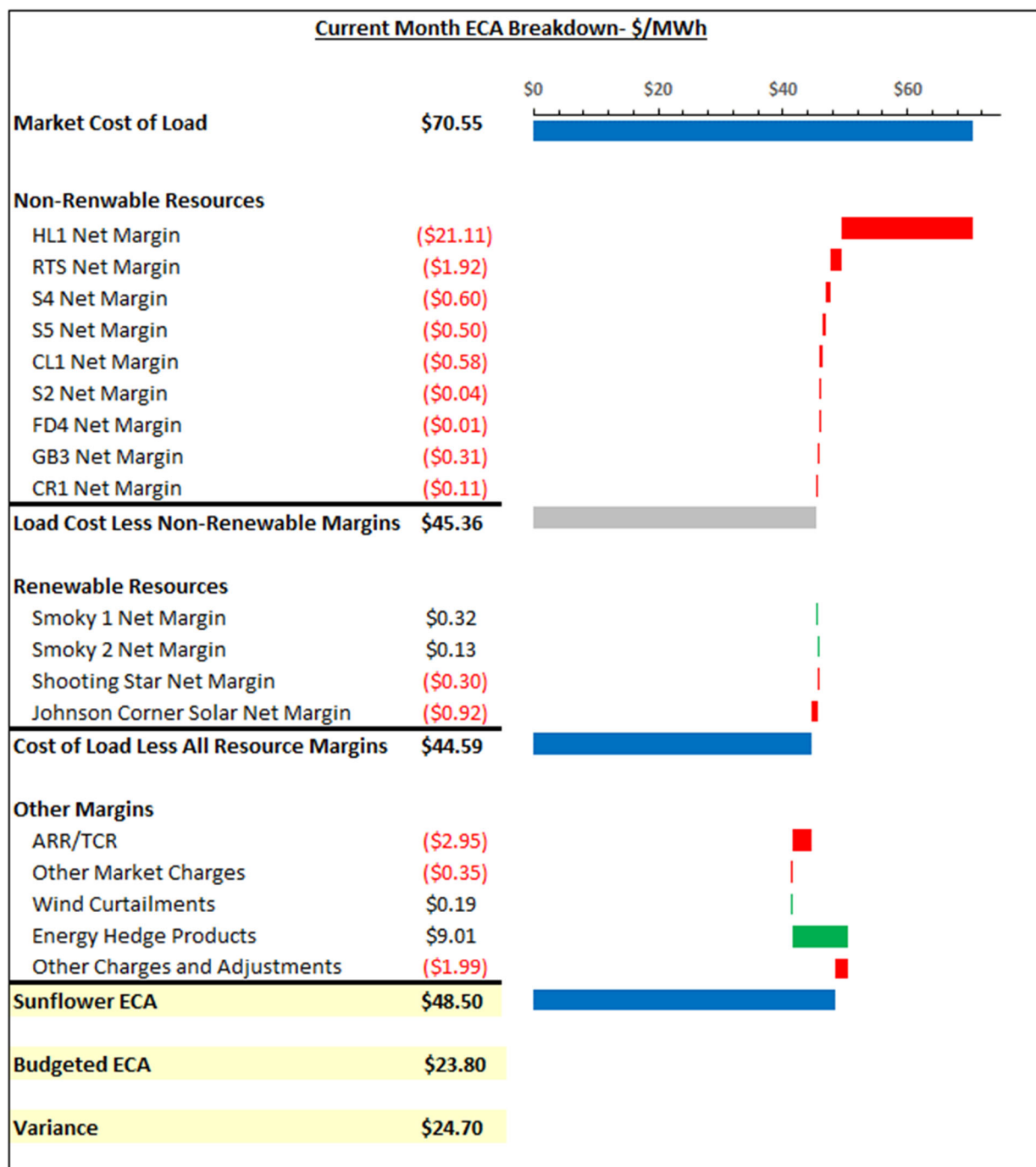
AUGUST 17, 2022

The information contained herein is
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Any disclosure of the matters discussed within this report to any person or entity outside the company or firm is unauthorized and strictly prohibited without the prior consent of the President and CEO or Counsel of Sunflower Electric Power Corporation.



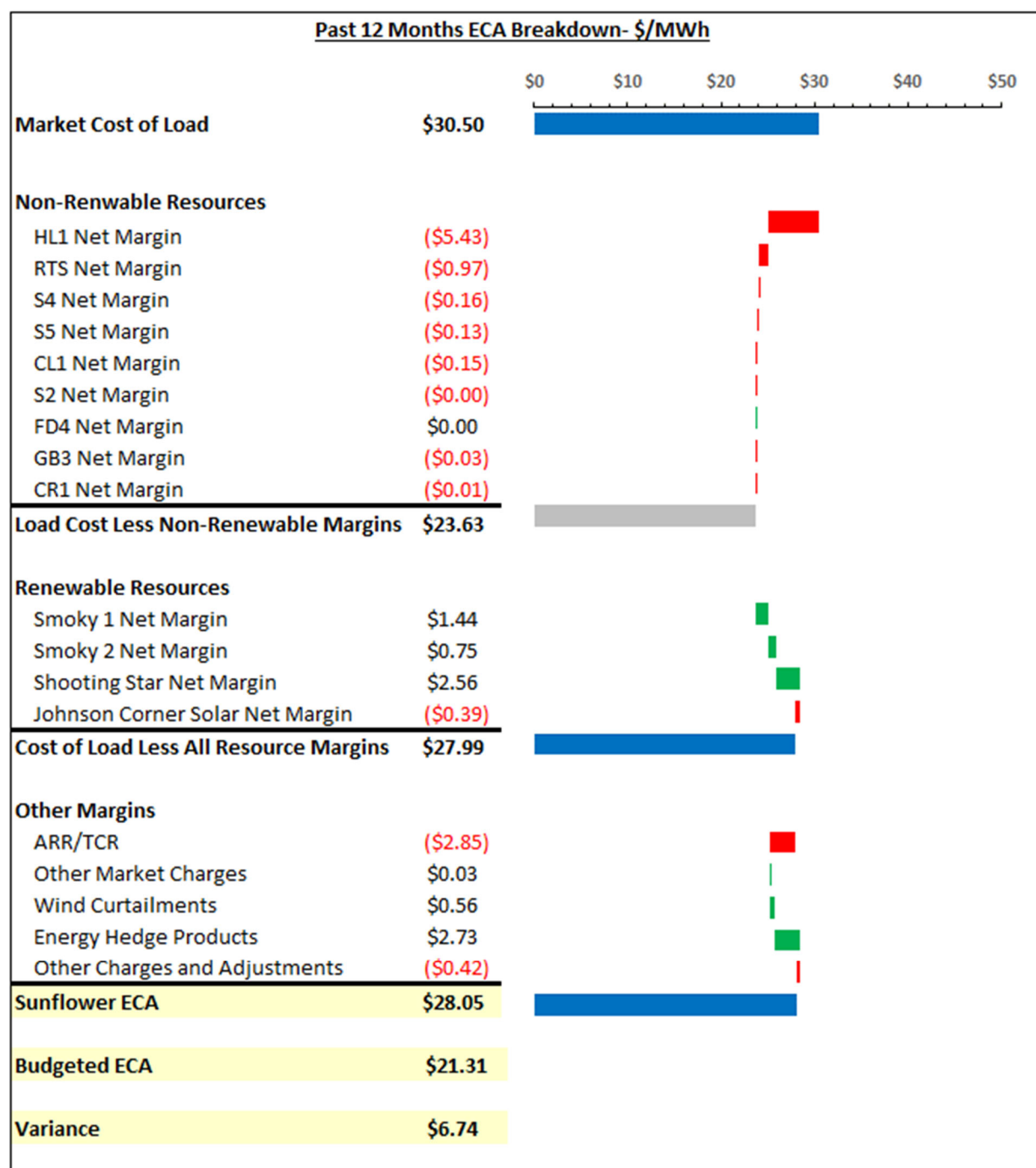
SUNFLOWER ECA REPORT - MONTHLY



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SUNFLOWER ECA REPORT - PAST 12 MONTHS



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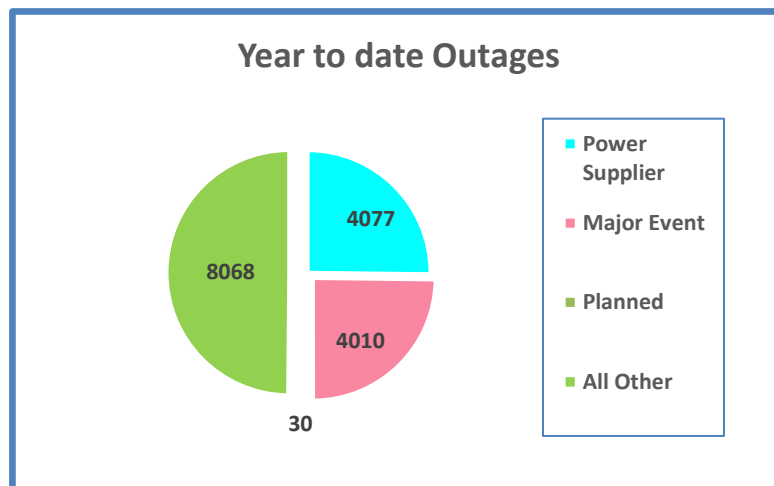
Any disclosure of the matters discussed within this report to any person or entity outside the company or firm is unauthorized and strictly prohibited without the prior consent of the President and CEO or Counsel of Sunflower Electric Power Corporation.

8. General Manager's Report

A. Rates and Reliability Dashboard

Rate Summary -July 2022	current month (\$/kWh)	year to date (\$/kWh)	ytd '17-21 avg. (\$/kWh)	
Residential	0.1258	0.1314	7.2%	0.1219
Residential - Seasonal	0.2286	0.2268	11.9%	0.1999
Irrigation	0.1000	0.0917	2.0%	0.0899
C&I 1000kVa or less	0.1232	0.1149	5.0%	0.1091
C&I over 1000 kVA	0.1123	0.1066	-3.1%	0.1098
Public Street and Lighting	0.1538	0.1421	9.1%	0.1292
Other Sales to Public Authorities	0.1393	0.1409	-3.5%	0.1459
Sales for Resale - Other	0.0990	0.0782	-4.2%	0.0816
Total Sales price per kWh:	0.1163	0.1118	2.3%	0.1092

July 2022			
SAIDI	2.80	Interruption DURATION / average for every member (hrs)	
SAIFI	1.12	Interruption FREQUENCY / Average # of Interruptions per customer	
CAIDI	2.50	Customer Avg Interruption Duration Index - IF you are out, how long (hrs).	
ASAI	99.97%	Service Availability	



- B. Tallgrass Expo. It looks like the pumping station is back on the menu. The approx. 10 MW load is expecting to energize December 1, 2023. Sunflower will construct (at Tallgrass expense) a switching station and about 7 miles of transmission line. LSEC will construct (at Tallgrass expense) the Expo Substation.

Next Steps:

1. Sunflower legal is working up a contract for construction which we will mirror to save time and legal review on or about December 1, 2022.
 2. Priority Power (the General Contractor) has the substation drawings which we will send out for bid as soon as we get the construction contract signed.
 3. Sunflower has designed a new wholesale rate and we will use our existing C&I over 1000 KVa rate. This station will be 8 to 13 MW. In comparison, the Saddlehorn pumping station is about 5.2MW and generates about \$2 million/yr. in revenue. This is around \$240,000/yr. in margin.
- C. The Credit Card records are available for the Boards review.
- D. Operations Report. (The full report is in the Supplemental Reports)
- Maintenance
Trimmed trees at Neal George's and Dennis Selfridge.
Built new regulator station on Twin Springs low circuit.
Worked on formal line patrol in Scott Co.
Retired old platform station at the Ness City High School.
Retired single phase line at Dave Albers north of Bazine and in Scott Park.
Changed out bad arresters on side tap by McCarthy Dairy.
Energized new underground and pad mount transformer at Lane Co Feeders.
 - Pole Change Outs
Changed out 2 single phase poles on the Strait tap.
Changed out 3 phase switch pole south of Ransom.
Changed out 34.5 poles in Ness City by the community building and behind Healzer Tire.
Change out poles for clearance on the East Norton circuit.
 - New Connects
Built new 3 phase connect for Palomino on east Norton circuit.
Built new single phase connect for Tom Tomlinson in Alexander.
Set new riser pole, trenched in primary underground and set pad mount transformer at the Lane Co fairgrounds.
Set new pole and built 3-phase connect for K-D Farms irrigation.
Built new connect for Tallgrass north of Healy.
Built new connect for Family Dollar in Ness City.
Built new single phase connect for Palomino Happy Gilmore lease.
- E. Financials - July
- 1) Revenues were up \$256,989 while Wholesale Power Costs were up \$470,877 above last month. This reduced our distribution revenue by \$213,888 to \$370,701. \$75,000 of this expense was power cost from Winter Storm Uri.
 - 2) Income Statement (July)
 - a. Total Operating Margins are \$-194,348.
 - b. Total Margins are -\$161,131
 - c. Non-operating margins showed a gain of \$24,510 for the month and \$76,345 YTD.
 - 3) Balance Sheet.

- a. Assets and Debits balance at \$65,196,024. Cash Balances remain strong at \$5,522,353.
 - b. Equity remains stable with Equity as a percent of Assets at 37.37% and Equity as a percent of Capitalization is 39.33%.
 - c. Our Cash to Debt ratio is 15.28% and the current ratio is 2.65.
- 4) Looking forward.....The current inflationary economy is increasing our costs in every area. Tallgrass will help in 2023, but will not offset 30-40% materials increases, 10% benefits increase, Winter Storm Uri cost adders, etc. While we remain financially strong, we may not make our TIER or OTIER ratios this year. Unless we see a significant decrease in costs, we should expect another Cost-of-Service Study next year.

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 KS0042
	PERIOD ENDED July 2022
	BORROWER NAME The Lane-Scott Electric Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

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

9/8/2022

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	10,385,510	11,533,126	10,961,134	2,109,338
2. Power Production Expense				
3. Cost of Purchased Power	6,293,216	7,675,650	6,238,927	1,739,177
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	474,302	456,148	767,490	24,072
7. Distribution Expense - Maintenance	616,495	701,751	586,247	83,687
8. Customer Accounts Expense	96,571	140,866	132,644	21,035
9. Customer Service and Informational Expense	39,001	34,371	29,516	5,772
10. Sales Expense	24,169	36,814	38,513	2,234
11. Administrative and General Expense	712,647	920,010	794,934	160,949
12. Total Operation & Maintenance Expense (2 thru 11)	8,256,401	9,965,610	8,588,271	2,036,926
13. Depreciation and Amortization Expense	1,072,047	1,091,988	988,593	156,431
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	775,416	744,144	703,745	107,237
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	86	164		21
19. Other Deductions	8,806	10,770	25,229	3,070
20. Total Cost of Electric Service (12 thru 19)	10,112,756	11,812,676	10,305,838	2,303,685
21. Patronage Capital & Operating Margins (1 minus 20)	272,754	(279,550)	655,296	(194,347)
22. Non Operating Margins - Interest	103,848	34,710	116,666	8,707
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(105,046)	76,346	16,042	24,510
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	21,597	24,069	20,000	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	293,153	(144,425)	808,004	(161,130)

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 July 2022		
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	29	47	5. Miles Transmission		
2. Services Retired	25	46	6. Miles Distribution – Overhead	2,035.37	2,038.73
3. Total Services in Place	6,046	6,054	7. Miles Distribution - Underground	7.66	7.66
4. Idle Services (Exclude Seasonals)	245	273	8. Total Miles Energized (5 + 6 + 7)	2,043.03	2,046.39
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	59,914,080		30. Memberships	0	
2. Construction Work in Progress	1,449,083		31. Patronage Capital	23,100,305	
3. Total Utility Plant (1 + 2)	61,363,163		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	20,118,304		33. Operating Margins - Current Year	(279,550)	
5. Net Utility Plant (3 - 4)	41,244,859		34. Non-Operating Margins	1,334,116	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	210,467	
7. Investments in Subsidiary Companies	230,143		36. Total Margins & Equities (30 thru 35)	24,365,338	
8. Invest. in Assoc. Org. - Patronage Capital	12,033,900		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,462		38. Long-Term Debt - FFB - RUS Guaranteed	32,543,922	
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)	5,594,238	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	2,922,973	
14. Total Other Property & Investments (6 thru 13)	12,936,964		43. Total Long-Term Debt (37 thru 41 - 42)	35,215,187	
15. Cash - General Funds	77,973		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	5,444,255		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,998,486	
20. Accounts Receivable - Sales of Energy (Net)	2,091,136		49. Consumers Deposits	111,337	
21. Accounts Receivable - Other (Net)	356,709				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,370,808	
23. Materials and Supplies - Electric & Other	496,461		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	54,318		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	86,880		53. Other Current and Accrued Liabilities	1,134,868	
26. Total Current and Accrued Assets (15 thru 25)	8,607,857		54. Total Current & Accrued Liabilities (47 thru 53)	5,615,499	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	2,406,344		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	65,196,024		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	65,196,024	

NRECA 401(k) issue

On July 21, 2022 Diana received an e-mail from NRECA (Malachi Sturlin) stating that the existing LSEC 401(k) plan has failed the IRS Chapter I, Subchapter A, Part 1 Income tax on Corporations, 26 CFR § 1.401(a)(4)-4 Nondiscriminatory availability of benefits, rights, and features (Benefits Rights and Features (BRF)) test for 2021.

The test compared group -001 (the old group) to group -003 (the new group). The stated reason for the failure is *that “Basically, because Richard is considered a Highly Compensated Employee (HCE) and is receiving a higher match to his 401(k) than all but 2 other employees, the test is considered “below Safe Harbor.”* NRECA expects the program to also fail for test year 2022, and every subsequent year.

To immediately correct the 2021 deficiency, LSEC must make two Qualified Nonelective Contributions (QNEC) of 5% of base Salary to two non-HCE in group -001. We are currently estimating that the 2021 “correction” will be \$6,338.86. This is low because we can select one employee that retired in February. NRECA estimates that we will have to make a similar 5.0% QNEC contribution for 2022.

NRECA has stated that they “...wouldn’t want to keep provisions in place that result in a failing test from year to year....” **So, we need to amend the plan for 01/01/2023 to remove the BRF testing failure.** This must be done by October 1, 2022, to avoid another infraction in 2023. NRECA agreed that they should have caught this error before the original change was presented to the LSEC Board of Trustees, but in the eyes of the IRS it is our violation.

To fix it, NRECA said that we need to offer the same 401(k) match to both groups or offer an Employer Base in addition to the match if we want to provide a higher 401(k) benefit under one of the plans (Group -003). To review, Plan 17402-003 was proposed to the Board by NRECA and management as a cost-saving measure. The concept was to lower the R&S Benefit for the new group while increasing the 401(k) benefit.

Plan -003 401(k) is currently composed of employees hired after January 1, 2019. This group includes Ann Marie, Diana, me, Dellon, Scott, Blake, and any future hires. The “unforeseen problem” was that they did not consider that the new GM / CEO (the “HCE”) would be in Group -003 therefore creating the BRF problem. The 401(k) offerings are:

Plan 17042-001 (pre-2019):	2% match with required 2% employee contribution 3% match with required 5% employee contribution 4% match with required 8% employee contribution 5% match with required 10% employee contribution
Plan 17042-003 (2019):	100% of employee contribution up to 5% of compensation

This will require Board action at the September 12th Board meeting

The Retirement & Security offerings are:

Plan 17042-001 (pre-2019):	2.0 Benefit Level and COLA
Plan 17042-003 (2019):	1.7 Benefit level and no COLA

The current costs of the NRECA benefit program is:

Contribution Requirements (reference)	Current plan	Cost per employee	percent of total
Group -001, 15 employees			71.4%
401(k)	\$58,262	\$ 3,884.13	
R&S	\$454,462	\$ 30,297.47	
subtotal	\$512,724	\$ 34,181.60	79.74%
Group -003, 6 employees			28.6%
401(k)	\$22,036	\$ 1,469.07	
R&S	\$108,248	\$ 7,216.53	
subtotal	\$130,284	\$ 8,685.60	20.26%
Total	\$643,008	\$30,619.43	

The -001 group accounts for 71.4% of current employees and 79.74% of costs at \$31,181.60 per employee. The -003 group represents 28.6% of employees and 20.26% of costs. The disparity in the group costs is largely related to more older employees in Group -001.

To remove the BRF violation, staff considered several options:

1. Remove Richard (the HCE) from the 401(k) program. NRECA legal said that would be considered discriminatory and would not remove the HCE from the calculation and therefore the 2021, 2022, or later violations would not change.
2. Offer the Employer Base in addition to the match to the -001 group. NRECA has since stated that this is not an option to correct the BRF violation.
3. Move all employee to the same group. The 401(k) must be moved but the R&S is the big expense and DOES NOT have to be changed. We have included it in these analyses because first, it was the driver behind the original change, and second, the -003 R&S plan is considered sub-standard by most cooperative employees and presents a significant barrier to new hires and succession planning.

Another factor to consider is that there is a savings from changing the 401(k) and the R&S on separate months (shown in the gray-shaded columns). The options are:

This will require Board action at the September 12th Board meeting

- a. Merge Group -003 (new) group into Group -001 (old). This will reduce the 401(k) benefit to the -003 group. To counter this, we looked at moving the -003 group back into the -001 group on the R&S program. This would return things to the way they were before the 2019 change. The R&S merger would require the cooperative to “make whole” past service funding for the six employees in group -003.

Merge -003 into -001**	<i>Current plan</i>	<i>Changes on separate dates</i>	<i>Net difference</i>	<i>Simultaneous changes</i>	<i>Net difference</i>
Group -001					
401(k)	\$58,262	\$58,262	\$0	\$58,262	\$0
R&S	\$454,462	\$454,462	\$0	\$454,462	\$0
subtotal	\$512,724	\$512,724	\$0	\$512,724	\$0
Group -003					
401(k)***	\$22,036	\$16,117	(\$5,919)	\$16,117	(\$5,919)
R&S	\$108,248	\$158,676	\$50,428	\$168,559	\$60,311
subtotal	\$130,284	\$174,793	\$44,509	\$184,676	\$54,392
Past Service Funding		\$77,364	\$77,364	\$77,367	\$77,367
Total	\$643,008	\$764,881	\$121,873	\$774,767	\$131,759

This includes a \$77,364 Past Service Funding or “buy-back” to bring the -003 participants (1.7 Benefit level) up to the -001 Benefit level of 2.0. There is a 401(k) savings of \$5,919 and an R&S increase of \$50,428.

- b. Merge Group -001 (old) into Group -003 (new). This would improve the 401(k) benefit but without similar changes to the R&S program, we are still unequitable between the groups. Also, the reduced R&S benefit levels (1.7% vs. 2.0%), and lack of a COLA are unattractive to educated new hires. Most recently, this point was a potential problem for a new Lineman Apprentice hire.

Merge -001 into -003	<i>Current plan</i>	<i>Changes on separate dates</i>	<i>Net difference</i>	<i>Simultaneous changes</i>	<i>Net Difference</i>
Group -001					
401(k)	\$58,262	\$58,262	\$0	\$58,262	\$0
R&S	\$454,462	\$310,191	(\$144,271)	\$316,097	(\$138,365)
subtotal	\$512,724	\$368,453	(\$144,271)	\$374,359	(\$138,365)
Group -003					
401(k)	\$22,036	\$22,036	\$0	\$22,036	\$0
R&S	\$108,248	\$108,248	\$0	\$108,248	\$0
subtotal	\$130,284	\$130,284	\$0	\$130,284	\$0
Past Service Funding		\$0	\$0		
Total	\$643,008	\$498,737	(\$144,271)	\$504,643	(\$138,365)

There is no buyback (or refund) or added 401(k) expense but the R&S savings are \$144,271.

- c. Merge the groups keeping the higher Group -003 401(k) benefit and the higher Group -001 R&S benefit.

This will require Board action at the September 12th Board meeting

Merge both groups with best benefits	Current plan	Changes on separate dates	Net difference	Simultaneous changes	Net Difference
Group -001					
401(k)	\$58,262	\$58,262	\$0	\$58,262	\$0
R&S	\$454,462	\$454,462	\$0	\$454,462	\$0
subtotal	\$512,724	\$512,724	\$0	\$512,724	\$0
Group -003					
401(k)	\$22,036	\$22,036	\$0	\$22,036	\$0
R&S	\$108,248	\$158,676	\$50,428	\$168,559	\$60,311
subtotal	\$130,284	\$180,712	\$50,428	\$190,595	\$60,311
Past Service Funding		\$77,364	\$77,364	\$77,367	\$77,367
Total	\$643,008	\$770,800	\$127,792	\$780,686	\$137,678

There is no 401(k) additional expense but there is an additional \$50,428 and the \$77,364 buyback.

- d. Merge the groups keeping the lower Group -003 4019k) benefit and the lower Group -001 R&S benefit.

Merge both groups with lower benefits	Current plan	Changes on separate dates	Net difference	Simultaneous changes	Net Difference
Group -001					
401(k)	\$58,262	\$58,262	\$0	\$58,262	\$0
R&S	\$454,462	\$310,191	(\$144,271)	\$316,097	(\$138,365)
subtotal	\$512,724	\$368,453	(\$144,271)	\$374,359	(\$138,365)
Group -003					
401(k)	\$22,036	\$16,117	(\$5,919)	\$16,117	(\$5,919)
R&S	\$108,248	\$108,248	\$0	\$108,248	\$0
subtotal	\$130,284	\$124,365	(\$5,919)	\$124,365	(\$5,919)
Past Service Funding		\$0	\$0		
Total	\$643,008	\$492,818	(\$150,190)	\$498,724	(\$144,284)

Staff recommendation.

The summary chart shows a variation from (150,190) to 144,271 or (6,827) to 5,809 per employee.

<i>note: assumes cheapest timing.</i>	401 (k)	R&S	Past Svc funding	total cost	net difference form current	add. cost per employee
Current Plan:	80,298	562,710	-	643,008	-	-
merge -003 into -001	74,379	613,138	77,364	764,881	121,873	5,540
merge -001 into -003	80,298	418,439	-	498,737	(144,271)	(6,558)
Merge with best benefits	80,298	613,138	77,364	770,800	127,792	5,809
Merge with lowest benefits	\$74,379	\$418,439	-	492,818	(150,190)	(6,827)

This will require Board action at the September 12th Board meeting

Recognizing that it is more difficult to take benefits away than to add them AND

- that the value of the R&S is much greater than the value of the 401(k) AND
- that over ½ of the additional costs come from Past service funding (a one-time expense) AND
- The inflation and costs are up across the board with a 30-40% increase in materials and 8-10% increase in insurance costs.

Staff recommends that the Board approve Option #1 – merging Group -003 into Group -001 (lower 104(k) and higher R&S Benefit). Staff further recommends that the Board authorize the General Manager to make and execute this transition with appropriate timing.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

July 14, 2022

Lane-Scott Electric Cooperative, Inc.
410 S High St.
Dighton, Kansas 67839

We submit the enclosed audit agreement for the year ended December 31, 2022. RUS policy requires that a written agreement be obtained for the annual audit engagement and a copy be retained for inspection by RUS. If the terms are acceptable, please have the agreement signed by a corporate officer and return one to us.

As required by RUS, we are enclosing an executed certification related to the Executive Orders covering Debarment and Suspension.

We appreciate the opportunity to continue as your auditor. If you have any questions or need additional information, please let us know.

Very truly yours,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By: 

Randy Robbins, Partner

Enclosures

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

July 14, 2022

Lane-Scott Electric Cooperative, Inc.
410 S High St.
Dighton, Kansas 67839

We are pleased to confirm our understanding of the services we are to provide Lane-Scott Electric Cooperative, Inc. for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of Lane-Scott Electric Cooperative, Inc. (Cooperative), which comprise the balance sheet as of December 31, 2022 and the related statements of income and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements"). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1. Schedule of Electric Plant
2. Schedule of Accumulated Provision for Depreciation
3. Schedule of Other Property and Investments
4. Schedule of Patronage Capital
5. Schedule of Long-Term Debt
6. Schedule of Administrative and General Expenses

Audit Objectives

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America [and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole]. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of the Rural Utilities Service, (The requirements of Rural Utilities Service are incorporated into this agreement as Attachment A) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Cooperative or to acts by management or employees acting on behalf of the Cooperative. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as a part of our pre-audit planning, which modifications may be made during the conclusion of our audit planning:

1. Management override of controls.
2. Improper revenue recognition due to fraud or other factors.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Cooperative and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Lane-Scott Electric Cooperative, Inc.'s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will prepare the Cooperative's federal and state information returns for the year ended December 31, 2022 based on information provided by you. We will also assist in preparing the financial statements and related notes of Lane-Scott Electric Cooperative, Inc. in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

You agree to assume all management responsibilities for the tax services, financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with the preparation of the financial statements and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Cooperative from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Cooperative involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Cooperative received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Cooperative complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Cooperative is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will locate any documents selected by us for testing.

We will provide copies of our reports to the Cooperative; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Bolinger, Segars, Gilbert & Moss L.L.P. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Rural Utilities Service or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bolinger, Segars, Gilbert & Moss L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Rural Utilities Service. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Randy Robbins is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We estimate that our fee for these services will be \$26,000 including travel and other out-of-pocket costs such as report reproduction, word processing, postage, travel, copies, telephone, etc. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

We will issue a written report upon completion of our audit of Lane-Scott Electric Cooperative, Inc.'s financial statements. Our report will be addressed to the Board of Directors of Lane-Scott Electric Cooperative, Inc. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

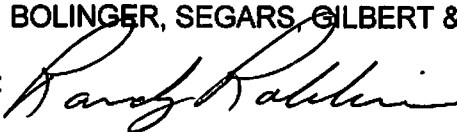
We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Lane-Scott Electric Cooperative, Inc. is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By:



Randy Robbins, Partner

RESPONSE:

This letter correctly sets forth the understanding of Lane-Scott Electric Cooperative, Inc.

By: _____

Title: _____

Date: _____

U. S. DEPARTMENT OF AGRICULTURE

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause title "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

CERTIFICATION

1. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
 - b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

Organization Name

PR/Award Number or Project Name

Randy Robbins - Partner

Name and Title of Authorized Representative

Randy Robbins
Signature

7/15/2022
Date

ATTACHMENT A

(1) The audit is being performed and the auditors' report, letter to Board of Directors regarding RUS, 7 CFR, Part 1773, RUS policies concerning audits of RUS borrowers, and report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with government auditing standards are being issued in order to enable the borrower to comply with the provisions of RUS' security instrument;

(2) RUS will consider the borrower to be in violation of its security instrument with RUS if the borrower fails to have an audit performed and documented in compliance with GAGAS and with RUS §1773;

(3) We represent that we meet the requirements under RUS §1773 to be satisfactory to RUS;

(4) We will perform the audit and will prepare the auditors' report, report on compliance, report on internal controls, and management letter in accordance with the requirements of RUS §1773;

(5) We will document the audit work performed in accordance with GAGAS, the professional standards of the AICPA, and the requirements of RUS §1773;

(6) We will make all audit-related documents, including auditors' reports, workpapers, and management letter available to RUS or its representatives (OIG and GAO), upon request, and will permit the photocopying of all audit-related documents; and

(7) We will follow the requirements of reporting irregularities and illegal acts as outlined in RUS §1773.9.



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Report on the Firm's System of Quality Control

To the Partners of Bolinger, Segars, Gilbert & Moss, LLP
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

Members: American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice Section
AICPA Employee Benefit Plan Audit Quality Center
AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300
PO Box 3750
Victoria, Texas 77903-3750
Phone: 361.575.0271
Fax: 361.578.0880
Website: BMCcpa.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bolinger, Segars, Gilbert & Moss, LLP has received a peer review rating of *pass*.

Bumgardner, Morrison & Company, LLP

BUMGARDNER, MORRISON & COMPANY, LLP
October 22, 2020



2022 Load Forecast Study

presented to the Board of Trustees on September 12, 2022

Summary This Load Forecast Study projects an overall change from 2022 through 2035 of:

Overall KWh Sales:		2.13%
Residential	-1.11%	
Residential - Seasonal	-0.97%	
Irrigation	-4.49%	
C&I Under 1000kVa	1.50%	
C&I over 1000kVa	4.07%	
Public Street & Highway	4.00%	
Other Sales - Public Authority	-0.09%	
Sales for Resale - Dighton	-0.09%	
Revenue:		4.69%
Sunflower CP Demand:		-0.11%
LSEC NCP Demand:		1.02%

note: The Sunflower LFS projects our overall Kwh sales increase of 2.63% from 2022 to 2035.

prepared by: Richard A. McLeon, IV MBA
General Manager

Methodology and Assumptions:

- 1 Data is projected to 2035.
- 2 The use of thirteen (13) years historical data normalizes variations in sales and revenues due to weather and market conditions.
- 3 The thirteen years of actual data (2009-2021) is taken from the audited Year End Form 7 for each LSEC revenue class.
- 4 Baseline "kWh sold" and "YE Served" data for years 2022 to 2035 were calculated using a simple linear regression and factored for known market conditions.

- 5 Revenue per kWh is based on 2021 actual and assumes rate increases in 2024, 2026, 2030, and 2034 based upon:

increase	
<i>total</i>	<i>per year</i>
10.13%	2.53%

	<u>per year</u>
Inflationary Rate (expenses):	5.00%
Desired net Rate of Return	4.25%
TIER	1.75
OTIER	1.25
	<hr/>
	9.25%

less:

Rate of Return - 2021:	<hr/>
	-0.88%
net:	<hr/>
	10.13%

- 6 Increases in revenue solely reflect adjustments to LSEC retail rates. No assumptions or adjustments to revenue were made regarding Sunflower Electric Power Corporation wholesale rates, taxes, or franchise fees.
- 7 Demand is calculated from Non-Coincident Peak data as reported on the Year End Form 7. Demand is projected using simple, linear regression.

year	Residential				Residential - Seasonal			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	2,429	23,828,133	0.0992289	2,364,440	773	1,860,800	0.1490375	277,329
2010	2,394	25,816,294	0.1073131	2,770,427	813	1,539,507	0.1711990	263,562
2011	2,382	26,163,815	0.1112923	2,911,830	821	1,564,650	0.1765174	276,188
2012	2,390	25,689,838	0.1098783	2,822,756	832	1,513,603	0.1877712	284,211
2013	2,401	25,719,268	0.1185564	3,049,183	833	1,567,380	0.1877515	294,278
2014	2,382	25,773,703	0.1231061	3,172,901	847	1,549,260	0.1859894	288,146
2015	2,359	25,530,504	0.1185985	3,027,880	863	1,483,540	0.1861008	276,088
2016	2,310	24,248,180	0.1215746	2,947,963	1,118	1,623,349	0.1994001	323,696
2017	2,268	22,960,460	0.1269274	2,914,311	1,132	1,853,346	0.2099543	389,118
2018	2,251	24,701,066	0.1220058	3,013,673	1,142	2,039,375	0.1998230	407,514
2019	2,225	24,196,666	0.1178974	2,852,725	1,141	2,093,679	0.1933964	404,910
2020	2,230	24,225,256	0.1140830	2,763,689	1,144	2,101,908	0.1889198	397,092
2021	2,221	23,771,689	0.1283951	3,052,169	1,143	2,090,993	0.2047903	428,215
2022	2,217	25,465,124	0.1283951	3,269,598	1,169	2,269,649	0.2047903	464,802
2023	2,181	23,706,684	0.1283951	3,043,823	1,195	1,927,703	0.2047903	394,775
2024	2,163	23,561,307	0.1414016	3,331,605	1,221	1,937,264	0.2255355	436,922
2025	2,145	23,415,026	0.1414016	3,310,921	1,249	1,946,290	0.2255355	438,957
2026	2,126	23,267,841	0.1557255	3,623,397	1,277	1,954,750	0.2483823	485,525
2027	2,108	23,119,753	0.1557255	3,600,336	1,305	1,962,616	0.2483823	487,479
2028	2,090	22,970,762	0.1557255	3,577,134	1,334	1,969,856	0.2483823	489,277
2029	2,072	22,820,866	0.1557255	3,553,792	1,364	1,976,439	0.2483823	490,912
2030	2,053	22,670,068	0.1715005	3,887,928	1,395	1,982,331	0.2735434	542,254
2031	2,035	22,518,365	0.1715005	3,861,911	1,426	1,987,498	0.2735434	543,667
2032	2,017	22,365,759	0.1715005	3,835,739	1,458	1,991,906	0.2735434	544,873
2033	1,998	22,212,249	0.1715005	3,809,412	1,490	1,995,517	0.2735434	545,860
2034	1,980	22,057,836	0.1888735	4,166,141	1,524	1,998,293	0.3012533	601,993
2035	1,962	21,902,519	0.1888735	4,136,806	1,558	2,000,196	0.3012533	602,566

Growth rates

2009-2021	-0.69%	-0.02%	1.92%	1.83%	2.94%	1.01%	2.28%	3.50%
2022-2035	-0.88%	-1.11%	2.72%	1.70%	2.05%	-0.97%	2.72%	1.95%

Table Legend:

note:

Historical data
last current actual data
projections
anticipated rate adjustment years

year	Irrigation				C&I Under 1000kVA			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	304	7,162,095	0.0968464	693,623	1,704	39,230,972	0.0973821	3,820,393
2010	310	7,601,957	0.1059269	805,252	1,757	41,497,830	0.1027239	4,262,818
2011	318	10,822,646	0.1075190	1,163,640	1,820	44,204,909	0.1072359	4,740,353
2012	319	11,138,105	0.1135488	1,264,718	1,871	46,610,683	0.1129148	5,263,034
2013	320	8,370,258	0.1256567	1,051,779	1,932	48,832,624	0.1170165	5,714,222
2014	322	8,796,187	0.1207709	1,062,323	1,930	49,748,211	0.1173823	5,839,560
2015	328	8,177,412	0.1163954	951,813	1,942	47,249,392	0.1127476	5,327,256
2016	331	7,869,704	0.1232833	970,203	1,876	47,833,352	0.1138576	5,446,191
2017	333	8,134,522	0.1340302	1,090,272	1,877	52,018,673	0.1122783	5,840,567
2018	332	7,879,987	0.1291665	1,017,830	1,862	52,942,381	0.1105855	5,854,660
2019	334	7,221,785	0.1296332	936,183	1,856	52,598,388	0.1057280	5,561,123
2020	332	9,174,142	0.1181119	1,083,575	1,836	47,133,206	0.1057280	4,838,951
2021	333	8,381,209	0.1251273	1,048,718	1,856	49,159,049	0.1168697	5,745,205
2022	334	11,953,267	0.1251273	1,495,680	1,859	51,651,324	0.1168697	6,036,477
2023	341	7,991,413	0.1251273	999,944	1,898	53,875,695	0.1168697	6,296,438
2024	343	7,918,871	0.1378027	1,091,242	1,904	54,688,686	0.1287086	7,038,906
2025	345	7,844,807	0.1378027	1,081,035	1,909	55,505,548	0.1287086	7,144,044
2026	347	7,769,220	0.1517621	1,179,073	1,915	56,326,281	0.1417468	7,984,071
2027	350	7,692,111	0.1517621	1,167,371	1,920	57,150,885	0.1417468	8,100,956
2028	352	7,613,479	0.1517621	1,155,438	1,926	57,979,360	0.1417468	8,218,390
2029	354	7,533,326	0.1517621	1,143,273	1,932	58,811,705	0.1417468	8,336,372
2030	356	7,451,650	0.1671356	1,245,436	1,937	59,647,922	0.1561058	9,311,385
2031	358	7,368,452	0.1671356	1,231,531	1,943	60,488,010	0.1561058	9,442,528
2032	360	7,283,731	0.1671356	1,217,371	1,949	61,331,968	0.1561058	9,574,275
2033	362	7,197,488	0.1721497	1,239,045	1,954	62,179,798	0.1607890	9,997,824
2034	364	7,109,723	0.1895884	1,347,921	1,960	63,031,498	0.1770769	11,161,420
2035	367	7,020,436	0.1895884	1,330,993	1,966	63,887,069	0.1770769	11,312,922

Growth rates

2009-2021	0.69%	1.10%	1.83%	2.70%	0.63%	1.60%	1.36%	2.82%
2022-2035	0.66%	-4.49%	2.95%	-0.97%	0.40%	1.50%	2.95%	4.40%

Table Legend:

note:

Historical data	
last current actual data	
projections	
anticipated rate adjustment years	

year	C&I Over 1000kVA				Public Street & Highway			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	292	36,821,205	0.0916512	3,374,707	32	449,357	0.1572892	70,679
2010	299	40,325,704	0.1003973	4,048,590	31	448,596	0.1285945	57,687
2011	303	41,245,457	0.1061081	4,376,476	30	448,767	0.1290826	57,928
2012	318	42,374,438	0.1090596	4,621,338	29	448,050	0.1222163	54,759
2013	318	47,179,171	0.1139318	5,375,207	28	447,334	0.1320758	59,082
2014	329	58,572,731	0.1126246	6,596,728	30	448,431	0.1419037	63,634
2015	357	54,703,255	0.1111133	6,078,261	28	446,571	0.1362068	60,826
2016	197	47,803,166	0.1220983	5,836,685	27	444,547	0.1344650	59,776
2017	180	44,232,730	0.1281092	5,666,618	23	442,027	0.1334376	58,983
2018	189	56,451,769	0.1156393	6,528,043	23	441,548	0.1321872	58,367
2019	189	73,111,587	0.0974371	7,123,779	13	440,152	0.1272015	55,988
2020	191	64,477,905	0.0959946	6,189,529	13	430,912	0.1237584	53,329
2021	177	68,365,457	0.0959946	7,714,065	13	431,352	0.1237584	58,086
2022	177	70,275,636	0.0959946	6,746,080	13	431,219	0.1237584	53,367
2023	178	74,056,549	0.0959946	7,109,027	13	439,415	0.1237584	54,381
2024	178	78,328,421	0.1057188	8,280,789	13	461,600	0.1237584	57,127
2025	178	82,600,294	0.1057188	8,732,406	13	483,785	0.1237584	59,872
2026	178	86,872,167	0.1164281	10,114,365	13	505,969	0.1362952	68,961
2027	178	91,144,039	0.1164281	10,611,731	13	528,154	0.1362952	71,985
2028	178	95,415,912	0.1164281	11,109,097	13	550,339	0.1362952	75,008
2029	179	100,247,828	0.1164281	11,671,668	14	616,563	0.1362952	84,035
2030	179	104,543,700	0.1282223	13,404,835	14	640,455	0.1501019	96,133
2031	179	108,839,572	0.1282223	13,955,662	14	664,346	0.1501019	99,720
2032	179	113,135,444	0.1282223	14,506,488	14	688,237	0.1501019	103,306
2033	179	117,431,316	0.1282223	15,057,315	14	712,128	0.1546049	110,099
2034	179	121,727,188	0.1412112	17,189,246	14	736,019	0.1702664	125,319
2035	179	126,023,060	0.1412112	17,795,872	14	759,911	0.1702664	129,387

Growth rates

2009-2021	-3.44%	4.67%	0.31%	5.90%	-5.94%	-0.31%	-1.95%	-1.64%
2022-2035	0.08%	4.07%	2.72%	6.65%	0.53%	4.00%	2.34%	6.40%

Table Legend:

note:

Historical data	
last current actual data	
projections	
anticipated rate adjustment years	

year	Other Sales - Public Auth.				Sales for Resale			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	52	554,502	0.0967499	53,648	1	10,475,172	0.0654	685,283
2010	51	584,474	0.1096747	64,102	1	10,796,258	0.0700	755,858
2011	51	585,771	0.1159190	67,902	1	10,789,106	0.0735	792,870
2012	49	(48,715)	(0.2105512)	10,257	1	10,574,038	0.0827	874,683
2013	48	456,825	0.1271953	58,106	1	10,359,299	0.0855	885,620
2014	48	459,223	0.1316376	60,451	1	10,279,430	0.0864	888,616
2015	50	468,252	0.1259834	58,992	1	10,319,452	0.0768	792,813
2016	50	430,922	0.1304784	56,226	1	9,845,300	0.0811	798,092
2017	49	333,842	0.1445624	48,261	1	9,592,032	0.0792	759,405
2018	49	364,261	0.1499062	54,605	1	9,814,443	0.0788	773,173
2019	49	364,795	0.1439658	52,518	1	10,143,859	0.0682	691,896
2020	49	337,825	0.1419966	47,970	1	10,357,280	0.0692	716,274
2021	48	364,378	0.1419966	52,199	1	9,157,922	0.0692	873,957
2022	48	364,014	0.1419966	51,689	1	9,148,764	0.0692	632,697
2023	48	363,650	0.1419966	51,637	1	9,139,615	0.0692	632,064
2024	47	363,286	0.1563809	56,811	1	9,130,476	0.0762	695,397
2025	47	362,923	0.1563809	56,754	1	9,121,345	0.0762	694,701
2026	47	362,560	0.1722222	62,441	1	9,112,224	0.0839	764,309
2027	47	362,197	0.1722222	62,378	1	9,103,112	0.0839	763,545
2028	47	366,084	0.1722222	63,048	1	9,094,009	0.0839	762,781
2029	47	367,515	0.1722222	63,294	1	9,084,915	0.0839	762,019
2030	46	361,112	0.1896683	68,491	1	9,075,830	0.0924	838,372
2031	46	360,751	0.1896683	68,423	1	9,066,754	0.0924	837,534
2032	46	360,390	0.1896683	68,355	1	9,057,687	0.0924	836,696
2033	45	360,029	0.1953584	70,335	1	9,048,629	0.0924	835,859
2034	45	359,669	0.2151482	77,382	1	9,039,581	0.1017	919,611
2035	44	359,310	0.2151482	77,305	1	9,030,541	0.1017	918,692

Growth rates

2009-2021	-0.62%	-3.62%	3.35%	-0.21%	0.00%	-0.99%	0.38%	1.83%
2022-2035	-0.59%	-0.09%	2.95%	2.85%	0.00%	-0.09%	2.72%	2.63%

Table Legend:

note:

Historical data	
last current actual data	
projections	
anticipated rate adjustment years	

year	Total				
	YE Served	kWh sold	%Δ	revenue	%Δ
2009	5,587	120,382,236		11,340,102	
2010	5,656	128,610,620	6.8%	13,028,296	14.9%
2011	5,726	135,825,121	5.6%	14,387,187	10.4%
2012	5,809	138,300,040	1.8%	15,195,756	5.6%
2013	5,881	142,932,159	3.3%	16,487,477	8.5%
2014	5,889	155,627,176	8.9%	17,972,359	9.0%
2015	5,928	148,378,378	-4.7%	16,573,929	-7.8%
2016	5,910	140,098,520	-5.6%	16,438,832	-0.8%
2017	5,863	139,567,632	-0.4%	16,767,535	2.0%
2018	5,849	154,634,830	10.8%	17,707,865	5.6%
2019	5,808	170,170,911	10.0%	17,679,122	-0.2%
2020	5,796	158,238,434	-7.0%	16,090,409	-9.0%
2021	5,792	161,722,049	2.2%	18,972,614	17.9%
2022	5,817	171,558,998	6.1%	18,750,389	-1.2%
2023	5,854	171,500,724	0.0%	18,582,089	-0.9%
2024	5,870	176,389,911	2.9%	20,988,798	13.0%
2025	5,887	181,280,017	2.8%	21,518,691	2.5%
2026	5,904	186,171,012	2.7%	24,282,143	12.8%
2027	5,922	191,062,867	2.6%	24,865,781	2.4%
2028	5,941	195,959,800	2.6%	25,450,174	2.4%
2029	5,962	201,459,158	2.8%	26,105,366	2.6%
2030	5,981	206,373,067	2.4%	29,394,835	12.6%
2031	6,002	211,293,747	2.4%	30,040,974	2.2%
2032	6,023	216,215,122	2.3%	30,687,102	2.2%
2033	6,045	221,137,155	2.3%	31,665,750	3.2%
2034	6,067	226,059,808	2.2%	35,589,035	12.4%
2035	6,090	230,983,042	2.2%	36,304,543	2.0%
Growth rates					
2009-2021	0.27%	2.18%	3.66%		
2022-2035	0.33%	2.13%	4.69%		

Table Legend:

note:

Historical data
last current actual data
projections
anticipated rate adjustment years

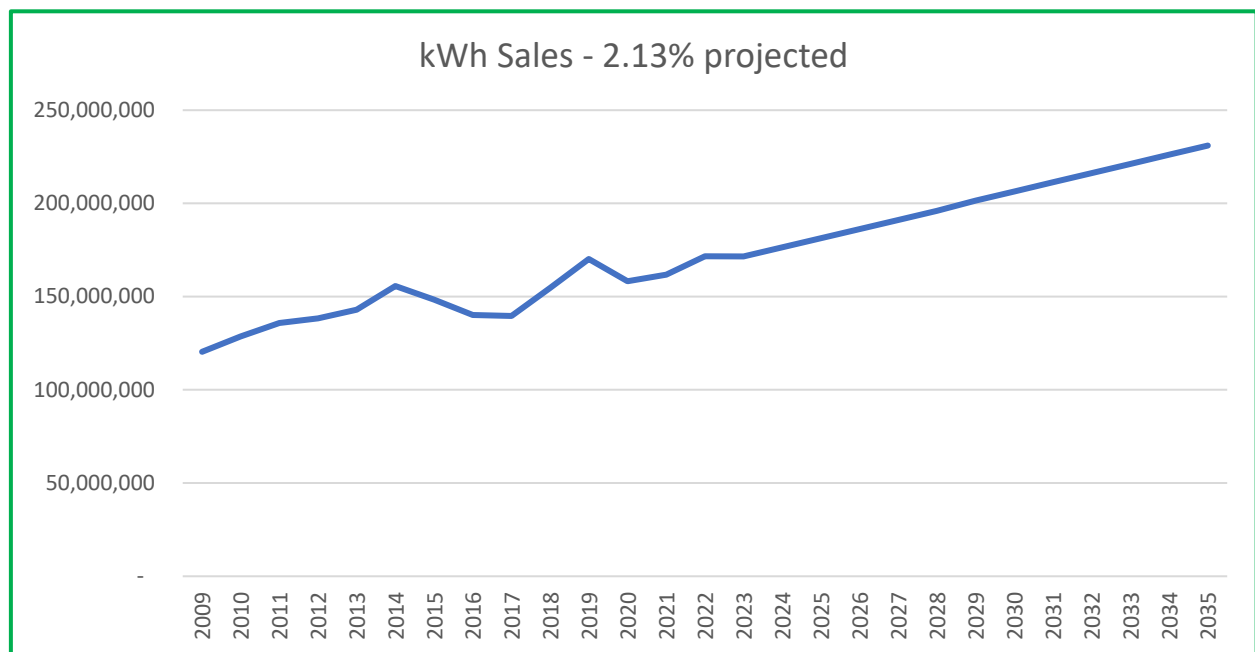
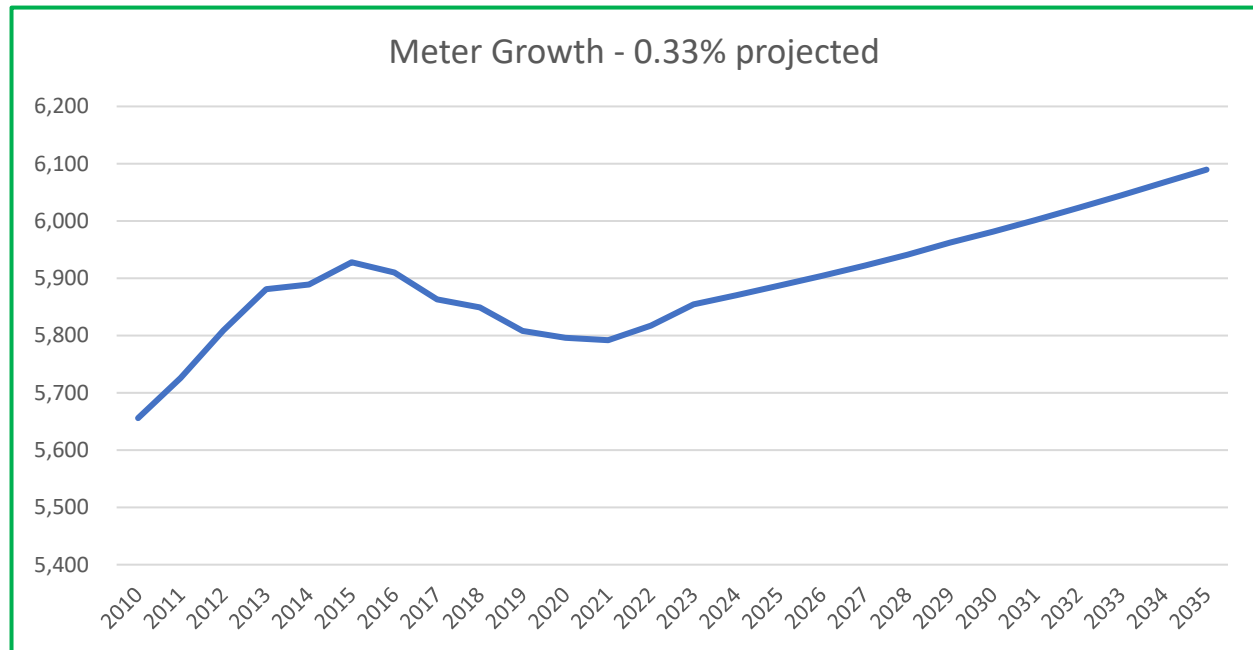
year	Demand				
	YE Served	Sunflower CP	%Δ	LSEC NCP	%Δ
2009	5,587	25,196		25,666	
2010	5,656	27,482	9.1%	27,775	8.2%
2011	5,726	27,821	1.2%	28,015	0.9%
2012	5,809	29,153	4.8%	28,983	3.5%
2013	5,881	27,089	-7.1%	28,672	-1.1%
2014	5,889	29,575	9.2%	28,907	0.8%
2015	5,928	29,229	-1.2%	28,275	-2.2%
2016	5,910	27,714	-5.2%	27,714	-2.0%
2017	5,863	29,518	6.5%	27,543	-0.6%
2018	5,849	26,082	-11.6%	31,298	13.6%
2019	5,808	31,887	22.3%	31,828	1.7%
2020	5,796	29,354	-7.9%	29,572	-7.1%
2021	5,792	29,120	-0.8%	32,358	9.4%
2022	5,817	29,841	2.5%	31,581	-2.4%
2023	5,854	29,965	0.4%	31,954	1.2%
2024	5,870	30,098	0.4%	32,327	1.2%
2025	5,887	27,912	-7.3%	32,700	1.2%
2026	5,904	28,054	0.5%	33,073	1.1%
2027	5,922	28,197	0.5%	33,445	1.1%
2028	5,941	28,343	0.5%	33,818	1.1%
2029	5,962	28,488	0.5%	34,191	1.1%
2030	5,981	28,634	0.5%	34,564	1.1%
2031	6,002	28,780	0.5%	34,937	1.1%
2032	6,023	28,929	0.5%	35,310	1.1%
2033	6,045	29,081	0.5%	35,683	1.1%
2034	6,067	29,234	0.5%	36,056	1.0%
2035	6,090	29,388	0.5%	36,429	1.0%
Growth rates					
2009-2021	0.27%	1.06%		1.78%	
2022-2035	0.33%	-0.11%		1.02%	

Table Legend:

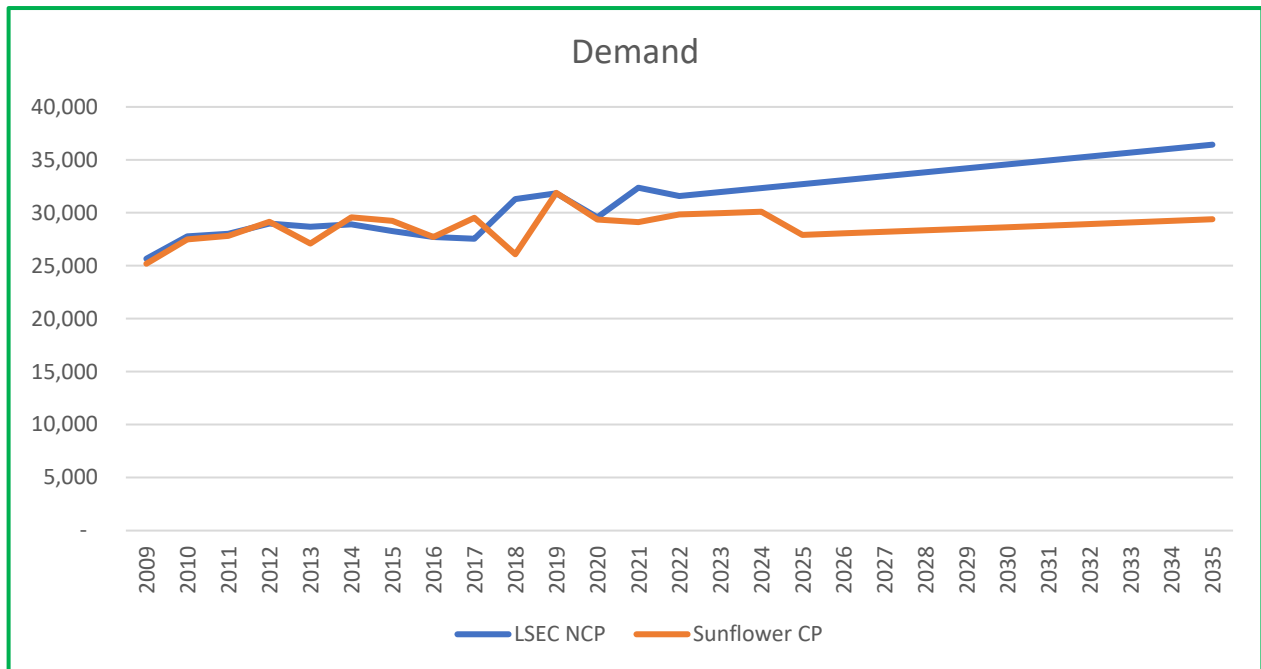
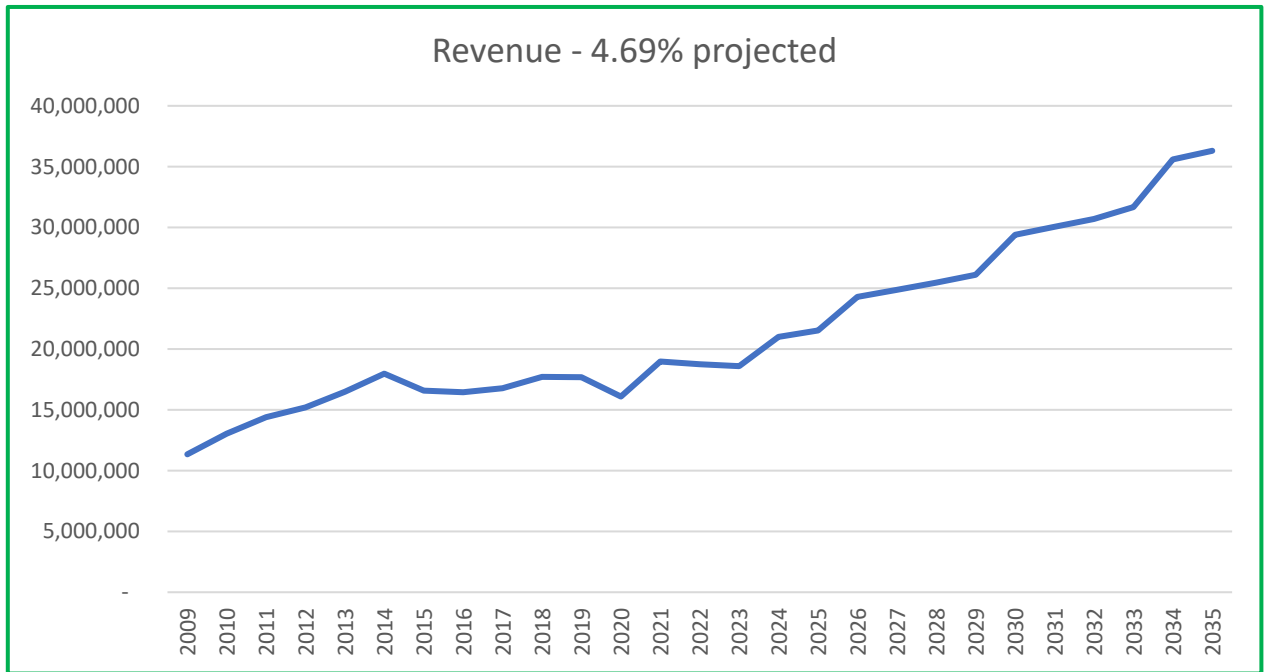
note:

Historical data
last current actual data
projections
anticipated rate adjustment years

Graphs



Graphs - continued



10. d. 2023 LSEC Annual Meeting Date

The Lane County Fair Board has announced that the 2023 Lane County Fair will begin on Wednesday, July 19, 2023.

Staff requests the Board approve Tuesday, July 18, 2023 as the date of the 2023 Lane-Scott Electric Cooperative Annual Meeting.

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF AUGUST 2022

1. Completed installation of security system door access control entry and cameras.
2. Chris Terhune and Carrie Borell attended KEC Safety Summit.
3. RESAP Onsite Observation
 - Truck #136 winch line is replaced.
 - Truck #136 leaking outrigger has been fixed.
4. Policy 508 amendments were approved.
5. Ann Jennings's member safety awareness publishes to either KCL newsletter, social media, and/or the Lane Scott Electric website concerning:
 - Avoid Distractions While Driving
 - Share the Road with Farmers
 - Electrical Safety Tips for Hunters
 - Campus Electrical Safety
 - Pet Electrical Safety
6. Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Compliance One drug and alcohol monthly roster report.
7. In House August safety meeting topics: Safety summary, RESAP progress, and safety manual section one. August 31st safety minutes are included in the board packet.

SAFETY PROJECTS IN PROGRESS AS OF AUGUST 2022

1. SDS Program products updates and documentation improvements.
2. Safety Amp software inspection form templates.
3. FCC radios are on backorder.
4. RESAP Onsite Observation
 - PCB containment removal date options being reviewed.
 - Nate Burns is working with Power System Engineering, Inc. to update the SPCC plan and arc hazard assessment testing.
 - North lot transformers are being moved to new concrete pad.
 - Truck #110 winch line fray is being repaired.
 - Rope hoist quote in progress.
 - Chainsaw safety chaps quote in progress.
 - Auto transformers installed and stand purchased to resolve substation clearance.
 - Circuits are being identified.
 - Substation battery maintenance will be discussed with Sunflower Electric.
 - Switching procedure instructions are in progress.
 - URD cables need identified and labeled.
 - Padmount and switch cabinet signage need updated.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

August 31, 2022

Chris Terhune called the meeting to order at 9:07am.

Minutes were read: Dal Hawkinson made a motion to approve the July 27th minutes and Kevin Bradstreet seconded. Minutes were read and approved as printed.

Present: Richard McLeon, Kasey Jenkinson, Ben Mann, Dal Hawkinson, Chad Rupp, Chris Terhune, Myron Seib, Kevin Bradstreet, Leighton Ayers, Dellon Shelton, Blake McVicker, Nate Burns, Scott Briand, and Carrie Borell

Absent: Kalo Mann, Michael Pollock, Mark McCulloch, Kathy Lewis, Rebecca Campbell, Ann Marie Jennings, and Diana Kuhlman

Guest: None

Truck report of inspections:

105	Dellon Shelton	OK
110	Blake McVicker	Windshield Chip
112	Dellon McVicker	OK
117	Chris Terhune	Needs decals.
123	Michael Pollock	OK
132	Kevin Bradstreet	OK
135	Nate Burns	Windshield needs replaced
136	Kevin Bradstreet	OK
143	Scott Briand	OK
144	Michael Pollock	OK
145	Chris Terhune	OK
150	Kasey Jenkinson	OK
173	Chad Rupp	Needs decals
191	Michael Pollock	OK
193	Myron Seib	Windshield Chips
200	Ben Mann	Needs decals
201	Dal Hawkinson	OK
304	Blake McVicker	OK
305	Myron Seib	Windshield Chip

Trailer and Equipment report of inspections:

502	Blake McVicker	OK
507	Blake McVicker	OK
515	Blake McVicker	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	Battery needs replaced

Warehouse, building, and pole yard inspections:

Ness City Warehouse	Blake McVicker	OK
Ness Pole Yard & Transformer Dock	Blake McVicker	OK
Warehouse	Scott Briand	OK
Pole Yard & Transformer Dock	Scott Briand	OK
Office	Diana Kuhlman	OK

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Substation and Regulator Report:

- ♦ Ben Mann: Alexander ground trip settings are updated on the 115-circuit switch. Dighton South City Substation replaced the OCRs with Nova's and new switches installed. Twin Springs auto transformers changed out to meet clearance requirements. New regulators installed south of Mark Bolden place near Lane/Finney County line on Twin Springs Lo. Ransom and Ness City substation arrestors will be changed out when an outage can be scheduled. Lane County Feeders transformer is electrified on the Pinkston circuit. Dighton West City substation hot spot issue was resolved.
- ♦ Myron Seib: Ness City substation support poles will be replaced.
- ♦ **PCB Report:** None to Report

Line Clearance: Ness City, Neil George, Scott Park, Dennis Selfridge, Don Dolls

Accident and Near Misses:

- ♦ Chris Terhune: Oil rig truck caught single phase and two 40' poles were replaced over the approach. King Farm caught a phase.
- ♦ Scott Briand: Rodney York hit a pole.

Old Business:

- ♦ Myron Seib: Researching locator purchase, and old locator to be sold to Ness City. Ness High School pad mount is installed, and transfer completed. Will follow up on the cement slurry for truck shed floor.
- ♦ Richard McLeon: Will provide contractors a digital format of the safety manual and restoration guide.
- ♦ Chris Terhune: Safety manual page replacements for employees and trucks finished updating pages. Chris Terhune and Carrie Borell attended the KEC Safety Summit and main topics discussed were Federated Insurance on pre-trip inspections, new hire and supervisor training goals, and KDOT Redbook updates. Chris Terhune is going to contact our local office in Garden City to schedule them to come for an in-house meeting to train and inspect what we have in place like we did OSHA to see where we can make improvements. Demo trailer is done and a KDOT inspection will be done on it. Radios are still on backorder.

RESAP On-Site Observation Progress

- Scott Briand will be scheduling weeping regulator to be hauled to Solomon Corp. Decals and signage on padmount and switch cabinets to update labels.
- Nate Burns is working with Power System Engineering, Inc to create a new SPCC plan and perform an arc rated clothing/system and fall protection hazard assessment testing for rating criteria. Discussed options for blocking units to be sold for scrap or sold to another company for be rebuilt.
- Ben Mann and Dal Hawkinson moved transformers to new concrete pad on north lot. Twin Springs and Dighton Hi substation stands have been purchased to resolve clearance issue
- Chad Rupp fixed truck #136 leaking outrigger.
- Chris Terhune is getting quotes for safety chaps to have one per saw available and rope hoist equipment to replace this year.
- Ben Mann is working on labeling and identification of Twin Springs circuits. Contacting Sunflower on Twin Springs substation batteries maintenance. Developing Twin Springs substation switching procedures to be posted on site. Received labels and is working on labeling and identifying underground cables. Scott Briand purchased a label maker to save cost.

New Business:

- ♦ Myron Seib: Truck #110 injector and truck #193 transfer case was replaced.

- ♦ Kevin Bradstreet: Morton building & parts shed door access control is not opening easily, lineman office access control isn't staying locked. Carrie Borell will contact ADS to resolve the issues.
- ♦ Richard McLeon: The updated tariff has affected some employee procedures along with rescinding a few and employees will use the tariff to determine those procedures. Harassment policy is being reviewed. Sunflower may need a meter for the use of the Twin Springs substation. Phillip 66 plans are in progress, and they are wanting to be energized next year. The Dighton Substation land that was leased from Peck we have purchased. New lineman starting November 1st and will eventually working out of the Ness City office eventually the goal is to have four linemen there. Scott Briand will have a sales representative come on site with iron pole samples to be reviewed.
- ♦ Nate Burns will be working on identifying substation backfeed weaknesses and create a backfeed procedure plan. Twin springs test to run both sides off one transformer for a month to test the affect of performance and billing in October. Twin Springs Hi triple single settings will be reviewed as well.
- ♦ Chris Terhune: Wound Seal and AED Master Cards will be replaced.
- ♦ Kevin Bradstreet: Padmount has been set up at the camper hook up at the Dighton fairgrounds.
- ♦ In House Safety Meeting: Safety Summary, Reviewed Safety Manual Section 1

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY COUNCIL COMMITTEE MEETING

August 31, 2022

Leighton Ayers called the meeting to order at 8:01am.

Minutes were read: Chris Terhune made a motion to approve the February 17th and May 31st minutes and Carrie Borell seconded. Minutes were read and approved with amendments.

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

Absent:

Old Business:

- ◆ Ness City shelving has been installed with WLL. The cement slurry is in progress to be done at a later date.
- ◆ OSHA 10 Hour training was completed by Myron Seib. Richard McLeon will get with Scott Briand to have him and all retail employees to complete the training.
- ◆ Federated Insurance Accident and Investigation training was completed.
- ◆ Retail Scaffold was tagged out of service and will be put in a silent auction.
- ◆ SafetyAmp meeting scheduled to go further on digital forms.
- ◆ Supervisor training in progress and will be a continued training program in the future.
- ◆ Contractor guide and safety manual will be emailed by Richard McLeon to any current contractors. Once the two amendments of the substation label and the MKEC asset description are updated on the visitor guide an updated visitor guide will be emailed at that time.
- ◆ Safety policy 508 amendments were approved in August.
- ◆ Chris Terhune: RESAP On-Site Observation Corrective Actions Reviewed
 - Leaking/weeping electrical equipment stored in pole yards need to be in secondary containment and stored inside.
In Progress - Transformer at Ness City pole yard and regulator at Dighton North pole yard will be hauled off to Solomon Corp.
 - Spill Prevention, Control and Countermeasures (SPCC) regulations has been developed for the facility as required by federal EPA regulations.
In Progress - Nate Burns is heading the project to work with Power Engine to update the SPCC plan and perform arc hazard assessment on distribution system for arc related clothing every 5 years.
 - Pole yard/outside storage materials are properly stored off the bare ground.
In Progress - North lot transformers are being moved to new concrete pad.
 - Winch mechanisms are in good condition.
In Progress – Chris Terhune will get with Chad Rupp to fix faye on truck #110 and truck #136 has been replaced.
 - **Completed - Outrigger pads leaking on truck #136.**
 - **Completed - Trailer #515 requires DOT inspection forms on the trailer.**
 - Rope hoist needs to be in good condition.
In Progress - Chris Terhune will get quotes to replace rope hoist included in the 2022 safety budget.
 - Protective safety chaps are available when using chain saws.
In Progress - Chris Terhune will get a quote for safety chaps.
 - **Completed – Purchased bags to store fall arrest equipment in the side bin.**
 - Three substations had clearance issues.
Completed - Ben Mann installed auto transformers and stands have been purchased for Twin Springs and Dighton Hi, and Alexander.
 - Substation free of weeds and debris.
In Progress - Ben Mann will remove Twin Springs tumble weeds and debris.
 - Circuits and equipment are properly identified.

In Progress: Ben Mann will identify and mark Twin Springs circuits.

- Employees can accomplish routine procedures and substation switching protocols.

In Progress - Ben Mann will work on switching procedures and backfeed procedures for Twin Springs substation and all substations with critical load supply.

- Underground cables are identified.

In Progress - Ben Mann will be identifying and labeling underground cables.

- Hazard identification signs for underground needs replaced.

In Progress - Scott Briand received updated labels that has now been approved by Larry Detweiler. Ben Mann will replace padmount and switch cabinets with correct signage labels.

New Business:

- ◆ Safety Budget was reviewed and approved. 2023 FR Clothing Budget was reviewed, and amendments will be made and provided to Richard McLeon. 2023 Safety Program Budget was reviewed. Chris Terhune will get the Dennis Merchant Program training fees for amendment and then provided to Richard McLeon.
- ◆

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Secretary