



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for October 3, 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. 2023 Wage and Salary Plan
 - b. General Distribution and G&T Capital Credits Retirement
 - c. Resolution Authorizing the Amendment of the 401(k) Plan and the RS Plan
 - d. Resolution Authorizing the Amendment of the Retirement Security Plan
11. Safety Report
12. Executive Session
13. Adjourn

Upcoming Events:

KEC Board	Wichita	Oct 4-5
Sunflower Board Meeting	Hays	Oct 19
Sunflower CEO screening interviews	Hays	Oct 27

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#	item	author	document	Board Packet	Supplemental information	Additional information
2	Minutes	Joe		3-7		
3	Check Register(s)	Diana	AP / Check Register	8-12		
		Rebecca	Payroll	13-14		
6	Sunflower Report	Sunflower	SEPC Board Summary	15-19		
7	KEC Report					
8	GM Report	Richard		20-21		
	<u>Financials</u>	Kathy	Form 7	22-23		
		Kathy	Statistical Report		1	
		Kathy	Non-operating margins		2	
	<u>Operations</u>	Dal/Ben	Maintenance Inspection Log		3	
		Dal	Monthly Report		4-5	
	<u>Information Technology</u>	Carrie	Monthly Report		6	
	<u>Cybersecurity-Compliance</u>	Carrie	Monthly Report		7	
	<u>Engineering</u>	Nate	Monthly Report		8	
		Richard	Substation NCP and CP		9	
	<u>Member Service</u>	Ann Marie	Board Report		10	
	<u>Warehouse</u>	Scott	Warehouse Report		11-12	
9	Old Business					
10	New Business					
a.	2023 Wage and Salary Plan			24-35		
b.	General Distribution and G&T Capital Credit Retirement			36		
c.	Resolution Authorizing the Amendment of the 401(k) Plan and RS Plan			37		
d.	Resolution Authorizing the Amendment of Retirement Security Plan			38-39		
11	Safety Report	Carrie	Safety Program Monthly Report	40		
		Carrie	Safety Meeting minutes	41-42		
		Carrie	Safety Council Meeting Minutes	No meeting		

**MINUTES OF THE REGULAR SEPTEMBER 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, September 12, 2022, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:51 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Eric Doll, Richard Sorem, Chad Griffith, Paul Seib Jr. and Craig Ramsey. Also present Richard McLeon IV, Diana Kuhlman and Joseph D. Gasper, Attorney.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on August 8, 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 reported that the purchase of the substation real estate from the Peck's had been completed.

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 has been discussion of a rate increase, but the board decided to wait for the new to be hired to make a decision. The rate increase is still on the agenda for further discussion.

Manager McLeon added the following:

- The board is considering different options for a rate increase which would vary from a \$2,500 increase to a \$40,000 increase on LSEC.
- The Sunflower CEO candidates will be interviewed at the NRECA meeting in Portland with the follow up interviews in Hays.
- SPP is increasing the margin requirements from 12% to 15%. Sunflower should be good for the near term, but with the looming Holcomb retirement, some generation decisions will have to be made.
- A short discussion on the technology of the small modular nuclear reactions was held.

KEC REPORT

There had been no KEC meeting.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- The monthly overall rate was 11.63 cents and year-to-date overall rate was 11.18 cents.
- ASAI is 99.97% with most outages being planned.
- Tallgrass Expo is moving forward. Sunflower will build a switching station and transmission line working with Tallgrass through their agent, Priority Power. Tallgrass will pay for these costs as well as the LSEC Expo distribution substation. Sunflower legal is drafting a construction contract which LSEC will mirror for legal review in December, 2022. The expected demand is 8 to 13 MW with an expected energization of December, 2023.
- The Form 990 is posted and available for review on the LSEC Trustee website.
- July average revenues were up \$256,989 with Wholesale Power Costs being up \$470,877 above July 2021. This reduced distribution revenue by \$213,888 to \$370,701. Approximately \$75,000 of this expense was power cost from Winter Storm Uri. The board discussed doing an appeal for people to pay off the Uri expenses.

- Total Operating margins are \$-194,348 with Total Margins of \$-161,131. Non-operating margins showed a gain of \$24,510 for the month and \$76,345 year-to-date.
- The cash balance is \$5,522,353.
- Equity as a percent of Assets is 37.37% and Equity as a percent of Capitalization is 39.33%.
- As inflation and material costs increase, LSEC may not make the TIER and OTIER requirements this year. There may be a need for a COSS this year or next.

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. NRECA RS and 401(k)

Manager McLeon and Diana Kuhlman presented and discussed the RS and 401(k) issue.

- On July 21, 2022 Diana was informed by NRECA that the LSEC 401(k) plan failed the IRS nondiscriminatory availability of benefits, rights and features for 2021 and would fail again for 2022. This failure was due to the change in the 401(k) plan into the two groups for the employees beginning employment prior to and after 2019. NRECA indicated that the issue was with the General Manager (the HCE) being in group 003 which resulted in the failure of the nondiscrimination test. NRECA indicated that this was an "unforeseen" problem that they did not consider when they ran the testing prior to adoption of the plan.
- The -001 401(k) has a tiered match while the -003 401(k) has a 5% match. The -003 RS plan has a 1.7 benefit level with no COLA and no 30 year of

service versus the -001 RS which has a 2.0 benefit level with COLA and a 30 year of service.

- Through conference calls with NRECA, various resolutions to the issue were discussed to resolve the issue.
- The various options contained in the board packet were presented to the board and discussed. The concerns discussed including the cost savings of moving to the -003 plan versus consolidation into the -001 plan, competition in hiring and retention of employees, the thirty year projected impact on finances, and the violation of IRS rules.
- Staff recommendation was to recommend option 1 which is to merge the group -003 into group -001 and make whole the six employees who are currently in group -003.
- *A motion to approve Option Number 1 as presented in the board packet, where group -003 will be merged into group -001 for both the 401(k) and the RS plan and to authorize the General Manager to make and execute the transition with appropriate timing was made, duly seconded and carried.*

Diana Kuhlman left the meeting after the presentation was complete.

2. Audit Engagement Letter

- *A motion to approve the Audit Engagement Letter with Bolinger, Segars, Gilbert & Moss, LLP to conduct the 2022 audit at an estimated cost of \$26,000 was made, duly seconded, and carried.*

3. Load Forecast Study

Manager McLeon presented the 2022 Load Forecast Study:

- The procedure for how the study was completed including the methodology and assumptions as well as the calculations was discussed.
- In summary the load forecast projects an increase of overall kWh sales to increase by 2.13% through 2035 with a revenue increase of 4.69%.
- The load forecast does not include the projected Tallgrass project.
- *A motion to approve the 2022 Load Forecast Study as presented was made, duly seconded and carried.*

4. Annual Meeting Date

- *A motion to approve the 2023 Annual Meeting date as July 18, 2023 was made, duly seconded and carried.*

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:19 p.m., on Monday, September 12, 2022.

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Accounts Payable Check Register

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09/07/2022 To 09/29/2022

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2820 09/07/2022	WIRE	468	U.S. BANK	Monthly Credit Card Bill	9,182.75
2831 09/07/2022	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA Gr 1-September Group Ins	2,717.41
2832 09/07/2022	WIRE	180	NRECA	NRECA Grp 1 Adm Fee-Sept Gr 1 Adm Fee	223.50
2821 09/08/2022	WIRE	1267	AFLAC	Monthly Premiums	833.42
2830 09/08/2022	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS - Group Ins	46,892.47
48912 09/09/2022	CHK	1	DIGHTON HIGH SCHOOL YEARBOOK	Yearbook Ad	110.00
48913 09/09/2022	CHK	1	NRECA INTERNATIONAL	Donation	1,000.00
48914 09/09/2022	CHK	1	RANSOM OKTOBERFEST	Donation	50.00
48915 09/09/2022	CHK	32	WESCO RECEIVABLES INC	Monthly Invoice	2,183.45
48916 09/09/2022	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	220.26
48917 09/09/2022	CHK	55	NESS COUNTY NEWS	Advertising	83.00
48918 09/09/2022	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	82.51
48919 09/09/2022	CHK	104	HOME OIL CO	Monthly Fuel Invoice	1,727.00
48920 09/09/2022	CHK	105	CITY OF NESS CITY	August Postage and Pay Station	619.00
48921 09/09/2022	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	4,818.00
48922 09/09/2022	CHK	155	KEVIN BRADSTREET	Monthly Invoice	2,824.79VOID
48923 09/09/2022	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Dal	233.49
48924 09/09/2022	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	3,264.12
48925 09/09/2022	CHK	214	DODGE CITY INTERNATIONAL	Parts-Truck #110	4,917.62
48926 09/09/2022	CHK	238	ILLINOIS MUTUAL	Monthly Premiums	153.20
48927 09/09/2022	CHK	269	ANIXTER INC	Monthly Invoice	2,199.94
48928 09/09/2022	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	200.00
48929 09/09/2022	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	13,029.57
48930 09/09/2022	CHK	380	GRAINGER	Monthly Invoice	65.47
48931 09/09/2022	CHK	387	WESTERN FUEL & SUPPLY	Fuel and ice for Bazine Picnic	580.58
48932 09/09/2022	CHK	406	RICHARD MCLEON	Meeting expense	108.83

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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
48933 09/09/2022	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Substation Maintenance	191.39
48934 09/09/2022	CHK	427	DIGHTON HERALD LLC	Advertising	402.00
48935 09/09/2022	CHK	442	QUADIENT INC.	Postage Machine	378.03
48936 09/09/2022	CHK	506	K&J FOODS	Supplies	135.09
48937 09/09/2022	CHK	510	MOD SOLUTION, LLC	Ergonomic Assesment	175.00
48938 09/09/2022	CHK	521	HR PARTNERS, LLC	Consulting	840.65
48939 09/09/2022	CHK	526	THE LAW OFFICES OF JOHN R. DIETRIC	Legal Consulting	902.50
48940 09/09/2022	CHK	528	DAVID N HESKETT DC LLC	Physical Capacity Test -Mark McCulloch	100.00
48941 09/09/2022	CHK	773	BRETZ, INC.	Monthly Invoice	202.78
48942 09/09/2022	CHK	803	ALTEC INDUSTRIES, INC	Parts Truck # 136	4,037.34
48943 09/09/2022	CHK	929	AMERICAN CASTING & MFG CORP	Monthly Invoice	361.89
48944 09/09/2022	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	80.40
48945 09/09/2022	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	301.71
48946 09/09/2022	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Invoice	125.71
48947 09/09/2022	CHK	1215	POWER SYSTEM ENGINEERING, INC.	Consulting Services	10,389.02
48948 09/09/2022	CHK	1218	HEALZERS, INC.	Tire Repair	55.82
48949 09/09/2022	CHK	1225	CINTAS CORPORATION	Monthly Invoicer-Dighton	170.64
48950 09/09/2022	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	283.50
48951 09/09/2022	CHK	1251	TECHLINE, LTD	Monthly Invoice	17,758.68
48952 09/09/2022	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	234.54
48953 09/09/2022	CHK	1303	LANE COUNTY IMPLEMENT, INC	Monthly Invoice	443.85
48954 09/09/2022	CHK	169	AMERICAN ELECTRIC-GARDEN CITY	Monthly Invoice	2,824.79
2819 09/12/2022	WIRE	168	ONLINE INFORMATION SERVICES, INC	Utility Exchange Report	107.62
2822 09/12/2022	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,411.16
2823 09/12/2022	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	191.43
2824 09/13/2022	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	828.92

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Accounts Payable Check Register

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09/07/2022 To 09/29/2022

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
48955 09/16/2022	CHK	1	DIGHTON JR/SR HIGH SCHOOL	Sports Program	100.00
48956 09/16/2022	CHK	15	ERIC DOLL	September Board Meeting	393.75
48957 09/16/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	55,000.00
48958 09/16/2022	CHK	30	HAROLD HOSS	September Board Meeting	387.50
48959 09/16/2022	CHK	60	PAUL SEIB JR	September Board Meeting	391.25
48960 09/16/2022	CHK	63	RICHARD JENNISON	September Board Meeting	366.25
48961 09/16/2022	CHK	105	CITY OF NESS CITY	Monthly Invoice	48.41
48962 09/16/2022	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	55.07
48963 09/16/2022	CHK	122	MYRON SEIB	Per Diem-State Fair	88.50
48964 09/16/2022	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	5,188.00
48965 09/16/2022	CHK	146	REBECCA CAMPBELL	MIC Mtg Expesne	254.50
48966 09/16/2022	CHK	150	CHRIS TERHUNE	Federated insurance Review	30.01
48967 09/16/2022	CHK	179	RAD ROEHL	September Board Meeting	361.25
48968 09/16/2022	CHK	202	CHAD GRIFFITH	September Board Meeting	396.88
48969 09/16/2022	CHK	220	LANDIS+GYR TECHNOLOGY, INC	August SaaS Fee	845.66
48970 09/16/2022	CHK	356	BOSSELMAN ENERGY, INC.	Generator-Ness City	152.75
48971 09/16/2022	CHK	366	DIANA KUHLMAN	KEC Acct Assoc Mtg	147.50
48972 09/16/2022	CHK	394	DELLON SHELTON	Per Diem-State Fair	88.50
48973 09/16/2022	CHK	450	RANDALL G EVANS	September Board Meeting	350.63
48974 09/16/2022	CHK	472	C.H. GUERSNEY & COMPANY	Professionals Services	221.00
48975 09/16/2022	CHK	504	GARY FARRIS ENTERPRISES	Demo Trailer	16,755.00
48976 09/16/2022	CHK	529	GUY FULLMER	Tree Trimming	2,000.00
48977 09/16/2022	CHK	715	KATHERINE E LEWIS	KEC Acct Assoc Mtg	147.50
48978 09/16/2022	CHK	803	ALTEC INDUSTRIES, INC	Parts for Truck #150	5,878.22
48979 09/16/2022	CHK	903	NISC	Monthly Invoices	10,605.80
48980 09/16/2022	CHK	1228	BENJAMIN L MANN	KLSA Meeting Expense	160.00

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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
48981 09/16/2022	CHK	1263	RICHARD SOREM	September Board Meeting	403.75
48982 09/16/2022	CHK	1299	DEANNE DECHANT	Cookies for Board Meeting	72.00
48983 09/16/2022	CHK	1300	CRAIG RAMSEY	September Board Meeting	381.25
48984 09/16/2022	CHK	9999	NATHAN HANDY	INACTIVE REFUND	22.85
48985 09/16/2022	CHK	9999	ERICKA KLEWENO	INACTIVE REFUND	121.49
48986 09/16/2022	CHK	9999	KITCHEN FULL OF ART LLC	INACTIVE REFUND	151.17VOID
48987 09/16/2022	CHK	9999	KEVIN MALLECK	INACTIVE REFUND	130.88
48988 09/16/2022	CHK	9999	HUGO PEREZ-HERNANDEZ	INACTIVE REFUND	201.11
2825 09/20/2022	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	556.80
2826 09/26/2022	WIRE	101	ATMOS ENERGY	Monthly Invoice	54.90
2827 09/26/2022	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	24,518.52
48989 09/26/2022	CHK	1	401K NRECA	2021 Benefits, right s & Feature Testing	6,338.86
48990 09/26/2022	CHK	1	NESS CITY ROTARY	Dues-August & September	161.00
48991 09/26/2022	CHK	1	USD 303 NESS CITY	Advertising	200.00
48992 09/26/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Supervisor program and Dues	10,036.77
48993 09/26/2022	CHK	79	POSTMASTER	Postage-Newsletter	110.41
48994 09/26/2022	CHK	105	CITY OF NESS CITY	Franchise Fee	8,604.42
48995 09/26/2022	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	4,818.00
48996 09/26/2022	CHK	135	CITY OF BAZINE	Franchise Fee	2,616.45
48997 09/26/2022	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	11,824.85
48998 09/26/2022	CHK	198	OTIS ELEVATOR COMPANY	Maintenance on elevator	147.58
48999 09/26/2022	CHK	406	RICHARD MCLEON	Per Diem-NRECA Regional Meeting	445.50
49000 09/26/2022	CHK	469	BOJACK ROUSTABOUT, LLC	10 loads rock to Yard	7,342.25
49001 09/26/2022	CHK	479	CASE BECKMAN	August lawn care	495.00
49002 09/26/2022	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Copier Contract	62.93
49003 09/26/2022	CHK	531	COLORADO ELECTRIC EDUCATIONAL I	Staking school for Dal Hawkinson	1,365.00

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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
49004 09/26/2022	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	116.25
49005 09/26/2022	CHK	9999	KARA KITCHEN	Inactive Refund	151.17
2828 09/28/2022	WIRE	1290	WEX BANK	Monthly Fuel Invoice	471.47
2829 09/28/2022	WIRE	183	HIBU INC	Advertising	10.00
Total Payments for Bank Account - 2 :					(106) 321,625.44
Total Voids for Bank Account - 2 :					(2) 2,975.96
Total for Bank Account - 2 :					(108) 324,601.40
Grand Total for Payments :					(106) 321,625.44
Grand Total for Voids :					(2) 2,975.96
Grand Total :					(108) 324,601.40

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Payroll/Labor Check Register

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Pay Date: 09/01/2022 To 09/30/2022

Empl Name	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay
5 KATHERINE E LEWIS	10,736.06	0.00	176.00	0.00	1,295.06	96.24	3,186.64	6,254.36
					811.81	0.00	5,570.56	
21 CARRIE M BORELL	6,652.96	0.00	191.50	0.00	812.66	34.98	1,253.43	4,586.87
					494.70	0.00	4,314.28	
22 REBECCA L CAMPBELL	5,118.08	0.00	176.00	0.00	1,078.04	29.28	917.15	3,122.89
					359.07	0.00	4,014.50	
26 RICHARD A MCLEON	19,750.00	0.00	176.00	0.00	870.16	487.36	4,646.37	14,233.47
					291.27	0.00	6,747.52	
34 KALO M MANN	7,750.00	0.00	193.50	0.00	1,204.80	147.10	1,744.90	4,800.30
					592.65	0.00	3,780.56	
35 NATHAN A BURNS	6,765.99	0.00	176.50	0.00	790.56	44.02	1,793.40	4,182.03
					515.62	0.00	3,291.44	
50 KASEY R JENKINSON	9,682.44	0.00	192.00	0.00	1,647.82	79.84	2,219.36	5,815.26
					725.86	0.00	5,369.68	
55 BENJAMIN L MANN	9,589.32	0.00	192.00	0.00	1,322.92	42.74	2,297.18	5,969.22
					731.51	0.00	4,006.44	
74 DAL S HAWKINSON	7,990.95	0.00	177.50	0.00	1,169.04	13.14	1,766.65	5,055.26
					595.38	0.00	5,109.90	
84 MICHAEL S POLLOCK	8,434.18	0.00	203.50	0.00	1,233.78	16.46	1,985.57	5,214.83
					635.68	0.00	4,053.18	
85 CHAD A RUPP	9,519.98	0.00	200.00	0.00	1,138.98	84.30	2,684.59	5,696.41
					717.80	0.00	5,109.90	
89 CHRIS R TERHUNE	8,584.96	0.00	187.00	0.00	1,235.75	42.00	2,584.82	4,764.39
					643.04	0.00	5,109.90	
93 MYRON E SEIB	9,493.16	0.00	194.00	0.00	1,397.92	80.84	1,913.33	6,181.91
					720.94	0.00	4,484.48	
99 KEVIN A BRADSTREET	10,463.77	0.00	216.00	0.00	952.26	79.34	3,206.59	6,304.92
					803.22	0.00	3,118.82	
108 MARK R MCCULLOCH	7,441.31	0.00	187.50	0.00	2,927.93	77.40	1,781.74	2,731.64
					564.43	0.00	3,363.20	
117 LEIGHTON J AYERS	8,938.71	0.00	192.00	0.00	809.48	37.04	2,051.20	6,078.03
					669.72	0.00	4,873.20	
129 STACEY L FOOS	214.65	0.00	13.25	0.00	0.00	0.00	16.42	198.23
					18.14	0.00	0.00	

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Payroll/Labor Check Register

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Pay Date: 09/01/2022 To 09/30/2022

Empl Name	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay
130 ANN MARIE JENNINGS	4,922.50	0.00	178.00	0.00	869.16	21.42	946.47	3,106.87
					351.70	0.00	3,243.64	
131 DIANA F KUHLMAN	5,085.30	0.00	181.50	0.00	878.56	30.10	857.72	3,349.02
					379.86	0.00	2,606.70	
132 DELLON R SHELTON	5,992.05	0.00	187.00	0.00	345.12	4.70	1,635.45	4,011.48
					453.42	0.00	2,000.28	
134 SCOTT A BRIAND	5,269.44	0.00	176.00	0.00	594.93	5.14	914.38	3,760.13
					380.95	0.00	3,077.09	
135 BLAKE T MCVICKER	8,876.82	0.00	190.50	0.00	1,769.76	13.16	2,473.57	4,633.49
					674.74	0.00	2,484.48	
Grand Total:	\$ 177,272.63	\$ 0.00	3,957.25	\$ 0.00	\$ 24,344.69	\$ 1,466.60	\$ 42,876.93	\$ 110,051.01
					\$ 12,131.51	\$ 0.00	\$ 85,729.75	



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING – SEPT. 21, 2022

Sunflower Members' Conference

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

PRESIDENT'S REPORT

Operations

FD4 repairs were completed late last week, and operators immediately started the unit and demonstrated stable output across its entire load range. After holding full load for two and half hours, the unit was released to the market which immediately dispatched the unit to minimum load and then offline—consistent with our offer parameters. Total cost of the repairs to date is roughly \$1.2M, which is very close to the early estimates.

The transmission team continues to go "above and beyond" on storm restorations in an unusual year where the system has experienced higher than average damage from an unusually high number of smaller storms rather than typical larger-scale storms. 2022 has also been unusual because many of these events occurred on weekends, requiring sacrifice of a lot of personal time from the line team in particular. The most recent storm events occurred earlier this month and impacted Dodge City once and Great Bend twice. Details will be covered during next month's report.

Power Supply & Delivery

Energy Cost Adjustment

The August Energy Cost Adjustment (ECA) continued to increase, averaging a 91.5% increase since January. The increase in ECA is primarily due to higher natural gas prices in the Southwest Power Pool (SPP) Integrated Market and a decrease in availability of wind energy in the SPP region. Fuel prices, over which electric utilities have little control, largely impact electric costs. The monthly Henry Hub spot price in June 2020 was \$1.77/MMBtu during the worst of the pandemic, and the monthly Henry Hub price in August 2022 was \$8.81/MMBtu, an increase of 400%. Drivers for high natural gas prices in the U.S. include an increase in natural gas exports, slowed domestic production, and increased demand for natural gas for power production. Natural gas prices are projected to remain high through the winter and then potentially start to drop off early next summer. Staff and Board discussed ways to address the high cost of natural gas prices on Sunflower's ECA, such as multi-channel public messaging, cost deferral and amortization, additional fuel diversification, and short-term hedging. Lengthy discussion focused on the need for earlier information when ECAs rise so Members can proactively inform those they serve of the increase.

Winter 2022-23 Hedging Analysis

The current winter hedging projects include the following: December – financial natural gas

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swap (3 contracts), 1% increase in total monthly hedge position, 87% hedged; January – financial natural gas swap (6 contracts) and energy block purchase, 12% increase in total monthly hedge position, 98% hedged; February – financial natural gas swap (6 contracts) and energy block purchase, 12% increase in total monthly hedge position, 99% hedged.

Since 2010, extreme cold weather events occur about every three years with a pattern of increasing magnitude. Four extreme winter weather events since 2010 have occurred during periods of La Nina. Since the La Nina pattern is forecast to persist through February, staff recommended an additional 50 MW energy block purchase for each of the three months if pricing can be secured below presented pricing thresholds. The Board discussed the importance of messaging hedging purchases to their members.

Board action: The Sunflower Board approved Sunflower staff continuing to analyze the purchase of hedging products for upcoming December, January, and February.

Sunflower Solar Project @ Russell

Staff and Todd Bartling, NRCO, reviewed the benefits of the solar project near Russell, as well as operational and financing options. Operational options include ownership or a Power Purchase Agreement (PPA). The recently passed Inflation Reduction Act offers several benefits, such as restoring the Investment Tax Credit to the full 30% for solar projects completed in 2022 or later (Russell solar will qualify due to the purchase of a step-up transformer), bonus ITC credits if specific criteria are met, the opportunity to claim Production Tax Credits in lieu of an Investment Tax Credit, and the opportunity for direct-pay of tax credits. Ownership options appear to be more cost effective than a PPA in 3 of 4 opportunities. This will allow Sunflower to evaluate alternative financing options and pursue the added ITC bonuses under the IRA. However, project risks associated with building and owning the project shift to Sunflower whereas they fall under the developer or owner under the PPA option. Sunflower has an Oct. 3 milestone due date in the Interim Generation Agreement to provide Notice to Proceed to complete the interconnection work. Staff requested Board action on whether to proceed with the project, and if so, whether to proceed with the PPA or ownership option. Two potential developers presented proposals for the project, and staff will work with the developers to define their proposals. Staff will provide refined proposals to the Board in October and ask the Board for further direction on the project.

Board action: The Sunflower Board approved continuing to pursue the Sunflower Solar Project @ Russell.

Board action: The Sunflower Board approved proceeding with the ownership option on the Sunflower Solar Project @ Russell and an equity contribution to the project LLC (up to \$2.2 mm) for various project facets prior to executing an EPC contract.

Fort Dodge Solar Project

The Southwest Power Pool's (SPP) new planning reserve margin and Unforced Capacity (UCAP) accreditation rules create a capacity deficiency for Sunflower by 2026. Solar provides a hedge to energy purchased via the SPP Integrated Market. Installing a 150 MW solar project at Fort Dodge would utilize the existing interconnection service, allowing Sunflower to complete the project in a much shorter timeframe than it could if it went through the full SPP generator interconnection process. The project, which could be in commercial operation as early as 2025, would fill approximately 75 MW of Sunflower's 124 MW capacity loss created by UCAP. Sunflower received information from two potential developers. The Sunflower Board supported ongoing consideration of the project.

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Sept. 1 Storm Communication

A summer storm on Sept. 1 caused damage to both Sunflower's transmission system and Victory's distribution system that created an outage for portions of Dodge City. Victory System Operators requested Sunflower contact them prior to re-energizing. This, however, did not happen. Incorrect assumptions were made by Sunflower staff that Victory had been notified when they hadn't, causing a safety concern. Sunflower debriefed the unacceptable assumption by Sunflower staff and addressed the necessity of following processes at all times but especially when simultaneous events are occurring. Sunflower staff have been told to directly contact Member systems operations staff prior to switching. In addition, Member staff are asked to directly contact Sunflower system operations staff to try to isolate distribution circuits from high voltage circuits as soon as possible in outage situations.

Transmission Policy & Planning

Replacement for the Harper-to-Viola 138 kV Line

Load tripping is occurring in the Harper area, and there is load growth at Farrar, but the Rago 34.5 kV circuit is limited by the 34.5 kV load serving capability. Since Sunflower's existing 138 kV line is reaching the end of life and needing to be rebuilt, it is a good time to consider whether the 138 kV line in this area should be rebuilt or whether the line should be rerouted to support load growth. The Business as Usual (BAU) approach would entail Wheatland upgrading all 37 miles of 34.5 kV circuits in the area and building a new substation at Milan, and Sunflower would have to rebuild 13 miles of existing aging 138 kV line between Harper and Viola. The new proposal would entail Sunflower retiring and replacing the 13-mile portion of the Harper-to-Viola 138 kV line with a new radial configuration, along with the buildout of a new 138/34.5 kV substation by Sunflower and Wheatland. New proposal costs for both Sunflower and Wheatland are less than the BAU approach, with a total savings of approximately \$9.6 million. Thirty-one percent of Sunflower's transmission lines are more than 50 years old (784 miles), so naturally even more lines are nearing end of life. Considering line options, such as in the Harper area, rather than automatically rebuilding will benefit Sunflower and our Members.

Southwest Power Pool's (SPP) High Voltage DC Interconnections

The proposed Grain Belt Express (GBX) 600 kV line consists of approximately 800 miles of line to collect 4,000 megawatts renewable energy from the west region of SPP (including the Sunflower zone) and transmit the energy outside the SPP region. Western Kansas and the surrounding area will power the line for customers in Missouri and other states. The first phase, starting at Spearville and traveling through Kansas and Missouri, is projected to cost \$2.3 billion. The proposed GBX will connect to SPP at the Saddle 345 kV Substation owned by ITC in Ford County, which breaks the 345 kV lines from Clark County-Spearville and Clark County-Ironwood. Sunflower staff analyzed impacts of GBX on the Sunflower system and expressed concerns regarding transmission overload. The DC tie absorbs reactive power on a magnitude of 50% of its MW, so at 4,000 MW the GBX Project will require a 2,000 MVar capacitor bank at the Saddle 345 kV Substation. Sunflower staff will stay abreast of the project and maintain that GBX needs to upgrade overloaded facilities.

Technology Services

Network Mesh Project

The network mesh program established a point-to-multiple point "mesh" network configuration at key telecom towers in the Garden City area. In the event of a catastrophic failure at one of the key tower sites, network mesh will provide improved business continuity for network

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communications that ultimately provides value and reliability in the services Sunflower provides as a G&T. The project experienced a 23% increase in cost over the original 2020 estimate due to hardware supply chain and inflationary pressures. As a result of mitigation measures taken by Technology Services, no formal incremental budget increases were required for the Network Mesh Program, minimizing cost impacts to Sunflower and the Members.

2022 CIP Audit

The 2022 NERC Critical Infrastructure Protection (CIP) Audit, which occurs every three years, will be conducted on site from Oct. 31 through Nov. 4. Sunflower staff spent summer months gathering and submitting required data and will conduct mock audits during the last week of September.

Financials

August Financials

Overall Member loads were up 5.63% from budget for the month and down 0.02% from budget year to date. Large industrial loads were up 1.38% from budget for the month and down 2.43% from budget year to date. Year-to-date operating expenses were up 1.87% from budget for the month and up 6.29% from budget year to date. See report.

2023 Budget

Staff reviewed 2023-2025 proposed budget changes made since August. Cost shifts due to expensing the 2022 Holcomb outage entirely this year with excess 2022 margins and other O&M shifts result in a slightly lower 2023-24 Member rate than discussed in August and a slightly increased Member rate in 2025.

Board action: The Sunflower Board approved the 2023 budget as presented.

Board action: The Sunflower Board approved, as done annually, the Income Tax Resolution stating that the Board established and approves the rates for furnishing electric services to Members and non-members pursuant to contracts and SPP regulations.

Margin Stability Rider

The Margin Stability Rider allows the Sunflower Board to issue bill credits to customers during years in which projected margins exceed budgeted margins. This Rider and any credits issued, including the timing of the issuance, must be approved by the Sunflower Board of Directors. It applies to each Member or wholesale customer.

Board action: The Sunflower Board approved the Margin Stability Rider as presented.

Sunflower 2022 Excess Margin Options

Staff presented three main options for handling the anticipated 2022 year-end excess margins: Use the excess margin to pay for expenses that would have otherwise been expensed or amortized to later years (e.g., Holcomb outage), issue bill credits to return margins to the Members for the remainder of 2022, or a combination of option one and option two.

Board action: The Sunflower Board approved part of the money to expense the 2023 Holcomb outage and issuing the remaining margin as bill credits through December via the Margin Stability Rider.

2022 Load Forecast

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As presented in August, 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 through 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.

Board action: The Sunflower Board approved the 2022 load forecast as presented.

WHM-23

The WHM-23 tariff was updated to reflect the 2022 Cost of Service Study. No rate increase is necessary.

Board action: The Sunflower Board approved the WHM-23 Tariff as presented for implementation on Jan. 1, 2023.

Board action: The Sunflower Board approved sending a 90-day notice letter to Western Kansas Industrial Electric Consumers regarding the new tariff.

Sunflower Board Compensation

The G&T Human Resource Group conducted a 2022 Special Compensation Survey in January with 36 participating utilities. The survey elicited answers on board member compensation for board meetings and travel expenses.

Board action: The Sunflower Board approved board meeting compensation as presented and will continue to use the current IRS rates for mileage, lodging, meals, and incidentals.

Legal

Russell Substation Project

Staff requested the authority for Sunflower to exercise eminent domain, if necessary, on the Russell Substation Project.

Board action: The Sunflower Board approved the authority to exercise eminent domain, if necessary, on the Russell Substation Project.

Western Fuels Association

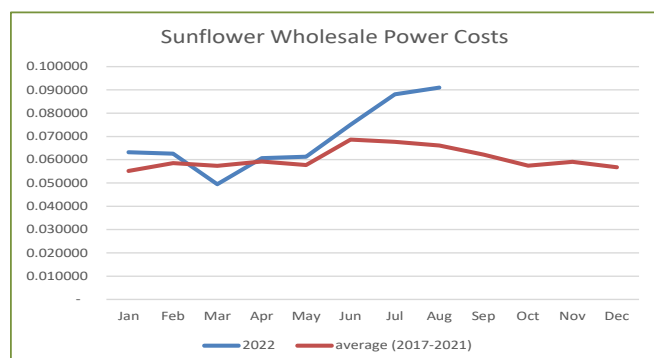
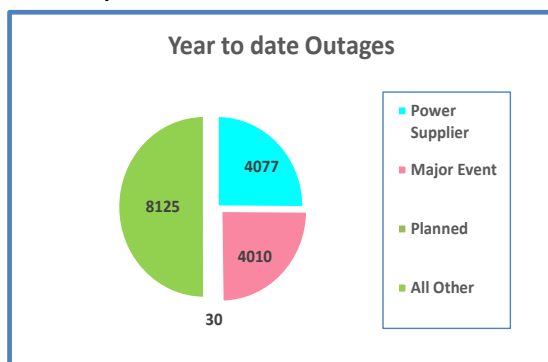
The WFA Board meeting document for Aug. 25, 2022, is available on BoardPaq.

8. General Manager's Report

A. Rates and Reliability Dashboard

Rate Summary -Aug 2022	current month (\$/kWh)	year to date (\$/kWh)	ytd '17-21 avg. (\$/kWh)	
Residential	0.1251	0.1314	7.2%	0.1219
Residential - Seasonal	0.2362	0.2268	11.9%	0.1999
Irrigation	0.0983	0.0917	2.0%	0.0899
C&I 1000kVa or less	0.1217	0.1149	5.0%	0.1091
C&I over 1000 kVA	0.1126	0.1066	-3.1%	0.1098
Public Street and Lighting	0.1520	0.1421	9.1%	0.1292
Other Sales to Public Authorities	0.1430	0.1409	-3.5%	0.1459
Sales for Resale - Other	0.0686	0.0781	-4.5%	0.0816
Total Sales price per kWh:	0.1136	0.1120	2.5%	0.1092

Aug 2022			
SAIDI	2.81	Interruption DURATION / average for every member (hrs)	
SAIFI	1.13	Interruption FREQUENCY / Average # of Interruptions per customer	
CAIDI	2.49	Customer Avg Interruption Duration Index - IF you are out, how long (hrs).	
ASAI	99.97%	Service Availability	



- B. Tallgrass Expo. The pumping station continues moving forward. We are working with Sunflower on the template contract and have put the substation design out for bids to Guernsey and PSE. Once we get the contract approved, we will award the design component, we will put the construction out for bids.

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.

- C. The Credit Card records are available for the Boards review.

- D. Operations Report. (The full report is in the Supplemental Reports)

- Maintenance
 - Fixed lights in Ness, Lane, and Hodgeman Co.
 - Re-sag secondary at Lisa Smiths in Ness City.
 - Moved meter to alley for John Mauch in Ness City.
 - Fixed broken anchors in Ness and Lane Co.
 - Fixed ball field lights in Healy.
 - Set lift pole for Dirk Torson.
- Pole Change outs. McCracken 11 poles. (Bens Crew), Bazine poles. 13 poles (Kasey's crew)
- New Connects. Built 3 new single phase connect. Built 2 new 3 phase connect.
- Other
 - Myron and Dellon attended the high voltage demo at the State Fair.
 - Dal attended phase 2 of staking school.
 - Ben attended line supervisor's meetings in Wichita.

- E. IT Report. We are working towards a paperless office for many of our internal process flows like Work Orders and Service Orders. This will streamline the process and add needed accountability.
- F. Engineering Report. We are nearing completion of the Spill Prevention Plan and the Arc-Flash Plan update. Also, we are progressing on the FEMA packet for the last storms and the substation back-feed project.
- G. Member Services Report. AMJ is running the \$10 paperless Billing Credit promotion as well as the Military Care Package program. Also, we have a few members interested in moving net metering to parallel generation, so AMJ is working with them.
- H. Financials - August
- 1) Total Revenues were \$521,911 over August 2021 while Wholesale Power Costs were up \$414,809. This increased our distribution revenue by \$107,102 to \$785,926. This is partially due to changing the ECA spread to a rolling 12-month cycle.
 - 2) Income Statement
 - a. Total Operating Margins are \$134,705.
 - b. Total Margins are \$178,432
 - c. Non-operating margins showed a gain of \$43,727 for the month and \$154,782 YTD.
 - 3) Balance Sheet.
 - a. Assets and Debits balance at \$64,723,706. Cash Balances remain strong at \$5,200,859.
 - b. Equity remains stable with Equity as a percent of Assets at 37.92% and Equity as a percent of Capitalization is 41.19%.
 - c. Our Cash to Debt ratio is 15.47% and the current ratio is 1.60.

Respectfully submitted,

Richard McLeon, MBA
General Manager

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

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION <div style="text-align: right;">KS0042</div>
	PERIOD ENDED August 2022
INSTRUCTIONS - See help in the online application.	BORROWER NAME <div style="text-align: right;">The Lane-Scott Electric Cooperative, Inc.</div>

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

CERTIFICATION

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

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

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

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

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

Richard McLeon

9/19/2022
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	12,359,412	14,028,939	12,527,011	2,495,813
2. Power Production Expense				
3. Cost of Purchased Power	7,588,294	9,385,537	7,130,202	1,709,887
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	554,407	561,901	877,131	105,753
7. Distribution Expense - Maintenance	731,418	810,176	669,997	108,424
8. Customer Accounts Expense	116,410	161,980	151,593	21,115
9. Customer Service and Informational Expense	42,159	40,579	33,733	6,208
10. Sales Expense	28,853	41,414	44,015	4,600
11. Administrative and General Expense	820,711	1,058,222	908,496	138,211
12. Total Operation & Maintenance Expense (2 thru 11)	9,882,252	12,059,809	9,815,167	2,094,198
13. Depreciation and Amortization Expense	1,226,205	1,250,126	1,129,821	158,139
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	887,551	851,354	804,280	107,210
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	97	185		21
19. Other Deductions	15,399	12,310	28,833	1,540
20. Total Cost of Electric Service (12 thru 19)	12,011,504	14,173,784	11,778,101	2,361,108
21. Patronage Capital & Operating Margins (1 minus 20)	347,908	(144,845)	748,910	134,705
22. Non Operating Margins - Interest	106,461	45,138	133,333	10,428
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(113,490)	109,645	18,333	33,299
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)	362,476	34,007	920,576	178,432

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KS0042		
			PERIOD ENDED		
INSTRUCTIONS - See help in the online application.			August 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	35	56	5. Miles Transmission		
2. Services Retired	28	46	6. Miles Distribution – Overhead	2,035.37	2,038.73
3. Total Services in Place	6,049	6,063	7. Miles Distribution - Underground	7.66	7.66
4. Idle Services (Exclude Seasonals)	248	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	59,962,717		30. Memberships	0	
2. Construction Work in Progress	1,550,615		31. Patronage Capital	23,100,305	
3. Total Utility Plant (1 + 2)	61,513,332		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	20,266,927		33. Operating Margins - Current Year	(144,845)	
5. Net Utility Plant (3 - 4)	41,246,405		34. Non-Operating Margins	1,377,843	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	210,346	
7. Investments in Subsidiary Companies	230,144		36. Total Margins & Equities (30 thru 35)	24,543,649	
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	445,461		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)	5,422,476	
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)	35,043,425	
15. Cash - General Funds	73,555		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	5,127,179		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,944,295	
20. Accounts Receivable - Sales of Energy (Net)	2,031,336		49. Consumers Deposits	112,122	
21. Accounts Receivable - Other (Net)	339,360				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,326,839	
23. Materials and Supplies - Electric & Other	531,972		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	40,739		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	72,624		53. Other Current and Accrued Liabilities	753,376	
26. Total Current and Accrued Assets (15 thru 25)	8,216,890		54. Total Current & Accrued Liabilities (47 thru 53)	5,136,632	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	2,323,447		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	64,723,706		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	64,723,706	

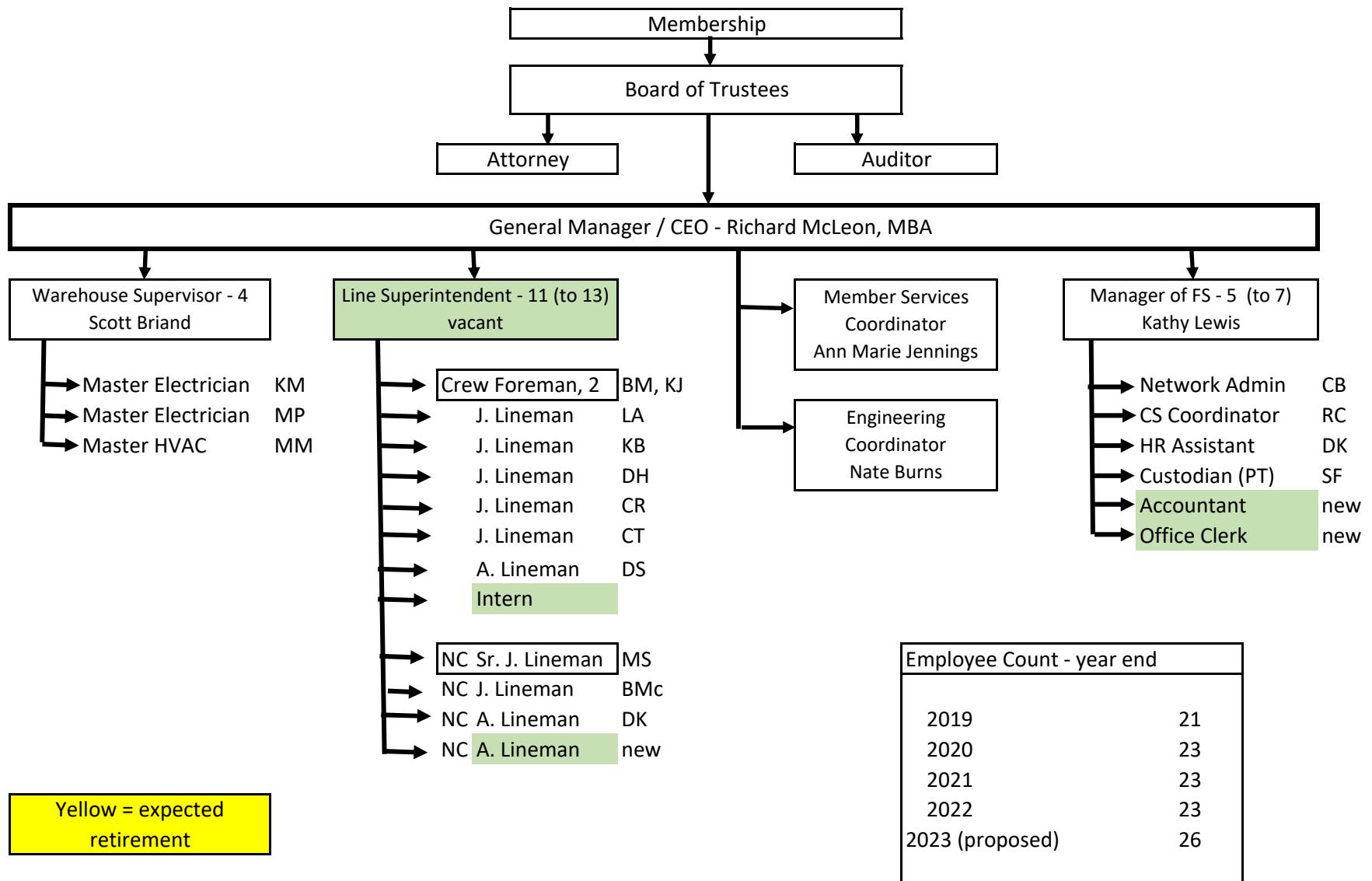
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2023 Staffing, Wage, and Salary Plan Proposal

presented to the Board of Trustees October 3, 2022

*prepared by: Richard McLeon, MBA
General Maanger*



Staffing / Succession

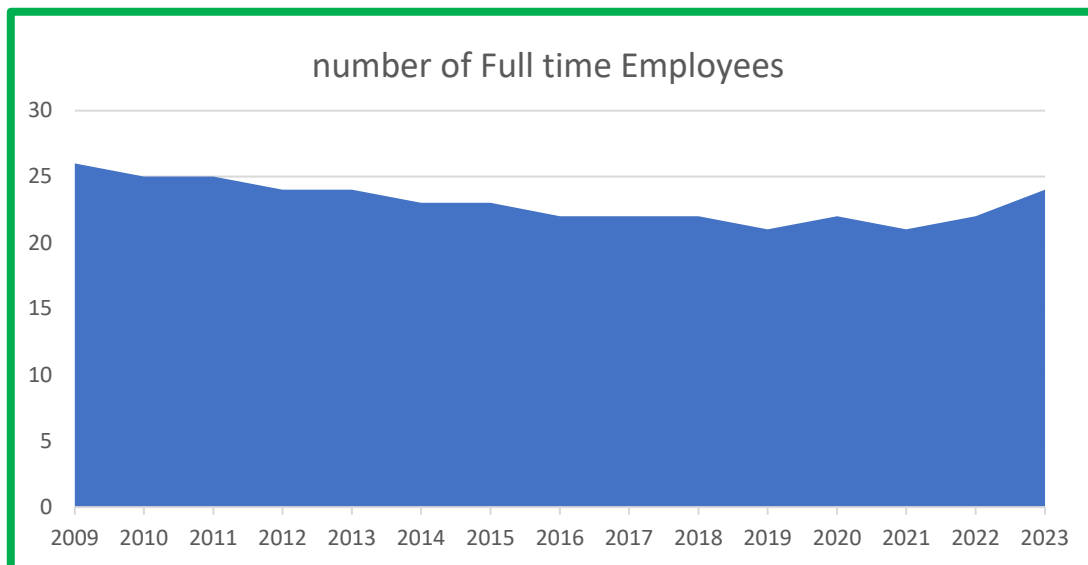
<i>Potential Retirements</i>	<i>employee</i>	<i>reason</i>	<i>department</i>
2023	Kathy Lewis	31 years service	Financial Services - Manager
2024	Kalo Mann	age 62	Retail - Master Electrician
	Richard McLeon	age 62	General Manager
2025	Nate Burns	31 years service	Engineering
2026	Myron Seib	age 62	Operations - Ness City
	Mark McCullogh	age 62	Retail - Master HVAC
2028	Kasey Jenkins	31 years service	Operations - Crew Foreman
2029	Diana Kuhlman	age 62	Financial Services - Clerk / HR
2030			
2031	Ben Mann	31 years service	Operations - Crew Foreman
2032			

Departmental Impact

	Operations	Administration	Retail		
2023	Myron	Kathy	Kalo		
2024		Richard			
2025		Nate			
2026					
2027	Kasey	Diana	Mark		
2028					
2029					
2030	Ben				
2031					
2032					
total FTE by dept	11	8	3		
% Δ	27%	50%	67%		

Number of Employees

year	Number of full time employees	Number of pt employees	Total # employees
	YEF7, H1		
10 year	2009	26	
	2010	25	
	2011	25	
	2012	24	
	2013	24	
	2014	23	
	2015	23	
	2016	22	
	2017	22	
	2018	22	
5 year	2019	21	22
	2020	22	23
	2021	21	23
current	2022	22	23
	2023	24	26
10 year avg:		22	1
5 year avg:		22	1



Market Indices

note: Despite inflationary and employment pressures most companies are holding 2023 wage increases to around 4.0%.

			YTD Sep 2022
Bureau of Labor Statistics, Consumer Price Index	Aug-22		8.50%
US Inflation Rate - 2023 Forecasted (Congressional Budget Office)	Aug-22		3.10%
	avg.		5.80%

2023 Salary budget projections:

			Projections
Society for Human Resource Management	2023 Salary Budgets Projected top Stay at 20-year high but Trail Inflation	Sep-22	3.80%
EmpSight International, LLC	2023 Salary Increase Projections - energy sector	Aug-22	4.00%
PayScale	2022-2023 Salary Budget Survey	Jun-22	3.80%
	sectors: nonprofit		3.98%
	energy		3.90%
	midwest		3.78%
	Kansas		3.80%
Willis Towers Watson	2022-2023 General Industry Salary Budget Survey - US	Jul-22	4.10%
World at Work	2022-2023 Salary Budget Survey	Jul-22	4.10%
	avg.		3.92%

Goal:	CPI / Inflation Rate average:	5.80%
	Average industry budget projections:	3.92%
		4.86%
	1.0% longevity increase:	plus 1.00%
		5.86%

2023 LSEC proposed:

Wages. Including merit, equity, new hire, and COLA:	2.52%
Projected taxes:	0.22%
Benefits adjustment:	3.31%
	6.05%

Employees as of 10/1/2022

Wage & Salary proposal to be effective 10/1/2022 if Board approved

9/30/2022

Emp #	Job Code	Employee	2022		2023							Dept
			current	Annualized	COLA		Merit adjust	one-time merit bonus	total (without One-time)	new hourly	total hourly increase	
					percent	0.00%						
5	33-2121	Kathy Lewis	\$ 61.94	\$ 128,835.20	0.00%	\$ -	\$ -	\$ -	\$ 128,835.20	61.94	\$ -	Office
55	55-5251	Ben Mann	48.56	\$ 101,004.80	0.00%	-	-	-	101,004.80	48.56	-	O
50	55-5251	Kasey Jenkinson	48.56	\$ 101,004.80	0.00%	-	-	-	101,004.80	48.56	-	O
93	55-6433	Myron Seib	46.70	\$ 97,136.00	0.00%	-	-	-	97,136.00	44.90	-	O
135	55-6454	Blake McVicker	44.83	\$ 93,246.40	0.00%	-	-	-	93,246.40	44.83	-	O
85	55-6433	Chad Rupp	44.83	\$ 93,246.40	0.00%	-	-	-	93,246.40	44.83	-	O
89	55-6433	Chris Terhune	44.83	\$ 93,246.40	0.00%	-	-	-	93,246.40	44.83	-	O
74	55-6433	Dal Hawkinson	44.83	\$ 93,246.40	0.00%	-	-	-	93,246.40	44.83	-	O
99	55-6433	Kevin Bradstreet	44.83	\$ 93,246.40	0.00%	-	-	-	93,246.40	44.83	-	O
117	55-6433	Leighton Ayers	44.83	\$ 93,246.40	0.00%	-	-	-	93,246.40	44.83	-	O
34	55-8422	Kalo Mann	40.00	\$ 83,200.00	0.00%	-	-	-	83,200.00	40.00	-	R
84	55-8422	Michael Pollock	40.00	\$ 83,200.00	0.00%	-	-	-	83,200.00	40.00	-	R
108	81-3302	Mark McCulloch	39.32	\$ 81,785.60	0.00%	-	-	-	81,785.60	39.32	-	R
35	54-2411	Nate Burns	38.28	\$ 79,622.40	0.00%	-	-	-	79,622.40	38.28	-	Eng
21	34-4341	Carrie Borrell	33.39	\$ 69,451.20	0.00%	-	3,500.00	-	72,951.20	35.07	3,500.00	Office
134	35-3251	Scott Briand	30.30	\$ 63,024.00	0.00%	-	1,138.80	-	64,162.80	30.85	1,138.80	Office
132	55-6452	Dellan Shelton	31.29	\$ 65,083.20	0.00%	-	-	-	65,083.20	31.29	-	O
	55-6452	Dylan	29.12	\$ 60,569.60	0.00%	-	-	-	60,569.60	29.12	-	O
22	33-4511	Rebecca Campbell	29.08	\$ 60,486.40	0.00%	-	-	-	60,486.40	29.08	-	Office
131	31-2411	Diana Kuhlman	27.60	\$ 57,408.00	0.00%	-	-	-	57,408.00	27.60	-	Office
130	21-3511	Ann Marie Jennings	27.50	\$ 57,200.00	0.00%	-	-	-	57,200.00	27.50	-	MS
129	32-3662	Stacey Foos - 3 hrs/wk	16.20	\$ 2,527.20	0.00%	-	-	-	2,527.20	16.20	-	PT

Number of Employees 22
Total Base Payroll 2023
Oct. adjustment
Richard McLeon

	\$ 1,751,016.80
COLA - 3 mo.	\$ -
	\$ 237,000.00
2021	\$ 1,988,016.80

3.00%

Total Base Payroll 2023	\$ 1,988,016.80
One-Time Merit Bonus:	\$ -
Merit / Equity Adjustment:	\$ 4,638.80
COLA - 9 mo.	\$ -
2023 COLA - 3 mo.	\$ 14,944.92
Personnel changes:	\$ 130,754.40
Richard McLeon (3.0% increase)	3,555.00
	\$ 2,141,909.92

up to COLA (range)

2	\$ 19.59	3.50%	
2	\$ 29.51	3.25%	
4	\$ 39.43	2.50%	0.00%
13	\$ 49.35	2.25%	
1	\$ 59.28	1.75%	

existing	
Operations	11
Engineering	1
Member Svcs	1
Office	6
Retail	3
Part-time	1
	23

GM Discretionary Fund

$$6.32\% \quad \times \quad \$ 2,141,909.92 \quad = \quad \underline{\underline{\$ 135,393.20}}$$

Merit / Equity / Market Adjustment

<i>employee</i>	<i>reason</i>	<i>%</i>		<i>increase \$s</i>	<i>\$/hr</i>	<i>one-time</i>	<i>total</i>
Carrie Borrell	merit	5.50%		3,500.00	1.68	-	3,500.00
Myron Seib	merit	1.63%		1,138.80	0.73	-	1,138.80

<i>increase</i>	\$ 4,638.80	\$ -	\$ 4,638.80
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Personnel Changes

				<i>rate per hour</i>	<i>hours per week</i>	<i># weeks</i>	<i>total</i>
Interns	1	Operations Intern	wage:	17.93	40.00	12.00	8,606.40

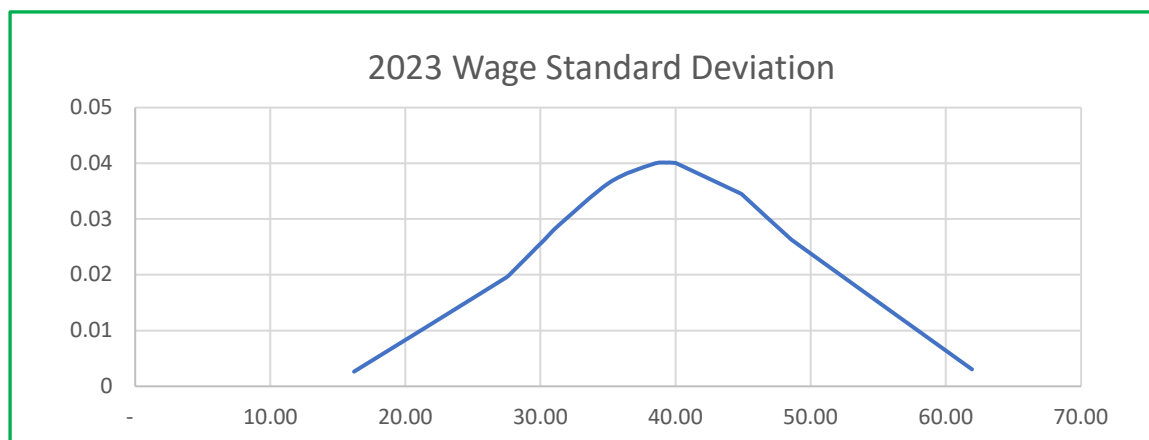
FTE	1	Office Clerk	wage:	20.00	40.00	26.00	20,800.00	41,600.00
	1	Accountant	wage:	40.00	40.00	39.00	62,400.00	83,200.00
	1	Operations, starting Apprentice	wage:	33.65	40.00	26.00	34,996.00	69,992.00
		wage increase	Operations, Apprentice3 to A4	wage:	3.80	40.00	26.00	3,952.00

130,754.40

Total GM Discretionary Fund:	\$ 135,393.20
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2023 Distribution

Emp #	Job Code	Employee	freq	2023 Wages		Std Dev from median
				\$ per hr	normal distribution	
129	32-3662	Stacey Foos	1	16.20	0.0026339	(2.33)
130	21-3511	Ann Marie Jennings	1	27.50	0.0195853	(1.20)
131	21-3531	Diana Kuhlman	1	27.60	0.0198216	(1.19)
22	33-4371	Rebecca Campbell	1	29.08	0.0233925	(1.04)
134	35-3251	Scott Briand	1	30.30	0.0263722	(0.92)
132	55-6456	Dellan Shelton	1	31.29	0.0287471	(0.82)
21	34-1111	Carrie Borrell	1	35.07	0.0364788	(0.44)
35	52-3121	Nate Burns	1	38.28	0.0398589	(0.11)
108	81-3302	Mark McCulloch	1	39.32	0.0401149	(0.01)
34	81-3301	Kalo Mann	1	40.00	0.0400456	0.06
84	81-3301	Michael Pollock	1	40.00	0.0400456	0.06
135	52-3251	Blake McVicker	1	44.83	0.0345771	0.55
85	52-4433	Chad Rupp	1	44.83	0.0345771	0.55
89	52-4433	Chris Terhune	1	44.83	0.0345771	0.55
74	52-4433	Dal Hawkinson	1	44.83	0.0345771	0.55
99	52-4433	Kevin Bradstreet	1	44.83	0.0345771	0.55
117	52-4433	Leighton Ayers	1	44.83	0.0345771	0.55
93	52-4433	Myron Seib	1	44.90	0.0344439	0.55
55	52-3251	Ben Mann	1	48.56	0.0262687	0.92
50	52-3251	Kasey Jenkinson	1	48.56	0.0262687	0.92
5	33-2121	Kathy Lewis	1	61.94	0.0030806	2.27



Standard Deviation 9.94

Median 40.00

Average	\$ 39.41					
± 1 STD	\$ 29.46		\$ 49.35			
± 2 STD	\$ 19.52		\$ 59.30			
± 3 STD	\$ 9.57		\$ 69.24			

GM / CEO Salary ratio

	2022 Averages			2023 Averages	
	<i>KEC</i>	<i>ratios</i>		<i>LSEC</i>	<i>ratios</i>
GM / CEO	231,970			237,000	
Office Manager	108,484	2.1		128,833	1.8
IT Specialist	96,010	2.4		72,951	3.2
Lead Billing Rep.	58,292	4.0		60,486	3.9
Crew Foreman	95,118	2.4		101,005	2.3
Journeyman Lineman	85,987	2.7		93,246	2.5
Lowest FTE				57,200	4.1

2023 Summary of Employee Compensation

note: Assumes 2 FTE hires for 6 months of the year (2 x 6/12 or 1 FTE addition for 12 months)

2023 Group Insurance

Coverage / Plan	number in plan		Total / Projected costs per month				Change	
	2022	2023	2022 Unit (\$)	2022 Total	2023 Unit (\$)	2023 Total	dollars	percent
Major Medical (KECHIT)								
Option 5 - 500/1000								
Employee	6.0	6.0	697.59	4,185.54	752.13	4,512.78	327.24	7.82%
EE/Child	1.0	3.0	1,410.92	1,410.92	1,519.63	4,558.89	3,147.97	223.11%
EE/Spouse	3.0	5.0	1,499.10	4,497.30	1,614.44	8,072.20	3,574.90	79.49%
Family	10.0	10.0	2,212.32	22,123.20	2,381.96	23,819.60	1,696.40	7.67%
Employee Contribution - 10%								
Employee	6.0	6.0	69.76	418.56	75.22	451.32	32.76	7.83%
EE/Child	1.0	3.0	141.09	141.09	151.97	455.91	314.82	223.13%
EE/Spouse	3.0	5.0	149.91	449.73	161.45	807.25	357.52	79.50%
Family	10.0	10.0	221.23	2,212.30	238.20	2,382.00	169.70	7.67%
Option 8 - 2800/5600								
Employee				-		-	-	
EE/Child		1.0		-	1,336.40	1,336.40	1,336.40	100.00%
EE/Spouse				-		-	-	
Family	1.0		1,928.61	1,928.61		-	(1,928.61)	-100.00%
HSA Payment	1.0	1.0	87.50	87.50	41.67	41.67	(45.83)	-52.38%
NRECA								
AD&D (per \$1,000)	10.0	10.0	0.027	0.27	0.027	0.27	-	0.00%
Business Travel Accident			2.25	27.00	2.25	27.00	-	0.00%
Life Insurance Plan								
Basic Life (per \$1,000)	21.0	25.0	0.219	4.60	0.211	5.28	0.68	14.70%
LT Disability (per \$100)	21.0	25.0	0.0729	1.53	0.0693	1.73	0.20	13.17%
Total Benefits Cost				\$ 37,488.15		\$ 46,472.30	8,984.15	23.97%
Total Annual Cost				\$ 449,857.80		\$ 557,667.57	107,809.77	23.97%

2023 Other Compensation

	number of employees		2022 Annualized cost	2023 Annualized	Change	
	2022	2023			dollars	percent
NRECA R&S Contribution	21	24	\$ 562,709.64	\$ 613,138.00	\$ 50,428.36	8.96%
NRECA 401(k)	21	24	83,724.81	74,379.00	\$ (9,345.81)	-11.16%
S/L Payments	5	5	8,088.97	8,250.75	\$ 161.78	2.00%
Clothing Allowance						
Operations	\$ 1,091.49	\$ 1,402.18				
# employees	7	8	7,640.43	11,217.44	\$ 3,577.01	46.82%
Office - BP 513	\$ 250.00	\$ 250.00				
# employees	14	16	3,500.00	4,000.00	\$ 500.00	14.29%
Total Annual Cost			\$ 665,663.85	\$ 710,985.19	\$ 45,321.34	6.81%
<i>Benefits per employee</i>			\$ 30,257.45	\$ 32,317.51	\$ 2,060.06	6.81%

notes: 1. These figures came from the KECHIT and NRECA projections for LSEC 2023.
2. Participant count assumed to be 2022 + 1 FTE.

Wages Proposal

Lane-Scott Electric Cooperative 2022 Wages:

2022 Base Payroll			\$	1,751,017
2021 Projected COLA increase:	0.00%	3 months only		-
General Manager - avg annual:				237,000
Overtime and on Call		<i>projected</i>		104,408
				2,092,425

Projected YE Total Wages:

Social Security Taxes	6.20%			129,730
Medicare	1.45%			30,340
				<u>160,071</u>

wages subtotal: **2,252,495**

Benefits

Group Insurance				449,858
Other Compensation				665,664
				1,115,522

2022 Projected Total Wages, Benefits, and Salary:

\$ 3,368,017

Lane-Scott Electric Cooperative 2023 Wages:

2023 Projected Base Payroll:			\$	1,988,017
GM Discretionary:			\$	135,393
2022-23 Projected increase:	0.00%	9 months only		-
2023 Projected increase:	3.00%	3 months only		14,945
General Manager - projected increase:	3.00%	6 months only		3,555
Overtime and on Call	0.75%			105,191
				2,247,101

Projected YE Total Wages:

Social Security Taxes	6.20%			139,320
Medicare	1.45%			32,583
				<u>171,903</u>

subtotal: **2,419,004** 7.39%

Benefits

Group Insurance				557,668
Reirement, etc.				710,985
				1,268,653 13.73%

2023 Projected Total Wages, Benefits, and Salary:

\$ 3,687,657

increase: \$ 319,640
9.49%

2023 Lane-Scott Electric Cooperative Wages and Salary Plan Proposal

The 2023 Wage and Salary Plan presents a \$319,640 increase (9.49%) from the projected 2022 costs.

- 1 Wages:
 - a. A 0.00% average Across the Board increase for all employees.
 - b. A projected 3.0% Across the Board increase in the 4th quarter 2023.
- 2 The GM Discretionary Fund of \$104,197 (±5%) for wage merit raises, hires, promotions, etc.
 - a. add 3 FTE in the mid-2023 (1 Operations, 2 Office): \$ 118,196.00
 - b. Promotion of one Apprentice Linemen: 3,952.00
 - c. addition of one summer intern (1 Operations): 8,606.40
 - d. Merit and Equity adjustments: 4,638.80

\$ 135,393.20
- 3 Benefits:
 - a. No change to the existing KECHIT insurance and NRECA Benefit package adjusted as approved.
 - b. Calculations include the addition of three FTE for 12 months total.

	2022	2023	increase	%
Wages	\$ 2,092,425	\$ 2,228,601	\$ 136,176	6.51%
Adjustments	-	18,499.92		
subtotal Wages:	2,092,425	2,247,101	154,676	7.39%
% of total:	62.1%	60.9%		
Projected Taxes	160,071	171,903	11,833	7.39%
% of total:	4.8%	4.7%		
Benefits				
Group Insurance	449,858	557,668	107,810	23.97%
Retirement, etc.	665,664	710,985	45,321	6.81%
	1,115,522	1,268,653	153,131	13.73%
% of total:	33.1%	34.4%		
Total Wage, Salary, and Benefit:	3,368,017	3,687,657	319,640	9.49%
<i>per employee:</i>	22	26		
Wages	95,110.22	86,426.97	(8,683)	-9.13%
Taxes	7,275.93	6,611.66	(664)	-9.13%
Benefit	50,705.53	48,794.34	(1,911)	-3.77%
Total:	\$ 153,091.68	\$ 141,832.96	(11,259)	-7.35%

Staff requests that the Board approves the 2023 Wage and Salary package of approx. \$3,687,657.

10. b. 2022 General Distribution and G&T Capital Credit Retirement

General Distribution Capital Credits

The Lane-Scott Electric Cooperative currently has \$9,768,089.04 in allocated but unretired LSEC and MKEC Distribution Capital Credits. These unretired Capital Credits date from 1998 (LSEC) and 2016 (MKEC). Most people agree that the overall goal of a Capital Credit retirement program is to return equity (capital) to inactive members who are no longer benefiting from Cooperative membership.

Last year, the Board approved an average retirement based on the overall depreciation cycle. We would calculate this number annually using the audited, year-end Form 7 and the total capital credit allocation amount after the spring special estate retirement.

The 2022 calculation is:

$$\frac{\text{Total allocated Capital Credit balance remaining}}{(\text{Year-end Net Utility Plant (YEF7, C5)} \div \text{Year end Depreciation and Amortization Expense (YEF7, A13)})}$$

This produces:

$$\frac{\$9,768,089.04}{(40,519,191 \div 1,844,094)}$$

Calculating a 2022 General Capital Credit retirement of **\$444,610.33** on an average 21.77-year depreciation cycle.

Generation and Transmission Capital Credits

The Cooperative has received a total of \$1,530,475 in Sunflower Capital Credits since 2017. These G&T Credits have not yet been distributed by LSEC. Staff proposes distributing **\$55,389.67** of received Sunflower Capital Credits. This will retire 2002 (\$4,949.68) and a portion of 2003 (\$50,439.99 of the \$167,909.58 total).

The consolidated retirement of \$500,000.00 will not compromise the Cooperatives' financial position.

Therefore, Staff recommends that the Board approve a 2022 General Capital Credit retirement of \$444,610.33 and a distribution of Sunflower Capital Credits in the amount of \$55,389.67. The combined distribution of approximately \$500,000 to be paid on a FIFO basis and applied to active members current balance unless the member opts to receive a check.

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
401(k) PENSION PLAN
Adoption Agreement "A"
and the
RETIREMENT SECURITY PLAN
RUS#: 17042-001 and 17042-003**

WHEREAS, Lane-Scott Electric Cooperative, Inc. is participating in the 401(k) Pension Plan (the "401(k) Plan"), and the Retirement Security Plan (the "RS Plan"), and;

WHEREAS, The Board of Directors of Lane-Scott Electric Cooperative, Inc. ("the Board") now desires to amend these plans pursuant to Section 18.02 of the RS Pension and 18.2 of the 401(k) Plan pension documents, and does hereby authorize the amendment effective December 1, 2022, by executing the appropriate Adoption Agreements;

BE IT RESOLVED that effective January 1, 2023, Lane-Scott Electric Cooperative, Inc. wishes to merge subgroup 17042-003 into subgroup 17042-001. The current provisions of the 401(k) Plan and the Retirement Security Plan under subgroup 17042-001 shall remain in effect and cover all Employees who have completed one Year of Eligibility Service. Accruals under the 17042-003 Retirement Security Plan will cease December 31, 2022.

BE IT FURTHER RESOLVED, that employees of Lane-Scott Electric Cooperative, Inc. who will experience a reduction in benefits due to this amendment will receive the proper notification under §204(h) of the Employee Retirement Income Security Act no later than the statutory requirement.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Richard A. McLeon, the General Manager/CEO to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, _____, certify that I am Secretary of the Lane-Scott Electric Cooperative, Inc. Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Lane-Scott Electric Cooperative, Inc., held on the 3rd day of October 2022 at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Lane-Scott Electric Cooperative, Inc. this _____ day of _____, 2022.

(Seal)

(Signature of Secretary)

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
RETIREMENT SECURITY PLAN
RUS#: 17042-003**

WHEREAS, Lane-Scott Electric Cooperative, Inc. is participating in the Retirement Security Plan (the “RS Plan”), and;

WHEREAS, The Board of Directors of Lane-Scott Electric Cooperative, Inc. (“the Board”) now desires to amend these plans pursuant to Section 18.02 of the RS Plan pension documents, and does hereby authorize the amendment effective December 1, 2022, by executing the appropriate Adoption Agreements;

BE IT RESOLVED, that the amendment to the RS Plan is as follows:

- The Lane-Scott Electric Cooperative, Inc. shall amend the Plan’s Normal Retirement Date from the first day of the month coincident with or next following a Participant’s attainment of age 62 to the first day of the month coincident with or next following the earlier of a Participant’s attainment of age 62 or the completion of 30 years of service.
 - The retirement benefits payable to any Participant for benefits earned on or after December 1, 2022, shall be computed as of the first day of the month in which the Participant’s actual retirement date occurs.
- The retirement benefit payable to a Participant who retires on that person’s Normal Retirement Date, computed on a Joint and Spouse Annuity basis, shall be equal to 2.0 % of the Participant’s Final Average Effective Salary multiplied by Years of Benefit Service, but not less than the Participant’s frozen accrued benefit, as determined and adjusted in the manner described under Section 7.a.ii.
 - For the purpose of calculating the retirement benefit, a Participant’s Years of Benefit Service shall only include years during which the Employee was a Participant of this Participating System.
- Benefits accruals earned under the RS Plan shall have COLA applied in accordance with the Plan documents.

BE IT FURTHER RESOLVED, that the Board of Directors is aware of, and accepts, any financial liability incurred by taking this action.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Richard McLeon, the General Manager/CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, _____, certify that I am Secretary of the Lane-Scott Electric Cooperative, Inc. Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Lane-Scott Electric Cooperative, Inc., held on the 3rd day of October 2022 at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Lane-Scott Electric Cooperative, Inc. this _____ day of _____, 2022.

(Seal)

(Signature of Secretary)

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF SEPTEMBER 2022

1. RESAP Onsite Observation
 - Weeping regulator has been hauled off
 - Auto transformers installed.
 - Truck #110 winch line fray is being repaired.
2. Lock out equipment and tag outs are ordered.
3. Decals ordered for truck #117 and #173, Lane Scott decal ordered for truck #193.
4. SafetyAmp meeting on form programming enhancements.
5. Scheduled KEC 2023 Safety Training Service Menu safety meeting program.
6. Demo trailer fabrication is completed and inspected.
7. Ann Jennings's member safety awareness publishes to either KCL newsletter, social media, and/or the Lane Scott Electric website concerning:
 - Emergency Preparedness Month
 - Generator Safety
 - Farm Safety
 - Grain Bin Entrapment
 - Overhead Line Safety: Fall Gutter Cleaning
 - Hay Bale Safety
8. Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Compliance One drug and alcohol monthly roster report.
 - CDL reviews, new CDL classes, and CDL medical certification scheduling.
9. In House September safety meeting topics: Safety summary, Maintenance, Care & Testing of Hot Line Tools and Admin: Safety Attitudes. September 28th safety minutes are included in the board packet.

SAFETY PROJECTS IN PROGRESS AS OF SEPTEMBER 2022

1. SDS Program products updates and documentation improvements.
2. Safety Amp software inspection form templates.
3. FCC radios are on backorder.
4. Demo trailer hardware to be installed.
5. RESAP Onsite Observation
 - Nate Burns is working with Power System Engineering, Inc. to update the SPCC plan and data gathering for the arc hazard assessment testing.
 - North lot transformers are being moved to new concrete pad.
 - Rope hoist quote in progress.
 - Chainsaw safety chaps quote in progress.
 - Auto transformer stand need installed 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
September 28, 2022

Chris Terhune called the meeting to order at 9:01am.

Minutes were read: Dal Hawkinson made a motion to approve the August 31st minutes with amendments and Dellon Shelton seconded. Minutes were read and approved as printed.

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

Absent: Richard McLeon, Kathy Lewis, and Rebecca Campbell

Guest: None

Truck report of inspections:

105	Dellon Shelton	N/A	110	Myron Seib	Windshield Chip
112	Leighton Ayers	OK	117	Chris Terhune	Need decals - ordered.
123	Mark McCulloch	OK	132	Kevin Bradstreet	OK
135	Nate Burns	OK	136	Kevin Bradstreet	OK
143	Michael Pollock	OK	144	Kalo Mann	OK
145	Chris Terhune	OK	150	Kasey Jenkinson	OK
173	Chad Rupp	Needs decals - ordered			
191	Michael Pollock	OK			
193	Myron Seib	Windshield Chips			
200	Ben Mann	Needs decals - ordered			
201	Dal Hawkinson	OK			
304	Myron Seib	OK			
305	Myron Seib	Windshield Chip			

Trailer and Equipment report of inspections:

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

Warehouse, building, and pole yard inspections:

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

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Substation and Regulator Report:

- ♦ Ben Mann: Ransom and Ness City substation arrestors will be changed out when an outage can be scheduled. Ness City 115 scheduled for Midwest Energy to change out relays and switches. Nate Burns commented the upgrades have provided better outage detection across Scott to Ness service area.
- ♦ Myron Seib: Ness City substation support pole will be replaced.
- ♦ **PCB Report:** None to Report

Line Clearance: Huck Ranch

Accident and Near Misses:

- ♦ None to Report

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.
- ♦ Chris Terhune: Demo trailer fabricated and KDOT inspected. Pole hardware install in process.
- ♦ Scott Briand: AED Master Cards are ordered.
- ♦ Nate Burns: 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 effect of performance and billing in October. Twin Springs Hi settings will be reviewed as well.

RESAP On-Site Observation Progress

- Scott Briand had weeping regulators hauled to Solomon Corp. Wound seals replaced. Decals and signage on padmount and switch cabinets to update labels.
- Nate Burns is working with Power System Engineering, Inc new SPCC plan and data gathering for arc rated clothing/system and fall protection hazard assessment testing for rating criteria.
- Ben Mann and Dal Hawkinson installing stands on Twin Springs and Dighton Hi substation to resolve clearance issue.
- 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 and underground cables. Contacting Sunflower on Twin Springs substation batteries maintenance.
- Nate Burns is developing Twin Springs substation switching procedures to be posted on site.

New Business:

- ♦ Chris Terhune: Ordered lock out equipment and tag outs. Truck #117 and #173, Lane Scott decal ordered for truck #193. Bruce Baker with Federated Insurance walk thru completed, and we did well and rank average with other cooperatives. New ratchet type chains and boomers for trailers have been purchased to meet DOT inspection requirements.
- ♦ Dal Hawkinson: Jay Hawkinson can start providing service to do our DOT inspections.
- ♦ Kasey Jenkinson: Working on changing our scrapping service to Tony Knopp. A scrap bin would be provided in Ness and Dighton. Scrap would not be required to be sorted. Myron Seib has a dump trailer loaded once Tony has everything set up.
- ♦ Myron Seib: Ness City wide cleanup is starting.
- ♦ Nate Burns: FEMA December storm kick off meeting is scheduled for October 26th.
- ♦ Ann Marie Jennings: One time discount for signing up for electronic bill print. Military packages will be going out beginning of November so if anyone has anyone, they would like added let her know.
- ♦ Mikey Goddard: Safety Summary, Leather Insulating Glove Protectors, Maintenance, Care & Testing of Hot Line Tools, and Administrative: Safety Attitudes.

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary