



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for November 7, 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 Budget proposal and Financial Forecast
 - b. Capital Credit General Retirement
 - c. 2023 Youth Tour and Leadership Camp
11. Safety Report
12. Executive Session (if requested).
13. Adjourn

Upcoming Events:

Sunflower member Meeting	Hays	Nov 15
Sunflower Board Meeting	Hays	Nov 16
Lee Tafarielli	Dighton	Nov 30
Coops Vote	Hays	Dec 1
LSEC Board		Dec 5
KEC Board	Wichita	Dec 7-8
Sunflower Board	Dighton (TEAMS)	Dec 9
CFC Strategic Planning	Dighton	Dec 13-14
Christmas Party	(at office)	Dec 22, 3pm

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2	Minutes	Joe		3-7		
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7	KEC Report		Oct Board Meeting Summary	20-21		
8	GM Report	Richard		22-25		
	<u>Financials</u>	Kathy	Form 7	26-27		
		Richard	Financial Ratios		1	
		Kathy	Statistical Report		2	
		Kathy	Non-operating margins		3	
	<u>Operations</u>	Dal/Ben	Maintenance Inspection Log		4	
		Dal	Monthly Report		5	
	<u>Information Technology</u>	Carrie	Monthly Report		6	
	<u>Cybersecurity-Compliance</u>	Carrie	Monthly Report		7	
	<u>Engineering</u>	Nate	Monthly Report			
		Richard	Substation NCP and CP		8	
	<u>Member Service</u>	Ann Marie	Board Report		9	
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		Carrie	Safety Meeting minutes	44-45		

**MINUTES OF THE REGULAR OCTOBER 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, October 3, 2022, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:55 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Richard Sorem, Chad Griffith, Paul Seib Jr., and Craig Ramsey. Also present Richard McLeon IV and Joseph D. Gasper, Attorney. Eric Doll was absent.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on September 12, 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 had no current items to report.

REPORT OF SUNFLOWER DELEGATE

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

Trustee Seib added the following:

- The Russel solar project is moving forward and is expected to be complete in the second half of 2024. There is another solar plant in the Fort Dodge area being considered that would come online in 2026.
- The future of the Holcomb plant is going to require decisions over the next couple of years.
- The CEO candidates were interviewed in Portland and the follow interviews will be held in Hays.
- Lane-Scott will look at utilizing the Sunflower radio towers to build redundancy in the radio system.

Manager McLeon added the following:

- The CEO search committee interviewed five candidates and chose three finalists. Richard feels that all three are good candidates and have different strengths.

KEC REPORT

Manager McLeon reported the following:

- The next meetings are Wednesday and Thursday.
- Work on the budget continues with an expected increase in expenses of 10%.

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 11.36 cents and year-to-date overall rate was 11.20 cents. The wholesale power costs continue to increase.
- ASAI is 99.97% with most outages being planned.
- Tallgrass Expo is moving forward. Sunflower legal is drafting a construction contract which LSEC will mirror for legal review in December 2022. Priority Power has the substation drawings which will be sent for bid after contract signing. There is concern about being able to obtain a transformer prior to December 2023 so a plan B of temporarily using a transformer from Twin Springs is being analyzed.
- Operations remains busy with re-sagging lines and pole replacements.
- Dal attended phase 2 of staking school.
- Several employees will be attending a supervisor school in Dodge City.
- IT is working towards a paperless office for many of the internal process flows.

- The spill prevention plan and arc-flash plan update are nearing completion.
- Member Services is running a \$10 paperless credit promotion as well as the military care package program.
- 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.
- Total Operating Margins are \$134,705 with Total Margins of \$178,432. Non-operating margins showed a gain of \$43,727 for the month and \$154,782 year-to-date.
- Cash balance remains strong at \$5,200,859.
- A COSS with Guernsey has been budgeted for next year for a cost of \$30-35,000.
- A new lineman has been hired and will begin November 1.

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. Wage and Salary Proposal

Manager McLeon reviewed the wage and salary review as contained in the board packet including the hiring of additional positions and expenses for other employee compensation.

Staff recommended a 0.00% wage increase for all employees and a projected 3.0% increase across the board for the 4th quarter of 2023; A GM discretionary fund of \$104,197 (+/-5%) for wage merit raises, hires, promotions, etc; and no changes to the existing KECHIT insurance and NRECA benefit packet.

After discussion of the wage and salary package:

- *A motion to approve the 2023 wage and salary package as presented to the board and recommended by staff in the approximate total amount of \$3,687,657 was made, duly seconded and carried.*

2. Capital Credit Retirement.

- 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).
- The 2022 calculation based on the formula adopted by the board the total general capital credit retirement is \$444,610.33 on an average 21.77-year depreciation cycle.
- 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.
- Staff recommends approving 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 member's current balance unless the member opts to receive a check.
- *A motion to adopt the staff recommendation to approve the retirement of 2022 general capital credits in the amount of \$444,610.33 and Sunflower capital credits in the amount of \$55,389.67 to be paid on a FIFO basis and applied to active member's current balance unless the member opts to receive a check was made, duly seconded and carried.*

3. 401(k) and RS plan amendments.

- *A motion to approve the resolution authorizing the amendment of the 401(k) Pension Plan Adoption Agreement "A" and the Retirement Security Plan RUS # 17042-001 and 17042-003 as presented was made, duly seconded and carried.*
- *A motion to approve the resolution authorizing the amendment of the Retirement Security Plan RUS # 17042-003 as presented was made, duly seconded and carried.*

EXECUTIVE SESSION

- *A motion to enter executive session to discuss employee matters was made, duly seconded and carried at 8:29 p.m. The board came out of executive session at 8:50 p.m.*

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:50 p.m., on Monday, October 3, 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
2833 09/30/2022	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	112.85
49006 10/03/2022	CHK	20	BASIN ELECTRIC POWER COOP	August Dispatch Fees	2,130.84
49007 10/03/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	55,000.00
49008 10/03/2022	CHK	34	AMERICAN SAFETY UTILITY CORP	Monthly Invoice	36.80
49009 10/03/2022	CHK	46	LANE COUNTY TREASURER	Tag/Registration for Demo Trailer	72.50
49010 10/03/2022	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	73,024.01
49011 10/03/2022	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	365.03
49012 10/03/2022	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	4,818.00
49013 10/03/2022	CHK	172	TYNDALE COMPANY, INC.	Clothing Allow-Mark, Kevin, Leighton, Ben	1,800.44
49014 10/03/2022	CHK	220	LANDIS+GYR TECHNOLOGY, INC	September-Saas Fee	845.66
49015 10/03/2022	CHK	269	ANIXTER INC	Monthly Invoice	2,009.11
49016 10/03/2022	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	22,617.09
49017 10/03/2022	CHK	359	WEBBER-GROSS WELDING, LLC	Trailer # 507 repairs	135.14
49018 10/03/2022	CHK	380	GRAINGER	Monthly Invoice	192.44
49019 10/03/2022	CHK	395	DOLLAR GENERAL - REGIONS 410526	Supplies	26.61
49020 10/03/2022	CHK	484	FLATLANDS GARAGE LLC	Parts & Service on #191 and 144	1,223.64
49021 10/03/2022	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	133.68
49022 10/03/2022	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Ness City	250.23
49023 10/03/2022	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	536.54
49024 10/03/2022	CHK	1251	TECHLINE, LTD	Monthly Invoice	6,865.83
49025 10/03/2022	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	108.45
49026 10/03/2022	CHK	1299	DEANNE DECHANT	Cookies for Board Meeting	72.00
2840 10/04/2022	WIRE	44	NEX-TECH WIRELESS, LLC	Monthly Invoice	457.94
2841 10/04/2022	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	81.26
2854 10/04/2022	WIRE	530	SNAP-ON CREDIT LLC	Monthly Invoice	50.72
2857 10/06/2022	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA Gr 1-Oct Group Ins	2,699.41

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2858 10/06/2022	WIRE	180	NRECA	NRECA Gr 1 Adm Fee-Oct Gr Ins Adm Fee	223.50
2842 10/07/2022	WIRE	168	ONLINE INFORMATION SERVICES, INC	Monthly Invoice	108.87
2843 10/07/2022	WIRE	468	U.S. BANK	Monthly Credit Card Invoice	40,354.50
2844 10/07/2022	WIRE	1267	AFLAC	Monthly Invoice	833.42
2856 10/07/2022	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS-Group Insurance	46,892.47
49027 10/10/2022	CHK	1	THE RUSH COUNTY NEWS	Advertising	286.00
49028 10/10/2022	CHK	30	HAROLD HOSS	October Board Meeting	387.50
49029 10/10/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	9,352.77
49030 10/10/2022	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	725.75
49031 10/10/2022	CHK	55	NESS COUNTY NEWS	Advertising	164.40
49032 10/10/2022	CHK	60	PAUL SEIB JR	October Board meeting	391.25
49033 10/10/2022	CHK	63	RICHARD JENNISON	Oct Board Meeting & NRECA Mtg	2,475.96
49034 10/10/2022	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	98.09
49035 10/10/2022	CHK	104	HOME OIL CO	Monthly Fuel Invoice	997.75
49036 10/10/2022	CHK	105	CITY OF NESS CITY	Sept Postage and Pay Station	616.40
49037 10/10/2022	CHK	126	CARRIE BORELL	Mileage for Sunflower Cybersecurity	108.63
49038 10/10/2022	CHK	146	REBECCA CAMPBELL	Mtg Expense and Clothing Allowance	688.28
49039 10/10/2022	CHK	151	KNIGHTS OF COLUMBUS	Donation-Tootsie Roll Drive	100.00
49040 10/10/2022	CHK	169	AMERICAN ELECTRIC-GARDEN CITY	Monthly Invoice	2,007.02
49041 10/10/2022	CHK	179	RAD ROEHL	October Board Meeting	361.25
49042 10/10/2022	CHK	182	G.E.M.S. INC	Monthly Invoice	29.40
49043 10/10/2022	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	2,407.49
49044 10/10/2022	CHK	202	CHAD GRIFFITH	October Board Meeting	396.88
49045 10/10/2022	CHK	211	GABEL LEASE SERVICE INC	Trenching for Ness High School	660.00
49046 10/10/2022	CHK	238	ILLINOIS MUTUAL	Monthly Premiums	153.20
49047 10/10/2022	CHK	248	CENTRAL PUMP & SUPPLY	Monthly Invoice	12.10

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
49048 10/10/2022	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Parts for #117	186.24
49049 10/10/2022	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	200.00
49050 10/10/2022	CHK	373	KANSASLAND TIRE CO. INC OF HAYS	Tires for #143	797.57
49051 10/10/2022	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	601.49
49052 10/10/2022	CHK	427	DIGHTON HERALD LLC	Advertising	140.00
49053 10/10/2022	CHK	450	RANDALL G EVANS	Oct Board Meeting	350.63
49054 10/10/2022	CHK	506	K&J FOODS	Supplies	194.21
49055 10/10/2022	CHK	516	WESTERN KANSAS BROADCAST CENT	Advertising	576.00
49056 10/10/2022	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Copier Contract	62.93
49057 10/10/2022	CHK	715	KATHERINE E LEWIS	Clothing allowance and Mileage mtg	154.44
49058 10/10/2022	CHK	773	BRETZ, INC.	Tire repair	19.50
49059 10/10/2022	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	102.00
49060 10/10/2022	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	135.90
49061 10/10/2022	CHK	1187	MIDWEST ENERGY	Monthly Invoice	52.13
49062 10/10/2022	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	311.85
49063 10/10/2022	CHK	1263	RICHARD SOREM	October Board Meeting	403.75
49064 10/10/2022	CHK	1300	CRAIG RAMSEY	October Board Meeting	381.25
2845 10/11/2022	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,321.59
2847 10/11/2022	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	805.96
2855 10/11/2022	WIRE	265	HASLER - POSTAGE ACH	Postage	250.00
2846 10/12/2022	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	189.13
49065 10/17/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	50,500.00
49066 10/17/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Accounting Workshop	350.00
49067 10/17/2022	CHK	105	CITY OF NESS CITY	Monthly Invoice	44.34
49068 10/17/2022	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	68.43
49069 10/17/2022	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Myron Seib	201.38

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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
49070 10/17/2022	CHK	181	BAKER DISTRIBUTING CO	Monthly Invoice	1,361.71
49071 10/17/2022	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice-Meters	22,201.96
49072 10/17/2022	CHK	393	C BAR R ENTERPRISES LLC	Nitrogen refill	190.82
49073 10/17/2022	CHK	406	RICHARD MCLEON	Meeting Expense-Mileage	487.80
49074 10/17/2022	CHK	459	YESTERDAYS BODY SHOP	Windshield for #135	406.88
49075 10/17/2022	CHK	790	SOLOMON CORPORATION	Transformers	17,387.22
49076 10/17/2022	CHK	9999	WENDY HORN	INACTIVE REFUND	306.36
49077 10/17/2022	CHK	9999	KYLE HOVEY	INACTIVE REFUND	200.19
49078 10/17/2022	CHK	9999	SHEILA HILL	INACTIVE REFUND	200.44
49079 10/17/2022	CHK	9999	PHIL MACHOTKA	INACTIVE REFUND	45.79
49080 10/17/2022	CHK	9999	PATRICIA REIMER	INACTIVE REFUND	182.39
49081 10/17/2022	CHK	9999	ANNA TRUJILLO	INACTIVE REFUND	194.57
2848 10/18/2022	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	556.80
2851 10/25/2022	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	22,483.65
2850 10/26/2022	WIRE	101	ATMOS ENERGY	Monthly Invoice	56.32
2852 10/26/2022	WIRE	1290	WEX BANK	Monthly Fuel Invoice	312.94
49082 10/26/2022	CHK	1	SCAAC	Advertising	200.00
49083 10/26/2022	CHK	20	BASIN ELECTRIC POWER COOP	Sept Dispatch Fees	2,132.14
49084 10/26/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,416.92
49085 10/26/2022	CHK	79	POSTMASTER	Postage-Newsletter	110.41
49086 10/26/2022	CHK	105	CITY OF NESS CITY	Franchise Fee	6,665.44
49087 10/26/2022	CHK	135	CITY OF BAZINE	Franchise Fee	2,132.89
49088 10/26/2022	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	10,288.63
49089 10/26/2022	CHK	218	SPENCER PEST CONTROL	Pest Control	109.59
49090 10/26/2022	CHK	226	KANSAS CORPORATION COMMISSION	Qtrly Assesment	444.81
49091 10/26/2022	CHK	291	THE VICTORY ELECTRIC COOPERATIV	Leadership/Supervisor Training	1,250.00

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
49092 10/26/2022	CHK	361	ANN M JENNINGS	Halloween Candy for Trunk or Treat	85.96
49093 10/26/2022	CHK	406	RICHARD MCLEON	Mileage to SEPC Mtg	111.25
49094 10/26/2022	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Pony Express Line Study Deposit Fee	600.00
49095 10/26/2022	CHK	472	C.H. GUERSNEY & COMPANY	Professional Services-Tallgrass	165.75
49096 10/26/2022	CHK	532	AMERICAN DIGITAL SECURITY	Security Cameras,Access Controls,Network	47,332.33
49097 10/26/2022	CHK	903	NISC	Monthly Invoice	10,574.92
49098 10/26/2022	CHK	1215	POWER SYSTEM ENGINEERING, INC.	Sub Station and Arc Flash Study	4,765.00
49099 10/26/2022	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	452.39
49100 10/26/2022	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	273.92
2849 10/28/2022	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	142.14
2853 10/28/2022	WIRE	183	HIBU INC	Advertising	10.00
2859 11/01/2022	WIRE	44	NEX-TECH WIRELESS, LLC	Monthly Invoice	582.32
2860 11/01/2022	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	76.37
49101 11/01/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	57,000.00
49102 11/01/2022	CHK	34	AMERICAN SAFETY UTILITY CORP	Monthly Invoice	674.41
49103 11/01/2022	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	35,191.87
49104 11/01/2022	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	158.28
49105 11/01/2022	CHK	259	FIRE ALARM SPECIALIST, INC	Annual Testing and Maintenance	120.00
49106 11/01/2022	CHK	380	GRAINGER	Monthly Invoice	405.89
49107 11/01/2022	CHK	383	HUXFORD POLE AND TIMBER CO INC	Poles	22,199.10
49108 11/01/2022	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Toner for printer	18.98
49109 11/01/2022	CHK	533	JOSEPH MONDERO	ELDT Training-Dylan Fehrenbach	500.00
49110 11/01/2022	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	1,631.13
49111 11/01/2022	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	108.89
2861 11/02/2022	WIRE	530	SNAP-ON CREDIT LLC	Monthly Invoice	50.72

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**Accounts Payable
Check Register**

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09/30/2022 To 11/02/2022

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total Payments for Bank Account - 2 :					(129) 621,458.11
Total Voids for Bank Account - 2 :					(0) 0.00
Total for Bank Account - 2 :					(129) 621,458.11
Grand Total for Payments :					(129) 621,458.11
Grand Total for Voids :					(0) 0.00
Grand Total :					(129) 621,458.11

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Payroll/Labor Check Register

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Pay Date: 10/01/2022 To 10/30/2022

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	10/13/2022	6301	5,368.03	0.00	80.00	0.00	647.53 405.64	44.72 0.00	1,512.33 2,785.28	3,208.17 1,005.00 175.00 2,028.17	DD DD DD
21	CARRIE M BORELL	10/13/2022	6302	3,213.00	0.00	88.00	0.00	391.72 238.63	16.92 0.00	597.81 2,149.83	2,223.47	DD
22	REBECCA L CAMPBELL	10/13/2022	6303	2,326.40	0.00	80.00	0.00	511.11 161.59	12.70 0.00	399.12 1,995.62	1,416.17 300.00 1,116.17	DD DD
26	RICHARD A MCLEON	10/13/2022	6304	9,875.00	0.00	80.00	0.00	435.08 145.63	243.68 0.00	2,323.18 3,373.76	7,116.74	DD
34	KALO M MANN	10/13/2022	6305	3,460.00	0.00	86.00	0.00	602.40 264.72	75.20 0.00	767.68 1,890.28	2,089.92	DD
35	NATHAN A BURNS	10/13/2022	6306	3,062.40	0.00	80.00	0.00	395.28 233.19	20.66 0.00	782.90 1,630.41	1,884.22	DD
50	KASEY R JENKINSON	10/13/2022	6307	4,637.48	0.00	91.00	0.00	781.18 347.20	37.85 0.00	1,038.24 2,665.42	2,818.06	DD
55	BENJAMIN L MANN	10/13/2022	6308	3,884.80	0.00	80.00	0.00	661.46 295.96	18.75 0.00	841.47 1,983.80	2,381.87	DD
74	DAL S HAWKINSON	10/13/2022	6309	4,346.13	0.00	93.00	0.00	541.49 324.50	6.21 0.00	1,007.17 2,537.02	2,797.47	DD
84	MICHAEL S POLLOCK	10/13/2022	6310	3,403.90	0.00	85.00	0.00	584.89 255.56	7.20 0.00	703.84 2,010.59	2,115.17 100.00 25.00 25.00 25.00 1,940.17	DD DD DD DD DD
85	CHAD A RUPP	10/13/2022	6311	4,505.42	0.00	95.00	0.00	533.63 339.26	40.05 0.00	1,242.68 2,537.02	2,729.11	DD
89	CHRIS R TERHUNE	10/13/2022	6312	4,205.88	0.00	90.00	0.00	582.01 314.60	17.13 0.00	1,258.25 2,537.02	2,365.62	DD
93	MYRON E SEIB	10/13/2022	6313	3,841.08	0.00	81.50	0.00	642.92 290.50	31.39 0.00	703.59 2,223.56	2,494.57	DD
99	KEVIN A BRADSTREET	10/13/2022	6314	3,586.40	0.00	80.00	0.00	436.68 275.55	37.43 0.00	993.68 1,541.48	2,156.04	DD
108	MARK R MCCULLOCH	10/13/2022	6315	3,460.16	0.00	88.00	0.00	1,088.26 261.20	24.51 0.00	807.80 1,665.87	1,564.10	DD
117	LEIGHTON J AYERS	10/13/2022	6316	4,079.53	0.00	88.00	0.00	397.57 304.94	17.29 0.00	896.71 2,429.43	2,785.25 150.00 2,635.25	DD DD

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Payroll/Labor Check Register

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Pay Date: 10/01/2022 To 10/30/2022

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	10/13/2022	6317	89.10	0.00	5.50	0.00	0.00	0.00	6.81	82.29	DD
								7.53	0.00	0.00		
130	ANN MARIE JENNINGS	10/13/2022	6318	2,200.00	0.00	80.00	0.00	412.58	9.69	406.77	1,380.65	DD
								155.80	0.00	1,610.82		
131	DIANA F KUHLMAN	10/13/2022	6319	2,415.00	0.00	85.00	0.00	406.16	14.19	402.57	1,606.27	DD
								180.10	0.00	1,292.31		
132	DELLON R SHELTON	10/13/2022	6320	2,935.58	0.00	90.00	0.00	303.56	2.05	796.25	1,835.77	DD
								222.06	0.00	987.62		
134	SCOTT A BRIAND	10/13/2022	6321	2,424.00	0.00	80.00	0.00	286.93	2.57	403.78	1,733.29	DD
								174.36	0.00	1,528.01		
135	BLAKE T MCVICKER	10/13/2022	6322	3,687.28	0.00	81.50	0.00	884.88	4.14	963.89	1,838.51	DD
								279.73	0.00	1,224.31		
5	KATHERINE E LEWIS	10/30/2022		5,368.03	0.00	88.00	0.00	647.53	44.72	1,512.33	3,208.17	
			6323					405.64	0.00	2,785.28	1,005.00	DD
											175.00	DD
											2,028.17	DD
21	CARRIE M BORELL	10/30/2022	6324	3,585.91	0.00	97.50	0.00	421.12	16.92	692.33	2,472.46	DD
								267.15	0.00	2,164.53		
22	REBECCA L CAMPBELL	10/30/2022		2,559.04	0.00	88.00	0.00	539.02	12.70	458.08	1,561.94	
			6325					179.38	0.00	2,007.25	300.00	DD
											1,261.94	DD
26	RICHARD A MCLEON	10/30/2022	6326	9,875.00	0.00	88.00	0.00	435.08	243.68	2,323.19	7,116.73	DD
								145.64	0.00	3,373.76		
34	KALO M MANN	10/30/2022	6327	3,720.00	0.00	93.00	0.00	602.40	75.20	833.57	2,284.03	DD
								284.59	0.00	1,890.28		
35	NATHAN A BURNS	10/30/2022	6328	3,368.64	0.00	88.00	0.00	445.28	20.66	891.16	2,032.20	DD
								256.62	0.00	1,645.72		
50	KASEY R JENKINSON	10/30/2022	6329	5,189.48	0.00	99.00	0.00	823.91	37.85	1,226.91	3,138.66	DD
								389.42	0.00	2,684.84		
55	BENJAMIN L MANN	10/30/2022	6330	5,942.80	0.00	108.00	0.00	661.46	18.75	1,553.53	3,727.81	DD
								453.38	0.00	2,003.22		
74	DAL S HAWKINSON	10/30/2022	6331	5,894.28	0.00	114.00	0.00	584.52	6.21	1,585.20	3,724.56	DD
								442.92	0.00	2,554.95		
84	MICHAEL S POLLOCK	10/30/2022		3,800.00	0.00	95.00	0.00	616.89	7.20	843.85	2,339.26	
			6332					285.85	0.00	2,026.59	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											2,164.26	DD
85	CHAD A RUPP	10/30/2022	6333	3,945.04	0.00	88.00	0.00	569.49	40.05	1,040.92	2,334.63	DD

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Payroll/Labor Check Register

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Pay Date: 10/01/2022 To 10/30/2022

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	10/30/2022	6334	3,945.05	0.00	88.00	0.00	296.40	0.00	2,554.95		
								617.88	17.13	1,161.64	2,165.53	DD
93	MYRON E SEIB	10/30/2022	6335	5,776.65	0.00	110.50	0.00	294.64	0.00	2,554.95		
								698.96	31.39	1,281.75	3,795.94	DD
99	KEVIN A BRADSTREET	10/30/2022	6336	3,989.87	0.00	89.00	0.00	438.58	0.00	2,242.24		
								476.13	37.43	1,138.56	2,375.18	DD
108	MARK R MCCULLOCH	10/30/2022	6337	3,892.68	0.00	99.00	0.00	306.41	0.00	1,559.41		
								1,126.01	24.51	950.24	1,816.43	DD
117	LEIGHTON J AYERS	10/30/2022		4,790.87	0.00	99.00	0.00	294.29	0.00	1,681.60		
			6338					404.74	17.29	1,117.42	3,268.71	
								359.36	0.00	2,436.60	150.00	DD
											3,118.71	DD
129	STACEY L FOOS	10/30/2022	6339	170.10	0.00	10.50	0.00	0.00	0.00	13.77	156.33	DD
								14.38	0.00	0.00		
130	ANN MARIE JENNINGS	10/30/2022	6340	2,420.01	0.00	88.00	0.00	434.58	9.69	462.53	1,522.90	DD
								172.62	0.00	1,621.82		
131	DIANA F KUHLMAN	10/30/2022	6341	2,553.00	0.00	91.00	0.00	439.28	14.19	431.22	1,682.50	DD
								190.66	0.00	1,303.35		
132	DELLON R SHELTON	10/30/2022	6342	2,753.52	0.00	88.00	0.00	316.08	2.05	731.88	1,705.56	DD
								208.13	0.00	1,000.14		
134	SCOTT A BRIAND	10/30/2022	6343	2,666.40	0.00	88.00	0.00	299.05	2.57	465.23	1,902.12	DD
								192.90	0.00	1,540.13		
135	BLAKE T MCVICKER	10/30/2022	6344	5,127.35	0.00	107.00	0.00	884.88	4.14	1,489.85	2,752.62	DD
								389.89	0.00	1,242.24		
Grand Total:				\$ 172,340.29	\$ 0.00	3,792.00	\$ 0.00	\$ 23,571.61	\$ 1,368.66	\$ 41,061.68	\$ 107,707.00	
								\$ 11,747.10	\$ 0.00	\$ 85,473.31		



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING – OCT. 19, 2022

Sunflower Members' Conference

The 2022 Members' Conference is scheduled for Nov. 15 at FHSU from 9 a.m. to 4 p.m. A link to the conference registration will be sent via email. Please forward the email to board members and staff you would like to attend. Attendees can participate in person or via MS Teams.

ICARE

Solar Projects

Russell - During the September meeting, the Board authorized an equity contribution to the Russell Solar Project L.L.C. for the interconnection payment, legal support, owner's engineering fees, and project management. After review of the Generator Interconnection Agreement (GIA), staff discovered that an interconnection payment was missed shortly after the GIA was executed.

Board action: The Sunflower Board approved the request for an additional equity contribution to cover the missed payment and for equity contribution required to post security.

Liberal - The 20 MW Liberal Solar Project is on a slower schedule than the Russell Solar Project due to undergoing the full generator interconnection process instead of pursuing interim interconnection service. Negotiations with the mineral rights owners are ongoing, and additional funding is necessary for this phase, the study deposit, potential rent payments, and legal and administrative fees.

Board action: The Sunflower Board approved the request for funding the Liberal Solar Project as presented.

Fort Dodge Solar Project - During the September Board meeting, staff discussed pursuing a solar project of up to 150 MW using the existing interconnection service at Fort Dodge Station. Moving quickly on the project will ensure capacity is available when the new SPP performance-based accreditation rules are phased in and will be a selling point for the Sunflower Renewable Energy Program. Proposals from two developers were presented and discussed. The Board directed staff to proceed with receiving and reviewing project bids. Staff will present a review of all bids prior to the November Board meeting and will request a decision on proceeding with the project and developer selection during the November Board meeting.

CURRENT ACTIVITIES

Key Accounts Gap Analysis

A gap analysis survey will be sent to Member CEOs and their staff who work closely with Sunflower's Key Accounts Program on Member projects. The survey, designed to assess Sunflower's current level of services and the desired future level of service, will run Oct. 19

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through Nov. 15. The series of questions related to the Sunflower and Member Project Interaction Map takes approximately 20-30 minutes to complete.

Running Towards the Cliff

“Running Towards the Cliff,” a whitepaper by NRCO’s Michael Keyser, is available in BoardPac. The paper focuses on the challenges of the Biden Administration’s endeavor to have a zero-carbon power sector by 2025. Some of the challenges discussed include land footprint required by renewables, the scale of transmission enhancements needed to accommodate a net-zero electric grid, and battery storage requirements for trace minerals (e.g., copper, nickel, aluminum, cobalt, zinc, manganese, and lithium).

PRESIDENT’S REPORT

Operations

Transmission Construction Standards

Staff reviewed the updated document containing guidance on the construction standards to connect to the Sunflower transmission system. The document was developed as part of the Local Planning Project. The document includes the Minimum Design Standard and Standard of Service, as well as differences or commonalities between the two. The combination of the Minimum Design Standard and Standard of Service result in the Construction Standard for a given project. Sunflower is responsible for explaining limitations and options to the service requester. The service taker is responsible for coordinating with Sunflower so that all parties understand options and selections resulting in the Construction Standard used for the project and for acknowledging understanding of the cost responsibilities of each party. Staff will revisit the standards at future Board meetings and request approval.

NOx Allowances

Market conditions have led to an overall increase in actual NOx emissions during the Ozone Season from May through September. Sunflower receives an annual allotment of 694 NOx allowances under the CSAPR program, and one allowance is required for each ton of actual NOx emitted. NOx allowance prices are rising due to the increased use of coal caused by high natural gas prices and geo-political drivers. This is creating future risks associated with allowance availability and prices, which could limit HL1’s production and reduce HL1’s hedging value. Sunflower is holding purchased NOx allowances, but staff also recommended procuring additional NOx allowances, the cost of which are recovered by the ECA, by Stuart Lowry as deemed necessary.

Power Supply & Delivery

Contract Extension

Service under the WHM Load Retention Rider in conjunction with wholesale service under the Sunflower WHM-16 Tariff will expire for a commercial customer on Dec. 31, 2022. Sunflower and Pioneer staff met with the customer on Sept. 12 to discuss extension terms, and the customer responded on Oct. 10 with its proposed terms. The Board supported continued negotiations with the customer with final negotiated terms presented to the Board in November.

Corporate Services

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Coal Purchase

A purchase of Arch/Black Thunder coal for 8900 Btu coal for 2024 and 2025 was made for the Corporation's normal business use.

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

Financials

September Financials

Overall Member loads were down 2.45% from budget for the month and up 0.025% from budget year to date. Large industrial loads were down 11.67% from budget for the month and down 3.45% from budget year to date. Year-to-date operating expenses were up 20.24% from budget for the month and up 7.73% from budget year to date.

Legal

Filing with KCC

Counsel requested approval to file application with KCC for a certificate to build a new pumping station in Lane Scott's territory.

Board action: The Sunflower Board approved filing for a certificate with the KCC as presented.

CEO Search

The Board abbreviated the regular agenda to hold an extended executive session to prepare for the upcoming interviews with CEO candidates.

KEC Board Meeting Summary

Oct. 6, 2022, at the Wichita Marriott

To: KEC Trustees,
Alternate Trustees
and Member System
Managers

From: Shana Read,
Director of Education
and Training

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summary](#)

Upcoming KEC Meetings

**KEC Co-op
Attorney CLE**
Oct. 28, 2022
KEPCo, Topeka

Co-ops Vote Events
Hays: Dec. 1
Wichita: Dec. 12
Topeka: Dec. 16

KEC Board Meeting
December 7-8, 2022
Marriott, Wichita

**KEC Annual
Meeting**
January 21-23, 2023
Hotel Topeka,
Topeka

KEC Board Meeting
March 1-2, 2023
Hilton Garden Inn,
Salina

KEC Board Meeting
May 3-4, 2023
Marriott, Wichita

**KEC Summer
Meeting**
July 29-31, 2023
Overland Park
Marriott

In official action, the KEC Board of Trustees

1. As recommended by the Budget and Operations Committee, approved the 2023 salary and benefits budget for KEC.
2. Approved the BT&Co Audit Agreement for 2023 as presented.
3. Approved the slate of KEC Board of Trustee and District meetings for 2023.

KEC Board Meeting Summary

President Teresa Miller appointed Kathy O'Brien, Nemaha-Marshall; Angie Erickson, Twin Valley; John Blackwell, Midwest Energy; and Steve Eck, Alfalfa; as the Nominating Committee for the KEC Officer elections in 2023.

On Wednesday, Oct. 5, KEC standing committees met the day prior to the board meeting. The **Loss Control and Safety Committee** approved recommending the proposed 2023 departmental budget to the Budget & Operations Committee, discussed the department activities including the Safety Summit, and reviewed scheduled safety meetings for non members. The committee plans to review the no-loss time accident criteria at the March meeting and will present no-loss time accident awards to the co-ops at the 2023 KEC Summer Meeting. The **Communications Committee** discussed increased costs related to the *Kansas Country Living* magazine, and how staff has worked to mitigate those costs. The committee heard updates on the KCL website, the KEC Member Survey results, and planned changes for the KEC Directory. The committee also approved recommending the proposed 2023 departmental budget to the Budget & Operations Committee. The **Legislative Committee** approved recommending the proposed 2023 departmental budget to the Budget & Operations Committee, and received updates on national and state activities including the NRECA Region 7 & 9 meeting, Co-ops Vote events, and the upcoming CLE. The Committee heard an update on the KCC annual compliance docket on electric supply line filings and the confusion regarding calculation and application of the assessment. They discussed issues that may arise during the legislative session. The Legislative Committee then heard a KCRE Update. Following the standing committees, the board met in Executive Session to hear the **Management Evaluation Committee** report.

On Thursday, Oct. 6, the **Executive Committee** met to review general association activities, including options for the 2023 KEC Annual Meeting. The January program will continue to have two days of directors training, but will now include a tailgate social and vendor showcase on Sunday, and "Day at the Capitol" will be held on Monday afternoon. The Executive Committee also reviewed the KEC youth programs options for 2023, and opted to proceed with the programs at the pre-pandemic levels.

**KEC Board Meeting
October 4-5, 2023**
Marriott, Wichita

**2023 KEC District
Meetings**

District 1: Oct. 31
District 2: Nov. 3
District 3: Nov. 2
District 4: Nov. 1

**KEC Board Meeting
December 6-7, 2023**
Marriott, Wichita

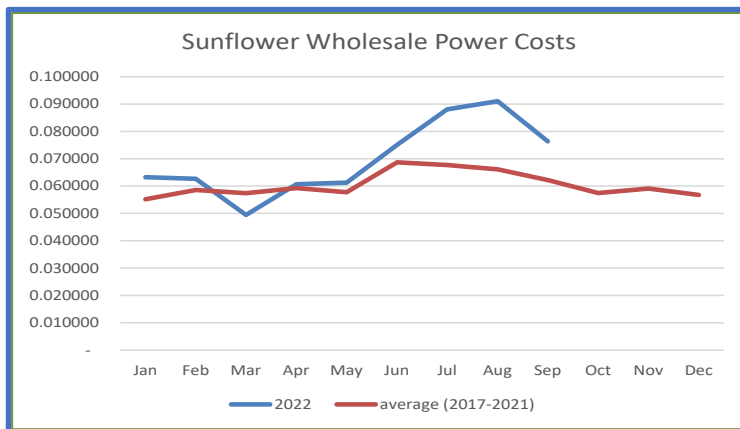
The **KEC Board of Trustees** heard department reports from KEC staff and received reports covering: Loss Control, Safety, and Compliance; Communications; Government Relations; Management Evaluation; and Budget and Operations. Mike Sassman and Jane Sanstead, NRECA Market Research Services, gave a virtual presentation to review the KEC Membership Survey Results. The Board also heard a KCRE report.



8. General Manager's Report

A. Rates and Reliability Dashboard

Rate Summary - Sept	current month (\$/kWh)	year to date (\$/kWh)		ytd '17-21 avg. (\$/kWh)	
Residential	0.1424	7.3%	0.1319	7.6%	0.1219
Residential - Seasonal	0.2683	13.3%	0.2325	13.7%	0.2007
Irrigation	0.1038	9.6%	0.0938	2.4%	0.0915
C&I 1000kVa or less	0.1285	8.8%	0.1171	5.6%	0.1106
C&I over 1000 kVA	0.1212	10.2%	0.1089	-2.7%	0.1118
Public Street and Lighting	0.1575	8.0%	0.1449	9.7%	0.1309
Other Sales to Public Authorities	0.1653	13.0%	0.1439	-1.1%	0.1455
Sales for Resale - Other	0.0966	18.1%	0.0791	-2.7%	0.0813
Total Sales price per kWh:	0.1256	9.6%	0.1135	2.8%	0.1104

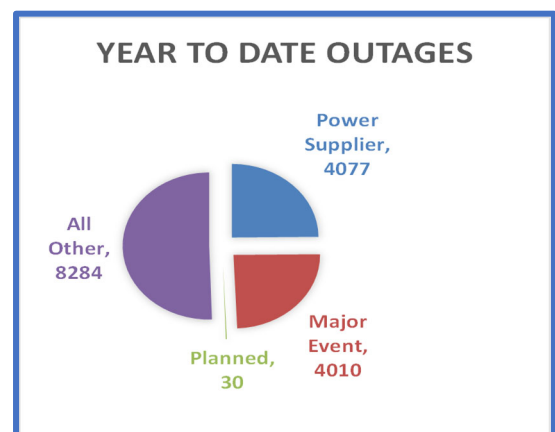


metric	2020	2021	ytd Oct 2022	measures
SAIDI	2.45	8.19	2.83	Interruption DURATION / average for every member (hrs)
SAIFI	1.16	2.56	1.14	Interruption FREQUENCY / Average # of Interruptions per customer
CAIDI	2.10	3.20	2.48	Customer Avg Interruption Duration Index - IF you are out, how long (hrs).
ASAI	99.97%	99.91%	99.97%	Service Availability

Power Supplier outage:

- April. 1,780 members affected for a total of 2,802 hours (about 1.5 hours each).
- May – 648 members – 715 hours
- Jul – 1,156 members, 560 hours

Major Event – March Windstorm. 1,400 members affected for a total of 4,010 hours (2.86 hours each).



- B. Tallgrass Expo. The pumping station continues moving forward. We are waiting for Tallgrass legal to comment on the construction contracts. PSE was the only bidder on the construction bid packages at \$295,000 (which will be paid by Tallgrass). I have voiced our concerns about getting substation transformers in time for the December 1, 2023, energize date and Priority Power offered to step in and get them. We are deferring to them as this will be about ½ the cost of the now 15MW substation.
- C. The Credit Card records are available for the Boards review.
- D. Operations Report. (The full report is in the Supplemental Reports)
- Maintenance
 - Patrolled line for blinking lights on the Nichepor tap.
 - Updated meter loops for Aaron Maxwell, Rachel Oliver, Reinert Farms and Brenner Brothers.
 - Changed out OCR's for rework.
 - Changed out bad transformer at Doll's feedlot and Bill Taldo's.
 - Rebuilt connect for Randy McMillan's irrigation.
 - Retired line and platform station at Lane County Feeders.
 - Change out poles for clearance on the Mennonite Rd and east of McCracken.
 - Reconnect Urban Oil Eldon lease.
 - Added fuse to side taps on the Frusher 3 phase.
 - Replaced broken cutout at Dexter Crammers.
 - Replaced broken anchors on Frusher 3 phase and east of McCracken.
 - Fixed phase floater south of Healy.
 - Worked with Sunflower to fix the high side bushings in the Alexander sub.
 - New Connects
 - Set riser pole, trenched new primary underground and set pad mount transformer for John Fairleigh new house.
 - Built new 3 phase connect for Brent Edwards irrigation.
 - Built new 3 phase connect for Vance Ehmke irrigation.
 - Heavy up connect and add meter loop for Pickrell Drilling Basinger lease.
 - Metering
 - Changed out bad meters.
 - Reset and update meter firmware.
 - Work with Nextech and United Wireless on the Boone and Twin Springs collector.
 - Other
 - Worked CPR and material sheets for 3rd quarter.
 - Met with FEMA and KDEM about December windstorm.
 - Dal completed testing on Staking certificate phase 2.
 - Ben, Kasey, Dal, Myron, and Diana attended leadership and supervisor training in Dodge City.
 - Investigated fire that started on our system near Brownell.
 - Kasey and Rebecca worked on patrolling and documenting unmetered streetlights.
- 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.

- 1) Work Management Operation Suite project scheduled to begin January 2023.
- 2) New employee security permission set up.
- 3) ESRI/SQL mapping and staking upgrade.
- 4) Provided metering department with research on collector battery backup requirements to get quotes for purchase.
- 5) Mobile Radio Services meeting to gather information on router communication network and equipment requirements. Researching tower connectivity options.
- 6) Telephone programming and set up member service headset.
- 7) Created a retail department scheduling calendar.
- 8) Document vault scanning and record retention.
- 9) Troubleshooting employee software and device issues.
- 10) CallCapture Secure Payment IVR version 2.48-2-4 update.
- 11) Payment Gateway version 1.25 patch 6 update.
- 12) AppSuite 1.93 version updates.
- 13) AppSuite MapView TPK imagery and data file monthly update.
- 14) iVue Mosaic chart and report programming.

F. Member Services Report.

- 1) The \$10 paperless Billing Credit promotion is going well:
 - a. Total SmartHub Members = 841, up 15 members from the previous month. This is the largest increase we've seen since the Feb 2021 Winter Event. A total of 31.8% of our members are signed up for SmartHub.
 - b. 58 members signed up for Paperless Billing during the month of October.
 - c. 37.7% of SmartHub users are now paperless, up 6.5% from last month.
 - d. 9.76% of total members are paperless.
 - e. SmartHub Website Usage Increased 27% from the previous 12-month average, while the SmartHub Mobile Usage Increased 7% from the previous 12-month avg.
- 2) Carrie is training AMJ on Capital Credit Estate retirements. There have been a lot come in with the Unclaimed Capital Credit list.
- 3) Advertising for HVAC Fall season checks and standby generators.
- 4) Thanksgiving Giveaway promotion to giveaway three \$100 certificates to local grocery stores of the recipient's choice. The deadline to apply or nominate someone is Nov. 11th.
- 5) Military packages will be going out this month. We are sending out 10 packages this year.
- 6) Our ECA is expected to increase significantly over the next couple of months and most likely into 2023. In anticipation of many calls and questions beginning in November, we put a message on the November bills directing members to an article on our website explaining why the cost of wholesale fuel costs have increased. This was also sent as an e-blast to all SmartHub members including those who do not receive paper bills. I also put together talking points to use internally for member questions.

G. Financials - September

- 1) Total Revenues were \$316,622 over Sept 2021 while Wholesale Power Costs were up \$58,001 (total kWh sales were down 1% or 112,403 kWh). This increased our distribution revenue by

\$254,622 to \$1,035,616. This is mainly due to changing the ECA spread to a rolling 12-month cycle which is recapturing unbilled wholesale power costs.

2) Income Statement

- a. Total Operating Margins are \$428,788.
- b. Total Margins are \$470,897.
- c. Non-operating margins showed a gain of \$21,872 for the month and \$176,654 YTD.

3) Balance Sheet.

- a. Assets and Debits balance at \$64,183,897. Cash Balances remain strong at \$5,095,977.
- b. Equity remains stable with Equity as a percent of Assets at 38.97% and Equity as a percent of Capitalization is 41.54%.
- c. Our Cash to Debt ratio is 15.11% and the current ratio is 1.95.

Notes on the Financials: The last two years have been difficult to manage, account, and predict. We have had:

- 1. COVID-19 lockdowns which lowered sales, the PPP loan forgiveness with offset 2021 controllable expenses increasing operating margins by \$619,088.
- 2. Winter Storm Uri which drove up wholesale power costs and added a 36-month CoBank Loan to offset member billings. This spread the additional, deferred costs and increased revenues as the excess was billed out at 1/36th per month.
- 3. Retail Non-Operating margins that were unexplainably low while job counts were setting new records. Scott and I worked out as a scheduling system to manage jobs and, more importantly, a pricing issue tied to our inventory accounting.
- 4. The crews focused on maintenance in 2021-2022 which shifted costs to the Statement of Operations from the Balance Sheet. This artificially inflated our Distribution – Operations and maintenance expenses.
- 5. We believe that while all the above was contributory to confusing the financials, **the main issue was that the KCC ECA formula was under-collecting.** We were calculating the original formula from the KCC correctly (Auditor confirmed) but compounding the annual true ups. Comparing the KCC formula and compounding true-ups to actual Sunflower billings and actual ECA billings showed that we have been under-billing wholesale power costs. **Our current under-collection is \$1.08 million.** Rebecca ran the wholesale billing numbers back to January 2016 twice and Kathy ran them back once. Independently they came up with the same number each time.

The above issues have been resolved and I think that we are finally moving forward financially with clean numbers.

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	BORROWER DESIGNATION KS0042
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	PERIOD ENDED September 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)	
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.	<input type="checkbox"/> 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	10/14/2022
	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	14,256,031	16,242,181	14,092,887	2,213,241
2. Power Production Expense				
3. Cost of Purchased Power	8,707,919	10,563,163	8,021,477	1,177,626
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	655,972	641,232	986,773	79,331
7. Distribution Expense - Maintenance	810,223	899,237	753,746	89,062
8. Customer Accounts Expense	135,999	181,292	170,543	19,311
9. Customer Service and Informational Expense	47,173	44,093	37,949	3,514
10. Sales Expense	35,034	48,676	49,516	7,262
11. Administrative and General Expense	920,213	1,200,650	1,022,058	142,428
12. Total Operation & Maintenance Expense (2 thru 11)	11,312,533	13,578,343	11,042,062	1,518,534
13. Depreciation and Amortization Expense	1,380,375	1,408,146	1,271,048	158,020
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	999,413	957,818	904,815	106,464
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	109	206		21
19. Other Deductions	16,221	13,724	32,437	1,414
20. Total Cost of Electric Service (12 thru 19)	13,708,651	15,958,237	13,250,362	1,784,453
21. Patronage Capital & Operating Margins (1 minus 20)	547,380	283,944	842,525	428,788
22. Non Operating Margins - Interest	152,302	57,903	149,999	12,765
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(104,400)	118,752	20,625	9,107
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	44,305	44,306	50,000	20,238
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	639,587	504,905	1,063,149	470,898

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 September 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	43	59	5. Miles Transmission		
2. Services Retired	38	52	6. Miles Distribution – Overhead	2,035.37	2,038.73
3. Total Services in Place	6,047	6,061	7. Miles Distribution - Underground	7.66	7.66
4. Idle Services (Exclude Seasonals)	248	268	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	60,090,867		30. Memberships	0	
2. Construction Work in Progress	1,577,631		31. Patronage Capital	23,100,305	
3. Total Utility Plant (1 + 2)	61,668,498		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	20,401,922		33. Operating Margins - Current Year	283,944	
5. Net Utility Plant (3 - 4)	41,266,576		34. Non-Operating Margins	1,419,952	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	209,994	
7. Investments in Subsidiary Companies	239,416		36. Total Margins & Equities (30 thru 35)	25,014,195	
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	32,306,081	
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)	5,350,278	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	2,451,342	
14. Total Other Property & Investments (6 thru 13)	12,946,236		43. Total Long-Term Debt (37 thru 41 - 42)	35,205,017	
15. Cash - General Funds	78,593		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	5,017,258		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,325,766	
20. Accounts Receivable - Sales of Energy (Net)	1,755,849		49. Consumers Deposits	112,242	
21. Accounts Receivable - Other (Net)	295,150				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,351,376	
23. Materials and Supplies - Electric & Other	508,966		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	30,930		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	61,592		53. Other Current and Accrued Liabilities	175,301	
26. Total Current and Accrued Assets (15 thru 25)	7,748,463		54. Total Current & Accrued Liabilities (47 thru 53)	3,964,685	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	2,222,622		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	64,183,897		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	64,183,897	

CONFIDENTIAL

2023 Financial, Donation, CWP, and Capital Budgets

and

Financial Forecast

presented to the Board of Trustees

November 7, 2022



prepared by: Richard McLeon, MBA
General Manager

Executive Summary

This Budget was prepared assuming that the Cooperative will adjust revenue requirements to meet current cost increases and continue operating in generally the same manner as in previous years. This budget is conservative and focuses on the Construction Work Plan, plant maintenance, succession planning, and Information Technology.

Financial Budget

Statement of Operations			<u>amount</u>	<u>change</u>	
Distribution Revenue			\$ 8,413,832	13.52%	
Operating Margins			394,363	209.82%	
Patronage Margin			1,013,170	39.31%	
Balance Sheet			\$ 63,534,498	-0.86%	
Financial Ratios	TIER	OTIER	1.81	/	1.32
	DSC	ODSC	3.69	/	3.58
Equity Ratios	% Assets	% Capitalization	38.68%	/	40.17%

Capital Budget

\$ 829,588 45.2%

Notable items include:

1	Replace Unit 193 2014 Service Bucket - Myron	\$ 160,000
2	Line Construction (outside the existing CWP)	150,000
3	Pole Inspections	75,900
4	Arcing Traylor build-out	25,000
5	Cost of Service Study	35,000

Construction Work Plan Budget

\$ 1,883,554 -4.6%

Donation Budget

\$ 6,010 1.23%

The requested Donation Budget is a reduction of \$75.00 and represents: Ness 26%, Lane 46%, Scott 17%, Hodgeman, 6%, Rush 5%.

Cash Flow Summary

This Budget reduces Cash to \$2,618,847. This is \$1,048,153 below our minimum General Funds balance of \$3,677,472 (the minimums risen \$582K from higher wholesale power costs).

Staff Involved in the creation of this Budget are:

Scott Briand
Carrie Borrell
Kasey Jenkinson
Ann Marie Jennings

Dal Hawkinson
Kathy Lewis
Benjamin Mann
Chris Turhune

2023 Budget Assumptions

The 2023 Budget was assembled using the following assumptions:

- 1 The Board of Trustees will adjust rates to meet the additional revenue requirement identified in the 2023 COSS.
- 2 The Budget was prepared assuming that the weather and the Cooperative will continue operations in essentially same manner as in previous years. The 2023 Budget focuses on the 2021-2024 Construction Work Plan, utility plant maintenance, and various IT and Cyber improvements.
- 3 Sunflower Capital Credit allocations and distributions were provided by Sunflower.
- 4 Employee expenses will be consistent with those presented in the Wage and Salary Plan.
- 5 Supply chain disruptions may extend much of the capitol and construction budget items.
- 6 Material Costs have increased by 22.45% over the past year.
- 7 Inflation continues to be an unknown factor (assumed at 8.0%) and will continue impact costs.
- 8 The Budget assumes full employment from the Wage and Salary Plan.

Capital Budget items.

Capital budget items are conditional expenditures based on cash flow and availability. All capital expenditures have to be approved by me prior to being ordered.

Cost of Service Study. The last COSS brought our revenue levels from 2016 up to 2020. Since then, inflation has increased over 9.0% and our cost of materials has increased by 26.7%. This has eroded our rate of return from 1.55% in 2020 to -0.88 in 2021 and a projected 1.9% in 2022.

Work Plan Budget.

The Work Plan Budget is extracted from the Construction Work Plan. Additional items not completed in 2021 may carry-forward.

Future Budget Items

Long-Range Plan. Our current LRP ends in 2022. However, we are currently under a CWP so a LRP is not budgeted for 2023.

Vehicles. We have budgeted one Service Bucket replacement for Ness City. We will order the truck but it may not be delivered until 2024.

Donations Budget

2023 County Breakout: Ness 26%, Lane 46%, Scott 17%, Hodgeman 6%, and Rush 5%

	2022	2023
Bazine American Legion	100.00	100.00
Brownell Labor Day Donation	50.00	
Coop Cares Golf Tournament - Wheatland Electric	550.00	550.00
Dighton Eco Devo Summer Kickoff Sponsorship	200.00	150.00
Dighton Electrathon Team	500.00	500.00
Dighton FFA	-	100.00
Dighton Kid Wind Program	250.00	250.00
Dighton Post Prom	-	50.00
Healy Booster Club	50.00	50.00
Hodgeman County Fire Department Donation	50.00	-
Hodgeman County Livestock Auction	250.00	250.00
KCRE Golf Tournament Hole Sponsor	175.00	175.00
Knights of Columbus - Tootsie Roll Drive	100.00	100.00
Lane Co. 4-H Council (awards)	100.00	100.00
Lane Co. Lions Club Flag Donation	350.00	350.00
Lane County Amusement Association / Annual Mtg Don.	100.00	100.00
Lane County Historical Society	25.00	25.00
Lane County Livestock Auction	150.00	150.00
Lane County Rodeo Sponsor	100.00	100.00
McCrackin Park Christmas Lighting Sponsor	-	25.00
McCracken Rodeo Sponsor	260.00	260.00
Memorial Donations	150.00	300.00
Ness City After Prom	50.00	50.00
Ness City Elementary School - Carnival Fundraiser	-	100.00
Ness City Fun Run	100.00	100.00
Ness City Relay for Life	50.00	-
Ness Co. Fair Sponsorship (Banner)	100.00	100.00
Ness County Livestock Auction	200.00	200.00
Ness Fair BBQ Contest Donation	50.00	-
NRECA International Foundation	1,000.00	1,000.00
Octoberfest Prize Donation - Ransom	50.00	50.00
Pheasants Forever	250.00	-
Sacred Heart PTO Softball Sponsor	25.00	25.00
Sacred Heart School Fall Festival Donation	100.00	100.00
SCAAC: Scott County Indoor Arena Signage	200.00	200.00
Utica May Day Sponsor	250.00	250.00
Western Plain After Prom	50.00	50.00
Wild west Catbackers	100.00	100.00
TOTAL:	\$ 6,085.00	\$ 6,010.00

Capital Budget items

These are extraordinary expenses that will be capitalized and depreciated.

	carry-over	2023 Budget
1 Admin / General		
a Color Printer (replace upstairs)	partial	6,000
b Safety Demo Trailer Build-out		25,000
c Cost of Service Study		35,000
d Long Range Plan		75,000
2 Technology		
a Domain Server	partial yes	8,000
b Veeam Backup		8,200
c Computers/Laptops		14,000
d Operations Suite		47,000
e Training Room Project Replacement		5,500
f Apple Business Manager MDM Hyper V Server		1,500
3 Financial and Human Resources		
no items		
4 Member Services		
a Standing Desk		1,100
b Member Satisfaction Survey		8,900
5 Operations		
a Forklift	yes	50,000
b Line Construction (outside CWP)	partial	150,000
c Shop Tools and Equipment	yes	10,000
d Snow blade for bobcat	yes	5,000
e Slide-in sprayer for Substations	yes	2,500
f Walk-in Gates for pole yard and north lot	yes	5,000
g Tree Trimming - Solida	yes	50,000
h Pole Testing - UAM	yes	75,900
i Replace Unit 193 2014 Service Bucket - Myron		160,000
j Underground service locator		11,000
6 Engineering		
a 2S AMI meters - 196 meters		41,988
b Spare AMI Collector (s)		33,000
		\$ 829,588

Construction Work Plan Budget items

These items are scheduled for 2023.

<i>WO number</i>	<i>location</i>	<i>description</i>	<i>carry-forward</i>	<i>estimated total installed cost</i>
101	Utica Dighton	Underground		42,000
102		Overhead		245,000
300-01		autotransformer for substation	yes	15,000
500		Substation Upgrades (labor only)	yes	115,000
601		transformers and meters		166,600
603		Electronic reclosers		19,167
		arrestors		1,900
		Fuse Cutouts		5,120
605		Capacitors		1,300
606		Pole Replacements		558,800
607		misc. Hardware		10,000
606		Conductor replacement - Copper weld	yes	160,000
615		Digital Radio system	yes	300,000
702		Security Lights		6,167
1104		Pole Replacements - transmission		216,000
1300-01	Server Room construction	yes	14,000	
1300-02	Headquarters and facilities	yes	7,500	
				\$ 1,883,554

2023 Budget Workbook

PART A. STATEMENT OF OPERATIONS					
Item	2020	2021	2022 pro-rata	2023	% change
1 Operating Revenue and Patronage Capital	16,137,299	18,976,716	21,040,261	22,723,482	8.00%
2 Power Production Expense	-	-	-	-	
3 Cost of Purchased Power	9,219,252	11,294,294	13,628,238	14,309,650	5.00%
4 Transmission Expense	2,133	-	-	-	
5 Regional Market Expense	-	-	-	-	
Distribution revenue:	6,915,914	7,682,422	7,412,023	8,413,832	13.52%
6 Distribution Expense - Operation	1,474,902	1,018,864	924,343	1,072,385	16.02%
7 Distribution Expense - Maintenance	931,974	1,245,835	1,199,081	1,397,122	16.52%
8 Customer Accounts Expense	211,622	225,551	246,232	272,125	10.52%
9 Customer Service and Informational Expense	47,090	67,611	57,492	62,963	9.52%
10 Sales Expense	61,443	71,976	65,369	71,589	9.52%
11 Administrative and General Expense	1,286,157	1,453,814	1,597,134	1,701,203	6.52%
total controllable expenses:	4,013,188	4,083,651	4,089,650	4,577,388	11.93%
12 Total Operation & Maintenance Expense (2 thru 11)	13,234,573	15,377,945	17,717,889	18,887,038	6.60%
13 Depreciation and Amortization Expense	1,650,032	1,844,094	1,889,174	2,163,407	14.52%
14 Tax Expense - Property & Gross Receipts	-	-	-	-	
15 Tax Expense - Other	-	-	-	-	
16 Interest on Long-Term Debt	1,337,470	1,338,205	1,279,747	1,251,794	-2.18%
17 Interest Charged to Construction - Credit	-	-	-	-	
18 Interest Expense - Other	1,971	146	327	350	7.12%
19 Other Deductions	40,819	23,031	25,836	26,530	2.69%
20 Total Cost of Electric Service (12 thru 19)	16,264,865	18,583,421	20,912,972	22,329,119	6.77%
21 Patronage Capital & Operating Margins (1 minus 20)	(127,566)	393,295	127,289	394,363	209.82%
22 Non Operating Margins - Interest	240,315	160,696	74,673	70,000	-6.26%
23 Allowance for Funds Used During Construction	-	-	-	-	
24 Income (Loss) from Equity Investments	-	-	-	-	
25 Non Operating Margins - Other	(65,313)	(122,093)	128,493	65,000	-49.41%
26 Generation and Transmission Capital Credits	392,903	1,405,537	300,000	400,000	33.33%
27 Other Capital Credits and Patronage Dividends	47,965	57,380	96,812	83,807	-13.43%
28 Extraordinary Items	-	619,088	-	-	
29 Patronage Capital or Margins (21 thru 28)	488,304	2,513,903	727,266	1,013,170	39.31%

2023 Budget Workbook

RUS Form 7 PART C. BALANCE SHEET

Projected Year End 2023

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1 Total Utility Plant in Service	62,021,066	30 Memberships	-
2 Construction Work in Progress	2,557,689	31 Patronage Capital	23,836,935
3 Total Utility Plant (1 + 2)	64,578,755	32 Operating Margins - Prior Years	127,289
4 Accum. Provision for Depreciation and Amort.	22,039,342	33 Operating Margins - Current Year	394,363
5 Net Utility Plant (3 - 4)	42,539,413	34 Non-Operating Margins	-
6 Non-Utility Property (Net)	-	35 Other Margins and Equities	216,697
7 Investments in Subsidiary Companies	255,535	36 Total Margins & Equities (30 thru 35)	24,575,284
8 Invest. in Assoc. Org. - Patronage Capital	11,803,594	37 Long-Term Debt - RUS (Net)	-
9 Invest. in Assoc. Org. - Other - General Funds	445,462	38 Long-Term Debt - FFB - RUS Guaranteed	32,152,142
10 Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958	39 Long-Term Debt - Other - RUS Guaranteed	-
11 Investments in Economic Development Projects	-	40 Long-Term Debt Other (Net)	5,839,766
12 Other Investments	5,500	41 Long-Term Debt - RUS - Econ. Devel. (Net)	-
13 Special Funds	-	42 Payments - Unapplied	1,385,144
14 Total Other Property & Investments (6 thru 13)	12,732,049	43 Total Long-Term Debt (37 thru 41 - 42)	36,606,764
15 Cash - General Funds	54,588	44 Obligations Under Capital Leases - Noncurrent	-
16 Cash - Construction Funds - Trustee	100	45 Accumulated Operating Provisions and Asset Retirement Obligations	-
17 Special Deposits	25	46 Total Other Noncurrent Liabilities (44 + 45)	-
18 Temporary Investments	3,438,576	47 Notes Payable	-
19 Notes Receivable (Net)	-	48 Accounts Payable	1,432,000
20 Accounts Receivable - Sales of Energy (Net)	2,525,623	49 Consumers Deposits	110,548
21 Accounts Receivable - Other (Net)	525,500	50 Current Maturities Long-Term Debt	256,538
22 Renewable Energy Credits	-	51 Current Maturities Long-Term Debt - Economic Development	-
23 Materials and Supplies - Electric & Other	577,398	52 Current Maturities Capital Leases	-
24 Prepayments	5	53 Other Current and Accrued Liabilities	253,000
25 Other Current and Accrued Assets	4,115	54 Total Current & Accrued Liabilities (47 thru 53)	2,052,086
26 Total Current and Accrued Assets (15 thru 25)	7,125,930	55 Regulatory Liabilities	-
27 Regulatory Assets	-	56 Other Deferred Credits	300,364
28 Other Deferred Debits	1,137,106		
29 Total Assets and Other Debits (5+14+26 thru 28)	63,534,498	57 Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	63,534,498

Financial Ratios - 2023 Budget Statement and Year End 2023 Balance Sheet

<u>Equity - % of Assets</u>	38.68%	<u>General Funds Level</u>	8.25%
Margin + Equities - C36	24,575,284	Non Utility Property - C6	-
Total Assets - C29	63,534,498	Invest in Assoc, Other GF - C9	445,462
<u>Distribution Equity</u>	24.69%	Other Invest. - C12	5,500
Margin + Equities - C36	24,575,284	Special Funds - C13	-
Total Assets - C29	63,534,498	Cash Gen. Funds - C15	54,588
Patronage Capital - C8	11,803,594	Temporary Investments - C18	3,438,576
		Prepayments Unapplied - C42	1,385,144
		Total Utility Plant - C3	64,578,755
<u>Equity - % of Capitalization</u>	40.17%		
Current Equity - C36	24,575,284		
Current LT Debt - C43	36,606,764		
<u>TIER</u> RUS = 1.25	1.81	<u>Operating TIER</u> RUS = 1.1	1.32
Net Income - A29	1,013,170	Operating Income - A21	394,363
Interest on LT Debt- A16	1,251,794	Interest on LT Debt- A16	1,251,794
<u>DSC</u> RUS = 1.25	3.69	<u>Operating DSC</u> RUS = 1.1	3.58
Depreciation - A13	2,163,407	Operating Income - A21	394,363
Interest on LT Debt- A16	1,251,794	Depreciation - A13	2,163,407
Pat. Cap. or Margins - A29	1,013,170	Interest on LT Debt- A16	1,251,794
Prin. & Int. Pymts - N, d Total	1,200,000	Patron. Refund from G&T, other - A26+A27	400,000
		Prin. & Int. Pymts - N, d Total	1,200,000

2023 Cash Budget and Work plan Summary

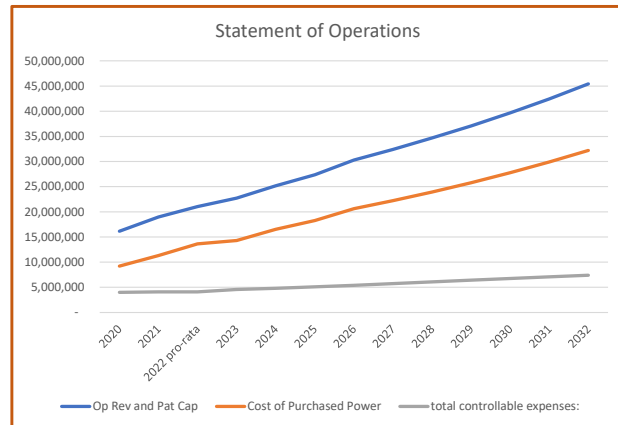
Accrual Basis

<i>item</i>	2021	YE 2022 (estimated)	2023 Budget
1 Operating Revenue	18,976,716	21,040,261	22,723,482
<i>less</i> Operating Expenses			
3 Cost of Power	11,294,294	13,628,238	14,309,650
Transmission Expense	-	-	-
6 Operations	1,018,864	924,343	1,072,385
7 Maintenance	1,245,835	1,199,081	1,397,122
8 Consumer Accounting	225,551	246,232	272,125
9 Customer Service & Information	67,611	57,492	62,963
10 Sales Expense	71,976	65,369	71,589
11 Administration & General	1,453,814	1,597,134	1,701,203
13 Depreciation	1,844,094	1,889,174	2,163,407
16 Long-TermDebt Interest Expense	1,338,205	1,279,747	1,251,794
18 Other Interest Expense	146	327	350
19 Other Deductions	23,031	25,836	26,530
20 Total Operating Expense	18,583,421	20,912,972	22,329,119
Controllable Expenses	4,083,651	4,089,650	4,577,388
21 Operating Margins	393,295	127,289	394,363
Adds:			
22 Non-Operating Margins - Interest Income	160,696	74,673	70,000
25 Non-Operating Margins - Other	(122,093)	128,493	65,000
26 G&T Capital Credits	1,405,537	300,000	400,000
27 Other Capital Credits & Patronage Dividends	57,380	96,812	83,807
29 Net Margins	1,894,815	727,266	1,013,170
ADD: Depreciation	1,844,094	1,889,174	2,163,407
Cash Investments on Hand January 1st	6,278,570	5,735,208	4,910,000
7,I, 2, Capital Credits paid to LSEC	226,081	225,000	225,000
LESS: Capital Credit Allocations from G&T, etc.	(1,405,537)	(300,000)	(400,000)
F7, N Principal Payments on Long-term debt	(1,296,364)	(1,046,722)	(1,200,000)
F7,I LSEC Patronage Capital Retirements	(451,140)	(550,000)	(550,000)
New Capitalized Items:	(766,986)	(1,451,480)	(829,588)
Net Cash Available before Distribution Plant Additions	6,323,533	5,228,447	5,331,989
Less: Work Plan Budget	3,270,318	1,973,437	1,883,554
Less: Capital Budget	408,000	571,388	829,588
Add: Cash advance from CWP Loans YTD	3,100,863	-	-
Net Cash Available After Plant Additions	6,154,078	3,255,010	2,618,847
Additional Cash Required from LT Loans for min. General Fund Balance of \$3.667 MM	-	411,990	1,048,153
Estimated Rate of Return on Rate Base:	2.07%	0.60%	1.74%

Financial Forecast

Statement of Operations

Item	2020	2021	2022 pro-rata	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1 Op Rev and Pat Cap	16,137,299	18,976,716	21,040,261	22,723,482	25,174,963	27,357,173	30,277,867	32,397,317	34,665,129	37,091,688	39,688,107	42,466,274	45,438,913
2 Power Production Exp	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Cost of Purchased Power	9,219,252	11,294,294	13,628,238	14,309,650	16,514,143	18,274,657	20,636,226	22,225,216	23,936,558	25,779,672	27,764,707	29,902,590	32,205,089
4 Transmission Expense	2,133	-	-	-	-	-	-	-	-	-	-	-	-
5 Regional Market Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution revenue:	6,915,914	7,682,422	7,412,023	8,413,832	8,660,820	9,082,515	9,641,640	10,172,101	10,728,572	11,312,016	11,923,399	12,563,684	13,233,824
6 Distribution Expense - Operation	1,474,902	1,018,864	924,343	1,072,385	935,486	963,551	992,457	1,022,231	1,052,898	1,084,485	1,117,019	1,150,530	1,185,046
7 Distribution Expense - Maintenance	931,974	1,245,835	1,199,081	1,397,122	1,530,675	1,665,544	1,800,413	1,935,282	2,070,151	2,205,020	2,339,889	2,474,758	2,609,627
Distribution Expenses - O&M	2,406,876	2,264,699	2,123,424	2,469,507	2,466,161	2,629,095	2,792,870	2,957,513	3,123,049	3,289,504	3,456,908	3,625,287	3,794,672
8 Customer Accounts Expense	211,622	225,551	246,232	272,125	289,430	309,649	329,869	350,088	370,307	390,526	410,745	430,964	451,183
9 Customer Service and Informational Expense	47,090	67,611	57,492	62,963	68,164	71,915	75,665	79,415	83,165	86,915	90,665	94,415	98,165
10 Sales Expense	61,443	71,976	65,369	71,589	73,552	75,935	78,318	80,701	83,084	85,467	87,850	90,233	92,616
11 Administrative and General Expense	1,286,157	1,453,814	1,597,134	1,701,203	1,856,691	1,995,537	2,134,383	2,273,229	2,412,075	2,550,920	2,689,766	2,828,612	2,967,458
total controllable expenses:	4,013,188	4,083,651	4,089,650	4,577,388	4,753,999	5,082,131	5,411,104	5,740,945	6,071,679	6,403,333	6,735,934	7,069,512	7,404,095
12 Total Operation & Maintenance Expense (2 thru 11)	13,234,573	15,377,945	17,717,889	18,887,038	21,268,143	23,356,788	26,047,331	27,966,161	30,008,236	32,183,005	34,500,642	36,972,102	39,609,184
13 Depreciation and Amortization Expense	1,650,032	1,844,094	1,889,174	2,163,407	2,282,978	2,441,498	2,600,019	2,758,539	2,917,060	3,075,580	3,234,101	3,392,621	3,551,142
14 Tax Expense - Property & Gross Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Tax Expense - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Interest on Long-Term Debt	1,337,470	1,338,205	1,279,747	1,251,794	1,222,933	1,259,621	1,297,409	1,336,332	1,376,422	1,417,714	1,460,246	1,504,053	1,549,175
17 Interest Charged to Construction - Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Interest Expense - Other	1,971	146	327	350	364	379	394	409	426	443	461	479	498
19 Other Deductions	40,819	23,031	25,836	26,530	19,038	15,032	11,026	7,020	3,013	3,134	3,259	3,390	3,525
20 Total Cost of Electric Service (12 thru 19)	16,264,865	18,583,421	20,912,972	22,329,119	24,793,456	27,073,318	29,956,178	32,068,461	34,305,157	36,679,876	39,198,708	41,872,644	44,713,523
21 Patronage Capital & Operating Margins (1 minus 20)	(127,566)	393,295	127,289	394,363	381,508	283,855	321,688	328,856	359,973	411,812	489,399	593,630	725,390
22 Non Operating Margins - Interest	240,315	160,696	74,673	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674	91,334
23 Allowance for Funds Used During Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Income (Loss) from Equity Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
25 Non Operating Margins - Other	(65,313)	(122,093)	128,493	65,000	66,300	67,626	68,979	70,358	71,765	73,201	74,665	76,158	77,681
26 Generation and Transmission Capital Credits	392,903	1,405,537	300,000	400,000	353,549	364,155	375,080	386,332	397,922	409,860	422,155	434,820	447,865
27 Other Capital Credits and Patronage Dividends	47,965	57,380	96,812	83,807	78,125	79,688	81,281	82,907	84,565	86,256	87,981	89,741	91,536
28 Extraordinary Items	-	619,088	-	-	-	-	-	-	-	-	-	-	-
29 Patronage Capital or Margins (21 thru 28)	488,304	2,513,903	727,266	1,013,170	951,581	869,586	923,518	947,239	995,374	1,064,712	1,160,292	1,283,023	1,433,806



While the Operating Revenue appears to be growing - it is actually being pushed by the cost of wholesale power. Total Controllable expenses are fairly flat. Distribution margins are increasing, but spent on higher Depreciation and Amortization costs. Also, I have included a construction loan for 2025 to preserve our cash position.

Balance Sheet

	Assets and Other Debits	2020	2021	2022 pro-rata	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1	Total Utility Plant in Service	58,108,127	58,926,015	60,453,737	62,021,066	63,193,871	64,520,525	65,847,179	67,173,832	68,500,486	69,827,140	71,153,794	72,480,448	73,807,102
2	Construction Work in Progress	284,441	1,004,116	1,757,301	2,557,689	2,826,608	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
3	Total Utility Plant (1 + 2)	58,392,568	59,930,131	62,211,038	64,578,755	66,020,479	65,270,525	66,597,179	67,923,832	69,250,486	70,577,140	71,903,794	73,230,448	74,557,102
4	Accum. Provision for Depreciation and Amort.	17,927,950	19,410,940	20,694,022	22,039,342	23,422,378	24,784,104	26,145,830	27,507,555	28,869,281	30,231,007	31,592,733	32,954,459	34,316,184
5	Net Utility Plant (3 - 4)	40,464,618	40,519,191	41,517,016	42,539,413	42,598,101	40,486,421	40,451,349	40,416,277	40,381,205	40,346,133	40,311,061	40,275,989	40,240,917
6	Non-Utility Property (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Investments in Subsidiary Companies	255,405	230,144	242,507	255,535	249,086	250,361	251,637	252,912	254,187	255,463	256,738	258,013	259,289
8	Invest. in Assoc. Org. - Patronage Capital	11,214,826	12,349,958	12,053,111	11,803,594	12,222,737	12,369,682	12,516,628	12,663,574	12,810,520	12,957,465	13,104,411	13,251,357	13,398,303
9	Invest. in Assoc. Org. - Other - General Funds	445,461	445,461	445,462	445,462	445,462	445,463	445,463	445,463	445,464	445,464	445,465	445,465	445,465
10	Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958	221,958	221,958	221,958	221,958	221,958	221,958	221,958	221,958	221,958	221,958	221,958	221,958
11	Investments in Economic Development Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Other Investments	5,501	5,501	5,500	5,500	5,500	5,499	5,499	5,499	5,498	5,498	5,498	5,497	5,497
13	Special Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Total Other Property & Investments (6 thru 13)	12,143,151	13,253,022	12,968,539	12,732,049	13,144,743	13,292,964	13,441,185	13,589,406	13,737,627	13,885,848	14,034,069	14,182,290	14,330,511
15	Cash - General Funds	115,401	135,302	85,941	54,588	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
16	Cash - Construction Funds - Trustee	100	100	100	100	100	100	100	100	100	100	100	100	100
17	Special Deposits	25	25	25	25	25	25	25	25	25	25	25	25	25
18	Temporary Investments	5,974,610	5,599,781	4,719,257	3,438,576	2,810,899	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
19	Notes Receivable (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Accounts Receivable - Sales of Energy (Net)	1,183,826	1,398,249	1,879,215	2,525,623	2,673,318	2,873,318	3,073,318	3,273,318	3,473,318	3,673,318	3,873,318	4,073,318	4,273,318
21	Accounts Receivable - Other (Net)	236,952	212,610	334,255	525,500	551,775	579,364	608,332	638,749	670,686	704,220	739,431	776,403	815,223
22	Renewable Energy Credits	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Materials and Supplies - Electric & Other	328,131	473,727	523,000	577,398	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000
24	Prepayments	(1,093)	42,428	463	5	500	500	500	500	500	500	500	500	500
25	Other Current and Accrued Assets	259,737	178,091	27,070	4,115	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
26	Total Current and Accrued Assets (15 thru 25)	8,097,689	8,040,313	7,569,327	7,125,930	6,711,617	6,878,306	7,107,274	7,337,691	7,569,629	7,803,163	8,038,374	8,275,345	8,514,166
27	Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Other Deferred Debits	578,382	2,878,839	2,033,833	1,137,106	1,864,831	1,947,948	2,031,065	2,114,181	2,197,298	2,280,414	2,363,531	2,446,647	2,529,764
29	Total Assets and Other Debits (5+14+26 thru 28)	61,283,840	64,691,365	64,088,714	63,534,498	64,319,292	62,605,639	63,030,873	63,457,555	63,885,758	64,315,558	64,747,035	65,180,272	65,615,358
	Liabilities and Other Credits													
30	Memberships	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Patronage Capital	21,480,182	21,272,283	23,709,646	23,836,935	24,351,667	24,426,667	25,403,733	26,419,883	27,476,678	28,575,745	29,718,775	30,907,526	32,143,827
32	Operating Margins - Prior Years	-	-	-	127,289	285,679	-	-	-	-	-	-	-	-
33	Operating Margins - Current Year	(127,566)	393,295	494,363	394,363	512,642	550,000	572,000	594,880	618,675	643,422	669,159	695,925	723,762
34	Non-Operating Margins	912,307	2,661,908	1,475,701	-	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
35	Other Margins and Equities	136,614	208,376	212,496	216,697	254,638	279,075	303,512	327,949	352,385	376,822	401,259	425,696	450,133
36	Total Margins & Equities (30 thru 35)	22,401,537	24,535,862	25,892,206	24,575,284	25,479,626	25,330,742	26,354,245	27,417,711	28,522,739	29,670,990	30,864,193	32,104,148	33,392,722
37	Long-Term Debt - RUS (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Long-Term Debt - FFB - RUS Guaranteed	33,906,778	33,234,898	32,656,845	32,152,142	31,527,176	30,942,980	30,358,784	29,774,588	29,190,392	28,606,196	28,022,000	27,437,804	26,853,608
39	Long-Term Debt - Other - RUS Guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Long-Term Debt Other (Net)	5,745,003	6,389,766	5,761,820	5,839,766	5,848,175	5,813,809	5,779,443	5,745,078	5,710,712	5,676,346	5,641,981	5,607,615	5,573,249
41	Long-Term Debt - RUS - Econ. Devel. (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Payments - Unapplied	4,210,034	4,338,233	2,451,341	1,385,144	1,203,869	1,885,189	2,150,042	2,453,410	2,796,817	3,181,852	3,610,163	4,083,463	4,603,536
43	Total Long-Term Debt (37 thru 42)	35,441,747	35,286,431	35,967,324	36,606,764	36,171,482	34,871,600	33,988,185	33,066,256	32,104,287	31,100,690	30,053,818	28,961,956	27,823,321
44	Obligations Under Capital Leases - Noncurrent	232,665	-	-	-	-	-	-	-	-	-	-	-	-
45	Accumulated Op Provisions & Asset Retirement Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Total Other Noncurrent Liabilities (44 + 45)	232,665	-	-	-	-	-	-	-	-	-	-	-	-
47	Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
48	Accounts Payable	830,964	1,209,779	991,448	1,432,000	1,712,142	1,910,600	2,109,058	2,307,515	2,505,973	2,704,431	2,902,889	3,101,346	3,299,804
49	Consumers Deposits	121,550	112,956	111,745	110,548	105,646	102,224	98,802	95,381	91,959	88,538	85,116	81,694	78,273
50	Current Maturities Long-Term Debt	1,443,173	2,306,570	768,143	256,538	269,365	-	-	-	-	-	-	-	-
51	Current Maturities Long-Term Debt - Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-
52	Current Maturities Capital Leases	77,748	-	-	-	-	-	-	-	-	-	-	-	-
53	Other Current and Accrued Liabilities	734,456	1,239,767	357,848	253,000	265,650	-	-	-	-	-	-	-	-
54	Total Current & Accrued Liabilities (47 thru 53)	3,207,891	4,869,072	2,229,184	2,052,086	2,352,803	2,012,824	2,207,860	2,402,896	2,597,932	2,792,968	2,988,004	3,183,041	3,378,077
55	Regulatory Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Other Deferred Credits	-	-	-	300,364	315,382	390,473	480,582	570,692	660,801	750,910	841,019	931,128	1,021,238
57	Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	61,283,840	64,691,365	64,088,714	63,534,498	64,319,292	62,605,639	63,030,873	63,457,555	63,885,759	64,315,558	64,747,035	65,180,272	65,615,358

Financial Ratios

		2020	2021	2022 pro-rata	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	averages
Equity	As a Percent of Assets	36.6%	37.9%	40.4%	38.7%	39.6%	40.5%	41.8%	43.2%	44.6%	46.1%	47.7%	49.3%	50.9%	42.9%
	Distribution Equity	22.3%	23.3%	26.6%	24.7%	25.4%	25.8%	27.4%	29.0%	30.8%	32.5%	34.4%	36.3%	38.3%	29.0%
	As a Percent of Capitalization	38.7%	41.0%	41.9%	40.2%	41.3%	42.1%	43.7%	45.3%	47.0%	48.8%	50.7%	52.6%	54.5%	45.2%
	Current Ratio	2.52	1.65	3.40	3.47	2.85	3.42	3.22	3.05	2.91	2.79	2.69	2.60	2.52	2.85
	Cash to Debt	17.9%	17.0%	14.1%	10.2%	8.7%	8.8%	9.0%	9.3%	9.6%	9.9%	10.2%	10.6%	11.1%	11.3%
Financial	TIER	1.37	2.88	1.57	1.81	1.78	1.69	1.71	1.71	1.72	1.75	1.79	1.85	1.93	1.81
	OPTIER	0.90	1.29	1.10	1.32	1.31	1.23	1.25	1.25	1.26	1.29	1.34	1.39	1.47	1.26
	DSC	2.90	4.75	3.25	3.69	3.71	3.81	3.71	3.88	3.92	4.12	4.34	4.41	4.67	3.93
	ODSC	2.75	4.20	3.08	3.58	3.46	3.54	3.46	3.62	3.67	3.86	4.07	4.15	4.39	3.68

10. c. Capital Credit General Retirement

The 2022 capital credit general retirement of \$500,000 will be applied as follows:

Unclaimed	\$59,711.28
Uncollectible	\$3,719.33
Billing	\$331,795.93
Checks	\$104,773.53 plus \$2,267.80 previously unclaimed = \$107,041.33

Active members are given the choice of having their retirement applied to their billing or receiving a check but currently, checks will be generated for all inactive members. As it stands right now, NISC will be generating checks to inactive members as follows:

<u>From – To</u>	<u>Amount</u>	<u>Quantity</u>
\$0.00 - \$1.00	\$ 58.21	115
\$1.01 - \$5.00	\$ 435.60	162
\$5.01 - \$10.00	\$ 874.77	119
\$10.01 - \$25.00	\$ 2,003.12	128
\$25.01 - \$50.00	\$ 2,040.20	56
\$50.01 - \$100.00	\$ 5,036.56	68
\$100.01 - \$250.00	\$ 14,126.49	89
\$250.01 - \$500.00	\$ 9,726.37	30
\$500.01 - \$1,000.00	\$ 8,829.70	12
\$1,000.01 - \$2,500.00	\$ 13,858.80	9
\$2,500.01 - \$5,000.00	\$ 20,986.95	6
\$5,000.01 - \$9999999	<u>\$ 29,064.56</u>	<u>5</u>
Totals	\$ 107,041.33	799

Our iVUE software is designed to allow us to set a minimum amount for issuing a check.

- If the retirement is less than the minimum set amount the dollars are transferred to a “retire, no check” general ledger account and remains there until the member receives enough in future retirements to meet the minimum check amount, then a check will be generated.
- If the retirement is less than the minimum check amount AND will retire all the dollars the member has remaining on their account a check will be written, no matter what the dollar amount.

Our cost per check for generating is \$.22 and mailing is \$.60 for a total of \$.82 per check. Therefore, if we set a minimum of \$5.00 it would save the coop \$227.14. If we set a minimum of \$10.00 it would save the coop \$324.72.

To save on the expense of generating and mailing checks for miniscule amounts Staff would like to set a minimum amount for printing and mailing checks to inactive accounts. Many of these checks are returned as undeliverable or go uncashed and must be voided.

Staff recommends the Board of Trustees set a minimum check amount of at least \$5.00

10. b. 2023 Youth Tour and Leadership Camp

The Washington, DC Government in Action Youth Tour has not happened since 2019 but is scheduled for 2023. Like all things, inflation has affected the cost of travel, food, and lodging for the students. The 2019 Washington DC trip was \$3,500 / student and Leadership Camp was \$1,800 / student.

KEC is projecting the 2023 costs at:

Youth Tour cost per student: \$4,100

Two students = **\$8,200**

Camp cost per student: \$1,900

Two students = **\$3,800**

Total projected cost: **\$ 12,000**

A \$750 deposit is required per student in January. Actual expenses incurred will be invoiced after the completion of the trips (these are estimated costs based on current information).

Staff requests Board approval to send two (2) students to the 2023 Washington, DC Government in Action Youth Tour and two (2) students to 2023 Youth Leadership Camp.

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF OCTOBER 2022

1. Created a safety scheduling calendar for safety council.
2. Otis Elevator unit cleaned, replaced hydraulic oil, and checked cylinders.
3. Fire Alarm Specialist elevator fire alarm system inspected and tested.
4. Federal Communications Commission universal license extension notification.
5. RESAP Onsite Observation
 - North lot transformers are being moved to new concrete pad.
6. Ann Jennings's member safety awareness publishes to either KCL newsletter, social media, and/or the Lane Scott Electric website concerning:
 - Don't Become Electricity's Path to Ground
 - 6 Safety Tips Teen Drivers Need to Know
 - Look Up and Live During Harvest
 - Be Electricity Safe while Decorating for Trick-or-Treaters
7. Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Compliance One drug and alcohol monthly roster report.
 - CDL theory and driving, drug test, medical certification, and hearing test for new lineman.
8. In House October safety meeting topics: Safety summary, Safety Manual Section 2 and #3. October 27th safety minutes are included in the board packet.

SAFETY PROJECTS IN PROGRESS AS OF OCTOBER 2022

1. SDS Program products updates and documentation improvements.
2. Safety Amp software inspection form templates.
3. Decals ordered for truck #117 and #173, Lane Scott decal ordered for truck #193.
4. FCC radios are on backorder.
5. Demo trailer hardware to be installed.
6. 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.
 - Rope hoist quote in progress.
 - Review Chainsaw safety chaps.
 - 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
October 27, 2022

Chris Terhune called the meeting to order at 9:03am.

Minutes were read: Leighton Ayers made a motion to approve the September 28th minutes with amendments and Dal Hawkinson seconded. Minutes were read and approved as printed.

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

Absent: Richard McLeon, Chad Rupp, Scott Briand, 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	N/A
144	Kalo Mann	OK
145	Myron Seib	OK
150	Kasey Jenkinson	OK
173	Chad Rupp	Needs decals - ordered
191	Michael Pollock	OK
193	Myron Seib	Windshield Chips
200	Ben Mann	OK
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 – On Work Site
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
Office

Scott Briand
Diana Kuhlman

OK
Member Service Window Shattered

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Line Hoses Annual Test Results: All Passed

Sleeves Quarterly Test Results: All Passed

Substation and Regulator Report:

- ♦ Ben Mann: Alexander hotspot was found, and Sunflower is helping to address it. Twin Springs is moved to the lo side to do repairs. Manning repairs are scheduled for next week. Ness 34-5 substation arrestors need replaced. 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.
- ♦ Myron Seib: Ness City substation support pole replaced and galvanized.
- ♦ **PCB Report:** None to Report

Line Clearance: McCracken, Tracey Hagans

Accident and Near Misses:

- ♦ Linda Dale in McCracken transformer is leaking on roof of garage. Hiring a company with an ongoing contract to repair oil leaks. Fire east of Brownell. Leighton Ayers was hit on the head with security system battery backup. Donald Glunt hit a pole drilling wheat.

Old Business:

- ♦ Myron Seib: Researching locator purchase, and old locator to be sold to Ness City. Will follow up on cement slurry for truck shed floor.
- ♦ Chris Terhune: Demo trailer needs pole hardware installed.
- ♦ Kasey Jenkinson: Tony Knopp scrapping service bins for Ness and Dighton set up delayed
- ♦ Myron Seib: Ness City wide cleanup went well.

New Business:

- ♦ Chris Terhune: South truck barn broken window has been replaced. Lineman door was replaced to swing outwards to meet compliance on doors used for emergency exits. Dylan Fehrenbach will start November 1st. He will be working to put in his required CDL driving hours with another CDL driver traveling with him. Discussed truck #110 concerns of being compliant with the new code requirement to do a 15-year PET stress test. Chain WLL are tagged.
- ♦ Carrie Borell: Access control battery backup containments were inspected and secured down. Reported on the iVue project goals.
- ♦ Kevin Bradstreet: Trailer chains need support to hold them in place to prevent them falling off. Dal Hawkinson is going to weld a support to keep them restrained to the trailer.
- ♦ Ann Marie Jennings: There are ten military packages being sent in November. Trick or treat down town.
- ♦ Diana Kuhlman: Provided benefit statements and 401K forms to employees.
- ♦ Dal Hawkinson: Jay Hawkinson will be doing the DOT inspections in November.
- ♦ In House Safety Meeting: Safety Summary, Safety Manual Section 2 and 3 reviewed.

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Administrator