



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for May 2, 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. BSGM Audit Presentation
 - b. 2021 Capital Credit Allocation
 - c. GM Evaluation
11. Safety Report
12. Executive Session – is requested
13. Adjourn

Upcoming Events:

KEC Board Meeting	Wichita	May 11-12
Sunflower Annual Meeting	Hays	May 17-18
Office Closed – Memorial Day		May 30
KEC Managers Meeting	Kansas City, MO	May 31-June 2
LSEC Board		June 6

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7	KEC Report		Annual Report			
8	GM Report	Richard		18-21		
	<u>Financials</u>	Kathy	Form 7	22-23		
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	<u>Information Technology</u>	Carrie	Monthly Report		20	
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	<u>Engineering</u>	Nate	Monthly Report			
			Transformer losses			
		Richard	Substation NCP and CP		Not available from SEPC	
	<u>Member Service</u>	Ann Marie	Board Report		22-23	
	<u>Warehouse</u>	Scott	Warehouse Report		24-25	
9	Old Business					
10	New Business					
a	BSGM Audit Presentation	Randy Robbins	Audit Report	25		Y
b	2021 Capital Credit Allocation	Richard / Kathy		26-27		
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c	GM Evaluation			28		
11	Safety Report	Carrie	Safety Program Monthly Report	29		
			Safety Meeting minutes	30-31		

**MINUTES OF THE REGULAR APRIL 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, April 4, 2022, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 7:01 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 March 14, 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.

A question regarding check #48199 to KEC for wallet cards for approximately \$7,000. Manager McLeon answered that a portion of the check was for wallet cards and there were two KEC dues payments for the remainder of the balance.

PRESIDENT'S REPORT

President Jennison had no current items to report.

ATTORNEY'S REPORT

Attorney Gasper reported the contract on the purchase of the substation had been signed.

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:

- Stuart Lowry will be retiring as CEO of Sunflower. A search company has been selected to assist with the hiring of a new CEO. Sunflower has requested that each coop member designate a representative to serve on the search committee.
- The board discussed the designation of a representative and agreed to have Manager McLeon serve as the representative for Lane-Scott on the search committee.

KEC REPORT

There was no KEC meeting. The next KEC meeting will be May 11 & 12.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- The February rates are a little higher in part due to the effect of the Sunflower cost hedging against wholesale price spikes.
- January had a good total dollar amount of sales and February was average. March is likely to have a good kilowatt sales but the dollar amounts are not yet calculated.
- ASAI is 99.99% but the March blizzard may bring the number down.
- Rising costs due to inflation will continue to be a challenge for the foreseeable future. LSEC still maintains good cash supply even with the purchases for the storm damage. Maintaining more inventory comes with a higher cost. LSEC continues to work with other coops to maintain supplies.
- The last storm damaged 24 poles but there were 30 in inventory and we are working on restocking them.
- The storm caused about \$900,000 of additional expense. The FEMA information is being gathered and there may be reimbursement for \$5-600,000 but it may be years before the money is received.
- The cash supply is helping LSEC to get through the storms and other inflation challenges.
- The cushion of credit is being used to repay loans at this time due to the interest rates.

- Diesel prices have increased significantly and LSEC is working to reduce fuel consumption to offset some of the increases in fuel prices.
- Supply chain issues remain a problem with various items.
- Another COSS may be necessary in 2024 if inflation and prices continue to increase at the high rates they are moving now.
- Wholesale prices will likely increase as Sunflower continues to evaluate its generation units. There are comparisons being made between the Rubart Station and Ft. Dodge units. SPP takes into account the pricing model and doesn't account for reliability when looking at the next day pricing. The winter storm is raising concerns about also including reliability in the decision making process.
- LSEC attempted to contract diesel fuel but could not get an economical contract.
- The March 21 storm damaged 82 poles that have been discovered. There may be additional poles that have been damaged and undiscovered. There was a cow killed when it wandered into an energized line. LSEC will work with the owner on the damages. A discussion with the employees was had reiterating the importance that if a pole is broken and there is no outage that this needs to be looked at immediately and determined if the line is still energized.
- Total Operating Margins are \$55,716 with Total Margins of \$65,174. Non-operating margins showed a profit at \$5,870 on the strength of a positive \$7,040.29 in HVAC sales. Cash Balances remain strong at \$5,751,158. The current ratio is 1.76.
- Capital spending is going to be carefully analyzed due to the increased costs.

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. Nominating Committee.

A motion to approve the 2022 nominating committee as presented to the board consisting of Jay Schmalzried, Dan Wehkamp, Doug Vieux, Lex Bush, Randy Scheuerman, John Beaton, Lane Copeland, Ben Cramer, and Kenny Schlegel was made, duly seconded, and carried.

2. Evaluation Material

President Jennison verified that the Trustees had received the Manager evaluation by email. He asked that the evaluations be returned to him either electronically or by mail a week prior to the May meeting.

3. Sunflower Delegate

A motion to appoint Trustee Seib as LSEC voting delegate and Manager McLeon as the alternate voting delegate at the annual meeting for Sunflower Electric Power Corporation and Sunflower Electric Holdings, Inc., was made, duly seconded, and carried.

4. Letter of Appreciation

A letter of appreciation will be sent to Bluestem Electric Cooperative as appreciation for their mutual aid assistance during the March 21 storm.

5. Strategic Planning

The board discussed a Strategic Planning session and decided to discuss a Strategic Planning with CFC to be held in November/December.

EXECUTIVE SESSION

A motion to enter executive session to discuss employee matters was made, duly seconded, and carried at 7:56 p.m. The board came out of executive session at 8:17 p.m.

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:18 p.m., on Monday, April 4, 2022.

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Accounts Payable Check Register

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04/02/2022 To 04/27/2022

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
48305 04/11/2022	CHK	30	HAROLD HOSS	April Board Mtg	385.10
48306 04/11/2022	CHK	32	WESCO RECEIVABLES INC	Monthly Invoice	2,994.21
48307 04/11/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Dues	7,086.77
48308 04/11/2022	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	2,712.56
48309 04/11/2022	CHK	46	LANE COUNTY TREASURER	Registration-#601	17.00
48310 04/11/2022	CHK	55	NESS COUNTY NEWS	Advertising	145.00
48311 04/11/2022	CHK	60	PAUL SEIB JR	April Board Mtg	388.61
48312 04/11/2022	CHK	63	RICHARD JENNISON	April Board Mtg	365.21
48313 04/11/2022	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	61.17
48314 04/11/2022	CHK	104	HOME OIL CO	Monthly Fuel Invoice	2,412.55
48315 04/11/2022	CHK	105	CITY OF NESS CITY	March Pay Station and postage	617.26
48316 04/11/2022	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	240.90
48317 04/11/2022	CHK	164	FAIRBANK EQUIPMENT INC.	Monthly Invoice	1,373.04
48318 04/11/2022	CHK	179	RAD ROEHL	April Board Mtg	360.53
48319 04/11/2022	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	5,154.51
48320 04/11/2022	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	104.66
48321 04/11/2022	CHK	202	CHAD GRIFFITH	April Board Mtg	393.88
48322 04/11/2022	CHK	238	ILLINOIS MUTUAL	Premiums	153.20
48323 04/11/2022	CHK	248	CENTRAL PUMP & SUPPLY	Monthly Invoice	66.78
48324 04/11/2022	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Parts	851.70
48325 04/11/2022	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	200.00
48326 04/11/2022	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	28,067.43
48327 04/11/2022	CHK	329	SOUTHWIND BROADCASTING	Advertising	840.00
48328 04/11/2022	CHK	361	ANN M JENNINGS	Mtg Expense-KMSDA	95.71
48329 04/11/2022	CHK	366	DIANA KUHLMAN	Mileage-Blizzard	59.67
48330 04/11/2022	CHK	380	GRAINGER	Monthly Invoice	1,756.77

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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
48331 04/11/2022	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	945.65
48332 04/11/2022	CHK	395	DOLLAR GENERAL - REGIONS 410526	Supplies	32.52
48333 04/11/2022	CHK	427	DIGHTON HERALD LLC	Advertising	100.00
48334 04/11/2022	CHK	439	BOLINGER, SEGARS, GILBERT & MOSS, 2021 Audit		15,000.00
48335 04/11/2022	CHK	450	RANDALL G EVANS	April Board Mtg	350.59
48336 04/11/2022	CHK	481	CARTMILL FLORAL & CREATIONS	Cookies for Baord Mtg	78.12
48337 04/11/2022	CHK	493	SCOTT CITY ACE HARDWARE	Monthly Invoice	104.57
48338 04/11/2022	CHK	494	UTILITY ASSET MANAGEMENT INC.	Pole Testing	25,443.00
48339 04/11/2022	CHK	506	K&J FOODS	Supplies& Meals for Storm	423.80
48340 04/11/2022	CHK	790	SOLOMON CORPORATION	Transformers	11,929.59
48341 04/11/2022	CHK	803	ALTEC INDUSTRIES, INC	Truck #112	2,152.38
48342 04/11/2022	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fees	67.20
48343 04/11/2022	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	490.89
48344 04/11/2022	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	1,082.78
48345 04/11/2022	CHK	1230	NORTHWESTERN PRINTERS, INC.	Envelopes	309.84
48346 04/11/2022	CHK	1234	JF BEAVER	Annual Meeting Gifts	4,310.16
48347 04/11/2022	CHK	1237	SNYDER RADIO SERVICE, INC.	Wind Storm in December	1,691.03
48348 04/11/2022	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	139.14
48349 04/11/2022	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	283.50
48350 04/11/2022	CHK	1251	TECHLINE, LTD	Monthly Invoice	13,583.32
48351 04/11/2022	CHK	1263	RICHARD SOREM	April Board Mtg	400.31
48352 04/11/2022	CHK	1292	COMFORT PRODUCTS DISTRIBUTING L	Monthly Invoice	323.69
48353 04/11/2022	CHK	1300	CRAIG RAMSEY	April Board Mtg	379.25
48354 04/11/2022	CHK	1303	LANE COUNTY IMPLEMENT, INC	Monthly Invoice	158.81
48364 04/14/2022	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	48,000.00
48355 04/18/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	2022 Mgr Assoc Dues	200.00

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Accounts Payable Check Register

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04/02/2022 To 04/27/2022

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
48356 04/18/2022	CHK	105	CITY OF NESS CITY	Monthly Invoice	26.69
48357 04/18/2022	CHK	235	LEIGHTON AYERS	Per diem-NEC Workshop	206.50
48358 04/18/2022	CHK	239	HEALY OIL CO	Fuel	180.00
48359 04/18/2022	CHK	366	DIANA KUHLMAN	Per Diem-HR Summitt	160.00
48360 04/18/2022	CHK	508	ELI O RUPP	Hvac Labor	120.00
48361 04/18/2022	CHK	803	ALTEC INDUSTRIES, INC	UNIT 201	122,803.77
48362 04/18/2022	CHK	1200	KASEY JENKINSON	Per diem-NEC Workshop	206.50
48363 04/18/2022	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	307.86
48365 04/18/2022	CHK	46	LANE COUNTY TREASURER	SALES TAX, COMM REGISTRATION & TITLE FEE	10,234.12
48366 04/26/2022	CHK	1	NESS CITY ROTARY	Dues and Meals	121.00
48367 04/26/2022	CHK	1	UTICA MAYDAY COMMITTEE	Sponsorship	250.00
48368 04/26/2022	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,295.90
48369 04/26/2022	CHK	59	NRECA	Subscription to Legal Reporting Service	185.00
48370 04/26/2022	CHK	79	POSTMASTER	Postage -Newsletter	366.87
48371 04/26/2022	CHK	105	CITY OF NESS CITY	Franchise Fee	5,286.56
48372 04/26/2022	CHK	116	IES COMMERCIAL INC	Contracted work-Pole replacements	134,262.36
48373 04/26/2022	CHK	135	CITY OF BAZINE	Franchise Fee	1,899.75
48374 04/26/2022	CHK	146	REBECCA CAMPBELL	Clothing Allowance	140.00
48375 04/26/2022	CHK	150	CHRIS TERHUNE	Meeting Exp-Safety Summitt	27.57
48376 04/26/2022	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	14,046.79
48377 04/26/2022	CHK	218	SPENCER PEST CONTROL	Pest Control	109.59
48378 04/26/2022	CHK	226	KANSAS CORPORATION COMMISSION	Qtrly Assesments	378.40
48379 04/26/2022	CHK	235	LEIGHTON AYERS	Mileage - NEC Wrokshop	204.76
48380 04/26/2022	CHK	329	SOUTHWIND BROADCASTING	Advertising	24.00
48381 04/26/2022	CHK	366	DIANA KUHLMAN	Mileage to HR Summitt in Wichita	251.56
48382 04/26/2022	CHK	433	BRIGHT IDEAS	Cooler bags-Giveaways	706.27

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Accounts Payable Check Register

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04/02/2022 To 04/27/2022

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
48383 04/26/2022	CHK	494	UTILITY ASSET MANAGEMENT INC.	Pole Testing	15,664.00
48384 04/26/2022	CHK	511	AXIO GLOBAL, INC	License Renewal AXio 360	800.00
48385 04/26/2022	CHK	903	NISC	Monthly Invoice	10,813.35
48386 04/26/2022	CHK	9999	RUSSELL DEPE	INACTIVE REFUND	57.09
48387 04/26/2022	CHK	9999	EVANS ENERGY LLC	INACTIVE REFUND	600.22
48388 04/26/2022	CHK	9999	E JOE HANKS, TRUST	INACTIVE REFUND	316.94
48389 04/26/2022	CHK	9999	E JOE HANKS & HELEN B HANKS R.L.T.	INACTIVE REFUND	1,486.72
Total Payments for Bank Account - 2 :					(85) 509,424.50
Total Voids for Bank Account - 2 :					(0) 0.00
Total for Bank Account - 2 :					(85) 509,424.50
Grand Total for Payments :					(85) 509,424.50
Grand Total for Voids :					(0) 0.00
Grand Total :					(85) 509,424.50

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Payroll/Labor
Check Register

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Pay Date: 04/01/2022 To 04/29/2022

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	04/13/2022	6038	5,161.57	0.00	80.00	0.00	626.89 389.67	42.32 0.00	1,593.75 2,774.96	2,940.93 1,005.00 175.00 1,760.93	DD DD DD
21	CARRIE M BORELL	04/13/2022	6039	2,641.05	0.00	81.50	0.00	369.88 194.81	16.14 0.00	454.75 2,153.33	1,816.42	DD
22	REBECCA L CAMPBELL	04/13/2022	6040	2,236.80	0.00	80.00	0.00	430.57 160.56	11.76 0.00	393.87 1,991.14	1,412.36 450.00 962.36	DD DD
26	RICHARD A MCLEON	04/13/2022	6041	9,583.33	0.00	80.00	0.00	401.33 746.84	229.20 0.00	2,840.89 3,365.01	6,341.11	DD
34	KALO M MANN	04/13/2022	6042	3,805.97	0.00	94.00	0.00	602.40 290.80	70.25 0.00	854.13 1,890.28	2,349.44	DD
35	NATHAN A BURNS	04/13/2022	6043	2,944.80	0.00	80.00	0.00	395.28 224.08	19.28 0.00	740.84 1,624.53	1,808.68	DD
50	KASEY R JENKINSON	04/13/2022	6044	3,735.20	0.00	80.00	0.00	764.72 278.01	35.75 0.00	782.32 2,657.94	2,188.16	DD
55	BENJAMIN L MANN	04/13/2022	6045	3,735.20	0.00	80.00	0.00	661.46 284.38	17.10 0.00	803.12 1,976.32	2,270.62	DD
74	DAL S HAWKINSON	04/13/2022	6046	3,448.80	0.00	80.00	0.00	524.98 255.81	5.85 0.00	689.81 2,530.14	2,234.01	DD
84	MICHAEL S POLLOCK	04/13/2022	6047	3,249.87	0.00	84.00	0.00	708.98 240.63	6.29 0.00	582.95 2,365.06	1,957.94 100.00 25.00 25.00 25.00 1,782.94	DD DD DD DD DD
85	CHAD A RUPP	04/13/2022	6048	3,729.02	0.00	85.00	0.00	519.87 279.71	37.95 0.00	963.81 2,530.14	2,245.34	DD
89	CHRIS R TERHUNE	04/13/2022	6049	4,627.70	0.00	98.00	0.00	568.25 346.72	15.23 0.00	1,415.09 2,530.14	2,644.36	DD
93	MYRON E SEIB	04/13/2022	6050	4,775.14	0.00	96.50	0.00	657.48 358.96	27.75 0.00	932.97 2,537.30	3,184.69	DD
99	KEVIN A BRADSTREET	04/13/2022	6051	3,923.01	0.00	88.00	0.00	421.55 301.12	35.13 0.00	1,112.72 1,534.60	2,388.74	DD
108	MARK R MCCULLOCH	04/13/2022	6052	3,251.67	0.00	86.00	0.00	1,012.67 245.14	23.22 0.00	737.63 1,659.83	1,501.37	DD
117	LEIGHTON J AYERS	04/13/2022	6053	3,448.80	0.00	80.00	0.00	394.82 256.60	16.03 0.00	736.99 2,426.68	2,316.99 150.00 2,166.99	DD DD

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Payroll/Labor
Check Register

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Pay Date: 04/01/2022 To 04/29/2022

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	04/13/2022	6054	117.45	0.00	7.25	0.00	0.00	0.00	8.99	108.46	DD
								9.92	0.00	0.00		
130	ANN MARIE JENNINGS	04/13/2022	6055	2,115.20	0.00	80.00	0.00	404.10	8.64	384.99	1,326.11	DD
								151.89	0.00	1,606.58		
131	DIANA F KUHLMAN	04/13/2022	6056	2,123.20	0.00	80.00	0.00	393.44	13.33	331.91	1,397.85	DD
								157.72	0.00	1,288.07		
132	DELLON R SHELTON	04/13/2022	6057	3,080.84	0.00	98.00	0.00	149.68	1.75	847.49	2,083.67	DD
								233.15	0.00	977.26		
134	SCOTT A BRIAND	04/13/2022	6058	1,721.60	0.00	80.00	0.00	251.81	3.00	233.00	1,236.79	DD
								123.81	0.00	1,492.89		
135	BLAKE T MCVICKER	04/13/2022	6059	4,423.11	0.00	94.00	0.00	884.88	3.30	1,226.50	2,311.73	DD
								335.95	0.00	1,217.43		
5	KATHERINE E LEWIS	04/28/2022		5,161.57	0.00	88.00	0.00	626.89	42.32	1,593.74	2,940.94	
			6060					389.66	0.00	2,774.96	1,005.00	DD
											175.00	DD
											1,760.94	DD
21	CARRIE M BORELL	04/28/2022	6061	3,066.51	0.00	93.00	0.00	395.57	16.14	560.69	2,110.25	DD
								227.36	0.00	2,166.17		
22	REBECCA L CAMPBELL	04/28/2022		2,460.48	0.00	88.00	0.00	457.41	11.76	450.56	1,552.51	
			6062					177.11	0.00	2,002.32	450.00	DD
											1,102.51	DD
26	RICHARD A MCLEON	04/28/2022	6063	9,583.33	0.00	88.00	0.00	401.33	229.20	2,840.87	6,341.13	DD
								746.82	0.00	3,365.01		
34	KALO M MANN	04/28/2022	6064	3,884.46	0.00	98.00	0.00	602.40	70.25	874.03	2,408.03	DD
								296.81	0.00	1,890.28		
35	NATHAN A BURNS	04/28/2022	6065	3,239.28	0.00	88.00	0.00	395.28	19.28	844.93	1,999.07	DD
								246.61	0.00	1,639.25		
50	KASEY R JENKINSON	04/28/2022	6066	6,673.42	0.00	122.00	0.00	805.81	35.75	1,753.47	4,114.14	DD
								502.78	0.00	2,676.62		
55	BENJAMIN L MANN	04/28/2022	6067	5,030.85	0.00	101.50	0.00	661.46	17.10	1,230.58	3,138.81	DD
								383.50	0.00	1,995.00		
74	DAL S HAWKINSON	04/28/2022	6068	4,494.22	0.00	99.50	0.00	566.36	5.85	1,062.14	2,865.72	DD
								335.79	0.00	2,547.38		
84	MICHAEL S POLLOCK	04/28/2022		3,716.08	0.00	96.00	0.00	739.75	6.29	701.15	2,275.18	
			6069					276.30	0.00	2,380.44	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											2,100.18	DD
85	CHAD A RUPP	04/28/2022	6070	4,842.38	0.00	103.00	0.00	554.36	37.95	1,367.76	2,920.26	DD

04/29/2022 9:36:10 am

Payroll/Labor Check Register

Page 3

Pay Date: 04/01/2022 To 04/29/2022

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	04/28/2022	6071	5,672.33	0.00	115.50	0.00	364.88	0.00	2,547.38		
								602.74	15.23	1,805.26	3,264.33	DD
								426.64	0.00	2,547.38		
93	MYRON E SEIB	04/28/2022	6072	5,197.18	0.00	105.50	0.00	711.36	27.75	1,067.39	3,418.43	DD
								391.24	0.00	2,555.26		
99	KEVIN A BRADSTREET	04/28/2022	6073	4,648.39	0.00	100.00	0.00	459.48	35.13	1,383.66	2,805.25	DD
								356.62	0.00	1,551.84		
108	MARK R MCCULLOCH	04/28/2022	6074	3,658.12	0.00	96.50	0.00	1,110.06	23.22	871.28	1,676.78	DD
								276.25	0.00	1,674.95		
117	LEIGHTON J AYERS	04/28/2022		6,161.71	0.00	122.00	0.00	401.71	16.03	1,602.41	4,157.59	
			6075					464.14	0.00	2,433.57	150.00	DD
											4,007.59	DD
129	STACEY L FOOS	04/28/2022	6076	68.85	0.00	4.25	0.00	0.00	0.00	5.27	63.58	DD
								5.83	0.00	0.00		
130	ANN MARIE JENNINGS	04/28/2022	6077	2,326.72	0.00	88.00	0.00	425.25	8.64	438.62	1,462.85	DD
								165.41	0.00	1,617.16		
131	DIANA F KUHLMAN	04/28/2022	6078	2,335.52	0.00	88.00	0.00	425.29	13.33	379.26	1,530.97	DD
								173.95	0.00	1,298.69		
132	DELLON R SHELTON	04/28/2022	6079	3,087.25	0.00	100.00	0.00	161.16	1.75	849.76	2,076.33	DD
								233.64	0.00	988.74		
134	SCOTT A BRIAND	04/28/2022	6080	1,893.76	0.00	88.00	0.00	260.42	3.00	273.19	1,360.15	DD
								137.33	0.00	1,501.50		
135	BLAKE T MCVICKER	04/28/2022	6081	4,408.00	0.00	97.50	0.00	884.88	3.30	1,220.87	2,302.25	DD
								334.80	0.00	1,234.67		
Grand Total:				\$ 169,489.74	\$ 0.00	3,862.50	\$ 0.00	\$ 22,794.01	\$ 1,278.54	\$ 41,845.41	\$ 104,850.32	
								\$ 12,779.75	\$ 0.00	\$ 86,518.20		



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING – APRIL 20, 2022

2021 AUDIT

BKD staff reviewed the 2021 audit. BKD summarized approach and results and offered an opportunity for Board questions. BKD gave Sunflower a clean audit opinion representing that the December 31, 2021, financial statements are fairly presented. Appreciation was expressed to Sunflower staff for their audit preparation work and assistance to BDK staff.

Board action: The Sunflower Board approved the 2021 audit as presented.

ICARE

Ellis Substation Hybrid Storage/Solar Microgrid Project

The radial load at the Ellis Substation has experienced increasing outages in recent years, and staff sees this as an opportunity to evaluate a microgrid solution as an alternative to more conventional solutions. National Renewables Cooperative Organization (NRCO) was engaged to study installing solar and/or battery storage at the Ellis Substation to improve reliability. Sizing solar and battery storage is a balance between cost, savings, and resiliency, and four scenarios were evaluated on economics and resiliency. Study results show that if reliability improvements are deemed necessary at a radial substation, microgrid solutions may be competitive with more conventional options.

2022 Rate Study

Sunflower staff and Rich Macke, Power System Engineering, discussed current study results, potential scope, and schedule for the 2022 rate study. Analyses to date show that rates line up closely to cost of service. Recommendations include updating cost of service, implementing the new rates into the 2023 budget, and examining other rate options for informational purposes. The Board supported studying options such as Non-Coincident Peak and time-of-use charges. If the Board opts to make rate changes based on the study, the new rates would take effect on January 1, 2023.

Safety Culture Project

Sunflower has contracted with Caterpillar Global Services (CAT) for safety project consultation, training, and support. A company-wide survey and focus-group interviews were conducted in January. The survey garnered 293 responses from 73 questions and showed staff perception regarding top five opportunities for improvement and top five strengths. CAT conducted forty-three Sunflower staff interviews, also resulting in notable opportunities and strengths. Next steps include developing a new Safety Steering Team (SST) with subsequent training and planning and identifying a Continuous Improvement (CI) Team with subsequent training.

Distributed Energy Resources and Electric Vehicle-Data Analytics Strategy

Staff discussed the benefits of grid analytics programs to obtain data, such as on distributed energy resources (DER) and electric vehicles (EV). Data would provide Sunflower and our Members' communities with improved business planning, decision making, etc. Recommendations include—with Board approval—identifying and engaging an industry expert to partner and assist in a data analytics framework; implementing a conservative data analytics framework, creating a technical team of Sunflower and Member staff, and identifying key inputs

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to acquire data. The Board directed staff to continue seeking more information on data analytics programs.

Credit Rating

Staff reviewed the value and costs to pursue a credit rating, which is used by lenders to assess a borrower's creditworthiness. A credit rating is understood and used by the majority of financing entities and would impact Sunflower's future borrowings. Timing and costs for three major third-party reviewers, as well as National Association of Insurance Commissioners (NAIC), were discussed. Based on the analysis, staff recommended pursuing an improved NAIC determination rather than a credit rating as the most cost effective method to achieve desired benefits.

CURRENT ACTIVITIES

Touchstone Energy Strategy Execution Process

Sunflower will host a two-day training workshop on June 13-14. Commitments thus far include staff from Members, Sunflower, NRCO, and Free State.

Strategy Vision Statement and Measures

A presentation has been made available for Members to share with their staff and board. The presentation explains Sunflower's new vision statement, drivers, and measures, with Sunflower's Subject Matter Experts discussing their respective drivers and measures. Measures have been developed as a means of determining whether strategic action steps are closing the gap between Sunflower's current state and where the Board wants us to be in regard to the vision statement.

Member Cost Estimate and Proposal Development

Members requested that Sunflower change the estimation process for load additions, economic development, and competitive load projects requiring transmission to the following: charge customers the actual cost of the project; continue to accurately account for project overheads (comparability); provide estimated costs in advance of project with *no* +/- 30% bandwidth; and communicate variables not specifically factored in estimates that can influence actual cost. For all other project estimates, including Member work (e.g., substation upgrades, breaker replacements, control house upgrades, etc.), Members asked staff to continue to charge actual costs for projects; estimate project costs using +/- 30% bandwidth; remain focused on how project cost variances can be reviewed and acted on by SPP working groups; and benchmark Notice to Construct projects against other transmission projects and transmission owners in the SPP.

Sunflower Annual Meeting

Western will host the 2022 Sunflower Annual Meeting at the Hilton Garden Inn, Hays, KS, on May 18. Preceding activities are scheduled on May 17 at Smoky Hill Country Club, Hays, KS, beginning at noon.

PRESIDENT'S REPORT

Operations

Holcomb Station

The Holcomb unit is on a five-week maintenance outage.

Transmission Planning & Policy

Southwest Power Pool Markets & Operations Policy Committee (MOPC)

MOPC's Holistic Integrated Tariff Team (HITT) voted on

- Keeping congestion hedging in its current state. The motion failed. HITT recommended continuing with a market mechanism to hedge load congestion changes and implement modification related to counter-flow optimization.
- Implementing pooled surplus interconnection services. The motion failed. The subsequent motion to remand to Working Groups passed.

New Conventional Generation Performance-Based Capacity Accreditation

SPP is studying a new approach for conventional generation accreditation, currently based on one-hour capability testing and four-hour continuous availability requirements. The current approach doesn't consider outages or availability, which tend to lead to inflated capacity. Recommendations include a method that utilizes historical outages, testing summer and winter seasons separately, a five-year average, an effective date 5 years after reporting requirements are implemented, and assessing the impact of the new methodology on the Planning Reserve Margin for each load-serving member.

FERC Transmission Reform on Generation Interconnections, Transmission Planning, and Cost Allocation

The average Generation Interconnection (GI) study takes 3.7 years, leading to backlog of solar, wind, and battery interconnection requests—with only 23% coming to fruition. Since transmission costs are a major obstacle, SPP is studying grid enhancing technologies beyond wire buildout solutions.

FERC opened Advance Notice of Proposed Rulemaking (ANOPR) for transmission planning and cost allocation, along with generation interconnection reforms. FERC is expected to issue the NOPRs in May and October.

The Biden Administration's initiative to reduce greenhouse gases by 2030 will likely result in changing approaches to regional and interregional transmission.

External Affairs & Member Services

ElectroRally

The ElectroRally spring races have begun, the first in Scott City, the second in Hays, and the third in Kansas City, MO. Thank you to Members who support this learning experience for high school students.

Economic Dev

Prairie Land received \$1,130,490 from the Building a Stronger Economy (BASE) grant program. Prairie Land applied for the grant to help fund Project Summit, an electrical infrastructure expansion project supporting the electrical distribution needs of the Prairie Horizon Ethanol Plant east of Phillipsburg.

Corporate Services

Coal Purchase

Sunflower made five coal purchases, three of 8400 Btu coal and two of 8700 Btu coal, for 2023-2025. All purchases were made for Sunflower's normal business use.

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

Financials

March- Preliminary

Overall Member loads were down 4.76% from budget for the month and 4.17% from budget year to date. Large industrial loads were down 1.66% from budget for the month and 1.99% from budget year to date. Year-to-date operating expenses were up 19.37% from budget for the month and down 3.89% year to date.

Cooperative System Integrity Fund

Board action: The Sunflower Board approved donating 5% of its CFC capital credits, not to exceed \$15,000, to the CFC Integrity Fund, which supports electric systems in resisting threats to their businesses.

Annual Meeting Delegates

Board action: The Sunflower Board selected Bruce Mueller and Woody Barnes as the attendees and voting delegate/alternate for the CFC and NCSC annual meetings on June 20, 2022, in Boston, MA.

KEC

KEC is finalizing plans for the NRECA Legislative Conference May 1-4 and will be disseminating information to members.

KEC is hosting a Safety Summit on Friday, April 22, in Wichita.

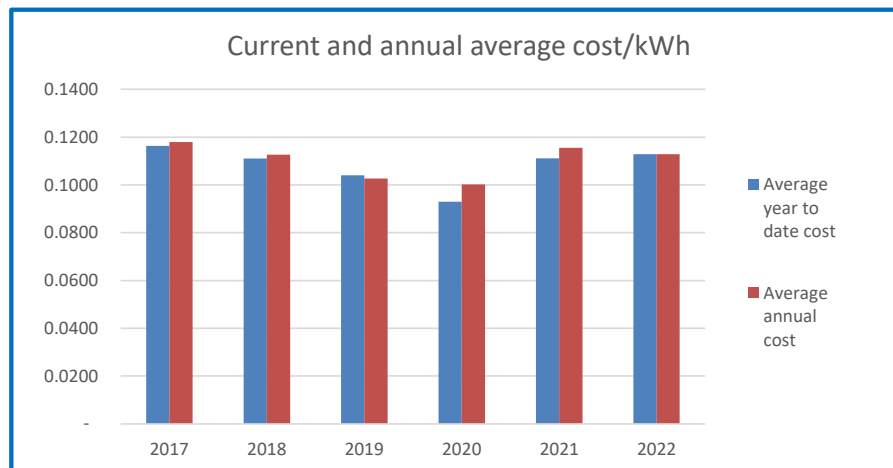
The next KEC Board meeting is May11-12.

8. General Manager's Report

A. Rates and Reliability Dashboard

Rate Summary - Mar 2022	current month (\$/kWh)	year to date (\$/kWh)	ytd '17-21 avg. (\$/kWh)	
Residential	0.1466	0.1292	7.8%	0.1191
Residential - Seasonal	0.2480	0.2025	7.9%	0.1866
Irrigation	0.0984	0.0912	4.0%	0.0876
C&I 1000kVa or less	0.1235	0.1130	6.3%	0.1059
C&I over 1000 kVA	0.1179	0.1098	4.2%	0.1052
Public Street and Lighting	0.1522	0.1373	7.7%	0.1267
Other Sales to Public Authorities	0.1495	0.1323	-6.3%	0.1406
Sales for Resale - Other	0.0592	0.0671	-29.8%	0.0871
Total Sales price per kWh:	0.1224	0.1129	5.1%	0.1071

Total YTD Energy Sales (kWh) are 7.56% above 2021 and 5.28% above the 5-year average.
Total YTD Energy Sales (\$) are 9.18% above 2021 and 11.02% above the 5-year average.



March 2022		
SAIDI	0.97	Interruption DURATION / average for every member (hrs)
SAIFI	0.28	Interruption FREQUENCY / Average # of Interruptions per customer
CAIDI	3.47	Customer Avg Interruption Duration Index - IF you are out, how long (hrs).
ASAI	99.99%	Service Availability

- B. Strategic Plan Update. The 2021 Strategic Plan is currently 90% completed. We made significant progress with the completion of Item 3 – the Cost-of-Service Study and Item 1. Demonstrate Leadership in employee and public safety. However, delays in the supply chain and storm expenses are slowing the completion of the plan. Succession planning for key employees is being formulated through a training and development plan.

2021 Strategic Plan Updates		2021			2022		changes
		Apr	July	Oct	Jan	Apr	
1	Demonstrate leadership in employee and public safety.	30	36	58	80	86	6
	· Fully implement KEC Safety Accreditation.	65	85	85	90	90	0
	· Explore improved field communication technology.	5	10	25	55	60	5
	· Develop improved record keeping.	20	20	20	75	85	10
	· Ensure free flow of information via whistleblower policy.	60	60	70	85	95	10
	· Develop OSHA SHARP	0	5	90	95	100	5
2	Identify, assess, and mitigate cyber security risks.	35	45	55	75	77	2
	· Research and implement cybersecurity mitigation strategies.	Carrie assessment	Carrie assessment	Carrie assessment	Carrie assessment	Carrie assessment	
	· Identify and make necessary investments in hardware, software, and facilities.						
	· Establish a cybersecurity training and awareness regimen for employees and members.						
3	Complete and evaluate the results of a cost-of-service study.	0	0	16.3	84	96	13
	· Rate structure and level impact	0	0	25	100	100	0
	· Line Extension Policy	0	0	0	50	85	35
	· Prepaid Metering assessment	0	0	25	100	100	0
	· Streamline Security Lighting Program	0	0	15	85	100	15
4	Assess and complete all remaining elements of the 2019 Strategic Plan.	95	97	99	99	99	0
	· Continuous improvement of the safety program, to include construction height requirements review.	100	100	100	100	100	0
	· Craft a long-term comprehensive technology plan focused on maximizing utilization, resource requirements, and the outage management system.	100	100	100	100	100	0
	· Develop a financial plan to include a long-term forecast, equity management plan, rates (formulary and decoupling) and capital credits (discounting).	98	98	100	100	100	0
	· Create a comprehensive member communication / engagement plan to include social media, information content and outage notification.	100	100	100	100	100	0
	· Implement a succession plan for key employees (accounting and operations management) and board members (potential nominating committee utilization for appointments) to include education and development focus.	75	90	95	96	96	0
Overall completion rate		40	45	57	84	90	27

- C. 2021 End of Year Report Summary. The End of Year Report will be available next month. It has delayed due to the Financial Audit and the RUS Loan Audit taking much staffing time. Highlights are:
- 1) Meters. We gained 15 members (2,666) while losing 4 meters (5,792). Meters per mile was stable at 2.17.
 - 2) Revenues. We had our best year on record with:
 - a. \$18,976,716 in Operating Revenue
 - b. \$7,682,422 in Distribution Revenue (Op Rev less WPC)
 - 3) Expenses.
 - a. Wholesale power costs were second highest on record at \$11,294,294 (up 41.6% to \$0.7957/kWh) representing 59.52% of every dollar collected.
 - b. Controllable expenses (\$4,083,651, up 1.76%) were driven to the highest level ever due to higher costs in materials, wages, and benefits.
 - c. Depreciation and Amortization (\$1,844,094, up 11.76%) also set a high and consumed 24% of distribution revenue.
 - 4) Long-term debt. Despite the increase of the CoBank FFB loan, LT debt was reduced by 0.7% or \$1,069,809. Managing our debt has reduced our Blended Interest Rate to 3.01%, down from 3.5% in 2018.
 - 5) Margins. High Revenues put us in a good position, we were able to manage our Controllable expenses, and the non-cash Depreciation and Amortization offset revenues. This allowed us to produce:
 - a. Operating margins of \$393,295.
 - b. Patronage Capital or Margins of \$2,513,903. This was our second highest year in 15 years (\$3,072,060 in 2014) and is wholly attributed to \$1,405,537 in G&T Capital Credits and \$619,088 in PPP Loan forgiveness. Otherwise, it nets to \$489,278 in Margins.
 - 6) Capital Credit retirement.
 - a. Distribution. The cooperative retired \$390,749.73 in Distribution Capital Credits last year for the first time in many years. Using the capital credit retirement formula and schedule we developed last year, I anticipate this year's Distribution retirement request will be about \$488,741.36 less special retirements. This improves our retirement schedule to about 22 years.
 - b. G&T. Sunflower retired \$247,221 in 2021 which we may retire in 2022. There may also be some catch-up from previous years that were retired by Sunflower (\$929,631) but not paid out to members.
 - 7) Everyone did a great job controlling expenses amidst COVID-19 part 2, numerous storms, and 6.58% inflationary increases!
- D. The Credit Card records are available for the Boards review.
- E. Operations Report. (The full report is located in the Supplemental Reports)
- Maintenance
 - Finished changing out broken poles and clean-up from March 21 blizzard.
 - Retired idle services in Ness, Lane, and Hodgeman Co.
 - Retired underbuild on double circuit west of the Ness City 115 sub.
 - Dropped lines for Ehmke Seed to move a grain bin.

Changed out poles in McCracken, Utica, North Norton 3 phase and Dan Wehkamps.
Trimmed trees in McCracken, Shields, and north of Dighton.
Energized underground and transformer in Scott Park for new camper addition.

- New Connects
Built new 3 phase connect for Palomino, Rider of The Storm lease.
Set new pad mount transformer and trenched new primary line underground at BTI in Ness City for new air conditioning load.
Built new single-phase line to water well at Peach Grove.
Built new single phase connect for Andrew Flax new house.
Set pole and built new single phase connect for Tom Bennet's new shed.
Built 4 spans of new single phase to Sunflower radio tower by Twin Springs substation.
- Other
Helped Mark trench new gas lines for generators.
Kasey and Leighton attended NEC training in Salina.

F. Financials

1) Income Statement.

a. The March statement shows:

- i. Total Operating Margins are \$486,158. The April Rate adjustment is reflected in the March sales records.
- ii. Total Margins are \$512,790.
- iii. Non-operating margins showed a loss of \$512 for the month and \$12,780 for the 1st quarter.

2) Balance Sheet.

- a. Assets and Debits balance at \$64,839,389. Cash Balances remain strong at \$5,628,957.
- b. Equity remains stable with Equity as a percent of Assets at 38.39% and Equity as a percent of Capitalization is 41.3%.
- c. Our Cash to Debt ratio is 16.52% and the current ratio is 1.86.

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 March 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

4/25/2022
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	4,044,765	4,838,564	4,697,629	1,834,708
2. Power Production Expense				
3. Cost of Purchased Power	2,154,346	2,686,381	2,673,826	754,603
4. Transmission Expense	708			
5. Regional Market Expense				
6. Distribution Expense - Operation	306,794	208,440	328,924	81,322
7. Distribution Expense - Maintenance	318,902	325,632	251,249	85,971
8. Customer Accounts Expense	48,981	58,239	56,848	19,222
9. Customer Service and Informational Expense	22,293	12,848	12,650	3,020
10. Sales Expense	21,810	16,954	16,505	5,378
11. Administrative and General Expense	465,170	406,274	340,686	139,504
12. Total Operation & Maintenance Expense (2 thru 11)	3,339,004	3,714,768	3,680,688	1,089,020
13. Depreciation and Amortization Expense	458,237	466,741	423,683	155,864
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	329,491	314,836	301,605	103,845
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	39	63		21
19. Other Deductions	2,389	1,750	10,812	(200)
20. Total Cost of Electric Service (12 thru 19)	4,129,160	4,498,158	4,416,788	1,348,550
21. Patronage Capital & Operating Margins (1 minus 20)	(84,395)	340,406	280,841	486,158
22. Non Operating Margins - Interest	50,193	9,197	50,000	4,006
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(58,295)	(12,780)	6,875	(512)
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	21,597	24,069	20,000	23,138
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	(70,900)	360,892	357,716	512,790

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 March 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	7	19	5. Miles Transmission		
2. Services Retired	6	6	6. Miles Distribution – Overhead	2,035.37	2,038.73
3. Total Services in Place	6,043	6,065	7. Miles Distribution - Underground	7.66	7.66
4. Idle Services (Exclude Seasonals)	247	285	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	59,111,352		30. Memberships	0	
2. Construction Work in Progress	1,597,164		31. Patronage Capital	21,272,283	
3. Total Utility Plant (1 + 2)	60,708,516		32. Operating Margins - Prior Years	393,295	
4. Accum. Provision for Depreciation and Amort.	19,838,095		33. Operating Margins - Current Year	340,406	
5. Net Utility Plant (3 - 4)	40,870,421		34. Non-Operating Margins	2,682,395	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	203,994	
7. Investments in Subsidiary Companies	230,143		36. Total Margins & Equities (30 thru 35)	24,892,373	
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	32,784,821	
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)	6,029,090	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	3,393,732	
14. Total Other Property & Investments (6 thru 13)	12,936,963		43. Total Long-Term Debt (37 thru 41 - 42)	35,420,179	
15. Cash - General Funds	40,250		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	5,588,582		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	999,300	
20. Accounts Receivable - Sales of Energy (Net)	1,842,736		49. Consumers Deposits	112,799	
21. Accounts Receivable - Other (Net)	210,440				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,336,485	
23. Materials and Supplies - Electric & Other	458,579		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	127,476		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	142,381		53. Other Current and Accrued Liabilities	1,078,253	
26. Total Current and Accrued Assets (15 thru 25)	8,410,569		54. Total Current & Accrued Liabilities (47 thru 53)	4,526,837	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	2,621,436		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	64,839,389		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	64,839,389	

LANE-SCOTT ELECTRIC ENERGY SALES STATISTICS FOR MARCH 2022

CLASS OF SERVICE	NO. RECEIVING SERVICE		kWh SOLD		AMOUNT BILLED		Y.T.D AVERAGE		SALE PRICE PER kWh Y.T.D.
	Y.T.D. AVG.	THIS MONTH	THIS MONTH	Y.T.D.	THIS MONTH	Y.T.D.	kWh USED	AMOUNT	
Residential Sales	2,221	2,219	1,706,442	5,804,388	\$250,147	\$740,469	871	\$111.13	12.76
Residential Sales-Seasonal	47	46	6,273	23,475	\$2,187	\$6,152			
Irrigation Sales	333	333	200,377	252,457	\$19,725	\$24,235			
Small Commercial	1,865	1,861	4,286,082	12,917,567	\$529,494	\$1,454,179	2,309	\$259.91	11.26
Large Commercial	175	175	2,712,914	8,501,153	\$358,839	\$1,021,709	16,224	\$1,949.83	12.02
Public Street Lighting	13	13	35,946	107,838	\$5,470	\$14,806			
Public Building Sales	48	48	34,854	119,490	\$5,210	\$15,606			
Non-Domestic	1,062	1,060	181,128	599,651	\$43,762	\$116,617			
City of Dighton	1	1	657,715	2,097,027	\$38,941	\$141,241	699,009	\$47,080.33	6.74
Idle Services on rate 90	27	21	0	0	\$535	\$1,512			
Large Industrial	3	3	2,995,720	8,837,830	\$314,347	\$871,438	981,981	\$96,826.44	9.86
Irrigation Horsepower Charges	0	0	0	0	\$303,560	\$303,560			
Total Energy Sales	5,794	5,780	12,817,451	39,260,876	\$1,872,217	\$4,711,524			12.00
Other Electric Revenue					(\$37,509)	\$127,040			
Total					\$1,834,708	\$4,838,564			

SUBSTATION DATA

Substation	(NCP)KW	kWh Purchased	Cost Per kWh	kWh Sold	Line Loss	Load Factor-P	Load Factor-S
Beeler-Sub 3	6,107	3,587,919		3,187,181	11.17%	78.97%	70.15%
Dighton-Sub 1 - 7200	1,480	936,463		849,993	9.23%	85.05%	77.19%
Dighton-Sub 2 - 14400	4,469	2,836,090		2,756,205	2.82%	85.30%	82.89%
Manning-Sub 4	4,939	2,877,563		2,739,728	4.79%	78.31%	74.56%
LS Seaboard-Sub 5	254	121,549		117,209	3.57%	64.32%	62.02%
Twin Springs Lo 7.6-Sub 7	261	121,121		130,098	-7.41%	62.37%	67.00%
Twin Springs Hi 14.1-Sub 8	236	117,352		105,113	10.43%	66.84%	59.86%
City of Dighton	1,099	577,563	5.5500	577,563	0.00%	70.64%	70.64%
City of Dighton - WAPA	136	80,152	3.1500	80,152	0.00%	79.21%	79.21%
Alexander 115	1,500	760,562		756,930	0.48%	68.15%	67.83%
Ness City 115	4,674	1,653,665		1,517,279	8.25%	47.55%	43.63%
Total	25,155	13,669,999	4.9300	12,817,451	6.24%	73.04%	68.49%

RUS/CFC LOAN FUND TRANSACTIONS

MISC.

OTHER STATISTICS

				Y.T.D	M.T.D.
Gross Obligation to RUS	\$ 54,111,889	General Fund Balance	\$39,980	Miles Energized	2046.39
Pymts Applied Against Principal	\$ 20,424,536	MMDA Investments	\$261,016	Density	2.82
Net Obligation to RUS	\$ 33,687,353	Cash Available at Month End	\$300,996	kWh Purchased	41,883,397
CFC Line of Credit	\$ -			kWh Sold (Inc. Office Use)	39,287,703
CoBank Line of Credit	\$ -	CFC Investments - CP, SN, MTN	\$5,327,567	Percent of Line Loss	6.20%
CFC Note #9004-RUS refinance	\$ 5,408,630	CFC CTC's	\$221,958	Idle Services	285
CFC Note #9006-RS Prepymt	\$ 238,727			Oper. Revenue Per kWh Sold	12.31
CoBank Note-Feb 21 Winter Event	\$ 1,815,686			Expense Per kWh Sold	11.45
				Income Per Mile	896.56
				Expense Per Mile	658.99

ACCOUNT AGING

	Current	30-89 Days	90 Plus
Irrigation Accounts Receivable	\$250,055	\$3	
Electric Accounts Receivable	\$1,437,090	\$15,545	\$3,137
Retail Accounts Receivable	(\$12,248)	\$3,604	\$12,590

10. a. 2021 Lane-Scott Electric Cooperative Financial Audit Report

The Audit Report will be presented by Mr. Randy Robbins, CPA of Bolinger, Segars, Gilbert & Moss. Ms. Kathy Lewis will also attend the meeting.

Staff request that the Board accept the Audit Report as presented.

10. b. 2021 Capital Credit Allocation

The Allocation of Capital Credits is addressed in the LSEC Bylaws, Article VII, Section 2. **Patronage Capital in Connection with Furnishing Cooperative Services** and in Board Policy 113 **Capital Credits**.

Board Policy 113 addresses Allocations as follows:

OBJECTIVE:

The objective of this Capital Credits Policy ("Policy") is to state the general policy of Lane-Scott Electric Cooperative, Inc., ("Cooperative") for allocating and retiring capital credits.

POLICY:

The Cooperative shall allocate and retire capital credits in a manner that:

- 1) is consistent with state and federal law;*
- 2) is consistent with operating on a cooperative basis under federal tax law;*
- 3) is fair and reasonable to the Cooperative's patrons and former patrons;*
- 4) provides the Cooperative with sufficient equity and capital to operate effectively and efficiently; and*
- 5) protects the Cooperative's financial condition. Subject to law, the Cooperative's articles of incorporation, and the Cooperative's bylaws, the allocation and retirement of capital credits are at the sole discretion of the Cooperative's Board of Trustees ("Board").*

EXPECTATIONS:

- A. Board Approval.** *The Cooperative shall allocate and retire capital credits according to the manner, method, timing, and amount approved by the Board.*
- B. Operating Margin Allocations.** *As required by the Cooperative's bylaws, for electric energy sales provided by the Cooperative on a cooperative basis during a fiscal year, the Cooperative shall allocate on a patronage basis to each patron during the fiscal year, the Cooperative's operating margins from providing the electric energy sales during the fiscal year. Capital credits allocated and credited to the Cooperative by its affiliated G&T cooperative in connection with the furnishing of electric energy to the Cooperative will be separately allocated on a patronage basis.*
- C. Operating Margin Loss Allocations.** *For electric energy sales provided by the Cooperative on a cooperative basis, the Cooperative shall offset operating losses with the Cooperative's operating earnings from providing the electric energy sales during the next succeeding future fiscal year(s).*
- D. Non-Operating Allocations.** *As approved by the Board, the Cooperative may use, retain, or equitably allocate the Cooperative's Non-Operating earnings.*
- E. Non-Operating Loss Allocations.** *The Cooperative shall offset non-operating losses with the Cooperative's non-operating earnings during any fiscal year.*

The Bylaws and Policy draw a distinction between Operating Margins and Non-Operating Margins. Operating Margins are allocated while Non-Operating Margins allocations are at the discretion of the Board.

The Audited Year End Form 7 (Part A Statement of Operations, column b) identifies 2021 items as follows:

Line 21. Operating Margins	\$	393,295
Line 22. Non-Operating Margins – Interest		160,696
Line 25. Non-Operating Margins – Other		-122,093
Line 26. Generation and Transmission Capital Credits		1,405,537
Line 27. Other Capital Credits and Patronage Dividends		57,380
Line 28. Extraordinary Items		619,088

Also, there is an audit adjustment for \$278,230 from past years unbilled revenue that needs to be allocated.

<i>YEF7 Part A</i>	<i>Operating Margin Allocated</i>	<i>Non-Operating Margins (option to allocate)</i>	<i>G&T Capital Credits (allocated seperately)</i>
Line 21	\$ 393,295		
Line 22.		160,696	
Line 25.		(122,093)	
Line 26.			1,405,537
Line 27.	57,380		
Line 28		619,088	
2021 losses:	(79,601)		
sub-totals	\$ 371,074	\$ 657,691	\$ 1,405,537
2020 Unbilled Revenue	278,230		
Totals:	\$ 649,304	\$ 657,691	\$ 1,405,537

Therefore, according to Policy:

We request that the Board allocate operating margins (net of 2021 Operating Margin losses) and the Sunflower allocation. We further request that the Board retain the LSEC Non-Operating margins rather than allocating them. This will shift that amount to equity.

In summary, staff requests that the Board approve:

- 1. An allocation of \$649,304 in total Operating Margins, and**
- 2. An allocation of \$1,405,537 in 2021 Generation and Transmission Capital Credits, and**
- 3. That the Cooperative retain (no allocation) all Non-Operating Margins.**

10. c. General Manger Evaluation

Items to be presented during the Board meeting.

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF APRIL 2022

1. Safety Council snow storm member damage review.
2. Kasey Jenkinson and Leighton Ayers attended National Electrical Code (NEC) meeting.
3. Dellon Shelton and Blake McVicker Trucker's Against Trafficking Certification.
4. Blake McVicker journeyman lineman certification.
5. Ann Jennings's member safety awareness publishes to either KCL newsletter, social media, and/or the Lane Scott Electric website concerning:
 - Call B4 You Dig
 - Overhead Line Clearance/Call to Raise Lines
 - Ladder & Electricity Don't Mix/Ladder Safety
 - No-Time Lost Award
 - Stay Clear of Downed Lines (wind)
 - Text Scam
 - Work Zone Safety
 - Lightning Safety
6. Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Compliance One drug and alcohol monthly roster report.
7. KEC March safety meeting topics: Safety summary, Bloodborne Pathogens/Hazard Communications, Communications Emergency Preparedness, and Prevention of Back Injuries. March 30th safety minutes are included in the May board packet.
8. KEC April safety meeting topics: Safety Summary, Transformer Connections (3-phase), Professional Conduct, and Stress Management. April 27th safety minutes will be included in the June board packet.

SAFETY PROJECTS IN PROGRESS AS OF APRIL 2022

1. SDS Program products updates and improvements.
2. Safety Amp software inspection form templates.
3. Security system backordered.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
SAFETY MEETING
March 30, 2022

Chris Terhune called the meeting to order at 9:02am.

Minutes were read: Dal Hawkinson made a motion to approve the February 17th minutes and Dellon Shelton seconded. Minutes were read and approved as printed.

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

Absent: Ann Marie Jennings

Guest: None

Truck report of inspections:

105	Dellon Shelton	OK
110	Myron Seib	OK
112	Leighton Ayers	OK
117	Chris Terhune	OK
123	Michael Pollock	OK
132	Kevin Bradstreet	OK
135	Nate Burns	OK
136	Dellon Shelton	OK
143	Michael Pollock	OK
144	Kalo Mann	OK
145	Chris Terhune	OK
150	Kasey Jenkinson	OK
173	Chad Rupp	OK
174	Dal Hawkinson	OK
191	Michael Pollock	OK (AED will expire April 2022)
193	Myron Seib	OK
200	Ben Mann	Needs beacon replaced.
304	Myron Seib	OK
305	Myron Seib	Windshield chipped.

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: Replaced #85 Snag

Substation and Regulator Report:

- ♦ Ben Mann: Starting to do underground annual inspections. Bazine sub bus bells were changed out. Sunflower inspection for sub infrared for hot spots on bad connections.
- ♦ Dal Hawkinson: All subs will be sprayed next week.
- ♦ Myron Seib: Alexander sub 115 and Twin Springs OCR didn't open.

PCB Report: None to Report

Line Clearance: Camp Lakeside, Jack Stairets, and Kurt Huelskamp

Accident and Near Misses:

- ♦ Myron Seib: Truck hit line to Bazine Post office. It was broken and rerouted until fixed. Double circuit pole was hit along highway by Ness substation 115.
- ♦ Richard McLeon: Mark McCulloch cut his hand on hole saw.
- ♦ Nate Burns: Phil Habiger's cow got close to a broken line and was killed.

Old Business:

- ♦ Myron Seib: Ness warehouse shelving is in and will be assembled later.
- ♦ Chris Terhune reported we were not eligible for the OSHA Sharp program.

New Business:

- ♦ Richard McLeon: Reviewed the 7 cooperative principles, line extensions expenses and charging methods, Dr. Bennett chiropractor care, great job on storm restoration, and truck orders are 2 years out.
- ♦ Dal Hawkinson: Collector batteries are being replaced because they are unable to meet the 12-hour time frame hold and are shutting down preventing them from reporting back.
- ♦ Nate Burns discussed OMS storm mode and outage reporting procedures.
- ♦ Chris Terhune: Reviewed RESAP Self-Assessment, safety summary workshops, tower radio equipment backordered till end of April. RESAP observation coming up. Blake McVicker received Journeyman Lineman Certification.
- ♦ Mike Goddard: Bloodborne pathogens/hazard communication, emergency preparedness, and reviewed safety summary.

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary