



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for August 7, 2023, at 7:00 p.m.

Proposed Agenda:

1. Call to Order
2. Reorganization and Delegations of the Board
 - a. Officer Election
 - b. LSEC Board Meeting Time and Date
 - c. Board Policy 203 Board Compensation
 - d. Sunflower Delegates and Alternates
 - e. KEC Delegate and Alternate
3. Reading and Approval of Minutes
4. Presentation of Check Registers
5. Presidents Report
6. Attorneys Report
7. Sunflower EPC Report
8. KEC Report
9. General Managers Report
10. Old Business
11. New Business
 - a. BSGM Audit Engagement Letter
 - b. Resolutions
 - i. FNB, Dighton – Add Accountant and new Board Secretary
 - ii. First State Bank, Healy – Add Accountant and new Board Secretary
 - iii. RUS – add new Board Officer(s)
 - iv. CoBank – add new Board Officer(s)
12. Safety Program Report
13. Executive Session (if requested)
14. Adjourn

Upcoming Events:

Sunflower Board Meeting	Hays	Aug 16
Office Closed – Labor Day		Sep 4
LSEC Board of Trustees meeting	Dighton	Sep 11

8/5/2023

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2023

January

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Sunflower
KEC



NRECA
LSEC



Office Closed

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Sunflower
KEC



NRECA
LSEC



Office Closed

LANE-SCOTT ELECTRIC COOPERATIVE, INC. POLICY

Dated: December 4, 2017

Policy No.: 203

Supersedes Date: September 11, 2017

September 14, 2009

August 23, 2004

March 26, 2001

February 28, 1994

January 18, 1993

December 1990

February 1986, January 1985, January 1982, January 1978

August 1974, June 1973, January 1972, September 1966

September 1965, February 1965, January 1959, February 1957

May 1953, April 1949

SUBJECT: Directors Compensation and Benefits

POLICY:

Directors attending meetings for the Cooperative's benefit shall be compensated at the following rate:

1. Per diem \$350.00 per meeting day and \$300.00 per travel day.
2. Subsistence allowance of up to \$100.00 per day or actual expenses.
3. Travel in personal cars for business purposes at the allowable IRS limit.
4. Hotel bills at actual cost.
5. Banquet and special luncheon tickets at actual cost.
6. Commercial transportation at actual cost.
7. WHEREAS, joint memberships between husbands and wives are authorized by Article I, Section 3 of the Bylaws, and WHEREAS, it is the policy of the Cooperative to educate it's members and encourage them to be ambassadors for the benefit of the Cooperative, spouses of Directors may attend meetings with Directors and any additional expense will be reimbursed by the Cooperative at actual cost.
8. Directors serving on Sunflower Electric Power Corporation's Board or the board of any other affiliated organization shall be entitled to all such Compensation and Benefits as paid by the Corporation except when the

--- Policy 203 -----
Page 2

General Manager fulfills the position. The compensation and benefits shall then be turned over to the cooperative.

9. All teleconference calls for Directors shall be paid \$50.00 per call.
10. NRECA Accidental Death and Dismemberment Insurance and Business Travel Accident Insurance shall be carried on all Directors. The cost of this coverage will be paid by the Cooperative.
11. All directors, spouses and dependents may participate in the Cooperative's group health insurance plan at their own expense. When a Director completes his tenure on the board, he/she may continue coverage at their own expense. In the event of the death of an active or past director, his/her spouse may continue coverage at their own expense.

ATTESTED _____
Secretary

**MINUTES OF THE REGULAR JULY 2023
MEETING OF THE BOARD OF TRUSTEES
OF THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.**

CALL TO ORDER

A regular meeting of the Board of Trustees of the Lane-Scott Electric Cooperative, Inc., was held on Monday, July 10, 2023, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:57 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Paul Seib Jr., and Craig Ramsey. Also present Richard McLeon IV and Joseph D. Gasper, Attorney. Eric Doll, Richard Sorem, and Chad Griffith were absent.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on June 5, 2023. *Hearing no corrections to the minutes, President Jennison declared the minutes stand approved as printed.*

CASH DISBURSEMENTS

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

There were no questions regarding the checks.

PRESIDENT'S REPORT

President Jennison had no current items to report.

ATTORNEY'S REPORT

Attorney Gasper discussed the procedure for announcement of the election results at the annual meeting.

REPORT OF SUNFLOWER DELEGATE

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

KEC REPORT

Craig Ramsey, KEC representative, had no current items to report.

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 is 11.75 which is close to the y.t.d average of 11.82 cents but still above the five-year average.
- The reliability numbers remain good. LSEC is seeing more planned outages due to pole change outs. A contractor for pole change outs is still being sought.
- The Strategic plan update was presented to the board. Goal number one is 74% complete, number 2 is 31% complete, number 3 is 9% complete and will not have much activity until the COSS is started, number 4 is 53% complete, and number 5 is 37% complete. The updates have been assigned to various employees in their respective areas. Overall the strategic plan is estimated to be 42% complete.
- The lesser prairie chicken was listed as threatened on March 27, 2023. The restoration plan has not been developed by the USFWS at this time. Jim McVey, of Sunflower prepared an operating procedure/policy that was made available for all Sunflower Members. Nate will be the point person on developing the mapping applications and implementation on the project.
- Federated Insurance is supporting a Wildfire Management Portal subscription service that is offered through the Utility Resource Collaborative (part of BKI Engineering Services). This includes a Utility Wildfire Preparedness Assessment and is intended to strengthen the wildfire preventative position as well as the legal defense against wildfire claims. A three-year subscription costs \$7500.00. The issue will be further researched to determine feasibility.
- LSEC continues having a good year through May with \$241,886 in year-to-date Patronage Capital.
- Year to date revenue is \$645,461 (8.4%) below last year but year to date wholesale power expense is \$788,755 (17.2%) below last year producing an increase of \$143,294 in distribution margins. Cash on hand is \$7,132,457.
- Operations continue to be busy with pole change outs. The iron poles should be delivered in the next month. Manager McLeon would like to have a contractor for the installation of the iron poles to help the linemen learn the intricacies of the iron poles.

- Engineering continues work on the 34.5kV to 24.9kV potential grant project.
- There is a potential new grain elevator project in Bazine.
- The member satisfaction survey has been received and the results will be presented at the next meeting.
- Retail Non-operating margins were \$7,494.40 for May and \$38,394.23 year-to-date. Generac interest continues to be high. Mark completed the Powercell training so LSEC can now install whole home solar battery backup systems to the product line.

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. TARIFF AMENDMENT

- LSEC conducted a field survey of private lighting in 2022. As a result of the survey it was discovered there were two light categories with no active private area lightings being billed. Staff recommended an amendment to the Tariff.
- *A motion to approve the staff recommendation that the Tariff for Electric Service (as approved August 8, 2022), Section II, Subsection L., item 1. Security (Decorative) Lighting Service, b. RATE. to remove Single Globe 100W HPS, investment option B (Cust-25%, Coop-75%) and add Amendments to the Appendix effective immediately was made, duly seconded, and carried.*

2. POLICY 505

- Manager McLeon presented the proposed amended policy 505 to propose a cost saving measure and further clarify the sick leave and disability leave policy. Manager McLeon reviewed the proposed changes with the board.
- *A motion to approve the changes to board policy 505 regarding sick leave and disability leave as presented to the board was made, duly seconded, and carried.*

3. POLICY 507

- Manager McLeon presented the board with a proposed amendment to board policy 507 regarding employee leave policies.
- *A motion to approve the proposed amendments to board policy 507 as presented to the board was made, duly seconded, and carried.*

4. POLICY 516.

- Manager McLeon presented the board with an amended policy 516 regarding non-discrimination & assurance against sexual harassment. The current policy was dated and needs updating to current language.
- *A motion to approve the proposed amendments to board policy 516 as presented to the board was made, duly seconded, and carried.*

EXECUTIVE SESSION

- *A motion to enter executive session to discuss personnel issues was made, duly seconded, and carried at 8:23 p.m. The board came out of executive session at 8:36 p.m.*

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:36 p.m., on Monday, July 10, 2023.

08/02/2023 3:00:22 pm

Payroll/Labor Check Register

Page 1

Pay Date: 07/01/2023 To 07/31/2023

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	07/13/2023	6726	5,368.03	0.00	80.00	0.00	706.64 405.23	44.72 0.00	1,467.22 2,913.14	3,194.17 900.00	DD
21	CARRIE M BORELL	07/13/2023	6727	3,463.16	0.00	92.50	0.00	402.54 257.08	16.42 0.00	648.74 2,322.50	2,294.17 2,411.88	DD
22	REBECCA L CAMPBELL	07/13/2023	6728	2,326.40	0.00	80.00	0.00	521.55 160.82	11.18 0.00	386.37 2,108.91	1,418.48 300.00	DD
26	RICHARD A MCLEON	07/13/2023	6729	10,208.33	0.00	80.00	0.00	594.17 786.30	145.20 0.00	2,979.31 4,581.60	6,634.85	DD
34	KALO M MANN	07/13/2023	6730	3,360.00	0.00	84.00	0.00	610.21 256.48	73.47 0.00	730.21 1,992.98	2,019.58	DD
35	NATHAN A BURNS	07/13/2023	6731	3,062.40	0.00	80.00	0.00	448.41 232.95	20.25 0.00	760.65 1,703.51	1,853.34	DD
50	KASEY R JENKINSON	07/13/2023	6732	4,547.68	0.00	83.00	0.00	647.57 339.19	31.56 0.00	969.60 2,820.91	2,930.51	DD
55	BENJAMIN L MANN	07/13/2023	6733	4,030.48	0.00	82.00	0.00	737.32 302.62	34.76 0.00	853.35 2,716.17	2,439.81	DD
74	DAL S HAWKINSON	07/13/2023	6734	3,586.40	0.00	80.00	0.00	549.97 265.73	6.21 0.00	714.46 2,670.57	2,321.97	DD
84	MICHAEL S POLLOCK	07/13/2023	6735	3,820.00	0.00	90.00	0.00	595.46 286.97	7.12 0.00	818.82 2,110.31	2,405.72	DD
85	CHAD A RUPP	07/13/2023	6736	4,030.48	0.00	82.00	0.00	573.25 302.58	43.90 0.00	1,048.34 2,685.49	2,408.89	DD
89	CHRIS R TERHUNE	07/13/2023	6737	5,790.80	0.00	111.00	0.00	617.34 433.15	16.54 0.00	1,809.89 2,670.57	3,363.57	DD
93	MYRON E SEIB	07/13/2023	6738	5,370.50	0.00	100.50	0.00	649.35 407.07	31.39 0.00	1,104.19 2,391.90	3,616.96	DD
99	KEVIN A BRADSTREET	07/13/2023	6739	4,057.12	0.00	88.00	0.00	456.81 310.03	29.27 0.00	1,131.90 1,598.69	2,468.41	DD
108	MARK R MCCULLOCH	07/13/2023	6740	3,568.78	0.00	90.50	0.00	912.65 270.31	37.62 0.00	828.72 1,740.57	1,827.41	DD
117	LEIGHTON J AYERS	07/13/2023	6741	3,586.40	0.00	80.00	0.00	513.63 264.38	14.91 0.00	752.08 2,562.98	2,320.69 150.00	DD
129	STACEY L FOOS	07/13/2023	6742	81.00	0.00	5.00	0.00	0.00 6.80	0.00 0.00	6.19 0.00	74.81	DD
130	ANN MARIE JENNINGS	07/13/2023	6743	2,420.00	0.00	88.00	0.00	502.25 167.47	9.25 0.00	435.24 2,063.64	1,482.51	DD
131	DIANA F KUHLMAN	07/13/2023	6744	2,208.00	0.00	80.00	0.00	522.32	14.19	320.35	1,365.33	DD

08/02/2023 3:00:22 pm

Payroll/Labor
Check Register

Page 2

Pay Date: 07/01/2023 To 07/31/2023

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
132	DELLON R SHELTON	07/13/2023	6745	5,022.90	0.00	108.00	0.00	163.83	0.00	1,710.78		
								345.75	6.52	1,529.57	3,147.58	DD
								381.88	0.00	1,425.12		
134	SCOTT A BRIAND	07/13/2023	6746	2,424.00	0.00	80.00	0.00	295.41	3.76	391.71	1,736.88	DD
								173.80	0.00	2,104.04		
135	BLAKE T MCVICKER	07/13/2023	6747	5,491.69	0.00	106.50	0.00	434.62	4.14	1,583.44	3,473.63	DD
								414.62	0.00	2,282.52		
137	DYLAN S FEHRENBACH	07/13/2023	6748	2,152.00	0.00	80.00	0.00	37.61	1.55	430.60	1,683.79	DD
								161.87	0.00	369.67		
138	KATIE M RIFFLE	07/13/2023	6749	1,440.00	0.00	80.00	0.00	126.44	12.40	211.66	1,101.90	DD
								104.26	0.00	1,092.88		
139	JOCELYN J WALKER	07/13/2023	6750	3,125.00	0.00	88.00	0.00	0.00	2.78	755.81	2,369.19	DD
								241.81	0.00	41.82		
140	TAYLOR J CABLE	07/13/2023	6751	1,290.96	0.00	72.00	0.00	0.00	0.00	221.94	1,069.02	DD
								108.70	0.00	0.00		
137	DYLAN S FEHRENBACH	07/30/2023	6752	21,520.00	0.00	0.00	0.00	0.00	0.00	9,004.51	12,515.49	DD
								1,646.28	0.00	0.00		
5	KATHERINE E LEWIS	07/30/2023		5,368.03	0.00	88.00	0.00	706.64	44.72	1,467.22	3,194.17	
			6753					405.23	0.00	2,913.14	900.00	DD
											2,294.17	DD
21	CARRIE M BORELL	07/30/2023	6754	3,980.45	0.00	105.00	0.00	430.60	16.42	779.87	2,769.98	DD
								296.65	0.00	2,336.53		
22	REBECCA L CAMPBELL	07/30/2023		2,689.90	0.00	91.00	0.00	549.46	11.18	478.53	1,661.91	
			6755					188.64	0.00	2,120.54	300.00	DD
											1,361.91	DD
26	RICHARD A MCLEON	07/30/2023	6756	10,208.33	0.00	88.00	0.00	594.17	145.20	2,979.32	6,634.84	DD
								786.31	0.00	4,581.60		
34	KALO M MANN	07/30/2023	6757	3,960.00	0.00	97.00	0.00	610.21	73.47	882.31	2,467.48	DD
								302.38	0.00	1,992.98		
35	NATHAN A BURNS	07/30/2023	6758	3,598.32	0.00	92.00	0.00	448.41	20.25	950.09	2,199.82	DD
								273.94	0.00	1,718.82		
50	KASEY R JENKINSON	07/30/2023	6759	8,169.96	0.00	128.00	0.00	694.11	31.56	2,226.68	5,249.17	DD
								616.30	0.00	2,842.06		
55	BENJAMIN L MANN	07/30/2023	6760	4,980.10	0.00	98.00	0.00	737.32	34.76	1,150.26	3,092.52	DD
								375.27	0.00	2,735.59		
74	DAL S HAWKINSON	07/30/2023	6761	5,579.74	0.00	113.50	0.00	593.00	6.21	1,437.42	3,549.32	DD
								418.22	0.00	2,688.50		
84	MICHAEL S POLLOCK	07/30/2023	6762	4,292.73	0.00	102.00	0.00	627.46	7.12	985.92	2,679.35	DD
								323.12	0.00	2,126.31		
85	CHAD A RUPP	07/30/2023	6763	4,273.28	0.00	88.00	0.00	612.10	43.90	1,134.17	2,527.01	DD

08/02/2023 3:00:22 pm

Payroll/Labor Check Register

Page 3

Pay Date: 07/01/2023 To 07/31/2023

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	07/30/2023	6764	4,214.02	0.00	92.00	0.00	321.15 653.20	0.00 16.54	2,704.91 1,223.10	2,337.72	DD
93	MYRON E SEIB	07/30/2023	6765	4,424.83	0.00	92.50	0.00	312.52 705.39	0.00 31.39	2,688.50 833.31	2,886.13	DD
99	KEVIN A BRADSTREET	07/30/2023	6766	4,450.68	0.00	97.00	0.00	334.73 496.26	0.00 29.27	2,410.58 1,276.12	2,678.30	DD
108	MARK R MCCULLOCH	07/30/2023	6767	3,758.80	0.00	92.50	0.00	340.16 912.65	0.00 37.62	1,616.62 895.89	1,950.26	DD
117	LEIGHTON J AYERS	07/30/2023	6768	7,902.12	0.00	143.50	0.00	284.84 520.80	0.00 14.91	1,740.57 2,161.83	5,219.49	
								594.53	0.00	2,570.15	150.00	DD
											5,069.49	DD
129	STACEY L FOOS	07/30/2023	6769	129.60	0.00	8.00	0.00	0.00 10.91	0.00 0.00	9.91 0.00	119.69	DD
130	ANN MARIE JENNINGS	07/30/2023	6770	2,200.00	0.00	80.00	0.00	480.25 150.64	9.25 0.00	379.47 2,052.64	1,340.28	DD
131	DIANA F KUHLMAN	07/30/2023	6771	2,656.50	0.00	93.50	0.00	566.48 198.13	14.19 0.00	424.40 1,721.82	1,665.62	DD
132	DELLON R SHELTON	07/30/2023	6772	3,846.48	0.00	92.00	0.00	365.97 291.87	6.52 0.00	1,097.71 1,437.25	2,382.80	DD
134	SCOTT A BRIAND	07/30/2023	6773	2,939.10	0.00	94.00	0.00	307.53 213.20	3.76 0.00	522.29 2,111.31	2,109.28	DD
135	BLAKE T MCVICKER	07/30/2023	6774	4,686.04	0.00	100.50	0.00	470.48 352.98	4.14 0.00	1,282.52 2,300.45	2,933.04	DD
137	DYLAN S FEHRENBACH	07/30/2023	6775	1,456.64	0.00	52.15	0.00	646.98 108.68	1.55 0.00	254.33 369.67	555.33	DD
138	KATIE M RIFFLE	07/30/2023	6776	1,584.00	0.00	88.00	0.00	126.44 115.52	12.40 0.00	244.43 1,092.88	1,213.13	DD
139	JOCELYN J WALKER	07/30/2023	6777	3,125.00	0.00	80.00	0.00	0.00 239.28	2.78 0.00	755.82 41.82	2,369.18	DD
140	TAYLOR J CABLE	07/30/2023	6778	1,685.42	0.00	92.00	0.00	0.00 138.43	0.00 0.00	321.45 0.00	1,363.97	DD
Grand Total:				\$ 223,512.58	\$ 0.00	4,559.15	\$ 0.00	\$ 24,657.18 \$ 16,845.84	\$ 1,238.22 \$ 0.00	\$ 58,049.24 \$ 101,596.51	\$ 140,806.16	



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING SUMMARY JULY 19, 2023

The Sunflower Board of Directors appointed Steve Epperson as interim president and CEO, effective immediately. Steve will replace Todd Hillman, who served as Sunflower's president and CEO since January.

Operations

Generation: gas-steam units continue to experience unusual numbers of run orders from SPP indicating the region is "running close to the edge."

Transmission: Staff completed multiple storm restorations, the largest being damage to the Liberal 115 kV line between the East Pine and West Liberal substations; completed project work at Phillipsburg; supported project work at the Scott City and Ransom substations; and supported multiple capital projects across the system.

Environmental: EPA continues its attack on coal-fired resources using the Mercury and Air Toxics Standards (MATS), coal combustion residuals (CCR) rules, and newly proposed greenhouse gas (GHG) standards. Sunflower is coordinating with NRECA to file comments on these anti-energy reliability, anti-domestic energy, and anti-affordable energy policies. Sunflower environmental staff supported numerous site inspections and routine data submittals.

Staff reported on the completion of repairs to the Dodge City rail spur by Cargill and KDOT; the Dodge City loop conductor upgrade; and the Fort Dodge 4 Synchronous Condenser Project.

Board action: The Sunflower Board approved an increase in the authorized cost for the Fort Dodge 4 Synchronous Condenser Project as presented.

Board action: The Sunflower Board granted staff approval to reconductor between the Fort Dodge Substation and East Dodge tap locations.

Power Supply and Delivery

Staff worked with Strategen Consulting, NRCO, and ACES to put together application ideas for the Empowering Rural America (New ERA) grant and low-interest loan money; participated in a Team Kansas economic development event in Wichita and gave a presentation on our certified sites program; continued working with ACES on a pilot study for demand response resources desiring to participate in the SPP Integrated Marketplace ancillary services market; and worked with engineering staff to investigate rerouting the transmission feed to the Chisholm Project data center site near Caldwell.

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Sunflower's Members currently serve 20 MW of cryptocurrency mining load, and both crypto customers expressed a desire to add new load. Existing contracts include wholesale rate incentives, and staff discussed similar incentives for new loads, along with load interruptibility provisions to protect against added fixed capacity costs. As more interruptible load is added, the number of curtailment hours will increase in order to maintain Sunflower's annual peak where it would otherwise be without the incremental crypto load.

Board action: The Sunflower Board approved wholesale rate incentives for additional crypto loads.

Member AMI systems would continue to be individually owned by each Member, but coordination on upgrades and incorporation into MDMS would allow effective and economic upgrades to the latest technology and simplify access to gathered data. The Board consensus was that adopting a specific brand of meter is not as important as the ability of new meters to make data accessible at the generation and transmission level. Sunflower staff will work with Members to develop a consensus for coordinating individual Member upgrades, identify strategies for applying for grant money, and form a Member working group to develop an implementation plan.

Transmission Policy and Planning

Staff met with third-party customers to finalize the Local Planning Criteria draft to submit to SPP by August 1, 2023.

FERC approved C2 waiver tariff revisions in October 2022, and Sunflower filed a C2 waiver application with SPP for four NTCs per the approved tariff. A vote on Sunflower's application was to occur on July 25, 2023, but on July 13, 2023, FERC reversed itself and set aside the order. The rejection was without prejudice; therefore, SPP can bring the same filing back to FERC. Sunflower is planning on asking FERC for a rehearing and possibly appealing FERC's reversal decision.

The SPP Markets and Operations Policy Committee (MOPC) approved a 15% winter resource adequacy requirement for the Planning Reserve Margin (PRM) due to concerns about winter season outages; approved the 2022 20-year assessment report; and approved a change in the zonal planning criteria so a "no show" vote counts in the zonal planning process.

ITP 2023 Activities: SPP staff posted a draft list of projects for the 2023 ITP Study. The Sunflower area contained two projects, both identified in the economic assessment. SPP proposed the replacement of terminal equipment for the Spearville to Great Bend 230kV line and raising structures along the Great Bend to Ellsworth Tap 115kV line to eliminate conductor clearance issues.

ITP 2024 Activities: SPP is discussing assumptions that will go into 2024 ITP study. There has been an increase in renewable penetration across the SPP footprint.

DISIS 2021 Phase 1 Report: The initial report indicates a complete rebuild of 115 kV facilities spanning from Liberal to Medicine Lodge. The next phase of the process will allow GI customers the ability to drop from the queue, which could impact the final listing of projects.

High Voltage Direct Current (HVDC) Transmission Line: A reliability study is underway to determine the impact to SPP and Sunflower of a HVDC line stretching from Dodge City to Illinois (800 miles). Sunflower is working in parallel with the SPP process and gathering feedback from industry experts.

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Technology Services

All core IT and cyber security dashboard metrics achieved monthly targets for June including Availability Management, Productivity Management, Service Management, Integrity Management, Vulnerability/Patch Management, and Event Management.

Regulatory & Legislative

Staff updated the Board on the 2023 rate study. James Brungardt reviewed the June revenue breakdown, and per the Board's request at last month's meeting, he also provided comparison data for the prior 12 months. Staff will seek a Board decision on the preferred rate design at the August meeting.

A call was held on July 3 with Federal Energy Regulatory Commission (FERC) staff to discuss the Russell Capacitor Bank filing. FERC requested Sunflower staff make a supplemental filing to clarify how costs for the Russell Capacitor Bank will be handled from an accounting perspective.

Staff posted the 2024 projected Transmission Formula Rate (TFR) Annual Update on June 23 and held a customer meeting on July 6 with all of Sunflower's third-party transmission customers.

The second quarterly update call with Western Kansas Industrial Electric Consumers (WKIEC) representatives was held on June 27. The main topics of discussion included Sunflower's 2023 rate study and projected impacts, energy cost adjustment forecasts, Sunflower's fall and winter hedging strategies, and an update on the renewable energy program. The overall discussion was good and WKIEC was appreciative. The next quarterly update meeting is scheduled to be an in-person meeting in September.

No real action was taken on bills pertaining to electric utilities during the 2023 legislative session. The summer/fall interim committees have been assigned and staff anticipate Sunflower will need to be heavily involved in a number of those committee meetings.

The Right of First Refusal (ROFR) Bill is still alive and expected to be assigned further investigation in 2023. Indiana and Illinois recently passed ROFR Bills, which is good for the Kansas bill. Staff expect many meetings and working groups to take place this summer.

Staff held calls with the Kansas Corporation Commission (KCC) and Kansas Gas Service (KGS) staff to review Sunflower's issues with the current proposed tariff and discuss the details of how Sunflower facilities utilize KGS gas. KGS was receptive to Sunflower's comments, and KCC staff stated they are in support of finding ways to address Sunflower's needs. Sunflower is still the only electric utility in the docket.

Corporate Services

Communications staff supported the marketing and communications development for the Sunflower Electric Solar @ Russell press conference on June 22 with 45 individuals in attendance and conducted Western's photo shoot on June 15 (tentative photos shoots have been scheduled with other Members); and engaged in community solar planning with Victory.

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Sunflower supply chain staff negotiated \$386K in cost savings year to date since tracking began. The Member buying consortium team is finalizing the negotiation subcommittee roster and will then start planning a negotiation strategy with suppliers.

Safety staff reported one recordable incident in June (the individual is okay and there was no lost time).

Financial Services

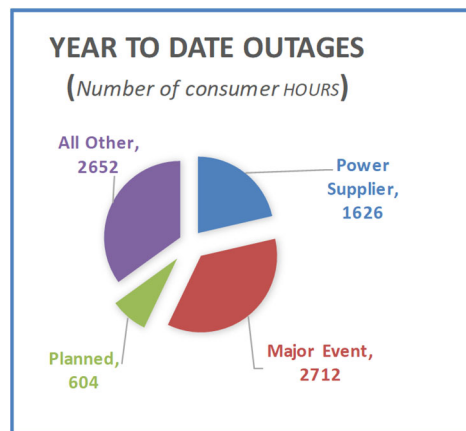
June Financials

Low natural gas prices continue to result in a low Energy Cost Adjustment (ECA). The June Member rate was \$10/MWh, favorable to budget; the year-to-date Member rate was \$13/MWh, favorable to budget. Overall Member loads were down 12.14% from budget for the month and down 1.78% from budget year to date. Large industrial loads were up 1.66% from budget for the month and down 0.21% from budget year to date. Year-to-date operating expenses were up 2.15% from budget for the month and down 8.10% from budget year to date.

9. General Manager's Report

A. Rates and Reliability Dashboard

Rate Summary - June	current month (\$/kWh)	ytd average (\$/kWh)	ytd '17-22 avg. (\$/kWh)
Residential	0.1183	0.1466	0.1253
Residential - Seasonal	0.2508	0.2591	0.2032
Irrigation	0.0793	0.0993	0.0882
C&I 1000kVa or less	0.1041	0.1229	0.1081
C&I over 1000 kVA	0.0847	0.1071	0.1072
Public Street and Lighting	0.1468	0.1582	0.1292
Other Sales to Public Authorities	0.1353	0.1523	0.1495
Sales for Resale - Other	0.0895	0.0610	0.0796
Total Sales price per kWh:	0.0976	0.1134	0.1086



Jun-23	meters	kWh	\$\$s	ratio
<i>Residential Sales</i>	38.6%	14.9%	18.0%	1.21
<i>Residential Seasonal</i>	19.4%	1.1%	2.9%	2.57
<i>Irrigation Sales</i>	5.8%	4.4%	3.6%	0.81
<i>C&I 1000 kVa or less</i>	32.0%	29.6%	31.5%	1.07
<i>C&I over 1000 kVa</i>	3.1%	43.8%	38.0%	0.87
<i>Public Street and Lighting</i>	0.2%	0.2%	0.3%	1.50
<i>Other Sales to Public Authorities</i>	0.8%	0.2%	0.3%	1.39
<i>Sales for Resale - RUS Borrowers</i>	0.0%	0.0%	0.0%	
<i>Sales for Resale - Other</i>	0.0%	5.8%	5.3%	0.92

B. Annual Meeting Update.

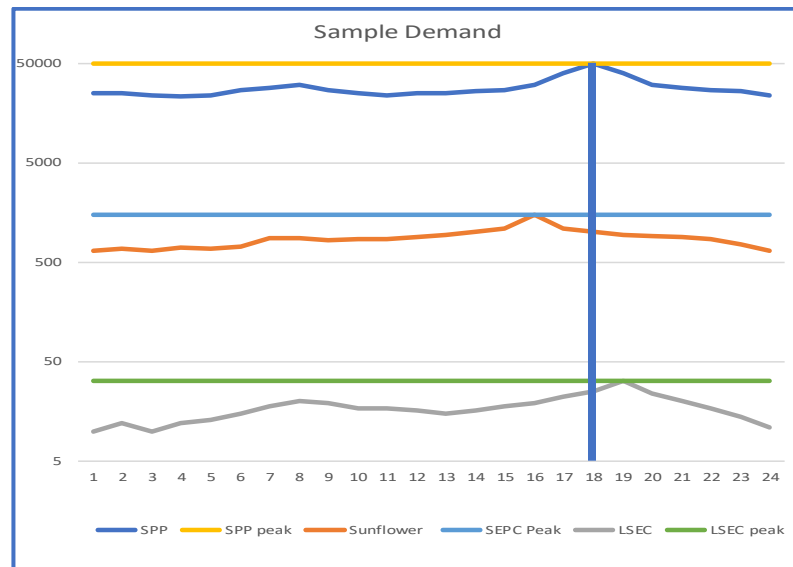
- 1) Quorum with 117 members present at registration. That is one less than last year.
- 2) Voting. 101 online, 32 at meeting, and 191 mail-in ballots representing 12.56% of members.
We had a glitch which prevented 25 members from receiving ballots. This was related to the member list that we sent to OSG/Everview for ballot distribution. The list sent was queued based on the list we normally send to Kansas Country Living magazine. This error was

has evidently been happening for years without detection. One person (Kenneth Flax) noticed this year and we registered his vote at the Annual Meeting.

After balloting we discovered that 25 members were not set up to receive the magazine. However, if you take those 25 members and assume that 12.5% will vote, that's about 3 votes and would not have changed either election. If you apply all 25 to the second-place candidate, Mr. Jordan still wins by 1 vote. To affect the Finney / Hodgeman race, 52% of the 25 or 13 votes would have to have been applied to the second place candidate to effect the election.

C. Strategic Planning.

- 1) Rates: I am beginning to work with Justin at Guernsey about starting a COSS after the first of the year using 2022 as the base case. It is important to review that the wholesale rate we are charged is supposed to be a reflection of Sunflower costs and represents a "Zero-sum" game to the Sunflower owners. For example,



Sunflower buys power based on the total Sunflower demand at the moment of the SPP regional peak demand. If SPP peaks at August 10th at 6pm, and Sunflower buys 1000 MW at \$50.00 per MW, then Sunflower pays \$50,000. To recover that cost (and their operating expenses – say 10%) they need to recover \$55,000.

Normally, That cost is spread to the Sunflower owners based on our contribution to that peak. The bifurcated proposal would impose one charge for the contribution to peak, another for our individual peaks (NCP to Sunflower). This is designed to reduce rates for the very large industrials that contribute the most to the SEPC demand coincident with SPP by shifting a portion of that expense to smaller commercial consumers.

This presents challenges and opportunities. If we can incentivize or educate our industrial members to move production to avoid the SPP peak, or even levelize their demand, they could save wholesale power costs by shifting from SEPC CP to LSEC CP. The challenge is that SPP doesn't provide a market signal, so we have to take a SWAG based on history.

The Guernsey Team is getting together a COSS price estimate. Items we plan to review for recommendation are:

- Three-part rates. This means that all rates will have demand, energy, and customer charge components.
- Time-of-Use (TOU) rates. This is designed to incentivize members to shift demand patterns to off-peak times. It is especially critical to electric vehicle charging and to the net addition of distributed generation.
- Formulary rates. This bases our distribution revenue on a financial metric like TIER or DSC. If we are having low revenues due to mild weather or unusually high expenses it would add a per kWh charge to bring the metric up to the desired level. Likewise, if we are having high revenues due to extreme weather conditions or unusually low expenses, it would calculate a per kWh credit back to the member.
- Sunflower wholesale rates.
 - Wholesale energy rate. We will look at our base energy charge to determine if our embedded rate is adequate to account for average wholesale cost OR if we should separate the embedded cost and make it 100% pass through (ECA).
 - If the bifurcated (CP and NCP) demand rate passes the Sunflower Board, how do we send that rate signal to our members? This may result in bifurcated rates to our Commercial members. Commercial members account for about 70% of our kWh sales and revenues so we will be working closely with them.

2) Safety.

- FCC radios are installed and testing for dead zones will begin in August.
- RESAP Onsite Observation completed and staff working on correcting deficiencies.
- Safety Amp software inspection form templates being tested.
- Public education increased during harvest season and preparing for school start programs.

D. Member Satisfaction Survey. (There is a power point presentation)

- 1) The 2023 Member Satisfaction Survey produced a ACSI score of 29 (same as the 2020 Survey) and a CAPS score of 93.
- 2) Of the 251 members surveyed (95% Confidence Interval) only 4 people (1.59%) expressed an interest in behind the meter solar power. 96% said they had no plans of purchasing an electric vehicle with the remaining 4% interested “sometime in the future.”

E. KECHIT Update. KECHIT is exploring (at BCBS of Kansas’ prompting) two major initiatives. The first is limiting the insurance option to age 65 for all participants. The second is having KECHIT become self-insured. There are major issues with both initiatives. The first could save KECHIT money and improve BCBS profitability but have negative impacts on an employee turning 65 with dependents that are younger. Also, some retirees like to keep the more expensive coop policy because it is familiar or represents an active tie back to the coop. The second option scares me because lineman work is dangerous, and I don’t think we are collectively big enough to handle a few major claims.

F. The Credit Card records are available for the Boards review.

G. Departments / Sections (full reports are in the Supplemental file)

- 1) Accounting and Finance. A mild spring and early summer has caught up with us. Through June we had \$24,103 in year-to-date Patronage Capital. Our monthly operating ratios continue to be weather (kWh sales) and inflation (cost) dependent. However, our financial integrity remains strong with \$7,353,195 in cash position (a \$220,738 increase).
 - Year to date revenue is \$989,566 (10.5%) below last year with year-to-date wholesale power expense is \$1,133,387 (19.1%) below last year.
 - Key Metrics are:
 - YTD OP margins – (\$209,046). YTD Patronage Margins - \$24,103.
 - Cash Balance - \$7,353,195.
 - General Funds Level – 14.07%
 - Current Ratio – 1.86
 - Cash to Debt Ratio – 21.69%
- 2) Operations Report. (Kasey / Chris / Ben / Dal)
 - Maintenance
 - Refuse transformers and side taps.
 - Work locate tickets system wide.
 - Fix lights system wide.
 - Straighten and tamp poles on the Scott City 3 phase.
 - Measure lines for Gene Wilkens to move a building from the fairgrounds to south of Amy.
 - Set new poles on the tornado sirens in Arnold and Ness City.
 - Helped Kalo and Mike install new lights at the rodeo arena in Dighton.
 - Fixed phase floaters on the double circuit out of the Manning substation.
 - Retired connects for Maria Goering, Brent Whitley, and Ness City swimming pool.
 - Retired overhead service at Harold Gabel's in Ness City.
 - Trimmed trees at James Hewes in Finney Co.
 - Update meter loop at Harold Gabel's and Matt Doll's.
 - Pole Change Outs
 - Changed out 1 V-phase junction pole, 1 V-phase dead end pole and rebuilt connect, and 3 V-phase in line poles.
 - Changed out 6 3-phase in line poles (including 3 3-phase poles on the Little Mennonite Road in Finney Co.), 1 single-phase junction pole, lift poles for Ehmke Seed and HRC Feeders, and a single-phase pole north of Hell Creek Ranch.
- 3) Engineering. (Dal and Nate)
 - Maintenance
 - Monthly sub checks.
 - Met with Kasey Kraus at the Magellan pumping station about high voltage. The problem was on their side of the meter.
 - Moved regulators from Healy to Brownell.
 - New Projects
 - PSE WindMil model data collection: In process – Ongoing 70%
 - Weskan grain facility Scott Co.: In Process Working with Habco engineering on RR Xing application
 - Conine Farms gas reclamation project: Meeting with Wheatland to discuss effects.
 - Meter inventory updates and re-programing: Ongoing
 - 2022 FEMA projects: Ongoing, data is still being requested (occasionally 90%??)

July 2023 CIAC pricing updated.

NISC workflow: Training completed, Testing In process

2022 pole testing replacements: In process 80%

2023 Pole testing: Est. start September 2023

ArcFlash study: Study Completed and approved.

SPCC plan: Plan Completed, Booklets made, and distributed. The tabletop exercise is scheduled for Sept. safety meeting.

Prospective System Grant: Meeting with Dr. Al Tuesday Aug. 15th

Ness City Pool project: Site visit by boring contractor Monday Aug. 7th

Ness City Airport AWOS: Boring in primary underground Monday Aug. 7th

Utica Autotransformer station: Transformer pads ETA Aug. 15th

4) Communications / Member Services Report. (Ann Marie)

- Board Photos. Would you like to update individual photos when we have the new Trustee photos done? We can also do a new group photo at that time.
- Social Media Back to School Contest. The question is, "What are you looking forward to most in the coming school year?". Two random participants will each receive a \$50.00 VISA gift card.

5) Retail Services / Warehouse Report. (Scott)

- Retail Non-operating margins = \$7,494.40 (May) and \$38,394.23 YTD.
- Generac. We sold another four units in July, and we are getting more calls from Ness County.
- Electrician / HVAC services.
 - Electrician demand remains high, and Lane County Feeders continues to keep us busy. Kalo is undergoing rehab for his shoulder
 - Mark has installed a new water heater and several compressors, but we are mostly keeping him on service work. No date has been set for his back surgery.
- Materials. We have received our first order of iron poles and are beginning installs. We are using fiberglass crossarms as an additional test. Other materials are starting to show up and lead times are decreasing.

Respectfully submitted,

Richard McLeon, MBA
General Manager / CEO

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 June 2023
	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	7/17/2023
	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	9,423,788	8,434,222	11,361,744	1,373,044
2. Power Production Expense				
3. Cost of Purchased Power	5,936,473	4,803,086	7,154,826	998,818
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	432,076	551,586	536,190	91,144
7. Distribution Expense - Maintenance	618,065	516,101	698,562	99,833
8. Customer Accounts Expense	119,830	134,299	136,062	19,686
9. Customer Service and Informational Expense	28,599	33,391	31,482	3,358
10. Sales Expense	34,580	48,789	35,796	7,043
11. Administrative and General Expense	759,061	964,596	850,602	147,677
12. Total Operation & Maintenance Expense (2 thru 11)	7,928,684	7,051,848	9,443,520	1,367,559
13. Depreciation and Amortization Expense	935,557	970,735	1,081,704	163,018
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	636,906	605,206	625,896	101,716
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	144	2,749	174	446
19. Other Deductions	7,700	12,730	13,266	2,221
20. Total Cost of Electric Service (12 thru 19)	9,508,991	8,643,268	11,164,560	1,634,960
21. Patronage Capital & Operating Margins (1 minus 20)	(85,203)	(209,046)	197,184	(261,916)
22. Non Operating Margins - Interest	26,003	187,971	34,998	46,159
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	51,836	36,368	32,502	(2,026)
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	24,069	8,810	20,000	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	16,705	24,103	284,684	(217,783)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KS0042		
			PERIOD ENDED		
INSTRUCTIONS - See help in the online application.			June 2023		
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	42	12	5. Miles Transmission		
2. Services Retired	39	35	6. Miles Distribution – Overhead	2,038.73	2,038.10
3. Total Services in Place	6,056	6,050	7. Miles Distribution - Underground	7.66	8.73
4. Idle Services (Exclude Seasonals)	275	276	8. Total Miles Energized (5 + 6 + 7)	2,046.39	2,046.83
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	61,236,386		30. Memberships	0	
2. Construction Work in Progress	1,649,408		31. Patronage Capital	23,794,200	
3. Total Utility Plant (1 + 2)	62,885,794		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	21,481,655		33. Operating Margins - Current Year	(209,046)	
5. Net Utility Plant (3 - 4)	41,404,139		34. Non-Operating Margins	1,704,917	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	275,978	
7. Investments in Subsidiary Companies	239,416		36. Total Margins & Equities (30 thru 35)	25,566,049	
8. Invest. in Assoc. Org. - Patronage Capital	12,291,170		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	31,574,894	
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)	4,398,187	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	1,042,316	
14. Total Other Property & Investments (6 thru 13)	13,203,506		43. Total Long-Term Debt (37 thru 41 - 42)	34,930,765	
15. Cash - General Funds	48,697		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	7,304,373		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,268,679	
20. Accounts Receivable - Sales of Energy (Net)	1,309,627		49. Consumers Deposits	111,646	
21. Accounts Receivable - Other (Net)	272,582				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,237,137	
23. Materials and Supplies - Electric & Other	552,143		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	131,427		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	145,199		53. Other Current and Accrued Liabilities	1,621,156	
26. Total Current and Accrued Assets (15 thru 25)	9,764,173		54. Total Current & Accrued Liabilities (47 thru 53)	5,238,618	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	1,363,614		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	65,735,432		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	65,735,432	

August Board Meeting – Member Service Report

1. Annual Meeting

- a. **For Board Action:** Sign Approved 2022 Annual Meeting Minutes.
- b. John Ross served 390 people.
- c. Quorum = 117 members present at registration.
- d. The in-person electronic voting worked great! Carrie said there was a steady rotation of members voting. The electronic registration worked seamlessly again too and makes it so much easier and faster!
- e. There were 324 members who voted. We can only expect this number to increase the more we offer multiple voting options. Election and Voting Results:

LANE SCOTT ELECTRIC COOPERATIVE 2023 BOARD OF TRUSTEES ELECTION Election Tabulation Report

Mailed Information

Total Ballots Distributed	2,579
Total Ballots Processed	191
Total Valid Ballots	191
Total Invalid Ballots	0
Voted Online	0
Multiple Votes	0
Not Signed	0
Blank Ballot "No Votes"	0
Ballot Response Rate	7.41%

Online Information

Total Online Votes	133
Online Response Rate	5.16%

Mailed + Online Information

Total Valid Ballots + Total Online Votes	324
Total Ballots Processed + Total Online Votes	324
Overall Response Rate	12.56%

FINNEY AND HODGEMAN COUNTY BOARD OF TRUSTEE NOMINEES

	MAILED VOTES	PERCENTAGE MAILED VOTES	ONLINE VOTES	PERCENTAGE ONLINE VOTES	TOTAL VOTES	PERCENTAGE TOTAL VOTES
Randy J. Evans	15	7.85%	17	12.78%	32	9.88%
Lynn Goebel	41	21.47%	38	28.57%	79	24.38%
Susan Nuss	55	28.80%	50	37.59%	105	32.41%
No Vote	80	41.88%	28	21.05%	108	33.33%
TOTAL	191	100.00%	133	100.00%	324	100.00%

LANE AND GOVE COUNTY BOARD OF TRUSTEE NOMINEES

	MAILED VOTES	PERCENTAGE MAILED VOTES	ONLINE VOTES	PERCENTAGE ONLINE VOTES	TOTAL VOTES	PERCENTAGE TOTAL VOTES
Randy Evans	105	54.97%	105	78.95%	210	64.81%
No Vote	86	45.03%	28	21.05%	114	35.19%
TOTAL	191	100.00%	133	100.00%	324	100.00%

NESS AND RUSH COUNTY BOARD OF TRUSTEE NOMINEES

	MAILED VOTES	PERCENTAGE MAILED VOTES	ONLINE VOTES	PERCENTAGE ONLINE VOTES	TOTAL VOTES	PERCENTAGE TOTAL VOTES
Steven Kyle Antenen	13	6.81%	4	3.01%	17	5.25%
Gerome Copeland	27	14.14%	20	15.04%	47	14.51%
Kenneth Flax	30	15.71%	25	18.80%	55	16.98%
James Jordan	62	32.46%	51	38.35%	113	34.88%
Randall A. Norton, DVM	47	24.61%	25	18.80%	72	22.22%
No Vote	12	6.28%	8	6.02%	20	6.17%
TOTAL	191	100.00%	133	100.00%	324	100.00%

CERTIFIED BY:  Date: 07/18/2023

There were not any members that voted more than once, either on-line or via mail, during the election process.

2. Board Pictures.

- a. Do you all want individual pictures taken when we have Susan and James's done?
- b. Do you want a new group board picture taken?

3. Member Satisfaction Survey is done. *Presentation Slides from Inside Information included.*

Highlights:

- a. Total ACSI Score = 89 (Same as 2020), CAPS Score = 93
- b. Having knowledgeable, competent, friendly, and courteous employees received the top rating at 97% top box, while supporting renewable energy received the lowest rating at 75%.
- c. Most preferred method of communication as email at 46%. *Which is interesting because our email base is from SmartHub users, who consist of 34% of our membership.*
- d. Interest in Renewable Energy and Electric Vehicles is minimal.
 - Of the 251 surveyed, 13% said they are considering installing Equipment to Generate Electricity. Of those 13%, 67% (or approximately 4 people) said they were interested in solar.
 - 96% said they have no plans of purchasing an electric vehicle, the remaining 4% said sometime in the future. 0% said yes to purchasing in the next 1-3 years.

4. Social Media Back to School Contest: Ends August 25th. Parents/Kids are to comment with what they are most looking forward to this school year. Two random participants will receive a \$50 VISA card.



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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

July 10, 2023

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

We submit the enclosed audit agreement for the year ended December 31, 2023. RUS policy requires that a written agreement be obtained for the annual audit engagement and a copy be retained for inspection by RUS. If the terms are acceptable, please have the agreement signed by a corporate officer and return one to us.

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

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

Very truly yours,

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

By:



Randy Robbins, Partner

Enclosures

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

July 10, 2023

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

We are pleased to confirm our understanding of the services we are to provide Lane-Scott Electric Cooperative, Inc. for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of Lane-Scott Electric Cooperative, Inc. (Cooperative), which comprise the balance sheet as of December 31, 2023 and the related statements of income and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements"). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

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

Audit Objectives

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Audit Procedures—Internal Control

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

Audit Procedures—Compliance

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

Other Services

We will prepare the Cooperative's federal and state information returns for the year ended December 31, 2023 based on information provided by you. We will also assist in preparing the financial statements and related notes of Lane-Scott Electric Cooperative, Inc. in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Engagement Administration, Fees, and Other

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

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

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

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

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

We estimate that our fee for these services will be \$27,000 including travel and other out-of-pocket costs such as report reproduction, word processing, postage, travel, copies, telephone, etc. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

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

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

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

Very truly yours,

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

By:



Randy Robbins, Partner

RESPONSE:

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

By: _____

Title: _____

Date: _____

U. S. DEPARTMENT OF AGRICULTURE

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

INSTRUCTIONS FOR CERTIFICATION

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

Debarment Certification (continued)

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

CERTIFICATION

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

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

Organization Name

PR/Award Number or Project Name

Randy Robbins, Partner

Name and Title of Authorized Representative



Signature

7/10/2023

Date

ATTACHMENT A

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

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

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

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

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

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

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



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Empowering Peace of Mind

Report on the Firm's System of Quality Control

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

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

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Website: BMCcpa.com

Opinion

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

Bumgardner, Morrison & Company, LLP

BUMGARDNER, MORRISON & COMPANY, LLP
October 22, 2020

LANE-SCOTT ELECTRIC COOPERATIVE BOARD RESOLUTION

WHEREAS, it is necessary to authorize certain employees to act as signatory on checks or drafts drawn on accounts held by Lane-Scott Electric Cooperative, Inc. held at the First National Bank of Dighton, Kansas.

NOW THEREFORE BE IT RESOLVED, that Richard A. McLeon IV, Katherine E. Lewis and Jocelyn Walker, independently, are hereby authorized to act as signatories on checks and drafts drawn on accounts held by Lane-Scott Electric Cooperative, Inc. at the First National Bank, Dighton, Kansas.

I, _____, Secretary of Lane-Scott Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Trustees of Lane-Scott Electric Cooperative, Inc. on August 7, 2023, at which a quorum was present and voted.

_____, Secretary

LANE-SCOTT ELECTRIC COOPERATIVE BOARD RESOLUTION

WHEREAS, it is necessary to authorize certain employees to act as signatory on checks or drafts drawn on accounts held by Lane-Scott Electric Cooperative, Inc. held at the First State Bank of Healy, Kansas.

NOW THEREFORE BE IT RESOLVED, that Richard A. McLeon IV, Katherine E. Lewis and Jocelyn Walker independently, are hereby authorized to act as signatories on checks and drafts drawn on accounts held by Lane-Scott Electric Cooperative, Inc. at the First State Bank of Healy, Kansas.

I, _____, Secretary of Lane-Scott Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Trustees of Lane-Scott Electric Cooperative, Inc. on August 7, 2023, at which a quorum was present and voted.

_____, Secretary

RESOLUTION OF THE BOARD OF TRUSTEES

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

BE IT RESOLVED, that Richard A. McLeon IV, General Manager/CEO,
_____, President, and _____, Secretary, be
authorized to sign RUS Form Number 595, Financial Requirement and Expenditure Statement.

BE IT ALSO RESOLVED, that Richard A. McLeon IV, General Manager/CEO,
_____, President, and _____, Secretary, be
authorized to sign Advance Request for Federal Financing Bank.

CERTIFICATION OF SECRETARY

I, _____, hereby certify that I am Secretary of Lane-Scott
Electric Cooperative, Inc., and that the foregoing is a true and exact copy of an excerpt from the
minutes of the board meeting of the trustees held August 7, 2023 and that a quorum was present
and voted.

Seal

_____, Secretary

U.S. Department of Agriculture
Rural Utilities Service
CERTIFICATE OF AUTHORITY

INSTRUCTIONS-Submit one copy to RUS.

In conformity with the requirements of the Rural Utilities Service (RUS), and in accordance with the

board of directors of the Lane-Scott Electric Cooperative, Inc.

BORROWER'S NAME

PO Box 758, Dighton, Ks. 67839

BORROWER'S ADDRESS

adopted at a meeting of the board, held Aug 7, 2023 at which a quorum

DATE

of the board was present, the officers and manager, whose signatures appear below, have been authorized to sign the following RUS forms in connection with requisitioning and accounting for Loan and Grant Funds:

(Check One)

RUS Form Number	TITLE
<input type="checkbox"/> 481	FINANCIAL REQUIREMENT STATEMENT (Telecommunications)
<input checked="" type="checkbox"/> 595	FINANCIAL REQUIREMENT & EXPENDITURE STATEMENT (Electric)

A copy of the board resolution authorizing the persons below must be attached hereto for telecommunications borrowers. A board resolution is not required for electric borrowers.

This certification is to remain in force until rescinded by the board of directors and prompt notification in writing of such action is provided to RUS.

General Manager / CEO Richard A. McLeon IV _____
TITLE NAME (TYPE OR PRINT) SIGNATURE

President _____
TITLE NAME (TYPE OR PRINT) SIGNATURE

Secretary _____
TITLE NAME (TYPE OR PRINT) SIGNATURE

Lane-Scott Electric Coop Inc
BORROWER'S NAME

SIGNATURE OF PRESIDENT

08-07-2023

DATE

SIGNATURE OF SECRETARY

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS

RESOLUTION OF INCUMBENCY

To

CoBank

WHEREAS, Article VI of the Bylaws of Lane-Scott Electric Cooperative, Incorporated (LSEC) provide for the election of Officers of the Cooperative and

WHEREAS, the following persons have been duly elected/appointed Officers of the Cooperative:

President	_____
Vice-President	_____
Treasurer	_____
Secretary	_____
Manager/CEO	Richard A. McLeon, IV

NOW, THEREFORE BE IT RESOLVED, that the above listed Officers are certified as Authorized Officers of Lane-Scott Electric Cooperative, Inc. This revokes and replaces all previous CoBank Incumbency notices.

CERTIFICATION OF THE SECRETARY

I, _____, certify that I am Secretary of the Lane-Scott Electric Cooperative Board of Trustees. I further certify that the above resolution was approved by the LSEC Board of Trustees at the regular Board Meeting dated the 7th day of August, 2023.

Secretary

(Seal)

CoBank, ACB
INCUMBENCY CERTIFICATE

The undersigned, as Secretary of the Borrower named below, hereby certifies that the following persons are the current, duly elected or appointed Authorized Officers enumerated in applicable Resolutions of the Borrower's Board of Trustees, that following are specimen signatures of those Authorized Officers, and that the e-mail address indicated for each person is true and correct as of the date of this Certificate.

AUTHORIZED OFFICERS

NOTE: INSERT THE NAMES AND OBTAIN THE SIGNATURES OF ONLY THOSE AUTHORIZED BY THE RESOLUTION REFERRED TO ABOVE. **THIS INCUMBENCY CERTIFICATE REVOKES AND REPLACES ALL PREVIOUS INCUMBENCY CERTIFICATES.**

PRESIDENT	VICE PRESIDENT
_____ Signature	_____ Signature
_____ TYPE or PRINT name	_____ TYPE or PRINT name
_____ TYPE or PRINT e-mail address for e-signature	_____ TYPE or PRINT e-mail address for e-signature
TREASURER	SECRETARY
_____ Signature	_____ Signature
_____ TYPE or PRINT name	_____ TYPE or PRINT name
_____ TYPE or PRINT e-mail address for e-signature	_____ TYPE or PRINT e-mail address for e-signature
MANAGER	
_____ Signature	
Richard A. McLeon IV _____ TYPE or PRINT name	
richard.mcleon@lanescott.coop _____ TYPE or PRINT e-mail address for e-signature	

Dated this 7th day of August, 20 23.

Annual Meeting Month: July

THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.

By: _____
Name: _____
Title: Secretary

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF July 2023

- Rubber gloves changed out.
- Sleeve straps replaced do the wear for all lineman and are adjustable.
- Ann Jennings's submitted report:
 - After the storm, stay away from downed powerlines.
 - Outage supply prep-video.
 - Farm Safety- Electrical safety during harvest video.
 - Severe weather safety tip.
 - How to help someone having a heat stroke.
 - Pad mount transformer safety for kids.
- Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Compliance One drug and alcohol monthly roster report.
- KEC NESC work rules Bloodborne Pathogens/Hazard Communications.

SAFETY PROJECTS IN PROGRESS AS OF July 2023

1. SDS Program products updates and documentation improvements.
2. Safety Amp software inspection form templates being tested.
3. FCC radios are installed and testing for dead zones will begin in August.
4. Demo trailer hardware in process of being installed. Transformer sent to Solomon Corp. for repair. Calling and emailing for updates weekly. Should receive by the end of the August.
5. RESAP Onsite Observation
 - Nate Burns is working on arc hazard assessment study.
 - Circuits are being identified.
 - The switching procedure for Twin Springs Sub. is in progress.
 - URD cables being identified and labeled.
 - Pad mount and switch cabinet signage in progress of being updated.
 - Written Traffic Control Plan in Process.
 - Will be completing a legal document for James Bergen to sign for legal responsibility for grain bin by overhead power lines. Signage will be added to grain bin to designate "NON-LOADING SIDE" of grain bin.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
SAFETY MEETING
July 12th,2023

Chris Terhune called the meeting to order at 9:10am.

Minutes were read: Dal Hawkinson made a motion to approve the June 14th minutes and Dellon Shelton seconded. Minutes were read and approved as printed.

Present: Richard McLeon, Kasey Jenkinson Ben Mann, Dal Hawkinson, Chris Terhune, Myron Seib Kevin Bradstreet, Leighton Ayers, Dellon Shelton, Blake McVicker, Dylan Fehrenbach, Taylor Cable, Nate Burns, Scott Brandt, Kalo Mann, Michael Pollock, Kathy Lewis, Carrie Borell, Rebecca Campbell, Ann Marie Jennings, Diana Kuhlman, Katie Riffle, and Jocelyn Walker

Absent: Chad Rupp, Mark McCulloch

Guest: None

Truck report of inspections:

105	Dellon Shelton	Needs Windshield
110	Blake McVicker	OK
112	Leighton Ayers	OK
117	Chris Terhune	OK
123	Mark McCulloch	OK
132	Dylan Fehrenbach	OK
135	Nate Burns	OK
136	Kevin Bradstreet	OK
143	Scott Briand	OK
144	Kalo Mann	OK
145	Chris Terhune	Needs Windshield
150	Kasey Jenkinson	OK
173	Dellon Shelton	OK
191	Michael Pollock	OK
193	Myron Seib	Left front turn signal not working.
200	Ben Mann	OK
201	Dal Hawkinson	OK
304	Myron Seib	OK
305	Myron Seib	OK

Trailer and Equipment report of inspections:

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

Warehouse, building, and pole yard inspections:

Ness City Warehouse	Myron Seib	OK
Ness Pole Yard & Transformer Dock	Myron Seib	OK

Warehouse	Scott Briand	OK
Pole Yard & Transformer Dock	Scott Briand	OK
Office	Diana Kuhlman	OK

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Line Hoses Annual Test Results: N/A

Sleeves Quarterly Test Results: N/A

Substation and Regulator Report:

- ♦ Ben Mann: Will reach out to Sunflower Electric to schedule an outage for the Ness City 34.5 sub for repairs. Contact for Twin Springs transformer sump pump should be here soon. New regulators have been installed for Brownell 3 phase line. Batteries for Beeler sub should arrive soon.
- ♦ **PCB Report:** None to Report

Line Clearance: Bazine, Ness City

Accident and Near Misses: Two sprayer contacts. Tod Horchem in Ness County and an unknown person in Brownell. Combine tore down neutral in Hodgeman County. Steve Heath hit a C-1 south of Dighton. Roger Dumler hit an A-1 south of Beeler. Venture tore down to neutrals on Hwy 23, one south of Dighton, and one north of Dighton. Sharp Land and Cattle had a carport at the feedlot that the wind blew through the line.

Old Business:

- ♦ Chris Terhune: Still waiting for transformers to return from being reworked at Solomon Corp.
- ♦ Ann Marie: Member satisfaction survey results are in. Ann will compile results and share them later.

New Business:

- ♦ Richard McLeon: Annual Meeting coming up July 18th. Board approved policy amendments. Dellon Shelton became a 4th year apprentice. Tariff amendment coming for streetlight changes. Two board members will be retiring.
- ♦ Ann Marie Jennings: Dinner for the Annual meeting for employees will begin at 5:30. Touchstone Energy Partner no longer and incentive for advertising.
- ♦ Diana Kuhlman: Briggs and Meyers training was held last month; all employees completed the training. Lessons and webinar meetings with Bruce Tullgan will be assigned soon to employees. Any questions ask Diana. Electronic evaluations for all employees Diana. Received in August.
- ♦ Nate Burns: New programming in the meters to gather data is in process. September safety meeting will have a SPCC Plan tabletop exercise.
- ♦ Ann Marie Jennings: Member satisfaction is complete. Annual reports are mailed out. Voting can be done by mail-in ballots, Smart Hub, or in person day of annual meeting.
- ♦ Kasey Jenkinson: Pole bunks are built and painted for steel poles. Office employees will be working in the field with Lineman for a day to understand equipment and materials.
- ♦ Kasey Jenkinson: Diana and Jocelyn went online crew observations.
- ♦ Dal Hawkinson: Starting a 10-year construction plan. Bring him all your ideas for future development.
- ♦ Chris Terhune: Gate issues with the north pole yard are being addressed. EAP is under review. The elevator will have repairs done. The Safety Council will be reviewing policy number 524. Mikey Goddard discussed maintenance, care & testing of Personal Protective Grounds, and Admin. Went over Hazard Recognition.

Meeting adjourned.

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Administrator