



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for August 26, 2024, at 7:00 p.m.

**Proposed Agenda:**

1. Call to Order
2. Reading and Approval of Minutes
3. Presentation of Check Register
4. Presidents Report
5. Attorneys Report
6. Sunflower EPC Report
7. KEC Report
8. General Managers Report
9. Old Business
10. New Business
  - a. KEC Update – Lee Tafarielli
  - b. Annual Meeting Update
  - c. Board Secretary Resolutions
  - d. Audit Engagement letter
  - e. Federated Meeting Delegate
11. Safety Program Report
12. Executive Session (is requested).
13. Adjourn

**Upcoming Events:**

LSEC Board of Trustees	Dighton	September 16
Sunflower Board meeting	Holcomb	September 19
NRECA Regional Meeting	Sacramento, CA	September 24-26

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**MINUTES OF THE REGULAR JULY 2024  
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 22, 2024, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 7:00 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Gerome Copeland, Randy Evans, Susan Nuss, Chad Griffith, James Jordan and Craig Ramsey. Also present Richard McLeon IV, Carrie Borrell and Joseph Gasper, Attorney. Eric Doll was absent.

**REORGANIZATION AND ELECTION OF OFFICERS**

President, Jennison asked Attorney Gasper to chair the meeting for the election of officers. Attorney Gasper called for nominations for president to serve until the next election of officers following the annual meeting in year 2025.

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

*Craig Ramsey was nominated to serve as Vice-President. The nomination was seconded and it was moved that nominations cease and that a unanimous ballot be cast for Craig Ramsey to serve as Vice-President. The motion was duly seconded and carried.*

*Rad Roehl was nominated to serve as Secretary. The nomination was seconded and it was moved that nominations cease and that a unanimous ballot be cast for Rad Roehl to serve as Secretary. The motion was duly seconded and carried.*

*Eric Doll was nominated to serve as Treasurer. The nomination was seconded and it was moved that nominations cease and that a unanimous ballot be cast for Eric Doll to serve as Treasurer. The motion was duly seconded and carried.*

Attorney Gasper called for action on the time and place for the monthly meeting. The board discussed the matter and kept the time of the meeting as the fourth Monday of the month at 7:00 p.m.

The board discussed Trustee compensation levels. *A motion to keep the compensation levels the same was made, duly seconded and carried.*

*A motion to appoint Richard Jennison and Manager McLeon as the Sunflower delegates and Randy Evans and Dal Hawkinson as the alternate Sunflower delegate was made. The motion was seconded and carried.*

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

## **IT PRESENTATION**

Carrie Borrell gave a presentation on IT matters and updates. Highlights of her presentation are as follows:

- Carrie continues to work on the goals set out in the strategic plan.
- Hardware has been upgraded over time and the emphasis is more on software and hardening of the system at this time.
- Cybersecurity is a continuous challenge that is constantly changing. The goal is to have a penetration testing done next year to test the security of the system.
- Another goal is to have more tabletop exercises to hopefully address issues.
- AI is a newer technology that may be beneficial in some areas but pose new types of threats as well.
- The firewall and anti-virus are managed by third party companies.
- Trustee training was discussed, and Carrie will set up Trustee training sessions.
- Carrie discussed Teams and Call to Order and assisted the Trustees with the programs.

Carrie left the meeting after her presentation.

## **MINUTES OF PRIOR MEETING**

President Jennison called for action on the minutes of the prior meeting held on June 24, 2024. *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 on the checks.

## **PRESIDENT'S REPORT**

President Jennison had no current items to report.

## **ATTORNEY'S REPORT**

Attorney Gasper had no current items to report.

## **REPORT OF SUNFLOWER DELEGATE**

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

- President Jennison had no additions to the written report.

## **KEC REPORT**

Trustee Ramsey had no KEC items to report.

## **MANAGER'S REPORT**

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- YTD kWh sales are 0.7% below 2023 but 5.6% ahead of the 2019-2024 average. YTD dollar sales are 10.93% below 2023 and 4.01% below the 2019-2024 average. YTD cost of wholesale power is 8.14% above 2023 and 12.62% below the 5-year average. However, if you adjust the February 2021 wholesale power cost to normalize Winter Storm Uri costs, this number drops to 0.42% below the 5-year average.
- Distribution revenue is 4.72% above 2023 and 5.82% above the five-year average.
- YTD outages minutes per member are 382.7 which is a lot higher than last year's 78.8 YTD minutes per member. The January Blizzard added 341.8 minutes per member.

- The strategic plan moved to 81% complete from 77% last quarter. The rate evaluation has been completed, the enhancement of operational excellence and identify, assess, and mitigate cybersecurity risks have both been increased substantially.
- There are potential new loads at the Conine Hog Farm, Beef Belt Feedlot and OneOk/Magellan. These loads may require upgrades to the system that will have to be addressed on the engineering side.
- LSEC is moving into our best sales months, but initial estimates are that July sales will be below expectations. Our financial strength remains very good, although operating metrics remain low.
- TIER – 1.11, OPTIER – 0.69
- DSC – 0.94, ODSC – 0.80
- Equity as a % of Assets – 39.98%
- Equity as a % of Capitalization – 42.82%
- Cash Balance - \$7,214,289
- General Funds Level – 11.59%
- Current Ratio – 2.45
- Cash to Debt Ratio – 20.81%
- The cost of a service bucket truck has risen to \$150,000.
- Operations hung a recloser for the Wheatland interconnect and continues to work on the Windmil model.
- Diana has been very busy setting up trainings, on-boarding new employees, filing OSHA paperwork, Mutual Aid paperwork, and NRECA benefits updates and filling in as a Cashier / Receptionist.
- Kathy will be focusing on special projects such as Substation Asset allocation, Capital Credit Escheatment, Record retention and classification and Vault and Storage room re-organization.
- Retail Non-operating margins YTD rose to \$21,809.52 with Michael and Boston adding \$7,336.12 in net gain.

## 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. September Board Meeting

- *A motion to change the September board meeting to September 16 due to a conflict was made, duly seconded and carried.*

### 2. NRECA & CFC Delegate

- *A motion to appoint Richard McLeon as the NRECA Voting Delegate and the CFC District Meeting Voting Delegate, was made, duly seconded and carried.*

## ADJOURNMENT

*A motion to adjourn the meeting was made, seconded and carried at 9:19 p.m., on Monday, July 22, 2024.*

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# Accounts Payable Check Register

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07/09/2024 To 08/08/2024

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
3323 07/10/2024	WIRE	18	CITY OF DIGHTON	Monthly Invoice	1,790.20
3324 07/11/2024	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	869.24
3325 07/12/2024	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	303.74
51700 07/16/2024	CHK	1	FORT HAYS STATE UNIVERSITY	Scholarship-Carlee Flax	1,500.00
51701 07/16/2024	CHK	1	FORT HAYS STATE UNIVERSITY	Scholarship-Ayden Whipple	1,500.00
51702 07/16/2024	CHK	1	LANE COUNTY FAIR AMUSEMENT	Annual Meeting-Rides Donation	100.00
51703 07/16/2024	CHK	1	LANE COUNTY LIONS CLUB	Community Calendar Ad	35.00
51704 07/16/2024	CHK	1	NESS CITY ROTARY CLUB	Dues and Meals	84.00
51705 07/16/2024	CHK	20	BASIN ELECTRIC POWER COOP	June-Dispatch Fee	2,122.81
51706 07/16/2024	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE	Payroll Transfer	82,500.00
51707 07/16/2024	CHK	40	KANSAS ELECTRIC COOPERATIVES	HR Summit	8,481.26
51708 07/16/2024	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	1,023.39
51709 07/16/2024	CHK	46	LANE COUNTY TREASURER	Tags & Taxes	105.50
51710 07/16/2024	CHK	55	NESS COUNTY NEWS	Advertising	125.40
51711 07/16/2024	CHK	59	NRECA	NRECA Membership Dues	8,588.00
51712 07/16/2024	CHK	105	CITY OF NESS CITY	Monthly Invoice	46.67
51713 07/16/2024	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	142.87
51714 07/16/2024	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	5,230.30
51715 07/16/2024	CHK	172	TYNDALE COMPANY, INC.	Bradstreet-Clothing Allowance	283.08
51716 07/16/2024	CHK	220	LANDIS+GYR TECHNOLOGY, INC	SaaS Monthly Fees-June 2024	1,195.00
51717 07/16/2024	CHK	238	ILLINOIS MUTUAL	Monthly Premiums	112.04
51718 07/16/2024	CHK	370	U.S. PAYMENTS, LLC	Kiosk Transaction Fee	1.05
51719 07/16/2024	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	755.61
51720 07/16/2024	CHK	395	DOLLAR GENERAL - REGIONS 410526	Monthly Invoice	123.64
51721 07/16/2024	CHK	439	BOLINGER, SEGARS, GILBERT & MOSS,	2024 NRECA AUP	6,000.00
51722 07/16/2024	CHK	472	C.H. GUERSNEY & COMPANY	Cost of Service Study	183.86



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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
51723 07/16/2024	CHK	479	CASE BECKMAN	June Lawn Care	375.00
51724 07/16/2024	CHK	563	JOCELYN WALKER	KEC Crucial Conversations Hotel Room	138.59
51725 07/16/2024	CHK	803	ALTEC INDUSTRIES, INC	Repairs Truck #200	6,919.37
51726 07/16/2024	CHK	903	NISC	Monthly Invoice	13,576.08
51727 07/16/2024	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	150.82
51728 07/16/2024	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	548.80
51729 07/16/2024	CHK	1303	LANE COUNTY IMPLEMENT, INC	Monthly Invoice	47.03
3326 07/18/2024	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	689.17
3328 07/25/2024	WIRE	101	ATMOS ENERGY	Monthly Invoice	94.24
3329 07/25/2024	WIRE	1290	WEX BANK	Monthly Fuel Invoice	1,650.88
3334 07/25/2024	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	24,988.99
3327 07/26/2024	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	133.46
3331 07/29/2024	WIRE	183	HIBU INC	Yellowbook	15.00
51730 07/29/2024	CHK	1	KCRE	2024 KCRE Hole Sponsor	250.00
51731 07/29/2024	CHK	1	LANE COUNTY 4-H LIVESTOCK AUCTION	Livestock Auction	150.00
51732 07/29/2024	CHK	1	UNIVERSITY OF KANSAS	Kalo Hineman Scholarship	1,500.00
51733 07/29/2024	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice-Member Booklets	4,016.87
51734 07/29/2024	CHK	63	RICHARD JENNISON	July Board Meeting	367.42
51735 07/29/2024	CHK	79	POSTMASTER	Newsletter Postage	132.98
51736 07/29/2024	CHK	105	CITY OF NESS CITY	Franchise Fee	6,772.61
51737 07/29/2024	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	80.58
51738 07/29/2024	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	5,505.95
51739 07/29/2024	CHK	135	CITY OF BAZINE	Franchise Fee	2,281.20
51740 07/29/2024	CHK	138	CITY OF UTICA	Franchise Fee	1,733.37
51741 07/29/2024	CHK	139	CITY OF MCCracken	Franchise Fee	1,769.97
51742 07/29/2024	CHK	140	CITY OF BROWNELL	Franchise Fee	493.88

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
51743 07/29/2024	CHK	141	CITY OF RANSOM	Franchise Fee	3,410.04
51744 07/29/2024	CHK	142	CITY OF ALEXANDER	Franchise Fee	665.92
51745 07/29/2024	CHK	150	CHRIS TERHUNE	Clothing Allowance-Chris	185.71
51746 07/29/2024	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	8,215.35
51747 07/29/2024	CHK	179	RAD ROEHL	July Board Meeting	362.06
51748 07/29/2024	CHK	202	CHAD GRIFFITH	July Board Meeting	400.25
51749 07/29/2024	CHK	218	SPENCER PEST CONTROL	Pest Control	135.63
51750 07/29/2024	CHK	226	KANSAS CORPORATION COMMISSION	Qtrly Assesment	108.77
51751 07/29/2024	CHK	298	OVERLEASE K-LAWN	Yard Care	215.00
51752 07/29/2024	CHK	406	RICHARD MCLEON	Mileage-Field Visits & KEC Mtg	195.08
51753 07/29/2024	CHK	428	WILSON BOHANNAN PADLOCK COMPA	Padlocks	425.30
51754 07/29/2024	CHK	449	JOHN ROSS & CO SIGNATURE CATERIN	Annual Meeting Meal	11,256.00
51755 07/29/2024	CHK	450	RANDALL G EVANS	July Board Meeting	350.67
51756 07/29/2024	CHK	487	S&S TRAILER SALES INC	Ratchet Strap for #2401	54.95
51757 07/29/2024	CHK	537	CONSTELLATION NEWENERGY-GAS DI	Monthly Invoice	5.17
51758 07/29/2024	CHK	568	SUSAN NUSS	July Board Meeting	426.38
51759 07/29/2024	CHK	570	JAMES W JORDAN	July Board Meeting	394.22
51760 07/29/2024	CHK	576	NESS COUNTY REGISTER OF DEEDS	Ness County Easement Filings	861.00
51761 07/29/2024	CHK	588	GEROME L COPELAND	July Board Meeting	374.12
51762 07/29/2024	CHK	589	CINDY FUENTES	Supplies	22.48
51763 07/29/2024	CHK	1234	JF BEAVER	Annual Meeting Shirts	62.13
51764 07/29/2024	CHK	1300	CRAIG RAMSEY	July Board Meeting	383.50
51765 07/29/2024	CHK	9999	SUZANNE SAUER	INACTIVE REFUND	140.47
51766 07/29/2024	CHK	9999	CAIN SEHL	INACTIVE REFUND	20.37
3330 07/31/2024	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	56.31
3332 07/31/2024	WIRE	586	NETWORK COMPUTING SOLUTIONS	IT Support-cyber security	4,318.30

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
3333 08/01/2024	WIRE	44	NEX-TECH WIRELESS, LLC	Monthly Invoice	954.17
51767 08/01/2024	CHK	1	COLBY CANVAS	Tent supplies-Annual Meeting	379.32
51768 08/01/2024	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	76,000.00
51769 08/01/2024	CHK	59	NRECA	Subscriptions	585.00
51770 08/01/2024	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	407.83
51771 08/01/2024	CHK	134	SOLIDA TREE SERVICE, INC.	Tree Trimming	3,579.75
51772 08/01/2024	CHK	164	FAIRBANK EQUIPMENT INC.	Monthly Invoice	1,277.49
51773 08/01/2024	CHK	359	WEBBER-GROSS WELDING, LLC	Substation	22.05
51774 08/01/2024	CHK	366	DIANA KUHLMAN	mileage for storm meals	194.30
51775 08/01/2024	CHK	380	GRAINGER	Monthly Invoice	25.97
51776 08/01/2024	CHK	395	DOLLAR GENERAL - REGIONS 410526	Monthly Invoice	371.01
51777 08/01/2024	CHK	562	RENSENHOUSE	Monthly Invoice	333.40
51778 08/01/2024	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	79.17
3335 08/02/2024	WIRE	530	SNAP-ON CREDIT LLC	Monthly Invoice	50.72
51779 08/05/2024	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	53,508.51
51780 08/05/2024	CHK	269	ANIXTER INC	Monthly Invoice	27,741.50
51781 08/05/2024	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	75,900.29
51782 08/05/2024	CHK	383	HUXFORD POLE AND TIMBER CO INC	Poles	44,341.24
51783 08/05/2024	CHK	424	FOOS AUTO & TIRE LLC	Alternator for truck #110	601.62
51784 08/05/2024	CHK	1251	TECHLINE, LTD	Monthly Invoice	11,776.83
3336 08/06/2024	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS -Group Ins	58,742.98
3337 08/06/2024	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA Gr 1-August Group Ins	2,734.15
3338 08/06/2024	WIRE	180	NRECA	NRECA GR 1 ADM FEE-Aug Grp 1 Ins Adm Fee	237.73
3339 08/06/2024	WIRE	468	U.S. BANK	Monthly Credit card Invoice	22,425.38
3340 08/07/2024	WIRE	1267	AFLAC	Premiums	1,703.76
51785 08/08/2024	CHK	1	THE RUSH COUNTY NEWS	Advertising	368.00

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
51786 08/08/2024	CHK	37	JETMORE REPUBLICAN	Advertising	120.00
51787 08/08/2024	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	7,731.26
51788 08/08/2024	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	646.77
51789 08/08/2024	CHK	55	NESS COUNTY NEWS	Advertising	216.60
51790 08/08/2024	CHK	104	HOME OIL CO	Monthly Fuel Invoice	931.51
51791 08/08/2024	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	49.69
51792 08/08/2024	CHK	150	CHRIS TERHUNE	Safety Summitt	88.50
51793 08/08/2024	CHK	218	SPENCER PEST CONTROL	Pest Control	81.38
51794 08/08/2024	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Monthly Invoice	723.85
51795 08/08/2024	CHK	279	IT1 CONSULTING	Software	14.40
51796 08/08/2024	CHK	304	STECKLINE COMMUNICATIONS INC	Avertising	200.00
51797 08/08/2024	CHK	361	ANN M JENNINGS	Clothing Allownance	42.99
51798 08/08/2024	CHK	366	DIANA KUHLMAN	Interact Conference	276.50
51799 08/08/2024	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	619.48
51800 08/08/2024	CHK	476	ETCHED IN STONE	Mark McCulloch-15 year gift	380.45
51801 08/08/2024	CHK	516	WESTERN KANSAS BROADCAST CENT	Advertising	1,127.00
51802 08/08/2024	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Copier Contract	106.75
51803 08/08/2024	CHK	528	DAVID N HESKETT DC LLC	Physical Capacity-M McCulloch	100.00
51804 08/08/2024	CHK	578	L&R LAWN CARE & SUPPLY	Monthly Invoice	47.41
51805 08/08/2024	CHK	773	BRETZ, INC.	Monthly Invoice	454.28
51806 08/08/2024	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fees	70.80
51807 08/08/2024	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Supplies	439.34
51808 08/08/2024	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	361.90
51809 08/08/2024	CHK	1254	EAGLE RADIO	Advertising	377.00
51810 08/08/2024	CHK	1293	DAL HAWKINSON	Smart Utility Summitt	224.00
51811 08/08/2024	CHK	1303	LANE COUNTY IMPLEMENT, INC	Monthly Invoice	205.00

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Accounts Payable  
Check Register

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total Payments for Bank Account - 2 :					(130) 630,609.13
Total Voids for Bank Account - 2 :					(0) 0.00
Total for Bank Account - 2 :					(130) 630,609.13
Grand Total for Payments :					(130) 630,609.13
Grand Total for Voids :					(0) 0.00
Grand Total :					(130) 630,609.13



## Board Meeting Summary

*August 21, 2024*

### CURRENT ACTIVITIES

#### *New Board Management Software Rollout*

BoardPaq is being discontinued at year's end. Melissa Hubbard is in the process of transitioning to OnBoard, a different board management software platform. Her goal is to send the Board and staff login invitations to explore the platform in September. In October, she will start loading Board meeting materials and host a training session following the Board meeting. After that, the plan is to run BoardPaq and OnBoard simultaneously for the rest of the year.

### PRESIDENT'S REPORT

#### **Generation, Power Supply, and Market Affairs**

##### *Clifton Repair/Replace Update*

Staff continue to evaluate the various technology options for the Clifton combustion turbine replacement project. Burns & McDonnell was asked to refresh the technology feasibility study, which is expected by the end of September. Prices for the GE LM6000 increased, and staff asked other engineering, procurement, and construction (EPC) contractors for alternate cost estimates, which are expected later this year. The Titan TS50 may still be a good option, and staff expect the Class III study and cost estimate to be complete in late October or early November.

##### *Holcomb Station Opportunity*

Sunflower staff recently met with a company to discuss extending the life of Holcomb Station through creative approaches to carbon capture and sequestration. The entity is offering an exclusivity agreement to conduct a feasibility assessment on the potential project.

##### *ACES Board Presentation*

Several ACES staff will be in Garden City September 17-19 for Sunflower's annual operations meeting. ACES will also attend the September Sunflower Board meeting at Holcomb Station and will give a presentation on ACES services, focusing on forecasting and modeling services. They will describe how forecasts are developed, used, and evaluated for accuracy. The focus on forecasting processes and accuracy is responsive to the Board's strategic discussion and the request for an ACES report card.

##### *Data Centers*

Increasing load from data centers was a major topic of discussion during the last ACES board meeting. Like Sunflower, almost all ACES members have been approached by data center loads and are wrestling with the same questions. At the meeting, Sunflower learned companies trying to site new data centers are backing away from renewable energy requirements in the interest of getting projects built faster. In addition, data centers are increasingly building their own generation, putting a strain on the supply of combustion turbines and reciprocating engines. ACES created a team to track the marketplace and better understand the growth of data centers to help its members navigate capacity impacts, contract negotiations, congestions impact, and more.

##### **Transmission Planning and Policy**

##### *2024 Southwest Power Pool (SPP) 10 Year Transmission Planning Study*

The current SPP generation interconnection queue consists of 84 projects totaling 18.3 GW. Sunflower and ITC have a combined 32 projects in that queue totaling 5,431 MW.

The 2024 ITP two-year load forecast is higher than the 10-year load forecast made one year ago, largely due to data centers. SPP currently has 200 MW of data center load, and it is projected to grow 130% by 2027. That load growth will result in higher transmission line loading, more voltage violations, increased economic congestion and emergency energy, and shortfall concerns.

The model identified load growth, economic inputs, and winter weather, resulting in 1,152 ITP project portfolio needs, which is significantly higher than the 207 needs identified in the 2023 ITP. Portfolio costs are projected to cost \$2B to \$3.5B, far exceeding the \$735.5M portfolio cost in 2023 and \$35.4M in 2022.

The SPP transmission working group and economic studies working group supported the evaluation of projects aimed at increasing inter/intra-regional transfer capability to improve system reliability and resiliency. The winter weather transfer analysis assesses the increase in transfer capability from SPP north to SPP south across the Kansas-Nebraska state line. SPP identified two new Kansas-related 345 kV line projects to address congestion observed in high transfer periods during extreme winter weather scenarios. The first is 900 MW from Dakotas to Elm Creek and the other is 650 MW from Sidney, Neb., to Holcomb Station. Both projects cost a combined \$636M. If Sunflower accepts the notice to construct (NTC) versus letting it go to competitive bid, there is potential to generate a high rate of return for Sunflower.

#### *C2 Waiver Appeal and FERC 205 Approval Appeal Update*

SPP joined our appeal of the reversal of the Federal Energy Regulatory Commission (FERC) approval of the C2 Waiver. The FERC solicitor's office, NOT the commissioners, asked Sunflower to mute our appeal on the C2 waiver. Sunflower declined as we do not believe there is merit to the appeal.

City Utilities Springfield (CUS), American Electric Power (AEP), and Louisiana filed for a rehearing on FERC 205. FERC denied the rehearing, but CUS filed an appeal to the denial of the rehearing. FERC has 40 days (mid-September) to affirm its decision.

#### *HITT C1 – Larger Pricing Zones Update*

The SPP C1 Larger Pricing Zones initiative creates larger transmission cost distribution zones for Byway facilities (100-300 kV). Currently, 1/3 of Byway costs are assigned to the region (Sunflower 2.2%) and 2/3 to the local zone (Sunflower 70%). With the new, larger pricing zones, the 1/3 and 2/3 splits are still applicable, but Sunflower would only be 7.5% of the local zone versus the current 70%. At the SPP cost allocation working group (CAWG) meeting on June 11, an attempt to move to three larger pricing zones failed. SPP met with the opposing states and expanded the number of larger pricing zones to five. It passed a straw poll on August 13. The official vote is scheduled for the September CAWG meeting. If it passes, the regional state committee (RSC) and SPP board will vote before it goes to FERC next February or March.

#### *National Interests Electric Transmission Corridors (NIETC)*

The U.S. Department of Energy (DOE) launched the NIETC program following the enactment of a bipartisan infrastructure bill containing billions of dollars for grid infrastructure and expanded federal siting authorities. The DOE conducted a study identifying high-priority national transmission solutions. The DOE focused analysis of congestion and transmission needs on the physical limitations of the system and not jurisdictional or regulatory limitations. SPP's congestion costs were nearly \$1.2 billion in 2021, more than doubling from 2020 levels and increasing 114% from 2017 levels. Most of this increase can be attributed to the distance of electric generation to load centers, outage of key transmission facilities, volatile fuel prices, and the effects of Winter Storm Uri.

The identified 780-mile corridor in parts of Illinois, Indiana, Kansas, and Missouri includes portions of an existing 345 kV transmission right-of-way and touches the PJM, MISO and SPP grids. The five-mile right-of-way has caused the most concern amongst consumers with citizens expressing their opinions via social media, local chambers, development corporations, and city/county commissions. Al Tamimi is scheduling a meeting with KCC to gauge where the Commission stands and how to move forward. Sunflower communications team sent the Member communicators the link to the study Al provided in his presentation as well as a KCC FAQ on the NIETC.

### *Wilroads Feedyard Line Reroute*

Earlier in 2024, the Sunflower Board approved the reroute of the 115 kV transmission line due to the expansion of Wilroads Feedyard near Fort Dodge in Victory Electric's territory. The reroute benefits both Sunflower and Victory. Sunflower removed/retired nine H-frame, 115 kV structures and conductor inside of the feedlot and constructed 1.6 miles (24 structures) of 115 kV transmission line utilizing ductile iron monopole structures, .477 ACSR conductor, and 3/8 EHS static conductor. A heavy construction design was used to accommodate larger conductor in the future.

### **Financial Services**

#### *June Financials*

Overall, Member loads were down 2.68% from budget for the month and down 1.05% from budget year to date. Large industrial loads were down 8.12% from budget for the month and down 6.14% from budget year to date. Operation and maintenance expenses were down 2.31% from budget for the month and up 6.11% from budget year to date. Member transmission bills will be \$3.4M lower in 2024 due to the implementation of FERC 205.

#### *Property Insurance Policy*

Sunflower renewed its property insurance policy in late July. The insurable value increased 3.79%, and the insurance rate increased 3.96% for a combined increase of 7.9%. Those increases were offset by a membership credit, a risk improvement credit, and a resilience credit. After credits were applied, the cost of the basic premium decreased compared to last year.

#### *Financial Benefits of FERC 205*

Projects in the FERC 205 docket totaled \$81.2M of initial construction costs and about \$70.9M of remaining net book value as of June 30, 2024. Because the projects are also allocated carrying costs (O&M, A&G, general plant, return), the total nominal dollars associated with these projects over their remaining life (at current rates) is about \$331.7M. The Sunflower Zone—of which Sunflower Members comprise 73.5%—will benefit by shifting about 65.3% to the region. Members will save approximately \$159.3M over the remaining life of the projects (at current rates).

#### *2024 Load Forecast*

Clearspring Energy Advisors, LLC, conducted the 2024 load forecast using weather patterns, local economics, and local demographics. Sunflower uses the load forecast for its financial forecasts and planning for generation and transmission needs. The forecast includes two scenarios: the first is based on current customer load and used for budgets and transmission planning; the second is based on growth and factors in projected new loads/expansions. Significant growth is projected in 2024 and 2025.

#### *2025-2027 Preliminary Budget*

Overall Member rates are projected to increase \$1.93/MWh (3.18%) from 2024 into 2025. The average annual rate increase in the 2025-2027 budget is 3.71%. Member rates excluding ECA are projected to increase \$3.7 million or \$0.70/MWh (1.81%) from 2024 into 2025. The investment in large capital projects and maintaining aging infrastructure are the largest pressures on the Member rate. Those pressures could be offset by new loads and savings from the FERC 205 ruling. The Clifton replacement project accounts for 48% of the total increase in Member rate excluding ECA from 2024 to 2027.

Following this month's preliminary budget presentation, Sunflower staff will schedule meetings with individual Members to review and answer any questions. At the September Board meeting, any significant changes will be noted, and staff will seek approval for the 2025 budget.

#### *Wholesale Power Contract (WPC) Extensions*

The last amendment to the WPCs was in 2014 to align the maturity date to the Mid-Kansas Electric Company agreements (38-year terms). It was also amended and restated as part of the merger effective January 1, 2020, and remains in effect until March 31, 2052 (27 years). Because lenders rely on the WPCs for credit support, contracts must extend longer than the term of the debt. Sunflower will go to the private market to raise funds for projects including the Clifton replacement, replacement capacity from retired assets, and transmission projects. To accomplish a 30-term loan, the



current WPCs need to be extended past the maturity date of the debt. In addition, the extension of the WPCs is credit positive for our credit rating with Fitch and closely align the generation asset depreciation with the term of the debt. At the September Board meeting, Sunflower staff would like the Board to consider extending the WPCs by 10 years.

#### *Standby Rider*

As consumer behind-the-meter (BTM) installations increase, it is important the standby rider evolves to allow for the proper recovery from standby services. Unless consumers go completely off-grid, they must pay for the ability to lean on the utility when BTM resources are not generating. The current standby rider was designed to charge a reservation for BTM. Sunflower implemented a non-coincident peak (NCP) demand charge to be effective January 1. The bifurcation of the demand charge necessitates the need to update the standby rider.

The proposed standby calculation bills consumers the higher of the coincident peak (CP) reservation charge or the CP demand charges. NCP is billed in accordance with Sunflower's WHM. This proposed method more accurately assigns reservation costs with minimal financial risk to Sunflower. Consumers will still be charged WHM on all other line items (energy, transmission, etc.).

**Board Action:** The Sunflower Board voted and approved the 2024 standby rider effective August 21, 2024.

#### **Legal**

##### *Wildfire Mitigation Plan Update*

In the process of Sunflower's exploring excess liability insurance policies and securing a Fitch rating, it was discovered insurance companies require a wildfire mitigation plan. Sunflower staff attended a KEC workshop on wildfire mitigation plans and learned about two options for utilities interested in creating a plan: the first a template plan and the second a customized plan. Most Kansas co-ops are leaning toward a template plan, and KEC is working with a contractor to create a template plan for Kansas cooperatives to utilize. Once received, the template will be distributed internally for consideration and completion.

## **OTHER BUSINESS**

### **Voting Delegates/Alternates**

#### *Western Fuels Annual Meeting*

The Western Fuels Association annual meeting is scheduled for September 26 in Las Vegas, Nev.

**Board Action:** The Sunflower Board voted and approved Corey Linville and Steve Epperson as voting delegates and Wes Campell and Erica Schmidt as alternate voting delegates at the 2024 Western Fuels Association annual meeting.

**FOR IMMEDIATE RELEASE**

**Media Contacts**

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**August 6, 2024**

**SPP board approves new planning reserve margins to protect against high winter, summer use**

*Report calls for collaboration to meet future energy needs*

LITTLE ROCK, ARK. — At their August 5-6 meetings, Southwest Power Pool's (SPP) Regional State Committee and Board of Directors approved increases to the planning reserve margins (PRM) member utilities are required to maintain in support of regional grid reliability. PRM represents the amount of back-up power utilities must have to guard against unplanned conditions or events on the regional power grid.

SPP's action will further help the region prepare for extreme weather events and other circumstances that lead to higher-than-usual demand for electricity. Such episodes have become increasingly common in recent years, such as with Winter Storm Uri in 2021 and Winter Storm Elliott in 2022.

SPP's Regional State Committee and board approved minimum requirements of a 36% winter-season PRM and a 16% summer-season PRM, effective beginning summer 2026 and winter 2026/27. This means that load responsible entities in SPP's region must have access to enough generating capacity to serve their peak consumption with at least 36% margin during the winter season and at least 16% margin during the summer.

This action marks the first time a winter PRM requirement has been defined separately from SPP's summer PRM requirement and was taken to ensure member utilities appropriately acquire enough generating capacity for both seasons. The current 15% summer PRM requirement was previously applied to the winter season also. The new requirements support SPP's efforts to reliably and continuously meet the region-wide demand for electricity from residents, commercial centers and industries throughout the SPP footprint.

The board also received a report detailing the challenges SPP and its members face with the increasing risk of having inadequate electricity supply to meet demand. The report, titled [\*Our Generational Challenge: A Reliable Future for Electricity\*](#), is a comprehensive summary of SPP's work to leverage diverse energy resources to meet the ever-rising demand for electricity. It calls for increased engagement, collaboration and consensus among government energy regulators, elected policymakers, utilities, regional transmission organizations and customers.

"As the real-time grid operator and transmission planner for a 14-state region, our job is to ensure electric reliability for millions of consumers. We've been successfully doing this work since 1941. But we can't do it alone. A concerted, collective effort is needed to ensure we have a reliable power grid today and in the future," said SPP Chief Executive Officer Barbara Sugg in the report's opening statement.

The report and an [infographic](#) are available at [spp.org/ourchallenge](http://spp.org/ourchallenge). Sugg further pointed out that SPP is increasingly forced to issue grid advisories in winter and summer due to the heightened risk of inadequate power supplies during those times. She said harnessing enough energy to meet demand has become more and more complicated due to the rapidly evolving power grid.

“Demand for electricity is outpacing supply from our generation fleet,” Sugg said. “While SPP always focuses on affordability, we need continued investment to add the generating and transmission facilities needed to mitigate risks and keep the lights on.”

*About SPP: Southwest Power Pool, Inc. is a regional transmission organization: a not-for-profit corporation mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale electricity prices on behalf of its members in 14 states. SPP ensures electric reliability across a region spanning parts of the central and western U.S., provides energy services on a contract basis to customers in both the Eastern and Western Interconnections, and is expanding its RTO and developing a day-ahead energy market in the west. The company’s headquarters are in Little Rock, Arkansas. Learn more at [SPP.org](http://SPP.org).*

###

Sunflower Electric Power Corp. - July 2024, Member Billing Summary								
WHM - MEMBER REVENUE	Lane-Scott	Pioneer	Southern Pioneer	Prairie Land	Victory	Western	Wheatland	Total
Demand Coincident Peak, kW	29,049	144,781	137,754	119,724	161,562	61,341	185,934	840,145
Demand NCP, kW	29,850	136,043	146,468	131,949	165,159	63,401	190,872	863,742
Wholesale Energy Usage, kWh	16,117,879	99,370,856	77,329,866	64,949,230	84,034,138	36,708,988	92,457,628	470,968,585
RTP Marginal Usage, kWh			1,716		(65,281)			(63,565)
Coincident Peak Load Ratio Share, %	3.50%	17.20%	16.40%	14.30%	19.20%	7.30%	22.10%	100.00%
Coincident Load Factor, %	74.60%	92.30%	75.50%	72.90%	69.90%	80.40%	66.80%	75.30%
Metering Points	10	26	25	28	23	25	34	171
CP Demand Rate, \$/kW	10.53	11.11	10.53	10.53	10.53	10.53	10.53	10.61
NCP Demand Rate, \$/kW	3.07	3.07	3.07	3.07	3.07	3.07	3.07	3.07
CP Demand Charge, \$	305,885.97	1,609,160.55	1,450,549.62	1,260,693.72	1,701,247.86	645,920.73	1,957,885.02	8,931,343.47
NCP Demand Charge, \$	91,639.50	417,652.01	449,656.76	405,083.43	507,038.13	194,641.07	585,977.04	2,651,687.94
Demand Charge, \$	397,525.47	2,026,812.56	1,900,206.38	1,665,777.15	2,208,285.99	840,561.80	2,543,862.06	11,583,031.41
Energy Rate, ¢/kWh	0.6943	0.6912	0.6943	0.6943	0.6943	0.6943	0.6943	0.6936
Energy Charge, \$	111,906.43	686,801.83	536,901.26	450,942.50	583,449.02	254,870.50	641,933.31	3,266,804.85
RTP Marginal Usage Charge, \$			109.87		(2,624.28)			(2,514.41)
HLF Rider Net Charge, \$	6,162.44	9,924.83	(66,192.40)	24,832.40	(9,538.70)	14,035.16	20,776.24	-
EDR Rider Net Charge, \$	1,617.65	(15,209.69)	7,761.10	5,879.71	(13,012.37)	3,684.24	9,279.37	-
ECA Rate (ECA-02), ¢/kWh	1.7850	1.7850	1.7850	1.7850	1.7850	1.7850	1.7850	1.7850
ECA Charge, \$	287,704.14	1,773,769.78	1,380,338.11	1,159,343.76	1,500,009.36	655,255.44	1,650,368.66	8,406,789.24
Meter Rate, \$/Meter	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
Meter Charge, \$	1,050.00	2,730.00	2,625.00	2,940.00	2,415.00	2,625.00	3,570.00	17,955.00
Schedule 1	3,350.87	17,709.96	16,162.36	11,862.56	17,153.08	7,341.92	18,949.79	92,530.54
Schedule 11 Regional	27,810.70	146,984.53	134,140.17	98,453.82	142,362.71	60,934.54	157,274.50	767,960.97
Schedule 11 Zonal	31,425.71	166,090.48	151,576.53	111,251.45	160,867.88	68,855.18	177,718.00	867,785.23
Schedule 12	1,940.88	10,257.93	9,361.53	6,871.01	9,935.37	4,252.57	10,976.05	53,595.34
Schedule 1a	4,695.30	24,815.52	22,646.99	16,622.04	24,035.21	10,287.63	26,552.78	129,655.47
Schedule 9 SEPC	84,907.68	448,752.28	409,537.73	300,585.22	434,641.60	186,036.67	480,168.17	2,344,629.35
Msc. Transmission	880.73	4,654.69	4,247.91	3,061.40	4,508.36	1,929.61	4,980.43	24,263.13
Transmission Charge, \$	155,011.87	819,265.39	747,673.22	548,707.50	793,504.21	339,638.12	876,619.72	4,280,420.03
Billing Adjustments, \$ (LRR Rider)		(230,602.68)		-	(5,284.03)		-	(235,886.71)
ECIR Credit, \$			(11,334.76)					(11,334.76)
Community Solar Adjustments, \$		179.66		1.12	31.90		626.27	838.95
Net Charges, \$ *	960,978.00	5,073,671.68	4,498,087.79	3,858,423.02	5,057,236.10	2,110,670.26	5,747,035.63	27,306,103.61
3-2-1 Credits, \$		(12,147.49)	(286.30)	(20,113.75)	(3,240.38)			(35,787.92)
Total Charges, \$	960,978.00	5,061,524.19	4,497,801.49	3,838,309.27	5,053,995.72	2,110,670.26	5,747,035.63	27,270,315.69
Average all-in ¢/kWh	5.962	5.094	5.816	5.910	6.019	5.750	6.216	5.791
Non-Member energy charges:			<div>↓</div> <div>↑</div> <div>→</div> <div>↑</div> <div>↓</div>	Basis for Changes from Previous Month				
Non-Member energy charges:	\$	\$/kWh						
10 West Cities	1,119,571.68	0.0576		1. Holcomb Capacity Factor was 58.3% for the month.				
4 East Cities	133,544.20	0.0630		2. Smoky Hills #1 WF Capacity Factor was 28.2% for the month.				
KEPCo	186,746.05			3. Shooting Star capacity factor was 25.8% for the month.				
KMEA - EMP2 (Local Access)	123,560.64			4. Smoky Hills #2 WFCapacity Factor was 29.9% for the month				
KMEA - City of Meade - (Local Access)	22,575.90			5. Johson Corner Solar Capacity Factor was 34.3% for the month				
AP & NH other contracted services	419,947.44							
KPP - OATT, L.A.C. & MA Charges	26,979.07							
Note:			↑ = Increase      ↓ = Decrease      → = Little Effect					
* Victory and So. Pioneer numbers do not include the full requirement cities.								

## Richard McLeon

**From:** Kansas Electric Cooperatives, Inc. <sread@kec.org>  
**Sent:** Wednesday, August 7, 2024 2:31 PM  
**To:** Richard McLeon  
**Subject:** Summary of the KEC Summer Meeting and KEC Board Meeting



# SUMMER MEETING

**AUG. 3-5, 2024**

MARRIOTT HOTEL  
10800 METCALF AVE. | OVERLAND PARK, KANSAS

### Summary of the KEC Summer Meeting and KEC Board Meeting, held Aug. 5 at the Marriott Kansas City Overland Park in Overland Park, Kansas.

In official action at the **KEC Board Meeting**, the KEC Board

1. **Approved the distribution of patronage equity accumulated from the 2023 Communications Department margin in the amount of \$52,307 to be paid out this summer.**
2. **Approved the proposed changes to Policy Bulletin 13 that includes annual indexing to the discount threshold based on the average of the percentage change in the NEER and Meters. And, for budget year 2025, to index the discount threshold for meters and NEER at the levels that reflect the change in each from 2006 to 2023.**

KEC Board members were given a finance report through June 2024, heard a Budget & Operations Committee Report, and reviewed other matters.



## KEC Summer Meeting Highlights

KEC held the 2024 Summer Meeting on Monday, Aug. 5, at the Overland Park Marriott.

The event led off with remarks on energy transition issues from **Robert Bryce**. He discussed the discrepancy between the narrative of an energy transition and actual developments in energy infrastructure and policy. In his presentation, Bryce argued that there is no real energy transition in the US or any other country, despite widespread claims. He shared global statistics of the growth of CO2 emissions, nuclear and coal capacity, and wind and solar energy output. He predicted future energy challenges will increase as a significant part of generation capacity will be lost as coal plants are shut down, raising concerns about grid vulnerability.

NRECA's **John Ransom** highlighted the complex regulatory landscape and the NRECA's advocacy efforts to navigate and influence it. He noted that the increasing difficulty of passing laws in Congress has led to a surge in executive orders and new regulations from the executive branch. Ransom discussed environmental regulations, including those related to public lands, the EPA, permitting, and supply chain challenges. He also highlighted significant cyber and physical security issues. Additionally, he explained how the NRECA Cybersecurity Member Advisory Committee is actively advocating for resources on behalf of electric cooperatives with legislators and agencies.

During the luncheon, **NRECA Board President Tony Anderson** delivered a compelling leadership presentation. He shared valuable lessons from his extensive career in the electric cooperative industry and provided a powerful, personal account of coping with the loss of both his father and of a lineman. Throughout his talk, Anderson highlighted individuals who profoundly influenced various stages of his life and inspired the audience to make a positive impact on others. He highlighted the [\*\*Cooperative Family Fund\*\*](#) that was created to support the children of employees who pass away while employed by an electric cooperative.

Medal of Honor recipient **David Bellavia** shared a video showcasing the heroic actions that earned him the distinction of being the first living Iraq War veteran to receive this prestigious honor. He expressed his views on the greatness of our country, cautioning against government overreach and underscoring the importance of upholding America's core values. Bellavia emphasized that each generation surpasses the previous one, enhancing the military's greatness and the enduring strength of the United States. He firmly believes that, despite political and judicial challenges, America remains the greatest country in history. At the conclusion of the conference, Bellavia signed copies of his book and posed for photos with attendees.

Attendees received updates from **CFC** and **Federated Rural Electric Insurance Exchange**, along with pre-recorded presentations from several platinum-level sponsors. KEC's **Loss Control, Safety, and Compliance** staff presented RESAP Certificates of Excellence and No Loss Time Certificates of Recognition. During the KEC **Government Relations** update, it was announced that Reagan McCloud has been promoted to Director of the department. An invocation was also held in memory of **Donald and Agnes Metzen**, who recently passed away. Don was a board member for the Sedgwick County Electric Cooperative.

The vendor trade show took place on Aug. 5, offering attendees the chance to engage with industry partners in the main hallway outside the meeting rooms.


Before the summer board meeting convened, directors had several training options on Aug. 2 and 3. Bryan Singletary facilitated both the 2620 - Board Operations and Process and the new 988.1 - The Board's Role in Safety. Lou Green led the 984.1 - The Road to Resiliency: A Director's Responsibility. CoBank's Lee Earhart and Andy Glover conducted a Director Development Workshop covering financial education, board governance, leadership development, and a banker's perspective on credit.

On Sunday, all attendees, speakers, and vendors were invited to a KEC Social Hour. On Monday morning, a special VIP Breakfast was offered with Keynote Speaker David Bellavia as the guest of honor. Proceeds from the VIP Breakfast benefited KCRE.

## Photos and Presentations





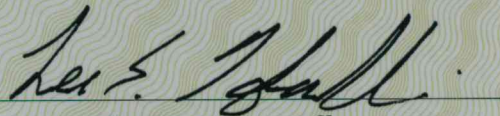
A Touchstone Energy® Cooperative 

# Certificate of Recognition

PRESENTED TO

*Lane-Scott Electric Cooperative*

for 315,915 employee hours worked  
from June 15, 2017, to December 31, 2023.



Chief Executive Officer



Director, Loss Control, Safety & Compliance



# Average Retail Price of Electricity to Residential Consumers For RECs and IOUs in Kansas For the Year Ending December 31, 2023

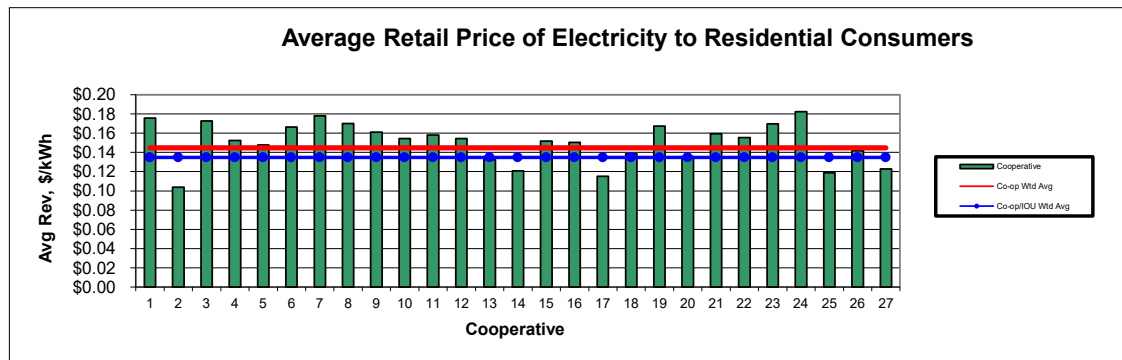
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	Cooperative	Residential Consumers	Residential MWh Sold	Residential Revenue, \$	Avg Mo. Revenue/Consumer, \$	Avg Mo. kWh/Consumer	Avg Revenue \$/ kWh	Diff from Co-op Avg, %	Diff from Co-op/IOU Avg, %
1	4 Rivers	8,701	101,437	17,822,513	170.69	972	0.1757	21.3%	30.3%
2	Alfalfa	2,862	53,384	5,545,875	161.48	1,554	0.1039	-28.2%	-22.9%
3	Bluestem	5,826	72,803	12,572,302	179.83	1,041	0.1727	19.3%	28.1%
4	Brown-Atchison	2,788	29,731	4,530,304	135.41	889	0.1524	5.2%	13.1%
5	Butler	6,825	106,898	15,773,538	192.60	1,305	0.1476	1.9%	9.5%
6	Caney Valley	3,576	33,138	5,510,278	128.41	772	0.1663	14.8%	23.4%
7	CMS	1,977	22,793	4,057,008	171.01	961	0.1780	22.9%	32.0%
8	Doniphan	1,389	14,937	2,537,889	152.26	896	0.1699	17.3%	26.0%
9	DSO	7,263	91,358	14,694,992	168.61	1,048	0.1609	11.1%	19.4%
10	Flint Hills	4,203	52,292	8,075,803	160.12	1,037	0.1544	6.6%	14.5%
11	FreeState	17,398	222,290	35,151,064	168.37	1,065	0.1581	9.2%	17.3%
12	Heartland	9,702	113,713	17,570,670	150.92	977	0.1545	6.7%	14.6%
13	Lane-Scott	2,225	23,646	3,132,169	117.31	886	0.1325	-8.5%	-1.7%
14	Midwest Energy	29,821	317,832	38,349,129	107.16	888	0.1207	-16.6%	-10.5%
15	Nemaha-Marshall	3,423	38,549	5,844,786	142.29	938	0.1516	4.7%	12.5%
16	Ninnescah	1,382	21,120	3,173,701	191.37	1,274	0.1503	3.8%	11.5%
17	Pioneer	5,031	61,064	7,039,557	116.60	1,011	0.1153	-20.4%	-14.5%
18	Prairie Land	13,682	133,552	18,473,500	112.52	813	0.1383	-4.5%	2.6%
19	Rolling Hills	6,021	66,988	11,218,343	155.27	927	0.1675	15.7%	24.3%
20	Sedgwick County	6,457	99,236	13,482,307	174.00	1,281	0.1359	-6.1%	0.8%
21	Southern Pioneer	12,578	113,829	18,130,942	120.12	754	0.1593	10.0%	18.2%
22	Sumner-Cowley	3,332	48,625	7,554,579	188.94	1,216	0.1554	7.3%	15.3%
23	Tri-County	13,158	136,834	23,221,700	147.07	867	0.1697	17.2%	25.9%
24	Twin Valley	2,149	25,046	4,563,837	176.98	971	0.1822	25.8%	35.2%
25	Victory	14,083	141,021	16,768,983	99.23	834	0.1189	-17.9%	-11.8%
26	Western	5,764	59,342	8,423,143	121.78	858	0.1419	-2.0%	5.3%
27	Wheatland	20,185	208,018	25,552,759	105.49	859	0.1228	-15.2%	-8.9%
Total		211,801	2,409,476	348,771,671					
Weighted Average					137.22	948	0.1448		
Median					152.26	961	0.1544		

Note: Southern Pioneer is not a cooperative, but a wholly-owned subsidiary of Pioneer and operated as a not-for-profit utility.  
Does not include non-KEC member Ark Valley Electric Cooperative, Inc.

Investor-Owned Utilities	Residential Consumers	Residential MWh Sold	Residential Revenue, \$	Avg Mo. Revenue/Consumer, \$	Avg Mo. kWh/Consumer	Avg Revenue \$/ kWh
Empire Dist. (KS Only)	8,264	104,321	13,886,644	140.03	1,052	0.1331
Eversource Kansas Central	340,314	3,463,318	464,925,053	113.85	848	0.1342
Eversource Kansas South	298,842	3,154,863	421,485,584	117.53	880	0.1336
Eversource Metro (KS Only)	242,173	2,857,073	367,371,443	126.41	983	0.1286
Total	889,593	9,579,575	1,267,668,724			
Weighted Average				118.75	897	0.1323

Co-op/IOU Total	1,101,394	11,989,051	1,616,440,395			
Co-op/IOU Wtd Average				122.30	907	0.1348



Source: 2023 RUS/CFC Form 7  
2023 KCC Annual Report

Prepared by:





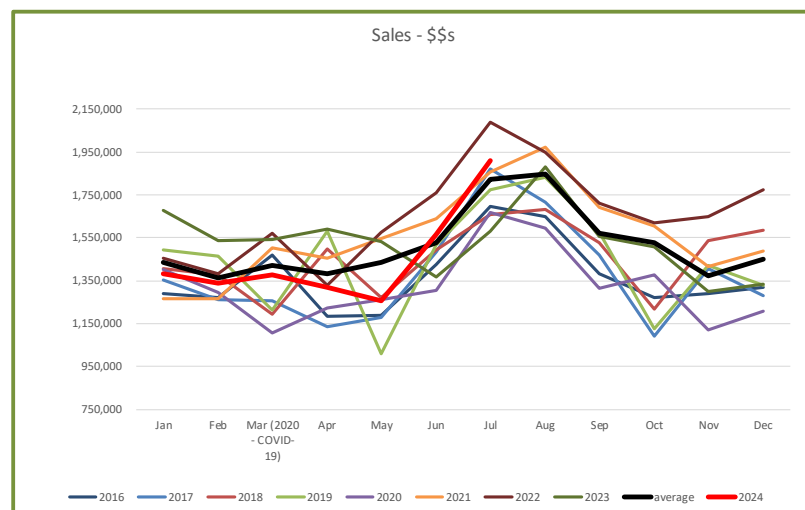
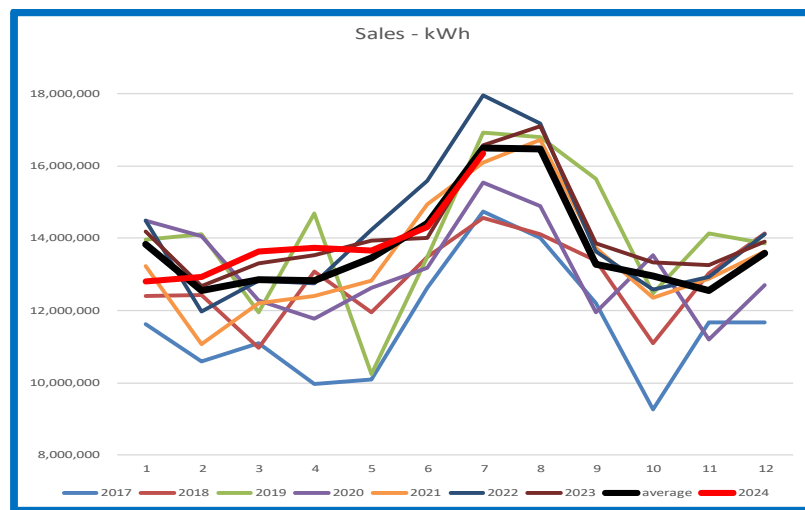
## 9. General Manager / C.E.O. Report

### A. Rates and Reliability Dashboard

- YTD kWh sales are near normal at 0.8% below 2023 and 1.22% ahead of the 2019-2024 average.
- YTD dollar sales are 6.28% below 2023 and 2.3% below the 2019-2024 average.
- YTD cost of wholesale power is 6.1% above 2023 and 18.2% below the 5-year average. However, if you adjust the February 2021 wholesale power cost to normalize Winter Storm Uri costs, this number drops to 4.0% below the 5-year average.

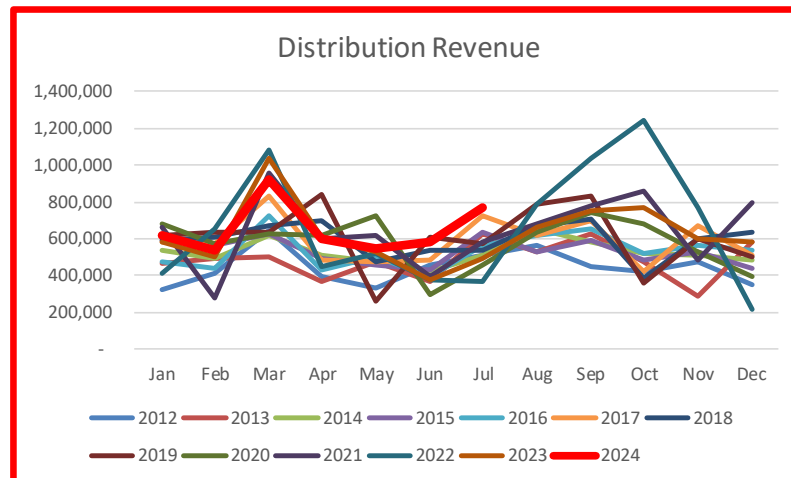
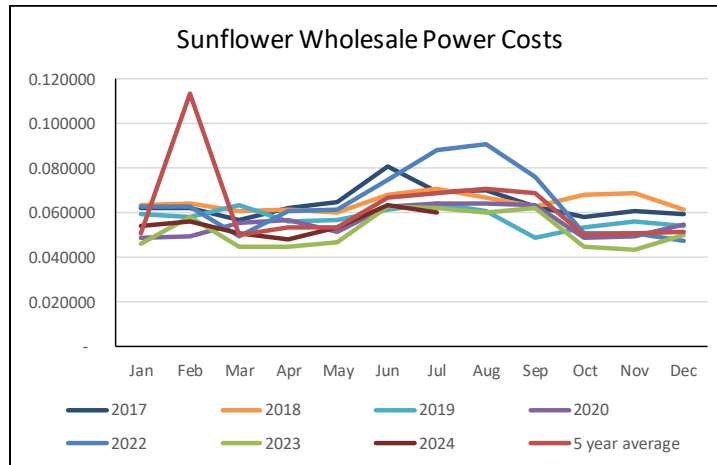
Therefore:

YTD Distribution Revenue is 4.72% above 2023 and 5.82% above the 5-year average.

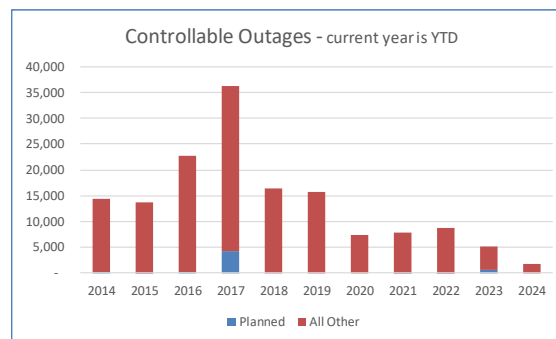
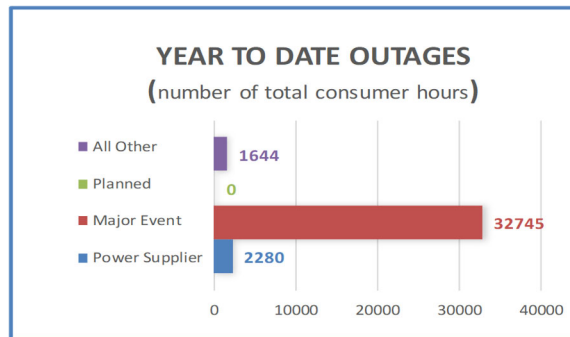


Form 7 Part O.				
	<i>meters</i>	<i>kWh</i>	<i>\$s</i>	<i>\$s/kWh</i>
1 Residential Sales	2,213	2,944,786	384,405	0.1305
2 Residential Seasonal	1,115	199,482	50,237	0.2518
3 Irrigation Sales	337	1,796,334	176,797	0.0984
4 C&I 1000 kVa or less	1,829	4,185,633	537,835	0.1285
5 C&I over 1000 kVa	177	6,093,944	659,882	0.1083
6 Public Street and Lighting	12	31,562	6,031	0.1911
7 Other Sales to Public Authorities	47	44,618	7,002	0.1569
8 Sales for Resale - RUS Borrowers	0	0	0	
9 Sales for Resale - Other	1	1,055,400	89,292	0.0846
	5,731	16,351,759	1,911,480	0.1438

Jul-24	meters	kWh	\$\$s
<i>Residential Sales</i>	38.6%	18.0%	20.1%
<i>Residential Seasonal</i>	19.5%	1.2%	2.6%
<i>Irrigation Sales</i>	5.9%	11.0%	9.2%
<i>C&amp;I 1000 kVa or less</i>	31.9%	25.6%	28.1%
<i>C&amp;I over 1000 kVa</i>	3.1%	37.3%	34.5%
<i>Public Street and Lighting</i>	0.2%	0.2%	0.3%
<i>Other Sales to Public Authorities</i>	0.8%	0.3%	0.4%
<i>Sales for Resale - RUS Borrowers</i>	0.0%	0.0%	0.0%
<i>Sales for Resale - Other</i>	0.0%	6.5%	4.7%



*Outage YTD minutes per member are 383.5 which is a lot higher than last year's 79.7 YTD minutes per member. The January Blizzard added 341.8 minutes per member.*



- B. Staffing. Our current employee count is 23 which is a net -2 from year beginning. This reflects one hire and three departures (1 quit, 1 retire, and 1 termination).
- C. Future topics. What questions of topics would you like me to address or to open for discussion? Please let me know and I will add them to my report.
- D. Credit Card records. (are available for the Boards review.)
- E. Departments / Sections. (full reports are in the Supplemental file)
  - 1) Accounting and Finance.
    - Our financial strength remains very good, although operating metrics remain low:
      - TIER – 1.30, OPTIER – 0.87
      - DSC – 1.00, ODSC – 0.86
      - Equity as a % of Assets – 39.89%
      - Equity as a % of Capitalization – 42.95%
      - Cash Balance - \$7,393,868
      - General Funds Level – 11.86%
      - Cash to Debt Ratio – 21.33%
  - 2) Operations Report (Dal). Operations encompasses construction, maintenance, and engineering for all LSEC plant. As usual, they were focused on distribution and substation maintenance and pole change-outs. Key items were:
    - Completed the Dighton City West Substation Project.

- Expanded our underground projects gaining more experience and confidence in underground construction.
  - Initiated SPP interconnection study for the Oneok project north of Scott City.
  - Hwy 4 storm damage. We lost the same line twice in about 2 weeks. We hardened the line with iron poles which should establish iron poles as part of our normal construction practice for FEMA reimbursements.
- 3) Information Technology and Cybersecurity (Carrie). IT touches every part of the cooperative and drives all our processes. Major items completed this month were:
- Electronic Purchase Orders are integrated with the Purchase Order process. We should be fully paperless in the 4<sup>th</sup> quarter.
  - Asset Management Integration software is now operational.
  - Several malicious compromise attempts were stopped.
- 4) Communications (Ann Marie). Ann Marie manages all aspects of Cooperative communications and marketing. Major projects completed last month were:
- Created the “All the Ways to Pay” brochure for the members.
  - Collaborated with Sunflower to produce an EPA Power Plant Rule communications package.
- 5) Human Resources (Diana). Diana has been very busy setting up trainings, on-boarding new employees, filing OSHA paperwork, Mutual Aid paperwork, and NRECA benefits updates. She also manages Accounts Payable and backs up the Cashier / Receptionist. Major Items completed include:
- Update employee electronic appraisal system
  - Educate employees on group benefits
- 6) Special Projects (Kathy). Kathy is focusing her energy and experience on cleaning up some remaining projects that critical to Lane-Scott. Major accomplishments are:
- Substation Assets Allocations – completed.
  - Capital Credit Escheatment and Estate retirements. This project has begun.
- 7) Retail Services / Warehouse Report (Scott).
- Retail Non-operating margins YTD rose to \$31,763.38.
  - Inventory levels are rebuilding from recent storms.
  - Generac. A record four units were installed in a single week.

Respectfully submitted,

Richard McLeon, M.B.A.  
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  <b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KS0042
	PERIOD ENDED July 2024
	BORROWER NAME The Lane-Scott Electric Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

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

**CERTIFICATION**

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

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

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

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

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

\_\_\_\_\_  
DATE

PART A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	10,111,273	10,735,020	11,041,327	1,863,005
2. Power Production Expense				
3. Cost of Purchased Power	5,984,843	6,151,026	6,203,714	1,089,882
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	605,810	657,212	642,067	76,314
7. Distribution Expense - Maintenance	641,272	806,009	681,321	123,261
8. Customer Accounts Expense	155,484	153,438	160,176	24,302
9. Customer Service and Informational Expense	38,191	43,943	42,176	7,193
10. Sales Expense	63,988	48,131	61,459	4,963
11. Administrative and General Expense	1,148,191	1,085,108	1,048,978	172,163
12. Total Operation & Maintenance Expense (2 thru 11)	8,637,779	8,944,867	8,839,891	1,498,078
13. Depreciation and Amortization Expense	1,133,308	1,182,460	1,159,255	170,010
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	708,914	678,923	685,573	96,153
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	3,194	3,119	3,103	449
19. Other Deductions	18,388	10,871	13,889	700
20. Total Cost of Electric Service (12 thru 19)	10,501,583	10,820,240	10,701,711	1,765,390
21. Patronage Capital & Operating Margins (1 minus 20)	(390,310)	(85,220)	339,616	97,615
22. Non Operating Margins - Interest	220,767	220,409	226,815	31,144
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	51,162	70,345	42,169	9,954
26. Generation and Transmission Capital Credits		(11,980)		
27. Other Capital Credits and Patronage Dividends	8,810	10,849	20,000	0
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	(109,571)	204,403	628,600	138,713

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  KS0042		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED  July 2024		
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	13	31	5. Miles Transmission		
2. Services Retired	35	15	6. Miles Distribution – Overhead	2,038.10	2,031.47
3. Total Services in Place	6,051	6,063	7. Miles Distribution - Underground	8.73	8.92
4. Idle Services (Exclude Seasonals)	287	332	8. Total Miles Energized (5 + 6 + 7)	2,046.83	2,040.39
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	63,855,340		30. Memberships	0	
2. Construction Work in Progress	437,902		31. Patronage Capital	23,579,806	
3. Total Utility Plant (1 + 2)	64,293,242		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	22,568,214		33. Operating Margins - Current Year	(85,220)	
5. Net Utility Plant (3 - 4)	41,725,028		34. Non-Operating Margins	2,240,482	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	355,745	
7. Investments in Subsidiary Companies	248,755		36. Total Margins & Equities (30 thru 35)	26,090,813	
8. Invest. in Assoc. Org. - Patronage Capital	12,321,738		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	30,136,386	
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)	4,522,306	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	13,243,413		43. Total Long-Term Debt (37 thru 41 - 42)	34,658,692	
15. Cash - General Funds	195,075		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	6,976,710		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,396,358	
20. Accounts Receivable - Sales of Energy (Net)	1,613,004		49. Consumers Deposits	105,898	
21. Accounts Receivable - Other (Net)	310,722				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	1,438,510	
23. Materials and Supplies - Electric & Other	854,034		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	60,045		52. Current Maturities Capital Leases	0	
25. Other Current and Accrued Assets	100,192		53. Other Current and Accrued Liabilities	1,336,280	
26. Total Current and Accrued Assets (15 thru 25)	10,109,907		54. Total Current & Accrued Liabilities (47 thru 53)	4,277,046	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	327,135		56. Other Deferred Credits	378,932	
29. Total Assets and Other Debits (5+14+26 thru 28)	65,405,483		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	65,405,483	

2024-Line 25 - Non-Operating Margins

		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Rev.-Electrician & Mat.	415.1	\$54,874.81	\$41,400.49	\$39,743.41	\$53,053.84	\$84,047.78	\$51,503.01	\$68,549.92						\$393,173.26	415.1
Exp.-Electrician & Mat.	416.1	\$52,074.86	\$41,231.46	\$37,175.06	\$53,352.19	\$69,454.88	\$44,166.89	\$58,736.38						\$356,191.72	416.1/1.11
		\$2,799.95	\$169.03	\$2,568.35	(\$298.35)	\$14,592.90	\$7,336.12	\$9,813.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$36,981.54	
Rev.-Appliance Repair	415.2	\$30.06	\$0.00	\$41.44	\$7.01	\$0.00	\$149.91	\$220.97						\$449.39	415.2
Exp.-Appliance Repair	416.2	\$557.45	\$5,393.73	\$69.06	(\$0.94)	\$0.00	\$100.44	\$160.45						\$6,280.19	416.2/2.21
		(\$527.39)	(\$5,393.73)	(\$27.62)	\$7.95	\$0.00	\$49.47	\$60.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5,830.80)	
Rev.-Member Damages	415.3	\$0.00	\$0.00	\$0.00	\$0.00	\$1,799.33	\$0.00	\$0.00						\$1,799.33	415.3
Exp.-Member Damages	416.3	\$0.00	\$0.00	\$0.00	\$0.00	\$2,412.55	\$0.00	\$0.00						\$2,412.55	416.3
		\$0.00	\$0.00	\$0.00	\$0.00	(\$613.22)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$613.22)	
Generac Warranty Parts & Labor	416.4	\$0.00	\$444.06	\$0.00	\$336.98	\$0.00	\$0.00	\$0.00						\$781.04	416.4
Finance Charges	415.5	\$67.28	\$38.37	\$72.84	\$69.99	\$55.91	\$60.63	\$79.80						\$444.82	415.5
MARGIN-Retail		\$2,339.84	(\$4,742.27)	\$2,613.57	\$116.57	\$14,035.59	\$7,446.22	\$9,953.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$31,763.38	
Misc. Income	421.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00						\$0.00	421.0
Gain on Disposal	421.1	\$627.01	\$259.00	\$0.00	\$0.00	\$66,500.00	\$0.00	\$0.00						\$67,386.01	421.1
Loss on Disposal	421.2	(\$1,316.76)	\$0.00	\$0.00	\$0.00	(\$22,788.26)	\$0.00	\$0.00						(\$24,105.02)	421.2
NET NON-OP MARGIN		\$1,650.09	(\$4,483.27)	\$2,613.57	\$116.57	\$57,747.33	\$7,446.22	\$9,953.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$75,044.37	

	Current Month				YTD Total			
	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev
Kalo	0	0	\$ 85.00	\$ -	0	0	\$ 85.00	\$ -
Michael	179	19	\$ 85.00	\$ 1,615.00	972	266	\$ 85.00	\$ 22,610.00
Mark	0	0	\$ 85.00	\$ -	0	0	\$ 85.00	\$ -
	179	19		\$ 1,615.00	972	266		\$ 22,610.00

90.40%

78.51%

**10. a. KEC Update – MG Lee Tafanelli (US Army Retired)**



Lee E. Tafanelli has served as the CEO of the Kansas Electric Cooperatives, Inc. since May 2020. He is a retired National Guardsman who, served as the Adjutant General of Kansas from 2011 to 2020. He is a former Republican member of the Kansas House of Representatives, representing the 47th district.

Following a yearlong deployment as commander of the 891st Engineer Battalion in 2005 in support of Operation Iraqi Freedom, he served from 2006 until his resignation January 10, 2011, when he was appointed Adjutant General of Kansas by Governor Sam Brownback.

As the director of Kansas Emergency Management, he guided a small professional core of personnel that prepare for and respond to disasters while training about 105 county emergency managers and their staff. Major General Tafanelli was also the Director of Homeland Security for Kansas, where he worked to ensure security in the state and was responsible for the Kansas Civil Air Patrol.

Lee is a friend to the Lane-Scott Electric Cooperative and has served as Guest Speaker at the LSEC Annual Meeting. He is spearheading an effort to elevate leadership training among Cooperative employees and is an avid upland hunter.



## **10. b. Annual Meeting Review**

The 2024 Lane-Scott Electric Cooperative Annual Meeting included a series of successes and challenges.

Successes included:

- There were 130 members represented. This is 13 above last year and 11 above the five-year average.
- We received many compliments on the meal, door prize, and speaker.
- On-line voting was completed without any known problems.
- The 2023 tent issue was resolved. In 2023 the Lane County crews failed to promptly take down the LSEC tent (the small one) leading to its' destruction in a windstorm. A similar tent was donated to the Fair Board who then donated it to LSEC. We allow the tent to be used through the Fair, then we take it down and store it at LSEC. The large tent is an annual rental which LSEC splits with the Fair Board and is used throughout the Fair.

Challenges included:

- Miscommunications with the Fair Board and Fair Rodeo Committee which resulted in a failure to set-up the stage. This was the first real problem in recent memory. We are considering the merits of executing a Memorandum of Understanding with the county to define obligations on both sides.
- The sound system is showing obvious signs of age and needs repair/replacement. LSEC has since acquired a sound system that we can use for Annual Meeting, Safety Demonstrations, other public meetings.

The following pages have the meeting statistics as well as the Staff Analysis of the Annual Meeting location. Ann Marie led the Staff through a detailed analysis of the pros and cons of relocating the meeting. Her report follows, but the consensus of the Staff is that:

1. The meeting should remain at the Fairgrounds, but protections need to be addressed for the stage and an alternate should be identified if the weather turns inclement.
2. The Board should consider a Bylaws amendment to allow the meeting to be held "within the LSEC service area". This would allow the meeting to be held in Ness City or other population centers that may develop.

## Annual Meeting Options

The Leadership Team held an after-action meeting following the Annual Meeting regarding pros, cons, what went well, and what could be improved upon. During the discussion we were asked to put together options to be presented to you for the Annual Meeting moving forward. Ultimately, it is up to the board's discretion, but below are options along with thoughts on each.

### **Option 1. Leave it at the Fairgrounds During Fair Week as it has been.**

#### Cons / Concerns:

a. **Rodeo / Stage Issue:** The county commissioner we spoke with during and following the Annual Meeting apologized for what happened. The rodeo does have a contract that the ring is to be drug and not disturbed, but not until Thursday prior to rodeo, after our meeting. When the rain was forecasted the rodeo board decided to go early and did not communicate with anyone else. We were told this would not happen again. If you decide to keep the Annual Meeting there, we will have another conversation with the commissioners / rodeo group to ensure this.

b. **Weather Uncertainty:** There is always a concern for storms, extreme heat, and/or wind. There is no place to move indoors last minute if needed.

#### c. **Cost:**

- i. We split the cost to rent the larger tent with the fair board. This year, it was close to **\$2,500.**
- ii. Complimentary meal and free gift for non-members. **Estimated \$3,184**
  - Per plate cost: \$16.50 / plate plus tax & tip = \$11,256. Plan and pay for 450. = \$23 / plate.
  - Gift = \$13.00 / person

#### Calculating how many non-members attend:

We had 130 member registrations and 438 plates of food served. We do not count how many individuals are present per membership. I would guess on average maybe 2.5 people, considering most at least come with their spouse and family members. Using that estimation,  $130 \times 2.5 = 325$  members/family. That leaves 113 non-members.

- $113 \times \$23$  for the meal = \$2,599
- Gifts are given out per household, not per person. Using the same 2.5 estimate = 45 non-member households = \$585

#### Pros:

a. **Community Event:** This is the one big community event Lane-Scott holds, it is an event and not just a meeting. We draw a crowd because it is at the beginning of the fair week, it kicks off the rides for the kids, and it is tradition.

b. **Quorum:** Members register before the meal. We are able to count towards quorum even if they leave before the business meeting, as witnessed during the raffle this year. A lot of co-ops

struggle with getting enough members to meet quorum during their Annual Meetings. It has been a topic of discussion at many Member Service meetings. We could have the same struggle if moved to a different time / location with no other attraction to draw them to it.

c. **Planning and Setting Up is a Well-Oiled Machine.** We have been holding the Annual Meeting at the fair for so long that putting it together goes fairly well. We've added registration and voting technology, but setting up the location itself is usually pretty seamless.

## **Option 2. Move to the Catholic Hall**

### Cons / Concerns:

a. **It Becomes a Meeting Not an Event.** As discussed in the Pros of having the meeting at the beginning of the fair, it is an attended community event.

### **b. Loss of Appeal / Uncertainty of Attendance**

- i. The possibility of struggling with quorum.
- ii. We may have to come up with another way to entice members to come besides raffle prizes and traditional speakers. Could become more expensive eventually.
- iii. Planning for how many will be attending. Initially we will have to plan on a large crowd for food and gifts until we get a gauge of how many typically come.

### Pros:

#### **a. Cost Reduction.**

- i. The Catholic Hall is affordable to rent, at an estimated \$500. Tables and chairs are included and is plenty big to accommodate large crowds. There is a speaker system and stage (or can use our own). The caterer can set-up in the small room with a two-way flow.
- ii. Could be a Pro or Con depending on how you look at it, but less people in attendance = less money.

*Estimated Savings: \$2500 tent, \$3,184 City of Dighton meal & gifts = \$5,684 minus \$500 rental fee = **\$5,184***

#### **b. Inside without weather concerns.**

c. **Less Work.** We would not have to set-up the tent, etc. Several operations employees spend a lot of time during for multiple days setting-up.

d. **Timing:** We could hold the meeting earlier in the year like other co-ops do. This would change the timing of the Board Nominating Committee and terms. This really isn't a pro or con, just gives options.

## **Option 3. Rotate Between Ness City and Dighton.**

Every other year we could hold the meeting in Ness City. This could be regardless of if we move from the Fairgrounds/Fair Week. Suggestions so far have been the high school or Community Building north of Butterfields.

Cons/Concerns:

a. **Attendance.** Uncertainty of attendance. Same concern as moving away from the fair, we may have quorum issues, and it becomes a meeting not an event.

b. **Logistics of Setting-up Away from Home.** There would be a lot more back and forth time for employees planning and setting-up.

c. **Logistics of a New Location.** Everything that goes with planning a meeting in a new location. Same with the Catholic Hall. Not knowing how many to plan for year to year.

d. **Would Need to be Addressed in the ByLaws.**

Pros:

a. **Opportunity to Increase Ness County Engagement.** While we might lose Lane County members, we might also gain a substantial number of members from Ness Co. (even Hodgeman and Rush) who don't come to Dighton due to distance.

Other Location Options Discussed:

1. **In the Lane-Scott Shed.** Similar to how we set-up the Sunflower Annual Meeting. This would allow us to be inside and would provide a good location to set-up a Safety Trailer Demonstration. We would need to purchase/rent tables and chairs.

2. **Dighton High School.** Dinner in the commons area (can't use kitchen), auditorium or commons for business meeting. More difficult to rent out depending on school schedule and fees, would need tables and chairs. You may have people leave between the meal and meeting if moved to the auditorium. (This happened at the Lane County Conservation Annual Meeting)

Timing Discussed:

1. During Business Hours – Members who work would not be able to attend. After discussion, it is the staff's recommendation to continue holding it in the evening. We would be prohibiting a large portion of our membership from attending.

2. If we rotate locations between Ness and Dighton, we will need to keep it at the same time of the year mostly due to the Trustee election. If we continue having it before the fair in Lane County, we will hold in July also in Ness County.

## **10. c. Board Secretary Resolutions**

There are five (5) required Board Resolutions reflecting the change of Board Secretary to Rad Roehl. These are:

### **I. USDA**

- A. Secretary's Certificate. No material change to these documents but the new Resolution and Secretary's Certificate need approval.
- B. Resolution of the Board of Trustees. This reflects the amendment for a new Board Secretary.

### **II. CoBank. Resolution of Incumbency**. This reflects the amendment for a new Board Secretary.

### **III. First State Bank of Healy. Board Resolution**. This reflects the amendment for a new Board Secretary.

### **IV. First National Bank of Dighton. Board Resolution**. This reflects the amendment for a new Board Secretary.

There are several documents requiring Board officer signatures but not requiring Board Resolutions.

**Staff requests that the Board approved these resolutions.**

U.S. Department of Agriculture  
Rural Development Utilities Programs

**CERTIFICATE OF AUTHORITY TO SUBMIT OR GRANT ACCESS TO DATA**

**INSTRUCTIONS-Submit one copy to the Rural Development Utilities Programs headquarters and one copy to the GFR.**

In accordance with the requirements of the Rural Utilities Service, an agency delivering the U.S. Department of Agriculture Rural Development Utilities Programs, herein after referred to as the Agency, and by resolution, attached hereto, of the board of directors or other managing body

(the "Board" of The Lane-Scott Electric Cooperative, Inc. ("the Borrower")  
BORROWER'S NAME

located at 410 S High Street, Dighton, Ks. 67839,  
BORROWER'S ADDRESS

which resolution was adopted by a quorum of the Board, held on August 26, 2024,  
the Board hereby authorizes the officer or manager whose name, title, and USDA eAuthentication ID appear below (Certifier), to certify and submit the data requested on the following Agency data collections. Furthermore, said resolution authorizes the following employee whose name, title, and eAuthentication ID appear below (Security Administrator), to give, as appropriate, other employees, officers, or contractors access to the Borrower's data on the USDA Rural Development Data Collection System, subject to the terms of the attached instructions, for the purpose of completing the required data collection indicated below:

(Check All That Apply)

	Form No. (if applicable)	TITLE
<input checked="" type="checkbox"/>	7	Financial and Statistical Report (Electric - Distribution)
<input type="checkbox"/>	12	Operating Report (Electric - Generation)
<input type="checkbox"/>	--	Operating Report for Broadband Borrowers
<input type="checkbox"/>	--	Operating Report for Telecommunications Borrowers

This certification of authority shall remain in force until the Agency has been notified of, and has acknowledged to the Board, its rescinding of the attached resolution.

**Certifier**

General Manager/CEO

TITLE

Richard A McLeon IV

NAME (TYPE OR PRINT)

ramcleon@lsec

eAuthentication ID

**Security Administrator**

Accountant

TITLE

Jocelyn Walker

NAME (TYPE OR PRINT)

jocelyn.walker@lanescott

eAuthentication ID

The Lane-Scott Electric Cooperative, In

BORROWER'S NAME

SIGNATURE OF BOARD PRESIDENT  
OR CHAIRMAN

August 26, 2024

DATE

SIGNATURE OF SECRETARY

## SECRETARY'S CERTIFICATE

I, Rad Roehl, do hereby certify that: I am the Secretary of The Lane-Scott Electric Cooperative, Inc. (hereinafter the "Corporation;") that the following are true and correct copies of resolutions duly adopted by the Board of Trustees of the Corporation at the regular meeting held August 26, 2024, and entered in the minute book of the Corporation; that the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; and that none of the following resolutions has been rescinded or modified:

### RESOLUTIONS

1. RESOLVED that Richard A. McLeon IV, the General Manager/CEO of the Corporation, be the Certifier on behalf of the Corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture, any and all data required by RD Apply Intake System;

2. RESOLVED that Jocelyn J. Walker, the Accountant of the Corporation, be the Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with the RD Apply Intake System; and

3. RESOLVED that both shall comply with the Instructions for RD Apply Intake System in regard to use of the government's data collection system.

Certifier: ramcleon@lsec  
eAuthentication ID

Administrator: Jocelyn.walker@lanescott.coop  
eAuthentication ID

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

**IN WITNESS WHEREOF** I have hereunto set my hand and affixed the seal of the Corporation  
this 26th day of August, 2024.

---

Secretary

(Corporate Seal)

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 26, 2024 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 Richard Jennison   
TITLE NAME (TYPE OR PRINT) SIGNATURE

Secretary Rad Roehl   
TITLE NAME (TYPE OR PRINT) SIGNATURE

Lane-Scott Electric Coop Inc  
BORROWER'S NAME

SIGNATURE OF PRESIDENT

08-26-2024  
DATE

SIGNATURE OF SECRETARY



**RESOLUTION OF THE BOARD OF TRUSTEES**  
**THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.**

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

**CERTIFICATION OF SECRETARY**

I, Rad Roehl, hereby certify that I am Secretary of The 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 26, 2024 and that a quorum was present and voted.

Seal

\_\_\_\_\_  
\_\_\_\_\_, Secretary

LANE-SCOTT ELECTRIC COOPERATIVE, INC.  
DIGHTON, KANSAS

RESOLUTION OF INCUMBENCY

To

CoBank

WHEREAS, Article VI of the Bylaws of The 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	Richard L. Jennison
Vice-President	Craig Ramsey
Treasurer	Eric Doll
Secretary	Rad Roehl
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, Rad Roehl, 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 26<sup>th</sup> day of August, 2024.

---

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
<p>_____ Signature</p> <p>Richard L. Jennison _____ TYPE or PRINT name</p> <p>_____ TYPE or PRINT e-mail address for e-signature</p>	<p>_____ Signature</p> <p>Craig Ramsey _____ TYPE or PRINT name</p> <p>_____ TYPE or PRINT e-mail address for e-signature</p>
TREASURER	SECRETARY
<p>_____ Signature</p> <p>Eric Doll _____ TYPE or PRINT name</p> <p>_____ TYPE or PRINT e-mail address for e-signature</p>	<p>_____ Signature</p> <p>Rad Roehl _____ TYPE or PRINT name</p> <p>_____ TYPE or PRINT e-mail address for e-signature</p>
MANAGER	
<p>_____ Signature</p> <p>Richard A. McLeon IV _____ TYPE or PRINT name</p> <p>richard.mcleon@lanescott.coop _____ TYPE or PRINT e-mail address for e-signature</p>	

Dated this 26th day of August, 2024.

Annual Meeting Month: July

**THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: 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 National Bank of Dighton, Kansas.

NOW THEREFORE BE IT RESOLVED, that Richard A. McLeon IV, Katherine E. Lewis, Carrie Borell, 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, Rad Roehl, 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 26, 2024, at which a quorum was present and voted.

---

Rad Roehl, 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, Carrie Borell, 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, Rad Roehl, 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 26, 2024, at which a quorum was present and voted.

---

Rad Roehl, Secretary

**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 3, 2024

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

We submit the enclosed audit agreement for the year ended December 31, 2024. 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.

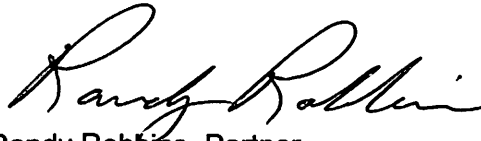
As required by RUS, we are enclosing an executed certification related to the Executive Orders covering Debarment and Suspension.

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:

A handwritten signature in black ink, appearing to read "Randy Robbins", written over a horizontal line.

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 3, 2024**

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, 2024.

**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, 2024 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, 2024 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 \$28,000 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.

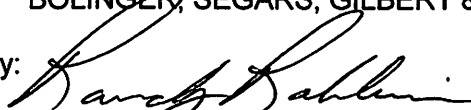
We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required 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

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

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#### 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

7/3/2024

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.



## Report on the Firm's System of Quality Control

October 31, 2023

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

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, 2023. 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, limitation of, and the procedures performed in a System Review as described in the standards may be found at [www.aicpa.org/prsummary](http://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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the firm's system of quality control based on our review.

### Required Selections and Considerations

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

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

### 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, 2023, has been suitable designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable 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*.

MWH Group, P.C.

MWH Group, PC



# **Delegate Appointment**

## **Region 7 Meeting of Subscribers**

**Of**

**Federated Rural Electric Insurance Exchange**

**To Be Held**

**September 25, 2024**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned cooperative named below does hereby constitute and appoint:

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its true and lawful delegate to vote in the name of the cooperative at the Regional Meeting of the Subscribers of the Company, to be held on September 25, 2024, or at any adjourned meeting thereof, upon the following matters:

### **Election of Directors**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Name of Cooperative

\_\_\_\_\_  
By:

## **SAFETY PROGRAM**

### **SAFETY PROJECTS COMPLETED AS OF August 2024**

- Rubber gloves changed out.
- Sleeves changed out.
- Line Blankets changed out.
- Ongoing: Testing and adjusting digital truck inspections, designing facility inspection sheet.

Ann Jennings's submitted report:

- Back to School Safety month-Video(& eventually website banners)-Social media
- Dorm Room Electrical Safety
- Teen Driver Safety
- Power Banks for outages
- Are you ready for the next big storm-Weather Radios
- Appliance Cord Safety.
- Diana Kuhlman submitted reports:
  - Attended Monthly Safety Meeting.
  - Coordinate Monthly Drug Testing.
  - Submitted No-Time Loss Report to KEC.
  - Attend KDOT red book training
- In house safety meeting: Review new Emergency Action Plan, conduct table top exercise for E.A.P.

### **SAFETY PROJECTS IN PROGRESS AS OF August 2024**

1. SafetyAmp software inspection forms in progress for main building first aid kit and pole yard.
2. FCC radios: Ordered repeater and antenna for Sunflower Tower to help with signal and redundancy. Inquiring on tower site in Ransom area to help with dead spots in Bazine and McCracken area.
3. Demo trailer : Purchasing more items for demo trailer, working on tie down locations for equipment.
4. RESAP Onsite Observation.
  - 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 Development.
  - Working on moving connect for James Bergen grain bin site,

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

July 31, 2024

Chris Terhune called the meeting to order at 9:33 a.m.

**Minutes were read:** Dal Hawkinson made a motion to approve the May 28th minutes, seconded by Dellon Shelton. Minutes were read and approved as printed.

**Present:** Richard McLeon, Kasey Jenkinson, Dal Hawkinson, Chad Rupp, Chris Terhune, Myron Seib, Kevin Bradstreet, Leighton Ayers, Dellon Shelton, Taylor Cable, Nate Burns, Scott Briand, Micheal Pollock, Kathy Lewis, Carrie Borell, Diana Kuhlman, Jocelyn Walker, Cindy Fuentes, Clarrisa Davis, and Boston Shimer.

**Absent:** Ben Mann, Blake McVicker, Kalo Mann, Mark McCulloch, Rebecca Campbell, and Ann Jennings.

**Guest:** None

**Truck report of inspections:**

105	Taylor Cable	OK
110	Myron Seib	in shop for repairs
112	Leighton Ayers	OK
123	Boston Shimer	needs new windshield
132	Taylor Cable	OK
135	Nate Burns	OK
136	Kevin Bradstreet	OK
143	Scott Briand	needs new windshield
145	Dal Hawkinson	OK
150	Kasey Jenkinson	OK
173	Chad Rupp	OK
191	Boston Shimer	OK
200	Leighton Ayers	OK
201	Myron Seib	OK
305	Myron Seib	OK
2401	Myron Seib	OK
2402	Chris Terhune	OK

**Trailer and Equipment report of inspections:**

502	Myron Seib	OK
507	Myron Seib	OK
515	Myron Seib	OK
504	Myron Seib	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

**Personal Tools:** All Passed

**Gloves Monthly Test Results:** No Report

**Line Hoses Annual Test Results:** N/A

**Sleeves Quarterly Test Results:** N/A

**Substation and Regulator Report:**

- ♦ Leighton Ayers: West city substation updates: new beams, bypass switches, Nova's and Controllers.
- ♦ **PCB Report:** None to Report

**Line Clearance:** Jerod Petersilie had a dead tree removed out of the line. Other clearances were Jerry Riemann's new bin site, Dean Cramer's water well in Gove County, and Randy Showerman's residence.

**Accident and Near Misses:** Kevin Bradstreet discussed a driver on highway 4 that accelerated when they approached the work site. Emergency management was called by Chad Rupp. Traffic control arrived and slowed down traffic. Chris Terhune reported that while working storm damage on highway 4, that he drove out of the ditch with right side outrigger down onto the highway. The hydraulic cylinder will be replaced by Altec. There was no damage to the highway.

**Old Business:**

- ♦ Dal Hawkinson: Crew observations with office personnel were done.

**New Business:**

- ♦ Richard McLeon: Annual Meeting 2024 completed. The board will be looking into alternative locations for hosting the Annual Meeting in the future. The heat and wind chill index were reviewed with recommendations to be aware of your crew ability and surroundings. The 2025 budget begins in August and all employees involved need to be conservative with budget items and prioritize. August 26<sup>th</sup> will be Kalo Mann's retirement party. Lee Tafarielli with KEC will also be meeting with all employees early that day.
- ♦ Dal Hawkinson: Solida is done cutting trees on our system for this year. Pole testers will be testing poles soon. Need budget items by the end of the month. Crew observations are done.
- ♦ Myron Seib: Street project in Ness City to remove bricks from in front of the courthouse and replace with concrete. Highway 96 will be under construction for a while, expect delays.
- ♦ Diana Kuhlman: Employees need to decide what item they would like to receive for no loss time accident recognition.
- ♦ Nate Burns: Dal and I met with one-o-ke about expansion plan of the fuel plant north of Scott City.
- ♦ Scott Briand: Polymer insulators are in, so if you need to restock your trucks get them from the pallet in salt shed.
- ♦ Carrie Borell: SRS will be updating the IVR between 11:00 and 12:00pm.
- ♦ Chris Terhune: Taylor Cable passed book 1 final of the Dennis Merchant program.
- ♦ Mikee Goddard: Covered safety summary, tested personal protective grounds, and discussed sexual harassment.

Meeting adjourned.

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Chris Terhune  
Safety Coordinator

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Carrie Borell  
Safety Administrator