



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for September 16, 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. Dal Hawkinson – Operations Update
  - b. Load Forecast Study
  - c. Capital credit Retirement Plan
  - d. Youth Tour / Leadership Camp 2025
11. Safety Program Report
12. Executive Session (if requested).
13. Adjourn

**Upcoming Events:**

Sunflower Board meeting	Holcomb	Sept 18-24
NRECA Regional Meeting	Sacramento, CA	Sept 23-27
KEC Board Meeting	Salina	October 2-3
Sunflower Board Meeting	Hays	October 24
LSEC Board of Trustees	Dighton	October 28

## Electronic Document Index

#	item	Author/speaker	document	Board Packet	Supplemental information
2	Minutes	Joe	Minutes	3-7	
3	Check Register(s)	Diana	AP / Check Register	8-12	
4	Presidents Report	Dick	none		
5	Attorneys Report	Joe	none		
6	Sunflower Report	Sunflower / Dick	SEPC Board Summary - August	13-16	
			Member billing summary	17	
7	KEC Report	KEC / Craig	none		
8	CEO / GM Report	Richard	Report	18-21	
	<u>Financials</u>	Jocelyn	Form 7	22-23	
		Jocelyn	Statistical Report		1
		Jocelyn	Non-operating margins		2
	<u>Operations / Engineering</u>	Ben/Scott	Maintenance Inspection Log		3
		Dal	Monthly Report		4-5
		Richard	Substation NCP and CP		6
	<u>Information Technology</u>	Carrie	Monthly Report		7
	<u>Cybersecurity-Compliance</u>	Carrie	Monthly Report		8
	<u>Communications / Member Service</u>	Ann Marie	Board Report		9-11
	<u>Human Resources</u>	Diana	HR Report		12
	<u>Special Projects</u>	Kathy	Special Project Report		13-14
	<u>Warehouse</u>	Scott	Warehouse Report		15
9	Old Business				
10	New Business				
a.	Operations Update	Dal Hawkinson			
b.	Load Forecast Study	Richard McLeon		24-33	
c.	Capital Credit Retirement Plan	Richard McLeon		34-35	
d.	Youth Tour / Leadership Camp	Staff		36	
11	Safety Program Report	Chris	Safety Program Monthly Report	37	
		Chris	Safety Meeting minutes	38-39	

**MINUTES OF THE REGULAR AUGUST 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, August 26, 2024, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 7:01 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Gerome Copeland, Randy Evans, Susan Nuss, Chad Griffith, James Jordan and Craig Ramsey. Also present Richard McLeon IV, Lee Tafarielli and Joseph Gasper, Attorney. Eric Doll was absent.

**KEC PRESENTATION**

Lee Tafarielli gave a presentation on KEC matters and updates. Highlights of his presentation are as follows:

- KEC is working on establishing a Board Trustee training program aimed primarily at new trustees. This will be to supplement the NRECA board training and will focus on the more basic issues with electric cooperatives. The program will likely consist of some online training along with in-person opportunities.
- KEC continues to work on the leadership training program and Lee thanked Lane-Scott for being a pilot program for the leadership training.
- The entire Kansas legislature is up for election this year which means there will be new members to establish relationships with. The re-districting has resulted in rural Kansas losing representatives due to population declines. KEC continues with the adopt a legislature to have connections with more urban legislators.
- KEC is setting up Coops Vote events at various locations across the State.
- The big issues expected in the next term are distributive generation and ROFR.
- The EPA ruling from May is now in front of the Supreme Court for review.
- The magazine is sent to members to try to educate them on various issues including how EPA rules will affect price and reliability.
- The safety department continues to make progress in the programs. KEC is working on the commitment to zero-phase 2.
- There has been discussion on the five mile transmission corridor.

Lee left the meeting after his presentation.

## **MINUTES OF PRIOR MEETING**

President Jennison called for action on the minutes of the prior meeting held on July 22, 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 commented that Sunflower will likely be looking to extend the wholesale power agreement in the near future.

## **KEC REPORT**

A copy of the KEC report was included in the board packet.

- Trustee Ramsey had no additional 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 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. YTD Distribution Revenue is 4.72% above 2023 and 5.82% above the 5-year average.
- The OneOk pumping station is moving forward. It is expected to be a 6MW load and on line in April, 2026. OneOk will pay for the expenses of the project. Sunflower will complete the engineering. There will be seven miles of transmission and an agreement for operations and maintenance will need to be entered with Sunflower.
- 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.
- 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%
- The Dighton West Substation project was completed.
- The underground projects are being expanded with more experience and confidence in the construction.
- The electronic purchase orders are integrated with the purchase order process.
- The Asset Management integration software is operational.
- The “All the Ways to Pay” brochure has been completed.
- Ann Marie worked with Sunflower on the EPA power plant rule communications package.
- HR continues to work on setting up various training for employees.
- Retail Non-operating margins YTD rose to \$31,763.38.
- A record of four Generac units were installed in one week.
- President Jennison was presented his Director Gold Certificate.

## 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. Annual Meeting Review**

- 130 members attended which is 13 above last year and 11 above the five-year average.
- There were many compliments on the meeting.
- On-line voting was completed with no known problems.
- The tent issue has been resolved with the County and Lane-Scott will take down the tent and store it in the future.
- The stage issue has brought forth a discussion of the merits of a memorandum of understanding with the County as well as looking at alternative locations for the meeting.
- The employees discussed options of various locations as well as the pros and cons of the current location and meeting versus possible alternate locations. An analysis of the various options was contained in the board packet.
- The 2025 annual meeting will be expected to remain at the fair grounds and consistent with past annual meetings.

### **2. Secretary Resolutions**

- *A motion to approve the USDA resolution Certificate of Authority to Submit or Grant Access to Data, changing the Secretary to Rad Roehl, as contained in the board packet, was made, duly seconded and carried.*
- *A motion to approve the USDA resolution Certificate of Authority to sign RUS forms in connection with requisitioning and accounting for loan and grant funds, changing the Secretary to Rad Roehl, as contained in the board packet, was made, duly seconded and carried.*
- *A motion to approve the CoBank Resolution of Incumbency, changing the Secretary to Rad Roehl, as contained in the board packet, was made, duly seconded and carried.*
- *A motion to approve the Board Resolution authorizing certain employees to act as signatory on checks or drafts on accounts held by Lane-Scott*

*Electric held at the First National Bank of Dighton, Kansas, changing the Secretary to Rad Roehl, as contained in the board packet, was made, duly seconded and carried.*

- *A motion to approve the Board Resolution authorizing certain employees to act as signatory on checks or drafts on accounts held by Lane-Scott Electric held at the First State Bank of Healy, Kansas, changing the Secretary to Rad Roehl, as contained in the board packet, was made, duly seconded and carried.*

### 3. Audit Engagement Letter

- *A motion to accept the engagement letter from Bolinger, Segars, Gilbert & Moss, LLP to conduct the year 2024 audit for Lane-Scott Electric was made, duly seconded and carried.*

### 4. Federated Delegate

- *Manager McLeon was appointed as the Federated Rural Electric Insurance Exchange voting delegate at the Region 7 meeting.*

## **EXECUTIVE SESSION**

- *A motion to enter executive session to discuss personnel matters was made, duly seconded and carried at 8:50 p.m. The board came back into session at 8:57 p.m.*

## **ADJOURNMENT**

*A motion to adjourn the meeting was made, seconded and carried at 8:58 p.m., on Monday, August 26, 2024.*

09/09/2024 1:49:36 PM

# Accounts Payable Check Register

Page 1

08/09/2024 To 09/09/2024

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
3343 08/12/2024	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,083.21
3345 08/12/2024	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	303.60
3344 08/13/2024	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	884.78
51812 08/19/2024	CHK	1	DIGHTON JR/SR HIGH SCHOOL	Advertising	100.00
51813 08/19/2024	CHK	1	NESS CITY ROTARY CLUB	Dues & Meals	42.00
51814 08/19/2024	CHK	1	NRECA INTERNATIONAL	Donation	1,000.00
51815 08/19/2024	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	63,500.00
51816 08/19/2024	CHK	40	KANSAS ELECTRIC COOPERATIVES	Directors-KEC Summer Meeting	2,945.00
51817 08/19/2024	CHK	79	POSTMASTER	Postage -Newsletter	132.98
51818 08/19/2024	CHK	238	ILLINOIS MUTUAL	Premiums	112.04
51819 08/19/2024	CHK	366	DIANA KUHLMAN	Mileage to SHRM Mtg and supplies-Lineman	86.43
51820 08/19/2024	CHK	380	GRAINGER	Monthly Invoice	285.22
51821 08/19/2024	CHK	406	RICHARD MCLEON	KEC Summer Mtg Hotel Room	157.95
51822 08/19/2024	CHK	445	ROADRUNNER AUTOGLASS & WINDSH	Windshield Repair	1,090.10
51823 08/19/2024	CHK	487	S&S TRAILER SALES INC	Monthly Invoice	152.50
51824 08/19/2024	CHK	537	CONSTELLATION NEWENERGY-GAS DI	Monthly Invoice	9.33
51825 08/19/2024	CHK	790	SUNBELT SOLOMON	Transformers	79,870.17
51826 08/19/2024	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	233.54
51827 08/19/2024	CHK	9999	CARROTHERS CONSTRUCTION LLC	INACTIVE REFUND	241.07
51828 08/19/2024	CHK	9999	MARIA MENDEZ	INACTIVE REFUND	205.39
51829 08/19/2024	CHK	9999	TERRY ROHR	INACTIVE REFUND	87.04
3346 08/20/2024	WIRE	1229	SCHABEN SANITATION	Monthly Invoiced	689.17
3347 08/21/2024	WIRE	265	HASLER - POSTAGE ACH	Postage	250.00
3341 08/23/2024	WIRE	101	ATMOS ENERGY	Monthly Invoice	95.07
3342 08/23/2024	WIRE	168	ONLINE INFORMATION SERVICES, INC	Utility Exchange Report	71.04
3348 08/26/2024	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	25,711.57



09/09/2024 1:49:36 PM

# Accounts Payable Check Register

Page 2

08/09/2024 To 09/09/2024

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
3349 08/26/2024	WIRE	264	KS DEPT OF REVENUE - USE TAX	Use Tax	34.46
51830 08/26/2024	CHK	9	CHAD RUPP	Clothing Allowance	164.05
51831 08/26/2024	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,620.80
51832 08/26/2024	CHK	105	CITY OF NESS CITY	Franchise Fee	8,161.45
51833 08/26/2024	CHK	135	CITY OF BAZINE	Franchise Fee	2,793.55
51834 08/26/2024	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	7,247.28
51835 08/26/2024	CHK	233	KANSAS REC ACCOUNTANTS ASSOCIA	KEC Accounting Assoc Dues	100.00
51836 08/26/2024	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	29,514.41
51837 08/26/2024	CHK	366	DIANA KUHLMAN	Safety recognition gifts	4,503.84
51838 08/26/2024	CHK	406	RICHARD MCLEON	Sunflower & KEC Mtg	100.60
51839 08/26/2024	CHK	479	CASE BECKMAN	July Yard Care	470.00
51840 08/26/2024	CHK	517	UNITED RENTALS INC.	Excavator Rental	695.32
51841 08/26/2024	CHK	562	RENSENHOUSE	Monthly Invoice	297.00
51842 08/26/2024	CHK	572	DIAMOND COMMUNICATIONS SOLUTI	Election Ballot Tabulation	2,759.71
51843 08/26/2024	CHK	587	CABLE TAYLOR	Hotline School	206.50
51844 08/26/2024	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Ness City	156.89
3350 08/28/2024	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	59.76
3352 08/28/2024	WIRE	1290	WEX BANK	Monthly Fuel Invoice	883.21
3353 08/28/2024	WIRE	183	HIBU INC	Yellowbook	15.00
3356 08/28/2024	WIRE	586	NETWORK COMPUTING SOLUTIONS	IT Cybersecurity Software	4,318.30
51845 08/28/2024	CHK	20	BASIN ELECTRIC POWER COOP	July Dispatch and Alarm Fees	2,119.98
51846 08/28/2024	CHK	105	CITY OF NESS CITY	July Pay Station & Postage	619.68
51847 08/28/2024	CHK	220	LANDIS+GYR TECHNOLOGY, INC	SaaS July Monthly Fee	1,737.02
51848 08/28/2024	CHK	306	BORDER STATES INDUSTRIES INC	LINE MATERIAL	748.42
51849 08/28/2024	CHK	427	DIGHTON HERALD LLC	Advertising	245.00
51850 08/28/2024	CHK	520	CENTURY BUSINESS TECHNOLOGIES, I	Copier Contract	63.22

09/09/2024 1:49:36 PM

# Accounts Payable Check Register

Page 3

08/09/2024 To 09/09/2024

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
51851 08/28/2024	CHK	648	MERCHANT JT&S	Book 2-Taylor Cable	550.00
51852 08/28/2024	CHK	903	NISC	Monthly Invoice	12,888.25
51853 08/28/2024	CHK	1030	THE SCOTT COUNTY RECORD	Advertising	209.60
51854 08/28/2024	CHK	1169	WASHER SPECIALTIES CO.	RETAIL	602.87
51855 08/28/2024	CHK	1172	WESTERN SUPPLY COMPANY	RETAIL	118.09
51856 08/28/2024	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Gloves, sleeves and blankets	783.17
51857 08/28/2024	CHK	105	CITY OF NESS CITY	Monthly Invoice	48.04
51858 08/28/2024	CHK	269	ANIXTER INC	Monthly Invoice	5,942.76
51859 08/28/2024	CHK	380	GRAINGER	Brush and Spring Set	21.15
51860 08/28/2024	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	214.42
51861 08/28/2024	CHK	1251	TECHLINE, LTD	Monthly Invoice	4,391.26
3351 08/30/2024	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	154.08
3355 09/01/2024	WIRE	1267	AFLAC	Premiums	1,703.76
3354 09/03/2024	WIRE	530	SNAP-ON CREDIT LLC	Monthly Invoice	50.72
51862 09/03/2024	CHK	1	COLBY COMMUNITY COLLEGE	Scholarship-Cally Cramer	1,500.00
51863 09/03/2024	CHK	1	SHRM OF SWKS	SHRM Conference	125.00
51864 09/03/2024	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	58,500.00
51865 09/03/2024	CHK	40	KANSAS ELECTRIC COOPERATIVES	Youth Tour	2,000.00
51866 09/03/2024	CHK	63	RICHARD JENNISON	August Board Mtg & KEC Summer Mtg	3,531.40
51867 09/03/2024	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	48,024.67
51868 09/03/2024	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	598.48
51869 09/03/2024	CHK	122	MYRON SEIB	KEC Retirement Seminar	88.50
51870 09/03/2024	CHK	136	NATHAN BURNS	KEC Retirement Seminar	88.50
51871 09/03/2024	CHK	150	CHRIS TERHUNE	Safety Summitt Mileage	274.70
51872 09/03/2024	CHK	179	RAD ROEHL	August Board Meeting	362.06
51873 09/03/2024	CHK	202	CHAD GRIFFITH	August Board Meeting	400.25

09/09/2024 1:49:36 PM

# Accounts Payable Check Register

Page 4

08/09/2024 To 09/09/2024

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
51874 09/03/2024	CHK	306	BORDER STATES INDUSTRIES INC	LINE MATERIAL	1,044.86
51875 09/03/2024	CHK	366	DIANA KUHLMAN	KEC Retirement Seminar	88.50
51876 09/03/2024	CHK	395	DOLLAR GENERAL - REGIONS 410526	Monthly Invoice	14.99
51877 09/03/2024	CHK	406	RICHARD MCLEON	Meeting Expense	48.00
51878 09/03/2024	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Study Deposit Fee-OneOK	600.00
51879 09/03/2024	CHK	450	RANDALL G EVANS	August Board Meeting	350.67
51880 09/03/2024	CHK	498	BLAKE MCVICKER	Office Supplies	48.78
51881 09/03/2024	CHK	545	CIRCLE C COUNTRY SUPPLY	Tools	86.54
51882 09/03/2024	CHK	562	RENSENHOUSE	RETAIL MATERIAL	594.00
51883 09/03/2024	CHK	568	SUSAN NUSS	August Board Meeting	427.72
51884 09/03/2024	CHK	570	JAMES W JORDAN	August Board Meeting	394.22
51885 09/03/2024	CHK	588	GEROME L COPELAND	August Board Meeting	398.24
51886 09/03/2024	CHK	745	GOVE COUNTY ADVOCATE	Advertising	67.50
51887 09/03/2024	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fees	63.60
51888 09/03/2024	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Invoice	172.61
51889 09/03/2024	CHK	1200	KASEY JENKINSON	KEC Retirement Seminar	88.50
51890 09/03/2024	CHK	1228	BENJAMIN L MANN	KEC Retirement Seminar	88.50VOID
51891 09/03/2024	CHK	1251	TECHLINE, LTD	LINE MATERIAL	1,164.48
51892 09/03/2024	CHK	1300	CRAIG RAMSEY	August Board Mtg & KEC Summer Mtg	2,249.40
3357 09/04/2024	WIRE	44	NEX-TECH WIRELESS, LLC	Monthly Invoice	954.17
51893 09/05/2024	CHK	1	RAMON SANCHEZ	Trim Bushes	300.00
3358 09/06/2024	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS-Group Ins	58,742.98
3359 09/06/2024	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA-Sep Group Insurance	2,723.46
3360 09/06/2024	WIRE	180	NRECA	NRECA Adm Fee-Sep Gr Ins Adm Fee	237.73
3361 09/06/2024	WIRE	468	U.S. BANK	Generac	16,460.27
51894 09/09/2024	CHK	1	CHILDRENS HOSPITAL COLORADO	Dave Howard Memorial	50.00

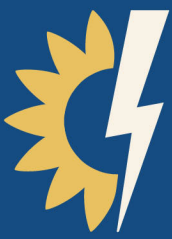
09/09/2024 1:49:36 PM

**Accounts Payable  
Check Register**

Page 5

**08/09/2024 To 09/09/2024****Bank Account: 2 - FIRST STATE BANK**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
51895 09/09/2024	CHK	1	RAMON SANCHEZ	removed bushes	200.00
51896 09/09/2024	CHK	55	NESS COUNTY NEWS	Advertising	166.75
51897 09/09/2024	CHK	427	DIGHTON HERALD LLC	Advertising	80.00
51898 09/09/2024	CHK	428	WILSON BOHANNAN PADLOCK COMPAPadlocks		231.35
51899 09/09/2024	CHK	442	QUADIENT INC.	Postage Machine	499.94
51900 09/09/2024	CHK	1228	BENJAMIN L MANN	Infrared Training	355.50
51901 09/09/2024	CHK	1230	NORTHWESTERN PRINTERS, INC.	Interuption Reports	62.63
51902 09/09/2024	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Office Supplies	125.49
<b>Total Payments for Bank Account - 2 :</b>					(111) 483,239.26
<b>Total Voids for Bank Account - 2 :</b>					(1) 88.50
<b>Total for Bank Account - 2 :</b>					(112) 483,327.76
<b>Grand Total for Payments :</b>					(111) 483,239.26
<b>Grand Total for Voids :</b>					(1) 88.50
<b>Grand Total :</b>					(112) 483,327.76



## 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.



Sunflower Electric Power Corp. - August 2024, Member Billing Summary									
WHM - MEMBER REVENUE	Lane-Scott	Pioneer	Southern Pioneer	Prairie Land	Victory	Western	Wheatland	Total	
Demand Coincident Peak, kW	25,146	150,820	135,357	110,146	151,199	55,951	176,487	805,106	
Demand NCP, kW	28,217	133,492	140,227	127,831	157,576	61,805	180,371	829,519	
Wholesale Energy Usage, kWh	15,778,237	98,934,442	76,390,177	61,360,803	82,456,293	34,605,183	90,478,190	460,003,325	
RTP Marginal Usage, kWh			1,673		45,976			47,649	
Coincident Peak Load Ratio Share, %	3.10%	18.70%	16.80%	13.70%	18.80%	6.90%	21.90%	100.00%	
Coincident Load Factor, %	84.30%	88.20%	75.90%	74.90%	73.30%	83.10%	68.90%	76.80%	
Metering Points	10	26	25	28	23	25	34	171	
CP Demand Rate, \$/kW	10.53	11.08	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, \$	264,787.38	1,671,434.34	1,425,309.21	1,159,837.38	1,592,125.47	589,164.03	1,858,408.11	8,561,065.92	
NCP Demand Charge, \$	86,626.19	409,820.44	430,496.89	392,441.17	483,758.32	189,741.35	553,738.97	2,546,623.33	
Demand Charge, \$	351,413.57	2,081,254.78	1,855,806.10	1,552,278.55	2,075,883.79	778,905.38	2,412,147.08	11,107,689.25	
Energy Rate, ¢/kWh	0.6943	0.6911	0.6943	0.6943	0.6943	0.6943	0.6943	0.6936	
Energy Charge, \$	109,548.30	683,766.03	530,377.00	426,028.06	572,494.04	240,263.79	628,190.07	3,190,667.29	
RTP Marginal Usage Charge, \$			107.01		4,127.25			4,234.26	
HLF Rider Net Charge, \$	5,923.16	10,381.61	(65,866.63)	23,034.85	(5,612.94)	12,990.80	19,149.15	-	
EDR Rider Net Charge, \$	1,755.20	(17,726.72)	8,497.77	6,098.36	(12,539.12)	3,849.54	10,064.95	-	
ECA Rate (ECA-02), ¢/kWh	1.7680	1.7680	1.7680	1.7680	1.7680	1.7680	1.7680	1.7680	
ECA Charge, \$	278,959.23	1,749,160.93	1,350,578.33	1,084,859.00	1,457,827.26	611,819.64	1,599,654.40	8,132,858.79	
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	3,510.44	18,553.32	16,932.02	12,427.46	17,969.92	7,691.54	19,852.18	96,936.88	
Schedule 11 Regional	28,390.48	150,048.76	136,936.65	100,506.33	145,330.60	62,204.86	160,553.26	783,970.94	
Schedule 11 Zonal	31,445.11	166,193.02	151,670.12	111,320.14	160,967.20	68,897.69	177,827.73	868,321.01	
Schedule 12	2,191.65	11,583.25	10,571.04	7,758.74	11,219.02	4,802.00	12,394.16	60,519.86	
Schedule 1a	4,741.04	25,057.26	22,867.62	16,783.97	24,269.36	10,387.85	26,811.45	130,918.55	
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	
Misc. Transmission	723.98	3,826.21	3,491.83	2,506.47	3,705.93	1,586.16	4,093.95	19,934.53	
Transmission Charge, \$	155,910.38	824,014.10	752,007.01	551,888.33	798,103.63	341,606.77	881,700.90	4,305,231.12	
Billing Adjustments, \$ (LRR Rider, PGS)		(227,528.50)		-	(5,317.91)		-	(232,846.41)	
ECIR Credit, \$			(12,480.28)					(12,480.28)	
Community Solar Adjustments, \$		193.98		47.72	35.32		706.49	983.51	
Net Charges, \$ *	904,559.84	5,106,246.21	4,421,651.31	3,647,127.15	4,887,416.32	1,992,060.92	5,555,183.04	26,514,292.53	
3-2-1 Credits, \$		(11,944.47)	(251.27)	(19,502.93)	(3,446.00)			(35,144.67)	
Total Charges, \$	904,559.84	5,094,301.74	4,421,400.04	3,627,624.22	4,883,970.32	1,992,060.92	5,555,183.04	26,479,147.86	
Average all-in ¢/kWh	5.733	5.149	5.788	5.912	5.920	5.757	6.140	5.756	
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	<div>1. Holcomb Capacity Factor was 57.2% for the month.</div> <div>2. Smoky Hills #1 WF Capacity Factor was 22.9% for the month.</div> <div>3. Shooting Star capacity factor was 26.5% for the month.</div> <div>4. Smoky Hills #2 WFCapacity Factor was 25.0% for the month</div> <div>5. Johson Corner Solar Capacity Factor was 25.6% for the month</div>				
10 West Cities		1,080,355.16		0.0565					
4 East Cities		128,038.82		0.0601					
KEPCo		186,899.33							
KMEA - EMP2 (Local Access)		124,310.97							
KMEA - City of Meade - (Local Access)		22,606.32							
AP & NH other contracted services		444,421.62							
KPP - OATT, L.A.C. & MA Charges		25,733.52							
Note:			↑ = Increase      ↓ = Decrease      → = Little Effect						
* Victory and So. Pioneer numbers do not include the full requirement cities.									

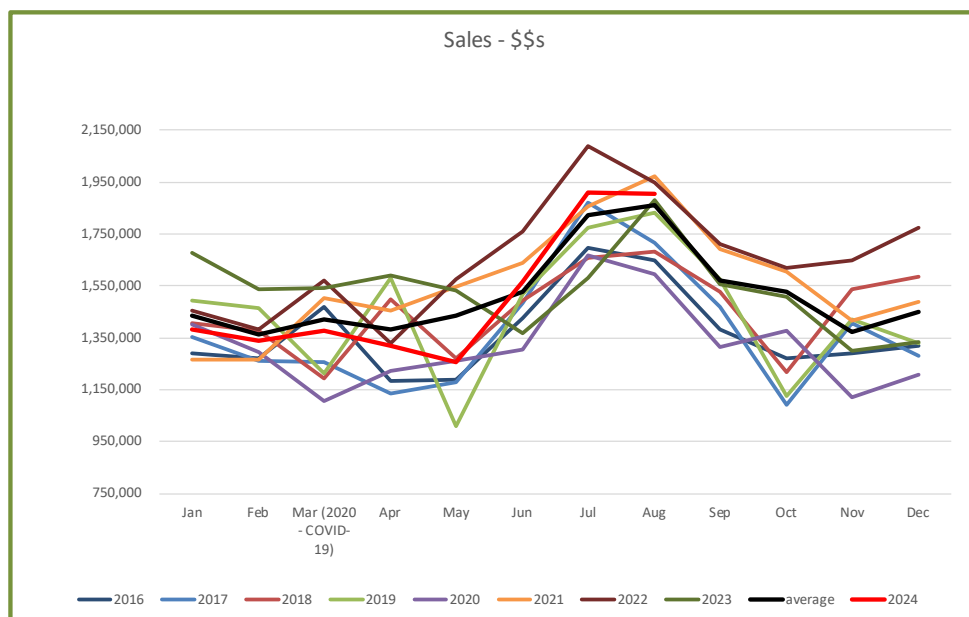
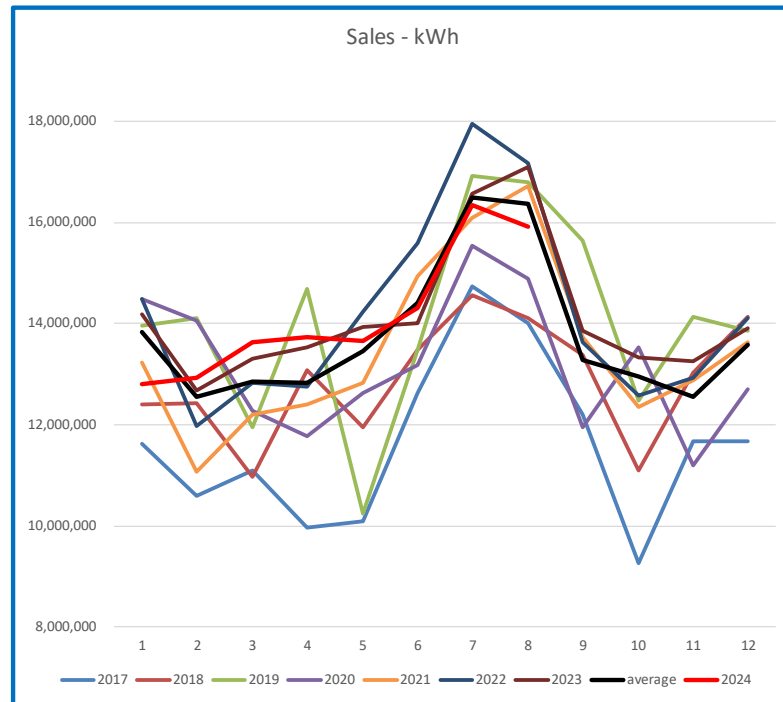
## 8. General Manager / C.E.O. Report

### A. Rates and Reliability Dashboard

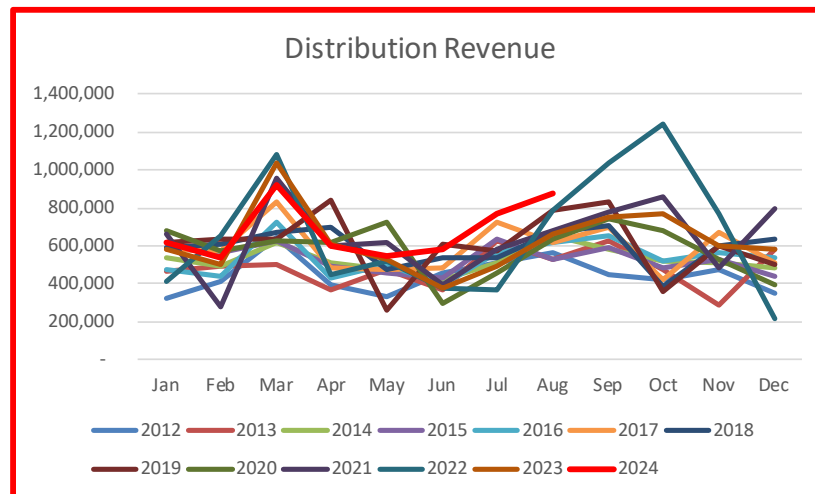
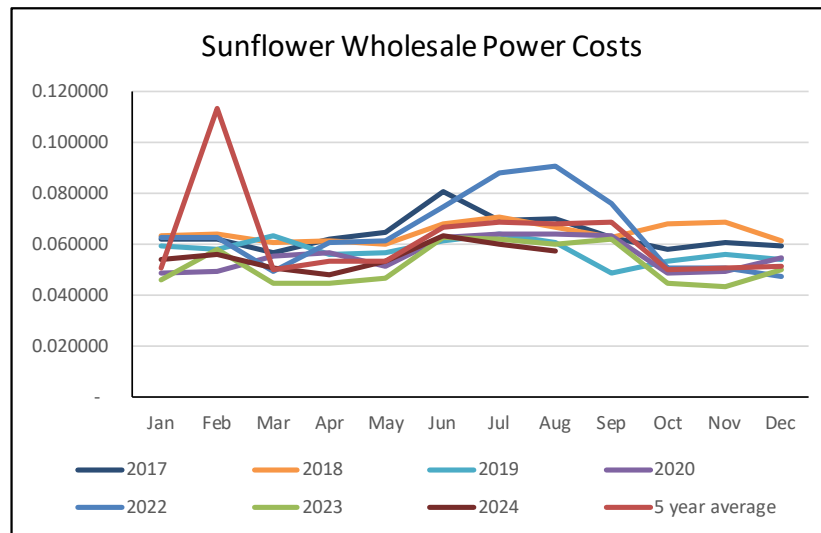
- YTD kWh sales dropped to 1.7% below 2023 and 0.49% ahead of the 2019-2024 average.
- YTD dollar sales are 5.15% below 2023 and 1.58% below the 2019-2024 average.
- YTD cost of wholesale power is 2.6% above 2023 and 13.51% below the 5-year average.

Therefore:

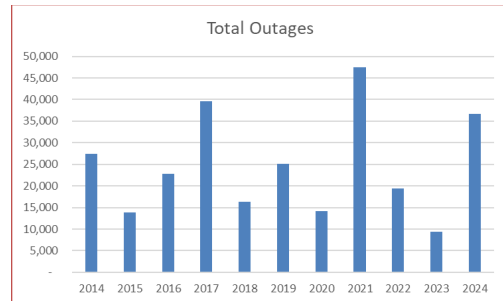
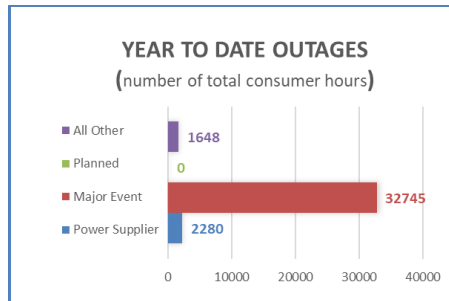
YTD Distribution Revenue is 12.38% above 2023 and 11.17% above the 5-year average.



Form 7 Part O.					
		meters	kWh	\$s	\$/kWh
1	Residential Sales	2,207	2,756,972	352,496	0.1279
2	Residential Seasonal	1,117	198,111	49,275	0.2487
3	Irrigation Sales	338	1,795,967	170,127	0.0947
4	C&I 1000 kVa or less	1,827	4,108,401	510,145	0.1242
5	C&I over 1000 kVa	179	5,939,664	726,551	0.1223
6	Public Street and Lighting	12	31,562	5,886	0.1865
7	Other Sales to Public Authorities	47	36,077	6,012	0.1666
8	Sales for Resale - RUS Borrowers	0	0	0	
9	Sales for Resale - Other	1	1,048,200	84,504	0.0806
		5,728	15,914,954	1,904,996	0.1439



- *Outage YTD minutes per member increased by 0.01 minutes to 383.6. This is the third highest of the past decade due to the January winter storm that added 341.8 minutes per consumer.*



B. Credit Card records. (are available for the Boards review.)

C. 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 – 1.70, OPTIER – 1.28
  - DSC – 1.13, ODSC – 0.99
  - Equity as a % of Assets – 40.47%
  - Equity as a % of Capitalization – 43.30%
  - Cash Balance - \$7,504,972
  - General Funds Level – 12.01%
  - Current Ratio – 2.52%

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:

- Retired several miles of line reducing line loss.
- Completed several clearance pole change outs to support a safe harvest.
- Continued multiple projects in support of Oneok.

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, Accounts Payable Workflow, and Purchase Orders are live for the warehouse.
- BudgetPro is live for accounting. This allows Jocelyn to prepare the draft financial budget.
- Employee Awareness Program on cybersecurity expanded.
- NCS Cybersecurity domain integration is complete.
- The NCS technical service Remote Monitoring Management tool is live.

4) Communications (Ann Marie). Ann Marie manages all aspects of Cooperative communications and marketing. Major projects completed last month were:

- August dealt with working on new billing formats with Carrie and Rebecca, the Fair Association, the Amusement Association, and member information regarding the SPP Energy Event.

- September will focus on Generac promotions and Farm Safety Articles
  - October is National Cooperative month and will present Member Monday Giveaways and a SmartHub promotion.
- 5) Human Resources (Diana). Diana has been very busy with HR, Compliance, and Accounts Payable duties as well as backing up the Cashier / Receptionist. Major Items completed include:
- Worked on preliminary information for the 2025 Wage and Benefit Plan.
  - Updated employee evaluation schedules
  - Paid Accounts payable for August
  - Updated and informed employees on planned NRECA Benefit Updates
  - Met with regulators on CDL files and updated all employee CDL and Medical Certification reviews.
- 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 Credits. About 12% complete. We are working with Bill Miller at BSGM who has told us that many cooperatives are working through this as well. Our project priorities are:
    - Fix the escheatment's.
    - Explore discounted capital credit retirement options for estates and disconnected accounts.
    - Define Sunflower payments / allocations. What is a dividend vs. a retirement vs. return on capital.
- 7) Retail Services / Warehouse Report (Scott).
- Retail Non-operating margins YTD rose to \$34,402.09.
  - Line Material Inventory levels are looking great at 0.931 inventory turns per year. This reflects the close communications between Operations and Purchasing.
  - Electrician. Michael won a large grain bin bid for September so we will be bringing Anthony (contract help) back is for support.
  - Generac. All generators on order have been installed so Michael is focusing on the service list before winter gets here.

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 August 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	11,939,114	12,643,682	12,618,660	1,908,662
2. Power Production Expense				
3. Cost of Purchased Power	7,151,422	7,179,574	7,089,958	1,028,548
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	641,627	704,925	733,791	47,714
7. Distribution Expense - Maintenance	744,579	853,808	778,653	47,799
8. Customer Accounts Expense	175,241	175,597	183,058	22,159
9. Customer Service and Informational Expense	43,837	50,052	48,201	6,109
10. Sales Expense	70,692	57,064	70,239	8,933
11. Administrative and General Expense	1,322,338	1,260,318	1,198,833	175,209
12. Total Operation & Maintenance Expense (2 thru 11)	10,149,736	10,281,338	10,102,733	1,336,471
13. Depreciation and Amortization Expense	1,296,896	1,352,395	1,324,863	169,935
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	812,533	775,076	783,512	96,153
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	3,638	3,607	3,546	488
19. Other Deductions	20,700	12,137	15,873	1,267
20. Total Cost of Electric Service (12 thru 19)	12,283,503	12,424,553	12,230,527	1,604,314
21. Patronage Capital & Operating Margins (1 minus 20)	(344,389)	219,129	388,133	304,348
22. Non Operating Margins - Interest	252,875	250,543	259,217	30,134
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	61,563	72,432	48,192	2,087
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)	(21,141)	540,973	715,542	336,569

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  August 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	16	36	5. Miles Transmission		
2. Services Retired	35	17	6. Miles Distribution – Overhead	2,038.10	2,031.47
3. Total Services in Place	6,054	6,066	7. Miles Distribution - Underground	8.73	8.92
4. Idle Services (Exclude Seasonals)	290	338	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	63,775,128		30. Memberships	0	
2. Construction Work in Progress	628,231		31. Patronage Capital	23,579,806	
3. Total Utility Plant (1 + 2)	64,403,359		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	22,641,980		33. Operating Margins - Current Year	219,128	
5. Net Utility Plant (3 - 4)	41,761,379		34. Non-Operating Margins	2,272,703	
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)	26,427,382	
8. Invest. in Assoc. Org. - Patronage Capital	12,320,393		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	30,177,239	
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)	4,422,230	
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)	13,242,068		43. Total Long-Term Debt (37 thru 41 - 42)	34,599,469	
15. Cash - General Funds	112,581		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	100		45. Accumulated Operating Provisions and Asset Retirement Obligations	0	
17. Special Deposits	25		46. Total Other Noncurrent Liabilities (44 + 45)	0	
18. Temporary Investments	7,170,308		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,121,092	
20. Accounts Receivable - Sales of Energy (Net)	1,636,700		49. Consumers Deposits	115,058	
21. Accounts Receivable - Other (Net)	174,338		50. Current Maturities Long-Term Debt	1,397,656	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	0	
23. Materials and Supplies - Electric & Other	839,523		52. Current Maturities Capital Leases	0	
24. Prepayments	48,293		53. Other Current and Accrued Liabilities	1,355,891	
25. Other Current and Accrued Assets	86,977		54. Total Current & Accrued Liabilities (47 thru 53)	3,989,697	
26. Total Current and Accrued Assets (15 thru 25)	10,068,845		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	286,614	
28. Other Deferred Debits	230,870		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	65,303,162	
29. Total Assets and Other Debits (5+14+26 thru 28)	65,303,162				

*prepared by: Richard A. McLeon, IV MBA  
General Manager / C.E.O.*



### Methodology and Assumptions:

- 1 Actual kWh sales and operating revenues from 2015 through 2023 is used as the basis for the Load Forecast Study. The use of nine (9) years historical data normalizes variations in sales and revenues due to weather and market conditions. This data is taken from Part O of the audited Year End RUS Form 7 for each revenue class.
- 2 Data is projected to 2034 (10 years).
- 3 Usage and revenue per kWh for 2024 is based on actual YTD figures and factored forward to year end based on historical weighted averages.
- 4 Baseline "kWh sold" and "YE Served" data for years 2024 to 2034 were calculated using average growth rates for the previous 9 years and then factored for known market conditions.
- 5 The Annual inflation rate for 2025 to 2034 is projected at: 

3.00%
-------

  
I am projecting future Rate adjustments at:

utility	Load Forecast Study			Actual expected		
	% of Revenue	projected increases	weighted factor	frequency	weighted factor	frequency
Sunflower	0.62	3.71%	2.30%	1	2.30%	per year
Lane-Scott	0.38	3.00%	1.14%	3	3.42%	every 3 years
			3.44%		5.72%	

- 6 Increases in revenue solely reflect adjustments to LSEC retail rates. No assumptions or adjustments to revenue were made regarding taxes or franchise fees.
- 7 LSEC Demand is taken from Non-Coincident Peak data as reported on the Year End Form 7. Sunflower CP is taken from Sunflower billing data. Both Demands are projected using simple, linear regression.
- 8 The City of Dighton account is only adjusted by the LSEC projected increase (weighted).
- 9 This projection does not include the Oneok pumping stations that are projected to energize in 2026.
- 10 These numbers will transfer to the 2025-2034 Financial Forecast and 2025 Financial Budget.

year	Residential				Residential - Seasonal			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	2,429	23,828,133	0.0992289	2,364,440	773	1,860,800	0.1490375	277,329
2010	2,394	25,816,294	0.1073131	2,770,427	813	1,539,507	0.1711990	263,562
2011	2,382	26,163,815	0.1112923	2,911,830	821	1,564,650	0.1765174	276,188
2012	2,390	25,689,838	0.1098783	2,822,756	832	1,513,603	0.1877712	284,211
2013	2,401	25,719,268	0.1185564	3,049,183	833	1,567,380	0.1877515	294,278
2014	2,382	25,773,703	0.1231061	3,172,901	847	1,549,260	0.1859894	288,146
2015	2,359	25,530,504	0.1185985	3,027,880	863	1,483,540	0.1861008	276,088
2016	2,310	24,248,180	0.1215746	2,947,963	1,118	1,623,349	0.1994001	323,696
2017	2,268	22,960,460	0.1269274	2,914,311	1,132	1,853,346	0.2099543	389,118
2018	2,251	24,701,066	0.1220058	3,013,673	1,142	2,039,375	0.1998230	407,514
2019	2,225	24,196,666	0.1178974	2,852,725	1,141	2,093,679	0.1933964	404,910
2020	2,230	24,225,256	0.1140830	2,763,689	1,144	2,101,908	0.1889198	397,092
2021	2,221	23,771,689	0.1283951	3,052,169	1,143	2,090,993	0.2047903	428,215
2022	2,227	25,224,988	0.1354092	3,415,695	1,128	2,261,159	0.2349260	531,205
2023	2,227	23,646,439	0.1324584	3,132,169	1,108	2,147,987	0.2430639	522,098
2024	2,213	22,615,824	0.1369631	3,097,534	1,105	2,202,312	0.2375080	523,067
2025	2,202	22,441,374	0.1427790	3,204,157	1,104	2,278,229	0.2374966	541,072
2026	2,192	22,268,270	0.1488419	3,314,451	1,102	2,356,764	0.2374852	559,697
2027	2,182	22,096,501	0.1551622	3,428,541	1,101	2,438,005	0.2374739	578,962
2028	2,171	21,926,057	0.1617509	3,546,559	1,099	2,522,047	0.2374625	598,892
2029	2,161	21,756,928	0.1686193	3,668,639	1,098	2,608,986	0.2374512	619,507
2030	2,151	21,589,103	0.1757795	3,794,921	1,096	2,698,921	0.2374398	640,831
2031	2,140	21,422,573	0.1832436	3,925,550	1,095	2,791,958	0.2374284	662,890
2032	2,130	21,257,327	0.1910247	4,060,675	1,094	2,888,201	0.2374171	685,708
2033	2,120	21,093,356	0.1991363	4,200,452	1,092	2,987,761	0.2374057	709,312
2034	2,110	20,930,650	0.2075922	4,345,041	1,091	3,090,754	0.2373944	733,728
Growth rates								
2016-2023	-0.46%	-0.31%	1.09%	0.76%	-0.11%	3.24%	2.61%	5.83%
2024-2034	-0.43%	-0.70%	3.78%	3.44%	-0.12%	3.08%	0.00%	3.44%

Table Legend:

Historical data
last current actual data
projections

year	Irrigation				C&I Under 1000kVA			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	304	7,162,095	0.0968464	693,623	1,704	39,230,972	0.0973821	3,820,393
2010	310	7,601,957	0.1059269	805,252	1,757	41,497,830	0.1027239	4,262,818
2011	318	10,822,646	0.1075190	1,163,640	1,820	44,204,909	0.1072359	4,740,353
2012	319	11,138,105	0.1135488	1,264,718	1,871	46,610,683	0.1129148	5,263,034
2013	320	8,370,258	0.1256567	1,051,779	1,932	48,832,624	0.1170165	5,714,222
2014	322	8,796,187	0.1207709	1,062,323	1,930	49,748,211	0.1173823	5,839,560
2015	328	8,177,412	0.1163954	951,813	1,942	47,249,392	0.1127476	5,327,256
2016	331	7,869,704	0.1232833	970,203	1,876	47,833,352	0.1138576	5,446,191
2017	333	8,134,522	0.1340302	1,090,272	1,877	52,018,673	0.1122783	5,840,567
2018	332	7,879,987	0.1291665	1,017,830	1,862	52,942,381	0.1105855	5,854,660
2019	334	7,221,785	0.1296332	936,183	1,856	52,598,388	0.1057280	5,561,123
2020	332	9,174,142	0.1181119	1,083,575	1,836	47,133,206	0.1026654	4,838,951
2021	333	8,381,209	0.1251273	1,048,718	1,856	49,159,049	0.1168697	5,745,205
2022	339	12,342,520	0.1222713	1,509,136	1,859	51,537,166	0.1207996	6,225,668
2023	337	8,852,968	0.1294474	1,145,994	1,846	50,684,964	0.1204709	6,106,063
2024	337	8,531,032	0.1346366	1,148,589	1,829	47,629,524	0.1135474	5,408,209
2025	338	8,607,861	0.1380280	1,188,126	1,824	47,606,930	0.1175117	5,594,370
2026	338	8,685,382	0.1415048	1,229,024	1,819	47,584,347	0.1216144	5,786,940
2027	339	8,763,602	0.1450692	1,271,329	1,814	47,561,775	0.1258603	5,986,139
2028	340	8,842,525	0.1487234	1,315,091	1,808	47,539,213	0.1302544	6,192,194
2029	340	8,922,160	0.1524697	1,360,359	1,803	47,516,662	0.1348020	6,405,342
2030	341	9,002,512	0.1563103	1,407,185	1,798	47,494,122	0.1395084	6,625,827
2031	342	9,083,587	0.1602477	1,455,624	1,793	47,471,592	0.1443790	6,853,902
2032	342	9,165,392	0.1642842	1,505,729	1,788	47,449,073	0.1494197	7,089,827
2033	343	9,247,935	0.1684224	1,557,559	1,783	47,426,565	0.1546364	7,333,874
2034	344	9,331,220	0.1726649	1,611,174	1,778	47,404,067	0.1600352	7,586,321
Growth rates								
2016-2023	0.22%	1.41%	0.61%	2.00%	-0.20%	0.71%	0.73%	1.45%
2024-2034	0.18%	0.81%	2.26%	3.44%	-0.26%	-0.04%	3.12%	3.44%

Table Legend:

Historical data
last current actual data
projections

year	C&I Over 1000kVA				Public Street & Highway			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	292	36,821,205	0.0916512	3,374,707	32	449,357	0.1572892	70,679
2010	299	40,325,704	0.1003973	4,048,590	31	448,596	0.1285945	57,687
2011	303	41,245,457	0.1061081	4,376,476	30	448,767	0.1290826	57,928
2012	318	42,374,438	0.1090596	4,621,338	29	448,050	0.1222163	54,759
2013	318	47,179,171	0.1139318	5,375,207	28	447,334	0.1320758	59,082
2014	329	58,572,731	0.1126246	6,596,728	30	448,431	0.1419037	63,634
2015	357	54,703,255	0.1111133	6,078,261	28	446,571	0.1362068	60,826
2016	197	47,803,166	0.1220983	5,836,685	27	444,547	0.1344650	59,776
2017	180	44,232,730	0.1281092	5,666,618	23	442,027	0.1334376	58,983
2018	189	56,451,769	0.1156393	6,528,043	23	441,548	0.1321872	58,367
2019	189	73,111,587	0.0974371	7,123,779	13	440,152	0.1272015	55,988
2020	191	64,477,905	0.0959946	6,189,529	13	430,912	0.1237584	53,329
2021	177	68,365,457	0.1128357	7,714,065	13	431,352	0.1237584	58,086
2022	180	68,155,981	0.1114226	7,594,117	13	430,233	0.1491494	64,169
2023	178	74,181,624	0.0984365	7,302,181	13	392,548	0.1556599	61,104
2024	177	74,382,722	0.0983065	7,312,307	12	382,069	0.1621758	61,962
2025	178	78,128,073	0.0968155	7,564,012	12	375,694	0.1706052	64,095
2026	178	82,062,011	0.0953472	7,824,381	12	369,424	0.1794727	66,302
2027	178	86,194,033	0.0939011	8,093,712	12	363,259	0.1888011	68,584
2028	178	90,534,112	0.0924769	8,372,315	12	357,198	0.1986144	70,945
2029	178	95,092,724	0.0910743	8,660,507	12	351,237	0.2089378	73,387
2030	178	99,880,874	0.0896930	8,958,620	12	345,376	0.2197977	75,913
2031	178	104,910,119	0.0883327	9,266,994	12	339,612	0.2312221	78,526
2032	178	110,192,599	0.0869930	9,585,983	12	333,945	0.2432403	81,229
2033	178	115,741,064	0.0856736	9,915,952	12	328,372	0.2558831	84,025
2034	178	121,568,908	0.0843742	10,257,280	12	322,893	0.2691831	86,917
Growth rates								
2016-2023	-1.28%	5.31%	-2.68%	2.72%	-10.14%	-1.51%	1.96%	0.28%
2024-2034	0.05%	4.46%	-1.39%	3.44%	0.00%	-1.53%	4.60%	3.44%

Table Legend:

Historical data
last current actual data
projections

year	Other Sales - Public Auth.				Sales for Resale			
	YE Served	kWh sold	rev. / kWh	revenue	YE Served	kWh sold	rev. / kWh	revenue
2009	52	554,502	0.0967499	53,648	1	10,475,172	0.0654197	685,283
2010	51	584,474	0.1096747	64,102	1	10,796,258	0.0700111	755,858
2011	51	585,771	0.1159190	67,902	1	10,789,106	0.0734880	792,870
2012	49	(48,715)	(0.2105512)	10,257	1	10,574,038	0.0827199	874,683
2013	48	456,825	0.1271953	58,106	1	10,359,299	0.0854903	885,620
2014	48	459,223	0.1316376	60,451	1	10,279,430	0.0864460	888,616
2015	50	468,252	0.1259834	58,992	1	10,319,452	0.0768270	792,813
2016	50	430,922	0.1304784	56,226	1	9,845,300	0.0810632	798,092
2017	49	333,842	0.1445624	48,261	1	9,592,032	0.0791704	759,405
2018	49	364,261	0.1499062	54,605	1	9,814,443	0.0787791	773,173
2019	49	364,795	0.1439658	52,518	1	10,143,859	0.0682084	691,896
2020	49	337,825	0.1419966	47,970	1	10,357,280	0.0691566	716,274
2021	48	364,378	0.1432551	52,199	1	9,157,922	0.0954318	873,957
2022	48	419,507	0.1464982	61,457	1	9,821,906	0.0813399	798,913
2023	47	410,637	0.1441005	59,173	1	9,335,382	0.0696926	650,607
2024	47	416,904	0.1523173	63,502	1	8,933,628	0.0743921	664,592
2025	47	415,375	0.1581404	65,688	1	8,837,691	0.0760570	672,168
2026	47	413,852	0.1641861	67,949	1	8,742,785	0.0777590	679,831
2027	47	412,334	0.1704630	70,288	1	8,648,899	0.0794992	687,581
2028	47	410,821	0.1769798	72,707	1	8,556,020	0.0812783	695,419
2029	47	409,315	0.1837457	75,210	1	8,464,139	0.0830973	703,347
2030	47	407,813	0.1907703	77,799	1	8,373,244	0.0849569	711,365
2031	47	406,318	0.1980635	80,477	1	8,283,326	0.0868582	719,475
2032	47	404,827	0.2056355	83,247	1	8,194,373	0.0888020	727,677
2033	47	403,343	0.2134969	86,112	1	8,106,376	0.0907893	735,972
2034	47	401,863	0.2216589	89,077	1	8,019,323	0.0928211	744,362
Growth rates								
2009-2022	-0.58%	-2.38%	3.32%	1.05%	0.00%	-0.46%	1.46%	1.02%
2024-2034	0.00%	-0.33%	3.41%	3.44%	0.00%	-0.98%	2.01%	1.14%

Table Legend:

Historical data
last current actual data
projections

year	Total				
	YE Served	kWh sold	%Δ	revenue	%Δ
2009	5,587	120,382,236		11,340,102	
2010	5,656	128,610,620	6.8%	13,028,296	14.9%
2011	5,726	135,825,121	5.6%	14,387,187	10.4%
2012	5,809	138,300,040	1.8%	15,195,756	5.6%
2013	5,881	142,932,159	3.3%	16,487,477	8.5%
2014	5,889	155,627,176	8.9%	17,972,359	9.0%
2015	5,928	148,378,378	-4.7%	16,573,929	-7.8%
2016	5,910	140,098,520	-5.6%	16,438,832	-0.8%
2017	5,863	139,567,632	-0.4%	16,767,535	2.0%
2018	5,849	154,634,830	10.8%	17,707,865	5.6%
2019	5,808	170,170,911	10.0%	17,679,122	-0.2%
2020	5,796	158,238,434	-7.0%	16,090,409	-9.0%
2021	5,792	161,722,049	2.2%	18,972,614	17.9%
2022	5,795	170,193,460	5.2%	20,200,360	6.5%
2023	5,757	169,652,549	-0.3%	18,979,389	-6.0%
2024	5,721	165,094,015	-2.7%	18,279,761	-3.7%
2025	5,706	168,691,228	2.2%	18,893,688	3.4%
2026	5,689	172,482,835	2.2%	19,528,573	3.4%
2027	5,673	176,478,407	2.3%	20,185,136	3.4%
2028	5,657	180,687,993	2.4%	20,864,120	3.4%
2029	5,641	185,122,150	2.5%	21,566,297	3.4%
2030	5,624	189,791,966	2.5%	22,292,461	3.4%
2031	5,608	194,709,084	2.6%	23,043,436	3.4%
2032	5,592	199,885,738	2.7%	23,820,075	3.4%
2033	5,577	205,334,772	2.7%	24,623,259	3.4%
2034	5,561	211,069,679	2.8%	25,453,899	3.4%

## Growth rates

2009-2023	0.20%	2.21%	3.75%
2024-2034	-0.26%	2.24%	3.37%

Table Legend:

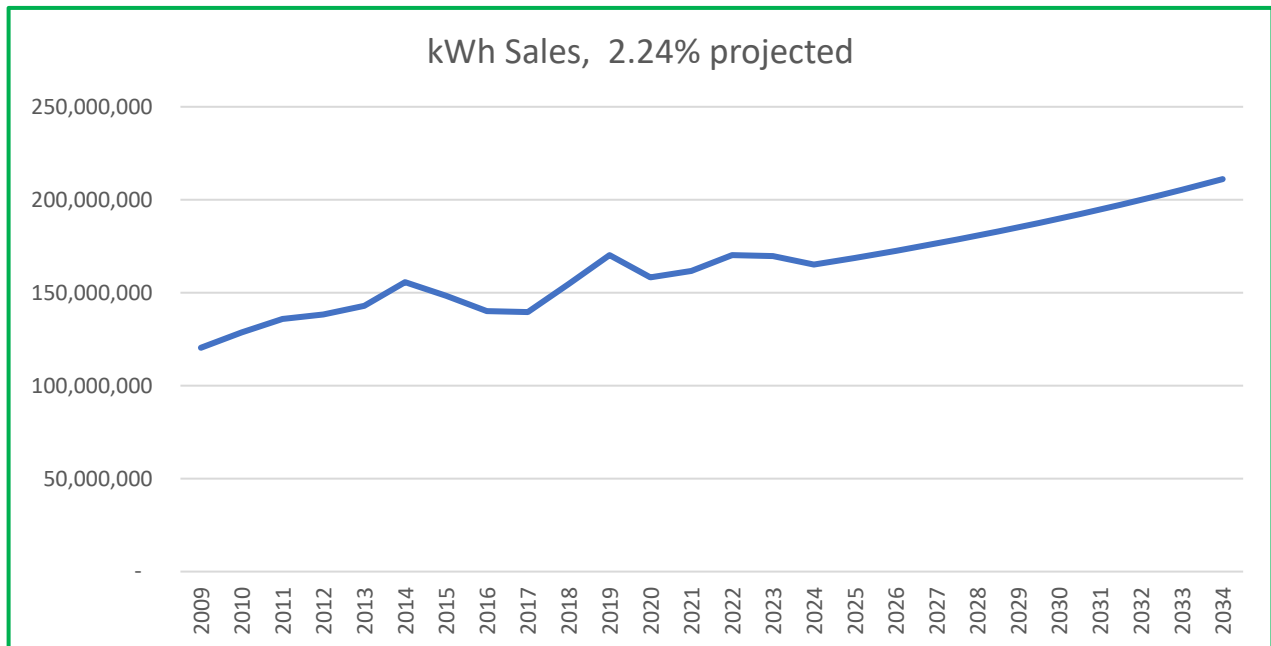
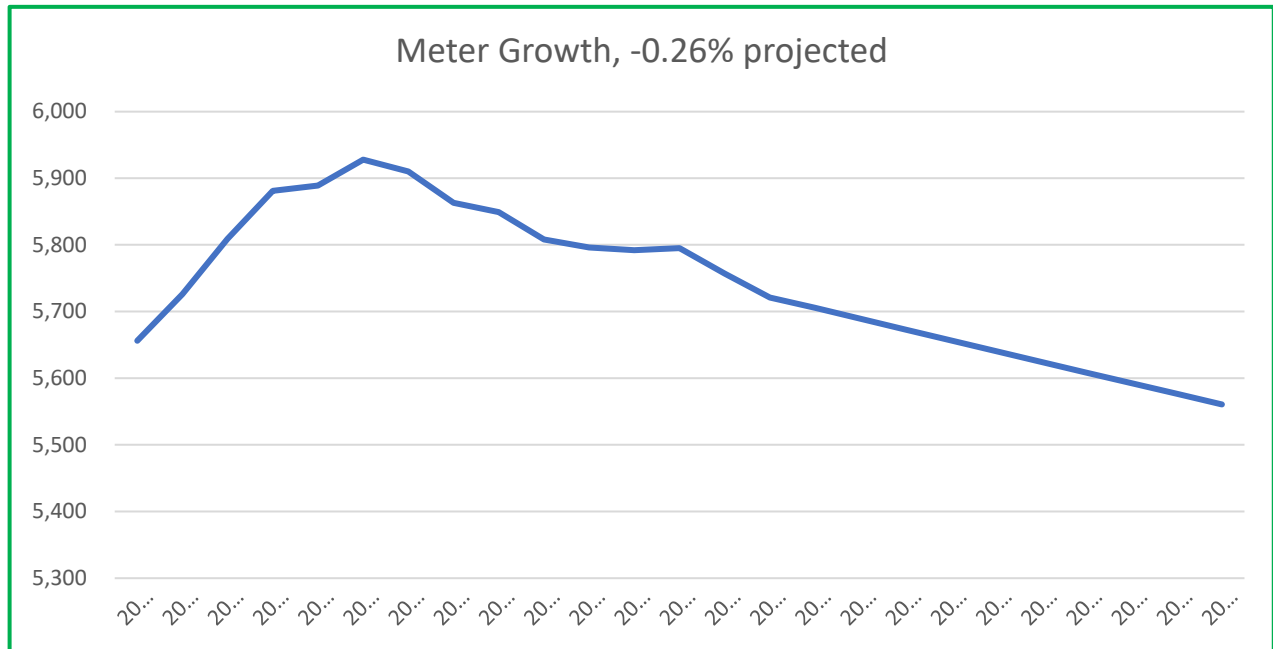
Historical data
last current actual data
projections

year	Demand				
	YE Served	Sunflower CP	%Δ	LSEC NCP	%Δ
2009	5,587	25,196		25,666	
2010	5,656	27,482	9.1%	27,775	8.2%
2011	5,726	27,821	1.2%	28,015	0.9%
2012	5,809	29,153	4.8%	28,983	3.5%
2013	5,881	27,089	-7.1%	28,672	-1.1%
2014	5,889	29,575	9.2%	28,907	0.8%
2015	5,928	29,229	-1.2%	28,275	-2.2%
2016	5,910	27,714	-5.2%	27,714	-2.0%
2017	5,863	29,518	6.5%	27,543	-0.6%
2018	5,849	26,082	-11.6%	31,298	13.6%
2019	5,808	31,887	22.3%	31,828	1.7%
2020	5,796	29,354	-7.9%	29,572	-7.1%
2021	5,792	29,120	-0.8%	32,358	9.4%
2022	5,795	31,646	8.7%	31,865	-1.5%
2023	5,757	31,340	-1.0%	31,528	-1.1%
proj 2024	5,721	31,678	1.1%	32,281	2.4%
2025	5,706	32,017	1.1%	32,649	1.1%
2026	5,689	32,355	1.1%	33,018	1.1%
2027	5,673	32,694	1.0%	33,386	1.1%
2028	5,657	33,032	1.0%	33,755	1.1%
2029	5,641	33,371	1.0%	34,123	1.1%
2030	5,624	33,709	1.0%	34,491	1.1%
2031	5,608	34,048	1.0%	34,860	1.1%
2032	5,592	34,386	1.0%	35,228	1.1%
2033	5,577	34,725	1.0%	35,597	1.0%
2034	5,561	35,063	1.0%	35,965	1.0%
Growth rates					
2009-2024	0.14%	1.40%		1.40%	
2025-2034	-0.26%	0.91%		0.97%	

Table Legend:

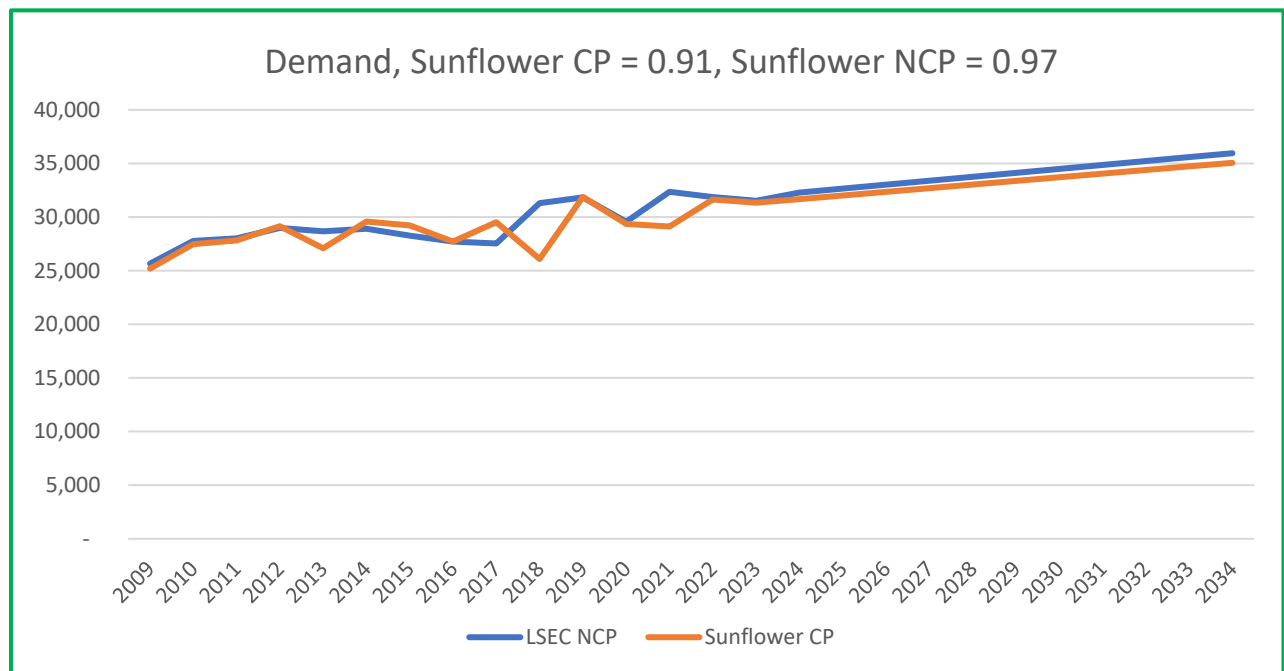
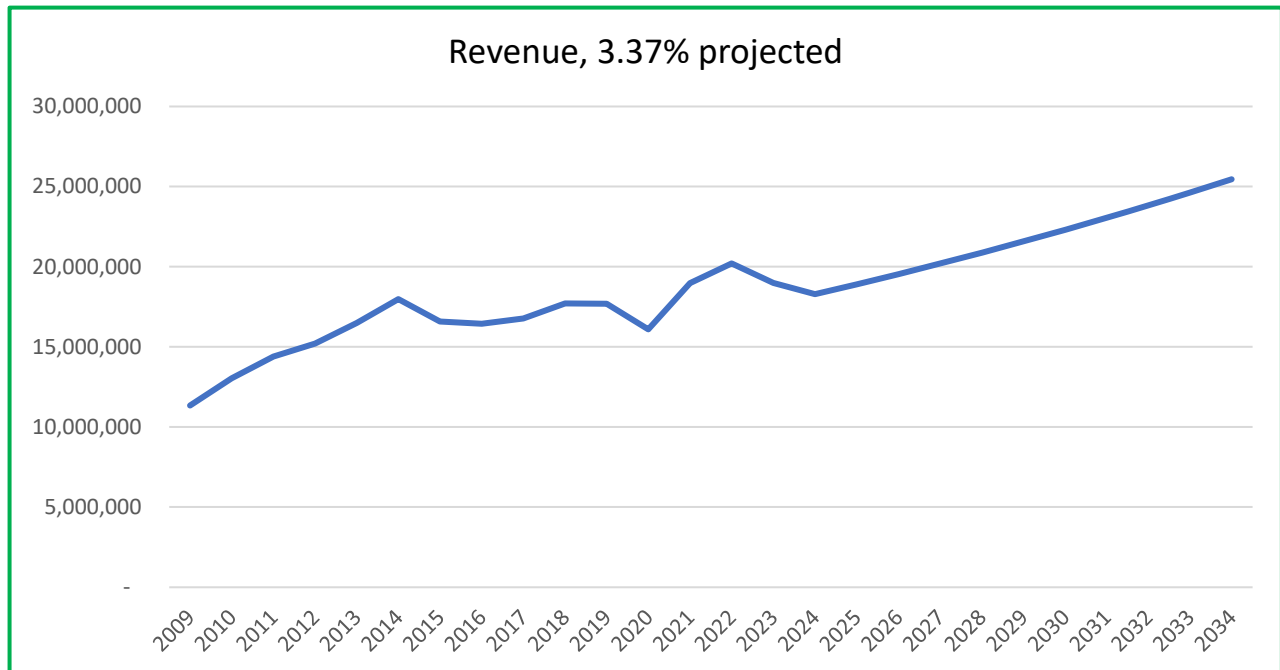
Historical data
last current actual data
projections

Graphs





Graphs - continued



## 10. c. 2024 General Retirement of Allocated Capital Credits

Board Policy 113. Capital Credits states the general policy of the cooperative regarding Capital Credit allocations and retirements. Section III. Procedure, §F. General Capital Credit Retirements. States:

- F. General Capital Credits Retirements. The Cooperative will generally retire capital credits with the goals of:
1. maintaining an adequate equity level as determined by the Board;
  2. retiring some capital credits each year, provided the financial condition will not be impaired thereby with the goal of working toward and maintaining an equity level of 40%;
  3. retiring capital credits on a first-in, first-out full payment method of rotation;
  4. retiring capital credits on a regular rotation;
  5. communicating and promoting the cooperative principles;
  6. fostering loyalty and support among patrons and former patrons; and
  7. maximizing public relations and political goodwill. Notwithstanding the foregoing, affiliated G&T cooperative capital credit allocations will not be retired and paid in whole or in part until retired and paid by the G&T cooperative.

The Cooperative schedules estate retirements for June and December and has usually coordinated the general retirement to coincide with the December estate retirement.

### General Distribution Capital Credits

The Lane-Scott Electric Cooperative currently has \$9,296,037.91 in allocated but unretired LSEC and MKEC Distribution Capital Credits. These unretired Capital Credits date from 1999 (LSEC) and 2016 (MKEC). Most people agree that the overall goal of a Capital Credit retirement program is to return equity (capital) to existing members on a timely basis as well as inactive members who are no longer benefiting from Cooperative membership.

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

The 2024 calculation is:

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

Or:

$$\frac{\$9,296,037.91}{(42,145,653 \div 1,995,181)}$$

Calculating a 2024 General Capital Credit retirement of \$451,588.39 on an average 21.24-year depreciation cycle ( $\$9,840,111.12 \div \$451,588.39$ ). However, we would like to increase the retirement to **\$464,801.90** to decrease the rotation to 20 years.

### **Generation and Transmission Capital Credits**

The G&T rotation is currently on a 20-year cycle. Sunflower has not retired capital credits recently, so the staff does not recommend retiring G&T Capital Credits.

### **Staff Opinion**

A General Distribution retirement of \$464,801.90 will not compromise the Cooperatives' financial position. This amount may vary slightly as the retirement is applied and spread over LSEC years 1999 and 2000. The first year of an MKEC retirement is 2016.

This retirement, if approved, brings the total amount of LSEC capital credits retired to \$4,492,537.90 which is 33.71% of the total \$13,323,774 of LSEC allocations. Over \$2 million of capital credits have been returned to LSEC members since 2020.

**Staff recommends that the Board approve a 2024 General Capital Credit retirement of approximately \$464,801.90 to be paid on a FIFO basis. Staff further proposes that the distribution be mailed to inactive members, and applied to current balance for active members unless member opts to receive a check and the distribution amount is over \$15.00.**

#### **10. d. 2025 Youth Tour and Colorado Youth Experience**

Staff proposes that the cooperative renew its support of the Youth Tour and Leadership Camp for 2025.

- These opportunities specifically promote and educate students about the cooperative model. Even if we are only reaching 4 students in our cooperative territory a year, those students are more likely to be involved in cooperative leadership in the future, and more likely to be advocates for coops.
- Staff has received several phone calls from students/parents of students interested in attending next year.
- The Youth Leadership Camp and Youth Tour presentation at the 2024 Annual Meeting was a highlight of our commitment to community.
- Glenn English (NRECA) Scholarships are available to students who attend youth tour. Each year they award 4 \$1,000 scholarships and 1 \$10,000 scholarship.

The estimated cost of the trips for 2025 are:

- Cooperative Youth Tour: \$3,850 each = \$7,700 for 2
- Cooperative Youth Leadership Camp: \$1,950 each = \$3,900 for 2
- Total estimated cost = \$11,600. This is a \$650.00 (6%) increase in costs over 2024.

**Staff requests that the Board approve LSEC participation in the 2025 Youth Tour and Colorado Leadership Experience at an estimated cost of \$11,600.**

## **SAFETY PROGRAM**

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

- Rubber gloves changed out.
- Ongoing: Testing and adjusting digital truck inspections, designing facility inspection sheet.
- Tested Personal truck grounds with KEC assistance.

Ann Jennings's submitted report:

- Emergency Preparedness Month, Create an Emergency Kit -Social Media
- Baby Safety Month-Social Media.
- Steps to Take Before Using a Generator-Social Media.
- Look Up Power Lines-Social Media.
- Campus Electrical Safety-Social Media.
- Extension Cord Safety Video-Social Media.
- Diana Kuhlman submitted reports:
  - Attended Monthly Safety Meeting.
  - Coordinate Monthly Drug Testing.
  - Submitted No-Time Loss Report to KEC.
  - Updated employee CDL files.
  - Ran the National Registry listing for DR. Hesket.
  - Ran a Clearinghouse Query for all CDL drivers.
  - Annual Medical Certification Review for all CDL drivers.
- In house safety meeting: Review new Emergency Action Plan.

### **SAFETY PROJECTS IN PROGRESS** AS OF September 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: 99.9% Completed. Testing new ideas.
4. Working on budget items for 2025 year.
5. Working on budget with Dal for schooling for 2025 year.
6. 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

August 16th, 2024

Chris Terhune called the meeting to order at 8:30 a.m.

**Minutes were read:** Leighton Ayers made a motion to approve the July 31st minutes, seconded by Taylor Cable. Minutes were read and approved as printed.

**Present:** Kasey Jenkinson, Ben Mann, Chad Rupp, Chris Terhune, Myron Seib, Leighton Ayers, Dellon Shelton, Blake McVicker, Taylor Cable, Scott Briand, Micheal Pollock, Carrie Borell, Rebecca Campbell, Ann Jennings, and Cindy Fuentes.

**Absent:** Richard McLeon, Dal Hawkinson, Kevin Bradstreet, Nate Burns, Kalo Mann, Mark McCulloch, Kathy Lewis, Diana Kuhlman, and Jocelyn Walker.

**Guest:** None

**Truck report of inspections:**

105	Taylor Cable	OK
110	Myron Seib	OK
112	Leighton Ayers	OK
123	Micheal Pollock	OK
132	Taylor Cable	OK
135	Nate Burns	OK
136	Chris Terhune	OK
143	Scott Briand	OK
145	Dal Hawkinson	OK
150	Kasey Jenkinson	OK
173	Chad Rupp	OK
191	Micheal Pollock	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  
Office

Scott Briand      OK  
Cindy Fuentes      OK

**Personal Tools:** All Passed

**Gloves Monthly Test Results:** All Passed

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

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

**Substation and Regulator Report:**

- ♦ Leighton Ayers: Mowing all subs. Monthly sub checks.
- ♦ **PCB Report:** None to Report

**Line Clearance:** City of McCracken and City of Ness City.

**Accident and Near Misses:** Truck #173 was traveling down the road, when the driver side of the windshield was cracked by a lug nut from another truck. Crews responded to a broken C-1 on East Mantina 3phase. A truck pulling a swather was determined to have hit the pole. A police report from Ness County will be obtained later. C-1 was broken on the Hineman 3 phase by an unknown person. A backhoe caught the secondary on a Ness City Water Well, transformer and secondary were replaced, bill was sent to backhoe company.

**Old Business:**

**New Business:**

- ♦ Carrie Borell: NCS is installing software on computers for Microsoft automatic updates. All other updates should be discussed with Carrie before installing. The goal is for timely and consistent updating. Browsers will have a URL defense tool icon added to enhance browser security.
- ♦ Ann Jennings: Will be starting demos for First Responders soon.
- ♦ Scott Briand: Waiting on Wheatland Electric bill for materials for the storm. Trucks will be inventoried soon.
- ♦ Chris Terhune: Taylor Cable would like to attend KEC Hotline School. The Emergency Action Plan was reviewed, amendments will be under revision from the Safety Council. Personnel had to disperse to attend to storms occurring on our line, so the safety meeting ended early.

Meeting adjourned.

---

Chris Terhune  
Safety Coordinator

---

Carrie Borell  
Safety Administrator