



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been set for October 5, 2020 at 7:00 p.m.

Proposed Agenda (revised):

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. 2019 Capital Credit Allocation
 - b. Capital Credit Estates
 - c. 2021 Youth Tour
 - d. NRUCFC One Card Program
 - e. Wage and Salary Study
11. Safety Report
12. Executive Session – if requested
13. Adjourn

Upcoming Events:

LSEC Board Meeting	Oct 5	Dighton, KS
KEC Board Meeting	Oct 7-8	Wichita, KS
NRECA Virtual Regional Meeting	October 12-16	
Sunflower Board	Oct 16	Hays, KS
Touchstone Energy KS Meeting	Oct 22	Butler EC
KEC Virtual Coop Attorney Meeting	Oct 27	

**MINUTES OF THE REGULAR SEPTEMBER 2020
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, September 14, 2020, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:49 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Eric Doll, Richard Sorem, Chad Griffith, Paul Seib Jr. and Craig Ramsey. Also present Richard McLeon IV and Joseph Gasper, Attorney.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on August 3, 2020. *Hearing no corrections, President Jennison declared the minutes stand approved as printed.*

CASH DISBURSEMENTS

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

There were no questions regarding the checks.

PRESIDENT'S REPORT

President Jennison had no current items to report.

ATTORNEY'S REPORT

Attorney Gasper had no current items to report.

REPORT OF SUNFLOWER DELEGATE

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

Paul Seib Jr., Lane-Scott's delegate to Sunflower, also reported the following:

- A power company in Olathe was recently hit with a ransomware attack.

- Bill Branch reported that 280 attempts to log in were recorded in the month.
- Sunflower is working toward having the Holcomb plant fully depreciated by 2034.

KEC REPORT

Trustee Hoss reported that there had been no KEC meeting.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- The City of Dighton accepted the proposal for offsetting the underbilling with capital credits. Management is working with the auditor on how to implement the capital credit offset on the books.
- Vehicle #105 travelled 146 miles in July with 7 personal miles
- IT has increased the number of projects since 2018 from 122 projects to 275 in 2020.
- The system is backed up every day on the cloud as well as a local backup.
- The metering system is 8 years old and they have an expected life expectancy of 7 years. The number of failures is increasing and the expenses on the existing system are being tracked so that a new system may be implemented when the expenses justify replacement.
- The outage map is online on the website. The outages sometimes show longer than they really are due to not having the information updated. Work on training the linemen to do the updates continues.
- July posted a \$138,962 loss in Total Margins and a \$142,226 loss in Operating Margins. The total kWh sales were 1.51% below ytd 2019 but 6.36% above average for the past three years. The lag on the Sunflower billing contributed to these numbers and an analysis to determine how to reduce this billing lag will be put in place for next year to lessen the impact. Much of the oil load is back online at this time.
- The total sale rate was 10.7 cents for the month and 9.8 cents for the year to date.
- LSEC is \$425,351 under budget on Operating Margins and \$377,591 under budget on Total Margins. The O&M expenses were up a little in part due to a push to get the work plan projects completed.
- The overdue bill on the City of Dighton has been resolved and the bill with OPCO is being paid in monthly payments.
- 4 Generac units have been sold. There is a 8-12 week delivery for the units.
- \$6.2 million has been invested with CFC.

- The hole in the building at Ness City will be repaired soon. The hole is under the building.

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

A question from a prior meeting about an abandoned line from Trustee Sorem was answered. The line in question is not energized and is not LSEC line.

NEW BUSINESS

1. Audit engagement letter
 - A copy of the engagement letter received from Bollinger, Segars, Gilbert & Moss LLP (BGSM) was included in the board packet. The fees are estimated to be \$22,000-\$24,000 per year. The staff is pleased with the relationship with BGSM on the past audit and recommends that the board approve and execute the 2020 audit engagement letter.
 - *A motion to approve and execute the 2020 audit engagement letter with BGSM for the 2020 audit was made, duly seconded and carried.*
2. Annual Meeting
 - The expenses for the annual meeting totaled \$41,877 which is an increase of \$6,645 from the previous year. The primary factors for the increase is a better accounting of the expenses, primarily labor, as well as increased expenses due to Covid-19.
3. Capital Credit Retirement Study
 - Manager McLeon prepared a Capital Credit Retirement Study included in the board packet.
 - Currently the rotation is at 33 years. An analysis of the projected revenue including the Phillips 66 project was used to estimate projected capital credits with the goal of getting to a 20 year rotation.

- The study shows that with the first payments in 2021 and continuing each year, a 20 year rotation can be met in 2028. These numbers are all projections and are subject to change.

4. NRECA voting delegate

- Manager McLeon was appointed voting delegate and President Jennison alternate voting delegate for the NRECA virtual meeting by consensus of the board.

5. Retirement Program

- Manager McLeon reviewed the NRECA RS plan with the board. The RS plan has two groups of employees. The employees hired prior to January 1, 2018 has a total billing rate increase from 33.66% to 34.96% to an annual cost of \$366,747.84. The cost of this group will continue to climb due to average age and salaries. The employees hired after January 1, 2018 had a decrease in billing rate from 23.55% to 21.65% and with the cost of \$80,579.90. With the age of participants this cost is expected to decrease.
- The net increase of the RS plan is \$10,284.50 over the previous year.
- The 401(k) plan cost \$70,378.39 in 2019 and is expected to increase to about \$81,745.70 in 2020. This is due to three employees becoming eligible and two increasing their contributions.
- Staff requests the board to renew the NRECA RS plan and 401(k) plan as they currently exist.
- *A motion to renew the NRECA RS plan and NRECA 401(k) plan as they are currently implemented was made, duly seconded and carried.*

6. Group Insurance Renewal

- NRECA Insurance is the non-health insurance policies and consist of the Director Accidental Death and Dismemberment at a cost of \$4.83 per month; Business Travel Accident Insurance at a cost of \$27 per month; Basic Life Insurance at a cost of \$812.95 per month; and Long Term Disability at a cost of \$1,226.85 per month. The net increase of NRECA premiums will be \$230.43 based on payroll as of August 1, 2020 and will increase with wages.
- The KECHIT program is the health insurance plan with BCBS of Kansas. There is a \$500/\$1,000 deductible plan and \$2,800/\$5,600 deductible with HSA plan. The high deductible plan has a HSA partially funded by LSEC.
- The 2020 employee portion of the low deductible plan cost is \$393,255.24 per year with the employees contributing 7.5% of actual cost. The retiree/trustee portion costs \$91,126.32 which is paid by the participants.

- The high deductible plan cost \$21,856.92 per year (2020) cost which is paid entirely by LSEC. The net effect of the combined plan/HSA is it saves LSEC \$3,203.84 if current cost trends continue over the next five years.
- Early indications are that the low deductible will increase 2-3% and the high deductible will decrease by 2%. The net effect is an increase of \$10,539.
- Staff recommends the board approve the renewal of the existing NRECA and KECHIT Insurance Benefits.
- *A motion to renew the NRECA and KECHIT insurance benefits as they are currently in place was made, duly seconded and carried.*

7. Board Policy 524

- There were no objections to the addition Board Policy 524 to the agenda.
- Board Policy 524 is the drug and alcohol policy adopted by the board. The current policy is a two strikes policy which allows an employee to have a second chance to return to work after a violation of the policy, provided the employee comply with the requirements of the policy.
- Manager McLeon discussed the policy with Federated and Federated expressed liability concerns with the policy and their recommendation is to consider a one strike policy.
- The board discussed the safety issues of having an impaired employee on the worksite, concerns of whether employees will report an incident if it is a one strike policy and the testing schedule.
- *A motion that due to the importance of the culture of safety, the board directs the staff and attorney to develop a one strike policy for drug and alcohol abuse, was made, duly seconded and carried.*
- The board also directed staff to investigate the cost of increased testing.

EXECUTIVE SESSION

A motion to enter executive session to discuss personnel matters was made, duly seconded and carried at 8:18 p.m. The board came out of executive session at 9:21 p.m.

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 9:14 p.m., on Monday, September 14, 2020.

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Accounts Payable Check Register

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08/11/2020 To 09/10/2020

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2170 08/11/2020	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	951.71
2169 08/12/2020	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	187.77
46045 08/17/2020	CHK	20	BASIN ELECTRIC POWER COOP	July Dispatch Fees	2,129.54
46046 08/17/2020	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	52,500.00
46047 08/17/2020	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,239.11
46048 08/17/2020	CHK	105	CITY OF NESS CITY	Monthly Invoice	7,510.15
46049 08/17/2020	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	860.26
46050 08/17/2020	CHK	135	CITY OF BAZINE	Franchise Fee	2,177.87
46051 08/17/2020	CHK	181	BAKER DISTRIBUTING CO	Monthly Invoice	178.95
46052 08/17/2020	CHK	329	SOUTHWIND BROADCASTING	Advertising	529.44
46053 08/17/2020	CHK	903	NISC	Monthly Invoice	1,470.46
46054 08/17/2020	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	198.08
46055 08/17/2020	CHK	9999	DAVID ACOSTA	INACTIVE REFUND	45.62
46056 08/17/2020	CHK	9999	JOHN DREILING	INACTIVE REFUND	83.11
46057 08/17/2020	CHK	9999	K3 OIL & GAS OPERATING CO	INACTIVE REFUND	269.27
46058 08/17/2020	CHK	9999	TRAVIS PETERSILIE	INACTIVE REFUND	15.85
46059 08/17/2020	CHK	9999	RCC ATLANTIC INC.	INACTIVE REFUND	480.76
2173 08/18/2020	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	452.03
2171 08/19/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	362.45
2172 08/19/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	343.83
2174 08/21/2020	WIRE	1271	CARDMEMBER SERVICE	Monthly Invoice	3,486.27
2177 08/21/2020	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	39.06
2179 08/25/2020	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	20,584.50
2180 08/25/2020	WIRE	264	KS DEPT OF REVENUE - USE TAX	Use Tax	6.03
2175 08/26/2020	WIRE	101	ATMOS ENERGY	Monthly Invoice	51.92
2176 08/26/2020	WIRE	121	FED-EX	Monthly Invoice	74.89
2178 08/27/2020	WIRE	1290	WEX BANK	Monthly Invoice	128.18
2182 09/01/2020	WIRE	1187	MIDWEST ENERGY	Monthly invoice	50.74
46060 09/01/2020	CHK	1	NRECA	GM Appraisal Travel Expense	93.92
46061 09/01/2020	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	53,500.00

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Accounts Payable Check Register

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08/11/2020 To 09/10/2020

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46062 09/01/2020	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	21,848.31
46063 09/01/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	71.56
46064 09/01/2020	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	5,021.61
46065 09/01/2020	CHK	226	KANSAS CORPORATION COMMISSION	Docket Expense	25.70
46066 09/01/2020	CHK	238	ILLINOIS MUTUAL	Monthly Premiums	98.96
46067 09/01/2020	CHK	253	FARM CREDIT LEASING SERVICES COR	Truck Lease Payments	9,548.69
46068 09/01/2020	CHK	352	AG-NEWS	Advertising	215.00
46069 09/01/2020	CHK	359	WEBBER-GROSS WELDING, LLC	McCracken sub Regulator Stands	305.19
46070 09/01/2020	CHK	395	DOLLAR GENERAL - REGIONS 410526	Monthly Invoice	186.28
46071 09/01/2020	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Hotel Charges for Sunflower mtg	106.72
46072 09/01/2020	CHK	424	FOOS AUTO & TIRE LLC	Truck # 191	667.60
46073 09/01/2020	CHK	427	DIGHTON HERALD LLC	Advertising	288.00
46074 09/01/2020	CHK	442	QUADIENT INC.	Postage Machine	285.83
46075 09/01/2020	CHK	484	FLATLANDS GARAGE LLC	Tire Repair	20.00
46076 09/01/2020	CHK	506	K&J FOODS	Monthly Invoice	349.42
46077 09/01/2020	CHK	903	NISC	Software License	2,983.75
46078 09/01/2020	CHK	1228	BENJAMIN L MANN	Clothing Allowance	230.55
46079 09/01/2020	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Monthly invoice	260.91
2183 09/02/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	313.74
46080 09/02/2020	CHK	5	CITY OF DIGHTON	RETIRE CAP CR & APPLY TO A/R	117,167.40VOID
2184 09/04/2020	WIRE	168	ONLINE INFORMATION SERVICES, INC	Monthly Invoice	72.49
2187 09/08/2020	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA GR 1-SEPT GROUP INS	2,586.16
2188 09/08/2020	WIRE	180	NRECA	NRECA GROUP 1 ADM FEE-SEP GR INS ADM FEE	208.09
46081 09/08/2020	CHK	79	POSTMASTER	Postage-Newletter	110.68
2186 09/09/2020	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS-GROUP INS	35,733.87
2181 09/10/2020	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,172.47
2185 09/10/2020	WIRE	1267	AFLAC	Monthly Premiums	473.54
46082 09/10/2020	CHK	14	OFFICE SOLUTIONS, INC	Monthly Invoice	112.84
46083 09/10/2020	CHK	20	BASIN ELECTRIC POWER COOP	August Dispatch Fee	2,129.75
46084 09/10/2020	CHK	32	WESCO RECEIVABLES INC	Monthly Invoice	4,192.45

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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
46085 09/10/2020	CHK	34	AMERICAN SAFETY UTILITY CORP	Gloves-Dellon	107.53
46086 09/10/2020	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Dues	6,482.55
46087 09/10/2020	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	792.32
46088 09/10/2020	CHK	74	WEBER REFRIGERATION & HEATING I	Monthly Invoice	527.65
46089 09/10/2020	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	196.39
46090 09/10/2020	CHK	104	HOME OIL CO	Monthly Fuel Invoice	693.05
46091 09/10/2020	CHK	105	CITY OF NESS CITY	August pay station and postage	616.25
46092 09/10/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice - Dighton	300.14
46093 09/10/2020	CHK	145	BUMPER TO BUMPER OF NESS CITY	Monthly Invoice	110.07
46094 09/10/2020	CHK	148	HEALY YEARBOOK STAFF	Yearbook Ad	125.00
46095 09/10/2020	CHK	169	AMERICAN ELECTRIC-GARDEN CITY	Monthly Invoice	12,920.02
46096 09/10/2020	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Kevin Bradstreet	453.53
46097 09/10/2020	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	203.80
46098 09/10/2020	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	52.59
46099 09/10/2020	CHK	248	CENTRAL PUMP & SUPPLY	Monthly Invoice	20.83
46100 09/10/2020	CHK	261	LOCKE SUPPLY CO	Monthly Invoice	163.08
46101 09/10/2020	CHK	269	ANIXTER INC	Monthly Invoice	320.08
46102 09/10/2020	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Monthly Invoice	13.37
46103 09/10/2020	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	31,568.10
46104 09/10/2020	CHK	323	SAFETYCAL HOLDINGS INC	Monthly Invoice	196.50
46105 09/10/2020	CHK	380	GRAINGER	Monthly Invoice	122.30
46106 09/10/2020	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	197.15
46107 09/10/2020	CHK	429	IT1 CONSULTING LLC	Microsoft 365 office	11.39
46108 09/10/2020	CHK	454	OCONNER COMPANY	Monthly Invoice	720.60
46109 09/10/2020	CHK	455	TANNER RIDER	Towing	800.00
46110 09/10/2020	CHK	456	GENERAC POWER SYSTEMS	Generators	14,173.00
46111 09/10/2020	CHK	715	KATHERINE E LEWIS	Mileage-Bluestem Electric	335.23
46112 09/10/2020	CHK	790	SOLOMON CORPORATION	Monthly Invoice	11,560.68
46113 09/10/2020	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	33.60
46114 09/10/2020	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	101.09

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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
46115 09/10/2020	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Income	434.67
46116 09/10/2020	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	3,421.68
46117 09/10/2020	CHK	1213	NRECA GROUP ADMIN	FSA Fee Funding	15.00
46118 09/10/2020	CHK	1218	HEALZERS, INC.	Tire Repair	23.33
46119 09/10/2020	CHK	1232	KANSAS REC MANAGERS ASSOCIATIO	Accountants Assoc Membership dues & Reg	120.00
46120 09/10/2020	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	359.81
46121 09/10/2020	CHK	1251	TECHLINE, LTD	Monthly Invoice	12,866.64
Total Payments for Bank Account - 2 :					(96) 342,780.95
Total Voids for Bank Account - 2 :					(1) 117,167.40
Total for Bank Account - 2 :					(97) 459,948.35
Grand Total for Payments :					(96) 342,780.95
Grand Total for Voids :					(1) 117,167.40
Grand Total :					(97) 459,948.35

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Payroll/Labor Check Register

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Pay Date: 08/01/2020 To 08/30/2020

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
5	KATHERINE E LEWIS	08/13/2020	5152	4,958.76	0.00	80.00	0.00	692.27 368.51	33.00 0.00	1,283.07 2,916.03	2,983.42 985.00 625.00 1,373.42	DD DD DD
17	DAVID L HOWARD	08/13/2020	5153	3,528.00	0.00	80.00	0.00	415.26 269.02	37.00 0.00	1,006.69 2,111.01	2,106.05	DD
21	CARRIE M BORELL	08/13/2020	5154	2,111.20	0.00	80.00	0.00	289.08 156.57	10.93 0.00	337.52 1,816.86	1,484.60	DD
22	REBECCA L CAMPBELL	08/13/2020	5155	1,975.20	0.00	80.00	0.00	343.79 142.19	5.50 0.00	342.18 1,758.09	1,289.23 300.00 989.23	DD DD
26	RICHARD A MCLEON	08/13/2020	5156	9,375.00	0.00	80.00	0.00	337.02 725.57	109.64 0.00	3,323.24 3,245.72	5,714.74	DD
34	KALO M MANN	08/13/2020	5157	3,149.00	0.00	82.50	0.00	699.91 240.37	44.32 0.00	694.37 1,772.52	1,754.72	DD
35	NATHAN A BURNS	08/13/2020	5158	4,803.13	0.00	80.00	0.00	883.85 368.48	37.47 0.00	1,187.37 2,171.47	2,731.91	DD
50	KASEY R JENKINSON	08/13/2020	5159	5,264.40	0.00	106.00	0.00	633.26 398.16	15.73 0.00	1,269.13 2,401.95	3,362.01	DD
55	BENJAMIN L MANN	08/13/2020	5160	4,815.00	0.00	98.00	0.00	648.76 367.71	15.48 0.00	1,017.08 1,764.66	3,149.16	DD
74	DAL S HAWKINSON	08/13/2020	5161	3,986.42	0.00	91.00	0.00	472.66 299.60	5.49 0.00	905.57 2,350.59	2,608.19	DD
81	DEANNE R SHULL	08/13/2020	5162	1,628.00	0.00	80.00	0.00	281.50 123.11	34.17 0.00	299.01 993.73	1,047.49	DD
84	MICHAEL S POLLOCK	08/13/2020	5163	3,064.40	0.00	81.00	0.00	681.34 229.16	6.81 0.00	500.43 2,223.36	1,882.63 100.00 25.00 25.00 25.00 1,707.63	DD DD DD DD DD
85	CHAD A RUPP	08/13/2020	5164	3,903.80	0.00	89.00	0.00	483.28 290.69	21.67 0.00	809.88 2,350.59	2,610.64	DD
89	CHRIS R TERHUNE	08/13/2020	5165	3,852.16	0.00	88.00	0.00	450.71 290.12	15.83 0.00	1,180.59 2,317.54	2,220.86	DD
91	LARRY D KRAFT	08/13/2020	5166	3,903.80	0.00	89.00	0.00	415.97 295.93	40.01 0.00	771.09 2,350.59	2,716.74	DD
93	MYRON E SEIB	08/13/2020	5167	4,699.01	0.00	101.50	0.00	579.03 355.72	26.58 0.00	946.86 2,350.59	3,173.12	DD
99	KEVIN A BRADSTREET	08/13/2020	5168	3,934.78	0.00	89.50	0.00	383.07	17.16	1,135.42	2,416.29	DD

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Payroll/Labor Check Register

Page 2

Pay Date: 08/01/2020 To 08/30/2020

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
108	MARK R MCCULLOCH	08/13/2020	5169	2,828.24	0.00	82.50	0.00	302.32 910.53 216.05	0.00 19.78 0.00	1,418.48 642.29 1,374.06	1,275.42	DD
117	LEIGHTON J AYERS	08/13/2020	5170	5,143.10	0.00	107.00	0.00	620.54 388.57	11.73 0.00	1,208.37 2,350.59	3,314.19 150.00	DD
129	STACEY L FOOS	08/13/2020	5171	127.13	0.00	8.25	0.00	0.00 10.61	0.00 0.00	9.79 0.00	117.34	DD
130	ANN MARIE JENNINGS	08/13/2020	5172	1,802.41	0.00	80.00	0.00	245.37 127.83	6.67 0.00	321.44 1,490.87	1,235.60	DD
131	DIANA KUHLMAN	08/13/2020	5173	1,738.41	0.00	80.00	0.00	311.98 129.44	4.83 0.00	259.91 1,175.98	1,166.52	DD
132	DELLON SHELTON	08/13/2020	5174	2,390.90	0.00	87.00	0.00	104.52 183.01	1.30 0.00	629.21 198.15	1,657.17	DD
5	KATHERINE E LEWIS	08/30/2020	5175	4,958.76	0.00	88.00	0.00	692.27 368.51	33.00 0.00	1,283.07 2,916.03	2,983.42 985.00	DD
17	DAVID L HOWARD	08/30/2020	5176	4,542.30	0.00	97.00	0.00	450.54 346.62	37.00 0.00	1,381.43 2,128.65	2,710.33	DD
21	CARRIE M BORELL	08/30/2020	5177	2,361.91	0.00	89.00	0.00	310.19 175.74	10.93 0.00	399.93 1,827.42	1,651.79	DD
22	REBECCA L CAMPBELL	08/30/2020	5178	2,172.72	0.00	88.00	0.00	365.52 157.29	5.50 0.00	392.25 1,767.97	1,414.95 300.00	DD
26	RICHARD A MCLEON	08/30/2020	5179	9,375.00	0.00	88.00	0.00	337.02 551.71	109.64 0.00	3,149.38 3,228.20	5,888.60	DD
34	KALO M MANN	08/30/2020	5180	3,703.60	0.00	95.00	0.00	699.91 282.81	44.32 0.00	834.98 1,772.52	2,168.71	DD
35	NATHAN A BURNS	08/30/2020	5181	4,803.13	0.00	88.00	0.00	808.85 368.47	37.47 0.00	1,209.64 2,171.47	2,784.64	DD
50	KASEY R JENKINSON	08/30/2020	5182	4,601.00	0.00	101.00	0.00	667.50 347.39	15.73 0.00	1,025.11 2,419.07	2,908.39	DD
55	BENJAMIN L MANN	08/30/2020	5183	4,215.80	0.00	95.00	0.00	648.76 321.86	15.48 0.00	828.47 1,781.78	2,738.57	DD
74	DAL S HAWKINSON	08/30/2020	5184	3,883.14	0.00	92.00	0.00	512.31 291.69	5.49 0.00	869.06 2,367.11	2,501.77	DD
81	DEANNE R SHULL	08/30/2020	5185	1,790.80	0.00	88.00	0.00	297.78 135.58	34.17 0.00	337.31 1,001.87	1,155.71	DD
84	MICHAEL S POLLOCK	08/30/2020		3,459.20	0.00	90.00	0.00	711.42	6.81	593.83	2,153.95	

09/15/2020 9:53:32 am

Payroll/Labor Check Register

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Pay Date: 08/01/2020 To 08/30/2020

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
			5186					259.37	0.00	2,238.40	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											1,978.95	DD
85	CHAD A RUPP	08/30/2020	5187	4,998.51	0.00	110.00	0.00	516.33	21.67	1,174.96	3,307.22	DD
								374.43	0.00	2,367.11		
89	CHRIS R TERHUNE	08/30/2020	5188	4,750.65	0.00	105.00	0.00	477.15	15.83	1,516.18	2,757.32	DD
								358.86	0.00	2,330.76		
91	LARRY D KRAFT	08/30/2020	5189	3,635.28	0.00	88.00	0.00	449.02	40.01	703.01	2,483.25	DD
								275.38	0.00	2,367.11		
93	MYRON E SEIB	08/30/2020	5190	3,635.28	0.00	88.00	0.00	628.60	26.58	659.19	2,347.49	DD
								274.35	0.00	2,367.11		
99	KEVIN A BRADSTREET	08/30/2020	5191	4,998.51	0.00	110.00	0.00	419.42	17.16	1,532.73	3,046.36	DD
								383.70	0.00	1,435.00		
108	MARK R MCCULLOCH	08/30/2020	5192	2,971.77	0.00	88.00	0.00	937.55	19.78	685.55	1,348.67	DD
								227.02	0.00	1,387.57		
117	LEIGHTON J AYERS	08/30/2020		4,688.69	0.00	105.00	0.00	653.59	11.73	1,038.57	2,996.53	
			5193					353.80	0.00	2,367.11	150.00	DD
											2,846.53	DD
129	STACEY L FOOS	08/30/2020	5194	138.69	0.00	9.00	0.00	0.00	0.00	11.03	127.66	DD
								11.58	0.00	0.00		
130	ANN MARIE JENNINGS	08/30/2020	5195	1,982.65	0.00	88.00	0.00	254.38	6.67	367.13	1,361.14	DD
								141.62	0.00	1,499.88		
131	DIANA KUHLMAN	08/30/2020	5196	1,912.24	0.00	88.00	0.00	338.06	4.83	295.88	1,278.30	DD
								142.74	0.00	1,184.67		
132	DELLON SHELTON	08/30/2020	5197	2,299.44	0.00	88.00	0.00	114.97	1.30	596.86	1,587.61	DD
								176.00	0.00	208.60		
Grand Total:				\$ 168,861.32	\$ 0.00	3,986.25	\$ 0.00	\$ 22,174.84	\$ 1,042.20	\$ 40,966.06	\$ 105,720.42	
								\$ 12,605.26	\$ 0.00	\$ 86,038.84		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION <div style="text-align: right;">KS0042</div>
	PERIOD ENDED August 2020
INSTRUCTIONS - See help in the online application.	BORROWER NAME <div style="text-align: right;">The Lane-Scott Electric Cooperative, Inc.</div>

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

CERTIFICATION

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

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

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

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

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

 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	12,277,004	11,106,076	12,189,711	1,645,342
2. Power Production Expense				
3. Cost of Purchased Power	7,258,803	6,500,402	7,271,666	1,006,392
4. Transmission Expense	5,008	1,442	4,995	173
5. Regional Market Expense				
6. Distribution Expense - Operation	867,409	931,766	920,026	64,763
7. Distribution Expense - Maintenance	434,966	545,557	490,226	74,155
8. Customer Accounts Expense	142,232	131,737	150,957	13,070
9. Customer Service and Informational Expense	20,309	27,333	21,871	4,694
10. Sales Expense	38,283	34,727	50,093	5,071
11. Administrative and General Expense	967,912	868,556	923,136	83,974
12. Total Operation & Maintenance Expense (2 thru 11)	9,734,922	9,041,520	9,832,970	1,252,292
13. Depreciation and Amortization Expense	1,037,420	1,092,323	1,075,453	138,792
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	829,649	888,905	856,993	113,180
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	2,325	1,324	2,422	162
19. Other Deductions	6,056	6,709	10,582	150
20. Total Cost of Electric Service (12 thru 19)	11,610,372	11,030,781	11,778,420	1,504,576
21. Patronage Capital & Operating Margins (1 minus 20)	666,632	75,295	411,291	140,766
22. Non Operating Margins - Interest	134,345	134,704	27,798	3,184
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	48,959	(42,173)	40,000	(19,538)
26. Generation and Transmission Capital Credits	4			
27. Other Capital Credits and Patronage Dividends	18,032	18,198	20,000	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	867,972	186,024	499,089	124,412

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 2020		
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	40	37	5. Miles Transmission		
2. Services Retired	17	45	6. Miles Distribution – Overhead	2,035.31	2,036.59
3. Total Services in Place	6,048	6,028	7. Miles Distribution - Underground	7.15	7.53
4. Idle Services (Exclude Seasonals)	200	232	8. Total Miles Energized (5 + 6 + 7)	2,042.46	2,044.12
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	57,788,963		30. Memberships	0	
2. Construction Work in Progress	521,654		31. Patronage Capital	21,511,691	
3. Total Utility Plant (1 + 2)	58,310,617		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	17,382,114		33. Operating Margins - Current Year	75,296	
5. Net Utility Plant (3 - 4)	40,928,503		34. Non-Operating Margins	110,728	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	138,242	
7. Investments in Subsidiary Companies	243,578		36. Total Margins & Equities (30 thru 35)	21,835,957	
8. Invest. in Assoc. Org. - Patronage Capital	10,817,807		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,462		38. Long-Term Debt - FFB - RUS Guaranteed	34,326,011	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	5,930,384	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	150,400	
13. Special Funds	0		42. Payments – Unapplied	4,116,389	
14. Total Other Property & Investments (6 thru 13)	11,734,306		43. Total Long-Term Debt (37 thru 41 - 42)	36,290,406	
15. Cash - General Funds	240,476		44. Obligations Under Capital Leases - Noncurrent	251,747	
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)	251,747	
18. Temporary Investments	6,498,696		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,217,091	
20. Accounts Receivable - Sales of Energy (Net)	1,635,577		49. Consumers Deposits	121,352	
21. Accounts Receivable - Other (Net)	169,129				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	1,387,157	
23. Materials and Supplies - Electric & Other	297,132		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	80,733		52. Current Maturities Capital Leases	92,905	
25. Other Current and Accrued Assets	67,880		53. Other Current and Accrued Liabilities	1,091,842	
26. Total Current and Accrued Assets (15 thru 25)	8,989,748		54. Total Current & Accrued Liabilities (47 thru 53)	3,910,347	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	635,900		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	62,288,457		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	62,288,457	

LANE-SCOTT ELECTRIC ENERGY SALES STATISTICS FOR AUGUST 2020

CLASS OF SERVICE	NO. RECEIVING SERVICE		kWh SOLD		AMOUNT BILLED		Y.T.D AVERAGE		SALE PRICE PER kWh Y.T.D.
	Y.T.D. AVG.	THIS MONTH	THIS MONTH	Y.T.D.	THIS MONTH	Y.T.D.	kWh USED	AMOUNT	
Residential Sales	2,232	2,237	2,691,166	16,784,606	\$310,854	\$1,904,741	940	\$106.67	11.35
Residential Sales-Seasonal	51	53	17,190	95,711	\$2,956	\$18,410			
Irrigation Sales	334	333	1,905,731	7,632,160	\$180,920	\$683,449			
Small Commercial	1,839	1,832	3,738,420	30,910,703	\$421,140	\$3,181,570	2,102	\$216.32	10.29
Large Commercial	185	184	2,702,647	21,646,053	\$322,764	\$2,423,154	14,626	\$1,637.27	11.19
Public Street Lighting	13	13	35,906	287,248	\$4,797	\$35,781			
Public Building Sales	43	49	34,548	225,364	\$4,811	\$32,166			
Non-Domestic	1,059	1,061	162,516	1,326,411	\$32,247	\$248,362			
City of Dighton	1	1	1,039,522	7,506,420	\$80,454	\$531,233	938,303	\$66,404.13	7.08
Idle Services on rate 90	30	29	0	0	\$0	\$1,859			
Large Industrial	3	3	2,560,860	22,416,280	\$232,262	\$1,745,331	934,012	\$72,722.11	7.79
Irrigation Horsepower Charges	0		0	0		\$264,332			
Total Energy Sales	5,790	5,795	14,888,506	108,830,956	\$1,593,204	\$11,070,387			10.17
Other Electric Revenue					\$52,138	\$35,689			
Total					\$1,645,342	\$11,106,076			

SUBSTATION DATA

Substation	(NCP)KW	kWh Purchased	Cost Per kWh	kWh Sold	Line Loss	Load Factor-P	Load Factor-S
Beeler-Sub 3	6,027	3,528,410		2,719,064	22.94%	78.69%	60.64%
Dighton-Sub 1 - 7200	2,054	1,368,609		1,851,172	-35.26%	89.56%	121.14%
Dighton-Sub 2 - 14400	5,160	2,175,618		2,082,288	4.29%	56.67%	54.24%
Manning-Sub 4	6,872	4,039,898		3,321,855	17.77%	79.02%	64.97%
LS Seaboard-Sub 5	163	81,218		77,276	4.85%	66.97%	63.72%
Twin Springs Lo 7.6-Sub 7	314	166,760		156,812	5.97%	71.38%	67.12%
Twin Springs Hi 14.1-Sub 8	344	156,860		145,475	7.26%	61.29%	56.84%
City of Dighton	2,392	931,843	7.5000	931,843	0.00%	52.36%	52.36%
City of Dighton - WAPA	176	107,679	2.8500	107,679	0.00%	82.23%	82.23%
Alexander 115	1,930	995,954		927,304	6.89%	69.36%	64.58%
Ness City 115	5,014	2,162,740		2,567,738	-18.73%	57.98%	68.83%
Total	30,446	15,715,589	6.3600	14,888,506	5.26%	69.38%	65.73%

RUS/CFC LOAN FUND TRANSACTIONS

MISC.

OTHER STATISTICS

				Y.T.D	M.T.D.
Gross Obligation to RUS	\$ 54,111,889	General Fund Balance	\$26,558	Miles Energized	2044.12
Pymts Applied Against Principal	\$ 18,949,597	MMDA Investments	\$196,235	Density	2.83
Net Obligation to RUS	\$ 35,162,292	Cash Available at Month End	\$222,793	kWh Purchased	114,044,405
CFC Line of Credit	\$ -			kWh Sold (Inc. Office Use)	107,276,855
CoBank Line of Credit	\$ -	CFC Investments - CP, SN, MTN	\$6,302,461	Percent of Line Loss	5.93%
CFC Note #9004-RUS refinance	\$ 5,969,824	CFC CTC's	\$221,958	Idle Services	232
CFC Note #9006-RS Prepymt	\$ 511,435			Oper. Revenue Per kWh Sold	10.35
				Expense Per kWh Sold	10.28
				Income Per Mile	804.91
				Expense Per Mile	736.05

ACCOUNT AGING

	Current	30-89 Days	90 Plus
Irrigation Accounts Receivable	\$140,397	\$22	
Electric Accounts Receivable	\$1,246,569	\$13,769	\$22,419
Retail Accounts Receivable	\$72,783	\$936	\$2,051



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING SUMMARY

September 18, 2020

SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING

CURRENT ACTIVITIES

Future Rate Design

James Brungardt and Rich Macke, Power System Engineering, presented additional analyses for the Future Rate Design strategic initiative. The September discussion focused on Coincident Peak/Non-Coincident Peak rate design and Time-of-Use Energy rate design. The presentation showed the impact of each design, as well as a combination of the two rate designs, on each Member.

The Board's consensus was to leave the current rate design in place but continue to be proactive in considering whether future changes will be needed. Member strategic initiatives might inform future rate design discussions at Sunflower. Currently, the next Sunflower cost-of-service study is scheduled to take place in 2022 for implementation in 2023.

Sunflower Members' Conference

In August the Board agreed to a virtual 2020 Members' Conference due to restrictions triggered by COVID-19. A virtual option will increase the breakout sessions, allow more people to participate, allow outside speakers to be a part of the conference, provide scheduling flexibility, and allow for one more general session. Staff surveyed Member CEOs regarding possible 2020 dates, and none of the proposed dates worked for all Members. Another challenge to a 2020 conference is that Microsoft is just now introducing its break-out session functionality in MS Teams.

The Board's consensus was to pursue a virtual Members' Conference in early 2021. Sunflower staff will coordinate with the Members on possible dates.

ICARE2020/STRATEGY

Work continues on a post-2020 corporate strategic vision statement, which will comprise three themes: rates, managing risk, and furthering the success of Sunflower's Members and those they serve. Sunflower staff presented drivers and measures for each of the themes for consideration by the Board.

To prepare for the strategic planning session at the December Board, staff also reviewed objectives, implemented initiatives, and measures related to the Internal Processes perspective of the Strategy Map: work smart, implement a risk management program, build and maintain constructive relationships, mitigate unnecessary transmission cost, create new value from existing generation resources, and evaluate emerging technologies.

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The December Board meeting will be an “open mic” format with participants addressing the strategic topics of their choice to give Sunflower direction. Discussion will also include Members’ strategic plans and how those might feed into Sunflower’s strategic plan. Topics identified thus far are community solar initiatives, and behind-the-meter generation.

PRESIDENT’S REPORT

Transmission Planning and Policy

Transmission Policy Update Future 34.5 kV Options – Staff continue to develop solutions—ranging from no roll-up to a complete roll-up—for the Members’ 34.5 kV system assets providing transmission service. Solutions will be impacted by FERC and SPP policy. The next steps for Sunflower staff include rescoring the solutions identified thus far, meeting individually with each Member to refine the scores, compiling all Members’ scores and comparing them to Sunflower staff scores, and agreeing on a final score and next steps. This process is expected to take at least six months.

Power Supply and Delivery

Distributed Generation Roadmap – Since distributed generation (DG) is becoming more popular, it is important to have a sound process to follow when requests to interconnect DG are received. Staff presented a guide for the facets that should be considered when DG requests are received by a Member. The primary DG considerations include interconnection, offtake, and first-mile service. The key inputs include customer type, generator size, generator type, statutory classification, and interconnection level. When Members receive a DG request, they are encouraged to coordinate with Sunflower by contacting the applicable Sunflower Key Accounts Director (Annie Erbert or Josh Schmidt).

Sunflower Integrated Resource Plan (IRP) – ACES is assisting in the development of Sunflower’s IRP, which is expected to be finalized by November. Capacity options were identified and analyzed using four major constraints: solar capacity, the Holcomb rail contract, market capacity; and a carbon tax. ACES will model 17 scenarios to determine which portfolio mix provides the best cost performance.

Financials

Overall Member loads were down 5.37% from budget for the month and 4.38% year-to-date. Large industrial loads were down 12.20% from budget for the month and 5.23% year-to-date. Year-to-Date operating expenses were down from budget by \$7.99 million. Transmission margins are down \$5.2M year-to-date. A \$5.5 million accrual was made in June due to the estimated Transmission Formula Rate Settlement and the 2020 Transmission Formula Rate True-Up. The total estimated Transmission Formula Rate True-up for 2020 is \$11M, \$5.9M for the Formula Rate Settlement and \$5.1M for the 2020 Transmission Formula Rate True-Up.

The Board authorized an increase in the Holcomb depreciation rate. As reviewed in August, this will offset revenue from the Holcomb Expansion Project (HEP). Sunflower deferred its HEP development costs and its deferred revenues, which equate to approximately \$9.8 million and will be amortized over the next 40 months. The combination of these two actions does not result in a rate change.

Board action: The Sunflower Board approved the Holcomb Station depreciation rate as presented.

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2020 Load Forecast

The Load Forecast Study, which was presented in August, was conducted by an independent consultant and used historical data provided by Members and Sunflower's billing department, weather conditions, local economics, and local demographics. With the exception of 2020, the years 2019-2023 indicate slight growth in both total Member load and energy requirements. The 2020 Load Forecast Study has been incorporated into the 2021 budget. The Board directed staff to perform historical comparisons to check the precision of load forecasts reported by Members.

Board action: The Sunflower Board approved the 2020 Load Forecast as presented.

2021-2023 Budget

In August, the Board reviewed the 2021-2023 budget summary chart, which shows a Member rate of \$58.15 in 2020, rising to \$59.72 in 2021, and then decreasing below \$59 through 2023. Member sales and equity show increases through 2023 and a four-year average Net Margin of \$16.9 million. No staffing additions are planned for 2021-2023. Staff recommended that the Board leave the demand and energy rates at the current levels to create rate stability during the next three years.

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

Paycheck Protection Program (PPP) Loan

Sunflower entered into the PPP loan agreement for \$10 million on April 22, 2020, and is currently being held in a restricted cash account. To meet the PPP loan forgiveness criteria, the loan must be applied to specific expenses, such as payroll for at-risk jobs. Since Power Supply is the most impacted area because of decreasing load and margins due to COVID-19, the PPP funds are being applied to Power Supply payroll to best support employee retention. The \$10 million must be fully allocated within a 24-week timeframe.

September's allocation covers payroll from August 1 through August 31, representing weeks 16-19 of the 24-week timeframe. October 7 is the deadline for allocating the PPP loan, at which time Sunflower will submit the application for loan forgiveness.

Board action: The Sunflower Board approved allocating \$1,720,733 from the PPP restricted cash to the generation FERC accounts payroll (50000-55400).

Standalone Terrorism Insurance Policy

Following 9/11, terroristic events were excluded from most, if not all, general insurance policies. Beginning in 2002, the Terrorism Risk Insurance Act (TRIA) required insurers to offer terrorism coverage with the government participating in sharing losses on commercial property and casualty insurance. Since the TRIA program is set to expire at the end of 2020, Sunflower staff researched other coverage options for generation assets.

Board action: The Sunflower Board approved the purchase of standalone terrorism policy with an insured value of \$250 million for \$23,425.

KEC

In lieu of the Cooperative legislative visit to D.C., virtual roundtables are scheduled from September 21-24 with Kansas' Congressional delegation.

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The KEC board meeting on Oct. 8 will be hybrid in nature. On-site attendees are limited to one trustee/representative from each KEC member. All others are invited to participate via MS Teams.

Approximately one half of KEC's members have offered to assist in restoration after the recent hurricanes in the South.

Voting Delegate for CFC District Meeting

Board action: The Sunflower Board elected Stuart Lowry as the voting delegate for the CFC District Meeting on October 14-16.

8. General Manager's Report

A. Administration

- 1) Strategic Plan. CFC will be here at 8:30 am November 5, 2020 for a Strategic Planning Workshop that will last all day. To prepare for this workshop an update for the Strategic Plan is attached. We estimate that our goals are:
 - a. Safety 90% complete
 - b. Technology 85% complete
 - c. Financial 95% complete
 - d. Communications Completed
 - e. Succession Plan 50% complete
- 2) The Credit Card records are available for the Boards review.
- 3) Mileage Log. Vehicle #105 traveled 478 miles in August with 47 miles personal miles.

B. Information Technology / Cybersecurity highlights

- 1) We have been busy reviewing existing licenses, accesses, and upgrades and found several redundancies that have been resolved.
- 2) Lineman iPad accesses have been reviewed and many issues resolved.

C. Operations.

- 1) The crew has been adjusting to a new normal with the re-assignment. Dave has done a great job of establishing himself with the guys but has a uphill climb on processes and paperwork.
- 2) Construction. The crew has built several new connections (mainly oil field) and spent time on various storm restorations.
- 3) Maintenance. We have been doing a lot of line patrolling lines repairing missing crossarm braces, missing hardware, and cracked insulators. Vehicle, equipment, and special equipment maintenance and substation checks have also received a renewed focus.

D. Member Services

- 1) Survey. Our first survey results are in and we did good.
 - a. Overall Member satisfaction: 92% somewhat or very satisfied with a mean of 9.2.
 - b. Cooperative Attitude and Performance Score (CAPS): 93. The national average is 89.
 - c. American Customer Satisfaction Index (ACSI): 89. Compare to:
 - i. National Coop Score: 73
 - ii. Apple: 83
 - iii. Southwest Airlines: 80
 - iv. WalMart: 73
 - v. Investor Owned Utilities: 73
 - vi. Municipal Utilities: 72
 - vii. Facebook: 63
 - d. Service Restoration score 95%
 - e. Lowest Rates rating: 77%
- 2) New Member brochure. The new brochure is completed and gone to the printers.

E. Finance.

- 1) August posted a \$124,412 gain in Total Margins and a \$140,766 gain in Operating margins. Total YTD Sales remain below our three year average but the controls we have put in place have reduced our controllable expenses and minimized our losses and got us back in the black.
- 2) Rate. Our overall YTD rate is \$0.0995/kWh.

	<i>current month</i>	<i>year to date</i>
Residential	0.1155	0.1141
Residential - Seasonal	0.1959	0.1895
Irrigation	0.0949	0.0847
C&I 1000kVa or less	0.1127	0.1048
C&I over 1000 kVA	0.1054	0.0956
Public Street and Lighting	0.1336	0.1246
Other Sales to Public Authorities	0.1393	0.1441
Sales for Resale - Other	0.0774	0.0685
Total Sales price per kWh:	0.1070	0.0995

- 3) Budget. We are \$335,996 under budget on Operating Margins (Part a, Line 21) and \$313,065 under budget on Total Margins. Lower sales revenues account for a net loss (after power costs) \$308,818.
- 4) Billing Past Due (August)
 - a. 30 day – \$ 2,002.37
 - b. 60 day – \$ 718.58
 - c. 90 day – \$ 15,383.89 (\$14,581.37 is with OPCO, LLC.)

F. Non-Operating Margins. Our year to date Non-Operating margins [Form 7, Part A, Lines 22(b) + Line 25(b) + Line 27(b)] is \$110,729.

- 1) Retail Services. Initial figures posted a \$19,538.18 loss in August.
 - a. Resale Hours. There were 519 hours worked and 438 billed (84.4%).
 - b. Outstanding Balances. The total past due balance is \$2,987.65.
 - i. 30 day - \$ 5,603.05 (Healy USD - \$2043.61, Steve Neely - \$2618.04)
 - ii. 60 day - 249.24
 - iii. 90 day - 2,081.90 (Black Dog – 2,051.16)
 - c. Generac. We have sold five units and have another four estimates waiting.
- 2) Interest earned. We earned \$3,184 in interest for a year to date total of \$134,704. Most of our interest earnings are from the \$4.1MM in our RUS Cushion of Credit account but we are getting a nice boost from the \$6.4MM we have invested with CFC.
- 3) Other Capital Credits and Patronage Dividends. None this month but the year to date total is below budget at \$18,198.

Respectfully submitted,

Richard McLeon, MBA
General Manager

Strategic Plan Initiatives Update

October 5, 2020

The board of directors and management of Lane-Scott Electric Cooperative (Lane-Scott EC or cooperative) met at its headquarters office in Dighton, Kansas on February 12-13, 2019 to think strategically about the cooperative's future. The planning session was facilitated by CFC's Aaron Stallings and Mike Lewis. The goals of the session were to achieve consensus on the strategic goals Lane-Scott EC will focus on during the next three years and develop an implementation plan for the strategic goals. Following completion of the planning session as described above, the planning group achieved consensus on the following strategic goals.

Number	Primary Strategic Goals
1	Continuous improvement of the safety program, to include construction height requirements review.
2	Craft a long-term comprehensive technology plan focused on maximizing utilization, resource requirements, and the outage management system.
3	Develop a financial plan to include a long-term forecast, equity management plan, rates (formulary and decoupling) and capital credits (discounting).
4	Create a comprehensive member communication / engagement plan to include social media, information content and outage notification.
5	Implement a succession plan for key employees (accounting and operations management) and board members (potential nominating committee utilization for appointments) to include education and development focus.

Implementation and Overview.

Lane-Scott has limited staff and financial resources. This requires me to prioritize the primary Strategic Goals based on their immediate focus on risk, rates, and reliability. We are working on all of them but have dedicated the most effort as follows:

- Goal 1: Continuous improvement of the safety program, to include construction height requirements review. 90% completed.
- Goal 3: Develop a financial plan to include a long-term forecast, equity management plan, rates (formulary and decoupling) and capital credits (discounting). 95% completed.
- Goal 2: Craft a long-term comprehensive technology plan focused on maximizing utilization, resource requirements, and the outage management system. 85% completed.
- Goal 4: Create a comprehensive member communication / engagement plan to include social media, information content and outage notification. Completed.
- Goal 5: Implement a succession plan for key employees (accounting and operations management) and board members (potential nominating committee utilization for appointments) to include education and development focus. 50% completed.

This focus makes the Goals manageable and attainable.

1. Safety Goals:

Primary: **Continuous improvement of the safety program, to include construction height requirements review.**

Status: Underway (90% completed)

Objective: Benchmark program, assure line heights are not only NESC compliant but above known harvest hazards.

Benchmarking

We have established benchmark information with the help of Federated Insurance. This data measures the effectiveness of the Safety Program as a measure of whether employees are getting hurt on the job. This is different from the NRECA RESAP or KEC Safety inspections that are designed to be proactive and can be subjective. The OSHA information is available from 2016 to 2019 and Workman's Compensation information is available from 2012 through 2020.

year	OSHA				Workmans Comp Experience Modifier
	Recordable Incident Rate	DART - days away, restricted, transferred duties	Severity Rate	Lost Work Days Rate - days away from work	
2012					0.87
2013	17.22	-	-	-	0.84
2014	21.83	4.37	-	4.37	1.05
2015	13.20	-	-	-	1.08
2016	-	-	-	-	1.06
2017	4.66	4.66	46.60	4.66	0.79
2018	4.95	-	-	-	0.79
2019	-	-	-	-	0.85
2020	data will be available in spring 2021				0.85
averages	8.84	1.29	6.66	1.29	0.91

Safety Strategic Plan.

The Cooperative has developed a Safety Program Strategic Plan to meet the Boards Goals and to address deficiencies noted by KEC during Compliance inspections.

Line Clearances.

NESC Table 232-1 sets the standard for line clearances. Standard clearance for a field is 18.5 feet for energized line and 15.5 feet for the neutral. However, for vehicles over 14 feet tall, the clearance is the known vehicle height plus 4.5 feet for energized line and plus 1.5 feet for the neutral. Maintaining a good clearance requires members to let us know how tall their equipment stands. This limits our ability to determine if we have good clearance, so we are trying to educate our members on clearances.

Supporting:

- A. Communications. Ann Marie has implemented the following related specifically to overhead line clearances:
- Radio. Over 300 thirty second spots over 4 weeks on 10 area stations.
 - Kansas Country Living. Articles in February and April 2019 and April, June, and September 2020.
 - Bill Stuffer. February 2019
 - Commitment to Zero campaign. Information sent to 593 General Service Small and General Service Large members. Also, articles in Dighton and Ness City Newspapers.
 - LSEC website. Posts on Commitment to Zero and “Safety – Line Safety”
 - Facebook and Instagram posts. Twenty-one posts specific to Overhead Line Safety during 2019 and 16 in 2020.
 - “Look up and Live” stickers. Hundreds of stickers were distributed to all area grain elevators to give away during the 2020 wheat harvest.
 - Safety Demonstrations at Lane County Feeders, Ranger Feeders, Emergency responders for Lane and Ness counties.
- B. Federated Rural Exchange Insurance has published an Application Guide for the NESC Table which we have provided for all employees. This guide outlines all clearance scenarios identified by the Table.
- C. Work Orders. We are documenting clearance related jobs through the Work Order system. During 2019, we had about 20 jobs related to improving clearances. We have completed about 20 jobs totaling 131 poles through August 2020.

Safety is an area where we will never be “done”.

2. Technology Goals

Primary: **Craft a long-term comprehensive technology plan focused on maximizing utilization, resource requirements, and the outage management system.**

Status: Underway (85% completed)

Objective: To analyze and maximize internal network infrastructure to include Cloud utilization, server infrastructure, and AMI-FR. This will be an on-going effort as we continually grow dependent on technology. Specific items are addressed below.

Supporting:

- A. NISC maximization. Objective: Determine if purchased NISC modules are being utilized and if not, why?

Status: Underway (85% completed)

We have multiple projects completed and underway with NISC. Among them are:

- Merger of LSEC and MKEC accounting and Bookkeeping system (ABS - Kathy), and Customer Information system (CIS - Rebecca). The ABS merger was completed January 2, 2020 and the CIS was completed in May 2020.
- Engineering and Operations (E&O). Nate and Carrie worked with NISC to integrate our metering and mapping systems.
- Meter Data Management System (MDMS). LSEC has been paying about \$300.00 per month for a MDMS and storing the hourly data. We do not have the capability to mine the data, so we have removed this block.

- B. SCADA implementation and integration. Objective: Analyze and evaluate our capability to implement SCADA to include costs.

Status: Underway (70% completed)

We are setting up some basic infrastructure to implement Supervisory Control and Data Acquisition (SCADA) technology using radio transmitters to get the data back to LSEC. We have integrated the data into operations and CIS through the E&O review but have limited capabilities to effect SCADA control.

- C. CyberSecurity. Objective: Develop a comprehensive plan to protect LSEC cyber assets.

Status: Underway (90% completed)

Carrie has created a layered electronic security parameter (ESP) and we have moved the IT assets to a server room upstairs to enhance the physical security parameter (PSP). We have established a redundant daily back-up of cyber information to speed restoration in the event of a system failure. Our data is backed up in the NISC Cloud and on a LSEC server.

LSEC is participating in programs with NRECA and Sunflower to develop better plans and policies, “test hack” our system, and educate all employees. An employee CyberSecurity training program and Operating Policy has been established and Carrie is monitoring our progress.

CyberSecurity will never be “done” but we are comfortable with our status.

- D. Hineman Tower. Objective: Preserve and maintain this asset as it is our only radio tower and is located on leased land.

Status: Completed

We were contacted in February 2020 by Lane County Emergency Management regarding the tower. NOAA technicians refused to climb the tower as they deemed it unsafe. A LSEC records search related to this tower did not produce any construction diagrams, maintenance records, or inspection records.

In March 2020 we contracted FDH Infrastructure Services, LLC of St. Louis, MO to map, inspect, analyze, and repair to tower and provide LSEC with adequate records. The cost was \$57,800 and the project was completed in July 2020. The Cooperative signed a new 5-year lease on April 1, 2020.

3. **Financial Goals**

Primary: **Develop a financial plan to include a long-term forecast, equity management plan, rates (formulary and decoupling) and capital credits (discounting).**

Objective: Develop a comprehensive Financial Plan with appropriate timetables to assure fiduciary responsibilities are met.

Status: Underway (95% completed)

A formal, comprehensive financial plan has not been developed. However, a Ten (10) Year Financial Forecast has been prepared along LSEC Policy guidelines with the assistance of CFC. This Forecast will be updated annually. An Equity management Plan is being drafted along with a Capital Credits retirement plan. A Cost of Service Study is being budgeted for 2022.

Supporting:

A. Depreciation Study. Objective: Combine LSEC and MKEC assets.

Status: Completed

A Depreciation Study was completed in 2019 and presented to the Board. This was the necessary first step to the merger of the LSEC / MKEC records.

B. Equity Management. Objective: Analyze current Equity levels.

Status: Completed

An Equity Study was presented to the Board of Trustees at the regular Board meeting in June 2020.

- C. Capital Credits Plan. Objective: Develop a plan for the retirement of capital credits (rotation and discounted).

Status: Completed (rotation plan)

A Capital Credit Study was presented to the Board of Trustees at the regular Board meeting in September 2020. Discounted Capital Credits were not included.

- D. Financial Forecast. Objective: Prepare and maintain a 10-year Financial Forecast.

Status: Completed

A 10-year Financial Forecast was completed in 2019 with the assistance of CFC. The 2020 Study is underway and will be presented in November 2020 along with the 2021 Budget.

- E. Construction Work Plan and Loan. Objective: Prepare a three-year CWP to assure infrastructure is maintained and safety and reliability is protected.

Status: A CWP and subsequent Loan package is projected for 2021.

LSEC completed the 2013 Construction Work Plan in mid-summer 2020. We are currently funding all construction out of rates and cash which builds equity, but our rates cannot sustain continued construction.

- F. Rates. Objective: Study current rate structure and determine adequacy to meet financial goals.

Status: A Cost of Service Study is projected for 2021. The last COSS was a partial study in 2016.

4. Communications Goals

Primary: Create a comprehensive member communication / engagement plan to include social media, information content and outage notification.

Objective: Prepare a comprehensive Communications Plan and Budget to measure and improve member engagement.

Status: The Plan is completed.

Implementation is well under way with the cooperative using its website, Facebook, Twitter, and SmartHub accounts to reach members.

Supporting:

- A. Key Accounts Program. Objective. Identify Key Accounts and develop a positive relationship with them.

Status: 50% complete

A Key Account database has been created based on kWh sales. We have reached out to them and are developing relationships based on their needs. We have also developed a list of the cities within our service area and I reach out to them on a regular schedule. So far, I have made personal contact with:

- Cities: Dighton, Ness City, Ransom, and Utica
- Counties: Lane, Scott, Ness, and Finney

- B. Retail Wheeling Legislation. Objective. Stay abreast of legislation and inform membership.

Status: 95% complete

We have developed relationships with Kansas and US legislators. We are working with the KEC staff and plan to use our Twitter and Facebook presence to quickly communicate issues with members.

- C. Member Survey. Objective: To measure Member Satisfaction with LSEC.

Status: Completed

We have completed two Member Surveys this year to benchmark our relationship with our Members.

- The first was with NRECA and we are waiting for the results.
- The second was a budgeted study with inside information which included the American Customer Satisfaction Index (ACSI) questions. That Survey reported a 93% approval rating among members and a 83 ACSI rating among members.

5. Succession Planning Goals

Primary: **Implement a succession plan for key employees (accounting and operations management) and board members (potential nominating committee utilization for appointments) to include education and development focus.**

Objective: Develop a general succession plan for key employees and Board members.

Status: Underway (50% completed)

Potential employee retirements have been analyzed along with current staffing levels to identify training and personal needs. Succession planning for Key employees is being addressed with additional delegations of duties and identifying training needs. We are currently growing in the HR area and have tasked Diana with learning the duty.

Board member succession is much more difficult, and planning has not been addressed beyond preparing for a Board member vacancy.

Supporting:

- A. Wage and Salary Plan. Objective: Conduct a Wage and Salary review to assure wages are adequate and competitive.

Status: Completed

Using previous models, a 2020 Wage and Salary table was prepared. Further, cost of living adjustments based on the Consumer Price Index were integrated into the 2020-2029 Financial Forecast. The 2021 Wage and Salary Study will be presented at the October 2020 Board Meeting for consideration and integrated into the 2021-2030 Financial Forecast.

- B. Determine Industry Benchmarks. Objective: Develop a Plan to benchmark wages and benefits of employees.

Status: Underway (10% completed)

While wages have been compared to industry data to assure wages are fair and adequate representing levels of responsibility and market conditions, benchmarks from NRECA have been reviewed and identified a discrepancy in our job descriptions.

Most Job Descriptions have not been updated or reviewed in many years and are generally out of date with current requirements and/or functions. I will have Diana begin working on this in 2021 after she has grown into the HR function a little more.

Other Supporting / Minor goals:

1. Retail Services Study. Objective: Determine if Retail Services is profitable or not.

Status: Completed

An investigation of Retail Services billing showed that certain overhead expenses were applied to retail services that did not apply to them while some that did apply were not. The net effect was that it overstated the expense of their services. We started tracking actual

expenses and presented a preliminary report to the Board in August 2019. This was shared with the Retail Services Staff.

The 2019 Retail Services Report was provided to the Board at the July 2020 regular Board meeting.

2. Economic Development Opportunities, to include a review of rates and Line Extension. Objective: Search for revenue opportunities and prepare advantageous but profitable rates and line extension fees.

Status: Underway (20% completed)

A Cost of Service Study (COSS) to review all Rates, fees, and Line Extension is budgetarily scheduled for 2021 using 2020 as the base year. I will begin contacting consultants in early 2021. This is important because 2020 does not include the proposed Philips 66 account and should reflect a fairly “normalized” year for LSEC going forward. Other items:

- The Philips 66 load will require the Boards approval of a new Rate Class. Our current projected rate was provided by Sunflower and taken directly from Wheatland EC. This rate offering will need to be reviewed in the COSS.
- The City of Dighton wholesale rate will be up for contract in five (5) years. SEPC is offering a new Wholesale rate which they are pushing to several cities, so I asked SEPC to generate some numbers for me regarding the City of Dighton. The numbers they generated showed a \$104,000/year total reduction to the City with approximately \$64,000 of the reduction from SEPC wholesale rates and \$40,000 from LSEC distribution rates. This reduced our annual margin from the city to \$35,000. This rate will need to be reviewed in the COSS.
- Development of a wholesale metering point rate. It is possible that the City of Dighton, Philips, Magellan, and others will choose a wholesale power provider other than Sunflower. Should that happened we need to develop a delivery rate for our substations. This rate will need to be reviewed in the COSS.

We have met with the Kansas Secretary of Commerce regarding economic development issues and how we can be prepared to address any opportunities. We have some work to do to be ready but are working toward that goal with the assistance of Sunflower. Ann Marie is tasked with Economic Development but has been focused on our communications needs.

We have met with the USDA regarding Economic Development Loan Program and have a better understanding of how the program currently works. Upon reviewing the program, LSEC has decided to discontinue our participation. However, we are working with multiple economic development agencies and are actively referring prospects to them.

3. Bylaw / Policy Review. Objective: Assure Bylaws and Policies are current.

Status: Underway (50% completed)

Bylaws. I completed a review of the Bylaws correcting misspellings and standardizing the numbering scheme.

Policies. We have begun reviewing our policies and identified several that need updating. This includes the Human Resources Policies which I will forward to Joe for consideration with outside counsel. Once that is completed, we will work out a schedule with Joe to review the remaining Policies and prepare amendments for Board consideration.

New Business

10.a. 2019 Capital Credit Allocation

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

Board Policy 113 addresses Allocations as follows:

OBJECTIVE:

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

POLICY:

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

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

EXPECTATIONS:

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

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

The Audited Year End Form 7 (Part A Statement of Operations, column b) identifies 2019 items as follows:

Line 21. Operating Margins	\$ 704,198
Line 22. Non-Operating Margins – Interest	256,085
Line 25. Non-Operating Margins – Other	40,353
Line 26. Generation and Transmission Capital Credits	983,794
Line 27. Other Capital Credits and Patronage Dividends	60,703

According to Policy:

	<i>Operating Margins allocated</i>	<i>G&T Capital Credits (allocated separately)</i>	<i>Non-Operating Margins (option to allocate)</i>
Line 21	704,198		
Line 22			256,085
Line 25			40,353
Line 26		983,794	
Line 27	60,703		
totals	764,901	983,794	296,438

We request that the Board retain the \$296,438 of Non-Operating margins rather than allocating them. This will shift that amount to equity and help increase it. We have spoken with Randy Robbins at BSGM and the Auditors are okay with us doing whatever our Bylaws and Board Policies allow.

Therefore, staff requests that the Board approve:

- 1. An allocation of \$764,901 in 2019 Operating Margins, and**
- 2. An allocation of \$983,794 in 2019 Generation and Transmission Capital Credits.**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION <div style="text-align: right;">KS0042</div>
	PERIOD ENDED December 2019
INSTRUCTIONS - See help in the online application.	BORROWER NAME <div style="text-align: right;">The Lane-Scott Electric Cooperative, Inc.</div>

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

CERTIFICATION

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

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

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

(check one of the following)

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

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

Richard McLeon

6/8/2020
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	17,802,551	17,827,108	17,885,834	1,392,903
2. Power Production Expense				
3. Cost of Purchased Power	10,698,587	10,467,955	10,523,832	841,960
4. Transmission Expense	7,585	6,366	9,350	192
5. Regional Market Expense				
6. Distribution Expense - Operation	1,335,652	1,308,661	1,300,000	126,640
7. Distribution Expense - Maintenance	747,446	687,659	700,000	67,272
8. Customer Accounts Expense	205,976	221,835	210,000	24,809
9. Customer Service and Informational Expense	33,716	30,105	30,000	333
10. Sales Expense	81,169	55,317	100,000	7,013
11. Administrative and General Expense	1,270,909	1,411,038	1,295,000	105,888
12. Total Operation & Maintenance Expense (2 thru 11)	14,381,040	14,188,936	14,168,182	1,174,107
13. Depreciation and Amortization Expense	1,517,330	1,599,510	1,530,000	147,956
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	1,211,651	1,316,760	1,272,000	164,827
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	2,163	3,355	2,100	258
19. Other Deductions	10,931	14,349	10,000	1,605
20. Total Cost of Electric Service (12 thru 19)	17,123,115	17,122,910	16,982,282	1,488,753
21. Patronage Capital & Operating Margins (1 minus 20)	679,436	704,198	903,552	(95,850)
22. Non Operating Margins - Interest	195,137	256,085	215,000	55,711
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	17,999	40,353	20,000	(17,493)
26. Generation and Transmission Capital Credits	378,396	983,794		319,214
27. Other Capital Credits and Patronage Dividends	70,803	60,703	76,000	2,462
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,341,771	2,045,133	1,214,552	264,044

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 December 2019		
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	44	54	5. Miles Transmission		
2. Services Retired	116	41	6. Miles Distribution – Overhead	2,035.31	2,036.59
3. Total Services in Place	6,020	6,040	7. Miles Distribution - Underground	7.15	7.53
4. Idle Services (Exclude Seasonals)	169	228	8. Total Miles Energized (5 + 6 + 7)	2,042.46	2,044.12
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	54,002,874		30. Memberships	0	
2. Construction Work in Progress	2,924,100		31. Patronage Capital	19,630,028	
3. Total Utility Plant (1 + 2)	56,926,974		32. Operating Margins - Prior Years	278,230	
4. Accum. Provision for Depreciation and Amort.	16,568,059		33. Operating Margins - Current Year	704,198	
5. Net Utility Plant (3 - 4)	40,358,915		34. Non-Operating Margins	1,340,935	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	139,152	
7. Investments in Subsidiary Companies	244,067		36. Total Margins & Equities (30 thru 35)	22,092,543	
8. Invest. in Assoc. Org. - Patronage Capital	11,196,724		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	30,261,045	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	6,345,436	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	150,400	
13. Special Funds	0		42. Payments – Unapplied	4,015,919	
14. Total Other Property & Investments (6 thru 13)	12,113,711		43. Total Long-Term Debt (37 thru 41 - 42)	32,740,962	
15. Cash - General Funds	330,624		44. Obligations Under Capital Leases - Noncurrent	338,939	
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)	338,939	
18. Temporary Investments	2,672,836		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,081,433	
20. Accounts Receivable - Sales of Energy (Net)	1,287,283		49. Consumers Deposits	112,413	
21. Accounts Receivable - Other (Net)	103,317				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	1,227,181	
23. Materials and Supplies - Electric & Other	341,360		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	(588)		52. Current Maturities Capital Leases	121,006	
25. Other Current and Accrued Assets	450,005		53. Other Current and Accrued Liabilities	722,020	
26. Total Current and Accrued Assets (15 thru 25)	5,184,962		54. Total Current & Accrued Liabilities (47 thru 53)	3,264,053	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	778,909		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	58,436,497		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	58,436,497	

LANE-SCOTT ELECTRIC COOPERATIVE, INC. POLICY

Dated: August 13, 2018

Policy No.: 113

Supersedes Date: January 8, 2018
July 28, 1997
February 24, 1997
May 24, 1993
August 1966
July 1966
January 1962

SUBJECT: Capital Credits

OBJECTIVE:

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

POLICY:

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

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

EXPECTATIONS:

- A. **Board Approval.** The Cooperative shall allocate and retire capital credits according to the manner, method, timing, and amount approved by the Board.
- B. **Operating Margin Allocations.** As required by the Cooperative's bylaws, for electric energy sales provided by the Cooperative on a cooperative basis during a fiscal year, the Cooperative shall allocate on a patronage

-- Policy 113 --
Page 2

basis to each patron during the fiscal year, the Cooperative's operating margins from providing the electric energy sales during the fiscal year. Capital credits allocated and credited to the Cooperative by its affiliated G&T cooperative in connection with the furnishing of electric energy to the Cooperative will be separately allocated on a patronage basis.

- C. **Operating Margin Loss Allocations.** For electric energy sales provided by the Cooperative on a cooperative basis, the Cooperative shall offset operating losses with the Cooperative's operating earnings from providing the electric energy sales during the next succeeding future fiscal year(s).
- D. **Non-Operating Allocations.** As approved by the Board, the Cooperative may use, retain, or equitably allocate the Cooperative's Non-Operating earnings.
- E. **Non-Operating Loss Allocations.** The Cooperative shall offset non-operating losses with the Cooperative's non-operating earnings during any fiscal year.
- 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.
- G. **Special Capital Credits Retirements.** The Cooperative may specially retire some or all capital credits allocated to a patron or former patron
 - 1) upon the death of an individual patron or former individual patron, subject to board approval; or
 - 2) upon a former patron failing to pay an amount owed to the Cooperative when the Board, in its sole judgment, determines the indebtedness owed to the Cooperative by a patron is uncollectible.

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Page 3

The Cooperative may not specially retire capital credits allocated to a patron or former patron

- 1) during or after the dissolution, liquidation, or cessation of existence of an entity patron or former entity patron. No capital credits held in the name of a trust may be approved for the payment to a trustee, unless the trust was revocable by the member-grantor at death, or the trust was includable in the member-grantor's estate for federal estate tax purposes.;
- 2) during or after the reorganization, merger, or consolidation of an entity patron or former entity patron;
- 3) upon a patron or former patron reaching a certain age; or
- 4) upon a patron becoming a former patron. No payment shall be made to any person until the time to admit a will to probate and the time to file creditor's claims has expired. Payment shall be made directly to those entitled thereto under a decree of descent or under an affidavit of heirship, an example of which is attached. Requests for payment of capital credits to estates of deceased patrons will be paid twice yearly, in April and October, upon approval by the Board of Trustees.

H. **Recoupment, Offset, Setoff.** After retiring, and before paying, capital credits allocated to a patron or former patron, the Cooperative shall recoup, offset, or setoff any amount owed to the Cooperative by the patron or former patron, including any interest or late payment fees, by reducing the amount of retired capital credits paid to the patron or former patron by the amount owed to the Cooperative, regardless of a statute of limitation or other time limitation.

LIMITATIONS

Forfeiture of Capital Credits. The Cooperative shall not require or enter into contracts through which a patron or former patron forfeits the right to the allocation or retirement of capital credits as a condition of receiving or having received electric service.

ATTESTED _____
Secretary

AFFIDAVIT OF DEATH AND HEIRSHIP

STATE OF KANSAS, COUNTY OF _____, SS:

I, _____, of lawful age, being first duly sworn, upon my oath depose and say:

1. During the lifetime of _____, I was related to him/her as a _____, and I am one of the heirs-at-law the following named persons, to-wit:

2. That said decedent died in the city of _____, on the _____ day of _____, _____, leaving as his/her sole and only heirs-at-law the following named persons, to-wit:

If percent of distribution are not specified, capital credits will be paid equally to each heir listed.

A. Spouse: Name _____
Address _____
Percent of distribution _____

B. Living Children: Name _____
Address _____
Percent of distribution _____
Name _____
Address _____
Percent of distribution _____

If additional space is needed, attach a separate sheet listing name, address & percent of distribution

C. Others: Name _____
Address _____
Percent of distribution _____

3. The decedent had no spouse or children or adopted children, or issue of deceased children, natural or adopted, or other heirs, who survived him, other than the above-named persons.

4. That more than six (6) months has expired after the decedent's death, and no administration of the estate has been commenced and that none is anticipated.

5. That decedent did not have a Will.

6. That all debts of decedent have been paid in full; that no taxes are due the United States or the State of Kansas by reason of the death of the decedent.

7. That during his lifetime, the decedent was a member of Lane-Scott Electric Cooperative, Inc., and this affidavit is submitted in support of application for payment of capital credits and refunds which might be due the deceased member by reason of his membership in said Cooperative.

DATE: _____

Affiant (Name)

Mailing Address

City, State & Zip

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20_____.

Notary Seal

Notary Public

New Business

10. b. Capital Credits - Estates

Board Policy 113, Expectation G Special Capital Credit Retirements provides the Cooperative the opportunity to make special retirements for a variety of reasons, among them Estate Liquidations. The policy states that these retirements will be made twice annually, in April and October upon the approval of the Board of Trustees.

This October, staff presents a total of \$11,952.14 in Estate Liquidations request for the Boards consideration. Staff warrants that these accounts are eligible for the special retirement of distribution allocations. G&T allocations will be held until such time as the G&T retires them.

CAPITAL CREDIT LIQUIDATION REQUESTS SUBMITTED FOR BOARD APPROVAL OCTOBER 2020							
Last Name	First Name	Cust No.	ELEC-COOP	ELEC-MKEC	Total ELEC Amount	Form W-9	G&T
Davison	Lyle V	40078	\$ 725.60	\$ 293.05	\$ 1,018.65	Received	\$ 484.04
Doll	Steven C	4128	\$ 146.43	\$ -	\$ 146.43	N/A	\$ -
Dunham	Delmer F	40150	\$ 2,965.11	\$ -	\$ 2,965.11	Received	\$ 2,674.79
Foos	Merle D	60134	\$ 1,192.06		\$ 1,192.06	Received	\$ 2,232.35
Franklin	Beverly A	60305	\$ -	\$ 197.33	\$ 197.33	N/A	\$ -
Holmes	Martina M	80501	\$ -	\$ 229.29	\$ 229.29	N/A	\$ -
Howard	Gene A	8262	\$ 880.14	\$ -	\$ 880.14	Received	\$ -
Jones	Delbert E	100065	\$ 228.38	\$ -	\$ 228.38	N/A	\$ 149.57
Martin	James D	13156	\$ 289.34	\$ -	\$ 289.34	N/A	\$ -
Pfaff	Leon J	160342	\$ -	\$ 244.87	\$ 244.87	N/A	\$ -
Philpott	Mary A	160368	\$ -	\$ 47.35	\$ 47.35	N/A	\$ -
Rider	Jerry E	180200	\$ 1,612.50	\$ -	\$ 1,612.50	Received	\$ 1,381.03
Rothe	Ralph D	180393	\$ -	\$ 400.04	\$ 400.04	N/A	\$ -
Strong	Gregory T	190595	\$ 2,387.85	\$ -	\$ 2,387.85	Received	\$ 1,836.38
Weaver	Mary L	230398	\$ -	\$ 112.80	\$ 112.80	N/A	\$ -
Total LSEC Coop Pay Outs					\$ 11,952.14		

Staff requests that the Board approve the above Special Retirements.

10. New Business

10. c. Youth Tour and Cooperative Youth Leadership Camp

The NRECA Electric Cooperative Youth Tour (Washington, DC) will be held June 14-21, 2021. The projected cost remains \$3,500.00 per student. Lane-Scott EC sent two (2) students in 2019 and awarded the 2020 winner's scholarships in lieu of the trip.

The Cooperative Youth Leadership Camp (Steamboat Springs, CO) will be held July 16-22, 2021. The projected cost remains \$1,800.00 per student. Lane-Scott EC sent two (2) students in 2019 and awarded the 2020 winner's scholarships in lieu of the trip.

The combined cost is projected to be \$10,600.00 which we would like to include in the 2020 LSEC Budget.

Staff requests that the Board approve sending two (2) students to the NRECA Electric Cooperative Youth Tour and two (2) students to the Cooperative Youth Leadership Camp.



Electric Cooperative Youth Tour & Cooperative Youth Leadership Camp

Shana Read, Director

P.O. Box 4267, Topeka, KS 66604 ■ 785-478-4554 ■ Fax 785-478-4852 ■ sread@kec.org

2021 Youth Program Commitment Form

This form is for your records only. Please respond to the youth survey by October 30.

Reminder, NRECA has asked us to submit all student winner information by March 1, 2021. Therefore, we will need to have your participants' contact information by mid-February to give the students time to complete their information forms by the NRECA deadline.

Yes! We will participate in the following 2021 Youth Activities. Please indicate the number of youths you intend to sponsor. Cooperatives will be billed a non-refundable deposit of \$750 for each participant attending either of the youth activities. Invoices will be sent in January 2021. The deposit will be applied to the total youth activity cost.

***Please note, the total costs for the Youth Tour and the Cooperative Youth Leadership Camp activities are not yet available. KEC staff will work diligently to help ensure the trip remains affordable. Participating cooperatives will be billed actual expenses following the completion of the youth activity. Participating cooperatives agree to pay the full cost for each youth attending trip.**

If you have any questions, please call Shana Read at 785-228-4620 (office), 785-224-7313 (cell).

_____ (# of students) attending the Electric Cooperative Youth Tour, to Washington, D.C., June 14-21, 2021.
The estimated cost of this trip is **\$3,500*** per student.

_____ (# of students) attending the Cooperative Youth Leadership Camp to Steamboat Springs, CO, July 16-22, 2021.
The estimated cost of this trip is **\$1,800*** per student for KEC members, and **\$2,100*** for non-members.

New Business

10. d. NRUCFC One Card Application

The One Card, offered jointly by CFC and U.S. Bank, is a commercial credit card program designed to help CFC and NCSC members manage their travel and purchasing transactions. Each year the program is eligible for an annual cash rebate from U.S. Bank.

Last year CFC and NCSC distributed more than \$444,181 in rebate checks to eligible electric cooperatives for the 2014-2015 period. To be eligible a cooperative must spend a minimum of \$5,000 per year and average \$120.00 per transaction. A total of 249 of the 252 cooperatives participating qualified for a rebate. There are currently 275 cooperatives participating nationally.

The program also provides travel accident insurance automatically when a cardholder uses the One Card to pay for the entire cost of common carrier (such as airline or train) passenger fares.

Staff requests that the Board approve the attached Resolution authorizing the General Manager to execute the One Card Program Agreement.

LANE-SCOTT ELECTRIC COOPERATIVE, INC
DIGHTON, KANSAS

RESOLUTION 2020 1005

CFC ONE CARD PROGRAM

RESOLVED, that the Cooperative establish or continue its participation in a corporate credit card program under the terms, conditions and provisions of the One Card Program Reimbursement Agreement (the "Agreement"), and to reimburse CFC, together with interest, for any amounts that CFC is required to pay U.S. BANK on behalf of the Cooperative pursuant to the terms of the Agreement; and,

RESOLVED, that the General Manager of the Cooperative be and is hereby authorized
(Insert Title of Appropriate Official)

to execute the Agreement on behalf of the Cooperative, to execute any future amendments to said Agreement as such individual may deem appropriate, and to execute such further documents as may be necessary or appropriate in order to comply with CFC's or U.S. Bank's requirements; and,

RESOLVED, that it is the intent of the Board that upon execution and delivery of the Agreement to CFC, and when executed by CFC, the Agreement shall constitute a valid and binding agreement between CFC and the Cooperative, enforceable in accordance with its terms; and

RESOLVED, that the appropriate officers are authorized to take all other actions they deem advisable to carry out the purpose of these resolutions.

CERTIFICATION OF THE SECRETARY

I, Paul Seib, Jr., 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 5th day of October 2020.

(Seal)

Paul Seib, Jr., Secretary

2020-Line 25 - Non-Operating Margins

		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Rev.-Electrician & Mat.	415.1	\$15,472.59	\$30,072.11	\$22,131.12	\$16,256.87	\$17,444.15	\$43,910.78	\$26,119.47	\$48,194.82					\$219,601.91	415.1
Exp.-Electrician & Mat.	416.1	\$25,241.80	\$31,472.18	\$26,525.09	\$19,061.30	\$26,780.14	\$37,634.53	\$30,617.76	\$60,759.19					\$258,091.99	416.1
		(\$9,769.21)	(\$1,400.07)	(\$4,393.97)	(\$2,804.43)	(\$9,335.99)	\$6,276.25	(\$4,498.29)	(\$12,564.37)	\$0.00	\$0.00	\$0.00	\$0.00	(\$38,490.08)	
Rev.-Appliance Repair	415.2	\$11,413.72	\$6,562.93	\$14,607.11	\$6,185.77	\$16,155.53	\$23,010.39	\$28,874.65	\$8,799.94					\$115,610.04	415.2
Exp.-Appliance Repair	416.2	\$13,809.81	\$13,167.26	\$18,849.37	\$10,369.45	\$22,385.60	\$23,411.48	\$24,260.11	\$17,130.44					\$143,383.52	416.2
		(\$2,396.09)	(\$6,604.33)	(\$4,242.26)	(\$4,183.68)	(\$6,230.07)	(\$401.09)	\$4,614.54	(\$8,330.50)	\$0.00	\$0.00	\$0.00	\$0.00	(\$27,773.48)	
Rev.-Member Damages	415.3	\$1,641.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,056.66	\$3,324.93					\$6,023.16	415.3
Exp.-Member Damages	416.3	\$1,785.22	\$0.00	\$0.00	\$1,424.56	\$0.00	\$0.00	\$960.07	\$2,090.79					\$6,260.64	416.3
		(\$143.65)	\$0.00	\$0.00	(\$1,424.56)	\$0.00	\$0.00	\$96.59	\$1,234.14	\$0.00	\$0.00	\$0.00	\$0.00	(\$237.48)	
Finance Charges	415.5	\$213.65	\$215.01	\$127.41	\$67.63	\$51.75	\$30.29	(\$7.35)	\$122.55					\$820.94	415.5
MARGIN-Resale		(\$12,095.30)	(\$7,789.39)	(\$8,508.82)	(\$8,345.04)	(\$15,514.31)	\$5,905.45	\$205.49	(\$19,538.18)	\$0.00	\$0.00	\$0.00	\$0.00	(\$65,680.10)	
2010-2019 (less 2013) avg:		(\$6,716.41)	(\$1,979.83)	(\$394.96)	(\$2,093.74)	\$1,375.71	\$8,307.97	(\$5,201.07)	\$2,708.80	\$1,250.54	\$3,217.63	(\$1,997.01)	(\$4,867.14)	(\$6,389.52)	
Rev.-City of Dighton	417.0	\$12,437.50	\$12,437.50	\$12,437.50	\$12,437.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49,750.00	417.0
Exp.-Sup. & Engineering	417.1	\$935.28	\$621.24	\$1,445.09	\$1,932.46	\$994.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,928.89	417.1
Exp.-Material	417.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.11
Exp.-Overhead Lines	417.2	\$4,111.99	\$2,515.62	\$2,590.92	\$3,796.54	\$779.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,794.26	417.2
Exp.-Cons. Accts.	417.3	\$894.56	\$1,039.11	\$58.08	\$341.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,333.65	417.3
Exp.-Line Patrol	417.4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.4
Exp.-Street Lights	417.5	\$1,717.99	\$299.41	\$1,767.97	\$845.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,630.77	417.5
Exp.-Meter Reading	417.6	\$810.02	\$934.38	\$732.35	\$838.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,315.42	417.6
Exp.-Tree Trimming	417.7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.7
Exp.-Trans. & Meters	417.8	\$0.00	\$72.66	\$1,496.82	\$321.61	\$147.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,039.05	417.8
Exp.-Misc.	417.9	\$115.54	\$614.97	\$150.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$881.06	417.9
Exp.-Contract	417.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.12
Total Expenses		\$8,585.38	\$6,097.39	\$8,241.78	\$8,076.58	\$1,921.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32,923.10	
MARGIN-City		\$3,852.12	\$6,340.11	\$4,195.72	\$4,360.92	(\$1,921.97)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,826.90	
Misc. Income	421.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$900.00)	\$0.00	\$0.00					(\$900.00)	421.0
Gain on Disposal	421.1	\$0.00	\$356.00	\$0.00	\$0.00	\$17,500.00	\$0.00	\$0.00	\$0.00					\$17,856.00	421.1
Loss on Disposal	421.2	\$0.00	\$152.00	(\$686.21)	\$0.00	(\$9,741.98)	\$0.00	\$0.00	\$0.00					(\$10,276.19)	421.2
NET NON-OP MARGIN		(\$8,243.18)	(\$941.28)	(\$4,999.31)	(\$3,984.12)	(\$9,678.26)	\$5,005.45	\$205.49	(\$19,538.18)	\$0.00	\$0.00	\$0.00	\$0.00	(\$42,173.39)	

	Current Month				YTD Total			
	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev
Kalo	151	26.5	\$ 85.00	\$ 2,252.50	869	542.5	\$ 85.00	\$ 46,112.50
Michael	133.5	37.5	\$ 85.00	\$ 3,187.50	935.5	461.5	\$ 85.00	\$ 39,227.50
Mark	153.5	17	\$ 85.00	\$ 1,445.00	1041.5	355.5	\$ 85.00	\$ 30,217.50
	438	81		\$ 6,885.00	2846	1359.5		\$ 115,557.50

LANE-SCOTT ELECTRIC
RESALE OPEN BALANCE (60-90 days)
as of 10/01/2020

NAME	CURRENT AMOUNT DUE	ACTION TAKEN	LAST PAYMENT	
Black Dog Restaurant	\$ 2,051.16	last pmt was May		
Kalo Mann	\$ 25.06			
John Sanchez	\$ 240.57			
Greg Anderson	\$ 30.73			
Healy USD 468	\$ 2,043.61			
Vernon McBee	\$ 158.26	Payments	\$ 50.00	4-Sep
Steve Neeley	\$ 2,618.04	Payments	\$ 1,200.00	24-Aug
Wesley Bunch	\$ 161.05	Payments	\$ 50.00	10-Sep
Manuel Castillo	\$ 282.48	Payments	\$ 50.00	29-Sep
.	\$ 7,610.96		\$ -	

OUTAGE STATISTICS August 2020

CATEGORY	OCCURRENCES			TOTAL OUTAGE HRS.			# of Meters
	14.4 KVA	7.6 KVA	Total	14.4 KVA	7.6 KVA	Total	
PHASE FLOATER			0			0	
BIRDS & ANIMALS			0			0	
TREES			0			0	
LIGHTNING\RAIN\WIND	2	1	3	1990	436	2,426	507
ICE & WIND			0			0	
SNOW & WIND			0			0	
OCR OR FUSE FAILURE			0			0	
TRANSFORMER FAILURE			0			0	
BROKEN JUMPER			0			0	
PEOPLE CAUSED	1		1	36.5		37	73
BROKEN POLE			0			0	
POWER SUPPLY	2	1	3	1127	27.5	1,155	1355
SCHEDULED			0			0	
UNKNOWN	2	2	4	2900	1199.5	4,100	836
TOTALS			0			0	

ANNUAL CONSUMER OUTAGE HOURS

TOTALS	2013	2014	2015	2016	2017	2018
	22,012	27,418	13,498	19,195	39,638	16,319
	2019	2020				
	25,081	12,890				

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Transformer Losses 1995-2020

[illegible]

Mileage Log Sheet - Unit 105

Unit 105

August

2020

Date	Reason for trip	destination	odometer		total mileage
			beginning	end	
1-Aug	month begin		42,570		
1-Aug	Storm travel	Dighton	42,570	42,649	79
3-Aug	Rotary	Ness City area	42,649	42,727	78
18-Aug	Rotary	Ness City	42,729	42,762	33
18-Aug	Sunflower Board Meeting	Hays	42,762	42,853	91
19-Aug	Sunflower Board Meeting	Dighton	42,853	42,929	76
25-Aug	Rotary	Ness City	42,931	43,005	74
	month end			43,048	
				Business	431
				Total	478
				Personal	47

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

September 22, 2020

Chris Terhune called the meeting to order at 9:00am.

Minutes were read: Dal Hawkinson made a motion to approve the June minutes and Myron Seib seconded. August 19th safety meeting minutes were read and approved as printed.

Present: Richard McLeon, David Howard, Nate Burns, Kasey Jenkinson, Ben Mann, Dal Hawkinson, Chad Rupp, Chris Terhune, Myron Seib, Kevin Bradstreet, Leighton Ayers, Dellon Shelton, Dee Shull, Kalo Mann, Michael Pollock, Carrie Borell, and Diana Kuhlman

Absent: Larry Kraft, Mark McCulloch, Kathy Lewis, Rebecca Campbell, and Ann Marie Jennings

Truck report of inspections:

105	Richard McLeon	OK
110	Myron Seib	OK
112	Leighton Ayers	OK
117	Chris Terhune	Windshield Replacement
123	Kalo Mann	OK
124	Michael Pollock	OK
132	Chris Terhune	No rear park light or tag light
135	Kevin Bradstreet	Windshield Replacement
136	Dellon Shelton	OK
143	Michael Pollock	OK
144	Kalo Mann	OK
145	David Howard	OK
150	Kasey Jenkinson	Windshield Replacement
173	Chad Rupp	OK
174	Dal Hawkinson	OK
191	Myron Seib	OK
193	Myron Seib	OK
200	Ben Mann	OK
304	Myron Seib	OK
305	Myron Seib	OK

Trailer and Equipment report of inspections:

502	Myron Seib	OK
507	Myron Seib	OK
515	Myron Seib	OK
504	Chris Terhune	OK
505	Chris Terhune	OK
508	Chris Terhune	OK
509	Chris Terhune	OK
513	Chris Terhune	OK
516	Chris Terhune	OK
700	Chris Terhune	OK
701	Chris Terhune	OK
512	Dee Shull	OK
514	Dee Shull	OK

Warehouse, building, and pole yard inspections:

Ness City Warehouse	Myron Seib	OK
Ness Pole Yard & Transformer Dock	Myron Seib	OK
Warehouse	Dee Shull	OK
Pole Yard & Transformer Dock	Dee Shull	OK
Office	Diana Kuhlman	OK

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Blankets Bi-Annual Test Results: All Passed

Line Hoses Annual Test Results: All Passed

Substation and Regulator Report: Ben Mann reported McCracken sub has a wire short that gives a reset warning.

PCB Report: None to report.

Line Clearance: Bazine, Ness, Ruff pasture, and Paul Pavlu

Accident and Near Misses: Leighton Ayers reported they pulled off to the side of the road because there was a narrow bridge up ahead with an oncoming truck and another truck passing him too fast. The trucks hit head on.

Old Business: Nothing to discuss.

New Business:

- ◆ Dee Shull reported 143 she was having some ignition switch issues.
- ◆ Chad Rupp reported truck 150, 173, and 174 need to be taken to Hays for alignments. Richard approved alignments to be done.
- ◆ Richard McLeon reported he will be driving his own vehicle and vehicle 105 can be used by any employee for company use. Retail is taking classes to be certified Generac dealer and do warranty work. Budget addition for employee diversified training to improve and refresh skills. Goal is to send two employees per year. Employees need to let him know education programs interested in. HR and phone policies are being reviewed for revisions. Ben Mann get on call pay amendments to Richard for board meeting review. Nate Burns will be contacting some engineering firms for 2021 work plans. Concrete work at Ness City was completed and other holes were reported for repairs. Diana Kuhlman has scheduled the Christmas part for December 19 and the location is still pending.
- ◆ Chris Terhune discussed safety council budget items that was needed. Dellon Shelton will be going on call and will be needing an iPad. Richard approved Carrie Borell to purchase the needed iPad. FR clothing allowance was discussed. Reported truck 117 windshield did not get replaced last month and requested Carrie Borell to schedule 117, 135, and 150 windshields for replacement. Correction was made to the August minutes that only truck 200 windshield was replaced last month.
- ◆ Carrie Borell discussed recent cybersecurity training scam occurring and discussed directly accessing KnowBe4 training site to log in for any training events and avoid using email links. Lineman computer use was discussed, and most employees used the lineman room computer and agreed the lineman office computer could be relocated to the operations office.
- ◆ Bruce McAntee warned about PPE testing coming back as being passed for use and was returned with holes. Discussed the importance of employee inspection of PPE before use. Kansas utility restoration assistance was not requested for the hurricane damages. Weather changing and discussed awareness to avoid slips, trips, and falls. Maintenance, care and testing of personal protective grounds was done.
- ◆ Reviewed safety summary. Dellon Shelton read on safety excellence and discussion proceeded on safety awareness, accountability, and communication among employees.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF SEPTEMBER 2020

1. Otis Elevator performed elevator inspection. Carrie Borell discussed elevator phone connection rather it was analog or VoIP and securities. Elevator line is analog, and testing revealed it was not working. S&T was contacted, and the elevator phone line was relocated to a new phone bridge and tested to confirm connectivity. Otis Elevator discussed new software upgrade which will allow the service tech to review elevator status remotely and receive alerts via mobile devices.
2. Carrie Borell amended Kansas One Call ticket distribution email notifications.
3. Chris Terhune and Carrie Borell submitted KEC Safety Training Services Menu 2021.
4. Chris Terhune, David Howard, and Carrie Borell worked with Snyder Radio to resolve office paging to truck radio issues. Inspected radio tower, replaced CB unit drive, switched connection to new box, and relocated Kathy Lewis radio.
5. Carrie Borell emailed Basin SRS Dispatch with an amended OnCall standby list.
6. KEC safety meeting topics was concerning safety excellence, weather elements, maintenance, care and testing of personal protective grounds, and safety summary. September safety minutes are included in packet.
7. Chris Terhune and Carrie Borell set up Lutzco FR Clothing vendor and employee accounts.

SAFETY PROJECTS IN PROGRESS AS OF SEPTEMBER 2020

1. Emergency Response Plan, Disaster Recovery Plan, Emergency Restoration Plan binders' project.
2. Carrie Borell is finishing up on security access door entry locks and security camera quotes.
3. Chris Terhune is getting a quote from S&S Trailer for the safety demo trailer is postponed due to COVID.
4. Homeland Security for a protective security advisor assessment is postponed due to COVID.

IT/COMPLIANCE DEPARTMENT

IT/COMPLIANCE PROJECTS COMPLETED AS OF SEPTEMBER 2020

1. Domain and operations Veritas Backup Exec license renewal and 21.0 upgrade.
2. Domain monthly disk cleaner.
3. Daily backup and alert review.
4. Appsuite TPK imagery monthly automation.
5. Wi-Fi log in connection issues troubleshooted.
6. Retail iPad set up for classes and Generac generator sizing app.
7. Retail laptop updated and set up for trainings.
8. NISC license review, cancelled MDMS module, and reviewed new tier billing conversion amendments.
9. Printer returned and replaced with temporary loaner printer.
10. ISP WAN Public IP addressing upgrade.
11. Credit card machine syncing issues.
12. Lineman iPhone programming for AppSuite use.
13. Operations and Engineering computer programming.
14. iVue GL daily report issues.
15. Remote office devices prepared and assigned to employees for remote work due to potential COVID exposure plan.
16. Linemen iPad troubleshooting Command Center log in, Outlook calendar, update issues, storage space issues, and map issues.

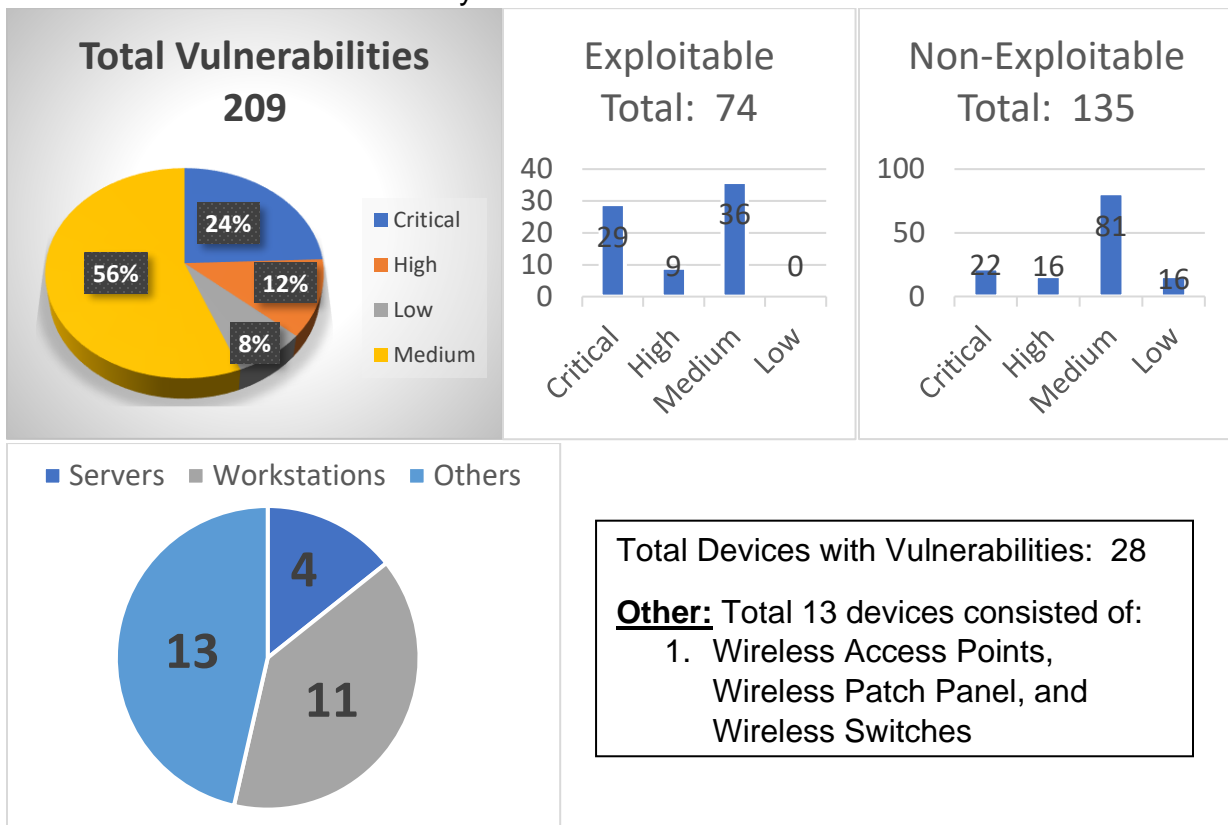
IT/COMPLIANCE PROJECTS IN PROGRESS AS OF SEPTEMBER 2020

1. Data management forwarding DMZ server security programming.
2. One Drive-Sharepoint data sharing criteria.
3. Converting RESAP inspection forms to mobile form fillable forms, process for record retention storage, testing, and company employee access options.
4. SmartHub test company module.
5. IVR Call Capture calling and Messenger planned outage OMS integration.
6. Document Vault integration with AppSuite.
7. SmartHub outage notification set up.
8. AppSuite outage activity type enhancement.
9. Outlook 365 license review and amendments.

CYBERSECURITY - IT DEPARTMENT

CYBERSECURITY/IT PROJECTS COMPLETED AS OF SEPTEMBER 2020

1. Call Capture secure payment IVR server migration to a new URL utilizing Wildfly JBoss application server security update.
2. iVue 2.48 software upgrade and security setting updates.
3. ASP iVue server monthly patching and updates.
4. AppSuite 1.69 and 1.70 software upgrade and security setting updates.
5. SmartHub Web 12.3.0 software upgrade and security setting updates.
6. Secure Payments IVR security update.
7. Payment Gateway 1.24 patch 9 update.
8. VHQ Verifone server maintenance.
9. AppSuite Mapview TPK imagery file monthly update.
10. US Payment KIOSK monthly patching and updates.
11. Veritas 21.0 hotfix security update.
12. Microsoft Windows and driver critical updates.
13. Operations and domain server daily backups and notifications.
14. Sunflower Nessus network vulnerability assessment scan. This scan evaluates all our network IP addresses to determine all the devices connected to the network and any vulnerabilities those devices may have. Results:



1. Wireless access points, wireless patch panel, and the wireless switches are no longer able to be upgraded and are beyond the end of life service. 2020

cybersecurity budget included the upgrade and due to COVID financials this has been postponed and will be carried forward to 2021.

2. Servers and workstations resulted in patches and policies that did not upgrade with the regular updates unknowingly. Desktop Central Manage Engine management services software programming and security settings are in process. This software will assist with device maintenance and upkeep.

Sunflower WebEx training consisted of understanding what the report is detecting and what causes or affects those results. Learned additional device and driver update processes to implement with existing procedures. How to determine if the complete vulnerability patch was fully installed. Discussed structured actions to prioritize remediation of existing vulnerabilities, policies, and registry editing.

15. Firewall security platform upgrade integration.

*CYBERSECURITY/IT PROJECTS **IN PROGRESS** AS OF SEPTEMBER 2020*

1. Researching scam email handling, reporting of processes, and security policies.
2. iVue 2.49 software upgrades and security setting updates.
3. Information Technology Cybersecurity mobile device policies and procedures.
4. Office 365 Outlook email security options being reviewed.
5. Manage Engine Desktop Central software management distribution database server SSL certificate programming. DMZ gateway server access control security implementation. Virtual DMZ management training.
6. Cyber Detect and Scan project implementation requirement follow ups. Postponed due to COVID financials.
7. VEEAM cloud base backup project options were reviewed. Postponed due to COVID financials.
8. Homeland Security protective security advisor assessment for the safety program and discussed combining cybersecurity review at that time as well. Postponed due to COVID traveling restrictions for Homeland Security.

1. Youth Tour 2021 Program Commitment Form (Approval needed):
 - a. The estimated cost for the DC Tour is \$3,500 / person
 - b. The estimated cost of Steamboat Springs is \$1,800 / person
2. Member Satisfaction Survey – Inside Information.... WE ROCK!!! (Included Presentation from Inside Information)
3. Working on Military Active Duty Packages and Information Request: We will be sending a care package to all the active duty members, or past members this holiday season as well as recognizing them in the KCL magazine. Campaign going out in October to gather names, and offer members the opportunity to donate non-perishable items, monetary donations to for items, or notes of appreciation to include in the packages.
4. Member Service Budget
5. New Member Brochure/Member Brochure finalized and ordered.
6. Continue to send monthly new member emails, newsletter, social media posts, 3.0 website design.



2020 Satisfaction Survey Results

Conducted by:



(a solutions company)



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2020 Member Satisfaction Survey



Scope and Methodology

During the summer of 2020 Lane-Scott Electric Cooperative conducted a member satisfaction survey to determine satisfaction, the cooperative's American Customer Satisfaction Index (ACSI) score, the Cooperative Attitude and Performance Score (CAPS), perceptions on cooperative performance, communication preferences, and member demographics.

Inside Information randomly selected members for participation from Lane-Scott's entire residential listing. Those members with emails on file received the survey via email and the remaining sample received postcards inviting them to go online to complete the survey. Phone calls were made following the digital phase to ensure the minimum requirement of 250 completions.

A total of 294 surveys were completed – 175 online and 119 by phone. Of the online responses, 20% were completed on a smartphone, showing the increasing digital engagement of members. Results of this survey have a margin of error of +/- 5.6% at a 95% degree of probability. For any given statistic, there is a 95% chance that the result does not vary by more than 5.6% in the actual total population.

Several questions in this survey involve responses on a 10-point sliding scale. These responses are evaluated using "top box" analysis which calculates the frequency percentage of respondents in the 8 to 10 ratings on the sliding scale. Along with top box analysis, weighted averages are also calculated for each of these questions. Due to rounding, response percentages may not always total 100%.

The survey was developed and conducted by Inside Information, Inc.®, Smithville, Missouri, as a customer research project commissioned by Lane-Scott Electric Cooperative of Dighton, Kansas.



Member Satisfaction Survey Results

2020

*Conducted & compiled by
Inside Information® Inc.*



Overview

2020 Member Satisfaction Survey



During the summer of 2020, Lane-Scott Electric Cooperative conducted a member satisfaction survey. From a randomly selected sample of all residential members, 294 surveys were completed online and by phone, yielding a margin of error of $\pm 5.6\%$ at a 95% degree of probability.

Highlights



Phone calls accounted for 40% of the 294 completed surveys while 25% of members responded online after receiving a mailed postcard invitation to participate and 34% replied to the emailed survey

Very high overall member satisfaction – 92% are somewhat or very satisfied

Lane-Scott has a Cooperative Attitude and Performance Score (CAPS) of 93, ranking among the highest of similar sized cooperatives

The ACSI of 89 is above the national cooperative average (73), the Touchstone cooperative average (74), the investor-owned (72) and municipal utility (72) averages

Performance ratings are strong in all core areas, with an overall average of 9.1

Restoration of service received the top rating at 95% top box, while having a goal to provide electricity at the lowest possible rate received the lowest rating at 77%

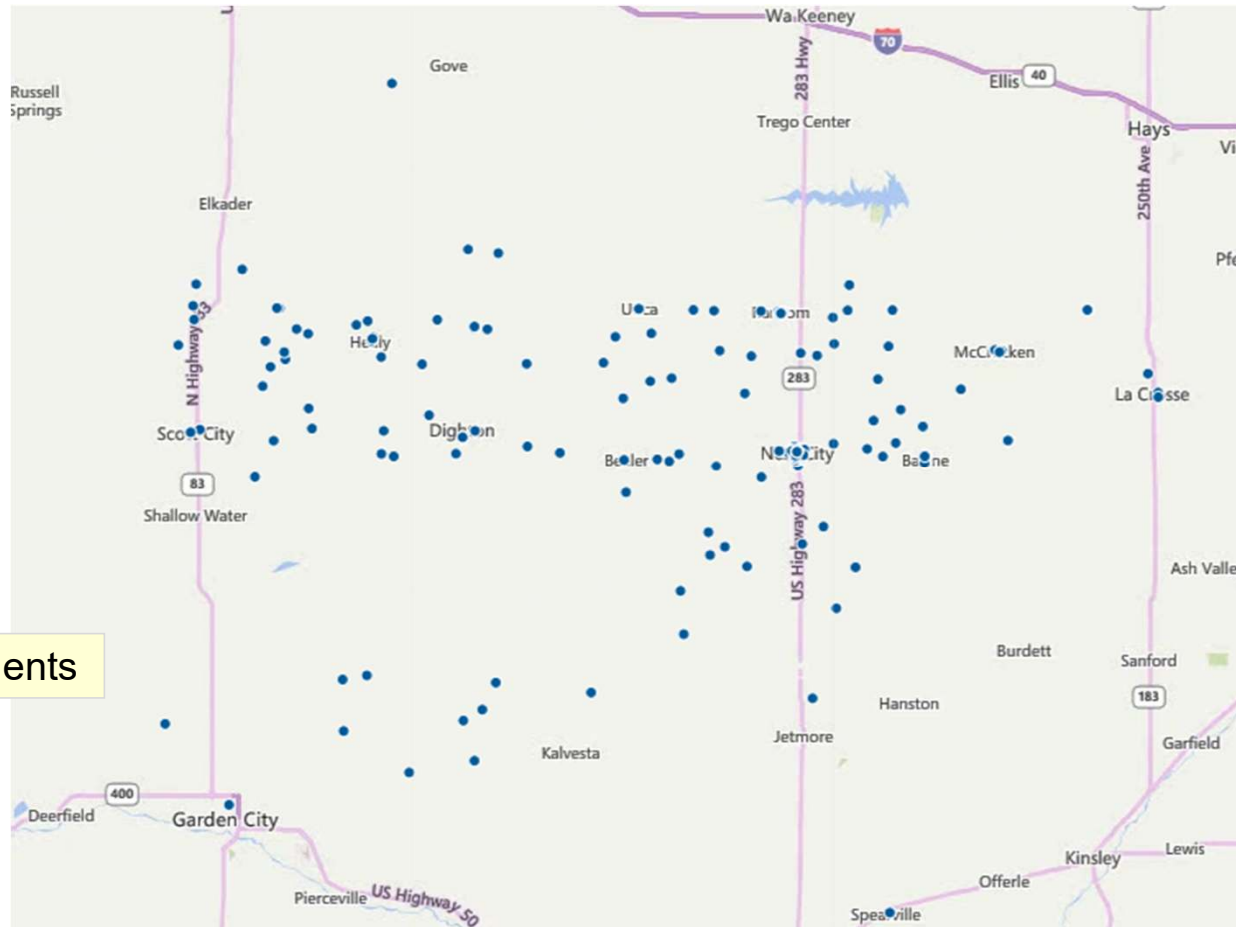
Highlights



- Only 27% of members use SmartHub. Of those who use the app, paying bills is most widely used feature at 86%
- Mail or drop off payments are used by more than half of members while Pay by Phone is used by 9% and bank draft and budget billing combine for 29%
- 42% of members have visited the website in the past year
- Most preferred methods of communication are direct mail (48%), Lane-Scott newsletter (38%), email (36%) and bill inserts (34%)
- 63% of members indicate they have contacted the co-op in the past year. Outage reporting is the most common type of contact (35%) followed by billing question or concern (12%).
- Nearly two-thirds of members have some college education or are college graduates and median age is 63

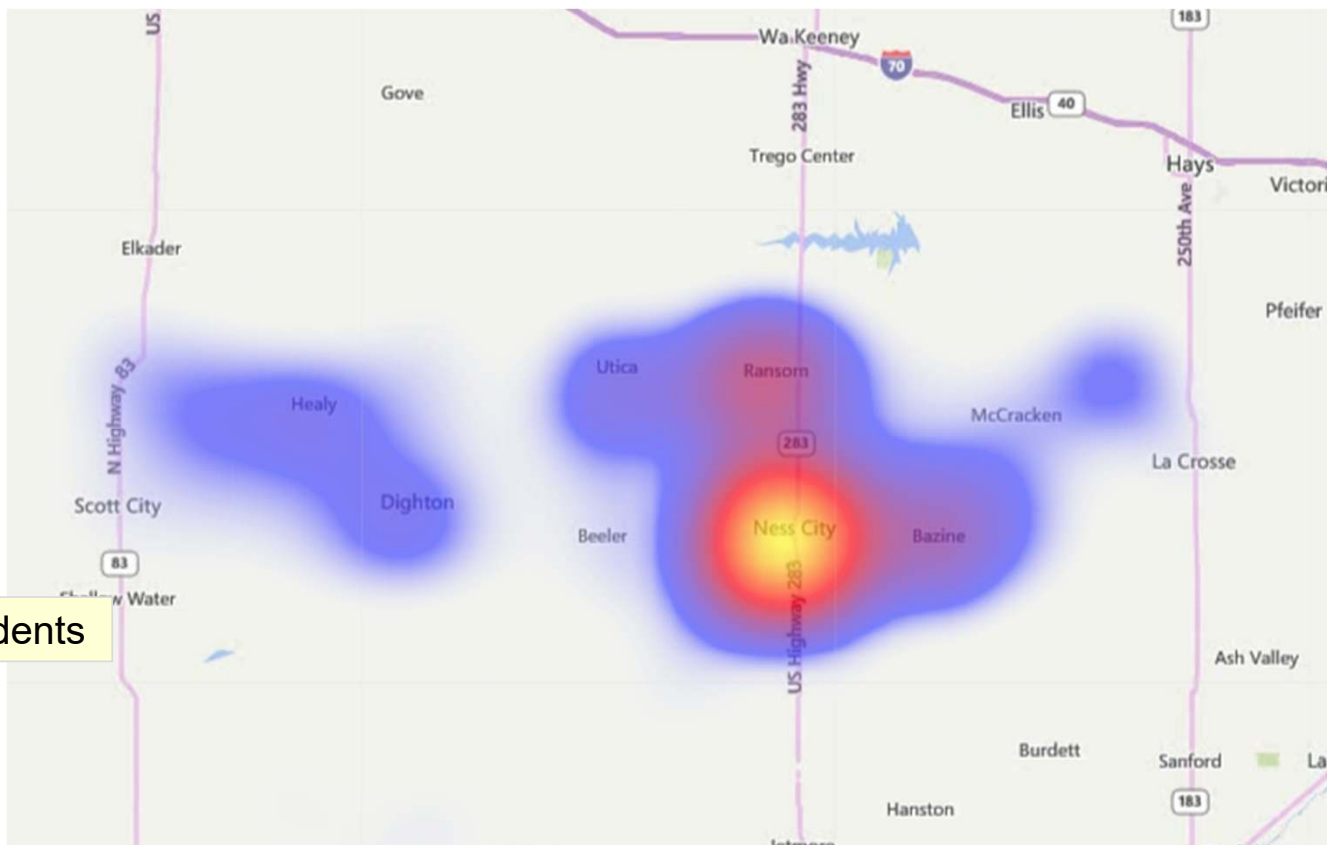
Survey Respondents

294 respondents



Survey Respondents

Response Density



294 respondents

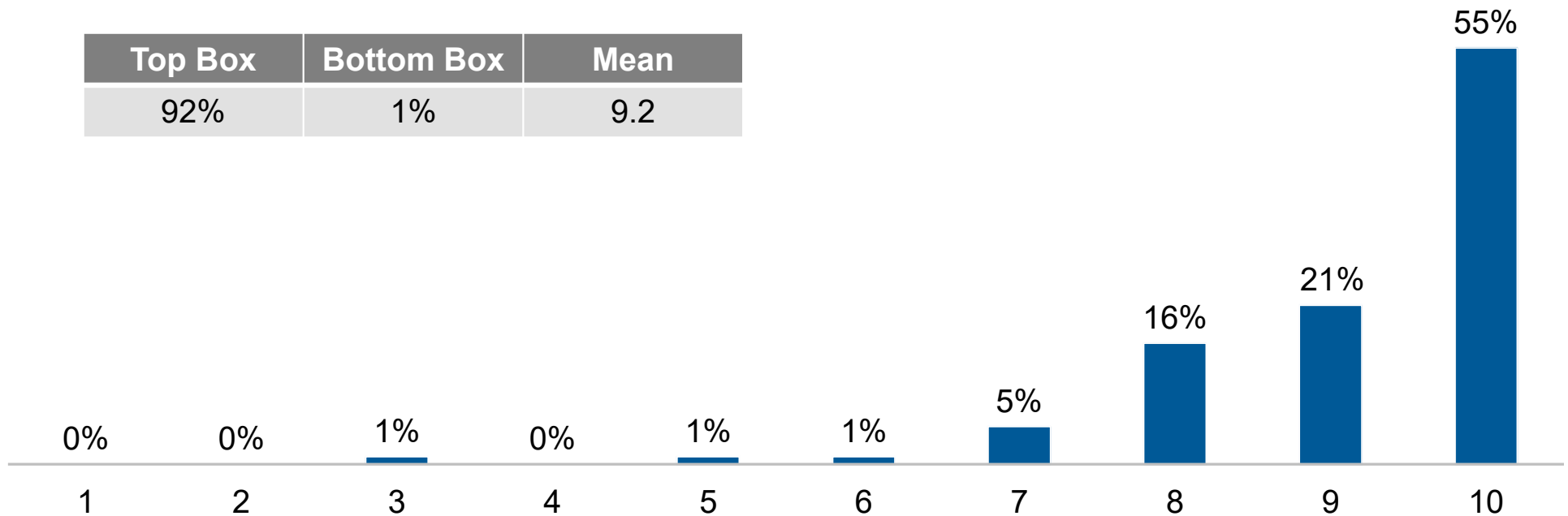


Satisfaction

Satisfaction

Overall Satisfaction with the Co-op

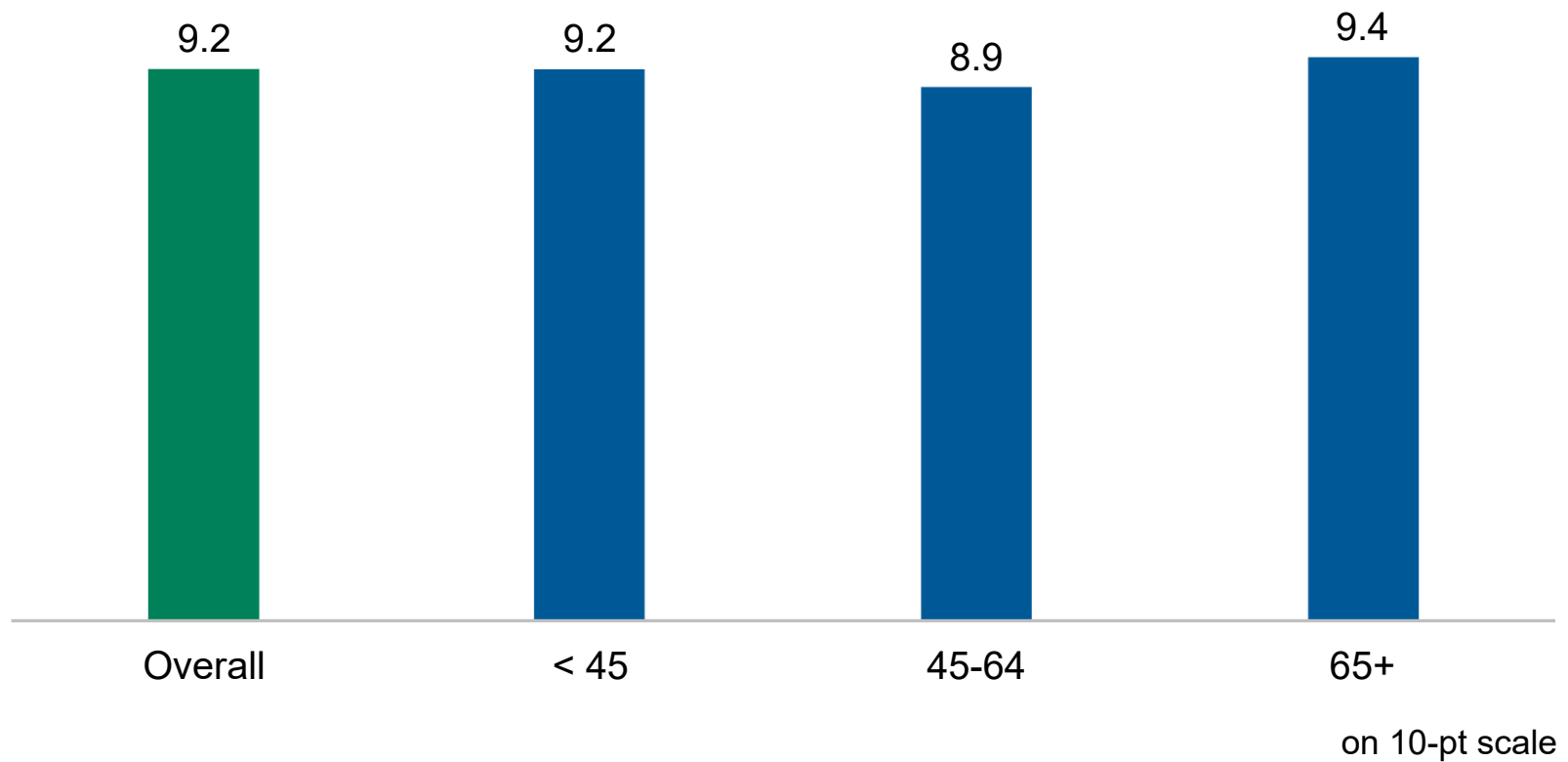
Top Box	Bottom Box	Mean
92%	1%	9.2



1=not at all satisfied, 10=very satisfied

Satisfaction

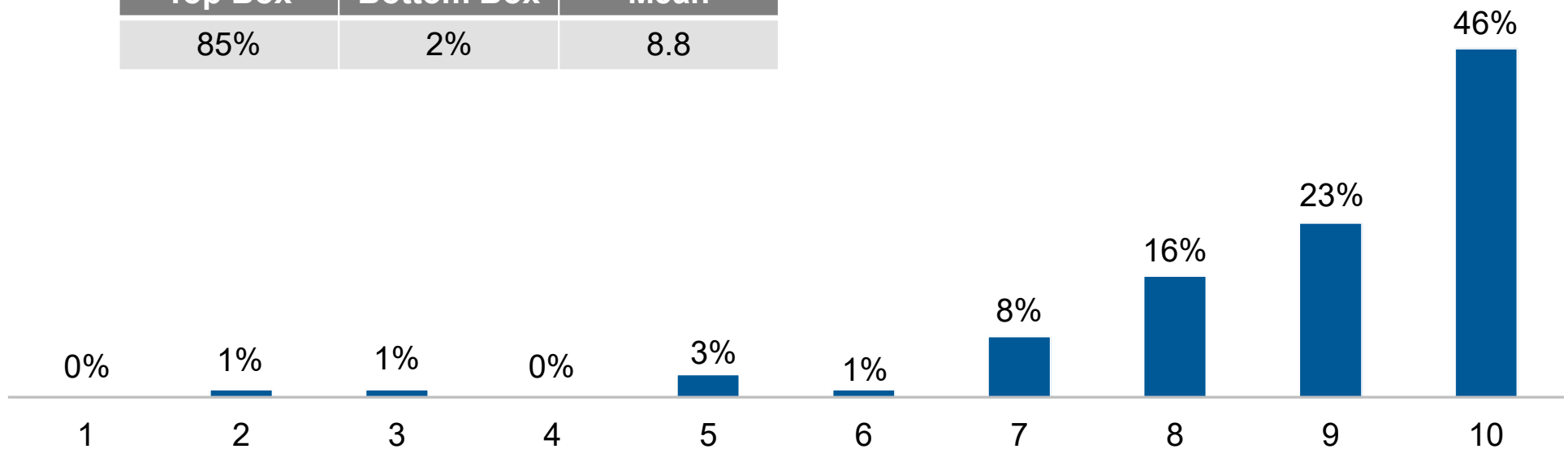
Member Satisfaction – by age



Satisfaction

How Well Does the Co-op Meet Your Expectations?

Top Box	Bottom Box	Mean
85%	2%	8.8



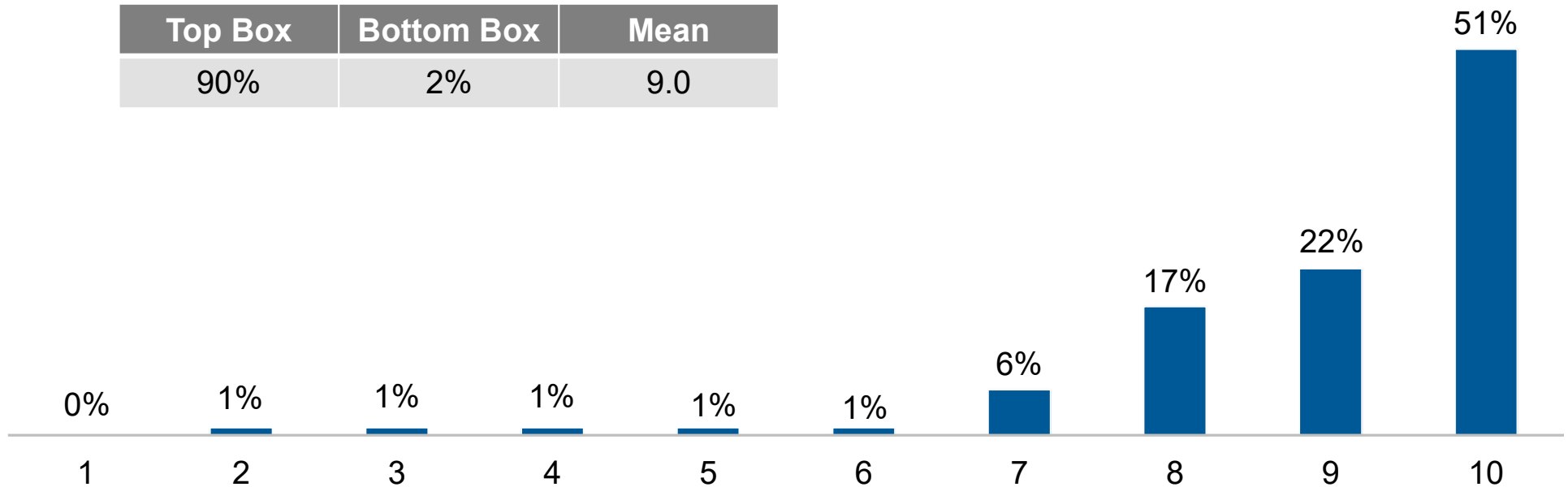
1=falls short of expectations, 10=exceeds expectations

Satisfaction



How Well Does the Co-op Compare with the Ideal Utility Company?

Top Box	Bottom Box	Mean
90%	2%	9.0

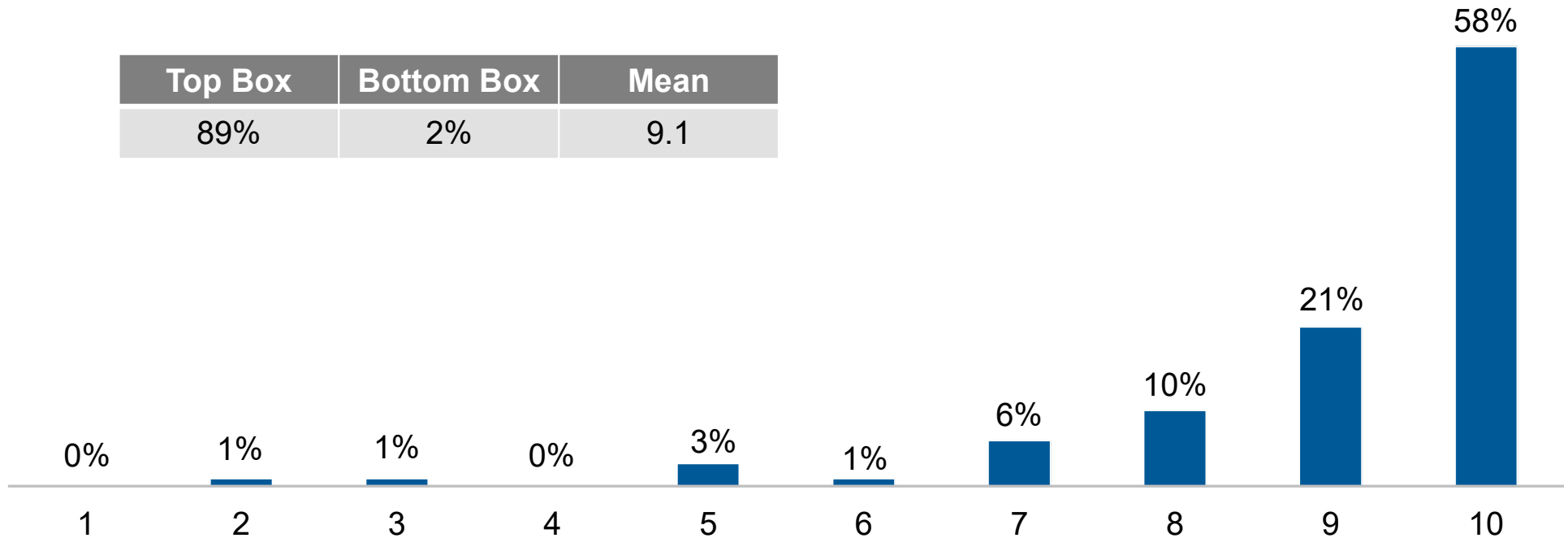


1=not very close to ideal, 10=very close to ideal

Satisfaction

Likely to Choose the Co-op Again Today?

Top Box	Bottom Box	Mean
89%	2%	9.1



1=not at all likely, 10=very likely



Benchmarking

Co-op Performance



In 2018, Inside Information developed CAPStone, a cooperative performance model. CAPStone is an industry-specific benchmarking tool being used by cooperatives nationwide to gauge performance in service areas deemed most important by cooperative members.

Methodology

Inside Information surveyed 20,000+ cooperative members across the nation and asked which characteristics of the cooperative's service were most important. Three service variables were consistently rated most important:

- The cooperative is trustworthy
- The cooperative is well-managed
- The cooperative truly cares about its members

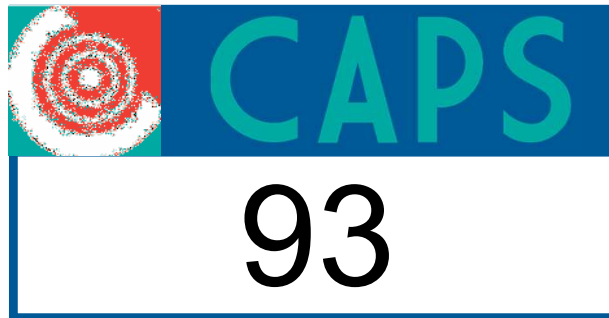
Each of the above variables were then weighted based on their respective importance to members.

Scoring

The co-op's performance in these three areas, determined by questions within the satisfaction survey, is then weighted and combined to determine its score, known as CAPS.

$$\text{Trustworthiness (weight)} + \text{Well Managed (weight)} + \text{Cares About Members (weight)} = \text{CAPS}$$

Benchmarking



Trustworthiness

9.3



Truly cares about members

9.2



Overall management

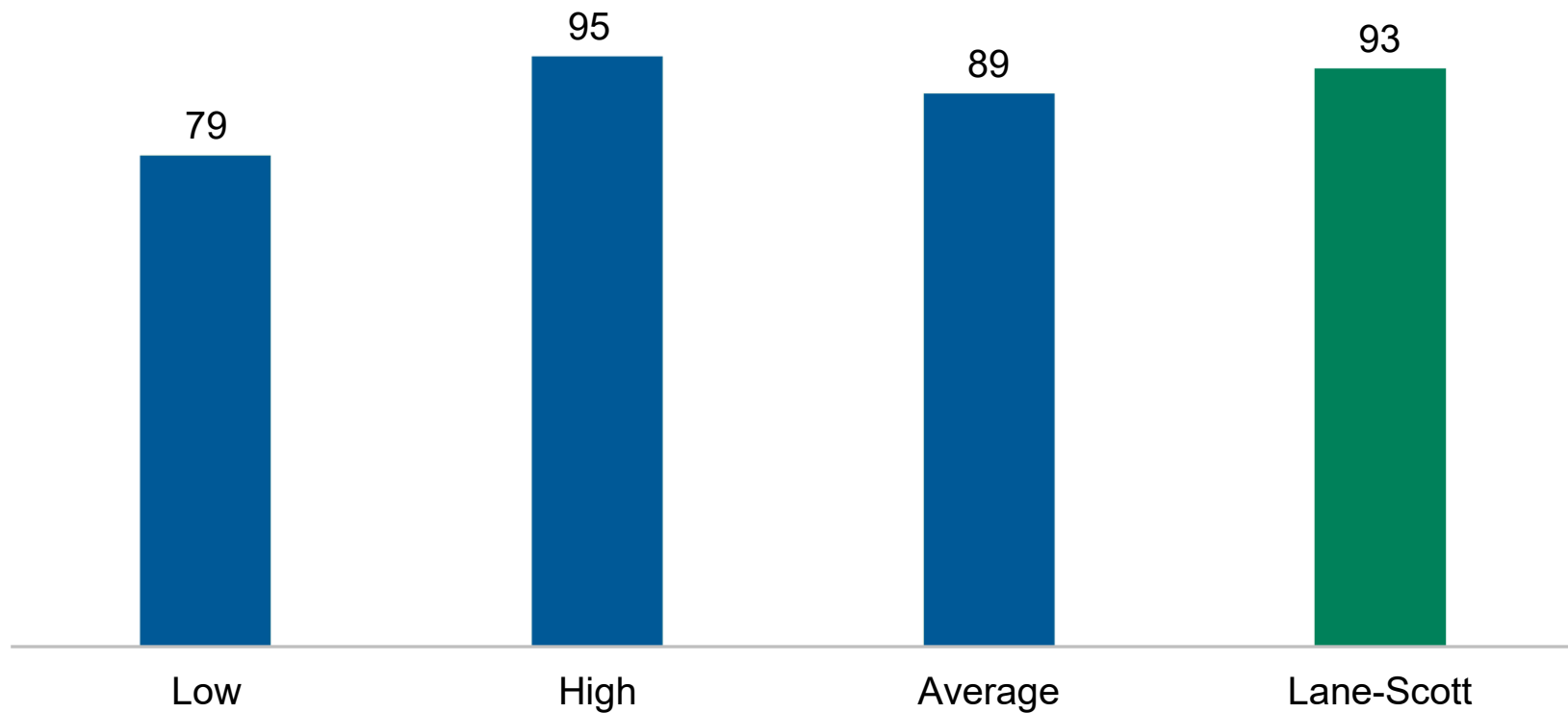
9.2



Benchmarking

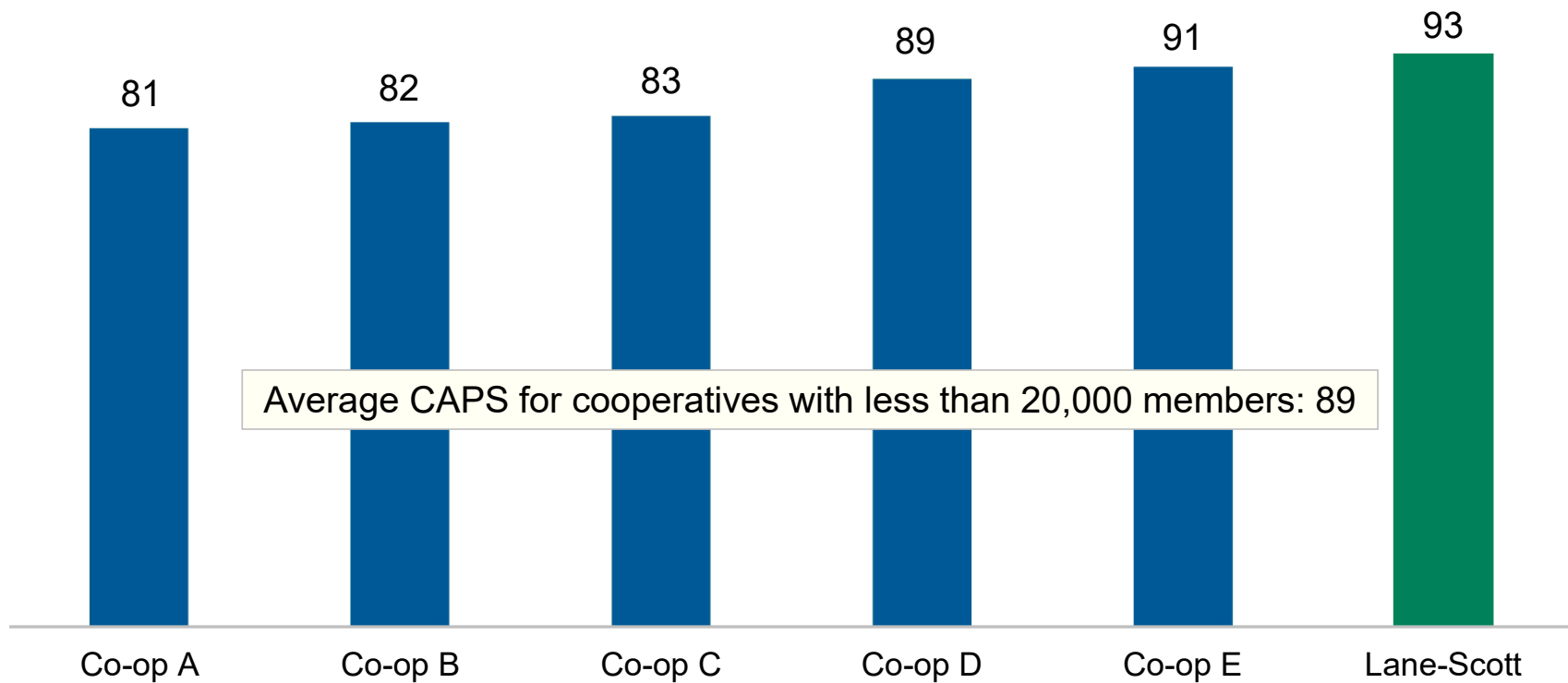


CAPS National Cooperative Comparison



Benchmarking

CAPS Comparison by Membership Size



Benchmarking



ACSI

89

92%

85%

90%

89%

Overall
satisfaction

Co-op exceeds
expectations

Co-op is ideal
utility company

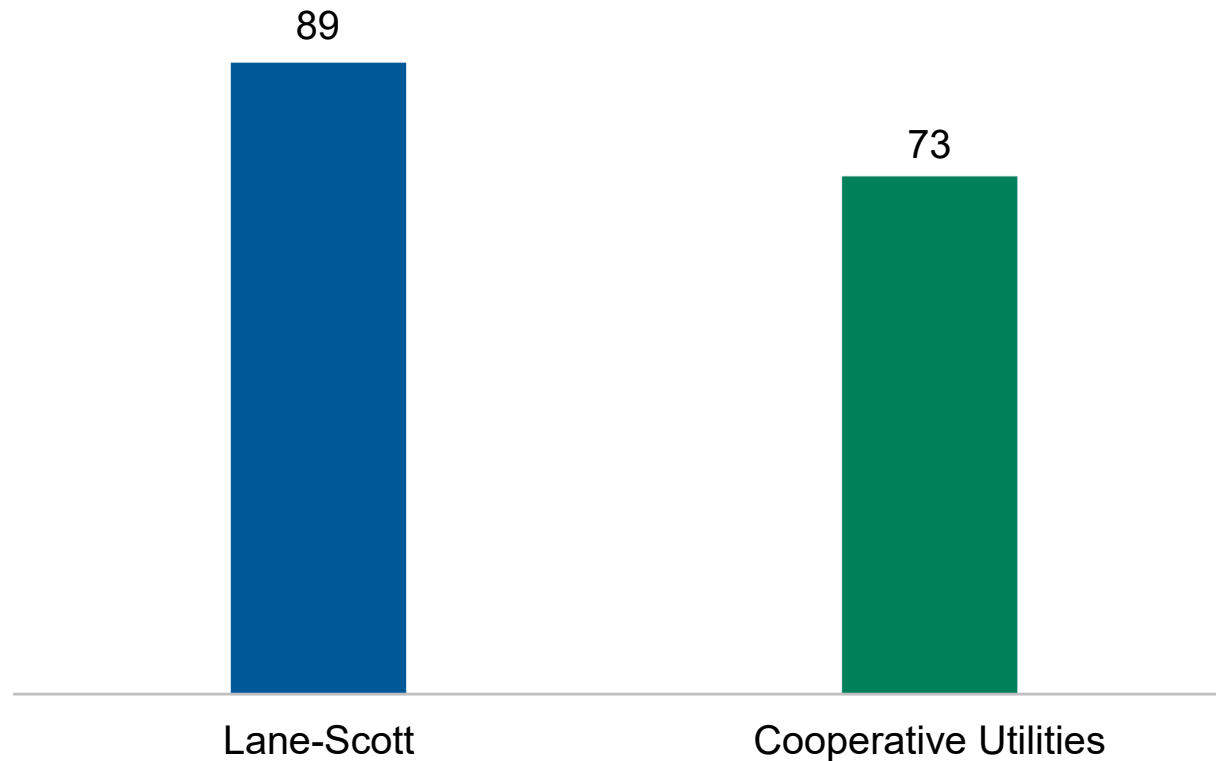
Would choose
co-op again

Top box (8-10) responses

Benchmarking



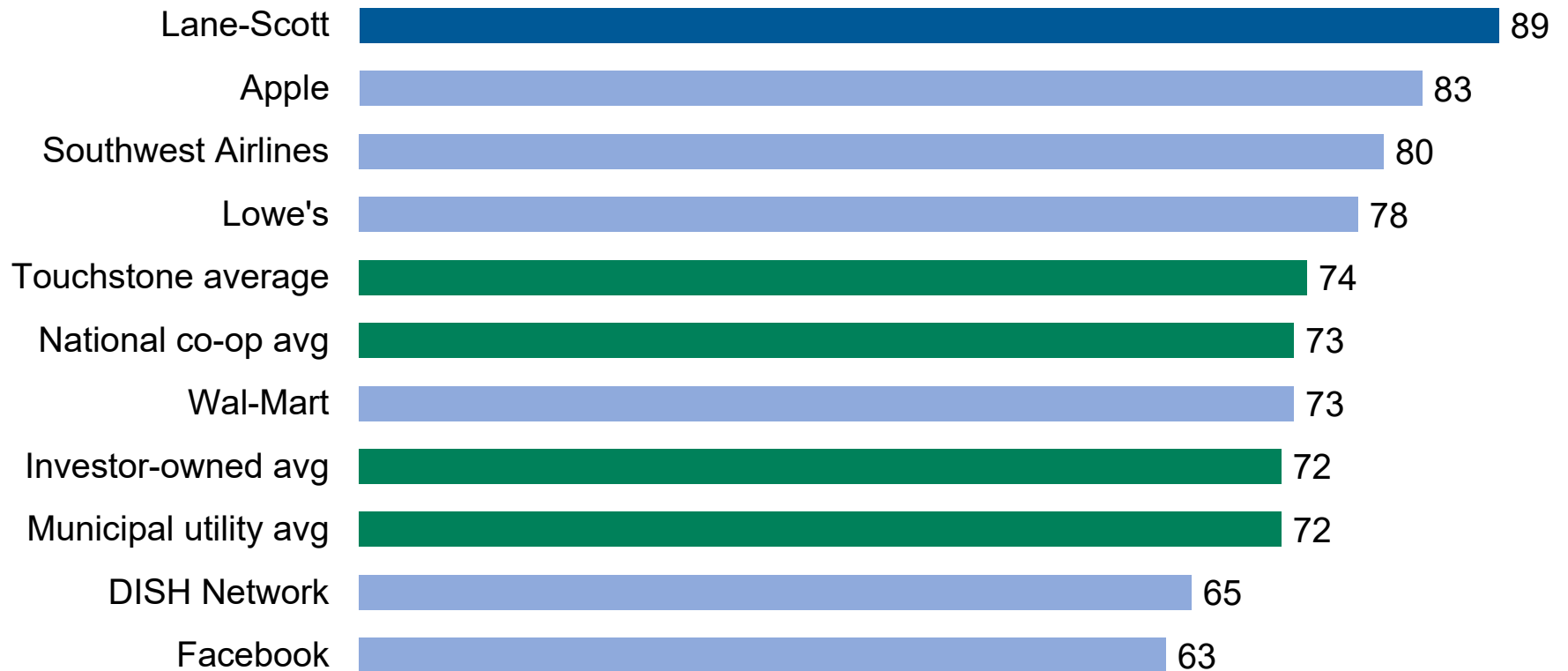
Average ACSI Score Trend Comparison



Benchmarking



Comparison of ACSI Scores (from ACSI)





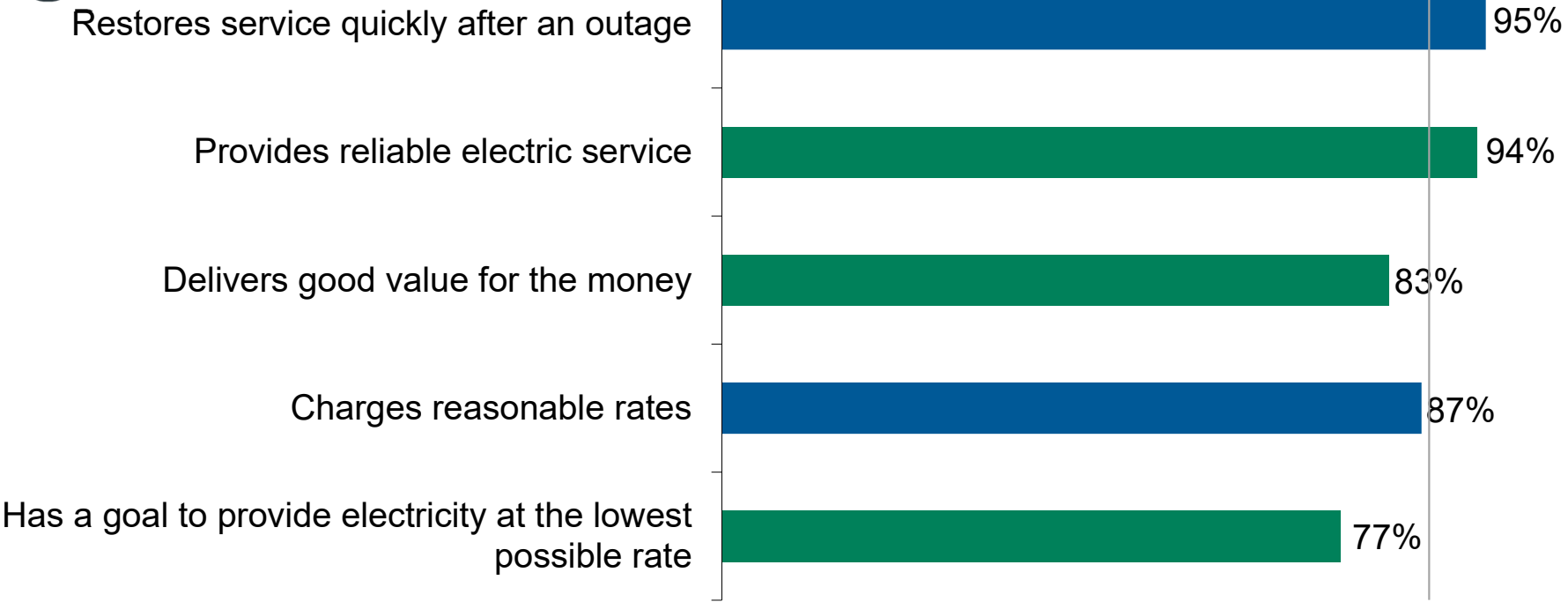
Co-op Performance

Performance



Electric Service and Rates

Average for all
performance
variables – 88%



■ Key ACSI or CAPS driver

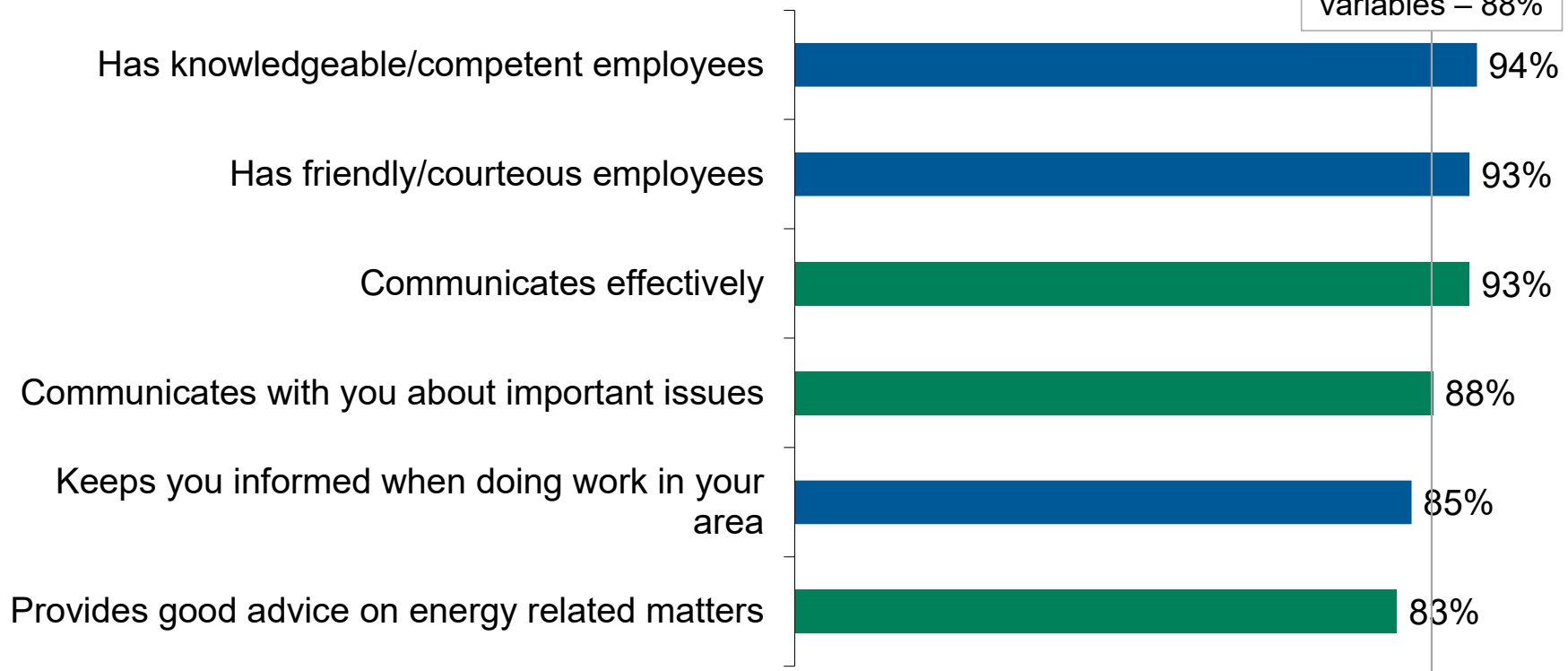
Top box (8-10) responses



Performance

Member Service

Average for all
performance
variables – 88%



■ Key ACSI or CAPS driver

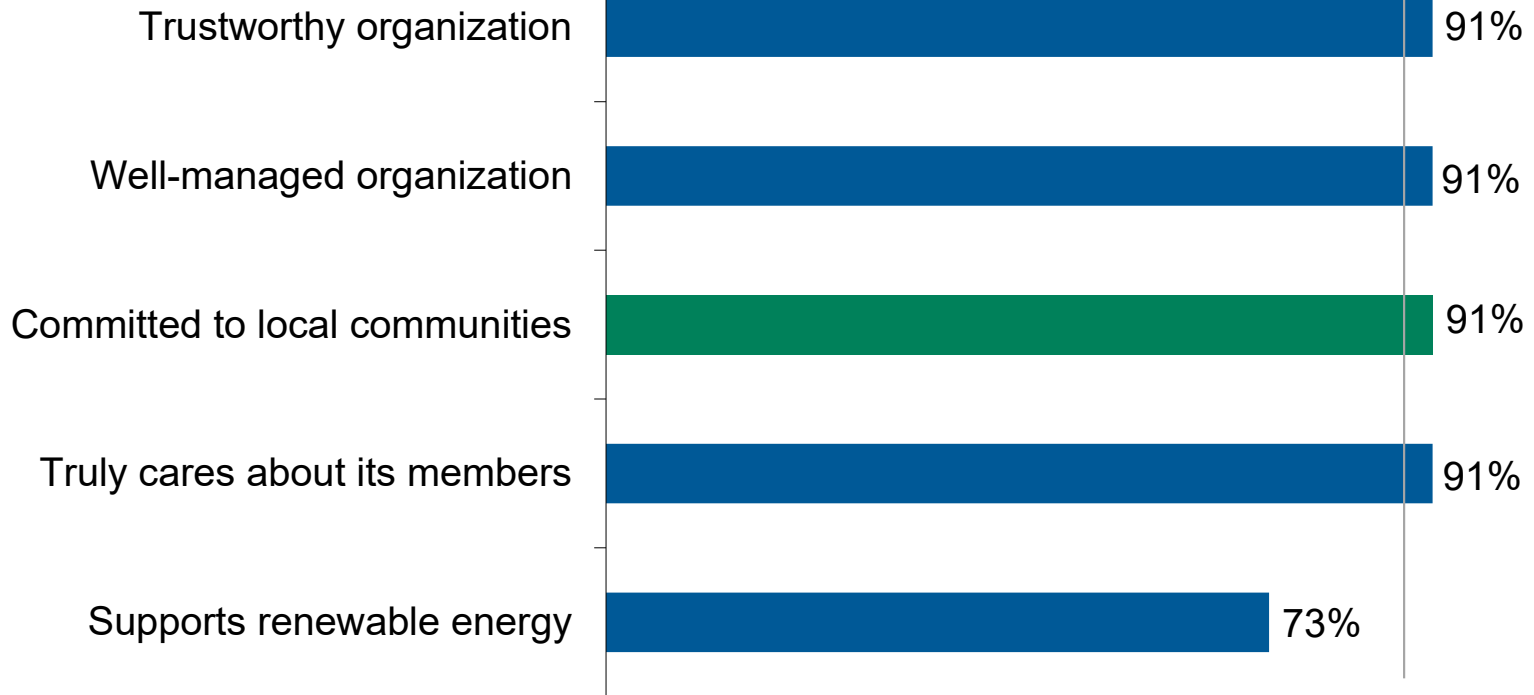
Top box (8-10) responses



Performance

Cooperative Culture

Average for all
performance
variables – 88%



■ Key ACSI or CAPS driver

Top box (8-10) responses

Key Drivers

■ CAPS ■ ACSI



Electric Service &
Rates



Member Service



Cooperative Culture

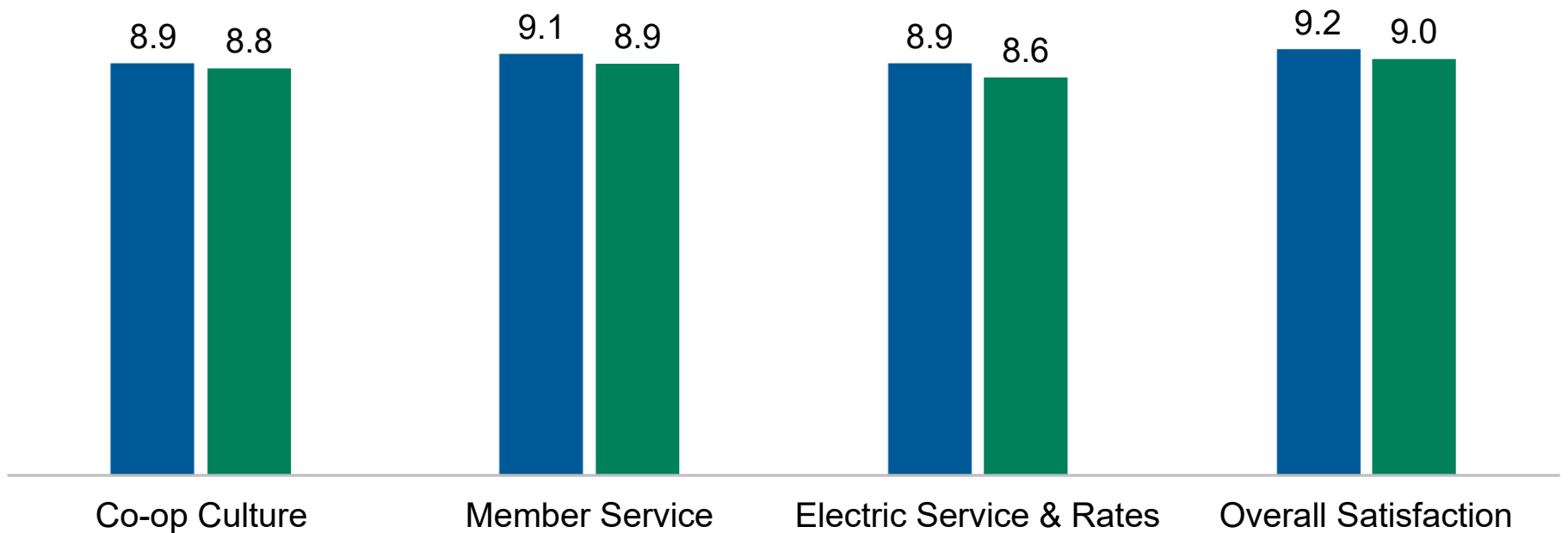


Predictive power of this variable group on CAPS and ACSI

Performance

Performance Trends

■ 2020 ■ Inside Client Avg



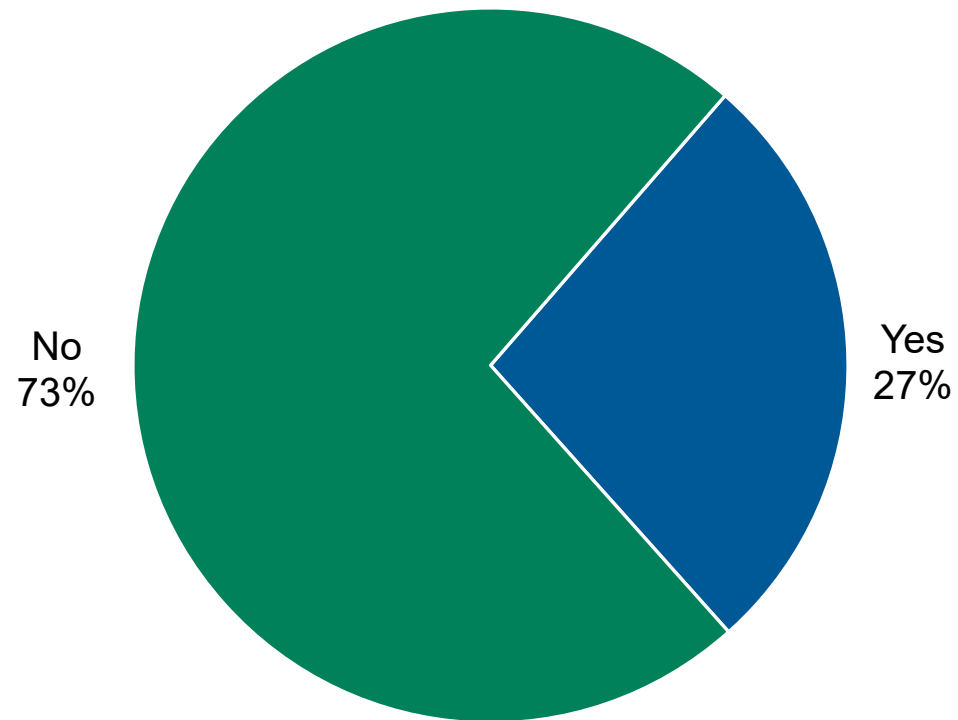
On a 10-pt scale



Communication & Technology

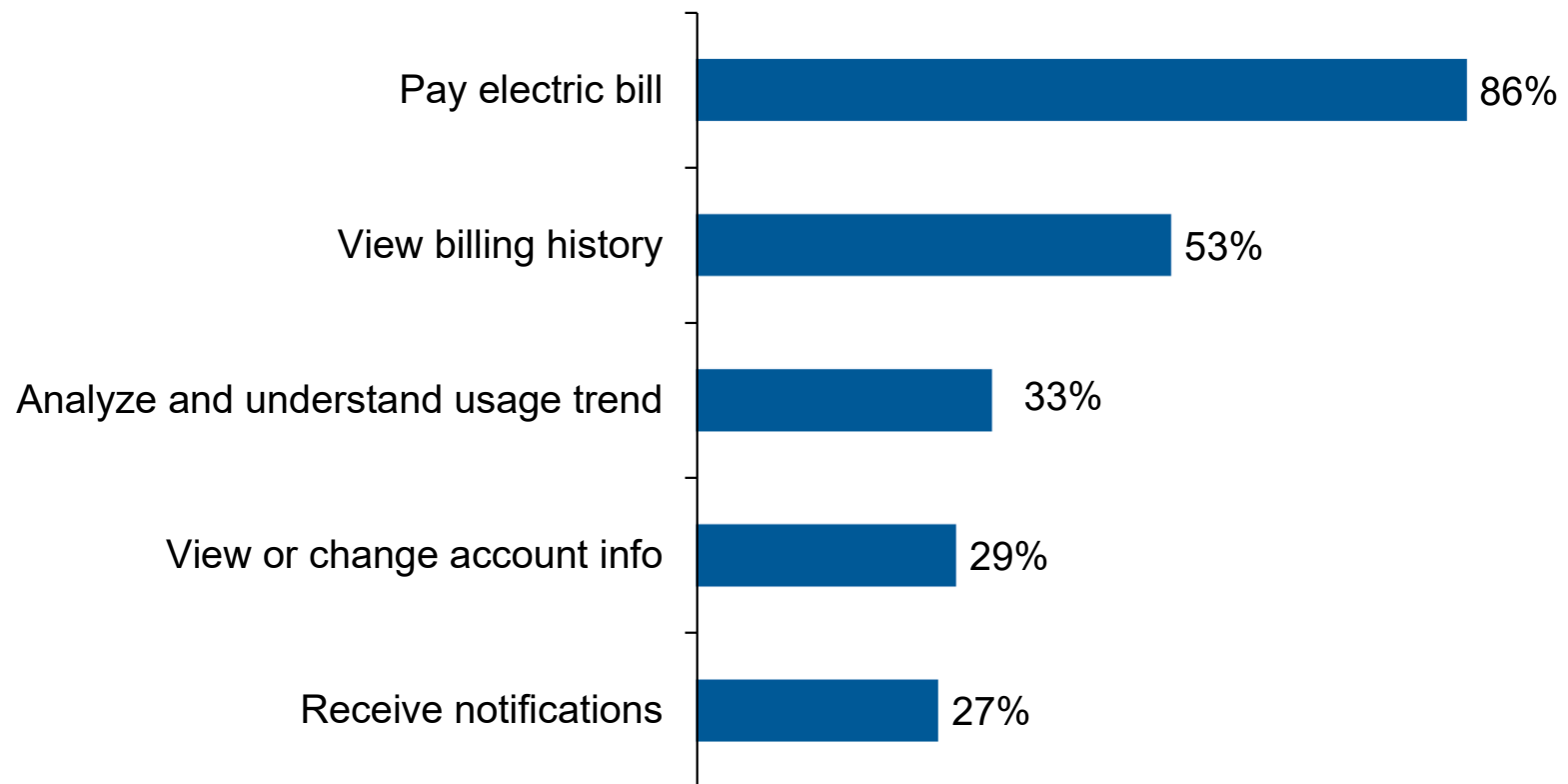
Technology

Currently Uses SmartHub



Technology

Usage of SmartHub Features

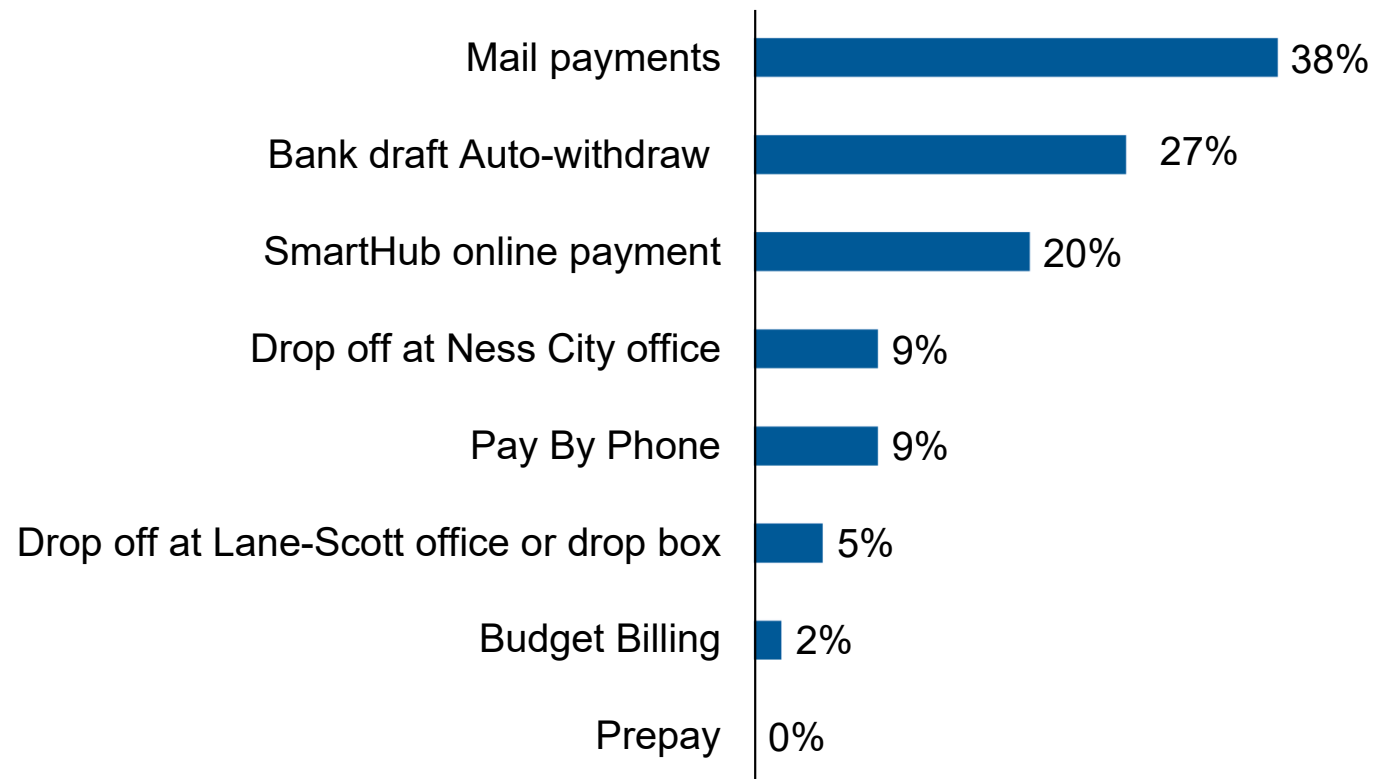


Multiple response question

Technology



Method of Electric Bill Payment

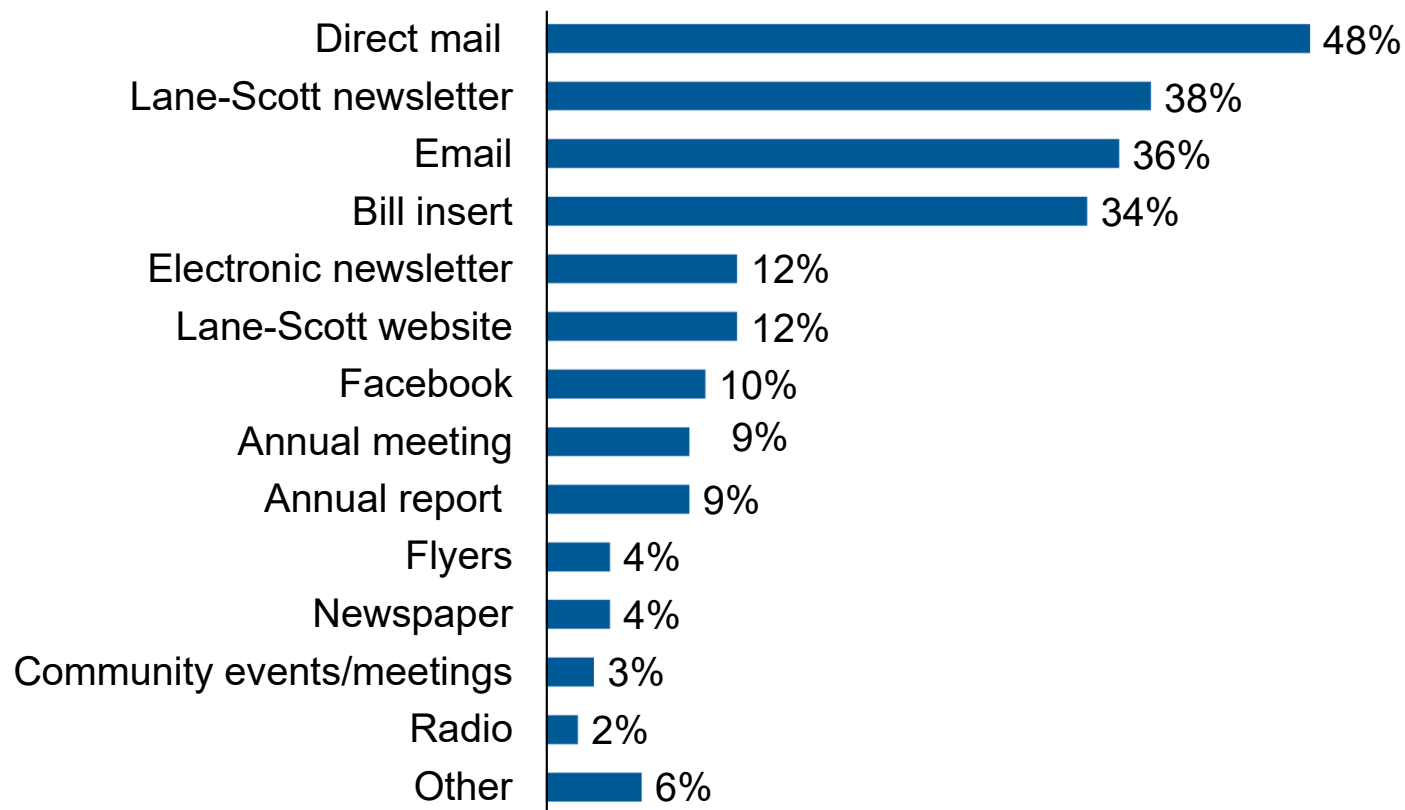


Multiple response question

Communication



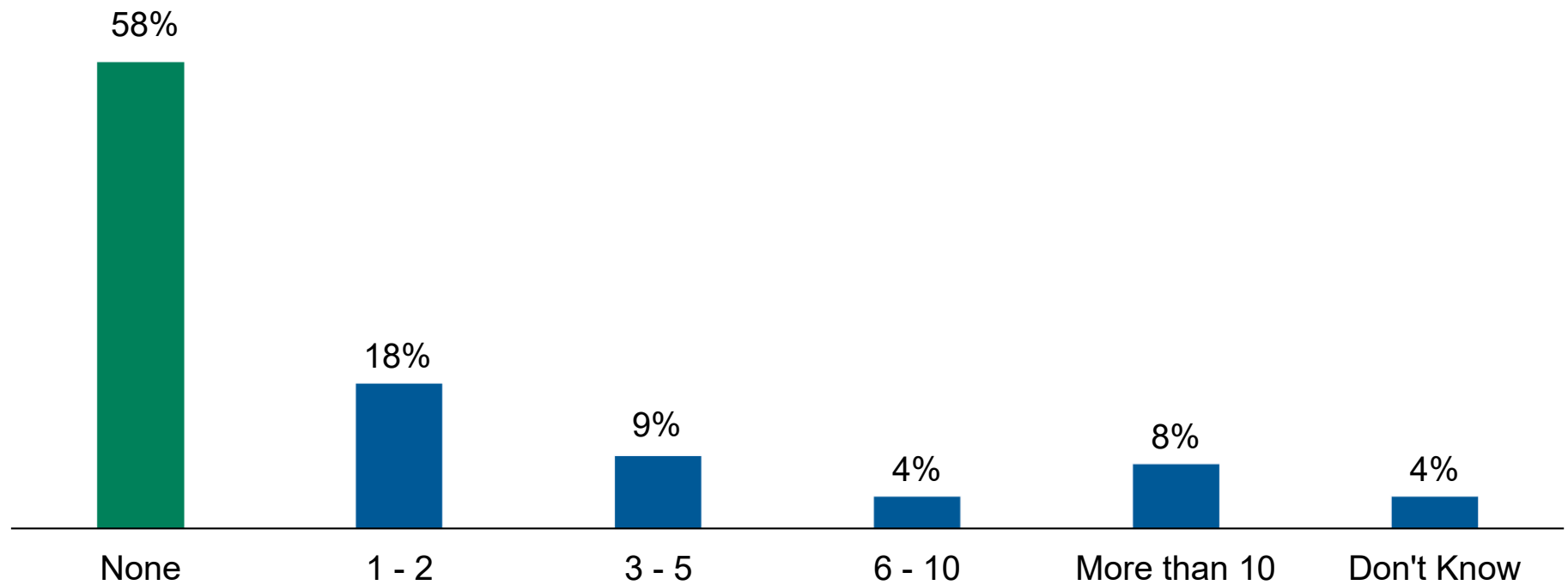
Preferred Method to Receive Information from Co-op



Multiple response question

Technology

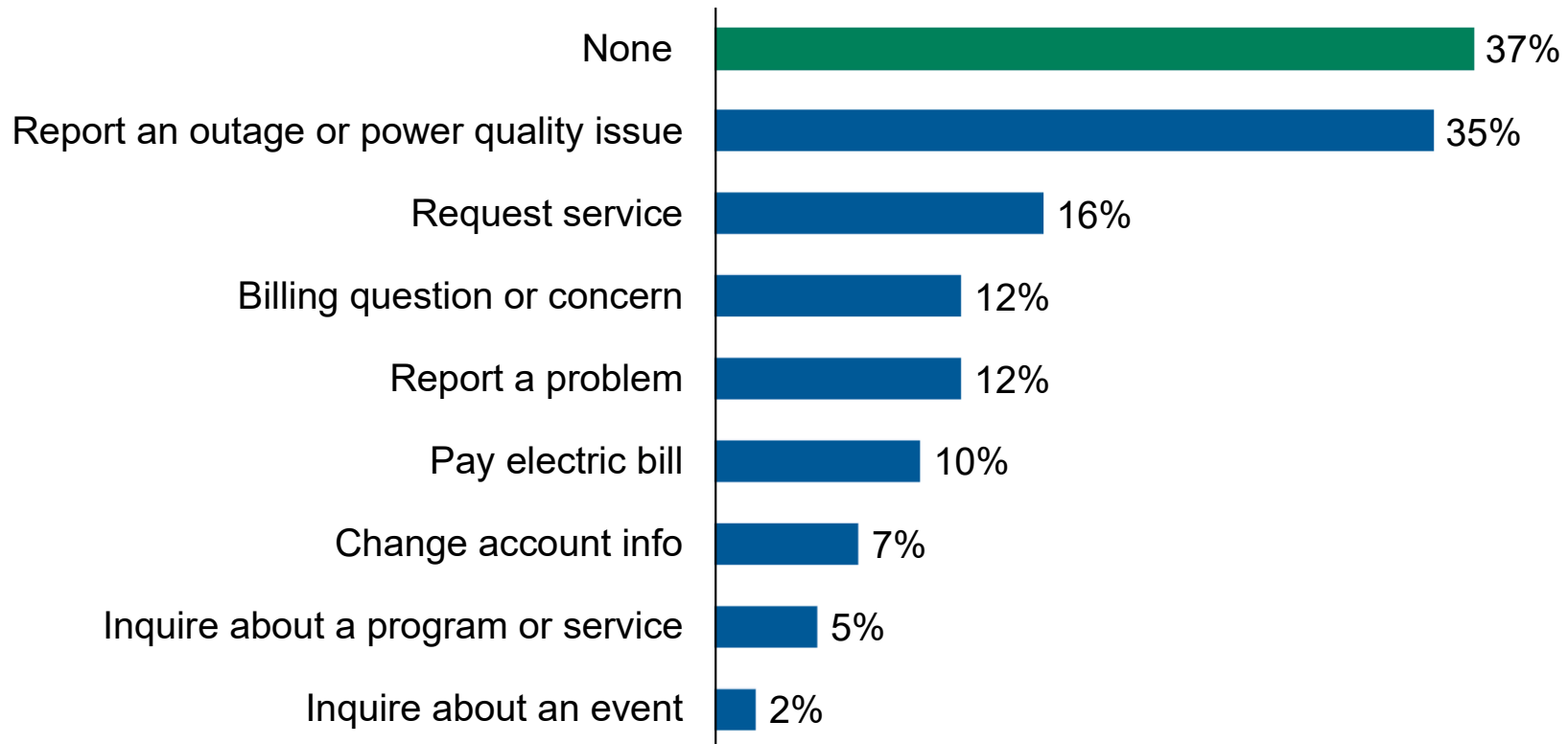
Number of Co-op Website Visits
(*in the past year*)



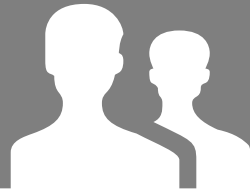
Communication



Contacted Co-op For:
(in the past year)



Multiple response question

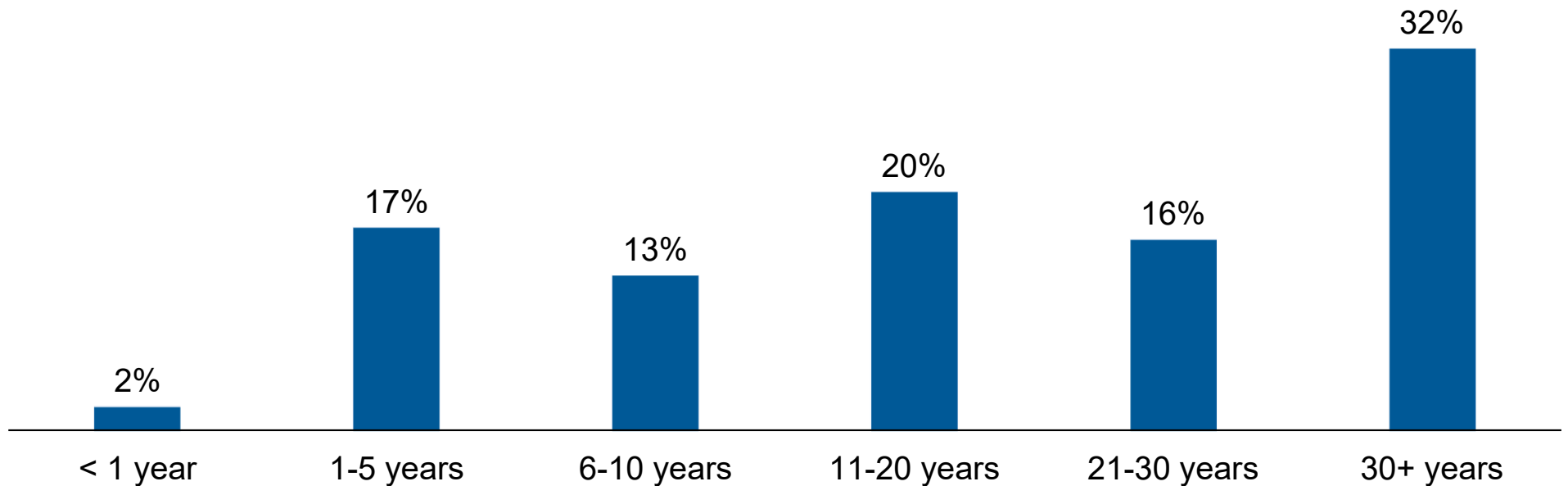


Demographics

Demographics

Length of Service

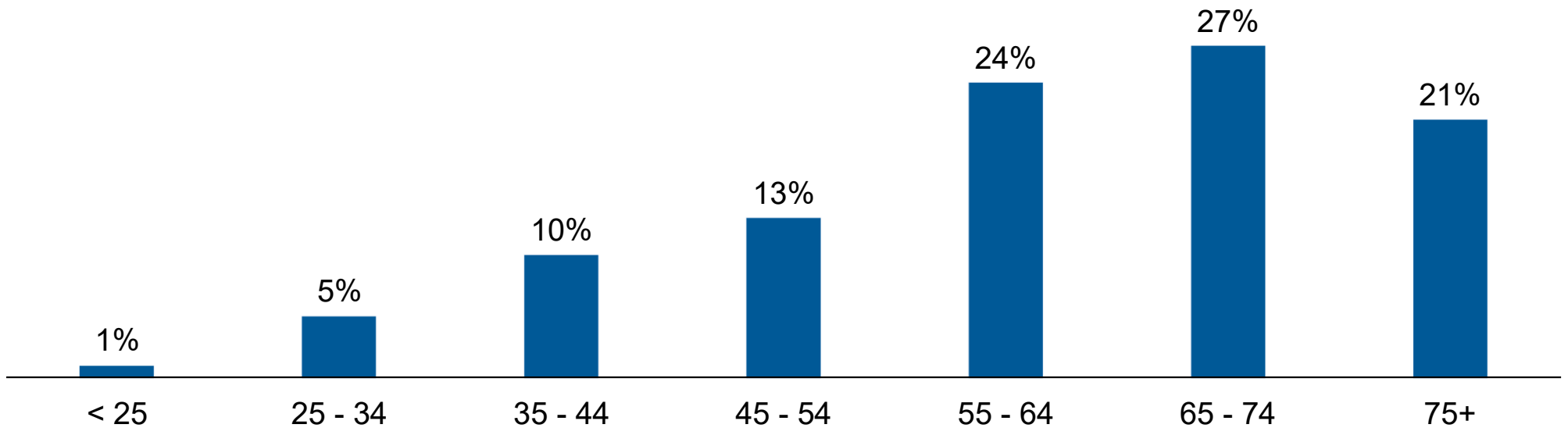
Median: 19 years



Demographics

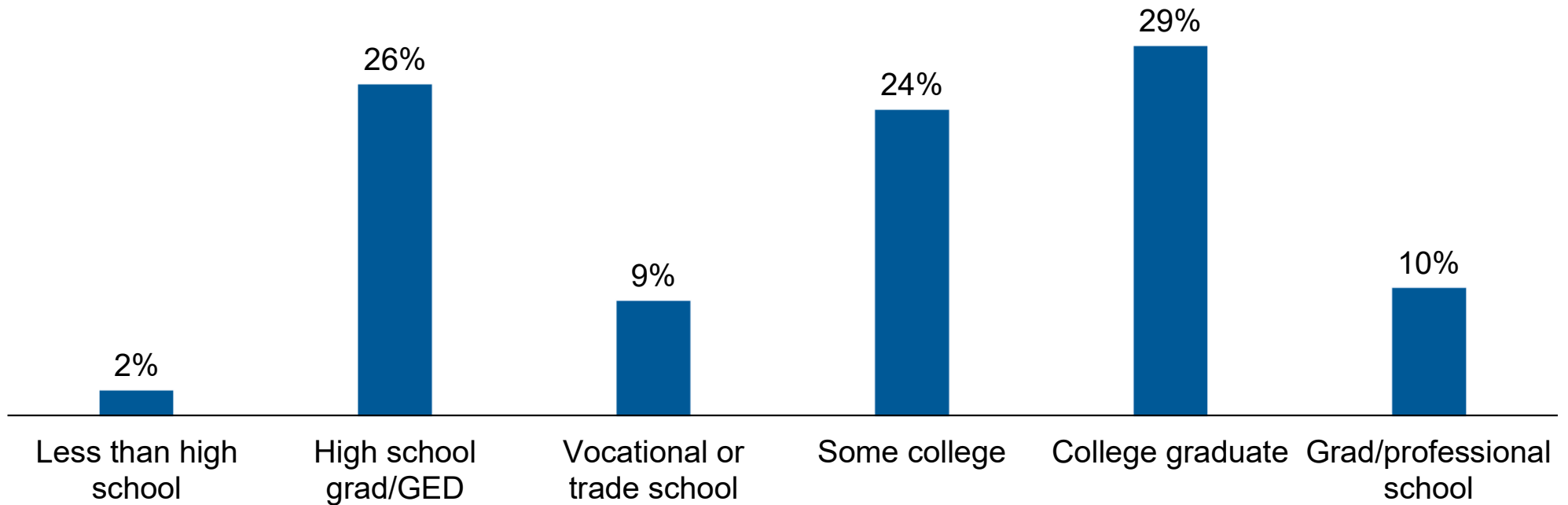
Respondent Age

Median: 63



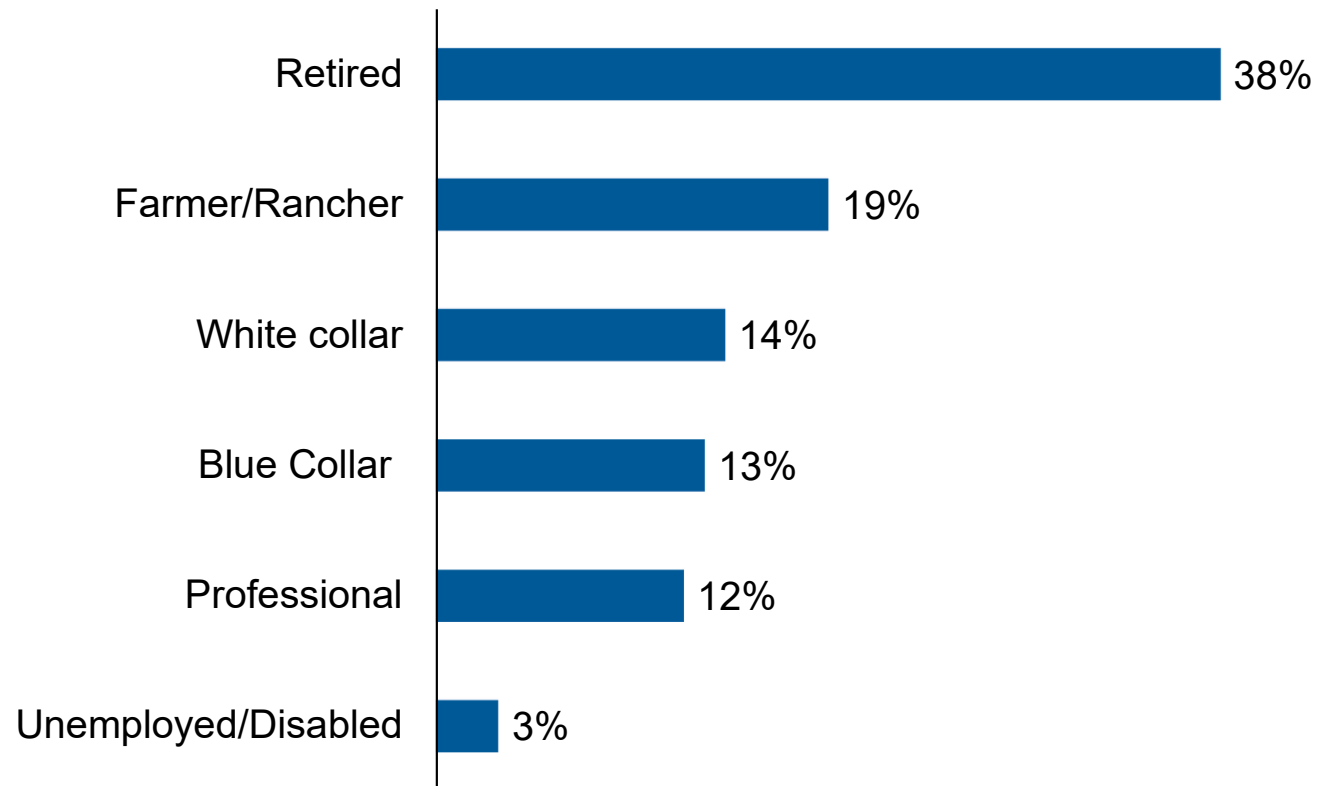
Demographics

Education



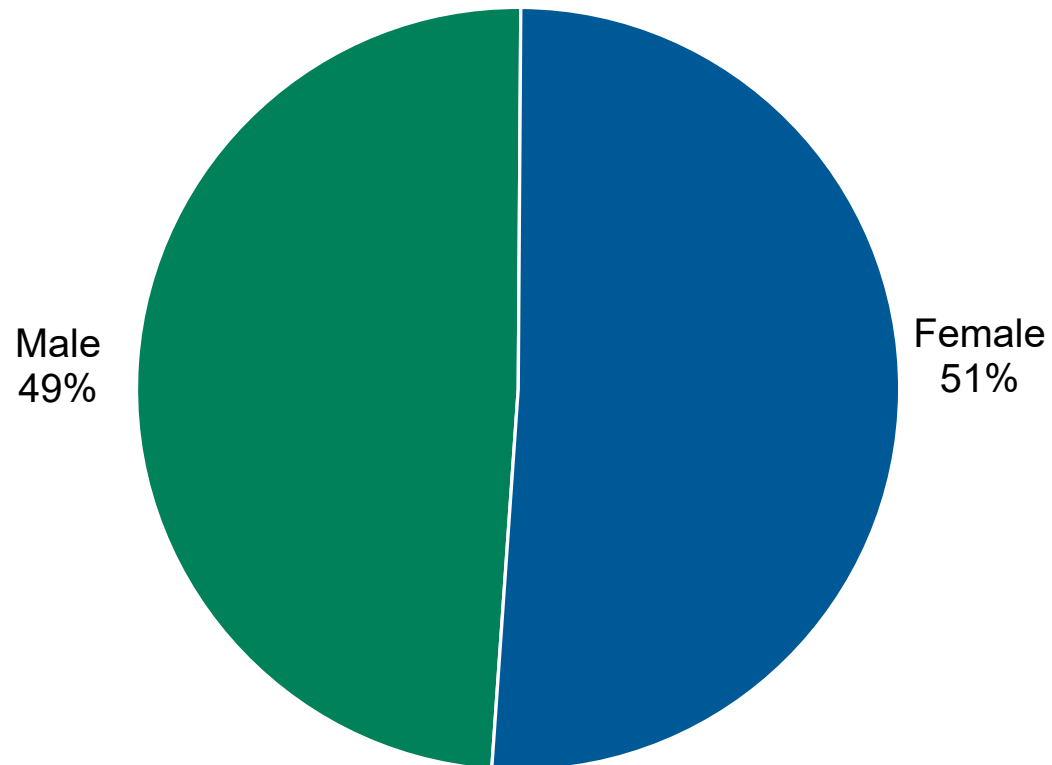
Demographics

Occupation



Demographics

Gender



Comments



Members were asked to share comments or feedback with the cooperative. See complete listing.



1. A lot of these questions are not applicable to us as we are not in contact with you a whole lot. So really didn't know how to answer most of them.
2. Be nice if cheaper
3. Been trying to get power lines moved out of our yard to build, issue has not been addressed yet. We need to know who to talk to get this addressed. Thank you
4. BELIEVE in cooperatives! Thank you, Lane-Scott, for great service. God Bless America
5. declined classification questions
6. everything has been pretty good except for not receiving a bill and getting yelled at for not paying on time.
7. fix the poles for more reliable electricity
8. for a small town service lane Scott is a great co-op
9. Great guys and gals
10. Great guys to work with
11. Great Locally Owned Company
12. Great service ok
13. great staff great service
14. had to go and didn't complete survey
15. Have been very happy with Lane Scott since we moved back to Kansas in the year 2000.
16. I am a happy customer, Thank You
17. I am beyond happy with Lane Scott. I feel so blessed to have Lane Scott. After the many negative experiences with the electric company in the Amarillo, Texas area for 30 years...I "so" appreciate Lane Scott. They are so easy to deal with. When my home burned in 2001 and I brought in a new home...they moved the electrical line and didn't charge me a cent. I "so" appreciated that! I just can't say enough good about Lane Scott. I feel blessed to have them as my electricity company! Roland Jackson 17321 NW V Rd Jetmore, Kansas 67854
18. I dislike the new online payment system. I liked to make the payment later ..not overdue just later in the month. New way is confusing.
19. I feel lucky to live in the area we do and have Lane-Scott as our company. We do have issue with a blinking of electricity once in a while or electricity off for just a second and then on again. This is when no storm or wind. Have clocks, etc. to reset. Who knows the problem? But I think overall our cooperative is a good one.
20. I like the computer read every month. Very accurate!

21. I really love the time and cooperation of the employees to understand our concerns and try to help as much as they can
22. I think you are doing a great job. Keep it up!!
23. I would like to get my patronage refund back from an extinct business account
24. i would not want to be charge on the livestock meters and charge year around
25. I'm not as connected with lane Scott as I was when I was a dispatcher, and No one ever tells me when the electricity will go off! A few Sunday's ago, there was an auction in the grade school, which as everyone knows I live behind. For a long time, I heard the school generator working. I was outside and did not notice until I went in and saw my microwave & stove clocks off. No one bothered to tell me, but it was on a Saturday so it's ok this time. But if power is going to be off in the winter, which can occur, it would be nice to receive a notice on my cell phone, which you have my number as that is the only phone I have. Being retired does Not give me many privileges as the sheriff's office doesn't pay that well for retirement! Pretty sure Chad Rupp still knows me!
26. Keep up the good work.
27. My parents, now deceased, established the farmstead connection in 1962. My father served on the Lane-Scott Board over 15 years. It's great to see the cooperative is continuing the ideals he worked hard with others on the board to promote. Thank you.
28. No issues and have never contacted them except to setup auto payment.
29. Not happy with repair work.
30. Overall, I think the cooperative does a good job.
31. Overall, Lane/Scott electric does a great job of providing electrical services. Any problems we have encountered were resolved in a timely, professional manner.
32. Rebecca is very rude, disrespectful and just plain nasty to me
33. Texas energy is a lot cheaper
34. The black outs seem to have lessened. We are thankful for the crews that go out in nasty weather to get an outage fixed as soon as possible. God Bless you all.
35. the budget tool is user friendly however, cannot be adjusted very easily and sometimes is difficult to get to
36. Very satisfied with service. Thank you for all you do.
37. We appreciate and respect the maintenance crews for keeping the power flowing.

38. We appreciate the response to wiring and servicing our operation when requested. We do note that in the past that Lane Scott did not recognize that farm equipment is getting taller and taller. Lane Scott insists that they are following standard height of overhead lines for equipment to pass. That maybe so but the equipment is built taller than the 18 feet or whatever is or was the standard. Thus, we got to pay the high price for hitting overhead lines plus a questionable homemade line going over a roadway that were too low. This equipment was also traveling at night. We were certainly made to feel like it was all our fault. Our position is that maybe Lane Scott should take responsibility of make sure all their lines over roads and into field entrances are high enough instead of laying a trap. By the way, it seems all members should receive their swag even it they do not attend the annual meeting..

39. We are very happy with everything you do for us. Thank You!

40. Well we are the tail end of the electric line from Lane Scott; that is not our choice and we are further from Headquarters of coop than we would like. Half of our electricity for our farm is with Midwest Energy so I am thinking it would be easier if all our electricity was with one company, but it is what it is.

41. Why the poles west of Utica with no wire on them?

2020 - Based on 294 responses													
Online		175	60%		Phone		119	40%					
1. How long have you received your electric service from Lane-Scott Electric Cooperative?													
Less than 1 year		2%		6 - 10 years		13%		21 - 30 years		16%			
1 - 5 years		17%		11 - 20 years		20%		More than 30 years		32%			
Median length of service: 19													
ACSI Score: 89													
2. Considering all your experiences, how satisfied overall are you with Lane-Scott?													
		Not at all satisfied -----> Very satisfied											
		1	2	3	4	5	6	7	8	9	10	Average	Top Box
*Top Box = 8,9,10 ratings combined, or highest satisfaction		0%	0%	1%	0%	1%	1%	5%	16%	21%	55%	9.2	92%
3. To what extent has Lane-Scott fallen short of or exceeded your expectations?													
		Falls short of expectations -----> Exceeds your expectations											
		1	2	3	4	5	6	7	8	9	10	Average	Top Box
*Top Box = 8,9,10 ratings combined, or exceeds expectations		0%	1%	1%	0%	3%	1%	8%	16%	23%	46%	8.8	85%
4. Imagine an ideal utility company. How well do you think Lane-Scott compares with that ideal utility company?													
		Not very close to ideal -----> Very close to ideal											
		1	2	3	4	5	6	7	8	9	10	Average	Top Box
*Top Box = 8,9,10 ratings combined, or closest to ideal		0%	1%	1%	1%	1%	1%	6%	17%	22%	51%	9.0	90%
5. Assume you can choose your electric company. If you could choose today, how likely is it that you would choose Lane-Scott?													
		Very unlikely -----> Very likely											
		1	2	3	4	5	6	7	8	9	10	Average	Top Box
*Top Box = 8,9,10 ratings combined, or most likely to stay		0%	1%	1%	0%	3%	1%	6%	10%	21%	58%	9.1	89%

2020 - Based on 294 responses												
	Online	175	60%		Phone	119	40%					
Cooperative Attitude & Performance Score (CAPS): 93												
6. Please rate your level of agreement with the following statements about the co-op.												
Electric Service and Rates	Strongly disagree -----> Strongly agree											
<i>*Top Box = 8, 9, 10 ratings combined, or strongest agreement</i>	1	2	3	4	5	6	7	8	9	10	Average	Top Box
a) Provides reliable electric service	0%	0%	0%	0%	0%	2%	4%	11%	20%	63%	9.3	94%
b) Restores service quickly after an outage	0%	0%	0%	0%	0%	1%	3%	12%	19%	64%	9.4	95%
c) Charges reasonable rates	0%	1%	1%	1%	6%	6%	6%	17%	19%	42%	8.5	78%
d) Has a goal to provide electricity at the lowest possible rate	0%	1%	2%	2%	8%	5%	6%	18%	17%	42%	8.4	77%
e) Delivers good value for the money	1%	0%	1%	1%	5%	4%	5%	19%	18%	46%	8.7	83%
Section Average Score	0%	0%	1%	1%	4%	4%	5%	15%	19%	51%	8.9	85%
Member Service	Strongly disagree -----> Strongly agree											
f) Has friendly and courteous employees	0%	0%	0%	0%	2%	1%	2%	6%	14%	73%	9.5	93%
g) Has knowledgeable and competent employees	0%	0%	0%	0%	2%	1%	1%	7%	15%	72%	9.5	94%
h) Communicates effectively	1%	0%	1%	0%	1%	2%	1%	13%	15%	65%	9.3	93%
i) Communicates with you about important issues	1%	0%	2%	1%	4%	0%	3%	12%	14%	62%	9.0	88%
j) Keeps you informed when doing work in your area	3%	0%	1%	2%	4%	1%	3%	10%	16%	59%	8.8	85%
k) Provides good advice on energy related matters	1%	0%	1%	1%	5%	2%	7%	11%	18%	54%	8.8	83%
Section Average Score	1%	0%	1%	1%	3%	1%	3%	10%	15%	64%	9.2	89%
Cooperative Culture	Strongly disagree -----> Strongly agree											
l) Is committed to local communities	0%	0%	0%	1%	5%	1%	2%	13%	16%	62%	9.1	91%
m) Supports renewable energy	1%	0%	0%	1%	17%	2%	4%	10%	17%	46%	8.4	73%
n) Is a trustworthy organization	1%	0%	0%	0%	3%	1%	4%	10%	16%	65%	9.3	91%
o) Truly cares about its members	1%	0%	0%	0%	3%	2%	3%	11%	15%	65%	9.2	91%
p) Is a well-managed organization	1%	0%	0%	0%	4%	1%	4%	11%	18%	62%	9.2	91%
Section Average Score	1%	0%	0%	0%	6%	1%	3%	11%	16%	60%	9.2	87%
Overall Average Section Score	1%	0%	1%	1%	4%	2%	4%	12%	17%	59%	9.1	88%

2020 - Based on 294 responses													
	Online	175	60%		Phone	119	40%						
7. Do you currently use SmartHub?													
	Yes	27%											
	No	73%											
8. What features do you use on SmartHub? (all that apply)													
Analyze and understand usage trend	33%				View billing history	53%							
Pay electric bill	86%				View or change account info	29%							
Receive notifications	27%												
9. What payment method(s) do you use to pay your electric bill? (all that apply)													
Bank draft Auto-withdraw	27%				Mail payments	38%							
Budget Billing	2%				Pay By Phone	9%							
Drop off at Lane-Scott office or drop box	5%				Prepay	0%							
Drop off at Ness City office	9%				SmartHub online payment	20%							
10. How do you prefer to receive information from Lane-Scott? (all that apply)													
Annual meeting	9%			Direct mail	48%			Instagram	0%				
Annual report	9%			Electronic newsletter	12%			Lane-Scott website	12%				
Bill insert	34%			Email	36%			Newspaper	4%				
Community events/meetings	3%			Facebook	10%			Radio	2%				
Lane-Scott newsletter in the center of the <i>Kansas Country Living Magazine</i>	38%			Flyers	4%			Other	6%				
11. During the past year, about how many times have you visited the Lane-Scott website?													
None	58%				6-10	4%							
1-2	18%				More than 10	8%							
3-5	9%				Don't know	4%							

2020 - Based on 294 responses													
Online		175	60%		Phone	119	40%						
12. During the past year, have you contacted the co-op for any of the following reasons? (all that apply)													
None		37%				Pay electric bill		10%					
Billing question or concern		12%				Report a problem		12%					
Change account info		7%	Report an outage or power quality issue				35%						
Inquire about a program or service		5%				Request service		16%					
Inquire about an event		2%											
DEMOGRAPHICS													
D1. Into which category does your age fall?													
Under 25		1%		45 - 54	13%		75+	21%					
25 - 34		5%		55 - 64	24%								
35 - 44		10%		65 - 74	27%								
Median age: 63													
D2. What is the highest level of education you have completed?													
Less than high school		2%					Some college		24%				
High school graduate/GED		26%					College graduate		29%				
Vocational or trade school		9%			Graduate or professional school			10%					
D3. What is the primary occupation of the head of your household?													
Retired		38%	Blue collar (manufacturing, construction, etc.)				13%						
Farmer/rancher		19%	Professional (advanced degree or training)				12%						
White collar (office, retail, sales, etc.)		14%				Unemployed/disabled		3%					
D4. Respondent's gender:													
Male		49%	Female		51%								
Do you have any comments or feedback you would like to share with the cooperative?													
See complete listing													



2020 Satisfaction Survey Crosstab Analysis

The following analysis compares means for length of service and demographic questions against overall satisfaction as well as the following aggregated categories:

Electric Service and Rates

Provides reliable electric service
Restores service quickly after an outage
Charges reasonable rates
Has a goal to provide electricity at the lowest possible rate
Delivers good value for the money

Member Service

Has friendly and courteous employees
Has knowledgeable and competent employees
Communicates effectively
Communicates with you about important issues
Keeps you informed when doing work in your area
Provides good advice on energy related matters

Cooperative Culture

Is committed to local communities
Supports renewable energy
Is a trustworthy organization
Truly cares about its members
Is a well-managed organization

	Total	Age		
		Under 45	45 - 64	65 and older
Satisfaction	9.2	9.2	8.9	9.4
Electric Service and Rates	8.9	8.9	8.5	9.1
Member Service	9.1	9.1	8.9	9.3
Cooperative Culture	8.9	9.1	8.7	9.2

	Total	Length of Membership		
		5 years or less	6 - 20 years	More than 20 years
Satisfaction	9.2	9.2	9.0	9.2
Electric Service and Rates	8.9	9.1	8.6	8.9
Member Service	9.1	9.3	8.9	9.2
Cooperative Culture	8.9	9.1	8.9	9.1

	Total	Education					
		Less than high school	High school	Vocational or trade school	Some college	College graduate	Graduate school
Satisfaction	9.2	9.4	9.2	9.0	9.1	9.2	9.4
Electric Service and Rates	8.9	9.5	8.8	8.6	8.9	8.9	8.8
Member Service	9.1	9.6	9.2	8.8	9.3	9.1	9.0
Cooperative Culture	8.9	9.3	9.0	8.5	9.2	9.1	8.7

	Total	Occupation					
		Retired	High school	White collar	Blue collar	Professional	Unemployed-/disabled
Satisfaction	9.2	9.4	8.9	8.9	9.3	9.3	8.4
Electric Service and Rates	8.9	9.0	8.7	8.4	8.9	8.9	8.9
Member Service	9.1	9.3	9.0	8.7	9.5	9.0	8.7
Cooperative Culture	8.9	9.2	8.8	8.7	9.4	9.1	8.3