



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been set for September 14, 2020 at 7:00 p.m.

Proposed Agenda:

1. Call to Order
2. Reading and Approval of Minutes
3. Presentation of Check Register
4. Presidents Report
5. Attorneys Report
6. Sunflower EPC Report
7. KEC Report
8. General Managers Report
9. Old Business
10. New Business
 - a. Audit Engagement Letter
 - b. Annual Meeting Report
 - c. Capital Credit Retirement Study
 - d. NRECA Virtual Regional Meeting – voting Delegate and Alternate
 - e. NRECA Retirement Programs
 - f. Group Insurance Renewal
11. Safety Report
12. Executive Session – is requested
13. Adjourn

Upcoming Events:

Sunflower Board	Sep 18	Hays, KS
LSEC Board Meeting	Oct 5	Dighton, KS
KEC Board Meeting	Oct 7-8	Wichita, KS
NRECA Virtual Regional Meeting	October 12-16	

**MINUTES OF THE REGULAR AUGUST 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, August 3, 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, Paul Seib Jr. and Craig Ramsey. Also present Richard McLeon IV and Joseph Gasper, Attorney. Chad Griffith was absent.

President Jennison welcomed new trustee Randy Evans to the board of trustees.

REORGANIZATION AND ELECTION OF OFFICERS

President, Jennison asked Attorney Gasper to chair the meeting for the election of officers. Attorney Gasper called for nominations for president to serve until the next election of officers following the annual meeting in year 2021.

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

A motion to retain the remaining current officers in their positions for the next year, as follows: Vice President, Craig Ramsey, Secretary, Paul Seib, Jr., and Treasurer, Eric Doll was made. The motion was seconded and carried.

Attorney Gasper called for action on the time and place for the monthly meeting. A motion to *maintain the current schedule of 7:00 p.m. on the first Monday of each month for the board meeting was made, duly seconded and carried.*

The board discussed Trustee compensation and no action was taken to change the compensation levels.

A motion to appoint Paul Seib, Jr., and Manager McLeon as the Sunflower delegates and President Jennison and Kathy Lewis as the alternate Sunflower delegate was made. The motion was seconded and carried.

A motion to appoint Harold Hoss as the KEC delegate and Manager McLeon as the alternate KEC delegate was made. The motion was seconded and carried.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on July 6, 2020. *Hearing no corrections, President Jennison declared the minutes stand approved as printed.*

President Jennison called for action on the corrected minutes of the meeting held on June 1, 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:

- Jeremy Anderson is replacing Bill Branch at the end of the year.
- The rate design continues to be discussed. What is good for one member may not be best for another so compromises are being searched for.
- In January 2021 the meetings will begin to be held on the third Wednesday rather than the third Friday.

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 will be reviewing the underbilling issue at their next meeting. They have 30 days to decide how they want to address the issue.
- Sheldon Peterson is retiring in 2021 from CFC. He will be very hard to replace.
- Vehicle #105 travelled 642 miles in June with 10 personal miles.
- IT has been busy with various patching, maintenance and updates.
- A review of the IT maintenance program fees is being conducted to see which ones are actually used and necessary.
- The door access control hardware has had some failures. A review of the physical access control and security is being conducted and pricing of a different system is being conducted.
- The 2012 workplan has been completed. Lane-Scott will not be on a work plan or loan for the next year so we will focus on system maintenance rather than construction until a new work plan is approved.
- Cash reserves are still good and should hold out through next fall without a new work plan loan. A line of credit is available in the event of a storm.
- Border States is still delayed due to Covid 19.
- The outage map has been embedded into the website. This will enable live outage information.
- Trustee photos will be held at the September board meeting. Please wear a jacket and tie.
- June posted a Total Margin loss of \$221,529 in June. This loss is largely a timing issue of wholesale power costs due to the lag in the demand rates. This will be re-captured when the Sunflower demand drops at the end of summer.
- The operating expense budget is \$231,712 behind.
- The 30 day past due is \$48,217 of which \$42,924 is for the City of Dighton underbilling. \$21,561 of the 90 day past due is with OPCO, LLC and a payment plan has been set up.
- Non-operating cash margins were \$105,620 with a gain of \$5,905 in June. The resale hours were billed at 93%.
- Black Dog has a balance of \$2,026.72.
- Interest earned was \$53,964, most of which was the cushion of credit.

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.

KEC COMPLIANCE REPORT

- The KEC compliance report prepared by Larry Detweiler was included in the board packet.
- This year's report was much better than last year with only one area of major concern: a concrete failure in Ness City. Also, the cooperative did not have a blanket permit for hauling poles. This has been addressed and the proper permits have been obtained.
- The full report is in the board packet for trustee review and most of the recommendations have already been implemented.
- The SDS sheets are being reviewed to have them available electronically.
- Prices for secondary containment are being obtained.
- The next work plan will likely contain concrete to address the issue of equipment being stored on the ground.
- The building in Ness City has a hole underneath the concrete in part of the building. No trucks are being parked on that area and the hole is going to be scoped to see what will be required to repair the hole.

NEW BUSINESS

1. Annual Meeting

- Manager McLeon thanked the board for their support during his mother's passing.
- The in person attendance was lower than normal with 85 members but 87 mail in ballots were received for a total quorum of 172. The 5 year average attendance is 151 members.
- Approximately 250 people were served food.
- The final financials will be available next month.
- *A motion to set the 2021 annual meeting for July 20, 2021 to coincide with the Lane County Fair was made, duly seconded and carried.*

2. KECHIT Update

- The cost of retirees and trustee spouses over age 65 compose 50% of the expenses for the health insurance. A teleconference was held July 21 to discuss the expense of retiree coverage. Many insurance programs are encouraging those over age 65 to participate in Medicare and supplement rather than the plans. It is estimated that a savings of up to \$16,000,000 could be saved in KECHIT if those over 65 were not in the pool.
- Various options were discussed to decrease expenses and the savings associated with each option. The earliest these changes would be implemented is 2022.
- The board discussed the issue and raised issues of discussing changes with the existing people with coverage, the difference in coverage from KECHIT to a supplemental plan, drug cost differences and what are the projections for costs if the changes are made.

3. Load Forecast Study

- Manager McLeon prepared a load forecast study included in the board packet.
- Data is projected for 15 years using 11 years of historical data normalized to variations in sales and revenues due to weather and market conditions.
- Revenue is based on 2019 actual and assumes an increase of 4% with rate increases in 2022, 2026, 2030 and 2034.
- Phillips 66 and Liberty are included in projections with Phillips beginning at half capacity in February 2022.
- Covid impacts are included using NRECA economic estimates.
- A review of the expected load forecast by class was reviewed by Manager McLeon.
- A question of when a cost of service study would be necessary. Manager McLeon answered that likely after Phillips 66 comes on it may be necessary.
- *A motion to approve the Load Forecast Study as prepared by Manager McLeon and presented to the board was made, duly seconded and carried.*

4. KCRE DONATION REQUEST

- A request to sponsor a hole for \$200 or a tee box for \$125 at the KCRE golf tournament August 28 has been received. The board discussed the request and felt more time is spent at the tee box and to sponsor a tee box.
- *A motion to donate \$125 to KCRE for a tee box sponsorship at the KCRE golf tournament was made, duly seconded and carried.*

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:21 p.m., on Monday, August 3, 2020.

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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
2141 07/13/2020	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	186.85
2142 07/13/2020	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	901.72
2139 07/14/2020	WIRE	18	CITY OF DIGHTON	Monthly Invoices	1,608.45
45936 07/14/2020	CHK	1	GAIL STANLEY	Tabulate Ballots - Annual Mtg	102.88
45937 07/14/2020	CHK	1	MAX MOOMAW	Tabulate Ballots - Annual Mtg	108.35
45938 07/14/2020	CHK	1	VANCE SHAY	Tabulate Ballots -Annual Mtg	110.35
2143 07/15/2020	WIRE	59	NRECA	401k Employer Expense	1,583.25
45939 07/16/2020	CHK	1	TABOR COLLEGE	Scholarship for Alysson Foos	500.00
45940 07/16/2020	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Trf	54,500.00
45941 07/16/2020	CHK	104	HOME OIL CO	Monthly Fuel Invoice	810.25
45942 07/16/2020	CHK	105	CITY OF NESS CITY	Monthly Invoice	26.00
45943 07/16/2020	CHK	243	WELL WATCH LLC	DOT Inspection #191	81.38
45944 07/16/2020	CHK	408	GW OILFIELD SERVICES, LLC	Twin springs Booster Station	405.00
45945 07/16/2020	CHK	424	FOOS AUTO & TIRE LLC	Truck # 191	456.72
45946 07/16/2020	CHK	431	LANE COUNTY EMS	Stand By-Annual Mtg	60.00
45947 07/16/2020	CHK	903	NISC	Monthly Invoice	9,613.03
45948 07/16/2020	CHK	9999	CHANCE BRALEY	INACTIVE REFUND	112.23
45949 07/16/2020	CHK	9999	H&M PETROLEUM CORP	INACTIVE REFUND	838.04
45950 07/16/2020	CHK	9999	TRACY PROCTOR	INACTIVE REFUND	702.69
45951 07/16/2020	CHK	9999	KIRBY SALMANS	INACTIVE REFUND	58.19
2144 07/20/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	360.11
2145 07/20/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	341.75
2146 07/20/2020	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	452.03
2140 07/21/2020	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	95.70
2147 07/21/2020	WIRE	1271	CARDMEMBER SERVICE	Monthly Invoice	2,804.68
2149 07/22/2020	WIRE	121	FED-EX	Monthly Invoice	17.91
2148 07/27/2020	WIRE	101	ATMOS ENERGY	Monthly Invoice	47.95
2151 07/27/2020	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	26,450.67
2152 07/27/2020	WIRE	264	KS DEPT OF REVENUE - USE TAX	Use Tax	6.23
45952 07/27/2020	CHK	1	LANE COUNTY FAIRBOARD	Rodeo Sponsorship	100.00

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
45953 07/27/2020	CHK	1	WILD WEST CATBACKERS	Donation for scholarships	100.00
45954 07/27/2020	CHK	20	BASIN ELECTRIC POWER COOP	June Dispatch Fees	2,127.37
45955 07/27/2020	CHK	46	LANE COUNTY TREASURER	Tags & taxes #305 & #105	104.50
45956 07/27/2020	CHK	59	NRECA	NRECA Membership Dues	6,985.00
45957 07/27/2020	CHK	105	CITY OF NESS CITY	Franchise Fee	5,641.70
45958 07/27/2020	CHK	106	LANE COUNTY FAIR BOARD	Donation-Fairgrounds for Annual Mtg	100.00
45959 07/27/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice - Ness City	71.56
45960 07/27/2020	CHK	135	CITY OF BAZINE	Franchise Fee	1,401.63
45961 07/27/2020	CHK	138	CITY OF UTICA	Franchise Fee	1,777.78
45962 07/27/2020	CHK	139	CITY OF MCCRACKEN	Franchise Fee	1,732.18
45963 07/27/2020	CHK	140	CITY OF BROWNELL	Franchise Fee	425.57
45964 07/27/2020	CHK	141	CITY OF RANSOM	Franchise Fee	3,323.91
45965 07/27/2020	CHK	142	CITY OF ALEXANDER	Franchise Fee	697.20
45966 07/27/2020	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	5,614.23
45967 07/27/2020	CHK	220	LANDIS+GYR TECHNOLOGY, INC	July SaaS	750.00
45968 07/27/2020	CHK	226	KANSAS CORPORATION COMMISSION	Qtrly Assessment	152.09
45969 07/27/2020	CHK	253	FARM CREDIT LEASING SERVICES COR	Truck Lease Pymts	9,548.69
45970 07/27/2020	CHK	325	HODGEMAN COUNTY 4-H SALE	Livestock Sale	100.00
45971 07/27/2020	CHK	439	BOLINGER, SEGARS, GILBERT & MOSS,	Audited Financial Statements	4,000.00
45972 07/27/2020	CHK	445	ROADRUNNER AUTOGLASS & WINDSH	Winshield and repair #200 & #117	402.43
45973 07/27/2020	CHK	448	MENGES RENTALS INC.	Tent for Annual Mtg	1,000.00
45974 07/27/2020	CHK	449	JOHN ROSS & CO SIGNATURE CATERIN	Meal for Annual Mtg	7,375.47
45975 07/27/2020	CHK	1225	CINTAS CORPORATION	Monthly Invoice - Dighton	474.91
45976 07/27/2020	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Gloves and Sleeves	354.20
2150 07/28/2020	WIRE	1290	WEX BANK	Monthly Invoice	514.03
2155 08/03/2020	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	14.99
2156 08/03/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	313.74
45977 08/03/2020	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	55,500.00
45978 08/03/2020	CHK	59	NRECA	Rural Electric Magazine Subscription	546.00
45979 08/03/2020	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	14,918.27

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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
45980 08/03/2020	CHK	79	POSTMASTER	Postage-Newsletter	110.68
45981 08/03/2020	CHK	155	KEVIN BRADSTREET	CDL Drivers License Renewal	45.75
45982 08/03/2020	CHK	218	SPENCER PEST CONTROL	Pest Control	108.50
45983 08/03/2020	CHK	238	ILLINOIS MUTUAL	Monthly Premiums	98.96
45984 08/03/2020	CHK	317	JOHN DEERE FINANCIAL	Monthly Invoice	284.18
45985 08/03/2020	CHK	395	DOLLAR GENERAL - REGIONS 410526	Monthly Invoice-Supplies	336.10
45986 08/03/2020	CHK	506	K&J FOODS	Monthly Invoice	171.29
45987 08/03/2020	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	40.33
45988 08/03/2020	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Monthly Invoice	98.18
2160 08/06/2020	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA-Group 1- Aug Group Ins	2,586.16
2161 08/06/2020	WIRE	180	NRECA	NRECA Grp 1 ADm Fee-Aug Grp Ins	208.09
2157 08/07/2020	WIRE	168	ONLINE INFORMATION SERVICES, INC	Monthly Invoice	86.74
2158 08/07/2020	WIRE	1267	AFLAC	Monthly Invoice	473.54
2159 08/07/2020	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS-GROUP INSURANCE	35,733.87
2153 08/10/2020	WIRE	265	HASLER - POSTAGE ACH	Postage	250.00
2154 08/10/2020	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,176.29
45989 08/10/2020	CHK	1	NESS CITY ROTARY CLUB	Monthly Meeting	28.00
45990 08/10/2020	CHK	2	CASHIER ACCOUNT	Petty Cash -Postage and wire fees	229.65
45991 08/10/2020	CHK	15	ERIC DOLL	August Board Meeting	390.25
45992 08/10/2020	CHK	30	HAROLD HOSS	August Board Meeting	384.50
45993 08/10/2020	CHK	32	WESCO RECEIVABLES INC	Monthly Invoice	339.06
45994 08/10/2020	CHK	34	AMERICAN SAFETY UTILITY CORP	Repellent	71.65
45995 08/10/2020	CHK	40	KANSAS ELECTRIC COOPERATIVES	KEC Dues	6,482.55
45996 08/10/2020	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	639.18
45997 08/10/2020	CHK	55	NESS COUNTY NEWS	Advertising	68.00
45998 08/10/2020	CHK	60	PAUL SEIB JR	August Board Meeting	387.95
45999 08/10/2020	CHK	63	RICHARD JENNISON	August Board Meeting	364.95
46000 08/10/2020	CHK	74	WEBER REFRIGERATION & HEATING I	Monthly Invoice	387.00
46001 08/10/2020	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	96.71
46002 08/10/2020	CHK	104	HOME OIL CO	Monthly Fuel Invoice	494.65

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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
46003 08/10/2020	CHK	105	CITY OF NESS CITY	Postage and August Pay Station	615.25
46004 08/10/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice - Dighton	191.03
46005 08/10/2020	CHK	179	RAD ROEHL	August Board meeting	360.35
46006 08/10/2020	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	782.38
46007 08/10/2020	CHK	186	BRIDGEWELL RESOURCES LLC	Poles	13,417.62
46008 08/10/2020	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	136.99
46009 08/10/2020	CHK	194	POST ROCK	Advertising	150.00
46010 08/10/2020	CHK	248	CENTRAL PUMP & SUPPLY	Monthly Invoice	5.91
46011 08/10/2020	CHK	278	GLOBAL EQUIPMENT COMPANY INC	Vinyl signs	41.49
46012 08/10/2020	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	100.00
46013 08/10/2020	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	16,371.58
46014 08/10/2020	CHK	346	HYSPECO, INC.	Monthly Invoice	519.41
46015 08/10/2020	CHK	378	ABG BAG, INC	Transformer containment case	472.20
46016 08/10/2020	CHK	380	GRAINGER	Monthly Invoice	145.84
46017 08/10/2020	CHK	383	HUXFORD POLE AND TIMBER CO INC	Poles	12,364.11
46018 08/10/2020	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	168.73
46019 08/10/2020	CHK	413	MERIDIAN ANALYTICAL LABS, LLC	Hydrocarbon	191.75
46020 08/10/2020	CHK	427	DIGHTON HERALD LLC	Advertsing	82.00
46021 08/10/2020	CHK	440	BART BAKER SERVICES, INC.	Parts for Powerwasher	360.79
46022 08/10/2020	CHK	450	RANDALL G EVANS	August Board Meeting	350.58
46023 08/10/2020	CHK	451	DJ'S LOCK & KEY LLC	South Door striker repair	710.85
46024 08/10/2020	CHK	452	DAVIS AG-A/C SERVICE LLC	Truck #150	334.51
46025 08/10/2020	CHK	453	SCOTT CO HARDWARE	Paint and Supplies	50.49
46026 08/10/2020	CHK	773	BRETZ'S INC	Monthly Invoice	618.14
46027 08/10/2020	CHK	903	NISC	Monthly Invoices	9,275.11
46028 08/10/2020	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	48.00
46029 08/10/2020	CHK	1030	THE SCOTT COUNTY RECORD	Advertising	145.00
46030 08/10/2020	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	273.85
46031 08/10/2020	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Invoice	703.03
46032 08/10/2020	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	9,076.34

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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
46033 08/10/2020	CHK	1213	NRECA GROUP ADMIN	FSA -rea #17042	15.00
46034 08/10/2020	CHK	1230	NORTHWESTERN PRINTERS, INC.	Letterhead Paper	344.59
46035 08/10/2020	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	115.50
46036 08/10/2020	CHK	1251	TECHLINE, LTD	Monthly Invoice	6,522.16
46037 08/10/2020	CHK	1254	EAGLE RADIO	Advertising Annual Mtg	285.00
46038 08/10/2020	CHK	1263	RICHARD SOREM	August Board Meeting	399.45
46039 08/10/2020	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	219.34
46040 08/10/2020	CHK	1287	COLLINS STEEL	Monthly Invoice	24.80
46041 08/10/2020	CHK	1299	DEANNE SHULL	Cookie for Board Meeting	72.00
46042 08/10/2020	CHK	1300	CRAIG RAMSEY	August Board Meeting	378.75
46043 08/10/2020	CHK	1303	LANE COUNTY IMPLEMENT, INC	Mower Parts	106.33
46044 08/10/2020	CHK	1306	KCRE	Sponsorship-Gold Tournament	125.00

Total Payments for Bank Account - 2 : (132) 359,353.87

Total Voids for Bank Account - 2 : (0) 0.00

Total for Bank Account - 2 : (132) 359,353.87

Grand Total for Payments : (132) 359,353.87

Grand Total for Voids : (0) 0.00

Grand Total : (132) 359,353.87

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Payroll/Labor Check Register

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Pay Date: 07/01/2020 To 07/31/2020

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	07/14/2020		4,958.76	0.00	88.00	0.00	691.54	33.00	1,283.33	2,983.89	
			5106					368.57	0.00	2,907.07	985.00	DD
											100.00	DD
											1,898.89	DD
17	DAVID L HOWARD	07/14/2020	5107	3,946.95	0.00	89.00	0.00	450.08	37.00	1,159.23	2,337.64	DD
								301.10	0.00	2,122.91		
21	CARRIE M BORELL	07/14/2020	5108	2,500.45	0.00	92.50	0.00	309.46	10.93	434.61	1,756.38	DD
								186.39	0.00	1,818.46		
22	REBECCA L CAMPBELL	07/14/2020		2,302.34	0.00	91.50	0.00	364.79	5.50	425.31	1,512.24	
			5109					167.28	0.00	1,759.01	300.00	DD
											1,212.24	DD
26	RICHARD A MCLEON	07/14/2020	5110	9,375.00	0.00	88.00	0.00	337.02	109.64	3,323.25	5,714.73	DD
								725.58	0.00	3,245.72		
34	KALO M MANN	07/14/2020	5111	3,478.00	0.00	91.00	0.00	699.41	44.32	777.90	2,000.69	DD
								265.58	0.00	1,766.45		
35	NATHAN A BURNS	07/14/2020	5112	4,803.13	0.00	88.00	0.00	883.62	37.47	1,187.45	2,732.06	DD
								368.49	0.00	2,168.63		
50	KASEY R JENKINSON	07/14/2020	5113	3,959.00	0.00	91.00	0.00	666.77	15.73	830.05	2,462.18	DD
								298.33	0.00	2,410.11		
55	BENJAMIN L MANN	07/14/2020	5114	5,050.40	0.00	107.00	0.00	648.53	15.48	1,100.36	3,301.51	DD
								385.72	0.00	1,778.94		
74	DAL S HAWKINSON	07/14/2020	5115	5,205.06	0.00	111.00	0.00	511.58	5.49	1,112.36	3,581.12	DD
								392.88	0.00	2,358.15		
81	DEANNE R SHULL	07/14/2020	5116	1,882.38	0.00	91.00	0.00	297.55	34.17	360.58	1,224.25	DD
								142.60	0.00	999.03		
84	MICHAEL S POLLOCK	07/14/2020		3,741.20	0.00	94.50	0.00	710.69	6.81	665.51	2,365.00	
			5117					281.00	0.00	2,229.44	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											2,190.00	DD
85	CHAD A RUPP	07/14/2020	5118	4,007.07	0.00	94.00	0.00	515.60	21.67	836.24	2,655.23	DD
								298.65	0.00	2,358.15		
89	CHRIS R TERHUNE	07/14/2020	5119	4,069.05	0.00	95.00	0.00	476.42	15.83	1,261.88	2,330.75	DD
								306.78	0.00	2,321.80		
91	LARRY D KRAFT	07/14/2020	5120	4,905.56	0.00	107.50	0.00	448.29	40.01	1,056.66	3,400.61	DD
								372.61	0.00	2,358.15		
93	MYRON E SEIB	07/14/2020	5121	3,821.18	0.00	91.00	0.00	627.87	26.58	706.50	2,486.81	DD
								288.62	0.00	2,358.15		
99	KEVIN A BRADSTREET	07/14/2020	5122	3,821.18	0.00	91.00	0.00	419.42	17.16	1,092.98	2,308.78	DD

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Payroll/Labor Check Register

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Pay Date: 07/01/2020 To 07/31/2020

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	07/14/2020	5123	3,199.71	0.00	92.50	0.00	293.62 937.32 244.48	0.00 19.78 0.00	1,435.00 766.20 1,384.73	1,496.19	DD
117	LEIGHTON J AYERS	07/14/2020	5124	5,205.06	0.00	111.00	0.00	652.86 393.35	11.73 0.00	1,221.36 2,358.15	3,330.84 150.00 3,180.84	DD DD
129	STACEY L FOOS	07/14/2020	5125	100.17	0.00	6.50	0.00	0.00 8.37	0.00 0.00	7.66 0.00	92.51	DD
130	ANN MARIE JENNINGS	07/14/2020	5126	2,100.92	0.00	91.50	0.00	253.65 150.72	6.67 0.00	397.29 1,490.92	1,449.98	DD
131	DIANA KUHLMAN	07/14/2020	5127	1,912.24	0.00	88.00	0.00	337.56 142.77	4.83 0.00	295.99 1,178.60	1,278.69	DD
132	DELLON SHELTON	07/14/2020	5128	2,400.95	0.00	91.00	0.00	114.17 183.77	1.30 0.00	632.76 207.80	1,654.02	DD
5	KATHERINE E LEWIS	07/30/2020	5129	4,958.76	0.00	96.00	0.00	691.54 368.55	33.00 0.00	1,283.31 2,907.07	2,983.91 625.00 1,373.91 985.00	DD DD DD
17	DAVID L HOWARD	07/30/2020	5130	5,622.75	0.00	113.00	0.00	485.36 429.30	37.00 0.00	1,785.14 2,140.55	3,352.25	DD
21	CARRIE M BORELL	07/30/2020	5131	2,533.44	0.00	96.00	0.00	330.57 188.92	10.93 0.00	442.83 1,829.01	1,760.04	DD
22	REBECCA L CAMPBELL	07/30/2020	5132	2,370.24	0.00	96.00	0.00	386.52 172.46	5.50 0.00	442.51 1,768.88	1,541.21 300.00 1,241.21	DD DD
26	RICHARD A MCLEON	07/30/2020	5133	9,375.00	0.00	96.00	0.00	337.02 725.58	109.64 0.00	3,323.25 3,245.72	5,714.73	DD
34	KALO M MANN	07/30/2020	5134	3,722.40	0.00	98.00	0.00	699.41 284.27	44.32 0.00	839.85 1,766.45	2,183.14	DD
35	NATHAN A BURNS	07/30/2020	5135	4,803.13	0.00	96.00	0.00	808.62 368.50	37.47 0.00	1,209.74 2,168.63	2,784.77	DD
50	KASEY R JENKINSON	07/30/2020	5136	4,494.00	0.00	102.00	0.00	701.01 339.27	15.73 0.00	978.06 2,427.23	2,814.93	DD
55	BENJAMIN L MANN	07/30/2020	5137	4,108.80	0.00	96.00	0.00	648.53 313.70	15.48 0.00	801.42 1,796.06	2,658.85	DD
74	DAL S HAWKINSON	07/30/2020	5138	4,151.66	0.00	99.00	0.00	551.24 312.30	5.49 0.00	718.91 2,374.68	2,881.51	DD
81	DEANNE R SHULL	07/30/2020	5139	1,968.86	0.00	96.50	0.00	313.83 149.23	34.17 0.00	379.65 1,007.17	1,275.38	DD
84	MICHAEL S POLLOCK	07/30/2020		3,609.60	0.00	96.00	0.00	740.77	6.81	626.81	2,242.02	

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Payroll/Labor Check Register

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Pay Date: 07/01/2020 To 07/31/2020

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
			5140					270.93	0.00	2,244.48	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											2,067.02	DD
85	CHAD A RUPP	07/30/2020	5141	5,039.82	0.00	111.00	0.00	548.65	21.67	1,189.84	3,301.33	DD
								377.66	0.00	2,374.68		
89	CHRIS R TERHUNE	07/30/2020	5142	5,205.07	0.00	112.00	0.00	502.86	15.83	1,686.16	3,016.05	DD
								393.66	0.00	2,335.02		
91	LARRY D KRAFT	07/30/2020	5143	3,965.76	0.00	96.00	0.00	481.34	40.01	786.96	2,697.46	DD
								300.71	0.00	2,374.68		
93	MYRON E SEIB	07/30/2020	5144	3,965.76	0.00	96.00	0.00	677.45	26.58	737.32	2,550.99	DD
								299.70	0.00	2,374.68		
99	KEVIN A BRADSTREET	07/30/2020	5145	5,019.17	0.00	111.00	0.00	455.77	17.16	1,540.45	3,022.95	DD
								385.29	0.00	1,451.53		
108	MARK R MCCULLOCH	07/30/2020	5146	3,241.93	0.00	96.00	0.00	964.33	19.78	773.65	1,503.95	DD
								247.71	0.00	1,398.24		
117	LEIGHTON J AYERS	07/30/2020		4,213.62	0.00	100.00	0.00	685.91	11.73	888.22	2,639.49	
			5147					317.52	0.00	2,374.68	150.00	DD
											2,489.49	DD
129	STACEY L FOOS	07/30/2020	5148	104.02	0.00	6.75	0.00	0.00	0.00	7.96	96.06	DD
								8.68	0.00	0.00		
130	ANN MARIE JENNINGS	07/30/2020	5149	2,162.88	0.00	96.00	0.00	262.66	6.67	413.00	1,487.22	DD
								155.46	0.00	1,499.93		
131	DIANA KUHLMAN	07/30/2020	5150	2,086.08	0.00	96.00	0.00	363.63	4.83	334.79	1,387.66	DD
								156.07	0.00	1,187.29		
132	DELLON SHELTON	07/30/2020	5151	2,508.48	0.00	96.00	0.00	125.42	1.30	670.76	1,712.30	DD
								191.99	0.00	219.05		
Grand Total:				\$ 175,976.99	\$ 0.00	4,278.75	\$ 0.00	\$ 23,116.64	\$ 1,042.20	\$ 42,796.05	\$ 110,064.30	
								\$ 13,324.72	\$ 0.00	\$ 86,281.08		

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 July 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	10,425,182	9,460,734	10,665,997	1,527,731
2. Power Production Expense				
3. Cost of Purchased Power	6,192,808	5,494,010	6,362,708	1,070,713
4. Transmission Expense	4,506	1,269	4,371	198
5. Regional Market Expense				
6. Distribution Expense - Operation	779,740	867,003	805,022	121,146
7. Distribution Expense - Maintenance	373,250	471,402	428,948	67,321
8. Customer Accounts Expense	123,299	118,666	132,088	23,446
9. Customer Service and Informational Expense	17,773	22,640	19,137	3,390
10. Sales Expense	33,539	29,656	43,831	3,631
11. Administrative and General Expense	844,144	784,582	807,744	127,419
12. Total Operation & Maintenance Expense (2 thru 11)	8,369,059	7,789,228	8,603,849	1,417,264
13. Depreciation and Amortization Expense	906,217	953,531	941,021	138,639
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	724,354	775,725	749,869	113,190
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	2,069	1,162	2,119	164
19. Other Deductions	4,591	6,559	9,259	700
20. Total Cost of Electric Service (12 thru 19)	10,006,290	9,526,205	10,306,117	1,669,957
21. Patronage Capital & Operating Margins (1 minus 20)	418,892	(65,471)	359,880	(142,226)
22. Non Operating Margins - Interest	126,058	131,520	24,323	3,059
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	50,732	(22,635)	35,000	205
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)	613,718	61,612	439,203	(138,962)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION KS0042		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED July 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	35	32	5. Miles Transmission		
2. Services Retired	11	45	6. Miles Distribution – Overhead	2,035.31	2,036.59
3. Total Services in Place	6,049	6,023	7. Miles Distribution - Underground	7.15	7.53
4. Idle Services (Exclude Seasonals)	205	230	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	57,691,276		30. Memberships	0	
2. Construction Work in Progress	398,420		31. Patronage Capital	21,628,858	
3. Total Utility Plant (1 + 2)	58,089,696		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	17,233,608		33. Operating Margins - Current Year	(65,471)	
5. Net Utility Plant (3 - 4)	40,856,088		34. Non-Operating Margins	127,083	
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)	21,828,712	
8. Invest. in Assoc. Org. - Patronage Capital	10,817,833		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		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)	6,070,022	
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)	11,734,331		43. Total Long-Term Debt (37 thru 41 - 42)	36,430,044	
15. Cash - General Funds	257,617		44. Obligations Under Capital Leases - Noncurrent	256,881	
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)	256,881	
18. Temporary Investments	6,482,310		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,261,944	
20. Accounts Receivable - Sales of Energy (Net)	1,764,050		49. Consumers Deposits	121,568	
21. Accounts Receivable - Other (Net)	150,120				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	1,382,100	
23. Materials and Supplies - Electric & Other	316,053		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	101,173		52. Current Maturities Capital Leases	96,276	
25. Other Current and Accrued Assets	82,475		53. Other Current and Accrued Liabilities	1,022,728	
26. Total Current and Accrued Assets (15 thru 25)	9,153,923		54. Total Current & Accrued Liabilities (47 thru 53)	3,884,616	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	655,911		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	62,400,253		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	62,400,253	

LANE-SCOTT ELECTRIC ENERGY SALES STATISTICS FOR JUL 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	2,231	2,237	3,137,283	14,093,440	\$354,646	\$1,593,888	902	\$102.04	11.31
Residential Sales-Seasonal	50	53	17,971	78,521	\$3,011	\$15,454			
Irrigation Sales	334	333	2,126,443	5,726,429	\$201,374	\$502,530			
Small Commercial	1,839	1,828	3,624,184	27,172,283	\$411,774	\$2,760,430	2,110	\$214.39	10.16
Large Commercial	185	185	2,903,224	18,943,406	\$347,587	\$2,100,389	14,617	\$1,620.67	11.09
Public Street Lighting	13	13	35,906	251,342	\$4,821	\$30,984			
Public Building Sales	42	49	35,649	190,816	\$4,948	\$27,355			
Non-Domestic	1,059	1,061	180,020	1,163,895	\$34,099	\$216,115			
City of Dighton	1	1	1,132,294	6,466,898	\$83,903	\$450,779	923,843	\$64,396.96	6.97
Idle Services on rate 90	30	29		0	\$914	\$1,859			
Large Industrial	3	3	2,342,710	19,855,420	\$220,589	\$1,513,069	945,496	\$72,050.88	7.62
Irrigation Horsepower Charges	0			0		\$264,332			
Total Energy Sales	5,789	5,792	15,535,684	93,942,450	\$1,667,667	\$9,477,183			10.09
Other Electric Revenue					(\$139,936)	(\$16,449)			
Total					\$1,527,731	\$9,460,734			

SUBSTATION DATA

Substation	(NCP)KW	kWh Purchased	Cost Per kWh	kWh Sold	Line Loss	Load Factor-P	Load Factor-S
Beeler-Sub 3	6,653	3,434,596		2,478,897	27.83%	69.39%	50.08%
Dighton-Sub 1 - 7200	2,731	1,643,259		2,073,288	-26.17%	80.87%	102.04%
Dighton-Sub 2 - 14400	4,353	2,217,415		2,091,487	5.68%	68.47%	64.58%
Manning-Sub 4	6,921	4,176,012		3,291,129	21.19%	81.10%	63.92%
LS Seaboard-Sub 5	175	83,710		78,802	5.86%	64.29%	60.52%
Twin Springs Lo 7.6-Sub 7	358	184,558		171,091	7.30%	69.29%	64.23%
Twin Springs Hi 14.1-Sub 8	394	183,337		173,943	5.12%	62.54%	59.34%
City of Dighton	2,375	997,695	7.2800	997,695	0.00%	56.46%	56.46%
City of Dighton - WAPA	218	134,599	2.6000	134,599	0.00%	82.99%	82.99%
Alexander 115	2,347	1,149,071		1,108,636	3.52%	65.81%	63.49%
Ness City 115	5,452	2,459,550		2,936,117	-19.38%	60.64%	72.38%
Total	31,977	16,663,802	6.4000	15,535,684	6.77%	70.04%	65.30%

RUS/CFC LOAN FUND TRANSACTIONS

MISC.

OTHER STATISTICS

					Y.T.D	M.T.D.
Gross Obligation to RUS	\$ 54,111,889	General Fund Balance	\$43,783	Miles Energized	2044.12	
Pymts Applied Against Principal	\$ 18,949,597	MMDA Investments	\$216,869	Density	2.83	
Net Obligation to RUS	\$ 35,162,292	Cash Available at Month End	\$260,652	kWh Purchased	98,328,816	16,663,802
CFC Line of Credit	\$ -			kWh Sold (Inc. Office Use)	92,381,350	15,542,796
CoBank Line of Credit	\$ -	CFC Investments - CP, SN, MTN	\$6,265,440	Percent of Line Loss	6.05%	6.73%
CFC Note #9004-RUS refinance	\$ 6,060,362	CFC CTC's	\$221,958	Idle Services	230	
CFC Note #9006-RS Prepymt	\$ 555,478			Oper. Revenue Per kWh Sold	10.24	9.83
				Expense Per kWh Sold	10.31	10.74
				Income Per Mile		747.38
				Expense Per Mile		816.96

ACCOUNT AGING

	Current	30-89 Days	90 Plus
Irrigation Accounts Receivable	\$170,380	\$11	
Electric Accounts Receivable	\$1,353,173	\$124,282	\$22,174
Retail Accounts Receivable	\$57,673	\$602	\$2,229



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING SUMMARY

August 19, 2020

SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING

CURRENT ACTIVITIES

Future Rate Design

As directed by the Board in July, James Brungardt and Rich Macke, Power System Engineering, presented information in support of the Future Rate Design strategic initiative. The goals of the initiative include examining various rate design and tariff options to produce a rate structure that best meets the future needs of the combined Sunflower membership in the future; discussing whether it is the appropriate time to implement different options; and having in-depth discussions with Sunflower's Members to examine the wants and needs of each Member and exploring the pros and cons of each option.

August discussion focused on the pros and cons of Time-of-Use Rates as well as Coincident and Non-Coincident Demand Rates. Since the rate structures are designed to be revenue neutral to Sunflower, staff illustrated how the different rate structures would shift costs. Rate design discussion will continue at future Board meetings.

Russell and Liberal Solar Projects

Staff reviewed challenges to the schedules of the Russell and Liberal solar projects due to a backlog in the Southwest Power Pool (SPP) interconnection queue. The SPP has 115 GW of generation applications in its queue and has indicated that interconnection studies submitted now would not be completed until 2024. This timeframe conflicts with the schedule required to meet the 26% Investment Tax Credit (ITC) criteria.

The path forward has two options: 1) Wait and see if SPP is able to accelerate the interconnection study backlog and move our studies to an earlier date, or 2) pursue interim interconnection service. Since the Liberal project has greater a risk of required transmission upgrades than the Russell project, Sunflower staff recommended pursuing Option 1 for Liberal and Option 2 for Russell. Staff sought Board approval to purchase one GSU transformer for the Russell solar project in order to meet the ITC safe harbor and start-of-construction qualification requirement.

Board action: The Sunflower Board approved the purchase of one GSU transformer for the Russell solar project.

Sunflower Member Conference

The second biennial Members' Conference is scheduled for this fall. During preliminary planning, staff learned that FHSU has implemented occupancy restrictions due to COVID-19. The restrictions would not only reduce the number of participants in the conference but would

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also restrict the number of breakout sessions available. Therefore, staff presented the Board with a virtual option that would 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.

The Board supported a virtual Member Conference and directed staff to pursue a virtual conference and to consult with Member CEOs on possible dates.

ICARE2020

Work continues on a post-2020 corporate strategic vision statement. The Board has identified that the vision statement should comprise three themes: rates, managing risk, and furthering the success of Sunflower's Members and those they serve. The next steps in developing this vision statement include identifying drivers for each theme and measures for each.

From August through November, existing ICARE2020 objectives and initiatives will be reviewed with the Board to elicit feedback and promote ideas for the 2025 strategy discussion scheduled for the December Board meeting. This month, staff reviewed objectives and the implemented initiatives related to the People and Culture perspective of the Strategy Map: achieve a culture of safety and compliance, ensure development and key role sustainability, attain internal and external stakeholder collaboration, and achieve realization of asset deployment.

PRESIDENT'S REPORT

Infrastructure Services

Sunflower has experienced increased attempts at breaching its cybersecurity perimeter, including attempts by cyberhackers from other countries trying to use log-in credentials of Sunflower management staff. Sunflower's cyber security system worked as designed in preventing a breach. In addition, a Sunflower vendor was a recent target of cyber phishing tactics; the vendor has relayed that Sunflower information was not jeopardized.

Transmission Planning and Policy

The SPP Regional State Committee (RSC) and the SPP Board of Directors approved the byway cost allocation waiver review process in July. The waiver process will now move to FERC for approval, which could occur as early as January 2021. Sunflower staff are currently preparing studies needed to apply for the waiver process on seven completed projects.

The FERC zonal placement docket involving the attempt by Tri-County and GridLiance to place new and existing upgraded facilities into Southwest Public Service's (SPS) Zone 11 is scheduled for an evidentiary hearing in August and September. The SPS has asked ITOs, including Sunflower, to assist in the upcoming evidentiary hearing with cross examination of SPP witnesses on the issues pertaining to policy questions, such as consideration of rate impacts of sunk costs and zonal placement process at the SPP.

Financials

Operating expenses were down \$4.5 million for July. A \$5.5 million journal entry was made in July to capitalize outage costs that had previously been in operating expenses. These outage expenses will be amortized monthly over the projected benefit life.

Year-to-date operating expenses were down from budget by \$6.2 million. Large industrial loads were down 10.93% from budget for the month and 4.17% year to date. Overall Member loads were down 6.90% from budget for the month and 4.20% year to date.

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Transmission margins were down \$5.5 million 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, \$5.9 million for the Formula Rate Settlement and \$5.1 million for the 2020 Transmission Formula Rate true-up.

The Holcomb Expansion Project (HEP) has deferred its development costs and its deferred revenues, which equate to approximately \$9.8 million. The revenues will be amortized over the next 40 months, from October 2020 to January 2024. The Board also authorized an increase in the Holcomb depreciation rates. The combination of these two actions does not result in a rate change.

2020 Load Forecast

The load forecast is the first step in financial planning at Sunflower and is also used for transmission and power supply planning. The forecast study 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. Staff will seek Board approval for the 2020 Load Forecast Study, which has been incorporated into the 2021 budget, at the September Board meeting.

2021-2023 Budget

The Budget summary chart 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.

Approval of the 2021 budget will be requested by the Board in the September.

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 and can be recognized as income when Sunflower receives official notice of loan forgiveness.

In July, the Board approved approximately half of the loan be applied to the generation FERC accounts payroll expenses incurred from April 22 thru July 3. The Board is now revisiting the PPP loan appropriations on a monthly basis.

Board action: The Sunflower Board approved allocating \$1,526,173 from the PPP restricted cash to the generation FERC accounts payroll (50000-55400).

FM Global Insurance

Insurance premiums have continued to rise, with this year showing a 19% increase. To mitigate the premium increase, Sunflower modified its deductible to \$1 million.

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Board action: The Sunflower Board ratified the renewal of the insurance policy as presented.

Kansas Electric Cooperative Health Insurance Trust (KECHIT)

Staff requested direction from the Board regarding the topic of the increasing costs of Sunflower retirees and spouses in the KECHIT program. The Board's consensus was to make no changes to the program.

The Board also discussed membership eligibility requirements for participation in KECHIT.

Voting Delegate for Virtual NRECA Regional Meeting

Board action: The Sunflower Board elected Stuart Lowry as the voting delegate for the NRECA Regional Meeting.

8. General Manager's Report

A. Administration

- 1) City of Dighton. The underbilling debt has been resolved with the Council accepting the capital credit balance transfer. I have also spoken to the City about bidding on their O&M contract in 2022.
- 2) The Credit Card records are available for the Boards review.
- 3) Mileage Log. Vehicle #105 traveled 146 miles in July with 7 miles personal miles.

B. Information Technology / Cybersecurity highlights

Carrie has posted the yearly on-line assessments report in her Cybersecurity report. She has made a big impact since opening 2018 with 122 IT projects to currently having 275 in 2020. Carrie has been a real student of IT and Cybersecurity and has improved our operations from metering software to firewall security.

C. Operations.

- 1) Construction. The crew built new three phase line to Doll's feedlot, changed out poles for clearance and repaired storm damage. They also retired old line in Ness and Hodgeman counties and built several new connects.
- 2) Maintenance. We changed out regulators in the McCracken sub and made several substation checks. The crew also changed out some suspect transformers, began patrolling lines, and working on overall system maintenance.
- 3) Metering. Dal has spent a lot of time re-programming and changing out meters. We are seeing an increase in meter failures.

D. Member Services

- 1) Back to School. Mary Breit of Utica was the randomly selected winner of our Media Contest and received a \$100.00 Visa Gift Card.
- 2) Surveys. Our Survey is underway and the NRECA Survey is completed. We hope to have results by the end of September.
- 3) New Members. Ann Marie has created an e-mail program to welcome new members and will have the new brochure finished after photos are completed.
- 4) Active Military. We are coordinating Care Packages to active duty service members from our service area. AMJ is collecting names.
- 5) Outage Map. The live outage map is a reality! The map is on our LSEC website. Collaboration between Carrie, Nate, and AMJ made it happen.

E. Finance.

- 1) July posted a \$138,962 loss in Total Margins and a \$142,226 loss in Operating margins. This is an improvement from last month. Total kWh Sales were 1.51% below YTD 2019 figures but 6.36% above average for July (years 2017-2019). However, total sales revenues are down 8.32% (or \$688,566) from YTD 2019 and 5.79% below the 2017-2019 average over the same period.

YTD Sales Summary (kWh)

	2019	2020	average	YTD %
Residential - 440.10	13,664,834	14,093,440	14,133,929	59.0%
Residential - Seasonal	1,240,876	1,242,416	1,216,244	60.7%
Irrigation	2,734,872	5,726,429	4,458,926	54.6%
C&I 1000 kVa or less	30,057,586	27,172,283	29,728,370	57.5%
C&I Over 1000kVa	42,334,093	38,798,826	34,050,584	57.2%
Public Street and Lighting	257,838	251,342	256,193	58.3%
Other Sales to Public Authorities	212,912	190,816	208,605	59.9%
Sales for Resale - Other	4,875,339	6,466,898	5,645,410	59.7%
Total Sales	95,378,350	93,942,450	88,325,208	57.3%
compared to YTD last year	7.33%	-1.51%		
compared to 2017-2019 YTD average	7.99%	6.36%		

YTD Sales Summary (\$\$\$)

	2019	2020	2017-19 average	YTD %
Residential - 440.10	1,641,439	1,593,889	1,689,315	58.4%
Residential - Seasonal	241,897	233,428	237,930	59.3%
Irrigation	255,886	502,530	416,169	53.6%
C&I 1000 kVa or less	3,239,200	2,805,430	3,209,942	57.1%
C&I Over 1000kVa	4,241,562	3,613,458	3,639,808	56.6%
Public Street and Lighting	33,166	30,985	32,997	57.8%
Other Sales to Public Authorities	30,893	27,355	30,039	59.0%
Sales for Resale - Other	370,426	450,779	429,822	59.6%
Total Sales	8,278,753	7,590,187	8,056,778	57.5%
compared to YTD last year	0.53%	-8.32%		
compared to 2017-2019 YTD average	2.76%	-5.79%		

We believe that this remains largely a timing issue of wholesale power costs. Sunflower billed us for the higher June Demand after our June billings had gone out. We billed at our most recent demand charges which were at the lower off-Summer rate. We anticipate recovering that lag in October.

- 2) Rate. Our overall YTD rate is \$0.1073/kWh.

Rate Summary

	current month	year to date
Residential	0.1130	0.1138
Residential - Seasonal	0.1920	0.1886
Irrigation	0.0947	0.0832
C&I 1000kVa or less	0.1136	0.1037
C&I over 1000 kVA	0.1083	0.0942
Public Street and Lighting	0.1343	0.1233
Other Sales to Public Authorities	0.1388	0.1448
Sales for Resale - Other	0.0741	0.0672
Total Sales price per kWh:	0.1073	0.0984

- 3) Budget. We are \$425,351 under budget on Operating Margins (Part a, Line 21) and \$377,591 under budget on Total Margins. Lower sales revenues account for a net \$336,565 and Operations and Maintenance account for \$104,435.

4) Billing Past Due (July)

- a. 30 day – \$ 34,795.75 (\$33,264.72 is City of Dighton – underbilling)
- b. 60 day – \$ 244.91
- c. 90 day – \$ 22,174.39 (\$21,561.31 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 \$127,083 mainly on the strength of \$131,520 in Interest earned.

- 1) Retail Services. Initial figures posted a \$205.49 gain in July. COVID-19 hit them harder than in Operations because they were restricted from home visits. We lost revenue from over 60 HVAC Season checks alone.
 - a. Resale Hours. There were 568 hours worked and 426.5 billed (75%). Mark was out for a few days waiting on COVID-19 test results. As our schools open, we expect another round of school closing which will hit Michael hard again.
 - b. Outstanding Balances. The total past due balance is \$2,987.65.
 - i. 30 day - \$ 599.33
 - ii. 60 day - 337.16
 - iii. 90 day - 2,051.16 (Black Dog from May-August 2019)
 - c. Generac. So far we have four units on order and another four estimates waiting.
- 2) Interest earned. We earned \$3,059 in interest for a year to date total of \$131,520. 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 \$6.2MM 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

Richard McLeon, MBA
General Manager

10. a. Audit Engagement Letter

Last year, the Board selected Bolinger, Segars, Gilbert & Moss, LLP (BSGM) as our Auditors for three (3) years. They provided an Audit fee schedule of \$22,000-24,000 per year (page 4, Fees of attached Audit Proposal).

Randy Robbins has provided that attached BSGM Audit Engagement Letter for the Audit year ending December 31, 2020. Fees are estimated at \$22,000-24,000.00 which includes travel and other out-of-pocket costs as per the Audit Proposal.

Staff is very pleased with the working relationship they have developed with Randy and the BSGM staff during the Audit.

Staff requests that the Board approved and execute the 2020 Audit Engagement letter.

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

C E R T I F I E D P U B L I C A C C O U N T A N T S

P H O N E : (8 0 6) 7 4 7 - 3 8 0 6

F A X : (8 0 6) 7 4 7 - 3 8 1 5

8 2 1 5 N A S H V I L L E A V E N U E

L U B B O C K , T E X A S 7 9 4 2 3 - 1 9 5 4

September 30, 2019

Lane Scott Electric Cooperative
Attn: Richard McLeon
410 S. High Street
Dighton, Kansas 67839

In response to your request for a proposal to conduct the independent audit of the Lane Scott Electric Cooperative (the Cooperative) for the year ending December 31, 2019 we submit the following:

Our firm name –

Bolinger, Segars, Gilbert & Moss, L.L.P.
8215 Nashville Ave.
Lubbock, TX 79423
(806) 747-3806

Representative of our firm in charge of this proposal – Randy Robbins, Partner

Company Overview

Bolinger, Segars, Gilbert, and Moss, L.L.P. is an Independent CPA firm with a single office in Lubbock, Texas that was established in 1954. We are organized as a limited liability partnership (LLP) and currently have 14 partners, with approximately 65 total people in our organization. Our audit department consists of 10 partners, 8 managers and other professional staff. Our utility tax department consists of 1 partner and 2 senior staff. Our emphasis on audit engagement staffing has always involved a strong presence of partners and upper level staff onsite during all phases of the engagement.

Professional Experience

Our firm provides multiple services for our clients. These services include audits, compilations and reviews, consulting services including cost of service studies and rate assistance, tax preparation and planning services and other traditional CPA services. In addition, we have a utility tax department that provides unique utility related tax services. Through this same department, we assist with other utility related projects such as entity structural options, bylaw and policy review, merger and acquisition assistance and other projects as requested. The utility niche is a key component of our firm. We currently have over 100 utility related clients, of which approximately 78 are electric distribution related organizations. Since our firm's inception, a unique aspect that we provide audit clients is direct, onsite partner involvement on all audit engagements. This direct involvement is beneficial to the client in that it allows expedited decision making on complex issues, immediate access between the engagement partner and key client management and staff and finally, a direct, daily awareness of engagement status.

Our firm has been performing audits of Electric Cooperatives who are RUS Borrowers since its inception in 1954. We have been a member of the Private Companies Practice Section (PCPS) of the AICPA since September 1986. The AICPA requires peer review every three (3) years. The most recent peer review of our firm was for the year ended May 31, 2017 and resulted in a peer review rating of Pass (a/k/a "Unmodified").

See attachment for a copy of Our Peer Review Report.

We warrant that our firm meets or exceeds the USDA RUS Bulletin 1773-1, Section 1773.5 for all necessary qualifications of the CPA who will be performing the audit.

Audit Approach

If selected as your auditors, we would provide a detailed Request for Information communication inclusive of all items anticipated for the audit. This request will be designed to utilize the Cooperative's technological capabilities to its fullest. Our firm has a secure web portal so that security is maintained for all information exchanged. We will request all the information to be submitted in an electronic format prior to arriving at the Cooperative for our audit fieldwork. We will use our knowledge of the industry and the Cooperative to perform a risk assessment that will help us to develop our audit approach and procedures. All of our audit files are in an electronic form. In addition, for NISC clients, once a formal agreement is executed between the Cooperative, BSGM and NISC, we can access the accounting software through read-only access.

We would perform preliminary work in November or December from the BSGM offices. We would work in various areas that do not require the financial statements to be closed. This would include testing of work orders and other internal control procedures.

In your request for proposal you have requested fieldwork by February 15, 2020. Due to our current scheduling we would only be able to perform the audit fieldwork in mid-January or mid-to-late March of 2020. We would perform our audit fieldwork on the final closed financial statements of the Cooperative during a time agreeable to your accounting staff. At this time we would have a partner, manager and staff member onsite performing audit fieldwork. We expect that this fieldwork work would take approximately two or three days.

Our quality control procedures require that the completed audit report and supporting work papers are reviewed by a partner of the firm that has not been involved in the engagement. Upon completion of this review, working draft copies of the audit report would be provided to management for their review prior to the finalization of the report.

The partner in charge of the audit would travel to the cooperative to present the final audit report to the audit committee and/or the Board of Directors. If we perform the audit fieldwork in mid-to-late March we would make every effort to have the completed audit by the end of April 2020 and make the presentation of the report to the Board of Directors at their May 2020 board meeting.

Client References

We have included a client listing of all of our utility related clients within the attached firm brochure. Please feel free to contact any of the cooperatives listed. Three specific references are included below:

- A. Wheatland Electric Cooperative, Inc.
Garden City, Kansas
Services/Solutions provided
Annual audit of the electric cooperative. Annual preparation of form 990 return. Periodic assistance with special projects as requested by client, including agreed upon procedure type engagements.

Contact Information
Bruce Mueller – General Manager
620-872-5885
- B. Victory Electric Association, Inc.
Dodge City, Kansas
Services/Solutions provided
Annual audit of the electric cooperative. Annual preparation of form 990 return. Periodic assistance with special projects as requested by client, including agreed upon procedure type engagements.
Contact Information
Shane Laws – CEO
620-253-0735
- C. National Information Solutions Cooperative, Inc. (NISC)
Mandan, ND
Services/Solutions provided
Annual audit of the cooperative and subsidiary. Annual preparation of the tax return. Periodic assistance with special projects as requested by client.

Contact Information:
Vern Dosch – President and CEO
Tracy Porter – VP Corporate Services and CFO
701-667-6670

Other Information

We fully understand the complexities of the utility industry, and we frequently lend our assistance to organizations that provide industry training. We often make presentations to statewide and regional accounting groups and at national meetings hosted by statewide organizations, NRECA, NSAC, RUS, supplemental lenders and others. This involvement in education training has been a tremendous benefit to our firm for many years. Our staff also attends many of these conferences to stay up to date on the latest standards.

Our most recent peer review resulted in a Pass Report, also referred to as an unmodified report. We annually update our quality control policies and procedures and are confident they are maintained in a manner that addresses the issues in industries we serve, specifically electric utilities.

We represent we are independent with respect to Lane Scott Electric Cooperative as defined by professional standards.

Our firm is not involved in any pending litigation or disciplinary actions at this time

Fees

We base our charges on standard hourly rates based upon the time necessary to complete the audit. Based upon our conversations with you, review of your prior financial audit, and on audits of other similar sized cooperatives we currently work with, we quote our fee range to be as follows:

The requested one year estimate:

Financial Statement Audit 12/31/2019	\$26,000 - \$28,000
Preparation of the Form 990	\$4,000 - \$4,500

If the cooperative would like to entertain a three year proposal the fees would be as follows:

Financial Statement Audit of Lane Scott Electric Cooperative:

For the Year Ending 12/31/2019	\$22,000 - \$24,000
For the Year Ending 12/31/2020	\$22,000 - \$24,000
For the Year Ending 12/31/2021	\$22,000 - \$24,000

Preparation of Lane Scott Electric Cooperative Form 990:

For the Year Ending 4/30/2020	\$3,500 - \$4,000
For the Year Ending 4/30/2021	\$3,500 - \$4,000
For the Year Ending 4/30/2022	\$3,500 - \$4,000

Our fee is estimated at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

The above arrangement is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Additionally, if the cooperative requires a single audit to be performed the fee will be in addition to the fee quoted above. The fee for the single audit will be calculated at the time it is required.

As a continuing client, we do not charge for phone calls or questions during the year. We encourage our clients to utilize us as needed during the year. If there is a project or research that we are requested to perform that will require a significant amount of time or research, we will discuss any fee prior to performance of the requested service.

Conclusion

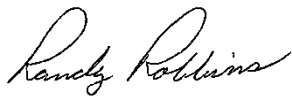
Once again, we would like to thank you for the opportunity to submit this proposal. Please contact us if you have questions or need additional information. If after review of this proposal you would like to have a face-to-face interview, please let us know, we would be more than happy to meet with you.

I certify that I am entitled to represent the firm, empowered to submit this proposal, and I am authorized to sign a contract with the Cooperative.

Sincerely,

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

By:

A handwritten signature in cursive script that reads "Randy Robbins".

Randy Robbins, CPA
Partner

Enclosures

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

August 18, 2020

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

We submit the enclosed audit agreement for the year ended December 31, 2020. RUS policy requires that a written agreement be obtained for the annual audit engagement and a copy be retained for inspection by RUS. If the terms are acceptable, please have the agreement signed by a corporate officer and return one to us.

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

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

Very truly yours,

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

By:



Randy Robbins, Partner

Enclosures

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

August 18, 2020

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

We are pleased to confirm our understanding of the services we are to provide Lane-Scott Electric Cooperative, Inc. for the year ended December 31, 2020.

We will audit the financial statements of Lane-Scott Electric Cooperative, Inc., which comprise balance sheet as of December 31, 2020, and the related statements of income, other comprehensive income, and patronage capital and cash flows for the year then ended, and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole:

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

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of Rural Utilities Service, (The requirements of Rural Utilities Service are incorporated into this agreement as Attachment A) and will include tests of the accounting records of Lane-Scott Electric Cooperative, Inc. and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of audit of Lane-Scott Electric Cooperative, Inc.'s financial statements. Our report will be addressed to the Board of Directors of Lane-Scott Electric Cooperative, Inc. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of the Board of Directors, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Lane-Scott Electric Cooperative, Inc. is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests,

if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weakness. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

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

Other Services

We will also assist in preparing the financial statements of Lane-Scott Electric Cooperative, Inc. in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will also prepare the federal and state income tax returns for the year ended December 31, 2020 based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

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

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

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

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

Engagement Administration, Fees, and Other

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

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Randy Robbins is the engagement partner and is responsible for supervising the engagement and signing the report, and whom any complaints or disputes should be directed.

We estimate that our fee for these services will be \$22,000 - \$24,000 including travel and other out-of-pocket costs such as report reproduction, word processing, postage, travel, copies, telephone, etc. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report accompanies this letter.

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

Very truly yours,

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

By:



Randy Robbins, Partner

RESPONSE:

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

By: _____

Title: _____

Date: _____

U. S. DEPARTMENT OF AGRICULTURE

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

INSTRUCTIONS FOR CERTIFICATION

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

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

CERTIFICATION

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

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

Organization Name

PR/Award Number or Project Name

Randy Robbins - Partner

Name and Title of Authorized Representative

Randy Robbins
Signature

8/19/2020
Date

ATTACHMENT A

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

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

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

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

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

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

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



CPAs • Tax • Audit & Accounting

Report on the Firm's System of Quality Control

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

We have reviewed the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bolinger, Segars, Gilbert & Moss, LLP has received a peer review rating of *pass*.

BUMGARDNER, MORRISON & COMPANY, LLP

April 24, 2018

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

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

1501 E Mockingbird Lane, Suite 300
PO Box 3750
Victoria, Texas 77903-3750
Phone: 361.575.0271
Fax: 361.578.0880
Website: BMCcpa.com

10. b. 2020 Annual Meeting Report

The Lane-Scott Electric Cooperative Annual Meeting was held on July 14, 2020.

1. Election Results.
 - Ness and Rush Counties: Mr. Paul Seib, Jr.
 - Finney and Hodgman Counties: Mr. Richard Sorem
 - Lanes and Gove Counties: Mr. Randy Evans
2. Attendance. There were 85 members present. Eighty-seven (87) mail-in ballots were received counted towards quorum for a total of 172 members. Our five-year attendance average is 151 members.
3. Meal. We served approximately 250 people and received a lot of positive feedback about John Ross Catering.
4. Expenses. The 2020 Annual Meeting cost LSEC \$41,877. This is \$6,645 (15.87%) above last year's meeting. Primary factors contributing to the increase are:
 - a. Better accounting of expenses – primarily labor.
 - b. Increased expenses due to COVID-19. These were increased advertising, mail-in ballots, people to count the ballots, additional over-time labor, and tent rental.

Annual Meeting Expense Review

Expense	2014	2015	2016	2017	2018	2019	2020	average
Ann Mtg Gifts	\$ 5,180	\$ 6,944	\$ 4,467	\$ 4,757	\$ 7,698	\$ 8,451	\$ 4,315.73	\$ 6,249.60
Meal	4,164	5,353	5,669	5,669	5,154	5,371	7,375	5,230.00
Tent Rental	623	690	600	600	600	600	1,000	618.83
Labor	8,753	13,219	12,656	12,650	16,049	13,735	18,439	12,843.82
Advertising	898	388	414	493	705	838	1,793	622.57
Transportation	82	29	61	175	216	317	476	146.57
Energy Gift Certs	400	400	350	-	-	-	400	191.67
Ann Mtg Brochure	3,865	3,952	2,959	3,697	4,189	4,617	5,525	3,879.91
Emp Shirts	-	562	-	70	-	218	-	121.52
Length of Svc Award	-	-	-	379	-	-	1,064	206.10
Misc. Expenses	-	-	-	-	-	-	472	67.44
Nominating Committee	-	-	-	-	1,001	1,085	1,016	443.17
Total	\$ 23,964	\$ 31,539	\$ 27,176	\$ 28,490	\$ 35,612	\$ 35,232	\$ 41,877	\$ 30,335.57

The Board has selected Tuesday, July 20, 2021 as the date of the next LSEC Annual Meeting

Capital Credit Retirement Study

1. G&T Capital Credits will be paid the year following their retirement to LSEC.
2. Distribution Capital Credits will be planned according to the following schedule.

note: Unretired amount as of 7/5/2020. Balances will decrease with City of Dighton and Estate retirements.

year	previous year Op Rev (Fin Forecast)	percent to retire	amount to retire	Retirement year	unretired amount	retirement amount	remaining balance	rotation
2021	\$ 16,048,320	1.30%	\$ 206,862.14	1988	30,799.76	30,799.76	-	33
				1993	176,062.38	176,062.38	-	28
				206,862.14				
2022	\$ 15,372,720	2.00%	\$ 307,212.22	1994	122,105.45	122,105.45	-	28
				1995	17,654.97	17,654.97	-	27
				1997	92,451.80	92,451.80	-	25
				1998	402,155.80	75,000.00	327,155.80	24
				307,212.22				
2023	\$ 20,726,100	2.16%	\$ 447,155.80	1998	327,155.80	327,155.80	-	25
				1999	788,431.91	120,000.00	668,431.91	24
				447,155.80				
2024	\$ 25,929,634	2.31%	\$ 600,000.00	1999	668,431.91	600,000.00	68,431.91	25
				600,000.00				
2025	\$ 26,727,162	2.90%	\$ 776,342.78	1999	68,431.91	68,431.91	-	26
				2000	507,192.38	507,192.38	-	25
				2001	541,494.35	200,718.49	340,775.86	24
				776,342.78				
2026	\$ 27,555,737	3.05%	\$ 840,775.86	2001	340,775.86	340,775.86	-	25
				2002	824,725.99	500,000.00	324,725.99	24
				840,775.86				
2027	\$ 29,533,254	3.19%	\$ 942,698.16	2002	324,725.99	324,725.99	-	25
				2004	417,972.17	417,972.17	-	23
				2005	616,134.07	200,000.00	416,134.07	22
				942,698.16				
2028	\$ 30,483,446	3.29%	\$ 1,001,793.16	2005	416,134.07	416,134.07	-	23
				2006	235,659.09	235,659.09	-	22
				2007	907,831.73	350,000.00	557,831.73	21
				1,001,793.16				
Totals:	\$ 192,376,373	2.66%	\$ 5,122,840					

10. d. NRECA Virtual Regional Meeting

The NRECA Virtual Regional Meeting will be the week of October 12, 2020. The Schedule for Region 7 is:

Monday, Oct. 12

1pm

Region 7 Resolutions Committee Meeting

Wednesday, Oct 14

9:30-10:50

General Session 1 – Keynote Speaker, Gen. Colin Powell

11:30-12:15

General Session 2

12:40-1:40

Breakout Sessions

1. Strategic Energy Leadership: Charting America's Energy Future (Policy)
2. Disrupting Energy: Why Accelerating Science and Technology is Disrupting the Future of Energy, Faster Than you think. (Futurist)

2-2:30

CFC Address – no business meeting

3-4 pm

ACRE Election Analysis and Prediction Contest

Thursday, Oct. 15

2:30-4pm

Region 7 Business Meeting

If you wish to register for this meeting please contact Diana as soon as possible. The cost to participate in the Business Meeting is free, but the General Sessions, Breakouts, and ACRE meeting combined cost is \$325.00. As of September 3, 2020, Richard McLeon, GM, is the only LSEC registrant.

Director Education will not be offered but NRECA is offering on-line education classes. These are scheduled through November 2020 and are currently Sold-Out.

The Region 7 Business Meeting will involve voting for NRECA Standing Committee Members and proposed Resolutions. Our current NRECA Voting Delegates are:

Delegate: Richard Jennison

Alternate: Craig Ramsey

Does the Board wish to keep these Voting Delegates?



Online REGIONAL WEEK

| Oct. 12-16, 2020



REGION 7: SCHEDULE*

Colorado, Kansas, Nebraska, Wyoming. The Region 7 Nominating Committee met via phone Friday, Oct. 9, 2020.

MONDAY, OCT. 12

2 p.m. ET

Region 7 Resolutions Committee Meeting

There are no planned meetings for Region 7 on Tuesday. Regions 1, 4, 5, 6 and 9 will conduct their Resolutions Committee Meetings on Tuesday.

TUESDAY, OCT. 13

WEDNESDAY, OCT. 14

9:30-10 a.m. ET

CEO to CEO Discussion

Jim Matheson, CEO, NRECA

Sheldon C. Petersen, CEO, CFC

Moderated by Jeffrey Connor, COO, NRECA

10:30-11:50 a.m. ET

General Session 1

Welcome

Curtis Wynn, NRECA President and North Carolina Director, Presiding Officer

Address by NRECA CEO

Jim Matheson

Leadership: Taking Charge – A Conversation with General Colin Powell

General Colin L. Powell, USA (Ret.)

Interviewed by Jim Matheson, CEO, NRECA

12:30-1:15 p.m. ET

General Session 2

Presentation of Regional Service Award (Region 6)

Address by NRECA President

Curtis Wynn, NRECA President and North Carolina Director

NRECA Secretary-Treasurer's Report

Tony Anderson, NRECA Secretary-Treasurer and Michigan Director

1:40-2:40 p.m. ET

Breakout Sessions

Strategic Energy Leadership: Charting America's Energy Future

Susan Eisenhower, Strategic Energy Policy Leader

Interviewed by Scott Peterson, Senior Vice President, Communications, NRECA

Disrupting Energy: Why Accelerating Science and Technology Is Disrupting the Future of Energy, Faster Than You Think!

Jim Carroll, Futurist, Trends and Innovation Expert

Q&A moderated by Keith Dennis, PE, Vice President, Business and Technology Strategies, NRECA

3-3:30 p.m. ET

CFC Address

Sheldon C. Petersen, CEO, CFC

4-5 p.m. ET

ACRE Election Analysis and Prediction Contest



Amy Walter, National Editor, The Cook Political Report and Host, WNYC's The Takeaway Fridays

THURSDAY, OCT. 15

3:30 p.m. ET

Region 7 Business Meeting

Reuben Ritthaler, Wyoming

Region 7 Executive Committeeperson

Presiding Officer

FRIDAY, OCT. 16

There are no planned meetings for Region 7 on Friday. Regions 1, 4, 8, 9 and 10 will conduct their Business Meetings on Friday.

**Schedule is subject to change.*



Online REGIONAL WEEK

| Oct. 12-16, 2020



Use this form to help ensure you have all the information you need before registering each of your attendees.

Note: This is not a registration form. Please register for this event online at cooperative.com.

Please read the following before completing this form.

- Each individual who will be participating in any part of Online Regional Week (Resolutions Committee Meeting, Business Meeting or Wednesday programming) will need to register for the event.
- If your co-op will be viewing together in the same room – adhering to local regulations and social distancing – then only one registrant is necessary.
- NRECA voting delegates and alternate delegates must register for their region's regional business meeting **individually** to ensure they receive proper access to vote on behalf of their member system.
- In light of the online format, you may consider appointing a voting delegate and alternate who have access to reliable broadband connections and are comfortable participating in the meeting virtually.
- Each NRECA voting member system may only have one vote.

If you have questions about your certified delegates, please contact votingdelegates@nreca.coop.

Name: _____

Which of the following will you be attending/participating in?

To ensure you are granted appropriate access to our online platform, be sure to indicate EACH session you plan to attend.

Monday, Oct. 12, 2020

- | | |
|--|--|
| <input type="checkbox"/> 9-10:30 a.m. ET | Regions 2&3 Resolutions Committee Meeting (\$0) |
| <input type="checkbox"/> 11 a.m.-12:30 p.m. ET | Regions 8&10 Resolutions Committee Meeting (\$0) |
| <input type="checkbox"/> 2-3:30 p.m. ET | Region 7 Resolutions Committee Meeting (\$0) |

Tuesday, Oct. 13, 2020

- | | |
|--|---|
| <input type="checkbox"/> 9-10:30 a.m. ET | Regions 1&4 Resolutions Committee Meeting (\$0) |
| <input type="checkbox"/> 11 a.m.-12:30 p.m. ET | Regions 5&6 Resolutions Committee Meeting (\$0) |
| <input type="checkbox"/> 2-3:30 p.m. ET | Region 9 Resolutions Committee Meeting (\$0) |

Wednesday, Oct. 14, 2020

- | | |
|--------------------------|--|
| <input type="checkbox"/> | Wednesday Programming (Includes CEO Remarks, President's Address, Keynotes and Breakouts) (\$275*) |
| <input type="checkbox"/> | CEO to CEO Discussion (<i>Open to CEOs ONLY</i>) 9:30-10 a.m. ET (\$0) |
| <input type="checkbox"/> | ACRE Election Analysis and Prediction Contest 4-5 p.m. ET (\$0) |

Thursday, Oct. 15, 2020

- | | |
|---|---------------------------------|
| <input type="checkbox"/> 8:30-9:15 a.m. ET | Region 2 Business Meeting (\$0) |
| <input type="checkbox"/> 10-10:45 a.m. ET | Region 3 Business Meeting (\$0) |
| <input type="checkbox"/> 11:30 a.m.-12:15 p.m. ET | Region 5 Business Meeting (\$0) |
| <input type="checkbox"/> 2-2:45 p.m. ET | Region 6 Business Meeting (\$0) |
| <input type="checkbox"/> 3:30-5 p.m. ET | Region 7 Business Meeting (\$0) |

Friday, Oct. 16, 2020

- | | |
|---|----------------------------------|
| <input type="checkbox"/> 8:30-9:15 a.m. ET | Region 1 Business Meeting (\$0) |
| <input type="checkbox"/> 10-10:45 a.m. ET | Region 4 Business Meeting (\$0) |
| <input type="checkbox"/> 11:30 a.m.-12:15 p.m. ET | Region 8 Business Meeting (\$0) |
| <input type="checkbox"/> 2-2:45 p.m. ET | Region 10 Business Meeting (\$0) |
| <input type="checkbox"/> 3:30-5 p.m. ET | Region 9 Business Meeting (\$0) |

Important Notice: The Regional Meetings are for NRECA voting member employees, directors, consultants and attorneys only. By registering for the 2020 Online Regional Week, you represent that you are one of these individuals and that you will not distribute or disclose information or materials from the 2020 Online Regional Week to anyone other than these individuals.

**Registration for Resolutions Committee Meetings and Business Meetings is free of charge. Registration for Wednesday's program is \$275 on or before Sept. 3 (\$325 after Sept. 3).*

10. e. NRECA Retirement Programs

The Cooperative offers employees two retirement programs: The NRECA Retirement Security (RS) Plan and the NRECA 401 (k) Program.

1. The NRECA RS Plan. The RS Plan is a non-contributory “pension” type program that is defined in Board Policy 514 Employee Retirement Plan. The LSEC Plan is split into two groups:

- a. Employees hired before January 1, 2018 (Group 001). Group 001 has a normal retirement age of 62 or 30 years’ service and represents about \$1,335,091.06 (or about 78.2%) of our total \$1,707,284.60 payroll. This closed group has a benefit level of 2.0 and a COLA. That means that if an employee retires with 20 years of service and their average highest salary (average highest five of their last ten years) was \$90,000/year their pension benefit is calculated as:

**(average highest salary five of their last 10 years) x 2.0% x years of service =
annual benefit**

or

\$90,000 x 0.02 x 20 = \$36,000 annual benefit (initial).

This will be adjusted annually for changes in the cost of living. Assuming a 2.1% inflation rate annually, this amount will rise to \$58,990 in 2041 (20 years).

The total billing rate for 2021 has increased from 33.66% of eligible payroll to 34.96% (1.3%) for prepayment. The total, approximate, annual cost for this Group rises from \$449,391.65 to \$466,747.84. Because this is a closed group the average salaries and age of participants (49) will continue to climb. This will continue to increase expenses.

- b. Employees hired after January 1, 2018 (Group 003). Group 003 has a normal retirement age of 62 and represents about \$372,193.54 (or about 21.8%) of our total \$1,707,284.60 payroll. This group has a benefit level of 1.7 and does not have a COLA. That means that the same employee described in a. above will receive:

**(average highest salary five of their last 10 years) x 1.7% x years of service =
annual benefit**

or

\$90,000 x 0.017 x 20 = \$30,600 annual benefit.

There is no COLA so this amount will not be adjusted. The pension will lose 63.86% of its purchase power in 20 years and have an effective value of \$11,058.84 per year in 20 years.

The total billing rate for 2021 has decreased from 23.55% of eligible payroll to 21.65% (1.9%) for prepayment. The total, approximate, annual cost for this Group decreases from \$87,651.59 to \$80,579.90. This is because the average salaries and age of participants (43) will continue to decrease as new employees (younger) are hired. We expect this will continue to decrease expenses.

We asked NRECA to calculate the cost of adding a COLA to Group -003 because of the disparity in retirement pay. The estimated that the cost of adding a COLA is \$6,840.00 per year. Staff feels that this is important for the Board to consider but agree that given our margin constraints any decision should be delayed until next year.

The combined effect is:

Total 2021 RS expense (estimated):	\$	547,327.74
Group -001 (1.3 % increase)	\$	17,356.19
Group -003 (1.9% decrease)		<u>7,071.69 -</u>
Net increase:	\$	10,284.50

This is a net increase of 1.92% over the 2020 cost of \$537,043.24. This cost does not include NRECA administrative fees. Next year we would like to re-evaluate the expense of having two RS programs.

2. The NRECA 401 (k) Plan. The NRECA 401(k) program is a contributory program that is defined in Board Policy 515 Employee NRECA SelectRE Pension Plan (401 (k) Plan). This plan is also split into two groups:

- a. Employees hired before January 1, 2018 (Group -001). This group has a normal retirement age of 62- or 30-years' service. This Group has the following schedule:

Contribution	<u>Employee</u>	<u>LSEC</u>
	2.0%	2.0%
	5.0%	3.0%

8.0%	4.0%
10.0% or above	5.0%

- b. Employees hired after January 1, 2018 (Group -003). This group has a normal retirement age of 62 and the following schedule:

Contribution	<u>Employee</u>	<u>LSEC</u>
	1.0%	1.0%
	2.0%	20%
	3.0%	3.0%
	4.0%	4.0%
	5.0% or above	5.0%

The NRECA 401 (k) Plan cost LSEC \$70,378.39 in 2019. That amount will increase according to payroll and we expect the 2020 figure to be about \$81,745.70. The 16.2% increase in cost is due to three employees becoming eligible to contribute in 2020 and two significantly increasing their contributions. A 3.0% increase (2.0% COLA plus 1.0%) for 2021 would increase the projected 2020 number to \$84,198.07.

Staff requests that the Board re-new the NRECA RS Plan and the NRECA 401 (k) Plan as they currently exist.

10.g. Insurance Benefits Renewal

References: Board Policy 512. Employee Insurance.
Board Policy 519. Employee Group Term Life Insurance.
Board Policy 402. NRECA business travel accident insurance for the Manager.

There are two parts to our insurance benefits: NRECA and Kansas Electric Cooperatives Health Insurance Trust (KECHIT).

1. **NRECA.** These are our non-Health Insurance coverages. These expenses are paid 100% by the Cooperative. NRECA provides the following coverages and proposed 2021 premiums:
 - a. Director Accidental Death & Dismemberment – no change in premium. This policy includes Joseph Gasper and costs LSEC \$4.83 per month (total cost).
 - b. Business Travel Accident Insurance – no change in premium. This policy costs LSEC \$27.00 per month (\$324/year).
 - c. Basic Life Insurance – 4.8% reduction in premium. Our Basic Life policy is 2x Annual Salary. The premiums have dropped from \$812.95 per month to \$773.90 per month. This is a savings of \$468.60 per year and is due to a reduction in the overall age of employees.
 - d. Long Term Disability – 5.0% increase in premium. This increases our total LTD monthly expense from \$1,168.59 to \$1,226.85.

The net effect is that our annual premium will increase from \$24,160.45 per year to \$24,390.88 per year (a \$230.43 increase). These figures are based on payroll as of August 1, 2020 and will increase with wages (ex. A 3.0% increase in wages would create a 3.0% increase in expected premium for Basic Life and LT Disability).

2. **KECHIT.** This is our Group Health Insurance Plan with Blue Cross Blue Shield of Kansas.

The Cooperative offers two health insurance options through KECBIT. A 500/\$1000 deductible plan and a \$2800 / \$5600 deductible plan. Both plans are available to employees, retirees, and Trustees. The total plan costs LSEC \$482,054.04 per year.

- a. The \$500/\$1000 deductible plan.
 - i. Employees. The 2020 employee portion of the plan costs \$393,255.24 per year. Employees contribute 7.5% of actual cost or \$29,494.14 per year according to the following schedule (approved by the Board of Trustees in 2018).

Amount each employee will contribute toward their premium when they choose the 500/1000 Plan

		Emp	EE/Child	EE/Spouse	Family	
		Amount of Monthly Contribution Per Employee				
2018 1st Yr	5%	\$ 30	\$ 63	\$ 65	\$ 98	
2019 2nd Yr	5%	\$ 30	\$ 63	\$ 65	\$ 98	Calculation of 2nd -
2020 3rd Yr	7.50%	\$ 45	\$ 95	\$ 97	\$ 147	5th year are based on
2021 4th Yr	7.50%	\$ 45	\$ 95	\$ 97	\$ 147	2018 premium
2022 5th Yr	10%	\$ 61	\$ 127	\$ 130	\$ 196	amounts

The 2020 employee costs are: \$ 47.81 96.76 102.43 151.15

ii. Retirees / Trustees. This portion costs the Cooperative about \$91,126.32 (2020 costs) all of which is paid by participants.

- b. A \$2800 / \$5600 deductible plan. \$21,856.92 per year (2020 costs). The Cooperative pays the entire cost of the High Deductible Plan which is \$513.72 cheaper per year than the \$500/\$1000 plan for a family. However, this plan includes a LSEC-funded Health Savings Account for new employee entrants which is funded by the Cooperative. The HSA is funded according to the following schedule (approved by the Board of Trustees in 2018) for single and family rates:

	5 years		5 years
2018 1st Yr	\$ 1,300	2018 1st Yr	\$ 2,600
2019 2nd Yr	\$ 1,050	2019 2nd Yr	\$ 2,100
2020 3rd Yr	\$ 775	2020 3rd Yr	\$ 1,550
2021 4th Yr	\$ 525	2021 4th Yr	\$ 1,050
2022 5th Yr	\$ 250	2022 5th Yr	\$ 500
	<u>\$ 3,900</u>		<u>\$ 7,800</u>

The net effect of the combined Plan/HSA is that it saves the Cooperative \$3,203.84 if current cost trends continue over the next 5 years.

- c. We have had some discussion regarding raising retiree expenses and possible changes to the KECHIT BCBS program. Further digging into the motivation behind removing the retirees from coverage appears to be that it is reducing BCBS profits. Staff suggest making no changes to KECHIT retiree programs until such time as it impacts our rates.

Early indications from KECHIT are that the \$500/\$1000 plan for employees will increase 2-3% while the \$2800/\$5600 plan will decrease by 2.0%. The net effect is a \$10,539.00 (2.08%) increase in Health Insurance costs. We have not been given Retiree cost projections.

3. Total 2021 Insurance Costs.

2021 Health Insurance costs can be summarized as:

	2020	2021	Δ	%
NRECA Insurance	24,160.45	24,390.88	230.43	0.95%
KECHIT / BCBS	506,238.48	516,777.48	10,539.00	2.08%
Total cost to LSEC:	\$ 530,398.93	\$ 541,168.36	\$ 10,769.43	2.03%
<u>adjustments</u>				
plus HSA	2,600.00	2,100.00	(500.00)	
less retirees	91,126.32	91,126.32	-	0.00%
less employee contribution	29,494.14	30,318.99	824.85	2.80%
Net cost to LSEC:	\$ 412,378.47	\$ 421,823.05	\$ 9,444.58	2.29%

The aggregate employee increase is \$9,444.58 or 2.29% of 2020 net costs.

Staff requests that the Board approve a renewal of our existing NRECA and KECBIT Insurance Benefits.

Job-Site Observation Form

System Name: Lane-Scott Electric

Observer: Bruce McAntee

Date/Time: 08/26/2020 04:24 PM

Crew Leader: Kasey Jenkinson

Work Location: 20-24-24, Ness City, Lane-Scott Electric

Type of Work: Distribution OHD

Job Task: General

Crew Members Observed:
Chris, Leighton & Chad

Work Being Performed:
3 phase retirement

Job Planning Briefing

M=Meets ☐

NI = Needs Improvement ☐

M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Job Briefing complete and all hazards reviewed	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Designated Observer in place
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Emergency procedures reviewed and posted	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	All switching procedures reviewed and understood
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Everyone briefed & knowledgeable of job expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Line was denergized

Line was de-energized

Personal Protective Equipment & Tools

M=Meets ☐

NI = Needs Improvement ☐

M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	PPE in good condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fall Protection worn properly & in good condition
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Required PPE in-use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tools properly inspected and tested
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Climbing equipment in good condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proper tools available and used for task
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Arc rated apparel worn properly & in good condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Ergonomics & Work Positioning

M=Meets ☐

NI = Needs Improvement ☐

M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appropriate body positioning	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Physical limitations not exceeded
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lifting techniques exhibited correctly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3-Points of contact used when accessing equipment

Energized Work Methods						M=Meets <input type="checkbox"/>	NI = Needs Improvement <input type="checkbox"/>
M	NI	N/A		M	NI	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Minimum approach distances observed	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	All difference of potential within work area covered
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Voltage identified & source device set to Non-reclose/Hot Line Tag	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Designated qualified observer in place
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proper PPE worn	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Step and touch potential hazards addressed
Line was de-energized							

Work Zone Setup						M=Meets <input type="checkbox"/>	NI = Needs Improvement <input type="checkbox"/>
M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Work zone & traffic control meets MUTCD or local guidelines	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Trenching & excavation meets guideline
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Locates confirmed if necessary	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Public protection - barricades
Had signs up on the road where line went across.							

Vehicle/Equipment Setup & Grounding						M=Meets <input type="checkbox"/>	NI = Needs Improvement <input type="checkbox"/>
M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vehicles/Equipment chocked & outrigger pads used as needed	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Employees are clear of equipment when in the vicinity of energized lines or equipment
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Vehicles/Equipment are Grounded/Barricaded/Isolated to meet Utility requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ground completely uncoiled and within annual test date
The job was retiring 3 phase line.							

Lock-out / Tag-out						M=Meets <input type="checkbox"/>	NI = Needs Improvement <input type="checkbox"/>
M	NI	N/A		M	NI	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Lines and equipment to be worked identified	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Line/Equipment tested & grounds installed
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Visible open point established & tagged	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Dispatcher and affected employees notified
Retirement							

Vehicle / Equipment						M=Meets <input type="checkbox"/>	NI = Needs Improvement <input type="checkbox"/>
M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Daily pre-trip inspection performed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Tools/Equipment properly secured & housekeeping in order
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wheel chocks & cones used as required	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Loads are properly secured and identifying markings in place
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lights on for safety	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Strobe lights and flashers were on when they went out onto road. House keeping needs to be better!!							

Material Handling & Rigging						M=Meets <input type="checkbox"/>	NI = Needs Improvement <input type="checkbox"/>
M	NI	N/A		M	NI	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proper PPE in use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All employees clear of elevated loads
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rigging equipment properly rated/sized for load	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proper hand signals/communications used
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Slings/hoists inspected prior to use	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Summary:

Overall good job. Just better housekeeping!!

Bruce L
M. Hunter

INSIDE

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SAFETY SUMMARY

Safety Summary is published monthly by the Loss Control, Safety & Compliance Department at Kansas Electric Cooperatives, Inc., Topeka, Kansas.

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Larry Detwiler
Lee Tafarielli

Safety Excellence

**BY LARRY E. DETWILER,
DIRECTOR LOSS CONTROL,
SAFETY AND COMPLIANCE**

Recently, I participated in a national conference call concerning the Rural Electric Safety Achievement Program (RESAP) update and the “Commitment to Zero Contacts” initiative. I would like to focus on the latter program and to voice my frustration on the discussion concerning the number of employee electrical contacts in 2020. This year could be unfortunately one of the worst years nationally and why is that?

As I, listened to all the excuses of why this was occurring by fellow safety professionals, it got me to thinking “Really!” It became apparent that the “warm and fuzzy” approach is not working and maybe it is time for some “tough love” approach to the initiative. Why are we allowing mediocre work practices and then are puzzled by the results!

It also got me to thinking of all the excuses the department has heard over the years on why we aren’t following our current/adopted safety rules and current utility safe work practices. Listed below are several of the excuses we hear;

- It’s hard to focus on safety during this pandemic.
- I have bigger things to think about then traffic control.
- There is a new sling on the truck but this sling (frayed) hasn’t broke yet.
- If we did everything safe, we wouldn’t get anything done.
- We did require more cover-up when they were learning but once they get the experience, it’s really not necessary.
- I didn’t know the safety rules/policies.
- Why use wheel chocks when we are rarely on an incline?
- Outriggers are only needed when you’re not on a solid service, I guess it has

rained a lot.

- We’re all journeymen, why would we need to have a tailgate?
- The police all know us, so it’s okay to drive 10 mph over the speed limit.
- I already can’t hear very well, so why wear hearing protection?

The article is intended to generate discussion amongst your peers and yourself on what excuses we use. I struggled for years on trying to determine the difference between Leading and Lagging Indicators when it comes to accident prevention. Leading Indicator: A defective piece of equipment or unsafe work practice was found and corrected. Lagging Indicator: A faulty piece of equipment or work practice caused an accident and then corrective action was taken. Rarely is an accident caused by equipment failure but by human error.

Why are we not giving clear expectations, not demanding that any other attitude on work practices other than an excellence of safety will be tolerated. The perpetuating of the same excuses the employees have as to why they didn’t follow current utility safety work practices is again too many to list. I don’t believe anyone can give any good reasonable reason why employees are getting seriously injured or killed other than “laziness.”

We know our employees are well-trained, well-equipped so there shouldn’t be any excuses from them or us. This goes beyond the worksite, on a recent On-Site



Larry E. Detwiler

Continued on page 4 ►

SAFETY SUMMARY

Accident Summary *June 2020*

	No Lost Time	Lost Time	Days Lost	Employees Full-time	Employees Part-time	Hours Worked	Vehicles Used	Miles Driven	Vehicle Accidents
4 Rivers	0	0	0	45	0	7,396	33	51,118	0
Ark Valley	0	0	0	15	0	2,214	13	14,702	0
Bluestem	NO REPORT								
Brown-Atchison	0	0	0	11	1	1,616	9	6,856	0
Butler	1	0	0	43	4	8,102	16	17,369	1
Caney Valley	0	0	0	18	0	3,235	16	12,377	2
CMS	0	0	0	33	2	5,272	22	35,507	0
DSO	1	0	0	30	0	5,153	26	22,308	0
Doniphan	0	0	0	7	0	1,335	5	4,130	0
Flint Hills	0	0	0	21	2	4,124	18	14,637	0
FreeState	0	0	0	79	2	13,719	47	50,000	0
Heartland	0	0	0	42	0	7,887	29	48,341	1
KEC	0	0	0	15	1	2,553	6	12,492	0
KEPCo	0	0	0	24	0	3,675	9	10,948	0
Lane-Scott	0	0	0	22	1	3,792	21	20,623	0
Nemaha-Marshall	0	0	0	14	3	2,963	12	13,721	0
Ninnescah	0	0	0	18	0	3,360	12	16,130	0
Pioneer	0	0	0	70	0	12,911	46	48,683	0
Prairie Land	0	1	3	84	1	13,793	62	74,958	1
Rolling Hills	0	0	0	39	6	7,766	48	66,399	0
Sedgwick County	0	0	0	19	0	3,331	16	9,043	0
Southern Pioneer	0	0	0	48	3	8,358	42	43,427	0
Sumner-Cowley	NO REPORT								
Twin Valley	0	0	0	13	1	2,334	12	11,232	0
Victory	0	0	0	71	0	13,392	41	47,420	0
Western	0	0	0	55	3	10,318	41	41,200	0
Wheatland	0	0	0	133	2	23,408	104	NA	0
Total	2	1	3	969	32	172,007	706	693,621	5

*Accident Previously Reported +Reflects Cumulative Lost Time

Accident Reports *June 2020*

June 2020

BUTLER, EL DORADO

No accident form submitted.

Lost time: No

June 2020

DSO, SOLOMON

No accident form submitted.

Lost time: No

June 2020

BUTLER, EL DORADO

Vehicle accident: No accident form submitted.

June 9, 2020

CANEY VALLEY, CEDAR VALE

Vehicle accident: Cooperative employees were on an outage and found tree on distribution circuit. After tree limb was cut, high winds lifted the limb blowing it towards the cooperative's aerial device. Tree limb struck upper right front windshield on passenger-side.

Lost time: No

June 17, 2020

CANEY VALLEY, CEDAR VALE

Vehicle accident: Cooperative

employee was driving cooperative vehicle in a pasture and drove over a tree limb causing the limb to be kicked up striking the right door and bed.

Lost time: No

June 25, 2020

PRAIRIE LAND, NORTON

Apprentice Lineman

Injury: Contusion to left foot.

Cause: Cooperative employee was assisting in unloading a wooden distribution structure, boom on digger-derrick dropped load approximately 3 feet and fell on employee's foot.

Lost time: Yes (3 days)

June 29, 2020

PRAIRIE LAND, PHILLIPSBURG

Vehicle accident: Damage to the front of cooperative vehicle.

Lost time: No

June 30, 2020

HEARTLAND, MOUND CITY

Vehicle accident: Cooperative employee was driving cooperative's aerial device striking a communication cable that was hanging low over the road.

Lost time: No

UPCOMING EVENTS

EVENTS BELOW ARE
POSTPONED UNTIL 2021

**Safety Coordinators/Material
Managers Meeting (Wichita)**

KEC Hot Line School (Pratt)

**KEC Hot Line School
(Manhattan)**

**Line Supervisors Meeting
(Wichita)**

**Transformer Workshop
(Topeka)**

Metering Workshop (Topeka)

Federated Near-Miss Reporting

Dear Safety Professional:

As you are aware, Federated launched a Near-Miss reporting program in December of 2015, encouraging employees to report any and all near-miss incidents experienced at the system or through interaction with the general public. Some of you have asked if we have received any reported incidents and the answer is yes, we have. For expediency, I am sending the reported incidents to you so you have an opportunity to discuss these incidents, with your employees as soon as possible. I will provide more information as it becomes available, and in the near future, you will have access to this information by accessing our website. Thank you.

R. COREY PARR

VP Safety & Loss Prevention

SAFETY SUMMARY

Safety Excellence *Continued from page 1*

Regulatory Compliance Visit a co-op representative said to me “I don’t know about you, I saw a lot of things that are wrong and I’m not the expert.” However, this employee did have the authority to change the situation, but based on the appearance of the warehouse facility has chosen not to have the issues corrected.

Clear expectations can be positively

or negatively viewed by your employees, corrective action not taken results in a negative perception. Why are we reluctant to enforce adopted safety rules and current utility safety work practices? Our employees are trained professionals, let’s quit treating them like kids, there is no room for “time out” in our industry!

Then. Now. Always.
We’re proud to power your life.
October is National Co-op Month.



#PowerOn

AWARENESS

TO ENHANCE FIELD SECURITY

Taking specific steps to increase awareness of your surroundings will help to prevent hostility and aggression on and around the job site.

By Jim Willis, CMAS, CHS-V

USING SITUATIONAL



Recently I was on a conference call during which a client and I discussed aggression aimed at the client's line crews and service technicians. As I hung up, I came to the realization that hostility toward utility workers isn't a passing storm — it's a bellwether of change in the public attitude. Aggression directed at utility workers is a critical issue that we must deal with

effectively before more people are hurt.

The truth is, a growing number of people no longer see investor-owned, municipal and cooperative utilities as benevolent service providers. Instead, they see adversaries who are blocking access to service entitlements and ruining the environment. Much of this growing animosity is aimed at utility office staff and field crews. In fact, the

client that I was speaking with on the conference call I mentioned had seen a significant jump in the number of threats to their field employees, and they were looking for ways to mitigate the hostility and keep the workers from harm. As we talked, the need for sharper skills in identifying and responding to threats became evident. The client and I decided to move

Continued on page 6 ▶

SAFETY SUMMARY

Using Situational Awareness *Continued from page 5* ▶

toward that goal, starting with awareness and baseline training.

What is Situational Awareness?

Awareness — or more precisely, situational awareness — is the foundation effective security. Today, there are as many approaches to situational awareness training as there are security trainers. The problem for utilities is determining which training technique and which trainer to use, but we'll get to that issue a little later. First, we're going to talk about what situational awareness is and why we need a baseline of what's normal in our specific working environment.

There are dozens of definitions of situational awareness. But regardless of what some security professionals would have you believe, situational awareness isn't difficult to understand. You just need the right definition. I personally like the one used by the U.S. Coast Guard, which states, "Situational awareness is the ability to identify, process, and comprehend the critical elements of information about what is happening to the team with regards to the mission. More simply, it's knowing what is going on around you."

I especially like the last part of the definition: "It's knowing what is going on around you." That's situational awareness in a nutshell. And it's not hard to put into practice — you just need a basic understanding and a little training.

Situational awareness has both macro-level and micro-level components. The macro-level component is addressed before you leave the office to drive to the job site. At the macro-level, both the utility and the employee need to monitor local and national events that could increase anxiety or heighten animosity within their community. For example, a major rate increase or disturbing news report can create a surge in local hostility. Exercising macro-level awareness provides opportunities to take preemptive measures against spiraling hostility. There are myriad preventive actions that can be considered when local hostility is identified, from postponing field tasks, to going over the "what-ifs" with the crews, to adding on-site monitors to keep an eye out for signs of trouble. However, once you address the macro-level issues, awareness becomes a micro-level exercise.

Your Safety, Your Responsibility

The most important security concept that every worker must understand is that you must always take responsibility



Aggression directed at utility workers is a critical issue that we must deal with effectively before more people are hurt

for your own safety. It cannot be left up to your company, the community or the police. No matter how proactive your company may be, or how capable local law enforcement is, violence can erupt in seconds or even milliseconds. A situation can turn bad with astounding speed, and when it does, the only individual who has any chance of preventing your personal harm is the same one who stares back at you in the mirror each day. That is what makes your situational awareness skills so critical.

The second important concept to understand is that no matter how hard you try, you can't be situationally aware all the time. Even attempting to maintain continuous awareness would interfere with getting your job done, and — as much as your company may like you — the only reason they pay you is to get the job done. So, how should you handle this issue? Take steps to control your work area, make certain

Continued on page 7 ▶

Using Situational Awareness *Continued from page 6 ►*

you're notified of changes in your environment and restrict unobserved access (e.g., people coming up behind you). You can accomplish all of this by establishing a baseline of awareness and creating an awareness platform, both parts of the micro-level component of situational awareness.

Focus on Context

Micro-level awareness begins before you step out of your truck onto the job site. As you pull into the area, start checking things out. The goal is to establish a baseline for the work area. In other words, determine what is normal for that particular environment. Once you understand what is normal and establish a baseline, you'll be able to detect anomalies as they occur. Establishing a baseline takes skill, but it's a skill you can learn and, with minimal training, employ with reasonable effectiveness.

Situational awareness focuses on context. In order to become situationally aware, you need to observe the local environment, setting and demeanor to identify baseline characteristics and spot potential problems. This baseline approach will help you notice subtle signs or clues that typically appear in advance of violence. Seldom will one sign or clue announce the approach of danger. If you reach a point where there is one glaringly obvious sign that something bad is about to happen, it's likely you failed to recognize the more subtle warning signs.

The environment is the social setting and physical space that you occupy at a certain time. You need to understand your environment in order to build a baseline. Every location has its own unique characteristics. For example, the environment of a manufacturing plant will be different from the environment around a restaurant, and both will be different from the environment at a nightclub. Each community has its own routines, inhabitants, pace, language and code of conduct. All of these are environmental characteristics.

The setting can be defined as the changeable elements within the environment at any particular moment in time. These vary with time and conditions. Weather, temperature, business operations, the current population and a host of other elements make up the setting.

Demeanor is the third element of context. It is the outward behavior or bearing of both the community as a whole and the individuals within it. Demeanor provides a tremendous amount of information to those who are



In order to become situationally aware, you need to observe the local environment, setting and demeanor to identify baseline characteristics and spot potential problems.

paying attention. A person's actions and behavior can be one of the most telling signs of trouble. The demeanor of the local population at a job site will set the stage for social interaction. And once you've established the baseline demeanor, it will be easier to detect anomalies and identify hostile individuals.

Creating a Situational Awareness Platform

Once you've surveilled the area and determined your baseline, you'll need to establish an awareness platform. Doing so will help you maintain a reasonable level of awareness while you focus on your work. An effective awareness platform will help you notice changes in the environment, alert you to baseline anomalies and warn you if you're being approached.

Continued on page 8 ►

SAFETY SUMMARY

Using Situational Awareness

Continued from page 7 ►

Your awareness platform will look different at each location. At one location it may mean strategically placing equipment to create a barrier around the work site. At another, it may be as simple as surrounding the area with safety cones and a tape barricade, or the situation may call for bringing someone in to monitor the area while you focus on the task at hand.

Conclusion

The effectiveness of situational awareness hinges on noticing the little things that change around you. By establishing a baseline, creating an awareness platform and noticing baseline anomalies, you'll be able to recognize subtle changes and enhance security for yourself and your co-workers.

Improving your situational awareness skills is a personal choice. You begin improving your awareness the moment you decide to start paying attention to what is going on around you. The next step is to find training that sharpens your skills.

Finding the right training program and trainer can be challenging. When you start looking, you'll find lots of people who claim to have security expertise, especially among members of law enforcement, ex-military personnel, and martial arts

practitioners. Many are good trainers with excellent capabilities. However, much of the training they provide tends to be more tactical in nature than work-related. That's great if you're a SWAT officer, but it's not terribly useful when you're a utility professional.

Civilian security training isn't the same as military training, it isn't law enforcement training, and it isn't all theoretical. Effective civilian security training blends the relevant parts of those types of training with real-life experience to create a program that will teach utility field workers what they need to know to keep themselves safe. Your life and the lives of those around you are valuable, so be sure the training you invest in meets your specific needs.

JIM WILLIS, CMAS, CHS-V, is president of InDev Tactical, a security training and consulting firm that has provided security advisory assistance for more than 15 years. He has over 40 years of experience in the electric power industry, from lineman to substation engineer to director of special projects for NRECA's International Programs division. Willis is a credentialed homeland security specialist and anti-terrorism expert with expertise in counterterrorism, planning, training and security operations. He can be reached at jim.willis@indevtactical.net.

Special thanks to Incident Prevention for allowing KEC to reprint the article

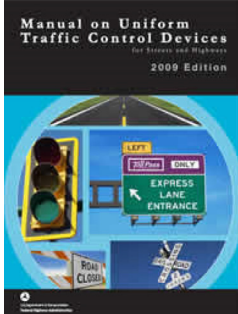
Energy Efficiency Tip of the Month

The average household owns 24 electronic products, which account for roughly 12% of home energy use. When shopping for electronics, consider purchasing ENERGY-STAR®-certified products, which can be 70% more efficient than conventional models. **Source:** energystar.gov



Traffic Control 101

BY: STACEY MARSTON, CLCP, INSTRUCTOR OF
LOSS CONTROL SAFETY & COMPLIANCE



The Loss Control Safety & Compliance Department (LCS&C) is fielding a lot of questions about traffic control requirements. Let's start with the two applicable standards.

One standard is the Manual on Uniform Traffic Control Devices or MUTCD (2009 Edition). The other is the KDOT Utility Accommodation Policy (2007 Edition). Both of these standards contain elements

the Kansas electric utilities are to follow when it comes to protecting your employees, the public, and providing as safe as possible temporary work zone sites.

Safety Traffic Vests

MUTCD Section 6D.03-04 Standard: All workers, including emergency responders, within the right-of-way who are exposed either to traffic or to work vehicles and construction equipment within the TTC (temporary traffic control) zone shall wear high-visibility safety apparel that meets the Performance Class 2 or 3 requirements (fluorescent orange-red, fluorescent yellow-green, or a combination of the two. ANSI 107-2004). KDOT's standard requires employees to wear Class 2 traffic vests based on assumed reduction in traffic speed (up to 45 MPH). The MUTCD manual says in 6E.02-02 high visibility safety apparel that meets the Class 3 requirements should be considered for nighttime flagger wear.

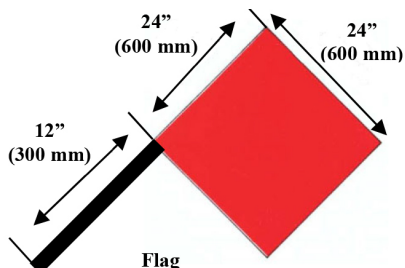
[NOTE: YOUR CURRENT/ADOPTED ARC HAZARD ASSESSMENT MAY COME INTO PLAY WHEN EMPLOYEES ARE WORKING



Class 2



Class 3



**IN BOTH TTC,
PAD-MOUNTED
EQUIPMENT, AND
IN THE BUCKET.
EMPLOYEES
COULD EITHER
REMOVE THE**

**TRAFFIC CONTROL VESTS WHILE
WORKING IN THE BUCKET OR UTILIZE
ARC RATED VESTS WITH LANYARD
ACCESS SO THE BODY HARNESS
DOES NOT REDUCE THE REFLECTIVITY
(VISIBILITY) OF THE DEVICE.]**

Flaggers

In the MUTCD manual Section 6E.07-02, flaggers shall use a STOP/SLOW paddle or a flag to control road users approaching a TTC zone. The paddle must be a minimum of 18 inches across with 6-inch letters. The flag must be 24 inches X 24 inches, also rule 6E.08-04 except in emergency situations, flagger stations shall be preceded by an advance warning sign or signs.



Stacey Marston

Utility Work Signs

MUTCD says signs shall have a black legend and border on an orange background. 6F.02-14, all signs used at night shall be either retro-reflective with a material that has a smooth, sealed outer surface or illuminated to show the same shape and similar color both day and night. Rule 6F.39-03 says that a utility work sign shall carry the legend "Utility Work

Ahead" or "Utility Construction Ahead." The size of the signs shall be 36 inches x 36 inches on conventional roads, 48 inches X 48 inches on freeways or expressways, which is a divided highway with full or partial control of access. The sign shall be 1 foot above the traveled way. Also KDOT Rule Section #5 TE710 Rule 4 says that roll up signs may be used but mesh signs are not allowed. And 48 inches x 48 inches signs are required on all state designated highways.

Cones

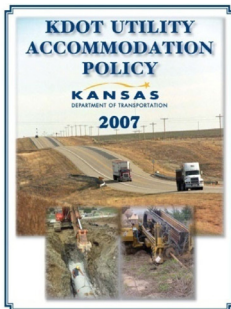
MUTCD says cones shall be a minimum of 28 inches in height with 2 reflective bands if work is performed at night; cones that are taller than 36 inches are required to have 3 reflective bands.

Other areas mentioned during KDOT's presentation at the Kansas Electric Cooperative's safety conference concerning

Continued on page 10 ➤

SAFETY SUMMARY

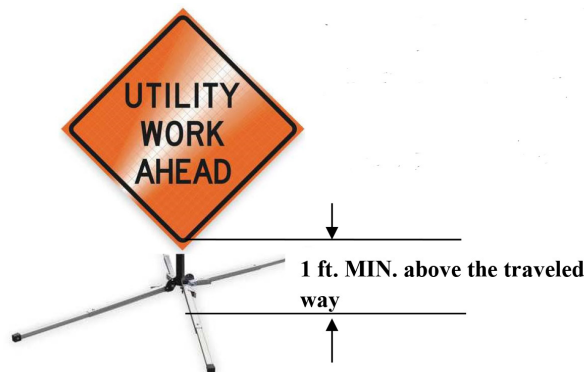
Traffic Control 101 Continued from page 9 ►



other requirements in the Utility Accommodation Policy were:

Permits: An approved and signed copy of the highway permit must be on the premises (worksite) at the start and during the period any work is performed. If it is a “standing permit” it may be used for one year for routine and normal maintenance. A over length permit

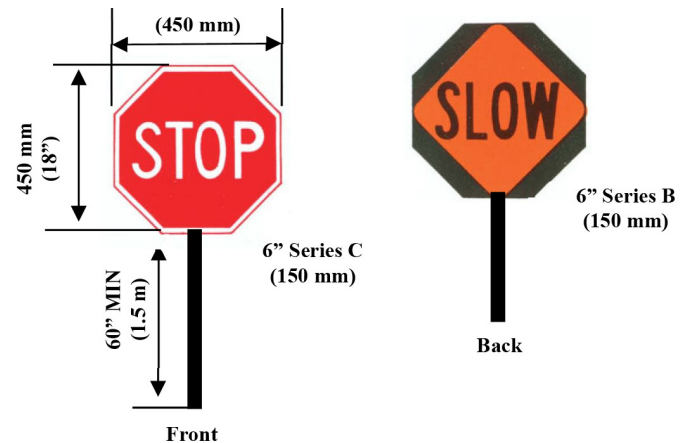
is required when non-emergency work is being performed; a blanket permit is recommended. “K-Trips/365 OS- only” utility companies who utilize subcontractors are responsible for the subcontractor’s compliance with KDOT standard specifications and regulations. Unsatisfactory work may result in denial of future highway permits.



TTC Written Plan: III protection of traveling public, A Traffic Control (I) all utility work on the roadway, or involving equipment parked in the clear zone requires a control plan.

Emergency Repair: If an emergency exists that is dangerous to the life, safety or welfare of the traveling public and requires immediate repair, the utility company shall take all reasonable safety measures and temporary traffic control measures consistent with the MUTCD standards. The utility will advise the area and district office as soon as possible but no later than 24 hours after discovering the emergency.

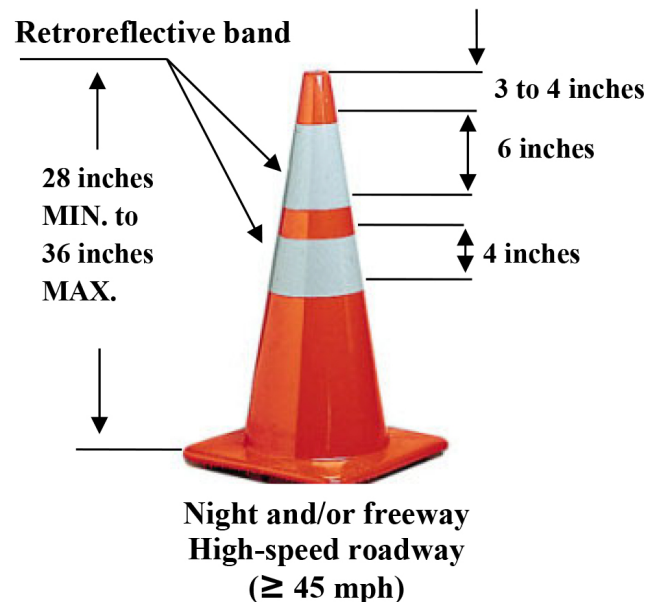
Storage of Materials: Parking of equipment and vehicles when not used in actual utility work within the interstate,



freeway, or highway right-of-way will not be permitted on the right-of-way unless no other alternative is available. If such storage or parking is permitted, then it must be located beyond the clear zone and as far to the edge of the right-of-way as possible.

If there are any questions or concerns about the above stated regulations, please contact your KDOT Regional office or the LCS&C Department.

Reprinted from the August 2010 and the December 2012 “Safety Summary”



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						\$171,407.09	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						\$197,332.80	416.1
		(\$9,769.21)	(\$1,400.07)	(\$4,393.97)	(\$2,804.43)	(\$9,335.99)	\$6,276.25	(\$4,498.29)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$25,925.71)	
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						\$106,810.10	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						\$126,253.08	416.2
		(\$2,396.09)	(\$6,604.33)	(\$4,242.26)	(\$4,183.68)	(\$6,230.07)	(\$401.09)	\$4,614.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$19,442.98)	
Rev.-Member Damages	415.3	\$1,641.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,056.66						\$2,698.23	415.3
Exp.-Member Damages	416.3	\$1,785.22	\$0.00	\$0.00	\$1,424.56	\$0.00	\$0.00	\$960.07						\$4,169.85	416.3
		(\$143.65)	\$0.00	\$0.00	(\$1,424.56)	\$0.00	\$0.00	\$96.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,471.62)	
Finance Charges	415.5	\$213.65	\$215.01	\$127.41	\$67.63	\$51.75	\$30.29	(\$7.35)						\$698.39	415.5
MARGIN-Resale		(\$12,095.30)	(\$7,789.39)	(\$8,508.82)	(\$8,345.04)	(\$15,514.31)	\$5,905.45	\$205.49	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$46,141.92)	
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						(\$900.00)	421.0
Gain on Disposal	421.1	\$0.00	\$356.00	\$0.00	\$0.00	\$17,500.00	\$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						(\$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	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$22,635.21)	

	Current Month				YTD Total			
	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev
Kalo	148	41	\$ 85.00	\$ 3,485.00	718	516	\$ 85.00	\$ 43,860.00
Michael	156.5	34	\$ 85.00	\$ 2,890.00	802	424	\$ 85.00	\$ 36,040.00
Mark	122	66.5	\$ 85.00	\$ 5,652.50	888	338.5	\$ 85.00	\$ 28,772.50
	426.5	141.5		\$ 12,027.50	2408	1278.5		\$ 108,672.50

LANE-SCOTT ELECTRIC
RESALE OPEN BALANCE (60-90 days)
as of 09/10/2020

NAME	CURRENT AMOUNT DUE	ACTION TAKEN	LAST PAYMENT	
Black Dog Restaurant	\$ 2,051.16	last pmt was May		
Greg Anderson	\$ 30.73			
E.R. Redburn	\$ -	Payments	\$ 202.76	24-Aug
Shane Faurot	\$ 306.42	Set to transf to Elec		
.	\$ 2,388.31		\$ 202.76	

OUTAGE STATISTICS July 2020

CATEGORY	OCCURRENCES			TOTAL OUTAGE HRS.			# of Meters
	14.4 KVA	7.6 KVA	Total	14.4 KVA	7.6 KVA	Total	
PHASE FLOATER		1	1		32	32	32
BIRDS & ANIMALS			0			0	
TREES			0			0	
LIGHTNING\RAIN\WIND	3		3	423		423	220
ICE & WIND			0			0	
SNOW & WIND			0			0	
OCR OR FUSE FAILURE			0			0	
TRANSFORMER FAILURE			0			0	
BROKEN JUMPER		1	1		287	287	287
PEOPLE CAUSED			0			0	
BROKEN POLE			0			0	
POWER SUPPLY			0			0	
SCHEDULED			0			0	
UNKNOWN	1		1	242		242	242
TOTALS		4	6		1546	984	

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				

Mileage Log Sheet

Unit 105

July

2020

Date	Reason for trip	destination	odometer		total mileage
			beginning	end	
1-Jun	Begin		42,424	42,424	-
1-Jul	Rotary Fireworks stand volunteer	Ness City	42,424	42,494	70
28-Jul	Rotary Club Meeting	Ness City	42,501	42,570	69
	month end			42,570	
Business					139

Business

139

Total

146

Personal

7

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

August 19, 2020

Chris Terhune called the meeting to order at 9:05am.

Minutes were read: Dal Hawkinson made a motion to approve the June minutes and Michael Pollock seconded. July 21st safety meeting minutes were read and approved as printed.

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

Present via WebEx: Kathy Lewis, Ann Marie Jennings, and Diana Kuhlman

Absent: Richard McLeon and Rebecca Campbell

Truck report of inspections:

105	Richard McLeon	N/A
110	Myron Seib	OK
112	Leighton Ayers	OK
117	David Howard	OK
123	Mark McCulloch	OK
124	Michael Pollock	OK
132	Chris Terhune	OK
135	Kevin Bradstreet	OK
136	Dellon Shelton	OK
143	Michael Pollock	OK
144	Kalo Mann	OK
145	Nate Burns	OK
150	Kasey Jenkinson	OK
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

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Substation and Regulator Report: Ben Mann reported three regulators on the McCracken sub burned up.

PCB Report: None to report.

Line Clearance: Bazine, Ness, and Roberta Seifried old place

Accident and Near Misses: Ben Mann reported Dewey Farms front end loader hit Winter Ranch meter pole. Unknown farmer farmed up pole. Kevin Bradstreet reported Vance Wiechman hit 3-phase pole. Leighton Ayers reported unknown farmer hit pole and broke insulator. Chris Terhune and Dal Hawkinson fixed leaning pole Eugene Shapland reported. Chad Rupp reported state shop roof went through our lines. Kasey Jenkinson reported Sunflower transmission line tore down our line.

Old Business:

New Business:

- ◆ Diana Kuhlman discussed COVID-19 procedure #18.
- ◆ Nate Burns reported the guys did a great job getting the double circuit back on after the storm.
- ◆ Carrie Borell presented Human Firewall cybersecurity training PowerPoint. Discussion on Phish Alert reporting button, and COVID-19 exposure notification information, and My Analytics information. Updated on AppSuite TPK file upgrade.
- ◆ Chris Terhune reported truck 117 and 200 windshields were replaced.
- ◆ Ann Jennings had Sunflower take employee pictures today.
- ◆ Reviewed KEC Traffic Control in Work Zone video.
- ◆ Reviewed safety summary.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary

LANE-SCOTT ELECTRICT COOPERATIVE, INC.
SAFETY COUNCIL COMMITTEE MEETING
August 19, 2020

Leighton Ayers called the meeting to order at 1:20 pm.

Minutes were read: Chris Terhune made a motion to approve minutes and Leighton Ayers seconded.

Present: Chris Terhune, Leighton Ayers, and Carrie Borell

Absent: Richard McLeon

The minutes of the June 10, 2020 safety council meeting were read and approved as printed.

Old Business:

- ◆ Projects have been tabled due to COVID-19 and financials.

New Business:

- ◆ Safety council 2020 budget report was reviewed and approved.
- ◆ Carrie Borell discussed RESAP Self-Assessment. Council scheduled assessment to be done 10th and 11th with department managers approval.
- ◆ Carrie Borell discussed 2021 safety budget items. Nate Burns suggestion of including mandatory safety compliance yearly expense items into the safety council budget was discussed. Possible options and items were discussed. An average yearly expense was estimated. Chris Terhune will discuss this further with Richard McLeon.
- ◆ Carrie Borell discussed annual emergency response/disaster recovery review was do. Replacement books were not handed out after the 2018 improvements. Discussed 2020 amendments and future improvement goals. It was agreed to make the general amendments of the existing material in the book so it may be available to employees. Then safety council will continue improvements as documented in our strategic plan goals. Chris Terhune will discuss this further with Richard McLeon.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Secretary

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF AUGUST 2020

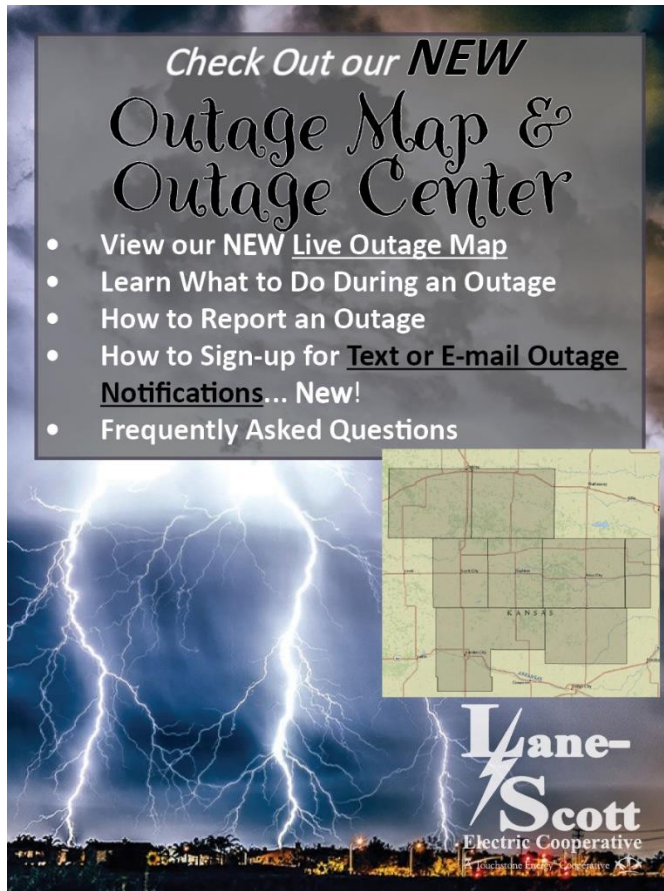
1. In house safety meeting topics was concerning traffic control in work zones, COVID-19 procedures, Human Firewall Cyber Security, company pictures, and safety summary. Safety meeting August minutes are included in packet.
2. KEC On-Site Regulatory Visit walk thru review of PCB recordkeeping/storage, SDS review, and KDOT requirements. Progress report of completed items:
 - KDOT - Permits for working in the road right-of-way need to be available at the worksite (i.e., blanket (annual) permit for maintenance/emergency work needs to be available on all applicable utility vehicles.) Includes specific permit needs to be available at jobsite for work orders that are not applicable to blanket permit.
 - Salt Shed – Shelves, bends and racks need working load limits (WLL) established and visibly marked. Designated aisles/walkways need to be established and visibly marked (i.e. painted.) Includes remarking of existing designated aisle/walkways.
 - South Shop - Metal racks need working load limits (WLL) established and visibly marked. Existing emergency eyewash station needs documented monthly inspection completed.
 - Resale – Electrical disconnect (breaker panel) needs to be readily accessible (i.e. blocked by materials.)
 - Administrative Facility – Means of Egress needs to be addressed (i.e. existing signage (offices/rooms) needs to be installed on wall to meet applicable regulation.
 - Ness Pole Yard and Outside Storage – Wire (conductor) needs to be removed from bushing/lugs of electrical equipment to limit cutting hazards. Includes covering broken porcelain bushing on electrical equipment.
 - Ness Main Warehouse and Storage Facilities – Overhead lights (compact florescent) need protective guards in place (i.e., any overhead light 8' above a walking or working surface.)

SAFETY PROJECTS IN PROGRESS AS OF AUGUST 2020

1. Emergency Response Plan and the Disaster Recovery Plan Amendments.
2. RESAP inspection form amendments.
1. Carrie Borell is working with DJ Lock and Key for 2021 quote for electronic door access control physical security.
2. Chris Terhune is getting a quote from S&S Trailer for the safety demo trailer.
3. Carrie Borell is working with Nex-Tech and J&P Security Security System for 2021 quote options for cameras and door access control, Verkada camera security options, and DJ Lock and Key door access security options. Verkada and Nex-Tech security system device demo and testing review scheduled.
4. Carrie Borell contacted Homeland Security for a protective security advisor assessment.
5. Chris Terhune and Carrie Borell working on FR Clothing vendor clothing options and logo uniformity through all vendors.

1. Back to School Social Media Contest on Facebook & Instagram: 36 entries, Mary Breit, Utica was the randomly selected winner of the \$100 VISA card.
2. Member Satisfaction Survey: The emails and postcards to conduct the online portion of the online survey were sent out the week of August 17th and the phone interviews are in process. We are hoping the results will be to us by the end of September.
3. The Touchstone Energy Member Survey cooperative specific report is also projected to be complete by the end of September.
4. E-Mail Welcome Series for New Members

Using our new e-blast capabilities, I've put together a series of 4 emails that go out to new members and will be a monthly process. Information includes who we are, our service territory, meet our team, managing your account & energy through SmartHub, Outage information, how to stay connected with us, bill pay options, how to transfer service or disconnect, annual meeting, capital credits, your voice as a member, our community programs & scholarship opportunities, information about HVAC, Electrician & Retail Store.
5. New Member Brochure: I should be able to complete this and get it to the printer after supervisor pictures!
6. Active Military Recognition: This holiday season we will be sending care packs and recognizing in the newsletter those from our service territory who are active military. I have started collecting a list of those active. Communication will go out in October by bill stuffer, newsletter, social media, e-blast, etc. requesting information and inviting those who want to donate non-perishable items, funds, or notes of appreciation.
7. Live Outage Map / Outage Center: Carrie & Nate have the live outage map in place. In September I sent out communication through all our media channels to let people know about it. (Attached Graphic). The feedback we've gotten so far through social media has been positive.
8. Website Design: I'm still plugging away!



Lane-Scott is very excited to announce we now have a Live Outage map available for members to view where outages are occurring! Due to security protocol, we cannot show outages at a meter level, however this will give you an idea of the general area of the outage.

The map can be found on our website www.lanescott.coop, on SmartHub <https://lanescott.smarthub.coop/Login.html>, or here is the link to the Outage Map to save it to your phone or browser!

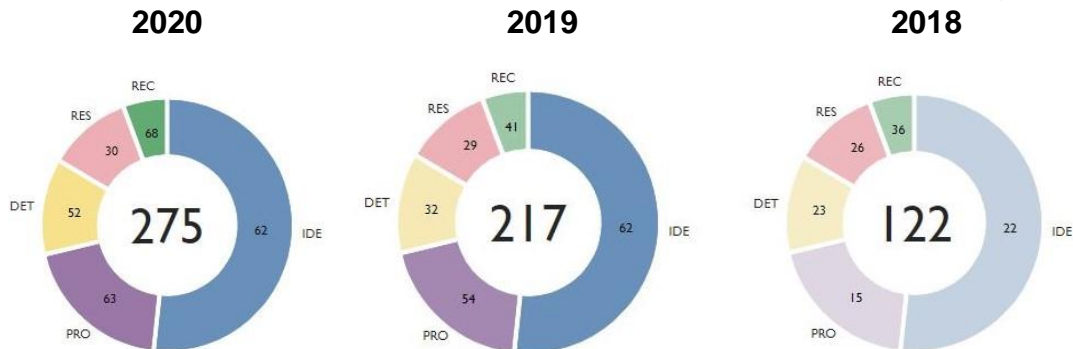
<https://lanescott.ebill.coop/maps/OutageWebMap/>

For specific outage notifications on your meter, sign up for text or e-mail outage notifications through SmartHub: <https://lanescott.smarthub.coop/Login.html>

CYBERSECURITY - IT DEPARTMENT

CYBERSECURITY/IT PROJECTS COMPLETED AS OF AUGUST 2020

1. IT-Cybersecurity Axio 360 Online Self-Assessment last three years progression.



Yearly online self-assessments are performed to assist in managing project progress, determine area of improvements, help prioritize projects. The 2018 summary is our beginning cybersecurity baseline before establishing an IT/Compliance department and establishing a board cybersecurity budget line item. The 2019 summary improvements consisted of mostly focusing on replacing outdated and unsecure devices. The 2020 summary improvements consisted of mostly focusing on continued replacement of outdated and unsecure devices, upgrading networking and establishing infrastructure securities.

2. iVue 2.47 security setting upgrades.
3. AppSuite 1.68 security setting upgrades.
4. Office 365 Outlook email security setting review and update.
5. Created a Human Firewall PowerPoint for the third quarter employee cybersecurity awareness training program.
6. Verifone server GUI SSL certificate update.
7. VHQ Verifone server 3.13.01 update.
8. Microsoft Windows and driver critical update installations.
9. Employee critical alerts and scam notices.
10. NRECA retired employee contact removal procedures. Accounts profiles that are unmonitored or inactive that have not been closed may be subject to identity hijacking.
11. ASP iVue server monthly patching and updates.
12. NRECA Cybersecurity Task Force meeting concerning potential enhancements to the Critical Infrastructure Protection (CIP) Reliability Standards, Cybersecurity Incentives Policy, and Framework for Improving Critical Infrastructure Cybersecurity. Reviewed drafts and additional amendments were discussed of filings with FERC.
13. KEC IT Summit Committee meeting virtual webinar scheduled.
14. KIOSK monthly patching and updates.

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

1. Researching scam email handling, reporting of processes, and security policies.
2. iVue 2.48 security setting upgrades.
3. AppSuite 1.69 security setting upgrades.
4. Manage Engine Desktop Central software management distribution database server SSL certificate programming. DMZ gateway server access control security implementation. Virtual DMZ management training.
5. DJ Lock and Key door access control cyber security processes and network securities.
6. Nex-Tech, Verkada, and J&P Security door access control and camera cyber security processes and networking security.
7. Cyber Detect and Scan project implementation requirement follow ups. Postponed due to COVID financials.
8. VEEAM cloud base backup project options were reviewed. Postponed due to COVID financials.
9. 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.

IT/COMPLIANCE DEPARTMENT

*IT/COMPLIANCE PROJECTS **COMPLETED** AS OF AUGUST 2020*

1. iVue 2.47 software upgrade.
2. AppSuite 1.68 software upgrade.
3. AppSuite Mapview TPK file issue resolved and set up on automatic monthly updates.
4. Scanner resolve pdf scan issue.
5. Printer in shop for repairs and assisted with temporary printer.
6. New static IP public address for DMZ communications.
7. SmartHub member contact removal and password reset process.
8. Member mobile notification exclusion process.

*IT/COMPLIANCE PROJECTS **IN PROGRESS** AS OF AUGUST 2020*

1. iVue 2.48 software upgrade.
2. AppSuite 1.69 software upgrade.
3. Manage Engine Desktop Central forwarding server licensing quote and programming.
4. One Drive-Sharepoint data sharing criteria.
5. Converting RESAP inspection forms to mobile form fillable forms, process for record retention storage, testing, and company employee access options.
6. SmartHub test company module.
7. IVR Call Capture calling and Messenger planned outage OMS integration.
8. Document Vault integration with AppSuite.
9. SmartHub outage notification set up.
10. DJ Lock and Key, J&P Security, Verkada, and Nex-Tech Security software programming and management quotes.
11. Manage Engine Desktop Central software installation on distributions database server, software programming, testing, and then do beta testing on a few employee devices before installing on all devices.