



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been set for January 11, 2021 at 7:00 p.m.

Proposed Agenda (revised):

1. Call to Order
2. Reading and Approval of Minutes
3. Presentation of Check Register
4. Presidents Report
5. Attorneys Report
6. Sunflower EPC Report
7. KEC Report
8. General Managers Report
9. Old Business
 - a. Policy 524 – Drug and Alcohol-Free Workplace
 - b. Policy 525 – Whistleblower
10. New Business
 - a. LSEC Strategic Plan
 - b. 2021 Youth Tour and Leadership Camp
 - c. Succession Planning
 - d. NRECA PowerXchange Virtual Annual Meeting and Delegates
 - e. Board Meeting 2021 1st quarter Schedule
 - f. Construction Work Plan
 - g. Resolution of Appreciation for Dee Schull
11. Safety Report
12. Executive Session – if requested
13. Adjourn

Upcoming Events:

Sunflower Board	Jan 19-20	Hays, KS
KEC Virtual Annual Meeting	January 26	
LSEC Board Meeting	Feb 1	Dighton, KS

**MINUTES OF THE REGULAR DECEMBER 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, December 7, 2020, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:56 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 and excused.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on November 2, 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:

- The next meeting will have an open discussion of any topics that members want to discuss.
- The issue of not having the financials available for the meetings is being addressed.
- Many managers are concerned with forgiveness for the PPP loans and the issue continues to be studied.
- A possible data center site location has been found in Caldwell.
- The SPP is looking at an expansion of members.

KEC REPORT

Trustee Hoss reported that there had been a KEC meeting held virtually. A written report of the meeting was included in the board packet.

An in person meeting will be held in December.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- The rates and reliability are good. The overall rate is 10 cents/kWh and 11.5 cents for the residential year-to-date. 99.97% service availability for the year-to-date is a good number.
- The drug and alcohol testing procedure is being modified. The current procedure is to test 3 DOT and 2 non-DOT employees at random on a quarterly basis. This will be changed to monthly random testing of 2 DOT and 1 non-DOT employee for drugs and alcohol. This will be a cost increase of \$2,178.
- The ACRE/KCRE enrollment forms were provided to the Trustees.
- A letter from the Dighton city attorney regarding the Dollar General building was received. The letter alleges that the Dollar General is not located within the Lane-Scott service territory. The service territory has been investigated and it appears that the boundary is not the same as the city limits and that the Dollar General does appear to be outside of the service territory. Manager McLeon will further investigate the matter.
- There are 67 members that have been identified as having unclaimed capital credits who have been sent paperwork. 46 have returned the paperwork of which 23 have been paid. There are some additional members who have not been able to be located.
- Eight employees have had Covid or been quarantined for Covid. This is 36% of the workforce.
- Ben, Chad, Kevin and Dellon worked the ice storm at CK Energy in Binger, Oklahoma.

- The RESAP walk through was conducted.
- October posted a \$9,491 gain in Total Margins and a \$18,42 gain in Operating Margins.
- LSEC remains \$286,620 under budget on Operating Margins and \$262,816 on Total Margins.
- The 90 day past due is primarily with OPCO, LLC, who is making payments on a balance of \$12,666.51.
- The year-to-date Non-Operating Margins are \$166,261 with retail services posting a loss of \$11,936 for October. Much of the loss is due to the purchase of generators that have not yet been delivered. The first generator is being installed. Seven units have been sold of which three are being shipped.
- Black Dog has indicated they are looking at a refinance, so their balance may be paid off if they are able to refinance.

RECEIPT OF MANAGER'S REPORT

The board received the Manager's report as indicated herein, and there were no follow-up questions.

SAFETY REPORT

A safety report was included in the board packet.

OLD BUSINESS

There was no old business before the board.

NEW BUSINESS

1. Policy 502, 524, 525 and 533

- Manager McLeon reviewed the proposed Policy 502 as presented in the board packet with the board.
- The current on call procedure is contained in two policy sub-sections that are not clear and not how the procedure was actually being implemented.
- The proposed changes were discussed with the employees and after numerous changes and discussions this final version was created.
- The policy sets out the overtime and on-call compensation.
- The board discussed the changes to the policy.
- *A motion to approve Policy 502 as presented to the board was made, duly seconded and carried.*

- Policy 524 has not been received from outside counsel.
- Manager McLeon reviewed the proposed Policy 525 as presented in the board packet to the board.
- Policy 525 is a policy regarding the procedure for a Whistleblower to follow in reporting improprieties by employee, management or trustees.
- The proposal includes a statement that a whistleblower shall not be subject to retaliation for whistleblowing as well as changing the persons to who the whistleblower shall report to.
- The board discussed having the policy changed to requiring the whistleblower report to the cooperative's attorney rather than the board President and allowing the attorney to conduct an investigation into the matter.
- The board stressed their desire to encourage reporting of improper behavior.
- The board tabled further action on Policy 525 to allow for recommended changes to the policy.
- Manager McLeon reviewed the proposed Policy 533 as presented in the board packet to the board.
- Policy 533 is a policy regarding cellular phone usage and cooperative owned cellular phone issues.
- The cost of cellular phones is a driver in the policy review.
- The policy is a comprehensive statement regarding usage of personal phones at work and for cooperative use as well as ownership and usage of cooperative owned cellular phones.
- The board discussed the necessity of smart phones for the employees and this issue will be looked at further in the future.
- *A motion to approve Policy 533 as presented to the board was made, duly seconded and carried.*

2. Christmas Bonus

- Manager McLeon presented the request of a \$150 Christmas bonus per full time employee and \$50 per part-time employee.
- The board discussed the request and raised the issue of having the bonus for the Manager as well.
- *A motion to approve the payment of Christmas bonuses in the amount of \$150 per full-time employee, including the General Manager, and \$50 per part-time employee was made, duly seconded and carried.*

3. Estate Capital Credits

- The board previously approved retirement of special capital credits. In October the board approved a distribution allocation which includes some of the prior estate retirements.
- There are additional special capital credits in the amount of \$1,976.06 to be paid.
- *A motion to approve the payment of special capital credits in the amount of \$1,976.06 to the estates as set out in the board packet, was made, duly seconded and carried.*

4. KEC Annual Meeting Voting Delegates

Harold Hoss was appointed voting delegate and Manager McLeon as the alternate voting delegate for the KEC Annual Meeting.

5. January Board Meeting

A motion to move the January board meeting to January 11, 2021 at 7:00 p.m. due to the new year holiday was made, duly seconded and carried.

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:18 p.m., on Monday, December 7, 2020.

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Payroll/Labor Check Register

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Pay Date: 11/01/2020 To 11/30/2020

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
17	DAVID L HOWARD	11/12/2020	5288	3,846.40	0.00	80.00	0.00	524.03	42.81	1,123.68	2,198.69	DD
								293.83	0.00	2,126.93		
21	CARRIE M BORELL	11/12/2020	5289	2,361.87	0.00	81.00	0.00	309.80	12.01	400.20	1,651.87	DD
								175.82	0.00	1,827.22		
22	REBECCA L CAMPBELL	11/12/2020		2,080.00	0.00	80.00	0.00	355.32	7.18	369.17	1,355.51	
			5290					150.33	0.00	1,763.33	300.00	DD
											1,055.51	DD
26	RICHARD A MCLEON	11/12/2020	5291	9,375.00	0.00	80.00	0.00	337.02	163.80	2,758.03	6,279.95	DD
								138.31	0.00	3,245.72		
34	KALO M MANN	11/12/2020	5292	3,076.80	0.00	80.00	0.00	699.91	46.45	676.61	1,700.28	DD
								235.00	0.00	1,772.52		
35	NATHAN A BURNS	11/12/2020	5293	2,884.80	0.00	80.00	0.00	33.85	19.85	737.15	2,113.80	DD
								220.38	0.00	2,075.55		
50	KASEY R JENKINSON	11/12/2020	5294	3,502.40	0.00	80.00	0.00	676.12	16.41	743.76	2,082.52	DD
								263.40	0.00	2,405.87		
55	BENJAMIN L MANN	11/12/2020	5295	10,739.47	0.00	321.00	0.00	648.76	17.16	3,162.17	6,928.54	DD
								821.06	0.00	1,768.58		
74	DAL S HAWKINSON	11/12/2020	5296	3,380.80	0.00	80.00	0.00	481.78	5.67	691.55	2,207.47	DD
								253.29	0.00	2,354.39		
81	DEANNE R SHULL	11/12/2020	5297	1,665.60	0.00	80.00	0.00	285.26	36.08	308.28	1,072.06	DD
								126.15	0.00	995.61		
84	MICHAEL S POLLOCK	11/12/2020		3,249.87	0.00	83.00	0.00	688.22	7.08	545.49	2,016.16	
			5298					243.37	0.00	2,226.80	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											1,841.16	DD
85	CHAD A RUPP	11/12/2020	5299	10,379.99	0.00	321.00	0.00	523.41	22.35	3,127.07	6,729.51	DD
								786.18	0.00	2,354.39		
89	CHRIS R TERHUNE	11/12/2020	5300	4,078.09	0.00	89.00	0.00	456.79	18.03	1,265.79	2,355.51	DD
								307.57	0.00	2,320.58		
91	LARRY D KRAFT	11/12/2020	5301	3,380.80	0.00	80.00	0.00	423.57	42.33	639.09	2,318.14	DD
								256.09	0.00	2,354.39		
93	MYRON E SEIB	11/12/2020	5302	3,602.67	0.00	83.50	0.00	590.43	28.84	656.00	2,356.24	DD
								272.03	0.00	2,354.39		
99	KEVIN A BRADSTREET	11/12/2020	5303	10,379.99	0.00	321.00	0.00	391.43	17.87	3,865.80	6,122.76	DD
								795.43	0.00	1,422.28		
108	MARK R MCCULLOCH	11/12/2020	5304	2,899.20	0.00	80.00	0.00	988.27	21.93	646.61	1,264.32	DD
								221.64	0.00	1,383.94		
117	LEIGHTON J AYERS	11/12/2020		3,380.80	0.00	80.00	0.00	628.14	13.27	687.66	2,065.00	

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Payroll/Labor Check Register

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Pay Date: 11/01/2020 To 11/30/2020

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
			5305					253.87	0.00	2,354.39	150.00	DD
											1,915.00	DD
129	STACEY L FOOS	11/12/2020	5306	74.91	0.00	4.75	0.00	0.00	0.00	5.73	69.18	DD
								6.26	0.00	0.00		
130	ANN MARIE JENNINGS	11/12/2020	5307	1,933.60	0.00	80.00	0.00	251.93	10.05	355.55	1,326.12	DD
								138.12	0.00	1,497.43		
131	DIANA KUHLMAN	11/12/2020	5308	1,908.80	0.00	80.00	0.00	337.54	5.75	295.34	1,275.92	DD
								142.55	0.00	1,184.50		
132	DELLON SHELTON	11/12/2020	5309	6,707.15	0.00	321.00	0.00	106.92	1.75	2,214.91	4,385.32	DD
								513.24	0.00	200.55		
17	DAVID L HOWARD	11/29/2020	5310	4,231.04	0.00	88.00	0.00	570.18	42.81	1,267.34	2,393.52	DD
								323.25	0.00	2,146.16		
21	CARRIE M BORELL	11/29/2020	5311	2,550.24	0.00	88.00	0.00	332.98	12.01	447.10	1,770.16	DD
								190.23	0.00	1,838.81		
22	REBECCA L CAMPBELL	11/29/2020		2,288.00	0.00	88.00	0.00	378.20	7.18	421.91	1,487.89	
			5312					166.25	0.00	1,773.73	300.00	DD
											1,187.89	DD
26	RICHARD A MCLEON	11/29/2020	5313	9,375.00	0.00	88.00	0.00	337.02	163.80	2,758.04	6,279.94	DD
								138.32	0.00	3,245.72		
34	KALO M MANN	11/29/2020	5314	3,384.48	0.00	88.00	0.00	699.91	46.45	754.63	1,929.94	DD
								258.56	0.00	1,772.52		
35	NATHAN A BURNS	11/29/2020	5315	3,173.28	0.00	88.00	0.00	33.85	19.85	839.12	2,300.31	DD
								242.44	0.00	2,089.97		
50	KASEY R JENKINSON	11/29/2020	5316	3,885.48	0.00	88.50	0.00	714.65	16.41	837.16	2,333.67	DD
								292.71	0.00	2,423.38		
55	BENJAMIN L MANN	11/29/2020	5317	4,049.65	0.00	91.00	0.00	648.76	17.16	913.31	2,487.58	DD
								309.28	0.00	1,786.09		
74	DAL S HAWKINSON	11/29/2020	5318	3,718.88	0.00	88.00	0.00	522.35	5.67	811.05	2,385.48	DD
								279.14	0.00	2,371.29		
81	DEANNE R SHULL	11/29/2020	5319	1,832.16	0.00	88.00	0.00	301.92	36.08	347.55	1,182.69	DD
								138.89	0.00	1,003.94		
84	MICHAEL S POLLOCK	11/29/2020		3,384.48	0.00	88.00	0.00	703.98	7.08	573.72	2,106.78	
			5320					253.67	0.00	2,242.18	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											1,931.78	DD
85	CHAD A RUPP	11/29/2020	5321	4,141.48	0.00	94.00	0.00	557.40	22.35	872.24	2,711.84	DD
								308.92	0.00	2,371.29		
89	CHRIS R TERHUNE	11/29/2020	5322	3,750.58	0.00	88.50	0.00	483.84	18.03	1,144.06	2,122.68	DD

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Payroll/Labor Check Register

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Pay Date: 11/01/2020 To 11/30/2020

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
91	LARRY D KRAFT	11/29/2020	5323	3,718.88	0.00	88.00	0.00	282.52	0.00	2,334.11		
								457.38	42.33	724.79	2,536.71	DD
93	MYRON E SEIB	11/29/2020	5324	3,782.27	0.00	89.00	0.00	281.95	0.00	2,371.29		
								641.14	28.84	695.55	2,445.58	DD
99	KEVIN A BRADSTREET	11/29/2020	5325	4,141.48	0.00	94.00	0.00	285.77	0.00	2,371.29		
								428.62	17.87	1,212.90	2,499.96	DD
108	MARK R MCCULLOCH	11/29/2020	5326	3,189.12	0.00	88.00	0.00	318.19	0.00	1,439.18		
								1,023.06	21.93	739.44	1,426.62	DD
117	LEIGHTON J AYERS	11/29/2020		3,718.88	0.00	88.00	0.00	243.81	0.00	1,398.44		
			5327					661.95	13.27	767.37	2,289.56	
								279.72	0.00	2,371.29	150.00	DD
											2,139.56	DD
129	STACEY L FOOS	11/29/2020	5328	173.47	0.00	11.00	0.00	0.00	0.00	14.77	158.70	DD
								14.48	0.00	0.00		
130	ANN MARIE JENNINGS	11/29/2020	5329	2,126.96	0.00	88.00	0.00	261.60	10.05	404.57	1,460.79	DD
								152.91	0.00	1,507.10		
131	DIANA KUHLMAN	11/29/2020	5330	2,099.68	0.00	88.00	0.00	366.17	5.75	337.93	1,395.58	DD
								157.15	0.00	1,194.04		
132	DELLON SHELTON	11/29/2020	5331	2,352.24	0.00	88.00	0.00	117.61	1.75	615.70	1,618.93	DD
								180.08	0.00	211.24		
5	KATHERINE E LEWIS	11/12/2020	11479	5,072.81	0.00	80.00	0.00	703.67	34.92	1,322.48	3,046.66	Chk
								377.38	0.00	2,921.73		
5	KATHERINE E LEWIS	11/29/2020	11480	5,072.81	0.00	88.00	0.00	703.67	34.92	1,322.48	3,046.66	Chk
								377.38	0.00	2,921.73		
Grand Total:				\$ 180,102.36	\$ 0.00	4,709.25	\$ 0.00	\$ 21,388.41	\$ 1,183.18	\$ 45,420.85	\$ 113,293.10	
								\$ 12,466.92	\$ 0.00	\$ 86,095.88		

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**Payroll/Labor
Check Register**

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Pay Date: 11/01/2020 To 11/30/2020**PARAMETERS ENTERED:**

Pay Date: 11/01/2020 To 11/30/2020
Check/Direct Deposit: All
Employee: All
Journal: 0
Division: All
Format: Summary By Check
Sort By: Check/Direct Deposit

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Accounts Payable Check Register

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11/11/2020 To 12/10/2020

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2250 11/12/2020	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	185.66
2251 11/12/2020	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	883.74
46363 11/16/2020	CHK	1	NESS CITY CHAMBER	Xmas Chamber Bucks	100.00
46364 11/16/2020	CHK	20	BASIN ELECTRIC POWER COOP	Dispatch Fee for October	2,128.24
46365 11/16/2020	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	63,000.00
46366 11/16/2020	CHK	105	CITY OF NESS CITY	Monthly Invoice	25.78
46367 11/16/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	71.56
46368 11/16/2020	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Kalo Mann,Larry Kraft	1,009.19
46369 11/16/2020	CHK	903	NISC	Monthly Invoice	166.89
46370 11/16/2020	CHK	1228	BENJAMIN L MANN	Clothing Allowance	146.80
46371 11/16/2020	CHK	9999	BANNER OIL & GASS LLC	INACTIVE REFUND	458.33
46372 11/16/2020	CHK	9999	KDHE STORAGE TNKSEC	INACTIVE REFUND	126.00
46373 11/16/2020	CHK	9999	ALEXANDRA MILLER	INACTIVE REFUND	54.99
46374 11/16/2020	CHK	9999	SWA INVESTMENTS	INACTIVE REFUND	641.62
46375 11/17/2020	CHK	1	LANE COUNTY COMMUNITY FOUNDAT	Breast Health Fund	50.00
2252 11/18/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	1,215.15
2253 11/18/2020	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	452.03
46376 11/19/2020	CHK	1	SAGE LUTTERS	REISSUE CK FOR INACTIVE REFUND	16.88
46377 11/19/2020	CHK	1293	DAL HAWKINSON	CDL Renewal	35.88
2254 11/23/2020	WIRE	1271	CARDMEMBER SERVICE	Monthly Invoice	4,657.17
2256 11/24/2020	WIRE	101	ATMOS ENERGY	Monthly Invoice	68.02
2257 11/25/2020	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	16,943.81
2258 11/25/2020	WIRE	264	KS DEPT OF REVENUE - USE TAX	Use Tax	3.00
2259 11/25/2020	WIRE	1290	WEX BANK	Monthly Fuel Invoice	1,007.86
46378 11/25/2020	CHK	18	CITY OF DIGHTON	2021 Electrical/Gas Fitters License	100.00
46379 11/25/2020	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,207.04
46380 11/25/2020	CHK	105	CITY OF NESS CITY	Franchise Fee	4,876.99
46381 11/25/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice - Dighton	245.59
46382 11/25/2020	CHK	129	NORTHWEST FIRE EXTINGUISHERS	Yearly Service and Inspection	768.18
46383 11/25/2020	CHK	135	CITY OF BAZINE	Franchise Fee	1,486.74

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Accounts Payable Check Register

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11/11/2020 To 12/10/2020

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46384 11/25/2020	CHK	147	DIGHTON HIGH SCHOOL	Yearbook Ad	200.00
46385 11/25/2020	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	2,911.60
46386 11/25/2020	CHK	243	WELL WATCH LLC	DOT Inspections	244.14
46387 11/25/2020	CHK	253	FARM CREDIT LEASING SERVICES COR	Truck Lease Payments	9,548.69
46388 11/25/2020	CHK	292	PILLAR REMODELING & RENTALS INC	Construction on North Wall	1,456.36
46389 11/25/2020	CHK	298	OVERLEASE K-LAWN	Lawn care	108.50
46390 11/25/2020	CHK	317	JOHN DEERE FINANCIAL	Chain	90.04
46391 11/25/2020	CHK	361	ANN M JENNINGS	Gift cards-Thanksgiving Give Away	200.00
46392 11/25/2020	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Sub Station Maintenance	420.21
46393 11/25/2020	CHK	803	ALTEC INDUSTRIES, INC	Truck #173	1,872.69
46394 11/25/2020	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice-Inspections	4,654.94
2255 11/27/2020	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	140.51
46395 12/01/2020	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	50,500.00
46396 12/01/2020	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Office Supplies	540.21
46397 12/01/2020	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	255.50
2263 12/02/2020	WIRE	274	VERIZON WIRELESS	Monthly Invoice	313.74
2264 12/02/2020	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	213.06
2268 12/02/2020	WIRE	121	FED-EX	Monthly Invoice	17.91
46398 12/03/2020	CHK	5	GARY HUFF	Previously Unclaimed Cap Cr	3.30
46399 12/03/2020	CHK	5	RENI POTTER-WOOD	Previously Unclaimed Cap Cr	17.34
46400 12/03/2020	CHK	5	BREYFOGLE RANCH, INC	Previously Unclaimed Cap Cr	68.61
46401 12/03/2020	CHK	5	IVES JAN	Previously Unclaimed Cap Cr	3.41
46402 12/03/2020	CHK	5	NANCY VANDEGRIFT	Previously Unclaimed Cap Cr	3.31
46403 12/03/2020	CHK	79	POSTMASTER	Postage-Newsletter	104.32
2265 12/07/2020	WIRE	168	ONLINE INFORMATION SERVICES, INC	Monthly Invoice	41.55
2261 12/08/2020	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA Group 1-December Group Insurance	2,586.16
2262 12/08/2020	WIRE	180	NRECA	NRECA Gr 1 Adm Fee-December Gr 1 Adm Fee	208.09
2266 12/08/2020	WIRE	1267	AFLAC	Monthly Premiums	473.54
2260 12/09/2020	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS -Group Insurance	35,733.87
2267 12/10/2020	WIRE	18	CITY OF DIGHTON	Monthly Invoice	2,002.80

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46404 12/10/2020	CHK	1	D&S MACHINE \$ WELDING INC	Nitrogen for Substation	52.32
46405 12/10/2020	CHK	1	FIRST NATIONAL BANK	Christmas Bonus	4,700.00
46406 12/10/2020	CHK	3	MJ'S STITCHING & SCREENING	Throw Football Shirts	244.13
46407 12/10/2020	CHK	14	OFFICE SOLUTIONS, INC	monthly Invoice	56.42
46408 12/10/2020	CHK	15	ERIC DOLL	December Board Meeting	290.25
46409 12/10/2020	CHK	24	FINNEY COUNTY TREASURER	1st Half Property Taxes-Finney County	31,833.20
46410 12/10/2020	CHK	28	GOVE COUNTY TREASURER	1st Half Property Taxes - Gove County	6,372.19
46411 12/10/2020	CHK	30	HAROLD HOSS	December Board Mtg & KEC Mtg	634.50
46412 12/10/2020	CHK	32	WESCO RECEIVABLES INC	Monthly Invoice	450.28
46413 12/10/2020	CHK	33	HODGEMAN COUNTY TREASURER	1st Half Property Taxes -Hodgeman County	20,365.59
46414 12/10/2020	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	6,482.55
46415 12/10/2020	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	184.26
46416 12/10/2020	CHK	46	LANE COUNTY TREASURER	1st Half Property Taxes-Lane County	166,850.79
46417 12/10/2020	CHK	50	LOGAN COUNTY TREASURER	1st Half Property Taxes-Logan County	563.48
46418 12/10/2020	CHK	55	NESS COUNTY NEWS	Advertising	247.15
46419 12/10/2020	CHK	56	NESS COUNTY TREASURER	1st Half Property Taxes-Ness County	165,531.47
46420 12/10/2020	CHK	60	PAUL SEIB JR	December Board Mtg	287.95
46421 12/10/2020	CHK	63	RICHARD JENNISON	December Board Meeting	264.95
46422 12/10/2020	CHK	68	SCOTT COUNTY TREASURER	1st half Property Taxes-Scott County	43,646.80
46423 12/10/2020	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	19,500.75
46424 12/10/2020	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	385.74
46425 12/10/2020	CHK	104	HOME OIL CO	Monthly Fuel Invoice	314.45
46426 12/10/2020	CHK	105	CITY OF NESS CITY	November Postage and Pay Station	615.05
46427 12/10/2020	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Dighton	71.56
46428 12/10/2020	CHK	114	WHEATLAND ELECTRIC COOPERATIVE	Capacity for Year 2020	6,000.00
46429 12/10/2020	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	47.34
46430 12/10/2020	CHK	126	CARRIE BORELL	Mileage and Clothing Allownace	310.95
46431 12/10/2020	CHK	164	FAIRBANK EQUIPMENT INC.	Monthly Invoice	439.32
46432 12/10/2020	CHK	167	RUSH COUNTY TREASURER	1st Half Property Taxes-Rush County	10,567.16
46433 12/10/2020	CHK	169	AMERICAN ELECTRIC-GARDEN CITY	Monthly Invoice	1,151.01

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46434 12/10/2020	CHK	179	RAD ROEHL	December Board Meeting	260.35
46435 12/10/2020	CHK	182	G.E.M.S. INC	Monthly Invoice	636.18
46436 12/10/2020	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	1,372.39
46437 12/10/2020	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	24.84
46438 12/10/2020	CHK	194	POST ROCK	Advertising	300.00
46439 12/10/2020	CHK	238	ILLINOIS MUTUAL	Premiums	170.02
46440 12/10/2020	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Monthly Invoice	1,518.85
46441 12/10/2020	CHK	304	STECKLINE COMMUNICATIONS INC	Advertising	100.00
46442 12/10/2020	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	4,350.98
46443 12/10/2020	CHK	357	ZOHO CORPORATION #4926	Annual Maintenance & Support Fees	722.00
46444 12/10/2020	CHK	361	ANN M JENNINGS	Military Care Packages	93.49
46445 12/10/2020	CHK	366	DIANA KUHLMAN	Clothing Allowance	250.00
46446 12/10/2020	CHK	376	LUTZ AND COMPANY	Clothing-Ben,Kevin,Dee & Dal	562.01
46447 12/10/2020	CHK	380	GRAINGER	Monthly Invoice	141.07
46448 12/10/2020	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	135.30
46449 12/10/2020	CHK	395	DOLLAR GENERAL - REGIONS 410526	Supplies	213.01
46450 12/10/2020	CHK	417	SUNFLOWER ELECTRIC POWER COOP	Wellnesws Newsletter	97.67
46451 12/10/2020	CHK	427	DIGHTON HERALD LLC	Advertising	160.00
46452 12/10/2020	CHK	429	IT1 CONSULTING LLC	Microsoft 365	11.39
46453 12/10/2020	CHK	439	BOLINGER, SEGARS, GILBERT & MOSS,	Review 941 and prepare Form 990 & 990T	4,500.00
46454 12/10/2020	CHK	442	QUADIENT INC.	Postage Machine	285.85
46455 12/10/2020	CHK	446	COLEEN'S TROPHIES AWARDS & GIFTS,	Engraved Name Plate-Evans	16.34
46456 12/10/2020	CHK	450	RANDALL G EVANS	December Board Mtg & CFC Mtg	601.16
46457 12/10/2020	CHK	462	176 KEYS DUELINGPIANOS SHOW	Remainder of Deposit	224.10
46458 12/10/2020	CHK	464	BETTER BUILT TRAILERS	Flat Bed for #143	3,906.00
46459 12/10/2020	CHK	506	K&J FOODS	Monthly Invoice	52.07
46460 12/10/2020	CHK	790	SOLOMON CORPORATION	Monthly Invoice	9,591.41
46461 12/10/2020	CHK	803	ALTEC INDUSTRIES, INC	Measuring Telescopic Hot Stick	808.85
46462 12/10/2020	CHK	903	NISC	Monthly Invoice	9,980.14
46463 12/10/2020	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	38.40

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46464 12/10/2020	CHK	1030	THE SCOTT COUNTY RECORD	Advertising	146.25
46465 12/10/2020	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	218.75
46466 12/10/2020	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Invoice	1,064.55
46467 12/10/2020	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	1,178.75
46468 12/10/2020	CHK	1213	NRECA GROUP ADMIN	FSA Fees	15.00
46469 12/10/2020	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Dighton	108.59
46470 12/10/2020	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	166.09
46471 12/10/2020	CHK	1248	COMPLIANCE ONE	Drug & Alcohol Testing	626.50
46472 12/10/2020	CHK	1251	TECHLINE, LTD	Monthly Invoice	1,712.40
46473 12/10/2020	CHK	1263	RICHARD SOREM	December Board Meeting & Strategic mtg	698.90
46474 12/10/2020	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	52.72
46475 12/10/2020	CHK	1287	COLLINS STEEL	Monthly Invoice	149.22
46476 12/10/2020	CHK	1293	DAL HAWKINSON	Clothing Allowance	403.11
46477 12/10/2020	CHK	1299	DEANNE SHULL	Cookies for Baord meeting	72.00
46478 12/10/2020	CHK	1300	CRAIG RAMSEY	December Board Meeting & Strategic Mtg	657.50
Total Payments for Bank Account - 2 :					(135) 754,923.35
Total Voids for Bank Account - 2 :					(0) 0.00
Total for Bank Account - 2 :					(135) 754,923.35
Grand Total for Payments :					(135) 754,923.35
Grand Total for Voids :					(0) 0.00
Grand Total :					(135) 754,923.35

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 November 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	16,434,205	15,027,317	16,760,852	1,129,198
2. Power Production Expense				
3. Cost of Purchased Power	9,625,995	8,475,344	9,998,541	599,249
4. Transmission Expense	6,174	1,876	6,869	147
5. Regional Market Expense				
6. Distribution Expense - Operation	1,182,021	1,348,692	1,265,035	131,001
7. Distribution Expense - Maintenance	620,387	839,773	674,061	121,127
8. Customer Accounts Expense	197,026	191,456	207,566	16,286
9. Customer Service and Informational Expense	29,772	40,927	30,072	6,248
10. Sales Expense	48,304	57,666	68,877	5,066
11. Administrative and General Expense	1,305,149	1,189,083	1,269,313	117,265
12. Total Operation & Maintenance Expense (2 thru 11)	13,014,828	12,144,817	13,520,334	996,389
13. Depreciation and Amortization Expense	1,451,554	1,510,236	1,478,748	139,325
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	1,151,933	1,226,622	1,178,366	112,716
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	3,097	1,809	3,330	161
19. Other Deductions	12,745	39,034	14,550	3,301
20. Total Cost of Electric Service (12 thru 19)	15,634,157	14,922,518	16,195,328	1,251,892
21. Patronage Capital & Operating Margins (1 minus 20)	800,048	104,799	565,524	(122,694)
22. Non Operating Margins - Interest	200,373	195,427	38,223	2,891
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	57,845	(83,202)	55,000	(13,172)
26. Generation and Transmission Capital Credits	664,581	538,534		538,534
27. Other Capital Credits and Patronage Dividends	58,242	43,755	65,418	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,781,089	799,313	724,165	405,559

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 November 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	51	49	5. Miles Transmission		
2. Services Retired	18	50	6. Miles Distribution – Overhead	2,035.31	2,036.59
3. Total Services in Place	6,058	6,040	7. Miles Distribution - Underground	7.15	7.53
4. Idle Services (Exclude Seasonals)	244	244	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	58,097,442		30. Memberships	0	
2. Construction Work in Progress	246,452		31. Patronage Capital	21,203,882	
3. Total Utility Plant (1 + 2)	58,343,894		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	17,753,935		33. Operating Margins - Current Year	104,799	
5. Net Utility Plant (3 - 4)	40,589,959		34. Non-Operating Margins	990,952	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	136,710	
7. Investments in Subsidiary Companies	255,405		36. Total Margins & Equities (30 thru 35)	22,436,343	
8. Invest. in Assoc. Org. - Patronage Capital	11,356,342		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	34,114,894	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	221,958		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	5,745,003	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	4,168,125	
14. Total Other Property & Investments (6 thru 13)	12,284,667		43. Total Long-Term Debt (37 thru 41 - 42)	35,691,772	
15. Cash - General Funds	50,988		44. Obligations Under Capital Leases - Noncurrent	236,247	
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)	236,247	
18. Temporary Investments	6,794,244		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,209,125	
20. Accounts Receivable - Sales of Energy (Net)	1,141,875		49. Consumers Deposits	120,700	
21. Accounts Receivable - Other (Net)	184,665				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	1,443,981	
23. Materials and Supplies - Electric & Other	314,345		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	19,360		52. Current Maturities Capital Leases	82,758	
25. Other Current and Accrued Assets	25,488		53. Other Current and Accrued Liabilities	767,771	
26. Total Current and Accrued Assets (15 thru 25)	8,531,090		54. Total Current & Accrued Liabilities (47 thru 53)	3,624,335	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	582,981		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	61,988,697		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	61,988,697	

LANE-SCOTT ELECTRIC ENERGY SALES STATISTICS FOR NOVEMBER 2020

CLASS OF SERVICE	NO. RECEIVING SERVICE		kWh SOLD		AMOUNT BILLED		Y.T.D AVERAGE		SALE PRICE PER kWh Y.T.D.
	Y.T.D. AVG.	THIS MONTH	THIS MONTH	Y.T.D.	THIS MONTH	Y.T.D.	kWh USED	AMOUNT	
Residential Sales	2,232	2,229	1,567,912	22,204,580	\$181,276	\$2,548,781	905	\$103.83	11.48
Residential Sales-Seasonal	51	50	7,014	125,799	\$1,820	\$24,957			
Irrigation Sales	333	331	282,318	9,145,072	\$22,404	\$816,969			
Small Commercial	1,837	1,832	3,856,475	42,950,927	\$376,246	\$4,439,553	2,126	\$219.76	10.34
Large Commercial	186	188	2,926,094	30,508,378	\$303,678	\$3,377,515	14,940	\$1,654.02	11.07
Public Street Lighting	13	13	35,906	394,966	\$4,196	\$49,165			
Public Building Sales	45	49	24,832	307,858	\$3,569	\$43,999			
Non-Domestic	1,059	1,059	143,711	1,797,581	\$28,182	\$339,976			
City of Dighton	1	1	668,251	9,611,555	\$36,771	\$671,169	873,778	\$61,015.38	6.98
Idle Services on rate 90	31	38	0	0	\$0	\$1,859			
Large Industrial	3	3	1,689,230	28,481,220	\$162,033	\$2,307,758	863,067	\$69,932.06	8.10
Irrigation Horsepower Charges	0	0				\$264,332			
Total Energy Sales	5,790	5,793	11,201,743	145,527,936	\$1,120,175	\$14,886,032			10.23
Other Electric Revenue					\$9,023	\$141,285			
Total					\$1,129,198	\$15,027,317			

SUBSTATION DATA

Substation	(NCP)KW	kWh Purchased	Cost Per kWh	kWh Sold	Line Loss	Load Factor-P	Load Factor-S
Beeler-Sub 3	5,588	3,395,312		2,633,897	22.43%	84.39%	65.47%
Dighton-Sub 1 - 7200	1,364	881,958		1,188,873	-34.80%	89.81%	121.06%
Dighton-Sub 2 - 14400	3,955	1,313,491		1,259,492	4.11%	46.13%	44.23%
Manning-Sub 4	5,236	2,915,868		2,358,889	19.10%	77.35%	62.57%
LS Seaboard-Sub 5	179	85,598		81,613	4.66%	66.42%	63.32%
Twin Springs Lo 7.6-Sub 7	287	120,670		109,575	9.19%	58.40%	53.03%
Twin Springs Hi 14.1-Sub 8	223	120,874		114,802	5.02%	75.28%	71.50%
City of Dighton	1,008	580,860	5.2900	580,860	0.00%	80.03%	80.03%
City of Dighton - WAPA	153	87,391	3.0200	87,391	0.00%	79.33%	79.33%
Alexander 115	1,398	816,915		761,576	6.77%	81.16%	75.66%
Ness City 115	3,102	1,618,189		2,024,775	-25.13%	72.45%	90.66%
Total	22,493	11,937,126	4.9700	11,201,743	6.16%	73.71%	69.17%

RUS/CFC LOAN FUND TRANSACTIONS

MISC.

OTHER STATISTICS

					Y.T.D	M.T.D.
Gross Obligation to RUS	\$ 54,111,889	General Fund Balance	\$50,718	Miles Energized	2044.12	
Pymts Applied Against Principal	\$ 19,153,447	MMDA Investments	\$205,687	Density	2.83	
Net Obligation to RUS	\$ 34,958,442	Cash Available at Month End	\$256,405	kWh Purchased	150,422,483	11,937,126
CFC Line of Credit	\$ -			kWh Sold (Inc. Office Use)	143,995,575	11,207,701
CoBank Line of Credit	\$ -	CFC Investments - CP, SN, MTN	\$6,588,558	Percent of Line Loss	4.27%	6.11%
CFC Note #9004-RUS refinance	\$ 5,878,440	CFC CTC's	\$221,958	Idle Services	244	
CFC Note #9006-RS Prepymt	\$ 466,996			Oper. Revenue Per kWh Sold	10.44	10.08
				Expense Per kWh Sold	10.36	11.17
				Income Per Mile		552.41
				Expense Per Mile		612.44

ACCOUNT AGING

	Current	30-89 Days	90 Plus
Irrigation Accounts Receivable	\$12,385	\$1,304	
Electric Accounts Receivable	\$1,079,477	\$16,856	\$8,585
Retail Accounts Receivable	\$53,083	\$5,114	\$2,909

2020-Line 25 - Non-Operating Margins

		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Rev.-Electrician & Mat.	415.1	\$15,472.59	\$30,072.11	\$22,131.12	\$16,256.87	\$17,444.15	\$43,910.78	\$26,119.47	\$48,194.82	\$23,654.32	\$36,771.82	\$32,451.44		\$312,479.49	415.1
Exp.-Electrician & Mat.	416.1	\$25,241.80	\$31,472.18	\$26,525.09	\$19,061.30	\$26,780.14	\$37,634.53	\$30,617.76	\$60,759.19	\$41,616.06	\$48,316.57	\$41,893.64		\$389,918.26	416.1
		(\$9,769.21)	(\$1,400.07)	(\$4,393.97)	(\$2,804.43)	(\$9,335.99)	\$6,276.25	(\$4,498.29)	(\$12,564.37)	(\$17,961.74)	(\$11,544.75)	(\$9,442.20)	\$0.00	(\$77,438.77)	
Rev.-Appliance Repair	415.2	\$11,413.72	\$6,562.93	\$14,607.11	\$6,185.77	\$16,155.53	\$23,010.39	\$28,874.65	\$8,799.94	\$29,278.25	\$23,494.48	\$13,590.63		\$181,973.40	415.2
Exp.-Appliance Repair	416.2	\$13,809.81	\$13,167.26	\$18,849.37	\$10,369.45	\$22,385.60	\$23,411.48	\$24,260.11	\$17,130.44	\$26,971.23	\$23,748.24	\$17,485.22		\$211,588.21	416.2
		(\$2,396.09)	(\$6,604.33)	(\$4,242.26)	(\$4,183.68)	(\$6,230.07)	(\$401.09)	\$4,614.54	(\$8,330.50)	\$2,307.02	(\$253.76)	(\$3,894.59)	\$0.00	(\$29,614.81)	
Rev.-Member Damages	415.3	\$1,641.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,056.66	\$3,324.93	\$0.00	\$268.75	\$0.00		\$6,291.91	415.3
Exp.-Member Damages	416.3	\$1,785.22	\$0.00	\$0.00	\$1,424.56	\$0.00	\$0.00	\$960.07	\$2,090.79	\$374.40	\$517.02	\$0.00		\$7,152.06	416.3
		(\$143.65)	\$0.00	\$0.00	(\$1,424.56)	\$0.00	\$0.00	\$96.59	\$1,234.14	(\$374.40)	(\$248.27)	\$0.00	\$0.00	(\$860.15)	
Finance Charges	415.5	\$213.65	\$215.01	\$127.41	\$67.63	\$51.75	\$30.29	(\$7.35)	\$122.55	\$103.22	\$110.17	\$165.02		\$1,199.35	415.5
MARGIN-Resale		(\$12,095.30)	(\$7,789.39)	(\$8,508.82)	(\$8,345.04)	(\$15,514.31)	\$5,905.45	\$205.49	(\$19,538.18)	(\$15,925.90)	(\$11,936.61)	(\$13,171.77)	\$0.00	(\$106,714.38)	
2010-2019 (less 2013) avg:		(\$6,716.41)	(\$1,979.83)	(\$394.96)	(\$2,093.74)	\$1,375.71	\$8,307.97	(\$5,201.07)	\$2,708.80	\$1,250.54	\$3,217.63	(\$1,997.01)	(\$4,867.14)	(\$6,389.52)	
Rev.-City of Dighton	417.0	\$12,437.50	\$12,437.50	\$12,437.50	\$12,437.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49,750.00	417.0
Exp.-Sup. & Engineering	417.1	\$935.28	\$621.24	\$1,445.09	\$1,932.46	\$994.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,928.89	417.1
Exp.-Material	417.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.11
Exp.-Overhead Lines	417.2	\$4,111.99	\$2,515.62	\$2,590.92	\$3,796.54	\$779.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,794.26	417.2
Exp.-Cons. Accts.	417.3	\$894.56	\$1,039.11	\$58.08	\$341.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,333.65	417.3
Exp.-Line Patrol	417.4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.4
Exp.-Street Lights	417.5	\$1,717.99	\$299.41	\$1,767.97	\$845.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,630.77	417.5
Exp.-Meter Reading	417.6	\$810.02	\$934.38	\$732.35	\$838.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,315.42	417.6
Exp.-Tree Trimming	417.7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.7
Exp.-Trans. & Meters	417.8	\$0.00	\$72.66	\$1,496.82	\$321.61	\$147.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,039.05	417.8
Exp.-Misc.	417.9	\$115.54	\$614.97	\$150.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$881.06	417.9
Exp.-Contract	417.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	417.12
Total Expenses		\$8,585.38	\$6,097.39	\$8,241.78	\$8,076.58	\$1,921.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32,923.10	
MARGIN-City		\$3,852.12	\$6,340.11	\$4,195.72	\$4,360.92	(\$1,921.97)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,826.90	
Misc. Income	421.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$900.00)	\$0.00	\$0.00	\$0.00	\$5.01	\$0.00		(\$894.99)	421.0
Gain on Disposal	421.1	\$0.00	\$356.00	\$0.00	\$0.00	\$17,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$17,856.00	421.1
Loss on Disposal	421.2	\$0.00	\$152.00	(\$686.21)	\$0.00	(\$9,741.98)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		(\$10,276.19)	421.2
NET NON-OP MARGIN		(\$8,243.18)	(\$941.28)	(\$4,999.31)	(\$3,984.12)	(\$9,678.26)	\$5,005.45	\$205.49	(\$19,538.18)	(\$15,925.90)	(\$11,931.60)	(\$13,171.77)	\$0.00	(\$83,202.66)	

Kalo Michael Mark	Current Month				YTD Total			
	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev
	100.5	67.5	\$ 85.00	\$ 5,737.50	1236.5	699.5	\$ 85.00	\$ 59,457.50
	100	71	\$ 85.00	\$ 6,035.00	1296.5	626.5	\$ 85.00	\$ 53,252.50
	126	42	\$ 85.00	\$ 3,570.00	1445.5	475.5	\$ 85.00	\$ 40,417.50
	326.5	180.5		\$ 15,342.50	3978.5	1801.5		\$ 153,127.50

LANE-SCOTT ELECTRIC
RESALE OPEN BALANCE (60-90 days)
as of 01/04/2021

NAME	CURRENT AMOUNT DUE	ACTION TAKEN	LAST PAYMENT	
Black Dog Restaurant	\$ 1,967.73	pmt	\$ -	5-Oct
Steve C Boone	\$ 19.37		\$ -	
John Sanchez	\$ 157.66	Payments	\$ -	15-Oct
Jim Foster	\$ 3,733.38	Payments	\$ 500.00	11-Dec
Vernon McBee	\$ 203.00	Payments	\$ 81.25	4-Dec
John Kline	\$ 86.28			
Virginia Dietterich	\$ 95.16			
Bible Fellowship Church	\$ 212.12	Payments	\$ 101.79	12-Nov
Araceli Navarro-Perez	\$ 210.78			
.	\$ 6,685.48		\$ 683.04	

OUTAGE STATISTICS November 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	7.5		8	3
BIRDS & ANIMALS			0			0	
TREES			0			0	
LIGHTNING\RAIN\WIND			0			0	
ICE & WIND			0			0	
SNOW & WIND			0			0	
OCR OR FUSE FAILURE			0			0	
TRANSFORMER FAILURE			0			0	
BROKEN JUMPER			0			0	
PEOPLE CAUSED			0			0	
BROKEN POLE			0			0	
POWER SUPPLY			0			0	
SCHEDULED			0			0	
UNKNOWN			0			0	
TOTALS	1	0	1	7.5	0	8	3

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	14,179				

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Transformer Losses 1995-2020

[illegible]



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING SUMMARY

December 10-11, 2020

SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING

The Board meeting opened on Thursday, Dec. 10. The additional time was used to discuss strategy topics previously identified by the Board. Topics included:

- Behind-the-Meter Generation – Board direction: Develop communication and marketing program for existing Sunflower Renewable Program
- Community Solar – Board direction: Survey for market interest; evaluate options for community solar
- Member Carve-Out from the All-Requirements Contract – Board direction: Members are satisfied with current contract structure
- Microgrid Concepts – Board direction: Continue with current Microgrid Impact Study
- Battery Storage – Board direction: Implement strategic initiative to evaluate options for battery storage

CURRENT ACTIVITIES

The Strategy Performance Assessment is available in Boardpaq. Changes in performance from the last quarter appear in red.

The fourth Sunflower Organization Wide Survey was conducted in third quarter of 2020. The purpose of the confidential survey, again managed by the FHSU Management Development Center, is to elicit employee feedback on a wide range of topics, such as program impact, areas of concern, and organizational change. Results help develop improvements and shape future decision. The survey showed increased scores in 9 of 13 focus areas. Quantitative and qualitative data for the survey are available on Boardpaq.

Sunflower Members' Conference

The second Sunflower Members' Conference is scheduled for Feb. 4. The virtual conference, which will begin at 9 a.m. and close around 3 p.m., can be accessed by participants from their homes or Members' headquarters. Staff developed a tentative agenda after receiving feedback from the Members regarding topic preferences. The conference will have three general sessions and two breakout sessions with four repeated topics presented in each breakout. Online registration will be available soon.

ICARE2020/STRATEGY

Staff discussed the ongoing Integrated Resource Plan. In January, staff will provide a summary of the modeling results for 13 resource portfolio options. The summary will include a description of the resource additions and retirements associated with each modeled portfolio. The summary

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will also include the expected cost, associated risk, and robustness analysis for each portfolio. Staff will also provide an update on activities that need to be completed in conjunction with the IRP to develop an action plan for our future power supply portfolio.

The technology evolution occurring at Sunflower during Bill Branch's tenure includes the following: single sign-on capabilities by staff across Sunflower locations, electronic payroll, Cloud storage and retrieval, Microsoft Office 365, cybersecurity policies and procedures, CIP compliance measures, data center consolidation and virtualization, microwave network and resilience, physical security upgrades, Cloud telephone system, information security policies and procedures, business continuity and disaster recovery system; Oracle Cloud, enhanced end-use devices, wireless network access, EMS/SCADA System upgrades, controls system upgrades, and transformation of the back-up control center.

Stuart extended his appreciation and congratulations to Bill Branch, Vice President and Chief Information Officer, who will retire at year's end after ten years of service to Sunflower.

PRESIDENT'S REPORT

Transmission Policy and Planning

FERC Docket ER19-2273 Sunflower Merged Transmission Formula Rate (TFR) Review: The SPP filed for approval of Sunflower's merged transmission formula rate on June 27, 2019, and the filed rates were implemented January 1, 2020, subject to refund. FERC issued an Order Approving Settlement Agreement on November 19, 2020, with the settled rates effective December 1, 2020. The final Sunflower formula has a higher TIER compared to the previous Sunflower and Mid-Kansas TIERs. Approximately \$0.50 of every \$1.00 recovered through the TFR is paid by third parties. The true-up will be distributed based on 2019 load ratio shares and reflected in February bills for January activity. Competitive bid adjustments and simplified filing processes were also included in the new TFR.

Technology Services

Robotic Process Automation (RPA) is an emerging technical strategy that automates manually performed business processes and workflows. The Field Automation Project will use this technology to automate work, including compliance mandated line and substation inspection processes. Rugged field tablets have been delivered, and training on the devices and application have begun and will continue into January.

External Affairs and Member Services

Leadership in the Kansas House remains mostly intact, but the Senate will experience a great deal of change. Committee assignments are currently being made.

Gov. Laura Kelly appointed Lt. Gov. Lynn Rogers to the position of Kansas State Treasurer and will seek a replacement for the lieutenant governor position.

Sunflower Electric Economic Development is hosting the first certified-site visit in Dodge City this month. Staff are hopeful that additional sites will be certified in 2021.

Zachary Mannheimer was the featured speaker at the wKREDA annual meeting in December. Zach, who owns a consulting firm that focuses on rural development, spoke about the near-term opportunities for rural areas. He estimated 40 million people will leave urban area and some of those will want to relocate to rural areas. Zach estimates that communities have approximately

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two years to make sure necessary amenities (e.g., housing, broadband, daycare) attractive to those relocating are in place.

Corporate Services

Tri-State Generation & Transmission Association is no longer a member of Western Fuels. This exit will cause a minimal increase in Sunflower's costs associated with Western Fuels.

Financials

Year-to-date operating expenses were down from budget by \$9.33 million. Large industrial loads were down 11.80% from budget for the month and 8.14% year-to-date. Overall Member loads were down 7.54% from budget for the month and 5.10% year-to-date.

Transmission margins were down \$10.7M year-to-date. An \$11M (\$5.5M in June, \$5.5M in September) accrual was made 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 was \$11M, \$5.9M for the Formula Rate Settlement and \$5.1M for the 2020 Transmission Formula Rate True-Up.

Patronage

Staff reviewed two patronage allocation options, a "90/10" option and a "60/40" option, which refer to the percentages allocated relative to Sunflower and relative to Mid-Kansas, respectively. Per the Board's consensus, staff will prepare a resolution of unanimous consent for the 60/40 option that will be circulated to the Members for signatures in January. Patronage will be distributed on or after the date of the unanimous consent.

Paycheck Protection Program

Sunflower entered into the Paycheck Protection Program (PPP) loan agreement for \$10 million on April 22, 2020, and elected a 24-week covered period that ended October 6, 2020. All proceeds from the PPP loan were used to support generation payroll and benefits, the area of the company deemed most affected by COVID-19. Staff continue to work through the forgiveness application process, including gathering economic support documentation and gaining access to Commerce's portal. In January, staff will ask for Board approval to file the forgiveness application. Staff are also addressing Form 3509, a new requirement by the SBA for loans more than \$2 million. Issues with the new form, which focuses on economic necessity, have been raised by the American Institute of Certified Public Accountants. A loan forgiveness decision by the Small Business Administration could come as late as June 2021.



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PROPOSED 2021 KEC BOARD OF TRUSTEES MEETING SCHEDULE

January 23-26, 2021 (Annual Meeting)	Capitol Plaza Hotel	Topeka
March 3-4, 2021	Marriott Hotel	Wichita
May 5-6, 2021	Marriott Hotel	Wichita
July 31-August 2, 2021 (Summer Meeting)	Marriott Hotel	Overland Park
October 6-7, 2021	Marriott Hotel	Wichita
December 1-2, 2021	Marriott Hotel	Wichita

Rural Power

INSIDE

- 2 | Calendar
- 2 | Seats available for the February Board Leadership course series in Kansas
- 3 | Kansas co-ops show Christmas spirit, commitment to community

Please send
your news
announcements to
ruralpower@kec.org.

KCC conducts hearing on Evergy's proposed DG rate

The Kansas Corporation Commission conducted the evidentiary hearing on Evergy's proposed distributed generation (DG) rate Dec. 16-17. On remand, Evergy proposes a grid access charge and, in the alternative, a minimum bill proposal.

The first day consisted of questioning and cross-examining Evergy's two witnesses. Cross-examining witnesses of other parties spilled over to day two. **DOUG SHEPHERD**, KEC's vice president of management consulting services, submitted testimony on behalf of four cooperative intervenors: KEC, KEPCo, Midwest Energy, and Sunflower. **SUSAN CUNNINGHAM**, KEPCo, served as lead counsel for the KEC group during the pre-hearing conference and the evidentiary hearing. Pioneer and Southern Pioneer are jointly participating in the docket, as well.

Cooperatives have consistently advocated throughout this docket that DG customers take a different type of service from the utility when compared to non-DG customers. As such, it is appropriate and legal to charge DG customers differently than non-DG customers. Post-hearing briefs are due Jan. 11 and a final commission decision is due to be issued by Feb. 25.

KEC and KCRE plan virtual meetings for January

KEC is planning a series of virtual meetings to be held on the morning of Tuesday, Jan. 26. Co-op representatives are invited to attend the KEC Annual Business Session and the KEC January Board Meeting. The KEC Annual Business Session will feature a year-end report by KEC CEO **LEE TAFANELLI**. The KEC board will elect the KEC officers for 2021 at the January Board Meeting.

In addition, the Kansas Committee for Rural Electrification (KCRE) Annual Meeting and the KCRE Executive Committee Meeting will be held immediately prior to the KEC meetings. KCRE members must RSVP to attend the virtual meeting.

A detailed agenda and log in information will be emailed to the cooperatives.

2021 youth programs cancelled, virtual conference now planned

For the past 60 years, electric cooperatives from across the country have selected student leaders to take part in the Electric Cooperative Youth Tour to Washington, D.C. In addition, for the past 40 years, co-ops have selected student leaders to participate in the Cooperative Youth Leadership Camp in Colorado.

While plans had been in place to host nearly 2,000 students representing 44 states in the D.C. trip and nearly 100 students from four states for the Colorado camp, the decision has been made to cancel both youth programs for 2021 due to continued concerns with the pandemic.

With the cancellation of the youth programs, KEC will now offer the 2021 student winners with a virtual youth leadership conference.

KEC hosted an online information meeting on Dec. 10 for the youth program coordinators to discuss the program and available options. Participating cooperatives have been requested to update the number of students they would like

to select to have this leadership opportunity.


"We are sad for the youth who will miss the tour and camp experiences, but we know that the safety of our youth delegates and our chaperones is paramount," said **SHANA READ**, KEC director of education and training and the Kansas youth program director. "Our focus has shifted to now plan a meaningful and engaging virtual youth leadership experience tailored specifically to these students."

The virtual leadership conference will take place this summer and will be a combination of top-notch speakers and fun virtual activities. In addition, each of the participating cooperatives will offer a scholarship incentive for those students who complete the week-long program.

Students who participate in the 2021 virtual youth leadership conference will also be eligible to apply for future statewide and national scholarship awards specifically designed for the youth program alumni.



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KEC hiring finance and government relations positions

KEC is seeking applicants for the **DIRECTOR OF FINANCE**. The responsibility of this position is to manage and direct the daily financial and administrative duties of the cooperative in a manner that advances the financial position of the cooperative and promotes the strategic decisions of the Board of Directors.

KEC also has an immediate opening for the **DIRECTOR OF GOVERNMENT RELATIONS**. This position will actively advocate for the interests of KEC's electric cooperative members at all levels of government, focusing primarily on electric co-op issues and overall utility issues, as well as certain matters affecting rural Kansas. The director will actively monitor and lobby state legislative issues daily during session and assist with outreach to the Kansas Congressional delegation. This position plays a key role in the Government Relations team's communications efforts and serves as staff lead for KEC's grassroots policy engagement program.

For complete position descriptions for both positions or to apply, visit <https://www.kec.org/careers>.

jobmarket

KEC helps to promote co-op careers by listing openings on the careers section of the KEC website.

Visit www.kec.coop/careers to learn more about the following positions.

- ▶ Bluestem seeks manager of accounting and finance.
- ▶ FreeState seeks a tree crew/groundsman.
- ▶ KEC seeks director of finance and director of government relations.
- ▶ KEPCo seeks an administrative assistant - receptionist.
- ▶ Lane-Scott seeks warehouse position.
- ▶ Sunflower has multiple openings.

Send your open position listings to ruralpower@cec.org. Positions will be posted on the website for one month, unless otherwise directed by the co-op.

co-opcalendar

DECEMBER

24-25 **Christmas**, KEC office closed

JANUARY

19-20 **NRECA CEO Close-Up**, virtual

21 **KEPCo Board Meeting**, virtual, 9 a.m.

20 **Sunflower Board Meeting**, Sunflower Headquarters (hybrid meeting using MS Teams), 8:30 a.m.

26 **KCRE Annual Meeting and KCRE Executive Committee Meeting**, virtual, 8:30 a.m.

26 **KEC Annual Business Session and KEC January Board Meeting**, virtual, 10 a.m.

FEBRUARY

8 **Board Leadership Course 971.1**, Victory Headquarters (pre-registration required)

9 **Board Leadership Course 971.1**, DSO Headquarters (pre-registration required)

10 **Board Leadership Course 971.1**, 4 Rivers Headquarters (pre-registration required)

11 **Board Leadership Course 971.1**, virtual (pre-registration required)

Deadline approaching for KEC Auxiliary scholarship

The KEC Auxiliary is currently accepting applications for its inaugural scholarship program. The KEC Auxiliary is offering two \$1,000 scholarships to current college students who participated in either the Electric Cooperative Youth Tour or the Cooperative Youth Leadership Camp.

Applicants must have been sponsored by a KEC member-cooperative for one of the youth programs, and they must have completed at least one semester at an accredited university,

college, or trade school as a full-time student at the time of application.

Eligible students must complete the online application and submit a short video. Recipients of the scholarship will be awarded at a future KEC meeting.

Deadline to apply is Dec. 31. Applications and eligibility requirements are online at <https://www.kec.coop/form/cec-auxiliary-scholarship>. For additional information, contact Carol Dorr at cdorr@cec.org.

upcomingtraining

Seats still available for the new Board Leadership course

KEC is hosting a series of training locations for a newly-developed directors course, Feb. 8-11.

BRYAN SINGLETARY will facilitate the brand new *971.1 Governance Challenges of the Evolving Distribution Cooperative*. This course will be taught at Victory's headquarters in Dodge City on Feb. 8, DSO's headquarters in Solomon on Feb. 9, and at 4 Rivers' headquarters in Lebo on Feb. 10. In addition, a virtual option is available on Feb. 11.

The co-op marketplace is changing faster today than at any time since our foundational period. Distribution co-ops' relationship with their members are transforming due to changing member preferences, new business models, new technologies and third-party applications. This course focuses

on how these changes call for different ways of thinking, data collection and analysis at the board level if boards are to fulfill their oversight responsibilities and strategic vision.

Participants will learn to recognize the drivers of the changing industry landscape, and they will discuss how the evolving energy landscape impacts governance and the way a board performs its oversight function.

Cost to attend the one-day training is \$300 per person. Seating is limited, and safety protocols will be followed. If an in-person training is deemed unsafe as we near the training dates, all courses may be offered virtually.

Registration has been emailed to each cooperative. For more information, contact Shana Read at sread@cec.org.

Co-ops respond with mutual aid following winter storm

On Dec. 3, the CMS service area experienced heavy snow and strong winds which toppled more than 100 poles between Meade and Coldwater, resulting in outages for members. CMS requested mutual aid assistance. Both Southern Pioneer and Victory sent two crews to help restore outages. Two contractors also assisted. All services were restored by Dec. 5.



Pictured from left: Victory linemen Marlon Hernandez, Jake Gier, Austin Gooder, Kevin Freeman, Kade Henry, Jeremy Elling, Justin Straight, and Kody Stockton, responded to the CMS request for mutual aid following the Dec. 3 storm.

insympathy

Lauren James Roe

Lauren Roe, retired trustee of Jewell-Mitchell (now part of Rolling Hills), died Dec. 1. Roe served on the board from 1978 to 2001. Services were held Dec. 5 at the Olive Hill Cemetery in Jewell County.

Fred J. Elyea

Fred J. Elyea, retired trustee of NCK (now part of Rolling Hills), died Dec. 10. Elyea served on the board from 1990 to 2004. Services were held Dec. 5 at the First United Methodist Church, Belleville.

Kansas co-ops show Christmas spirit, commitment to community

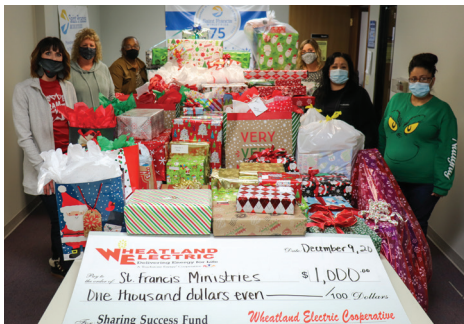
If 2020 has shown us one thing, it's the importance of cooperatives coming together to support their communities. Several Kansas electric cooperatives shined even brighter this year with their commitment to community during the holiday season.

MIDWEST ENERGY took home "Best Representation of a Theme" honors during the Colby Chamber of Commerce's 23rd Annual Christmas Light Parade on Dec. 5. Chad Zimmerman, Midwest Energy's field service representative, decorated his truck with LED lights and pulled a lighted trailer.



Midwest Energy's Chad Zimmerman drives a decorated truck in the Colby Christmas Light Parade.

SUMNER-COWLEY won first place in the Wellington Area Chamber of Commerce Snowman Light Pole Decorating Contest. The co-op decorated their pole with Willie Wiredhand dressed as a snowman. The purpose of the contest was to provide an opportunity for people and businesses to get involved and to make the downtown district welcoming and festive. Sumner-Cowley donated the \$100 prize to the Wellington Food Bank.



Wheatland employees donate gifts and a Sharing Success grant to the Saint Francis Angel Tree program.

WHEATLAND employees sponsored 92 children through Saint Francis Ministries' annual Angel Tree program. Co-op staff purchased wish-list items provided by the non-profit agency that serves children in

the foster care system. Gifts were pre-wrapped for distribution. In addition, Wheatland also awarded a \$1,000 Sharing Success grant for Saint Francis' Angel Tree program.



Sumner-Cowley wins first place with their Willie Wiredhand snowman decoration in Wellington's light pole decorating contest.



8. General Manager's Report

A. Rates and Reliability Dashboard – November 2020

1) Rates.

	current month (\$/kWh)	year to date (\$/kWh)
Residential	0.1156	0.1148
Residential - Seasonal	0.1991	0.1907
Irrigation	0.0794	0.0893
C&I 1000kVa or less	0.0976	0.1044
C&I over 1000 kVA	0.1009	0.0964
Public Street and Lighting	0.1169	0.1245
Other Sales to Public Authorities	0.1437	0.1429
Sales for Resale - Other	0.0550	0.0698
Total Sales price per kWh:	0.1000	0.1007

2) Reliability.

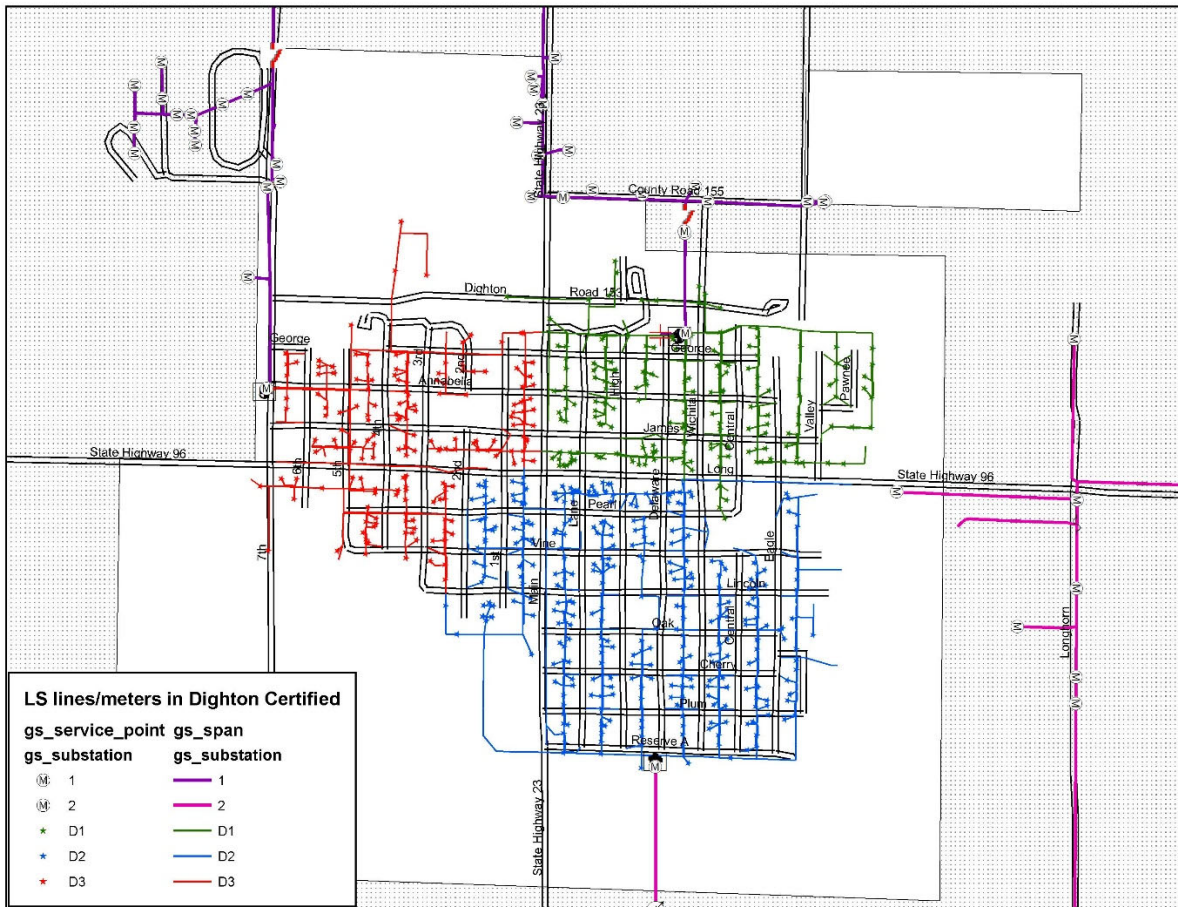
November 2020		
SAIDI	2.34	Interruption DURATION / average for every member (hrs)
SAIFI	1.06	Interruption FREQUENCY / Average # of Interruptions per customer
CAIDI	2.21	Customer Average Interruption Duration Index - IF you are out, how long to expect (hrs).
ASAI	99.97%	Service Availability

B. Administration

- 1) Philips 66 and the Financial Forecast. I spoke with the P66 folks after the first of the year and they project 50:50 odds that the Liberty station will happen. So I have re-ran the Load Forecast Study and Financial Forecast removing the Philips 66 load. I also backed capital Credit retirements down a lot. The bottom line is that we are good but will need to live lean and the model projects a 2.98% rate increase in 2022.
- 2) COVID-19. The FFCRA has been extended through March 2021. This provides LSEC a payroll tax credit for voluntarily offering paid sick and family leave to employees affected by COVID-19.
- 3) City of Dighton. We have received the Certificate of Convenience maps from the KCC and overlaid them in our mapping system. The white area is the Dighton CC with the city's lines in red, green, and blue.

These maps confirm that the Dollar General Store is located solely within the CC of the City of Dighton (to the east on the map). The maps also identify thirteen other meters that are located solely within the Dighton CC. Three are near the fairgrounds,

seven are along Hwy 23 north of town and three are in a remote piece northeast of town.



LSEC employees remember having discussions with the City which allowed us to serve these meters, but the agreements were not followed up with the required paperwork so technically we do not have the right to serve them. The city does not have infrastructure in place to readily serve these loads, but we expect that KMEA is working on that issue.

This also makes us nervous about the Dighton north substation. The city owns the land while LSEC owns the equipment. The substation needs a re-build and potentially a re-location. KMEA could use this to construct their own substation and cut SEPC and LSEC out of the north and west Dighton load.

- 4) The City of Ness City has requested safety training assistance for their employees. We have reached out to KEC and Federated to develop some options. The most likely at this time is an arcing demonstration with specific safety issues addressed.
- 5) The Credit Card records are available for the Boards review.

C. Information Technology / Cybersecurity highlights

- 1) We have implemented the MicroSoft Office 365 Secure Score Assessment software. This assessment gives recommendations of security settings that may be programmed in addition to default security settings that may decrease vulnerability.
- 2) Manage Engine Desktop Central installation to computers. Implementing patch management section, programming, and installations. Software upgrade to 10.0.630 and installing missed patches and creating a regular patch update policy.

D. Operations.

- 1) The crew built three 3 phase oil well connects in Lane county, one 3 phase irrigation connect in Finney county and several single phase connects for water well, camper and storage in Lane and Ness counties.
- 2) Upgraded existing connects replacing meter poles and meter loops Lane and Ness counties.
- 3) Disconnected and retired single phase connects on water wells and oil well.
- 4) Changed out poles for clearance and replacement in Ness county.
- 5) Substation inspections and repair URD riser pole at Manning sub.
- 6) Worked on AMI monitoring system and meter changes.
- 7) Repaired and replaced consumer lights.
- 8) Patrolling and line maintenance. Straighten and re-tamp poles.
- 9) Bucket truck repairs and new flatbed on truck # 143.
- 10) Started count on line material inventory.

E. Member Services

- 1) Website. The new website is getting results. We have gone from 1100-1200 website views per month to 3000.
- 2) CoBank Success Sharing grants. Ann Marie is launching a Grant Program where organizations can apply for a \$1,000.00 grant. Five hundred dollars would be from LSEC and \$500.00 from CoBank if the grant is awarded. She hopes to increase community involvement and secure more funds for organizations in our area.

F. Finance.

- 1) November posted a \$396,067 gain in Total Margins due to a \$538,534 G&T retirement. Operating margins posted a \$122,695 loss. Overall, Operating Margins are \$104,799 and Total Margins are \$799,313.
- 2) Budget. We are \$461,658 under budget on Operating Margins (Part a, Line 21) and \$307,019 under budget on Total Margins.
- 3) Financial Ratios.
 - a. Equity as a % of Assets – 36.19%
 - b. Equity as a % of capitalization – 38.6%
 - c. Distribution Equity – 21.88%
 - d. General Funds Level – 19.65%
 - e. TIER – 1.65
 - f. OTIER – 1.09 this is low but is explained by loss of sales from COVID (Operating income A21 / Interest on LT Debt A16).
 - g. Current Ratio – 2.35



















- 4) Billing Past Due (current – Dec.)
 - a. 30 day – \$ 1,605.09
 - b. 60 day – 705.52
 - c. 90 day – 10,105.47 (\$6,512.69 is with OPCO, LLC.)

G. Non-Operating Margins. Our year-to-date Non-Operating margins [Form 7, Part A, Lines 22(b) + Line 25(b) + Line 27(b)] is \$155,980.

- 1) Retail Services. Initial figures posted a \$18,171.77 loss in November. Much of this remains Generac and other material that was purchased but will not be installed and billed until December or later. Retail Services had a tough year in 2020. COVID-19 limited our ability to work in consumers home which caused a lot of lost sales in seasonal checks. Injuries, illnesses, and COVID-related quarantines all reduced the number of available hours to bill.
 - a. Resale Hours. Billable hours dropped to at 64%. Year to date is 68.8%.
 - b. Outstanding Balances. The total 60-90 day past due balance is \$6,045.77.
 - i. 30 day - \$ 2,312.39
 - ii. 60 day - 3,733.38
 - iii. 90 day - 2,559.12 (Black Dog – 1,967.73)
 - c. Generac. We have sold ten units and have several estimates waiting. Three units will be invoiced in January.
 - d. We are reviewing procedures, and material and hourly pricing schedules because of complaints from customers about hourly charges. There is a possibility that we are losing business from being too expensive. If we can manage our time and expenses better, we should increase profits.
- 2) Interest earned. We earned \$2,891 in Non-Operating interest.

Respectfully submitted,

Richard McLeon, MBA
General Manager

FINANCIAL FORECAST - RATIOS - RUS FORM 325 A KS042														12/22/2020 Base 2020 RAMc	
The Lane-Scott Electric Cooperative, Inc.		Historical 2017	Historical 2018	Historical 2019	Future 2020	Future 2021	Future 2022	Future 2023	Future 2024	Future 2025	Future 2026	Future 2027	Future 2028	Future 2029	
Ratios with Additional Revenue															
1. Equity		34.43%	36.81%	36.46%	37.87%	40.64%	41.55%	42.29%	42.83%	43.22%	43.47%	44.02%	44.78%	45.78%	
2. Debt Service Coverage (DSC)		1.95	1.68	0.00	2.00	1.81	1.46	1.51	1.57	1.57	1.58	1.58	1.59	1.60	
3. Times Interest Earned Ratio (TIER)		2.53	2.11	2.37	2.40	2.45	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	
Revenue Comparison															
4. Average Revenue per MWH		\$120.14	\$114.51	\$103.89	\$103.58	\$103.51	\$97.38	\$91.71	\$93.28	\$94.67	\$96.24	\$97.49	\$99.09	\$100.07	
5. Increase in Average Revenue (Annual)		-0.30%	-0.06%		-0.30%	-0.06%	-5.93%	-5.82%	1.71%	1.49%	1.66%	1.29%	1.64%	0.99%	
6. Total Utility Plant per MWH Sold		\$355.72	\$339.35	\$334.53	\$365.93	\$359.72	\$352.99	\$345.63	\$338.24	\$330.65	\$325.81	\$320.82	\$315.71	\$306.76	
Ratios to Total Utility Plant															
7. Net General Funds				5.28%	7.40%	8.38%	9.48%	10.40%	11.45%	12.33%	12.39%	11.40%	10.02%	9.58%	
8. Depreciation and Amortization Reserve		29.26%	29.34%	29.10%	30.09%	31.84%	33.73%	35.80%	38.00%	40.36%	42.51%	44.78%	47.18%	50.32%	
Ratios to Consumers															
9. Operations and Maintenance Expense		\$332.87	\$357.26	\$346.03	\$326.18	\$290.84	\$292.56	\$294.24	\$295.99	\$297.65	\$299.41	\$301.06	\$302.82	\$304.60	
10. Administrative and General Expense + Other Deductions		\$212.15	\$219.04	\$244.54	\$198.62	\$203.37	\$208.16	\$213.04	\$218.15	\$223.31	\$228.63	\$234.01	\$239.59	\$245.32	
Rate Information															
11. Plant Revenue Ratio		7.02	7.39	7.78	8.56	8.76	9.57	9.68	9.30	9.09	8.97	9.00	8.96	8.92	
12. Rate of Return on Rate Base/1000 = 104% Net Utility Plant/1000		5.46%	4.90%	4.70%	4.34%	4.36%	2.81%	2.40%	2.79%	2.90%	2.98%	2.71%	2.58%	2.22%	
13. Rate Base/1000 = 104% Net Utility Plant/1000		\$36,528	\$38,560	\$41,973	\$42,660	\$41,908	\$40,990	\$39,873	\$38,654	\$37,294	\$36,357	\$35,300	\$34,119	\$32,028	
14. Require Rate Increase over Present Rates					0.00%	0.00%	2.98%	1.11%	3.07%	4.86%	4.37%	4.94%	6.12%	6.60%	
Modified Ratios															
15. Modified Debt Service Coverage (MDSC)		1.67	1.66	0.00	1.78	1.61	1.36	1.36	1.46	1.48	1.48	1.46	1.46	1.44	
16. Modified Times Interest Earned Ratio (MTIER)		1.70	1.70	1.79	1.68	1.71	1.20	1.06	1.16	1.16	1.14	1.04	0.99	0.86	
17. Operating Times Interest Earned Ratio (OTIER)		1.93	1.85	0.00	1.79	1.82	1.32	1.20	1.34	1.40	1.46	1.39	1.37	1.26	
18. Operating Debt Service Coverage Ratio (ODSC)		1.64	1.55	0.00	1.67	1.51	1.27	1.27	1.39	1.42	1.46	1.44	1.45	1.42	

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

Dated: January 11, 2021

Policy No: 525

Supersedes Date: September 26, 2005

SUBJECT: Whistleblower

I. OBJECTIVE:

To ensure that the Lane-Scott Electric Cooperative, Inc. maintains an effective, easy-to-use mechanism for employees to raise concerns regarding potentially unlawful, unsafe, or unethical behavior within the organization and that ensures protection against retaliation for the whistleblower.

II. POLICY:

It is Cooperative's policy that no retaliation shall occur against any employee who internally reports a concern about potentially unlawful or unethical conduct ("Whistleblower"). Each employee has an obligation to report in accordance with this Whistleblower Policy: (a) questionable or improper accounting or auditing practices, (b) suspected unlawful conduct, and (c) violations or suspected violations of Cooperative policy (collectively referred to as "Concerns" from this point forward).

A. No Retaliation

This policy is intended to encourage and enable employees to raise Concerns for prompt internal investigation and appropriate action. **No employee who in good faith reports a Concern shall be subject to retaliation in any form for making a report.** An employee who retaliates against someone who has made a good faith report about a Concern is subject of discipline up to and including termination of employment.

B. Reporting Concerns

1. In most cases, employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the Whistleblower continues to have reasonable grounds to believe the Concern is valid and/or the supervisor is not responsive, the Whistleblower should then report the Concern to the General Manager.

If the supervisor is a subject of the Concern, or if the Whistleblower is uncomfortable speaking with his or her supervisor for any reasons, the Whistleblower should report his or her Concern to the General Manager.

If the General Manager or a Trustee is the subject of the Concern, the Concern should be reported to the Cooperative Attorney.

2. Any member of the Board of Trustees, Cooperative member, vendor, supplier, or any third party may make a good faith report of a Concern to the General Manager or Cooperative's attorney. Reports should preferably be in writing and include all relevant information known, including names of Cooperative employees believed to be involved, dates, etc.

C. Handling of Reported Concerns

1. Investigation Procedure: All Concerns will be dealt with promptly and in a manner intended to protect confidentiality, consistent with the need to conduct a full and fair investigation.
 - a. Concerns Not Involving the General Manager: Following a preliminary assessment and investigation, if the General Manager believes the Concern warrants further investigation, and/or the suspected violation is not addressed in Board Policy, then Cooperative's attorney and the Board President shall be contacted. The results of any further investigation shall be reported to the Board, as appropriate.
 - b. Concerns Involving the General Manager: If the General Manager or a Board Trustee is the subject of Concern, the Cooperative Attorney shall conduct a preliminary assessment. If the preliminary assessment reveals that Concern warrants further investigation, then the Cooperative Attorney shall report the Concern directly to the Board President and prepare a preliminary report for the Board of Trustees. The Board President will then report to the full Board and engage the Cooperative Attorney to further investigate the Concern and report back to the Board on the results of the investigation for appropriate follow-up action and conclusion.
2. Follow-Up with Whistleblower. The Whistleblower may be informed of the progress and/or outcome of the investigation unless: (1) the Whistleblower indicates his or her preference not to be informed, (2) this would be detrimental to the Whistleblower, Cooperative or the investigation, or (3) there are other, sound reasons not to inform the Whistleblower. The individual responsible for investigating the Concern is also responsible for determining whether follow-up with the Whistleblower would be detrimental or whether other reasons exist not to inform the Whistleblower. The individual is also responsible for informing the Whistleblower if the Concern has been settled or closed.
3. Cooperation. All employees are required to cooperate in the investigation of Concerns, which may include steps such as personal interviews and requests for and review of documents. Employees must not discuss the investigation, including any interviewed or document requests, with anyone

unless specifically instructed that they may do so.

D. Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information provided in a reported Concern indicates a violation of law, accounting or audit standards, or Cooperative policy. The act of making allegations that prove to be unsubstantiated, or which are made maliciously, recklessly, or with knowledge of their falsity, will be viewed as a serious disciplinary offense.

E. Confidentiality and Access

Reports of Concerns, and any investigations regarding Concerns, shall be kept confidential to the extent possible and lawful, consistent with the need to conduct an adequate investigation.

Employees shall be given ready access to contact information for the Cooperative Attorney and General Manager.

III. Responsibility:

The General Manager shall ensure that this policy is implemented. It is with the responsibility of all trustees, officers, and employees to comply with this policy and report Concerns in accordance with this policy. The Board shall review this policy periodically.

ATTESTED: _____ date _____
Secretary

Seal

Item 10. a. 2021 LSEC Strategic Plan Goals and Initiatives

The Board of Trustees of Lane-Scott Electric Cooperative (Lane-Scott EC or cooperative) met at the Fellowship Hall of St. Theresa Catholic Church in Dighton, Kansas on November 5, 2020 to think strategically about the cooperative's future. The planning session was facilitated by CFC's Lindy LaChance and Mike Lewis. The goals of the session were to achieve consensus on the strategic goals Lane-Scott EC will focus on during the next three years and develop an implementation plan for the strategic goals.

Following completion of the planning session as described above, the planning group achieved consensus on the following strategic goals.

Number	Strategic Goals
1	<p>Demonstrate leadership in employee and public safety</p> <ul style="list-style-type: none"> Fully implement KEC Safety Accreditation Explore improved field communication technology Develop improved record keeping Ensure free flow of information via whistleblower policy
2	<p>Identify, assess, and mitigate cyber security risks</p> <ul style="list-style-type: none"> Research and implement cybersecurity mitigation strategies Identify and make necessary investments in hardware, software and facilities Establish a cybersecurity training and awareness regimen for employees and members
3	<p>Complete and evaluate the results of a cost-of-service study</p> <ul style="list-style-type: none"> Line extension policy impact Rate structure and level impact Prepaid metering assessment Streamline security lighting program
4	<p>Assess and complete all remaining elements of the 2019 Strategic Plan</p> <ul style="list-style-type: none"> Review existing plan progress Evaluate remaining goals for continued relevance Complete all incomplete goals and objectives

New Business

Additionally, the following Action Items were agreed upon:

- Present the strategic plan to the board at the January 2021 board meeting.
- Provide updates to the board on a quarterly basis.

The Mission Statement was reviewed, but specific action was not directed.

Implementation Plan.

Staff has begun an assessment of the four initiatives presented and is preparing to present the Board with the first quarterly update in April 2021.

Staff requests Board Approval of the Strategic Goals as presented and/or amended and further requests that these serve as the basis of the General Managers Annual Evaluation.

SUMMARY

Strategic Planning Session | November 2020



CONFIDENTIAL

Facilitated by CFC



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Appendices	14
<ul style="list-style-type: none"> • Agenda • Strengths, Weaknesses, Opportunities, Threats (SWOT) Results • Strategic Issues from Pre-planning Survey • Sample Action Plan 	

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EXECUTIVE SUMMARY

The board of directors and management of Lane-Scott Electric Cooperative (Lane-Scott EC or cooperative) met at the Fellowship Hall of the Catholic Church in Dighton, Kansas on November 5, 2020 to think strategically about the cooperative's future. The session was facilitated by CFC's Lindy LaChance and Mike Lewis. The goals of the session were to achieve consensus on the strategic goals Lane-Scott EC will focus on during the next three years and develop an implementation plan for the strategic goals.

Prior to the planning session, participants completed a survey that asked each to identify: 1) the strategic issues they would like to discuss; and 2) the strengths, weaknesses, opportunities, and threats currently impacting the cooperative.

The key elements of the session included *[see the complete agenda in the appendix]*:

- Industry update
- Mission statement review
- SWOT exercise
- Review and discuss the strategic issues identified in the survey results
- Develop the strategic goals in a group exercise
- Build consensus on the strategic goals Lane-Scott EC will focus on over the next three years
- Timeline and action plan development for board review and approval

Following completion of the planning session as described above, the planning group achieved consensus on the following strategic goals and objectives. The goals and objectives have not been prioritized at this time:

Number	Strategic Goals
1	Demonstrate leadership in employee and public safety <ul style="list-style-type: none"> Fully implement KEC Safety Accreditation Explore improved field communication technology Develop improved record keeping Ensure free flow of information via whistleblower policy
2	Identify, assess, and mitigate cyber security risks <ul style="list-style-type: none"> Research and implement cybersecurity mitigation strategies Identify and make necessary investments in hardware, software and facilities Establish a cybersecurity training and awareness regimen for employees and members
3	Complete and evaluate the results of a cost of service study <ul style="list-style-type: none"> Line extension policy impact Rate structure and level impact Prepaid metering assessment Streamline security lighting program
4	Assess and complete all remaining elements of the 2019 Strategic Plan <ul style="list-style-type: none"> Review existing plan progress Evaluate remaining goals for continued relevance Complete all incomplete goals and objectives

Action Items:

- Present the strategic plan to the board at the January 2021 board meeting.
- Provide updates to the board on a quarterly basis.

This strategic plan represents a consensus of Lane-Scott EC's board and management as of November 5, 2020. It must be emphasized that strategic plans are based on the knowledge and discussion of its leaders at a snapshot in time. The strategic plan must be fluid and revisited as strategic changes in the cooperative's environment occur.

MISSION STATEMENT

The planning group reviewed the most recent mission statement (shown below), discussed its relevance and use, and whether it should be modified or left in its current form.

Lane-Scott Electric Cooperative, Inc. believes that every member is entitled to reliable and efficient electric service at the lowest possible cost compatible with good governance policies and management practices. We also believe that we have the obligation to provide other related services that enrich peoples' lives and improve the communities in which they live. We believe adherence to Cooperative Principles is the best way to achieve the above desired objectives.

Discussion

- Way too long
- Agree with the principles
- Should be timeless
- Safety
- Mission Statements that we like from other organizations:
 - Ford – Quality is Job 1
 - Mary Kay – Enriching Women's Lives
- What are key words that you would want in a Mission Statement?
 - Reliable
 - Members
 - Efficient

Action Items

- TBD

STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT) EXERCISE

The planning team reviewed the results of the SWOT exercise from the pre-planning survey. This was accomplished by dividing the group into 3 teams, with each focusing on the four SWOT areas. Each team's task was to look for and report on themes, surprises and if anything was missing from each area. Following is a snapshot of the report from the teams.

Strengths:

- Themes
 - Good management and employees
 - Excellent member satisfaction, as measured by survey results
- Surprises
 - None cited
- Missing
 - Ability to change and adopt new technologies
 - Good equipment

Weaknesses:

- Themes
 - Financial-High debt levels, low total equity and distribution equity
- Surprises
 - Substance abuse comments
- Missing
 - Hiring practices-always hiring from within and avoiding outside interviews prevents new perspectives and skills from entering the organization

Opportunities:

- Themes
 - P66 pipeline
 - City of Dighton - Four years remain on the wholesale power contract; 18 months on the services contract
- Surprises
 - City of Dighton acquisition
- Missing
 - Technology – Educating the member on new technologies such as usage data and electric vehicles

Threats:

- Themes
 - City of Dighton
 - Loss of income – population and load growth
- Surprises
 - Power supply interruption
- Missing
 - Distributed generation with battery backup technology
 - Large loads generating their own electricity
 - Political climate

Top SWOT votes per category:

Strengths:

Member support – (10)
 Willingness to change and adapt – (8)
 Dedicated and knowledgeable staff – (8)

Weaknesses:

High long-term debt – (10)
 Substance abuse – (6)
 Low distribution equity – (5)

Opportunities:

Phillips 66 – (9)
 City of Dighton – (9)
 Technology / Member Information / EV – (6)

Threats:

Political climate - (11)
 Reliance on large loads – (8)
 DG / Individual battery – (7)

This exercise kicked off the planning group's task of drilling in on what was happening locally and what external forces are currently influencing Lane-Scott EC *[the full results of the SWOT preplanning survey results can be found in the appendix]*.

STRATEGIC ISSUES DISCUSSION

The issues and comments provided by the participants in the pre-planning survey were reviewed and gathered into eight topic areas for discussion purposes before the meeting. During the session, all survey responses were reviewed under each topic area, with a discussion following on each subject *[the full strategic issues preplanning survey results can be found in the appendix]*. While not all inclusive, the following captures some of the key points that were raised during the discussion of each issue:

- **Financial**
 - Equity discussion
 - The perception from some of the board is that both equity and distribution equity may be too low at the cooperative, while debt may be too high
 - Equity is the portion of the cooperative's assets financed with margins that belong to the members
 - Total equity includes margins allocated from Sunflower, while distribution equity excludes those margins
 - The cooperative has less control over how Sunflower manages margins, therefore the approach some board members prefer seems to be a focus on distribution equity
 - Lane-Scott members pay the rates that generate the margins at Sunflower, so the total equity number is viewed by some as the most important
 - While both equity calculations have merit, equity in general should be viewed in the context of multiple financial ratios
 - Equity management requires striking the proper balance between generating margins through rates, capital credit retirements, and asset investment
 - Capital Credits
 - The cooperative is currently only retiring capital credits to estates and has not made a general retirement in several years
 - Estate retirements are not discounted to present value
 - As cash flow and the overall financial condition of the cooperative allows, the cooperative is open to general retirements
 - COSS and Rate Study
 - The cooperative is preparing to engage in cost of service and revenue requirements studies in 2021
 - The data from that study will be reviewed for potential modifications to rate levels, rate structures, line extension policies, and other cooperative policies

- **Member Engagement**

- City of Dighton
 - Maintenance agreement expires in 18 months
 - Opportunity to bid like services
 - Power Supply contract expires in 4 years
 - Maintain communications
- Expand Ness City operations – possible three-man crew instead of two-man crew. Most likely a relocation of existing lineman
- Phillips 66
 - Waiting on decision
 - Working with a contractor, not directly with Phillips
 - Sunflower to build 115KV radial transmission line
- Electric vehicles/time of use rates- there is not a price signal yet from Sunflower but demand response

- **Operations/Reliability**

- Copper-weld taps – replaced as needed. Main feeders are aluminum
- Limited underground
- Line extension policy needs to be reviewed upon completion of cost of service study
- SCADA command and control-do not have command and control (not ready for command and control at this time, if ever)
- Have one radio tower. Mostly use cell phones due to coverage. There is a need for potentially two additional towers for radio redundancy and back up (north and south)
- Right-of-way is strong, not much of an issue in the service footprint
- Pole inspection – 10 year rotation. 8% failure rate. In-house replacement of poles
- CT/PT inspection strategy need to be implemented (current transformers and potential transformers – used on large metering points)
- Construction Work Plan / Sectionalizing Study to be bid in 2020 / 2021

- **Human Resources**

- Employee policies
 - Substance abuse policy next month
 - Military leave needs attention in policy

- **Power Supply**

- Transmission rates increasing – who pays for what?
- Wind energy using transmission capacity
- SPP drives the decisions
- Micro-grid possibilities
- No large appetite for community solar
- Connected solar is already likely over the 1% Sunflower cap

- **Technology**

- AMI meter replacement strategy
- Seven years into a nine-year system
- Staying current with updates / patches
- NISC up to date and relationship is strong
- Engineering / mapping system needs consolidation
- NISC OMS in place
- Engineering model confidence not 100%
- Sunflower holds WindMil model
- Document Vault – retention / scanning is strong on current documents but historical documents are not yet scanned

- **Corporate**

- Board succession policy
 - Good with end of term
 - Mid-term board chooses / doesn't reflect member wishes
 - Lack of interested candidates
- Staff succession policy
 - Retention not an issue
 - Recruitment focus on local but should possibly look outside the area to determine who is out there and possibly securing the best talent
 - Promote skills / not seniority
 - Technical competence
 - Leadership skills
 - Vision past today
 - Believe your eyes
 - Must have a developmental plan

- **Safety**

- Safety is the number one priority
- Employees bear responsibility also
- Substance abuse hazard exists and must be addressed
- Cultural shift needed on reporting and work practices

STRATEGIC GOALS

Following discussion of the strategic issues, the group began work on identifying the strategic goals Lane-Scott EC would focus on during the next three years. Consensus was achieved on the four strategic goals reported below. The strategic goals are not listed in priority sequence. A priority rating may be important for Lane-Scott EC so that limited staff time and financial resources available can be assigned appropriately.

Number	Strategic Goals
1	Demonstrate leadership in employee and public safety
2	Identify, assess, and mitigate cyber security risks
3	Complete and evaluate the results of a cost of service study
4	Assess and complete all remaining elements of the 2019 Strategic Plan

In addition to the four strategic goals, the planning group added the following objectives to each goal:

- Demonstrate leadership in employee and public safety
 - Fully implement KEC Safety Accreditation
 - Explore improved field communication technology
 - Develop improved record keeping
 - Ensure free flow of information via whistleblower policy
- Identify, assess, and mitigate cyber security risks
 - Research and implement cybersecurity mitigation strategies
 - Identify and make necessary investments in hardware, software and facilities
 - Establish a cybersecurity training and awareness regimen for employees and members
- Complete and evaluate the results of a cost of service study
 - Line extension policy impact
 - Rate structure and level impact
 - Prepaid metering assessment
 - Streamline security lighting program
- Assess and complete all remaining elements of the 2019 Strategic Plan
 - Review existing plan progress
 - Evaluate remaining goals for continued relevance
 - Complete all incomplete goals and objectives

Action Items:

- Present the strategic plan to the board at the January 2021 board meeting.
- Provide updates to the board on a quarterly basis.

This strategic plan represents a consensus of Lane-Scott EC's board and management as of November 5, 2020. It must be emphasized that strategic plans are based on the knowledge and discussion of its leaders at a snapshot in time. The strategic plan must be fluid and revisited as strategic changes in the Lane-Scott EC environment occur.

APPENDICES

Appendix 1 – Agenda

Strategic Planning Session

Lane-Scott Electric Cooperative

Headquarters

Dighton, Kansas

November 5, 2020 8:30 a.m. – 5:00 p.m.

- Coffee and Rolls
- Introductions and Opening Comments
- Disruptive Trends
- Mission Statement Discussion
- SWOT Analysis (team exercise)
- Strategic Issues Discussion
- Strategic Goal Development (team exercise)
- Action Plan and Accountabilities
- Adjourn

Note: There will be breaks approximately every hour and a half.
Lunch will be provided.

Appendix 2 – SWOT Analysis Results

(Strengths, Weaknesses, Opportunities, Threats)

Strengths

- Good workforce and knowledgeable employees
- Good workforce
- Good employees
- Good management and employees
- Dedicated, knowledgeable staff
- We have CEO and staff working together to obtain the best for all concerned, for Lane-Scott and members
- Good member satisfaction
- Favorable standing with our membership
- Loyal members
- Member support
- Improved member equity on the balance sheet
- Positive financial outlook
- Lean operations

Weaknesses

- High long-term debt
- Low distribution equity
- Insufficient rate structure if power not purchased through LSEC
- Small employee group with specialized positions, especially in the office
- Drug or alcohol use by employees, known by other employees, but not reported
- Some policies and procedures
- Declining base load
- There's been much improvement looking into the future planning of Lane-Scott with our present CEO

Opportunities

- Our communities in which we serve. They are generally supportive of our efforts.
- City of Dighton maintenance contract
- Possible take-over of the city of Dighton utilities
- LSEC relationship with the city of Dighton. Also listed as a negative. We can control a portion of the relationship.
- Phillips 66 pipeline
- Phillips station
- Projects such as P66 pumping station
- Additional pipeline projects
- Generator sales
- Need to be on top of issues going on between Lane-Scott, Sunflower and the other members, take possibilities of working together

Threats

- Power contract with city of Dighton
- City of Dighton power contract
- Loss of Dighton electric sales
- Maintenance agreement with city of Dighton
- LSEC relationship with the city of Dighton. Also listed as a positive. We only can control a portion of the relationship.
- Aging and declining population
- Retail wheeling
- Declining base load - assure fixed costs are recovered
- Reliance on oil load for profitability
- Possible interruption of services and rates from present supplier
- Wholesale power costs
- Always beware of other entities possible affecting Lane-Scott or Sunflower area

Appendix 3 – Strategic Issues

Financial

- Look closely at long-term debt and distribution equity
- Know what our equity goals are and what to do when we meet them
- Continue to develop an equity management / return of capital credits plan
- New COSS
- Rate analysis
- Keep eye on the rates, for system and members

Member Engagement

- City of Dighton
- Expand Ness City operations
- Economic development would be nice
- New loads, always looking and listening
- We have a good system, good employees and CEO, we need a much better economy and new loads, and by the way Lane Scott is getting a nice new load in the not too distant future which we're looking forward to.
- Electric car use

Operations/Reliability

- Keep improving the system
- System maintenance
- Construction work plan - very limited

Human Resources

- Employee policy

Power Supply

- Do our best to prepare for the evolving wholesale environment

Technology

- Look at long-term budgeting for replacing AMI meters and other technological hardware, software

Corporate

- It might be a good time to look at our board evaluation process, succession, etc.
- I think we should look at using the same process we used to elect our new director for all director positions, i.e. advertise the positions and encourage interested parties to seek information about the responsibilities and apply to the nominating committee for nomination.
- Retail wheeling and other governmental decisions

Safety

- Safety - always the number 1 priority
- Safety
- Safety of employees

Discussion Topics

Answer Choices	Percentage	Responses
Safety	72.73%	8
Rates philosophies	54.55%	6
Equity management	54.55%	6
Employee succession	54.55%	6
Wholesale power (and retail competition from Sunflower)	45.45%	5
Financial planning	36.36%	4
Relationship with local business community	36.36%	4
Electric vehicles	27.27%	3
Effective use of technology	27.27%	3
Preparing for more competitive business environment	27.27%	3
External communications	18.18%	2
Process of board succession	18.18%	2
Board training and education	18.18%	2
Board working relationship with management	18.18%	2
Strategic relationships (industry partners, membership organizations or relationships (shared services or merger) with neighboring utilities (telephone and electric))	9.09%	1
Community involvement	9.09%	1
Growth initiatives (beneficial electrification)	9.09%	1
Aging infrastructure	9.09%	1
Distributed generation	9.09%	1
Process of board evaluation	9.09%	1
Strategic planning	9.09%	1
Role in shaping legislative and regulatory risks/initiatives	9.09%	1

Appendix 4 – Sample Action Plan

Goal	Objectives	Objectives	Budget Implications	Person Responsible	Start Date	Due Date	Reporting Frequency	% Complete	Status	Comments
Craft and implement a strategic financial plan and board policy that addresses equity management, capital investment, capital credits, general fund level and financial metrics.	1	Update all policies and establish an ongoing review cycle.	Yes	Jim			Monthly	0%	Not on track	
	2	Research policy options	No	Lori			Quarterly		On Track	
	3	Evaluate various cooperatives financial policies and establish metrics that work for Jump River.	Yes	Lori			Monthly		On Track	
	4	Develop, obtain board approval and implement a Financial Plan and Board Policy.	Yes	Lori/Jim			Monthly		On Hold / Carryover	
	5	Evaluate training options from CFC and others	Yes	Lori/Jim			Monthly		On Track	
	6	Establish the training program options for the board and staff	Yes	Lori			Annually		On Track	
	7	Establish the budget for the training	Yes	Lori/Jim			Monthly		On Track	
	8	Schedule the board and staff training along with training cycle	Yes	Lori			Monthly		Concerns with completion	
	9	Develop a budget and financial forecast that reflects the updated policies and projects	Yes	Lori			Monthly		On Track	
	10	Establish a cycle for the budget and financial forecast updates	Yes	Lori and Jim			Monthly		On Track	
	11	Establish a reporting cycle for the budget and financial forecast.	Yes	Lori/Jim			Monthly		On Track	

10. b. 2021 Youth Tour and Leadership Camp

We received notification from KEC that both the DC Tour and Leadership Camp are being cancelled again for 2021. The glass-half full perspective is that we had not yet advertised for applications, nor had anything been sent to the schools.

KEC is working on a Virtual Tour which will be held for 4 or 5 consecutive days for 2 hours a day sometime this summer. The virtual program is to have activities, prizes, and a final project each participant is to complete. There was discussion during the KEC and youth tour administrator meeting about an in-state program in Topeka. KEC said this will most likely not be an option. If it would happen to be allowed, we wouldn't know until probably late March. It's KEC's prediction that all in-person meeting will probably be cancelled until 3rd quarter.

It is the Staff's opinion after attending the KEC meeting that Lane-Scott should forgo the program this year. We fear that a summer virtual program will not generate much interest.

An incentive for money or a gift would help, but even the best virtual programs are hard to engage. The appeal of these trips is for the interaction with their peers and the experience of being in person in DC and Colorado. Instead, we recommend offering more Continuing Education Scholarships with some of the \$10,600 budgeted for trip costs. Last year we received a lot of good applications. We could split it up into 2 categories to award scholarships to those just entering college and those who already are in college.

KEC needs our commitment for the virtual program now, with our winners submitted in Mid-March. If an in-state meeting is allowed, it will likely be determined after winners are selected. Co-ops will not lose our DC & Camp spots in the future if we choose not to participate.

BOARD CONSIDERATIONS:

- a. We need to decide if we want to commit to the virtual program.
- b. If so, will we commit to 4 spots?
- c. If we decide not to continue, are we going to offer something else like additional continuing education scholarships, or are there other ideas?

Last year we offered two Continuing Education Scholarship at \$500.00 each, two Youth Tour Scholarships at \$2,500.00 each, and two Leadership Camp Scholarships at \$1,500.00 each. This is a total of \$9,000.00 in Scholarships.

Staff recommends that LSEC forgo the virtual program and instead offer the \$9,000.00 as Continuing Education Scholarships of \$500.00 each with \$4,500.00 to new students and \$4,500.00 to current students.

10. c. Succession Planning

The following is the material that we prepared for Board Succession planning last spring.

Board Succession Plan

The Lane-Scott Electric Cooperative, Inc. requires a fully functioning Board of Trustees as defined by the membership within the Bylaws. Periodically there are openings on the Board that need to be filled as soon as possible. Vacancies may occur due to an unexpired term or from the current Trustee not seeking re-election.

- A. Vacancies from an unexpired term are addressed in the Bylaws (Article IV, Section 6. Vacancies).

"Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs."

- B. Vacancies due to a Trustee not seeking re-election shall follow this procedure:

1. The open position shall be solicited by the Cooperative through advertising, word of mouth, social media, and any other acceptable, ethical means.
2. Interested candidates will contact the General Manager who will:
 - a. Assure they meet the Bylaws qualifications for serving on the Board of Trustees, and
 - b. Provide them:
 - i. A copy of the Bylaws
 - ii. A copy of the Board Policy on Director Conduct
 - iii. A summary copy of the previous audited financial report
 - iv. A Letter of Intent
3. Interested candidates and those advanced through the nomination by petition process will express their interest in continuing their candidacy and sign a Letter of Intent to abide by all Lane-Scott Electric Cooperative Bylaws, Rules, and Regulations as well as all applicable state and federal laws. (this may be covered in the Policy 206.)
4. All qualified, interested candidates will then have their contact information forwarded to the President of the Committee on Nominations for further consideration.
5. The Nominating Committee will:
 - a. Interview candidates, and
 - b. Advance two candidates to be placed on the Ballot for the open position. The Board of Trustees will not have approval authority over the Committee on Nominations.

10. New Business

6. Interested candidates filing through the nomination by petition process according to the standards and qualifications stated in the Bylaws will be advanced by the Secretary to the voting ballot along with those recommended by the Committee on Nominations.

Staff asks the Board to review this Board Succession Plan and comment on adjustments that need to be made.

Staff asks the Board to consider asking the membership to amend the Bylaws to remove the floor nomination provision Article IV - Trustees, Section 4. Nominations *“Nothing contained herein shall, however, prevent additional nominations from the floor at the meeting of members.”* Staff also requests that if the Board considers presenting an amendment, that consideration for virtual meetings also be considered if legal counsel deems it appropriate.

10. New Business

10. d. NRECA PowerXchange

The 2021 NRECA PowerXchange and TechAdvantage will be held virtually February 23-March 4, 2021. The schedule for the meeting is on the following page.

Registration costs – for NRECA Annual Business Meeting and TechAdvantage

	<u>Before Jan 30</u>	<u>on / after Jan 30</u>
1-2 attendees	\$495 per registrant	\$525 per registrant
3-5 attendees	\$370 per registrant	\$400 per registrant
6 or more	\$320 per registrant	\$350 per registrant

Leadership Course (Feb 25-26) \$300 per attendee
No Director courses will be offered.

Virtual business meetings are scheduled as:

- NRTC Member meeting – Thursday, Feb 25 from 12 to 1:00pm (C)
- ACRE Annual Meeting – Thursday, March 4 from 1 to 2:00pm (C)
- NRECA Annual Member Business Meeting – Thursday from 4 to 5:00pm (C)

Currently our delegates are:

NRECA – Delegate: Richard McLeon, Alt. Richard Jennison
NRTC – Delegate: Craig Ramsey, Alt: Richard McLeon

We may change or retain the same delegates and alternates, but both will need to be certified.

Please contact Diana as soon as possible if you wish to attend the virtual meeting.

We request the Boards' selection for NRECA and NRTC Voting Delegate and Alternate.



Subject to change. All times are Eastern.

WEEK 1

TUESDAY, FEB. 23

	TechAdvantage®	PowerXchange	Expo
10-11 a.m.	General Session		
11:15 a.m.-12:15 p.m.	Breakouts		Expo Open
12:30-1:30 p.m.	Break/Networking		
1:45-2:45 p.m.	Breakouts		
3-4 p.m.			

WEDNESDAY, FEB. 24

10:30-10:45 a.m.	Welcome		
11 a.m.-noon	Breakouts		
12-1 p.m.	Break/Networking	General Session	Expo open
1:15-2:15 p.m.	Breakouts	Breakouts	
2:30-3:30 p.m.			
3:45-4:45 p.m.	General Session		

THURSDAY, FEB. 25

11 a.m.-noon		NRTC Member Meeting	
1-3:30 p.m.	Leadership Focus: Accountability and Feedback Start With Me <i>(additional fee)</i>		

FRIDAY, FEB. 26

1-3:30 p.m.	Leadership Focus: Accountability and Feedback Start With Me (Day 2) <i>(additional fee)</i>		
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WEEK 2

TUESDAY, MARCH 2

	TechAdvantage®	PowerXchange	Expo
10-11 a.m.	General Session		
11:15 a.m.-12:15 p.m.	Breakouts		Expo Open
12:30-1:30 p.m.	Break/Networking		
1:45-2:45 p.m.	Breakouts		
3-4 p.m.		Proposed Resolutions Forum	

WEDNESDAY, MARCH 3

10:30-10:45 a.m.	Welcome		
11 a.m.-noon	Breakouts		
Noon-1 p.m.	Break/Networking	Breakouts	Expo open
1:15-2:15 p.m.	Breakouts		
2:30-3:30 p.m.			
3:45-4:45 p.m.	General Session		

THURSDAY, MARCH 4

Noon-1 p.m.		ACRE Annual Meeting	
1:15-2:45 p.m.		SEDC Member Enrichment Meeting	
3-5 p.m.		NRECA Business Meeting	

10. New Business

10. e. 2021 1st Quarter Schedule

Lane-Scott Electric Cooperative, Inc. 2021 Board Schedule (based on known calendars as of November 15, 2020)

January

- 1 Office Closed – New Year’s Day
- 11 LSEC Board of Trustees meeting
- 20 Sunflower EPC Board, Hays
- 26 KEC Annual Meeting, Virtual

February

- 1 LSEC Board of Trustees meeting
- 4 SEPC Member Conference
- 17 Sunflower EPC Board, Hays
- 24-25 NRECA Virtual Annual Meeting

March

- 1 LSEC Board of Trustees meeting
- 2-4 NRECA Virtual Annual Meeting
- 3-4 KEC Board Meeting, Wichita
- 17 Sunflower EPC Board

10. e. 2021 Construction Work Plan

Lane-Scott Electric Cooperative, Inc. sent Requests for Proposal to three established Engineering firms for the preparation and presentation of the 2021 Construction Work Plan. Firms were selected based on the Cooperatives prior experience and from an informal survey of firms used by our surrounding sister cooperatives. These firms are:

- Guernsey. They are located in Oklahoma City and have worked for Lane-Scott, Pioneer, and Sunflower. I have worked with Guernsey for over 20 years and always been impressed by their work ethic and product. Guernsey focuses on electric cooperatives and is also a national leader in preparing Cost of Service Studies.
- Power Engineers. They are located in Fort Worth, Texas and also work for Wheatland. I have worked with Power for about 10 years on substation projects and believe that their work-product is first class. They do not offer Cost of Service Studies and are typically going to be more expensive than most. They focus on cooperatives and municipalities.
- Power Systems Engineering. They are located in Kansa, but this work will be done in Madison, WI. PSE also works for Sunflower, Pioneer, and Western. I have not worked with PSE but received very good referrals from other cooperatives about their work-product. PSE also offers Cost of Service Studies.

The Cooperative has budgeted \$60,000.00 for the 2021 Construction Work Plan. That includes preparation of a loan package should we choose to borrow all, or part of the money required. Which lender we select will affect the cost of the study. Also, we typically finance Construction to match the life of the asset so that today's members are not bearing the expense of infrastructure that will benefit members for the next 20-30 years.

It has been eight years since a through engineering study was completed and although our system is in very good shape things such as ordinary maintenance, pole replacements, new construction, office and yard maintenance, a Sectionalizing Study, MilSoft Model and mapping updates, Communication, Metering, and tower studies need to be included.

Engineering firms.

Each firm presented a Proposal for the 2021 Construction Work Plan. Guernsey and Power Engineers requested additional information, PSE did not.

- Guernsey - \$53,000 or \$17,667 per year.
 - Three-Year Construction Work Plan with 2 meetings in Dighton - \$45,000.
 - Environmental Report for RUS - \$8,000.

10. New Business

- Power Engineers - \$67,000 or \$16,750 per year.
 - Four-Year Construction Work Plan, 34.5 recommendation, ruling span recommendations, Aging infrastructure Report, Communications recommendations, preliminary system maps - \$42,000.00
 - Coordination / Sectionalizing Study, Environment Report, and O&M survey - \$25,000.
- Power Systems Engineering - \$50,000 or \$16,667 per year.
 - Three-Year Construction Work Plan with 2 meetings in Dighton - \$35,000.
 - Environmental Report for RUS - \$10,000 to \$15,000.

David Howard, Nate Burns, and I have reviewed each of the proposals and we feel that because it has been at least 8 years since LSEC has had a through engineering evaluation, **the Guernsey proposal offers the most value**. This is because we have good experience and rapport with Guernsey and because they offer the additional value of:

- Cost of Service Studies – a potential cost savings from not duplicating data (also offered by PSE)
- Industrial Engineering – to assist HVAC and Electrical studies.
- Architecture Services – if office expansion / remodel is planned.
- Mapping and Staking services (also offered by PSE)

LSEC has worked with PSE and Power on previous projects with Sunflower and has found change orders and timeliness an issue.

Additional Services

	CHG	PE	PSE
Communications	Y	Y	Y
Construction Work Plans	Y	Y	Y
Cost of Service, Rates, and Financial Analysis	Y		Y
Cyber Security	Y		SCADA
Design Solutions	Y	Y	Y
Environmental Compliance	Y	Y	Y
Facility Assessment	Y		
Industrial - HVAC and Electrical	Y		Y
Long Range Planning Studies	Y	Y	Y
Overhead/Underground Plans & Specs	Y	Y	Y
Permitting/Application Preparation	Y	Y	Y
Regulatory Support	Y		Y
Renewable Energy (DER and EV)	Y	Y	Y
Right - of - Way Analysis	Y	Y	
SCADA & Load Management Studies	Y	Y	Y
Sectionalizing Studies	Y	Y	Y
Staking and Inpsection	Y		Y
System Planning	Y	Y	Y

CWP cost estimates.

A good Rule of Thumb for a system our size is to expect a \$2,000,000 per year (\$8MM total for 4 years) Construction Work Plan.

Projected revenues from the Financial Forecast indicate that the Cooperative can spend about \$637,477 per year (a maximum of \$1,000,000.00 per year) out of pocket for Construction Work Plan projects. This gives us the option of either limiting annual construction to spending or a 30% to 50% financing model. I find the partial financing model preferable because it would:

- Improve our equity
- Allow more cash for things like Capital Credit retirements

We will not know the engineering recommendations and total costs until the CWP is in progress, but we must plan for the lender when we select the Engineering firm and begin the 2021 CWP process. This is because the RUS / FFB requires the Environmental study while the others do not.

Lenders.

- RUS – FFB. Items to consider:
 - They will be the low-cost lender.
 - Approximately 85% of our debt is with FFB. Our November 2020 loan balance was \$34,114,894.
 - They require that an Environmental Report be completed and submitted with the loan application. This typically adds about \$10,000.
 - FFB loans are reimbursement loans. We go out of pocket first to complete the job first. Then the job is inspected, corrected, and application is made for reimbursement. We have enough cash on hand to maintain this float if we supplement normal revenues with cash.
 - They require a 100% CWP expense loan application.
 - There are a multitude of follow-up and additional reporting requirements including diversity reporting to handicapped access inspections. However, we are already under these requirements as a current RUS borrower.
- NRUCFC. Items to consider:
 - CFC will be about 1.5% above FFB on their interest charges.
 - We have about 15% of our debt with CFC. Our November 2020 loan balance was \$5,745,003.
 - We have a \$4,000,000 Line of Credit with CFC.
 - They are very easy to work with and do not:
 - Require an Environmental Report
 - Require 100% financing.
 - Require additional reporting.

10. New Business

- Require up-front expense by the borrower.
 - CFC pays Capital Credits on our borrowing.
 - We can draw money up front if needed and adjust the amount we need. For example: if we project 70% borrowing on \$8,000,000 we would request \$5,600,000. If we need that adjusted to \$5MM or \$6MM, we can make that adjustment.
- CoBank. Items to consider:
 - CoBank rates will be about 3.0% above FFB rates.
 - We do not have any Construction Debt with CoBank. We have financed a few vehicles with them, but these loans do not qualify for Capital Credits.
 - We have a \$1,000,000 Line of Credit with CoBank.
 - They are also very easy to work with and are like CFC.

We evaluated these lenders based on the following assumptions:

1. Loan amount
 - a. FFB - \$8,000,000 (100%)
 - b. Others - \$5,450,093 (68.1%) The amount is reduced by \$2,549,907 paid from the Cooperatives cash reserves and margins projected in the Financial Forecast.
2. Loan Term
 - a. FFB – 30 year fixed
 - b. Others – 20 year fixed
3. Interest rates from lenders
 - a. FFB – 1.42%
 - b. CFC – 2.655
 - c. CoBank – 4.42%
4. Opportunity Costs. Projected at 0.38% for all lenders. This is our current short-term investment rate of return. The FFB cost is based on paying \$2,000,000 per year then waiting 1 year for reimbursement. The Others are based on the cooperative investing \$637,477 per year from cash.
5. Other factors. Post-construction inspection costs are not included because we will do these regardless, however we can assume they will be lower with CFC and CoBank because we may not have formal inspections on normal maintenance items like pole replacements.

10. New Business

Financing Analysis

	RUS / FFB	CFC	CoBank
Borrowing Options	1/6/2021	1/6/2021	1/6/2021
30 year note			
Fixed Rate	1.420%	3.030%	4.420%
Variable Rate		2.450%	
Discounts			
Capital Credits		0.250%	0.000%
Performance Discount MDSC>1.35 for last 3yrs	0.000%	0.125%	0.000%
Volume Discount >\$15MM	0.000%	0.000%	0.000%
TOTAL FIXED RATE (ANNUAL)	1.420%	2.655%	4.420%
Estimated CWP loan expense	8,000,000	5,450,093	5,450,093
Loan term	30	20	20
Interest Rate	1.42%	2.66%	4.42%
Cumulative Interest Payments:	1,838,599	1,592,112	2,787,504
Additional expenses:		-	-
CWP development (average):	40,667	40,667	40,667
Environmental assessment (avg):	11,000	-	-
Opportunity Costs (4 year at 0.38%)			
RUS (2MM per year)	26,600		
Other (637,477K per year)		9,690	9,690
Total expense:	9,916,866	7,092,561	8,287,953
Simple total interest rate:	23.96%	30.14%	52.07%
Cost plus equity:	9,916,866	9,642,468	10,837,860

Based on a preliminary evaluation of lenders, CFC is the lowest total cost lender overall. This is a direct result of our unique current ability to pay for some of the expense out of pocket and therefore borrow less than 100%. We recommend that the Cooperative plan on utilizing CFC for this Construction Work Plan.

Staff recommends that the Board of Trustees select Guernsey as the Cooperatives Engineering firm for the 2021 Construction Work Plan with the intention to use CFC as our lender.

January 5, 2021

[sent via email: Richard.mcleon@lanescott.coop]

Mr. Richard McLeon

General Manager

The Lane-Scott Electric Cooperative, Inc.

PO Box 758

Dighton, KS 67839

Subject: Four-Year Construction Work Plan Proposal

Dear Mr. McLeon:

In response to your recent request for a proposal, it is my pleasure to present the following information related to preparing a four-year Construction Work Plan (CWP) for The Lane-Scott Electric Cooperative (Lane-Scott). Power System Engineering (PSE) has over 45 years of experience helping Cooperatives with distribution system infrastructure planning and developing corresponding documentation to satisfy RUS requirements. The combination of this experience, and our mission of helping clients achieve their goals, will hopefully provide a high level of confidence with our services.

Currently, PSE's system planning support in Kansas comes out of our headquarter office in Madison, WI. As our reputation builds in the state, and engineering support request increase, we intend to place a system engineer in Topeka. In the meantime, I will personally serve as the lead engineer on this project and will rely on support team of engineering and GIS technicians to complete your CWP as efficiently and effectively as possible. I have over 20 years of distribution system planning experience and I am licensed professional engineer in the state of Kansas.

The following provides the general process and deliverables as well as an estimated project schedule and cost for the development of your four-year CWP.

1. Work Plan Process and Deliverables

- 1. Data Collection:** At the onset of the study, PSE will provide Lane-Scott with a comprehensive data request for information required to complete the study. This will include historical system data, planning philosophies, current mapping and system modeling files, as well as other items to be detailed in the request.
- 2. Kick-Off Meeting:** An on-site kickoff meeting will be held with PSE and Lane-Scott staff to discuss the study process, timeline, and deliverables as well as review initial study information prepared from the data request. Typically, this would be scheduled within the first couple of weeks following receipt of the initial data request items, so that information can be prepared for review in the meeting.
- 3. System Analysis:** After PSE and Lane-Scott have agreed on the planning criteria for use in the study as well as the projected system loading levels, PSE will update the system engineering model with these projected load levels. Once the model has been populated with the projected load growth the system will be analyzed to identify any deficiencies in regard to the planning criteria.

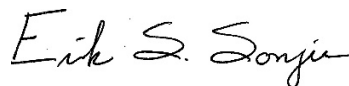
- 4. Project Identification:** PSE will evaluate the system deficiencies and determine the best long-term solutions that will correct these issues in the most cost-effective manner based on the anticipated life of the facilities. A list of these capital investments along with other projects related to addressing system age & condition will be quantified. To accompany this list projections will be made related to member service items, such as new connections, system improvements, and equipment costs such as transformers, meters, sectionalizing devices, security lights, etc. The combination of all of these items will be tallied to determine the full four-year construction work plan costs.
- 5. Report Documentation:** PSE will compile all project and cost information into a full comprehensive written report, that will detail the recommended system improvements. This report will also review historical system information, reliability performance, financial plant records, study planning criteria, and general system recommendations. Lane-Scott will be provided with an electronic copy of this report along with 3 hard copies. Additional hard copies can be provided upon request.
- 6. Study Presentation:** Following the final approval of the construction work plan by Lane-Scott staff, PSE will prepare a presentation of the study process and results. An on-site presentation will be made to the board of directors to review this information.

2. Project Schedule and Cost

- 1. On-Site Meetings:** PSE is proposing to complete two on-site meetings along with several other virtual meetings during the study process. The first on-site meeting will be a kick-off meeting between PSE and Lane-Scott staff. The second on-site meeting will be the presentation to the board of directors of the final study information.
- 2. Project Schedule:** PSE is prepared to devote the required resources to complete this project to meet Lane-Scott's needs. Currently PSE would propose completing the study in approximately **20 weeks**.
- 3. Estimated Cost:** PSE proposes to bill for services rendered on a monthly basis at our standard hourly rates, plus out-of-pocket expenses, as work progresses. PSE's billing will be based upon the actual work performed. If we can complete the projects/tasks in fewer man-hours than anticipated, we will bill correspondingly less. Based on our experience with similar studies and systems of your size, we estimate **\$35,000**, excluding expenses, to complete the study. This cost is based on two on-site visits, but additional on-site visits can be made if requested for additional cost. This estimate does not include any work related to environmental reporting and based on analyzing the system under normal configuration. Environmental work or a contingency analysis can be completed for additional cost which is estimated between \$10,000 and \$15,000.

We sincerely appreciate the opportunity to submit this proposal and are ready to begin to meet your timetable as soon as we have authorization to proceed. I can be reached at (608) 268-3501 or by email at sonjue@powersystem.org.

Sincerely,



Erik S. Sonju, P.E.
President



CONSTRUCTION WORK PLAN

PRESENTED TO:
**LANE-SCOTT ELECTRIC
COOPERATIVE, INC.
(LSEC)**

JANUARY 5, 2021





January 5, 2021

Mr. Richard McLeon
General Manager
Lane-Scott Electric Cooperative, Inc.
410 S High St
Dighton, KS 67839

SUBJECT: Proposal for Construction Work Plan

Dear Mr. McLeon:

Lane-Scott Electric Cooperative, Inc. (LSEC) can trust the Guernsey team to provide professional services for the creation of your next Construction Work Plan based on our experience with your system, history serving electric cooperatives, and a proven project understanding and approach to your needs.

Since the inception of the REA Program in 1935, Guernsey has a rich history of serving the electric cooperative market. This team has successfully developed similar scopes of work for Sedgwick County Electric Cooperative Association, Inc., CKenergy Electric Cooperative, Inc., and Cimarron Electric Cooperative, Inc.

LSEC can rely on our proven approach. We know the details when developing the scope of work for your next Construction Work Plan. Focused on exceeding your expectations, leave the details to us. We value our long-standing relationships with cooperatives and appreciate this opportunity to serve your needs. Guernsey understands the importance of this project and the need to complete the work within the stated schedule. If you have any questions regarding our proposal, please contact me at 405.416.8150 or email to doug.somerhalder@guernsey.us.

Guernsey can begin work immediately upon selection.

Sincerely,
C. H. Guernsey & Company

Doug Somerhalder, PE
Project Manager | Manager, Power Engineering | Vice President

REALIZE THE DIFFERENCE

5555 North Grand Boulevard
Oklahoma City, OK 73112-5507
405.416.8100

guernsey.us

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EXECUTIVE SUMMARY

THE GUERNSEY DIFFERENCE

Guernsey is a mosaic of engineering, architectural, and consulting services. If you examine us closely, you might only see the component pieces; however, if you look at the bigger picture, you see a unique, cohesive, employee-owned firm, capable of handling a wide array of projects, private or public, with a clients-first commitment.

We are a multi-discipline firm, employing engineers, architects, planners, consultants, environmental scientists, designers, analysts, accountants, and project managers. Our clients include: utilities; federal, state, and local government; military entities; Native American tribes; universities; Fortune 500 companies; oil and gas companies; and more. Since we offer all these services under one roof, we are able to collaborate efficiently, giving you access to expert advice in a variety of disciplines and business sectors.

FIRM BACKGROUND

Lane-Scott Electric Cooperative can trust Guernsey as an extension of your staff:

- Established in 1928 in Cherokee, OK
- Headquarters in Oklahoma City, OK
- 100+ Staff - engineers, architects, financial analysts, environmental scientists, and more
- Employee - owned firm
- Partnering with electric cooperatives since 1936
- Electric cooperative clients located in 34 states.

Guernsey's story began so long ago that it's easy to overlook the importance of our history and how the character of a single individual still defines our corporate culture. The values espoused by that individual, in both word and deed, have allowed us to grow and prosper for more than 90 years — a feat that few companies can claim.

In 1928, — Curtis Harold Guernsey, Sr. — decided to start a consulting engineering firm out of the garage beside his home in Cherokee, Oklahoma. This endeavor was brave in itself, but consider the timing. The company we now call Guernsey was established one short year before the most infamous stock market crash in American history, and experienced its pre-teen years in the throes of the Great Depression. That experience prepared us to face difficult challenges and serves as allegory for our stability.

Guernsey today is a multi-disciplinary consulting firm that proudly offers clients a variety of services including: engineering, architecture, environmental, economic, security and construction management. Our capabilities are diverse and recognized nationally and internationally as thorough and beneficial to clients requiring sustainable, real world solutions to power, infrastructure, process engineering, and environmental issues. As a technical service organization, our assets are our people. Our competence and ability to respond to our client's requests are based on technical

expertise and our ability to provide practical solutions. Our staff of electrical, civil, chemical, mechanical, process and environmental engineers; environmental scientists, environmental planners, and skilled technicians are responsive and reliable.

Guernsey has provided distribution and transmission system design, planning, and analytical services to rural, municipal, and other public power systems, as well as to the oil and gas industry. Our distribution services include not only construction work plans, long-range planning studies and sectionalizing studies, but also distribution design, staking services, and work order inspection. Guernsey provides all services related to mapping, both traditional paper maps and digitized maps using both AutoCAD and MicroStation, Geographical Information Systems (GIS), Supervisory Control and Data Acquisition (SCADA), and distribution line design software. Milsoft's WindMil and LightTable are used for the majority of distribution planning projects.

In the spirit of Mr. Guernsey, our story continues to unfold — adding new chapters to the preface that began in that rural Oklahoma garage. We are now, and have always been, committed to adding services to meet our clients' needs and adapting to ever-changing industries, all without compromising Mr. Guernsey's integrity and never-ending focus on meeting the needs' of our clients.

SERVICES

Guernsey has a long history of working with utilities providing power engineering services. Our services include:

- | | |
|--------------------------------------|--------------------------------------|
| • Construction Work Plans | • System Planning |
| • Long Range Planning Studies | • Right - of - Way Analysis |
| • Sectionalizing Studies | • Permitting/Application Preparation |
| • Design | • Staking and Inspection |
| • Overhead/Underground Plans & Specs | • SCADA & Load Management Studies |
| • Power Supply Studies | |

Guernsey is an Oklahoma-owned firm, located at 5555 N. Grand Blvd., Oklahoma City, OK 73112. Summer Goebel, PE, will be the Principal-in-Charge and provides the corporate commitment to provide a successful project.



FIRM EXPERIENCE



C.H. Guernsey & Company
5555 N. Grand Blvd.
Oklahoma City, Oklahoma 73112
Established – 1928

Contact:
Douglas Somerhalder, PE
doug.somerhalder@guernsey.us
405.416.8150

COMPANY OVERVIEW

MAIN LINES OF BUSINESS

Guernsey is a diversified professional consulting firm offering engineering, architectural, economic, management consulting, environmental, security and construction management services to utilities, industries and government agencies throughout the United States and abroad. These services are offered to a variety of business sectors, including electric cooperatives, municipal public works, transportation, industrial process, petrochemical, and local, state and federal governments.

Guernsey provides numerous services to electric cooperatives across more than 30 states. Guernsey's electric cooperative services include:

- Power Supply Support
- Power Engineering Design
- System Planning
- Management Support
- Cost of Service, Rates, and Financial Analysis
- Regulatory Support
- Cyber Security
- Renewable Energy
- Smart Energy Source
- Environmental Compliance
- Water Resources Planning and Engineering
- Facility Assessment
- Design Solutions

ORGANIZATION & STRUCTURE

Guernsey is an employee-owned firm with approximately 110 staff, located in Oklahoma City. The firm is led by a seven person Board. Summer Goebel, PE, is the Principal-in-Charge and also the Director of the Engineering and Environmental Group.

Department	Employees
Architecture & Engineering	38
Analytical Solutions (Cost of Service & Rate Design, Management Consulting, Financial Forecasting)	13
Engineering & Environmental	20
Privatization	21
Corporate	18
Total Employees by Department	110

GUERNSEY - A TRUSTED ADVISOR

We started with dirt roads and “grew up” with America’s electric cooperatives. Upon passage of the Rural Electrification Act of 1935, our founder, Curt Guernsey, Sr., recognized the need for power engineering services. Within a few months he had engineering service contracts for most of the Rural Electric Cooperatives in the western half of the state.

Our mission is to enhance a utility’s business operations. We know the industry from every possible angle and have earned a reputation as a trusted advisor for both rural electric cooperatives and electric utilities across America. This deep industry understanding gives utility managers and cooperative boards the utmost confidence in our ability to provide thoughtful analysis and insightful recommendations.

Our support to the industry includes construction work plans, cost of service and rate studies, facility design, environmental studies, power engineering design, forecasting, infrastructure planning and design, and management consulting. Our multidisciplinary team offers an array of services that lead to the one goal that makes everyone happy: reliable electrical service at a reasonable rate.

POWER SUPPLY SUPPORT

It is critical to provide reliable and sufficient power supply. We offer load forecasting and power supply planning to predict current and future resource needs more accurately. Studies include detailed power requirements, load forecasts, resource optimization, production cost modeling, assistance with wholesale power solicitations, proposal review, and contract negotiation. We are experienced in the SPP, ERCOT, PJM, SERC, WECC, MRO and FRCC reliability regions.

POWER ENGINEERING DESIGN

We design the systems that enable power to reach communities and rural areas where customers need it. Guernsey has been very involved with the design of transmission and substations for decades. Initial studies required prior to design of new facilities are also offered through the services we provide, including site selection, alignment, protective relays, rights-of-way, and permitting. We have designed hundreds of transmission and substation facilities throughout the United States.

SYSTEM PLANNING

Being responsible for existing and future assets is an important part of your business. The future requires a strategy and plan to economically serve your customer base while maintaining a high quality of service. Construction Work Plans, Long-Range Planning Studies and Sectionalizing Studies assist in ensuring projected goals are achieved. These activities may require additional support including analysis of environmental issues and assistance with disaster recovery activities (ice storms, tornadoes, earthquakes, flooding, etc.). We have years of experience in planning and providing a helping hand after a disaster occurs. In addition, we provide support services including

staking, periodic work order inspections, make-ready surveys, arc flash studies, motor analysis, interconnection studies, and utility relocations.

MANAGEMENT SUPPORT

We provide special contract development and negotiation to help determine the specific needs of new load forecasts in terms of plant investment, power supply, and contract rates. We can also provide in-house training in the development of revenue requirement, cost of service and rate design, line extension policy, financial forecasting, power supply issues, mergers and acquisitions, and NERC Reliability Standard requirements.

COST OF SERVICE, RATES, AND FINANCIAL ANALYSIS

Let us run the numbers. Useful cost of service studies and effective rate development plans require far more than a basic understanding of financial principles. We are recognized leaders, with a thorough understanding of utility operations, managerial principles, and the competitive market. With the help of our professionals, rates can be set that will help recover costs, send appropriate pricing signals, and achieve financial goals.

REGULATORY SUPPORT

Adhering to regulations is absolutely one of the most important requirements of a successful electric cooperative. Our trusted advisors have a long history with regulatory matters and have represented our electric cooperative clients before state utility commissions and federal regulatory agencies, frequently providing expert witness testimony. We can help build compliance programs to address NERC Reliability Standards, including annual reviews, documentation assistance, and audit support.

CYBER SECURITY

Security is an ever-increasing concern in all industries. We can help make security decisions based on three types of evaluations: gap analysis, IT configuration analysis, and vulnerability analysis. Our experts will make recommendations based on the findings. We can also provide monitoring, training and testing for these systems.

RENEWABLE ENERGY

Renewables, such as wind energy and solar energy, are becoming major attributes in the future of power generation. We have applicable experience in these areas involving strategic planning, site planning and layout, design services, and connecting to the grid.

SMART ENERGY SOURCE

Smart Energy Source is an energy services partnership formed by Oklahoma State University, Guernsey, Tri-County Electric Cooperative and Central Electric Cooperative that was developed to improve reliability and lower costs for consumers and the utility industry. Our role in this initiative has big benefits. We have access to the latest research and practices in the industry. Smart Energy Source is focused on assessing and implementing renewable energy, energy efficiency,

also researches opportunities for joint services such as billing, dispatching, engineering and materials warehousing.

ENVIRONMENTAL COMPLIANCE

Maintaining environmental stewardship is a necessity. Guernsey provides the knowledge and tools needed to meet regulatory compliance requirements. Our services include environmental audits, National Environmental Policy Act (NEPA) planning, Phase I/II/III due diligence for property transactions, hazardous materials surveys, soil and groundwater investigations, biological/threatened & endangered species assessments, Stormwater Pollution Prevention plans, and Spill Prevention Control and Countermeasure plans. We also assist with clearances, responses, and coordination required with regulatory agencies related to permitting, consent orders, and notices of violation.

WATER RESOURCES PLANNING AND ENGINEERING

Some cooperatives maintain water systems to support facilities, while others have included water distribution in their portfolio of customer services. We recognize the need for prudent water management for cooperatives whether it relates to your immediate operational needs, or the expansion of a cooperative's services in providing community water to customers. We are routinely involved in strategic planning, water supply planning, reuse/conservation, water system engineering, water and wastewater treatment, and permitting.

FACILITY ASSESSMENT

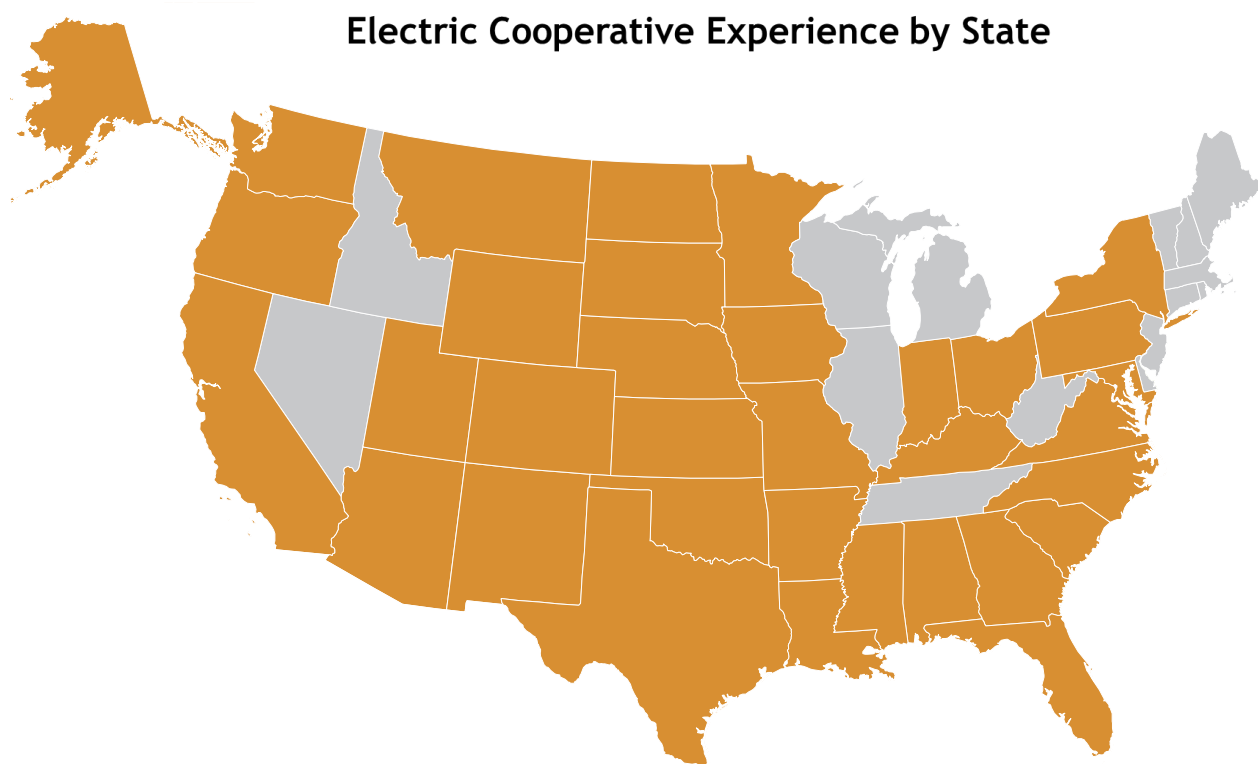
A facility assessment is a useful tool when presenting options to membership for decisions regarding the future of campus facilities. Routinely, our team begins by conducting a facility assessment. We do this by analyzing three components: property condition, functionality, and needs. We provide a report and recommendations based on the physical conditions of the facility, the efficiency of operational functions, and your current and future space needs.

DESIGN SOLUTIONS

All cooperatives begin with a community of people sharing a common need. We help with everything from the creation of a new campus to the renovation of a purchased facility. We evaluate sites from many angles to help you make an informed decision regarding the viability of the location for your members and facility needs. We solve operational and functional issues through creative design. Our team will work with cooperative leadership and members to develop the appropriate design solutions for your schedule and budget.

We understand that cooperative facilities require certain spaces for effective operations, and how the facility is perceived by the members is of utmost importance. Your campus and facilities should be a reflection of your cooperative's specific needs. We are dedicated to a collaborative design process to ensure the resulting renovations serve members efficiently and effectively. During the facility design process, we will focus on your identified priorities from operations and adjacencies to dispatch and maintenance.

Together, we can develop a road map to point you in the right direction.



Guernsey has completed work for cooperatives in the above states noted in yellow.

APPROACH & PROPOSED SOLUTION



APPROACH AND METHODOLOGY

Guernsey understands the importance of the Construction Work Plan. It will provide LSEC with an organized, well-engineered plan for system expansion and assure that system improvements are consistent with sound engineering practices that are economically viable. Consequently, Guernsey expects LSEC will take an active part in the process and will not only provide Guernsey with the data necessary in the preparation of the study, but will also provide input as to the condition of the system, problem areas or areas of concern, and feedback as to the correctness of assumptions made by Guernsey.

SCOPE OF SERVICES FOR THE FOUR YEAR CONSTRUCTION WORK PLAN

Guernsey is committed to the proposition that Construction Work Plans are intended for the use of the client system. Although Work Plans are necessary in obtaining approval of the Rural Utilities Services (RUS) in order to obtain load funds for constructing facilities, the real purpose of Work Plans is to provide the utility with a construction budget and to assure that system improvements are consistent with sound engineering practices and are economically viable. Consequently, Guernsey expects that the Client will take an active part in the process and will not only provide Guernsey with the data necessary in the preparation of the Work Plan, but will also provide input as to the condition of the system, issues or areas of concern, and feedback as to the correctness of assumptions made by Guernsey.

Guernsey proposes to prepare a Construction Work Plan for LSEC in accordance with the criteria set forth by the RUS in its Bulletin 1724D-101B and in 7CFR, Part 1710, subpart F. The Construction Work Plan shall be sufficiently detailed to provide for the orderly expansion of the system in accordance with LSEC's long-range plans. Guernsey will complete the following tasks in preparing the Construction Work Plan:

TASK 1 - KICKOFF CRITERIA MEETING AND DATA COLLECTION

A meeting will be held with LSEC to set the criteria for the work plan and to review the data to be used in preparing the Construction Work Plan. Because of the COVID-19 pandemic, this meeting can be completed virtually via Microsoft TEAMS or in person at LSEC's office if preferred. This meeting should include the RUS General Field Representative (GFR) and those staff members who will be involved in implementing the Work Plan. It is important that LSEC staff have input at this meeting with respect to particular projects that need to be considered in the Work Plan period, service reliability problems and standard construction materials.

TASK 2 - COMPUTER MODEL OF THE SYSTEM

Guernsey will perform all necessary computer load-flow analyses using Milsoft WindMill software utilizing the existing system model provided by LSEC.

TASK 3 - EXISTING SYSTEM ANALYSES

Using data provided for the peak months, the model of the existing system will be analyzed for voltage, conductor loading, substation transformer loading, line losses, and power factor. Deficiencies or potential trouble areas will be discussed in the report and at the review meeting (Task 9). Indications of serious problems will be discussed with LSEC for verification before proceeding to the next task. This task also serves as a check on the accuracy of the model, especially if LSEC can provide field readings of voltage and/or current.

TASK 4 - DEVELOPMENT OF WORK PLAN LOADS

Summer and/or winter peak loads will be based on the latest approved Power Requirements Study, provided that those results reflect current growth trends within the LSEC's service area. It is important that the Construction Work Plan reflect historical data and that LSEC, be comfortable with the projected load levels. It is anticipated that different growth rates will be projected for various parts of the service area. The Construction Work Plan load levels will be discussed at the criteria meeting (Task 1) and projections made by substation and, if possible, by feeder. Historic data and known increases will be used as the basis for the forecasted loading.

TASK 5 - ANALYSIS OF EXISTING SYSTEM UNDER PROJECTED LOAD LEVELS

Using the loads developed in Task 4, the existing system performance under projected loads will be determined. The resulting system models will be analyzed for the same criteria as in Task 3. The need for system improvements, if any, will be determined from this analysis.

TASK 6 - DEVELOPMENT OF REQUIRED SYSTEM IMPROVEMENTS

If the models developed in Task 5 indicate a need for system improvements, a number of alternatives that will correct the deficiencies will be developed using computer models to determine the effect on the system. A list of viable solutions will be identified based on the results.

TASK 7 - ECONOMIC ANALYSIS OF ALTERNATE SOLUTIONS

Using the present-worth methodology, viable alternatives determined in Task 6 will be analyzed to determine the most economically feasible, provided that there are not mitigating factors unrelated to economics or system operations. All recommended system improvements will be compared to the long-range system plan to determine compatibility and timing of related system improvements.

TASK 8 - ANALYSIS OF SYSTEM LOSSES

Projected system losses will be reviewed and recommendations for the reduction of system losses will be made. The cost of line losses will also be considered in the economic analysis of Task 7.

TASK 9 - REVIEW MEETING

A review meeting will be held with the management and appropriate staff members of LSEC, the RUS GFR and, if appropriate, representatives from your power suppliers. Guernsey will provide the following:

- All computer models used in the analyses
- Results of economic analyses
- List of recommended system improvements
- System maps illustrating the results of computer models
- Cost estimates for all recommended projects and historical data provided by LSEC
- Draft RUS Form 740C
- Supporting materials

TASK 10 - PUBLISH WORK PLAN

Engineer will provide LSEC with four hard copies of the Construction Work Plan, two electronic copies, plus two additional copies for RUS of their preference. The published report will incorporate any changes discussed at the review meeting.

ENVIRONMENTAL REPORT - OPTIONAL

TASK 1 - PREPARE ENVIRONMENTAL REPORT

Guernsey will prepare an Environmental Report in accordance with RUS guidelines. The ER will include all necessary USES maps, letters to non-NEPA agencies and responses from those agencies.

TASK 2 - PUBLISH ENVIRONMENTAL REPORT

Guernsey will provide LSEC with the requested amount of copies of the completed Environmental Report, including all responses from the non-NEPA agencies. LSEC will forward two copies of the Environmental Report with the Work Plan to the RUS GFR.

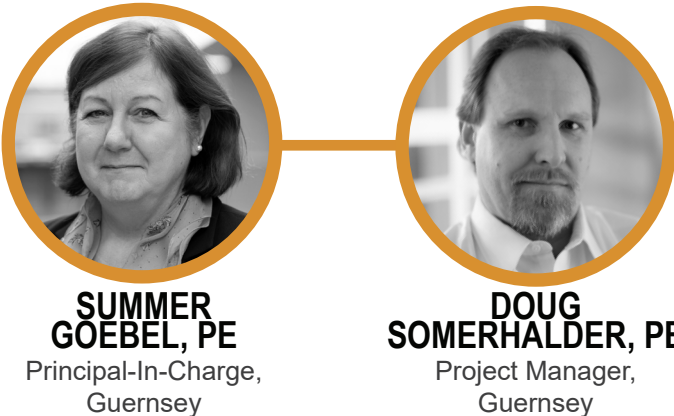
ORGANIZATION CHART

Guernsey’s greatest asset is our people. We are dedicated to the employment of high quality and technical personnel capable of performing a variety of services to meet the multifaceted needs of our clients. We have assembled a team of experienced professionals to prepare the Construction Work Plan for LSEC. Guernsey maintains the in-house expertise in transmission and distribution system planning and design to prepare these studies efficiently. This team has consistently worked with cooperatives and municipalities across the country preparing long range plans, construction work plans and other power technical studies.

Summer Goebel, PE, will be your Principal-in-Charge, and Doug Somerhalder, PE, will be your Project Manager. Following is your staff of experts providing additional support through your project. Our team of highly-qualified technical professionals provide expertise in engineering analysis, technical services, and environmental resources. Full team resumes can be found in the appendix.

The team is organized to efficiently complete this project. The engineering analysis group, technical services group, and environmental services group will work together to produce LSEC’s Construction Work Plan. The organization chart below represents Guernsey’s team structure.

LEADERSHIP



SUPPORT TEAM

ENGINEERING ANALYSIS	TECHNICAL SERVICES	ENVIRONMENTAL RESOURCES
DOUG SOMERHALDER, PE	STEVE BESSMAN	ANGELA AIKMAN, CIE
SARA BAGLEY, EI	GLEN ADAMS	KATIE FIDDLER, AICP CANDIATE
JERRY MCATEE		GLEN ADAMS

PAST PERFORMANCE

Guernsey has decades of experience addressing Construction Work Plans for municipalities and electric cooperatives. A listing of some projects and pertinent data are provided below.

PROJECT EXPERIENCE

PROJECT SUMMARY:

Sedgwick County Electric Cooperative Association, Inc.
1355 S 383rd St. W
Cheney, KS 67025
Contact Information: Scott Ayres, CEO
316.542.3131
sayres@sedgwickcountyelectric.coop

Construction Work Plan

Tasks include:

- Develop computer model of system
- Existing system analysis
- Develop work plan loads
- Analysis of existing system under projected loads
- Develop recommendations for required system improvements
- Economic analysis of alternate solutions
- Analysis of system losses
- Publish work plan, and prepare environmental report.

Guernsey prepared plans for an orderly development of the Owner's electric system. Plans provide assurance that system improvements are consistent with sound engineering practices and are economically viable. The work plans generally consider system operating voltage, substation requirements, transmission requirements, primary feeder requirements and general circuit configurations.

PROJECT SUMMARY:

CKenergy Electric Cooperative, Inc.
14039 OK-152
Binger, OK 73009
Contact Information: Clint Pack, CEO
405.656.2322
clintp@ckenergy.coop

Construction Work Plan

Tasks include:

- Develop computer model of system
- Existing system analysis
- Develop work plan loads
- Analysis of existing system under projected loads
- Develop recommendations for required system improvements
- Economic analysis of alternate solutions
- Analysis of system losses
- Publish work plan, and prepare environmental report.

Guernsey prepared plans for an orderly development of the Owner's electric system. Plans provide assurance that system improvements are consistent with sound engineering practices and are economically viable. The work plans generally consider system operating voltage, substation requirements, transmission requirements, primary feeder requirements and general circuit configurations.

PROJECT SUMMARY:

Cimarron Electric Cooperative, Inc.
19306 US-81
Kingfisher, OK 73750
Contact Information: Reed Emerson, SR VP Operations & Engineering
405.375.4121
r.emerson@ce.coop

Construction Work Plan

Tasks include:

- Develop computer model of system
- Existing system analysis
- Develop work plan loads
- Analysis of existing system under projected loads
- Develop recommendations for required system improvements
- Economic analysis of alternate solutions
- Analysis of system losses
- Publish work plan, and prepare environmental report.

Guernsey prepared plans for an orderly development of the Owner's electric system. Plans provide assurance that system improvements are consistent with sound engineering practices and are economically viable. The work plans generally consider system operating voltage, substation requirements, transmission requirements, primary feeder requirements and general circuit configurations.

REFERENCES

A listing of client references are provided below. Guernsey encourages you to contact the client references listed below to validate our performance and capabilities.

PIONEER ELECTRIC COOPERATIVE, INC.

1850 W Oklahoma Ave.
Ulysses, KS 67880
Mike Haney, Engineering and Operations Manager
620.356.1211
mhaney@pioneerelectric.coop

PRAIRIE LAND ELECTRIC COOPERATIVE

14935 US-36
Norton, KS 67654
Kirk Girard, CEO
785.877.3323
kgirard@prairielandelectric.com

SEDGWICK COUNTY ELECTRIC COOPERATIVE ASSOCIATION, INC.

1355 S 383rd St. W
Cheney, KS 67025
Scott Ayres, CEO
316.542.3131
sayres@sedgwickcountyelectric.coop

CKENERGY ELECTRIC COOPERATIVE, INC.

14039 OK-152
Binger, OK 73009
Clint Pack, CEO
405.656.2322
clintp@ckenergy.coop

CIMARRON ELECTRIC COOPERATIVE, INC.

19306 US-81
Kingfisher, OK 73750
Reed Emerson, SR VP Operations & Engineering
405.375.4121
r.emerson@ce.coop

SOUTHEASTERN ELECTRIC COOPERATIVE, INC.

1514 E. Highway 70
Durant, OK 74701
James Fox, CEO
580.924.2170
jfox@se-coop.com

COOKSON HILLS ELECTRIC COOPERATIVE, INC.

1002 E Main St.
Stigler, OK 74462
Jason Fontaine, Director of Engineering
918.775.2211
jfontaine@cooksonhills.com

COST ESTIMATE



With the understanding that a Milsoft WindMil model will need to be created from an NISC export to complete the engineering analysis, the estimate provided does not include any additional work to update the model in the case that the NISC export is missing data that could create a good working WindMil model. If a significant amount of model clean-up is required, additional costs may be required in addition to the estimate below. It is estimated that the Three-Year Construction Work Plan without an Environmental Report can be completed for approximately \$45,000, which includes two meetings in Dighton. If it is preferred to have online meetings or meetings at Guernsey's office, the cost would reduce by approximately \$3,000 per meeting. Also, if an Environmental Report is required for an RUS loan, the additional cost would be approximately \$8,000.

The fees described herein are based upon the aforementioned scope of services. In performing the work, it may become evident that more or less effort is required, and scope modifications may become necessary. Any scope changes will be discussed with and approved by authorized LSEC staff prior to implementation. Guernsey will not accrue any out-of-scope charges without the express approval of LSEC's representatives.

PROVIDING VALUE

It is Guernsey's intent to provide services which meet or exceed our clients' expectations. Each Guernsey project is specifically developed for the Cooperative and is not the product of a "cookie-cutter" program. Our staff is proud of the relationships we have built with Cooperatives across the nation, and look forward to the opportunity to serve LSEC.

Appendix:
TEAM RESUMES

SUMMER GOEBEL

Principal-in-Charge | Director, Engineering & Environmental
guernsey

As your Principal-In-Charge, Summer is focused on serving the LSEC community. She is responsible for the allocation of Guernsey resources to keep your project on time, within budget, and meeting your scoping needs. Summer is focused on serving you as a primary client. As a Senior Vice President at Guernsey, Summer has a vested interest in the quality of service you receive.



RELEVANT EXPERIENCE

EDUCATION

BS, Chemical Engineering
Oklahoma State University, 1983

LICENSING

PE Oklahoma No. 15854

AFFILIATIONS

SAME - Society of American Military
Engineers | Member

Tri-County Emergency Generator, Hooker,
OK, Tri-County Electric Cooperative

TCEC Roadway Improvements, Hooker,
OK, Tri-County Electric Cooperative

WFEC Water Reuse Feasibility Study,
Western Farmers Electric Cooperative

WFEC Drafting Services Anadarko,
Western Farmers Electric Cooperative

WFEC Inspection of CCR Impoundment,
Western Farmers Electric Cooperative

WFEC 2016 Annual CCR Impoundment
Ins, Western Farmers Electric Cooperative

CoServ Multiple SPCCS/OSPS Plans and
Updates, CoServ Electric

DOUG SOMERHALDER

Project Manager | Manager, Power Engineering | Vice President
guernsey

Doug specializes in oversight and performance of construction work plans, long-range plans, power requirements studies, transmission and distribution system planning and design studies for rural electric cooperatives, municipal systems, and oil and gas facilities.



RELEVANT EXPERIENCE

EDUCATION

BS, Electrical Engineering
University of Oklahoma, 1989

LICENSING

PE Kansas No. 18442
PE Oklahoma No. 17918
PE Arizona No. 54298
PE Louisiana No. 43326
PE Nebraska No. E-17124
PE New Mexico No. 19506
PE Texas No. 97611 (Electrical)

Cimarron Construction Work Plan 2020-2023, Kingfisher, OK, Cimarron Electric Cooperative

Construction Work Plan, Cotton Electric Cooperative

CKenergy Construction Work Plan, CKenergy Electric Cooperative, Inc.

Construction Work Plan, OK, Cookson Hills Electric Cooperative, Inc.

Construction Work Plan, OK, Southeastern Electric Cooperative

Heartland Construction Work Plan, Girard, KS, Heartland Rural Electric Cooperative

Northfork Construction Work Plan, Northfork Electric Cooperative

Four Year Construction Work Plan, Cheney, KS, Sedgwick County Electric Cooperative

Ninnescah Construction Work Plan, Pratt, KS, Ninnescah Rural Electric Cooperative

CREC Construction Work Plan, Central Electric Cooperative

Harmon Construction Work Plan, Hollis, OK, Harmon Electric Association

SE ELEC Construction Work Plan, Southeastern Electric Cooperative

CVEC Construction Work Plan, Canadian Valley Electric Cooperative

Greenbelt Construction Work Plan, Greenbelt Electric Cooperative

SWRE Construction Work Plan, Tipton, OK, Southwest Rural Electric Cooperative

RBEC Construction Work Plan, Dalhart, TX, Rita Blanca Electric Cooperative

TRICO Construction Work Plan, Marana, AZ, Trico Electric Cooperative, Inc.



SARA BAGLEY, EI
Engineering Services

Sara is an enthusiastic power engineering intern who has worked with Guernsey since graduating from OU almost a year ago. In this time she has put her passion for power engineering to use working on such projects as arc-flash studies, construction work plans, and sectionalizing studies. Her work is currently focused on distribution and sub-transmission voltages for rural electric co-ops, investor owned utilities, and municipalities. Sara is constantly seeking to expand her knowledge of power systems and recently completed Milsoft's WindMil Advanced training. Sara's other areas of interest are: microgrids, integration of distributed generation with our modern power system, and the development of smart grids.



JERRY MCATEE
Engineering Services

Jerry specializes in performance of construction work plans, long-range plans, power requirements studies, transmission and distribution system planning, sectionalizing and design studies for rural electric cooperatives, municipal systems, and oil and gas facilities. He is an advanced level user of Milsoft Windmil and Light Table Softwares.

STEVE BESSMAN
Technical Services

Steve has been providing drafting support for over 35 years. His experience includes creating Pin Surveys, site plans, contours, plan and profile sheets for all types of projects. This includes substation design and construction, power transmission design and construction, utility relocation roadway, bridge and highway reconstruction, water lines, storm sewer and sanitary sewer lines. He has also under the supervision of professional engineer provided design for various project types.



GLEN ADAMS**Technical Services/Environmental Resources**

Glen Adams is an Environmental Scientist/Planner experienced in the production of Initial Site Assessments, Phase I ESAs, Environmental Condition of the Property reports, Environmental Assessments, and Regulatory Review documents as well as GIS. Other skills are found in the realm of biological research and are the result of the participation and production of research reports on tree use and stream health. Glen has experience performing work for ODOT, ECOPs for military installations and various other related projects.



ANGELA AIKMAN, CIE**Environmental Resources**

Angela Aikman specializes in performing environmental studies and investigations for clients throughout the United States. She has conducted hundreds of Phase I environmental site assessments (ESA) and NEPA related investigations. For properties that require additional studies, Angela performs Phase II and III Environmental Site Investigations that often consist of geophysical assessments, surface water studies, design and installation of groundwater monitoring systems, collection of sediment, soil and groundwater samples, aquifer testing, acquiring laboratory analytical data, regulatory agency interaction, and technical report writing. Angela also prepares permit applications, conducts multimedia audits, and assists with remedial action projects. Remedial actions include pump and treat, air sparging, vacuum extraction, bioremediation, and land application technologies.



KATIE FIDDLER, AICP CANDIDATE**Environmental Resources**

Katie Fiddler is an Environmental Scientist/Planner who specializes in environmental sustainability and community development. She brings experience in both public and private sector planning and has worked on projects that span the United States. Katie is experienced in NEPA regulatory compliance and is well-versed in NEPA specifications regarding public involvement. Katie has successfully developed and implemented stakeholder coordination plans, as well as community outreach and engagement plans, for projects throughout Oklahoma, Texas, and Colorado.



POWER ENGINEERS, INC.

4100 International Plaza
Suite 320
Fort Worth, TX 76109

PHONE 817-882-1900
FAX 817-882-1999

January 04, 2021

Richard McLeon
General Manager
The Lane-Scott Electric Cooperative, Inc.
410 S. High St.
Dighton, KS 67839

Subject: 2021 Construction Work Plan Proposal

Dear Richard:

Thank you for the opportunity to present our engineering proposal for the upcoming LSEC Construction Work Plan. Enclosed please find POWER's scope of work and budget.

To ensure that we have developed a work plan that meets the goals and needs of LSEC we encourage you to review this document. We look forward to discussing this plan with you in a follow-up meeting.

PROJECT PLAN

The following task list is an outline summarizing our approach for completing the CWP. Each task is specifically tailored for the LSEC study. A description of the data requested to be provided by LSEC is included in Exhibit A of this proposal.

Client Kickoff Meeting – at LSEC

Discuss and review goals, design criteria, requirements, reliability and/or maintenance issues, and methodology for study.

Prerequisites: Notice to proceed

Deliverables: Requirements Report containing agreed upon goals for study, study methodology, design criteria, data requirements, a summary of other discussion points, and any system issues LSEC would like to see addressed in the study

Phase 1 Tasks

POWER will identify problem areas and determine a CWP load forecast to be approved by LSEC. POWER will review existing system Milsoft model and equipment database for use in the study.

Prerequisites: Approval of Requirements Report

Deliverables: LESC – Current Milsoft model, billing system file of large consumers, large consumer load changes, current system maps, Form 7 end of year documents, substation/meter point historical kW load data, feeder historical peak kW load data, new member data, system geographic characteristics, most recent Power Requirements Study (PRS) Load Forecast
POWER – Load Forecast Report containing substation load forecasts and feeder load forecasts if historical feeder load data is known

January 4, 2021
LSEC CWP

Phase 2 Tasks

POWER will determine system deficiencies for each substation and feeder and develop a future state system model with improvements required. POWER will prepare a system improvement project list with estimated costs, a list of maintenance improvements, and system maps.

Prerequisites: Approval of Load Forecast Report

Deliverables: LESC - Outage history on system, list of known future station projects, previous CWP with status of projects, system transformer and regulator sizes, list of known future projects, Work Order historical costs for different types of new line construction and existing line conversion, Miscellaneous equipment data, most recent Form 300
POWER – Current and Future State Report containing list of system improvements, Aging Infrastructure Report, preliminary form 740C, recommendation for 34.5kV system, basic line design criteria with recommended ruling spans, preliminary system maps, documents review meeting with LSEC

Phase 3 Tasks

POWER will prepare a formal CWP Plan Report.

Prerequisites: Approval of Current and Future State Report

Deliverables: POWER – Formal CWP Report containing Requirements Report, Load Forecast Report, Current and Future State Report, Aging Infrastructure Report, final form 740C budget, complete historical loads, high level communication system considerations, system maps, and Milsoft models

BUDGET

The budget for services to be provided on a time-and-expense basis is estimated to be **\$42,000.00**. Additional budget will be needed to complete studies required for RUS such as coordination/sectionalizing study, environmental report, and O&M survey; estimated to be **\$25,000.00**, for a total of **\$67,000.00**. We will look for ways to partner with LSEC to complete the work for less, and as we are successful, LSEC will pay the lesser amount.

We appreciate the opportunity to support this important project. If you have any questions, please contact me at 940-391-1176 or by email at curtis.trivitt@powereng.com.

Sincerely,

Curtis Trivitt

Curtis Trivitt, P.E.
Senior Project Manager

cc: Brian Tomlinson (PEI-FTW), Andy Palau (PEI-FTW)

January 4, 2021
LSEC CWP

EXHIBIT A

Data Request

Phase 1 Tasks

- Current Milsoft Model
 - Model with current billing data and current source impedance data
 - Updated Land Base file (if available)
 - Current eqdb (equipment database)
- Billing system file (electronic copy) of large commercial customers [greater than 50kW] with the following fields: customer name, rate, grid/location #, line section, kw demand, kwh [this will need to be the same month as the billing system file]
- Large consumer loads to be added or removed
- Current system maps
- Maps of service area [digital set]
- Form 7 end of year documents (2016-2020)
- Station/Meter Point historical kW Load Data (2016-2020) (Form 733A)
- Any feeder peak data to help us better allocate and forecast loads
- New member data [number, cost of Code 101 and 102 projects] (2016-2020)
- LSEC service area system geographic characteristics
- Copy of the most recent PRS Load Forecast

Phase 2 Tasks

- Outage history on system and broken out for each station, if available (2016-2020)
- List of known future station or station projects to include
- Copy of the previous CWP with status of previous work plan projects, and if complete, the final cost of the project
- Existing substation transformer and regulator sizes
- Work Order historical costs for different types of new line construction and existing line conversion [project type, cost, length]
- Miscellaneous Equipment data – purchases (by year) of distribution transformers, meters, service capacity increases, pole replacements, security lights, etc.
- Most recent Form 300

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS

RESOLUTION 2021 0111

RESOLUTION of APPRECIATION for Ms. Deanne Shull

WHEREAS, Ms. Deanne R. Shull retired as a Warehouse Clerk with the Lane-Scott Electric Cooperative, Incorporated on February 8, 2021 and

WHEREAS, she served the members of this Cooperative with distinction since beginning her employment with the Lane-Scott Electric Cooperative, Incorporated on May 16, 2005.

NOTING, her genuine concern for the well-being of the Cooperative, its employees, and its members made her an invaluable asset to the Cooperative, and

REALIZING, that she has given generously of her talents and strengths, assisting countless employees through over 14 1/2 years of dedicated service while maintaining the highest personal standards representing the Cooperative in the community, and helping the Lane-Scott Electric Cooperative, Inc. become the member-focused organization it is today, and

NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees of the Lane-Scott Electric Cooperative Inc., expresses its sincere appreciation to Ms. Deanne Shull for her contributions to the growth, stability, and performance of the Cooperative: and

BE IT FURTHER RESOLVED that the Board of Directors extends to Ms. Shull its prayers for the blessings of peace, good health, and best wishes for the future.

CERTIFICATION OF THE SECRETARY

I, Paul Seib, Jr., certify that I am Secretary of the Lane-Scott Electric Cooperative, Inc. Board of Trustees. I further certify that the above is a true excerpt from the meeting of this Board of Trustees held on the 11th day of January 2021, at which a quorum was present.

Paul Seib, Jr., Secretary

(Seal)

INTEROFFICE MEMORANDUM

TO: ALL EMPLOYEES

FROM: RICHARD MCLEON

SUBJECT: COOPERATIVE SAFETY COUNCIL

DATE: DECEMBER 22, 2020

RE: EMPLOYEE POLICY 508, SECTION VIII

Employee Policy 508 states:

- A. There shall be a Cooperative Safety Council consisting of three persons – one lineman designated as the Safety Coordinator (selected by the General Manager) whose duties will be combined with one of the office positions, one office employee designated as the Safety Compliance Administrator (selected by the General Manager) to maintain records, and one outside employee. The outside employee shall be elected by employees of the cooperative.*

And further:

- D. The term of office of the elected members of the Cooperative Safety Council shall be for three years through the employee safety meeting for the month of January following their election.*

The Cooperative Safety Council currently consists of:

- President – Leighton Ayers (elected by consent to serve January 2021 – January 2024)
- Safety Coordinator – Chris Terhune
- Safety Compliance Coordinator – Carrie Borrell

In accordance with Policy 508, Section VIII:

- Chris Terhune is designated Safety Coordinator (appointed 2016, re-appointed December 2020), and
- Carrie Borrell is designated as Safety Compliance Administrator (appointed 2012, re-appointed December 2020)

LANE-SCOTT ELECTRICT COOPERATIVE, INC.
SAFETY COUNCIL COMMITTEE MEETING
December 16, 2020

Leighton Ayers called the meeting to order at 1:02 pm.

Minutes were read: Richard McLeon made a motion to approve the November 18th minutes and Leighton Ayers seconded. Minutes were read and approved as printed.

Present: Richard McLeon, Chris Terhune, Leighton Ayers, and Carrie Borell

Absent:

Old Business:

- ◆ Chris Terhune reported the annual RESAP Self-Assessment/annual supervisor inspection walk thru has been completed and we had a few minor improvements that were needed.

New Business:

- ◆ Chris Terhune discussed the KEC 2020 RESAP visit rescheduling to be done in 2021 due to COVID pandemic.
- ◆ Carrie Borell reported the KEC Service Training Menu July meeting is being rescheduled because it was on annual meeting day. As soon as that is updated the safety meeting schedule will be posted for the 2021.
- ◆ Carrie Borell discussed a Safety Management Suite software program for safety reporting and documentation management. Quote was reviewed and currently software has a 30-day free trial. Documentation and reporting sections include SDS management, training, safety plans and procedures, audits and inspections, incident reporting, and may be customized with additional areas of reporting as needed. Any software supplied documents will be automatically updated as legal changes are required. Custom inspection forms may be uploaded, and testing will be done on form filled custom document performance. FEMA work order documentation was discussed, and Chris Terhune will get with Kathy Lewis to see options and benefits. User editing versus viewing permissions will be reviewed.
- ◆ Budget report is unchanged from the November meeting. Chris Terhune reported truck #145 is needing a magnetic Go Lite and Richard approved the purchase.
- ◆ Richard McLeon discussed the upcoming security system goals, vaccine options, and possible effects of the Family 1st Corona Release Act.
- ◆ Safety Council 2021 member appointments were discussed. Richard McLeon reappointed Chris Terhune as safety coordinator, Carrie Borell as safety administrator, and Leighton Ayers was reappointed to council member for another three years.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Secretary

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

December 16, 2020

Chris Terhune called the meeting to order at 9:30am.

Minutes were read: Dal Hawkinson made a motion to approve the November 18 minutes and Dellon Shelton seconded. Minutes were read and approved as printed.

Present: David Howard, Kasey Jenkinson, Ben Mann, Chris Terhune, Leighton Ayers, Dellon Shelton, Dee Shull, and Carrie Borell

WebEx: Richard McLeon, Dal Hawkinson, Larry Kraft, Myron Seib, Kevin Bradstreet, Nate Burns, Kalo Mann, Michael Pollock, Mark McCulloch, Kathy Lewis, Rebecca Campbell, Ann Marie Jennings, and Diana Kuhlman

Absent: Chad Rupp

Truck report of inspections:

105	Dellon Shelton	OK
110	Myron Seib	OK
112	Leighton Ayers	OK
117	Chris Terhune	OK
123	Mark McCulloch	OK
124	Michael Pollock	OK
132	Kevin Bradstreet	OK
135	Nate Burns	OK
136	Dellon Shelton	OK
143	Michael Pollock	OK
144	Kalo Mann	OK
145	David Howard	OK
150	Kasey Jenkinson	OK
173	Dellon Shelton	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
702	Chris Terhune	OK
512	Dee Shull	OK
514	Dee Shull	OK

Warehouse, building, and pole yard inspections:

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

Warehouse	Dee Shull	OK
Pole Yard & Transformer Dock	Dee Shull	OK
Office	Diana Kuhlman	OK

Personal Tools: All Passed

Gloves Monthly Test Results: December glove report will be done in January.

Substation and Regulator Report: Ben Mann reported Ransom substation control panels were changed out. Will be replacing Dighton substation lights.

PCB Report: Chris Terhune reported we no longer have any PCB on site. All PCB containments was transported out.

Line Clearance: None to report

Accident and Near Misses: None to report.

Old Business: Chris Terhune reported that the substation 911 addresses were completed and in all the company trucks. They will also be added to the storm restoration guide for visitors, the emergency recovery plan, and emergency restoration plans as well.

New Business:

- ◆ Richard McLeon reported trustees approved employee Christmas bonus this year. Employees thanked Richard and all the trustees.
- ◆ David Howard reported warehouse personnel interviews will be completed tonight.
- ◆ Kevin Bradstreet reported a bird kicked off the Dighton Lo substation. This is the second time and discussion of installing addition covers to keep out wildlife.
- ◆ Nate Burns reported Sunflower signage will be put on substation for their personnel tracking. This does not affect Lane-Scott Electric employees.
- ◆ Carrie Borell reported on Microsoft security updates that was implemented.
- ◆ Ann Marie Jennings reported on the Soldier Care Package, Ness City Christmas parade, and Dighton Christmas float.
- ◆ Chris Terhune reported on the annual RESAP Self-Assessment/annual supervisor inspection walk thru results.
- ◆ Viewed KEC Safety Attitude video.
- ◆ Reviewed safety summary.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF DECEMBER 2020

1. Storm Restoration Guide for Visiting Crew Booklet created for proofing.
2. Diana Kuhlman submitted the KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
3. Ann Jennings member safety awareness post on Facebook, Instagram, newsletter and website concerning:
 - Make Safety a Travel Essential this Season / Travel Safety Tips
 - Outdoor GFCI's: Holiday/Light Safety
 - Pet and Electrical cord and light strand safety.
 - Give the Gift of Safety this Holiday Season: Lists and explains GFCIs, Outdoor Remote Control Outlet Switches, Tamper Resistant Outlets, Heavy Duty Extension Cords
 - Inspect all holiday lighting and electrical decorations for frayed or damaged cords.
4. Reviewed neighboring cooperative emergency response plan, disaster recovery plan, and emergency restoration plans to incorporate best local practices into our plans. Categorized data into appropriate plan sections. In communication with other local cooperatives, they also are restructuring their plans and have asked us to send our templates to assist them in their goals.
5. Hearing evaluations are performed bi-annually for all employees. Hearing test are conducted by Lane County Health Department, a certified hearing audio testing facilitator. 2020 hearing evaluations were cancelled due to the COVID-19 pandemic. Our local health department determined it was a risk to perform the testing which involved close contact and being in continuous proximity of recipients. As a safety precaution to ensure minimizing the risk of spreading COVID they advised the postponement of all testing. Lane-Scott Electric will plan on performing 2020 hearing evaluations in 2021 and thus continue with the regular bi-annual testing in 2022 as normal.
6. RESAP Self-Assessment/Annual Supervisor Inspection improvements completed:
 - Truck #110 removed old wench line, restrung slack blocks with WLL, DOT GWVR registration amended, repaired boom indicator, and minor housekeeping.
 - Truck #112 added second fire extinguisher, covered sharps, replaced shovel and bolster strap, and minor housekeeping.
 - Truck #124 AED secondary pads replaced outdated pads and major housekeeping.
 - Truck #136 Replaced shovel, sling, pole bolster, and PTO placard. Covered sharps and minor housekeeping.
 - Truck #150 charged low battery and did minor housekeeping.
 - Truck #173 covered sharps and minor housekeeping.
 - Truck #174 strapped boom and covered bucket.
 - Truck #191 strapped boom, covered bucket, replaced gas can with a steel gas can, slack blocks WLL, replaced out of date and restocked First Aid kit items.

- Truck #193 added AED secondary pads and safety manual.
- Truck #200 Replaced frayed harness and covered bucket.
- Truck #304 Charged batter and restrung slack block.
- Vehicle #105 was moved for all company vehicle use. Lane-Scott company magnetic decals were put on and added accident form and accident reporting guidelines.
- Vehicle #123 covered sharps, replaced drivers seat covers, and minor housekeeping.
- Vehicle #132 disposed of frayed nylon straps and added a shovel.
- Vehicle #135 added flashlight and measuring tape.
- Vehicle #143 replaced fire extinguisher and flashlight batteries. Added measuring tape and shovel. Warning lights repaired and minor housekeeping.
- Vehicle #144 did minor housekeeping.
- Vehicle #145 replaced flashlight batteries, burn gel, and sting relief. Removed outdated insurance cards and registration.
- Vehicle #305 repaired clearance lights.
- Truck # 117 was good.
- Trailer #516 added decals.
- Trailer #702 added decals and to the monthly inspection sheet.
- All other trailers were good.
- Skidsteer replaced ear protection and fire extinguisher and aired tire. Replaced outdated and added required quantity of burn dressing, pain reliever, alcohol wipes, sting relief, antibiotic.
- Six-Wheeler bed needed minor housekeeping, replaced and added required quantity of burn gel, antiseptic, and antibiotic.
- Personal tools replaced #132 rubber gloves and #89 cleaned rubber glove bag.
- Server shelving added WLL label.
- Office and operations shelving added WLL label.
- Lineman room eye station replaced light bulb.
- Lot spools were chocked.
- Retail warehouse de-icer put in fireproof safe and replaced burn gel.
- Salt shed walkways cleaned.
- Morton building walkways cleaned, emptied full trash containers, and minor housekeeping.
- Truck bay properly stored fire extinguishers, eye wash station replaced and in service, cleaned cement from oil waste leak, and emptied full trash containers.
- Ness warehouse installed fire extinguisher hanger to properly store, refilled eye wash and added triangular indicator signage.
- Ness truck bay stored hydraulic oil in flammable cabinet and minor housekeeping.

- Alexander, Beeler, Dighton City North, Dighton City South, McCracken, and Ness substations were good. All remaining substation improvements are planned for 2021.
7. In-House safety meeting topics was concerning RESAP Self-Assessment/Annual Supervisor Inspection Walk Through Report, KEC Safety Attitude Video, and safety summary review. December safety minutes are included in board packet.
 8. Safety council December minutes concerning progress on projects are included in the board packet.

SAFETY PROJECTS IN PROGRESS AS OF DECEMBER 2020

1. RESAP Self-Assessment/Annual Supervisor Inspection working on continued improvements.
2. Storm Restoration Guide for Visiting Crew booklet amendments. System area data information confirmation and any existing system information from 2020 amendments.
3. Emergency response plan, disaster recovery plan, and emergency restoration plans amendment incorporation into our plan for review.

IT/COMPLIANCE DEPARTMENT

IT/COMPLIANCE PROJECTS COMPLETED AS OF DECEMBER 2020

1. SmartHub test company module enhancement implemented. This will allow amendments to be made in test company first to see how the programming transitions, how it is viewed, and test that it works properly before putting it live to our members.
2. iVue Microsoft Terminal Servers Windows Server 2008 operating systems has reached end of life and is being upgraded to the Microsoft Windows Server 2019. This requires our Crystal Report software to be installed on a local computer and no longer accessed via the ASP site servers. Upgraded to the new SAP Crystal Report license to be compatible with the new server Oracle 12 database version and transferred reports.
3. US Payments KIOSK faulty security alarm alert. Serviceman repaired wire connection and a bent lever that may be triggering the false alerting.
4. ESS programming for new standby time entry task.
5. Amendments to the mobile device and software usage employee agreement forms.

IT/COMPLIANCE PROJECTS IN PROGRESS AS OF DECEMBER 2020

1. Desktop Central programming of asset inventory of devices and software.
2. Office 365 software license vendor replacement.

CYBERSECURITY - IT DEPARTMENT

CYBERSECURITY/IT PROJECTS COMPLETED AS OF DECEMBER 2020

1. iVue 2.49 software upgrade.
2. CallCapture Secure Payments IVR 2.48 upgrade.
3. Office 365 threat management reviewed daily.
4. ASP iVue server monthly patching and SLES12 SP5 upgrade.
5. Operations and domain server daily backups and alert notification reviewed daily.
6. Domain monthly disk cleaner.
7. US Payment KIOSK monthly maintenance patching updates. Patch release to resolve issues.
8. Windows bi-monthly updates.
9. SmartHub Web 12.6.0 software upgrade and security setting updates.
10. AppSuite Mapview TPK imagery file monthly update.
11. Manage Engine Desktop Central installation to computers. Implementing patch management section, programming, and installations. Software upgrade to 10.0.630 and installing missed patches and creating a regular patch update policy.
12. Vulnerability Alert on Remote desktop protocol services exploitation against ports 445 and 3389 allows hackers to gain access to a network and manually deploy ransomware. Confirmed our firewall port securities are established to mitigate this risk.
13. Encryption vulnerability exploitation allows hackers to access network information. Confirmed VPN bit key encryption, algorithm, and encryption coding securities are set at the highest standard that is compatible with our devices to mitigate this risk.
14. Microsoft Office 365 Secure Score Assessment. This assessment gives recommendations of security settings that may be programmed in addition to default security settings that may decrease vulnerability.
Programmed the following securities:
 - 2 Multi-Factor Authentication – creates security redundancy to protect and reduce account risk of being hacked.
 - Modern Authentication – if mobile app is used on other devices this allows you to use your existing Microsoft password and not have to create another password. Microsoft password policy and rules are used to ensure secure password requirements are met.
 - Audit Logging – detection and reporting of an email origination for cyber security tracking if a system is compromised.
 - Azure Portal Filtering – identifies suspicious IP addresses that may be blocked if a system has been compromised to minimize damage.
 - Domain Keys Identified Mail (Dkim) Security Policy – protects spoofing of company email address by validating outbound email to authenticate that users are who they are and not a third-party attacker.
15. Cyber Detect server quotes and VMware options.
16. SolarWinds Orion software malware exploitation. We do not directly use this software. Confirmed with third part vendors that we were not indirectly affected in this breach.

CYBERSECURITY/IT PROJECTS IN PROGRESS AS OF DECEMBER 2020

1. Cyber Detect server RAM installation options on Desktop Central server.

1. **Youth Tour: (Item 10-b Under New Business)** We received notification from KEC that both the DC Tour and Leadership Camp are being cancelled again for 2021. The glass-half full perspective is that we had not yet advertised for applications, nor had anything been sent to the schools.

KEC is working on a Virtual Tour which will be held for 4 or 5 consecutive days for 2 hours a day sometime this summer. The virtual program is to have activities, prizes, and a final project each participant is to complete. There was discussion during the KEC and youth tour administrator meeting about an in-state program in Topeka. KEC said this will most likely not be an option. If it would happen to be allowed, we wouldn't know until probably late March. It's KEC's prediction that all in-person meeting will probably be cancelled until 3rd quarter. During the meeting attendance to last year's virtual tour

Staffs opinion after attending the KEC meeting is to forgo this year. A virtual program, during summer I'm afraid will not generate much interest. An incentive for money or a gift would help, but even the best virtual programs are hard to engage. The appeal of these trips is for the interaction with their peers and the experience of being in person in DC and Colorado. Instead, maybe we could offer more Continuing Education Scholarships with some of the \$10,600 budgeted for trip costs. Last year we received a lot of good applications. We could split it up into 2 categories to award scholarships to those just entering college and those who already are in college.

KEC needs our commitment for the virtual program now, with our winners submitted in Mid-March. If an in-state meeting is allowed, it will likely be determined after winners are selected. Co-ops will not lose our DC & Camp spots in the future if we choose not to participate.

BOARD ACTION:

- a. We need to decide if we want to commit to the virtual program?
- b. If so, will we commit to 4 spots?
- c. If so, what should we offer to students as incentive? A scholarship, ipad, etc?
- d. If we decide not to continue, are we going to offer something else like additional continuing education scholarships, or are there other ideas?

2. **Continuing Education Scholarships: (Item 10-b Under New Business)** Speaking of... it's time to approve how many \$500 scholarships we're going to award this year. Last year we awarded 2, \$500 and received 14 applications. Of the applications, 6 were already college students and 8 were high school seniors. The deadline for applications will be the end of April.

BOARD ACTION:

- a. How many scholarships should we award and what amount?
- b. If more are awarded with Youth Tour funds, do you want to split into 2 categories? If so, how many of each?

3. **Sharing Success Grant Program:**

The Co-Bank Sharing Success Program began in 2012 and doubles contributions of its customers to the charitable organizations and causes they care about most. Since 2012, CoBank and its customers combined have contributed more than \$50 million to groups such as volunteer fire depts, schools, and hunger relief programs.

For the first time this year, we applied and were approved for all three of our applications. We selected the Lane and Ness food banks and USD 482 Electrathon team and Kid Wind program because we had made contributions to them the past year. However, I would like to implement a better program, with a better way to reach more organizations in our territory. To do this I will have a sign-up period for non-profits, schools, and community organizations to apply for our Sharing Success Grants from April - June. The application would include what the organization plans to do with the grant, how it will benefit their cause, etc. I would like to offer up to 3 grants for \$1000 each (\$500 from us and \$500 from Co-Bank.) At the end of the application period, we would form an internal committee to review and select the winning organizations. This will be a great way to gain community recognition, donate to projects that will benefit our communities, and fill a need of local available grants in our area.

4. **Military Packages:** Fifteen packages were sent complete with snacks donated by employees, trustees, a few members, and purchased by LSEC. A homemade Christmas Ornament made by Rebecca's PSR class, a Christmas card from LSEC with notes of appreciation from a few kids in our community, Richard, and Gary Bartlett as the American Legion Commander.

5. **Read to Feed:** I was approached by the Dighton Elementary 6th grade class to sponsor their Read to Feed program. The week of 12/14-12/17, all students were encouraged to read an hour outside of school, with parent documentation. For each hour read, up to \$150, Lane-Scott would donate \$1 per hour read. The total read was \$88. The money is being used to purchase gift basket items to be distributed by the Lane County Health Dept.

I used some of my already budgeted funds for the “Food Bank Promotion / School Drive” like we did in 2019 for this program. I really like the idea of having the kids do something for a donation to the food bank rather than collecting non-perishables. I’m going to adopt this idea (with 6th grader permission 😊) for our Spring Drive including Healy, Ness City & Western Plains! The money earned from reading will be donated directly to the county food banks. I will still include a classroom prize for the most read in each school for incentive!

6. **2020 Top 100 User Report** is on the Trustee Webpage
7. **LIEAP Info:** LIEAP Information/Applications have been mailed to all the churches and Sr Centers. The new information has been updated on our website, as is a link to the LIEAP website. It will be shared on social media too.
8. **Christmas Parade** – Ness City

