



To: **Board of Trustees and Attorney**

A regular meeting of the Board of Trustees has been scheduled for May 3, 2021 at 7:00 p.m.

Proposed Agenda:

1. Call to Order
2. Reading and Approval of Minutes
3. Presentation of Check Register
4. Presidents Report
5. Attorneys Report
6. Sunflower EPC Report
7. KEC Report
8. General Managers Report
9. Old Business
 - a. Policy 524 – Drug and Alcohol-Free Workplace
10. New Business
 - a. BSGM Audit Report
 - b. 2020 Capital Credit Allocations
 - c. NCSC Voting Delegate
 - d. Resolution of Appreciation for Larry Kraft
 - e. GM Evaluation
11. Safety Report
12. Executive Session – if requested
13. Adjourn

Upcoming Events:

KEC Board Meeting	May 5-6	Wichita, KS
Sunflower Board	May 19	Holcomb, KS
Closed – Memorial Day	May 31	
Nominating Committee	June 7	
LSEC Board Meeting	June 7	

**MINUTES OF THE REGULAR APRIL 2021
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, April 5, 2021, in the offices of the cooperative at 410 South High Street, Dighton, Kansas. President Richard Jennison called the meeting to order at 6:59 p.m. In addition to President Richard Jennison, the other trustees in attendance were: Rad Roehl, Harold Hoss, Randy Evans, Eric Doll, Richard Sorem, Chad Griffith, Paul Seib Jr. and Craig Ramsey. Also present Richard McLeon IV and Joseph Gasper, Attorney.

MINUTES OF PRIOR MEETING

President Jennison called for action on the minutes of the prior meeting held on March 1, 2021. *Hearing no corrections to the minutes, President Jennison declared the minutes stand approved as corrected.*

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, added to the written report:

- The Clifton unit is expected to be retired by 2031.

- Discussion of the retirement Holcomb is being discussed with different plans being put forward. The unit is 35 years old and is not yet depreciated but the unit is economical at this point.

KEC REPORT

Trustee Hoss reported that there was a KEC meeting on March 11 & 12. A copy of the report was included in the board packet.

Manager McLeon reported to the board that Lee Tafarielli has requested to attend the September board meeting and that visitors to the meeting are subject to the discretion of the board. The board discussed the request and there were no objections to allowing Lee Tafarielli to attend the September board meeting.

A question was raised regarding legislation to address the weather event costs. Manager McLeon reported there has been attempts in the legislature, but nothing has been done at this time. A sales tax option was raised but not much support was found for that option and an income tax credit is now being floated as an idea.

MANAGER'S REPORT

Manager McLeon commented on the following matters:

- The credit card statements were presented to the Trustees for review.
- February power cost was \$4,023,888.07 with the excess calculated as \$3,284,128.44. A 3.5 year note with CoBank at a rate of 1.55% in the amount of \$3,000,000 was secured. The remainder of the power cost of \$1,023,888 was paid out of cash. A PPP loan was filed for and approved for \$619,088 through the First National Bank of Dighton.
- The power cost recapture work began with NISC after the February board meeting. In discussions with NISC, they had worked with other cooperatives on a miscellaneous charge line item and were offering this option for free. This option allowed for billing out the excess to only those members who used electricity during February. It will also the member to pay off the excess early. We are using this option and the excess will be reflected on members power bill as "Feb 21 Winter Event". Members leaving the system will be charged the recapture on their final billing and new members will not be subject to the adder.
- The city of Dighton and several oil companies have paid off their bill. Members can pay off the balance at any time during the 42-month period if they wish.

- The first bills with the extra charge were sent out and Ann Marie has put information up on the website. Robocalls will also advise members of the charge.
- NERC and FERC have filed inquiries into the storm and financial consequences.
- The 2020 end of year reports are contained in the board packet. The Form 7 is certified but not audited.
- Smarthub participation is up 12.5%.
- 2020 saw revenue drop related to low C&I activity from COVID-19.
- LSEC had \$6 million cash on hand at the end of 2020.
- Sales are flat and revenues are decreasing primarily due to the decrease in wholesale power cost.
- The audit was completed in three days on March 26.
- Phillips 66 had delayed the decision on their project until the end of May.
- The KnowBe4 training is available for Trustees at no cost for any Trustee interested.
- February posted a \$341,373 loss in Total Margins and a \$337,102 loss in Operating margins. This is due to Winter Storm Uri member conservation and higher costs. Kilowatt-hour sales were down 13.15% compared to February 2020 while the overall cost of power was up 18.36%. That dropped the Distribution margin by \$295,060.
- The audit found an overstatement on the amount of property taxes paid and an adjustment was made. After the adjustment, the OTIER for year-end met the debt covenant requirements.
- The year-to-date non-operating margins are a loss of \$23,984 with retail services having a loss of \$8,807 for February.
- There are three Generac generators on order and twelve estimates for new generators out.
- Work continues on Border State implementation. There are some issues with how NISC has inventory. Scott will be attending a class with NISC in August to learn more about the system.

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

The new policy 524 has not been received from outside counsel.

Attorney Gasper discussed written bylaw changes with the board as well as the resolution to submit the bylaw changes to the membership for approval.

A motion to adopt the following resolution approving the submission of the proposed bylaw changes to the membership for approval was made, duly seconded and carried.

WHEREAS, the Board of Trustees of Lane-Scott Electric Cooperative, Inc. has determined it advisable to amend the bylaws of the Cooperative, last amended on July 10, 2007;

BE IT RESOLVED, the Trustees of Lane-Scott Electric Cooperative, Inc. do hereby recommend the adoption of the attached bylaws and propose the same to the members of the cooperative for adoption at the next annual meeting of the members, pursuant to Kansas Statutes Annotated § 17-4608;

BE IT FURTHER RESOLVED the Secretary of the cooperative give notice of the amendment by attaching a copy of the proposed Bylaws to the notice of the annual meeting.

NEW BUSINESS

1. Strategic Plan Update

Manager McLeon presented a review and update on the status of the 2020 strategic plan. A detailed review of the completion was included in the board packet and a highlight of the report included the following:

- Goal 1. Demonstrate leadership in employee and public safety is 30% complete overall. The RESAP implementation is 90% complete, the EAP and ERP are complete, the DRP is 25% complete, new employee safety training and emergency drills have been implemented, the storm restoration guide for visiting crews has been completed and public safety training and demonstrations is 5% complete.
- Goal 2. Identify, Assess and Mitigate cybersecurity risks is 35% complete overall. Carrie has been working with NRECA and other coops through the mentor program and networking with other IT professionals.
- Goal 3. Complete and Evaluate the results of a Cost-of-Service Study (COSS) is 5% complete. The COSS is scheduled for later in the year and some preliminary work has begun in preparation.

- Goal 4. Assess and Complete the remaining elements of the 2019 Strategic plan is 95% complete. Goal 3 is 90% complete with a discounted capital credit plan is under development. Goal 5 regarding succession planning is 80% complete. Changes to bylaws regarding succession planning and elections remain to be completed. The other goals in the 2019 plan are completed.

2. Nominating Committee

The following members were contacted and agreed to serve on the 2021 nominating committee: Jay Schmalzried, Dan Wehkamp, Doug Vieux, Lex Bush, Randy Scheuerman, John Beaton, Lane Copeland, Ben Cramer, Kenney Schlegel.

The board discussed compensation of the nominating committee which is \$100 plus mileage.

- *A motion to approve the 2021 nominating committee as presented in the board packet and to approve the rate of \$100 plus mileage at the IRS rate was made, duly seconded and carried.*

3. Sunflower EPC Annual Meeting Delegate and Alternate

- Paul Seib, Jr. was named voting delegate and Manager McLeon was appointed alternate voting delegate at the annual meetings of Sunflower Electric Power Corporation and Sunflower Electric Holdings, Inc.

4. Estate Capital Credit Retirement

- *A motion to approve the retirement of estate capital credits in the amount of \$16,709.93 as presented to the board in the board packet was made, duly seconded, and carried.*

5. General Manager Evaluation

General Manager Evaluation forms were given to each trustee. The forms are to be returned to President Jennison at least a week prior to the next board meeting.

ADJOURNMENT

A motion to adjourn the meeting was made, seconded and carried at 8:15 p.m., on Monday, April 5, 2021.

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Payroll/Labor Check Register

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Pay Date: 03/01/2021 To 03/31/2021

Empl	Name	Pay Date	Dir Dep/Check	Gross Pay	Other Pay	Hours	Advances	Deductions/ ER Taxes	Txbl Benefits/ ER PTO	Taxes/ ER Benefits	Net Pay	Type
5	KATHERINE E LEWIS	03/14/2021	5450	5,072.81	0.00	88.00	0.00	568.86 386.57	41.46 0.00	1,531.29 2,359.89	2,972.66 985.00 175.00 1,812.66	DD DD DD
17	DAVID L HOWARD	03/14/2021	5451	4,583.34	0.00	88.00	0.00	591.35 365.95	224.88 0.00	1,471.89 2,045.29	2,520.10	DD
21	CARRIE M BORELL	03/14/2021	5452	2,550.24	0.00	88.00	0.00	335.11 204.95	11.88 0.00	444.91 1,998.14	1,770.22	DD
22	REBECCA L CAMPBELL	03/14/2021	5453	2,366.00	0.00	90.00	0.00	380.66 185.45	5.96 0.00	439.20 1,891.33	1,546.14 450.00 1,096.14	DD DD DD
26	RICHARD A MCLEON	03/14/2021	5454	9,375.00	0.00	88.00	0.00	443.82 727.35	132.91 0.00	3,321.86 3,329.76	5,609.32	DD
34	KALO M MANN	03/14/2021	5455	3,692.16	0.00	96.00	0.00	552.35 285.91	98.03 0.00	843.68 1,860.72	2,296.13	DD
35	NATHAN A BURNS	03/14/2021	5456	3,173.28	0.00	88.00	0.00	349.79 257.23	18.95 0.00	835.48 1,596.41	1,988.01	DD
50	KASEY R JENKINSON	03/14/2021	5457	4,315.48	0.00	96.50	0.00	717.20 325.43	16.13 0.00	957.67 2,529.39	2,640.61	DD
55	BENJAMIN L MANN	03/14/2021	5458	4,884.84	0.00	105.00	0.00	649.81 373.03	15.88 0.00	1,201.68 1,873.51	3,033.35	DD
74	DAL S HAWKINSON	03/14/2021	5459	5,180.10	0.00	110.50	0.00	524.48 390.77	5.67 0.00	1,343.47 2,474.54	3,312.15	DD
84	MICHAEL S POLLOCK	03/14/2021	5460	3,692.16	0.00	96.00	0.00	706.84 280.39	6.29 0.00	649.25 2,338.55	2,336.07 100.00 25.00 25.00 2,161.07	DD DD DD DD DD
85	CHAD A RUPP	03/14/2021	5461	3,718.88	0.00	88.00	0.00	504.44 282.09	46.22 0.00	779.73 2,474.54	2,434.71	DD
89	CHRIS R TERHUNE	03/14/2021	5462	3,718.88	0.00	88.00	0.00	562.05 279.68	14.82 0.00	1,102.84 2,474.54	2,053.99	DD
91	LARRY D KRAFT	03/14/2021	5463	3,845.66	0.00	91.00	0.00	459.54 292.17	41.33 0.00	754.51 2,474.54	2,631.61	DD
93	MYRON E SEIB	03/14/2021	5464	4,508.06	0.00	102.00	0.00	643.43 340.98	26.89 0.00	876.88 2,474.54	2,987.75	DD
99	KEVIN A BRADSTREET	03/14/2021	5465	3,718.88	0.00	88.00	0.00	450.86 284.17	17.64 0.00	1,043.85 1,516.11	2,224.17	DD
108	MARK R MCCULLOCH	03/14/2021	5466	3,537.32	0.00	96.50	0.00	950.84	21.93	859.22	1,727.26	DD

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Payroll/Labor Check Register

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Pay Date: 03/01/2021 To 03/31/2021

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
117	LEIGHTON J AYERS	03/14/2021		5,211.80	0.00	111.00	0.00	275.05	0.00	1,602.65		
			5467					366.93	12.05	1,296.74	3,548.13	
								393.68	0.00	2,362.98	150.00	DD
											3,398.13	DD
129	STACEY L FOOS	03/14/2021	5468	185.30	0.00	11.75	0.00	0.00	0.00	16.05	169.25	DD
								16.40	0.00	0.00		
130	ANN MARIE JENNINGS	03/14/2021	5469	2,163.22	0.00	89.00	0.00	265.01	8.07	411.09	1,487.12	DD
								167.56	0.00	1,546.98		
131	DIANA KUHLMAN	03/14/2021	5470	2,099.68	0.00	88.00	0.00	367.64	10.75	337.19	1,394.85	DD
								169.77	0.00	1,230.64		
132	DELLON SHELTON	03/14/2021	5471	2,352.24	0.00	88.00	0.00	142.14	1.55	603.86	1,606.24	DD
								192.18	0.00	953.25		
134	SCOTT A BRIAND	03/14/2021	5472	1,672.00	0.00	88.00	0.00	77.71	3.00	242.20	1,352.09	DD
								139.08	0.00	958.43		
5	KATHERINE E LEWIS	03/30/2021		5,072.81	0.00	96.00	0.00	568.86	41.46	1,531.29	2,972.66	
			5473					386.57	0.00	2,359.89	985.00	DD
											175.00	DD
											1,812.66	DD
17	DAVID L HOWARD	03/30/2021	5474	4,583.34	0.00	96.00	0.00	591.35	224.88	1,471.90	2,520.09	DD
								365.96	0.00	2,045.29		
21	CARRIE M BORELL	03/30/2021	5475	2,782.08	0.00	96.00	0.00	358.30	11.88	502.65	1,921.13	DD
								220.88	0.00	2,009.73		
22	REBECCA L CAMPBELL	03/30/2021		2,496.00	0.00	96.00	0.00	403.54	5.96	472.16	1,620.30	
			5476					196.18	0.00	1,901.73	450.00	DD
											1,170.30	DD
26	RICHARD A MCLEON	03/30/2021	5477	9,375.00	0.00	96.00	0.00	443.82	132.91	3,321.87	5,609.31	DD
								727.36	0.00	3,329.76		
34	KALO M MANN	03/30/2021	5478	4,019.07	0.00	104.00	0.00	552.35	98.03	944.47	2,522.25	DD
								310.94	0.00	1,860.72		
35	NATHAN A BURNS	03/30/2021	5479	3,461.76	0.00	96.00	0.00	349.79	18.95	937.46	2,174.51	DD
								264.40	0.00	1,610.84		
50	KASEY R JENKINSON	03/30/2021	5480	4,596.90	0.00	102.00	0.00	755.72	16.13	1,051.32	2,789.86	DD
								346.95	0.00	2,546.90		
55	BENJAMIN L MANN	03/30/2021	5481	4,202.88	0.00	96.00	0.00	649.81	15.88	960.61	2,592.46	DD
								320.87	0.00	1,891.02		
74	DAL S HAWKINSON	03/30/2021	5482	4,056.96	0.00	96.00	0.00	565.05	5.67	926.72	2,565.19	DD
								304.85	0.00	2,491.45		
84	MICHAEL S POLLOCK	03/30/2021		3,826.77	0.00	99.00	0.00	737.61	6.29	677.92	2,411.24	

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Payroll/Labor Check Register

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Pay Date: 03/01/2021 To 03/31/2021

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
			5483					287.29	0.00	2,353.94	100.00	DD
											25.00	DD
											25.00	DD
											25.00	DD
											2,236.24	DD
85	CHAD A RUPP	03/30/2021	5484	4,870.93	0.00	109.00	0.00	538.25	46.22	1,149.26	3,183.42	DD
								370.21	0.00	2,491.45		
89	CHRIS R TERHUNE	03/30/2021	5485	4,553.27	0.00	106.00	0.00	595.86	14.82	1,412.35	2,545.06	DD
								343.52	0.00	2,491.45		
91	LARRY D KRAFT	03/30/2021	5486	4,056.96	0.00	96.00	0.00	493.35	41.33	808.08	2,755.53	DD
								307.58	0.00	2,491.45		
93	MYRON E SEIB	03/30/2021	5487	4,724.04	0.00	106.50	0.00	694.15	26.89	928.02	3,101.87	DD
								357.50	0.00	2,491.45		
99	KEVIN A BRADSTREET	03/30/2021	5488	4,915.94	0.00	110.00	0.00	488.05	17.64	1,489.96	2,937.93	DD
								375.74	0.00	1,533.02		
108	MARK R MCCULLOCH	03/30/2021	5489	3,877.68	0.00	107.00	0.00	985.63	21.93	969.89	1,922.16	DD
								296.44	0.00	1,617.14		
117	LEIGHTON J AYERS	03/30/2021		4,056.96	0.00	96.00	0.00	373.69	12.05	902.07	2,781.20	
			5490					305.33	0.00	2,369.74	150.00	DD
											2,631.20	DD
129	STACEY L FOOS	03/30/2021	5491	94.62	0.00	6.00	0.00	0.00	0.00	7.24	87.38	DD
								8.38	0.00	0.00		
130	ANN MARIE JENNINGS	03/30/2021	5492	2,320.32	0.00	96.00	0.00	274.68	8.07	450.93	1,594.71	DD
								180.53	0.00	1,556.65		
131	DIANA KUHLMAN	03/30/2021	5493	2,290.56	0.00	96.00	0.00	396.27	10.75	379.77	1,514.52	DD
								185.51	0.00	1,240.19		
132	DELLON SHELTON	03/30/2021	5494	2,880.01	0.00	106.00	0.00	152.83	1.55	790.41	1,936.77	DD
								232.58	0.00	963.94		
134	SCOTT A BRIAND	03/30/2021	5495	1,824.00	0.00	96.00	0.00	86.71	3.00	277.69	1,459.60	DD
								144.31	0.00	1,093.16		
135	BLAKE MCVICKER	03/30/2021	5496	2,100.00	0.00	56.00	0.00	147.00	3.18	435.93	1,517.07	DD
								186.14	0.00	105.00		
Grand Total:				\$ 176,656.19	\$ 0.00	4,322.75	\$ 0.00	\$ 21,813.53	\$ 1,567.76	\$ 44,164.51	\$ 110,678.15	
								\$ 13,641.86	\$ 0.00	\$ 89,212.64		

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Accounts Payable Check Register

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03/11/2021 To 04/09/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46810 03/11/2021	CHK	1	WILLIAM SCROGGINS	Inactive Refund	73.43
2361 03/12/2021	WIRE	124	GOLDEN BELT TELEPHONE	Monthly Invoice	188.78
2362 03/12/2021	WIRE	1160	S&T TELEPHONE COOP ASSN.	Monthly Invoice	746.91
46811 03/16/2021	CHK	1	WILD WEST CATBACKERS	Donation	100.00
46812 03/16/2021	CHK	20	BASIN ELECTRIC POWER COOP	February Dispatch Fees	2,128.66
46813 03/16/2021	CHK	25	LANE-SCOTT ELECTRIC COOPERATIVE,	Payroll Transfer	53,500.00
46814 03/16/2021	CHK	105	CITY OF NESS CITY	Monthly Invoice	25.09
46815 03/16/2021	CHK	220	LANDIS+GYR TECHNOLOGY, INC	Monthly SaaS fee-March	802.33
46816 03/16/2021	CHK	473	SCOTT BRIAND	Clothing Allowance	103.26
46817 03/16/2021	CHK	903	NISC	Monthly Invoice	183.20
46818 03/16/2021	CHK	9999	NICCOLE BLEVINS	INACTIVE REFUND	114.52
46819 03/16/2021	CHK	9999	MIA MORGAN	INACTIVE REFUND	150.64
46820 03/16/2021	CHK	9999	NATHAN PENKA	INACTIVE REFUND	66.19
46821 03/16/2021	CHK	309	KANSAS BG LLC	Tote of Oil	6,654.20
2363 03/18/2021	WIRE	274	VERIZON WIRELESS	Monthly Invoice	679.67
2364 03/18/2021	WIRE	1229	SCHABEN SANITATION	Monthly Invoice	491.43
2366 03/23/2021	WIRE	101	ATMOS ENERGY	Monthly Invoice	186.88
2367 03/25/2021	WIRE	263	KS DEPT OF REVENUE - SALES TAX	Sales Tax	18,010.52
2368 03/25/2021	WIRE	264	KS DEPT OF REVENUE - USE TAX	Use Tax	17.00
2369 03/25/2021	WIRE	1290	WEX BANK	Monthly Invoice	266.90
2365 03/26/2021	WIRE	1239	CULLIGAN OF DODGE CITY	Monthly Invoice	148.65
46822 03/26/2021	CHK	1	DCF-LIEAP	Refund Lieap Payment	413.50
46823 03/26/2021	CHK	14	OFFICE SOLUTIONS, INC	Office Supplies-Toner	417.87
46824 03/26/2021	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	2,528.78
46825 03/26/2021	CHK	59	NRECA	NCS Distribution	550.00
46826 03/26/2021	CHK	79	POSTMASTER	Postage newsletter	99.43

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Accounts Payable Check Register

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03/11/2021 To 04/09/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46827 03/26/2021	CHK	105	CITY OF NESS CITY	Franchise Fee	5,245.85
46828 03/26/2021	CHK	107	CINTAS CORPORATION #449	Monthly Invoice	245.59
46829 03/26/2021	CHK	135	CITY OF BAZINE	Franchise Fee	1,453.54
46830 03/26/2021	CHK	160	SHULL OIL COMPANY	Monthly Fuel Invoice	4,472.96
46831 03/26/2021	CHK	172	TYNDALE COMPANY, INC.	Clothing Allowance-Jenkinson	362.55
46832 03/26/2021	CHK	198	OTIS ELEVATOR COMPANY	Maintenance of elevator	142.89
46833 03/26/2021	CHK	207	ELIZABETH C. HINEMAN TRUST	Radio Tower Land Lease	750.00
46834 03/26/2021	CHK	253	FARM CREDIT LEASING SERVICES COR	Truck Lease Payments	9,548.69
46835 03/26/2021	CHK	361	ANN M JENNINGS	Easter Egg Donation	23.56
46836 03/26/2021	CHK	467	DIGHTON CHIROPRACTIC	Dr Bennett appts	200.00
46837 03/26/2021	CHK	472	C.H. GUERSNEY & COMPANY	Contruction Work Plan	215.00
46838 03/26/2021	CHK	803	ALTEC INDUSTRIES, INC	safety signs	23.50
46839 03/26/2021	CHK	1225	CINTAS CORPORATION	Monthly Invoice	286.39
46840 03/26/2021	CHK	1234	JF BEAVER	Annual Mtg shirt-Scott	70.11
46841 03/26/2021	CHK	1248	COMPLIANCE ONE	Drug & Alochol Testing	516.25
2370 03/30/2021	WIRE	1187	MIDWEST ENERGY	Monthly Invoice	1,363.50
2371 04/01/2021	WIRE	274	VERIZON WIRELESS	Monthly Invoice	314.24
46842 04/01/2021	CHK	1	LANE COUNTY HISTORICAL SOCIETY	Donation	25.00
46843 04/01/2021	CHK	2	CASHIER ACCOUNT	Petty Cash	183.04
46844 04/01/2021	CHK	107	CINTAS CORPORATION #449	Monthly Invoice-Ness City	71.56
46845 04/01/2021	CHK	177	MARK MCCULLOCH	Clothing Allownace-Mark McCulloch	163.49
46846 04/01/2021	CHK	182	G.E.M.S. INC	Monthly Invoice	145.00
46847 04/01/2021	CHK	261	LOCKE SUPPLY CO	Monthly Invoice	147.44
46848 04/01/2021	CHK	376	LUTZ AND COMPANY	Clothing Allowance-Dee & Dal	124.86
46849 04/01/2021	CHK	803	ALTEC INDUSTRIES, INC	Truck # 112	930.14
46850 04/01/2021	CHK	1243	TRI-CENTRAL OFFICE SUP-HAYS	Supplies	435.77

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Accounts Payable Check Register

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Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2374 04/06/2021	WIRE	468	U.S. BANK	Monthly Invoice	3,694.73
2378 04/06/2021	WIRE	62	NRECA GROUP BENEFITS TRUST	NRECA Gr 1-April Group Insurance	2,937.89
2379 04/06/2021	WIRE	180	NRECA	NRECA Gr 1 Admin Fee-April Gr Ins Adm Fe	229.32
2373 04/07/2021	WIRE	121	FED-EX	Monthly Invoice	17.95
2375 04/07/2021	WIRE	1267	AFLAC	Monthly Invoice	465.84
2377 04/07/2021	WIRE	1224	NRECA RETIREMENT & SECURITY	NRECA RS-Group Insurance	50,068.52
2376 04/08/2021	WIRE	69	SECRETARY OF STATE	KSOS Annual Report Filing	40.00
2372 04/09/2021	WIRE	168	ONLINE INFORMATION SERVICES, INC	Monthly Invoice	66.60
46851 04/09/2021	CHK	14	OFFICE SOLUTIONS, INC	Monthly Invoice	59.68
46852 04/09/2021	CHK	15	ERIC DOLL	April Board Meeting	389.20
46853 04/09/2021	CHK	30	HAROLD HOSS	April Board Mtg and KEC Mtg	1,289.68
46854 04/09/2021	CHK	32	WESCO RECEIVABLES INC	Monthly Invoice	9,955.56
46855 04/09/2021	CHK	34	AMERICAN SAFETY UTILITY CORP	Work Gloves	88.29
46856 04/09/2021	CHK	40	KANSAS ELECTRIC COOPERATIVES	Monthly Invoice	6,695.11
46857 04/09/2021	CHK	45	BUMPER TO BUMPER OF DIGHTON	Monthly Invoice	1,981.30
46858 04/09/2021	CHK	55	NESS COUNTY NEWS	Advertising	155.20
46859 04/09/2021	CHK	60	PAUL SEIB JR	April Board Meeting	386.96
46860 04/09/2021	CHK	63	RICHARD JENNISON	April Board Meeting	364.56
46861 04/09/2021	CHK	73	STANION WHOLESALE ELEC CO INC	Monthly Invoice	20,753.95
46862 04/09/2021	CHK	74	WEBER REFRIGERATION & HEATING I	Monthly Invoice	239.41
46863 04/09/2021	CHK	96	STEPHENS LUMBER - DIGHTON	Monthly Invoice	158.33
46864 04/09/2021	CHK	104	HOME OIL CO	Monthly Fuel Invoice	675.70
46865 04/09/2021	CHK	105	CITY OF NESS CITY	March Postage and Pay Station	617.15
46866 04/09/2021	CHK	117	NESS CITY FARM & FEED	Monthly Invoice	9.75
46867 04/09/2021	CHK	179	RAD ROEHL	April Baord Meeting	360.08
46868 04/09/2021	CHK	184	JOHNSTONE SUPPLY	Monthly Invoice	963.38

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03/11/2021 To 04/09/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46869 04/09/2021	CHK	187	S&W SUPPLY DIVISION	Monthly Invoice	190.87
46870 04/09/2021	CHK	202	CHAD GRIFFITH	April Board Meeting	392.00
46871 04/09/2021	CHK	238	ILLINOIS MUTUAL	Premiums	153.20
46872 04/09/2021	CHK	248	CENTRAL PUMP & SUPPLY	Monthly Invoice	17.91
46873 04/09/2021	CHK	272	LEWIS AUTOMOTIVE GROUP INC	Monthly Invoice	526.79
46874 04/09/2021	CHK	294	AIRGAS USA LLC	Nitrogen-Substation	56.29
46875 04/09/2021	CHK	306	BORDER STATES INDUSTRIES INC	Monthly Invoice	2,387.89
46876 04/09/2021	CHK	346	HYSPECO, INC.	Monthly Invoice	244.31
46877 04/09/2021	CHK	366	DIANA KUHLMAN	Lineman Appreciation Supplies	100.81
46878 04/09/2021	CHK	376	LUTZ AND COMPANY	Clothing Allowance-Chris Terhune	137.05
46879 04/09/2021	CHK	380	GRAINGER	Monthly Invoice	110.81
46880 04/09/2021	CHK	387	WESTERN FUEL & SUPPLY	Monthly Fuel Invoice	55.25
46881 04/09/2021	CHK	427	DIGHTON HERALD LLC	Advertising	102.00
46882 04/09/2021	CHK	429	IT1 CONSULTING LLC	Software	272.85
46883 04/09/2021	CHK	439	BOLINGER, SEGARS, GILBERT & MOSS,	2020 Audit	15,000.00
46884 04/09/2021	CHK	450	RANDALL G EVANS	April Board Meeting	350.56
46885 04/09/2021	CHK	454	OCONNER COMPANY	Monthly Invoice	37.81
46886 04/09/2021	CHK	506	K&J FOODS	Supplies	375.87
46887 04/09/2021	CHK	773	BRETZ, INC.	Monthly Invoice	108.00
46888 04/09/2021	CHK	1016	KANSAS ONE-CALL SYSTEM INC	Locate Fee	100.80
46889 04/09/2021	CHK	1169	WASHER SPECIALTIES CO.	Monthly Invoice	213.35
46890 04/09/2021	CHK	1172	WESTERN SUPPLY COMPANY	Monthly Invoice	1,857.01
46891 04/09/2021	CHK	1197	GARDEN CITY WHOLESALE SUPPLY	Monthly Invoice	3,394.88
46892 04/09/2021	CHK	1225	CINTAS CORPORATION	Monthly Invoice-Ness City	217.44
46893 04/09/2021	CHK	1230	NORTHWESTERN PRINTERS, INC.	Supplies	362.30
46894 04/09/2021	CHK	1244	PROTECTIVE EQUIPMENT TESTING	Monthly Invoice	811.01

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03/11/2021 To 04/09/2021

Bank Account: 2 - FIRST STATE BANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
46895 04/09/2021	CHK	1251	TECHLINE, LTD	Monthly Invoice	1,293.74
46896 04/09/2021	CHK	1263	RICHARD SOREM	April Board Meeting	398.16
46897 04/09/2021	CHK	1285	TIFCO INDUSTRIES	Monthly Invoice	177.47
46898 04/09/2021	CHK	1299	DEANNE SHULL	Cookies for Board Meeting	72.00
46899 04/09/2021	CHK	1300	CRAIG RAMSEY	April Board Meeting	378.00
46900 04/09/2021	CHK	1303	LANE COUNTY IMPLEMENT, INC	Monthly Invoice	53.17
Total Payments for Bank Account - 2 :					(110) 248,722.50
Total Voids for Bank Account - 2 :					(0) 0.00
Total for Bank Account - 2 :					(110) 248,722.50
Grand Total for Payments :					(110) 248,722.50
Grand Total for Voids :					(0) 0.00
Grand Total :					(110) 248,722.50



SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING SUMMARY

SUNFLOWER ELECTRIC POWER CORPORATION BOARD MEETING – APRIL 21, 2021

2020 KPMG Audit

The KPMG audit staff presented results for the 2020 Sunflower audit and discussed a new audit tool that will enhance audit methodology for future audits.

The 2020 audit was completed remotely, which went smoothly. Future work will be done in person with flexibility around remote work.

KPMG highlighted the change in reporting entity due to the merger of Sunflower and Mid-Kansas, modifications in accounting presentations, and the accounting presentation of the Paycheck Protection Plan loan.

KPMG gave Sunflower the highest opinion the firm is allowed to give. Appreciation was expressed to Sunflower staff for their audit preparation work and assistance to KPMG, in particular the communication adaptations necessitated by COVID-19.

Board action: The Sunflower Board approved the 2020 Sunflower audit as presented by KPMG.

CFC Key Performance Indicators (KPI)

Jason Mowery, CFC regional vice president, presented Sunflower's KPI results based on the 2019 year-end data for Sunflower and Mid-Kansas. CFC's KPI is a strategic five-year benchmarking tool that allows for the comparison of Sunflower's annual financial and operational ratios against other G&Ts. The report showed that overall G&Ts experienced a 1.25% decline in energy sales. Although the 53 responding G&Ts averaged a 1.25% decline in energy sales in 2019, coverage ratios improved and median KPIs remained strong.

Sunflower's key financial and operating performance figures rank strong among our peer group. Today, lenders require solid financial ratios and liquidity at both the G&T and distribution levels. Environmental, Social and Governance ("ESG") factors have also become an important consideration in the investment community, as they allow a company to inform the lenders about positive impacts a business has on the environment, society, and its employees.

ICARE: Integrated Resource Plan/Future Supply Portfolio

The Board continued a review of modeling in support of an Integrated Resource Plan. The IRP is an economic analysis used to plan for future power supply based on known costs and incorporating various future scenarios. The review included a discussion of owned generating assets, as well as solar and battery storage. Next steps in the IRP include developing a schedule for completing additional resource planning work, further analysis of generating units, and coal optimization.

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CURRENT ACTIVITIES

Kansas Electric Cooperative Health Insurance Trust

The Kansas Electric Cooperative Health Insurance Trust (KECHIT) membership held a special meeting during a recess of the Sunflower meeting to vote on Kansas Electric Power Cooperative (KEPCo) participation in KECBIT. KEPCo's eligibility is tied to membership in Sunflower and conditioned on the power supply agreement. Sunflower's power supply agreement with KEPCo expires in December 2021, after which time KEPCo is not eligible for KECBIT membership.

Sunflower's Annual Meeting

A change of location for the Sunflower annual meeting in May was discussed.

Board action: The Sunflower Board voted to move the annual meeting to Holcomb Station and to hold an in-person meeting.

PRESIDENT'S REPORT

Generation

Generation units are running well. Staff are engaged in opportunity maintenance at HLS as well as making upgrades on other generation assets.

Power Supply & Delivery

Enel has repowered a portion of the wind turbines in the Smoky I and Smoky II wind farms, requiring amendments to the Power Purchase Agreements (PPAs) that Sunflower executed with Enel. The amendments ensure that Sunflower is not allocated any more energy that it would otherwise be allocated had the repowering not been completed, ensure that Sunflower is not exposed to any form of cost exposure associated with the Production Tax Credits triggered by the repowering, describe modified operating procedures to allow the wind farms to transfer to Dispatchable Variable Energy Resource status, and release previous claims. The negotiations on amendments were completed in early April and executed on April 15.

Board action: The Sunflower Board ratified the amendments to the PPAs on Smoky I and Smoky II wind farms.

The Russell Solar Project continues to advance. Sunflower contracted the start of construction on the step-up transformer and qualified for the Investment Tax Credit. Real estate work included the completion of site due diligence, execution of mineral waivers, commencement of the first land lease development period, and title clean up. Development studies indicated no significant issues with the site. The project's Generator Interconnection Agreement (GIA) is in the SPP interconnection study queue, and study results are anticipated in October. Additional funds are needed to get Sunflower to the build versus buy decision point.

Board action: The Sunflower Board approved a \$240,000 budget increase for the Russell Solar Project.

Sunflower staff reviewed municipal agreements for the City of Norton and the City of Goodland.

Board action: The Sunflower Board approved the power supply contract extension as presented for the City of Norton.

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Board action: The Sunflower Board approved power supply contract options one and two, with flexibility as needed, for the City of Goodland.

Sunflower Renewable Energy Program marketing efforts are underway. The kick-off meeting with Sunflower and Member staff is April 22. Sunflower will get Member feedback on the draft branding graphics and marketing materials requested by Members. Community Solar and how Members want to coordinate surveys with their memberships will also be discussed.

Transmission Policy and Planning

Wind rich zones provide significant exports that benefit all of the Southwest Power Pool (SPP), not just the local zone. Studies show that 71% of the benefit from the five Notices to Construct (NTCs) for byway projects were in zones that do not pay any zonal cost in the Sunflower zone. Modeling indicates the adjusted production cost (APC) savings attributable to the five NTC facilities across the SPP region at approximately \$56 million (30-year net present value). The present value of the projected remaining revenue requirements of the five NTC facilities is approximately \$13 million.

The SPP's filing with the Federal Energy Regulatory Commission (FERC) for the Cost Allocation Waiver occurred in April with FERC's Order anticipated by June 10, 2021, and a requested effective date of June 14, 2021. To proactively prepare for a possible approval by FERC, Sunflower staff are developing documentation for the eight projects eligible for compensation. Total benefits for Sunflower are estimated at \$8.4 million.

Electric utilities should expect increased focus on FERC Order 2222, which addresses the use of Distributed Energy Resources (DERs) behind and in front of distribution meters. SPP members with fewer than 4 million MWhs in annual sales can opt out. Each Sunflower Member must decide what is in the best interest of its membership.

SPP has invited members to participate in the monthly discussions of FERC Order 2222. Members are asked to let Dr. Al Tamimi know if they will have representation on the calls, which are scheduled from May 2021 through April 2022.

The SPP Generation Interconnection (GI) queue has a backlog of 451 requests, totaling 79.862 MWs. The current assessment method would take SPP 3-4 years to clear the backlog, so SPP may hire consultants to mitigate the issue. Other mitigation measures are also being considered. Sunflower staff will provide more information at future Board meetings.

Technology Services

Sunflower owns, manages, and maintains a Wireless Macro Network enabling communication capabilities while avoiding costs with external wireless providers. Moving from the current configuration to a new "mesh" network configuration (which allows towers to communicate across the system versus only with adjacent towers) will improve redundancy, resiliency, and coverage. The installation of communication hardware and an additional wireless tower are expected to be completed in 2021 with a move to the new "mesh" network in the first quarter of 2022.

Member Services & External Affairs

Staff continue to actively work on a data center certification. We received positive press regarding our industrial site certification, the Dodge City Business Park. The Kansas Department of Commerce has requested to certify Sunflower's certified sites under the State's program.

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The 2021 Member Satisfaction Survey was distributed to Members via email on April 19.

Financials

Overall Member loads were down 5.11% from budget for the month and 3.90% year to date. Large industrial loads were down 0.02% from budget for the month and 1.51% year to date. Year-to-date operating expenses were up 27.60% from budget for the month and down 2.82% year to date. The Cold Weather Event caused an increase in the ECA of \$276.22/MWh over budget for the month of February and was the primary contributor to the increase in the year-to-date average member rate of \$141.81/MWh.

Cold Weather Event Update as of April 21

True-up of costs related to the February Cold Weather Event continue. The sum of current true-up is favorable for Sunflower. Another true-up will occur 120 days after the event, likely June 14-22. The Sunflower Board requested that Sunflower hold the current true-up revenue until the June action occurs.

Other:

Board action: The Sunflower Board selected Wes Campbell as the attendee and voting delegate for the CFC and NCSC annual meetings on June 14-16, 2021, in San Antonio, TX.

7. KEC Report

The KEC Oil and Gas Working Group was established by KEC CEO Lee Tafanelli. The purpose of the Working Group is to discuss responses to attacks on electric cooperatives by KIOGA and others. The group consists of:

Steve Epperson – Pioneer EC
Doug Jackson – Rolling Hills EC
Suzanne Lane – KEPCO
Richard McLeon – Lane-Scott EC
Pat Parke – Midwest Energy
Tom Ruth – Western EC
Mark Schiebe – Heartland EC
Doug Sheppard - KEC
Dennis Svanes – 3 Rivers EC

The Oil and Gas Working Group met virtually on April 22 to review and discuss various articles placed in The Sentinel, testimonies before the Kansas House and Senate, and KIOGA reports. Since SB 69 was introduced to study Kansas electric rates small energy producers in the Kansas have offered testimony 5 times and authored 11 publications. Most have dealt with high electric rates in Kansas.

Much of the information they have presented has been erroneous or omitted key facts.

The most recent attack dealt with the Winter Storm event and how utilities could have avoided the price hikes. Unfortunately, the April 5, 2021 Sentinel article (and related Senate testimony) represents a clear lack of knowledge of the electric market and speculates that the entire event could have been avoided with fixed-price gas contracts and prioritization of generating plants.

Lee has advised us not to respond directly as the group has not gained traction in the Kansas legislature. Instead, KEC has been tasked with preparing fact sheets that can be presented to legislators. In Lees opinion and experience we need to “take the high road” and educate the Legislators in the hallways.

I can send the e-mail with the article links to any Trustee that would like to review them.

8. General Manager's Report

A. Rates and Reliability Dashboard

Some rates are higher for March because the member chose to pay-off the Winter Storm excess. Most notably shown in "Sales for Resale – Other" (City of Dighton).

Rate Summary

	current month (\$/kWh)	year to date (\$/kWh)
Residential	0.1366	0.1229
Residential - Seasonal	0.2132	0.1932
Irrigation	0.0904	0.0900
C&I 1000kVa or less	0.1126	0.1094
C&I over 1000 kVA	0.0990	0.0997
Public Street and Lighting	0.1341	0.1296
Other Sales to Public Authorities	0.1404	0.1323
Sales for Resale - Other	0.3420	0.1452
Total Sales price per kWh:	0.1232	0.1111

March 2021		
SAIDI	0.01	Interruption DURATION / average for every member (hrs)
SAIFI	2.32	Interruption FREQUENCY / Average # of Interruptions per customer
CAIDI	0.00	Customer Average Interruption Duration Index - IF you are out, how long to expect (hrs).
ASAI	100.0%	Service Availability

B. Administration

1) Winter Storm Uri update.

- There was an initial "true-up" that was about \$3 million in Sunflower's favor. The final "true-up" will be in late June and is expected to be \$5 million either way.
- Several of the smaller oil producers have sent letters regarding the true-up. We are addressing these as they come in.

2) Audit. Last month I reported that there was an Audit adjustment for property taxes that increased operating margins allowing us to meet debt covenants. That was reversed with the last adjustment required by the Auditors. The final April 26, 2021 Year End Form 7 shows the following:

TIER – 1.37	(required 1.25)
OTIER – 0.90	(required 1.10)
DSC – 1.25	(required 1.25)
ODSC – 1.19	(required 1.10)

I have notified Patty Klein with RUS and Mike Lewis with CFC that we did not make OPTIER and am waiting on their instructions for how to proceed.

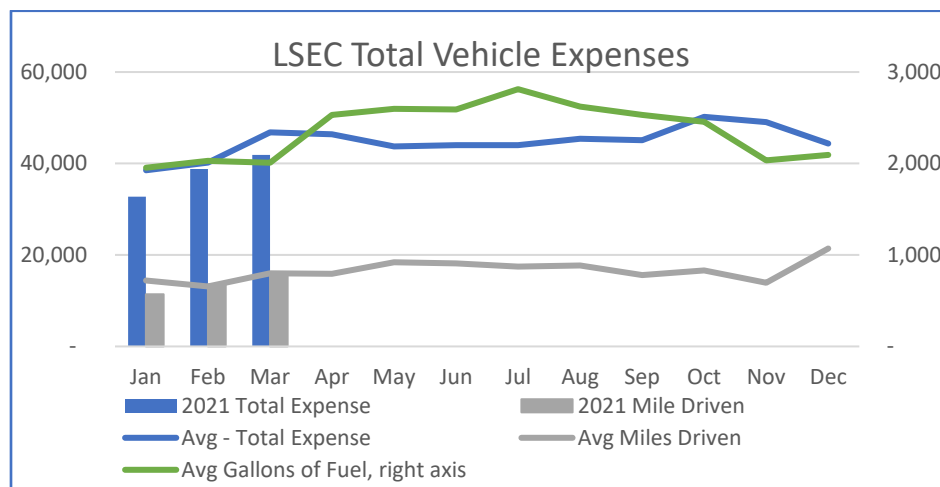
- We are creating a Business Plan for the Retail Operations section.
- We have had a few small energy producers complain about the Feb 21 Winter Storm Uri true-up. I am addressing these as they come in.
- The Credit Card records are available for the Boards review.

C. Information Technology / Cybersecurity highlights (Carrie)

- 1) Cyber Detect Incident and Response Hyper-V server and software is 100% operational.
- 2) We are re-installing the MDMS module from NISC due to member demand.
- 3) Mobile VPN and firewall programming is 80% complete.

D. Operations highlights (Dave)

- 1) Construction items include:
 - a. Five new connects. Built line in Healy and McCracken for new house and shed.
 - b. Built two connects in Hodgeman county for water well and Communication Network.
 - c. Built three-phase connect in Lane county for an oil transfer pump.
- 2) Retirements. We Retired two three phase oil well connects in Hodgeman and Ness counties.
- 3) Maintenance items performed included:
 - a. Changed out clearance poles in Lane and Ness counties for oil tank batteries and Beeler elevator.
 - b. Pole, x-arm and anchor replacements Lane, Hodgeman, Finney, and Ness counties.
 - c. Tree trimming in Ness County.
- 4) Other items.
 - a. Substation inspections and spraying.
 - b. Tree trimming in Ness county.
 - c. Crew Safety Field visit from Federated Insurance.
 - d. Meeting with Guernsey for CWP.
 - e. Installed power line markers at Mark Ramsey's in Scott county.
- 5) We are doing a good job of controlling vehicle expenses and have been below the five-year average all year. LSEC has 21 vehicles (including the Power Wagon).



E. Engineering Report (Nate)

- 1) Staking for new construction. Four projects in McCracken, Healy, and two in Hodgeman County.
- 2) Construction Work Plan. Working with Guernsey to identify potential projects and get materials quotes.

3) Design Projects.

- a. The Scott Park project is moving forward slowly. The Park Service wants to add 50 amp plugs which will require an upgrade of the existing service into the park.
- b. American Warrior. They are located east of Bazine on the south side of the road. They are considering retrofitting the existing plant to extract Helium, self-generate with the gas by-product, and sell excess power generated to Lane-Scott or Sunflower. We will meet with Sunflower and American Warrior to discuss once we have received more load information from American Warrior.

F. Member Services highlights (Ann Marie)

1) Annual Meeting.

- a. The Nominating Committee meets June 7th at 6:30 pm
- b. Nominations will be open to qualified candidates for all positions up for election. Advertising will go out in May with a May 28th deadline to apply.
- c. The Committee form will need to be revised to include the incumbent Trustee.

2) Scholarships. There were 41 applicants for the six \$1500.00 awards.

3) Success Sharing Program (with CoBank). We have received five applications and organizations have until June 1 to apply.

G. Finance overview (Kathy)

1) March posted a \$38,739 gain in Total Margins and a \$6,791 gain in Operating margins. Our sales were up and are closer to pre-COVID figures but in March they are offset by two expense Work Orders that were closed: The COVID-19 WO - \$85,536 and the Radio Tower Engineering WO - \$72,700. This added a total of \$158,236 with approx. \$126,610 to our controllable expenses and \$31,625.99 to Non-Operating margins.

2) Year to Date we have negative Operating and Total Margins of (\$267,280) and (\$253,785). The Feb 2021 Winter Storm contributed where we deferred over \$3,284,128.44 in Revenue for 42 months. This dropped our February Distribution Margins by about \$300,000 and is going to make our YTD financials and budget numbers look low for several months. Despite this, early indications are that we will be very close to Budget at year end.

3) Financial Ratios (Year to Date):

- a. Equity as a % of Assets – 34.23%
- b. Distribution Equity – 20.86%
- c. General Funds Level – 20.08%
- d. Current Ratio – 2.09

4) Billing Past Due (current – April 26, 2021)

- a. 30 day – \$2,212.56
- b. 60 day – 732.21
- c. 90 day – 7,054.16 (\$3,512.69 is with OPCO, LLC.)

H. Warehouse Report (Scott)

This is a new report that I have tasked Scott Briand with preparing. It will include Updates on the Electricians and HVAC activity.

1) Inventory:

- a. Line Materials - \$175,173.49. Turn Ratio: 1.361
 - b. Resale Materials - \$153,997.63. Turn Ratio: 0.618
 - c. Generac. We received two generators in the month of April that were ordered last year, which leaves only one more to arrive that was ordered in 2020. The guys completed four generator estimates resulting in two more generators being sold (approximately \$17,000 in sales when they arrive). Lead times are still 27-30 weeks for the generators and issues in chip supply have set certain transfer switches back several weeks as well.
- 1) Border States. No new news.
 - 2) Electrician Update. Lane County Feeders' addition plans are continuing to ramp up with the guys spending more time out there. Work in the Processing Barn has begun; in addition, 19 outdoor LED lights were ordered and installed this month with a profit of around \$3,000 on the lights alone. An estimate was given to D&A Farms for new grain bins resulting in a win on that job as well. This is another large job; parts and labor will put this job around \$40,000. Amongst the larger jobs there are still several smaller jobs calling in weekly.
 - 3) HVAC Update. Mark sold two new AC units this month and continued to see furnace calls coming in as the temperature dropped for several days. Three 30' tube heaters were sold to Lane County Feeders and installation of them has begun. Several smaller service jobs were received and completed, and season checks will continue as we begin to consistently warm up.
- I. Non-Operating Margins (Kathy and Rebecca)
- 1) Our year-to-date Non-Operating margins [Form 7, Part A, Lines 22(b) + Line 25(b) + Line 27(b)] is a \$13,495 gain.
 - 2) Retail Services.
 - a. Initial figures posted a \$32,499.85 loss in March and a YTD loss of \$58,295.18.
 - i. Account 416.1 Electricians & Materials had \$22,002.28 of spread expenses.
 - ii. Account 416.2 Appliance Repair had \$4,647.92 of spread expenses.
 - b. Resale Hours (YTD). Billable hours represent 74.6% of total hours.
 - c. Outstanding Balances. (current – April 26, 2021)
 - i. 30-60 day - \$ 2,629.71
 - ii. 60-90 day - 3,347.62
 - iii. Over 90 day – 1,847.32 (Black Dog – 1,092.48)
 - 3) Interest earned (YTD) – \$50,193.
 - 4) Other capital Credits and patronage Dividends (YTD) – \$21,597

Respectfully submitted,

Richard McLeon, MBA
General Manager

9. Old Business

Board Policy 524

The Drug and Alcohol-Free Workplace Policy revision is under development.

10. a. 2020 Lane-Scott Electric Cooperative Financial Audit Report

The Audit Report will be presented by Mr. Randy Robbins, CPA of Bolinger, Segars, Gilbert & Moss. Ms. Kathy Lewis will also attend the meeting.

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

April 26, 2021

Board of Directors
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

We have audited the financial statements of Lane-Scott Electric Cooperative, Inc. (the Cooperative) for the year ended December 31, 2020, and have issued our report thereon dated April 26, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated August 18, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Cooperative are described in the notes to the financial statements. No new accounting policies were adopted during year ended December 31, 2020. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are the allowance for uncollectible accounts, and lives used to calculate depreciation on distribution plant in service. Management's estimates of the allowance for uncollectible accounts are based on historical activity and current regulatory actions. Management's estimate of the depreciation life used is based on industry accepted guidelines and the lives selected are within those guidelines. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts, and accumulated depreciation and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached to this letter are the misstatements identified during the audit and corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 26, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Board of Directors
Lane-Scott Electric Cooperative, Inc.
April 26, 2021
Page 3

Restriction of Use

This information is intended solely for the use of the Board of Directors and management of the Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: **43976 - Lane-Scott Electric Cooperative, Inc.**
Engagement: **43976 - 2020 Lane-Scott Electric Cooperative, Inc.**
Period Ending: **12/31/2020**
Trial Balance: **017 - Annual Trial balance - 2 Year**
Workpaper: **017 - Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 1				
To reclass 2015 Freightliner from Capital Lease Property to Power Operated Equipment				
396.000.0	POWER OPERATED EQUIPMENT-D		308,509.77	
101.100.0	PROP UNDER CAPITAL LEASE-DIG			308,509.77
Total			308,509.77	308,509.77
Adjusting Journal Entry JE # 2				
To adjust Sunflower patronage allocation				
423.000.0	G & T CAPITAL CREDITS		145,631.79	
123.100.0	PATRONAGE CAPITAL-ASSOC OR			145,631.79
Total			145,631.79	145,631.79
Adjusting Journal Entry JE # 3				
To reverse clearing of Unbilled Revenue account.				
173.000.0	ACCRUED UNBILLED REVENUE - LSEC		264,929.69	
449.000.0	UNBILLED REVENUE - LSEC		13,300.48	
219.300.0	UNBILLED REVENUE - LSEC			278,230.17
Total			278,230.17	278,230.17
Adjusting Journal Entry JE # 4				
To reverse prior year unbilled revenue.				
449.000.0	UNBILLED REVENUE - LSEC		264,929.69	
173.000.0	ACCRUED UNBILLED REVENUE - LSEC			264,929.69
Total			264,929.69	264,929.69
Adjusting Journal Entry JE # 5				
To move unbilled revenue back to equity.				
219.300.0	UNBILLED REVENUE - LSEC		278,230.17	
201.100.0	PATRONAGE CAPITAL CREDITS-L			278,230.17
Total			278,230.17	278,230.17

Client: **43976 - Lane-Scott Electric Cooperative, Inc.**
Engagement: **43976 - 2020 Lane-Scott Electric Cooperative, Inc.**
Period Ending: **12/31/2020**
Trial Balance: **017 - Annual Trial balance - 2 Year**
Workpaper: **017 - Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 1001				
To reclass LTD current maturities				
224.960.0	CURRENT MATURITY - FFB		843,000.00	
224.980.0	CURRENT MATURITY - CFC		556,000.00	
227.980.0	CURRENT MATURITY - CAPITAL LEASE		79,000.00	
224.970.0	FFB CURRENT MATURITY			843,000.00
224.990.0	CFC CURRENT MATURITY			556,000.00
227.990.0	CAPITAL LEASE CURRENT MATURITY			79,000.00
Total			1,478,000.00	1,478,000.00
Adjusting Journal Entry JE # 1002				
To reclass Powerbill				
232.000.0	ACCOUNTS PAYABLE		743,907.26	
232.199.0	ACCOUNTS PAYABLE - PURCHASED POWER			743,907.26
Total			743,907.26	743,907.26

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

DIGHTON, KANSAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

DIGHTON, KANSAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

Board of Directors
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of Lane-Scott Electric Cooperative, Inc. (the Cooperative) which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lane-Scott Electric Cooperative, Inc. as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of electric plant, accumulated provision for depreciation, other property and investments, patronage capital, FFB and CFC mortgage notes, and administrative and general expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2021 on our consideration of Lane-Scott Electric Cooperative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lane-Scott Electric Cooperative, Inc.'s internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 26, 2021

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Exhibit A

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

ASSETS

	December 31,	
	2020	2019
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 61,045,936	\$ 56,940,682
Construction Work in Progress	284,441	2,924,099
Electric Plant Acquisition Adjustment - Net of Accumulated Amortization	(1,640,958)	(1,740,715)
	\$ 59,689,419	\$ 58,124,066
Less: Accumulated Provision for Depreciation	19,224,801	17,765,151
	\$ 40,464,618	\$ 40,358,915
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Investments in Associated Organizations	\$ 12,137,651	\$ 12,108,211
Other Investments	5,501	5,501
	\$ 12,143,152	\$ 12,113,712
CURRENT ASSETS		
Cash - General	\$ 115,526	\$ 330,748
Temporary Cash Investments	73,700	151,865
Short-Term Investments	5,900,910	2,520,971
Accounts Receivable - Energy (Less allowance for uncollectibles of \$38,378 and \$40,807 for 2020 and 2019, respectively)	1,420,779	1,390,602
Unbilled Revenue		264,930
Property Tax Adjustment - Undercollected	251,565	179,807
Materials and Supplies at Average Cost	328,131	341,360
Other Current and Accrued Assets	7,079	4,680
Total Current Assets	\$ 8,097,690	\$ 5,184,963
DEFERRED CHARGES	\$ 578,382	\$ 778,909
TOTAL ASSETS	\$ 61,283,842	\$ 58,436,499

EQUITIES AND LIABILITIES

EQUITIES		
Patronage Capital	\$ 22,009,165	\$ 21,618,403
Other Equities	392,374	474,141
Total Equities	\$ 22,401,539	\$ 22,092,544
LONG-TERM DEBT		
FFB Mortgage Notes Less Current Maturities	\$ 29,696,484	\$ 26,245,398
CFC Mortgage Notes Less Current Maturities	5,789,436	6,345,346
Capital Lease Obligations Less Current Maturities	231,413	338,945
Other Long-Term Debt		150,400
Total Long-Term Debt	\$ 35,717,333	\$ 33,080,089
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,478,000	\$ 1,348,000
Accounts Payable - Purchased Power	743,907	841,960
Accounts Payable - Other	87,057	239,473
Power Cost Adjustment - Overcollected	80,301	120,622
Consumer Deposits	121,550	112,413
Accrued Taxes	455,923	421,450
Accrued Interest	21,141	25,284
Accrued Employee Compensated Absences	177,091	154,664
Total Current Liabilities	\$ 3,164,970	\$ 3,263,866
TOTAL EQUITIES AND LIABILITIES	\$ 61,283,842	\$ 58,436,499

See accompanying notes to financial statements.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Exhibit B

STATEMENTS OF INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31,				
	2020		2019		Increase
	Amount	%	Amount	%	(Decrease)
OPERATING REVENUES					
Residential	\$ 2,790,498	17.3	\$ 2,882,053	16.1	\$ (91,555)
Irrigation	1,083,574	6.7	936,183	5.2	147,391
Small and Large Commercial	11,028,480	68.3	12,684,904	70.8	(1,656,424)
Building & Lighting	101,299	0.6	108,505	0.6	(7,206)
Sales for Resale	1,086,557	6.7	985,566	5.5	100,991
Power Cost Adjustment	40,322	0.2	(120,622)	(0.7)	160,944
Property Tax Adjustment	188,689	1.2	179,807	1.0	8,882
Unbilled Revenue	(264,930)	(1.6)	(13,300)	(0.1)	(251,630)
Other Sales to Public Authorities	99,637	0.6	261,494	1.5	(161,857)
Total Operating Revenues	<u>\$ 16,154,126</u>	<u>100.0</u>	<u>\$ 17,904,590</u>	<u>100.0</u>	<u>\$ (1,750,464)</u>
OPERATING EXPENSES					
Purchased Power	\$ 9,219,252	57.1	\$ 10,467,955	58.5	\$ (1,248,703)
Transmission - Operation	2,133	0.0	6,366	0.0	(4,233)
Distribution - Operation	1,474,902	9.1	1,308,661	7.3	166,241
Distribution - Maintenance	931,974	5.8	687,659	3.8	244,315
Customer Accounts	211,622	1.3	221,834	1.2	(10,212)
Customer Service and Information	47,090	0.3	30,105	0.2	16,985
Selling Expenses	61,443	0.4	55,317	0.3	6,126
Administrative and General	1,286,158	8.0	1,411,037	7.9	(124,879)
Depreciation	1,749,790	10.8	1,699,268	9.5	50,522
Amortization of Purchase Premium	(99,758)	(0.6)	(99,758)	(0.6)	0
Other Interest	1,971	0.0	3,355	0.0	(1,384)
Other Deductions	40,819	0.3	14,349	0.1	26,470
Total Operating Expenses	<u>\$ 14,927,396</u>	<u>92.4</u>	<u>\$ 15,806,148</u>	<u>88.3</u>	<u>\$ (878,752)</u>
OPERATING MARGINS - Before Fixed Charges	<u>\$ 1,226,730</u>	<u>7.6</u>	<u>\$ 2,098,442</u>	<u>11.7</u>	<u>\$ (871,712)</u>
FIXED CHARGES					
Interest on Long-Term Debt	<u>\$ 1,337,470</u>	<u>8.3</u>	<u>\$ 1,316,760</u>	<u>7.4</u>	<u>\$ 20,710</u>
OPERATING MARGINS (LOSS) - After Fixed Charges	<u>\$ (110,740)</u>	<u>(0.7)</u>	<u>\$ 781,682</u>	<u>4.4</u>	<u>\$ (892,422)</u>
G&T Capital Credits	392,903	2.4	983,794	5.5	(590,891)
Other Capital Credits	<u>47,965</u>	<u>0.3</u>	<u>60,703</u>	<u>0.3</u>	<u>(12,738)</u>
NET OPERATING MARGINS	<u>\$ 330,128</u>	<u>2.0</u>	<u>\$ 1,826,179</u>	<u>10.2</u>	<u>\$ (1,496,051)</u>
NON-OPERATING MARGINS (LOSS)					
Interest Income	\$ 240,316	1.5	\$ 256,084	1.4	\$ (15,768)
Non-Operating Loss - Other	(89,719)	(0.6)	(48,526)	(0.3)	(41,193)
Loss on Disposition of Property	7,580	0.0	11,398	0.1	(3,818)
	<u>\$ 158,177</u>	<u>1.0</u>	<u>\$ 218,956</u>	<u>1.2</u>	<u>\$ (60,779)</u>
NET MARGINS	<u>\$ 488,305</u>	<u>3.0</u>	<u>\$ 2,045,135</u>	<u>11.4</u>	<u>\$ (1,556,830)</u>
PATRONAGE CAPITAL - BEGINNING OF YEAR					
	21,618,403		19,660,473		
Transfer to Other Equity - Prior Year Non-operating Margins	(296,442)		(69,860)		
Transfer to Other Equity - Unbilled Revenue	264,930		13,300		
Transfer to Other Equity - Current Year Operating Loss	110,740				
Patronage Capital Retirements	<u>(176,771)</u>		<u>(30,645)</u>		
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 22,009,165</u>		<u>\$ 21,618,403</u>		

See accompanying notes to financial statements.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Exhibit C

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 488,305	\$ 2,045,135
Adjustments to Reconcile Net Margins to Net Cash From Operating Activities		
Depreciation	2,186,433	1,980,540
Electric Plant Acquisition Amortization	(99,758)	(99,758)
Capital Credits	(440,867)	(1,100,492)
Deferred Charges	200,527	169,504
Power Cost Adjustment	(40,321)	120,622
Property Tax Adjustment	(71,758)	(179,807)
Accounts Receivable	(30,177)	294,828
Unbilled Revenue	264,930	13,300
Inventories and Other Current Assets	10,831	42,492
Payables and Other Current Liabilities	(188,575)	(122,960)
Net Cash From Operating Activities	\$ 2,279,570	\$ 3,163,404
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Utility Plant	\$ (1,945,804)	\$ (4,994,266)
Plant Removal Costs Less Salvage and Other Credits	(246,575)	(168,391)
Investments in Associated Organization	411,427	119,434
Other Investments	(3,379,939)	(1,745,587)
Net Cash From Investing Activities	\$ (5,160,891)	\$ (6,788,810)
CASH FLOWS FROM FINANCING ACTIVITIES		
RUS Advance Payment Activity - Net	\$ (194,115)	\$ (194,674)
Payments on Long-Term Debt - CFC	(535,910)	(553,599)
Advances on Long-Term Debt - FFB	4,555,483	4,813,000
Payments on Long-Term Debt - FFB	(758,282)	(587,550)
Payments on Long-Term Debt - Grant Funds	(150,400)	
Advances on Capital Lease Obligation		244,422
Payments on Capital Lease Obligations	(149,532)	(102,700)
Other Equities	(2,539)	19
Retirement of Patronage Capital	(176,771)	(30,645)
Net Cash From Financing Activities	\$ 2,587,934	\$ 3,588,273
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (293,387)	\$ (37,133)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	482,613	519,746
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 189,226	\$ 482,613
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest on Long-Term Debt	\$ 1,340,511	\$ 1,317,050
Income Taxes	\$ 0	\$ 0

See accompanying notes to financial statements.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Lane-Scott Electric Cooperative, Inc. (the Cooperative) is a non-profit company organized to provide electric service at the retail level to primarily residential and commercial accounts in a designated service area. Power delivered at retail is purchased wholesale from Sunflower Electric Power Corporation (SEPC) and Mid-Kansas Electric Cooperative, Inc. (MKEC) each of which the Cooperative is a member. Any revenues earned in excess of costs incurred are allocated to members of the Cooperative and are reflected as patronage capital in the balance sheets.

System of Accounts

The accounting records of the Cooperative are maintained in accordance with the Rural Utilities Service (RUS) Uniform System of Accounts (USOA) as prescribed for RUS electric borrowers.

Electric Plant, Other Plant, Maintenance, and Depreciation

All plant is stated at the original cost of construction which includes the cost of contracted services, direct labor, materials, and overhead items. Contributions from others toward the construction of plant are credited to the applicable plant accounts.

When property, which represents a retirement unit, is replaced or removed, the average cost of such property as determined from the continuing property records is credited to electric plant and such cost, together with cost of removal less salvage, is charged to the accumulated provision for depreciation.

Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and temporary cash investments are considered cash and cash equivalents.

At December 31, 2020 and 2019, cash and cash equivalents consisted of:

	December 31,	
	2020	2019
Money Market Temporary Investments	\$ 73,700	\$ 151,865
Cash and Working Funds	115,526	330,748
Total Cash and Cash Equivalents	\$ 189,226	\$ 482,613

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

Accounts Receivable

In the normal course of business, the Cooperative recognizes accounts receivable for energy delivered and billed. The Cooperative considers a service delinquent if a payment is not received by the specified due date.

Allowance for Uncollectible Accounts

The Cooperative provides an allowance for doubtful accounts to recognize the portion of receivables considered uncollectible. The Cooperative accrues amounts monthly to the allowance. The allowance is estimated based on historical trends, aging of receivables, and review of potential bad debts. The Board of Directors reviews accounts written off annually. All payments received on an account after the account is written off are considered a recovery of the bad debt.

Inventories

Materials and supplies inventories are valued at average unit cost.

Electric Revenues from Contracts with Customers

Substantially all operating revenues and customer accounts receivables are derived from contracts with customers. Performance obligations related to the sale of energy are satisfied as energy is delivered to customers. The Cooperative recognizes revenue that corresponds to the price of the energy delivered to the customer. The measurement of energy sales to customers is generally based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and the corresponding unbilled revenue is recognized. During 2020, the Cooperative updated their meter reading to read the customers' meters on the last day of the month and includes all billing through December 31 in its customer accounts receivable. Therefore, there is no accrued unbilled revenue for delivered power usage which has not been billed to customers. The amount of calculated unbilled revenue for power usage which has not been billed to customers at December 31, 2020 and 2019 amounted to \$0 and \$264,930, respectively.

The Cooperative's tariffs for electric service include adjustment clauses under which billings to customers are adjusted to reflect changes in the cost of purchased power. In order to match power cost and related revenues these amounts to be billed to consumers in subsequent periods are included with the revenue accrual described above.

The Cooperative does not recognize a separate financing component of its collections from customers as contract terms are short-term in nature. The Cooperative presents its revenues net of any excise or sales taxes.

Federal Income Taxes

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code. More than 85% of the gross income is collected from members.

The Cooperative follows the "uncertain tax positions" provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Cooperative is its filing status as a tax exempt entity. The Cooperative determined that it is more likely than not that its tax positions will be sustained upon examination by the Internal Revenue Service (IRS) and that all tax

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

benefits are likely to be realized upon settlement with taxing authorities. The Cooperative files income tax returns in the U.S. federal jurisdiction and Kansas. The Cooperative is no longer subject to examinations by federal and state taxing authorities for years before 2017.

There were no penalties or interest recognized during years ended December 31, 2020 and 2019.

Group Concentration of Credit Risk

The Cooperative's headquarters facility is located in Dighton, Kansas. The service area includes members located in all or parts of an eight county area in Southcentral Kansas. The Cooperative records a receivable for electric revenues as billed on a monthly basis. The Cooperative may require a deposit from new members upon connection which is applied to unpaid bills and fees in the event of default. The deposit accrues interest annually and is returned to residential accounts along with accrued interest after one year of prompt payments. As of December 31, 2020 and 2019, deposits on hand totaled \$121,550 and \$112,413.

The Cooperative maintains its cash balances in institutions insured by the Federal Deposit Insurance Corporation (FDIC). The cash balances exceeded applicable insurance coverage at times during the year.

Patronage Capital Certificates

Margins are allocated to members annually, based on billings and usage of electricity. Distributions to members are made at the discretion of the Board of Directors in accordance with the bylaws, subject to the restrictions contained in long-term debt obligations.

Patronage capital from associated companies is recorded at the stated amount of the certificates. At the end of each year, the Cooperative receives a final allocation amount from Sunflower Electric Power Corporation. The Cooperative records the allocations as G & T capital credit income. The G & T patronage income recognized for the years ending December 31, 2020 and 2019 was \$392,903 and \$757,009, respectively.

At the end of each year, the Cooperative receives a final allocation amount from Mid-Kansas Electric Cooperative, Inc. The Cooperative records the allocations as G & T capital credit income. The G & T patronage income recognized for the years ending December 31, 2020 and 2019 was \$0 and \$226,785, respectively.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's financial statement presentation. The reclassifications have no effect on net margins of the prior year.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

2. Assets Pledged

All assets are pledged as security for the long-term debt due to and under management of Federal Financing Bank (FFB) and National Rural Utilities Cooperative Finance Corporation (CFC).

3. Plant

The major classes of plant consisted of the following:

	December 31,	
	2020	2019
Transmission Plant	\$ 1,229,543	\$ 1,229,543
Distribution Plant	53,814,747	49,819,793
General Plant	6,001,646	5,891,346
Total Plant in Service	\$ 61,045,936	\$ 56,940,682
Construction Work in Progress	284,441	2,924,099
Electric Plant Acquisition Adjustment	(2,937,808)	(2,937,808)
Acquisition Adjustment Amortization	1,296,850	1,197,093
Total Plant	\$ 59,689,419	\$ 58,124,066

Provision for depreciation of plant is computed using straight-line rates as follows:

Transmission Plant	3.08%
Distribution Plant	3.08 - 8.33%
General Plant	
Structures and Improvements	3.34%
Office Furniture and Fixtures	6.00%
Transportation Equipment	20.00%
Tools, Shop, and Garage Equipment	6.00%
Power-Operated Equipment	10.00%
Communications Equipment	5.00%
Miscellaneous Equipment	6.00% - 20.00%
Laboratory Equipment	6.00%

Depreciation and amortization for the years ended December 31, 2020 and 2019 was \$2,186,433 and \$1,980,540, of which \$1,749,790 and \$1,699,268 was charged to depreciation expense and \$436,643 and \$281,272 was allocated to other accounts.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

The Cooperative, along with five other Kansas electric cooperatives, formed MKEC during the year ended December 31, 2005 to acquire the assets and customers of Aquila, Inc. – Kansas operations. In April of 2007, the Cooperative took responsibility for the billing and collection associated with the customers within its share of the new territories. On December 31, 2007, the Cooperative also took ownership of the electric plant assets involved in the transaction. The acquired assets, associated accumulated depreciation, and discount for amounts paid below the net book value of the assets were recorded on the books of the Cooperative. The discount was classified as an electric plant acquisition adjustment and is being amortized over a 30-year period supported by an engineering study conducted by an independent engineering consultant.

During the years ended December 31, 2020 and 2019, the Cooperative recognized amortization income of \$99,758 and \$99,758, respectively, associated with the electric plant acquisition adjustment.

The acquired transmission and distribution plant assets are depreciated based on the Acquila, Inc. original depreciation rates that were approved by the Kansas Corporation Commission.

4. Investments in Associated Organizations

Investments in associated organizations consisted of the following:

	December 31,	
	2020	2019
CFC		
Capital Term Certificates	\$ 221,958	\$ 221,958
Patronage Capital	210,354	198,527
Sunflower Electric Power Corporation		
Patronage Capital	10,309,168	10,300,247
Mid-Kansas Electric Company, Inc.		
Patronage Capital	513,484	513,484
Capital Contribution	57,847	57,847
Contributed Capital	365,193	365,193
Kansas Electric Cooperatives		
Patronage Capital	39,652	39,652
Federated Rural Insurance		
Patronage Capital	186,482	179,399
NISC		
Patronage Capital	63,433	61,707
S&T Telephone		
Patronage Capital	109,656	109,656
Other	60,424	60,541
	<u>\$ 12,137,651</u>	<u>\$ 12,108,211</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

5. Materials and Supplies

Materials and supplies consisted of the following:

	December 31,	
	2020	2019
Electric Inventory	\$ 172,901	\$ 199,062
Resale Inventory	155,230	142,298
	<u>\$ 328,131</u>	<u>\$ 341,360</u>

6. Deferred Charges

Deferred charges consisted of the following:

	December 31,	
	2020	2019
RS Plan Accelerated Funding	\$ 401,752	\$ 562,453
MKEC Pre-Acquisition Costs	150,512	159,774
Work Plans	12,550	25,101
Other	13,568	31,581
	<u>\$ 578,382</u>	<u>\$ 778,909</u>

In 2013, the Cooperative elected to participate in the NRECA R&S Prepayment. The Cooperative's contribution was \$1,607,008 and is being amortized over 10 years. Amortization expense for the years ended December 31, 2020 and 2019 was \$160,701.

The pre-acquisition costs are related to the investment in MKEC. The original cost was \$277,870 and is to be amortized over 30 years. Amortization expense was \$9,262 for the years ended December 31, 2020 and 2019.

7. Return of Capital

Under the provisions of the mortgage agreements, until the equities and margins equal or exceed 30.00% of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to 25% of the patronage capital or margins received by the Cooperative in the prior calendar year. The equity and margins of the Cooperative represent 37% of the total assets at the balance sheet date. The Cooperative retired \$176,771 and \$30,645 during the years ended December 31, 2020 and 2019, respectively.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

8. Patronage Capital

	December 31,	
	2020	2019
Assigned	\$ 23,604,762	\$ 21,119,585
Retired	(2,472,872)	(2,296,101)
Assignable	766,535	2,794,919
	<u>\$ 21,898,425</u>	<u>\$ 21,618,403</u>

9. Other Equities

	December 31,	
	2020	2019
Other Equities	\$ 515	\$ 324
Unassigned Unbilled Revenue		264,930
Non Operating Margins	296,442	
Retired Capital Credits - Gain	206,157	208,887
	<u>\$ 503,114</u>	<u>\$ 474,141</u>

10. FFB Mortgage Notes

The following is a summary of long-term debt due to FFB and maturing at various times through 2047:

	December 31,	
	2020	2019
Fixed Rate Notes - 1.01% - 4.52%	\$ 34,749,518	\$ 30,952,317
Advance Payments	(4,210,034)	(4,015,919)
	<u>\$ 30,539,484</u>	<u>\$ 26,936,398</u>
Less: Current Maturities	843,000	691,000
	<u>\$ 29,696,484</u>	<u>\$ 26,245,398</u>

Principal and interest installments on the above notes are due quarterly. Annual maturities of long-term debt due FFB for the next five years are as follows:

2021	\$ 843,000
2022	880,000
2023	962,000
2024	981,000
2025	993,000

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

11. CFC Mortgage Notes

The following is a summary of long-term debt due to CFC and maturing at various times through 2034:

	December 31,	
	2020	2019
Fixed Rate Notes - 3.60% - 4.30%	\$ 6,345,436	\$ 6,881,346
Less: Current Maturities	556,000	536,000
	<u>\$ 5,789,436</u>	<u>\$ 6,345,346</u>

Principal and interest installments on the above notes are due quarterly. Annual maturities of long-term debt due CFC for the next five years are as follows:

2021	\$ 556,000
2022	576,000
2023	494,000
2024	398,000
2025	414,000

12. Capital Lease Obligations

The Cooperative leases vehicles from Farm Credit Leasing. The economic substance of the leases is that the Cooperative is financing the acquisition of the assets through the leases over their terms, and accordingly, they are reflected in the Cooperative's plant assets and long-term liabilities.

The following is an analysis of the book value of the leased assets included in plant at December 31, 2020, which are being depreciated over the life of the respective assets at straight-line rates:

	December 31,	
	2020	2019
Cost	\$ 638,003	\$ 946,513
Less: Accumulated Depreciation	370,164	544,477
	<u>\$ 267,839</u>	<u>\$ 402,036</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

The following is a schedule by years of the future minimum payments required under the leases with their present values at December 31, 2020:

2021	\$	109,850
2022		76,732
2023		36,951
2024		36,951
2025 - 2026		<u>77,955</u>
	\$	338,439
Less: Current Maturities		79,000
Less: Amount Representing Interest		<u>28,026</u>
Present Value of Net Capital Lease Payments	\$	<u><u>231,413</u></u>

13. Other Long-Term Debt

The following is a summary of other long-term debt:

	December 31,	
	2020	2019
USDA Agriculture Rural Development Grant	\$	\$ 150,400
Less: Current Maturities		
	<u>\$ 0</u>	<u>\$ 150,400</u>

During 2020, the Cooperative fully paid back the funds in the amount of \$150,400, respectively.

14. Short-Term Borrowing

The Cooperative has a \$4,000,000 line of credit for short-term financing with CFC at a variable interest rate. The Cooperative had \$0 and \$0 outstanding on this line of credit as of December 31, 2020 and 2019, respectively.

The Cooperative has a \$1,000,000 line of credit for short-term financing with CoBank at a variable interest rate. The Cooperative had \$0 and \$0 outstanding on this line of credit as of December 31, 2020 and 2019, respectively.

15. Litigation, Commitments and Contingencies

There is no litigation currently pending against the Cooperative which would have a material effect on the financial position of the Cooperative.

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from SEPC until March 31, 2052. Effective January 1, 2020, MKEC merged with SEPC. The surviving corporation will be SEPC.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

16. Pension Benefits

Narrative Description

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The RS Plan sponsor's Employer Identification Number is 53-0116145 and the RS Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Plan Information

The Cooperative's contributions to the RS Plan in 2020 and 2019 represented less than five percent of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of \$527,576 and \$518,457 in 2020 and 2019, respectively. There have been no significant changes that affect the comparability of 2020 and 2019 contributions. Pension expense for the years ended December 31, 2020 and 2019, including amortization of RS prepayment, was \$688,277 and \$679,157, respectively.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on January 1, 2020 and January 1, 2019 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

The Cooperative also provides a NRECA sponsored 401(k) savings deferred contribution plan for all employees. The Cooperative's contribution for the years ended December 31, 2020 and 2019 was \$82,120 and \$76,921, respectively.

17. Related Parties

The Cooperative is a member of SEPC and MKEC, both of which provide electric power and energy to their members. The Cooperative obtains all of its wholesale purchased power from these two entities which amounted to \$9,219,252 and \$10,467,955 for the years ended December 31, 2020 and 2019, respectively. Amounts included in accounts payable purchased power as of December 31, 2020 and 2019 were \$743,907 and \$702,535 due to SEPC and \$0 and \$139,425 due to MKEC, respectively.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

18. Subsequent Events

In mid-February 2021, severe winter storms impacted all of Southwestern Kansas, including the Cooperative's service territory. These winter storms created power disruptions at several major power production facilities throughout the state resulting in a severe shortage of electric power. At the same time, demand for energy was at an all-time high causing the cost of power to increase significantly. The Cooperative's wholesale power bill for February 2021 was \$4,023,888. The Cooperative borrowed a fixed rate long-term loan in the amount of \$3,000,000 from CoBank to assist with paying their power bill.

In March 2021, the Cooperative qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, First National Bank of Dighton, for an aggregate principal amount of \$619,088.

The Cooperative has evaluated subsequent events through April 26, 2021, the date which the financial statements were available to be issued.

19. Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The Cooperative is evaluating the impact of the new standard on the financial statements.

ACCOMPANYING INFORMATION

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 1

ELECTRIC PLANT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance 1/1/2020	Transfers & Additions	Retirements	Balance 12/31/2020
CLASSIFIED ELECTRIC PLANT IN SERVICE				
Transmission Plant				
Organization	\$ 494	\$	\$	\$ 494
Land and Land Rights	3,785			3,785
Structures and Improvements	29,361			29,361
Substation Equipment	679,350			679,350
Poles, Towers, and Fixtures	195,639			195,639
Overhead Conductors and Devices	320,914			320,914
Total	<u>\$ 1,229,543</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,229,543</u>
Distribution Plant				
Land and Land Rights	\$ 39,322	\$ 15,621	\$	\$ 54,943
Structures and Improvements	58,333			58,333
Substation Equipment	8,166,339	2,770,526	(2,074)	10,938,939
Poles, Towers, and Fixtures	14,014,563	176,868	152,810	14,038,621
Overhead Conductors and Devices	17,600,921	1,066,075	94,918	18,572,078
Underground Conduit	14,916			14,916
Underground Conductors and Devices	381,664	54,085	3,720	432,029
Line Transformers	5,660,360	99,708		5,760,068
Services	919,627	10,510	16,299	913,838
Meters	2,790,923	84,788	17,554	2,858,157
Installations on Consumer Premises	24,543			24,543
Street Lighting	148,282			148,282
Total	<u>\$ 49,819,793</u>	<u>\$ 4,278,181</u>	<u>\$ 283,227</u>	<u>\$ 53,814,747</u>
General Plant				
Land and Land Rights	\$ 36,728	\$	\$	\$ 36,728
Structures and Improvements	2,722,966			2,722,966
Office Furniture and Equipment	399,026	5,965	1,201	403,790
Transportation Equipment	1,331,105	22,225		1,353,330
Tools, Shop, and Garage Equipment	88,417	6,662		95,079
Laboratory Equipment	43,844			43,844
Power Operated Equipment	1,140,697	259,708	194,700	1,205,705
Communications Equipment	57,041			57,041
Miscellaneous Equipment	71,522	12,721	1,080	83,163
Total	<u>\$ 5,891,346</u>	<u>\$ 307,281</u>	<u>\$ 196,981</u>	<u>\$ 6,001,646</u>
Total Classified Electric Plant in Service	\$ 56,940,682	\$ 4,585,462	\$ 480,208	\$ 61,045,936
Construction Work in Progress for All Plant	<u>2,924,099</u>	<u>(2,639,658)</u>		<u>284,441</u>
Total Utility Plant	<u>\$ 59,864,781</u>	<u>\$ 1,945,804</u>	<u>\$ 480,208</u>	<u>\$ 61,330,377</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 2

ACCUMULATED PROVISION FOR DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance 1/1/2020	Depreciation Accruals	Retirements and Transfers	Balance 12/31/2020
Transmission Plant	\$ 880,268	\$ 33,799	\$	\$ 914,067
Distribution Plant	\$ 13,948,213	\$ 1,737,591	\$ 542,081	\$ 15,143,723
General Plant				
Structures and Improvements	\$ 1,152,545	\$ (108,264)	\$	\$ 1,044,281
Office Furniture & Equipment	247,975	63,820	1,201	310,594
Transportation Equipment	558,518	179,919		738,437
Shop Equipment	58,805	4,489		63,294
Lab Equipment	18,124	2,336		20,460
Communications Equipment	34,381	4,665		39,046
Power Operated Equipment	838,199	256,724	184,958	909,965
Miscellaneous Equipment	47,705	11,354	394	58,665
Total General Plant	\$ 2,956,252	\$ 415,043	\$ 186,553	\$ 3,184,742
Total Classified Electric Plant in Service	\$ 17,784,733	\$ 2,186,433	\$ 728,634	\$ 19,242,532
Retirement Work in Progress	(19,582)		(1,851)	(17,731)
	\$ 17,765,151	\$ 2,186,433	\$ 726,783	\$ 19,224,801
		(1)	(2)	
(1) Charged to Depreciation Expense		\$ 1,749,790		
Charged to Clearing Accounts		436,643		
		\$ 2,186,433		
(2) Cost of Units Retired			\$ 480,208	
Add: Cost of Removal			257,633	
Less: Salvage Value and Other Credits			(11,058)	
Loss Due to Retirement			\$ 726,783	

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 3

**OTHER PROPERTY AND INVESTMENTS
DECEMBER 31, 2020 AND 2019**

	December 31,	
	2020	2019
INVESTMENTS IN ASSOCIATED ORGANIZATIONS		
Patronage Capital/Memberships		
Sunflower Electric Power Corporation	\$ 10,309,168	\$ 10,300,247
Mid-Kansas Electric Company, Inc.	513,484	513,484
Kansas Electric Cooperatives	39,652	39,652
National Rural Utilities Cooperative Finance Corporation	210,354	198,527
National Information Solutions Cooperative	63,433	61,707
S&T Telephone	109,656	109,656
Federated Rural Electric Insurance	186,482	179,399
Memberships/Other	60,424	60,541
Capital Term Certificates		
National Rural Utilities Cooperative Finance Corporation	221,958	221,958
Other Contributions		
Mid-Kansas Electric Company, Inc. - Contributed Capital	423,040	423,040
Total Investments in Associated Organizations	\$ 12,137,651	\$ 12,108,211
OTHER INVESTMENTS	\$ 5,501	\$ 5,501
	<u>\$ 12,143,152</u>	<u>\$ 12,113,712</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 4

PATRONAGE CAPITAL
DECEMBER 31, 2020

Calendar Year	Capital Credits Assigned	Capital Credits Assignable	Capital Credits Retired	Capital Credits Unretired
1961 - 1987	\$ 1,702,538	\$	\$ 1,702,538	\$
1988	152,942		124,626	28,316
1989				
1990				
1991				
1992				
1993	195,407		46,094	149,313
1994	136,050		32,941	103,109
1995	19,540		4,635	14,905
1996				
1997	101,027		22,461	78,566
1998	438,890		90,328	348,562
1999	865,737		78,560	787,177
2000	552,138		45,576	506,562
2001	586,850		46,071	540,779
2002	894,931		71,327	823,604
2003				
2004	445,392		27,965	417,427
2005	654,896		39,506	615,390
2006	249,907		14,509	235,398
2007	957,875		51,083	906,792
2008	761,198		31,506	729,692
2009	813,194		31,182	782,012
2010				
2011	1,254,464			1,254,464
2012	1,397,098			1,397,098
2013	1,985,150			1,985,150
2014	2,044,951			2,044,951
2015	794,168			794,168
2016	1,498,600		4,514	1,494,086
2017	1,849,734		1,944	1,847,790
2018	1,503,392		3,577	1,499,815
2019	1,748,693		1,929	1,746,764
2020		877,275		877,275
	<u>\$ 23,604,762</u>	<u>877,275</u>	<u>\$ 2,472,872</u>	<u>\$ 22,009,165</u>

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 5

FFB AND CFC MORTGAGE NOTES
DECEMBER 31, 2020

Note Number	Advance Date	Date of Maturity	Interest Rate	Principal Amount	Unadvanced	Principal Repayments	Net Obligation
FFB Mortgage Notes							
FFB-1-1	2/23/2010	12/31/2043	4.52%	\$ 3,973,000	\$	\$ 592,499	\$ 3,380,501
FFB-1-2	9/7/2010	1/3/2045	3.49%	900,000		156,905	743,095
FFB-1-3	1/21/2011	1/3/2045	4.24%	1,128,000		188,000	940,000
FFB-1-4	9/7/2011	1/3/2045	2.84%	3,206,718		534,453	2,672,265
FFB-1-5	3/13/2012	1/3/2045	2.78%	652,282		104,724	547,558
FFB-2-1	12/19/2013	12/31/2047	3.58%	6,208,937		629,478	5,579,459
FFB-2-2	12/19/2013	12/31/2047	3.58%	3,341,812		338,801	3,003,011
FFB-2-3	9/3/2014	12/31/2047	2.90%	2,539,105		257,420	2,281,685
FFB-2-4	9/3/2015	12/31/2047	2.69%	1,000,000		108,217	891,783
FFB-2-5	2/8/2016	12/31/2047	2.34%	1,312,209		140,014	1,172,195
FFB-2-6	9/22/2016	12/31/2047	2.09%	1,000,000		100,445	899,555
FFB-2-7	3/2/2018	12/31/2047	2.96%	713,659		41,299	672,360
FFB-2-8	4/25/2018	12/31/2047	3.08%	2,975,794		161,367	2,814,427
FFB-2-9	4/9/2019	12/31/2047	2.73%	1,000,000		35,502	964,498
FFB-2-10	7/31/2019	12/31/2047	2.34%	2,500,863		79,228	2,421,635
FFB-2-11	11/22/2019	12/31/2047	2.04%	1,312,137		35,120	1,277,017
FBB-2-12	5/12/2020	12/31/2047	1.09%	4,018,753		62,730	3,956,023
FBB-2-13	7/16/2020	12/31/2047	1.01%	536,731		4,280	532,451
Total FFB				\$ 38,320,000	\$ 0	\$ 3,570,482	\$ 34,749,518
CFC Mortgage Notes							
9004-009	6/15/2012	11/30/2020	3.70%	\$ 360,517	\$	\$ 360,517	\$
9004-010	6/15/2012	11/30/2021	3.80%	374,201			374,201
9004-011	6/15/2012	11/30/2022	3.85%	388,004			388,004
9004-012	6/15/2012	11/30/2023	3.90%	396,739			396,739
9004-013	6/15/2012	11/30/2024	4.00%	398,354			398,354
9004-014	6/15/2012	11/30/2025	4.05%	414,321			414,321
9004-015	6/15/2012	11/30/2026	4.15%	430,682			430,682
9004-016	6/15/2012	11/30/2027	4.20%	448,025			448,025
9004-017	6/15/2012	11/30/2028	4.20%	465,886			465,886
9004-018	6/15/2012	11/30/2029	4.20%	485,073			485,073
9004-019	6/15/2012	11/30/2030	4.25%	471,789			471,789
9004-020	6/15/2012	11/30/2031	4.25%	472,394			472,394
9004-021	6/15/2012	11/30/2032	4.30%	491,740			491,740
9004-022	6/15/2012	11/30/2033	4.30%	484,496			484,496
9004-023	6/15/2012	11/30/2034	4.30%	156,736			156,736
9006-001	6/28/2013	5/31/2023	3.60%	1,657,000		1,190,004	466,996
Total CFC				\$ 7,895,957	\$ 0	\$ 1,550,521	\$ 6,345,436

Net obligation includes \$843,000 due FFB and \$556,000 due CFC payable within one year classified as current liabilities on the balance sheet.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Schedule 6

**ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	December 31,		Increase
	2020	2019	(Decrease)
Administrative and General Salaries	\$ 549,356	\$ 640,239	\$ (90,883)
Office Supplies and Expense	59,189	55,759	3,430
Outside Services Employed	33,891	59,640	(25,749)
Employee Education and Training	173,768	185,433	(11,665)
Employee Benefits		3,040	(3,040)
Directors' Fees and Expenses	76,460	91,015	(14,555)
Annual Meeting Expense	147,649	151,553	(3,904)
Capital Credits Expense	11,972	12,477	(505)
Dues to Associated Organizations	80,654	65,874	14,780
Miscellaneous General Expense	28,689	28,460	229
Regulatory Commission Expense	1,071	1,037	34
Maintenance of General Plant	<u>123,459</u>	<u>116,510</u>	<u>6,949</u>
	<u>\$ 1,286,158</u>	<u>\$ 1,411,037</u>	<u>\$ (124,879)</u>

COMPLIANCE AND INTERNAL CONTROL

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL
AGREEMENTS AND REGULATORY REQUIREMENTS FOR ELECTRIC BORROWERS**

Independent Auditor's Report

Board of Trustees
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lane-Scott Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheet as of December 31, 2020, and the related statements of income and patronage capital and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2021. In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2021, on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above and our schedule of findings related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Cooperative's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding the Cooperative's accounting and records to indicate that the Cooperative did not:

Maintain adequate and effective accounting procedures;

Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

Reconcile continuing property records to the controlling general ledger plant accounts;

Clear construction accounts and accrue depreciation on completed construction;

Record and properly price the retirement of plant;

Seek approval of the sale, lease or transfer capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;

Maintain adequate control over materials and supplies;

Prepare accurate and timely Financial and Operating Reports;

Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;

Disclose material related party transactions in the financial statements in accordance with requirements for related parties in generally accepted accounting principles;

Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);

Comply with the requirements for the detailed schedule of deferred debits. See note 6;

Comply with the requirements for the detailed schedule of investments. See note 4 and supplementary information schedule 3.

The purpose of this report is solely to communicate, in connection with the audit of the financial statements, on compliance with aspects of contractual agreements and the regulatory requirements for electric borrowers based on the requirements of 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers and Grantees*. Accordingly, this report is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 26, 2021

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

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of Trustees
Lane-Scott Electric Cooperative, Inc.
Dighton, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lane-Scott Electric Cooperative, Inc., as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Lane-Scott Electric Cooperative, Inc.'s basic financial statements, and have issued our report thereon dated April 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lane-Scott Electric Cooperative, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lane-Scott Electric Cooperative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lane-Scott Electric Cooperative, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lane-Scott Electric Cooperative, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 26, 2021

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

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION <div style="text-align: right;">KS0042</div>
	PERIOD ENDED December 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.

Richard McLeon

4/26/2021
DATE

PART A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	17,827,108	16,137,299	18,284,639	1,109,982
2. Power Production Expense				
3. Cost of Purchased Power	10,467,955	9,219,252	10,907,543	743,907
4. Transmission Expense	6,366	2,133	7,493	257
5. Regional Market Expense				
6. Distribution Expense - Operation	1,308,661	1,474,902	1,380,044	126,210
7. Distribution Expense - Maintenance	687,659	931,974	735,342	92,201
8. Customer Accounts Expense	221,835	211,622	226,437	20,166
9. Customer Service and Informational Expense	30,105	47,090	32,806	6,163
10. Sales Expense	55,317	61,443	75,139	3,777
11. Administrative and General Expense	1,411,038	1,286,157	1,384,710	97,075
12. Total Operation & Maintenance Expense (2 thru 11)	14,188,936	13,234,573	14,749,514	1,089,756
13. Depreciation and Amortization Expense	1,599,510	1,650,032	1,613,186	139,796
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	1,316,760	1,337,470	1,285,495	110,848
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	3,355	1,971	3,633	162
19. Other Deductions	14,349	40,819	15,873	1,785
20. Total Cost of Electric Service (12 thru 19)	17,122,910	16,264,865	17,667,701	1,342,347
21. Patronage Capital & Operating Margins (1 minus 20)	704,198	(127,566)	616,938	(232,365)
22. Non Operating Margins - Interest	256,085	240,315	41,698	44,889
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	40,353	(65,313)	60,000	17,890
26. Generation and Transmission Capital Credits	983,794	392,903		(145,632)
27. Other Capital Credits and Patronage Dividends	60,703	47,965	73,127	4,209
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	2,045,133	488,304	791,763	(311,009)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION KS0042		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December 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	54	55	5. Miles Transmission		
2. Services Retired	41	51	6. Miles Distribution – Overhead	2,036.59	2,035.37
3. Total Services in Place	6,040	6,045	7. Miles Distribution - Underground	7.53	7.66
4. Idle Services (Exclude Seasonals)	228	246	8. Total Miles Energized (5 + 6 + 7)	2,044.12	2,043.03
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	58,108,127		30. Memberships	0	
2. Construction Work in Progress	284,441		31. Patronage Capital	21,480,182	
3. Total Utility Plant (1 + 2)	58,392,568		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	17,927,950		33. Operating Margins - Current Year	(127,566)	
5. Net Utility Plant (3 - 4)	40,464,618		34. Non-Operating Margins	912,307	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	136,614	
7. Investments in Subsidiary Companies	255,405		36. Total Margins & Equities (30 thru 35)	22,401,537	
8. Invest. in Assoc. Org. - Patronage Capital	11,214,826		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	33,906,778	
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	4,210,034	
14. Total Other Property & Investments (6 thru 13)	12,143,151		43. Total Long-Term Debt (37 thru 41 - 42)	35,441,747	
15. Cash - General Funds	115,401		44. Obligations Under Capital Leases - Noncurrent	232,665	
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)	232,665	
18. Temporary Investments	5,974,610		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	830,964	
20. Accounts Receivable - Sales of Energy (Net)	1,183,826		49. Consumers Deposits	121,550	
21. Accounts Receivable - Other (Net)	236,952				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	1,443,173	
23. Materials and Supplies - Electric & Other	328,131		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	(1,093)		52. Current Maturities Capital Leases	77,748	
25. Other Current and Accrued Assets	259,737		53. Other Current and Accrued Liabilities	734,456	
26. Total Current and Accrued Assets (15 thru 25)	8,097,689		54. Total Current & Accrued Liabilities (47 thru 53)	3,207,891	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	578,382		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	61,283,840		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	61,283,840	

<div>UNITED STATES DEPARTMENT OF AGRICULTURE</div> <div>RURAL UTILITIES SERVICE</div> <div>FINANCIAL AND OPERATING REPORT</div> <div>ELECTRIC DISTRIBUTION</div>	<div>BORROWER DESIGNATION</div> <div>KS0042</div>
<div>INSTRUCTIONS - See help in the online application.</div>	<div>PERIOD ENDED</div> <div>December 2020</div>
<div>PART D. NOTES TO FINANCIAL STATEMENTS</div>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KS0042
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020
PART D. CERTIFICATION LOAN DEFAULT NOTES	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE				BORROWER DESIGNATION KS0042			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December 2020			
INSTRUCTIONS - See help in the online application.							
PART E. CHANGES IN UTILITY PLANT							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)		
1. Distribution Plant	49,819,792	4,301,842	285,301	(21,587)	53,814,746		
2. General Plant	2,185,140	608,733	196,982	7,058	2,603,949		
3. Headquarters Plant	2,759,693				2,759,693		
4. Intangibles	494				494		
5. Transmission Plant	1,229,049				1,229,049		
6. Regional Transmission and Market Operation Plant							
7. All Other Utility Plant	(1,991,294)			(308,510)	(2,299,804)		
8. Total Utility Plant in Service (1 thru 7)	54,002,874	4,910,575	482,283	(323,039)	58,108,127		
9. Construction Work in Progress	2,924,100	(2,639,659)			284,441		
10. Total Utility Plant (8 + 9)	56,926,974	2,270,916	482,283	(323,039)	58,392,568		
PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	199,062	269,975	23,990	320,623	2,458	2,955	172,901
2. Other	142,298	99,913		8,504	76,567	(1,910)	155,230
PART G. SERVICE INTERRUPTIONS							
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE					TOTAL (e)	
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)			
1. Present Year	12.000			135.000	147.000		
2. Five-Year Average	28.320		8.760	204.840	241.920		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	22	4. Payroll - Expensed				1,087,093	
2. Employee - Hours Worked - Regular Time	46,474	5. Payroll - Capitalized				439,102	
3. Employee - Hours Worked - Overtime	1,874	6. Payroll - Other				454,028	
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION			THIS YEAR (a)	CUMULATIVE (b)		
1. Capital Credits - Distributions	a. General Retirements				1,510,684		
	b. Special Retirements			176,771	1,074,715		
	c. Total Retirements (a + b)			176,771	2,585,399		
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power			383,982			
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System			13,731			
	c. Total Cash Received (a + b)			397,713			
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. Amount Due Over 60 Days	\$	14,107	2. Amount Written Off During Year	\$	3,082		
ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM							
1. Anticipated Loan Delinquency %				4. Anticipated Loan Default %			
2. Actual Loan Delinquency %				5. Actual Loan Default %			
3. Total Loan Delinquency Dollars YTD	\$				6. Total Loan Default Dollars YTD		\$

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION					BORROWER DESIGNATION KS0042				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December 2020				
PART K. kWh PURCHASED AND TOTAL COST									
No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Sunflower Electric Power Corp (KS0053)	18315			164,012,270	9,213,252	5.62	3,045,479	2,181,123
2	Wheatland Electric Coop, Inc (KS0051)	20510				6,000	0.00		
	Total				164,012,270	9,219,252	5.62	3,045,479	2,181,123

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION KS0042	
INSTRUCTIONS - See help in the online application		PERIOD ENDED December 2020	
PART K. kWh PURCHASED AND TOTAL COST			
No	Comments		
1			
2			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION KS0042	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020	
PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Farm Credit Leasing "CL"	Trucks	149,533
2	Hineman	Radio Tower Site	750
3	Peck	Substation Site	150
	TOTAL		150,433

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION KS0042	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December 2020	
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 7/14/2020	2. Total Number of Members 2,651	3. Number of Members Present at Meeting 85	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 87	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 76,460	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION KS0042		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December 2020		
PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)				
2	National Rural Utilities Cooperative Finance Corporation	5,745,003	272,600	535,910	808,510
3	CoBank, ACB				
4	Federal Financing Bank	33,906,778	1,054,248	758,282	1,812,530
5	RUS - Economic Development Loans				
6	Payments Unapplied	4,210,034			
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	Farm Credit Services	232,665	13,632	149,533	163,165
	TOTAL	35,674,412	1,340,480	1,443,725	2,784,205

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KS0042		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December 2020		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	2,230	2,231	
	b. kWh Sold			24,225,256
	c. Revenue			2,763,689
2. Residential Sales - Seasonal	a. No. Consumers Served	1,144	1,142	
	b. kWh Sold			2,101,908
	c. Revenue			397,092
3. Irrigation Sales	a. No. Consumers Served	332	333	
	b. kWh Sold			9,174,142
	c. Revenue			1,083,575
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,836	1,837	
	b. kWh Sold			47,133,206
	c. Revenue			4,838,951
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	191	189	
	b. kWh Sold			64,477,905
	c. Revenue			6,189,529
6. Public Street & Highway Lighting	a. No. Consumers Served	13	13	
	b. kWh Sold			430,912
	c. Revenue			53,329
7. Other Sales to Public Authorities	a. No. Consumers Served	49	49	
	b. kWh Sold			337,825
	c. Revenue			47,970
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served	1	1	
	b. kWh Sold			10,357,280
	c. Revenue			716,274
10. Total No. of Consumers (lines 1a thru 9a)		5,796	5,795	
11. Total kWh Sold (lines 1b thru 9b)				158,238,434
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				16,090,409
13. Transmission Revenue				
14. Other Electric Revenue				46,890
15. kWh - Own Use				79,156
16. Total kWh Purchased				164,012,270
17. Total kWh Generated				
18. Cost of Purchases and Generation				9,221,385
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>				29,572

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				BORROWER DESIGNATION KS0042		
INSTRUCTIONS - See help in the online application.				PERIOD ENDED December 2020		
PART P. ENERGY EFFICIENCY PROGRAMS						
CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers <i>(a)</i>	Amount Invested <i>(b)</i>	Estimated MMBTU Savings <i>(c)</i>	No. of Consumers <i>(d)</i>	Amount Invested <i>(e)</i>	Estimated MMBTU Savings <i>(f)</i>
1. Residential Sales (excluding seasonal)						
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less						
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total						

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS</p>	<p>BORROWER DESIGNATION KS0042</p> <p>PERIOD ENDED December 2020</p>
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
2	Investments in Associated Organizations				
	Patronage Capital-Rural Data Processing	2,643			
	Patronage Capital-Kansas Electric Coop	20,430			
	Patronage Capital-NiSC	63,433		1,726	
	Patronage Capital-Garden City Coop	4,067		(9)	X
	Patronage Capital-S & T Telephone Coop Assn	102,255			X
	Midwest Energy	794		(26)	X
	Patronage Capital-NRUCFC		210,354	11,827	X
	NRUCFC-Capital Term Certificates		221,958		
	Membership-NRUCFC		1,000		
	Membership-NRECA	10			
	Membership-Midwest ACA	25			
	Membership-Sunflower Electric Power Corp.	100			
	Membership-NiSC	50			
	Membership-KEC	10			
	Membership-S & T Telephone Coop Assn	5			
	Common Stock-Federated Rural Electric Ins.	150,966		7,572	
	Membership-SEP Corporation	1,000			
	Sunflower Electric Power Corp.	303,000			
	Building & Land Fund-KEC	19,222			
	Membership-NRTC	1,000			
	Golden Belt Telephone	27,241		(82)	X
	Sunflower Electric Power Corp	5,363			
	Patronage Capital - Co-Bank		20,346		
	Patronage Capital-Sunflower Electric Power Corp		10,000,805	8,921	
	Patronage Capital-HLS-Federated Rural Electric Ins	35,516		(489)	
	Patronage Capital-HLS-S&T Telephone Coop Assn	7,401			X
	Patronage Capital-HLS-Pioneer Electric	52			
	Patronage Capital-HLS-Lane-Scott Electric	971			X
	Patronage Capital-HLS-New-Mac Electric	471			
	Patronage Capital-HLS-Intercounty Electric	130			
	Patronage Capital-HLS-Midwest Energy	346			
	Patronage Capital-HLS-Webster Electric	77			
	Patronage Capital-HLS-Barry Electric	87			
	MKEC - G&T Patronage Capital		513,484		
	MKEC LLC	423,039			
	Totals	1,169,704	10,967,947	29,440	
4	Other Investments				
	Lane County Area Development Corp	5,000			X
	Garden City Coop	500			X
	Beeler Coop	1			X
	Totals	5,501			
6	Cash - General				
	First National Bank-Dighton, Ks		1,245		
	First State Bank-Healy, Ks	13,887	100,000		
	Working Funds	270			
	First State Bank-Healy, Ks.-Revolving Loan Fund				
	Totals	14,157	101,245		
7	Special Deposits				
	City of Dighton-Meter Deposit	25			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KS0042	
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December 2020	
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.			
PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)			
	Totals	25	
8	Temporary Investments		
	First National Bank-Dighton, Ks		59,587
	First State Bank-Healy, Ks		14,113
	NRUCFC Commercial Paper		5,900,910
	Totals		5,974,610
9	Accounts and Notes Receivable - NET		
	Accts Rec-Resale & Electrician Service	103,215	
	Accts Rec-Contributions in aid of construction	133,737	
	Totals	236,952	
11	TOTAL INVESTMENTS (1 thru 10)	1,426,339	17,043,802 29,440

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION KS0042
	PERIOD ENDED December 2020

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KS0042			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December 2020			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
SECTION III. RATIO					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]					2.44 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors	2/15/2021	3,136	436	X
2	Energy Resources Conservation Loans				
	TOTAL		3,136	436	

10. b. 2020 Capital Credit Allocation

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

Board Policy 113 addresses Allocations as follows:

OBJECTIVE:

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

POLICY:

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

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

EXPECTATIONS:

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

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

The Audited Year End Form 7 (Part A Statement of Operations, column b) identifies 2020 items as follows:

Line 21. Operating Margins	\$ -127,566
Line 22. Non-Operating Margins – Interest	240,315
Line 25. Non-Operating Margins – Other	-65,313
Line 26. Generation and Transmission Capital Credits	392,903
Line 27. Other Capital Credits and Patronage Dividends	47,965

According to Policy:

<i>YEF7 Part A</i>	<i>Operating Margin Allocated</i>	<i>G&T Capital Credits (allocated separately)</i>	<i>Non-Operating Margins (option to allocate)</i>
Line 21	\$ (127,566)		
Line 22.			240,315
Line 25.			(65,313)
Line 26.		392,903	
Line 27.	47,965		
totals	\$ (79,601)	\$ 392,903	\$ 175,002

The 2019 allocations were:

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

COVID-19 affected Lane-Scott as well as Sunflower 2020 revenues. We request that the Board retain the \$175,002 of Non-Operating margins rather than allocating them. This will shift that amount to equity and help increase it. The loss in Operating margins will be offset in future years. I spoke with Randy Robbins at BSGM and the Auditors are okay with us doing whatever our Bylaws and Board Policies allow.

Therefore, staff requests that the Board approve:

1. **No allocation of 2020 Operating Margins, and**
2. **An allocation of \$392,903 in 2020 Generation and Transmission Capital Credits.**

10. c. Appoint Delegates to NCSC Annual Meetings

The National Cooperative Services Corporation (NCSC) will hold its Annual Meetings in conjunction with the CFC Forum on June 14th in San Antonio to elect Directors to five seats. Bruce Mueller of Wheatland Electric is a candidate for the District 4 seat in a contested election. Lane-Scott does not have to be present to vote and has already received the mail-in ballot. The Ballot is due June 7th.

The 2020 CFC and NCSC Voting Delegate was Richard McLeon.

The 2020 CFC and NCSC Alternate Voting Delegate was Richard Jennison.

Staff requests that the Board appoint a Delegate and an Alternate to the NCSC Annual meeting.

**LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS**

RESOLUTION 2021 0503

RESOLUTION of APPRECIATION for Mr. Larry Kraft

WHEREAS, Mr. Larry Kraft will retire as a Journeyman Lineman with the Lane-Scott Electric Cooperative, Incorporated on June 2, 2021 and

WHEREAS, he served the members of this Cooperative since re-starting his employment with the Lane-Scott Electric Cooperative, Incorporated on July 1, 2008.

NOTING, his concern for the well-being of the Cooperative, its employees, and its members made him an important part of the Cooperative, and

REALIZING, that he has assisted numerous members and communities through combined service of approximately 14 years come storm or shine, and

NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees of the Lane-Scott Electric Cooperative Inc., expresses its sincere appreciation to Mr. Larry Kraft for his contributions to the growth, stability, and performance of the Cooperative: and

BE IT FURTHER RESOLVED that the Board of Trustees extends to Mr. Kraft 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 Board of Trustees meeting held on the 3rd day of May 2021, at which a quorum was present.

Paul Seib, Jr., Secretary

(Seal)

10. e. General Manger Evaluation

Items to be presented during the Board meeting.

SAFETY PROGRAM

SAFETY PROJECTS COMPLETED AS OF APRIL 2021

1. Ann Jennings's member safety awareness publishes to either KCL newsletter, social media, and/or the Lane Scott Electric website concerning:
 - Safe Digging / 811
 - Work Zone Safety Video
 - Tree Planting Location
 - Farming/Call LSEC with Overhead Line Clearance Issues
 - Storms/Stay Back from Downed Electrical Equipment
 - Heads Up for Farm Safety
 - Stay Safe When Storms Roll In
 - Farm Safety
2. Diana Kuhlman submitted reports:
 - KEC Loss Control, Safety and Compliance System Monthly Statistical Report.
 - Employee pre-employee reports
 - FMCSA notification review.
3. KEC April safety meeting topics was concerning safety summary, avoiding property damage claims, supervisory responsibilities and liabilities, and professional conduct. April safety minutes are included in the board packet.
4. Scott Briand and Dal Hawkinson attended KEC Oil Spill Response and Remediation Workshop webinar.
5. Tailgate reports scanned to document vault.
6. CDL qualification folders scanned to document vault.

SAFETY PROJECTS IN PROGRESS AS OF APRIL 2021

1. Chris Terhune getting demo trailer build quote.
2. Emergency Action Plan (EAP) binder.
3. Disaster Recovery Plan (DRP binder.
4. Safety manual.

INSIDE

- 1 Less and Less Near-Misses
- 2 Accident Summary
- 3 Accidents & Upcoming Events
- 4-8 Leading Change Through Faith Hope and Tough Love - Part 2
- 8 Slow Down, Look Around: Work Zone Awareness Week April 26-30
- 9-10 S.A.F.E. Talk

SAFETY SUMMARY

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

EDITOR: Larry Detwiler,
Director, Loss Control, Safety & Compliance

LOSS CONTROL, SAFETY & COMPLIANCE COMMITTEE

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Kent Davis, CMS
Brian Lang, DSO
Chuck Goeckel, Flint Hills
Ralph Phillips, FreeState
Mark Scheibe, Heartland
Harold Hoss, Lane-Scott
Steve Epperson, Pioneer
Kirk Girard, Prairie Land
Marc Martin, Rolling Hills
Gene Scheer, Sedgwick County
Adam Myers, Twin Valley
Randy Quint, Victory
Tom Ruth, Western
Bruce Mueller, Wheatland

KEC STAFF LIAISONS

Larry Detwiler
Lee Tafanelli

Less and Less Near-Misses

We target zero-injuries by using one of the long standing leading indicators for a safe workplace, near-miss reports. I've seen near-misses that report someone being hit in the hard hat by a falling tool – near-miss or direct hit? Another is forgetting to click into the attachment point with fall protection – near-miss or human error? In the case of near-miss reports you will find that some say yes to a report while others say, I don't think so. Both however tell us a story about the level of risk found in the workplace.

Seeing risk should result in less and less near-misses reported.

Reducing the risk is the intent of reporting a near-miss. But what if I don't have a near-miss to report because I don't work below others, therefore the falling tool is not a hazard. What if I have to be below the workers above me but a barricade is employed or during our job planning everyone is committed to using secured tools. In both cases the hazard is mitigated and risk is reduced. Hazard avoided... no near-miss report.

In the case of not being clipped in, the worker not remembering to "clip-in" might also say, "I forgot to put my underwear on the morning." (I am sure someone reading this will say, "I go commando" ...please don't say it out loud.) The point is that when you value being properly secured to prevent a fall and if the team your working with has the same values it's likely that you will not forget or someone around you is going to speak up and say, "Hey buddy, clip in." Your response should be, thank you.

My point is that if you are properly focused on safety, quality, and then production, not to mention taking your time to practiced hazard mitigation you are likely going to have less near-miss reports. Shouldn't that be the goal? Less and less near misses?

An injury-free workplace is not one of "safety by chance." It is a workplace and worksites where attention is focused on recognizing, evaluating, and applying controls to a hazard that reduces the risk of an event happening. In my work I have seen worksites where you could lay odds that someone was going to get hurt, maimed, or killed because the attitude towards injuries was a crap-shoot because workers did not "see" the risk. Others seem to understand the risk and take action to reduce the risk because it is real to them.

If you want to see zero-injuries in your workplace then begin with worksite safety analysis. Identify what "could happen, then apply the proper mitigation to reduce the risk. Seeing the risk can lead to less near-miss reporting because near-misses are avoided. Avoid near-misses by "seeing" the risk and you will create a workplace where it is difficult to get hurt.

Special thanks to Potter and Associates for allowing KEC to reprint this article.



Carl Potter, CSP, CMC

SAFETY SUMMARY

Accident Summary *January 2021*

	No Lost Time	Lost Time	Days Lost	Employees		Hours Worked	Vehicles Used	Miles Driven	Vehicle Accidents
				Full-time	Part-time				
4 Rivers	0	0	0	41	0	7,635	32	35,160	0
Ark Valley	0	0	0	15	0	1,930	13	9,404	0
Bluestem	0	0	0	31	0	5,583	28	21,613	0
Brown-Atchison	0	0	0	12	0	1,662	9	5,112	0
Butler	0	0	0	44	4	7,036	19	14,013	0
Caney Valley	0	0	0	17	0	2,966	16	11,855	0
CMS	0	0	0	33	0	5,056	22	23,155	0
DSO	0	0	0	30	0	4,801	26	23,233	0
Doniphan	0	0	0	7	0	1,024	4	1,755	0
Flint Hills	0	0	0	20	0	3,332	18	10,456	0
FreeState	1	0	0	78	2	11,415	42	46,784	2
Heartland	0	0	0	38	0	8,305	30	41,859	0
KEC	0	0	0	14	0	2,240	7	7,289	0
KEPCo	0	0	0	23	0	3,362	10	15,722	0
Lane-Scott	0	0	0	23	1	3,342	21	11,393	0
Nemaha-Marshall	0	0	0	14	1	2,426	10	9,452	0
Ninnescah	1	0	0	16	0	2,784	12	10,265	0
Pioneer	0	0	0	70	2	12,615	47	52,093	0
Prairie Land	NO REPORT								
Rolling Hills	0	0	0	41	1	6,004	40	45,040	2
Sedgwick County	0	0	0	19	0	2,789	16	8,073	0
Southern Pioneer	NO REPORT								
Sumner-Cowley	NO REPORT								
Twin Valley	0	0	0	13	1	2,136	12	9,715	0
Victory	0	0	3	70	0	11,766	40	35,264	0
Western	0	0	0	57	0	8,332	39	29,563	0
Wheatland	0	0	0	136	2	NA	104	NA	1
Total	2	0	3	862	14	118,541	617	478,268	5

*Accident Previously Reported +Reflects Cumulative Lost Time

Accident Reports *January 2021*

January 2021

FREESTATE, MCLOUTH/TOPEKA

Vehicle accidents (2): No accident form submitted.

Lost Time: No

January 2021

FREESTATE, MCLOUTH/TOPEKA

Injury: N/A

Cause: Cooperative employee slipped on ice.

Lost time: No

January 2021

WHEATLAND, SCOTT CITY

Vehicle accident: No accident form submitted.

Lost time: No

January 2021

ROLLING HILLS, BELOIT

Vehicle accidents (2): No accident form submitted.

Lost time: No

January 8, 2021

NINNESCAH, PRATT

Lineman

Injury: Laceration to left thumb.

Cause: Cooperative employee was removing insulation on a covered conductor, knife slipped and cut employee's hand.

Lost time: No



UPCOMING EVENTS

2021 WORKSHOPS

Oil Spill Response & Remediation Workshop (Virtual)

April 21, 22 & 27

Kansas Line Supervisors Roundtable Discussion

April 23 (Solomon)

Safety Coordinators Roundtable

May 7 (Solomon)

PCB/SPCC Seminar

May 12 (Beloit)

KEC Hot Line Schools

September 8-10

(Pratt)

September 14-16

(Manhattan)

Transformer Workshop

November 16-17

(Topeka)

Metering Workshop

November 18-19

(Topeka)

Speak Up!/Listen Up!

December 7 & 8 (Ulysses)

December 9 & 10 (Topeka)

Federated Near-Miss Reporting

Dear Safety Professional:

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

R. COREY PARR

VP Safety & Loss Prevention

SAFETY SUMMARY

As we discovered in the first part of this two-part series (see <https://incidentprevention.com/ip-articles/leading-changethrough-faith-hope-and-tough-love-part-i>), people are fallible, sometimes lessons aren't learned, and improvements aren't always made. This can leave leaders and team members feeling frustrated or apathetic because they don't know how to right the ship. The simple truth is that your team should be able to succeed today and learn what they need to improve tomorrow. The simple solution is to speak from vision through faith and hope, and lead with tough love. However, simple rarely equals easy.

In the previous article, we discovered that if we have confident trust in our people, it leads to hope, which allows us to keep our current reality in proper perspective and stay future-focused — not yesterday-paralyzed. And with faith in our people solidified in our minds, we're now free to focus on hope and tough love.

So, without further ado, let's jump into the first part of the hope mindset.

Hope Mindset Part 1:

YESTERDAY MATTERS

By reflecting on the past and applying lessons learned today, I see tomorrow through the lens of hope because I know that we're on a path of continuous improvement.

How do we achieve a hopeful mindset?

Hope Action Item 1: ASK

THESE FOUR QUESTIONS.

1. What's good? It can be tempting to only focus on the negative, but our most significant gains and improvements often come from doing more of what's already working well. Hope can be found by doubling down on that which has already created success.
2. What's missing? This may be a resource, procedure or some

form of tool required to do the job right and go home unharmed today. Hope for a better tomorrow can be increased by providing what's missing — the thing that's preventing us from creating the success we seek today — making tomorrow a better day.

**LEADING CHANGE
THROUGH
FAITH
HOPE
AND TOUGH
LOVE**

Part 2

**Six key takeaways will lead to
personal and organizational success.**

By Jesse Hardy, CSP, CIT, CUSP

Leading Change Through Faith Hope and Tough Love - Part 2

3. What's confusing? One aspect of confusion is the result of expectations that are not clear, concise and/or relevant. Additionally, it could be that the clearly defined expectations don't fit the situation or circumstances before me, and I'm confused about how to accomplish the mission. Hope is found in a clear message that aligns with the working reality and leads to continuous improvement tomorrow.
4. What's broken? Broken things, whether equipment, materials or tools, can keep us from reaching our potential today. By taking the time to identify and fix that which isn't operating as intended, we find hope in a tomorrow that will see greater efficiency and increased success.

As we ask, answer and address these four questions, please understand and respect one of the tenets of sustainable cultural change: meet your people where they are — not where you wish they were with the resources you wish they had — and don't overwhelm them with change. Prioritize! One of the key reasons organizations fail in continuous improvement and cultural change efforts is that they short-circuit the system. I often think along the lines of a scale from one to 10. If the group I want to influence is a four on that scale, I might give them a glimpse of what nine looks like so they see where we're heading, but we're going to focus on creating a plan to become a five or a six — not a nine. Then when we get to six, we'll see what we can do to move to seven, and so on. These incremental improvements create momentum instead of stress. They energize those you lead instead of burning them out.

Hope Mindset Part 2: TODAY MATTERS, SO ACT LIKE IT

Hope Action Item 2:

Remind your people that tomorrow's success is written today but may not be realized for quite a while.

Tomorrow's success is written today by taking

what you can get, using what you have and executing like Tom Brady. Now, it doesn't matter whether you like Tom Brady or even football in general — there's a lesson to be learned. We often look at successful people, like Tom Brady, and just assume they're not like us. "It was easy for them. They never faced any challenges like I do," but Brady tells a story about his college days in his book "The TB12 Method: How to Achieve a Lifetime of Sustained Peak Performance." To be brief, he was low on the depth chart when he joined the football team at the University of Michigan, and there were several others ahead of him on the bench, including the coach's son. Brady was down in the mouth, complaining about his lack of opportunity to be recognized and move up. He thought he wasn't getting a fair shot; he didn't have the resources needed to create the desired success, so he was giving it a ho-hum effort every day because why even try? When did things turn around for him? Well, he complained to a psychologist about only getting three practice snaps per day, and the psychologist told him that he should take the available opportunities and make the best of them. Furthermore, if he didn't make the most out of those three snaps, then shame on him for wasting what he had. That conversation changed everything. It was then that Brady realized if he wanted to be the starting quarterback, he'd have to start with those three snaps. So, he began treating each one like it was a crucial play in an actual game. The coaches noticed, and three snaps became six snaps — until Brady became the starter at Michigan and eventually transformed into the phenom we know today.

It's critical to be focused on impact, not recognition. Too often, we stop treating today like it matters because we don't see our labor's fruit within the time frame that we set for ourselves. We stop planting, watering and fertilizing seeds because nothing seems to be sprouting. But consider the Chinese bamboo plant about which the motivational speaker Zig Ziglar told a story. For the first five years,

Continued on page 6 ►

Leading Change Through Faith Hope and Tough Love - Part 2 *Continued from page 5 ►*

the plant has to be tended with nothing to see in the form of results. Then, all of a sudden, it shoots up to 90 feet in six weeks. The question must be asked, did the plant really grow 90 feet in six weeks, or did it grow 90 feet in five years and six weeks? The point here is that you cannot and should not allow a lack of recognition — either externally or internally — to keep you and your team from making the most of today.

Hope Mindset Part 3: TOMORROW MATTERS, TOO

Hope Action Item 3: KEEP SIGHT OF YOUR PURPOSE.

Remember that people are counting on you to change their reality. They may not even know it. Those you lead and the industry you serve may not fully understand the vision for the future, but regardless of their level of recognition, that vision is the driving force for change leaders. Leadership expert Michael S. Hyatt reminds us that “You lose your way when you lose your why.” This dedication to staying the course on the path before you is an extension of being impact-focused. By keeping your team focused on the vision and realizing the benefits of the change, they will gain the strength to persevere.

Leading with Tough Love

When I say “tough love,” what likely comes to mind involves being brutally honest and maybe even harsh about the way you see someone else’s reality today. However, for us, tough love is about leaders doing things under stress that may go against their natural style, and it engages the team in positive conflict. Plainly stated, tough love creates transformation when we appreciate, encourage and empower our team, especially in difficult times, because that’s when they need our leadership the most.

Before we get too far into this section on tough love, there are two leadership action items that should be applied in the remaining mindsets:

Tough Love Action Item 1: SEE THE BEST/ DON’T ASSUME THE WORST.

It’s funny how I judge myself by my intentions and others by their results. Tough-love leaders check the mirror before

confronting their followers.

Tough Love Action Item 2: HAVE TOUGH CONVERSATIONS/DON’T SHY AWAY FROM CONFLICT.

This is crucial to continuous improvement and takes two forms: (1) providing clear direction and being open to questions and discussion, and (2) closing the performance gap between expected and actual performance. Now, let’s move on to the first tough love mindset.

Tough Love Mindset Part 1: RESPECT

“I will treat everyone with respect because I work with great people.”

This is tough as a leader because when things go wrong, my natural inclination may be to become verbally and psychologically abusive and defensive toward those who caused the problems. However, I can overcome these tendencies by remembering that:

- My people love, appreciate and are loyal to their families, co-workers and the company. They aren’t making mistakes on purpose.
- My people perform demanding work in harsh environments, often with accelerated schedules and limited resources, which can lead to missed deadlines and increased stress and fatigue. The reality is that their failure and emotional instability may be due to the situations in which I put them.
- My people do their best to understand the objectives I give them and accomplish the mission every day within our standards of values and principles. If they’re missing the mark, it may be because I gave them the wrong target and/or tools with which to accomplish the mission.

It’s critical to be focused on impact, not recognition. This keeps you moving forward, even when you don’t yet see the fruits of your labors.

Tough Love Mindset Part 2: PATIENCE AND KINDNESS

“I will be patient and kind today, especially when mistakes are made, because I remember where I came from, and I believe that my people will make that same developmental journey if I persevere as a leader today.”

It’s tough as a leader to be patient and kind when my

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Leading Change Through Faith Hope and Tough Love - Part 2

Continued from page 6 ►

people make mistakes, but perseverance will help me maintain emotional control, which helps keep me in a respectful mindset. Here are some key items to remember when it comes to patience and kindness:

- ▶ If my team failed, there's a good chance that I have an issue in the mirror or a system fault that set them up for failure.
- ▶ My people need to be met where they are, not where I think they should be, because only when I meet them where they are can I transform "I" and "them" into "we" and give my people a vision and a map that describe how to get from where we are to where we want to be.
- ▶ My people are works in progress at different levels of development. Until I can match my leadership style and performance expectations to their level, we will never achieve our full potential.
- ▶ My people are dedicated to continually improving themselves, the team and our company. If I provide the good seed, fertilizer, water and appropriate environment for growth, we will continually improve our working reality.
- ▶ Some of my people could grow to be better, faster and smarter than I am right now because they are smarter and more dedicated than I was at their stage in the game. If I set them up for even greater success, we will all win as they rise to the top.

Tough Love Mindset Part 3: FOCUS ON THE POSITIVE

"I will lead our continuous improvement process today, not by focusing on pulling weeds, but by watering and fertilizing the grass and allowing that good grass to spread and choke out any weeds that pop up."

This is tough as a leader because my natural desire is to give my attention to problems — not double down on good practices and encourage team ownership of their problem areas. I overcome my natural tendencies here by realizing that my team owns their working environment, sets operational and social norms, and takes care of any deviations from the norm. I know I've achieved success here when my frontline leaders are willing to come to me and say, "Boss, I'm not saying you have to fire the new guy, but we've decided he's not going to be able to work on our crew."

Tough Love Mindset Part 4: PROTECTIVENESS

"I will protect my people today — in real time as the need

arises — by teaching, mentoring and coaching; assigning work to their capabilities; and interceding for them if things go wrong."

This is tough because my natural tendency is to assume that my people know how to meet expectations and that they will improve on their own. When they make mistakes, I often want to blame them without first looking in the mirror to ask, "What's my contribution to this?" I overcome this by remembering the following:

- ▶ My people want to learn how to better accomplish the mission, and they look to me for guidance and resources.
- ▶ My people deserve the time that I invest in them, and I will give them the time they need to succeed.
- ▶ My people need me to assign them work that they're capable of completing with success.
- ▶ My people deserve and appreciate the difficult mentoring and coaching conversations I have with them to address performance expectation gaps, and they expect me to be honest.
- ▶ When my people make mistakes, they expect me to intervene for them with management.

Tough Love Mindset Part 5: SERVE AS A PROVIDER

"I will give my people the guidance, resources, encouragement and reassurance they need to succeed today."

This is tough because I naturally want my people to do the work without requiring my time or resource coordination efforts. I can overcome this as a tough-love leader if I remember that:

- ▶ My people will accomplish the mission today if I give them what they need.
- ▶ The team wants my input about their reality, planning and execution. Although I tell myself that they know what they're doing, and they would rather I just leave them alone, that usually is a belief that limits our success.
- ▶ My people need and deserve regular encouragement and reassurance, especially when situations are difficult.

Summary

In closing, when it comes to leading change through faith, hope and tough love, these six key takeaways will lead to personal and organizational success:

1. Know your people. This aligns them with your vision and

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SAFETY SUMMARY

Leading Change Through Faith Hope and Tough Love - Part 2 Continued from page 7 ▶

builds confidence that they'll make decisions that move everyone in the right direction.

2. Speak from vision, not reality. This keeps you focused on where you want to go, not where you are.
3. Meet people where they are — not where you think they should be with the resources you wish they had. This keeps you from overloading your current operations and burning your people out.
4. Focus on impact, not recognition. This keeps you moving forward, even when you don't yet see the fruits of your labors.

5. See the best instead of assuming the worst. This helps you focus on the good and not lose heart.

6. Have tough conversations. These conversations will help you define where you want to go and correct the course as you get lost along the way.

JESSE HARDY, CSP, CIT, CUSP, is executive vice president of health, safety, environment and quality for Ferrovial Services (www.ferrovial.com).

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

Slow down, look around: Work Zone Awareness Week April 26–30

When we imagine orange directional signs and work zones, road maintenance crews are typically what first come to mind. But other workers perform job duties near the road as well, including utility and tree-trimming crews.

Streets and highways are lined with power poles and electrical equipment, and narrow roadways often require crews like ours to place their equipment in traffic lanes. Their work is often taken for granted but benefits us all; and, like everyone, they deserve a safe workplace. Be alert to utility crews and other work zone workers for their safety as well as yours.

According to the National Work Zone Safety Information Clearinghouse, 672 fatal crashes and 755 deaths occurred in work zone crashes in 2018 (at the writing of this article, data was not available for 2019). Of those fatalities, 124 were workers. Many other work zone crashes result in injuries. An estimated 123,000 work zone crashes occurred in 2018, resulting in 45,000 people injured.

To help keep roadside crews safe:

- ▶ Keep a safe distance between your vehicle and traffic barriers, trucks, construction equipment, and workers.
- ▶ Be patient. Traffic delays are sometimes unavoidable, so allow time for unexpected setbacks in your schedule.
- ▶ Obey all signs and road crew flag instructions.
- ▶ Merge as instructed and be courteous to other drivers. In some work zones, signs recommend “zipper merging,” with the goal to maximize a smooth flow of traffic.
- ▶ Use your headlights at dusk and during inclement weather.
- ▶ Minimize distractions. Avoid activities such as operating a radio, cell phone, applying makeup and eating while driving.

Don't make the jobs of road workers, utility crews, tree trimmers and others who work near traffic more dangerous. Slow down when approaching a work zone and move over for first responders and work crews on the side of the road. This helps keep you safe as well. Drive safely.



*This document is not designed, written or intended for public consumption.

TOPIC - 25:

Distracted Driving

Incident Summary:

A young driver, distracted by social media, approached an intersection traveling at a high rate of speed and rear-ended a car that was stopped at the intersection. The young driver was killed on impact and three people in the other car were severely injured. The police believe she never knew what happened.

Discussion Points:

Have you ever noticed that when you're on the phone and watching television, you simply can't give both your full attention? That's because the brain cannot focus on more than one demanding task at a time, but rather 'toggles tasks'. Now imagine the danger this causes behind the wheel...

According to the National Highway Traffic Safety Administration, each day in the United States, approximately nine people are killed and more than 1,000 injured in crashes that are reported to involve a distracted driver.

A driver is distracted when their full attention is not focused on driving. People simply cannot multi-task, especially while driving, which is considered a demanding task.

Doing something else while you are driving puts extra demands on the driver, which will reduce driving capabilities. This lower standard of driving means that a driver is more likely to fail to anticipate hazards and accidents can occur due to being distracted.

Distracted drivers are less likely to stay in the appropriate lane, detect changes around them and respond appropriately. For example, those who drive while talking on the phone are also more likely to exceed the speed limit and not maintain a consistent speed. People often drive at lower speeds while texting, but their delayed reaction time, inability to maintain appropriate lane positions and assess traffic conditions makes texting while driving extremely dangerous.

When you are focused while driving, you can defend yourself against possible collisions caused by distracted drivers, drunk drivers, and inclement weather conditions. If you look ahead and keep your eyes moving, you will spot potential hazards more easily. Once you have identified a potential hazard and decided what to do, you can act accordingly.

For internal cooperative use only!

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SAFETY SUMMARY

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There are three main types of distraction:

- **Visual:** Taking your eyes off the road
Looking at an electronic device, talking to a passenger or reading a billboard sign are all examples of visual distractions. It is proven that someone using an electronic device while driving is four times more likely to be involved in an accident.
- **Physical:** Taking your hands off the wheel
Physical distractions are those that involve you taking your hands off the steering wheel. You may be eating, changing the radio, picking up something you dropped or combing your hair. The best way to stay free from physical distractions is by focusing on the road and using your hands to drive only!
- **Mental:** Taking your mind off of driving
Mental distractions are known as 'cognitive distraction', this is when the driver is thinking about something else other than driving. Examples include; talking to a passenger, daydreaming or talking on a cell phone. When your mind is elsewhere, your attention to driving decreases.

Recommendations:

- Keep both hands on the steering wheel and always be aware of the conditions around you.
- Use electronic devices before you start to drive. If you must use them during your trip, pull over at a safe place.
- Don't eat and drive.
- Don't put on make-up or do your hair while driving.
- Make all necessary adjustments to the car, climate control and radio before driving.
- Don't allow passengers to distract you.

Attentive drivers are able to avoid dangers on the road by using their safe driving practices.

Special thanks to Federated Rural Electric Insurance Exchange for allowing KEC to reprint the article.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

SAFETY MEETING

April 14, 2021

Chris Terhune called the meeting to order at 9:07am.

Minutes were read: Leighton Ayers made a motion to approve the March 10th minutes and Dellon Shelton seconded. Minutes were read and approved as printed.

Present: David Howard, Nate Burns, Kasey Jenkinson, Ben Mann, Chad Rupp, Chris Terhune, Larry Kraft, Myron Seib, Kevin Bradstreet, Leighton Ayers, Dellon Shelton, Scott Briand, Kalo Mann, Michael Pollock, Mark McCulloch, Kathy Lewis, Carrie Borell, Ann Marie Jennings, and Diana Kuhlman

Absent: Richard McLeon, Dal Hawkinson, Blake McVicker, and Rebecca Campbell

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	Radio not working and transmission out.
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	Chip in windshield
173	Chad Rupp	OK
174	Dal Hawkinson	OK
191	Myron Seib	OK
193	Myron Seib	OK
200	Ben Mann	OK
304	Michael Pollock	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	Scott Briand	OK
514	Scott Briand	OK

Warehouse, building, and pole yard inspections:

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

Personal Tools: All Passed

Gloves Monthly Test Results: All Passed

Chris Terhune reported Kasey Jenkinson glove size needs changed and Blake McVicker PPE will be renumbered.

Substation and Regulator Report: Ben Mann reported substation weed spraying is in progress.

PCB Report: None to report

Line Clearance: Alexander, Ness, and Finney

Accident and Near Misses: Myron Seib reported unknown person caught guy wire and broke the pole. Kasey Jenkinson reported distiller truck at Ranger Feed Yard forgot to lower the boom and it took down the 3-phase and single phase lines.

Old Business:

- ◆ Chris Terhune reported Ferris Manufacturing is working on a quote for the demonstration trailer. Kalo Mann reported Terry Bernbeck was interested in a demonstration trailer demo being done at the May Day event when it is available. Chris Terhune reported Ness gate motherboard is in and Myron Seib said he could install it. New gate opener replacements are in to replace broken ones.
- ◆ Michael Pollock discussed SRS outage codes and retail call outs. The purpose of the outage codes is for SRS to document what caused the outage. This is provided to management for reporting and in addition provides awareness of recurrences that may be due to maintenance that is needed or work plans that may need to be considered. Retail is contacted by SRS because they know it is not an outage and a specific household issue and that is already documented on the ticket. Chris Terhune will talk to Richard McLeon to see if retail needs to report back to SRS what caused the issue.
- ◆ Kalo Mann reported that Lane County Feeders new feed mill contract was signed confirming build plans.
- ◆ Myron Seib reported HS padmount platform project has been approved and Nate Burns will be getting with them on implementation.

New Business:

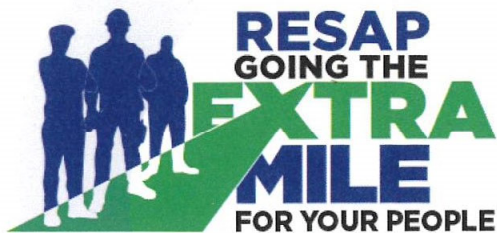
- ◆ Chris Terhune reported the inspection form for 512 and 514 need to have first aid kit inspection added to it.
- ◆ Kalo Mann reported D&A Farms is adding two new grain bins south of town.
- ◆ Bruce McAntee with KEC discussed the safety summary, supervisor responsibilities and liabilities, professional conduct, and near miss awareness. Dellon Shelton read the less and less near-misses article and discussed near miss reporting goals and communication to reduce risk. Bruce McAntee discussed avoiding property damage claims by performing preventive (pro-active) and corrective (reactive) system maintenance. Administrative professional conduct and office ergonomics.
- ◆ Oil Spill workshop will be attended by Dal Hawkinson and Scott Briand in April.
- ◆ PCB training will be attended by Chris Terhune and Scott Briand in May.

Meeting adjourned

Chris Terhune
Safety Coordinator

Carrie Borell
Safety Secretary

We received the following card from NRECA and KEC on April 20th.



We really appreciate your extra effort for the welfare of your people.

Richard —

Thank you so much for your participation in Rural Electric Safety Achievement Program (RESAP). Safety is the most important commitment we have to each other and to our cooperative staff.

We recognize participation in RESAP requires extra effort and focus above and beyond your primary commitment to safety. Your participation demonstrates – in a clear and visible way – that you care about the safety and welfare of your employees and will do what it takes to go the “extra mile for your people.”

Thank you for your safety leadership and your extra effort. It is recognized and valued by us, your employees, and their families who await their safe return home each day.

Sincerely,

Bob Bramham

Larry E. Vetter

CYBERSECURITY - IT DEPARTMENT

CYBERSECURITY/IT PROJECTS COMPLETED AS OF APRIL 2021

1. Cyber Detect and Cyber Detect Scan Hyper-V servers programmed, IDR software implemented, agent installation, and IDR IP port scan performed on DHCP devices.
2. ASP iVue server monthly patching and updates.
3. Lineman printer settings and security updates.
4. Microsoft Patch Tuesday webinar on updates implemented and cyber security vulnerabilities.
5. Office 365 threat management daily review and risk mitigation.
6. Desktop Central security management daily review and risk mitigation.
7. Mobile VPN and firewall programming.
8. CallCapture secure payments IVR 2.48 upgrade.
9. Secure Payments IVR 2.48 patch upgrade.
10. US Payment KIOSK monthly server patching.
11. Operations and domain server backups and alert warning daily review.
12. AppSuite Mapview TPK imagery and data file monthly update.
13. Applications and windows updates and patching.

CYBERSECURITY/IT PROJECTS IN PROGRESS AS OF APRIL 2021

1. Cyber Detect Intrusion Detection Response software training.

Richard McLeon

From: Nate Burns
Sent: Wednesday, April 28, 2021 1:43 PM
To: Richard McLeon
Subject: Engineering update

Follow Up Flag: Follow up
Flag Status: Flagged

This month we have staked in and made a few small connects a new house East of McCracken, a new shed in Healy, and a new loop for a cellular provider South of Ness City just into Hodgeman county, and a new water well connect in Hodgeman county. I have talked to several members about new connects but no decisions have been made yet. We had our kick-off meeting with Guernsey on our CWP analysis. We went over several scenarios including how to best feed the new Lane County Feeders addition. I have also been gathering information and material quotes for pricing of projects within the new CWP. I met with the representatives from Scott Park about their addition of 50a camper plugs again, and again we have come up with yet another design. The material quotes are still out on that project but I hope to have them back soon and be able to finalize a contract with them.

Nate Burns

Engineering Coordinator
Lane-Scott Electric
(620) 397-5327 O
(620) 397-8063 C (best)

OUTAGE STATISTICS March 2021

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		1	1	219
BIRDS & ANIMALS			0			0	
TREES			0			0	
LIGHTNING\RAIN\WIND	2		2	5		5	306
ICE & WIND			0			0	
SNOW & WIND			0			0	
OCR OR FUSE FAILURE			0			0	
TRANSFORMER FAILURE			0			0	
BROKEN JUMPER			0			0	
PEOPLE CAUSED	1		1	1		1	265
BROKEN POLE			0			0	
POWER SUPPLY			0			12	
SCHEDULED		1					4
MAJOR EVENT							
UNKNOWN			0			0	
TOTALS	3	2	5	6	1	7	794

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	2021			
	25,081	14,179	33			

LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Transformer Losses 1995-2020

[illegible]

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 March 2021
INSTRUCTIONS - See help in the online application.	BORROWER NAME <div style="text-align: right;">The Lane-Scott Electric Cooperative, Inc.</div>

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

CERTIFICATION

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

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

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

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

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

Richard McLeon

4/26/2021
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	4,074,444	4,044,765	4,263,370	1,695,928
2. Power Production Expense				
3. Cost of Purchased Power	2,211,865	2,337,231	2,575,265	921,905
4. Transmission Expense	645	708	17,433	143
5. Regional Market Expense				
6. Distribution Expense - Operation	366,968	306,794	237,499	117,607
7. Distribution Expense - Maintenance	180,904	318,902	174,999	139,831
8. Customer Accounts Expense	46,184	48,981	45,102	13,511
9. Customer Service and Informational Expense	7,220	22,293	9,361	6,501
10. Sales Expense	15,725	21,810	11,894	13,300
11. Administrative and General Expense	343,575	465,170	297,478	213,368
12. Total Operation & Maintenance Expense (2 thru 11)	3,173,086	3,521,889	3,369,031	1,426,166
13. Depreciation and Amortization Expense	400,486	458,237	432,466	152,985
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	325,297	329,491	309,604	109,374
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	485	39	628	13
19. Other Deductions	3,308	2,389	3,150	599
20. Total Cost of Electric Service (12 thru 19)	3,902,662	4,312,045	4,114,879	1,689,137
21. Patronage Capital & Operating Margins (1 minus 20)	171,782	(267,280)	148,491	6,791
22. Non Operating Margins - Interest	66,244	50,193	65,274	44,663
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(14,184)	(58,295)	6,875	(32,500)
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	18,198	21,597		19,785
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	242,040	(253,785)	220,640	38,739

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 March 2021		
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	17	7	5. Miles Transmission		
2. Services Retired	15	6	6. Miles Distribution – Overhead	2,036.59	2,035.37
3. Total Services in Place	6,039	6,043	7. Miles Distribution - Underground	7.53	7.66
4. Idle Services (Exclude Seasonals)	235	247	8. Total Miles Energized (5 + 6 + 7)	2,044.12	2,043.03
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	58,271,462		30. Memberships	0	
2. Construction Work in Progress	152,103		31. Patronage Capital	21,132,095	
3. Total Utility Plant (1 + 2)	58,423,565		32. Operating Margins - Prior Years	150,664	
4. Accum. Provision for Depreciation and Amort.	18,361,762		33. Operating Margins - Current Year	(267,280)	
5. Net Utility Plant (3 - 4)	40,061,803		34. Non-Operating Margins	995,662	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	136,614	
7. Investments in Subsidiary Companies	219,889		36. Total Margins & Equities (30 thru 35)	22,147,755	
8. Invest. in Assoc. Org. - Patronage Capital	10,935,796		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	445,461		38. Long-Term Debt - FFB - RUS Guaranteed	33,688,179	
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)	8,424,932	
12. Other Investments	5,501		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments – Unapplied	4,251,558	
14. Total Other Property & Investments (6 thru 13)	11,828,605		43. Total Long-Term Debt (37 thru 41 - 42)	37,861,553	
15. Cash - General Funds	43,189		44. Obligations Under Capital Leases - Noncurrent	215,359	
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)	215,359	
18. Temporary Investments	6,987,464		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	773,698	
20. Accounts Receivable - Sales of Energy (Net)	1,515,916		49. Consumers Deposits	119,777	
21. Accounts Receivable - Other (Net)	166,588				
22. Renewable Energy Credits	0		50. Current Maturities Long-Term Debt	2,251,673	
23. Materials and Supplies - Electric & Other	329,178		51. Current Maturities Long-Term Debt - Economic Development	0	
24. Prepayments	93,061		52. Current Maturities Capital Leases	69,143	
25. Other Current and Accrued Assets	197,873		53. Other Current and Accrued Liabilities	1,258,149	
26. Total Current and Accrued Assets (15 thru 25)	9,333,394		54. Total Current & Accrued Liabilities (47 thru 53)	4,472,440	
27. Regulatory Assets	0		55. Regulatory Liabilities	0	
28. Other Deferred Debits	3,473,305		56. Other Deferred Credits	0	
29. Total Assets and Other Debits (5+14+26 thru 28)	64,697,107		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	64,697,107	

IT/COMPLIANCE DEPARTMENT

IT/COMPLIANCE PROJECTS COMPLETED AS OF APRIL 2021

1. Researched iVue Mosaic dashboard quote.
2. Researched iVue Dashboard capabilities and limitations.
3. MDMS quote and project implementation initiated.
4. Networking, server room, and security system project planning.
5. TriState IT mentor biweekly 1st webinar topics: Administrative user login securities, IT troubleshooting resources, and IDR scan reporting. 2nd webinar topics: Cybersecurity training policies and procedures, employee/trustee on-boarding and off-boarding security procedures.
6. KEC IT Summit cybersecurity planning committee webinar.
7. Replacement printer installed.
8. Researched Verizon notification on collector usage.
9. Guernsey work plan project meeting.
10. Online Utility Exchange user permissions reviewed and amended.
11. Verifone payment device was installed and shipped back loaner device.
12. KnowBe4 Phish Alert reporting icon for Outlook Exchange emails.
13. Generac Firmware updates.
14. Microsoft webinar on software features, enhancements, upgrades, and securities.
15. Trustee antivirus software changed, patch management and IDR software installed.
16. Troubleshooting employee software and device issues.
17. NACHA account validation supplemental fraud detection for WEB ACH debits regulation programmed, and process set up.

IT/COMPLIANCE PROJECTS IN PROGRESS AS OF APRIL 2021

1. Domain drive partitioning programming.
2. Ivue bill printer software conversion from DOC1 software to Print Net software and billing is testing integration compatibility.
3. Payment arrangement record retention purging procedures.

LANE-SCOTT ELECTRIC ENERGY SALES STATISTICS FOR MARCH 2021

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	2,229	2,227	1,595,472	5,715,497	\$217,967	\$702,390	855	\$105.04	12.29
Residential Sales-Seasonal	49	50	6,530	25,146	\$1,889	\$6,038			
Irrigation Sales	332	331	126,857	173,676	\$11,474	\$15,634			
Small Commercial	1,850	1,853	4,171,234	11,754,109	\$469,801	\$1,286,267	2,118	\$231.76	10.94
Large Commercial	178	177	2,663,206	8,197,043	\$317,252	\$938,457	15,379	\$1,760.71	11.45
Public Street Lighting	13	13	35,946	107,838	\$4,819	\$13,980			
Public Building Sales	49	49	31,610	101,854	\$4,437	\$13,480			
Non-Domestic	1,055	1,054	154,261	522,196	\$32,387	\$99,695			
City of Dighton	1	1	651,059	2,105,328	\$222,647	\$305,640	701,776	\$101,880.00	14.52
Idle Services on rate 90	38	38	0	0	\$0	\$0			
Large Industrial	3	3	2,763,270	7,799,320	\$220,018	\$655,875	866,591	\$72,875.00	8.41
Irrigation Horsepower Charges	0	0		0	\$267,015	\$267,015			
Total Energy Sales	5,797	5,796	12,199,445	36,502,007	\$1,769,706	\$4,304,471			11.79
Other Electric Revenue					(\$73,778)	(\$259,706)			
Total					\$1,695,928	\$4,044,765			

SUBSTATION DATA

Substation	(NCP)KW	kWh Purchased	Cost Per kWh	kWh Sold	Line Loss	Load Factor-P	Load Factor-S
Beeler-Sub 3	6,083	3,752,143		2,893,342	22.89%	82.91%	63.93%
Dighton-Sub 1 - 7200	1,523	914,527		833,807	8.83%	80.71%	73.59%
Dighton-Sub 2 - 14400	3,835	2,440,967		2,360,757	3.29%	85.55%	82.74%
Manning-Sub 4	4,889	2,687,814		2,520,208	6.24%	73.89%	69.29%
LS Seaboard-Sub 5	181	100,752		96,881	3.84%	74.82%	71.94%
Twin Springs Lo 7.6-Sub 7	222	97,542		85,541	12.30%	59.06%	51.79%
Twin Springs Hi 14.1-Sub 8	219	117,700		105,975	9.96%	72.24%	65.04%
City of Dighton	1,080	570,907	5.7100	570,907	0.00%	71.05%	71.05%
City of Dighton - WAPA	136	80,152	3.1600	80,152	0.00%	79.21%	79.21%
Alexander 115	1,249	696,054		714,539	-2.66%	74.90%	76.89%
Ness City 115	3,722	1,599,087		1,937,336	-21.15%	57.75%	69.96%
Total	23,139	13,057,645	5.0400	12,199,445	6.57%	75.85%	70.86%

RUS/CFC LOAN FUND TRANSACTIONS

MISC.

OTHER STATISTICS

				Y.T.D	M.T.D.
Gross Obligation to RUS	\$ 54,111,889	General Fund Balance	\$42,883	Miles Energized	2043.03
Pymts Applied Against Principal	\$ 19,574,564	MMDA Investments	\$834,666	Density	2.84
Net Obligation to RUS	\$ 34,537,325	Cash Available at Month End	\$877,549	kWh Purchased	38,873,327
CFC Line of Credit	\$ -			kWh Sold (Inc. Office Use)	12,205,348
CoBank Line of Credit	\$ -	CFC Investments - CP, SN, MTN	\$6,152,798	Percent of Line Loss	6.04%
CFC Note #9004-RUS refinance	\$ 5,786,214	CFC CTC's	\$221,958	Idle Services	247
CFC Note #9006-RS Prepymt	\$ 422,157			Oper. Revenue Per kWh Sold	11.07
CoBank Note-Feb 21 Winter Event	\$ 3,000,000			Expense Per kWh Sold	11.81
PPP Loan	\$ 619,088.00			Income Per Mile	830.10
				Expense Per Mile	826.78

ACCOUNT AGING

	Current	30-89 Days	90 Plus
Irrigation Accounts Receivable	\$122,565		
Electric Accounts Receivable	\$922,908	\$6,932	\$6,259
Retail Accounts Receivable	\$50,945	\$3,966	\$1,815

1. Annual Meeting:
 - a. Nominating Committee Meeting – June 7th at 6:30.
 - b. Nominations open to members for all positions. Interested members are to contact Richard and will be vetted to adhere to bylaw policy prior to names being submitted to the nominating committee. The deadline for nominees is May 28th. Advertising will go out in all our communication channels in May.
 - c. Joe – To prepare the form for the committee to fill out and sign. It will need to be revised to include the incumbent from each district and nominees from each district.
2. \$1500 Scholarships: An internal selection committee of four employees are reviewing and ranking all applications. There were 41 applications received and 28 being considered after vetting for membership. Students will be notified in May.
3. Food Drive: We are challenging Western Plains Elementary and Dighton High Elementary to help stock the Lane County Food Bank and Ness County Food Bank in Ransom again. It's a class competition to see who can collect the most non-perishable items by May 7th. The class with the most items at each school will receive a pizza party and \$100 to go towards their classroom supplies.
*Ness City has a mobile food pantry rather than a local food bank.
4. Sharing Success Program: We have received 5 applications so far from local organizations. The deadline to apply is June 1.
Non-profit 501(c)(3) organizations and other 501(c)(3)'s such as schools, government organizations such as counties, municipalities, and their agencies or departments can apply. Use of the grants must be to benefit a community or communities who receive electric service from Lane-Scott or who's purpose benefits members of Lane-Scott.
5. Limestone Sign Update: Etched in Stone out of Great Bend is going to try to resurface our limestone sign.
6. May Bill Insert – Feb. Winter Event Payment Options
7. Normal monthly KCL, social media posts, website updates, new member e-mail series, newsletter e-blast.

2021-Line 25 - Non-Operating Margins

		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Rev.-Electrician & Mat.	415.1	\$21,979.30	\$33,725.96	\$36,603.65										\$92,308.91	415.1
Exp.-Electrician & Mat.	416.1/11	\$37,455.59	\$33,719.44	\$58,676.34										\$129,851.37	416.1
		(\$15,476.29)	\$6.52	(\$22,072.69)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$37,542.46)	
Rev.-Appliance Repair	415.2	\$18,124.45	\$16,601.00	\$10,552.30										\$45,277.75	415.2
Exp.-Appliance Repair	416.2/21	\$21,949.19	\$25,503.00	\$21,943.61										\$69,395.80	416.2
		(\$3,824.74)	(\$8,902.00)	(\$11,391.31)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$24,118.05)	
Rev.-Member Damages	415.3	\$3,088.75	\$0.00	\$1,386.50										\$4,475.25	415.3
Exp.-Member Damages	416.3	\$893.06	\$0.00	\$605.60										\$1,498.66	416.3
		\$2,195.69	\$0.00	\$780.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,976.59	
Finance Charges	415.5	\$117.64	\$87.85	\$133.25										\$338.74	415.5
MARGIN-Retail		(\$16,987.70)	(\$8,807.63)	(\$32,549.85)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$58,345.18)	
Misc. Income	421.0	\$0.00	\$0.00	\$0.00										\$0.00	421.0
Gain on Disposal	421.1	\$0.00	\$0.00	\$50.00										\$50.00	421.1
Loss on Disposal	421.2	\$0.00	\$0.00	\$0.00										\$0.00	421.2
NET NON-OP MARGIN		(\$16,987.70)	(\$8,807.63)	(\$32,499.85)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$58,295.18)	

	Current Month				YTD Total			
	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev
Kalo	131	69	\$ 85.00	\$ 5,865.00	386	168	\$ 85.00	\$ 14,280.00
Michael	157	38	\$ 85.00	\$ 3,230.00	424.25	121.75	\$ 85.00	\$ 10,348.75
Mark	145	58.5	\$ 85.00	\$ 4,972.50	427	131.5	\$ 85.00	\$ 11,177.50
	433	165.5		\$ 14,067.50	1237.25	421.25		\$ 35,806.25

72.35%

74.60%

2021-Line 25 - Non-Operating Margins with Spread accounts

		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Rev.-Electrician & Mat.	415.1	\$21,979.30	\$33,725.96	\$36,603.65										\$92,308.91
Exp.-Electrician & Mat.	416.1/1.11	\$32,090.53	\$29,681.24	\$36,674.06										\$98,445.83
Spreads														
Stores		1,521.41	533.35	-										
Transportation		2,104.00	2,123.87	4,296.58										
Holiday		535.15	-	-										
RS Prepayment		984.94	943.69	939.11										
Injuries & Damages		275.17	292.53	355.33										
Prepaid Property Insurance		168.48	168.48	168.48										
Workmans Comp Insurance		129.05	129.05	129.05										
postage machine		-	32.87	-										
Close out WO 5478 & COVID-19 exp		-	-	16,512.68										
Credits		(353.14)	(185.64)	(398.95)										
TOTAL SPREAD EXPENSES		5,365.06	4,038.20	22,002.28										\$31,405.54
TOTAL expense	416.1	\$37,455.59	\$33,719.44	\$58,676.34										\$129,851.37
Electrician / Resale Net		(\$15,476.29)	\$6.52	(\$22,072.69)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$37,542.46)
Rev.-Appliance Repair	415.2	\$18,124.45	\$16,601.00	\$10,552.30										\$45,277.75
Exp.-Appliance Repair	416.2/2.1	\$19,813.55	\$23,215.03	\$17,295.69										\$60,324.27
Spreads														
Stores		-	-	-										
Transportation		1,360.10	1,556.96	2,386.23										
Holiday		272.19	-	-										
RS Prepayment		559.10	651.09	451.12										
Injuries & Damages		163.44	212.20	180.43										
Prepaid Property Insurance		168.48	168.48	168.48										
Workmans Compensation Insurance		147.49	147.49	147.49										
postage machine		-	9.86	-										
Close out WO 5478 & COVID-19 exp		-	-	1,941.95										
Credits		(535.16)	(458.11)	(627.78)										
TOTAL SPREAD EXPENSES		2,135.64	2,287.97	4,647.92										\$9,071.53
TOTAL expense	416.2	\$21,949.19	\$25,503.00	\$21,943.61										\$69,395.80
HVAC / Appliance Repair Net		(\$3,824.74)	(\$8,902.00)	(\$11,391.31)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$24,118.05)
Rev.-Member Damages	415.3	\$3,088.75	\$0.00	\$1,386.50										\$4,475.25
Exp.-Member Damages	416.3	\$893.06	\$0.00	\$605.60										\$1,498.66
		\$2,195.69	\$0.00	\$780.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,976.59
Finance Charges	415.5	\$117.64	\$87.85	\$133.25										\$338.74
MARGIN-Retail														
		(\$16,987.70)	(\$8,807.63)	(\$32,549.85)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$58,345.18)
Misc. Income	421.0	\$0.00	\$0.00	\$0.00										\$0.00
Gain on Disposal	421.1	\$0.00	\$0.00	\$50.00										\$50.00
Loss on Disposal	421.2	\$0.00	\$0.00	\$0.00										\$0.00
NET NON-OP MARGIN														
		(\$16,987.70)	(\$8,807.63)	(\$32,499.85)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$58,295.18)

	Current Month				YTD Total			
	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev	Billed Hours	Unbilled Hours	Hourly Rate	Total Unbilled Rev
Kalo	131	69	\$ 85.00	\$ 5,865.00	386	168	\$ 85.00	\$ 14,280.00
Michael	157	38	\$ 85.00	\$ 3,230.00	424.25	121.75	\$ 85.00	\$ 10,348.75
Mark	145	58.5	\$ 85.00	\$ 4,972.50	427	131.5	\$ 85.00	\$ 11,177.50
	433	165.5		\$ 14,067.50	1237.25	421.25		\$ 35,806.25
	72.35% billable				74.60% billable			

2021

Maintenance Inspection Log - to be completed monthly and copy submitted to Richard before the monthly Board meeting.

[illegible]

OUTAGE STATISTICS April 2021

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		2	2	186
BIRDS & ANIMALS		1	1		1	1	75
TREES			0			0	
LIGHTNING/RAIN/WIND			0			0	
ICE & WIND			0			0	
SNOW & WIND			0			0	
OCR OR FUSE FAILURE		1	1		3	3	405
TRANSFORMER FAILURE			0			0	
BROKEN JUMPER			0			0	
PEOPLE CAUSED			0			0	
BROKEN POLE			0			0	
POWER SUPPLY			0			0	
SCHEDULED			0			0	
MAJOR EVENT			0			0	
UNKNOWN			0			0	
TOTALS	0	3	3	0	6	6	666

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	2021			
	25,081	14,179	39			

LANE-SCOTT ELECTRIC
RESALE OPEN BALANCE (60-90 days)
as of 04/26/2021

NAME	CURRENT AMOUNT DUE	ACTION TAKEN	LAST PAYMENT	
Greg Anderson	\$ 86.28			
Black Dog Restaurant	\$ 1,092.48		\$ 500.00	15-Apr
Miken Farms	\$ 531.94	Transfer to Elec		1-May
Araceli Navarro-Perez	\$ 222.90			
Gordon Strickert	\$ 20.03			
Marcellus House Moving	\$ 3,346.34			
V&J Electric	\$ 701.15			
.	\$ 6,001.12		\$ 500.00	

April Warehouse Report

Total Inventory Dollars on Hand for April:

Line Material--\$175,173.49	Inventory Turns—1.361
Resale Material--\$153,997.63	Inventory Turns—0.618

Generac Update:

We received two generators in the month of April that were ordered last year, which leaves only one more to arrive that was ordered in 2020. The guys completed four generator estimates for members resulting in two more generators being sold (approximately \$17,000 in sales when they arrive). Lead times are still 27-30 weeks for the generators and issues in chip supply have set certain transfer switches back several weeks as well.

Border States:

There is not much new information on Border States this month. Pancho has not gotten back yet on additional information on how others are incorporating this process with their internal systems.

Electrician Update:

Lane County Feeders' addition plans are continuing to ramp up with the guys spending more time out there. Work in the Processing Barn has begun; in addition, 19 outdoor LED lights were ordered and installed this month with a profit of around \$3,000 on the lights alone. An estimate was given to D&A Farms for new grain bins resulting in a win on that job as well. This is another large job; parts and labor will put this job around \$40,000. Amongst the larger jobs there are still several smaller jobs calling in weekly.

HVAC Update:

Mark sold two new AC units this month and continued to see furnace calls coming in as the temperature dropped for several days. Three 30' tube heaters were sold to Lane County Feeders and installation of them has begun. Several smaller service jobs were received and completed, and season checks will continue as we begin to consistently warm up.